

Responsible Investing

The Greener Economy - TCFD Reporting

2021



DISCIPLINED BY NATURE. FLEXIBLE BY DESIGN.

The icons alongside represent our investment process. Through a disciplined provision of investment policy and security selection at the global level, regional portfolio management teams have the flexibility to construct portfolios to meet the specific requirements of our clients.

HIGHLIGHTED IN THIS PUBLICATION:

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GLOBAL STRATEGIC
ASSET ALLOCATION
- 

GLOBAL SECURITY
SELECTION
- 

REGIONAL
ASSET ALLOCATION
- 

REGIONAL PORTFOLIO
CONSTRUCTION

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The ESG considerations contained in this document can change without notice.

Climate change represents an urgent and potentially irreversible threat to humankind and EFG AM considers it to be one of the defining issues of our generation. As all the challenges it presents both risks and opportunities that can affect Society as a whole and our business. We recognise the financial sector can play an important role in supporting a just transition to a less intensive carbon economy. EFGAM aims to be a leader in this field and we think it's our responsibility to act to measure, identify and manage climate-related risks and opportunities on behalf of our clients. As such EFGAM supports initiatives such as the Task Force on Financial Climate related disclosures, Climate100+ and the Paris agreement.

Climate change might increase future liabilities and creates physical and transition risks. As an investor we think it's part of our fiduciary duties to develop tools and processes that can help us protecting our client's wealth. Coherently with this approach we also need to provide consistent and effective financial reporting that enables all stakeholders to adequately assess the climate risks faced by businesses and to profit from climate-related opportunities.

This document explains the actions EFGAM has taken and outlines the path for future activities.

EFGAM's approach to CO2 risk integration – 4 core elements



This report covers each of the TCFD core elements in turn, setting out how EFGAM considers climate-related risks across its governance, strategy, risk management and the metrics used to monitor and manage those risks.

Governance

EFGAM's governance around climate-related risks and opportunities.

Management's role

Climate Change oversight is attributed to the ESG Committee whose activity is reported to the EFGAM board. This Committee is responsible for monitoring the implementation of EFGAM's climate change strategy. The ESG Committee members are the CEO and CIO of EFGAM, The Global Head of Investments Governance and ESG and the Global Head of Advisory Sales. Decisions of the ESG Committee are executed by the Global Head of Investments Governance and ESG, that reports directly to the EFGAM CEO. It has the general task of monitoring and overseeing the ESG integration approach, including initiatives and actions specifically addressing climate change.

ESG risk are assessed by the ESG team and reported to New Capital Risk Committee, that is responsible for maintaining a suitable risk policy framework.

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Strategy

EFGAM recognises that climate change, if left unmitigated, will potentially have disastrous effects on the global economy. In view of this, EFGAM is committed to playing an active role in the transition towards a low-carbon economy and to supporting our private clients in this transition and as such regularly assesses the potential impacts of climate-related risks and opportunities on its strategy and products.

EFGAM is also aware that financial markets not always react as expected. Discounting of possible future legislation can impact the stock markets even before legislation is passed or, alternatively, expected outcomes are not discounted until the 11th hour. To proactively respond to these challenges, we developed a strategy based on 6 pillars and we continuously work to improve it.

- i. Defining and evaluating climate risk and opportunities
- ii. Developing a methodology
 - a. Integrating CO2 risk into ESG analysis and investment considerations.
 - b. Additional tools: questionnaire, checklist and coal database
 - c. Building scenarios
- iii. Assessing climate change risks in asset allocation.
- iv. Voting and engagement.
- v. Awareness raising.
- vi. Monitoring and Risk Management

1. Defining and evaluating climate-related risks and opportunities

As recognized by the EU Action Plan on Sustainable Finance, the finance sector can play an important role having financed some of the major economic and social shifts experienced by mankind. In addition to the direct responsibility, EFGAM, as investor, can be impacted by climate change through two main risks:

- First, and most obviously, the *physical risks* that result from climate change. Damage from storms, higher global temperatures, floods, droughts and rising sea levels have become increasingly apparent in recent years. Economic growth can become more problematic for countries, sectors or companies that are more exposed. Companies can face a negative impact on their production facilities, their workforce and their trade patterns. Operating and insurance costs are likely to increase for companies exposed to these risks. As a consequence of that some of our investee companies might suffer.
- Second, the *transition risk* to a greener economy. This brings risks and opportunities for the companies in which we invest. Mitigation and adaptation of climate-related risks in the coming years will take place in conjunction with changes in the political, regulatory or technological landscape. The speed and timeline of these actions will dictate the set of risks and opportunities faced by the companies in which we invest. Some may try to disregard the risks, other companies and industries may delay their response and for some the reaction may be deficient. As an additional consequence client demand might shift and change creating again risk and opportunities.

