



**London CIV  
Climate Analytics**

06 February 2024

## Introduction

We are pleased to present the London CIV Climate Analytics report for the **London Borough of Camden Pension Fund**. The report provides an overview of climate-related risks and opportunities according to the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

This report aims to inform the development of decarbonisation strategies, internal risk management, and support climate-related disclosures.

Should you require any further information regarding any aspect of your about the report or service, please contact our Client Service Team via e-mail ([clientservice@londonciv.org.uk](mailto:clientservice@londonciv.org.uk)).

London CIV acknowledges the contribution of S&P Trucost Limited (“Trucost”) data and analytics in the production of this report and we draw your attention to the disclaimer on limitations associated with the Trucost data at the end of this report.

Trucost assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance (ESG) factors. For more information, visit [www.trucost.com](http://www.trucost.com)



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## Parameters

<b>Fund Name:</b>	LCIV MAC
<b>Benchmark Name:</b>	Bloomberg Global Aggregate Corporate Total Return Index
<b>Holdings Date:</b>	30 June 2023
<b>Analysis Date:</b>	06 February 2024
<b>Currency:</b>	GBP
<b>Sub-fund Value</b>	229 mGBP
<b>Value Covered</b>	58 mGBP

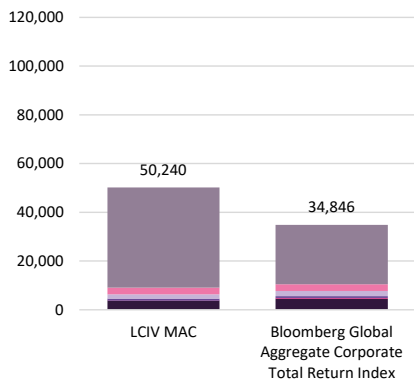
**A note on mapping:** London CIV Climate Analytics leverage the Trucost Core Plus Universe, and the S&P Market Intelligence Capital IQ® platform to map listed equity and corporate fixed income instruments to their issuing entity. Detailed coverage lists can be provided upon request.

## Carbon Footprint

The Task Force for Climate-related Financial Disclosures recommends asset owners to include carbon footprinting information in their reporting to support the assessment and management of climate-related risks.

### Total Carbon Footprint (tCO2e)

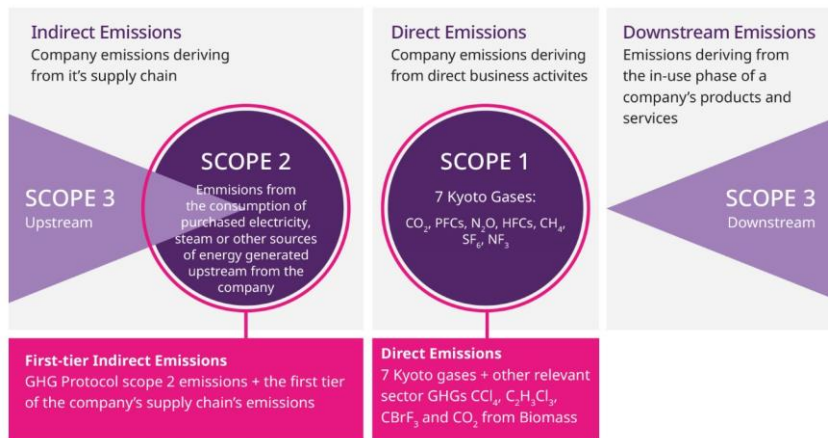
The chart below shows the total tonnes of carbon dioxide equivalents (tCO2e), broken down by scope.



- Downstream (Scope 3)
- Other Supply Chain CO2e (Scope 3)
- Non-Electricity First Tier Supply Chain CO2e (Scope 3)
- Purchased Electricity CO2e (Scope 2)
- Direct CO2e (Other)

### Understanding Emissions Scopes

The diagram below summarises the different emissions scopes that can be included in footprint calculations. Restricting the scope to direct operational emissions only (scope 1) removes the risk of double counting carbon but conceals carbon risk exposure present within value chains.



Carbon emissions should be 'normalized' by a financial indicator (either annual revenues or value invested) to provide a measure of carbon intensity. The Task Force for Climate-related Financial Disclosures favours the weighted average carbon intensity as preferred metric.

**Carbon Intensity (tCO2e/mGBP)**

The charts below provide an indication of the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The analysis was completed for two sets of emission scopes.

