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# ESG Reporting

## Clare Foundation

Mar-25

## Overview

### Makao Investments' ESG reporting

#### **Purpose**

Our independent ESG reporting provides an annual overview of key measurements, against which stakeholders may progressively measure, monitor and assess options to evolve climate-related exposures in investments. In addition, it reports on other relevant ESG metrics of the investment portfolio, such as water withdrawal and alignment with the widely reported UN Sustainable Development Goals (UN SDGs). We expect these additional metrics to gain traction over time in the investment industry. We believe a consistent ESG reporting framework is beneficial for investors, regardless of whether there are any regulatory requirements.

#### **Methodology**

We source security-level holdings publicly or from the investment managers at a certain balance date and aggregate and prepare the data for analysis in Matter, a Danish ESG data platform. We use metrics from Matter to populate our report, and starting with the second report, we will track changes over time in key metrics. It is important to understand that reporting on greenhouse gas emissions is evolving and not mandatory for all companies around the world. We, therefore, clearly state in each section what percentage of the holdings is based on actual reported data - with the remainder being estimated based on Matter's methodology, which has been tested with out-of-sample analysis. We expect the availability and quality of data will improve over time. Page 3 of the report provides a glossary that should further help the reader understand the methodology and interpretation of the data.

#### **Outcomes**

Given the ongoing developments in climate reporting and the interconnectivity of the global economy, we believe it is important to avoid jumping to conclusions based on initial reports. We do not believe that ESG reporting should be seen as providing sufficient information to make investment decisions in isolation at this point in time. As an example, infrastructure is generally considered a key asset class for a successful transition to renewable energy. However, it is currently an asset class with a high carbon footprint - given that fossil fuels are still widely used to generate electricity. Therefore, we believe that greenhouse gas emission data should not be compared in a simplistic manner against other investments or a benchmark alone, but interpreted in a wider context of positive change over time. Capital expenditure, which we report on, could be an important consideration in this regard, for example, as it aims to anticipate future outcomes rather than simply focusing on the here and now.

#### **About Makao Investments**

Makao Investments is a New Zealand-based wholesale investment advisory business that was founded to lift investment advice to a higher standard. Makao advises foundations, trusts, financial advisory firms and institutional investors in New Zealand and the Pacific on governance, asset allocation and manager selection. Makao is a signatory of the Principles of Responsible Investment. For further information on Makao Investments, please visit [www.makao.co.nz](http://www.makao.co.nz)

#### **About Matter**

Matter, part of the Diginex Group, provides sustainability data, analytics and reporting solutions for asset managers, asset owners, banks, advisors and investment platforms. The company's products and services include analytics tools for sustainability analysis and regulatory reporting of portfolios and funds, data offerings spanning key climate metrics, companies' alignment with the UN SDGs, and actionable insights on hundreds of ESG themes. Matter is headquartered in Copenhagen, Denmark, and is serving clients in North America, Europe and APAC. The company's solutions and data are already used by investors managing and advising on more than €2tn of investments. For further information on Matter, please visit [www.thisismatter.com](http://www.thisismatter.com)

## Overview

### Glossary

#### Climate

**Scope 1** - The weighted amount of direct greenhouse gas (GHG) emissions from sources controlled or owned by the companies in a portfolio.

**Scope 2** - The weighted amount of indirect GHG emissions from electricity, steam, heat, or cooling purchased by the companies in a portfolio, based on the location-based accounting method.

**Scope 3** - The weighted amount of indirect greenhouse gas emissions beyond scope 1 & 2 that occur in the value chains of the companies in a portfolio.

**Government Emission Intensity** - Governments' terrestrial greenhouse gas (GHG) emissions per unit of gross value added (GDP)

#### United Nations Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015. These goals aim to end poverty, protect the planet, and ensure that by 2030, all people enjoy peace and prosperity. They serve as an urgent call for action by all countries, both developed and developing, in a global partnership. The SDGs build upon decades of work by countries and the UN, including previous initiatives like the Millennium Development Goals (MDGs) and Agenda 211.

**SDG Alignment** - The proportion of a company's revenue or capital expenditure that is aligned with the sub-targets of the United Nations' 17 Sustainable Development Goals (SDGs).

**SDG Misalignment** - The proportion of a company's revenue or capital expenditure that is misaligned with the sub-targets of the United Nations' 17 Sustainable Development Goals (SDGs).

