Generation Investment Management TCFD Report and Transition Plan

October 2023

Generation Investment Management
is a pure play sustainable investment manager –
it is all we do, and all we will ever do.

Contents

Introduction

OUR WORLD AND INVESTMENT PHILOSOPHY

We see long-term investing as best practice and sustainability as the organising construct of the global economy.

We use environmental, social and governance (ESG) factors as tools to evaluate the quality of business and management. We believe this approach reveals important and relevant insights that other investment frameworks may miss, and that ultimately lead to superior, risk-adjusted investment results[1].

Generation has been investing in public equity markets for 18 years and in private markets for over 14. As of year-end 2022, Generation has four investment strategies and one investment business: our Global Equity and Asia Equity strategies in the public markets, and our Growth Equity and Private Equity strategies in the private markets. Separately Generation established a new subsidiary, Just Climate, in 2021. In 2022 Just Climate made its inaugural investments in two companies: Meva Energy and H2 Green Steel within its Climate Assets Fund I. This fund is focused on investing in areas where emissions trajectories are most off track – the so-called 'harder-to abate' emissions. This requires steering capital into businesses and technologies that can avoid or remove greenhouse gas emissions in parts of the economy that have previously proven difficult to address, such as steel and cement production, industrial heat and charging infrastructure for vehicle fleets. Please note that Just Climate undertakes its own, separate reporting.

Consideration of climate change outcomes and associated risks and opportunities has been central to Generation's investment philosophy since its founding and is part and parcel of how we integrate sustainability factors into our investment process. From the start of our journey, we recognised the need to build greater awareness of climate-related assessment among financial and non-financial companies alike. As such, we have helped launch and support several initiatives that we believe can accelerate the transition to a sustainable economic system. In 2016 we were part of the founding membership of the Taskforce on Climate-Related Financial Disclosures (TCFD), which has been a key partner in our work to advocate for tools and frameworks to standardise disclosure. We now welcome the IFRS Foundation's expansion to provide IFRS sustainability-related disclosure standards. This is paving the way to regulation across jurisdictions that can result in consistent and comparable corporate disclosure. IFRS S2 will replace the TCFD disclosure recommendations, as the IFRS Foundation will take over the TCFD's responsibilities starting in 2024.

We need a financial system in which all financial institutions and capital allocators integrate climate and just transition into their decisions across all asset classes. While we need governments to step in where markets can't succeed on their own, we believe finance must act with or without government policy, because in our view managing climate risk and opportunity is fiduciary duty.

We believe that ensuring the integrity of net-zero investing, reporting our progress and encouraging our peers and our portfolio companies to do the same are essential to industry-wide progress. Consistent disclosure of climate considerations is the key to enabling all companies, managers and owners to assess their exposure and opportunity. We look forward to continuing to learn and collaborate alongside our portfolio companies and peers in accelerating a long-term, sustainable transition.

[1] Although Generation seeks to deliver superior investment results, there can be no guarantee this goal will be achieved.

OUR TRANSITION PLAN

This year we have created a dedicated section of the report to outline our transition plan.

There has been additional focus on the importance of transition planning over the last year with the publication of the Glasgow Financial Alliance for Net Zero (GFANZ) Recommendations and Guidance on Financial Institution Net-zero Transition Plans and the further development of the Investor Agenda guidance on Investor Climate Action Plans (ICAPs). We have utilised this guidance in the development of our 2022 TCFD report.

Generation's transition plan consists of two major components. The first is the transition of our investment portfolios to net zero by 2040. The second is our operational transition plan, which also sets a net-zero target of 2040.

OUR INVESTMENT PORTFOLIOS

Generation has set a goal of aligning all of the investment portfolios we manage with net-zero GHG emissions by 2040 or sooner, and notified our clients of this in July 2020. We believe that it is right for us to set an early goal for net-zero emissions given our mission to promote sustainable capitalism. Our corporate climate action standard – net-zero emissions by 2040 – is required if we are to meet our net-zero goal and is within the thresholds of what is required if the world is to achieve the Paris Agreement.

Following our commitment in 2020, we worked with peers and partners – in particular the Institutional Investors Group on Climate Change (IIGCC) – to establish the Net Zero Asset Managers initiative (NZAM): a coalition of like-minded managers committed to supporting the goal of net-zero emissions by no later than mid-century.

The initiative now has more than 315 signatories from around the world, with a combined USD 59 trillion of assets under management (over half of all assets under management globally), recruited through the work of several groups, including IIGCC and Ceres, and with the support of the High-Level Champions for Climate Action, which our Foundation supported in the run-up to COP 26. As an NZAM signatory, we are committed to publishing TCFD disclosures annually, including a climate action plan, to show that the approach we apply is based on a robust methodology and that action is being taken in line with our commitments.

INTERIM TARGETS

We have set interim targets of:

- 60% Science Based Target (SBT) coverage across all assets under management by 2025
- 100% SBT coverage by 2030

In both cases this is coverage by targets **that have been validated** by the Science Based Targets initiative (SBTi).

Because the majority of our assets are in our Global Equity and Private Equity strategies, this puts added impetus on these teams to ensure that the investee companies within the strategies are setting, and progressing towards, ambitious science-based targets. We do this through multiple avenues, but primarily through engagement. Please see more in the section titled 'Engagement on climate risks and opportunities.'

The following table outlines the proportion of each strategy's assets under management (AuM) or assets under supervision (AuS) that is invested in companies that are participating in the Science Based Targets initiative and then shows the extent of portfolio coverage by validated targets, all as of December 2022. It is critical to the fulfilment of our targets that companies' commitments to set SBTs are followed through and result in validated targets.

Generation Investment Strategy	Strategy type	Proportion of AuM or AuS invested in companies within the Science Based Targets initiative (committed or validated)	Proportion of AuM or AuS invested in companies within the Science Based Targets initiative (validated targets only)
Global Equity	Public markets	66%	39%
Asia Equity	Public markets	26%	11%
Growth Equity	Private markets	19%	3%
Private Equity	Private markets	100%	0%
Total		**72%**	**25%**

Source: SBTi and Generation in-house analysis

OUR OPERATIONS

As a business with fewer than 150 full-time employees, Generation's operational footprint is relatively small. Our firm's direct environmental impact is primarily driven by the operation of our offices and business travel. We aim to minimise our carbon footprint and use of environmental resources through our sourcing decisions and carbon compensation programme, as well as through promoting behavioural changes amongst employees, suppliers and other stakeholders.

We have made a formal commitment ourselves to submit a Science Based Target to SBTi for validation within the next two years. We hold ourselves to the same standards to which we hold our investments, and are committed to achieving net-zero emissions in our own business operations by 2040.

OUR OFFICES

Generation has designed its offices to minimise the environmental impact of its operations. Both offices are located centrally and are well served by public transport facilities. In London, our office at 20 Air Street achieved the 'Excellent' rating by BREEAM (Building Research Establishment Environmental Assessment Method). In addition to a rainwater harvesting system, an intelligent lighting system is in place to maximise natural light and limit wastage. A biodiverse sedum roof improves insulation and supports the local bee population. The interior modelling has the 'SKA Gold' rating. Similarly, our San Francisco office is located in a building that has been re-certified as Platinum for the LEED E-BOM, which applies to existing builds. In the refurbishment process we used sustainable and non-toxic products and materials, adhering to the WELL standard with its primary focus on the health and well-being of occupants. Both offices have on-site processes for the separation, collection and recycling of different types of waste materials, including food waste. We work closely with building management on an ongoing basis to prioritise sustainability and our London office landlord and their building management provider are committed to emissions reductions consistent with net-zero emissions by 2040 or earlier, as is our San Francisco office manager.

SUPPLIERS

Business-related sourcing decisions include local travel and office supplies, where we choose sustainable suppliers wherever possible. We assess our suppliers against a framework that includes questions relating to their ESG practices. We aim to engage local suppliers where possible, or those that already service our building with the aim of reducing travel and consolidating deliveries. In 2020 we implemented an internal Environmental Management System (EMS), which provides us with a framework to monitor resource use, reduce waste, mitigate environmental risks and improve our sustainability efforts. In 2022 we initiated a process to encourage suppliers to set their own 2040 net-zero targets and will continue to engage on this theme. For some of our largest suppliers we have started to introduce contractual commitments, within our terms of business, outlining the supplier's decarbonisation schedule.

