2023

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 (£16.1bn AUM as of 31/12/2023), we are required to disclose our approach to climate risk management as per the Taskforce on Climate-related Financial Disclosures (TCFD) framework. This report, and additional product level reports, present 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 clearly presents a 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

- Our governance of climate-related risks and opportunities.
- The actual and potential impacts of climate-related risks and opportunities on our organisation.
- Our approach for identifying, assessing, and managing climate-related risks.
- The metrics and targets we use to assess and manage relevant climate-related risks and opportunities.

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 have 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 managers we invest in on climate-related matters.

Operational Climate Risks: as a global business with 19 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 2023 provide pertinent context for our TCFD submission. 2023 was the warmest year since records began in 1850; with global warming creeping very close to the 1.5°C pre-industrial levels to which the Paris Climate Agreement aimed to limit temperature rises. Extreme weather events included cyclones in New Zealand and Africa, droughts in Asia and hurricanes in Mexico, whilst China alone experienced record temperatures ranging from -50°C to +52°C[1]. 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 its 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 signatories 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. 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.

1 *Reuters, 17 July 2023*

...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.

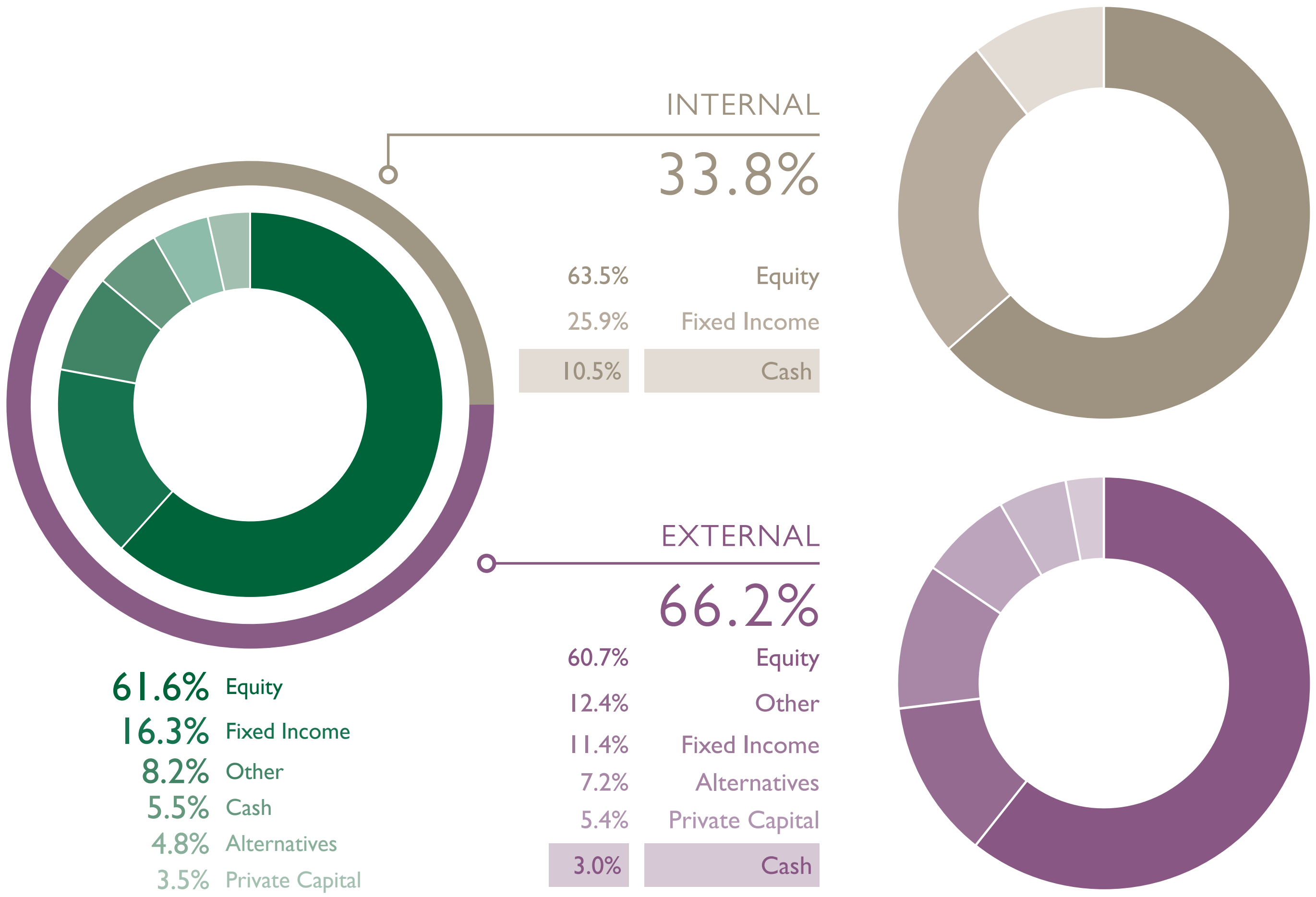
INTRODUCTION TO STONEHAGE FLEMING

SFIM is a global investment manager, constructing high conviction portfolios to preserve and grow wealth in real terms across generations. We managed £16.1bn in assets as at the end of 2023. This figure includes discretionary and advisory assets. Due to the complex nature of our business, we have decided to include both in the business investment portfolio overview.

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.

BREAKDOWN OF SFIM UK ASSETS UNDER MANAGEMENT



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INTERNAL EXPERTISE (33.8% ASSETS)

The assets managed internally, through our direct equity and fixed income offerings account for 33.8% of our total AUM.

Global Equity Management (GEM) Team (21.5% 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 (12.3% 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.

EXTERNAL EXPERTISE

The assets managed through our multi-asset portfolios, including cash, fixed income, alternatives, equity, and private capital allocations, account for 66.2% 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.

Source: Stonehage Fleming Investment Management, 31 December 2023
Includes Fund data and SFIM UK client holdings, some estimates used on advisory assets.

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. Our sustainable offering accounts for roughly 2% of total AUM.

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.

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 access this area. While we have always held responsible investment and stewardship to be of high importance, this journey has also 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. Meanwhile, the RBG has oversight over Group level sustainability strategy development, target setting and monitoring.

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

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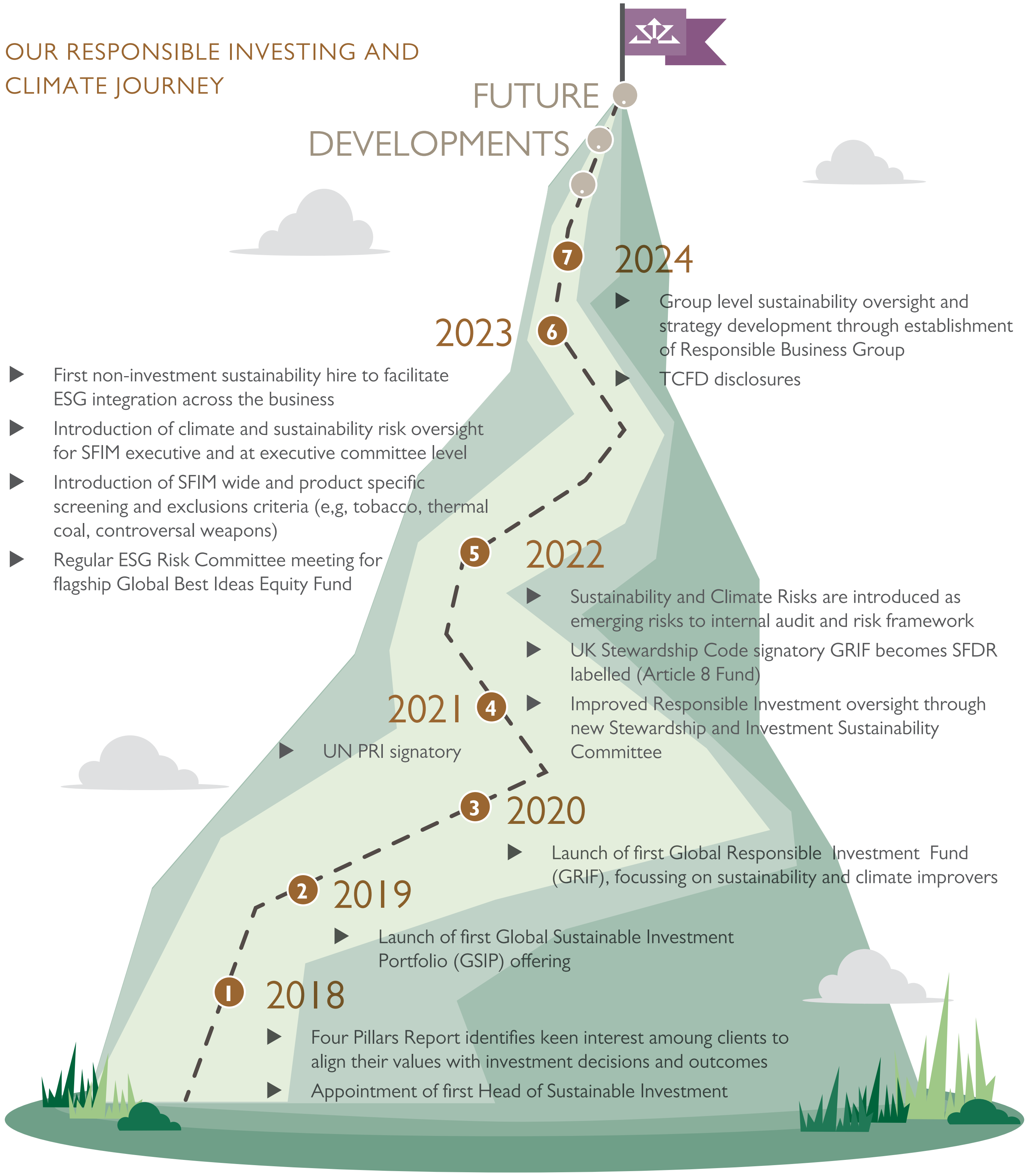
OUR RESPONSIBLE INVESTING AND CLIMATE JOURNEY



UNDERSTANDING CLIMATE RISK EXPOSURES AT SFIM UK

To understand 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 our investment-related climate risks are complex and considered financially material by 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 review exercises and manager engagements.

While 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 climate considerations, and more widely sustainability integration and risk management, into our investment processes and business operations.

In 2023 we made considerable progress on our efforts in both of these areas.

- Investments: At SFIM UK level, we have started to introduce sustainability and climate risk oversight at executive and various committee levels. We have engaged our third-party managers on their climate risk management processes. We have introduced a process of sustainable investment risk reviews to better understand and manage our climate and other sustainability risk exposures, as well as to assess opportunities, for both multi-asset and direct investment capabilities.
- Operations: At Group level, we have set up the Responsible Business Group, which has responsibility for formulating a Group sustainability strategy, managing and advancing our sustainability disclosures and ensuring we set realistic and achievable operational emissions reduction targets.

We recognise that this is an ongoing process. Many of the changes we set in motion will take time to embed. This includes a need to further formalise, standardise, monitor and manage how we approach and manage climate risks across the business. For 2024 and beyond we have set ourselves the ambition to make continued progress through third-party manager and company engagements and through the use of additional data and analytics. Those will enable us to better understand and manage our climate risks and assess climate opportunities, for the benefit of our clients.

The tables below outline, based on TCFD disclosure requirements, our 2023 climate risk management process, as well as our plans for 2024 and beyond.

RECOMMENDATION: GOVERNANCE

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

Recommended Disclosure	**Board Oversight** (read more on page 20)
Definition	Describe the Board's oversight of climate-related risks and opportunities.
As of 2023	We added climate and sustainability risk oversight as a responsibility for the UK Risk and Compliance Committee, a delegated Board committee, and work on operationalising this responsibility is currently ongoing. As of yet, no regular schedule, process or 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 oversight over climate-related risks and opportunities.
Future plans	We have the ambition to formalise Board oversight for climate risks, including regular updates based on identified KPIs and a provision of regular training.

