2024

STONEHAGE FLEMING

CLIMATE REPORT

NOW AND FOR FUTURE GENERATIONS

Produced in line with Taskforce on Climate-related Financial Disclosures (TCFD)

CONTENTS

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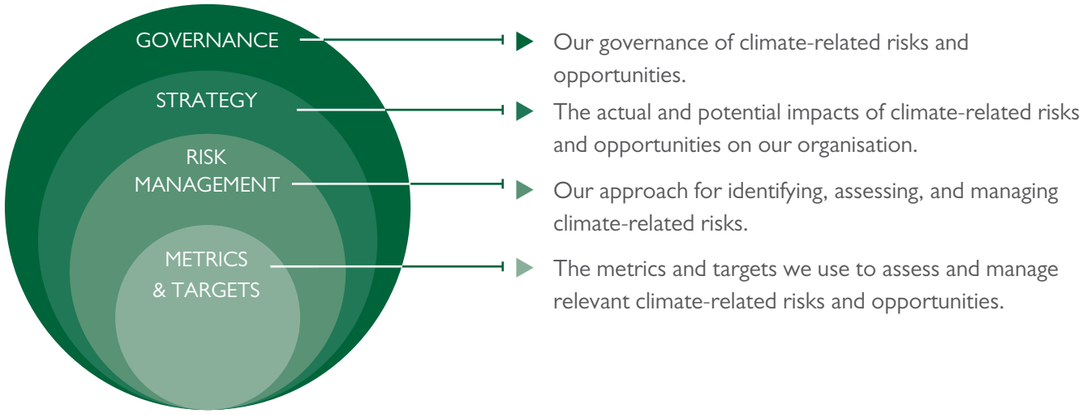
PURPOSE AND SCOPE

As an FCA regulated firm with more than £5 billion of assets under management (£18.3bn AUM as of 31 December 2024), we are required to disclose our approach to climate risk management as per the Taskforce for Climate Related Financial Disclosures (TCFD) framework. This report, and additional product level reports, presents our response to this regulatory requirement.

Stonehage Fleming Investment Management UK (SFIM UK) is a Private Limited company wholly owned by the Stonehage Fleming Family & Partners Group (Group). As a Group, we are a large independently owned multi-family office that operates in North America, Africa, Europe, and the Middle East. Being independent means we are free from the commercial pressures and constraints that many other financial services companies face. Our business is explicitly service-orientated rather than product-led.

As investors with a multi-generational investment outlook and as good stewards of our clients' capital, being aware of all financially material risk exposures — both current and developing — is vital. Climate change presents one such clearly material risk, but it also presents opportunities for investments that seek to reduce or mitigate the effects of climate change. It therefore requires our engagement, understanding and monitoring, in order to make well-informed, long-term investment decisions in the best interests of our clients.

In alignment with TCFD requirements, this report outlines our approach for incorporating climate-related risks and opportunities into governance and strategy, as well as the metrics we use and targets we plan to set for climate-risk management.



TCFD DISCLOSURES

This report covers both our investment and operational approach to assessing and managing climate risks.

Investment Portfolio Climate Risks: Our clients trust us to allocate their capital responsibly. It is therefore crucial for us to understand the potential financial impact of climate change on our investment portfolios as well as the contributions our investment portfolios may make to climate change. Only by having a good understanding of our investment impacts and exposures to material climate risks and opportunities, can we meaningfully engage the companies and third-party managers we invest in on climate-related matters.

Operational Climate Risks: As a global business with 20 offices in 14 countries, the Group recognise the need to reduce our own operational emissions footprint and to have a climate risk management system in place that ensures the continued functioning of our infrastructure across locations. SFIM UK, for which this report is prepared, has one office in London. This limits our operational climate risk exposure compared to the wider Group.

COMPLIANCE STATEMENT

The disclosures in this report are consistent with the TCFD Recommendations and Recommended Disclosures and the FCA's ESG sourcebook (chapter 2). Reasonable steps have been taken to ensure that disclosures, to the extent they are relevant and/or possible, also reflect sections C and D of the TCFD Annex entitled 'Guidance for All Sectors' and 'Asset Managers', respectively.

This statement is made pursuant to FCA's ESG sourcebook (section 2.2.7) requiring a firm's TCFD entity report to include a compliance statement, signed by a member of senior management of the firm.

KATIE MUNDELL
Head of Risk and Compliance – UK and Investments

A MESSAGE FROM GRAHAM WAINER CEO INVESTMENT MANAGEMENT

Climatic conditions in 2024 provide pertinent context for our TCFD report, with the year having been the warmest since records began in 1850, following an already record-breaking 2023. 2024 also marked the first year with global average temperatures reaching 1.5°C above pre-industrial levels, to which the Paris Climate Agreement aimed to limit temperature rises.

This highlights the persisting urgency with which global business needs to engage with the matter. Climate change and its consequences present risks and opportunities for our clients and our business which cannot be ignored.

Our goal is to help families and wealth creators sustain their wealth across generations. To achieve this, we go to considerable lengths to understand the perspectives and priorities of our clients, and how these change over time.

Not all of our investing clients are currently requesting that we proactively incorporate sustainability considerations in portfolios, but we expect the numbers to grow over time. Part of our role is educational—to help private investors understand and navigate the nuances of the different approaches to responsible investment. Most importantly, wealth with endowment-style characteristics means investment decisions today need to be considered through the lens of future owners of capital, with climate change a central consideration for the capital deployment.

As an investment manager we can effect positive change, by acting thoughtfully and responsibly in engaging with the companies in which we invest directly and the third-party managers to whom we allocate capital. We need a comprehensive understanding of how they approach the issue of climate change and the steps they are taking either to reduce climate risk in their activities or investments, such as finding investment opportunities in industries which reduce reliance on fossil fuel or champion alternative sources of energy. We believe that our duty to achieve investment returns for our clients and our duty of preserving the planet are mutually compatible. Reflecting our approach, we have been a signatory to the UNPRI since 2021 and to the FRC Stewardship Code since 2022.

As a global business, we recognise the importance of also reflecting this approach internally with our conduct as a business. We are making good progress in understanding the extent of our carbon footprint, how we capture emissions data and set targets for their progressive reduction as we establish a pathway to becoming an operationally net zero business.
We do not underestimate the complexities of achieving this goal, but we are committed to doing so.

GRAHAM WAINER
CEO Investment Management

We believe that our duty to achieve investment returns for our clients and our duty of preserving the planet are mutually compatible.

CLIMATE REPORTING, AN ONGOING ENDEAVOUR

Last year's Climate Report was a first for us, and it highlighted the complexities and pertinence of conducting meaningful climate analyses for our investment portfolio and operations. While a proud achievement, we noted a number of gaps in our capabilities and practices as compared to TCFD requirements. Over the past year, we have started work on closing these gaps, with a few of the most meaningful developments summarised overleaf.

LEADERSHIP MESSAGES | INTRODUCTION | GOVERNANCE | STRATEGY | RISK MANAGEMENT | METRICS AND TARGET | APPENDIX & GLOSSARY

- For this report, we conducted a more granular analysis of the risk profiles of our Stonehage Fleming Global Best Ideas Equity Fund (GBI) and Multi-asset investment portfolio. This analysis leveraged more comprehensive sectoral and geographic data sourced from FactSet—a data provider we onboarded in 2024—as well as open-access research and climate scenario analysis from reputable initiatives such as the Network for Greening the Financial System (NGFS).
- We further refined our approach to procuring and processing GHG emissions data, both at the operational and investment side. This has led to more accurate estimates of our overall investment portfolio and product emissions profiles, as well as more comprehensive operational emission figures. Recognising limitations of last year's emissions data, we have decided to not include investment emissions figures as per last year's approach.
- Considering most of our climate risk exposure lies within our investment portfolio, we have materially enhanced our climate engagements and engagement follow-ups. This includes a granular climate risk assessment of GBI holdings, which was used to inform an engagement with all fund companies on climate risk management gaps. We further conducted a climate risk focused with most of our third-party managers in early 2024, as well as a follow-up review to understand the materiality of identified gaps in climate risk management processes.
- Finally, we formalised the internal reporting of climate risks, most importantly through bi-annual reporting of climate risks to our UK Risk & Compliance Committee.

More information on each of these, and many other smaller improvements, can be found in the respective sections of this report. We are cognisant that TCFD alignment of our practices and policies will be a continuing journey for us. Still, we endeavour to work on continuously improving our climate risk management capabilities and see ourselves on a positive trajectory with this year's report.

PHILIPP CYRUS
Sustainability & Stewardship Officer

STONEHAGE FLEMING OVERVIEW

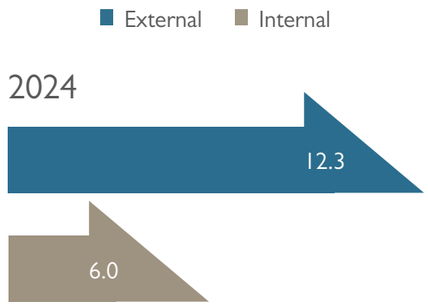
SFIM is a global investment manager that builds high-conviction portfolios aimed at preserving and growing wealth in real terms across generations. As of the end of 2024, we managed £18.3 billion in assets, including discretionary, advisory and other mandates across SFIM UK and Jersey. Discretionary assets account for roughly two thirds of our AUM.

Given the complexity of our operations, we have chosen to include both types of assets in our business investment portfolio overview.

As stewards of intergenerational wealth, we have always had an extended time horizon. A failure to consider all stakeholders when providing investment solutions would be doing our investors a significant disservice. We view the long-term outcomes of corporate activity as integral to the investment process and the proper functioning of the broader financial system.

SFIM ASSETS

Assets in GBP Billions

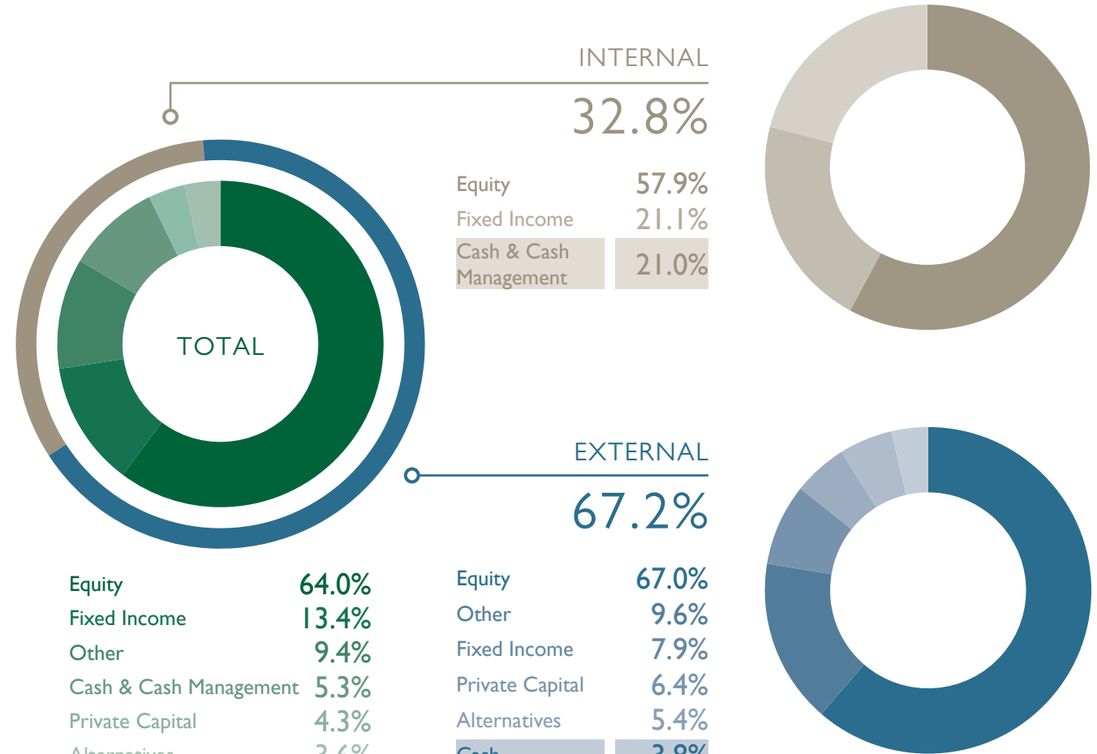


Source: Stonehage Fleming Investment Management, 31 December 2024

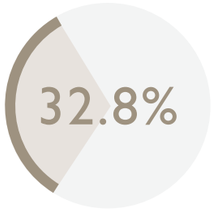
INVESTMENT PORTFOLIO

Most of our clients invest with us on a multi-asset basis and harness our portfolio construction, external manager selection capability, and in-house direct equity and fixed income expertise. In other instances, clients have come to us to utilise only our direct equity and fixed income selection capability.

We therefore find it helpful to distinguish between our 'external expertise' and 'internal expertise'. External expertise refers to assets held with a selection of third-party asset managers on which we have conducted extensive due diligence. Internal expertise refers to our in-house security selection capabilities.



Source: Stonehage Fleming Investment Management, 31 December 2024
Includes Fund data and SFIM UK client holdings, some estimates used on advisory assets.



INTERNAL EXPERTISE

The assets managed internally, through our direct equity and fixed income offerings account for 32.8% of our total AUM.

Global Equity Management (GEM) Team **(19.0% assets)**	▶ Our flagship direct equity investment offering is the Stonehage Fleming Global Best Ideas Equity Fund (GBI), managed by our Global Equity Management team (GEM). Its investment strategy is to own a concentrated portfolio of best-in-class global companies that possess a strategic competitive edge, and to only acquire them at a fair value or less. ▶ The GEM team manages a comparable size of assets in segregated accounts that mirror the Fund's philosophy and holdings (though in some instances regulatory and/or client restrictions may result in minor differences in holdings).
Direct Cash and Fixed Income **(13.8% assets)**	▶ We have a fixed-income team that invests directly in bonds to meet the objectives of clients. These portfolios comprise high quality credit issuers with maturities up to ten-years, including both government and corporate bonds.

Source: Stonehage Fleming Investment Management, 31 December 2024.
Includes fund data and SFIM UK client holdings, some estimates used on advisory assets.

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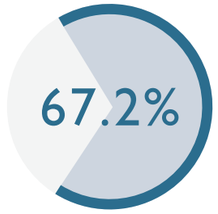


EXTERNAL EXPERTISE

The assets managed through our multi-asset portfolios, including cash, fixed income, alternatives, equity, and private capital allocations, account for 67.2% of our total AUM. A core competency is the selection of third-party investment managers, which we use to implement these mandates. There are no shortcuts to identifying the very best managers. We pride ourselves on the rigour of our due diligence.

We select external talent across the multi-asset spectrum and seek out managers who share our values. We expanded our multi-asset offering in 2019 to include dedicated sustainable investment mandates.

Sustainable Mandates

Within what we classify as external expertise; our sustainable mandates allocate capital to managers with a definition of sustainable investing similar to our own.

We define sustainable investing as a range of practices in which investors aim to achieve financial returns while promoting long-term environmental or social outcomes. Both financial and sustainable objectives can be met, we do not see them as mutually exclusive.

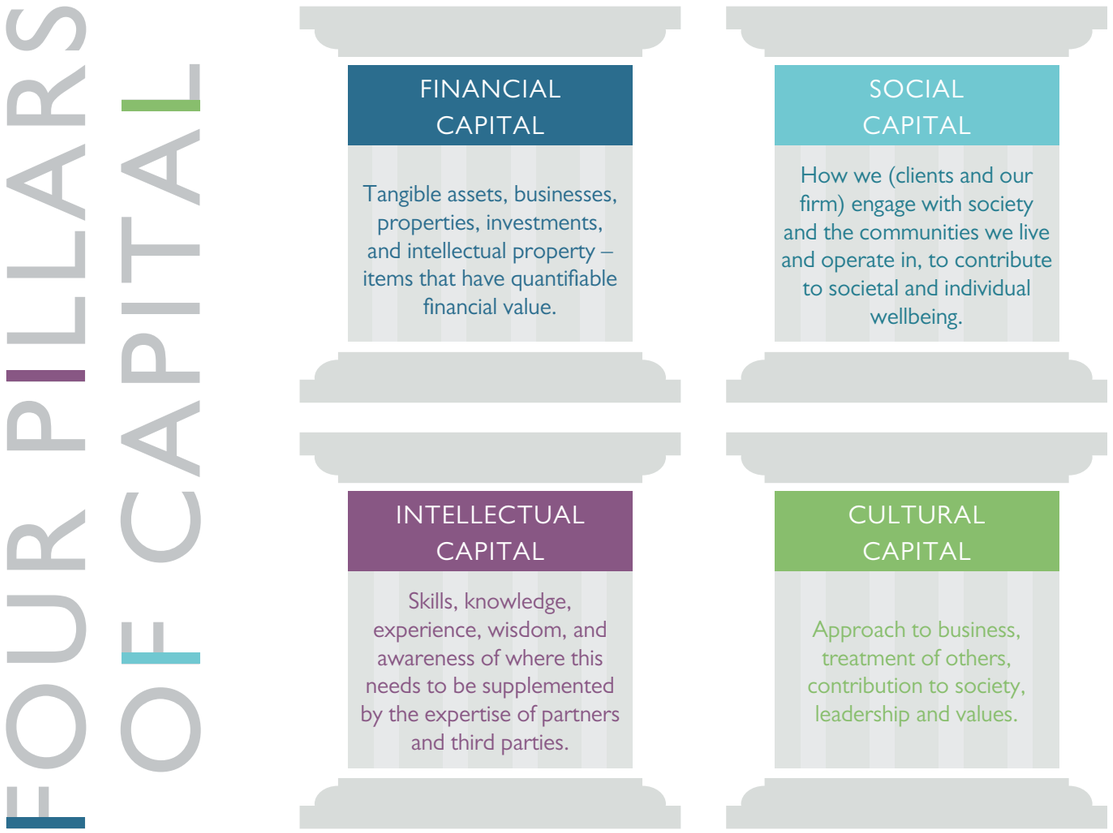
In practice, this means that the sustainable mandates invest in managers whose investments show a revenue and operational alignment with the 17 UN Sustainable Development Goals[1].

Our clients are increasingly interested in expressing their values through their investment portfolios and we have developed this proposition to help them achieve their investment return and impact objectives.

1. *THE 17 GOALS | Sustainable Development (un.org)*

INVESTMENT BELIEFS

Stonehage Fleming has a long history of working with wealthy families, and we believe that capital should not be narrowly defined in purely financial terms. We see wealth as having four distinct, complementary and mutually dependent pillars. The Four Pillars of Capital are defined as follows



The Four Pillars provide a framework through which intergenerational success factors can be considered and positive outcomes achieved.

Our approach to investment decision making must also address all of these to resonate with our clients and deliver on our core purpose.

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STRATEGY

Whether we are constructing multi-asset portfolios, selecting thirdparty managers, individual equities, or corporate issuances, the following is universal to all our approaches.

Long-term

As described above, our timeframe is intergenerational. We select investments and construct 'built to last' portfolios that can withstand market vagaries, systemic risks and geopolitical risks.

Know What We Own

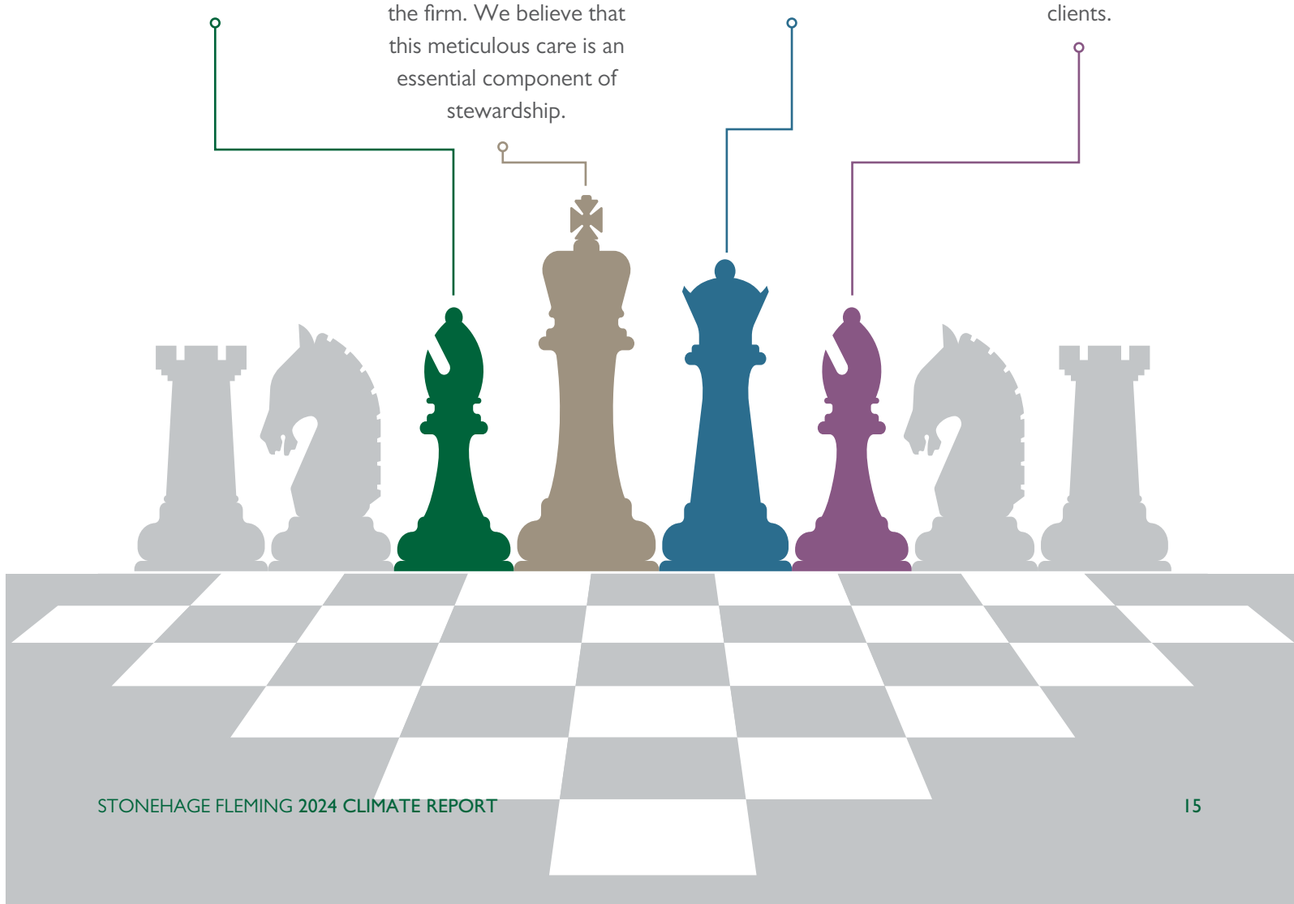
We know that sound investment decision-making is rooted in a thorough understanding of the details. Rigorous due diligence has always been a hallmark of our investment process. It is a source of pride within the firm. We believe that this meticulous care is an essential component of stewardship.

Management Quality

Whether selecting third-party investment managers or company executives, we assess their suitability for the role by evaluating their past experience, industry track record, and strategic thinking.

Avoidance of Unnecessary Complexity

We believe it is vital that all our clients know and understand how their capital is being deployed. This builds trust in our ability to be good stewards of capital and results in long-term relationships with our clients.



CULTURE

Our corporate culture emphasises the following values:

FAMILY

We are a family and embrace the values that make a family harmonious and successful. We treat everyone as we expect to be treated ourselves. We harness our heritage, listen, trust each other and act as one to benefit our clients, our partners and ourselves.

MORAL COURAGE

We act with integrity and conviction. We ask difficult questions of clients and colleagues alike, and without exception strive to do the right thing.

EXCELLENCE

We strive for excellence in everything we do and demonstrate this passionate aspiration in how we think, talk, and interact.

These values have been regularly assessed for relevance and authenticity as the business has grown, changed shape and integrated other businesses. They have remained unchanged for well over a decade.

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OUR RESPONSIBLE INVESTMENT AND CLIMATE JOURNEY

In July 2018, our proprietary survey on the Four Pillars of Capital showed that 75% of respondents wanted their values to be reflected in their investments, but only 21% were actively taking this approach. Since then, we have embarked on a journey of helping our clients marry their values and investment outcomes. While we have always held responsible investment and stewardship in high regard, this process has helped us formalise and expand our sustainability practices in alignment with evolving best practices, as well as regulatory and voluntary disclosure requirements.

Starting in 2018, we appointed our first head of Sustainable Investment and launched our first dedicated responsible investment offering in the subsequent year – the Stonehage Fleming Global Sustainable Investment Portfolio (GSIP). Since then, we have continuously worked on furthering the integration of sustainability across the business, including having been a UN PRI signatory since 2021, a UK Stewardship Code signatory since 2022, and introducing various layers of internal governance and oversight for responsible investment and stewardship over the past years. These had the aim of increasing transparency and accountability across the business and improving our sustainability and climate risk management. To ensure sufficient oversight over sustainability, we have created two dedicated committees. The Stewardship and Investment Sustainability Committee (SISC), constituted in 2021, and the Responsible Business Group (RBG), constituted in 2024. The SISC has oversight over SFIM UK's stewardship activities, as well as over our sustainability disclosures. The RBG meanwhile has oversight over Group level sustainability strategy, target setting and monitoring.

Important recent developments include;

- Additional resource of three full time people to our sustainable investment and stewardship teams since 2023;
- Partnering with Siemens Awarely in early 2025 for operational energy, water, waste and travel related emissions data gathering;
- Addition of sustainability to the remit of a key Group Executive team member;
- Commenced work on a Group sustainability framework.

Once implemented, we hope this will enable us to set meaningful targets across a range of sustainability metrics, including those related to achieving net-zero.