**Carbon Intensity Methodologies**



Impact-based

**1. Carbon to Revenue (C/R)**

Carbon to Revenue provides an indication of carbon efficiency with respect to output (as revenues are closely linked to productivity).

$$\frac{\sum_i^n \left( \frac{C_i}{EVIC_i} * I_i \right)}{\sum_i^n \left( \frac{R_i}{EVIC_i} * I_i \right)}$$

**2. Carbon to Value Invested (C/V)**

Carbon to Value provides an indication of efficiency with respect to shareholder value creation. It is a pertinent indicator of an investor's contribution to climate change.

$$\frac{\sum_i^n \left( \frac{C_i}{EVIC_i} * I_i \right)}{\sum_i^n I_i}$$

**3. Weighted Average Carbon Intensity (WACI)**

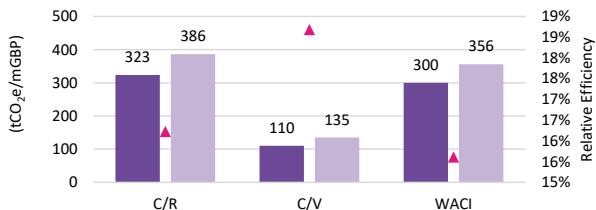
The weighted average method seeks to calculate exposure to carbon intensive companies, i.e. is not an additive in terms of carbon budgets.

$$\sum_i^n \left( \frac{C_i}{R_i} * w_i \right)$$

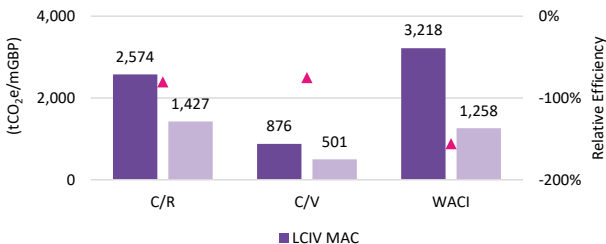
I: Investment Value C: tCO2e R: Revenues  
 EV: Enterprise Value w: Weight

Risk-based

**Direct + First-Tier Indirect**



**Scopes 1-2-3**



■ LCIV MAC

## London CIV Climate Analytics

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1 Carbon Footprint

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4 Disclaimer

Attribution analysis explains how sector allocation and stock selection contribute to a smaller or larger footprint relative to a benchmark. This can be used to identify opportunities for future footprint reduction. Sector allocation effects are determined using the 11 GICS Sector classifications, and the analysis has been completed based on the Carbon to Revenue Intensity (C/R). Both sets of emission scopes results are presented.

## Direct + First-Tier Indirect

Sector	Weight (Revenue)		Carbon intensity (C/R)		Attribution effect		
	Fund	Benchmark	Fund	Benchmark	Sectoral allocation	Company selection	Total
Communication Services	9%	9%	46	50	0.3%	0.1%	0.4%
Consumer Discretionary	14%	9%	161	94	3.6%	-2.4%	1.2%
Consumer Staples	6%	10%	607	311	-0.7%	-4.9%	-5.6%
Energy	13%	11%	824	822	-2.3%	-0.1%	-2.4%
Financials	19%	18%	15	21	1.3%	0.3%	1.6%
Health Care	4%	14%	75	34	-8.9%	-0.4%	-9.3%
Industrials	16%	10%	413	227	2.5%	-7.7%	-5.2%
Information Technology	9%	6%	59	73	2.2%	0.3%	2.5%
Materials	4%	7%	933	1309	7.5%	3.9%	11.4%
Real Estate	2%	1%	112	145	0.5%	0.1%	0.6%
Utilities	5%	7%	749	1824	6.1%	14.1%	20.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>323</b>	<b>383</b>	<b>12%</b>	<b>3%</b>	<b>15%</b>

## Scopes 1-2-3

Sector	Weight (Revenue)		Carbon intensity (C/R)		Attribution effect		
	Fund	Benchmark	Fund	Benchmark	Sectoral allocation	Company selection	Total
Communication Services	9%	9%	151	161	0.4%	0.1%	0.4%
Consumer Discretionary	14%	9%	1252	1728	0.0%	3.8%	3.7%
Consumer Staples	6%	10%	1320	866	-1.8%	-1.7%	-3.5%
Energy	13%	11%	9908	5376	-4.3%	-33.9%	-38.2%
Financials	19%	18%	710	441	1.0%	-3.0%	-1.9%
Health Care	4%	14%	175	120	-9.1%	-0.1%	-9.2%
Industrials	16%	10%	4258	3228	-5.4%	-9.5%	-14.9%
Information Technology	9%	6%	603	724	1.6%	0.6%	2.2%
Materials	4%	7%	1549	2923	2.2%	3.1%	5.3%
Real Estate	2%	1%	756	1066	0.3%	0.3%	0.6%
Utilities	5%	7%	1757	3295	1.5%	4.5%	6.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>2574</b>	<b>1721</b>	<b>-14%</b>	<b>-36%</b>	<b>-50%</b>

