Russell Investments

2024

UK climate report

2024 UK Entity-Level Climate Supplement Report - aligned with recommendations from the Task Force on Climate Related Financial Disclosure (TCFD).

Invest without boundaries™

Contents

This report has been named “2024” for the second consecutive year to enable consistency with industry standards. Please note that while the title remains the same, the data and analysis contained within have been fully updated to reflect the most current information available.

UK entity-level report: context and disclosures

Russell Investments Limited ("RIL") is a UK-based, FCA authorised asset manager with £50bn/$63bn AUM as of 31 December 2024. The firm has Russell Investments Systems Limited ("RISL") as its parent, which is a UK holdings company and is unregulated. RISL is wholly owned by Russell Investments Group Limited ("RIGL"), a Cayman Islands registered company.

As a global investment solutions provider, RIGL utilises a global operating model with respect to its strategic and investment management approaches, including its approach to climate risks and opportunities. This UK addendum is supplemental to and should be read in conjunction with our TCFD-aligned 2024 Global climate report.

Please note that the data in the TCFD-aligned 2024 UK climate report and the TCFD-aligned 2024 Global climate report covers the reporting period 1 January 2024 to 31 December 2024. The addendum and global TCFD-aligned climate report provide disclosures in accordance with the Financial Conduct Authority (FCA) requirements.

Compliance Statement

This is the annual TCFD Entity Report that has been prepared for Russell Investments Limited ("RIL") pursuant to chapter 2 of the FCA's ESG Sourcebook. It relates to the reporting period from 1 January 2024 to 31 December 2024. As a UK authorised firm specialising in portfolio management services, RIL is subject to specific reporting requirements.

The report covers the range of asset classes and investment strategies managed by RIL, including sovereign debt, corporate debt, and public equities. RIL ensures transparency in its approach, particularly highlighting any distinct strategies employed for different asset classes to maintain clarity and accountability in its ESG reporting.

A note on the RIL Portfolio

As an outsourced CIO provider, Russell Investments manages portfolios that are multi-asset and multi-manager. RIL follows the global RIGL approach towards climate metrics and targets.

For the sake of understanding RIL's exposure to climate-related risks and opportunities, we aggregated approximately 75% of RIL's traditional assets[1] under management which include:

1. OCIO client assets
2. Segregated client accounts
3. Institutional funds

Like the analysis contained in the global report, we have chosen to focus this analysis on listed equities, corporate debt, and sovereign debt because this is where we have the most confidence in the available data. As data quality and availability improve across private assets and alternatives, we plan to expand upon this initial analysis in subsequent reports. Russell Investments also offers more bespoke analysis on private markets portfolios through a climate-lens where this a part of the mandate.

This report has been prepared in accordance with the requirements of the Financial Conduct Authority (FCA) ESG Sourcebook, setting out disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) at the entity level for RIL.

Signed for and on behalf of **Russell Investments Limited ("RIL")**

Name(s): **David Rae**

Position: **Director**

Date: **10/06/2024**

Signature: 

[1] Excluding assets managed for investments services such as transition management.

About this report

Russell Investments became an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019, recognising that climate change presents material financial risks and opportunities. Since then, we've continued to observe how the global response to climate change, including shifts in policy, capital flows, and market preferences, can materially affect the financial performance of companies and, by extension, our clients' portfolios. We believe that integrating climate-related risks into financial decision-making is essential to accurately price these risks and ensuring resilient long-term investment outcomes.

This report follows the TCFD recommendations, covering key areas such as governance, climate risks and opportunities, metrics and scenario analysis, and the strategies we use to manage sustainability risks. We remain committed to transparent, TCFD-aligned disclosure and to strengthening our capabilities to deliver climate-aware investment solutions. This year, we have restructured the report to loosely follow the components of a climate transition plan, with the aim of expanding and deepening our reporting in the years ahead.

As active owners, we support the TCFD's call for effective climate-related disclosures that equip investors to make informed financial decisions. We advocate for board-level oversight of climate issues and expect companies to demonstrate how climate risks and opportunities are integrated into their governance and strategy. Just as we hold companies accountable, we are committed to transparency in our own investment practices and operations, always acting in the best interests of our clients as a fiduciary.

