



METRICS

Climate Report

2023-24

ISSUED BY METRICS CREDIT HOLDINGS GROUP

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Foreword

Welcome to the 2023-2024 Climate Report of Metrics Credit Partners Pty Ltd (ABN 27 150 646 996) (Metrics, we and us), and the wider Metrics group².

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. In 2022, we set near-term emissions reduction targets using the target setting criteria of the Science Based Targets initiative (SBTi).

We remain committed to seeking SBTi validation of our targets and are aiming to do so following the publication of the SBTi Financial Institutions Net-Zero Standard, which will require both near- and long-term targets that are consistent with achieving net-zero across financial institutions' portfolios by 2050. As part of that exercise, we intend to revise our near-term targets to reflect SBTi's recent update of its near-term target criteria,³ subject to the terms of the standard.

We have been measuring the emissions of our operations and financing activities since 2021, which serves as our baseline for measuring future performance against our targets. This report aims to provide stakeholders with our updated emissions footprint for 2023 and 2024.

As in previous years, 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. Using the PCAF Standard, we were able to measure the financed emissions associated with 77% of our assets under management (AUM) as at 30 June 2024, with the remaining portfolio being unable to be confidently or reliably measured 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.

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

² 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 Australian Sustainability Accounting Standards, and accordingly oversees the Metrics group's climate-related disclosures.

³ The SBTi Financial Institutions' Near-term Criteria v2.0 can be found at <https://sciencebasedtargets.org/resources/files/Financial-Institutions-Near-Term-Criteria.pdf>

Metrics also understands the importance of nature in the context of business, recognising that more than half the world's economic output is moderately or highly dependent on at least one ecosystem service. We understand the urgency for action to reduce the negative impact of business activities on nature including the important role financial institutions must play to execute this change.

To address this challenge, Metrics has commenced a preliminary assessment of our interface with nature to understand the nature-related risks, opportunities, impacts or dependencies (collectively referred to as nature-related issues) that may exist in our direct operations and value chain. To aid this assessment, we have been guided by the Locate, Evaluate, Assess, Prepare (LEAP) Assessment framework developed by the Taskforce on Nature-related Financial Disclosures (TNFD).

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.



Andrew Lockhart

Group CEO and Managing Partner



Justin Hynes

Managing Partner



Graham McNamara

Managing Partner



Andrew Tremain

Managing Partner



Introduction

Our Commitment to Tackling Climate Change

Metrics acknowledges the impacts of climate change,⁴ 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.⁵

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.

Focus on Nature

Metrics is an inaugural Early Adopter of the TNFD and member of the TNFD Forum.

The TNFD is a global, market-led initiative with the mission to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

Metrics defines nature in line with the TNFD as the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. The TNFD defines biodiversity as the variability among living organisms from all sources including diversity within species, between species and of ecosystems. The TNFD defines natural capital as the stock of renewable and non-renewable resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.

We understand that biodiversity underpins the functioning of ecosystems and nature's contributions to quality of life by providing basic life support for humanity, as well as material goods and services. Accordingly, nature-related risks, including those associated with biodiversity loss, pose not only financial risks to individual organisations but could have significant macroeconomic implications. Failure to account for, mitigate, and adapt to these implications can also create nature-related systemic risk due to impacts and dependencies across the economy.

⁴ Intergovernmental Panel on Climate Change, Sixth Assessment Report.

⁵ Please see our specific commitments and additional detail under the heading Target Setting and Future Plans.

We understand that climate change is one of five drivers of nature change⁶ and is inextricably linked in cause and effect to the other four drivers. We understand we need to take an integrated approach to identifying, assessing and responding to climate and nature-related issues.

We have commenced our first steps to plan our response to growing concerns over nature

by identifying and assessing nature-related issues that may be material to our operations and the business activities of our investments. The section under the heading Our Progress on Nature expands more on our efforts towards understanding and managing nature-related issues.

Our Approach to Managing Climate Change

Step 1: Formalising our Position on Climate Change	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. 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.
Step 2: Policy Enhancements	We recognise that a key part of realising our ambition and strategy around climate change will be ensuring that our ESG Policy responds appropriately as regulation, climate change and societal expectations evolve. Our ESG Policy 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 ESG Policy was last updated in July 2024 and incorporates negative screening and a fossil fuel investment policy, consistent with our NZAM commitment and the <i>Financial Sector Science-Based Targets Guidance v1.1</i> published by SBTi.⁷ 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 ESG Policy.
Step 3: Emissions Measurement	Since 2021, 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. Please refer to the Progress Against our Targets section of this report for the actions we have taken to reduce our operational emissions.
Step 4: Target Setting	Our clear understanding of the key sources of our emissions allowed us to set science-based near-term emissions reduction targets. We are committed to seeking SBTi validation of our targets and are aiming to do so following the publication of the <i>SBTi Financial Institutions Net-Zero Standard</i>, which will require both near- and long-term science-based targets that are consistent with achieving net-zero across financial institutions' portfolios by 2050. As part of that exercise, we intend to revise our near-term targets to reflect SBTi's most recent criteria and set long-term targets. While the <i>SBTi Financial Institutions Net-Zero Standard</i> has yet to be released, a draft has been the subject of public consultation and SBTi has announced that the Standard is intended to complement and eventually replace the <i>SBTi Financial Institutions' Near-term Criteria v2.0</i>, published in May 2024. At the date of this report the aforementioned documents have not changed our prior commitment.

⁶ [Global Assessment Report on Biodiversity and Ecosystem Services | IPBES secretariat](#)

⁷ 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.

