



# Baseline Climate Report

CY21 and CY22

Issued by  
Metrics Credit Holdings Group

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## Foreword

We are proud to present the Baseline Climate Report<sup>1</sup> of Metrics Credit Partners Pty Ltd (ABN 27 150 646 996) (Metrics, we and us), and the wider Metrics group<sup>2</sup>.

Metrics is a leading Australian alternative asset manager specialising in private debt, equity, and capital markets.

Metrics has a responsibility to act in the best long-term interests of investors in our funds. We believe that Environmental, Social and Governance (ESG) issues presents both risks and opportunities and can affect the performance of our funds and the long-term, risk-adjusted returns we ultimately deliver to our investors.

As outlined in our Responsible Investment, Environmental, Social and Governance Policy ([ESG Policy](#)), we are committed to incorporating ESG considerations into our investment analysis and decision-making process as well as playing our part to contribute to the achievement of the United Nations Sustainable Development Goals (UN SDGs). Metrics has pledged its commitment to the United Nations Global Compact and supports its Ten Principles on human rights, labour, environment, and anti-corruption and has become a member of the UN Global Compact Network Australia.

As asset managers we believe we can play a part in delivering the goals of the Paris Agreement and transitioning to a low-carbon economy. On this basis, Metrics made the Net Zero Asset Managers (NZAM) Commitment in November 2021 to support the goal of net zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5 degrees Celsius above pre-industrial levels. We have set near-term emissions reduction targets using the target setting criteria of the Science Based Targets initiative (SBTi) as part of our NZAM Commitment. NZAM accepted our initial target disclosure in November 2022, which is available on the NZAM [website](#).

Also, we remain committed to seeking SBTi verification of our near-term targets and aim to set long-term science-based targets to reach net zero as per the SBTi Net-Zero Standard for Financial Institutions, subject to its release.

We have taken an important first step in understanding the impact of Metrics group's operations and financing activities by measuring our emissions footprint. Our emissions profile for the 2021 calendar year serves as our baseline for measuring future performance against our targets. Our approach was guided by leading industry standards, including the Greenhouse Gas Protocol (GHG Protocol) and the reporting requirements and recommendations of the Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF Standard) developed by the Partnership for Carbon Accounting Financials (PCAF). We are proud to have been the first financial institution headquartered in Australia or New Zealand to formally commit to using the PCAF Standard.

This report has been prepared in line with our commitment as a signatory of PCAF and covers two years of data (calendar year 2021 – our baseline year – and calendar year 2022). Using the PCAF Standard, we were able to measure the financed emissions associated with 81% of our assets under management (AUM) as at 31 December 2021 and 82% of our AUM as at 31 December 2022, with the remaining emissions presently unable to be confidently or reliably quantified due to lack of global quantification methodologies. Our carbon footprint was dominated by financed emissions, which contributed more than 99% of our total emissions profile.

Following the introduction of mandatory climate-related financial disclosures in Australia in September 2024<sup>3</sup>, we will seek to align our climate reporting periods to our financial year end, rather than calendar year end. While navigating this changing landscape, our objective with this report is to present our stakeholders with data for 2021 (our baseline year) and 2022 and a brief overview of our approach to managing climate-related risks and opportunities. Our next round of reporting will include calendar year 2023 data and financial year end 2024 data. Thereafter, we shall aim to publish this information annually.

<sup>1</sup> This Baseline Climate Report should be read with the [Basis of Preparation](#) document published in respect of it.

<sup>2</sup> Metrics is a wholly owned subsidiary of Metrics Credit Holdings Pty Ltd (ABN 66 150 647 091) (MCH). MCH will be responsible for the reporting of the Metrics group under the newly introduced Australian Sustainability Accounting Standards, and accordingly oversees the Metrics group's climate-related disclosures.

<sup>3</sup> The *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* received Royal Assent on 17 September 2024.

## Baseline Climate Report

We acknowledge the important role our sector must play in financing the transition to a more sustainable economy and we are dedicated to transparency and continuous improvement in our reporting of our efforts to measure and manage climate risk. We would welcome your comments on this report.



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**Andrew Lockhart**  
Managing Partner



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**Andrew Tremain**  
Managing Partner

# Introduction

## Our Commitment to Tackling Climate Change

Metrics acknowledges the impacts of climate change,<sup>4</sup> and that there is an urgent need to accelerate the transition towards global net zero emissions and for asset managers to play our part to help deliver the goals of the Paris Agreement.

We recognise that a sustainable environment is critical to prosperity on a local, national, and international level. In particular, we recognise the global climate emergency and the impact of human activity on climate change and support the Paris Agreement goals of:

- ▶ Limiting global temperature rise to well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change.
- ▶ Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.<sup>5</sup>

We have taken steps to understand our environmental impacts across our operations and value chain by measuring our emissions footprint, adopted negative screens and embedded a policy describing our fossil fuel investment approach in our [ESG Policy](#). Finally, as previously outlined, Metrics, as a NZAM signatory, has committed to support the goal of net zero greenhouse gas emissions by 2050, in line with efforts to limit global warming to 1.5 degrees Celsius.

## Our Approach to Managing Climate Change

<p><b>Step 1: Formalising Our Position on Climate Change</b></p>	<p>As a first step, Metrics focused on fine-tuning and formalising its approach and ambition around climate change. As part of this process, a dedicated Sustainable Finance team was formed to deliver Metrics' commitments and drive our internal and external initiatives in pursuit of the Paris Agreement goals.</p> <p>As part of our advocacy, we have joined, and actively participate in, leading initiatives and collaborate with key industry bodies and peers taking action on climate change.</p>
<p><b>Step 2: Policy Enhancements</b></p>	<p>We recognise that a key part of realising our ambition and strategy around climate change will be ensuring that our <a href="#">ESG Policy</a> responds appropriately as regulation, climate change and societal expectations evolve.</p> <p>Our <a href="#">ESG Policy</a> publicly articulates our support for the Paris Agreement goals and commitment to, amongst other considerations, ensuring that climate-related matters are embedded in our investment decisions. Our <a href="#">ESG Policy</a> was last updated in July 2024 and incorporates negative screening and a fossil fuel investment policy, consistent with our obligations under the NZAM initiative and guidance for financial institutions published by SBTi.<sup>6</sup></p> <p>We understand that appropriately managing the environmental risks in our financing activities and developing robust systems to measure, monitor, and report on the environmental performance of our investments is critical. For more information on our sustainability priorities, please refer to our <a href="#">ESG Policy</a>.</p>

<sup>4</sup> Intergovernmental Panel on Climate Change, Sixth Assessment Report.

<sup>5</sup> Please see our specific commitments and additional detail under the heading, Target Setting and Future Plans.

<sup>6</sup> The independent Fossil Fuel Investment Policy Metrics adopted in 2022 was retired following its incorporation into Metrics' amended [ESG Policy](#) in 2024. See page 16 of the [ESG Policy](#).

<p><b>Step 3: Emissions Measurement</b></p>	<p>We have measured our emissions across both our operations (Scopes 1, 2 and 3) and most of our financing activities (Scope 3 – Category 15) as per the GHG Protocol in order to be able to effectively monitor our environmental impacts. This report outlines the findings of our analysis.</p> <p>Metrics also commissioned external advisors in 2021 to help us manage the environmental impacts associated with our operations by reducing our energy consumption. Our advisors were tasked with helping us identify energy reduction opportunities for our Australian office locations, on-site renewable energy and storage options and renewable energy purchasing options. Please refer to the Progress Against our Targets section of this report for the actions we have taken to reduce our operational emissions. We are continuing to explore how we will increase annual sourcing of renewable electricity from 0% in 2021 to 100% by 2030.</p>
<p><b>Step 4: Target Setting</b></p>	<p>Our clear understanding of the key sources of our emissions allowed us to set science-based near-term emissions reduction targets.</p> <p>We made our initial target disclosure as an investor signatory to the NZAM initiative in November 2022. We are committed to seeking SBTi verification of our near-term targets and have committed to setting long-term science-based targets to reach net zero as per the SBTi Net-Zero Standard for Financial Institutions. While the Standard has yet to be released (and has been the subject of public consultation), at the date of this report the current version has not changed our prior commitment.</p>
<p><b>Step 5: Developing Our Strategy</b></p>	<p>Having quantified the relationship between our emissions footprint and our exposures to heavy emitting industries, and set near-term targets in line with our ambition, we were then well positioned to develop our strategy to manage climate-related risks and opportunities.</p> <p>In 2023, we developed our strategy around the following core elements to ensure that we continue to deliver on our objectives and commitments:</p> <ul style="list-style-type: none"> <li>▶ Governance &amp; Policy Development</li> <li>▶ Advocacy &amp; Collaborations</li> <li>▶ Emissions Measurement &amp; Disclosures</li> <li>▶ Targets</li> <li>▶ Corporate Engagement &amp; Stewardship</li> <li>▶ Portfolio</li> </ul> <p>Consideration was given to the Investor Climate Action Plans (ICAPs) Expectations Ladder when developing our strategy. An ICAP, often referred to as a climate transition plan, is a set of goals, actions, and accountability mechanisms to align an organisation’s business activities with a pathway to net-zero GHG emissions that delivers real-economy emissions reductions in line with achieving global net zero by 2050 at the latest. The ICAPs Expectations Ladder is intended to help investors act on climate through a single, comprehensive framework which draws on existing initiatives and guidance.</p> <p>When developing its strategy, Metrics considered all focus areas as specified by the Investor Agenda<sup>7</sup>, including Governance, Investment, Corporate Engagement, Policy Advocacy, Investor Disclosures.</p>