At Russell Investments, we use the terms "responsible investing" and "sustainable investing" to include our approach to managing climate-related risks and opportunities. References to our Responsible Investing Councils or sustainability professionals reflect our oversight of climate change, alongside other long-term considerations, within our investment practices.

Please refer to the TCFD-aligned 2024 Global climate report within the "About this report" section for our spotlight on nature-related risks and opportunities.

TCFD disclosure summary

The TCFD's recommended disclosures are organised according to the four pillars of governance, strategy, risk management, and metrics & targets. Below, we provide a summary of our disclosures against the recommendations, as well as the location of relevant disclosures in our report.

Recommended pillars	Summary disclosure	Section
Governance		
Describe the board's oversight of climate-related risks and opportunities.	Russell Investments' Board of Directors is ultimately responsible for strategic priority, corporate governance, and long-term stewardship of the firm. The Board has delegated oversight of the management of climate-related risk to the Executive Committee (ExCo).	1
Describe management's role in assessing and managing climate-related risks and opportunities.	The ExCo provides oversight of the firm's strategy and investment risk as it relates to climate-related considerations, both directly and through delegated entities including the Investment Strategy Committee and the Global Risk Management Committee.	1
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Climate-related investment risks and opportunities include identified transition and physical risks and opportunities in our portfolios, along with relevant time horizons.	2
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Material impact on our investment process is detailed in Section 2 and 3. Business operational footprint and targets are set out in Section 6.	2,3,6
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Scenario analysis of investment portfolios is detailed in Section 3. Integration of climate-related areas into our investment strategy is in Sections 3.	2,3
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks.	Carbon footprinting and scenario analysis identified as key tools.	2
Describe the organisation's processes for managing climate-related risks.	Formal policies, enhanced practices, active ownership, carbon-managed portfolios, and target setting are how we manage climate-related risks.	2, 3
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	How we identify, assess, and manage climate-related risks is detailed in Section 3.	2,3
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Carbon emissions (WACI and financed emissions) and temperature alignment are detailed in Sectio 4. Scenario analysis is detailed in 2.2.2.	2.2.2, 4
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Operational emissions are disclosed in Section 5.	6
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Section 3 discloses our approach to developing solutions, including target setting. Section 5 provides details on setting and meeting Net Zero targets.	3, 5

Introduction

For broader context on climate-related risks, opportunities, and strategic priorities, please refer to the "Introduction" section of the TCFD-aligned 2024 Global climate report. This includes detailed discussion on climate trends, the global energy transition, and the firm's overarching climate strategy and priorities. We also provide reference to our "Highlights & Achievements" in 2024.

Governance of sustainable investing

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1. Governance of sustainable investing

