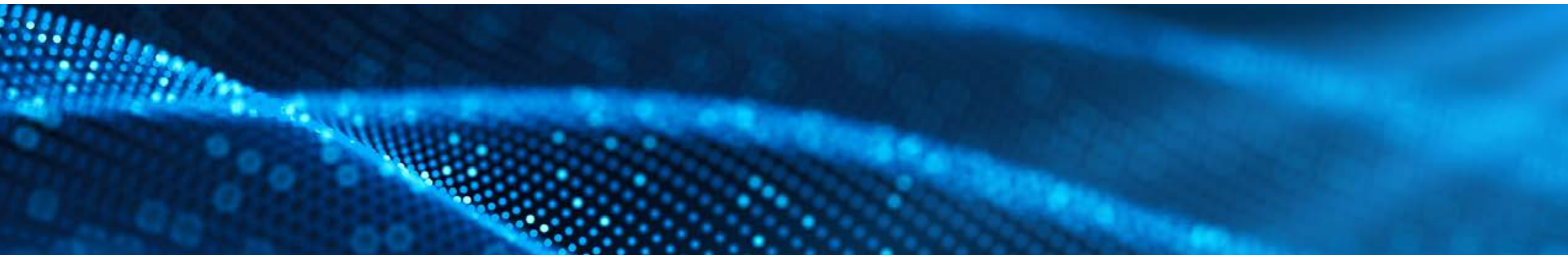
CLIMATE AIR TOOLBOX



T-Risk

Organization

Entelligent

Summary

T-Risk is a directional climate risk metric designed to improve the financial and environmental performance of equity investment portfolios. The metric captures factors related to both climate alignment and the speed of climate transition, with direction and magnitude metrics. A low T-Score indicates improved climate adjustments compared to peer companies. Conversely, a high T-Score indicates high exposure (and higher risk) in the transition to a low-carbon economy. A negative T-Score indicates superior adjustments in a low-carbon, Paris-aligned scenario relative to business-as-usual scenarios.

T-Risk metrics use both top-down and bottom-up analysis. The top-down model uses a systems dynamics approach to understand the changing energy mix under various climate scenarios and predict the future impact on investor returns. The bottom-up analysis includes data on a company's actual emissions footprint, which provides a snapshot of where a company is now. Together, these two approaches provide a view into how much a company can thrive and generate greater investment returns in a low-carbon future.

Climate Focus

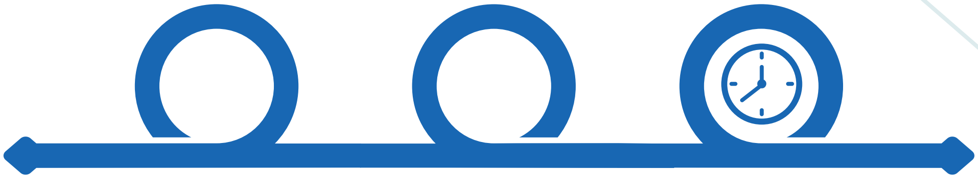
Alignment	Impact	**Risk**

Resource Type

Data & Metrics	**Pathways & Scenarios**	**Assessment Tools**	Methodology	Target Setting Guidelines & Verification	Reporting Frameworks & Guidelines	Collaborative Initiatives

Intended Users

Banks	**Investors**	Insurers	Central Banks	Regulators



RMI

Center for Climate Aligned Finance

CLIMATE AIR TOOLBOX

T-Risk	
WHO	• Investors • Financial institutions • Asset managers
WHAT	• T-Risk provides a scenario analysis-based methodology for measuring and tracking exposures to transition risk and for general climate risk management • T-Risk estimates the potential for better (or worse) investment returns for a company or industry group forced to adjust its business operations to reduce carbon in a move from a business-as-usual scenario to a Paris-aligned net-zero scenario. Financial institutions can then use the information generated with the methodology to create carbon reduction assessments and transition alignment assessments, which can assist with portfolio optimizations • Companies with more promising sustainability and profitability expectations get better scores on the forward-looking T-Risk scale • Financial sector participants can perform equity selection and sector allocation and create index-based strategies based on T-Risk to reduce climate risk exposure and identify transition-aligned companies, which can contribute significantly to portfolio outperformance • T-Risk also provides TCFD-compliant scenario analysis by tilting, optimizing, and screening a portfolio using the T-Risk climate scenario analysis factor, and by evaluating a portfolio per TCFD carbon metrics
WHEN	• Index development • Product development • Portfolio rebalancing • Sustainability report creation • Target setting for carbon reductions
WHERE	All sectors, asset classes, and geographies
WHY	• T-Risk empowers investors to reduce climate risk exposure and potentially boost the performance of their equity holdings • The platform provides a clear, understandable metric for stakeholder communication • This information can assist with regulatory compliance. For example, T-Risk assessments support metric measurements according to the TCFD • Outputs are also adaptable to various bespoke portfolio management strategies
HOW	Interested users can learn more on **Entelligent's website**