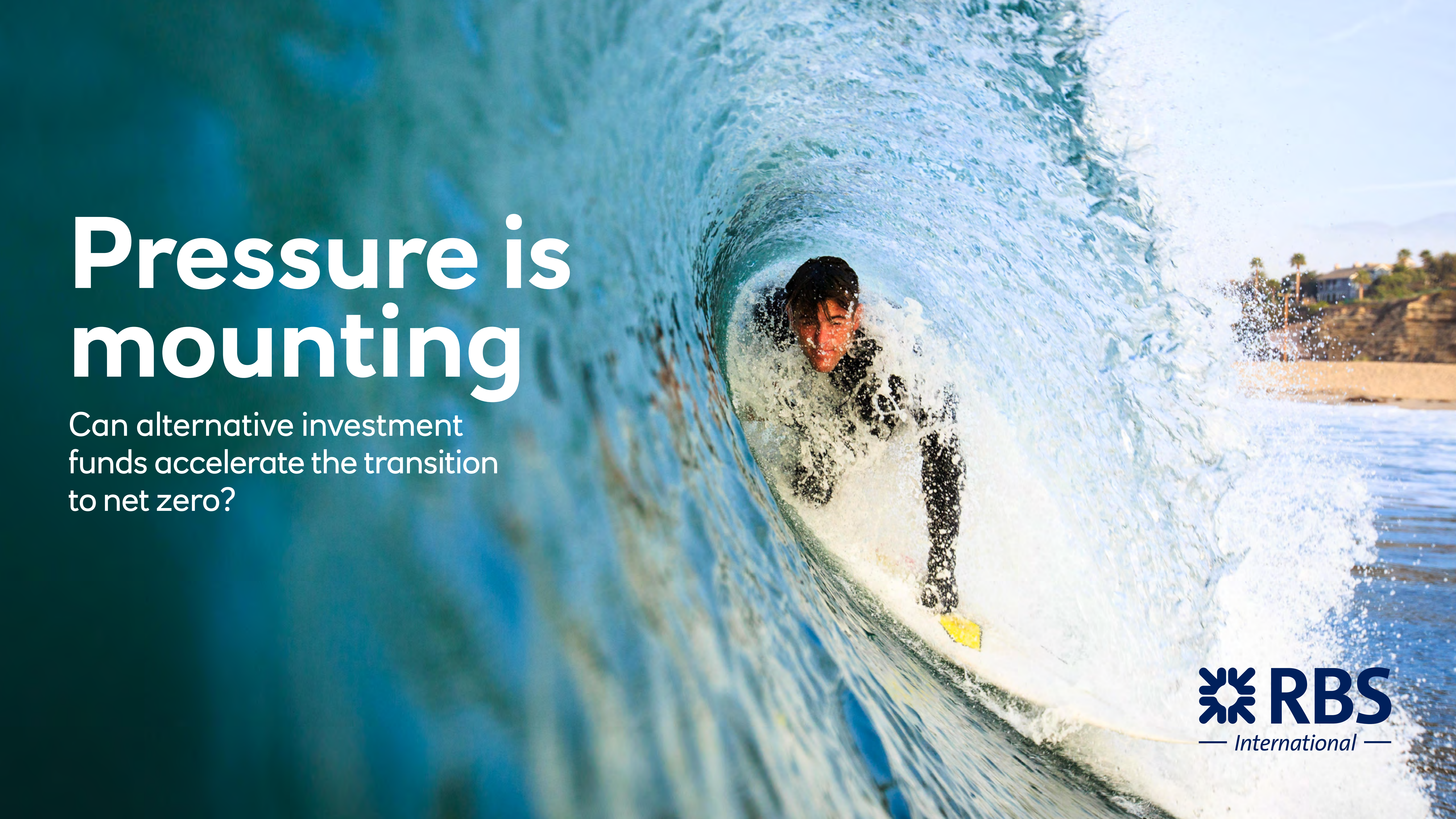


Pressure is mounting

Can alternative investment funds accelerate the transition to net zero?

RBS International

Welcome

The dust may have settled on COP26 – the most recent United Nations climate conference, which promised to secure global net zero by 2050 – but the widespread ramifications are just beginning to penetrate the financial services sector.

If COP21 provided a moment of truth for the global economy then COP26 was a wake-up call. Six years after the international community first committed to cutting carbon emissions in the bid to keep global warming at 1.5 – 2°C above pre-industrial levels, the subsequent Glasgow summit highlighted how much work is yet to be done.

Notably, it underlined the investment gap in climate initiatives and called upon banks and other financial institutions to invest in the transition to net zero.

Annual clean energy investments must more than triple by 2030 to around $4 trillion dollars,[1] and it's now an accepted fact that financial services firms play a critical role in the transition to a green economy through the funding of such initiatives.

The Covid-19 pandemic has further accentuated the interdependence between financial institutions and global communities. The way we live and work is changing and expectations of companies in all markets and sectors are shifting. More recently the global energy crisis, catalysed by the conflict in Ukraine, has compounded pressures across the sector. Financial institutions face macro-economic and geopolitical uncertainty, underscoring the need for an orderly transition to net zero that supports a thriving economy.

Finance as an enabler of net zero

Greater attention is being given to the influence of investment and lending portfolios on climate outcomes. This has a direct impact on the activities of alternative investment funds (AIFs). Once considered a niche corner of the financial sector, funds are becoming more institutional and, as they grow in size and influence, fund managers have a responsibility to contribute positively to decarbonising our economy.

To facilitate greener investments in a meaningful way, financial services firms must first adhere to a shared framework. The lack of a global measuring standard for benchmarking the journey to net zero has hampered progress in the financial sector, however.

Building momentum behind the SBTi

The Science Based Targets Initiative (SBTi) was launched in 2015 to mobilise the private sector to take climate action seriously and set standards that companies could adhere to in their journey towards net zero.

It is a collaboration between the CDP (Carbon Disclosure Project), the United Nations Global Compact (UN Global Compact), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

1 'A roadmap for the global energy sector', IEA, May 2021

As pressure mounts on fund managers globally to scrutinise their investment and lending activities, science-based targets (SBTs) are poised to become the leading framework to provide a pathway for companies to decarbonise their business.

Today, more than 1,000 companies spanning 60 countries and nearly 50 sectors, with a combined market capitalisation of over $20.5 trillion dollars, are working with the SBTi to reduce their emissions,[2] including global household names such as Facebook, Amazon and Ford.

But much of the debate so far has centred on corporates. Funds, despite the vital role they play in enabling and funding critical climate action projects, are behind the curve.

Following COP26, financial institutions with $130 trillion dollars in assets under management committed to reaching a state of net zero before 2050.[3] A science-based approach is therefore needed to standardise financial institutions' net zero target setting.

As pressure mounts on fund managers globally to scrutinise their investment and lending activities, science-based targets (SBTs) are poised to become the leading framework to provide a pathway for companies to decarbonise their business.

In February 2022, the SBTi published its full guidance for financial institutions.[4] It allows banks, investors, insurers, pension funds and others to align their lending and investment activities with the Paris Agreement.

The business case for SBTs

At RBS International, we have made addressing the climate challenge – and supporting our customers through the transition – a core part of our purpose-led strategy. Building a more sustainable and resilient future means reducing our climate impact and supporting our customers, and the wider industry, to do the same.

