PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING THIS REPORT.

TfL PENSION FUND

REPORT ON SUSTAINABLE INVESTING 2021

EXECUTIVE SUMMARY

This is the fourth consecutive year the Fund has published a report on Sustainable Investing and the first time we have produced a quick-read summary. The full version, which contains more information in each section, can be found on our website **here**. This short report highlights the Fund's most significant ESG activities and outcomes achieved over the last twelve months, as follows.

- Since our last report, ESG and in particular climate change, has been at the forefront of everything we do when it comes to managing the Fund's investment portfolio. The Trustees recently announced the Fund's **Carbon Neutral Journey Plan** – a net-zero carbon emissions target for the Fund's investment portfolio by 2045 at the latest and to reduce its carbon intensity by 55% by 2030 at the latest compared to a baseline of 2016 (the year that the Paris Agreement came into force). This is explained on page 4 in the Climate Change section.
- We have joined a new engagement programme, on **Climate Change – Sustainable Forests and Finance**. This programme not only tackles carbon emissions but also preservation of biodiversity in forest systems. The Fund has worked actively on this programme since its inception in July 2021, providing feedback on key goals of the engagement as well as selecting target companies. We look forward to reporting on the progress of this engagement programme in future years.
- The Fund has **increased its allocation target to assets with a strong ESG tilt, from 5% (which has been achieved) to 15% by 2025**. This represents a material increase in the Fund's ambition to benefit from the opportunities presented by decarbonisation and "investment with purpose" objectives, and the Fund is well on track – as of Q1 2021, the allocation to ESG tilted assets makes up circa 9.8% of the Fund's total assets.
- The Fund continues to exclude any company that generates more than 30% of its revenue from thermal coal mining or thermal coal power generation from its portfolio.
- In the **Stewardship** section on page 5, we report on this year's voting and engagement outcomes, as well providing a brief summary on the Fund's activities in collaboration and advocacy. Stewardship will be a key part of the Fund's strategy to achieve net zero carbon.
- On **Impact Analysis**, the Fund's active equity portfolio continues to outperform its benchmark across 16 out of the 17 UN Sustainable Development Goals (see page 6).
- Real-world impact of the Fund's investments is further illustrated through two excellent **Case Studies** – sustainable farming and logistics infrastructure, starting from page 7.
- The Way Ahead section at the end outlines the Trustees' plans for the next twelve months.

Before we delve into the detail, on the next page we show a checklist that gives a quick overview of the Fund's sustainable investing progress to date.