**SDG 1** - No Poverty

**SDG 7** - Affordable and Clean Energy

**SDG 13** - Climate Action

**SDG 2** - Zero Hunger

**SDG 8** - Decent Work and Economic Growth

**SDG 14** - Life Below Water

**SDG 3** - Good Health and Well Being

**SDG 9** - Industry, Innovation and Infrastructure

**SDG 15** - Life On Land

**SDG 4** - Quality Education

**SDG 10** - Reduced Inequality

**SDG 16** - Peace, Justice, and Strong Institutions

**SDG 5** - Gender Equality

**SDG 11** - Sustainable Cities and Communities

**SDG 17** - Partnerships for the Goals

**SDG 6** - Clean Water and Sanitation

**SDG 12** - Responsible Consumption and Production

#### Other Measurements

**Water Withdrawal** - The weighted amount of freshwater withdrawn from ground or surface water sources, either permanently or temporarily, by the companies in a portfolio.

**Waste Generation** - The weighted total amount of waste recycled, composted, incinerated, repurposed and/or sent to the landfill by companies in a portfolio.

**Gender Pay Gap** - The portfolio's weighted average difference in the mean wage per unit of time for men compared to women.

#### Methodology and Reporting

**Securities Matched (in %)** - The percentage of the number of securities matched by Matter in the portfolio.

**Weight Matched (in %)** - The percentage of the weight of the holdings matched by Matter in the portfolio.

**Weight covered (in %)** - The total normalised weight of the matched holdings covered by the data. Essentially, the percentage of the portfolio identified by Matter that has been covered in producing the statistic. For example, a weight covered of 25% means that if Matter has identified 99% of the total portfolio, only 25% of that 99% has been used when producing that statistic.

#### Terminology

**CO2e** - Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), and Nitrous oxide (N<sub>2</sub>O) emissions are converted to CO<sub>2</sub> equivalents using the 20-year Global Warming Potential (GWP) values.

**EVIC** - Enterprise Value Including Cash.

**NASDAQ Global Index** - a market capitalisation weighted index of equities across developed, emerging, and frontier markets. This is not an appropriate benchmark for the portfolio, but rather a reference point to the global share market.

## Overview

### Key Statistics

<b>Portfolio Statistics</b>	
Source Data:	Mar-25
Total Value Invested:	87.277 mNZD
<b>Analysis Statistics</b>	
Securities Matched:	94.05%
Weight Matched:	95.98%

### Section Summary

<b>Carbon Footprint</b>	Scope 1, 2 and 3 Greenhouse Gas Emissions (GHG) as well as country-level emission intensity normalised by EVIC are presented. Finance Impact (global fixed income) consisted of government and government-related securities. While these are exclusively green bonds, the analysis presented is at the issuer level (country), which likely understates the positive impact significantly.
<b>SDG's Alignment</b>	Alignment and misalignment to the Sustainable Development Goals (SDGs) are presented on both a revenue and capital expenditure basis. Environmental and social alignments are presented for each asset class and alignments with the individual SDGs for the total portfolio on each basis. We note that the weight covered is significantly lower for capital expenditure compared to revenue, given that financial reporting classifications for capital expenditure are less standardised. SDG data is not available for governments, which is why no data is presented for Finance Impact (global fixed income).
<b>Diversity and Inequality</b>	Non-male board members and non-male executives, as well as the gender pay gap is presented. We note that the gender gap is based on an extrapolated dataset. A significant overweight to the cash asset class, consisting of bank securities, weighed on these metrics.
<b>Biodiversity</b>	Water withdrawal and waste generation normalised by EVIC are presented. This data is not available for governments, which is why no data is presented for Finance Impact (global fixed income).

