

ARISAIG PARTNERS

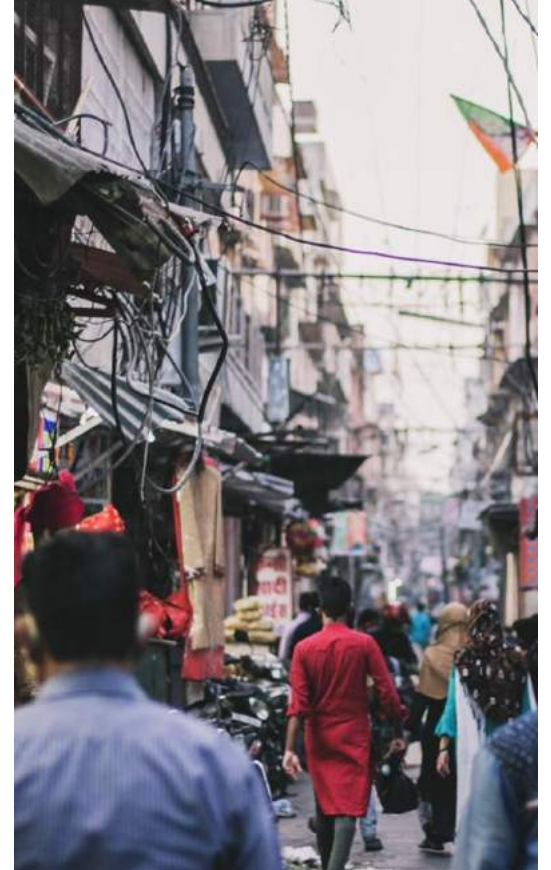
# Arisaig Partners

PRI Climate Risks Series – Session 4: Net Zero  
Initiatives and Implementation

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20 March 2024

For professional investors only



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# Arisaig overview

Asia Consumer experts with multi-decadal investment horizon

**Over 27 years** investing in consumer businesses across Asia

**16 investment professionals** across Singapore, Mumbai and London

**Buy and hold** approach with average investment tenure c.8 yrs

**Highly concentrated portfolio** of c. 25 – 30 stocks

**ESG is just good due diligence**, part of doing investment ‘properly’

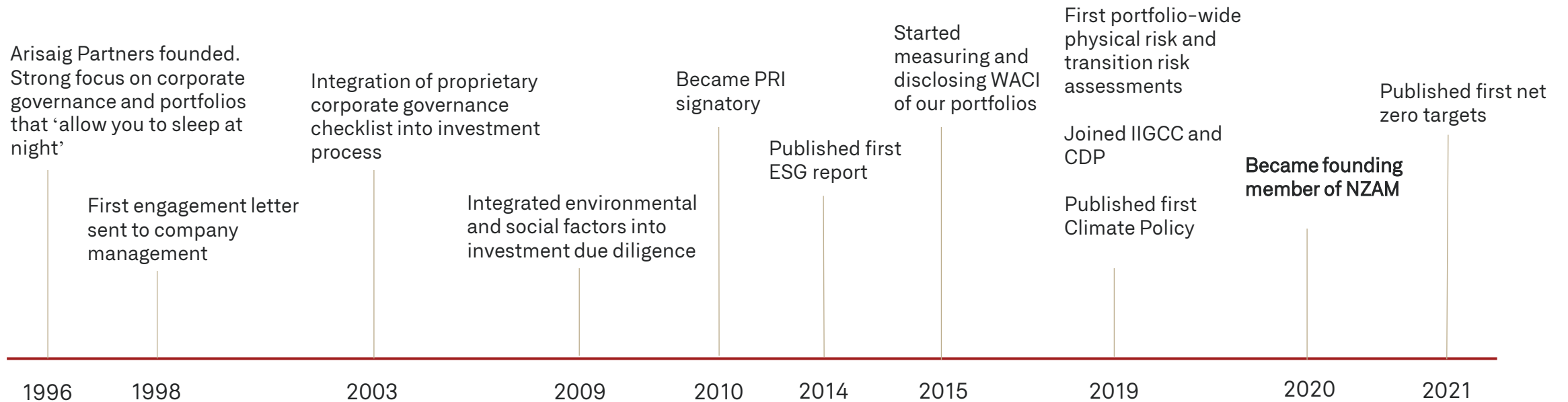
**PRI** Principles for Responsible Investment  
Since 2010

**NET ZERO ASSET MANAGERS INITIATIVE**  
Since 2020



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# Leading up to Net Zero commitment



Source: Arisaig Partners

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# Net zero implementation: context

As of 31 Dec 2020, we had ...

