



Fund Summary Carbon Metrics

Item	Data type
General characteristics	
Reporting Period	31/12/2025
Name of the Fund	VT Active Portfolio Overlay Fund
Issuer Coverage % of Market Value	98.66
Coverage of the Fund	
Number of Instruments Covered	31
Number of Instruments Not Covered	1
Main indicators of the Fund	
Absolute Scope 1 GHG emissions (tCO2e)	3,663,180
Absolute Scope 2 GHG emissions (tCO2e)	1,936,550
Absolute Scope 3 GHG emissions (tCO2e)	55,562,899
Total Absolute GHG emissions (tCO2e)	61,162,630
Owned Emissions	What is this?
$\sum_{(\text{sum of})} \left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} * \text{issuer's Scope (1,2 or 3 as appropriate) GHG emissions} \right)$	
Scope 1 GHG emissions (tCO2e)	42,774
Scope 2 GHG emissions (tCO2e)	12,249
Scope 3 GHG emissions (tCO2e)	641,464
Weighted Average Carbon Intensity (tCO2e per USD million revenue)	What is this?
$\sum_{(\text{sum of})} \left(\frac{\text{current value of investment}}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}}{\text{issuer's \$M revenue}} \right)$	
Weighted Average Carbon Intensity (WACI) (tCO2e/\$m)	116



Fund Summary Carbon Metrics

Item	Data type
Footprint and Intensity	
	Carbon footprint (tCO2e per USD million invested) $\frac{\sum_{(sum\ of)} \left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} * \text{issuer's Scope (1,2 or 3 as appropriate) GHG emissions} \right)}{\text{current portfolio value (\$M)}}$
	What is this?
	This is the total carbon emissions for a fund divided by (normalised by) the market value of the fund to give the GHG emissions per \$ invested. This metric is fairly intuitive and can be used to compare portfolios to one another or to a chosen benchmark comparator. Potential downsides are this metric does not consider the carbon efficiency of investments and changes in the market capitalisation of underlying investments can be misinterpreted.
	Carbon Footprint Scope 1 (tCO2e/\$M)
	Carbon Footprint Scope 2 (tCO2e/\$M)
	Carbon Footprint Scope 3 (tCO2e/\$M)
	Carbon intensity (tCO2e per USD million revenue)
	What is this?
	This is a measure of the carbon efficiency of a fund. Owned Emissions are scaled by the owned revenues of the underlying investments with this figure expressed in tons CO2e per \$m of revenue. This metric can be used to compare portfolios to one another or to a chosen benchmark and importantly takes into account the carbon efficiency of the underlying investments i.e. how much GHG is emitted per unit of revenue generated.
	$\sum_{(sum\ of)} \left(\frac{\text{current value of investment}}{\text{current portfolio value}} * \frac{\text{issuer's Scope (1, 2 or 3 as appropriate) GHG emissions}}{\text{issuer's \$M revenue}} \right)$
	Carbon Intensity Scope 1 (tCO2e/\$M)
	Carbon Intensity Scope 2 (tCO2e/\$M)
	Carbon Intensity Scope 3 (tCO2e/\$M)
Implied Temperature Rise	
	Net Temperature Overall
	Alignment Gap Well Below 2°C (tCO2e)
	Alignment Gap 2°C (tCO2e)
	Alignment Gap 3°C (tCO2e)
	What is this?
	An implied temperature rise indicates the expected increase in global temperature (in degrees Celsius) by 2100 that would occur if the projected GHG emissions associated with this fund were representative of the whole economy. The three alignment gaps (the excess amount of GHG emissions produced by the fund over the amount needed to limit temperature rise to the indicated level) are shown which correspond to globally recognised scenarios. Whilst the implied temperature rise provides an easily translatable measurement of a fund's alignment to global warming potential it must be noted that there are various approaches used and as such figures may not be comparable across providers.



