



# CLIMATE TRANSPARENCY REPORT 2020

TPT Retirement Solutions

# 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/-51FDFA2A-4859-4C3D-A20B-7F8450E4416E/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>	TPT Retirement Solutions
<b>Signatory Category</b>	Corporate pension or superannuation or retirement or provident fund or plan
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 10 - 29.99 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2010
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	100% from 38 Voluntary indicators

# TPT Retirement Solutions

## 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.

TPT believes that climate change presents a material financial risk to the assets in our portfolio. As such we are collaborating with our managers as well as industry bodies such as the PRA as well as following TCFD guidance, in order to gain a holistic view of the risks posed by climate change.

The effects of transition risk have led us to reconsider and update our policies and to begin the process of transitioning our passive equity mandate to a Climate Change Index. These actions will position our portfolio to take advantage as well as to mitigate the risks that may arise from the transition to a greener economy.

As a significant part of our AUM is invested in physical assets we are continuously monitoring the physical risks to which we are exposed. As these risks intensify due to climate change, we believe that flooding, wildfires, severe storms as well as stranded asset risk should be continuously measured and monitored. As such we are regularly conducting a carbon footprint analysis of our equity and bond portfolios as well as investigating the application of scenario analysis and its application to our asset allocation decisions.

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.

TPT focus on assessing risk with a medium-term horizon, typically around 10 years. It believes that this strikes a good balance between 'longer-term' impacts, and an actionable window. It uses longer time-horizons (10 years +) to consider material systematic risks via the use of scenario analysis. However, it believes these are harder to address through asset allocation in the immediate future.

No

SG 01.8  
CC

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

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

As an asset owner, the most significant climate related risks and opportunities relate to the investments in our Growth Asset Portfolio.

Two results stand out from a multi-asset portfolio assessment under a Two Degrees scenario analysis undertaken by Mercer.

1. **The negative impact on equities** - the analysis indicated a negative impact on developed market global equities under a two degrees scenario of 0.82% negative annual impact on returns over ten years which is potentially material.

2. **Enhanced returns in real assets** - The positive impact on returns from infrastructure and real estate, with potential additional returns of 0.76% p.a. and 0.45% p.a. respectively over a 10 year time horizon.

- 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

specify

Carbon Footprint Report: <https://www.tpt.org.uk/docs/default-source/investments/responsible-investment/carbonfootprint2019-summary-presentation.pdf>

- 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

#### 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

#### 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 07.6**  
**CC**

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

The Trustee delegates responsibility for setting the investment strategy to a Funding Committee (FC) and Investment Committee (IC). The FC determines the appropriate proportion of funds to be held in Growth, Matching and LDI assets whilst the IC agrees the composition and performance of the Growth and Matching portfolios, as well as the appointment of external investment managers. The CIO and Investment Management Team are responsible for implementing the investment strategy with day-to-day investment decisions made and by external investment managers.

The guidelines which govern these delegations are set out in The Trustee's Statement of Investment Principles. Within the Statement of Investment Principles, TPT also sets out its intention to act as a 'responsible' asset owner and market participant across all markets and asset classes and in particular it refers to the Climate Change section of the Responsible Investment Framework as a strategic part of its approach. The Trustee has also agreed a set of ten Investment Beliefs that reflect its long-term investment philosophy.

TPT's Trustee Board delegates responsibility for implementation of its Responsible Investment Framework to the Investment Committee. The IC provides an update on the implementation of the Responsible Investment Framework (including Climate Change issues) on a quarterly basis through its reporting requirements

NB: TPT's Responsible Investment Framework, including its approach to managing climate change risk is updated and reviewed by the Board of Trustees on an annual basis, most recently in October 2019.



**SG 07.7  
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

The CIO and Investment team are responsible for implementing the investment strategy, with the day-to-day investment management activities out-sourced to third-party fund managers.

The CIO and IC are assisted in forming capital market and other investment views (including portfolio composition, manager selection and monitoring of investment managers) by TPT's Portfolio Construction Group. The focus of the group includes amongst many other things, climate related risks and opportunities as they relate to TPT's investments.