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Attribution analysis explains how sector allocation and stock selection contribute to a smaller or larger footprint relative to a benchmark. This can be used to identify opportunities for future footprint reduction. Sector allocation effects are determined using the 11 GICS Sector classifications, and the analysis has been completed based on the Carbon to Value Intensity (C/V). Both sets of emission scopes results are presented.

## Direct + First-Tier Indirect

Sector	Weight		Carbon intensity (C/V)		Attribution effect		Total
	Fund	Benchmark	Fund	Benchmark	Sectoral allocation	Company selection	
Communication Services	10%	8%	14	18	1.5%	0.3%	1.8%
Consumer Discretionary	10%	6%	78	51	2.4%	-1.9%	0.5%
Consumer Staples	2%	7%	535	155	0.7%	-6.9%	-6.2%
Energy	9%	5%	382	575	-13.2%	13.6%	0.4%
Financials	42%	34%	2	4	7.6%	0.5%	8.1%
Health Care	3%	9%	30	17	-5.2%	-0.3%	-5.5%
Industrials	9%	8%	243	97	0.3%	-10.0%	-9.6%
Information Technology	6%	7%	28	21	-0.8%	-0.3%	-1.1%
Materials	1%	4%	1049	875	13.8%	-1.5%	12.3%
Real Estate	3%	4%	19	12	-0.5%	-0.2%	-0.6%
Utilities	3%	7%	380	571	13.2%	4.8%	18.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>110</b>	<b>134</b>	<b>20%</b>	<b>-2%</b>	<b>18%</b>

## Scopes 1-2-3

Sector	Weight		Carbon intensity (C/V)		Attribution effect		Total
	Fund	Benchmark	Fund	Benchmark	Sectoral allocation	Company selection	
Communication Services	10%	8%	46	59	1.5%	0.2%	1.8%
Consumer Discretionary	10%	6%	608	944	-2.2%	5.3%	3.1%
Consumer Staples	2%	7%	1163	433	-1.3%	-3.0%	-4.3%
Energy	9%	5%	4593	3763	-21.0%	-13.0%	-34.1%
Financials	42%	34%	110	81	6.8%	-2.0%	4.8%
Health Care	3%	9%	70	62	-5.4%	0.0%	-5.5%
Industrials	9%	8%	2502	1371	-1.5%	-17.2%	-18.7%
Information Technology	6%	7%	287	212	-0.6%	-0.8%	-1.4%
Materials	1%	4%	1742	1954	5.6%	0.4%	6.0%
Real Estate	3%	4%	128	88	-0.4%	-0.2%	-0.7%
Utilities	3%	7%	891	1031	2.9%	0.8%	3.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>25905</b>	<b>604</b>	<b>-16%</b>	<b>-30%</b>	<b>-45%</b>

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## Direct + First-Tier Indirect

Sector	Weight		Carbon intensity (WACI)		Attribution effect		
	Fund	Benchmark	Fund	Benchmark	Sectoral allocation	Company selection	Total
Communication Services	10%	8%	55	49	1.5%	-0.2%	1.3%
Consumer Discretionary	10%	6%	516	121	2.5%	-10.6%	-8.0%
Consumer Staples	2%	7%	423	310	-0.6%	-0.8%	-1.4%
Energy	9%	5%	1115	981	-7.1%	-3.5%	-10.6%
Financials	42%	34%	14	18	7.5%	0.4%	7.9%
Health Care	3%	9%	69	51	-5.2%	-0.2%	-5.3%
Industrials	9%	8%	744	286	0.2%	-11.8%	-11.5%
Information Technology	6%	7%	84	75	-0.8%	-0.2%	-0.9%
Materials	1%	4%	959	1357	7.0%	1.3%	8.4%
Real Estate	3%	4%	177	137	-0.3%	-0.4%	-0.7%
Utilities	3%	7%	900	2348	22.8%	13.8%	36.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>300</b>	<b>356</b>	<b>28%</b>	<b>-12%</b>	<b>16%</b>

