



Materiality		Page 123
Type of engagement	Reason for interaction	
Individualist/ self engagements	<ul style="list-style-type: none"><li>To support investment decisions in the company's portfolio</li><li>To influence corporate practice for more sustainable business</li><li>To encourage improved ESG practices</li><li>Other: specify</li></ul>	
Collaborative engagements	<ul style="list-style-type: none"><li>To support investment decisions in the company's portfolio</li><li>To influence corporate practice for more sustainable business</li><li>To encourage improved ESG practices</li><li>Other: specify</li></ul>	
Service provider engagements	<ul style="list-style-type: none"><li>To support investment decisions in the company's portfolio</li><li>To influence corporate practice for more sustainable business</li><li>To encourage improved ESG practices</li><li>Other: specify</li></ul>	

# CLIMATE TRANSPARENCY REPORT

## 2019

Global Evolution

# 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 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-BE1D4F3F-80F5-4E8A-BDE6-ACCA2F5A07E3/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-BE1D4F3F-80F5-4E8A-BDE6-ACCA2F5A07E3/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). 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 2019 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 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
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 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	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	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	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	
<b>Name</b>	Global Evolution
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 5 - 9.99 billion AUM
<b>Main Asset Class</b>	>50% Fixed Income SSA Internally Managed
<b>Signed PRI Initiative</b>	2011
<b>Region</b>	Europe
<b>Country</b>	Denmark
<b>Disclosure of Voluntary Indicators</b>	40% from 38 Voluntary indicators

# Global Evolution

## 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

**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.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

#### Impact Investing through sovereign debt

Global Evolution, in partnership with our investors, is committed to leaving a legacy of impact investing, which assists in the process of lifting nations out of poverty.

Financing the debt that provides macroeconomic sustainability and goes into promoting productivity, and raising infrastructure, such as electricity production, health, water, security, transport, and school systems, has a significant impact on reducing poverty levels.

At Global Evolution, we have conducted extensive research into the relationship between sovereign debt investing and Environmental, Social, and Governance (ESG) indicators. There is a clear correlation between the sovereign funding costs and ESG dynamics, with governance, unsurprisingly, the most prevalent. By not integrating ESG dynamics into investment decisions, investors sacrifice essential information.

Furthermore, through country visits, we conduct, among other things, extensive on-the-ground dialogue with policy makers discussing strategies to optimize their funding strategies to promote the swiftest and most sustainable economic development.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

#### The importance of ESG considerations

At Global Evolution we recognize the importance of Environmental, Social and Governance (ESG) considerations for investors and advisors globally and continue to help our investors achieve their individual ESG goals.

A strong, integrated, and active ESG approach has become a prerequisite for investment managers to operate in today's market, but certainly also an important selection criteria for many institutional investors.

Through our significant quantitative research effort, we have found that there is a strong business case for considering ESG dynamics as part of the investment process. ESG dynamics are highly correlated with returns - consequently bridging ESG with returns!

Global Evolution is an active signatory of UN Principles for Responsible Investment and UN Global Compact and continuously publishes research on the relevant subjects of ESG dynamics and investment process integration.

Global Evolution is also on the board of directors of the UNPRI Advisory Committee on Credit Ratings (ACCR) which actively takes ESG factors into account.

#### Global Evolution ESG Integration

Global Evolution has a strategic commitment to impact investment and ESG sustainability as an integrated part of our approach to investment. In terms of our ESG integration approach, we have incorporated ESG dynamics across our investment process through various proprietary quantitative econometric models.

For the full universe of emerging and frontier market countries, we construct proprietary ESG ratings, ESG-adjusted credit ratings, as well as statistical valuation signals for sovereign credit spreads and currencies based on ESG dynamics.

In all modesty, we consider ourselves as being at the forefront of ESG sovereign research and ESG sovereign investment integration. We continue to play an active role in the public domain through our ESG research agenda and our close collaboration with the World Bank, the UN, and other relevant stakeholders.

#### ESG Ratings

Global Evolution maintains proprietary ESG ratings for all emerging and frontier market countries across a set of more than 100 E, S and G indicators. Our ESG ratings are calculated in our ESG-simulator which is integrated into our proprietary IT systems and contributes valuable information to the investment process.

The ESG Ratings are optimized through simulations of the several variables and weightings and only includes indicators with substantial influence on the sustainable economic and socio-economic development of countries. In that context, the ESG dynamics are linked to long-term sovereign investments through sustainable development.



The ESG Ratings serve to inform our investment process and as ongoing input to our quantitative valuation and rating models.

**Negative Screening Model**

As part of the sovereign monitoring we operate with a negative screening model that provides a negative watch list for countries due to reasons pertaining to unsustainable levels of governance developments.