Portfolio Assessment Summary Report (TCFD aligned)

powered by S&P Trucost and Confluence ECPI

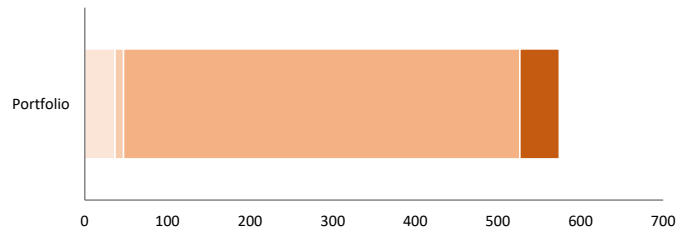
Portfolio: VT Active Portfolio Overlay Fund

As of: 31/12/2025
Market Value: 1,022,970,504

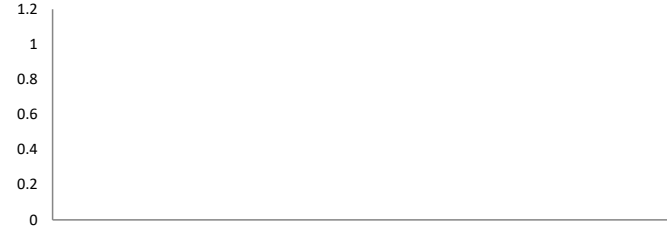
CARBON PERFORMANCE

The analysis of Carbon Footprint (tCO₂e/\$M Revenue) allows investors to quantify the GHG emissions apportioned to their portfolio and/or benchmark, presented as the amount of tCO₂e apportioned to the investor. The lower, the better. Additionally, Carbon Intensity (tCO₂e/\$M) allows comparison between different companies or portfolios, irrespective of size and geography.

Carbon Footprint (tCO ₂ e/\$M)		Portfolio
Scope 1	36.51	
Scope 2	10.46	
Scope 3 Downstream	479.51	
Scope 3 Upstream	47.66	



Carbon Intensity (tCO ₂ e/\$M Revenue)		Portfolio
Direct	91.50	
First Tier Indirect	60.59	
WACI	115.58	



Market Value Covered in %		
ECPI	98.66%	S&P Trucost 98.66%
Reported Vs. Estimated		88.85%

Top 10 Securities by Intensity	Total Intensity (tCO ₂ e/\$M)
Goldman Sachs Asset Management - Gs Em Mkts Ex-chn Cr E	331.18
Jupiter Merian North American Equity U2 GBP Acc	114.10
HSBC American Index C Acc	100.66
Bny Mellon Fund Managers Limit - Bny Mellon Us Equity Incon	91.91
Blackrock Fund Managers - Ishares Uk Equity Index (Uk) L Ac	89.10
Invesco UK Enhanced Index UK(NoTrail)Acc	81.45
Artemis US Select I GBP Acc	24.45
State Street Global Advisors - Stt Strt Spdr S&p500qularistetf	23.20
ES Alliance Bernstein Concentrated US Equity I GBP Acc	22.46
HSBC Global Government Bond ETFS2CHGBP	3.98

		Carbon Footprint				Intensity: GHG			
		Carbon Footprint	Carbon Footprint	Carbon Footprint	Carbon Footprint	Absolute: GHG	Absolute: GHG	Intensity: GHG	First Tier Indirect
		% Weight	Total (tCO ₂ e/\$M)	Scope 1 (tCO ₂ e/\$M)	Scope 2 (tCO ₂ e/\$M)	Scope 3 Downstream (tCO ₂ e/\$M)	Scope 3 Upstream (tCO ₂ e/\$M)	Direct (tCO ₂ e/\$M Revenue)	(tCO ₂ e/\$M Revenue)
Top 10 by Carbon Footprint									
Blackrock Fund Managers - Ishares Uk E		7.45%	100.51	83.92	16.59	952.97	72.91	7,500,962	61.12
HSBC American Index C Acc		7.29%	8.58	4.83	3.75	44.12	10.19	4,687,985	51.67
Jupiter Merian North American Equity U2		6.35%	5.26	2.44	2.83	20.21	9.81	1,510,948	43.50
ES Alliance Bernstein Concentrated US E		5.91%	7.51	2.49	5.02	8.94	8.93	1,637,244	33.63
Goldman Sachs Asset Management - Gs		5.32%	84.29	48.85	35.44	259.35	48.23	6,434,697	131.61
Bny Mellon Fund Managers Limit - Bny M		4.86%	65.90	57.21	8.69	607.61	68.28	6,819,335	56.16
Invesco UK Enhanced Index UK(NoTrail)/		4.45%	130.66	111.31	19.35	1,234.55	91.96	8,610,721	55.39
Artemis US Select I GBP Acc		4.26%	5.40	1.58	3.82	14.91	8.28	3,037,823	38.29
State Street Global Advisors - Stt Strt Sp		3.42%	3.25	0.32	2.93	8.39	6.70	234,930	33.44

Definition of metrics

Absolute GHG (tCO₂e)

Greenhouse Gas (GHG) emissions refer to gases with direct effects on climate change (carbon dioxide the most known, typically expressed in tons), generated from burning fossil fuels and production processes which are owned or controlled by the company.