2018

- Appointment of first Head of Sustainable Investment
- 4 Pillars Report identifies keen interest among clients to align their values with investment decisions and outcomes

2019

- Launch of first Sustainable Investment portfolio offering (GSIP)

2020

- Launch of Global Select Equity Fund (GSEF), focusing on generating sustainability outcomes through UN SDG alignment

2021

- UN PRI signatory

2022

- Sustainability and Climate Risk introduction into internal audit and risk framework
- UK Stewardship Code signatory
- GSEF becomes SFDR classified (Article 8 fund)
- Improved Responsible Investment oversight through new Stewardship and Investment Sustainability Committee

2023

- Additional dedicated sustainability hire to facilitate ESG integration across the business
- Introduction of investment-related climate and sustainability risk oversight for SFIM executive and at executive committee level
- Introduction of screening and exclusions criteria for controversial activities for specific products
- Regular ESG Risk Committee meeting for flagship Global Best Ideas Equity Fund

2024

- Group level sustainability oversight and strategy development through establishment of Responsible Business Group
- Three climate focussed engagements with 50+ third-party managers for core sustainable offering and with 30+ companies invested in through Global Best Ideas Equity Fund
- TCFD entity and product reporting
- First climate risk assessment of SFIM investment portfolio
- Two junior hires for sustainable investment and stewardship teams
- Start development on a Group sustainability framework

2025

- Partnering with Siemens Awarely for operational energy, water, waste and travel emissions data gathering
- Addition of sustainability oversight to official portfolio of Group Executive member
- Reporting of operational climate risks to internal R&C Committee

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UNDERSTANDING AND MANAGING CLIMATE RISK EXPOSURES AT SFIM UK

To understand and manage our climate risk exposure, we have separated out the operational and investment risks. As a UK-based service business with one office in London, we do not see our organisation as having significant operational exposure to climate risks.

However, considering our global investment profile and our investment-related climate risks are complex, we consider them considered financially material for the business. As Stonehage Fleming's purpose is to preserve the real wealth of families across multiple generations, being acutely aware of portfolio risks that may impede that goal is critical. Climate risks are no exception. For this reason, we have expanded our assessment of portfolio climate risks through specific research pieces, product-level climate data reviews and engagements.

In the past, we have conducted our investment-related sustainability and climate risk assessments on an informal, qualitative basis. We have recently looked to formalise the integration of our climate considerations, and more widely sustainability integration and risk management, into our investment processes and business operations.

In 2024 we have made further progress on our efforts in both of these areas;

- Investments: At SFIM UK level, we have continued to formalise and regularise sustainability and climate risk oversight at executive and committee levels. Further, we have continued to strengthen our data infrastructure to enable a more robust climate assessment approach. In addition, we engaged our third-party managers on their climate risk management processes and with the holdings of our flagship Global Best Ideas Equity Fund on specific gaps in their climate governance processes.
- Operations: At Group level, we have started an exercise of automating our operational climate data gathering across locations, having partnered with Siemens Awarely. We have further started work on an operational sustainability framework, which we hope to use for target setting in the future, including for Net-Zero.

We recognise that building out our climate risk governance process will be an ongoing endeavour. Many of the initiatives we started will gradually introduce change within the business. We also need to stay vigilant and ensure we sufficiently challenge ourselves, so we align with evolving industry best practice.

For 2025 and beyond we have set ourselves the ambition to make continued progress on our governance and oversight structures, our climate stewardship and engagement practices and our use of climate data and analytics to inform our climate scenario analysis. All this will enable us to better understand and manage our climate risk exposures and engage with climate opportunities.

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The table below outlines where each TCFD disclosure requirement it covered in this report. An extended summary table of how our practices align with TCFD requirements can be found in the appendix on page 94.

TCFD Recommendation	Definition	Requirement Met	Recommended Disclosure	Page
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Partially Met – Improved	Board Oversight	22
			Management's Role	22
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Partially Met – Improved	Risks and Opportunities	64
			Impact on Organisation	54, 62
			Resilience of Strategy	-
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Partially Met – Improved	Risk ID and Assessment Process	68
			Risk Management Process	68
			Integration into overall Risk Management	68
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Partially Met – Improved	Climate-related Metrics	88, 90
			Scope 1,2,3 GHG Emissions	88, 90
			Climate-related Targets	89

GOVERNANCE

- Describe the Board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

Effective corporate governance structures are critical for executing and fulfilling our responsibilities to our clients and stakeholders. For SFIM UK, this includes having in place a clear and robust sustainability and climate governance framework. Throughout 2024, we have continued to embed and strengthen sustainability and climate risk oversight and management responsibilities across the SFIM UK and Group governance structures.

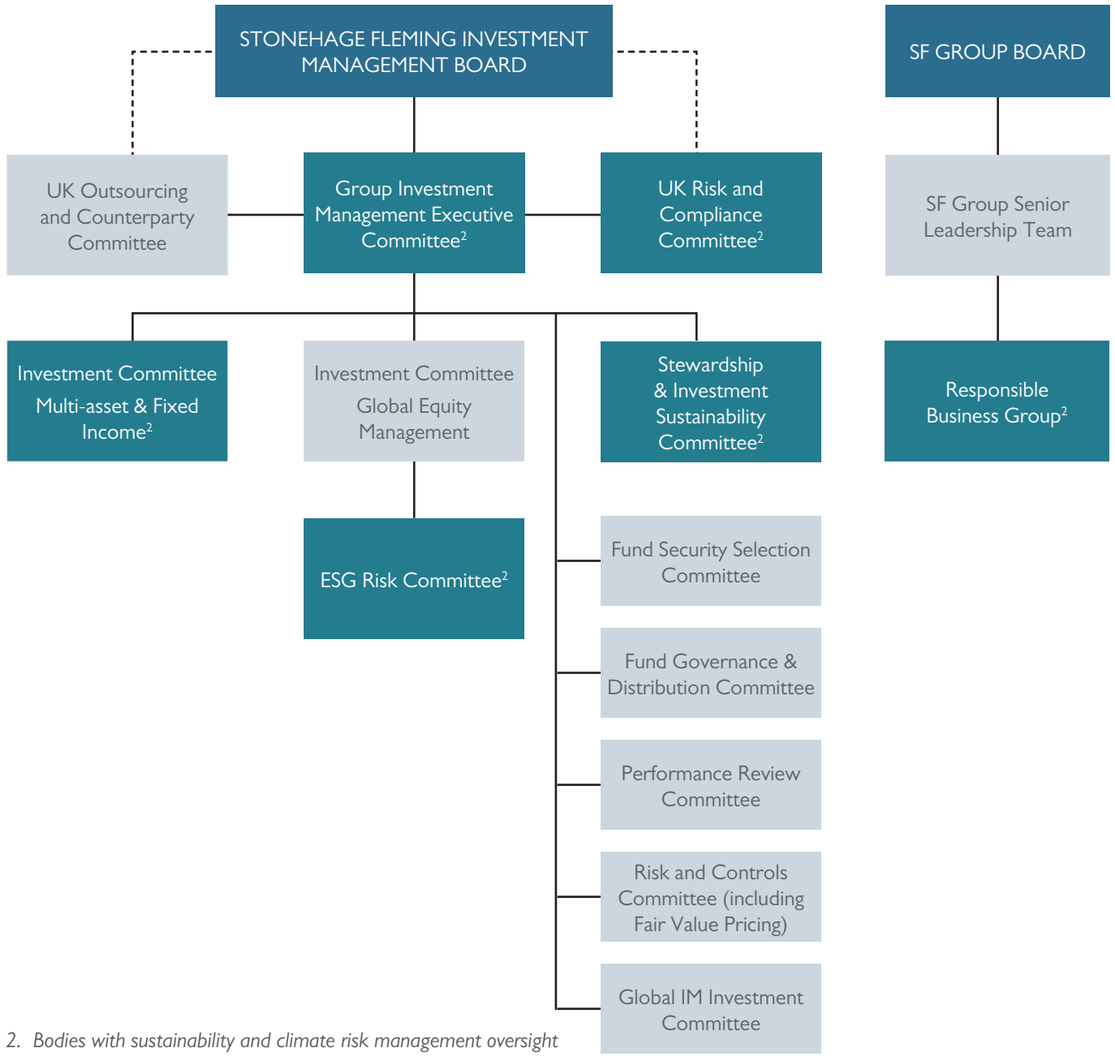
While SFIM and Group Boards are responsible for the strategic positioning of the business, our Global Investment Management Executive Committee (GinExCo) sets strategy and priorities, and ensures accountability within the business at SFIM level. At Group level this is the responsibility of the Group executive (SLT).

At SFIM UK, we ensured sufficient attention is given to climate risks by defining clear responsibility for sustainability and climate risk management for investment committees, both for our internal and external expertise. Further, SFIM UK's Stewardship and Investment Sustainability Committee (SISC) continues to oversee our responsible investment and sustainability disclosures. In addition, compliance and executive oversight has been introduced through direct reporting of climate matters to GinExCo and the UK Risk & Compliance Committee, both of which report to the SFIM Board. In early 2025, we presented our first ESG and Climate Risk Report to the UK Risk & Compliance Committee, covering regulatory developments and our qualitative climate risk assessment.

At Group level, meanwhile, we established the Responsible Business Group (RBG) in early 2024. This committee oversees our sustainability and climate strategy, target setting and monitoring, with a specific focus on operational matters. The RBG reports directly into Group SLT, with a member of SLT chairing the RBG and having designated responsibility for sustainability.

Whilst neither SFIM nor Group Board currently have direct climate risk management oversight, we believe that the various designated management committees with climate responsibility provide a robust overall governance framework.

STONEHAGE FLEMING CLIMATE GOVERNANCE STRUCTURE — SFIM AND GROUP



2. Bodies with sustainability and climate risk management oversight

GOVERNANCE STRUCTURE FOR CLIMATE

We have over the past years expanded the list of governance bodies within Stonehage Fleming that have formal responsibility for climate oversight, with the committees listed below falling into this category. Schedule for reporting on climate matters varies between committees, and is in parts ad-hoc and needs based.

Governing Body / Committee	Membership	Frequency of meetings	Climate Update
Responsible Business Group (RBG) – *Group Committee* The RBG is the latest addition to the Group's stewardship and sustainability governance structures and a sub-committee of the Stonehage Fleming UK Board. It has a mandate to propose and set targets relating to our environmental impact as a business, to report on progress towards these goals to all stakeholders and establish a pathway to operationally becoming a net-zero business. This group will also be responsible for ensuring we have a consistent responsible business narrative for our audiences, through our digital channels and in response to client enquiries. It will act as a centre of knowledge, gravity and navigation on sustainability matters in general. The Group will capture, and where necessary advise on how responsible business practices can be implemented at regional/local office level.	Chaired by Group Head of Marketing and Communications and membership consists of senior global representatives.	Monthly	The role of the committee includes operational emissions data gathering, target setting and enablement of emissions reductions. In 2024 the committee has successfully initiated a partnership with Siemens Awarely for operational climate data gathering and performance tracking.
Group Investment Management Executive Committee (GInExCo) – *SFIM Committee* GinExCo is responsible for considering and making recommendations on matters concerning the implementation of SFIM UK's strategic direction. This includes evaluating business plans and budgets, overseeing project initiatives, and reviewing risk management, regulatory compliance, and sustainability-related exposures—particularly climate and broader environmental risks. GinExCo reports directly to the SFIM Board.	Chaired by CEO SFIM UK and membership consists of senior global representatives.	Fortnightly	Since late 2023, the role of this committee includes oversight over sustainability risks, including climate risks.

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Governing Body / Committee	Membership	Frequency of meetings	Climate Update
UK Risk and Compliance Committee (UK R&C) – *SFIM Committee* The committee is a sub-committee of the Stonehage Fleming UK Board. The role of the committee is to provide assurance to the Subsidiary Boards and Senior Management that there is an effective, scalable, efficient and anticipatory risk and compliance framework. This includes such policies and procedures and a plan for risk management that will enhance the Group's ability to achieve its strategic objectives in line with local regulatory requirements. This committee monitors the risk environment to assess the effectiveness of the UK Group's risk management activities. Any risks which exceed the risk appetite/ tolerance levels are reported by the committee to the Subsidiary Boards.	Chaired by the UK Head of Risk & Compliance and membership consists of UK senior regulated representatives.	Usually 4 times per annum but at least 3 times per annum for consideration of standing agenda matters (as well as occasional matters).	Since late 2023, the role of this committee includes oversight sustainability risks, including climate risks. As of the end of 2024 a formal climate risk review process has been commenced with bi-annual reporting frequency.
Stewardship and Investment Sustainability Committee (SISC) – *SFIM Committee* The committee is a designated sub-committee of the SFIM Board. The committee's role is to ensure there is a high level of stewardship across strategies, sharing best practice on sustainability, and helping co-ordinate sustainability initiatives, including new regulatory advances.	Chaired by CEO SFIM UK and membership consists of senior global representatives.	Monthly	Climate and other sustainability related disclosures, including TCFD, are overseen by SISC and signed off annually.
Global Equity Management – ESG Risk Committee (GEM ESG RC) – *SFIM Committee* The committee reviews identified sustainability risks, including controversy related risks for fund holdings, changes to sustainability ratings, as well as emissions performance. Where a sufficient risk is identified, the responsible analyst will conduct a follow-up review, including engaging with the affected company if necessary.	Chaired by the Head of Global Equity Management and membership consists of SFEM representatives.	Bi-monthly	The ESG Risk Committee for our Global Equity Management division was set up in mid-2023 to ensure sustainability and climate risks are sufficiently assessed and monitored for our direct equity funds, including for our flagship Global Best Ideas Fund.

KEY CLIMATE STAKEHOLDERS WITHIN THE BUSINESS

Over the past years, a group of key climate stakeholders from across the business has further crystalised. The below either have direct oversight at senior level or are closely involved with progressing us on our climate journey. These key stakeholders further sit on various committees with climate oversight responsibility, and ensure sufficient attention is given to the topic where material.

GRAHAM WAINER

CEO Investment Management

Committees:
GInExCo, UK R&C, SISC

Graham is CEO Investment Management with overall responsibility for the firm's investment management business, including oversight for climate matters. He is also Chairman of the Investment Committee and the Stewardship & Investment Sustainability Committee (SISC).

Prior to joining the Group, Graham was GAM's Group Head of Investments – Multi-asset Class Solutions and Chairman of GAM's Investment Advisory Board where he had overall responsibility for the firm's discretionary mandates and related co-mingled funds.

Graham holds Bachelor of Commerce (Hons) and Master of Commerce degrees from the University of Cape Town.

GUY HUDSON

Head of Marketing and Communications

Committees:
RBG, SISC

Guy is Head of Marketing and Communications for the Stonehage Fleming Group. As a Partner, member of the Group executive committee and Chair of the Responsible Business Group, Guy also leads on embedding, co-ordinating and measuring ESG and climate considerations within the day to day running of the business. Guy has nearly 40 years' experience in asset and wealth management.

Prior to joining Stonehage in 2013, he was the Board Director leading Client Services at Heartwood, now Handelsbanken Wealth Management. Previously he had spent over 14 years at Newton and Mellon in senior sales, marketing and strategic development roles, including building Newton's private investment business and heading asset management distribution for Mellon in the US and Europe. Guy holds an MA in Modern History from Trinity College, Oxford and is a recent Vice-Chairman of Governors of Sherborne School.

Guy was awarded the INSEAD Coaching Certificate in June 2022; he provides coaching and mentoring to executives inside and outside the Stonehage Fleming Group, including on a pro bono basis to C-Suite personnel in the charitable sector.

JOHN VEALE

Deputy Head of Investments

Committees:
SISC

John Veale is Deputy Head of Investments for Stonehage Fleming Investment Management and is responsible for multi-asset investment strategy and research. He joined the Group in 2001, working initially as a Portfolio Manager and Analyst.

John previously practised as a Chartered Engineer, working among others at Arup.

He holds a Master of Science in Engineering from the University of Cape Town.

TOM JEFFCOATE

Head of Equity Funds

Committees:
SISC, GEM ESG RC

As Head of Equity Funds, Tom has oversight of all public equity funds and discretionary equity investments at Stonehage Fleming globally, with the exception of the GBI Fund, for which he is a Senior Research Analyst specialising in in-depth research of companies across all sectors.

Tom joined Stonehage from ZAN Partners having previously worked at Sigma Capital and PricewaterhouseCoopers. Tom is a CFA Charterholder, a Chartered Member of the Chartered Institute for Securities and Investment and has an honours degree in Economics and Politics from Durham University.

Tom also holds a CFA Certificate in ESG Investing and is responsible for driving the ESG agenda within the Global Equity Management team and for the GBI fund. He chairs the GBI ESG Investment committee and is a member of the group Stewardship and Sustainable Investment Committee.

TRISTAN DOLPHIN

Head of Sustainable Investments

Committees:
RBG, SISC

Tristan is Head of Sustainable Investments at Stonehage Fleming and acts as portfolio manager to the firm's multi-asset and equity-only sustainable investment strategies.
He also contributes to broader multi-asset investment strategy and fund research.

He joined the Group in 2011, initially in the Direct Equity team during a period of strong growth, before moving across to the Investment Strategy and Research team.

Tristan holds an honours degree in Psychology from the University of Plymouth and qualified as a CFA Charterholder in 2015.

PHILIPP CYRUS

Sustainability & Stewardship Officer

Committees:
GinExCo - Observer, RBG, SISC, GEM ESG RC

Philipp is an Associate Director at Stonehage Fleming, responsible for Sustainability & Stewardship, having joined the group in 2023. He oversees ESG data and research, disclosure and engagement projects, sustainability strategy development, policies and processes.

Prior to joining Stonehage Fleming, he worked as an analyst in the sustainability research division of S&P Global. He also worked in research, development and teaching capacities for various UK and international organisations, including UK based Social Value Portal, the London City University and the UN Food and Agriculture Organisation.

Philipp holds a Doctor of Philosophy in Economics from the School of Oriental and African Studies, London.

LORRAINE WHITBY

Head of Facilities UK

Committees:
RBG

Lorraine is Head of Facilities at Stonehage Fleming, responsible for overseeing the firm's UK facilities management activities and team, including how we integrate climate considerations. She joined the group in 2020. Her responsibilities include facilities related procurements and office maintenance and management.

Prior to joining Stonehage Fleming, she worked in various facilities management roles for UK and international companies, including in Waste Management, Reinsurance, Mail, Pharma, IT Services and Consulting.

Lorraine holds a level 4 NVQ in Health and Safety Management and am a NEBOSH General Certificate in Health and Safety Management.

BENJAMIN LAWS

Junior Analyst, Sustainability & Investment Stewardship

Committees:
GEM ESG RC,
SISC – Observer,
RBG - Observer

Ben is an analyst on the Sustainability & Stewardship team, working on ESG data and research, disclosure and engagement projects for multi-asset and direct equity products.

Prior to joining the group in 2024, he worked at Redburn Atlantic as an Equity Research Analyst.

Ben holds an MSc in Environmental Development from the London School of Economics and a BSc in Sustainable Development from the University of St Andrews.

SHIVANI DESAI

Risk and Compliance Associate

Committees:
SISC – Observer

Shivani is a Risk & Compliance Associate, working on compliance advisory, delivering training and assisting with regulatory ESG and climate reviews, policy development and disclosures.

Prior to joining the group in 2022, she worked at Transact as an Onboarding Associate.

Shivani holds a BA in Philosophy, Politics and Economics from the University of Nottingham and an ICA Diploma in Governance, Risk & Compliance.

STEPHEN KELLY

Investment Strategy and Research Analyst – Consultant

Stephen is a Consultant at Stonehage Fleming and provides research on the investment team's core and sustainable investment strategies. He also contributes to broader multi-asset investment strategy and fund research.

He joined the Group in 2022 when Stonehage Fleming acquired Maitland Group, where he worked for 5 years on equity-fund selection.

Stephen holds an honours degree in Mathematics from the University of York and is a CFA Charterholder.

Effective corporate governance structures are critical for executing and fulfilling our responsibilities to our clients and stakeholders.

STRATEGY

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our investment portfolio is complex, due to our client-centred approach. We have therefore decided to focus our climate risk assessment on two portfolios, which we believe adequately captures our overall investment allocations.

- Our flagship Global Best Ideas Equity Fund (GBI), representing our internal expertise;
- Our Multi-Asset investment portfolio, representing our external expertise.

This assessment is based on a mix of qualitative and quantitative information and aims to help us understand our relative climate risk exposures compared to wider markets.

We continue to work on conducting a fully quantitative investment portfolio-wide scenario analysis, as well as on feeding our climate risk review outcomes into the organisations business, strategy, and financial planning. Due to the complexity of our investment portfolio, this process is ongoing. After completing the onboarding of a new data provider, we were able to procure more robust data for our multi-asset portfolio, as well as historic look-through for GBI, enabling a much-improved climate risk assessment as compared to last years' report. Nonetheless, dedicated climate data and look-through for certain asset classes, particularly Alternatives or Government Bonds, data remains patchy. We will continue to work on further improving the ambition of our climate risk assessment and scenario analysis going forward.

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OUR APPROACH FOR UNDERSTANDING CLIMATE RISKS

Climate change is an increasing threat to the global creation and maintenance of assets and wealth. While studies on the global economic impact and potential pathways for climate change are manifold, and vary in projected GDP implications, values ranging from an 11% – 20% global reduction in GDP by 2050 for moderate 2°C warming scenarios are increasingly common[3,4,5,6,7]. Extreme forms of climate change would, under such models, have catastrophic implications for global productivity and economic activity.

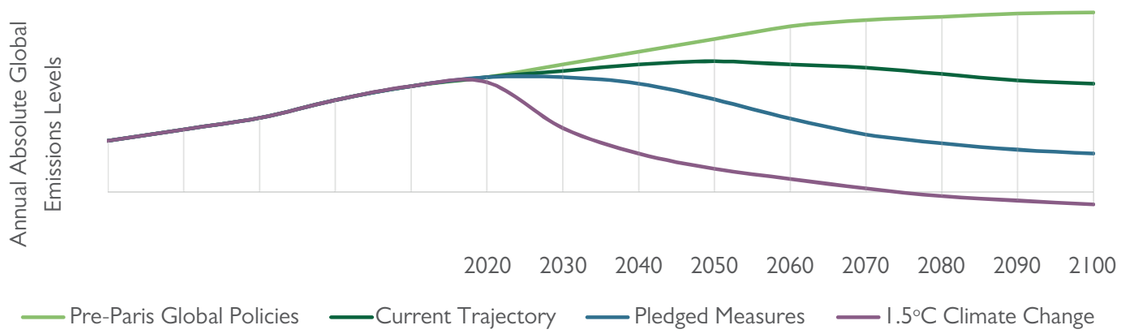
With current climate change projections highlighting a continued misalignment between global greenhouse gas emissions and ambitions for limiting climate change to 1.5°C set under the UN's Paris Agreement, seriously considering climate risks is important.

As a firm focused on long-term, multi-generational wealth creation and management, addressing our climate risk exposures and mitigating potential impacts not only makes sound business sense but also aligns our actions with global ambitions and evolving best practices.

At a Group and operational level, we are therefore in the process of defining a climate strategy, which is likely to involve the setting of emissions targets and include metrics against which we will track our emissions performance, as well as policies and processes to enable us reach set targets.

Regarding the SFIM UK investment portfolio, understanding portfolio exposures to various types of climate risks, within different timeframes and under different magnitudes of climate change (scenarios), is our initial priority.

GLOBAL GREENHOUSE GAS EMISSIONS PATHWAYS



Source: Climate Action Tracker, December 2024

3. *National Bureau of Economic Research, 2024*
4. *WEF, 2024*
5. *Oxford Economics, 2022*
6. *NGFS, 2025*
7. *The Guardian, 2025*

TIMEFRAMES

To understand potential climate change impacts within the context of our investment framework, we have defined a short, medium and long-term time horizon for assessing our climate risk exposures. While we believe that long-term focussing is essential for maximising risk-adjusted investment returns, we do not consider it sufficient for climate risk mitigation. In this context, timely and deliberate action is required to ensure that various types of climate-related risks are appropriately managed—sooner rather than later.

Therefore, when defining our time horizons, we have used time periods shorter than those which we would typically use when referring to our investment time horizons. For our climate risk management timeframes, we have chosen below 1 year for the short-term, 1 - 7.5 years for the medium-term, and above 7.5 years for the long-term. This enables us to engage with climate-related short-term performance impacts, cyclical medium-term impacts, and long-term structural and technological impacts.

IPCC Definitions for Climate Change Timeframes

The IPCC's approach to timeframes for climate change is more long-term than our investment focused climate risk assessment time periods. Recognising this, we believe that in the short and medium-term transition risks will be particularly pertinent, as well as isolated impacts of climate change, such as in the wake of severe weather events. Meanwhile, we expect physical climate risks to become particularly relevant in the long-term. The reason being that a shift to a low carbon economy is expected for the coming decades, while the consequences of climate change are expected to increasingly materialise over the course of the next century.

TERM	YEARS	TYPICAL FOCUS
Short-term	2021–2040	Near-term warming, early impacts, adaptation
Medium-term	2041–2060	Mid-century impacts, scenario divergence
Long-term	2081–2100+	End-of-century impacts, tipping points, legacy

EPA, 2025; Pension Age Magazine, 2025

SFIM Timeframes

For our investment timeframes, which aim to cover short-term performance impacts, cyclical medium-term impacts, and long-term structural and technological impacts, we see one off and acute climate events as relevant across periods, but most relevant from a short-term performance perspective. Meanwhile, transition risks are of primary relevance in the medium to long-term, impacting cyclical, structural and technological developments. Finally, persisting large-scale climate impacts will only become relevant in the extended long-term, materially into our current long-term time horizon. For our immediate short-term planning, we therefore see transition risks and acute climate events as key risk factors.

