



# CLIMATE TRANSPARENCY REPORT 2020

British Columbia Investment Management Corporation

# 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/-83A03B54-974E-4395-9A9F-8B95E5E23367/79894dbc337a40828d895f9402aa63de/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	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
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	
<b>Name</b>	British Columbia Investment Management Corporation
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2006
<b>Region</b>	North America
<b>Country</b>	Canada
<b>Disclosure of Voluntary Indicators</b>	96% from 38 Voluntary indicators

# British Columbia Investment Management Corporation

## 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.

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.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Rapid changes in policy and regulation to limit greenhouse gas (GHG) emissions is the most prominent risk to our short-term total portfolio's performance. This could lead to additional costs to investments exposed to carbon-intensive energy and supply chains, and impact the business models of several sectors in the broader economy. Opportunities exist as technologies and industries that benefit from low carbon economy alignment increase in scale and value. Over the medium term, we expect transition risks and physical risks to materialize. We will explore opportunities that are aligned with our investment approach and meet our requirements as an investor of BCI's scale. Although physical impacts of climate change are not expected to be widespread over the medium term, certain regions may be affected and asset valuations will reflect the trajectory of climate change. In the long term, if the world warms past two degrees Celsius, physical impacts of climate change will become more acute, more frequent and more intense. This will disrupt regional and global economies and will negatively impact capital markets. Each climate scenario will pose different implications for companies and sectors. Some will face costs as they adapt and transition to a lower carbon model; while others may seize opportunities to expand and grow their businesses.

BCI currently uses climate change scenario analysis to identify macro-economic climate-related risks and opportunities that could impact our clients' investment returns. BCI integrates climate analysis at the asset, pool and total client portfolio levels. Each asset class requires distinct considerations and climate analysis is adapted to provide materially relevant information on climate change risk and opportunities to each asset class and on a deal by deal basis.

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.

BCI has identified climate-related risks and opportunities over the short, medium, and long term.

No

<b>SG 01.8 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

<b>SG 01.9 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes

	Describe
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BCI has publicly released our climate action plan (CAP) and approach to the TCFD recommendations. The Strategy can be found on our website: <http://bcimc-ar.uberflip.com/i/1024019-bcis-climate-action-plan-and-approach-to-the-tcf-d-recommendations>

- No

<b>SG 1.10 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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BCI's Climate Action Plan and Responsible Investing Annual Report. Documents are available on our public website at <https://www.bci.ca/approach/responsible-investing/>

- We currently do not publish TCFD disclosures

## Governance and human resources

<b>SG 07 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- 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

Dedicated responsible investment staff

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

Investor relations

- 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 07.6**  
**CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

In accordance with the *Public Sector Pension Plans Act*, BCI's Board is not involved in making investment decisions. The Board oversees BCI's operations and ensures proper reporting and accountability to our clients. They receive reports on the status of any changes in identified risks, the effectiveness of risk mitigation procedures, and the integrity of risk management systems which will include climate change risks.

**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

Describe

BCI analyzed three climate change scenarios and the resulting impact on the long-term expected returns at a total fund level and by asset class. We also used the climate change scenarios as an input into the asset liability modelling conducted on clients' portfolios.

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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Initial assessment

	Describe
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BCI assesses potential expected returns under multiple climate scenarios using a model based on Mercer's Climate Change Risk Assessment Research Package.

Outside of the three-degree global warming scenario where impacts were not expected to be material on an aggregate total fund level, we evaluate our clients' potential long-term return impacts under both a:

- Two-degree global warming scenario, where the transition to a lower carbon economy occurs faster than expected and creates elevated levels of transition risk for certain assets, while resulting in less risk of the physical impacts brought on by climate change;
- Four-degree global warming scenario, where climate action policies, technological advancements, and sentiment are largely insufficient, resulting in less transition risk but experiencing significant increases in physical impacts on certain assets.

Using client long-term strategic asset allocation targets, we found that the two- and four-degree climate scenarios would create an expected drag of 0.14 per cent and 0.16 per cent in average annual returns respectively over the 15-year forecast horizon, relative to the base case scenario.

Beneath the total fund aggregate impacts, asset class performance varies significantly depending on which scenario unfolds. In the four-degree scenario, real assets are more likely to suffer from the rising risk of physical impacts. In contrast, in a two-degree scenario, the performance of developed market public equities is expected to be impacted as companies exposed to traditional energy assets, such as oil, would likely experience valuation adjustment.

