

# NET ZERO ASSET MANAGERS INITIATIVE

INITIAL TARGET DISCLOSURE REPORT MAY 2022



# Contents

Introduction.....	5
The commitment.....	5
Net Zero Asset Managers commitment statement.....	6
How the initiative operates.....	8
Target setting approaches.....	9
Transparency and accountability.....	10
Progress update.....	12
Target disclosure – May 2022.....	12
Key themes highlighted.....	14
 Annex A: Asset Manager Target Disclosures (May 2022).....	 16
Algebris Investments.....	17
Allianz Global Investors.....	18
Alquity Investment Management.....	19
APG Asset Management.....	20
Asteria Investment Managers.....	22
AXA Investment Managers.....	23
La Banque Postale Asset Management and Toqueville Finance.....	25
BankInvest Asset Management Fondsmæglerselskab A/S.....	26
BlackRock.....	28
Boston Common Asset Management.....	30
Boston Trust Walden.....	32
Brookfield Asset Management.....	34
Clean Energy Ventures Management, LLC.....	36
Coutts & Co.....	38
Danske Bank.....	40
Developing World Markets.....	41
DigitalBridge.....	42
Ecofin Investments.....	43
FSN Capital Partners.....	44
Insight Investment.....	45
Invesco.....	47
JGP.....	49
Lazard Asset Management.....	50

<u>LGT Capital Partners</u>	51
<u>Lombard Odier Investment Managers</u>	53
<u>Macquarie Asset Management</u>	54
<u>Massachusetts Financial Services</u>	56
<u>Mirova</u>	58
<u>Montanaro Asset Management</u>	59
<u>Newton Investment Management</u>	61
<u>Nissay Asset Management</u>	62
<u>Quinbrook Infrastructure Partners</u>	63
<u>Ridgewood Infrastructure</u>	64
<u>Royal London Asset Management</u>	65
<u>Russell Investments</u>	67
<u>Sage Advisory</u>	68
<u>Santander Asset Management</u>	69
<u>SEB Investment Management</u>	70
<u>Stafford Capital Partners</u>	71
<u>State Street Global Advisors</u>	73
<u>Vanguard</u>	75
<u>Valo Ventures</u>	77
<u>Wellington Management</u>	78
 Annex B: Asset Manager Target Disclosures (November 2021)	 80
<u>abrdn</u>	81
<u>Anaxis Asset Management</u>	83
<u>Arisaig Partners (Asia) Pte Ltd</u>	84
<u>a.s.r. Asset Management</u>	86
<u>Asset Management One Co. Ltd.</u>	88
<u>ATLAS Infrastructure</u>	89
<u>Aviva Investors</u>	91
<u>AXA Investment Managers</u>	92
<u>BMO Global Asset Management (Canada) / BMO Global Asset Management (EMEA)</u>	94
<u>Calvert Research and Management</u>	96
<u>Capricorn Investment Group</u>	98
<u>Cardano</u>	99
<u>CCLA Investment Management</u>	100
<u>DigitalBridge</u>	101

<u>DWS Group</u> .....	102
<u>FAMA Investimentos</u> .....	104
<u>Fidelity International (FIL)</u> .....	105
<u>Generation Investment Management</u> .....	107
<u>GIB Asset Management</u> .....	108
<u>Handelsbanken Fonder AB</u> .....	110
<u>IFM Investors Pty Ltd</u> .....	111
<u>Inherent Group, LP ("IG")</u> .....	113
<u>J. Safra Sarasin Sustainable Asset Management</u> .....	114
<u>Jupiter Asset Management</u> .....	117
<u>La Financière de l'Echiquier</u> .....	119
<u>Legal &amp; General Investment Management (LGIM)</u> .....	120
<u>M&amp;G Investments</u> .....	123
<u>Maitri Asset Management (Maitri)</u> .....	125
<u>NN Investment Partners</u> .....	126
<u>Nordea Asset Management (NAM)</u> .....	128
<u>Nykredit Asset Management</u> .....	130
<u>Rathbone Greenbank Investments</u> .....	131
<u>Robeco</u> .....	133
<u>Sarasin &amp; Partners LLP</u> .....	135
<u>Schroders plc</u> .....	137
<u>Storebrand Asset Management</u> .....	138
<u>Swedbank Robur Fonder AB</u> .....	139
<u>Terra Alpha Investments LLC</u> .....	141
<u>Trillium Asset Management</u> .....	142
<u>UBS Asset Management</u> .....	144
<u>Van Lanschot Kempen</u> .....	146
<u>Wellington Management Company</u> .....	148
<u>WHEB Asset Management</u> .....	150



## Introduction

The Net Zero Asset Managers initiative (NZAM) is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. The initiative was launched in December 2020 with an initial group of 30 signatories, and is convened by six investor networks:

- AIGCC (Asia)
- Ceres (North America)
- IGCC (Australasia)
- IIGCC (Europe)
- CDP (Global)
- UN PRI (Global)

As of 31 May 2022, the initiative has 273 signatories who together have more than USD 61 trillion in assets under management (AUM).

## The commitment

Signatories to NZAM must comply with a ten-point commitment.

Within a year of becoming a signatory, asset managers are required to disclose:

- The initial percentage of their portfolio that will be managed in line with net zero
- Their 'fair-share' interim targets for AUM that will be managed in line with net zero, and target date
- The methodology used in target setting

As part of the commitment, asset managers aligning with net zero must also prioritise real economy emissions reductions, consider material Scope 3 emissions, increase investment in climate solutions and create investment products in line with net zero. The signatories also agree to only use offsets that involve long-term carbon removal where there are no technologically and/or financially viable ways to eliminate emissions.

The commitment is consistent with the UNFCCC Race to Zero criteria, and NZAM is accredited by Race to Zero.

# Net Zero Asset Managers commitment statement

In line with the best available science on the impacts of climate change, we acknowledge that there is an urgent need to accelerate the transition towards global net zero emissions and for asset managers to play our part to help deliver the goals of the Paris Agreement and ensure a just transition.

**In this context, my organisation commits to support the goal of net zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5°C. It also commits to support investing aligned with net zero emissions by 2050 or sooner.**

## **Specifically, my organisation commits to:**

- a. Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all AUM
- b. Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner
- c. Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included

## **In order to fulfil these commitments my organisation will:**

**For assets committed to be managed in line with the attainment of net zero emissions by 2050 or sooner (under commitment b)**

1. Set interim targets for 2030, consistent with a fair share of the 50% global reduction in CO<sub>2</sub> identified as a requirement in the IPCC special report on global warming of 1.5°C
2. Take account of portfolio Scope 1 & 2 emissions and, to the extent possible, material portfolio Scope 3 emissions
3. Prioritise the achievement of real economy emissions reductions within the sectors and companies in which we invest
4. If using offsets, invest in long-term carbon removal, where there are no technologically and/or financially viable alternatives to eliminate emissions
5. As required, create investment products aligned with net zero emissions by 2050 and facilitate increased investment in climate solutions

## Across all assets under management

6. Provide asset owner clients with information and analytics on net zero investing and climate risk and opportunity
7. Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner
8. Engage with actors key to the investment system including credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that products and services available to investors are consistent with the aim of achieving global net zero emissions by 2050 or sooner
9. Ensure any relevant direct and indirect policy advocacy we undertake is supportive of achieving global net zero emissions by 2050 or sooner

## Accountability

10. Publish TCFD disclosures, including a climate action plan, annually, and submit them to the Investor Agenda via its partner organisations for review to ensure the approach applied is based on a robust methodology, consistent with the UN Race to Zero criteria, and action is being taken in line with the commitments made here

We recognise collaborative investor initiatives including the Investor Agenda and its partner organisations (AIGCC, CDP, Ceres, IGCC, IIGCC, PRI, UNEP-FI), Climate Action 100+, Climate Lague 2030, Paris Aligned Investment Initiative, Science Based Targets initiative for Financial Institutions, UN-convened Net-Zero Asset Owner Alliance, among others, which are developing methodologies and support investors to take action towards net zero emissions. We will collaborate with each other and other investors via such initiatives so that investors have access to best practice, robust and science-based approaches and standardised methodologies, and improved data, through which to deliver these commitments.

We also acknowledge that the scope for asset managers to invest for net zero and to meet the commitments set forth above depends on the mandates agreed with clients and clients' and managers' regulatory environments. These commitments are made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions, and in the context of our legal duties to clients and unless otherwise prohibited by applicable law. In some asset classes or for some investment strategies, agreed net zero methodologies do not yet exist. Where our ability to align our approach to investment with the goal of net zero emissions by 2050 is, today, constrained, we commit to embark with determination and ambition on a journey, and to challenge and seek to overcome the constraints we face.

## How the initiative operates

The initiative is open to any asset manager globally that is also a current member of one of the network partners.

The six network partners coordinate the initiative and provide support to signatories, including advice and guidance on best practice for implementation of the commitment. Each network partner offers a range of activities to support implementation of the commitment, as part of their broader ongoing efforts to support investors in achieving net zero emissions.

The network partners are also responsible for assurance regarding compliance of signatories with the commitment. This includes confirming that methodologies for target setting are science-based and in line with net zero pathways, and ensuring initial disclosures and annual reporting are completed appropriately.

In addition to the implementation support for members offered by each network partner, the initiative holds biannual meetings for all investor signatories to the initiative as a forum to share best practice and discuss implementation challenges and solutions.

The management and implementation of NZAM is overseen by the Steering Committee, made up of network partner CEOs.

The initiative also has an Advisory Group of six signatory investors, who work closely with the network partners. The Advisory Group is responsible for advising on any proposed changes to the commitment, recommendations on the operation of the initiative and informing the Steering Committee in its management and coordination of the initiative. Advisory Group members serve on a rotational basis, with an initial term of two years.

### Steering Committee members

**Stephanie Pfeifer**  
CEO, IIGCC (Chair)

**Rebecca Mikula-Wright**  
CEO, AIGCC and IGCC

**Paul Simpson**  
CEO, CDP

**Mindy Lubber**  
CEO, Ceres

**David Atkin**  
CEO, PRI

### Advisory Group members

**Edward Mason**  
Generation Investment Management

**Catherine Ogden**  
Legal and General Investment Management

**Charles Nguyen**  
Neuberger Berman

**Silvia Deželan**  
Stafford Capital Partners

**Takahashi Wada**  
Sumitomo Mitsui Trust Asset Management

**Wendy Cromwell**  
Wellington Management

Other organisations that have asset manager signatories or members can become supporter organisations who agree to support the aims and objectives, as well as the outreach and mobilisation of signatories.



## Target setting approaches

The commitment is designed to be ‘methodology neutral’ and asset managers may choose the most appropriate target methodology for their business. The network partners, through the Investor Agenda, recognise and endorse three target setting approaches:

- Paris Aligned Investment Initiative’s Net Zero Investment Framework (NZIF)
- Science Based Targets initiative for Financial Institutions (SBTi)
- Net Zero Asset Owner Alliance Target Setting Protocol (TSP)

To ensure targets are robust and science-based, asset managers should choose one or a combination of the above methodologies. If asset managers wish to use an alternative methodology, they should explain the rationale in their disclosure and reporting, including how their alternative methodology is in line with best available science on achieving the 1.5°C goal of the Paris Agreement.

Within a year of becoming a signatory, asset managers are required to disclose:

- The initial percentage of their portfolio that will be managed in line with net zero
- Their ‘fair-share’ interim targets for AUM that will be managed in line with net zero, and target date
- The methodology used in target setting

Interim targets should cover all of the funds or mandates that a manager commits to manage in line with net zero emissions by 2050. Fulfilling the commitment is likely to be contingent on working in partnership with asset owner clients.

What constitutes a ‘fair share’ of CO<sub>2</sub> emissions reduction may depend on several factors. For example, a portfolio may have already achieved significant emissions reductions, which may result in a shallower trajectory required to be in line with net zero while remaining consistent with an overall global net zero trajectory. The sectoral or regional exposure may also influence the level of the target given the expected pace of decarbonisation varies between sectors and regions, and should be in line with 1.5°C scenarios.

The targets should be reviewed at least every five years. The expectation – as set out in part c) of the commitment – is that the proportion of AUM covered by the target will grow over time until 100% of assets are included, by 2050 at the latest. It is possible, however, that there may be times when the proportion has to be restated downwards, for example if a manager’s AUM declines. Similarly, the interim target may need to be restated if there are significant changes in the profile of the AUM.

## Transparency and accountability

An important feature of NZAM is that the commitment requires all signatories to publicly disclose the proportion of assets to be managed in line with net zero and the interim targets set. Furthermore, all signatories will report annually in line with TCFD recommendations, including information on their climate action plan, and progress towards targets.

The initial disclosure to the Network Partners must be made within 12 months of joining the initiative and includes information on:

- Proportion of AUM to be managed in line with net zero
- If less than 100% AUM is initially committed, a brief explanation of why the proportion is the maximum currently achievable and how it will increase over time
- Baseline and target years
- Quantified target(s) to be achieved by target year
- Methodology used to set targets
- Coverage of Scope 1, 2 and extent of Scope 3 coverage of financed emissions
- Underlying science-based net zero scenarios/pathway from which targets are derived
- Brief description of how the asset manager considers the target to be consistent with delivering a fair share of the 50% global reduction in CO<sub>2</sub> emissions by 2030 identified as a requirement in the IPCC special report on global warming of 1.5°C
- Information on the asset manager's policy in relation to fossil fuel investment

Following the initial disclosure, signatories will then report annually to demonstrate implementation of the commitment and progress against their target. This will begin in the first reporting cycle following the 12-month disclosure and investors will report via CDP or PRI annual reporting processes, and the information will be publicly available. CDP and PRI are currently updating their reporting platforms to integrate the elements of the Net Zero Asset Managers initiative commitment.

To ensure transparency and rigorous accountability, annual reporting is expected to follow TCFD recommendations, set out the elements of a signatory's climate action plan, and report on actions taken and progress made against all elements of the 10-point commitment.

The Investor Agenda has produced [expectations for an investors' climate action plan](#), including the following components:

- Investment
- Corporate engagement
- Policy advocacy
- Investor disclosure
- Governance

The network partners work closely with asset managers to ensure all signatories are taking action in line with the commitments made and reporting appropriately. Signatories that do not declare the proportion of assets to be managed in line with net zero, interim target and methodology within one year of signing the commitment will receive an initial notification from the network partners requesting the appropriate declaration. If this is not addressed within one year, the signatory will be delisted from the initiative, following notification by the network partners.

Signatories that do not provide any annual reporting against commitment requirements will receive an initial notification from the network partners. If this is not addressed within one year, the signatory will be delisted from the initiative following notification by the network partners.

In the first two years of a signatory joining the initiative, the network partners may provide feedback to any signatory that is not providing adequate evidence in reporting that they are meeting other aspects of the commitment, to improve their compliance.

The network partners may propose further elements or assurance of compliance through the reporting process, following this introductory period to build capability around compliance.

The Steering Committee also has the right to refuse an asset manager's request to join the initiative where it has reason to doubt the asset manager's ability or intent to comply with the commitment, or if their joining the initiative may otherwise damage the credibility and reputation of the initiative.

## Progress update

Since the launch of the initiative in December 2020, and building on the considerable momentum of the initiative so far, 273 signatories, representing over USD 61 trillion in AUM, have joined over multiple waves of public announcements. This includes 53 new signatories that have joined since COP 26 in November 2021.

To date, the Steering Committee has met six times and the Advisory Group has met four times, focusing on how to ensure effective implementation of the initiative, and to ensure credible action by signatories in relation to their net zero commitments. The initiative has also held three biannual meetings of all signatories which have focused on supporting them in fulfilling the initial requirements to set targets.

Based on learnings from the initial wave of target disclosures, the network partners developed a web form for target disclosures to enable more consistent disclosures and facilitate the process. The web form was presented at the NZAM biannual meeting in March 2022 and asset managers were required to use it to submit their target disclosure to the initiative.

NZAM is also a part of the Glasgow Financial Alliance for Net Zero (GFANZ) that brings together leading net zero initiatives across the financial system, to accelerate the transition to net zero emissions by 2050. It is also a formal partner of the UNFCCC's Race to Zero campaign, with the terms of the NZAM commitment meeting Race to Zero's minimum criteria.

## Target disclosure – May 2022

Nearly 18 months on from the initiative's launch and following publication of the first set of asset managers' initial targets ahead of COP 26 in November 2021, a further 43 managers have now set their initial proportions of AUM to be managed in line with net zero and interim targets. The majority of managers disclosing joined the initiative in March and April 2021, although the report also includes targets from some managers who are reporting early or updating their targets. AXA Investment Managers and Wellington Management are among those who have made updates to targets set in November. New targets can be found in Annex A of this report, while previous targets are available in Annex B. Three targets were rejected by the initiative as they did not meet the commitment's minimum requirements. Network partners will work with those three managers to improve their targets and resubmit ahead of the next report.

This new set of targets brings the total assets under management committed to be managed in line with achieving net zero by 2050 and subject to targets consistent with a 50% global emissions reduction by 2030 to USD 16 trillion out of a possible USD 42 trillion managed by the 84 investors who have set targets so far. This represents around 39% of total assets, which is an increase of 4% from the proportion shared in the November 2021 report. If this proportion were maintained for all initial disclosures expected in 2022, by COP27 more than USD 22 trillion would be managed in line with net zero.

11 additional signatories have been able to commit 100% of their AUM, bringing us to a total of 24 signatories with a combined AUM of over USD 530 billion. We have also seen 19 managers commit more than 75% of their assets and 30 exceed 50%.

Those unable to commit 100% at present, due to business model or methodology changes, have provided information on plans to increase their proportions of assets to be managed in line with net zero, and subject to interim targets, in the near term. This is consistent with the expectations of the initiative that percentage of AUM will increase over time to reach 100%.

All disclosing signatories provide information on the interim targets that have been set in relation to the proportion of assets managed in line with net zero, including the science-based scenarios used to determine these targets. The overwhelming majority have used one, or a combination, of three endorsed target setting methodologies:

- Paris Aligned Investment Initiative's Net Zero Investment Framework (NZIF) – 18 signatories
- Science Based Targets initiative for Financial Institutions (SBTi) – 14
- Net Zero Asset Owner Alliance Target Setting Protocol (TSP) – 4
- Combination – 4
- Own/other methodology – 3

Where asset managers have not used an endorsed methodology, or a methodology has not been used in full, the network partners will continue to engage and support signatories to ensure effective and science-based implementation of targets and strategies going forward. For signatories indicating use of the SBTi methodology, it is noted that the process for target setting is as follows:

- Committing to a Science Based Target via a letter of intent (optional)
- Developing a target in line with SBTi criteria
- Presenting target to SBTi for official validation (within 2 years of committing)
- Communicating this validation to stakeholders
- Reporting progress against these targets annually

Asset managers disclosing targets to the NZAM are not specifically required to have committed or have targets validated by SBTi at the point of this disclosure.

In addition to information on targets, and in light of the network partners' expectation that signatories have science-based policies on investment in coal and other fossil fuels, asset managers were invited to disclose information on their policies. Signatories that do not have broad policies in place were able to indicate how they were planning to consider this issue.

Further detail of each asset manager's specific proportion and targets is set out in Annex A. The network partners have published the key elements of the information provided by each signatory, in relation to the initial proportion of assets to be managed in line with net zero and interim targets set in relation to those assets. This information is based on information self-reported by the signatories, and there is therefore variation in the way it has been prepared. However, while network partners validate methodology usage, publication does not imply network partner verification of information provided or targets set. All asset managers are expected to provide further information on their compliance with all elements of the commitment, including setting out a climate action plan, as part of the annual disclosure and reporting process.

For consistency and aggregation, all asset manager's proportion of AUM was requested to be disclosed in USD. The network partners used the figures as provided by the asset manager.



## Key themes highlighted

Throughout the target disclosure and review process, there were several notable themes which were noted by a number of asset managers and are key drivers behind the targets presented in this report and the approaches taken to setting them.

### The geopolitical backdrop

These targets are being set against an increasingly challenging geopolitical backdrop. The current energy crisis has increased short-term demand for fossil fuels and had a drastic impact on the cost-of-living for many individuals. There has also been increased politicisation of ESG issues more broadly, which we recognise add a layer of complexity to the target setting process.

Additionally, there is increased variation in the regulatory and policy environments that managers are operating in. This affects their ability to shift existing funds towards net zero alignment and can impact the level of client demand for such a shift. There are a number of cases where, due to policy changes or engagement with clients, asset managers have been able to commit a significantly higher proportion of assets than would have been possible even a few months ago. But equally, there are some who are operating in less supportive regulatory environments and are working to overcome some of the current constraints. For organisations that operate globally, they must balance a range of jurisdictional requirements when setting targets and implementing their net zero commitments.

### Target-setting approaches

Given the wide variety of business models, geographic footprints and asset class mixes amongst the asset management community – which is reflected within the NZAM signatory base – we expect to see variation in the approach to target setting and what is achievable in terms of the initial proportion of assets managed in line with net zero.

To reflect this and provide flexibility to signatories, there are three target-setting methodologies endorsed by NZAM – the Paris Aligned Investment Initiative Net Zero Investment Framework, Science Based Target initiative for Financial Institutions and the UN-convened Net Zero Asset Owner Alliance Target Setting Protocol. All three methodologies include different options for target setting, or the possibility to set a combination of targets, allowing signatories to take either a ‘top-down’ emissions reduction approach or a ‘bottom-up’ portfolio coverage approach, or a combination of both.

A portfolio emissions reduction approach is an intuitive method of demonstrating alignment with a fair share of the 50% reduction of emissions required by 2050 but can encourage investors to sell high carbon assets rather than engaging to drive real world impact. Meanwhile, the portfolio coverage approach focuses on getting companies themselves onto a decarbonisation pathway which achieves real world reductions but can be more difficult to determine the portfolio emissions impact. This is why the initiative encourages the use of a combination of targets and actions to ensure real world impact while also being able to effectively track emission reductions. It has also built in some safeguards to ensure managers are engaging with companies across their entire AUM and focusing on both overall reductions and real-world impact.

## Variations in business model and investment approach

It is important to remember that the money that asset managers invest is not their own – they are managing it on behalf of their clients and, depending on their individual business model, they could have thousands of different clients invested across hundreds of funds. Making changes to how these funds invest and what they invest in is often a complicated process that requires consultation with a number of stakeholders. From an NZAM perspective, asset managers' initial targets represent a starting point, often made up of the funds that can be most easily aligned with net zero. However, many have indicated that there are ongoing conversations with clients and other stakeholders which they expect to result in significant increases in the proportion of AUM managed in line with net zero in future. This is consistent with the terms of the NZAM commitment, which requires managers to review their target at least every five years and encourages them to do so more frequently where possible.

Where funds are actively managed, the fund manager has greater power to decide how the money is allocated and which companies to invest in. However, for passive investments or index funds it is more difficult. These investments typically track a benchmark and do not allow for active stock picking or deviation from the benchmark. It is possible for passive funds to implement additional criteria, but this cannot be done without changing the fund's terms and conditions, which would need to be accepted by existing investors in the fund. While there are some net zero index funds that have been set up with additional criteria applied, this is a relatively recent development and there are far more funds that do not have an explicit net zero objective.

However, as long-term owners of the assets that they hold – at least for as long as the companies remain in the benchmark – index funds have an important responsibility when it comes to engaging with the companies they are invested in. Investment stewardship is a key mechanism for encouraging company management to better understand and address material climate risks and work towards achieving net zero emissions by 2050 or sooner. The challenge around aligning index funds more broadly will be an area of focus for network partners in the coming months, and one that they will working collaboratively across the sector to address.

## Availability of methodologies and data

For many asset managers a key constraint identified is the absence of methodologies for accounting for specific asset classes or measuring alignment to net zero. Several managers noted that this was the case for derivatives, private equity, green bonds, sovereign bonds, covered bonds, structured products and cash, among others. There are a number of efforts in train, supported by the network partners and individual managers, to address these gaps in methodologies, which will allow a broader range of asset classes to be included in future.

Similarly, data quality and availability continue to be challenges. Many have noted that they only have included strategies, funds and geographies where data quality and availability was sufficient to underpin robust science-based target setting. However, they are continuing to make efforts to gather relevant data to enable setting of additional targets or broadening the scope of current targets going forward.

# ANNEX A:

# ASSET MANAGER

# TARGET DISCLOSURES

(May 2022)

# Algebris Investments

**57% of total AUM** initially committed to be managed in line with net zero

**USD 12 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2040

**Target(s):** 100% of portfolio companies setting a science-based target (SBT) by 2040

**Baseline year performance for the target metric(s):** 0%

**GHG scopes included:** In setting SBTs, investee companies will need to follow SBTi criteria for covering Scope 1 and 2 emissions, as well as Scope 3.

**Methodology:** Science Based Targets initiative for Financial Institutions

**Scenario(s):** Paris Agreement – well below 2°C

Additional information

**Proportion of AUM committed:** The methodologies recognised by NZAM are in our view currently not applicable to our non-performing loans (NPL) strategy, which has therefore not been included in our initial commitment. Our NPL strategy accounts for approximately 10% of total AUM as of December 2021.

Discretionary mandates account for approximately 27% of total AUM as of December 2021. We aim to add discretionary mandates to our target upon approval by clients. We prudently exclude these assets from our initial AUM target pending such approval.

A residual approximate 5% of total AUM combined is invested in our Italian equity strategy and our global credit strategy. These have not been included in our interim target at this time, but we are working towards including them in the near future.

**Policy on coal and other fossil fuel investments:** Yes, we have a science-based fossil fuel policy. Funds included in scope for our NZAM initial target are prevented from any investment in companies operating in the coal sector, Arctic oil and tar sands, and are subject to strict limits for investment in companies operating in conventional oil and gas. Funds currently not in scope for our NZAM initial target are nevertheless also subject to strict limits regarding investment in coal and/or unconventional oil and gas.

**Further information:** Since 2019, Algebris has planted 82,000 trees and in 2020 the company launched the AlgeTrees project with a commitment to plant 1 million more trees in the coming years. The project entails assessing Algebris emissions, translating CO<sub>2</sub> into an equivalent number of trees by making assumptions on the trees' absorption capacity over their life cycle, planting trees that can contribute to the economic welfare of the local community in line with the UN Sustainable Development Goals, monitoring their growth on an ongoing basis and replenishing the stock in the event some perish.

More information available [here](#).

# Allianz Global Investors

**12% of total AUM** initially committed to be managed in line with net zero

**USD 88 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2024, 2025

**Target(s):** Listed equity and corporate bonds: 25% reduction in carbon intensity by the end of 2024

Direct infrastructure equity: 28% absolute emission reduction by the end of 2025

- Our target is to grow portfolio share of low emitting (i.e. low greenhouse gas emission intensity) and EU Taxonomy eligible assets.
- The low / medium / high greenhouse gas (GHG) emission categories are based on the GHG emissions intensity of each company.

**Baseline year performance for the target metric(s):** Baseline year performance is defined at portfolio level, with progress to be regularly measured.

**GHG scopes included:** We use Scope 1 and 2 in our carbon targets. We intend to include Scope 3 progressively over time.

**Methodology:** UN Asset Owner Alliance Target Setting Protocol

**Scenario(s):** The IPCC special report on global warming of 1.5°C. 25% reduction by 2025 aligns linearly with the 50% reduction by 2030.

Additional information

**Proportion of AUM committed:** The first interim targets on listed equity, corporate debt and direct infrastructure equity and debt are those set by Allianz Group for its proprietary assets based on the Group's commitment as a member of the UN-convened Net Zero Asset Owner Alliance. Part of the Allianz proprietary assets are managed by Allianz Global Investors, which corresponds to the above reported share of AUM.

At Allianz GI we are committed to continuously working on our net-zero commitment. In the near future we will increase the scope of our assets and set intermediate targets for our third-party assets in line with our NZAM commitment. We will continue to actively engage with our institutional clients and distributors on integrating net zero objectives in their investment mandates and into our mutual funds.

**Policy on coal and other fossil fuel investments:** Allianz GI has a firm-wide exclusion policy, which covers thermal coal exclusion. This Policy is applicable to mutual funds for which Allianz Global Investors is acting as management company. We review our exclusions policy at least annually.

**Further information:** AllianzGI key policy document and reports [here](#). Allianz Group's commitment and targets as a member of NZ AOA are available in its [sustainability report](#).



# Alquity Investment Management

**94% of total AUM** initially committed to be managed in line with net zero

**USD 0.1 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019, 2021

**Target year:** 2030

**Target(s):** For our Future World, Asia and Indian Subcontinent funds we have constructed a net zero aligned emissions pathway, using each fund's benchmark at the base year and reducing this by -60% by 2030. The Global Impact Fund intensity will remain at 60% lower than the intensity of its index (ACWI) at all times.

We target that our emerging market funds will have, on average, 20% of financed emissions in material sectors being net zero or aligned by 2030. For our Global Impact Fund, 100% of financed emissions in material sectors will be net zero or aligned.

100% of financed emissions to be under engagement.

**Baseline year performance for the target metric(s):** Future World Fund (AUM: USD 37.6): 465tCO<sub>2</sub>e/\$mn invested, 7% of financed emissions aligned.

Asia Fund (AUM: USD 42.3): 530.5tCO<sub>2</sub>e/\$mn invested, 5% of financed emissions aligned.

Indian Subcontinent Fund (AUM: USD 32.2): 683.6tCO<sub>2</sub>e/\$mn invested, 0% of financed emissions aligned.

Global Impact Fund (AUM: USD 7.4): 60tCO<sub>2</sub>e/\$mn invested, 100% of financed emissions aligned.

**GHG scopes included:** Scope 1 and 2 only for the portfolio-level emissions pathway. In sectors where Scope 3 emissions are material, our company-level assessment covers disclosure, and for certain companies considers whether company targets cover all relevant scopes.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework – Engagement Threshold and Portfolio Decarbonisation Reference Target

**Scenario(s):** We use the IPCC special report on global warming of 1.5°C as a basis from which to derive the target

Additional information

**Proportion of AUM committed:** Not included within the scope of this target currently is the Alquity Africa Fund due to a lack of reliable available emissions data, which we hope will improve over time to enable us to add this fund.

**Policy on coal and other fossil fuel investments:** We exclude all coal or fossil fuel investment from our portfolios. This is consistent with our [climate declaration](#).

# APG Asset Management

**61% of total AUM** initially committed to be managed in line with net zero

**USD 445 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030

**Target(s):** 50% reduction in portfolio emissions in absolute terms.

Reduction of the absolute carbon footprint (tCO<sub>2e</sub> based on attribution using EVIC) of the equities and fixed income credits portfolios (including any real estate investments within these asset classes) by 50% between 2019 and 2030.

For direct real estate investments (not including any real estate investments managed within equities or fixed income credits), measurement and target setting is focused on the CRREM framework (% of portfolio aligned with CRREM pathways and average stranding year).

For infrastructure investments, measurement and target setting will be based on the percentage of assets that has established net zero targets.

**Baseline year performance for the target metric(s):** Not provided

**GHG scopes included:** For equities and fixed income credits, the target considers Scope 1 and 2 emissions from portfolio companies. Scope 3 emissions are not included in the decarbonisation target. We will start to phase-in measurement of Scope 3 emissions in line with the schedule as denoted by PCAF as part of our CO<sub>2</sub> emission inventory disclosure and explore possibilities to start including Scope 3 emissions in target setting.

