



CLIMATE TRANSPARENCY REPORT 2020

VERKA VK Kirchliche Vorsorge VVaG

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/-765806B4-72AD-4636-ACE3-F70376754CA8/79894dbc337a40828d895f9402aa63de/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	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
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	
Name	VERKA VK Kirchliche Vorsorge VVaG
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2014
Region	Europe
Country	Germany
Disclosure of Voluntary Indicators	91% from 38 Voluntary indicators

VERKA VK Kirchliche Vorsorge VVaG

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.

Human-induced climate change poses a major threat to life on earth. If business and consumer behaviour remains unchanged, the average temperature on earth is expected to increase by at least 5 degrees. This will make the planet uninhabitable in the long term. Sea levels will rise significantly, coastal cities will disappear, entire areas of land will dry up and become desolate. The poorest - the developing countries - who cannot defend themselves against this development would be the first to be affected. Verka has recognised that massive measures must be taken immediately. This primarily concerns those companies that directly or indirectly influence emissions and thus climate change. Last but not least, capital accumulation points and institutional investors like Verka are called upon to act. Verka has joined various initiatives that are part of the Paris Agreement, which aims to limit global warming to a maximum of 2 or better 1.5 degrees Celsius. Verka also takes this directly into account in its investments. Transition risks are particularly seen in relation to companies that cause comparatively high CO2 emissions (Scope 1 to 3). In the future, these companies will have to make huge environment-related investments, which will place a financial burden on the companies and reduce their performance. If they do not do so, however, investors will withdraw and volatility will increase significantly. Against this background, Verka excludes investments in companies with a poor global warming path - especially in the case of CO2 fuel reserves - and otherwise applies a best-in-class approach to the carbon footprint. Issues relating to climate change are also continuously and critically examined at engagement meetings together with the AKI. Sustainability is actively used here as a Risk management tool and, in our experience, leads to performance advantages over the long term while maintaining a sufficiently large diversification. Verka actively takes this into account as part of its investment strategy and specifically in relation to concrete investment decisions.

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.

Over the next two or three years, the global emissions turnaround needs to be achieved in order to meet global warming mitigation targets and prevent threatening sea-level rise. For this purpose, all assets have to fulfill corresponding requirements. In addition, Verka is involved in investor meetings to ensure that other institutional investors take corresponding far-reaching measures.

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

As mentioned above. The strategy is specified in terms of the individual asset classes as part of the investment strategy. For example, the carbon footprint of investment funds must be at least 10% below the respective benchmark. Climate-related impacts are tracked and, in the event of a negative development, the companies concerned are contacted and, in extreme cases, the investment is reduced or completely closed out.

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

SG 07 CC	Mandatory to Report Voluntary to Disclose	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

Other Chief-level staff or heads of departments

- 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

Investment analysts

- 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.

The Management Board sets climate targets for the investment portfolio within the framework of the investment policy and the investment strategies and is also responsible for their implementation and compliance. Once or twice a year, the results and adequacy of the climate goals are reviewed during investment committee meetings. They are also part of the ongoing reporting to the supervisory bodies.

**SG 07.7
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

The managers concerned are directly involved in decisions and implementation issues relating to climate-related issues at monthly meetings of the management circle. Decisions are generally taken by simple majority.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- 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

SG 13

Mandatory

Public

Descriptive

PRI 1

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

Verka calculates ALM studies, forecast calculations and scenario analyses on the risk tracking capacity on an annual basis. These assume different scenarios, which increasingly implicitly take ESG factors and their effects on asset allocation into account.

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

For the future, dedicated scenario analyses are planned for the entire company with regard to various climate risks and other ESG factors.

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 description (1)

- Political risks, which may lead to war and persecution
- 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			947	648	631
Currency	EUR				
Assets in USD		1	044	594	315

Specify the framework or taxonomy used.

Included are investment mandates for which specific climate targets and limits for the carbon footprint have been defined, as well as thematic investments in the fields of alternative energies and energy efficiency measures (as of 31/10/2019). The value refers to the Verka Group. The value as of 31/12/2019 is not yet available.

