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Climate Action Plan 2023



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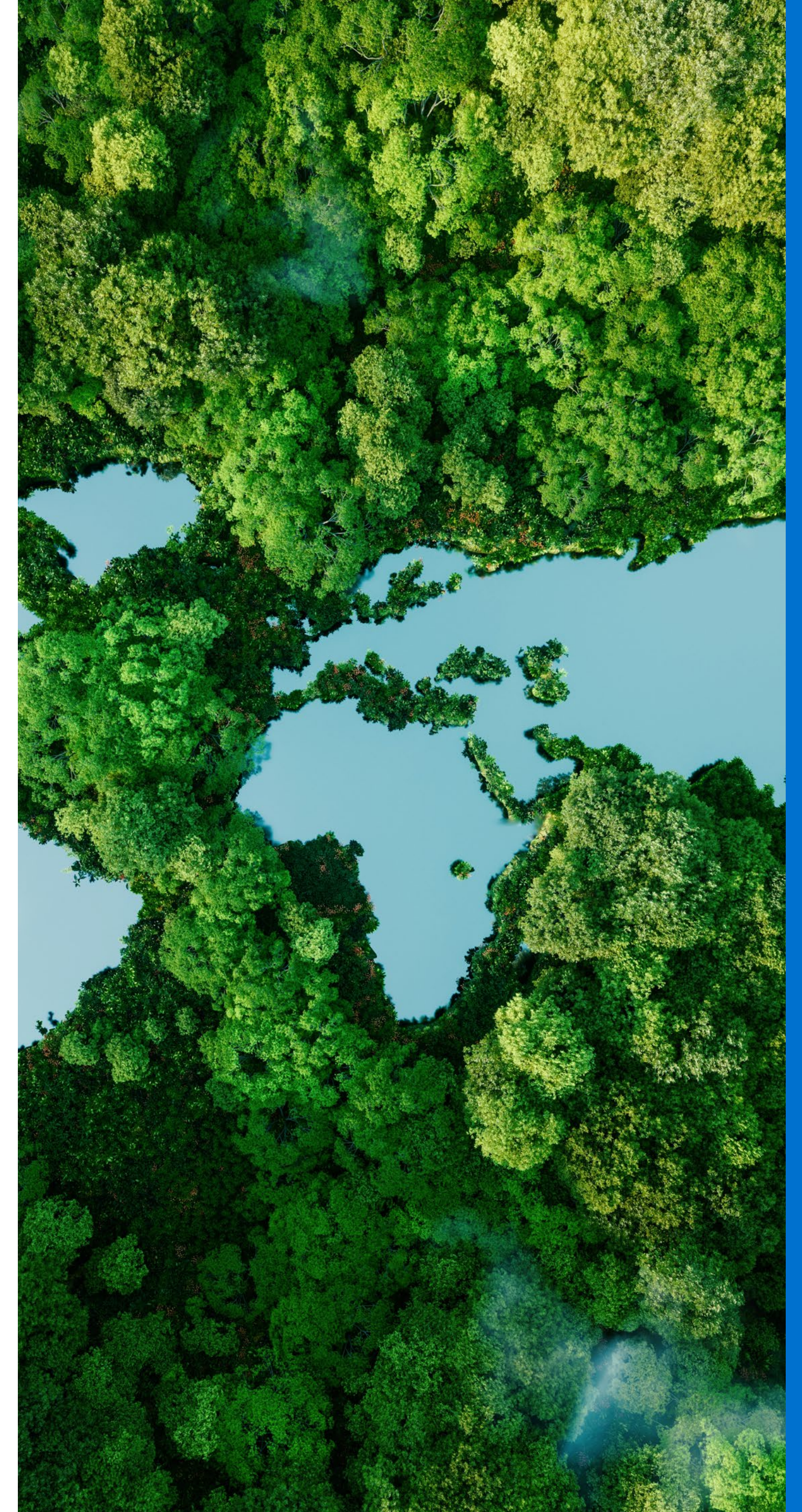
1. Introduction



1.1 Foreword

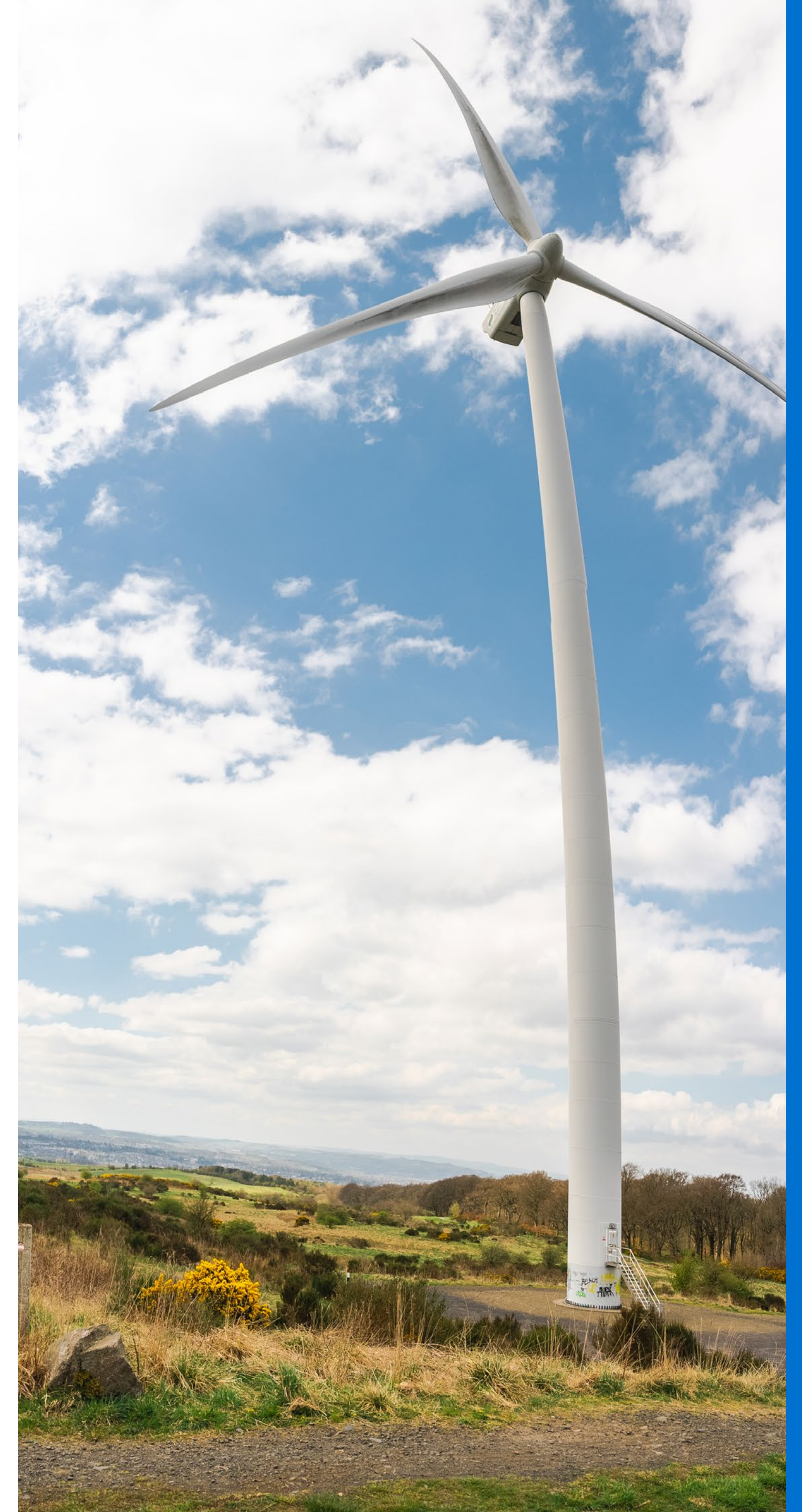
Strathclyde Pension Fund (SPF) has been addressing climate-related issues within its investment portfolios for more than 20 years. Initially that was as a key element of its Responsible Investment Strategy. For some years now, SPF has recognised that climate change represents a systemic risk of an altogether different magnitude from other environmental, social and governance risks.

To reflect this, SPF has developed a separate Climate Change Strategy and reports on this each year in its Annual Report. This Climate Action Plan is a part of that strategy. It sets out, at a high level the most immediate priorities for SPF to ensure that Climate Change is addressed across all investments and portfolios so that SPF achieves and maintains progress towards its Net Zero objective and target.



1.2 Executive Summary

- Climate Change is a global problem requiring a global solution.
- The Paris Agreement forms the basis for that solution.
- It also forms the basis for SPF's Climate Change Strategy.
- SPF is a multi-portfolio, global, institutional investor and a member of IIGCC (the International Investor Group on Climate Change).
- PAIL (the Paris Aligned Investment Initiative) seeks to align the global investment community with the goals of the Paris Agreement.
- PAIL is therefore the basis for this Climate Action Plan.
- The primary objective of PAIL is achieving emissions reductions in the real economy.
- SPF's focus will be on this – ensuring alignment of all counterparties, portfolios and companies with that objective.
- The process is likely to be long, iterative, and non-linear.
- The ultimate goal is to achieve Net Zero across portfolios.
- But the first steps are to set targets and objectives to ensure that companies and portfolios are aligning towards that end goal.
- Robust measurement, monitoring and engagement processes are also required to ensure that the pathway towards Net Zero is maintained.





