



Ecofin's Net Zero Disclosure

In order to limit global warming to 1.5°C in alignment with the Paris Agreement, a 50% global reduction in emissions by 2030 is required, and net zero must be achieved by 2050.¹ Ecofin supports a rapid transition to a low-carbon economy and is a proud signatory of the Net Zero Asset Managers initiative. Ecofin has elected to utilise the Science Based Targets initiative (SBTi) Portfolio Coverage Approach for financial institutions to quantify this initiative, whereby Ecofin will set engagement targets to have a portion of its investees set their own SBTi-approved science-based targets (SBTs) such that Ecofin is on a linear path to 100% portfolio coverage by 2040. For context, with respect to financial institutions, SBTi has a Portfolio Coverage target of 100% SBT portfolio coverage by 2040.

Ecofin is committed to 75% SBT portfolio coverage by 2030, a pace that should put it on track towards 100% SBT portfolio coverage well before SBTi's financial institution coverage deadline of 2040.

Keep reading below for further detail on Ecofin's net zero journey with SBTi and net zero disclosure.

Proportion of AUM to be managed in line with net zero: All publicly traded equities at Ecofin (Energy Transition, Global Renewables Infrastructure, Sustainable Listed Infrastructure, Global Water strategies) as of December 31, 2022 totalled 71% of Ecofin's overall AUM, or \$2.1 B.

If less than 100% AUM is initially committed, a brief explanation of why the proportion is the maximum currently achievable and how it will increase over time: The covered assets represent all of Ecofin's publicly traded equity strategies and any future publicly traded equity strategies the firm may launch.

Ecofin's private infrastructure and fixed income investments are not included in the covered assets. We will continue working with network partners to assess methodologies for measuring and setting targets for these assets and will include in our commitment as it is practical to do so.

Baseline Year: The baseline year is 2020. As of 12/31/20, 22% of Ecofin's publicly traded companies had committed to, or have set a SBT.

As of 12/31/22, 40% of Ecofin's publicly traded companies are committed to, or have set a SBT.

Target Year: The target year is 2030.

Quantified target(s) to be achieved by target year: Targeting 75% of covered assets will have committed to or set SBTs for reducing GHG emissions, approved by SBTi by December 31, 2030.

¹ The Intergovernmental Panel on Climate Change (IPCC).

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Methodology used to set targets: SBTi for Financial Institutions – Portfolio Coverage methodology

Coverage of Scope 1, 2 and extent of Scope 3 coverage of financed emissions: SBTi for Financial Institutions – Portfolio Coverage methodology

Underlying science-based net zero scenarios/pathways from which targets are derived: SBTi for Financial Institutions – Portfolio Coverage methodology

Brief description of how the asset manager considers the target to be consistent with delivering a fair share of the 50% global reduction in CO2 emissions by 2030 identified as a requirement in the IPCC special report on global warming of 1.5°C:

As an asset management company, the vast majority of the Firm's GHG emissions footprint comes from "financed emissions" via its investments. The most impactful way to reduce Ecofin's footprint is thus to engage with portfolio companies on their own emissions reduction initiatives – Ecofin considers the SBTi one of the best available verification options for portfolio companies' emissions reduction targets. Ecofin has therefore chosen to follow the SBTi Portfolio Coverage methodology, whereby "financial institutions commit to engaging with their borrowers and/or investees to set their own science-based targets, which shall be validated by the SBTi, such that the financial institution is on a linear path to achieve 100 percent SBT coverage by 2040."

Ecofin encourages all companies to develop and implement a credible and time-bound plan to decarbonise their operations in line with 1.5°C pathways. As such, Ecofin intends to actively engage with portfolio companies that do not have an SBT. Ecofin is committed to 75% SBT portfolio coverage by 2030, a pace that should put it on track towards 100% SBT portfolio coverage well before SBTi's financial institution coverage deadline of 2040.

Information on the asset manager's policy in relation to fossil fuel investment:

Ecofin does not intend to invest in a company that has a significant amount of revenues from selling fossil fuel reserves or whose principal business is extracting, processing, or refining coal, tar sands, oil, or natural gas, as these businesses are not currently aligned with Ecofin's sustainability themes or its view of the long-term trends in energy demand. For companies with exposure to fossil fuels, Ecofin generally seeks to identify and invest in companies which are deemphasising fossil fuel technologies and contributing to a low-carbon transition. Please see Ecofin's Fossil Fuel Policy for further detail.

Please provide any information on targets for operational emissions, if set: As provided above, as an asset management company, the vast majority of Ecofin's GHG emissions footprint comes from "financed emissions" via portfolio investments it makes on behalf of its clients as a discretionary fund manager. While Ecofin will endeavour to implement best practices and reduce its own emissions, Ecofin believes the most impactful way to reduce its footprint is to engage with portfolio companies on their own emissions reduction initiatives.

For more information, please click here for Ecofin's Net Zero Disclosure: FAQs.