SEVIORA CAPITAL

A member of Seviora Group

Sustainability Report 2026

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Message from the CEO

Gabriel Lim
CEO, Seviora Capital

The global investment landscape continues to be reshaped by structural forces that carry real financial consequences, from geopolitical realignment, the energy transition, to the acceleration of AI and cybersecurity risk. As investors, these are not abstract themes. They create tangible shifts in how capital is allocated and where long-term value is created or diminished.

At Seviora Capital, sustainability is a lever for value creation and value protection. We focus on what is financially material, integrating sustainability considerations into our investment process to sharpen our ability to identify risk, surface opportunity, and deliver durable returns for our clients.

One such area is Asia's corporate governance reforms. Across Asia, regulators are driving meaningful reforms in capital discipline, board independence, succession planning, and alignment with minority shareholders. These changes are structurally expanding the universe of investable, high-quality opportunities, especially in markets like Japan and South Korea where governance improvements are directly unlocking shareholder value.

Against this backdrop, the integration of Pavilion Capital into the Seviora platform in early 2026 is strategically significant in expanding investor access to opportunities in Asia. Pavilion Capital brings over a decade of Asia-focused private equity fund-of-funds and co-investment expertise, with deep GP relationships across the region.

Combined with our existing capabilities in direct private equity and absolute return strategies, we now operate as a broader, more integrated platform, positioned to capture Asia's growth story across the capital structure.

In our core role as an asset manager, we have continued to strengthen our responsible investing foundations. In the latest 2025 PRI Assessment, Seviora Capital achieved 4-star ratings across most relevant categories, a reflection of consistent execution. Our proprietary ESG assessment tools are embedded in our investment underwriting and portfolio monitoring, designed to surface financially material risks early and ensure that sustainability considerations inform our investment decisions.

Within our operations, we upgraded cybersecurity controls, advanced our procurement engagement, and continued investing in our people and culture. A well-governed, operationally resilient firm is better positioned to serve its clients over the long term.

Looking ahead, our focus remains on deepening our capabilities, delivering resilient risk-adjusted returns, and meeting the growing demand from institutional and private wealth clients.

Sustainability Highlights

Information as of 31 December 2025

Responsible Investment

100%

Sustainability considerations are integrated into investment decisions for all investments

★★★★☆
4 out of 5 stars

PRI 2025 Assessment Report, across most categories[1]

Zero

Financially material ESG incidents[2]

External Stewardship and Collaborative Engagements

PRI Committees

- Listed Equity
- PRI in Person

CFA ESG Technical Advisory Committee

10

Industry development dialogues

Corporate Sustainability

Governance and Business Ethics

Zero

Regulatory proceedings relating to regulatory violations, fraud or other unethical business practices

Zero

Regulatory proceedings associated with communication of financial product-related information to clients

100%

Completion rate for annual cybersecurity and compliance trainings

Managing our Environmental Footprint

396 tCO_2e

2025 Scope 1-3 corporate emissions

100%

Corporate emissions to be offset via carbon credits

Building an Inclusive Workforce

42%|58%

Employees by gender

7

Nationalities represented

62

Training hours per employee

1. 3 stars for Direct Private Equity, as the strategy was still ramping up
2. Incidents that required reporting to LPs

About Seviora Capital

Seviora Capital Pte. Ltd. ("Seviora Capital") is an Asia-based investment manager, offering alternative investment solutions, across private equity and liquid alternatives.

As part of Seviora Group and the wider Temasek ecosystem, we leverage product expertise, institutional alignment, deep regional networks, and market knowledge to source high-quality opportunities and deliver scalable investment solutions. Our platform combines local insights with disciplined execution across market cycles.

In 2026, Pavilion Capital was integrated with Seviora Group, bringing a longstanding track record in Asia private equity fund-of-funds and co-investments. An established private equity platform since 2012, Pavilion Capital has built on Temasek's presence in Asia to unlock access to Asian private markets and capture compelling growth opportunities. This integration broadens our suite of investment solutions to meet investors' evolving needs.

Seviora Capital manages the following investment strategies:

- **Seviora Global Absolute Returns Fund:** Fund of hedge funds platform that provides consistent returns that are uncorrelated with equities and fixed income markets
- **Seviora T3F ("Future of Food and Farming") Fund:** Private equity fund that invests in companies across the food and agriculture value chain within the Asia Pacific region
- **Private markets:** Investments across private debt, private equity and venture capital

We have a strong capital base from our parent company and can provide meaningful capital commitment to our products to drive growth.

As a signatory to leading industry initiatives, we work with peers, regulators and investee companies to raise standards and sharpen our own practices.

Seviora Group

Seviora Holdings Pte. Ltd. ("Seviora Group"), wholly owned by Temasek Holdings (Private) Limited ("Temasek"), is a Singapore-headquartered independent asset management group with approximately US$72 billion in assets under management as of 31 December 2025.

Through its outstanding asset management companies, Seviora Group provides investors access to a wide range of multi-asset and multi-strategy investment expertise in both active and alternative strategies, covering Asia and global markets.

Signatory of:

PRI Principles for Responsible Investment

IFRS Sustainability Alliance

SSP SINGAPORE STEWARDSHIP PRINCIPLES FOR RESPONSIBLE INVESTORS

About the Report

This Sustainability Report covers the 2025 financial year (1 January – 31 December 2025) and provides an update on our Responsible Investment and Corporate Sustainability activities.

Frameworks referenced include:

- **TCFD recommendations:** governance, strategy, risk management and metrics
- **SASB Asset Management & Custody Activities Standard:** decision-useful performance indicators for investors
- **Greenhouse Gas Protocol and Partnership for Carbon Accounting Financials (PCAF):** operational and financed emissions calculations

We are mindful of evolving sustainability requirements and strive to ensure our reporting remains appropriately aligned.

Unless otherwise stated,

- Information presented pertains to Seviora Capital, whereas policies and initiatives led by Seviora Holdings are referred to as “Seviora”
- Quantitative data is as of 31 December 2025. Selected market developments and post-period events are included where clearly indicated

From Reform to Returns: Asia Corporate Reforms

History of Asia Corporate Governance Reforms

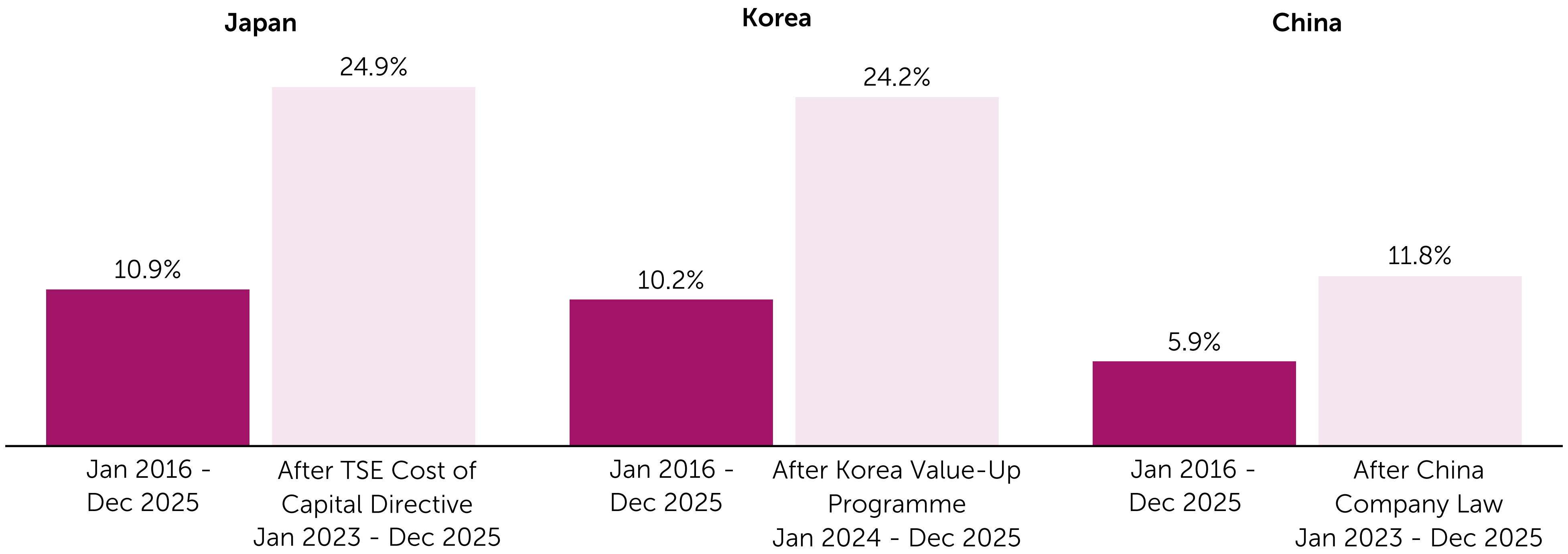
In the wake of the Asian Financial Crisis in 1997, companies in the region operated conservatively. Many firms accumulated large cash buffers and maintained complex cross-shareholding structures, prioritising balance-sheet strength and control over capital efficiency.

