



CLIMATE TRANSPARENCY REPORT 2020

Pension Protection 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/-08B4D725-80AD-4621-B7D4-2244676D90FF/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	✓	Private				
SG 15.2	✓	Private				
SG 15.3	✓	Private				

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	Pension Protection Fund
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 30 - 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2007
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	41% from 38 Voluntary indicators

Pension Protection 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
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

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

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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As a long term investor, the PPF has a duty to consider all financially material risk factors in our investment decisions. In fulfilment of this duty, we seek to evaluate on an ongoing basis the actual and possible material implications of climate-related risks and opportunities, by asset class and investment approach, over the short, medium and long-term. The PPF appreciates that climate-related risks can be physical, transitional, reputational or litigation-based in nature. We also believe that opportunities can exist and be exploited for companies and assets well-positioned for the transition to a low-carbon economy.

These are considered in the context of PPF's overall investment strategy and asset allocation. PPF will also assess the resilience and alignment of our investment strategy to climate-related risks and opportunities, taking different scenarios into consideration. Consideration will be given to the potential impacts on asset prices and return expectations across both short and longer-term time horizons, and how this could inform the Fund's decisions around strategic asset allocation and portfolio construction. We seek to oversee all new and existing investment arrangements in a way that takes account of climate transition and adaptation risks, as well as resilience, opportunities and inclusivity, in line with 2 degrees Celsius or lower climate-related scenarios.

PPF is guided in our approach by robust policies and strategies, reviewed and updated regularly. Our specific climate change policy governs the fund's investments and considerations around climate-related risks, which will be reviewed and updated as the understanding of the risks and opportunities evolve. Some tools already employed for risk identification by PPF include carbon footprinting the operational emissions associated with our investments, and scenario analyses for potential risks that our investments could be exposed to in the future such as transition risks like increasing carbon taxes or certain assets at risk of being stranded, or physical risks to our assets. These assessments have been performed first on our public equity and investment grade credit portfolios where the data availability and industry agreement on methods to use is greatest, with immediate next priority assigned to gauging the physical and transition risk exposure of our real assets, such as the property, infrastructure and forestry portfolios.

No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

Describe the associated timescales linked to these risks and opportunities.

As a responsible asset owner who is invested across a range of liquid, illiquid and real assets, PPF is particularly aware that potential risks and opportunities can materialize across a long time horizon, although we are mindful that risks can present themselves over the short and medium term also

The PPF has started the process of identifying how transitional and/or physical risks could have an impact on our investments. We acknowledge that certain risks have different likelihoods and varying degrees of potential impact on specific asset classes. For instance, infrastructure is particularly exposed to medium and long term physical risks, while public equity could be exposed to short and medium term policy risks, such as carbon pricing or tax regimes.

Transition risks around alignment with a 2-degree world have been assessed with a 5-year term into 2024. The scenarios of varying carbon prices and the impact on investees' earnings have been evaluated into 2050 with a dynamic view of the impact in 2025, 2030 and 2040.

Physical risks can also manifest themselves in the short, medium and long-term and PPF is in the process of assessing the likelihood and impact of these. Chronic and acute risks respectively will have different implications across asset classes and the fund is in the early stages of using analysis to inform our approach to managing these across the portfolio.

Climate-related opportunities can also present themselves within certain asset classes - for example, allocations to forestry and agricultural assets that offer a viable carbon mitigation strategy are considered by the PPF. The associated timescale of these is expectedly more long term, i.e. beyond a 5 year mark.

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

The PPF's commitment to responsible and sustainable investment is a key area of focus for the entire organisation and is part of our most recent three year (2019-2022) Strategic Plan.

The PPF is guided by a range of formal RI policies and strategies for our investments in order to manage material climate-related risks. We have a specific climate change policy, reviewed at least annually, which defines the approach of the fund and informs our strategy. The immediate areas of focus are:

1. Consideration of physical (acute and chronic) and transition (policy/legal, technological, market and reputational) risks and opportunities within our investments, and potential ways to reduce, manage or exploit these.
2. Measurement of our climate-related exposure through carbon footprinting and carbon risk reporting on our investments by asset class (starting with listed equities and credit, then expanding to unlisted assets - including property, infrastructure and forestry).
3. Undertaking scenario analysis and potential stranded assets assessments of our investments, starting with the key sectors as defined by the TCFD (Energy, Transportation, Materials& Buildings, Agriculture, Food & Forest Products) to understand the potential alignment of our investments with a range of climate scenarios.
4. Engagement with high-emitting or at-risk companies (e.g. as part of the Climate Action 100+ initiative) and through our external managers, so that our exposure to climate risks and opportunities can be better managed (including adaptation and mitigation).

