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# CLIMATE CHANGE REPORT

## 2025



PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING.

**BNY** | INVESTMENTS





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# 1 Introduction

## CEO STATEMENT



**Raman Srivastava,**  
**Chief Executive Officer**

At Insight, we seek to prioritise the certainty of meeting our clients' objectives. Climate change continues to be a challenge to delivering this certainty to our clients and requires our attention as we seek to fulfil our fiduciary obligations.

The world is warming. Evidence for this is illustrated in January 2025, when global average temperatures reached a record 1.75°C above pre-industrial levels<sup>1</sup>. A warming world may have wide-ranging economic, environmental, and social consequences which could change the investment landscape in which we operate. To keep our clients' portfolios resilient and positioned to seize opportunities arising from this change, we must carefully assess the impact of climate change on investments.

Climate risks are active today and impacting the value of instruments in which we invest. Wildfires are a very visual manifestation of this, reflecting the impacts of both chronic and acute climate risks; they have led to huge damage at individual asset level but also to areas of the financial system such as the insurance industry where protection gaps continue to emerge. Total direct economic losses from natural catastrophes in 2024 reached \$417 billion, where insured losses were \$154 billion, or 27% above the recent 10-year average<sup>2</sup>.

Most climate scenario modelling expects these direct and indirect risks to progressively increase in the future, absent a change in the global policy environment. The Phase V climate scenarios, published by the Network for Greening the Financial System (NGFS), anticipate that a 2°C rise in global warming may drive global economic GDP losses of 15% by 2050, which could rise to 30% by 2100 in the event of a 3°C rise in global warming.

With this as context, we continue to develop our approach to assessing and integrating climate factors where relevant to investment processes. In 2024, we:

- expanded our Responsible Investment Team with new resources focused on delivering client-specific responsible investment requirements,
- completed additional research around natural capital risks and their interactions with climate change,
- continued to build our Prime data architecture to include sovereign net-zero alignment scoring,
- remained on track to meet our ambitions relating to engagement with the main actors of our financed emissions, and
- developed a framework for supporting transition-focused investments.

I hope this report helps you to understand the steps we are taking to improve our processes and structures, ensuring Insight can navigate uncertainty while consistently delivering the best outcomes for our clients.

<sup>1</sup> Copernicus: January 2025 was the warmest on record globally, despite an emerging La Niña, 6 February 2025, Copernicus Climate Change Service.

<sup>2</sup> Gallagher Re Natural Catastrophe and Climate Report 2024, 22 April 2024, Gallagher Re.

# COMPLIANCE STATEMENT



**Mark Stancombe,**  
**Global Chief Risk Officer**

This group report synthesises Insight’s disclosure in accordance with the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD) for the 12-month period ending 31 December 2024. This report applies to the relevant Insight Investment group companies, collectively known as “Insight”. Insight is a subsidiary of The Bank of New York Mellon Corporation (BNY). BNY operates a multi-boutique model where Insight is a part of BNY Investments.

This report links to the entity-level reporting requirements under the FCA’s Policy Statement PS21/24, Enhancing climate-related financial disclosures by asset managers, life insurers and FCA-related pension providers, and complies with the requirements under Chapter 2 of the FCA’s ESG Sourcebook. The relevant entities that are in-scope of such entity-level reporting requirements are Insight Investment Management (Global) Limited and Insight Investment International Limited.

# 2

# Strategy and Implementation



Figure 1: Insight's approach to climate change

	Key Pillars	Activities	Outcomes in 2024
Responsible investing	<b>Integrate</b>	<ul style="list-style-type: none"> <li>Climate-related data, ratings and tools</li> <li>Broad asset class coverage across LDI, corporate and sovereign debt, secured finance, multi-asset and US</li> </ul>	<ul style="list-style-type: none"> <li>Climate-related data included across multiple tools and ratings frameworks, used across specified investment processes</li> <li>Climate-related data included within a wide range of client reports</li> </ul>
	<b>Influence</b>	<ul style="list-style-type: none"> <li>Engagement programmes across corporate credit and LDI</li> <li>Advocacy on aspects of climate policy</li> </ul>	<ul style="list-style-type: none"> <li>62% of corporate bond financed emissions either aligned or aligning to net zero, or subject to engagement (for assets within scope of our net-zero commitment)</li> <li>GHG emissions reductions of 49% in 2024 (from a 2020 baseline) on UK-managed investment portfolio</li> <li>Impact of research on green bond carbon footprinting standardisation</li> </ul>
	<b>Innovate</b>	<ul style="list-style-type: none"> <li>Climate-related solutions and strategies including Responsible Horizons range</li> </ul>	<ul style="list-style-type: none"> <li>Multiple investment strategies now incorporating net-zero criteria</li> <li>New net-zero alignment framework in development for sovereigns</li> </ul>
Corporate operations	<b>Improve</b>	<ul style="list-style-type: none"> <li>Understand and mitigate climate impacts of operational footprint through carbon neutrality</li> </ul>	<ul style="list-style-type: none"> <li>Broadened definition of scope 3 impacts</li> </ul>

As an investment management business which operates in the financial sector at the heart of the global economy, climate change can impact Insight as both an operating entity and in terms of the investments that we make on behalf of our clients. Our role is focused on delivering outcomes for clients

as set out in our agreements with them. Depending on client requirements, this may range from understanding climate-related financial impacts to supporting our clients' decarbonisation goals which aim to mitigate the effects of a changing climate.

In the context of our business, how climate change impacts our investment process remains an important point of influence. However, there are also broader implications for us as an operating entity and we have summarised the key impacts below.

Table 1: Impacts of climate change on Insight's business, strategy, and financial planning

<b>Integrating climate change within investment processes</b>	We continue to strengthen our investment processes to integrate climate-related risks and opportunities across the relevant asset classes in which we invest, subject to our mandates. We have invested in responsible investment resources, data, and enabling technology to improve our climate-related risk management and responsible investment capabilities. We expanded our Responsible Investment Team in 2024 with new hires and conducted thematic research exploring climate-related risks to credit.
<b>Products and services</b>	We continue to see client preferences evolve with regard to climate and net-zero integration into both segregated and pooled mandates. The development of new climate-related products, services, and offerings represents a significant opportunity in several markets and customer segments.
<b>Supply chain and value chain</b>	Vendor due diligence may be supported by our parent company, which has developed standards for suppliers through BNY's Supplier Code of Conduct, as well as incorporated sustainability considerations into third-party risk management.
<b>Adaptation and mitigation activities</b>	Insight's corporate sustainability and risk management functions discuss material risks to operations from climate-related extreme weather and associated mitigation and business continuity planning.
<b>Operations</b>	We have undertaken analysis of our operational locations and their exposure to transition risks and physical impacts of climate change.
<b>Acquisitions or divestments</b>	We have discussed the impact of acquisitions and divestments on the climate risk profile of Insight's business, as well as implications for our emissions metrics.

# CLIMATE CHANGE IN OUR INVESTMENTS

Our responsible investment principles drive our approach to climate change in our investments.

## Insight's responsible investment principles

### There are three core principles distinguishing our approach:

1. We help clients achieve their desired outcomes and reflect their priorities
2. Our investment analysis takes account of all factors that we deem to be financially material, including sustainability and governance factors
3. We aim to have a relevant evidence base for our views

## Financially material sustainability and governance risks

### Direct risks

Identifiable, easier to quantify, typically occur over the nearer term

- **Drivers** – company specific
- **Examples** – pollution fines, product safety issues

### Indirect risks

Multiple plausible pathways to financial relevance, quantification is more complex, typically occur over the longer term

- **Drivers** – broader sustainability issues impacting whole of the economy
- **Examples** – Water stress, extreme heat

Climate change may affect the financial performance of many of the investments that we manage. Climate-related issues have the potential to influence investment outcomes directly at an idiosyncratic level, for example wildfires may destroy physical company assets. However, they can also influence indirectly at a systemic level by impacting the environment within which a portfolio operates – for example climate change may lead to extreme heat or water stress which then influences how entities perform. Understanding the transmission mechanisms of climate risks into potential investment risks is key to Insight's responsibility to our clients.

As an asset manager focused predominantly on fixed income, interest rates and inflation risks, including those arising from the climate transition, are important considerations for our investment strategies, portfolios and overall business. Overall, the relevance of climate risks in our investment portfolios will vary across asset class type and, crucially, maturity. Yet in our fiduciary role as investors for our clients, we need to understand the materiality of risks as pertains to the specific investment being made and to balance those risks with return expectations alongside the investment and impact

preferences of our clients. For example, sovereign debt is one of the largest asset classes within fixed income and sovereign issuers could have significant influence on the climate outcomes of portfolios, both directly and indirectly.

Additionally, as lenders to corporations and governments, fixed income investors can help finance activities that contribute to climate change solutions, mitigation and management, and divert financing to avoid damaging activities. These activities may become increasingly important in the coming decades as the focus of investors shifts from portfolio-level emissions reductions in isolation to strategies that help deliver decarbonisation in the real economy and the enabling policy environment for net zero.

Overall, the relevance of climate factors in our investment portfolios will depend on the specific circumstances around each mandate. In certain investment approaches, investment decisions may be driven by factors other than financial materiality (for example, investment decisions may be driven by the need to hedge specific liabilities) and, as a result, the consideration and integration of climate-related factors may vary.

