

Carbon Footprint Dashboard Explainer

We believe that climate change is a significant investment issue now and into the future. Understanding how an investment manager is incorporating climate change in their investment decision-making, ownership practices and advocacy is important information for clients and other stakeholders.

We provide a climate change statement on our website which is consistent with the Task-force for Climate Related Financial Disclosure's (TCFD's) recommendations.

In addition, each of our investment teams provides a climate change statement articulating the approach they take to managing climate change risks and opportunities. This disclosure sits alongside information on how they consider environmental, social and corporate governance issues more broadly.

Some of the issues we raised in our 2016 report which is important to be mindful of includes:

- Data quality and availability issues, around 50% of emissions are estimates as not all companies report
- Dividing Emissions by Sales is often not the best intensity measure (see below) but has been recommended by the Task Force for Climate Related Financial Disclosures
- Transition and stranded asset risks are not captured in carbon footprints
- Other risks including physical risks are not captured in carbon footprints.

We will continue to improve our climate change, carbon and ESG disclosure and welcome any feedback or suggestions.



3,923 4,018
Companies Covered



\$168,217M \$169,590M
AU\$ Covered

Coverage

Our footprint reports the emissions of the companies we invest in at a portfolio level. This means we add the holdings in the portfolio and compare them to the sum of their respective benchmark.

The coverage numbers show what proportion of companies held by the team have available carbon data from MSCI. This is presented as both the number of companies and dollars invested.



248.9 tCO₂e
Weighted Ave Intensity
(Scope 1+2/\$m Sales)



-15.3%
Diff Weighted Ave Intensity
vs Benchmark (Aggregated)

Weighted average emissions intensity

Rather than disclose a straight average we use a weighted average based on the size of our holding in each company. The weighted average is of each company's greenhouse gas emissions intensity (scope 1 & 2¹) per \$m sales. We compare this to the weighted average emissions intensity for the companies in the aggregated benchmark.

Uses: Intensity normalises company emissions for size, which means larger companies (with more emissions) can be compared to smaller companies. It should show which company is more efficient. We have concerns around using sales because other factors like currency or commodity prices can have a large effect on dollars of sales with no effect on emissions. However, this method has been recommended by the TCFD² and we support increased comparability of investor reporting. This can be used for comparisons against a benchmark or portfolio and for portfolio decomposition and analysis.

1. Scope 1: All direct GHG emissions. Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity. Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam. ² TCFD, page 43 <https://www.isb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf>.



12.6
Ave Fossil Fuel Comp
per Portfolio



13,178
(tCO2e / \$m invested)
Carbon Footprint
(Scope 1&2)



10,975,596 tCO2e
Total Carbon Emissions
(Scope 1&2)

9,065,828 tCO2e
Scope 1
1,909,856 tCO2e
Scope 2
33,746,558 tCO2e
Scope 3

Fossil Fuel Companies

This indicator shows the average number of fossil fuel companies (as defined by MSCI) per portfolio. This includes companies who mine fossil fuels as well as generators of fossil based energy sources as well as other users of fossil fuels.

Carbon Footprint

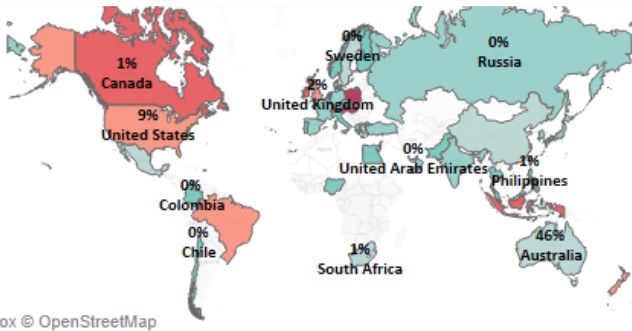
This metric measures the carbon emissions of a portfolio per \$m invested. Scope 1 and 2 emissions are allocated to investors based on an equity ownership approach (if an investor owns 10% of a company's total market capitalisation, then they own 10% of the company and therefore 10% of the company's emissions). This is then normalised by portfolio value.

Uses: this metric normalises the measure of a portfolio's contribution to climate change based on investment size to enable comparisons to the benchmark and other portfolios.

