



2025

NET ZERO INVESTMENT CONSULTANTS INITIATIVE

Covering reporting period 1st January 2024 - 31st December 2024

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WHO WE ARE AND WHAT NET ZERO MEANS TO US

1.1 OUR SERVICES AND CLIENTS

Cambridge Associates is a global investment firm that aims to help private clients, endowments and foundations, and pension plans implement and manage custom investment portfolios that generate outperformance so they can maximize their impact on the world¹. Today, we have specialized investment teams in private equity, hedge funds, real assets, credit, and co-investing, and we serve more than 1000² clients worldwide.

We are a hands-on investment partner, offering discretionary and non-discretionary portfolio management services to best support our clients' internal resources and expertise:

- **Outsourced CIO.** For Investment Committees who want to fully delegate portfolio management, our discretionary OCIO model replicates the best practices of leading in-house investment offices. We are responsible for portfolio strategy, implementation, day-to-day management, and operations. The committee focuses its time on investment policy, spending, and other tasks where members can have the highest impact as fiduciaries.
- **Non-Discretionary Portfolio Management.** For organizations with Investment Committees who need an investment team to provide daily portfolio oversight but wish to stay involved in portfolio management decisions, we provide directive recommendations on asset allocation, portfolio structure, and manager selection. The Committee approves portfolio changes.
- **Staff Extension Services.** For organizations with significant investment staff, we augment their in-house resources with our extensive manager networks and deep portfolio construction and asset class expertise.
- **Alternative Asset Management.** We have five decades of experience providing specialized investment advice, cultivating deep manager networks, and analyzing robust data in private equity, hedge funds, real assets, private credit, secondaries, and co-investments. We manage specific alternative asset class mandates for clients. As with our total portfolio solutions, we can engage on either a discretionary or a directive non-discretionary basis.

Our global assets under advisement/management at December 2024 are \$616 billion³, broken down by client type below:

BY CLIENT TYPE	TOTAL (BILLION)
Endowments, Foundations, and Healthcare	\$282
Corporate & Insurance	\$74
Families and Family Foundations	\$146
Government & Union	\$114
Grand Total	\$616

1.2 THE IMPORTANCE OF NET ZERO FOR OUR CLIENT BASE

As we wrote in our 2023 research report *From Policy to Implementation: A Net Zero Playbook for Investors*, the scientific community tells us that climate change is a threat to human well-being and that the window of

¹ The terms "CA" or "Cambridge Associates" may refer to any one or more of eight investment affiliates that were established for the sole purpose of providing our investment services in various regulatory jurisdictions around the globe.

² Data is as of December 2024.

³ As of December 31, 2024. "Assets under advisement" include the portfolio values of the firm's global clients that receive investment advice or management and performance reporting. In a limited number of instances, client portfolio values include assets for which Cambridge Associates is only responsible for reporting performance and does not have an investment advisory responsibility. For portfolio values without final December 31, 2024 data available, assets from the prior quarter or estimates have been used.

opportunity to secure a livable and sustainable future for all is rapidly closing⁴. If societies fail to act, there may be catastrophic impacts on the global economy, asset values, and portfolio returns.

For us, acting can be summarized as reducing net greenhouse gas emissions to zero by around 2050, which would be consistent⁵ with the goals of the 2015 Paris agreement, i.e., “Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C”⁶. While there is much discussion today as to whether 1.5° is anymore an achievable goal, none of this changes the imperative to decarbonize as fast as practically feasible. This in turn will require a large-scale transformation of the global economy, keeping climate at the center of economic—and investment—outcomes for decades. Long horizon investors such as many of our clients believe they will benefit from staying ahead of the curve and building climate considerations into both their risk management and their search for investment opportunities. As such, over 2024 we continued to build and extend our capabilities in what we call ‘climate competence’ as a component of how we can advise our clients, manage money and assess investment managers.

Climate competence is about smart investing to maximize risk-adjusted returns in a changing world and should be a consideration for all long horizon investors. Climate competence, however, is a different idea to net zero investing, and it is important to make this distinction clear. The former is about winning a zero-sum game of relative performance and takes the path of the climate, good or bad, as a given. But runaway climate change is a systemic risk that no investor, however smart, can diversify away. In that scenario, we are all going down with the ship. This is why a growing number of investors are adopting approaches that aim to support the goal of net zero by 2050. They consider it in their interests to play the positive sum game of shifting the whole economic opportunity set in a better direction. This is particularly pertinent for long or indefinite horizon investors.

