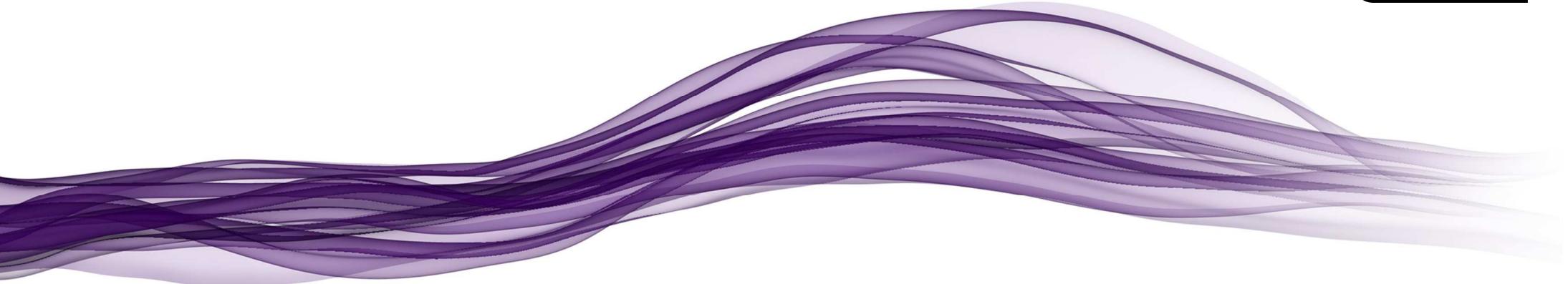


**For professional clients only, not suitable for retail clients. This is a marketing communication.**

This fund uses the Sustainability Focus label which is for funds that invest mainly in assets that focus on sustainability for people or the planet.



# Royal London Sustainable Leaders Trust

**Quarterly Investment Report**

**31 December 2025**



# Quarterly Report

## The fund as at 31 December 2025

The purpose of this report is to provide an update on the Royal London Sustainable Leaders Trust. The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

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# The fund

## Fund performance objective and benchmark

The Fund's financial objective is to achieve capital growth over the medium term, which should be considered as a period of 3-5 years, and to outperform the FTSE All-Share Index (the "Index") over a rolling 5-year periods.

The Fund's sustainability objective is to invest in companies that make a positive contribution to one or more of the "Sustainability Themes" (Clean, Healthy, Safe, Inclusive), through their products or services as determined by the Investment Adviser using its "Sustainability Standard".

## Fund value

	Total £m
31 December 2025	2,673.70

## Fund analytics

	Fund
Fund launch date	29 May 1990
Fund base currency	GBP
Benchmark	FTSE All-Share Index (Total Return, GBP)
Number of holdings	40

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	7.05	6.38	0.67
1 Year	17.25	24.02	(6.77)
3 Years (p.a.)	12.64	13.56	(0.92)
5 Years (p.a.)	9.62	11.70	(2.08)
10 Years (p.a.)	10.49	8.36	2.13
Since inception (p.a.)	9.21	8.25	0.97

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on C Acc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 29 May 1990.

## Performance commentary

The performance of the fund was in line with its benchmark over the quarter. Returns were enhanced by good stock selection, particularly within the financials and industrials sectors. However, asset allocation had a negative effect on returns, which was largely due to the overweight position in industrials.

Standard Chartered again performed well for the portfolio, having been one of the top performers over 2025. The global banking group has benefitted from its Asian and emerging market operations, where improving economic sentiment and stable interest rates are supporting profit margins.

UK banks Natwest and Lloyds also outperformed over the quarter, benefiting from the stable interest rate environment and improving domestic sentiment. Both banks are also executing well on their long-term strategies.

The holding in pest control group Rentokil also contributed positively to returns. Rentokil, saw its share price rise as the company is showing signs of turnaround in its US pest control business.

On the downside, data providers Relx and Experian underperformed due to concerns about AI disruption to their business models. Relx, as a major provider of data and analytics, was seen as particularly vulnerable to a loss of revenues. Credit reporting and consumer data business Experian also faced headwinds from slower consumer credit growth.

