

DEEP DIVE: ENGAGEMENT AND MONITORING OF MANAGERS' CLIMATE PERFORMANCE

THE CHURCH PENSION FUND FINLAND

The Church Pension Fund is predominantly invested through external asset managers. By conducting an annual ESG survey, the Church Pension Fund monitors the ability and resources of asset managers to assess the risks and opportunities arising from climate change. The survey, covering practices of asset managers across all asset classes, includes dedicated climate questions on both a firm and fund level.

The survey template is used as part of the due diligence conducted when selecting new asset managers and funds. The annual results are an important tool for the Church Pension Fund's engagement with asset managers. By providing feedback to all asset managers and funds, the managers may improve their practices, for example, in climate target setting and reporting, or carry out more active advocacy with portfolio companies.

In addition to asset manager engagement based on ESG surveys, the Church Pension Fund's net zero strategy includes:

- Engaging with selected asset managers based on results from the annual portfolio climate impact assessment conducted by ISS (covering listed equities and corporate bonds)
- Encouraging companies to develop climate strategies and related reporting and to set targets for reducing carbon risk
- Increasing investments in climate solutions across asset classes, targeting 10% of AUM allocated to green investments by 2025.

Firm level

1. Does your organisation have a policy or strategy that cover climate change related risks and opportunities? Please provide a link to the policy.
2. Has your organisation set interim targets? Please disclose your interim targets.

Fund level

1. Do you set any climate related targets (incl. decarbonisation) for this fund? Please describe the targets.
2. Do you implement fossil fuel exclusions for this fund? Describe the thresholds and details of your exclusion criteria including any exceptions allowing investment in transition companies.
3. Describe this fund's approach for assessing and managing physical risks from climate change.
4. Do you track the share of Paris aligned (net zero) / not aligned companies in the fund? What is the proportion of financed emissions in material sectors that already meet net zero aligned criteria?

