TCFD REPORT

for the year ended
31 December 2024

evelyn
PARTNERS

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CEO message

Paul Geddes
CEO, Evelyn Partners

As we highlighted in last year's report, Evelyn Partners recognises the reality of climate change with the warming trend continuing – in 2024 reaching 1.6°C above pre-industrial levels[1]. Climate change is a systemic risk, posing considerable challenges in its magnitude and widespread nature of impacts.

We have supported the goals of the Paris Agreement since 2021, stipulating that the rise in global average temperatures should be limited to preferably 1.5°C or well below 2.0°C by 2100.

Climate change results in both physical and transition risks which may negatively influence investment returns. However, there are also opportunities arising from climate solutions, for example in the development of new energy supplies and solutions, as well as emerging business models focusing on the formidable mitigation and adaptation measures that will be required across the globe to support the transition to a low carbon economy. Evelyn Partners is committed to understanding the risks and opportunities that climate change poses for its clients and for its own activities. In common with the rest of the industry, our understanding of climate risk related events and data is still developing.

We are pleased to report the progress on our commitments during 2024, along with highlights from this report, as shown on page 6 and 7. Further details on our commitments and statement of climate-related intent and ambition are outlined in the Strategy section, on page 13.

By integrating our assessment of material climate risks and opportunities into the investment process, alongside traditional financial appraisal techniques, we enhance our ability to identify high quality businesses. This approach bolsters the long-term resilience of the portfolios we build for clients. By using our influence as stewards of our clients' capital through an active engagement programme, both individually and collaboratively, we are working to improve investee companies' business practices.

We will continue to monitor climate-related risks and opportunities together with the international governmental response. We are committed to achieving the best possible outcome for clients through our investment process. We have compiled this Task Force on Climate-related Disclosures (TCFD) entity report to shed light on our corporate carbon footprint together with our investment processes and management of material climate-related risks and opportunities.

The report is structured in line with the recommendations of the TCFD, using the four pillars of Governance, Strategy, Risk Management, and Metrics & Targets. We look forward to working further with our clients and the wider finance industry to expand our contribution to this important area.

[1] World exceeds 1.5°C threshold for entire year for the first time | Royal Meteorological Society.

Compliance statement

The disclosures in this TCFD entity report, including Group disclosures relied upon and cross-referenced in this report, are consistent with the recommendations of the TCFD.

The disclosures cover the following Evelyn Partners entities managing discretionary investments, drawing off a common investment process. They cover our three main entities with more than £5bn of assets under management (AUM). In addition, UK entities with less than £5bn of asset under management and overseas companies are denoted with a (v) to indicate voluntary disclosures[2].

Evelyn Partners Investment Management Services Limited (FCA)

Evelyn Partners Investment Management LLP (FCA)

Evelyn Partners Discretionary Investment Management Limited (FCA)

Tilney Discretionary Portfolio Management Limited (FCA) (v)

Evelyn Partners Securities (FCA) (v)

Evelyn Partners Asset Management Limited (FCA & SEC) (v)

Dart Capital Limited (FCA) (v)

Evelyn Partners International Limited (Jersey) (v)

Evelyn Partners Investment Management (Europe) Limited (Ireland) (v)

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. We plan to develop our disclosures as data improves and in accordance with industry best practice.

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

Edward Park
Chief Asset Management Officer

29 April 2025

[2] Further details for each respective legal entity can be found at the end of this report and are available on our website at: Registered details | Evelyn Partners

Recommended disclosures

		Pages
 **Governance** Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	11
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	12
 **Strategy** Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	15-19
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	20-22
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	23-30
 **Risk Management** Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks.	33-34
	b. Describe the organization's processes for managing climate-related risks.	35-37
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	30-31
 **Metrics & Targets** Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	50-56
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	47-49
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	56-57

2024 Report Highlights

Progress on our TCFD commitments

1. Incorporate climate risks and opportunities in our investment process

Climate Dashboard

Implied Temperature Rise (ITR), Climate Value at Risk (CVaR), green revenues and Science Based Targets (SBTi) adopted as environmental KPIs

High emitting sector focus

Thorough review of defining our high emitting sectors using SBTi and NZIF methodology and applying to our asset base

2. Engage individually and collaboratively on climate-related issues

Engagement activity

Our engagement meetings covered 43% of emissions of our direct investments

Collective engagement

We surveyed our top 30 emitting collectives on their climate stewardship and investment processes

3. Enable the expression of our clients' climate-related preferences

DPS client offering

Investment approach for clients that request net zero alignment is available

Horizon funds

Two climate metrics will be added to Evelyn Partners Horizon fund range in 2025 as additional sustainability-related indicators

Climate metrics overview*

Operations

	2024	% YoY
Scope 1 emissions (tCO2e)	248.8	+14%
Scope 2 emissions (tCO2e, location based)	761.9	-5%
Scope 3 emissions (tCO2e, excl. financed emissions)	26,946.3	-11%
Total	27,957.0	-11%

Investments

	2024	% YoY
Scope 1 & 2 financed emissions (tCO2e)	1,336,677	-2%
Discretionary AUM (bn USD)	46.5	+11%
Carbon footprint (tCO2e/M USD Invested)	22.2	-13%

WACI of our discretionary AUM	2024	% YoY
Corporate (tCO2e/M USD Sales)	74.2	-5%
Sovereign (tCO2e/M USD GDP Nominal)	150.0	N/A

Portfolio Implied Temperature Rise (ITR)	2024	2023
Discretionary AUM (°C)	2.2	2.2

	1.5°C Orderly	2°C Orderly	2°C Disorderly	3°C NDC
Climate Value-at-Risk (CVaR)	-8.6%	-4.0%	-5.8%	-4.7%

*Note: The metrics are based on discretionary AUM. For detailed information on data assumptions and limitations regarding the use of climate-related metrics in this report, please refer to Appendix 2. Additionally, the Strategy (scenario analysis) and Metrics and Targets sections provide an explanatory narrative about these metrics.

Governance

Introduction

The Group has structured its governance arrangements such that the members of the Board of Evelyn Partners Group Limited are also directors of the majority of the main UK trading or regulated subsidiaries. The entities in scope for this report, including non-UK regulated legal entities, are listed within the Compliance statement (page 4). For further information on the group's governance, please refer to our Corporate Responsibility and Stewardship reports, available on our website (Corporate responsibility | Evelyn Partners).

The Board recognises the importance of good corporate governance and works to ensure that the Group's governance arrangements are robust, adaptable and able to deliver a well-run business which has its clients' best interests at its heart, whilst meeting its responsibilities towards all stakeholders.

The Board sets the strategy for the Group, approves the risk appetite to support that strategy, and oversees an effective risk control framework and the delivery of strategy and performance.

Figure 1: 2024 Pillar Leads

Risk management is central to a strong governance culture. At Evelyn Partners, this culture is built upon the Three Lines of Defence governance model, as further explained in the Risk Management section. The Board is ultimately responsible for ensuring that adequate systems and controls are in place and that the Group operates in accordance with all relevant legal and regulatory requirements. More broadly, the Group Boards have delegated risk management to the Group Executive Committee (GEC) with oversight by the Board's Risk and Audit Committee (RAC).

A separate Board ESG Committee comprised of Non-Executive Directors has been in place since 2022 and meets periodically to discuss strategy and progress, which executive management and other staff members are invited to attend. It has delegated day-to-day management of its corporate responsibility to the GEC.

The GEC is responsible for setting and monitoring the Group's approach to corporate responsibility and for implementing the corporate responsibility (also known as ESG) strategy of the Group.

The GEC's ESG activities are co-ordinated by its Chair and divided into the four pillars of corporate social responsibility identified as appropriate for our business. The strategy of each pillar is considered across the entire business and takes into account the impact on key stakeholders. The pillar leads for 2024, who were all GEC members, are shown below in Figure 1.