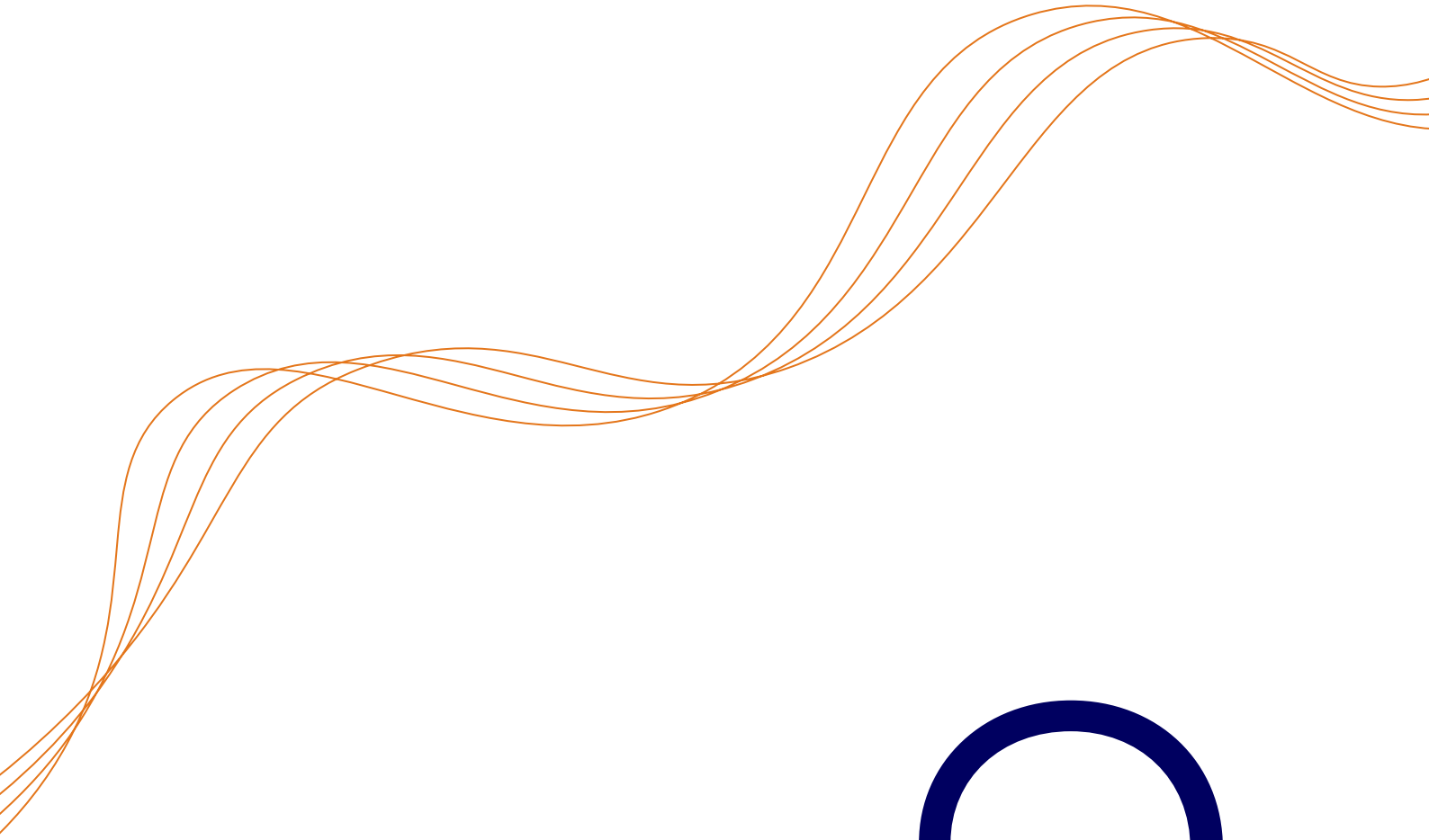
Governance of climate-related risks and opportunities follows our RIGL global operating model. The UK report is updated in parallel with the global report. For further details, please refer to the "1. Governance of sustainable investing" section of the TCFD-aligned 2024 Global climate report.

2024 Global climate report

The Board of Directors, through the Executive Committee (EC), Audit and Risk Committee, and under the Investment Strategy Committee, delegates oversight to key governance bodies: the Investment Division Responsible Investing Council (IDRIC), the Go-to-Market Responsible Investing Council (GTMRIC), and the Global Risk Management Committee (GRMC). These bodies are responsible for integrating climate considerations into investment processes, client engagement, and enterprise risk management.

The Global TCFD report is reviewed annually by the Audit and Risk Committee, providing the Board with visibility into the firm's climate risk exposure. The EC also allocates resources to strengthen climate-related capabilities, including staffing, tools, data, and training. This governance structure is supported by formal charters, performance-linked incentives, and ongoing training for both associates and clients to ensure effective climate risk management and stewardship.

Climate risk measurement



2

2. Climate risk measurement

Russell Investments integrates climate-related risks and opportunities into its investment strategy through a structured, data-driven approach.

Climate risk measurement follows our RIGL global operating model. For further details, please refer to Sections **2.1 through 2.5** of the TCFD-aligned 2024 Global climate report.

Summary of 2024 Global climate report

In **Section 2.1**, we outline the policies that guide our approach, including the Sustainability Risks Policy and Climate Policy. These frameworks support the integration of financially material sustainability risks across asset classes and investment strategies, with a focus on aligning with client objectives and responding to structural market changes.

Section 2.2 describes the tools and processes used to assess climate-related risks, including carbon footprinting, temperature alignment, and scenario analysis. Our approach considers both transition and physical risks across multiple time horizons and asset classes. We also recognise the interconnection between climate change and nature loss and have provided a "spotlight" on evolving our approach to incorporate nature-related risks in line with emerging frameworks such as the TNFD.