SKILLS AND CULTURE

We are working with external consultants on understanding more deeply all material aspects of our operational emissions and the levers we have, establishing interim targets and determining how to track progress. Our emissions have rebounded following the pandemic, due to increased office occupancy and the return of business travel. However, in 2022 we succeeded in keeping emissions from business travel 61%[2] below pre-pandemic levels, despite business growth and increased headcount.

Generation Investment Management's Carbon Footprint (tCO_2e)	2021	2022
Scope 1	6	11
Scope 2 (Location Based)	129	105
Scope 2 (Market Based)		61
Scope 3[3]	142,498	179,877

CARBON COMPENSATION

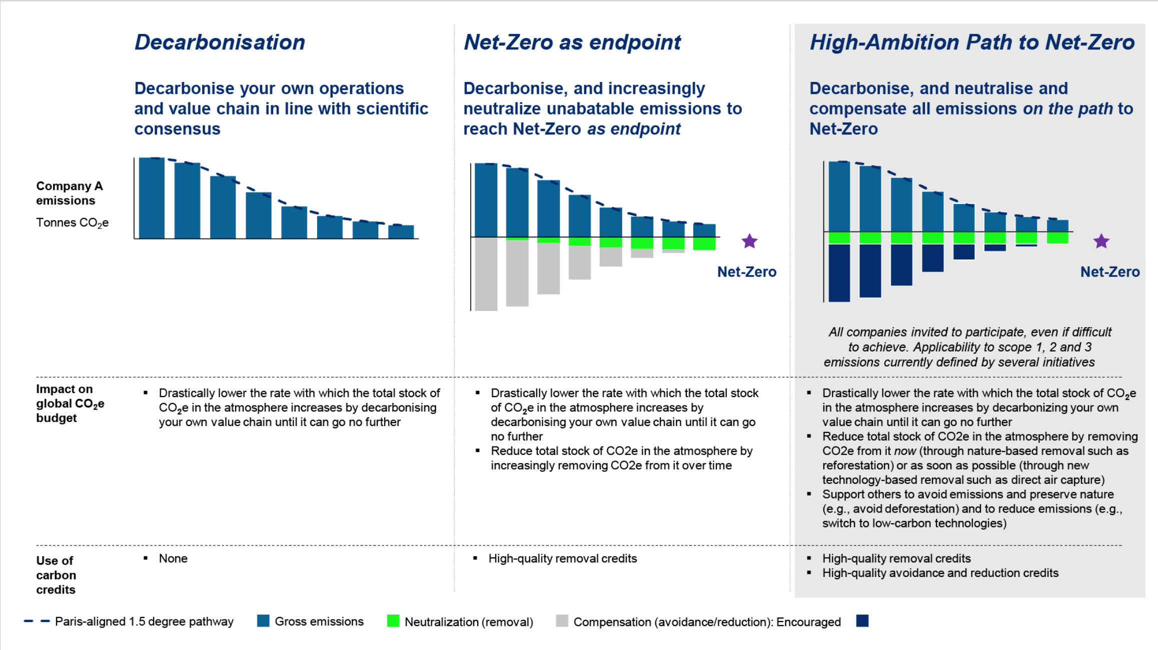
Alongside science-based emissions reduction, Generation is committed to beyond-value-chain compensation on an annual basis for the carbon emissions of our business activities. We base the measurement of the firm's business activities on our office use (i.e., our Scope 1 and 2 emissions), as well as the carbon emissions created by business travel, waste, couriers and commuting. We consult with third parties to apply widely accepted emissions factors to measuring our travel, energy use and household data. Whilst we appreciate that carbon credits do not provide a complete solution, they contribute to mitigating our overall environmental impact while we work to reduce our emissions to as close to zero as possible. For our 2022 carbon compensation programme, we created a portfolio of credits, including emerging carbon removal technologies with a high degree of permanence.

[2] Excluding emissions from Generation's bi-annual client conference in 2022, for an apples-to-apples comparison, as 2019 was not a client conference year.

[3] See the Appendix for a breakdown of Scope 3 emissions.

This approach has been characterised by Mark Carney and others as the 'High-Ambition Path to Net-Zero' and is represented in the infographic below.

Figure 1: High-Ambition Path to Net-Zero



Source: Taskforce on Scaling Voluntary Carbon Markets

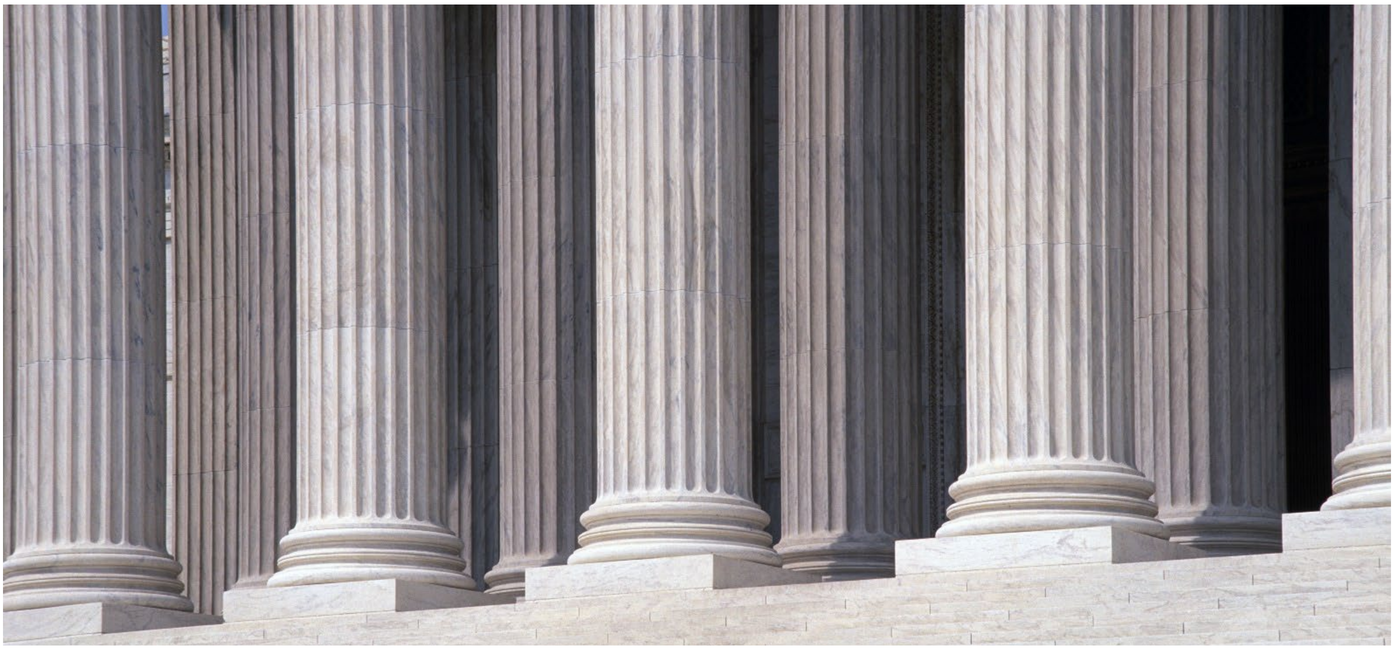
Governance

Generation has established a governance framework designed to allow for investment management, business development and client relationships, as well as operational control and risk management, to be reviewed independently through a number of committees and oversight groups.

The key sponsor of the governance and the control and risk management environment is the Senior Partner, who has a role similar to a Chief Executive Officer. The Senior Partner, David Blood, has ultimate oversight of Generation's transition plan, supported by the Management and Operating Committees, and specifically Lisa Anderson, Partner and Chief Operating Officer with responsibility for Corporate Services and Risk.

The full committee structure supporting and monitoring the Senior Partner is as follows:

- **The Management Committee** (the firm's governing body)
- **The Operating Committee** (oversees the operational functions of the business units of the firm, in general terms executing the Charter approved by the Management Committee). This committee oversees Generation's operational transition plan.
- **The Risk Oversight Group** (the "ROG," chaired by an independent non-executive officer, implements the Risk Management Statement approved by the Management Committee)
- **The Valuation Oversight Group** (the "VOG," implements the Valuation Policy approved by the Management Committee)
- **The Remuneration Committee** (which implements the Remuneration Policy approved by the Management Committee)
- **The Conflicts Committee** (which reports to the Management Committee and Risk Oversight Group on conflict management issues).



INCENTIVES

Generation is an independent, private, owner-managed partnership.