SUSTAINABILITY PROGRESS: CHECKLIST

2021 ✓ | 2020 ✓

ACTION PLAN	BEHIND THE CURVE Unlikely to stand up to any serious scrutiny	ON THE BACK FOOT Getting compliant	ON THE FRONT FOOT Embedding ESG into Trustee governance	GETTING AHEAD Making ESG and climate change a key strategic issue
1. Set investment beliefs	Trustee board relies on its investment consultants to tell them what to believe. Sets nothing out in writing.	Trustee board receives a brief training session before minuting that ESG and climate change are considered material financial factors.	Trustee board spends time on training before discussing and agreeing a responsible investment beliefs statement including a position on climate change risk.	Trustee board discusses ESG beliefs at least annually. Where applicable, trustee seeks to align beliefs with sponsor views. Considers alignment of strategy with UN SDGs.
2. Review existing managers	No engagement with existing managers.	Takes stock of existing managers and uses investment consultant scoring framework to rate current managers on their ESG credentials. However, scores are only used as a differentiator where there are other reasons to review a manager.	Full consideration of each manager's ESG capabilities (including qualifications) with specialist input from investment consultants – includes being alive to "green-washing". Managers which require most attention identified and engaged with. Where no improvement is forthcoming or possible within current mandates, these will be reviewed.	All managers expected to demonstrate deep ESG integration. Integrates corporate environmental data in manager investment processes.
3. Set a DB investment strategy	Existing strategy not reviewed.	Trustee keeps existing strategy under review as ESG experience develops.	For active mandates: considers diversification across sources of climate risk as well as traditional asset classes. Sustainability and low carbon indices considered for passive allocations.	Positive allocation to sustainable investment or investment in assets aligned with a below 2°C pathway. Consider tilting portfolio away from lower scoring ESG assets or sectors such as high carbon emitters.
4. Document a Policy	Adds generic wording to SIP at suggestion of the investment consultant. No further thought by trustee. Trustee does not consider wording or how it will be implemented in practice.	Trustee considers wording in the SIP reflecting the circumstances of the scheme and existing manager mandates. Trustee agrees how wording is implemented in practice with their investment consultants.	Trustee develops a stand-alone responsible investment policy which supplements the SIP. This may start with existing manager mandates but will progress to deeper integration of ESG factors over time. The policy is periodically reviewed.	Extensive responsible investment policy with detailed consideration of ESG in each asset class, detailed climate change policy and stewardship policies. Climate change risk embedded across other trustee governance and internal control frameworks and considered as part of an integrated risk management framework (including any climate change risks pertinent to the scheme sponsor covenant).
5. Ongoing manager monitoring	Reports on quarterly past performance figures only. No forward-looking consideration of manager ESG attributes or exposure of mandates to climate change risk in the longer term.	Active managers are expected to demonstrate how ESG criteria are being used in stock selection and de-selection.	Develops a robust monitoring process – reporting qualitatively and quantitatively against each manager. Managers expected to demonstrate integration of ESG in investment processes rather than the existence of separate "advisory" ESG analysts.	Measures alignment of listed equity and corporate bond portfolios across 2° transition sectors and technologies.
6. Appointing new managers	Mentions ESG only as an afterthought in tender invitations and gives it no weight in selection criteria.	ESG is identified in tenders as an important issue on which potential new managers will be expected to demonstrate competency.	ESG credentials key in tender process. Investment management agreements negotiated to include specific ESG requirements.	Responsible investment requirements included across all asset classes including e.g. side letter terms in private equity funds.
7. Stewardship & engagement	Not considered relevant. Justified based on an incorrect assumption that the scheme's investments are all pooled and therefore "stewardship is impossible".	Trustee expects managers to report on how they have exercised voting rights attached to shares (including across passive equity mandates). Managers are expected to be signatories to the FRC Stewardship Code.	Managers are expected to report in detail on their engagement policies and how these have been implemented. This should include examples of voting against the board on ESG related issues. Managers with a poor engagement record will be downgraded. Consider adoption of an off-the-shelf voting e.g. AMNT redlines.	Large schemes: takes an active and direct role engaging with investee companies across all asset classes. Considers joining other investors in filing climate-related shareholder resolutions where companies are underperforming on adaptation or disclosure. Small schemes: appoints proxy voting and engagement service reflecting trustee's ESG beliefs and position on climate risk.
8. Scenario testing	None	Obtains broad estimates from consultants as to the potential significance of climate change on the scheme's portfolio.	Considers carbon foot-printing tests on portfolio. This may focus initially on listed equities and corporate bonds.	All-portfolio risk assessment (including all real asset holdings) to identify exposure to transaction risks and potential physical damage risk under different climate scenarios.
9. Reporting	Sends stock wording to any members causing a nuisance.	Some commentary provided to scheme members in annual report.	Considers TCFD reporting framework as a structure for internal governance.	Reports publicly against TCFD.
10. Industry Involvement	None	Relies on advisers to provide updates on significant developments requiring action and training as required.	Trustee board keeps abreast of industry discussions and attends events to improve knowledge and observe best-practice. Considers becoming a UN PRI Signatory.	Joining investor groups such as IIGCC. Engage with policy makers to improve practice across the industry.