# INTEGRATE – CLIMATE-RELATED DATA, RATINGS AND TOOLS

There are two key categories of risk related to climate change that we aim to analyse within investment processes: transition risks and physical risks. Where we have sufficient data to address these risks, we aim to mitigate them in relevant client portfolios while making the most of the opportunities presented by the transition to a more sustainable global energy system.

To support our investment teams to assess climate-related risks, Insight has developed data infrastructure, ratings, and assessment tools. Insight utilises climate-related data from numerous vendors to provide clients with reporting on metrics including scope 1, 2, and 3 carbon emissions, carbon

intensity, implied temperature rise (ITR), net zero commitments, Science-Based Targets, and/or other related metrics which integrate climate change considerations. Below we describe Insight's approach to integrating climate change within our key proprietary ratings and tools.

Figure 2: Insight climate-related data and ratings

	01 Prime corporate ESG risk ratings	02 Prime corporate climate risk ratings	03 Prime net zero ratings for corporates	04 Impact bond ratings	05 Prime net zero ratings for sovereigns
<b>Description</b>	Climate change is considered within the environmental pillar of Prime ESG ratings, assessing data and performance on carbon emissions, carbon financing and exposure, product carbon footprint and controversies.	The Prime climate risk ratings are applied to corporate entities and aim to highlight key climate risks. They are based on extensive raw data, which are applied to generate scores for 15 key issues across a range of themes, which are categorised as either physical or transition risks.	The Prime net zero ratings categorise corporate issuers according to the extent of their commitment to and alignment with achieving net zero by 2050.	Insight's proprietary impact assessment framework uses a three-stage process including relevant climate-related impact and outcomes.	Our proprietary framework includes an assessment of sovereign net-zero alignment and utilises external data from the Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR) project.
<b>Data and coverage</b>	35 key issues >3,100 issuers	15 climate-related issues >16,000 issuers	>30 factors supporting alignment to 5 ratings categories >18,200 issuers	536 unique impact bonds rated in 2024	70 developed and emerging market issuers >85% of global emissions covered

As at 31 December 2024. We intend to introduce the Prime net zero ratings for sovereigns in 2025.

# INTEGRATE – CLIMATE APPROACHES BY ASSET CLASS

Insight invests in a broad range of fixed income asset classes. The relevance of climate risks in our investment portfolios will vary across asset class type, strategy, and maturity. In our role as a fiduciary for our clients and where financial materiality informs asset selection, we aim to understand the materiality of risks across the relevant asset classes and time horizons and to balance those risks with return expectations alongside the investment and impact preferences of our clients.

While climate-related data and integration is strong in some securities, such as high-grade corporate debt, climate-related integration techniques and data coverage remains a challenge to achieving effective analysis of climate risks and opportunities in others. We aim to continue to develop our processes on climate integration across asset classes, as climate-related data availability and assessment techniques evolve.

Our Responsible Investment Group (see section on Governance) maintains a scorecard which seeks to assess the maturity of climate change integration by asset class. Below we provide an overview and examples of climate risk considerations in key asset classes where assessment techniques are relevant and practicable.

Table 2: Overview of climate change integration for key asset classes

Asset class	Overview of climate integration
<b>Liability-driven investment (LDI)</b>	LDI is a risk-management solution rather than a standalone asset class. It incorporates several types of investments, including high quality bonds such as UK gilts, derivatives such as interest rates swaps, and collateral waterfall assets such as money market funds. Our focus for our UK LDI clients is on ensuring climate risk is effectively managed at a counterparty level. On behalf of sterling-based LDI clients we also seek to influence UK climate policy. Please see further information on our climate policy advocacy within the Climate Stewardship section.
<b>Corporate debt (investment grade, emerging market, high yield)</b>	Climate change is integrated in several aspects of corporate investment processes. Whilst climate change is a factor in the environmental pillar of our overall Prime ESG ratings, the primary mechanism for considering climate risk in our corporate debt investment process has been the incorporation of our Prime climate risk ratings into our proprietary landmine checklist. This is a crucial step in our fundamental analysis process for avoiding downgrades and minimising default risk in corporate debt portfolios and is designed to test for issues that can cause an unexpected deterioration in an issuer's credit quality. Since 2021, the checklist includes the Prime climate risk rating as a discrete factor, meaning that climate considerations are now an explicit part of fundamental credit analysis for corporate bonds, subject to data availability and relevance for the specific strategy, as outlined in the relevant procedures.
<b>Sovereign debt</b>	Our Prime sovereign ESG ratings aim to highlight key ESG risks, and alignment with the UN SDGs, based on extensive global data and qualitative research by Insight's portfolio managers and analysts. The Prime sovereign ESG ratings consider climate physical and transition risks within the assessment framework.
<b>Secured finance (asset-backed securities/residential mortgage-backed securities/collateralised loan obligations)</b>	After development and testing in 2023, in 2024, we have transitioned from issuer surveys to an analyst-driven scorecard to assess climate and wider ESG risks within asset-backed securities (ABS). We have also undertaken work to model financed emissions associated with ABS deals (focusing initially on mortgage-backed securities, or MBS, and auto deals) as well as collateralised loan obligations (CLOs). We are also participating in the Partnership for Carbon Accounting Financials (PCAF) Securitised and Structured Products Working Group, which is developing standards for financed emissions disclosure.
<b>Multi-asset</b>	Our multi-asset management style is different to our single-asset approaches in that it is highly dependent on derivatives to achieve market exposures. Climate change considerations are embedded within our approach in multiple ways including the increasing use of ESG screened equity indices to avoid some of the most environmentally sensitive exposures as well as growing opportunities within green infrastructure, supported by active engagement. The majority of infrastructure holdings focus on renewable energy producers which aim to capture climate-related opportunities within their business models.

## IMPLICATIONS FOR SECURED FINANCE ASSETS AND ORIGINATORS' EXPOSURE TO THE LONG-TERM EFFECTS OF CLIMATE CHANGE

Secured finance is different from corporate and sovereign debt in a few different ways. For one, secured finance assets are generally off-balance sheet issuance from a special-purpose, bankruptcy-remote vehicle, typically non-recourse and delinked from the credit risk of the corporate issuer. In addition, the primary return drivers for secured finance are asset values and cashflows from underlying collateral pools, expected/modelled defaults, losses and prepayments, structural credit enhancement and triggers.

The impact of climate change on secured finance manifests mainly through physical risks, given the location specificity of the assets in the collateral pool, especially for residential and commercial mortgage loans and data centre assets. Transition risks are also very relevant for the sponsors and/or originators with a high level of risks from a transition to low carbon economy or those that must adopt significant spending on mitigation.

Secured finance transactions typically have poor disclosure on climate risk. Over the past year, Insight has been working on improving carbon reporting across its secured finance portfolios both using its own proprietary methodology for UK residential mortgage-backed securities (RMBS) and European CLOs, along with using estimated carbon emissions data from a third-party data provider. In addition, Insight is engaging with banks and other originators on improving physical risk disclosure especially in mortgage and data-centre asset-backed securities.

Recent regulatory developments in Europe like the European Green Bond Standard have helped labelled bond issuance in the secured finance space as these voluntary guidelines create the possibility for government-mandated or influenced guidelines for labelled bonds. While still limited in issuance volumes, the adoption of the International Capital Markets Association (ICMA) Green Bond Principles in 2018 was a watershed moment, so the European Green Bond Standard, though voluntary, may mean labelled debt, both in Europe and globally, will grow more standardised and plentiful.

### CASE STUDY: Green residential mortgage-backed security transaction

Insight invested in a residential mortgage-backed securities transaction, sponsored by a European bank issuing secured green collateralised notes. The notes are backed by mortgages on green residential real estate assets originated by the bank, and the transaction will also be consolidated into the bank's balance sheet.

The issuer has defined a formal concept for its secured green collateralised notes, labelled as secured green collateral bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting; and its concept is in line with the ICMA Green Bond Principles. The product and/or service-related use of proceeds category individually contribute to the UN Sustainable Development Goals 7 (affordable and clean energy) and 13 (climate action).

This is an example of Insight's investment in a growing universe of labelled secured debt transactions used to finance mortgages on energy-efficient residential properties.

# INFLUENCE – CLIMATE STEWARDSHIP

Stewardship is an important tool in managing the climate-related risks of our clients' investments and encouraging investee companies to improve their management of climate-related issues. Stewardship activity is tracked on internal systems and engagements with corporate or sovereign issuers are captured within a template. We have separate templates for fundamental and ESG engagements.

## CLIMATE STEWARDSHIP FOR CORPORATE CREDIT

Climate change was a thematic component of our engagement programme in 2024, with an initial focus on the issuers that represent the greatest proportion of Insight's total financed emissions (within the assets under management in scope of our net-zero ambition). Through our climate-change engagement programme and our net-zero ambition, we have set a goal to ensure at least 70% of financed emissions for assets within scope are either net-zero aligned or aligning to a net-zero pathway, or subject to engagement, by the end of 2025. In 2024, this characterised 62% of our financed emissions. This is calculated based on the weighted average carbon intensity (WACI) of the holdings covered by our net-zero ambition.