Intensity GHG

This is expressed in metric tonnes of CO₂e per million \$ revenue and measures the amount of carbon dioxide released into the atmosphere as result of the activities of particular individuals, organizations or communities, as proportion of their revenue.

Carbon Footprint

It reflects how much GHG is created per million invested as it takes the total GHG emissions divided by the fund's asset under management.

Data Coverage

Any data gap is likely to be as a result of climate or financial data not being reported for the underlying asset types by the given issuer. Lower data coverage results in reduced reliability for the proposed climate metrics.

Scope 1 Emissions

These are direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g. emissions associated with fuel combustion in boilers, furnaces, vehicles).

Scope 2 Emissions

Are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. Despite physically occurring at the facility where generated, they are accounted for in a firm's GHG inventory because they result from the firm's energy use.

Scope 3 Emissions

These encompass emissions not produced by the company itself and not the result of activities from assets owned/controlled, but those indirectly responsible for up/down the value chain (e.g. when buying, using or disposing of products from suppliers).

Scope 3 Emissions - Upstream

These are from the production of firm's products or services (e.g. purchased goods or services, fuel and energy related activities, transportation and distribution).

Scope 3 Emissions - Downstream

These relate to the use and disposal (e.g. processing or use of sold products, end-of-life treatment of products, operation of franchises or investments, including project finance) of a firm's products.



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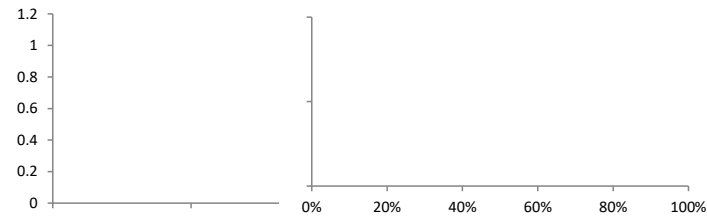
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FOSSIL FUELS & STRANDED ASSETS

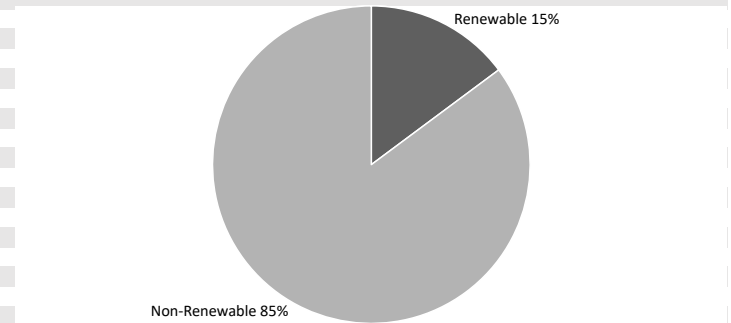
Future emissions from fossil fuel reserves tend to exceed the allowed carbon budget supposed to limit global warming to 2°C above pre-industrial levels. Below the exposure to carbon-related assets as well as holdings in companies that have disclosed proven and probable fossil fuel reserves.

Exposure to Fossil Fuels	Portfolio
% from Fossil Fuels	4.88%
Exposure to Coal Activities (powered by ECPI)	Portfolio
% from Metallurgical	0.04%
% from Mining	0.08%
% from Thermal	0.39%



Power Generation in GWh	Portfolio	
Renewable	20,915.80	14.82%
Biomass	1,062.64	0.75%
Geothermal	1,871.42	1.33%
Hydroelectric	6,110.85	4.33%
Solar	2,740.32	1.94%
Wave and Tidal	202.63	0.14%
Wind	8,927.94	6.33%

Non-Renewable	120,174.74	85.18%
Coal	19,117.96	13.55%
Landfill Gas	113.65	0.08%
Liquid Natural Gas	24,363.59	17.27%
Liquid Petroleum Gas	102.77	0.07%
Natural Gas	18,625.76	13.20%
Nuclear	54,775.62	38.82%
Petroleum Oil	1,655.20	1.17%
Undefined Sources	1,420.19	1.01%



