



TCFD Report 2019

Reporting in accordance with the Task Force on
Climate-related Financial Disclosures (TCFD)

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Preamble

DPAM, an experienced responsible investor

DPAM has been developing credible responsible investment solutions for several years now, based on long-term expertise of over 18 years.

As of December 2019, DPAM is managing approximately EUR 39 billion (AuM). All our investment strategies integrate environmental, social and governance criteria in the investment decision making process. The integration of sustainability in our investment decisions starts from a single-minded conviction: foster a sustainable long term economy. The sustainable investment strategies, totaling over 20% of all net AUM, are built upon a specific, threefold commitment:

- defend the basic and fundamental rights, i.e. Human Rights, Labor Rights, Fight against Corruption and Protection of Environment;
- express an opinion on controversial activities, i.e. no financing of usual suspects, defining a clear controversial activity policy & engagement on controversial issues, and avoid controversies that may affect reputation, long term growth and investments.
- be a responsible stakeholder and promote transparency, i.e. bring sustainable solutions to ESG challenges, and engage with companies to promote best practices and improvements.

Climate change risks are on the rise...

Over the past decade, the impact of climate change on society has become significantly more severe. According to the Global Carbon Project, in 2018, carbon emissions rose by 2.7% from 2017 level, making it the fastest increase in seven years. And although the rise was much more slowly in 2019 compared to 2018, it was another bad year for climate since emissions reached another record high. Although renewables are rising fast, it is obvious that this is currently not sufficient to reverse the increasing emissions trend.

The 1.5°C report of the IPCC, launched in October 2018, stirred all conversations on climate change. To keep global warming below 1.5°C, in order to avoid disastrous impacts like massive droughts, floods and a decline in agricultural yields (see also WEF's Global Risk Report 2020), the current pace of the emissions reduction efforts need to quintuple, according the Emissions Gap Report 2018 of the UN Environment agency. Achieving such an emission reduction trend will however require an even faster, more drastic energy transition. It will include amongst others drastic policy decisions, such as the EC's Green Deal and the revision of the EU's Emissions Trading Scheme, targeting both the demand and supply-sides and the development of low-carbon solutions. These actions result in so-called climate-related transition risks and opportunities.

Hence, in line with our threefold commitment, we believe that the climate-related challenges we are facing today need to be properly taken into account in our investment decision making process, since they can pose significant risks to our investments and society at large.

Integrating climate change factors: DPAM's fiduciary duty and ambition for continuous improvement

As a long term responsible investor, DPAM acknowledges its unique position to contribute to the fight against climate change. Hence, in November 2018, DPAM welcomed the recommendations of the Task force on Climate-related Financial Disclosure (TCFD), an initiative led by the Financial Stability Board, to promote more informed investment, credit, and insurance underwriting decisions as we strongly believe it will enhance our investment processes and decisions.

By integrating climate change risks and opportunities in our investments decision process, we try to assess the impact of climate change on our investments, and at the same time assess the impact of our investments on climate change. Supporting the TCFD recommendations and improving disclosure in essence means contributing to the fight against climate change and at the same time providing our investors with adapted investment solutions and relevant information concerning climate risks and opportunities. In other words, we truly believe it is an inherent part of our fiduciary duty to integrate the TCFD recommendations.

However, as stated by the Principles for Responsible Investment, the integration of the TCFD recommendations into investment decision making is a complex process, a process of 'learning by doing'. At DPAM, we see the implementation as a step-by-step approach, which is driven by our ambition of continuous improvement. That is why, during this journey, it is our desire to be as transparent as possible and highlight with humility the steps we have already taken, whilst at the same time express our ambitions and acknowledge areas for future improvement.

In this document, we describe our approach to manage climate-related risk (i.e. identification, integration and mitigation) and seize opportunities (i.e. supporting the transition and financing solutions and innovations).

We truly hope you will find this document enriching and insightful.

Enjoy the read!



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CEO DPAM



Ophélie Mortier
Responsible Investment Strategist



Alexander Roose
CIO Fundamental Equity



Peter De Coensel
CIO Fixed Income



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Head of Risk Management

Implementing the TCFD recommendations: intro

Objective of the TCFD recommendations

The TCFD recommendations were published with the aim to enhance climate-related financial disclosure, by providing a framework for disclosing the integration of climate-related risks & opportunities in investment decision making (see Annex I). The framework is built on four pillars:

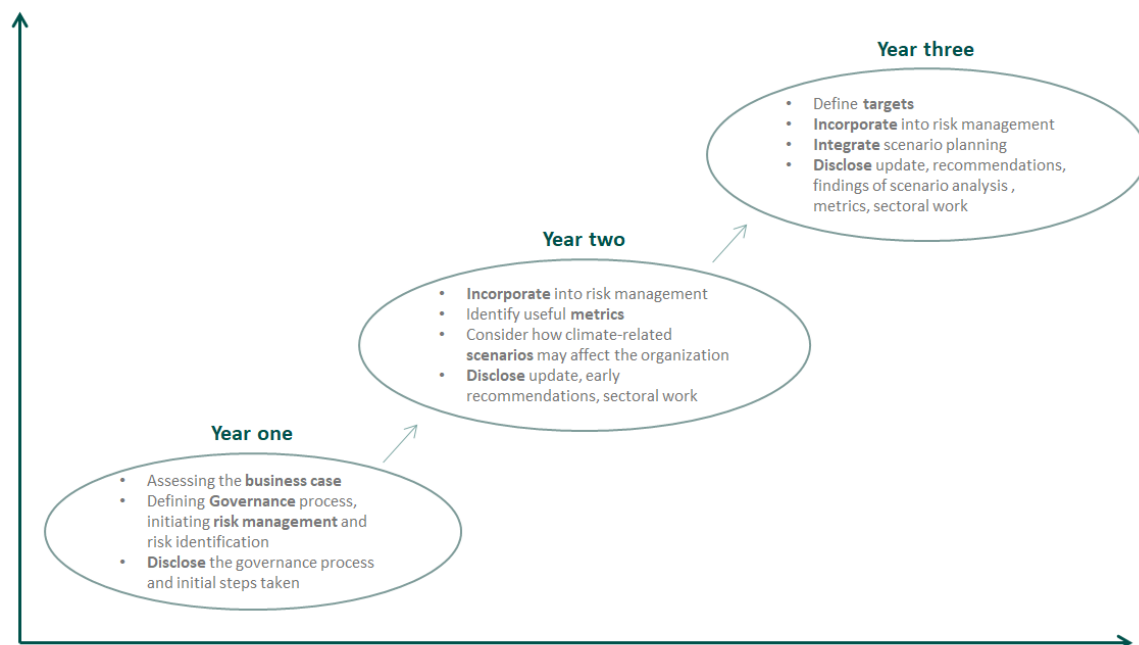
- Governance: focuses on board oversight and the role of management.
- Strategy: focuses on the process for risk identification, its link with asset allocation & performance assessment and the use of scenario analysis to assess resilience of an investment strategy.
- Risk Management: includes risk materiality assessment, data identification and use, risk measurement and prioritization.
- Metrics & targets: focuses on the use of metrics to understand and manage risks and opportunities.

So how are climate-related risks and opportunities **managed** and **integrated** by DPAM and does our approach comply with the TCFD framework?

DPAM's approach

As mentioned by the Principles for Responsible Investment (PRI), the implementation of the TCFD principles is a multi-year process. DPAM's TCFD process started in 2019, year one, which serves as our baseline year.

DPAM's TCFD pathway: a multi-year implementation approach



Source: PRI

In the next sections, DPAM's implementation approach for year one is explained in accordance with the four pillars of the Task Force on Climate-related Financial Disclosures, i.e. the 'how'.

Governance

All DPAM's investment activities are steered by the **Management Board**. It is no different for our climate change strategy and risk management process. As such, the Management Board keeps an oversight of the progress we make in terms of integrating the TCFD recommendations.

The **Responsible Investment Steering Group (RISG)** oversees the implementation of DPAM's mission statement with regard to Responsible Investment and consists of 12 investment professionals, of which our CEO and representatives from different teams (research, portfolio management, responsible investment competence center, RfP, strategy and legal). The RISG is both the pioneer and the guardian of the coherence, consistency and credibility of DPAM's investment processes in light of our strategic commitment toward Responsible Investing and hence is also actively involved in the implementation process of the TCFD recommendations. The RISG gathers on a monthly basis and directly reports to the Management Board (minutes of all (12) meetings are shared with the Management Board).

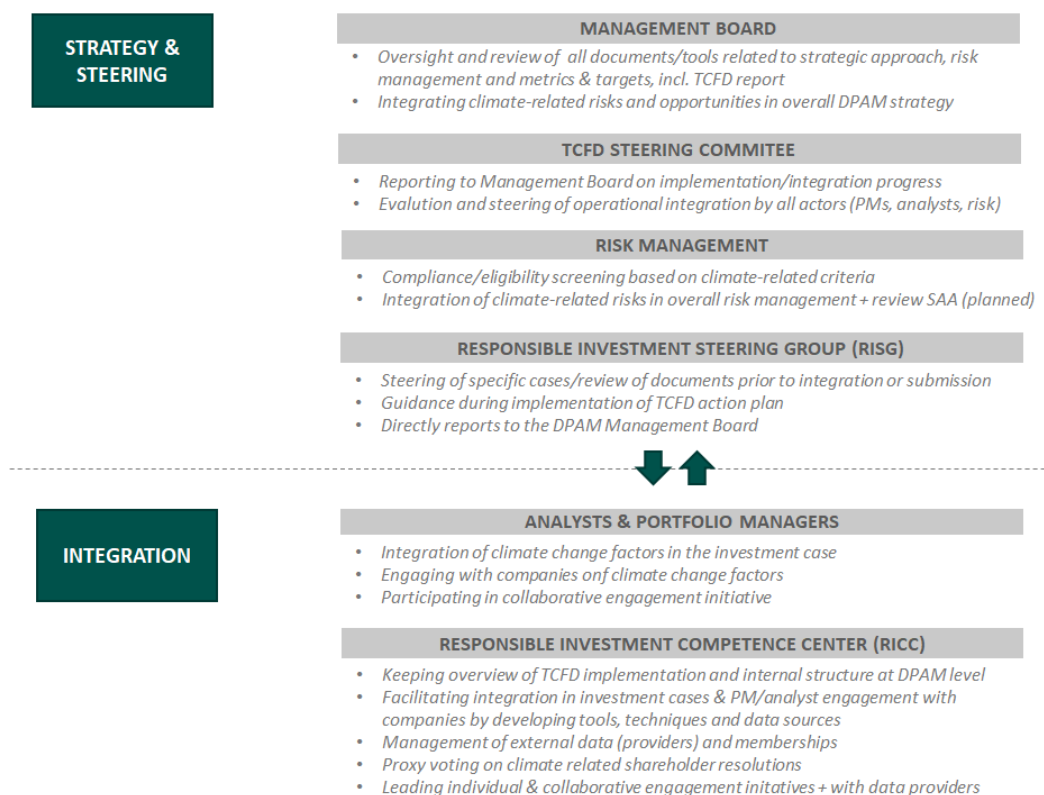
Furthermore, the **Responsible Investment Competence Center (RICC)** manages our sustainable activities on a daily basis. The RI Competence Center, headed by our Responsible Investment Strategist Ophélie Mortier and supported by three additional full-time ESG specialists, is in charge of the coordination of all initiatives, methodologies and projects related to ESG. Our RI Strategist reports directly to DPAM's Management Board and to the CEO of DPAM.