## CLIMATE STEWARDSHIP FOR LDI

Our focus for our UK LDI clients is on ensuring climate risk is effectively managed at a counterparty level – both through the effective monitoring of, and engagement with, banking counterparties. We monitor the performance of our counterparty banks from a climate perspective through our counterparty engagement programme. We have engaged with our core trading counterparties on several climate-

related topics including financed emissions measurement and fossil fuel financing policies. On behalf of sterling-based LDI clients we also seek to influence UK climate policy as described below.

## CLIMATE POLICY ADVOCACY

There are numerous regulatory requirements relating to climate and sustainability-related disclosures across the jurisdictions in which Insight operates. We regularly review any proposals to change these requirements, or to introduce new ones, to ensure that we remain compliant. We also seek to engage and take action to influence policy that is relevant to our clients. Insight continues to collaborate with investment consultants and industry bodies on priority issues, where relevant to acting in best interests of our clients on climate change issues.

Insight responded to the UK government consultation on the UK Green Taxonomy, the GFANZ consultation on "transition-informed" indices, the IIGCC Climate Risk Investment Framework (CRIF) and the broader consultation on the UK National Wealth Fund including investment in sustainable opportunities in the UK. Below we outline key stewardship examples relevant to climate change.

**CASE STUDY: Discussing the Australian Federal Government and Treasury's role in the energy transition**

**Background:** We participated in a PRI-led collaborative engagement to discuss the sovereign's net-zero strategy and Nationally Determined Contributions (NDCs) to aid the reduction of climate-related risks associated with sovereign bonds.

**Engagement discussion and findings:** The engagement highlighted the next NDCs as a significant opportunity to encourage investment in transition at a larger scale. The key highlights included headline emissions-reduction targets in line with the Paris Agreement goals and consistent with the country's net-zero target, and credible implementation plans. The engagement highlighted ASCOR as a tool to determine alignment and peer comparisons, aiding in investment decisions.

**Outcome:** We recommended that the sovereign becomes more familiar with the ASCOR framework and integrates this into plans going forward. As part of the pilot, we have also participated in engagements with the Department of Industry, Science and Resources; the Department of Climate Change, Energy, the Environment and Water; and national regulatory authorities focusing on whole-of-government implementation of Australia's climate policy and the ongoing development of the revised 2035 emissions reduction plan.

Insight has participated in follow-up meetings with the Treasury focusing on implementation of the Sustainable Finance Strategy, plans for whole-of-government climate-related financial disclosure and updates to Australia's emissions targets under the Paris Agreement.

**CASE STUDY: Market advocacy on green bond carbon footprinting**

Insight conducted and published research in 2023 which explained how investors, in many cases, have little choice but to estimate the carbon footprint of green bonds, but the available approaches produce very different results. This has implications not just for green bond holdings but for the carbon footprint of conventional bond and equity portfolios, given the need to adjust companies' overall metrics to reflect any green bonds they issue.

Our research prompted extensive discussion of this issue across the industry, and we continued to engage with peers and stakeholders on the issue through 2024. We were pleased when in December 2024, new proposed guidance on measuring the carbon footprint of green bonds, published as part of a public consultation on the Global GHG Accounting and Reporting Standard by PCAF clarified and addressed many of the issues that Insight highlighted in our research.

# INNOVATE – SUPPORTING CLIMATE OUTCOMES FOR OUR CLIENTS

Beyond considering climate risks as part of their investment approach, many investors are interested in solutions addressing climate-related risks and other outcomes alongside financial goals. Demand for investment strategies that aim for positive environmental and/or social outcomes is growing, and the supply of investments that promise to contribute to such outcomes – such as green, social and sustainability bonds – has increased to nearly \$1 trillion per annum in recent years<sup>3</sup>.

These trends mean that there is scope for investment strategies that seek to tackle climate change. We manage a number of pooled and segregated mandates which embed climate and other environmental considerations within their investment guidelines, and we have worked with our clients to reflect their requirements in portfolio construction. Many of the ideas are derived from those in place in our Responsible Horizons strategies, which seek to reflect our view of market-leading practices in areas pertaining to sustainability – particularly around climate.

## COMMON APPROACHES TO CLIMATE IN INSIGHT PORTFOLIOS

Subject to the investment mandate, our strategies may employ any one or more of the following approaches:

- Exclusions
- Positive tilting
- Sustainable investing
- Impact investing

There continues to be a focus on using financial tools to achieve positive environmental impacts and encourage a low-carbon economy, alongside generating a financial return. As climate issues have become more pertinent, investment opportunities in this area have expanded. We support clients that want their investments to achieve a positive environmental and/or social impact alongside financial returns,

with outcomes generally achieved through investing in solutions designed to integrate climate-related goals, as described below.

Table 3: Overview of climate-related solutions offerings

Solution	Overview
Positive tilting	Portfolio guidelines include parameters to tilt portfolio carbon metrics below a typical benchmark with results typically being achieved through portfolio construction and stewardship
Sustainable/thematic investment	Portfolio allocation or guidelines have binding intent to contribute to sustainability outcomes, often including climate outcomes. Sustainable portfolios often include specific carbon metrics/parameters and structural allocations to instruments which positively contribute to climate change mitigation and adaptation
Impact investment	Portfolio allocation or guidelines have binding intent to deliver measurable sustainability outcomes, often including climate outcomes. Impact portfolios typically invest primarily in use-of-proceeds bonds, but also issuers that contribute to the SDGs either through existing businesses or through significant capital expenditures to support future contributions.

<sup>3</sup> Source: Citi Sustainable Debt Capital Markets Update, April 2025.

## Responsible Horizons strategies

Insight's Responsible Horizons strategies reflect our view of best practice in responsible investment and as such we continuously seek to further develop ESG data, responsible investment approaches and our approach to engagement to enable us to offer a varied range of solutions for clients. We are committed to continuous improvement, innovation, and collaboration with asset owners and the asset management industry to ensure the most effective approach to investment and sustainability.

Four Responsible Horizons strategies now embed net-zero targets. To help investors pursuing clear sustainability outcomes from their portfolios, we have continued to embed net-zero targets within additional Responsible Horizons strategies. These build on Insight's Prime net-zero alignment framework, which categorises companies according to their commitment to, or alignment with, net-zero principles.

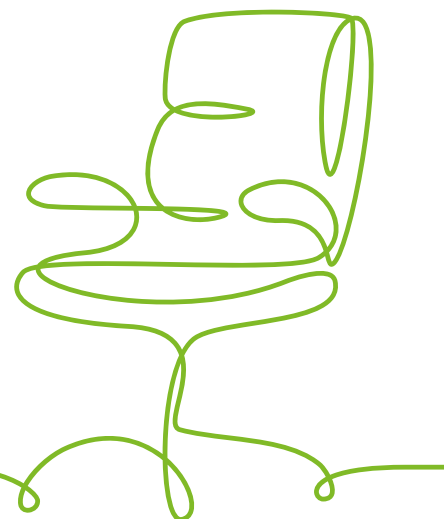
The Responsible Horizons Euro Corporate Bond strategy, Responsible Horizons Multi-Sector Credit strategy, Responsible Horizons UK Corporate Bond strategy, Responsible Horizons Strategic Bond strategy and Responsible Horizons Buy and Maintain Bond strategy now embed a net-zero by 2050 target. Each strategy has:

- a minimum allocation to companies which are at least committed to a net-zero target, and
- a specified carbon intensity level.

Investors in a specific strategy should consult the relevant documents for details of these changes. For more information on the integration of climate-related considerations within investment processes, stewardship activities, and solutions offerings, refer to our latest Stewardship Report.