A conceptual challenge is that net zero is a collective goal, wherein the benefits are shared and can be realized only by acting alongside other market participants. Since carbon today permeates every sector of the economy and we all share the same planet, a diversified investor cannot achieve net zero ‘by themselves’; this requires broad economic decarbonization. Net zero investing entails using the way a portfolio is managed to encourage and finance climate-positive change in the real world such as portfolio companies putting themselves on the path to net zero emissions. It might equally be described as a ‘climate impact portfolio’. It is not axiomatic that this must be either positive or negative for relative returns, but that collective success will lead to substantial absolute financial and other benefits for all. This is an unfamiliar kind of goal in our industry, and we are a global firm with clients across many jurisdictions with different regulatory expectations or where there is no investor consensus on portfolio climate action. For these reasons it is also clear to us that our clients need to make this decision themselves, with our help, and determine what net zero means to them and the most effective steps they can take. There is no one template we can, or have a right, to impose on them.

1.3 NET ZERO AS A JOURNEY

When we chose, in 2021, to become a signatory of the Net Zero Investment Consultants Initiative (NZICI), it was on the understanding that this represented the next stage of a journey towards net zero integration rather than an end point.

The way the investment world understands climate has been steadily evolving: The first large-scale manifestation was the movement to divest portfolios from fossil fuel companies. We now recognize that divestment is largely (though not entirely) a symbolic gesture and far from an adequate response by itself. The advent of widely available company GHG⁷ emissions data prompted a focus on portfolio-financed emissions and managing them down until this was in turn recognized as a blind alley from the perspective of real-world change. More recently, investor

⁴ Intergovernmental Panel on Climate Change AR6 Synthesis Report C.1

⁵ Intergovernmental panel on Climate Change AR6 Report Working Group 3 C.2

⁶ Paris Agreement article 2

⁷ Greenhouse gases – principally CO₂, methane, and nitrous oxide

initiatives such as the Net Zero Asset Owners Initiative or the Paris Aligned Investors Initiative have articulated all-encompassing frameworks for net zero investing, but each acknowledge there are asset classes where methodologies are lacking and that what they are really providing are toolkits, not templates.

To adopt a net zero investment strategy is fundamentally a forward-looking idea; it means understanding and influencing the path of real-world emissions over the next 30+ years while not undermining our fiduciary duty to our clients. What it doesn't mean is reacting solely to backward looking data such as portfolio emissions, even if that remains helpful for risk management. As the investment industry has developed its thinking, we have been evolving our processes as well as reflecting on what works and what doesn't. Experience has taught us that investors' scarce time and attention often gets absorbed mainly by reporting and other activities that don't impact the real world. This saps momentum and deters others from adopting climate goals. One problem is that existing investor frameworks are less helpful for investors who build portfolios, as our clients do, using third party managers. This is also why we published our 2024 report *Simplifying Net Zero Implementation* with the goal of accelerating adoption of climate positive investment strategies. Ambitious headline goals are not enough; credible investors need clarity on the actions necessary to meet them. This paper focuses on the decisions and actions investors can take today and how to prioritize limited time and attention where it really matters.

1.4 OUR NET ZERO PRINCIPLES

One of the challenges in a field as complex and dynamic as net zero investing is the danger of getting bogged down in detail and process. Our approach is to prioritize pragmatic action over perfectionism and to focus on identifying where interested clients can make the biggest difference most easily. We also need to wrestle with the knotty real-world challenges such as how net zero investors should treat currently high emission sectors that need to transition to different business or technology models. Ignoring these is equivalent to sitting on the side-lines of net zero. To help evaluate net zero progress in a pragmatic and flexible way, we devised a set of principles, slightly updated in 2024, to guide us, including:

1. Focus where it matters: On assets, managers, and decisions where the potential impact on emissions is greatest.
2. Concentrate on contributing to real world emissions reduction rather than reported portfolio emissions.
3. Emphasize pragmatism; don't make perfect the enemy of the good but plan for evolution and improvement.
4. Be open to using a variety of tools; different managers or assets can play different roles.
5. Consider the time value of carbon; mitigation today is worth more than mitigation in 20 years.
6. Focus metrics on 'decision-useful' information rather than data for data's sake.
7. Require market competitive returns since the only scalable solutions are those with a path to profitability.
8. Create feedback loops; communicate to investment managers the importance of climate in investor's decision making and listen to their perspective. Two-way constructive dialogue is important.

Note we removed an original principle to 'Leverage existing frameworks' for reasons explained in the prior section.