SHORT-TERM	MEDIUM-TERM	LONG-TERM
< 1 Year	1 – 7.5 Years	> 7.5 Years

EPA, 2025; Pension Age Magazine, 2025

DEFINING CLIMATE IMPACT MAGNITUDE

We have defined four magnitudes of climate impacts against which we evaluate our portfolio: low, medium/moderate, high, very high. These are roughly defined as multiples of 8%, with no low negative impacts ranging from 0% up to 8% loss of GDP, value of our investments medium roughly ranging from 8% – 16%, high ranging from 16% – 24% and very high covering any negative impacts above 24%.

Considering the qualitative nature of the analysis we undertook, we decided to not publish exact figures for expected impacts, but rather to provide broad estimates along this four-category scale, as well as transparency on how we arrived at expected impact figures.

Uncertainty of Climate Impacts

Climate change is projected to have negative impacts on the global economy, with significant variation in the expected magnitude of impact both geographically and sectorally, but also depending on the assumptions about how climate change will manifest.

For the global economy, the Network for Greening the Financial System (NGFS) compiled a list of expected negative impacts on global GBP by 2050 from across 15 academic studies, with significant variation in expected impacts, ranging between 1 – 19% for 2°C climate change and 2 – 44% for 3°C climate change. Recent studies show comparatively high expected impact levels. Erring on the side of caution, we align with the view that more recent estimates of climate impacts, using updated climate models and technology to inform estimates, have merit.

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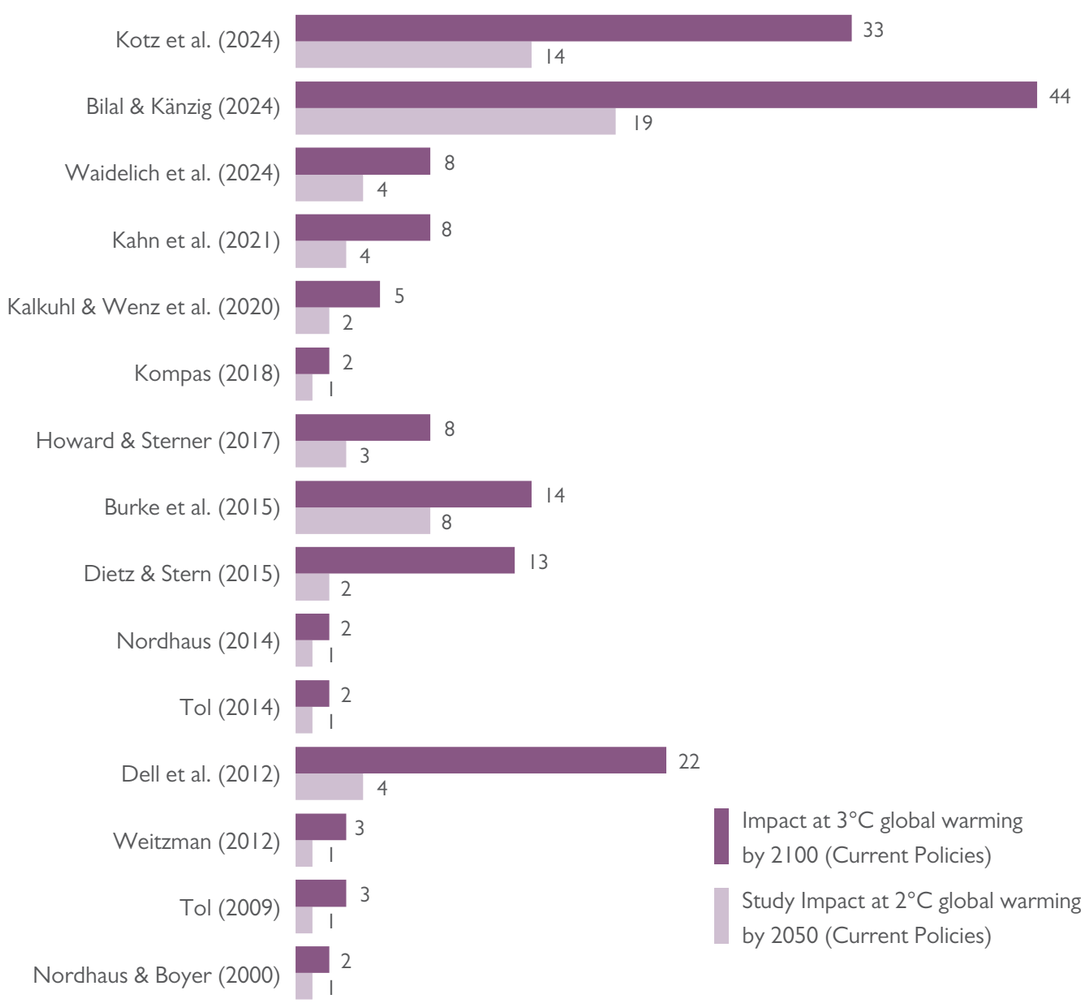
EXPECTED NEGATIVE GLOBAL GDP IMPACTS OF CLIMATE CHANGE AS PER ACADEMIC STUDIES

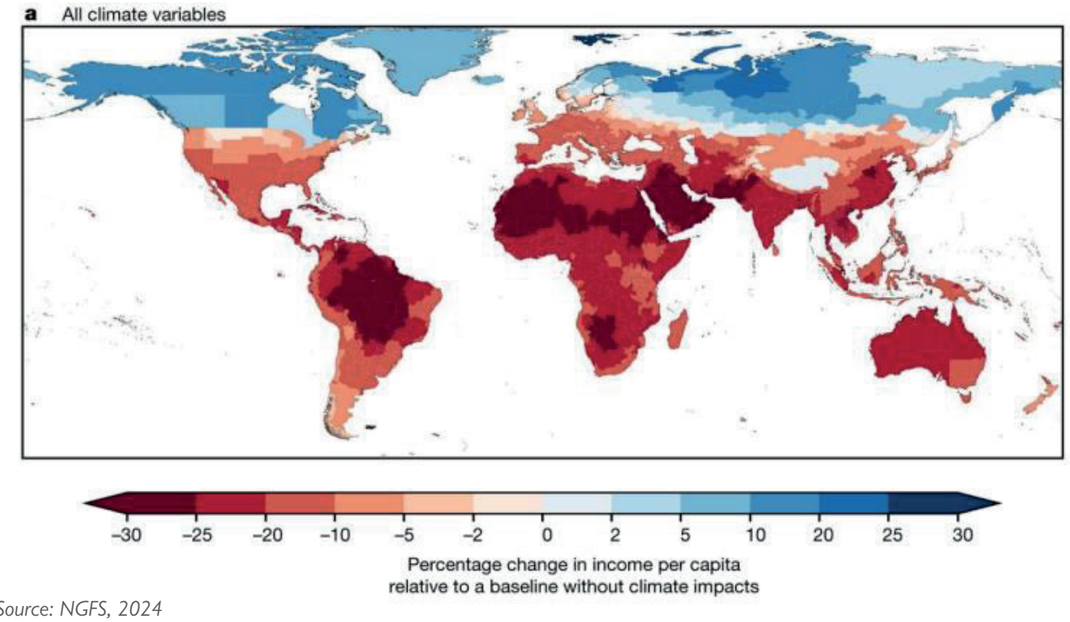


Source: NGFS, 2024

Sectoral and Geographic Differences

Using publicly available data on economic impacts of climate change from among others NGFS[8], UNEP[9,10,11], EU funded ClimateScenarios.org[12] and the World Economic Forum[13], as well as climate data from Morningstar, we assessed and mapped relative sectoral and geographic portfolio climate risks, before transposing them onto our investment portfolio. We also cross-checked our impact estimates with publications of large sustainability data providers. Our aim was to understand our portfolio's top level risk footprint and compare it to a relevant global benchmark.

THE ECONOMIC COMMITMENT OF CLIMATE CHANGE



Source: NGFS, 2024

Fundamentally, it is our view that sectors and geographies will be impacted by climate change starkly differently under varying climate change scenarios, this being both the result of potential global regulatory divergences, differences in expected magnitudes and frequencies of weather changes and severe weather and other climate-related events, as well as differences in the reliance on specific geographies across industries.

8. NGFS, 2024
9. UNEP, 2023a
10. UNEP, 2023b
11. UNEP, 2024
12. Climate Scenarios, 2025
13. WEF, 2021

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Healthcare, IT, Financials, as well as communication services will in our view be the sectors least likely to be materially impacted by climate change, both from a transition and physical risk perspective. This is particularly the case under the below 2°C scenario we chose, but also for the above 2°C scenario we applied, while Energy, Utilities, Industrials and Real Estate are the sectors most at risk from 2°C warming, facing both acute physical hazards and significant transition challenges as the world moves toward a low-carbon economy[14,15]. Sectoral differences are amongst other things a product of different adaptation operational costs, reliance of global supply chains, exposure to physical assets and of exposures to specific geographies.

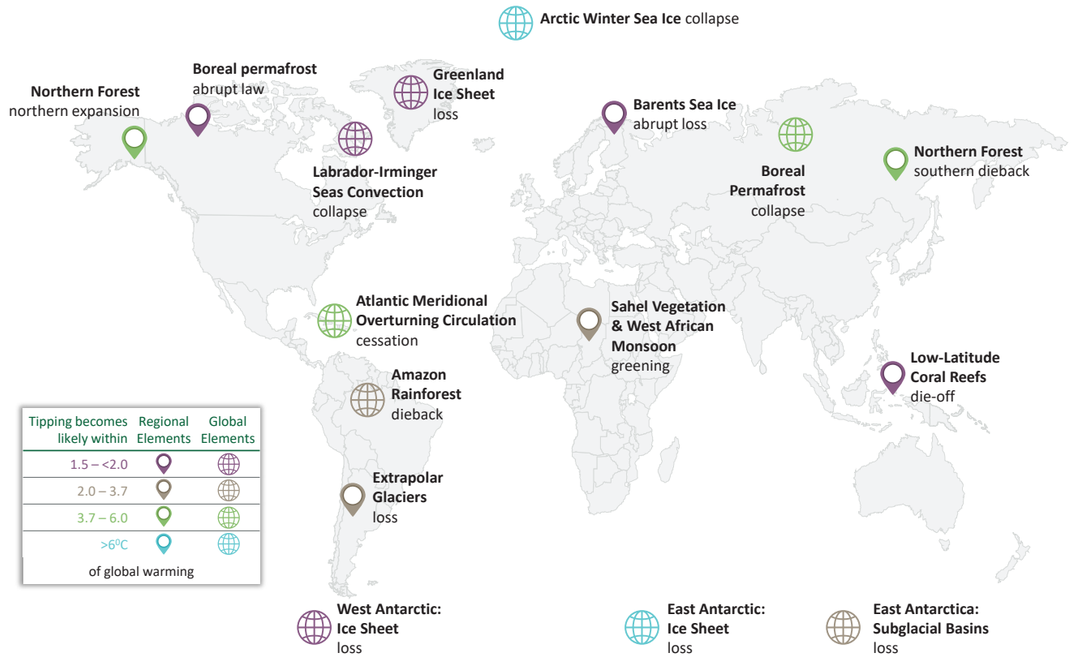
Sectoral Physical & Transition Risks	Below 2°C Climate Change	Above 2°C Climate Change
Information Technology	Low	Medium
Health Care	Low	Medium
Consumer Discretionary	High	High
Financials	Low	Medium
Communication Services	Low	Medium
Consumer Staples	High	Very High to Extreme
Industrials	High	Very High to Extreme
Materials	Very High to Extreme	Very High to Extreme
Energy	Very High to Extreme	Very High to Extreme
Real Estate	Medium	High
Utilities	Medium	High

Geographically, we expect Europe and North America to be amongst the least impacted by climate change, partly due to their robust infrastructure and ongoing shifts to service economies, while historically having contributed amongst the most materially to it. Meanwhile, many developing countries that contributed comparatively little to climate change show high risk levels, both for below and above 2°C climate change scenarios. Africa is to name explicitly here as a region with minimal contribution to global greenhouse gas emissions, but high vulnerability to its impacts. This is largely due to an economic reliance on agriculture, early-stage industrialisation and limited adaptive capacities[16,17].

14. Earth Org, 2024
15. UNEP, 2023b
16. Emission Index, 2024
17. Frontiers, 2024

Climate Tipping Points

Considering existing uncertainty about climate impacts, briefly discussing risks relating to tipping points being breached is pertinent. The below graphic provided by the Potsdam Institute for Climate Impact Research (PIK) highlights significant climate-related tipping points and climate change magnitudes under which they might be breached[18]. The European Space Agency (ESA) describes climate tipping points as "critical thresholds in a system that, when exceeded, can lead to a significant change in the state of the system, often with an understanding that the change is irreversible." Many climate tipping points also hint at another major risk area, nature, which is beyond the scope of this report though.



Source: PIK, 2024

18. Marsden et al, 2024

What are Climate Tipping Points? Example provided by ESA[19]

Climate tipping points are elements of the Earth system in which small changes can kick off reinforcing loops that 'tip' a system from one stable state into a profoundly different state.

For example, a rise in global temperatures because of fossil fuel burning, further down the line, triggers a change such as a rainforest becoming a dry savannah. This change is propelled by self-perpetuating feedback loops, even if what was driving the change in the system stops. The system – in this case the forest – may remain 'tipped' even if the temperature falls below the threshold again.

This shift from one state to the other may take decades or even centuries to find a new, stable state. If tipping points are being crossed now, or within the next decade, their full impact might therefore not become apparent for hundreds or thousands of years.

The economic impact of climate tipping points being reached can be chronic and/or acute, likely affecting households, businesses, and global supply chains where those directly or indirectly dependent on aspects of a "tipped" system for their operations or survival.

For the global economy and investment portfolios, this means that climate risks might be magnified should tipping points be breached. This has the potential for both a change in the financial impacts and a change in time horizon over which these impacts might materialise. The exact impact of breaching climate tipping points is contested, but it is expected that additional and very material negative impacts for the global economy would arise should sufficient tipping points be breached[20].

19. ESA, 2023

20. LSE, 2021

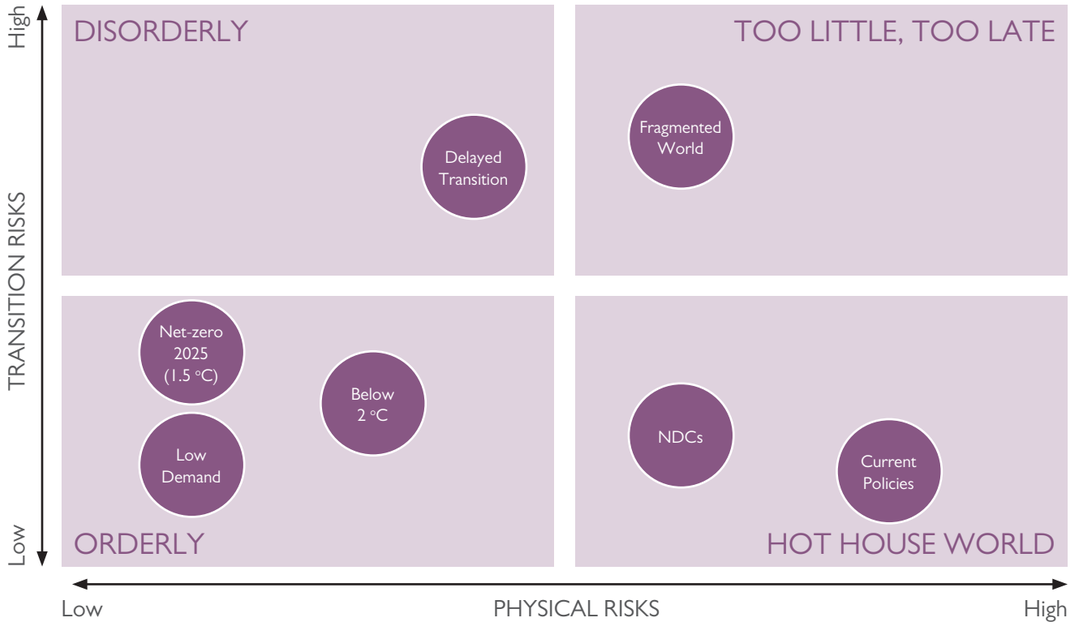
Climate Scenarios

How climate change will manifest over the coming century is an issue of high uncertainty.

To understand how our investment portfolio and operations might be impacted by climate change we are guided by information provided by the Network for Greening the Financial System (NGFS), an international network of central banks and financial supervisors, under its latest Phase 5 estimates. NGFS aims to support the development of environmental and climate risk management, share best practice, and mobilise mainstream finance to support the transition toward a sustainable economy.

NGFS proposes a range of potential climate change pathways, and its mitigation efforts it might take. In 2024, NGFS has updated its guidance on climate scenarios using updated academic research. This has led to a significant increase in expected impacts under all scenarios and is in line with a wider trend of expecting increased costs related to climate change compared to older research.

NGFS SCENARIOS FRAMEWORK IN PHASE V



Source: NGFS, 2024

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Having carefully considered recent global events, it is our view that uncertainty about which pathway climate change might take is particularly high in the short-term. Transition governance is unclear and diverges globally, with questions about US commitments, and increasing efforts in others, Europe and Germany in particular. It is our view that, in case of reduced transition efforts in the short-term, with increasing acute physical risks, transition efforts will pick up again, though potentially be divergent globally. We have therefore decided that what NGFS terms Below 2°C and Fragmented World scenarios are what we deem likely current pathways to test our portfolio risk exposure against.

In terms of key assumptions, the chosen scenarios assume a temperature rise of 1.8C for *Below 2°C*, and 2.4% for *Fragmented World*, while for the former a gradual decline of global emissions from 2025, with the latter assuming a much slower and delayed decline starting from 2030. Similarly, global carbon shadow price is assumed to start rising gradually from 2025 under Below 2°C, peaking at ca. USD 130 by 2050, while under Fragmented World this trend is expected to be a similarly delayed and less material.

Applied Climate Change Scenarios as per NGFS	Under 2°C Climate Change	Above 2°C Climate Change
Scenario	Below 2°C	Fragmented World
Type	Orderly	Too-little-too-late
Climate Change Impact	Considerable but managed impacts	Severe and unmanaged impacts
Policy Action	Immediate and smooth	Delayed and Fragmented
Technology	Moderate rate of supportive change	Slow and un-coordinated / fragmented change
Regional Policy Variation	Low degrees of regional variation	High degrees of regional variation
Physical Risks	Moderate and long-term	High and long-term
Transition Risks	Moderate and immediate	High and delayed

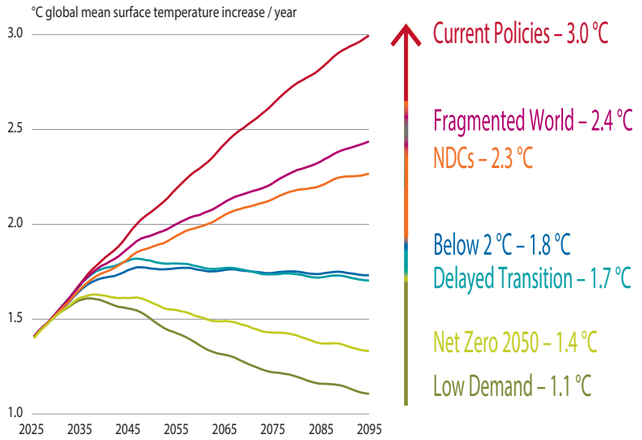
Source: NGFS Climate Scenarios Technical Documentation V5; NGFS NGFS Climate Scenarios for central banks and supervisors - Phase V Presentation

Expected temperature rises and related government action will have effects commonly categorised as transition and physical risks. Regarding transition risks, it is assumed that these will manifest through additional burdens on households and businesses and the broader economy, necessary to mitigate and adapt to climate change. Meanwhile physical climate risks will manifest through rising temperatures and sea levels, which will have a chronic effect on labour productivity and physical assets, as well as potentially being disruptive to business in cases of acute events. The magnitude of both physical and transition risks varies considerably between scenarios, and our assumption for each is based on a review and aggregation of sectoral expected climate impacts.

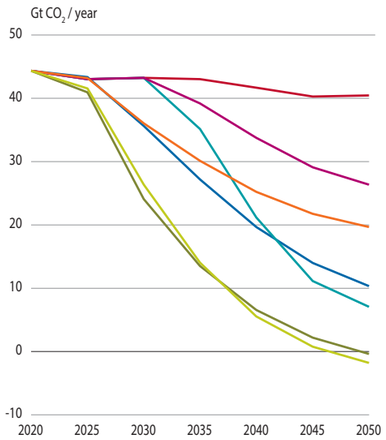
The high degree of uncertainty surrounding short-term global climate change mitigation actions—combined with long-term uncertainty regarding the magnitude of climate change and the potential for breaching critical tipping points—creates significant potential for volatility in environmental, economic, and geopolitical systems. We therefore view a preparation for both eventualities, an orderly below 2°C climate change, and a disorderly above 2°C climate change as pertinent.

NGFS – Key Climate Assumption by Scenario

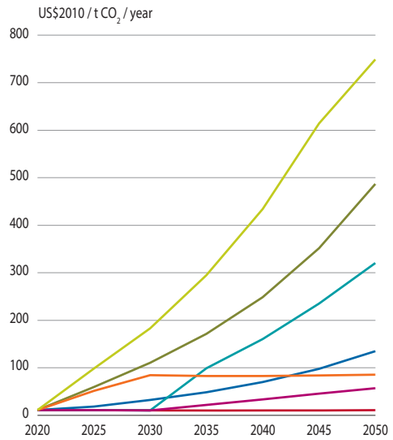
TEMPERATURE RISK



EMISSIONS PATHWAYS



SHADOW CARBON PRICE



Delayed Transition — Fragmented World — Current Policies — NDCs — Net Zero 2050 — Below 2 °C — Low Demand

Source: NGFS, 2024

As a firm focused on long-term, multi-generational wealth creation and management, addressing our climate risk exposures and mitigating potential impacts not only makes sound business sense but also aligns our actions with global ambitions and evolving best practices.

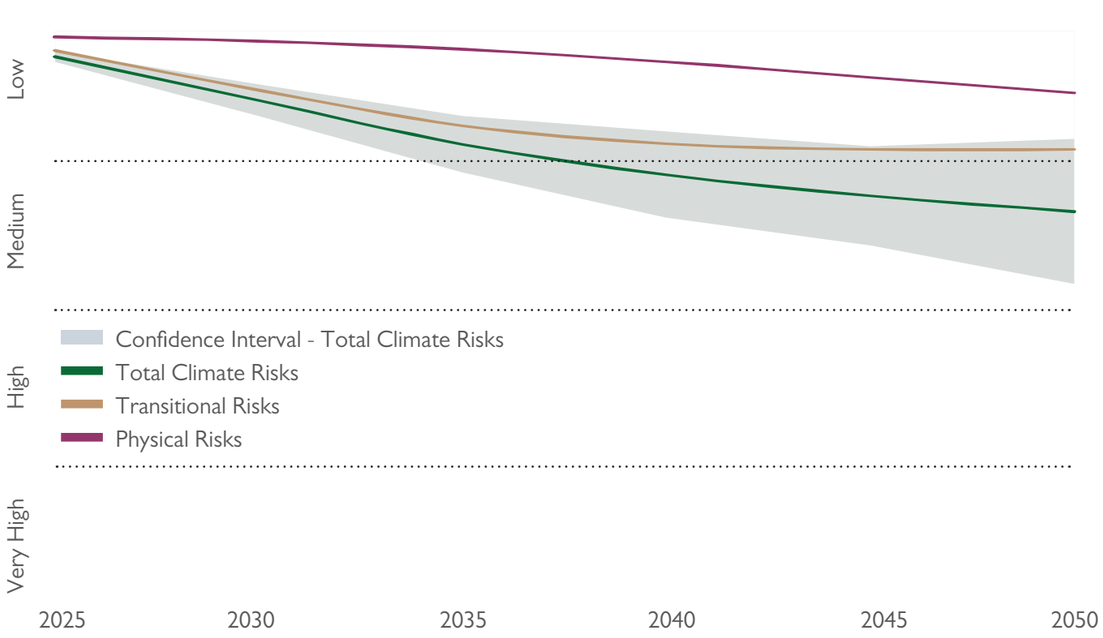
Below 2°C Scenario

The applied below 2°C climate change scenario assumes an orderly transition with moderate long-term overall risk level, and is what we would considering developments over the past years deem a likely scenario.

Climate change impacts are assumed to still be material, but well managed and contained. Global climate change governance is expected to converge over the coming decades, and sufficient technological support and enablement lends weight to global efforts to keep temperature rise and related risks in check.

Under this scenario transition risks will likely be most material over the coming decades, with a need for adaptation measures across high-emitting industries in particular. Physical climate risks meanwhile are kept manageable due to the overall limiting of temperature rises, and are expected to only materialise through rare extreme events in the short to medium-term and structurally over the long-term.