For real estate, Scope 1, 2 and 3 (tenant energy use) has been used.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework – Portfolio Decarbonisation Reference Target

**Scenario(s):** We have used the IEA Net Zero report and associated sector pathways to benchmark the target. For real estate, CRREM pathways have been used, which are based on a 1.5°C trajectory.

Additional information

**Proportion of AUM committed:** This percentage includes the AUM of the following asset classes: equities, fixed income credits, real estate and infrastructure. We aim to increase the percentage over time by expanding measurement and target setting to multiple asset classes, including sovereign bonds and private equity.

# APG Asset Management

**Target setting:** We will be working to further articulate portfolio coverage and engagement thresholds in further iterations of the approach. In addition to decarbonisation targets, clients of APG Asset Management have established targets based on exposure to sustainable development investments (SDIs). This might include targets on specific SDGs, such as SDG 7 (clean & affordable energy). As such, the SDI exposure contributes towards net zero investing by allowing for measuring and increasing exposure to climate solutions. This is however not currently articulated as a target.

**Policy on coal and other fossil fuel investments:** APG Asset Management excludes companies that derive more than 30% of their revenues from thermal coal mining, or 20% of revenues from tar sands extraction and/or transportation. In addition, we screen investments for any plans to expand coal-fired power generation capacity. The majority of APG Asset Management's assets are managed on behalf of pension fund ABP, who has decided to exclude investments in companies that produce fossil fuels.

**Further information:** APG AM [responsible investment report](#)

# Asteria Investment Managers

**100% of total AUM** initially committed to be managed in line with net zero

**USD 0.2 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2030

**Target(s):** 100% of assets under management meeting the criteria to be considered aligned with net zero.

**Baseline year performance for the target metric(s):** The assets under management currently meeting the criteria to be considered aligned to net zero represent 70% of total assets.

**GHG scopes included:**

Currently Scope 1 and 2. Planning to integrate Scope 3 as soon as coverage is sufficient.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** P2 emission pathway of the IPCC 1.5°C report (2018)

Additional information

**Proportion of AUM committed:** 100%

**Target setting:** Asteria considers its target is consistent with delivering a fair share of the 50% global reduction in CO<sub>2</sub> emissions by 2030 as the AUM currently meeting the criteria to be considered aligned to net zero already represent 70% of total assets, aiming to reach 100% by 2030. This is well ahead of the expected deadline of 2040 set out in the PAII Net Zero Investment Framework.

**Policy on coal and other fossil fuel investments:**

Investments in coal activities are excluded at the group level. Activities in fossil fuel (extraction; energy generation, etc) are considered as negative impact and not included in investment equity opportunities. On fixed income we select only green bonds with science-based transitioning strategies.

Asteria's policy is available [here](#), and covers 100% of Asteria's AUM.

# AXA Investment Managers

**65% of total AUM** initially committed to be managed in line with net zero

**USD 650 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019, 2021

**Target year:** 2025, 2030, 2040

**Target(s):** 100% of AUM in material sectors is considered net zero, aligned or aligning by 2040.

Corporate equities and bonds – reduction of WACI (tCO<sub>2</sub>e / USD mn revenue) by 25% by 2025 and 50% by 2030 against 2019 baseline

Sovereign Bonds – continue to be in line with the NZIF methodology

Real estate – reduction of WACI (tCO<sub>2</sub>e / USD mn EV) of 20% by 2025 and 50% of real estate AUMs under CRREM pathway by 2025

50% of financed emissions in material sectors to be net zero or aligned in 2025

70% of financed emissions in material sectors to be subject to engagement in 2025 and 90% in 2030

6% of AUM allocated to climate solutions by 2025

**Baseline year performance for the target metric(s):**

**2019:**

- Engagement and stewardship actions (collaborative for 42% and/or individual for 38%)
- Corporate equities and bonds: 116.3298 tCO<sub>2</sub>e/\$m revenue
- Real estate: 8.5 tCO<sub>2</sub>e / USD mn EV
- 2.1% of AUM allocated to climate solutions.

**2021:**

- 52% of financed emissions in material sectors are subject to direct or collective Engagement and stewardship actions (collaborative for 42% and/or individual for 38%)
- 46% of financed emissions in material sectors are already net zero or aligned
- 36% of corporate AUM in material sectors is considered net zero, aligned or aligning
- Sovereign bonds: already compliant with NZIF recommended target setting guidance based on CCPI score
- Baseline for percentage of assets under CRREM pathway currently under development, anticipated Q3 2022

**GHG scopes included:** Corporate equities and bonds: Scope 1 and 2 only as data quality and coverage for Scope 3 is too low

Direct real estate: Scope 1 and 2 as well as portion of Scope 3

We have set an objective to increase capture of Scope 3 data in coming years

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** IPCC 1.5°C pathways report and CRREM for direct real estate



# AXA Investment Managers

## Additional information

**Proportion of AUM committed:** The proportion is 65% of total scope including JVs and 75% of total scope excluding JVs. We aim to continue to increase this over time as reliable methodologies become available for all asset classes.

Targets have been set for the majority of assets where net zero methodologies are available, and where AXA IM has the ability to set such targets from a legal perspective (ie. JVs are out of scope for the time being). Possibility of defining net zero targets for infrastructure and private equity is under review.

**Target setting:** In 2021, AXA IM reinforced its climate engagement and stewardship policy with a view to focus on climate laggards.

From 2022, AXA IM will engage with a selection of companies which do not have a net zero commitment or have quantified emissions reduction targets deemed to be not credible or demanding enough. This more forceful engagement policy, with a 'three strikes and you're out' principle, aims at applying sufficient pressure to effect timely change, and is applied on behalf of third-party clients. Clear objectives are defined for each of those companies, tailored to their activities, and communicated to management.

AXA IM will regularly engage with those companies to steer them to achieve progress on those objectives, using escalation techniques when necessary (e.g., voting against management). If the objectives have not been achieved after three years, AXA IM will divest.

**Policy on coal and other fossil fuel investments:**

Coal, oil and gas policy (84% of AXA IM AUM)

Further information: AXA IM [road to net zero](#)

Updated target – initial target can be seen in Annex B or found in the [NZAM Progress Report](#) from November 2021

# LBP AM and TFSA

**80% of total AUM** initially committed to be managed in line with net zero

**USD 48 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030

**Target(s):** 80% of total assets will have decarbonisation targets by 2030

**Baseline year performance for the target metric(s):** Not provided

**GHG scopes included:** The latest SBTi criteria for companies to set Scope 1 and 2 targets, as well as Scope 3 targets where their Scope 3 emissions are material, are applied where possible.

**Methodology:** Science Based Targets initiative for Financial Institutions – portfolio coverage

**Scenario(s):** IPCC special report on global warming of 1.5°C

Additional information

**Proportion of AUM committed:** The target 80% of total AUM corresponds to a target of 90% applied to our 'required and operational activities' as defined by Financial Sector Science-Based Target Guidance.

Our initial ambition of achieving 100% faces certain constraints such as: feasibility due to availability of methodologies and data; investments which are characterised by limited influence and engagement capacity; countries and regions with varying decarbonisation pathways, dynamics and predictability; varying type and size of issues with different access and capacity to set and validate targets; and variation in asset class, geographical and sectoral breakdown of investments in 2030 when compared to the target setting year.

**Policy on coal and other fossil fuel investments:** LBP AM's coal policy is based on exclusion and engagement. 100% of open-end funds (USD 30.6 bn) covered by the policy.

Oil & gas policy is currently under development and applicable to integrated, upstream, downstream oil & gas companies as well as project finance. Using the IEA Net Zero by 2050 scenario as a reference for the sector transition pathway, our policy will include a specific focus on unconventional resources, combining exclusions based on revenue exposure, engagement on transparency and the development of new capacities, and E&S risk management, and develop a robust engagement framework with specific requirements on all GHG emissions reductions, exclude companies that have no demonstrable transition strategy. Based on our engagement practices we will expand environmental analysis and stock picking with a qualitative analysis encompassing reduction targets, capex plans, long-term production outlook and energy mix.

**Further information:** LBP AM's [voting policy](#), [engagement policy](#) and [exclusion policy](#).

# BankInvest Asset Management Fondsmæglerselskab A/S

**43% of total AUM** initially committed to be managed in line with net zero

**USD 9.3 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030

**Target(s):** Reduce portfolio emissions by 55% in intensity terms

Baseline year performance for the target metric(s):

87tCO<sub>2e</sub> / USD mn invested

**GHG scopes included:** Scope 1 and 2. Scope 3 will be incorporated once data availability and quality reach sufficient levels.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** The IPCC special report on global warming of 1.5°C has guided our target setting. A 55% reduction by 2030 corresponds to approx. 7.5% yearly reduction based on the benchmarks for the committed funds. Combined, the benchmarks associated with the committed strategies are broad-based and global in nature and thus considered applicable for the global reduction requirement as specified by the IPCC special report.

Additional information

**Proportion of AUM committed:** Some strategies have been excluded from our initial commitment due to insufficient data. Data availability and quality will be monitored and expected to improve over time. Our initial commitment represents AUM only in asset classes for which there are well established methodologies with data access from third party data providers.

BankInvest applies PCAF models. For segregated mandates, client approval is required. BankInvest has initiated dialogue with our clients to grant this approval. Lastly, we believe it is critical that our net-zero targets and action plans are well supported by data, tools, and internal systems. Now that our initial commitment is rolled out and tested, we will continue working towards expanding our committed AUM to reach 100% asset coverage by 2040.

# BankInvest Asset Management

## Fondsmæglerselskab A/S

**Target setting:** Data and methodology on companies' net zero alignment is deemed immature for target setting purposes. BankInvest intend to set targets for Portfolio Coverage and Engagement Thresholds when data and metrics become more mature. We are continuously looking into data coverage and frameworks that will enable us to set an asset alignment target in the future.

The same applies to metrics and data for climate solutions. Targets for the allocation on these are work in progress and expectedly dependent on the evolution of the EU Taxonomy as the new classification system for investments in climate solutions. We expect the data availability and quality to increase significantly in the coming years as companies become subject to the reporting obligations of the EU Taxonomy and Corporate Sustainability and Reporting Directive (CSRD). BankInvest collaborates with external data providers on the provision of data.

**Policy on coal and other fossil fuel investments:** BankInvest has a general ban on investing in companies in which more than 5% of the revenue comes from extraction of coal and production of tar sands. The ban applies to all assets under management.

# BlackRock

**77% of total AUM** initially committed to be managed in line with net zero

**USD 7.3 trillion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2030

**Target(s):** As the transition proceeds and issuers and asset owners continue to position themselves in front of it, we anticipate that by 2030, at least 75% of BlackRock corporate and sovereign assets managed on behalf of clients will be invested in issuers with science-based targets or equivalent.

To read BlackRock's full 2030 Net Zero statement, which provides additional and important background about the firm's position on this matter, please see BlackRock's [2030 Net Zero Statement](#).

**Baseline year performance for the target metric(s):** Currently, approximately 25% of BlackRock assets under management with respect to corporate and sovereign issuers is invested for clients in issuers with science-based targets or equivalent.

**GHG scopes included:** The methodology used does not include the calculation of financed emissions.

**Methodology:** For listed equities and corporate fixed income, we have used an approach based on the Science-Based Targets initiative for Financial Institutions Portfolio Coverage, and may consider issuers aligned if they follow another science-based framework.

For sovereign bonds, we have used the Germanwatch Climate Change Performance Index (CCPI) referenced by NZIF, as well as Climate Action Tracker. To define alignment thresholds, BlackRock is considering the countries in the top two tiers of the frameworks as net-zero aligned. Sovereign bond methods are still in development for most target-setting frameworks and are thus subject to change.

**Scenario(s):** The guidance set by the Science-Based Targets initiative is based on mitigation pathways that limit warming in line with the climate goals of the Paris Agreement.

The Climate Action Tracker (CAT) rating method evaluates a broad spectrum of government targets and actions to reduce greenhouse gas emissions in line with the Paris Agreement temperature goal. To assess the climatic impact of all the targets put forward by countries – and, thus the consistency with the Paris Agreement – CAT derives a global emissions pathway to 2100 which is used as input to a carbon-cycle / climate model (MAGICC6). It is run multiple times to obtain a probability distribution of global mean temperature and the corresponding central median estimate and corresponding exceedance probabilities.

# BlackRock

## Additional information

**Proportion of AUM committed:** Scope reflects the vast majority of listed corporate securities (listed equities and debt with ACWI IMI issuers) and treasuries, and was chosen based on currently available data and methodologies. BlackRock is actively engaging with the Partnership for Carbon Accounting Financials (PCAF), the Institutional Investors Group on Climate Change (IIGCC), Science-based Targets Initiative (SBTi), and a range of other industry initiatives and working groups to help contribute to the development and advancement of data and methodologies for the financial industry.

**Policy on coal and other fossil fuel investments:** As an asset manager with multiple offerings across equities, fixed income, multi-asset, systematic, liquidity, alternatives and ETFs and index investments, BlackRock's approach to climate risk and the role of fossil fuel investment requires a combination of approaches. However, on behalf of our clients, we expect to remain long-term investors in carbon-intensive sectors like traditional energy, and we do not pursue broad divestment from sectors and industries as a policy. In alignment with our conviction that climate risk is investment risk, BlackRock has taken a number of actions including:

- **Thermal Coal:** In 2020, BlackRock, after extensive analysis, took an investment view in discretionary active investment portfolios to exit public debt and equity investments in businesses generating greater than 25% of revenue from thermal coal production. Our active portfolio managers concluded that the long-term economic or investment rationale no longer justified continued investment in these businesses.
- **Investment Stewardship:** The BlackRock Investment Stewardship (BIS) team engages with companies to assess how material sustainability-related factors impact a company's ability to generate long-term shareholder returns. In 2020, BIS focused engagement on a climate universe of 440 public companies, representing about 60% of the global Scope 1 and Scope 2 greenhouse gas (GHG) emissions of the companies in which we invest on behalf of our clients. In 2021, we expanded our focus universe to over 1,000 carbon-intensive public companies that represent 90% of the global scope 1 and 2 GHG emissions of our clients' public equity holdings with BlackRock. The BIS Climate Focus Universe can be found [here](#).
- **Implementation of a Heightened Scrutiny Framework (HSF) for climate risk:** BlackRock developed and implemented a "Heightened Scrutiny Framework" to track, analyse, and manage active positions in issuers that are significantly exposed to climate risk due to: a) high carbon emissions today, b) insufficient preparation for the net zero transition, and c) low reception to our investment stewardship engagement. Where we do not see enough progress for these issuers, and in particular where we see a lack of alignment combined with a lack of engagement, we may not support management in our voting for the holdings our clients have in index portfolios, and we will also flag these holdings for targeted review and engagement in our discretionary active portfolios where we believe they may present a risk to performance.

The AUM is as of 30/09/21.

**For further information:** [BlackRock 2021 TCFD Report](#)



# Boston Common Asset Management

**93% of total AUM** initially committed to be managed in line with net zero

**USD 5.6 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2025

**Target(s):** By 2025 to have engaged the 31% of portfolio holdings\* (in covered AUM) that either have no target or have an insufficient target to move to either a Science-Based Targets initiative (SBTi) target or equivalent and to increase the % of firm level holdings from 67%\*\* to 90%.

\*The actual engagement target list is subject to change for example if we discover they have already adopted a target or if the holding is no longer held we would deprioritize engagement.

\*\*67% of our firm level holdings (as of 12/31/21) have a climate commitment or target

- 35% of which are approved SBTs
- 32% of which are either committed SBTs or considered an ambitious target

**Baseline year performance for the target metric(s):** 67% of our holdings have a climate commitment or target

- 35% of which are approved SBTs
- 32% of which are either committed SBTs or considered an ambitious target
- 18% of our holdings do not have any target.
- 13% have some sort of target and are aligned with net zero decarbonization pathway by 2050.

**GHG scopes included:** Our firm's total financed Scope 1 and 2 emissions are 153,197 tons versus 471,956 for the MSCI ACWI benchmark or 67.5% less than its relevant benchmark.

At this time, we decided to not include fixed income and several sub-advised strategies (which have other impact guidelines). In future years, we will consider adding Scope 3 into assessment and target-setting under NZAM as data quality and company disclosure expands on Scope 3. One of our key engagement focus areas is for companies we invest in to expand their GHG emissions disclosure and target-setting to include Scope 3.

**Methodology:** Science Based Targets initiative for Financial Institutions

Additionally: According to Boston Common Asset Management's Firm Level Baseline Assessment (12/31/21) for covered listed equities (utilising ISS as a carbon analytics data provider)

**Scenario(s):** While we did not set a temperature alignment goal under NZAM, our assessment at the firm and portfolio strategy level does monitor and compare the scenario alignment for current and future portfolio greenhouse gas emissions with the carbon budgets for the IEA Sustainable Development Scenario (SDS), Stated Policies Scenario (STEPS) and the Current Policies Scenario.

# Boston Common Asset Management

Additional information

**Proportion of AUM committed:** This AUM exposure represents the total of our in-house actively managed public equity investments but does not include fixed income exposure. It also excludes an externally managed small cap strategy and a passive index product that has other impact investment criteria.

**Policy on coal and other fossil fuel investments:** Yes. As of the end of 2019 we adopted a guideline to no longer invest in fossil fuels for all our in-house actively managed strategies.

See pages 3 and 4 of ICAP for more details.

The 93% of covered AUM linked to NZAM commitment is covered by these policies. The AUM is as of 31/12/21.

**Further information:** Please see link to Boston Common Asset Management’s [Investor Climate Action Plan](#).

# Boston Trust Walden

**80% of total AUM** initially committed to be managed in line with net zero

**USD 11.8 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2025, 2030, 2040

**Target(s):** Our primary target utilizes the SBT Portfolio Coverage method, which includes elements of the PAII NZIF Portfolio Coverage Target and Engagement Threshold types. Our aspiration is that nearly 100% of discretionary client equity assets will be invested in companies with science-based targets by 2040. In the interim, by 2025, we aspire to have approximately 30% of client equity assets invested in companies with science-based GHG emission reduction targets.

Our secondary target utilizes the PAII NZIF Portfolio Decarbonization Reference Target. By 2030, we aim to have 100% of discretionary client equity assets invested in assets with a carbon intensity of at least 50% less than their respective benchmarks in 2019. This is based on Scope 1 and 2 emissions of companies in which we invest. As data quality and associated methodologies improve for calculating Scope 3 emissions, we may evolve our approach.

**Baseline year performance for the target metric(s):**

**Baseline portfolio emissions:** The weighted average carbon intensity of model equity assets was 84 metric tons of CO<sub>2</sub>e/million dollars of revenue. This compares to the aggregate benchmark weighted average carbon intensity of 181. The average result being that model equity assets were invested in assets that were 54% less carbon intensive than their benchmark.

**% of portfolio companies setting a science based target:** We do not have a 2019 baseline for this effort. As of year-end 2021, 65% of discretionary client equity investments were invested in companies with some type of emissions reduction goal or target. However, only approximately 8% were invested in companies that had set a science-based emissions target that had been officially recognized by the Science Based Targets initiative.

**GHG scopes included:**

**Primary goal:** Regarding our engagement on science-based emissions reduction targets, for most companies, some efforts around reducing Scope 3 emissions are required for a science-based target. Scope 3 emissions reduction targets are required for companies where Scope 3 emissions account for more than 40 percent of the sum total of Scope 1, 2, and 3 emissions.

**Secondary goal:** Our weighted average carbon intensity (WACI) target is based on Scope 1 and 2 emissions of companies in which we invest. As data quality and associated methodologies improve for calculating Scope 3 emissions, we may evolve our approach.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework and Science Based Targets initiative for Financial Institutions.

**Scenario(s):** Our primary goal utilizes the SBTi Portfolio Coverage method to set targets. Our secondary goal utilizes guidance provided by the Net Zero Investment Framework.

# Boston Trust Walden

Additional information

**Target setting:** Engagement forms the core of our commitment as part of the Net Zero Asset Managers Initiative. Our primary goal utilizes the SBT Portfolio Coverage method since we believe broad-based, absolute emissions reductions are the only way to mitigate the risks associated with climate change. As such, we believe all companies should set science based GHG emissions reduction targets and this has guided our engagement efforts for nearly the last decade. Our secondary goal utilizes elements of the PAII Net Zero Investment Framework.

**Policy on coal and other fossil fuel investments:** Boston Trust Walden uses a multifaceted approach to managing and mitigating climate risk, including through our approach to portfolio construction and active ownership. Our discretionary fossil fuel free (FFF) investment strategies avoid investing client assets in companies whose primary business is to explore, develop, produce, refine, service, distribute, or transport by pipeline fossil fuel resources (coal, oil, and natural gas), or to use fossil fuel resources to generate electricity for public consumption. We avoid coal investments in client portfolios, in alignment with guidance from the Intergovernmental Panel on Climate Change (IPCC) 1.5°C scenario, which states that coal usage should be phased out in OECD markets by 2030, and globally by 2040. We will not invest client assets in companies whose primary business is coal mining, or in companies that are planning or constructing new coal-fired power stations. Further, we will not invest client assets in companies that acquire new acreage, after March 31, 2022, for the purpose of developing tar sands resources.

This policy applies to all equity assets on the Boston Trust Walden approved list of securities.

For discretionary portfolios that do not follow a FFF investment strategy or utilize FFF investment guidelines, as with other portfolio holdings with higher carbon intensity, we utilize an active ownership approach to mitigating climate risk, by encouraging companies to pursue an aggressive path toward a net zero future.

# Brookfield Asset Management

**33% of total AUM** initially committed to be managed in line with net zero

**USD 147 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2030

**Target(s):** Portfolio decarbonization reference target:

Reduce portfolio emissions by 66% in absolute terms.

Our Real Estate portfolio will use December 31, 2019 baseline data which is more representative of the business (pre-COVID emissions).

Allocation to climate solutions: Brookfield Renewable operates one of the world's largest publicly traded, pure-play renewable power platforms with an installed capacity of 21 GW. We aim to develop an additional 21 GW of new clean energy capacity by 2030, doubling our portfolio to 42 GW.

In 2021, we launched the Brookfield Global Transition Fund which aims to accelerate the global transition to net zero by investing in the development and accessibility of renewable energy sources and the transformation of carbon-intensive businesses. As such, Brookfield Global Transition Fund has dual objectives of earning strong risk-adjusted returns and generating a measurable positive environmental change.

**Baseline year performance for the target metric(s):** Our interim targets are for portfolio holdings where we have control, and therefore consolidate in accordance with The Greenhouse Gas Protocol.

**GHG scopes included:** We cover Scope 1 & 2 for all portfolio holdings under the control approach, using estimates when data is not available. We intend to include Scope 3 once data is available and of sufficient quality.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** We will utilise Paris-aligned pathways and science-based methodologies to set targets. For Renewable Power, we will leverage the established Science Based Targets initiative (SBTi) power sector pathway while for our Real Estate portfolio we will use Carbon Risk Real Estate Monitor (CRREM). We intend to use the IEA Net Zero Emissions (NZE) 2050 scenario for most other asset classes. However, given the lack of comprehensive, robust and granular pathways currently available, our portfolios select the most appropriate pathways for their sectors.

# Brookfield Asset Management

Additional information

**Proportion of AUM committed:** The AUM in scope represents the emissions reduction targets for assets where we have identified credible net zero plans and targets and have control to implement emission reduction strategies and influence outcomes. Our intention is to increase the proportion of assets to be managed in line with net zero annually to reach 100% over time.

We are implementing actions based on PAII NZIF to effectively achieve portfolio alignment, meet targets and enable a broader transition towards net zero. Does not include \$148 billion of AUM managed by our partner, Oaktree Capital Management, which carries out its investment activities independently from Brookfield Asset Management and is currently developing its own climate strategy.

**Policy on coal and other fossil fuel investments:** We do not have a firm-wide exclusion on coal or other fossil fuel investments. For example, the objective of Brookfield Global Transition Fund is to provide capital to accelerate the transition to net zero. Therefore, we believe it is important to “go where the emissions are” and utilize our operating capabilities to drive value and impact by acquiring select coal- and fossil fuel-based investments and setting them on a path to net zero consistent with Paris alignment.

**Further Information:** <https://www.brookfield.com/responsibility/brookfields-net-zero-commitment>

# Clean Energy Ventures Management, LLC

**100% of total AUM** initially committed to be managed in line with net zero

**USD 0.1 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2018

**Target year:** 2030/2050

**Target(s):**

**By 2030:**

1. 100% of target portfolio companies that have raised a Series C financing or 30% of the target portfolio companies (whichever is greater) committed to achieving NZC emissions by 2050 and demonstrating alignment through their ambition, targets, emission performance, disclosure, strategy and capital allocation.
2. These companies shall also be engaged to submit an application to SBTi's PE/VC target setting program. It is important to note that the SBTi's guidance states that it is only applied to firms investing in latter stage companies. CEV is going above and beyond this guidance by applying it to the early-stage companies CEV invests in.
3. 100% of the portfolio to be invested in companies offering solutions that significantly reduce GHG emissions compared to the baseline technology.

**By 2050:**

1. 100% of Fund I and Fund II companies commit to reach net zero by 2050. The emissions reductions will need to be supported by respective LCAs and SBTi reporting.
2. A fundamental investment criteria of companies that CEV invests in is that they have the potential to reduce 2.5 Gigatonnes of CO<sub>2</sub>eq emissions by 2050 (cumulatively) from the baseline. These reductions come from impact throughout the portfolio company's customers and partners' supply chains and though they may not be captured in standard Scope 1, 2 and 3 emissions assessments, they can be tracked and measured.

**Baseline year performance for the target metric(s):** We cannot yet provide an aggregated figure for the baseline carbon intensity for all assets to be managed in line with net zero by 2050.



# Clean Energy Ventures Management, LLC

**GHG scopes included:** Our early-stage investments focus on technologies that reduce emissions for their customers or across the value chain in their target industries and therefore cover Scope 3 emissions. Due to the early nature of the start-ups as pre-revenue or early revenue companies, current Scope 1 & 2 emissions are de minimis and being tracked to a limited degree. Notwithstanding this, we are initiating a quarterly reporting process for key emissions metrics that are specific to each company, which will then also be compiled and reported on a portfolio basis. Over time, we anticipate all companies will be tracking Scope 1, 2 and 3, though many of our companies may be acquired by other companies or be publicly listed at that time. We are assessing how to continue to get rights to the impact of our companies after liquidity events. Scope 3 emissions reductions in our analysis cover how customers plan to use the innovation in their supply chain compared to the existing solution. All of CEV’s investments are in companies that enable significant Scope 3 reductions compared to baseline solutions.

**Methodology:** Our methodology is based on the principles outlined in the GHG protocol, ERP Methodology & Mission Innovation Avoided Emissions Framework. As early-stage venture investors in new technology companies which are either pre-revenue or early-revenue, our methodology is tailored towards forward- looking assessments over a longer time horizon. Our calculation is based on unit impact, market adoption S-curves, per unit carbon intensity, allocation of ‘credit’, and enabling effects. As outlined in the base methodologies, our calculations are based on verifiable data wherever possible including LCAs and third-party research.

**Scenario(s):** The IPCC 1.5C Pathways and the resulting emissions gap highlighted in the UNEP Gap Report.

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** CEV’s investment mandate is that it will not invest in the production, processing, transportation, distribution and use of fossil fuels. Additionally, each company we invest in must have the potential to mitigate or reduce GHG emissions by 2.5 Gt by 2050 cumulatively. CEV does not and cannot invest in the fossil fuel industry or in technologies supporting the fossil fuel industry.

# Coutts & Co.

**89% of total AUM** initially committed to be managed in line with net zero

**USD 35 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 31/12/2019

**Target year:** 31/12/2025, 31/12/2030

**Target(s):**

Portfolio decarbonisation target:

- 50% reduction in the weighted average carbon intensity (tCO<sub>2</sub>e/\$M revenue) of in-scope AUM by 2030, compared to a scope AUM by 2030, compared to a 2019 baseline

Portfolio coverage targets in-scope AUM:

- 50% is considered net zero, aligned or aligning by 2025
- 70% is considered net zero, aligned or aligning by 2030
- 100% is considered net zero, aligned, aligning or under engagement to become aligned by 2030

**Baseline year performance for the target metric(s):**

- Portfolio decarbonisation target: disclosed on an individual fund and portfolio basis, see [coutts.com](https://coutts.com)
- Portfolio coverage targets: In scope AUM considered net zero, aligned or aligning in 2019: 0%
- Baselines will be reported publicly on [coutts.com](https://coutts.com) and updated dynamically

**GHG scopes included:** Our current decarbonisation target is set based on Scope 1 and 2 emissions. We track Scope 3 emissions and aim to report on this and include in our targets when data availability and quality improves. Where deemed material we consider Scope 3 emissions in our engagement with investee companies and fund managers.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** IPCC special report on global warming of 1.5°C

Additional information

**Proportion of AUM committed:** The proportion of AUM in scope covers all core strategies (managed funds and discretionary portfolios). It currently excludes bespoke (customised) discretionary and advisory portfolios, given that those assets are subject to specific conditions/restrictions.

Due to our bespoke and advisory mandates being managed in line with clients' requirements and objectives we do not have full discretion over the net zero trajectory of these mandates. However, we aim to engage with all bespoke and advisory portfolio clients to seek their approval to include these assets in our net zero 2050 goals.

## Coutts & Co.

**Target setting:** As a globally diversified multi-asset manager our target reduce the weighted average carbon intensity of our investments by 50% by 2030 aligns with the IPCC special report on global warming of 1.5°C and corresponds to a fair share given our exposure to global equity and fixed income markets.

Asset classes in scope are determined based on the availability of data and net zero methodologies at the time of target setting. Our decarbonisation target includes equities and corporate fixed income held directly within active and passive third-party funds. Our portfolio alignment targets also include sovereign bonds. Cash is currently excluded due to methodological limitations.

**Alignment assessment and engagement:** As most of our investment are in third-party funds, we assess the alignment to a Net Zero trajectory on a fund level. Our approach is based on the PAII Net Zero Investment Framework and tailored to our investment process. We are currently undertaking an assessment of all funds we invest in based on their potential to transition and this grouping (Net Zero, aligned, aligning, committed to aligning, not aligned) will guide our stewardship activity and asset allocation process once established. In line with our commitment to affect real world change we will focus on engaging with our existing fund managers to increase their efforts to align with Net Zero. Over time we aim to limit new investment in fund managers which we have assessed as having low/no potential to transition to Net Zero. We also continue to work with the industry, for example through collective engagement bodies and industry working groups, to align stewardship efforts and develop methodologies for remaining asset classes.

**Policy on coal and other fossil fuel investments:** Yes, Coutts, as part of the NatWest Group, is a member of the Powering Past Coal Alliance and our engagement is aligned with the timeframes set out by the PPCA, recognising different trajectories across the world.

