



Carbon Reporting

Climate Policy

In accordance with our long-term perspective, aiming to protect our clients' holdings and portfolio return, we recognise that climate change is a growing risk that requires collective global action.

As investment managers, we have signed the Montreal Carbon Pledge. We support the Paris Agreement and attempt to:

- Further develop our capacity to assess the risks and opportunities that arise from climate change and integrate, where relevant, this assessment into our decision making process
- Engage with portfolio companies to make sure that they recognise and disclose the risks of climate change - and are making efforts to capitalize on the opportunities presented by climate change

The Montreal Carbon Pledge

The PRI launched the Montréal Carbon Pledge in September 2014. The Pledge commits signatories to measure and disclose the carbon footprint of part or all of their equities portfolios.

Measuring their carbon footprint helps investors better understand, quantify and manage climate change-related impacts, risk and opportunities. The Pledge has attracted commitment from over 120 investors with over US\$10 trillion in assets under management, as of the United Nations Climate Change Conference (COP21) in December 2015 in Paris.

Carbon Disclosure



Measuring our portfolio carbon footprint

Scope

The Portfolio Carbon Footprint results are based on the Macquarie ValueInvest LUX Global sub-fund, representing our **Global Equity Strategy**.

The measurements are based on Scope 1 (direct GHG emissions from sources owned by the company) + Scope 2 (indirect GHG emissions from consumption of purchased electricity, heat or steam) carbon emissions.

Source

Carbon Emission data is derived from MSCI ESG and represents the portfolio at 31.12.2020.

Measurements

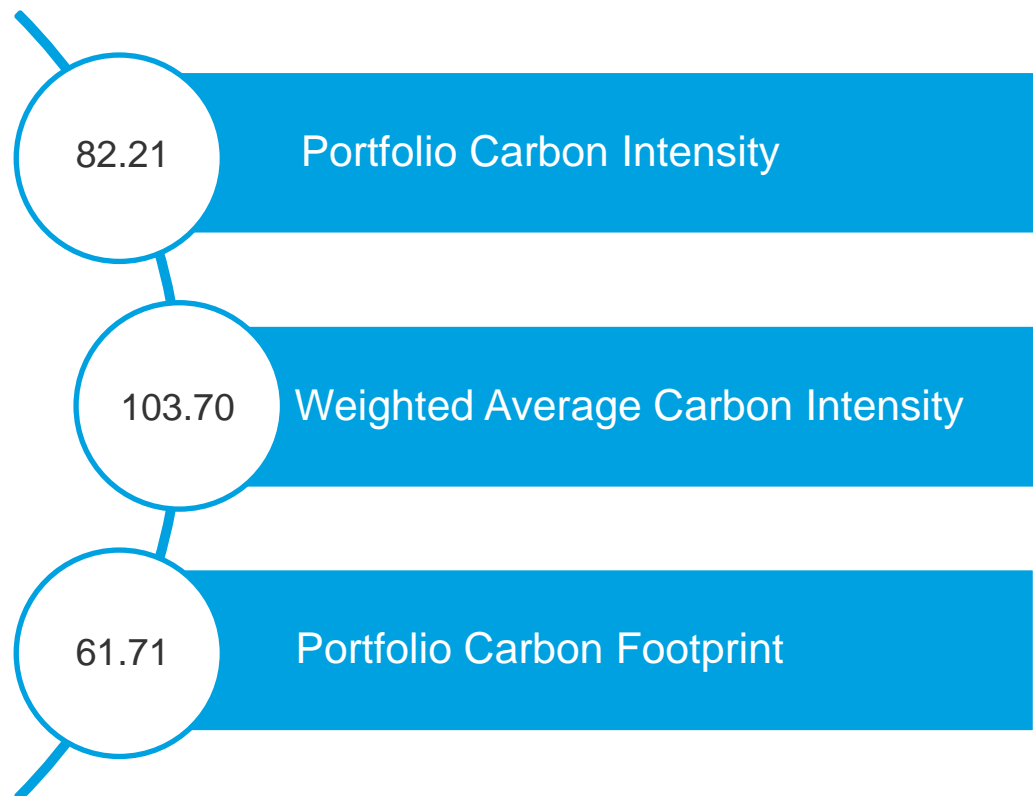
We report on Carbon Intensity (tons CO₂/\$M sales) and Weighted Average Carbon Intensity (tons CO₂e/\$M sales, by portfolio weight); the metric recommended by the Task Force on Climate-Related Financial Disclosure (TCFD). In addition, we report Portfolio Carbon Footprint (tons CO₂e/\$M invested).

The results

Our investment team reviews the results on portfolio and company level to better understand the carbon risks and to facilitate investment decisions.

Carbon Emission 2020

Portfolio Carbon Footprint



- Portfolio Carbon Intensity = volume of carbon emissions per dollar of sales, expressed in tCO₂ / \$M sales
- Weighted Average Carbon Intensity = portfolio's *exposure* to carbon-intensive companies, expressed in intensity * weight
- Portfolio Carbon Footprint = Total carbon emissions for a portfolio *normalized* by the market value of the portfolio, expressed in tCO₂e / \$M invested

Carbon Emission Data 2018-2020

	2018			2019			2020		
	Portfolio Carbon Intensity	Weighted Average Carbon Intensity	Portfolio Carbon Footprint	Portfolio Carbon Intensity	Weighted Average Carbon Intensity	Portfolio Carbon Footprint	Portfolio Carbon Intensity	Weighted Average Carbon Intensity	Portfolio Carbon Footprint
Macquarie Valuelvest LUX Global	79.95	111.59	62.3	70.84	106.50	52.22	82.21	103.70	61.71
MSCI World		198.4			234.1			162.4*	
MSCI World ESG Leader		189.4						147.9*	
MSCI World Low Carbon Leaders		96.3						82.6*	

* April 30, 2020

Carbon Emission

Notes on portfolio carbon footprint

What do the numbers tell us?

Nearly 80% of the companies in our portfolio reduced their carbon emission intensity, which culminated in a lower *weighted* average intensity in 2020 compared to 2019.

Compared to 2019, the overall carbon intensity and carbon footprint of the portfolio increased due to the addition of Ingredion (Agricultural Products) in 2020. Companies from the Agricultural Products (Food Products) sub-industry are exposed towards carbon risks through energy use and GHG emissions from production and are on average, due to their activities, higher emitters than the majority of the portfolio companies.

Specifically, Ingredion and Air Liquide (Industrial Gasses) account for more than 50% of the carbon footprint generated in the portfolio. This clearly illustrates the low carbon footprint of the remaining companies in the portfolio.

Setting and measuring reduction targets

While Ingredion (Agricultural Products) and Air Liquide (Industrial Gasses) account for more than 50% of the portfolio carbon footprint, both companies set reduction targets and have initiatives in place to reduce emission intensity of core operations, which is an important aspect in our efforts to influence companies to improve their ESG profile and performance positively.

Due to their business model, Air Liquide includes emissions generated in their operations (outside the group) which can include client emissions, hence increasing the overall emission compared to peers or companies not including operational emissions.