**Addressing
climate-related
issues for more
than 20 years.**

2. Background



2.1 Strathclyde Pension Fund (SPF)

- Strathclyde Pension Fund (SPF) is part of the Local Government Pension Scheme (LGPS)
- It is one of **11** LGPS funds in Scotland and around **100** in the UK
- SPF is the second largest of the UK LGPS funds
- The LGPS is a statutory scheme established under primary legislation – the Superannuation Act 1972 and Public Service Pensions Act 2013
- SPF exists to pay pensions. Its principal objective is to ensure that sufficient funds are available to pay all members' pensions now and in the future.
- The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return.
- In developing strategy SPF follows 6 guiding principles:
 - **Long-term perspective** – by the nature of its liabilities and sponsor covenants, the Fund is able to take a long-term view and position its investment strategy accordingly.
 - **Diversification** – the Fund seeks to diversify its investments in order to benefit from a variety of return patterns.
 - **Efficiency** – the Fund aims to achieve an efficient balance between investment risk and reward.
 - **Competitive advantage** – the Fund's size, time-perspective and risk appetite give it some competitive advantages which it seeks to exploit.
 - **Pragmatism** – the Fund recognises that there are implementation considerations including cost and manageability which may lead it to favour practical investment solutions over optimised model structures.
 - **Stewardship** – the Fund is a responsible investor and adopts policies and practices which acknowledge the importance of environmental, social and governance (ESG) issues.

2.2 SPF Key Figures

As at 31st December 2022, SPF had:



2.3 Climate Change Strategy – Key Developments to date

Strathclyde Pension Fund:

- has had an Environmental, Social and Governance (ESG) policy since **2000**.
- became a **PRI** signatory in **2008**.
- joined **IIGCC** in **2016**.
- implemented **TCFD** (Task Force on Climate-Related Financial Disclosures) reporting in **2018/19**.
- has an agreed objective of implementing an investment strategy that is consistent with achieving the goal of **global net zero** emissions by **2050**.
- has a target of **net zero emissions across SPF portfolios** by **2050** or sooner.
- has an interim target for carbon reduction of at least **45%** from the baseline by **2030**.
- became a **PAII** signatory in **2022**.



2.4

PAII (Paris Aligned Investment Initiative)

The Paris Aligned Investment Initiative was launched by the Institutional Investors Group on Climate Change (IIGCC) in Europe in May 2019, to explore how investors can align their portfolios with the goals of the Paris Agreement.

Under **PAII**, **57** asset owner signatories, with over **\$3.3 trillion** in assets, have committed to achieve net zero alignment by 2050 or sooner, drawing on the Net Zero Investment Framework to deliver these commitments.

SPF joined PAII during 2022. The PAII Net Zero Asset Owner Commitment is set out in **Appendix A**.

These are complemented by a number of asset managers who are working with clients on net zero alignment. Many of these asset managers have already made net zero commitments through the Net Zero Asset Managers (**NZAM**) Initiative which has **273** signatories with **\$61.3 trillion** in Asset Under Management.

The PAII follows 5 key principles to guide its work, and to assess methodologies and test conclusions.

- **Impact** The primary objective is achieving emissions reductions in the real economy. While different investors have varying scopes for undertaking action, the Framework should encourage investors to maximise their efforts to achieve the greatest impact possible.
- **Rigour** Alignment should be based on sound evidence and data, and be consistent with the best available science on meeting the temperature goals of the Paris Agreement.
- **Practicality** The methods and approaches should be feasible for a range of investors to implement, build on existing work, and be compatible with existing processes or requirements of investors.

- **Accessibility** Definitions, methodologies and strategies should be clear and easily applied, using publicly available information and assessments where possible.
- **Accountability** Definitions, methodologies and strategies should allow clients, beneficiaries and other stakeholders to assess whether investors and assets are aligned with the goals of the Paris Agreement.

Using these principles PAII has produced the Net Zero Investment Framework 1.0 “the Framework”.

2.5 Net Zero Investment Framework

The Framework is designed to provide a basis on which a broad range of investors can make commitments to achieving net zero emissions and define strategies, measure alignment, and transition portfolios. It sets out a number of components for an effective net zero investment strategy, with recommendations on the key actions and methodologies that can be used to implement such a strategy.

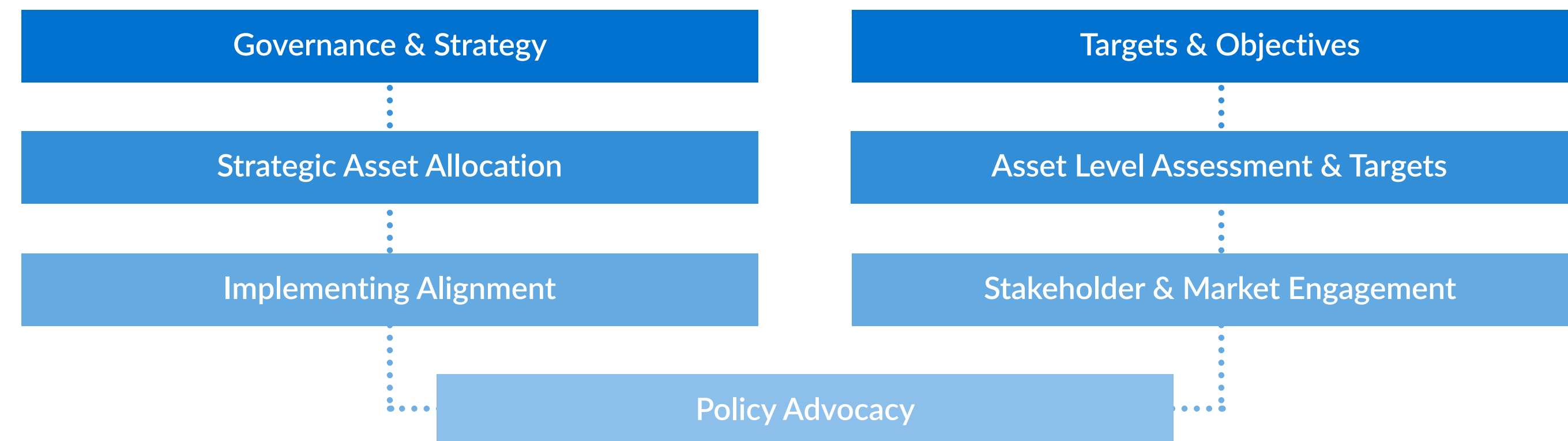
Under the Framework, a net zero investment strategy should focus on achieving two alignment objectives:



The Framework recognises that investors have a range of levers at their disposal to drive decarbonisation and increase investment in climate solutions, and these should be used to ensure progress in the real economy as well as reaching targets for the portfolio itself.

Investors adopting the Framework are expected to use it on an 'implement or explain' basis, in the context of their fiduciary duties, and may, therefore, take account of specific contexts and strategies where some elements of the Framework may not be applicable.

The main components and actions required by the Framework are:



SPF's Climate Action Plan has been developed to address each of these.



The Framework recognises that investors have a range of levers at their disposal to drive decarbonisation.

3. Climate Action Plan



3.1 Governance & Strategy

Governance Structure

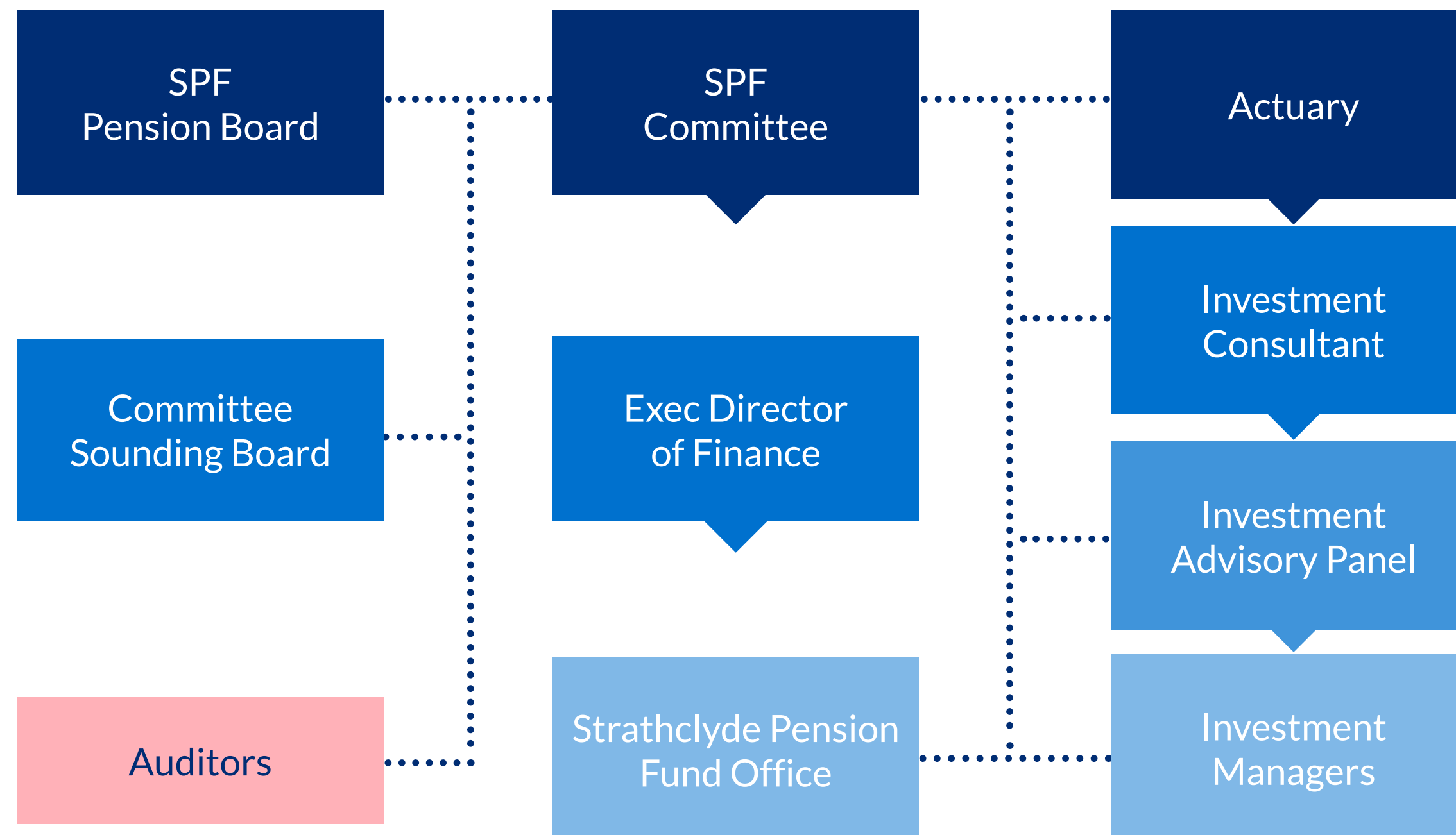
Glasgow City Council’s **Strathclyde Pension Fund Committee** is the main decision-making body for SPF. The Committee agrees and oversees investment strategy and structure including the Responsible Investment and Climate Change strategies.