YOUR ACTION PLAN

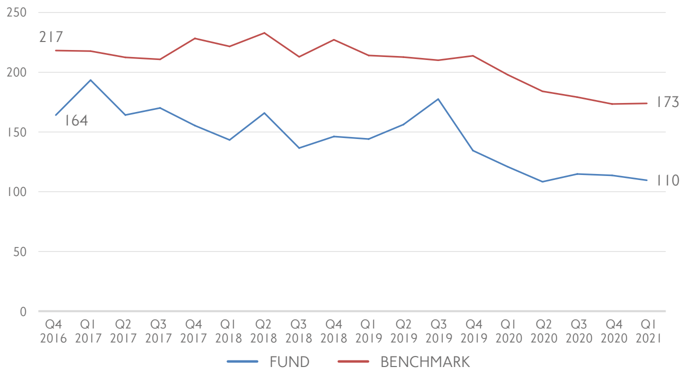
Source: Sackers and Partners LLP

CLIMATE CHANGE – ASSESSING THE RESILIENCE OF OUR INVESTMENTS TO CLIMATE RISKS

Fund Carbon Emissions

- Climate change presents one of the largest economic and political challenges. Assessing the carbon footprint of the Fund's portfolio is the first step in addressing the investment implications of climate change. Carbon footprint sets a baseline to inform future actions, which can range from reporting and engagement to decarbonisation.
- Carbon Emissions Intensity (per million dollars sales), the key metric to measure the carbon footprint, asks an important question – How efficient is the Fund's portfolio in terms of carbon emissions per unit of output? The lower the carbon intensity - lower volume of carbon emissions per dollars of sales generated by portfolio companies over a specified time frame - the better the carbon efficiency.
- The Fund has been analysing its carbon footprint of companies in its active equity and bond portfolio based on MSCI Carbon Emissions Intensity measurement since 2016. The following chart provides an overview of the carbon intensity aggregated at the Fund level. Since 2016, the Fund carbon intensity continues to fall. **As of Q1 2021, the Fund's portfolio has reduced 33% carbon intensity comparing to the level of 2016**.
- The Fund has always outperformed the benchmark in terms of the carbon intensity measure. **As of Q1 2021, the Fund's carbon intensity is 36% less than the equivalent benchmark**.
- In the twelve months to 31 March 2021, the Fund's carbon emissions intensity across its active equity and bonds portfolio declined by a further 9%, falling from 121 CO2e tonnes per million dollar sales to 110 CO2e tonnes per million dollar sales.

CARBON EMISSIONS INTENSITY (TONNES / $MN SALES)
Fund v.s. Benchmark



Environmental Footprint Measurement

- The Fund continues its collaboration with LGT Capital, utilising LGT's Cockpit tool to provide an alternative measurement of its environmental footprint, which covers not only carbon, but also water and waste.
- The Fund's active equity portfolio consistently delivered superior performance when compared to the benchmark on all metrics. In particular, energy consumption has reduced from 711 to 398 megawatt hours per $1m of revenue per annum over the last year.
- Note that the 'positive impact' shown below, compared to the benchmark, is also per $1m of revenue.

ENVIRONMENTAL FOOTPRINT

MEASURE per USD 1m of revenue	TfL Pension Fund Equity	Custom Benchmark	POSITIVE IMPACT per USD 1m of revenue
GREENHOUSE GAS EMISSIONS	113.1 metric tons CO_2 p.a.[1]	182.8 metric tons CO_2 p.a.[1]	38% LOWER CO_2 EMISSIONS p.a.[1] corresponds to CO_2 emissions of 28 cars
ENERGY CONSUMPTION	398.5 megawatt hours p.a.	429.7 megawatt hours p.a.	7% LOWER ENERGY USAGE p.a. corresponds to energy usage of 20 people
WATER WITHDRAWAL	1,159 cubic metres p.a.	1,525 cubic metres p.a.	24% LOWER WATER USAGE p.a. corresponds to water usage of 8 people
WASTE GENERATION	145.2 metric tons p.a.	425.7 metric tons p.a.	66% LOWER WASTE GENERATION p.a. corresponds to waste of 559 people

1 CO_2 and other gases that are recalculated into CO_2 equivalent

Carbon Neutral Journey Plan

The Trustees have set a net-zero carbon emissions target for the Fund's investment portfolio by 2045 at the latest and committed to reducing its carbon intensity by 55% by 2030 at the latest. The Trustees aim to allocate 15% of the portfolio to 'ESG tilted' assets by 2025, of which a large proportion will be in low carbon assets.

