AUGUST 2024

POWERING THE TRANSITION

APPENDIX I: DETAILED SCORING BY FINANCIAL INSTITUTION

CONTENTS

INVESTORS *for* PARIS COMPLIANCE

1. BMO FINANCIAL GROUP

SCORE: D

BMO has three business segments: personal and commercial banking, which represented59% of its gross revenue as of December 2023, wealth management (21%), and capital markets (19%).[1]

KEY RESOURCES:

BMO, Climate Change - Our Impact (n.d.)

BMO Financial Group, 2023 Climate Report

BMO, 2023 CDP Report

BMO Financial Group, 2023 Annual Report

BMO Global Asset Management, NZAM Signatory Disclosure (Nov. 2022)

BMO Financial Group, 2023 Sustainability Report Data Book

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**B**	"Targeting net-zero financed emissions in our lending by 2050."[2] "BMO GAM has set interim targets toward a goal of 100% net zero assets under management by 2050."[3] For this criteria, BMO received a penalty for not including underwriting activities in its net zero goal.
2. INTERIM EMISSIONS REDUCTION TARGET	**D**	BMO has a Canadian power generation lending target of 0.06tCO2e/MWh by 2030 (-54%) "which is indicated by an 88% share of low-carbon power generation."[4] BMO GAM has set an interim target of 50% portfolio decarbonisation by 2030, which currently covers 11.7% of its AUM.[5] This is based off of a 2019 benchmark, measured in dollar intensity. For this criteria, BMO received a penalty for not including underwriting activities, and for insufficient coverage of its intensity targets.

1 BMO Financial Group, 2023 Annual Report, at 91.
2 BMO Financial Group, 2023 Climate Report, at 5.
3 BMO, "Our Impact" (accessed Aug. 15, 2024).
4 BMO Financial Group, 2023 Climate Report, at 54.
5 BMO GAM, November 2022 Net Zero Asset Managers Initiative Disclosure.

CRITERIA	SCORE	JUSTIFICATION
3. EMISSIONS DISCLOSURE	**D**	MO discloses its power generation lending scope 1 absolute emissions, economic, and physical intensity financed emissions. It discloses every year back to its baseline of 2019.[6] Additionally, it also discloses its share of 'low-carbon' vs. fossil fuel lending. BMO states that as of 2021, only 11% of its power generation is fossil fuel based. For GAM, BMO only discloses operational emissions. For this criteria, BMO received a penalty for not including investing or underwriting activities, and for including Scope 1 emissions only.
4. COAL POLICY	**F**	BMO does not have a coal policy. While in its 2023 CDP report, it disclosed a partial coal exclusion policy, in both its banking and asset management wings and covering certain project financing, and investments from actively managed funds, the policy was subsequently removed from all BMO publications.
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. For this criteria, BMO has received a penalty for lacking a Paris-aligned unabated gas power generation policy.

6 BMO Financial Group, 2023 Climate Report, at 54.

CRITERIA	SCORE	JUSTIFICATION
6. ENGAGEMENT STRATEGY	**C**	BMO has a set of lending assessment considerations for its utilities and power generation clients' transition risks, which include governance, commitments and strategy, implementation, engagement, and metrics and targets.[7] "In cases where, following our engagement and support efforts, the risks presented by a client to BMO are not mitigated sufficiently, we will identify and take appropriate steps with respect to the client relationship."[8] BMO also notes that it intends on working with clients to advise on increasing the share of low-carbon power generation.[9] "Transactions associated with significant environmental or social concerns may be escalated to BMO's Reputation Risk Management Committee for consideration."[10] For this criteria, BMO has received a penalty for not disclosing a proportion of power sector portfolio aligned with net zero by 2050, for not extending this beyond lending clients, and for lacking a clear commitment to debank where engagement fails.
7. POWER FINANCING	**D**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. **For this criteria, BMO has received a penalty given that 41% of its power sector financing is renewables.**
TOTAL	**D**	

7 Ibid, at 38.
8 Ibid..
9 Ibid, at 54.
10 Ibid, at 37.

2. BROOKFIELD

SCORE: B

KEY RESOURCES:

Brookfield, 2023 Sustainability Report

Brookfield, Net Zero Commitment

Brookfield Renewable Partners L.P, 2023 Sustainability Report

Brookfield Renewable Partners L.P, 2023 ESG Data Book

Brookfield Infrastructure Fund, 2022 Sustainability Report

Brookfield is Canada's largest private equity firm with approximately $1.25 trillion in assets under management.[11] While it has a number of business arms and subsidiaries, its power and utilities assets are held in Brookfield Renewable Partners ($101B AUM) and Brookfield Infrastructure Partners (192B AUM).[12]

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**B**	Brookfield has set a net zero commitment across all operationally managed investments, which makes up 69% of its AUM. For context, it considers these scope 1 and 2 emissions. For this criteria, Brookfield has received a penalty for a sizable exclusion of assets from its net zero commitment.

11 Brookfield, 2023 Sustainability Report, at 6.
12 Ibid, at 4.

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	**B**	Brookfield has set overall interim targets per NZAM guidance. Its current target is to reduce its scope 1 and 2 emissions by 50% by 2030 across a selected portion of its AUM, and to increase included AUM year-over-year. Currently committed AUM is $263B, or 28.4% of its AUM.[13] While it does not have power sector specific targets, according to Brookfield, all of its power businesses are held within its Renewable Power & Transition ($102B) and Infrastructure ($143B) funds, which currently have 93% and 20%, respectively, of their AUMs included in Brookfield's target. It aims to include all operationally managed assets in its target. For both of these funds, Brookfield has also set additional interim emissions reduction targets. For its RP&T funds, Brookfield has committed to "have GHG emission reduction targets aligned with the goals of Paris Agreement for 100% of carbon-intensive investments" by 2030 for all material emissions and to achieve net zero for scope 1 and 2 emissions for all of its renewable assets by 2030.[14] For its Infrastructure funds, Brookfield reports that it has worked directly with 100% of its controlled businesses to identify emissions reductions opportunities and that initiatives are underway.[15] Here Brookfield does not specifically commit to Paris-aligned interim emissions reduction targets. For this criteria, Brookfield has received a penalty for not clearly committing to set Paris-aligned interim targets for its Infrastructure fund power investments.

13 Ibid, at 67.
14 Brookfield, Renewable Partners 2023 Sustainability Report, at 20.
15 Brookfield Infrastructure Fund, 2022 Sustainability Report, at 10.

CRITERIA	SCORE	JUSTIFICATION
3. EMISSIONS DISCLOSURE	**B**	Brookfield discloses all of its scope 1 and 2 emissions on its controlled portfolio, and discloses non-managed assets as scope 3 category 15.[16] This disclosure additionally includes its baseline emissions from 2020, and its prior year emissions from 2022. It provides breakdowns by business wing, and by dollar intensity. For its Renewable and Transition funds Brookfield reports all material scopes for its controlled and non-controlled assets, for all years between its base year and 2023.[17] For its Infrastructure funds it only reports scope 1 and 2 and plans on including material scope 3 emissions in the future.[18] For this criteria, Brookfield has received a penalty for failing to disclose all material emissions for its power and utility investments within its Infrastructure funds.
4. COAL POLICY	**C**	Brookfield states that it does not "have a firmwide exclusion policy on coal or other fossil fuel investments. Similarly, we do not believe in divestment of high-emitting industries. Rather, we believe that there is significant value in supporting decarbonization of the highest-emitting sectors where we can deliver the greatest level of impact."[19] It continues by stating that "Where feasible, [it] seek[s] to utilize Paris-aligned pathways and science-based methodologies to set targets with our portfolio companies."[20] It is unclear what Brookfield means by "where feasible" in this statement. Brookfield does not provide any coal-specific acquisition criteria. . For this criteria, Brookfield only receives credit for its commitment to decarbonize high-emitting assets, but is penalized for lack of details on how it will specifically manage the transition of its coal assets.

16 Ibid, at 74-76.

17 Brookfield Renewable Partners L.P, 2023 ESG Data Book, at 9-10. (Note: Though not specifically noted in this document, Brookfield representatives personally assured us that reported scope 3 category 15 financed emissions also included all material up and downstream portfolio company emissions.)

18 Brookfield Infrastructure Fund, 2022 Sustainability Report, at 31.

19 Brookfield, 2023 Sustainability Report, at 55.

20 Ibid, at 70.

CRITERIA	SCORE	JUSTIFICATION
5. GAS POLICY	**D**	As noted for its coal policy assessment, Brookfield has an overall commitment to transition its carbon-intensive assets in line with the Paris Agreement. According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. However, Brookfield's views natural gas as a key transition fuel, especially LNG, which brings its commitment to transition its natural gas assets in accordance with the Paris Agreement into question.[21] For this criteria, Brookfield has received a penalty for lacking a Paris-aligned unabated gas power generation policy. It was granted partial points for its general commitment to transition all of its carbon-intensive assets.

