



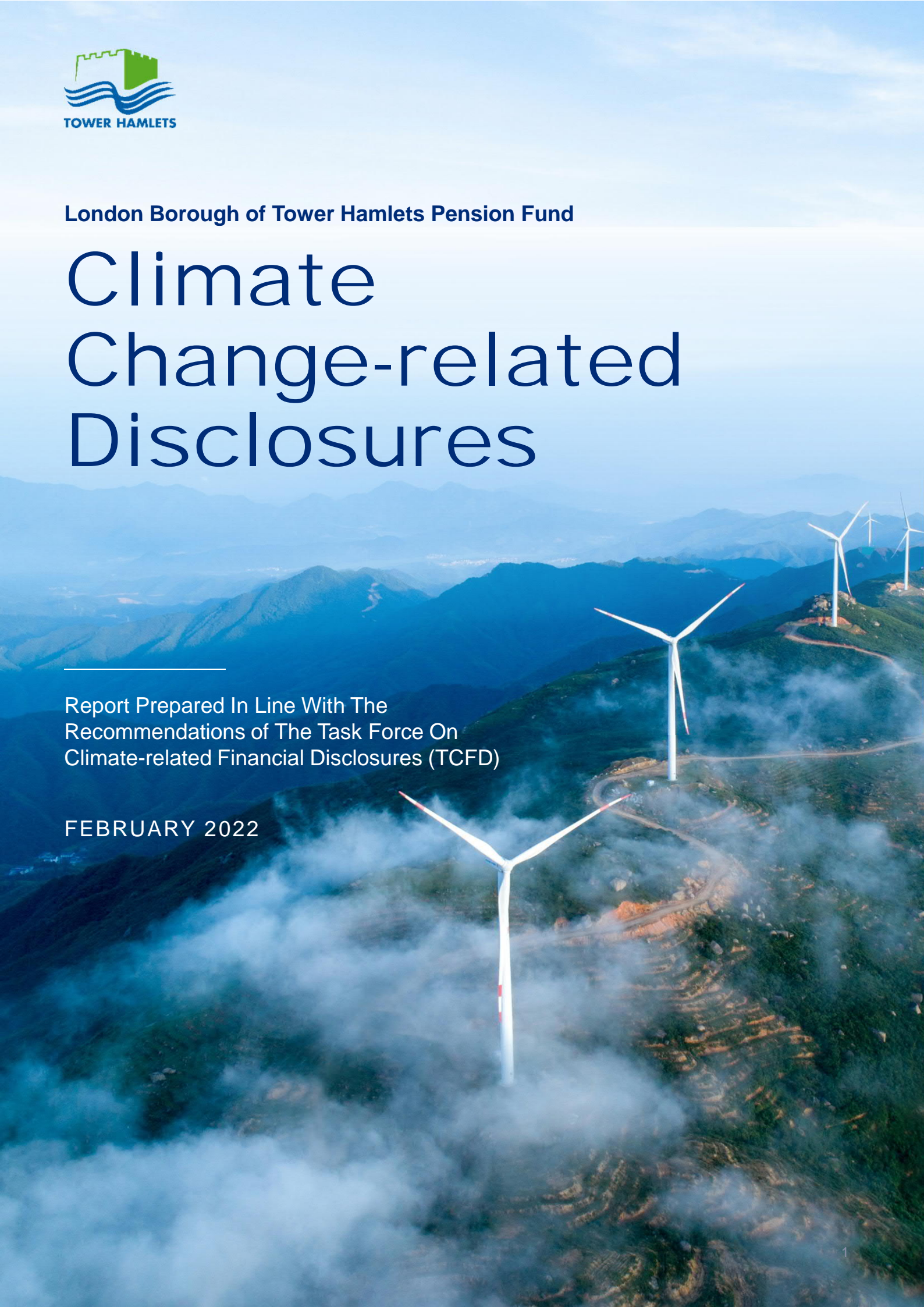
London Borough of Tower Hamlets Pension Fund

# Climate Change-related Disclosures

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Report Prepared In Line With The  
Recommendations of The Task Force On  
Climate-related Financial Disclosures (TCFD)

FEBRUARY 2022





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## INTRODUCTION

The Pensions Committee (“the Committee”) of the London Borough of Tower Hamlets Pension Fund (“the Fund”) supports the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) as a framework to help manage and report on the actions being taken to identify climate change related risks and opportunities in the Fund’s portfolio.

The report explains how the Committee have established and maintains oversight and processes to satisfy themselves that the Fund’s relevant climate-related risks and opportunities are considered appropriately by all stakeholders involved in the day-to-day management of the Fund.

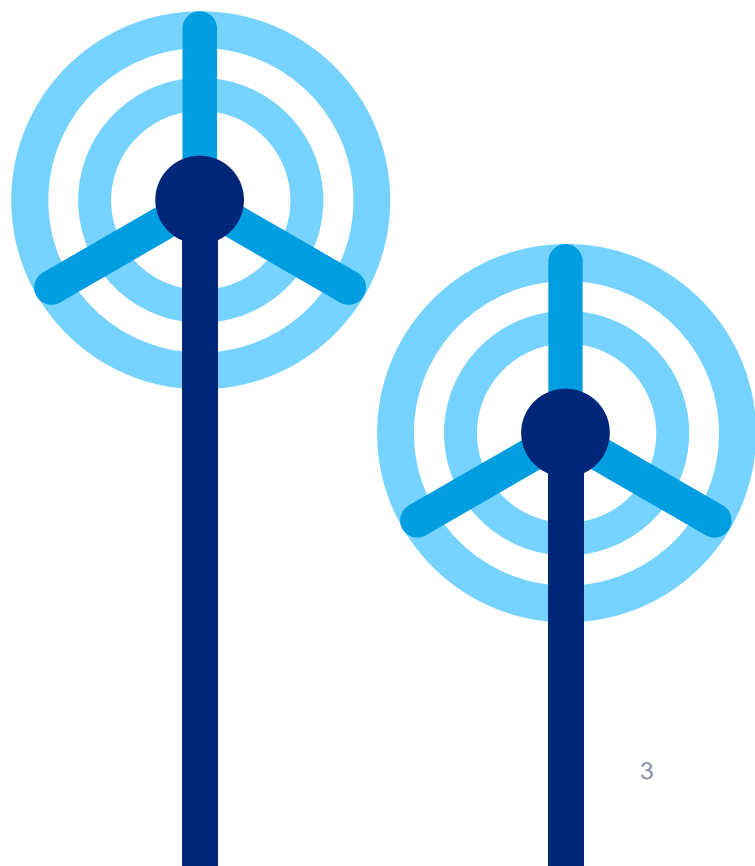
This report should be read in conjunction with the Fund’s Responsible Investment and Climate Change Policy<sup>1</sup>.