Step 5: Developing our Strategy	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. In 2023, we developed our strategy around the following core elements to ensure that we continue to deliver on our objectives and commitments: ▶ Governance & Policy Development ▶ Advocacy & Collaborations ▶ Emissions Measurement & Disclosures ▶ Targets ▶ Corporate Engagement & Stewardship ▶ Portfolio 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. When developing its strategy, Metrics considered all focus areas as specified by the Investor Agenda⁸, including Governance, Investment, Corporate Engagement, Policy Advocacy, Investor Disclosures.
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 commitment to PCAF, Metrics has pledged to measure and disclose the GHG emissions associated with our portfolio. We intend to report annually in line with the reporting structure under Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In particular, our disclosures around the TCFD's four thematic areas that represent core elements of how organisations operate - governance, strategy, risk management, and metrics and targets - will include information on our climate action plan, and progress towards our 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 no later than when Metrics becomes a reporting entity under Australia's mandatory climate-related financial disclosure regime, currently expected to be our 2026-27 financial year.⁹ As a signatory to the Principles for Responsible Investment (PRI), Metrics has been reporting as required since joining in 2019. In 2024, the PRI updated its reporting platform to integrate additional optional elements relating to climate-related disclosures. Metrics submitted a response under the PRI in 2024 which included certain climate-related disclosures and it is our intention to continue to report against the PRI in future periods.

⁸ 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.

⁹ Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024.

Our Progress on Nature

During 2024, Metrics commenced development of its approach to nature with a focus on managing nature-related risks, dependencies and impacts associated with our direct operations and, more importantly, our investment portfolio. In developing this approach, we initially focused on gaining a deeper understanding of our interface with nature. This involved an assessment to identify potentially material nature-related issues in our direct operations and our corporate office locations. We further conducted a desktop analysis of industry exposure across our portfolio to identify priority sectors for nature-related issues. We have been guided by the TNFD's LEAP assessment framework to undertake our analysis in preparation for disclosing in line with the TNFD recommendations.

The results of our initial assessments can be found in the section titled Risk Management.

Recognising data availability constraints and the challenges associated with collating nature-related data, we continue to strive to utilise the best available public resources and estimations to determine our interface with nature. We will regularly review our data sources and seek to identify more reliable investment specific data as more sophisticated nature-related tools become available.

Conducting a LEAP assessment is a journey and Metrics is currently in the discovery phase of this assessment. We will continue to follow guidance set out in the LEAP assessment framework to assess our interface with nature and develop an approach that is tailored to Metrics.

Metrics' inaugural TNFD-aligned disclosures will be published alongside our FY25 Climate Report in line with our commitment as a TNFD Early Adopter.

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.

As at 30 June 2025, the Metrics Board was 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 climate-related 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 our sustainability strategy 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 and nature-related risks and opportunities. The Sustainable Finance team is responsible for identifying and managing climate and nature-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 team works closely with the Investment Teams to build a framework for assessment, monitoring and reporting of key ESG data.

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.

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 reviews 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

Responsible Investment & ESG Policy

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](#). Climate, nature and biodiversity are environmental priorities under 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. We have further committed not to invest in entities that contribute to deforestation of native timber, particularly rainforest. More information on our approach to negative screening can be found in our [ESG Policy](#).

Metrics' [ESG Policy](#) (consistent with its NZAM commitment and the *Financial Sector Science-Based Targets Guidance v1.1* 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 (CtLg) 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.

Nature and biodiversity are environmental priorities under Metrics' [ESG Policy](#). Our policy also acknowledges the critical role nature plays in global economic systems, with over half of the world's economic output being dependent on nature. As such, our policy confirms our support for the Kunming-Montreal Global Biodiversity Framework and its "30x30" target to effectively conserve at least 30% of the world's lands inland waters, coastal areas and oceans, and to restore 30% of already degraded terrestrial and marine environments.

Stewardship Policy

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 published a [Stewardship Policy](#) as well as a [Stewardship Report](#) in 2024. The policy and the report outline our approach to corporate engagement and stewardship and actions taken at the policy, industry, portfolio and company-level. We intend to publish further Stewardship Reports annually, which will include details of any activities relating to climate and nature.

Metrics is dedicated to taking appropriate steps, in line with our [ESG Policy](#) and [Stewardship Policy](#) to achieve our sustainability objectives, and shaping sustainability outcomes through our investing activities and advocacy. Climate has been a significant theme in our engagement and stewardship activities in past years and will continue to be an area of focus.

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 our baseline 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.

In keeping with mandatory climate-related financial disclosure requirements introduced in Australia in 2024, we have aligned our climate reporting periods to our financial year end, rather than calendar year end. As we continue to develop our strategy and approach to managing climate and broader ESG risks, we intend to continue to report on our metrics and progress towards targets on an annual basis at a fixed point in time corresponding with our financial accounting cycle.

For the purposes of this report, we have measured our operational emissions over an 18-month period, covering 12 months of the 2023 calendar

year and six months to the end of the 2024 financial year (so our measurement period for operational emissions is 1 January 2023 to 30 June 2024). Our financed emissions were measured as of 31 December 2023 (calendar year) and then 30 June 2024 (financial year) due to our transition to financial year end measurement, in preparation for aligning our climate reporting with our financial accounting cycle. In 2025, both operational and financed emissions will be measured in line with the financial year end approach.

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.