21 Brookfield Infrastructure Fund, 2022 Sustainability Report, at 39; Brookfied, 2023 Sustainability Report, at 36.

CRITERIA	SCORE	JUSTIFICATION
6. ENGAGEMENT STRATEGY	**B**	As a private equity investor, Brookfield's primary form of engagement is via direct involvement in its portfolio company net zero plan development and implementation, and then reporting its portfolio-wide net-zero maturity. Brookfield outlines the major criteria it sets for assessing a portfolio company's net-zero alignment in its Net Zero Investment Framework (NZIF).[22] This includes establishing an emissions baseline, identifying levers for a science-based net zero trajectory, establishing board oversight of the company's net zero plan, reporting annual scope 1-3 emissions and setting interim Paris-aligned targets, meeting annual targets, and finally, achieving net zero. Brookfield reports the net-zero alignment maturity of its operationally-owned assets as a whole as well as for its in-scope NZAM assets in particular – the latter are more mature along the scale, with most having already established a net zero plan and have Board oversight set up for its implementation.[23] For its Infrastructure funds in particular, Brookfield lays out some clear requirements of its portfolio companies, including: "major energy reduction initiatives or related capex projects that support emissions reduction," and "key ESG metrics, including emissions, water, waste, energy consumption".[24] Brookfield also has some relatively minor public-equity investment holdings which have a sustainable investment and management policy that includes a due diligence process to assess risks and factor them into decision making, investment committee consideration and approval, an 'Ongoing Management' statement which includes monitoring and engagement practices for non-controlled assets, and an exit policy in which, where applicable, impact statements are made regarding sustainability outcomes of assets during the holding period.[25] It also has a proxy voting policy, which broadly states that it will consider sustainability-related factors when considering board and director approval, and will consider voting for climate-related disclosures on a case-by-case basis. For this criteria, Brookfield has received a penalty for lack of a clear escalation timeline and exit strategy where a company does not sufficiently progress along its NZIF.

22 Brookfield, 2023 Sustainability Report, at 71.
23 Ibid, at 71-72.
24 Brookfield Infrastructure Fund, 2022 Sustainability Report, at 16.
25 Ibid, at 19.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**A**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, Brookfield has received the full score given that 73% of its power sector financing is renewables.
TOTAL	**B**	

3. CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (CDPQ)

SCORE: B

KEY RESOURCES:

CDPQ, 2021 Climate Strategy

CDPQ, Sustainable Investment Report 2023

CDPQ, Proxy Voting Policy (2024)

Caisse de dépôt et placement du Québec has been managing the retirement savings of Quebec's civil servants since 1965. Today, it manages 48 pension and insurance plans' funds. CDPQ's assets are valued at $452 billion.[26]

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	A	Net-zero portfolio emissions by 2050. For this criteria, CDPQ receives full marks.
2. INTERIM EMISSIONS REDUCTION TARGET	B	Overall target of 60% portfolio carbon intensity reduction by 2030 compared to 2017, but no power target. Includes scope 1 and 2 emissions only.[27] For this criteria, CDPQ receives a penalty for excluding Scope 3 emissions.
3. EMISSIONS DISCLOSURE	C	Disclose yearly carbon intensity for overall portfolio, not power sector only. Scope 1 and 2 only.[28] For this criteria, CDPQ receives a penalty for reporting absolute emissions for base year and last year only, and for excluding Scope 3 emissions.

26 CDPQ, About.
27 CDPQ, Sustainable Investment Report 2023, section 2.
28 Ibid.

CRITERIA	SCORE	JUSTIFICATION
4. COAL POLICY	B	Has exited thermal coal completely.[29] However, this is exclusive of the "transition assets" envelope, through which CDPQ still holds equity in utilities producing electricity from coal. At least some of these companies, like Ameren, don't have a Paris-aligned transition plan. For this criteria, CDPQ has received a penalty for lack of clarity of the process surrounding its "transition assets" envelope.
5. GAS POLICY	D	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. CDPQ is engaging with Énergir, a gas distributor for which it is a majority shareholder, on decarbonization strategies.[30] However, Énergir has not yet presented a credible plan to nearly phase out its natural gas operations by 2040. For this criteria, CDPQ has received a penalty for lacking a Paris-aligned unabated gas power generation policy.

29 Ibid, at section 4..
30 Ibid.

CRITERIA	SCORE	JUSTIFICATION
6. ENGAGEMENT STRATEGY	**C**	CDPQ's Sustainable Investment Report states: "A growing number of our portfolio companies are actively engaged in the transition. They meet the standards of the Science Based Targets initiative (SBTi), which ensures that assets are aligned with the Paris Agreement. Obtaining this certification can take up to two years. Our portfolio has $50 billion in SBTi-compliant assets and another $32 billion in the process of becoming compliant. When this is added to our low-carbon assets ($53 billion), we have $135 billion aligned with the Paris Agreement."[31] "Through our shareholder vote, we support shareholder proposals aimed at promoting better disclosure of climate-related risks and opportunities, in accordance with TCFD recommendations. Moreover, we speak with our portfolio companies' executives to better understand their climate change strategies and encourage them to adopt best practices. In some cases, CDPQ pools its efforts with peers to maximize its influence on companies. [...]In 2022, we voted against the re-election of certain Board members of 10 companies to underscore their lack of ambition on decarbonization. These individuals are responsible for sustainability and climate-related issues on their Boards. We continued our collaboration in 2023 and voted against the re-election of nine new Board members (for more details, see the Climate engagement case study)." In terms of the assessment method, CDPQ states that it selects companies for which it will undertake engagement efforts "using information disclosed by Climate Action 100+", without further precision. For this criteria, CDPQ has received a penalty for lack of clarity of assessment method supporting its engagement, and lack of clarity of escalation policy leading to divestment.

31 Ibid, at section 1.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**A**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, CDPQ has received the full score given that 82% of its power sector financing is renewables.
TOTAL	**B**	

4. CANADA PENSION PLAN INVESTMENT BOARD (CPPIB)

SCORE: C+

KEY RESOURCES:

CPPIB, Net Zero Commitment (n.d.)

CPPIB, 2023 Report on Sustainable Investing

CPPIB, Sustainable Investing FAQs (n.d.)

CPPIB, The Future of Climate Change Transition Reporting (2021)

CPPIB, Decarbonization Investment Approach (2023)

Canada Pension Plan Investment Board is a crown corporation that manages Canada's federally administered pension plan. As of June 30, 2024, CPPIB manages $646.8B in AUM.[32]

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**A**	"We've committed our portfolio and operations to being net zero of greenhouse gas (GHG) emissions by 2050." CPPIB's net zero goal is notably inclusive of all scopes.[33] For this criteria, CPPIB has received a full mark.
2. INTERIM EMISSIONS REDUCTION TARGET	**F**	CPPIB has not set interim targets. Its FAQ on sustainable investing states that it will "only set targets when [it has] the confidence that they are feasible, achievable and aligned with our investment mandate." For this criteria, CPPIB receives no credit.
3. EMISSIONS DISCLOSURE	**C**	CPPIB discloses scopes 1 and 2 emissions, with stratification between non-governmental holdings and government-issued securities. It discloses its emissions using an equity share approach, and only publishes 1 previous year of emissions. It also discloses its emissions on a dollar intensity basis.[34] CPPIB has received penalties for only reporting emissions for 2023 and 2022, and for exclusion of scope 3 emissions.

32 CPPIB, "The Fund by the Numbers" (Accessed August 20, 2024).

33 CPPIB, 2023 Report on Sustainable Investing, at 24.

34 Ibid, at 40.

CRITERIA	SCORE	JUSTIFICATION
4. COAL POLICY	**F**	CPPIB does not have a coal exclusion policy. It states that "as a long-term investor, we prefer to actively engage with and attempt to influence companies when we disagree with a position taken by management or a board of directors of our active holdings. We have the ability to be a patient provider of capital and to work with companies to bring about change."[35] For this criteria, CPPIB receives no credit.
5. GAS POLICY	**F**	CPPIB has no gas policy.
6. ENGAGEMENT STRATEGY	**B**	While CPPIB has no power-sector related guidance, it publishes its expectations of its portfolio companies. Expectations include: • Effective boards; • Disclosure of material sustainability-related risk; • Credible transition plans; • Integration of sustainability factors in strategy; • Executive incentive alignment; and • Adherence to CPPIB proxy voting principles.[36] It states that where engagement is unsuccessful, it will vote against chairs of responsible committees or entire boards. CPPIB also developed in 2021 a Decarbonization Investment Approach, a "framework and standardized template to measure the capacity of organizations to remove or 'abate' their GHG emissions."[37] As of October 2023, CPPIB was in a test phase for this protocol, with an initial cohort of "over ten portfolio companies" representing approximately 16.4% of the total emissions of its non-government holdings.[38] The results of this test phase are not yet available. For this criteria, CPPIB receives a penalty for a lack of commitment to divest where engagement is unsuccessful.