## Scopes 1-2-3

Sector	Weight		Carbon intensity (WACI)		Attribution effect		
	Fund	Benchmark	Fund	Benchmark	Sectoral allocation	Company selection	Total
Communication Services	10%	8%	181	172	1.5%	-0.1%	1.5%
Consumer Discretionary	10%	6%	1282	1279	0.7%	0.0%	0.6%
Consumer Staples	2%	7%	993	972	-1.7%	0.0%	-1.7%
Energy	9%	5%	21473	5674	-10.7%	-96.7%	-107.5%
Financials	42%	34%	1141	850	3.5%	-7.9%	-4.3%
Health Care	3%	9%	169	174	-5.4%	0.0%	-5.3%
Industrials	9%	8%	3827	3425	-1.5%	-2.4%	-3.9%
Information Technology	6%	7%	1387	923	-0.4%	-1.9%	-2.3%
Materials	1%	4%	1483	2885	2.2%	1.1%	3.3%
Real Estate	3%	4%	450	972	-0.2%	1.2%	1.0%
Utilities	3%	7%	2062	3921	6.3%	4.1%	10.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>3218</b>	<b>1545</b>	<b>-6%</b>	<b>-103%</b>	<b>-108%</b>

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The largest contributors to the portfolio's carbon intensity are shown below. While the first table shows the top contributors to the portfolio carbon to revenue intensity according to the two sets of emissions perimeters. The list has been determined on the basis of the Carbon to Revenue Intensity (C/R).

## Top C/R Contributors: Direct + First-Tier Indirect

Name	Sector	Weight (%)	C/R intensity Scopes D+FTI tCO2e/GBPm	C/R intensity Scopes 1-2-3 tCO2e/GBPm	Contribution to Carbon Intensity Scopes D+FTI	Disclosure	Climate 100+
Danaos Corporation	Industrials	0.7%	7426	7553	-10.96%	Full Disclosure	No
Targa Resources Corp.	Energy	0.9%	1151	2863	-5.44%	Full Disclosure	No
Pilgrim's Pride Corporation	Consumer Staples	0.7%	872	1958	-4.84%	Partial Disclosure	No
Delek Group Ltd.	Energy	1.3%	1327	8804	-4.08%	Modelled	No
Occidental Petroleum Corporation	Energy	0.9%	1276	12395	-3.33%	Full Disclosure	Yes
Cheniere Energy Partners, L.P.	Energy	1.2%	1475	3254	-3.17%	Full Disclosure	No
Summit Midstream Partners, LP	Energy	0.7%	2121	3882	-2.89%	Partial Disclosure	No
POSCO Holdings Inc.	Materials	0.1%	1872	3190	-2.71%	Full Disclosure	Yes
FirstEnergy Corp.	Utilities	0.7%	2203	2255	-2.62%	Partial Disclosure	Yes
Veolia Environnement SA	Utilities	0.2%	1843	1646	-1.91%	Full Disclosure	No

## Top C/R Contributors: Scopes 1-2-3

Name	Sector	Weight (%)	C/R intensity Scopes D+FTI tCO2e/GBPm	C/R intensity Scopes 1-2-3 tCO2e/GBPm	Contribution to Carbon Intensity Scopes 1-2-3	Disclosure	Climate 100+
Equitrans Midstream Corporation	Energy	0.6%	2090	221327	-16.61%	Full Disclosure	No
EQT Corporation	Energy	0.6%	178	23428	-6.93%	Full Disclosure	No
Rolls-Royce Holdings Plc	Industrials	0.4%	71	25466	-6.00%	Partial Disclosure	Yes
AB Volvo (publ)	Industrials	0.9%	86	9362	-4.55%	Partial Disclosure	Yes
Occidental Petroleum Corporation	Energy	0.9%	1276	12395	-4.32%	Full Disclosure	Yes
Prysman S.p.A.	Industrials	0.1%	442	25462	-3.85%	Full Disclosure	No
Delek Group Ltd.	Energy	1.3%	1327	8804	-3.18%	Modelled	No
Continental Resources, Inc.	Energy	0.9%	927	13764	-2.73%	Partial Disclosure	No
Chesapeake Energy Corporation	Energy	0.2%	390	12690	-1.36%	Full Disclosure	No
Tullow Oil plc	Energy	0.4%	1239	12370	-1.34%	Partial Disclosure	No