For climate change specifically, a committee of investment professionals was set up to steer the TCFD implementation process (see 'Strategy & risk management'). The **TCFD committee** consists of several Board and RISG members (incl. the CIOs equities and fixed income and the heads of research equities and fixed income). During biannual meetings, fed by the expertise and experience of all our **portfolio managers, analysts and the RICC**, the committee will continue to review and, in case needed, update our climate change strategy and risk management process.

In addition, the **RICC** guides us in our journey by identifying new tools, techniques and sources to facilitate the implementation process, by providing support to portfolio managers and analysts during the integration of climate-related metrics into their assessments and by steering different types of climate-related engagement activities. To track progress on the implementation of the TCFD recommendations, the RICC developed and manages a monitoring tool.

We would like to highlight that integrating climate-related risks & opportunities in investment decision making is everyone's responsibility at DPAM, from portfolio managers and analysts to our risk management team and the Management Board. Due to the complexity of identifying and assessing climate-related risks and opportunities, we believe knowledge sharing and interaction are crucial to reach the ultimate goal of quantifying climate-related risks and opportunities, in order to meet our fiduciary and societal duty.

TCFD implementation: internal roles & responsibilities



Source: DPAM

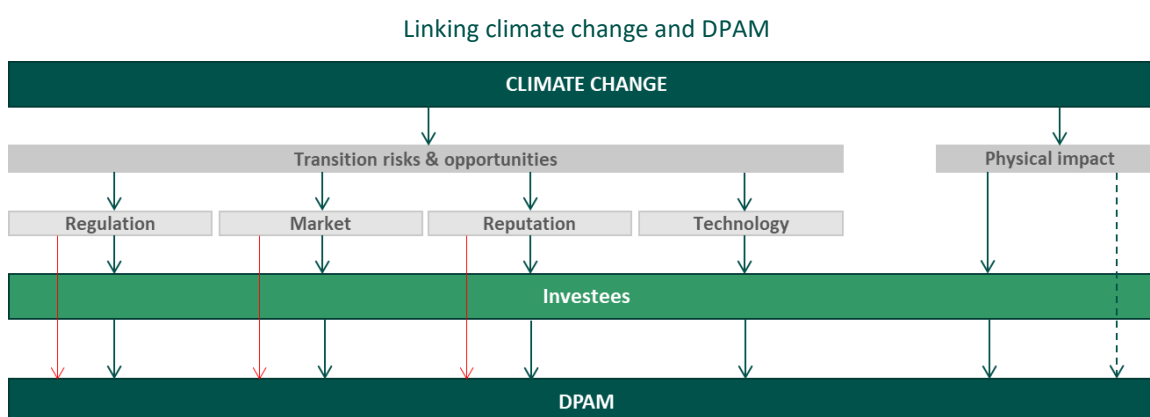
DPAM is committed to responsible investing and therefore adopts a view on corporate responsibility that is consistent with international standards and conventions. DPAM develop 4 main sustainable investment policies, all of which are approved by our Management Board:

- Sustainable and Responsible Investments Policy (available [here](#)): core policy document describing our ESG and RI approach, management, conviction, philosophy, etc.
- Proxy Voting Policy (available [here](#)): aims to defend the values and principles with regard to corporate governance which DPAM advocates and wishes to see applied by the companies in which DPAM funds invest.
- Controversial Activities Policy (available [here](#)): whenever there is any doubt about a company's involvement – be it invested or candidate for portfolio's – in the controversial activities as listed in our policy we will have an engaged dialogue with the company's management. Involvement can be indirect, such as IT and technology companies developing security software for the defence and armament sector.
- Engagement Policy (available [here](#)): DPAM's vision of being a responsible investor is articulated into three pillars:
 1. raising key questions about the consequences of our activities;
 2. being a shareholder which engages in a constructive dialogue with companies and ensuring the rights of shareholders are fully exercised; and,
 3. being committed to long-term objectives and sustainable financing.