35 Ibid, at 14.
36 Ibid, at 16.
37 CPPIB, The Future of Climate Change Transition Reporting (2021), at 4.
38 CPPIB, Decarbonization Investment Approach (2023), at 5.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**A**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, CPPIB has received the full score given that 90% of its power sector financing is renewables.
TOTAL	**C+**	

5. CANADIAN IMPERIAL BANK OF COMMERCE (CIBC)

SCORE: C-

KEY RESOURCES:

CIBC, 2023 Climate Report

CIBC, Accelerating Climate Action, Version 3.0

CIBC Asset Management, 2022 Climate Report

CIBC, 2023 Sustainability Report

CIBC, Environmental and Social Risk (n.d.)

CIBC has four business segments: Canadian personal and business banking, which represented 40% of its gross revenue as of October 2023, Canadian commercial banking and wealth management (23%), US commercial banking and wealth management (12%), and capital markets/direct financial services (24%).[39]

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**B**	"In August 2021, CIBC announced our ambition to achieve net-zero GHG emissions associated with our operational and financing activities by 2050."[40] CIBC describes its absolute target as "a reduction in absolute emissions attributed to a financial institution's lending and investing activity over time."[41] For this criteria, CIBC has received a penalty for the lack of a commitment from CIBC Asset Management.

39 CIBC, 2023 Annual Report, at 3.
40 CIBC, Accelerating Climate Action, at 4.
41 Ibid, at 27.

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	**B**	CIBC has set a power generation interim target to reduce scope 1 emissions by 32% on an intensity basis by 2030, from a 2020 baseline. This amounts to an intensity target of $0.156tCO_2/MWh$.[42] It has included "the emissions associated with our corporate lending commitments and facilitated financing, which is CIBC's share of actual economic allocation for equity capital markets and debt capital markets underwritings. We have also included project financing in our power generation interim target." For this criteria, while CIBC's intensity target is almost in line with the IEA's net zero guidance, it has received a penalty for lack of a target set by CIBC Asset Management.
3. EMISSIONS DISCLOSURE	**B**	CIBC discloses scope 1 and 2 emissions on absolute and intensity bases for its power generation portfolio for investing and lending, disclosing every year back to its baseline of 2020.[43] CIBC Asset Management discloses its emissions by investment type, in absolute terms, and in WACI.[44] For this criteria, CIBC has received a penalty for lack of underwriting disclosure.
4. COAL POLICY	**D**	CIBC has set an exclusion policy such that it will not "lend to any client or project where the proceeds are known to be primarily used for the purposes of developing a new coal-fired power plant, a mountaintop removal coal mine or a new standalone thermal coal mine." Its policy also excludes new utility or power generation client lending that derives more than 60% of power generation from coal. Furthermore, where utility or power generation clients have coal generation amounting to less than 60% of power generation, CIBC has set an evaluation process to reduce or eliminate coal use. For this criteria, CIBC has received the following penalties: CIBC's 60% threshold is well beyond the best practice of a 10% threshold. Its 60% threshold only applies to new clients. This exclusion is only inclusive of lending activity. Its partial exclusion of financing known to be primarily used for coal projects is functionally a project-level exclusion, and permits general corporate financing. CIBC Asset Management does not disclose a coal policy.

42 Ibid, at 13.
43 CIBC, 2023 Climate Report, at 54-56.
44 CIBC Asset Management, 2022 Climate Report, at 11.

CRITERIA	SCORE	JUSTIFICATION
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. For this criteria, CIBC has received a penalty for lacking a Paris-aligned unabated gas power generation policy.
6. ENGAGEMENT STRATEGY	**C**	CIBC engages with clients "premised on the bank's net zero emissions target". It states that it aims to integrate climate metrics into business strategies, and annually analyzes client decarbonization progress with a proprietary risk scoring methodology.[45] It commits to engaging high-emitting clients to understand transition risk, and to discuss escalation and accountability mechanisms. CIBC has a carbon risk scoring methodology for its large corporate lending clients that has four categories: poor, moderate, strong, and advanced.[46] It has assessed its largest clients for two years.[47] The criteria would benefit from greater detail. CIBC Asset Management only notes that it works with investees to understand climate exposures, and is active in its proxy voting as a mechanism of engagement.[48] For this criteria, CIBC has been assessed penalties for lack of comprehensive disclosure of assessment criteria, and lack of clear escalation or enforcement mechanisms.
7. POWER FINANCING	**D**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, CIBC has received a penalty given that 47% of its power sector financing is renewables.
TOTAL	**C-**	

45 CIBC, 2023 Climate Report, at 17.
46 CIBC, Accelerating Climate Action, at 24.
47 Ibid, at 24-25.
48 CIBC Asset Management, 2022 Climate Report at 11.

6. MANULIFE

SCORE: D+

KEY RESOURCES:

Manulife, 2023 Annual Report

Manulife, 2023 Sustainability Report (May 2024)

Manulife, 2023 CDP Report

Manulife, 2023 Climate Action Implementation Plan

Manulife is originally a life and health insurer in Canada, the U.S., and increasingly in Asia, which has expanded substantially into third party asset management. As of December 2023, it held about $1.2 trillion in assets under management, of which $378 billion were in its general account (premiums invested in order to at least cover liabilities), about $814 billion in assets under management for third parties, and about $200 billion in other funds and under administration.[49] Its third party asset management business is run by Manulife Investment Management and represented about two thirds of the company's AUM in 2023.

Manulife's position is that due to its organizational structure it does not have sufficient influence over MIM to manage its climate risk and opportunity management. However, for our analysis all organizations are assessed based on the premise that parent companies are responsible for the transition of their entire business.

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	C	"We are committed to net zero financed emissions within our General Account's investment portfolio by 2050."[50] Manulife's general account represents about $400 bn of $1.4 trillion in AUM (see company profile above). The General Account is a logical place for insurance companies to start their net zero journey, as it represents assets the insurance company owns and invests on its own account. It is not where its climate journey should end. For this criteria, Manulife has received a penalty for not including material emissions from its third party asset management business within its net zero goal.

49 Manulife, 2023 Annual Report, at 1.
50 Manulife, 2023 CDP Report, at C.01.

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	**C**	Only the General Account public equity and fixed income is covered by the following interim targets: Overall: By 2027, reduce portfolio temperature to 2.5°C on a well-below 2°C pathway, based on issuer's total value chain activities (scopes 1 to 3), from a 2.9°C baseline in 2019. From 2.7°C to 2.3°C for scopes 1 to 2. Public equity and fixed income represent 36% of the monetary value of Manulife's GA portfolio, and 31% of the financed emissions. For its power project financing, Manulife has committed that by 2035, it will achieve a 72% reduction in per Kilowatt-hour (kWh) emissions intensity and/ or a target intensity of 0.14 kgCO_2e/kWh by 2035. Both targets have been submitted, but have not yet been approved by SBTI. For this criteria, Manulife has received a penalty for not including material emissions from MIM within its interim target.
3. EMISSIONS DISCLOSURE	**D**	Manulife discloses 35% of its GA financed absolute emissions and financial emissions intensity. Not included: downstream scope 3 emissions, sovereign debt, private equity.[51] 1) The GA scope 1+2 (owned assets) decreased by 13% from 2021-2023 on an absolute basis (timberland, agriculture, buildings).[52] 2) GA absolute financed emissions (scope 1,2 and upstream scope 3, for listed equity and debt), for power and utilities decreased significantly from 2021 to 2022 (-40%). No other reporting on progress towards temperature alignment or power project financing is provided.[53] Only reporting 35% of about 30% of AUMA, in other words, it is only reporting emissions for 10% of AUMA, and does not disclose downstream scope 3 emissions. For this criteria, Manulife has received a penalty for not including material emissions from MIM and scope 3 emissions from its GA.

51 Manulife, 2023 Sustainability Report, at 96; see also: Manulife, 2023 CDP, at 73-75.
52 Manulife, 2023 Sustainability Report, at 95.
53 Ibid, at 96.

