



CLIMATE TRANSPARENCY REPORT 2020

Australian Capital Territory

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-6D7AEB7D-763D-4C85-9B89-377C5EF34584/79894dbc337a40828d895f9402aa63de/html/2/?!lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Australian Capital Territory
Signatory Category	Reserve - sovereign or government controlled fund
Signatory Type	Asset Owner
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	>50% Listed Equity Externally Managed
Signed PRI Initiative	2008
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Australian Capital Territory

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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The ACT Government's Responsible Investment policy framework takes a broad approach to better manage transition and physical climate-related risks and opportunities. The Responsible Investment policy includes individual company ESG risk assessments and overall company ratings. These risk and rating assessments cover a broad range of industry and company specific environment, social and governance themes and issues as companies vary in the complexity of their businesses and of the ESG issues they face. Companies with the lowest overall industry-adjusted ESG risk rating score, or that breach allowable thresholds for carbon emissions, carbon intensity and exposure to fossil fuel reserves are excluded from investment by Treasury.

Focusing on transition and physical climate-related environmental issues, companies are assessed against climate change risks, natural resource use, water management and environmental opportunities.

Climate change risks includes an assessment of carbon emissions, product carbon footprint, financing environmental impact and climate change vulnerability. The carbon emissions assessment includes type of operations and percentage of operations exposed to high/moderate/low carbon intensity, as well as location of operations and percentage of operations in countries with strengthening or pending carbon emissions regulation. The product carbon footprint assessment includes composition of product portfolio (as percent of total revenue) by carbon footprint. The climate change vulnerability assessment includes types of operations and location of operations (percentage of population exposed to climate-related hazards and value of assets exposed to climate-related hazards).

Assessment of environmental opportunities includes opportunities in clean technology (percentage of operations in business segments with high R&D funding and high exposure to clean technology markets and percent of operations in business segments with high/moderate/low level of involvement in developing and commercialising clean technology products and services), opportunities in green buildings (percentage of revenues from property types with high/moderate/low resource consumption and location of operations with percentage of operations in countries with strengthening or pending climate change or energy-related regulations) and opportunities in renewable energy (percentage of assets in power generation business segment and location of operations with percentage of operations in markets with government subsidies in support of renewable power production).

Based on this comprehensive assessment methodology 119 listed companies are excluded from investment by Treasury for business activity, assessed ESG risk and assessed climate-related risks, with over 9 per cent of the Australian share market capitalisation (MSCI Australia Investable Market index) excluded from investment and over 11 per cent of international share market capitalisation (MSCI World ex-Australia index) excluded from investment by Treasury.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

The individual company ESG risk and rating assessment process applies a weighted assessment framework based on the type of risk/opportunity over a short, medium and long term time horizon.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

Explain the rationale

The ACT Government has not made any public statements in relation to the TCFD at this time.

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

The Responsible Investment policy framework has materially addressed future climate-related risks.

The ACT Government is also a leader on climate change action with the Australian Capital Territory now powered by 100% renewable energy electricity. The ACT Government has declared a climate emergency and believes that taking early action to reduce emissions and prepare for climate change is more cost effective than delaying action.

The ACT Climate Change Strategy 2019-2025 outlines the next steps the community, business and Government will take to reduce emissions by 50-60% (below 1990 levels) by 2025 and establish a pathway for achieving net zero emissions by 2045. The plan also addresses transport, waste avoidance and management, buildings and urban development, land use and biodiversity. The climate change strategy also focuses on reviewing planning regulations to improve sustainability, reducing urban heat and improving liveability.

The strategy has been informed by consultation with the community, local businesses and subject matter experts.

A copy of the ACT Climate Change Strategy 2019-2025 is publicly available on the ACT Government's Environment website: https://www.environment.act.gov.au/__data/assets/pdf_file/0003/1414641/ACT-Climate-Change-Strategy-2019-2025.pdf/_recache

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3

Additional information. [OPTIONAL]

Treasury does carry out stress testing/scenario analysis for the investment strategies on an ongoing basis. Core scenarios form the basis for determining the medium-term economic outlook, with additional scenarios representing more extreme events that have a low probability of occurring but a high impact if they do occur. Importantly these scenarios are used to estimate potential nominal and real portfolio returns, as well as estimating peak to trough drawdown, over the next five years.

The portfolio modelling scenarios available to Treasury are developed by the asset consultant and currently cover a broad range of forward looking economic scenarios including recession, mediocre growth, upside surprise, China credit risk, new energy order, eurozone break-up and Australian housing risk. However, at this time Treasury is not able to access any specific climate-related risk scenarios, or ESG factor scenarios, where the estimation timeframe is potentially over a more extended period of time.