In March 2022, the SPF committee agreed that SPF should join the Paris Aligned Investment Initiative (PAII). As a result, in June 2022 SPF became a signatory to The Paris Aligned Investment Initiative Net Zero Asset Owner Commitment. The Commitment is set out in **Appendix A**.

The committee agreed to produce this Climate Action Plan to meet that commitment.

Each of the other constituents of the SPF Governance Structure will have its own defined role in implementing the Climate Action Plan. These are summarised as follows.

SPF’s Governance structure is illustrated as follows.



The **Committee Sounding Board** reviews proposals before they are considered by the Committee for decision. This includes individual investment proposals for DIP, SPF's impact portfolio.

The **Pension Board** assists the Committee in securing compliance with the regulations, other legislation and the requirements of the Pensions Regulator. The Board comprises trade union and employer representatives and has a keen interest in addressing Climate Change. [Details of Board membership and constitution.](#)

The **Executive Director of Finance** is the responsible officer who ensures that committee decisions are implemented by the **Strathclyde Pension Fund Office** which administers the scheme, and manages the investment strategy.

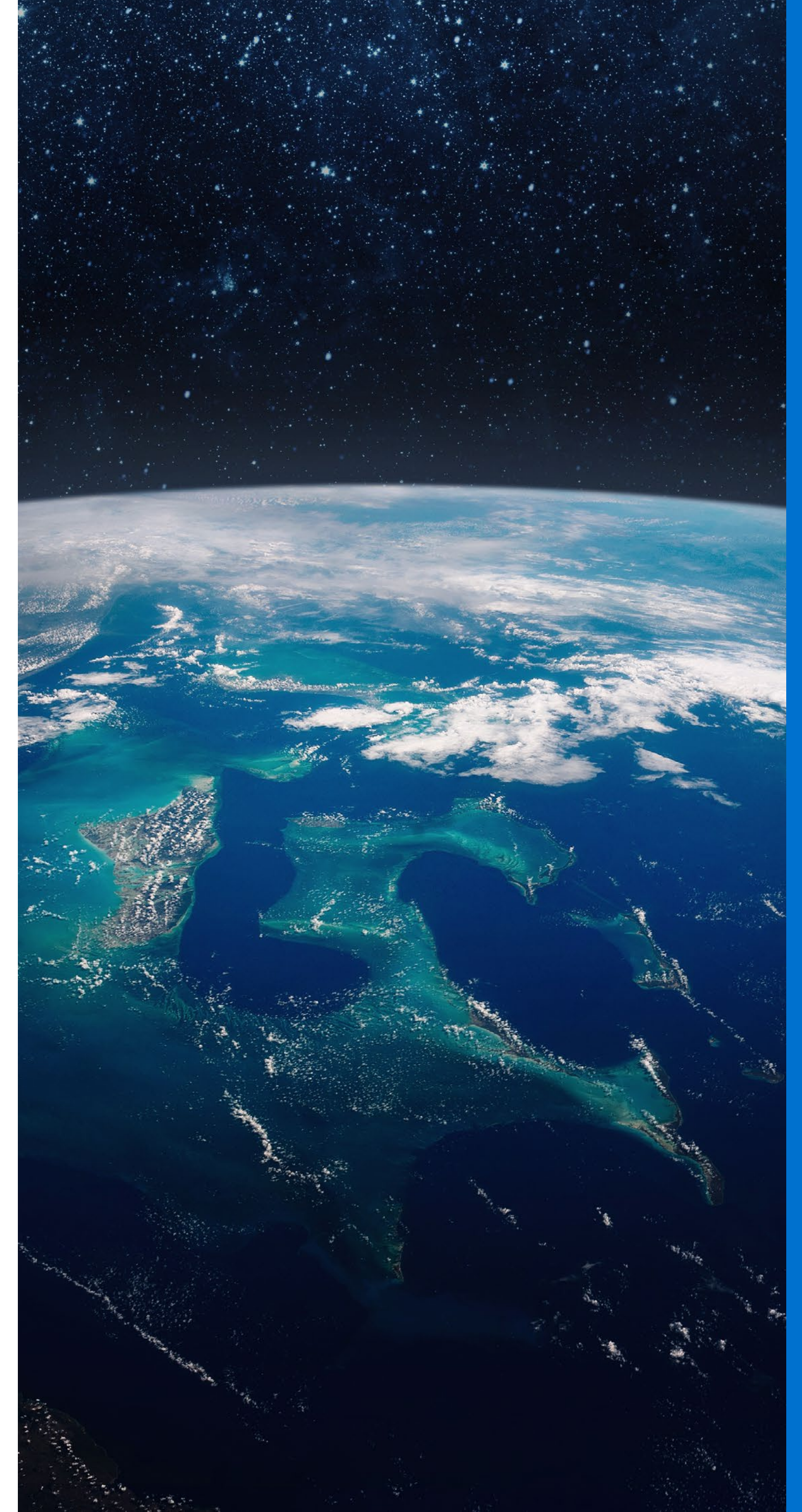
SPF uses an external investment management model. The investment managers will be instrumental in aligning portfolios with the Net Zero commitment.

The **actuary** provides advice on funding, including scenario analysis which illustrates the potential impact of climate change on the funding objective.

The **investment consultants** provide advice on all aspects of investment objectives, strategy and structure including Stewardship and Climate Change.

The **Investment Advisory Panel (IAP)** develops investment strategy and monitors investment performance. The IAP membership comprises investment officers from the Fund and representatives from Hymans Robertson as the Fund's actuary and investment consultant together with three independent expert advisers appointed for their knowledge of investments and of pension funds.

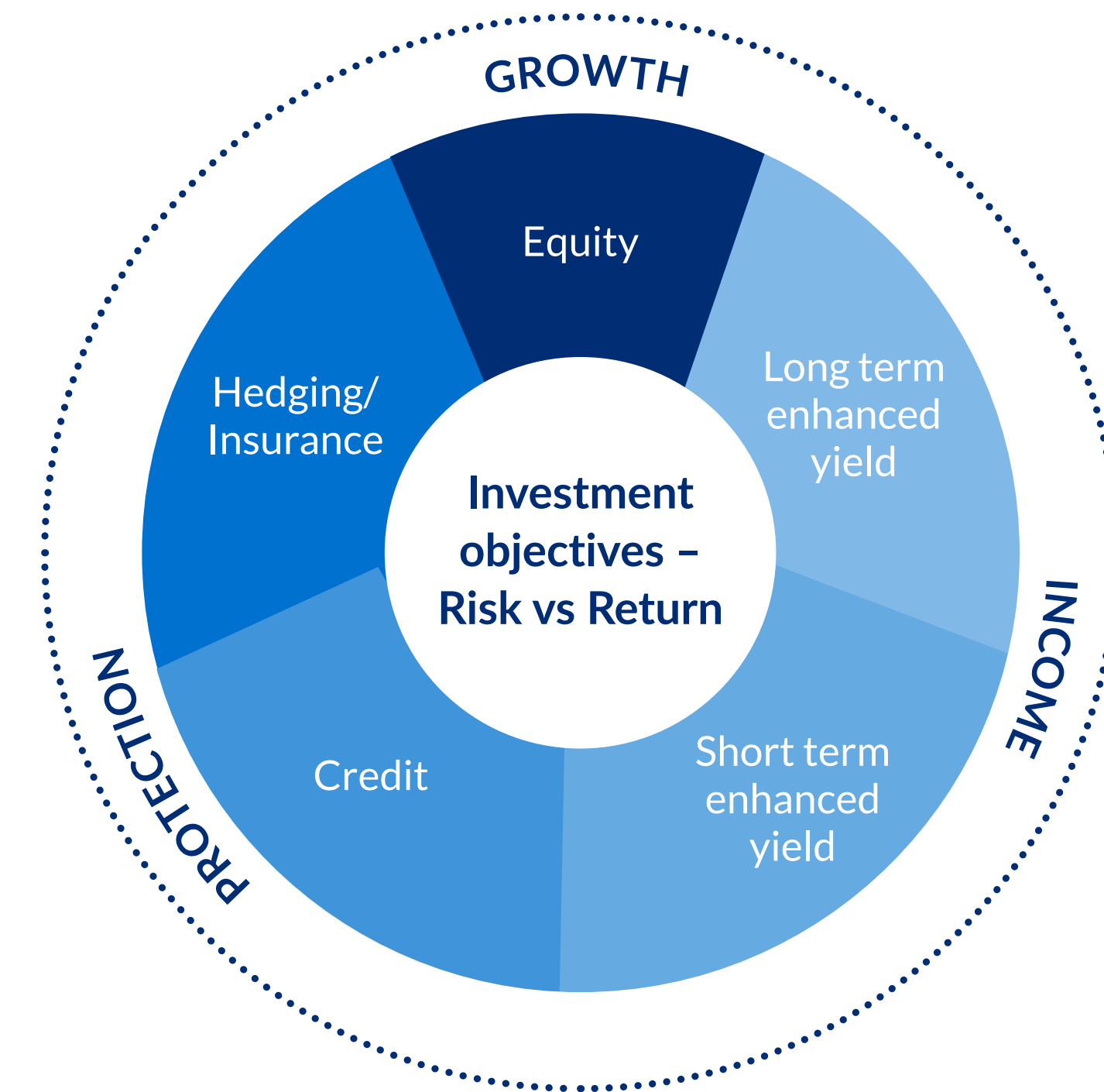
The **internal and external auditors** review risk, controls, and the financial statements.



