



CLIMATE TRANSPARENCY REPORT 2020

Government Employees Pension Fund of South Africa

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/-07EC0B5D-08C8-4003-A5D0-ECF2A93A29B2/79894dbc337a40828d895f9402aa63de/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	Government Employees Pension Fund of South Africa
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ > 50 billion AUM
Main Asset Class	>50% Listed Equity Externally Managed
Signed PRI Initiative	2006
Region	Africa
Country	South Africa
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Government Employees Pension Fund of South Africa

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.

The GEPF has investigated risks and opportunities within the South African economy within the context of how climate change affects social and environmental factors within sectors in which we are invested in and how it affects our members for example access to nutrition (Sustainable Development Goal 2). The GEPF has further explored and endorses the Just Transition approach towards a sustainable future within the context of the unique socio economic issues in South Africa. The GEPF through the mandated asset manager (PIC) engaged various investee companies and sectors to engage on how investee company boards, executives and managers should apply environmental and social considerations pertaining to climate change.

For example, we engaged the financial sector to investigate how businesses perceive the threat of climate change and whether the risks are taken into account in risk management processes and whether investee company board members have knowledge and expertise to appropriately oversee climate change issues, their stance on funding coal and other non-renewable energy projects.

The GEPF has also measured the impact of stranded assets on the portfolio and investigated the impact of a divestment approach and a best in class strategy.

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 GEPF endorses and applies the just transition approach to climate change. We take cognisance of the significant abrupt transitional implications which may occur in key South African sectors and take into account human rights, labour standards, inclusive growth and interrogates the nexus point of social implications of the shift to a low carbon economy and the increasing impact of climate change.

The GEPF through impact investing projects also invests in renewable energy, green building, energy efficiency, recycling and clean technology projects.

At this juncture, the GEPF has endorsed and engaged carbon intensive companies on their emission targets in accordance with the Paris Agreement in which South Africa has ratified..

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

Explain the rationale

The GEPF does not publically support the TCFD but does through supporting of the Sustainable Development Goals (and other sustainability factors) for investee companies to prioritise climate change risks.

**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

No

Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

The GEPF is focused on developing climate-related risks strategy on investment performance of the organisation. It is anticipated that the GEPF will include an organisation wide-strategy in the future.

**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

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

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

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 GEPF Board of Trustees are the custodians of the Responsible Investing Policy. Climate change and its social and environmental implications are presented by GEPF management at the GEPF Investment Committee and Social & Ethics Committee.

**SG 07.7
CC**

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

GEPF management is responsible for the assessment and management of climate related issues through research conducted . The assessment of this is reported to Investment Committee and the use of ESG training for the Board.

**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

Describe

The GEPF is currently embarking on a carbon and water footprint exercise in order to understand our portfolio exposure to climate related risks. The Fund is also undergoing an ESG dummy benchmark process to assess the ESG risk exposure.

- 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 13.2

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]

The GEPF is currently embarking on a carbon and water footprint exercise in order to understand the portfolio exposure to climate related risks.

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		10	571	000	000
Currency	ZAR				
Assets in USD			720	213	731

Specify the framework or taxonomy used.

The portfolio consist of 13 investments (10 direct investments and 3 investments in renewable energy funds) most of which are invested through Environmental Infrastructure 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 CC	Voluntary	Public	General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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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	To track and quantify the carbon and water footprint of the portfolio		
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To track and quantify the exposure to stranded assets and environmental intensive industries		

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

Please describe

The GEPF considers the emerging regulatory requirements, Financial Sector Conduct Authority sustainability directives, Paris Agreement and Just Transition approach and best practice during engagements, ESG ratings of the portfolio and proxy voting.

For example, GEPF supported a climate change resolution filed by shareholders which will enable an investee company within the banking sector to disclose its exposure to climate change risk through its lending portfolio.

Furthermore, the GEPF also supported a climate change resolution filed by shareholders and engaged an oil company to disclose its quantitative greenhouse gas targets and for it to be linked to executive remuneration and provide set reduced emission targets.

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.

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.

Yes

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

%

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

The GEPF has a developmental investment mandate. 5% of AUM are invested in developmental investment which include renewable energy, agriculture, SME financing, education and health.

Asset class invested

- 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

5

- Property
- Infrastructure
- Hedge funds
- Cash

Brief description and measures of investment

The GEPF has a developmental investment mandate through private equity, debt, and fund of fund structures in the following sector allocations:

- Renewable Energy
- Financial Services
- Manufacturing
- Housing
- Energy
- Transport and Logistics

Furthermore, the GEPF also invests through the following developmental pillars:

- Economic Infrastructure
- Environmental Infrastructure

- Social Infrastructure
- Small Medium Enterprises

No