



CLIMATE TRANSPARENCY REPORT 2020

Osmosis Investment 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/-829DAA14-CAE8-452A-90FC-0C9E5B4162EF/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	✓	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 14.6 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	Osmosis Investment Management
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 0.1 - 0.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2014
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	97% from 38 Voluntary indicators

Osmosis Investment 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.

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.

The Osmosis Model of Resource Efficiency seeks to identify those companies that are creating more with less and who will lead a just transition to a more sustainable future. The model encourages an all economy approach which aims to facilitate mainstream adoption of sustainable investment principles. While our model does not originate from a risk management approach, but rather from a believe that efficient companies will outperform their innefficient peers, putting key environmental data at the heart of our investment process has benefits for transition and physical climate-related risks and opportunities. This is not limited to our investment time horizon.

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

The Osmosis Model of Resource Efficiency seeks to identify those companies that are creating more with less and who will lead a just transition to a more sustainable future. Our systematic approach focuses on the consumption of natural resources linked to economic productivity, and is integrated into all of our products. Our approach is not a risk-management approach, but stems from a believe that efficient companies will perform better than their innefficient peers. We believe that this concept holds true across the entire model, and therefor we do not believe there is a need to assess likelihood or impact of climate risks.

SG 01.8 CC	Indicate whether the organisation publicly supports the TCFD?
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- 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.
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- Yes

Describe

The Osmosis Model of Resource Efficiency seeks to identify those companies that are creating more with less and who will lead a just transition to a more sustainable future. Our systematic approach focuses on the consumption of natural resources linked to economic productivity, and is integrated into all of our products. Our approach is not a risk-management approach, but stems from a believe that efficient companies will perform better than their inefficient peers. We believe that this concept holds true across the entire model, and therefor we do not believe there is a need to assess likelihood or impact of climate risks.

- No

SG 1.10 CC	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
- 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.
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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

- 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

Dedicated responsible investment staff

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

Investor relations

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

**SG 07.7
CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

All Osmosis strategies are driven by the outcome of the Model of Resource Efficiency. From the definition above, all staff apart from compliance and finance have been included as all dedicated to responsible investment.

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

Describe

While Osmosis' Model of Resource Efficiency is developed to assess companies only on their current resource use, including carbon emissions, water consumption and waste generation, We also perform analysis using scenario analysis tools like SBTi and TPI to assess the level of climate ambition in our portfolios.

- 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

Osmosis stock selection is entirely based on the output of the Model of resource Efficiency. Please refer to 13.3 for details.

- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

The Osmosis model of resource efficiency (MoRE) is a multi-factor systematic process which assimilates objective environmental-based factors of resource intensity with a market-based factor of economic value to produce a robust investment portfolio of sustainable resource efficient businesses.

Stock selection is systematic and based on three resource intensity factors:

- Energy; by measuring the observed and reported level of absolute greenhouse gas emissions from fossil fuel combustion, industrial processes and other sources owned or controlled by a company;
- Water; by calculating the cost of water used in the production process of a company purchased directly for operations or abstracted for use from local supply;
- Waste; by calculating the total costs generated from the disposal of waste in normal company operations, classified as landfill, incineration or recycling and including nuclear waste.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis
- Inform active ownership

Describe

While Osmosis' Model of Resource Efficiency is developed to assess companies only on their current resource use, including carbon emissions, water consumption and waste generation, we have performed analysis using scenario analysis tools like SBTi and TPI to assess the level of climate ambition in our portfolios. These tools are created using climate scenarios from the International Energy Agency (IEA, the 2 Degree Scenario) and the Intergovernmental Panel on Climate Change (IPCC, RCP2.6). This analysis is used as an input into our active ownership engagement strategy.

- Other

SG 13.5
CC

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6
CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

The Osmosis Model of Resource Efficiency seeks to identify those companies that are creating more with less and who will lead a just transition to a more sustainable future. The model encourages an all economy approach which aims to facilitate mainstream adoption of sustainable investment principles. This is not limited to our investment time horizon.

