



RI TRANSPARENCY REPORT

2020

Profundo

About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2020 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an **Index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Index

Organisational Overview			
Indicator	Short description	Status	Disclosure
OO 01	Basic information	✓	Public
OO 02	Reporting year	✓	Public
OO 03	Signatory category and services	✓	Public
OO 04	Other offerings/business activities	🔒	n/a
OO 05	Breakdown of ESG coverage	✓	Asset mix disclosed in OO 06
OO End		✓	-

Strategy and Governance			
Indicator	Short description	Status	Disclosure
SG 01	Responsible investment policy	✓	Public
SG 02	Norms used to develop policies	🔒	n/a
SG 03	Policy offerings to clients	✓	Public
SG 04	ESG/RI in business offerings	✓	Public
SG 05	Outsourcing of services	✓	Public
SG 06	Providing training/education	✓	Public
SG 07	Applying, advancing and promoting the PRI principles	✓	Public
SG 08	Actions taken to promote responsible investment	✓	Public
SG 09	Long term trends	✓	Public
SG 10	Interaction with asset owners	✓	Public
SG 11	Aligning approach with investor goals	✓	Public
SG 12	ESG recommendations not aligned with investor goals	✓	Public
SG 13	Seeking feedback from clients	✓	Public
SG 14	Managing conflicts of interest	✓	Public
SG End		✓	-

Investment Consultancy

Indicator	Short description	Status	Disclosure
IC 01	Advisory and consultancy services	✓	Public
IC 02	Assets under advisement	✓	Private
IC 03	Fiduciary manager services	✓	Public
IC 04	ESG in contracts with clients	✓	Public
IC 05	Custodian services	🔒	n/a
IC 06	RI and ESG in clients' investment policy development	✓	Public
IC 07	ESG incorporation into strategic asset allocation	🔒	n/a
IC 08	Scenario analysis and/or modelling	🔒	n/a
IC 09	Demonstrating value on asset allocation	🔒	n/a
IC 10	Investment research activities	✓	Public
IC 11	Demonstrating value on investment research	✓	Public
IC 12	ESG in manager selection, appointment and monitoring	🔒	n/a
IC 13	Manager selection activities	🔒	n/a
IC 14	Incorporating asset owners' investment principles in selection of manager	🔒	n/a
IC 15	ESG in selection due diligence	🔒	n/a
IC 16	Monitoring investment managers on ESG	🔒	n/a
IC 17	Reporting back to asset owners	🔒	n/a
IC 18	Demonstrating value on manager selection, appointment and monitoring	🔒	n/a
IC 19	ESG in manager selection, appointment and monitoring	✓	Public
IC End		✓	-

Research and Data Provision

Indicator	Short description	Status	Disclosure
RDP 01	Product type	✓	Public
RDP 02	Sources for research and/or rating	✓	Public
RDP 03	Stakeholder input	✓	n/a
RDP 04	Up-to-date assessment and ratings	✓	Public
RDP 05	Balanced research and assessment	✓	Public
RDP 06	Consistency and comparability	✓	Public
RDP 07	Emerging ESG issues and trends	✓	Public
RDP 08	Client use of outputs	✓	Public
RDP 09		✓	Private
RDP End		✓	-

Confidence building measures

Indicator	Short description	Status	Disclosure
CM1 01	Other product offerings, processes and/or activities	✓	n/a
CM1 02	Assurance of responses	✓	Private
CM1 End	Module confirmation page	✓	-

Profundo

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Descriptive

OO 01.1

Select the location of your organisation's headquarters.

Netherlands

OO 01.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

OO 01.3

Indicate the regions where you have offices.

- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

OO 01.4

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

15

OO 01.5

Additional information.[OPTIONAL]

Profundo is an economic research consultancy. We analyse international commodity chains, the financial sector, policy developments and the impacts of businesses and financiers on all sustainability aspects: from human rights to deforestation, from climate change to tax and from armed conflicts to water scarcity. Working for NGOs, governments, research institutes, investors and businesses, we help our clients to understand financial and trade relations and to identify opportunities and obstructions for a sustainable transition.

Reporting Year

OO 02

Mandatory

Public

Descriptive

OO 02.1

Indicate the year end date for your reporting year.