The Committee have been on a journey to lower the Fund’s carbon footprint for several years by annually monitoring fossil fuel exposure and the Fund’s wider carbon footprint (measuring carbon intensity and fossil fuel reserve exposure) to better understand opportunities and risks within the Fund’s portfolio. The Fund actively considers investing in strategies that target long-term ESG themes on the basis that such opportunities will generate good risk-adjusted investment returns.

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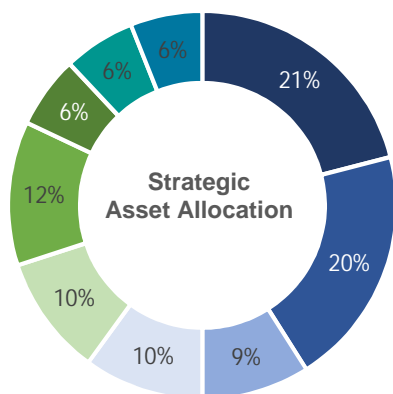
<sup>1</sup><https://democracy.towerhamlets.gov.uk/documents/s187772/Revised%20Responsible%20Investment%20Policy.pdf>

The Committee recognises that climate issues can be more relevant and readily implementable for some parts of the portfolio than others. This statement outlines where governance of climate risk and opportunities has been applied. For example, the carbon foot-printing analysis currently covers the Listed Equities, Diversified Growth Fund, and Bond holdings of the Fund which represents c.62% of the Fund’s total asset exposure as at 30 June 2021. The Committee will seek to expand the remit of this reporting to cover the entirety of its portfolio as and when the ability to monitor these risks becomes more achievable via improved availability of data.





## The Fund's Assets



- GLOBAL LOW CARBON TARGET EQUITIES
- GLOBAL PARIS-ALIGNED EQUITIES
- GLOBAL SUSTAINABLE EQUITIES
- ABSOLUTE RETURN
- DIVERSIFIED GROWTH
- REAL ESTATE
- RENEWABLE ENERGY INFRASTRUCTURE
- MULTI-ASSET CREDIT
- INDEX LINKED GILTS

The Committee is pleased to note the following key highlights from this report:

- The Fund now has 56% (as a percentage of total fund benchmark assets) invested in strategies dedicated to addressing the risks and opportunities associated with climate change.
- A number of important changes were made during the period under review; the Fund was a seed investor in the Baillie Gifford Global Alpha Paris Aligned strategy and invested in a Sustainable Equity strategy managed by RBC. All of the Fund's equity assets are now managed in strategies that directly take into account climate change risks and opportunities. The Fund also introduced a key new strategic asset class with a 6% target allocation to Renewable Energy infrastructure. All of these changes were implemented via the London CIV.
- The Fund has undertaken carbon foot printing analysis of its equity holdings annually since 2017. Over this time, the Weighted Average Carbon Intensity of the holdings has reduced by around 60% as at 30 June 2021. In absolute terms, the WACI reduced by c.44% compared to the position in March 2020 and is now c. 64% lower than the market (as represented by the MSCI ACWI). This is a direct result of the proactive steps taken by the Committee.
- This is the first year in which the Fund has looked to include non-equity assets in its carbon foot printing analysis, which now covers 86% of the Fund's investment mandates. The analysis from this date provides a baseline from which future analysis can be compared and will help the Committee assess the merits of future investment strategy changes as it looks to further reduce potential exposure to climate related risks and assess relevant return opportunities.
- The Committee has set a long-term goal of being net zero carbon by 2040.
- The assessment of climate change risks and opportunities and, importantly, Environmental, Social and Governance ("ESG") issues more widely, is fully embedded in the Committee's investment decision making framework and this will continue to evolve.



# THE TCFD FRAMEWORK

The Financial Stability Board, an international body established by the G20 that monitors and makes recommendations about the global financial system, created the Task Force on Climate-related Financial Disclosures (TCFD) in 2017. TCFD was created to improve and increase reporting of climate-related financial information that can promote more climate-informed investments. This TCFD statement is prompted by that drive for transparency. Our aim is that members and stakeholders can better understand the climate-related risks and opportunities we have from our ownership of companies and other investments.

**Figure 1: TCFD Framework**

TCFD recommendations are categorised under four pillars: Governance, Strategy, Risk Management, Metrics and Targets:



**Governance**

The organisation’s governance around climate-related risks and opportunities.

**Strategy**

The actual and potential impacts of climate-related risks and opportunities on the organisation’s business strategy, and financial planning.

**Risk Management**

The processes used by the organisation to identify, assess, and manage climate-related risks.

**Metrics and Targets**

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

**Asset owners like the Fund sit at the top of the investment chain and, therefore, have an important role to play in influencing the organizations through which they invest (asset managers or investment managers) and companies in which they ultimately invest to provide better climate-related financial disclosures. Disclosure of climate-related risks and opportunities by asset owners allows beneficiaries and other audiences to assess the asset owner’s investment considerations and approach to climate change.**

