



CLIMATE TRANSPARENCY REPORT 2020

Sydbank

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/-4B7FDC82-1CC3-43E9-9BAD-CD3C4695FD5A/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Private				
SG 14.7 CC	-	Private				
SG 14.8 CC	✓	Private				
SG 14.9 CC	✓	Private				
SG 15.1	✓	Private				
SG 15.2	-	Private				
SG 15.3	-	Private				

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	Sydbank
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	>50% Fixed Income SSA Internally Managed
Signed PRI Initiative	2010
Region	Europe
Country	Denmark
Disclosure of Voluntary Indicators	57% from 38 Voluntary indicators

Sydbank

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.

Sydbank has until now worked with the identification and accommodation of climate-related risks and opportunities within the different product areas and asset classes, since there are important differences in the analysis as well as the impact between them. However, we are currently working towards a more direct reference and inclusion of the achievement of the goals in the Paris Agreement on Climate in the global firm-level investment policy. In the process of doing that, more emphasis of carbon footprint measuring and reporting as well as cross asset class climate objectives will be implemented.

From a climate action perspective, we currently identify the most significant risks to be within the extraction and production of fossil fuel and the majority of opportunities are within the clean tech sector as well as within new issues of green finance instruments, e.g. green bonds.

Sydbank does not believe that all portfolios necessarily should be fossil fuel free, nor do we believe that the world will be able to alleviate itself from climate related risks by simply divesting from the sector. What we do believe is that we need to invest with the transition while keeping an eye on the carbon footprint across those sectors most involved in the consumption of fossil fuels like the materials, transport, construction and similar sectors.

No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

As a Danish asset manager, Sydbank will do our part to ensure the government's climate objectives of a 70% CO2 reduction vs. the 1990 level is achieved by 2030. In addition, we actively monitor the development of the UN Sustainable Development Goals for 2030 across all the countries we invest into and further, in line with the Paris Agreement, we will aim to be carbon neutral in 2055 in order to reach a maximum global temperature increase of 1.5 degrees.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

Explain the rationale

Sydbank fully recognizes the important objectives of the TCFD initiative. In the context of our own conduct of our business and the disclosure of own carbon emissions, our activities are covered within the Sydbank A/S group's CSR reporting. Carbon emissions are calculated and published in the annual audited CSR report, and the bank is currently considering its membership / support for the TCFD initiative. Sydbank will therefore be covered under the global Sydbank climate policy.

With regards to our investment portfolios we will support initiatives that ensures we get TCFD data from our invested companies and we will work actively with our data vendors as well as our external ESG partners to accommodate that.

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

As above, Sydbank is covered under the global Sydbank climate policy that focus on the sustainability of our daily business. The progress towards a more climate-friendly business practice is disclosed annually in the Sydbank CSR report and on the bank's website www.sydbank.com.

As further explained above, Sydbank currently offers a range of products that address the climate-associated risks from mainly the exclusion of fossil fuel production and/or investment into green bonds (where relevant). In addition to that, Sydbank expect to include more explicit references to climate risks and opportunities in the firm-level investment policies to ensure that all products, not only a selected group, accommodate an investment style that eventually will ensure we achieve the 2055 goals of the Paris Agreement.

- No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

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

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

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

Portfolio managers

- 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

External managers or service providers

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

**SG 07.7
CC**

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

Climate-related management have begun at the portfolio management level by implementation of carbon footprint data analysis and reporting. The process has begun with equities and corporate bonds and will be implemented across all the asset classes where it is possible and meaningful. Access to quality data and the development of a proper methodology is an important focus area and as such we regard this as a work in progress. By including the climate data directly into the monthly strategy meetings with senior management we ensure that the portfolio teams integrate the analysis to their risk allocation.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

ESG issues is a component in some, but not all models. It depends on the asset class and strategy. For example in sovereign debt the ESG modelling is a key part of the credit analysis.

- Yes, in order to assess future climate-related risks and opportunities
 No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

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

We do the following

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

SG 13.3

Additional information. [OPTIONAL]

ESG issues often plays a part in allocating to thematic strategies within some of our EM equity strategies. Within the EM sovereign debt strategy area we integrate ESG directly into the allocation of the portfolios. This influence our allocation between countries and also within countries, for example, in some portfolios we do not invest in state-owned fossil fuel issuers and/or we invest into sovereign green bonds.

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
- 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

The marks above cover for our portfolios in equity, corporate bonds and emerging market bonds where we exclude fossil fuels.

- 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]

The long-term trends in ESG and their associated risks and opportunities are incorporated into the individual asset classes and strategies at various levels. Some strategies are more exposed to them than others, for example EM equities vs. Danish mortgage bonds.

Sydbank have taken initial action in relation to future climate change risks in the portfolios starting with offering products where direct exposure to fossil fuels have either been excluded or reduced compared to the benchmark. In addition, we have started monitoring the carbon foot print of our portfolios and there is a stronger awareness of the exposure to carbon-related assets. It is important to state, however, that Sydbank does not advocate to exclude fossil fuels entirely as such a decision would not bring about any real world change. Our purpose is to offer clients different opportunities with regards to climate action while ensuring that all our products over time participate in the climate transition and capture the benefits related to it.

The climate change integration from companies have been supported through our proactive engagement with especially emerging markets companies. The inclusion of climate supportive policies from governments have been integrated to our EM bonds strategies through the use of Sustainable Development Goals index data (e.g. goal 13 and 7) where government's progress towards the goals are scored and compared.

