PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

NET ZERO INVESTMENT CONSULTANTS INITIATIVE (NZICI)

Third progress report

March 2026

An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact

UN environment programme | finance initiative

United Nations Global Compact

PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

NZICI members

- bfinance
- Barnett Waddingham
- Cambridge Associates
- Frontier Advisors
- Hymans Robertson
- JANA Investment Advisers
- LCP
- Gallagher
- XPS
- ISIO (will report in the next reporting cycle)

Thank you to the representatives from member firms who made time for NZICI this year. Particular thanks go to NZICI Co-Chairs Simon Hallett from Cambridge Associates and Tim Conly from JANA.

PRI Secretariat

Aiman Zaidi, Specialist, Sustainability Initiatives

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PRI DISCLAIMER

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NZICI Executive summary – Three Years of Progress and Commitment

As NZICI marks its third year, members continue to demonstrate progress against its commitments and embed net zero further into their work with investors. Despite challenges in the external environment in some jurisdictions, there continues to be demand from clients across jurisdictions for high quality advice and support on setting and implementing net zero targets. In emerging and developing countries momentum towards net zero is accelerating. Consultants continue to support their clients take meaningful action across the investment ecosystem. Members continue to have constructive dialogue with asset managers and have made tangible progress in systematically assessing, monitoring, and engaging with asset managers on the integration of climate and sustainability factors.

2024-2025 brought stark reminders of the urgency of climate action. In many places around the world, the physical impacts of the climate crisis were felt by communities, businesses and wider society. Climate change remains a systemic risk that demands urgent and sustained action. This report highlights the measures NZICI members have taken to support their clients to reduce their emissions and act on climate.

Evolving Expertise for a Complex Future

Net zero is no longer a static goal—it is an evolving journey. Members are deepening their expertise, learning what works, and refining their advice to clients. There is growing emphasis on climate scenario modelling, stewardship, and the connections between nature and climate. Clients are becoming more sophisticated, seeking tailored, actionable guidance that reflects their unique operations and drives real-world emissions reductions, and NZICI members are adapting and refining their support and advice accordingly. NZICI members have been interested in facilitating constructive engagement on net zero and this led them in putting together a toolkit that can be used to assess an asset manager's competency and credibility with respect to net zero across their investing activities.

Strength in Collaboration

In today's complex environment, partnerships and collaborations are more critical than ever. NZICI members are working together and with clients to build capacity, share insights, and accelerate progress. Education remains a core focus—through thought leadership, webinars, and training, consultants are helping clients and internal teams stay ahead of the curve.

Key Messages

- Members remain committed and active: significant progress was made across all commitments in 2024-2025.
- Partnerships are vital: collaboration is essential to navigate the current landscape and amplify impact.
- Client needs are evolving: they seek more detailed advice on climate modelling, links between climate and nature, and refining their net zero goals.

As NZICI looks ahead, the focus remains clear: driving meaningful outcomes in the real economy, supporting clients on their net zero journeys, and staying at the forefront of climate and nature-related investment consulting.

Introduction

Investment consultants play a pivotal role in the investment chain as they act as enablers in guiding their clients on investment strategies and portfolio management to achieve their financial goals. While they may not manage assets directly, they can help shape investment beliefs, governance structures, and stewardship approaches that reflect clients' priorities.

The Net Zero Investment Consultants Initiative (NZICI) is a commitment from some of the world's most prominent investment consultants to align their operations and advisory services with the 1.5 °C emissions trajectory outlined in the Paris Agreement. Each member individually defines how they will integrate net zero in their work.

NZICI members operate within diverse mandates and regulatory contexts, therefore their contributions aren't uniform, but their shared commitment towards sustainability enables them to support their clients in making informed forward-looking decisions. NZICI has allowed members to foster peer learning, collaborative engagement while also allowing members to act independently and tailor their advice according to their clients' needs and aims.

Despite political headwinds, most governments and companies are persisting and continue to pursue net zero or similar targets globally. While some federal governments have retreated, momentum in emerging markets and developing economies (EMDEs) is accelerating. As of September 2025, 137 of 198 national governments have set net zero targets, including 19 G20 members.[1] However, overall country-level coverage has declined slightly from 2024 due to some countries abandoning their commitments.

While companies have set targets, many lack a detailed roadmap to reach their targets creating a gap. The shifting landscape underscores the critical role of the investment community in supporting credible transition plans towards decarbonisation.

2025 marks the third year for NZICI members to report their progress against the NZICI commitments. This report covers the calendar year 2024-2025 unless stated in the member's individual report. NZICI members publish their progress against the NZICI reporting framework individually and then the secretariat aggregates and anonymises their progress. 2025 also saw members use the Commitments that were revised in 2024. The commitments are in Appendix 3 and the Reporting Framework is in Appendix 4.

Aggregate results

Investment advisory services

Commitment 1: We commit to working with our clients to identify how climate change impacts the risks and opportunities for their portfolio

Commitment 2: We commit to highlighting the importance for both the economy and asset values of global decarbonisation on a Paris-aligned path and consistent with the goal of net zero by 2050

Commitment 3: We commit to empowering willing clients to make a meaningful contribution to the goals of the Paris Agreement through investment practices that help drive real world emission reductions, toward the goal of net zero by 2050 as well as robust interim targets

Over the past few years, NZICI members have made progress in embedding net zero considerations into their advisory and research processes. One of the common themes across their work has been the integration of climate risk and net zero alignment in portfolio construction and monitoring while developing tools such as Environmental, Social and Governance (ESG) frameworks, impact assessments and carbon dashboards. All members emphasised ESG factors and climate change as key elements in their research and client advice. They acknowledged that the one-size-fits-all approach doesn't work, highlighting the need to understand each client's beliefs and priorities. For example, members used structured frameworks to understand clients' aims before recommending net zero strategies to ensure that their advice is tailored to the clients' needs.