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## Top C/V Contributors: Direct + First-Tier Indirect

Name	Sector	Weight (%)	C/R intensity Scopes D+FTI tCO2e/GBPm	C/R intensity Scopes 1-2-3 tCO2e/GBPm	Contribution to Carbon Intensity Scopes D+FTI	Disclosure	Climate 100+
Danaos Corporation	Industrials	0.7%	7426	7553	-10.77%	Full Disclosure	No
ADLER Group S.A.	Energy	0.7%	872	1958	-6.87%	Modelled	No
Cellnex Telecom, S.A.	Health Care	0.9%	1151	2863	-6.56%	Full Disclosure	No
Teladoc Health, Inc.	Real Estate	1.3%	1327	8804	-4.11%	Modelled	No
Plains GP Holdings, L.P.	Consumer Discretionary	1.5%	499	1362	-3.68%	Partial Disclosure	No
Virgin Money UK PLC	Health Care	0.9%	1276	12395	-3.59%	Partial Disclosure	No
Deutsche Pfandbriefbank AG	Information Technology	0.1%	1872	3190	-3.14%	Full Disclosure	No
ASR Nederland N.V.	Communication Service	0.2%	644	1153	-2.95%	Partial Disclosure	No
OneMain Holdings, Inc.	Industrials	0.2%	772	1183	-2.88%	Modelled	No
Adient plc	Consumer Discretionary	1.2%	1475	3254	-2.86%	Partial Disclosure	No

## Top C/V Contributors: Scopes 1-2-3

Name	Sector	Weight (%)	C/R intensity Scopes D+FTI tCO2e/GBPm	C/R intensity Scopes 1-2-3 tCO2e/GBPm	Contribution to Carbon Intensity Scopes 1-2-3	Disclosure	Climate 100+
Equitrans Midstream Corporation	Energy	0.6%	2090	221327	-16.27%	Full Disclosure	No
EQT Corporation	Energy	0.6%	178	23428	-7.16%	Full Disclosure	No
Rolls-Royce Holdings Plc	Industrials	0.4%	71	25466	-6.29%	Partial Disclosure	Yes
AB Volvo (publ)	Industrials	0.9%	86	9362	-5.35%	Partial Disclosure	Yes
Occidental Petroleum Corporation	Energy	0.9%	1276	12395	-4.57%	Full Disclosure	Yes
Prysman S.p.A.	Industrials	0.1%	442	25462	-4.13%	Full Disclosure	No
Delek Group Ltd.	Energy	1.3%	1327	8804	-3.21%	Modelled	No
Continental Resources, Inc.	Energy	0.9%	927	13764	-2.45%	Partial Disclosure	No
Marubeni Corporation	Industrials	1.7%	68	1211	-1.85%	Partial Disclosure	No
The Manitowoc Company, Inc.	Industrials	0.2%	308	5328	-1.72%	Partial Disclosure	No

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## Top WACI Contributors: Direct + First-Tier Indirect

Name	Sector	Weight (%)	C/R intensity Scopes D+FTI tCO2e/GBPm	C/R intensity Scopes 1-2-3 tCO2e/GBPm	Contribution to Carbon Intensity Scopes D+FTI	Disclosure	Climate 100+
Danaos Corporation	Industrials	0.7%	7426	7553	-16.85%	Full Disclosure	No
Carnival Corporation & Plc	Consumer Discretionary	0.9%	3108	3545	-8.30%	Partial Disclosure	No
Cheniere Energy Partners, L.P.	Energy	1.2%	1475	3254	-4.72%	Full Disclosure	No
Delek Group Ltd.	Energy	1.3%	1327	8804	-4.38%	Modelled	No
Summit Midstream Partners, LP	Energy	0.7%	2121	3882	-4.35%	Partial Disclosure	No
FirstEnergy Corp.	Utilities	0.7%	2203	2255	-4.27%	Partial Disclosure	Yes
Equitrans Midstream Corporation	Energy	0.6%	2090	221327	-3.61%	Full Disclosure	No
Occidental Petroleum Corporation	Energy	0.9%	1276	12395	-2.80%	Full Disclosure	Yes
Targa Resources Corp.	Energy	0.9%	1151	2863	-2.61%	Full Disclosure	No
Royal Caribbean Cruises Ltd.	Consumer Discretionary	0.3%	2317	2765	-2.22%	Partial Disclosure	No