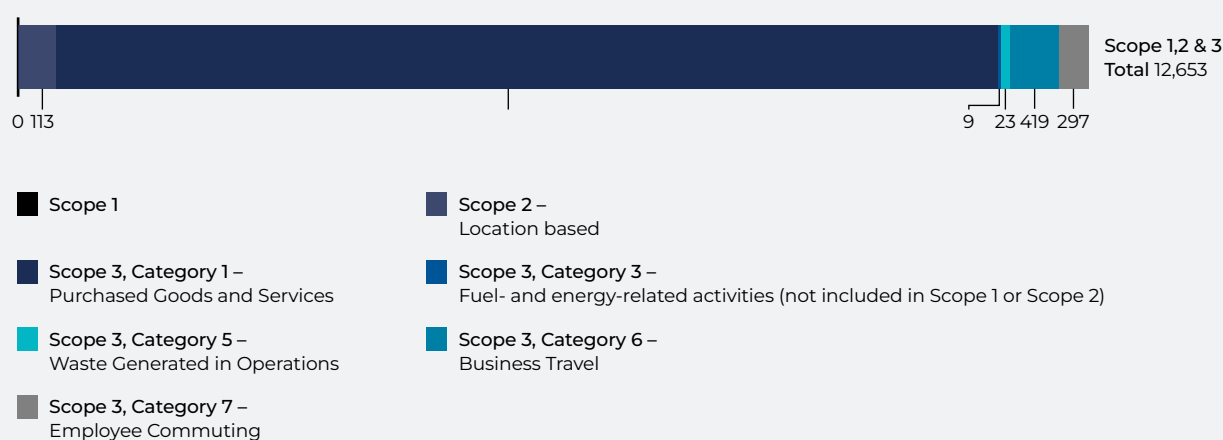
With regard to Scope 3 emissions, the GHG Protocol – *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, has identified 15 different categories of indirect emissions across an organisation's value chain (upstream and downstream). We undertook an assessment to understand the applicability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

A total of six categories of Scope 3 emissions have been identified as applicable to Metrics. These categories¹⁰ include:

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

Metrics' Operational GHG Emissions by Scope and Category (tCO₂e)*



*Scope 1 emissions were 0 for the reporting period

¹⁰ Please refer to [Basis of Preparation](#) for GHG Protocol Scope 3 category definitions.

¹¹ As stipulated above, this is an 18-month period, 1 January 2023 to 30 June 2024.

Gas usage in our offices was eliminated in 2022 and no other material activities (such as refrigerant top ups) have resulted in Scope 1 emissions in the reporting period.

Our predominant source of operational Scope 3 emissions originate from Category 1 - Purchased Goods & Services. For 2023-4, Category 1 contributed approximately 93% of the total emissions associated with our operational carbon footprint.

The year-on-year increases in all operational Scope 3 emissions categories¹² can be explained by the significant growth in the business, including the acquisition of a new entity falling under our operational control which resulted in increases in headcount and operating expenses.

Overall, significant increases from our baseline year have been observed. Apart from the growth in business, it should also be noted 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. Historical data can be found in Appendix B of this report.

Please refer to our [Basis of Preparation](#) for more information on how we measured our emissions and assumptions used.

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.

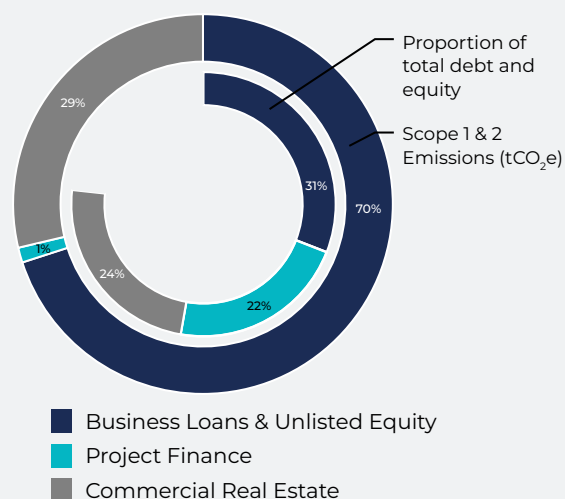
Our approach to measuring our financed emissions was guided by the PCAF Standard.¹³

Detailed methodological guidance is currently offered for seven classes of financed emissions 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 our calculation of our financed emissions, together covering 75 and 77% of our portfolio by value as of 31 December 2023 and 30 June 2024 respectively. Finance provided to consumers, 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.

Metrics' Proportion of Total Debt + Equity and Financed Emissions by Asset Class (FY24)



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](#).¹⁴

¹² Increase observed for 18-month period as well as a normalised 12-month period.

¹³ 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.

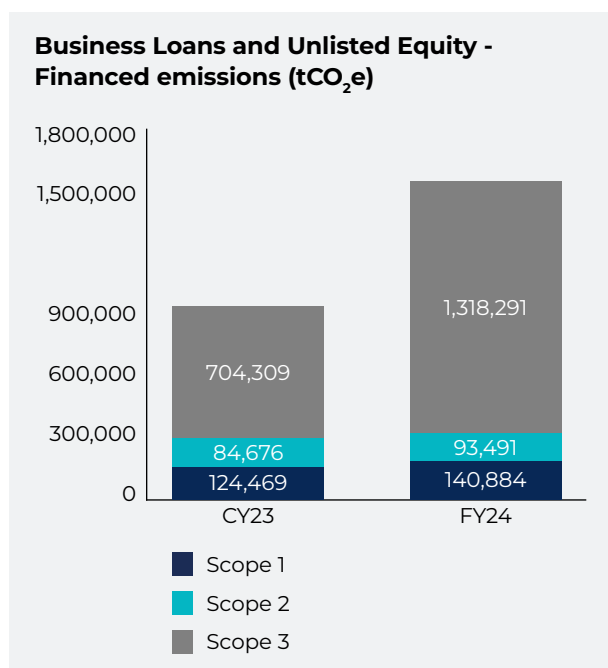
¹⁴ Historical data can be found in Appendix B of this report.