With that in mind, we surveyed 125 key influencers on decisions relating to investment strategy in AIFs to better understand the extent to which they are already adopting SBTs and the barriers that remain in doing so. We also interviewed six industry experts across a range of sectors to add further insight to our research findings.

We believe that understanding the challenges faced today will ultimately enable those responsible for decarbonising their institutions' portfolios to meet their net zero targets between now and 2050.

Stuart Foster
Managing Director
Financial Institutions
NatWest

Bradley Davidson
ESG Lead
RBS International

2 'SBTi Progress report 2020', SBTi, Jan 2021
3 'COP26 coalition worth $130 trillion vows to put climate at heart of finance', Reuters, Nov 2021
4 'Financial Sector Science-based target guidance', SBTi, Feb 2022

With thanks to our industry experts:

Graeme Ardus
Head of ESG
Triton Partners

Elisabeth Hermann Frederiksen
Head of Sustainability
NREP

Henry Morgan
Sustainable Investment Lead
Foresight Group

Emily Hamilton
Head of ESG
Savills Investment Management

Gustav Magnusson
Project Manager –
Group Sustainability
EQT

Lindsay Smart
Head of Sustainability
Triple Point

Contents

6 Key findings

7 **Chapter 1:**
Pressure is mounting: why adopt SBTs?

12 **Chapter 2:**
Stumbling blocks: what stands in the way of SBTs?

17 **Chapter 3:**
Seeking support: how will funds set and manage SBTs?

21 **Conclusion and recommendations:**
Funds, SBTs and the route to net zero

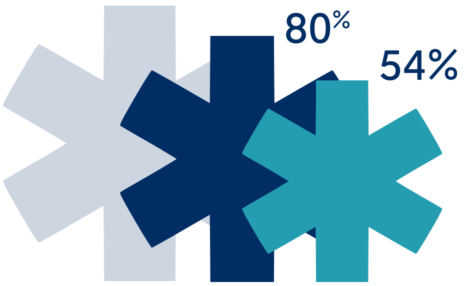
24 How we can help

25 Methodology

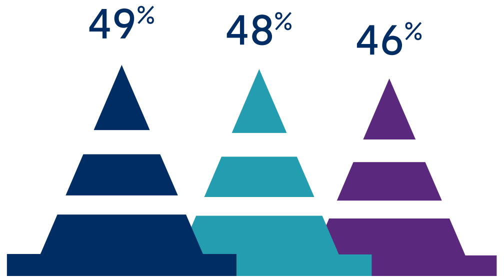
Key findings

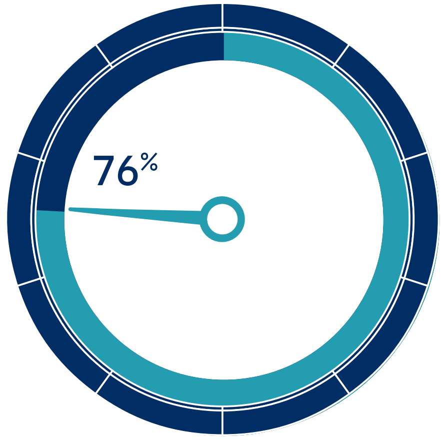
Alternative investment funds feel they are behind the curve on SBTs
Seven in 10 respondents say net zero targets are more focussed on corporates than AIFs.

SBTs are a priority for funds…
Eight out of 10 say SBTs are important to their fund today, while over half consider them very important.

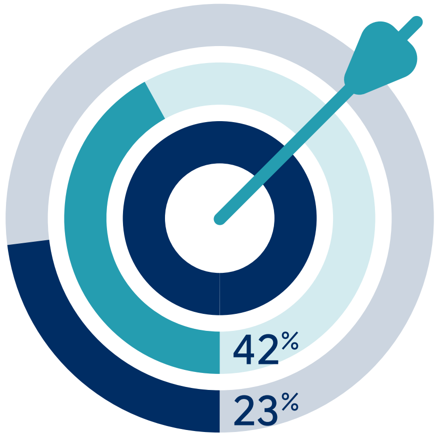


Lack of in-house expertise is a major obstacle
The top three barriers to setting SBTs cited are a lack of in-house skills/expertise (49%), time to implement (48%) and measurement difficulties (46%).

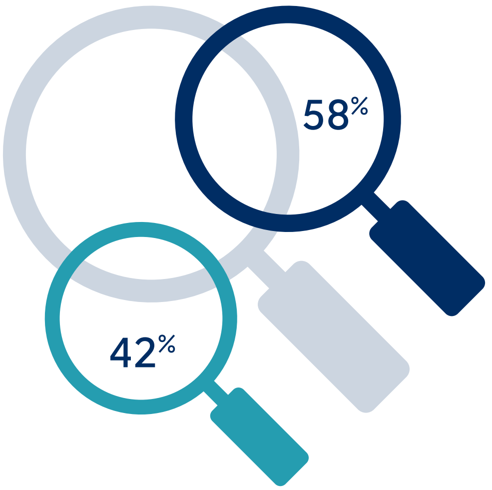




Pressure is ramping up
Regulatory pressure is the primary driver to adopt SBTs, and more than three-quarters (76%) of respondents say that investors are looking for clear evidence that funds are setting SBTs.



…Yet the majority are still in the planning process
While there is widespread recognition of the importance of SBTs, take-up is currently less than half (42%) of those surveyed. The majority are still in the planning process, while 23% of these respondents do not yet have a timescale.



Everyone is looking for specialist support
All respondents surveyed would value some kind of third-party support in setting SBTs. 42% plan to implement SBTs via their internal ESG team with 58% seeking external expertise.

CHAPTER 1:

Pressure is mounting: why adopt SBTs?

> "The greater level of scrutiny on sustainability and ESG in the investment and fund management space is largely led by the institutional investors. They are in turn led by their own stakeholders."
>
> **Henry Morgan, Sustainable Investment Lead at Foresight Group**

While almost three-quarters (74%) of our survey respondents agree that the financial sector must set clear targets for achieving net zero in the context of combating climate change, 70% acknowledge that climate change targets are more focussed on corporates than AIFs.

Until recently, the financial sector lacked a single, global measuring standard, but the SBTi is fast becoming recognised across the market as a reliable, science-backed framework that provides a pathway for companies to decarbonise their business.

As such, pressure to adopt SBTs is intensifying, particularly from regulators and investors, who are increasingly looking for clear evidence that fund managers are adhering to recognisable standards.

24% of respondents say that investor pressure is the most significant driver of SBT adoption.

Regulatory pressure is the primary driver for adopting SBTs (35%), with respondents operating in the renewables, real estate, infrastructure and private debt sectors citing this as the top motivation.

Investors are also increasingly looking for clear evidence that fund managers are pursuing SBTs – 24% of respondents say that investor pressure is the most significant driver of SBT adoption. Private equity firms are the most motivated by investor concerns, citing this as a more significant pressure than regulation.

FIGURE 1
REGULATORY AND INVESTOR PRESSURE DRIVE SBT ADOPTION

What is the most significant driver of SBT adoption for your firm?