<sup>7</sup> The Investor Agenda is comprised of seven major groups working with investors – Asia Investor Group on Climate Change, CDP, Ceres, Investor Group on Climate Change, Institutional Investors Group on Climate Change, Principles for Responsible Investment and UNEP Finance Initiative. Together, these groups form The Investor Agenda – a common leadership agenda on the climate crisis that is unifying, comprehensive, and focused on accelerating investor action for a net-zero emissions economy.

**Step 6:  
Climate-Related  
Disclosures**

We aim to provide stakeholders with transparent disclosures around our climate impacts and progress against our targets.

As part of our NZAM commitment, Metrics has pledged to report annually in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, including information on our climate action plan, and progress towards targets. This Baseline Climate Report aims to follow the proposed reporting structure under TCFD, in particular its recommendations around the four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets. In future periods, we will adjust our reporting to respond to evolving regulation and standards. In particular, we will explore ways to align our reporting with leading standards and recommendations, including the Australian Accounting Standards Board (AASB) Australian sustainability reporting standards, with the aim of being in a position to fully report under AASB when Metrics becomes a reporting entity.

Under NZAM, investors may also report via the Carbon Disclosure Project or Principles for the Responsible Investment (PRI) annual reporting processes. Metrics is a PRI signatory, and we have been reporting against the PRI since joining in 2019. More recently, the PRI has updated its reporting platform to integrate the elements of the NZAM initiative commitment. Metrics has submitted a response under the PRI in 2024 and it is our intention to continue to report against the PRI in future periods.



# Governance

## Responsibility and Oversight

### Boards of Directors

The Metrics Board is responsible for the overall direction and management of Metrics and the formulation of policies to be applied specifically to the operations of the Metrics business and continues to build out processes and mechanisms to consider and manage climate-related issues and associated risks and opportunities.

The Metrics Board is comprised of the four Managing Partners of Metrics and two Directors nominated by Pinnacle Investment Management Group Limited (ASX: PNI) together with an independent non-executive Director who is appointed as the Chair. Metrics' [ESG Policy](#) is reviewed by the Metrics Board on a semi-annual basis.

The Board of the parent of Metrics, Metrics Credit Holdings Pty Ltd (ABN 66 150 647 091) (MCH Board) is responsible for setting the strategy of the wider Metrics group and for overseeing the reporting of the Metrics Group under the Australian Accounting Standards. Importantly, the MCH Board will be responsible for overseeing the reporting of the Metrics Group under the Australian Sustainability Accounting Standards, and accordingly will oversee our climate-related disclosures.

### Investment Committee

Metrics' Investment Committee has been established by the Metrics Board and is responsible for all investment decisions, oversight, monitoring and control of the investment assets held by funds managed by Metrics and the development and review of Metrics' investment policies. The Investment Committee is comprised of each of the Managing Partners.

The Investment Committee is responsible for ensuring that our investment process reflects our [ESG Policy](#) including oversight of climate-related risks and opportunities and our commitments to the PRI, NZAM, and SBTi.

The Investment Committee's specific responsibilities with regard to ESG integration are outlined in our [ESG Policy](#).

### Sustainable Finance team

Our dedicated Sustainable Finance team is responsible for supporting the Managing Partners and the Investment Committee in developing and implementing our [ESG Policy](#).

The Sustainable Finance team meets with the Managing Partners regularly to propose and provide status updates on strategic initiatives and projects, as well as provide or seek guidance on any issues arising, including climate-related risks and opportunities. The Sustainable Finance team is responsible for identifying and managing climate-related initiatives offering opportunities for collaboration and regularly updates the Managing Partners on the activities of each of the organisations and initiatives with which Metrics collaborates.

The Sustainable Finance team informs itself on developments relating to ESG regulation and market practice through subscriptions to information services, participation in working groups of the initiatives and organisations with which Metrics is affiliated and attending conferences, webinars and relevant training.

The Sustainable Finance team is also responsible for building ESG capability within Metrics, disseminating ESG information to, and arranging training sessions for, the broader Metrics team. Finally, the Sustainable Finance team keeps all employees of Metrics updated on key ESG news and initiatives through an internal newsletter.

### Origination and Portfolio Risk Management teams

Given the limited public disclosure of ESG data by many of the entities in which we invest, we do not rely on any single third-party source for ESG analysis. In 2022, we systematised our ESG assessment methodology in the form of our ESG and Sustainability Rating Guidelines and rolled out a series of proprietary industry-specific ESG and Sustainability questionnaires. Our Origination and Portfolio Risk Management teams are trained to identify the key sustainability factors for each relevant sector and to benchmark our investee companies' performance against international peers in respect of material key performance indicators for each industry.



Metrics' internal ESG assessments include qualitative judgments made by Metrics' Origination and Portfolio Risk Management teams, who may rely on information provided by our investee companies and any third-party data, research and analytical tools that they consider relevant to their assessment and benchmarking. Such tools may include S&P CapIQ+, the S&P ESG Risk Atlas, the SASB Materiality Maps, the TPI Database and other references employed by Metrics from time to time.

Investment Directors in Origination are responsible for the accurate assessment, analysis and reporting to the Investment Committee of credit and non-credit investment risks, including ESG risks, of all proposed investments. Metrics includes an ESG risk analysis in our Investment Submissions and assesses each potential investment on key ESG factors during the initial investment process.

Material ESG issues are considered by the Investment Committee in reaching their final investment decision. Consideration of ESG issues is explicitly confirmed as part of the investment decision checklist signed by Investment Committee when investments are approved. Certain ESG issues may be flagged to be reviewed during the ongoing investment monitoring process.

Investment Directors in the Portfolio Risk Management team are responsible for the ongoing monitoring of material ESG-related considerations in Metrics' investment portfolios and for the timely escalation and reporting to the Investment Committee of any elevated risks.

### Compliance and Internal Audit

Our Internal Audit function regularly review Metrics' ESG framework and compliance with our [ESG Policy](#). It has reviewed the soundness of our emissions reporting process, methodology and governance. Further, our Compliance Team will undertake certain assurance activities to ensure compliance with our [ESG Policy](#).

## Our Policies

Metrics' approach to incorporating responsible investment, environmental, social and governance factors into our investment management activities as well as the management of our business is outlined in our [ESG Policy](#).

Metrics believes that certain activities and industry sectors represent outsized risk to us and our investors. We have specifically committed to not investing in the development of new oil and gas fields or entities that operate in the coal or tar sands industries. More information on our approach to negative screening can be found in our [ESG Policy](#).

Metric's [ESG Policy](#) (consistent its obligations under the NZAM initiative and guidance for financial institutions published by SBTi) stipulates that we will:

- ▶ phase out, by 2030, financial support to companies with greater than 5% of revenues from thermal coal mining, exploration and drilling, mining services, processing, trading, transport and logistics, equipment manufacturing, operations and maintenance (O&M) services, engineering, procurement and construction (EPC) services, transmission and distribution of coal-fired electricity, coal to liquids (CtL) and coal to gas (CtG).
- ▶ not provide financial or other support (including project finance) to new or expanded coal-fired power plants.
- ▶ not provide finance to new borrowers who derive more than 5% revenue from the activities listed above and related to building new infrastructure or investing in new or additional thermal coal expansion, mining, production, utilisation (i.e., combustion), retrofitting, or acquiring of coal assets.
- ▶ from 2025, require Paris-aligned transition plans at the time of any extension or refinancing for existing borrowers deriving more than 5% revenue from the activities listed above.

# Corporate Engagement and Stewardship

Metrics is dedicated to taking appropriate steps, in line with our [ESG Policy](#), to achieve our sustainability objectives, and shaping sustainability outcomes through our investing activities and advocacy.