Partners and employees have always participated in the firm's profits. Combating climate change and accelerating transition is fundamental to Generation's mission but in the light of the latest transition planning guidance we have started to think about how we can link compensation more clearly to our climate goals. We have decided to incorporate sustainability (including contribution to Generation's net-zero goals) into 360 reporting for everyone at the firm so that this can flow into end-of-year variable compensation.

We are currently considering how to further link end-of-year additional partner profit share payments to our 2025 and 2030 climate targets for named senior individuals, thus ensuring clear accountability.

In addition to the remuneration considerations for the whole firm set out above, Just Climate has built climate impact into their own performance fees:

In the spotlight: Just Climate impact-adjusted performance fee

Just Climate exists to catalyse and scale capital towards climate solutions with attractive market returns and the highest positive climate impact per dollar invested. It has therefore developed an innovative impact-adjusted performance fee designed to motivate pursuit of the highest impact climate solutions alongside the generation of attractive risk-adjusted financial returns on those investments. The performance fee is calculated based on financial performance but adjusted based on an Impact Factor, with a multiplication range of 0–100%. The Impact Factor represents the 10-year GHG emissions mitigation of the portfolio, measured in relation to ambitious fund-level targets for GHG mitigation. Just Climate defines expected GHG mitigation as the forecasted GHG emissions a specific investment is expected to avert over 10 years, compared to a baseline scenario, based on a realistic business model, including any GHG emissions removed from the atmosphere, measured in tonnes of CO_2 equivalent.

LEADERSHIP OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Management Committee provides a forum for the Partners to ensure that the business is being run in accordance with the Partnership Agreement. It oversees resourcing and strategy, including with regards to managing climate change outcomes and associated risks and opportunities.

Given Generation's mission and integration of sustainability research into investment processes, climate-related issues are always considered when developing strategy, overseeing risk and setting performance objectives. The Management Committee maintains ultimate responsibility for the integration of climate considerations into our business processes.

The majority of the firm's Management Committee has been with Generation since its founding and several members have expertise in climate science, climate policy and the implications for businesses. For example, our Chairman is also the founder of the Climate Reality Project, which seeks to promote education related to climate change. Since Generation's founding in 2004, the Management Committee has been critical in developing our integrated investment process and shaping the firm's research and advocacy agenda with respect to climate change.

Across every business line of the firm, business unit heads are also responsible for confirming the risks they are exposed to within their respective groups and reporting this accordingly to the ROG via a central risk register. These risks include climate-related issues. Results are reviewed by the ROG and communicated to the Management Committee when necessary.

With respect to the firm's operational footprint, Generation's Environmental Management System (EMS) is reviewed internally by the Chief Operating Officer and assessed by the Operating Committee, with more frequent postings on specific events as they occur. The Management Committee reviews the EMS on a quarterly basis to appraise a summary of findings related to completed actions, updated aspects and impacts or improvements made. The EMS is reviewed by external auditors on an annual basis. The ROG and Management Committee receive annual updates on the firm's carbon compensation programme with a focus on recommended emissions reduction targets, suggested carbon compensation and progress of the projects supported by the purchase of carbon credits. The Environmental Steering Committee (ESC) meets monthly and develops and monitors the implementation of Generation's environmental objectives: to reduce the negative environmental impact of our business operations and continually improve our environmental performance.

EMBEDDING SUSTAINABILITY ACROSS OUR INVESTMENT TEAMS

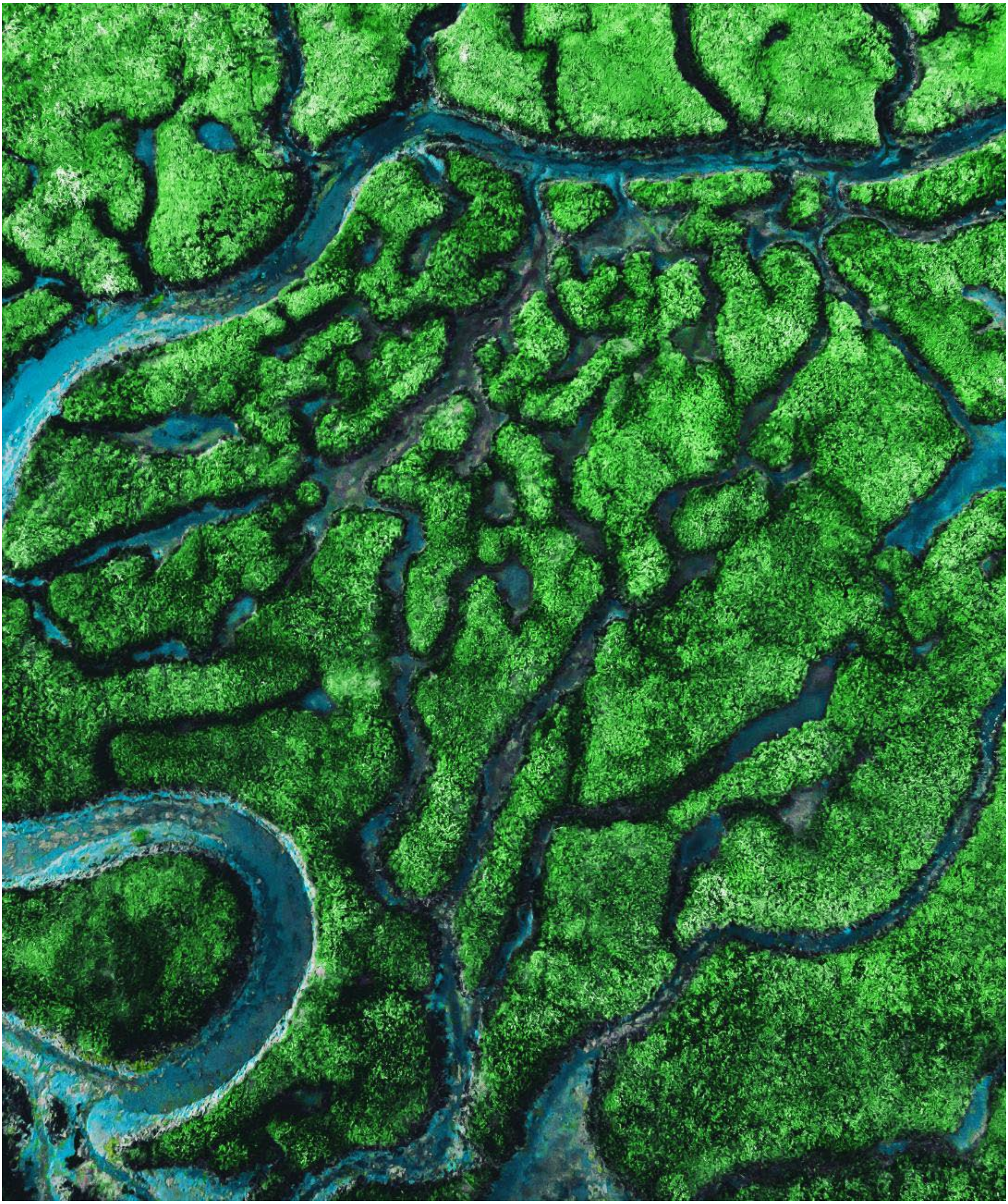
Our investment leadership and teams are resourced with sufficient analysts to allow for the integration of sustainability research within fundamental equity analysis and deep stewardship of all the companies in which we invest. Our teams focus on what a given business does, as well as how the business operates.

For example, our public markets analysts each cover a relatively small number of companies – typically around 12. This permits each analyst to develop insights, gain conviction and undertake stewardship activities that others without similar levels of resourcing may find difficult to achieve. Because of the intense coverage of a company by our analysts, we expect to understand our stocks better than most managers, and to have a higher level of engagement with management teams and boards. Although analysts are focused on different sectors, our approach is team-based, and constructive dialogue and idea-sharing across the team are valued and encouraged. Issues relating to climate-related risk and opportunity are routinely discussed at investment team meetings.

In our private markets teams, we use sustainability research as the lens through which we identify business models and management teams. In taking a 'System Positive' approach, we aim to invest behind businesses whose products or services contribute to a sustainable future. This requires that we characterise the first and second order implications of sustainability trends – which necessarily include climate-related risks and outcomes. Investment professionals fuse fundamental analysis and sustainability analysis into an integrated approach to help identify, source and ultimately invest in attractive companies. In examining what a business does, we assess specific environmental, social, health and financial inclusion metrics at the point of investment, which we believe will drive performance.

We also have a dedicated 'Research Strategy' sub-team focused on performing primary research, which supports our investment teams in assessing climate-related risks. The team manages relationships with traditional equity research providers, ESG research and climate data providers and expert networks.