Strategy & risk management

Year one in a nutshell: initiating climate-related risk identification and risk management

As an Asset Manager, DPAM manages investment strategies (i.e. funds and mandates). The optimal assessment of risks and expected returns is core to our business. Hence, since our investees can be impacted by consequences of climate change (physical and transition risks and opportunities), we need to integrate these climate risks and opportunities in our business investment cases. But climate change also has a more direct impact on our investment activities, for instance via specific regulation for asset managers or requests coming from our (institutional) clients (please see further).



Source: DPAM

In the following sections, we'll describe DPAM approach to identify, assess and mitigate the impact of climate on our investment activities via our investees, as well as the more direct impact of climate change on our investment activities.

1. Starting point of risk identification: initial assessment of the risk exposure of our investees

From a strategic and risk management perspective, our dedicated RICC performed an **initial sector exposure assessment** for the most material climate-related risks by using the TCFD's framework for categorizing climate-related risks & opportunities (see Annex II). The assessment, which was based on reports and data coming from external experts and data providers, focused on the risk exposure for our investees and already indicated the need for a specialized carbon data provide. Hence, in April 2019 we signed an agreement with Trucost, a dedicated carbon data provider and part of S&P Global.

Based on the assessment and the input of several internal and external sources, including the recommendations of the TCFD, the RICC developed an overview of potential climate-related risks and opportunities, including their risk group, risk description, source, available tools/metrics/data sources, etc.

2. TCFD kickoff & case study

The output of the initial assessment served as foundation for the discussion on the overall integration approach/action plan during an internal TCFD kickoff meeting between seven investment professionals of DPAM (RI strategist & specialist, 2 heads of research and 3 CIOs). Following the meeting, it was decided to develop **2 case studies** as 'proof of concept'. The output of the case studies later served as input for the overall integration approach.

The materiality of climate-related risks and opportunities was assessed for two key TCFD industries (Utilities and Chemicals). Our buy-side equity and fixed income analysts discussed their view on the industry's exposure to specific climate-related risks with the RICC via the use of a specific climate risk

questionnaire (i.e. risk materiality assessment & risk prioritization). In addition, the options for integrating these elements in the overall company assessment/valuation were discussed. Following the meetings, a more detailed assessment was conducted for *Enel*, an Italian utility and *Solvay*, a chemicals company headquartered in Belgium. The case of *Enel* showed that climate-related transition risks, such as carbon pricing and stranded assets and climate-related physical risks, such as droughts resulting in reduced hydropower output, were well-managed by the company and integrated in its overall strategy and business model (i.e. investments in renewables). And the strategy has been paying off which is clearly shown in its achieved emissions reductions and the decommissioning plans for its coal power assets. The same goes for *Solvay*. Although carbon pricing and exposure to the energy industry might pose risks in the future, the company's strategy clearly shows a low-carbon shift which already resulted in significant carbon reductions (in absolute and relative terms).

3. From proof of concept to standardized approach

Following the two case studies, the most material climate-related risks and opportunities for the two industries were defined and a **standard assessment template** was developed. The template is based on the 4 pillars of the TCFD (see Annex I) and consists of several industry-specific, customized fields (incl. material risks & opportunities), which allows us to assess the strategic positioning of a company with respect to climate change and the energy transition. Following the case studies, the RICC together with the buy-side analysts defined material risks and opportunities for the remaining TCFD sectors. The template requires input from multiple sources, including our external ESG/carbon data providers as well brokers, NGOs, academic research entities and our own internal assessments.

Climate-related risks can not only have an impact on individual positions, but also on an aggregated, portfolio level. Hence, to initiate the risk exposure assessment on portfolio level, it was agreed to conduct the proprietary TCFD assessment for the **most carbon intensive positions** of each actively managed investment strategy in order to have a first view on the portfolio's overall climate risk exposure (note that for our actively managed sustainable strategies, the top 5 emitters contribute on average to over 60% of the portfolio's total carbon footprint). All portfolio managers and analysts received specific training, provided by the RICC, on the use of the assessment template, its indicators/metrics and the available data files and sources.

Given the evolution of physical and transition risks and opportunities, it was agreed to **review** the risk identification exercise per industry on a yearly basis.

4. Going beyond internal assessments: defining portfolio construction criteria

Over the course of 2019, in terms of strategic asset allocation, DPAM also stepped up its climate commitment in the portfolio construction of its sustainable investment strategies. By applying **stringent investment criteria** related to carbon intensive power generation and fossil fuel extraction, we stepped up our ambition and aligned our sustainable strategies with the requirements of the 'Towards Sustainability' label from [Febelfin](#), the Belgian federation of the financial sector.

As such, energy companies with significant involvement in oil activities (> 60% of revenue or production) and unconventional extraction methods like shale gas (> 10% of revenue or production) are excluded from the investible universe. Furthermore, companies with a revenue exposure towards coal power generation or coal mining of above 10% (of total revenue), are excluded by default. In addition, utilities with power generation activities which are not aligned with a below 2 degrees scenario (as defined by the International Energy Agency) are not eligible for investment.