Key indicators are used as benchmarks, such as: political rights, civil liberties, democracy, corruption, failed state indicators, and whether the international financial institutions are willing to engage with a government. Deteriorations in such indicators may lead to exclusion from the investable universe of countries.

We prefer to use the carrot rather than the stick approach to encourage a government to act in a manner which we believe will be beneficial for the majority of its population. However, in the most extreme circumstances of government malfunction, we would not favor a strategy of positive engagement.

**Valuation and Rating Model**

**Valuation Model:**

By integrating fundamental macroeconomic, financial and ESG factors into our valuation models, Global Evolution estimates signals for valuations of sovereign credit spreads and currencies. The models are based on panel regression econometrics across the relevant emerging and frontier markets universe and then compares the fundamental fair value of the sovereign credit spreads and currencies with actual market levels. The models simulates over/under/fair valuation signals as well as their statistical significance to inform the investment process as leading indicators for credit spread and currency change.

**Rating Model:**

The Rating Model estimates high-frequency credit ratings, and takes advantage of the dynamics of the fundamentals estimated in the Valuation Model, including macroeconomic, financial and ESG factors. Such high-frequency dynamics in fundamentals are applied to adjust the official and low-frequency credit ratings provided by e.g. S&P and Moody's, and estimate ratings for non-rated countries. Such a proprietary methodology provides a monthly leading indicator for fundamentally deserved credit rating upgrades/downgrades that are not captured in the official credit ratings, and consequently provides the investment process with timely information on sovereign debt valuations.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes
- No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
--	----------------

- URL

	URL
--	-----

{hyperlink:http://www.globalevolution.com/impact-investing/}

- Attachment (will be made public)

	Attachment
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[File 1:Global Evolution ESG Policy.pdf](#)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

	URL
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{hyperlink:http://www.globalevolution.com/impact-investing/}

- Attachment (will be made public)

Attachment

[File 1:Global Evolution ESG Policy.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:<http://www.globalevolution.com/impact-investing/>}

Attachment (will be made public)

Attachment

[File 1:Global Evolution ESG Policy.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:<http://www.globalevolution.com/impact-investing/>}

Attachment (will be made public)

Attachment

[File 1:Global Evolution ESG Policy.pdf](#)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:<http://www.globalevolution.com/impact-investing/>}

Attachment (will be made public)

Attachment

[File 1:Global Evolution ESG Policy.pdf](#)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:<http://www.globalevolution.com/impact-investing/>}

Attachment (will be made public)

Attachment

[File 1:Global Evolution ESG Policy.pdf](#)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments

URL/Attachment

URL

URL

{hyperlink:<http://www.globalevolution.com/impact-investing/>}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:<http://www.globalevolution.com/impact-investing/>}

Attachment

File Attachment

{hyperlink:[20170101Process.pdf \[134KB\]](#)}

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:http://www.globalevolution.com/impact-investing/}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:http://www.globalevolution.com/impact-investing/}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:http://www.globalevolution.com/impact-investing/}

Attachment

File Attachment

{hyperlink:20170101Process.pdf [134KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:http://www.globalevolution.com/impact-investing/}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:http://www.globalevolution.com/impact-investing/}

Attachment

File Attachment

{hyperlink:20170101Process.pdf [134KB]}

We do not publicly disclose any investment policy components

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- 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
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

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

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

<b>SG 07.6 CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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board member are informed and cognizant of our ESG policies and practices

<b>SG 07.7 CC</b>	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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These roles are accountable for integrating ESG

## 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 undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors

	Describe
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we analyze how ESG factors in the future will relate to the asset classes we invest in

- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- 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

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>SG 14.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- 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
- 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 14.5** | Additional information [Optional]

various indicators are tracked; not just one (one have to review several different nuances for such an indicator whjich is why we have several similar indicatorsd sahedding light on vartious nueances of carbon emissions).

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>		<b>General</b>
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**SG 14.6 CC** | Please provide further details on these key metric(s) used to assess climate related risks and opportunities.



Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Other emissions metrics</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

**SG 14.8** | Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.  
**CC**

Process for climate-related risks is integrated into overall risk management

Please describe

We integrate these issues as part of our risk management through negative ESG screening

Process for climate-related risks is not integrated into our overall risk management

**SG 14.9** | Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.  
**CC**

Yes

No, we do not engage

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**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.

%

100

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

all environmental and social aspects are taken into account when investing; not individual issues only.

Asset class invested

- Fixed income - SSA

% of AUM

100

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

Brief description and measures of investment

all environmental and social aspects are taken into account when investing; not individual issues only.

No