# 3 Governance

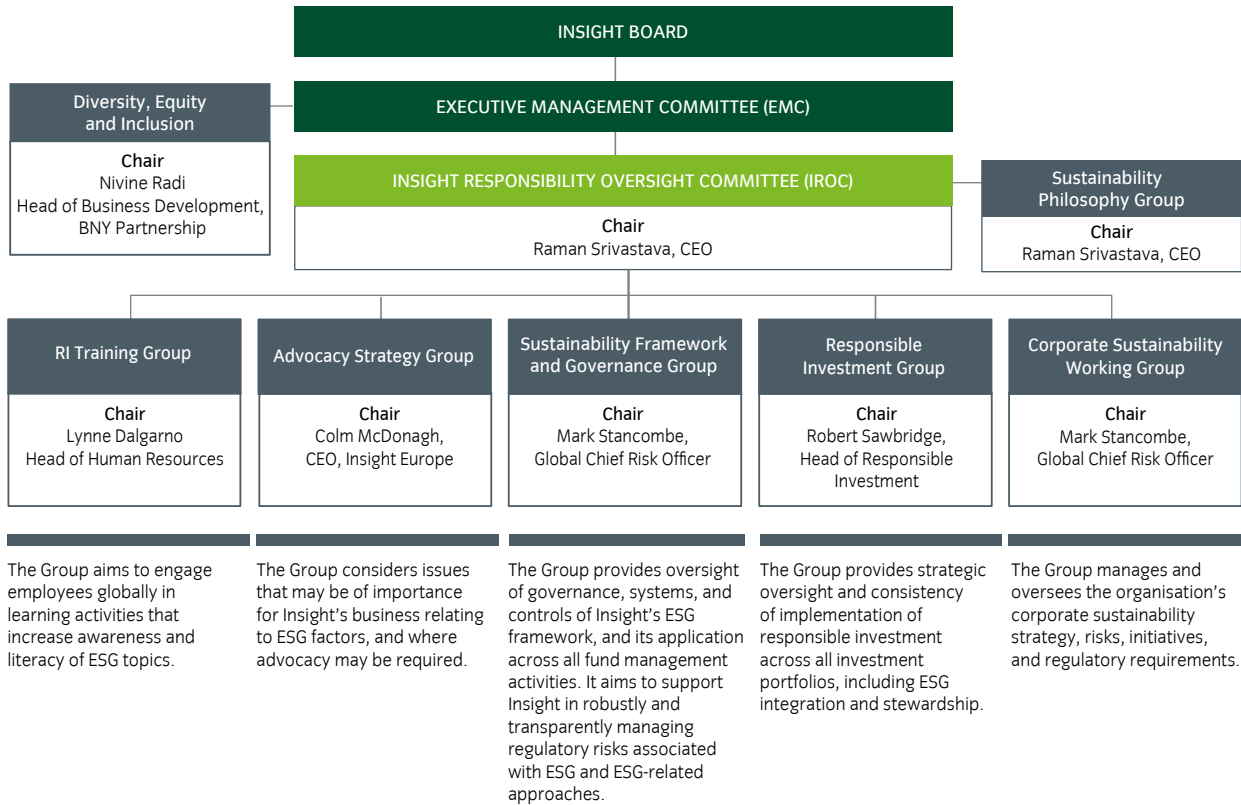


## INSIGHT BOARD AND EXECUTIVE OVERSIGHT OF CLIMATE CHANGE

Understanding and managing the risks and opportunities of climate change are a core responsibility of Insight's Board of Directors. Insight's Executive Management Committee (EMC) is the key business management committee for the company, and its execution, operational management, and finance. In addition to these oversight functions, several executive governance groups provide management and/or oversight in relation to climate change risks.

- The **Insight Responsibility Oversight Committee (IROC)**, a subcommittee of the EMC, has responsibility for the oversight of responsible investment. The IROC is chaired by the CEO and acts as the principal governance group for responsible investment in the firm with oversight and accountability across investment, commercial development, and communications activities as well as for the corporate social responsibility (CSR) programme. The IROC's focus includes oversight and accountability for climate strategy and policy, as well as overseeing investment and operational activities.
- The **Sustainability Investment Framework Governance Group** ensures adherence to BNY's Responsible and Sustainable Policy Framework, including climate factors.
- The **Corporate Sustainability Working Group (CSWG)** is chaired by the Global Chief Risk Officer, who has overall senior manager responsibility for the management of climate change related risks, opportunities and policy. The CSWG reports to IROC on a monthly basis. The CSWG is new for 2025 and supersedes the Climate Change Resilience Committee (CCRC). The CSWG will include oversight of climate-related topics for which the CCRC was previously responsible.
- The **Responsible Investment Group (RIG)** provides strategic oversight and consistency of implementation of responsible investment across all relevant investment portfolios, including ESG integration, stewardship, and climate change.

Figure 3: Climate-related governance structure



### Corporate Sustainability Working Group

The Corporate Sustainability Working Group is a cross-functional group, new for 2025, that will manage and oversee the organisation's corporate sustainability, risks, initiatives, and regulatory requirements including those arising from the EU Corporate Sustainability Reporting Directive (CSRD), and the UK FCA's Taskforce on Climate-Related Financial Disclosures (TCFD) reporting obligations, in each case, as applicable. The group will be responsible for coordinating the firm's overall corporate sustainability requirements and liaising with BNY on sustainability topics, to support our parent company's needs. The Group's focus will include:

- **Oversight:** The coordination of sustainability-related risk and opportunities across the departments within Insight and with BNY.
- **Regulatory and board disclosures:** Oversight of firm-level sustainability-related reporting, including alignment with the requirements of regulatory regimes. The group will provide regular updates to IROC on relevant initiatives.

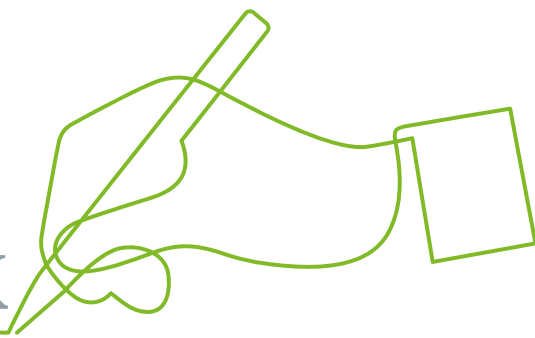
- **Operational risk:** These will include sustainability-related risks such as climate change and others identified in Insight's risk and control self-assessment.

Additionally, the Group will support other groups on corporate sustainability issues managed by them. The Group will receive updates from the responsible groups to ensure they align to the firm's overall corporate sustainability regulatory reporting requirements.

The CSWG maintains regular oversight of Insight's response to climate change and reports to the IROC. The EMC is informed by the IROC on climate change and the Board is informed on climate matters by the EMC.



# 4 Climate risk management



## INVESTMENT RISK MANAGEMENT OVERVIEW

Insight primarily manages investment portfolios comprised of sovereign and corporate bonds on behalf of its clients.

UK sovereign bonds are the single largest asset type that we manage on behalf of our clients with the vast majority held in our London-managed LDI portfolios. These investments may be impacted by changes in nominal and real interest rates. As yields rise, the value of these instruments falls, and vice versa. In the context that climate change may have fiscal and inflationary impacts, this can influence changes in long-term yields. In addition, UK sovereign bond values can also be affected by direct economic impacts of increasing physical climate risks. In general, the UK sovereign bonds that we hold are long-dated in order to match pension scheme liabilities and they are therefore more sensitive to movements in underlying long-term interest rates.

For corporate bonds, which comprise the majority of our remaining assets under management, nearly all portfolios are managed on a discretionary basis, albeit within the mandates given to us by clients<sup>4</sup>. In general, the duration of the bonds held broadly matches benchmark indices which tend to have

sub-10-year maturities. Most climate stress testing involves a combination of modelling physical risks and policy shocks which can manifest in an idiosyncratic manner and impact at both at a single company and sector level. In our investment process we use a variety of metrics to understand term-specific climate risks for our investments but for the purpose of producing a single metric to stress our book as a whole here we use climate VaR (CVaR).

For climate-related and non-climate-related risks, a VaR model provides a quantitative framework to model the price impacts of non-linear risk profiles. However, its ultimate utility depends on the quality of the numerical inputs; namely the relative likelihood of various climate outcomes, and their impact on global economies, both of which have large error margins. As a result, we would urge caution in extrapolating the results<sup>5</sup> and would reiterate this is not a metric we use to make investment decisions.

<sup>4</sup> Or has a degree of manager discretion regarding the management of risks and opportunities, pertaining to (but not limited to) climate.

<sup>5</sup> Via a representative long-dated portfolio.

# SCENARIO SELECTION, ANALYSIS AND OUTPUTS

Scenario analysis is crucial to the TCFD framework to encourage asset managers to consider climate risks to both their clients' investments and their overall business model – potential implications given the typical charging model for fees based on AUM. Scenario analysis complements our existing frameworks for resilient long-term investment risk management and allows us to better understand climate risk within our clients' portfolios and the potential impacts to our business. Scenarios should be plausible, distinctive, consistent, relevant, and challenging.

To conduct scenario analysis, Insight used MSCI feeds and data which are based on the Network for Greening the Financial System (NGFS) scenarios. Whilst all stress testing has its flaws, we believe NGFS outputs are currently seen as best practice in the industry. It is important to note that these are standardised stress tests and do not necessarily represent Insight's own perception of a central case as we look to test resilience under a range of scenarios.

In 2024, the Phase V NGFS climate scenarios introduced several updates, including new economic and climate data which are encompassed in the version 3.0 Shared-Socioeconomic Pathways, and a damage function that increases chronic physical risk estimates up to 400%, and carbon prices up to \$300/tCO<sub>2</sub> by 2035. scenarios contemplate larger global GDP losses of between 7% to 15% by 2050 under the 'Net Zero 2050' and 'Current Policies' scenarios respectively.<sup>6</sup> We expect to see a number of impacts on our stress test analysis next year due to these changes but at present our data provider, MSCI, has not incorporated these changes into its data architecture. As such, our analysis is based on MSCI scenarios that use the Phase IV NGFS climate scenarios for corporates and Phase II NGFS climate scenarios for sovereigns.

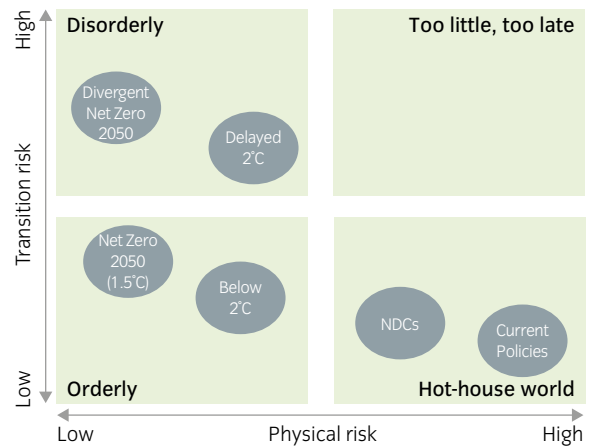
These NGFS scenarios are based on REMIND (REgional Model of INvestment and Development), which is a numerical model that generates projections for the future evolution of the world economies with a special focus on the development of the energy sector and the implications for our world climate. The goal of REMIND is to find the optimal mix of investments in the economy and the energy sectors of each of the 12 model regions given a set of population, technology, policy, and climate constraints. It also accounts for regional trade characteristics on goods, energy fuels, and emissions allowances. The most relevant greenhouse gas emissions due to human activities are represented in the model.