As a consequence EFGAM supports investments that facilitate climate change mitigation and adaptation and supports the orderly transition to a low-carbon economy based on the fact that consistent and broad integration of environmental, social and governance (ESG) factors into the investment process should improve the long term risk/return ratio.

For its dedicated approach to climate risk management, EFGAM regularly follows two approaches that can be referred to as:

- *Adaptation opportunities*: increasing investment exposure to innovation and climate-related solutions.
- *Mitigation opportunities*: reducing investment exposure to carbon and sustainability risk.

Within the first point, EFGAM is increasingly developing and offering solutions with a specific climate focus, under the Climate Leader brand. To this respect towards the end of 2020 the group launched an AMC (Actively Managed Certificate) 'Climate +'. With environmental and sustainable issues

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becoming increasingly important and prominent on the international political agenda, this AMC provides investors with a product to invest in the transition towards a greener economy. Additional products are also on the pipeline.

Among the opportunities of the second, EFGAM regularly monitor the carbon content of its portfolios and the exposure to climate risk through different methodologies. The measurement process and results are presented in the “Methodology” sections.





We are aware that climate-related risks can affect the value of our investments and aims to capture those sectors of companies that are most positively or negatively exposed to these risks relative to an appropriate time horizon. In the following information tables, we focus on both transition risks and physical risks, as we primarily expect developments and changes within these two dimensions to affect asset values.

Figure 1 shows the main categories of transition risks identified and their potential financial impact for EFGAM and its customers (mainly in carbon-intensive sectors). In comparison with last year's report, we expect policy, regulation and market impacts to become material on a short-term or medium-term.



Figure 2 shows the main categories of physical risks identified and their potential impact on EFGAM and its investments. Climate change can lead, for example, to an increase in the frequency and intensity of heat waves; an increase in the number of heavy rainfall events, leading to an increased risk of flooding on a regional scale; and an increase in the frequency and intensity of extreme sea levels.

Figure 3 shows how EFGAM defines the impact of identified climate and more generally sustainability risks on existing risk categories. Climate-related risk identification is part of the

1. Transition risk

Risk driver	Impact identified	Time horizons
 Policy and legal risk	Higher reporting obligations and related costs: <ul style="list-style-type: none"> Enhanced emissions-reporting obligations (in particular scope 3) Green Taxonomy related reporting expected. 	Short
 Technology risk	Costs to transition to lower emissions products and services.	Medium
 Market risk	Decrease revenues from oil supply to gas supply for customers in the Oil & Gas sector; Decrease in electricity wholesale prices resulting from large deployment of intermittent power generation technologies.	Medium
 Client risk	Decrease revenues resulting from the demand for stigmatized goods and services. Shifting client demand	Medium

2. Physical risk

Risk driver	Impact identified	Time horizons
 Acute risk	Increased extreme weather events could lead to lower revenues due to value impacts in own operations and increased cost of capital.	Medium
 Chronic risk	Different weather patterns could bring lower revenues in areas where the business models would have a negative impact.	Long