1.5 GOVERNANCE ROLES & RESPONSIBILITIES

Following on from our net zero commitments and the formation of NZICI, Cambridge Associates appointed Simon Hallett, an experienced investor and Partner in the firm as its first 'Head of Climate Strategy' (HCS), a role intended

to coordinate delivery of the firm's commitment by integrating climate considerations in our investment work and designing a meaningful net zero approach for our interested clients. To ensure diversity of thinking and foster buy-in across the firm, we simultaneously created a Net Zero Think Tank, chaired by the HCS and consisting of senior investment colleagues representing different asset classes and client groups. The Think Tank's role is to develop Cambridge Associates' approach to a) meeting the net zero commitment and b) communicating key messages to colleagues, clients, and prospects. The Think Tank reviews and approves strategic proposals before escalating them as necessary for decision.

2

INTEGRATING CLIMATE CHANGE AND NET ZERO INTO OUR INVESTMENT PROCESS

2.1 ADVICE TO CLIENTS

Our first NZICI commitment is to integrate net zero thinking into our investment services. Our net zero journey didn't begin with NZICI, however. In 2015, we published our first research report distributed to all clients entitled *Risks and Opportunities from the Changing Climate: Playbook for the Truly Long-Term Investor*. This was followed in 2019 by *A Summary of Climate Change Science for Investors* and then in July 2021 by *Investing for a Net Zero World*. Nevertheless, following our co-founding of NZICI in September 2021, we broadened and accelerated our work. Given our business model already described, where it is ultimately our clients' choice of whether and in what way to adopt net zero goals, education and enabling are the prime tools we can employ.

Below, we provide an update for each area of focus over 2024:

INVESTMENT ADVICE:

- With the goal of ensuring net zero investment approaches appear accessible and relevant to a wider range of investors and encouraging wider adoption, we published new guidance on net zero implementation, in the [Simplifying Net Zero Implementation: Possible Pathways to a Portfolio That Can Be Good for the Climate](#) report (Q3 2024)
- This paper along with accompanying client materials and extensions was intended as foundational to our approach to advising clients in this area, providing not just policy approaches but tools for practical action today.
- Boston Climate Investing Workshop – (May 2024). CA hosted client and non-client asset owners for a workshop covering climate topics from leveraging public markets, to private markets' real world impacts, to net zero strategies.
- Published topical thought piece: [Would US Private Capital Flows into Climate Solutions Remain Strong in a Second Trump Administration?](#)
- Expanding tools available to investment teams to measure emissions and climate risk.

REPORTING:

- Upgrading CA systems to more easily measure and report net zero alignment.
- Published *2023 Task Force on Climate-Related Financial Disclosures* report for Cambridge Associates Limited.

MANAGER EVALUATION:

- Beginning in February 2024, investment professionals could leverage a proprietary, internal tool, CA's ESG-DEI Manager Assessment Framework (MAF). The MAF was previewed, tested and iterated over 2023. It is used to assess managers' financially material sustainability integration, including engagement and stewardship. It specifically covers net zero alignment as well as the incorporation of climate risks and

opportunities. Key findings from each MAF evaluation are incorporated into due diligence reports, available for consideration during each client’s investment process. Assessments were completed for approximately 270 strategies across all asset classes, public and private during the reporting period.

MANAGER ENGAGEMENT:

- As part of the manager Assessment Framework roll-out, we set engagement priorities for each manager assessed, which are logged internally, and will monitor for progress.

2.2 DATA AND ANALYSIS⁸

We gather climate-related data metrics for two reasons. First, it enables clients to track climate characteristics such as portfolio alignment or emissions, Second, it helps identify and quantify climate-related risks and opportunities present in portfolios. Once quantified, investors can make decisions that maximize opportunities and manage risks. Climate-related benchmarks can be established, and targets can be set. Metrics are calculated at a whole-portfolio level to be tracked over time but also at a fund-level to identify risk hotspots and to inform engagements with managers. Using either actual or proxy data, climate-related metrics that are quantified for client portfolios include:

- Absolute carbon emissions (tCO₂e),
- Relative carbon emissions metrics including carbon intensity, weighted average carbon intensity, and tCO₂e/\$M Invested,
- Portfolio exposure to companies with science-based targets (SBTs),
- Portfolio exposure to ‘green revenues’, referring to areas such as alternative energy, energy efficiency, and sustainable agriculture.
- Exposure to managers with a specific (>50%) and intentional focus on climate solutions investments.