Members have invested heavily in bridging knowledge gaps through activities such as training sessions for trustees, organising webinars, publishing papers on

[1] https://zerotracker.net/analysis/net-zero-stocktake-2025

thought leadership on topics such as biodiversity, energy transition and sustainable infrastructure. Internal teams are also kept up to date with developments on climate change and net zero through fund managers. Some members have created guidance for members that provides tools and practical action that they can take. Some members have hosted workshops to help their clients translate sustainability objectives into actionable strategies. NZICI members have emphasised the role of education over the past few years as it shows that informed decision-making is critical to accelerate the implementation of net zero practices.

Many members mentioned prioritising forward-looking metrics, scenario analysis and stress testing to ensure that their portfolios remain resilient to external shocks. A few members highlighted their focus on climate-resilient infrastructure and natural real assets as part of long-term investment strategy and recognised their role in adaptation, mitigation and resilience.

Case study – Helping a client set a climate ambition and support capital allocation

The client wanted to set an ambitious net-zero target and develop a net-zero-aligned investment strategy suitable for their fund. To support framing the client's initial thinking and potential target dates, Hymans Robertson carried out a net-zero training workshop with several of the fund's stakeholders.

This was then supported with their net-zero model portfolio work – building on the initial approach to model portfolio construction, they took a more granular approach to net-zero-aligned portfolio construction by considering exposure to various asset classes, as well as examining the various best-in class funds within that asset class's investment universe.

Outcome:
The outcome of this analysis was to understand better how to achieve a balance of risk, return and real-economy decarbonisation. While faster portfolio decarbonisation is possible in some asset classes, notably listed equities which this client has over 50% of their assets in, net zero is about real-world change and through the model portfolio work they demonstrated to their client the potential impacts of these decisions.

The use of model portfolios provided direction to the client on the development of their approach to net zero. In particular, the role that natural capital could play in helping achieve their net zero ambitions, position any net zero target and importantly the limitations of a very ambitious target.

Adapted from UK Stewardship code, Hymans Robertson (pg. 12)

Case study – Prioritising Real Economy Emissions Reduction

JANA supported a large client in undertaking research as part of their efforts to ensure their investment approaches best align to the principles and actions set out in their Net Zero Roadmap. JANA partnered with them on a project to review their climate approach within their passive public market equity sleeve. Being subject to Your Future Your Super (YFYS) regulation, the non-negotiable characteristic of this asset class portfolio is to maintain a passive-like approach with very low cost, low turnover, and minimal tracking error, and minimal sector and country deviation from the YFYS benchmarks.

The client's objective was to understand whether a focus on more forward-looking metrics could better contribute to real-world decarbonisation and improve the management of climate risks and opportunities within the portfolio, versus historical approaches that focus on historic carbon emissions only. This is a common theme that has arisen amongst JANA's clients – the desire to generate real-world emissions reductions as opposed to 'paper decarbonisation' that has limited, and arguably no, impact on achieving global net zero emissions. It is also an area where JANA has encouraged their clients to consider when establishing net zero commitments i.e. understanding the objective of net zero by 2050 is to get the global economy to net zero emissions – real-world emissions decarbonisation versus portfolio emissions decarbonisation.

JANA met with many investment managers and data providers to uncover their latest research initiatives in relation to 'real-world decarbonisation'. Unsurprisingly, it has become an area of increased research and focus, and JANA was able to uncover a number of interesting forward-looking strategies for the client's consideration, which they will continue to explore.

Adapted from Jana's Net Zero Progress report (Pg. 18)

Roundtable – Climate Scenario Modelling with Investment Consultants

PRI has been working on the topic of Climate Scenario Modelling with NZICI members and Carbon Tracker since 2024. During London Climate Action Week 2025, PRI and Carbon Tracker convened a roundtable with NZICI members and global investment consultants to explore their use of climate scenario modelling when giving advice to investors on their investment decisions. The session featured presentations from Carbon Tracker, the Institute and Faculty of Actuaries (IFoA) and NZICI members.

Participants agreed that physical climate risks are now material for all regions and sectors, with significant implications for financial institutions. The discussion emphasised that scenario analysis should move beyond a regulatory compliance exercise (such as TCFD reporting) to become a practical tool for managing systemic climate risk and supporting strategic decision-making.

A key theme was the current limitations of climate scenario models. Expert speakers highlighted that the models underestimate physical risks, particularly by excluding tipping points and non-linear impacts, which can lead to under-pricing financial losses. There is also a growing gap between modelled outcomes and observed climate impacts, such as extreme weather and biodiversity loss.

Two NZICI members illustrated practical applications of scenario analysis. One example involved using advanced scenarios and data to stress test portfolios, focusing on resilience rather than prediction, and highlighting the varying impacts across asset classes. Another example combined top-down scenario analysis with bottom-up assessments of physical and nature-related risks. Both cases underscored the value of scenario analysis as a tool for engagement, education, and strategic alignment, rather than as a precise forecasting instrument.

The session concluded with a call to broaden engagement beyond the investment industry, involving policymakers, regulators, and the insurance sector to embed climate risk into financial policy and regulation. Participants urged a shift from compliance-driven modelling to proactive risk management, using narrative scenarios to prepare for disruptive futures and foster cross-sector collaboration for sustainable finance.

Case study – Role of Climate Scenario Analysis in regulatory developments

One of the requirements by the New Australian Sustainability Reporting Standards is the inclusion of climate scenario analysis. Frontier has assisted an increasing number of clients seeking further information about climate scenario analysis more generally, what they are required to provide under the Standards, and how Frontier's climate change module fits into the overall picture.

While reporting entities face certain specific requirements relating to climate scenario analysis disclosure (for example, at least two temperature scenarios are required to be analysed and disclosed), they should demonstrate that they have applied scenario analysis in the effort to understand potentially material climate risks in a practical sense. A typical reader of their climate report should be able to grasp what the potentially material impacts are to the entity's operations and/or portfolios under different temperature scenarios. Frontier observes that this is not necessarily a straightforward undertaking, and when engaging with clients on the topic, Frontier encourages them to approach climate scenario analysis in an authentic manner which aligns with the actual reasons for their inclusion in the Standards by the local regulator (to enable stakeholders to make informed decisions on the entity in relation to climate).