**100%** invested in emerging markets

**0%** invested in 'high impact' sectors such as fossil fuels, cement, steel, aviation

**c. 7%** of AUM had a validated Science Based Target Initiative targets

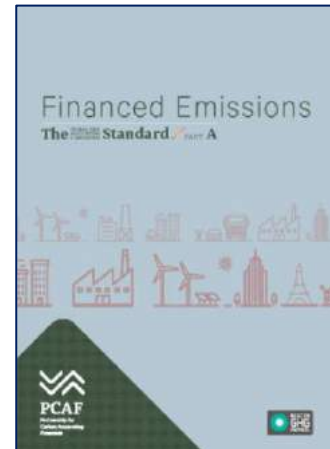
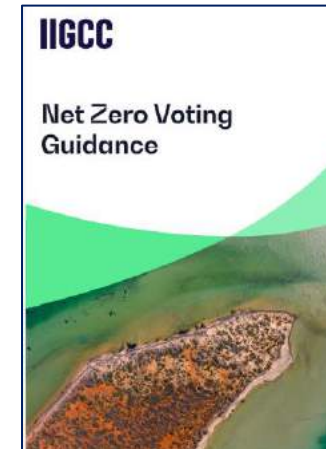
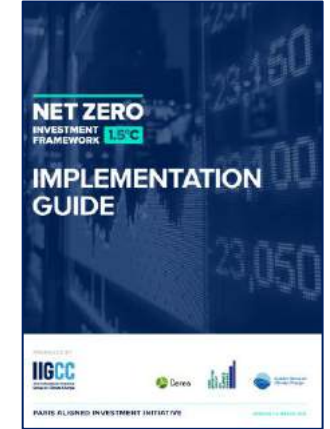
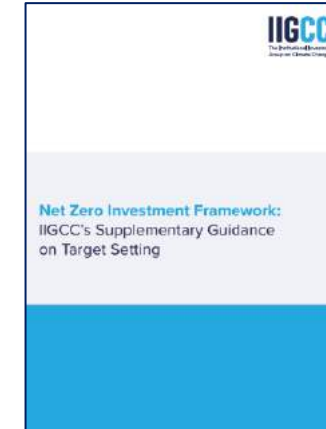
**< 20%** of AUM reporting scope 1 and 2 emissions

**c. 30%** of AUM with no GHG emissions data coverage at all (reported or estimated)



# Challenges and solutions: choosing a target setting methodology

- Needed to be flexible
- Able to capture incremental improvements
- Focus on engagement



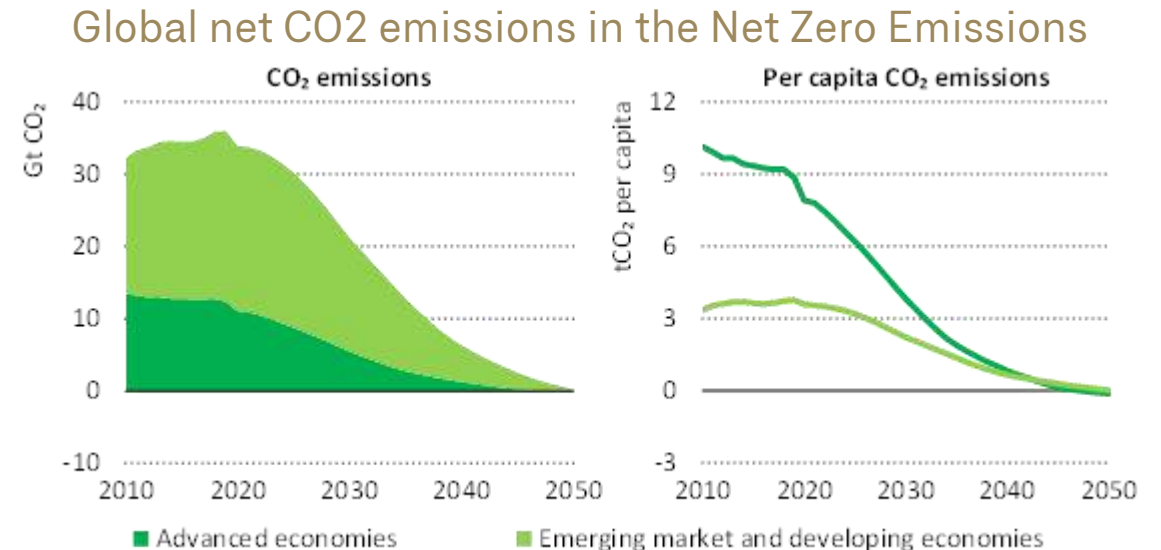
Sources: [iigcc.org](http://iigcc.org), [parisalignedassetowners.org](http://parisalignedassetowners.org), [carbonaccountingfinancials.com](http://carbonaccountingfinancials.com)

