



Sustainability with Substance: Ninety One publishes its Global Environment Impact Report

Global Environment sees 70% of portfolio companies reduce their carbon intensity across Scope 1, 2, and 3 and 70% grow their carbon avoided in 2021

25 July 2022. Ninety One has today published its fourth annual [Global Environment Impact Report](#), which provides its 'sustainability attribution' for every holding within the Global Environment portfolio – an assessment of each company's contribution to a greener future and an appraisal of other environmental, social and governance (ESG) issues.

It has been a challenging 12 months for sustainable investing. However, the report highlights positive progress among the companies in the Global Environment portfolio, in terms of both carbon reporting and environmental impact which evidences what can be achieved by focusing on sustainability with substance.

Deirdre Cooper and Graeme Baker, Co Portfolio Managers, Global Environment: "We have seen further improvements in portfolio companies' reporting of carbon risk (Scope 1, 2 & 3 carbon emissions) and impact (carbon avoided). Over 95% of companies now report Scope 1 & 2 emissions, and the proportion of portfolio companies providing full carbon-risk reporting is now just over 50%. While carbon reporting is improving, we are seeing some meaningful restatements, particularly of Scope 3 emissions, where a change in methodology can result in very different emissions figures. This can make year-on-year comparisons between companies difficult. The fundamental and qualitative analysis of carbon data continues to be a vital overlay.

"Over the past year (i.e., FY2020 vs. FY2019), almost 70% of portfolio companies reduced Scope 1, 2 & 3 emissions intensity, and 70% increased their absolute carbon avoided – a measure of the extent to which a company's products or services help to reduce emissions relative to the traditional alternative."

The report also details the investment team's engagements with portfolio companies, all of which provide products and/or services that contribute to sustainable decarbonisation. "We continue to work towards improved carbon emissions reporting by our portfolio companies, with a focus on Scope 3 reporting, and towards all companies adopting science-based carbon-reduction targets.

"We have updated our appraisal against the EU taxonomy and continue to estimate that more than 40% of the strategy's revenues are potentially aligned to the taxonomy (before applying the 'Do No Significant Harm' and 'Minimum Social Safeguards' tests). However, as we study the related data from the various external data providers and the handful of companies that have reported, it is becoming increasingly clear that there is quite a bit of room for interpretation in the taxonomy data. Therefore, it will be quite a while before we have consistent numbers across different companies. 17 portfolio companies (c.68%) currently have explicit carbon-reduction targets, and about 42% of portfolio holdings have targets approved by the Science Based Targets initiative (SBTi). This continues to be our key engagement focus.

"As investors, we don't seek to appear 'green' by minimising our carbon footprint or maximising our

ESG ratings. We aim to deliver 'sustainability with substance' through an externalities-based approach to research, examining the nonfinancial as well as the financial data and information, assessing each company's performance in relation to all its stakeholders. That means deep research on the products and services that are helping to avoid carbon. It means studying, within our natural capital analysis, the company's net zero plan and water data (imperfect though that currently is) and thinking about the company's and its suppliers' impact on biodiversity".

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About Ninety One

Ninety One is an active, global investment manager managing £134.9 billion in assets (as at 30.06.22). Our goal is to provide long-term investment returns for our clients while making a positive difference to people and the planet. Established in South Africa in 1991, as Investec Asset Management, the firm began as a small start-up offering domestic investments in an emerging market. In 2020, as a global firm proud of our emerging market roots, we demerged to become Ninety One. We are committed to developing specialist investment teams organically. Our heritage and approach let us bring a different perspective to active and sustainable investing across equities, fixed income, multi-asset and alternatives to our clients - institutions, advisors and individual investors around the world.

For more information, please visit:

Web: [NinetyOne.com](https://www.NinetyOne.com)

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