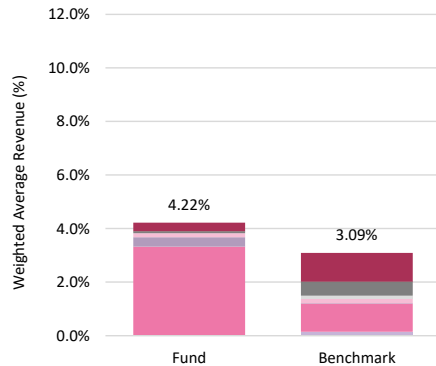
## Top WACI: Contributors Scopes 1-2-3

Name	Sector	Weight (%)	C/R intensity Scopes D+FTI tCO2e/GBPm	C/R intensity Scopes 1-2-3 tCO2e/GBPm	Contribution to Carbon Intensity Scopes 1-2-3	Disclosure	Climate 100+
Equitrans Midstream Corporation	Energy	0.6%	2090	221327	-41.04%	Full Disclosure	No
Deutsche Bank Aktiengesellschaft	Financials	1.9%	12	10404	-4.42%	Partial Disclosure	No
EQT Corporation	Energy	0.6%	178	23428	-3.76%	Full Disclosure	No
Continental Resources, Inc.	Energy	0.9%	927	13764	-3.01%	Partial Disclosure	No
Rolls-Royce Holdings Plc	Industrials	0.4%	71	25466	-2.52%	Partial Disclosure	Yes
Occidental Petroleum Corporation	Energy	0.9%	1276	12395	-2.46%	Full Disclosure	Yes
Delek Group Ltd.	Energy	1.3%	1327	8804	-2.22%	Modelled	No
AB Volvo (publ)	Industrials	0.9%	86	9362	-1.66%	Partial Disclosure	Yes
Tullow Oil plc	Energy	0.4%	1239	12370	-1.24%	Partial Disclosure	No
Prysmian S.p.A.	Industrials	0.1%	442	25462	-0.96%	Full Disclosure	No

## Stranded Assets

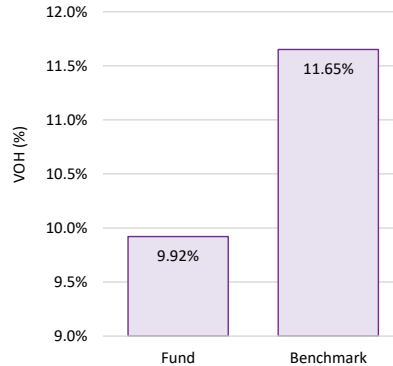
The reduction in greenhouse gas emissions implies movement away from fossil fuel energy and related physical assets. London CIV measures exposure to such assets by calculating the combined value of holdings and weighted revenue exposure of companies with business activities in either fossil fuel extraction or fossil fuel energy generation industries. This helps to identify potential stranded assets that may become more apparent as economies move towards a low carbon economy.

### Revenue Weighted Fossil Fuel Exposure



- Bituminous coal and lignite surface mining
- Tar sands extraction
- Drilling oil and gas wells
- Support activities for oil and gas operations
- Petroleum Power Generation

### Value of Holdings Fossil Fuel Exposure



- Bituminous coal underground mining
- Crude petroleum and natural gas extraction
- Natural gas liquid extraction
- Coal Power Generation
- Natural Gas Power Generation

### Fossil fuel Exposure Metrics

#### 1. Revenue Weighted Exposure

Weighted average exposure to the revenues derived from fossil fuel activities.

$$Exposure = \sum_i^n [Revenue\% \text{ activity}_{ref,i} * weight_i]$$

#### 2. Value of Holdings Exposure

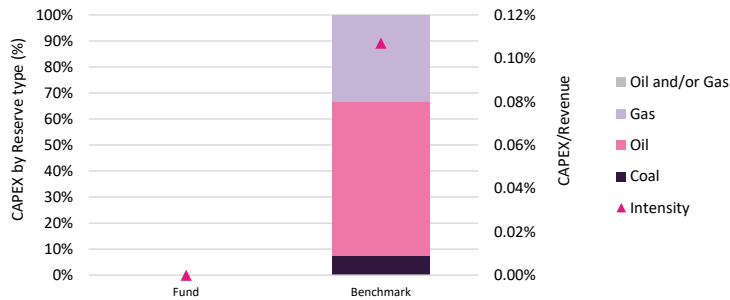
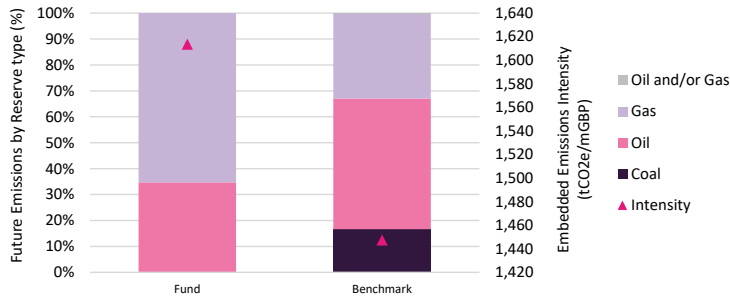
Combined weight of companies in the fund deriving any revenues from fossil fuel related activities.

