



# CLIMATE TRANSPARENCY REPORT 2020

Lyxor Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-B984E418-19F4-456A-9E67-69513FD87152/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Private				
SG 15.2	✓	Private				
SG 15.3	✓	Private				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Lyxor Asset Management
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2014
<b>Region</b>	Europe
<b>Country</b>	France
<b>Disclosure of Voluntary Indicators</b>	17% from 38 Voluntary indicators

# Lyxor Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01.6	Additional information [Optional].
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Exclusions strategies :

Defence exclusion Since 2007, LYXOR has implemented an exclusion list based on the Defense Sector Policy, applied systematically to the assets of its ETF portfolios whose replication mode is indirect, as well as in its Absolute Return funds, Risk Based & Solutions and on certain funds of the managed account platform, to the extent that this is legally possible and at its sole discretion. This « Defence » exclusion list applies to companies that deal with the following weapons considered prohibited or controversial: • Anti-personnel mines, cluster bombs or their key components, • Depleted uranium munitions, as well as biological, chemical, nuclear or radiological weapons. For investment vehicles for which it is not yet possible to apply this exclusion list, LYXOR closely monitors the percentage of ownership of this type of assets.

Coal exclusion LYXOR has taken the commitment 1 to divest itself from coal while strengthening its dialogue with the companies concerned in order to encourage them to be more transparent and to take into account the risks and opportunities associated with climate change. LYXOR has thus decided to divest of the most exposed actors by excluding companies whose turnover from activities related to the extraction of thermal coal is greater than 10% and companies that belong to the energy sector, of which more than 30% of electricity generation (energy mix) comes from coal.

Norm-based exclusion LYXOR is able to provide its clients with a “norm-based exclusion” list, used in some of its sustainable investment solutions, excluding companies associated with serious and repeated breaches of the principles of the United Nations Global Compact. These ten principles of the Global Compact are derived from international standards and guide corporate behaviour in the areas of Human Rights, Labour, Environment and Corruption.

Tailor-made multicriteria exclusion LYXOR offers the possibility to implement tailor-made multicriteria exclusions, in line with our clients' SRI concerns, such as the exclusion of companies associated with major ESG controversies or involved in particular activities or sectors. In some funds, LYXOR excludes companies involved in activities or sectors deemed controversial (Gambling, Tobacco, Human Cloning...) or having the majority of their income from sectors with major ESG risks (Coal, etc.).

Investment based on agriculture for agriculture-based investment funds and products: • LYXOR refrains from creating funds likely to contribute to agricultural commodity price inflation, • LYXOR does not proactively market products that focus primarily on agricultural commodities. For each new product likely to have exposure to agricultural raw materials, LYXOR carries out a specific analysis to ensure that these new funds or investment products comply with the criteria of the Société Générale Group's Agriculture, Fisheries and Agri-Food Sector Policy

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

In the face of climate and ecological upheavals, preserving environmental balances is becoming a real challenge. Changes in the global economy, societies and industries are becoming necessary to meet the Paris Agreement commitments to keep global warming below 2°C. As an asset manager, LYXOR is convinced that responsible investments must be accessible to all, from large institutions to individual investors. We also believe that investment can serve the world around us, helping to allocate assets where they are most needed. Thus, in conjunction with the integration of ESG criteria into its investment strategy and its shareholder engagement policy, LYXOR takes climate issues into account as an integral part of its responsible investment policy. This climate policy includes our actions and strategies to combat climate change and provides a conceptual and operational framework for integrating these issues into our asset management business. LYXOR's goal is to evolve this policy to better address climate and transition challenges to a low-carbon economy.

LYXOR's climate policy is based on four fundamental pillars:

- Providing innovative solutions for climate transition
- Divesting of coal
- Acting as a committed and responsible shareholder
- Assessing portfolio climate risks

No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

In addition to the ESG rating, and in the light of the consideration of climate risks and portfolio contribution to energy and ecological transition, as well as LYXOR's alignment with the international objective of limiting global warming to 2 degrees by 2100, LYXOR published new indicators to measure climate risk exposures, such as the share of companies with fossil fuel reserves, in order to better target risks and opportunities for energy companies, in relation to climate change.

LYXOR provide its clients with the Greenhouse Gas (GHGs) emissions associated with each product normalized based on the amount invested.