The Risk Management Framework sets the oversight requirements and supports our corporate responsibility strategy. ESG risk is embedded across the Group's principal risks and remains a key driver of activity for the Group. ESG measures are included in metrics for our GEC members. Achievement of and progress towards these are reviewed annually and assessed as part of the respective GEC member's annual performance reviews.

Board's oversight of climate-related risks and opportunities

The Board has overall responsibility for the business strategy, which involves establishing and achieving the corporate responsibility agenda including the environmental strategy.

The Chair of the Board and of the Board ESG Committee, has responsibility for Board oversight of corporate social responsibility. The Chief Executive Officer is the Executive with ultimate responsibility.

The Board ESG Committee and the GEC agree the environment strategy (including corporate climate strategy) with the environment pillar lead. Progress updates on the environment strategy and environment risk indicators are discussed at the periodic Board ESG Committee meetings and GEC ESG meetings, thereby keeping both committees informed of regulatory and non-regulatory updates.

During the year, the Board ESG Committee approved the Corporate Responsibility Report which was published both in the 2023 Annual Report and Financial Statements and on a standalone basis, including climate related disclosures for the Group.

Environment and climate were discussed at each Board ESG Committee and GEC ESG meeting. Climate risk indicators were reviewed including quarterly emissions for Scope 1, business travel emissions, the intensity ratio and renewable energy as a percentage of total energy utilised.

The Remuneration Committee considers ESG as part of the measures of performance in determining senior management remuneration.

Management's role in assessing and managing climate-related risks and opportunities

The Environment Steering Committee (ESC) and the Environment Forum (EF) support the environment pillar lead in formulating, championing, implementing and raising awareness of the environment strategy. Due to the broad reach of both, by business area and office location, the ESC and the EF provide input to and act as a sounding board for ideas and initiatives, improving our approach in identifying and managing climate-related risks and opportunities. The ESC is headed by the environment pillar lead, who reports into the GEC and the Board ESG Committee and presents progress against the environment strategy on a quarterly basis.

The Group's risk management team assess and report on the risk indicators of each pillar, including the environment pillar.

Responsible investment (RI) involves considering material ESG issues when making investment decisions. There is a combined focus on the analysis of traditional financial risks alongside significant ESG factors. The assessment and management of these are explained in the pages below.

Responsible investment governance and management structure

In 2024, the responsible investment pillar was led by Chris Kenny, the Chief Investment Management Director, until May 2024, when Edward Park assumed these responsibilities as the newly appointed Chief Asset Management Officer. They regularly reported to the Board ESG Committee and the GEC on progress against the responsible investment strategy. As part of the wider investment management leadership team, both worked closely together to support the group's investment process.

The Board has delegated authority, via other Committees, to the Investment Process Committee (IPC) to manage and develop the investment process, including Responsible Investing (RI). The IPC have appointed the Stewardship and Responsible Investment Group (SRIG) to oversee the Group's approach to RI. This includes the data, research and tools required to integrate climate change into our investment decisions. With regards to our stewardship activities, SRIG works closely with all parts of the investment process and is comprised of investment managers from across the business as well as representatives of the RI team and Investment Risk. SRIG meets monthly and the co-chairs of SRIG sit on the IPC to report on its activities. The Chair of IPC, who is also the RI pillar lead, reports to the Board ESG Committee, GEC and Financial Services Executive Committee (FS Exco).

The RI team is a dedicated team of 10 RI specialists, responsible for providing day-to-day advice and assistance to investment managers on RI matters, including monitoring, assessing and implementing RI and sustainability-related regulatory requirements. In 2024, the RI Transition team and Stewardship & Responsible Investment (SRI) teams merged to form the RI team following the introduction of the Head of Responsible Investment role.

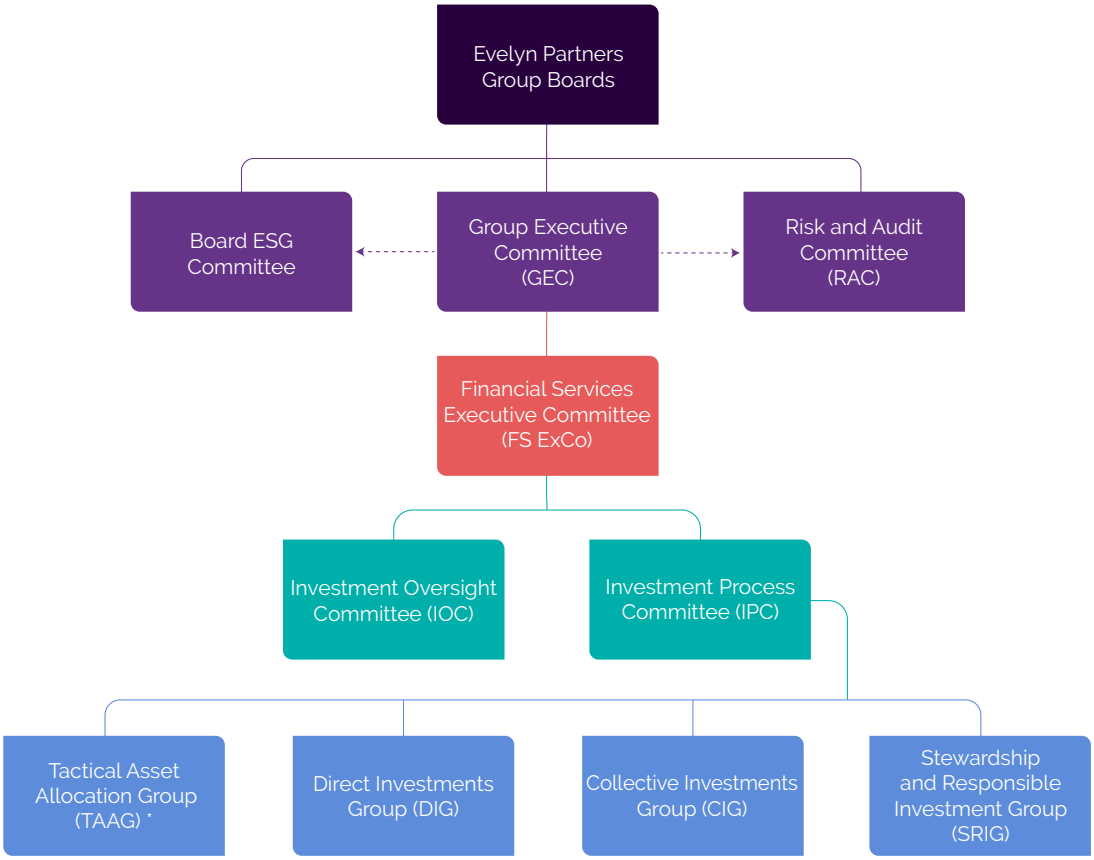
The primary roles of the RI team are:

- facilitating ESG integration within the investment process by providing services, including training, screening and data insights.
- providing commercial support on a day-to-day basis, working alongside investment managers to achieve good client outcomes, as well as delivering our stewardship activities.
- providing central reporting on behalf of the Group for responsible investment and sustainability related policies, procedures, internal reporting and external disclosures including UK Stewardship Code, UN PRI, CDP, TCFD, and SFDR reports.
- providing regulatory interpretation support as both the UK and the EU have sustainability-related disclosure regimes that affect our in-house pooled funds and our discretionary investment management business.