5. Reviewing new and existing investments to take account of climate transition and adaptation risks, resilience, opportunities and inclusivity and how they might inform our decisions around strategic asset allocation.

PPF's commitment to integrating climate considerations across all investments is incorporated into our RFPs/tenders, manager selection criteria, operational due diligence, contractual agreements, monitoring, engagement & voting, & reporting.

No

SG 1.10 CC	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

In 2020 PPF will publish climate-related financial disclosures in line with the TCFD's recommendations. We will also publish our inaugural RI report in 2020.

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	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

- 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

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

Other role, specify (1)

Head of ESG

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

Other role, specify (2)

Head of Market Risk

- 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 highest governing body for climate-related risks, as part of an overarching responsible investment (RI) framework, is the PPF Board. The Board is responsible for the overall governance and investment of the Fund's assets, and provides oversight of the Investment Committee (IC). A specific Climate Change policy was formally approved by the Board in March 2019, and is reviewed annually to ensure it remains relevant in a rapidly-changing environment.

The Board delegates responsibility to the IC for developing and maintaining the Fund's SIP, RI principles and policies (including the Climate Change policy), and determining the overall approach to risk management of the Fund's investments.

The Investment Committee receives quarterly reporting updates from the Investment team on the progress of climate-related risk management within the Fund, and the Board receives at least an annual in-person discussion on climate-related issues with the Head of ESG, including any required steer, approval or necessary

training and education on climate topics.

The PPF's RI principles, Climate Change policy and progress will be disclosed publicly on an ongoing basis.

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
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The PPF's commitment to responsible and sustainable investment is a key area of focus in our 2019-2022 Strategic Plan, and is assigned to a specific milestone with climate risk specific underlying KPIs in our 2019-2020 Business Plan. Performance against these KPIs is reported to our Executive Committee on a quarterly basis.

The Asset and Liability Committee is responsible for overseeing the day-to-day implementation of the Fund's investment strategy and the Statement of Investment Principles (SIP). The Asset & Liability Committee provides ongoing review of ESG and climate-related risks in the PPF's investments and effective implementation. The committee is chaired by the Chief Risk Officer and its membership includes the Director of Investment Risk, Director of Legal, Compliance & Ethics, Chief Financial Officer & Chief Actuary, Chief Investment Officer and the Head of Investment Strategy.

Implementation and management of climate-related risks lies with the Investment team, led by the Chief Investment Officer (CIO). The CIO is responsible for investing the assets of the PPF in accordance with the Board's approved Statement of Investment Principles (SIP), including responsible investment. Climate-related risks are identified and evaluated across asset classes - both for internally and externally managed assets.

The Investment team has the responsibility of ensuring adherence to the RI Framework and associated policies, and integration of climate change across all asset classes. The ESG team, as part of the Investment team, provides support and expertise, oversees appropriate implementation of the RI Framework, engages with portfolio managers and monitors investments for climate-related risks and opportunities across asset classes.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
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- 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
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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
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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.).
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- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

We have explored a range of scenario analysis data and tools currently available, and are in the process of analysing and understanding future risks and opportunities associated with climate-related factors specifically across public equity and listed corporate fixed income, and across sectors more broadly (for public and private markets).

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 are exploring available scenario analysis tools to assist us in understanding potential future climate-related risks as part of strategic asset allocation decisions.

We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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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

Describe

We have explored a range of available scenario analysis data and tools (both open-source and paid services), and are currently analysing and understanding the future risks and opportunities associated with climate-related factors. Due to data availability at present, we have started with our public equity and listed corporate fixed income portfolios, and we are intending to expand the intelligence to other asset classes gradually.

