



CLIMATE TRANSPARENCY REPORT 2020

Wespath Benefits and Investments

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/-B5509769-8D1E-4D91-B22D-F58C2082DF21/79894dbc337a40828d895f9402aa63de/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	
Name	Wespath Benefits and Investments
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	North America
Country	United States
Disclosure of Voluntary Indicators	97% from 38 Voluntary indicators

Wespath Benefits and Investments

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.

Wespath's investment belief on the low-carbon transition states we believe public policies, emerging technologies, and physical impacts associated with concerns about a climate change are creating winners and losers across companies, industries and countries, impacting investment returns. As prudent fiduciaries, we must assess these global risks and opportunities in the management of our funds. To help us identify, assess and systematically manage these climate-related risks and opportunities, Wespath established and implemented its Climate Action Plan in 2017 and 2018, which provides a framework for all our climate-related investment activities. More detail on the Climate Action Plan can be found in questions SG 01.7CC and SG 01.10CC.

In 2019, Wespath partnered with several of its external asset managers to conduct quantitative climate scenario analyses consistent with the Task Force on Climate Related Financial Disclosures (TCFD) guidelines. Wespath considers scenario analysis to be an important risk assessment tool that strengthens its understanding of potential physical impacts, public policy, and technology/transition risks associated with a changing climate. As a first step towards broader implementation into Wespath's investment strategies, Wespath will use the resulting analysis for more detailed discussions with its external investment managers.

In 2019, Wespath also began the process to formally join the Net Zero Asset Owner Alliance starting in 2020, including discussions among investment management staff, senior leadership, and the board of directors.

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.

Wespath believes the transition to a low-carbon economy is already underway and will continue and accelerate in the future. We believe the transition will create winners and losers across companies, industries, and countries, and ultimately impact long-term investment performance. As prudent fiduciaries and long-term investors, we believe investors should incorporate an understanding of the world's assessment of climate change-related risks and opportunities in their investment processes and portfolios.

We believe the transition to a low-carbon economy presents risks and opportunities through four primary channels:

- **Regulatory** (including carbon taxes and emissions trading schemes)
- **Technological** (including rapid price reductions and increases in efficiency across a range of industries, products and services)
- **Physical** (including more frequent and severe weather events)
- **Reputational** (including changing consumer preferences regarding the low-carbon transition)

Wespath has established a **Climate Action Plan** to help us identify, assess and manage climate-related risks. Additional details of the Climate Action Plan are provided in question SG 01.10CC.

As noted in SG 01.7, Wespath's thermal coal investment guideline was implemented in 2014 and remained in place throughout 2018.

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

Wespath's Climate Action Plan helps us identify, assess and manage climate-related risks.

- **Climate Action Plan:** Wespath conducted a comprehensive review of best-practice investment strategies and solutions to better understand potential responses to the risks and opportunities associated with climate change. The review process included an assessment of domestic and international public policies aimed at facilitating the transition to a low-carbon economy, including the recommendations provided by the Task Force on Climate-related Financial Disclosure (TCFD). Wespath discussed all findings and potential solutions internally, resulting in a Climate Action Plan that provides our overall framework for our climate-related investment activities.
- **Transition Ready Portfolio:** In 2019, Wespath built on its partnership with one of the world's largest asset managers to expand the collaborative Transition Ready framework, which launched in 2018 with \$750 million. In 2019, Wespath repurposed an additional \$300 million of passive assets into a new, first-ever, enhanced-passive low-carbon Transition Ready strategy benchmarked to the Russell Top 200 Index. The strategy seeks to deliver long-term competitive financial returns relative to the index by tilting investments toward companies best positioned for the transition to a low-carbon future. To date, Wespath and its subsidiaries have committed over \$1 billion to Transition Ready strategies, and approximately 26% of our combined passively managed equity strategies now employ the investment framework.
- **External Manager Selection and Monitoring:** Wespath uses its annual ESG Appraisal to evaluate and benchmark our external asset managers on ESG integration, asking specific questions related to the management of risks and opportunities associated with climate change. The ESG Appraisals helps ensure adequate climate competencies for all new and existing investment strategies.
- **Global Engagement Strategy:** As an active owner, Wespath believes it is our responsibility to engage our portfolio companies to promote sustainable business policies and practices as the world transitions to a low-carbon economy. For over 20 years, in partnership with other sustainable investors and sustainable investment initiatives, we have persuaded companies to adopt reasonable, cost-effective, climate-related strategies.