31/12/2019

Signatory category and services

OO 03

Mandatory

Public

Gateway

OO 03.1

Indicate which of the following categories reflect your core offering or main business activity:

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)
- Other, specify(2)

OO 03.2

Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- Reporting
- Active Ownership Services
- Investment consultancy

Investment consultancy

- Yes
- No
- Other, specify (3)
- Other, specify (4)
- None of the above

Profundo

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Public version

Strategy and Governance

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Policy on ESG beliefs

SG 01	Mandatory	Public	Gateway
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SG 01.1 Describe how your organisation's philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

Profundo is a mission driven research and advisory firm: "With profound research and advice, Profundo aims to make a practical contribution to a sustainable world and social justice". The irresponsible patterns in which the global community produces, processes, and consumes natural resources, as well as distributes the wealth and wellbeing derived from these resources, are not just destroying biodiversity, the environment and the climate. They also destabilize societies, create conflicts and human rights violations, and exacerbate social inequality. To change these patterns and create more sustainability and social justice, many different stakeholders need to change course: governments, companies, consumers and financial institutions, to name some of the most important. For all of them, changing course is difficult and inhibited by existing rules and regulations, ingrained habits and practices, outdated technologies, as well as vested interests. To support the movement towards more sustainability and social justice, the profound research and advice we are offering is much needed. We see it as our role to unravel the facts, to analyse the patterns, to expose the vested interests. But also to show the options for change, to look for solutions and to stimulate stakeholders to change course. Our research and advice should be used as a lever for change, providing insights as well as opportunities. Over the years, Profundo has been actively supporting NGOs, financial institutions, and governments in their mission towards sustainable development. In responsible investment, our experience builds upon a long history of comparative research on financial institutions regarding various environmental, social and governance (ESG) factors, such as human rights, nature and biodiversity, climate change, corruption, taxes and subsidies, conflict areas, and undemocratic regimes.

SG 01.2 Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

- Yes
 No

SG 01.5 Additional information [OPTIONAL]

As Profundo is not an asset owner, nor an asset manager, we do not need a responsible investment policy. Moreover, our coverage of topics and the area of expertise is wide and diverse and the projects are customized to the needs of our clients, which makes it even more complicated to design a one-size-fits all policy. For the advisory services, we fall back on the knowledge and experience of previous research and assignments. We have a Strategy Paper that describes our mission and a Sustainability Policy for our own business operations in order to act in line with our mission. The objective of any assignment should always meet our mission regarding sustainable development.

SG 03	Mandatory	Public	Descriptive
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SG 03.1 Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.

	Off the shelf	Tailored
Asset class-specific RI guidelines	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sector-specific RI guidelines	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Screening/exclusions policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Engagement policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(Proxy) voting policy	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out within the Investment Policy Statement (IPS)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
RI guidelines set out in a freestanding RI policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Multi-year RI implementation project plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conflict of interest management policy	<input type="checkbox"/>	<input type="checkbox"/>
Stockbroker allocation policy	<input type="checkbox"/>	<input type="checkbox"/>
Securities lending policy	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 03.2

Provide a brief description of the key elements, any variations, or exceptions applying to these policies.

We advise institutional investors in designing and/or revising their RI policy. While doing so, client's motivation and interest is of utmost importance, however we guide them to include the most impactful and relevant aspects for their investment beliefs and investment policy, based on international standards on ESG factors, to be included in the RI policy. All offerings are tailor-made and a description of key elements cannot be made.

SG 04

Mandatory

Public

Descriptive

SG 04.1

Briefly describe how you include ESG/RI factors as part of your business offerings.

Business area

Investment Consultancy

How you include ESG/RI factors

Profundo works for pension funds, asset managers, charity funds, wealth management, and other institutional investors that have the ambition to become a responsible and sustainable investor. With more than 25 years of experience, a strong reputation, and acknowledgement of many leaders in sustainability, Profundo differentiates itself from other service providers through its objective approach and in-depth knowledge of societal problems and concerns of NGOs. Profundo tailors its offerings to clients' specific requirements. We offer several advisory services:

1. Responsible Investment (RI) policy evaluation and advice
2. Development and evaluation of RI strategy
3. Portfolio ESG analysis and risk assessment
4. Impact investing advice
5. Training and workshops

Our services mentioned above include responsible investment as our core belief and the offerings include designing strategy and approach to deal with wide range of ESG issues that are present in our clients'/ investors' portfolio.

