NET ZERO INITIATIVES AND IMPLEMENTATION

20 March 2024

ALISON CHAN
Investment Director – Sustainable Finance

Metrics. A new measure.
OUR JOURNEY TO NET ZERO

WHY
- Investor demand
- Values

WHO
- Dedicated team
- External experts
- Capacity building

WHAT
- Commitments
- Targets

HOW
- Data
- Capacity building
- Engagement
- Collaborations
- Advocacy

ACCOUNTABILITY
- Governance
- Reporting
### Metrics' 2021 Emissions (tCO$_2$e)

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>Scope 2 - Market-based Emissions</th>
<th>Scope 3 - Operational Emissions</th>
<th>Scope 3 - Category 15 - Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8</td>
<td>68</td>
<td>3,210</td>
<td>1,006,684</td>
</tr>
</tbody>
</table>

### Asset Classes

- Listed equity and corporate bonds
- Business loans and unlisted equity
- Commercial real estate
- Mortgages
- Motor vehicle loans
- Project finance
OUR COMMITMENTS

TARGET AMBITION

Metrics made the Net Zero Asset Managers (NZAM) Commitment in November 2021 to support the goal of net zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5 degrees Celsius above pre-industrial levels.

We further signalled our commitment to supporting efforts to reach net zero global emissions by 2050 or sooner by committing to set science-based emission reduction targets aligned with the target setting criteria of the Science Based Targets initiative (SBTi).

We have committed to:

- Manage 97.5 per cent of our AUM as at 31 December 2021 in line with a near-term science-based net zero target.
- Align our Scope 1 and 2 Portfolio Temperature Rating within the asset classes Corporate loan, Private equity and Project finance from 3.2 degrees Celsius in 2021 to 2.3 degrees Celsius by 2027.
- Align our Scope 1, 2 and 3 Portfolio Temperature Rating within the asset classes Corporate loan, Private equity and Project finance from 3.2 degrees Celsius in 2021 to 2.5 degrees Celsius by 2027.
- Reduce our absolute Scope 1 and 2 (market-based) GHG emissions 50 per cent by 2030 from a 2021 base year and to increase annual sourcing of renewable electricity from 0 per cent in 2021 to 100 per cent by 2030.

Our targets reflect a 1.5 degrees Celsius ambition for our operational Scope 1 and 2 targets as well as our Portfolio Temperature Rating target for Scope 1 and 2. Note that our Portfolio Temperature Rating target for Scope 1 and 2 (1.5 degrees Celsius) goes beyond SBTi’s minimum requirement (1.75 degrees Celsius). The Portfolio Temperature Rating target for Scope 1, 2 and 3 is aligned with a 2 degrees Celsius ambition.
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### Collaborations and Advocacy

**Metrics Actively Contributes to Leading Industry Initiatives**

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Submissions on:</strong></td>
<td>- First member in Australia and NZ</td>
</tr>
<tr>
<td>o sustainability standards</td>
<td>- Global Core Team</td>
</tr>
<tr>
<td>o mandatory climate disclosures</td>
<td>- 2023 Net Zero Emissions Pathways Accelerator</td>
</tr>
<tr>
<td>o effective stewardship</td>
<td>- TCFD Gap Analysis</td>
</tr>
<tr>
<td><strong>Signatory roundtable on outcomes-focused stewardship</strong></td>
<td>- Low Carbon Buildings Industry Working Group</td>
</tr>
<tr>
<td><strong>A Legal Framework for Impact</strong></td>
<td>- Green &amp; Sustainable Loans Committee:</td>
</tr>
<tr>
<td><strong>Sustainable Finance Taxonomy Technical Advisory Group</strong></td>
<td>o update Principles and Guidance</td>
</tr>
<tr>
<td><strong>Transformational Leadership for Sustainability Working group</strong></td>
<td>o template sustainability-linked loan term sheet and ESG Diligence Questionnaire</td>
</tr>
<tr>
<td><strong>Joint statement on Accelerating Sustainable Finance, engagement visits to Canberra to meet Deputy Treasurer, Minister for the Environment</strong></td>
<td>o best Practice note on sustainability-linked loans</td>
</tr>
<tr>
<td><strong>Submissions on mandatory climate disclosures, Safeguard Mechanism, National Reconstruction Fund</strong></td>
<td>o LMA/APLMA Transition Task Force</td>
</tr>
<tr>
<td><strong>TNFD Pilot</strong></td>
<td></td>
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### APPENDIX: OUR EMISSIONS

#### Table 1: Metrics’ operational GHG emissions

<table>
<thead>
<tr>
<th>Emissions category</th>
<th>Scope 1: total</th>
<th>Scope 2: total (location-based)</th>
<th>Scope 2: total (electricity-based)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>103</td>
<td>169</td>
<td>169</td>
</tr>
<tr>
<td>Emissions intensity</td>
<td>561</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Table 2: Metrics’ total GHG emissions

<table>
<thead>
<tr>
<th>Emissions category</th>
<th>Scope 1: total</th>
<th>Scope 2: total (location-based)</th>
<th>Scope 2: total (electricity-based)</th>
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<tr>
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**OUR APPROACH TO TACKLING ClIMATE CHANGE**

- **Commitment:** We are committed to reducing our emissions.
- **Efficiency improvements:** We are implementing new technologies and processes to reduce our emissions.
- **Policy & regulation:** We are monitoring and complying with all relevant climate policies and regulations.
- **Innovation:** We are investing in new climate technologies to reduce our emissions.
- **Partnerships:** We are collaborating with other companies and organizations to address climate change.
- **Transparency:** We are transparent about our emissions and progress towards our goals.

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**CLIMATE REPORT**

_**Metrics Credit Partners: Path to Net Zero**_

December 2022
HOW WE ARE TRACKING

Portfolio Temperature Score
(Scope 1&2)

- CY21: 3.20
- CY22: 3.15

1.5°C target

Weighted average data quality score
(Scope 1&2)

- CY21: 3.96
- CY22: 3.84

Uncertain

Certain

CY21-22 Financed Emissions

<table>
<thead>
<tr>
<th>Category</th>
<th>CY21 Scope 1 and 2 CO2e</th>
<th>CY22 Scope 1 and 2 CO2e</th>
<th>CY21 Scope 3 CO2e</th>
<th>CY22 Scope 3 CO2e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial real estate</td>
<td>10,490</td>
<td>34,663</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Project Finance</td>
<td>72,525</td>
<td>84,137</td>
<td>289,908</td>
<td>435,183</td>
</tr>
<tr>
<td>Business loans and unlisted equity</td>
<td>183,705</td>
<td>354,169</td>
<td>450,056</td>
<td>955,605</td>
</tr>
</tbody>
</table>

- Business loans and unlisted equity
- Project Finance
- Commercial real estate
### CONTACT DETAILS

#### METRICS CREDIT PARTNERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>EXTERNAL RELATIONS</td>
<td></td>
<td><a href="mailto:externalrelations@metrics.com.au">externalrelations@metrics.com.au</a></td>
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#### SUSTAINABLE FINANCE

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
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<tbody>
<tr>
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Metrics. A new measure.