LYXOR also disclose additional dimensions of carbon risk at the portfolio level, such as associated fossil fuel reserves, exposure to climate-related opportunities etc. We believe that such multi-dimensional disclosure would allow for a more comprehensive assessment of portfolio level carbon risks and opportunities.

Examples :

In terms of exposure to transition risk, LYXOR presents the portfolio exposure to issuers with fossil fuel reserves (in terms of the weight of the portfolio), which may be stranded in the context of a low carbon transition. Thermal coal reserves are the most carbon intensive and therefore the most at risk. In that the total potential emissions of existing known fossil fuel reserves vastly exceed the limit of emissions that scientific consensus indicates must be met in order to manage climate change, many of these reserves may not be usable. If this is the case, the market values of companies holding reserves may be overstated because they are based in part on the present value of these reserves assuming that they can be fully utilized.

In regards with carbon risk management, LYXOR presents at the portfolio level a classification of issuers based on their efforts concerning energy initiatives (use of cleaner energy sources, energy consumption management and operational efficiency, carbon reduction targets). Companies have a variety of strategies to reduce emissions, including setting targets for reductions, using cleaner energy sources and managing energy consumption. While these efforts vary considerably across companies. We categorize them as No Efforts, Some Efforts, and Aggressive Efforts to make them more comparable. This information is presented for the portfolio .

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

More than 400 funds are assessed by the tool ESG & Climate Risk Assessment on a monthly basis.

LYXOR has decided to publish the following exposures calculated at the portfolio level:

- Portfolio Carbon Footprint: the measurement of GHG emissions from investments, gives investors an indication of their current financed emissions.
- In regards with transition risk and more specifically, the stranded assets, LYXOR has chosen to present :
  - The share of reserves (thermal coal, gas, oil) of which an investor would be responsible according to his investment in the portfolio (per/ \$ M invested),
  - Potential emissions associated to these reserves of fossil fuels (expressed in tCO2e per/ \$ M invested),
  - A focus is also presented on potential emissions from high-impact fossil fuel reserves (thermal coal, oil sands, oil and shale gas).
- In regards with carbon risk management, LYXOR presents at the portfolio level a classification of issuers based on their efforts concerning energy initiatives (use of cleaner energy sources, energy consumption management and operational efficiency, carbon reduction targets).
- In regards with energy producers, LYXOR presents the energy mix of energy producer within the portfolio. The row data used are the company-reported power-generation volume (MWh) by fuel type, where available.
- In regards with the portfolio's exposure to issuers offering environmental solutions, LYXOR presents the exposure to revenues devoted to environmental solutions that contribute to the Sustainable Development Goals (SDGs).

No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Through the Climate Action 100+, LYXOR seeks to obtain commitment from companies, to provide enhanced corporate disclosure in line with the recommendations of the TCFD.



We currently do not publish TCFD disclosures

## Governance and human resources

SG 07 CC	Mandatory to Report Disclose	Voluntary to Report	Public	Descriptive	General
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**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6  
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

**Supervisory board of Lyxor** : The members of the Supervisory Board of LAM and LIAM are informed annually of the progress of LYXOR's ESG activity.

**The Responsible Committee (CORESP)** of the Business Unit oversees Sustainable matters. This committee is co-shared by the Head of the Business Unit and by the Chief Executive Officer of LYXOR.

The LYXOR climate strategy is determined by **the CEO of LYXOR**.

**The Head of the LYXOR** Sustainable and Responsible Investments Team reports directly:

- Every week to the LYXOR General Secretary which is a member of the LYXOR Executive Committee
- Biannually, to the executive committee of LYXOR, including the Chief Executive Officer of LYXOR, on its activities and the implementation of the responsible investment strategy.

**The Head of the LYXOR Sustainable and Responsible Investments Team** is also member of :

- The Responsible Committee (CORESP) of the Business Unit
- The CSR Management Committee of Société Générale Group

**The SRI team** : The SRI Team determines the Responsible Investment Policy and its implementation. The SRI team is under the responsibility of Florent DEIXONNE and integrated into the General Secretariat.

<b>SG 07.7 CC</b>	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
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The SRI Team determines the Responsible Investment Policy and its implementation.

The Head of the LYXOR Sustainable and Responsible Investments Team reports directly:

- Every week to the LYXOR General Secretary which is a member of the LYXOR Executive Committee
- Biannually, to the executive committee of LYXOR, including the Chief Executive Officer of LYXOR, on its activities and the implementation of the responsible investment strategy.