BELOW 2°C CLIMATE CHANGE SCENARIO



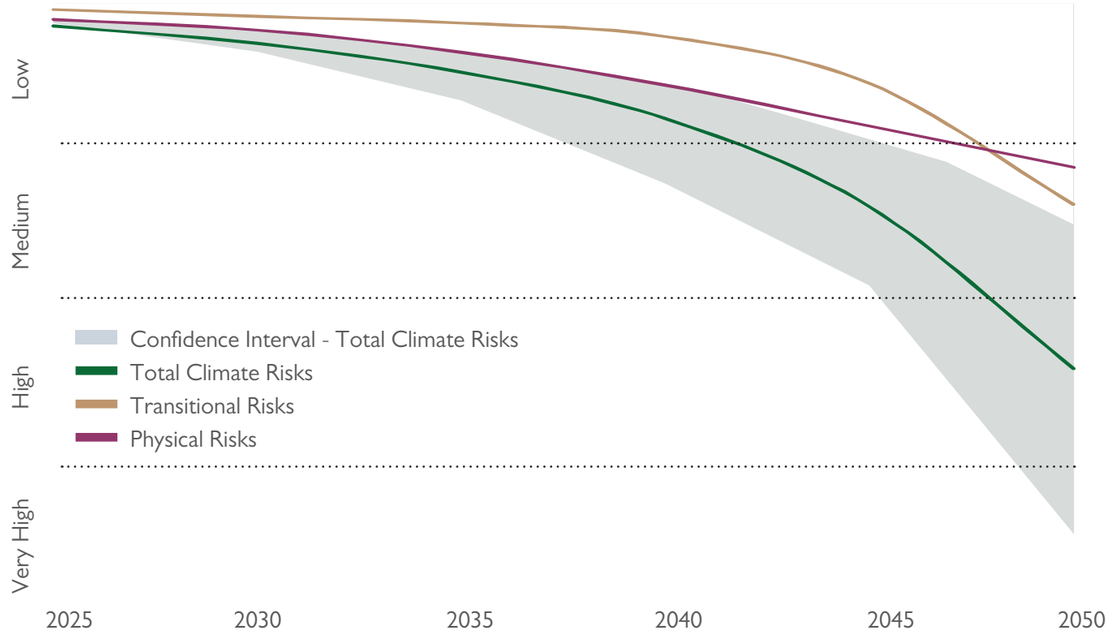
Fragmented World / Above 2°C Scenario

The applied above 2°C climate change scenario assumes delayed and fragmented global climate governance. Considering recent political developments, we deem this scenario a likely one.

Climate change impacts are expected to be severe and unmanaged. Global climate change governance is expected to be diverging and not harmonised, limiting effectiveness. In addition, lacking technological support limits scope for successfully implementing necessary transition and adaptation measures.

Under this scenario, transition and physical risks will be less pronounced in the short-term, but more severe in the medium to long-term. Transition risks are expected to rise sharply due to delated regulatory action, with physical risks increasing considerably over the coming decades due to a lack of transition efforts, being significantly more pronounced compared to the applied below 2°C scenario.

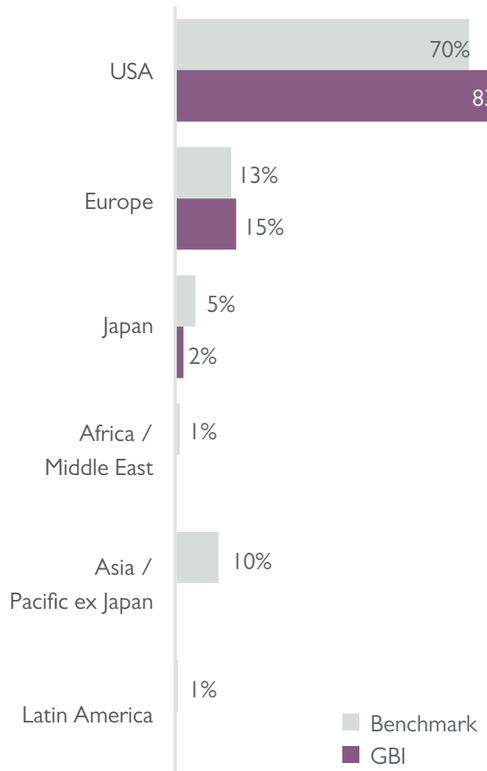
ABOVE 2°C CLIMATE CHANGE SCENARIO



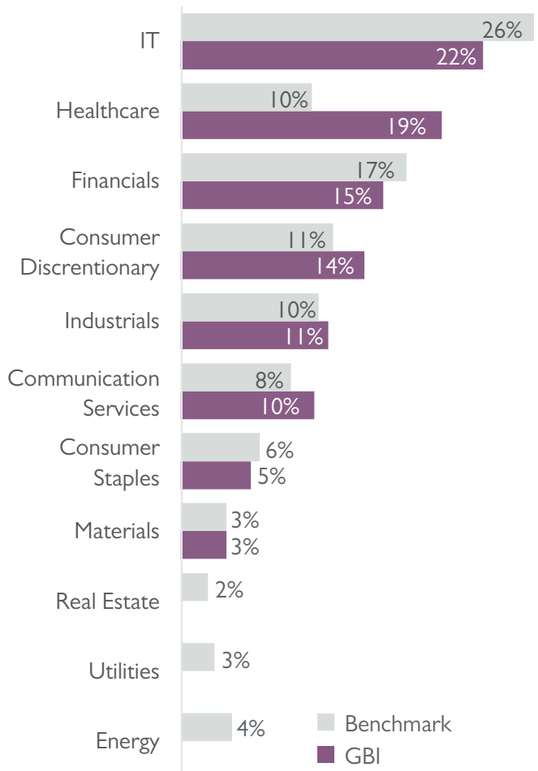
INTERNAL EXPERTISE - CLIMATE RISKS WITHIN SFIM'S GBI FUND

To cover climate risks within our internally managed AUM, we looked at our flagship Global Best Ideas Equity Fund and related strategies, which combined account for roughly 20% of our overall AUM as of Dec 2024. This strategy has a below benchmark exposure to high climate risk sectors or geographies as well as no exposure to energy and utilities, and a materially below benchmark exposure to industrials. It further only invests in good quality global businesses. This reflects in the overall climate dependencies, including risks, emissions levels and investee company climate profiles.

GEOGRAPHIC EXPOSURE IN %



SECTORAL EXPOSURE IN %



Source: FactSet, December 2024

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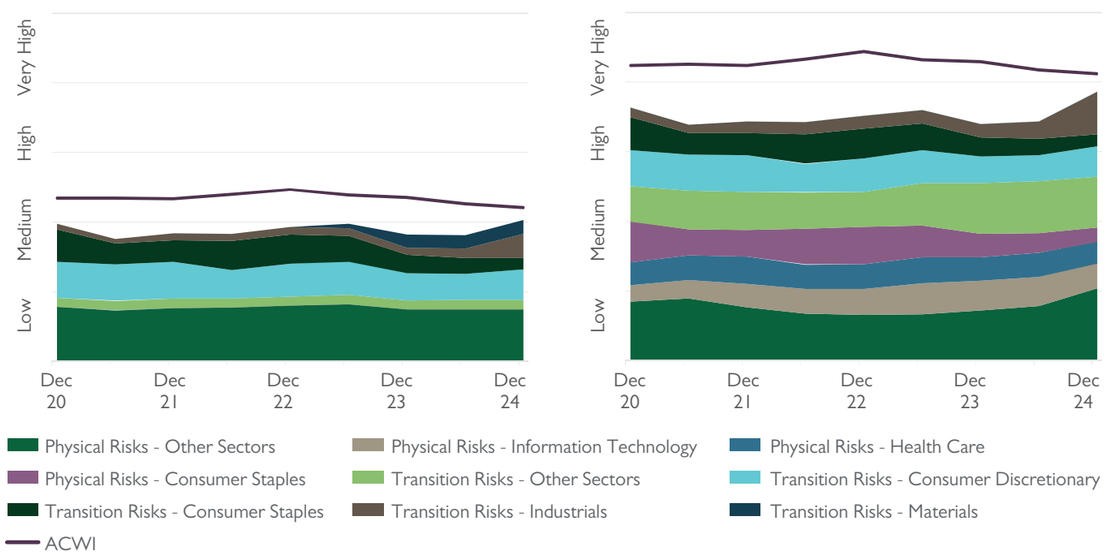
Fund Climate Risk Level

To understand the fund's relative climate risk exposure, we looked at the fund value at potential risk from climate change impacts and consequences by 2050 and compared it to a representative benchmark. We expect the likelihood of risks materialising to vary between sectors and geographies, and the annual risk increase until 2050 to be non-linear. For this exercise, we focused on the sectoral exposures.

We are pleased to see that the overall climate risk level for our GBI fund for the past 5 years has been materially below that of the representative equity benchmark used, both for below and above the 2°C scenario. This data was compiled using publicly available information on sectoral climate risk levels, matched with fund and benchmark sectoral exposures. GBI's risk level has consistently remained about 20% lower than that of the benchmark risk level, though recent allocations to industrials and materials sectors within GBI have reduced this difference to 10% as of late 2024.

ASSUMED BELOW 2°C SECTORAL CLIMATE RISK LEVEL

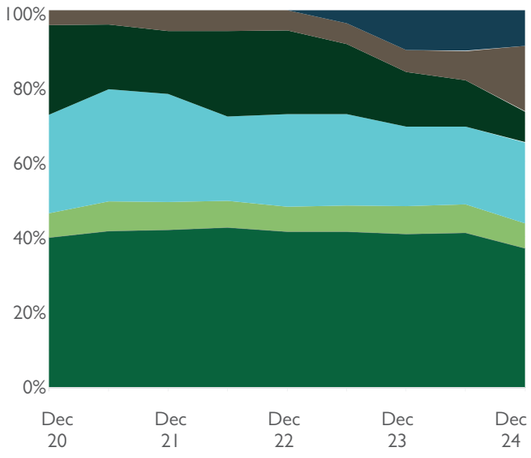
ASSUMED ABOVE 2°C SECTORAL CLIMATE RISK LEVEL



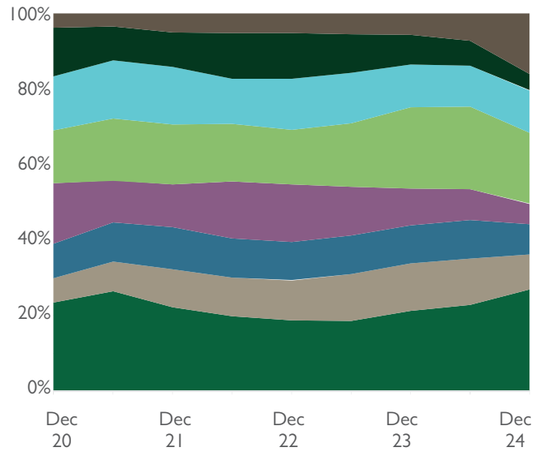
For the applied below 2°C climate change scenario GBI's risk level is moderate and largely stable, with transition risk accounting for roughly 65% of overall risks. We do note a slight increase in transition climate risk level over the past year, primarily a result of increased allocations to the industrials and materials sectors. These sectors account for a total of 6.8% of the fund as of December 2024 but made up 34% of identified total climate risk.

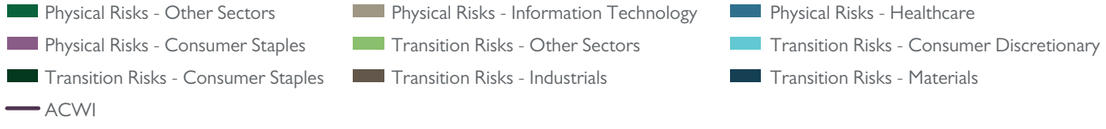
Looking at the above 2°C climate change scenario we compiled, data for the picture is more complex. Firstly, we note the overall climate risk level increasing materially, by roughly 95%, from moderate to high. This is in part driven by a disproportionate increase in physical climate risk levels, which for this scenario make up 45% of total identified climate risks. We further note a pronounced rise in risk level over the past year, particularly due to the already mentioned recent allocations to industrials and materials. Similarly for this scenario, industrials and materials alone made up 28% of total identified physical and transition climate risk, highlighting the disproportionate climate risk exposure of these sectors.

BELOW 2°C
SECTORAL CLIMATE RISK CONTRIBUTION



ABOVE 2°C
SECTORAL CLIMATE RISK CONTRIBUTION





Financials, IT and Healthcare are by far our largest allocations, making up over 55% of the fund as of the end of 2024. All are relatively low emissions and risk sectors. They therefore, despite their sizeable allocation, only make up between 20% (below 2°C) and 30% (above 2°C) of total risk levels. The largest risk contributors are, in addition to the already mentioned industrials and materials sectors, consumer staples and consumer discretionary, with 40% (below 2°C) and 35% (above 2°C) of total risk levels, at approximately a 20% allocation.

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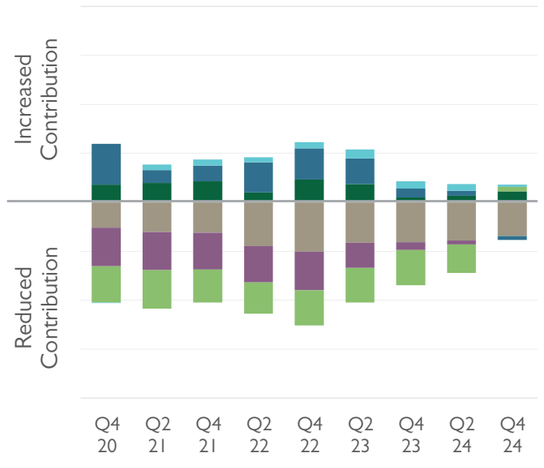
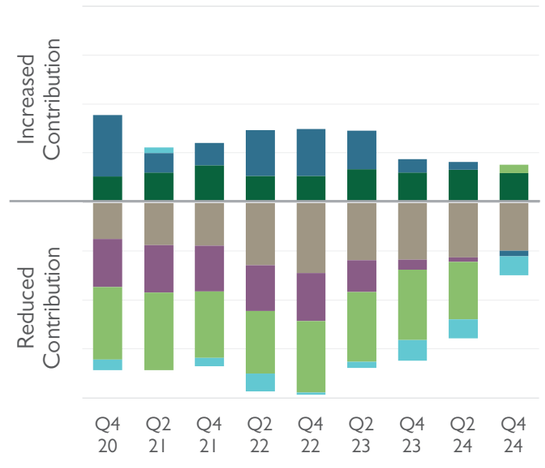
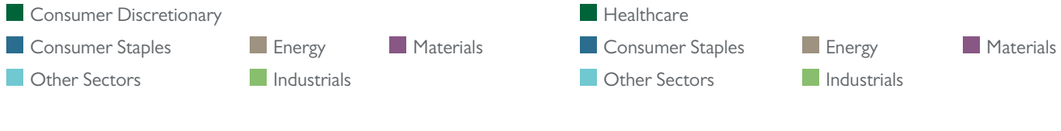
Contributors to the lower climate risk level compared to benchmark are primarily GBI's lack of energy exposure, as well as historically its comparatively low Industrials and Materials exposures. These two sectors are also the primary reason for a reduced gap in risk level compared to benchmark over the past years, resulting from recently increased GBI allocations to both. Historically, the fund's Consumer Staples and Health Care exposures made a disproportionate contribution to GBI's climate risk levels, particularly for the above 2°C scenario. This is still the case for Healthcare, while a reduced allocation to Consumer Staples has remedied this sector's overall risk contribution to benchmark levels. All other sectors make marginal contributions to the divergence in climate risk level between GBI and benchmark.

SECTORAL CLIMATE RISK CONTRIBUTION
COMPARED TO BENCHMARK - BELOW 2°C



SECTORAL CLIMATE RISK CONTRIBUTION
COMPARED TO BENCHMARK - ABOVE 2°C





Additionally, the fund being overweight geographies that are expected to be less impacted by climate change, such as North America and Europe, helps reduce potential climate risks. Still, the noted risk levels require us to continue monitoring this closely, to ensure risks are sufficiently addressed before financial impacts materialise.

Fund Holdings' Climate Profiles

To not rely solely on approximations about fund level climate risk levels, we have further conducted a more granular review of all fund holding's climate profiles using our ESG data provider.

Looking beyond risk metrics, we are also pleased to see that the fund's constituents have overall low emissions footprints and in large parts robust climate governance processes for material risks. Through an assessment we conducted in 2024 using a mix of publicly available disclosures and data from our ESG data providers, all fund constituents have been reviewed along 20 climate metrics for their emissions, physical risk exposures, climate governance and their contributions to climate change. We were pleased to see that most fund constituents showed good performance, with low to medium risk levels across reviewed criteria, this further confirming our view of the fund having an overall moderate climate risk profile. Still, we identified a set of companies with material emissions levels and climate impacts, and to a lesser extent governance gaps and increased physical risk exposures. Those issues were brought to the companies' attention through a targeted climate engagement in Q4 2024. For further information on this engagement please see the Risk Management section of this report.

Global best Ideas Fund - Climate Risk Review	Emissions Level	Phyiscal Asset Risk Level	Governance Gap	Expected Negative Revenue Impact
Below Average Risk	41.4%	20.7%	48.3%	51.7%
Average Risk	24.1%	58.6%	41.4%	10.3%
Above Average Risk	31.0%	10.3%	10.3%	37.9%
No sufficient data	3.4%	10.3%	0.0%	0.0%

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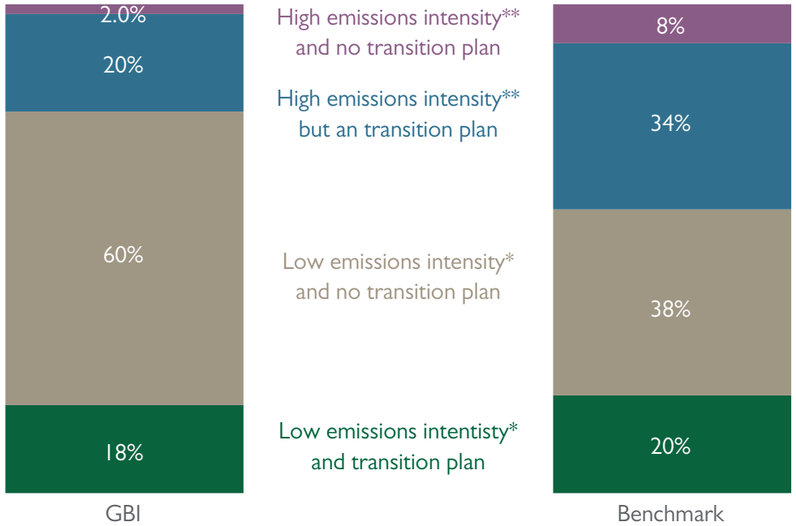
To better understand the interplay between governance and emissions, particularly from a materiality perspective, we further compared the GBI fund to its benchmark specifically on Scope 1, 2 and 3 emissions intensity and transition plans. What we see is a slightly more nuanced picture, with 78% of GBI's allocation having a 25% below mean benchmark emissions intensity, compared to 58% for benchmark, and 38% of fund allocations having a transition plan, compared to 54% for the benchmark. We also see that the fund has allocated 2% to companies with high emissions intensity and no transition plans, compared to 8% for benchmark. The biggest concern for us therefore is the gap in transition plans with fund holdings that have a high emissions intensity, as well as the credibility of transition plans for such companies.

EMISSIONS PROFILE AND GOVERNANCE

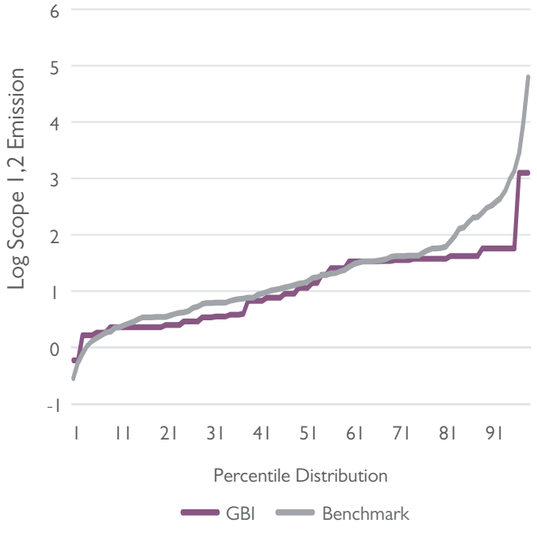


* *25% below ACWI*
** *25% above ACWI*
Source: Morningstar, December 2024

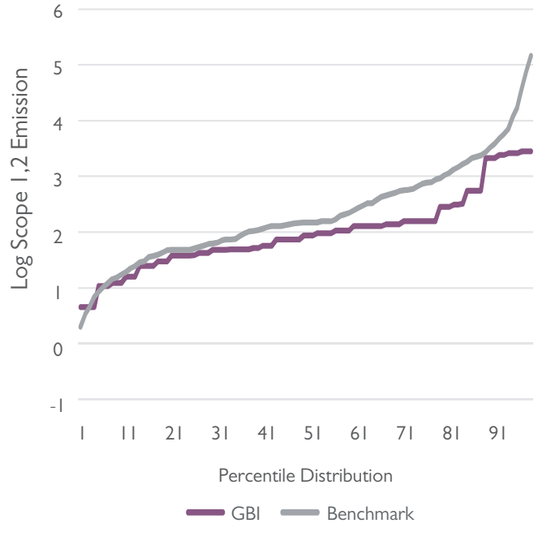
This overall positive climate profile of the fund compared to benchmark is further confirmed when comparing the fund's emissions intensity with that of the benchmark. For better comparability and visualisation, we contrast the weighted log emissions intensity values of fund and benchmark constituents emissions intensity levels[21,22].

What we can see is that the fund, for both Scope 1 and 2 and Scope 1,2 and 3 has a markedly lower allocation to companies with the highest emissions intensities compared to benchmark. Looking at Scope 1and 2 emissions intensity, we see the fund largely mirroring benchmark emissions intensity on a percentile basis, while for the upper emissions intensity quartile, the fund shows a clear divergence from benchmark. Meanwhile for Scope 1,2 and 3 emissions, the fund shows a persistent allocation to companies with lower emissions intensity than benchmark, looking at percentile allocations.

LOG SCOPE 1 AND 2 EMISSIONS INTENSITY DISTRIBUTION[23]



LOG SCOPE 1, 2 AND 3 EMISSIONS INTENSITY DISTRIBUTION[23]



From an overall allocation perspective, we are therefore again confident in the fund's overall emissions and climate governance profile being robust compared to benchmark.

21. Aswani et al, 2023
22. NESO, 2024
23. Source: Morningstar, December 2024

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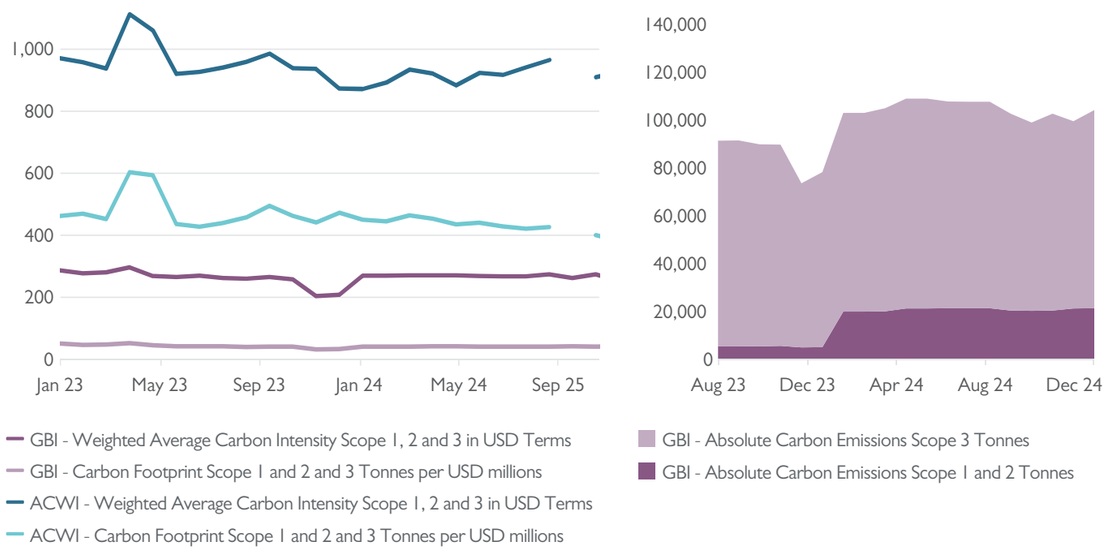
Fund and Fund Holdings' Emissions Trend

Finally, looking at emissions trends we see that the GBI fund has had a largely stable emissions performance over the past two years. On absolute emission it must be noted that Scope 1, 2 and 3 emissions have increased markedly in early 2024 and have plateaued since. This is also noted in the fund's Weighted Average Carbon Intensity, which likewise materially increased for this date. Carbon footprint has seen a similar increase. Increases in absolute emissions and emission intensity/WACI in early 2024 are not due to a significant change to the portfolio, except for the already discussed increase allocations to industrials and materials sectors over the past years, but are rather viewed as the result of either a change in emissions coverage or accounting for fund holdings.

RELATIVE EMISSIONS PERFORMANCE - GBI AND ACWI

ABSOLUTE EMISSIONS PERFORMANCE GBI



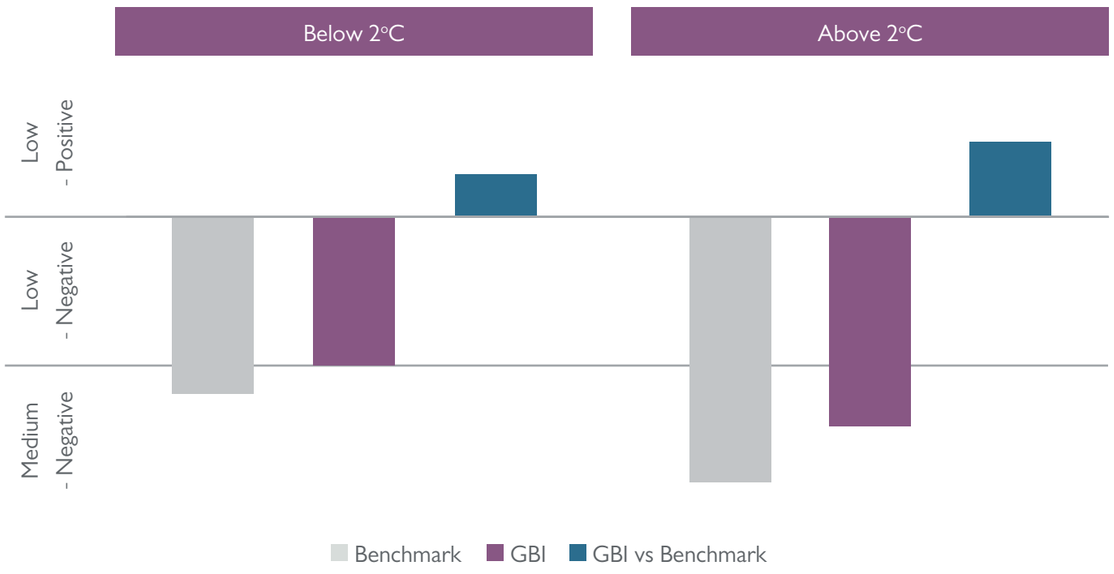
Source: Morningstar, December 2024

While no positive trend can therefore be noted, we are still pleased to see that the emissions performance of the fund has remained largely stable during the captured timeframe, and remains materially below ACWI on relative metrics despite no explicit commitment in this area.