Recommended Disclosure	**Management's Role** (read more on pages 20 – 27)
Definition	Describe management's role in assessing and managing climate-related risks and opportunities.
As of 2023	We added climate and broader sustainability risk management responsibilities to the following: ▶ Global Investment Management Executive Committee ▶ SFIM UK Investment Committees ▶ Product Committees We have started implementing a process for regular sustainability risk reviews at product level, including climate risks. At executive level 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.
Future plans	We intend to further expand management responsibilities for climate risks, including establishing regular climate risk reviews at the SFIM UK Global Investment Management Executive Committee based on identified KPIs at various committee levels and a provision of regular training.

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RECOMMENDATION: 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** (read more on pages 28 – 42)
Definition	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.
As of 2023	We conducted a qualitative review of SFIM UK investment portfolio exposures to physical and transition risks, as well as for climate related opportunities, using a below 2-degree scenario. Due to data limitations we were not able to conduct an above 2-degree scenario risk review. 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.
Future plans	We plan to conduct an analysis of quantitative data, to more precisely estimate climate related risks and opportunities across the SFIM UK portfolio. We also plan to conduct a risk review for both a below and above 2 degrees scenario.

Recommended Disclosure	**Impact on Organisation** (read more on pages 28 – 43)
Definition	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
As of 2023	We have identified a below benchmark exposure to climate related physical and transition risks, due to the SFIM UK 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 to the US. We have identified financially material risks within our portfolio, especially for the highest climate risk components of the investment portfolio.
Future plans	We want to better understand the exact impacts of climate risks and opportunities for SFIM UK, using additional data and insights provided by our managers.

RECOMMENDATION: STRATEGY(CONTINUED)

Recommended Disclosure	**Resilience of Strategy** (read more on page 28)
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 2023	We have not been able to conduct a scenario analysis to assess the resilience of our products and overall portfolio from a climate risk perspective. This is due to data constraints, as 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, as well as opportunities perspective.
Future plans	We have the ambition to conduct a scenario analysis going forward, once we have identified a data provider that has coverage for all TCFD risk and opportunity data requirements.

RECOMMENDATION: RISK MANAGEMENT

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

Recommended Disclosure	**Risk ID and Assessment Process** (read more on pages 45 – 56)
Definition	Describe the organisation's processes for identifying and assessing climate-related risks.
As of 2023	While climate risks are an emerging risk in our internal risk framework, they are not fully monitored and managed. To better understand our climate risk exposures, we engaged with 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 plan to further engage with managers during 2024 to facilitate TCFD alignment. We have also conducted a qualitative review of our direct equity holdings as to their climate risk exposures for our flagship Global Best Ideas Equity Fund.
Future plans	We plan to formalise our risk identification and assessment processes, in both the direct equity and multi-asset capabilities. Scope for integrating climate risks into our Group risk framework, including regular monitoring, will also be assessed.

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Recommended Disclosure	**Risk Management Process** (read more on page 45)
Definition	Describe the organisation's processes for managing climate-related risks.
As of 2023	Currently, we do not have in place a formal process for managing climate related risks. Through our standard investment due diligence processes, financially material climate risks are covered.
Future plans	Having introduced regular updates on existing climate risks as part of investment committee meetings, and executive oversight, we intend to establish a formal climate risk management process.

Recommended Disclosure	**Integration into overall Risk Management** (read more on page 45)
Definition	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
As of 2023	We assessed how to best integrate climate risk into our general risk management process and determined that an inclusion of climate and wider sustainability risks into the general investment committee risk reviews would be appropriate. At the end of 2023 we are in the process of formalising this integration of climate risk reviews. Currently, climate risk management is not officially a part of our risk management process.
Future plans	We plan to complete the integration of climate risk reviews into regular investment committee risk assessments in 2024, with the aim of conducting a quarterly climate and sustainability risk review at product investment committee meetings.

RECOMMENDATION: 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** (read more on pages 58 – 63)
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 2023	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 our investment portfolio risks, these are currently only used on an ad hoc basis. At operational level, we have emissions data available.
Future plans	As part of setting up a regular climate risk reviews at the SFIM UK and product level investment committees, we have the ambition of tracking and monitoring performance on climate metrics in 2024.

Recommended Disclosure	**Scope 1,2,3 GHG Emissions** (read more on pages 58 – 63)
Definition	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
As of 2023	We have compiled operational Scope 1 and 2 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.
Future plans	We plan to publish organisational and portfolio emissions data going forward, as part of our Group level sustainability disclosures. Having measured our operational emissions since 2022 we are confident in being able to disclose sufficiently robust operational data in the foreseeable future. Our aim is to disclose robust investment portfolio emissions data starting with one of the next TCFD reports. This is contingent on good data being available through our sustainability data providers.

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Recommended Disclosure	**Climate-related Targets** (read more on pages 58 – 63)
Definition	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
As of 2023	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.
Future plans	We plan to set decarbonisation targets at an operational level and assess our ability to reduce portfolio emissions, both for 2024. We further plan to engage with our third-party managers to encourage target setting at their end.

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GOVERNANCE

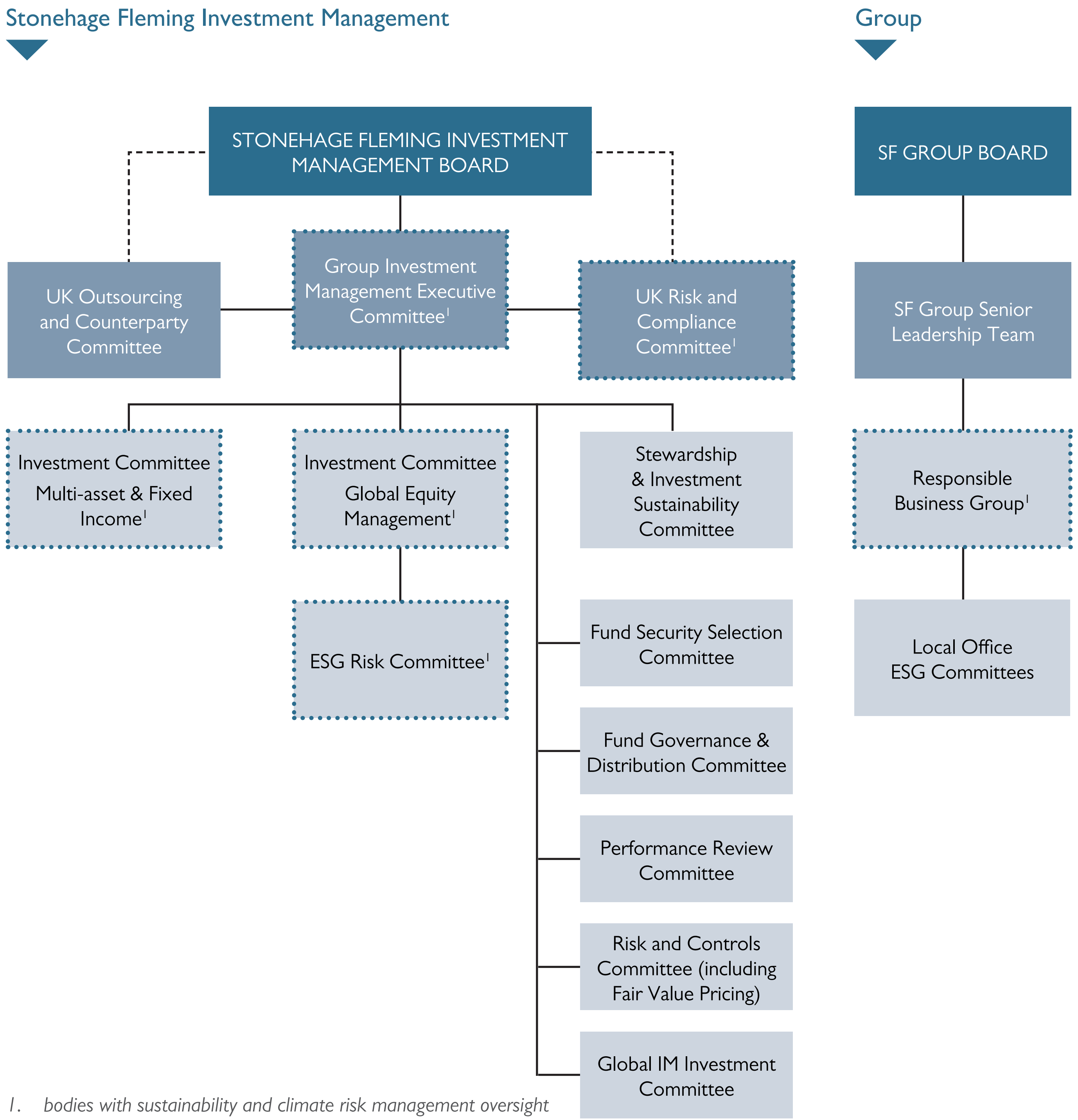
- Describe the Board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

Effective corporate governance structures are critical to 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 system. While the Board is 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.

Over the past year, we have worked continuously on ensuring sustainability and climate risk oversight and management responsibilities are embedded and strengthened across the SFIM UK governance structure (see graphic overleaf). We have ensured sufficient attention is given to such risks by defining clear responsibility for sustainability and climate risk management for investment committees both for our internal and external expertise. Further, we have embedded oversight for our responsible investment and sustainability disclosures within our Stewardship and Investment Sustainability Committee (SISC). Additionally, we have put in place compliance and executive oversight through direct reporting of financially material sustainability and climate risks to GinExCo and the UK Risk & Compliance Committee, both of which report to the SFIM Board.

Additionally, at Group level we established the Responsible Business Group (RBG) in 2024, which oversees our sustainability and climate strategy, target setting and monitoring, with a specific focus on operational matters. Whilst the SFIM Board does not currently have oversight of climate-related risks and opportunities, various designated management committees are continuing to strengthen their climate risk oversight and management processes. In 2024, we aim for the SFIM Board to embed the consideration of climate risks and opportunities on an ongoing basis, including the monitoring of progress against organisational targets we plan to set (see Metrics and Targets section for further information). As part of this process of introducing Board oversight over climate issues, our aim is to also introduce a structured approach for considering them in organisational strategy and planning. Considering the complexity of feeding robust climate information into strategy and planning processes, this work is likely to be completed by 2025.

STONEHAGE FLEMING CLIMATE GOVERNANCE STRUCTURE — SFIM AND GROUP



1. *bodies with sustainability and climate risk management oversight*

RESPONSIBLE BUSINESS GROUP (RBG)

The RBG is the latest addition to the Group's stewardship and sustainability governance structures.

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. This includes capturing volunteering and community engagement across the firm, to centrally track the significant impact we make through these activities.

The RBG works closely and shares membership with the other two pillars of our Governance framework overseeing stewardship and sustainability matters. The RBG is chaired by Guy Hudson, a senior Partner who formerly chaired the SISC, and includes Eva Sheppard, chair of the DE&I Committee, Tristan Dolphin, Head of Sustainable Investments and Philipp Cyrus, Sustainability and Stewardship Officer, both of whom are also members of the SISC. Lorraine Whitby, Head of Facilities Management is also a member of the RBG, reflecting the importance of buildings and facilities management to ensuring that best practices in terms of sustainability are applied across the Group's 19 offices, including relationships with suppliers, recycling and waste management, conformity with local regulations, and energy conservation.

The RBG works closely with other Group functions such as Finance, to ensure the Group's carbon footprint is tracked and managed appropriately.

GOVERNANCE STRUCTURE FOR CLIMATE AND NATURE-RELATED ISSUES

In 2023, the committees presented below added climate risk oversight to their terms of reference. It is the plan to further formalise this oversight process in 2024, including through regular reporting on risk exposures and management as per TCFD requirement. For the next TCFD report we will report on the progress of this journey of formalising our internal climate risk governance process.

UK Risk and Compliance Committee

Governing Body/ Committee	The UK Risk and Compliance 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 in place which 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.
Membership	The committee consists of senior representation from across the UK regulated entities and is chaired by the UK Head of Risk & Compliance.
Frequency of meetings	Committee meetings are held usually 4 times per annum but at least 3 times per annum for consideration of standing agenda matters (as well as occasional matters).
Progress in the reporting year	Since late 2023, the role of this committee includes oversight over exposures to and management of sustainability risks such as climate and wider sustainability risks. As of mid-2024 the formal climate risk review process and frequency are still to be established.

