

HELPING PENSION SCHEMES FULFIL THEIR TCFD REPORTING REQUIREMENTS

POWERFUL CARBON EMISSIONS REPORTING SOLUTION TO MANAGE CLIMATE RISKS AND OPPORTUNITIES

caceis
INVESTOR SERVICES

NEW CLIMATE RISK REQUIREMENTS FOR PENSION SCHEMES



Pension schemes of all shapes and sizes are exposed to climate risks and opportunities and the assessment of these are now integral to governance processes.

- The Pension Schemes Act 2021 introduces new governance and reporting requirements for pension schemes in relation to climate-related issues
- From 1 October 2021, pension schemes with £5bn+ of assets (and master trusts) have a legal duty to report on the financial risks of climate change within their portfolios
- From 1 October 2022, pension schemes with £1bn+ of assets will have to meet the same requirements

The reporting requirements are based on the Task Force on Climate Related Financial Disclosures (TCFD) recommendations.

WHAT IS NOW REQUIRED?

Pension schemes are required to report on the following:

- One absolute emissions metric
- One emissions intensity metric
- One additional climate change metric based on a scheme's choice from a range of prescribed options

THE TCFD REPORTING REQUIREMENTS



Part of the TCFD reporting rules require pension schemes to measure the carbon footprint (the greenhouse gases) of their portfolio according to a prescribed framework.

SCOPE ONE, TWO AND THREE

Scope 1: All direct emissions from a company or under their control, such as facilities, manufacturing processes or vehicles.

Scope 2: Indirect emissions incurred from electricity purchased and used by a company.

Scope 3: Other indirect emissions from activities of a company arising from sources that they don't own or control. These are usually the greatest share of the carbon footprint. They cover emissions associated with activities such as transportation & distribution, waste, business travel, purchased goods & services and leased assets.

CORE OUTCOME METRICS

Total carbon emissions (absolute emissions metric): This measures the total absolute greenhouse gas emissions attributable to a pension scheme's portfolio.

Weighted average carbon intensity (emissions intensity metric): This takes the carbon intensity of each company in a pension scheme's portfolio and weighting it based on the holding size.

OUR TCFD-READY CARBON SOLUTION FOR PENSION SCHEMES



Our solution helps pension schemes fully report on their 'absolute emissions' and 'emissions intensity' metrics across scope 1, scope 2 and scope 3.

WE REPORT ON TOTAL CO2 EMISSIONS

Breakdown of scope one, two and three emissions by fund and segregated mandate.

WE REPORT ON WEIGHTED AVERAGE CARBON INTENSITY

Breakdown of scope one, two and three emissions intensity by fund and segregated mandate.

POWERED BY SUSTAINALYTICS

Sustainalytics is an independent global leader in sustainability research ratings with a 25-year history, with broad coverage of over 20,000 companies worldwide.

CUSTODY AGNOSTIC

Available to any pension scheme that need to fulfil the new governance and reporting requirements or simply wanting to implement a more robust approach to managing their climate change risks.

A SOLUTION FOR GOOD GOVERNANCE



POOLED FUND LOOK THROUGH

For pension schemes investing in pooled funds, we can provide 'look through' analysis on CO2 emissions and weighted average carbon intensity.

INDEPENDENT PERSPECTIVES

Schemes benefit from a viewpoint of exposure to carbon emissions that's independent from their asset managers, creating the framework for strong governance.

CONSISTENT APPROACH

Applies a consistent approach in measuring CO2 emissions and weighted average carbon intensity across all asset managers.

FLEXIBLE REPORTING

Monthly, quarterly or annual reporting.

YOUR CARBON EMISSIONS DASHBOARD

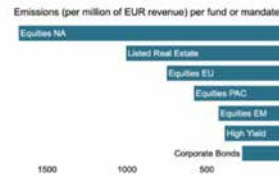
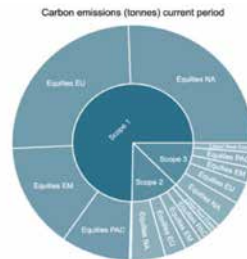
TOTAL CO2 EMISSIONS

- Overall emissions breakdown by fund or segregated mandate, individual holding and sector

AVERAGE WEIGHTED CARBON INTENSITY

- Overall emissions intensity and breakdown by fund, mandate, individual holding and sector
- Portfolio carbon intensity attribution by fund/mandate and ISIN
- Carbon intensity ranking per ISIN by sector

