

CIQ Pro SFDR Portfolio Assessment Report

Portfolio Analysis Methodology

S&P Global Sustainable 1 – May 2024

Data Sources

This portfolio assessment uses data from the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset, which aggregates a range of other S&P Global data sources that have been mapped to the SFDR Principal Adverse Impacts (PAIs). Please note that while the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset is designed to offer metrics that align as closely as possible with each PAI, it may not fully align in all instances.

The methodology for the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset is available at the link below. It includes guidance on the portfolio-level aggregation of each PAI:

https://portal.s1.spglobal.com/survey/documents/SPG_S1_SFDR_Methodology.pdf

Portfolio Analysis Methodology

Portfolio Coverage:

Data availability and coverage varies between PAIs and a 'PAI level Coverage' indicator is provided for each PAI in the report. This shows the coverage ratio for that individual PAI as a percentage of analysed assets (not the original Portfolio).

Financial and Indicator Data Used:

- Financial Data: Where a metric requires an apportioning denominator, such as the calculation of apportioned GHG emissions, Enterprise Value Including Cash (EVIC) is used by default and only where this cannot be provided for an individual holding will another metric such as Total Capital be used in its place. We use the most recent Financial data from Annual or Quarterly disclosures prior to the holding date to calculate this denominator. This ensures the data used to establish 'ownership' as assessed by the apportioning factor as close as possible matches the valuation at holding date.
- Where an impact indicator is required, such as Tonnes of Emissions to Water for PAI 8, the most recent data that is available in our dataset and is prior to the holding date is used.

Portfolio-level aggregation

The following are the general approaches to aggregating metrics at the Portfolio level that are used in this report:

- **Apportioning (per million EUR invested, expressed as a weighted average):** Metrics are calculated in line with the approach outlined in SFDR Annex I where a weighted average means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company. This figure is then normalised per million EUR invested in the portfolio based on the market value of holdings that we have data for that specific PAI (PAI level coverage ratio).

- **Share of Investment:** Metrics which calculate a 'Share of Investment' (e.g. PAI 4. Exposure to companies active in the fossil fuel sector) represent the share of investments as a percentage of the portfolio's assets in scope of the analysis (those which are covered by our dataset) and have not been adjusted based on data availability at the PAI level.
- **'Average' or 'Weighted Average' metrics:** which are presented without reference to 'per million EUR invested' are both calculated as a market value weighted average. To account for differing levels of data availability across PAIs we re-weight the holdings for each PAI as a percentage of only those holdings where we have data for that PAI.

In addition to the above general approaches to aggregation we have followed the below specific guidance included in Appendix II of the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset Methodology.

- **PAI 1: GHG Emissions:**

$$\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

- **PAI 2: Carbon Footprint:**

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

- **PAI 3: GHG Intensity of Investee Companies:**

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- **PAI 15: GHG Intensity of Sovereigns**

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(\text{€M})} \right)$$

Aggregation Approaches for Mandatory Climate PAI 6

For mandatory PAI 6 (Energy consumption intensity per high-impact climate sector), different aggregation approaches are taken depending on the channel of report delivery:

Aggregation approach for CIQ Pro SFDR Portfolio Assessment Report

The coverage rate for this PAI is calculated as the percentage of in-scope assets' investment value which are covered in the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset.

The impact value for this PAI is the sum of the following product across all in-scope holdings:

$$(\text{Holding weight}) * (\text{Energy Consumption Intensity} - \text{GWh/mCRNCY Revenue})$$

where,

$$(\text{Holding weight}) =$$

$$(\text{Investment value of holding}) / (\text{Sum of investment values of all in-scope holdings in the portfolio})$$

Since the CIQ platform currently lacks NACE-sector granularity, one energy intensity is reported for the whole portfolio.

Aggregation approach for bespoke portfolio analytics

At the PAI level, the coverage rate is calculated as the percentage of in-scope assets' investment value which are covered by the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset.

At the NACE-sector level, coverage represents the share of holdings in a given NACE sector which are covered by the S&P Global EU Sustainable Finance Disclosure Regulation (SFDR) Dataset.

The impact value for this PAI is broken down for NACE sectors A-L. For each NACE sector, the impact value is the sum of the following product across all in-scope holdings within a given NACE sector:

$$(\text{Holding weight}) * (\text{Energy Consumption Intensity} - \text{GWh/mCRNCY Revenue})$$

where,

$$(\text{Holding weight}) =$$

$$(\text{Investment value of holding}) / (\text{Sum of investment values of all in-scope holdings in the NACE sector})$$

This aggregation approach is bespoke for portfolio analytics platform only, due to the platform specificities.

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