



The Task Force on Climate-related Financial Disclosures

Helpful Guide for Investors



Introduction to TCFD

In this Helpful Guide, we explore the Task Force on Climate-related Financial Disclosures (“TCFD”) framework and its recommendations for the voluntary disclosure of climate-related risks and opportunities. This has been produced to help investors better understand what TCFD is and to assist investors interpret product reports when they are reading these.

We also consider TCFD’s significant influence on standards and rules globally, and how technology is making it easier to align investment processes and outcomes with TCFD.

TCFD helps financial institutions, such as Waystone Management (UK) Limited (“WMUK”), to make better informed investment decisions.

What is TCFD?

TCFD refers to the Task Force on Climate-related Financial Disclosures and the framework it established. The task force was formed by the Switzerland based Financial Stability Board in 2015, with members from across the G20¹ representing preparers and users of financial disclosures.

As the Task Force Chair Michael R. Bloomberg commented, “increasing transparency makes markets more efficient, and economies more stable and resilient.”

The TCFD framework supports this sentiment by increasing the transparency of how well organisations are positioned to respond to climate-related financial risks and opportunities.

Information disclosed in line with TCFD supports asset owners, asset managers, lenders, insurance underwriters and others in making informed climate-related financial decisions on the future of organisations.

This transparency can help investors within WMUK investment products make better informed decisions on their investments. The information required to be disclosed within an annual report is designed to help investors and others understand how organisations think about and assess climate-related risks and opportunities.

¹ The G20 or Group of 20 is an intergovernmental forum comprising 19 sovereign countries, the European Union (EU), and the African Union (AU).^[2]^[3] It works to address major issues related to the global economy, such as international financial stability, climate change mitigation and sustainable development, through annual meetings of Heads of State and Heads of Government.

Other TCFD Framework Questions

Is TCFD mandatory?

The TCFD is not a Regulator, and it does not set standards – and the framework itself is not mandatory. Originally, TCFD was voluntary however, the Financial Conduct Authority (“FCA”) has introduced mandatory disclosures in line with TCFD recommendations for entities such as Asset Managers and Asset Owners whose assets under management are over £50 billion and £25 billion respectively.

Under these FCA rules, Asset Managers and Asset Owners were required from the 30 June 2023 to produce 2 annual TCFD reports.

1. **TCFD Entity Report:** This sets out how the Asset Manager or Asset Owner takes climate-related matters into account in managing or administering investments on behalf of investors at an entity level. The disclosures include information about the governance, strategy and risk management that the entities have in place to manage the risks and opportunities of climate change, as well as carbon emission metrics related to the entity’s assets under management.
2. **TCFD Product Report:** The TCFD Product report includes a baseline set of consistent, comparable disclosures related directly to the funds that the Asset Manager or Asset Owner operates. The core set of climate metrics in the TCFD Product reports include carbon emission metrics, an estimate of the projection of a fund’s performance based on various forward-looking climate scenarios and benchmarking the fund against the Paris Agreement.²

What are the benefits of the TCFD disclosures for entities and products?

The TCFD entity and product reports will provide investors with important information about the entities and the funds that they operate in relation to the climate. This should increase investor understanding and awareness of the risks and opportunities relating to the climate, and help investors make considered choices regarding their investments and savings.

Furthermore, by setting out disclosures in respect of the effects on the climate in line with the regulations, disclosures will become more consistent over time and support comparability between entities and products which in turn will act as an important tool in addressing climate change.

Will the introduction of TCFD disclosures affect my fund?

No. The Taskforce on Climate-related Financial Disclosures require us to disclose certain information about the investments your fund holds. It does not change the way in which we invest your money.

Investments within a fund could have an impact on climate change and equally, climate change could influence the performance of investments in a fund. The climate-related information in the TCFD Product Report will help investors understand the extent to which this occurs in relation to the fund(s) they are invested in.

² The Paris Agreement is a binding international treaty agreement adopted by 196 countries within the United Nations Framework Convention on climate change, dealing with greenhouse gas emissions mitigation, adaptation, and finance.