The introduction of the 'Towards Sustainability' label resulted in a thorough update of our **Controversial Activities policy**, which is accessible [here](#). By applying these investment criteria, in combination with the specific climate risk assessments, our investment professionals (sustainable and mainstream) increasingly question the financial viability of different business models within the targeted industries (by the label and the TCFD) and hence become even more critical when making investment decisions.

Stepping up our commitment & focusing on engagement

As mentioned above, we signed an agreement with the **dedicated carbon data provider Trucost** in April '19, which strengthens our ability to integrate climate-related metrics in our investment decision making. Furthermore, to step up our commitment, we became a **signatory of the TCFD recommendations** near the end of '18 and we joined the **Climate Action 100+ collaborative engagement initiative**¹ in June '19.

We strongly believe that active, collaborative engagement, via **Climate Action 100+ (CA100+)**, can facilitate the energy transition since it allows us to engage with our investees in a constructive, yet influential way. We defined eight (8) companies for which DPAM joined CA100+ as collaborative investor. DPAM takes on an active role and for several of these initiatives, some nice milestones have already been achieved. But not all engagements are going well which sometimes forces us to make difficult decisions. As such, several portfolio managers decided to divest from a targeted company, active in machinery and engine manufacturing, due to unsatisfying engagement results.

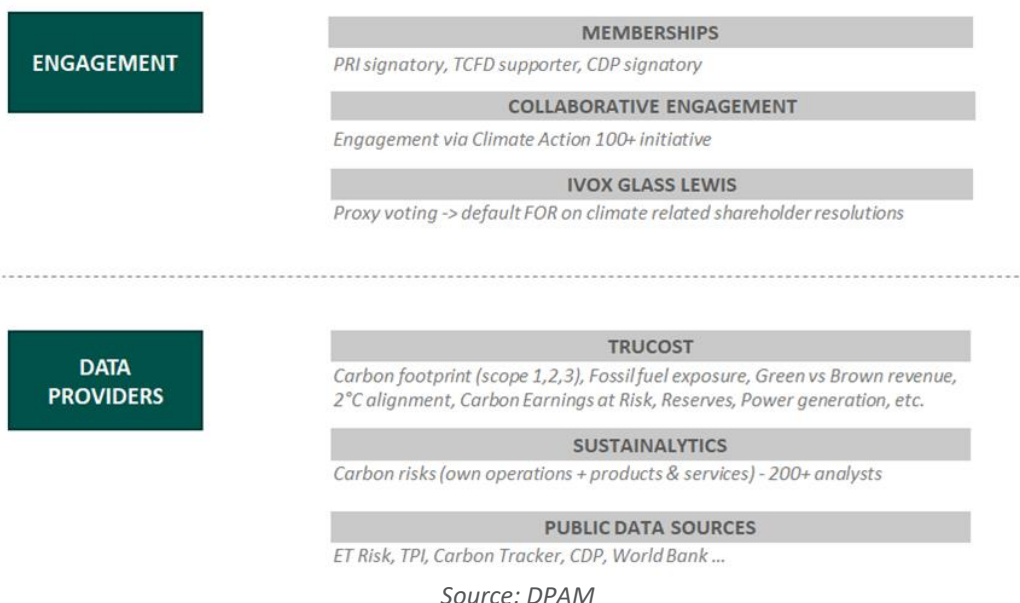
By signing an agreement with the dedicated carbon data provider Trucost, we are able to broaden the scope of our assessments since it allows us to access to modeled data and additional indicators. However, we believe that the integration of climate-related risks via the TCFD recommendations requires company reported data as well, ideally via standardized reporting. Hence, DPAM became a **CDP signatory** near the end of '19/early '20. By doing so, we gain access to company specific data since companies can disclose carbon related information to the CDP via a standardized questionnaire which is later on shared among signatories. We believe this can significantly increase insights in companies' climate strategy and governance quality. Furthermore, it strengthens our commitment as we also joined the CDP's Non-disclosure Campaign 2020. The campaign urges those companies who did not or declined to respond to the questionnaire during 2019, to step up their actions in 2020. Since the CDP is the leading carbon disclosure body, becoming a signatory strengthens our commitment and can facilitate our individual climate-related engagement actions.

In addition, as described in our voting policy, we **support shareholders resolutions**, particularly regarding ESG questions, when these are relevant and aim to improve the company's engagement on those key challenges. More specifically, over the course of 2019 we voted in favor of a several shareholder proposals requesting the disclosure of a climate change report, e.g. for *BP*, a UK-based O&G company and for *Ross Stores*, an American chain of discount department stores.

As a responsible investor, we also value knowledge sharing. Hence, we designed a **Sustainability Knowledge Center** to share our knowledge and expertise and to make all our stakeholders more familiar with the various concepts and terminology. We explore in greater depth various subjects relating to sustainable and responsible investments, concepts and notions relating to the practical construction of portfolios, as well as the regulatory framework. One episode is fully dedicated to climate change and discusses the moral and fiduciary duty of investors to consider climate-related risks and opportunities, basic concepts of integrating climate-related aspects in financial decision making, as well as risk management and measurement techniques. The episode can be accessed via following [link](#).