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3. EFGAM risk categories

EFGAM principal risk		Physical risk	Transition risk	
Sustainability risk	Revenue risk	1. Reputational risk	/	This risk may compromise the image in the community or in the public. Reputational risk confidence will result in the loss of business or legal action or additional regulatory oversight. Typically, can be a result of other risk categories.
		2. Consumer behaviour	Physical risk could increase the probability of insolvency by directly damaging assets in the affected areas (as physical events could affect production facilities, warehouses, services and/or assets) and could affect specific business model.	Transition risks could also impact ability to generate revenues and meet financial commitments if no measure to adapt business models. Transition risks could also indirectly impact assets valuation.
		3. Water scarcity risk		
		4. Hazardous waste		
		5. Operational disruption		
		6. Environmental Risk		
	Cost risk	7. GHG Emissions	Different physical events causing physical damages to properties could impact cost and liquidity risk by forcing additional investments to finance damage repairs. Physical risk could increase probability of default by directly damaging assets in affected areas and indirectly impacting on business model by disturbing supply chain.	The non-alignment of an institution's activities with the goals of the Paris Agreement could result in the deterioration of its extra-financial rating. Transition risks could also indirectly impact assets valuation.
		8. Energy		
		9. Employee risk		
Event risk	Corporate Governance	10. Governance related risk	Severe physical events may lead to shifts in market expectations and could result in sudden repricing. The physical events causing physical damage to property could lead to increased operating, capital and insurance costs as well as depreciation of assets due to damage.	Transition risks may generate an abrupt repricing of securities and derivatives.
	Social risk			
Technical and exclusions	Technical market issues	11. Scale and Size of Available Investor base	Physical risks and transition risks could mean that the market does not invest in certain stocks and that these stocks continue to fall in price, irrespectively of the valuation.	
	Adherence to internal guidelines	12. Potential blocking factors (and liquidity risk)	We measure the coal share of revenue (csr). Companies with a csr >30% and no reduction or mitigation plans are removed from our discretionary investable universe to reduce the stranded asset risk and the chances of a sudden collapse of revenues.	

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overall investments risk identification process. Specifically, climate-related risks do not form a new category of risks (with the exception of Reputational risk*) but for EFGAM constitute an aggravating factor of existing categories.

II. Developing a methodology

Integrating CO2 risk into ESG analysis and investment considerations

EFGAM owns a proprietary ESG assessment tool, the GRIP (Global Responsible Investment Platform) that allow us to assign a sustainability rating to invested companies with a 0% to 100% scale where the riskier companies receive a lower rating. For every covered company GRIP can contains up to hundreds datapoints divided across different KPIs (Key Performance Indicators) – See Figure 4 below.

Within KPIs, datapoints are divided among:

1. Policies, that we think are the starting point for a good governance and commit the company to deliver on the underlying matters
2. Outcomes, or the data that we can measure such as CO2 emissions, fines, accidents etc. and that gives a taste on how well a company is implementing its policies

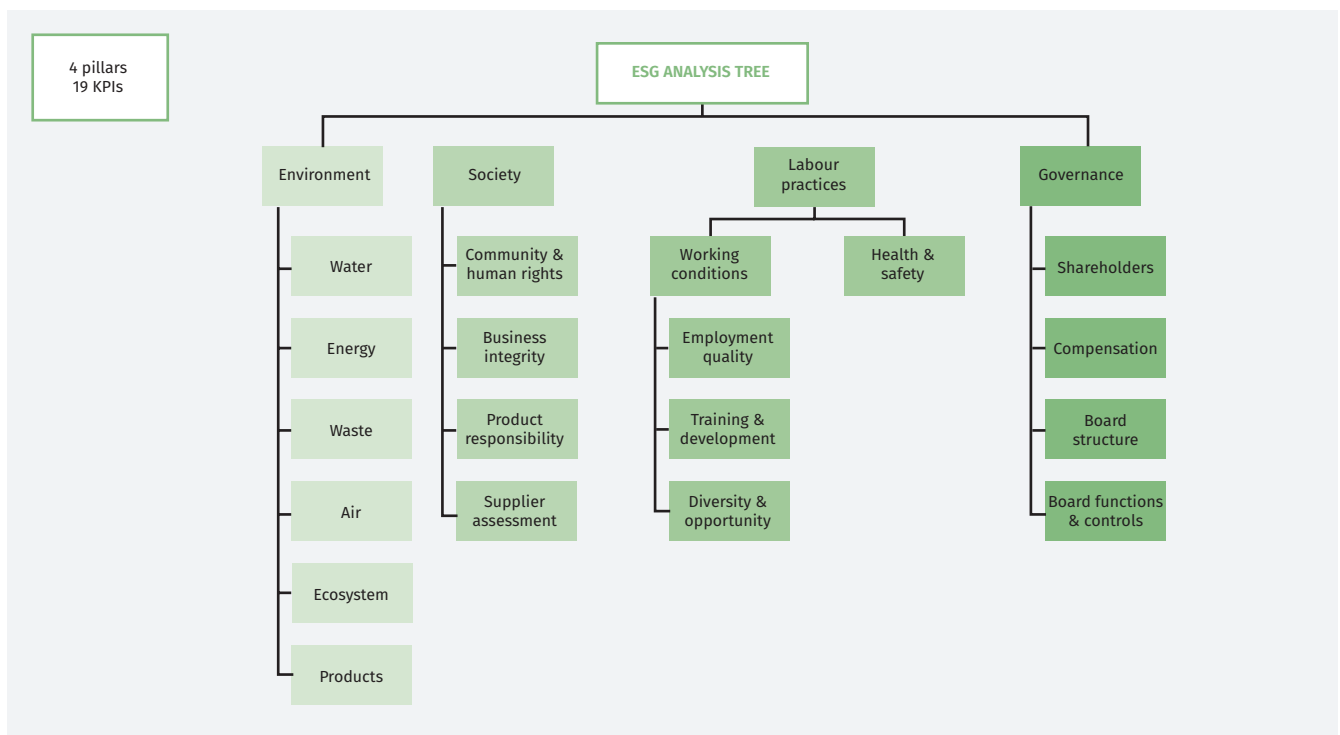
3. Controversies, that we use as a way to check if companies “walk the talk”.