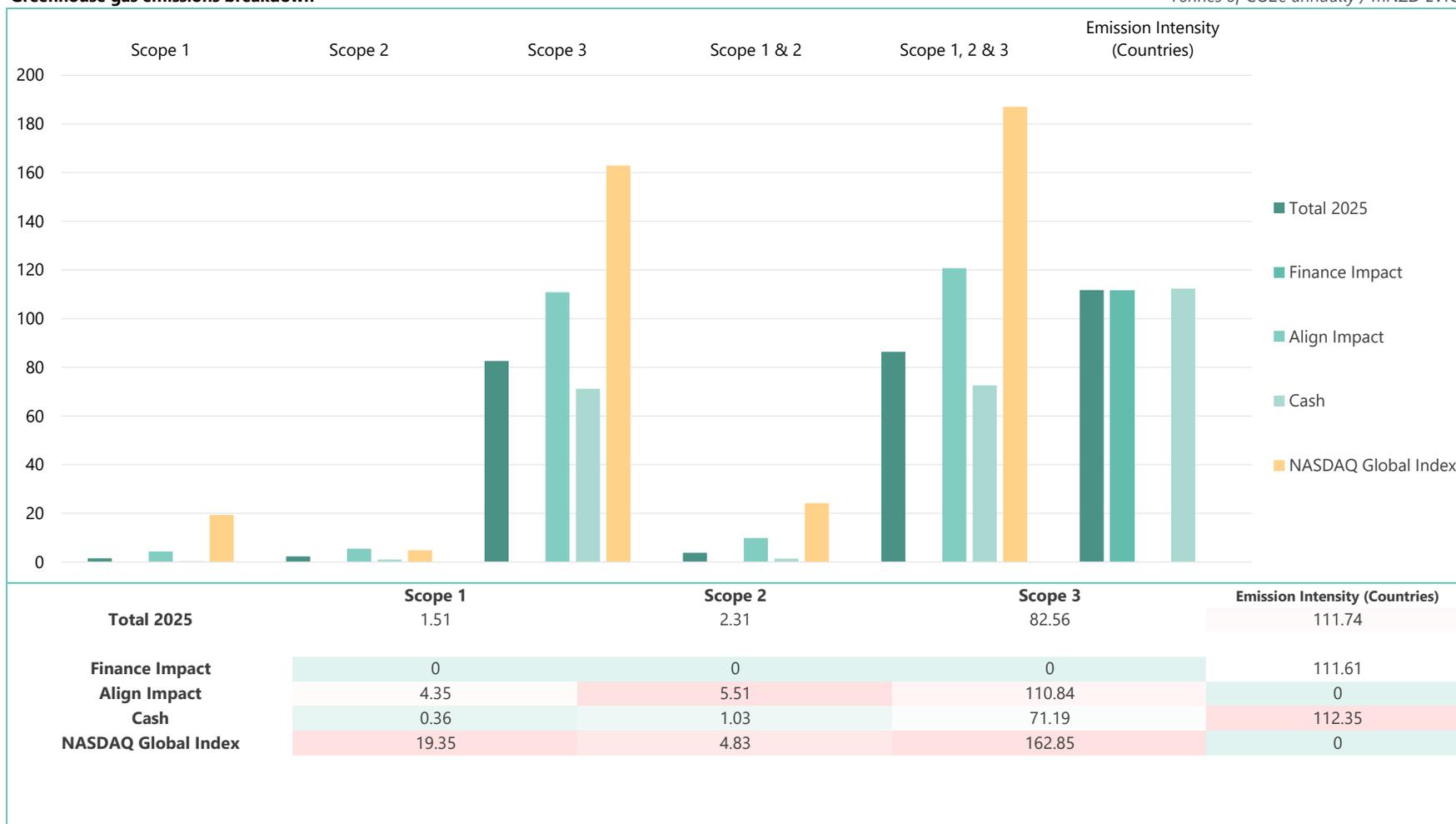
# Carbon Footprint

## Carbon Footprint

### Greenhouse Gas Emissions

#### Greenhouse gas emissions breakdown

Tonnes of CO2e annually / mNZD EVIC



Average Weight Covered of Total Portfolio - 66.85%

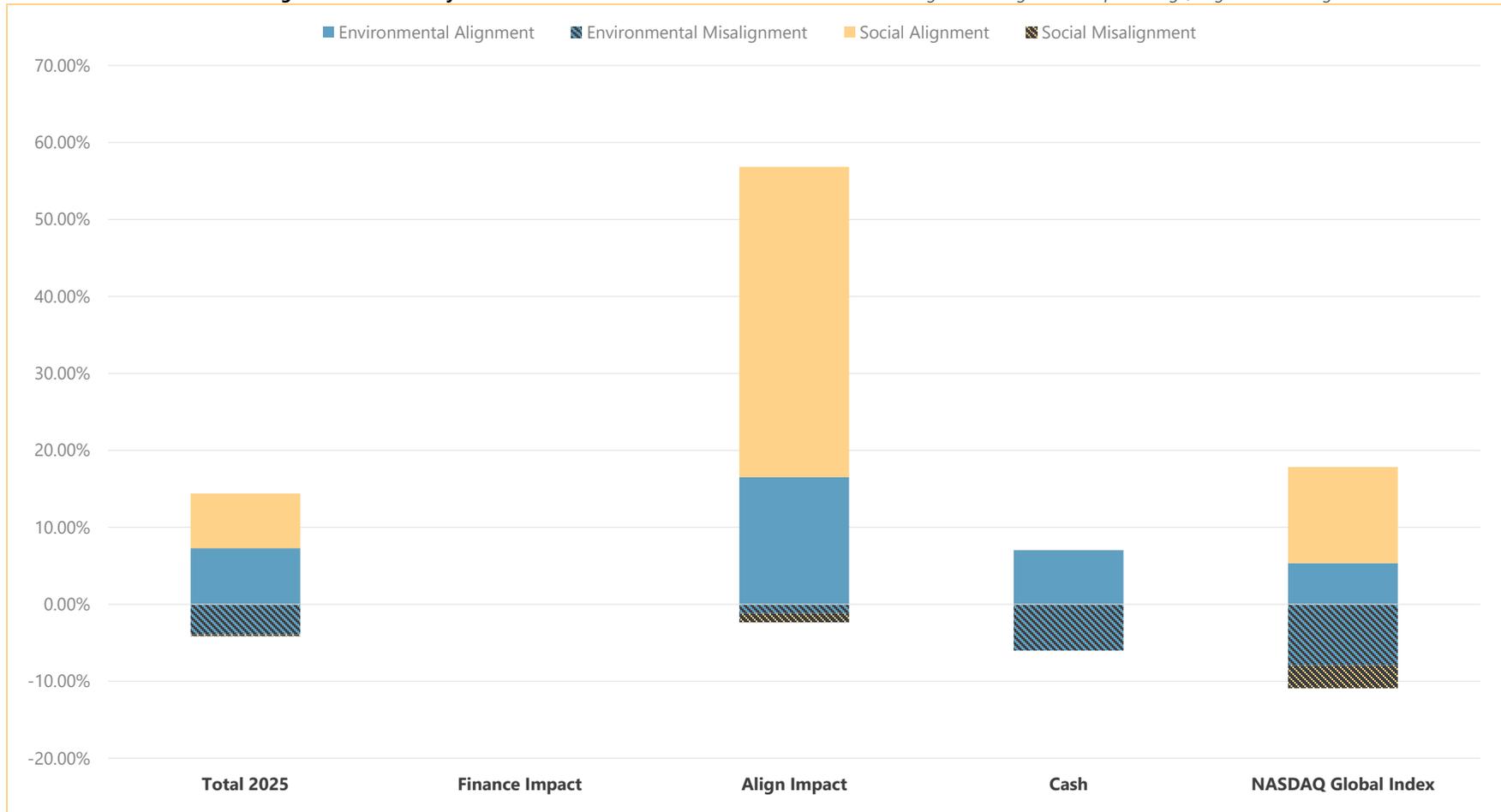
