



# CLIMATE TRANSPARENCY REPORT 2020

## ESG Portfolio 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/-65BD5A32-8824-41CE-9B4B-4E34F6C00E01/79894dbc337a40828d895f9402aa63de/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	
<b>Name</b>	ESG Portfolio Management
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 0 - 0.1 billion AUM
<b>Main Asset Class</b>	>50% Fixed Income CNF Internally Managed
<b>Signed PRI Initiative</b>	2018
<b>Region</b>	Europe
<b>Country</b>	Germany
<b>Disclosure of Voluntary Indicators</b>	87% from 38 Voluntary indicators

# ESG Portfolio 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.

We see climate change first as a risk. We use external tools and providers like CDP, MSCI ESG, PACTA and Right Based on Science to measure climate risks like carbon intensity but also the companies' compliance with the Paris climate goals based on TCFD recommendations and scientific targets for every portfolio position. We report the carbon intensity of the funds and the development over time in our monthly reporting for every fund. We see stranded assets as a risk and exclude companies with exposure to coal, oil and fracking in our funds.

Furthermore, we assess climate related risks like rising water levels in the long term. We are focussing on longer term worst case scenarios. For example we do not buy long term mortgage bonds when their assets are concentrated in coastal areas. In general, we do consider where major infrastructure and production facilities are based. We also expect increasing weather volatility with frequent severe storms, flooding but also draughts. We carefully consider the sustainability of water supply for exposed companies and regions.

We also see opportunities from climate-related risks. Leaders in adapting and mitigating risks and especially companies developing relevant technologies will gain competitive advantages and business opportunities. Especially in the areas of alternative energy, low emission transportation and GHG storage. We are spending time and resources to find and analyse those leaders as potential investment targets.

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.

For our risk assessments we analyse 10y and 30y time frames. We ask companies to follow scientific targets and to have a clear commitment to reduce GHG as soon as possible and as much as possible to keep the task manageable. We avoid companies with poor climate risk reporting and no clear risk reduction targets, or when the GHG reduction is planned to start in the distant future.

On the opportunity side we are constantly screening markets and news. We are looking for relevant innovation and technology. Here speed matters as valuations for leaders can increase significantly in a short time period. But we also think longer term in assessing how relevant industries like cement or steel can perform their transition. We try to forecast whether the companies' FCFs are sufficient to bear the

required investments to reduce emissions.

No

<b>SG 01.8 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

<b>SG 01.9 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

Describe

The assessments described in 1.6 and 1.7 above are applied to all positions in all portfolios managed by ESG Portfolio Management.

No

<b>SG 1.10 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

specify

Our website <https://www.esg-portfolio-management.com/wp-content/uploads/2019/11/ESG-Portfolio-Management-TCFD-Based-Reporting.pdf>

We currently do not publish TCFD disclosures

## Governance and human resources

<b>SG 07 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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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

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

**SG 07.6  
CC** For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

We report and publish the carbon intensity of our funds on a monthly basis. Internally we highlight single positions with the highest climate risks. The board members actively suggest more suitable investments or suggest to sell existing holdings.

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

The managing partner personally measures and assesses the climate related risks for all positions. Those risks are always analysed before a position is bought. We use input from CDP, MSCI ESG, PACTA, Right Based on Science

**SG 07.8  
CC** Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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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**

See <https://www.bwi.uni-stuttgart.de/abt3/files/forschung/Forschungsbericht-1-19-Klein.pdf> we analysed ESG factors which are highly relevant for credit quality assessments

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

**Describe**

We used data and tools from CDP, MSCI ESG, PACTA and Right Based on Science

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]

As we consider ESG qualities, SDG impact and climate risk carbon mitigation and carbon reduction this has consequences on our allocation regarding regions and sectors.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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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

**Describe**

We use data and tools from CDP, MSCI ESG, PACTA and Right Based on Science to perform our climate risk analysis. Furthermore, we use additional scenarios to consider rising water levels, severe weather incidents, water shortages etc.

We use 10 and 30 year time frames and base and worst case scenarios. As we are risk averse we do not invest in companies with unclear targets or low commitment.

- Inform active ownership

Describe

Climate risks are often a reason to start engagement with a company. The goal is to reduce emissions and climate risks.

- 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

We consider climate risks on a very long time horizon. Our investment horizon is also rather long.

- 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 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 type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Right Based on Science
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			33	000	000
Currency	EUR				
Assets in USD			36	375	943

Specify the framework or taxonomy used.

tonnes CO2 per million USD invested (using MSCI ESG). Given our exclusion criteria, we do not invest in coal, oil producers and we do not like the automobile sector.

- 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

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>		<b>General</b>
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<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	assess transition risks and find Investment opportunities	CO2 intensity	MSCI ESG methodology
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	assess transition risks and find Investment opportunities	CO2 intensity GHG development	MSCI ESG methodology and Right Based on Science
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	assess transition risks and find Investment opportunities		MSCI ESG methodology
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	assess transition risks and find Investment opportunities		MSCI ESG methodology
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	assess transition risks avoid breaching exclusion criteria	exposure in %	several databases

SG 14.7  
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019	2050	Analysis performed by Right Based on Targets	<a href="#">File 1:Kopie von 20200219 ESG PM XDC.xlsx</a>
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

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

- Processes for climate-related risks are integrated into overall risk management

Please describe

Considering climate risks are a major factor in our investment process. We aim to keep highest sustainability standards in our portfolios, therefore it is integrated in our risk management.

- 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

We explain TCFD when we teach and present

- 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
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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.

%

80

**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

5

Fixed income - SSA

Fixed income - Corporate (financial)

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

5

Fixed income - Corporate (non-financial)

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

10

Fixed income - Securitised

Commodities

Cash

Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Renewable energy



Asset class invested

- Listed equity

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

5

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

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

10

- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

- Green buildings

Asset class invested

- Listed equity

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

1

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

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

2

- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Sustainable forestry

Asset class invested

Listed equity

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

2

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Sustainable agriculture

Asset class invested

Listed equity

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

4

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

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

3

- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

### Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

- Microfinance
- SME financing

### Asset class invested

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

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

2

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

### Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

- Social enterprise / community investing
- Affordable housing

### Asset class invested

- Listed equity

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

2

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Education

Asset class invested

Listed equity

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

2

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

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

3

- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Global health

Asset class invested

Listed equity

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

5

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

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

10

- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Water

Asset class invested

Listed equity

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

3

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

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

6

- Fixed income - Securitised
- Commodities
- Cash
- Other (1)

Brief description and measures of investment

High SDG impact (measurement provided by MSCI ESG)

Other area, specify

No

**SG 15.4** Please attach any supporting information you wish to include. [OPTIONAL]