Climate change is one of the most significant challenges facing the world today.

As a long-term investor across global markets, AMP Capital has considered how to manage climate change risks for over 16 years. We recognised early on that climate change would present significant challenges for the global economy. It requires coordinated action by government, companies, and the broader investment community.

How we invest

Our Ethical Leaders funds have committed to a way of investing to help address the challenge posed by climate change.

We do this in a few ways:
- We invest in the solutions to climate change
- We exclude the world’s largest contributors to global warming.

Values: We avoid companies and assets that profit from burning the dirtiest fossil fuels

Investment risk: We manage climate risk and look for assets aligned with a 2 degree world

Make a difference: We invest in companies that positively contribute to society and the environment

Our exclusions

- Some fossil fuels will be needed in the transition to a low carbon economy
- Some do not yet have a renewable alternative e.g. metallurgical coal for steel
- We have a very active engagement agenda - we use our seat at the table to lobby for a transition to renewables and clear disclosure of the path forward
- Nuclear power generation is not the solution

As a result, the Ethical Leaders Funds exclude companies with more than a 10% exposure to any of the following:

1. Mining thermal coal
2. Exploration and development of oil sands
3. Brown-coal (or lignite) coal-fired power generation
4. Transportation of oil from oil sands
5. Conversion of coal to liquid fuels/feedstock

Engagement and impact

We run comprehensive engagement agendas on climate change. We are targeting:

1. A clear path to a lower carbon economy, as quickly and sensibly as possible
2. Clear commitments and disclosures from companies on their path to lower emissions

While still delivering a comparable return...

When it comes to climate change, there are two key investment risks:

1. The physical impact of climate change, i.e. the impact of extreme weather patterns and natural catastrophes on companies.
2. The financial impact on companies as the world transitions to a lower carbon economy, i.e. regulatory change, changing consumer demand, and/or the changing energy mix.

Approach to Climate Change

Ethical Leaders Funds

Fossil Fuel Exclusions

ESG Exclusions

ESG integrated in investment decisions → tilts to industries of the future

Engage as active owners

Industry level engagement e.g., IGCC

Collective engagement Climate ACTION 100+

ESG Mandates

Engage to make a difference

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