There is a growing recognition that bringing global greenhouse gas emissions to net-zero by 2050 will give the best chance of limiting the global temperature increase to 1.5 degrees Celsius, the Agreement’s more ambitious pathway, and the pathway needed to avoid the worst physical impacts of the climate crisis. Its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

The 4 pillars of TCFD

The TCFD framework is structured around four pillars that represent core elements of how organisations operate. By ensuring climate change is genuinely considered across these four pillars, climate can be elevated to a strategically essential topic.

TCFD makes 11 recommendations within its four pillars of Governance, Strategy, Risk Management, and Metrics and Targets. The 11 recommendations can be summarised as follows:

Governance	Strategy	Risk Management	Metrics and Targets
<ul style="list-style-type: none">describe the Board's oversight of climate-related risks and opportunities.describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none">describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none">describe the organisation's processes for identifying and assessing climate-related risks.describe the organisation's processes for managing climate-related risks.describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none">disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.disclose Scope 1, Scope 2, and, if appropriate, Scope 3³ Greenhouse Gas⁴ ("GHG") emissions, and the related risks.describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Where can I find out more about TCFD?

To learn more, further information can be found at the following:

- Task Force on Climate-related Financial Disclosures website: <https://www.fsb-tcfd.org>
- The UK's mandatory TCFD disclosures for UK-registered companies and financial institutions <https://www.gov.uk/government/publications/climate-related-financial-disclosures-for-companies-and-limited-liability-partnerships-llps>

³ The GHG Protocol Corporate Accounting and Reporting Standard classifies a company's GHG emissions into three scopes. Abbreviation

Scope 1: direct emissions from an issuers owned or controlled sources (eg, emissions associated with fuel combustion in boilers, fleet vehicles).

Scope 2: indirect emissions from generation of purchased or acquired energy (eg, electricity, steam, heat, or cooling, that is generated off-site and consumed by an issuer).

Scope 3: all indirect emissions (not included in scope 2) that occur upstream and downstream of the organisation value chain. There are 15 subcategories of scope 3 emissions.

⁴ Greenhouse gases are gases that trap heat from the sun in our planet's atmosphere, keeping it warm. The main greenhouse gases released by human activities are carbon dioxide, methane, nitrous oxide, and fluorinated gases used for cooling and refrigeration.

Carbon Emissions: Dashboard

The dashboard is designed to set out the level of portfolio data available for a fund to enable calculation of the carbon emissions analysis. An analysis is considered more reliable the higher the coverage percentage. We are not able to represent data from those asset classes where data is not available to us, for example, we do not measure emissions from cash and derivatives.

Carbon Footprint		Portfolio	Coverage
Allocation Base	EVIC		
● Financed Carbon Emissions tons CO2e / USD M invested Investor Allocation: EVIC	Scope 1+2	14.5	94.2%
	Scope 3 – upstream	43.0	94.2%
	Scope 3 – downstream	189.2	94.2%
● Total Financed Carbon Emissions tons CO2e Investor Allocation: EVIC	Scope 1+2	16,294.6	94.2%
	Scope 3 – upstream	48,271.8	94.2%
	Scope 3 – downstream	212,377.1	94.2%
● Financed Carbon Intensity tons CO2e / USD M sales Investor Allocation: EVIC	Scope 1+2	84.6	94.2%
	Scope 3 – upstream	250.6	94.2%
	Scope 3 – downstream	1,102.4	94.2%

Weighted Average Carbon Intensity		Portfolio	Coverage
● Corporate constituents tons CO2e / USD M sales	Scope 1+2	38.8	94.2%
	Scope 3 – upstream	227.0	94.2%
	Scope 3 – downstream	474.4	94.2%
● Sovereign constituents tons CO2e / USD M GDP Nominal	GHG intensity	255.8	0.7%