The RI team works in conjunction with colleagues of several other teams across our business, directly or indirectly involved in defining and implementing our RI and stewardship activities. These include:

- Sustainability colleagues: investment managers that specialise in sustainability-related investing, including the Sustainability Group which monitors, amongst others, energy and transition collective investments, managers of our in-house sustainable investment Evelyn Partners pooled funds and Sustainable Managed Portfolio Service (SMPS), or investment managers that serve clients with strong ESG preferences or mandates
- Sector Specialists and RI Analysts: these are investment management practitioners, who also provide sector analysis, and therefore are key to the integration of RI in the investment process. Their experience ranges from junior analysts at the beginning of their career to more experienced specialists
- Strategy team: we have dedicated investment strategists that conduct research and provide insights on macro and quantitative inputs to inform strategy and asset allocation. They are, for instance, responsible for identifying and monitoring Megatrends

Figure 2: Responsible investment governance structure – simplified



** The Tactical Asset Allocation Group (TAAG) replaced the Asset Allocation Committee (AAC) in March 2024*

STRATEGY

Climate risks and opportunities and their impact on our business strategy and financial planning

Climate change results in both physical and transition risks which may negatively influence investment returns. There will also be opportunities arising from climate solutions, for example in the development of new energy supplies, as well as emerging business models focusing on the formidable mitigation and adaptation measures that will be required across the globe to support the transition to a low carbon economy. Evelyn Partners is committed to understanding the risks and opportunities that climate change poses for its clients and for its own activities. In common with the rest of the industry, our understanding of climate risk related events and data is still developing.

We are confident that our assessment of material climate risks and opportunities within the investment process, alongside traditional financial appraisal techniques, improves our ability to identify high quality businesses and strengthens the resilience of the portfolios we build for clients over the long term. We also conduct an active engagement programme, using our influence as stewards of our clients' capital, both individually and collaboratively, working to improve investee companies' business practices.

Statement of climate-related intent and ambition

For climate related risk and opportunities in our clients' investments, we are committed to:

- identifying, assessing and managing these in the investment process
- favouring engagement over exclusions to encourage better management, with a focus on carbon intensive sectors
- providing products and services for clients with specific climate related preferences

Our environment strategy for our corporate operations aims to reduce the environmental impact of the buildings we occupy and the facilities we use by seeking to reduce consumption and waste. We are also working with our suppliers to encourage sustainability and reduced emissions in the longer term. Moreover, it is important to take our colleagues with us on this journey. We strive to engage and educate them through various initiatives and are supported by the Environment Forum (EF) in this endeavour. Ultimately, we are working towards achieving Net Zero in our operations and will set targets for achieving this in the short-term.

The most material climate risks and opportunities for Evelyn Partners are disclosed in Figure 3 below.

Figure 3: Assessment of risks and opportunities

Physical risk					
Climate-related risk	**Acute** • Heat stress • Flooding from surface water and rivers. Increasing severity of extreme weather events, leading to potential failures of national infrastructure **Chronic** • Extreme variability of weather patterns and reduced predictability of weather • Rising mean temperatures and rising sea levels • Energy and water security				
Potential and financial impact	• Reduced revenue caused by disruption to normal business • Negative impacts on workforce productivity • Elevated temperatures impact cognitive performance, and productivity may be reduced during high temperature events • Cooling infrastructure strain, particularly air conditioning systems in offices, may lead to higher energy consumption and increased operational costs • Increased capital costs caused by structural damage to assets as a result of flooding or heat stress • Insurance costs may increase due to heightened heat-related and flooding risk to office buildings • Risk that extreme weather will disrupt our supply chains and the ability to work leading to increased costs relating to contingency planning and additional cost of supplier sustainability risk assessments • Potential for conflict affecting global markets and resources increasing costs, including fuel, energy and insurance costs and potentially reducing availability of insurance on assets in "high-risk" locations. This is a global geopolitical risk which will affect most companies and industries • Chronic weather impacting our customers and their requirements potentially leading to reduced revenues • Climate-related issues may impact investment values and investment outcomes				
Mitigating actions	• The facilities management team have incorporated the results of the Climate Scenario analysis (CSA) and regularly review the Group estate, its exposure to physical risk and adapt the building strategy accordingly. In selecting new offices, environmentally sustainable features are important considerations, and we are choosing to occupy BREEAM-rated offices, where possible • Business continuity plans have been updated and we have invested in back-up plans and storage. We have enabled remote working and continue to invest in digital technology and integrated platforms to support and enhance efficiencies of hybrid and homebased working • We have invested in tools to provide data on the climate-related risks of suppliers to inform our supply-chain strategy in 2025 and beyond • Through scenario analysis, we monitor the exposure of investments to physical risk to inform our investment strategy in 2025 and beyond				
Timeframe*	Long-term	**Likelihood**	Likely	**Impact rating**	High

** Timeframe – short term: 0 to 3 years, medium term: 3 to 10 years, long term: 10+ years*

Transition risk – policy, legal and market risk					
Climate-related risk	• Continual enhancement of climate-related legislation and reporting requirements leading to scrutiny-driven reputational damage				
Potential and financial impact	• Increased operating costs as a result of higher compliance costs • Increased risk of costs resulting from fines and cost of litigation • Loss of revenue from potential impact on colleagues/client retention as a result of reputational risk				
Mitigating actions	• We proactively monitor changes in regulation and legislation thereby reducing the likelihood of non-compliance or incurring potential fines • We regularly review and update our policies and maintain strong governance procedures as part of our approach to responsible investment and integration of ESG considerations in our investment process • We make annual voluntary disclosures for UN PRI reporting, UK Stewardship Code 2020, and CDP. In addition, we produce annual TCFD climate related disclosures, including FCA Asset Management requirements. This helps provides transparency of our approach to managing climate related risks and opportunities both in our investment process and corporate activities • Responsible investment is our default approach. We identify, assess and monitor material ESG and climate-related risks and opportunities and pursue an active stewardship approach that includes GHG emissions disclosures • We offer clients a bespoke discretionary portfolio management service, which can be tailored according to individual client preferences, including screening ESG attributes. We can provide clients with a series of climate related carbon metrics on request.				
Timeframe*	Long-term	**Likelihood**	Likely	**Impact rating**	High

Transition risk – reputation					
Climate-related risk	• Reputational damage associated with greenwashing of sustainability goals and increased scrutiny of environmental topics might lead to clients investing elsewhere • Increased stakeholder concern or negative stakeholder feedback				
Potential and financial impact	• Potential loss of new and existing clients if our sustainability credentials impact the reputation of the Group leading to loss of revenue and/or margins • Potential loss of revenue from decreased demand for products/services due to customer dissatisfaction • May impact employee attraction and retention, and potentially increase costs of recruitment and training				
Mitigating actions	• We disclose through CDP and our TCFD reports to ensure transparency of our progress on reducing climate impact • Our corporate operational emissions are independently assured • We continue to strive towards obtaining good ESG credentials and are transparent in our reporting. Our strategic focus on deepening our relationship with clients and our ability to offer a tailored solution puts us in a strong position to meet client needs • We provide training on anti-greenwashing to relevant colleagues to ensure they understand the importance of transparency in sustainability reporting and ESG reputational risk				
Timeframe*	Medium-to-long-term	**Likelihood**	High	**Impact rating**	High

** Timeframe – short term: 0 to 3 years, medium term: 3 to 10 years, long term: 10+ years*

Opportunities – technology					
Climate-related opportunity	• Transition to more sustainable working styles and low-carbon technologies • Availability of tools to support the transition thereby reducing sustainability risk				
Potential and financial impact	• Benefits to workforce of more efficient buildings leading to reduced operating costs of facilities and decreased energy and water consumption. • Lower exposure to fuel/energy price volatility • Reduced exposure to cost of carbon				
Management response/ actions	• We have invested in third-party research tools and datasets to provide our investment managers with core ESG data and capabilities to assist in measuring ESG factors and sustainability risks of our clients' investments • We are increasing the proportion of office space provided in BREEAM or equivalent buildings • We seek to increase the proportion of renewable energy whilst reducing energy consumption				
Timeframe*	Long-term	**Likelihood**	Possible	**Impact rating**	High