# Performance and activity

## Top 10 holdings

	Weighting (%)
STANDARD CHARTERED PLC	7.15
HSBC HOLDINGS PLC	6.92
PRUDENTIAL PLC	6.07
ASTRAZENECA PLC	6.02
LLOYDS BANKING GROUP PLC	5.09
RELX PLC	4.94
RENTOKIL INITIAL PLC	4.36
EXPERIAN PLC	4.31
TESCO PLC	4.20
LONDON STOCK EXCHANGE GROUP PLC	4.18
<b>Total</b>	<b>53.23</b>

## Fund activity

We started a new position in Informa. The company is a global leader in the provision of exhibitions and is benefiting from continued growth in post-pandemic demand for in-person events.

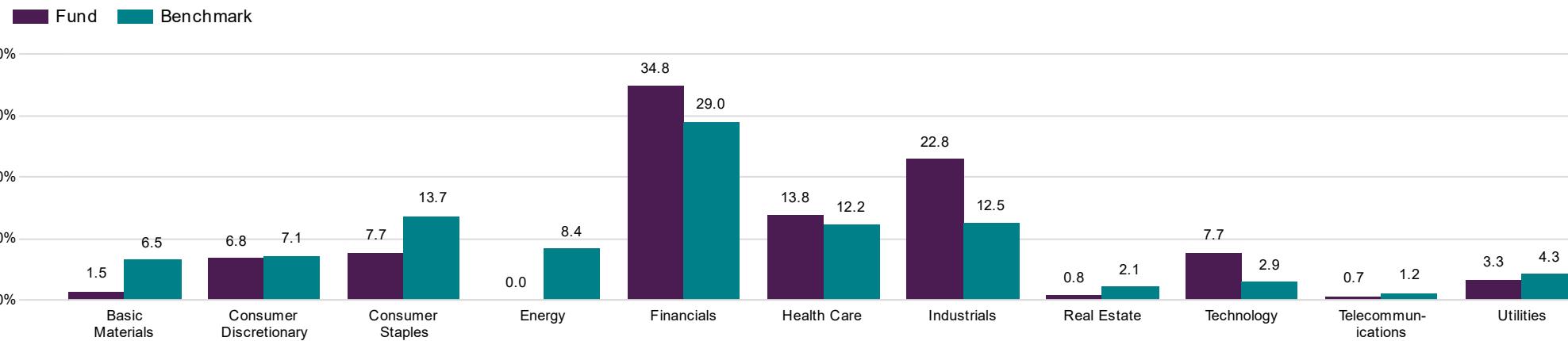
We also purchased Spanish bank BBVA, which gives us access to some fast-growing Latin American markets. Its profitability has improved over the last year, while its strong capital position and diversified geographic exposure add to its appeal.

In terms of sales, we exited the position in Broadcom, the semiconductor designer and manufacturer after a strong run in 2025.

Our sustainable strategies are orientated to those companies that contribute to the core themes of Clean, Healthy, Safe, Inclusive, as well as those companies which manage their operations in a responsible way. As a result, sectors such as industrials and financials are at the core of the equity portfolio, complemented by healthcare, utilities, selected technology businesses, and companies that lead their industries in terms of operations. Conversely, environmentally and socially damaging areas such as armaments, tobacco and mining are avoided.

# Fund breakdown

## Sector weights



# Characteristics and climate

## Sustainability approach

The Fund's sustainability objective is to invest in companies that make a positive contribution to one or more of the "Sustainability Themes" (Clean, Healthy, Safe, Inclusive), through their products or services as determined by the Investment Manager using its "Sustainability Standard". The Sustainability Standard requires 50% of a company's revenues to be derived from product or services aligned to one or more of the four Sustainability themes.

Overall, at least 70% of the Fund is invested in sustainable companies. Up to 30% may be held in non-sustainable companies that do not conflict with the sustainability objective for any of the four sustainability themes of the Fund.

## Fund exclusions

Exclusion criteria that make sure a fund does not invest into a specific service or product. Royal London Asset Management has a controversial weapons exclusion across all investments.