CRITERIA	SCORE	JUSTIFICATION
4. COAL POLICY	**C**	**General Account Thermal Coal Statement:** "aims to reduce long-term, future exposure to thermal coal companies. The policy limits new investments in companies that have more than 20% revenue from mining thermal coal or unabated thermal coal power plants or with more than 20% share of installed capacity is thermal coal. Project finance for thermal coal mines and power plants beyond construction and expansion remains permitted, only where the funds are used to support the issuer's transition away from thermal coal. These restrictions apply to new, direct investments made by Manulife and its wholly owned life insurance companies globally."[54] This policy only applies to North America and Europe.[55] **The GA power project investment policy broadly:** "We finance power generation projects to keep our portfolio in line with IEA targets for emissions intensity per kWh. The power generation sector is a critical and central enabler of the decarbonization of any consumers of energy. With increased electrification of aspects such as road transport, demands on our electrical grids are expected to grow substantially in the transition to a low carbon economy. Electricity is generated by a diverse mix of energy sources, and geography and technology play important roles in defining the conditions for financial viability of projects utilizing cleaner energy sources. Projects can range from conversions of thermal coal facilities to natural gas to development of new wind farms. The power generation sector, and project financing activities in particular, are a primary area of focus for immediate decarbonization. As a long-term investor, the sector is a significant target for investment and, as a result, influenced by life and health insurers like Manulife. We remain focused on projects that displace lower efficiency energy sources like coal that best match the long-term liabilities of our business model."[56] For **third party asset management**, MIM offers clients an optional exclusions framework that covers coal mining and coal-fired electricity assets.[57] For this criteria, Manulife has received a penalty for setting an overly permissive 20% threshold, for covering new investments only, and for not covering coal operations located outside of North America or Europe, and for excluding investments outside of the General Account.

54 Manulife, 2023 CDP, at 28.
55 Ibid.
56 Manulife, 2023 Climate Action Implementation Plan, at 23.
57 Manulife, Sustainability Report 2023, at 23.

CRITERIA	SCORE	JUSTIFICATION
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. For this criteria, Manulife has received a penalty for lacking a Paris-aligned unabated gas power generation policy.
6. ENGAGEMENT STRATEGY	**D**	In 2023 Manulife established an escalating client engagement framework, which targets its top 10 emitters within its GA.[58] Manulife's stance on its GA debt engagement is as follows: "The largely debt focused composition of our portfolio means that we face unique challenges relative to entities with a higher concentration of equity-related investments. For example, issuer-level information regarding emissions or decarbonization targets is often much more limited, and our direct ability to engage and influence management teams' actions is impacted by the fact that debt investments generally do not have voting rights typical for equity investors. That said, we seek to participate in an active dialogue with management teams regarding their decarbonization activities, especially for those higher-emitting sectors. We continue to explore additional avenues through which we can better engage with issuer companies, such as promoting the use of the Private Placement Industry Association (PPIA) ESG Questionnaire in private placement transactions. We are in the process of developing a targeted engagement strategy and playbook to better equip investment analysts with the knowledge and skills to engage with the top emitters in our portfolio to encourage decarbonization, in line with our Climate Action Plan."[59] For this criteria, Manulife has received a penalty for lacking a specified timeline and basis for escalation, as well as detailed transition plan assessment criteria. Manulife has advised us that they are working on finalizing their engagement program and expect to roll it out later this year.

58 Manulife, 2023 Climate Action Implementation Plan, at 26; See also, Manulife, 2023 CDP at 80.

59 Manulife, 2023 Climate Action Implementation Plan, at 26.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**D**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. Manulife's GA has not publicly released its renewables exposure. As a result, this quantitative analysis only focuses on Manulife Investment Management's public market exposure. However, within its Sustainability report, Manulife does report some data on its private debt and equity financing of renewable energy across its GA and third party asset management business for 2021-2023. For example, in 2023 it had $13 billion invested in renewable zero-carbon projects like solar and wind.[60] Manulife also recently committed $690 million to transition-related equity investments, with a focus on solutions for high-emitting sectors, such as industrial decarbonization, solar, hydrogen, carbon sequestration and storage, electrification of transport). This commitment is an important first step, but as it is not specific to renewable energy it does not affect this grade.[61] For this criteria, Manulife has received a penalty given that only 42% of MIM's power sector investments are in renewables. However, we are pleased to see Manulife is reporting its investments in renewables across its organization and is investing in private equity transition businesses.
TOTAL	**D+**	

60 Manulife, 2023 Sustainability Report, at 95.
61 Manulife, Climate Action Implementation Plan, at 23.

7. NATIONAL BANK OF CANADA

SCORE: C-

KEY RESOURCES:

National Bank, 2023 Annual Report
National Bank, 2023 Climate Report
National Bank, 2023 CDP Disclosure
National Bank, 2023 ESG Report
National Bank, Stakeholder Engagement Guidelines (n.d)
National Bank Investments, 2023 Report on Responsible Investment Advances
National Bank Investments, Responsible Investment Policy (n.d)

With assets under management of $120.9 billion in 2023, the National Bank of Canada offers banking, insurance and investment services. In 2023, the bank generated 42% of its total revenue from personal and commercial services, 24% from financial markets, 23% from wealth management, and 11% from U.S. specialty finance and international activities.[62] Its asset management arm, National Bank Investments, relies exclusively on external portfolio managers for the management of its investments.

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**C**	National has committed to "achieve net zero emissions for our operations and our financing activities by 2050."[63] National Bank Investments does not have a net zero commitment. For this criteria, National Bank has received a penalty for not including facilitated emissions (underwriting) and for not including its investing emissions.

62 National Bank, 2023 Annual Report, at 28.
63 National Bank, 2023 ESG Report, at 11.

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	**C**	National has committed to a "33% reduction in portfolio intensity by 2030, for Scope 1 (tCO_2e/kWh)."[64] This covers loans and acceptances only (financing/lending).[65] National's power sector intensity target by 2030 is 0.07 tCO_2e/MWh.[66] This is <0.138 t/MWh, which is Paris-aligned. This intensity target "covers 86% of the total financed emissions for the portfolio, due to certain data limitations and the exclusion of financed projects that are under construction (power generation data not available because the project is not yet operational)."[67] The target is considered science-based by National, but has not been validated by the Science Based Targets initiative.[68] For this criteria, National Bank has received a penalty for not including facilitated emissions (underwriting) and for not including investing emissions in its interim target.
3. EMISSIONS DISCLOSURE	**D**	National discloses utilities' absolute and intensity financed emissions for 2019 and 2022, for scopes 1 and 2.[69] For this criteria, National Bank has received a penalty for not including facilitated emissions (underwriting), for not including investing emissions, and for not including scope 3 emissions.

64 National Bank, 2023 Climate Report, at 13.
65 Ibid, at 36.
66 Ibid, at 45.
67 National Bank, 2023 CDP Report, at 34.
68 Ibid.
69 National Bank, 2023 Climate Report, at 36 and 45.

CRITERIA	SCORE	JUSTIFICATION
4. COAL POLICY	**B**	According to its coal policy, National will "not lend, invest, or fund the development, construction of new coal-fired power plants projects. We will not provide any financing as a lender or hold equity securities to any new clients generating more than 10% of its power from a coal-based production capacity unless the use of proceeds is to finance the energy transition."[70] Additionally, National will "support new and existing clients who own and acquire existing coal power generation assets as long as they are committed to achieving Net Zero by 2050 or publicly engaged to phase out from their thermal coal activities."[71] National Bank Investments has aligned its exclusions to those of National.[72] For this criteria, National Bank has received a penalty for lack of clarity of "public engagement to phase out" criteria to allow coal financing.
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. For this criteria, National Bank has received a penalty for lacking a Paris-aligned unabated gas power generation policy.

70 Ibid, at 39.
71 Ibid.
72 National Bank Investments, Report on Responsible Investment Advances, at 14.

CRITERIA	SCORE	JUSTIFICATION
6. ENGAGEMENT STRATEGY	**D**	National states it "[engages] with [its] clients and [collaborates] with [its] peers, banking organizations and the public sector."[73] This includes "management and shareholder proposals, including the advisory vote on executive compensation; and [annual meeting of shareholders'] question period."[74] For its internally managed funds, NBI aligns its proxy voting with the sustainability policy from International Shareholder Services (ISS) and discloses its proxy voting record.[75] For this criteria, National Bank has received a penalty for lacking a clear power sector client and investee assessment method, as well as a timebound escalation policy for engagement that could lead to divestment or debanking. It has received some credit for a progressive asset management proxy voting policy.
7. POWER FINANCING	**C**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, National Bank has received a penalty given that 55% of its power sector financing is renewables.
TOTAL	**C-**	

73 National Bank, 2023 Climate Report, at 10.
74 National Bank, Stakeholder Engagement Guidelines, at 2.
75 National Bank Investments, Report on Responsible Investment Advances, at 14; see also: NBI Proxy voting record.

8. ONTARIO TEACHERS PENSION PLAN (OTPP)

SCORE: B-

KEY RESOURCES:

OTPP, Our Environmental Impact (n.d.)