Insight modelled impacts on corporate bonds and sovereigns, where data availability was sufficient for relevant analysis, with a view to giving insights into the vulnerability across different portfolio types. Insight modelled outcomes based on the following five scenarios which provide a broad scope for the analysis. The scenarios include: 1.5°C REMIND NGFS Disorderly, 1.5°C REMIND NGFS Orderly, 2°C REMIND NGFS Disorderly, 2°C REMIND NGFS Orderly and 3°C REMIND NGFS Nationally Determined Contributions (NDCs). The analysis presented in this section shows the impact of these scenarios relative to the baseline (3°C REMIND NGFS Current Policy). The mapping versus commonly used terminology for NGFS scenarios is as below along with the details around the same is below.

<sup>6</sup> Global GDP losses rise from between 2% (Net Zero 2050) and 5% (Current Policies) in 2050 for NGFS Phase IV scenarios to in between 7% and 15% in 2050 for NGFS Phase V scenarios.

Figure 4: NGFS climate scenarios overview

- 1.5°C REMIND NGFS Disorderly = Divergent Net Zero 2050 NGFS
- 1.5°C REMIND NGFS Orderly = Net Zero 2050 (1.5°C) NGFS
- 2°C REMIND NGFS Disorderly = Delayed 2°C NGFS
- 2°C REMIND NGFS Orderly = Below 2°C NGFS
- 3°C REMIND NGFS Current Policy = Current Policies NGFS
- 3°C REMIND NGFS NDC = NDCs NGFS



The outputs from the NGFS scenarios consider transition risks and chronic physical risks across the following portfolios:

- Liability-driven investment: based on a typical LDI portfolio that is representative of a client mandate
- Actively managed sovereign bond fund
- Discretionary managed buy-and-maintain corporate bond portfolio

## LIABILITY-DRIVEN INVESTMENT (LDI) SCENARIO ANALYSIS

Scenario analysis applied to representative portfolios allows insight to understand climate risk better within our clients' portfolios and the potential macro impacts to us as a business.

Sovereign bonds (predominantly UK gilts) are the single largest asset class that we manage on behalf of clients, largely within LDI portfolios. These typically have large exposures to both nominal and real sovereign bond yields. As yields rise, the value of these portfolios falls, and vice versa, the change in value is intended to broadly mirror the change in a portion of each client's liabilities.

Climate VaR provides a forward-looking and return-based valuation assessment to measure climate related risks. For LDI portfolios, it estimates the change in the sovereign yield curve when market expectations move from a climate-agnostic baseline expectation to any other climate scenario. Yield curve changes are then used to stress test the value of local-

currency sovereign bonds. The model produces two types of outputs: the potential impact of climate change and economic decarbonisation on implied yield curves and sovereign bond valuations.

The macroeconomic scenarios used mostly give an assessment of transition risks (and subsequent impacts on interest rates and inflation) but generally understate the potential impacts of acute physical risks and this should be noted when interpreting the results, particularly when considering the accuracy of VaR numbers for higher warming scenarios when these risks are most likely to manifest. Other factors that impact the liabilities hedged in LDI strategies, such as the mortality and longevity of scheme members, are also not considered in these scenarios (but could have a material impact on the results).

Using the NGFS scenarios released in November 2023, we observed the following impacts over time on an indicative UK client's gilt-based LDI benchmark:

- Orderly transition scenarios for a specific temperature outcome generally produce more positive climate-related outcomes for portfolios due to more benign interest rate environments.
- Disorderly transition scenarios on the other hand result in negative climate VaRs. This is most pronounced for the 1.5°C scenario due to the negative impact of climate policy shocks in the near term and resulting interest rate and

inflation increases. More specifically, the disorderly scenarios model an abrupt and uncoordinated transition to a low-carbon economy, which can cause sharp increases in interest rates but a smaller rise in inflation due to weakened demand and economic activity, limiting price increases.

Table 4: Climate VaR for an indicative client's UK gilt-based LDI benchmark<sup>7</sup>

Climate VaR component	1.5°C NGFS (Orderly)	1.5°C NGFS (Disorderly)	2°C NGFS (Orderly)	2°C NGFS (Disorderly)	3°C NGFS (NDC)
Climate VaR	-6.49%	-6.83%	2.18%	-5.18%	-1.30%

## ACTIVELY MANAGED SOVEREIGN BOND SCENARIO ANALYSIS

The representative portfolio for an actively managed sovereign bond portfolio assumes investments in a global sovereign benchmark.

Using the same process as applied to the UK gilts benchmark (and therefore with the same caveats), we observed the following impacts over time across scenarios:

- Overall, CVaR at a global sovereign benchmark level is fairly limited in scope under all scenarios – this is because there are generally lower increases in yields across time horizons for some of the larger benchmark constituents, namely the US and Japan.
- The largest CVaR in the global sovereign benchmark was in the 1.5°C scenarios both orderly and disorderly due to the higher policy shocks and changes in interest rates and inflation.

Table 5: Climate VaR within the global sovereign benchmark<sup>7</sup>

Climate VaR component	1.5°C NGFS (Orderly)	1.5°C NGFS (Disorderly)	2°C NGFS (Orderly)	2°C NGFS (Disorderly)	3°C NGFS (NDC)
Climate VaR	-2.84%	-2.70%	-0.89%	-1.31%	-0.54%

<sup>7</sup> Source: Insight Investment, MSCI, as at 31 December 2024.

## DISCRETIONARY MANAGED BUY-AND-MAINTAIN CORPORATE BOND SCENARIO ANALYSIS

The discretionary managed buy-and-maintain corporate bond representative portfolio invests in global corporate bonds but tends to have a UK domestic bias.

To evaluate the wider macroeconomic impacts of climate change on corporate creditworthiness, we modelled REMIND NGFS scenarios to determine value at risk across a representative portfolio of global corporates. We observed the following key impacts:

- Overall, CVaR at a buy-and-maintain global corporate bond portfolio level is limited across scenarios.
- Negative portfolio impacts are observed particularly in a net zero disorderly scenario dominated by the associated policy shocks.

## CONCLUSIONS

Across sovereign and corporate bond portfolios, the CVaR assessments demonstrate a fairly limited impact on portfolio valuations. However, the outputs consistently highlight the inflationary risks associated with the world pivoting to net zero – particularly if done in a disorderly way. This is a function of the NGFS scenarios and output data where ‘greenflation’ is a byproduct of aggressive net zero policies. It is also clear, however, that current scenarios and outputs do not adequately capture the complexity of acute physical risks and their interdependencies, and indirect effects on the macroeconomic environment including on inflation and interest rate shifts. As a result, physical risks are likely underestimated in the analysis and do not give a realistic counterpoint to the transition risks highlighted in the assessment.

Table 6: Climate VaR within the buy-and-maintain corporate bond representative portfolio<sup>7</sup>

Climate VaR component	Below 2°C (Orderly)	1.5°C REMIND NGFS (Orderly)	1.5°C REMIND NGFS (Disorderly)	2°C REMIND NGFS (Orderly)	3°C REMIND NGFS (NDC)
Policy climate VaR (Scope 1,2,3)	-0.1%	-2.7%	-4.0%	-0.1%	-0.1%
Technology	0.0%	0.2%	0.2%	0.0%	0.0%
Physical (aggressive)	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%
Climate VaR	-0.2%	-2.6%	-3.9%	-0.2%	-0.2%

<sup>7</sup> Source: Insight Investment, MSCI, as at 31 December 2024.

# ENTERPRISE RISK MANAGEMENT

Insight's Board is ultimately responsible for all elements of risk management, including climate-related risks, which are integrated into our overall enterprise risk management framework. Insight has an independent risk management function that oversees and maintains the risk management framework, which uses three lines of defence.

- 1. Business Line Management Function:** The first line of defence encompasses the risk identification and control activities embedded within business processes.
- 2. Independent Risk Management and Control Function:** A second line of defence is provided by the independent Corporate Risk and Compliance Teams, which report to the Chief Risk Officer within Insight, and have independent reporting lines to BNY.
- 3. Internal Audit Function:** The third line of defence is our Internal Audit team, which is an independent, objective assurance function that reports directly to the Audit Committee of BNY's Board of Directors.

Within our risk management framework, we consider climate-related risks to both our business and within our investment portfolios. In line with TCFD recommendations, along with the strategy and implementation section, this section forms part of our additional disclosures on risk management covering investment risks including scenario analysis, enterprise risks and business and operational risks for Insight.

## PRINCIPAL RISKS AND OPPORTUNITIES

We consider climate risks from several aspects, including across transition and physical risk categories, impacts, probabilities, and timescales. We have summarised the key climate-related risks to our business below.