In **Section 2.2.2**, we detail how we measure climate risk in our investments using metrics such as Weighted Average Carbon Intensity (WACI), Financed Emissions, and forward-looking temperature alignment. Scenario analysis, supported by Planetrics and based on NGFS narratives, enables us to model the financial impacts of various climate pathways. We are enhancing our modelling capabilities to better capture macroeconomic shocks from physical climate risks. Below we provide the "key observations from the RIL Portfolio climate scenario analysis".

Section 2.2.3 outlines our multi-layered approach to managing climate risks and opportunities, which includes formal policies, investment practices, active ownership, and climate-aware solutions. This approach is regularly reviewed and updated through our governance framework.

Finally, **Section 2.3** explains how we tailor climate risk management by asset class. Our methodology varies by asset class to reflect differences in data availability and strategy design. For example, listed equities and corporate debt benefit from more advanced analytics, while private markets rely on a combination of proprietary due diligence and manager oversight.

Exhibit 1: Climate Scenario Analysis: Impact on Portfolio Value

Fund	Scenario	Impact on value today (combined)	Impact on value today (Physical)	Impact on value today (Transition)
RIL Portfolio	Hot house world	-0.60%	-0.60%	0.00%
	Delayed transition	-1.20%	-0.20%	-1.00%
	Net Zero 2050	-1.60%	-0.15%	-1.45%

Source: Russell Investments, Planetrics[2] as of 31 December 2024.

Our scenario analysis showed a slight improvement in financial impacts compared to the previous year, with results across all three scenarios becoming marginally less negative when considering both transition and physical risks. However, we did note a small increase in losses from physical risks in the delayed and net zero scenarios. Overall, the impact on the portfolio remains limited, largely due to the high diversification of our RIL Portfolio.

Looking ahead, we're enhancing our scenarios to better capture how macroeconomic shocks caused by physical impacts of climate change might drive top-down financial impacts; an area where we expect to see more pronounced negative effects.

[2] This figure has been created by Russell Investments drawing on selected data provided by Planetrics Ltd (which does not include investment advice). The figure represents Russell Investments' own selection of applicable scenarios and/or its own portfolio data. Russell Investments is solely responsible for such scenario selection, all assumptions underlying such selection, and all resulting findings, conclusions and decisions. Planetrics Ltd. Is not an investment adviser and has not provided any investment advice.

Climate-aware investment management

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3. Climate-aware investment management

Russell Investments integrates climate-related risks and opportunities across its investment capabilities, including manager selection, portfolio construction, active ownership, and engagement.

Climate-aware investment management follows our RIGL global operating model. For further details, please refer to **Sections 3.1 through 3.5** of the TCFD-aligned 2024 Global climate report.

Summary of 2024 Global climate report

In **Section 3.1**, we outline how climate considerations are embedded into client portfolios through tailored solutions, including carbon reduction targets and thematic allocations. This includes the launch of the Multi-Asset Future Growth Fund, which targets a carbon footprint at least 25% lower than relevant benchmarks.

Section 3.2 describes our structured "Design, Construct, Manage" framework, which integrates climate-adjusted capital market assumptions, manager evaluation, and dynamic portfolio management to support long-term sustainability outcomes.

In **Section 3.3**, we detail the evolution of our quantitative climate strategies, including the latest Decarbonisation 3.0 approach, which balances carbon reduction with exposure to companies developing climate solutions.

Section 3.4 focuses on portfolio management practices, highlighting the use of our Intent-Process-Outcome (I-P-O) framework for sustainable mandates and the Enhanced Oversight process for ongoing monitoring of material sustainability risks.

Finally, **Section 3.5** covers our active ownership strategy, including proxy voting and engagement on climate and nature-related issues (this is also covered in a dedicated "Spotlight"). We advocate for robust climate governance, transparent disclosures, and alignment with frameworks such as the TCFD and TNFD. Our stewardship efforts also address biodiversity and natural capital risks, recognising their material impact on long-term investment outcomes.