- **Management of Excessive Sustainability Risk (MESR) Policy:** Wespeth's MESR policy provides direction for identifying and managing sustainability-related financial risks that could affect the value of assets held on behalf of benefit plans and institutional investment clients. In 2019, we updated our MESR guideline to exclude 62 companies under the Climate Change (Thermal Coal) guideline.
- **Thematic Investment Opportunities:** Wespeth believes companies positioned to benefit from the transition to a low-carbon economy are attractive long-term investments. We currently have over \$1.8 billion allocated to low-carbon investment strategies.
- **Sustainable Economy Framework:** Wespeth's Sustainable Economy Framework seeks to proactively address climate risks and opportunities by aligning our investment portfolio with the goal of supporting a sustainable global economy, defined as one that promotes social cohesion, long-term prosperity for all, and environmental health. In 2019, Wespeth's newly formed dedicated Impact Investments team issued a request for information (RFI) and began evaluating potential asset manager partners to help it develop a mandate designed to help support and benefit from the transition to a sustainable global economy.

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

Sustainable Investment Report:
<https://www.wespeth.org/assets/1/7/5391.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

Other Chief-level staff or heads of departments

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

Portfolio managers

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

Investment analysts

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

Dedicated responsible investment staff

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

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.

Wespath's Board of Directors:

Wespath has two board committees that oversee sustainable investment and climate-related issues. The committees meet three times each year.

The UMC Principles Committee is charged with overseeing Wespath's adherence to the values of The United Methodist church, including efforts to "seek investments in institutions, companies, corporations, or funds that promote racial and gender justice, protect human rights, prevent the use of sweatshop or forced labor, avoid human suffering, and preserve the natural world, including mitigating the effects of climate change." Annually, the committee approves Wespath's proxy voting guidelines and monitors voting activity. In addition, the committee reviews Wespath's engagement priorities and the disposition of all shareholder resolutions filed. On a quarterly basis, the committee receives a report detailing Wespath's corporate and public policy engagements, and an update on companies excluded under the Management of Excessive Risk-thermal coal policy.

The Fiduciary Committee is charged with overseeing Wespath's mandate to "discharge its fiduciary duties with respect to a benefit fund, plan, or program solely in the interest of the participants and beneficiaries."

Both committees, and the full Wespath board of directors, discussed and approved Wespath's Low-Carbon Transition Belief in 2017. In 2018, both committees and the full board also approved a new low-carbon transition equity mandate entitled the Transition Readiness strategy. The committees reviewed the strategy's methodology and received project updates at every meeting.

The Transition Ready strategy is an enhanced passive strategy designed to deliver long-term competitive financial returns relative to traditional benchmarks, and to further align Wespath's investments with the transition to a low-carbon economy. Enhanced passive strategies differ from pure passive strategies in that they modestly overweight or underweight the securities within an index as a way to add long-term value in a risk-controlled manner. The goal of the Transition Ready strategy is to exceed its performance benchmarks by minimizing potential risks and maximizing opportunities associated with the transition to a low-carbon economy, while maintaining a similar risk profile to the benchmarks.

Wespath's board of directors is also updated annually on Wespath's Management of Excessive Sustainability Risk (MESR) guideline and our Thermal Coal policy which currently excludes from investment a number of pure-play thermal coal companies and coal-dependent utilities.

Information may include;

- Process and frequency of which the board/committees are informed of climate-related issues
- How climate-related issues are considered when reviewing and guiding-decision making
- How the board/committees monitor and oversee progress on climate-related targets and goals

**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 Managing Director (MD) of Investment Management (IM) reports directly to the CIO and oversees the implementation of the following Wespath activities and policies:

- Low-carbon investments, including five actively managed strategies and three Transition Ready investments totalling \$1.8 billion
- ESG Appraisals, including questions and discussions with external managers regarding the management of climate risks, as well as conducting climate scenario analyses in line with TCFD guidelines.
- Management of Excessive Sustainability Risk (MESR) Thermal Coal Policy
- Proxy voting guidelines and votes, which include climate change among other ESG issues

On a quarterly basis, the MD IM joins the CIO and other members of Wespath's Senior Leadership Team (SLT) to brief them on climate-related issues. The MD IM and CIO are also responsible for reporting to the UMC Principles Committee and Fiduciary Committee of the board at least twice a year.