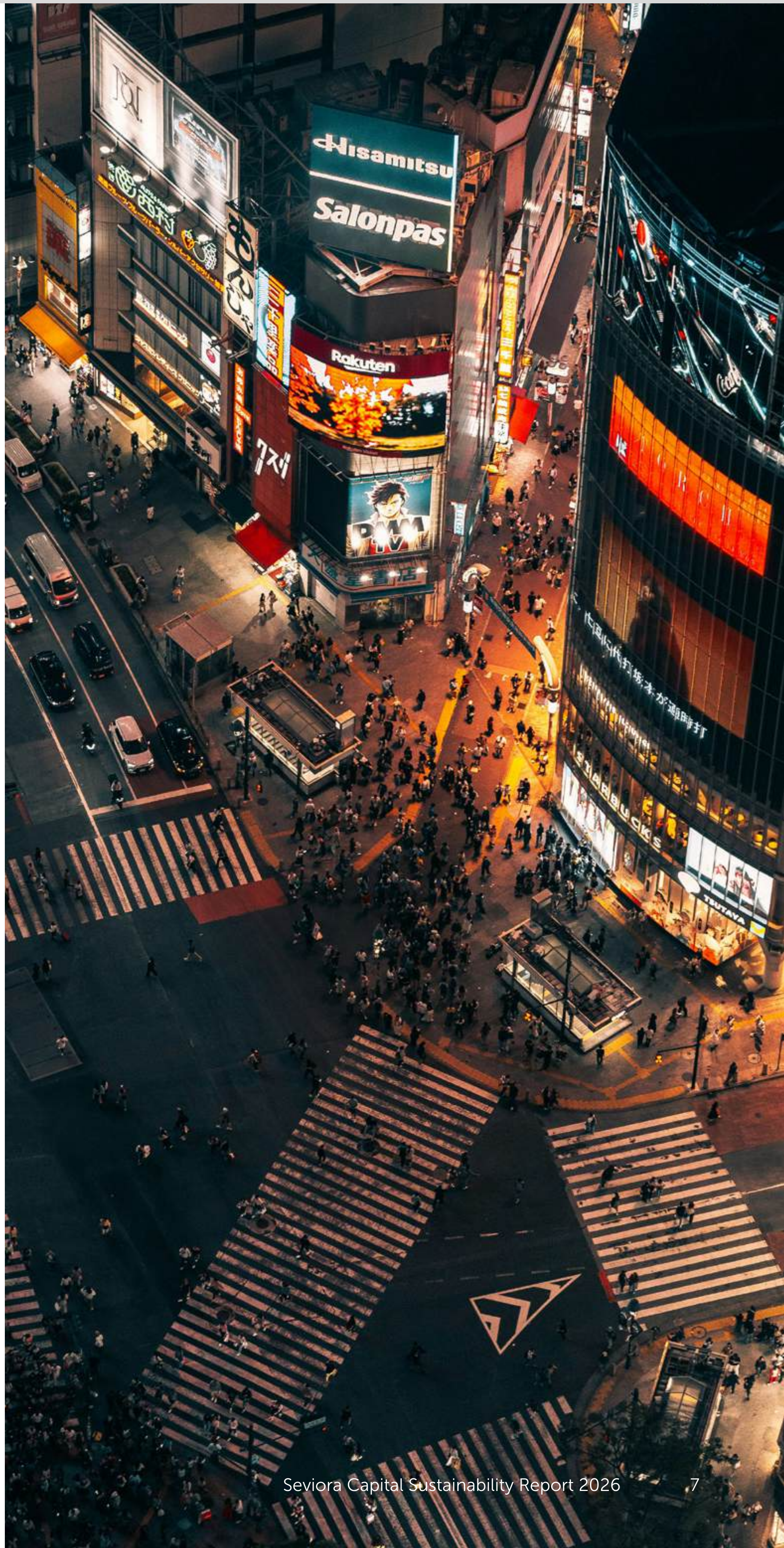
Rather than returning excess capital to shareholders, these firms allowed cash to sit idle and accepted lower returns on equity, which in turn depressed valuations.

To improve the attractiveness and competitiveness of equity markets, Asian regulators have stepped up efforts to strengthen corporate governance standards. Corporate reforms can support value creation and have coincided with higher shareholder returns in selected markets. At the same time, ageing populations in the region are intensifying the need for capital markets to generate higher returns to support the increasingly strained retirement systems.

Annualised Total Shareholder Returns (TSR) (%)

Corporate governance reforms have coincided with higher returns in key Asian markets.[3]





3. Data from Bloomberg

Structural Reform within the Region

Japan's most recent corporate governance transformation, first undertaken in 2014 with the introduction of the Japan Stewardship Code, is one of the most comprehensive reforms in the region. In 2023, the country announced its Action Program, and the TOPIX 100 soared 50% in the 18 months that followed.[4] Other regulators in the region have subsequently launched similar reforms.

Key Reforms across Asia

Japan		South Korea	China		Singapore
2023 Action to Implement Management that is Conscious of Cost of Capital and Stock Price[5]	**2025 Action Programme for Corporate Governance Reform[6]**	**2024 Corporate Value-Up Programme[7]**	**2023 Amendments to the Company Law**	**2024 National Nine Articles[8]**	**2025 Equity Market Development Programme[9]**
Tokyo Stock Exchange (TSE)	Japan Financial Services Agency (FSA)	Korea Financial Services Commission (FSC)	Standing Committee of the National People's Congress	State Council	Monetary Authority of Singapore
Driving higher return on equity in listed companies • Companies on Prime and Standard markets (representing a large majority of companies on the TSE) required to accurately identify their capital cost and profitability • Those trading below book value (P/B below 1.0x) required to develop improvement plans with targets, timelines and specific actions and disclose these to investors • Public compliance lists maintained to create disclosure-based accountability	**From form to substance** • Encourage boards to improve capital efficiency and stock price • Promotes independent directors (at least one-third on Prime Market boards), better board-investor dialogue, and tighter rules to protect minority shareholders • Phased implementation of sustainability standards and metrics reporting	**Combining soft guidance with targeted legal/tax changes** • Encourages companies to voluntarily announce value-enhancement plans which are led by their Board, set mid- to long-term strategies, disclose financial and non-financial KPIs as well as progress against set goals • Introduced the Korea Exchange (KRX) Value-Up Index which tracks best-practice companies with strong profitability, payouts and ROE, incentivising corrective action	**Foundational changes to company law** • Legal structural foundation for all companies • Option to replace traditional supervisory boards with an audit committee • Legal representatives must now be directors and not just nominees • Established fiduciary duties of controlling shareholders of a company • Improved shareholder rights: Minority shareholders get increased protections, threshold to be allowed to raise proposals reduced from 3% to 1% of shareholding	**Quality, reform, and risk management** • Measures for listed companies including cash dividends, share buybacks, investor relations, information disclosure, M&A, equity incentives and employee stock ownership plans • Foundational to the creation of market value regulatory guidelines released by the China Securities Regulatory Commission in November 2024: any company trading below book value for over a year must publicly disclose a valuation enhancement plan	**Market-development and capital-deployment-led** • Focused on partnering with local fund managers to invest in Singapore listed equities • Managers are chosen for performance, commitment to grow research and investment capabilities in Singapore, and ability to launch a product that would attract third-party capital

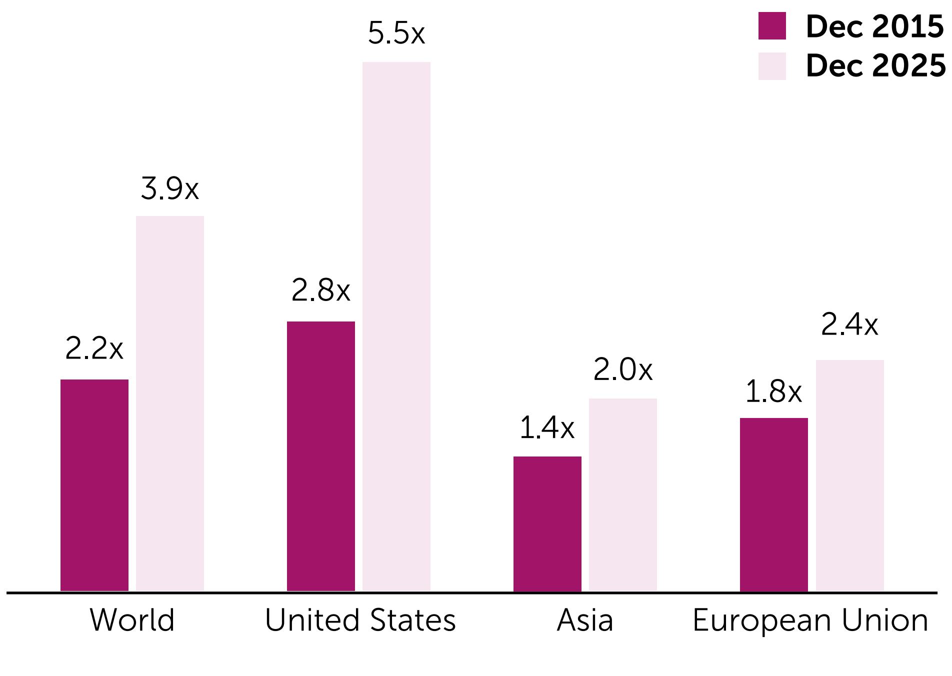
4. ACGA special report: Value Up, Asia, 2025
5. Tokyo Stock Exchange, 2023
6. Japan Financial Services Agency, 2025
7. Korea Financial Services Commission, 2024
8. The State Council of the People's Republic of China, 2024
9. Monetary Authority of Singapore, 2025

Market Implications

These initiatives have driven tangible re-rating across Asia's capital markets. For example, the KRX Value-Up Index outperformed the KOSPI (Korea's benchmark stock market index) by 34%[10] from its September 2024 launch through January 2026. These re-ratings have potential to persist as Asia continues to trade at lower valuations relative to the United States (c. 2.0x P/B vs. 5.5x in the US).

P/B Ratio 2015 vs 2025

In 2025, Asia's 2.0x P/B ratio is still meaningfully lower than the United States' 5.5x.[11]



Opportunities also exist in Private Equity and Private Credit

Private Equity

Public conglomerates had previously focused on scale and expansion into unrelated business lines, sometimes at the expense of shareholder returns. The reforms encouraged a more disciplined approach to capital allocation with carve-outs of non-core assets increasing deal flow for private equity players.

Private equity can support transformation via carve-out strategies and other capital solutions.