2016 BASELINE
(Paris Agreement)

2030 TARGET:
Reduce carbon intensity by 55%

2045 TARGET:
Net zero carbon emissions

Increase ESG tilted asset allocation to 15% by 2025

- A number of countries, including the UK, have made commitments to move to a net zero emissions economy. This is in response to climate science showing that in order to halt climate change, carbon emissions have to stop – reducing them is not sufficient. 'Net zero' means that any emissions are balanced by absorbing an equivalent amount from the atmosphere.
- In order to meet the 1.5°C global warming target in the Paris Agreement, global carbon emissions should reach net zero around mid-century. For developed nations such as the UK, the date may need to be earlier.
- The Trustees have reinforced their view of climate change as a financial risk to the returns generated by the Fund's assets by announcing our ambition to be Net Zero for carbon by 2045 at the latest, ahead of the UK government's 2050 target date. The target covers Scopes 1 and 2 emissions from the whole of the Fund's investment portfolio .
- To support the 2045 long-term target, the Trustees have also set an intermediate target for 55% carbon reduction by 2030 at the latest, compared to a baseline year of 2016 (2016 being the year that the Paris Agreement came into force).
- The United Nations Intergovernmental Panel on Climate Change (IPCC)'s 6th Assessment Report, published in early August, states the world will need to move at a much faster pace on decarbonisation if it wants to keep temperatures from rising by more than 1.5°C this century compared to pre-industrial levels. The Trustees reflected on the IPCC key findings at their September meeting and made decisions around the targets in the carbon neutral journey plan based on it.
- Both targets will be measured using the weighted average carbon intensity (or "WACI" for short) . This is the same metric that the Fund has been using to report its carbon footprint on the previous page, and in the previous reports. WACI was selected as the metric to measure progress because it enables the Fund to compare the weighted average carbon efficiency or intensity of its portfolio with that of its benchmark.
- In addition, the Trustees have also established a target to allocate 15% of its portfolio to 'ESG tilted' assets by 2025, of which a large proportion will be in low carbon assets. This was an increase from the 5% allocation target by 2020, which has already been achieved.
- The announcement is the latest development in the Fund's track record of recognising climate changes as an investment risk. In 2019, the Fund announced plans to exclude (and disinvest where necessary) from its portfolio all companies that are materially involved in thermal coal mining and thermal coal power generation (where this marks up more than 30% of a company's revenues).
- The Trustees are now in the process of establishing implementation programmes to deliver on this ambition. Likely actions, some of which are already in progress, will include:
  - Review the carbon emissions baseline for the Fund's assets, assess and prioritise high emission areas;
  - Establish guidelines and measure performance for the Fund's investment managers to ensure that they take carbon (and other ESG factors) into account;
  - Continue to build on investments in low carbon mandates such as wind, solar and other sources of renewable energy, and other sectors that support the transition;
  - Collaborate with investment managers, advisors and other asset owners, to engage with and encourage investee companies to strive for material progress in this area, and also to decide what action should be taken where they do not transition fast enough;
  - Divest over time, when necessary, from high carbon sectors which are at financial risk from transition – as we have already done with thermal coal

STEWARDSHIP – VOTING, ENGAGEMENT, COLLABORATION AND ADVOCACY

VOTING

- As an institutional investor the Fund owns a small share of thousands of companies globally. Our goal is to vote at all the shareholder meetings of companies in our equity portfolio. We have a responsibility to use our ownership rights to improve corporate governance practices in both financial and ESG areas across our investee companies.