In addition to facilitating the identification, assessment and appropriate management of potentially negative impacts on sustainable risks, this process also allows the identification of investments that might have a positive impact not only on clients’ financial requirements but also in relation to sustainable development.

With reference to emissions, our Air KPI considers different datapoints (for the methodology you can make reference to the document available at <https://www.efgam.com/home/About-us/responsibleinvesting.html>). GHG emissions are the biggest component.

We began doing CO2 assessment of our funds in 2017 using one of the TCFD suggested approach. We calculate the Weighted Average Carbon Intensity of any company and multiply it by its portfolio weights and compare it against the market weighted reference market (see Figure 5). We then index the results against the reference market, to allow our fund managers to have an immediate understanding of how they compare against their reference universe.

4. EFGAM’s GRP assessment tool



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5. ESG assessment by company

Industry group name	Company one	Company two
	Capital goods	Capital goods
Corporate governance	73%	43%
Air	72%	19%
Energy	62%	19%
Waste	24%	37%
Water	64%	22%
Employees' health and safety	52%	56%
Employment Quality	34%	60%
Business integrity	44%	74%
Community impact and human rights	62%	56%
Product responsibility	44%	72%
Supplier assessment	86%	66%
ESG score	62%	39%

The results provided by the two approach (KPI score and Carbon intensity) are of course not always aligned, but together they provide useful information. The carbon intensity data provides a fast and simple comparison tool and allows to measure the intensity on a given moment and over time, but doesn't tell anything about emission direction or intention and possibility to abate them. The KPI score on the other hand considers more datapoints such as the policies, targets, the CDP assessment, all scopes 1 to 3 data and controversies and is therefore more suitable for a better understanding of how a company is dealing with the broad climate issues.

While we are aware that scope 3 emissions are difficult to calculate and in some cases are an educated guess, we think it's sensible to consider them in our ESG risk assessment: an imperfect estimate is always better than a missing one. Additionally, the changing regulatory landscape can also consider scope 3 emissions. The recent EU legislation on emission of the car industry is a case in point: car manufacturers risk being penalized not because of scope 1 or 2 emissions, but because of the emissions of their fleet.

ESG Integration: ESG Questionnaire, Checklist and Coal database

To complete and facilitate the integration of ESG data EFGAM has developed both an analyst checklist and a comprehensive ESG questionnaire with the aim of helping analysts identify ESG risks and choose where to invest. In addition, these two tools are also intended to provide analysts and EFGAM fund managers with the opportunity to focus on what is most important when discussing with CEOs, CFOs or IRs.

The feedback and answers from the questionnaire are integrated into the GRIP.

As an additional source EFGAM maintains a database with companies exposed to coal and divide them in risk categories. As a result of this internal awareness creation process EFGAM exposure to companies significantly exposed to coal (Coal share of revenues above 30%) is virtually nil.

Specifically, EFGAM subdivides the coal risk classes as shown in Figure 6:

6. Risk classes

1	Highest Risk	Contains companies with Coal Share of Revenues (CSR) > 30% and with further expansion plans or companies with CSR>50%
2	High Risk	Contains companies that have CSR >30% or could have been in the worst bucket, but that have some measures in place to reduce the risk;
3	Average	Average that contains companies with some bad data, but compensated by some good or quite good data or by some strategies in place to reduce the risk
4	Lower than average	Remaining ones

The exposure of companies to coal and the classification of coal-related risk for companies in the EFGAM scenario is monitored with the help of data provided by coalexit.org.