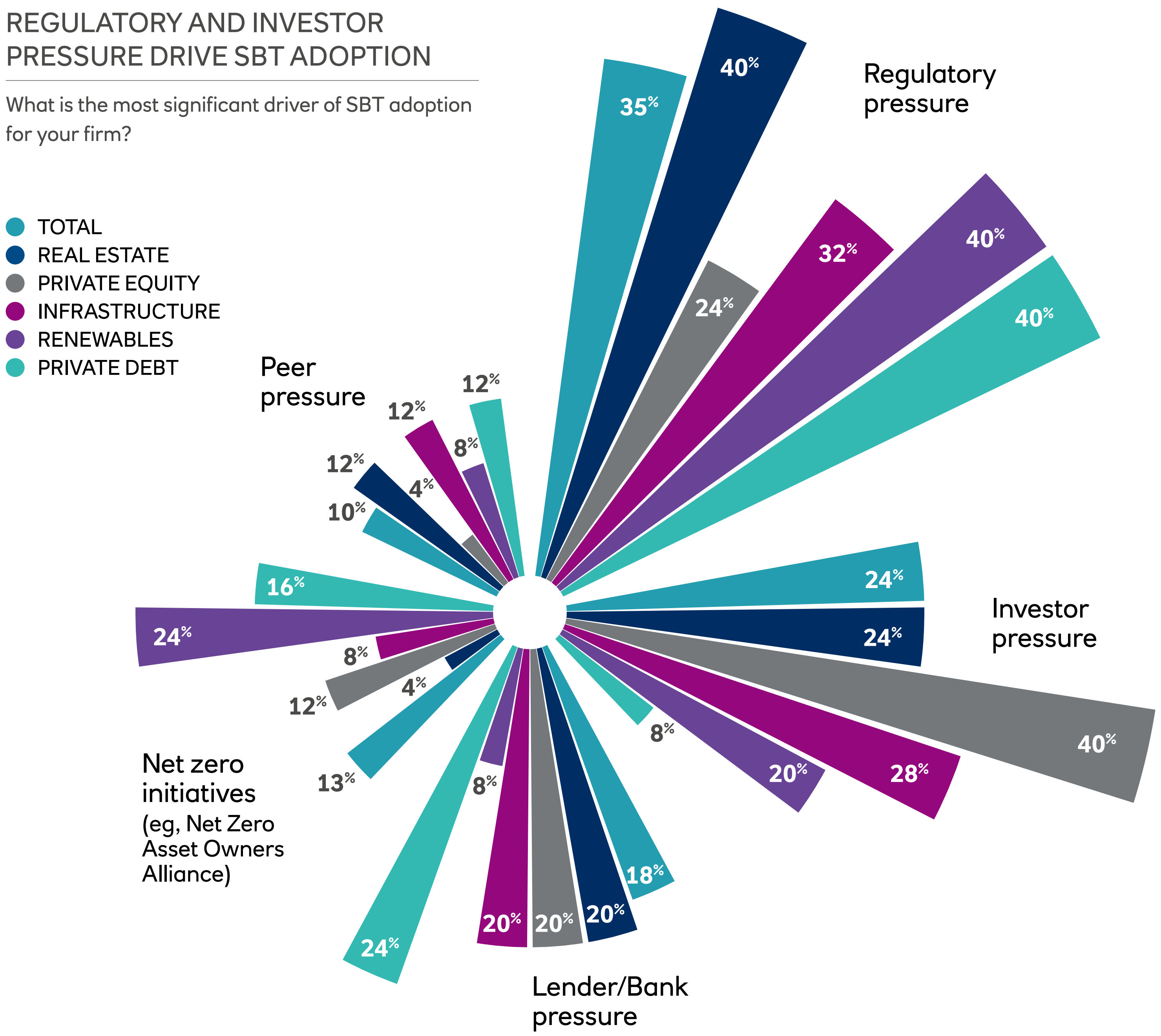
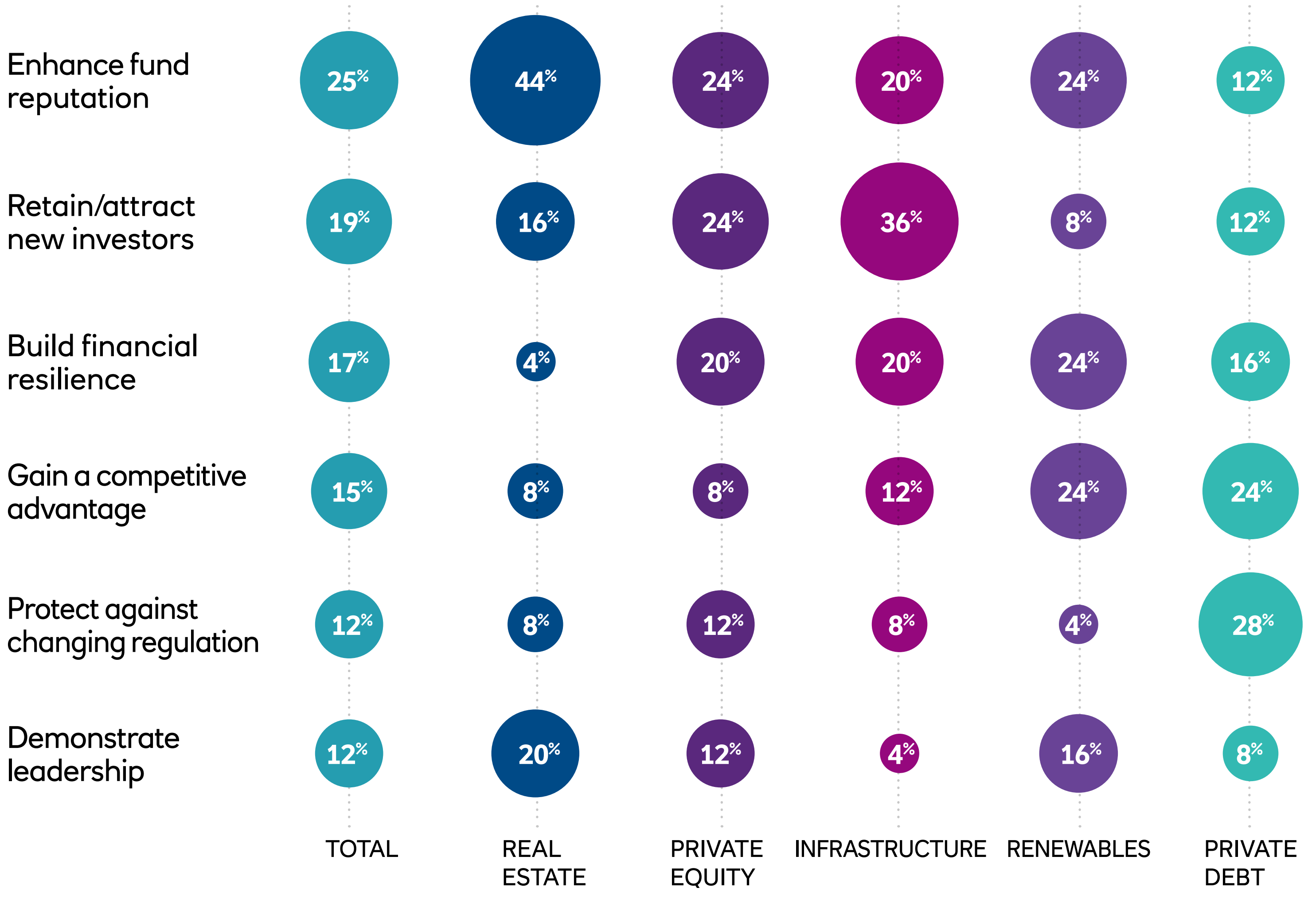


FIGURE 2
REPUTATION AND RESILIENCE ARE TOP OF MIND FOR FUNDS

What are the three main benefits of implementing SBTs for your firm?