Where we have direct control, we do not invest in companies that derive more than 5% of revenue from thermal coal extraction, Arctic oil and gas and unconventional oil and gas (including tar sands), or that derive more than 25% of revenue from thermal coal energy generation.

Where we invest in third-party fund managers we will engage with fund managers to invest in line with the timeframes set out by the PPCA.

**For further information:** Our climate strategy and targets are available [here](#). Our approach to climate change, responsible investing policy, stewardship policy and TCFD statement are available [here](#). Please also see our cautionary note about [climate-related data and information](#).

# Danske Bank

**68% of total AUM** initially committed to be managed in line with net zero

**USD 84 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2025, 2030

**Target(s):** Two main targets:

1. 50% reduction of the weighted average carbon intensity by 2030
2. Engagement with the 100 largest emitters by 2025

**Baseline year performance for the target metric(s):**

1. Weighted Average Carbon Intensity (tCO<sub>2</sub>e / mUSD revenue) = 85.40
2. No baseline performance as we will engage with all 100 companies regardless of historical engagement activities and/or the individual company's current net zero alignment. Alignment tracking and assessment will constitute the fundament for the engagement target.

**GHG scopes included:** Scope 1 and 2. Scope 3 from 2023 onwards. However, Scope 3 is already considered in relation to the engagement target, where we use a sectoral approach and consider those scopes of emissions that are material from an industry value chain perspective, following best practice such as the Transition Pathway Initiative. With the top 100 emitters we seek to increase the number of companies aligned or committed to align with the Paris Agreement by engaging on gaps we identify through sector-based assessment.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework and UN Net Zero Asset Owner Alliance Target Setting Protocol

**Scenario(s):** We have chosen to adopt the IPCC SR1.5 P2 pathway as the underlying scientific framework, supported by the IEA's Net Zero 2050 pathway

Additional information

**Proportion of AUM committed:** The proportion covers investment products (funds and managed accounts). The reason for omitting discretionary mandates with asset owners at this stage is that it must be based on specific customer demands for each mandate. The plan for engaging with asset owners on this topic is yet to be defined.

**Policy on coal and other fossil fuel investments:** Yes

# Developing World Markets

**100% of total AUM** initially committed to be managed in line with net zero

**USD 0.6 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2030, 2040

**Target(s):** Portfolio coverage: 100% of AUM in material sectors is considered net zero aligned or aligning by 2040

Engagement threshold: 100% of financed emissions under engagement by 2030

Allocation to climate solutions: 20% of AUM allocated to climate solutions by 2030

**Baseline year performance for the target metric(s):** 10% of financed emissions under engagement in 2021. 10% of AUM allocated to climate solutions.

**GHG scopes included:** Scope 1: DWM does not operate any facilities or vehicles

Scope 2: Purchased electricity for DWM offices

Scope 3: Business travel and financed emissions from our investment portfolio

**Methodology:**

Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** Not provided

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** N/A

**Further information:** DWM makes impact investments, i.e. investments made with the intention of generating positive social and environmental outcomes aligned with its impact objectives. DWM's current assets are largely inclusive financial institutions serving poor and low-income clients in emerging and frontier markets. The inclusive finance sector is not carbon intensive and most countries where DWM invests are relatively low emitting. Nevertheless, DWM plans to both reduce the emissions intensity of our existing portfolio and increase investments in climate solutions that support the transition to a green economy, in line with the Net Zero Investment Framework. Please see our 2021 impact report for more information - <https://dwmarkets.com/wp-content/uploads/2021/Developing-World-Markets-Impact-Report-2021.pdf>.

# DigitalBridge

**90% of total AUM** initially committed to be managed in line with net zero

**USD 40 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2030

**Target(s):** We aim to achieve 100% portfolio coverage net zero target in 2030 in accordance with SBTi guidance for private capital investors.

**Baseline year performance for the target metric(s):** 121,000 tons of CO<sub>2</sub>e (as estimated by South Pole Group)

**GHG scopes included:** DigitalBridge seeks to cover all financed emissions (the Scope 1 & 2 of portfolio companies). In addition, we seek to cover significant (as defined by SBTi) Scope 3 emissions from portfolio companies.

**Methodology:** Science Based Target initiative for Financial Institutions

**Scenario(s):** As an investor and manager of digital infrastructure assets we know that our sector can lead the way in the race to zero. Thus, we set a target that is well ahead of the pathways defined by SBTi and other organisations.

Additional information

**Proportion of AUM committed:** In our initial target, we had committed 100% of AUM. However, we recently made an acquisition of another asset manager that is not 100% digital and we are in the process of assessing the portfolio.

**Policy on coal and other fossil fuel investments:** DigitalBridge invests exclusively in digital infrastructure and has no future plans to invest in fossil fuels.

**Further information:** [2020 ESG Report](#)

Updated target – initial target can be seen in Annex B or found in the [NZAM Progress Report](#) from November 2021

# Ecofin Investments

**68% of total AUM** initially committed to be managed in line with net zero

**USD 1.3 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2030

**Target(s):** 75% of portfolio companies setting a science-based target

**Baseline year performance for the target metric(s):** 22% of portfolio companies setting a science-based target

**GHG scopes included:** SBTi verification includes Scope 1, 2 and, where appropriate, 3 emissions

**Methodology:** Science Based Target initiative for Financial Institutions

**Scenario(s):** Not provided

Additional information

**Proportion of AUM committed:** The covered assets represent all of Ecofin's publicly traded equity strategies and any future public equity strategies we may launch. We intend to continue engaging with all investments and clients to encourage them to adopt science-based greenhouse gas reduction targets and commit to net zero emissions by 2050. There is not currently an approved methodology appropriate for us to measure and set targets for our private infrastructure and fixed income investments. We will continue working with network partners to assess methodologies and will include these assets into our commitment as it is practical to do so.

**Policy on coal and other fossil fuel investments:** Additional information will be available on our website shortly and will apply to 100% of our AUM.

In short, our policy is that Ecofin will not invest in energy and power companies that have not demonstrated a commitment to a business model designed to succeed in a low-carbon economy. While Ecofin may invest in companies with a history of or legacy exposure to fossil fuels, such an investment would heavily rely on evidence that the company's business model has shifted to alignment with net zero emissions. In no case will Ecofin invest in a company that has a material amount of revenues from selling fossil fuel reserves.



# FSN Capital Partners

**100% of total AUM** initially committed to be managed in line with net zero

**USD 4.3 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019 (Scope 1, 2 and 3 category 5 and 6); 2020 (Scope 3 category 15)

**Target year:** 2026, 2030

**Target(s):** 100% of portfolio companies setting a science-based target by 2030

**Baseline year performance for the target metric(s):** Not provided

**GHG scopes included:** For financed emissions – ensure 100% of capital is invested in companies that have set their own approved science-based targets by 2030, a decade before the timeframe required by SBTi – with an interim target of approved science-based targets covering 60% of invested capital by 2026. All companies will follow SBTi's requirement on coverage of Scope 1, 2 and material Scope 3.

**Methodology:** Science Based Targets initiative for Financial Institutions

**Scenario(s):** IPCC's and SBTi's 1.5°C emissions scenarios

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** We have historically not invested in coal or other fossil fuels, and we will continue to not invest in these industries. Per our [Responsible Investment Policy](#), we have an exclusion criterion dictating that we shall not invest in companies that 'have an unacceptable high greenhouse gas footprint and have failed to take reasonable steps to reduce these emissions'.

**Further information:** FSN's [ESG report](#) and [SBTi verification](#)

# Insight Investment

**41% of total AUM** initially committed to be managed in line with net zero

**USD 475 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2023, 2025, 2030, 2040, 2050

**Target(s):**

**Portfolio decarbonisation:** 2025 – 30%, 2030 – 50%, 2050 – 100%

**Engagement threshold:**

2023 – 50% of corporate bond and equity financed emissions to be either net zero aligned or aligning to NZ or subject to direct/ collaborative engagement.

2025 – 70% of corporate bond and equity financed emissions to be either net zero aligned or aligning to NZ or subject to direct/collaborative engagement.

**Temperature ratings:**

2030 – 1.95°C

2040 – 1.5°C

**Sovereign bonds:**

High or very high under Germanwatch CCPI framework and almost sufficient or 1.5°C Paris Agreement compatible under Climate Action Tracker

**Baseline year performance for the target metric(s):**

Portfolio decarbonisation: 2020 – 169tCO<sub>2</sub>e/\$mn

Engagement threshold: 2020 – N/A

Temperature ratings: 2020 – 2.4°C

Sovereign bonds: 2020 – 100%

**GHG scopes included:** The portfolio level decarbonisation targets currently cover Scope 1 and 2 only, albeit we will look to add Scope 3 to these targets in due course. The ITR target incorporates Scopes 1, 2 and 3.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework and Science Based Target initiative for Financial Institutions

**Scenario(s):** IPCC special report on global warming of 1.5°C

# Insight Investment

## Additional information

**Proportion of AUM committed:** Insight's initial commitment covers 75% of UK managed corporate bonds and equities (mainly for European and UK clients). We have not currently committed 100% of these assets due to our concentration in segregated mandates and resulting lack of clarity on adoption. US managed corporate assets are not included, with implications for ERISA accounts currently unresolved.

In addition, we cover 100% of our UK sovereign holdings – the largest constituent of our total sovereign assets. We envisage introducing similar methodologies for other sovereign bonds and developing methodologies for more esoteric assets.

Ultimately, the proportion committed will depend on asset and geographical mix over time. Our significant derivative holding means it may be impossible to reach close to 100% unless relevant methodologies are developed.

**Target setting:** The PAII framework provides best practice for corporate bond and equity portfolios in terms of setting decarbonisation pathways.

However, whilst metrics are transparent, portfolio-level decarbonisation is worth little unless accompanied by real world transition. Higher carbon companies with strong transition stories should be investible and hence Insight has chosen to use an additional metric – ITR recommended by SBTi – to better enable transition stories to be held. ITR scores are relatively new and best practice is not yet established so Insight did not feel it was appropriate to build a commitment solely around this. Instead, reporting against and targeting improvements in both metrics gives the highest level of accountability. For sovereign holdings, only the PAII outlines a recommended methodology. Whilst many have chosen not to set targets relating to sovereigns, given the skew in our book of business to UK Gilts, we felt it was inappropriate to ignore these holdings whilst waiting for clearer methodologies to be developed.

**Policy on coal and other fossil fuel investments:** As part of our net zero strategy, Insight has developed a science-based policy relating to thermal coal investments where we commit to ensure any holdings we have related to thermal coal usage will have a clear and actionable plan to exit coal (SBTi definition - < 5% revenues) by 2030 for developed market holdings and 2040 for emerging market holdings. This is in line with the IPCC requirements to limit global warming to 1.5°C, while balancing the imperatives of a just transition as stated in the Paris Agreement.

Insight will look to achieve this, where possible, through effective engagement as we feel this is likely to achieve a better real-world outcome. However, the policy developed also has an escalation function which may ultimately lead to divestment if coal exit strategies are not sufficiently aspirational.

Please find more information [here](#).

**Further information:** [Q&A document](#)

# Invesco

**12% of total AUM** initially committed to be managed in line with net zero

**USD 195 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2025, 2030, 2040, 2050

**Target(s):**

**Portfolio coverage:** Every five years, meaningfully increase the percentage of AUM in material sectors which are considered net zero, aligned or aligning with annual report on progress.

100% of AUM in material sectors is considered net zero or aligned by 2040.

In support of our clients and investments teams we will continue to progress collective understanding of net zero solutions as data and methodologies evolve.

**Portfolio decarbonisation reference targets:**

1. 50% lower carbon footprint as measured by tCO<sub>2</sub>/\$ invested by 2030 versus 2019 baseline
2. Net zero by 2050 against 2019 baseline

**Engagement threshold:** Companies making up 70% of financed emissions in material sectors will either be assessed as net zero, assessed as aligned or subject to direct engagement / active management by 2025.

Companies making up 90% of financed emissions in material sectors will either be assessed as net zero, assessed as aligned or subject to direct engagement / active management by 2030.

100% of assets in material sectors are aligned or achieving net zero by 2040, as stipulated in the PAII NZIF.

**Baseline year performance for the target metric(s):** Portfolio coverage: 39% of AUM in material sectors is considered net zero, aligned or aligning

**Portfolio decarbonisation reference targets:** Absolute emissions: 4,557,759

Carbon footprint: 73 tCO<sub>2</sub>e / USD mn invested

Coverage: 74%

**Engagement threshold:** 2% of financed emissions in material sectors achieving net zero or aligned

20% of financed emissions in material sectors are subject to engagement

**GHG scopes included:** Our measurements include Scope 1 and 2 top-down portfolio reduction targets. Given the estimated nature of current Scope 3 assessment methodologies available, we believe this measurement is too immature at this stage. Whilst Scope 3 emissions are not considered in the emissions target, they are still crucial in assessing the alignment of companies at the issuer level.

# Invesco

## Methodology:

Paris Aligned Investment Net Zero Investment Framework and Vivid Economics / Planetrics (specifically for sovereign bonds)

## Scenario(s):

The interim target of a 50% global reduction in CO<sub>2</sub> emissions by 2030 using a 2019 baseline is based on IPCC pathway S1/P2 (47% reduction based on 2010 baseline) to have a better than 66% chance of staying under 1.5°C with limited or no overshoot.

## Additional information

**Proportion of AUM committed:** Our approach to net zero is client- and investor-led, thoughtful and rigorous. Our AUM commitment includes portfolios where clients are seeking to implement a decarbonisation objective consistent with net zero by 2050 or sooner, as well as where the investment team is committed to working with companies to support their efforts to manage transition risk in line with client objectives. It also includes approaches where broad alignment with net zero is embedded in the fund strategies. As methodologies continue to evolve, we will work with our clients and investment teams to further increase our committed AUM over time.

**Target setting:** Invesco offers a broad range of investment capabilities and vehicles to its clients across the globe. We are being thoughtful with regard to assessing the feasibility of Net Zero for all asset classes and vehicles. Our AUM commitment reflects the broad and diverse nature of capabilities across Invesco, as well as our client- and investor-led approach.

## More specifically, we are:

- Having conversations with clients to understand their needs and refine our approach to support them in their transition to net zero
- Engaging with company management and, where it makes sense, collaborating globally to ensure a coordinated approach to support companies on their net zero pathway
- Building tools to support our investment teams in screening portfolios for alignment, track metrics and identify issuers for engagement
- Producing a net zero research methodology that generates a net zero rating to assess alignment

**Policy on coal and other fossil fuel investments:** Certain Invesco funds have a fossil fuel exclusion policy, including revenue thresholds on thermal coal extraction and power generation. Due to our client- and investor-led approach, we do not have a firm-wide fossil fuel exclusion policy.

**Further information:** [Climate Change Report](#)

## JGP

**22% of total AUM** initially committed to be managed in line with net zero

**USD 1.6 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030, 2040

**Target(s):**

**Temperature Rating:**

2030 - 2°C

2040 – 1.5°C

**Portfolio companies setting a science-based target:**

2030 – 50%

2040 – 100%

**Baseline year performance for the target metric(s):**

Above 2.5°C

Less than 10%

**GHG scopes included:** Full coverage (Scope 1, 2 and 3) on the in scope assets

**Methodology:** Science Based Target initiative for Financial Institutions

**Scenario(s):** IPCC special report on global warming of 1.5°C

Additional information

**Proportion of AUM committed:** We have included in our targets all of our equities and credit AUM. The other asset classes under our AUM, hedge funds and retirement funds, are temporarily excluded from our commitments as we currently lack a global methodology to align parts of those asset classes (mostly derivatives, currencies, and futures). JGP is committed to aligning these asset classes once suitable methodologies become available.

**Policy on coal and other fossil fuel investments:** We've developed an exclusion list for all funds which states that we won't invest in companies that derive more than 10% of its revenue from coal mining or doesn't have plans for diversification.

**Further information:** [Decarbonisation plan](#)

# Lazard Asset Management

## 9% of total AUM

initially committed to be managed in line with net zero

**USD 22 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** Year-end 2029 as default but with certain strategy-specific variation.

**Target(s):** For most portfolios, the target will be a fair share of 50% reduction in portfolio Weighted Average Carbon Intensity (WACI) over the target horizon. Certain strategies will also use alternative targets, such as SBTi penetration.

**Baseline year performance for the target metric(s):** Year-end 2019 as default but with certain strategy-specific variation.

**GHG scopes included:** Initial target setting will be made on a Scope 1 and 2 basis with Scope 3 run in tandem ahead of implementation deadlines, such as the NZIF guidance for inclusion from 2023.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** Pathways derived from the IPCC's Special Report on Global Warming of 1.5°C, as reflected in the original objectives of the Net Zero Asset Managers Initiative.

Additional information

**Proportion of AUM committed:** Lazard Asset Management's initial commitment comes from either underlying client commitments with a net zero commitment or strategies that are already compatible with being managed in a net zero fashion, while we expand the range of methodologies available across geographies and asset classes. Lazard Asset Management's AUM commitment has been determined on a bottom-up basis, with either specific client mandates or product strategies being considered on a standalone basis.

The initial commitments covers 9% of total AUM. Each of them has been subject to a top-down forecast of portfolio emissions trajectory, and a bottom-up assessment of asset-level alignment, derived from the Net Zero Investment Framework. In total, 50% of Lazard Asset Management's AUM has been assessed using this combination of top-down and bottom-up portfolio analysis. As additional clients and portfolio managers formally agree to manage these portfolios according to our net zero portfolio framework, Lazard Asset Management will add additional AUM from our pipeline to the formal proportion of AUM committed.

**Policy on coal and other fossil fuel investments:** No



# LGT Capital Partners

**22% of total AUM** initially committed to be managed in line with net zero

**USD 18.8 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020, 2022

**Target year:** 2030

**Target(s):** SDA - 155.9 gCO<sub>2</sub> / MWh

LGT Capital Partners sets yearly interim targets. The target for 2022 is at 35.5 tCO<sub>2</sub>e / USD mn invested for the AUM committed.

For 2030, we are aiming to reduce our baseline year emissions by 50%.

**Baseline year performance for the target metric(s):** SDA – 217 gCO<sub>2</sub> / MWh

2020 baseline year performance for the AUM committed (funds and mandates) is 40.4 tCO<sub>2</sub>e / USD mn invested

**GHG scopes included:** Scope 1 and 2 are the basis for the targets. In our view, Scope 3 data coverage is not yet sufficient, but we intend to include Scope 3 over time.

**Methodology:** Science Based Target initiative for Financial Institutions and a combination of SDA and value-add approach

**Scenario(s):** IEA Net Zero 2050 sectoral pathways. As data providers continue to update their tools and methodologies we will follow through and further enhance the underlying analysis.

Additional information

**Proportion of AUM committed:** We decided to designate asset classes in scope where we have a robust greenhouse gas emission measurement framework and the ability to effect change through our investment decisions. Therefore, we included listed corporate investment instruments of our managed funds and customised mandates in asset classes such as listed equities and fixed income as well as liquid alternative strategies. This includes listed corporate assets that are part of our dedicated sustainability funds across public equities, fixed income and multi-asset solutions.

Not yet in scope are asset classes such as money market instruments, sovereign debt, insurance-linked strategies and private equity and private debt programs. For these, we recognise that methodologies are still early stage and that data coverage/quality needs further improvements.

Since private equity investments account for a substantial portion of our AuMs, as an initial effort, we started to measure the carbon footprint through a proxy-matching approach with public market comparables. We also engaged with our investments teams and PE managers to include greenhouse gas considerations throughout the investment process. In addition, we put efforts into the improvement of coverage and quality regarding data of the underlying portfolio companies. In this context, we recently joined the ESG Data Convergence Project, which provides a standard template and guidance for GPs reporting on six standard ESG KPIs, including greenhouse gas emissions.

## LGT Capital Partners

**Target setting:** LGT Capital Partners decided to use a combination of approaches that best fit our needs. As the SDA approach is mainly applied to companies with high emitting, homogeneous business activities, we decided to also apply a value-added approach to cover companies with lower-emitting or heterogeneous business activities. The approaches are science-based and for high-emitting industries based on the industry-specific pathways from the IEA Net Zero 2050 scenario. Therefore, our approach provides a rigorous and consistent framework how to achieve net zero emissions in the real economy.

The applied approach is similar to Trucost's SDA-GEVA approach which is already used by many institutional investors. It supports the identification of industry leaders and laggards when it comes to decarbonisation. A key advantage of this approach is its ability to be applied across a wide variety of portfolio holdings which can be consistently aggregated to portfolio level. LGT Capital Partners takes a science-based approach with a combination of a sector decarbonisation approach (SDA) and a value-added approach.

The SDA approach is applied for high emitting industries while the value-added approach is based on a gross profit adjusted global budget. Each portfolio receives a carbon budget derived from the respective sectoral pathway from the IEA Net Zero 2050 scenario or if no matching sectoral pathway exists, from the global IEA Net Zero 2050 scenario. The IEA scenario data is scaled down based on the production level of the company respectively share of gross profit on GDP. For internally managed and passive strategies the budget targets are derived based on the underlying holdings. For externally managed funds the emission budget targets are based on the industry-mix of the corresponding benchmark.

**Policy on coal and other fossil fuel investments:** LGT Capital Partners has a firm wide coal exclusion policy that prohibits investments in thermal coal production and power generation from thermal coal. In addition, there is a very strict fossil fuel policy that applies to the firm's dedicated sustainable funds.

# Lombard Odier Investment Managers

**70% of total AUM** initially committed to be managed in line with net zero

**USD 49 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2022

**Target year:** 2030

**Target(s):** 1.5°C

**Baseline year performance for the target metric(s):** 2.6°C

**GHG scopes included:** This target comprises scope 1, 2 and relevant scope 3 emissions. Relevant scope 3 emissions are defined as those upstream and downstream emissions that are reasonably and primarily within a company's ability to decarbonise, through supply chain engagement or improved product design.

**Methodology:** Science Based Target initiative for Financial Institutions

**Scenario(s):** Our custom benchmarks are aligned at a sectoral level to scenarios outlined in the IPCC's global warming of 1.5°C report. More detailed industry-specific pathways are aligned to these sectoral benchmarks, but offer more granularity, having been derived from the CTI/ClimateWorks 'Net Zero 2050' model for the EU, adapted by Lombard Odier and its research partners.

Additional information

**Proportion of AUM committed:** The 70% target represents 100% of the AUM and asset classes where we presently have access to the methodologies, metrics and data needed to assess alignment. Increased coverage of carbon data and carbon metrics is the key priority, and most significant constraint we still face today. We are actively seeking to expand coverage of alignment metrics to infrastructure, hedge funds, and other alternatives, which would allow us to expand the coverage of our target. The assessment of alignment of sovereign debt issuance is a key near-term priority. We have already developed a draft version of alignment metrics for this asset class, and are working with Oxford University to further refine these assessments.

**Target setting:** Our coverable universe is 70% AUM (this represents the asset classes that are within scope of our target setting). The calculation of our current alignment, for the baseline year of our target, is based on the 54% of total LOIM AUM (77% of the coverable universe) where we currently have good data. We are actively working on expanding the coverage of our assessment of alignment to cover the entire coverable universe as soon as possible.

**Policy on coal and other fossil fuel investments:** For all AUM in scope, we apply these exclusions and restrictions.

# Macquarie Asset Management

**43% of total AUM** initially committed to be managed in line with net zero

**USD 229.6 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030

**Target(s):** Private markets: By 2030, we aim to have 100% of our portfolio companies to be aligned or aligning with net zero using the Paris Aligned Investment Initiative Net Zero Infrastructure and Real Estate methodology.

Listed equity and corporate bond investments: We are targeting 50% of in-scope portfolio holdings to be aligned or aligning to a net zero framework by 2030, by setting net zero commitments as recognised by a well-accepted net zero methodology such as the Science Based Target initiative or the Transition Pathways Initiative.

The portfolio coverage targets set for listed equity and corporate bonds are anticipated to lead to emissions intensity reduction of at least 50% by the year 2030 in these asset classes.

In line with the NZIF methodology, we are targeting that by 2030 at least 90% of our financed emissions in material sectors are either assessed as net zero, aligned or aligning with a zero pathway or subject to engagement either directly or as part of a collaborative effort.

**Baseline year performance for the target metric(s):** Private markets: As our net zero commitment and tracking of assets commenced in 2020, we do not have sufficient information to provide an assessment of the % of assets which were aligned or aligning in 2019. Based on the available information and the level of maturity of the industry we are estimating that 0% of private markets was aligned or aligning to net zero in 2019.

Listed equity and corporate bond investments: 6% of portfolio holdings were aligned or aligning with net zero commitments as of 2019.

Engagement target: MAM's formal net zero programmes including company engagement within our public investments and private markets businesses were introduced in 2020. 2019 Baseline - 0%.

**GHG scopes included:** Scope 1 and 2 portfolio emissions. We continue to work towards improving scope 3 data availability and will include this over time.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework  
**Scenario(s):** 1.5°C

# Macquarie Asset Management

## Additional information

**Proportion of AUM committed:** MAM currently committed USD 229.6 billion to be managed in line with net zero including 100% of our infrastructure and agriculture portfolio and more than 80% of our real estate portfolio. We intend to increase our committed AUM over time. AUM not yet committed includes asset classes where actions that can influence change (proxy voting and engagements) are not yet widely available, asset classes where companies currently have limited capacity to adopt a net zero framework, passively managed portfolios that must be aligned to an external benchmark and select segregated mandates where we will seek explicit client approval.

We intend to deploy aspects of our net zero framework across these asset classes to the extent possible. We will continue to engage and collaborate with peers and industry bodies to improve methodologies and data availability to enable their inclusion in the future.

**Target setting:** While no formal target has been set, MAM is aiming to increase the proportion of AUM invested in climate solutions. As of 30 September 2021, 7.9% of our private markets AUM constituted renewable energy assets (USD 12.6 billion).

**Policy on coal and other fossil fuel investments:** Since 2019, our private markets businesses have been subject to a policy restricting investments in businesses with exposure to coal: no further investments will be made in standalone coal fired generation or in any asset for which more than 25% revenue is dependent on coal. For businesses with a smaller exposure to coal, the investment case must incorporate a transition away from that dependency.

For listed equity and corporate bond investments, we will commit to phasing out our investments in thermal coal activities (specifically thermal coal mining and coal-fired power generation). By 2030, any investee companies with residual exposure to these activities must have a net zero target in place in line with an acceptable framework.

**Further information:** MAM's [Sustainability Report](#) and [Stewardship Report](#)

# Massachusetts Financial Services

**90% of total AUM** initially committed to be managed in line with net zero

**USD 572 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2022

**Target year:** 2030, 2040

**Target(s):** 2030 – 90% of in scope AUM is considered net zero aligned or aligning  
2040 – 100% of in scope AUM is considered net zero aligned. Our aim is to have 100% of AUM in scope by this date.

2050 – 100% of AUM is considered ‘achieving net zero’

**Baseline year performance for the target metric(s):** We do not yet have sufficient information to full evaluate our baseline for aligned or achieving net zero. However, we estimate that approximately 33% of our in scope AUM has, or has committed to set, a science-based target and therefore may be deemed aligning once we have reviewed plans and reporting.

**GHG scopes included:** Financed emissions will include Scope 1 and 2 emissions and Scope 3 to the extent they are material to the sector. This is in reference to SBTi requirements, and to the extent possible based on the quality of available data. We expect data quality on Scope 3 to improve enabling us to provide enhanced reporting over time.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** In line with good practice, we seek to utilise a consensus of IPCC-reviewed 1.5°C no/low overshoot scenarios. Our reference pathways will primarily be the IEA Net Zero by 2050 scenario and the sector pathways of the SBTi. SBTi scenarios are drawn primarily from the Integrated Assessment Modelling Consortium (IAMC) and the IEA. Additionally, our data providers offer different climate scenarios as part of their climate data sets.

Additional information

**Proportion of AUM committed:** We need to better understand net zero pathways for certain asset classes and instrument types, including but not limited to: sovereign, municipal, other non-corporate fixed income issuers, and derivatives before committing 100% of our AUM. We seek to expand the AUM coverage by 2025. The target assumes no material change in the mix of our AUM.

# Massachusetts Financial Services

**Target setting:** It is engagement and investee company alignment with net zero that is the core of our strategy for net zero alignment and so we have set a corresponding target on portfolio coverage. While we believe our approach, if successful, will achieve results aligned with other target types, we have elected not to set such targets at this time.

We believe a portfolio coverage target using an engagement-based approach allows us to maximize the proportion of in-scope AUM on the path to achieving net zero, while being aligned with our overall investment philosophy and our fiduciary responsibilities to our clients. We believe this approach reflects the aspiration and ambition of the NZAM initiative to achieve real world emissions reduction in our portfolios.

Importantly, we do not intend to use divestment or purchase “green” companies solely for the purpose of achieving our net zero goals, as such an approach neither reduces real world emissions nor aligns with our fiduciary obligations to our clients. We may, however, elect to selectively divest from an investee company, if we believe an investee company is not making sufficient progress toward addressing climate risk in their operations, which could impact our long-term investment thesis for holding such company. We may also elect to invest in companies that aid climate change mitigation and adaptation if we believe this to be in the best interest of our clients and in line with our fiduciary duty.

We will report and monitor investee company GHG emissions over time and aim to report on the financed emissions equivalent of our portfolio coverage target and performance against it. We aim to monitor and report on portfolio decarbonization and allocation to climate solutions. The targets set will be reviewed annually.

**Policy on coal and other fossil fuel investments:** We have not adopted such a policy; however, we consider the risk of stranding of fossil fuel assets when reviewing issuers. Coal and other fossil fuel related holdings are within the scope of the AUM coverage of our NZAM targets set out above as well as our proactive engagement strategy.

**Further information:** MFS [Climate Manifesto](#) and [Sustainable Investing Annual Report](#)



# Mirova

**100% of total AUM** initially committed to be managed in line with net zero

**USD 30 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2022

**Target year:** 2022

**Target(s):** Mirova has consistently sought net zero alignment of all its investments for several years and continues to do so.

**Baseline year performance for the target metric(s):** The target metric is the implied temperature rise of all our investments, for which we have set a target < 2°C for several years.

**GHG scopes included:** Mirova relies on two main indicators related to the assessment of GHG emissions:

Emissions 'induced' by the life cycle of a company's activities, taking into account both direct emissions and those of suppliers and products (Scope 1,2 and 3 for all sectors)

Emissions 'saved' through energy efficiency improvements or 'green' solutions, also on a life-cycle basis so taking into account Scopes 1,2 and 3 for all sectors of the economy.

**Methodology:** Mirova has worked with French consultancy Carbon4Finance since 2014 on the measurement of the alignment of all its investments with the most ambitious climate goals. We do not consider current methodologies to sufficiently allow for the measurement of the positive climate impact of companies and projects. We therefore combine parts of a number of them in our own unique methodology.

**Scenario(s):** Mainly IPCC 1.5°C scenario with no overshoot and IEA NZE

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** Fossil fuel exclusion policies apply to 100% of our AUM.