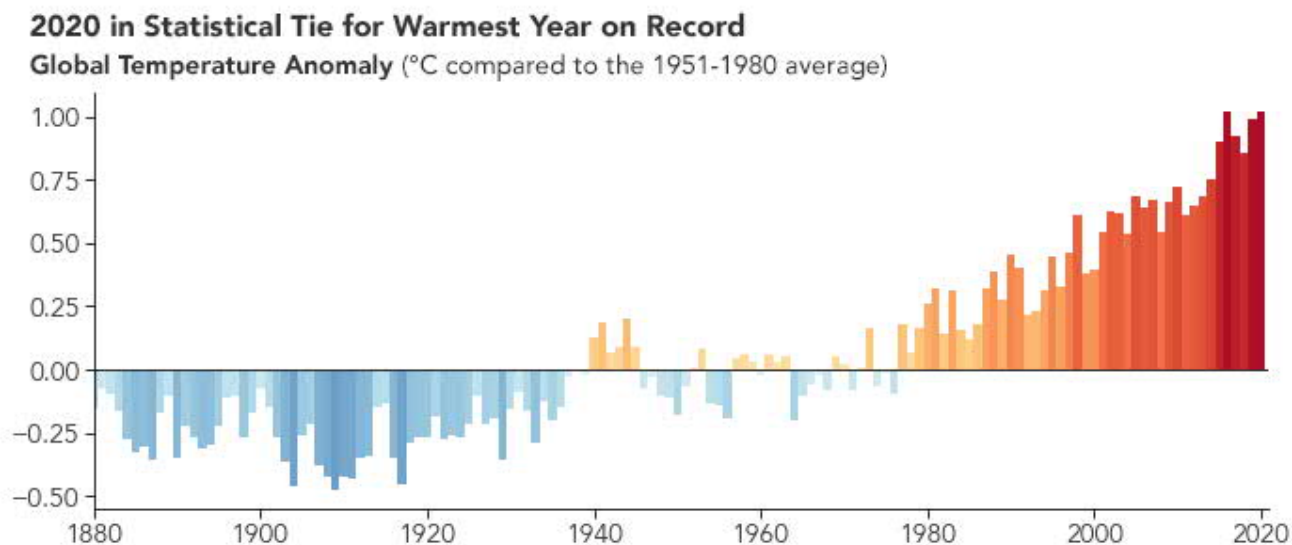
For the Fund this means an assessment of our integration. Integration is the way we incorporate all material and relevant climate-related financial and non-financial information into our investment activities and decision making. For example, how we think about climate change when we set our investment strategy, when we make new investment decisions, and when we manage our existing portfolio. We hope and believe that our climate-related financial disclosures encourage better disclosures across the investment chain — from asset owners to asset managers to underlying companies.

# CLIMATE-RELATED RISKS

Human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels. Most of this warming has occurred in the past 35 years, with the five “warmest” years on record taking place since 2010. Between the years 2006-2015, the observed global mean surface temperature was 0.87°C higher than the average over the 1850-1990 period. The overwhelming scientific consensus is that the observed climatic changes are the result primarily of human activities including electricity and heat production, agriculture and land use change, industry, and transport.

In its latest report from August 2021, the UN's Intergovernmental Panel on Climate Change (IPCC) states that "it is unequivocal that human influence has warmed the atmosphere, oceans and land" and that it is "already affecting many weather and climate extremes in every region across the globe".

Figure 2: Graph showing Global Temperature Anomaly.



Source: NASA

In order to mitigate the worst economic impacts of climate change, there must be a large, swift, and globally co-ordinated policy response. Despite this, the majority of climate scientists anticipate that given the current level of climate action, by 2100 the world is estimated to be between 2°C and 4°C warmer, with significant regional variations. This is substantially higher than the Paris Climate Change Agreement, which reflects a collective goal to hold the increase in the climate's mean global surface temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

Given its contribution to global GHG emissions, the energy sector is expected to play a significant role in the long-term decarbonisation of the economy. It is important to recognise however that not only is the supply of energy expected to be a factor in global decarbonisation, but the demand for energy plays a crucial role too. In addition, the behaviour of private and state-owned energy companies is as important as their publicly traded counterparts. The issue faced by diversified investors (such as pension funds) is not limited to the oil and gas and power generation sectors, but also to downstream sectors. Investors focussing exclusively on primary energy suppliers could fail to identify material climate risks in other sectors.

Research suggests that the oil and gas sector is not homogeneous with regards to climate risk: were climate policies to affect the oil price, those companies with assets lower down the cost curve are less likely to be financially compromised by those companies with higher cost assets. Investors that assume each fossil fuel company bears an equal magnitude of climate-related risk could be led towards sub-optimal decision-making. The Fund recognises that climate-related risks can be financially material and that the due consideration of climate risk falls within the scope of the Fund's fiduciary duty.

Given the Fund's long-dated liabilities and the timeframe in which climate risks could materialise, a holistic approach to risk management covering all sectors and all relevant asset classes is warranted.



## GOVERNANCE

### Describe the Committee's oversight of climate change-related risks and opportunities

The Fund is administered by Tower Hamlets Council, ("the Administering Authority"). The Administering Authority has delegated all its functions as administering authority to the Pensions Committee ("the Committee").

The Committee maintains an Investment Strategy Statement, which outlines how the Committee will invest Fund's assets. The Committee is also responsible for approving and monitoring the Fund's approach to responsible investment and climate change as part of its approval of the Responsible Investment and Climate Change Policy ("the RI Policy"). As stated in the RI Policy, members of the Committee have a fiduciary duty to act in the best interests of Fund members and other beneficiaries in all financial and non-financial decisions.

The Committee meets at least four times a year (and more frequently, as deemed required). The Committee takes independent investment advice to help assess climate risks and opportunities, and looks to ensure that any decisions are integrated into a coherent investment strategy that supports the Fund's ability to provide pensions.

The Committee undertakes training on a regular basis, including training on and information sessions on matters of social, environmental and corporate governance. The Fund has a representative on the Responsible Investment Reference Group (RIRG) which was set up to progress the RI agenda for London based Pension Funds.

### Describe management's role in assessing and managing climate change-related risks and opportunities

The implementation of the management of climate change-related risk with respect to specific securities is delegated to the Fund's appointed investment managers. The Committee monitors the Fund's investment managers on a regular and ongoing basis, including with respect to stewardship activities. Each manager's approach to climate change risks and opportunities and how these are integrated into their investment process is assessed as part of the manager selection and monitoring process.

The Committee reviews in its manager engagement how its managers assess, manage and integrate climate risks into their portfolio construction. It discusses how data and research is effectively sourced and utilised by its manager and assesses the competencies of manager investment staff to act on the risk information. The Committee will engage with managers where they are perceived to be lagging their peers in terms of ESG integration and climate risk management or active ownership, including where this relates to climate change risks and active ownership relating to climate risk management.