In Frontier's engagements with clients, they provided information on their climate change modules, the source data (e.g. GDP forecasts provided by Network for Greening the Financial System), how they might approach selecting different scenarios, and interpreting the forecasted impacts on portfolios.

In some instances, Frontier has engaged with a client and their chosen provider of climate scenario analysis to discuss how scenarios might interact with their capital market assumptions. Frontier is evolving and enhancing their climate change module, as they continue to engage with their clients on the topic. They view this as a key tool whereby clients can engage in a more authentic way with climate change as an investment risk and a catalyst to drive ambition in establishing net zero targets and strategies going forward.

Adapted from The Net Zero Investment Consultants Initiative – Frontier Advisors Annual Report (Pg. 8)

Assessing and monitoring asset managers

Commitment 4: We commit to assessing, monitoring and engaging with asset managers on the integration of net zero ambitions in their independent investment decisions and stewardship, and reflecting this evaluation in our client recommendations.

Some members noted that they view their relationship with asset managers as a high priority long-term partnership and they continue to have constructive dialogue with them to explore ways in which they can improve the needs of their clients. Members have made tangible progress in systematically assessing, monitoring, and engaging with asset managers on the integration of climate and sustainability factors. Members use robust, principles-based frameworks to evaluate asset managers' climate strategies. This includes collecting outcome-based evidence, requiring detailed examples, and using scorecards or ratings that directly influence product recommendations. Some members also have targeted programmes that challenge managers about their real-world climate stewardship. Members have also showcased continued improvement in updating their frameworks regularly and reviewing data providers. Over the past few years, members have showcased strong alignment with Commitment 4 as they are not only assessing and monitoring asset managers, but they are actively engaging with them to push for higher standards.

Case study – Foundation investing in climate impact client requirements

A sophisticated impact investor sought to allocate capital to impact infrastructure with a strong focus on climate and energy transition related outcomes. The client wanted a clear understanding of the market landscape across both debt and equity strategies, including the depth of the manager universe, the range of available impact themes, and how these aligned with their specific investment parameters. In addition, they required support in identifying, assessing, and selecting suitable managers to implement their strategy.

To address the client's objectives, Bfinance began an in-depth market mapping exercise across debt, equity, and hybrid strategies in the climate impact infrastructure space. A RFI was launched through their online platform and global network, supported by a comprehensive questionnaire developed in collaboration with the client. The resulting landscaping report offered a nuanced view of the market, including risk and return characteristics, geographic focus, and types of impact generated. The team conducted a multi-stage selection process to identify the most suitable managers. Each manager underwent rigorous due diligence, incorporating their standard investment assessment alongside their proprietary ESG and impact evaluation frameworks. This approach ensured a holistic appraisal of both financial performance potential and impact integrity.

Outcome:
The client implemented a successful allocation of $80 million to climate impact investments. The process provided the client with confidence not only in the quality of the underlying managers but also in the depth and maturity of the climate impact infrastructure market. The result was a portfolio aligned with the client's dual objectives of achieving measurable environmental outcomes and delivering strong, risk-adjusted financial returns**.**

Adapted from 2025 Report Net Zero Investment Consultants Initiative, Bfinance, Pg. (5)

Case study – Engaging with asset managers

In 2023, the Fiduciary Management Evaluate (FME) team undertook a deep dive review of FMs' LDI capabilities, and the team engaged with FMs to feed back the findings of their review and, where relevant, engaged with managers on areas of concern.

The review undertaken by the FME team highlighted some issues regarding the LDI capabilities of some FMs. Such issues posed a risk to their clients, given the high exposure to LDI for many DB pension schemes and the high level of operational governance required from managing an LDI portfolio.

A specific case was where, the FME team 'downgraded' their view on a certain FM's ("Manager A") LDI capabilities to the lowest rating ('Low Conviction'). The team had some material concerns with: (i) Manager A's approach to implementing LDI portfolios for clients, including the use of numerous external managers for their pooled LDI strategies, with significant exposure to one manager in particular that the team had material reservations about; (ii) Manager A's approach to designing LDI portfolios and their ability to accurately derive a liability benchmark, as they believed their approach was simplistic relative to other FMs; and (iii) the experience of Manager A's LDI team.

After feeding back the concerns, Manager A took the following actions:

1. Set in place formal procedures and policy documents to evidence how they have specifically addressed their concerns.
2. Reduced the number of LDI managers, and do not use the manager that the team had reservations about anymore, and now have preferential arrangements in place with managers that BW rate highly for their LDI capabilities.
3. Invested in their cashflow modelling capabilities, including making an experienced hire to set up a more detailed cashflow modelling process.

In light of these developments, the FME team has since upgraded their view on Manager A's LDI capabilities to the middle rating ('Acceptable'). BW continues to engage with Manager A on areas in which they believe they lag their peers and best practice, and where they fall short of BW's highest rating ('High Conviction').

Adapted from Barnett Waddingham sustainability report 2025 (pg. 30)

Net Zero Manager Assessment Toolkit

NZICI's Manager Assessment Working Group has developed the Net Zero Manager Assessment Toolkit which is a practical tool designed to help investment consultants and other users (e.g. asset owners) to evaluate how asset managers integrate net zero alignment across their business and investment activities.

The toolkit is organised into nine assessment categories, and the framework provides clear indicators for assessing both foundational and advanced levels of net zero competency, drawing on leading industry standards such as the Net Zero Investment Framework (NZIF), TCFD, and SBTi.

The main purpose of the framework is to support users in comparing, engaging and reporting on asset managers' net zero strategies and progress across any asset class or investment product, whether or not it is explicitly marketed as 'net zero aligned'. By enabling more consistent and transparent assessments, the framework aims to drive higher standards of net zero integration in the investment industry and support real-world decarbonisation outcomes.

Find out more information about the Toolkit here.

Consistency with the Net Zero Asset Managers Initiative

Commitment 5: With respect to our fully discretionary services, we will individually set goals consistent with the target setting framework of the Net Zero Asset Manager initiative.