 Pornography production	✓	 Nuclear-power generation	✓
 Non-health animal testing	✓	 Tobacco manufacturing	✓
 Armament manufacturing	✓		
 Fossil fuel extraction	✓		
 Gambling establishments	✓		

## Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	31,857	n/a	n/a
Financed emissions coverage	100.00%	n/a	n/a
Carbon footprint (tCO2e/\$M invested)	8.92	55.29	(83.87)
Carbon footprint coverage	100.00%	94.61%	5.69
Weighted average carbon intensity (tCO2e/\$M sales)	24.69	79.83	(69.07)
Weighted average carbon intensity coverage	100.00%	94.63%	5.68

All climate metrics presented above are for Scope 1-2 emissions. Unless specified in the objective, the data is for information only and should not be taken to mean they are being managed to/controlled.

## Implied temperature rise

	Fund (%)	Benchmark (%)	Difference (%)
Implied temperature rise (ITR) coverage	100.00	94.58	5.73
% of portfolio below 2°C ITR	62.95	55.37	13.69
% of portfolio below 1.5°C ITR	32.35	34.45	(6.10)

## SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	35.11	36.52	(3.87)
SBTi Near-Term committed	-	4.49	n/a
SBTi Near-Term targets set	62.14	52.85	17.59

# Fund Engagement

## Engagement definition

Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

## Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	14	34
Number of engagements	24	107

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

## Total engagements by theme and topic



Biodiversity	3
Climate	10
Climate - Transition Risk	10
Governance	7
Corporate Governance	4
Remuneration	3
Social & Financial Inclusion	6
Just transition	3
Social & Financial inclusion	2
Labour & Human Rights	1
Technology, Innovation & Society	7
Technology & Society	6
Cybersecurity	1

The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

## Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; nature and biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focussed on issues specific to managing the portfolio and meeting the investment objective.

Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.

# Fund Engagement

## Engagement outcomes

### Experian plc – Sustainable and Ethical AI

#### Purpose:

Experian plc, a global information services company, was engaged to review its approach to ethical artificial intelligence (AI) and sustainability performance, focusing on supplier engagement, emissions data management, and governance frameworks.

#### Outcome:

Experian outlined its strategy to embed responsible AI practices across its operations, supported by a global AI policy scheduled for launch in December. This policy will govern fairness testing, bias mitigation, and transparency. The company confirmed that AI governance is integrated at the product level, with oversight mechanisms to ensure compliance with emerging regulations such as the EU AI Act. Experian also shared progress on climate-related goals, including its target for 78% of suppliers to set Science Based Targets initiative (SBTi) commitments by 2029; 38% of suppliers currently have targets in place. To improve emissions reporting, Experian uses a hybrid approach combining actual supplier data with industry averages for Scope 3 emissions (indirect emissions across its value chain). The company is transitioning data centres to cloud infrastructure, which is expected to reduce energy consumption and improve efficiency. Experian also leverages its position as one of Amazon Web Services' largest clients to influence sustainability practices among technology partners. We will monitor the publication of Experian's global AI policy and encourage further transparency on supplier engagement and climate performance.

### HSBC Holdings plc – Just Transition

#### Purpose:

HSBC Holdings plc, a global bank, was engaged as part of our long-running engagement with banks on just transition, seeking for it to integrate social considerations into its Net Zero transition plan.

#### Outcome:

HSBC is updating its Net Zero transition plan and benchmarking peers to improve just transition disclosures. The bank recognised deficiencies in managing climate-related human rights risks and sector-specific social impacts, but emphasised ongoing measures, such as the implementation of enhanced vulnerability standards and various financial inclusion initiatives. HSBC emphasised challenges in retrofitting liability and Use of Proceed loans in the retail mortgage market. Following our meeting, we will review our draft assessment and share it with the bank to encourage improved disclosure and integration of social considerations.

# Fund Engagement

## Engagement outcomes

### Lloyds Banking Group plc – Just Transition

#### Purpose:

Lloyds Banking Group plc (Lloyds), a UK-based financial institution, was engaged as part of our long-running engagement with banks on just transition. We sought the integration of social considerations into the company's decarbonisation strategy.

#### Outcome:

Lloyds continues to integrate just transition across its strategy, committing £1 billion to its Regional Impact Fund to address regional inequality and drive inclusive economic growth. The bank showcased partnerships with the North East Combined Authority and Office of Investment to channel private investment into green infrastructure. It also expanded its 'Eco Home Reward' scheme, offering up to £2,000 cashback for energy efficiency measures, returning over £2 million to customers in 2025. Lloyds is working with Octopus Energy to reduce heat pump installation wait times and exploring property-linked financing. Before implementing mortgage policy changes, Lloyds conducted analysis to ensure alignment with just transition principles. We will continue this engagement to monitor disclosure improvements.