A large portion of the performed scenario analyses so far cover transition risk, mainly due to the fact that the tools currently on offer focus on these risks. Examples of the initial assessments performed include stranded assets exposure that presents the future risk of unrealised embedded emissions that can contribute detrimentally to climate change. PPF has also assessed listed company earnings at risk due to carbon legislation (ex. tax, cap and trade) in different jurisdictions, allowing us to gain visibility into the potential financial risk from increased carbon legislation in the future. We have also studied the portfolio climate value-at-risk (VAR) under different Representative Concentration Pathways (RCPs) scenarios, with a specific focus on the most exposed sectors and holdings. This analysis also allows us to gauge the alignment of the portfolio with a 2-degree world (through a current portfolio warming potential temperature gauge) and offers some specific actions for a path forward.

The analyses we performed integrate climate-related opportunities deriving from green-revenue associated economic activity as well. Further data analysis will be employed to realise the magnitude of opportunity under different scenarios.

One of the analytical tools used by PPF over the year was the PACTA tool (Paris Agreement Capital Transition Assessment Tool) <https://2degrees-investing.org/resource/pacta/>, among others, which is supported by the PRI and other data providers to ensure transparency and different points of view.

More recently, we have also started assessing the climate-related physical risks, associated with our portfolios in the aforementioned asset classes, covering the following categories of hazards: coastal flooding, extreme snowfall, extreme cold, extreme wind, extreme heat, tropical cyclones, and precipitation.

Specific attention to the most exposed issuers will inform our decision making and future plans.

PPF considers the next frontier of assets to undergo scenario-analyses to be real assets and private markets.

- Incorporation into investment analysis
- Inform active ownership

Describe

The scenario analyses we performed using a range of tools inform our decision making process and view of future climate-related risks specific to positions in our equity and fixed income portfolios. As long-term responsible investors, we look to engage actively and encourage companies to follow the TCFD guidelines, report transparently, review the impact of climate-related risks on their business strategy, as well as align with a 2-degree world. We are not advocates of pure divestment strategies as a whole, and believe in the value of long-term engagement and supporting companies towards a low-carbon transition.

We are active stewards with bond issuers in our corporate fixed income portfolio, for assets managed internally and externally, through our fund managers. We employ a similar approach in encouraging issuers to consider climate-related risks and opportunities in their business strategy and future-related decisions, particularly for issuances with longer maturities.

As supporters of Climate Action 100+ and the Transition Pathway Initiative (TPI), we welcome and value tools seeking to inform our decision-making through robust and data driven engagement around carbon and climate-related risks. PPF also welcomes initiatives led by other members of the NGO community, such as Carbon Tracker and the Science Based Targets Initiative (SBTi). EOS at Federated Hermes has also been employing these tools for action and engagement in our Engagement overlay service.

PPF seeks to support long-term transition and physical risk mitigation plans, but will also put our holdings in companies and issuers under rigorous consideration if they are seemingly reluctant to acknowledge and act on climate risk. Whilst we prefer engagement over divestment as a principle, we will seriously consider the exposure to coal and carbon risks in fossil fuels for any future involvements with managers and co-investments.

- 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

PPF is a long-term responsible investor with an investment time horizon covering our long-term liabilities, many years into the future. Our assets are invested across the market and we have started on a bottom-up basis by using various analytical tools to evaluate the exposure to climate-related risks and their impact on different asset classes and therefore on our investment strategy. We have considered short, medium and long-term impacts, varying in likelihood and magnitude, depending on sector, geography and asset class.

Transition risks around alignment with a 2-degree world have been assessed with a 5-year term into 2024.

For example, for our listed equities and corporate fixed income, the scenarios of varying potential carbon prices and the impact on investees' earnings has been evaluated into 2050 with a dynamic view of the impact in 2025, 2030 and 2040. We are also incorporating the PRI's Inevitable Policy Response forecasting into our discussions and evaluation of risks and opportunities by asset class or sector. Physical risks have also recently been assessed with a dynamic view of the climate hazards, described above, with a 15 year outlook of the potential financial risk to specific assets. As the environment is dynamic and ever changing, we expect to review physical risk on a regular and continuous basis, especially within our real assets books.

The impact of climate-related risks on PPF's portfolio has been assessed with consideration of science-based and Paris-aligned commitments of countries across the globe with review of their INDCs ("intended nationally determined contribution"). In the coming year, PPF will also attempt to take a more top-down approach to considering climate-informed macroeconomic scenarios and how these might impact our investment strategy over the longer-term.