> "A pensioner invested into a pension fund can turn up to an AGM and directly enquire as to why their portfolio is so carbon-intensive, or why certain activities aren't excluded."
>
> **Henry Morgan, Sustainable Investment Lead at Foresight Group**

Henry Morgan, Sustainable Investment Lead for the infrastructure team at Foresight Group, an infrastructure and private equity investment manager, says the current focus on ESG issues in the industry is a reflection of wider societal pressure: "The greater level of scrutiny on sustainability and ESG in the investment and fund management space is largely led by the institutional investors. They are in turn led by their own stakeholders. A pensioner invested into a pension fund can turn up to an AGM and directly enquire as to why their portfolio is so carbon-intensive, or why certain activities aren't excluded. The more this happens, the greater the pressure on institutions."

Lindsay Smart, Head of Sustainability at Triple Point, an investment trust, says: "Clearer regulatory action is needed. The industry drive towards the TCFD has been helpful, but the direct pressure from investors in our investment trusts is the most explicit pressure we face and creates immediate rationale for action … that's where we have the most institutional investors who are the most attuned and vocal on these topics."

Across all sectors, our survey reveals that the top three benefits to implementing SBTs are enhancing fund reputation – with private equity and real estate citing reputational gains as particularly important – followed by retaining and attracting investors and building financial resilience.

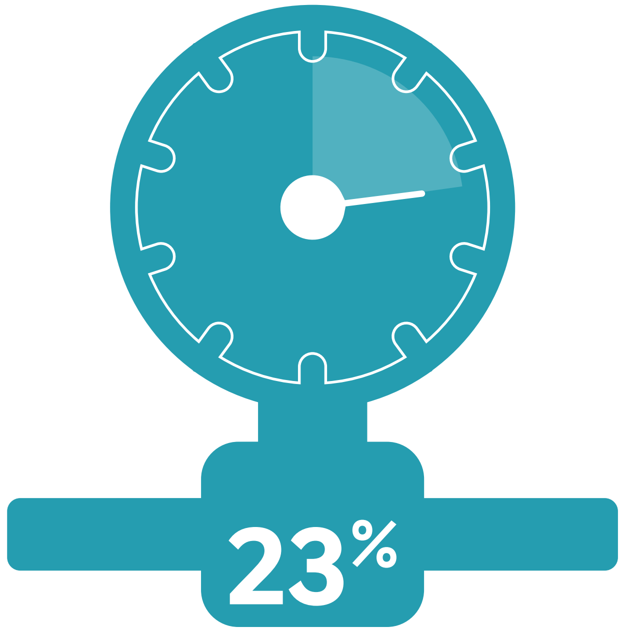
In October last year, EQT became the first private equity firm globally to have their SBTs validated. Gustav Magnusson, Project Manager – Group Sustainability at EQT, says that the move is already reaping rewards. “It is something we are really proud of,” he says. “It has been a very clear milestone and shows that we can make an impact in practice – really closing the gap between intention and action. It has definitely strengthened our voice within the overall financial institutions industry when it comes to driving the net zero agenda. We’re very confident that this commitment will improve our fund performance in the long term as well.”

Real estate respondents, meanwhile, are more likely to say that SBTs present an opportunity to demonstrate leadership. According to Emily Hamilton, Head of ESG at Savills Investment Management: “Real estate has finally realised how exposed it is to climate change. I think the key benefit of SBTs is that they demand transparency and that’s the approach that we’re wanting to take at Savills Investment Management. Everyone’s at different stages of the journey but you need to be absolutely transparent with what you are doing, what you’re doing well and what you’re not doing so well.”

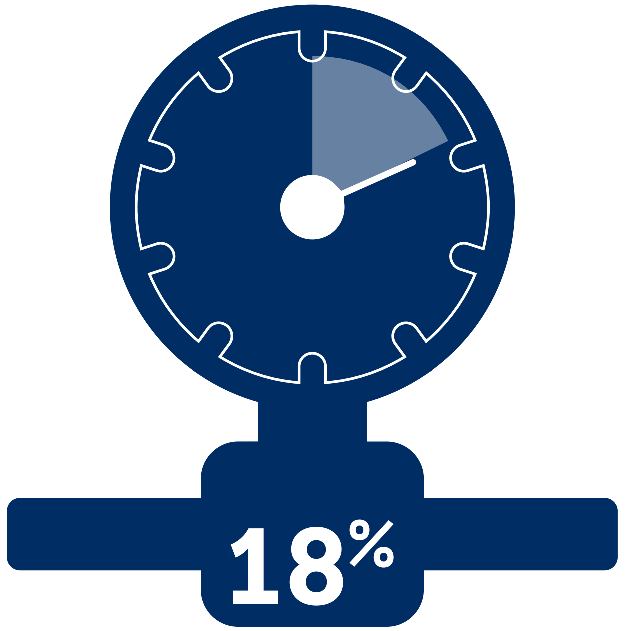
On becoming the first private equity firm to have validated SBTs:

“It has been a very clear milestone and shows that we can make an impact in practice – really closing the gap between intention and action. It has definitely strengthened our voice within the overall financial institutions industry when it comes to driving the net zero agenda.”