Metrics is a Founding Signatory of Aotearoa New Zealand's first Stewardship Code (the Code). The Code gives investors a clear framework for using their influence to steer the companies they own on critical environmental, social, and corporate governance issues, codifying investor expectations in seeking to achieve long-term value creation – not only for the economy, but also for our environment and society. Also, Metrics adopts the definition of “engagement” set out in the PRI's Reporting Framework glossary which includes interactions conducted with current or potential investee entities to improve practice on an ESG factor, make progress in sustainability outcomes, or improve public disclosure.

As part of our commitment under the Code, Metrics will be publishing a Stewardship Policy as well as a Stewardship Report in 2024. The policy and the report will outline our approach to corporate engagement and stewardship and the actions taken to date at the policy, industry, portfolio and company-level.

This section of our report aims to provide a brief overview of our engagement and stewardship activities in 2021 and 2022.

## Policy and Industry-level Engagement

The goal of policy-level engagement is to create a more enabling environment for responsible and sustainable investment practices and Metrics may engage with governments, policymakers and standard setters and other relevant stakeholders where appropriate to help drive our sustainability objectives.

Metrics understands that as our ESG framework matures, we will need to collaborate with investors and stakeholders to address systemic ESG risks and achieve system-wide outcomes.

To this end, we may seek to collaborate with our peers in the investment industry, independent experts on sustainability, academics and non-government organisations and others supporting responsible investment, to promote responsible and sustainable business practices within the investment industry and across different sectors of the real economy, particularly on initiatives supporting the transition to a more sustainable world.

We seek to be an active participant among a peer group of industry leaders, including by participating in a number of initiatives and associations with a climate or nature focus. We list these initiatives in Appendix A.

## Company-level Engagement

We have developed tailored ESG and Sustainability Questionnaires corresponding to each industry in which our investee entities operate to gather data on the ESG and sustainability performance of those investee companies. The ESG and Sustainability Questionnaires include detailed questions on key performance indicators including emissions and targets. The questionnaires are a voluntary initiative, and whilst our response rate is currently low, we encourage our investees to respond as they provide a valuable insight into their ESG operations and the industries in which they operate.

Our proprietary ESG assessment methodology is designed to allow us to monitor the performance of individual investments and portfolios of investments over time and was first rolled out in late 2022, with most assessment and engagement activities undertaken during 2023. As we continue to analyse our performance against benchmarks in the coming years, we will be able to create portfolios that reflect investor preferences in relation to certain ESG risks.

ESG reviews allow us to monitor our investee entities' ESG performance and assist with identification of any emerging ESG risks. During an ESG review, any assigned entity

ESG and Sustainability Ratings will be formally reviewed applying the same risk assessment methodology as during the initial investment process. An entity's ESG and Sustainability Rating may also be updated if Metrics becomes aware of new or elevated ESG-related risks. Where there is no existing ESG and Sustainability Rating for an investee at the time of its ESG review, we will seek to encourage that investee to complete our questionnaire to facilitate our assignment of a meaningful ESG and Sustainability Rating.

For those investee entities that do complete our ESG and Sustainability Questionnaire, our Investment Directors in Origination and members of the Portfolio Risk Management and Sustainable Finance teams will reach out and engage directly with that entity. This allows us to pursue any questions Metrics might have based on the entity's responses and to better understand their approach to ESG and sustainability as well as the various specific challenges they may be facing.

As a final step, this analysis is presented to the Investment Committee for its review and approval.

# Our Emissions

## Our Approach to Measuring our Emissions

Metrics has developed a corporate GHG inventory measuring our Scope 1 (direct emissions from sources owned or controlled by us), Scope 2 (indirect emissions from purchased electricity, steam, heating and cooling) and material Scope 3 (indirect emissions from our value chain) emissions, and most importantly, our financed emissions (Scope 3 – Category 15) as per the GHG Protocol. Our measurement of emissions had regard to the principles of relevance, completeness, consistency, transparency, and accuracy.

The calendar year 2021 is our baseline year for the purpose of our target setting. It should be noted that the selected reporting period deviates from our financial year (1 July – 30 June) and was a COVID-19 affected period. The decision to select calendar year 2021 as our baseline year was taken in early 2022 and acknowledges the rapid growth of Metrics' business in the period since the end of its 2020-21 financial year and allowed us to begin to measure our carbon baseline ahead of the end of our 2021-22 financial year.

As we continue to develop our strategy and approach to managing climate and broader ESG risks, we will aim to report on our metrics and progress towards targets on an annual basis while transitioning to issuing our climate, and other sustainability-related disclosures, at a fixed point in time corresponding with our financial accounting cycle, in line with the new regulatory requirements in Australia. We will prepare climate reporting for the calendar year 2023 and the financial year ending 30 June 2024, in preparation for aligning our climate reporting with our financial accounting cycle from our 2024-25 financial year.

Below we provide a more detailed breakdown of our emissions profile as well as an overview of our approach to measuring those emissions.

Metrics' measurement of its corporate GHG inventory was guided by:

### Standards:

- ▶ ISO 14064-1: 2019 – *Greenhouse gases Part 1*
- ▶ GHG Protocol – *A Corporate Accounting and Reporting Standard*
- ▶ GHG Protocol – *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*
- ▶ PCAF – *The Global GHG Accounting and Reporting Standard for the Financial Industry (Part A, 1st and 2nd Editions)*

### Guidance:

- ▶ GHG Protocol – *Scope 2 Guidance*
- ▶ GHG Protocol – *Scope 3 Calculation Guidance*
- ▶ New Zealand Ministry for the Environment – *Measuring Emissions: A Guide for Organisations*
- ▶ Australian Department of Industry, Science, Energy and Resources – *Australian National Greenhouse Accounts*

Metrics' total carbon footprint is dominated by financed emissions (Scope 3 – Category 15 (Investments)), which contribute more than 99% to our total emissions footprint. Please refer to Appendix B for a detailed breakdown of our overall emissions profile.

### Our Operational Emissions

Metrics' operational carbon footprint includes direct Scope 1 and indirect Scope 2 emissions as well as applicable categories of indirect Scope 3 emissions.

With regard to Scope 3 emissions, the GHG Protocol – *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, has identified 15 different categories of indirect emissions across an organisation's value chain (upstream and downstream). We undertook an assessment to understand the applicability and materiality of these categories to Metrics.

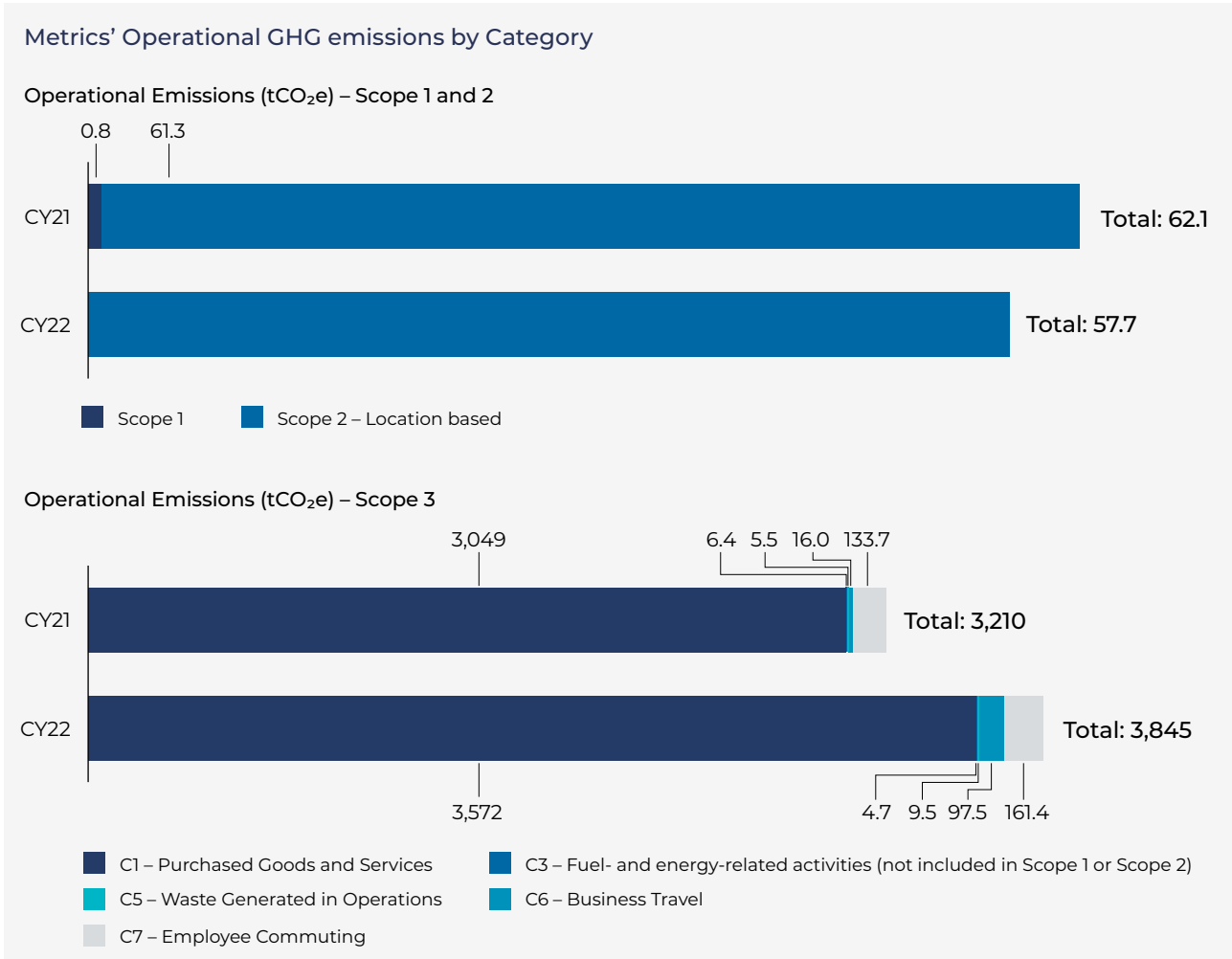
A total of six categories of Scope 3 emissions have been identified as applicable to Metrics. These categories<sup>8</sup> include:

- ▶ Category 1 – Purchased Goods & Services
- ▶ Category 3 – Fuel & Energy Related Activities (not included in Scope 1 or Scope 2)

<sup>8</sup> Please refer to Basis of Preparation for GHG Protocol Scope 3 category definitions.

- ▶ Category 5 – Waste Generated in Operations
- ▶ Category 6 – Business Travel
- ▶ Category 7 – Employee Commuting
- ▶ Category 15 – Investments

We have analysed and disclosed Category 15 of our Scope 3 emissions separately from our operational emissions (referred to in this document as financed emissions). Please refer to the following section of this report for more information on our financed emissions.



In 2021, Metrics' Scope 1 emissions came from natural gas consumption in our Melbourne office while our Scope 2 emissions come from electricity consumption from our four offices in Australia and New Zealand. Gas usage in our offices was eliminated in 2022.

Our predominant source of operational Scope 3 emissions originate from Category 1 – Purchased Goods & Services. For 2022, Category 1 contributed approximately 90% of the total emissions associated with Metrics' operational carbon footprint.

We observed significant year-on-year increases in all but one of our operational Scope 3 emissions categories. This is explained by the fact that

when initially measuring our 2021 baseline figures, certain categories, such as Business Travel and Employee Commuting were affected by the impacts of COVID-19. As such, we believe that our baseline emissions for these two categories were unusually low in 2021. In addition to travel restrictions being lifted in 2022, we also noted significant growth in the business, which resulted in increases in headcount and operating expenses. The reduction in Category 3 – Fuel & Energy Related Activities (not included in Scope 1 or Scope 2), is linked to the decommissioning of gas in our offices in 2022.

Please refer to our Basis of Preparation for more information on how we measured our emissions and assumptions used.

## Baseline Climate Report

### Our Financed Emissions

In line with the GHG Protocol – *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, our financed emissions include Scope 3 emissions associated with our investments that are not already included in our Scope 1 or Scope 2 reporting.

Our approach to measuring our financed emissions was guided by the PCAF Standard.<sup>9</sup>

Detailed methodological guidance is currently offered for seven asset classes under the PCAF Standard:

- ▶ Listed equity and corporate bonds
- ▶ **Business loans and unlisted equity**
- ▶ **Project finance**
- ▶ **Commercial real estate**
- ▶ Mortgages
- ▶ Motor vehicle loans
- ▶ Sovereign debt

Business loans and unlisted equity, project finance and commercial real estate are the three asset classes covered by the PCAF Standard that are relevant to Metrics, together covering 81 and 82% of our portfolio by value as of 31 December 2021 and 31 December 2022 respectively. Loans that are advanced to funds rather than for borrowers' operations (i.e. fund management, wealth management) and loans that are used for construction of commercial real estate were excluded from our measurement as these assets are not covered by the PCAF Standard.

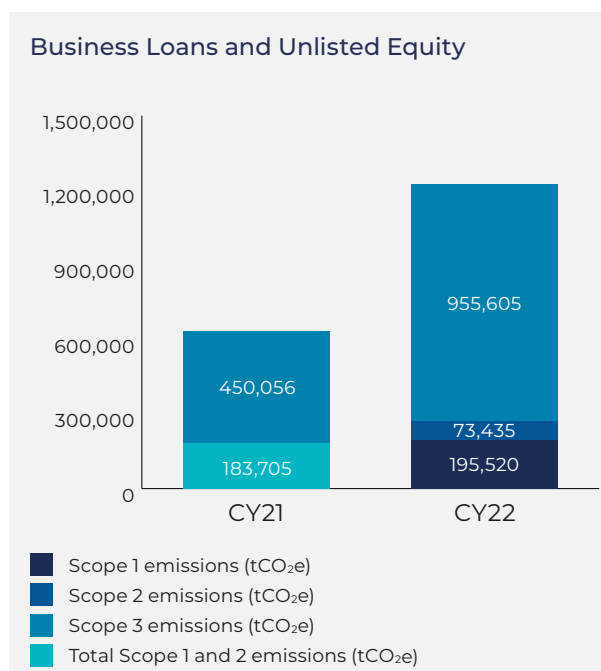
A detailed breakdown of Metrics' financed emissions per asset class can be found in the sections below and in Appendix B. Our financed emissions have been measured in accordance with our Basis of Preparation.

### Business Loans and Unlisted Equity

This asset class comprises business loans and equity investments in private companies, also referred to as unlisted equity. 35% of Metrics' assets, in terms of overall debt and equity exposure in our portfolio, were covered under this asset class in the 2022 calendar year.

- ▶ **Business loans** – include all on-balance sheet loans and lines of credit to businesses, non-profits, and any other structure of organisation that are not traded on a market and are for general corporate purposes, i.e., with unknown use of proceeds as defined by the GHG Protocol.
- ▶ **Unlisted equity** – includes all on-balance sheet equity investments to businesses, non-profits, and any other structure of organisation that are not traded on a market and are for general corporate purposes, i.e., with unknown use of proceeds as defined by the GHG Protocol.

Under the PCAF Standard, financial institutions are required to report investee companies' absolute Scope 1 and Scope 2 emissions across all sectors. Scope 3 emissions should be reported separately for select sectors, as indicated by the PCAF Standard. Since Scope 3 emissions will become a mandatory reporting requirement for a growing number of sectors under the PCAF Standard, Metrics has measured Scope 3 emissions for all of our business loans and unlisted equity.

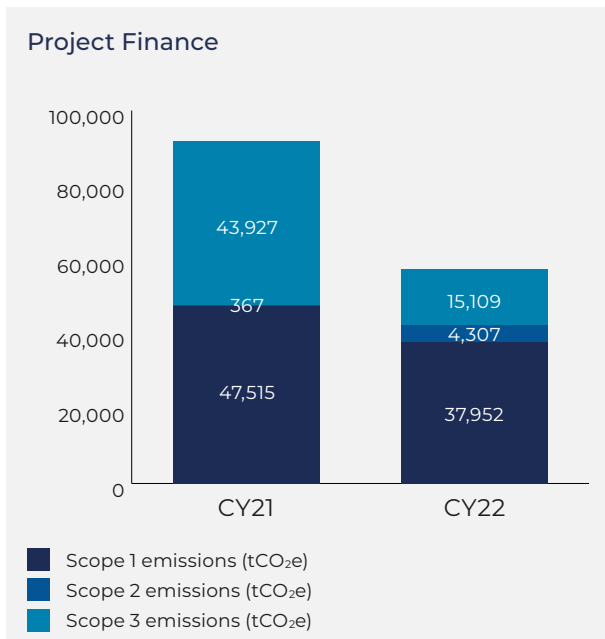


A summary of Metrics' financed emissions from business loans and unlisted equity can be found in Tables 2 and 3 of Appendix B. Please refer to our Basis of Preparation for more information on how we measured our emissions and the assumptions used.