Summary

Looking at the presented information provides a clear picture as to the GBI fund's climate risk profile. Looking at sectoral risk levels for GBI and benchmark and adjusting for geographic exposures, we can confidently assume that GBI maintains a materially below benchmark climate risk level, for both below and above 2°C climate change scenarios by 2050. When accounting for emissions levels compared to benchmark, this picture gets further reconfirmed, with both WACI and Carbon Footprint at starkly below benchmark levels.

POTENTIAL CLIMATE IMPACTS BY 2050 IN % OF VALUE



This is a result of a persisting focus on investing in comparatively low emissions sectors and large cap high-revenue companies. In addition, the fund's focus on investing in companies with robust corporate governance, including on climate matters, as well as a focus on geographies which are projected to be impacted comparatively less from climate change play a material role in it achieving such a comparatively positive climate risk profile.

Overall, the fund is still expected to have a moderate level of fund value at risk from climate change, which we deem material enough to keep closely monitoring developments and exposures.

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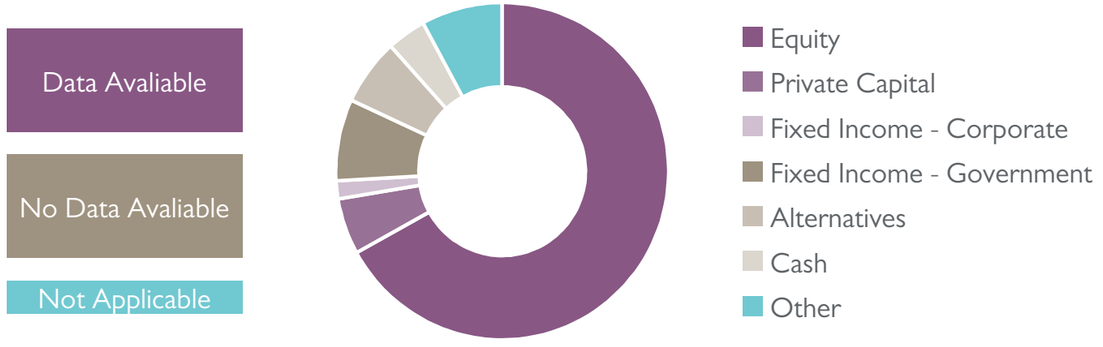
EXTERNAL EXPERTISE

CLIMATE RISKS WITHIN SFIM'S MULTI-ASSET INVESTMENT PORTFOLIO

In addition to GBI, a review of our multi-asset climate risk exposures was conducted. Our multi-asset portfolios account for ca. 80% of our total AUM. For this part of our portfolio, look through is more limited, with roughly 75% covered for this exercise. Assets for which we have climate risk relevant look through include equity, corporate fixed income and private capital allocations. Alternatives, government bonds and cash meanwhile have been excluded due to data limitations. The remaining share of multi-asset allocations are not viewed as in scope for this exercise, as they comprise of advisory type solutions which we do not have discretion over. Due to data limitations, the review of our multi-asset portfolios includes a small proportion of assets sitting with SFIM Jersey.

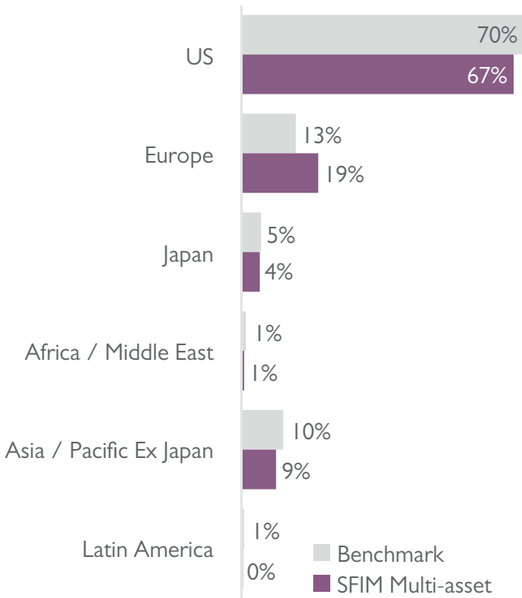
SFIM MULTI-ASSET ALLOCATION AND DATA AVAILABILITY



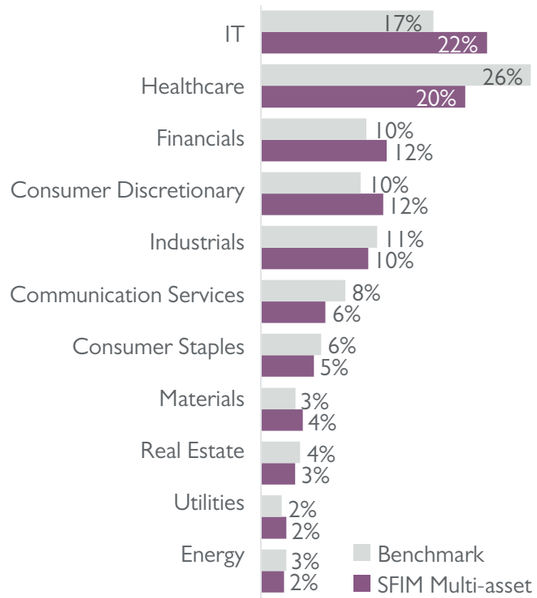
Source: FactSet, December 2024

The overall SFIM UK investment portfolio in large parts aligns with broad market-cap weighted indices in terms of geographic allocation, being slightly overweight Europe, particularly due to UK exposures, and slightly underweight US and emerging markets. Emerging Markets as per various climate impact analyses are projected to incur comparatively higher climate impacts than Europe and North America[24].

GEOGRAPHIC EXPOSURE IN %



SECTORAL EXPOSURE IN %



Source: FactSet, December 2024

24. WEF, 2021

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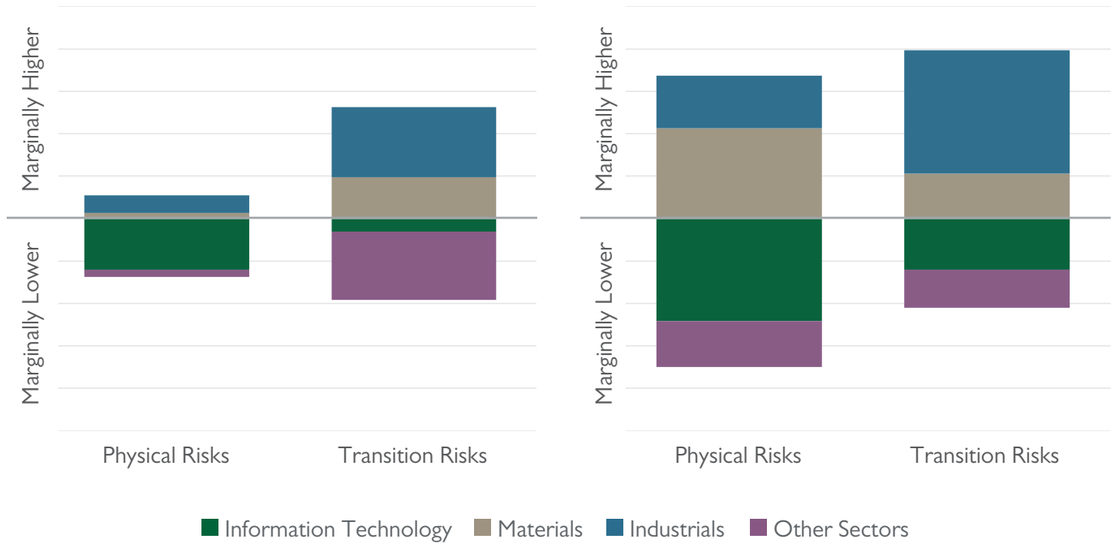
From a sectoral perspective, a similar picture presents itself. The SFIM UK investment portfolio in large parts aligns with broad market cap weighted indices. Looking at sectors, the largest differences include our above benchmark Healthcare, Financials, and Industrials exposures, as well as our below benchmark IT and Communication Services exposures.

SECTORAL CLIMATE RISK CONTRIBUTION COMPARED TO BENCHMARK - BELOW 2°C

SECTORAL CLIMATE RISK CONTRIBUTION COMPARED TO BENCHMARK - ABOVE 2°C



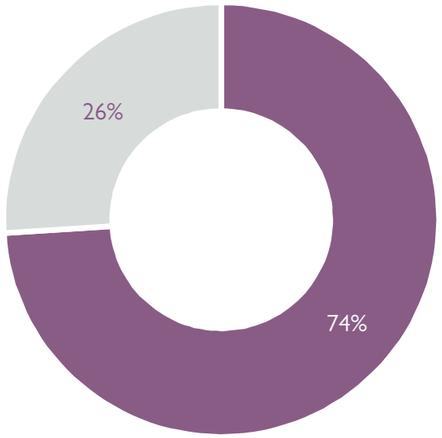
In terms of contributions to climate risks as compared to the applied benchmark, we see that while our overweight exposure to the Financials and Industrials sectors contributes to increased climate risks related to those sectors, our below benchmark exposures to IT and less so Energy sectors have a positive impact on our multi-asset portfolio's relative climate risk profile. Overall, this results in a risk level very close to that of the applied benchmark, and thereby of broader markets.

THIRD-PARTY MANAGER'S CLIMATE RISK MANAGEMENT APPROACH

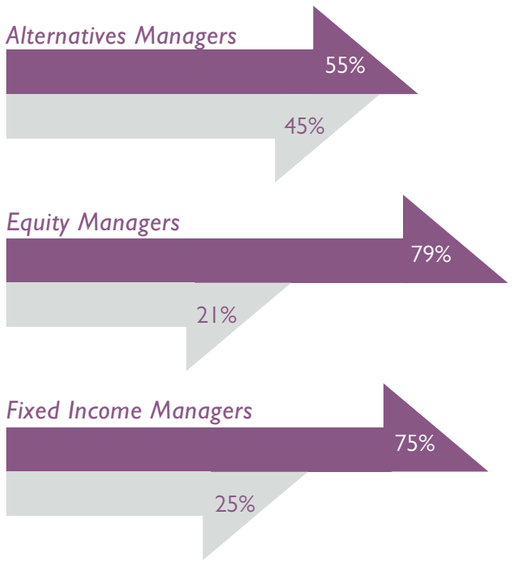
As stewards of our client's capital, we cannot rely on best case scenarios for climate risks to materialise, especially considering potentially highly material risks already in the short to medium-term. Given roughly two thirds of SFIM UK's assets are managed through third-party managers that we allocate to, we have limited direct control over the climate risks within a significant element of our AUM. A good understanding of the climate risk management processes employed by these managers is therefore a crucial part of our risk management and due diligence process. We therefore engaged over 50 of our third-party managers to provide information on their approach to climate risk management and monitoring.

As we engaged with these managers for the first time on climate matters in early 2024, the high response rate as well as interest in follow up conversations, in particular amongst our key third-party managers, stands out.

MANAGER RESPONSE RATE



MANAGER RESPONSE RATE BY ASSET CLASS



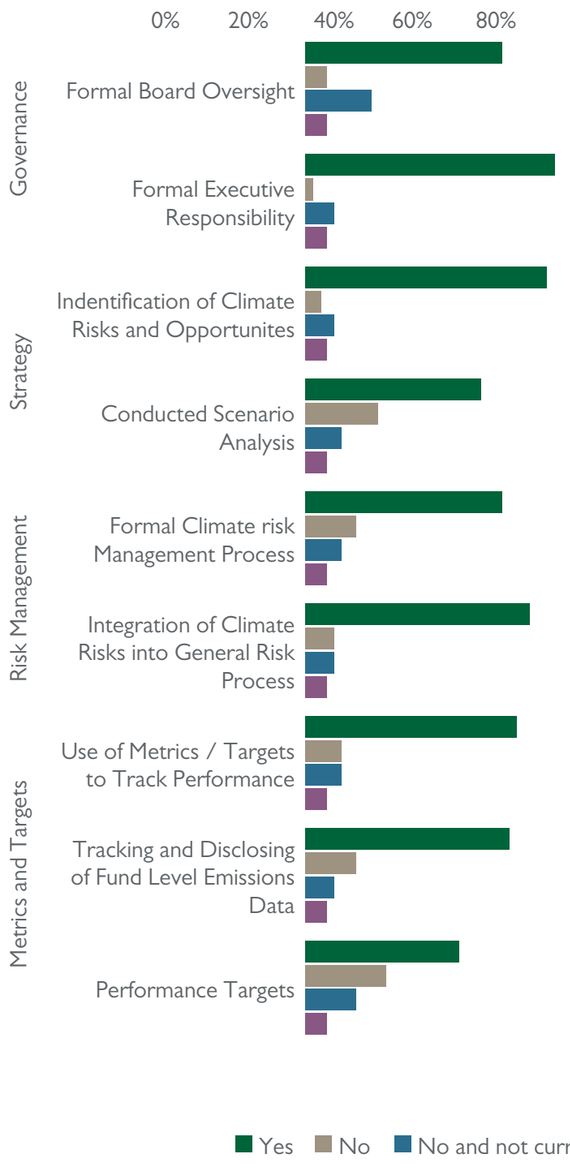
Manager responded Manager did not respond

We also note that a significant majority of our third-party managers organisationally integrate climate risk as per TCFD requirements, including into governance processes, strategy, risk management and through the use of metrics for performance measurement or target setting (see provided graphics). The largest gaps seem to exist around board oversight, scenario analysis as well as on-target setting. At product level, information on climate risks and potential impacts is not yet gathered to the same degree. Specifically, information on fund exposures to climate risks and fund level Climate Value at Risk was not provided by a majority of managers in which we invest. Emissions data, as required by TCFD, was however provided by a majority of managers.

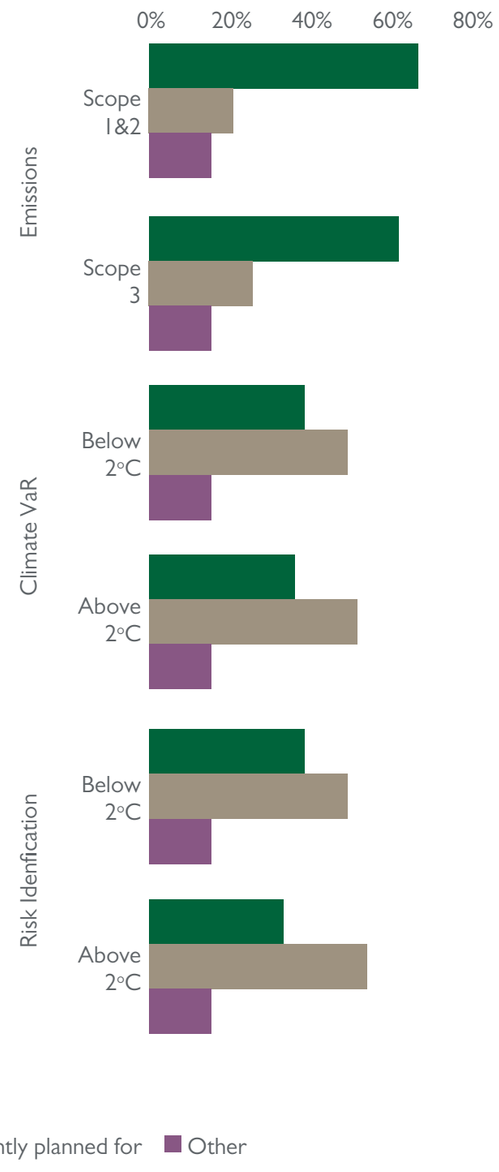
Growing our understanding of climate risk exposures at product level, through continued engagements, will be a focus for us going forward. With this, we gain a better understanding of our own risk exposures and contribute to moving the industry towards a better understanding and management of climate risks.

As stewards of our client's capital, we cannot rely on best case scenarios for climate risks to materialise...

ORGANISATION CLIMATE RISK INTEGRATION



PRODUCT LEVEL CLIMATE ASSESSMENT



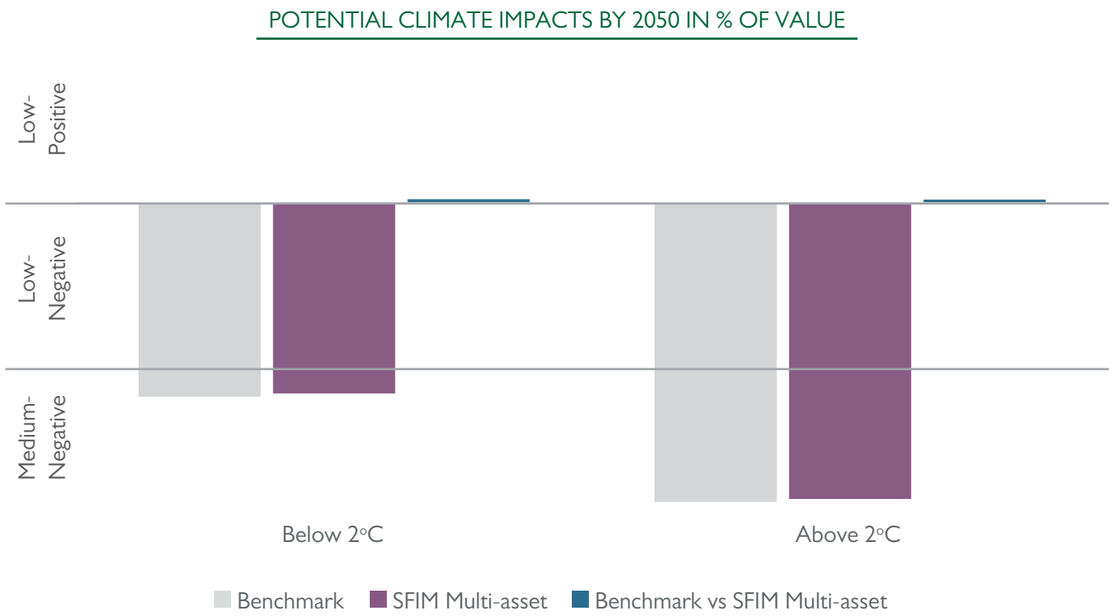
Where we identified material gaps in TCFD aligned climate risk governance at managers we allocate to, the potential risk of unmanaged climate risks at specific funds or managers was raised internally. This was the case for ca. 10% of responding third party managers, most of which were deemed too boutique to be able to satisfy TCFD aligned climate risk governance. Encouragingly, for the most material managers, we received clear rationales explaining the absence of TCFD-aligned processes and disclosures, along with, in some cases, descriptions of alternative practices they employ (see table). For the remaining managers, we either exited the positions since mid-2024 for reasons unrelated to climate, or we have scheduled climate-specific follow-up engagements.

Manager	Analyst Comment
UK Equity Manager	While not following TCFD recommendations to risk management, the manager applies a comparatively high shadow carbon price as part of its financial modelling. To us, this appears to be a reasonable way to attempt to price in the impact of climate change. Our view is that a more granular and TCFD aligned approach would, considering this being a boutique manager, be too resource and research intensive.
US Small Cap Equity Manager	Given the smaller size of the underlying holdings, obtaining robust climate data can be challenging. Many small cap companies do not have the resources to maintain dedicated sustainability or climate departments, and therefore struggle providing required data. Overall, we think the manager has made progress on this issue over the past years, which we keep monitoring.
Asia Equity Manager	The manager thinks about climate risk and sustainability from a risk minimisation perspective, which we discussed with their them in a meeting in early 2025, following our internal review in 2024. A particular challenge for them are trade-offs viewed in Asian equities between growth opportunities and the management of environmental risks social and governance risks. We will continue to engage with the manager on this topic.

We further discussed our stance on managers that did not engage with our request for information and determined that they constitute an immaterial share of our total allocations, and potential climate risk management gaps are therefore manageable from a portfolio impact perspective.

We will continue to monitor manager climate governance practices and engage managers on climate more broadly.

Summary



Considering the presented portfolio composition, both geographically and sectoral, we believe that at worst our multi-asset allocations mirror the applied benchmark in terms of climate risk profile.

That said, we believe that the expected below 2°C climate change scenario risk level by 2050 is moderate, with in particular lower allocations to the most affected geographies preventing a higher risk level. Our third-party managers overall having robust and TCFD aligned climate risk management processes provides us with additional confidence in these risks being managed and mitigated adequately.

Still, we believe that climate risk monitoring will become ever more relevant for our multi-asset portfolio considering its broad geographic, sectoral and asset class footprint, and we will continue to engage our third-party managers on the topic to ensure they sufficiently manage their risk exposures.

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LIMITATIONS

The approach we applied, relying on publicly available information and general assumption, naturally has its limitations.

Most importantly, we have limited portfolio-specific climate information at our disposal. While not a concern for the general assumptions we make about global economic impacts of climate change, we nonetheless rely on such general assumptions being sufficiently material to our portfolio, and on the comparability of different datasets and risk, opportunities, and impact expectations. This, despite our best efforts, still limits our climate scenario analysis to being high-level and not portfolio specific.

We recognise this limitation and endeavour to work on procuring portfolio specific climate data in the future. Despite the diversification level of our investment portfolio, we have confidence though in the projected absolute, and especially relative risk levels compared to benchmark. This being driven by the broad range of credible public sources we can draw from.

In addition, climate data limitations for a range of assets meant we had to exclude those from our analysis. Due to the complexity of our alternative investments, we excluded this asset class from this year's climate assessment, same goes for cash and what we class as "other" allocations, e.g. gold. We also excluded sovereign bonds from the analysis. Going forward, our aim is to obtain climate data for these currently excluded assets, where possible, to ensure we have sufficient look-through for our discretionary portfolio. Currently the coverage of our climate risk assessment for discretionary assets within SFIM UK sits at just over 70%.

As a result of the discussed limitations, we have not used the outputs of our analysis to inform SFIM UK's businesses, strategy, and financial planning. Our aim is to mature our portfolio climate risk assessment process and align it further with TCFD requirements over the coming years.

OPERATIONAL CLIMATE RISK MANAGEMENT AT SFIM UK

Considering the nature of our business, we have at this stage not identified financially material climate risks for our operations. This is due to the business currently operating from a single office in London, with flexible working arrangements and remote IT support in place in case of climate-related emergencies. We have started a process of gathering operational Scope 1, 2 and 3 emissions data in 2023 at Group level. Identifying related risks is an ongoing process. For more information see Metrics and Targets section.

Accordingly, we do not factor climate risk into our Group financial planning at this stage.

A HOLISTIC LOOK AT CLIMATE RISKS AND OPPORTUNITIES

Having looked at the overall financial materiality of climate impacts for the SFIM UK investment portfolio, we have further assessed climate risks for SFIM UK more broadly, in line with TCFD physical and transition risk categories, as well as opportunities. The aim being a more granular understanding of climate risk exposures not just within our investment portfolio or operationally, but for the business as a whole. To achieve this, a qualitative assessment has been conducted using existing expertise from the SFIM UK investment team.

While we have not identified significant physical climate risks for SFIM UK's operations, we do acknowledge the considerable transition risks our operations face.

Breaking down climate risks and opportunities into TCFD aligned categories, we have identified the evolving regulatory landscape as our most immediate and highest investment-related transition risk, with increasing demands for climate-related disclosures and performance target-setting having a considerable impact on resourcing requirements. Increasing uncertainty as to the direction of travel and ambition since late 2024 further increase the overall complexity of potential regulatory risk exposures. We have further identified changing consumer expectations as an important risk to manage. Having ourselves identified a keen client interest in values-based investments, in particular with younger cohorts, ensuring that our investment products and services are able to satisfy client expectations now and in the future is an important factor for our business development process. With climate considerations playing an increasingly large role in public discourse, ensuring that we are able to communicate on the climate performance of our funds and portfolios in a way that speaks to clients will become increasingly important. Finally, reputational implications of not communicating adequately about the investment-related climate risks we face to our clients is another important risk factor we identified as having potentially significant medium-term implications on our business.

Beyond risks, we have also identified climate-related opportunities. Here, we see new and changing market opportunities as having the highest short-term potential. Changing client preferences and an increasingly large sustainable investment fund and company universe make this part of the market an increasingly robust and interesting alternative to investments which do not explicitly incorporate sustainability features.