Key Outcomes:
Between the 1st July 2020 and 30th June 2021:

- 614 company meetings were held across five regions with Glass Lewis voting 7,635 resolutions on behalf of the Fund on the active holdings.
- The Fund voted on 54 Environmental and Social shareholder proposals
- The Fund voted 'for' (i.e. in support of) 56% of environmental and social shareholder proposals
- For the passive holdings, during the same period, BlackRock voted at 6,466 meetings and voted 11,309 ballots.
- Shareholder Proposals regarding climate change that passed:
  - Booking Holdings Inc: Shareholder Proposal Regarding Climate Transition Report
  - Delta Air Lines, Inc: Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement
  - Norfolk Southern Corp.: Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement

ENGAGEMENT

- The Trustees strongly believe that the best way to work with public companies on mutually beneficial improvements is through constructive dialogue with the boards of the companies that they hold. The Fund participates in three engagement programmes with Sustainalytics – Global Standards, Material Risk and Thematic (Plastics and Circular Economy). We will focus on the Global Standards programme here.

Global Standards Engagement

- It is intended to capture severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles, with the aim not only to resolve the incident, but also to improve the company's future ESG performance and risk management to ensure incidents don't occur again. The table below summarises the areas ('norms') engaged in and case performance over the year. An example of an ongoing case with Amazon is shown in the next column.

AMAZON (Performance – Medium)

8 DECENT WORK AND ECONOMIC GROWTH

Case Background: Over the past several years, Amazon has experienced recurring health and safety issues at its operations. These include employee fatalities and serious physical injuries, which have occurred at rates that show a trend of deterioration in safety measures. There have also been allegations of poor and stressful working conditions that have negatively affected the mental condition of many of the company's warehouse workers.

Engagement Objective: Amazon should introduce appropriate improvements involving Health & Safety (H&S) policies and practices aligned with international standards, including proactively mitigating hazards and improving working conditions. The company should report on its Health & Safety performance and consider independent third-party verification of its management system.

Engagement Update: Case opened in February 2020. Amazon acknowledged the importance of workplace H&S during two conference calls in 2020 and reported notable investment in H&S management during the year. Further, Amazon's Global Human Rights Statement includes a formal commitment to health and safety.

In May 2021, Sustainalytics began attempts to schedule a follow-up call to further the engagement. Amazon has expressed reticence at continuing the dialogue, but efforts continue on Sustainalytics' part to book a meeting. Once scheduled, it is hoped to focus on Amazon's existing disclosure, understanding how it has established a level of comfort with its management, such as key metrics it utilizes, and how the company is prioritizing aspects for disclosure.

Collaborative Engagements
In addition to engagement through Sustainalytics and the managers, the Fund is also an active member of several collaborative initiatives. We have supported Climate Action 100+ since its launch in 2018, and take part in campaigns organised by CDP that are aimed at improving carbon disclosure and adoption of science based targets among companies.

Systemic Stewardship and Advocacy
The Fund recognises the need for collective effort in achieving critical systemic goals. The Fund is involved in systemic stewardship including: responding to policy consultations and providing input to industry discussions (such as A4S (Accounting for Sustainability) and CFA UK Society).

CASES RESOLVED SINCE JOINING THE PROGRAMME: 5

		Global Standards Engagement Performance over last 12 months			
Norm	Engaged Cases	Resolved	High	Medium	Low
Business Ethics	8	1	5	2	-
Environment	1	-	1	-	-
Human Rights	8	-	2	6	-
Labour Rights	2	-	-	2	-
Total	**19**	**1**	**8**	**10**	**-**