<sup>9</sup> Our approach is informed by the PCAF Standard and not fully aligned. We have not disclosed the threshold that would trigger base year emissions recalculations as part of our base year financed emissions recalculation protocol, as market practice is still developing in this regard.

### Project Finance

This asset class includes all on-balance sheet loans or equities to projects or activities that are designated for specific purposes, i.e., with known use of proceeds as defined by the GHG Protocol. The financing is designated for a defined activity or set of activities, such as motorway construction, waste to energy facility construction, wind or solar projects, or energy efficiency projects. 20% of Metrics' assets, in terms of overall debt and equity exposure in our portfolio, were covered under this asset class in the 2022 calendar year.

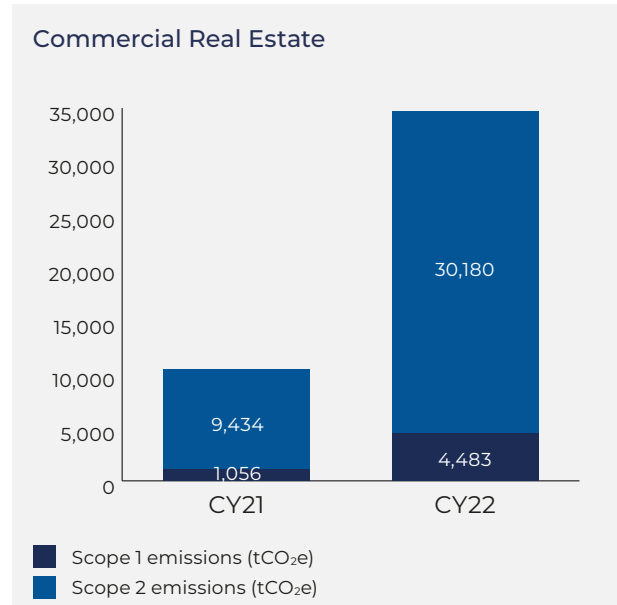


A summary of Metrics' financed emissions from project finance can be found in Tables 2 and 3 of Appendix B. Please refer to our Basis of Preparation for more information on how we measured our emissions and the assumptions used.

### Commercial Real Estate

This asset class includes on-balance sheet loans for specific corporate purposes, namely the purchase and refinance of commercial real estate, and on-balance sheet investments in commercial real estate when the financial institution has no operational control over the property. 27% of Metrics' assets, in terms of overall debt and equity exposure in our portfolio, were covered under this asset class in the 2022 calendar year.

Since the PCAF Standard does not provide a suitable methodology to calculate emissions from construction of commercial real estate, loans for construction of commercial real estate are excluded from our emissions measurement.

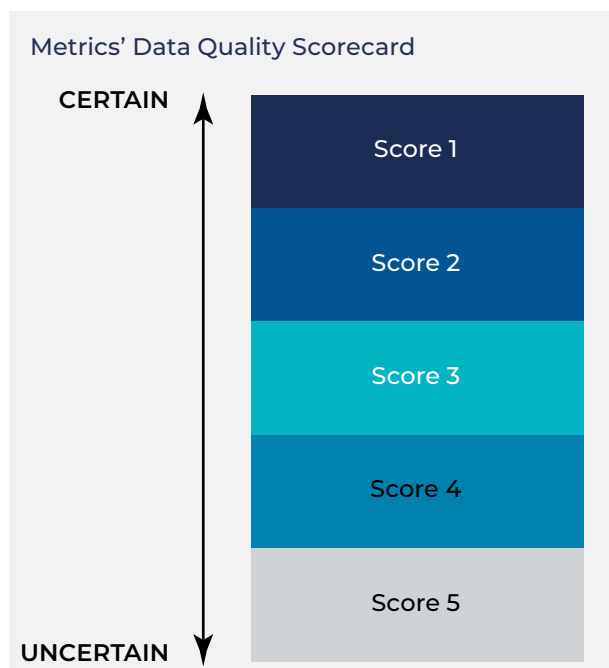


A summary of Metrics' financed emissions from commercial real estate can be found in Tables 2 and 3 of Appendix B. Please refer to our Basis of Preparation for more information on how we measured our emissions and the assumptions used.

### Data quality

High quality data for GHG emissions measurement purposes can be difficult to source when measuring financed emissions. The PCAF Standard sets out a hierarchy for determining the best available data to be used in measuring financed emissions. Metrics followed PCAF's methodology when measuring its financed emissions, leveraging data from our investee companies wherever possible. As the quality of this data can vary depending on assumptions relating to its assuredness, specificity, and other variables, Metrics has adopted a data quality scorecard aligned to PCAF's data quality scorecard for all asset classes in scope.





Data quality scores for each asset class are provided in the tables in Appendix B.

Our portfolio's weighted average data quality score across Scope 1 and 2 emissions improved from 4.1 in 2021 to 3.8 in 2022. The improvement we observed is partially attributed to our ability to retrieve actual emissions data from some of our investee companies following our ESG & Sustainability Questionnaire roll out in 2022.

As momentum toward widespread GHG emissions reporting builds, we expect that data quality will continue to improve. The introduction of the Australian mandatory climate-related disclosure regime will represent a material step toward the introduction of comprehensive sustainability reporting in Australia, in line with international trends and standards.

In the interim, Metrics seeks to engage with investee companies to encourage and support them in measuring and reporting their GHG emissions. We will continue to do so and are currently exploring options to support our investee companies with practical solutions to assist them in their efforts to measure their carbon footprint.

#### Our Emissions Baseline Recalculation Approach

Under the PCAF Standard, financial institutions shall, in line with the GHG Protocol – *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* requirement, establish a baseline recalculation policy to define the circumstances under which a recalculation of base year financed

emissions is necessary “to ensure the consistency, comparability, and relevance of the reported GHG emissions data over time”.

Metrics has considered the GHG Protocol's guidance, which stipulates that companies are required to recalculate base year GHG emissions when the following changes occur and have a significant impact on their GHG inventory:

- ▶ Structural changes in the reporting organisation, such as mergers, acquisitions, divestments, outsourcing, and insourcing;
- ▶ Changes in and/or development of new calculation methodologies and updates in reporting, improvements in data accuracy, or discovery of significant errors;
- ▶ Significant changes in emissions factors data and the approach of measuring those factors by third parties, including those factors provided via the PCAF database, that may skew the comparability of data year on year; and
- ▶ Changes in the categories or activities included in the Scope 3 inventory.

In the instance of a significant change of that nature, we will retroactively recalculate our baseline emissions. We intend to establish the thresholds that will trigger a recalculation of our base year emissions when preparing our GHG inventory in future periods.

Metrics will assess the need to undertake a recalculation annually when updating and finalising its GHG inventory or, in the event of a significant, one-off change in the organisation such as a merger, more frequently. Any updates to our baseline recalculation approach will be disclosed as needed in future reporting periods.

In undertaking any recalculations, Metrics will consider the guidance provided under the GHG Protocol – *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, including the criteria for determining whether to recalculate base year emissions due to changes in outsourcing or insourcing and the criteria for determining whether to recalculate base year emissions for adding or changing the categories or activities included in our Scope 3 inventory. Metrics also understands that any changes to our methodology for calculating Scope 3 emissions that can result in significant differences in emissions estimates, will require us to recalculate base year emissions applying the new data sources and/or methodology.

# Risk Management

## Identifying and Managing Risks

We recognise the increasing risks and opportunities associated with climate change, especially as it relates to our investment activities, and the effects those risks and opportunities may have on our operations as well as our investee companies' operations. We understand that climate change risks can be both physical risks and also transition risks, such as risks stemming from policy and regulation, technological and market changes as well as reputational risks.

Under our ESG and Sustainability Rating Guidelines we establish an ESG profile for a given investee entity, which assesses the exposure of the entity's operations to observable ESG risks and opportunities, as well as how the entity is mitigating these risks and capitalising on these opportunities. We then assess the entity's long-term preparedness, namely its capacity to anticipate and adapt to a variety of long-term plausible disruptions. Our assessment may rely on material provided by the relevant investee directly or in its public disclosures and may be supplemented, on a case-by-case basis, by third party data, research and analytical tools the Origination and Portfolio Risk Management teams consider relevant. Such tools may include S&P Global Ratings' ESG Risk Atlas, the Sustainability Accounting Standards Board's Materiality Map and other references employed by Metrics from time to time.

Guided by market leading international standards such as the TCFD recommendations and the aforementioned tools, Metrics will continue to assess and analyse the potential financial impacts of climate change and other material sustainability issues on its financing activities and operations.