Opportunities – products and services					
Climate-related opportunity	• Expansion of sustainability related investment products and services				
Potential and financial impact	• Increase in revenue through expansion of products and services with potential to increase market share and offer niche products and services • Availability of sustainability products and services reducing reputational risk, protecting market share • Creation of roles to service new products and services. • New roles provide development and promotion opportunities for colleagues bolstering colleague retention				
Management response/ actions	• Offering of Sustainable Managed Portfolio Service (SMPS) and Evelyn Horizon fund range • Offering tailored solutions to meet client sustainability requirements including climate related preferences, via our bespoke Discretionary Portfolio service				
Timeframe*	Medium-to-long-term	**Likelihood**	Likely	**Impact rating**	Medium

Opportunities – resilience					
Climate-related opportunity	• Adoption of energy efficient measures • Resource substitutes/diversification				
Potential and financial impact	• Increased reliability of the supply chain as we work to reduce their sustainability and climate risks, enhancing resilience • Increased market valuation through resilience planning (e.g. technology, land, buildings, financial planning), increased availability of capital and resources at a more competitive rate				
Management response/ actions	• Increasing energy from renewable sources supported by Renewable Energy Guarantees of Origin (REGO)				
Timeframe*	Medium-to-long-term	**Likelihood**	Likely	**Impact rating**	Medium

** Timeframe – short term: 0 to 3 years, medium term: 3 to 10 years, long term: 10+ years*

Opportunities – markets					
Climate-related opportunity	• More frequent engagements with our investment management and financial planning clients as we assess their ESG preferences, further strengthening our client relationships • Opportunity to support the Evelyn Partners brand across wider markets and ensure clients are aware of our broad range of products and services				
Potential and financial impact	• Increased ESG and climate-related metrics assessment within the investment processes • Increased communication leading to greater awareness of our diverse range of products and services by our clients and a deeper understanding of client preferences enabling us to accelerate our response to market changes				
Management response/ actions	• We offer clients the ability to diversify their investments over a wide range of sectors, asset classes and geographies and factor in material ESG and climate-related risks and opportunities into our responsible investment approach • Offering of SMPS and Evelyn Horizon fund range • Evelyn Partners were awarded 'Investment Team of the Year' at the 2024 STEP Private Client Awards • We will continue to provide relevant content to our clients, including hosting of responsible investment events, providing webinars, podcasts, articles, and conferences.				
Timeframe*	Medium-to-long-term	**Likelihood**	Likely	**Impact rating**	Medium

** Timeframe – short term: 0 to 3 years, medium term: 3 to 10 years, long term: 10+ years*

How climate-related risks and opportunities are factored into our products or investment strategies

Discretionary and Advisory Services

Our investment process applies a responsible investment approach to all portfolios, integrating the consideration of material ESG factors, including climate metrics, into our investment decisions ('ESG integration') and stewardship activities.

We use top-down analysis to track the energy transition to a low carbon economy as part of our review of long-term asset allocation. Our investment strategy team provides regular insight into four megatrends, one of them being the 'bumpy energy transition'. We believe this will shape the next decade and enables us to monitor emerging risks, geopolitical developments, and important long-term trends that may span geographies. This themed approach supports timely identification of systemic issues and also helps to inform our stewardship approach.

Our investment teams have access to climate metrics through third-party research tools and databases for monitoring and considering ESG data and climate-related risks and opportunities. During 2024, we introduced forward looking climate scenario analysis-based metrics, such as MSCI's Climate Value-at-Risk (CVaR) and Implied Temperature Rise (ITR) to complement and enhance the insight provided by traditional carbon footprint metrics. These are considered on a regular basis at analyst meetings, both at sector level and at stock specific level, with ITR metrics being assessed periodically across our monitored funds universe. In addition, our new country risk framework contains sovereign CVaR metrics which contain scenario analysis. So far, they have, been useful in pinpointing differences between companies, countries and funds, although the methodology continues to evolve, and this means that caution is required in their use (please see Appendix 2 for our summary of assumptions and data limitations). Nevertheless, these are valuable enhancements to our investment process that helps inform our decision making, stewardship and engagement activities.

While ESG integration is the default approach across all our investment services and products, we also provide a range of sustainability-related investing options for clients who aim to align their values with their investment strategy.

Our bespoke Discretionary Portfolio Service (DPS) enables portfolios to be tailored to individual client preferences and values, including the exclusion of specific themes or activities. As part of the bespoke service, we can manage a portfolio's alignment to the Paris Agreement alongside financial metrics (Net Zero aligned portfolio) using a series of forward-looking metrics, as well as historical trends in emissions and overall carbon footprint. In 2024 we saw some of our clients opting for 'Paris aligned' portfolios (i.e. those who wish to align their investments with the aims of the Paris Agreement), with interest in these strategies coming largely from our clients in the charity sector.

Our Irish subsidiary offers clients' portfolios which are screened for adherence to MSCI's interpretation of the definition of a sustainable investment under the EU Sustainable Finance Disclosure Regulation (SFDR). Climate is one aspect of a sustainable investment under EU regulation.

Products

For clients looking towards sustainability, we also manage our Evelyn Horizon range of funds and our Sustainable Managed Portfolio Service (SMPS).

The Evelyn Horizon range of funds disclose under Article 8 of the EU SFDR, as the funds 'promote environmental and social characteristics', including climate-related factors[3]. The SMPS range provides financial advisers with access to a suite of sustainability-related discretionary investment management strategies, which include climate-related factors.

The Horizon and SMPS ranges use both positive and negative screening strategies, with ethical and

[3] At the time of writing, the Evelyn Partners Sustainable fund range was undergoing a change of name to the Horizon Fund range to comply with new European fund naming guidelines, effective from 14 April 2025.

sustainability-related objectives as part of their core investment thesis and fund selection criteria. Their investment approaches focus on funds which invest in companies that are aligned with a range of sustainability themes. These include, among others, the conservation of energy, sustainable transport, sustainable food and water management. These portfolios also aim to avoid investing in companies with products or services that have a negative environmental or social impact, for example via weapons production or avoidable environmental damage (see figure 4).

A quarterly climate risk report is produced for all Evelyn Partners fund managers of our in-house funds, which provides historical and forward-looking climate data and insights. The UK funds, for which Evelyn Partners acts as Investment Manager, are subject to FCA regulatory requirements and their product level TCFD reports are available from the funds' Authorised Corporate Director (ACD). A number of these are administered by Evelyn Partners Fund Solutions Ltd as ACD. A copy of their public product level TCFD reports are available on their website here.

Figure 4: Positive and negative ESG screening forms part of our SMPS and Horizon range

The portfolios focus on funds which invest in companies that operate in areas such as:	The portfolios aim to limit their exposure to investments involved in:
✓ The conservation of energy or natural resources and resource efficiency	✗ The production of weapons and weapons systems
✓ Sustainable transport and infrastructure	✗ Casinos or gambling businesses
✓ High-quality products and services of long-term benefit to society such as healthcare and affordable housing	✗ Producing and distributing pornographic material
✓ Sustainable food and water management	✗ Contributing or benefitting from the violation of human and workers rights
	✗ Avoidable environmental damage, unsustainable resource depletion, water and air pollution and land contamination
	✗ Producing alcohol for human consumption
	✗ Growing tobacco or the manufacture of tobacco products

We believe providing clients with products that promote sustainability characteristics, including solutions to climate change, forms part of a robust transition plan for an investment manager, and we are committed to supporting our clients and their climate preferences.

We aim to improve our clients' knowledge base by producing responsible investing articles and thought leadership pieces, which can be found on our website, and by organising regular conferences and webinars, including our trustee training for Charities. In 2024, we provided a variety of means to engage with our clients on responsible investment matters, for example with a dedicated conference in London featuring top journalists and academics. Our Head of Responsible Investment also participated as a speaker at other conferences and the RI team attended client meetings alongside investment managers. Additionally, during the year we hosted a podcast with Professor Kelly Shue from the Yale School of Management, where we explored the merits of climate targets and the unintended consequences of divesting[4].

