Term used	Definition	Interpretation	Limitations
Coverage	Coverage refers to the percentage of the fund's value that is captured in a particular data point. Not all the fund's underlying holdings may publish their emissions.	The higher the coverage, the more accurately the metric reflects the emissions profile of the entire fund.	Data may include estimations for companies. Estimates are made by IFS's data provider, Clarity AI.
Scope 1 greenhouse gas (GHG) emissions*	Scope 1 emissions are *direct emissions* from owned or controlled sources, such as fuel combustion in a furnace or vehicle. Emissions are measured in tons of carbon dioxide equivalent (tCO2e).	The higher the Scope 1 emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Data may include estimations for companies. Estimates are made by IFS's data provider, Clarity AI.
Scope 2 greenhouse gas (GHG) emissions*	Scope 2 emissions are *indirect* emissions from the generation of purchased energy, such as electricity. Emissions are measured in tons of carbon dioxide equivalent (tCO2e).	The higher the Scope 2 emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Data may include estimations for companies. Estimates are made by IFS's data provider, Clarity AI.
Scope 3 greenhouse gas (GHG) emissions*	Scope 3 emissions are all *other indirect* emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream. Emissions are measured in tons of carbon dioxide equivalent (tCO2e).	The higher the Scope 3 emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Data used may be modelled by IFS's data provider, Clarity AI.
Weighted average carbon intensity (WACI)	WACI is a measurement of a fund's exposure to the carbon *intensity* of its holdings. It is calculated by multiplying the *carbon intensity* of each company (holding) by the *weight* of each holding within the fund. WACI is measured in tonnes of carbon dioxide equivalent per million USD of sales (tCO2e/$m sales). The TCFD recommends that we publish fund WACI numbers pertaining to total Scope 1 plus Scope 2 emissions and separate WACI figure for Scope 3 emissions in isolation. The WACI figures provided do not include those of government bonds.	The larger the WACI, the higher the fund's exposure to the carbon intensity of its holdings. WACI allows for comparison across funds.	Data used may include estimates or may be modelled by IFS's data provider, Clarity AI.
Total carbon emissions	Total carbon emissions (also known as fund financed emissions) represent the *total* carbon emissions	The higher the emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Total carbon emissions (fund financed emissions) are linked to the size of the fund: all else being equal, a larger fund will have

	associated with the fund through its underlying holdings. This metric is measured in tonnes of carbon dioxide equivalent (tCO_2e). The TCFD recommends that we publish total carbon emissions (financed emissions) pertaining to total Scope 1 plus Scope 2 emissions and separate WACI figure for Scope 3 emissions in isolation.		higher total carbon emissions than a smaller fund. Therefore it is difficult to use this metric to compare funds of different sizes. Data used may include estimates or may be modelled by IFS's data provider, Clarity AI.
Portfolio carbon intensity	Portfolio carbon intensity may also be referred to as carbon footprint. It is a measure of the total carbon emissions for a portfolio, *adjusted in accordance* with the market value of the portfolio itself. Portfolio carbon footprint is measured in tonnes of carbon dioxide equivalent per million USD invested (tCO2e/$m invested). The TCFD recommends that we publish total carbon emissions (financed emissions) pertaining to total Scope 1 plus Scope 2 emissions and separate WACI figure for Scope 3 emissions in isolation.	The higher the carbon footprint, the greater the extent of the fund's underlying holdings' contribution to GHG emissions. Portfolio carbon intensity/footprint allows for comparison across funds.	Data used may include estimates or may be modelled by IFS's data provider, Clarity AI.
Climate scenario analysis	Climate scenario analysis aims to provide a projection of how potential future climate-related risks, and opportunities, may impact fund returns over certain time periods. Climate-related risks and opportunities fall into two main categories. 1) Physical risks describe the impacts rising directly from climate change, such as costs of dealing with storm damage and business disruptions. 2) Transition risks (and opportunities) describe the impact of potential costs of transitioning to a lower-carbon economy, such as regulations around emissions control.	The more negative the climate scenario numbers, the higher the potential negative impact on the value of the fund's underlying holdings.	Data is modelled and based on hypothetical assumptions around climate change and potential government policy. Given that climate analysis is a relatively new area of finance, combined with the inherent uncertainties and the long-term nature of projections, future circumstances may differ substantially to the output of the analysis. Sovereign bonds are not yet included in Clarity AI's climate scenario analysis.
Implied	ITR estimates the global	The ambitions of the Paris	Underlying GHG emissions data

Temperature Rise (ITR)	temperature increase contribution from a fund's current GHG trajectory. It can show the estimated temperature alignment of funds with global climate targets.	Agreement are to keep a global temperature rise, over this century, well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature rise even further to 1.5°C. In this context, the ITR of the fund can be interpreted according to the following Paris alignment categories: 1.5°C aligned - ITR of ≤ 1.5°C 2°C aligned - ITR of ≥ 1.5°C - 2°C Misaligned - ITR of >2°C - 3.2°C Strongly misaligned - ITR > 3.2°C	used may include estimates.

All the above metrics are sourced from Clarity AI. Clarity AI works with a specialist financial modelling company, Ortec Finance, to provide the climate scenario analysis.

Terminology used relating to the 'assumed' transitions utilised in Clarity AI's climate scenario analysis:

Transition	**Definition**
Net zero	This climate scenario assumes a radical but *orderly* transition to net zero. It assumes global net zero tCO_2e emissions by around 2050 to reach an average global temperature increase of no higher than 1.5°C compared to pre-industrial averages by 2100. To achieve this scenario, it is assumed that government policies aimed at curbing emissions are implemented over the near-future and that investors begin 'pricing in' the effects of the transition in an orderly manner. These set of circumstances may also be deemed as an *orderly* scenario.
Net zero but with a financial crisis	This climate scenario assumes a radical and *disorderly* transition to global net zero by around 2050 (in other words, a similar outcome to the *Net zero* scenario, but achieved in a different manner). It assumes that climate policies are delayed or divergent, requiring more aggressive emissions reductions, achieved at a higher cost. This methodology also assumes sudden disinvestments to align portfolios to the Paris Agreement goals which have a disruptive effect on financial markets. These set of circumstances may also be deemed as a *disorderly* scenario.
Hothouse world	This climate scenario assumes that no further policies to tackle climate change are implemented. As a result, emissions continue to rise, with severe and extreme physical risks due to failure to limit temperature rise. It assumes that average global temperatures reach an increase of 4.3°C, compared to pre-industrial averages, by 2100. These set of circumstances may also be deemed as a *hothouse* scenario.