Arcmont from nuveen

Task Force on Climate-Related Financial Disclosures Report

Reporting Period:
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31st December 2024

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Contents

Compliance Statement

This report has been prepared by Arcmont Asset Management Limited ("Arcmont" or the "Firm") in accordance with the Financial Conduct Authority's ESG Sourcebook (ESG 2) and the disclosure requirements set out in Policy Statement PS21/24. It follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and outlines how Arcmont integrates climate-related risks and opportunities into the management and administration of investments on behalf of clients in line with the firm's fiduciary duty.

The report builds on Arcmont's inaugural 2023 TCFD Entity Report and reflects key developments in 2024, including the completion of a portfolio-wide decarbonisation assessment, the development of an impact lending strategy, and preparatory steps to enhance emissions data coverage and conduct a more detailed scenario analysis in the near term.

Using Part 4, Section D of the TCFD Annex, titled 'Asset Managers', as guidance, Arcmont has disclosed in alignment with five of the TCFD recommendations and partially with five others, whilst progressing towards future alignment with the remaining recommendations. This has been outlined in the Summary section. This report therefore details Arcmont's response to each of the recommendations and establishes the Firm's compliance with the FCA's PS21/24.

Nathan Brown
Chief Operating Officer

Introduction

Arcmont recognises that climate-related risks have the potential to significantly impact the operational resilience and financial performance of portfolio companies. This report outlines the Firm's policies, governance structures, and processes for integrating climate considerations into investment and risk management decisions, as outlined in Arcmont's Responsible Investment Policy and Climate Change Addendum (together the "ESG Policies")[1].

The content of this TCFD Entity Report is focused on providing transparent information to stakeholders and relevant regulatory bodies. Therefore, when reading this report, please note the following:

- **Private-Debt Specific Approach**: As a lender to businesses, as opposed to an owner:
  - Arcmont's primary climate-related exposure arises from risks that may affect a borrower's ability to meet its debt obligations. As a result, Arcmont's climate approach prioritises risk mitigation and downside protection.
  - Arcmont has more limited control over portfolio companies than Private Equity owners. To overcome this and encourage stronger management of material climate risks, Arcmont offers borrowers sustainability-linked margin ratchets[2,3]. While voluntary, these provisions promote improved climate risk management practices.
- **Data Limitations:** The availability and quality of reported ESG data in private markets is still developing, which limits our ability to fully align with the recommendations of TCFD. Arcmont currently leverages a proxy data provider to fill data gaps. More information on this methodology can be found in the Emissions section.
- **Terminology:** Arcmont adheres to the UN Principles for Responsible Investment (PRI) definition of Environmental, Social, and Governance (ESG) which explicitly include climate factors under the "E" pillar. Therefore, throughout this report, all relevant climate-related factors are captured under the terms "ESG" or "Responsible Investment."

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1 The policies are available on the Arcmont website.

2 Arcmont has a policy to offer a sustainability-linked margin ratchet to every (i) new primary borrower since April 2021 and (ii) existing primary borrower who is provided additional financing after April 2021. Note that the take up of the offer of the ratchets is voluntary, and borrowers elect to participate.

3 These provisions tie the cost of debt financing to the achievement of pre-agreed, measurable Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs).

Summary

TCFD recommendation	Summary of disclosure	2024 Status
Governance		
a. Describe the Board's oversight of climate-related risks and opportunities.	• The Arcmont Board of Directors (the "Board") has ultimate oversight of climate-related risks and opportunities. • The Board ensures that ESG and climate-related factors are embedded within the Firm's broader strategic objectives and material risk considerations. • ESG is a standing agenda item for all quarterly Board meetings, under which relevant climate matters are discussed.	Fully aligned
b. Describe management's role in assessing and managing climate-related risks and opportunities.	• Detailed monitoring and management of ESG and climate-related matters has been delegated to the ESG Committee. • Members of Arcmont's senior management team form the ESG Committee. • An Arcmont Board member sits on the ESG Committee as the chairperson. • The ESG Committee meets at least quarterly to discuss relevant ESG and climate-related matters, with information provided by the Responsible Investing team.	Fully aligned

Fully aligned: Partially aligned: Pending:

Summary

TCFD recommendation	Summary of disclosure	2024 Status
Strategy		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	• In 2023, Arcmont conducted qualitative climate scenario analysis to assess the exposure of the Arcmont funds' investments to climate-related risks and opportunities. • This assessment identified the climate-related physical and transition risks that may have implications on the Firm's investment strategy over the near and medium term. • Given that there were no material changes during the period and portfolio company data availability remains limited, the analysis was not updated during the year.	Fully aligned
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• Products and services / adaptation and mitigation activities: - All vehicles in Arcmont's Direct Lending, Senior Loan and Capital Solutions strategies that are currently investing promote climate change mitigation for the purpose of the EU Sustainable Finance Disclosure Regulation (SFDR). - Across all Arcmont's investment strategies, ESG and climate-related factors are considered at every stage of the deal lifecycle, from pre-investment negative screening and ESG due diligence through to post-investment monitoring, reporting and engagement.	Partially aligned

Fully aligned: Partially aligned: Pending:

Summary

TCFD recommendation	Summary of disclosure	2024 Status
b. (continued)	- Climate risk mitigation is the primary focus of Arcmont's sustainability-linked margin ratchet programme. Arcmont is specifically focused on encouraging borrowers to set and achieve science-based GHG emission reduction targets. - In 2024, Arcmont launched an impact lending strategy that focuses on providing financing to companies whose products and services seek to address critical environmental and social challenges across four themes: climate, health, education and sustainable economic growth. Through this strategy, Arcmont seeks to support climate-related solutions. • Investment in research and development: - Arcmont leverages a proxy data provider to source ESG and climate data for portfolio companies in the absence of reported information. - Arcmont leverages a climate consultancy firm to support with making progress on the Firm's climate objectives.	
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• In 2023, Arcmont conducted qualitative climate scenario analysis on the Arcmont funds' investments. Please refer to the Scenario Analysis section for further details and the results.	

Fully aligned: Partially aligned: Pending:

Summary

TCFD recommendation	Summary of disclosure	2024 Status
Risk Management		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	• Across all Arcmont strategies, an ESG materiality assessment is performed on opportunities pre-investment to identify and assess material ESG risks, including climate risks. The results of this assessment are used to assign each opportunity and ESG Risk Score. As part of this: - Arcmont specifically assesses companies for physical, transition and regulatory climate risks, leveraging SASB's Climate Risk Technical Bulletin. - Arcmont collects GHG emissions data and information on climate targets, where available. • Across all Arcmont strategies, the identified material risks are actively monitored throughout Arcmont's holding period and a formal quarterly review takes place. Here, every portfolio company is reviewed for changing materiality in ESG and climate-related risks as well as progress against climate targets if set.	Partially aligned

Fully aligned: Partially aligned: Pending:

Summary

TCFD recommendation	Summary of disclosure	2024 Status
b. Describe the organisation's processes for managing climate-related risks.	• Across all Arcmont strategies, Arcmont applies climate-related exclusions to limit the Arcmont funds' exposure to companies engaging in certain business activities that extensively contribute to climate change. • Across all Arcmont strategies, Arcmont applies an ESG Risk Score threshold prohibiting investments in companies that are materially exposed to ESG risks without sufficient risk mitigation practices. If a company is exposed to material climate risks but does not sufficiently manage them, it will be reflected in the score. • Across all Arcmont strategies, Arcmont actively engages with certain primary borrowers to implement climate-focused sustainability-linked margin ratchets[4]. Arcmont has a specific focus on encouraging borrowers to set and achieve science-based GHG emissions reduction targets.	Fully aligned
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• The formal process for identifying, assessing and managing climate-related risks is documented in the Climate Change Addendum to Arcmont's Responsible Investment Policy[5]. • The results of the pre-investment ESG materiality assessment including the ESG Risk Score are included in the final investment memorandum and are considered by the relevant investment committee and the Deal Approval Committee prior to making their respective investment decisions. Note that the ESG materiality assessment is independently reviewed by Arcmont's ESG Consultant before being finalised. • The ESG materiality assessments and ESG Risk Scores are reviewed quarterly. The updated assessments are reviewed by Arcmont's ESG Consultant and the Responsible Investing team before being finalised. The Responsible Investing team will raise any material issues to Arcmont's ESG Committee if necessary.	Fully aligned

Fully aligned: Partially aligned: Pending:

[4] Arcmont has a policy to offer a sustainability-linked margin ratchet to every (i) new primary borrower since April 2021 and (ii) existing primary borrower who is provided additional financing after April 2021. Note that the take up of the offer of the ratchets is voluntary, and borrowers elect to participate.

[5] Available on the Arcmont website.

Summary

TCFD recommendation	Summary of disclosure	2024 Status
Metrics & Targets		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	• The Metrics section details the metrics Arcmont has identified to measure and assess climate-related risks across the Arcmont funds' investments.	Partially aligned
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	• Please refer to the Emissions section for the Scope 1, Scope 2, and Scope 3 GHG emissions associated with the Arcmont funds' investments and operations. • Due to data availability challenges, Arcmont currently provides investors with annual ESG data reports that contain estimated GHG emissions data for every portfolio company and additional product-related metrics including relevant emissions intensity ratios such as Weighted Average Carbon Intensity (WACI).	Partially aligned
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Arcmont has not yet set targets to manage climate-related risks or opportunities. • Arcmont intends to use the Private Debt net zero guidance from the Institutional Investors Group on Climate Change (IIGCC) to assess a baseline position. • Arcmont believes adopting a net zero target requires a clear, actionable strategy to ensure meaningful and measurable progress. Therefore, Arcmont is taking a cautious yet proactive approach by prioritising a comprehensive baseline assessment and the creation of a detailed plan before committing to specific targets.	Pending

Fully aligned: Partially aligned: Pending:

Governance

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

1.1 Board Oversight

Describe the board's oversight of climate-related risks and opportunities.

Arcmont's Board of Directors (the "Board") holds ultimate oversight of ESG and climate-related matters, integrating ESG and climate factors into broader risk and strategic discussions. ESG is a standing agenda item for the Board's quarterly meetings, under which climate-related matters are discussed as relevant.

While the Board retains overall responsibility, it has delegated the detailed monitoring and management of ESG and climate-related issues to the ESG Committee, which provides quarterly updates to the Board. These updates typically include:

- A summary of Arcmont's climate-related engagements with portfolio companies, including adoption rates of the voluntary sustainability-linked margin ratchets;
- Key developments regarding the Firm's compliance with climate-related obligations, including the FCA's PS21/24; and
- Emerging trends, developments, and risks in the ESG and climate landscape that could impact Arcmont or the Arcmont funds' investments.

Through these quarterly updates, the Board maintains effective oversight of Arcmont's climate-related progress, both at the firm level and across the Arcmont funds' investments. Although Arcmont has not yet set third-party validated quantitative climate-related targets at either the firm or investment level, select climate metrics are tracked to monitor progress. In the absence of formalised targets, the Board remains committed to ensuring that climate-related risks are appropriately managed with the goal to achieve long-term, risk-adjusted returns for investors.

1.2 Management Oversight

Describe management's role in assessing and managing climate-related risks and opportunities.

Arcmont has established a clear governance structure to effectively oversee, assess, and manage climate-related risks and opportunities across its operations and investment activities. This structure ensures that climate-related matters are integrated into decision-making processes at both the management and Board levels.

Management-Level Responsibilities

Whilst the Board retains ultimate responsibility for ESG and climate-related issues, it has delegated the oversight to Arcmont's ESG Committee ("Committee"). The Committee is responsible for the detailed monitoring and management of ESG and climate-related risks and forms part of Arcmont's broader risk governance framework. To reinforce Board-level engagement and accountability, the Committee is chaired by a Board member.

Governance

The Committee's quarterly meetings are used to review ESG and climate-related related performance and objectives, with updates provided by the Responsible Investing team. In practice, members of the Committee receive more frequent updates on ESG and climate-related activities from the Responsible Investing team. Please see further information on reporting lines on the next page.

The Committee is comprised of senior management representatives from key business functions, ensuring broad expertise and influence on decision-making processes. Members include:

- Chief Operating Officer (Chair)
- Chief Investment Officer
- Chief Compliance Officer
- Head of Corporate Sustainability and Responsible Investing
- Head of Portfolio Monitoring

Key climate-related responsibilities of the Committee include:

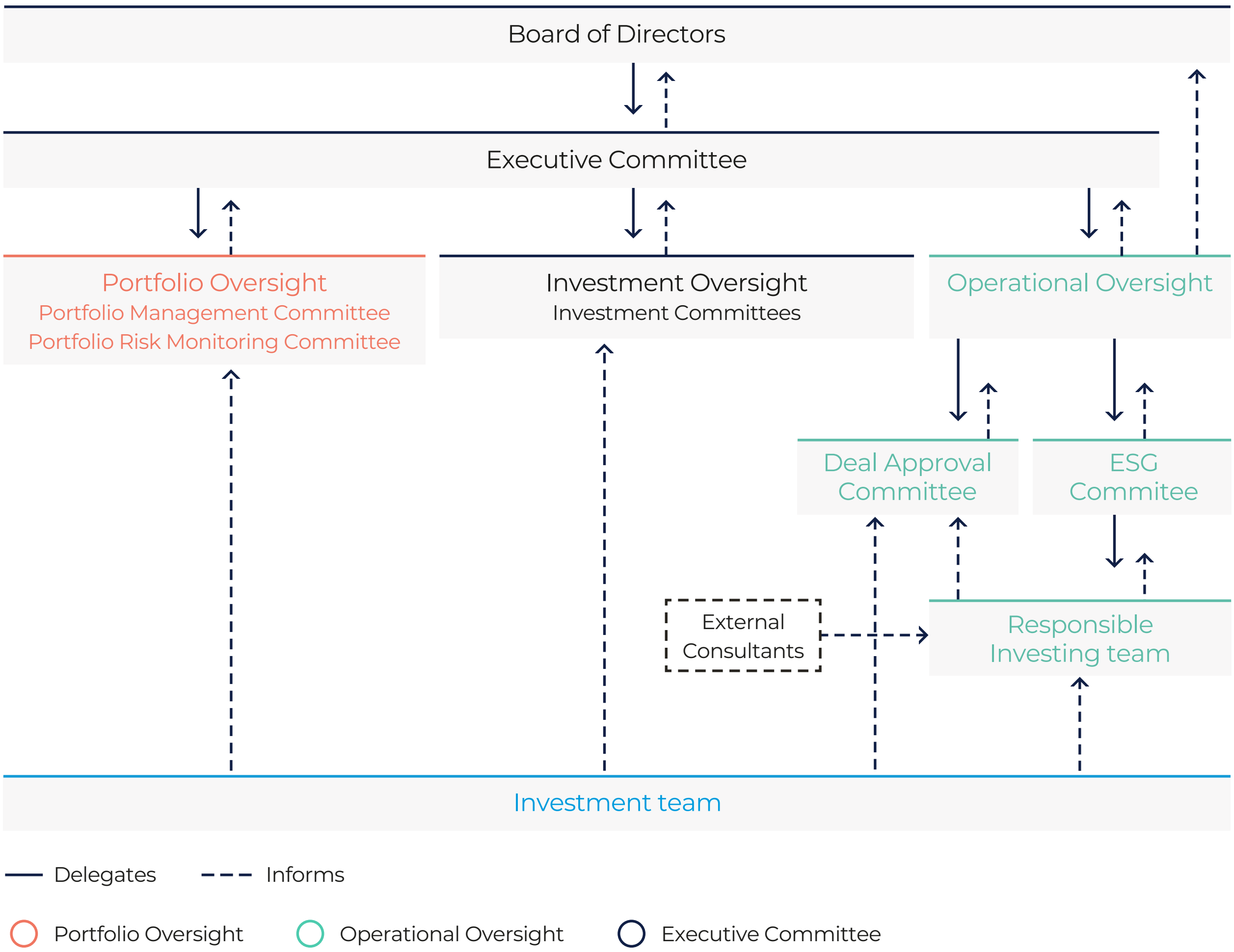
- Ensuring climate-related risks and opportunities are identified, assessed and managed within the investment process;
- Overseeing the development and implementation of Arcmont's climate-related policies, including the Climate Change Addendum[6];
- Identifying and addressing ESG and climate-related training needs across the organisation;
- Approving sustainability-linked margin ratchets and subsequently reviewing borrowers' performance against the targets set; and
- Monitoring compliance with regulatory obligations, including the FCA's PS21/24.