Fossil Fuel Exposure		Portfolio
Potential emissions from fossil fuel reserves (tCO2e / USD M invested)		2,578.6
Fossil Fuel Based Revenue Exposure		2.8%
Thermal coal exposure (Any tie)		0.0%
Oil & Gas exposure (Any tie)		2.9%
Exposure to Power Generation		
Thermal Coal (apportioned fuel mix, % of generation)		0.0%
Green and Fossil Fuel Based Revenue Coverage		94.2%

MSCI Low Carbon Transition Risk Assessment		Portfolio
Exposure to companies classified as:		
Low Carbon Solutions		16.7%
Low Carbon Transition Risk		20.9%
Low Carbon Transition Risk Coverage		94.2%

Transition Opportunities		Portfolio
Green Revenue Exposure		5.4%
Exposure to Power Generation		
Renewables (apportioned fuel mix, % of generation)		0.0%

Companies' Transition Plans		Portfolio
Companies with GHG emission reduction targets		76.7%
Companies with targets across all scopes		44.6%
Companies with SBTi approved targets		41.3%
Companies with top quartile carbon management score		51.6%

Note - See 'Appendix 1 - Calculation Definitions'.

Carbon Emissions: Dashboard

Carbon Footprint	A measurement of a fund's total impact upon the environment. It is the carbon emissions divided by the fund's market value, expressed in tonnes CO2e/£m invested. The larger the number, the more it is contributing to the effects of climate change. Carbon Footprint can be used to compare across different funds.
Enterprise Value Including Cash ("EVIC")	This means the sum for a fund, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalent.
Financed Carbon Emissions	Represents the financed emissions intensity (tCO2e/million USD invested) based on fund size, applies to corporate issuers. The larger the number, the more it is contributing to the effects of climate change. As this relates to the fund size, it is therefore difficult to use to compare across different funds.
Total Financed Carbon Emissions	Represents the aggregated financed emissions for a fund, adjusted by coverage (tCO2e), applies to corporate issuers.
Financed Carbon Intensity	Represents aggregated financed emission intensity for a fund, denominated by financed portion of revenues (tCO2e/million USD in revenue), applies to corporate issuers.
Weighted Average Carbon Intensity ("WACI")	This is the fund's weighted average carbon intensity provides a single metric summing the individual emissions intensities (by million USD of issuer sales) of companies in a portfolio based on their weightings, indicating a portfolio's exposure to carbon-intensive issuers. WACI allows comparison across funds as the larger the number, the more carbon intensive the investments currently are within a fund.
Weighted Average Carbon Intensity – Corporate Constituents	Represents the average revenue-based intensity for a fund, weighted by market value of positions (tCO2e/million USD in revenue), applies to corporate issuers.
Weighted Average Carbon Intensity – Sovereign Constituents	Represents the average GDP-based intensity for a fund, weighted by market value of positions (tCO2e/million USD in GDP nominal), applies to sovereign issuers.
Fossil Fuels Exposure	This provides information on the funds exposure to companies which produces, extracts, or explores for oil, gas or coal as a material part of their business.
Transition Risks & Opportunities	<p>This provides information on the funds invested companies to highlight the predominant risks and opportunities that those companies are most likely to face in the transition to a low carbon economy.</p> <ul style="list-style-type: none"> • Low Carbon Solutions : Identifies the funds market value exposed to companies that have potential to benefit through the growth and demand for low carbon products and services. These typically include companies that offer renewable electricity, electric vehicles, solar cell manufacturers. • Low Carbon Transition Risk : Identifies the funds market value exposed to companies with increased operations and/or capital costs (operational transition), facing reduced demand for carbon-intensive products (product transition), and companies with potential stranding of physical/ natural assets due to regulatory, market or technology forces. • Green Revenue Exposure : Identifies the funds market value exposed to companies and industries whose products and operations are well positioned for the transition. They are likely to see increased demand for their products and services in the low-carbon transition. E.g. renewable-energy producers and electric-vehicle manufacturers.

Carbon Emissions: Sectoral Footprint

The data below is designed to set out emission levels for the fund's portfolio by its sectoral footprint. With regards to the numbers and percentages displayed, generally, the larger the number the more it is contributing to the effects of climate change.