Group Investment Management Executive Committee (GinExCo)

Governing Body/ Committee	GinExCo is responsible for considering and making recommendations on any matters concerning the implementation of the strategic direction of SFIM UK. This involves consideration of business plans and budgets, project initiatives, and review of risk management, regulation and compliance including exposure to and management of sustainability risks such as climate and wider sustainability risks. GinExCo reports directly to the SFIM Board.
Membership	The committee consists of senior representation from across SFIM and is chaired by Graham Wainer (CEO SFIM).
Frequency of meetings	Committee meetings are held fortnightly.
Progress in the reporting year	Since late 2023, the role of this committee includes oversight over exposures to and management of sustainability risks, including climate risks. As of mid-2024 the formal climate risk review process and frequency are still to be established. Our ambition for 2024 is to introduce a regular climate risk review schedule at the committee, provided by the Sustainability & Stewardship Officer. The plan includes feeding this information to the SFIM Board as part of our general Board reporting process.

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SFIM UK Investment Committee – Multi Asset and Fixed Income ("SFIM IC")

Governing Body/ Committee	The SFIM IC is empowered on behalf of SFIM UK to be responsible for the following: ▶ Investment Mandates Establishing, reviewing and where appropriate, revising the strategic investment approach for SFIM UK's range of core models and key client mandates. ▶ Management of Core Models and Key Client Mandates Identifying investment opportunities and regularly reviewing the positioning and risk characteristics of core mandate models and key client mandates. Directing and authorising changes to core mandate models and key client mandates. ▶ Investment Research Reviewing manager research and submitting suitable funds or products for final review and approval for addition to the List of Approved Investments. Reviewing exposures to investment related sustainability risks across core models and key client mandates.
Membership	The committee consists of senior representation from across the Investment Team and is chaired by Graham Wainer (CEO SFIM UK).
Frequency of meetings	The SFIM IC meets on a monthly basis.
Progress in the reporting year	In late 2023, the Terms of Reference were expanded to include review of exposures to investment related sustainability risks across core models and key client mandates, including exposures to climate and other sustainability risk factors and their potential performance and manager selection impacts.

Stonehage Fleming Equity Management Investment Committee ("SFEM IC")

Governing Body/ Committee	The SFEM IC is empowered on behalf of SFIM UK to be responsible for the following: ▶ Investment Research Fundamental company research and valuation of all companies in SFEM core universe. Discussion and review of relevant sector trends & themes, macro issues/events and strategic changes/developments. ▶ Portfolio Management Stock selection considering the in-house fundamental research of the strategic case of the investment, the valuation and the conviction level. ▶ Risk Management of Equity Funds and Segregated Portfolios Regularly reviewing positioning and risk characteristics of the individual portfolio holdings. This includes a review of investment related sustainability risks such as climate and wider sustainability risks and their potential performance and investment impacts.
Membership	The committee consists of representation from across the SFEM team and is chaired by the Head of Global Equity Management.
Frequency of meetings	The SFEM IC meets on a daily basis.
Progress in the reporting year	Risk Management of equity funds and segregated portfolios now includes a review of investment related sustainability risks such as climate and wider sustainability risks and their potential performance and investment impacts.

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Stewardship and Investment Sustainability Committee (SISC)

Governing Body/ Committee	The SISC is a designated 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 developments.
Membership	The committee consists of senior representation from across the firm.
Frequency of meetings	The SISC meets on a monthly basis.
Progress in the reporting year	For the first time, climate related disclosures are overseen by SISC, through its reviewing and signing off on our TCFD publications.

Global Equity Management – ESG Risk Committee

Governing Body/ 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.
Membership	The committee consists of representation from across the SFEM team and is chaired by the Head of Global Equity Management.
Frequency of meetings	The committee meets on a bi-monthly basis.
Progress in the reporting year	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 Equity Fund.

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.

Due to the complex nature of our investment portfolio, we have for this year's TCFD entity report not been able to conduct a quantitative climate risk assessment and scenario analysis, nor feed our climate risk review into the organisation's business, strategy or financial planning. Recognising the importance of understanding our exposures to climate risks, we have conducted a qualitative review of SFIM UK's climate risk exposures, as well as an additional physical climate risk review for our flagship Global Best Ideas Equity Fund. For the coming year, our ambition is to enable a quantitative climate risk review, and to reflect captured risks in our planning.

OUR APPROACH FOR UNDERSTANDING CLIMATE RISKS

Climate change is an increasing threat to the global creation and maintenance of assets. While studies on the global economic impact of climate change are manifold, and vary in projected GDP reductions, values ranging from 11% – 20% global reduction in GDP by 2050 for moderate 2°C warming scenarios are increasingly common[1]. More extreme climate changes scenarios would, under such models, have catastrophic implications for global productivity and economic activity. As a firm with a particular focus on long-term and multi-generational wealth creation and management, we have therefore identified climate change as a significant threat. A management of our climate risk exposures and a mitigation of potential impacts makes both good business sense and aligns our actions with global ambitions to reduce the likelihood of most severe climate change scenarios materialising.

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 determining metrics against which we will track our progress, as well as policies and processes to enable us reach set targets.

Regarding the SFIM UK investment portfolio, understanding exposures to various types of climate risks, within different timeframes and under different magnitudes of climate change (scenarios), is our initial priority.
For this year's report, we have therefore for the first time conducted a qualitative exercise to understand, and help us manage our climate risk exposures.

1. *World Economic Forum, 2021, Oxford Economics 2022*

For this, we have defined a short, medium- and long-term time horizon for assessing our climate risks. Whilst we believe focussing on the long term is the right approach to maximising risk-adjusted returns in investing, we do not believe it to be the right approach for climate risk mitigation, where actions should be taken sooner rather than later. Therefore, when defining our time horizons below, we have used time periods shorter than which we would typically use when referring to our investment time horizons. For our climate risk 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.

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

Using publicly available data on economic impacts of climate change from the UN, IMF and various research institutions, we assessed our sectoral and geographic portfolio climate risk footprint, and compared it to a global benchmark. We further assessed our potential portfolio impacts for the short, medium and long term, as well as for below and above 2C temperature rise. For this exercise we used publicly available research and data provided by Morningstar.

Due to data constraints, we have not been able to conduct a climate scenario analysis for our 2023 investment portfolio as per TCFD guidance.
The assessment we conducted is based on a limited set of qualitative assumptions. As a result, we have not used the output of this assessment 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.

FINANCIAL MATERIALITY OF CLIMATE RISK EXPOSURES WITHIN THE SFIM UK INVESTMENT PORTFOLIO

The overall SFIM UK investment portfolio in large parts aligns with broad market-cap weighted indices in terms of geographic allocation, but is underweight emerging market equity exposure and overweight US and UK equity exposure. For our climate risk exposure, this initially means that we have a lower exposure to parts of the world that are expected to suffer the most from climate change impacts. Emerging Markets as per various climate impact analyses are projected to incur comparatively higher climate impacts than Europe and North America[1].

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 GICS sectors, the largest differences include our above average Health Care and Financials exposures, as well as our below average IT, Industrials, Energy and Communication services exposures. With Energy and Industrials in particular being exposed to financially material climate risks, this again means a lower exposure to such risks for the SFIM UK investment portfolio as compared to global markets.

GICS Sector	SFIM Exposure compared to global market cap weighted indices
Health Care	Overweight
IT	Underweight
Consumer Staples	
Consumer Discretionary	
Industrials	Underweight
Energy	Underweight
Financials	Overweight
Utilities	
Real Estate	
Communication Services	Underweight
Materials	

Geography	SFIM Exposure compared to Benchmark
US	Overweight
Europe	Underweight
UK	Overweight
Japan	Underweight
EM	Underweight

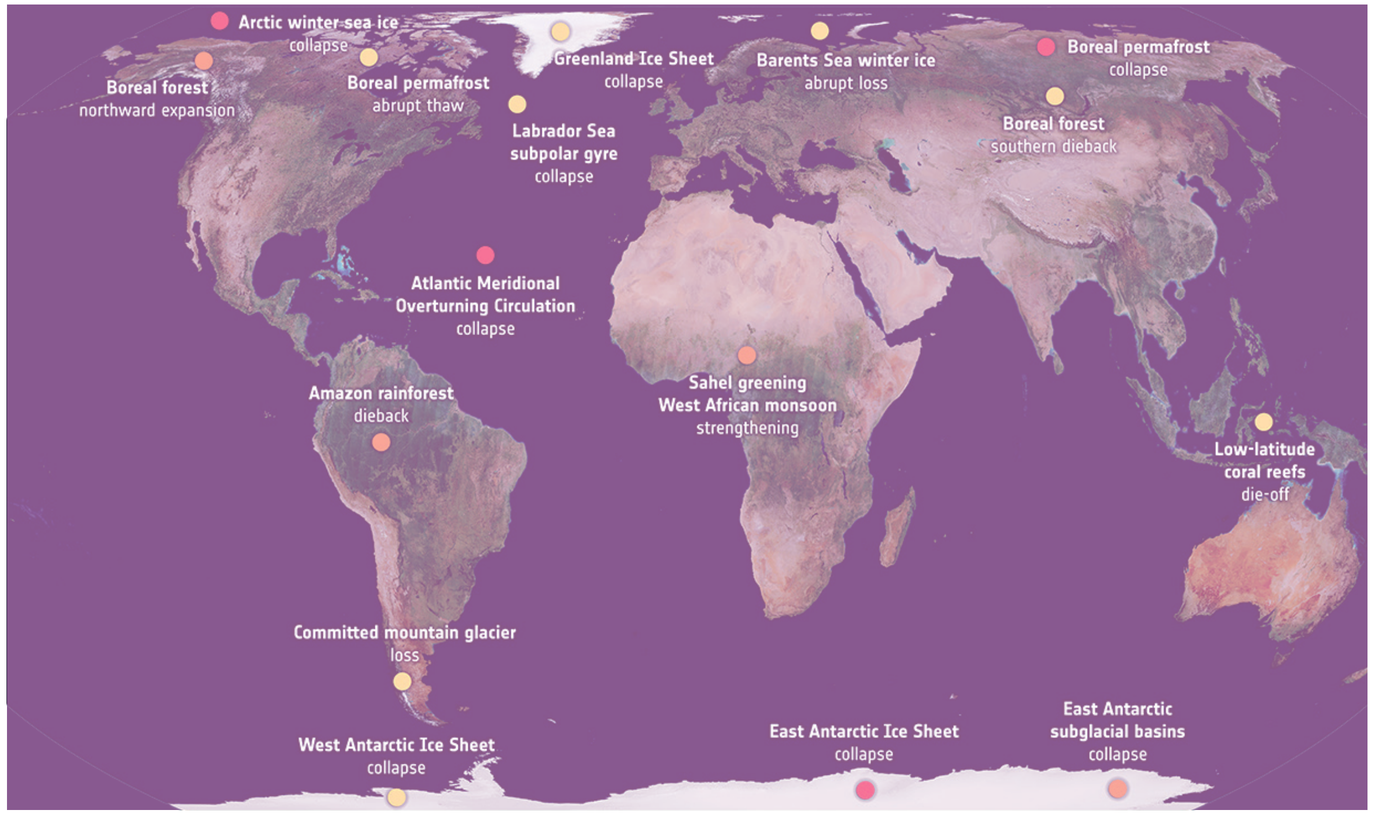
1. *This is How Climate Change Could Impact The Global Economy | World Economic Forum*

Using publicly available data from international institutions such as the UN, IMF or WEF, and also from international research institutes, we assessed how our sectoral and geographic exposure might translate into financially material climate impacts at a top investment portfolio level, for above and below 2C climate change, before conducting a more granular review of specific risk and opportunity types. This analysis relies on global aggregated sectoral and geographic climate impact expectations, and is not specified to the holdings in our investment portfolio, their products, services or supply chain exposures. To understand potential climate impacts, we first need to understand our portfolio risk profile. To achieve this, we aggregated the estimated impacts for our portfolio GICS exposures from below and above 2C climate change scenarios, for both physical and transition risks, into two mean estimated financial impact values for 2050. We then repeated this exercise for the top 15% highest climate risk exposures within our investment portfolio.