Investment Strategy

The current investment strategy is summarised and illustrated below.

Asset Category	Main Objectives	Allocation (1%)
Equity	To generate return.	52.5
Hedging/Insurance	To reduce exposure to interest rates and inflation.	1.5
Credit	To provide added yield and income and to reduce funding volatility.	6
Short-Term Enhanced Yield	To provide an income stream above the expected return on corporate bonds.	20
Long-Term Enhanced Yield	To provide a long-term income stream and a degree of inflation protection.	20
		100



The PAII Framework currently covers four asset classes:

- **Listed Equity**
- **Corporate Fixed Income**
- **Sovereign Bonds**
- **Real Estate**


PAII currently expects only these asset classes to be addressed by investors undertaking net zero commitments and net zero investment strategies. References to the 'Fund' therefore refer only to the scope of assets covered by the Framework, with the expectation that further asset classes will be incorporated and used by investors over time.

Portfolios initially in scope are illustrated opposite.

Portfolios not currently in scope will still be actively addressing climate change.

Multi-Asset Passive	Global Equity	Specialist	Private Markets
Legal & General	Baillie Gifford	JP Morgan	
		Lombard Odier	DTZ
		Genesis	
		Fidelity	JP Morgan
		PIMCO	Pantheon
	Lazard	Ruffer	Partners Group
	Veritas	Oakhill	Alcentra
	Oldfield	Barings	ICG Longbow
		Ashmore	DIP

 Portfolios initially in scope



**Strathclyde Pension
Fund Committee
is the main
decision-making
body for SPF.**

3.2 Targets & Objectives

Overall Objective & Target

During 2021, the SPF committee agreed that:

- SPF's Climate Change Strategy would incorporate the explicit objective of implementing an investment strategy that was consistent with achieving the goal of global net zero emissions by 2050; and
- Strathclyde Pension Fund should have a target of net-zero emissions across its own portfolios by 2050.

Interim Target

The committee has also agreed to adopt an interim target for carbon reduction of at least 45% from the baseline by 2030.

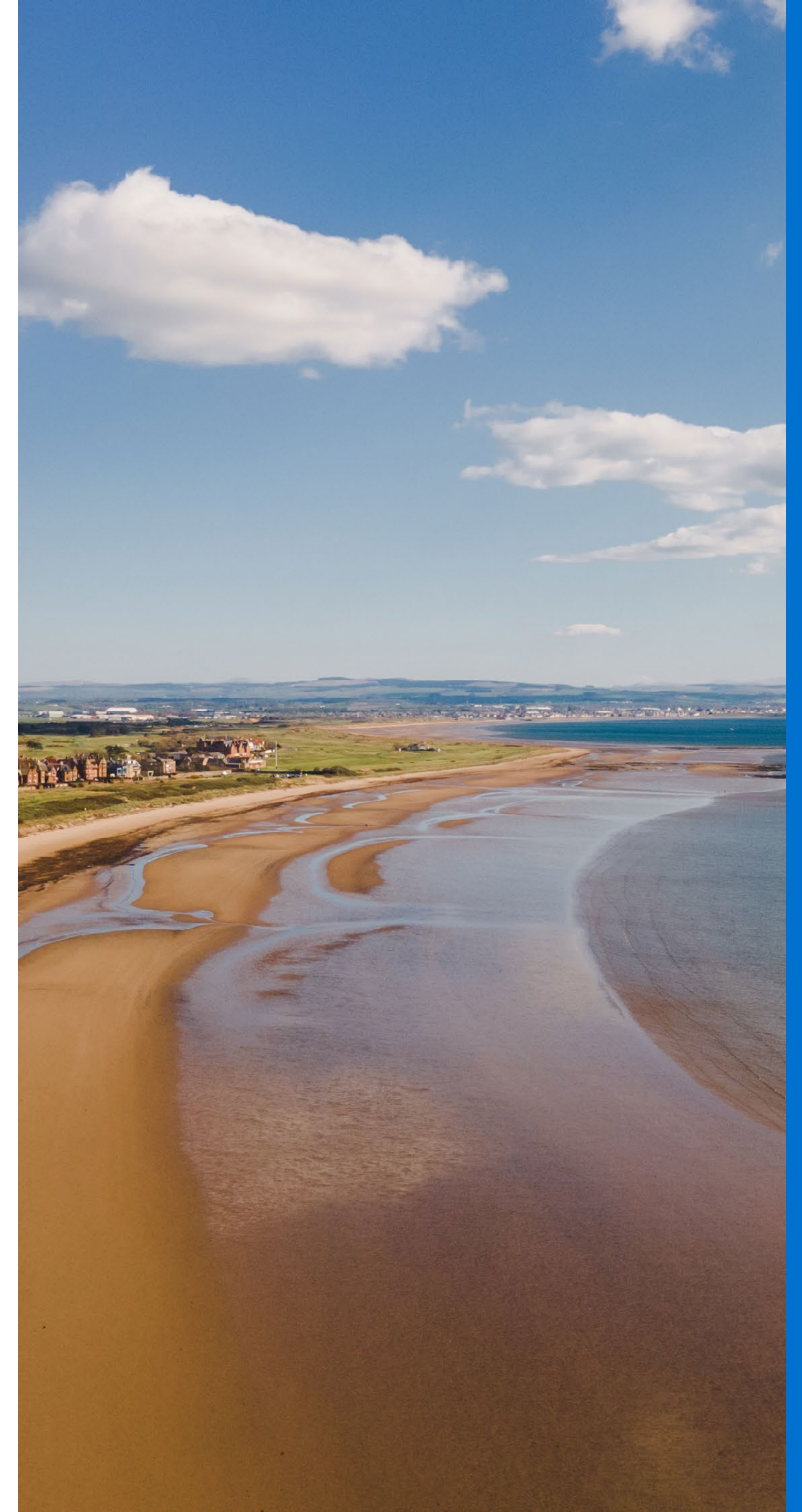
PAII requires additional targets and objectives to be set. These include the following.



Portfolio Goals – Listed Equity

Equity has always been the largest assets category in SPF's allocation. To date, it has also been the primary focus of SPF's Climate Change Strategy. Equities are held directly in 6 actively managed portfolios and 1 large passive portfolio. All equity portfolio managers are NZAM members. The following goals will apply to SPF's actively managed portfolio.

- alignment goal
- engagement goal
- climate solutions goal
- implied temperature goal



Alignment Goal

This aims to ensure that companies in which SPF invests are increasingly:

- Achieving net zero or
- Aligning to net zero or
- Aligned to net zero.

NZIF recommends that assessment focuses on companies in high carbon-emitting sectors. These include:

[Metals & Mining](#)

[Electric Utilities](#)

[Chemicals](#)

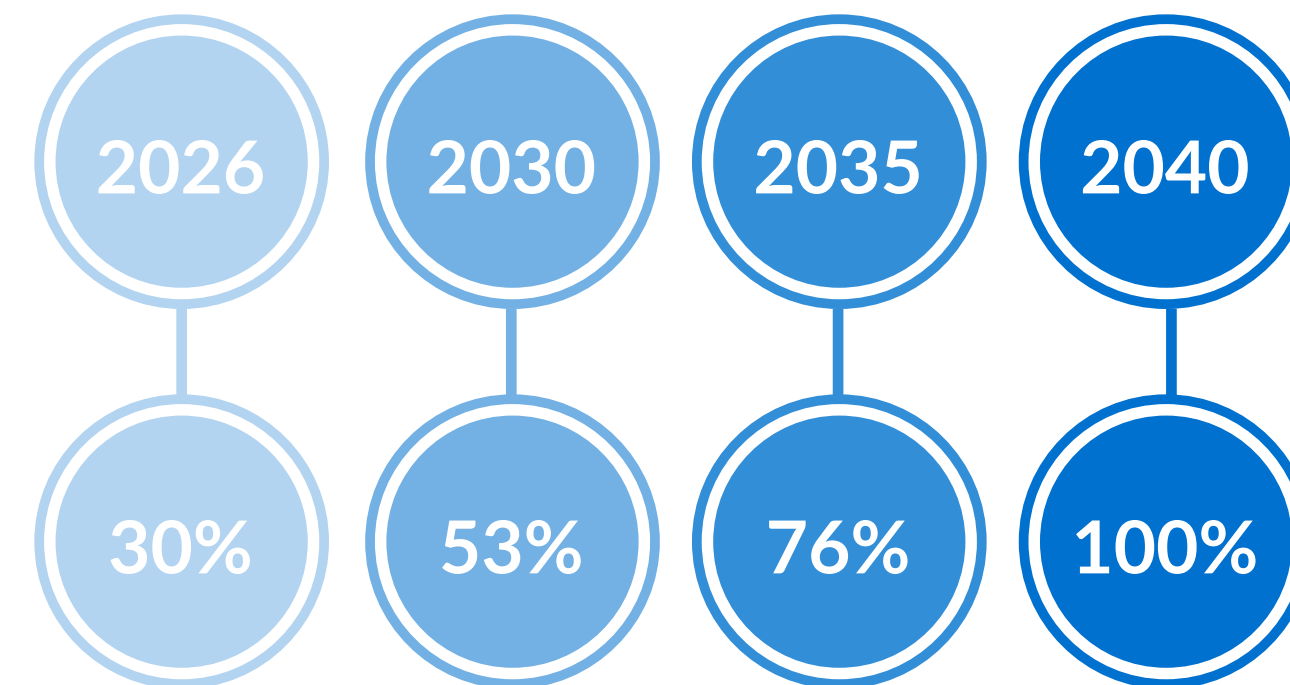
[Construction Materials](#)