**Further information:** Mirova's net zero roadmap, engagement report and carbon scenario alignment.

# Montanaro Asset Management

**70% of total AUM** initially committed to be managed in line with net zero

**USD 3.9 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030, 2040

**Target(s):** 50% achieving science-based targets by 2030 and 100% by 2040

7% emissions reduction year-on-year, derived from the IPCC special report on global warming

50% emissions reduction by 2030

**Baseline year performance for the target metric(s):** Not provided

**GHG scopes included:** The targets cover Scope 1 and 2 emissions and aims to include Scope 3 once data is sufficiently available. Data disclosure continues to be an issue in small and mid-cap markets.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework and Science Based Target initiative for Financial Institutions

**Scenario(s):** Our approach is in line with a 7% emission reduction year-on-year is derived from the P2 model in the IPCC special report on global warming of 1.5°C which is consistent with a 50% global reduction in CO<sub>2</sub> emissions by 2030.

Additional information

**Proportion of AUM committed:** Our target covers Montanaro's open ended funds (both Ireland and UK domiciled). We are working with the asset owners of our segregated accounts to understand their own approaches to net zero carbon. We also manage two Investment Trusts and a net zero carbon commitment is something that is being discussed by the respective Investment Trust Boards.

**Target setting:** NZIF is used to set an annual 7% emissions reduction target across our portfolios. The 7% annual reduction target will apply across each of our in-scope portfolios.

SBTi coverage target: 50% of designated AUM achieving SBT coverage by 2030 and then 100% by 2040. SBTs are recognised when a target is set, rather than when a commitment to set a SBT is made.

Our direct allocation to climate solutions comes via our impact strategy, the Better World Fund. The fund utilises themes to select companies that are contributing to environmental and societal solutions. Two of these themes relate to the climate change crisis. These themes are green economy and environmental protection. Allocation to companies contributing to these themes is currently 36%.

# Montanaro Asset Management

**Policy on coal and other fossil fuel investments:** We have the following restrictions across 100% of our AUM:

- Exclusion of companies involved in the exploration and production of coal, oil and gas.
- Ban encompasses both onshore and offshore extraction.
- We also ban investment in fossil fuel refinement companies.

**Further information:** Montanaro’s [net zero report](#) and [ESG handbook](#).

# Newton Investment Management

**67% of total AUM** initially committed to be managed in line with net zero

**USD 93 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2030

**Target(s):** 50% of portfolio company financed emissions setting a science-based target

**Baseline year performance for the target metric(s):** 27% of portfolio company financed emissions setting a science-based target

**GHG scopes included:** We note that under the SBTi methodology, Scope 3 emissions need to be taken into consideration when they represent more than 40% of the emissions value chain. For the meantime, only Scope 1 and 2 emissions will be included within the financed emissions calculations until we are comfortable with data accuracy and double-counting issues. Scope 3 emissions will be taken into account through the engagement process, alongside engaging on other companies' Scope 1 and 2 emissions.

**Methodology:** Science Based Target initiative for Financial Institutions

**Scenario(s):** SBTi scenarios are drawn primarily from the Integrated Assessment Modelling Consortium (IAMC) and the International Energy Agency (IEA).

Additional information

**Proportion of AUM committed:** The in scope NZAM AUM is the active equity and corporate bonds. This means that cash, derivatives, multi-factor equity (quantitative), multi-asset solutions (quantitative), sovereign bonds and funds are excluded due to a lack of methodology to implement NZAM at the moment. We will work to understand the options available to implement NZAM within these strategies going forward.

**Policy on coal and other fossil fuel investments:** We are still considering the best way to codify our NZAM commitment in relation to fossil fuel investments.

**Further information:** [Newton TCFD report](#)

# Nissay Asset Management

**60% of total AUM** initially committed to be managed in line with net zero

**USD 148 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030

**Target(s):** Reduce portfolio emissions by 50% in intensity terms

**Baseline year performance for the target metric(s):** 91.6 tCO<sub>2</sub>e / USD mn

**GHG scopes included:** Scope 1 and 2. Due to the data availability and reliability problem, Scope 3 is not included.

**Methodology:** Pairs Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** The IPCC special report on global warming of 1.5°C

Additional information

**Proportion of AUM committed:** All listed equities and corporate bonds we have invested except for long-short funds are included in the interim targets. On the other hand, most of the AUM not included are sovereign bonds and alternative assets since data availability is still a concern. We will continue to review data availability and improvements in methodologies annually.

**Policy on coal and other fossil fuel investments:** No

# Quinbrook Infrastructure Partners

**100% of total AUM** initially committed to be managed in line with net zero

**USD 1.9 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2030

**Target(s):** <0.1 tCO<sub>2</sub>e/MWh

**Baseline year performance for the target metric(s):** <0.1 tCO<sub>2</sub>e/MWh

**GHG scopes included:** Quinbrook's emissions intensity accounts for estimated Scope 1, 2 and 3 emissions of portfolio investments.

**Methodology:** Science Based Target initiative for Financial Services – Sectoral Decarbonisation Approach

**Scenario(s):** Quinbrook has assessed a pathway based on the Sectoral Decarbonisation Approach, SBTi 1.5 degree Celsius, Power, Fixed Market Share approach.

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** Quinbrook's [ESG Policy](#) excludes investment in coal exploration, production, mining, or energy generation.

# Ridgewood Infrastructure

**100% of total AUM** initially committed to be managed in line with net zero

**USD 700 million** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2030

**Target(s):** Emissions reduction targets per sector (Water) -50%

Target number of engagements (2025) - Collaborative engagements supported e.g. via Climate Action 100+: 20

Direct engagement with investees: 20

Sector and value chain engagement – with numerous companies and stakeholders from the same sector or value chain: 5

Engagement outcomes targets (2025):

Number of investees having SBTi aligned targets or committed to net-zero following engagement: 5

Number of investees having SBTi approved targets following engagement: 5

Allocation to climate solutions – 75%

**Baseline year performance for the target metric(s):** Baselines to be set for individual investments. Current overall portfolio baseline is ~38000 MT CO<sub>2</sub>e

Allocation to climate solutions: 0%

**GHG scopes included:** Confirmed, Scope 1 and 2

**Methodology:** UN Asset Owner Alliance Target Setting Protocol

**Scenario(s):** IPCC 1.5°C (low/no overshoot) - linear pathway to achieving our target of a 50% reduction by 2030

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** We do not invest in coal or other fossil fuels.

# Royal London Asset Management

**71% of total AUM** initially committed to be managed in line with net zero

**USD 146 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

**Target year:** 2030, 2040

**Target(s):** 2030: We aim for a 50% reduction of tCO<sub>2</sub>e/\$mn invested from a 2020 baseline.

Our objective is to evaluate and/or influence through engagement companies representing 70% of RLAM's corporate financed emissions to adopt emissions reductions targets linked to science-based sector-specific alignment methodologies (such as SBTi or other similar initiatives) and climate transition plans.

Property emissions – net zero for directly managed property assets by 2030 and indirectly managed property assets by 2040.

**Baseline year performance for the target metric(s):** For corporate fixed income and equities (2020 baseline\*) – Scope 1 and 2 emissions intensity: 45.2 tCO<sub>2</sub>e/\$mn

For property (2019 baseline) – operational emissions: 51,704 tCO<sub>2</sub>e, embodied carbon emissions: 11,353 tCO<sub>2</sub>e

Metrics for monitoring – absolute Scope 1 and 2 financed emissions: 3,24 M tCO<sub>2</sub>e, Weighted Average Carbon Intensity Scope 1 and 2: 98.5 tCO<sub>2</sub>e/\$mn sales, Scope 3 emissions intensity (estimated): 337 tCO<sub>2</sub>e/\$mn invested, absolute scope 3 financed emissions (estimated): 24,20 M tCO<sub>2</sub>e

\*Baseline year performance metrics for equities and corporate fixed income is calculated using Enterprise Value Including Cash, in line with PCAF recommendations. The figure currently excludes private corporate credit due to methodological constraints.

**GHG scopes included:** Equities and corporate fixed income: Scope 1 and 2 reported and estimated emissions (2020) = 86.4%

Financed Scope 1 and 2 emissions – EVIC based (2020) = 67.8%

Financed Scope 3 emissions – EVIC based (2020) = 67.7%

Property portfolio: Operational and embodied carbon emissions = 100%

As % value of equities, fixed income and property in overall AUM not 'net zero in scope' sub-set. The coverage reduction from 86.4% to 67.8% reflects limitations in EVIC coverage, only available for publicly listed companies. We follow PCAF to measure private corporate debt and may disclose as a separate baseline as we gain methodological confidence. Emissions data is the latest available from our portfolio at 31/12/20. In practice, this means the majority of emissions are from company operations in FY19.



# Royal London Asset Management

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** Our approach is informed by the IPCC special report on global warming of 1.5°C and the IPCC AR6. We aspire to follow a trajectory aligned with 1.5°C with low or limited overshoot, broadly equivalent to IPCC scenarios 'SSP1-1.9' or 'SSP2- 2.6'. For a sectoral breakdown of the pathways, we aim to use International Energy Agency Net Zero and Central Banks' Network for Greening the Financial System (NGFS) scenarios.

## Additional information

**Proportion of AUM committed:** Includes: Funds/assets directly owned or controlled by RLAM and segregated mandates where clients made explicit commitments to net zero. Excludes: Funds/assets that, due to mandate, or presently unclear pathway to net zero by 2050. Funds tracking external indexes, from which we do not have control and assets with insufficient data to make a commitment at this time. This may include emerging markets, commodities, derivatives, cash, and foreign exchange.

**Target setting:** Sovereign bond funds are included in our net zero commitments although their emissions have not been captured in the emissions baseline. This asset class was covered by PCAF November 2021 consultation, and we expect methodologies to evaluate alignment with the Paris goals to follow.

We hope regulatory efforts, innovation, methodology convergence and additional voluntary disclosure will support our

development of additional approaches to include other asset classes into our net zero targets. We are keen to find ways to use our entire AUM to support faster decarbonisation.

**Policy on coal and other fossil fuel investments:** We are favour actions that deliver positive impact in the real economy. Therefore, we prioritise engagement over divestment of high emissions assets. We will continue evaluating policy and technological developments, trends and actions that support demand reductions. We are evaluating best practice to avoid unintended consequences and maximise real economy benefits. While we evaluate portfolio decarbonisation for risk minimisation, we will continue evolving our understanding of the impact of engagement vs divestment on real emissions rather than exclusively on portfolio decarbonisation.

To give our clients choice, a number of our funds have explicit fossil fuels exclusions e.g. Bond ICVC funds, Ethical bond fund and Sustainable funds range.

**Further information:** [Climate risk policy](#), [stewardship report](#) and [NZ property pathway](#)

# Russell Investments

**25% of total AUM** initially committed to be managed in line with net zero

**USD 57.4 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2025, 2030

**Target(s):** 25% of AUM in material sectors to be net zero, aligned to net zero or aligning to net zero by 2025

Reduce Weighted Average Carbon Intensity (WACI) by 50% by 2030

Target financed emissions in material sectors are net zero, aligned to net zero, aligning to net zero or subject to engagement as follows: 70% by 2025 and 90% by 2030

**Baseline year performance for the target metric(s):** 15% of AUM in material sectors is considered net zero, aligned to net zero or aligning to net zero

WACI: 234tCO<sub>2</sub>e/USD mn revenue

4% of financed emissions in material sectors are net zero or aligned and 65% of financed emissions in material sectors are either aligned or subject to direct or collective engagement and stewardship actions

**GHG scopes included:** Our target covers Scope 1 and 2 emissions with Scope 3 to be phased in as data quality and availability improves.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** Russell Investments referenced the IPCC SR1.5 global emissions pathway scenarios that limit global warming to 1.5°C by 2050 with no or limited overshoot, to establish the target '50% reduction in emission intensity by 2030'

Additional information

**Proportion of AUM committed:** Our approach is client and solutions led and we are focused on setting realistic and achievable targets. Our initial efforts are centred on net-zero committed clients, sustainable solutions, and regions where transition alignment is a client objective. For instance, two-thirds of our EMEA-domiciled funds are included in our initial target group. Although this bottom-up approach leads to conservative interim targets, we are fully committed to working with clients to achieve our collective net zero commitments. Furthermore, we only included equities and corporate debt in our initial targets after assessing that these asset class methodologies were the most robust. Other methodologies & data availability will continue to improve, and we will aspire to phase in additional asset classes in the coming years.

**Policy on coal and other fossil fuel investments:** Our climate action plan includes a phase out of thermal coal by 2030 in OECD countries and by 2040 in the rest of the world for net zero aligned investments. Russell Investments' Global Exclusions Committee will continue to assess our policy on coal and other fossil fuels over time, incorporating the latest climate science, considerations for a just transition, while acknowledging a practical need for energy security.

**Further information:** More information on [responsible investing](#) at Russell Investments.

# Sage Advisory

**15% of total AUM** initially committed to be managed in line with net zero

**USD 1.5 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2021

**Target year:** 2030

**Target(s):** 2°C and 70% of portfolio companies setting a science-based target

**Baseline year performance for the target metric(s):** 3°C and 15% of portfolio companies setting a science-based target

**GHG scopes included:** Portfolio reference targets were set with Scope 1 and 2 emissions in mind. As only 70% of S&P 500 companies report on GHG emissions (with less than 30% for small and mid-cap), the US investment universe still has a lot of work to do. We utilise ISS ESG Climate Analytics to make the estimates for us when this information is lacking. However, based on these gaps in reporting for Scope 1 and 2, the estimates in Scope 3 right now are really for educational purposes only, and we still need better standardisation and disclosure from US companies on emissions in general.

**Methodology:** Science Based Target initiative for Financial Institutions – Temperature Ratings and Portfolio Coverage Approach

**Scenario(s):** Targets are derived and we model our portfolios glidepaths by utilising the IEA's Sustainable Development Scenario

Additional information

**Proportion of AUM committed:** Sage has made the determination not to include all portfolios under the goal at the current time. Some clients still need to be educated on what the potential impacts on portfolio construction (and investment outcomes) would be with the adoption of a net zero aligned strategy. Also, as we manage US dollar denominated strategies that include primarily US companies, there is still a lag on greenhouse gas reporting and target setting from US companies, which makes it harder for us as asset managers to fully assess the implications of going to 100% net zero.

**Target setting:** Sage's goal by 2030 is to have all companies within the portfolio be on a credible net zero path or very close. For those companies that aren't on a 1.5°C temperature path, we want to make sure we are selecting those that have as close of a temperature score of 1.5°C as possible.

**Policy on coal and other fossil fuel investments:** Sage currently has a policy that prohibits investing in companies involved with thermal coal extraction. The in scope AUM includes all policies that are committed to be in line with the NZAM initiative. Sage is in the process of enhancing this strategy to include other fossil fuel utilisation (which will include companies throughout the oil and gas value chain to include utilities and mid-stream companies).

# Santander Asset Management

**27% of total AUM** initially committed to be managed in line with net zero

**USD 51.5 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019 for tCO<sub>2</sub>e emissions and 2021 for financial instrument data

**Target year:** 2030

**Target(s):** 50% portfolio emissions in intensity terms

**Baseline year performance for the target metric(s):** 95.7tCO<sub>2</sub>e/USD mn

**GHG scopes included:** We are using Scope 1 & 2 to determine and reach our targets of 2030 and 2050 as noted above. We aim to incorporate and disclose Scope 3 based on data quality and availability in the future.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework – Portfolio Decarbonisation Reference Target

**Scenario(s):** IPCC 1.5°C P1 and P2 emissions pathway with no or limited overshoot

Additional information

**Proportion of AUM committed:** Certain asset classes are initially out of scope of our target due to methodological and data limitations. This includes sovereign, municipal and regional authority bonds, cash, derivatives, green bonds, alternatives and illiquid assets. The AUM in scope has been identified based on the PAII NZIF. As new methodologies become available and data granularity and coverage improves, additional financial instruments will be included.

Private client mandates are out of scope initially, subject to client consent. We are proactively engaging with our asset owner clients providing expertise and analytics on net zero investing and encouraging them to adopt net zero criteria in their mandates, with the aim to increase the proportion of clients' mandates to be managed in line with net zero goals.

**Target setting:** In addition to portfolio decarbonisation target, and with the goal of supporting real economy transition, we have been closely working with our main data provider to develop a custom-built solution to assess the alignment of assets according to the methodological approach defined by the Net Zero Investment Framework. This tool will leverage different sources of data to evaluate the six core criteria defined by the framework in the first phase, progressively incorporating the additional criteria 7-10 in the second phase.

The results of this assessment will be the basis for defining our asset level targets which will be set by end of Q4 2022.

**Policy on coal and other fossil fuel investments:** The scope of application of [this policy](#) will be all Santander Asset Management's investment except for private client mandates, sovereign bonds, municipal and regional authorities' bonds, cash, derivatives, liquid alternatives and illiquid assets.

**Further information:** Details on Santander Asset Management's approach to [sustainability](#) and its [road to net zero](#).

# SEB Investment Management

**50% of total AUM** initially committed to be managed in line with net zero

**USD 62.5 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2025, 2030

**Target(s):** 50% reduction in CO<sub>2</sub>e by 2025

75% reduction in CO<sub>2</sub>e by 2030

**Baseline year performance for the target metric(s):** N/A

**GHG scopes included:** Scope 1 & 2 (which currently is available for approximately 80% of AUM). Scope 3 is currently included for utilities.

**Methodology:** Net Zero Asset Owner Alliance Target Setting Protocol

**Scenario(s):** Sustainable Development Scenario (SDS)

Additional information

**Proportion of AUM committed:** Only internal funds are included in the initial proportion of AUM to be managed in line with net zero: Listed equities; corporate bonds and real estate. Mandates are excluded.

SEB is delivering its targets in line with the commitment by engaging with companies, increasing green investments, and including Scope 3 in the SDS transition pathway.

**Policy on coal and other fossil fuel investments:** SEB's policy is applicable to 100% of internally managed funds. The policy is available at [Climate\\_statement\\_eng\\_latest.pdf](#) ([sebgroup.com](#))

# Stafford Capital Partners

**100% of total AUM** initially committed to be managed in line with net zero

**USD 8.1 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2020

Target year: 2030

**Target(s):**

**Portfolio exposure targets:**

1. 0% fossil fuels: no (indirect) investment in companies deriving more than 20% of their revenue from fossil fuel value chain. This will include upstream, midstream, distribution and electricity generation and exclude transportation assets.
2. 0% exposure to coal power generation

**Financing transition targets:**

1. Increasing the % of timberland AUM that is optimised for carbon capture and creating carbon offsets to 33%
2. 40% of total Infrastructure AUM in sectors that actively contribute to reducing greenhouse gas emissions, such as renewable energy, energy efficiency, green hydrogen, among others.
3. 40% of total private equity AUM in financing transition.
4. Target 20% farmland AUM in permanent crops, whereby greenfield development (indicative 25% of total investment cost) classifies as a climate-neutral/ positive investment. Up to 15% of farmland AUM invested into capital improvements which can include climate-neutral/positive investments.

**Engagement targets:**

1. Engagement with managers of top ten highest- emitting infrastructure assets (or those responsible for 30% of emission in infrastructure portfolio) on setting up decarbonisation plans.
2. Engagement with managers of the top ten highest emitting private equity funds (according to their contribution to estimated Scope 1 and Scope 2 emissions in our private equity portfolios) on the steps that they are taking to reduce carbon emissions of their portfolio companies.
3. Engage with timberland managers who need to enhance their assessment of the carbon costs of harvesting and delivering wood for domestic and export processors, and managers of our timber processing investments (which represent the main timberland investments with a net positive CO<sub>2</sub> emission profile).
4. Engage with our local farmland partners to develop a perspective on the carbon footprint of our portfolio and to identify options to reduce the carbon footprint, with a focus on the most relevant (highest emitting) assets.

# Stafford Capital Partners

## Baseline year performance for the target metric(s):

1. 1.5% of total Stafford AUM indirectly invested in fossil fuels-related investments (at the end of 2020)
2. 0.9% of total Stafford AUM indirectly invested in coal power generation (at the end of 2020)

Allocation to climate solutions. End of 2020 baseline performance:

1. 100% of Timberland AUM is in negative emissions assets, but 0% is managed to optimise carbon capture
2. 15% of Infrastructure AUM in Renewables at the end of 2020
3. 20% total private equity AUM in financing transition
4. 4% farmland AUM in permanent crops. < 1% farmland AUM invested into capital improvements which can include climate-neutral/positive investments.

**GHG scopes included:** Scope 1 and 2 emissions are included in Stafford's estimated financed emissions for 2020. As company-level Scope 1 and 2 emissions data or physical activity data to carry out a GHG accounting were not attainable, emissions of portfolio companies in the funds we are invested in were largely estimated using averaged-data method, i.e., industry proxies or environmentally extended input-output data calibrated by an external consultant.

For our timberland portfolios, we estimated sequestered and stored CO<sub>2</sub> based on the proprietary model that has been reviewed by a recognised external consultant.

For our agriculture portfolios, an external consultant has provided estimates of annual emissions reduction potential (based on agricultural best practice) using regional data sourced from the Soils Revealed platform.

**Methodology:** UN Asset Owner Alliance Target Setting Protocol

**Scenario(s):** N/A

## Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** Stafford will not allocate any new capital to funds invested in companies which are planning or constructing new thermal coal projects and associated infrastructure.

By 2030 we will phase out our indirect investments in coal. Furthermore, we will phase out our exposure to fossil fuels to have no (indirect) investment in companies deriving more than 20% of their revenue from fossil fuel value chain and less than 2% in aggregate at the (fund) portfolio level. This will include Upstream, Midstream, Distribution and Electricity Generation, but exclude transport assets.

Simultaneously, we will increase the proportion of our investments that have no exposure to fossil fuels, such as timberland, farmland and renewables.

**Further information:** [Climate change report](#)

# State Street Global Advisors

**14% of total AUM** initially committed to be managed in line with net zero

**USD 582.7 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2025, 2030, 2040

**Target(s):**

**Emissions reduction:** 50% reduction in financed Scope 1 and 2 carbon emissions intensity by 2030, relative to 2019 baseline (based on emissions intensity attributed using EVIC, adjusted for EVIC inflation)

**Engagement:** by 2030, 90% of financed emissions in material sectors are either assessed as net zero, aligned with a net zero pathway, or the subject of direct or collective engagement and stewardship actions.

**Portfolio Coverage:** Increase AUM invested in assets in material sectors that are achieving net zero or aligned to net zero to 100% by 2040.

**Baseline year performance for the target metric(s):** We are currently in the process of calculating baseline performance for our targets, and will disclose these when the process is complete.

**GHG scopes included:** Our emissions reduction target will currently include only Scope 1 and Scope 2 emissions; Scope 3 emissions to be phased in over time when disclosure and methodology improve sufficiently.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** We have assessed multiple net zero pathways (including IPCC P1, P2, P3 scenarios, One Earth Climate Model, IEA Net Zero Emissions by 2050), and our overall emissions reduction target of 50% is broadly in-line with emission reductions indicated by these pathways. We will provide additional information on specific pathways being used, should we pursue region or sector-specific target-setting in future.



# State Street Global Advisors

Additional information

**Proportion of AUM committed:** Intended to drive credibility and accountability, our approach is based on considerations of clients, methodology robustness and data availability, as well as our business model.

- 1. We include assets from clients who have adopted net zero targets or similar climate commitments or may be reasonably expected to do so.
- 2. We consider portfolios invested in equities and corporate fixed income. These asset classes represent 68.5% of AUM, of which 20.5% are included in our interim targets.
- 3. We include index portfolios (78.2% of AUM) that have a climate component currently, or may be reasonably expected to adopt a climate objective.

As we work to increase our in-scope assets to 100% over time, we intend to engage with clients to encourage them to adopt net zero goals and consider strategies that are aligned with net zero, where appropriate. In addition, we will look to expand coverage to other asset classes (e.g., sovereign bonds, cash) where we have material AUM, as clear methodologies develop in the industry.

**Target setting:** We are currently studying the prevalent public methodologies and external vendor data to assess the trade-offs in coverage and quality. We will set quantified targets for the years 2025 and 2030, based on a linear approach to achieve the 100% by 2040 goal. Our emissions reduction target will currently include only Scope 1 and Scope 2 emissions; Scope 3 emissions will be phased in over time when disclosure and methodology improve sufficiently.

**Policy on coal and other fossil fuel investments:** We believe engagement and stewardship efforts to be the most effective tool to achieve long-term progress on energy transition. We will consider developing a science-based energy transition policy in the long run.

The AUM is as of 31/12/21.

**Further information:** Further information in relation to our targets and net zero strategy will be found [here](#).

# Vanguard

**4% of total AUM** initially committed to be managed in line with net zero

**USD 290 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2019

**Target year:** 2030

**Target(s): 17% of actively managed assets** totalling USD 1.7 trillion is currently invested in a net zero aligned manner.

Under the portfolio coverage approach, by 2030, each strategy is expected to reach at least 50% of market value in companies with targets consistent with a net zero glidepath. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement: Limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

**Baseline year performance for the target metric(s):** Each fund will have a different baseline performance relative to its benchmark.

**GHG scopes included:** For the committed funds, emission data coverage of Scope 1 and 2 emissions is 96% of market value for equity assets and 74% for fixed income assets.

The data quality and coverage of estimated Scope 3 emissions is currently too low to be incorporated into standard weighted average carbon intensity (WACI) measurements. As reporting and methodologies improve, we expect coverage to increase.

**Methodology:** Science Based Target initiative for Financial Institutions

**Scenario(s):** The targets set by each fund follow a portfolio coverage glidepath that are consistent with science-based pathways.

Additional information

**Proportion of AUM committed:** Our meaningful engagement with portfolio companies on climate risk across both our actively managed and index-based products and our approach reflects the different nature of these investment strategies. We remain clear that our duty to maximize returns for the investors in our products is our central objective. We believe any successful transition supporting net zero aligned investing will require the action of governments and policymakers.

Of the products included in the disclosure, representing USD 1.7 trillion in actively managed assets under management, we identified USD 290 billion, or 17% of the total, that are investing in a net zero-aligned manner. A portion of these assets is in actively managed ESG products with net zero commitments as part of the product design.

# Vanguard

The assets also include actively managed funds without explicit ESG mandates that nonetheless align to net zero objectives because of the existing philosophy and process used by the investment managers to maximize total returns for investors. These managers account for and consider climate risk in their process and believe that robust science-based strategies for managing climate risk will be critical for companies to deliver long-term shareholder value.

**Target setting:** As Vanguard considers how our approach may evolve to include a greater portion of our actively managed assets, several considerations will be important. These include evolving net zero methodologies in assets in which net zero methodologies either do not exist or are evolving, the way varying investment approaches to mitigate climate risks evolve, and how methodologies could be developed to account for multi-manager product structures that have portions of the product managed in a net zero-aligned manner.

Approximately 80% of Vanguard investors’ assets are held in index funds, the majority of which, by mandate, track broad equity and fixed income market indexes. These assets cannot be committed to net zero targets without substantial action by the underlying companies or clarity on government actions related to climate risks. While we have excluded our index funds in our initial NZAM commitment, Vanguard’s investment stewardship and credit research teams engage with portfolio companies held in our index funds to better understand how they are addressing material risks, including climate risks.

Of the more than \$5 trillion in index equity assets that Vanguard manages, over \$1 trillion is invested in companies that have committed to net zero targets, according to data from MSCI. And per MSCI, an additional \$2.8 trillion in assets are invested in companies that have some other form of emission reduction targets. In total, more than 70% of Vanguard’s index equity assets are invested in companies with publicly stated emission reduction goals. Our investment stewardship teams will continue to engage with companies about their commitments.

We expect proper board oversight, appropriate risk mitigation, and effective disclosure. This is done to ensure that these risks do not undermine the long-term investment outcomes of our investors.

**Policy on coal and other fossil fuel investments:** We have published the following [report](#) outlining Investment Stewardship’s expectations for companies with significant coal exposure in our equity index funds. As part of our fiduciary duty to shareholders in the Vanguard funds to support the long-term value of their investments, we seek to understand the actions coal-exposed companies are taking to mitigate this risk.

**Further information:** Vanguard’s [corporate sustainability goals](#), [approach to climate change](#), [TCFD report](#), and [stewardship annual report](#)

# Valo Ventures

**100% of total AUM** initially committed to be managed in line with net zero

**USD 0.2 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 2022

**Target year:** 2030, 2040

**Target(s):** By 2030 at least 50% of our AUM invested in Series C or later companies (the benchmark we use to initiate carbon accounting) will have achieved net zero or be demonstrating alignment through their ambition, targets, emission performance, disclosure, strategy, and capital allocation. By 2040 that number will increase to 100%.

Reduce financed emissions by 50% by 2030, compared to our first quantitative benchmark.

**Baseline year performance for the target metric(s):** Because we have not been able to establish a 2022 baseline, our target performance will be measured from our 2023 quantitative benchmark.

**GHG scopes included:** Due to the early nature of the start-ups Valo invests in, most of our assets are deployed towards companies with de minimis Scope 1 & 2 emissions.

Four of our portfolio companies have surpassed the Series C benchmark, and we are working with them to implement an annual reporting practice. Reporting will, at a minimum, include process, transportation and other emissions from company-owned assets for Scope 1 and electricity use and purchased heat emissions for Scope 2.

As we begin to track Scope 3 emissions for qualified companies, it is important to note that approximately half of Valo's portfolio will be companies offering products or services that have a significantly lower carbon footprint than existing solutions.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework – Engagement Threshold

**Scenario(s):** The IPCC 1.5°C Pathways and the resulting emissions gap highlighted in the UNEP Gap Report

Additional information

**Proportion of AUM committed:** 100%

**Policy on coal and other fossil fuel investments:** Yes

# Wellington Management

**32.4% of total AUM** initially committed to be managed in line with net zero

**USD 436 billion** currently committed to be managed in line with net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline year:** 31 December 2019

**Target year:** 31 December 2029

**Target(s):**

- a. SBT Portfolio Coverage: By 2030, achieve a minimum %MV in companies with SBTi targets (or equivalent as assessed by Wellington Management), consistent with a linear increase from the portfolio's 2019 baseline value to 100% by 2040
- b. Portfolio Construction: By 2030, achieve a 50% reduction in weighted average carbon intensity (WACI, tons CO<sub>2</sub>/\$mn Revenue) vs 2019 baseline

We have initially defined two basic glidepath options for targets focused on Engagement and Portfolio Construction. Each investment team determines which approach is most consistent with their philosophy and process, and this becomes the default proposed approach for consideration by clients with net zero targets.

**Baseline year performance for the target metric(s):** The baseline performance is defined individually for each investment strategy.

**GHG scopes included:** For the SBT Portfolio Coverage glidepath, Scopes 1 and 2 are always included, and Scope 3 is included where material, as SBTi validation requires Scope 3 inclusion where Scope 3 emissions represent 40% or more of the company's overall footprint. This is also the case for investment teams committed to driving decarbonisation through engagement only. For the Portfolio Construction glidepath, we include Scope 1 & 2 in our interim 2030 target. We expect to introduce a secondary target that addresses Scope 3 emissions, pending improved coverage and comprehensiveness of Scope 3 disclosures.

**Methodology:** Our approaches are aligned with a combination of the SBTi Guidance for Financial Institutions (Portfolio Coverage Approach) and the PAI Net Zero Investment Framework (Listed Equity and Corporate Fixed Income: Portfolio Construction).