On a group level, an extensive materiality assessment (involving both internal and external stakeholders) which commenced in 2022 was completed in 2023, ranking our material ESG issues. The outcomes of this materiality assessment are currently guiding our efforts to enhance our ESG integration efforts and develop a broader sustainability strategy for the business.

The assessment uncovered the following material issues for Metrics:

- ▶ **Governance:** Ensuring there is a robust system of rules, practices, and processes by which companies are directed, controlled, or governed.
- ▶ **Reputation:** Monitoring and influencing the public opinion of the Metrics brand – strengthen reputation and minimise threats from ESG-related activities.
- ▶ **Culture and values:** The importance of a long-term sustainability mindset in our culture and values across the entire company.
- ▶ **Communication and relationship management:** Communication is genuine, transparent, and timely. Positive, enduring relationships are maintained with stakeholders.
- ▶ **ESG strategy implementation:** Operationalise our ESG strategy by implementing accountable, transparent, and credible systems.

# Target Setting and Future Plans

## Our Current Targets

As previously highlighted, Metrics is an investor signatory to the NZAM initiative and in November 2022 we made our initial target [disclosures](#) as required by that initiative. Metrics' initial targets were set by applying the temperature rating methodology under the SBTi framework for financial institutions. The underlying science for setting our targets follows the *Financial Sector Science-Based Targets Guidance v1.1* provided by SBTi<sup>10</sup>, which is aligned to meet the goals of the Paris Agreement to limit global warming to well-below 2 degrees Celsius above preindustrial levels and pursue efforts to limit warming to 1.5 degrees Celsius.

We have committed to:

- ▶ Manage 97.5% of our AUM as at 31 December 2021 in line with a near-term science-based net zero target.
- ▶ Align our Scope 1 and 2 Portfolio Temperature Rating<sup>11</sup> within the asset classes Corporate loan, Private equity and Project finance from 3.2 degrees Celsius in 2021 to 2.3 degrees Celsius by 2027.
- ▶ Align our Scope 1, 2 and 3 Portfolio Temperature Rating within the asset classes Corporate loan, Private equity and Project finance from 3.2 degrees Celsius in 2021 to 2.5 degrees Celsius by 2027.
- ▶ Reduce our absolute Scope 1 and 2 (market-based) GHG emissions 50% by 2030 from a 2021 base year.
- ▶ Increase annual sourcing of renewable electricity from 0% in 2021 to 100% by 2030.

Our Basis of Preparation sets out certain relevant assumptions and uncertainties that would affect our ability to accurately measure our progress against these targets.

## Progress Against Our Targets

We have begun to consider pathways for achieving net zero for our operations and financing activities. Whilst we have taken steps to reduce our operational carbon emissions, including switching to carbon neutral electricity<sup>12</sup> and decommissioning gas from our Australian offices, upgrading lighting in our Sydney office to more energy-efficient LED panels and encouraging employees to commute using active or public transport, we acknowledge that, as a fund manager, the main channel through which we can influence the real world is by the entities in which we invest. We accept our responsibility as a fund manager to accelerate and mainstream sustainability across the real economy. We are therefore committed to incorporating climate considerations into our investment analysis and decision-making process and we continue to work within the business towards achieving our operational emissions reduction targets.

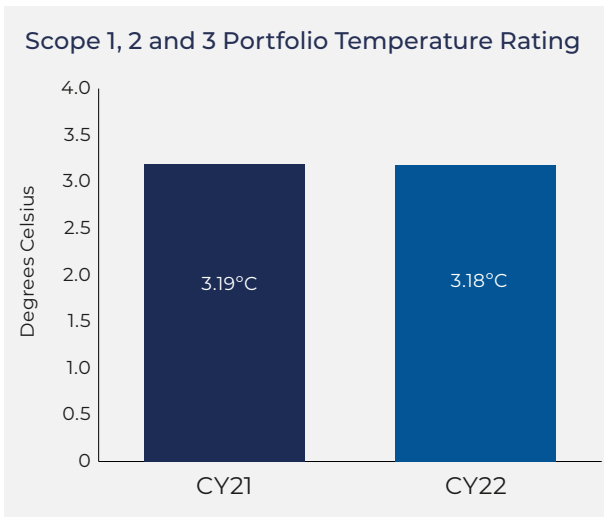
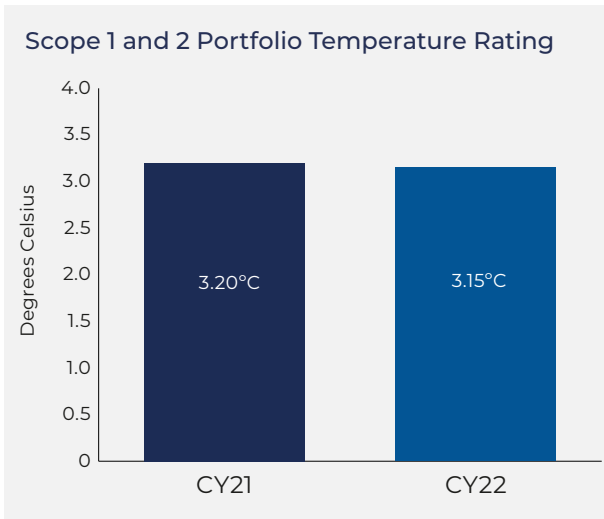
Our Scope 1 and 2 Portfolio Temperature Rating improved to 3.15 in 2022 from 3.20 in 2021, mostly as a result of more investee companies adopting net zero targets. We recognise that in order for this target to continue to improve and at a more rapid pace, our investees would need to: a) measure their emissions and b) set ambitious, reliable, science-based reduction targets to achieve net zero.

A common challenge within our portfolio is our lending to private companies, which are more likely to lack the dedicated resources and specialist skills to measure their emissions and set appropriate targets to reduce their impact. This is a challenge Metrics seeks to address through stewardship and engagement activities undertaken subsequent to an investee completing an ESG & Sustainability Questionnaire.

10 It should be noted that SBTi is a target setting standard, while our emissions measurement has been based predominantly on the leading standards for that purpose, being the GHG Protocol and the PCAF Standard. Readers should refer to our Basis of Preparation for a more detailed and technical analysis of the process followed to measure our emissions and set SBTi targets under our NZAM commitment.

11 Please refer to our Basis of Preparation for more information on how we calculate our Portfolio Temperature Rating.

12 The retailer of electricity for our Australian offices, EnergyAustralia Pty Ltd (ABN 99 086 014 968), offers product level Climate Active certified electricity for customers that have explicitly opted in. This means that they purchase eligible, quality carbon credits to offset the emissions associated with the production of the energy used by customers opting in. Further information on the certification is available on the Climate Active website (<https://www.climateactive.org.au/buy-climate-active/certified-members/energy-australia>).



## Refinement

As we continue to develop our climate and broader sustainability strategy, and reporting best practice evolves, we will continue to refine our targets, policies and disclosures. In accordance with SBTi's guidance, to ensure consistency with the most recent climate science and best practices, we will review, and, if necessary, recalculate and revalidate, our targets at least once every five years.

## Science Based Targets Initiative

In November 2021, we committed to setting near-term and net zero targets verified by SBTi. We continue to work toward verification by SBTi and have been granted an extension until 6 months after SBTi's publication of the *Financial Institutions Net-Zero (FINZ) Standard v1*. SBTi released initial guidance for long-term targets titled *Foundations for Science-Based Net-Zero Target Setting in the Financial Sector – April 2022* and is currently developing the Net Zero Standard for Financial Institutions which will define SBTi's requirements for long-term targets for financial institutions.

