CLIMATE TRANSPARENCY REPORT 2020

Environment Agency Pension Fund

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/-5D797EE0-FE3F-4541-8B3E-B20751A93426/79894dbc337a40828d895f9402aa63de/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.

Principles for Responsible Investment

ORGANISATIONAL OVERVIEW

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

MAIN CHARACTERISTICS	
Name	Environment Agency Pension Fund
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Environment Agency Pension Fund

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

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

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.

When we reviewed our strategic asset allocation in 2019, we modelled the impact of climate change on our portfolio for both transition and physical risks. We did this through Mercer's Investing in Climate Change: The Sequel

We estimate from our modelling that our portfolio is relatively well positioned to benefit from the opportunities presented by a low carbon transition and withstand the financial risks from climate change. We also know that keeping to a 2ºC scenario or lower, is most beneficial from a long term investor perspective, as there are likely to be less physical risks to our investments. We will continue to monitor this.

For the first time in 2019, we also asked our actuaries, Hymans Roberston to consider the impact of climate change into our future liabilities as part of our triennial evaluations. We continue to work with them to develop this model.

○ 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.

10 and 35 year time horizons.

○ 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

In October 2019 we launched our new Responsible Investment Strategy. 1 of our 3 priority areas is:

We invest to build a better future by:

• investing significantly in sustainable and low carbon assets

• calculating the impact on, and impact of, our fund on climate change

• exploring opportunities for investing responsibly in all asset classes and in particular in fixed income

○ 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

	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.

Our work on climate change is led at board-level in setting ambitious aims and targets. Addressing the financial risks from climate change is a constant in our approach and in all Pension Committee meetings.

The members of the Pension Committee have a very high attendance record and have individualised training plans, which will include the consideration of climate change within investments issues. Last year as part of the review of our investment strategy, members received training on the climate change scenario analysis undertake by Mercer and the work done by our actuaries to model the impact of climate change on our liabilities.

The Pension Committee consistently challenge all advisers and officers on issues of climate change to ensure that due process and attention is given to this issue by the Fund and by our pool provider Brunel. This also happens at meetings of the Investment sub Committee which will delve down into more detail on climate risks which our portfolio and individual asset classes face.

Every year we report to Committee and externally on our progress in line with our stated aims and targets on climate change. We also report every quarter to Pension Committee and Investment sub Committee on our progress on climate-related initiatives.

Pension Committee members also frequently take part in extra events to further our ambitions to tackle climate change. As well as speaking at events and attending conferences, the most significant activity last year was attending AGMs to ask questions directly of the Board on climate-related issues. Of 9 AGMs Pensions Committee members took part in 7.

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

	Specify

We request our stewardship provider Hermes EOS to specifically address TCFD recommendations and their implementation as part of their engagement with companies invested.

☐ 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

When we reviewed our strategic asset allocation in 2019, we modelled the impact of climate change on our portfolio for both transition and physical risks. We did this through Mercer's Investing in Climate Change: The Sequel.

☐ 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 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

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

	Describe

When we reviewed our strategic asset allocation in 2016/17, we modelled the impact of climate change on our portfolio. We did this through Mercer's Investing in a Time of Climate Change model. This study provided four climate change scenarios and looked at impacts across different asset classes over 10 and 35 year time horizons. The key conclusions were the Fund was well positioned for a 2°C scenario at a total fund and asset class level. In particular, it highlighted the benefits of investing in sustainable equities and real assets to manage climate risks and opportunities as part of a transition to a low carbon economy. The EAPF report is available on the climate risk area of our website. We are currently using Mercer's updated model again in 2019/20 as part of our review of our strategic asset allocation.

☐ Incorporation into investment analysis

☐ 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

	Describe

When we reviewed our strategic asset allocation in 2016/17, we modelled the impact of climate change on our portfolio. We did this through Mercer's Investing in a Time of Climate Change model. This study provided four climate change scenarios and looked at impacts across different asset classes over 10 and 35 year time horizons. The key conclusions were the Fund was well positioned for a 2°C scenario at a total fund and asset class level. In particular, it highlighted the benefits of investing in sustainable equities and real assets to manage climate risks and opportunities as part of a transition to a low carbon economy. The EAPF report is available on the climate risk area of our website. We are currently using Mercer's updated model again in 2019/20 as part of our review of our strategic asset allocation.

○ No

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	☐ Beyond 2 Degrees Scenario (B2DS)	
IEA	☐ Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	☐ Sustainable Development Scenario (SDS)	
IEA	☐ New Policy Scenario (NPS)	
IEA	☐ Current Policy Scenario (CPS)	
IRENA	☐ RE Map	
Greenpeace	☐ Advanced Energy [R]evolution	
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	☐ BNEF reference scenario	
IPCC	☐ Representative Concentration Pathway (RCP) 8.5	
IPCC	☐ RPC 6	
IPCC	☐ RPC 4.5	
IPCC	☐ RPC 2.6	
Other	☑ Other (1)	Other (1) please specify: Not in public domain
Other	☐ Other (2)	
Other	☐ Other (3)	

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			413	432	417
Currency	GBP				
Assets in USD			534	068	924

	Specify the framework or taxonomy used.