[6] Available on the Arcmont website.

Governance

Investment Governance Structure

Arcmont's investment governance structure ensures that ESG and climate consideration are embedded throughout the investment process. Note that all Arcmont Committees ultimately report to the Board which has overall responsibility for reviewing the adequacy and effectiveness of Arcmont's internal controls, the risk management processes and the legal, regulatory and compliance functions.



Governance

Arcmont Committee	ESG Committee Member	Principal Role/Function of Committee
Executive Committee	Chief Operating Officer Chief Investment Officer	Agrees the strategic direction for the Firm and approves the annual budget and multi-year financial plan. ESG factors, including climate factors, may form part of the committee's decisions.
Portfolio Management Committee	Chief Investment Officer	Carries out periodic reviews of the entire portfolio to monitor credit quality, diversification, current yield dynamics and downside protection. ESG factors, including climate factors, may form part of the committee's decisions.
Portfolio Risk Monitoring Committee	Chief Operating Officer Chief Compliance Officer Head of Portfolio Monitoring	Agrees the investments that should be on the Watch List following the quarterly Portfolio Management Committee meetings. ESG factors, including climate factors, may form part of the committee's decisions.
Investment Committees[7]	Chief Investment Officer	Determines the investments and divestments which should be made by the relevant Arcmont vehicles. An assessment of material ESG and climate-related risks is included in a dedicated ESG section of all final investment memorandums. This information is considered by the relevant investment committee prior to making investment decisions.
Deal Approval Committee	Chief Operating Officer Chief Compliance Officer	Reviews all investments and divestments, restructuring, board appointments and co-investments. As part of the Deal Approval Committee (DAC) pre-investment process, the DAC reviews the final investment memorandum which contains an assessment of material ESG and climate-related risks for every investment.

Note:

- The Responsible Investing team leads the day-to-day implementation of Arcmont's ESG and climate strategies, with support from external consultants, including Arcmont's ESG Consultant, Climate Consultant and Impact Consultant.
- The investment team is responsible for integrating ESG and climate-related matters into the deal lifecycle, with the Responsible Investing team and Arcmont's ESG Consultant providing support, subject matter expertise, review and oversight.

[7] There is a dedicated investment committee for each of Arcmont's investment strategies (Direct Lending, Capital Solutions and Impact Lending) and Arcmont's Chief Investment Officer is a member of each.

Governance

In 2024, the Committee:

- Conducted quarterly reviews of the sustainability-linked margin ratchet tracker, which summarises the details of every climate-focused sustainability-linked margin ratchet across the Arcmont funds' investments. This also included a discussion of the actions required to address unsuccessful engagements;
- Assessed ESG and climate-related training needs for relevant employees, and subsequently rolled out targeted training and capacity-building initiatives across the Investment team, Responsible Investing team and ESG Committee; and
- Agreed to commission a decarbonisation assessment across the Arcmont funds' investments in 2024. This included assessing whether portfolio companies (i) were disclosing complete Scope 1 and 2, and material Scope 3 GHG emissions in line with the GHG Protocol, (ii) had set near-term and/or net zero science-based targets. Please refer to the Metrics section for the results.

Strategy

Strategy

2.1 Identifying Risks and Opportunities

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

The primary asset class in which the Arcmont funds invest is Private Debt. Private Debt instruments typically have contractual maturities (c. 7 years from closing). However, for the vast majority of investments, exit occurs through repayment prior to contractual maturity (typically c. 3 – 4 years from closing), in line with the timing of the sale of the business from the Private Equity owner. Accordingly, Arcmont considers climate risks in the (i) near-term which covers from now and up to 2030 and (ii) medium-term which covers 2030 to 2050.

In the context of Private Debt investing, climate change presents primarily downside risk. As a lender to businesses, as opposed to an owner, there is a generally capped upside, making the management of material risks, including ESG and climate risks, critical to protecting investor returns. As such, climate-related risks are integrated into Arcmont's investment process to mitigate their potential negative financial impact. Please refer to the Risk Management section for a detailed description of the processes in place to identify, assess and manage climate-related risks in the investment process.

In addition to the bottom-up analysis performed on each investment, Arcmont also performed qualitative climate scenario analysis across the Arcmont funds' portfolio of investments in 2023. Please refer to the Scenario Analysis section for further details. Through these analyses, Arcmont has identified the most material climate-related risks for the Arcmont funds' investments, which are summarised in the table below.

Risk description	Risk category	Climate scenario and time horizon[8]	Potential impact on portfolio companies
Arcmont Funds' investments			
Physical	Acute Physical Risks	Medium term and high-carbon scenario	Extreme weather events may damage assets and disrupt operations and supply chains, leading to increased costs, supply chain delays and higher insurance premiums.
Transition	Legal and Regulation	Short and medium term and low-carbon scenario	Increasing climate-related regulation may raise compliance costs and litigation risk, particularly for carbon-intensive sectors, such as manufacturing.
	Policy	Short and medium term and low-carbon scenario	Carbon pricing may increase the cost of raw materials, energy, transportation, waste management and supplier costs.
	Market	Short term and low-carbon scenario	Volatile energy prices from the clean energy transition may raise operational costs.
	Reputation	Medium term and low-carbon scenario	Companies misaligned with the low-carbon transition or seen as greenwashing may face reputational damage, potentially reducing demand for goods/services and limiting access to capital.
Arcmont's operations			
Transition	Regulation	Short and medium term and low-carbon scenario	Regulatory risk has been identified as the most material climate-related risk to Arcmont's operations. It may increase operating costs due to evolving compliance requirements and could reduce access to capital if regulation or stakeholder expectations are not adequately met.