**Scenario(s):** For the SBT Portfolio Coverage glidepath, the underlying targets being set are consistent with science-based pathways. These targets can be derived using the sectoral decarbonisation approach (SDA) where industry-specific guidance is available, which has a pathway for 1.5°C. The absolute contraction approach (4% in absolute terms or 7% in intensity terms) is also sufficiently rigorous to be consistent with science-based pathways. For the Portfolio Construction glidepath, a 50% reduction by 2030 is consistent with a net zero pathway, as reflected in the NZAM commitment language. We do not expect to require linear annual reductions but will regularly monitor progress for these strategies to ensure continuous improvement.

# Wellington Management

## Additional information

**Proportion of AUM committed:** Because we see our asset commitment and clients' objectives as inextricably linked, we assess client portfolios and investment strategies one by one, commencing with asset classes with established methodologies (equities, corporate fixed income). Our AUM commitment includes a) accounts where clients approved implementation of a decarbonisation objective consistent with net zero by 2050 or sooner, and b) accounts where the investment team is committed to driving decarbonisation through engagement with the intention of improving client outcomes (encouraging companies to manage transition risk consistent with net zero). We currently exclude AUM managed for/ accepting ERISA assets as we monitor the US regulatory environment. We intend to update as we reach milestones e.g. new asset class in scope and/or incremental client approvals.

**Policy on coal and other fossil fuel investments:** Our current exclusion policy is summarized in our Client Exclusions Policy, updated on 1 October 2021. The segment of the policy relevant to climate risk covers thermal coal extraction, thermal coal power generation, and oil sands extraction and evaluates companies based on revenue thresholds, reserves, and, in certain situations, announced phase-out plans. The AUM currently covered by this policy is USD45.8 billion as of 30 April 2022, representing more than 90% of Wellington's cross-border sponsored funds.

Link: [2021.pdf](#)

**Further information:** [Our commitment to net zero](#)

Updated target – initial target can be seen in Annex B or found in the [NZAM Progress Report](#) from November 2021

# **ANNEX B:**

# **ASSET MANAGER**

# **TARGET DISCLOSURES**

**(November 2021)**

# abrdn

**30% AUM** initially committed to be managed in line with net zero

**233bn USD** currently committed to be managed in line with net zero, subject to mandate changes

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):** The assets aligned to net zero 2050 will be managed to a target of at least 50% carbon intensity reduction by 2030 (PCAF economic emission intensity or WACI dependent on client requirements), and we will also increase investment in climate solutions and focus on a net zero stewardship strategy. We aim to increase the proportion of AUM invested in net zero aligned companies and climate solutions to measure real world decarbonisation, but have not set a specific bottom up target for this yet. We are developing transition alignment tools before we can set a baseline and evolve our approach.

We are committed to have a clear net zero pathway for all our Real Estate funds (£38bn) by 2025 – the pathway may be to target net zero by 2030, 2040 or 2050 at the latest and is subject to clients agreeing to mandate changes to deliver this.

**Baseline Year Performance for the target metric(s):** We cannot yet provide an aggregated figure for the baseline carbon intensity for all assets to be managed in line with net zero by 2050.

**GHG scopes included:** Scope 1 & 2 is included in target setting, Scope 3 to be tracked and reported on for most material sectors in line with PCAF.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework as a foundation, complemented by the Net Zero Asset Owner Alliance Target Setting Protocol where this is requested by asset owners.

**Scenario(s):** The target has been derived on the basis of bespoke net zero 2050 climate scenario analysis developed in partnership with Planetrics and recommendations of the Net Zero Asset Owner Alliance Target Setting Protocol which is aligned with the latest available science on net zero pathways.



abrdn

## Additional information:

**Proportion AUM committed:** A phased approach will be applied to implement alignment. abrdn do not have full discretion over setting net zero 2050 goals for our investments as this is dependent on our client mandates and objectives. We aim to increase this proportion over time by actively engaging with clients and continuing to develop solutions for net zero 2050 across all asset classes.

Beyond what our clients mandate, we are setting decarbonisation targets across our assets where we have discretion to do so and expect the carbon intensity of the assets in scope to reduce by 50% by 2030 vs 2019. More detail on this will be published in a target setting approach paper in due course.

**Policy on coal and other fossil fuel investments:** abrdn has a [fossil fuel position statement](#) and aligns fossil fuel engagements with science-based policies. For example, we are members of the Powering Past Coal Alliance and align our engagements with PPCA recommended coal phase out timelines – we also have restrictions on fossil fuels for certain products.

**For further information:** Climate commitments made are available on [our website](#). Our approach to climate change, TCFD report and climate related white papers are available [here](#). This [investing for net zero article](#) provides detail on how we are thinking about net zero solutions. Further detail on what net zero directed investing means for us will be published by the end of 2021. For abrdn's [fossil fuel position statement](#).

# Anaxis Asset Management

**100% AUM** initially committed to be managed in line with net zero

**0.538bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2018

**Target Year:** 2030

**Target(s):**

Target 1: Decrease portfolios' GHG intensity by 60% for Scope 1 & 2 (expressed in metric tons of CO<sub>2</sub> equivalent per EUR 1 million in turnover).

Target 2: Increase to 100% the percentage of assets invested in material sectors that are achieving net zero or meeting the criteria to be considered either 'aligned' or 'aligning' to net zero (with an intermediary target of 70% in 2026).

Target 3: Ensure that at least 90% of financed emissions in material sectors are either net zero, aligned to a net zero pathway, or the subject of direct or collective engagement and stewardship actions (with an intermediary target of 70% in 2022).

**Baseline Year Performance for the target metric(s):** 267 t of CO<sub>2</sub> eq. per EUR 1 million in turnover (average across all bond portfolios, gathering 95% of AUM at the time).

**GHG scopes included:** We cover Scope 1 & 2 for all portfolio holdings, using estimates when data is not available. In our investment universe (mainly comprised of high-yield corporate bonds) Scope 3 disclosure is still uncommon. We intend to include Scope 3 in our strategy when enough data becomes available from companies.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework.

**Scenarios:** Our targets are derived from the P1 pathway of the IPCC.

Additional information:

**Target setting:** Our objective GHG intensity target exceeds the IPCC recommendations, so that we deliver a fair share of the required reduction efforts.

Policy on coal and other fossil fuel investments: Yes, more information can be found at: <http://anaxis-esg.com/en/anaxis-ams-esg-policy-documents/>. Our policy applies to all assets under management.

**For further information:** <http://anaxis-esg.com/en/>

# Arisaig Partners (Asia) Pte Ltd

**100% AUM** initially committed to be managed in line with net zero

**~5bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2025, 2030

**Target(s):**

2025 Targets

- Target 1: Normalised financed Scope 1 & 2 emissions and corresponding Economic Emissions Intensity to reduce by 1.6% annually until 2025, based on 2019 level (or 9% in total).
- Target 2: As of 2020, 23 out of 67 holdings (34%) have reached Level 2 or higher of the Transition Pathway Initiative (TPI) Climate Risk Management Quality Score. We target to increase this to 100% of the portfolio by 2023.
- Target 3: Increase of 20% of proportional AUM aligned or aligning to 'Net Zero' by 2025.
- Target 4: Engage with every company ranked as TPI Level 0 and 1 on at least an annual basis until we achieve *Target 2*.
- Target 5: From 2023, we will shift the focus of engagement to the top emitters which constitute 20% of proportional AUM. Each of them is expected to be aligned or aligning to 'Net Zero' by 2025.

2030 Targets:

- Target 1: Normalised financed Scope 1 & 2 emissions and Economic Emissions Intensity to reduce at 6.1% annually between 2025 and 2030 (or 34% in total by 2030 based on 2019 level).
- Target 2: An increase of 37.6% of AUM aligned or aligning to 'Net Zero' (based on 2019 level).

**Baseline Year Performance for the target metric(s):**

- Financed Scope 1 & 2 emissions in 2019: 39,196 tons of CO<sub>2</sub>e. This is calculated via PCAF's methodology using reported and estimated data, which still only covers 65% AUM. By achieving Target 2, we would increase data coverage to 100%.
- Economic Emissions Intensity in 2019 (based on AUM with data available): 14.35 tons CO<sub>2</sub>e/ \$mn invested
- % of AUM aligned to 'Net Zero' in 2019: 0%

**GHG scopes included:** Our 2025 and 2030 targets cover Scope 1 & 2 of financed emissions.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework (self-decarbonisation approach).

**Scenario(s) used:** Net Zero 2050 Pathway by International Energy Agency for Emerging and Developing Markets

# Arisaig Partners (Asia) Pte Ltd

## Additional information:

**Target setting:** Our Target 1 (1.6% annual reduction at portfolio-level) is derived from a 1.5°C aligned pathway designed by International Energy Agency (NZE). We chose NZE as the reference mainly due to our focused investments in emerging markets. NZE is one of the few 1.5°C pathways that provide a granular, and therefore fairer, pathway for emerging markets. Nevertheless, we also recognise that this pathway takes the entire emerging market economy as a whole and does not consider sectoral differentiation. Therefore, we will keep looking for granular pathways that are more suitable for the decarbonisation of the sectors in which we have exposure to, which tend to be lower carbon intensity.

The bottom-up targets of increasing 20% of AUM to be aligned or aligning to 'Net Zero' by 2025 is following an almost linear growth from 0% in 2019 to 100% aligned in 2050. We believe it is fair to give a longer preparation phase for emerging markets companies to transform from "net zero aligning" to "net zero aligned" at the beginning of the journey.

**Policy on coal and other fossil fuel investments:** We do not invest in companies involved in the production of fossil fuels across all our funds; [Arisaig-Partners-Long-term-Investing-Policy-ESG-Integration-and-Constructive-Ownership-2020.pdf](#)

**For further information:** Link to policy in public domain will be available in November 2021.

# a.s.r. Asset Management

**~60% AUM** initially committed to be managed in line with net zero

**~36bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2015

**Target Year:** 2030

**Target(s):** 50% reduction in emissions intensity. However, we are currently re-evaluating this percentage to further increase our ambition.

**Baseline Year Performance for the target metric(s):** We are currently working through a combined and weighted baseline metric, to expand the scope to include other asset classes.

**GHG scopes included:** We currently include Scope 1 & 2 emissions and aim to include Scope 3 once data is sufficiently available and of sufficient quality.

**Methodology:** We use PCAF to account for carbon within our investment portfolios. We have trialled PACTA and SBTi for selected products/portfolios but have – amongst others due to methodological concerns and data limitations – opted for a straight carbon reduction target, in lieu of a sound science-based methodology underpinned by sufficient data. We are currently reviewing complementary data sets to allow us to set science-based reduction targets, and/or evidence that our current targets are aligned with the ambitions of the Paris Agreement.

**Scenario(s) used:** P2 emissions pathway from the IPCC special report on global warming of 1.5°C, deriving a 7% year-on-year reduction from that (corresponding to the UN Production Gap percentage for 2020-2030). We expect the P2 emissions pathway to be updated in the WG3 section of the IPCC AR6 report.

## a.s.r. Asset Management

### Additional information:

**Proportion AUM committed:** We are the inhouse asset manager for ASR, the Dutch insurance company. For our proprietary investments we manage inhouse on behalf of ASR Nederland (our asset owner) we have set the follow interim target, for the asset classes listed equities, credits, and sovereign debt. We have targets for our investment portfolios in fixed income and equities (for our proprietary assets and on behalf of policy holders).

We are currently working through setting reduction targets for our proprietary investments in real estate and mortgages, which will bring our coverage to around 80%, leaving cash, equity associates and certain loans to still work through.

**Target Setting:** Our reduction targets are based on an increasingly stringent exclusion policy with respect to fossil fuels (informed by the most recent climate science and energy production insights) combined with achieving real world impact through active ownership and taxonomy-aligned (green) investing.

Besides an increasingly stringent exclusion policy for high GHG emitting sectors, we have targets on impact investing across all our asset classes. We have aligned these AUM targets as much as possible with investing in climate solutions; thereby lowering our portfolio footprint while realising real world impact.

Besides the abovementioned target, we have a series of ESG instruments which launched in 2017, which are also available to our institutional clients. The funds invested in listed equities have set their own 2030 carbon reduction targets in line with the pathway of the EU Paris Aligned Benchmark (PAB).

We are a signatory to, or a user of, relevant methodologies such as CA100+, SBTi, PACTA and PCAF.

**Policy on coal and other fossil fuel investments:** We have a formal exclusion policy on coal and non-conventional oil extraction. We are working through expanding this formal policy towards a science-based policy on conventional oil & gas. [https://asrvermogensbeheer.nl/media/x3enexto/asr-nederland-sri-policy\\_en.pdf](https://asrvermogensbeheer.nl/media/x3enexto/asr-nederland-sri-policy_en.pdf)

### For further information:

# Asset Management One Co. Ltd.

**53% AUM** initially committed to be managed in line with net zero

**273bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):** Portfolio alignment with a 1.5°C scenario where 95% of portfolio is classified as Net Zero, Aligned or Aligning as a proxy for emissions reductions

**Baseline Year Performance for the target metric(s):** N/A

**GHG scopes included:** We currently include Scope 1 and 2 emissions, and aim to include Scope 3 once data is sufficiently available.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework and Science Based Targets Initiative

**Scenario(s) used:** IEA's Sustainable Development Scenario. One of the inputs to determine the portfolio alignment with 1.5°C scenario is based on SDS scenario at this point. When the data vendor updates it to the NZE scenario, Asset Management One will update accordingly.

Additional information:

**Target Setting:** Asset Management One assess net zero by using portfolio alignment methodology (Net Zero, Aligned, or Aligning), by which we can assess the alignment with 1.5°C scenario of each portfolio company and the portfolio as the aggregate. Also we can assess the situation of each portfolio company including its emission in a holistic and forward-looking way.

**Policy on coal and other fossil fuel investments:** Asset Management One is working on a policy on coal and fossil fuel investment.

**For further information:** [http://www.am-one.co.jp/pdf/english/60/210910\\_AMOne\\_newsrelease\\_E.pdf](http://www.am-one.co.jp/pdf/english/60/210910_AMOne_newsrelease_E.pdf)

# ATLAS Infrastructure

**100% AUM** initially committed to be managed in line with net zero

**2bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):**

66% reduction in Scope 1 & 2 by 2030 (calculated on EVIC basis). This equates to a 1.5°C pathway under the SBTi pathways.

Consistent with the PAII Net Zero Investment Framework, ATLAS categorises companies on their level of alignment to a Net Zero pathway. The categories are:

- Currently Net Zero aligned (Consistent with IIGCC's category of "Achieving Net Zero")
- Aligned with Paris pathway (Consistent with "Aligned to a Net Zero Pathway")
- Potential to align (Broadly consistent with "Aligning to net zero pathway and Committed to aligning")
- Misaligned (Broadly consistent with "Not aligned")

ATLAS has a current portfolio constraint of 70% of companies being either "Currently Net Zero aligned" or "Aligned with Paris pathway" or under engagement.

By 2030 100% of ATLAS portfolio companies must be either "Currently Net Zero aligned", "Aligned with Paris pathway" or under engagement.

**Baseline Year Performance for the target metric(s):** 172 tCO<sub>2</sub> / \$mn (Calculated on EVIC basis)

**GHG scopes included:** The assessment includes all Scope 1 & 2 emissions for each company as well as a broader estimate of Network/volume-based emissions associated with use or operation of the companies' assets.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework. We use SBTi pathways using specific sector pathways where possible.

**Scenarios used:** Emissions forecasts are compared to a 1.5°C scenario and the IEA's Beyond 2 Degrees Scenario (B2DS), both used by the Science-Based Targets initiative (SBTi). The 1.5°C scenario was created by the SBTi from IPCC scenarios that limit warming to 1.5°C with a >50% probability. B2DS is considered aligned with a Well-Below 2 Degrees temperature goal and is consistent with limiting warming to 1.75°C with a 50% probability. For further information please see SBTi, "Foundations of Science-based Target Setting" (April 2019), link <https://sciencebasedtargets.org/resources/files/foundations-of-SBT-setting.pdf>

By using sector specific pathways we can ensure that the heaviest emitting sectors are required to produce the greatest reductions.



# ATLAS Infrastructure

Additional information:

**Policy on coal and other fossil fuel investments:** No – as an infrastructure fund our universe does not include coal and oil production or refining.

**For further information:** <https://www.atlasinfrastructure.com/esg/>

# Aviva Investors

**~70% AUM** initially committed to be managed in line with net zero

**346bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 31 December 2019

**Target Year:** 31 December 2024, 31 December 2029

**Target(s):** 25% tCO<sub>2</sub>e/mn by 2025 & 60% by 2030

**GHG scopes included:** Scope 1 & 2 are the basis for targets with sufficient coverage to enable measurement of progress towards the targets. Scope 3 data coverage is not sufficient currently to enable target setting or measurement against. That said, where it is available it is measured and reported on internally.

**Methodology:** Net Zero Asset Owners Alliance Target Setting Protocol, specifically:

Public Equities & Credit: Carbon Intensity by Revenue (Scope 1 & 2)

Direct Real Estate: Carbon Intensity by m<sup>2</sup> (Scope 1, 2 & 3), where Scope 3 emissions only apply to tenant emissions

Sovereign: TBC on NZ AOA methodology guidance

Infrastructure Equity: TBC on NZ AOA methodology guidance

**Scenario(s) used:** The IPCC special report on global warming of 1.5°C. 25% reduction by 2025 aligns linearly with the 50% reduction by 2030, i.e. an average of 5% reduction per year (we are not following yearly targets).

Additional information:

**Proportion AUM committed:** Asset classes outside of the 2025 NZ AOA guidance will be excluded. Cash and derivatives will also be excluded for the time being. In addition, it will be at the discretion of the client where they hold segregated mandates and so for the time being, we prudently exclude their assets. Finally, there are some assets managed by external managers, which for the time being we will exclude.

**Policy on coal and other fossil fuel investments:** We will have divested all companies making more than 5% of their revenue from thermal coal unless they have signed up to Science-Based Targets. This applies to all AI managed funds subject to investor consent & regulatory approval.

**For further information:** <https://www.avivainvestors.com/en-gb/responsibility/our-climate-approach/>  
<https://www.avivainvestors.com/en-gb/capabilities/real-assets/real-assets-net-zero-carbon-pathway/>

# AXA Investment Managers

**15% AUM** initially committed to be managed in line with net zero

**159.3bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2025

**Target(s):**

AUM with AOA Methodology (USD 147.1bn): We expect to achieve a 22% reduction in carbon intensity by 2025, in comparison with 2019 performance.

AUM with NZIF methodology (USD 12.2bn): We are in the process of setting the initial interim target at fund level for these funds, and will disclose the information by early 2022. The target will be consistent with a fair share of the required 50% reduction in global emissions by 2030.

**Baseline Year Performance for the target metric(s):**

Baseline year performance is defined at portfolio / client level and reported accordingly, with progress regularly measured.

**GHG scopes included:**

- For Corporate bonds and stocks, Scope 1 & 2 only are included at this stage as the data quality and coverage are still too low for Scope 3 at this stage to allow to use them in a robust enough manner. We intend to progressively include Scope 3 over time.
- For direct real estate, Scope 1 & 2 are included, as well as a portion of Scope 3 (e.g. whole building gas or district heating/cooling but not Tenant Scope 3 emissions).

**Methodology:** Net Zero Asset Owner Alliance Target Setting Protocol and Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** IPCC special report on global warming of 1.5°C. Direct real estate will move to CRREM-based pathways for Real Estate from 2025.

# AXA Investment Managers

## Additional information:

**Proportion AUM committed:** USD 159.3bn represents 41% of USD 388.7bn in eligible/measurable AUM – that is total corporate bonds, stocks and direct real estate. We define eligible assets as those covered Net Zero methodologies as of today and where we have a capacity to effect change. For direct real estate, the scope is focused on assets with good quality data coverage.

To ensure we preserve the best interest of our clients, we carefully selected the strategies which will be managed in line with net zero, while engaging in particular with policymakers to help to clarify the regulatory guidance and improve the convergence between EU Sustainable Finance policies and Net Zero initiatives. We intend to increase the proportion of assets managed in line with Net Zero objectives over time and are looking at setting internal targets to increase this proportion over time from next year. We expect to see an increase in proportion by end 2022 which we will report to NZAM/PRI/CDP in due time.

**Alignment assessment and engagement:** In addition to this quantitative target, and with the objective of supporting real economy change, AXA IM has defined climate categories in line with the Net Zero Investment Framework proposal, as described in our paper on 1.5°C investing (link available below). Unless otherwise specified by the asset owner, we will aim at limiting reinvestments/new investments in issuers identified as Climate Laggards. We also plan to use engagement techniques for sectors at stake, with clear objectives communicated at the inception of the engagement, as well as a very clear timeframe to achieve these. On a focus list of companies in sectors at stake, if we do not see progress, we will activate the escalation process and will divest if progress is not sufficient in the timeframe.

**Policy on coal and other fossil fuel investments:** AXA IM has committed to exit all coal investments in OECD countries by the end of this decade (and throughout the rest of the world by 2040) and applies a robust coal policy combining exclusion and engagement. Exclusions apply to 88% of AUMs. [0210226\\_AXA\\_IM\\_Climate\\_Risks\\_Policy\\_.pdf \(axa-im.com\)](#). AXA IM plans to announce a policy which will cover the Oil & Gas sector in November – which will notably cover unconventional sources of energy.

## For further information:

AXA IM annual TCFD report: [Sustainability at AXA IM | Our Strategy | AXA IM Corporate \(axa-im.com\)](#)

AXA IM roadtesting in relation with NZ AOA Target Setting Protocol: [Net Zero Emissions through investments: Road testing a pilot for intermediary target setting | AXA IM Corporate \(axa-im.com\)](#)

AXA IM view on 1.5°C investing: [Climate Alignment Principles: How to invest in line with a +1.5°C goal | AXA IM Corporate \(axa-im.com\)](#)

# BMO Global Asset Management (Canada)<sup>1</sup> / BMO Global Asset Management (EMEA)<sup>2</sup>

BMO Global Asset Management (Canada): **0.55% AUM**

BMO Global Asset Management (EMEA): **12% AUM**

initially committed to be managed in line with net zero

BMO Global Asset Management (Canada): **0.707bn USD**; BMO Global Asset Management (EMEA): **16.3bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):** Reference pathway for emissions intensity of the fund's benchmark – 50% reduction by 2030. Metric is financed emissions intensity (EVIC measure), CO<sub>2</sub>e/\$mn invested.

We will also have targets for (1) Proportion of portfolio emissions rated 'aligned' (2) Proportion of portfolio emissions 'aligned' or 'engaged'.

**Baseline Year Performance for the target metric(s):** Fund specific

**GHG scopes included:** Scope 1 & 2 only for the portfolio-level emissions pathway. In sectors where Scope 3 emissions are material, our company-level assessment covers disclosure, and for certain companies considers whether company targets cover all relevant scopes.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework. We are using a benchmark-relative approach for portfolio emissions target-setting. We have constructed a net zero aligned emissions pathway, using each fund's benchmark at the base year and reducing this by 50% by 2030. Each fund will aim to keep within this pathway.

**Scenario(s):** We use the IPCC special report on global warming of 1.5°C as a basis, which states that for global emissions pathways that feature 'no or limited overshoot', global GHG emissions need to decline by 45% by 2030 from 2010 levels. According to the UNFCCC, global GHG emissions grew by 11% between 2010 and 2011. Therefore, a 50% reduction from 2019 levels is needed by 2030.

<sup>1</sup> On April 12, 2021, BMO Financial Group announced that it had reached a definitive agreement to sell the entities that represent its EMEA asset management business to Ameriprise Financial, Inc. The transaction is expected to close in the fourth quarter of 2021, subject to regulatory approval and other customary closing conditions. Please note the AUM % aligned & Total AUM number are for the assets managed by BMO Global Asset Management (Canada) only.

<sup>2</sup> Ameriprise Financial, Inc announced the acquisition of the EMEA asset management business of BMO Financial Group on 12<sup>th</sup> April 2021. This is expected to close by the end of this year, subject to regulatory requirements. Please note the AUM % aligned & Total AUM number are for the assets managed by BMO Global Asset Management (EMEA) only, excluding Pyrford International. "BMO Global Asset Management (EMEA)" is a trading name of the EMEA asset management business of The Bank of Montreal.

# BMO Global Asset Management (Canada) / BMO Global Asset Management (EMEA)

## Additional information:

### Proportion AUM committed:

In selection of funds, we have focused on active equities given the availability of methodology and data, and primarily on products which are part of our ESG product range. In the case of BMO GAM EMEA the funds committed cover 53% of our active listed equity exposure.

We plan to further expand the proportion of AUM going forward, including in other asset classes.

**Target setting:** In relation to choice of benchmark, we consider each fund's own benchmark to be a proxy for the relevant global/regional/national economy. Setting a reference pathway based on this allows us to estimate how the economy as a whole needs to transition. A benchmark-relative approach allows us to take account of the start point of each fund, and whether this is below or above the economy-wide average. We then aim to keep each fund within the pathway representing a 1.5°C consistent trajectory.

**Policy on coal and other fossil fuel investments:** We do not have a firm-wide exclusion. Exclusions related to exposure to thermal coal apply to most funds in scope. Criteria and thresholds vary by fund.

**For further information:** Methodology document on net zero approach to be published shortly. Link to be included when available.

# Calvert Research and Management

**69% AUM** initially committed to be managed in line with net zero

**24.88bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030, 2050 or sooner

**Target(s):** 50% reduction across targeted assets. The target metric used is the weighted average carbon intensity.

**Baseline Year Performance for the target metric(s):** For 2019, our baseline year, performance for this target metric was 106.5 metric tons of carbon emissions per USD 1 million sales, based on the weighted average of firm-wide assets subject to our 2030 net zero target.

**GHG scopes included:** We are using Scope 1 & 2 to determine and reach our targets of 2030 and 2050 as noted above. We will incorporate Scope 3 based on data quality and availability in the future.

**Methodology:** Calvert used a combination of methodologies to set the targets. We used the PAII Net Zero Investment Framework 1.0 as the starting point to assess portfolio holding companies and to determine the targets. For assessing the criteria 2, 3 and 4 (section 7.2) of the framework we used entity information from SBTi, other pledges (e.g., RE100) and data from several other vendors to determine alignment. Calvert uses a proprietary approach to assess the strength of the carbon management and policies of companies as part of the research process. Only securities that are deemed eligible as a result of our research process are included in the targeted Calvert Funds.

Calvert has an established internal model to identify climate solutions providers.

**Scenario(s):** We assessed our portfolios using the IEA NZ 2050 sectoral pathways to determine the potential CO<sub>2</sub> reduction by 2030. We also assessed our portfolios using the IPCC “Below-1.5°C and 1.5°C-low-OC pathways”, “1.5°C-high-OS” and the combination of those two IPCC pathways.

# Calvert Research and Management

## Additional information:

**Proportion AUM committed:** We are committed to a 50% reduction across the vast majority of our assets (i.e. those subject to our Net Zero commitment under management by 2030).

Calvert has chosen to include our equity and corporate fixed income portfolios in our initial group of assets to be managed toward the Net Zero goal. At this point in time, we have chosen to exclude sovereigns, green bonds, municipal bonds, private and securitized loans, and separately managed accounts (SMAs) and non-proprietary index funds. We anticipate industry metrics and methodologies will be developed around green bonds, municipal bonds and private and securitized loans and that data availability will improve. Over time, we plan to incorporate these assets into our commitment. We plan to engage with our SMA clients to confirm their Net Zero priorities.

**Alignment assessment and engagement:** Furthermore, we are engaging or have engaged some of the companies that are among the largest contributors to Calvert's carbon footprint. We plan to expand engagement to address the heaviest emitters in Calvert's portfolios via both individual and collaborative engagements. In addition, we will engage solutions providers and other companies that can play an important role in the low carbon transition. We believe such actions will aid us in both reaching our targets and encouraging issuers to improve and strengthen their own carbon emission reduction goals as they commit to set Net Zero targets.

**Policy on coal and other fossil fuel investments:** Not at this time but we consider measures of assessment when reviewing issuers.

While we do have a strong internal principles-based approach on coal and fossil fuel investment and generally do not invest in these industries, at this time, our proprietary approach is not based on a prescriptive science-based target. We are currently in the process of reviewing this issue and considering how the implementation of science-based targets will support an effective and just transition of the global energy system.

**For further information:** Our information is forthcoming and will be added to our website when it is ready: [www.calvert.com](http://www.calvert.com).



# Capricorn Investment Group

**73% AUM** initially committed to be managed in line with net zero

**7.519bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2020

**Target Year:** 2025

**Target(s):** 30% reduction of GHG emissions

**Baseline Year Performance for the target metric(s):** 2020: approx. 500,000t CO<sub>2</sub> emissions across Scopes 1, 2 & 3.

**GHG scopes included:** All scopes across portfolio holdings

**Methodology:** Science Based Targets initiative for Financial Institutions

**Scenario(s):** SBTi-FI Sectoral Decarbonisation Approach. Where SDA is not applicable, portfolio coverage approach will be used.

Additional information:

**Proportion AUM committed:** The proportion included represents the assets over which we have discretionary investment control. We will work with our LPs across our remaining assets, most of which are clean technology companies, to achieve net zero alignment.

This commitment gets 60% of the way to a reduction of GHG emissions by half in 2030.

**Policy on coal and other fossil fuel investments:** Full divestment of fossil fuels since 2010. Full exclusion – all holdings. Partial exemption for legacy hydrocarbon assets of utilities rapidly expanding renewable energy.

For further information:

# Cardano

**100% AUM** initially committed to be managed in line with net zero

**45bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):** 50% global emissions reduction (which includes 30% emissions reduction for emerging markets). We measure our portfolio financed emissions per pound invested, based on enterprise value including cash (EVIC).

**Baseline Year Performance for the target metric(s):** N/A

**GHG scopes included:** We will measure our Scope 1 & 2 emissions across our portfolios.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** We are undertaking scenario analysis across 1.5, 2 and 3°C scenarios. MSCI is our data provider. A 1.5°C degrees Paris-aligned transition – this is our goal, how we direct our capital and how we engage. This assumes measures are taken that will keep the rise in temperature limited to 1.5°C. In MSCI, the scenario is, AIM CGE 1.5°C scenario, with physical risk average.

Additional information:

**Proportion AUM committed:** Cardano also provides investment advisory services and has £45bn AUA. For AUA our default position is net zero, but ultimately it is at the client's discretion. We are a signatory to the Net Zero Investment Consultants Initiative with respect to these services.

**Target setting:** Climate justice is critical to the success of the Paris climate agreement. For government bonds, we favour CO<sub>2</sub>e per capita for carbon foot-printing. In addition, we look at historical emissions, 'fair share' carbon budgets, and how emissions will evolve over time. For LDI portfolios in both UK and NL, where we invest in government debt, we are reliant on the government meeting its net zero target (we are engaging governments and regulators on net zero). We have reviewed data sets provided by Climate Action Tracker (which, in turn, sets out a number of methodologies for calculating fair share), the IEA 1.5°C report, and the IPCC data sets. We believe that countries with historically higher emissions (which tend to be developed markets) should decarbonise more rapidly than countries with historically lower emissions (which tend to be emerging markets).