## Appendix A: Third Party Commitments and Collaborations

<p><b>Net Zero Asset Managers Initiative</b></p>	<p>Metrics is an investor signatory to the NZAM initiative.</p> <p>The NZAM initiative is an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.</p> <p>As a signatory, Metrics has committed to:</p> <ul style="list-style-type: none"> <li>▶ Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all AUM.</li> <li>▶ Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.</li> <li>▶ Review interim targets at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.</li> <li>▶ Implement a stewardship and engagement strategy that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner.</li> <li>▶ Ensure any relevant direct and indirect policy advocacy we undertake is supportive of achieving global net zero emissions by 2050 or sooner.</li> <li>▶ Publish TCFD disclosures, including a climate action plan annually.</li> </ul>
<p><b>Glasgow Financial Alliance for Net Zero</b></p>	<p>Metrics is a member of the Glasgow Financial Alliance for Net Zero (GFANZ) by virtue of its NZAM commitment.</p> <p>The GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy. Members are focused on broadening, deepening and raising net-zero ambitions across the financial system and demonstrating firms' collective commitments to supporting companies and countries to achieve the goals of the Paris Agreement. All members have independently committed to the goal of net zero by 2050, in addition to setting interim targets for 2030 or earlier and reporting transparently on progress along the way. Members also support collaboration on steps firms need to take to align with a net-zero future.</p>
<p><b>Race to Zero</b></p>	<p>Metrics is a member of the Race to Zero campaign by virtue of the NZAM initiative being a Partner Initiative of the campaign.</p> <p>Race to Zero is the UN-backed global campaign rallying non-state actors – including companies, cities, regions, financial and educational institutions – to take rigorous and immediate action to halve global emissions by 2030 and deliver a healthier, fairer, net zero world.</p> <p>Members are committed to the same overarching goal: reducing emissions across all scopes swiftly and fairly in line with the Paris Agreement, with transparent action plans and robust near-term targets.<sup>13</sup></p>

<sup>13</sup> While NZAM is a Partner Initiative of the Race to Zero campaign, we note that the NZAM initiative criteria, in line with which Metrics has set the targets described in the section headed Our Current Targets above, do not require NZAM signatories to halve their emissions by 2030. The minimum criteria required for participation in the Race to Zero campaign include a pledge to “set an interim target to achieve in the next decade, which reflects maximum effort toward or beyond a fair share of the 50% global reduction in CO<sub>2</sub> by 2030”.

<b>Science Based Targets Initiative</b>	<p>Metrics committed to working with SBTi to set science-based emissions reductions targets for our operations and our portfolio in November 2021, becoming the fifth financial institution headquartered in Australia to do so.</p> <p>The SBTi is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis. It develops standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.</p>
<b>Partnership for Carbon Accounting Financials</b>	<p>Metrics was the first financial institution headquartered in Australia or New Zealand to formally commit to reporting under the PCAF Standard.</p> <p>PCAF is an industry-led partnership to facilitate transparency and accountability of the financial industry. PCAF participants work together to jointly develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions associated with their loans and investments. PCAF has developed an open-source global GHG accounting standard for financial institutions, The Global GHG Accounting and Reporting Standard for the Financial Industry.</p>
<b>Principles for Responsible Investment</b>	<p>Metrics is a signatory of the UN-supported PRI.</p> <p>The PRI is a global network of asset managers, owners and services providers working collaboratively to implement responsible investment into practice. The PRI's six key Principles for Responsible Investment are:</p> <ol style="list-style-type: none"> <li>1. We will incorporate ESG issues into investment analysis and decision-making processes.</li> <li>2. We will be active owners and incorporate ESG issues into our ownership policies and practices.</li> <li>3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.</li> <li>4. We will promote acceptance and implementation of the principles within the investment industry.</li> <li>5. We will work together to enhance our effectiveness in implementing the principles.</li> <li>6. We will each report on our activities and progress towards implementing the principles.</li> </ol> <p>Metrics was invited by the PRI to join its Global Policy Reference Group (GPRG) in July 2022 and has been actively involved in the activities of the GPRG relating to Australia.</p>
<b>Climate Bonds Initiative</b>	<p>Metrics supports the Climate Bonds Initiative (CBI) as a Climate Bonds Partner.</p> <p>CBI is an international not-for-profit organisation working to mobilise global capital for climate action. Climate Bonds aims to educate, inspire, convene, and steer a global collaboration of institutional investors, governments, development banks and industry to shift capital toward low-carbon and resilient investments.</p> <p>Metrics was invited in 2022 to join the Industry Working Group established by CBI to review a round of proposed updates to the Building Criteria under the Climate Bonds Standard.</p>

<p><b>Australian Sustainable Finance Institute</b></p>	<p>Metrics is a founding Member of the Australian Sustainable Finance Institute (ASFI) which was established to realign the Australian financial services system so that more money flows to activities that will create a sustainable, resilient and inclusive Australia. ASFI does this by coordinating, facilitating and driving implementation of the Australian Sustainable Finance Roadmap.</p> <p>Metrics was represented on the expert group of financial market stakeholders providing technical input into the first stage of the Australian Sustainable Finance Institute's Taxonomy Project, working closely with government and regulators in an effort to develop an Australian sustainable finance taxonomy, a critical piece of the sustainable finance architecture to guide investment in Australia.</p> <p>Metrics also participates in ASFI's working group on Transformational Leadership for Sustainability, which provides ASFI members the opportunity to share lessons and experience, and work through common challenges that financial institutions are facing implementing their sustainability commitments.</p>
<p><b>Investor Group on Climate Change</b></p>	<p>Metrics is a member of the Investor Group on Climate Change (IGCC).</p> <p>IGCC is a network for Australian and New Zealand investors to understand and respond to the risks and opportunities of climate change.</p> <p>It aims to deliver real and accelerated progress on climate change by connecting, collaborating, and advocating on behalf of investors to responsibly manage climate risks and opportunities, and drive sustainable returns for investors and the beneficiaries they represent.</p>
<p><b>Responsible Investment Association Australasia</b></p>	<p>Metrics is a member of the Responsible Investment Association Australasia (RIAA).</p> <p>RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand.</p> <p>RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.</p>
<p><b>Asia-Pacific Loan Market Association</b></p>	<p>Metrics is a member of the Green &amp; Sustainable Loan Committee of the Asia Pacific Loan Market Association (APLMA).</p> <p>The APLMA is a professional not-for-profit trade association which represents the interests of institutions active in the syndicated loan markets in the Asia Pacific region.</p> <p>The APLMA Green &amp; Sustainable Loan Committee aims to increase loan market efficiency in bringing capital to support the just transition to a sustainable financial and economic system and produce robust and ambitious green and sustainable loan standards, principles and guidelines.</p> <p>Metrics contributed to a series of round table discussions that culminated in the development of a note summarising best practice in connection with issues particularly affecting Sustainability Linked Loans, referred to alongside the APLMA's published Principles and guidelines. Metrics also co-developed a Sustainability Linked Loan Term Sheet to provide more options for the inclusion of sustainability features in syndicated financings and a Borrower ESG Diligence Questionnaire to help loan market participants evaluate ESG criteria as part of an overall due diligence exercise.</p> <p>Metrics was invited to join the combined LMA/APLMA/LSTA Sustainability Taskforce, which undertook an update of the Green, Social and Sustainability Linked Loan Principles.</p>



<p><b>Transition Pathway Initiative</b></p>	<p>Metrics is a Supporter of the Transition Pathway Initiative (TPI).</p> <p>TPI is a global initiative led by asset owners and supported by asset managers. Its mission is to assess the progress of large corporations on the transition to a low-carbon economy, supporting efforts by investors to address climate change.</p> <p>As a responsible investor, Metrics is proud to be a TPI Supporter. We value the independent insights offered by the TPI across the hardest to abate sectors and support the continued growth of the TPI universe to drive the low-carbon transition.</p>
<p><b>Sustainability Advantage</b></p>	<p>Metrics is a Member of Sustainability Advantage, a program of the NSW Government's Office of Energy and Climate Change.</p> <p>Sustainability Advantage is an initiative aimed at helping organisations to accelerate the adoption of sustainable practices and nurturing leaders committed to securing a sustainable NSW.</p> <p>Sustainability Advantage assists organisations to become sustainability leaders by:</p> <ul style="list-style-type: none"> <li>▶ supporting organisations to embed sustainability into everyday practices.</li> <li>▶ helping organisations to be more efficient and save money by reducing resource and energy use, water use and waste.</li> <li>▶ encouraging organisations to set ambitious targets to reduce carbon emissions.</li> <li>▶ cultivating networks and collaborations to solve sustainability challenges and achieve a low carbon and circular economy.</li> </ul>
<p><b>Pinnacle</b></p>	<p>We have adopted the Pinnacle Group ESG Charter developed by Pinnacle Investment Management Group Limited and its affiliated investment managers. The Charter reflects our shared commitment to ensure that sustainability principles and practices are integrated into the way we conduct business.</p> <p>Under the Charter, we have agreed to annually review our approach to managing important issues such as ESG governance, climate change, modern slavery, employee wellbeing, diversity &amp; inclusion, privacy protection and information security in a collaborative manner.</p> <p>The Charter underpins the activities of the Pinnacle Group's ESG Working Group, a collaboration between Pinnacle and its affiliates, with the objective to enhance consideration of ESG principles across the Pinnacle Group, as well as improve disclosure transparency and drive positive change in our industry. Metrics is an active member of the ESG Working Group, leading by example during 2022 with its initiatives in relation to emissions measurement and target setting and reconciliation.</p>