Finally, we have continued to strengthen our monitoring and engagement on climate-related issues in order to enhance our ability to structure and undertake more ambitious engagement programmes, use voting strategically in support of our investment objectives to accelerate climate action, collaborate more effectively with other investors and escalate engagement where necessary.



Strategy

CLIMATE AND OUR INVESTMENT PHILOSOPHY

Consideration of climate-related risks and opportunities has been embedded into our investment approach across all strategies since the firm's inception. In our view, the financial materiality of climate change has grown at a relentless pace since the firm's founding.

We believe that the transition to a net-zero economy is accelerating, and that resource efficiency solutions will drive productivity and profitability. We also believe that businesses that are adapting to this transition will remain profitable over the long term, as will those businesses whose products and services directly meet impending resource challenges.

We consider climate risk in our investment process and seek to invest in businesses that are well-positioned for the net-zero transition. Such risks may include carbon stranding through increased direct and indirect regulation; increasing competition from clean technologies as they become ever more economically viable and widespread; and socio-political pressures as emissions implications become less publicly acceptable.

Integrating this view into our portfolios has led us away from carbon-intensive sectors such as coal and oil & gas. The carbon intensity of our Global Equity portfolio is less than one fifth that of the benchmark (MSCI World, taking account of Scope 1 and 2 emissions) partly for this reason, as well as positive selection within sectors.

IDENTIFYING CLIMATE-RELATED RISKS AND OPPORTUNITIES

ROADMAPS AND RESEARCH

Our sourcing is informed primarily by our research 'roadmaps' that identify macro and sector trends, including material sustainability risks and opportunities. The development of roadmaps provides an opportunity for analysts and the broader investment team to investigate factors driving sector and global trends while deepening their understanding of the investment landscape. Roadmaps may have a broader focus, on countries or sustainability themes (e.g., water), but typically focus on sectors and sub-sectors. Roadmaps allow the investment team to identify sustainability risks and opportunities relevant and material to particular sectors. Example roadmaps conducted in 2022 include data growth, solar power update, the US power grid, food systems update, low carbon fuels, hydrogen and direct air capture.

Over the years, we have completed several hundred roadmaps across our public and private markets strategies, and for each of these have characterised the relevant short- and long-term climate considerations and drivers when material.

SUSTAINABILITY FACTORS IN COMPANY SELECTION

Guided and informed by roadmap research, analysts pursue in-depth company research. This stage is structured around the robust criteria we have set, which enable us to evaluate both what a business does and how a business operates. Aspects considered include barriers to entry, business stability and alignment of management incentives.

The criteria also necessitate a deeper analysis of a company's positioning with regards to the material and relevant sustainability factors within its sector. The questions that analysts consider pertaining to climate include, amongst others:

- whether the company is consistent with the world we want
- whether a company's offerings impair or improve the present and/or future well-being of society
- what externalities exist and who else might be 'paying a price'
- whether there are environmental or social vulnerabilities to be tracked.

Our private markets teams also overlay scrutiny of a company's products and services with whether they accelerate a given sector to a more sustainable end-state. A key component of the process is to ensure, in the earliest stages of diligence, that the business is System Positive, which requires that its services and products clearly drive a transition towards a sustainable future. To determine whether a company meets this threshold, we compile information about the total effects of a business model on people and planet, positive and negative, including intended and unintended effects.

THE RESILIENCE OF OUR STRATEGIES UNDER DIFFERENT CLIMATE SCENARIOS

A key theme at Generation is backing businesses driving the transition to a sustainable economy. Our foundational roadmap work across industries (including energy, transport, industrials, food and agriculture, the built environment and other areas) is where we articulate our understanding of what is required to align to a 1.5C scenario, and the associated risks and opportunities. In our coverage of environmental technologies, we seek to back those companies with products and services that displace less efficient incumbent solutions (e.g., electric transport to displace internal combustion engines).

In terms of scenario planning, our firm-wide focus is on achieving a pathway aligned with 1.5°C, and our portfolio companies should be enablers of that future. However, through our roadmap work we also look to understand the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) scenarios where the world does not achieve the Paris Agreement target.

In the spotlight: Portfolio Alignment Measurement

Generation has led work on portfolio alignment measurement since 2020. In 2022 a report on Portfolio Alignment Measurement was published with a suite of GFANZ publications in advance of COP 27 and made recommendations intended to drive enhancement, convergence and adoption of portfolio alignment measurement. The guidance in the report has already been adopted by the world's largest ESG research provider, MSCI ESG Research, who announced in March 2023 that they would be making a number of changes to their Implied Temperature Rise product, including the introduction of credibility assessment for company emissions reduction targets.

These are the results of the Implied Temperature Rise (ITR) tool from MSCI ESG Research, for the Global Equity portfolio for 2021 and 2022. The MSCI tool takes account of Scope 1, 2 and 3 emissions.

SCOPE	ITR 2021	ITR 2022
S1+2+3	2.01°C	1.9°C

Using the ITR tool, the Generation Global Equity portfolio was aligned with approximately 2°C in both years. This was significantly better than the benchmark at 2.84°C degrees in 2021 and 2.5°C in 2022. However, we need to go further and faster. There remains work to do to move the portfolio from 2°C to 1.5°C.

ADVOCACY AND IMPACT INITIATIVES

Generation was established in response to the concerns of its founders around the detrimental impacts and systemic risks posed by short-termism and the failure to integrate sustainability considerations into investment analysis and stewardship. Working to address these challenges is intrinsic to Generation's purpose and our vision on how to mitigate systemic climate risk.

As a small firm with big aspirations, we must focus, motivate and collaborate with others. We pursued the below impact initiatives in the past year to leverage our track-record, differentiated approach to investment research, and convening power.

RESEARCH

The Sustainability Trends Report (STR): Drawing on more than 190 sources, we published our sixth annual STR in 2022 and hope it will become the 'go-to' resource for those seeking information on sustainability developments. Our aim is to aggregate and share insights that governments, businesses and investors can use to ensure a net-zero, prosperous, equitable, healthy and safe society.

Sustainability Insights: We launched our Insights series in 2019 to share lessons drawn from our investment work in the form of publicly available papers. In 2022, we published seven papers aimed at helping to raise the bar on climate action: fossil fuels, the economy and instability, China's net-zero target, sustainability standards, deforestation and a three-part series on sustainability and rising inflation.

COLLABORATION & ADVOCACY

The Generation Foundation

The Generation Foundation's mission is to help create a low-carbon, prosperous, healthy, safe and fair society. The Foundation takes a proactive approach to grant-making, working with partners to achieve its goals, and in turn pursue its mission.

During 2022 the Foundation added six new partners to its climate grants portfolio, totalling GBP 4.8 million. One such project was a new major grant to the Club of Rome to support their global initiative, Earth 4 All (E4A).

E4A has some of the world's best modellers, economists and data scientists contributing to world-leading, sophisticated tools to understand the interconnected drivers of sustainable economies. The initiative aims to explore new economic thinking and test model outcomes to ensure we remain within planetary boundaries. The Foundation's funding will support E4A to better incorporate the investment sector into its work as well as ensure actors affected by climate change in the Global South contribute to E4A's ambitious policy solutions.

ENGAGEMENT WITH STANDARD SETTERS

In 2022 the Greenhouse Gas Protocol, the organisation responsible for setting the standards to measure GHG emissions, published a survey on 'the Need for GHG Protocol Corporate Standards and Guidance Updates.' Generation submitted a response to this survey.

The main points set out in our response were:

1. The need for higher standards relating to Scope 2 market-based calculations. We see significant value in market-based Scope 2 calculations as they incentivise companies to have agency over this area of their emissions and to procure renewable energy. However, it is important that companies are guided towards the most impactful means of procuring renewable energy and we do not think that this is currently what Scope 2 guidance does.

2. The need for standards around avoided emissions (also known as 'Scope 4' emissions). Avoided emissions calculations are becoming increasingly prevalent in corporate reporting and material to investors as an impact metric. Without any standards to guide these calculations, data quality is poor and lacks comparability. We see the GHG Protocol as an appropriate organisation to create standards in this area.

3. The need for higher standards relating to Scope 3 disclosure. Scope 3 emissions are a problematic but critical area of disclosure. We see too many companies failing to disclose against material Scope 3 categories and believe that much clearer guidance is needed on the categories of Scope 3 emissions that different kinds of companies should report. Consistent calculation and disclosure of Scope 3 emissions are essential to improving data quality and achieving data comparability.