Table 7: Summary of principal climate-related risks and opportunities

Policy and legal risks	Detail	Impact (Low/Medium/High)	Probability	Timescale	Operational or Investment	Mitigating actions
Risk of insufficient financial and human resource, given climate-related data collection, monitoring and reporting need.	Climate change monitoring and reporting is increasingly incurring additional costs for firms and investors. For asset managers, this may entail significant increase in operating costs that may be difficult to pass on to clients.	Medium	High	0-5 years	Both	Disciplined review process and cost screening of data providers
Risk of climate regulation and divergence across jurisdictions.	As a global business, regulatory divergence is a key risk. Higher transaction costs, supply chain disruption and regulatory compliance costs are the likely result.	High	High	0-5 years	Both	Advocate for regulatory consistency where possible
Technology risks	Detail	Impact (Low/Medium/High)	Probability	Timescale	Operational or Investment	Mitigating actions
Risk of rapid and disruptive shifts in technology cost curves.	Technology learning rates and progress are subject to significant uncertainties, with the potential for rapid and disruptive breakthroughs leading to risks of asset stranding.	High	High	0-10 years	Investment	Responsible Investment Team supports investment team with specialist research

Market risks	Detail	Impact (Low/Medium/High)	Probability	Timescale	Operational or Investment	Mitigating actions
Risk of divergence between consumer preferences and regulatory intent.	As the costs of low-carbon transition rise, consumer behaviour may increasingly be at odds with the regulatory regimes applied to support net-zero alignment (e.g., supply of electric vehicles outstripping end demand).	Medium	High	0-10 years	Investment	N/A
Risk of shifting policy objectives undermining the case for decarbonisation.	Net-zero pledges, targets and capital and operational plans made by Insight and the companies it invests in are made on the assumption that governments will deliver on the pledges made under the Paris Agreement. Shifting policy priorities, or a lack of clarity from policymakers, will deter investment over time.	High	High	0-10 years	Investment	Advocate for consistent and evidence-based policy making
Direct financial impacts of climate change on market volatility.	Climate change is a systemic risk, albeit with limited impact on asset prices to date. As the risk of a disorderly transition increases, so too does the risk of volatility and rapid repricing. This may negatively impact client portfolio value and introduce revenue volatility for Insight.	Medium	High	0-10 years	Both	Scenario analysis to understand impacts of volatility on portfolio performance
Reputational risks	Detail	Impact (Low/Medium/High)	Probability	Timescale	Operational or Investment	Mitigating actions
Risk of changing client perceptions and beliefs, or failure to change.	Changing client perceptions and beliefs around climate change is a key risk for asset managers, given their role in financing the transition.	Medium	High	0-5 years	Both	Ensure ongoing dialogue with clients to understand sustainability preferences
Physical risks	Detail	Impact (Low/Medium/High)	Probability	Timescale	Operational or Investment	Mitigating actions
Acute physical risks.	Increasing acute physical risks are expected to be increasingly material, especially for issuers lacking geographical or revenue diversification that hedges against acute risks.	High	High	0-10 years	Investments	Explore materiality of risks using third-party tools and embed into proprietary ratings
Chronic physical risks.	Increasing chronic physical risks such as drought or sea-level rise are systemic, expected to increase over time and have significant second-order impacts (e.g., mass migration, supply-chain disruption).	Medium	Medium	10+ years	Investments	Explore additional scenarios, where relevant to investment performance

# BUSINESS AND OPERATIONAL RISK MANAGEMENT

Throughout 2024, Insight maintained Climate Change and Sustainability Risk Appetite statements with defined metrics used to monitor risk management performance. Risks are assessed at three levels using a green, amber or red designation representing low, medium, or elevated risks. The Risk Appetite statements are integrated into the firm's enterprise risk management process and reviewed at Insight's IROC and EMC.

Table 8: Overview of Insight's Climate-Related Risk Appetite Statements

Statements	Metrics
Insight honours its ambition as a signatory to the Net Zero Asset Managers initiative whilst ensuring it meets its primary obligation with respect to its fiduciary duty to clients. <sup>8</sup>	Sovereign issuers Germanwatch Climate Change Performance Index (CCPI) score
	Sovereign issuers Climate Action Tracker alignment
	Corporate issuers emissions intensity – Scope 1 and 2 WACI
	Corporate issuers Implied Temperature Rise (ITR)
	Proportion of financed emissions engaged or aligning / aligned to a net zero pathway
Insight will monitor, and where appropriate avoid, highly controversial holdings (on behalf of clients and/or funds) that could cause reputational harm to Insight or our clients, whilst ensuring it meets its primary obligation with respect to its fiduciary duty to clients.	Controversial holdings as determined by the Ratings and Exclusions Group (REG)

## BUSINESS RESILIENCE AND CONTINUITY

Insight is committed to monitoring operational risk and resiliency. Insight monitors physical risk to operations and maintains robust operational resilience plans. Resiliency metrics are assessed within the Operational Resilience Committee (ORC) across categories including systems, data, locations, and third parties, amongst others.

We review physical risk resiliency metrics for office locations using external data. In 2024, location physical resiliency risks were low to medium across key operational sites with indicative trajectories expected to remain consistent. We have identified localised water stress as the most material source of physical risk for our Denver and Pune facilities. Extreme heat risks are also elevated across several of our locations, but we anticipate limited overall impacts to operational resiliency due to the nature of operations. We regularly review the implications of climate-related physical risks for Insight's organisational resilience including within the development of our business continuity plans.

<sup>8</sup> We are aware of the [announcement by the Net Zero Asset Manager's initiative \(NZAM\)](#) on 13 January 2025 and we are not in a position to comment until their review reaches its conclusion. Insight has suspended its associated risk appetite statement until the initiative completes its review and we assess the implications for the business. Insight's mission is to support our clients in meeting their investment objectives and achieving their desired outcomes. Our investment processes, policies and the investment approaches that we apply in specific circumstances will continue to be anchored in delivering against the objectives set by our clients regardless of the outcome of NZAM's review.

# OPERATIONAL EMISSIONS RISK MANAGEMENT

Insight is committed to monitoring the risks and impacts that our company has on climate change and the environment, including managing our operational carbon footprint in partnership with our parent company BNY. This includes providing educational resources to employees and working with our parent company, BNY, to help mitigate our operational environmental footprint.

At a group level, BNY has achieved carbon neutrality in its operations in every year since 2015. In collaboration with BNY, Insight has maintained carbon neutrality in our scope 1 and 2 global office operational emissions through the implementation of energy efficiency and reduction measures, the procurement of renewable energy, and the use of carbon offsets to compensate for any remaining operational emissions. Additionally, Insight maintains carbon neutral scope 3, category 6 (business travel) emissions by purchasing carbon offsets.

# 5 Metrics and targets



Below we review climate-related metrics and targets related to the physical assets managed on behalf of our clients. This report focuses on material asset classes where high quality data is available for a significant proportion of securities, including sovereign and corporate issuers.

## SOVEREIGN DEBT

Table 9: Gilt GHG emissions metrics (LDI)<sup>9</sup>

	Weighted average carbon intensity (WACI) (tCO <sub>2</sub> e/GK\$m GDP)	Carbon footprint (market value of gilts in issuance) (tCO <sub>2</sub> e/\$m)	Absolute emissions (market value of gilts £m/ market value of gilts in issuance £m x tCO <sub>2</sub> e)	PCAF financed emissions (\$m holdings/\$GDP PPP x tCO <sub>2</sub> e)
Scope 1 emissions (territorial)	87	132	32,034,661	20,900,595

Table 10: Insight's sovereign bond holdings – GHG emission metrics<sup>10</sup>

	Weighted average carbon intensity (WACI) (tCO <sub>2</sub> e/GK\$m GDP)	Carbon footprint (market value of bonds in issuance) (tCO <sub>2</sub> e/\$m)	PCAF financed emissions (\$m holdings/\$GDP PPP x tCO <sub>2</sub> e)
Scope 1 emissions (territorial)	234	294	7,157,667

<sup>9</sup> As at 31 December, 2024. GK\$ = international \$ – the unit of PPP-adjusted GDP. PCAF = Partnership for Carbon Accounting Financials which has issued guidance for calculating emissions. tCO<sub>2</sub>e = tonnes of CO<sub>2</sub> equivalent gases. UK PPP-adjusted GDP estimate for 2024, published by the IMF, of GK\$4,282,173m. PPP-adjusted GDP is used for consistency across all sovereigns. Data on UK emissions is sourced from the UK government website (provisional UK greenhouse gas emissions national statistics); GDP figures from the IMF and ONS; and gilts in issuance are sourced from the DMO website and converted by Insight from nominal to market value. Based on provisional 2024 figures. Source: Insight, UK Government, DMO, IMF, Germanwatch CCPI, Climate Action Tracker. [Provisional UK greenhouse gas emissions statistics 2024](#), 27 March 2025, UK Department for Energy Security and Net Zero. [UK GDP 2024](#), October 2024, World Economic Outlook, IMF. [Implied PPP conversion rate \(national currency per international dollar\)](#), April 2025, World Economic Outlook, IMF.