¹ Climate Action 100+ is an international, PRI-backed initiative led by investors to engage systemically with important greenhouse gas emitters (100+) to improve climate change governance, curb emissions, and strengthen climate-related financial disclosures. The aim of the engagement is to drive the energy transition and help achieve the goals of the Paris Agreement (<http://www.climateaction100.org/>).

TCFD implementation: external actions/links



Strategic asset allocation: facilitating the green transition with a climate-focused investment strategy

Climate change is leading to disruption across a wide range of sectors. Economic agents are influenced and financial assets impacted. Challenges to move towards a low-carbon economy are global which brings both opportunities and risks for investors that want to generate income while preserving capital. The European Investment Bank (EIB) realized this and wanted to incentivize financial institutions to mobilize capital towards greener investments by issuing the first green bond (originally named ‘climate-awareness’ bond), some 10 years ago, which is a bond whose use of proceeds involve projects with positive environmental benefits. And their innovative approach is working, as current green bond issuance is increasing YoY and global green bond issuance stood at USD234.9 billion at the end of 2019 (up by 37% YoY).

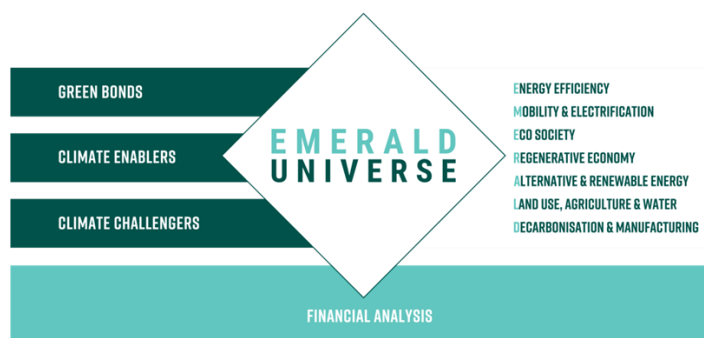
Hence, as part of its asset allocation strategy, DPAM launched a new **fixed income, thematic climate-focused investment strategy** in June 2019. The objective of the strategy is dual. Channeling investments towards issuers (corporate and sovereign) that are committed to tackle climate change and seize opportunities associated with the transition while at the same time creating an unbiased and robust bond portfolio that can weather various market conditions for investors.

Green bonds, and their specified use of proceeds, are a part of the solution, but insufficient to achieve a timely energy transition. The investment scope is therefore broadened towards companies and governments that actively challenge climate risks on the one hand and those who enable the necessary solutions to make the transition away from a high carbon economy a success on the other hand. Hence, the strategy invests in:

- green bonds issuers, i.e. financing projects that reduce emissions;
- climate challengers, i.e. issuers who are making progress towards a carbon neutral economy; and,
- climate enablers, i.e. issuers who are facilitating the transition to a carbon neutral economy.

To better capture these opportunities, DPAM created a proprietary investment universe called “EMERALD” which groups issuers related to Energy efficiency, Mobility and electrification, Eco-society, Regenerative Economy, Alternative and renewable energy, Land use, agriculture and water and Decarbonizing and manufacturing.

Financing innovative solutions for climate change



Source: DPAM

Governments may also be part of the Climate Challenger category. They must have demonstrated through their climate-related policy and achievements that they have taken a leading role as well in the transition towards a low carbon economy. However, we currently face a lack of standardization of a green bond’s use of proceeds, i.e. which green projects are allowed to be financed, as well as a lack of standardization in the area of green bond verifiers. Standardizing both is crucial to increase transparency for investors and to create a common language for the industry which might allow us to avoid the occurrence of so-called ‘green washing’. Hence, DPAM took proactive measures in 2019 and developed a proprietary green bond assessment template to reduce the risk of investing in green bonds whose proceeds are not allocated to eligible, climate change mitigation or adaptation projects.

In addition in terms of strategic asset allocation and product offering strategy on the institutional side (i.e. managed mandates), over the past year we have gained more experience in the development of specific climate-focused investment solutions, both in terms of portfolio management and construction, as well as in terms of climate-related disclosures (i.e. reporting aggregated climate-related metrics). For example, we developed a low-carbon mandate for a Belgian academic institution which includes specific climate-related portfolio construction criteria (e.g. sector specific best-in-class screening based on carbon intensity). For a French client, we developed an ESG report with detailed climate metrics such as two degrees alignment of the portfolio as well as an exposure split to the different TCFD sectors, in accordance to Article 173 of the French Energy Transition Law of 17 August 2015.

Metrics & Targets

DPAM already started disclosing the **carbon footprint** of its portfolios in June 2017, on a quarterly basis. The carbon footprint of the portfolio is meant to assess the portfolio’s carbon risk in the framework of the transition to a low-carbon economy. In order to do so, the carbon emissions of the various issuers are calculated and reported based on their total revenue. The calculation method is based on the acknowledged methodology of the Global Greenhouse Protocol and takes into account the scope 1 and scope 2 emissions. Note that the data do not take into account the total amount of emissions generated by the company, in particular those produced downstream by the use of the commercialized products and services, or upstream by suppliers (scope 3 emissions). The carbon footprint is eventually calculated as a weighted average of the carbon intensity (in tCO₂e/\$M revenue).

