

GFANZ “Measuring Portfolio Alignment: Enhancement, Convergence, and Adoption” 2022 Survey

Q1: What country is your organization headquartered in? *Note, this information will not be shared in the summary of responses or otherwise made public.*

Q2: Which of the following best describes your current organization? Please select ONE only.

- Academic, education, or research institution
- Financial institution including asset owner, asset manager, bank, financial service provider (e.g., data/index provider, exchange, auditor, ratings agency), insurer, investment consultant
- Portfolio alignment metric provider
- Government / Public Sector
- Industry or trade association
- Non-Profit Organization, Non-Governmental Organization, or advocacy group
- Private Sector, non-financial
- Other (please specify): _____

Q3: Please select the option that best describes the financial sub-sector in which you work. Please select all that apply. **Asked of Financial Institutions**

- Asset owner (e.g., pension fund, sovereign wealth fund)
- Asset and/or wealth management
- Banking (e.g., retail, commercial, and/or investment banking)
- Financial services, including data/index providers, exchanges, auditors, ratings agencies, and other service providers
- Insurance
- Investment consulting and advisory
- Other (please specify): _____

Q4: Which part of your business are you completing this survey on behalf of? Please select all that apply. **Asked of Financial Institutions**

- Executive management, General operations or Technology

- Board of directors (e.g., Board member)
- Compliance
- Corporate/Investment Banking
- Finance
- Government or regulatory affairs
- Legal
- Retail banking
- Risk management
- Corporate strategy
- Investment consulting
- Insurance underwriting
- Investment or asset management
- Investor relations
- Relationship management
- Sustainability / Corporate social responsibility
- Other (please specify): _____

Q5: Is your organization a member of any of the following net-zero alliances? Please select all that apply. **Asked of Financial Institutions**

- NZAM - The Net Zero Asset Managers initiative
- NZAOA - Net-Zero Asset Owner Alliance
- NZBA - Net-Zero Banking Alliance
- NZFSPA - Net Zero Financial Service Providers Alliance
- NZIA - Net-Zero Insurance Alliance
- NZICI - Net Zero Investment Consultants Initiative
- PAII - Paris Aligned Investment Initiative
- I don't know [EXCLUSIVE RESPONSE]
- We have not signed up to an alliance, but we plan to [EXCLUSIVE RESPONSE]
- We have not signed up to an alliance, and do not have plans to [EXCLUSIVE RESPONSE]

Q6: How are portfolio alignment metrics used at your organization?

Note: a financial institution at stage C uses portfolio alignment metrics that are provided by an external organization while those at stage D construct their portfolio alignment metrics in-house.

A: My institution does not intend to adopt portfolio alignment metrics	<input type="radio"/>
B: My institution is considering adopting portfolio alignment metrics	<input type="radio"/>
C: My institution uses but does not construct/provide portfolio alignment metrics	<input type="radio"/>
D: My institution constructs/provides portfolio alignment metrics	<input type="radio"/>

Section 2: Use Cases of Portfolio Alignment

Note: see Section 2 for further detail

Q7: Which use cases for portfolio alignment metrics are used at your organization? Please select all the portfolio alignment use cases that apply.

Use cases	Primary use case(s) for your organization	Secondary use case(s) for your organization	Not currently used at your organization
Investment research and selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Portfolio construction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Manager selection and monitoring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disclosure of progress	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Understanding the impact of internal policies and conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8: Are there any other use cases that should be included?

Section 3: Summary of Enhancements to Key Design Judgements

Note: Please see Section 3 of the Portfolio Alignment Measurement report for further detail

Q9: Please indicate your opinion of the enhancements and guidance offered throughout Section 3. The enhancements:

Stop short of what is needed	Are appropriate to what is needed	Go beyond what is needed	Don't know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10: Please indicate your opinion of the Judgement-specific sections, in particular focusing on the suitability of enhancements and guidance (where applicable):

Judgement	Stop short of what is needed	Are appropriate to what is needed	Go beyond what is needed	Don't know
Judgement 1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 6	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 7	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 8	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Judgement 9	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10b: Where guidance stops short of what is needed, how should this be addressed?