[Food Products](#)

[Airlines Oil & Gas](#)

The goal is to have 100% of companies confirmed as net zero or aligned to net zero by 2040.

Interim targets represent milestones on the journey towards full alignment. Based on value of assets aligning, they are as follows for SPF.





**The goal is to have
100% of companies
confirmed as net
zero or aligned to
net zero by 2040.**

Engagement Goal

This aims to ensure that SPF engages increasingly with the companies it invests in to support and enforce their journey towards net zero.

The goal is that at least 90% of SPF financed emissions in material sectors are either assessed as net zero, aligned with a net zero pathway, or the subject of direct or collective engagement and stewardship actions by 2030 or earlier.

As an interim target: SPF will achieve 70% as quickly as possible and certainly by 2026.

Climate Solutions Goal

This aims to ensure that SPF invests increasingly in the climate solutions required to achieve the overall goal of global net zero by 2050.

SPF is already investing significantly in industries and companies that will deliver these solutions, in particular through its internally managed Direct Impact Portfolio (DIP), but also throughout all its portfolios. Further work is required to quantify the scale of this investment so that realistic goals and targets can be agreed.

These will include a <10-year goal for allocation to climate solutions representing a percentage of revenues or capex from AUM (based on EU taxonomy mitigation criteria) increasing over time in line with investment trajectories based on a net zero pathway.



Implied Temperature Goal

This aims to ensure that the temperature rise implied by the assets in our portfolio is consistent with the Paris Agreement.

Passive Equity Portfolio

Passive equity is held in pooled funds rather than directly, and by its nature requires a different solution to actively managed portfolios. During 2021, SPF agreed and implemented a significant reduction to the RAFI element of the passive portfolio by switching it to a newly launched fund which tracks a Carbon Transition version of the Relevant RAFI index. As an early priority, SPF will now explore the potential to achieve further reductions by implementing similar changes across its wider passive portfolio.

Portfolio Goals – Corporate Fixed Income

SPF’s focus to date has been almost entirely on equities given that they constitute a majority of the investment strategy. Fixed income will now be brought into scope. A similar approach is envisaged to that adopted for equities, though the pace of alignment may be different. Initial work will focus on what portfolio solutions are available.

Portfolio Goals – Sovereign Bonds

SPF does not currently directly hold any sovereign bonds. Initial work will focus on engagement with Ashmore, SPF’s Emerging Markets Debt portfolio manager. The portfolio includes an allocation to sovereign debt.



Portfolio Goals – Real Estate

SPF has been a long-term UK property investor. The current portfolio, managed by DTZ Investors represents 10% of total SPF assets. DTZ is committed to achieving Net-Zero for its clients' direct investment portfolios by 2040. **Appendix B** shows a summary of DTZ's pathway to achieving this. SPF will engage closely with DTZ to ensure that the pathway can be maintained.

Additional commercial Real Estate exposure is achieved through investment in private debt funds managed by ICG Longbow. SPF allocates 1% of total Fund to Real Estate debt. SPF's Private Real Estate debt manager, ICG Longbow, is committed to supporting the goal of Net Zero greenhouse gas emissions by:

- Achieving **Net Zero carbon emissions by 2040** or sooner for 100% of relevant investments.
- Ensuring 100% of relevant investments have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026.
- Reducing ICG's direct (Scope 1 and 2) emissions by 80% by 2030 from a 2020 base year.
- Dedicated Green Loans with defined sustainability targets or accreditations and financial penalties for not meeting certain ESG standards.
- Additional lending to replace legacy energy technologies with the goal of achieving Net Zero Carbon and EPC A.
- Working with its peers through PRI and the Net Zero Asset Managers initiative to enable a robust and consistent focus on the decarbonisation across its investment portfolios.





**As an interim target:
SPF will achieve
70% engagement
as quickly as possible
and certainly by 2026.**

3.3 Asset Allocation

SPF's strategic asset allocation is based on asset-liability modelling (ALM) carried out by the Fund's investment consultants, Hymans Robertson. The modelling is reviewed and refreshed every 3 years in line with the Fund's triennial actuarial cycle.

The ALM carried out as part of the 2020 actuarial valuation included climate-based scenario analysis for the first time.

This will be repeated as part of the 2023 ALM process and SPF will engage with Hymans Robertson:

- to fully understand the extent to which the ALM and scenario modelling address climate risks and opportunities; and
- the extent to which this is reflected in SPF's current and future strategic asset allocation.



3.4 Asset Level Assessment & Targets

Extensive carbon footprinting of portfolios has been carried out since 2016. To date this has focused on listed equity portfolios. This will now be extended to the other asset classes covered by the PAII framework: corporate fixed income, real estate and sovereign debt.

SPF's focus to date has been on assessing the carbon footprint of portfolios and the extent to which this is reducing. This has been reported annually since 2018/19 in the Fund's TCFD (Taskforce on Climate-related Financial Disclosures) reporting within its Annual Report and Financial Statements.

The ultimate objective is to reduce this metric to Net Zero.

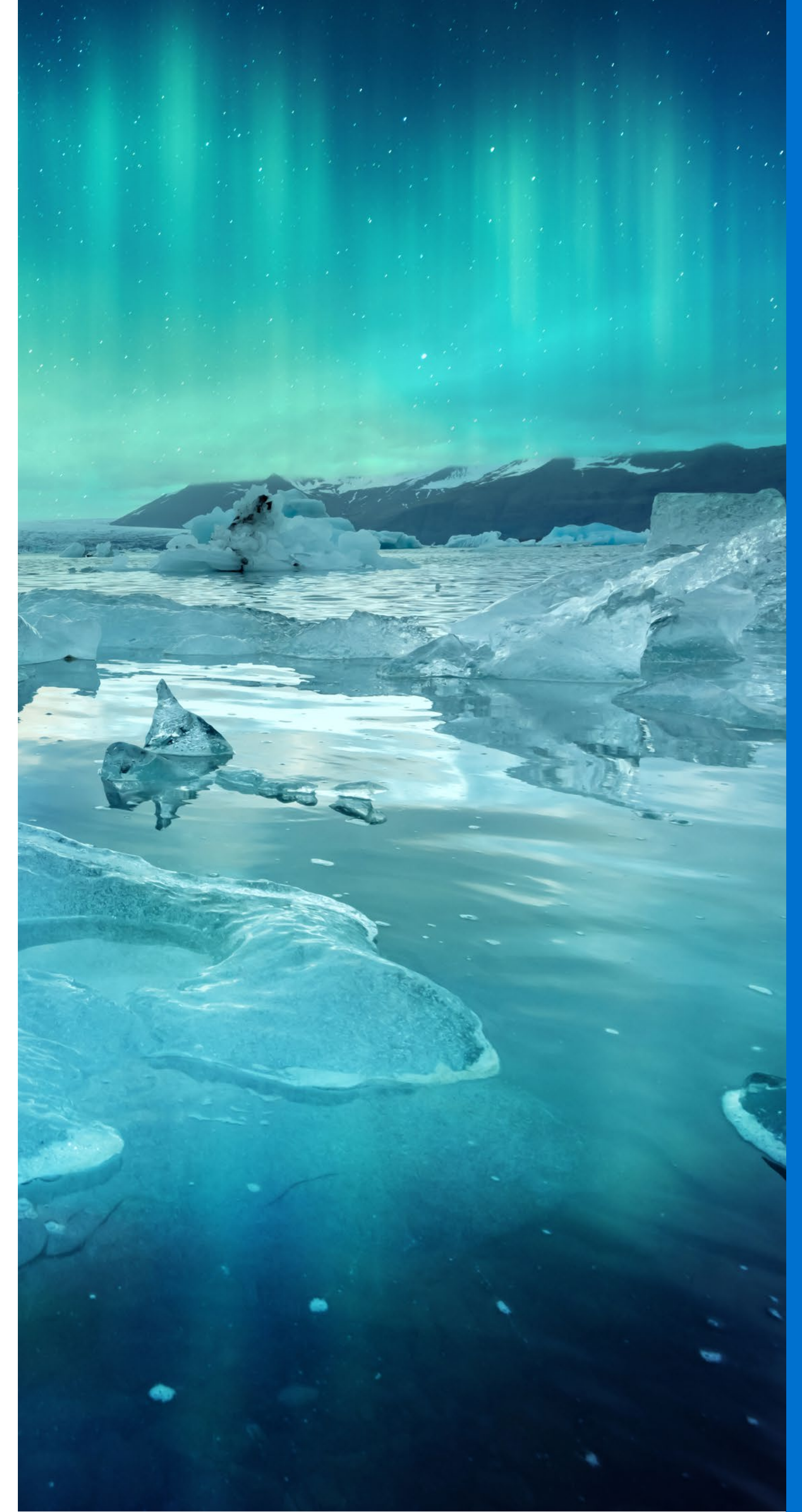
In order to assess the extent to which this is being achieved, SPF will now add a forward-looking alignment metric to those previously used. This is consistent with the PAII framework and is also expected to become a requirement for climate-

related financial reporting once the TCFDs become mandatory for the Local Government Pension Scheme, most likely in 2024.