[8] Most likely scenario/time horizon of risk materialising. However, it should be noted that risks may be experienced across different scenarios and time horizons

Strategy

2.2 Strategic and Financial Planning

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Responsible Investing Strategy

As further detailed in the Risk Management section, across all strategies, ESG and climate factors are considered at every stage of Arcmont's investment process to identify, assess and manage financially material climate risks.

Climate factors are also the cornerstone of Arcmont's engagement activities with borrowers. Arcmont offers certain[9] primary borrowers sustainability-linked margin ratchets to financially incentivise them to improve their climate risk management practices, with a particular focus on encouraging them to set and achieve science-based GHG emission reduction targets.

To date, Arcmont has implemented 30 sustainability-linked margin ratchets:

- 23 sustainability-linked margin ratchets contain a climate-related KPI.
- 20 sustainability-linked margin ratchets require borrowers to set and achieve GHG emissions reductions targets.

Positively, borrower engagement has continued over the past year, with nine new sustainability-linked ratchets signed across the Arcmont platform in 2024.

Impact Lending Strategy

In December 2024, Arcmont launched an impact lending strategy to support companies with products and services that address critical environmental and social challenges. The strategy is focused on four core themes: climate, health, education, and sustainable economic growth. Investments under the climate theme support climate change resilience, adaptation and mitigation, biodiversity protection and a circular economy. Through this strategy, Arcmont aims to invest in companies that substantially and credibly support these objectives.

EU Sustainable Finance Disclosure Regulation (SFDR)

All Arcmont Direct Lending, Senior Loan and Capital Solutions vehicles that are currently investing promote climate change mitigation as the investments in the vehicles are offered climate-focused sustainability-linked margin ratchets. This means the vehicles disclose under Article 8 of the EU SFDR.

[9] Arcmont has a policy to offer a sustainability-linked margin ratchet to every (i) new primary borrower since April 2021 and (ii) existing primary borrower who is provided additional financing after April 2021. Note that take up of the offer of the ratchets is voluntary, and borrowers elect to participate.

Strategy

Top-Down Portfolio Decarbonisation assessment

Arcmont's is seeking to assess borrower's net zero alignment, leveraging the Institutional Investors Group on Climate Changes' (IIGCC) Net Zero Component for Private Debt as guidance, which Arcmont contributed to. As a first step, Arcmont conducted a top-down portfolio wide decarbonisation assessment to assess whether portfolio companies:

(a) Report complete Scope 1 and 2, and material Scope 3 GHG emissions in line with the GHG Protocol; and

(b) Have set near-term and/or net zero science-based targets.

Please refer to page 32 for the results. Overall, the results show limited emissions reporting and minimal adoption of science-based targets. Nonetheless, we have observed an increase in the number of borrowers tracking Scope 1 & 2 emissions and setting targets in recent years. Unfortunately, Scope 3 emissions are not well reported across the Arcmont funds' investments, primarily due to challenges in accessing reliable value chain data. Arcmont will continue to monitor these data points to assess progress, track trends and encourage improved reporting over time.

Climate Transition Plan

Arcmont has not yet defined or disclosed a formal climate transition plan relating to the Arcmont funds' investments. Over the past year, the Firm has focused on building the necessary foundations to support future planning, such as enhancing data coverage and conducting qualitative climate scenario analysis (CSA). The development of a climate transition plan remains a medium to long term priority, and Arcmont intends to use the outputs of more robust CSA work, alongside the establishment of appropriate GHG emissions reduction commitments, to inform a credible and actionable roadmap for transitioning to a low-carbon economy.

Strategy

2.3 Scenario Analysis

Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.

Climate Scenario Analysis

In 2023, Arcmont conducted qualitative climate scenario analysis (CSA) on the Arcmont funds' investments, with support of a climate consultant. This exercise aimed to enhance the Firm's understanding of the potential impacts of climate-related risks and opportunities on portfolio companies and to support future risk mitigation planning. Given that there were no material changes in 2024 and portfolio company data availability remains limited, the analysis was not updated during the year.

As part of the CSA, Arcmont and the climate consultant conducted desk-based research and facilitated workshops with internal stakeholders from key business functions, including Arcmont's Chief Operating Officer, Head of Corporate Sustainability and Responsible Investing, Chief Compliance Officer, Chief Investment Officer and Head of Portfolio Monitoring. This cross-functional engagement ensured a comprehensive assessment of the Firm's operations and supported the identification of all relevant climate-related risks.

The CSA considered two main time horizons: (i) near term, which covers from now and up to 2030; and (ii) medium term which covers 2030 to 2050. The CSA also incorporated two transition pathways, informed by authoritative climate science sources, including publications from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and relevant industry-specific climate research:

- **Low-carbon scenario:** aligned with a net zero by 2050 pathway and assumes that the goals of the Paris Agreement are achieved, namely that global temperature rise is limited to 1.5°C. In this scenario, the more prominent risks are those associated with the transition to a lower-carbon economy (for example, higher emission costs and more stringent regulation), while physical risks remain relatively limited.
- **High-carbon scenario:** reflects a 'business-as-usual' trajectory where insufficient climate policy and action leads to the goals of the Paris Agreement not being met and global temperatures rise to 3°C or higher. This scenario is characterised by heightened physical risks, including more frequent and severe climate-related events.

The CSA was conducted in two phases. In the first phase, both physical and transition risks were assessed across each scenario and time horizon. Risks were prioritised based on a qualitative evaluation of their likelihood, defined as the probability of occurrence within a given scenario and timeframe, and their potential impact, which reflects the vulnerability and preparedness of the industry or company. This methodology was also applied to assess climate-related risks to Arcmont's own operations, with the results determined to be financially immaterial.

Strategy

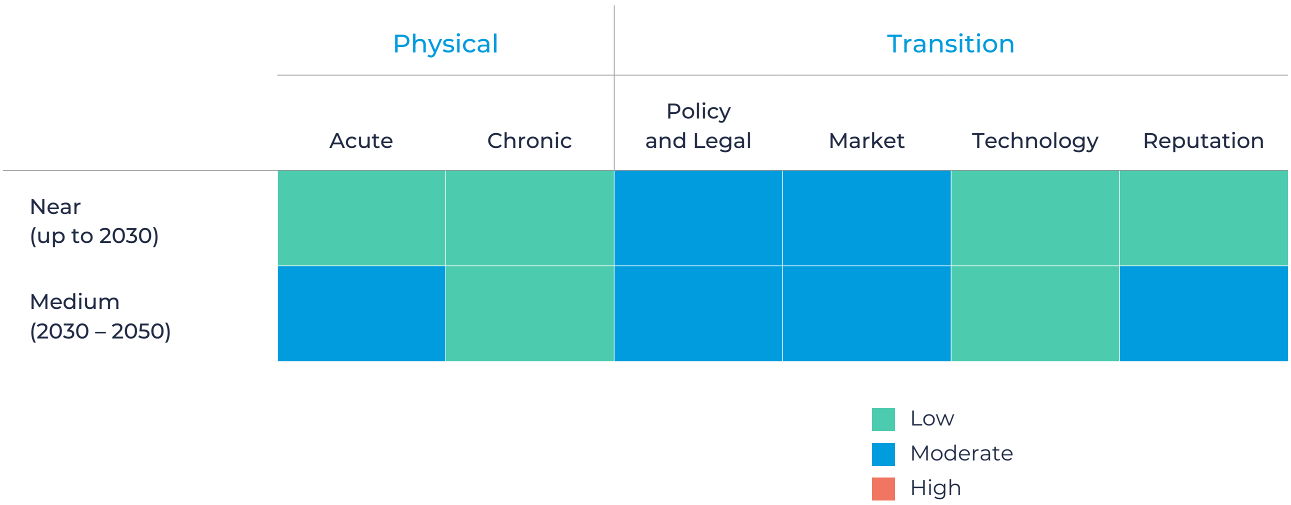
The table below shows the overall financial exposure of the Arcmont funds' investments, by timeframe and by type of risk.