## STRATEGY

Describe the climate-related risks and opportunities the Fund has identified over the short, medium and long term

As a long-term investor, the Committee recognises the risks and opportunities arising from climate change are diverse and continuously evolving. The Committee believes that climate change presents risks over the short, medium and long-term that the Fund should better understand and mitigate where possible. The Committee has considered the following short, medium and long term drivers of risk:

**Over the short term (0 to 10 years)**, risks may present themselves through rapid market re-pricing relating to climate transition as:

- Scenario pathways become clearer. For example a change, in the likelihood of a below 2°C scenario occurring becoming higher and driving the transition risk to occur.
- Market awareness grows. For example, the implications of the physical impacts of climate change become clearer to markets and impact asset valuations.
- If policy changes unexpectedly surprise markets. For example, if a carbon price or significant regulatory requirement are introduced across key markets to which the portfolio is exposed, at a sufficiently high price to impact behaviour.

- Perceived or real increased pricing of greenhouse gas emissions/carbon.
- Substitution of existing products and services with lower emission alternatives may impact the part of the portfolio.
- Litigation risk relating to dangerous warming becoming more prevalent.
- Increases in the energy/heat efficiency of buildings and infrastructure the Fund holds.
- Investments in transition aligned strategies may provide the Fund a partial hedge against climate transition risks, such as policy risk (risks related to changes in the regulatory frameworks), legal risks, technology risk inherent in advancement of low-carbon economy, market risk when it comes supply and demand for goods, services and investments and consumer behaviour, reputational risk.

The Fund's ability to understand these short-term changes can position it favourably, for example taking advantage of the climate transition by avoiding and reducing investment in high-emitting carbon sensitive sectors, etc.





**Over the medium term (10 to 30 years),** risks associated with the transition to a low carbon economy are still likely to dominate. These includes the development of technology and low carbon solutions. Policy, legislation and regulation are likely to also play a key role at the international, national and subnational level. Technology and policy changes are likely to produces winners and loser both between and within sectors. Advancement of transition is likely to have started to crystallise stranded asset risks over the medium term. The Fund’s ability to understand these changes may position it favourably for example by increasing investments new technologies or by avoiding and reducing portfolio reliance on high-emitting carbon sensitive sectors, etc. The Fund seeks to select managers and choose indices that can identify potential emergence of low carbon opportunities and the decline of some traditional sectors.

**Over the long term (30 to 80 years),** physical risks are expected to come to the fore. This includes the impact of natural catastrophes leading to physical damages through extreme weather events. Availability of resources is expected to become more important if changes in weather patterns (e.g. temperature or precipitation) affect the availability of natural resources such as water. The Fund’s ability to understand these changes may position it favourably for example by increasing investments infrastructure project that displaying high level of climate resilience, etc. A changing climate may directly impact the viability of some assets or business models (for example, flood risk for real estate, or drought / fire risk for timberland assets).

**Figure 3: Climate-related risk and opportunities.**



Source: TCFD annex report

## Describe the impact of climate change related risks and opportunities on the Fund's business, strategy and planning

The Committee considers exposure to carbon risk in the context of its role in asset allocation and investment strategy setting. The Committee have been on a journey to lower the Fund's carbon footprint since 2017 by annually monitoring the Fund's decarbonisation progress and analyse how the Fund is performing in terms of its carbon footprint. This analysis has led to the implementation of more carbon aware strategies. The entirety of the listed equity portfolio is now invested in sustainability themed investments and regular analysis shows that the carbon intensity of the equity portfolio is materially lower than the benchmark. The Fund invests in a diverse range of global equity ESG themed strategies with dedicated allocations to a Paris Aligned Agreement focused strategy, a Low Carbon target strategy and a broader based Sustainability strategy.

In 2021, the Fund also introduced a long-term strategic allocation to Renewable Energy infrastructure. The Committee views this as both an attractive return opportunity and an important way of positively contributing to the transition to a lower carbon world.

Long-term sustainability trends, including climate change, present opportunities that require explicit consideration. Looking forward, the Committee have discussed setting explicit decarbonisation targets and these will be considered further in due course.

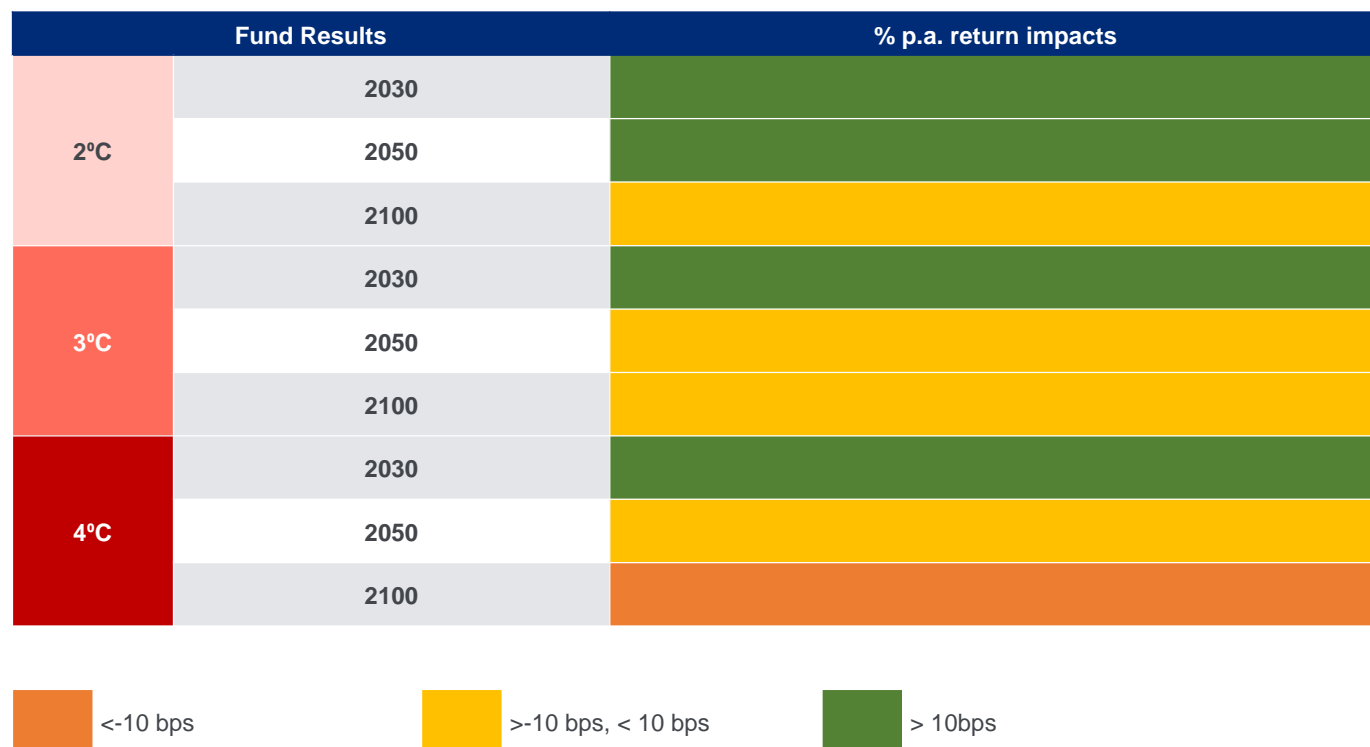
## Describe the resilience of the Fund's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