GICS Sector Physical & Transition Risks	Below 2C Climate Change	Above 2C Climate Change
Health Care	Low	Medium
IT	Low	Medium
Consumer Staples	High	High
Consumer Discretionary	High	High
Industrials	High	High
Energy	High	High
Financials	Low	Medium
Utilities	Medium	High
Real Estate	Medium	Medium
Communication Services	Medium	High
Materials	High	High

This approach naturally has its limitations. Relying on publicly available data means that we have a limited amount of specific portfolio-relevant and comparable climate impact information at our disposal. We therefore had to make assumptions about the comparability of different datasets and impact assumptions. We are further limited to a high-level analysis at SFIM UK investment portfolio level, as well as an analysis that focusses on certain asset classes. Due to the complexity of our alternative investments we excluded them from this year's assessment.
We also excluded sovereign bonds from the analysis, due to a lack of data. Going forward, our aim is to replicate this exercise with more granular and robust data, and for all discretionary assets managed by SFIM UK, to ensure we have sufficient look-through for our climate risk exposures.

To ensure we do not underestimate our climate risk exposures, we further engaged with the question of how climate tipping points being breached might impact our investment portfolio performance. The below graphic provided by the European Space Agency (ESA) highlights significant climate related tipping points and the climate scenarios under which they might occur. 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".



Source: The European Space Agency, Dec 2023

Climate Tipping Points - Example provided by ESA[1]: 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 triggers a change like 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.

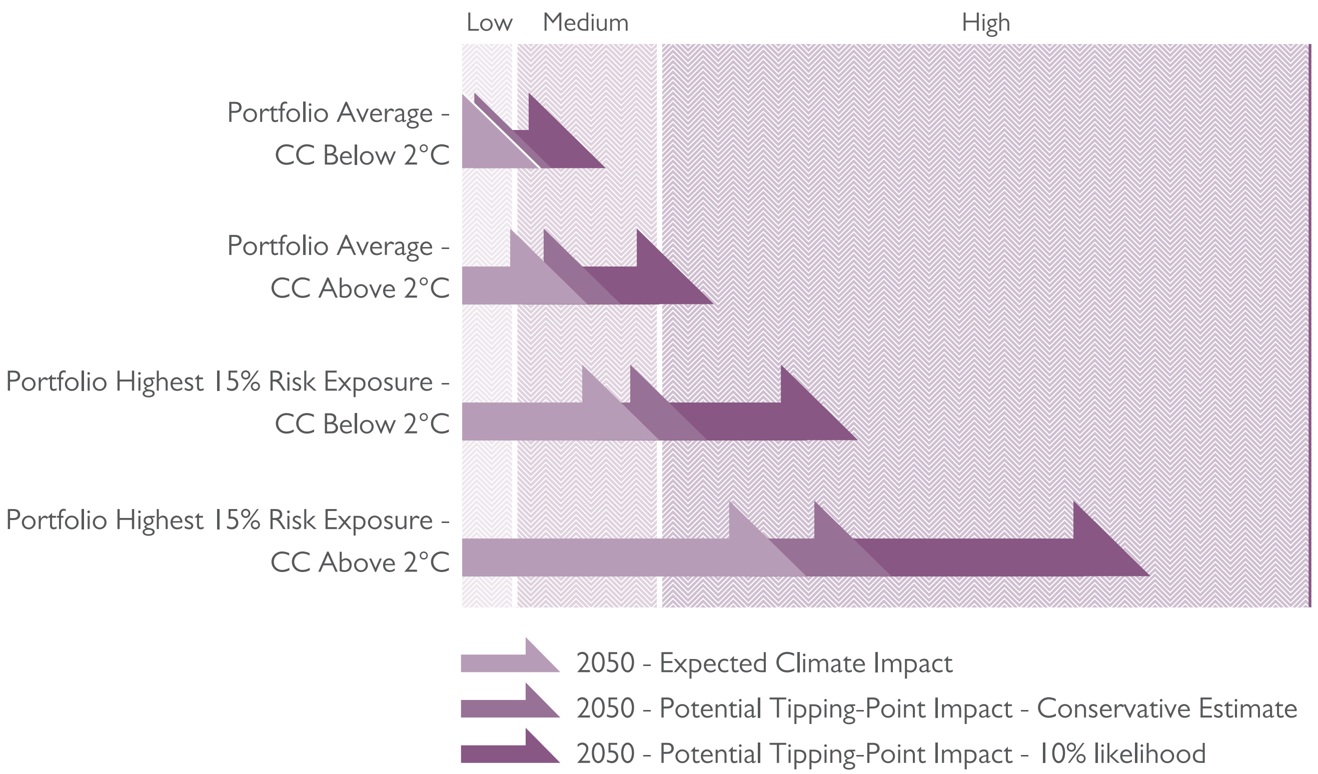
This shift from one state to the other may take decades or even centuries to find a new, stable state. But if tipping points are being crossed now, or within the next decade, their full impact might not become apparent for hundreds or thousands of years.

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 investment portfolios, this means that a change in climate risk profile will likely occur should certain tipping points be breached, with the potential for a change in the financial impacts of climate change and the time horizon over which these impacts materialise. The exact impact of breaching climate tipping points is contested, but it is expected that additional negative impacts for the global economy would arise should sufficient tipping points be breached[2].

1. *The European Space Agency, Dec 2023*
2. *Breaching tipping points would increase economic costs of climate change impacts - Grantham Research Institute on climate change and the environment (lse.ac.uk)*

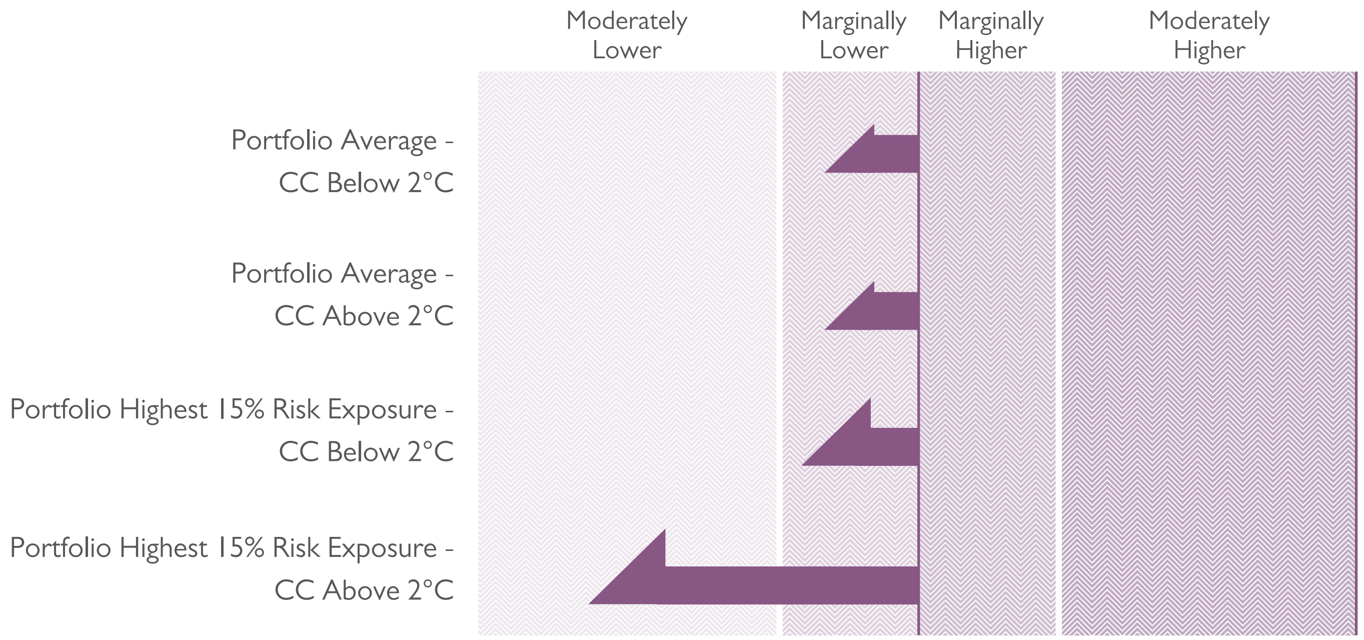
Applying the above scenario for climate impact magnification, we have identified potential portfolio financial impacts by 2050 as presented below. Below 2°C climate change, we expect a low to medium overall SFIM UK investment portfolio impact, while for above 2°C climate change we see a medium overall impact with the potential for this to be magnified up to a high impact should a sufficient number of tipping points be breached. For the 15% of the SFIM UK investment portfolio with the highest climate risk exposure, we see the potential for high climate impacts to occur, with a breach of tipping points further increasing the risk of highly material financial impacts to occur.

EXPECTED IMPACT OF CLIMATE CHANGE (CC) ON SFIM PORTFOLIO BY 2050



Comparing our sectoral and geographic investment portfolio exposures to that of broad market cap weighted indices, we consider SFIM as being exposed to a slightly lower risk of financially material climate impacts. This is the result of our portfolio being underweight high emitting sectors and emerging markets. Comparing the 15% of our portfolio with the overall highest climate risk exposure with the 15% highest risk exposure component of broad market cap weighted indices, we see an even starker increase in the risk gap (lower risk in our portfolios versus broad market-cap weight indices), particularly for above 2C climate change.

ASSUMED DIFFERENCE IN CLIMATE RISK EXPOSURE - SFIM UK VS BENCHMARK (BROAD MARKET CAP WEIGHTED INDICES)



To manage these overall portfolio risks, we have introduced climate and more broadly sustainability risks into our regular investment risk reviews. These cover risk profiles of specific funds, or companies we invest in, with the aim of ensuring those risks are sufficiently factored in for investment decisions, where financially material.

We do not have investment products or services that focus on investing in high risk sectors or geographies, and thereby do not believe there are materially different climate risk exposures or transition pathways for specific products or services compared to our overall investment portfolio exposures. For future reports, we hope to conduct more detailed product level climate risk analyses, to ensure any potential risk divergences across our portfolio are properly tracked. An initial step for enabling this is the introduction of product climate risk review into our investment committee meetings, which we will commence in 2024.

CLIMATE RISKS AND OPPORTUNITIES FOR SFIM UK

Having looked at the overall financial materiality of climate impacts for the SFIM UK investment portfolio, we have further assessed climate risks by TCFD physical and transition risk categories, as well as opportunities, the aim being a more granular understanding of climate risk exposures. 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. To better understand our operational risk profile, we aim to conduct a more granular analysis for next year's TCFD report.

Breaking down climate risks and opportunities into TCFD 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. 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.

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CLIMATE RISKS & OPPORTUNITIES IDENTIFIED FOR STONEHAGE FLEMING UK INVESTMENT PORTFOLIO

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 - ▶ Reviews of existing product portfolio for climate related product gaps ▶ Assessment of client sustainability preferences through structured questionnaire and annual reviews
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 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

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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. Through the introduction of formalised structures for reporting and assessing climate risks (see Governance and Risk Management section) over the coming year, our aim is that material climate risks and opportunities will become more formally integrated into the investment process.

MANAGING CLIMATE RISKS THROUGH OUR INTERNAL EXPERTISE

To manage climate risks as identified for our internal equity funds, we track the emissions performance of holdings, sustainability rating and sustainability controversies in our regular ESG Risk Committee meetings, for our flagship Global Best Ideas Equity Fund (GBI). In addition, we have access to data on physical asset exposures to physical climate risks through our data providers, which we will monitor and use for risk management purposes going forward for this fund. Considering potential climate risks, we might experience in the short to medium term, we have deemed this approach to be reasonable.