Research and Data Provision

How you include ESG/RI factors

Profundo conducts research on various sustainability issues such as water scarcity, waste management, climate change, tax evasion, biodiversity, human rights encompassing a wide range of sectors/companies such as mining, oil and gas, weapons, tobacco, pharmaceuticals, and chemicals. Therefore, we believe that ESG underlines all our research offerings and responsible investments are our expectation from the society at large. The most common formats of our research include:

- Analysis of a chain or industry: In a study of a commodity chain or an industry (such as the biofuel industry, the electricity sector or the arms industry), we analyse who the major and influential players are. We examine trading and investment relationships, map controversial activities, and analyse the role banks and other financial institutions have.
- Ranking investors in an industry: We research in what way financial institutions - such as banks, pension funds, insurers, asset managers, development banks and export credit agencies - are involved in financing controversial industries (such as the palm oil sector, coal mining industry or cluster munition manufacturers).
- Assessment of responsible investment and financing policies: We compare responsible investment and financing policies of financial institutions with international standards, conventions and guidelines.

SG 04.2

Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation.

Roles present in your organisation	Oversight/accountability for ESG/RI	Implementation of ESG/RI
Board	<input type="checkbox"/>	<input type="checkbox"/>
Directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Chief Executive Officer (CEO), Chief Financial Officer (CFO)	<input type="checkbox"/>	<input type="checkbox"/>
Chief Operating Officer (COO), Chief Information Officer (CIO)	<input type="checkbox"/>	<input type="checkbox"/>
Other chief-level staff	<input type="checkbox"/>	<input type="checkbox"/>
Other heads of department	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; text-align: center;">Please specify</div> Coordinators	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; text-align: center;">Please specify</div> Researchers
Dedicated ESG/RI staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other role, specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 04.3

Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.

- Staff training on ESG/RI incorporation
- Including ESG/RI knowledge factors in personal development goals
- Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals
- Including ESG in selection requirements when hiring new employees
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)

SG 04.4

Indicate whether your organisation has any ESG/RI linked incentives for its employees.

- Yes
- No
- Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

SG 04.6

Describe how you ensure that your employees incorporate ESG/RI into services through other mechanisms than ESG/RI linked incentives.

As mentioned earlier, Profundo is a pure play ESG/sustainability research and advice firm. Including sustainability into our research and advice is in our DNA. Therefore, incentivising employees to include sustainability is marked Not Applicable.

SG 05**Mandatory to Report Voluntary to Disclose****Public****Descriptive****SG 05.1**

Indicate whether you outsource some of your services. Report percentage of services outsourced as percentage for that specific business area.

Business area

- Investment Consultancy
- Research and Data Provision
- None of the above

SG 06**Mandatory****Public****Descriptive**

SG 06.1 Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

- Board/trustee training
- Investment manager training
- Regulatory bodies/authorities or public policy makers
- Corporate executive training
- ESG analyst training
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)
- None of the above

SG 06.2 Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.

We provide training to the board/trustees of institutional investors and corporates to help them understand material sustainability related risks and opportunities. We help pension funds and other institutional investors understand the various high risk sectors that they may be exposed to due to their investing activities, via reports and webinars. When developing or revising RI policy for clients such as pension funds, we educate and update them on the trends and developments regarding international standards and initiatives on the topics they must consider.

SG 06.3 Describe whether these training/educational services include any commercial elements.

Most training/educational services are custom made and paid for by the client that requested the training.

SG 07	Mandatory	Public	Descriptive
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SG 07.1 Describe how your organisation applies, advances and promotes the PRI Principles.

We are signatories of PRI. We apply the PRI principles, amongst others, while designing RI policy for our clients. While advising our clients, we refer to PRI to stress the importance and relevance of responsible investing. To further expand our offerings or to widen our institutional investors client base, we often read PRI publications. We try to attend the PRI meetings as we find it a great opportunity to network.