Financed Carbon Emission (S1+S2) by Sector

	Portfolio
Energy	372.1
Materials	136.1
Industrials	19.1
Consumer Discretionary	2.2
Information Technology	2.0
Consumer Staples	1.7
Health Care	1.7
Communication Services	0.1
Financials	0.3
Total	14.5

The sector table shows the level of emissions for the fund's portfolio by sector for Scope 1 and Scope 2 emissions.

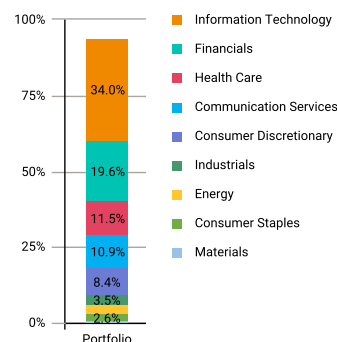
Sectoral Contribution to Financed Carbon Emissions (S1+S2)

	Portfolio
Communication Services	0.1%
Consumer Discretionary	1.3%
Consumer Staples	0.3%
Energy	78.0%
Financials	0.5%
Health Care	1.4%
Industrials	4.9%
Information Technology	5.1%
Materials	8.4%

The sectoral contribution table shows the percentage levels of emissions by sector for the fund's portfolio.

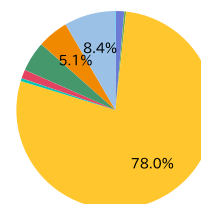
Sector Weight to Financed Carbon Emissions (S1+S2)

Market Cap Weight



The column chart shows the composition by sector of the portfolio of the fund by market capitalisation to financed carbon emissions. This highlights that currently, dominant sectors, in terms of emissions, tend to be Energy, Utilities and Materials.

Contribution to Financed Carbon Emissions



The pie chart shows the composition by each sector's contribution to financed carbon emissions. This highlights that dominant sectors, in terms of emissions, tend to be Energy, Utilities, and Materials.

Carbon Emissions: Trends and Profile

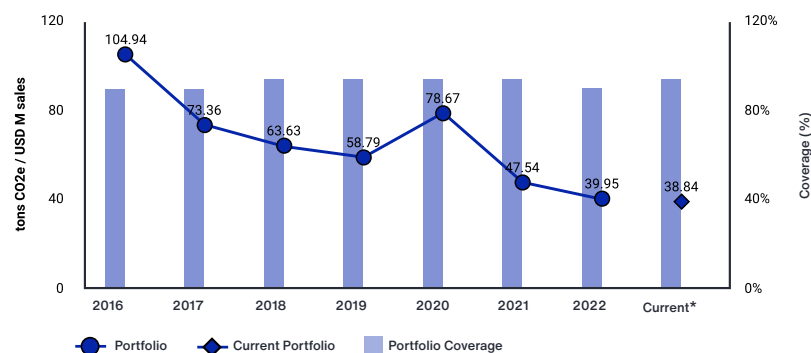
The **first chart** illustrates the change over time of the WACI of the fund's portfolio holdings. This analysis is intended to provide an understanding of how companies in the portfolio have decarbonized over time, as investors increasingly monitor decarbonization to support climate commitments such as Net Zero ("NZ"). Portfolio coverage of this metric is also provided which provides contextual information. For example, a lower WACI figure may be related to lower coverage of that metric in a certain year. There can be lower coverage due to companies' reporting cycles and take time in different regions around the world. Also provided is a % change of the WACI over a 5-year period and a % change compared to the commonly used net zero baseline year of 2019 for further monitoring and reporting.

Note – the analysis does not take into account changes of the constituents over the time period.

The **second chart** illustrates the emissions profile of the portfolio denoting the share between Scopes 1, 2 and 3 emissions.

Note – Scope 3 utilises a combination of estimated and reported emissions data.