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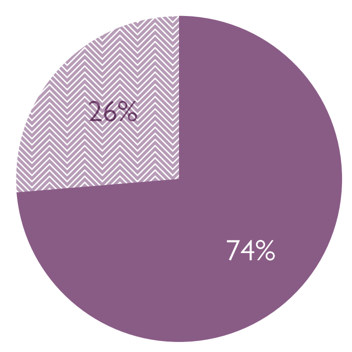
MANAGING CLIMATE RISKS THROUGH OUR EXTERNAL EXPERTISE

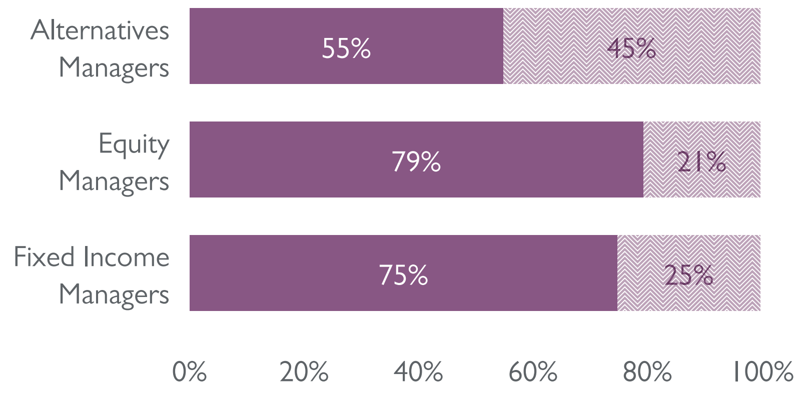
As good stewards of our client's capital, we cannot rely on best case scenarios for climate risks to materialise, especially considering potentially highly material risks already in the short to medium term. Given roughly two thirds of SFIM UK's assets are managed through third-party managers that we 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 now require all 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.

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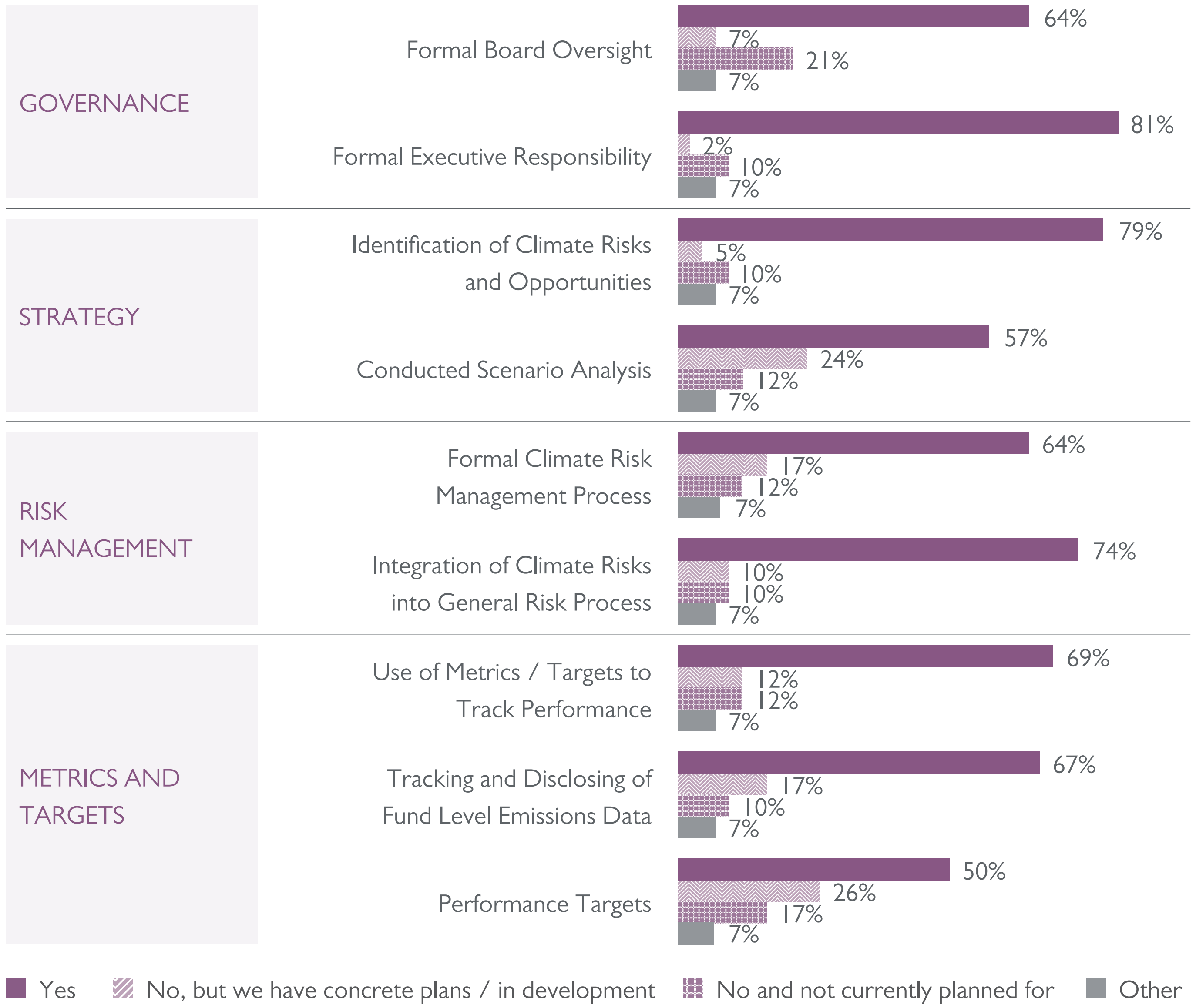
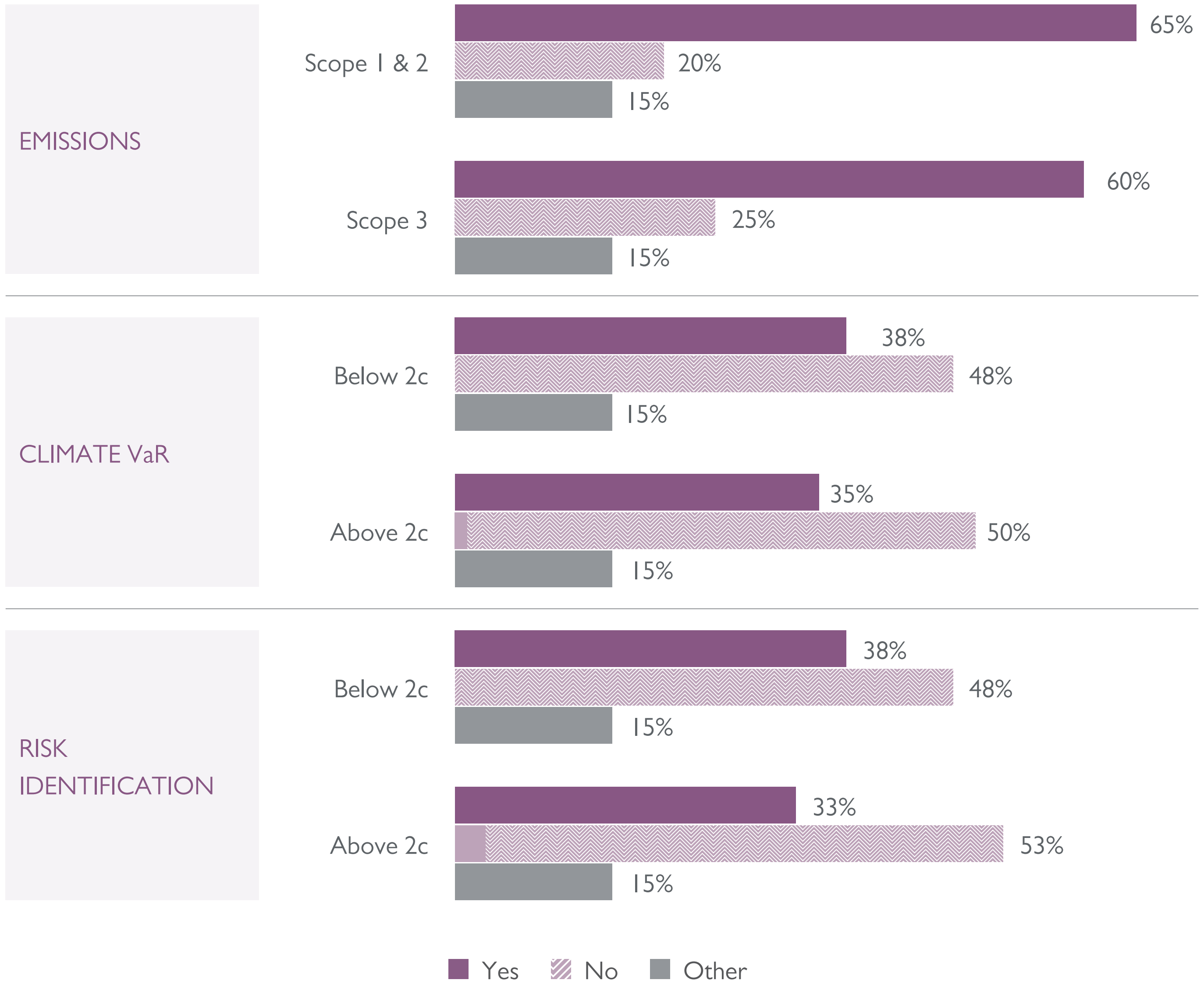
Growing our understanding of climate risk exposures at product level, through continued engagements, will be a focus for us going forward. With this, we gain a better understanding of our own risk exposures and contribute to moving the industry towards a better understanding and management of climate risks. For this purpose, we aim to put in place targets for managers to implement TCFD requirements and disclosures and a follow-up engagement plan. The below charts present manager climate risk processes and disclosures, for those managers that provided a response to us.

ORGANISATIONAL CLIMATE RISK INTEGRATION



PRODUCT LEVEL CLIMATE RISK ASSESSMENT



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. We Accordingly, we do not factor climate risk into our Group financial planning.

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.

ORGANISATION

At an organisational level, SFIM UK does currently not conduct climate risk reviews. We do not, as per TCFD requirements, identify or assess climate-related risks, nor do we have a formal a process for managing those risks. While climate is recognised as an emerging risk within our official risk management framework, we have not yet integrated climate risk reviews and monitoring into our organisational risk management process. As part of this TCFD reporting cycle, we have engaged more broadly with sustainability risk questions, and have completed an initial review of those risks across the organisation. Our plan for 2024 is to start a process of integrating sustainability risk reviews and monitoring into our overall risk management process. Climate risks form part of that sustainability risk review undertaking.

INVESTMENT RESEARCH

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 Global Best Ideas Equity Fund, and have the aim of formalising regular climate risk reviews as part of this committee. We have started planning for reviews for our multi-asset investment portfolio. We are assessing options for regular product level ESG risk reviews that would include climate risks, the plan being to formalise these throughout 2024.

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.

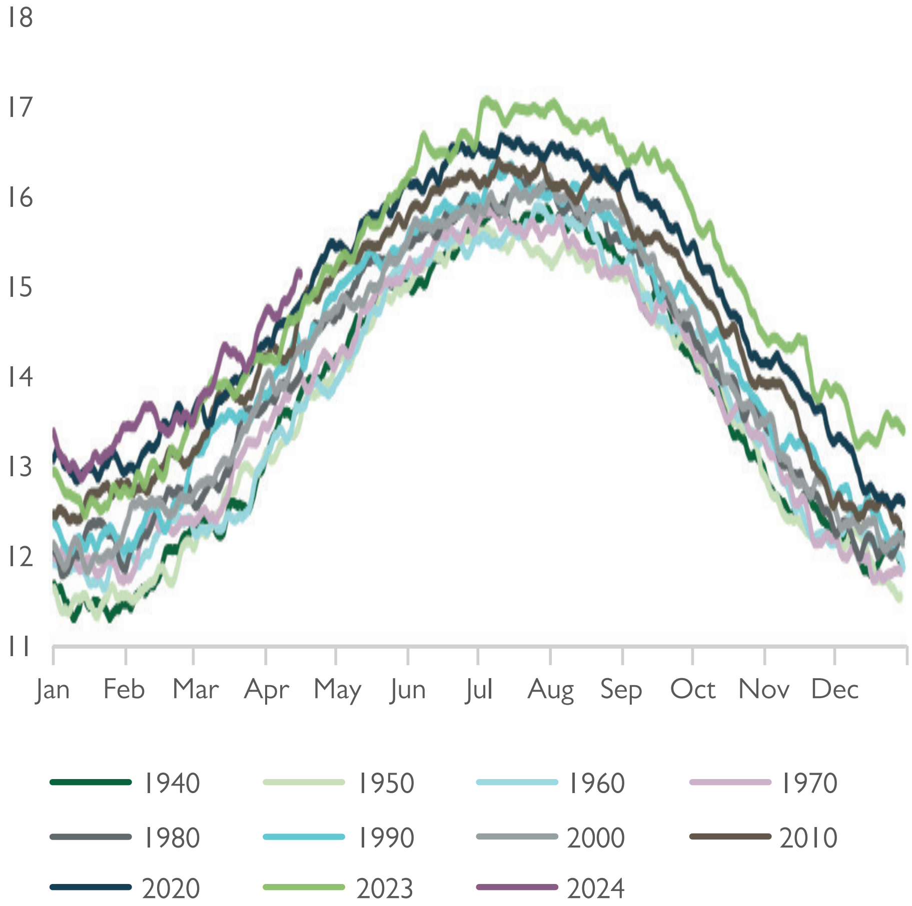
CURRENT CLIMATE STATE EXAMPLES

The below example is a recent 2024 research piece conducted for our sustainable investment offering.