Business Loans and Unlisted Equity

This asset class comprises business loans and equity investments in private companies, also referred to as unlisted equity. 31% of Metrics' assets, in terms of overall debt and equity exposure in our portfolio, fell under this asset class as at 30 June 2024.

- ▶ 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, 2 and 3 emissions across all sectors for reports published from 2025. Metrics has been measuring business loans and unlisted equity emissions across all three scopes since 2021.

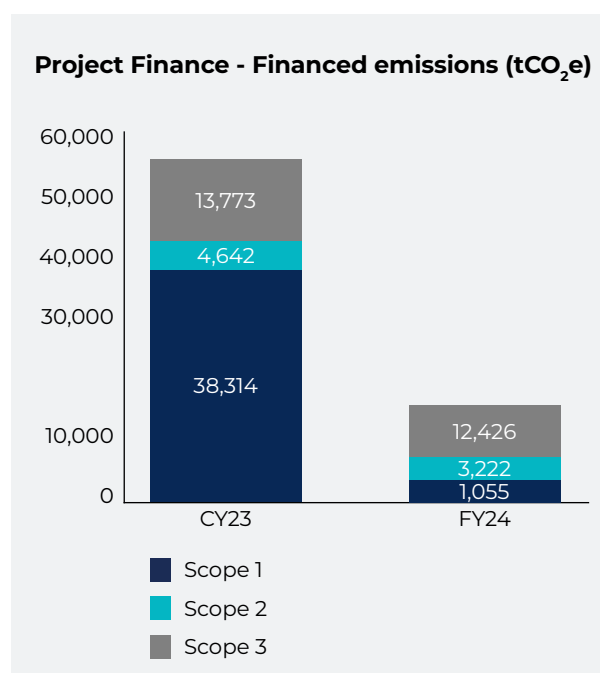


The observed increase in emissions is predominantly driven by the draw-down of an existing commitment to a single borrower with significant reported Scope 3 emissions in the period between 31 December 2023 and 30 June 2024.

A summary of Metrics' financed emissions from business loans and unlisted equity can be found in Tables 4 & 5 of Appendix B. Please refer to our [Basis of Preparation](#) for more information on how we measured our emissions and the assumptions used.

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. 22% of Metrics' assets, in terms of overall debt and equity exposure in our portfolio, fell under this asset class as at 30 June 2024.



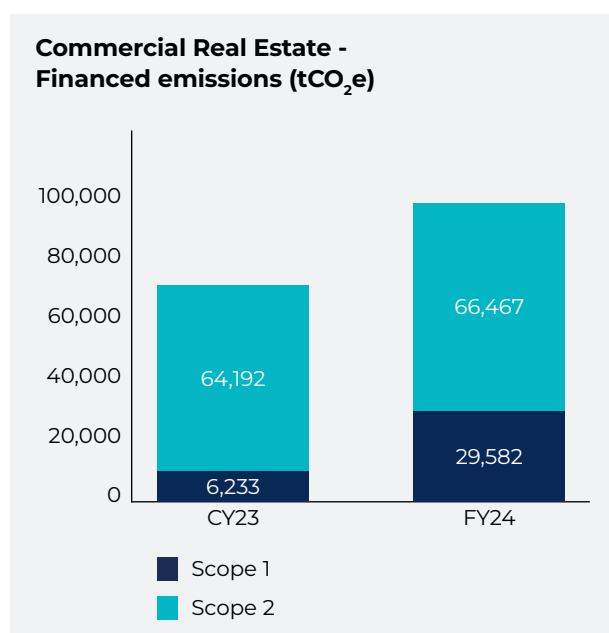
The significant change in emissions from CY23 coincides with an improvement in our data quality score for this asset class. We infer that the estimated emissions for CY23 were more conservative than the more accurate data captured in FY24.

A summary of Metrics' financed emissions from project finance can be found in Tables 4 & 5 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. 24% of Metrics' assets, in terms of overall debt and equity exposure in our portfolio, fell under this asset class as at 30 June 2024.

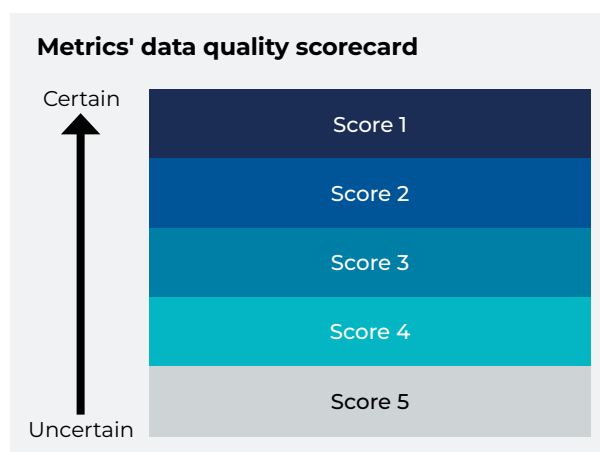
Since the PCAF Standard does not provide a suitable methodology to calculate emissions from construction of commercial real estate, those loans are excluded from our emissions measurement.