Weighted Average Carbon Intensity of Current Holdings Over Time

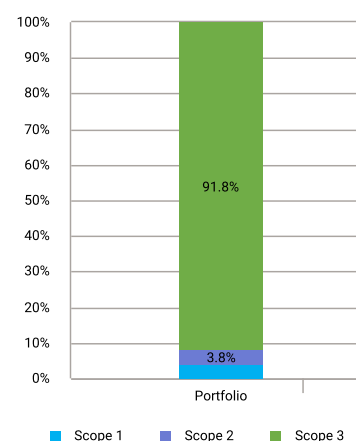


* Current refers to the selected analysis date and provides additional context to the analysis. For example, the figure shown could either be in the past at a specific point in time, or the present date if not specified.

Change across 5 years = -39.0%

Change since baseline NZ year of 2019 = -33.9%

Contribution of Emissions by Scope

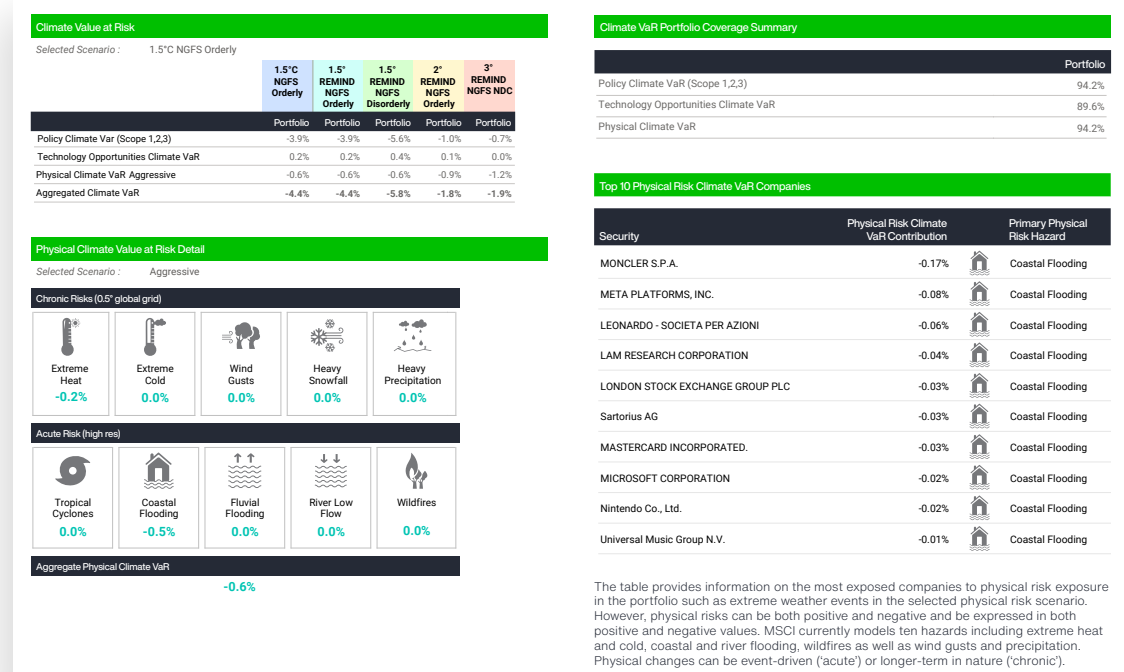


Climate Scenario Analysis

Scenarios describe a path of climate development leading to a particular outcome. They are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments. Scenarios should be Plausible, Distinctive, Consistent, Relevant, and Challenging. The Network for Greening the Financial System (“NGFS”) partnered with an expert group of climate scientists and economists to design a set of hypothetical scenarios. They provide a common and up-to-date reference point for understanding how climate change (physical risk) and climate policy and technology trends (transition risks) could evolve in different futures.

Why is forward looking climate scenario analysis in the TCFD Product report?

The use of climate scenario analysis enables investors to assess the potential earnings impairment of companies of different forward looking climate scenarios and how this might translate into investment returns of a fund. Whilst the scenarios considered are ‘future’ estimates of the rate of global warming, pace of technology change, future government policy etc., the value of climate scenarios is to demonstrate that different policies and resultant temperatures changes can affect a fund’s estimated performance projection.