		Energy Consumption from Coal (GWh)	Fossil Fuel Exposure	Coal Gasification Exposure	Coal Liquefaction Exposure	Energy Cons Non-Renewable (GWh)	Energy Cons Renewable (GWh)	Energy Prod Non-Renewable (GWh)	Energy Prod Renewable (GWh)
Top 5 by Coal Consumption		% Weight							
Blackrock Fund Managers - Ishares UK Et	7.45%	5,825	✗	✓	✓	8,109	2,631	438	228
HSBC American Index C Acc	7.29%	55,954	✗	✓	✓	11,714	3,201	3,300	777
Jupiter Merian North American Equity U2	6.35%	29,000	✗	✓	✓	6,844	2,664	2,053	77
Goldman Sachs Asset Management - Gs	5.32%	157,106	✗	✓	✓	20,694	960	1,957	125
Bny Mellon Fund Managers Limit - Bny M	4.86%	4,788	✗	✓	✓	2,835	1,087	-	-

		% Coal Mining Revenue/ Total Revenue	Fossil Fuel Exposure	Coal Gasification Exposure	Coal Liquefaction Exposure	Metallurgical Coal Mining Revenue (\$M)	Coal Mining Revenue (\$M)	Thermal Coal Mining Revenue (\$M)	Undefined Coal Mining Revenue (\$M)
Top 5 by Coal Mining Revenue		% Weight							
Blackrock Fund Managers - Ishares UK Et	7.45%	8	✗	✓	✓	2,628	6,892	4,412	112
Goldman Sachs Asset Management - Gs	5.32%	6	✗	✓	✓	28	357	189	522
Invesco UK Enhanced Index UK(NoTrail)/	4.45%	8	✗	✓	✓	2,944	8,323	5,408	-

Definition of metrics

Power Generation

This reflects the share of renewable (solar, wind etc) vs non-renewable (coal, nuclear, petroleum etc) powered electricity generation compared to the total amount generated by the issuer and/or the assets invested in the portfolio.

Energy Consumption

This reflects the total amount of energy (e.g. electricity and heat) required for a given process and is measured typically in Gigawatt hour (GWh).

Fossil Fuel Exposure

These are assets involved in processes related to non-renewable energy sources (e.g. coal, natural gas etc) and non-renewable wastes. Fossil fuels can originate from plants, animals or industrial processes from other fuels (e.g. oil refinery).

Undefined Sources

Other or Undefined typically refers to power generation or consumption with unclear roots and/or belonging to other sectors with none specified techniques for extraction or production.

Coal Gasification Exposure

This refers to assets involved in processes in which coal is partially oxidised with air, oxygen, steam or carbon dioxide to form a fuel gas.

Coal Liquefaction Exposure

This refers to assets involved in processes aimed at converting coal into liquid hydrocarbons: liquid fuels and petrochemicals.



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GREEN TAXONOMY DISCLOSURES

Sustainable product classification and labelling system includes differentiation between products not promoted as sustainable and products promoted as responsible, which may have some sustainable investments. The sustainable products may be split

- Aligned => products with sustainable characteristics, themes or objectives; high allocation to Taxonomy-aligned sustainable activities
- Transitioning => products with sustainable characteristics, themes or objectives; low allocation to Taxonomy-aligned sustainable activities

	% Total Not Eligible	% Total Eligible	% Enabling	% Transitional							
Portfolio	73.78%	24.02%	14.71%	9.31%							
			% Construction and Real Estate Activities	% Electricity, Gas, Steam and A/C Supply	% Forestry	% ICT	% Manufacturing	% Transportation and Storage	% Water, Sewerage, Waste and Remediation	% Multiple Sources	
Portfolio	0.07%		3.26%	2.62%	0.02%	7.36%	9.13%	0.86%	0.24%	0.47%	
Top 5 by Weight		% Weight									
Blackrock Fund Managers - Ishares UK Ec	7.45%	0.01%	3.37%	3.53%	0.00%	2.25%	2.10%	0.53%	0.06%	0.86%	
HSBC American Index C Acc	7.29%	0.00%	1.73%	1.93%	0.05%	14.03%	10.11%	0.97%	0.23%	0.23%	
Jupiter Merian North American Equity U2	6.35%	0.00%	0.78%	4.39%	0.00%	14.34%	10.07%	0.88%	0.00%	0.18%	
HSBC Global Government Bond ETF52CH	6.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
ES Alliance Bernstein Concentrated US Ec	5.91%	0.00%	0.00%	0.00%	0.00%	13.98%	6.49%	0.00%	0.00%	0.00%	

Definition of metrics		
Eligible Vs. Non-Eligible	Enabling Vs. Transitional	
Total percentage of revenues mapped (or not mapped, respectively) to EU taxonomy aligned activities.	Enabling activities indirectly mitigate the effects of climate change and improve the emissions intensity of other activities. Transitional activities directly mitigate or contribute to climate change mitigation.	