Climate metrics within our investments

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4. Climate metrics within our investments

The investments we make on behalf of our clients represent the largest portion of our carbon footprint. As a global investment manager, the financed emissions tied to our portfolios far exceed those from our direct operations. In this section, we highlight key carbon metrics across asset classes to provide transparency into the emissions profile of our investments and support the ongoing evaluation of climate-related risks and opportunities. Please see Section 6 for further information about the carbon footprint of our own operations.

As an outsourced CIO provider, Russell Investments manages portfolios that are multi-asset and multi-manager. To understand our exposure to climate-related risks, we aggregated approximately USD$47 billion of our total traditional assets under management (excluding assets managed for investments services such as transition management) into what we refer to as our UK Portfolio. The analysis provided in this report will utilise the RIL Portfolio.

On their own, carbon metrics can be challenging to interpret, however, they serve as a useful baseline for tracking progress against emission reduction targets over time. Comparing the carbon metrics to common benchmarks can also provide useful context.

4.1 Observed trends in portfolio climate metrics

Exhibit 2: Financed emissions

Fund	Financed emissions – Scope 1 (tCO_2e)	Financed emissions – Scope 2 (tCO_2e)	Financed emissions – Scope 3 (tCO_2e)
RIL Portfolio	1,010,792	295,696	8,018,109

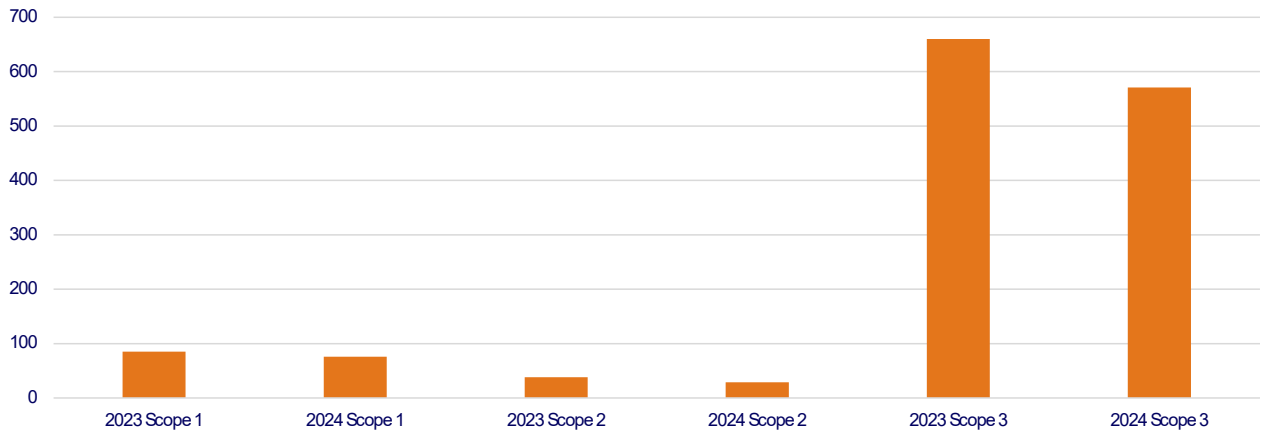
Source: Russell Investments, MSCI as of 31 December 2024.

Exhibit 3: Weighted Average Carbon Intensity (WACI)

Fund	WACI- Scope 1 (tCO_2e per million USD revenue)	WACI- Scope 2 (tCO_2e per million USD revenue)	WACI- Scope 3 (tCO_2e per million USD revenue)
RIL Portfolio	76	29	571
MSCI World Index	71	21	658
MSCI Emerging Markets Index	250	59	910
Bloomberg Global Aggregate Credit	166	26	761

Source: Russell Investments, MSCI as of 31 December 2024.

Exhibit 4: Weighted Average Carbon Intensity (WACI) 2024 vs. 2023



Source: Russell Investments, MSCI as of 31 December 2024.

Across our investment portfolios, we continue to see encouraging progress in carbon efficiency. The weighted average carbon intensity, inclusive of Scope 1, 2, and 3 emissions, has demonstrated a year-over-year decline since the inaugural report last year. This trend mirrors broader market patterns, as reflected in major benchmarks, and signals a shift towards improved emissions performance among listed companies globally.

However, Scope 3 emissions remain a particularly challenging area. We continue to observe substantial volatility in Scope 3 carbon intensity figures, largely due to inconsistent reporting standards, varied estimation methodologies, and a lack of reliable data coverage across sectors and geographies. This instability underscores the complexities of using Scope 3 emissions in investment decision-making and the need for cautious interpretation of these figures.