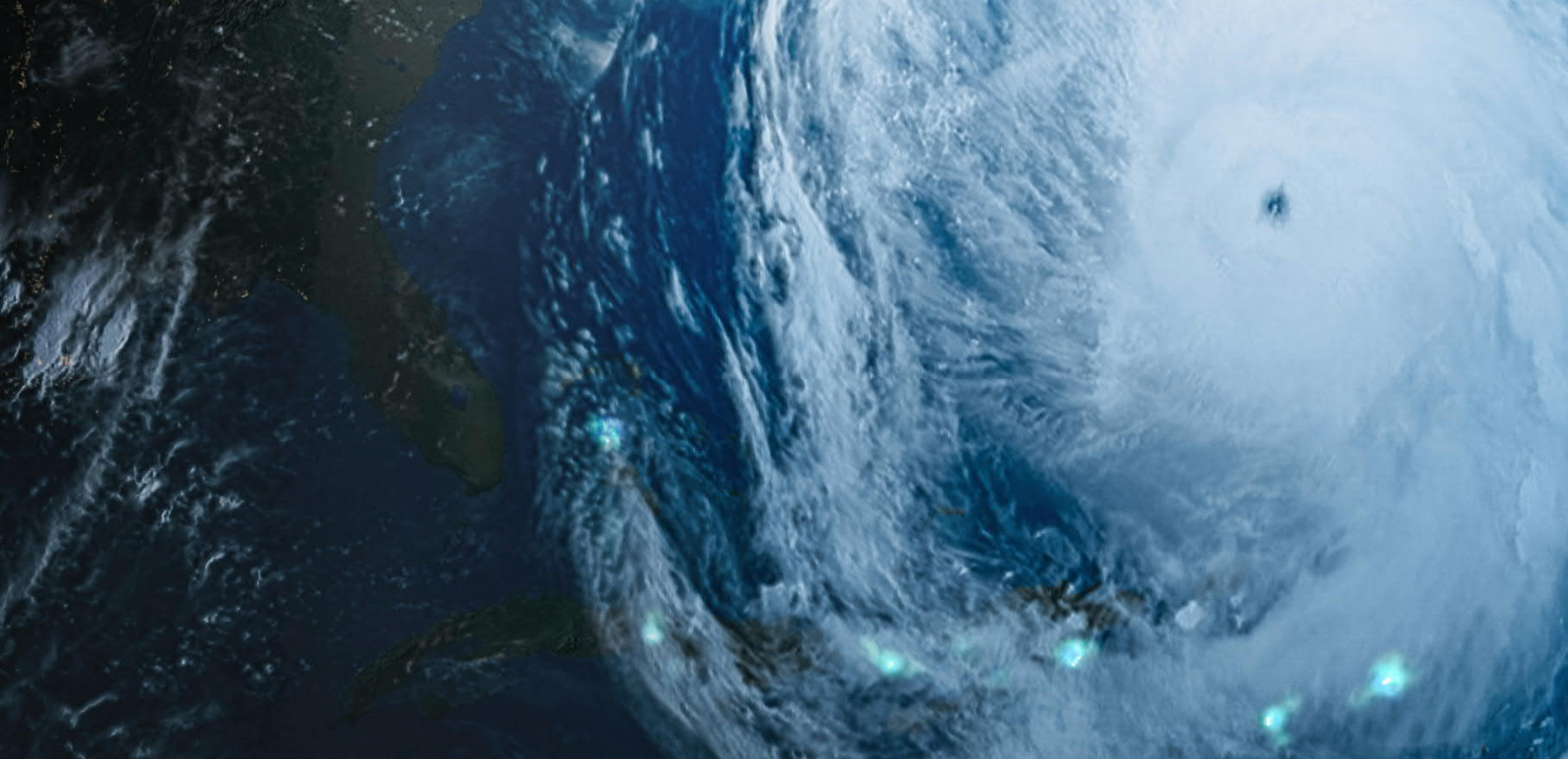
Climate change scenario analysis has been undertaken on the Fund's strategic asset allocation to assess the potential implications of climate change under three modelled scenarios (2-3-4°C warming) and over three time periods (2030, 2050 and 2100), with 2°C warming acting as the transition scenario. The analysis is based on research from Mercer's report in 2019, titled "Investing in a Time of Climate Change: The Sequel".

The analysis indicates that for the 2030 time period, the Fund is expected to benefit from global warming of 2, 3 and 4°C given its high allocation in sustainable equities. As the time periods increase, it is expected that the overall returns will be negatively impacted by climate change even though being partially offset by the sustainable portfolio of the Fund. The Committee notes that the modelling may understate the true level of risk and uncertainty is likely to be greater for higher warming scenarios, in particular due to the difficulty in being able to accurately predict the future.

The analysis helps the Committee to understand that asset prices may not fully reflect the financial impact of future physical risks or the transition costs associated with policy action required to limit global warming to 2°C or less, nor the asset prices fully reflect the technology risk inherent in the transition.

Figure 4: Climate Change Scenario Analysis





# RISK MANAGEMENT

## Describe the Fund's process for identifying and assessing climate change-related risks

The Committee has an annual ESG monitoring framework by covering carbon foot-printing analysis and TCFD monitoring indicators. The Committee will engage with its investment managers on the key findings as necessary by inviting managers to outline their activities as required that enable the Committee to manage climate risk. The Committee outlines in the following Metrics and Targets section the key findings of the carbon foot-printing analysis. Where relevant, managers are invited to present to the Committee to explain their approach to climate change risk management, amongst other topics.