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TOWARDS NET-ZERO

The international Paris Agreement on climate change mentions 3 long-term goals: the first two focus on climate mitigation and adaptation, while the third is "to make all financial flows consistent with a pathway towards low-emissions, climate-resilient development.". This recognizes the key role that financial institutions play in realizing the Paris Climate Agreement - including the need to achieve net-zero emissions by mid-century and reduce emissions 50% by 2030. An Implied Net Temperature can be also derived as the weighted average net temperature increase across different methodologies.

	2°C Aligned Intensity Adjusted Profit (tCO2e/\$M)	Alignment Gap Well Below 2°C (tCO2e)	Alignment Gap 2°C (tCO2e)	Alignment Gap 3°C (tCO2e)	Alignment Gap 4°C (tCO2e)	Alignment Gap 5°C (tCO2e)	Net Temperature (Overall)	Net Temperature (GEVA)	Net Temperature (SDA)
Portfolio	358.26	2,225,819	-8,883,720	-27,432,561	-29,098,560	-32,634,692	1.5-2°C	1.5-2°C	N/A

Top 5 by Weight	% Weight	Alignment Gap Well Below 2°C (tCO2e)	Alignment Gap 2°C (tCO2e)	Alignment Gap 3°C (tCO2e)	Alignment Gap 4°C (tCO2e)	Alignment Gap 5°C (tCO2e)	Type	Methodology	Source of Forward Looking Data
Blackrock Fund Managers - Ishares Uk Ec	7.45%	-7,183,332	-20,562,755	-55,603,194	-67,626,247	-74,899,782	<1.5°C	GEVA	Company target
HSBC American Index C Acc	7.29%	19,836,195	2,406,718	-21,533,458	-22,473,157	-25,802,552	<1.5°C	GEVA	Company target
Jupiter Merian North American Equity U2	6.35%	10,308,688	2,005,112	-8,483,223	-7,029,033	-8,322,285	<1.5°C	GEVA	Company target
HSBC Global Government Bond ETFS2CH	6.11%	N/A	N/A	N/A	N/A	N/A	>5°C	GEVA	Company target
ES Alliance Bernstein Concentrated US E	5.91%	9,224,939	6,669,835	-992,285	-3,611,809	-4,956,405	<1.5°C	GEVA	Company target

Definition of metrics									
Type	Alignment Gap			Methodology and Source of Forward Looking Data					
It summarizes the scenario alignment of a company based on assessing a variety of available scenario markers using either the SDA or GEVA models. Possible values include <2°C, 2-3°C, 3-4°C, 4-5°C, and >5°C.	It indicates the difference between a company's projected emissions pathway and the required pathway to reach n°C alignment, measured in tCO2e. Negative values indicate a company's transition pathway aligned to outcome.			They dictate whether the GHG Emissions per unit of Value Add approach (GEVA) or Sectoral Decarbonization Approach (SDA) has been used to assess scenario alignment, and the source of forward looking data used in the assessment.					
				- GEVA => the greenhouse Gas Emissions per unit of Value Added equates a carbon budget to total GDP and a company's share of emissions is determined by its gross profit					
				- SDA => the Sectoral Decarbonization Approach translates greenhouse gas emissions targets into benchmarks against which the performance of individual companies can be compared.					



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SCENARIO ANALYSIS

The assessment of physical risks is key as they also (or mostly) result from climate change. Companies are scored 1-100 for each of the key hazard risk types (coldwave, heatwave, hurricane, floods, wildfire, water stress etc). The assessment is made available across different climate change scenarios (low, medium, high) and future reference years (2030, 2050).

