

Climate Strategy

2021



As a long-term global investor, we have a key role to play in limiting the impacts of climate change. We need to go further, innovate and enable our companies to move faster in responding to this issue.

In 2017, we deployed our first climate strategy, positioning us as a leader in the fight against climate change. We set ambitious targets so we could take quick and structured action. Our objective: create a sustainable portfolio that meets the challenge we were facing then and still face now.

Since then, we have significantly exceeded our targets and have made a strong commitment: achieving a net-zero portfolio by 2050.

Despite this progress, there is still a lot to do. The August 2021 report by the Intergovernmental Panel on Climate Change (IPCC) continues to sound the alarm.

All climate signals clearly show that the danger for our economies and our communities is not just growing but accelerating. Governments, businesses, and investors must act now. The time has come to fulfill our commitments by taking action.

As a global investor, we have based our new climate strategy on four vital and complementary pillars to meet the great challenges of the transition toward a sustainable economy.

RAISING OUR CLIMATE AMBITIONS

In the coming months, we will continue investing our constructive capital to promote a green transition. In practical terms, we want to increase the supply of renewable energy as well as sustainable

mobility and real estate, to contribute directly to the decarbonization of our economy.

To achieve this objective, we will triple the value of our low-carbon asset portfolio compared with 2017, reaching \$54 billion by 2025.

We know that global greenhouse gas emissions can only be reduced significantly by acting directly at the source, which is why we have provided specialized tools—across the organization—to reduce the carbon intensity of our assets. This firmly places the fight against climate change at the heart of our approach and priorities. Our teams work with carbon budgets to limit the environmental impact of all our portfolios. In addition, variable compensation for all our employees is tied to the achievement of our climate targets.

We are also raising our portfolio's carbon intensity reduction target to 60% by 2030.

These actions will consolidate our position as a leader in the fight against climate change and allow us to continue the work we started in 2017.

BEYOND TARGETS

Today, we believe it is essential to go further and faster. The climate crisis demands that we do so. We must act concretely, on multiple fronts, and move to the next stage in climate investing.

That is why we are creating a \$10-billion transition envelope to decarbonize the heaviest carbon-emitting sectors.

We want to engage with companies that hold strong convictions, facilitating specific and measurable plans to decarbonize their operations. We are targeting certain sectors that are essential to the transition, such as raw materials production, transportation and agriculture.

This commitment is essential to financing the reduction of global emissions and achieving a net-zero portfolio by 2050. We will support companies in developing sustainable solutions and adopting best practices to foster change throughout their sectors and, ultimately, across the real economy.

Faced with increasing climate risk, we must invest consistently, taking a long-term approach. We believe the future holds an opportunity to build an oil-free economy, supported by greener technological alternatives and increasingly stringent regulations on carbon emissions.

This is why we are committing to completing our exit from oil production by the end of 2022.

Our goal is to avoid contributing to the growth in the global oil supply. That means we will no longer invest in oil production, or in the construction of oil pipelines. Instead, we will focus on projects and investment platforms that are dedicated to the transition to a sustainable economy. This will in turn stimulate innovation in other energy sources and in reducing carbon emissions.

THE NEXT STAGE

We are building on our momentum by investing and making a commitment to accelerate the transition. Thanks to the work accomplished by our teams so far, we are now ready to put our renewed ambition to work, by meeting both the major challenges of the transition and the long-term needs of our depositors.

We will continue to collaborate and join forces with our international peers and our portfolio companies, taking concrete action to fight climate change.

This new strategy will take us to the next stage of our climate action, pushing ahead and acting on multiple fronts, building stronger, more sustainable businesses and communities.



Charles Emond

Our progress so far

In 2017, we deployed our first climate strategy, positioning us as a leader in the fight against climate change.

We set ambitious targets so we could take quick and structured action.

Since then, we have significantly exceeded our targets and have made a strong commitment: **achieving a net-zero portfolio by 2050.**

With this new climate strategy, we want to go further, faster, and innovate to meet the climate challenge.



4 vital pillars for the transition



\$54 B

in green assets
by 2025



60%

reduction in our portfolio's
carbon intensity by 2030



\$10 B

transition envelope
to decarbonize the heaviest
carbon-emitting sectors



2022

complete our exit
from oil production

\$54 B

in green assets
by 2025



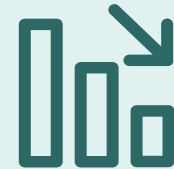
We are aiming for \$54 billion in green assets by 2025 to actively contribute to a more sustainable economy.

- Our goal is to triple the value of our low-carbon asset portfolio compared to 2017.
- We are investing to increase the supply of renewable energy, sustainable transportation and real estate.
- We use the internationally recognized Climate Bonds Initiative (CBI) criteria to select these assets.
- This target is directly linked to two of the UN's Sustainable Development Goals:



60%

reduction in carbon intensity
by 2030



We are raising our portfolio's carbon intensity reduction target to 60% by 2030 compared to 2017.

- We began decarbonizing our portfolio in 2017 and we continue to push forward by investing in companies that are best positioned for a transition to a sustainable economy.
- This target will enable us to achieve a net-zero portfolio by 2050—a goal shared by members of the UN-convened Net-Zero Asset Owner Alliance.
- We are using a number of specialized tools to achieve this target:
 - Factor climate change into every investment decision by applying rigorous processes for analyzing opportunities as well as physical and transition risks
 - Support our portfolio companies in decarbonizing their activities
 - Use carbon budgets to monitor our portfolios' emissions
 - Link our climate targets to our teams' variable compensation

\$10 B

transition envelope



We are creating a \$10-billion transition envelope aimed at decarbonizing the heaviest carbon-emitting sectors.

- The aim of this envelope is to invest in companies committed to a net-zero objective.
- It will target sectors that are essential to the transition but need to reduce their greenhouse gas emissions.
- We will help companies deploy measurable plans to decarbonize their operations.
- Specific criteria have been set for these investments:
 - Independent scientific standards adopted worldwide
 - Rigorous, transparent annual reporting on decarbonization progress
- Some of the sectors concerned:
 - Raw materials production
 - e.g. steel, copper, lithium, structural plastics for durable goods
 - Transportation
 - e.g. vehicle fleets, fossil fuel alternatives adapted to the needs of this sector
 - Agriculture
 - e.g. fertilizers, methane emissions

2022

complete our exit
from oil production



We are committing to complete our exit from oil production by the end of 2022.

- Our aim is to avoid contributing to the growth in the global oil supply.
- We will dispose of our assets in this sector.
- We will encourage our existing external managers to do the same.
- New oil pipelines will continue to be excluded from our investments activities.
- We will focus our action on projects and investment platforms that are dedicated to the transition.
 - We will use our platform for Innovation in Stewardship Investing (ISI) to pursue initiatives such as developing the collaborations necessary for a successful transition to a low-carbon economy.

We invest with
sustainability in mind,
knowing that
performance and
progress go hand
in hand.

