

Hg

Scope 1 and 2 targets: Hg commits to reduce absolute scope 1 and 2 GHG emissions 50% by FY2030 from a FY2019 base year.

Scope 3 Portfolio Targets

Headline Target: Hg commits that 26% of its PE investments by invested capital will have set science-based targets by FY2026 and 100% by FY2040 from a FY2021 base year. Hg's portfolio targets cover 85% of total investment and lending activities by invested capital as of 1st November 2021.

Summary of actions

Hg will implement the following strategy and actions to achieve its scope 3 portfolio targets:

- Hg will make science-based target portfolio coverage alignment a Hg Board priority, to ensure Hg have Board support in driving the science-based target agenda through committing to resources, capacity building and incentives to ensure the wide uptake of science-based targets across Hg's portfolio.
- Hg will align its existing Responsible Investment policy to reflect the climate-related investment principles of the Paris Agreement to all funds. This will include engagement objectives for all fund managers with existing and new portfolio companies around promoting the uptake of science-based targets.
- Hg will engage with relevant service provider(s) to ensure there is sufficient monitoring and recognition of real economy GHG emissions reductions, including developing tools that allow Hg to build a better understanding of the impact of their actions on GHG emissions.
- Hg will seek to engage with its portfolio companies to develop plans to support businesses in meeting their science-based targets. Hg's disclosure of metrics and targets will align with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.
- Hg will work collectively with peer PE firms to learn, seek advice, and share best practice to increase the impact of engagement activities. Hg will continue to engage with initiatives such as the initiative Climate International (iCI) to promote alignment of portfolios with the Paris Agreement.
- Hg will continue to exclude coal and fossil fuels from our investment strategy in line with our exclusion list which is outlined in our Responsible Investment policy.

- When appropriate, Hg will encourage and offer support to set SBTs for the portfolio companies that are not covered by the scope 3 targets in line with the PE SBTi guidance.