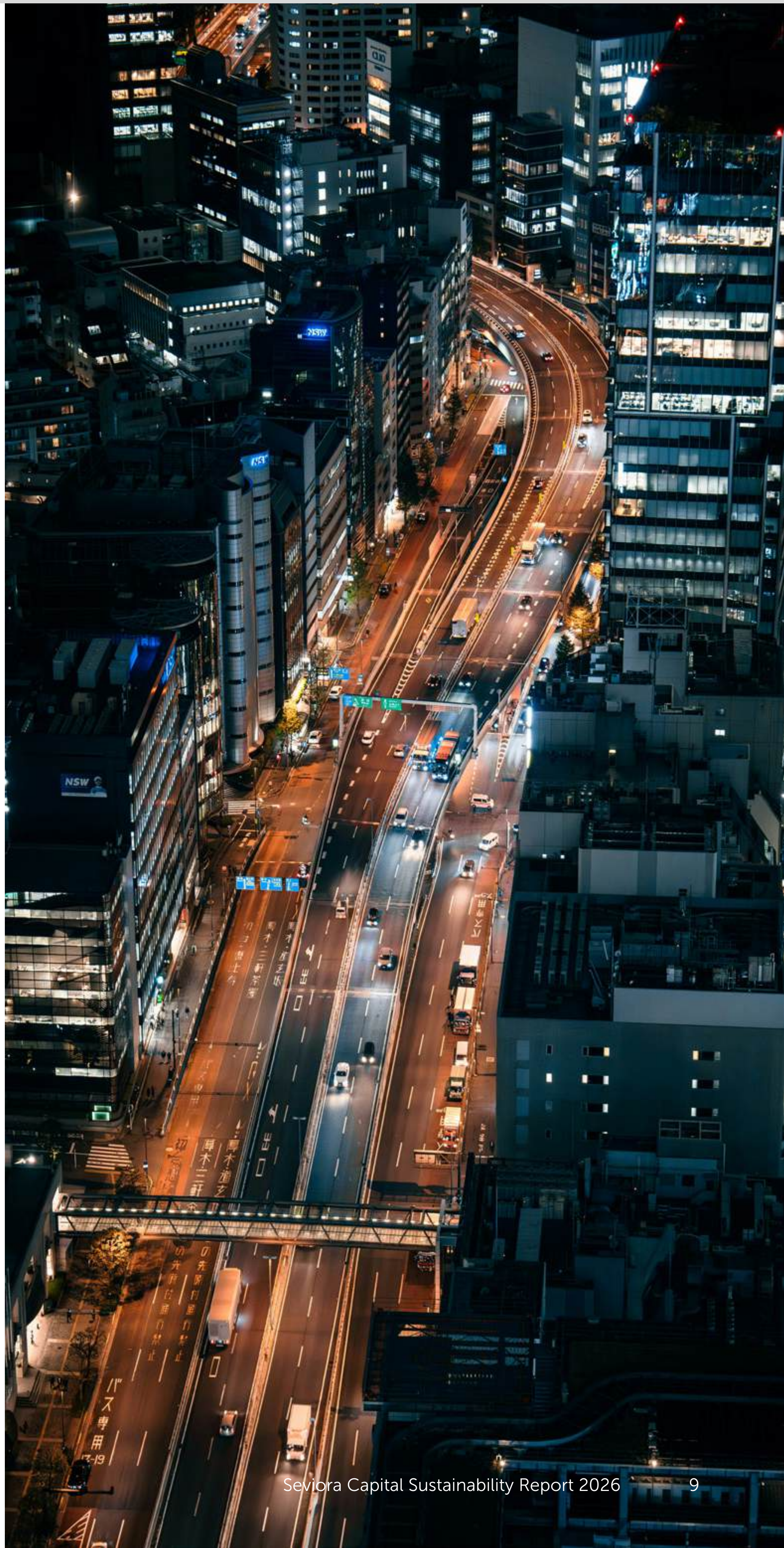
In November 2025, Japan's three megabanks raised annual profit forecasts to all-time highs[12] with M&A activity including management buyouts cited as a key growth driver, creating a fertile environment for private equity deal flow.

Private Credit

Private credit can provide bespoke financing to support corporate carve-outs, spin-offs and asset disposals, as well as hybrid capital solutions (sometimes provided directly to the listed company) via convertible or preferred instruments.

Such structures enable companies to reduce reliance on dilutive equity issuance and reallocate capital towards higher-return businesses.

Thoughtful exposure to Asian markets undergoing corporate reform can enable investors to harness these structural shifts across multiple asset classes, supporting both improved risk-adjusted returns and more resilient market development.



10. The Korea Times, 2026
11. Data from MSCI
12. Reuters, 2025

Case studies

Glenwood Private Equity

Carve-out specialist in the South Korean private equity market

Company Overview

Glenwood Private Equity ("Glenwood") is an independent investment firm headquartered in Seoul that focuses on upper-middle-market corporate carve-out opportunities in South Korea. The firm primarily targets non-core / less-core subsidiaries or business divisions of domestic conglomerates and multinational corporations.

Since its establishment in 2014, Glenwood has invested over US$4 billion, with its first blind fund achieving an IRR of 29.1% and MOIC of 2.2x. Fund III, Glenwood's first fund to include commitments from foreign LPs, will continue this strategy with a disciplined focus on carve-outs.

Sector
Sector-agnostic

Strategy
Corporate carve-outs

Geography
South Korea (or companies with a strong nexus to Korea)

Corporate Governance Thesis

Large family-controlled business groups, or chaebols, have long driven Korea's economy. Historically, these conglomerates have prioritised scale and control over capital efficiency.

Recent reforms push these conglomerates to streamline and refocus. In this process, private equity investors can partner with conglomerates to acquire under-managed assets and drive more accountable, performance-oriented governance.

Glenwood positions itself squarely in this transition, acquiring such non-core / less-core businesses from domestic conglomerates and multinational corporations and repositioning them as independent, performance-driven platforms. By improving the fundamentals of each business, Glenwood has been able to unlock meaningful value at its portfolio companies such as Tong Yang Magic, Haeyang Energy, Hankuk Glass Industries, PI Advanced Materials and CJ Olive Young, among other former conglomerate subsidiaries / divisions.

Glenwood's Partnership-Based Value Creation Approach

Glenwood adopts an active, hands-on approach towards value creation, grounded by mutual trust and respect with portfolio company management and employees. As target companies have often been underinvested or deprioritised under their former parent organisations, Glenwood works closely with management and employees to unlock the latent value that focused, standalone ownership can deliver.

The firm's post-merger integration process for each portfolio company includes the formation of a board and management team, followed by on-site work to establish the foundation for a standalone company, and portfolio monitoring and optimisation to ensure processes are well executed.

This partnership-based approach extends beyond portfolio companies to the broader communities in which they operate. To date, Glenwood's portfolio companies have cumulatively created approximately 7,000 jobs in local communities, while the firm continues to promote internal talent into leadership roles and avoid unnecessary labour restructuring.

Value creation initiatives may include the following:

Value-Accretive Investments	Organisational Transformation	Cost Optimisation
• Investing in capacity expansion and infrastructure upgrades • Funding R&D, technology, and product innovation • Strengthening sales, marketing, and distribution to expand market reach	• Streamlining decision-making processes and simplifying internal reporting systems • Motivating employees by actively promoting internal talent • Enhancing governance and transparency by appointing independent outside directors	• Eliminating unnecessary capital outflows to affiliates (royalties, dividends, inter-company loans, etc.) • Diversifying sourcing channels and reducing related-party dependencies

GLENWOOD PRIVATE EQUITY

Case studies

AirFirst Co., Ltd.

Pavilion Capital co-investment with IMM Private Equity

Company Overview

AirFirst Co., Ltd. ("AirFirst") is South Korea's leading industrial gas company, with a 50-year history of reliably supplying oxygen, nitrogen, argon, and other essential gases to the nation's most strategic industries, such as semiconductors, petrochemicals, and steel.

Sector
Industrial Gas / Infrastructure

Geography
South Korea

Strategy
Carve-out / Buyout

Corporate Governance Thesis

Korean sponsors that improve governance and capital allocation can unlock significant valuation uplift and attract global long-term capital.

In 2019, IMM Private Equity ("IMM PE") acquired AirFirst from global industrial gases group Linde as part of the divestiture remedies required by the Korea Fair Trade Commission following Linde's merger with Praxair. At the time, AirFirst operated under strategic and capital allocation constraints driven by broader global group priorities and was not fully valued by the market despite its strong domestic positioning. Under IMM PE's ownership, the firm reset its governance by installing empowered local leadership, professionalising key operating functions, and aligning capital deployment with long-duration, infrastructure-like contracts serving Korea's semiconductor, petrochemical, steel, and other sectors.

This transformation, layered onto a structurally attractive industrial gas backdrop, scaled AirFirst into a standalone Korean market leader. In 2023, BlackRock invested at nearly three times the original acquisition price, delivering a 39% IRR for IMM PE on the partial exit.

Sustainability as a Value Creation Lever
Since formalising its ESG management framework in 2021, AirFirst has treated sustainability as an extension of its licence to operate, prioritising employee safety, environmental stewardship and the delivery of high-quality products and services to its clients.

As a testament to these efforts, the Ministry of Trade, Industry and Energy recognised AirFirst with Commendations for Sustainable Management in both 2021 and 2025.

Environment	Governance
• ISO 14001-certified environmental management system • First mover in Korea's industrial gas industry to declare support for TCFD in 2021, with progressively enhanced climate-risk disclosures since • Annual carbon emissions reduction of 3,885 tCO_2 through equipment upgrades	• Executive officer system separating ownership and management • ESG Committee comprising senior management regularly reports ESG-related matters to the Board • ESG training for employees to embed expectations on conduct and decision-making
Employees	**Social Responsibility**
• ISO 45001 and ISO 9001 certifications underpin occupational safety and product quality • Compliance with safety-related laws and tracking of environmental safety KPIs	• Targeted community contribution initiatives • Suppliers' Ethics Charter that extends ethical standards to business partners • Dedicated information security and personal data protection systems to safeguard stakeholders' information

Case studies

Nippon Sangyo Suishin Kiko (NSSK)

Middle-market private equity leader driving ESG value creation in Japan

Company Overview

NSSK is a Tokyo-based middle-market private equity firm established in 2014, managing approximately ¥200 billion (US$1.3 billion) in assets under management.

The firm focuses on business succession, special situations, and public-to-private transactions in Japan, investing in attractive small-to-medium-sized companies and transforming them via its proprietary NSSK Value-Up Program (NVP).

Sector
Diversified: Healthcare, Education, Consumer, Manufacturing

Geography
Japan

Strategy
Mid-market Buyout

Corporate Governance Thesis

Japanese family businesses are facing a succession crisis, as owners get older and successors are increasingly lacking. High inheritance tax of up to 55% poses challenges as well. Reforms that force increased accountability and efficiency in such companies provide a value-creation opportunity for private equity players such as NSSK to resolve succession bottlenecks.

A majority of NSSK's pipeline can be categorised as business succession opportunities, recognising that the trend will continue as the country's population ages. NSSK's proprietary Value-Up Programme (NVP) provides a unique management support package for portfolio companies to improve efficiency and unlock value.