A summary of Metrics' financed emissions from commercial real estate can be found in Tables 4 & 5 of Appendix B. Please refer to our [Basis of Preparation](#) for more information on how we measured our emissions and the assumptions used.

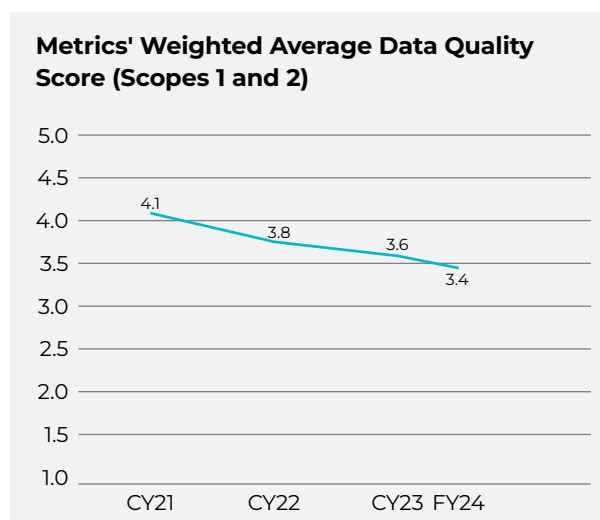
Data quality

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 December 2021 to 3.4 in June 2024.



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 some leading 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 and nature loss, 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 and nature-related 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. Risks might relate specifically to a single organisation or arise from the breakdown of an entire system.

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 the newly introduced Australian Sustainability Accounting Standards, as well as market leading international standards such as the TNFD recommendations and the aforementioned tools, Metrics will continue to assess and analyse the potential financial impacts of climate change, nature loss 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 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.

Based on the outcomes of this assessment, and other relevant inputs, our Sustainable Finance team has been working on the development of a group-wide sustainability strategy.

Nature-related Risks, Impacts and Dependencies

To date, Metrics has conducted preliminary, desktop assessments to locate our interface with nature, evaluate nature-related dependencies and impacts and assess the associated risks and opportunities. We have been guided by the TNFD's LEAP assessment framework throughout this process, acknowledging constraints and limitations faced due to the nature of private markets and limited data availability. In locating our interface with nature, we considered where the sectors, value chains and direct operations with potentially moderate and high dependencies and impacts are located, and to which biomes and specific ecosystems those locations relate. Moving forward, we will focus our efforts and resources on the most material sectors and nature-related issues.

To undertake our assessments, we utilised the WWF (World Wide Fund for Nature) Risk Filter Suite which includes separate biodiversity and water risk filters that use global datasets for spatially explicit screening of biodiversity and water-related risks at the site level. This tool was used in identifying physical and transition risks linked to our direct corporate office locations, identifying potential overlap between sites and sensitive locations.

Additionally, we partnered with a third-party provider, Frontierra, to undertake a pilot project to assess nature-related impacts, dependencies, risks and opportunities over a subset of our real estate portfolio.

A description of our approach and the results of our assessments to date are detailed in the sections below.

Location-based assessment of our direct operations

As part of the 'Locate' phase of our LEAP assessment, we considered the activities in our direct operations as well as the corporate offices out of which we operate. Through this assessment, we screened for potentially material nature-related risks, dependencies and impacts. At the date of this report, Metrics operates out of four corporate offices (two in Sydney, one in Melbourne and one in New Zealand). According to the *TNFD's Additional guidance for financial institutions, as a financial institution*, the nature of our direct operations are unlikely to present material nature-related risks, dependencies or impacts. To confirm this assumption, we leveraged the WWF Biodiversity Risk Filter¹⁵ to assess key biodiversity and water risks of our industry and corporate office locations. The results of this assessment determined our biodiversity physical risk to be low for all our office locations and direct operations.

Based on our assessment of direct operations, it is evident that material interfaces with nature do not lie in our operations and therefore Metrics will be focusing our analysis on the entities in which we invest.

Desktop Sector Analysis

As part of our assessment, we conducted a desktop analysis to identify priority sectors that may have a material exposure to nature-related risks, dependencies and impacts. As a first step, we screened our portfolio for TNFD's defined priority sectors as per the *Additional guidance for financial institutions* (Annex 1). TNFD's list of priority sectors is based on a continuous review of sources from the TNFD's knowledge partners as well as experience from TNFD pilots.

Our screening determined 65% of our AUM operates in TNFD defined priority sectors, as of 30 June 2024. Most of Metrics' exposure to priority sectors was concentrated in real estate sectors (56%).

TNFD LEAP Pilot Project

Metrics partnered with Frontierra to undertake a TNFD LEAP pilot project to build our nature-related risk capability, processes and approach to disclosure. The project focused on our real estate portfolio, assessing the nature-related impacts, dependencies, risks and opportunities of 100 locations within our commercial real estate portfolio. The assets included a spread of pre-construction, construction and operational real estate activities.

As part of Frontierra's assessment, an intersectional analysis was undertaken using Geographical Information Systems (GIS) to compare each location with key nature-related datasets¹⁶ determining which assets are in sensitive locations. The datasets selected to make this assessment were based on the potential material impacts and dependencies for the real estate sector. Of the 100 locations assessed, the pilot found:

- ▶ 6 intersected with protected areas
- ▶ 78 interacted with biodiversity hotspots
- ▶ 25 contained critical habitat for wildlife
- ▶ 50 were located within areas of high or extreme water stress
- ▶ 64 contained core natural land
- ▶ 0 scored very high for biodiversity intactness
- ▶ 5 had deforestation within the last 5 years

Based on the intersectional analysis, none of the locations assessed were labelled by Frontierra as 'Critical' or 'Very High' risk locations¹⁷.