INNOVATION

Climate TRACE is a non-profit coalition of artificial intelligence (AI) based tech companies, non-government organisations and universities that are harnessing satellite imagery and other forms of remote sensing, artificial intelligence and collective data science expertise to track human-caused greenhouse gas emissions with unprecedented detail and speed. Climate TRACE's emissions inventory is the world's first comprehensive accounting of GHG emissions based primarily on direct, independent observation. The Partners of Generation have provided significant funding for Climate TRACE. At COP 27 the Climate TRACE coalition released the most detailed facility-level global inventory of greenhouse gas emissions to date. The nearly 80,000 individual sites – including specific power plants, steel mills, urban road networks, and oil and gas fields – represent the top known sources of emissions in their respective sectors, including power generation, oil and gas production and refining, shipping, aviation, mining, waste, agriculture, road transportation, and the production of steel, cement and aluminium. This new information – sourced independently and primarily based on direct observations of activity rather than self-reported data – provides the detail and timeliness needed to inform and accelerate decarbonisation decisions worldwide.

Risk Management

OUR APPROACH TO IDENTIFYING RISKS

Evaluating climate-related risks (and the resulting opportunities) is central to all our investment strategies.

For each of our strategies, we track a wide range of sustainability indicators at the portfolio level and hold regular monitoring meetings with companies. We have identified sustainability factors material for our investments and operations through comprehensive external and internal stakeholder engagement and materiality assessment, aligned with the UN-backed Principles for Responsible Investment, NZAM, the TCFD and the UK Stewardship Code.

With respect to our internal operations, business unit heads are responsible for tracking the risks that their individual teams are exposed to within their respective groups. This is documented within a central risk register, which the ROG has a responsibility to oversee. Building on our existing process, we will continue to introduce a more granular assessment of climate-related risks, although we recognise that given our small employee base and footprint, our greatest potential exposure to climate-related risk lies with our investment strategies.

ENGAGEMENT ON CLIMATE RISKS AND OPPORTUNITIES

Generation engages with all of its investee companies across all strategies on the measurement and management of emissions.

With our private markets strategies, where investee companies tend to be younger, this might involve helping businesses to assess their carbon footprint for the first time or set their first emissions reduction target. In our public market strategies, where companies tend to be more established, the conversation might instead focus on increasing the ambition of emissions targets or ensuring that they are verified by a credible third party.

Our flagship public markets strategy has been using the below framework for climate change engagement since 2020. We aspire for companies to ascend these levels as quickly as possible. At Level 1, companies disclose their GHG emissions either to the Carbon Disclosure Project (CDP) or in annual reporting. At Level 2, they disclose on climate-related risk and opportunity, in line with the recommendations of TCFD. At Level 3, the company is participating in the Science Based Targets initiative. And finally, at Level 4, companies are committed to net-zero emissions by 2040 and actively demonstrating leadership on climate action.

Figure 2: Climate Change Engagement Framework

We want companies to do all these things.

It's not a question of moving up a level and dispensing with the previous one!

Minimum standard of climate disclosure	Desired climate disclosure	Minimum standard of climate action	Desired climate action
Discloses Scope 1 & 2 emissions (Strongly encouraged) Discloses to CDP & fully discloses Scope 3 emissions	Discloses in line with TCFD recommendations, incl. for Scope 3 emissions (Strongly encouraged) A public supporter of TCFD	Science Based Target (SBT), incl. for Scope 3 emissions in line with SBTi methodology Committed to Net zero Emissions no later than 2050, incl. for Scope 3 emissions in line with SBTi methodology (Strongly encouraged) 1.5C SBT	Committed to Net Zero Emissions no later than 2040, incl. for Scope 3 emissions in line with SBTi methodology Net negative goal, investing in nature-based solutions Allocating capital & setting management incentives in line with Net zero Providing/innovating Net zero-enabling & climate-resilient products & services Collaborating with peers Actively advocating public policy to realise the Paris goals

Climate Change Engagement Framework

We believe that our active engagement and scrutiny of climate action has contributed to a rapid increase in participation in the Science Based Targets initiative in the Global Equity portfolio (see section on metrics below).

Following the resonance of the Climate Change Engagement Framework, Generation developed an engagement framework for deforestation. Deforestation is a complex topic that is essential to the broader net-zero goal, but more material to some sectors than others. For Generation, our exposure lies in consumer goods companies that use forest-risk commodities in the products that they sell or financial institutions that have exposure through their financing activities.

The first stage involves making a commitment to become deforestation- and conversion-free; the next stage involves performing ongoing diligence and publicly reporting on this; the third stage is to publish comprehensive disclosure on the organisation's progress towards their deforestation- and conversion-free target; and the final stage is achieving deforestation- and conversion-free status for all relevant commodities. These stages are not necessarily sequential: for example, stages one and two could be completed in tandem.

Figure 3: Deforestation Engagement Framework

We want companies to do all these things.

Stages 1-4 harmonized with Finance Sector Deforestation Action (FSDA) **investor expectations** of companies

STAGE 1
Commit
No later than 2023

Commit to be deforestation- and conversion-free by 2025 to the standard of The Accountability Framework

For companies: commitment must cover full supply chain

For financial institutions: commitment must cover financed companies

Accountability Framework

STAGE 2
Assess & begin to disclose
No later than 2024

Perform ongoing diligence including mapping, managing and monitoring exposures

Evidence through initial public disclosure

For companies: initial public disclosure should be through, or guided by, CDP Forests

CDP

STAGE 3
Disclose comprehensively
Minimum Standard for 2025

Report comprehensively, covering all relevant commodities (**For companies:** through, or to the standard of, CDP Forests)

For companies: include % traceable and % Deforestation and Conversion Free (DCF) by commodity

For financial institutions: include % of financed companies meeting commit/assess/disclose expectations

Disclosure sufficient for recognition in third party assessment (e.g. Forest 500)

FOREST 500

STAGE 4
Deforestation & conversion free
Desired Standard for 2025

For companies: substantially achieve traceability and Deforestation and Conversion Free (DCF) for all relevant commodities

For financial institutions: financed companies achieve this standard

For companies: Science Based Targets must incorporate Science Based Targets initiative (SBTi) Forest, Land and Agriculture guidance where required

Deforestation action is aligned with requirements of leading frameworks including Taskforce on Nature-related Financial Disclosures & Science Based Targets for Nature

SCIENCE BASED TARGETS NETWORK
GLOBAL COMMONS ALLIANCE

PHYSICAL RISK

At present, physical climate risk is tracked by our investment analysts at the company level (along with other sustainability issues and aligned with the way Generation has always approached climate risk and opportunity).

In 2022 we also started to explore third-party analysis and data relating to portfolio physical climate risk.

Many of the issues that we highlighted last year still stand:

- Incomplete data on the location and value of all company assets (these are needed to assess the potential damage resulting from, for example, extreme weather events under different climate scenarios).
- Methodologies have been developed for specific areas such as real estate, oil and gas, and infrastructure, which have direct exposure to climate-related impacts,[4] but we hold few if any such companies in our portfolios. In contrast, methodologies for industrials, finance and healthcare are much less well established.
- Methodologies currently focus on first-order effects (such as physical damage of a flood), whereas we believe second- and third-order effects of climate-driven crises are likely to pose even greater challenges for our companies. Methodologies also tend to focus on mean changes in climate variables, rather than tail risks and tipping points.