In addition, a **bi-annual Governance Committee** oversees the implementation of the LYXOR's voting & engagement Policy.

The committee is composed of the following members: Chief Investment Officers (CIO), General Secretary, Head of Private Wealth Investments, Head of Legal Affairs, Chief Compliance Officer (RCCI), Head of the SRI team, SRI Analyst.

<b>SG 07.8 CC</b>	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
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- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	The carbon intensity of the portfolio is calculated as the weighted average of the carbon intensities of underlying issuers	In MtCO <sub>2</sub> per \$ M income	represents the sum product of the portfolio weights and Carbon Intensities.
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	these represent the total and absolute carbon footprint of the portfolio.	The emissions are expressed in terms of tons carbon dioxide equivalents (tCO <sub>2</sub> e).	It is calculated by dividing the total emissions of the fund (expressed in carbon dioxide-equivalent tons) by the fund's capital (expressed in millions of euros). Carbon efficiency describes the amount of carbon emissions per fund investment of one million euros. Carbon efficiency = Total emissions of the fund / AUM
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	represents the carbon footprint of the portfolio normalized by € million invested.	Carbon Emissions tons CO <sub>2</sub> e/\$M invested	If an investor holds 1% of a company's capitalization, this means they are responsible for 1% of that company's emissions (in equivalent tones of CO <sub>2</sub> ). Company contribution = (price x number of shares held) / market capitalization Portfolio carbon footprint = $\sum(\text{company contribution (x)} \times \text{company emissions (x)})$
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	measures the volume of greenhouse gas (GHG) emissions that the portfolio is responsible for, in proportion to its share capital.	tCO <sub>2</sub> e/\$M invested	It is calculated by dividing the total emissions of the fund (expressed in carbon dioxide-equivalent tons) by the fund's capital (expressed in millions of euros). Carbon efficiency describes the amount of carbon emissions per fund investment of one million euros.
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	shows the carbon efficiency of the portfolio in terms of emissions per M€ of sales	tons CO <sub>2</sub> e / \$M Sales	Carbon intensity is calculated by dividing the emissions of individual holdings (expressed in carbon dioxide-equivalent tons) by net sales (expressed in millions of euros). After that, the carbon intensities of individual holdings are weighted with the relative shares of the holdings in the fund, and finally all weighted figures of individual holdings are added together

<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	<p>Transition Risk is defined as the financial risk associated with the transition to a low carbon economy and now more commonly associated with climate change.</p> <p>We calculate the reserves for which an investor would be responsible based on comparable dollar investments in the portfolio and benchmark</p>	<p>The exposure is expressed by % Weight of the portfolio</p> <p>The fossil fuel reserves :</p> <p>Thermal Coal (Tons) , Gas (MMBOE) ,Oil (MMBOE)</p>	<p>portfolio exposure to issuers with fossil fuel reserves (in terms of the weight of the portfolio rated in carbon), which may be stranded in the context of a low carbon transition</p>
<b>Other emissions metrics</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	<p>Potential emissions from fossil fuel reserves. In that the total potential emissions of existing known fossil fuel reserves vastly exceed the limit of emissions that scientific consensus indicates must be met in order to manage climate change, many of these reserves may not be usable. If this is the case, the market values of companies holding reserves may be overstated because they are based in part on the present value of these reserves assuming that they can be fully utilized.</p>	<p>(tCO2e/ \$M invested)</p>	<p>It is calculated by dividing the total of potential emissions of the fund (expressed in carbon dioxide-equivalent tons) by the fund's capital (expressed in millions of euros).</p>

SG 14.7  
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019	2030	LYXOR 's strategy : the total exit of coal by 2030 for companies with assets in the EU and OECD.	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019	2040	LYXOR 's strategy : the total exit of coal by 2040 for companies with assets in the World	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

LYXOR developed a proprietary method which allow measuring ESG risks and opportunities at portfolios level, notably including the climate dimension, thus making possible for investors to dynamically follow these climate- related risks.

On a monthly basis, Lyxor calculate & produce an ESG & Climate Reporting which identifies risks and opportunities of the different issuers in our portfolios (companies and governments). This allows investor to analyze its exposure to these risks.

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9  
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes
- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