Low				Medium				High			
Sensitivity	2020	2030	2050	Sensitivity	2020	2030	2050	Sensitivity	2020	2030	2050
Composite	86.63	86.63	86.63	Composite	103.34	103.34	103.34	Composite	73.52	73.52	73.52
Coldwave	14.69	14.69	14.69	Colwave	10.19	10.19	10.19	Colwave	59.02	59.02	59.02
Flood	15.03	15.03	15.03	Flood	20.76	20.76	20.76	Flood	8.67	8.67	8.67
Heatwave	96.86	96.86	96.86	Heatwave	132.18	132.18	132.18	Heatwave	71.12	71.12	71.12
Hurricane	13.70	13.70	13.70	Hurricane	13.63	13.63	13.63	Hurricane	N/A	N/A	N/A
Sea Level Rise	5.90	5.90	5.90	Sea Level Rise	6.68	6.68	6.68	Sea Level Rise	22.36	22.36	22.36
Water Stress	133.60	133.60	133.60	Water Stress	133.75	133.75	133.75	Water Stress	172.86	172.86	172.86
Wildfire	25.72	25.72	25.72	Wildfire	27.93	27.93	27.93	Wildfire	48.84	48.84	48.84

		Sensitivity Composite Score 2020 (High Scenario)	Sensitivity Composite Score 2030 (High Scenario)	Trend	Coldwave Score 2030 (High Scenario)	Flood Score 2030 (High Scenario)	Heatwave Score 2030 (High Scenario)	Sea Level Rise Score 2030 (High Scenario)	Water Stress Score 2030 (High Scenario)	Wildfire Score 2030 (High Scenario)
Top 10 by Weight		% Weight								
Blackrock Fund Managers - Ishares Uk Ec		7.45%	76.71	76.71	61.87	9.67	74.97	24.51	177.85	44.35
HSBC American Index C Acc		7.29%	75.70	75.70	61.65	8.13	71.50	17.37	189.09	63.93
Jupiter Merian North American Equity U2		6.35%	69.80	69.80	61.77	10.52	71.13	16.78	189.89	66.59
ES Alliance Bernstein Concentrated US Er		5.91%	73.09	73.09	60.26	7.35	72.10	17.94	180.95	52.05
Goldman Sachs Asset Management - Gs		5.32%	109.71	109.71	53.69	8.01	81.19	24.78	177.47	52.24
Bny Mellon Fund Managers Limit - Bny M		4.86%	67.34	67.34	61.75	9.86	72.86	18.04	171.72	59.97
Invesco UK Enhanced Index UK(NoTrail)/		4.45%	65.47	65.47	55.24	8.36	66.35	22.34	160.46	38.76
Artemis US Select I GBP Acc		4.26%	67.46	67.46	61.51	6.87	69.23	16.90	194.15	64.22
State Street Global Advisors - Stt Strt Sp		3.42%	49.17	49.17	57.27	7.62	72.83	19.92	206.79	54.14

Definition of metrics		
Low Climate Change Scenario (RCP 2.6) Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2°C by 2100.	Coldwave Sensitivity to the occurrence of periods of extreme cold relative to local climatic conditions, measures based on the Excess Cold Factor.	Sea Level Rise Sensitivity to coastal risk exposure within a river basin.
	Flood Sensitivity to flood risk exposure within a riven basin.	Water Stress Sensitivity to projected future ratio of water withdrawals to total renewable water supply in a given area.
	Heatwave Sensitivity to the occurrence of periods of extreme heat relative to local climatic conditions, measures based on the Excess Heat Factor.	Wildfire Sensitivity to risk of wildfire occurrence by location based modelled area of burnt vegetation.
Medium Climate Change Scenario (RCP 4.5) Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2°C by 2100.	Hurricane Sensitivity representing the historical incidence and severity or strength of hurricane, typhoon or cyclone activity at a given location, weighted in favour of recent events.	
High Climate Change Scenario (RCP 8.5) Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4°C by 2100.		



Climate VaR and Stress Testing

powered by S&P Trucost and Confluence Risk Engine

Portfolio: VT Active Portfolio Overlay Fund

31/12/2025

Physical Risks Monitoring

The assessment of physical risks is key as they also (or mostly) result from climate change. Companies are scored 1-100 for each of the key hazard risk types (coldwave, heatwave, floods, wildfire, water stress etc).

The assessment is made available across different climate change scenarios (low, medium, high) and future reference years (2030, 2050).

Generally speaking, a score up to 30 indicates a low physical risk, 30-70 shows a moderate risk exposure, whereas a 70+ score reflects a high exposure to the correspondent physical risk hazard. This applies to both the composite score and the sensitivity weight-adjusted scores and for the underlying individual hazard-level scores.