OTPP, 2023 Annual Report

OTPP, 2022 Annual Responsible Investing and Climate Strategy Report

OTPP, 2023 Proxy Voting Guidelines

OTPP, 2022 Green Bond Report

Ontario Teachers' Pension Plan manages the pensions of 340,000 teachers in the province of Ontario.[76] As of August 2024, it manages $255.8B in net assets.[77]

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	A	OTPP states that it is committed to having net zero emissions associated with its entire portfolio, excluding its sovereign debt holdings.[78] Sovereign debt makes up 22.4% of its AUM.[79] For this criteria, OTPP has received full marks.
2. INTERIM EMISSIONS REDUCTION TARGET	A	OTPP has set dollar intensity targets of 45% and 67% reduction in emissions intensity by 2025 and 2030, respectively, on a 2019 baseline.[80] This applies to its entire AUM other than its sovereign debt holdings.. For this criteria, OTPP has received full marks.
3. EMISSIONS DISCLOSURE	B	OTPP discloses scope 1 and 2 emissions for its entire AUM, excluding sovereign debt, every year back to its baseline of 2019. It also discloses its emissions on a dollar intensity basis. For this criteria, OTPP has received a penalty for lack of disclosure on scope 3 emissions.

76 OTPP, "Our leadership" (Accessed Aug. 20, 2024).
77 OTPP, "Our Performance and Track Record" (Accessed Aug. 20, 2024).
78 OTPP, 2023 Annual Report, at 150.
79 Ibid, at 71 & 78.
80 OTPP, Annual Responsible Investing and Climate Strategy Report, at 12.

CRITERIA	SCORE	JUSTIFICATION
4. COAL POLICY	**D**	OTPP does not have a coal exclusion policy. Rather, it states that "Going forward, [OTPP is] planning to make an initial allocation of approximately $5 billion over the next several years towards what [it has] defined as "High Carbon Transition (HCT) assets".[81] OTPP sets clear investment criteria of: • significant carbon intensity (10x portfolio average), and • a credible science-based decarbonization pathway. HCT assets will be tracked separately from its portfolio carbon footprint, and individual targets will be set for each HCT asset. However, OTPP's disclosure of this program does not make clear that all coal — or all high-emitting assets — are included. For this criteria, OTPP receives credit for its financing towards transitioning high-emitting assets, but is penalized for the lack of a clear commitment to transition all coal assets.
5. GAS POLICY	**F**	OTPP does not have a gas policy.
6. ENGAGEMENT STRATEGY	**B**	OTPP states that investee companies need to demonstrate an understanding of their material emissions, and disclose targets, and progress updates. It expects companies to meet ISSB/TCFD reporting standards, and will consider not supporting directors, chairs, or committees where appropriate action is not taken.[82] Its engagement strategy involves discussion with management and boards, and calls for "specific, measurable, achievable, relevant, and timebound objectives, with progress monitored on an ongoing basis."[83] It expects company targets to include scopes 1, 2, and where relevant 3, and each company has a 2 year grace period on reporting.[84] It aims to have 67% of its AUM covered by a credible transition plan by 2025, and 90% by 2030. OTPP has received a penalty for lack of clear promise to divest alongside a timeline on escalation.
7. POWER FINANCING	**N/A**	Insufficient data.
TOTAL	**B-**	

81 OTPP, 2022 Annual Responsible Investing report, at 16.
82 OTPP, 2023 Proxy Voting Guidelines, at 14.
83 OTPP, 2023 Annual Report, at 39.
84 OTPP, 2022 Annual Responsible Investing Report, at 15.

9. POWER CORPORATION OF CANADA

SCORE: D

Power Corporation of Canada is a Canadian management and holding company, focused on insurance and financial services, with a current market capitalization of over $24 billion. Power Corporation holds $749.5 billion in consolidated assets and $3.1 trillion in consolidated assets and assets under administration.

Power's main subsidiaries are Great-West Lifeco ($2.9 tn AUM) and IGM Financial ($240 bn AUMA), which includes Mackenzie Investments.

KEY RESOURCES:

Power Corporation, Annual Report 2023
Power Corporation, CDP Disclosure 2023
Power Corporation, 2022 ESG Index
Power Corporation, Investment Process
Power Corporation, Lobbying Policy
Power Corporation, Corporate Sustainability Statement
Great-West Lifeco, Corporate Social Responsibility
Great-West Lifeco, CDP Disclosure 2023
Great-West Lifeco, Advancing Inclusive Growth: Impact, Inclusion and Citizenship
Great-West Lifeco, 2023 Annual Report
IGM, CDP Disclosure 2023
IGM, 2023 Sustainability Report
IGM, Climate Position Statement
IG Wealth Management, Sustainable Investing Policy

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	D	Power Corporation does not have a company-wide net zero goal. **Subsidiaries** Lifeco: Net zero financed emissions target by 2050 for the General Account.[85] IGM: In its climate position statement, IGM commits to "setting interim targets for investment portfolios as a first step, consistent with the global ambition to achieve net zero emissions by 2050". Its subsidiary Mackenzie Investments manages approximately 70% of IG Wealth's assets under management (AUM), and a portion of those assets are covered by the NZAMi commitment.[86] Mackenzie has a net zero financed emissions target by 2050 covering 24% of assets under management. 100% of AUM setting an SBTi or equivalent by 2050.[87] For this criteria, despite having no company-wide net zero goal, Power Corporation was awarded some points for actions taken by some of its subsidiaries.

85 Power Corporation, CDP 2023, at 120-121.
86 IGM, 2023 Sustainability Report, at 41.
87 Ibid.

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	**D**	Power Corporation does not have an interim emissions target for its financed emissions generally nor its financed power sector emissions specifically. **Subsidiaries** Lifeco: 37% reduction in financed emissions by 2030 for the General Account.[88] IGM: Although no financed emissions target has been set at the mother company level, its subsidiary Mackenzie Investments has set a 50% reduction target of financed emissions covering 24% of assets under management by 2030. Excludes Scope 3 emissions. 50% of AUM setting an SBTi or equivalent target by 2030.. For this criteria, despite having no company-wide interim emissions reduction target for the power sector, Power Corporation was awarded some points for actions taken by some of its subsidiaries.
3. EMISSIONS DISCLOSURE	**D**	Power Corporation's central financed emissions reporting only includes Lifeco's partial disclosure. This represents 16.4% of Power Corporation's AUM.[89] **Subsidiaries** Lifeco: Discloses assets representing 20% of AUM. Includes Scope 3 emissions. IGM: Reports emissions on 94% of public equity holdings, and on approximately 70% of its AUM. Excludes Scope 3 emissions. For this criteria, Power Corporation has received a penalty for failure to disclose material financed emissions.

88 GWL, Advancing Inclusive Growth, at 4.
89 Power Corporation, CDP Disclosure 2023

CRITERIA	SCORE	JUSTIFICATION
4. COAL POLICY	**D**	Power Corporation: No coal policy. **Subsidiaries** Lifeco: A portion of Great West Lifeco's general account has a coal screen policy that avoids investing in companies generating over 15% of their revenue from coal, unless there is a target to reduce this to below 5% by 2030. This policy is applied to the portion of the general account managed by CLAM, which represents the UK holdings. While the exact portion under CLAM's management isn't disclosed, it's worth noting that in 2023 over half of base earnings from insurance and annuities came from Europe, which may suggest a similar proportion of the general account is subject to the coal screen policy.[90] Lifeco's general account constitutes approximately 26% of its AUM.[91] 100%-owned subsidiary Irish Life Investment Managers excludes companies with 25% or more revenue involvement in thermal coal power generation and 10% or more revenue involvement in thermal coal extraction/production. [92] IGM: Mackenzie BetterWorld Products, a subcategory of equity funds, are screened for fossil fuels. In this case, fossil fuels refer to companies that derive more than 10% of their revenue from the exploration, extraction, or production of thermal coal, oil sands, shale energy, and Arctic oil and gas. The Mackenzie Corporate Knights Global 100 Index ETF and Fund also screen companies with more than 10% revenue derived from thermal coal; as well as oil sands laggards.[93] For this criteria, Power Corporation has received some credit for the coal policies of two of its subsidiaries, although these only cover a fraction of the company's AUM.
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. Lifeco: 100%-owned subsidiary Irish Life Investment Managers excludes companies with 10% or more revenue involvement in the oil sands.[94] IGM: Mackenzie BetterWorld Products, a subcategory of equity funds, are screened for fossil fuels (see coal policy above). For this criteria, Power Corporation has received a penalty for lacking a Paris-aligned unabated gas power generation policy.

90 GWL, 2023 CDP Report, at 64.
91 Ibid, at 60.
92 Ibid, at 19.
93 IGM, CDP Disclosure 2023.
94 Great-West Lifeco, CDP Disclosure 2023, at 64.