THE WORLD IS WARMING AT A FAST PACE

Global average air surface temperature (°C)

Source: Copernicus Climate Change Service, April 2024



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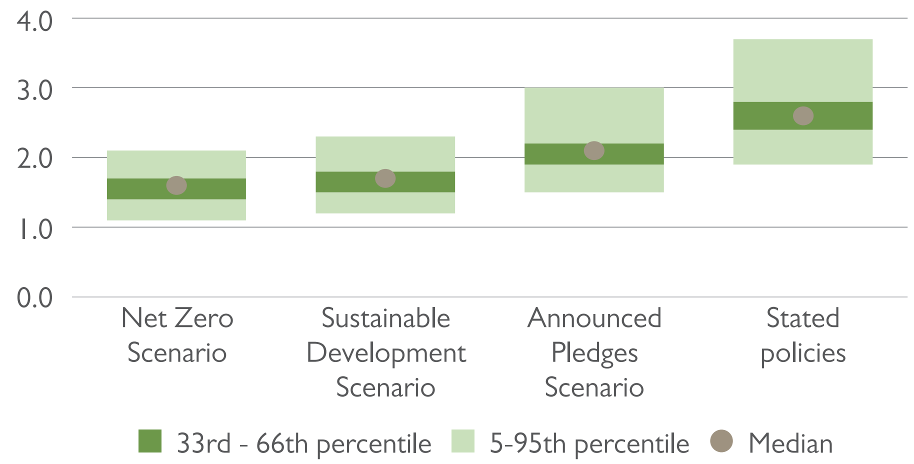
AND SET TO CONTINUE IN ALL SCENARIOS

Temperature rise (°C) above pre-industrial averages

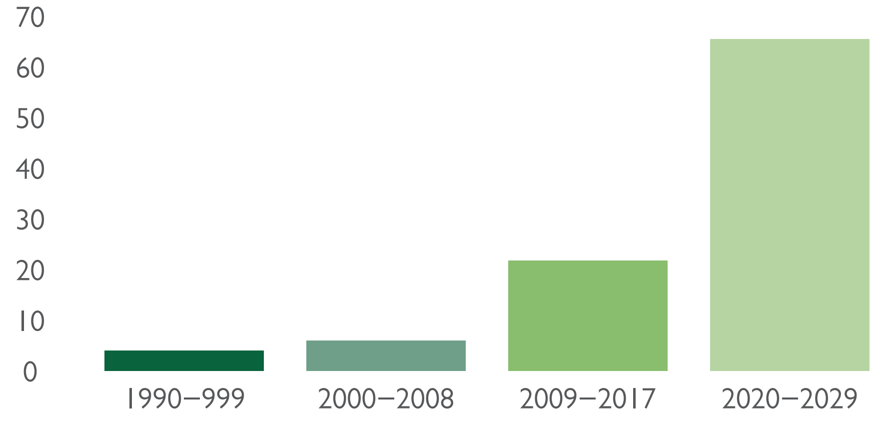
Source: IEA. World Energy Outlook 2021



POLICY SUPPORT IS PICKING UP, PARTICULARLY US

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

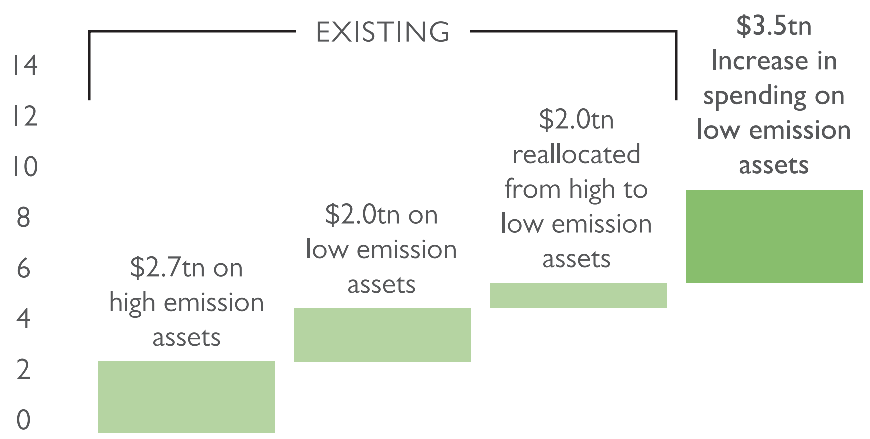
Credit Suisse, RMI, November 2022. 2020–2029 are estimates.



BUT MUCH MORE REQUIRED FOR NET ZERO

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

Source: McKinsey, 2022



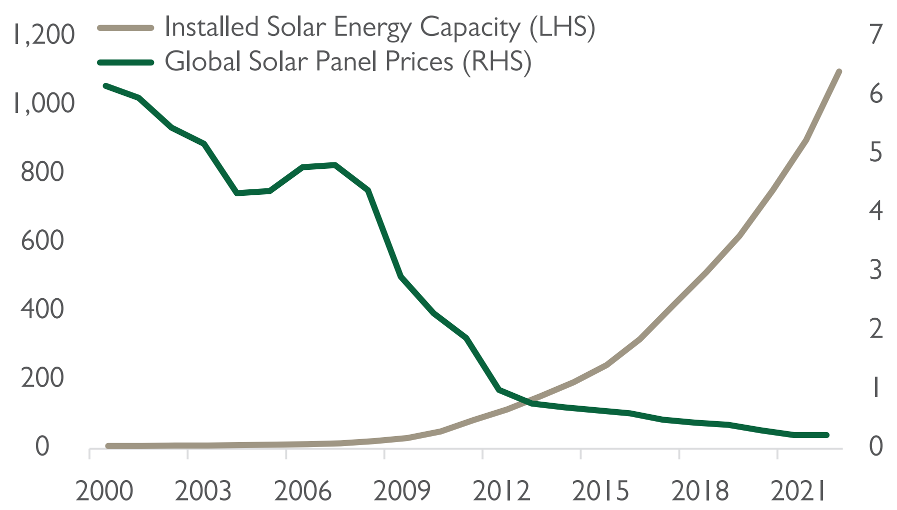
ENERGY TRANSITION EXAMPLES

The below example is a recent 2024 research piece conducted for our sustainable investment offering.

HIGH SOLAR GROWTH AS CHEAPEST FORM OF ENERGY

Cumulative solar energy capacity vs Solar panel price

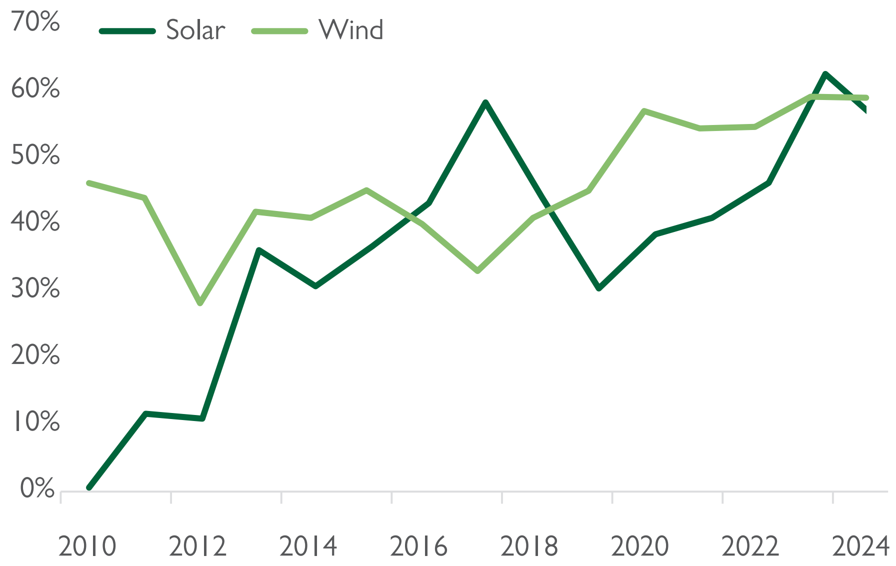
Source: ourworldindata.org, 2023



CHINA LEADING THE WAY IN RENEWABLES

China % of global growth in wind installations and solar (gigawatts)

Source: Guinness Global Investors, BP, IEA, BNEF, PV Infolink. Dec 2023, 2024 estimated.



SOME PROGRESS ON BUILDINGS EFFICIENCY

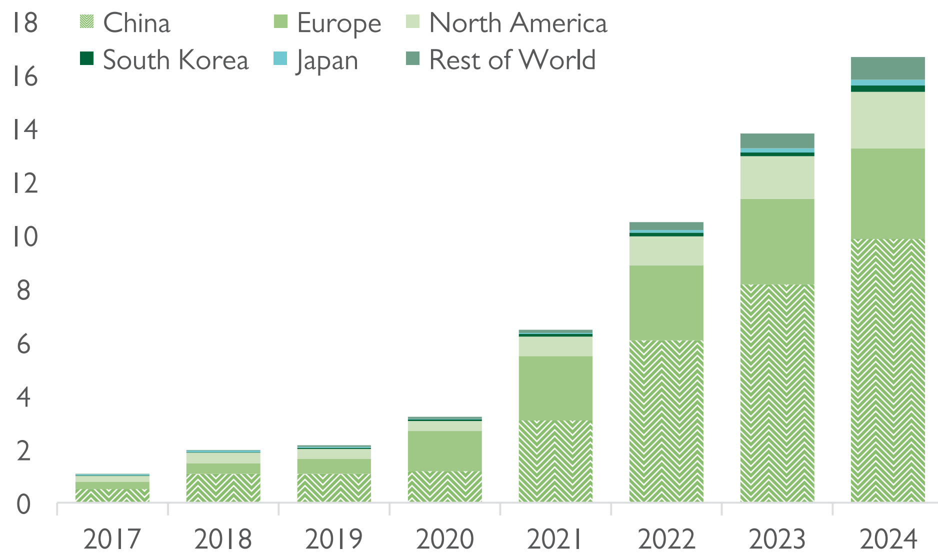
Source: iea.org

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

EXPECTING RECORD EV GROWTH IN 2024

Electric Vehicle sales by region (in millions)

Source: BNEF, 2024 estimated. April 2024



ENGAGEMENT

"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

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 understanding their governance, strategy, risk management and monitoring of climate risks, we are able to manage our risk exposure and help to improve industry practice 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 over the course of 2024. We will further use this initial engagement as an input for defining our own climate related targets.

ENCOURAGING RESPONSIBLE PRACTICES

While climate is a very specific topic, we believe that those within the industry that show best practice on responsible investment will also give managing their climate risks the required attention. Starting in 2021 we have encouraged our third-party managers to become UN PRI signatories, and have since seen a significant rise in signatory status amongst managers we allocate capital to.

UNDERLYING MANAGER ENGAGEMENTS

Our third-party managers conducted many hundreds of engagements with companies directly during 2023[1]. 32% of these were of an environmental nature and we highlight a handful of climate emissions-related engagements of our managers in more detail overleaf.