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# Challenges and solutions: setting portfolio decarbonisation targets

- Lack of relevant sector decarbonisation pathways
- Lack of credible pathways specific to our markets at the time
- Global pathways do not account for differentiated EM context

From the International Energy Agency's Net Zero Roadmap (published May 2021):



# Challenges and solutions: poor data availability and quality

- Limited data availability
- Difficulty to judge quality of third-party data estimates
- Nascency of climate policy in emerging markets

## Near-term targets for end 2023:

1. All portfolio companies to reach Transition Pathway Initiative Level 2
2. Engage 100% of portfolio companies not meeting the target annually

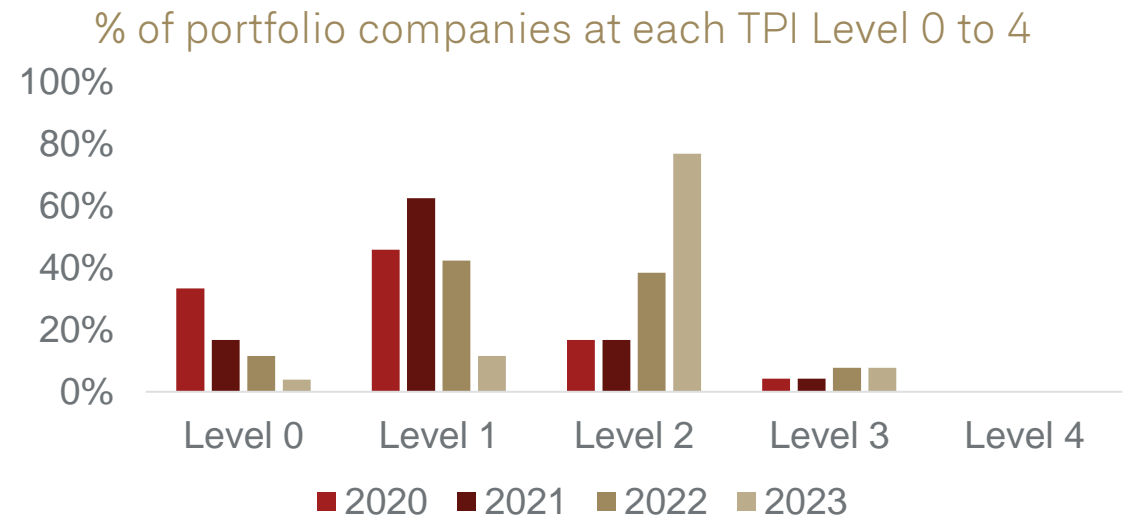
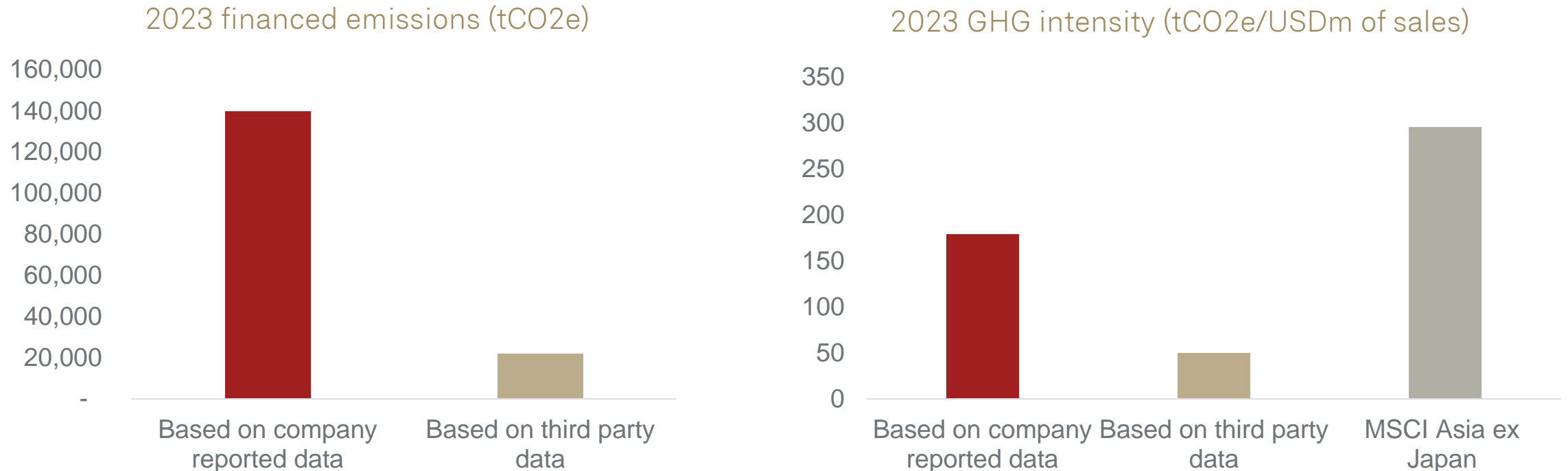