Total Carbon Emissions:

This metric measures the absolute greenhouse gas emissions associated with a portfolio (Scope 1 and 2) expressed in tCO2e. Scope 1 and 2 emissions are allocated to investors based on an equity ownership approach (if an investor owns 10% of a company's total market capitalisation, then they own 10% of the company and therefore 10% of the company's emissions).

Uses: portfolio decomposition and attribution analysis. Not for comparison as the data is not normalised.

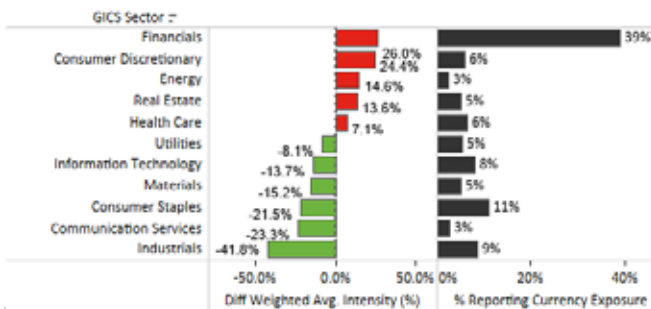


Difference in emissions intensity by country

In the map, the colour of each country shows the difference between weighted average emissions intensity (as defined above) for the team vs the aggregated benchmark. If a team has 100% more emissions it will appear dark red, while 100% less will show dark green.

Numbers which appear over the country show the % dollar exposure the team has to each country.

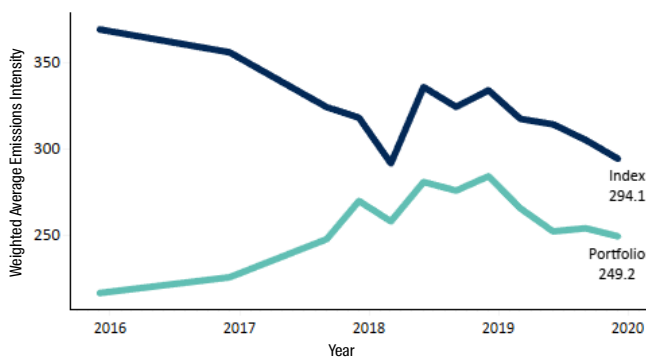
Clicking on a country filters the rest of the dashboard to only show companies from that country. Hovering over a country reveals more information.



Weighted average carbon intensity by sector

Similar to the country map, this chart shows the difference in weighted average emissions intensity between the team's holdings and the benchmark by sector.

Clicking on a sector filters the rest of the dashboard to only show companies from that sector. Hovering over a sector reveals more information. This allows for analysis of sector and stock contribution to overall emissions intensity.



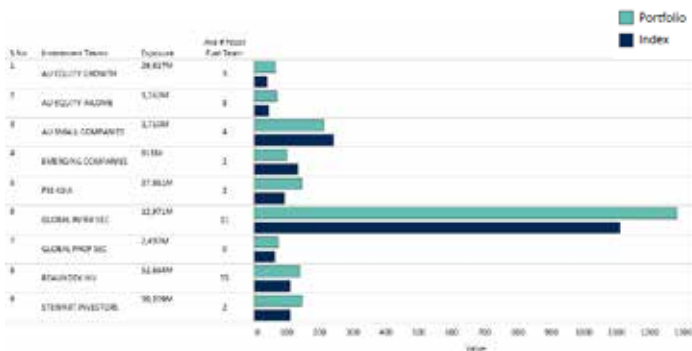
Emissions intensity through time

The chart shows the weighted average emissions intensity for the team (green line) vs the aggregated benchmark (blue line) for the last five years.

Top emissions table

For the dashboard which covers all teams (available on our Carbon Footprint page) the table shows a breakdown of measures for each team including:

- Total assets under management
- Weighted average emissions intensity for the team



- The difference between each teams weighted average an their benchmark for both measures
- The average number of fossil fuel companies held in each portfolio.

For the individual investment team reports (available in each listed equity team's profile page) the table shows information for the ten largest contributors to the team's weighted average emissions. The table shows:

- % Exposure across all portfolios
- The company's weighted average carbon intensity
- What contribution the emissions makes to the weighted average intensity for the team
- The company's total carbon emissions (scope 1 & 2)
- What contribution the company's emissions makes to the total carbon emissions for the team
- The company's carbon footprint
- What contribution the company makes to the carbon footprint for the team

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