# Sustainability Development Goals

## Sustainability Development Goals

### Environmental and Social SDG Alignment

Environmental and social SDG alignment measured by revenue

Weighted average revenue percentage, aligned or misaligned with Overall SDG



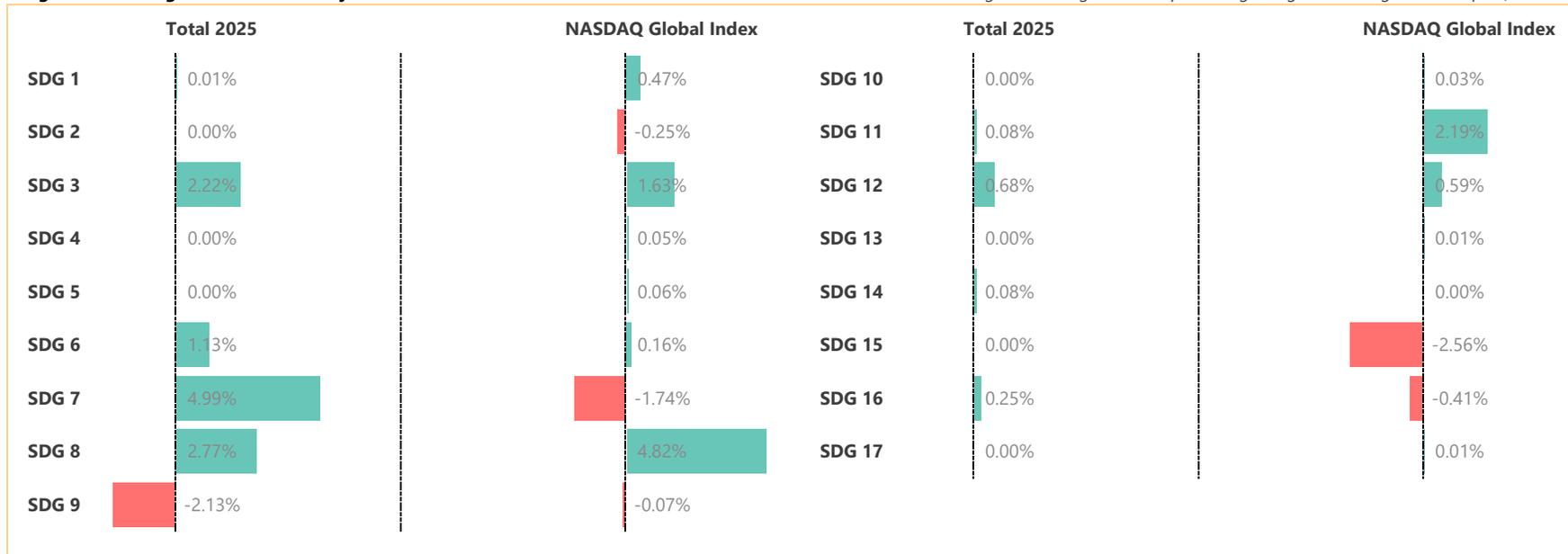
Weight Covered of Total Portfolio - 61.01%