**Policy on coal and other fossil fuel investments:** No, however, we do exclude direct commodity investment in fossil fuels.

**For further information:** <https://www.cardano.co.uk/cardano-and-sustainability/our-plan-to-address-the-climate-crisis/>

# CCLA Investment Management

**50% AUM** initially committed to be managed in line with net zero

**9.7bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2018

**Target Year:** 2030

**Target(s):** 57% reduction in maximum portfolio carbon footprint, based upon MSCI World Index

With regard to sectors, we will be setting targets for companies using the CA100+ Benchmark, which will be integrated into our engagement programme.

**Baseline Year Performance for the target metric(s):** 147.2 (weighted average carbon intensity – Tons of CO<sub>2</sub>e/\$mn sales)

**GHG scopes included:** Scope 1 & 2 emissions

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** IPCC 1.5°C/net zero pathway (P2)

Additional information:

**Proportion AUM committed:** Scope of current target relates to our listed equity assets, we will be working on targets for other directly managed asset classes over the coming 12 months.

**Target setting:** CCLA's target setting approach utilises the Paris Aligned Investment Initiative's Net Zero Investment Framework. Specifically, it utilises a benchmark-relative approach using the MSCI World Index. This benchmark was selected as it is both a universal benchmark, and the funds' own benchmark. These targets then apply a point-in-time emissions reduction goal in comparison to a baseline (the emissions of the 2018 MSCI World Index). The reduction goal has an upper bound of a 7.6% linear annual reduction, in line with the UNEP Gap Report & EU Climate Transition Benchmark Criteria, and a lower, more ambitious line derived from the IPCC special report on global warming of 1.5°C. This line represents a point in time reduction of 50% by 2025, that is consistent with the fair share contributions.

CCLA are an active investment manager, our priority is to accelerate the decarbonisation of the global economy. By reducing the maximum carbon footprint of our funds over time, we are committing to control the carbon intensity of our portfolios whilst using our active ownership capability to drive real world change.

**Policy on coal and other fossil fuel investments:** Yes. Please see [A Climate for Good Investment.pdf \(ccla.co.uk\)](#)

**For further information:** [A Climate for Good Investment.pdf \(ccla.co.uk\)](#)

# DigitalBridge

**100% AUM** initially committed to be managed in line with net zero

**32bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2021

**Target Year:** 2030

**Target(s):** We aim to achieve 100% portfolio coverage net zero target in 2030 in accordance with SBTi guidance for private capital investors.

**Baseline Year Performance for the target metric(s):** We are currently collecting this data.

**GHG scopes included:** DigitalBridge seeks to cover all financed emissions (the Scope 1 & 2 of portfolio companies). In addition, we seek to cover significant (as defined by SBTi) Scope 3 emissions from portfolio companies.

**Methodology:** Science Based Targets initiative for Financial Institutions

**Scenario(s):** 1.5°C

Additional information:

**Target setting:** Our net zero 2030 target was set with the understanding that net zero cannot wait until 2040 or 2050 for investors and companies that truly care about addressing the challenge of climate change.

**Policy on coal and other fossil fuel investments:** DigitalBridge invests exclusively in digital infrastructure and has no future plans to invest in fossil fuels.

**For further information:** Page 14 and 15 of our 2020 ESG report:  
<https://www.digitalbridge.com/docs/DigitalBridge2020ESGReport.pdf>

# DWS Group

**35.4% AUM** initially committed to be managed in line with net zero

**344bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019 for tCO<sub>2e</sub> emission and revenue data 2020 for financial instrument data (AUM)

**Target Year:** 2030 as required by the NZAM commitment and in line with further initiatives such as EU's "Fit for 55" or IPCC special report on global warming of 1.5°C

**Target(s):** 50% reduction target in weighted average inflation-adjusted financial carbon intensity (WACI adj.)\* related to Scope 1 & 2 emissions, consistent with a fair share of the 50% global reduction in CO<sub>2</sub> identified as a requirement in the IPCC special report on global warming of 1.5°C

**Baseline Year Performance for the target metric(s):** 170 tCO<sub>2e</sub> / USD m (referring to Scope 1 & 2 emissions of 286 bn USD AUM only, excluding 58 bn USD in companies without financial emission intensity data.)

**GHG scopes included:** For the target: Scope 1 & 2 emissions to the extent possible and in line with NZAM requirements. We aim to disclose Scope 3 emissions and absolute apportioned emissions; furthermore, DWS aims at setting targets for Scope 3 emissions on more granular basis following SBTi methodology.

**Methodology:** Underpinning the interim in-scope portfolio target, DWS has signed the commitment that we will work with SBTi to set a science-based emission reduction target. Thereby we are aiming to apply the SBTi Sector Decarbonization Approach and complement it with the Portfolio Coverage approach. Notwithstanding this commitment, as methodologies and approaches may further expand and evolve over time, we will continue to work with our partners at IIGCC and others on emerging standards to support the development of frameworks that best deliver on our corporate ambition in line with our fiduciary duty.

**Scenario(s):** IPCC special report on global warming of 1.5°C, IEA Net Zero 2050

## DWS Group

### Additional information:

**Proportion AUM committed:** The asset scope represents identified asset classes in scope for decarbonisation strategy in consideration of SBTi guidance. Implementation of decarbonisation measures at fund/portfolio/mandate level is subject to client/legal entity/fund board consent. The AUM in scope has been identified in consideration of SBTi guidance, currently including certain financial instruments mostly in mutual funds (equities, fixed income, liquid real assets, real estate alternatives) and some in selected managed accounts. As new methodologies and emission data become available, additional financial instruments can be included in scope. We aim to further increase asset scope of 35.4% over time subject to client/legal entity/fund board consent.

On baseline year performance, DWS plans to provide read across to the same coverage in future disclosures in case of enhancements of data availability and asset coverage. This includes details on the corresponding re-baselining procedure in case applied.

**Target setting:** The overall financial carbon intensity (WACI) reduction target is to be complemented by tracking of absolute apportioned emissions; we aim at applying the sectoral decarbonisation approach (SDA) for high emitting sectors and complemented with portfolio coverage approach following the SBTi for Financial Institutions. Combined tracking of the above-mentioned indicators shall support the delivery of a fair share of CO<sub>2</sub> reduction until 2030.

**Policy on coal and other fossil fuel investments:** DWS is currently working on a comprehensive energy policy, including coal, in accordance with SBTi's time frame and framework. While DWS does not currently have a coal exclusion policy, one coal exclusion criterion is already applicable to those funds in scope where DWS Minimum ESG Standards (MESGS) are applied. Further, in context of our net zero engagement activities we aim to accelerate the energy transition process of our investee companies in line with net zero.

**For further information:** \*De Nederlandsche Bank (DNB) has proposed to enhance the ordinary Weighted Average Carbon Intensity in order to ensure that inflation and exchange rate effects do not lead to a misleading improvement of the target indicator. Source: <https://www.dnb.nl/media/3n1mbtnj/os-misleading-footprints.pdf>

# FAMA Investimentos

**100% AUM** initially committed to be managed in line with net zero

**0.45bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2025

**Target(s):** 28.6% of FAMA's listed equity portfolio by invested value will have set science-based targets by 2025

**Baseline Year Performance for the target metric(s):** 0% of our listed equity portfolio by invested value have set science-based targets by 2019

**GHG scopes included:** The target covers Scope 1 & 2 for all assets and Scope 3 when these emissions represent more than 40% of total Scope 1, 2 & 3 emissions.

**Methodology:** Science Based Targets initiative for Financial Institutions – Portfolio Coverage approach

**Scenario(s):** At least well below two degrees

Additional information:

**Target setting:** We have adopted the SBT Portfolio Coverage methodology, which is one of the three methodologies available for setting Scope 3 emissions targets for listed equity portfolios, according to the SBTi for Financial Institutions. We meet all the conditions and criteria established by the initiative, thus, ensuring that we have a robust methodology, validated by science. The SBT Portfolio Coverage give us reassurance that each of our portfolio companies is setting science-based targets and focusing on real economy emissions reductions, consistent with delivering a fair share of the 50% global reduction in CO<sub>2</sub> emissions by 2030 as identified by the IPCC special report on global warming of 1.5°C and which consequently improve our own portfolio emissions.

**Policy on coal and other fossil fuel investments:** As part of our investment strategy, we do not invest in coal or any other fossil fuel. Our Responsible Investment and Stewardship Policy brings more details on our investment strategy and how we incorporate ESG issues

**For further information:** [www.famainvestimentos.com.br/ESG](http://www.famainvestimentos.com.br/ESG), [www.famainvestimentos.com.br/stewardship](http://www.famainvestimentos.com.br/stewardship)

# Fidelity International (FIL)

**35% AUM** initially committed to be managed in line with net zero

**~151bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2020 (using 2019 data, representing pre-COVID emissions)

**Target Year:** 2025 (and five-year intervals thereafter), 2030

**Target(s):**

Firm-wide reduction target: 50% reduction in financed emissions across equity and corporate bond holdings globally by 2030 from the Baseline Year

Fund-level alignment target: Align the stated AUM proportion to a net zero pathway according to Fidelity's proprietary Climate Rating (based on the Net Zero Investment Framework portfolio coverage approach), with the first interim target in 2025 and at five-year intervals thereafter

**Baseline Year Performance for the target metric(s):** For the purposes of our firm-wide reduction target, 102.28 tCO<sub>2</sub>e / \$mn invested, representing our carbon footprint as at 1 January 2020

**GHG scopes included:** The firm-wide reduction target covers Scope 1 & 2 emissions of our investee companies, with Scope 3 due to be integrated at a later date. The fund-level alignment target will include Scope 3 analysis both as a current measurement and as part of issuer target setting.

**Methodology:** The firm-wide reduction target is calculated on the carbon footprint of our equity and corporate bond holdings expressed in terms of the value of the investment. Equity and corporate bond holdings represent the substantial majority of our investments by value. The formula used for these calculations is:

$$\sum_i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 GHG emissions}_i \right) / \text{current value of all investments (€M)}$$

The methodology for our fund-level alignment target is based on the Paris Aligned Investment Initiative's Net Zero Investment Framework portfolio coverage approach. It makes use of Fidelity's proprietary climate rating, an internal tool which leverages our fundamental research capabilities to assess the likelihood of companies achieving net zero by 2050. The methodology uses multiple qualitative and quantitative factors, including emissions reductions over time, emissions reduction targets, climate governance, capital expenditure and others, to provide an overview of the company's alignment to net zero or their potential for transition. The outcome will be a 5-point scale ranging from issuers which have "achieving or enabling net zero" to those which show "no evidence of transition potential".

**Scenario:** IPCC 1.5°C pathway P1



## Fidelity International (FIL)

### Additional information:

**Proportion AUM committed:** The AUM in scope represents FIL's global proportion of assets managed in portfolios which promote environmental or social characteristics (including those which we currently categorise as Article 8 or 9 of SFDR). These funds (which include our Sustainable Family fund range) are those with a higher focus on sustainability and as such, will be the first set to align to net zero, with the target setting for these funds individually starting in 2022. We expect to be setting interim targets for 2025 and at 5-year intervals thereafter reaching full alignment by 2050. We expect the proportion of our funds which promote environmental and social characteristics or which target sustainability objectives to continue to grow over time. For the remainder of our funds and our institutional segregated mandates, we will be continuing to assess the applicability and integration of net zero objectives in their investment mandates in partnership with our clients and distributors.

**Target setting:** From 2022 onwards, we will be setting portfolio coverage targets in each portfolio subject to this methodology (initially, our Article 8 and 9 classified funds as stated above) such that they will be required to have certain minimum proportions of their NAV in issuers in higher scoring categories. We expect that our first interim target will be in 2025 and will be re-evaluated at 5-year intervals thereafter. We expect that different funds will have the flexibility to adopt different pathways towards net zero based on their investment strategy and investible universe.

The firm-wide target is a 50% reduction in financed emissions and as such represents Fidelity's fair share of the global 50% reduction according to the IPCC special report on global warming of 1.5°C.

**Policy on coal and other fossil fuel investments:** Yes, our energy transition / coal phase-out policy is based on the IPCC 1.5°C scenario, whereby coal usage should end in OECD markets by 2030 and globally by 2040. It is a policy focused on engagement to accelerate transition where achievable. Where companies show no progress towards, and no potential for, transition after an engagement period not exceeding three years, we will look to divest.

Further information on this policy is available [here](#).

**For further information:** Further information on our full approach to net zero, climate rating methodology, energy transition policy and climate stewardship is available [here](#).

# Generation Investment Management

**100% AUM** initially committed to be managed in line with net zero

**36bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2021

**Target Year:** 2030

**Target(s):** 100% Science Based Target coverage by 2030 across all AUM. Interim target of 60% SBT coverage by 2025 across all AUM. Percentage coverage is calculated on a portfolio weighted basis. SBTs are recognised when a target is set, rather than when a commitment to set a SBT is made.

**Baseline Year Performance for the target metric(s):** Generation's Global Equity strategy, accounting for USD 32 billion of assets, currently has 25% Science Based Target coverage on a portfolio weighted basis.

**GHG scopes included:** Scope 1, 2 & 3 financed emissions are covered in line with SBTi requirements (SBTi requires companies to set Scope 3 targets when their Scope 3 emissions are more than 40% of their total Scope 1, 2 & 3 emissions).

**Methodology:** SBTi Financial Sector Science-Based Targets Guidance, Pilot Version 1.1, April 2021.

**Scenario(s):** SBTi scenarios are drawn primarily from the Integrated Assessment Modelling Consortium (IAMC) and the International Energy Agency (IEA).

Additional information:

**Target setting:** SBTi requires 100% Science Based Target coverage by 2040 for alignment with net zero by 2050. Generation has committed to align with net zero by 2040, and we have therefore elected to commit to 100% Science Based Target coverage by 2030. We will also monitor portfolio emissions and portfolio implied temperature rise. We expect to see linear annual portfolio emissions reductions of at least 5%, consistent with delivering a fair share of the 50% global reduction in CO<sub>2</sub> emissions by 2030 identified as a requirement in the IPCC special report on global warming of 1.5°C.

**Policy on coal and other fossil fuel investments:** Generation has no investments in fossil fuel companies across our entire AUM, exceeding the SBTi requirement to phase out financial support to thermal coal across all investment activities in line with a full phaseout by 2030 globally.

For further information:

# GIB Asset Management

**1.26%** AUM initially committed to be managed in line with net zero

**0.164bn** USD currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2025, 2030, 2050

**Target(s):** Asset Alignment: Our target is to have 80% of in-scope assets to be 'Committed to aligning', 'Aligning with Net Zero', 'Aligned with Net Zero', or 'Achieving Net Zero', by 2025; 90% by 2030; and 100% by 2035, including >50% *fully aligned* by 2035, as defined by the PAII methodology.

Portfolio Emissions Reference Targets: Our point-in-time Scope 1 & 2 benchmark targets for in-scope portfolios:

- Reduce emissions by ~30% by 2025
- Reduce emissions by ~55% by 2030
- Reduce emissions by ~92% by 2050

**Baseline Year Performance for the target metric(s):** We have 41% in-scope AUM (in material sectors) *at least* committed to net zero targets. We will engage with other assets to ensure that at least 70% are aligned or subject to engagement as recommended by the Net Zero Investment Framework. This will be prioritised on an AUM/emission basis.

Our estimated Financed Emissions in millions of tons

- GIB Global Sustainable World Fund segregated mandate emissions: 2.414m ton CO<sub>2e</sub>; benchmark: 3.278
- GIB Global Sustainable World Fund UCITS: 0.526; benchmark 1.373
- GIB ESG Plus 0.762; benchmark 1.374
- Benchmark: MSCI World

**GHG scopes included:** Using third party estimates to fill in gaps in reporting, we had 100% coverage or estimated coverage of the in-scope portfolios. We did not include any Scope 3 emissions. We shall phase in Scope 3 emissions in future iterations of our targets as data quality and processes improve.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework. For our portfolio reference target, financed emissions was the chosen metric for reporting. The holding date chosen for portfolio positions was 01/10/2021. This is the oldest date possible to have consistent holding date between the three portfolios. Benchmark year for emissions was chosen as 2019, as this was the most recent year with complete reported emissions for companies that report emissions. We will align holdings and emissions data dates as soon as possible, likely in late 2022/early 2023, when calendar year 2021 emissions data are made available.

# GIB Asset Management

We used a simple benchmark method to calculate emissions and emissions targets. Benchmark Financed Emissions were calculated and grossed to the same size as each portfolio. Benchmark emissions were then reduced by 8.5% per annum to establish the maximum emissions allowed in 2025, 2030, and 2050. We will also monitor and report absolute emissions along with our financed emissions targets. While our portfolio targets are tied to benchmark emissions, by monitoring our absolute emissions we will remain committed to achieving a Net Zero pathway even if benchmark emissions go up

**Scenario(s):** IPCC P2 scenario (no or limited overshoot) global 1.5°C Pathway. As the base year is 2010, we have grossed up emissions by about 1.5% per year and now require, globally, approximately an 8.5% reduction in emissions annually between 2020 and 2030 to remain in line with 1.5°C scenario. Our view is slightly more aggressive than the oft-cited 7.6% reduction in emissions, in-line with our view that it is better to front-load emissions reductions.

## Additional information:

**Proportion AUM committed:** GIB AM manages USD 13 billion of assets, of which the majority is passively managed segregated mandates and 1.26% are active or index plus products. Of our actively managed assets 100% are managed in line with net zero targets. We expect our suite of active products to grow and will manage all new products in line with net zero. We therefore expect the percentage of our AUM managed in line with net zero to expand over time. Our passively managed accounts are considered out of scope for the current net zero target setting but we are committed to engaging with our clients to achieve net zero goals. Fixed income and sovereign bonds have also been excluded from in-scope assets due to the complexity in determining emissions and aligning with net zero goals. We hope to include these in the near future as data improves for these asset classes.

We believe that our target setting methodology is the most appropriate methodology for our products and current stage, and is consistent with our guiding principle of *real world* carbon emission reduction and impact. Using a benchmark target methodology acknowledges the strong emissions reduction work the companies in our portfolio have already achieved. We believe that including our absolute emissions reported will keep us focused and aware of the overall real-world impact of our portfolios.

**Policy on coal and other fossil fuel investments:** Yes, see [https://gibam.com/assets/RI\\_POLICY\\_2019.pdf](https://gibam.com/assets/RI_POLICY_2019.pdf)

For further information:

# Handelsbanken Fonder AB

**100% AUM** initially committed to be managed in line with net zero

**87bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):**

1. 50% carbon intensity reduction for our total AUM
2. Double proportion of AUM in climate solutions

**Baseline Year Performance for the target metric(s):** Preliminary performance. Data per 2020. We are still backtracking data to calculate the performance for 2019.

1. 3.98 tCO<sub>2</sub>e/mSEK EVIC
2. 10% of AUM in climate solutions, as defined by internal taxonomy (will be updated as soon as EU Taxonomy data is available)

**GHG scopes included:** Target includes Scope 1, 2 & 3. Scope 1 & 2 has very good coverage when including estimated data (which we believe to be of high quality). Scope 3 has very good coverage but it mainly consists of sector estimates at this point in time. However, the granularity and reliability of the estimates within high climate impact sectors we believe to be of reasonably high quality.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** IPCC's 1.5°C trajectory with no or limited overshoot.

Additional information:

**Target setting:** Given our starting point at a 45–60% lower intensity level than a global market and a tilt towards the Nordic region which needs to decarbonise faster than the global average, we believe a further decrease of 50% is a 'fair share' in regards to the 50% global reduction.

With regard to increasing investment in climate solutions, we acknowledge that there is a lack in research on this issue, but we believe a doubling of our current exposure is a realistic but challenging target.

**Policy on coal and other fossil fuel investments:** Applies to 100% of AUM per 1<sup>st</sup> of December (we are closing the last ETFs that do not comply with our exclusion strategy). See our policy for Shareholder Engagement and Responsible Investments for presentation of our exclusion strategy:

<https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-109154>, or page 55 in our Sustainability Report for more details:

<https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-109154>

We have a broader exclusion strategy which applies for all our AUM but one ETF. This ETF is however not invested in fossil fuels, which why we say the fossil fuel exclusion strategy applies to 100% of AUM.

**For further information:** Our Climate Report for 2020 covers our net zero strategy and specific targets:

<https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-94732>

# IFM Investors Pty Ltd

**43% AUM** initially committed to be managed in line with net zero

**55.9bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):** Reduce Scope 1 & 2 emissions by at least 1.2 million tonnes of CO<sub>2</sub>e in the infrastructure asset class by 2030. This represents an absolute 40% reduction in emissions from the 2019 baseline of IFM's infrastructure asset class. This reduction target will be adjusted annually to reflect both divestments and acquisitions.

**Baseline Year Performance for the target metric(s):** Carbon footprint (financed emissions) = 3,014,357 tCO<sub>2</sub>e<sup>3</sup>

**GHG scopes included:** Scope 1 & 2 financed emissions

**Methodology:** There is currently no existing recommended methodology or framework for target setting and alignment measurement for the infrastructure assets class. IFM is a member of the IIGCC PAII infrastructure working group, and will adopt and integrate the best practice recommendations developed by the group.

**Scenario(s):** The final target for the infrastructure equity asset class is based on the IEA NZE scenario. The IEA NZE estimates global CO<sub>2</sub> emissions (aggregated across sectors) will have to reduce by ~40% by 2030, against a 2019 baseline. The 2021 NGFS Net Zero 2050 Scenario (Global) projects CO<sub>2</sub> emissions reduction of 34% by 2030 (from 2020 baseline).

Additional information:

**Proportion AUM committed:** In September 2021, IFM announced an interim 2030 emissions reduction target and sectoral investment restrictions for our infrastructure equity asset class. The strategy for the infrastructure equity asset class is the most progressed, and it represents our largest asset class by AUM and has been the focus of our first stage of work since announcing our commitment to target net zero emissions across all asset classes by 2050.

For other asset classes in which we manage investments, (listed equities, infrastructure debt and diversified credit), the majority of our portfolios are managed on behalf of individual clients under Investment Management Agreements (IMAs). While our intent is to manage these portfolios in line with net zero, additional client engagement and approval is required before we can commit and include these portfolios in our initial target commitment. Additional work is also required to address issues with data availability and quality in these asset classes, as well as the lack of climate aware benchmarks for Australian passive equities portfolios. This work is well underway and we anticipate being able to announce more detailed targets and commitments for these asset classes, as well as for private equity, by the end of 2021.

<sup>3</sup> Includes both Australian and Global infrastructure portfolios calculated on an equity share approach. Emissions attributed based on Equity Value (as opposed to Enterprise Value including Cash). IFM is still examining the feasibility of recalculating and restating emissions using EVIC.

# IFM Investors Pty Ltd

**Target setting:** Credible, science-based 1.5°C climate scenarios generally point to the need for a 40-50% reduction in emissions by 2030 on a 2019 baseline.

In determining our target for infrastructure, we considered this top-down requirement, while also taking account of the energy and emissions profile of the assets in our portfolio and the decarbonisation options available to the highest contributors of emissions – to understand as best we can, the decarbonisation the assets can achieve using existing technologies.

We also undertook modelling to forecast the likely contribution of the decarbonisation electricity grid in the regions where our assets are located.

Several of our portfolio assets already have existing transition and targets in place. So we have designed a custom SBT alignment tool and provided this to assets to use in assessing the adequacy of initiatives and targets.

We believe our 40% reduction target constitutes a 'fair share' in light of the asset class it applies to, and the emissions profile and use case for the assets in our portfolio. Infrastructure is a challenging sector to decarbonise given the essential nature of the services it provides (i.e. heating, electricity, transportation, etc.), long asset lives and the lack of clear policy settings in several jurisdictions in which our assets are located. We are also committed to reporting on our progress annually and reviewing our commitments and targets every three years in response to updated guidance and available technologies or policy settings.

**Policy on coal and other fossil fuel investments:** Across IFM's infrastructure equity portfolios we will not make new investments in assets that derive more than 20% of their revenues from the production or transport of thermal coal, or its use in electricity or heat generation. We are also committed to phasing out exposure to thermal coal revenues from our infrastructure portfolio by 2030, in line with IPCC guidance for developed economies. IFM will continue to consider investments in oil and gas related infrastructure. However, in line with the IEA NZE scenario, we will not make investments in infrastructure that would facilitate material new upstream extraction of oil and gas.

**For further information:** We publicly announced our commitment to targeting net zero emissions across all asset classes in October 2020 and the media release is available on our website at: <https://www.ifminvestors.com/about-us/media-centre/archive/news/2020/10/11/ifm-investors-targets-net-zero-by-2050>.

We have also publicly announced our 2030 target and strategy for the infrastructure equity asset class, with the media release and fact sheet available for download from our website at: <https://www.ifminvestors.com/about-us/media-centre/news/2021/09/07/ifm-investors-sets-2030-interim-emission-reduction-target-to-help-achieve-net-zero-by-2050> and <https://www.ifminvestors.com/insight-article/new-2030-interim-emission-reduction-target-for-our-infrastructure-portfolios-on-our-way-to-net-zero-by-2050>



# Inherent Group, LP (“IG”)

**74% AUM** initially committed to be managed in line with net zero

**0.742bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):** By 31 December 2030 each Fund’s annual t CO<sub>2</sub>e/\$mn invested is equal to or less than one half (1/2) of that of the applicable baseline (as defined below) in the baseline year

**Baseline Year Performance for the target metric(s):** For each Fund, the applicable “Baseline” in the Baseline Year is defined as follows:

1. Cr Fund Baseline: Barclays Capital High Yield index (“HY”): 173 t CO<sub>2</sub>e/\$mn invested
2. Cr/Eq Fund Baseline: Russell 2000 (weighted 2/3) and HY (weighted 1/3): 101 t CO<sub>2</sub>e/\$mn invested

Accordingly, the “50% Targets” for the Funds are as follows:

1. Cr Fund: 86 t CO<sub>2</sub>e/\$mn invested
2. Cr/Eq Fund: 50 t CO<sub>2</sub>e/\$mn invested

**GHG scopes included:** At this time, all CO<sub>2</sub>e intensity figures cited herein cover only Scope 1 & 2. IG carefully evaluated material Scope 3 data available for its funds and the baselines and determined that such data is, at present, neither consistently available nor calculated in a comparable and transparent manner. IG intends to add Scope 3 data to its analysis when such challenges are sufficiently addressed, which will require significant updates to the figures cited herein, including the 50% Targets.

**Methodology:** Paris Aligned Investment Initiative’s Net Zero Investment Framework

**Scenarios:** Based on the recommendations of the Paris Aligned Investment Initiative

Additional information:

**Proportion AUM committed:** The 74% of total AUM represents AUM across two funds invested in publicly traded securities: a credit fund (“Cr Fund”) and a credit & equity fund (“Cr/Eq Fund”; each a “Fund” and together, the “Funds”). IG is initially focused on the Funds based on their size and CO<sub>2</sub>-equivalent (“CO<sub>2</sub>e”) data availability for the Funds and their relevant baselines. Substantially all of the remainder of IG’s AUM is invested in various private equity strategies. IG currently intends to include 100% of AUM in the 50% Targets by 2030 once data availability and quality improves for investments outside the Funds.

Target setting: IG considers each Fund to be similar in important respects to its respective baseline, although each Fund is managed in an ESG-integrated and climate-aware manner, unlike the baselines. Accordingly, IG believes that the 50% targets relative to the baselines are representative of IG’s fair share of global CO<sub>2</sub>e reductions.



## Inherent Group, LP (“IG”)

**Alignment assessment and engagement:** Furthermore, as related to the Net Zero Asset Managers initiative, by 31 December 21, IG intends to engage with 100% of the issuers held in the Funds to encourage their rapid adoption of net zero targets and reporting. IG works closely with a subset of its portfolio companies on strategic and ESG matters, including their net zero strategies. IG is developing plans for various CO<sub>2</sub>e-neutral investment products. IG has adopted exclusions on investing in certain sectors. IG invests in a wide range of climate solutions-oriented companies in the public and private markets and continues to explore associated investment strategies. At present, IG intends to reach net zero emissions across 100% of its AUM by 2040.

**Policy on coal and other fossil fuel investments:** Yes. IG has adopted, in substance, the PAII statement on thermal coal, associated infrastructure, and tar sands.

Important notes: This document is not an offer for any product or service. IG’s responses herein represent the firm’s current intent as a signatory to the Net Zero Asset Managers initiative. The information presented herein, especially the CO<sub>2</sub>e data and calculations, is derived from multiple data sources and relies upon numerous assumptions. Although IG currently intends to revise the figures cited herein as better information becomes available, IG does not undertake to do so, the responses presented herein are for discussion purposes only, the figures contained herein may be materially inaccurate, and all information presented herein is subject to change without notice. In the event of any conflict between the offering memorandum (“OM”) of a Fund and any applicable information presented herein, the OM shall control.

**For further information:** Additional information is available in IG’s ESG Policy:

<https://www.inherentgroup.com/wp-content/uploads/2019/12/Inherent-Group-ESG-Policy-12.10.2019.pdf>

# J. Safra Sarasin Sustainable Asset Management

**100% AUM** initially committed to be managed in line with net zero

**34.2bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2020

**Target Year(s):** 2030, 2035

**Target(s):**

- 50-60% emissions reduction by 2030, depending on the different investment strategies
- 100% reduction, carbon neutral outcome by 2035

**Baseline Year Performance for the target metric(s):** Varies by strategy

**GHG scopes included:** The target considers currently Scope 1 and 2 emissions, and over time Scope 3 emissions will be phased in.

**Methodology:** The methodology is outlined in the J. Safra Sarasin Climate Policy. The methodology is derived from EU Climate Transition Benchmarks. For the base year the upper threshold target for the CO2 footprint is set and in each subsequent year is reduced by 7%. For benchmark oriented strategies the starting point is set at 30% below the benchmark.

**Scenario(s):** The target is aiming to limit global warming by 2100 to 1.5°C and net-zero by 2050 or sooner. IPCC 1.5°C climate scenarios, were used as the basis for the EU Benchmarks (CTB/PAB).

Additional information:

**Proportion AUM committed:** In 2020 J. Safra Sarasin Sustainable Asset Management issued a Climate Pledge, aiming for carbon neutral outcome by 2035 for all assets under management (AUM). The Climate Pledge is currently under implementation and the above proportion of AUM reflects where the Climate Pledge was implemented.

**Target Setting:** The decarbonisation pathway corresponds to a fair share intermediary target of approx. 50% reduction by 2030. Bank J. Safra Sarasin is member of Science Based Targets Initiative and aims to set and validate science based targets in the future.

## J. Safra Sarasin Sustainable Asset Management

**Policy on coal and other fossil fuel investments:** The J. Safra Sarasin Climate Policy includes exclusions and divestments from coal. A threshold of 20% has been set considering coal's current share in the global energy mix and its trajectory in a scenario below 2°C. The sustainability assessment follows a best-in class approach and includes a number of sustainable investment tools outlined in the policy. The reporting includes carbon foot printing and fossil fuel reserve exposure/stranded asset risks.