- 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 14 CC	Voluntary	Public	General
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SG 14.6 CC

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	better carbon footprint than the benchmark	tons CO2 per Mio. EUR turnover or tons CO2 per FTE	CO2 emissions according to Scope 1 and 2 and Scope 3, if available
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Reduction of carbon intensity at the overall portfolio level	the same as above	the same as above
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Improvement of the carbon footprint at overall portfolio level	the same as above	the same as above
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	the same as above	the same as above	the same as above
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	the same as above	the same as above	the same as above
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	the same as above	the same as above	the same as above
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase of the exposure to carbon-related assets	percent	percentage of total portfolio

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	immediately	2019	at least 10% better carbon footprint than the benchmark	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	immediately	2019	exclusion of companies holding fossil fuel reserves	
<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

Each risk analysis analyzes the connection of climate-related risks with the other types of risk in asset-class-specific terms and looks at correlations between asset classes and single assets. These are included in the determination of the risk-return profile of the respective asset. The goal is to reduce climate-related risks at the individual and overall portfolio level.

- 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

Please describe

This is evaluated as part of the asset and manager selection process and is tracked through ongoing communication with issuers, asset managers and other counterparties. During the semi-annual investment committee meetings, these issues are regularly critically reviewed in terms of progress.

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

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.

%

12

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
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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

1

- Fixed income - Securitised
- Private equity

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

6

- Property

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

2

- Infrastructure

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

1

- Forestry

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

1

- Inclusive finance

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

1

- Cash

Brief description and measures of investment

Verka is invested in green bonds, renewable energy in developed and emerging markets, green infrastructure, a fund for energy efficiency measures related to inventory property and infrastructure and a timber fund aligned by ESG. Verka is also invested in a residential real estate fund in Germany which invests in energy efficient renovation of the objects as part of a value-add strategy. At the end of 2019, Verka also subscribed to a dedicated and widely diversified impact 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

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

3

- Property
- Infrastructure
- Forestry

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

1

- Inclusive finance

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

1

- Cash

Brief description and measures of investment

Different types of alternative / renewable energies like photovoltaik, wind and water energy. Verka has significantly expanded its commitment to alternative energies by subscribing to a European hydropower fund in early 2019.

- Green buildings

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

7

- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

The real estate funds in which Verka is involved (office, apartments, retail, hotels, logistics) should preferably invest in properties that meet green building standards (DGNB, LEED,...) or be at least energy efficient. Our own business building has just been refurbished with a high sustainability level (DGNB certificate 'Gold'). The renovation will be fully completed by the beginning of 2020.

- Sustainable forestry

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

2

- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

The focus in this area lies on a sustainability-oriented forest fund. Ahead of the investment sustainability has been extensively checked together with ESG experts in terms of reforestation, the exclusion of land grab and the ESG-certification of all forest areas.

- Sustainable agriculture
- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)

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

1

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Verka is invested in several bonds used to finance institutions in emerging markets, providing micro loans to micro and small entrepreneurs as part of the development policy in the regions concerned.

- SME financing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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

2

- Fixed income - Securitised
- Private equity

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

2

- Property
- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Verka is invested in several private debt funds, that provide senior secured floating rate corporate loans including direct lending, mezzanine and private equity capital awarded to medium-sized companies in Europe, which must meet the sustainability requirements of Verka. These companies don't have other possibilities to get money from the capital market. Since the beginning of 2019, Verka has also been invested in a private debt fund that is thematically focused on the expansion of the fiber optic and 5G network in Germany in order to strengthen the digital infrastructure.

- Social enterprise / community investing

Asset class invested

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

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

2

- Property

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

1

- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Impact investing is a topic in infrastructure funds of Verka that invest in social infrastructure funds. ESG topics are part of the due diligence process.

Verka is also invested in a real estate fund for micro apartments for students and young professionals, where the community is encouraged to get together in social places like washing lounges, gyms or cooking together. At the end of 2019, Verka subscribed to another comparable pan-European micro apartment fund. Verka has also subscribed to a German residential real estate fund in 2019, which has set itself the goal of renovating existing properties in an energy-efficient manner, thereby reducing ancillary and operating costs for tenants.

- Affordable housing
- Education

Asset class invested

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

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

1

- Property
- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Investments in educational institutions like schools and universities within the framework of infrastructure funds

- Global health

Asset class invested

- Listed equity

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

1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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

1

- Fixed income - Securitised

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

1

- Private equity

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

1

- Property
- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Different investments in health care companies through listed and private equity as well as bonds and loans. Verka increased its commitment in this area at the end of 2019 by subscribing to a broadly diversified impact fund, which will invest primarily in global health, among other areas.

- Water

Asset class invested

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

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

20

- Property
- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

Investment in hydropower plants in emerging markets as part of development policy. Since 2019 investments in hydropower in Europe (Norway and Portugal).

Other area, specify

energy efficiency in real estate and infrastrucutre

Asset class invested

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

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

2

- Property
- Infrastructure
- Forestry
- Inclusive finance
- Cash

Brief description and measures of investment

energy efficiency in real estate and infrastrucutre

No