$$Exposure = \sum_i^n [Weight_i]$$

Together, these metrics provide a useful range of a fund's potential exposure to stranded assets.

London CIV also measures 'Stranded Assets' exposure by estimating the carbon emissions embedded within the fossil fuel reserves of companies and their capital expenditures towards fossil-fuel related activities.

**Future Emissions and CAPEX by Reserve Type**



**Understanding Stranded Assets**

The total potential emissions of existing known fossil fuel reserves far vastly exceed the global carbon budget that will limit global temperatures to 1.5°C of warming above pre-industrial levels. If this is the case, the market values of companies holding reserves may be overstated because they are based in part on the present value of these reserves assuming that they can be fully utilized. Industry experts may therefore refer to these assets as 'Stranded Assets'.

The CAPEX/revenue ratio shows how aggressively the companies may be re-investing revenues back into fossil assets. A high ratio potentially indicates that companies within the fund are investing heavily. In the long term, this could deteriorate their ability to generate new revenues if these assets become stranded.

The tables below show the largest contributors towards each fund's (1) Weighted Average Fossil Fuel Revenues; and (2) Future emissions. The company level fossil-fuel related exposure and CAPEX/Revenue ratio are also shown in the adjacent columns.

**Top Contributors - Weighted Average Fossil Fuel Revenues**

Name	Sector	Weight %	Future emissions (tCO2e)	CAPEX/Revenue	Fossil Fuel Revenue	Weighted Fossil Fuel Revenue	Climate 100+
Continental Resources, Inc.	Energy	0.91%	624.32	95%	100%	0.910%	No
Occidental Petroleum Corporation	Energy	0.85%	1396.74	9%	81%	0.688%	Yes
Delek Group Ltd.	Energy	1.26%	0.00	18%	50%	0.628%	No
EQT Corporation	Energy	0.60%	1420.52	16%	99%	0.592%	No
Tullow Oil plc	Energy	0.44%	95.07	21%	100%	0.436%	No
Valaris Limited	Energy	0.25%	0.00	5%	100%	0.249%	No
Harbour Energy Plc	Energy	0.17%	0.00	20%	100%	0.165%	No
Marubeni Corporation	Industrials	1.68%	0.00	0%	7%	0.116%	No
Chesapeake Energy Corporation	Energy	0.16%	284.20	10%	66%	0.104%	No
Nabors Industries Ltd.	Energy	0.11%	0.00	12%	84%	0.097%	No

**Top Contributors - Future Emissions**

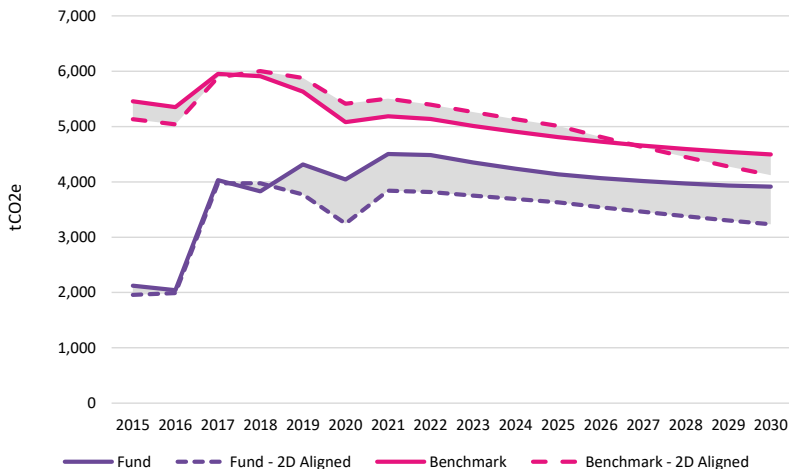
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## Net-Zero Alignment

The Paris Agreement calls for coordinated efforts to ensure that global temperatures rise well below 2°C. As such, a growing number of financial institutions, including the world’s largest investment managers are now making commitments to set Paris-aligned targets. The following assessment tracks fund GHG emission trajectories against the goal of limiting global warming to below 2°C.