**For further information:** J. Safra Sarasin Sustainable Asset Management [Climate Pledge](#); [Climate Policy](#); [Sustainable Investment Policy](#); [Sustainability Website](#)

# Jupiter Asset Management

**41.6% AUM** initially committed to be managed in line with net zero

**41.6bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 31 December 2020

**Target Year:** 2030 for portfolio level reference target

**Target(s):** Emissions Intensity of AUM within target reduced by 50% by 2030.

In line with the requirements of the Paris Aligned Investment Initiative's Net Zero Investment Framework we will be setting asset alignment targets. Our intention is to publish these targets for our individual investment strategies and to disclose these in Jupiter's 2021 Stewardship Report (published in April 2022).

**Baseline Year Performance for the target metric(s):** 47.7 tCO<sub>2</sub>e/\$mn invested (Scope 1 & 2)

**GHG scopes included:** Jupiter's portfolio reference target covers Scope 1 & 2 emissions for all AUM within scope. Scope 3 will be incorporated in time as data availability improves, in line with the guidance provided by the Net Zero Investment Framework.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework. Jupiter will look to reference the One Earth Climate Model (OECM), 2020 for determining sector-specific pathways that can be applied at the investment strategy level and have applied the following science-based tools and methodologies for baselining asset alignment to net zero: Climate Action 100+'s Net-Zero Company Benchmark, TPI's Carbon Performance and Management Quality indicators, and the Science Based Targets initiative.

**Scenario(s):** Jupiter's portfolio reference target adopts the modelled global pathways for reaching net zero by 2050. Jupiter will look to reference the One Earth Climate Model (2020) for determining sectors pathways at the investment strategy level.

Additional information:

**Proportion AUM committed:** We have included our fundamental, long-only, developed market equities strategies within our initial target scope. These investment strategies make up the core of our franchise and this is also where the greatest GHG emission visibility lies. We shall also be including all funds which are looking to be designated as Article 8/9 under SFDR classifications. The target scope will be reviewed and expanded over time as more GHG emission data becomes available and as net zero methodologies for other geographies and asset classes develop. In the meantime, we will continue to engage with our investee companies in all jurisdictions to encourage them to align their business models, set forward-looking targets and disclose their GHG emissions in readiness for a formal target framework.

# Jupiter Asset Management

**Target setting:** The IPCC special report provides modelled pathways for limiting global warming to 1.5°C. It is evidenced within this report that the pathways that limit global warming to 1.5°C with no or limited overshoot include GHG emissions reduction in the range of 58-47% by 2030, where the scenarios depict 'low energy demand' (P1) or are 'sustainability oriented' (P2). Jupiter have modelled a pathway to achieve a 50% reduction in emissions by 2030, which is in line with the IPCC's modelled global pathways.

We have chosen 31st December 2020 as our baseline due to the merger with Merian Global Investors which was completed on 30th September 2020. Using December 2020 therefore ensures that we have a baseline that is as close a representation of our current AUM as possible to enable accurate targets to be calculated.

**Policy on coal and other fossil fuel investments:** Jupiter will adopt a science-based policy with regards to thermal coal and tar sands projects and associated infrastructure, as per the recent guidance issued by the Net Zero Investment Framework. This policy will be applied initially to those strategies which are to be managed in line with net zero. This science-based policy will be expanded across Jupiter's fund range once systems and data sets are in place to make this practicable.

**For further information:** Jupiter will make further disclosures on our net zero target framework, including at the investment strategy level, in our 2021 Stewardship Report (April 2022).

# La Financière de l'Echiquier

**50% AUM** initially committed to be managed in line with net zero

**8.7bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2020

**Target Year(s):** 2030

**Target(s):** 50% reduction in weighted average carbon intensity (WACI) vs baseline = 70tCO<sub>2</sub>/m€ of enterprise value

**Baseline Year Performance for the target metric(s):** 138.8tCO<sub>2</sub>/m€ of enterprise value

**GHG scopes included:** We will use data on scope 1 and 2, and scope 3 when available with our data provider Carbon 4 Finance which prioritize the bottom up analysis of high carbon intensive sectors.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** P2 emission pathway of the IPCC 1.5-degree report

Additional information:

**Proportion AUM committed:** 50% AUM corresponds to our SRI funds for which carbon emissions reduction is part of the investment philosophy and customer demand. It is consequently the maximum proportion for which we are confident to reach the targets. We are working with fund managers to increase the proportion of SRI AUM.

**Target setting:** We commit to reduce the carbon intensity of our portfolios by encouraging companies to reduce their emissions through engagement rather than selection or allocation. We monitor the carbon footprint of each of our portfolios through our data provider Carbon 4 Finance and identified the most emissive issuers within our scope who become our priority for engagement.

Finally, we aim to increase our investments in climate solutions companies.

**Policy on coal and other fossil fuel investments:** Yes, for more information see [https://cdn.lfde.com/upload/partner/20210216\\_PolitiqueCharbonLFDE\\_EN.pdf](https://cdn.lfde.com/upload/partner/20210216_PolitiqueCharbonLFDE_EN.pdf)

For further information:

# Legal & General Investment Management (LGIM)

**38.2% AUM** initially committed to be managed in line with net zero

**688 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2030

**Target(s):** Funds are considered net zero aligned if they meet either of:

- At least 50% reduction in GHG intensity (weighted average carbon intensity) from 2019 baseline (relative to fund or reference index); or
- Temperature alignment of 1.5°C by 2030

This is in addition to other requirements as set out below.

**Baseline Year Performance for the target metric(s):** Baseline performance may vary according to portfolio. For funds launched at later dates, the 50% reduction can be pro-rated over the remaining time to 2030.

**GHG scopes included:** Scope 1 & 2 emissions of investee companies represent the main data sources into our calculations. Temperature alignment calculations are also primarily driven by Scope 1 & 2 emissions data, with the exception of financial and energy sectors where estimates of Scope 3 emissions in investments/lending and production respectively from investee companies are included.

**Methodology:** Our methodology incorporates recommendations from the Paris-Aligned Investment Initiative's Net Zero Investment Framework, as well as the UN Net Zero Asset Owner Alliance and the Science-Based Targets Initiative's guidance for financial institutions. It incorporates core components of these frameworks, including net zero targets, decarbonisation pathways, targeted sector-based exclusions, engagement and allocation to green opportunities.

**Scenario(s):** 50% reductions by 2030 are derived directly from the NZAM commitment. This is benchmarked against Climate Action Tracker 1.5°C, IEA Net Zero by 2050 scenario, NGFS scenarios. Currently, LGIM's modelling of temperature for a 'well below 2°C' scenario is approximately mapped to IPCC RCP 2.6 and IEA SDS (aggressive mitigation) pathways. Future iterations of the modelling, currently underway, will involve a Net Zero by 2050 scenario, broadly in line with recent 1.5°C/net zero carbon budgets from IPCC/IEA.

# Legal & General Investment Management (LGIM)

## Additional information:

**Proportion AUM committed:** LGIM has set its target using a top-down approach, whereby we forecast the proportion of clients, by region and client type, that we expect to adopt net zero strategies by 2030. For this first interim target LGIM has excluded Government securities and Derivative assets due to lack of clear industry methodologies to account for these asset classes. As a result, LGIM has set targets covering 70% of AUM it considered eligible for net zero alignment. We will be reviewing our target every 2 years, taking into account developments across our client-base and the markets in which we operate.

**Target setting:** We have initially directly transposed the global reduction in absolute emissions identified by IPCC into a 50% emissions intensity reduction target by 2030. However, we will monitor and seek to address any outsize contribution of the chosen relevant divisors [revenue or EVIC] to the decarbonisation of the assets. These are volatile and depend on key macroeconomic variables such as economic growth, market valuations, inflation and FX, as well as microeconomic factors at a company level. Our ambition is for a 50% reduction by 2030 in fixed divisor terms which translates to 65% in carbon intensity terms if revenue is assumed to grow (inflate) at 3% in nominal dollar terms.

In certain portfolios (for example, actively managed funds) it is possible that changes of asset allocation (for example, switching from financials to utilities) may result in an increase in carbon footprint, even if the chosen securities represent the best in class from a climate performance. That is why we are proposing the use of temperature alignment (which measures the forward-looking alignment of individual issuers to a net zero trajectory) as an alternative method, where appropriate.

**Alignment assessment and engagement:** Our Climate Impact Pledge, which targets companies associated with ~60% of greenhouse gas emissions from listed businesses, and through both direct and collaborative engagement, we will ensure that in net -zero funds we engage with issuers responsible for >50% of a portfolio's associated emissions; increasing this figure further over time, to ensure alignment with best practice set out in key net- zero investment frameworks e.g. the PAII Net Zero Investment Framework

**Policy on coal and other fossil fuel investments:** LGIM is adopting a science-based policy on coal and tar sands on all AUM we have committed to manage in line with net zero. Therefore, in addition to applying our LGIM-wide coal exclusion policy within these funds, companies making new investments in thermal coal and tar sands will also be excluded. The LGIM-wide coal exclusion policy can be found here [https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/lgimh-coal-policy.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgimh-coal-policy.pdf).

Within portfolios that do not apply these exclusions, we will use active and escalating engagement to ensure no new thermal coal generation is developed and no new tar sand resources are exploited.



# Legal & General Investment Management (LGIM)

**For further information:**

<https://www.legalandgeneralgroup.com/csr/journey-to-net-zero/> <https://www.lgimblog.com/categories/esg-and-long-term-themes/why-lgim-has-committed-to-net-zero-emissions/>

<https://brand.legalandgeneral.com/tackling-the-climate-crisis/real-estate-roadmap-to-net-zero/>

For details on our use of temperature alignment: [https://www.lgim.com/landg-assets/lgim/\\_document-library/insights/long-term-thinking/net-zero-a-practical-guide-for-investors.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/insights/long-term-thinking/net-zero-a-practical-guide-for-investors.pdf).

# M&G Investments

**20% AUM** initially committed to be managed in line with net zero

**80bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year:** 2030

**Target(s):**

50% emissions reduction by 2030 (based on enterprise value including cash (EVIC) financed emissions / AUM)

M&G Investments intends to develop this plan to evolve and show progress for the following necessary NZIF assessments:

1. Portfolio coverage, (investments that are net zero, aligned or aligning to 1.5°C)
2. Climate engagements coverage of 70% coverage of financed emissions for the portfolios.

**Baseline Year Performance for the target metric(s):**

Listed Equities: 65.91tCO<sub>2</sub>/mnUSD

Public Corporate Fixed Income: 35.75tCO<sub>2</sub>/mnUSD

The baseline performance metrics relate to the listed equities and corporate debt within the portfolio of funds that make up the AUM to be managed in line with net zero as of 31 December 2019. Since the baseline, the AUM of the portfolios has doubled, as well as expanding into other geographic regions where emissions intensity is higher. In the future, numbers will require re-baselining to reflect changes in composition.

**GHG scopes included:** Scope 1 & 2 emissions. M&G Investments intends to phase in scope 3 emissions as per the PAII NZIF methodology guidance in 2023.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenarios:** Sectoral analysis was conducted using IEA NZE 2050 sector pathways plus IPCC P1 scenario. Regional analysis was conducted using scenarios from Climate Action Tracker: <https://climateactiontracker.org/methodology/cat-rating-methodology/modelled-domestic-pathways/>

# M&G Investments

## Additional information:

**Proportion AUM committed:** The AUM proportion is based on the commitment of public equities and public corporate debt portfolios managed on behalf of Prudential UK, the internal Asset Owner within M&G plc, our largest client. With the agreement of our external clients we will expand our commitment over time. Methodologies to enable alignment of a broader set of asset classes are still developing.

Achieving net zero across all of our portfolios by 2050 is a significant undertaking, with far reaching implications for our customers and our business. We are taking important steps to meet this challenge by scaling our capability over time.

- We will enhance our operating model with continued investment in our Stewardship and Sustainability infrastructure and resources.
- We will embed the Net Zero Investment Framework (and climate scenario modelling outputs of the future) into analysis and investment decision making
- We will continue to enhance our climate capability across people, processes, technology and data.
- We will scale client engagement in support of transition.
- We will advocate for positive change by running our own coal and climate engagement programmes, and leading and engaging in industry collective initiatives for advancement of ambition and accountability.

**Target setting:** The analysis to set targets was conducted on sector and region splits of financed carbon emissions, which concluded that the range of required emissions reduction of the assets between -44% and -54%. The financed carbon emissions, calculated using EVIC and Scope 1 & 2 emissions data, are proportioned into sectors using GICS Industries and into regions using their risk country classification. Where these sectors are not available, or there is no pathway present, a 7.6% year on year reduction as recommended by the UN Environment Programme was used. Where the regions are not available, or there is no pathway present, the IEA P1 scenario is used.

**Policy on coal and other fossil fuel investments:** In March 2021, M&G Plc committed to phase out thermal coal from its public assets by 2030 for developed countries, and 2040 for emerging markets. For M&G Investments, this commitment will need to be delivered in partnership with clients, and is a key building block in the Net Zero Investment Framework, as well as providing a foundation for approaching other contentious carbon investments in the future, such as tar sands and fracking.

M&G Investments' approach to delivering coal phase out evaluates exposure in both relative and absolute threshold terms (30%, 10GW capacity, 20Mt p/a extraction), excluding new expansion. In addition, we undertake analysis to enable a forward looking view of the credibility of companies' coal phase out plans and how they consider a just transition. By adopting a forward-looking approach as an active investor, we can support companies to phase out coal from the energy system in line with the IPCC timelines, and finance the necessary investments to get to net zero. Link to the overview of our position on coal investment: <https://www.mandgplc.com/sustainability/coal>

## For further information:

# Maitri Asset Management (Maitri)

**50% AUM** initially committed to be managed in line with net zero

**USD** currently committed to be managed in line with net zero is confidential, as Maitri is a family office

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2030

**Target(s):**

Portfolio Level 1: To halve the emissions intensity of 50% of Maitri's AUM.

Asset Class Level 1: As this target is dependent on companies setting targets in line with net zero frameworks, which are relatively new, we will evaluate the setting of this target at our next review. In the meantime, Maitri commits to meaningfully increasing the proportion of our AUM invested in companies in the material sectors, which are either achieving, 'aligned' to, or 'aligning' to net zero.

Asset Class Level 2: Engaging at least 70% of financed emissions in the material sectors assessed to be net zero or aligned with a net zero pathway, either directly or through collective investor initiatives.

**Baseline Year Performance for the target metric(s):** Emissions intensity as of 2019 of 50% of Maitri's AUM: 41.7 tCO<sub>2</sub>e / mUSD (for Scope 1 & 2)

**GHG scopes included:** Our targets coverage include Scope 1 & 2 portfolio emissions. We will evaluate the inclusion of Scope 3 at the next review.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** The underlying pathway is the P2 emission pathway as outlined in the IPCC special report on global warming of 1.5°C.

Additional information:

**Proportion AUM committed:** The current target accounts for the fact that Maitri is undergoing an expansion phase, which could lead to meaningful changes to our AUM and portfolio strategies. Furthermore, climate-related disclosures, frameworks, and data availability are still at a nascent stage and evolving quickly. We anticipate the climate data space to mature over the next few years, which will further enhance data quality and visibility to support our target-setting. Since 2020, Maitri has been tracking, and hence mindful, of the climate impacts of our sustainable portfolios.

**Target Setting:** We commit to halving the emissions intensity of 50% of our AUM, and to step up our engagement with companies in the material sectors that are yet to align to net zero. These targets will be reviewed within the next 5 years.

We will evaluate the setting of a target for investing in climate solutions at our next review.

**Policy on coal and other fossil fuel investments:** Yes, this is documented in our Responsible Investment Approach, which is available on our website: [www.maitriam.com](http://www.maitriam.com)

For further information:

# NN Investment Partners

**37% AUM** initially committed to be managed in line with net zero

**133.5 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019 (emissions)

**Target Year(s):** 2025, 2030, and 2050

**Target(s):** The objective of the sovereign bond portfolio and corporate investment portfolio is to achieve net-zero emissions by 2050. For the corporate investment portfolio, the following CO<sub>2</sub> reduction reference targets for the short and medium-term have been set:

- 25% by 2025
- 45% by 2030

The target for the corporate investment portfolio will be set on an absolute basis with metric used normalise: tCO<sub>2</sub>e/EURm invested.

**Baseline Year Performance for the target metric(s):** N/A

**GHG scopes included:** The top-down carbon reduction reference target for the corporate investment portfolio is set on Scope 1 & 2 of the financed emission (absolute carbon footprint). Scope 3 is not yet included in financed emissions because data quality is still largely based on estimations. However, disclosure and target-setting on material Scope 3 emissions is part of the bottom-up assessment of investee companies and engagement objectives.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework was used as a main guide for the development of our approach.

**Scenario(s):** The available tools used to inform the top-down target-setting of the corporate investment portfolio use the IEA's Sustainable Development Scenario (SDS) reference trajectory. Some pragmatic adjustments were made to accelerate the pathway in line with our ambition to steer the investment portfolio towards net-zero emissions by 2050. When data providers will further update tools and methodologies, such as with the IEA Net Zero by 2050 scenario, we will further enhance the underlying analysis.

Additional information:

**Proportion AUM committed:** Our first step in our commitment to Net zero in 2050 was to work together with a large client to develop Paris Aligned strategies. This has resulted in our initial scope as described in this document. In addition, we aim to develop new Paris Aligned products. As this takes time this has not yet been included in the initial scope. In the near future we aim to increase our scope of our assets managed in line with net zero as part of the NZAM commitment and expand the range of new Paris Aligned products.

# NN Investment Partners

**Target setting:** In the target-setting, we supported the client with analysis using various approaches and methods. In addition to the IIGCC recommended carbon budget approach, portfolio comparisons of carbon intensity were also made with regards to the industry average and peers to the extent possible. We believe that the intermediate reference targets are ambitious and consistent with delivering a fair share of 50% global reduction in CO<sub>2</sub> emissions by 2030.

The IIGCC PAII Net Zero Investment Framework was used as a main guide for the development of our approach. To inform the top-down target setting process for the corporate investment portfolio, various approaches amongst which the IIGCC recommended carbon budget approach have been used.

We aim to reach these reference targets via a bottom-up corporate Paris alignment approach in which we focus on achieving impact in the real world. We focus on transitioning the corporate portfolios in scope towards the global goal of net zero emissions by 2050 via two dimensions: decarbonisation of the investment portfolios and increasing investment in climate solutions. Active ownership plays an integral role in this strategy.

For sovereign bonds, we developed a strategy by following the approach as laid down in the PAII Net Zero Investment Framework. In this strategy sovereign bonds are scored against a climate scoring methodology, which consists of a set of forward-and backward looking climate related indicators. For new or re-investments, there is preference for allocation for issuers performing better on climate and/or eligible green bonds. Also, we seek to increase dialogue with sovereigns on ESG and climate change related topics.

**Policy on coal and other fossil fuel investments:** NN IP has a companywide restriction in investments in companies (see our [Climate Change Policy](#) and [norms-based RI criteria](#)):

- That derive 20% or more of their revenues from thermal coal extraction or thermal coal distribution for all investments.
- That derive more than 20% of their revenues from oil sands extraction or oil sands pipeline transportation.

For sustainable and impact funds we have stricter criteria ( For sustainable and impact funds we have stricter criteria ([see our viewpoint policy](#)).

- This is a 5% restriction criterium on revenues from thermal coal related activities.
- Have 10% restriction criterium of combined exposure to all forms of unconventional oil and gas related activities
- The sustainable and impact strategies will not finance companies with expansion plans for unconventional oil & gas extraction and electric utilities constructing additional coal-based power production installations.

For further information:

# Nordea Asset Management (NAM)

**17.5% AUM** initially committed to be managed in line with net zero

**55.4bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2025, 2030

**Target(s):** NAM's commitment initially has two types of quantified targets:

"Top-down" emissions reference targets for 2030: Each investment strategy in scope (i.e., every individual portfolio counted in the 58% of listed equity AUM) is subject to a strategy-specific carbon footprint target for 2030, expressed in terms of tCO<sub>2</sub>e/mUSD invested. The precise target value for any given investment strategy varies depending on the investment universe and composition of the strategy, but the AUM-weighted average target value is currently 34.5 tCO<sub>2</sub>e/mUSD, equivalent to a 48% reduction relative to the benchmark intensity in the baseline year.

Asset alignment / engagement "bottom-up" targets for 2025: NAM sets a 2025 target to increase 1.5°C alignment among the top-200 contributors to NAM's aggregated financed emissions in listed equity. These issuers currently account for ~90% of NAM's financed emissions in listed equity. All are categorized as either: a) "Aligned with 1.5°C"; b) "Aligning with 1.5°C"; c) "Committed to aligning with 1.5°C"; or d) "Not aligning". NAM's target is to increase the share of investments in categories (a)-(c), measured in terms of the share of financed emissions that they represent. Specifically, the target is to increase the share "Aligned" investments to 7%, increase the share of "Aligning" investments to 15% and increase the share of "Committed" investments to 21%. Additionally, NAM sets a 2025 target for 80% of these 200 issuers to be either categorized as "Aligned" or else be subject to engagement to become aligned. This target will increase to 100% by 2030.

**Baseline Year Performance for the target metric(s):** The baseline for top-down emissions targets is determined based on the 31 December 2019 carbon footprint (tCO<sub>2</sub>e/mUSD invested) of each investment strategy's benchmark or reference index, making adjustments for differences in sectoral and geographical exposures where appropriate. The overall AUM-weighted average baseline value of the benchmarks is 65.9 tCO<sub>2</sub>e/mUSD. The AUM-weighted carbon footprint (and hence performance against targets) of the investment strategies themselves was 41.2 tCO<sub>2</sub>e/mUSD.

At 31 December 2019, the extent of alignment across NAM's top-200 contributors to financed emissions in listed equity was as follows: "Aligned" investments accounted for 0.4%; "Aligning" investments accounted for 9%; and "Committed" investments accounted for 15%.

**GHG scopes included:** Top-down targets are based on a financed emissions metric which includes Scope 1 & 2, but not Scope 3. The data coverage ratio for the % of AUM that is managed in line with net zero is 97%. Scope 3 emissions data is included in the bottom-up assessments of issuers' 1.5°C alignment for the purposes of NAM's engagement/bottom-up targets.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** IPCC special report on global warming of 1.5°C P2 & One Earth Climate Model (OECM)

# Nordea Asset Management (NAM)

## Additional information:

**Proportion AUM committed:** The portfolios initially to be managed in line with net zero represent 58% of NAM's listed equity AUM. Other asset classes were not included due to lack of sufficient data coverage and/or adequate target methodologies. NAM will pursue further methodological development to enable also these asset classes to be managed in line with net zero in future. For corporate bonds, which can be subject to the same methodology as equities, NAM will work to enhance data coverage and modelling capabilities to enable this asset class to be managed in line with net zero in future. For the remaining 42% of listed equity AUM, these will be considered for future management in line with net zero when this would be compatible with NAM's client mandates and how relevant products are marketed and sold. NAM will continue to engage clients to increase inflows to strategies that are managed in line with net zero.

**Target setting:** Notable methodological choices that NAM has made include:

- The use of a sector and geography-adjusted "custom baseline" approach to determine the baseline values for carbon footprint targets for investment strategies where this was deemed feasible, in order to eliminate sectoral and geographical biases and prioritise real world emissions reductions over sector allocation effects
- The use of sector- and geography-specific decarbonisation pathways, primarily based on the One Earth Climate Model (OECM)

NAM's target-setting methodology has been calibrated such that, when applied to a broad reference index such as MSCI All Country World Index (ACWI), it requires a 50% reduction in the carbon footprint by 2030 for that index. It also includes a regional and sectoral differentiation (based primarily on OECM) which means that when it is applied to an investment strategy with relatively more exposure to sectors/regions that need to achieve a higher share of decarbonisation, it requires a >50% reduction and vice versa, for a strategy with relatively less exposure to such sectors/regions.

**Policy on coal and other fossil fuel investments:** Yes, applied to all AUM: <https://www.nordea.com/en/doc/namripolicy2021260521.pdf>. Also applied to all AUM managed in line with net zero: <https://www.nordea.com/en/doc/nam-fossil-fuel-policy.pdf>

## For further information:



# Nykredit Asset Management

**100% AUM** initially committed to be managed in line with net zero

**78.7 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2020

**Target Year(s):** 2030

**Target(s):**

- 100% of AUM aligned with a pathway to net zero by 2050 at the latest, based on NZIF methodology
- 60% emissions reductions (intensity-based)

**Baseline Year Performance for the target metric(s):**

CO<sub>2</sub>e: N/A. We are currently in the process of setting up a data warehouse that supports emissions data across holdings, funds and asset classes, but for now not available.

Net zero pathway alignment: ~70%

**GHG scopes included:** Current target is set for Scope 1 & 2 emissions, but we aim to integrate Scope 3 emissions in the target, while maintaining the ambition of the target.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** IEA Net Zero 2050 Scenario

Additional information:

**Target Setting:** Nykredit is a global investor (IPCC 50% reduction target), with our primary investment activities in Europe (EU 55% reduction target) and Denmark (70% reduction target). Following these targets and taking into account our aim to contribute to global sustainable development, while maintaining our commitment to clients who prefer a broad investment universe, our target for 2030 is 60% emissions reduction.

**Policy on coal and other fossil fuel investments:** [https://www.nykredit.com/siteassets/samfundsansvar/filer/politik-for-baeredygtige-investeringer\\_2021\\_uk.pdf](https://www.nykredit.com/siteassets/samfundsansvar/filer/politik-for-baeredygtige-investeringer_2021_uk.pdf)

Nykredit's Sustainable Investment Policy stipulates that extreme climate laggards (including activities linked to thermal coal) are engaged or excluded. Likewise, Nykredit engages material emitters in the portfolio on climate-related matters. Our voting policy reflects our support of the goals of the Paris Agreement. Nykredit is in the process of implementing a revised fossil fuel policy, based on the IEA 1.5-degree scenario, due to be finalized before 2022.

For further information:

# Rathbone Greenbank Investments

**~80% AUM** initially committed to be managed in line with net zero

**2.3 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 31 December 2020

**Target Year(s):** 31 December 2030

**Target(s):**

- 60% reduction in the carbon intensity of investments
- Bottom-up, portfolio alignment target (covering direct equities, corporate fixed income and real estate):  
% portfolio to be 'aligned' or net zero:

Year	High impact	Low impact
2020	0%	17%
2025	33%	45%
2030	66%	70%
2035	100%	>90%
2040	Net zero	Net zero

**Baseline Year Performance for the target metric(s):** 28.37 tco2e/\$m invested as at 31 December 2020

**GHG scopes included:** Current financed emissions data is restricted to scope 1 and 2 emissions only. We hope to build out coverage of scope 3 emissions over time as data coverage and quality increases.

**Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework

**Scenario(s):** IEA Net Zero 2050 Scenario

# Rathbone Greenbank Investments

## Additional information:

**Proportion AUM committed:** We have excluded ~5% of our AUM that is held in investments we class as 'tail stocks'. As a discretionary wealth manager, we provide bespoke investment portfolios for over 2,000 individual clients. When we take on new clients, it is common for their existing portfolios to transfer in specie and to contain holdings that sit outside our core universe. Such holdings – 'tail stocks' – are managed to be sold down over time as the portfolio is reorganised in line with our sustainable investment approach. However, this may need to happen over an extended period to manage tax liabilities, market movements and other factors. We also exclude cash and sovereign bonds. While sovereign bonds are assessed for climate alignment, they are not included in our targets at this stage due to a lack of methodology for doing so. As a percentage of total AUM (inclusive of assets with methodological gaps) our target has ~80% coverage.

**Target Setting:** The 2030 emissions reduction target is our interim target, enabling us to be on track to achieve net zero emissions by 2040. Using the baseline year of 2020 allows Greenbank to include investments in actively managed funds in our coverage, adding ~40% of AUM. The target is for 60% reduction by 2030, surpassing the 50% threshold. In addition, Greenbank's 2020 baseline in scope holdings are less emissions intensive than the 'universal' benchmark (MSCI World). Therefore our targeted reductions are from a lower starting point and go above and beyond our fair share of global emissions reduction. For the portfolio alignment target, collectives are excluded at this stage due to lack of data, meaning coverage for this target is ~40% of AUM.

**Policy on coal and other fossil fuel investments:** We do not have a formal policy in place, however our ethical and sustainable investment focus means that we have a de facto exclusion on coal mining and significant involvement in coal-fired energy generation. Investment in other fossil fuel producers is also extremely limited across our portfolios.

## For further information:

# Robeco

**~40% AUM** initially committed to be managed in line with net zero

**87.3 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019 (as measured on 31 December 2019)

**Target Year(s):** 2025 (as measured on 31 December 2024)

**Target(s):** For portfolio emissions, we aim at a 30% reduction of the carbon footprint (tons of CO<sub>2e</sub> per invested million EUR) by 2025, relative to 2019, with the ambition to reach 50% by 2030 and net zero by 2050.

In future we intend to set asset alignment targets, when data and methodology are more mature.

**Baseline Year Performance for the target metric(s):** Portfolio carbon footprint: 104 tons CO<sub>2e</sub> per million EUR invested. This baseline will be subject to re-calculation, as we will correct for EVIC inflation, changing asset mix, changing composition of reference indices, improved data quality (e.g. Scope 3 emissions). Rules for re-calculating the baseline will be clearly defined and disclosed.

Alignment of companies with net zero, in 2021, based on top-200 highest emitters in our investment universe:

- Companies that are fully aligned: 10%
- Companies that are aligning: 11%
- Companies committed to align: 24%
- Companies that are not aligning: 13%
- Insufficient data: 42%

**GHG scopes included:** We measure Scope 1, 2 & 3 of our portfolio emissions. In line with the guidance from net zero investing frameworks, our decarbonisation target is set and measured in terms of our bond and equity share of the absolute Scope 1 & 2 emissions of investee companies. As of FY2021, we will include Scope 3 of investee companies in our disclosures.

**Methodology:** Robeco's net zero strategy is based on the Paris Aligned Investment Initiative's Net Zero Investment Framework and the Net Zero Asset Owner Alliance Target Setting Protocol

**Scenario(s):** 7% emission reduction year-on-year is derived from the P2 model in the IPCC special report on global warming of 1.5°C.

# Robeco

## Additional information:

**Proportion AUM committed:** Segregated client accounts are out of scope initially, because our clients set their own decarbonisation goals. Whilst we will not initially set targets on carbon reduction in our managed accounts, we will review this every five years at least, with a view to ratcheting up the proportion of segregated solutions in line with attainment of net zero emissions by 2050 or sooner. We will proactively provide our asset owner clients with information, expertise, and analytics on net zero investing, climate risk, opportunities arising from a lower carbon global economy and stewardship and engagement.

A number of asset classes are initially out of scope of our carbon reduction target for 2025, due to methodological limitations (Sovereign bonds; Robeco's Green Bonds fund; Cash and derivatives)

**Target setting:** Our decarbonisation targets are set at entity-level and will be reported as such. Internally, the target must be met by each investment block (fundamental equities, fixed income, quant equities) and the aggregate of their underlying funds. For each fund a baseline is set by taking the carbon footprint of its respective index by end of year 2019. Each fund is expected to decarbonise against that baseline, contributing to the aggregate target.