- No

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input checked="" type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

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		1	266	839	998
Currency	USD				
Assets in USD		1	266	839	998

Specify the framework or taxonomy used.

100% of the firm's assets are managed under the Model of Resource Efficiency.

- 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

other description

Osmosis integrates water & waste into the resource efficiency metric alongside energy usage (CO2e).

- 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

other description

Osmosis additionally integrates water & waste disclosures into the resource efficiency metric alongside energy usage (CO₂e)

- None of the above

SG 14 CC	Voluntary	Public	General
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
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Osmosis calculates the portfolio environmental footprint and uses it as a key metric to define the success of the portfolio.	tCO2e; m3 water consumption; t waste generation	The portfolio footprints are calculated using an ownership approach, based on Osmosis proprietary database.
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Osmosis calculates the portfolio environmental footprint and uses it as a key metric to define the success of the portfolio. These footprints are communicated quarterly to our clients.	tCO2e/million \$ revenue; m3 water/million \$ revenue, tonnes of waste/million \$ revenue	The portfolio footprints are calculated using an ownership approach, based on Osmosis proprietary database.
Total carbon emissions	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Osmosis calculates the portfolio environmental footprint and uses it as a key metric to define the success of the portfolio.	tCO2e; m3 water consumption; t waste generation	The portfolio footprints are calculated using an ownership approach, based on Osmosis proprietary database.
Carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Osmosis calculates the portfolio environmental footprint and uses it as a key metric to define the success of the portfolio.	tCO2e/million \$ revenue; m3 water/million \$ revenue, tonnes of waste/million \$ revenue	The portfolio footprints are calculated using an ownership approach, based on Osmosis proprietary database.
Other emissions metrics	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

**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

The Osmosis Model of Resource Efficiency seeks to identify those companies that are creating more with less and who will lead a just transition to a more sustainable future. The model encourages an all economy approach which aims to facilitate mainstream adoption of sustainable investment principles. While our model does not originate from a risk management approach, but rather from a believe that efficient companies will outperform their inefficient peers, putting key environmental data at the heart of our investment process has benefits for transition and physical climate-related risks and opportunities. This is not limited to our investment time horizon.

- 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

Osmosis engages with companies both in and outside of its portfolios to encourage them to disclose extensive environmental information in their annual reports. Osmosis recognizes that the TCFD is one of the most advanced way of incorporating environmental data into mainstream reporting, however, acknowledges that companies can incorporate data in other ways as well.

No, we do not undertake active ownership activities.

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

SG 15

Mandatory to Report Voluntary to Disclose

Public

Descriptive

PRI 1

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

Asset class invested

Listed equity

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

100

Hedge funds

Brief description and measures of investment

The Model of resource efficiency and all of our portfolios target those companies who utilise less energy (carbon) water and produce less waste than their same sector peers per unit of revenue created.

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

Asset class invested

- Listed equity

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

100

- Hedge funds

Brief description and measures of investment

The Model of resource efficiency and all of our portfolios target those companies who utilise less energy (carbon) water and produce less waste than their same sector peers per unit of revenue created.

- Other area, specify

The Model of resource efficiency and all of our portfolios target those companies who utilise less energy (carbon) water and produce less waste

Asset class invested

- Listed equity

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

97

- Hedge funds

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

03

Osmosis Investment Management believes its unique sustainable investment approach places it at the forefront of stewardship in the context of governance and responsibility towards efficient use of resources. Through the allocation of capital that has been entrusted to it, Osmosis is proactively directing capital to companies which are more resource efficient than their sector peers. We believe that efficient use of resources within a company demonstrates good corporate governance and is key to helping these companies maximise returns over time. Through this approach, we believe we will maintain, enhance and protect value to clients over the longer term. Those companies which our model selects for investment display additional characteristics which investors deem attractive, as such resource efficiency can be viewed as a proxy for quality.

No