These metrics represent both a snapshot ‘point-in-time’ assessment (carbon foot printing metrics and green revenues), and an assessment of a portfolio’s future trajectory (SBTs). Cambridge Associates use two main data sources for climate-related information. The first is to assess data provided by fund managers. The second is the use of an external data provider, currently MSCI. The firm has exposure to a broad range of asset classes across public and private securities with varied degrees of data availability. In public markets such as equity and credit, widespread security level data is available, albeit of varying quality, that can be accessed through managers or through data platforms such as MSCI. In private markets, very few companies currently report climate data and, where they do, it is not centrally available. To assess quantitative climate characteristics of private investment programs, we use public market proxies at the sector level. For example, we assume that a company’s emissions characteristics are equivalent to the average of public companies in the same GICS sector. There is, however, no equivalent way of proxying alignment data. We supplement publicly available quantitative data with qualitative information assessed during our due diligence process or acquired via an annual survey of managers.

2.3 INVESTMENT MANAGER SELECTION

We see the need to provide our clients with consistent, transparent and rigorous evaluation of financially material sustainability considerations in investment strategies. In 2024, we rolled out a new Manager Assessment Framework (MAF) developed during 2023.

Assessment Framework

⁸ Subject to the data’s availability, coming from either public sources or reported by underlying investment managers. Data for private markets can be more constrained than for public asset classes. CA can consider information where managers are willing to provide it, and CA can provide insight on reported outcomes.

All CA research teams incorporate sustainability assessment in the manager due diligence process using CA's proprietary ESG-DEI Manager Assessment Framework (MAF) for the purpose of improving long term return prospects. The MAF is a result of efforts that began in 2022 for a wholesale rebuilding and expansion of our approach to manager assessment of various sustainability dimensions including Climate Competence and contribution to Net Zero goals, ESG, DEI and Stewardship as well as the formal assignment of related Engagement Priorities over the course of our relationship with the manager.

This framework was finalised in summer 2023, with training across our research groups beginning in autumn 2023 and implementation beginning in February 2024. Integrating sustainability risks and opportunities into our investment process is necessarily an ongoing task, and this new research framework should be seen as one component of a process of continuous improvement and raising standards. In addition to formal training sessions, CA Sustainability and Impact Investing (SII) team members hold regular office hours sessions to ensure all investment colleagues have access to resources and expertise to enable high quality analysis and integration into client portfolio construction.

With regards to Climate Competence and Net Zero Alignment, we took the opportunity to ensure that our framework incorporated industry-leading guidance from the Paris Aligned Investment Initiative's Net Zero Investor Framework (NZIF) and the Supplementary Guidance on Target Setting, as well as the Institutional Limited Partners Association's ESG Assessment Framework. Our climate assessment framework is effectively two separate modules. The first assesses how effectively an investment manager integrates climate risks and opportunities into the firm's policies and governance, communications and transparency, investment process, and investment outcomes and portfolio construction. These are aggregated into a five-level integration assessment, from 'none' to 'very advanced'.

The second module is an assessment of net zero alignment; its goal is to indicate how effective a manager might be as a component of a portfolio seeking to align with net zero, acknowledging that different managers or asset classes may play different roles. We take NZIF's approach of placing portfolio companies on a "maturity scale" of how they are aligning with net zero goals and adapts it to the practice of asset manager due diligence. The outputs are expressed in language (aligned, aligning etc.) that matches the scale proposed in the NZIF. Investment in climate solutions is incorporated flexibly, according to its importance to the strategy; for a manager where financing solutions is the primary role, this will be given higher relative importance in the assessment than for one seeking broad market coverage.

Our approach allows for flexibility across asset classes (e.g., risk managed strategies and other diversifiers) where there is no existing industry framework for assessing net zero alignment. The expectation is that we will incorporate these asset classes once industry guidance becomes available. This dataset will support efforts to engage systematically with investment managers, track progress over time, and build net zero aligned portfolios.

Engagement Priorities

Engaging with asset managers is one of the key stewardship activities CA undertakes to effect positive change and achieve the best outcomes for clients. Managers are also the counterparty with which we hold the greatest potential scope for influence. We view our relationship with asset managers as a long-term partnership, and we seek to continually have constructive dialogue with them to explore ways to better meet clients' evolving needs.

Recognizing the need for continuous improvement, each assessment will formalize CA's engagement agenda and will include priority topics for engagement over the course of the relationship with the manager. Some topics may be addressed over the short term (less than 12 months), while some topics may be priorities over the medium term (by the next fundraising cycle if a private investment fund), or over the long-term (beyond a fundraising cycle). Discretion is given to our researchers to determine the best pathway and timeline for seeking optimal outcomes. We place an emphasis on disclosure and accountability, materiality, tailoring engagements per manager, and taking a constructive and long-term approach. CA especially focuses on topics of governance, climate risk and the transition to net zero, and diversity, equity and inclusion.