Green denotes a low level of financial exposure, indicating that the assessed climate-related risk is expected to have limited financial impact on the portfolio within the given timeframe. This may be due to lower vulnerability and exposure to the specific risk driver, combined with a lower likelihood of the risk occurring.

Blue denotes a moderate level of financial exposure, which may result from greater exposure to climate-related risks or lower preparedness of the industry or company to mitigate or adapt to them. This could include sectors with higher emissions, increased sensitivity to regulatory changes, or greater vulnerability to acute physical risks, such as extreme weather events.

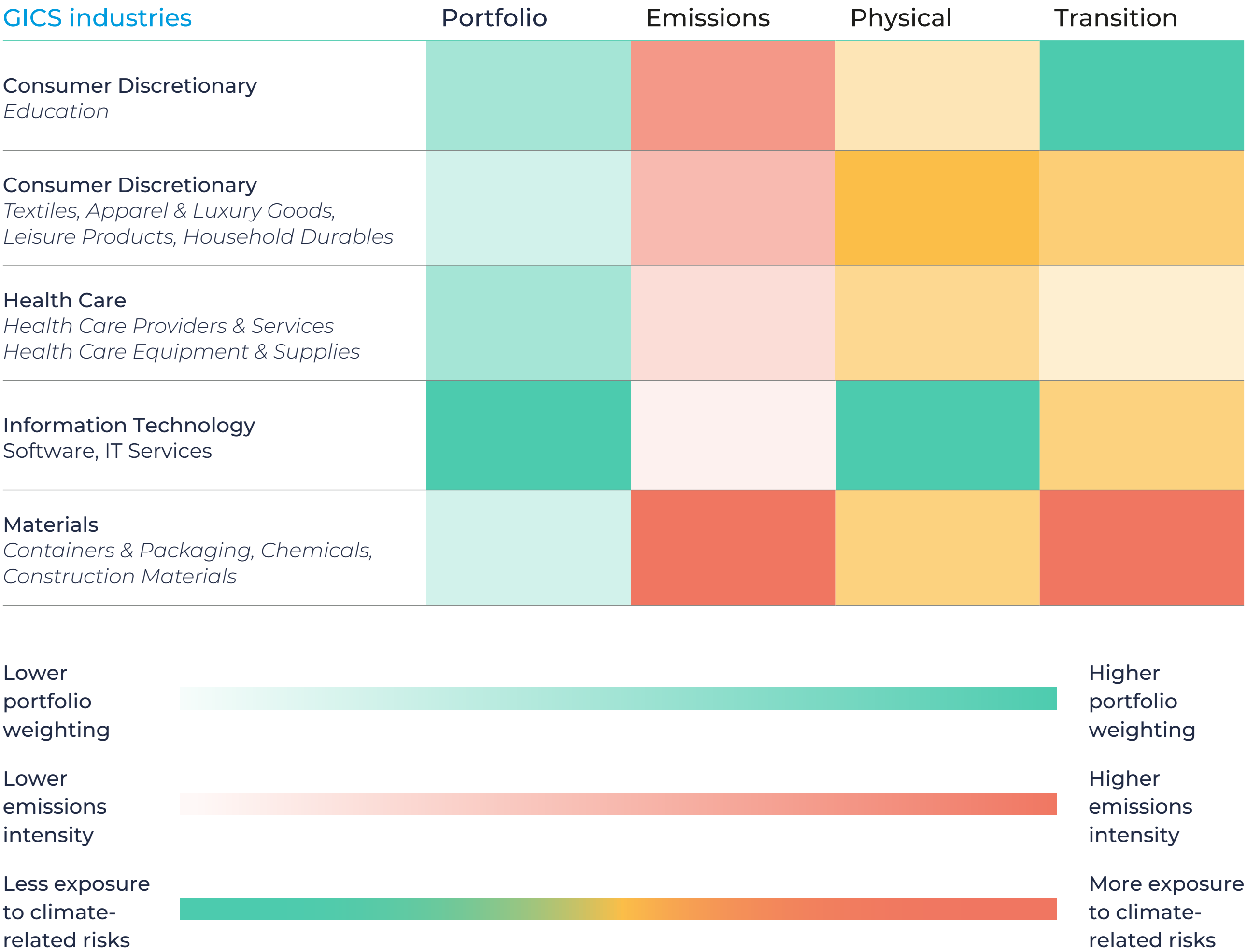
Grapefruit denotes a high level of financial exposure. Positively, the Arcmont funds' investments do not have a high level of financial exposure.

Financial Exposure Perspective



The second phase involved a high-level review of climate-related risks across industries represented across the Arcmont funds' investments, to identify the industries most exposed to such risks.
In consultation with internal stakeholders, five priority industries were selected for deeper analysis based on their portfolio weighting and vulnerability to climate-related risks, incorporating company-specific insights where relevant. Materiality was assessed on a portfolio level, considering each holding's weighting and contribution to emissions, as summarised in the table overleaf.

Strategy



While the Information Technology industry holds the highest weighting within the Arcmont funds' investments, its overall contribution to overall GHG emissions is comparatively low. In contrast, the Materials and Consumer Discretionary industries, though representing a smaller share of the portfolio by value, accounts for proportionally more emissions. This divergence highlights the importance of considering both industry exposure and emissions intensity when assessing the materiality of climate-related risks.

For example, the higher-emitting sectors are typically more vulnerable to transition risks, including regulatory changes and shifts in market preferences. Conversely, sectors with high portfolio weighting may present lower exposure to climate-related risks but still warrant close monitoring due to their financial significance. Therefore, Arcmont integrates both dimensions to ensure a balanced and comprehensive climate risk assessment.

The analysis was based on estimated GHG emissions data due to limited portfolio company data coverage. As data availability improves, Arcmont intends to reperform the CSA using reported emissions data to enable a more accurate and robust assessment. While climate-related opportunities were acknowledged, the CSA focused on downside risks, consistent with Arcmont's Private Debt asset class and the generally capped upside post-investment.

Risk Management

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

ESG and climate-related factors are considered at every stage of Arcmont's investment process, supporting the identification, assessment, and management of material climate-related risks. The below table summarises how ESG and climate-related factors are considered at each stage. Further details can be found in Arcmont's Responsible Investment Policy and Climate Change Addendum[10] and on the following pages. Every investment, regardless of size or strategy, goes through this process.