During 2025, Net Zero Asset Managers (NZAM) initiative undertook a comprehensive review to ensure the initiative remains relevant, practical, and globally inclusive. NZICI members provided input into the NZAM consultation. NZAM relaunched in February 2026 with an updated commitment statement, maintaining a broad and global base of more than 250 asset manager signatories. The full list of NZAM signatories and their voluntary climate target disclosures are available on the NZAM website. The initiative also resumed target and implementation support activities to support signatories with climate target-setting, reviews and disclosure.

Driving down operational emissions

Commitment 6: With respect to our own business operations, we will individually set emissions reduction targets across all our operational emissions consistent with Paris goals.

As professional service firms, members' own operational emissions are comparatively low compared to other companies in the real economy. Most of their emissions are Scope 3, indirect emissions that occur in the upstream and downstream activities of an organisation. Members reiterated the importance of the need to focus on rapid decarbonisation in the real economy, for example focusing on where their clients' money is invested.

However, all members have continued to take steps to drive down their scope 1, 2 and 3 operational emissions. Most members have calculated their baseline emissions, and have established emissions reductions plans, some via working with a third-party partner. The main sources of emissions are offices and travel, especially air travel. Some members are working with their suppliers to support their decarbonisation plans and setting timebound targets for emissions reductions in their purchased vendor services.

Other actions that members have undertaken to meet this commitment include:

- Exploring offsetting options, including UK and international projects, including matched offset schemes for employees
- Switching to renewable energy sources of electricity for offices, and installing solar panels on office building
- Driving down energy consumption in offices, e.g. switching to LED lighting, 'virtual first' meeting policies
- Reducing waste, and maximising % waste that is recycled
- Aligning and verifying net zero targets to the SBTI (e.g. XPS group)
- Incentivizing behaviour changes on employee travel, e.g. including discounts on EV leases in employee benefits

LCP's Impact report 2025

LCP has reported on this commitment over the year from 1 April 2024 to 31 March 2025, given that this is the reporting period for which LCP collected the data. LCP has been operationally carbon neutral (through offsets) since 2021 (for scope 1 and 2 emissions), and source as much electricity as possible via renewable tariffs (currently over 90%). They measure their CO_2 emissions both with and without renewable tariffs, as they know that views of the impact of these tariffs can differ. However, they believe that irrespective of how CO_2 is accounted for, using renewable tariffs helps to drive and stimulate investment in the renewable energy sector.

Their scope 1 & 2 CO_2 emissions, on a location basis (i.e. not including the impact of renewable tariffs), have reduced by 39.6% since 2017/18. In the last year, they have reduced their scope 1 & 2 emissions by 4.2%. This demonstrates that they have made significant strides in reducing their emissions. They have also reduced their carbon intensity ratio per person by 64.9% since 2017/18.

Some of the recent actions they have taken include partnering with Octopus Electric Vehicles to offer Electric Dreams, a year-round available employee benefit, which enables their people to get an electric vehicle (EV). The Winchester office solar panels generated 21.3MWh during the year which represents 6.3% of electricity consumption for the office. They are planning to introduce 78 additional solar panels which will generate at least an additional 20MWh plus per year. The Edinburgh office also moved to a more energy efficient building to help reduce the impact of their growing team.

They have also onboarded Sweep as a carbon monitoring and intelligence tool to enhance their ability to understand and report on Scope 3 emissions, to help them make more informed business decisions, and to enable them to set and achieve reduction targets across all scopes of emission.

Adapted from LCP's NZICI report (Pg. 9)

JANA's Net Zero Progress Report 2025

JANA has been certified as a Carbon Neutral organisation since 2020 by the Australian Government Climate Active program. As a result of actions taken to date JANA has reduced Scope 1 and 2 emissions to as close to zero as is possible at this time. JANA's emissions reduction strategy now focuses on the largest sources of Scope 3 emissions, namely business flights and purchased vendor services.

JANA's Scope 3 emissions increased in 2024 (1,961 tCO_2e) versus 2023 (1,361 tCO_2e), as a result of increases in international kilometres flown as well as increased spending on data processing and licensing services. International kilometres flown remain slightly below the level of the 2019 baseline, despite the JANA workforce now being 49% larger; however, emissions factors have been adjusted higher in recent periods. Increases in data processing stem from the continued adoption of AI tools and quantitative solutions at JANA, supporting the delivery of high-quality bespoke advice solutions for clients.

As part of JANA's Climate Active Carbon Neutral certification, JANA offsets 100% of emissions on an annual basis. JANA's research into carbon offsets continues to evolve and through lessons learnt over many years, they have refined the offset selection criteria to focus mostly on Australian Carbon Credit Unit (ACCU) projects with natural capital additionalities.

Carbon offset integrity remains an industry-wide challenge; however, as part of JANA's Net Zero Beliefs, they remain committed to supporting the maturation of the industry and advocating for higher quality offsets across the ecosystem for carbon offsets. JANA's 2024 emissions were offset using ACCUs from the Sunnyside Permanent Plantation Forest Project, situated in the Southwest Australia Ecoregion and in one of only 36 global biodiversity hotspots. The project protects 560 hectares of established Eucalyptus plantation forest aiming to create permanent carbon sequestration for a period of 100+ years by transitioning a plantation forest to a permanent forest protected from land clearing and timber harvesting. This project funds the management of a further 750 hectares of high conservation remnant vegetation on the property, and First Nations participation by working with the Yarramoup Aboriginal Corporation across a range of on-site activities.

Adapted from JANA's Sustainability report 2025 (Pg. 26)

SBTi verification – XPS Group

XPS Group is committed to achieving net zero by 2050. In December 2023 they officially submitted a letter of commitment to the Science Based Targets initiative (SBTi) and in 2025 since the end of the reporting year, XPS's near-term climate targets (up to and including 2035) have been verified by SBTi.