Manager Engagement Case Study: Reinforcing climate stewardship amid manager withdrawals from ca100+

CA engaged with several public equity asset managers regarding their stewardship policies, stewardship resourcing, and participation in investor initiatives following recent exits by managers from the Climate Action 100+ (CA100+) investor-led initiative. CA engaged with both asset managers who left the coalition and those who did not.

CA conducted dialogue to emphasize that climate risk is a material financial risk and a core fiduciary responsibility. CA encouraged managers to maintain robust climate engagement programs and to leverage investor initiatives for greater impact to mitigating climate risk.

Through these discussions, CA was able to better understand the managers' ongoing stewardship programs, and how they planned to continue to address material climate risk. CA also reinforced that participating in initiatives amplifies stewardship efforts and supports consistent messaging to the largest carbon emitters. CA continues to ask managers how they are engaging with companies and leveraging collaborative initiatives to mitigate climate risk, ensuring that client interests and long-term portfolio resilience remain central to manager practices.

2.4 OUR DISCRETIONARY SERVICES

Aligning with the Net Zero Asset Managers Initiative (NZAMI)

Clause 5 of our NZICI commitment says that in respect of our discretionary services, we will align with the Net Zero Asset Manager Initiative as soon as practically possible and within two years of making the commitment. Cambridge Associates is not a NZAMI signatory, though there is substantial overlap between its commitments and those of NZICI discussed earlier in this document. We understand aligning with NZAMI to mean we will set out targets using the NZAMI framework and hold ourselves accountable with annual public reporting. Below we set out our targets as well as the reasoning behind them.

Introduction

Net zero is a collective global goal that spans all countries and industries. No investor can achieve net zero 'by themselves', and neither can investors as a group achieve this outcome without contributions from supportive policy and regulation, science, technology, corporations, or behavior of consumers. Our role as investment managers is to help clients who wish to adopt a net zero approach determine the most effective actions we can take on their behalf to increase the pace and scale of decarbonization in the real economy, and then put those into practice in the most efficient way while meeting their respective risk and return requirements. As an investment manager, our approach to Net Zero is determined by distinctive features of our business model:

Firstly, almost all the portfolios we manage are for single clients: the investment guidelines of each portfolio — including NZ Commitments— are governed by a bespoke investment management agreement (IMA) negotiated with the client. We therefore cannot impose net zero goals, but we can educate clients on the potential approaches and benefits and enable them to implement should they make that decision. Given the bespoke nature of our client relationships, a net zero strategy may employ any of a range of different tools to achieve real world impact, and different tools will be most effective in different asset classes. Our clients have different beliefs, starting points, capabilities, and flexibility. Some clients have broadly diversified asset allocations while others are limited to a single asset class. So even if a decision to adopt Net Zero is taken, the approach with each client is likely to differ.

The second distinctive feature is that our clients' portfolios are almost entirely implemented through third-party investment managers and across a wide range of public and private asset classes. This means we delegate the appraisal and selection of individual securities. Our tools for net zero portfolio implementation are therefore primarily how we select manager mandates (asset class/strategy) and how we select managers to implement them. Our decision point is not whether to hold or not a certain security.

What we mean by a net zero portfolio

At a high level this means a portfolio where a) the client has documented for our mandate the intention to align with net zero goals (defined as net zero emissions by 2050 with appropriate⁹ interim targets), and b) the client has agreed a strategy which sets clear criteria for the way the portfolio is invested with a view to increasing the scale and pace of decarbonization in the world economy. We can employ a range of tools to support this goal, including:

- Investing with managers who use proxy voting and engagement to encourage portfolio companies to adopt science-based targets and credible transition plans (climate alignment).
- Investing with managers who use net zero alignment as a material component of asset selection within their given sector.
- Investing in mandates focused on providing capital to climate solutions or support low carbon transition in less developed countries.
- Seeding new products or strategies that better support any of the above.
- Excluding or minimizing investments that rely on continued fossil fuel dependence or that perpetuate deforestation.

Our NZAMI framework targets:

The proportion of assets we initially assess to be managed in line with net zero, as described above and below is 2.3% of AUM as of December 2024 (see 2.5 for data methodology), and we anticipate this will increase to 15% by March 2028, acknowledging that this is not within our discretion but an outcome we anticipate as clients increasingly choose to adopt net zero approaches. We have a potential ‘pipeline’ of a further 5% of AUM that have a stated net zero ambition but without full target setting and strategy. Below indicates the default target setting framework we use for individual client portfolios though in practice these may vary somewhat between clients for reasons detailed above.