¹⁵ The WWF Risk Filter location assessment methodology is available [here](#).

¹⁶ Datasets selected were Biomes, Protected Areas, Indigenous Hotspots, Critical Habitat, Core Natural Lands, Water Stress, Deforestation Fronts, Deforestation from previous five years, Mean Species Abundance and Biodiversity Intactness Metric.

¹⁷ Assessment scale: Low, Medium, High, Very High, Critical.

Target Setting and Future Plans

Our Current Targets

As previously highlighted, as an investor signatory to the NZAM initiative, we made our initial target disclosures in line with our NZAM commitment in November 2022. 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 followed the *Financial Sector Science-Based Targets Guidance v1.1* provided by SBTi¹⁸, 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.¹⁹

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 Rating²⁰ 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.

Notwithstanding global efforts to reduce carbon emissions, it is important to note that 2024 has been reported to be the first year in which average temperatures exceeded warming of 1.5 degrees Celsius above pre-industrial levels, according to the European Union's Copernicus Climate Change Service.²¹ While often used interchangeably, this is not the same thing as breaching the Paris Agreement threshold of 1.5 degrees Celsius as the Paris Agreement's targets refer to 20-year averages. Nonetheless, we recognise the urgency of the climate crisis.

Our [Basis of Preparation](#) sets out certain relevant assumptions and uncertainties that would affect

our ability to accurately measure our progress against our climate targets.

Progress Against our Targets

We have explored pathways for achieving net zero for our operations and financing activities. Steps taken in prior reporting periods to reduce our operational carbon emissions were to switch to carbon neutral electricity²² and decommission gas from our Australian offices, upgrade lighting in our North Sydney office to more energy-efficient LED panels and encourage employees to commute using active or public transport. In 2024, we switched our Melbourne office site to renewable energy,²³ and as at the date of this report we are in the process of switching our new Sydney office at 1 Martin Place to renewable energy. The effects of these changes are expected to be seen in our FY25 emissions data. In the meantime, we are continuing to explore how we will increase annual sourcing of renewable electricity to 100% by 2030.

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.

¹⁸ It should be noted that, in May 2024, the SBTi released Financial Institutions Near-Term Criteria v2.0. A discretionary period applied until 30 November 2024, after which the Financial Sector Science-Based Targets Guidance v1.1 was retired.

¹⁹ 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.

²⁰ Please refer to our [Basis of Preparation](#) for more information on how we calculate our Portfolio Temperature Rating.

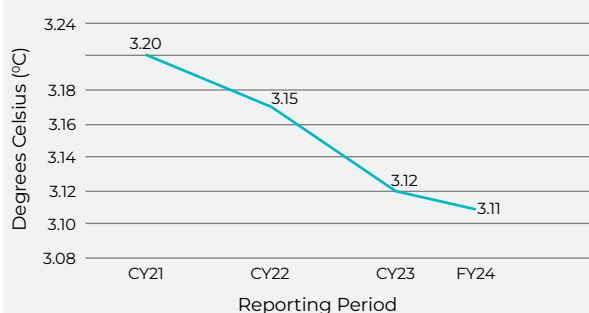
²¹ Source: [Copernicus Climate Change Service](#)

²² The retailer of carbon neutral electricity for our Australian offices during the reporting period, 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>).

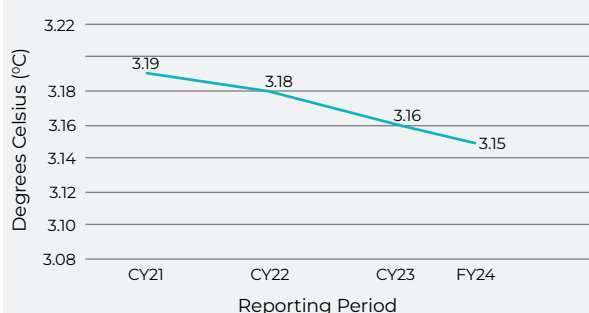
²³ The retailer of renewable electricity for our Australian offices, ENGIE (ABN 67 269 241 237), provides GreenPower-accredited electricity to customers who have opted in. GreenPower is an independent government accreditation program that ensures participating consumers' payments support renewable energy projects beyond mandated government requirements, such as the Renewable Energy Target. GreenPower sales and purchases are independently audited under the National GreenPower Accreditation Program to verify that the renewable energy supplied meets strict environmental standards. Further information on GreenPower accreditation is available on the GreenPower website (<https://www.greenpower.gov.au>).

Our Scope 1 and 2 Portfolio Temperature Rating improved to 3.11 in June 2024 from 3.20 in December 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 and Sustainability Questionnaire.

Scope 1 & 2 Portfolio Temperature Rating



Scope 1, 2 & 3 Portfolio Temperature Rating



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 validated by SBTi. Accordingly, in 2022, we set near-term targets under the SBTi's *Financial Sector Science-Based Targets Guidance v1.1*. Those near-term targets were accepted by NZAM in November 2022. The targets were not submitted for validation by SBTi as SBTi granted an extension to financial institutions that had committed to set targets until 6 months after SBTi's publication of a *Financial Institutions Net-Zero (FINZ) Standard*, which will define SBTi's requirements for long-term targets for financial institutions. Whilst the SBTi published a *Draft Financial Institution Net-Zero (FINZ) Standard* for public consultation and pilot testing in 2024, as at the date of this report, the final net-zero standard for financial institutions has not been published. However, during 2024, the SBTi did publish *Financial Institutions' Near-Term Criteria v2.0*, which has replaced the guidance under which Metrics' near-term targets were set. Metrics will revisit its near-term targets when it sets its long-term targets following the release of the *Financial Institutions Net-Zero (FINZ) Standard*.