In 2024, XPS continued to make progress on our net zero commitment, continuing to successfully decouple business growth and carbon emissions achieving a consistent year on year reduction of the group's financial and employee carbon intensity ratio (between 2019 and 2025). Currently, 88% of XPS facilities are supplied with Renewable Energy Guarantees of Origin (REGO)-backed renewable energy which provides renewable electricity to 69% of their offices. XPS continues to drive down energy consumption with internal projects such transitioning their portfolio to 100% LED or low energy lighting by December 2026. The Group has already successfully transitioned 75% and continues to transition its lighting ahead of the Group's 2026 target.

Adapted from XPS Group's NZICI Progress report (Pg. 6)

Driving progress/ action across the broader financial community

Within the wider financial community, we will:

Commitment 7: Where suitable net zero methodologies do not exist, work together for the benefit of our clients to address these challenges, **seeking harmonised methodologies consistent with competition law**;

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.

NZICI members have been working together, and with other actors in the financial system, to identify gaps in available net zero methodologies and to develop tools, guidance and resources that help to plug these gaps and better support their clients. For instance, they have development the Net Zero Manager Assessment Toolkit.

Members have also engaged regularly and actively with regulators and policy makers on climate to help contribute to a more effective/ supportive enabling environment for their clients. Members have done this both alone and as part of a range of industry initiatives at both a regional and global level.

Over the past year members have:

- Engaged actively in The Institutional Investors Group on Climate Change (IIGCC) and Investor Group on Climate Change (IGCC), including contributing to/ sponsoring the "The State of Net Zero Investment 2025" Report, participating in workstreams on climate scenario analysis and on the NZIF framework for private credit which culminated in published guidance. The IGCC is actively involved in policy discussions with government and other actors.
- Explored the synergies/connections between nature and climate, including by participating in GFANZ workstream on nature in net zero investment portfolios and the IFoA's Biodiversity Working Party.
- Investigated net zero methodologies for net zero alignment in more challenging asset classes such as private debt, cash and derivatives – preliminary stage

- All UK based NZICI members are signatories of the Investment Consultants Sustainability Working Group (ICSWG). They participate in various ways, including discussions with DWP on climate transition plans for pension schemes as part of the Influence workstream's engagement with policymakers.
- One Australian based NZICI member participates in the Australian Sustainable Finance Institute (ASFI) Working Group on 'Transforming Sustainability Leadership' that provides ASFI members the opportunity to share lessons and approaches to common challenges and opportunities that financial institutions face, in areas such as change management, stakeholder influence, and systems thinking.
- Several members participate in government consultations on how to create better enabling environments for investor action on climate and wider ESG stewardship. For example, the FCA consultation on guidance supporting new anti-greenwashing rule (Jan 2024) Consultation on Actuaries Code DEI supporting guidance (October 2024) and the FRC Consultation on update to UK Stewardship Code - November 2024 and the Australian Treasury Consultation on Climate-related Transition Planning Guidance.
- Some members also participate in Pensions for Purpose and Impact Investing Institute
- Developed and published climate policy asks to guide discussions with policy makers and regulators

Connecting climate and nature

During 2024, there has continued to be much discussion around nature and biodiversity within the industry. Barnett Waddingham engaged with clients and industry-wide groups and centres of influence to contribute to a better industry understanding of the implications of this and how nature can be included in clients' portfolios. This included presenting at events (such as an SPS Conference and Mallowstreet events), attending roundtables and other seminars, meeting with numerous asset managers in this space, as well as providing training to clients. All of this had consideration of the risks and opportunities of nature, how it interacts with other risks and opportunities (such as climate change) and developments in the market (such as the Taskforce for Nature-related Financial Disclosures (TNFD) and the development of new solutions. A particular focus for Barnett Waddingham has been the interaction between nature and the climate change they are facing, and in recognition of this, they joined a working party run by GFANZ focusing on nature in net zero investment portfolios. Discussions on how to educate our clients further on this topic ultimately led to our decision to produce the material on systems thinking for clients.

Adapted from Barnett Waddingham's Sustainability report (Pg. 50)

Challenging Consultants Climate Advice

Gallagher is a member of the Investment Consultants Sustainability Working Group (ICSWG), which brings together leading UK investment consulting firms to improve sustainable investment practices across the investment industry. To support this, in 2021 the ICSWG produced a competency framework to help asset owners assess their consultants' climate-related investment advice capabilities.

This framework was produced when such advice was relatively nascent. The industry has progressed significantly over the past few years, meaning best practice has also evolved. As a result, Reddington worked with other ICSWG members in 2024 to update the competency framework. In this updated version, several aspects that were previously aspirational are now generally considered a core part of investment consultants' offerings.

The updated framework also aims better to reflect investment consultants' important roles in supporting asset owners in keeping abreast of the evolving landscape and the complex interplay of climate competency with related environmental/natural and social factors. It helps to raise the bar for the investment industry, promoting continuous improvement.

Adapted from Redington, A Gallagher Company's Sustainable Investment and Impact report (Pg. 8)

Public climate policy asks

LCP developed a set of climate policy asks to help support their discussions with policymakers and publicly launched them in 2024.

LCP uses these policy asks to guide discussions with policymakers and regulators, to consistently focus on what they believe are the most important policy changes to address climate risk on behalf of their clients and their beneficiaries. LCP also invited asset owners to support these policy asks, recognising that this helps to increase their influence and credibility. As of 31 March 2025, 58 asset owners with £187bn in assets had signed up to show their support for some or all of these asks.

LCP's policy asks are:

1. Climate regulations for investors should aim for real-world impact, not just disclosure 2. It should be easier for DB and DC pension schemes to invest in climate solutions, including growth and/or illiquid assets
2. Climate action needs to match the scale of the risk, removing the current disconnect between the levels of policy ambition and implementation.
3. Governments should set clear, credible, consistent net zero plans, which are nature friendly and socially just, so investors can invest in the net zero transition with confidence
4. Pension trustees' fiduciary duty should be reinterpreted to have a longer time horizon and include macro (impact) as well as micro (risk) considerations

Adapted from LCP's Net Zero investment report progress during 2024 report (Pg. 11)

Driving transparency

To ensure accountability, we will:

Commitment 9: Report progress by our firm against the commitments made here at least annually in the public domain.