Stage	Responsible Investment Process	Climate Spotlight
1 | Negative Screening	Opportunities are first screened against an ESG exclusions policy and screened for ESG risk incidents using RepRisk.	• All Arcmont ESG exclusions policies have climate-related exclusions. • RepRisk screens companies for specific climate-related issues including climate change, GHG emissions and global pollution incidents.
2 | ESG Due Diligence	Every prospective investment undergoes an ESG materiality assessment and is assigned an ESG Risk Score. This is performed by the deal team, leveraging Arcmont's proprietary ESG Appendix Generator, but is independently reviewed by Arcmont's ESG Consultant, prior to being finalised and included in the final investment memorandum (FIM.).	• ESG Materiality Assessment: (a) 'Climate Risk (Physical)', 'Climate Risk (Regulatory)' and 'Climate Risk (Transitional)' are specific factors in Arcmont's Universe of ESG Issues. (b) ESG Appendix Generator uses SASB's Climate Risk Technical Bulletin as a source to identify potential material ESG risks. • ESG Risk Score: If a company is highly exposed to climate risks and those risks are not sufficiently managed, it will be reflected in the score. Note that Arcmont applies a scoring threshold.
3 | Final Investment Decision	The relevant investment committee considers the results of the ESG materiality assessment and the ESG Risk Score when making an investment decision.	Material climate risks are highlighted to the committee within the FIM.
4 | Deal Approval Committee	The Deal Approval Committee considers the results of the ESG materiality assessment and the ESG Risk Score when making an investment decision. A member of the Responsible Investing team is required to sign off on every deal from an ESG perspective.	Material climate risks are highlighted to the committee within the FIM.

[10] Available on the Arcmont website.

Risk Management

Stage	Responsible Investment Process	Climate Spotlight
5 | Engagement (Stewardship)	Arcmont offers a sustainability-linked margin ratchet to every (i) new primary borrower since April 2021 and (ii) existing primary borrower who is provided additional financing after April 2021[11].	Arcmont endeavours to include a climate-related KPI in every ratchet and has a specific focus on encouraging borrowers to set and achieve science -based GHG emission reduction targets.
6 | Monitoring	Quarterly ESG materiality assessment and ESG Risk Score reviews. Annual monitoring of performance vs pre-agreed targets for borrowers with sustainability-linked margin ratchets.	Material climate risks and borrowers' climate performance is monitored through these processes.
7 | Reporting	Product level quarterly ESG reports and annual ESG data reports	• Quarterly ESG Reports discloses information on material climate risks. • Annual ESG data reports contain GHG emissions data for every portfolio company, including intensity metrics.

[11] Note that ratchets are voluntary, and borrowers elect to participate.

Risk Management

3.1 Risk Identification and Assessment

Describe the organisation's processes for identifying and assessing climate-related risks.

Risk Definitions and Scope Assessments

Climate-related risks are classified and assessed using Arcmont's internally defined risk typologies that directly align to international frameworks, specifically the TCFD and the Sustainability Accounting Standards Board (SASB) standards. Arcmont's assessment includes evaluating the potential size, scope and likelihood of climate-related risks over the typical investment holding period (c. 3-4 years). Further detail on the assessment process is provided below.

Climate Risk Identification and Assessment Processes

Below we summarise how Arcmont identifies and assesses climate-related risks prior to investment and during the holding period.

a) Pre-investment Screening

To complement desk-based screening, Arcmont leverages RepRisk to identify ESG and climate controversies prior to investment. RepRisk specifically screens companies for 'climate change', 'GHG emissions' and 'global pollution' and ranks the issues identified by severity and frequency. This information is used in Arcmont's pre-investment ESG due diligence. For further information, please visit the RepRisk website.

b) Pre-investment ESG materiality assessment

Arcmont conducts a structured assessment of material ESG and climate risks during the pre-investment phase using a bespoke ESG Appendix Generator.

(i) Identifying potential material ESG and climate risks

The appendix generator identifies potential material issues from Arcmont's Universe of ESG Issues list based on a company's sector, leveraging MSCI and SASB materiality matrices, SASB's Climate Risk Technical Bulletin and Arcmont's bespoke GICS mapping tool as well as other sources. This serves as an initial framework, with additional material issues identified through transaction documentation and desk-based research.

Climate Spotlight: Universe of ESG Issues List

Arcmont's Universe of ESG Issues List captures the most relevant and material ESG factors for the companies in Arcmont's investable universe. All the issues listed in the list are systematically considered when assessing and monitoring investments. 'Climate Risk (Physical)', 'Climate Risk (Regulatory)', 'Climate Risk (Transitional)', and 'Energy Management', are specific climate-related categories in the tool. As Arcmont is acutely sensitive to climate change, it is Arcmont policy to consider 'Climate Risk (Regulatory)' and 'Energy Management' to be material for every company regardless of industry.

Risk Management

Climate Spotlight: SASB's Climate Risk Technical Bulletin

The SASB Climate Risk Technical Bulletin breaks down climate-related risks into three categories that may impact corporate financial performance:

(1) physical effects,

(2) transition risks associated with the shift to a low-carbon and resilient economy, and

(3) regulatory risks

The bulletin also identifies which climate risk categories are relevant to each SASB industry. Where a company's industry is flagged as potentially exposed to a specific climate risk category, Arcmont's deal team is required to assess the company's exposure to and management of that climate risk.

(ii) Assessing potential material ESG and climate risks

Where an ESG risk is deemed to be material by the ESG Appendix Generator, corresponding questions are shown for the deal team to answer. The questions consider a company's business activities, geographic location and other pertinent factors that were determined by Arcmont's ESG Consultant. This helps the deal team determine whether the suggested risk is material for the business in question and ensures a systematic evaluation of ESG factors during due diligence.

Next, prospective investments receive a rating along each pillar of 'E', 'S' and 'G', according to their potential negative financial impact on the investment, based on their inherent risk exposure and how well the company is mitigating the risks. Note that climate factors feed directly into the 'E' score. These are then aggregated to form an overall ESG Risk Score. The score ranges from +6 (Very Low Risk) to -6 (Very High Risk). Arcmont has a policy not to invest in a company with an ESG Risk Score of less than -3 (High Risk).

Climate Spotlight: GHG Emissions Assessment

- When assessing a prospective investment's exposure to GHG emissions, Arcmont considers factors such as scale and location of the company's operations, as well as any existing or emerging climate-related regulations in relevant jurisdictions.
- When assessing how a prospective investment manages its GHG emissions, the deal team examines whether the company is currently measuring, reporting and ultimately taking steps to reduce their GHG emissions and energy consumption. The assessment also considers whether the company has set a GHG emissions reduction target that is aligned with the latest climate science.
- Where quantitative data is available, the deal team will collect and document it, and comment on trends if historical data is available.

Risk Management

Post-investment monitoring

Material ESG and climate risks are actively monitored post-investment through a combination of ongoing engagement and structured oversight. This includes:

- Regular dialogue with portfolio companies to discuss relevant and material ESG and climate-related issues;
- The use of third-party tools such as RepRisk to identify and flag ESG and climate-related controversies, with issues ranked by severity and frequency;
- Formal quarterly ESG risk reviews; and
- Ad hoc top-down portfolio reviews, such as the recent assessments of exposure to the EU Corporate Sustainability Reporting Directive (CSRD) (see details below) and overall decarbonisation assessment.