### Microsoft Corp – Sustainable and Ethical AI

#### Purpose:

Microsoft Corp was engaged to review its sustainability performance and address investor concerns related to human rights and ethical AI practices.

#### Outcome:

Microsoft reaffirmed its commitment to achieving hourly carbon-free energy matching, a leading-edge approach that ensures its data centres run on clean energy every hour of the day rather than relying on annual averages. This positions Microsoft ahead of many peers in decarbonisation efforts. However, the company acknowledged gaps in its human rights due diligence for commercial agreements, particularly following concerns about the use of its cloud and AI services in sensitive contexts. In response, Microsoft has launched a review of its ethical AI governance and oversight framework. The company is evaluating when additional safeguards should apply beyond standard protocols and plans to share its findings in a forthcoming report. We will continue to monitor progress and encourage Microsoft to strengthen its governance framework and provide clearer evidence of how these measures mitigate human rights risks.

# Fund Engagement

## Engagement outcomes

### Tesco plc – Workplace Culture

Purpose:

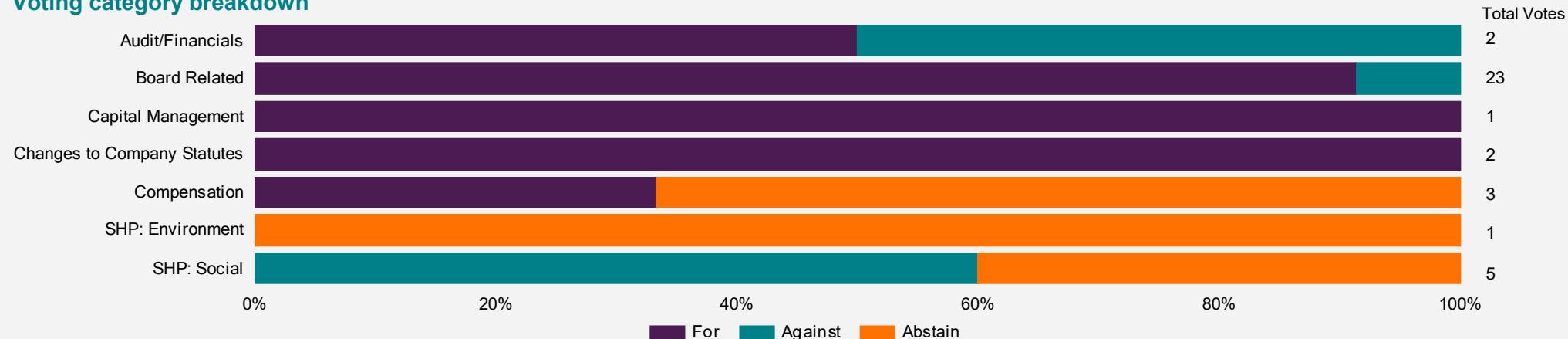
Tesco plc, a multinational retailer, was engaged to address concerns around misconduct reporting and workplace culture transparency.

Outcome:

Tesco confirmed that improving data collection systems is now a strategic priority. The company has introduced new policies covering bullying, harassment, and third-party conduct, including customers and contractors. Legal changes around employer responsibility to prevent sexual harassment have prompted Tesco to strengthen controls and training programmes. While timelines for improved disclosures remain unclear, Tesco is actively developing mechanisms to support effective reporting. We will maintain engagement to encourage Tesco to set clear timelines for improved disclosures and adopt best practice reporting standards, including publishing substantiated case data and progress metrics.

# Fund Voting

## Voting category breakdown



## Notable votes

### Astrazeneca plc

Adoption of New Articles - for: Supported adoption of new articles as technical changes enhance listing structure with no governance concerns.

### Ferguson Enterprises Inc.

Advisory Vote on Executive Compensation - abstain: While these changes reflect market norms following its US transition, we would prefer to see a more phased approach and clearer bonus disclosure.