This captures the proportion of the fund invested in low carbon, energy efficient and other climate mitigation opportunities.

☐ 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

	other description

Our service provider EOS at Federated Hermes engages companies specifically with a view to enhance disclosure, integrate actions and policies around climate-related risks and investments.

☐ 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 our Responsible Investment Strategy - https://www.eapf.org.uk/investments/policies

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
Climate-related targets	☐ All assets ☑ Majority of assets ☐ Minority of assets	Our objective is to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to below 2°C relative to pre-industrial levels, in line with international government agreements.		We aim by 2020 to: • Invest 15 per cent of the fund in low carbon, energy efficient and other climate-mitigation opportunities. This will contribute to our wider target to invest at least 25 per cent of the Fund in clean and sustainable companies and funds, across all asset classes. We trust that this will make our portfolio more resilient to the impacts of climate change and adapt to the climate change that is already in the system. • Decarbonise the equity portfolio, reducing our exposure to 'future emissions' by 90 per cent for coal and 50 per cent for oil and gas by 2020, compared to the exposure in our underlying benchmark as at 31 March 2015. 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent. We think that this will reduce the risk of our portfolio by anticipating the reductions needed to move to a low-carbon economy. • Support progress towards an orderly transition to a low-carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry. We recognise that active stewardship is the most effective way to tackle systemic risk.
Weighted average carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets		tCO2e/mn GBP revenue	Individual company Carbon-to-revenue intensity multiplied by its weight in the portfolio
Carbon footprint (scope 1 and 2)	☐ All assets ☑ Majority of assets ☐ Minority of assets		Tonnes CO2e/mn GBP revenue	Direct + First Tier Indirect emissions, i.e. Scope 1+ Scope 2 + Remaining 1st tier indirect. Apportioned GHG emissions divided by apportioned revenues
Portfolio carbon footprint	☐ All assets ☑ Majority of assets ☐ Minority of assets		Tonnes CO2e/mn GBP revenue	Apportioned GHG emissions divided by apportioned revenues

Total carbon emissions	☐ All assets ☑ Majority of assets ☐ Minority of assets		Tonnes CO2e	Direct and First Tier Indirect scope This is an absolute metric Apportioned carbon emissions for Direct and First Tier Indirect scopes
Carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets		Tonnes CO2e/mn GBP revenue	Apportioned GHG emissions divided by apportioned revenues
Exposure to carbon-related assets	☐ All assets ☑ Majority of assets ☐ Minority of assets		Weight (%) of companies in a portfolio Tonnes CO2	Fossil fuel exposure is the combined weight of companies in a portfolio that derive any revenues from coal, petroleum or natural gas power generation. Future financed emissions represent the carbon emissions that would be released to the atmosphere if owned fossil fuel related assets were all burnt

SG 14.7 CC	Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☑ Absolute target ☐ Intensity target	by 2020		Invest 15 per cent of the fund in low carbon, energy efficient and other climate-mitigation opportunities.	
☑ Absolute target ☐ Intensity target	by 2020		Our wider target to invest at least 25 per cent of the Fund in clean and sustainable companies and funds, across all asset classes. We	
☑ Absolute target ☐ Intensity target	by 2020		Decarbonise the equity portfolio, reducing our exposure to ‘future emissions’ by 90 per cent for coal and 50 per cent for oil and gas by	
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

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

Our Investment Strategy, designed to both robustly manage risks and take positive opportunities, has delivered 9.7% average annual investment returns over the last 5 years. Our successful financial performance is supported by our deep commitment to investing responsibly and we believe it is paramount in our ability to deliver sustainable, long term returns.

We continue to operate in a period of rapid change. Whether social, political, technological or climatic, which impact everyone, to those more specific to us as a Fund, including organisational restructuring and the requirement to pool our assets, change has been all around us. All bring opportunities and risks, and demonstrate the need for a robust approach to responsible investment and strong governance.

Responsible Investment remains at the core of our fund and it is more pressing than ever as we face a climate emergency. Evidence over the last year from the Intergovernmental Panel on Climate Change (IPCC) shows that we have 12 years to limit global temperature rise to 1.5 ºC above pre industrial levels. Through our Policy to Address the Impacts of Climate Change, we demonstrate to our members we have a credible plan to deliver strong long term financial returns as the impacts of climate change materialise. We believe financial risk and opportunities will come from both these impacts, regulation and policy, alongside increased competition from alternatives and technological innovation.

○ 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

Investors have the power to influence and change behaviour globally. As the Environment Agency Pension Fund,

there are specific priorities where we want to work with the investment community to bring about change.