There are various potential sources of this information including: Climate Action 100, the Transition Pathways Initiative, and the Science Based Targets Initiative. SPF already has some familiarity with each of these as they are used as data sources within the Fund's Energy Company Standards Framework which was agreed in March 2022.

Hymans Robertson have also produced modelling which illustrates the current transition pathway of SPF's individual equity portfolios and at an aggregate level. This will form a basis for ongoing discussion with portfolio managers.

Further work will be required to assess and agree how such a metric can best be sourced and applied across SPF portfolios.

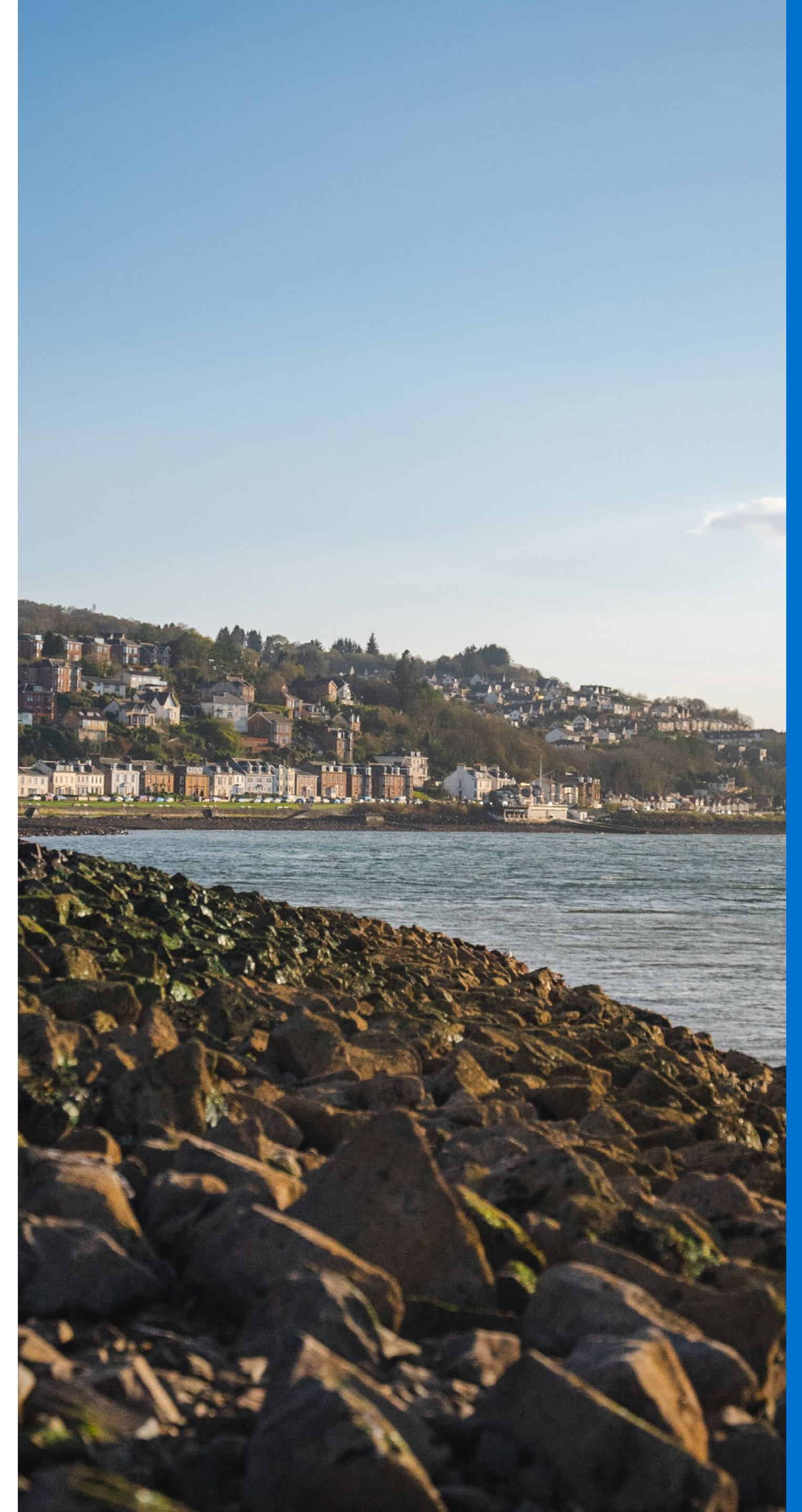


3.5 Implementing Alignment

Under the PAII Framework, the key driver for achieving net zero targets and securing emissions reductions in the real economy is the increasing alignment of assets to net zero pathways within asset class portfolios.

Overall, the PAII recommends that an investment strategy should prioritise engagement and stewardship and direct management (where relevant), particularly for existing assets, as the primary mechanism to drive alignment. Portfolio construction can also be a relevant tool to weight portfolios towards assets aligned or transitioning towards net zero as an incentive for these companies to align. Selective divestment is recommended in specific circumstances as part of the toolbox for aligning a portfolio.

SPF's initial priorities for implementing alignment are set out in the Timeline Section below.



3.6 Stakeholder & Market Engagement

Engagement is the most developed element of SPF's existing stewardship and climate change strategies. For more than 20 years, SPF has carried out extensive engagement with companies, investment managers and other market participants both directly and through portfolio managers, specialist agents, and a variety of collaborative initiatives. Some of these are summarised in **Appendix C**.

In addition to these established initiatives, SPF has joined the **Net Zero Engagement Initiative** which was launched by IIGCC in December 2022.

The Net Zero engagement initiative aims to enable net portfolio alignment by supporting investor engagement seeking the disclosures investors need from companies to determine if they are aligned with net zero. The Initiative will deploy a two-tiered engagement approach to enable the best use of investor time to both scale and deepen engagement. This will be supported by regular progress monitoring to ensure resource is deployed efficiently.

The Initiative has an initial target of a minimum of **100** significant GHG emitters that are critical to the overall transition to net zero.

SPF will be an active participant in the Initiative, including leading on company engagements where appropriate.

Voting Policy and Practice

An important engagement tool is the AGM and EGM voting rights which come with share ownership. SPF's default policy is for investment managers to exercise voting rights in accordance with their own stewardship policies. On occasion SPF over-rides this by instructing managers to vote in accordance with the voting recommendations of one of the Engagement Initiatives in which SPF participates.

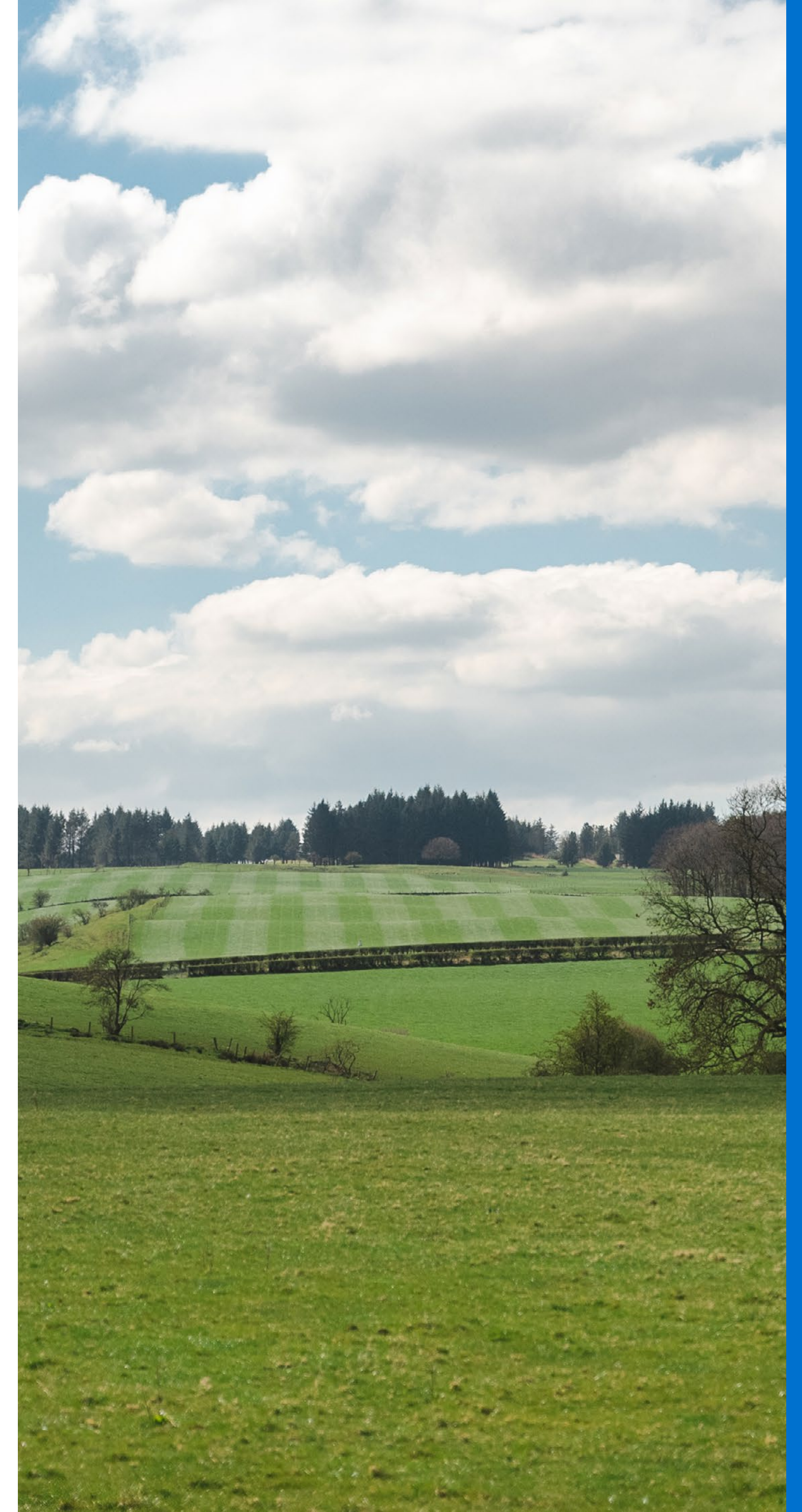
SPF will now review its and its managers' voting policy and practices to ensure that these are aligned with the PAII Net Zero goals commitments.