Section 3.1 – Judgement 1

Note: Please see Section 3.1 of the Portfolio Alignment Measurement report for further detail

For reference, the three benchmark construction approaches are as follows:

- Fair-share carbon budget: creates a company-specific rate-of-reduction benchmark for absolute emissions, based on a comparison of the company's emissions intensity with its sector-average
- Convergence: all companies in a sector are expected to converge to a required sector-average
- Rate-of-reduction: all companies in a sector are expected to reduce emissions at the same annual rates

Q11: Which benchmark construction approach do you use?

Fair-share carbon budget approach	<input type="radio"/>
Convergence approach	<input type="radio"/>
Rate-of-reduction approach	<input type="radio"/>
Not applicable	<input type="radio"/>

Q11b: Why have you chosen this approach?

Q12: What would be your preferred approach?

Fair-share carbon budget approach	<input type="radio"/>
Convergence approach	<input type="radio"/>
Rate-of-reduction approach	<input type="radio"/>
Not applicable	<input type="radio"/>

Q12b: What are the barriers to adopting this?

Section 3.3 – Judgement 3

Note: Please see Section 3.3 of the Portfolio Alignment Measurement report for further detail

Q13: What measurement unit is most appropriate for portfolio alignment measurement of companies in the oil and gas sector? What are the advantages and drawbacks of this measurement unit? How does your view differ (if at all), depending on whether an oil and gas company has more upstream or downstream operations?

Q14: What other sectors and industries (outside of oil and gas) may require alternative guidance on the choice of emissions unit?

For reference the guidance is as follows: If financial institutions follow a fair-share carbon budget approach, they will need to assess companies based on absolute emissions in combination with both physical and economic intensity. If financial institutions choose to employ both convergence and rate-of-reduction benchmark scenarios on a sector-by-sector availability basis, the GFANZ workstream on Portfolio Alignment Measurement suggests they prioritize the use of physical emissions intensity for their convergence benchmark scenarios.

Section 3.4 – Judgement 4

Note: Please see Section 3.4 of the Portfolio Alignment Measurement report for further detail

For reference, the materiality guidance is as follows:

- Financial institutions should consider including Scope 3 emissions for companies where Scope 3 emissions are material both in absolute magnitudes and percentage of total emissions. Practitioners should verify whether the most material Scope 3 categories (i.e., Categories 1, 3, 11) are disclosed by companies in relevant sectors, whether based on reported data or extrapolated when data is lacking or insufficiently supported.
- A list of priority sectors and key categories include: Oil and Gas Category 11; Automotive Categories 1 and 11; Electric Utilities Categories 3 and 11; Chemicals: Categories 1 and 11.

Q15: Is the analysis on the materiality of Scope 3 emissions useful?

Not useful	Somewhat useful	Useful	Very useful	Don't know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q15b: Please explain your answer.

Q16: Please list additional sectors (if any) for which guidance on the materiality of their Scope 3 emissions would be useful.

Section 3.6 – Judgement 6

Note: Please see Section 3.6 of the Portfolio Alignment Measurement report for further detail

For reference, the guidance on credibility assessments is as follows:

- Practitioners should consider calculating a company's alignment based on two approaches to projecting a company's emissions: an approach using backward-looking data (e.g., historical emissions) and a forward-looking approach using stated emission reduction targets. The final alignment score should be weighted combination of these two approaches, with the weighting derived from a credibility assessment of the stated emission reduction targets, reflecting the likelihood of the targets being achieved.
- When performing a credibility assessment of targets, practitioners should consider the key indicators outlined in this section, including but not limited to: whether the company has validated short- and long-term targets, whether these targets are linked to executive oversight, and whether these targets are supported by a clear funding channel and a transition plan that lays out the pathway to achieving these targets

Q17: Do you agree with the illustrative credibility assessment framework and related guidance provided?

Do not agree	Somewhat agree	Agree	Strongly agree	Don't know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q18: Please detail the indicators that you have found to be, or believe to be, the most informative for assessing the credibility of emissions reductions targets.