Gustav Magnusson, Project Manager – Group Sustainability at EQT



of respondents say peer pressure is a rising force to be reckoned with



say bank/lender pressure is another important factor for all sectors

The risks of inaction

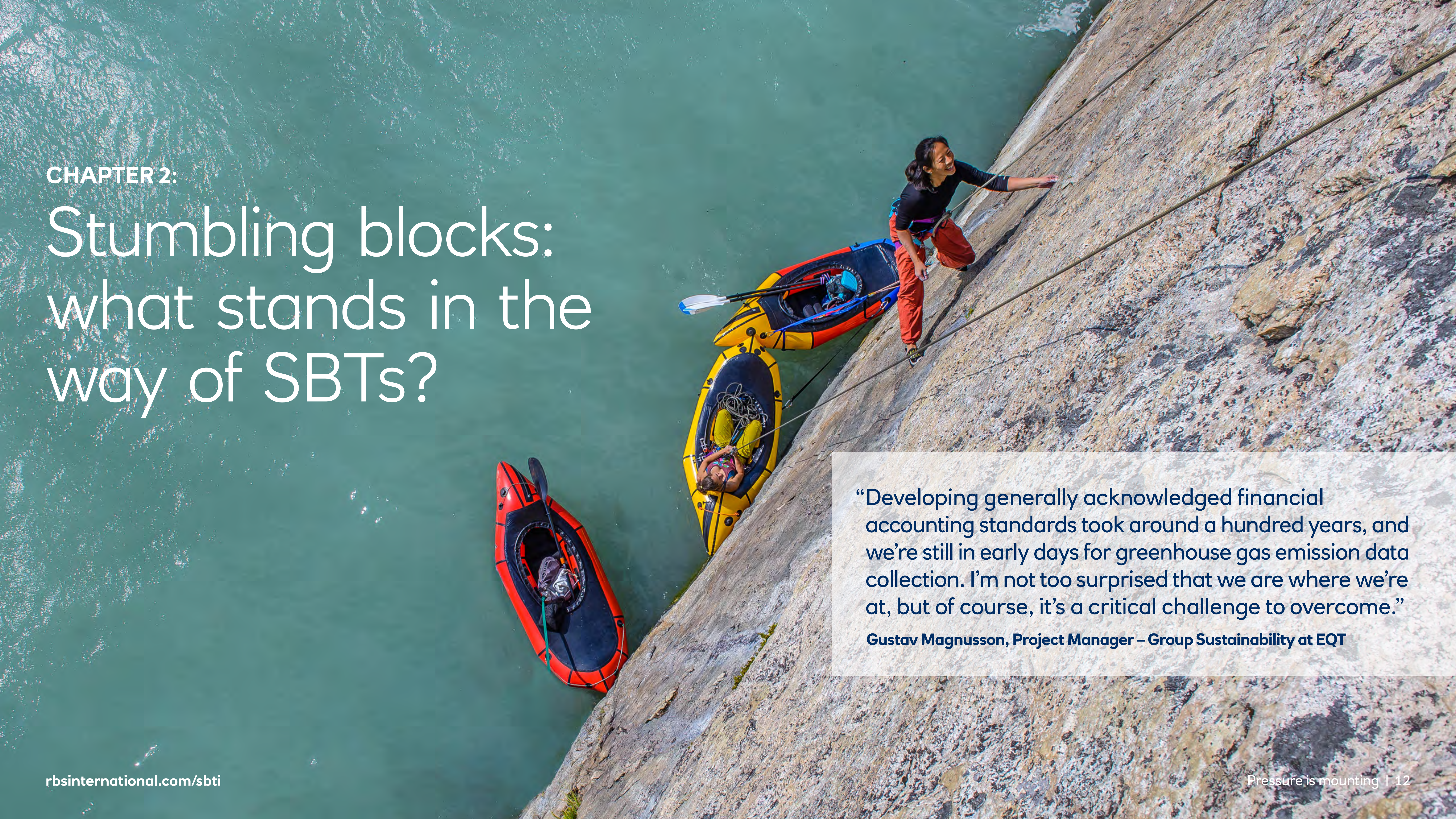
Although setting SBTs remains voluntary and regulation is scarce, peer pressure and net zero initiatives are becoming a force to be reckoned with. Almost a quarter (23%) of respondents say this was playing into their decision to adopt SBTs.

Bank/lender pressure (18%) is another important factor for all sectors as many institutions have made public commitments to exit customers who fail to decarbonise or set robust net zero targets. This factor will likely become more urgent in the future, with the inability to set measures potentially limiting access to financing at the right cost.

An indecision to implement measures to combat climate change therefore holds the potential for funds to experience both reputational risk and competitive disadvantage.

Despite the current demands in the market, SBT take-up remains relatively low and target setting is somewhat stymied.

An indecision to implement measures to combat climate change therefore holds the potential for funds to experience both reputational risk and competitive disadvantage.



CHAPTER 2:

Stumbling blocks: what stands in the way of SBTs?

"Developing generally acknowledged financial accounting standards took around a hundred years, and we're still in early days for greenhouse gas emission data collection. I'm not too surprised that we are where we're at, but of course, it's a critical challenge to overcome."

Gustav Magnusson, Project Manager – Group Sustainability at EQT

While there is widespread recognition of the importance of SBTs – 82% say SBTs are important to their fund today – take up is currently less than half of those surveyed (42%). The majority (58%) are still in the planning process and 23% do not yet have a timescale.

The Paris Agreement states that global warming must sit below two degrees with an ambition to limit to 1.5 degrees by 2030. Furthermore, many funds have already set their own interim net zero targets before the required 2050 deadline; the Net Zero Asset Managers initiative is the largest collective of net zero targets and requires the industry to achieve its targets before 2050.

Given that verifying and implementing SBTs can take a considerable amount of time – from signing a commitment letter to submitting targets can take-up to two years – funds face a fundamental mismatch between their current progress and their SBT-setting ambitions.

Yet, despite the clear urgency in the market, our research highlights the extent to which AIFs are unprepared for the implementation of SBTs and the fragile timescales they say they are working towards. Verifying and implementing SBT targets is a lengthy process, which adds to the time pressure felt among funds and the need to act.

Verifying and implementing SBT targets is a lengthy process, which adds to the time pressure felt among funds and the need to act.

FIGURE 3
FUNDS STUCK IN THE PLANNING PROCESS

Have you implemented or are you planning to implement SBTs?