## Sustainability Development Goals

### Single SDG Alignment

Single SDG net alignment measured by revenue

Weighted average revenue percentage, aligned/misaligned with specific SDG



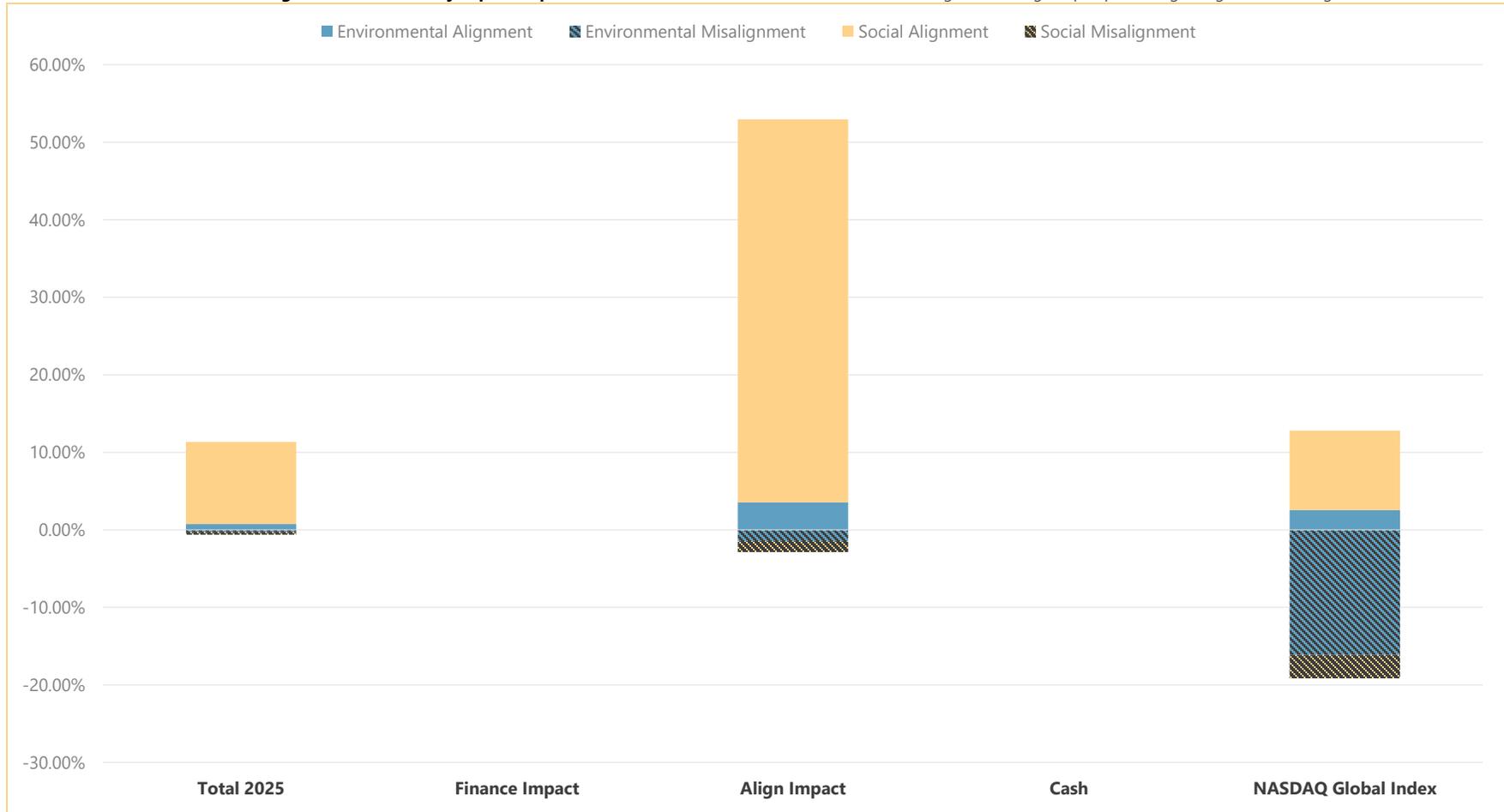
Weight Covered of Total Portfolio - 61.01%