Baseline	2019 is the preferred base date for emissions and climate solutions comparisons but individual portfolios may differ according to availability, recency of relationship.
Targets	2025 - 70% of portfolio emissions from in-scope ¹⁰ assets are from companies/assets aligned/aligning with net zero or held by managers whose voting and engagement policies support alignment. Rising to 90% in 2030. 2030 - Allocation to climate solutions either double from the base date or reach 10% of in-scope assets. 2030 - Portfolio decarbonization milestone: -50% emissions decline by 2030 from a 2019 base, net zero by 2050. Preferred measure tons CO ₂ e per \$ AUM.
GHG scopes included	Scope 1 and 2 emissions currently included and Scope 3 for material sectors, where data is available. We will look to include Scope 3 emissions in our reporting and targets when data coverage and quality improve sufficiently.
Methodology	We take the Net Zero Investment Framework as a benchmark of good practice for target setting and adapt as necessary for our business model and client needs. SBTi and TPI data are used to define corporate alignment, but more development is needed in this area.
Scenarios	IPCC Special Report on 1.5°C, P1/P2/P3 pathways interpreted as requiring 50% GHG reduction by 2030 from a 2019 base.

⁹ Appropriate meaning consistent with limiting temperature rise to significantly below 2 degrees and as close as possible to 1.5 degrees, as referenced in the 2015 Paris agreement.

¹⁰ Assets are in scope where there is sufficient transparency, established methodology and relevance to incorporate in net zero strategy and target setting.

Fossil Fuels	Portfolio's designated as net zero will have no manager strategies wholly or largely focused on upstream oil, gas or coal production & exploration. No strategies with more than de minimis exposure to thermal coal production or coal fired power generation. Natural run-off allowed for legacy assets.
Additional Observations	Our approach to net zero focuses on contributing to real world decarbonization with the levers we and our clients directly control. Financed emissions are not directly in our control and are a backward-looking metric. We would not rebalance a portfolio solely to meet an emissions level in a specific year since this may undermine both real world climate goals, such as funding renewables, as well as a client's financial objectives.

2.5 RESULTS AND CASE STUDIES

We have been tracking a series of data points, consistent with our NZICI reporting obligations, that help us understand the progress we and our clients are making. To ensure as much of an apples-to-apples comparison as possible, we have defined 'in-scope' clients where we have substantially engaged relationships, either discretionary or advisory, aiming to capture results from calendar 2024¹¹. Out of the 624 in-scope client relationships, we found the following:

- While all clients received our Net Zero Playbook for Investors research report, 109 (\$98/25% of AuA) additionally benefitted from specific education in form of either at least one meeting with key client personnel where net zero was a specific agenda item, or in form of a tailored report to them.
- 154 (\$95B/24% of AuA) had access to actual or proxy baseline carbon emissions data on their portfolio, for asset classes where it is available.
- 39 (\$62B/16% of AuA) clients had decided to incorporate a net zero ambition of some form into their policy while 15 (\$50B/13% of AuA) clients had gone beyond this to set a specific net zero target for 2050 or sooner along with interim target(s) and the intention to be aligned with the goals of the Paris Agreement.
- 107 (\$91B/23% AuA) clients have agreed a formal goal to increase exposure to 'climate solutions' however defined.

Year on Year Comparison of Commitment Metrics

Year	Clients with a Net Zero Agenda or Tailored Report (AuA)	Clients with Access to Baseline Carbon Emissions Data on their Portfolio (AuA)	Clients with Net Zero incorporated in their Investment Policy (AuA)	Clients with a Net Zero Target of 2050 or Sooner (AuA)	Clients with a Formal Goal to Increase Exposure to Climate Solutions (AuA)
2022	20%	20%	16%	8%	23%
2023	23%	24%	19%	12%	21%
2024	25%	24%	16%	13%	23%

¹¹ These amounted to 680. While designed broadly to capture results from calendar 2024, there may be some crossover into 2024.