Integration of Regulatory and Emerging Risk Factors

Arcmont considers existing and emerging regulatory requirements when assessing climate risks, both pre-investment and post-investment, specifically under the 'Climate Risk (Regulatory)' category.

Case Study: CSRD Exposure Assessment

In 2024, Arcmont performed a CSRD exposure assessment to evaluate regulatory transition risks across the Arcmont funds' investments. The results showed that 68% of the Arcmont funds' investments fall within the scope of the CSRD as of 31 December 2024. Following this, Arcmont engaged with select portfolio companies to assess their preparedness and offer support where appropriate. The CSRD is viewed as a positive development, as it is expected to enhance sustainability disclosures and improve the availability of robust data across our portfolio in the coming years; despite potential delays in certain requirements due to the EU Omnibus Directive.

Risk Management

3.2 Climate Risk Management

Describe the organisation's processes for managing climate-related risks.

At Arcmont, material climate risks are managed through (a) ESG exclusions, (b) an ESG risk score threshold and (c) climate-focused sustainability-linked margin ratchets.

a) ESG Exclusions

The first step in Arcmont's responsible investment process is to screen prospective investments against an ESG exclusions policy. Arcmont seeks to avoid investments that extensively contribute to climate change, specifically prohibiting investments in companies engaged in certain heavy emitting activities. Additionally, the Firm prohibits investment in companies that violate the UN Global Compact (UNGC) principles, three of which specifically address environmental protection.

Case Study: Direct Lending Climate-Related Exclusions

Climate-related activity	Exclusion type
Violation of UNGC Principles: #7: Businesses should support a precautionary approach to environmental challenges; #8: Undertake initiatives to promote greater environmental responsibility; and #9: Encourage the development and diffusion of environmentally friendly technologies	Absolute exclusion
Thermal Coal	Revenue threshold – Greater than 5%
Oil/Tar Sands	Revenue threshold – Greater than 5%

Climate Risk Management

b) ESG Risk Score Threshold

As described in the Risk Identification and Assessment section of this report, the results of the pre-investment ESG materiality assessment is used to assign a prospective investment an ESG Risk Score. The score quantifies the likelihood of ESG risks having a negative financial impact on an investment. The score ranges from +6 (Very Low Risk) to -6 (Very High Risk) and Arcmont has a policy to not invest in a company that is assigned a score of less than -3. If a company is highly exposed to climate risks and these risks are not sufficiently managed, it will be reflected in the score.

c) Sustainability-Linked Margin Ratchets

When Arcmont first began offering borrowers sustainability-linked margin ratchets in April 2021, the Firm endeavoured to create a bespoke plan for every participating borrower, targeting a specific material environmental and/or social issue a borrower faced, based on the results of the pre-investment ESG due diligence. However, in July 2022, to mitigate the transitional climate risk across the portfolio and in support of the transition to a net zero economy, the programme was revised to specifically target borrowers' climate change mitigation practices. Arcmont now endeavours to include a climate-related KPI in every ratchet and has a specific focus on encouraging borrowers to set and achieve science-based GHG emissions reduction targets.

Note that the Institutional Investors Group on Climate Change (IIGCC) recently endorsed sustainability-linked margin ratchets as a key tool for Private Debt managers to engage with portfolio companies on climate risk management and decarbonisation in its Net Zero Investment Framework for the Private Debt Industry.

In 2024:

- 9 new sustainability-linked margin ratchets were documented that contain a climate-related KPI.
- 4 new sustainability-linked margin ratchets were documented that require borrowers to set and achieve science-based targets.

From April 2021 to 31 December 2024:

- 23 sustainability-linked margin ratchets have been documented that contain a climate-related KPI.
- 20 sustainability-linked margin ratchets require borrowers to set and achieve GHG emissions reductions targets.

Climate Risk Management

Case Studies: Climate Sustainability-Linked Margin Ratchets

	Project Rousseau	Project Build
Activity	Early childhood education group	Software platform
Investment Date	December 2021	September 2023
Ratchet Date	December 2022	May 2024
Status	Active	Active
KPI	GHG emissions intensity per child	GHG emissions intensity
Baseline Data	0.173 tCO2e/child for FY22	0.27 tCO2e/SEK for FY23
SPTs	SPT 1 = 6.26% reduction for FY23 SPT 2 = 6.26% reduction for FY23 SPT 3 = 6.26% reduction for FY24 Set using the SBTi Target Setting Tool	SPT 1: Should not exceed 0.25 tCO2e/SEK for FY24 SPT 2: Should not exceed 0.23 for FY25 SPT 3: Should not exceed 0.21 for FY26 Set using the SBTi Target Setting Tool
Incentive	Each SPT = 2.5 bps Maximum reduction = 7.5 bps	
Reporting	Annual verified performance data	
Verification	GHG Emissions Consultant	
Outcome	SPT 1 & 2 achieved 5 bps discount awarded	First test date has not passed

3.3 Integration into Risk Framework

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Climate-related risks are integrated into Arcmont's overall risk management framework and are assessed alongside credit and operational risks. At the investment level, the investment team is responsible for identifying and monitoring the ESG and climate risk profiles of each investment, with oversight provided by the Responsible Investing team and Arcmont's ESG Consultant.

These risks are considered throughout the investment lifecycle and are incorporated into due diligence, portfolio monitoring and ongoing risk assessments. Any material ESG or climate incidents, or emerging trends will be escalated to the ESG Committee and the Board by the Responsible Investing team, ensuring appropriate oversight and alignment with the Firm's risk appetite and fiduciary responsibilities.

Metrics
& Targets

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

4.1 Metrics

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Arcmont recognises the importance of metrics and targets in supporting effective climate risk management and in demonstrating progress towards long-term climate objectives. However, a key ongoing challenge is the availability and quality of robust emissions data.

During the year, Arcmont conducted a decarbonisation assessment across the Arcmont funds' investments. This assessment evaluated (i) whether portfolio companies reported complete Scope 1 and 2, and material Scope 3 GHG emissions in line with the GHG Protocol and (ii) whether they had set near-term and/or net zero science-based targets. The results shown below highlighted that there remains significant scope for improvement across the portfolio. Arcmont will continue to monitor these metrics to assess portfolio company progress, and continue to engage with borrowers via sustainability-linked margin ratchets to financially incentivise them to set and achieve scienced-based targets.

Metric	31 December 2024
% of portfolio companies that disclose complete and material Scope 1 & 2 GHG emissions	29%
% of portfolio companies that disclose complete and material Scope 3 GHG emissions	8%
% portfolio companies with near-term science-based targets validated by the SBTi	11%
% portfolio companies with net zero science-based targets validated by the SBTi	2%

As a next step, Arcmont issued a portfolio company questionnaire to collect reported ESG data, including GHG emissions data. Arcmont intends to start utilising the reported data from 2025/2026. In the meantime, Arcmont will leverage estimates to provide an indicative view of the portfolio's emissions profile and climate alignment. Please refer to the Emissions section for the results.

Metrics and Targets

4.2 Emissions

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Financed Emissions (Scope 3 Category 15)

At present, portfolio company data is estimated and the results are shown below. The year-on-year changes are a result of a change in portfolio composition. However, to further improve data quality, Arcmont rolled out an ESG questionnaire in 2025 to collect reported emissions data directly from borrowers. Arcmont therefore expect to provide reported data is subsequently years, leveraging estimated data to fill data gaps.