3.7 Policy Advocacy

Much of the engagement summarised above supports policy and regulation necessary for achieving global net zero by 2050 or sooner.

SPF is also a member of or signatory to the following, which provide similar support:

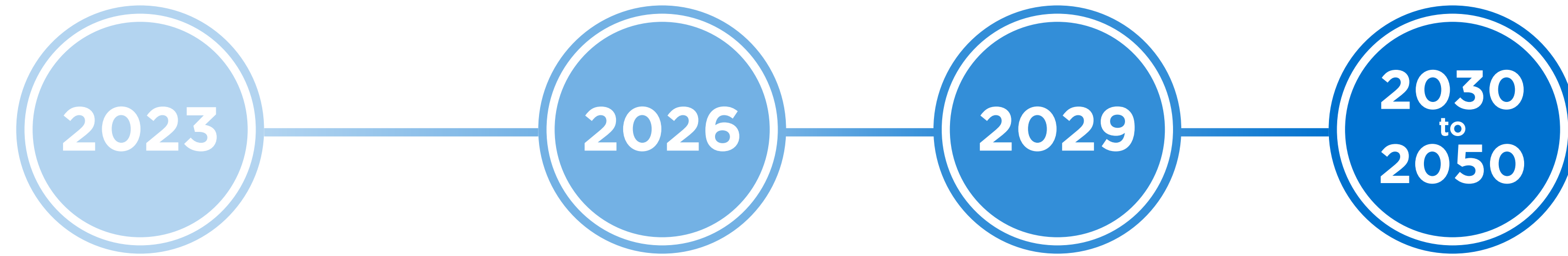
- **The UN Principles for Responsible Investment (PRI)**
- **Local Authority Pension Fund Forum (LAPFF)**
- **Institutional Investors Group on Climate Change (IIGCC)**
- **UK Stewardship Code**



4. Timeline



4 Timeline



The plan will follow a 3-yearly implementation and review cycle. This is consistent with the statutory triennial cycle for actuarial review which forms the basis of SPF's existing cycle for strategic planning and review.

Initial review of individual portfolio alignment with SPF's PAII investment objectives.

Alignment priorities as the focus of the 2023 investment strategy review will include:

- Engage with active equity managers on the basis of their NZAM commitments.
- Investigate indices with a lower carbon tilt than the market capitalisation indices currently applied in the passive equity portfolio.
- Investigate green(er) fixed income solutions and alignment of fixed income portfolios.
- Engage further with DTZ and ICG Longbow on their Net Zero plans and alignment activity.
- Review SPF voting policy and practice to ensure alignment.
- Consider explicit allocation to climate solutions mandate(s).

Actions to re-inforce portfolio alignment if necessary by amending portfolios/ changing benchmarks/ replacing managers.

Review of experience and progress towards interim target. Further actions as per previous iteration. Develop longer-term plan for period 2030 to 2050.

SPF will provide regular updates on progress and development of the plan in quarterly committee reports and in its annual TCFDs and Stewardship Report. SPF will also be required to report annually on progress to PAII.

5. Risks



5 Risks

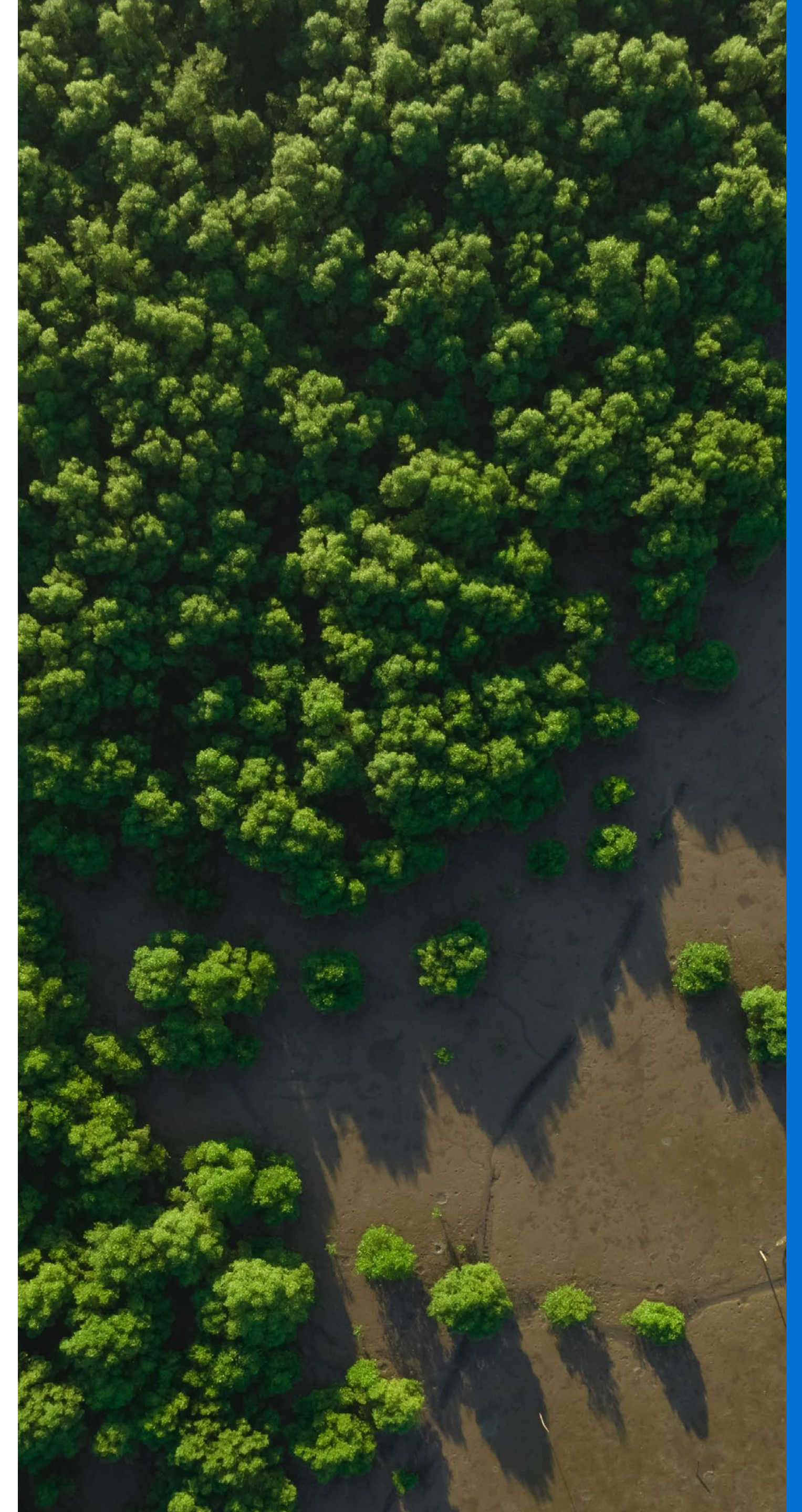
Climate change is itself an existential threat and a risk to the planet, its population and prosperity. The overriding objective of the Climate Action Plan is to address this.

But in doing so, SPF needs to be cognisant of the impact and potential unintended consequences in terms of its other objectives and risk mitigants.

SPF exists to pay pensions. Its core objective is to ensure that sufficient funds are available to pay all members' pensions now and in the future. That is SPF's fiduciary responsibility. SPF's ability to achieve this objective could be significantly impaired by:

- Misalignment of the investment and funding strategies.
- Investment performance erosion.
- Transition and implementation costs.
- Reduced diversification.
- Cash-flow mismanagement.

In implementing the Climate Action Plan, care will need to be taken and caution exercised to ensure that these risks are minimised or avoided.



The Paris Aligned Investment Initiative Net Zero Asset Owner Commitment

As asset owners with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement and strongly urge governments to implement the actions that are needed to achieve the goals of the accord, with utmost urgency.

Recognising the need to address the risks that investors and their beneficiaries face from climate change, investors are taking action, but we acknowledge that there is an urgent need to accelerate the transition towards global net zero greenhouse gas emissions and do our part in helping deliver the goals of the Paris Agreement.