	Low		Medium		High	
Sensitivity Score	2030	2050	2030	2050	2030	2050
Composite	86.63	86.63	103.34	103.34	73.52	73.52
Coldwave	14.69	14.69	10.19	10.19	59.02	59.02
Flood	15.03	15.03	20.76	20.76	8.67	8.67
Heatwave	96.86	96.86	132.18	132.18	71.12	71.12
Sea Level Rise	5.90	5.90	6.68	6.68	22.36	22.36
Water Stress	133.60	133.60	133.75	133.75	172.86	172.86
Wildfire	25.72	25.72	27.93	27.93	48.84	48.84
Sensitivity Score	2030	2050	2030	2050	2030	2050
Best Scenario	5.90	5.90	6.68	6.68	8.67	8.67
Average Scenario	48.63	48.63	55.25	55.25	63.81	63.81
Worst Scenario	133.60	133.60	133.75	133.75	172.86	172.86

Definition of metrics

Low Climate Change Scenario (RCP 2.6)

Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2°C by 2100.

Medium Climate Change Scenario (RCP 4.5)

Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2°C by 2100.

High Climate Change Scenario (RCP 8.5)

Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4°C by 2100.

Coldwave

Sensitivity to the occurrence of periods of extreme cold relative to local climatic conditions, measures based on the Excess Cold Factor.

Flood

Sensitivity to flood risk exposure within a river basin.

Heatwave

Sensitivity to the occurrence of periods of extreme heat relative to local climatic conditions, measures based on the Excess Heat Factor.

Sea Level Rise

Sensitivity to coastal risk exposure within a river basin.

Water Stress

Sensitivity to projected future ratio of water withdrawals to total renewable water supply in a given area.

Wildfire

Sensitivity to risk of wildfire occurrence by location based modelled area of burnt vegetation.

Transition Risks Monitoring

The assessment of transition risks is strongly connected to carbon earnings at risk. Likewise for physical risks, this is made available across different carbon price change scenarios (low, medium, high) and future reference years (2030, 2050). Generally speaking, 10% carbon earning risk (either EBIT or EBITDA based) may be considered the significant threshold above which clients may decide how much incremental exposure they would like to take in terms of transition risks.

	Low		Medium		High		
Earnings at Risk	2030	2050	2030	2050	2030	2050	
Reduction of EBIT Margin	-5.36	-5.36	-9.13	-9.13	-11.83	-11.83	
Reduction of EBITDA Margin	-5.36	-5.36	-9.13	-9.13	-11.83	-11.83	
Unpriced Carbon Cost adj. EBIT	93.19	93.19	89.42	89.42	86.72	86.72	
Unpriced Carbon Cost adj. EBITDA	122.24	122.24	118.46	118.46	115.76	115.76	
Unpriced Carbon Cost % EBIT	153.12	153.12	366.31	366.31	415.81	415.81	
Unpriced Carbon Cost % EBITDA	67.93	67.93	51.32	51.32	64.48	64.48	
Definition of metrics							
Reduction of EBIT/EBITDA margins	Unpriced carbon cost adjusted EBIT/EBITDA margin		Unpriced carbon cost as % of EBIT/EBITDA				
It reflects the implied change in earnings margins due to unpriced carbon cost under the specified carbon price scenario.	It reflects the earnings margin adjusted by unpriced carbon cost under the correspondent carbon price scenario and time horizon.		It reflects the unpriced carbon cost as % of earnings under the correspondent carbon price scenario and time horizon.				
It is expressed in % point changes to the company's original EBIT or EBITDA margin and it represents the implementation of policies that are considered sufficient to reduce greenhouse gas emissions in line with the Paris Agreement, whose goal is limiting climate change to 2°C by 2100 (high scenario), or sooner than 2100 but with action delayed in the short term (medium scenario), or rather fully implemented in the short term (low).							

Climate Adjusted Market Risk Monitoring

The Climate Adjusted Market Risk provides forecasts of the potential climate-stressed market risk valuation. The assessment takes into consideration the market risk as well as the forward looking downsides associated to physical and transition risks.

Confluence have decided to approach Climate Adjusted VaR = Market Risk + β * Physical Risk + Transition Risk.