Scenario Analysis: Orderly

Scenarios that assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.

Scenario Analysis: Disorderly

Scenarios that explore higher transition risk due to policies being delayed or divergent across countries and sectors. Carbon prices are typically higher for a given temperature outcome.

Scenario Analysis: REMIND

A numerical model that generates projections for the future evolution of the world economies with a special focus on the development of the energy sector and the implications for our world climate. The goal of REMIND is to find the optimal mix of investments in the economy and the energy sectors of each of the 12 model regions given a set of population, technology, policy, and climate constraints. It also accounts for regional trade characteristics on goods, energy fuels, and emissions allowances. The most relevant greenhouse gas emissions due to human activities are represented in the model.

Selected Scenario: Aggressive

Aggressive scenario represents a more severe future physical climate and is derived from the 95th percentile of the cost distribution and explores the most serious downside risk within the distribution tail.

Climate Value at Risk (“VaR”)

Climate Value at Risk is a quantitative, return based, valuation assessment of climate risks and opportunities within the fund’s portfolio. It estimates the present value of future transition costs and opportunities of a company through to 2050 and physical cost through to 2100 for a given climate scenario.

Top 10 Aggregated Climate VaR Risk Contributors

Security	Aggregated Policy Risk Climate VaR	Technology Opportunities Climate VaR	Physical Risk Climate VaR	Aggregated Climate VaR	Weight (%)	Climate VaR Risk Contribution
CANADIAN NATURAL RESOURCES LIMITED	-80.25%	0.00%	-0.30%	-80.56%	2.87%	-2.31%
LEONARDO - SOCIETA PER AZIONI	-28.95%	0.21%	-4.87%	-33.61%	1.25%	-0.42%
CELANESE CORPORATION	-41.12%	14.01%	-1.17%	-28.28%	0.84%	-0.24%
MONCLER S.P.A.	-0.93%	0.00%	-4.93%	-5.86%	3.33%	-0.20%
LAM RESEARCH CORPORATION	-1.87%	0.09%	-0.57%	-2.35%	6.11%	-0.14%
SAFRAN SA	-5.44%	0.96%	-0.40%	-4.87%	2.28%	-0.11%
META PLATFORMS, INC.	-0.29%	0.00%	-1.96%	-2.25%	4.09%	-0.09%
Sartorius AG	-1.09%	0.05%	-0.59%	-1.64%	4.82%	-0.08%
Nintendo Co., Ltd.	-1.22%	0.00%	-0.43%	-1.65%	3.97%	-0.07%
APPLIED MATERIALS, INC.	-2.13%	0.24%	-0.25%	-2.14%	2.84%	-0.06%

The table provides an overview of the companies with the highest negative Aggregated Climate VaR contribution in the portfolio. The position weight of each individual security in the portfolio is multiplied by the Aggregated Climate VaR to establish the Climate VaR risk contribution of the portfolio. Aggregated Climate VaR in this chart is the sum of Policy Risk from Direct GHG Emissions (Scope 1) Climate VaR, Technology Opportunities Climate VaR and Physical Climate VaR for the selected scenario.

Climate VaR numbers are calculated at the security level, i.e. 2 securities associated with the same issuer could have different Climate VaR.

Portfolio Level Sovereign Climate VaR Results

	Portfolio
1p5C NGFS Orderly	-0.31%
1p5C NGFS Disorderly	-0.13%
2C NGFS Orderly	-0.08%
2C NGFS Disorderly	0.00%
3C NGFS Current Policies	0.03%
3C NGFS	-0.07%
Coverage	0.56%

Coverage here denotes total portfolio coverage across all asset classes, not only the sovereign portion of the portfolio. The coverage metrics presented in this report are computed in the context of the entire long-only side of the portfolio – no weight adjustments are performed for the respective scopes of corporate or sovereign exposures.