<sup>10</sup> As at 31 December, 2024. GK\$ = international \$ – the unit of PPP-adjusted GDP. PCAF = Partnership for Carbon Accounting Financials which has issued guidance for calculating emissions. tCO<sub>2</sub>e = tonnes of CO<sub>2</sub> equivalent gases. PPP-adjusted GDP is used for consistency across all sovereigns. Data on sovereign emissions is sourced from Climate Watch.

# CORPORATE DEBT AND EQUITY

Table 11: Insight's corporate debt and equity carbon emissions metrics<sup>11</sup>

Carbon intensity (tCO <sub>2</sub> e/\$m revenue)	Weighted average, where known	Normalised	Coverage
Scope 1 and 2	136	142	96%
Scope 3	546	572	96%

Carbon footprint (tCO <sub>2</sub> e/\$m EVIC)	Weighted average, where known	Normalised	Coverage
Scope 1 and 2	64	67	94%
Scope 3	284	340	94%

Absolute emissions (Mt of CO <sub>2</sub> e)	Weighted average, where known	Normalised	Coverage
Scope 1 and 2	7	8	94%
Scope 3	33	39	84%

Table 12: WACI (tCO<sub>2</sub>e/\$m revenue) contributors split by sector<sup>11</sup>

Sector	Scope 1 and 2	Scope 3	Share of holdings (%)
Financials	1	125	34%
Utilities	80	64	11%
Industrials	11	82	11%
Consumer	5	51	11%
Technology, Media, Telecommunications	3	21	11%
Basics & Energy	30	164	7%
Healthcare	1	19	6%
Property	3	11	6%
Other	2	10	2%
Total	136	546	

Table 13: Prime climate risk ratings of Insight's corporate assets under management<sup>11</sup>

1 (best possible)	7.3%
2	36.6%
3	34.8%
4	6.4%
5 (worst possible)	1.7%
No rating	13.3%
Total	100%

Table 14: Insight's corporate debt and equity implied temperature rise (ITR)<sup>11</sup>

Emissions	ITR °C	Coverage
Scope 1, 2 and 3	2.3	95%
Scope 1	1.9	95%
Scope 2	3.9	95%
Scope 3	2.3	95%

<sup>11</sup> As at 31 December, 2024. Enterprise value (EVIC) = enterprise value including cash. tCO<sub>2</sub>e = tonnes of CO<sub>2</sub> equivalent gases. Mt = Megatonnes. We obtain carbon emissions data from MSCI or for a small number of issuers it is manually sourced from the issuer reporting. To determine book value for the carbon footprint and the GHG emissions calculations, notional values are used. Any calculation for non-base currency denominated data use current FX rates.

Table 15: Insight's UK residential mortgage-backed securities holdings – GHG emission metrics<sup>12</sup>

Metric	Absolute emissions – all deals (tCO <sub>2</sub> e)	Financed emissions – all deals (tCO <sub>2</sub> e/£m deal outstanding)
Scope 1 and 2 emissions	28,823	14.6

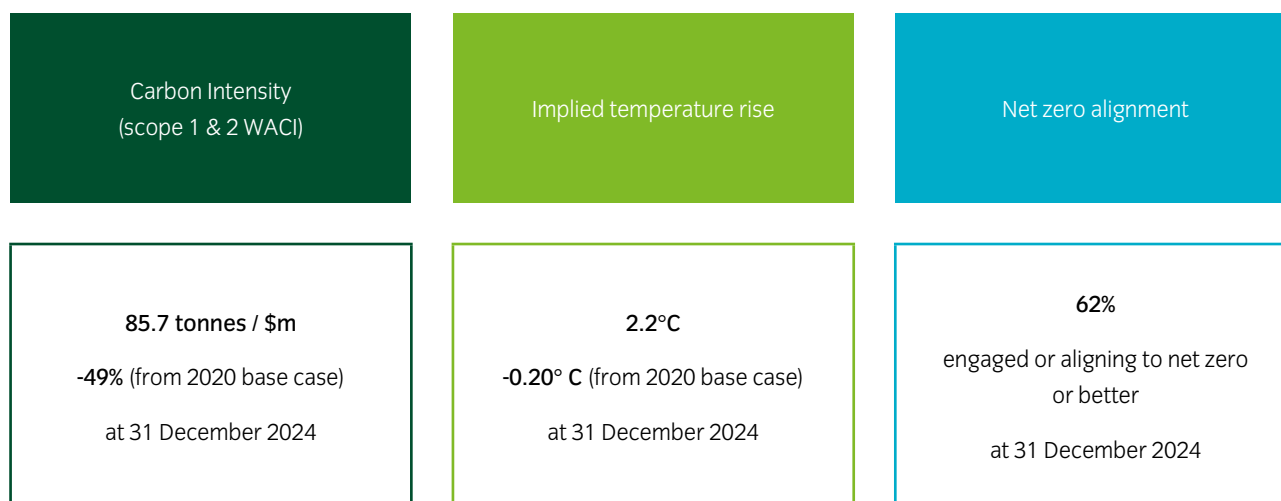
Table 16: Insight's cash equivalent holdings – GHG emission metrics

Metric	Absolute emissions (MtCO <sub>2</sub> e)	Weighted average carbon intensity (tCO <sub>2</sub> e/\$m revenue)	Carbon Footprint (tCO <sub>2</sub> e/\$m EVIC)
Scope 1 and 2	0.02	12	1
Scope 3	2	442	67

## INSIGHT'S APPROACH TO NET ZERO

Insight is committed to supporting the goal of achieving net-zero financed greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C<sup>13</sup>. Within Insight's UK-managed corporate bonds and equities, we focus on monitoring three key metrics which provide us with evidence on our progress in this regard. These broadly encompass two components: portfolio-level decarbonisation objectives, and portfolio-level alignment and engagement targets.

Figure 5: Insight's progress on net zero for UK government bonds and UK-managed corporate bonds and equities



In the case of both the scope 1 and 2 WACI metrics and the net zero alignment metric, we have made good progress over the course of the year. For the implied temperature rise metric, progress has been slightly slower but has also been influenced by a change in methodology from our data provider which has made it harder to extrapolate on a like-for-like basis. We continue to investigate whether re-baselining this metric might be possible and suitable.

<sup>12</sup> Our calculation methodology utilises location data on underlying properties within loan portfolios. Localised emissions factors are then produced using local patterns of energy consumption at a postcode level. Where data is not available at a postcode level, regional emissions data is used. The share of each loan outstanding is then used to calculate funded emissions attributable to the underlying asset.

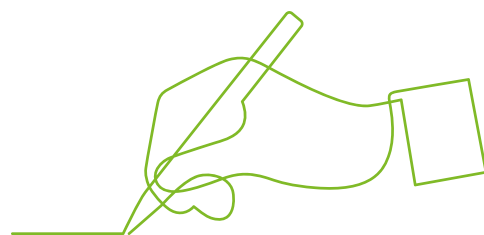
<sup>13</sup> [Insight Investment's net-zero ambition](#), 31 May 2022, Insight. Please note: We are aware of the [announcement by the Net Zero Asset Manager's initiative \(NZAM\)](#) on 13 January 2025 and we are not in a position to comment until their review reaches its conclusion. Insight's mission is to support our clients in meeting their investment objectives and achieving their desired outcomes. Our investment processes, policies and the investment approaches that we apply in specific circumstances will continue to be anchored in delivering against the objectives set by our clients regardless of the outcome of NZAM's review.

# OPERATIONAL EMISSIONS

Table 15: Insight's operational emissions

All units in tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e)		2024	2023	2022 <sup>14</sup>
Scope 1		33	42	46
Scope 2	Market-based	0	0	0
	Location-based	573	573	731
Total Gross Scope 1 and 2	Market-based	33	42	46
Scope 1 and 2 Offsets		(33)	(42)	(46)
Total Net Scope 1 and 2	Market-based	0	0	0
Scope 3: Category 6, Business travel		932	746	720
Scope 3 Offsets		(932)	(746)	(720)
Total Net Scope 3: Category 6, Business travel		0	0	0

1. Insight's Scope 1 emissions include emissions from tracked use of fuel oil, refrigerant, and natural gas. BNY calculates the entire Scope 1 emissions for all facilities and allocates in proportion the quantity matching square feet occupied by Insight at a given location. Emissions from data centres are also included.
2. Scope 2 Market-based includes emissions from electricity and steam. BNY purchases Renewable Energy Certifications (RECs), which are widely accepted, market-based instruments that convey the environmental attributes of renewable energy generation and use.
3. Location-based Scope 2 electricity emissions are tracked or estimated for BNY's real estate footprint. Insight's location-based Scope 2 emissions are calculated based on electricity and steam used in facilities occupied by Insight and proportioned based on square feet occupied by Insight at a given location.
4. Emissions not covered by renewable energy as listed above (Scope 1 oil, refrigerants, and natural gas emissions, as well as Scope 2 steam emissions) are offset through carbon offsets including an India renewable energy project, a Uruguay afforestation project, a reclaimed HFC project in the US, and a solar water heating project in India.
5. 2024 scope 3, category 6, business travel emissions include emissions from hotel stays, car, rail, and air travel associated with business. Emissions were sourced from BNY. The calculations follow the taxonomy of flights and emissions factors outlined by UK DEFRA for national and international air travel.
6. The differences in location-based energy emissions versus Insight's Streamlined Energy and Carbon Reporting (SECR) figures pertain to the wider pool of operations presented here (i.e., Insight's non-UK operations are included).



