

CACEIS LAUNCHES FIRST CARBON METRICS REPORTING TOOL TO HELP UK PENSION SCHEMES ASSESS AND MEET CLIMATE TARGETS

Today, CACEIS, the sustainable governance partner of choice for UK Pension Schemes, becomes the first custodian in the UK to launch a custody agnostic, carbon metrics reporting tool. This will provide pension schemes with a powerful platform to align themselves with the Task Force on Climate-Related Financial Disclosures (**TCFD**) reporting requirements.

From October this year, pension schemes over £5 billion AUM must report on the financial risks of climate change within their portfolios in line with TCFD recommendations. Pension schemes over £1 billion have to meet the same requirements in October next year.

The new carbon metrics 'look through' reporting tool empowers pension schemes to independently visualise their portfolios carbon footprint and meet the metrics and targets requirements they must start to collect and report on as a part of the TCFD. The powerful tool helps pension schemes measure and report on their total CO2 emissions (carbon footprint), alongside weighted average carbon intensity, across their investment portfolio. Importantly, the report includes coverage on Scope 1, Scope 2 and Scope 3 emissions in line with TCFD requirements.

The analysis follows a consistent standard for each underlying asset across both pooled funds and segregated mandates. This provides consolidated and consistent reporting that is independent across all investment managers. These metrics are aggregated in a report that will help pension schemes and trustees meet their regulatory obligations - and with more climate data on hand, can also help facilitate a stronger dialogue with investment managers on overall risk management, strategy and good governance.

Alongside the Carbon metrics reporting, CACEIS have also recently launched a complementary reporting solution based on the UN Global Compact Principles. This custody agnostic tool identifies ESG risks and breaches within a pension scheme's investment portfolio. The report highlights company breaches in areas such as Human Rights, Labour, Environment and Anti-Corruption, for over 20,000 companies.

Both solutions leverage Sustainalytics, the largest independent provider of sustainability research ratings – the Carbon metrics report covers over 10,000 global companies on carbon emissions data. Pension schemes can access their carbon data and ESG risks through CACEIS' online dashboard, which gives them the flexibility to view their data at a fund, mandate, sector and holding level.

“Our new carbon reporting tool is custody-agnostic, which means it's open to any pension scheme”, said **Scott Foster, Product Specialist**, CACEIS. “We've worked hard to ensure schemes of all shapes and sizes can access powerful data and reporting by simply sharing their holdings data, which is a first for a global custodian. It will give schemes a solid platform

to better understand their portfolios ESG and climate risks, together with stronger sustainability alignment of ESG policies with their asset managers.”

In CACEIS’ recent ESG survey in conjunction with the Pensions and Lifetime Savings Association, 52% of UK schemes place a heavy reliance on their asset managers for helping set and maintain their ESG policies. On climate risks, around 63% of respondents mentioned that they lack the information to translate such risks into their investments. This comes as no surprise because the missing piece of the puzzle is data showing how such risks apply to their portfolio: 74% of schemes said they lacked this vital intelligence*.

CACEIS’ solution finally provides schemes with the ability to access the right data to harness an independent perspective on their Climate and ESG risks, which is good for governance.

Pat Sharman, Country Managing Director, UK, CACEIS commented, “The lack of accessible governance solutions in the industry has been a longstanding issue for pension schemes. Following the new governance and reporting requirements introduced by the Pension Schemes Act 2021 on climate risk reporting, we wanted to help pension schemes understand and be able to report on the recommendations of the Task Force on Climate-related Financial Disclosures, ensuring climate change is at the heart of their pension scheme and enabling them to fulfil their duties. Although this only applies to pension schemes of £5 billion or more in October this year and £1 billion or more in October next year, climate change risks will impact all pension schemes, regardless of size.”

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Notes to editors:

1. Carbon report on the total CO2 Emissions of the portfolio in Metric Tons
 - a. Breakdown of scope 1 -3 emissions per fund, ISIN and sector.
 - b. Overall emissions and breakdown per fund/mandate/holding/sector
2. Weighted average carbon intensity reporting and benchmarking to Sustainalytics universe.
 - a. Breakdown of scope 1 -3 emissions intensity per fund and ISIN.
 - b. Overall emission intensity and breakdown per fund/mandate/holding/sector
 - c. Portfolio carbon intensity attribution (by fund and ISIN)
 - d. Carbon intensity ranking per ISIN by sector (1 being least carbon intense ISIN within sector i.e. within Tech stocks)

*In August and September 2020, CACEIS, in partnership with the PLSA, surveyed the PLSA’s members on the growing importance of ESG and climate change. In total, the survey attracted 93 responses. These were spread across different schemes across the UK. 39.79% represented schemes up to £1bn, 44.09% represented schemes between £1bn-£7bn and 16.13% represented schemes over £7bn in size.

About CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole and Santander dedicated to asset managers, insurance companies, pension funds, banks, private equity and real estate funds, brokers and corporate clients. Through offices across Europe, North and South America, and Asia, CACEIS offers a broad range of services covering execution, clearing, forex, securities lending, custody, depositary and fund administration, fund distribution support, middle office outsourcing and issuer services. With assets under custody of €4.2 trillion and assets under administration of €2.2 trillion, CACEIS is a European leader in asset servicing and one of the major players worldwide (figures as of 31 December 2020).

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