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	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input checked="" 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 checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input checked="" type="checkbox"/> RPC 6	
IPCC	<input checked="" type="checkbox"/> RPC 4.5	
IPCC	<input checked="" 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> PRI's Inevitable Policy Response
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

other description

We actively encourage companies, asset managers and banks to adopt TCFD aligned reporting guidelines, as well as evidence the consideration of climate-related risk.

- 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]

We are currently reviewing the possibility of a climate-aware version of our equity benchmark to factor in companies' operational emissions, stranded assets exposure and revenues to low-carbon activities within the index construction.

SG 14 CC

Voluntary

Public

General

**SG 14.6
CC**

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

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To assess exposure of liquid portfolio to high carbon companies	tCO2e/mn £	Weighted average of company Scope 1+2 emissions to revenues generated
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To assess exposure of liquid portfolio to high carbon companies	tCO2e/mn £	Apportioned Scope 1+2 carbon emissions to assets invested
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To assess exposure of liquid portfolio to high carbon companies	tCO2e/mn £	Portfolio aggregate of carbon footprint of holdings
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To assess exposure of liquid portfolio to high carbon companies	tCO2e	Portfolio aggregate of total apportioned Scope 1+2 emissions
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To assess exposure of liquid portfolio to high carbon companies	tCO2e/mn £	Apportioned Scope 1+2 carbon emissions to revenues generated
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To assess exposure of our portfolios to high carbon companies	% AUM of portfolio	Weight of portfolio invested in high-carbon issuers
Other emissions metrics	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To assess exposure of liquid portfolio to green and brown producers		

**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

In line with our responsibility to consider all financially material risks, the PPF is committed to understanding how our investments might contribute to and be exposed to material climate-related issues. The PPF has been building a demonstrable approach and implementation plan for risk management of climate-related risks within our investments. Climate-related risks are incorporated into our monitoring processes, such as through the following tools, data and systems:

- Investment analysis and asset selection criteria adjusted where relevant
- PPF's fund managers (internal and external) demonstration of integration of climate considerations where relevant and material
- Consideration of how climate-related risks and opportunities inform risks register, strategic asset allocation and portfolio construction decisions going forward
- Ongoing risk monitoring of portfolios from a top-down and bottom-up perspective
- Portfolio assessment of carbon exposure and value-at-risk through platforms such as Aladdin
- Progress of manager and issuer climate-related engagement activities, KPIs
- Undertaking scenario analysis and potential stranded assets assessments of our investments within TCFD's identified key sectors (Energy, Transportation, Materials& Buildings, Agriculture, Food & Forest Products) to understand the climate alignment of our investments. Forward-looking scenario analysis of regulation, physical and transition risk, especially around alignment of investments with Paris Agreement and assets at risk of being stranded

PPF uses various sources of reliable data and information to assess our exposure to climate-related risks. Considering materiality in our assessments and decisions, climate risks are integrated across asset class and industry.

Climate-related risks are managed as follows:

- Investment universe adjusted to apply the PPF's minimum standards (e.g. any exclusions/investment restrictions)
- Exclusions included in IMA/side letter amendments for external managers
- Any exclusions hard-coded into Aladdin Compliance system (ex-post) for external portfolios with holdings look-through

PPF also reviews new and existing investments to take account of climate transition and adaptation risks, resilience, opportunities and inclusivity and how they might impact strategic asset allocation.

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

Exercising active stewardship - PPF's Stewardship policy is implemented through the engagement and reporting requirements established with external managers, key service providers, investee companies/issuers & industry, as well as policy-makers.

- PPF's internal RI ratings process assesses our fund managers' approach to integrating and managing climate-related risks (such as through carbon footprinting, physical risks assessments and scenario analysis), engagement (equity& bond managers), voting for pooled funds, and reporting back to PPF
- Engagement& Voting provider appointed to engage on most exposed holdings within segregated liquid mandates and to vote in line with voting policy
- Supporting shareholder resolutions that seek to improve company management and disclosure of material climate-related financial risks

- Collaboration in investor initiatives to measure and manage risks appropriately - especially high-emitting companies as part of Climate Action 100+ initiative, Transition Pathway Initiative, CDP, IIGCC including participation in the Paris Aligned Investment Initiative

We support the low carbon transition and believe in a strong engagement approach (rather than divestment) yet seriously consider the exposure to coal and carbon risks in fossil fuels for any future involvements with managers and co-investments.

We are exploring an option to transition our equity benchmark towards a more climate-informed version this year.

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