Information may include;

- Description of the associated organizational structure(s)
- Whether management reports to the board or a committee of the board
- Process by which management is informed about climate-related issues
- How management (through specific positions and/or management committees) monitors climate-related issues

**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

In 2019, Wespeth conducted quantitative climate scenario analyses consistent with the TCFD guidelines in partnership with several of our external managers. We consider scenario analysis to be an important risk assessment tool that strengthens our understanding of potential physical impacts, public policy, and technology risks associated with a changing climate.

- 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

We are currently exploring the extent to which we can incorporate these types of analytical risk assessments into our broader risk assessment processes, including asset allocation decisions. As a first step, however, we plan to engage our managers on the results of the scenario analyses we began conducting in 2019.

- 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

To operate as effective long-term investors, we must understand how the world around us is changing. We view the world's broad acceptance of climate change as the megatrend driving one of the most important shifts in the financial markets - the transition to a low-carbon economy. We believe that the companies able to manage the risks and capitalize on the opportunities created by this transition make attractive long-term investments. In 2017 and 2018, Wespath established and implemented a Climate Action Plan to help us identify, assess and systematically manage climate-related risks and opportunities over the near and long-term. The Climate Action Plan provides a framework for all our climate-related activities. In 2019, Wespath began the process to formally join the Net Zero Asset Owner Alliance starting in 2020, including discussions among investment management staff, senior leadership, and the board of directors.

- 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 type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input 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 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> Carbon price / tax analysis
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> Company assets with geolocation analysis
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 description (1)

Global power shifts (developed markets to emerging markets)

- 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		1	704	673	018
Currency	USD				
Assets in USD		1	704	673	018

Specify the framework or taxonomy used.

PRI's Impact Investing Market Map

- 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

other description

Water consumed and waste produced

- None of the above

SG 14.5

Additional information [Optional]

Wespath's Transition Ready Portfolios (\$1.05 billion invested) are based on thousands of climate-related data points, including the emissions metrics listed above and many others. Wespath's Transition Readiness methodology seeks to reflect a company's future preparedness for the transition to a low-carbon economy by considering a company's core business involvement in energy production and carbon efficient technology, as well as its capabilities relating to natural resource management in energy, water, and waste. The investment strategy draws on qualitative and quantitative insights gained by analysing i) data from multiple ESG and climate-related data providers and ii) over 500 academic and scientific reports in order to optimally position a portfolio to benefit from companies supporting an orderly transition to an economy committed to achieving global emission reduction targets.

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.

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	Inform investment decisions	tons CO2e / \$M revenue	sum of (security weight x security carbon intensity) / number securities in portfolio
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Inform investment decisions	tons CO2e	3rd party data provider
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Reporting	tons CO2e / \$M invested.	3rd party data provider
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Inform investment decisions	tons CO2e	3rd party data provider
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Inform investment decisions	tons CO2e / \$M revenue	3rd party data provider
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Inform investment decisions	\$M or % of portfolio value	3rd party data provider

**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

Wespath's Climate Action Plan helps us identify, assess and manage climate-related risks.

- Climate Action Plan:** Wespath conducted a comprehensive review of best-practice investment strategies and solutions to better understand potential responses to the risks and opportunities associated with climate change. The review process included an assessment of domestic and international public policies aimed at facilitating the transition to a low-carbon economy, including the recommendations provided by the Task Force on Climate-related Financial Disclosure (TCFD). Wespath discussed all findings and potential solutions internally, resulting in a Climate Action Plan that provides our overall framework for our climate-related investment activities.