The Committee receives quarterly investment performance reporting, which include ESG ratings for Fund's investment mandates. These ratings assess the degree to which managers integrate ESG considerations, including climate change, into their investment processes and active ownership activities. If a manager is considered to be "lagging the market", the Committee will engage with the relevant manager(s) to strongly encourage that it improves in policies and practises in this areas.

The Committee uses stewardship monitoring to identify how the managers it chooses vote and engage on climate issues in order to manage climate risks in the portfolio.

The Committee has identified long-term investment strategy risks and included such risks into its risk register. The register is monitored in the course of its overall risk management approach by and is reviewed quarterly. It is used to effectively identify, prioritise, manage and monitor risks associated with the Fund and the escalations of risk are managed by internal controls in place:

1. The asset allocations are formally reviewed as part of quarterly report to the Committee and necessary action are taken to correct in balance.
2. The Committee receives formal quarterly reports on both the overall performance of the Fund and individual investment managers.
3. A full investment strategy review is undertaken by the Fund's investment consultant after every triennial valuation with ad-hoc strategy reviews undertaken in intervening years to ensure the strategy is still appropriate to achieve long term funding objectives.
4. The Committee has set a long-term goal of being net zero carbon by 2040.
5. The Fund has in place a RI Strategy with strategic RI priorities.



## Describe the Fund's process for managing climate change related risks

All of the Fund's investment managers have been asked to provide carbon foot-printing metrics, where available, in order to take a "total portfolio" approach and be consistent with TFCF recommendations. This analysis helps identify key sources of carbon risks in manager portfolios and helps the Committee to engage with the manager(s) on such risks.

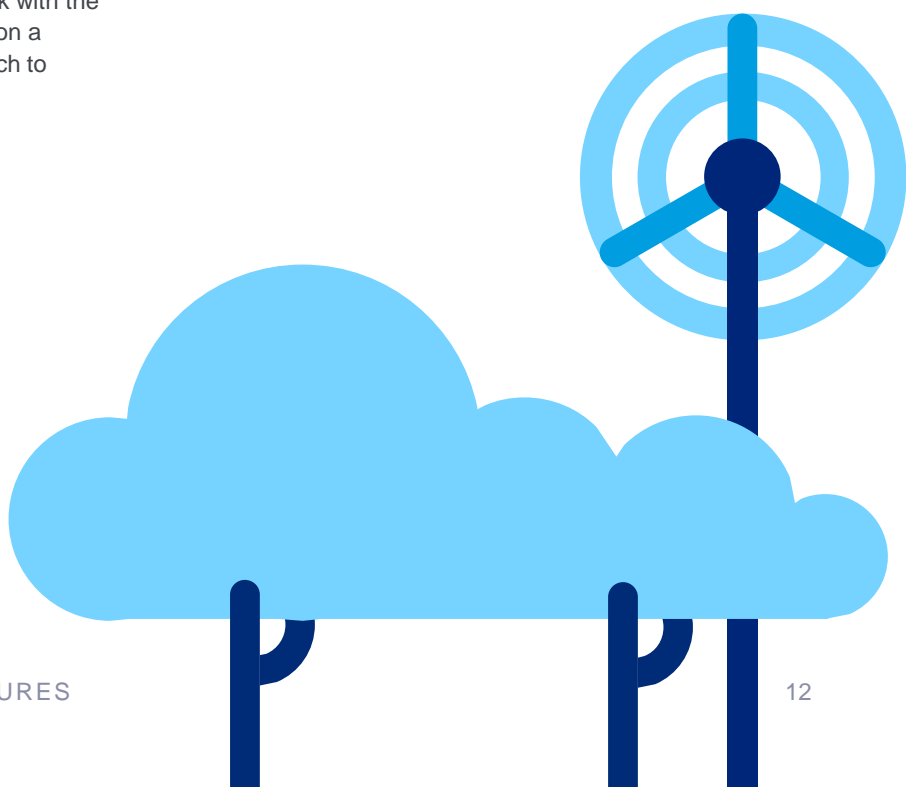
The Committee manages risk by prioritising those risks that it believes may be most financially material linked to the Committee beliefs. These risks are identified in the Investment Strategy Statement and include climate change.

The Committee recognises the challenges with various metrics, tools and modelling techniques used to assess climate change risks. The Committee aims to work with the investment consultant and investment managers on a regular basis with the aim of improving its approach to assessing and managing risks over time.

## Describe how processes for identifying, assessing and managing climate change-related risks are integrated into the Fund's overall risk management

Both climate change-related risks and wider investment risks are considered by the Committee. Where possible, climate change and wider investment risks such as demographic trends are treated in a holistic manner by recognising they are often interrelated. Climate change and ESG risks are included alongside other material risks in the Investment Strategy Statement and the risk register.

The climate change scenario analysis is strategic in nature and has therefore been incorporated into wider investment strategy discussions and considerations.





## METRICS AND TARGETS

Disclose the metrics and targets used to assess climate change-related risks and opportunities in line with strategy and risk management process.

This report presents carbon data analysis of the Listed Equities, Diversified Growth Fund, and Bond holdings of the Fund which represents c.86% of the Fund's investment mandates as at 30 June 2021. Due to practical data availability, the fund-level figures quoted in the report assume that companies not covered by the analysis are represented within the range of companies that have been covered in the analysis – the 'pro-rata approach' (i.e. it is not assumed that companies not covered have emissions of 0) in line with statutory guidance.

The remaining assets consist of UK Index Linked Gilts, Property, cash and the recently accepted Renewable Energy Infrastructure mandate, for which the ability to monitor these risks is currently less achievable. The Committee recognises that the availability of accurate data for some asset classes is an industry wide issue and encourages the Fund's investment managers and the companies in which they hold these assets to improve their carbon reporting as quickly as possible.

The Committee has initially focused on carbon foot-printing analysis as a key metric for assessing risks and has compared this against a relevant benchmark or other comparator. Since 2017, the Committee has analysed the carbon intensity and potential emissions from fossil fuel reserves of the Fund's equity assets (from the direct mandates and indirectly from the equity exposure within the Diversified Growth Funds). In 2021, the Committee has analysed additional indicators, such as absolute emissions and implied temperature rise, in order to complete this TCFD statement in accordance with the statutory guidance for pension schemes, which the regulator supports.