Despite the limitations, we see the landscape of climate data improving rapidly and wanted to test some of the products that have come to market. We looked at data from a number of providers as outlined below:

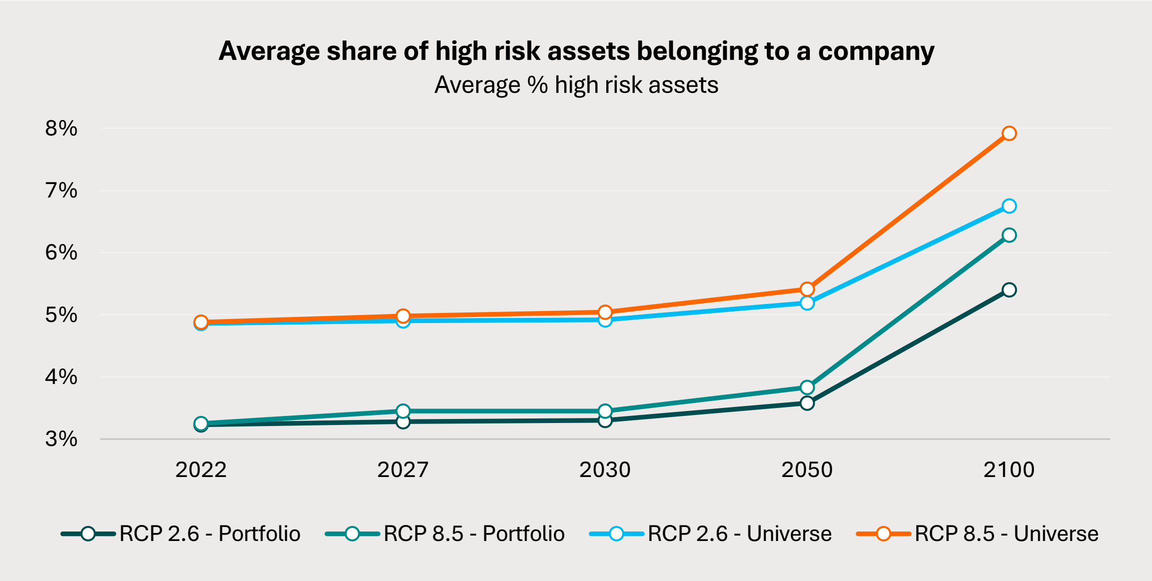
SUSTAINALYTICS / CLIMATE XDI

Sustainalytics and Climate XDI model a wide range of different data points covering a number of hazards. They also model exposure and loss under different scenarios over a time series.

Using the Sustainalytics / Climate XDI dataset we have calculated the portfolio average figure for percentage of 'high-risk' assets under two scenarios: Representative Concentration Pathway 2.6 and Representative Concentration Pathway 8.5 as used by the IPCC in their Assessment Reports.

Sustainalytics and Climate XDI define this metric as follows:

"The High Risk Assets metric assesses the percentage of a company's owned infrastructure or asset that are expected to have annual average loss due to damage exceeding 1% of the infrastructure or asset replacement cost. An asset is defined as being high risk based on an adaptation of the US Federal Emergency Management Agency (FEMA) standards."

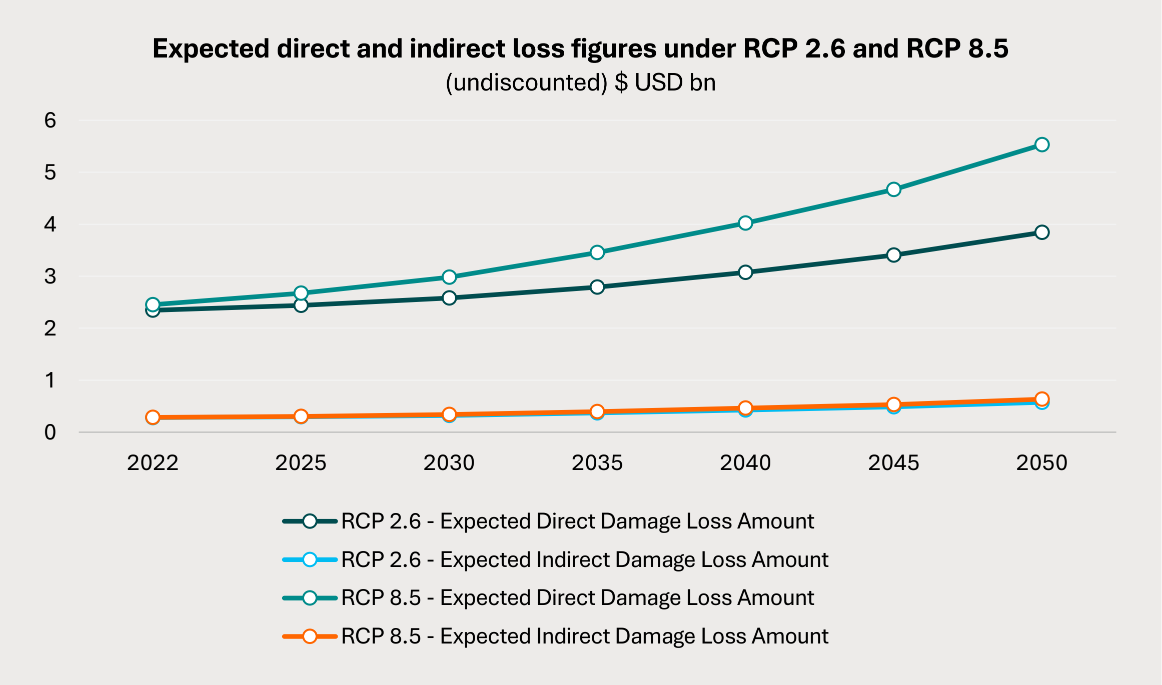


Source: Sustainalytics and Climate XDI

[4] See this report by Mercer as an example of analysis for sectors at high direct risk from climate change https://www.camecon.com/wp-content/uploads/2021/10/gl-2019-wealth-climate-change-the-sequel-full-report.pdf.

As the chart shows, both the portfolio and the benchmark have a higher average percentage of company assets meeting the 'high-risk' definition under RCP 8.5. This is intuitive as RCP2.6 represents a scenario where global temperatures warm by an average of 1.8°C by 2100 and RCP8.5 represents a scenario where global temperatures warm by an average of 4.3°C by 2100.

The portfolio fares slightly better than the wider universe of companies in both scenarios. It is hard to read too much into this result, but one driver could be that Generation does not invest in some infrastructure-heavy asset classes like oil and gas and mining.



Source: Sustainalytics and Climate XDI

We also looked at estimated direct and indirect losses under RCP 2.6 and RCP 8.5. Direct losses are created via physical damages to assets owned or leased by portfolio companies and non-physical damages such as heat stress preventing work at the asset. Indirect losses represent damages to areas and infrastructure surrounding each company asset, e.g., the flooding of a main road to a factory or damage to local power facilities. Indirect damages in this analysis do not include wider supply chain impacts and are likely to be a considerable under-estimate of true losses.

These values represent a somewhat narrow picture of potential climate-related risks because the data set is focused on assets owned or leased by companies, or the areas around these assets, and do not capture some of the more complex, systemic issues brought about by climate change. One example of such an impact would be climate change-driven commodity price inflation caused by extreme weather. Extreme weather can reduce crop yields which in turn decreases supply, which under constant demand acts to push prices up. Price inflation, in turn, negatively impacts the bottom line of companies that are unable to pass these costs on to their customers. A recent study in Nature Communications[5] found that estimates of the costs of climate change may be substantially underestimated and we think this is true of this analysis.

[5] Newman, R., Noy, I. The global costs of extreme weather that are attributable to climate change. Nat Commun 14, 6103 (2023). https://doi.org/10.1038/s41467-023-41888-1.

ASSET-SPECIFIC ANALYSIS

The work outlined above looks to analyse the portfolio as a whole. We also conducted some asset-specific analysis on 10 physical assets owned or leased by portfolio companies or in a portfolio company's supply chain.

Heat and precipitation (which covers snow and ice as well as rain) were the most common perils that the 10 assets examined had high exposure to by 2030, under a worst-case scenario. Users were encouraged to examine the precipitation metrics in parallel with drought metrics, since it is a common effect of climate change that wet seasons are getting shorter but more intense, while dry seasons are lengthening.

Other interesting findings were a factory situated next to a river that is at risk of flooding over the coming decades and another company's HQ that is situated in an area likely to be impacted by sea-level rise.

This analysis was more precise than the portfolio-level analysis but still lacked important details like the value of particular buildings and whether any resilience measures had already been implemented at the site in question. These are questions that can only be answered through engagement with companies, and this provides a natural next-step for our analysis of physical risk exposure.

In preparation for increasing our engagement with companies on the topic of physical climate risk, Generation conducted a workshop led by an in-house expert alongside an expert from Climate XDI. The session was open to the whole firm and covered topics such as the evolving sophistication of physical risk assessment and how this might be integrated into analysis and engagement.

SCENARIO ANALYSIS USING THE NETWORK FOR GREENING THE FINANCIAL SYSTEM (NGFS) SCENARIOS

The final piece of portfolio analysis conducted was quantitative scenario analysis. The exercise was constrained by corporate data availability and also the need to make numerous assumptions over a long timeframe. We plan to continue our research into quantitative scenario analysis over the next year.

Metrics and targets

We have always believed that no single measure can capture the full story on climate action.