### Microsoft Corporation

Elect Hugh F. Johnston - against: We are concerned that holding two external public board roles, in addition to an executive position, may limit the nominee's ability to devote sufficient time to their core responsibilities and shareholder obligations.

Elect Satya Nadella - against: The nominee serves as both Chairman and CEO. We would prefer to see these roles separated and an independent chair appointed.

Advisory Vote on Executive Compensation - abstain: While CEO pay is performance-based, with equity delivered exclusively through performance stock awards, we hold an ongoing concern over the relatively short LTIP performance period.

Ratification of Auditor - against: We have concerns with the independence of the Auditor, Deloitte & Touche, which has served for over 40 years.

# Fund Voting

## Notable votes

### Unilever plc

Share Consolidation - for: This is linked to the demerger of their ice cream business and will have no substantive economic effect on shareholders. The consolidation is intended to maintain comparability of share price and per share metrics before and after the demerger, while preserving the value of awards under share plans.

# Market commentary

## Market review

The final quarter of the year saw equities build on the year's momentum, helped by ongoing optimism over AI as well as supportive corporate earnings. For the year as a whole, there was strong performance from all major markets – the US, Europe, UK and Japan. But beneath the surface there were some signs of rising risk awareness and concerns about the ongoing trajectory of technology-sector earnings.

UK equities had a positive quarter, culminating in one of the best years for UK equities and outperforming global equities. There was notable strength in the materials sector, which was buoyed by rising metal prices, particularly copper. Financial shares rose as they continue to benefit from the positive interest rate environment. The healthcare sector was also strong as fears around policy risks to US drug pricing receded after the Trump administration struck a deal with US pharmaceutical giant Pfizer.

The Bank of England cut interest rates by 25 basis points in December. The long-awaited November Budget saw (sizeable) expected tax hikes, but these were backloaded. There was some announced action to curb short-term inflation and the Chancellor more than doubled the fiscal headroom she has before breaking the main fiscal rule.

Quarterly GDP (for the third quarter) showed growth slowing further to 0.1%. Meanwhile, the UK labour market data released towards the end of the quarter painted a cooling picture of the labour market with a further rise in the unemployment rate to 5.1%, falling employment and slowing private sector pay growth. Inflation remained above the BoE's target, but November inflation data was a downside surprise at 3.2%. While longer than usual Black Friday sales and changes in the timing of duty changes may have played a role, this was consistent with cooling inflation pressure in the UK.

## Outlook

When we look at many sustainable companies that we invest in, they have performed well last year. Clean energy stocks, which are generally seen as the most obvious sustainable investments, are having their best years since 2020 with renewables the cheapest way to meet rising AI power consumption.

Over many decades, there's been a strong correlation between innovation and growth. In the last 60 years we've seen the mainframe computer, PC, internet, smartphones and now AI transform the world we live in. Each of these waves of innovation has created significant investment opportunities and risks. In the last 15 years, most of the value creation in global markets has come from the so called Magnificent Seven; the large US technology companies which have innovated to create new markets.

In the digital world, AI has the potential to be much more impactful than the internet and to benefit all businesses and consumers. In healthcare, obesity drugs have the potential to meaningfully enhance the health and wellbeing of a major segment of society. In the physical world, electrification is driving large investments into infrastructure.

These themes are well aligned with our sustainable objective and companies that are able to take advantage of these trends should be able to deliver strong earnings growth. Alongside these, we are seeing a renaissance in sectors which provide fundamental and basic services to society, such as banks, insurance and utilities. This is creating an attractive mix of old and new areas to invest in within a balanced portfolio.

While we are positive over the long term, we recognise the macroeconomic and geopolitical environment is uncertain, and as such we will continue to follow our disciplined process; we aim to build diversified portfolios focused on high quality sustainable and financial companies that are well positioned to drive long-term performance.

# Further Information

Please click on the links below for further information:



## Find out more

In an uncertain geopolitical and economic environment, we recognise the importance of keeping our clients updated on our current investment thinking.

Articles, videos, podcasts and webinars giving the latest views of our investment experts can be found in the Our Views section of [www.rlam.com](http://www.rlam.com), including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

# Disclaimers

## Important information

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FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

# Risks and Warnings

## Investment risk

The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

## Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

## EPM techniques risk

The Fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the Fund to increased price volatility.