ONLINE DASHBOARD TO HELP VISUALISE THE DATA



Carbon emission (in tonnes), per fund or mandate

Fund or mandate	Value	Portfolio Weight	Emission Weight	Scope 1 Carbon Emission	Scope 2 Carbon Emission	Scope 3 Carbon Emission	Total Carbon Emission
Equities NA	109,089,644	22.8%	34.1%	53,306 (+1.0%)	9,715 (+0.3%)	8,193 (-40.7%)	71,835 (-6.6%)
Equities EU	106,887,263	22.3%	30.8%	52,927 (-9.7%)	5,962 (+1.0%)	6,283 (+16.9%)	65,183 (+9.9%)
Equities EM	101,722,740	21.2%	19.2%	30,532 (-3.3%)	4,840 (-1.4%)	4,596 (+4.1%)	39,968 (-2.2%)
Equities PAC	110,201,601	23.2%	19.3%	19,636 (+1.6%)	3,878 (+1.2%)	4,378 (+1.2%)	27,796 (+9.8%)
Linked Real Estate	55,923,572	10.8%	2.7%	430 (+1.0%)	2,565 (+0.9%)	2,758 (+0.9%)	3,754 (+0.7%)
Total	478,834,823	100.0%	100.0%	157,384 (-0.2%)	26,963 (-0.0%)	26,211 (-1.6%)	210,518 (-2.8%)

Carbon emission (in tonnes) per million of revenue, per fund or mandate

Fund or mandate	Value	Portfolio Weight	Intensity Weight	Scope 1 Carbon Intensity	Scope 2 Carbon Intensity	Scope 3 Carbon Intensity	Total Carbon Intensity
Equities NA	109,089,644	16.0%	36.2%	1,321 (+5.8%)	188 (-1.1%)	170 (-38.6%)	1,678 (-6.8%)
Linked Real Estate	55,923,572	7.0%	10.8%	77 (+1.3%)	429 (+0.8%)	300 (+0.4%)	1,606 (+5.2%)
Equities EU	106,887,263	15.7%	16.7%	616 (+0.5%)	70 (+1.4%)	66 (-12.0%)	752 (+2.7%)
Equities PAC	110,201,601	16.2%	13.3%	331 (+1.8%)	122 (+0.0%)	128 (-2.4%)	581 (-5.4%)
Equities EM	101,722,740	14.9%	9.0%	332 (+0.0%)	49 (+2.1%)	46 (+0.0%)	428 (+1.4%)
High Yield	29,080,944	4.3%	2.3%	226 (+1.8%)	78 (+0.0%)	86 (+0.3%)	387 (+6.3%)
Corporate Bonds	114,060,028	25.5%	10.1%	110 (+1.9%)	90 (+1.1%)	80 (-0.4%)	280 (-4.1%)
Total	661,965,795	100.0%	100.0%	454 (+0.0%)	126 (+0.0%)	126 (-0.8%)	707 (-0.8%)

Difference in carbon emission (in tonnes) per million of revenue, sector compared to average of universe

Fund or mandate	Value	Portfolio Weight	Intensity Weight	Scope 1 Carbon Intensity	Scope 2 Carbon Intensity	Scope 3 Carbon Intensity	Total Carbon Intensity
Utilities	149,985,975	22.0%	66.0%	-201 (-15.1%)	100 (+29.0%)	76 (+15.1%)	-126 (-5.8%)
Materials	15,676,844	2.3%	8.7%	-22 (-1.8%)	-150 (-39.3%)	-248 (-11.8%)	-421 (-10.3%)
Energy	11,729,123	1.7%	2.6%	-158 (-15.4%)	-36 (-31.9%)	-18 (-15.4%)	-194 (-14.1%)
Real Estate	81,305,021	12.0%	15.7%	36 (+233.3%)	253 (+174.8%)	296 (+233.3%)	685 (+191.8%)
Industrials	39,891,214	5.8%	3.5%	9 (-3.6%)	-19 (-46.3%)	-15 (-3.6%)	-25 (-7.6%)
Consumer Staples	130,676,481	19.5%	3.4%	-168 (-78.0%)	-63 (-68.9%)	-49 (-78.0%)	-271 (-69.0%)
Telecommunication Services	88,052,702	12.9%	2.0%	0 (+0.0%)	-1 (-2.0%)	2 (+0.0%)	0 (+0.0%)
Consumer Discretionary	86,907,502	12.7%	1.3%	-48 (-78.7%)	-150 (-44.3%)	-150 (-44.3%)	-303 (-63.1%)
Healthcare	21,449,640	3.1%	0.3%	-60 (-75.0%)	-63 (-75.9%)	-74 (-75.0%)	-199 (-75.7%)
Information Technology	6,455,666	0.9%	0.1%	-14 (-93.3%)	-41 (-93.3%)	-38 (-93.3%)	-93 (-68.8%)
Financials	47,308,940	6.9%	0.4%	-1 (-10.0%)	-4 (-32.2%)	-3 (-10.0%)	-8 (-13.6%)
Total	661,965,795	100.0%	100.0%	136 (+42.8%)	12 (+10.5%)	3 (+42.8%)	152 (+27.4%)