Further, in our various reports on responsible investments, we encourage investors to join collaborative engagement platforms such as PRI, to increase their leverage on the companies and widen their engagement coverage.

SG 07.2 Highlight whether there are any ways that your organisation would like to engage further with the PRI. [OPTIONAL]

We would like to become more active in the PRI Collaboration Platform and start or support engagement programs and in the PRI Academic Network to cooperate with researchers on studies.

SG 08	Mandatory	Public	
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SG 08.1

Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
- None of the above

SG 09**Mandatory****Public****Descriptive****SG 09.1**

Indicate which of the following long-term trends are addressed in your product outputs.

- Changing demographics
- Climate change

SG 09.2

Explain how this long-term trend affects your product outputs.

Climate change risk research has been one of the most common topics of our research in the past years.

- Resource scarcity

SG 09.2

Explain how this long-term trend affects your product outputs.

Resource scarcity can be the occasion and motivation for doing research with questions such as: how to avoid the resources become scarce? What are the implications for nature and local communities when the search for specific resources is more complex, risky and expensive? This trend leads to concept of circular economy.

- Technology developments
- Other, specify (1)

Trends, market players, ESG risks and value chain analysis of commodities with increasing demand (i.e. soy, palm oil, sugar and livestock).

SG 09.2

Explain how this long-term trend affects your product outputs.

Commodities such as soy, palm oil, sugar, cocoa, has been the focus of our research for various clients. These clients have major concerns about the implications of rising demand for these commodities, also considering the negative impact of current production.

Other, specify (2)

Land rights conflicts and pressure on biodiversity and human rights.

SG 09.2

Explain how this long-term trend affects your product outputs.

Increasing pressure on available agricultural land, due to rising global population and demand for biofuels, leads to conflicts with local communities and deforestation and environmental degradation. These factors impact the investors risk return profile. Through our research and insights, investors can better manage these risks arising from their investments in various companies.

None of the above

SG 10

Mandatory

Public

SG 10.1

Indicate whether you interact with asset owner clients.

Yes, we do

SG 10.2

Indicate the typical frequency and type of interactions with your asset owner clients.

Type of interaction

Board of trustee meetings

Frequency

Daily

Weekly

Monthly

Quarterly

Bi-annually

Annually

Ad-hoc basis

Other, specify

Investment committee meetings

Trustee training workshops

Frequency

- Daily
 - Weekly
 - Monthly
 - Quarterly
 - Bi-annually
 - Annually
 - Ad-hoc basis
 - Other, specify
- Formal regular meetings outside of committee meetings

Frequency

- Daily
 - Weekly
 - Monthly
 - Quarterly
 - Bi-annually
 - Annually
 - Ad-hoc basis
 - Other, specify
- Informal meetings or calls
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- No, we do not

SG 10.3 Additional information. [OPTIONAL]

To explain this indicator better in our context of work, we work on a project basis with asset owners. For example, we design their RI policy and/or advise them about the new upcoming trends and how they can incorporate those into their investment decisions. Therefore, we interact with our clients (asset owners) during the project on a regular basis. The meetings could be with anyone who is responsible for developing the RI policy or its implementation.

SG 11	Mandatory	Public	Descriptive
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SG 11.1

Describe how you typically align your organisation's philosophy and approach to ESG/RI with your investor clients' goals.

 Describe

As an organization, we believe that investors have a tremendous responsibility to invest their money in companies/investment products that do not conflict with and preferably contribute to sustainable development. To promote responsible investment (RI), we advise institutional investors to formulate an advanced RI policy which covers topics such as climate change, biodiversity, deforestation, human rights, labour standards, weapons, animal welfare etc. To us, the more in-depth the policy is, the better will be the investment decisions and strategies to apply the policies. And in the process, we believe that we are working towards our organizational goal of creating a just and a sustainable world.

 This is not relevant for my organisation**SG 11.2**

Additional information. [OPTIONAL]

We do not have many institutional investor clients, but this area is aspirational and we would like to grow this business segment more in the near future.

SG 12**Mandatory****Public****Descriptive****SG 12.1**

Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.

 Describe

We try to convince the investor through our reports as ultimately it is the investor's decision. By highlighting the risks involved in a particular sector/company and quoting relevant best practices, we try to influence their decision.