TRANSITION RISKS

	Description	Relevance From	Expected Impact Magnitude	Risk Management Approach
Policy & Legal	Measures to reduce emissions and promote faster adaptation to climate change have a negative financial impact on our client portfolios or our business. Litigation Risk against SFIM or the businesses in which we invest (directly or via external fund managers), for example for failing to effectively mitigate climate-related impacts.	Short-term	Medium	▶ Increased resources allocated to compliance, enhanced regulatory horizon scanning ▶ Training on climate and other sustainability matters and regulations to team and executive ▶ Anti-greenwashing policy and training
Technology	Our business or the businesses in which we invest (directly or via external fund managers) do not keep pace with climate-related technological advancements.	Medium-term	Medium	▶ Assessment of business climate and sustainability data needs, and initial review of data providers ▶ Setup of sustainability risk reviews driven by third-party data inputs ▶ Screening of exposure to controversial activities, including RepRisk for controversies and Morningstar for among others coal and fossil fuel exposures
Consumer Markets	Our business or the businesses in which we invest (directly or via external fund managers) do not offer clients/ consumers appropriate investment services to meet their changing preferences.	Short-term	Medium	▶ Built out a sustainable investment offering for clients
Reputation	Our business or the businesses in which we invest (directly or via external fund managers) do not take climate related measures expected of them, resulting in reputational damage.	Medium-term	High	▶ Introduction of Anti Green-washing Policy, to ensure accurate and consistent external communications ▶ Signatory to international responsible investment frameworks (UN PRI, UK Stewardship Code) ▶ Establishment of the Responsible Business Group, to create a forum for reputational risk management

PHYSICAL RISKS

	Description	Relevance From	Expected Impact Magnitude	Risk Management Approach
Acute	Increased severity of extreme weather events such as cyclones and floods, with impact on investment portfolio performance.	Short-term	Low	▶ Introduction of sustainability and climate risk factors into regular investment risk reviews ▶ Long-term investment focus creates natural inclination for factoring in material long-term sustainability ▶ Executive oversight over portfolio-wide climate risks
Chronic	Changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures or rising sea levels resulting in impact on investment	Short-term	Low	▶ Introduction of sustainability and climate risk factors into regular investment risk reviews ▶ Long-term investment focus creates natural inclination for factoring in material long-term sustainability ▶ Executive oversight over portfolio-wide climate risks

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OPPORTUNITIES

	Description	Relevance From	Expected Impact Magnitude	Risk Management Approach
Resource Efficiency & Energy Source	Reduced operating costs or market opportunities for businesses we invest in relating to climate change.	Medium-term	High	▶ New investment opportunities emerge through change in resource use and energy efficient characteristics of global investment universe / companies offering products or services to enable energy transition activities
Products and Services	Increased demand for climate-friendly products and services. Better competitive position for such products, reflecting shift in consumer preferences.	Medium-term	High	▶ Develop new products and services, such as our sustainable offering, to meet client needs and engage with market opportunities ▶ Aim of embedding climate risk assessment across portfolios ▶ Monitoring opportunities (e.g. attaining SDR and SFDR labels for products)
Market	Increased investment universe of climate-friendly companies and investment products.	Short-term	High	▶ Increasing demand for sustainable products creates business development opportunities ▶ Increased number of labelled or certified funds creates a larger and more robust investment universe for our multi-asset fund-of-funds offering

Whilst we are aware of potential climate risks and opportunities relating to our investment portfolio, those do currently not form a material part of our investment decision-making process.

RISK MANAGEMENT

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Climate risk management is important to us, considering the long-term investment horizon we have. We therefore have been on a journey to integrate climate considerations into our overall risk framework over the past years. This to us is an ongoing process.

OPERATIONAL RISK MANAGEMENT

At an organisational level, SFIM UK does not currently conduct climate risk reviews. We therefore started a process in 2024 of introducing climate risks and broader sustainability risks into our Group risk framework, reviewing the risk types we monitor and how climate and sustainability considerations might impact both likelihood of a risk materialising and impact magnitude. For 22 out of 48 risk categories, we identified a climate or broader sustainability component, with primary risks being of strategic and business development nature.

We will conduct a first climate and sustainability risk monitoring exercise in 2025. Our aim is to conduct at least an annual climate risk monitoring exercise, as part of our overall Group risk monitoring process. An update on the structure and outcome of this undertaking will be provided in next year's TCFD report.

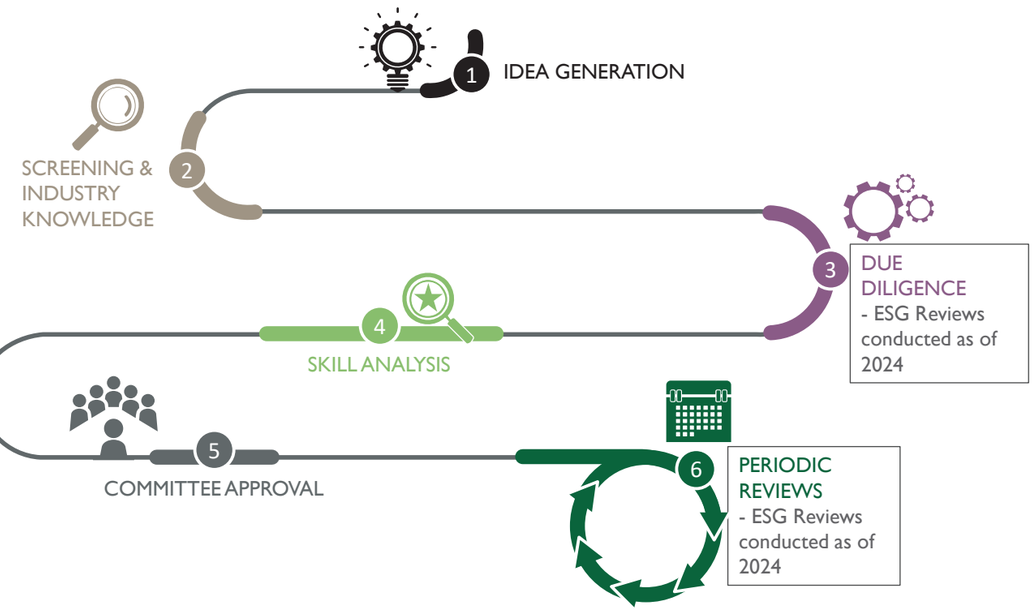
INVESTMENT RISK MANAGEMENT

Similar to our organisational process for climate risk reviews, we are also in the process of setting up a structured framework for climate risk management in our investment research.

In 2023, we constituted a monthly ESG Risk Committee for our flagship GBI fund. Currently the fund monitors the emissions profile and controversies of its constituents as part of its ESG risk meetings. It further conducted a climate review of all its holdings in Q4 2024, to understand the risk profile of its constituents. For further information on this, please see the Strategy section of this report, as well as the Engagement and Collaboration section on the following pages.

We have further started a process of introducing ESG risk reviews for our multi-asset investment portfolio. This undertaking is currently ongoing, and further information will be provided in next year's report. In addition, we have introduced a formal process of reviewing funds we newly introduce into our portfolios as to their sustainability practices, credentials, and profiles. This collaborative process between our multi-asset investment team and our ESG team, we believe, provides robust due diligence on climate and sustainability risks more broadly.

SFIM UK MULTI-ASSET INVESTMENT PROCESS



Beyond setting up a structured approach for managing climate risks across our investment portfolio, we have always assessed the starkest climate risks both relating to our direct equity and third-party managers through our detailed company and third-party manager research and due diligence process. By investing primarily in high quality growth businesses through our direct equity capability, and by conducting extensive manager due diligence with the aim of understanding process and philosophy of the managers in which we invest, we believe a sensible level of climate risk mitigation already takes place now.

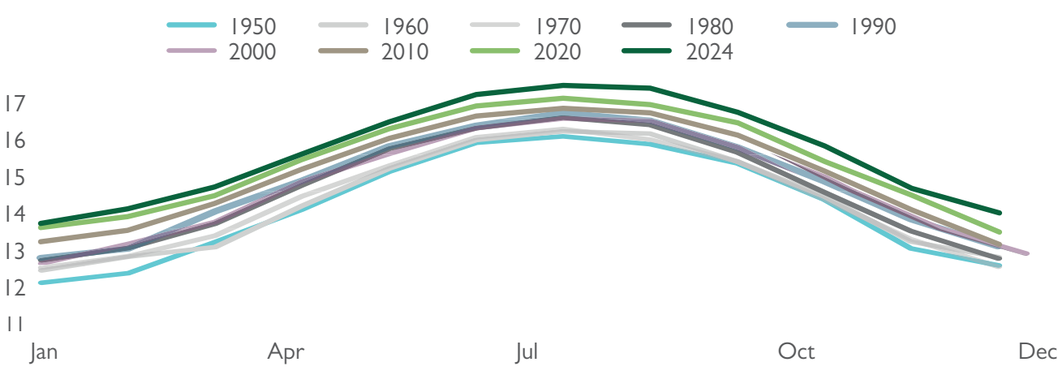
We further conduct product-specific climate research pieces that support both our direct equity and third-party manager selection process where deemed relevant, the aim being to contextualise investment opportunities from a climate perspective.

The following charts on pages 70-73 are an example of a research piece conducted for our sustainable investment offering in 2023 and updated in 2024.

Current Climate State

THE WORLD IS WARMING AT A FAST PACE

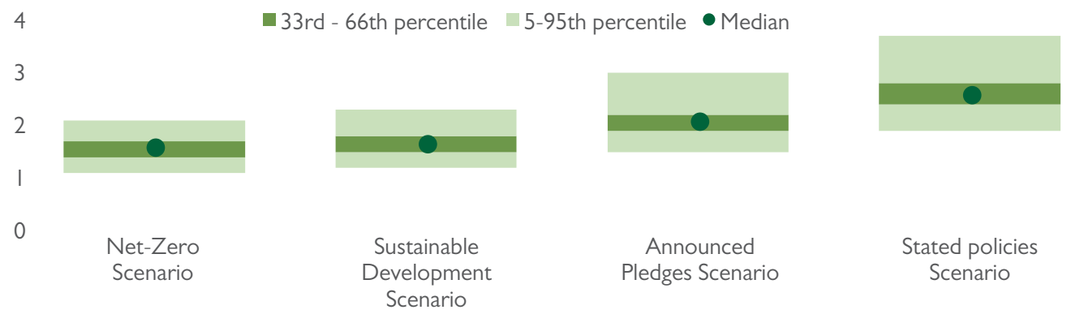
Global average air surface temperature (°C)



Source: Copernicus Climate Change Service, January 2025

AND SET TO CONTINUE IN ALL SCENARIOS

Temperature rise (°C) above pre-industrial averages



Source: IEA. World Energy Outlook 2021

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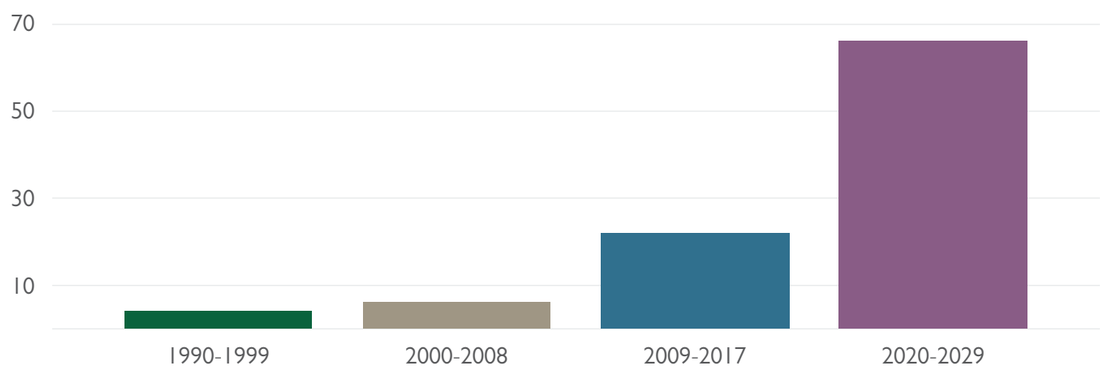
MATERIAL USA CLIMATE INVESTMENT IN RECENT YEARS

Average annual US climate spending in different periods ($bn)



Source: Credit Suisse, RMI, November 2022. 2020-2029 are estimates.

BUT MUCH MORE REQUIRED FOR NET-ZERO

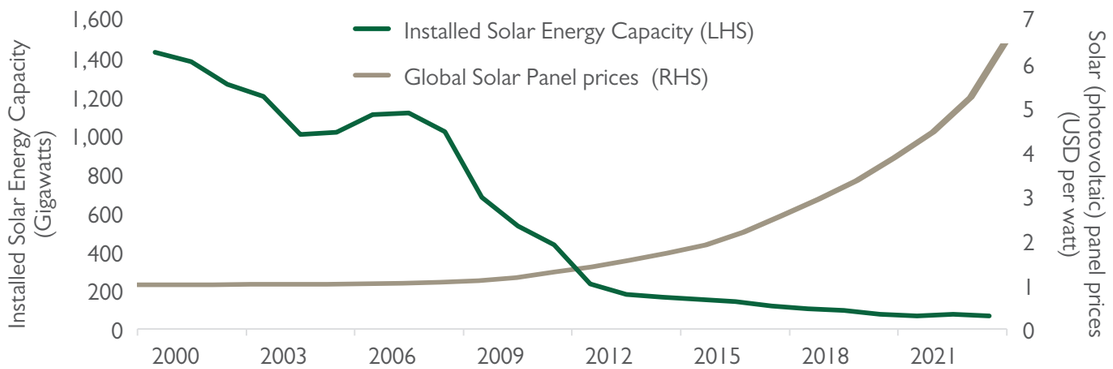
Global annual spending needed in physical assets to reach net-zero ($tn)

Source: McKinsey, 2022

Energy Transition

HIGH SOLAR GROWTH AS CHEAPEST FORM OF ENERGY

Cumulative Solar energy capacity vs Solar panel price



Source: Solar (photovoltaic) panel prices, Installed solar energy capacity, IRENA (2024)- processed by our world in data, November 2024

SOME PROGRESS ON BUILDINGS EFFICIENCY

Region	Date	Progress
Japan	2022	Zero-energy performance buildings for all new buildings by 2030 and existing by 2050
EU	2023	Zero emissions for all new public buildings by 2026 and all new buildings from 2028
US	2023	American Society (ASHRAE) publishes zero net energy and zero net carbon standards
China	2022	Requires all new, expanded, or renovated buildings to be designed for energy efficiency

Source: Building - Energy System - IEA, December 2024

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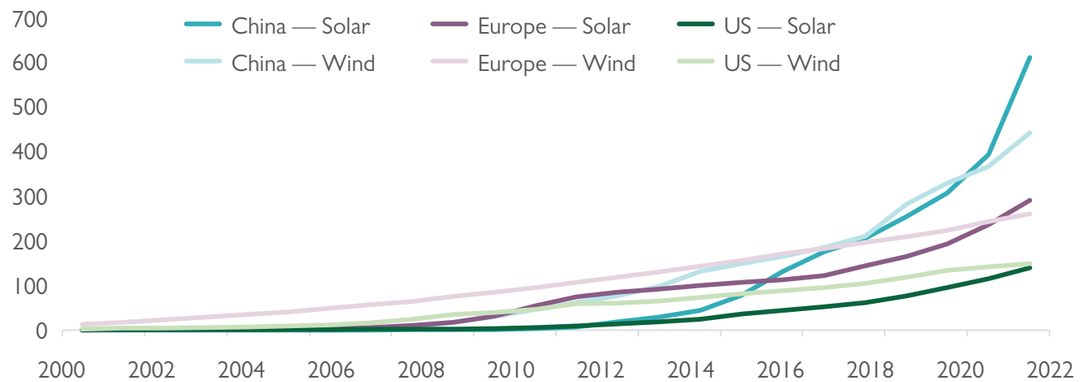
CHINA LEADING THE WAY IN RENEWABLES

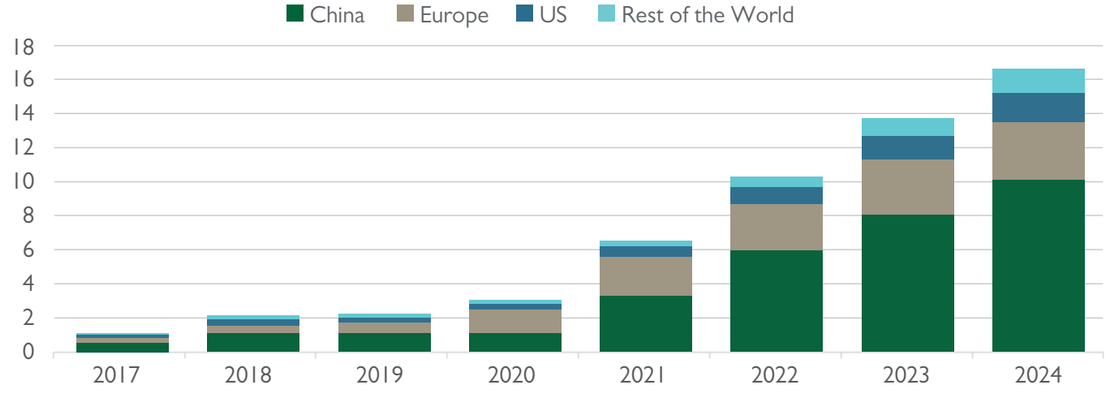
Installed Solar and Wind Energy Capacity (Gigawatts)



Source: Installed wind energy capacity, Installed solar energy capacity, IRENA (2024)- processed by our world in data, November 2024

EV GROWTH CONTINUES

Electric Vehicle sales by region (in millions)



Source: Electric Vechicles - IEA, December 2024

"We are confident that the most significant opportunity we will have to effect positive change to the world's climate will be to act thoughtfully and responsibly in engaging with both the companies in which we invest and the third-party managers to whom we allocate capital."

Graham Wainer
CEO SFIM UK

ENGAGEMENT & COLLABORATION

Beyond our ambition to set up a structured process for climate risk management, we have identified climate-related engagements as an important contribution to understanding and mitigating climate risks. By increasing the transparency of our expectations for climate risk management with our third-party managers to better understand their governance, strategy, risk management and monitoring of climate risks, we are able to manage our risk exposure and help to improve industry practices around climate risk management.

For this reason, we have now conducted our first TCFD specific engagement with all of our third-party managers, which we used to assess our own SFIM UK investment portfolio climate risk exposures (see Strategy section). Engaging with 50+ managers on their climate practices was a considerable undertaking that helped us sharpen our own priorities relating to climate risks. We will further use the outcomes of this engagement for our internal climate risk reviews and as a starting point for further conversations with third-party managers where risk management gaps were identified. We have already held a number of follow-up calls to engage on specific aspects of manager risk management, as well as to communicate our expectations, and will continue to do so throughout 2025. We will further use this initial engagement as an input for defining our own climate-related targets.

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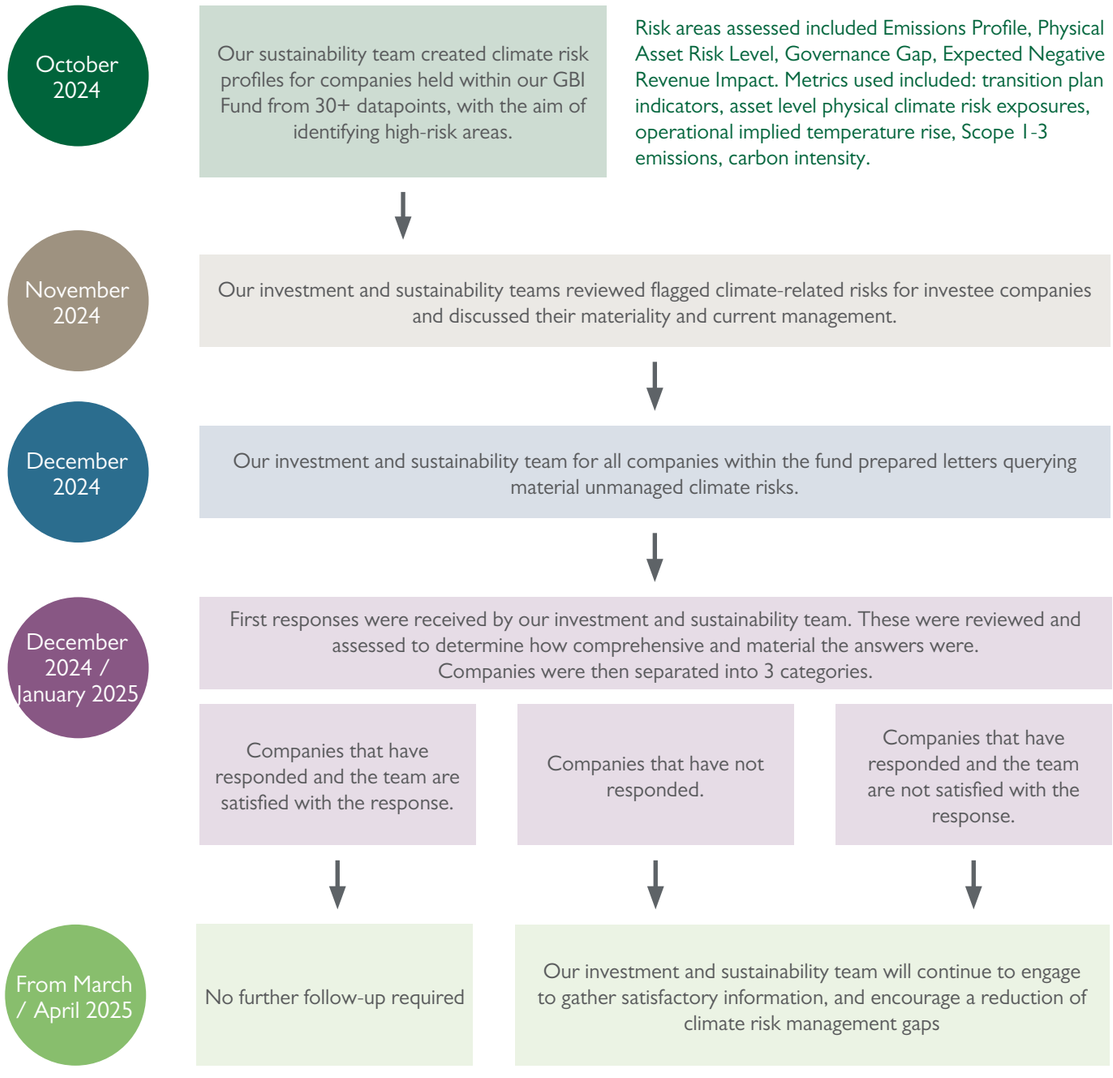
INTERNAL EXPERTISE – CLIMATE ENGAGEMENT FOR GBI FUND

In late 2024 we wrote to all companies then owned in the GBI Fund asking them to provide further details on specific climate-related risk exposures and risk management gaps we had identified through an internal review. A follow-up with companies that did not at this point provide a response was further initiated in May 2025.

Many of these companies have a global footprint and supply chains, and we hold them to above average standards of execution to ensure their climate risk exposures are robustly managed. Failure to manage climate risks could result in financial penalties, litigation, customer boycotts, damages to physical assets, etc., all of which could have a material impact on the sustainable growth and profitability of a company.

As part of this undertaking, we conducted a data driven review of the constituents of the fund, classifying their climate risk profile along four axes using 20+ datapoints provided by various of our ESG data vendors. For further details, please see Fund Holdings' Climate Profiles piece in Strategy section. As already discussed there, primary risks for the GBI fund lie in high emissions levels and potentially negative revenue impacts relating the climate change, while in large parts robust governance and a moderate to low level of physical risk exposures help moderate the overall risk profile of fund constituents. Overall, we were pleased with the presented picture, as it reconfirms our approach of focusing on well governed, high-quality companies.

The process in which this engagement took place can be seen in the graphic below. In addition, two examples for company engagements as part of this initiative are provided.



As the engagement was started in late 2024 we are still assessing received feedback and will continue to engage on this topic throughout 2025, in particular to follow-up with companies that have not yet responded to our initial outreach and to encourage companies that did not provide satisfactory responses. A total of 10 of 28 companies have so far responded our engagement letters.

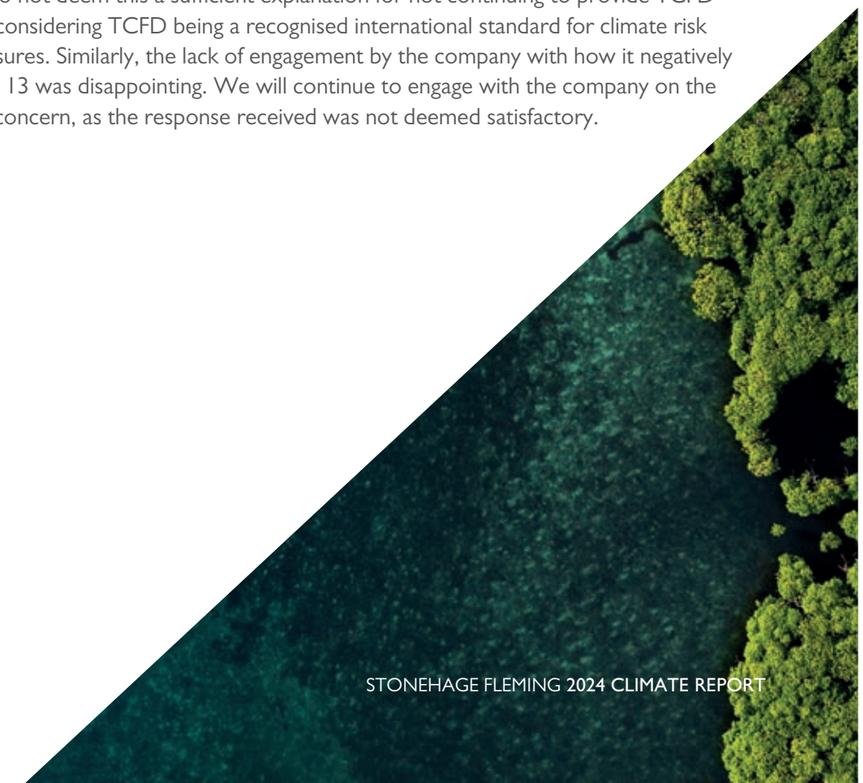
EXAMPLE COMPANY A

US industrial company focused on electrical power distribution.