Carbon emission (in tonnes) per million of revenue, top 10 holdings per fund or mandate

Fund or mandate	Holding name	Value	Portfolio Weight	Scope 1 Carbon Intensity	Scope 2 Carbon Intensity	Scope 3 Carbon Intensity	Total Carbon Intensity	Intensity Contribution	Sector Rank
Equities PAC	HK Electric Investments Ltd	2,466,036	0.36%	6,892	0	0	6,892	24.92	36 out of 557
Equities PAC	AshNet Services Ltd	2,030,600	0.30%	2,273	235	131	2,639	7.88	139 out of 557
Equities PAC	Japan Real Estate Investment Corp	1,989,815	0.29%	192	1,047	1,417	2,657	7.76	20 out of 990
Equities PAC	Dales House REIT Investment Corp	2,779,574	0.41%	195	1,061	526	1,783	7.27	43 out of 990
Equities PAC	Nomura Real Estate Master Fund, Inc.	1,899,234	0.27%	169	924	1,402	2,496	6.81	27 out of 990
Equities PAC	APA Group	2,889,430	0.42%	829	122	240	1,191	5.05	262 out of 557
Equities PAC	The Chugoku Electric Power Company, Incorporated	2,501,564	0.37%	1,124	116	120	1,360	4.99	259 out of 557
Equities PAC	Singapore Airlines Limited	2,377,387	0.35%	1,194	5	0	1,191	4.15	144 out of 2370
Equities PAC	CK Infrastructure Holdings Limited	1,515,727	0.22%	1,433	148	219	1,800	4	199 out of 557
Equities PAC	Japan Prime Realty Investment Corporation	1,541,259	0.23%	117	645	918	1,678	3.79	47 out of 990
Corporate Bonds	Southern Power Co	3,477,977	0.51%	1,699	175	279	2,153	16.97	170 out of 557
Corporate Bonds	Air Liquide Finance SA	3,501,376	0.51%	792	407	608	1,808	19.1	284 out of 1259
Corporate Bonds	Solvay SA	3,486,813	0.51%	941	181	22	1,145	5.86	511 out of 1259



THE SUSTAINABLE GOVERNANCE PARTNER OF CHOICE FOR UK PENSION SCHEMES

Our expertise in governance reflects a deep pensions heritage that draws heavily from the Dutch market, one of the most highly regulated and well governed pensions industries in the world. This has driven our ambition of becoming the sustainable governance partner of choice for UK pension schemes, driven by a dedicated “Centre of Excellence for Pensions” operational hub in Amsterdam, with over 110 pensions professionals, alongside our UK-based pensions team.

Our strength comes from a demonstrated focus on innovation and governance solutions for UK pension schemes of all shapes and sizes. In custody and administration, this means providing independent analysis and delivery of clean and robust data. We’ve also introduced flagship services such as our cost transparency and benchmarking tools, alongside ESG reporting, to help pension scheme trustees with good governance outcomes and quality data for decision making.

Our governance framework is overseen by specialists that have deep expertise of the UK pensions arena. They bring adaptability and flexibility to the way we meet our clients’ current and evolving needs through the lens of good governance.

BRINGING TOGETHER BEST PRACTICE PENSIONS EXPERTISE

We deliver end-to-end securities solutions to UK pension schemes. Our Centre of Excellence for Pensions brings together over 110 highly experienced professionals that work with schemes of all shapes and sizes across countries such as the UK, Netherlands and Germany – sharing best practice and insight into governance and operational processes.

FINANCIAL STRENGTH

CACEIS is backed by two of the world’s largest financial services firms – Credit Agricole and Santander. CACEIS and Santander’s strategic combination creates one of the largest international players in the field of custody and asset servicing



€4.2 trillion
of assets under custody*

€2.2 trillion
of assets under administration*

€1.6 trillion
in assets under depositary/trustee*

CACEIS has a strong credit rating -
S&P A+

THE NEW LOOK OF PARTNERSHIP

We are committed to growing with our clients, working in partnership to meet their current and evolving needs. We take an independent position, ensuring every action is taken solely on behalf of the client. We also recognise that each pension scheme has a unique set of needs and this drives our ambition to be a flexible partner.

*As at 31 December 2020