Exhibit 5: Sovereign bonds

Fund	GHG intensity (t/USD million GDP nominal)	GHG per capita (tCO_2e per capita)
RIL Portfolio	176	7
Bloomberg Global Agg Government	294	12

Source: Russell Investments, MSCI as of 31 December 2024.

Exhibit 6: Temperature alignment

Fund	Temperature alignment Score (°C)
RIL Portfolio	3.03
MSCI World Index	2.86
MSCI Emerging Markets Index	3.81
Bloomberg Global Aggregate Credit	2.90

Source: Russell Investments, Planetrics as of 31 December 2024.

Our temperature alignment metrics have also shown modest improvement across the UK portfolio and major benchmarks. While these shifts suggest public companies are increasingly aligning with long-term climate goals, the overall temperature score remains above the thresholds necessary to meet the 1.5c target outlined in the Paris Agreement. Continued improvement in corporate climate commitments and emissions reduction trajectories will be necessary to close this gap.

In the TCFD-aligned 2024 Global climate report, we include a "Spotlight" on nature-related metrics. In summary, Russell Investments has begun integrating nature-related risks into its global portfolio evaluation, focusing on deforestation and biodiversity exposure. Initial analysis, supported by MSCI data, indicates limited direct exposure to high-risk deforestation industries but more significant exposure to biodiversity-sensitive areas. These insights are helping to inform our evolving approach to nature risk management. We are also developing geospatial modelling capabilities, particularly within private real asset portfolios, to assess location-specific risks such as extreme heat and tropical cyclones. This work supports our broader effort to integrate nature, and climate risks and reflects our commitment to enhancing environmental risk assessment as data quality improves.

4.2 Advancing data integration

To address the challenges related to Scope 3 emissions, we are actively evaluating data quality and estimation methodologies to identify a path forward for broader integration. We continue to monitor frameworks such as the Partnership for Carbon Accounting Financials (PCAF) and regulatory guidance including the EU Sustainable Finance Disclosure Regulation (SFDR) to ensure any incorporation of Scope 3 data aligns with leading industry standards.

In addition, we are in the process of expanding our carbon emissions disclosure to include additional asset classes. We are currently assessing the availability and reliability of emissions data for private real estate, unlisted infrastructure, and private equity. By doing so, we aim to develop a more comprehensive view of the carbon footprint across our multi-asset portfolios, further enhancing our ability to manage climate-related risks and opportunities on behalf of our clients.

4.3 Reporting on data coverage

Russell Investments tracks our estimated versus reported carbon data which offers insight into the evolution of transparency and disclosure practices across our underlying investments. We monitor data availability to evaluate progress in climate data quality and corporate accountability. We are at the beginning of this tracking process and aim to report year-over-year changes in our next report.

Exhibit 7: Data quality

	Carbon data reported	Carbon data estimated	Carbon data unavailable
RIL Portfolio	70%	8%	22%

Source: Russell Investments, MSCI as of 31 December 2024.

Our net zero approach

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5. Our net zero approach

Russell Investments supports the global goal of achieving net zero greenhouse gas emissions by 2050 and recognises the role of investment strategies in enabling a timely and orderly transition.

Our net zero approach follows our RIGL global operating model. For further details, please refer to Sections 5.1 and 5.2 of the TCFD-aligned 2024 Global climate report.

Summary of 2024 Global climate report

In **Section 5.1**, we outline our commitment to partnering with clients globally to set and achieve decarbonisation goals, guided by the Paris Aligned Investment Initiative's Net Zero Investment Framework. Our interim targets include aligning at least 25% of global assets to net zero pathways by 2030, achieving a 50% reduction in carbon emissions intensity (relative to 2019), and engaging with issuers responsible for 90% of financed emissions. Further, for net zero in-scope portfolios, exposure to thermal coal will be phased-out for OECD countries by 2030 and expanded to the rest of the world by 2040. These targets are reviewed regularly to ensure they remain ambitious and aligned with evolving best practices.