Metrics we continue to track and use to inform portfolio alignment include: GHG emissions over time (absolute and intensity, for Scopes 1–3); portfolio coverage by Science-Based Targets and net-zero 2040 commitments; and Implied Temperature Rise. Our headline metric for NZAM is the proportion of assets represented by companies with SBTs verified, but we also track the percentage of companies that have committed to set a SBT and the share of SBTs that apply the 1.5-degree methodology. We track membership of demand-side initiatives such as RE100. On deforestation, we track data provided by CDP Forests and Forest 500.

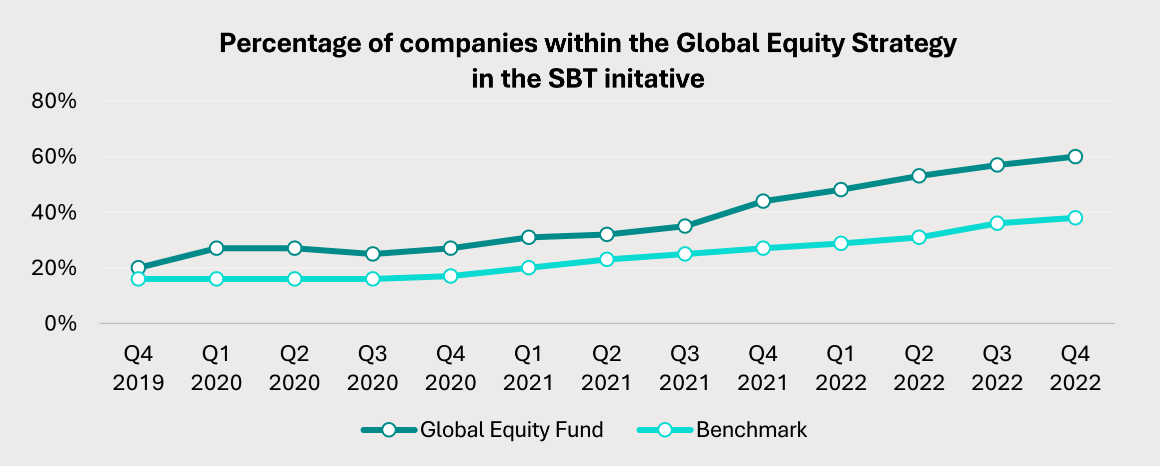
In this year's report we have again added a Financed Emissions metric that has been calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF). This metric is designed to give a representative view of the emissions associated with our investments by considering the size of each investment across the year relative to the company's outstanding equity and debt.

The quality and consistency of carbon data is improving rapidly but is still far behind the quality of financial data. Our metrics use the best data available to us, but a lot of companies and data providers do not disclose emissions consistently. For this reason, our metrics necessarily use the latest available carbon data (in places this means 2021 data rather than 2022), and not all of the companies that we own disclose all of their material Scope 3 emissions yet. This is something that we engage with companies on regularly and we will continue to do so.

PUBLIC MARKETS STRATEGIES

Global Equity

Generation's Global Equity strategy, accounting for USD 24 billion of assets as of 31 December 2022, had 66% participation in the Science Based Target initiative as displayed in the chart below. This figure has increased significantly since we first began to track this systematically in 2019.



Since 2018, we have undertaken regular comparative analysis of our listed equity strategies against their benchmarks on a range of ESG metrics as a check on the outcomes of our investment and stewardship process. This includes select climate-related metrics, which are presented against a benchmark (the MSCI World Index). This year we have switched to reporting the GHG Protocol-defined scopes of emissions and related intensity figures for all portfolios. We believe that this is more useful than the Trucost defined metric shared in previous TCFD reports for the Global and Asia Equity funds. The old metric is available to clients in the fourth quarter 2022 Investor Letter.

	PORTFOLIO		BENCHMARK	
FACTOR	**Q4 2021**	**Q4 2022**	**Q4 2021**	**Q4 2022**
Scope 1 Emissions – tCO_2 equivalent	n/a	18,521,047	n/a	4,345,376,100
Scope 2 Emissions – tCO_2 equivalent	n/a	20,591,906	n/a	850,398,819
Scope 3 Emissions – tCO_2 equivalent	n/a	590,173,791	n/a	37,409,372,571
Scope 1–3 Emissions – tCO_2 equivalent	n/a	629,286,744	n/a	42,605,147,490
Emissions Intensity – tCO_2 equivalent (Scopes 1+2)/$m (revenues)	n/a	25	n/a	141
Emissions Intensity – tCO_2 equivalent (Scopes 1+2+3)/€m (revenues)	n/a	531	n/a	1038
Percentage of companies in SBT initiative (targets set or committed)	44%	66%	27%	38%
Implied Temperature rise S1+2+3 (degrees C) at Q1 2022	2	1.9	2.8	2.5
Financed Emissions – tCO_2 equivalent (Scopes 1+2)	n/a	144,269	n/a	n/a
Carbon Footprint – tCO_2 equivalent (Scopes 1+2) per $m invested	n/a	6.0		

This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. However, Generation does not represent that it is accurate or complete and it should not be relied upon. It should not be deemed representative of future characteristics for the Portfolio. Source: MSCI Data, Generation analysis based on data from the Science Based Targets initiative and MSCI, as of 31 December 2022.

Financed emissions calculated as: $\sum$(outstanding amount / EVIC * Scope 1 + 2 emissions)
Carbon footprint calculated as: $\sum$(outstanding amount / EVIC * Scope 1 + 2 emissions)/current portfolio value in $ million

Asia Equity

As we do for Global Equity, we provide select climate-related metrics alongside ESG and financial metrics for the Asia Equity portfolio as of December 2022 below. The Benchmark represents the MSCI Asia Ex-Japan Index.

	PORTFOLIO		BENCHMARK	
FACTOR	**Q4 2021**	**Q4 2022**	**Q4 2021**	**Q4 2022**
Scope 1 Emissions – tCO_2 equivalent	n/a	7,910,616	n/a	6,333,124,856
Scope 2 Emissions – tCO_2 equivalent	n/a	21,120,269	n/a	925,393,762
Scope 3 Emissions – tCO_2 equivalent	n/a	241,427,872	n/a	19,861,821,809
Scope 1–3 Emissions – tCO_2 equivalent	n/a	270,458,757	n/a	27,120,340,427
Emissions Intensity – tCO_2 equivalent (Scopes 1+2)/$m (revenues)	n/a	60	n/a	291
Emissions Intensity – tCO_2 equivalent (Scopes 1+2+3)/€m (revenues)	n/a	448	n/a	1121
Percentage of companies in SBT initiative (targets set or committed)	18%	26%	4%	21%
Implied Temperature rise S1+2+3 (degrees C) at Q1 2022	n/a	1.9	n/a	3.3
Financed Emissions – tCO_2 equivalent (Scopes 1+2)	n/a	24,206	n/a	n/a
Carbon Footprint – tCO_2 equivalent (Scopes 1+2) per $m invested	n/a	16.1		

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Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)
Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)/current portfolio value in $ million

PRIVATE MARKETS STRATEGIES

Growth Equity

For our Growth Equity strategy, we focus on measuring outcomes (i.e., the effects of outputs on an issue we aim to address), as opposed to outputs themselves (i.e., what a company's activity produces). We measure these outcomes across the three thematic areas of focus for the strategy: Planetary Health, People Health and Financial Inclusion. Further information can be found in the fund impact reports.