The carbon foot-printing metrics measured aid the Committee in assessing the potential climate change related risks to which the Fund is exposed, and identifying areas for further risk management, including company engagement and investment manager monitoring:

- **Weighted Average Carbon Intensity ("WACI")** – measures the carbon emissions (in Metric tons) divided by sales (per \$million of sales). The contribution of each issue is weighted according to portfolio weights. This means that for funds, for example, a company with a very high carbon intensity but a low fund weighting might contribute to the WACI measure to a lesser extent than an a company with a lower carbon intensity but a higher weighting in the fund.
- **Absolute emissions** – represents the company's reported or estimated greenhouse gas emissions, where available. It includes various scopes of emissions:
  - **Scope 1 "direct" emissions:** those from sources owned or controlled by the company (e.g. direct combustion of fuel from vehicles); and
  - **Scope 2 "indirect" emissions:** those caused by the generation of energy (e.g. electricity) purchased by the company.
- **Implied temperature rise** – represents the implied temperature trajectory of a company's operations expressed as °C \* portfolio weights. It allows for tilting of the portfolio towards companies with a <2°C implied temperature rise, to show alignment with the Paris Agreement ambition.

## Carbon foot-printing

The carbon footprint analysis includes scope 1 and 2 emissions (those emitted either directly by a company or indirectly through its procurement of electricity and steam) but does not include scope 3 emissions (those emitted by a company's suppliers and customers). This means that for some companies the assessment of their carbon footprint could be considered an 'understatement'. Examples could include an online retailer whose logistics emissions are not included in scope 1 or 2.

Scope 3 emissions are currently not included in the carbon footprint metrics for two reasons:

- The rate of scope 3 disclosure remains insufficient to use reliably in carbon foot-printing analysis
- The inclusion of scope 3 emissions leads to double-counting at the portfolio level.

To overcome the risk of 'understating' carbon risk, the Fund additionally assesses its exposure to fossil fuel reserves. The possible inclusion of Scope 3 emissions will be reviewed in future analysis by the Committee.

## TCFD analysis summary

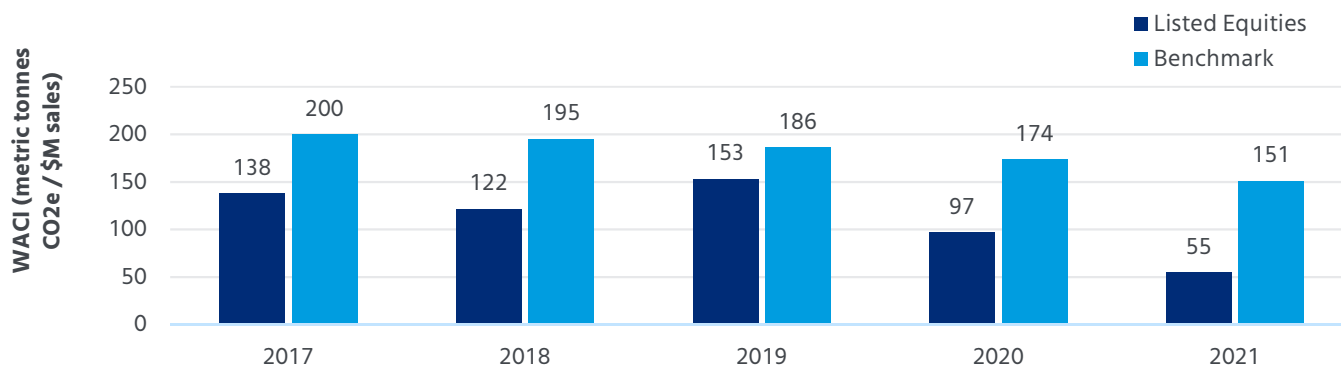
- The Fund has been decarbonising its Listed Equity assets since 2017. This has further been enhanced in 2021 following the introduction of the dedicated Paris Aligned Agreement and Sustainability global equity strategies. Over the period from March 2017 to June 2021, the WACI of the holdings has reduced by c.60%.
- In absolute terms, the WACI reduced by c.44% compared to the position in March 2020 and is now c. 64% lower than the market (as represented by the MSCI ACWI). This was largely driven by the new mandates introduced. As expected Utilities, Materials and Energy, dominate the carbon footprint of the various funds. Utilities make an outsized contribution.
- The weighted average absolute emissions are equivalent to c.130k tCO<sub>2</sub>e as at 30 June 2021.
- The weighted average implied temperature rise of the listed portfolio at 30 June 2021 was 3.2°C, which is 0.2°C lower as compared with the MSCI ACWI (at 3.4°C).

Figure 5: Comparison of Weighted Average Carbon Intensity

Asset Class	Manager/ Mandate	Coverage	Benchmark	Fund WACI (tons CO <sub>2</sub> e / \$M revenue)	Benchmark WACI (tons CO <sub>2</sub> e / \$M revenue)	Percentage of Total Assets (%)
Listed Equity	LCIV Baillie Gifford Global Equity Paris Aligned	96.9%	MSCI ACWI	46.1	151.0	21.5%
	LCIV RBC Sustainable Equities	97.0%	MSCI ACWI	42.6	151.0	9.1%
	LGIM Global Equities passive Low Carbon Target	97.7%	MSCI ACWI	67.8	151.0	23.7%
Diversified Growth Funds	Ruffer Absolute Return	29.2%	n/a	123.4	n/a	10.2%
	Baillie Gifford Diversified Growth	29.6%	n/a	479.6	n/a	10.0%
Bonds	LCIV CQS Multi Asset Credit	35.6%	n/a	195.9	n/a	5.9%
	Insight ARFI	17.3%	n/a	45.6	n/a	2.4%
	Goldman Sachs ARFI	12.7%	n/a	142.3	n/a	2.7%
<b>Total Mandates Coverage</b>						<b>85.5%</b>
<b>Total Aggregated Coverage</b>						<b>61.6%</b>