CRITERIA	SCORE	JUSTIFICATION
6. ENGAGEMENT STRATEGY	D	Power Corporation: "As part of our active ownership approach, we engage with senior management of our group companies, both formally and informally, on a regular basis and when questions or issues may arise, through our representation on their respective boards. In all of these interactions, we have an open and constructive dialogue in order to ensure that we have a proper understanding of how the management teams of our group companies manage sustainability in a manner consistent with our core values."[95] **Subsidiaries** Lifeco: No known engagement strategy. IGM: "We will incorporate climate in our engagement and proxy voting activities, including exercising our influence with companies on material climate issues and promoting better climate disclosures."[96] "IG partners exclusively with asset manager sub-advisors who are also signatories to the PRI. [...]Sub-advisors are selected through a rigorous due diligence process that evaluates their ESG integration and active ownership practices. The ongoing oversight comprises an annual comprehensive sustainable investing assessment and a thorough competencies review."[97] Mackenzie: Engage with 100 investee companies in Mackenzie's investment funds by 2030.[98] For this criteria, Power Corporation has received a penalty for failure to include a clear engagement framework at the company level, beyond a vague statement. Power Corporation was awarded some points for the engagement commitments taken by Mackenzie Investments.

95 Power Corporation, Corporate Sustainability Statement.
96 IGM, Climate Position Statement.
97 IG Wealth Management, Sustainable Investing Policy, at 27.
98 Power Corporation, 2023 CDP Report, at 117.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**D**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, Power Corporation has received a penalty given that 42% of its power sector financing is renewables.
TOTAL	**D**	

10. ROYAL BANK OF CANADA

SCORE: D+

Royal Bank of Canada (RBC) is Canada's largest bank, with business arms that provide retail and commercial banking (≈40% of its 2023 revenue), capital markets services (≈20%), asset management (≈30%), and life and health insurance (≈10%).[99] RBC's Wealth Management Business manages $1.07 trillion in AUM,[100] of which its Global Asset Management (GAM) arm represents about $640 billion.[101]

KEY RESOURCES:

RBC, Climate Report 2023 (March 2024)

RBC Global Asset Management, Climate Report 2023 (March 2024)

RBC, 2023 Annual Report (Jan 2024)

RBC, Client Engagement Approach on Climate (Nov. 2023)

RBC, Policy Guidelines for Sensitive Sectors (n.d.)

RBC Global Asset Management, Our Net-Zero Ambition (n.d.)

RBC Global Asset Management, Commitment to the UK Stewardship Code 2023.

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	C	RBC's banking arm has set a target to "achieve net-zero in [its] lending by 2050," This commitment is not inclusive of its asset and wealth management wings.[102] RBC Global Asset Management (RBC GAM), which represents less than half of RBC's broader wealth management business, "recognizes the importance of the global goal of achieving net-zero emissions by 2050 or sooner" but stops short of committing to achieving net zero in its investments.[103] RBC's position is that it has a fiduciary duty to its asset management clients and commits to follow their asset management clients' instructions which represents an obstacle to them setting and achieving a net zero target for their asset management businesses.[104] RBC's life and health insurance business does not have a net zero commitment. For this criteria, RBC has received a penalty for failing to include both investments and underwriting in its net zero commitment.

99 RBC, 2023 Annual Report, at 20.
100 Ibid, at 23.
101 RBC Global Asset Management, 'Our Story' (accessed Aug. 9, 2024, converted from USD).
102 RBC, 2023 Climate Report, at 5.
103 RBC, Our Net Zero Ambition, at 1.
104 Meeting with RBC representatives (Aug. 2024).

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	C	RBC's banking arm has set an intensity-based scope 1 emissions reduction target for its power generation lending activity. It aims to reduce its power generation emissions intensity by 54%, from 340 g CO_2/kWh in 2019 to 156 g CO_2/kWh by 2030.[105] This is roughly in line with the IEA 1.5-aligned target of 138 g CO_2/kWh. However, the target only encompasses the bank's lending activity, and RBC GAM has not set any interim targets. For this criteria, RBC has received a penalty for failure to include both investments and underwriting in its interim target.
3. EMISSIONS DISCLOSURE	C	RBC's banking arm discloses some of its power generation financed emissions on both absolute and intensity bases. It discloses power sector scope 1 emissions intensity from its lending activity, reported every year since its 2019 baseline.[106] It also discloses scopes 1 and 2 absolute emissions from its lending activity to power generation, dating back to 2021.[107] RBC GAM discloses emissions in absolute terms, weighted average carbon intensity, and in tCO_2e/$M invested. It does so for scopes 1 to 3, for only 2023.[108] For this criteria, RBC has received a penalty for failure to include underwriting, about a third of its asset management business, and its insurance business in its emissions disclosures.

105 RBC, 2023 Climate Report, at 37.
106 Ibid, at 41.
107 Ibid, at 48.
108 RBC GAM, 2023 Climate Report, at 49.

<table>
<tr><th>CRITERIA</th><th>SCORE</th><th>JUSTIFICATION</th></tr>
<tr><td>4. COAL POLICY</td><td>D</td><td>RBC's banking arm has highlighted an "unabated coal phase-out to 2030" as a client engagement goal.[109]

In its policy on sensitive sectors, RBC has also stated that it will not:[110]

• "finance transactions where the proceeds will be primarily used to develop" new coal plants or mines or
• "provide financing to new clients" with over 60% of revenue derived from thermal coal mining or 60% of power generation derived from coal.

It will provide financing to new clients under that threshold that maintain coal assets that can provide evidence they are:

• "reducing their use of coal,"
• "reducing their GHG emissions; and/or"
• "converting to high-efficiency, low emissions [...] or other technologies that lower GHG emissions."

Additionally, RBC states that it supports existing clients to lower carbon emissions, and that it will track credit exposure to coal.

RBC has received the following penalties:

• Weak exclusion policy (no exclusion for existing clients, only a commitment to engage to drive alignment).
• New client exclusion policy (60% threshold) does not meet best practice of 10% exclusion policy.</td></tr>
<tr><td>5. GAS POLICY</td><td>F</td><td>According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040.

For this criteria, RBC has received a penalty for lacking a Paris-aligned unabated gas power generation policy.</td></tr>
</table>

109 RBC, 2023 Climate Report, at 16.
110 RBC, Policy Guidelines for Sensitive Sectors and Activities.

CRITERIA	SCORE	JUSTIFICATION
6. ENGAGEMENT STRATEGY	**C**	RBC's capital markets business has developed an escalating engagement policy for its power sector carbon-intensive clients, including clear expectations for legitimate power sector transition plans (i.e. 1.5 aligned interim targets, capital allocation towards emissions reduction actions, coal-phase-out by 2030). It publicly tracks the proportion of its clients at various stages of its transition alignment process based on those criteria.[111] The bank's escalation practice involves sending cases to the *Risk Reputation Oversight Committee*. There is no clear commitment to end relationships with clients, but notes that compliance issues may lead to adverse "decisioning" and "stepping away" from clients.[112] Its oil and gas and power generation assessment includes, among other things, screens for: • sustainability commitments, • emissions reduction targets; • actions to reduce emissions, • offsets (if used), • public policy and industry engagement, • governance; • emissions reporting, and • implementation reporting.[113] RBC GAM "uses active stewardship, through engagement and proxy voting, with an objective to maximize risk-adjusted returns, without undue risk of loss. Active stewardship can also be employed to convey our views to issuers on climate-related risks and opportunities."[114] It further states that while its preference is to engage on climate-related risk, its investment teams maintain divestment as an available tool.[115] RBC has received a penalty for failing to set timelines for escalation; however, we are encouraged to see the banking arm committing to "step away" from clients that after repeated engagements do not show sufficient planning for the energy transition. RBC also received a penalty for its engagement strategy only covering the bank's underwriting activity.

111 RBC, 2023 Climate Report, at 13.
112 Ibid, at 30; RBC, Client Engagement Approach on Climate, at 4.
113 RBC, Client Engagement Approach on Climate, at 7.
114 RBC GAM, 2023 Climate Report, at 26.
115 Ibid, at 17.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**D**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. RBC has set a goal to triple its lending to low-carbon energy activities to $35 billion, by 2030. It has set clear criteria for eligible financing.[116] This target includes investments that are not renewable energy generation. The renewable energy sub-target is still a tripling, from $5 billion to $15 billion.[117] For this criteria, RBC has received a penalty given that 39% of its power sector financing is renewables. It has received a bonus for including a specific renewable energy target.
TOTAL	**D+**	

116 RBC, 2023 Climate Report, at 62.
117 Ibid, at 37.

11. SCOTIABANK

SCORE: D-

Scotiabank has four business segments: Canadian Banking (41% of earnings as of October 31, 2023), International Banking (26%), Global Wealth Management (15%), and Global Banking and Markets (18%).[118]

KEY RESOURCES:

Scotiabank, 'Climate Action and Net Zero' (n.d.)