NSSK Value-Up Programme (NVP)

Developed with a focus on the unique aspects of Japanese businesses, the NVP is implemented by dedicated teams in collaboration with external experts with global management experience and networks.

The teams work directly with the management of portfolio companies to strengthen their governance foundation and enhance global competitiveness. This is tailored to address management improvement, human capital development, and financial optimisation.

Case studies

Takagi Co., Ltd.

Pavilion Capital co-investment with NSSK III

Company Overview

Takagi Co. Ltd., founded in 1961 and incorporated in 1979, is a Kitakyushu-based manufacturer of water-related products.

The company operates three main businesses in water purifiers, watering/sprinkler systems and dies and moulds, with a presence in Japan, Vietnam and Australia.

Sector
Water-related manufacturing and distribution

Geography
Japan

Deal Type
Business Succession

Corporate Governance Thesis

Takagi, a long-established family-owned business, reached an inflection point as the founding family faced succession planning and the need for substantial investment in new production capacity. In response, the family sought a sponsor with deep local relationships, strategic and operational capabilities, and a clearly articulated, people-centred management philosophy.

NSSK was ultimately selected as Takagi's partner due to a strong alignment in long-term values and stakeholder priorities, particularly its philosophy of "valuing employees and their families," which mirrors Takagi's own commitment to both material and spiritual well-being.

Initiatives Implemented Under the NSSK Value-Up Programme

Optimisation of Prices	Improved Production Capacity	Clear ESG Goals
• Re-evaluation considered functionality and value of product • Based on past cost increases and competitive pricing positions	• Investment in construction of a new factory • Expertise of field staff • Expert advice in plant operations analysis	• Reduce GHG emissions • Support diversity and inclusion activities • Health and safety • Internal promotion system

The partnership between NSSK and Takagi underscores how thoughtful sponsor-founder partnerships can catalyse corporate governance evolution in Japan, balancing continuity of founding principles with enhanced oversight, strategic clarity, and stakeholder-focused value creation.

Governance

Our sustainability strategy is supported by robust firm-wide oversight and a clear allocation of responsibilities across teams.

Board of Directors
Approves Responsible Investment & Corporate Sustainability Strategy

Management Team
Responsible for implementing Responsible Investment & Corporate Sustainability Strategy

3 lines of defence			
	1st	**Sustainability Team*** • Supports the Investment Team in managing responsible investment issues • Provides tools, training, and market insight • Drives corporate sustainability initiatives across the organisation	**Investment Team** Day-to-day integration of responsible investing considerations across the investment lifecycle
	2nd	**Risk Team***	**Compliance Team**
	3rd	**Internal Audit***	

*Sustainability and Risk functions are outsourced to Seviora Holdings. Internal Audit is outsourced to an external provider

Business Ethics and Conduct

Upholding Ethical Standards

In managing our business, Seviora Capital strives to act with integrity and maintain ethical, professional standards.

We comply with applicable laws and regulations in relevant jurisdictions governing the operation of our business activities.

Our **Code of Ethics and Conduct** establishes a zero-tolerance approach towards fraud, bribery, corruption, insider trading and other misconduct. The Board of Directors and all employees are required to certify, on an annual basis, their adherence to the Code and all other applicable frameworks and regulatory standards. Complementing this, we maintain a suite of policies that guard against all financial crimes, including money laundering, terrorism and proliferation financing.

To foster an environment where employees can raise concerns without fear of retaliation, our **Whistle-Blowing Policy** establishes a formal process that allows concerns to be reported safely and anonymously to their supervisors, management, or the Board.

Individual Accountability

Under the **Individual Accountability & Conduct Policy,** each employee is expected to meet the company's fitness and propriety standards, and is held accountable for behaviours that fall within their defined decision-making authority and risk limits. These expectations are embedded into our performance evaluation and incentives, which reinforce the standard conduct applicable to each role.

Fair Dealing and Client Communications

Seviora Capital is committed to ensuring all clients are treated fairly and can make informed decisions. Our approach to client relationships is underpinned by fair dealing and transparent communication.

All clients receive clear, timely and balanced information through:

- Quarterly statements and investor letters
- Ad hoc calls or meetings on request
- Marketing materials cleared by the Legal & Compliance department

The **Fair Dealing Policy** embeds the MAS Guidelines on Fair Dealing across product design, sales and after-sales service. Any complaints received will be logged, investigated and resolved within defined timeframes.

In 2025, Seviora Capital had:

Zero

Legal and regulatory proceedings relating to regulatory violations, fraud or other unethical business practices

Zero

Legal and regulatory proceedings associated with marketing and communication of financial product-related information to our clients

Responsible Investing

Our ability to protect capital and deliver outcomes consistent with clients' goals is strengthened by the integration of responsible investment factors across the investment process.

This enables a more comprehensive assessment of sustainability-related risks and opportunities, providing a holistic perspective on value creation and risk management in our investments.

Responsible Investment Approach

Screening

Certain high-risk industries may be restricted from investment, in line with portfolio construction rules agreed with clients

↓

Research and Underwriting

ESG assessment for all prospective investments

Assessment references SASB and TCFD standards

↓

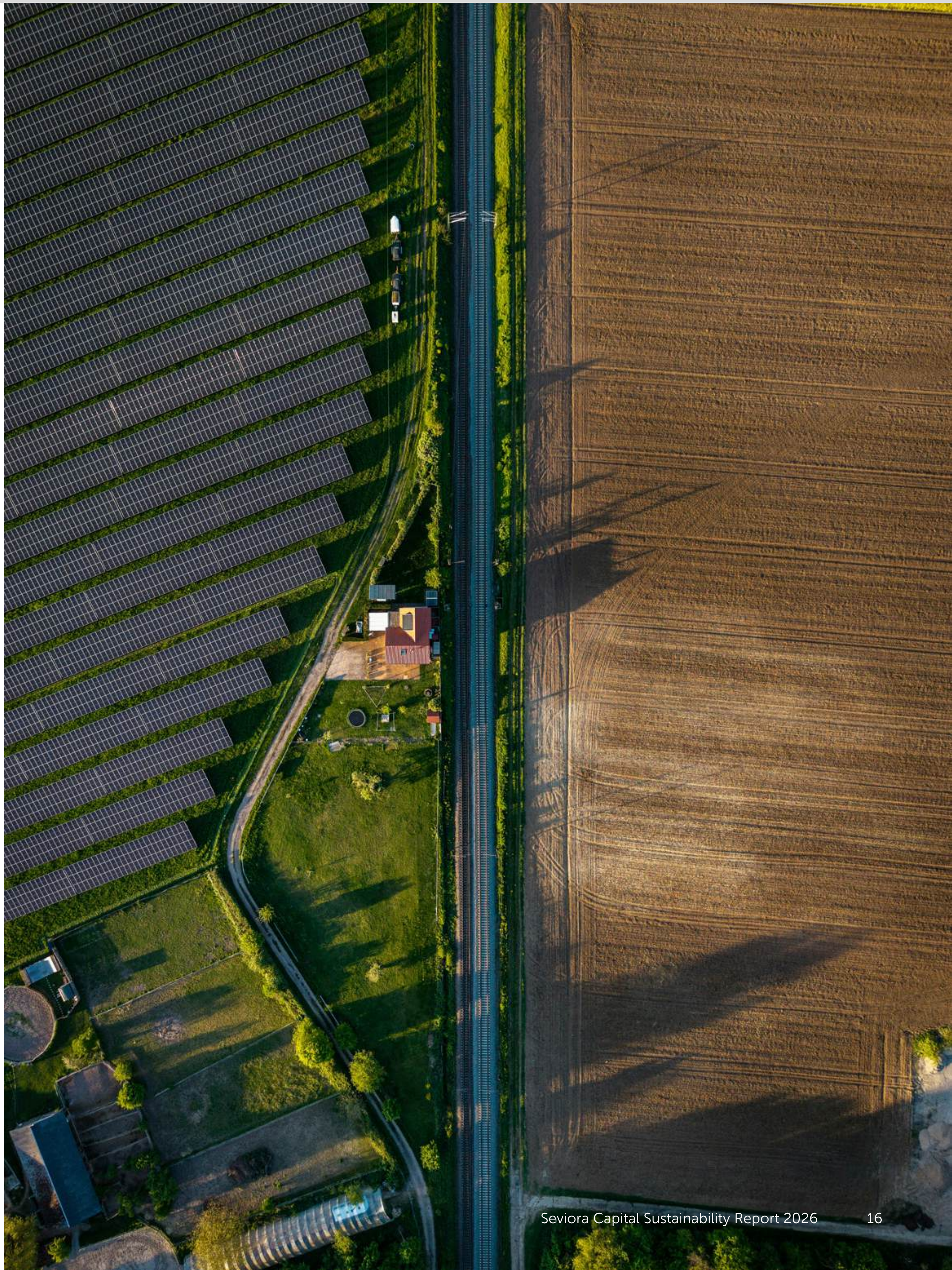
Stewardship

Engagement with investees and stakeholders to maximise value

↓

Monitoring and Reporting

Tracking and reporting of metrics such as Weighted Average Carbon Intensity where data permits



Risk Management

Managing financially material risks, including ESG risks, is integral to our fiduciary duty and to delivering durable risk-adjusted returns for our clients.

We apply the three-lines-of-defence model to risk management, which is supported by a multidisciplinary team.

Research and Underwriting

ESG due diligence is conducted on potential investees using questionnaires, proprietary tools and direct engagement to assess financially material risks and opportunities.

Fund Investments	Direct and Co-Investments
• Focuses on fund manager's maturity in managing and mitigating financial material ESG risks in underlying investments • Our assessment seeks to ensure that explanations are evidence-based, and that mitigation plans are credible	• Focuses on investees' approach towards managing financially material ESG risks • Map identified risks and opportunities against the SASB Standards for the relevant industry

Findings are documented as part of Investment Committee approval discussions. A representative from the Sustainability Team attends Investment Committee meetings.

Monitoring of Risks

We conduct ongoing monitoring for our investments, which includes the collection of relevant metrics.

Ad hoc reviews may be conducted in the event of material events that may occur.

We endeavour to partner with investees to surface value-creation opportunities and support investment performance where appropriate.