Building scenarios

In order to increase the understanding of CO2 risk EFGAM also developed a Climate Change Scenario Tool, based on NGFS data, to allow an assessment of what can happens to companies under different scenario. EFGAM's Climate Change Scenario analysis considers how risks and opportunities may evolve under different conditions. Indeed, this analysis for EFGAM is a means of exploring a range of plausible future states if certain trends continue or if certain conditions are met.

The tool also highlights solutions for mitigating these risks and adapting long-term climate strategies. EFGAM's analysis provides an understanding of the vulnerability of investments to the impacts of physical and transitional risks from climate change and defines outcomes for scope 1, scope 2 and scope 3. It includes assessments of how strategic investment decisions behave under a range of climate scenarios. This analysis includes:

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7. ESG Integration: Processes to identify and manage climate-related risks

Risks factor	1. Data collection - ESG Rating	2. ESG rating - Scoring (Check List and ESG Questionnaire)	3. Data Organization (Climate Change Scenario analysis)
Transition risk	Firstly, there is a need to collect data on the physical and transition risks.	The assessment of inward-looking risk is mainly performed thanks to internal system of EFGAM called GRIP (Global Responsible Investment Platform) that allows EFGAM to assign a sustainability rating to invested companies. For every covered company GRIP can contains up to 200 hundred datapoints divided across different KPIs (Key Performance Indicators). Additional documents are available to better understand the ESG risk such as an ESG questionnaire, containing the most relevant ESG questions that can be asked to companies' investee and an automated ESG checklist, highlighting the most significant ESG risk. Feedback and answers obtained from companies can be integrated into the GRIP.	Finally, it is necessary to increase the understanding of transition risks and physical risks. EFGAM developed both a Coal database to monitor coal exposure and a Scenario tool, based on NGFS data and scenarios, to allow an assessment of what can happens to companies under different climate transition scenarios and assumption such as sales growth, demand elasticity change or GHG emissions cuts.
Physical risk			

- Measurement of global climate risk exposure of investment portfolios;
- Scenario analysis - comparing the climate risk exposure of underlying holdings under different climate change mitigation scenarios;
- Comparison of risk exposure of investee companies across sectors and geographic areas of the portfolio.

Global Footprint Network or Notre-Dame University's Notre Dame-Global Adaptation Index (ND-GAIN), a tool that helps better understanding countries vulnerability to climate change and their readiness to implement adaptation solution. We are assessing how industry groups more exposed to emissions can react to changes in CO2 regulation. This is a complex issue that requires some assumptions due to poor data reporting on scope 3 emissions, to the complexity of their integration or to the lack of clarity on carbon price. While we solved the first issue estimating scope 3 emissions for all companies where we didn't have data based on their characteristics and geographical exposure, the analysis of other issue mentioned above requires a more comprehensive creation of different scenario, both on the price of carbon and on elasticity of demand.

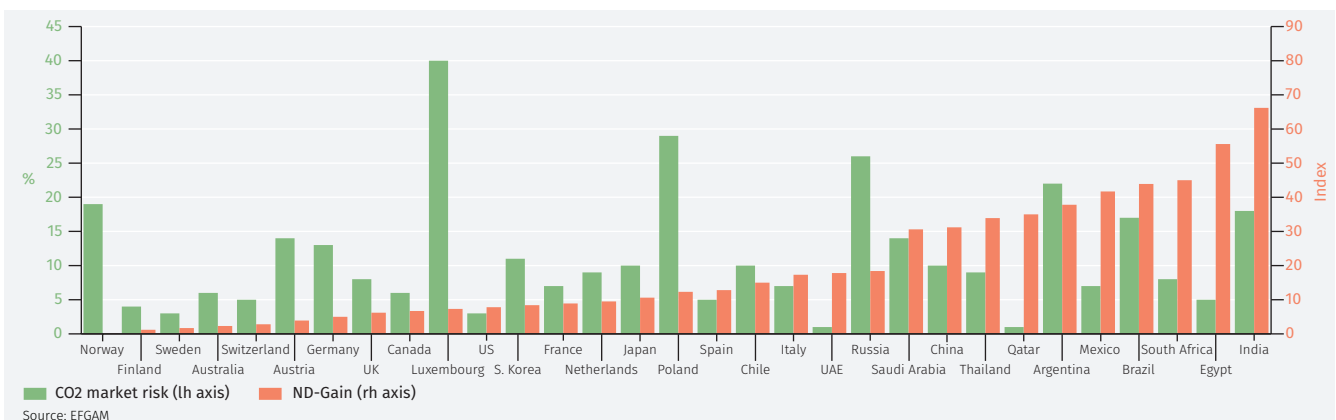
A possible CO2 tax may have a direct impact on costs because of scope 1 and 2 emissions but also revenues will be impacted. A higher CO2 cost embedded in the price or the daily use of product will change the demand in unforeseeable