Scotiabank, 2023 Climate Report

Scotiabank, Statement on Financing Coal (April 2021)

Scotiabank, Climate-related Finance Framework (March 2024)

Scotiabank, 2023 Annual Report (Nov 2023)

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**C**	"Become net-zero in operations and financed emissions by 2050."[119] Scotiabank has received deductions for not including underwriting, and for Scotia Global Asset Management / 1832 Asset Management not having a commitment to net zero.
2. INTERIM EMISSIONS REDUCTION TARGET	**D**	"Reduce Scope 1 and 2 physical emissions intensity within our Power and Utilities portfolio by 55%–60%."[120] 55% for power generation, from a baseline of 0.36 tCO_2/MWh means a target of 0.162 tCO2/MWh which is roughly in line with the IEA target of 0.138 tCO_2/MWh.[121] Scotiabank received deductions for covering only lending activities, for excluding Scope 3 emissions for utilities, and for GAM not being covered by targets.

118 Scotiabank, 2023 Annual Report (Nov 2023) at 2.
119 Scotiabank, 'Climate Action and Net Zero' (accessed Aug. 15, 2024).
120 Scotiabank, 2023 Climate Report, at 23.
121 Ibid, at 57.

CRITERIA	SCORE	JUSTIFICATION
3. EMISSIONS DISCLOSURE	**D**	Discloses financed emissions from lending activity to power generation, scopes 1 and 2.[122] Does not restate previous years' absolute emissions, but does restate intensity.[123] Scotiabank has received deductions for covering only lending activities, for not restating yearly absolute emissions from power generation, and for excluding GAM from disclosures.
4. COAL POLICY	**D**	"Scotiabank does not currently, and will not, finance any standalone projects for thermal coal mining or coal power generation. We will continue to support our existing mining and utility clients who have thermal coal or coal generation assets in their portfolios with their transition to lower carbon emissions. Scotiabank will track and monitor our credit exposure to these sectors as we support our clients in their GHG reduction strategies."[124] Scotiabank received deductions for its coal exclusion policy not excluding corporate-level financing, which makes up the bulk of coal financing. Additionally, neither 1832 or Scotia Global Asset Management have coal policies.
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. For this criteria, Scotiabank received a deduction for lacking a Paris-aligned unabated gas power generation policy.
6. ENGAGEMENT STRATEGY	**C**	Scotiabank's credit client engagement assessment includes: emissions reduction commitment, interim targets across all scopes, performance against targets, disclosures, capital allocation, and decarbonization strategy.[125] The bank then publicly assesses its power portfolio against these criteria.[126] In 'financing climate solutions' it states that it supports high-emitting clients to decarbonize. For this criteria, Scotiabank has received deductions for not disclosing how it will escalate engagement with power sector clients that do not progress, on what timeline, and for failing to expand this engagement strategy to its asset management arm.

122 Ibid, at 61.
123 Ibid, at 57.
124 Scotiabank, Statement on Financing Coal.
125 Scotiabank, 2023 Climate Report, at 28.
126 Ibid, at 49.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**F**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, Scotiabank has received a deduction given that 33% of its power sector financing is renewables.
TOTAL	**D-**	

12. SUN LIFE

SCORE: D

KEY RESOURCES:

Sun Life, 2023 Annual Report

Sun Life, 2023, Net Zero by 2050 - Sun Life's Climate Journey

Sun Life, 2023 CDP Report

Sun Life, 2023 Sustainability Report

MFS, 2023 Strategic Climate Action Plan

MFS, 2023 Sustainability Report

Infrared, 2023 Sustainability Report

As of December 2023, Sun Life had $1.4 trillion in AUM, of which about 14% related to its life and health insurance premiums invested on its own behalf via its General Account, and about 86% related to assets invested on behalf of third parties via its asset management businesses. For context about how this AUM contributes to the company's income, in 2023 its net income was 41% derived from its wealth and asset management business, and 59% from its life and health insurance business.

Its three main asset management arms are MFS Management ($824 billion AUM), SLGI ($53 billion AUM), and SLC Management ($375 billion AUM), the latter has several subsidiaries, namely SLC Fixed Income ($123 billion AUM), BGO ($114 billion AUM), Crescent Capital ($56 billion AUM), Infrared ($13 billion AUM), and Advisors Asset Management ($40 billion AUM).

In terms of climate risk management, Sun Life treats its owned assets differently than its managed assets because it argues the latter must align with client objectives which may have differing objectives. However, for the purpose of our analysis, we hold both types of financial activities to Paris alignment standards.

127 Sun Life, 2023 Sustainability Report, at 30.

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**B**	Sun Life commits to "achieving net zero for our investments by 2050". This commitment only covers the insurer's General Account which represents $200 billion of a total of $1.4 trillion in AUM. Several Sun Life asset management companies have also committed to investing some or all of their managed assets in alignment with net zero by 2050. These companies include: • MFS Investment Management (MFS), • SLGI Asset Management Inc (SLGI), • SLC Fixed Income (the investment grade fixed income business of SLC Management) and its affiliate businesses BGO and InfraRed Capital Partners (InfraRed).[127] Missing are Advisors Asset Management and Crescent. For this criteria, Sun Life has received a penalty for failing to include some of its asset manager emissions.

CRITERIA	SCORE	JUSTIFICATION
2. INTERIM EMISSIONS REDUCTION TARGET	B	**GA listed debt targets:** By 2030, Sun Life has committed to achieve a minimum 40% reduction in carbon intensity from its baseline of 82.4 tCO2e /million$ in 2019. By 2030, it also aims to have 65% of its top 50 financed emitters in material sectors achieving net zero 'aligned' or 'aligning' (vs. committed and not aligned), which Sun Life defines based on the NZIF to mean "aligning towards or aligned to a net zero pathway as defined by criteria set out in the Net Zero Investment Framework. Criteria are asset class-specific. Pathways is the term used to describe the emissions, technologies and investment trajectories that will be needed to deliver net zero." **GA listed equity (directly managed) target:** By 2030, Sun Life aims to achieve a 50% reduction in carbon intensity.[128] Emissions intensity targets in both instances are based on PCAF guidance, which requires scope 3 emissions on a comply or explain basis. **MFS:** 90% of in-scope assets (equity and corporate bonds) under management are considered net zero aligned or aligning by 2030, and 100% by 2040.[129] **SLC Fixed Income:** approximately 20% of AUM, namely funds managed on behalf of GA (i.e. its listed debt and equity) are covered by the GA targets listed above. **BGO:** 44% of BGO's AUM by 2030 to achieve a 72.6% reduction in emissions intensity for Scope 1 and 2 emissions. **Infrared:** By 2025, 83% of InfraRed's global AUM will have 50% of its AUM invested in climate solutions from a 2021 baseline of 45%. By 2030, 70% of in-scope AUM will be net-zero aligned or aligning from a 2021 baseline of 8% aligned or aligning. **SLGI:** By 2030, 24% of total AUM to be on the path towards achieving net-zero GHG emissions by 2050.[130] **MISSING:** all of Crescent & AAM; significant portions of SLGI, SLC Fixed Income, and BGO. For this criteria, Sun Life has received a penalty excluding material emissions from some of its third party asset managers.

128 Sun Life, Net Zero by 2050, at 5.
129 MFS, 2023 Sustainability Report, at 32.
130 Sun Life, Net Zero by 2050, at 6-9.

CRITERIA	SCORE	JUSTIFICATION
3. EMISSIONS DISCLOSURE	C	**General Account:** Sun Life began disclosing financed emissions for its corporate bonds and listed equity, which represent 21.4% of its AUM in 2023, for scopes 1 to 3.[131] **MFS:** reports public equity weighted average carbon intensity (WACI) for utilities, scope 1 and 2 for 2022 and 2023, and portfolio-wide absolute carbon footprint, scope 1 to 3.[132] **Infrared:** reports 2022 absolute financed emissions, scopes 1 to 3.[133] For this criteria, Sun Life received a penalty for failure to include material emissions from some of its asset managers: most of SLC Management and all of SLGI.
4. COAL POLICY	F	Only its small subsidiary **Infrared**, which represents about 1% of its total AUM, has a coal exclusion policy: "InfraRed has a zero threshold for investing in: coal prospecting, exploration, mining, processing, and trading; as well as coal-fired power plants, including dual-power plants. An exemption to this is the refurbishment, retrofitting, and rehabilitation of existing coal power facilities, where after thorough investigation InfraRed is satisfied that the facility can be repurposed and decarbonised by, for example, adding carbon capture, replacing coal boilers with new low-carbon energy sources or by switching to or co-firing with biomass."[134] For this criteria, Sun Life has received a penalty for failure to define clear coal exclusion or transition guidelines for the majority of its financing activities.

131 Sun Life, 2023 Sustainability report, FN 9 p.53.
132 MFS, Strategic Climate Action Plan, at 18-19.
133 Infrared, 2023 Sustainability Report, at 22.
134 Sun Life, 2023 CDP Report, at 3.