Engagement and Stewardship

Portfolio Engagement

As part of our stewardship activities, we engage our portfolio companies and fund managers to surface material risks and the actions required to manage them. We calibrate both the depth of discussion and cadence of interaction to reflect our influence across holdings.

In such engagements, priority goes to the risks or opportunities that are most relevant to the investee's or fund manager's business and that may ultimately influence our investment returns. The engagement themes reflect the materiality to the individual investment and may cover regulation, risk management and other material factors.

External Stewardship Practices

We engage external stakeholders via industry working groups and public consultations that align with our investment mandate and corporate strategy.

Through these forums, we contribute to the development of industry standards while also gaining perspectives that help enhance our own stewardship and investment practices.

In 2025, this involved:

- Representation on global standard-setting committees
  - Principles of Responsible Investment (PRI) Listed Equity Advisory Committee
  - PRI In Person Signatory Advisory Committee
  - CFA ESG Technical Advisory Committee
- Contributing to PRI publications
  - Sustainability Value Creation in Private Markets
  - Sustainability in Supply Chains: A Guide for Private Markets Investors
- Speaking on responsible investment topics at key industry events

PRI in Person 2025 (Brazil)
Navigating Risk and Unlocking Opportunities in Asia's High Growth Markets

Responsible Investment Forum Asia 2025
Redefining Value: The Next Evolution of Sustainability in Asia Private Equity

NBS-PRI-ECGI Public Lecture Series[13]
Double Materiality, Underlying Ethical Principles for Investing, and Performance

13. Global joint initiative between Nanyang Business School (NBS), PRI and European Corporate Governance Institute (ECGI)

Climate Risks and Resilience

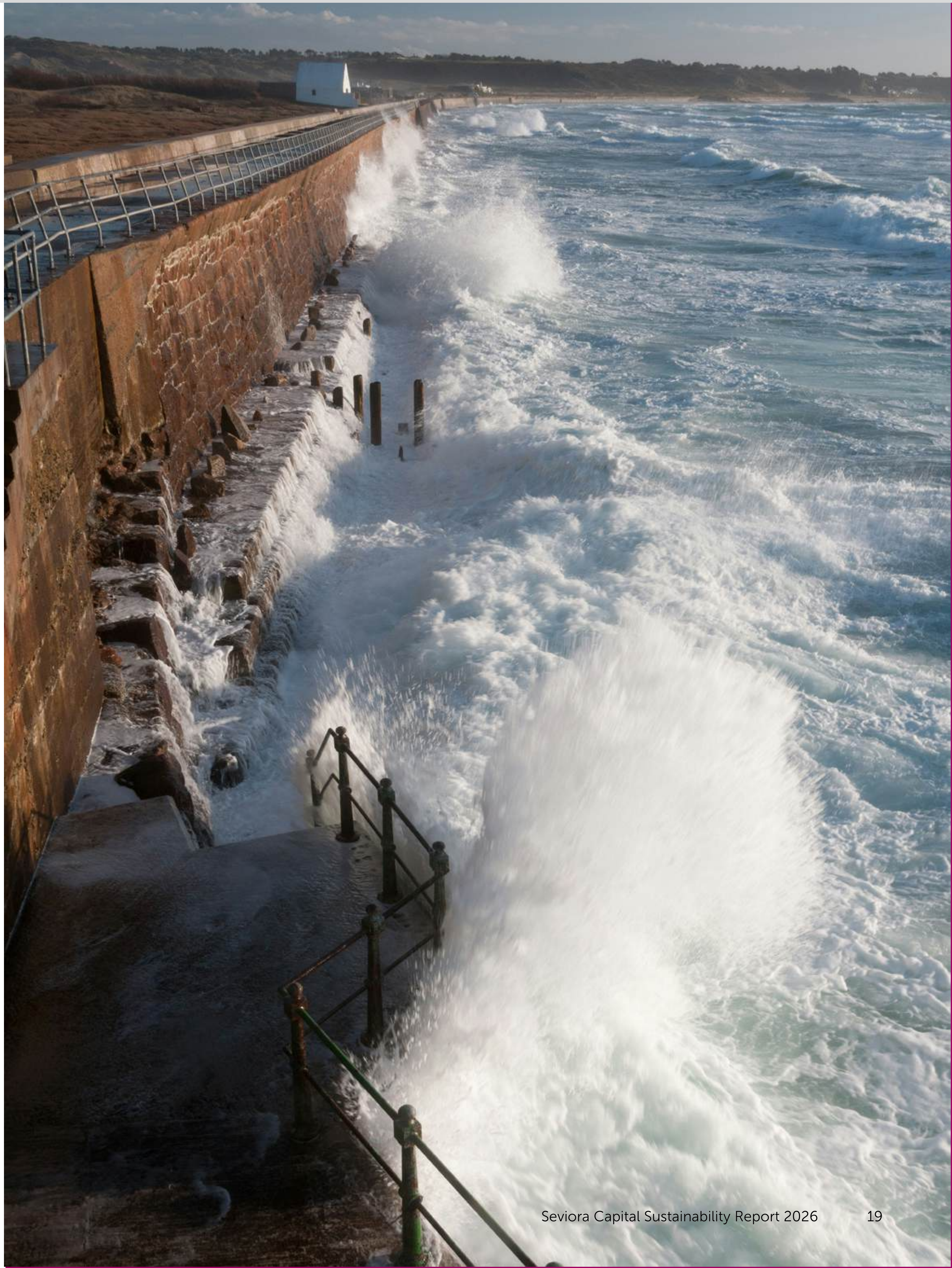
Climate change presents two broad categories of risk that can influence both portfolio company performance and our own operations:

Physical Risks	Transition Risks
Companies exposed to physical climate hazards may face higher costs from damaged assets, disrupted supply chains and reduced productivity • Droughts • Heatwaves and wildfires • Floods	Carbon-intensive processes may face higher costs, reduced demand, or stranded assets as policies tighten • Regulatory changes • New technologies • Market preferences

How Seviora Capital Manages Climate Risk

Investment Portfolio	Corporate Level
• Assess how each investee identifies, measures and mitigates climate risk and seek TCFD-aligned disclosure wherever possible • Collect metrics such as Scope 1, 2 and 3 emissions during due diligence and monitoring • Run climate-scenario analysis and carbon-pricing analysis where data permits • Continuously enhance our toolkits to better evaluate our investments' climate risk exposures	• Track Seviora Capital's own footprint and purchase high-quality carbon offsets • Engage major vendors to improve data quality

Appendix A details the climate-related risks and opportunities we assess across both investments and operations.



Seviora T3F Fund ("T3F")

T3F is a private equity fund that invests in companies across the food and agriculture value chain within the Asia Pacific region.

The fund looks to invest across the entire value chain, from upstream to downstream, in companies that strengthen the agri-food ecosystem and respond to evolving trends across production, supply chains and consumer demand in food and nutrition.

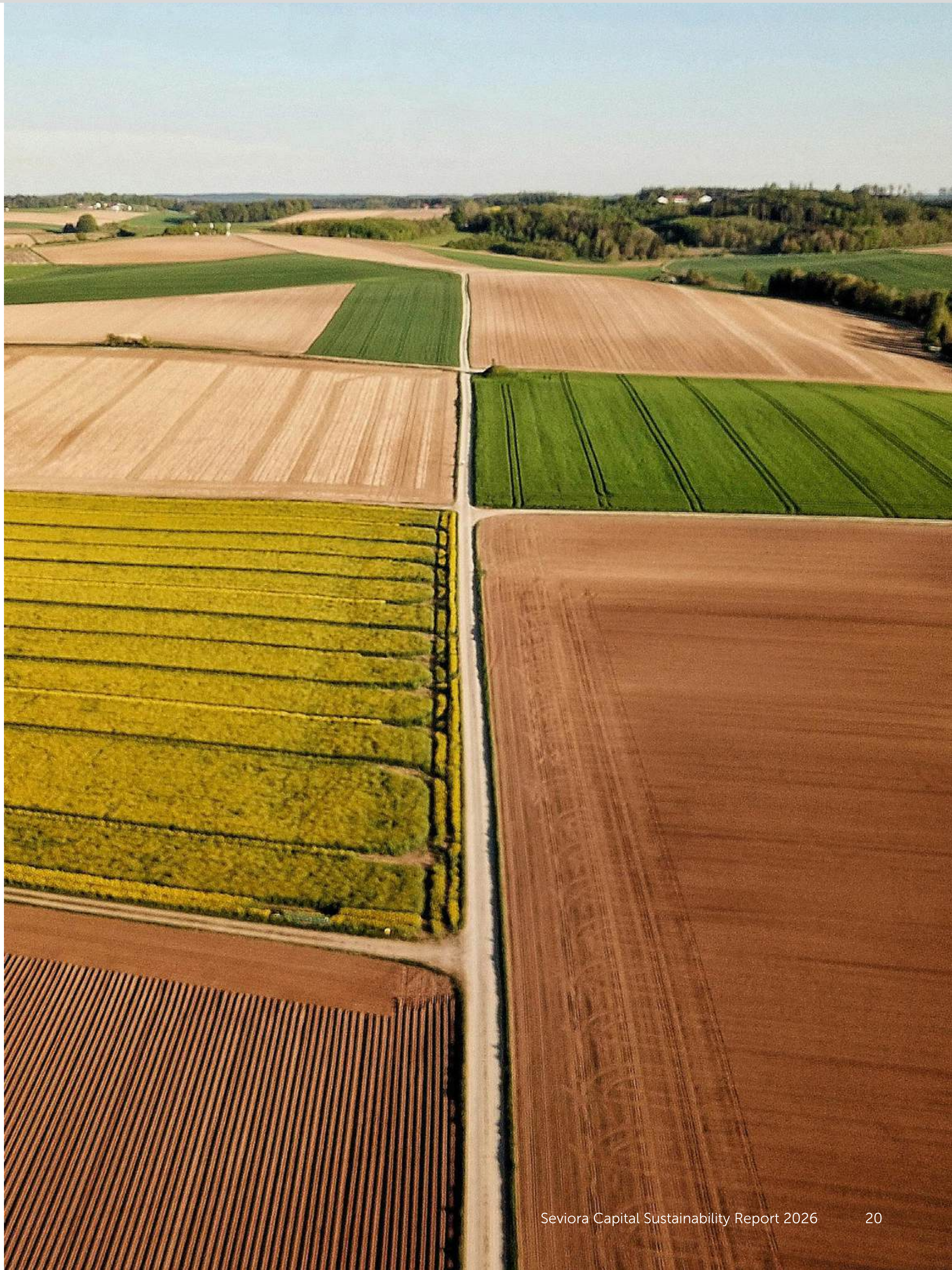
Carbon Metrics[14]