Figure 7 briefly summarizes the process in place to identify climate and ESG risk in general.

III. Assessing climate change risks in asset allocation:

One of the additional advantages of having a proprietary framework is that we can master the data and build scenarios to check or complete existing stress test such as the ones build by the BoE. EFGAM started to produce assess the exposure of countries, companies, sectors and markets to CO2 risks using our data and additional sources such as the

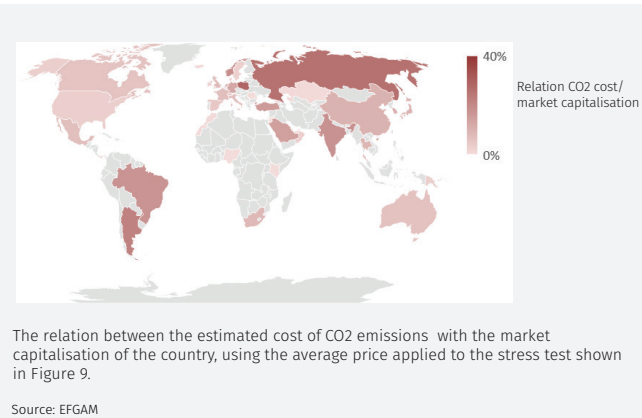
8. Climate Change Stress Test (Comparison between CO2 market risk and country vulnerability measured by ND-Gain Index)



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9. Climate Change Stress Test

(Risk of losses in case of abrupt changes in climate legislation and CO2 pricing compared with market capitalisation)



ways based on elasticity, consumer preferences, availability of substitutes and so on. To manage the complexity, we build scenarios and continuously explore additional hypothesis.

IV. Voting and engagement:

EFGAM engages with invested companies to encourage improvements with respect to, as an example, human rights, transparency or emissions management. Coherently with the role we want to play, we think it is much better to engage than to divest or insert them on a banned list. Divesting from a company is a defeat and the acknowledgment your engagement efforts proved worthless. Nonetheless we manage a “no-go” list codified into our Investment Management tool, but this is the last resort for companies that completely lack reporting, are exposed to controversial weapons, refuse to engage or do not commit to improvements. We want to transmit a clear message that short-termism, lack of transparency or short-term behaviour can't be accepted. More data on our engagement activities can be found in the “engagement report”. Linked with the engagement approach we apply a sustainability overlay to our voting policy supporting ESG related proposal and requesting more transparency on Climate Change policies and risk, environmental or social issues and general governance matters.

In addition, EFGAM adopts a Climate voting policy. EFGAM ESG Committee recently decided to adhere to the ISS new specialty proxy voting guidelines focusing on climate-related issues, moving a step forward from the previous ISS Sustainability Proxy Voting Guidelines. EFGAM will now express its voting rights according to the way the investee company's management is dealing with the risks and opportunities stemming from climate change. In practice, EFGAM may vote against directors due to failure to adequately address climate-related risks, such as poor climate-related

performance or significant climate change controversies. On the other hand, shareholders proposals aiming at implementing a new climate-dedicated board committee or enhancing transparency on climate-related topics will be supported.

V. Awareness raising:

We think one of the roles of an asset manager is also to raise awareness and promote knowledge on ESG issues and climate risks. Therefore, EFGAM is involved in public conferences on ESG and climate changes, gives internal and external courses and lecture to improve knowledge and favour the sharing of knowledge. Additionally, under the Swiss Sustainable Finance membership and other partnership, we support sustainability focused capital market and economic reforms.

VI. Monitoring and Risk Management:

EFGAM has a unique process in place to identify, assess and manage climate-related risks. (as explained under TCFD “Risk Management” below).