Review and Request	For this company, we identified a range of climate-related issues, including their removal of an Science Based Targets Initiative (SBTi) net-zero commitment from SBTi's homepage, their high emissions levels (across Scope 1-3), carbon intensity and the Implied Temperature Risk of their operations, as well as a material exposure of their assets to physical climate risks, in particular heatwaves. We requested further information on why as per the SBTi homepage the company's SBTi commitment had been removed; information on upcoming initiatives, processes and policies aimed at reducing the company's Scope emissions and carbon intensity, as well as how they plan to mitigate physical climate risk exposures across assets.
Response	The company acknowledges the importance of reaching net-zero emissions by 2050 and although their SBTi commitment had been rescinded, a new one was submitted for review in January 2025. Anticipating SBTi approval, the company will have in place net-zero goals across Scopes 1, 2 and 3 at some point in 2025. They further presented to us their carbon reduction strategy, which focuses on energy efficiency, electrification and increasing the use of renewables. This will be done through: energy efficiency in manufacturing processes; on-site solar use where feasible; off-site use of large-scale renewables. For scope 3 emissions reductions they aim to: contribute to greening of the grid; transitioning to sustainable aviation fuels and other biofuels; improved efficiency of their products; circularity, including material inputs and end-of-life product management. Regarding physical climate risks, the company argued that emissions reductions are the best way for them to reduce exposures.
Opinion	The provided response was granular and engaged with the three topics we raised. The presented details enabled us to understand what processes the company has in place and how it will set out managing identified risks. We were particularly encouraged by the company sharing its intent to put in place new SBTi commitments and targets. The presented approach to physical climate risk management is deemed somewhat lacking, and we will continue to monitor and potentially engage on this topic.

EXAMPLE COMPANY B
Large European Technology Equipment Manufacturer

Review and Request	For this company, we identified a lack of an SBTi approved net-zero target, a high emissions level and carbon intensity, as well as a material revenue share being flagged as having a negative impact on SDG13 - Climate Action as concerns. We requested further information on how the company plans to reduce its absolute emissions level and intensity, its plans for setting SBTi approved net-zero targets and how it aims to manage negative impacts on SDG13. We also encouraged the company to structure its climate disclosure in line with the 11 TCFD disclosure requirements.
Response	The company provided a stock response outlining their climate ambitions and how those will enable them to achieve net-zero by 2050. The company further explained that while it published a TCFD report in 2022 and 2023, it decided to align its reporting with CSRD instead as of 2024, and has no plans to revert back to TCFD-aligned reporting currently. The company did not provide details on how they plan to reduce its negative impact on SDG 13.
Opinion	Whilst being provided the company's projected route to net-zero and how they believe this will be achieved was helpful to us, the lack of targets and detail in the provided answers stood out as negatives. Furthermore, while we acknowledge CSRD-aligned reporting being a requirement for the company and there being material overlap between CSRD and TCFD climate reporting requirements, we do not deem this a sufficient explanation for not continuing to provide TCFD-aligned disclosures considering TCFD being a recognised international standard for climate risk management disclosures. Similarly, the lack of engagement by the company with how it negatively contributes to SDG 13 was disappointing. We will continue to engage with the company on the identified topics of concern, as the response received was not deemed satisfactory.



EXTERNAL EXPERTISE – CLIMATE ENGAGEMENT FOR SUSTAINABLE PORTFOLIOS

Considering the aims of our sustainable offering, we put a particular emphasis on ESG engagements for this strategy. The ambition being to expand our understanding of third-party managers approaches to important sustainability topics and to use our influence to encourage third-party managers in which we invest to improve their management of ESG issues.

ESG Engagement

In late 2024, we conducted a topical ESG engagement with every manager held in the Global Sustainable Investment Portfolios (GSIP). The engagement included a range of material ESG topics, including specific climate risk management gaps which we identified in our Spring 2024 TCFD engagement and the manager's net-zero ambitions. Following our engagement, all managers provided written feedback, with further follow-up conversations being assessed as of early 2025. In addition, we engaged a sub-set of managers on identified exposures to controversial activities (see next section). Overall, we were satisfied with the quality of provided responses, including provided information and rationales on policies and current practices.

On identified TCFD gaps, managers provided robust explanations as to reasons for identified gaps, such as cost or data robustness, or otherwise outlined plans for reducing identified gaps over the coming years.

Meanwhile on climate we noted continuing scope for increasing ambitions and commitments with engaged managers. In particular a negative industry-wide trend towards withdrawing from international initiatives such as CA100+ or NZAM has to be noted in this context, with various engaged managers being affected. For us, robust climate risk management and engagement practices are paramount, and we will continue to monitor and engage managers on this topic to ensure robust practices and ambitions are maintained.

Sustainability Exposure Checks

In line with our Sustainability Screening and Exclusions policy we further engaged with managers where breaches to GSIP ESG screening thresholds were identified. In total, three managers were engaged relating to holdings with exposure to controversial weapons, UNGC breaches, fossil fuel exposures and military contracting exposures. For such screenings we rely on Morningstar.

We received robust and satisfactory responses to our ESG exposure related engagements, with managers providing granular and insightful rationales as to their holding of companies flagged by our data provider. We found that third-party managers were actively engaging on this topic, with a keen interest in discussing investments in companies with exposure to controversial activities. Managers either presented to us a clear justification for continued investment, or showed an openness to exploring rationales for continued investments and divestments.

Fund	Controversy	Outcome
Environmental Equity Fund	Fossil Fuel Exposure	We asked one of our sustainable equity managers for details on one position with exposure to fossil fuels. The manager highlighted that the company is held for its offshore and onshore renewables exposure, which by now accounts for most of their revenues and profitability. The manager further elaborated on the company's revenue exposure to fossil fuels being the result of legacy natural gas assets that account for a decreasing share of revenue and profits - 18% of EBITDA as per Q3 2024. They further highlighted to us their continued dialogue with management of the company and their monitoring of the company's decreasing fossil fuel exposure, which makes them confident in its continued focus on particularly offshore wind development. Our view is that the manager is aware of the fossil fuel exposure and has a robust rationale for still being invested. We will continue to monitor the company and reengage the manager in case problematic revenue trends are noted.
Climate Equity Fund	Fossil Fuel Exposure	We asked one of our sustainable equity managers for details on two holdings flagged through our controversial activity screening, namely for fossil fuel exposures. One company had recently been divested from. On remaining fossil fuel exposures, the manager explained that the company in question has two business segments with material exposure – ca. 17.5% of total revenues – thermal power generation and energy markets. Importantly, fossil fuel exposure is related to use of natural gas, with currently no exposure to coal-fired activities. In addition, 90% of capital spend in FY 2023 went towards regulated networks and renewables build-out. The manager therefore noted that while they are aware of a persisting fossil fuel reliance, they expect an increase in renewables and network footprints, reducing fossil fuel exposures. Our view is that the manager provided robust rationales for remaining invested in this company. We will continue to monitor both companies and reengage the manager in case problematic revenue trends are noted.

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EXTERNAL EXPERTISE

Underlying Manager Engagements

Our third-party managers conducted many hundreds of engagements with companies directly during 2024. The below examples are provided by our third-party managers and have been anonymised considering the often-sensitive nature of company engagements.

FIXED INCOME EXAMPLE

Company	The manager engaged with an integrated power utilities company present across all parts of the energy value chain, which has a tilt towards energy networks and renewables.
Reasons for Engagement	Due to the need to understand the investee's approach to nuclear power decommissioning and thermal coal plant closures, the manager engaged with the investee's IR team.
Actions	In terms of nuclear power, the company noted that all their nuclear plants were shut down in March 2023, and that the decommissioning is too advanced to reverse. On thermal coal operations, the company confirmed that they will exit their remaining coal activities by 2028 in line with their domicile government requirement. The remaining capacity accounted for less than 5% of revenues in 2023 and is projected to decrease further in 2024. With regards to activities associated with alternative energy sources, the investee will be active in the German national hydrogen network and has exhibited optimism about hydrogen usage.
Outcomes	The manager will continue to maintain an active dialogue with the investee as a leader in networks and renewables additions. In the future they will place focus on an accelerated timetable for coal closure to enable an increase in existing investment exposure.

SUSTAINABLE EQUITY EXAMPLE 1

Company	The manager engaged with a multinational clothing company on how it supports workers throughout its supply chain adapting to physical climate risks and how it addresses associated human rights risks.
Reasons for Engagement	The manager views the company to be its early stage of understanding supplier related physical climate risks and impacts on people.
Actions	Through the engagement the manager solidified their view that the company's approach to proximity sourcing may lessen exposure to Southeast Asia manufacturing hubs, as well as that it is currently unclear how the company understands climate-related human rights risks at supplier level. The manager further notes that the company does not appear to consider human rights related climate adaptation measures, rather relying on compliance with local legislation.
Outcomes	The manager believes the topics are increasingly on the company's radar, with hope that future engagements can be used to work with the company to develop this further. Therefore, the manager will continue to monitor and engage where they feel necessary.

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SUSTAINABLE EQUITY EXAMPLE 2

Company	The manager has engaged with an international water treatment and filtration company for several years, covering their climate risk management processes and disclosures.
Reasons for Engagement	According to the manager the firm had made limited progress in advancing the disclosure of its climate-related processes and performance data.
Actions	▶ In 2024, the manager voted against the election of the Board Chair and abstained from the vote for the Chair of the Audit Committee. Both were responsible for overseeing climate-related risks. ▶ The company noted that it has now measured and reported Scope 1 and 2 emissions to a Middle Eastern country's Environment Ministry (though the data was not publicly available) and detailed effort to reduce emissions. ▶ In June 2024, the company communicated that the disclosure of Scope 1 and 2 emissions data was the result of the manager's previous engagement and request. ▶ The company has also begun to disclose updated figures on water consumption and waste management and has set a high-level commitment to continuously reduce Scope 1 emissions.
Outcomes	The manager will continue to engage the company and share best practices, as the company's Scope 3 emissions reduction ambitions and broader reduction targets has been limited to date.

SUSTAINABLE EQUITY EXAMPLE 3

Company	The manager has engaged with a UK speciality chemicals company since 2020, primarily on climate-related risk management.
Reasons for Engagement	In alignment with TNFD, the manager has recently shifted its engagement focus toward assessing nature-related risks.
Actions	In 2023 and 2024 the manager was involved in a collaborative engagement to assess the company's nature-related dependencies and impacts. The company's initiatives on nature are captured under a what they call 'Land Positive' commitment. Although, the company has not undertaken a full nature impacts assessment, they are confident of having assessed material aspects of nature, captured through updates to its double-materiality assessment for CSRD disclosure, and aligned with the TNFD and SBTN.
Outcomes	The company is reviewing its overall sustainability leadership strategy with its executive team and board. It is currently considering setting FLAG targets (forest, land and agriculture) as a proxy for understanding and managing land-use change and reducing nature-related impacts. The manager will continue to monitor these practices. The company has indicated that it will publish nature targets in due course. The manager will review 2025 disclosures and continue to engage on this topic

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SUSTAINABLE EQUITY EXAMPLE 4

Company	The manager engaged with a global transport and logistics company.
Reasons for Engagement	The purpose of the engagement was to understand the reasons behind an anomalously high figure reported for a Scope 3 emissions category, as well as their lack of science-based targets in their net-zero strategy.
Actions	In March 2024, the manager initiated a dialogue with the company's sustainability team and queried this emissions figure. An error caused by confusing kilotons (ktCO2) and metric tons (tCO2) was the result of the emissions reported. The company does not expect similar errors to recur, but acknowledged that some reallocation of emissions across Scope 3 categories may take place in the 2024 reporting cycle. On science-based targets, the company outlined their Net-zero strategy, which includes an ongoing resubmission of their science-based targets and a shift from absolute to intensity-based targets, whilst remaining committed to their near-term 2030 goal.
Outcomes	To the manager, this engagement highlighted the challenges that companies face when calculating their emissions and helped build a stronger relationship in the long-term. The conducted due diligence was positively received by the company, and the manager will continue to monitor climate and other data disclosures of this firm going forward.

EQUITY EXAMPLE

Company	The manager engaged with a builder merchants' company.
Reasons for Engagement	As the investee had not yet provided a timeline or sufficient transparency in disclosing a 2050 net-zero target, and following the manager's vote against the re-election of the Board Chair at the 2023 AGM on this basis, the manager maintained its voting stance—aligning with nearly a quarter of other shareholders.
Actions	Following the AGM, the investee announced a 2050 net-zero target, agreed disclosure of scope 3 emissions and highlighted intention to have validated SBTi targets by the end of 2024. After a follow-up engagement in February 2024, the manager acknowledged the targets and company's progress toward net-zero. In July 2024, these targets were officially validated by the SBTi.
Outcomes	The manager will continue to monitor the company and escalate engagement topics through voting practices.

SFIM – COLLABORATION WITH OTHER ASSET OWNERS

In 2023 we became actively engaged with a collaborative climate focused initiative for UK wealth managers. In 2024 we maintained our involvement, being represented by our Head of Sustainable Investment.

Name	Sustainability focussed working group of UK wealth managers.
Purpose	The purpose of the group is for wealth managers to effectively and collaboratively engage on sustainability-related topics, including climate, recognising that we are in a unique position to influence the broader investment industry on behalf of our clients. The purpose of the group includes but is not limited to: ▶ Collaborating and sharing best practice on sustainability-related topics. ▶ Being practitioner lead. ▶ Focus on fiduciary duty and acting in the best interest of clients.
Our role	We have been a member since 2023 when the group was founded.
Specifics	Working on best practice in terms of climate disclosures and stewardship. We have evolved our own questionnaire and engagement practices on the back of the discussions of this group. Further work is being done now which should be actioned in 2025.

METRICS AND TARGETS

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Metrics used in this section of the report have been calculated in accordance with TCFD requirements.

The calculation methodology for all metrics can be found in the appendix.

OPERATIONS

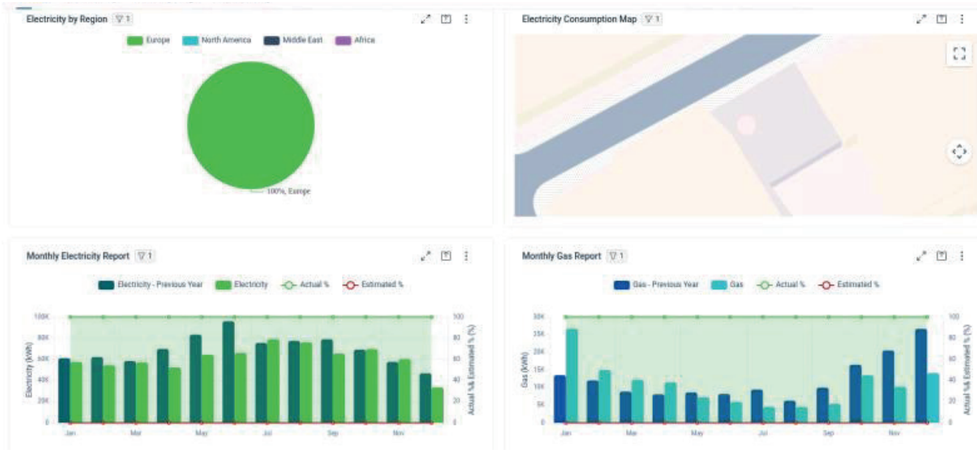
Since financial year 2022/23 we have gathered operational Scope 1 and 2 emissions data for Stonehage Fleming's London office, which we collect with support from an external service provider. In September 2022 we moved into a new London office, of which SFIM UK occupies roughly 40% of the floor space. Our new office is in a BREEAM certified building, which has significantly changed our operational emissions profile. As a result, we have not been able to set operational emissions targets, as we only have short-term data available. However, we have been able achieve a considerable reduction in emissions over the past two years, with an annual reduction of Scope 1 and 2 location-based emissions of roughly 22% from Financial Year 23/24 to 24/25 alone. We have further for the first time gathered business-related travel Scope 3 emissions data for this report. For these emissions, which encompass business-related travel of the SFIM UK staff, either to other Group offices or for client purposes, we have seen an increase of 8.3% from 23/24 and 24/25. We are cognisant of this and aim to assess options for reducing or offsetting travel-related GHG emissions over the coming years.

Stonehage Fleming UK – Operational Emissions in Tonnes[1]	2022/23	2023/24	2024/25	% Annual Change
Scope 1	85.86	27.07	20.95	-22.61%
Scope 2 – Location Based	56.37	79.50	69.49	-12.59%
Scope 2 – Market Based	39.48	147.05	132.74	-9.73%
Scope 3 – Business Travel		454.14	491.80	8.29%
Total – Scope 1 & 2 Location Based	142.23	106.57	90.44	-15.14%

1 Values for SF UK London office, of which SFIM UK occupies roughly 40% floor space and has 50% of FTE employees

Having signed with Siemens for their Awarely platform in December 2024, we expect our operational emissions data to become more robust going forward. As part of onboarding with Siemens we have started a process of automating our invoice-based emissions data gathering across Group offices. We are confident that this will enable us to also track data for additional Scope 3 emissions, such as waste, for which we hope to report emissions figures over the coming years.

Our aim behind acquiring a new operational environmental data system is to start monitoring our performance and set long-term and intermediary performance targets, including net-zero targets for Scope 1, 2, as well as potentially for operational Scope 3 emissions. This will be possible by leveraging off this new data system's capabilities for effectively gathering, tracking and presenting information. An update on our target setting ambitions will be provided in next year's TCFD report.



Source: Siemens Awarely

Beyond better data quality, we have also implemented a number of initiatives specifically aimed at reducing operational emissions. These include a review of our London canteen meal plan, resulting in a change in early 2024 towards reduced servings of red meat. We also started looking into options for reducing the provision and use of single use plastic in our canteen, as well as reducing printing across the business, thereby cutting down on our waste related emissions. We have further started exploring options to introduce sustainability requirements into our procurement policy.

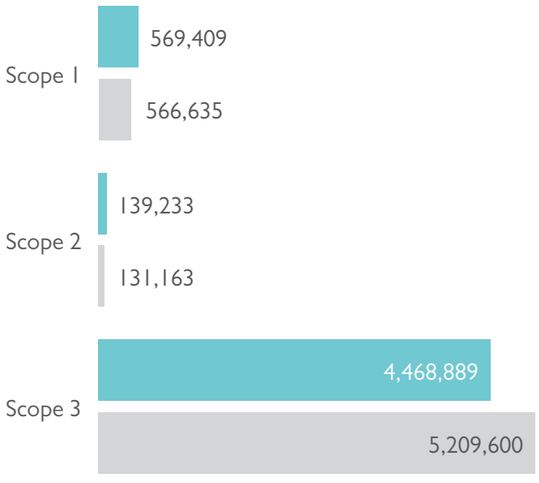
From an incentivisation perspective, SFIM UK does not currently integrate climate specific requirements into its appraisal process, neither for its investment staff nor other staff with climate relevant exposures such as facilities. The main reason for this being that the firm is still early on its journey of understanding, monitoring and managing climate risks.

INVESTMENTS

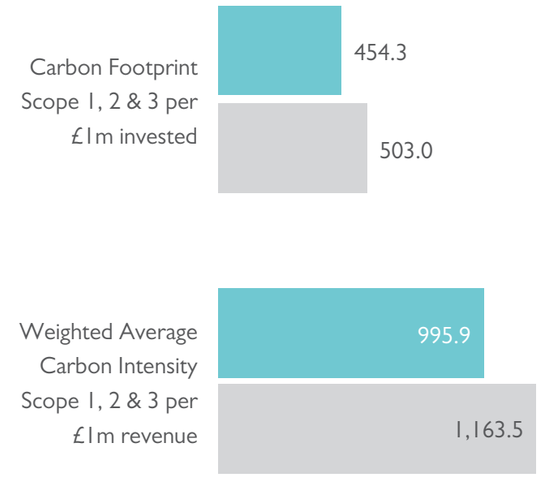
Due to the complexity of our investment business, which uses various models and funds to help achieve a wide variety of client objectives, we decided to assess our absolute emissions and emissions footprint and intensity for a representative portfolio, our GBP Balanced Portfolio. This portfolio is used by a large number of our discretionary SFIM UK clients. Investment portfolio-wide emissions have then been calculated by adjusting absolute emissions figures by the size of our overall AUM (£ 18.3 billion). The applied benchmark is the Morningstar Global Target Market Exposure Index, which covers global large and mid-cap stocks, representing the top 85% of the investable universe by float-adjusted market capitalisation. Due to limitations with emissions data for available non-equity indexes, we have decided to not factor other asset classes in for benchmark emissions calculations.

What we can see is that on absolute metrics the portfolio shows in line with benchmark. Scope 1 and 2 emissions levels are marginally above benchmark, and 3 emissions roughly 10% below benchmark. For relative metrics, namely carbon footprint and weighted average carbon intensity (WACI), the portfolio shows roughly 10% below benchmark levels of emissions. Implied Temperature Rise of portfolio and benchmark are meanwhile very closely aligned.

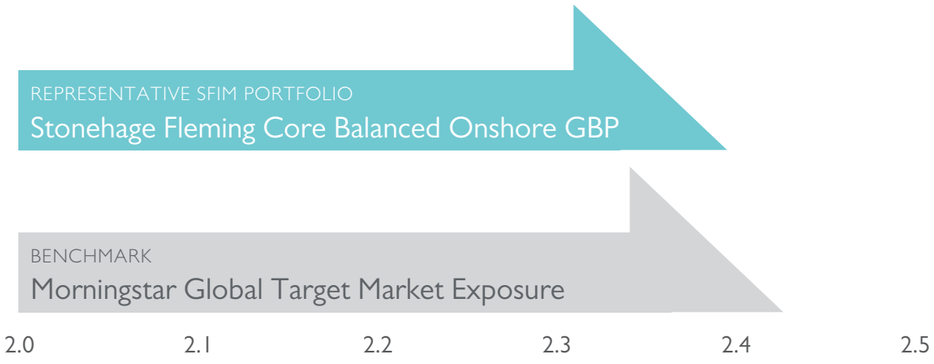
ABSOLUTE CARBON EMISSIONS PERFORMANCE (TONNES)



RELATIVE CARBON EMISSIONS PERFORMANCE (TONNES)



PORTFOLIO VS BENCHMARK IMPLIED TEMPERATURE RISE SCORE ALL SCOPES



Source: Morningstar

What do these figures tell us?

The absolute emissions of the SFIM UK investment portfolio being in line with benchmark figures highlight the overall portfolio alignment with broader markets, a result of among others material allocations to index tracking ETFs. Meanwhile, the overall high absolute portfolio emissions level for Scope 1, 2 and 3, at over 4.5 million tonnes of CO2e emissions in 2024, is a result of investments in large global companies. These often show high absolute emissions levels.

The lower than benchmark carbon intensity can meanwhile be seen as in parts a result of our portfolio's sectoral exposures. Our portfolio's comparatively low exposure to high-emitting sectors such as energy, which would have increased the carbon footprint materially, comes through in these numbers. Our comparatively high allocation to large companies will also play a role in this, as such companies often show lower emissions levels per unit of revenue than smaller ones, while exhibiting high overall levels of emissions.

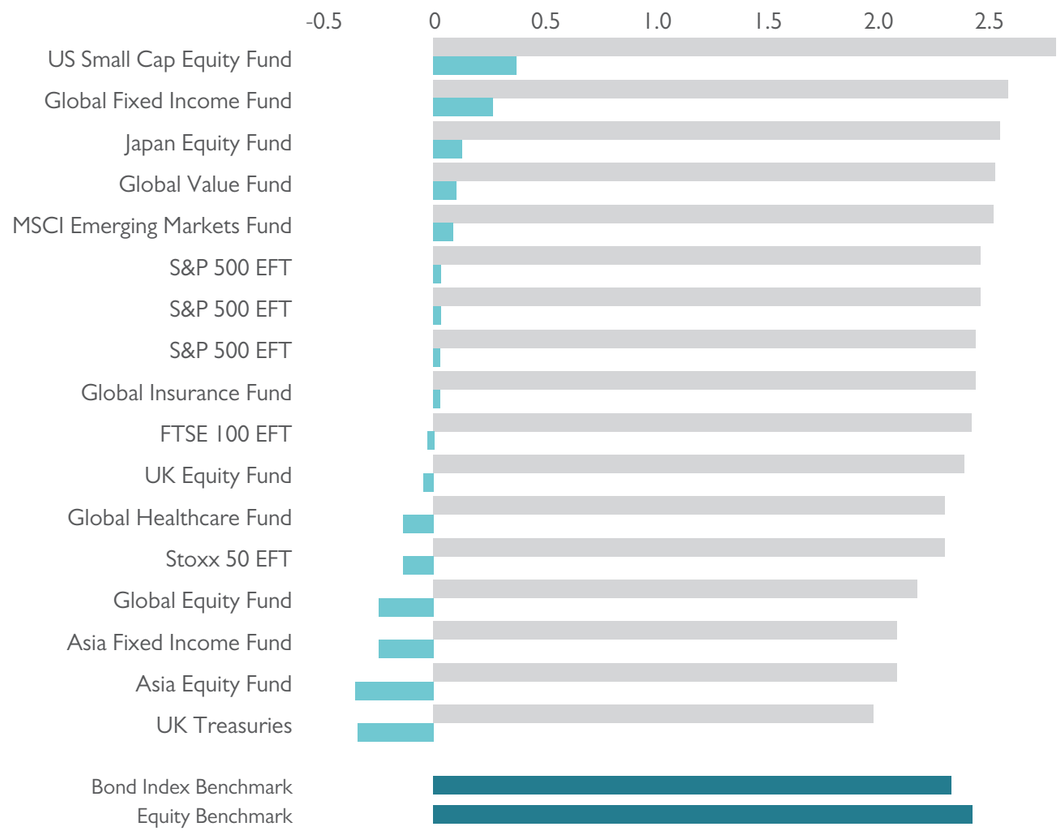
As for WACI, captured value shows that the portfolio has a lower level of carbon exposure per investment unit than benchmark. This means that relative to their overall market cap, portfolio constitutes have comparatively lower emissions levels than benchmark constituents. For our portfolio, this can result in lower carbon-related risks per investment, particularly from a transition risk perspective.

Finally, the ITR of the SFIM UK investment portfolio shows a marginally better than benchmark level, a fact we attribute to the already mentioned differences in sectoral and geographic allocations. It thereby reaffirms the similarity in overall climate performance and risk exposure between portfolio and benchmark, as discussed in the Strategy section of this report, as well as the assumed slightly better risk performance of our portfolio when compared to benchmark.