3

ENGAGEMENT

3.1 WITH THE INVESTMENT INDUSTRY

Cambridge Associates is member and signatory to a number of initiatives and field building organizations that enable us to do this work more effectively at scale. Our participation ranges from founding members, board and steering committee involvement, working group members, signatories, and event speakers. A few examples of these organizations include Institutional Investors Group on Climate Change (IIGCC), Initiative Climat International (iCI), Glasgow Financial Alliance for Net Zero (GFANZ), Confluence Philanthropy, Mission Investors Exchange, Intentional Endowments Network (IEN), UK Stewardship Code, ILPA ESG and DEI work, Investment Consultants Sustainability Working Group (ICSWG – UK), Gender Smart, Interfaith Center on Corporate Responsibility (ICCR), ESG Data Convergence Initiative (EDCI) amongst others. We have long been engaged within the investment industry to improve practices and transparency around sustainability. Our commitment to net zero has enabled us to continue that work and give more dedicated energy toward net zero specific engagement.

- Cambridge Associates' Partner & Managing Director, Tom Mitchell, participated in a panel at **Confluence Philanthropy's** 14th Annual Practitioners Gathering, contributing to an in-depth discussion on the real challenges of decarbonizing the economy and meeting net-zero commitments.
- Our Head of Climate Strategy, Simon Hallett, remains a co-Chair of the **Net Zero Investment Consultants Initiative (NZICI)**, and is participating in the **IIGCC's External Fund Managers Working Group**. Throughout 2024, the working group collaborated on a discussion paper which was published for consultation in 2025.
- Cambridge Associates participated in an **EDCI** in-person discussion during NYC Climate Week in 2024 where we shared best practices and challenges with GPs and other LPs relating to EDCI data collection and reporting.
- As part of **GFANZ's Index Investment Workstream**, Cambridge Associates supported the group in delivering a [draft consultation paper published in October 2024](#). However, following GFANZ's restructuring in December 2024, GFANZ took the decision to formally conclude the Index Investing workstream as they prioritise other areas.

3.2 WITH REGULATORS & POLICY MAKERS

Although policy advocacy is not a core component of our work as firm, we recognise net zero and broader system stability are collective goals, wherein the benefits can be realised only by acting alongside other stakeholders. We have had the opportunity to engage with policymakers in several forms over the last few years and find these engagements to be most effective when we raise our voice alongside our peers. Specifically, we have found the Investment Consultants Sustainability Working Groups, both in the United States and United Kingdom, thoughtful partners in this work.

On our own and through our collective work in the US and UK ICSWG, we have had the opportunity to address specific rules and guidelines set out by the UK Financial Reporting Council, U.S. Department of Labor, U.S. Securities and Exchange Commission, CFA Institute, and more general letters to government on climate issues. One further example of engagement with government is participation in a discussion with members of the US

government and Department of Energy (DOE) at the White House to advance the energy transition and to provide feedback to the DOE on how to advance the transition in a sensible way to enable the best outcomes for all stakeholders. We aim to promote greater transparency on climate in all our advocacy work and provide constructive feedback where most applicable to our work with clients.

Additional examples in 2024:

1. CA signed the 2024 Global Investor Statement to Governments on the Climate Crisis (<https://theinvestoragenda.org/wp-content/uploads/2024/05/CONFIDENTIAL-2024-Global-Investor-Statement-to-Governments-on-the-Climate-Crisis.pdf>)
2. CA signed the Statement from the Private Financial Sector to the Member States... to end Plastic Pollution: https://collaborate.unpri.org/system/files/2024-10/finance_statement_on_plastic_pollution_signatories.pdf

4

OUR OWN CLIMATE FOOTPRINT

In 2021 we set a goal to reduce our organizational carbon footprint 33% by 2025 from its 2019 baseline, from 7.23 tCO₂ per employee to 4.85 tCO₂ per employee. Since most of our emissions come from air travel combined with space heating/cooling these are the focus of our attention. New travel policies have been instituted which combined with increased hybrid/remote working will reduce our travel related emissions.

In 2023, we moved our Boston headquarters to the Winthrop Center, the largest ‘Passive House’ office building in the world, which uses 65% less energy than the average commercial space in Boston.

A change of data vendor has enabled us to increase the quality of data and increase the scope of its coverage, but this data has a limited lookback, which means we have had to bring our baseline year forward to 2023.

To formalize our intention to reduce emissions in future, at the end of 2024 we submitted to the Science Base Targets Initiative (SBTi) a commitment to set science based targets. This commitment was accepted and formalized in May 2025, giving us until May 2027 to submit targets for validation under SBTi’s corporate target setting framework.

A summary of our 2024 carbon footprint can be found below:

Emissions Type	Summary Definition	2023 Emissions (baseline)	2024 Emissions	Ways to reduce
Scope 1 (Direct)	From operations owned or controlled by CA.	142 tCO ₂ e	29 tCO ₂ e	Limited progress to be made.
Scope 2 (Indirect)	From generation of electricity we purchase and use.	925 tCO ₂ e	663 tCO ₂ e	Switching offices to renewable or lower carbon intensity electricity providers.
Scope 3 (Indirect)	From our value chain, both upstream and downstream.	14,464 tCO ₂ e	16,149 tCO ₂ e	Engage suppliers to adopt Science Based Targets, track them, switch where necessary. Reduce emissions from flights.