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Risk Management

EFGAM adopts a single process to examine how climate and ESG risk impacts on a variety of investments. In particular, EFGAM is committed to investing its assets responsibly via a controlled and structured investment process, integrating ESG criteria.

For its dedicated approach towards climate risk management, EFGAM regularly reviews its funds and model portfolios to monitor the carbon footprint and, as previously explained, coal related investments.

Risk management is part of EFGAM process and on a regular basis its investment funds and holdings are analysed to assess the CO2 intensity against their reference market. The exercise is currently done for equity exposure and it is slightly more complex for fixed income due to supranational and sovereign exposure. For the latter EFGAM assesses data according to ESG Sovereign rating methodology while we consider CO2 risk for Supranational to be limited.

The data helps its investment professionals to better understand and assess the exposure to CO2 risk they have in their portfolios.

EFGAM applies one of the TCFD suggested methodologies and perform calculation on weighted average carbon intensity data (CO2e Tonnes/\$m sales) to assess and manage the exposure of its funds against its reference market. CO2 intensity for the portfolio holdings is also integrated into the internal Research Management System

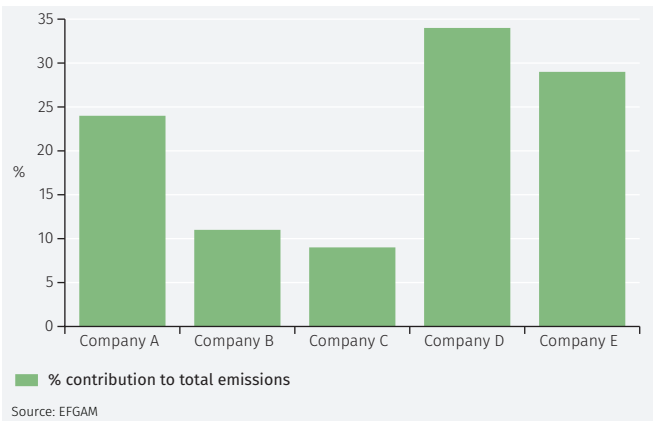
Additionally, to better integrate ESG risk in its day to day activities EFGAM reports to its New Capital Funds Risk Committee both the average ESG rating and the average carbon intensity Comparison with reference markets are also provided. It is worth highlighting that the NCRC has the power to force change and a reduction of risk.

To this respect EFGAM highlights that, on average, the companies EFGAM is exposed to through its funds, are significantly less carbon intensive than the average one. Fossil fuels exposure of companies and the stranded asset risk is also monitored with the help of initiatives such as coalexit.org or 2°Investing Initiative.

10. Portfolio CO2 intensity



11. Main CO2 emitters



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Metrics and targets

Nowadays total sustainable investment assets under management have grown significantly with a focused on integrated ESG solutions. To quantify and assess the impacts of climate change in relation to climate risk strategy and management EFGAM uses its own Climate-related metrics and targets and continually develops new metrics to optimally manage climate-related risks and opportunities and takes care to establish reliable metrics that are useful for monitoring its operations.

EFGAM uses two of its own metrics, as follows.

1. EFGAM uses its own KPIs (taken from the GRIP, as highlighted under Methodology “ ESG Integration: Data Collection ESG Rating”) to assess climate-related risks and opportunities.

In particular, the KPIs relevant to climate risks that EFGAM makes available to its analysts are Air&Transport, Product, Ecosystem and Energy, as defined in Figure 12.

2. EFGAM also provides analysts with two additional indicators related to greenhouse gas (GHG) emissions.

Emissions calculated by EFGAM in investments refer to corporate GHG Intensity emissions. These emissions are commonly reported under three “scopes” as defined in Figure 13 overleaf. Scope 1” are a company’s direct emissions Scope 2” refers to the emissions associated with purchased energy and “Scope 3” are all other indirect other indirect emissions associated with the production and consumption of its products.

In addition, EFGAM calculates and internally discloses various carbon metrics to provide an assessment of the greenhouse gas (GHG) emissions associated with a given investment portfolio. These metrics are an important starting point for climate risk analysis as they provide a current view of the environmental impact of the investments in any given portfolio and an initial indication of how investments may be affected by future climate-related risks.