CRITERIA	SCORE	JUSTIFICATION
5. GAS POLICY	F	Only its small subsidiary **Infrared**, which represents about 1% of its total AUM, has a gas exclusion policy. It will not invest in gas power, unless it is a legitimate bridge to net zero, and it expects total divestment from gas by 2025. "InfraRed will not pursue investments in gas-fired power stations and gas transport, storage and distribution infrastructure unless the investment is viewed as a legitimate bridge to, or an enabler of, a net zero future. Gas in many regions complements the transition to a lower carbon economy in that it is a lower carbon alternative to energy sources which may otherwise be used, such as coal and oil. In particular, flexible and baseload gas will play an important role in increasing renewable energy penetration, insofar as it can also provide a relatively low carbon backup at peak energy usage times or in times of intermittency. Ultimately, the rationale of an InfraRed-led gas investment would be to ensure that it helps – rather than delays or diminishes – the global transition to low-carbon energy generation sources. As such, the risk of the investment becoming a stranded asset due to climate change transition risk should remain reasonably low."[135] For this criteria, Sun Life has been penalized for failure to define clear gas exclusion guidelines for the majority of its financed emissions.
6. ENGAGEMENT STRATEGY	C	**General Account:** Sun Life has set an engagement strategy targeting 65% of its top 50 listed corporate debt emitters, aiming for them to be net zero aligned or aligning (as defined by NZIF) by 2030. Sun Life also reports the 2022 baseline for these 50 companies: 0% achieved net zero, 2% aligned, 34% aligning, 34% committed, 30% not aligned.[136] However, Sun Life does not define what it means by "escalation." **MFS:** In 2023 developed sector-specific frameworks to assess corporate transition plans to support its forward-looking assessment of risk and alignment with NZAM and MFS' SFDR criteria. It has yet to report on it. MFS also has an escalating engagement policy that includes voting against directors and divesting.[137] For this criteria, Sun Life has received a penalty for failure to outline escalating engagement consequences for its GA. Other than MFS, its asset managers are also lacking escalating engagement policies.

135 Infrared, 2022 Exclusion Policy, at 3.
136 Sun Life, Net Zero by 2050, at 5.
137 MFS, 2023 Sustainability Report, at 41.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**F**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. It is positive that Sun Life reports annually on AUM invested in renewable energy. In 2023, Sun Life had $12.3 billion in direct renewable energy investment AUM across owned and select managed assets. For this criteria, Sun Life has received a penalty given that only 26% of its power sector financing is in renewables and that it has not committed to a renewables target.
TOTAL	**D**	

13. TD BANK

SCORE: C-

In 2023, TD Bank's earnings by business segment were 14% from its wealth management and insurance business; 37% from its US retail banking; 44% from its Canadian personal and commercial banking; and 5% from its wholesale banking.[138] TD Asset Management has $405 billion in AUM (excluding Epoch, its US affiliate).[139]

KEY RESOURCES:

TD's Climate Action Plan: 2023 Progress Update

TD, 2023 Sustainability Report

TD, 2023 Annual Report

TD, 2023 CDP Report

TD Asset Management, 2023 TCFD Report

TD Asset Management, 2023 Sustainable Investment Report

CRITERIA	SCORE	JUSTIFICATION
1. NET ZERO GOAL	**B**	TD Bank has a net zero target for its operations, financing, and facilitation activities (i.e. capital markets activity).[140] For this criteria, TD Bank received a penalty for excluding investments as an asset owner and for excluding TD Asset Management.
2. INTERIM EMISSIONS REDUCTION TARGET	**B**	Despite limits of its overall target noted above, TD Bank's interim target applies to lending and underwriting, and aligns with 1.5 degrees. The target specifically focuses on the physical emissions intensity of power generation companies. It includes the scope 1 emissions of these companies; it does not include scope 2 or 3 emissions. It also does not include other sub-sectors of the power sector, e.g., transmission and distribution, or other utilities. For this criteria, TD Bank received a penalty for not including wealth management and insurance in its target.

138 TD, 2023 Annual Report, at 5.
139 Ibid, at 47.
140 TD, 2023 Climate Action Plan, at 46.

CRITERIA	SCORE	JUSTIFICATION
3. EMISSIONS DISCLOSURE	**B**	TD discloses 2019 to 2021 carbon intensity and absolute emissions reporting for its power generation and utility clients. In addition, it reports absolute emissions for these companies on an outstanding and fully committed loan basis, including total amount lent. This is a good practice as it shows the inputs used to develop its carbon intensity metric. TD reported an 11% reduction in power sector carbon intensity in 2021 from 2019. This followed a 7% reduction in carbon intensity in 2020 from 2019. TD AM reports its portfolio emissions intensity by asset class and region for 2022 and 2023.[141] For this criteria, TD Bank received a penalty for not disclosing material scope 3 emissions for utilities.
4. COAL POLICY	**C**	TD Bank's thermal coal policy (as of 2022) provides that for new business/ investment for new projects (global) it will "not to lend, facilitate capital markets transactions for, or advise on mergers and acquisitions for any new mining company client that derives 30% or more of its revenue from the production of thermal coal or any new mining company client that has made a public statement of its intention to expand its thermal coal mining operations. Further, TD will not lend to, facilitate capital markets transactions for, or advise on mergers and acquisitions for any new power generation client that generates 30% or more of its power (Mwh) from unabated coal-fired power generation, or any new power generation client that has publicly stated an intention to expand its unabated coal-fired power generation operations. TD will consider exceptions, as outlined in the Thermal Coal position, which can be found in TD's Environment and Social Risk Process."[142] **TD's power from coal exclusion policy as an asset manager** applies to new business/investment for new projects; new business/ investment for existing projects; and existing business/investment for existing projects. However, it only applies to its TD Emerald Low Carbon/Low Volatility Global Equity PFT. The Fund intends to achieve its objective by investing primarily in common shares of corporations in the MSCI World Total Return Index.[143] For this criteria, TD Bank received a penalty for setting the exclusion cap at 30%, for not including existing clients, and for its asset management exclusions only covering only one fund.

141 TD AM, 2023 TCFD Report, at 9-10.
142 TD, 2023 CDP Report, at C0FS3.6b.
143 Ibid.

CRITERIA	SCORE	JUSTIFICATION
5. GAS POLICY	**F**	According to the IEA Net Zero by 2050 Roadmap, unabated gas must be nearly phased out by 2040. For this criteria, TD Bank has received a penalty for lacking a Paris-aligned unabated gas power generation policy.
6. ENGAGEMENT STRATEGY	**B**	TD Bank established a client engagement goal to engage with clients responsible for 75% of the bank's financed emissions in 2024 for sectors for which it has set an interim financed emissions target. It also sets out some examples of expectations for its power generation client transition plans, upon which they may be assessed: • "early" (scope 1 data, no target, no transition plan, no significant capex), • "progressing" (1+2 reporting, target, reference to future transition plan), • "leading" (board oversight, interim target, transition plan including plan for increased renewables, and coal-phaseout).[144] TD Bank assesses the maturity of its power generation clients against these criteria for 2023.[145] TD asset management has a climate proxy voting policy and lists the resolutions it supported, including at power utility companies.[146] It also assesses its investee companies for portfolio alignment based on whether or not they have an SBTI-certified GHG target. In 2022, TDAM's ESG Committee formally adopted an escalation process where, on an as-needed basis, the ESG Research & Engagement team and other team members may escalate items. This can be done in cases where company progress is assessed as being insufficient to mitigate ESG risks, or in cases of poor responsiveness from a company about how it is managing its ESG risks. The escalation process has multiple steps, including further engagement (individually or via industry groups), adverse proxy votes where appropriate, potential filing of shareholder resolutions, and (for active mandates) potential for reduced exposure should other escalation strategies fail to achieve results and the relevant portfolio manager deems the issue to negatively change the risk and return profile of the asset.[147] The results and outcomes of this assessment are not disclosed.[148] For this criteria, TD Bank received a penalty for not clearly committing to a framework, and not including a clear escalation timeline if engagement proves unsuccessful.

144 TD's Climate Action Plan: 2023 Progress Update, at 33.
145 Ibid, at 34.
146 TD Asset Management, 2023 TCFD report, at 42-44.
147 TD Asset Management, 2023 Sustainable Investment Report, at 18.
148 TD Asset Management, 2023 TCFD report, at 13.

CRITERIA	SCORE	JUSTIFICATION
7. POWER FINANCING	**F**	The IEA's 2023 World Energy Outlook projects that for power generation to be in alignment with net zero by 2050, low-emissions electricity generation must make up 71% of total electricity generation by 2030. For this criteria, TD Bank has received a penalty given that 38% of its power sector financing is renewables.
TOTAL	**C-**	