Members have published their progress against the revised commitments in 2025, either by publishing standalone NZICI progress reports or by incorporating their progress against NZICI commitments into their sustainability reporting.

Links to member reports are in Appendix 1.

Summary and next steps

Since the launch of NZICI, members have reiterated that net zero cannot be achieved without collaboration between the investment community as well the policy input and regulations. The investment industry's understanding of best practice is evolving fast which is why it's more important now, more than ever for investment consultants to remain agile and continue learning, educating, improving and innovating.

As NZICI celebrates its third year, members have shown steadfast commitment to net zero goals, achieving significant progress despite a challenging external environment. This year's reporting highlights not only the delivery against NZICI's commitments, but also their journey to continue deepening their expertise and strengthening partnerships across the investment ecosystem. They have made significant progress over the past year, which is evident through the case studies presented in this report. For instance, there is an emphasis on collaboration and engagement with industry groups and relevant stakeholders on issues such as manager assessment. There is a strong client demand for more sophisticated and detailed advice.

Looking ahead, NZICI will continue to foster collaboration and knowledge-sharing, recognising that collaborative action is essential for systemic change. Members are focused on supporting clients with tailored advice and practical solutions, while remaining agile in response to evolving climate science, policy, and market expectations. Members recognise the complexities that their clients are experiencing in adopting meaningful net zero targets and are keen to provide support through education, guidance and tools.

The initiative's ambition is clear. NZICI members are well-positioned to lead by example and will continue supporting clients on their net zero journeys, and driving meaningful, real-world outcomes across the financial sector.

Appendices

Appendix 1: Links to member reports

Member	Links to report
bfinance	Link
Barnett Waddingham	Link
Cambridge Associates	Link
Frontier Advisors	Link
Hymans Robertson	Link
JANA Investment Advisers	Link
LCP	Link
Gallagher	Link
XPS	Link

Appendix 2: KPIs

The NZICI reporting framework includes KPIs under commitments 1, 2 and 3 (jointly), commitment 5 and commitment 6. These are not requirements but are strongly recommended. In all cases, reporting against the KPIs remains subject to the unilateral decision of the member concerned. Members are not required to disclose sensitive or confidential information.

Please find below the information from those member firms that reported against the KPIs.

KPIs	Meaningful education	Baseline carbon emissions data	Net zero ambition	Net zero target/intention to be Paris-aligned	Climate solutions	Discretionary clients - net zero ambition	Discretionary clients - net zero targets	Level of emissions
bfinance	N/A	N/A	N/A	N/A	c$1.3bn of allocations	N/A	N/A	663tCO2e

KPIs	Meaningful education	Baseline carbon emissions data	Net zero ambition	Net zero target/intention to be Paris-aligned	Climate solutions	Discretionary clients - net zero ambition	Discretionary clients - net zero targets	Level of emissions
Barnett Waddingham	60%	70%	5%	10%	N/A	N/A	N/A	1,049,768 kgCO2
Cambridge Associates	N/A	24%	N/A	13%	23%	N/A	N/A	16, 841 tCO2e
Frontier Advisors	12 clients, $AUD 433.7 bn	17 clients, $AUD 588.1 bn	11 clients, $Aus 660.6 bn	9 clients, $Aus 287.5 bn	6 clients, $130.2bn	N/A	N/A	156, 833 kg CO2e
Hymans Robertson	92% Assets under advice	83% Assets under advice	78% Assets under advice	68 % Assets under advice	89% Assets under advice	N/A	N/A	Scope 1 and 2 = 183 tCO2, reduced to 0 after 100% renewable energy contracts are taken into account Core Scope 3 = 1219[2]
Jana Investment Advisers	20 clients, A$1,191b or 67% of AUA	52 clients, $632b or 36% of AUA	50 clients, $1,356b or 78% of AUA	N/A	4 clients, $356b or 20% of AUA	32 clients, $15b	32 clients, $15b	No Scope 1 or 2 emissions Scope 3 = 1,961 tC02e Purchased Offsets = 1,961 tC02e
LCP	200 clients, 94% of AUM of investment consulting clients	73 clients, 77% of AUM of investment consulting clients	73 clients, 50% of AUM of investment consulting clients	16 clients, 38% of AUM of investment consulting clients	14 clients, 39% of AUM of investment consulting clients	N/A	N/A	147.3 tCO2e
XPS	162 clients	100% (£101 bn AUM)	7 clients, £2 bn (AUM)	7 clients, £ 59.2 bn (AUM)	1 client, £7 bn	N/A	N/A	1909 tCO2e

[2] 2025-impact-report (1).pdf

Appendix 3: NZICI commitments

In 2024, NIZICI revised its commitments. In 2025 members reported against these revised commitments which are:

The Net Zero Investment Consultants Commitment

The 2015 Paris Agreement is a legally binding international treaty that sets goals to limit the global average temperature increase to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

In accordance with the best available science, meeting these goals requires greenhouse gas emissions to drop by half by 2030 and reach net zero around mid-century.

In this context, we commit to support the goal of net zero greenhouse gas emissions by 2050 or sooner.

This commitment is made in the context of our legal and fiduciary duties to clients and unless otherwise prohibited by applicable law. It is subject to the mandates agreed with our clients and their regulatory environments.

Our Net Zero Commitment applies to our: investment advisory services, fully discretionary services, and our own business operations.

With respect to our investment advisory services, we commit to provide advice on climate change and net zero ambitions across our client base in line with their mandates by:

1. working with our clients to identify how climate change impacts the risks and opportunities for their portfolio;
2. highlighting the importance for both the economy and asset values of global decarbonisation on a Paris-aligned path and consistent with the goal of net zero by 2050;
3. empowering willing clients to make a meaningful contribution to the goals of the Paris agreement[3] through investment practices that help drive real world emission reductions, toward the goal of net zero by 2050 as well as robust interim targets;
4. assessing, monitoring and engaging with asset managers on the integration of net zero ambitions in their independent investment decisions and stewardship, and reflecting this evaluation in our client recommendations.