12. EFGAM KPI definition

EFGAM KPI definition	KPI Description
Air and transport	Identification of risks and opportunities related to climate change: <ul style="list-style-type: none"> → Policy Emissions → Targets Emissions → Estimated CO2 Equivalents Emission Total → CO2 Equivalent Indirect Emissions, Scope 3 → Ozone-Depleting Substances → VOC or Particulate Matter Emissions Reduction
Product	This KPI defines a green product. Specifically, it informs whether the company reports products that are designed for reuse, recycling or reduction of environmental impact. In addition, this KPI informs whether the company reports take-back procedures and recycling programmes to reduce potential risks of products entering the environment and whether the company develops products or technologies that use clean and renewable energy and improve the energy efficiency of buildings.
Ecosystem	This KPI informs whether the company has a policy to reduce the use of natural resources or to reduce the environmental impact of its supply chain. It also informs whether the analysed company has an environmental management team, whether it states that it assesses projects on the basis of environmental or biodiversity risks and whether it reports activities under management that employ environmental screening criteria or environmental factors in the investment selection process. In addition, this KPI informs whether a company is a signatory to the Equator Principles (commitment to manage environmental issues in project financing).
Energy	This KPI defines whether the company has set energy efficiency objectives or targets to be achieved and provides information on total direct and indirect energy consumption and total energy generated from renewable primary energy sources divided by total energy.

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13. EFGAM provide the information on GHG emissions

EFGAM KPI definition	KPI Description
<p>GHG intensity (GHG/Sales) =</p> <p>(GHGs released in energy consumption for production)</p> <p>GHGs released in energy consumption for overhead</p> <p>GHGs released by transport used for business travel</p> <p>Additional GHGs released from production process</p>	<p>This indicator represents the GHG intensity of the invested company, including production processes and overheads (energy-related emissions and business travel).</p> <p>GHG emissions associated with the production of incoming materials and logistics can also be counted by extending the scope of accounting.</p> <p>With this indicator, EFGAM mainly combines:</p> <ul style="list-style-type: none"> → Scope 1 (all direct GHG emissions); → Scope 2 (indirect GHG emissions from consumption of purchased electricity, heat or steam); and → Scope 3 (other indirect emissions, such as extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.).
<p>Carbon footprint</p>	<p>The carbon footprint measures the level of harmful GHG emissions a company produces.</p> <p>An organisation's carbon footprint can be broken down into the following:</p> <ul style="list-style-type: none"> → the sum of direct greenhouse gas emissions from the combustion of fossil fuels for energy consumption and transport; → the sum of indirect greenhouse gas emissions during the life cycle of the products used by the company invested in.

Conclusions

EFGAM has started given itself tools to identify, assess and manage climate risks and related opportunities, but improvements are need in many direction, from data availability to public awareness and clear policy directions. The final aim is twofold: de-risk our portfolios and contribute to achieve Paris objectives.

EFGAM employs various measures and initiatives to achieve this goal, notably by reducing in its investments its support for sectors generating high GHG emissions and by providing

its portfolio managers with products to help them achieve their own climate transition.

EFGAM strongly believes that the Paris Agreement may become stricter and legislation will evolve thanks to additional knowledge that is going to be created. The sustainability journey is no easy task, yet the demand for sustainable investing is not only growing but it is also a necessity. This makes perfect financial sense and can contribute to speed up the solutions we all need. Although it will be a long journey, it will no doubt also be an exciting one.

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Selection of EFGAM's most important sources

UN Global Compact. <https://www.unglobalcompact.org/>;

Principles for Responsible Investment (2014). <https://www.unpri.org/> ;

Climate Bond Initiative (2018). <https://www.climatebonds.net/> ;

Green Bond Principles (2018). <https://www.icmagroup.org/green-socialand-sustainability-bonds/green-bond-principles-gbp/> ;

Climate Action 100+ (2018). <http://www.climateaction100.org/>;

Sustainable Finance and Responsible Investment (2019). <https://www.institutlouisbachelier.org/en/programme/sustainable-finance-andresponsible-investment/> CLIMATE DISCLOSURE REPORT - SEPTEMBER 2020 C0-PUBLIC 13 ;

Taskforce on Climate-related Financial Disclosure (2020-2021) ;

Carbon Disclosure Project (2020). <https://www.cdp.net/en/investor/engage-with-companies/cdp-science-based-targetscampaign> ;

Urgewald coalexit.org;

Green Investment Principles (2020). <http://www.gflp.org.cn/public/ueditor/php/upload/file/20181201/1543598660333978.pdf>

2nd Investment initiative <https://2degrees-investing.org/>

Important Information

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