Metrics	FY2025 Value	Unit
Weighted Average Carbon Intensity (WACI) • Fund exposure to emissions-intensive assets	110	tCO_2e/USDm revenue
Financed emissions (Scope 3 Category 15) • Absolute carbon footprint of fund	384	tCO_2e

Scenario Analysis

- We assessed the impact of climate-related factors on the Net Asset Value ("NAV")[15] of T3F (%) against two reference scenarios developed by the Network for Greening the Financial System (NGFS):
  - **NGFS Net Zero 2050:** Companies are likely to face significant transition risks from transitioning to a low-carbon future
  - **NGFS Current Policies:** Companies are likely to face intensifying physical risks from extreme weather events as well as productivity impacts from longer term changes in the climate
- Details on the methodology and results are provided in **Appendix C: Scenario Analysis.**

NGFS Scenario	NGFS Current Policies	NGFS Net Zero 2050
Impact of climate on T3F NAV	-1.7%	-5.2%



14. Carbon metrics cover 100% of T3F's Net Asset Value ("NAV"). Methodology details can be found in **Appendix B**.
15. The analysis covers 100% of T3F's Net Asset Value ("NAV"). Methodology details can be found in **Appendix C**.

Corporate Sustainability

Cybersecurity and Data Privacy

Cyber threats are a key enterprise risk for Seviora Capital. By maintaining a well-defined and resilient cyber strategy, we protect sensitive financial and client data and reinforce the continued trust placed in us by our stakeholders and clients.

Seviora complies with key standards and regulatory expectations relating to cyber hygiene requirements:		
SOC 2 Type 2	**ABS OSPAR**	**MAS Notices and Guidelines on Technology Risk Management**

2025 Initiatives: Enhancing Proactive, Intelligence-led Defence Capabilities

New External Threat Landscape Management Platform	Enhanced Phishing Resilience Framework
• Strengthens Seviora's ability to proactively anticipate external threats • Continuous monitoring of Seviora's external digital footprint and provision of early warning intelligence	• Structured approach to improve phishing awareness and response behaviours of Seviora employees

Governance and Oversight

- Dedicated Cybersecurity & Risk function led by the Group Chief Information Security Officer
- Function reports to the Group Chief Technology Officer and the Management Team
- Regular updates provided to the Board and Audit & Risk Committees

Cybersecurity Capability Framework

- Employs multi-layered defences which protect critical systems against imminent cyber threats
- Operational controls follow an integrated approach that includes threat modelling, secure-architecture reviews, vulnerability assessments, simulated attacks and incident-response plans
- Progress is tracked through cyber resilience metrics reported to the Board

Employees as the First Line of Defence

- Mandatory annual cyber-awareness training
- Quarterly organisation-wide phishing simulations to reinforce vigilance
- Targeted awareness campaigns addressing AI misuse and social engineering risks

Information Security and Data Privacy Policy

- Covers how Seviora collects, manages, and safeguards personal and business data
- Complies with Singapore regulations concerning data protection and technology

Environmental Initiatives

Managing Our Operational Emissions

Seviora Capital's operational carbon footprint in FY2025 is 396 tCO_2e.

As with previous years, we will be purchasing high-quality carbon offsets for all Scope 1, 2 and 3 operational emissions.

We select credits from projects certified under reputable international standards (e.g., VCS or Gold Standard), and conduct due diligence to ensure credits satisfy high-quality safeguards such as additionality and permanence. Within this universe, we prioritise projects that advance relevant SDGs and deliver clear social or environmental co-benefits.

Scope	Category	GHG emissions (tCO_2e)
Scope 1	**Direct emissions**	**N/A[16]**
Scope 2 (location-based)	**Purchased electricity, heating/ cooling, or steam**	**9**
Scope 3	1: Purchased goods and services	138
	2: Capital goods	4
	3: Fuel and energy-related activities	2
	4: Upstream transportation and distribution	Included within Categories 1 and 2 (cradle-to-shelf factors) and cannot be easily disaggregated
	5: Waste generated in operations[17]	<1
	6: Business travel	235
	7: Employee commuting	5
	8: Upstream leased assets	2
	Total Scope 3	**387**
Total		**396**

Other Environmental Initiatives

We treat resource efficiency as both sound business practice and a tangible way to manage our environmental footprint.

Energy Efficiency	Waste Management	Water Management
• Installed energy-saving lighting in our premises • Set thermostats for both comfort and efficiency • Switch off power in unused office areas when occupancy is low	• Coffee pods are recycled via Nespresso's take-back scheme • E-waste is handled via the building's quarterly collection drive • Employees have easy access to recycling bins, default double-sided printing and guidance to avoid single-use items	• Although absolute consumption is small, staff are reminded to practice water-saving habits

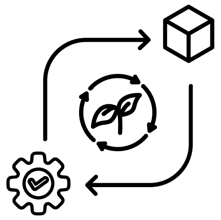
Metric	FY2025
Total waste generated (kg)[18]	283
Water consumption (m^3)[19]	12

16. Due to the nature of Seviora Capital's business as a financial services firm, Seviora Capital does not produce material Scope 1 emissions.
17. Amount is less than 1 tCO_2e.
18. As waste was tracked for Seviora Holdings and Seviora Capital's offices in aggregate in FY2025, we used the proportion of employees in both entities to derive the final value reported.
19. Includes water consumed from the office pantry. Excludes water usage from the common washrooms shared with other tenants in the building.

Sustainable Procurement

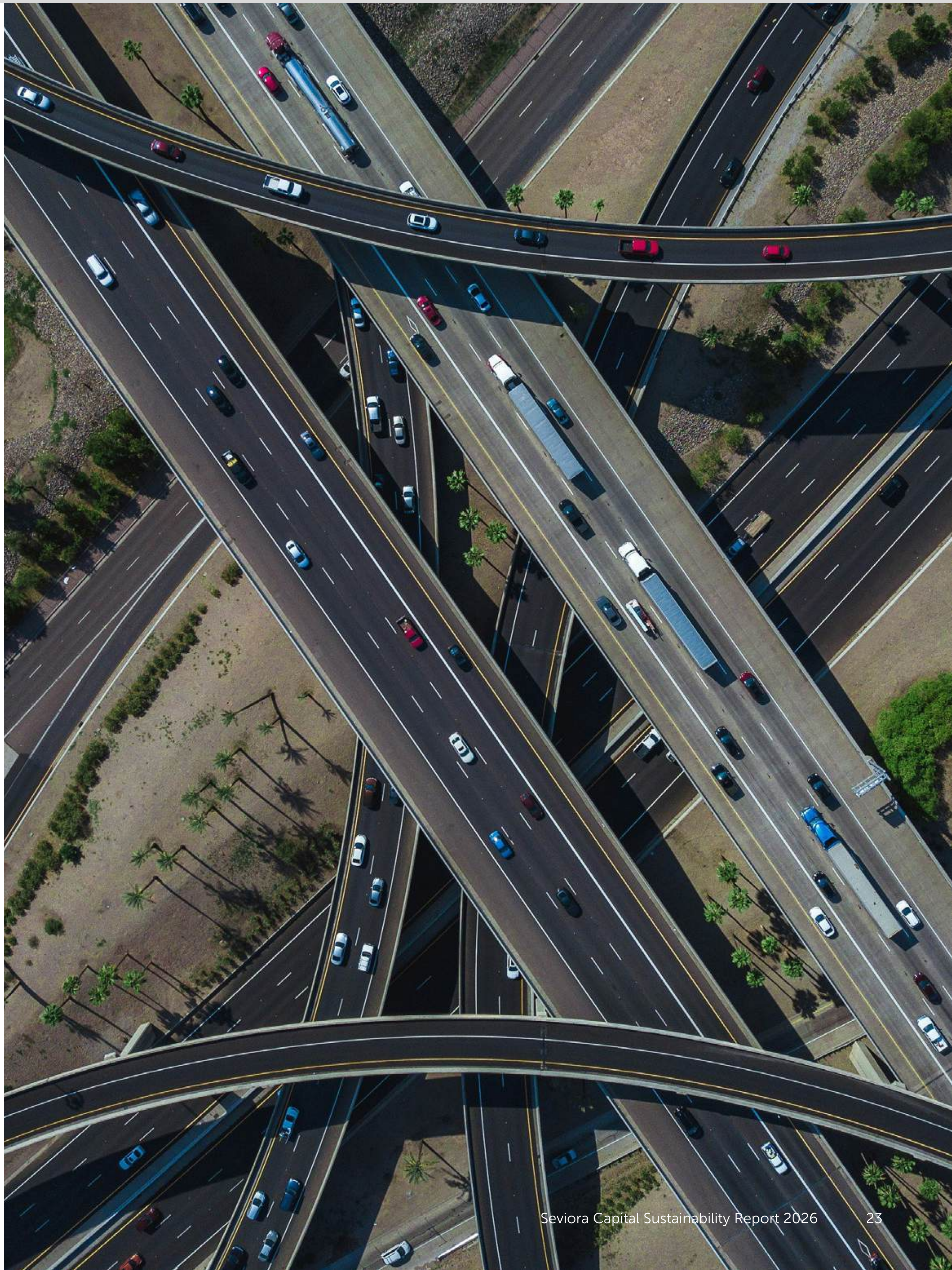
A resilient supply chain built with ethical business partners protects operating performance, reliability and reputation. Holding our material suppliers to similar standards that we apply internally lowers the likelihood of disruption and reinforces responsible business principles along our supply chain.

ESG risk screening is built into our procurement workflow:



- We favour vendors that comply with all applicable regulations and can demonstrate sustainable business practices.
- Suppliers deemed material to our operations undergo an ESG risk assessment at onboarding and are subject to periodic reviews thereafter.