In this context, my institution commits to the following consistent with our fiduciary obligations:

1. Transitioning our investments to achieve net zero portfolio GHG emissions by 2050, or sooner
2. Implementing this commitment with the aim of achieving real economy emissions reductions and undertaking a comprehensive set of actions available to investors, drawing on the Paris Aligned Investment Initiative's Net Zero Investment Framework
3. Setting objectives and targets, including an interim target for 2030 or sooner for reducing Scope 1, 2 and 3 emissions associated with our portfolios and setting a target for increasing investment in climate solutions, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the Intergovernmental Panel on Climate Change special report on global warming of 1.5°C



The Paris Aligned Investment Initiative Net Zero Asset Owner Commitment

4. Where offsets are necessary where there are no technologically and/or financially viable alternatives to eliminate emissions, investing in long-term carbon removals.
5. Ensure any direct and collective policy advocacy we undertake supports policy and regulation relevant for achieving global net zero emissions by 2050 or sooner
6. Implementing a stewardship and engagement strategy, with clear voting policy that is consistent with an objective for all assets in the portfolio to achieve net zero emissions by 2050 or sooner
7. Engaging with asset managers, credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that funds, products and services available to investors are consistent with achieving global net zero emissions by 2050 or sooner.
8. Setting a target and reducing our operational (Scope 1 and 2) emissions in line with achieving global net zero emissions by 2050, or sooner.
9. Disclosing objectives and targets, and publishing a clear Investor Climate Action Plan for achieving these goals as soon as possible, no later than one year from making this commitment, and reviewing and updating targets every five years or sooner.
10. Reporting annually on the strategy and actions implemented and progress towards achieving objectives and targets, and in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Our institution's commitment recognises that investors across the globe have different opportunities, constraints and starting points for achieving net zero emissions and there are a range of methodologies and approaches available to investors to set targets and implement strategies. In some asset classes or for some investment strategies, agreed net zero methodologies do not yet exist. We will, therefore, work to address these challenges, including through the Paris Aligned Investment Initiative.

Our commitment is based on the expectation that governments and policy makers will deliver on their commitments to achieve the 1.5°C temperature goal of the Paris Agreement, and in the context of fulfilling our fiduciary obligations.

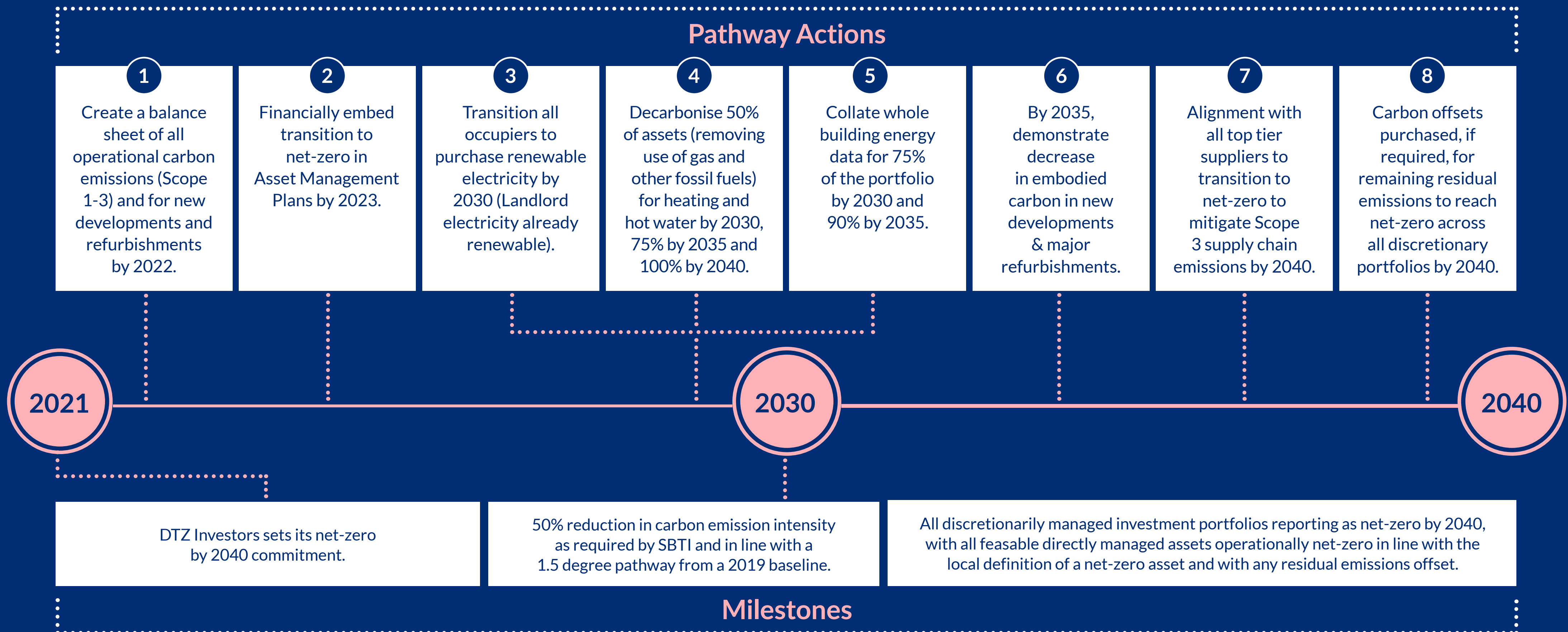
Signatory:



June 2022

Net Zero Targets

DTZ Investors is committed to achieving net-zero for its clients' direct investment portfolios by 2040.



Engagement Initiatives

Climate Action 100+

(SPF was a founding member in 2017)

Climate Action 100+ (CA100+), backed by many of the world's most influential public pension funds, (700 investors - over \$68 trillion in assets) engages with 167 of the world's biggest listed corporate emitters to drive faster corporate climate action in line with net-zero emissions by 2050 or sooner. Achievements to date include:

CDP

The Fund is a signatory to the **Climate Change** and **Water** and **Forest** programs of CDP (formerly the Carbon Disclosure Project).

- **CDP Climate Change** requests information on climate risks and low carbon opportunities from the world's largest companies and encourages them to take action to reduce their Green House Gas emissions by making investments in emissions reduction activities that have a satisfactory financial return. The data

disclosed through the CDP platform provides the investment community with high quality, consistent and comparable data at scale, in line with the TCFD recommendations.

- **CDP Forest** and **Water** programs engage companies to disclose their exposure to commodities responsible for most agriculture-related deforestation: palm oil, timber products, cattle products, soy, natural rubber, cocoa and coffee and to disclose their exposure to water risks and opportunities.
- **CDP Non-Disclosure Campaign** is a global investor-led campaign to drive enhanced corporate transparency around climate change, deforestation and water security. The Campaign targets those companies that continually decline to disclose and offers a tangible process in which they can contribute to driving corporate action and broadening the coverage of environmental data. Companies engaged are 2.3 times more likely to disclose than those that were not targeted.

- **Science-Based Targets initiative (SBTi)** is a collaboration between **CDP**, **World Resources Institute**, the **WWF**, and the **UN Global Compact**, which aims to define and promote best practice in greenhouse gas emissions reduction target-setting. More than 1,800 companies, equivalent to 25% of total global emissions, are targeted.

- **Investor Decarbonisation Initiative** (SPF is a founding signatory)

Investor Decarbonisation Initiative brings together institutional investors to encourage companies to set ambitious climate targets in line with goals of the Paris Agreement. This initiative mobilises investor support for science-based emissions targets and complementary commitments to renewable electricity (RE100), energy productivity (EP100), and electric mobility (EV100).

Engagement Initiatives

- **RE100 Renewable Energy** supports companies that make a public pledge to switch to 100% renewable electricity for their international operations by an agreed date. Corporate members of RE100 with goals to achieve 100% renewable electricity include: Apple, BMW Group, Diageo, IKEA Group, Johnson & Johnson, Marks & Spencer, Unilever and Walmart.
- **EP100 Energy Productivity** supports businesses which pledge to double their energy productivity. Corporate members of EP100 span a wide variety of industries and operate in a broad range of countries across the world. They include SSE, H&M, Schneider Electric, Mitie, and Dalmia Cement.
- **EV100 Electric Mobility** is committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. Corporate members of EV100 have committed to 5.5m EV's, 5900 charging locations and 85m tons of avoid emissions by 2030. Corporate members include BT Group, Deutsche Post, DHL, EDF, Ikea and Unilever.

- **Investor Initiative for Sustainable Forests (IISF)**

The IISF aims to transform industry practices to eliminate deforestation from cattle and soy supply chains in the Amazon. The conversion of forests, savannahs and peatlands to agriculture exacerbates agriculture's contribution to climate change and its harmful impacts, including water scarcity, lower yields and less reliable production because of droughts and floods. The initiative also addresses other ESG issues related to soft commodity production, such as poor working conditions, land rights and impact on indigenous peoples. The initiative engages with over 40 companies across the supply chain of these commodities.

- **Food Emissions 50** (SPF is a founding signatory)

Food Emissions 50 campaign aims to accelerate progress towards a net zero future in the food and agriculture sector by engaging the 50 of the highest-emitting public food companies in North America to improve greenhouse gas emissions

disclosures, set ambitious emission reduction targets, and implement credible climate transition action plans in line with Paris Agreement. The 50 companies are well known major brands and include McDonald's, Starbucks, Kellogg, Beyond Meat, Domino's Pizza and Walmart.

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