[4] Responsible investment: unintended consequences of divesting | Evelyn Partners

We continue to develop our thinking and approach to incorporating climate considerations into our strategy and we plan to investigate further possibilities to consider climate-related risks and opportunities in our services and investment processes in 2025, and beyond. This includes enhancements to the way that we identify and respond to client climate-related investment preferences.

How each product or investment strategy might be affected by the transition to a low-carbon economy

We use a consistent approach to assess the impact of the transition to low carbon economy ('energy transition') on all our discretionary assets. This includes scenario analysis to understand the sectors and investments most likely to be affected.

The extent to which our products and services will be affected by the energy transition, will depend largely on government policies and their ability to shift financial incentives away from fossil fuels and towards cleaner forms of energy. The use of carbon taxes, clean energy subsidies and/or regulatory changes can result, from a business perspective, in both negative financial impacts (e.g. stranded hydrocarbon related assets) as well as positive financial impacts from revenue exposure to new green technologies.

During 2024 we started utilising sovereign Climate Value-at-Risk (CVaR) metrics to quantify climate policy impacts on sovereign bonds, assessing how different climate scenarios influence yields. The degree to which government climate policy actions impact yields depends upon when they become material financial considerations for markets.

For listed equity, corporate fixed interest, and collective investments, heightened transition policy-related risks are evident on a sectoral basis. Investments in the most carbon intensive sectors (based on our approach – see below), which make up approximately 7% of our total discretionary AUM, as of December 2024, are likely to be more affected by government policy shifts, such as carbon taxes or changes in incentives. During 2024, we reviewed our approach to identify and define carbon intensive sectors, by complementing our in-house carbon intensity analysis with external frameworks and initiatives such as the Science Based Targets Initiative (SBTi) and the Net Zero Investment Framework (NZIF). The revised methodology implies a broadening of our definition of carbon intensive sectors to include Transportation in addition to Energy, Utilities and Materials. This work has further honed our understanding, allowing us to recognise that there are activities within other sectors, such as Real Estate, Construction or Automobiles, that may also be carbon intensive, and should be considered when analysing companies operating in these industries.

Understanding how high-emitting companies and funds are reducing their carbon emissions and managing their assets in accordance with both policy and technological changes is therefore crucial. Sectoral weights are visible to all investment managers, and our sector specialists work to understand the effects of the energy transition.

Alongside climate-related risks, there are also economic opportunities arising from the energy transition. This includes carbon intensive sectors, where companies can make their business models more resilient by, for example, the addition of renewable energy capacity. Opportunities also exist in the electrification of industrial processes and in increased energy efficiency as companies adopt climate risk mitigation strategies. We measure exposure to these opportunities using MSCI's CVaR methodology under 'technology opportunity' and also via estimates of 'green revenues' as part of our new Climate Dashboard, as described in more detail in the Risk Management section.

We are working to improve our understanding of climate risk and opportunities in our investment portfolios, and we are continuing to interpret the emerging data. For example, during 2024, we gained deeper insights with the use of attribution analysis, i.e. where we seek to ascertain the underlying drivers for changes in our climate metrics. Further details of our analysis can be found in the following section.

Scenario analysis: the resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Overview of climate-related scenario analysis for our financed emissions

We apply MSCI's Climate Value at Risk (CVaR) methodology to our discretionary managed assets, as of 31 December 2024, to assess their resilience to climate change. This methodology recognises that climate change effects can be translated into a balance sheet impact, therefore providing insight into the potential valuation impact of climate change per security and per scenario. CVaR assesses both risks and opportunities through the aggregation of three underlying pillars:

- Physical risk CVaR: for example, the damage to infrastructure from extreme weather events
- Policy risk CVaR: for example, the imposition of carbon-related taxes
- Technology opportunities CVaR: for example, the development of low carbon technologies arising from the transition to a low carbon economy

CVaR reflects the costs or income deriving from climate change-related risks and opportunities up to the year 2100 depending on the scenario chosen. Climate costs or income are modelled in detail for the first 15 years under the different climate scenarios. For the period thereafter, until 2100, calculations of climate costs or income become increasingly challenging, uncertain, and imprecise. Therefore, MSCI estimates the cost/income for the later years, which are anchored on the more accurate cost/income calculations performed for the earlier 15-year period. By discounting these costs or income to a present value and summing all associated costs or income out to 2100, CVaR provides an estimate of the largest possible Enterprise Value including Cash (EVIC) revaluation due to future costs/income driven by the climate scenario selected.

The impact of four scenarios were computed to present a wide range of possible outcomes. These were taken from the scenarios developed by the Network for Greening the Financial System (NGFS). We reduced the number of scenarios analysed from five in last year's report to four this year, as the NGFS has since discontinued the Divergent Net Zero (1.5°C Disorderly) scenario following their most recent Phase 4 methodology update.

We use a 1.5°C degree aligned scenario to cater for the possibility, albeit increasingly remote, of rapid and coordinated climate government policy action, and two 2°C aligned scenarios (Orderly and Disorderly), as we view these as more likely decarbonisation pathways. For example, the disorderly version was picked as the most likely scenario by our colleagues in a survey we carried out during an internal training session (see Risk Management section). Furthermore, we adopted the 2°C disorderly scenario as a stress-testing tool, given that we view it as a useful exercise to gauge how our investment portfolios might perform against acute government climate regulation and policy volatility. Within the 'Hot House world' category, NGFS offers a 'Current Policy' and a 'Nationally Determined Contributions' scenario. In 2024, we opted for the latter, as the current policies scenario assumes that only currently implemented policies are preserved, an outcome that should already be largely priced in by financial markets.

FOCUS: Network for Greening the Financial System Scenarios

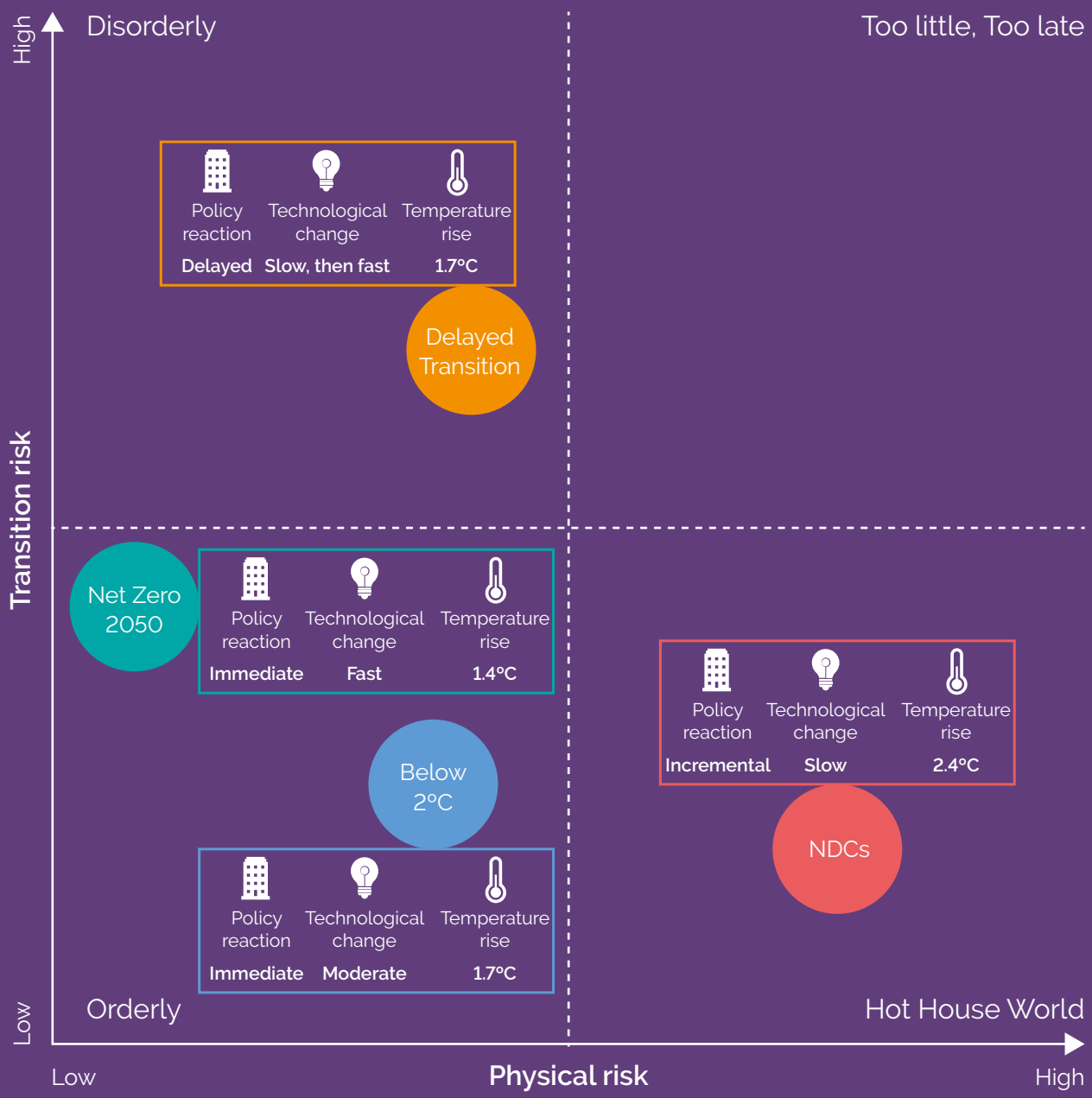
The NGFS climate scenarios illustrate the potential impact of transition and physical risk on the global economy.