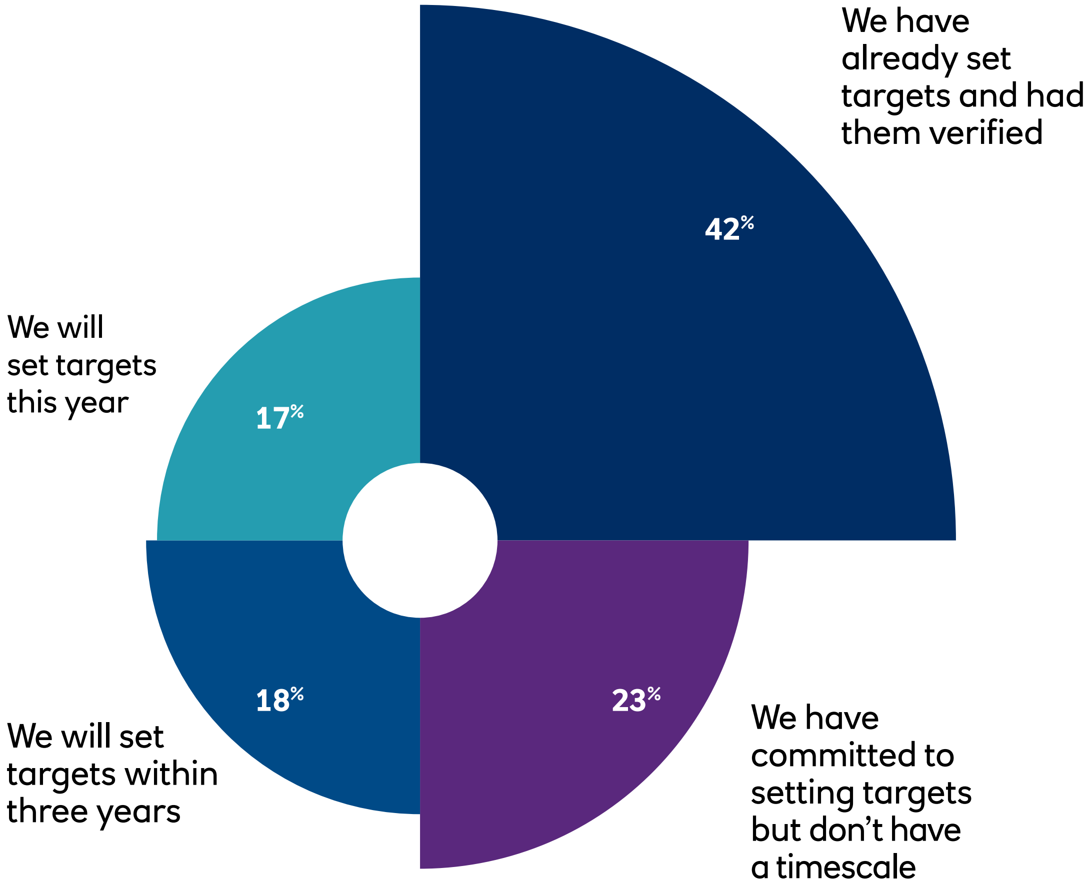
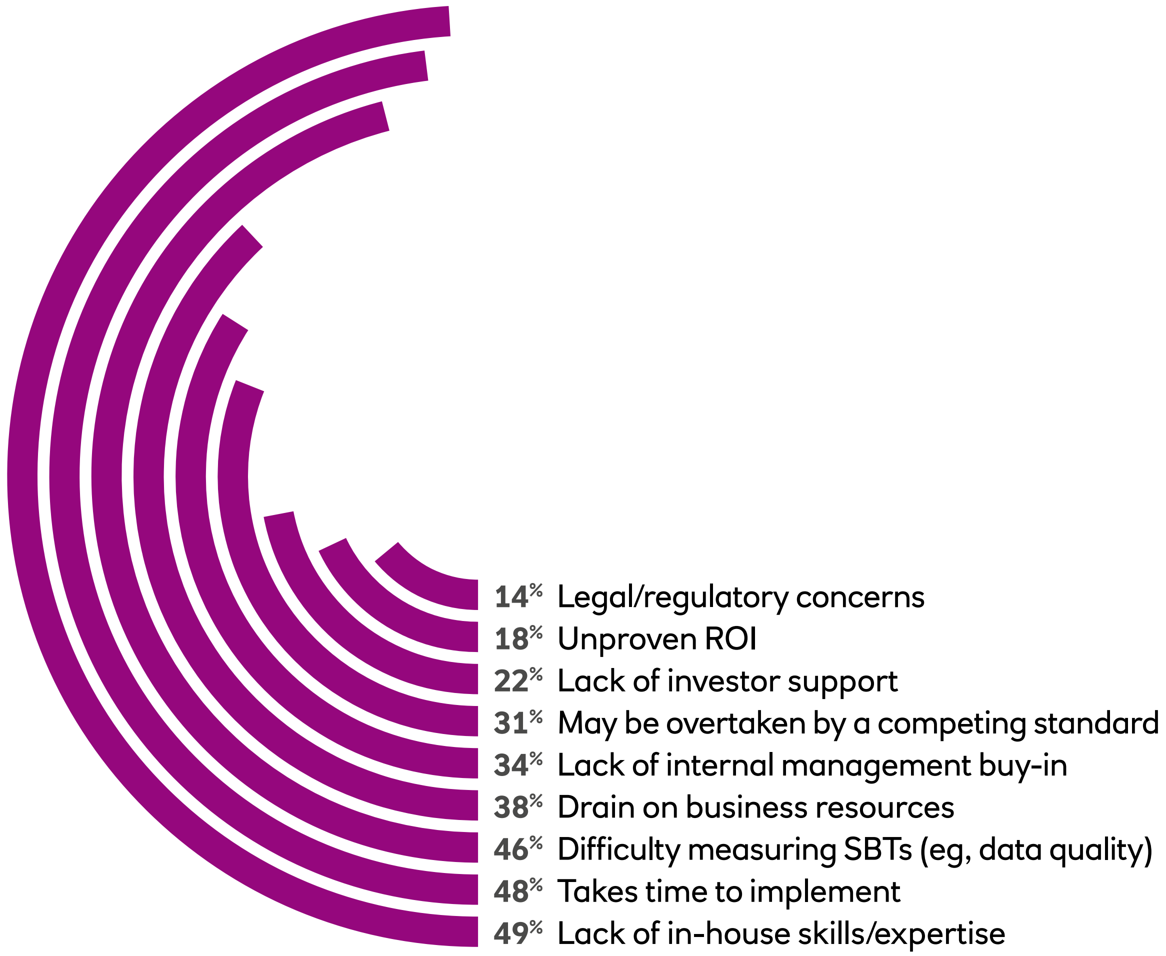


FIGURE 4
LACK OF KNOWLEDGE A KEY OBSTACLE TO SBT SETTING

What do you see as the three main barriers to setting SBTs for your firm?



Our survey reveals that a lack of in-house skills or expertise is a key obstacle for funds — almost half (49%) rank this within their top three barriers to setting SBTs within their firm. The time taken to implement and measurement difficulties are also key concerns, yet funds cannot afford to be paralysed by inaction.

Funds move at different speeds

More than half of our survey respondents (53%) say they plan to apply SBTs to current funds, not just future funds (73%), suggesting that there is appetite to use their existing portfolios to prove the efficacy of SBTs.

But funds must balance their own net zero ambitions at a company level with those of the assets or entities they invest in. Increasingly, investors want evidence of exposure to companies that are driving the transition to net zero but decarbonising entire portfolios is a particularly complex barrier.

Increasingly, investors want evidence of exposure to companies that are driving the transition to net zero but decarbonising entire portfolios is a particularly complex barrier.

"Certainly, at this point in time, we can't get our investments to net zero," says Smart at Triple Point. "You'd have to disinvest, and we can't do that … we are not buying listed shares, we are buying physical assets. It can also be argued it is disingenuous to consider divestment as a route to net zero: you sell, someone else buys. More good can be done by working to change the practices of the assets we own over the long term."

Triple Point has plans to adopt SBTi as its standard setting framework but must seek support from multiple boards in order to implement it, which slows down the process, particularly as many board members are not familiar with the standard.

For private equity, the sector that reports feeling the greatest pressure from investors to adopt SBTs, there are clear benefits to applying a science-based approach across portfolios as soon as possible.

Graeme Ardus, Head of ESG at Triton Partners, a private equity firm, says they have committed to SBTs and are in the process of having targets validated with a view to achieving carbon neutrality by 2040 at a company level. Across their portfolio, SBTs will help to engage their current and future investments: "We have different businesses with different emissions profiles that are currently in the portfolio and, looking forward, if we imagine businesses we might invest in in the future, we will want to know where they are and one way which will help is if they have themselves committed to science-based targets."

At Foresight Group, whose private equity team has a focus on SMEs, highlighting the importance of SBTs often requires an educational approach to be taken. Morgan says: "The Private Equity team maintain very close relationships with the portfolio companies. As they can sometimes be companies of one or two people with a comparatively low corporate carbon footprint, carbon measurement might not feature high on their list of priorities. The team need to be active in both drawing it to their attention and including it as a consideration within their plans for transformation and growth."

"We have different businesses with different emissions profiles that are currently in the portfolio and, looking forward, if we imagine businesses we might invest in in the future, we will want to know where they are and one way which will help is if they have themselves committed to science-based targets."

Graeme Ardus, Head of ESG at Triton Partners

> "We have several hundreds of assets in our funds and each of these assets needs to be set up to give the right data and documentation. And sometimes the data doesn't belong to us but belongs to our tenants so then we need to work through tenants to get access to data."
>
> **Elisabeth Hermann Frederiksen, Head of Sustainability at NREP**

Data a concern

According to Magnusson, measuring data was a key challenge when EQT set about implementing their SBT targets. "This is an industry-wide issue, rather than an issue specific to the setting of SBTs," he says. "The process of fully understanding and tracking carbon emissions data is still in its infancy – and everyone is increasingly building a better understanding of it. Developing generally acknowledged financial accounting standards took around a hundred years, and we're still in early days for greenhouse gas emission data collection. I'm not too surprised that we are where we're at, but of course, it's a critical challenge to overcome."