It is important to note that potential outcomes for key economic and financial variables affecting portfolios are highly uncertain. Furthermore, the linkages between economic outcomes and financial markets, as well as how different asset classes are expected to interact under different scenarios, are impossible to predict with a high degree of certainty.

SG 14

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		4	165	367	002
Currency	AUD				
Assets in USD		2	821	617	983

Specify the framework or taxonomy used.

Under the Responsible Investment policy framework Treasury has achieved significant reductions in the assessed carbon footprints of the Australian and global equity portfolios, significant reductions in the weight of holdings owning fossil fuel reserves and significant reductions in potential emissions from fossil fuel reserves. The portfolios also continue to maintain exposure to companies seeking to reduce emissions, use cleaner energy sources, and manage energy consumption as well as providing clean technology solutions for energy efficiency, pollution prevention, sustainable water and green buildings.

Treasury also seeks to invest directly in low carbon and climate resilient funds in a number of asset classes that specifically target investment in renewable energy infrastructure assets, such as wind, solar, hydro and geothermal, and clean technologies that seek to improve the efficiency of energy production, distribution and utilisation while appreciably reducing or eliminating the negative environmental impact of these activities. Treasury has made a number of investment commitments to these types of funds.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5

Additional information [Optional]

SG 14 CC

Voluntary

Public

General

**SG 14.6
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To identify companies/sectors that are more likely to face exposure to carbon related market and regulatory risks, relative to the market benchmark.	tonnes CO2e/US\$1 million sales	Sum product of the portfolio weights and carbon intensities
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To measure the portfolio's normalised carbon footprint to enable comparison with a market benchmark over time	tonnes CO2e/US\$1 million invested	Sum of all emissions in the portfolio based on ownership normalised by amount invested
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To measure the portfolio's normalised carbon footprint to enable comparison with a market benchmark over time	tonnes CO2e/US\$1 million invested	Sum of all emissions in the portfolio based on ownership share normalised by amount invested
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To measure the carbon footprint of the portfolio and identify largest contributors to carbon footprint	tonnes of CO2e	Sum of all emissions in the portfolio based on ownership share.
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To compare carbon efficiency across investments/sectors to highlight key potential risks	tonnes of CO2e/US\$1 million sales	Ratio of portfolio carbon emissions normalised by claims on sales
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To identify potential stranded asset risks	portfolio weight to companies owning fossil fuel reserves	Weight of portfolio made up by companies that own fossil fuel reserves

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

⊙ Processes for climate-related risks are integrated into overall risk management

Please describe

The ACT Government's Responsible Investment policy framework takes a broad approach to better manage climate-related risks and opportunities.

To assess company exposure to and management of key ESG risks and opportunities the Responsible Investment policy includes ongoing and systematic individual company ESG risk assessments and overall company ratings. These risk and rating assessments cover a broad range of industry and company specific environment, social and governance themes and issues as companies vary in the complexity of their

businesses and of the ESG issues they face.

The ESG company rating framework, where each company is rated on a scale relative to the standards and performance of their industry peers, assists Treasury to understand key sector/industry ESG risks and opportunities and integrate these factors into portfolio construction. Companies with the lowest overall industry-adjusted ESG risk rating score (worst), or that breach allowable thresholds for carbon emissions, carbon intensity and exposure to fossil fuel reserves are excluded from investment by Treasury.

- Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
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- Yes
- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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1

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
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- Energy efficiency / Clean technology

	Asset class invested
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- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

	Percentage of AUM (+/-5%) per asset class invested in the area
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15

- Property
- Infrastructure
- Cash

Brief description and measures of investment

The clean technology investments in the private equity asset class gain exposure to a diversified portfolio of investments which have a focus on technologies that seek to improve the efficiency of energy production, distribution, and utilisation while appreciably reducing or eliminating the negative environmental impact of these activities. The investments are diversified across a number of different sectors including waste (integrated waste management, water and wastewater treatment) and recycling, energy efficiency, alternative fuels, advanced technologies, sustainable manufacturing (clean industrial technologies) and clean energy generation (renewables, including wind and solar).

- Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area

20

- Cash

Brief description and measures of investment

Treasury made a number of investment commitments during the 2017-18 financial year to the unlisted infrastructure asset class which are now being drawn down and invested.

One of the infrastructure funds provides exposure to infrastructure assets in Australia diversified by geography, industry, sector and maturity. Importantly this fund also directly invests into a separate renewable energy infrastructure fund. The renewable energy fund invests in Australian renewable energy assets with the current portfolio of operating assets including three operating wind farms and an operating solar farm. The fund is focused on construction and brownfield projects but also has the ability to invest in late-stage greenfield projects as well.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No