In terms of ensuring its managers are aligned with TPT's policy on climate change, TPT's expectations on ESG and climate risk are incorporated in the Investment Management Agreements (IMAs) that we put in place with new managers. The PCG and IC monitor the on-going performance of our managers through TPT's Responsible Investment Manager Ratings system. The manager ratings are updated and shared with the IC and Senior Management Team (SMT) on a quarterly basis.

**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

Scenario analysis is carried out as part of Strategic Asset Allocation reviews, however a review was not completed during the reporting period.

- 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 13.3** Additional information. [OPTIONAL]

During 2019 we have made a significant investment in a UK airport for which ESG issues were central to the risk assessment of the business plan. During our assessment we have analysed the asset's Scope 1, 2 and 3 emissions and reviewed its plans to becoming carbon neutral and reducing Scope 3 emissions in the next 5 to 10 years. We have also reviewed the impact it has on the its surroundings and its commitment to mitigating increases in the level of noise pollution.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**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.

- Initial assessment
- Incorporation into investment analysis

**Describe**

To inform our asset allocation and manager selection, alongside a range of other considerations.

- Inform active ownership
- Other

**SG 13.5 CC** Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

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

- Yes
- No

Please explain the rationale

Our investment horizon is typically up to 10 years. We feel this is sufficient to capture medium term trends that may have a material financial impact on our portfolio, whilst not being so long that unknown technological and/or regulation become the dominant factor.

Furthermore, the 10 year investment horizon is also used to assess the regulatory impact on the base case for our investments in infrastructure assets.

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- 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

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

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 TRIP
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> 2ii scenario tool
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

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

	trillions	billions	millions	thousands	hundreds
Total AUM			145	399	333
Currency	USD				
Assets in USD			145	399	333

Specify the framework or taxonomy used.

We have classified our assets into the following three categories

- 1) Green assets
- 2) Brown assets
- 3) Low Carbon

- 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]

Please see further information in TPT's Report on Climate Disclosure available on our website.

<http://www.tpt.org.uk/docs/default-source/investments/responsible-investment/tpt-climate-change-report>

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**SG 14.6 CC**

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

<b>Metric Type</b>	<b>Coverage</b>	<b>Purpose</b>	<b>Metric Unit</b>	<b>Metric Methodology</b>
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To understand carbon intensity of TPT's equity and corporate bond holdings, to report to beneficiaries, to fulfill our obligation of being a signatory to the Montreal Pledge	tonnes of carbon/£million invested	Trucost methodology has assisted TPT with its carbon footprint.
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

**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

For asset owners with diversified portfolios climate change disclosure is not straightforward. The range of asset classes and strategies we have exposure to makes analysis of carbon risk at the aggregate level challenging, not least because there is insufficient robust and timely data but also because standardised methodologies to quantify the risk do not yet exist.

In the last couple of years new tools have become available for investors wanting to analyse the financial impact of climate change on their portfolio.

At TPT the CIO and IC are assisted in forming capital market and other investment views (including portfolio composition, risk management, manager selection and monitoring of investment managers) by TPT's Portfolio Construction Group. The focus of the group includes amongst many other things, climate related risks and opportunities as they relate to TPT's investments.

At the manager level we continuously strive to understand the climate exposure present in the portfolio and potentially being added through the investment process. As such we engage with our managers to quantify climate and physical risks and ensure that ESG consideration are an important component of any future investment decisions. One example of a successful engagement has been upon our appointment of PIMCO. In our legal documents PIMCO explicitly states that they will incorporate climate change consideration into the investment underwriting process.

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
- 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.

%

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.

Area

- Energy efficiency / Clean technology
- Renewable energy

#### Asset class invested

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

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

1

- Hedge funds
- Cash
- Other (1)
- Other (2)

#### Brief description and measures of investment

TPT's infrastructure allocation includes investments in renewable energy including wind, solar and renewable supporting infrastructure. The measurement is of the % of AUM is based on the amount TPT has committed to this strategy, and forms the model portfolio weight.

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

#### Asset class invested

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

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

0.1



- Hedge funds
- Cash
- Other (1)
- Other (2)

#### Brief description and measures of investment

TPT's infrastructure allocation includes investments in construction and operation of hospitals in Turkey. The measurement is based on the fair value of the infrastructure investments as a proportion of our total infrastructure allocation.

- Water
- Other area, specify
- No