## Appendix B: Our Emissions Data

Table 1: Metrics' operational carbon footprint in tonnes of CO<sub>2</sub>e

EMISSIONS CATEGORY	CY2021 (TOTAL TONNES CO <sub>2</sub> e)	CY2022 (TOTAL TONNES CO <sub>2</sub> e)
<b>Scope 1 – total</b>	<b>0.8</b>	<b>0.0</b>
Natural gas	0.8	0.0
<b>Scope 2 – total (location-based)</b>	<b>61</b>	<b>58</b>
Electricity consumption (location-based) <sup>14</sup>	61	58
<b>Scope 3 – total</b>	<b>3,210</b>	<b>3,845</b>
C1 Purchased Goods and Services	3,049	3,572
C3 Fuel- and Energy- related Activities	6	5
C5 Waste Generated in Operations	5	9
C6 Business Travel	16	98
C7 Employee Commuting	134	161
C15 Investments	Disclosed separately	
<b>Total</b>	<b>3,272</b>	<b>3,903</b>

Table 2: CY22 Metrics' financed emissions (Scope 3 – Category 15 (Investments))

PCAF ASSET CLASS	% OF TOTAL METRICS' DEBT AND EQUITY	SCOPE 1 & 2 EMISSIONS (tCO <sub>2</sub> e)	SCOPE 3 EMISSIONS (tCO <sub>2</sub> e)	TOTAL SCOPE 1, 2 & 3 EMISSIONS (tCO <sub>2</sub> e)	EMISSIONS INTENSITY (tCO <sub>2</sub> e/A\$M) – SCOPE 1, 2 & 3	WEIGHTED AVERAGE DATA QUALITY SCORE – SCOPE 1 & 2*	WEIGHTED AVERAGE DATA QUALITY SCORE – SCOPE 3*	
REPORTED EMISSIONS (OPTIONAL + REQUIRED)	Business Loans and Unlisted Equity	35%	268,955	955,605	1,224,560	308	3.6	3.8
	Project Finance	20%	42,259	15,109	57,367	25	3.9	4.1
	Commercial Real Estate	27%	34,663	N/A	34,663	12	4.0	N/A
	<b>All Asset Classes</b>	<b>82%</b>	<b>345,877</b>	<b>970,713</b>	<b>1,316,59</b>	<b>142</b>	<b>3.8</b>	<b>N/A</b>

\* 1=high, 5=low

14 Our Scope 2 market-based emissions were measured at 68 tonnes of CO<sub>2</sub>e in 2021 and 66 tonnes in 2022.

Table 3: CY21 Metrics' financed emissions (Scope 3 – Category 15 (Investments))

REPORTED EMISSIONS (OPTIONAL + REQUIRED)	PCAF ASSET CLASS	% OF TOTAL METRICS' DEBT AND EQUITY	SCOPE 1 & 2 EMISSIONS (tCO <sub>2</sub> e)	SCOPE 3 EMISSIONS (tCO <sub>2</sub> e)	TOTAL SCOPE 1, 2 & 3 EMISSIONS (tCO <sub>2</sub> e)	EMISSIONS INTENSITY (tCO <sub>2</sub> e/A\$M) – SCOPE 1, 2 & 3	WEIGHTED AVERAGE DATA QUALITY SCORE – SCOPE 1 & 2*	WEIGHTED AVERAGE DATA QUALITY SCORE – SCOPE 3*
	Business Loans and Unlisted Equity	38%	183,705	450,056	633,761	220	3.6	3.9
	Project Finance	27%	47,882	43,927	91,809	44	5.0	5.0
	Commercial Real Estate	16%	10,490	N/A	10,490	9	4.0	N/A
	<b>All Asset Classes</b>	<b>81%</b>	<b>242,077</b>	<b>493,983</b>	<b>736,060</b>	<b>119</b>	<b>4.1</b>	<b>N/A</b>

\* 1=high, 5=low

Table 4: CY22 Fund level data

FUND	SCOPE 1 & 2 EMISSIONS (tCO <sub>2</sub> e)	SCOPE 3 EMISSIONS (tCO <sub>2</sub> e)	EMISSIONS INTENSITY SCOPE 1 & 2 EMISSIONS (tCO <sub>2</sub> e/A\$M)	EMISSIONS INTENSITY SCOPE 1, 2 & 3 EMISSIONS (tCO <sub>2</sub> e/A\$M)
Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF)	212,759	629,731	61	241
Q Diversified Credit Trust (QDCT)	16,694	87,258	43	270
MCP Secured Private Debt Fund (SPDF)	14,899	30,405	70	213
MCP Secured Private Debt Fund II (SPDF II)	41,256	109,152	33	119
MCP Real Estate Debt Fund (REDF)	7,760	–	10	10
Metrics Credit Trust (CT)	16,532	14,327	40	75
MCP Wholesale Investments Trust (WIT)	117,247	334,017	49	190
Metrics Wholesale Income Opportunities Trust (WIOT)	5,511	6,040	23	49
Metrics Diversified (Australia and New Zealand) Lending Fund (MDLF)	3,717	11,001	61	241
Metrics Multi-Strategy Private Debt (NZ) Fund (NZ PIE)	1,408	4,012	49	190
Metrics Master Income Trust (ASX: MXT)	62,864	179,090	49	190
Metrics Income Opportunities Trust (ASX: MOT)	5,488	6,040	24	50

## Baseline Climate Report

Table 5: CY21 Fund level data

FUND	SCOPE 1 & 2 EMISSIONS (tCO <sub>2</sub> e)	SCOPE 3 EMISSIONS (tCO <sub>2</sub> e)	EMISSIONS INTENSITY SCOPE 1 & 2 EMISSIONS (tCO <sub>2</sub> e/A\$M)	EMISSIONS INTENSITY SCOPE 1, 2 & 3 EMISSIONS (tCO <sub>2</sub> e/A\$M)
Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF)	151,113	317,604	70	216
Q Diversified Credit Trust (QDCT)	16,321	51,199	43	179
MCP Secured Private Debt Fund (SPDF)	17,515	38,153	96	304
MCP Secured Private Debt Fund II (SPDF II)	26,266	78,850	35	140
MCP Real Estate Debt Fund (REDF)	997	–	6	6
MCP Credit Trust (CT)	10,649	11,239	90	186
MCP Wholesale Investments Trust (WIT)	78,089	175,184	57	184
Metrics Wholesale Income Opportunities Trust (WIOT)	4,947	9,572	29	85
Metrics Diversified (Australia and New Zealand) Lending Fund (MDLF)	251	527	70	216
Metrics Multi-Strategy Private Debt (NZ) Fund (NZ PIE)	419	940	57	184
Metrics Master Income Trust (ASX: MXT)	41,609	93,346	57	184
Metrics Income Opportunities Trust (ASX: MOT)	4,947	9,572	29	85

# Glossary

TERM	DEFINITION
<b>A\$M</b>	Million Australian dollars
<b>APLMA</b>	Asia Pacific Loan Market Association
<b>ASFI</b>	Australian Sustainable Finance Institute
<b>ASX</b>	Australian Stock Exchange
<b>AUM</b>	Assets under management
<b>CBI</b>	Climate Bonds Initiative
<b>CDP</b>	Carbon Disclosure Project
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent
<b>CRE</b>	Commercial Real Estate
<b>CtG</b>	Coal to Gas
<b>Ctlg</b>	Coal to Liquids
<b>ESG</b>	Environmental, social and governance
<b>ESG Policy</b>	Metrics' Responsible Investment, Environmental, Social and Governance Policy
<b>Financed Emissions</b>	Scope 3 – Category 15 (Investments) emissions under the GHG Protocol
<b>GFANZ</b>	Glasgow Financial Alliance for Net Zero
<b>GHG</b>	Greenhouse gas
<b>GHG Protocol</b>	Greenhouse Gas Protocol
<b>GPRG</b>	Global Policy Reference Group
<b>IGCC</b>	Investor Group on Climate Change
<b>LMA</b>	Loan Market Association
<b>LSTA</b>	Loan Syndications and Trading Association
<b>NSW</b>	New South Wales
<b>NZAM</b>	Net Zero Asset Managers initiative
<b>O&amp;M</b>	Operations and maintenance
<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>PCAF Standard</b>	Global GHG Accounting and Reporting Standard for the Financial Industry
<b>PRI</b>	Principles for Responsible Investment
<b>RIAA</b>	Responsible Investment Association Australasia
<b>S&amp;P</b>	Standard & Poor's
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SBTi</b>	Science Based Targets initiative
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TPI</b>	Transition Pathway Initiative
<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>UNEP Finance Initiative</b>	United Nations Environment Programme Finance Initiative



## For further information

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