These are:

• Climate Change - helping investors understand and manage the financial risks from climate change

• Using resources sustainably, with a particular emphasis on reducing plastics in the environment

• Water - managing water quantity and water quality

For these priority areas, we will engage to bring about greater disclosure and improve environmental outcomes,

including through the Taskforce on Climate-Related Financial Disclosures (TCFD).

In 2019 we launched an internal campaign to attend company AGMs and ask a question of the Board and this has included on TCFD reporting and on scenario planning.

○ 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

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.

	%

39

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

82

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☑ Fixed income - Corporate (non-financial)

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

4

☑ Fixed income - Securitised

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

8

☑ Private equity

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

6

☐ Property

☐ Infrastructure

☐ Farmland

☐ Cash

	Brief description and measures of investment

We have specific thematic allocation to clean technology implemented through specialist teams for infrastructure, public and private equity.

We have flagged this under infrastructure as this is the asset class under which the most intense increase in allocation is occurring.

We set ourselves the target of at least 25% of our investments in clean technology and other sustainable opportunities. We currently have in the region of 30%.

Investments include;

- Property opportunities targeting energy efficiency, urban regeneration and sustainability
- Venture capital funding the next generation of technologies that provide new solutions -such as electric vehicles and LED lighting
- Long term sustainable infrastructure, such as renewable energy and energy efficiency
- Listed companies demonstrating best practice in sustainability, improving efficiency and reducing social and environmental impacts

☑ Renewable energy

	Asset class invested

☑ Listed equity

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

11

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☑ Fixed income - Corporate (non-financial)

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

4

☑ Fixed income - Securitised

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

51

☑ Private equity

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

34

☐ Property

☐ Infrastructure

☐ Farmland

☐ Cash

Brief description and measures of investment

Please see description in Energy Efficiency above.

We use the FTSE sustainability classifications (and are mindful of the new EA taxonomy going forwards).

☑ Green buildings

Asset class invested

☑ Listed equity

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

8

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☑ Fixed income - Securitised

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

55

☑ Private equity

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

37

☐ Property

☐ Infrastructure

☐ Farmland

☐ Cash

Brief description and measures of investment

The majority of EAPF's property investments contribute to and are rated by GRESB and achieve 'Green Star' (highly rated) standard.

A particular example is our investment in the Low Carbon Workplace Fund. The Fund's objective is to acquire under-managed UK office properties and to refurbish them with the explicit goal of improving their environmental performance. The Fund was launched in March 2010 and at 31 December 2019, it held 7 refurbished properties with a market value of £261.5m. The assets, on average, have enjoyed a 67% increase in EPC rating since acquisition by the Fund and all properties are rated 'Excellent' by BREEAM.

☑ Sustainable forestry

Asset class invested

☑ Listed equity

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

44

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☑ Fixed income - Corporate (non-financial)

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

4

☑ Fixed income - Securitised

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

31

☑ Private equity

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

21

☐ Property

☐ Infrastructure

☐ Farmland

☐ Cash

	Brief description and measures of investment

To ensure the investment followed an ESG approach aligned to that of EAPF, The Townsend Group in conjunction with EAPF negotiated a set of ESG investment criteria which all investors will benefit from. This included an undertaking to have investments FSC, PEFC or equivalent certifications in place; no investments in natural tropical rainforests or conversions; no investments in the Amazon Biome and other areas supporting predominantly high cerrado; no investments which would lead to resettlements and/or deterioration of socially/culturally important sites; and ensuring progress is reported annually on ESG matters.

☑ Sustainable agriculture

	Asset class invested

☑ Listed equity

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

44

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☑ Fixed income - Corporate (non-financial)

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

4

☑ Fixed income - Securitised

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

31

☑ Private equity

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

21

☐ Property

☐ Infrastructure

☐ Farmland

☐ Cash

	Brief description and measures of investment

We Invest in agriculture through professionally managed funds. Key issues include concern over "land grab", or more generally growing high value groups in stressed situations, as well as management issues such as water use, run off, and chemical use. Livestock production, particularly cattle, has particularly significant environmental impacts.

In guidelines we provide to the manager selecting the funds we include the requirement to apply the following frameworks;

- The Principles for Responsible Investment in Farmland
- The UN-PRI established a Farmland Working Group to address these concerns and to incorporate existing work done by a group of institutional investor signatories to the PRI on the topic of farmland investment.
- UN Committee on World Food Security (CFS) Voluntary Guidelines on Tenure
- The Voluntary Guidelines represent significant progress made in the governance of natural resources and food security.
- Roundtable for Sustainable Palm Oil (RSPO)

☐ Microfinance

☐ SME financing

☐ Social enterprise / community investing

☐ Affordable housing

☐ Education

☐ Global health

☐ Water

☐ Other area, specify

○ No