Appendix A: Third Party Commitments

Net Zero Asset Managers initiative	Metrics is an investor signatory to the NZAM initiative and is represented on the NZAM Advisory Group.. As a signatory, Metrics has committed to: ▶ 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. ▶ 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. ▶ 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. ▶ 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. ▶ Ensure any relevant direct and indirect policy advocacy we undertake is supportive of achieving global net zero emissions by 2050 or sooner. ▶ Publish TCFD disclosures, including a climate action plan annually.
Glasgow Financial Alliance for Net Zero	Metrics has collaborated with the Glasgow Financial Alliance for Net Zero (GFANZ) through participation in its Transition Finance and Real Economy Transition workstream and its Nature in Net Zero Transition Planning workstream.
Race to Zero	Metrics is a member of the Race to Zero campaign by virtue of the NZAM initiative being a Partner Initiative of the campaign. 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. 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.²⁴
Science Based Targets initiative	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. 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.

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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 CO2 by 2030”.

Partnership for Carbon Accounting Financials	Metrics was the first financial institution headquartered in Australia or New Zealand to formally commit to reporting under the PCAF Standard and is represented on its Global Core Team. 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 harmonised 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.
Principles for Responsible Investment	Metrics is a signatory of the UN-supported PRI. 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: 1. We will incorporate ESG issues into investment analysis and decision-making processes. 2. We will be active owners and incorporate ESG issues into our ownership policies and practices. 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest. 4. We will promote acceptance and implementation of the principles within the investment industry. 5. We will work together to enhance our effectiveness in implementing the principles. 6. We will each report on our activities and progress towards implementing the principles. 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.
Climate Bonds Initiative	Metrics supports the Climate Bonds Initiative (CBI) as a Climate Bonds Partner. 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. 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.

Australian Sustainable Finance Institute	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. 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. 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.
Investor Group on Climate Change	Metrics is a member of the Investor Group on Climate Change (IGCC). IGCC is a network for Australian and New Zealand investors to understand and respond to the risks and opportunities of climate change. 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.
Responsible Investment Association Australasia	Metrics is a member of the Responsible Investment Association Australasia (RIAA) and is represented on its Nature Working Group. RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.
Asia-Pacific Loan Market Association	Metrics is a member of the Green & Sustainable Loan Committee of the Asia Pacific Loan Market Association (APLMA). 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. The APLMA Green & 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.

Transition Pathway Initiative	Metrics is a Supporter of the Transition Pathway Initiative (TPI). 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. 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.
Sustainability Advantage	Metrics is a Bronze Partner of Sustainability Advantage, a program of the NSW Government's Department of Climate Change, Energy, the Environment and Water. 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. Sustainability Advantage assists organisations to become sustainability leaders by: ▶ supporting organisations to embed sustainability into everyday practices. ▶ helping organisations to be more efficient and save money by reducing resource and energy use, water use and waste. ▶ encouraging organisations to set ambitious targets to reduce carbon emissions. ▶ cultivating networks and collaborations to solve sustainability challenges and achieve a low carbon and circular economy.
Pinnacle	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. 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 & inclusion, privacy protection and information security in a collaborative manner. 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.
Taskforce on Nature-related Financed Disclosures	Metrics has committed to be an Early Adopter of the TNFD and therefore publish our first TNFD-aligned disclosures as part of our reporting package for financial year 2025 outcomes. The TNFD is a global, market-led initiative with the mission to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. To this end the TNFD has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.

Appendix B: Our Emissions Data

Table 1: Metrics' operational carbon footprint

EMISSIONS CATEGORY	CY2021 (total tCO ₂ e)	CY2022 (total tCO ₂ e)	2023-24 (total tCO ₂ e) ²⁵
Scope 1 - total	0.8	0.0	0.0
Natural gas	0.8	0.0	0.0
Scope 2 - total (location-based)	61	58	113
Electricity consumption (location-based) ²⁶	61	58	113
Scope 3 - total	3,211	3,846	12,540
C1 Purchased Goods and Services	3,049	3,572	11,792
C3 Fuel- and Energy- related Activities	6	5	9
C5 Waste Generated in Operations	6	10	23
C6 Business Travel	16	98	419
C7 Employee Commuting	134	161	297
C15 Investments	Disclosed separately		
Total	3,272	3,904	12,652

Table 2: CY21 Metrics' financed emissions (Scope 3 – Category 15 (Investments))

PCAF Asset Class	% of total Metrics' debt and equity	Scope 1 & 2 emissions (tCO ₂ e)	Scope 3 emissions (tCO ₂ e)	Total Scope 1, 2 & 3 emissions (tCO ₂ e)	Emissions intensity – Scope 1, 2 & 3 (tCO ₂ e/A\$M)*	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
All Asset Classes	81%	242,077	493,983	736,060	119	4.1	

* Scope 3 emissions relating to Commercial Real Estate have not been measured or included.

²⁵ As previously stipulated, this is an 18-month period, 1 January 2023 to 30 June 2024.

²⁶ Our Scope 2 market-based emissions were measured at 131 tonnes of CO₂e for the 18 month period ending 30 June 2024.