 This is not relevant for my organisation**SG 13****Mandatory****Public****Descriptive****SG 13.1**

Indicate whether you seek feedback from clients on your RI/ESG services and product offerings

 Yes**SG 13.2**

Describe how you use this feedback in your RI/ESG services and product offerings.

We have formulated a standard process of taking feedback from our clients and sharing it internally for learning purposes. Feedback process is a part of our overall project life cycle. We have designed a template that is shared with our clients after the completion of each project that we do. The feedback provided by the client is then shared with the project manager, team members, and other stakeholders to understand the areas that need improvement in our deliverables. By regularly following this practice we continuously endeavour to learn and enrich our research and advisory services.

 No

SG 14.1	Indicate whether your organisation has a policy for managing potential conflicts of interest.
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Yes

SG 14.2	Describe how you manage potential conflicts of interest.
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We provide assessments of investment and finance policies of a number of financial institutions (on behalf of our NGO clients) and also advise financial institutions on how to improve their investment and finance policies (making it more sustainable and integrating ESG indicators). If the financial institutions rated in one research are also asking us for advice on their policy, we could have a conflict of interest. Therefore, we will not work for the financial institutions that are assessed by the Dutch coalition of the Fair Finance Guide International network. However, we offer RI policy advice and other services, such as writing thematic reports or analysing ESG risks of particular companies that can form a part of their investment decision process to other financial institutions, asset managers, and asset owners.

SG 14.3	Describe how you ensure that company employees do not derive any personal gain from the use of information collected during your work process.
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We have an Anti-Corruption and Fraud Policy in place that describes expected behaviour from all our employees. Our people are committed to perform their work with the utmost level of integrity.

No

SG 14.4	Additional information. [OPTIONAL]
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Investment Consultancy

IC 01	Mandatory	Public	Gateway
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IC 01.1 Indicate whether your services include any of the following.

- Custodial services
- Investment policy development
- Strategic asset allocation
- Investment research
- Manager selection and monitoring
- Other, specify (1)
- Other, specify (2)

IC 01.2 Describe how you ensure that your clients understand your service offerings and fee structure.

Our offerings are listed on our website. We further explain our services when we approach a new client or when we submit a proposal against an open tender. We have a standard daily rate for investors. Using this rate, we provide an estimate of time every activity will take and hence we arrive at a project cost.

IC 03	Mandatory	Public	
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IC 03.1 Indicate whether you provide fiduciary management services.

- Yes, we do
- No, we do not

IC 04	Voluntary	Public	Descriptive
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IC 04.1 Indicate whether you are asked to embed ESG consideration in contracts and/or business plans with clients.

- Yes, we typically are
- Yes, we occasionally are
- No, we are not
- Our organisation embeds ESG considerations in contracts as a standard procedure
- Not applicable

IC 04.2 If yes, describe how ESG considerations are incorporated into contracts with clients.

As mentioned earlier, since we are a pure play ESG/sustainability research provider, all our clients reach out to us because of our mission and perspective on society, including how financial institutions can contribute to a sustainable and just world. It is very well reflected in our contracts with the clients.

Investment policy development

IC 06	Mandatory	Public	Descriptive
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IC 06.1	Indicate whether you incorporate ESG into your investment policy development services.
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- Yes, we systematically do
- Yes, we occasionally do
- No, we do not. Plans exist to start incorporating ESG into our investment policy development services in the next reporting year
- No, we do not

IC 06.2	Describe how you incorporate ESG factors and RI-considerations when advising clients on investment policy development.
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- Reviewing clients' existing beliefs, investment strategy and policy in relation to ESG
- Aligning the investment policy with the client's overall ESG strategy and beliefs
- Helping clients define ESG investment objectives and incorporating them into policies
- Considering short-, mid- and long term time horizon of overall ESG objectives outlined in the investment policy
- Aligning the policy with the relevant ESG/RI regulations and public policies
- Determining the client's ESG risk-profile and materiality to inform the investment policy
- Providing education/training and case studies if the client has not publicly committed to an ESG strategy or beliefs, and seek to incorporate ESG in the client's investment policy
- Researching ESG trends, terminology and current debate to help create an up-to-date investment policy
- Comparing ESG investment policies of peers in the market
- Engaging the client organisations' executives, Board and any other stakeholders in the ESG investment policy development
- Outlining the internal governance structure responsible for overseeing and implementing the investment policy
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Investment research			
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IC 10	Mandatory	Public	
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IC 10.1	Indicate whether you incorporate ESG into your investment research services.
----------------	--