We use the third iteration (phase 3) of the NGFS climate scenario, given this is the latest version available to us via MSCI's climate CVaR model at the end of 2024. NGFS scenarios include the choice of three integrated assessment models. We opted to use the REMIND-MAgPIE model, a general equilibrium model that aims to deliver an optimal mix of investments in the economy and the energy sector given a set of population, technology, policy, and climate constraints. All NGFS scenarios use the same underlying socio-economic narrative, called Shared Socioeconomic Pathway (SSP2- 'Middle of the Road'), which assumes future social, economic and technological developments such as population, income, inequality, largely follow historical trends.

The four climate scenarios used in our analysis are:

- **Net Zero 2050 (1.5°C/Orderly):** an ambitious scenario that limits global warming to 1.5°C through stringent climate policies. Carbon prices rise steeply, underpinning positive feedback loops that lead to rapid technological innovation. The vast majority of primary energy needs is generated via renewable sources by 2050, when the world reaches net zero CO_2 emissions. Physical risks are therefore minimised in this scenario, while there are transition risks associated with the rapid pace of system change.
- **Below 2°C (2°C/Orderly):** climate policies are immediate but more gradual, giving a 67% chance of limiting global warming to below 2°C, Technological change is moderate with, for example, lower adoption of alternative fuels compared to Net Zero 2050 scenario. Low regional variation and smooth implementation of climate policies keep transition risks low, while physical risks are somewhat higher than in the Net Zero 2050 scenario.
- **Delayed Transition (2°C/Disorderly):** Climate policies are delayed, leading to an initial 'fossil fuel recovery', then ramped up sharply after 2030. Carbon prices start rising very rapidly from then on, supported by low availability of carbon capture, and global emissions start to decline. Higher regional and policy variability creates a business confidence shock, making the technological transformation more uneven and increasing the cost of the transition.
- **Nationally Determined Contributions (NDCs) (3°C/'Hot House World'):** includes all pledged policies, even those not yet implemented. Carbon emissions only halve by 2050 given uneven and unambitious climate policies, with limited carbon pricing. Technological progress and innovation in fields such as electrification and carbon dioxide removal (CDR) use is slow. Fossil fuels remain a significant source of energy in 2050, As physical risks rise, capital gets increasingly diverted to adaptation from mitigation solutions, particularly in vulnerable regions.

Figure 5: Our choice of NGFS Scenarios



Source: Evelyn Partners and NGFS as at 31 December 2024.

Note: Temperature rise figures are NGFS sourced and differ somewhat from MSCI scenario labels referenced across the document

FOCUS: Transition Risk

Market forces alone are not likely to be able to deliver the Paris Agreement goals as the externalities associated with carbon emissions are not priced correctly. Carbon prices therefore play a crucial role in allowing societies to attempt to properly internalise the cost of carbon. As climate action remains lethargic and carbon budgets narrow quickly, carbon prices would now be required to rise steeply in order to deliver the system change consistent with a net zero world by the middle of the century (See Figure 6). The politics of climate action are increasingly complex and polarised, making the decarbonisation journey particularly 'bumpy', to quote from our investment strategy team and their megatrends research. This can be partly explained by how different economies are positioned in the transition. The US, for example, looks to be the most exposed to transition risks among major economies according to NFGS models, given both its status as a large fossil fuel producer and exporter as well as its high energy and carbon intensive economy. This contrasts with most European countries where transition risks are more limited, due to a higher starting point for carbon taxes and low fossil fuel reserves. Despite its reliance on coal (over 50% of the country's power mix according to Carbon Brief research), China's increasing leadership in the clean energy value chains means it is likely to be one of the few countries experiencing an initial cyclical boost from faster decarbonisation efforts globally, according to NGFS models (See Figure 7). Clean-energy technologies made up more than 10% of China's economy in 2024, contributing to a quarter of GDP growth in the year (see Analysis from Carbon Brief).

Figure 6: Carbon Prices in NGFS scenarios

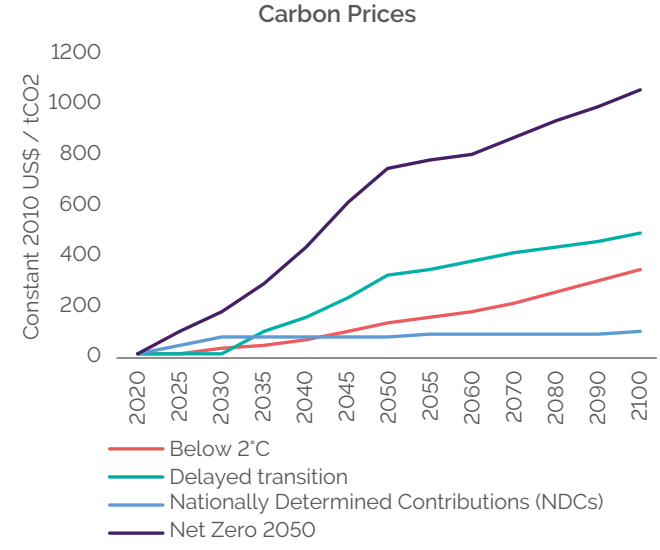
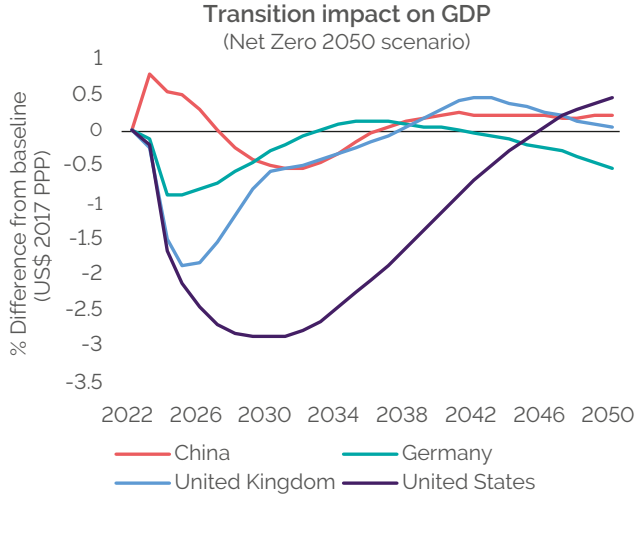