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“SDGs”) – PORTFOLIO IMPACT

THE FUND OUTPERFORMS ITS BENCHMARK ON 16 OUT OF 17 GOALS

- The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice.
- The Fund once again partnered with leading sustainability manager, LGT Capital Partners, to conduct analysis on the SDG impact of the active equity portfolio. The exercise assesses the impact of different product and service categories on the respective SDGs, and summarising companies’ revenue share in these categories. The resulting impact values range from -10 (worst) to +10 (best).
- As we can see in the spider graph how the Fund measures up against the custom benchmark for SDG impact, the Fund outperforms notably on 16 out of 17 goals, with the only exception of Goal 5 (Gender Equality). This is due to less gender diversified boards and workforce in the small cap and Emerging Market companies held by the Fund.
- **Climate Action, Goal 13, is the area the Fund has most positive impact among all the goals**, representing the effort made in the past years to focus on low carbon investment opportunities.
- If this analysis could capture the Fund’s numerous private market investments then the SDG impact scores would be more materially superior versus the benchmark across several of the Goals. Although portfolio-level analysis is not yet available on private market investments (because ESG data on private market is less readily available), in the next section we will look at some examples of these investments and how they map onto the SDGs.

TFL PENSION FUND EQUITY   CUSTOM BENCHMARK

CASE STUDIES

Investment opportunities which not only meet the Fund's return profile but also positively contribute to the United Nations Sustainable Development Goals

INFRASTRUCTURE – LINEAGE LOGISTICS

Overview

- Lineage is the world's largest owner and operator of temperature-controlled warehouses globally with over 340 locations offering 2.1 billion cubic feet of cold storage and spanning 15 countries across North America, Europe, Asia, Australia, New Zealand, and South America.

Solutions and Outcome

- Lineage was named #17 on the 2021 CNBC Disruptor 50 companies, an annual list featuring forward-thinking private companies that are growing quickly and whose innovations are changing the world.
- Lineage has an ongoing innovation and sustainability program which is embedded as a core function in the business' operations. Certain recently completed or ongoing sustainability initiatives include:

34%	Lineage's innovation in energy efficiency has led to a 34% decrease in energy intensity over a four-year period
40%	Patented "blast freezing" process has reduced wasted food, saved customers' crops, and further reduced energy consumption by 40%
8	Lineage is engaged in various renewable energy adoption projects, including the negotiation of solar projects across 8 company facilities

CONTROLLED ENVIRONMENT FOODS – TEHACHAPI, CALIFORNIA

Overview

The Tehachapi greenhouse is positioned to capitalize on rapidly changing lettuce market in North America. Faced with pervasive drought in the west and southwestern U.S. and many recent food safety recalls, the U.S. lettuce industry is seeing an increasingly rapid shift to a controlled environment as a solution for safer and more resource-efficient production of lettuce and leafy greens. This **short video** shows how it works.

Solutions and Outcome

Greenhouse-grown lettuce represents a sustainable, reliable, low-transport, and cost-effective alternative to field-grown production. Upon completion, Tehachapi will be among the largest and most resource-efficient lettuce greenhouses in the U.S.

- The greenhouse is designed with a closed-loop irrigation system to minimize water use and to effectively eliminate the discharge of harmful nutrient-laden water into nearby water systems.
  - Water is continuously recirculated and reused throughout the greenhouse, reducing the facility's draw on local water sources. **It will use 97% less water and save 15 million litres per year, relative to traditional field farming**.
  - Rainwater is also captured from the roof and filtered for irrigation use.
- The greenhouse is **expected to be 20x more productive than comparable field product and use 95% less arable land** than comparable field lettuce farming.
- The controlled growing environment is expected to **render obsolete the need for chemical pesticides and herbicides within the facility** and rely entirely on insect exclusion and biological control.
  - Reduces the use of carbon-intensive chemical fertilizers.
  - Beneficial for worker health and welfare.
- The facility includes a high-efficiency supplemental LED light system, which allows it reliability throughout the year and throughout shifting weather patterns.