	1 Day	1 Week	1 Month	3 Months	1 Year	Climate VaR Projection 1 Year	Climate VaR Projection 1 Month
Market Risk Only	1.49	3.34	6.70	11.64	23.92	23.92	6.70
+ Low Physical Risk	1.46	3.26	6.52	11.30	23.15	28.49	7.98
+ Medium Physical Risk	1.74	3.89	7.78	13.48	27.62	29.37	8.23
+ High Physical Risk	1.24	2.77	5.54	9.59	19.65	27.80	7.79
+ Best Scenario	0.12	0.27	0.53	0.92	1.89	24.30	6.80
+ Average Scenario	0.94	2.10	4.21	7.29	14.94	26.87	7.53
+ Worst Scenario	2.47	5.52	11.05	19.14	39.22	31.66	8.88
+ Transition Risk (based on EBIT)	-0.15	-0.33	-0.66	-1.14	-2.34	26.27	7.36
+ Transition Risk (based on EBITDA)	-0.15	-0.33	-0.66	-1.14	-2.34	26.27	7.36
+ EIOPA Climate Stress Test 2022	-0.89	-1.98	-3.96	-6.86	-14.06	26.70	7.48
TOTAL Climate Adjusted Market Risk (A+coeff*B+C)		---	---	---	---	34.00	9.54

Definition of metrics

Market Risk (A)

It represent the Value at Risk typically computed for Risk or Compliance purposes and usually regulated under the Ucits/AIFMD/SEC frameworks, thus based on historical simulation with full repricing.

β (coeff)

This s the average change (rebased according to the stress test in use) generated when shocking the portfolio to a % variation of an index reflecting specific ESG best-in-class strategy. See next section.

e.g. if the stress test shocks the ESG strategy by 10% and the portfolio reacts with 10%, then $\beta=1$ as the portfolio reflects a perfect correlation to the shocked ESG index.

By shocking various ESG strategies and averaging the β results, this would allow users to estimate the potential (de)correlation of the portfolio to any ESG strategy and thus recalibrate the impact of the physical risks accordingly.

Physical Risk (B)

Physical risks are risks to the company that arise from the physical effects of climate change. They include:

- Acute physical risks => they arise from particular events (especially weather-related such as storms, floods, fires or heatwaves) that may damage production facilities and disrupt value chains;
- Chronic Physical risks => they arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land or soil productivity.

By default considers the most conservative approach and makes use of the average of the worst risks across all the 3 scenarios (low – medium – high) and reference year. Stats different from the worst may also be considered.

Transition Risk (C)

Transition risks are instead risks to the company that arise from the transition to a low carbon and climate-resilient economy. They include:

- Policy risks => as a result of energy efficiency requirements, carbon-pricing mechanisms (which increase fossil fuels price), or policies to encourage sustainable land use;
 - Legal risks => the risk of litigation for failing to avoid or minimise adverse impacts on the climate, or failing to adapt to climate change;
 - Technology risks => e.g. if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate;
 - Market risks => e.g. if the choices of consumers and business customers shift towards products and services that are less damaging to the climate;
 - Reputational risks => difficulty in attracting or retaining customers, employees, business partners and investors if a company has reputation for damaging the climate.
- By default considers the average of Reduction of EBITDA Margin across all the 3 scenarios (low – medium – high).

Hybrid Approach - Custom Modelling

The Hybrid Approach allows to additionally take in consideration also the ex-ante (de)correlation of the portfolio investments against a number of specific indices built based on ESG environmental and/or climate driven strategies.

	Stress Test Value Change %	Shock %	Ex-Ante Beta	Coeff	Min Coeff	Max Coeff
ECPI Global Clean Energy -10%	-1.19	-10	0.1192	0.1973	0.1142	0.2927
ECPI Global Climate Change -10%	-2.49	-10	0.2494			
ECPI Global ESG Blue Economy -10%	-1.85	-10	0.1853			
ECPI Circular Economy Leaders -10%	-1.97	-10	0.1971			
ECPI Global Blue Gold GD Equity -10%	-2.67	-10	0.2668			
ECPI Global Carbon Liquid -10%	-2.93	-10	0.2927			
ECPI Global Eco Real Estate & Building Liquid -10%	-1.43	-10	0.1425			
ECPI Global ESG Hydrogen Economy -10%	-1.14	-10	0.1142			
ECPI Global Renewable Energy Liquid -10%	-2.27	-10	0.2266			
ECPI China Consumption Tradable Equity -10%	-1.79	-10	0.1794			