Figure 7: Transition impact on GDP of major economies



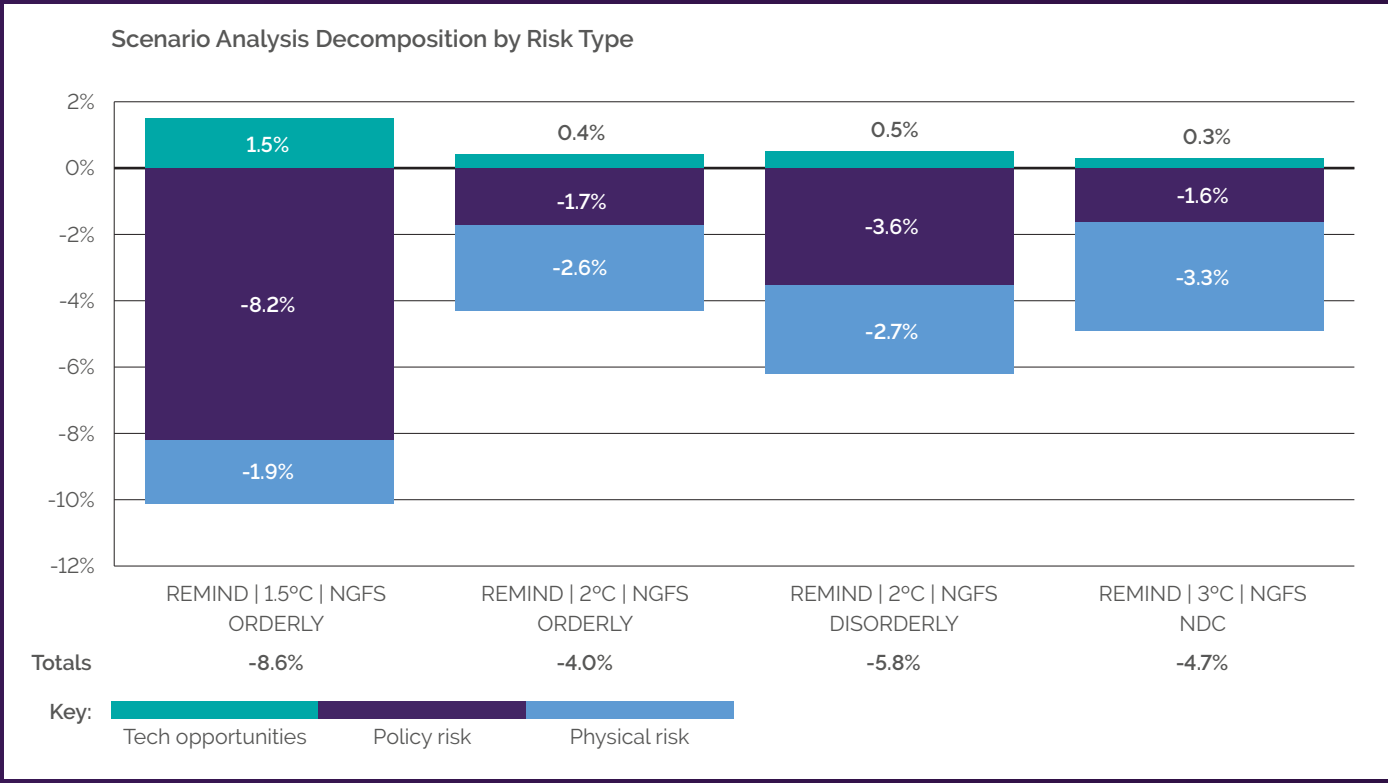
Source: NGFS data as at December 2024. Comments in this section reflect our understanding and interpretation of the NGFS model results presented.

Financed emissions CVaR analysis – Evelyn Partners discretionary assets

Figure 8 illustrates potential losses that could occur under the four previously mentioned scenarios.

The CVaR totals are decomposed into three contributing factors: Policy risk, Physical risk, with a positive offset shown for Technological opportunities.

Figure 8: CVaR impact on our discretionary assets



Source: Evelyn Partners and MSCI as at 31 December 2024. Totals subject to rounding.

The total CVaR loss for our discretionary managed assets across the 4 scenarios, ranges from 4% under an orderly transition to 2˚C through to 8.6% under the most ambitious decarbonisation pathway, i.e. a 1.5˚C Orderly scenario. We note that aggregate estimated portfolio CVaR losses are somewhat lower across the four scenarios, compared to last year's forward-looking assessment, however the decline is much less evident in the 1.5˚C Orderly than in other scenarios. This is consistent with the increasingly sharp rise in projected carbon prices that are required to deliver the ambitious climate objectives, against a backdrop of a rapidly narrowing global carbon budget. At current rates the carbon budget to limit global warming to below 1.5˚C may be exhausted by the end of the decade[5].

Our scenario analysis results above highlight the importance of policy risk, which is the main source of climate risk for our discretionary managed portfolios, particularly across the 1.5˚C Orderly and 2˚C Disorderly scenarios (contributing 8.2% points and 3.6% points to the total CVaR loss of 8.6% and 5.8% respectively). The results also indicate the importance of delivering an 'orderly' transition, with the immediate and coordinated action assumed in the 2˚C Orderly scenario resulting in less than half the policy risk computed for the 2˚C Disorderly scenario.

Policy risk appears similar under a 2˚C Orderly and NDC scenario in our analysis, which would seem counterintuitive at first, given the different trajectories for carbon prices in the two scenarios (see Figure 6).

[5] 6 Years Before Carbon Budget to Limit Warming to 1.5C Runs Out

The result is largely due to MSCI's methodology, which, as explained above, is focused on modelling costs for the initial 15 years, before resorting to a mathematical function to gradually bring costs to zero by the end of the century. However, the bulk of the difference in carbon prices, and related carbon emissions reductions, between the two scenarios occur beyond 2050. The associated costs therefore receive a relatively small weight in the CVaR figures, given that these flows are discounted, as per MSCI's methodology and assumptions.

Compared to last year's analysis, the cost associated with policy risk has decreased somewhat, particularly for the 2°C Disorderly scenario, where the Policy CVaR for our portfolios has diminished by almost 3 percentage points. This change can be ascribed primarily to MSCI moving to the Phase 4 NGFS models, which saw estimated carbon prices reduced for this specific scenario. However, lower carbon risk, as represented by WACI at the overall aggregated portfolio holding level (as further explained in the Metrics and Targets section), has also played a role.

Figure 8 shows that Physical risk increases under hotter scenarios. This is likely due to extreme weather events becoming more frequent. Estimates of Physical risk losses across all scenarios range from -1.9% through to -3.3%. We have used MSCI's physical, aggressive risk methodology to assess the potential worst case.

Physical risk CVaR for our discretionary assets declined over the year in all four scenarios, particularly in the NDC scenario where it declined by approximately 2 percentage points. We are cautious in interpreting these results however, as we are conscious that the latest NGFS scenario updates are seeing physical risks being revised higher as modelling of different hazard improves. We would expect these revisions to filter through to the MSCI systems and in turn our portfolio CVaR numbers in the years ahead.

The table below sets out the sectorial contribution to the aggregate CVaR impact of the four scenarios on our discretionary managed AUM. The breakdown is a function of both sector level climate risk and the weight of our portfolio exposure and asset allocation to each sector, based on the Global Industry Classification Standard (GICS).