Incorporation into investment analysis

	Describe
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BCI is currently using climate change scenario analysis to identify macro-economic climate-related risks and opportunities that could impact our clients' investment returns. The scenarios provide a directional indication of areas in the portfolios that require more detailed assessment.

Each asset class currently identifies material climate change risks on a deal-by-deal basis. We are developing processes to assess climate change materiality and performance in a consistent way across the firm.

Inform active ownership

	Describe
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Climate change has been a top engagement priority for BCI for over ten years. We engage with companies, regulators, and standard-setting bodies via four main activities:

1. Proxy Voting, in which we have supported about 50 per cent of all 2019 climate-related shareholder proposals, out of which we supported 71% of proposals specific to GHG emissions disclosure and/or reduction targets. We also have a policy to vote against appropriate board directors at companies that fail to disclose adequate climate-related data.
2. Direct Engagement, in which we focus on achieving better climate change disclosure and risk management practices from invested companies.
3. Collaborative Engagement, in which we work with our peers globally asking companies to take action to reduce greenhouse gas emissions. Examples are our involvement with the PRI Methane

Engagement Working Group and the Climate Action 100+ (CA100+) investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Main CA100+ engagement objectives are to curb emissions, improve governance of climate risk management and strengthen climate-related financial disclosures.

4. Policy Advocacy, in which we advocate for policy changes that will improve the investing environment for long-term investors, including at least 20 climate-related submissions with provincial, federal, and international policymakers, regulators and standard-setters between 2007-2020.

Other

<b>SG 13.5</b> <b>CC</b>	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

<b>SG 13.6</b> <b>CC</b>	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
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Yes

	Describe
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Climate change scenarios were evaluated beyond the investment time horizon out to the modelling horizon of 2050. Longer term impacts related to climate change risk are a focus of additional transition and physical climate change risk assessments that are currently underway.

No

<b>SG 13.7</b> <b>CC</b>	Indicate whether a range of climate scenarios is used.
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- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

<b>SG 13.8</b> <b>CC</b>	Indicate the climate scenarios your organisation uses.
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Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Mercer Climate Change Scenario Tool
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**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
- 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 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
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Portfolio monitoring	Portfolio Carbon Footprint	Financed emissions

**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

BCI is currently using climate change scenario analysis to identify macro-economic climate-related risks and opportunities that could impact our clients' investment returns. The scenarios provide a directional indication of areas in the portfolios that require more detailed assessment.

Each asset class currently identifies material climate change risks on a deal-by-deal basis. We are developing processes to assess climate change materiality and performance in a consistent way across the firm.

Additionally, we are developing processes to effectively measure and determine material climate change risks and opportunities across the total portfolio. These tools will build on insights generated by carbon footprint metrics by introducing further fundamental research and analysis; as well as developing evaluations of the resiliency of specific assets to climate-related risks in the long-term. The tools are intended to help us understand specific investments in our portfolio that may be at risk or will benefit in the context of climate change.

- 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.

- Yes

Please describe

Through direct engagement in 2019, BCI continued to reference the TCFD recommendations which puts focus on achieving better climate change disclosure from invested companies.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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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.

- Yes

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

%

9.5

**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.

Area

- Energy efficiency / Clean technology

Asset class invested

- Listed equity

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

1

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

Brief description and measures of investment

BCI's Thematic Public Equity Fund, launched in 2013, includes investments in companies involved in alternative energy and providing energy efficiency solutions.

- Renewable energy
- Green buildings

Asset class invested

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

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

59

- Infrastructure
- Forestry
- Farmland

Brief description and measures of investment

Approximately 90 per cent of our Canadian real estate portfolio is BOMA BEST and / or LEED certified -- The overall asset class exposure to green buildings is 59 per cent including international investments.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Listed equity

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

1

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

Brief description and measures of investment

BCI's Thematic Public Equity Fund, launched in 2013, includes investments in health care facilities and services.

- Water



### 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

8.4

- Forestry
- Farmland

### Brief description and measures of investment

BCI is invested in regulated water and wastewater utilities that operate in the U.S., U.K., and Canada.

Other area, specify

No