Q19: Please indicate your preferred approach for projecting the emissions of companies with no stated emissions reduction targets.

For reference, the four approaches outlined in Section 3.6 for projecting the emissions of companies without stated emissions reduction targets are:

- *Neutral emissions intensity projection: Current emissions intensity held constant throughout the projection period*
- *Historical emissions or activity trend projection: Median historic year-on-year emissions/activity trend is assumed to continue throughout the projection period*
- *Benchmark growth rates: Relevant sector/region emissions “stated policies” benchmark growth rates are used as a proxy growth rate for future company-level emissions*
- *Production forecasts: Production is projected based on a variety of factors (e.g., production plans, capacity expansion plans, technology road maps, etc.). Emissions factors could be applied to production to project emissions.*

Neutral emissions intensity projection	Historical emissions or activity trend projection	Benchmark growth rates	Production forecasts	Other	Don't know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q19b: If you selected “Other”, please explain this approach.

Section 3.7 – Judgement 7

Note: Please see Section 3.7 of the Portfolio Alignment Measurement report for further detail

Q20: What is the appropriate time horizon for measuring alignment? Select all that apply.

Short-term (up to 2025)	<input type="radio"/>
Medium-term (2026-2035)	<input type="radio"/>
Long-term (2036 and beyond)	<input type="radio"/>

Manager selection and monitoring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disclosure of progress	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Understanding the impact of internal policies and conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q22b: If you selected “Other” for any of the use cases, please detail how you express portfolio alignment as a metric for this use case(s).

Section 3.9 – Judgement 9

Note: Please see Section 3.9 of the Portfolio Alignment Measurement report for further detail

For reference, the three approaches to aggregation are as follows:

- Aggregated budget approach: uses a weighting based on financed emissions to determine a portfolio or sub-portfolio “owned” portion for each company’s emissions and benchmarks using an attribution factor
- Portfolio-owned approach: assigns a weight to the final alignment outcome (e.g., ITR) of each investment/company, based on what proportion of total portfolio-owned emissions the company’s emissions represent
- Portfolio-weighted approach: calculates the portfolio-level score by weighting individual company alignment metrics (e.g., ITR) by the outstanding values held in the portfolio

Q23: Please detail your preferred approach for aggregating company-level alignment metrics (e.g., sub-sector, sector, portfolio) and the rationale for this approach.

Section 3.10: Alignment measurement considerations for climate solutions

Note: Please see Section 3.10 of the Portfolio Alignment Measurement report for further detail

Q24: How should the alignment of climate solutions be measured so that their mitigation impact is fully considered?

Q25: How should nature-based solutions be addressed in portfolio alignment measurement?

Section 4.1: Metric Provider Transparency

Note: Please see Section 4.1 of the Portfolio Alignment Measurement report for further detail

Q26: Should portfolio alignment metric and data providers publicly disclose their methodology?

- **Q26b:** If you indicated YES, should portfolio alignment metric providers disclose their methodology using the Key Design Judgement framework? Please detail the rationale for your answer.

Q27: How can GFANZ drive convergence in best practices between portfolio alignment metric providers?

Other feedback - optional

Q28: Do you have any other feedback on the GFANZ workstream on Portfolio Alignment Measurement draft report?

Closing questions

Q29: Which of the following best describes your current job title or position? Please select ONE only.

- Board member
- C-level Executive (e.g., CEO, CFO, CIO, COO)
- Owner / Partner
- Managing Director
- Head of Business Unit
- Director / Department Head
- Manager
- Professional Individual Contributor
- Analyst, Associate
- Other, please specify: _____

Q30: What is the name of your organization? Note, this information will not be shared in the summary of responses or otherwise made public.

Q31: If the GFANZ Secretariat has follow-up questions on the survey, would you be willing to speak with us?

- Yes
- No

Q32: Would you like to receive updates from GFANZ on our work program?

- Yes
- No

Q33: Please provide your contact information: [optional]

- Full name: _____
- Professional email address: _____

Thank you for your time and consideration.