EQUITY[2]

Company	Textile fibre manufacturer
Reasons for engagement	The company provides wood-based fibres that have better environmental performance than alternatives, yet its operations are energy and carbon intensive, making it a top 10 emitter within the portfolio. Its processing of wood products into fibres also means that it is exposed to biodiversity risks.
Actions	The manager held several virtual meetings with company representatives, including the head of sustainability, to ensure their decarbonisation plan is robust.
The manager	▶ Asked the company for more details on how they can accelerate their dependence on fossil fuels in their operations, as well as improve energy efficiency notably in industrial heat. ▶ Continued to ask for better disclosure of product impacts in terms of avoided emissions and avoided water use, how the company can best comply with regulation on green claims, and how they can accelerate the growth of Refibra, a fibre with high recycled content. ▶ Explored how the company could step up its approach to managing biodiversity risks by adopting a standard such as TNFD or SBTN, as well as report quantitative data. ▶ Followed up on the diversity, equality and inclusion plan the company has set up 2 years ago, notably asking whether the company could set up clearer targets.
Outcomes	The company has ramped up its decarbonisation targets. The company has adopted a more ambitious decarbonisation target, aiming for 1,100,000 tons of CO_2 emissions to be reduced by 2030 (instead of the previously targeted 700,000 tons). The company remains reluctant to publish product impact data due to methodological uncertainties and competitive risks. The company is continuing to work on biodiversity frameworks and quantitative measures but has not yet formally adopted a framework.

EXAMPLE

1 Data provided by underlying managers on 2023 activities. Engagements represent number of companies engaged with, whilst number of overall engagements will be more.
2 Anonymous asset manager

EQUITY[1]

Company Overview	One of the world's largest rendering companies. Collects and transforms all aspects of animal by-product streams into useable and specialty ingredients, such as collagen, edible fats, feed-grade fats, animal proteins and meals, plasma, pet food ingredients, organic fertilisers, yellow grease, fuel feedstocks, green energy, natural casings and hides.
Reasons for engagement	Biofuels are a key climate solution and the company is well placed to capture this opportunity, however the company must also enhance consideration to operational and value chain emissions to further enhance the value proposition and carbon benefits of its products. The company is a large producer of renewable diesel, which is produced from waste oils, animal fats, and greases and does not require blending with petroleum diesel for its use.
Actions	The manager highlighted to the company that they should: ▶ Improve efforts to reduce their carbon footprint, and establish science-based targets across scope 1, 2, and 3 emissions. ▶ Enhance safety controls and reporting including lead indicators, given high levels of safety incidence and a need to reduce acquisition integration risk.
Outcomes	The company has acknowledged that safety controls require renewed focus, especially following recent acquisitions, and the company is making material changes to its safety management structure and oversight to enhance performance. The company has undertaken scope 3 mapping exercises and has committed to science based targets, which are not yet validated.

EXAMPLE

1 *Anonymous asset manager*

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EQUITY[1]

Company Overview	Global wind turbine manufacturer
Reasons for engagement	With over 173 GW of wind turbines installed in 88 countries, the company's solutions have prevented 1.9bn tonnes of CO_2 being emitted, making meaningful contributions to the energy transition. Engagement will focus on managing operational risks to further enhance the credibility of wind as a solution.
Actions	The manager has encouraged the company to: ▶ Publish its supporting action plan for scope 3 GHG emissions reductions including supplier engagement targets. ▶ Enhance lead indicators monitoring and reporting, which should facilitate enhanced safety performance. ▶ Accelerate circular economy progress through capital commitments that will scale blade recycling technology.
Outcomes	The company is investing in wind turbine recycling capabilities that will reduce waste generation and reduce reliance on virgin materials, as well as enhance the sustainability credentials of the wind energy industry. The company is also focused on responsible procurement practices, with aims to reduce carbon emissions from its supply chain by 45 percent per MWh generated by 2030 and is achieving this through strong collaboration with supplier partners. The company explicitly talks about its action plans to reduce scope 3 emissions, including a commitment to net zero steel.

EXAMPLE

1 *Anonymous asset manager*

EQUITY[1]

Company Overview	US-based fast-casual restaurant developer and operator serving healthy foods prepared from seasonal and organic ingredients.
Reasons for engagement	Food and agriculture account for 25% to 35% of emissions globally. In the manager's opinion, focus by policymakers and consumers will eventually shift from electrification to food. While the company has been exploring a broader range of trout menu options as a means to 1) expand its menu, 2) diversify its dependence on its current protein sources and 3) provide lower-carbon protein options for an overall decrease in emissions-per-salad, they had questions for the manager in terms of best practices geographically, which species they might have overlooked, and what questions they should be asking of potential new suppliers. The manager followed up the conversation with an introduction of the company to the team at another of the manager's investment companies, as they saw great potential for a partnership between the two in the northeast US region.
Actions	The company requested a call (which was held in November 2023) to facilitate a knowledge-sharing and brainstorming session between the manager, their scientific partners and the company's procurement team. The company's plant forward menu is 30% less carbon intensive than the average American meal, and they have a stated goal to be carbon neutral by 2027. As the company looks to expand its low-carbon protein options, the company sees seafood as the natural next step in menu evolution. The manager encouraged the company to: ▶ Write and commit to a best-in-class sustainable seafood sourcing policy. ▶ Create and publish pulse or snapshot-sized sustainability updates that keep the consumer and investors informed into how the company's investments into their supply chain is resulting in tangible carbon reductions.
Outcomes	Multiple follow-up exchanges via email on examples of and resources for a best-in-class sustainable seafood policy since the November 2023 engagement call. Further discussion with brand concept team to discuss the company's overarching protein strategy. The company assured the manager that "pulse" reports will be an annual staple in their reporting process, as they agree with the manager that shorting both the time between reports and the extent of each report's content will ease the reporting burden, provide transparency and comfort to stakeholders, and allow the company more flexibility in responding to any potential in-flight changes.

EXAMPLE

1 *Anonymous asset manager*

EQUITY[1]

Company Overview	The company designs and manufactures hydronic flow control and treatment systems.
Reasons for engagement	Raise awareness and share perspective on sustainability issues.
Actions	The company engaged in a discussion with an independent consultant to discuss the manager's sustainability strategy. Impax provided input into the company's double materiality assessment and shared their views on the company's material risks and opportunities. The manager shared areas for improvement overall, such as setting science-based Scope 3 targets, physical climate risk management, product end-of-life treatment and circularity, equality, diversity and inclusion, and human capital management. There was also a brief early-stage discussion on the topic of nature and biodiversity-related risks and opportunities.
Outcomes	The company will incorporate the manager's suggestions into an updated materiality assessment informing their sustainability strategy.

EXAMPLE

PRIVATE CAPITAL[2]

Company Overview	The company provides small businesses with online solutions to scale.
Reasons for engagement	One of our private capital managers has an annual 'ESG Diagnostics' tracker (measuring 188 metrics) which requires each company it is invested in to measure their greenhouse gas (GHG) emissions as well as provide a list of all their policies, procedures and initiatives relating to sustainability. Based on this information, the manager provides all companies with a sustainability score ranging from1 to 10. From this process it became clear that the comapny, a leading European provider of mass hosting services to small/home offices, had higher than preferable emissions given the breadth of its policies and operations.
Actions	The manager engaged with the company to address this issue, by firstly developing a more comprehensive sustainability strategy with the company, before putting in place policies that introduced Board accountability for sustainability performance and sustainability KPIs for management's incentive plans.
Outcomes	The process is ongoing and the company is yet to re-record its GHG emissions. However, team. blue has since set targets for the percentage of its energy usage that will come from renewable sources and has started to develop a strategy that will allow it to become net-zero in the future.

EXAMPLE

1 *Anonymous asset manager*
2 *Anonymous private capital manager*

SFIM UK ENGAGEMENT WITH SUSTAINABLE STRATEGY MANAGERS

We engage with a number of our underlying GSIP fund managers to understand how they examine climate risk and the potential impact on portfolio holdings. It is our expectation that by working closely with some of the most talented external fund managers, our clients will benefit from managers getting ahead of the curve on which companies will be more resistant to climate change.

A combination of having more tools to look at climate change data and speaking to the third-party managers we allocate to for our sustainable product has meant we are in a better position to challenge managers on their climate assumptions. We also engaged those managerson on nature specifically in late 2023. This is one particular area impacted by climate change and non-climate change related factors, and we wanted to understand the extent to which managers have thought about this in their process. The results of our findings were mixed with all managers having done some work on this, but most not having a clear methodology.

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. We have used Enterprise Value Including Cash (EVIC) rather than Market Capitalisation for our Carbon Footprint and Weighted Average Carbon Intensity calculation. This, we believe better approximates overall company value. The calculation methodology for Implied Temperature Rise (ITR) can be found in the appendix.

OPERATIONS

Since financial year 2022/23 we have gathered operational Scope 1 and 2 emissions data for the Stonehage Fleming UK 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 office's floor space. Our new office is in a BREEAM certified building, which has significantly changed our operational emissions profile. As a result of the recent move, 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 of 50% from 22/23 to 23/24. For the coming year, our ambition is to set a long-term and intermediary operational net-zero targets for Scope 1 and 2, as well as to put in place a data system and internal processes to enable this. We further plan to achieve sufficient reporting coverage for operational Scope 3 emissions, and to similarly set reduction targets for those.

Stonehage Fleming UK – Operational Emissions in Tonnes[1]	2022/23	2023/24	% Annual Change
Scope 1	85.86	27.07	-68%
Scope 2 - Location Based	126.81	79.50	-37%
Scope 2 - Market Based	39.48		
Total Scope 1 & 2 emissions	212.67	106.57	-50%

1 *Values for SF UK London office, of which SFIM UK occupies roughly 40% floor space*

Already in 2023, we have started our journey to delivering against those ambitions. Included here are reviews of our office meal plan, resulting in a change in early 2024 towards reduced servings of red meat in our in-house canteen. 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 output. We have further started exploring options to introduce sustainability requirements into our procurement policy.

Regarding our operational scope three emissions, we have started gathering data on our water use, waste generation and transportation-related emissions, including business travel.

INVESTMENTS

All figures in this section represent aggregate data for that portion of the portfolio which is eligible (i.e.: excluding cash and a limited number of other assets) and covered (those companies for which data is available). This is particularly relevant for absolute figures, such as scope 1, 2 and 3 emissions figures and ITR, as a lower level of coverage decreases the amount of emissions displayed compared to those which would be displayed if the entire portfolio were covered.

Due to the complexity of our investment business, which uses various models and funds to help achieve a wide variety of client objectives, we are currently not able to track and disclose financed emissions data or scenario alignment figures as per TCFD requirements, or other climate risk metrics for the entirety of our business' discretionary client portfolios.[1]

For this reason, we have decided to present emissions figures for SFIM UK's AUM through a representative portfolio. These cover mandatory TCFD emissions metrics, as well as implied temperature rise. For the coming year, our ambition is to track and disclose emissions metrics in line with TCFD requirements.

The representative portfolio we have shown SFIM UK financed emissions through is the Onshore Core Balanced model portfolio, which is used by a large number of our discretionary SFIM UK clients.

ABSOLUTE CARBON EMISSIONS (TONNES)

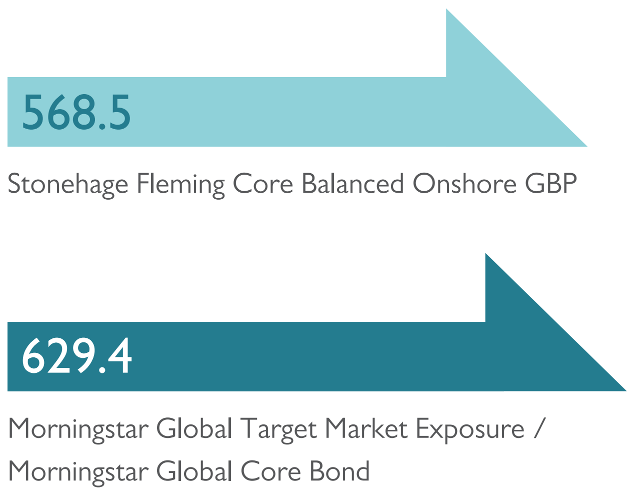
1 *The benchmark used in the above charts represents a composite benchmark consisting of the Morningstar Target Market Exposure Index and the Morningstar Global Core Bond Index in proportions in line with that of our typical Balanced portfolio with the cash and alternatives components assigned to fixed income. The result if 55% Morningstar Target Market Exposure Index / 45% Morningstar Global Core Bond Index.*

This portfolio shows a slightly lower level of Scope 1, 2 and 3 emissions than the chosen benchmark, as well as a lower weighted average carbon intensity and carbon footprint. We attribute this to an overweight to insurance and health care equities, which have relatively lower emissions than the benchmark[2]. Whilst emerging markets typically represent a higher emitting component of global equities, our Asian equity manager (through which we gain a significant component of our emerging market exposure) exhibits meaningfully lower emissions than the broader market and this is another positive in our carbon metrics versus our benchmark.