With respect to our fully discretionary services, we will:

5. individually set goals consistent with the target setting framework of the Net Zero Asset Manager initiative.

With respect to our own business operations, we will:

6. individually set emissions reduction targets across all our operational emissions consistent with Paris goals.

Within the wider financial community, we will:

7. where suitable net zero methodologies do not exist, work together for the benefit of our clients to address these challenges, seeking harmonised methodologies consistent with competition law;
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.

To ensure accountability, we will:

9. report progress by our firm against the commitments made here at least annually in the public domain

COMMITMENTS DISCLAIMER

Signatories commit to engaging with policymakers, regulators, peers and other stakeholders in accordance with all applicable laws and regulatory requirements. The PRI and NZICI recognise that the laws and regulators to which signatories are subject differ by jurisdiction and signatories are not required to take action that is not in compliance with applicable laws. PRI and NZICI are committed to compliance with all applicable laws and do not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws. The use of particular tools and tactics discussed, and the scope of participation in this initiative is at the discretion of individual participants and subject to all relevant laws, including competition and antitrust laws. Participants

[3] 1 The Paris Agreement's long-term temperature goal is to keep the rise in mean global temperature to well below 2 °C above pre-industrial levels, and preferably limit the increase to 1.5 °C.

must avoid coordination of strategic behaviour that impacts competition. They must make independent decisions regarding next steps and how they will pursue them, and are encouraged to consult their own counsel as appropriate.

Appendix 4: Reporting framework

Background

Members of NZICI make nine Commitments which apply variously to their investment advisory services, fully discretionary services and their own business operations.

The Commitments are made in the context of members' legal and fiduciary duties to clients and unless otherwise prohibited by applicable law. They are subject to the mandates agreed with their clients and their regulatory environments. The presentation, consideration, adoption and/or implementation of any Commitment is subject to any individual member's legal, fiduciary, ethical and other duties and obligations owed to its clients as a whole and individually and to applicable law and regulations. This leads to varying ability to influence clients' net zero agenda.

Note that unless otherwise stated, the term 'net zero' is taken to mean an objective of net zero greenhouse gas emissions by 2050 in line with global efforts to limit warming to 1.5°C above pre-industrial levels, consistent with the goals of the Paris Agreement. This requires aligning[4] with appropriate interim targets (for example, a 50% reduction in global emissions by 2030) and the development and implementation of an appropriate strategy that would allow progress to be demonstrated against such an objective. Within this concept of net zero, we further recognise the importance of facilitating a just transition, being the only politically feasible path to achieving the Paris Agreement goals.

It is important to note that NZICI members serve a variety of client types that operate in a variety of (and sometimes conflicting) legal and regulatory environments, using a variety of service models. Such clients may be more or less amenable to embracing net zero goals or may choose not to embrace them at all. For example, where members work with clients on a project basis rather than in a long-term advisory capacity, Commitments 2, 3, 5 may not be relevant.

Members are required to report annually in a public domain in accordance with Commitment 9. This Reporting Framework sets out the information they are expected to report. Where members are not able to report this information, they will explain why.

Members should make clear in their reporting how their business model and client base impact their activity against the Commitments. They should explain if and why any class of client is ruled out of scope, for example because the relationship is only for data provision, and make clear if / when the regulatory environment constrains reporting.

The published reports will be aggregated by the Secretariat into an annual progress report.

Repeated failure to publish reports may result in the member being removed from NZICI in accordance with the Terms of Reference.

Definitions

Commitment – one of the nine commitments under NZICI

Reporting Period End Date – the date that is the end date for members' regular reporting under Commitment 9, being a common date to facilitate aggregate reporting. Unless otherwise amended this will be 31 December each year.

Reporting Period – the 12-month period ending on the Reporting Period End Date. The first Reporting Period for any new members will be the first full calendar year after they join NZICI.

Reporting Publication Deadline – means the 30 September following each Reporting Period End Date.

Terms of Reference – the terms of reference as agreed with the NZICI Secretariat of the PRI.

Shall – 'shall' means that a process is required for the purpose of the initiative but remains subject to the unilateral decision of the member concerned. If the member concerned does not follow the guidance, an explanation in the member's public reporting is required. This does not require a member to disclose sensitive or confidential information.

Should – 'should' means that a process is strongly recommended. If the member concerned does not follow the guidance, an explanation in the member's public reporting is required. This does not require a

[4] The way in which a member aligns is up to the member at firm-level

member to disclose sensitive or confidential information.

Reporting expectations

The reporting expectations are described below under the nine Commitments of the NZICI, which are repeated below for ease of reference.

> With respect to our investment advisory services, we commit to provide advice on climate change and net zero ambitions across our client base in line with their mandates by:
>
> 1. working with our clients to identify how climate change impacts the risks and opportunities for their portfolio;
> 2. highlighting the importance for both the economy and asset values of global decarbonisation on a Paris-aligned path and consistent with the goal of net zero by 2050;
> 3. empowering willing clients to make a meaningful contribution to the goals of the Paris agreement[1] through investment practices that help drive real world emission reductions, toward the goal of net zero by 2050 as well as robust interim targets;

Members shall report the activities they have undertaken as well as related outcomes during the Reporting Period to satisfy Commitments 1, 2 and 3. It is desirable in addition to provide specific information on the following:

- providing clients with access to tools to monitor their current alignment and potential future path(s) towards net zero along with exposure to climate-related investment risks;
- assigning senior leader responsibility for the oversight and implementation of net zero alignment of the member's investment consulting services; and
- meaningful training for all the member's investment consultants on climate change risks and opportunities and net zero alignment.

Members should report, where relevant, the following for the Reporting Period:

Actions:

Explain using examples and case studies what progress they have made in:

- helping their clients to put in place investment beliefs and policies that incorporate net zero considerations,
- helping clients incorporate net zero considerations into asset allocation and portfolio construction decisions,
- helping clients assess and monitor their asset managers on net zero alignment,
- helping clients select asset managers and design products that provide better alignment with net zero,
- helping clients to shape voting policies and engagement priorities to better align their portfolios with net zero,
- helping clients make their own net zero commitments, along with interim targets and transition plans.