### Projected GHG Emissions Trajectories

The chart below examines the adequacy of GHG emissions reductions over time in meeting a 2°C carbon budget. It tracks past and future company emissions levels.



**Why Net-Zero ?**

The Intergovernmental Panel on Climate Change (IPCC) has advised that limiting global temperature rise to 1.5-degree Celsius above pre-industrial levels would substantially reduce the impacts of climate change.

Scenarios assessed by the IPCC have determined that to meet this 1.5°C target, global carbon dioxide emissions would need to reach 'Net-zero' by 2050. Meeting a 2°C target requires carbon emissions to reach 'Net-Zero' by 2070.

The table below displays the fund and benchmark performance against their respective 2°C carbon budget.

	Fund	Benchmark
Coverage Rate	99%	82%
Tonnes Carbon (Under)/Over	10,033	350
Carbon/mInvested (Under)/Over	178	6
Percent of Total (Under)/Over	16%	0%

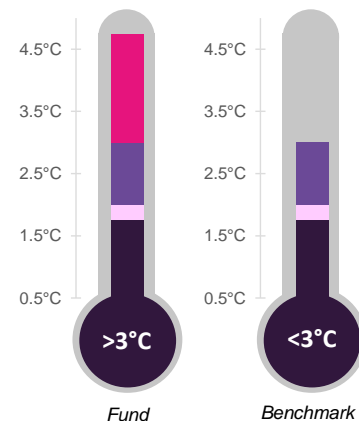
Companies are evaluated on the basis of their alignment with sectoral decarbonisation pathways. This assessment enables the calculation of an implicit temperature (°C) at company, sub-industry, and fund level based on performance over the period assessed.

Sub-Industry Carbon Budget Assessment

	Temperature (°C)		2°C Emissions Gap (tCO2e)		Well below* 2°C Emissions Gap (tCO2e)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
<b>SDA</b>						
Power Generation	<1.75°C	<2°C	- 8,388	- 7,062	- 2,603	7,034
Cement		<2°C	-	657	-	533
Steel	>2.7°C	>2.7°C	803	476	1,440	1,170
Airlines	<2.7°C	<2.7°C	204	5	851	183
Aluminum		<1.75°C	-	205	-	206
<b>GEVA</b>						
Communication Services	>5°C	>5°C	261	281	284	313
Consumer Discretionary	>5°C	<3°C	961	103	1,081	162
Consumer Staples	>5°C	<3°C	793	210	845	308
Energy	>5°C	>5°C	9,369	7,415	10,481	7,892
Financials	<1.5°C	<1.5°C	- 68	- 79	- 41	- 58
Health Care	<3°C	<2°C	61	43	101	0
Industrials	>5°C	<3°C	7,205	144	7,411	300
Information Technology	<1.5°C	<1.5°C	- 481	- 180	- 408	- 137
Materials	<1.5°C	<3°C	- 828	723	- 568	1,206
Real Estate	>5°C	<3°C	207	39	242	58
Utilities	<2°C	<1.5°C	- 69	826	25	365

\*1.75°C for SDA Sub-industries, 1.5°C for GEVA Sub-industries

Implicit Temperatures (°C)



Net-Zero Alignment - Best Performers

Name	Weight	Temp. (°C)	Contribution 2°C (tCO2e)
FirstEnergy Corp.	0.7%	<1.5°C	- 4,300
Electricite de France	1.5%	<1.5°C	- 4,088
EQT Corporation	0.6%	<1.5°C	- 1,656
Delek Group Ltd.	1.3%	<1.5°C	- 1,620
Outokumpu Oyj	0.2%	<1.5°C	- 997

Net-Zero Alignment - Worst Performers

Name	Weight	Temp. (°C)	Contribution 2°C (tCO2e)
Danaos Corporation	0.7%	>5°C	4,764
Targa Resources Corp.	0.9%	>5°C	3,702
Summit Midstream Partners, LP	0.7%	>5°C	2,374
Cheniere Energy Partners, L.P.	1.2%	>5°C	1,733
Tullow Oil plc	0.4%	>5°C	1,535

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