We measure current and forward-looking alignment of the highest emitting companies in our investment universe, as well as the climate performance of countries. We take these assessments into account for portfolio construction, engagement, voting and selective divestment. However, due to data challenges we are not yet able to set alignment targets at asset level. While we cannot set targets on investing in climate solutions, we are committed to grow investments in climate solutions in partnership with our clients.

**Policy on coal and other fossil fuel investments:** Yes. Robeco is a signatory of the Powering Past Coal Alliance. While we believe that engagement is the best route to accelerate emission reductions in the real economy, we do revert to exclusion in those cases where we see no positive engagement outlook. Concomitantly, Robeco excludes companies on the basis of the degree of their involvement in thermal coal, oil sands, and Arctic drilling.

- As of January 2021, Robeco implemented maximum revenue thresholds above which companies are excluded: 25% for thermal coal and oil sands and 10% for Arctic drilling for our Sustainability Inside fund range; 10% for thermal coal and oil sands and 5% for Arctic drilling for our Sustainability Focused and Impact Investing fund ranges.
- As of 2022, Robeco adds a new criterion to its fossil fuel policy regarding expansion plans for new unabated coal power plants. Based on the Global Coal Exit List, we will exclude a number of companies that are identified as developers of coal-fired power plants. If we are confident that the company may forego their coal expansion plan and instead adopt a transition strategy in line with a below 2 degrees objective, then we will initially engage with the company for a maximum period of two years.

## For further information:

<https://www.robeco.com/en/insights/2021/10/roadmap-outlines-plan-for-move-towards-net-zero-emissions.html>

# Sarasin & Partners LLP

**71% AUM** initially committed to be managed in line with net zero

**19.93 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 31 December 2019

**Target Year(s):** 2030

**Target(s):** Our target is a 50% reduction of real-world emissions, normalised for sector/geographic exposure by 2030. We will measure emissions intensity (tCO<sub>2</sub>e/\$ revenue or tCO<sub>2</sub>e/EVIC) to track emissions performance.

**Baseline Year Performance for the target metric(s):** 2019 is the baseline year against which we track our emission reductions.

**GHG scopes included:** We will include Scope 1 & 2, and Scope 3 when reliable data is made available.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** We will measure holdings' emissions reduction pathways against 1.5°C science-based pathways, such as those offered by SBTi.

Additional information:

**Proportion AUM committed:** We will extend our Net Zero approach to cover 100% of our fully discretionary (both investment and stewardship) AUM by 2025. AUM excluded from the NZAM initiative consist of:

- non-discretionary assets (and including assets subject to restricted mandates, e.g. capital gain tax)
- assets for which we do not have stewardship oversight (e.g. voting and engagement)
- small holdings held outside our core strategies.

Together these account for c23% of our AUM, as of 31 August 2021. All (100%) of high-risk holdings covered by our AUM commitment (71% in 2022 rising to 100% discretionary AUM by 2025) will be subject to our engagement and climate voting policy.

**Alignment assessment and engagement:** A central tenet of our target approach is a focus on reducing real world emissions, rather than creating the impression of emission reduction through divestment. Therefore, we plan to use a rolling three-year average, or allow for a divergence range around the central pathway in any specific year, to permit us to focus on bringing down real-world emissions through active engagement.

All of our core holdings (on any of our internal buy lists that populate all our strategies) in the covered AUM will be subject to our Paris-alignment methodology – which means all entities in high-risk categories will be classified as either aligned, or we will be engaging & voting to deliver alignment.

## Sarasin & Partners LLP

We will be assessing the financed emissions embedded in our holdings by reference to SBTi pathways, which are in turn benchmarked to the IPCC scenarios. We will focus our engagement work on the high-risk sectors identified by the TPI, CA100+ Focus list and also include banks and real estate. We will keep this priority list under review to ensure we expand the scope in line with evolving data and understanding of new risk categories.

In line with the NZIF, we apply a climate 'materiality' threshold to focus our energies on those entities with the highest emissions profiles. To do this we look for:

- High impact sectors – these include both sectors that have high direct emissions (Scope 1 & 2), but also those that are linked to high emissions activities (Scope 3). We use the Transition Pathway Initiative (TPI) high impact sectors as a guide, adding in banks and real estate.
- High impact companies – in certain instances, we find individual companies have high carbon footprints outside the high impact sectors. To ensure we do not miss these, we screen our holdings for the CA100+ focus list – see <https://www.climateaction100.org/whos-involved/companies/>

**Policy on coal and other fossil fuel investments:** Yes, in keeping with our broader commitment, all high-risk sectors will be subject to our targets for emission reductions in line with SBTi. We have explicitly committed to avoid providing fresh capital for fossil fuel extraction or energy generation principally powered by fossil fuels, unless they are an engagement target with clear time-bound Paris-alignment objective. This includes investment in any new issue of shares or bonds. We further commit not to purchase such bonds in the secondary market.

In keeping with our NZAM commitment, the above will apply to 71% fully discretionary AUM from 2022, rising to 100% AUM by 2025.

This policy will be published in our NZAM Action Plan in November 2021.

**For further information:** Sarasin plan to publish a Net Zero Action Plan in Nov 2021.

# Schroders plc

**60% AUM** initially committed to be managed in line with net zero

**396 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2030 (Mid-term), 2040 (Long term)

**Target(s):**

Portfolio temperature score:

- Mid term Scope 1 & 2: 2.19°C by 2030
- Long term Scope 1, 2 & 3: 1.5°C by 2040

Portfolio coverage (AUM managed in line with the above):

100% by 2050

**Baseline Year Performance for the target metric(s):**

Portfolio temperature score:

- Mid term Scope 1 & 2: 2.92°C
- Long term Scope 1, 2 & 3: 3.15°C

Portfolio coverage: 60%

**GHG scopes included:** For the baseline year 2019, our financed emissions includes Scopes 1 & 2. Going forward, we will include Scope 3 as mandated by the PCAF timeline.

**Methodology:** SBTi for Financial Institutions

**Scenario(s):** IPCC AR5 1.5°C

Additional information:

**Proportion AUM committed:** Currently we have included our listed equities and credit asset classes as we have been able to obtain the required data and have developed models to measure the financed emissions and temperature alignment of these assets.

Going forward, we will include more asset classes as methodologies develop such that the proportion will increase over time.

**Policy on coal and other fossil fuel investments:** We are planning to start disclosing our investments in fossil fuel sectors and have coal exclusions for our sustainable product range. We continue to keep our fossil fuel investment policy under review.

**For further information:** We will be publishing more detail around our climate change strategy ahead of COP26 which will be in the public domain. At the time of submission of this form, this is not yet available.



# Storebrand Asset Management

**100% AUM** initially committed to be managed in line with net zero

**120bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2018

**Target Year(s):** 2025

**Target(s):**

- 32% reduction in emissions for equity, corporate bonds and real estate
- 15% of total investment in solution companies

Work systematically with 20 top emitters

**Baseline Year Performance for the target metric(s):**

Carbon footprint from equity investments in tonnes of CO<sub>2</sub>e per NOK 1 million in sales income (against index):

2018: 22 (32)

Carbon footprint from corporate bonds at baseline year (2018): 4.86 tCO<sub>2</sub>e/1mnsales

Investments in solutions (solutions companies, green bonds and property with environmental certification) in NOK billion / share of total assets:

2018: 38.8 / 5.5 %

**GHG scopes included:** Scope 1 & 2

**Methodology:** Net Zero Asset Owner Alliance Target Setting Protocol

**Scenario(s):** IPCC's 1.5°C scenarios with no or limited overshoot

Additional information:

**Target setting:** The -32% is based on the Intergovernmental Panel on Climate Change's (IPCC's) 1.5°C scenarios with no or limited overshoot and added adequate reductions (5%-points) for using end of 2018 as baseline instead of end of 2019. If you take the median of the 35 IPCC scenarios with no or low overshoot, and that have actual 2015 data and limited emission reductions between 2015-2020 (only up to 2% emission reductions between 2015-2020), the median is 27.2%. The 5 percentage points per year added is to ensure adequate reductions to accommodate to earlier base years due to large changes in our funds from 2018-2019. These are also derived from the IPCC scenarios but it's more a rule of thumb approach.

**Policy on coal and other fossil fuel investments:** Storebrand divested from coal in 2020. Storebrand will no longer invest in companies that derive more than 5 % of their revenues from coal. <https://www.storebrand.no/en/asset-management/sustainable-investments/our-climate-strategy>

For further information:

# Swedbank Robur Fonder AB

**67% AUM** initially committed to be managed in line with net zero

**146 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2030

**Target(s):** The following targets are set for AUM in scope of target setting:

1. Weighted average Scope 1 & 2 carbon intensity = 27.1 t CO<sub>2</sub>/mUSD
2. % AUM invested in assets in material sectors that are i) achieving net zero or meeting the criteria to be considered ii) 'aligned' or iii) 'aligning' to net zero = 60%
3. % revenues from AUM allocated to renewable energy = 1.39%
4. % owned (financed) carbon emissions in material sectors not aligned to NZ we commit to engage with = 100%

**Baseline Year Performance for the target metric(s):**

1. Weighted average Scope 1 & 2 carbon intensity = 54.2 t CO<sub>2</sub>/mUSD
2. % AUM invested in assets in material sectors that are i) achieving net zero or meeting the criteria to be considered ii) 'aligned' or iii) 'aligning' to net zero = 13%
3. % revenues from AUM allocated to renewable energy = 0.44%
4. % owned (financed) carbon emissions in material sectors not aligned to NZ we commit to engage with = 70% (2021)

**GHG scopes included:** Weighted average carbon intensity (WACI) target is based on Scope 1 & 2 emissions of the invested companies. Aggregated equities and bonds data coverage is approximately 90%.

**Methodology:** Paris Aligned Investment Initiative's Net Zero Investment Framework

**Scenario(s):** IEA NZE 2050

Additional information:

**Proportion AUM committed:** The initial targets disclosed include corporate bond and equity holdings for funds managed by Swedbank Robur. These assets are those for which we have robust methodologies. The targets do not yet cover discretionary mandates, rate funds and alternative investments, but our intention is to do this as soon as methodologies are developed. This will be achieved by continued engagement with discretionary mandate customers, and developing tools and capacity to handle rate funds and alternative investments.

# Swedbank Robur Fonder AB

**Target setting:** Swedbank Robur's net zero timeline is an aggressive one, being set at 2040. We applied the IEA's NZ2050 scenario adjusted for 2040 to generate our decarbonisation and solutions curves. From an already low baseline (compared to benchmarks) we set a 50% decarbonisation by 2030 intensity-based target. We are also tracking absolute carbon emissions to ensure that these are close to zero by 2040.

**Policy on coal and other fossil fuel investments:** Commencing in 2021 Swedbank Robur adopted an aggressive exclusion policy on fossil hydrocarbon-based extraction (exclude companies with > 5% revenue from coal, oil and gas) and power generation (exclude companies with > 5% revenue from coal and oil, and > 50% from gas). Whilst the effect of this policy and other actions have not been SBT verified, it has resulted in an approximate 50% decrease in the carbon intensity of our aggregated investments in the last 3 years, and lead to Swedbank Robur being one of the top 5 large asset managers globally according to CDP/Climetrics ratings.

[Policy for Responsible Investments](#)

[Climate Strategy](#)

[Include, Exclude and Engage Strategies](#)

AUM scope = 67%

**For further information:** Swedbank Robur's net zero methodology document – available upon request.

[Paris Aligned funds](#), [TCFD report 2020](#)

# Terra Alpha Investments LLC

**100% AUM** initially committed to be managed in line with net zero

**0.12 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 31 December 2020

**Target Year(s):** 31 December 2025

**Target(s):**

- Achieve Science Based Targets in Terra Alpha Investments LLC equities portfolios by 2025 from a 2020 base year. Terra Alpha Investments commits that 75% of its equities portfolios by invested value will have set Science Based Targets by 2025.

Terra Alpha's portfolio targets cover 100% of its total investment activities by AUM.

**Baseline Year Performance for the target metric(s):** 43% of invested value with set Science Based Targets as of 31 December 2020.

**GHG scopes included:** This target covers 100% of Terra Alpha's Scope 3 financed emissions.

**Methodology:** SBTi for Financial Institutions – Portfolio Coverage methodology

**Scenario(s):** SBTi for Financial Institutions – Portfolio Coverage methodology

Additional information:

**Target setting:** As an active manager that invests only in public equities, the vast majority of our GHG emissions footprint comes from “financed emissions” via our common or preferred stock investments. The most impactful way to reduce our footprint is thus to engage with portfolio companies on their own emissions reduction initiatives--and we consider the Science Based Targets Initiative (SBTi) one of the best available verification options for our portfolio companies' emissions reduction targets. We have therefore chosen to follow the Science Based Targets initiative's (SBTi) Portfolio Coverage methodology, whereby “financial institutions commit to engaging with their borrowers and/or investees to set their own science-based targets, which shall be validated by the SBTi, such that the financial institution is on a linear path to achieve 100% SBT coverage by 2040.” We are committed to 75% SBT portfolio coverage by 2025, a pace that should put us on-track towards 100% SBT coverage well before SBTi's 2040 deadline.

**Policy on coal and other fossil fuel investments:** Yes. Our policy applies to 100% of AUM and can be found on page 8 of “Our Commitment to a Net Zero Emissions Portfolio” (September 2021): [https://terraalphainvestments.com/wp-content/uploads/2021/09/NZAM-Targets-Overview\\_Fall-2021-1.pdf](https://terraalphainvestments.com/wp-content/uploads/2021/09/NZAM-Targets-Overview_Fall-2021-1.pdf)

**For further information:** Our Commitment to a Net Zero Emissions Portfolio (September 2021): [https://terraalphainvestments.com/wp-content/uploads/2021/09/NZAM-Targets-Overview\\_Fall-2021-1.pdf](https://terraalphainvestments.com/wp-content/uploads/2021/09/NZAM-Targets-Overview_Fall-2021-1.pdf)

# Trillium Asset Management

**60% AUM** initially committed to be managed in line with net zero

**3bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2030

**Target(s):** 75% of the equity assets held in our larger cap equity portfolios will have approved science-based targets (SBTs) for reducing their greenhouse gas emissions, approved by Science Based Target initiative (SBTi) by December 31, 2030.

**Baseline Year Performance for the target metric(s):** As of 12 December 2019, ~15% of the equity assets included in our commitment had either committed to setting science based targets or had done so, according to data from SBTi

**GHG scopes included:** Using the portfolio coverage approach, we expect our portfolio companies' targets will include their Scope 1 and 2 emissions, and Scope 3 when required by being greater than 40% of total emissions.

**Methodology:** Science Based Targets for Financial Institutions – Portfolio Coverage approach.

**Scenario(s):** Applying the Science Based Targets initiative methodology to our large cap holdings, our goal is aligned with a 1.5 degree scenario.

Additional information:

**Proportion AUM Committed:** The proportion represents all of the Trillium-advised equity investment strategies that invest primarily in larger cap equities, which excludes our U.S. Small and Midcap Core Strategy, and any similar strategies we may launch. We intend to continue engaging with companies in our Small/Mid Cap equity strategy to encourage them to adopt science-based greenhouse gas reduction targets and commit to net zero emissions by 2050.

We anticipate continuing to assess methodologies appropriate for us to measure and set targets for our fixed income investments, which contains a mix of sovereign and sub-sovereign government, supranational and corporate debt, a large portion of which is use-of-proceeds debt such as certified green bonds.

We also anticipate working with the Advisers of investment products that Trillium is the Sub-Advisor for, towards setting and achieving their own Net Zero goals.

# Trillium Asset Management

**Target Setting:** We believe that if 75% of the assets in our large cap equity portfolios have approved science based targets by 2030, that will indicate significant progress being made towards emissions reduction goals and that a fair share of the 50% global reduction in CO<sub>2</sub> emissions by 2030 will have been delivered.

**Engagement and Alignment:** We will continue our long history of shareholder engagement to encourage and work with our portfolio companies to set their science based targets, and make and report progress against the targets, including in collaboration with other investors and non-profits.

**Policy on coal and other fossil fuel investments:** Yes. This information will be available on our website shortly, and will apply to 100% of our AUM.

In short, our policy is that Trillium will not invest in Energy and Power companies that have not demonstrated a commitment to a business model designed to succeed in a low-carbon economy. While Trillium may invest in companies with a history of or legacy exposure to fossil fuels, such an investment would heavily rely on evidence that the company's business model has shifted to alignment with net zero emissions.

**For further information:** <https://www.trilliuminvest.com/esg/esg-integration-criteria>

# UBS Asset Management

**20% AUM** initially committed to be managed in line with net zero

**235 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2030

**Target(s):** By 2030, weighted average carbon intensity of funds to be 50% below the carbon intensity of the respective 2019 benchmark

**Baseline Year Performance for the target metric(s):** Each strategy will have a different baseline metric performance relative to their benchmark.

**GHG scopes included:** Scope 1 & 2 emissions. Each strategy will have different data coverage and we have taken this into account in setting our target. We are exploring how to make best use of Scope 3 metrics given the current range of data availability and quality.

**Methodology:** UBS AM is using the Paris Aligned Investment Initiative's Net Zero Investment Framework to set our targets. We have focused on a benchmark relative approach, using each strategy's own benchmark. In addition, we will continue to use our climate engagement programme to ensure real economy transition.

**Scenario(s):** P2 emission pathway of the IPCC special report on global warming of 1.5°C.

Additional information:

**Proportion AUM committed:** UBS AM has a little over 50% of our AUM in scope for the target (i.e. that we are able to apply a net zero alignment methodology).

- This includes:
- Active equities
- Active fixed income
- Index equities
- A proportion of our Real Estate assets.

We currently estimate that approximately 35% of these assets are capable of net zero alignment (i.e. USD235 billion) by 2030. Our target includes UBS AM investment products as well as discretionary mandates and separately managed accounts where we see these can be moved into net zero alignment.

UBS AM has identified a set of strategies that we consider suitable for net zero alignment, dependent on broader decarbonisation in the economy and in dialogue with our clients. The broad-based nature of the benchmarks associated with these strategies are consistent with referencing the global reduction requirement to set our target.

# UBS Asset Management

Of the in-scope assets that cannot be managed in line by 2030:

- UBS AM has a substantial indexing business; bringing market capitalization weighted assets into net zero alignment requires clients to agree to track alternate, low-carbon benchmarks.

Not in scope

- The remaining assets that are not in scope for net zero alignment include our multi-asset funds, hedge funds, money markets and sovereign and municipals issuers. These are areas where there is currently no methodology for net zero-aligned investing.

Actions being taken

- We continue to work on developing methodologies, including participating in industry working groups and other forms of collaboration, to address assets where there is currently no methodology for net zero
- We are also working collaboratively with our clients to ensure that they have access to best practices, robust approaches, standardized methodologies, and improved data.

**Policy on coal and other fossil fuel investments:** Yes. UBS AM has a policy which covers thermal coal and oil sands exclusions. Our Exclusion Policy is published here: <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

It contains requirements to exclude thermal coal mining and oil sands above 20% revenue across all of our active equity and fixed income funds. And coal-fired power generation above 20% revenue for our SI-focused and impact funds.

**For further information:** The UBS Net Zero statement and commitments can be found [here](#).



# Van Lanschot Kempen

**100% AUM** initially committed to be managed in line with net zero

**123.8 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019 (on fund level, for listed funds where data is available)

**Target Year(s):**

- 2050 Long-term commitment: Become a net zero investor.
- 2030 Mid-term ambition: All listed and non-listed investments (where we have influence) aligned with Paris pathway.
- 2025 Short-term objectives: All listed investments (where we have data) aligned with Paris pathway.

**Target(s):** We use the pathway of the EU Benchmarks, based on the IPCC 1.5°C climate scenarios. This translates to an average of 7% carbon reduction (on fund level, on a comply or explain basis), based on the benchmark of the specific portfolios. For 2025 for our listed investments and 2030 for our listed and non-listed investments.

**Baseline Year Performance for the target metric(s):** We cannot give this baseline performance as we use a bottom-up approach, which means that the performance depends on the fund (and benchmark used).

**GHG scopes included:** We use Scope 1 & 2 in our carbon targets, and use Scope 3 as part of our engagements with investee companies.

**Methodology:** We use the EU Benchmark pathway as the method for target setting which are being used by our funds, with on average 7% reduction (comply or explain). For our sustainable funds, we use the Climate Transition Benchmark (CTB)/ Paris Aligned Benchmark (PAB) starting point (30/50% lower than the benchmark). The metric used is weighted average carbon intensity.

**Scenario(s):** IPCC 1.5°C climate scenarios, which was also the basis for the EU Benchmarks (CTB/PAB).

Additional information:

**Target setting:** With our commitment, policy, governance, targets, measures and reporting we aim to decarbonise our investment portfolios in a way that is consistent with achieving global net zero greenhouse gas emissions by 2050. Our approach incorporates elements from the Paris Aligned Investment Initiative's Net Zero Investment Framework, and we will enhance our approach going forward whereby we will also take this framework into account as well.

# Van Lanschot Kempen

**Alignment assessment and engagement:** We use ESG instruments to reach our objectives and ensure reductions in the real economy. These include climate sector engagements (direct and collaborative engagements via the Climate Action 100+), integration of climate risks and opportunities in portfolios, climate related exclusions and impact related investments. More details can be found in our climate change policy.

We have integrated climate change in our governance, strategy, targets and metrics (where feasible and relevant). We report on these climate change elements in our annual TCFD disclosures (to be found here: [task-force-on-climate-related-financial-disclosures-25-02-2021.pdf](https://www.vanlanschotkempen.com/tcf-disclosures-25-02-2021.pdf) ([vanlanschotkempen.com](https://www.vanlanschotkempen.com))).

**Policy on coal and other fossil fuel investments:** In our climate change policy, we take into account coal and fossil fuel related activities.

**For further information:** <https://www.kempen.com/-/media/Asset-Management/ESG/Climate-change-policy.pdf>

# Wellington Management

**10.6% AUM** initially committed to be managed in line with net zero

**146 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 31 December 2019

**Target Year(s):** 31 December 2029

**Target(s):**

A. SBT Portfolio Coverage: By 2030, achieve a minimum %MV in companies with SBTi targets (or equivalent as assessed by Wellington Management), consistent with a linear increase from the portfolio's 2019 baseline value to 100% by 2040.

B. Portfolio Construction: By 2030, achieve a 50% reduction in weighted average carbon intensity (WACI, tons CO<sub>2</sub>/\$mn Revenue) vs 2019 baseline

We have initially defined two basic glidepath options for targets focused on Engagement and Portfolio Construction. Each investment team determines which approach is most consistent with their philosophy and process, and this becomes the default proposed approach for consideration by clients with net zero targets.

**Baseline Year Performance for the target metric(s):** The baseline performance is defined individually for each investment strategy.

**GHG scopes included:** For the SBT Portfolio Coverage glidepath, Scope 3 is implicitly included as SBTi validation requires Scope 3 inclusion where Scope 3 emissions represent 40% or more of the company's overall footprint. This is also the case for investment teams committed to driving decarbonisation through engagement only. For the Portfolio Construction glidepath, we include Scope 1 & 2 in our interim 2030 target. We expect to introduce a secondary target that addresses Scope 3 emissions, pending improved coverage and comprehensiveness of Scope 3 disclosures.

**Methodology:** Our approaches are aligned with a combination of the SBTi Guidance for Financial Institutions (Portfolio Coverage Approach) and the PAII Net Zero Investment Framework (Listed Equity and Corporate Fixed Income: Portfolio Construction).

**Scenario(s):** For the SBT Portfolio Coverage glidepath, the underlying targets being set are consistent with science-based pathways. These targets can be derived using the sectoral decarbonisation approach (SDA) where industry-specific guidance is available, which has a pathway for 1.5°C. The absolute contraction approach (4% in absolute terms or 7% in intensity terms) is also sufficiently rigorous to be consistent with science-based pathways. For the Portfolio Construction glidepath, a 50% reduction by 2030 is consistent with a net zero pathway, as reflected in the NZAM commitment language. We do not expect to require linear annual reductions but will regularly monitor progress for these strategies to ensure continuous improvement.

# Wellington Management

## Additional information:

**Proportion AUM committed:** Because we see our asset commitment and clients' objectives as inextricably linked, we are assessing clients' investment portfolios and investment strategies one by one. It represents client AUM only in asset classes for which there are well established decarbonisation methodologies. Within these asset classes, our AUM commitment is a combination of accounts where we have client approval to implement a decarbonisation objective consistent with net zero by 2050 or sooner, as well as accounts for which the investment team is committed to driving decarbonisation through engagement with the intention of improving client outcomes, specifically encouraging companies to manage transition risk consistent with net zero by 2050 or sooner. We intend to update our commitment as we reach AUM milestones, such as when we establish actionable climate plans for a new asset class and/or receive incremental client approvals. For further context, this represents nearly 30% of AUM that we currently consider to be eligible for net-zero implementation. To arrive at eligible AUM: from all client assets invested in primarily in equities and corporate fixed income, we exclude sub-advisory AUM (as our ongoing dialogue continues with these clients) and AUM that currently manages or can accept ERISA assets (as we monitor the evolving US regulatory environment).

Current factors affecting our initial commitment include:

- **Business model:** Nearly 90% of our business is comprised of separately managed and sub-advisory accounts. As such client approval is required prior to making any material changes to an investment strategy, including adding a formal climate objective
- **Methodology availability:** A substantial portion of client assets are managed in asset classes where additional guidance is needed, such as private equity, hedge funds, and sovereigns. We therefore currently exclude strategies for which the majority of assets are non-corporate.
- **Data availability –** for some strategies investment teams are not yet comfortable with the quality for their investment universe
- **Sequencing execution:** It is critical that strategy-specific net zero implementation plans are well supported by data and tools. Now that our data and tools have been rolled out, we expect we can accelerate our climate action development plans and support a wider group of clients and investment teams.

**Target setting:** We have selected WACI as the portfolio metric for the interim 2030 target. This is primarily due to the recency of the PCAF methodology relative to internal/external familiarity with WACI, as well as the financed emissions metric's sensitivity to market movements.

**Policy on coal and other fossil fuel investments:** Our current exclusion policy is summarized in our [Client Exclusions Policy](#), updated on 1 October 2021. The segment of the policy relevant to climate risk covers thermal coal extraction, thermal coal power generation, and oil sands extraction and evaluates companies based on revenue thresholds, reserves, and, in certain situations, announced phase-out plans. The AUM currently covered by this policy is USD50.5 billion as of 30 September 2021, representing more than 90% of Wellington's cross-border sponsored funds.

**For further information:** [Our Commitment to Net Zero](#); [2020 TCFD Report](#); [Developing net zero commitments and tools](#) (webinar replay)

# WHEB Asset Management

**100% AUM** initially committed to be managed in line with net zero

**2.03 bn USD** currently committed to be managed in line with net zero

Information on Interim target(s) covering the proportion of assets to be managed in line with net zero

**Baseline Year:** 2019

**Target Year(s):** 2025, 2030

**Target(s):**

For 2025:

1. Achieve carbon reductions from portfolio companies that are consistent with our 2030 and 2050 targets (equivalent to a mid-single digit annual decline in emissions).
2. At least 50% of investee companies<sup>4</sup> committed to achieving NZ carbon emissions by 2050 and demonstrating alignment through their ambition, targets, emission performance, disclosure, strategy and capital allocation.<sup>5</sup>
3. >30% of the portfolio to be invested in companies offering climate solutions (and expected to be EU taxonomy eligible).

For 2030:

1. Achieve an absolute carbon reduction from portfolio companies that is consistent with the 50% global reduction in carbon emissions considered necessary to achieve global NZC emissions by 2050.
2. 100% of investee companies<sup>6</sup> committed to achieving NZ carbon emissions by 2050 and demonstrating alignment through their ambition, targets, emission performance, disclosure, strategy and capital allocation.<sup>7</sup>
3. >30% of the portfolio to be invested in companies offering climate solutions (and expected to be EU taxonomy eligible).

**Baseline Year Performance for the target metric(s):**

Total Scope 1 & 2:

1,501,463tCO<sub>2</sub>e

Carbon footprint:

127tCO<sub>2</sub>e/£1m invested

Carbon intensity:

306tCO<sub>2</sub>e/£1m sales

Weighted average carbon intensity:

220tCO<sub>2</sub>e/£1m sales

<sup>4</sup> WHEB's commitment covers 100% of our strategy. It is worth stating though that less than 10% of the strategy is invested in companies that are in 'high impact' sectors (eg subject to analysis by either the Transition Pathway Initiative or the CA100+). And a further 10-15% are in sectors that are not subject to any of these criteria (sectors in NACE codes M-U).

<sup>5</sup> These six criteria are set out in the Net Zero Investment Framework 'Implementation Guide' ([https://www.parisalignedinvestment.org/media/2021/03/PAII-Net-Zero-Investment-Framework\\_Implementation-Guide.pdf](https://www.parisalignedinvestment.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf))

<sup>6</sup> op. cit. 1

<sup>7</sup> op. cit. 2

# WHEB Asset Management

**GHG scopes included:** The targets cover Scope 1 & 2 emissions from portfolio businesses. We include Scope 3 emissions on an ad hoc basis depending on the materiality of Scope 3 emissions to the company in question.

**Methodology:** Our methodology is based on the Paris Aligned Investment Initiative's Net Zero Investment Framework/SBT Portfolio Coverage approach. We have used a linear 'Absolute Contraction' approach to determine annual emission reductions from 2019 to achieve the 50% reduction in emissions by 2030 and then a similar linear calculation from 2030 to zero emissions in 2050. We have based our definition of 'climate solution' on the EU Taxonomy in order to determine whether a company's products/services qualify as a 'climate solution'.

**Scenario(s):** IPCC models that deliver no or limited overshoot of 1.5°C of global warming require CO<sub>2</sub> emissions to decline by 45-50% by 2030 and to reach net zero by 2050. These are the targets that we have chosen to achieve for WHEB's portfolios.

## Additional information:

**Target setting:** Our strategy is wholly invested in developed markets and while portfolio businesses do own assets in emerging and developing countries, we have chosen to set a stricter target of a 50% reduction in emissions by 2030.

We will engage with portfolio companies in order to achieve the above targets. Where engagement is not successful we reserve the right to divest from these holdings.

**Policy on coal and other fossil fuel investments:** As part of our policy on portfolio carbon emissions we have clearly stated that WHEB investment strategies do not, have not and will not invest in companies 1) planning new fossil fuel production or power infrastructure, 2) deriving significant (more than 5%) revenues from fossil fuel or power generation sales or 3) producing fossil fuels or generating more than 5GW of captive power from fossil fuels. <https://www.whebgroup.com/media/2021/03/202102-NZC-Policy-Portfolio-emissions.pdf>

**For further information:** Annual impact report including portfolio and operational carbon data: <https://impact.whebgroup.com/media/2021/06/WHEB-Impact-Report-2020.pdf>