Understanding Sovereign Climate VaR

Sovereign Bond Climate VaR is designed to provide a forward-looking and return-based valuation assessment to measure climate related risks in a sovereign bond investment portfolio. The fully quantitative model offers insights into how climate change could affect sovereign bond valuations through the use of a stress testing framework.

It estimates the change in the sovereign yield curve when market expectations move from a climate-agnostic baseline expectation to any other climate scenario. Yield curve changes are then used to stress test the value of local-currency sovereign bonds.

The model produces two types of outputs: the potential impact of climate change and economic decarbonization on implied yield curves and sovereign bond valuations.

Climate Value at Risk: Transition risks and opportunities

The policy scenarios aggregate future policy costs based on an end of the century time horizon. By overlaying climate policy outlooks and future emission reduction price estimates onto company data, MSCI ESG Research’s model provides insights into how current and forthcoming climate policies may affect companies. With the expansion of MSCI ESG Research’s new Scope 3 emissions estimation data, the model now includes the integration of policy risk from electricity use (scope 2) and from value chain GHG emissions (Scope 3), alongside policy risk from direct GHG emissions (Scope 1).

In this way, the Climate VaR framework is designed to help investors to understand the potential climate-related downside risk and/or upside opportunity in their investment portfolios.

The technology scenarios identify current green revenues as well as the low carbon patents held by companies, calculate the relative quality score of each patent over time and forecast green revenues and profits of corporations based on their low carbon innovative capacities.

Climate Value at Risk: Physical risks and opportunities

The physical scenarios that evaluate the impact and financial risk relating to several extreme weather hazards, such as extreme heat and cold, heavy snowfall and precipitation, wind gusts, tropical cyclones, coastal flooding/sea level rise and fluvial flooding. Our data sources and assessment methods have been established with input from the renowned Potsdam Institute for Climate Impact Research (“PIK”).

Why is Implied Temperature Rise (“ITR”) used as a forward-looking measure for the estimated impact of climate change on funds?

MSCI Implied Temperature Rise Company Analysis

Aggregated Implied Temperature Rise

Portfolio: 3.1°C

Implied Temperature Rise: Companies with Highest Temperature Alignment

Company Name	Weight	Implied Temperature Rise
DEXCOM, INC.	1.3%	10.0°C
CELANESE CORPORATION	0.8%	10.0°C
SAFRAN SA	2.3%	6.2°C
CANADIAN NATURAL RESOURCES LIMITED	2.9%	5.3°C
LEONARDO - SOCIETA PER AZIONI	1.2%	4.4°C
National Australia Bank Ltd (New York Branch)	0.0%	4.0°C
Nintendo Co., Ltd.	4.0%	3.0°C
FLUTTER ENTERTAINMENT PUBLIC LIMITED COMPANY	2.0%	2.8°C
Evolution AB (publ)	1.4%	2.8°C
NVIDIA CORPORATION	8.7%	2.7°C

Implied Temperature Rise: Companies with Lowest Temperature Alignment

Company Name	Weight	Implied Temperature Rise
MASTERCARD INCORPORATED.	4.2%	1.3°C
VISA INC.	4.1%	1.3°C
META PLATFORMS, INC.	4.1%	1.3°C
Philip Morris International Inc.	2.6%	1.3°C
LONDON STOCK EXCHANGE GROUP PLC	1.5%	1.3°C
Barclays Bank PLC (New York Branch)	0.0%	1.3°C
MICROSOFT CORPORATION	8.0%	1.4°C
LAM RESEARCH CORPORATION	6.1%	1.4°C
ADOBE INC.	3.2%	1.4°C
Adyen N.V.	2.8%	1.6°C

Some Governments globally have signed up to the Paris Agreement on climate change which is a legally binding treaty. At the core of the Paris Agreement is a commitment to reduce carbon emissions to stop the world's average temperature rising more than 1.5 degrees Celsius.