<sup>14</sup> Methodology for 2022 emissions was based on area occupied by Insight, with the exception of two offices where the calculation was based on headcount. Metrics may not be directly comparable with subsequent years.

# Appendices

## MATERIAL DEVIATIONS (TO ALIGN WITH ENTITY-LEVEL REPORTS FOR IN-SCOPE INSIGHT LEGAL ENTITIES)

Insight is a leading global asset manager responsible for assets across LDI, fixed income, currency, multi-asset and absolute return strategies. It should be noted that the metrics and targets provided in the group report are aggregated at the Insight Investment group level.

We may seek to disaggregate entity-level data in the future. Reasonable care to be transparent with regard to material deviations between Insight Investment Climate Change Report and entity-level disclosures has been taken.

Additionally, the Metrics and Targets provided in this report include:

- A continuing divergence in emissions intensity between assets managed by Insight North America and assets managed by our FCA-regulated entities that are within the scope of the FCA requirements in PS 21/24, namely Insight Investment Management (Global) Limited and Insight Investment International Limited.
- Higher emissions intensity from Insight North America-managed utilities and oil and gas positions were the key driver of this differential.
- Whilst the WACI of Insight's book (142 tCO<sub>2</sub>e/\$m revenue) still compares favourably against a global credit benchmark (199 tCO<sub>2</sub>e/\$m revenue on a Scope 1 and 2 basis for the comparator index) this highlights the challenges of regulatory and policy divergence across regions for global asset managers.

## INSIGHT'S SUMMARY TCFD-ALIGNED DISCLOSURES

Governance	Activities
The Board's role in oversight see pages 16 and 23	Insight's Board retains overall oversight of material climate-related issues that can pose strategic or operational risks and opportunities to Insight's business and our clients.
Management's role in assessing climate-related risks and opportunities see pages 16, 17 and 25	Authority is delegated from the Board to the Executive Management Committee (EMC), and in turn the Global Chief Risk Officer, who chairs our Corporate Sustainability Working Group (CSWG). The CSWG maintains regular oversight of Insight's response to climate change and reports to the IROC. The EMC is informed by the IROC on climate change and the Board is informed on climate matters by the EMC.
Strategy	
Climate-related risks and opportunities see pages 6 to 11, 14, 15	In 2024, we continued to develop our in-house tools, capabilities and knowledge with regard to climate-related risks and opportunities. This included continuing to improve asset-class coverage of climate data and understanding of asset-class, geographical and sector specific risks and opportunities.

Impact on Insight's business, strategy and financial planning see pages 6 and 7	<p>As a fixed income asset manager, climate change poses particular risks and opportunities to Insight's business. A significant share of our assets under management are investment grade and the performance of the instruments is driven by interest rates as well as credit risks. Understanding both the macroeconomic (particularly inflationary) and micro impacts of climate change risk is key to understanding the performance of the instruments and portfolios that we manage.</p> <p>Insight has significant experience of managing inflation and interest rate risks given the importance of liability-driven investment strategies to our business, and these risks were discussed in a number of key governance forums.</p> <p>The low-carbon transition presents important opportunities for our client base, particularly allocation to new product offerings and climate solutions such as credible green bonds. As these instruments assume a growing share of many investor strategies, understanding associated emissions (and emissions savings) linked to these instruments will be key.</p>
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### Risk management

Climate-related risks and opportunities see pages 18 to 22	Our in-house tools, including our proprietary Prime architecture, help us measure and respond to climate-related risks and opportunities within investments. Similarly, our scenario analysis capacities have evolved over the past years to better measure and understand the implications of plausible climate scenarios for the assets we manage, and to develop risk-management strategies accordingly.
Impact on Insight's business, strategy and financial planning see pages 23 to 26	We discuss plausible climate-related impacts on both the investments we make on behalf of our clients as well as risks to Insight as a business within the CSWG, and by extension, the Insight Responsibility Oversight Committee (IROC) and Board. The CSWG includes a diverse range of stakeholders encompassing investment risk, responsible investment, operations and legal/compliance functions – also explores these issues on a monthly basis.
Organisational resilience under a 2°C or lower scenario see page pages 23 to 26	Including climate risk considerations are integrated into Insight's Enterprise Risk Management and risk appetite frameworks. Resiliency metrics are regularly assessed within the Operational Resilience Committee (ORC). Our CSWG, chaired by the Global Chief Risk Officer, assesses organisational readiness under alternative physical or transitional climate scenarios. Topics discussed have included organisational net-zero target progress and the implications of accelerated low-carbon transition for Insight's business and our clients' investments.

### Metrics and Targets

See pages 27 to 30	Climate-related metrics and targets related to the physical assets managed on behalf of our clients. This report focuses on asset classes where high quality data is available for a significant proportion of securities, including sovereign and corporate issuers.
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## IMPORTANT INFORMATION

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### RISK DISCLOSURES

**Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.**

The performance results shown, whether net or gross of investment management fees, reflect the reinvestment of dividends and/or income and other earnings. Any gross of fees performance does not include fees, taxes and charges and these can have a material detrimental effect on the performance of an investment. Taxes and costs incurred when purchasing, holding, converting or selling any investment, will impact returns. Costs may increase or decrease as a result of certain currency conversions, such as currency hedging, and exchange rate fluctuations.

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies over time, and/or prevailing market conditions and are not an exact indicator. They are speculative in nature and are only an estimate. What you will get will vary depending on how the market performs and how long you keep the investment/product. Strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialise or vary significantly from the actual results. Accordingly, the projections are only an estimate.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

### Forward looking statements

This report may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses. Such statements and forecasts involve risk and uncertainty and may not be a reliable indicator of future performance. Forward-looking statements are based on numerous assumptions, risks, and uncertainties, which may change over time and speak only as of the date they are made. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance. Nothing in this report should be construed as a forecast, estimate or projection of future financial performance and we assume no duty to you with respect to any forward-looking statements (or any reliance on them) and do not undertake to update you with respect to any such forward-looking statements.

### Third party data and general limitations/exclusions

The information provided in this report is based in part on information from third-party sources ("Third-Party Data") that we believe to be reliable, but which has not been independently verified by us. Accordingly, we do not guarantee the accuracy, completeness or reliability of such Third-Party Data.

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### Caution about climate metrics and data required for climate reporting

There are many significant uncertainties, assumptions and judgements underlying climate metrics that limit the extent to which climate metrics are reliable. Climate metrics and data (including data required to report climate-related risks and opportunities and their potential impacts), the models, scenarios used to create them and the measurement technologies, analytical methodologies and services that support them are at a relatively early stage and developing. Accordingly, there are limitations with respect to data and analysis techniques, which should be considered. Scenarios are not forecasts and are not predictions of future outcomes. Like any modelling, the further out the projection, the greater the uncertainties.

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- **Investment type:** The application and overall influence of ESG approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG factors which may be applied and ESG industry practices applicable in a particular investable universe.
- **Integration:** The integration of ESG factors refers to the inclusion of ESG risk factors alongside financial risk factors in investment analysis and research to judge the fair value of a particular investment and may also include the monitoring and reporting of such risks within a portfolio. Integrating ESG factors in this way will not typically restrict the potential investable universe, but rather aims to ensure that what we believe to be relevant and material ESG risks are taken into account by analysts and/or portfolio managers in their decision-making, alongside other relevant and material financial risks.
- **Ratings:** The use and influence of our ESG ratings in specific investment strategies will vary, potentially significantly, depending on a number of factors including the nature of the asset class and the structure of the investment mandate involved. For an investment portfolio with a financial objective, and without specific ESG or sustainability objectives, a high or low ESG rating may not automatically lead to a buy or sell decision: the rating will be one factor among others that may help a portfolio manager in evaluating potential investments consistently.
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- **Reporting:** The ESG approach shown is indicative and there is no guarantee that the specific approach will be applied across the whole portfolio.

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- **Costs:** The costs described will have an impact on the amount of the investment and expected returns.
- **Forward looking commitments and related targets:** Where we are required to provide details of forward-looking targets in line with commitments to external organizations, these goals are aspirational and defined to the extent that we are able and in accordance with the third party guidance provided. As such we do not guarantee that we will meet them in whole or in part or that the guidance will not evolve over time. Assumptions will vary, but include whether the investable universe evolves to make suitable investments available to us over time and the approval of our clients to allow us to align their assets with goals in the context of the implications for their investments and issues such as their fiduciary duty to beneficiaries.

Insight applies a wide range of customized ESG criteria to mandates which are tailored to reflect individual client requirements. Individual investor experience will vary depending on the investment strategy, investment objectives and the specific ESG criteria applicable to a Fund or portfolio. Please refer to the investment management agreement or offering documents such as the prospectus, Key Investor Information Document (KIID/KID) or the latest Report and Accounts which can be found at [www.insightinvestment.com](http://www.insightinvestment.com) and where applicable information in the following link for mandates in scope of certain EU sustainability regulations <https://www.insightinvestment.com/regulatory-home/sustainability-regulations/>; alternatively, speak to your main point of contact in order to obtain details of specific ESG parameters applicable to your investment.

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businessdevelopment@insightinvestment.com

### European Business Development

europe@insightinvestment.com

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