KPIs:

The following represent progress metrics that members should report, recognising that they represent different points in a journey, in different regulatory environments, and that different clients, or types of clients, will proceed at a different pace along that journey.

- the number of clients, and their respective assets under management, who by the Reporting Period End Date have received **meaningful education** on net zero alignment (where "meaningful" should be interpreted as at least one meeting with key management personnel at the client for which this was a specific agenda item and / or provision of a tailored report to the client)
- the number of clients, and their assets under management, who by the Reporting Period End Date had access to **baseline carbon emissions data** on their portfolio, for asset classes where it is available[5], and ongoing reporting thereof;
- the number of clients, and their respective assets under management, who by the Reporting Period

[5] To begin with this may be limited to public equities and corporate bonds. If practical, estimates can be made on other asset classes to get to an aggregate portfolio figure.

End Date had decided to incorporate a **net zero ambition**[6] for 2050 or sooner into their policy;
- the number of clients, and their respective assets under management, who by the Reporting Period End Date had set a **net zero target** for 2050 or sooner along with interim target(s) and the **intention to be Paris-aligned** using appropriate methodology[7] (these targets do not have to be publicly declared); and
- the number of clients, and their respective assets under management, who have agreed a formal goal to increase exposure to '**climate solutions'** however defined.

Commitment 4: We commit to assessing, monitoring and engaging with asset managers on the integration of net zero ambitions in their independent investment decisions and stewardship, and reflecting this evaluation in our client recommendations.

Members shall report the activities they have undertaken during the Reporting Period to satisfy Commitment 4. This should include a description of the actions taken with asset managers.

Additional focus should be given to:

- encouraging better climate-related reporting and data availability and improved voting and engagement practices in respect of climate change with the underlying investee companies of asset managers' portfolios; and
- encouraging asset managers, where appropriate, to become members to the Net Zero Asset Managers (NZAM) initiative or adopt similar net zero approaches.
- For managers that have made a net zero commitment, ensuring manager evaluations consider how NZAM goals are being met and reflect this in client advice.

Members should report, where relevant, the following for the reporting period:

- Examples of how they have evaluated asset managers on net zero alignment and the integration of climate risks and opportunities, and examples of how clients may utilise this evaluation.
- Examples of how they have engaged with asset managers to encourage improvements in net zero alignment or helped clients to do so.

With respect to our fully discretionary services, we will:

Commitment 5: individually set goals consistent with the target setting framework of the Net Zero Asset Manager initiative.

Members shall report the activities they have undertaken during the Reporting Period to satisfy Commitment 5.

KPIs:

Members should report publicly, where relevant, the following for the reporting period:

- the number of fully discretionary clients, and their respective assets under management, who by the Reporting Period End Date had set a **net zero ambition** for 2050 or sooner; and
- the number of fully discretionary clients, and their respective assets under management, who by the Reporting Period End Date had also set a 2050 net zero target as well as **interim target(s)** with the intention to be to be Paris-aligned using appropriate methodology.

With respect to our own business operations, we will:

Commitment 6: individually set emissions reduction targets across all our operational emissions consistent with Paris goals.

Members shall report the activities they have undertaken during the Reporting Period to satisfy Commitment 6. This report shall include:

- an update on emissions reduction targets to cover Scope 1 and 2 emissions and the extent to which

[6] This net zero ambition should be formalised in a client's investment policy but need not go as far as stating explicit interim targets, for example because the client is reliant on pooled fund investment managers who may have a range of differing targets in relation to net zero.

[7] This net zero target should be formalised in a client's investment policy and is expected to follow generally accepted methodology like the IIGCC's Net Zero Investment Framework.

Scope 3 emissions are included, across all its operational emissions, consistent with Paris goals; and
- use of offset schemes (if any) to achieve net zero.

KPIs:

- Level of emissions, as defined above, across all its operations for the Reporting Period.

Within the wider financial community, we will:

Commitment 7: where suitable net zero methodologies do not exist, work together for the benefit of our clients to address these challenges, seeking harmonised methodologies consistent

Members shall report the activities they have undertaken during the Reporting Period to satisfy Commitment 7. This could include active participation in relevant industry groups and other accredited initiatives (such as the Institutional Investors Group on Climate Change's Paris Aligned Investment Initiative).

Members will collectively work to define an approach that will enable their clients to categorise their degree of alignment with net zero consistent with the Paris Agreement.

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.

Members shall report the activities they have undertaken during the Reporting Period to engage with regulators and policymakers to satisfy Commitment 8. This may encompass:

- responding to regulator and policymaker consultations;
- meeting with regulators and policymakers;
- active participation in consultation groups or workstreams organised by regulators or policymakers; or
- providing expert resource to regulators or policymakers.

They should focus on their role in these interactions and how their contribution(s) helped to identify and/or address barriers to their clients' net zero ambitions.

To ensure accountability, we will:

Commitment 9: report progress by our firm against the commitments made here at least annually in the public domain.

Members will publish their individual progress reports in respect of each Reporting Period by the Reporting Publication Deadline.

To facilitate data aggregation, all members shall use a common Reporting Period for annual reports.

Each annual report shall include the information described in this Reporting Framework (as amended from time to time). Members are encouraged to report additional information on actions being taken and their progress against interim and long-term targets to support the Race to Zero in respect of their investment advisory activities.

Terms of Amendment

This Reporting Framework may be amended by the NZICI in accordance with their Terms of Reference, subject to agreement with the NZICI secretariat of the PRI and (unless agreed otherwise by the members) at least 12 months' notice to members of the amendments coming into force. The Reporting Framework will be reviewed at least every three years.

Agreement

This Reporting Framework is agreed by all current members of the NZICI and all future members, subject to the Terms of Amendment stated above.

Date agreed: November 2024