



CLIMATE TRANSPARENCY REPORT 2020

TAGES CAPITAL

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-2020-1D96E43D-0EF5-4EC7-9C9A-1DDC05EBC987/79894dbc337a40828d895f9402aa63de/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	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
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	TAGES CAPITAL
Signatory Category	Fund of funds, manager of managers, sub-advised products - Majority
Signatory Type	Investment Manager
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2018
Region	Europe
Country	Italy
Disclosure of Voluntary Indicators	90% from 38 Voluntary indicators

TAGES CAPITAL

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 origination of the project related to the Tages Infrastructure funds was specifically based on climate related opportunities linked to clean energy investment.

As per the more liquid investments, climate change has been identified as one of the main risks for some specific strategies, such as Insurance Linked Strategies, Trade Finance, Macro and Emerging Markets. Climate related risks do shape the opportunity of investments in these areas and have a direct effect on expected returns. Recent increase in extreme events related to climate (hurricanes, drought, fires...) do affect the probability models on which insurance products are based and have a direct impact on commodities. Being a global allocator, Tages must take climate risk into considerations when assessing the risk - return profile of various strategies.

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

Tages relies on external analysis and research to better understand consequences of climate change. No internal studies have been specifically developed to assess the likelihood of climate risks.

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

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.

Yes

Describe

For Tages LLP, the ESG Team is in charge of identifying and manage climate related risks and opportunities at company level. At investment level, during the quarterly Strategy Review Committees, analyst should identify any risk factor that could affect the asset allocation, including ESG factors and therefore Climate Related themes.

For Infrastructure the ESG Team is in charge as well of identifying and manage climate related risks and opportunities at company level. At investment level, Tages Funds already implemented a monitoring proprietary system in order to monitor and report regularly avoided CO2 emissions and incidents. All the data collection is constantly analysed to forecast climate-related risks but also opportunities (e.g. mild winters).

As part of its actions towards ESG integration, Tages Group plans to perform a fist scenario analysis exercise to assess the risk and opportunities associated with climate change, based on developing practices being tested in the industry

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

Other role, specify (1)

ESG Team

- 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.
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Regarding both board- and management- level roles, Climate Change-related oversight and implementation responsibilities have been introduced as part of the broader ESG roles defined with the introduction of RI governance in Tages group and the appointment of the ESG Teams. A direct reporting line has been introduced to the executive committees of both subsidiaries, which will be responsible for monitoring and providing accountability.

For Infrastructure business, the Board of Directors has identified an internal Board member responsible for overseeing ESG issues, including climate related issues, who works in collaboration of a cross-functional team made up of the Risk Management Manager, the Institutional Communications Manager, the Chief Operating Officer and the Project Development & Asset Management Manager.

For Liquid Alternatives, Tages has organized an ESG team that comprises 3 key people across the different functions: investment team, business & compliance and marketing. The role of the ESG team is to set the agenda for all ESG activities within Tages including climate related issues. For the investment process, portfolio managers and analysts meet on a quarterly basis at the Strategy Review Meeting and have to report on any climate-related issue that is considered of key importance for the risk management of the portfolios. They furthermore need to identify potential opportunities that may be related to climate related issues.

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

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.).
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- Yes, in order to assess future ESG factors

	Describe
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ESG themes are considered for their influence on main equity indices, in light of the increasing relevance of ESG factors in the investment sector and on the sustainability and financial performance of investment targets as well as on the different asset classes .

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

Describe

Climate risks are evaluated in occasion of the Strategy Review Meeting and carefully discussed to understand impact on some strategies such as: ILS, Trade Finance, Macro and EM. Climate change is re-shaping the pricing of cat bonds and ILS strategies and it can change the economic growth of EM.

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 factors are taken into consideration to determine asset class allocation of portfolios. An example has been the decision not to invest in Insurance Linked Strategies, due to uncertain impact of climate change on the statistical models used to price some instruments like re-insurance products or Cat bonds. The increased likelihood of extreme events have caused important losses to this asset class in the last few years and the Investment Committee of Tages has concluded that the risk / reward profile of the asset class was not anymore in line with our targets.

A further example is the periodic review of some strategies that are considered lacking the minimum standards of governance to be included in the portfolio. Blockchain and cryptocurrencies are an example. For the time being, Tages believes that such strategies do not present an adequate organizational, regulatory and operational set up to be part of our portfolios.

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

Describe

Analysis of climate-relate risks and opportunities is conducted on a case by case basis based on the analysis of prevailing trends and macro-economic demand.

- Inform active ownership
- 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

specify

Investment Analysts

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

Climate-related risks and opportunities are implicitly taken into account as part of Tages Group's investment approach.

As regards Tages SGR, developments and trends related to CC are intrinsically relevant to its main investment sector (PV power).

Regarding Tages LLP, climate considerations are factored as part of long-term evaluation of asset class opportunities, beyond the average duration of typical investments. Climate change has been identified as one of the main risks for some specific strategies, such as Insurance Linked Strategies, Trade Finance, Macro and Emerging Markets. Climate related risks do shape the opportunity of investments in these areas and have a direct effect on expected returns. Recent increase in extreme events related to climate (hurricanes, drought, fires...) do affect the probability models on which insurance products are based and have a direct impact on commodities. Being a global allocator, Tages must take climate risk into considerations when assessing the risk - return profile of various strategies.

- 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 checked="" 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 checked="" 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> Macro research
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC	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
Other emissions metrics	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Infrastructure business efficiency	Tons of CO2	avoided CO2 emissions

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.
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- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into overall risk management

Please describe

A remediation plan has been planned within Tages to consider incorporation of ESG risk, therefore also climate related risk, into risk management. In particular, for Tages SGR, it has been planned to adopt a standardized tool and methodology to assess ESG and reputational risks associated with Infrastructure investments, eventually covering other assets in addition to the photovoltaic industry. Furthermore, the assessment as part of ODD and Preliminary Memoranda are going to be integrated in order to minimize exposure to ESG risk. For the more liquid investment of Tages LLP, the risk management is working towards the introduction of a framework to select a portion of projects with the aim of producing specific, pre-determined environmental and/or social Impacts, to be monitored against some measurable metrics.

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.
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- Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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%

21

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.
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Area

- Energy efficiency / Clean technology
- Renewable energy

Asset class invested

- Infrastructure

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

19.6

- Hedge funds
- Fund of hedge funds

Brief description and measures of investment

Please refer to the INF Module.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Infrastructure
- Hedge funds

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

1.15

- Fund of hedge funds

Brief description and measures of investment

Tages has been actively involved in trade finance funds and in 2019 has increased exposure to an Impact trade finance fund, which is financing small and mid companies in Emerging Markets (with a significant exposure to Sub Saharan countries).

- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

SG 15.4

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

[File 1:SG 15.4_image.png](#)