- Yes, we systematically do
- Yes, we occasionally do
- No, we do not. Plans exist to start incorporating ESG into our investment research services in the next reporting year
- No, we do not

IC 10.2

Indicate whether the following activities are part of your investment research process. Describe for each activity how you incorporate ESG.

Investment research activities

- Asset level research
- Portfolio level research
- Performance monitoring
- Mandate design
- Benchmark selection
- Equity research

Describe how you incorporate ESG

Profundo is part of Chain Reaction Research (CRR), a consortium that conducts sustainability and financial risk analysis of companies active in tropical commodity value chains. Since 2013, CRR has informed investors of the financially material risks associated with deforestation in the South East Asian palm oil value chain. Since 2016, CRR expanded its work to cover other regions and commodities, including soy and cattle in Brazil and coffee in Peru. CRR conducts its analysis on the basis of its proprietary analytical framework, through which we systematically identify both ongoing deforestation and deforestation risks, analyse the associated operational business risks and quantify these risks for investors. Our publications are widely read in the finance community, with an average of 30,000 views per report, and all CRR partners regularly present at conferences and webinars.

- Credit research
- Quant research
- Sector research

Describe how you incorporate ESG

We have conducted ESG/sustainability research on many sectors. Some of our sector research are:

1: Financial sector: In consultation with partners of the FFGI coalition, Profundo develops the methodology to assess the responsible investment and lending policies of financial institutions in worldwide nine countries. Profundo carries out the assessment of banks, insurers and pension funds in the Netherlands, based on the methodology, using qualitative research methods, and gives advice and training to international partners in the EU, Asia and Latin America. Being the preferred advisory and research partner of FFGI, Profundo has a good understanding of the financial sector, international policies, regulation and standards influencing the financial sector, including relevant topics as gender quota for the board and management of financial institutions, pay equity, remuneration and variable pay.

For Sunrise Project Group, Profundo ranks world's largest insurance groups on their fossil fuel policies w.r.t their underwriting and investing activities.

Soy: We have conducted many customized researches for commodities such as soy and palm oil covering various sustainability issues such land rights, deforestation, land conversion, human rights, climate change etc.

Weapon: Profundo is the research partner for the Don't Bank on the Bomb campaign that highlights various risks within the sector and promotes responsible investing behaviour amongst banks, insurance companies and institutional investors.

- Thematic research

Describe how you incorporate ESG

Our research focuses on themes such as deforestation, land grabbing, human rights, labour rights, climate change etc. Some of our past research are mentioned below:

1: Profundo conducted a research into animal welfare issues related to the industrial farming of

poultry and pork producing companies. This research highlighted the risks that insurance companies are exposed to while investing in this sector. A similar research is also being conducted for Dutch pension funds' risk exposure into the sector.

2: Human rights: Profundo conducted various studies related to human rights for high risk sectors such as mining, agriculture, and energy sector.

3: We are developing our expertise in water as a theme as we see it becoming one of the most important sustainability risks after climate change.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

IC 11	Mandatory	Public	Descriptive
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IC 11.1	Describe how you measure, track or otherwise demonstrate your value on investment research activities.
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We are in the process of developing a system to measure our impact. At present, we derive satisfaction and accomplishment from actions of banks and companies when they change their behaviour. The drivers for this change is a collaborative effort shared by various parties like NGOs, governments, and investors. We take pride in being a part of this call for change by contributing in through profound research. For example, ING withdrew from Dakota Access Pipeline given the pressure from community, NGOs, and other stakeholders. It is also one of the banks under research within the projects of Fair Finance Guide Netherlands. Seeing the bank improving its risk management processes to exclude such controversial projects gives us motivation to continue.