Within the real estate sector, access to property data is a pressing concern. "For real estate, we've got a real issue because we don't have a lot of occupier data … and the biggest issue is there's nothing mandating occupiers to share this data. There's no legislation," says Hamilton.

Elisabeth Hermann Frederiksen, Head of Sustainability at real estate fund NREP, echoes this sentiment: "We have several hundreds of assets in our funds and each of these assets needs to be set up to give the right data and documentation. And sometimes the data doesn't belong to us but belongs to our tenants so then we need to work through tenants to get access to data."

Overall, respondents agreed that a lack of in-house skills and experience is a major barrier to setting SBTs. Investing in the right resource, whether internal or external, will be crucial to their successful adoption and implementation.

CHAPTER 3:

Seeking support: how will funds set and manage SBTs?

> "It's a hard-fought battle to find suitably qualified resource at the moment. Three years ago, there were very few people employed with a sole focus on sustainability and ESG, whereas now demand in the space is at an all-time high."
>
> **Henry Morgan, Sustainable Investment Lead at Foresight Group**

While many AIFs see clear benefits from implementing SBTs, our survey highlights how they lack the technical know-how to implement these in practice.

The need for support is universal

Our survey shows that all respondents would value some kind of third-party support, with the majority looking outside of their organisation for specialist assistance. For some this will mean looking for third-party specialists whereas others will be able to leverage relationships with existing partners such as banks or advisory firms.

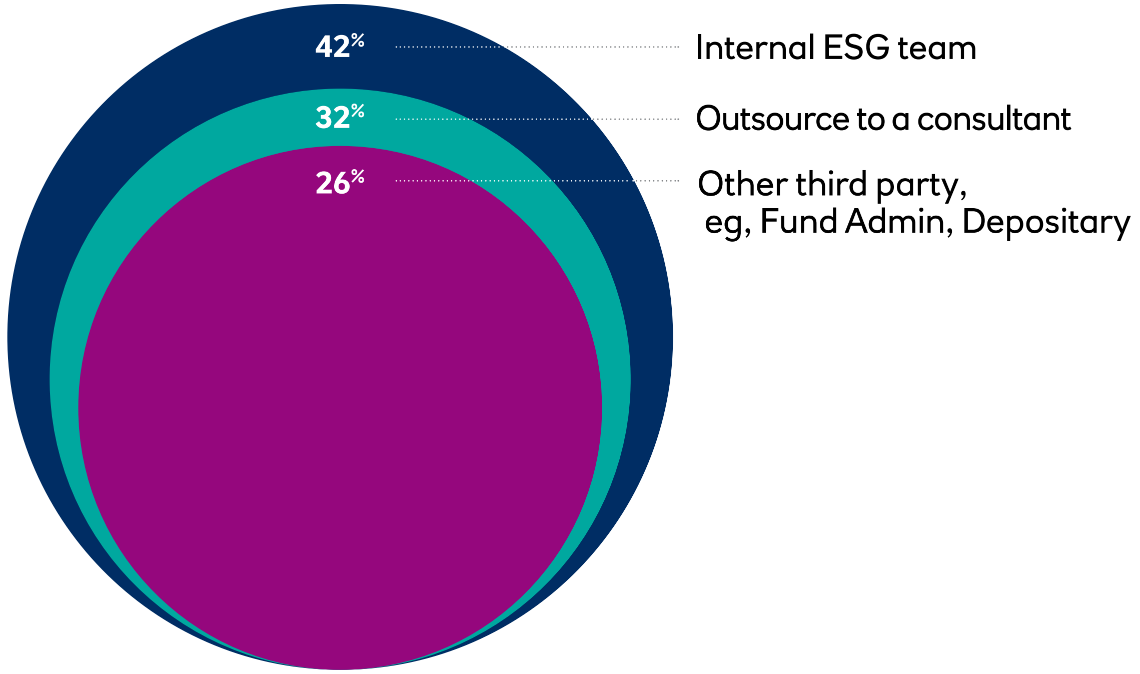
Hermann Frederiksen says NREP plans to bring in a major advisory firm to help ensure full alignment with both SBTs and NREP's net zero journey: "We are investing in transparency and documentation and are planning to use an advisory firm for this particular exercise – to fast-track implementation by leveraging relevant expertise we currently don't have in-house."

In contrast, Ardus at Triton Partners says they have worked with external advisors but also have in-house capabilities to manage the process. He acknowledges, however, that success ultimately rests on leadership buy-in: "The managing partners of the firm are positively engaged in this agenda. They understand how it can add value and differentiate the businesses we have invested in," he says.

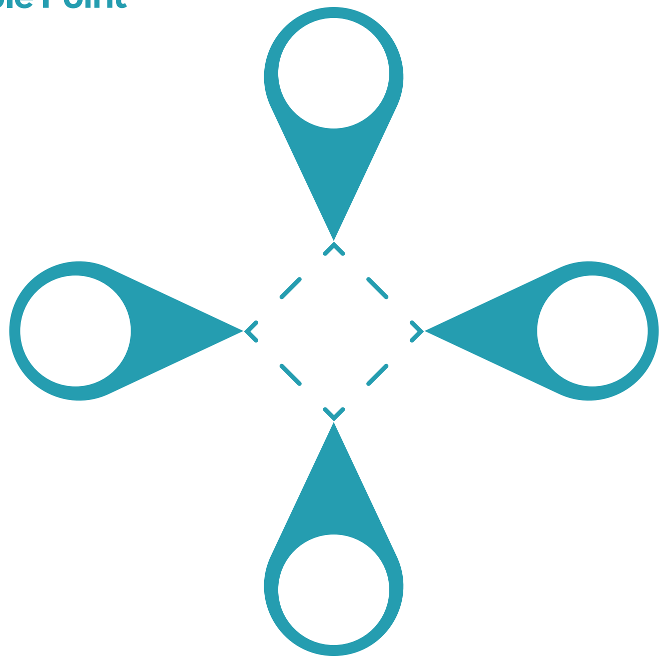
> "The managing partners of the firm are positively engaged in this agenda. They understand how it can add value and differentiate the businesses we have invested in."
>
> **Graeme Ardus, Head of ESG at Triton Partners**

FIGURE 5
FUNDS ARE SPLIT BETWEEN INTERNAL AND EXTERNAL SUPPORT

How will you implement your SBTs?



> "For us, it felt like science-based targets were the only option where we would be held accountable and where you are also given a structure to work against. This combination of guidance and structure creates a greater level of credibility because you've committed formally to something which in turn will be reviewed and ratified."
>
> **Lindsay Smart, Head of Sustainability at Triple Point**



Funds already face well-documented challenges in hiring ESG specialists to assist with their broader sustainability goals so time is of the essence when it comes to finding the necessary talent.

Morgan at Foresight Group says: "It's a hard-fought battle to find suitably qualified resource at the moment. Three years ago, there were very few people employed with a sole focus on sustainability and ESG, whereas now demand in the space is at an all-time high."