- **Transition Ready Portfolio:** In 2019, Wespeth built on its partnership with one of the world's largest asset managers to expand the collaborative Transition Ready framework, which launched in 2018 with \$750 million. In 2019, Wespeth repurposed an additional \$300 million of passive assets into a new, first-ever, enhanced-passive low-carbon Transition Ready strategy benchmarked to the Russell Top 200 Index. The strategy seeks to deliver long-term competitive financial returns relative to the index by tilting investments toward companies best positioned for the transition to a low-carbon future. To date, Wespeth and its subsidiaries have committed over \$1 billion to Transition Ready strategies, and approximately 26% of our combined passively managed equity strategies now employ the investment framework.
- **External Manager Selection and Monitoring:** Wespeth uses its annual ESG Appraisal to evaluate and benchmark our external asset managers on ESG integration, asking specific questions related to the management of risks and opportunities associated with climate change. The ESG Appraisals helps ensure adequate climate competencies for all new and existing investment strategies.
- **Global Engagement Strategy:** As an active owner, Wespeth believes it is our responsibility to engage our portfolio companies to promote sustainable business policies and practices as the world transitions to a low-carbon economy. For over 20 years, in partnership with other sustainable investors and sustainable investment initiatives, we have persuaded companies to adopt reasonable, cost-effective, climate-related strategies.
- **Management of Excessive Sustainability Risk (MESR) Policy:** Wespeth's MESR policy provides direction for identifying and managing sustainability-related financial risks that could affect the value of assets held on behalf of benefit plans and institutional investment clients. In 2019, we updated our MESR guideline to exclude 62 companies under the Climate Change (Thermal Coal) guideline.
- **Thematic Investment Opportunities:** Wespeth believes companies positioned to benefit from the transition to a low-carbon economy are attractive long-term investments. We currently have over \$1.8 billion allocated to low-carbon investment strategies.
- **Sustainable Economy Framework:** Wespeth's Sustainable Economy Framework seeks to proactively address climate risks and opportunities by aligning our investment portfolio with the goal of supporting a sustainable global economy, defined as one that promotes social cohesion, long-term prosperity for all, and environmental health. In 2019, Wespeth's newly formed dedicated Impact Investments team issued a request for information (RFI) and began evaluating potential asset manager partners to help it develop a mandate designed to help support and benefit from the transition to a sustainable global economy

Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe

Through leadership in the Climate Action 100+, Wespeth is persuading the world's most systemic greenhouse gas emitters to adopt strong corporate governance, set greenhouse gas reduction goals and strengthen climate-related financial disclosure.

Wespeth leads or co-leads engagement with four companies and is a supporting investor on eight additional companies. We co-lead the engagement team of a U.S. large oil and gas company that includes 25 investors across six countries. We conducted five in-person meetings with the company and communicated progress to the supporting investors. As a result of the engagement, the company published an enhanced climate assessment report that aligns with the TCFD framework, joined the Oil and Gas Climate Initiative and agreed to set a greenhouse gas emissions reduction goal.

- 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.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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8.39

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.
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	Area
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Energy efficiency / Clean technology

	Asset class invested
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Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area
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6.25

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Two actively managed public equity strategies and three enhanced-passive public equity strategies focus on the transition to a low-carbon economy, specifically investing in low-carbon technologies and solutions and weighting investments more heavily based on investment with renewable energy, energy efficiency, and waste and water management.

- Renewable energy
- Green buildings
- Sustainable forestry

Asset class invested

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

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

0.41

- Inclusive finance
- Cash

Brief description and measures of investment

Investment in acquisition and management of sustainable forests

- Sustainable agriculture

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

0.19

- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Two private equity investment strategies that invest in upstream and midstream agribusiness operating companies and agriculture value chains.

- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance

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

0.13

- Cash

Brief description and measures of investment

Positive social purpose lending, investing in qualified financial organizations providing non traditional financial services to low-income borrowers.

- SME financing
- Social enterprise / community investing

Asset class invested

- Listed equity
- 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

0.12

- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Positive social purpose lending, including loans for community development, such as health centers and homeless shelters.

- Affordable housing

Asset class invested

- Listed equity
- 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

2.67

- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Positive social purpose lending, including loans for affordable housing.

Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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

0.09

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Positive social purpose lending, including loans for charter schools serving low to moderate income students

- Global health
- Water
- Other area, specify

Wespath's Social Values Choice Equity Fund (SVCEF) invests in companies with highly rated sustainable policies and practices regarding environmental, social, and governance criteria.

Asset class invested

- Listed equity

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

0.37

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

The Social Values Choice Equity Fund (SVCEF) seeks to earn long-term capital appreciation by investing in equities of U.S. and non-U.S. domiciled publicly owned companies with highly rated sustainable policies and practices regarding the environment, diversity, employee relations, human rights, product quality and safety. The fund is available to investors who wish to exclude companies with fossil fuel reserves used for energy purposes.

No