In 2025, Seviora started engaging material vendors to improve the quality of data used to calculate our attributed emissions. While supplier emissions-data practices are still nascent, we continue to be encouraged by our vendors' openness to dialogue and collaboration.



Our People

Developing an Inclusive Culture

Seviora's people-centric culture enables our people to grow as individuals, work together effectively, and deliver strong performance. We recognise contributions based on merit and are committed to creating an environment where ideas can be shared openly and respectfully.

Our culture is anchored in a diverse and inclusive workforce and shaped by our **MERITT values** (Meritocracy, Excellence, Respect, Integrity, Teamwork and Trust), which guide how talent is attracted, developed, and rewarded.

Our **Code of Ethics and Conduct** covers equality in employment, non-discrimination, prevention of workplace violence and harassment, and workplace safety and health. This is supported by our **Anti-Discrimination and Anti-Harassment Policy**, which:

- Ensures equal opportunities in recruitment, access to roles, training and advancement; and
- Establishes a non-retaliation framework with clear, formal reporting channels, enabling employees to raise concerns safely and confidentially, without fear of reprisal.

To date, there have been no reported cases of discriminatory practices within the organisation.

42% | 58%
Employees by gender

7
Nationalities represented

62
Training hours per employee

Talent Development

Seviora's talent philosophy and talent framework drive an active approach to developing people and sustaining a high-performance, value-aligned culture, with a focus on building a future-ready pipeline of diverse talents for tomorrow's needs.

Employees are accountable for their own career development, working in partnership with their managers to shape individualised development plans that balance current role requirements with future growth aspirations. The Learning & Development Policy, embedded within our broader Talent Framework, ensures that all employees have fair and equal access to skills enhancement and personal development opportunities.

Key development initiatives include:

Employee-led career development Employees take ownership of their growth, supported by regular, candid career and performance dialogues with their managers.	**Manager-supported external learning** Managers endorse relevant external courses, workshops and conferences that complement on-the-job learning and deepen professional capabilities.
360-degree appraisal system A 360-degree feedback process, conducted as part of the annual review, provides multi-source insights on strengths and development areas, supporting fact-based talent and development decisions.	**Self-directed digital learning** Employees have flexible access to digital learning platforms, enabling self-directed skills development tailored to their roles, interests and learning preferences.

Through this integrated Talent Framework, we aim to provide equal opportunities for all employees to build critical, future-relevant skills and leadership capabilities, reinforcing a high-performing, inclusive workplace where everyone can grow and perform at their best.

Corporate Social Responsibility

Seviora aspires to contribute meaningfully to the community, reinforcing our role as a responsible corporate citizen beyond our investment activities.

In 2025, Seviora partnered with Cerebral Palsy Alliance Singapore (CPAS) and City Sprouts for an afternoon of connection, nature and hands-on learning. Employees facilitated a day of meaningful activities for CPAS beneficiaries, including building microgreen kits, preparing local treats, and touring an urban farm together, creating space for shared stories and fresh perspectives.

Content Indices

TCFD Disclosure

TCFD Recommendations	Description	Disclosure
Governance	Seviora Capital's governance around climate-related risks and opportunities	Governance, Page 14
Strategy	Actual and potential impacts of climate-related risks and opportunities on Seviora Capital's businesses, strategy, and financial planning	Appendix A: Climate Risks, Page 28
Risk Management	How Seviora Capital identifies, assesses, and manages climate-related risks	Risk Management, Page 17
Metrics and Targets	Metrics and targets that Seviora Capital uses to assess and manage relevant climate-related risks and opportunities	**Metrics:** T3F Carbon Metrics, Page 20 Operational emissions, Page 22 **Targets:** The establishment of climate-related goals and targets remains a topic for deliberation given the complexity behind developing meaningful targets. Nonetheless, we recognise the importance of working towards setting targets and will continue to assess the feasibility of doing so.

SASB Asset Management & Custody Activities Metrics

Accounting Metric	Disclosure
Transparent Information & Fair Advice for Customers	
(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	There are no employees with a record of relevant regulatory proceedings as of 2025.
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Business Ethics and Conduct, Page 15
Description of approach to informing customers about products and services	Business Ethics and Conduct, Page 15
Employee Diversity & Inclusion	
Percentage of gender for all employees	Our People, Page 24
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	
Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Responsible investing considerations are incorporated for all assets under management
Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Responsible Investing, Page 16
Description of proxy voting and investee engagement policies and procedures	Proxy voting is not relevant to Seviora Capital in FY2025
Financed Emissions	
Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	T3F Carbon Metrics, Page 20
Percentage of total assets under management (AUM) included in the financed emissions calculation	T3F Carbon Metrics, Page 20
Description of the methodology used to calculate financed emissions	Appendix B: Calculation Methodologies, Page 30
Business Ethics	
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Business Ethics and Conduct, Page 15
Description of whistleblower policies and procedures	Business Ethics and Conduct, Page 15

Appendix A: Climate Risks

Identification of risks, opportunities and time horizons used

As an asset manager, our climate-related risks and opportunities are largely concentrated in our portfolio activities. However, we also recognise operational impacts and mitigate these where practicable. We assess these risks and opportunities using a TCFD-referenced climate risk taxonomy across three time horizons, which help inform our mitigation strategies:

- **Short term**: <5 years
- **Medium term**: 5-10 years
- **Long term**: >10 years

Risks and Opportunities Identified at the Investment Level

Risks	Potential Financial Impact	Time Horizon	Mitigation Measure(s)
Policy and Legal			
Impact of carbon pricing schemes on investee companies	Increased cost	Short term	• Scenario analysis conducted on the portfolio incorporates carbon pricing impact
Evolving disclosure requirements that result in compliance costs and risks of financial penalties	Increased cost	Medium term	• Request relevant data from companies and fund managers as part of due diligence and monitoring processes • Stay updated on evolving regulatory requirements
Market and Reputation			
Greenwashing concerns from clients regarding investee companies' business operations	Lowered revenue	Short to medium term	• Integrate responsible investing considerations across the investment lifecycle for all investments • Regularly review our processes and disclose relevant information to stakeholders
Technology			
Companies that fail to adopt climate-related technological advancements may risk falling behind	Lowered revenue	Medium to long term	• Assess how fund managers address these risks • Engage investees to understand how they plan to respond to such developments in the market, if any
Physical Risks			
Extreme weather events and chronic risks may disrupt operations of portfolio companies, thus impacting our portfolio's financial performance	Increased cost	Long term	• Assess how fund managers address these risks where material • For direct investments where physical risks are deemed to be material, engage with investees to consider physical risks and adaptation/mitigation measures

Opportunity	Potential Financial Impact	Time Horizon
Products and Services		
Customise solutions tailored to client preferences for incorporation of sustainability-related objectives	Increased competitiveness, which leads to increased revenue	Medium to long term
Markets		
Adapt our investment strategy in response to emerging sustainability-related themes, e.g. energy transition opportunities	Increased revenue	Medium to long term

Risks and Opportunities Identified at the Corporate Level

Risks	Potential Financial Impact	Time Horizon	Mitigation Measure(s)
Policy and Legal			
Rising carbon prices may lead to an indirect cost impact on operations (e.g. electricity consumed in our office as well as in value chain)	Increased operational costs	Medium term	• Office located in a Green Mark Platinum-certified building • Track operational carbon emissions
Evolving disclosure requirements that increase the possibility of unintentional non-adherence	Fines or penalties imposed by regulators	Short to medium term	• Stay updated on evolving regulatory requirements
Market and Reputation			
Greenwashing concerns from shareholder, clients and other stakeholders regarding our operations	Increased costs	Short to medium term	• Have a clear internal sustainability communications profile • Internal controls to review and validate statements before publication
Physical			
Though unlikely, adverse climate events may disrupt telecommunications systems and our ability to work from the office	Increased costs	Long term	• Business continuity plans, including remote working contingency plans • Limited financial impact as office space is leased and physical assets are insured against such risks

Opportunity	Potential Financial Impact	Time Horizon
Reducing our Operational Emissions		
Use of energy-efficient systems in our office building	Reduced operational costs	Medium to long term
Reduce travel emissions by encouraging the adoption of technological advancements where practicable e.g. utilising virtual meeting platforms	Reduced operational costs	Short term

Appendix B: Calculation Methodologies

Investment-level carbon metrics disclosed this year (Weighted Average Carbon Intensity ("WACI") and financed emissions) cover the Seviora T3F Fund and its underlying portfolio companies.

Fund investments are excluded from this year's disclosed metrics due to:
- Limited and inconsistent emissions data
- Lack of standardised reporting methodologies
- High turnover strategies in hedge funds limit influence on real-economy emissions; as such point-in-time data from fund managers is not meaningful

We are monitoring industry developments to improve data quality and disclosure in future reports.

Weighted Average Carbon Intensity ("WACI")

$$\textit{WACI} = \sum_{n}^{i=1} \left(\text{(A) Portfolio weight}_i \times \text{(B) } tCO_2e/\ \$m\ \text{revenue}_i \right)$$

Formula Input	Description of Input
(A) Portfolio weight	Value of the investment as of 31 December 2025 relative to the Net Asset Value ("NAV") of T3F Fund
(B) Carbon intensity of portfolio company *(tCO_2e/ $m revenue)*	Carbon intensity of the company i.e. the issuer's Scope 1 and 2 GHG emissions divided by revenue

Financed emissions (Scope 3 Category 15)

Seviora Capital aligns with the PCAF Global GHG Accounting and Reporting Standard.[20]

$$\text{Financed emissions} = \sum_{n}^{i=1} \text{(A) Attribution factor}_i \times \text{(B) Emissions}_i$$

Formula Input	Description of Input
(A) Attribution factor	$\dfrac{\textit{Outstanding amount}}{\textit{Total equity+debt}}$
(B) Emissions	Scope 1 and 2 GHG emissions of the portfolio company

20. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Corporate-level Climate Metrics

We follow the GHG Protocol Corporate Standard using the operational control approach. Scope 3 Categories 9 to 14 are assessed as not applicable to our operations.

For each emissions category, we multiply activity data by the respective emissions factors (EFs) sourced from third-party databases to calculate total emissions (tCO_2e). We will seek to improve data quality as higher-quality data (e.g. vendor data) become available.