With an ITR of roughly 2.4 degrees Celsius for Scope 1, 2, 3 and a 0.04 degree Celsius difference between portfolio and benchmark, our portfolio does not currently align with Paris ambitions. We see this as a challenge that we will try to engage with over the coming years, through targeted manager engagements and a further integration of climate risks considerations into our processes.

Key negative contributors to our investment portfolio's ITR are an allocation to a US small cap equity fund, as well as to a global fixed income fund.

IMPLIED TEMPERATURE RISE (ITR) SCORE ALL SCOPES
REPRESENTATIVE PORTFOLIO CONSTITUTENTS VS EQUITY OR FIXED INCOME BENCHMARK



** No data was provided for the following funds, so they have been ommitted from the chart; UK Fixed Income Funds, Commodities Fixed Income Fund, UK Treasuries*

Captured emissions and ITR figures thereby in large parts mirror the output of our scenario analysis, and present and expected picture. We identified that while the SFIM investment portfolio largely mirrors broader markets in terms of sectoral and geographic allocations, a below benchmark exposure to high climate risk sectors, as well as higher exposures to a set of low risk sectors, still leads to a material divergence from benchmark on certain climate metrics. Most concerningly, both portfolio and fund data highlight the persisting need to intensify efforts to align markets with Paris ambitions, as a stark gap between ambition and actual performance on implied temperature rise persists.

A summary of the emissions characteristics of the SFIM UK investment portfolio as of 31st December 2024, proxied through our GBP Balanced Portfolio, as well as for a relevant benchmark (Morningstar Global Target Market Exposure Index), is shown in the table below. Absolute emissions figures have been calculated for the full £18.3 billion of AUM covered in this report, thereby covering SFIM UK discretionary assets, as well as a limited proportion of SFIM Jersey and advisory assets.

	Metric	Fund	Fund - Coverage	Benchmark	Benchmark - Coverage
GHG Emissions	Absolute Carbon Emissions Scope 1 Tonnes	569,408.75	49.5	566,634.75	87.32
	Absolute Carbon Emissions Scope 2 Tonnes	139,233.23	49.5	131,162.83	87.32
	Absolute Carbon Emissions Scope 3 Tonnes	4,468,889.13	49.4	5,209,599.70	87.14
	Absolute Carbon Emissions Scope 1, 2 and 3 Tonnes	5,177,531.11	49.4	5,906,941.35	87.14
Carbon Footprint	Carbon Footprint Scope 1, 2 and 3 Tonnes per Million GBP Invested	57.46	49.55	Not Available	Not Available
	Carbon Footprint Scope 1, 2 and 3 Tonnes per Million GBP Invested	454.29	49.39	502.97	87.14
Weighted Average Carbon Intensity	Weighted Average Carbon Intensity Scope 1, 2 and 3 Tonnes per Million GBP Revenue	134.61	54.08	Not Available	Not Available
	Weighted Average Carbon Intensity Scope 1, 2 and 3 Tonnes per Million GBP Revenue	995.93	53.50	1,163.50	94.68
Implied Temperature Rise	Implied Temperature Rise Score All Scopes	2.39	50.21	2.38	89.67

APPENDIX & GLOSSARY

DISCLOSURE REQUIREMENTS – GRANULAR BREAKDOWN OF SFIM ALIGNMENT WITH TCFD REQUIREMENTS

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended Disclosure: Board Oversight	
Definition	Describe the Board's oversight of climate-related risks and opportunities.
As of 2024	We added climate and sustainability risk oversight as a responsibility for the UK Risk and Compliance Committee, a delegated Board committee, and currently aim for bi-annual reporting. As of yet, no KPIs have been identified through which the Board is updated on climate risks. No regular training schedule has been put in place as of yet. The SFIM UK Board itself does currently not have formal oversight over climate-related risks and opportunities.

Recommended Disclosure: Management's Role	
Definition	Describe management's role in assessing and managing climate-related risks and opportunities.
As of 2024	We added climate and broader sustainability risk management responsibilities to the following: ▶ Global Investment Management Executive Committee ▶ SFIM UK Investment Committees ▶ Product Committees At executive level (GinExCo) we have added sustainability as a standing item. We continue to work on formalising our reporting process and timelines, including setting KPIs to measure performance and risk exposures. No regular training schedule has been put in place as of yet. At this point climate considerations are not factored into financial planning.

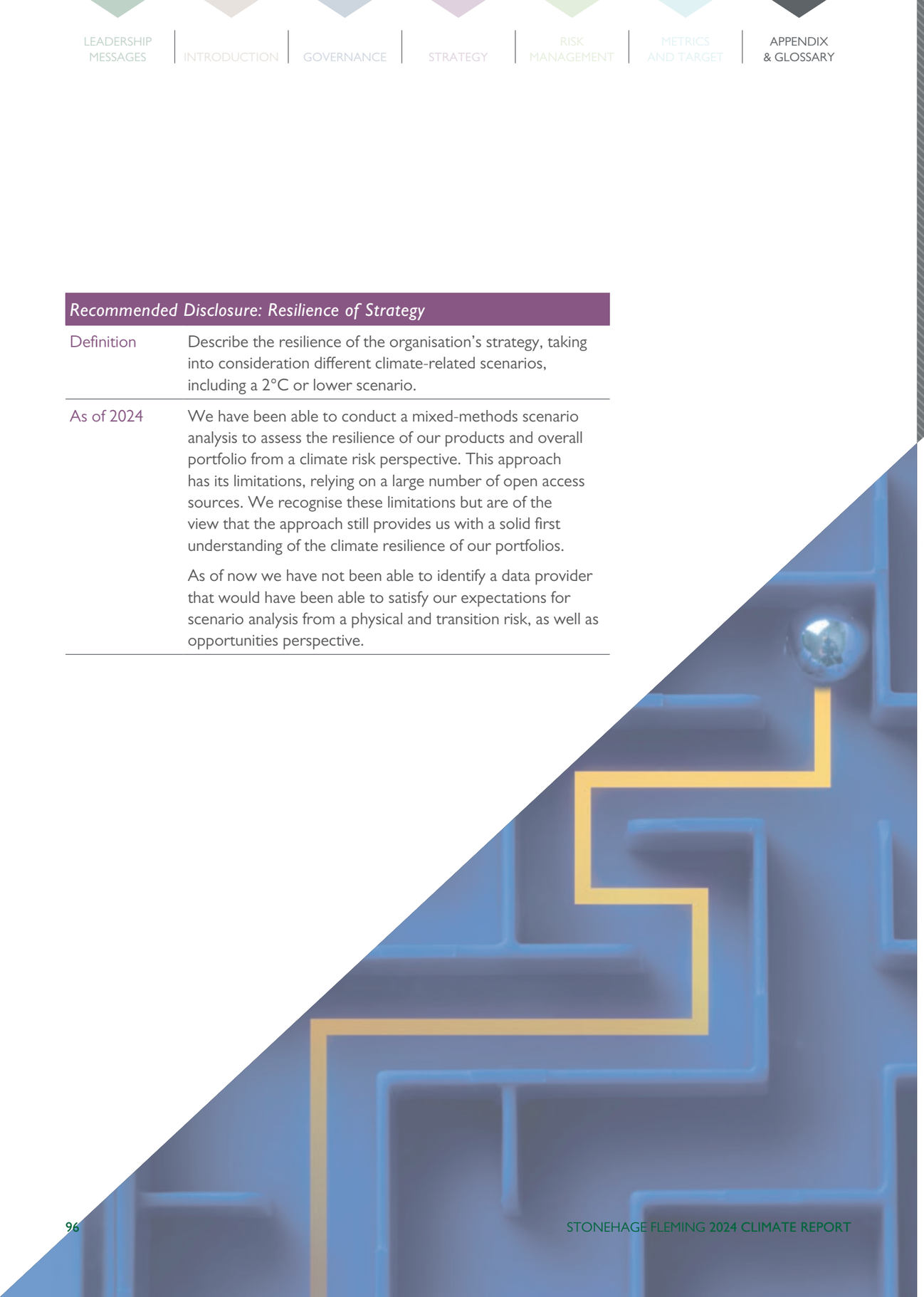
STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.

Recommended Disclosure: Risks and Opportunities	
Definition	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.
As of 2024	We conducted a mixed-methods review of SFIM UK investment portfolio exposures to physical and transition risks, as well as for climate-related opportunities, using a below 2-degree and above 2-degree scenario informed by NGFS guidance. We engaged with all our third-party managers to better understand their climate risk management processes, as well as performance on TCFD climate risk metrics. While our approach is granular and comprehensive, it relies on public information and assumptions, thereby having limitations as to its robustness. Due to data limitations, we cannot yet conduct a full quantitative scenario analysis.

Recommended Disclosure: Impact on Organisation	
Definition	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
As of 2024	Through our mixed-methods analysis we have identified a materially below benchmark exposure to climate-related physical and transition risks for our GBI fund and strategies, as well as a largely on par with benchmark exposure for risks and opportunities across our multi-asset portfolio. SFIM UK investment portfolio having a lower exposure to high-risk sectors such as Energy, Industrials, as well as a lower exposure to emerging markets and a high exposure the US and large cap in our view means that the likely risk exposures compared to benchmark is lower. Still, we have identified financially material risks within our portfolio, especially for the highest climate risk components of the investment portfolio.

Recommended Disclosure: Resilience of Strategy	
Definition	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
As of 2024	We have been able to conduct a mixed-methods scenario analysis to assess the resilience of our products and overall portfolio from a climate risk perspective. This approach has its limitations, relying on a large number of open access sources. We recognise these limitations but are of the view that the approach still provides us with a solid first understanding of the climate resilience of our portfolios. As of now we have not been able to identify a data provider that would have been able to satisfy our expectations for scenario analysis from a physical and transition risk, as well as opportunities perspective.



RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended Disclosure: Risk ID and Assessment Process	
Definition	Describe the organisation's processes for identifying and assessing climate-related risks.
As of 2024	Climate risks are an emerging risk in our internal risk framework, and they are monitored and managed through a broader ESG risk monitoring exercise expected to commence in 2025. To better understand our climate risk exposures, we introduced ESG considerations into our multi-asset due diligence process. We further engaged all our third-party managers to better understand their climate risk management process, including asking about their governance, strategy, risk management and use of metrics, in alignment with TCFD requirements. We further asked for product-level climate risk data, including most prevalent climate risks, climate VaR and emissions data. Where considerable process or performance gaps have been identified we conducted a follow-up internal assessment of the materiality of identified gaps. We have further conducted a review of our flagship GBI fund as to its holdings' climate risk profiles, as well as a follow-up engagement with all companies within the fund to flag identified risk management gaps.

Recommended Disclosure: Risk Management Process	
Definition	Describe the organisation's processes for managing climate-related risks.
As of 2024	Climate risks are reported bi-annually to our UK R&C Committee. Beyond this they are not integrated into our formal risk framework. Through our investment due diligence processes, financially material climate risks are covered.

Recommended Disclosure: Integration into overall Risk Management	
Definition	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
As of 2024	An assessment of how to best integrate climate risk into our general risk management process is ongoing. As of 2024 ESG risks are assessed as part of the general third-party manager due diligence process, as well as through a regular monitoring of climate metrics for our GBI fund.

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosure: Climate-related Metrics	
Definition	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
As of 2024	While we have access to climate and risk metrics such as Implied Temperature Rise, E, S & G scores, physical risk, or emissions data to assess investment portfolio risks, these are currently only used on an ad hoc basis. At operational level, emissions data is tracked.

Recommended Disclosure: Scope 1,2,3 GHG Emissions	
Definition	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
As of 2024	We have compiled operational Scope 1, 2 and 3 emissions data for our London office, and prepared TCFD emissions data for a representative SFIM UK portfolio in this report. Due to the complexity of our portfolio, we are currently not able to disclose information on the emissions performance of the entire SFIM UK investment portfolio.

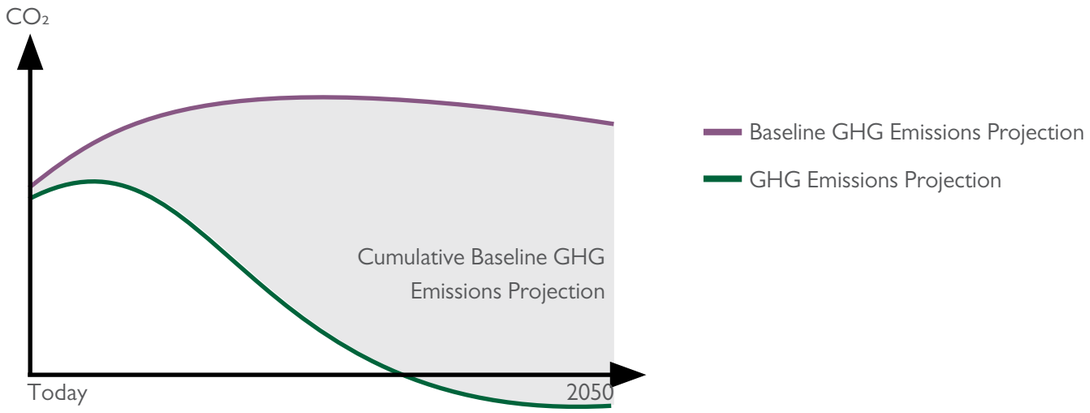
Recommended Disclosure: Climate-related Targets	
Definition	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
As of 2024	We do not currently have any climate-related targets in place, neither at an operational level nor for the investment portfolios which we manage for our clients. In 2023, we set up an internal working group to assess our ability to set and commit to emissions reduction targets for products and at an operational level. This review process is ongoing and currently owned by the RBG.

METHODOLOGY

1. Implied Temperature Rise (ITR) Methodology

- ITR is a measure of how much a company's GHG emissions are expected to over or undershoot it fair budget of emissions.
- The below chart from Morningstar provides an illustration of this process:

BASELINE GHG EMISSIONS GAP

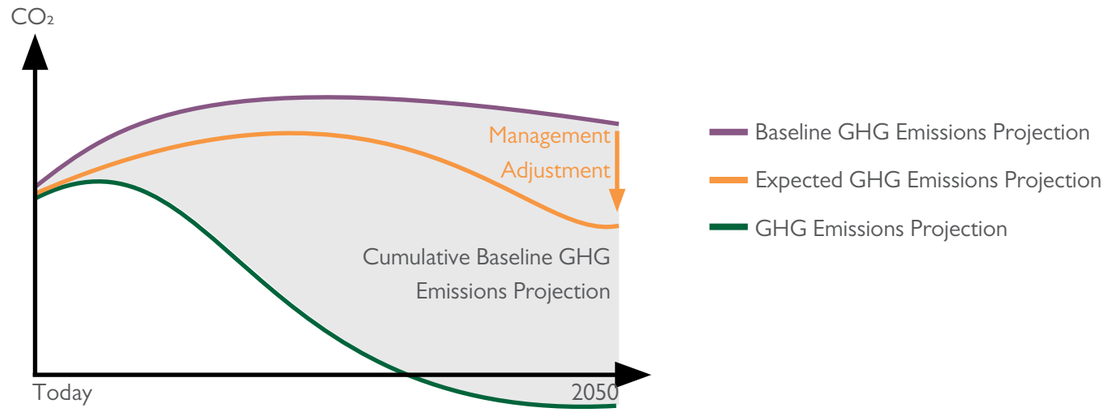


Source: Morningstar

- The difference between a company's GHG emissions budget – what it's allowed to emit whilst remaining in line with a 1.5 degree Celsius pathway – and its baseline GHG emissions is calculated. Baseline GHG emissions are the emissions that a company would produce if it continued operating as it did in the current year[10].
- Baseline projections can be adjusted by Morningstar where they expect management to make changes to the business which would result in lower (or higher) emissions than were the company to continue on its current trajectory. This is illustrated in the below chart, where the example shows that Morningstar expect management to guide the company to produce less emissions than a baseline projection. The Expected GHG Emissions Projection is therefore lower than the Baseline GHG Emissions Projection.

10. This assumes that the company maintains its market share and that it has the same carbon intensity for each unit of production as it does now.

EXPECTED GHG EMISSIONS VERSUS GHG EMISSIONS BUDGET



Source: Morningstar

- This is then converted into an implied temperature rise using a standard formula derived from the Intergovernmental Panel on Climate Change (IPCC) using the transient Climate Response to Cumulative Carbon Emissions Factor (TCRE). The TCRE is an IPCC derived factor that allows for conversion between GHG emissions and radiative warming.

2. Absolute Emissions - Scope 1, 2, 3

- For absolute emissions metrics we calculated total figures for our investment portfolio and products based on the % of AUM covered by our data provider (Morningstar). We used emissions data provided by our data provider and attributed to our portfolio emissions as per share of third party fund AUM or share of companies held. Where required currency adjustments were undertaken.
- This approach was chosen due to uncertainty about the level of emissions of assets without coverage (mainly non-equity), and to not introduce too many layers of assumptions into our emissions calculation methodology. Benchmark emissions are calculated for total portfolio or product AUM. In practice, this means that absolute emissions, where portfolio or product coverage is materially below that for the benchmark, might be understated. Considering our overall investment portfolio closely aligns with broader markets in terms of sectoral allocations, and we see an absolute emissions level close to benchmark, we do believe that this approach is sufficiently robust.
- Still, we recognise this limitation and will review options for achieving more robust comparability between benchmark and product/portfolio absolute emissions for future reports.

3. Relative Emissions – WACI/Carbon Footprint

- For relative emissions metrics we calculated figures for our investment portfolio and products by adjusting up the weight of covered AUM. Intensity metrics for each of the third party funds or companies we invest in are multiplied with the relative weight of each security within the proportion of the product or overall portfolio for which we have coverage.
- This approach was chosen as to not actively understate our relative emissions levels. Considering our overall investment portfolio closely aligns with broader markets in terms of sectoral allocations, and we see relative emissions levels close to benchmark, we do believe that this approach is sufficiently robust.

GLOSSARY

ACTIVE OWNERSHIP

Driving change in the assets which have yet to reach net-zero emissions, by holding those committed to doing so accountable for their progress and pushing those who have not yet committed to do so.

ACUTE PHYSICAL RISK

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.

ASSETS UNDER ADMINISTRATION (AUA)

AUA represents the total value of assets held by a client.

ASSETS UNDER MANAGEMENT (AUM)

AUM represents the aggregate value of client assets managed, advised or otherwise contracted, from which the Group, including joint ventures and associates, earns operating revenue.

CARBON DIOXIDE EQUIVALENT (CO_2E)

A standard unit for measuring carbon footprints. It enables the impact of different greenhouse gas emissions on global warming to be expressed using an equivalent amount of carbon dioxide (CO_2) as a reference.

CARBON FOOTPRINT

The Carbon Footprint highlights the Fund's emissions relative to activities and market value. It is calculated using the total carbon emissions for a portfolio normalised by the EVIC of the portfolio, expressed in tons CO_2e / $M invested. To calculate an investment's emissions, we have used the EVIC rather than market capitalisation, as we believe this gives a better approximation of a company's overall value.

CHRONIC PHYSICAL RISK

Chronic physical risks refer to longer-term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rise or chronic heat waves.

CLIENTS

Within our Investment Management business we work with a wide range of clients. In addition to our core group of successful families and wealth creators, certain strategies are also offered to professional and institutional investors. At times, 'client' is used to refer to investors in our funds or strategies, in other words, the end client.

ENGAGEMENT

Interactions and dialogue conducted between an investor, or their service provider and a current or potential investee, or a non-issuer stakeholder to understand or improve practice or public disclosure. In private markets, engagement also refers to investors' dialogue with management teams and/or Board of portfolio companies and/or real assets.

ESG

Environmental, social and governance.

EXTERNAL EXPERTISE

External expertise refers to assets held with a set of carefully vetted by third-party asset managers.

GBI

Stonehage Fleming Global Best Ideas Equity Fund, a SFIM UK product.

GINEXCO

The Global Investment Management Executive Committee, Stonehage Fleming Investment Management's Executive Committee.

GREENHOUSE GASES

A gas that absorbs and emits radiation in the atmosphere, contributing to the greenhouse effect. The seven gases covered by the United Nations Framework Convention on Climate Change (UNFCCC) – carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3). These gases trap heat close to the surface of the earth and are a key cause of climate change.

GREENHOUSE GAS (GHG) PROTOCOL

Comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. The GHG Protocol supplies the world's most widely used GHG accounting standards.

GROUP

The Stonehage Fleming Family & Partners Group.

GSIP

Global Sustainable Investment Portfolio, a SFIM UK product.

IMPLIED TEMPERATURE RISE (ITR)

Implied Temperature Rise is designed to show the temperature alignment of companies, portfolios and funds with global climate targets.

INTERNAL EXPERTISE

Internal expertise refers to our in-house security selection capabilities.

IPCC

The Intergovernmental Panel on Climate Change is the United Nations body for assessing the science related to climate change.

GLOSSARY

NET-ZERO

Net-zero emissions is achieved when the amount of emitted greenhouse gases are balanced by the equivalent of emissions removed.

PARIS AGREEMENT

A global commitment, agreed at COP21 in Paris in 2015, to limit increase in the global average temperature to below 2°C above pre-industrial levels.

PHYSICAL CLIMATE RISK

Reflect the risks associated with long-term changes in the climate and with more extreme weather events which may impact future business activities.
In particular, the impacts on the value of investments, held on behalf of clients, caused by direct or indirect physical climate changes and events; risk to our businesses and property assets; and those of our suppliers and other partners caused by climate events.

RBG

The Stonehage Fleming Family & Partners Group's Responsible Business Group.

RESPONSIBLE INVESTING

Consideration of environmental, social, governance factors into investment decisions and ownership practices.

SCIENCE-BASED TARGET

A science-based target provides a clearly defined pathway for companies to reduce their greenhouse gas emissions. The target is considered 'science-based' if it is in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

SCOPE 1 EMISSIONS

Direct greenhouse gas emissions from sources owned or controlled by the company, such as emissions from gas, oil and company vehicles.

SCOPE 2 EMISSIONS

Indirect greenhouse gas emissions from sources owned or controlled by the company, such as emissions from consumption of purchased electricity, heat or steam.

SCOPE 3 EMISSIONS

Indirect greenhouse gas emissions from sources not owned or controlled by the company, such as emissions from business travel or investments.

SFIM UK

Stonehage Fleming Investment Management UK.

SISC

SFIM UK Stewardship and Investment Sustainability Committee.

STEWARDSHIP

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

TCO_2E

Tonnes of carbon dioxide equivalent. A unit of measurement that is used to standardise the climate effects of various greenhouse gases on the basis of their global warming potential.

TEMPERATURE ALIGNMENT

The method of interpreting an asset's or portfolio's exposure to abstract climate risk, and communicating it as an intuitive implied temperature score; measured degrees Celsius.

TRANSITION CLIMATE RISK

Reflects the risks stemming from changes in the economy that will be required to limit long-run temperature rises, including higher or lower rates of demand growth, costs or risk profiles to companies, sectors or asset classes. These may include new or enhanced corporate climate change laws and regulations, changes in investor demand for climate-focused products, and more volatility in financial markets as asset prices adjust to reflect the increasing regulation of carbon emissions.

VOTING

The exercise of voting rights on management and/or shareholder resolutions to formally express approval, or disapproval, on relevant matters. This includes being responsible for how votes are cast on topics that management raises and submitting resolutions as a shareholder for other shareholders to vote on, in jurisdictions where this is possible.

WACI

Weighted Average Carbon Intensity (WACI) measures a portfolio's exposure to carbon-intensive companies. An investment's emissions are allocated based on its weight within the portfolio, which is the current value of the investment relative to the current portfolio value. To calculate an investment's emissions, we have used the EVIC rather than market capitalisation, as we believe this gives a better approximation of a company's overall value.

SOURCES

Source	Title	URL
Aswani et al, 2023	Are Carbon Emissions Associated with Stock Returns?	https://doi.org/10.1093/rof/rfad013
Climate Scenarios, 2025	Climate Scenario Toolkit	https://climatescenarios.org/toolkit/
Earth Org, 2024	What 2C of Warming Will Look Like: A Comprehensive Assessment	https://earth.org/what-2c-of-warming-will-look-like-a-comprehensive-assessment/
Emission Index, 2024	Which Countries Will Be Least Affected by Climate Change?	https://www.emission-index.com/climate-change/countries-least-affected-by-climate-change
EPA, 2025	Climate Risks and Opportunities Defined	https://www.epa.gov/climateleadership/climate-risks-and-opportunities-defined#:~:text=Physical%20Risks,-Physical%20risks%20are&text=These%20risks%20can%20be%20event,as%20described%20in%20Table%203.&text=Acute%20physical%20risks%20refer%20to,or%20cold%20waves%2C%20or%20floods.&text=Chronic%20physical%20risks%20refer%20to,rise%20or%20chronic%20heat%20waves.&text=Physical%20risks%20may%20have%20financial,physical%20risks%20and%20financial%20impacts.
ESA, 2023	Understanding Climate Tipping Points	https://www.esa.int/Applications/Observing_the_Earth/Space_for_our_climate/Understanding_climate_tipping_points
Frontiers, 2024	Seven Continents. One Sky	https://www.frontiersin.org/journals/climate/articles/10.3389/fclim.2024.1470281/full
LSE, 2021	Breaching Tipping Points Would Increase Economic Costs of Climate Change Impacts	https://www.lse.ac.uk/granthaminstitute/news/breaching-tipping-points-would-increase-economic-costs-of-climate-change-impacts/
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NESO, 2024	Carbon Intensity API	https://carbonintensity.org.uk/
NGFS, 2024	Damage Functions, Ngfs Scenarios, and The Economic Commitment of Climate Change an Explanatory Note	ngfs_scenarios_explanatory_note_on_damage_functions.pdf
NGFS, 2025	Climate Scenario Portal	https://www.ngfs.net/ngfs-scenarios-portal/explore/
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