The Growth Equity team launched a new fund, Sustainable Solutions Fund IV, in 2022 so we share emissions metrics for Sustainable Solutions Fund III and Sustainable Solutions Fund IV below:

SUSTAINABLE SOLUTIONS FUND III

	PORTFOLIO	
FACTOR	**2021**	**2022**
Scope 1 Emissions – tCO_2 equivalent	2,801	4,807
Scope 2 Emissions – tCO_2 equivalent	11,585	9,676
Scope 3 Emissions – tCO_2 equivalent[1,2]	148,736	619,723
Scope 1–3 Emissions – tCO_2 equivalent	163,122	634,206
Emissions Intensity – tCO_2 equivalent (Scopes 1+2)/$m (revenues)	6.7	6
Emissions Intensity – tCO_2 equivalent (Scopes 1+2+3)/$m (revenues)	76	274
Financed Emissions – tCO_2 equivalent (Scopes 1+2)	476	663
Carbon Footprint	0.38	0.64

As of 31 December 2022. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. Generation does not represent that is accurate or complete and it should not be relied upon. It should not be deemed representative for future characteristics for the Portfolio.
1. Most of our portfolio companies are software-enabled and therefore Scope 3 emissions are driven by spend on technology infrastructure, such as spend on data centre capacity and online advertising. Scope 3 emissions are approximated using sector-specific emissions factors.
2. We have included the downstream Scope 3 emissions of portfolio company Convoy because they represent a material portion of the total Scope 3 emissions for the portfolio. We have incorporated Scope 3 data where available across all funds featured in this TCFD report.
For Portfolio Companies with non-USD reporting currencies, FY revenue is converted to USD using the spot rate of the day of the applicable FYE.
Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)
Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)/current portfolio value in $ million
Source: Emitwise, Generation analysis

SUSTAINABLE SOLUTIONS FUND IV

FACTOR	PORTFOLIO 2022
Scope 1 Emissions – tCO_2 equivalent	3
Scope 2 Emissions – tCO_2 equivalent	2,729
Scope 3 Emissions – tCO_2 equivalent	7,153
Scope 1–3 Emissions – tCO_2 equivalent	9,885
Emissions Intensity – tCO_2 equivalent (Scopes 1+2)/$m (revenues)	63
Emissions Intensity – tCO_2 equivalent (Scopes 1+2+3)/$m (revenues)	229
Financed Emissions – tCO_2 equivalent (Scopes 1+2)	35
Carbon Footprint	0.29

As of 31 December 2022. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. Generation does not represent that is accurate or complete and it should not be relied upon. It should not be deemed representative for future characteristics for the Portfolio.
Scope 3 emissions are approximated using sector-specific emissions factors.
For Portfolio Companies with non-USD reporting currencies, FY revenue is converted to USD using the spot rate of the day of the applicable FYE.
Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)
Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)/current portfolio value in $ million
Source: Emitwise, Generation analysis

Private Equity

In our Private Equity strategy, the Long Term Equity fund holds investments in two portfolio companies, FNZ and Octopus Energy. Please see the 2021–22 absolute carbon emissions and emissions intensity results for these companies below. Both FNZ and Octopus have joined the SBTi, but their targets are not yet validated. The number of categories covered by Octopus's Scope 3 disclosure has increased significantly this year, which accounts for a lot of the change. We envisage these metrics changing materially with additional disclosure for this reason.

LONG TERM EQUITY FUND I[6]

FACTOR	PORTFOLIO 2021	PORTFOLIO 2022
Scope 1 Emissions – tCO_2 equivalent	50	358
Scope 2 Emissions – tCO_2 equivalent[1]	301	538
Scope 3 Emissions – tCO_2 equivalent	737	8,258,304
Scope 1–3 Emissions – tCO_2 equivalent	1,088	8,259,201
Emissions Intensity – tCO_2 equivalent (Scopes 1+2)/£m (revenues)	0.14	0.18
Emissions Intensity – tCO_2 equivalent (Scopes 1+2+3)/£m (revenues)	0.44	1,342
Financed Emissions	172	295
Carbon Footprint	0.014	0.027

As of 31 December 2022. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. Generation does not represent that is accurate or complete and it should not be relied upon. It should not be deemed representative for future characteristics for the Portfolio.

Figures differ considerably between 2021 and 2022. This is largely because Octopus has significantly increased the coverage of its reported Scope 3 emissions.
FNZ restated their 2021 emissions figures, so 2021 numbers have been updated in this report vs last year's TCFD report.

1. FNZ discloses using the location-based method and Octopus uses the market-based method.

Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)
Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)/current portfolio value in $ million

[6] The Private Equity strategy was previously called the Long-term Equity strategy. We renamed the strategy in Q2 2023. The first fund within this strategy retains the original name and is therefore called Long-term Equity Fund I.

The path ahead

Generation's purpose, beliefs, strategy and culture have remained consistent since our founding in 2004. Sustainable investment is all we do, and all we will ever do.

Purpose, beliefs, strategy and culture do, however, require re-examination and reinforcement. At the end of 2022, we started a process of reflection on Generation's next decade, considering how we can best do our part to contribute to a net-zero, prosperous, equitable, healthy and safe society. We will share our thinking with our clients at our Global Client Conference in March 2024 as we celebrate our twentieth anniversary.

We recognise that there is much more work we need to do to see our vision for sustainable investing and sustainable capitalism realised, particularly in the current environment given the ESG backlash that is taking place in the United States and elsewhere. We empathise with some of the concerns: multiple definitions and confusing terminology, the overreliance on checklists, the potentially misleading marketing campaigns, and the frequent lack of rigour and accountability. But these criticisms are by no means evidence that sustainable investing and ESG are failed concepts.

In our view sustainable investing is about investing in businesses that are driving toward a world with low greenhouse-gas emissions that is also prosperous, equitable, healthy and safe. It is consistent with the fiduciary duty that investment professionals owe their clients. Those who do not take sustainability factors into account are not fulfilling that duty. Widespread marketing and greenwashing campaigns have contributed to confusion in the financial marketplace about what ESG is and what it is not. Put simply, ESG analysis is a tool to advance sustainable investing, not an outcome in itself. We see environmental, social and governance factors as critical inputs into decisions about where to invest money. Investors should take ESG factors into account alongside more traditional measures such as expected cash flow.

We believe sustainable investing, by our definition, isn't going away. Its trajectory is best captured by economist Rudi Dornbusch, who observed that "things take longer to happen than you think they will, and then they happen faster than you thought they could." The investment community is adapting for the next chapter of capitalism, in which sustainable investing is mainstream. This is the only way the planet, its people and their investments can thrive. Sustainable investing is capitalism at its best. We plan to reaffirm this view as we reflect on Generation's next decade.

Appendix

SCOPE 3 BREAKDOWN (tCO_2e)	2020	2021	2022
Purchased goods and services	7,768	7,705	8,461
Capital goods	0	0	0
Fuel-and energy-related activities, not included in Scope 1 or Scope 2	18	17	23.66
Upstream transport	33	16	17.26
Waste generated in operations	6	3	0.2
Business travel	66	116	696
Conference travel	0	0	1,122.97
Employee commuting	213	76	88
Upstream leased assets	0	0	0
Downstream transport	0	0	0
Processing of sold products	0	0	0
Use of sold products	0	0	0
End of life of sold products	0	0	0
Downstream leased assets	0	0	0
Franchises	0	0	0
Investments	Not calculated	134,565	169,468

Generation's carbon reporting methodology is aligned to the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) standard. The 'Scope 3 Evaluator' tool developed by the GHG Protocol allows organisations to estimate emissions based on financial expenditure but is not accurate. Given the size of these emissions, the group has engaged with Carbon Intelligence, part of Accenture, to work closely with suppliers to obtain more accurate data. This will help to identify reduction opportunities, increase collaboration with suppliers and make progress towards our net-zero pledge.

Important information

Please note that this communication is for informational purposes only and describes our investment strategies. It is not and does not constitute a solicitation of any financial product in any jurisdiction. It is not intended to be, nor should be construed or used as, an offer to sell, or solicitation of any offer to buy units or interests in any Fund managed by Generation. The information contained herein is not complete, and does not represent all holdings, or material information about an investment in the Global Equity Fund, including important disclosures and risk factors. It is intended for existing investors only. Units in Generation's Global Equity Fund are offered only on the basis of the Fund's prospectus. Specifically, units in the Global Equity Fund are only available for offer and sale in the United States or to US Persons (as that term is defined in Rule 902 of Regulation S promulgated under the Securities Act of 1933, as amended ("Securities Act"), that qualify as both (i) accredited investors and (ii) qualified purchasers (as such terms are respectively defined in Regulation D promulgated under the Securities Act and the Investment Company Act of 1940, as amended). In the European Union, Generation's Global Fund is only available in certain countries to Professional Investors as defined in the Alternative Investment Fund Managers Directive (2011/61/EU). Any reference to individual securities does not constitute a recommendation to purchase, sell or hold the investment. Details of the entire portfolios of the Global Equity strategy are available on request. Further, this communication does not constitute investment research. Opinions expressed are current opinions as of the date of appearing in this material. Any projections, market outlooks or estimates are forward-looking statements and are based upon internal analysis and certain assumptions that reflect the view of Generation, and which may not be indicative of actual events that could occur in the future. No assurances can be given that the Fund's investment objectives will be achieved. Past performance is not a guide to future performance and the value of investments may vary substantially from month to month, and can go down as well as up. Future returns are not guaranteed and a loss of principal investment may occur.

If you require more information, please contact Generation Client Service (clientservice@generationim.com or +44 (0)207 537 4700).

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