Absolute Metrics	Units	FY2023	FY2024	% Change
Scope 1	tCO2e	130,431	162,983	25%
Scope 2	tCO2e	69,221	57,436	-17%
Scope 3	tCO2e	608,226	851,339	40%
Total Financed Emissions	tCO2e	807,877	1,071,758	33%

Intensity Metrics	Units	FY2023	FY2024	% Change
Carbon Footprint	tCO2e/£	63	80	26%
Weighted Average Carbon Intensity	tCO2e/£m	155	215	39%

Methodology

Emissions data for the Arcmont funds' investments is currently 100% estimated, ensuring full portfolio coverage. Arcmont leverages a data solution to estimate Scope 1, 2 & 3 emissions associated with portfolio companies, aligning the calculations with the methodology outlined by Partnership for Carbon Accounting Financials (PCAF). The data solution is an AI-powered sustainability platform which provides estimated ESG values by leveraging economic, geographic, and industry factors to match portfolio companies with comparable public companies, offering the most granular proxy data available based on sample size. In 2024, the data provider enhanced its methodology by shifting from mean to median values for public proxy estimates, improving the accuracy by reducing the influence of anomalies. Following this, Arcmont revised its FY2023 proxy estimates.

Metrics and Targets

Arcmont's Operational Emissions

Absolute Metrics	Units	FY2023	FY2024	% Change
Scope 1	tCO2e	6	0	-100%
Scope 2 (market-based)	tCO2e	0	0	0%
Scope 2 (location-based)	tCO2e	68	69	1%
Scope 3 (excluding financed emissions)	tCO2e	2,279	2,901	27%
Total Scope 1, Scope 2 (market-based) & Scope 3 emissions excluding financed emissions	tCO2e	2,285	2,901	27%

Intensity Metrics	Units	FY2023	FY2024	% Change
GHG Emissions (Scope 1, 2 market-based & 3) per FTE	tCO2e/FTE	24	26	10%
GHG Emissions (Scope 1, 2 market-based & 3) per £m revenue	tCO2e/£m	23	26	13%

The above emissions have been calculated in accordance with Greenhouse Gas Protocol Corporate Standard, along with the UK Government GHG Conversion Factors for Company Reporting 2024.

Metrics and Targets

4.3 Targets

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Product-Level Climate Targets

As a lender without direct operational control over portfolio companies, Arcmont has historically faced challenges in setting climate-related targets. However, through sustainability-linked margin ratchets, Arcmont is able to financially incentivise portfolio companies to better manage climate risks. In such cases, climate-related targets may be embedded at the investment level for borrowers who elect to participate in Arcmont's sustainability-linked margin ratchet programme.

Until recently, the Private Debt market has lacked clear guidance on setting product-level GHG emissions reduction targets. The introduction of the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework Component for Private Debt in May 2024 has provided a credible and practical pathway for managers like Arcmont to establish and monitor product-level net zero targets. Arcmont intends to leverage this guidance to advance its progress toward setting such targets.

Nonetheless, as noted in the Metrics section of this report, the current availability and quality of climate-related data across the Arcmont funds' investments is a challenge for target setting. Positively, ongoing developments such as the EU Corporate Sustainability Reporting Directive (CSRD) are expected to improve data coverage and quality over the next few years.

Enterprise-Level Climate Targets

Arcmont continues to measure, monitor, and report its annual greenhouse gas (GHG) emissions. While a formal GHG emissions reduction roadmap has not yet been adopted, the Firm has made progress in understanding operational emissions and identifying potential areas for reduction. Building on this foundation, Arcmont intends to develop a formal GHG emissions reduction roadmap in the near term.

Appendix 1: Glossary of Terms

Term	Description
Climate Scenario Analysis (CSA)	A forward-looking assessment method used to explore the potential impacts of different climate pathways.
Climate transition plan	A climate transition plan sets out how an organisation will aim to transition its business to the low carbon economy, aiming to align its operations, assets, portfolio, and business model to meet Net Zero.
Corporate Sustainability Reporting Directive (CSRD)	An EU directive requiring large companies and listed SMEs to disclose sustainability-related information, enhancing transparency for investors and stakeholders.
Environmental, Social, and Governance (ESG)	Environmental (e.g. emissions), Social (e.g. labour standards) and Governance (e.g. board diversity and accountability) are the three factors used to understand how an organisation is impacting the world around them.
EU Sustainable Finance Disclosure Regulation (SFDR)	A European Union regulation intended to increase transparency around sustainability aspects of financial products.
GHG Protocol	A globally recognised framework for measuring and managing GHG emissions.
Global Industry Classification Standard (GICS)	A standardised classification system for companies used globally to define sectors and industries in financial markets.
Greenhouse gas emissions (GHGs)	Emissions of gases that trap heat in the atmosphere, contributing to climate change. Greenhouse gases include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).
Institutional Investors Group on Climate Change (IIGCC)	A global network of investors working towards a net zero and climate-resilient future. It provides insights, resources and events on climate-related risk, disclosure, policy and stewardship.
Intergovernmental Panel on Climate Change (IPCC)	United Nations (UN) body that assesses climate science and provides authoritative reports used in policymaking and corporate climate analysis.
International Energy Agency (IEA)	An intergovernmental organisation providing data, analysis and policy advice on global energy systems, including transition pathways.

Appendix 1: Glossary of Terms

Term	Description
Net Zero	The point at which GHG emissions released into the atmosphere have been reduced to a level that can only be balanced by projects that can remove GHG emissions from the atmosphere.
Paris Agreement	A landmark, legally binding international treaty on climate change, adopted at the UN Climate Change Conference (COP21) in Paris.
Partnership for Carbon Accounting Financials (PCAF)	An industry-led initiative providing a standardised approach for financial institutions to measure and disclose GHG emissions associated with lending and investment activities.
Science Based Targets initiative (SBTi)	An initiative that helps companies set GHG emissions reduction targets in line with climate science and the goals of the Paris Agreement.
Scope 1	Direct emissions from sources owned and controlled by Arcmont.
Scope 2	Indirect emissions from the consumption of purchased electricity, steam, heat and cooling.
Scope 3	All other indirect emissions linked to the company, excluding financed emissions.
Sustainability Accounting Standards Board (SASB)	Develops industry-specific standards for disclosing financially material sustainability information to investors.
tCO2e	Stands for tonnes of carbon dioxide (CO2) equivalent. There are several greenhouse gases which contribute to warming the earth at different extents, such as carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). Rather than providing metrics for each gas they are converted into tonnes of CO2e for reporting purposes.
Thermal coal	Coal used for electricity generation.
Financed emissions	The absolute GHG emissions associated with a portfolio's investment, expressed in tonnes of CO2e calculated as: $\sum\left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} \times \text{issuer's GHG emissions}\right)$
Weighted Average Carbon Intensity (WACI)	Measures a portfolio's exposure to carbon intensive companies, expressed in tonnes of CO2e per £m revenue, calculated as: $\sum\left(\frac{\text{value of investment}}{\text{current portfolio value}} \times \frac{\text{issuer's GHG emissions}}{\text{issuer's £m revenue}}\right)$

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