Our plan for 2024 is to replicate this emissions data look through exercise for the overall SFIM UK investment portfolio, to better understand our overall performance, and to use for future climate risk reviews and potentially target setting.

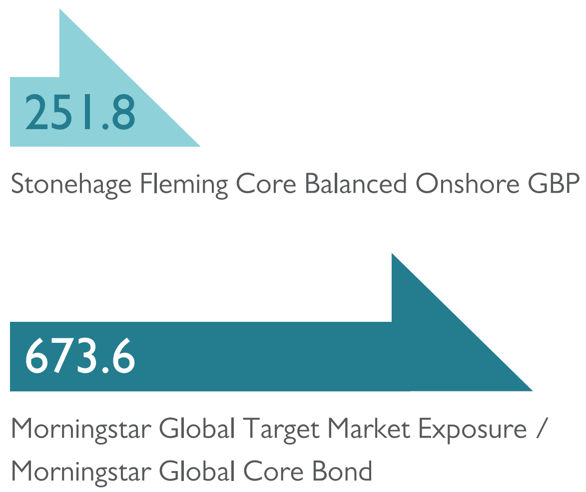
Regarding climate risk and metrics performance related remuneration, due to existing data limitations we have not yet been able to put in place performance targets for the investment team relating to climate.

WEIGHTED AVERAGE CARBON INTENSITY (PER $1MN OF REVENUE)



Source: Morningstar

CARBON FOOTPRINT (PER $1MN INVESTED)

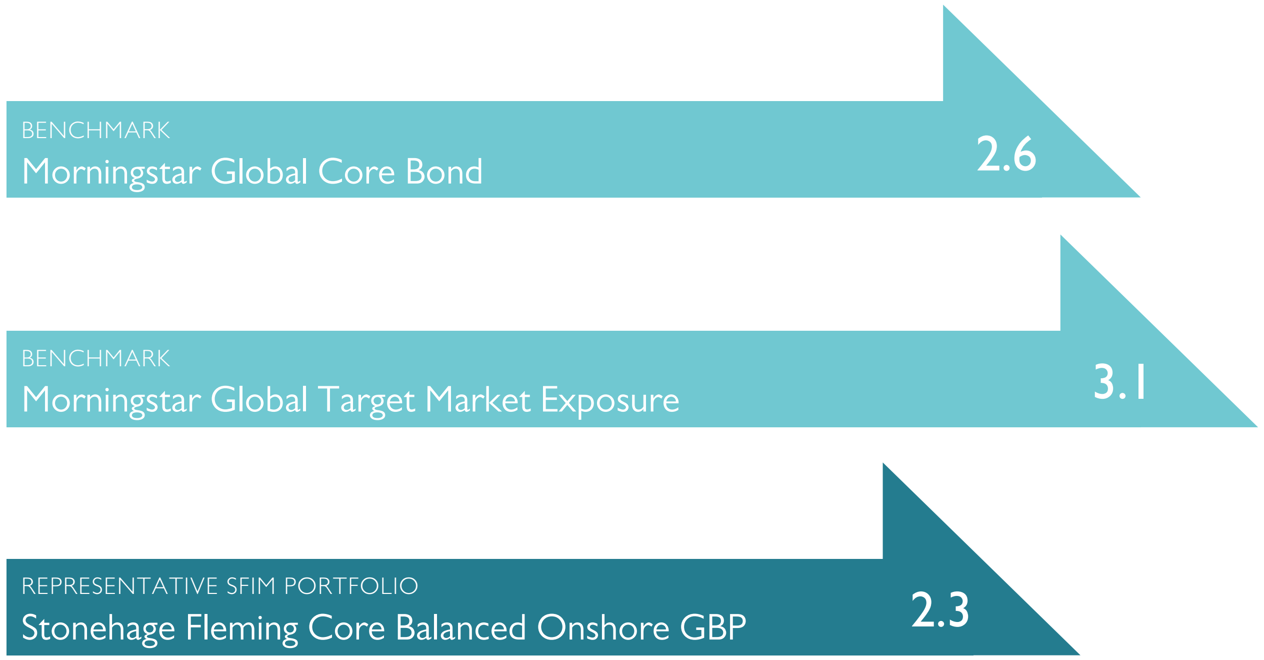


Source: Carbon Footprint, Weighted Average Carbon Intensity and Implied Temperature Rise are all calculated using scopes 1, 2 & 3 emissions.

2 *Note that scope 1, 2 & 3 are absolute figures based on the portfolio which is covered by Morningstar data and are not scaled up to represent 100% of the portfolio. Therefore a portfolio with less coverage than another will have lower scope 1, 2 & 3 emissions, all else equal.*

The Implied Temperature Rise of a representative SFIM UK portfolio, our Global Core Balanced Onshore portfolio, and that of its constituent funds is shown below. We have chosen to disclose this metric in addition to emissions metrics, as it can present the product alignment with global ambitions for climate change mitigation. Currently, our Global Core Balanced Onshore portfolio performs only marginally better than the chosen benchmark, a fact we attribute to the overall high geographic and sectoral spread of this portfolio. To us, this reaffirms the similarity in climate risk exposures for the overall SFIM UK investment portfolio which we presented in our climate risk assessment (see Strategy section). For a more robust review, an ITR review for the overall SFIM UK investment portfolio is required though.

PORTFOLIO IMPLIED TEMPERATURE RISE



A summary of the above figures, including the coverage for each metric, is shown in the table below

	Metric	Fund	Benchmark	Fund Coverage	Benchmark Coverage
GHG Emissions (Absolute Carbon Emissions (Tonnes))	Scope 1 Tonnes	458,099	527,216	49%	52%
	Scope 2 Tonnes	112,095	112,643	49%	52%
	Scope 3 Tonnes	3,449,780	4,451,220	49%	52%
	Scope 1, 2 and 3 Tonnes	4,019,974	5,091,079	49%	52%
Carbon Footprint (per GBP millions)	Scope 1, 2 and 3 Tonnes	252	674	49%	52%
Weighted Average Carbon Intensity	Scope 1, 2 and 3	568	629	56%	60%
Implied Temperature Rise	Scope 1, 2 and 3	2.3	2.9	49%	51%

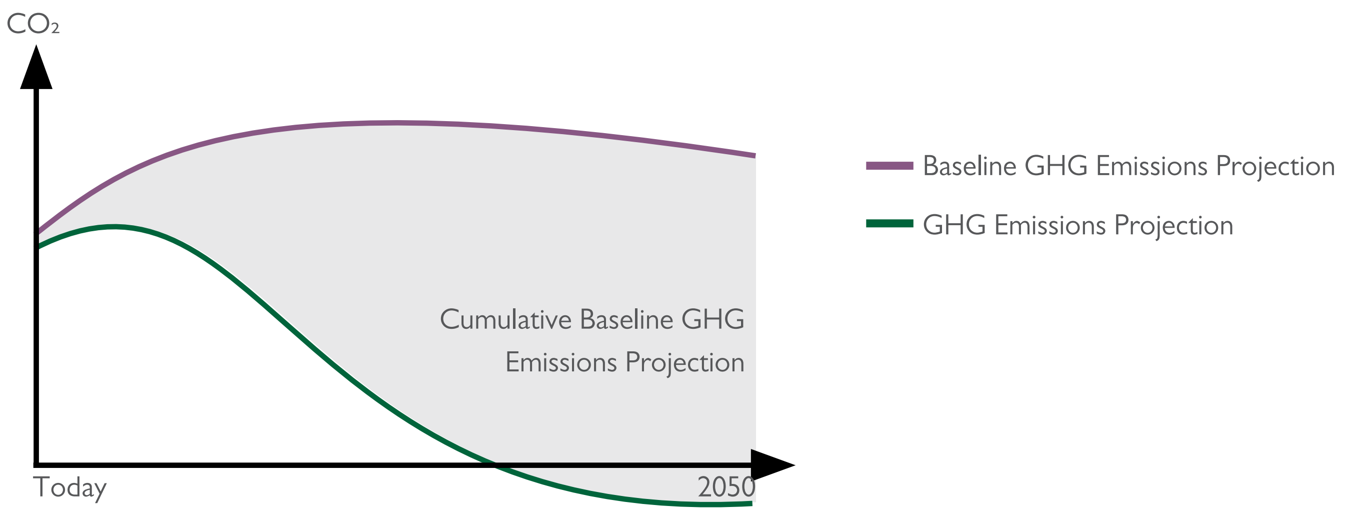
APPENDIX & GLOSSARY

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

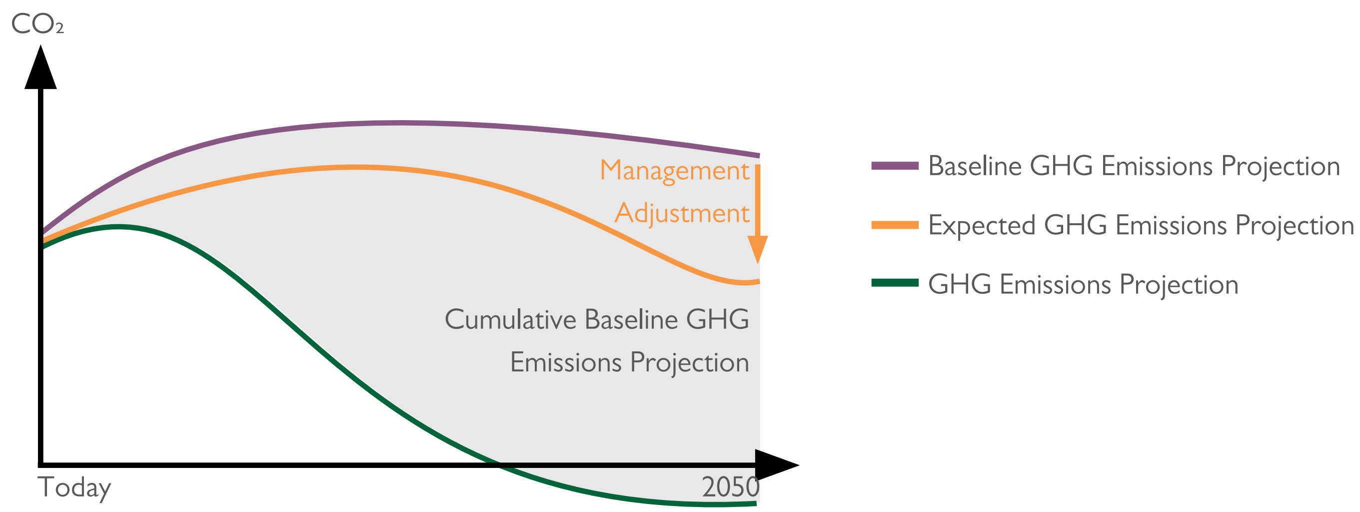


Source: Morningstar

- 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.[1]
- 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.

1 *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.

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GLOSSARY

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 MANAGEMENT (AUM)

AUM represents the aggregate value of client assets managed, advised, or otherwise contracted by Stonehage Fleming Investment Management.

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 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.

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.

GLOSSARY

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.

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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.

DISCLAIMERS

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and business of SFIM UK. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'expects', 'aims', 'confident', 'will have', 'will be', 'likely' or 'estimate' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Nothing in this report should be construed as a forecast, estimate or projection of future financial performance.

This report includes non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The analytics are based on data currently available; they are not fixed and are likely to change and evolve over time.

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