Additionally, for our dedicated sustainable strategies, the **top 5 emitters and contributors** to the overall carbon footprint of the portfolio is disclosed.

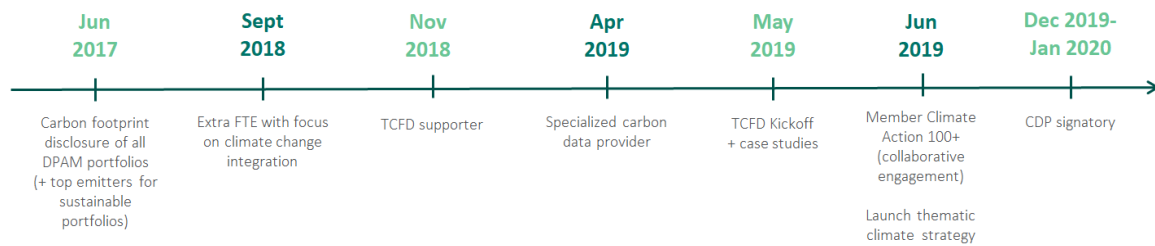
At this stage of the implementation process, carbon emissions related target setting on portfolio level is not (yet) in place. However, as part of our climate-related risk assessment at issuer level, analysts and portfolio managers do take reduction targets of individual issuers into account.

A process of continuous improvement

Looking back at the past 3 years: some first milestones achieved

When looking at the past, DPAM achieved already some milestones in the journey towards implementing the TCFD recommendations.

Implementing the TCFD recommendations: what has been done so far?



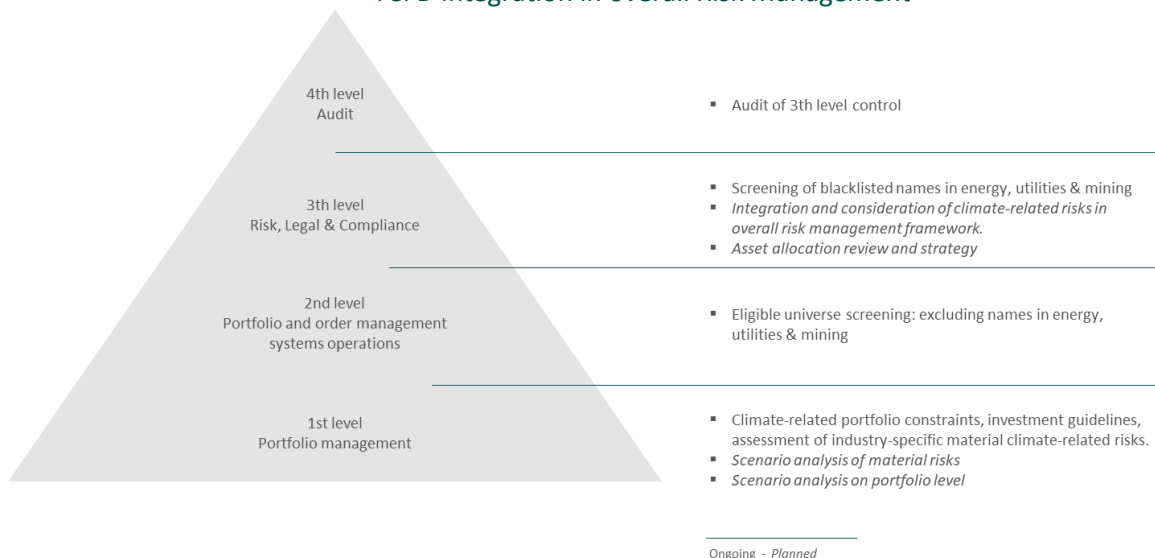
Source: DPAM

Looking forward: further improving our climate-related risk management techniques

Strategic asset allocation (and the review of this process) is an integral part of the TCFD implementation process for asset managers. Apart from the climate risk assessments on issuer level, developing climate-focused investment strategies was a first step to diversify our investment activities. But as the implementation of the TCFD principles is a complex, multi-year process, and since there is a large spread in plausible climate scenarios, continuous improvement is key. Hence, in coming years, starting in 2020, DPAM plans to improve its TCFD implementation process by broadening the scope of its assessments on different levels:

- exploring **scenario analysis** at individual position and portfolio level to assess vulnerability to different scenarios; and,
- integrating climate-related elements in **strategic asset allocation and risk management** activities.