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

PCAF Asset Class	% of total Metrics' debt and equity	Scope 1 & 2 emissions (tCO ₂ e)	Scope 3 emissions (tCO ₂ e)	Total Scope 1, 2 & 3 emissions (tCO ₂ e)	Emissions intensity – Scope 1, 2 & 3 (tCO ₂ e/A\$M)*	Weighted average data quality score – Scope 1 & 2	Weighted average data quality score – Scope 3
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
All Asset Classes	82%	345,877	970,713	1,316,590	142	3.8	

* Scope 3 emissions relating to Commercial Real Estate have not been measured or included.

Table 4: CY23 Metrics' financed emissions (Scope 3 – Category 15 (Investments))

PCAF Asset Class	% of total Metrics' debt and equity	Scope 1 & 2 emissions (tCO ₂ e)	Scope 3 emissions (tCO ₂ e)	Total Scope 1, 2 & 3 emissions (tCO ₂ e)	Emissions intensity – Scope 1, 2 & 3 (tCO ₂ e/A\$M)*	Weighted average data quality score – Scope 1 & 2	Weighted average data quality score – Scope 3
Business loans and unlisted equity	30%	209,145	704,309	913,454	230	3.5	3.8
Project Finance	17%	42,956	13,773	56,728	26	2.5	2.5
Commercial Real Estate	28%	70,426	N/A	70,426	19	3.9	N/A
All Asset Classes	75%	322,526	718,081	1,040,608	105	3.6	

* Scope 3 emissions relating to Commercial Real Estate have not been measured or included.

Table 5: FY24 Metrics' financed emissions (Scope 3 – Category 15 (Investments))

PCAF Asset Class	% of total Metrics' debt and equity	Scope 1 & 2 emissions (tCO ₂ e)	Scope 3 emissions (tCO ₂ e)	Total Scope 1, 2 & 3 emissions (tCO ₂ e)	Emissions intensity – Scope 1, 2 & 3 (tCO ₂ e/A\$M)*	Weighted average data quality score – Scope 1 & 2	Weighted average data quality score – Scope 3
Business loans and unlisted equity	31%	234,375	1,318,291	1,552,666	343	3.4	3.7
Project Finance	22%	4,277	12,426	16,702	4	1.9	2.2
Commercial Real Estate	24%	96,049	N/A	96,049	21	3.6	N/A
All Asset Classes	77%	334,701	1,330,717	1,665,417	148	3.4	

* Scope 3 emissions relating to Commercial Real Estate have not been measured or included.

Table 6: FY24 Fund level data

FUND	Scope 1 & 2 Emissions (tCO ₂ e)	Scope 3 Emissions (tCO ₂ e)	Emissions intensity - Scope 1 & 2 (tCO ₂ e/A\$M)	Emissions intensity - Scope 1, 2 & 3 (tCO ₂ e/A\$M)*
Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF)	174,269	768,917	46	251
Q Diversified Credit Trust (QDCT)	13,235	128,571	33	358
MCP Secured Private Debt Fund (SPDF)	8,286	33,668	31	154
MCP Secured Private Debt Fund II (SPDF II)	39,918	130,147	26	109
MCP Real Estate Debt Fund (REDF)	7,481	423	5	5
Metrics Credit Trust (CT)	11,070	20,187	13	37
MCP Wholesale Investments Trust (WIT)	116,601	476,200	33	169
Metrics Wholesale Income Opportunities Trust (WIOT)	3,490	10,580	9	37
Metrics Diversified (Australia and New Zealand) Lending Fund (MDLF)	11,948	52,745	46	251
Metrics Multi-Strategy Private Debt (NZ) Fund (NZ PIE)	1,112	4,542	33	169
Metrics Master Income Trust (ASX: MXT)	45,821	187,134	33	169
Metrics Income Opportunities Trust (ASX:MOT)	3,490	10,580	9	37

* Scope 3 emissions relating to Commercial Real Estate have not been measured or included.



Glossary

TERM	DEFINITION
A\$M	Million Australian dollars
APLMA	Asia Pacific Loan Market Association
ASFI	Australian Sustainable Finance Institute
ASX	Australian Stock Exchange
AUM	Assets under management
CBI	Climate Bonds Initiative
CDP	Carbon Disclosure Project
CO₂e	Carbon dioxide equivalent
CRE	Commercial Real Estate
CtG	Coal to Gas
Ctlg	Coal to Liquids
ESG	Environmental, social and governance
ESG Policy	Metrics' Responsible Investment, Environmental, Social and Governance Policy
Financed emissions	Scope 3 – Category 15 (Investments) emissions under the GHG Protocol
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gas
GHG Protocol	Greenhouse Gas Protocol
GPRG	Global Policy Reference Group
IGCC	Investor Group on Climate Change
LEAP	Locate, Evaluate, Assess and Prepare
NSW	New South Wales
NZAM	Net Zero Asset Managers initiative
O&M	Operations and maintenance
PCAF	Partnership for Carbon Accounting Financials
PCAF Standard	Global GHG Accounting and Reporting Standard for the Financial Industry
PRI	Principles for Responsible Investment
RIAA	Responsible Investment Association Australasia
S&P	Standard & Poor's
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
TCFD	Task Force on Climate-related Financial Disclosures
tCO₂e	Tonnes of carbon dioxide equivalent
TNFD	Taskforce on Nature-related Financial Disclosures
TPI	Transition Pathway Initiative
UN SDGs	United Nations Sustainable Development Goals
UNEP Finance Initiative	United Nations Environment Programme Finance Initiative



For more information

If you would like to learn more about Metrics or our funds, contact us on the details below.

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