Manager selection and monitoring

IC 19	Voluntary	Public	Descriptive
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IC 19.1	Provide examples of cases where ESG was incorporated into your services.
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Service line

- Investment policy development

Case example

We developed an RI policy for one of our clients that is a non-governmental federation for human rights organizations. The focus of the RI policy was to take extra care in ensuring the fund of the federation is not exposed to major human rights abuses. The policy was designed and implementation was developed using a mix of exclusion, best-in-class, and qualitative assessments.

- Investment research

Case example

Profundo is a part of Chain Reaction Research (CRR), a consortium that conducts sustainability and financial risk analysis of companies active in tropical commodity value chains. Since 2013, CRR has informed investors of the financially material risks associated with deforestation in the South East Asian palm oil value chain. Since 2016, CRR expanded its work to cover other regions and commodities, including soy and cattle in Brazil and coffee in Peru. CRR conducts its analysis on the basis of its proprietary analytical framework, through which we systematically identify both ongoing deforestation and deforestation risks, analyse the associated operational business risks and quantify these risks for investors. Our publications are widely read in the finance community, with an average of 30,000 views per report, and all CRR partners regularly present at conferences and webinars.

Profundo

Reported Information

Public version

Research and Data Provision

PRI disclaimer

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Product level

RDP 01

Mandatory

Public

RDP 01.1 Indicate your product type. Tick all that apply.

- Analysis
- Benchmarking reports
- ESG ratings
- Credit ratings
- ESG indices
- Raw data
- Second party opinion on green or social bonds
- Surveys
- Other, specify

We also specialize in financiers' research. This entails identifying the financiers and investors of controversial projects, companies, and sectors.

RDP 01.2 Indicate whether you make any of your products publicly available.

- Yes, all products
- Yes, some products
- No, we do not

RDP 01.3 Additional information. [OPTIONAL]

Most of our research reports are published on our website after the client has done this as well. If the client does not wish to publish the results, we will neither.

Research/process level

RDP 02

Mandatory

Public

RDP 02.1

Indicate the types of sources you use for research and/or ratings of companies/sectors/geographies or similar. Tick all that apply.

- Your organisation`s independently collected data from public sources
- Regulatory sources
- Information from NGOs and other stakeholders
- In-person meetings or calls with company or industry representatives
- Primary data (self-reported from companies or other organisations)
- Secondary data (from other research provider databases)
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

RDP 02.2

Indicate how ESG factors are incorporated into your research and/or rating methodology

- Identifying exposure and risk to ESG factors
- Considering responses to self-assessment questions on ESG
- Assessing current and future capacity to manage or mitigate ESG risks
- Assessing past and potential future performance on ESG factors
- Assessing alignment and compliance to different policies and regulations
- Assessing alignment and compliance explicitly to the Sustainable Development Goals (SDGs)
- Assessing current and future positive ESG impacts
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

RDP 02.3

Describe how you define materiality and how this is captured in your research and/or rating methodology as well as final product.

Most of our research is on sustainability themes or commodities. In both these cases, the most material issues are quite evident. For example, we have a long history of research on palm oil value chain and risks involved in the production and trading of palm oil. We have also done many projects on human rights issues focusing on various sectors.

RDP 04**Mandatory****Public****Descriptive**

RDP 04.1

Indicate how you ensure that your ESG assessment of companies/ sectors/ geographies or similar is up-to-date and that new information is incorporated or new assessments are conducted at reasonable intervals.

- Regular update cycles (annual or more frequent)
- Allowing assessments/ ratings to be adjusted at any time by your organisation
- On-going alerts systems in place for new events and information that might have implications on the original assessment/ ratings
- On-going monitoring of possible controversies and compliance to conventions, regulations and similar
- Providing tools for companies/ sectors or others to update the researcher, rating agency or data provider with new information
- Other, specify (1)

We offer customized research to our clients and we do not have any database. We conduct a review if it is demanded by our clients.

- Other, specify (2)
- Other, specify (3)

RDP 05**Mandatory****Public****Descriptive****RDP 05.1**

Indicate how you typically ensure a balanced approach to your research methodology and assessing/rating of companies/sectors/geographies or similar. Tick all that apply and explain your approach to each option.