## Sustainability Development Goals

### Environmental and Social SDG Alignment

Environmental and social SDG alignment measured by capital expenditure

Weighted average capex percentage, aligned or misaligned with Overall SDG



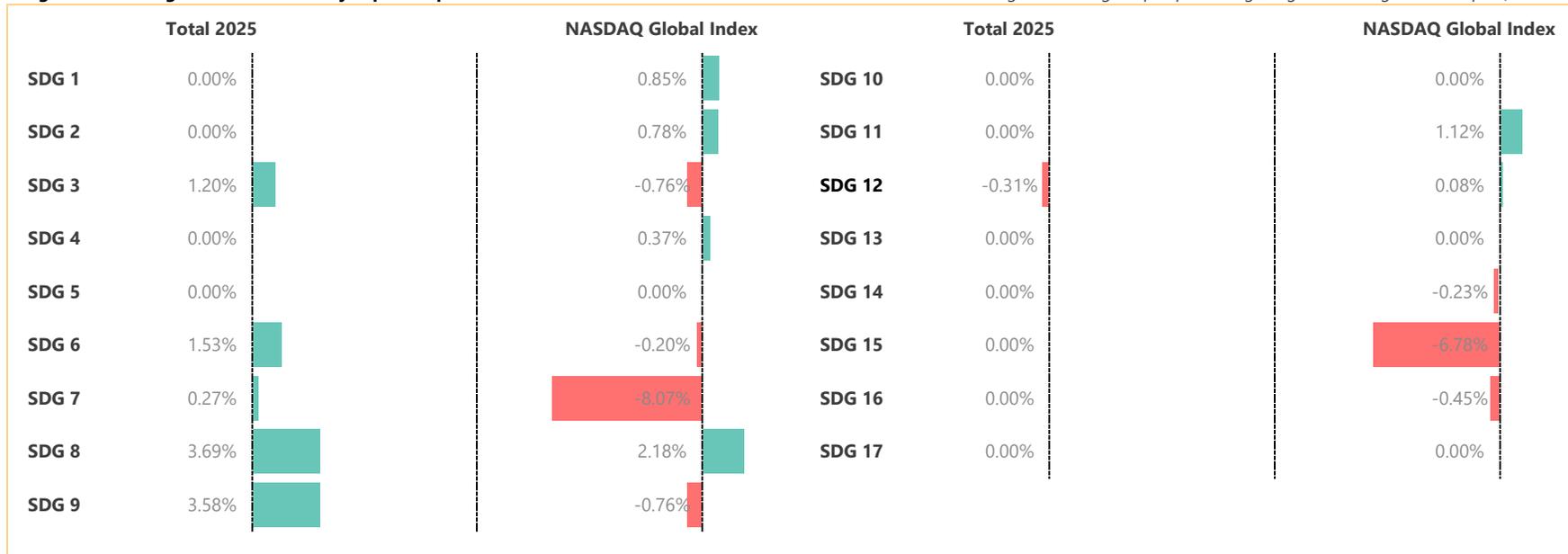
Weight Covered of Total Portfolio - 30.99%