## Exchange rate risk

Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

## Counterparty risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

## Responsible investment risk

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

# Performance to 31 December 2025

## Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
<b>Fund (gross)</b>	7.05	9.27	17.25	42.96	58.31	12.64	9.62
<b>Fund (net)</b>	6.85	8.86	16.38	39.79	52.50	11.80	8.80

## Annualised (%)

## Year on year performance (%)

	31/12/2024 - 31/12/2025	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021
<b>Fund (gross)</b>	17.25	9.48	11.36	(10.08)	23.14
<b>Fund (net)</b>	16.38	8.67	10.54	(10.75)	22.23

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment.

Source: RLAM as at 31 December 2025. All figures are mid-price to mid-price for the Royal London Sustainable Leaders Trust C Acc GBP share class.

# Glossary

## Carbon footprint

Exposure to high emitters in the portfolio, expressed in tCO2e/\$M invested. Financed emissions are divided by the portfolio value, the same approach for listed companies and private issuers is applied in this metric.

## ESG Integration

The consideration of environmental, social and governance (ESG) risk as part of the investment process. ESG integration does not mean the fund is trying to achieve a particular positive ESG outcome. Please check prospectus documentation for details on specific fund-level objectives.

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## Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

## Environmental, social and governance

A list of predefined criteria that determines how a company operates in terms of sustainability and overall corporate governance.

## Exclusions

Explicitly prohibits investing in a particular company, sector, business activity, country or region.

## Financed emissions

The emissions from activities in the real economy that are financed through lending and investment portfolios, expressed in tCO2e. Emissions are attributed to a portfolio based on the portion of the company's value the portfolio holds, and using different accounting values for public and private corporates. We provide financed emissions for scope 1 and 2 emissions.

## Fund restrictions definitions

**Adult Entertainment:** Companies which own or produce adult entertainment services, or engage in the distribution or sale of adult entertainment services.

**Alcohol:** Companies which have involvement in brewing, distillation or sale of alcoholic drinks.

**Animal Welfare:** Companies that conduct animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation).

**Armaments:** Companies who manufacture armaments or nuclear weapons or associated products.

**Controversial Weapons:** Weapons which have an indiscriminate and disproportional impact on civilians or weapons that are illegal and prohibited by international conventions and treaties.

**Fossil Fuels:** Companies involved in the exploration, extraction or refining of oil, or gas, or coal, plus any activity relating to thermal coal.

## Fund restrictions definitions

**Gambling:** Companies who promote irresponsible gambling which includes betting shops, casinos or amusement arcades.

**High Environmental Impact:** Companies which have a high environmental impact, and which have 'no evidence' of appropriate environmental management systems.

**Human Rights Risks:** Companies with a strategic presence operating in countries of concern and which have 'no evidence' of policies or systems to manage human rights risks.

**Nuclear Power:** Companies who generate energy from Nuclear Power.

**Nuclear Weapons:** Companies that manufacture nuclear; or are involved in the production of intended-use parts, whole weapons systems, or exclusive delivery platforms.

**Tobacco:** Companies which are growing, processing or selling tobacco products.

## Implied temperature rise (ITR)

ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory.

## Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

## Performance

The Fund price is taken at mid-day using swing prices where applicable, while the index performance is priced at close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons.

# Glossary

## Pricing

The Fund's price may swing to bid or offer to protect existing investors from the costs associated with buying or selling the fund's underlying assets when other investors are entering or leaving the fund. Performance is based on this pricing.

## Promotes environmental or social factors

An ESG Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

## Rolling 5-Year Period

A rolling 5-year period is any period of five years, no matter which day you start on.

## SBTi

The Science-Based Targets initiative is a consortium of organisations that set up the definition and promotion of science-based target setting.

## Sector weights

Breakdown of holdings by FTSE ICB (Industry Classification Benchmark) sector relative to the benchmark index.

## Sustainable fund objective

A product that has sustainable investment or a reduction in carbon emissions as its objective.

## Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.

## Weighted Average Carbon Intensity (WACI)

Portfolio's exposure to carbon-intensive companies, expressed in tCO2e / \$M revenue. Scope 1 and scope 2 GHG emissions are divided by companies revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value). The WACI is calculated as a weighted average sum of the holdings with carbon intensity coverage.