Section 5.2 details our global approach to monitoring progress, including the use of an internal net zero dashboard to track fund-level alignment and identify corrective actions. We also monitor an aggregated Russell Investments Net Zero Portfolio, representing 25% of AUM currently in scope for net zero alignment. To support this, we have developed a proprietary asset alignment model that builds on the NZIF framework and integrates data from sources such as Climate Action 100+, TPI, SBTi, MSCI, and Sustainalytics. This model is applied globally and is not specific to any single region or entity.

While data gaps remain, particularly for approximately 50% of the portfolio, we are enhancing the model in 2024 to incorporate new data inputs and expand its application beyond listed equities and corporate debt. These improvements aim to strengthen our ability to monitor net zero alignment across a broader range of asset classes worldwide.

Our own operations

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6. Our own operations

Our business' approach to climate management is centralised in our global report, please refer to the "6. Our own operations" of the TCFD-aligned 2024 Global climate report.

Appendix

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7. Appendix

A. Carbon footprinting glossary

METRIC		SUPPORTING INFORMATION
Weighted average carbon intensity **Also known as: WACI**	Description	Portfolio's exposure to carbon-intensive companies, expressed in tons CO2e / $M revenue. Metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Formula	$\sum_i^n \left(\frac{current\ value\ of\ investment_i}{current\ portfolio\ value} X \frac{issuer's\ scope\ 1\ and\ scope\ 2\ GHG\ emissions_i}{issuer's\ \$M\ revenue_i}\right)$
	Methodology	Scope 1 and scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).
	Sovereign Equivalent	"GHG Intensity (t/USDM GDP Nominal)": The higher value, the more carbon-intense the economy is. $\sum_i^n \left(\frac{Exposure\ to\ Sovereign\ Bond(USD)_i}{current\ portfolio\ value} X \frac{Country\ GHG\ emissions_i}{Country\ GDP\ Nominal\ (m\ USD)_i}\right)$
	Key points +/-	+Metric can be more easily applied across asset classes since it does not rely on equity ownership approach +Generally interpreted as a more risk-oriented approach versus the later metrics, which are more related to aggregate real-world emissions and hence considered more "impact" related. +Metric allows for portfolio decomposition and attribution analysis -Metric is sensitive to outliers
Financed emissions **Also known as:** **Total Carbon Emissions (EVIC method)**	Description	The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2e. Metric recommended by the Partnership for Carbon Accounting Financials (PCAF).
	Formula	$\sum_i^n \left(\frac{current\ value\ of\ investment_i}{issuer's\ EVIC_i} X\ issuer's\ scope\ 1\ and\ scope\ 2\ GHG\ emissions_i\right)$
	Methodology	Share of emissions attributable to the investor's holding in the company. If an investor holds an invest-ment worth 5 percent of the company's total financing (enterprise value incl. cash), then 5 percent of the company's emissions are attributable to that investor. Attributable emissions in each company are summed across the portfolio. By using EVIC instead of market cap as the attribution factor, the method can be used for both equity and fixed income.
	Sovereign Equivalent	"GHG emissions": Share of sovereign GHG emissions attributable to the investor's share of total debt outstanding. $\sum_i^n \left(\frac{Exposure\ to\ Sovereign\ Bond(USD)_i}{Public\ Debt\ Outstanding\ (USD)_i} X\ Country\ GHG\ Emissions_i\right)$
	Key points +/-	+Metric may be used to communicate the carbon footprint of a portfolio consistent with the GHG proto-col, generally interpreted as more impact-oriented as opposed to risk-oriented and hence is frequently used in target setting -Metric is generally not used to compare portfolios because the data is not normalised, increases in portfolio value (or AUM) will lead to increases in portfolio emissions -Changes in underlying companies' EVIC can be misinterpreted as reductions in real world emissions

A. Carbon footprinting glossary (continued)

Metric		Supporting information
Carbon footprint (EVIC method) Also known as: Financed Emission Intensity	Description	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tons CO2e / $M invested.
	Formula	"GHG Intensity (t/USDM GDP Nominal)": The higher value, the more carbon-intense the economy is. $\frac{\sum_i^n(\frac{current\ value\ of\ investment_i}{issuer's\ EVIC_i}\ X\ issuer's\ scope\ 1\ and\ scope\ 2\ GHG\ emissions_i)}{current\ portfolio\ value\ (\$M)}$
	Methodology	Financed emissions above, standardised by portfolio value.
	Key points	+Metric may be used to compare portfolios to one another and/ or to a benchmark -Metric does not take into account differences in the size of companies (e.g. does not consider the carbon efficiency of companies) -Changes in underlying companies' EVIC can be misinterpreted as reductions in real world emissions