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THE FUTURE

As we noted last year, we believe there are two big hurdles stopping more asset owners adopting meaningful net zero goals: 1) Process complexity and 2) a difficulty mapping climate impact onto actionable investment decisions consistent with resources and return needs. This is why in the autumn of 2024 we published a new research report aimed at simplifying net zero strategy and providing actionable paths to implementation. Through 2025 and onwards, our aim is to communicate those possibilities to a broader audience as we believe the door is opening for new approaches to net zero investing. From the summer of 2025, the climate policy world has increasingly been discussing the need for a ‘net zero reset’ in national/international approaches to decarbonization – to reflect on what has not been working and plan, depending on who you talk to, either a course correction or a relaunch. We believe that an analogous process should be applied to investors climate action: Ambitious goals are not enough. Credible investors need a plan for the actions necessary to meet them; that plan should clearly prioritize the most impactful and actionable rather than making perfect the enemy of the good. While credible science is the impetus, our plans need to be informed by engineering, political and financial reality if they are to come to fruition.

Another key item on our agenda for 2025 and beyond is a reassessment of our approach to climate risk assessment for portfolios. We are aware that mainstream risk models often critically understate the potential financial impact from both physical and transition risk owing to unrealistic linear economic models, and failure to incorporate tipping points and the complexity of a dynamic system along with flawed damage estimation. We have been closely following the academic and professional debate here and are evaluating alternative and emerging data vendors. We are also realistic as to the use value of quantitative point estimates for decision making in such an uncertain field and, for this reason, we are exploring the use of internal tools to extract information from wider qualitative sources.

Net zero goals are collective, and neither we nor our clients can achieve as much as we would like without progress from the investment management industry, as well as in regulation and standard setting. We continue to advocate constructively for this progress. Given our longstanding reputation in private investing, this is where some of our most important engagements are happening, for example through ILPA¹² and iCI¹³ where we are encouraging transparency of climate data and ambition from fund managers in what climate goals they expect from their portfolio companies.

As we noted in last year, building climate and net zero capability across our firm is a journey, not an event. The field is dynamic, and the investment industry’s understanding of best practice is evolving fast. Nobody can say they have a perfect solution for net zero investing today. This document is designed to describe the steps we have taken, and where we still need to make progress. We are proud of how much we have achieved since 2021 but acknowledge that there is further to go.

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APPENDIX 1:

NZICI COMMITMENT MAPPED TO REPORT CONTENTS

¹² ILPA is the Institutional Limited Partners Association

¹³ iCI is Initiative Climat International

COMMITMENT 1

Integrate advice on net zero alignment into all our investment consulting services as soon as practically possible and within two years of making this commitment.

sections 2.2, 2.2, 2.3, 2.5.

COMMITMENT 2

Work with our institutional asset owner clients to identify the investment risks from climate change, highlight the importance of net zero alignment and, where applicable, support our clients in developing policies that align their portfolios to a net zero pathway

sections 2.2, 2.2, 2.3, 2.5.

COMMITMENT 3

Support efforts to decarbonize the global economy by helping our clients prioritize real economy emissions reductions, reflecting the target of 50% global emissions reduction by 2030 or sooner using existing decarbonization methodologies

sections 1.2 2.2, 2.2, 2.3, 2.5.

COMMITMENT 4

Assess and monitor asset managers on the integration of climate risks and opportunities in their investment decisions and stewardship and reflect this evaluation in our client recommendations

sections 2.2, 2.3.

COMMITMENT 5

Align with the Net Zero Asset Manager Initiative as soon as practically possible and within two years of making this commitment

section 2.4.

COMMITMENT 6

Set emissions reduction targets across all our operational emissions in line with 1.5°C scenarios

section 4.

COMMITMENT 7

Where suitable net zero methodologies do not exist, work collaboratively for the benefit of our clients to address these challenges, seeking harmonized methodologies *sections 3, 6.*

COMMITMENT 8

Engage, independently or as a group, with regulators and policymakers, to facilitate the transition to net zero carbon emissions, addressing any barriers to our clients adopting and achieving their net zero targets

section 3.

COMMITMENT 9

Report progress by our firm against the commitments made here at least annually in the public domain. This document represents our third progress report.