Chart relates to Arisaig Asia strategy holdings. Data as of 31 December of each year  
Sources: Company's published disclosures, Arisaig analysis



# Challenges and solutions: poor data availability and quality

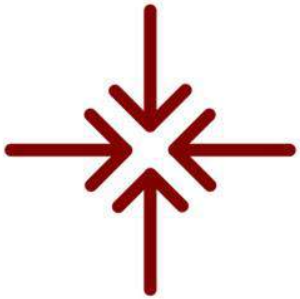
Comparison of published data vs. data from third party data provider suggests relying solely on third party data would result in significant underestimation of emissions



Data based on Asia strategy holdings as of 31 Dec 2023. Financed emissions calculated in line with PCAF (2022) *The Global GHG Accounting and Reporting Standard Part A: Financed Emissions Second Edition* (the PCAF Standard). Based on reported emissions available as of December 2023. MSCI Asia ex Japan carbon intensity based on iShares MSCI All Country Asia Excluding Japan ETF constituents as of 19 Jan 2024. Reported emissions based on data published in companies' latest annual or sustainability reports. Reported data covers 91% of AUM. Where not reported, third party estimates were used. Third party estimates based on latest estimates available as of December 2023. Sources: Annual and ESG reports of portfolio companies, third party data provider, ishares.com, msci.com, Arisaig Partners analysis

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## Concluding thoughts: being a member of NZAM



Alignment



Accountability



Collaboration



Support



Signalling

But not a decision to be taken lightly

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# Appendix: Arisaig's net zero targets

## Arisaig Partners Net Zero Commitment targets (selected)

	2023	2025	2030
Portfolio decarbonisation targets		Reduce financed emissions (Scope 1 and 2) by 9% relative to 2019 baseline	Reduce financed emissions (Scope 1 and 2) by 34% relative to 2019 baseline
Portfolio coverage targets	100% of portfolio companies to reach at least TPI Level 2	At least 20% of AUM of all portfolios aligned or aligning to net zero	At least 38% of AUM of all portfolios aligned or aligning to net zero
Engagement threshold targets	Engage with all holdings at TPI Level 0/1 annually	Engage with top emitters of portfolio representing at least 20% of AUM	

More details available at <https://www.netzeroassetmanagers.org/signatories/arisaig-partners-asia-pte-ltd/>

Note 1: Portfolio decarbonisation targets will be amended in 2024 to reflect the updated pathway for net emissions in the emerging and developing economies in the [2023 update](#) to the IEA's Net Zero Roadmap and to reflect significant improvement in data quality which triggers re-baselining.

Source: Arisaig Partners

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