



# CLIMATE TRANSPARENCY REPORT 2020

Union Asset Management Holding AG

# 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/-31C3A5FC-9BA0-49D3-9623-1E7250CA9AEC/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	✓	Private				
SG 07.6 CC	-	Private				
SG 07.7 CC	-	Private				
SG 07.8 CC	-	Private				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Private				
SG 13.5 CC	✓	Private				
SG 13.6 CC	✓	Private				
SG 13.7 CC	✓	Private				
SG 13.8 CC	✓	Private				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Private				
SG 14.7 CC	-	Private				
SG 14.8 CC	✓	Private				
SG 14.9 CC	✓	Private				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

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>	Union Asset Management Holding AG
<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>	2010
<b>Region</b>	Europe
<b>Country</b>	Germany
<b>Disclosure of Voluntary Indicators</b>	94% from 38 Voluntary indicators

# Union Asset Management Holding AG

## 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.

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.

Yes

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

In a first, dedicated, ongoing project we have identified transition and physical climate-related risks and opportunities in line with the TCFD recommendations. Specifically, we looked at how those risk and opportunities might affect first, us directly as an asset management company, and second, the assets we manage for our clients. While the direct physical effects on us as a company based in Frankfurt/Germany will probably be limited, especially the effects on the portfolios we manage for our clients could be severe and far-reaching. We therefore more thoroughly examined how climate-related risks and opportunities could affect specifically our investments in real estate and financial securities.

### Transition Risks

Climate Change-related *policy and legal risks* as well as *reputation risks* are currently primarily covered by our own team of more than a dozen ESG analysts. We currently have one ESG analyst dedicated specifically to all risks and opportunities related to climate change. Our ESG analysts closely follow expected changes in climate policy and - if material - inform all portfolio managers of those risks. For instance, before Germany introduced its new price on carbon emissions in late 2019 we published a study on its potential impacts and briefed all portfolio managers so they could prepare their investment decisions sufficiently. *Reputation risks* are covered by the dedicated "ESG Controversies Committee" which assesses all sustainability-related controversies. This committee can issue underweight as well as exclusion signals. *Market and technology risks* are covered not only by our ESG analysts but also by the portfolio managers in so-called "sector tandems". For each sector we have built tandems consisting of fundamental and ESG analysts who assess the companies relevant in our investment universe from all sustainability-related perspectives, including of course climate change. In addition to this we have built a proprietary model based on scenario analysis in order to measure the "warming potential" of each company (in order to assess their alignment with the Paris Agreement). This model will be upgraded in 2020 to reflect companies' own targets and not just current GHG emissions.

### Physical Risks

We currently conduct a feasibility study to assess how physical risks can best be quantified and then integrated into the investment process, especially given the uncertainties with respect not only to companies' locations and adaptation measures undertaken but also to the involved time scales.

### In General

In general we also often additionally use *engagement* as a risk mitigation tool when it comes to climate change. In 2019 we have had more than 220 engagements (individual & collaborative via Climate Action100+ and CDP) which specifically focused on climate-related risk and opportunities. In those engagements we have asked companies we have invested in to disclose those risks and opportunities in accordance with the TCFD recommendations. Additionally, we often requested them to disclose via CDP. The success of those engagements is assessed and documented in our internal research system SIRIS.

No

**SG 01.7  
CC**

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

Yes

No

Describe why your organisation has not yet assessed the likelihood and impact of climate risks

We are currently in the process of systematically identifying the associated likelihoods and impacts of different climate change scenarios for different regions, sectors and asset classes. When this process is concluded we can match the identified risks and opportunities with those likelihoods and impacts.

**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

Since 2015 we do have an organisation-wide climate change strategy in place. This strategy makes clear that climate change-related risks and opportunities are material and that we will integrate their assessment fully into the investment process. We plan to revise and expand that strategy so that material climate-related risks and opportunities can be identified and managed in a more systematic manner.

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
- We currently do not publish TCFD disclosures

## Governance and human resources

## ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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**SG 13.1** 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.).

- Yes, in order to assess future ESG factors

Describe

In order to arrive at a more complete picture of an issuer, we qualitatively engage in order to assess whether market participants will improve or deteriorate in ESG scores in order to identify risks and opportunities in the market. For instance, single issuers may be classified as "transitioners".

- Yes, in order to assess future climate-related risks and opportunities

Describe

Developed KPIs with respect to climate change transition risks for all sectors and funds (listed equity/fixed income). Main indicator called "temperature contribution" is calculated based on in-house model relating current GHG emissions intensity of a company to targeted sectoral emissions intensity in a below 2°-scenario.

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above



**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			750	000	000
Currency	EUR				
Assets in USD			826	725	973

Specify the framework or taxonomy used.

We specifically target investments that are transforming and lower their carbon footprint as part of the business model in order to be more climate resilient in the future. We analyze SDGs and carbon metrics to identify such investments. Investments are implemented across a multitude of portfolios, a concrete number is therefore difficult to discern but it is likely sizable in the range between €500-750mn.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

1

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

1

Fixed income - SSA

Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

1

Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

1

Fixed income - Securitised

Private equity

Property

Percentage of AUM (+/-5%) per asset class invested in the area

1

Commodities

Cash

Other (1)

Brief description and measures of investment

We have a dedicated Green Bonds Fund and SDG theme global equity fund.

Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

Percentage of AUM (+/-5%) per asset class invested in the area

1

- Commodities
- Cash
- Other (1)

Brief description and measures of investment

We have a dedicated Renewable Energy Fund focusing on renewable energy infrastructure.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No