<table>
<tr><th>Emissions Category</th><th>Calculation Methodology</th></tr>
<tr><td colspan="2">Scope 2</td></tr>
<tr><td>Purchased electricity, heating/ cooling, and steam (location-based)</td><td>This category relates to the electricity and chilled water used for leased office space under Seviora Capital's operational control.

Electricity consumption data within our leased office space was obtained from electricity bills, and multiplied by the following grid emissions factor (GEF):
<table><tr><th>Emission Source</th><th>GEF ($kgCO_2/kWh$)</th><th>Source</th></tr><tr><td>Singapore</td><td>0.402</td><td>Energy Market Authority, Average GEF in 2024</td></tr></table></td></tr>
<tr><td colspan="2">Scope 3</td></tr>
<tr><td>1: Purchased goods and services</td><td>Definition: All upstream emissions from the production of goods and services purchased or acquired by Seviora Capital, that are not otherwise included in the other categories of upstream Scope 3 emissions.

Exclusions are made on the following principles:
• Confidential information (e.g. staff payroll)
• Double-counted in other categories (e.g. office rental)
• Expenses of fund entities managed by Seviora Capital (typically administrative fees incurred by and for the sole benefit of the fund and its investors). Business travel undertaken for fund duties is still captured under Category 6: Business travel

Approach: Spend-based approach
• Generic formula adopted as such: Economic value of good/service × EFs from US EPA's environmentally-extended input-output (US EEIO) model.
• The US EEIO factors we use provide broad sector averages based on US economic data and may not fully reflect our operations. We are exploring direct supplier data collection to improve accuracy
• As the US EEIO factors cover cradle-to-shelf emissions, reported numbers include emissions generated from the transportation and distribution of these purchases (i.e. Scope 3 Category 4)</td></tr>
</table>

Emissions Category	Calculation Methodology
2: Capital goods	**Definition:** All upstream emissions from our fixed assets. **Approach:** Hybrid approach • Supplier-specific EFs were applied to capital goods where such information is available. • Spend-based EFs were applied to all other capital goods in the same approach as Category 1: Purchased goods and services.
3: Fuel and energy-related activities	**Definition:** Indirect emissions generated from: • The upstream (well-to-tank) emissions of purchased electricity i.e. emissions associated with the extraction, refining and transportation of fuels for electricity generation prior to the point of combustion. • Transmission and distribution losses i.e. losses that occur in transmission of electricity between the sources of supply and Seviora Capital. **Approach:** Emissions calculated using the relevant EFs provided by DEFRA.
4: Upstream transportation and distribution	**Definition:** Emissions generated from the transportation and distribution of goods and services purchased in the reporting year. Emissions here are covered under Scope 3 Category 1 and 2.
5: Waste generated in operations	**Definition:** Emissions from third-party disposal and treatment of waste generated in Seviora Capital's operations. **Approach:** Emissions calculated using the relevant EFs provided by DEFRA.
6: Business travel	**Definition:** Indirect emissions generated from Seviora Capital's employees' business travel. **Approach:** • For flights and accommodation, the distance-based method was used where activity data was obtained based on tickets purchased and hotel bookings. Emissions were then calculated using the relevant EFs provided by DEFRA. • For road (taxi and train) travel, the spend-based method was used where spend data were multiplied by the relevant US EEIO EF.
7: Employee commuting	**Definition:** Indirect emissions generated from employee commute (i.e. distance travelled by employees from their homes to their work sites or offices, by various transportation modes), and excludes teleworking emissions. **Approach:** Activity data was obtained via an organisation-wide survey. Emissions were calculated using the relevant EFs provided by DEFRA and the Singapore Emissions Factors Registry (SEFR), based on primary mode of transport.
8: Upstream leased assets	**Definition:** Electricity consumption of the leased areas within DUO Tower not under our operational control, but still paid for as part of rent/maintenance charge and utilised, such as common area lighting. **Approach:** We apportion our share of electricity consumption of the common area under the building management's control using our leased space as a fraction of DUO's total floor area, and multiplying with the GEF value in Scope 2.

Appendix C: Scenario Analysis

Recognising the potential significance of climate risks, we leverage climate scenario analysis to provide a forward-looking assessment of the climate-related risks and opportunities present in the T3F Fund.

Portfolio Coverage

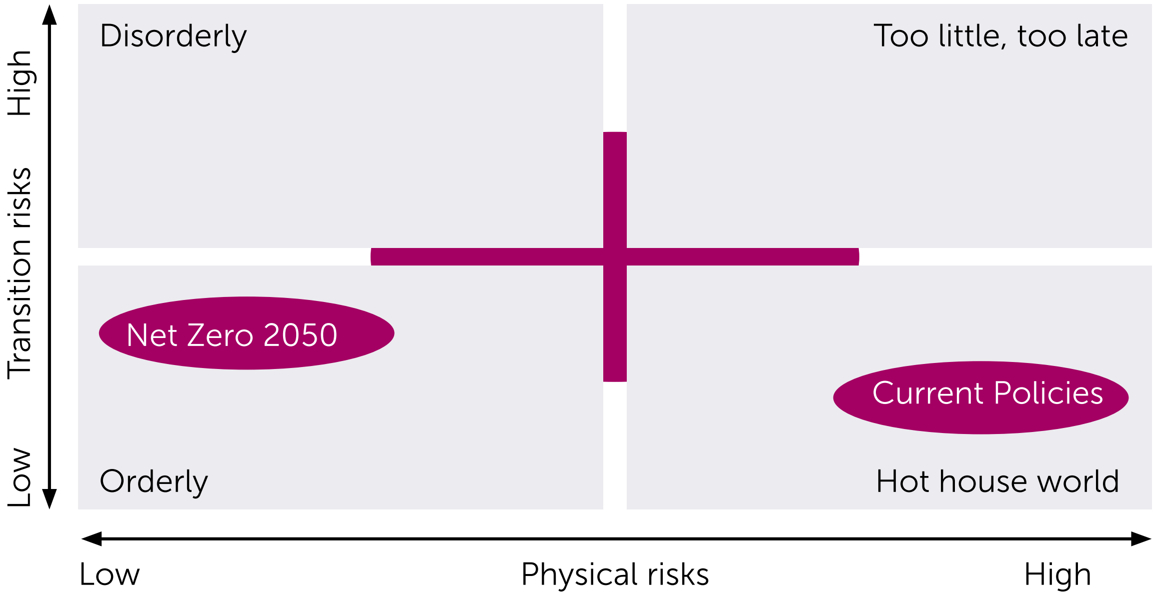
The scenario analysis for the T3F Fund covers all portfolio companies in which the fund has invested. Where company-specific emissions and financial data are unavailable, we have applied sector and regional proxies derived from comparable public companies.

Selected Climate Scenarios

We used the NGFS Version 5.0 scenarios (released November 2024) to assess climate-related impacts for 2025. These scenarios are developed using Integrated Assessment Models (IAMs) which assess economic-climate interactions, and draw on the latest scientific evidence to link emissions to temperature rise. Widely adopted by central banks and financial institutions, NGFS scenarios are highly credible for climate stress testing.

We selected two clearly differentiated scenarios to provide a contrast between two fundamentally different futures:

1) NGFS Net Zero 2050: Companies are likely to face significant transition risks from transitioning to a low-carbon future
2) NGFS Current Policies: Companies are likely to face intensifying physical risks from extreme weather events as well as productivity impacts from longer term changes in the climate



Adapted from NGFS

	Physical Risk	Transition Risk			
Scenario	**Policy ambition**	**Policy reaction**	**Technology change**	**Carbon dioxide removal**	**Regional policy variation**
Net Zero 2050	1.5°C	Immediate	Fast change	Medium-high use	Medium variation
Current Policies	3°C	None. Current policies	Slow change	Low use	Low variation

Severity of characteristic from a macro-financial risk perspective

- Higher risk
- Moderate risk
- Lower risk

Adapted from NGFS

Methodology

We quantified the impact of climate change on the value of the portfolio as of FY2025 using analytic tools developed by a specialist third-party provider, which quantifies the financial impacts of climate scenarios for individual securities.

1) Input data based on selected scenarios

Includes data representing major climate transition and physical risk stresses based on scenario characteristics

→

2) Translate outputs from scenario pathways into real economic shocks

Transition risks: demand destruction/ creation, direct carbon costs, abatement

Physical risks: Acute and chronic risks, adaptation measures

Combined risks: Market impacts

→

3) Quantify value stream impact to each asset

Based on specificities of the security and its sensitivity to those economic shocks. Includes first-order impact as well as company response to shocks (e.g. implementation of abatement opportunities)

→

4) Translate asset-level changes in value streams into changes in security values, and aggregate to portfolio level

On a weighted-average basis, using asset-class-specific methodologies

Limitations of Analysis (non-exhaustive):

- Results assume that the market prices equities (and thereby margin outlooks) based on current policies and the current climate baseline
- Estimated average physical impacts may miss evolving tail risks, such as rare floods or droughts
- The model relies on observed data to model future performance and does not credit targets unless they have translated into changes to revenue or assets

Results and Discussion

For both scenarios, the projected impact of climate on the value of the T3F Fund is low, though we note that the impact is slightly higher under the NGFS Net Zero 2050 scenario than NGFS Current Policies.

Climate scenario analysis is still a relatively nascent field, and relies on significant estimations and assumptions to derive the conclusions discussed below; as such, we consider the results of this analysis alongside other assessments to manage overall portfolio risk.

NGFS Net Zero 2050	NGFS Current Policies

Impact channel identified: Carbon costs
• Ambitious climate policies and technological shifts are introduced immediately resulting in direct impact to business costs.
 	
Mitigating measures:
• Abatement measures to reduce cost burden from carbon pricing.
   – Examples: Adoption of sustainable agricultural practices, low-carbon logistics, using renewable energy in operations
• Offset cost increase by passing through some costs to customers, though noting that this is less effective than abatement measures.
	Impact channel identified: Physical risks
	• Climate policies are insufficient to halt significant global warming. Heightened physical risks reduce productivity and increase costs from damaged assets.
	
	Mitigating measures:
	• Adaptation measures to reduce physical risk impact.
	   – Examples: changing cultivars and growing seasons can offset some of the impact of changing climatic conditions.
	
	Note: although the modelled financial impact is lower under this scenario, it assumes gradual worsening of climate conditions and **does not include impacts from potential irreversible tipping points.**

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