Some sectors are working hard to address this gap. "Real estate has historically been under-resourced when it comes to ESG and we're only really starting to get that resource now," says Hamilton at Savills Investment Management.

The case for SBTs

Our survey suggests a continuing importance of SBTs over the long term, with eight out of 10 respondents saying SBTs are important to their fund today and around half considering them very important.

Smart says: "For us, it felt like science-based targets were the only option where we would be held accountable and where you are also given a structure to work against. This combination of guidance and structure creates a greater level of credibility because you've committed formally to something which in turn will be reviewed and ratified."

Mandating SBTs could go some way to seeing widespread adoption while boosting their credibility.

“Sustainability and ESG regulation is developing at a rapid rate, with governing bodies and policy makers starting to incorporate sustainability and ESG regulation quickly across various jurisdictions … If you really want to force the issue of SBTs, engage policy makers on using that as the de facto framework for achieving net zero,” Morgan at Foresight Group adds.

Once funds have set, and ultimately validated, their SBT targets, the work doesn’t end. “Validation was only the starting point for us” says Magnusson.

“We need to keep up momentum and have dedicated a lot of resources internally to make sure we are in a good position to deliver on our targets. Training and communication is our number one priority, both internally and among our portfolio companies. How can we, as EQT, lead by example and provide our investments the support needed in terms of best practices, tools and third-party experts? What is the optimal net zero approach for each individual portfolio company? These questions are key if we are to deliver on our SBTs successfully.”

“Training and communication is our number one priority, both internally and among our portfolio companies. How can we, as EQT, lead by example and provide our investments the support needed in terms of best practices, tools and third-party experts? What is the optimal net zero approach for each individual portfolio company? These questions are key if we are to deliver on our SBTs successfully.”

Gustav Magnusson, Project Manager – Group Sustainability at EQT

CONCLUSION AND RECOMMENDATIONS:

Funds, SBTs and the route to net zero

"Collaboration sits at the centre of our purpose-led strategy and open dialogue with our customers allows us to better support the journey to net zero. I'm encouraged by the increasing depth of our discussions as focus shifts from risk management to the opportunities presented by a net zero economy."

Bradley Davidson, ESG Lead at RBS International

Investment and lending activities must be urgently reviewed to avoid the worst effects of climate change and fund a net zero future. This is clear. Our research has highlighted the appetite for adopting SBTs across all sectors surveyed but it also lays bare the barriers AIFs must first navigate.

In a market where multiple benchmarking platforms are beginning to emerge, financial institutions could face confusion over which framework to adopt as part of their ESG goals.

The **Carbon Trust** helps companies to measure carbon emissions and there are several competing platforms. There are also well-established sector-specific frameworks. **GRESB** provides a framework for the real estate and infrastructure sectors to measure the ESG performance of individual assets and portfolios based on self-reported data, whereas the **Initiative Climate International (ICI)** was established by a group of French private equity firms to understand and reduce carbon emissions of private equity-backed companies.

> It's important to understand that SBTs are not another reporting framework, rather a method to use in meeting ESG goals – voluntary or otherwise – by providing up-to-date climate science and a framework within which to track progress.

It's important to understand that SBTs are not another reporting framework, rather a method to use in meeting ESG goals – voluntary or otherwise – by providing up-to-date climate science and a framework within which to track progress.

The SBTi has made significant strides to galvanise the industry around a collective aim but some sectors face greater constraints than others when it comes to implementation.

Adoption is likely to vary depending on the sector specialism of the fund, the jurisdictions a fund operates in and the value and type of assets managed. Not to mention the support of leaders in the industry to make decarbonising a business imperative, and the availability of talent to carry forward such initiatives.

In the meantime, many AIFs will be assessing the criteria and are perhaps unsure where to start or which actions to prioritise.

An action plan to implementation

1 Step one: choose a path to net zero

- **Discuss SBTs internally**: familiarise stakeholders with the roadmap to verification, working closely with the SBTi.
- **Communicate with your stakeholders**: your banks and your investors to understand their expectations and individual paths to net zero.
- **Assess your competitors**: avoid being caught out if they deliver something more advanced and you face investor challenges.
- **Engage industry bodies**: the Net Zero Asset Managers Alliance, for example.
- **Set your internal targets**: understand the sector nuances and specific requirements of the financial services industry as they relate to your organisation.

2 Step two: make a commitment

- **Make a public commitment to adopt SBTs**: you have 24 months from signing your commitment letter to submitting your targets to the SBTi.
- **Address your resources**: do you need to hire ESG specialists? Or will you look for external support?
- **Understand the roadblocks ahead**: which barriers are most likely to impact you on the path to net zero?

3 Step three: towards 2050

- **Submit your targets for validation with milestones to net zero across the mandated SBTi timeframe –** a minimum of five years and maximum of 10 years.
- **Communicate the validation criteria with stakeholders** once obtained to add credibility to your climate targets.
- Disclose your companies' emissions annually and **monitor progress on reaching your target.**

How we can help

At RBS International, we're motivated by the opportunity to help people, families and businesses to thrive; when they thrive, we do too.

We have already embarked on our own sustainability journey and we recognise the part we play in supporting our customers' journeys to net zero.

Our survey respondents say they would value input from third parties (26%) including their lenders. As a financial institution, we face many of the same challenges as funds and if understanding our path can help you to map out your own, we encourage you to get in touch. Relationship management teams and our in-house ESG specialists are dedicated to supporting your business and we welcome discussions at all stages of development.

We look forward to working with our customers and peers to set clear and meaningful targets that support the transition to a carbon neutral economy.

"Collaboration sits at the centre of our purpose-led strategy and open dialogue with our customers allows us to better support the journey to net zero. I'm encouraged by the increasing depth of our discussions as focus shifts from risk management to the opportunities presented by a net zero economy," says Bradley Davidson, ESG Lead at RBS International.

Find out more at: **rbsinternational.com/sbti**

As a financial institution, we face many of the same challenges as funds and if understanding our path can help you to map out your own, we encourage you to get in touch. Relationship management teams and our in-house ESG specialists are dedicated to supporting your business and we welcome discussions at all stages of development.

Methodology

In February – March 2022, RBS International conducted a survey of 125 decision makers in alternative investment funds. The sample covered funds domiciled across five jurisdictions and five sectors.

Primary fund domicile

- 25% Other Western Europe
- 20% UK
- 19% Jersey
- 18% Luxembourg
- 18% Guernsey

Value of assets managed

- 40% Up to £5bn (€6bn)
- 22% £5-£10bn (€6bn-€12bn)
- 16% £10-£20bn (€12bn-€24bn)
- 9% £20-£30bn (€24bn-€36bn)
- 14% £30-£50bn (€36bn-€60bn)

Sector specialism

- 20% Real estate
- 20% Private equity
- 20% Infrastructure
- 20% Renewables
- 20% Private debt

Job title

- 28% CFO
- 26% Finance Director
- 22% Portfolio Manager
- 18% Fund Manager
- 6% ESG Manager

Job responsibility

- 50% Lead decision maker for investment strategy
- 26% Part of investment strategy decision-making team
- 25% Some contribution to decision-making for investment strategy

Thought leadership services provided by Grist gristonline.com

rbsinternational.com/sbti