## Sustainability Development Goals

### Single SDG Alignment

Single SDG net alignment measured by capital expenditure

Weighted average capex percentage, aligned/misaligned with specific SDG



Weight Covered of Total Portfolio - 30.99%

# Diversity and Inequality

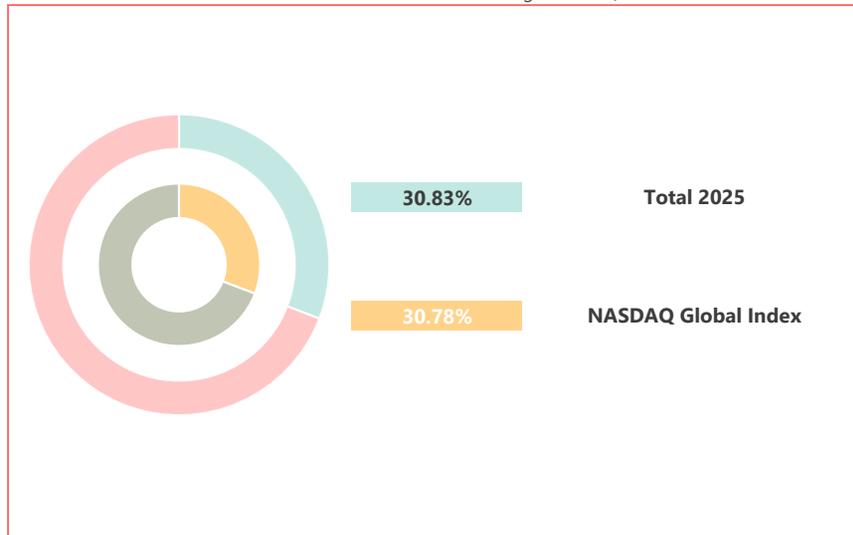
## Diversity and Inequality

### Non-male Board Members

### Non-male Executives

Share of non-male board members

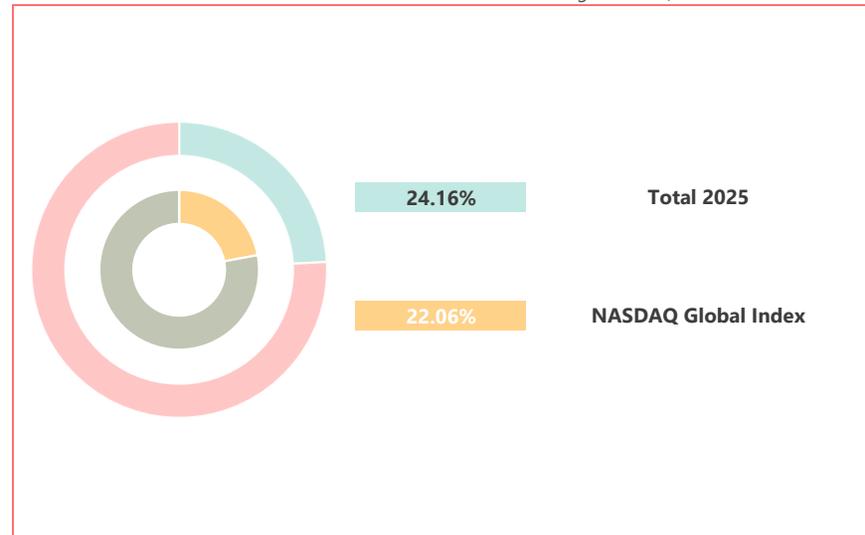
Weighted % of non-male board members



Weight Covered of Total Portfolio - 37.43%

Share of non-male executives

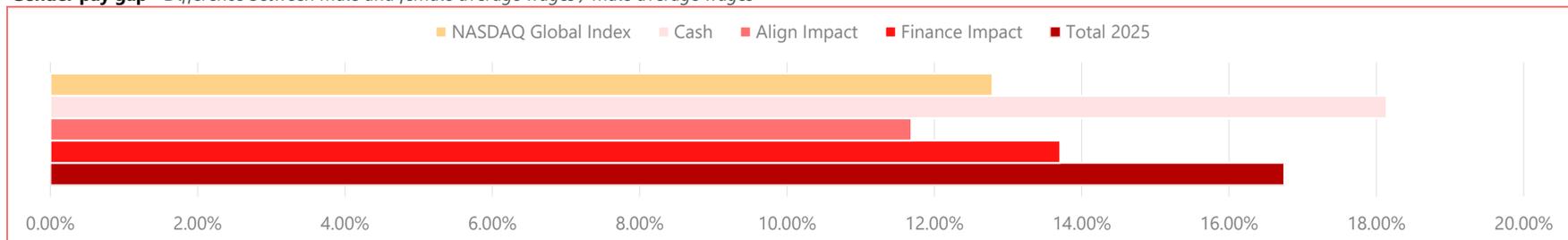
Weighted % of non-male executives



Weight Covered of Total Portfolio - 37.43%

### Gender Pay Gap

Gender pay gap *Difference between male and female average wages / male average wages*