Type of indicators

- Balancing quantitative and qualitative indicators

Explain your approach

Our research or assessment of any company includes qualitative and quantitative indicators. For example, for evaluating a company's environmental commitment we look at its policies as well as its KPIs on and trend of its GHG emissions. A reducing trend of GHG emissions indicates that the company does not only have a policy but also measures result and progress of its commitments. This approach is implemented on every theme that the company is being assessed on and gives a holistic view of its ESG progress.

- Balancing management/process oriented indicators and performance indicators

Explain your approach

To evaluate management indicators we include management commitment, the overall seniority of responsibility of the issue in the organisation, frequency of management discussion and how this process is integrated on a group level given the global operations of any company. We balance the commitment by also evaluating the performance of the company on that specific issue through relevant KPIs. For example, to evaluate the overall human rights commitment of a company, we assess if the management is committed, who is responsible for implementing the human rights policy, and if there is a grievance mechanism. For evaluating human rights performance, we focus on the number of incidents reported on human rights issues and cases resolved. We also include controversy monitoring for evaluating the effectiveness of the procedures and whether there are areas for improvement.

- Balancing reference to past and current performances, such as whether the rating object's performance is improving or deteriorating

Explain your approach

For those projects that require assessment of sustainability policies or performance of companies on a regular basis, the year on year progress of the company can then be assessed easily. When the indicators of the assessment are changed in the meantime, figures will need to be corrected to draw correct conclusions. With too many changes between methodologies used we will advise the client to refrain from any historical analysis.

- Balancing environmental, social and governance indicators

Explain your approach

We ensure that all the ESG parameters are covered in our analysis while designing assessment methodologies. Depending on the clients' views and investment beliefs ESG factors could have different weights in different sectors but we always strive to ensure right balance of the three pillars of sustainability: ESG.

- Balancing self-reported and public data

Explain your approach

As we are a bespoke research provider, our clients decide if we must consider self-reported or only public data. We don't have a standardized approach for it and in our view both the approaches have their own pro's and con's. We recognise the challenge/discrepancy between self-reported and public data. The companies or banks under evaluation that agree to provide information and participate actively in the research process get the benefit of scoring high as against the companies or banks that do not participate. In our view, this is also an indicator of a company or a banks preparedness and their commitment towards ESG issues. We believe it is fair to reflect the difference in the scoring. It may act as an incentive to participate and be more transparent for the companies and banks to get better rankings and scores.

- Other, specify (1)
- Other, specify (2)
- None of the above

RDP 06	Mandatory	Public	Descriptive
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RDP 06.1 Describe the control processes in place to ensure quality of research.

We have review procedures in place that must be used for all our projects. For every project a senior researcher or coordinator is appointed to review output of the project in several stages of the project. When new methodologies are developed, the reviewer must review a draft and when repetitive work is expected, for example multiple assessments according to the designed methodology, a first sample of the intended output must be reviewed as well. Researchers may also decide to integrate peer review into the process and ask the reviewer for advice on complex decisions. At all times, the draft report must be commented upon by the appointed reviewer. Critical reports may also be reviewed by our director.

RDP 07	Voluntary	Public	Descriptive
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RDP 07.1 Indicate whether you identify and prioritise ESG issues and emerging trends.

- Yes

RDP 07.2 Describe how you incorporate the identified ESG issues and trends in your product offerings and business activities.

We keep ourselves updated with the global debates and developments on ESG issues. This helps us to be the first ones to discuss the potential impact and actions needed with our clients. For

example, after the introduction of SDGs, we actively discussed the implications and research ideas with our clients. Similarly, as animal welfare gains momentum, we are actively promoting animal welfare as a topic in our advisory service for including this issue and relevant SRI strategies to our clients.

Not applicable for our organisation

RDP 08	Voluntary	Public	Descriptive
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RDP 08.1	Describe how research and data provision outputs are used by clients.
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Describe

	Describe how research and data provision outputs are used by clients.
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As mentioned earlier, we have a diverse set of clients for our ESG research services. NGOs use our research to enhance their knowledge on a certain topic, design meaningful campaigns, and prepare discussions with relevant stakeholders. Companies, banks, and investors use our research and advise to strengthen their commitment towards sustainability and improve their investment processes.

Not applicable for our organisation

Profundo

Reported Information

Public version

Confidence building measures

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