WAY AHEAD – TAKING THE GOOD WORK FURTHER

- Following the announcement of the Fund's carbon neutral journey plan, the real work of putting it into implementation will start immediately. The Fund will work with its managers to redesign and identify low carbon, as well as other sustainability focused investments, to move toward its 2025 goal of 15% ESG tilted asset allocation.
- Becoming carbon neutral is a greater good that cannot be achieved on one's own. Through voting, engagement, collaboration and advocacy, the Fund will work with the portfolio companies, fellow investors and policy makers, to drive changes at individual business and systemic market levels.
- On voting and engagement, the Fund has built a strong partnership with Sustainalytics, with its feedback being highly valued. This will continue as the Fund considers further utilising Sustainalytics' research expertise to provide an ESG overlay on its proxy voting. With the new engagement on Sustainable Forests and Finance, the Fund will also be actively involved.
- Other than decarbonisation, the Fund will also look at more ways to measure its portfolio impact across the whole E, S and G spectrum, using the UN SDG framework.
- The Fund will continue its work on ESG integration with the fund managers, including the Private Markets, namely real estate, infrastructure and private equity. This is expected to take time, but we are pushing the managers to improve data availability and disclosures on their assets.
- The Fund will also look to establish an ESG/ Controversies Assessment and Action Framework, to review holdings with potentially problematic ESG or reputational issues and make rules-based decisions on whether to take action.

GLOSSARY AND TERMS

AMNT: Association of Member Nominated Trustees

Climate Action 100+: An investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change

Carbon Intensity (Weighted Average Carbon Intensity): Carbon intensity (or emission intensity) measures the carbon emissions per unit of output (expressed as CO2e tonnes / $m Sales). Weighted average means each company's carbon intensity is adjusted by its weight in the Fund's total portfolio (as a percentage of the total market value)

CDP: formerly the Carbon Disclosure Project. The CDP is an international non-profit organisation that helps companies and cities disclose their environmental impact.

CO2e: "Carbon dioxide equivalent" or "CO2e" is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact.

COP26: The 2021 United Nations Climate Change Conference, also known as COP26, is the 26th United Nations Climate Change conference. COP stands for Conference of the Parties, and will be attended by countries that signed the United Nations Framework Convention on Climate Change (UNFCCC) – a treaty agreed in 1994.

DB: Defined Benefit

ESG: Environmental, Social and Governance

Fiduciary duty: The legal duty of one party (the fiduciary) to act in the best interests of another (the principle). In the investment chain there are a number of these relationships including the duty that boards have to shareholders, the duty between trustees and beneficiaries and the duty between asset managers and their clients

FRC Stewardship Code: Financial Reporting Council Stewardship Code

GHG: Greenhouse Gases

IIGCC: Institutional Investors Group on Climate Change

MSCI: Morgan Stanley Capital International, a global provider of equity, fixed income, hedge fund stock market indexes, and multi-asset portfolio analysis tools

Paris Pledges: By joining the pledge, businesses, cities, civil society groups, investors, regions, trade unions and other signatories promised to ensure that the ambition set out by the Paris Agreement is met or exceeded to limit global temperature rise to less than 2 degrees Celsius

Scope 1 emissions: Direct emissions from owned or controlled sources

Scope 2 emissions: Indirect emissions from the generation of purchased energy

Scope 3 emissions: Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation (in this case, the Fund's investee companies), but that the organisation indirectly impacts in its value chain. Scope 3 emission sources include emissions both upstream and downstream of the organisation's activities, such as business travel, procurement, waste and water.

SDG: Sustainable Development Goals

SIP: Statement of Investment Principles

Stewardship: A purposeful dialogue between shareholders and boards with the aim of ensuring a company's long-term strategy and day-to-day management is effective and aligned with shareholders' interest. Good stewardship should help protect and increase the value of investments

TCFD: Task Force on Climate-related Financial Disclosures

TPI: Transition Pathway Initiative

UN PRI: United Nation Principles of Responsible Investment

Voting rights: Equity investors typically enjoy rights to vote at annual and extraordinary general meetings (AGMs and EGMs). The resolutions on which shareholders vote will vary according to individual countries' legal frameworks. They may include voting on an individual director's appointment, remuneration or mergers and acquisitions