Committed to contribute to the objectives of the Paris Agreement and be net zero by 2050, PKA has set its first carbon reduction target of 29% by 2025. The target covers scope 1 and 2 emissions of PKA's investments in listed equity, real estate, and corporate bonds. By the end of 2022, PKA will set an additional carbon reduction target for 2030 which will also cover investments in direct infrastructure. PKA has already achieved carbon reduction of 43% on the three asset classes. However, the expectation is that the decarbonisation rate will fall as more asset classes are included within targets and scope 3 emissions are integrated.

To set the targets, PKA uses recommendations from the Net Zero Investment Framework and sets targets using carbon footprint (CO$_2$/invested capital) as a measure. PKA's listed equity and corporate bonds are managed by external asset managers, and to ensure ongoing progress on carbon reduction of these mandates, a Weighted Average Carbon Intensity (WACI) has been implemented as the internal measure for carbon emission reduction. Like carbon footprint, using WACI allows for the managers to draw comparison between different portfolios, peers, and benchmarks. Unlike carbon footprint, it allows for an intuitive and stable comparison between portfolio companies. PKA and the external managers have agreed to construct the portfolios in a way that, as a maximum, reaches 70% of the WACI of PKA's benchmark. This approach to portfolio construction is not expected to affect PKA's risk/return ratio. With this approach, combined with being an active owner and engaging with companies about their net zero strategies, PKA aims to contribute to a net zero future.