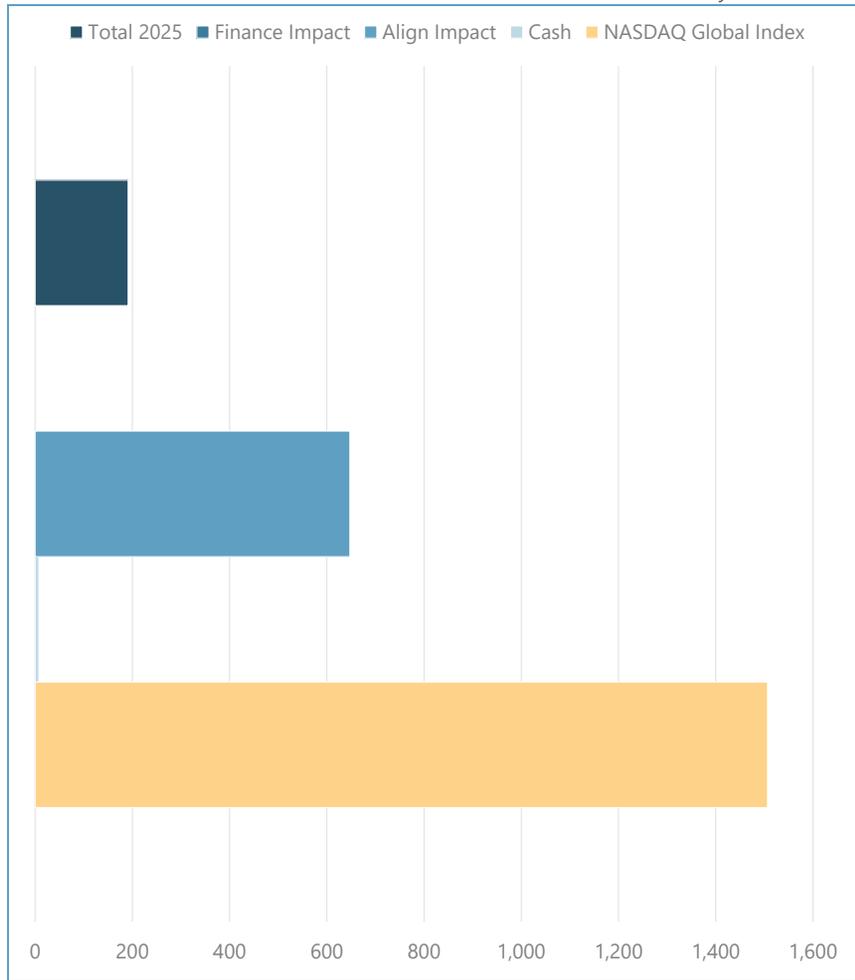
Weight Covered of Total Portfolio - 55.8%

# Biodiversity

## Biodiversity

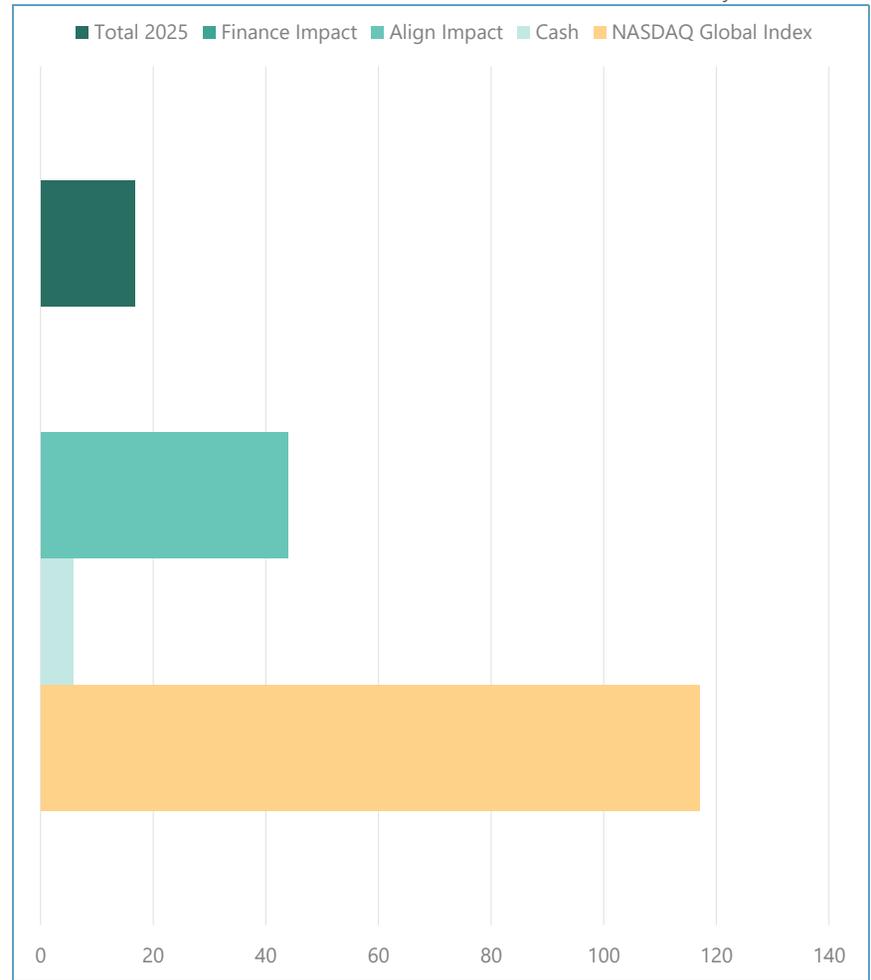
### Water Withdrawal & Waste Generation

**Normalised Water withdrawal** *Cubic meters water withdrawal annually / mNZD EVIC*



Weight Covered of Total Portfolio - 37.43%

**Waste Generation** *Tonnes total waste annually / mNZD EVIC*



Weight Covered of Total Portfolio - 37.43%

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