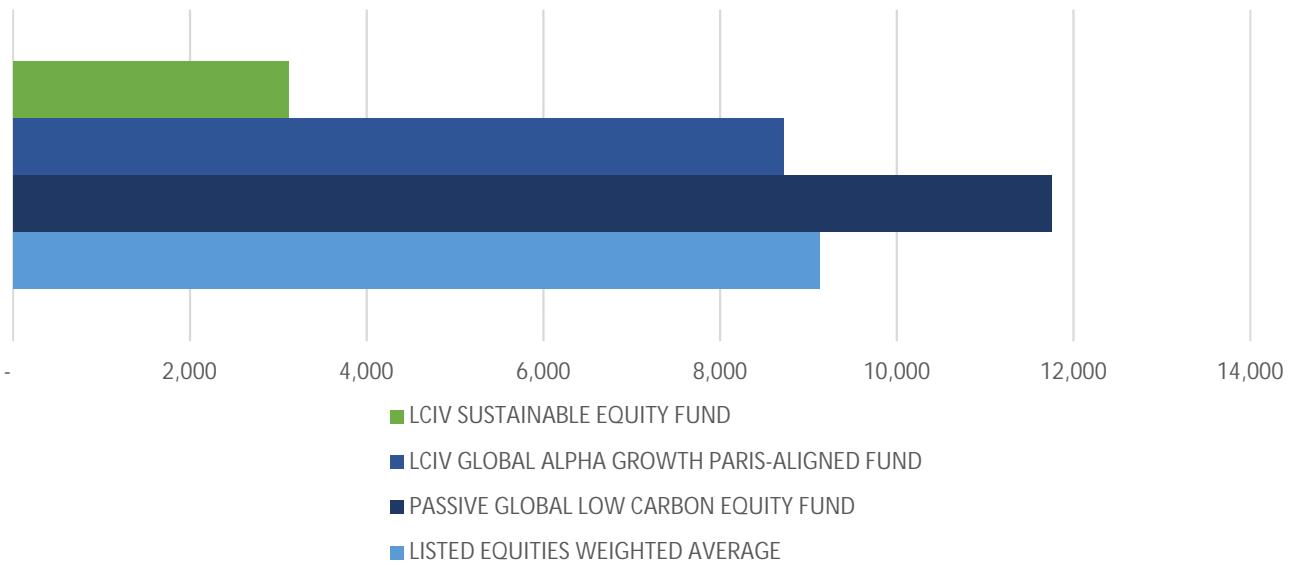
Source: Investment managers. Notes: All data as at 30 June 2021 based on the Fund's actual asset allocation (not benchmark position). WACI is measured in tonnes of CO<sub>2</sub> (or equivalent "greenhouse gas" emissions, e.g. methane) per million USD of revenue.

Figure 6: Equity Assets – Weighted Average Carbon Intensity Progression over Time



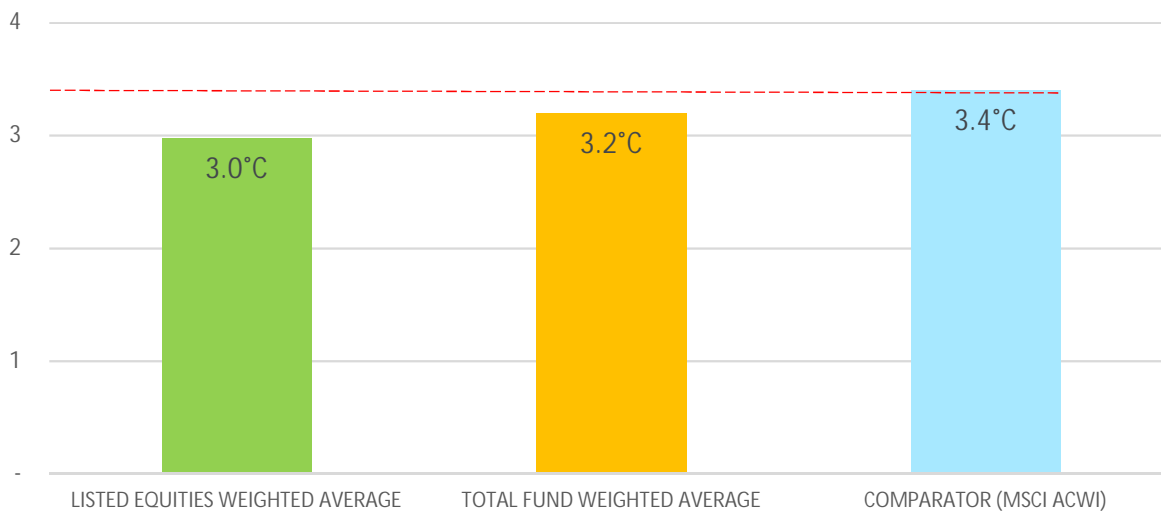
Source: Investment managers and Mercer. Data as at end March for 2017 to 2020, and end June for 2021.

**Figure 7: Absolute Emissions ([£investment value / company enterprise value]\*tCO2e)**



Source: Investment managers and Mercer. All data as at 30 June 2021.

**Figure 8: Implied Temperature Rise (°C)**



Source: Investment managers and Mercer. All data as at 30 June 2021.

**Targets used to manage climate change-related risks and opportunities: aiming for net zero by 2040**

The Committee has adopted a net zero carbon target for the Fund's assets to be achieved by 2040. The Committee aims to achieve this goal by:

- Reviewing how the assets are invested – looking for strategies that are more efficient and forward looking to help achieve these targets.
- Clearly communicating objectives and targets with the London CIV and the underlying managers.
- Monitoring on an annual basis its position versus the targets, while looking to expand asset class coverage in future analysis as better and more robust data becomes available.



## GLOSSARY OF TERMS

Acronym	Meaning
ESG	Environmental, Social & Governance
GHG	Greenhouse Gas
G20	Intergovernmental forum comprising 19 countries and the European Union
IPCC	UN's Intergovernmental Panel on Climate Change
London CIV	The London Collective Investment Vehicle
MSCI ACWI	Morgan Stanley Capital International All Country World Index
Net-Zero	Achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it.
Paris Aligned	Achieving net-zero emissions by 2050 or sooner, in line with the Paris Agreement.
RI	Responsible Investment
TCFD	Taskforce on Climate-related Financial Disclosures
WACI	Weighted Average Carbon Intensity

## IMPORTANT NOTICES

All information in this document is subject to change and should be relied upon for any reason by any third party.