Notes: the term 'portfolio' can be defined as "fund or investment strategy" for asset owners and "product or investment strategy" for asset managers. Total carbon emissions and carbon footprint can also be calculated using a company's market capitalisation instead of Enterprise Value including cash though we do not use this because it cannot be used across asset classes. PCAF has recently released new guidance on sovereign emission financed emissions and after review we may elect to change this attribution factor in the future. Sovereign "GHG Emissions per capita" are also displayed at Russell Investments for completeness, but this measure does not translate to the above standard industry uses.

B. Supplemental metrics

Following the UK's Department for Work and Pensions mandating TCFD-related disclosures for institutional pension schemes, a standard set of climate-related metrics are increasingly being expected by UK clients and consultants. The following metrics are part of this core template.

Metric		Supporting information
Data Quality	Description	Proportion of a portfolio where there is high quality data. Additional climate change metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Methodology	Calculates the proportion of Scope 1-2 emissions that are verified, reported, estimated or unavailable.
	Key points +/-	+Metric allows for a better understanding of ESG data accuracy. +More transparency into the breakdown of data quality. -Does not look into climate change analysis directly. -Estimated data coverage is subject to model risk.
Portfolio Temperature Alignment (Implied Temperature Rise)	Description	Metric which estimates a global temperature rise associated with the greenhouse gas emissions of a portfolio. It is a forward-looking metric that incorporates current GHG emissions, alongside other assumptions, to estimate expected future emissions. Expressed as a temperature score (e.g., 5 degrees Celsius). Portfolio Alignment climate change metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Formula	$Temperature\ Score_F = \frac{\sum_{i \in F} Temperature\ Score_i \times GHG\ intensity_S \times Current\ value\ of\ investment\ in\ entity_i}{\sum_{i \in F} GHG\ intensity_S \times Current\ value\ of\ investment\ in\ entity_i}$
	Methodology	Total portfolio temperature alignment is calculated as a weighted average of underlying security temperature scores using sector intensity and AUM weighting. These scores are sourced from Planetrics.
	Key points +/-	+Forward looking and accounts for inherent differences in carbon emissions across industries and regions. +Can be compared across different benchmarks, portfolios, and asset classes. -Methodology constantly developing, and is likely to change significantly as quantitative methods are researched further -Complex and opaque regarding the influence of key assumptions.

B. Supplemental metrics

Metric		Supporting information
Data Quality	Description	Proportion of a portfolio where there is high quality data. Additional climate change metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Methodology	Calculates the proportion of Scope 1-2 emissions that are verified, reported, estimated or unavailable.
	Key points +/-	+Metric allows for a better understanding of ESG data accuracy. +More transparency into the breakdown of data quality. -Does not look into climate change analysis directly. -Estimated data coverage is subject to model risk.
Portfolio Temperature Alignment (Implied Temperature Rise)	Description	Metric which estimates a global temperature rise associated with the greenhouse gas emissions of a portfolio. It is a forward-looking metric that incorporates current GHG emissions, alongside other assumptions, to estimate expected future emissions. Expressed as a temperature score (e.g., 5 degrees Celsius). Portfolio Alignment climate change metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Formula	$Temperature\ Score_F = \frac{\sum_{i \in F} Temperature\ Score_i \times GHG\ intensity_S \times Current\ value\ of\ investment\ in\ entity_i}{\sum_{i \in F} GHG\ intensity_e \times Current\ value\ of\ investment\ in\ entity_i}$
	Methodology	Total portfolio temperature alignment is calculated as a weighted average of underlying security temperature scores using sector intensity and AUM weighting. These scores are sourced from Planetrics.
	Key points +/-	+Forward looking and accounts for inherent differences in carbon emissions across industries and regions. +Can be compared across different benchmarks, portfolios, and asset classes. -Methodology constantly developing, and is likely to change significantly as quantitative methods are researched further -Complex and opaque regarding the influence of key assumptions.

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