TCFD integration in overall Risk Management



Source: DPAM

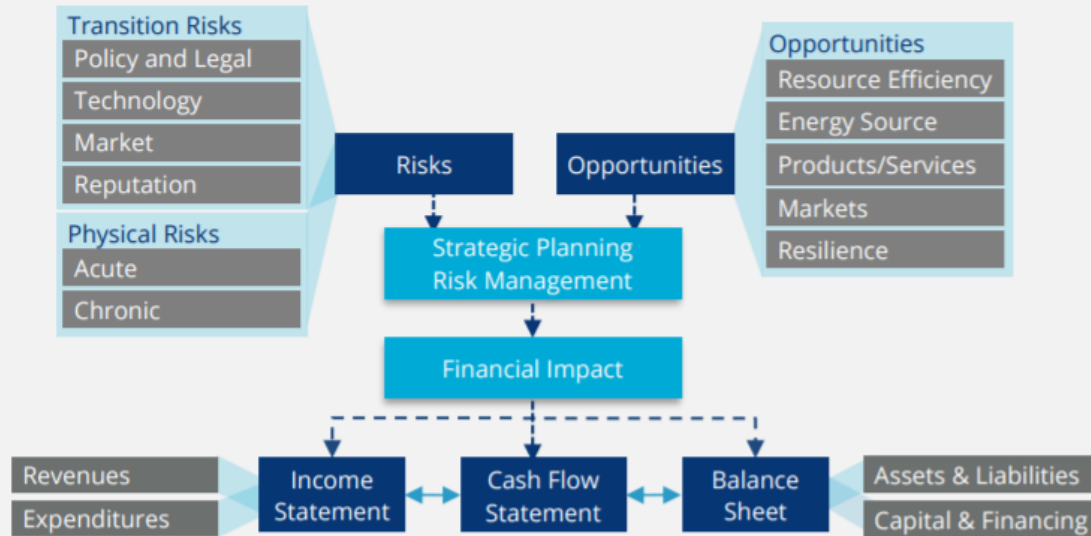
Annex I: TCFD recommendations (4 pillars)

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

Source: TCFD, 2016

Figure 3

Climate-Related Risks, Opportunities, and Financial Impact



Source: TCFD, 2016

Glossary

CA 100+	Climate Action 100+, a collaborative engagement initiative focused on climate change.
Carbon footprint	The carbon footprint of the portfolio is meant to assess the portfolio's carbon risk in the framework of the transition to a low-carbon economy. In order to do so, the carbon emissions of the various issuers are calculated and reported based on their total revenue. The calculation method is based on the acknowledged methodology of the Global Greenhouse Protocol and takes into account the scope 1 emissions (direct emissions resulting from sources which are the property of or are controlled by the reporting issuer) and scope 2 emissions (direct emissions relating to the energy use (electricity, heat, steam) required to be able to produce the product on offer).
Carbon intensity	The weighted average of the carbon intensity (in tCO ₂ e/\$M revenue) measures the portfolio's exposure to high-carbon issuers on the 1 and 2 scopes. These data do not take into account the total amount of emissions generated by the company, in particular those produced downstream by the use of the commercialized products and services, or upstream by suppliers (scope 3 emissions).
CDP	Former Carbon Disclosure Project, a not-for-profit charity running the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
Climate-related opportunities	Opportunities related to the energy transition and society's measures to mitigate the causes of climate change. Four main categories of climate-related opportunities can be identified: resource efficiency, energy source, products/services, markets and resilience.
Climate-related physical risks	Risks which arise as a consequence of climate change (due to the emission of greenhouse gases in the atmosphere). Two categories of climate-related physical risks can be identified: acute risks and chronic risks.
Climate-related transition risks	Risks which arise due to society's measures to mitigate the causes of climate change (i.e. the emission of greenhouse gases in the atmosphere). Four main categories of climate-related transition risks can be identified: policy & legal risk, technology risk, market risk and reputation risk.
EU Emissions Trading Scheme (ETS)	Carbon market for the EU based on cap and trade system with the aim of reducing greenhouse gas emissions in the EU.
EU Green Deal	Europe's new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.
Global Carbon Project (GCP)	GCP is a Global Research Project of Future Earth and a research partner of the World Climate Research Programme and integrates knowledge of greenhouse gases for human activities and the Earth system.
Financial Stability Board	An international body that monitors and makes recommendations about the global financial system. It was established after the G20 London summit in April 2009 as a successor to the Financial Stability Forum

IEA	International Energy Agency a Paris-based autonomous intergovernmental organization established in the framework of the Organization for Economic Co-operation and Development (OECD) in 1974 and acts as a policy adviser to its member states, but also works with non-member countries. The IEA has a broad role in promoting alternate energy sources (including renewable energy), rational energy policies, and multinational energy technology co-operation
IPCC	Intergovernmental Panel on Climate Change (IPCC) is an is an intergovernmental body of the United Nations that is dedicated to providing the world with objective, scientific information relevant to understanding the scientific basis of the risk of human-induced climate change, its natural, political, and economic impacts and risks, and possible response options.
RICC	Responsible Investment Competence Center
RISG	Responsible Investment Steering Group-
Scenario analysis	Scenario analysis is a tool to enhance critical strategic thinking, a way to challenge conventional wisdom about the future and an intention to explore alternatives that may significantly alter the basis for “business-as-usual” assumptions. By applying scenario analysis on different climate-related risks, an investor could make more-informed investment decisions and tackle the degree of uncertainty which is inherent to climate-related risks and opportunities.
TCFD	Task force on Climate-related Financial Disclosures
WEF	World Economic Forum

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