The ITR metric provides an indication of how well companies align with global temperature goals. Expressed in degrees Celsius, it is an intuitive, forward-looking metric that shows how a company aligns with the ambitions of the Paris Agreement – which is to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The fund's portfolio level Implied Temperature Rise compares the sum of “owned” projected GHG emissions against the sum of “owned” carbon budgets for the underlying fund holdings. The portfolio's total estimated carbon budget over- / undershoot is then converted to a degree of temperature rise (°C) using the TCRE. The allocation base used to define ownership is Enterprise Value including Cash (“EVIC”) in order to enable the analysis of equity and corporate bond portfolios.

Further Questions and Answers

Do the climate metrics used in the TCFD Product reports have any limitations?

It is important that investors consider the proportion of data coverage of a climate metric in a TCFD fund report, particularly when using the climate metrics to support investment decisions and compare with other funds.

Lower data coverage results in a reduced reliability for a climate metric. For example, a fund invested in an asset type where data availability and methodological issues are relatively challenging, such as infrastructure, may not have complete data coverage across the fund. A TCFD fund report should provide the data coverage ratio, and any limitations related to using a specific climate metric.

Furthermore, the data presented in the TCFD entity and fund reports relates to a specific point in time and is likely to change in the future and therefore should not be considered a reliable prediction.

How is the TCFD climate data being sourced?

The fund reports have been compiled using data from MSCI.

While the metrics in the fund reports align with the general intent of the recommendations from the TFCF, they may not be an exact one to one match with every element as specified in the updated guidance of metrics, targets and transition plans from the Task Force in October 2021. While every care has been taken in producing the TCFD reports, WMUK does not guarantee the accuracy, adequacy or completeness of the information or make any warranties from its use.

What are the limitations with climate scenario analysis?

The forward-looking climate scenario model outputs used in TCFD disclosures are uncertain, more so than estimates of historical greenhouse gas emissions. The models are based on simulations that use a number of inputs, including non-historic data, estimates, judgements and forward-looking assumptions. As such, caution should be applied when interpreting the results as these can sometimes appear counter intuitive. For example, a 'hot house' climate scenario being less severe than an 'orderly' or 'disorderly' climate scenario. This is because of the way that the model accounts for different types of climate risk against different investment assets, specifically the emphasis on the impact of physical risk and transition risk across the different scenarios.

Apendix 1 - Calculation Definitions

MSCI Carbon Footprint

From MSCI ESG Research LLC

Portfolio : 2104

Currency : USD



Footprint Metrics on Investor Allocation Definitions

EVIC: Enterprise Value Including Cash	Enterprise Value Including Cash (EVIC) is an alternate measure to Enterprise Value (EV) to estimate the value of a company by adding back cash and cash equivalents to EV. <i>EVIC = Market capitalization at fiscal year-end date + preferred stock + minority interest + total debt + cash and cash equivalents</i> The underlying data used for EVIC calculation is sourced from a company's accounting year-end annual filings. EVIC is updated and reflected once a year as the data is sourced annually.
Financed Carbon Emissions tons CO2e / USD M invested	Allocated emissions to all financiers (EVIC) normalized by \$m invested. Measures the carbon emissions, for which an investor is responsible, per USD million invested, by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization). $\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (\$M)}}$
Total Financed Carbon Emissions tons CO2e	Allocated emissions to all financiers (EVIC). Measures the total carbon emissions for which an investor is responsible by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization). $\sum_i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$
Financed Carbon Intensity tons CO2e / USD M sales	Allocated emissions per allocated sales. Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalization). $\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\sum_i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's \$M revenue}_i \right)}$
Weighted Average Carbon Intensity Definitions	
Corporate constituents tons CO2e / USD M sales	Measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' Carbon Intensity (emissions/sales). $\sum_i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$
Sovereign constituents tons CO2e / USD M GDP nominal	Measures a portfolio's exposure to carbon-intensive economies, defined as the portfolio weighted average of sovereigns' GHG Intensity (emissions/GDP). $\sum_i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{sovereign issuer's GHG emissions}_i}{\text{sovereign issuer's \$M GDP}_i} \right)$

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