Figure 9: Sector CVaR contributions in four NGFS scenarios

Sector	Weight	1.5°C	2°C		3°C
		Net Zero 2050	Below 2°C	Delayed Transition	NDC
		Orderly	Orderly	Disorderly	Hot House World
Cash & No Data Available	12%	0.0%	0.0%	0.0%	0.0%
Communication Services	4%	-0.2%	-0.2%	-0.2%	-0.2%
Consumer Discretionary	7%	-0.9%	-0.5%	-0.6%	-0.5%
Consumer Staples	6%	-1.0%	-0.5%	-0.6%	-0.6%
Energy	**2%**	**-2.1%**	**-0.6%**	**-1.2%**	**-0.7%**
Financials	16%	-0.6%	-0.5%	-0.5%	-0.6%
Financials - Inv Trust	5%	0.0%	0.0%	0.0%	0.0%
Health Care	8%	-0.4%	-0.2%	-0.3%	-0.3%
Industrials	**8%**	**-1.0%**	**-0.5%**	**-0.7%**	**-0.6%**
Information Technology	11%	-0.3%	-0.2%	-0.2%	-0.2%
Materials	**3%**	**-1.7%**	**-0.5%**	**-0.9%**	**-0.5%**
Real Estate	1%	-0.1%	-0.1%	-0.1%	-0.1%
Utilities	1%	-0.4%	-0.3%	-0.4%	-0.4%
Sovereign	15%	N/A	N/A	N/A	N/A
Total	**100%**	**-8.6%**	**-4.0%**	**-5.8%**	**-4.7%**

Legend Less Climate VaR — More Climate VaR

Source: Evelyn Partners and MSCI as at 31 December 2024. Totals subject to rounding.

Climate risk is particularly concentrated across holdings in the Energy, Industrials and Materials sectors, which are the greatest contributors to CVaR in the scenarios analysed. This is primarily due to the carbon intensive nature of these sectors, which are exposed to heightened policy / transition risk. Despite constituting only 13% of our overall discretionary assets, these three sectors contribute an outsized 56% to the Net Zero 2050 CVaR potential loss of 8.6% (i.e. 4.8%). We also note that, despite Utilities being more carbon intensive than Industrials, it has a smaller contribution due to its smaller overall portfolio weight across our entire holdings.

Services-oriented companies and sectors, such as Financials and Information Technology (IT), typically represent higher exposure in our discretionary managed assets but carry much lower levels of relative climate-related risk. For example, they have a combined portfolio weight of 27% but contribute only 10% of the expected overall CVaR loss in a 1.5˚C Orderly scenario.

Due to the diversified spread of our holdings across industry sectors, our relatively low portfolio exposure to carbon intensive sectors helps to increase the resilience of our AUM and client portfolios, illustrated by the above scenarios with various decarbonisation range of potential climate outcomes.

Our enhanced climate data capabilities allow us to gauge where physical risk is concentrated by decomposing it across different sectors and most significant climate hazards. Figure 10 shows the percentage point contribution to the overall Physical Risk CVaR loss for the 2˚C Disorderly scenario.

Figure 10: Sector physical risk CVaR contributions by hazard type in a 2˚C Disorderly scenario

GICS Sector	Weight	Coastal Flooding	Extreme Cold	Extreme Heat	Extreme Precipitation	Tropical Cyclones	Other
Cash & No Data Available	12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Communication Services	4%	-0.09%	0.00%	-0.04%	-0.01%	-0.01%	-0.01%
Consumer Discretionary	7%	-0.23%	0.01%	-0.13%	-0.04%	-0.03%	-0.02%
Consumer Staples	6%	-0.18%	0.02%	-0.18%	-0.03%	-0.03%	-0.02%
Energy	2%	-0.08%	0.01%	-0.11%	-0.01%	-0.03%	-0.01%
Financials	16%	-0.25%	0.02%	-0.16%	-0.05%	-0.03%	-0.04%
Financials - Inv Trust	5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Health Care	8%	-0.08%	0.01%	-0.10%	-0.01%	-0.02%	-0.02%
Industrials	8%	-0.15%	0.03%	-0.18%	-0.03%	-0.03%	-0.02%
Information Technology	11%	-0.06%	0.00%	-0.06%	-0.01%	-0.02%	-0.01%
Materials	3%	-0.17%	0.01%	-0.07%	0.00%	-0.01%	-0.01%
Real Estate	1%	-0.05%	0.00%	-0.02%	0.00%	-0.02%	0.00%
Utilities	1%	-0.04%	0.00%	-0.03%	0.00%	-0.02%	-0.04%
Sovereign	15%	N/A	N/A	N/A	N/A	N/A	N/A

Source: Evelyn Partners and MSCI as at 31 December 2024

Estimated losses from physical risk are predominantly linked to extreme heat and coastal flooding. These make up a significant portion of the overall physical risk total of 2.7% under a 2˚C Disorderly scenario. From a sectoral perspective, Financials and Consumer Discretionary are the largest contributors to physical risk, chiefly via their exposure to coastal flooding risk. However, rising global temperatures translate into a reduction of costs associated with extreme cold, which is evident in the Industrials sector, where such benefits seem concentrated, according to our analysis.

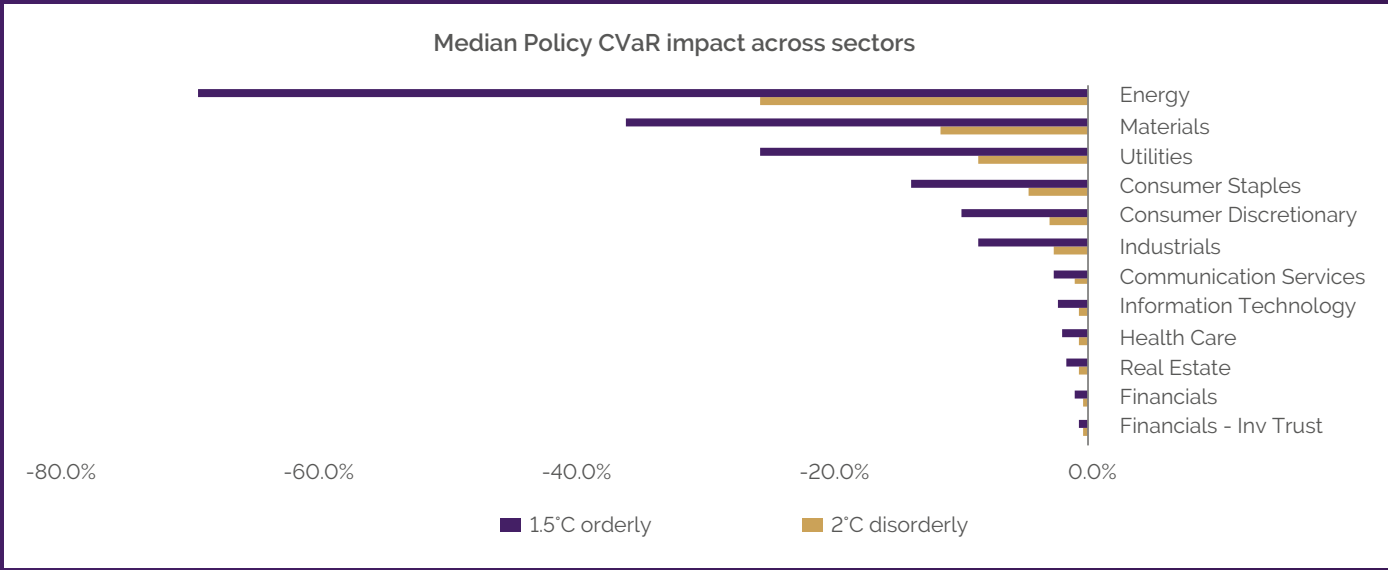
Regarding policy risk, in order to gauge company-level risks, irrespective of the aggregate portfolio contributions, in Figure 11 below, we have focussed on the underlying company CVaR exposure, for two scenarios (1.5˚C Orderly and 2.0˚C Disorderly).

We chose the two most disruptive climate scenarios to help us better understand the worst possible potential outcomes for our clients.

We note that there is dispersed variation and the potential for extreme losses across, and within, sectors, highlighting the importance of careful evaluation of climate risks for a given industry sector in the investment process. For example, under the 1.5°C Orderly scenario, the median policy CVaR loss ranges from around 1% for Financials to over 70% for the Energy sector. Energy, Materials and Utilities are the three main carbon intensive sectors which stand out with the highest average sector losses under both scenarios, as expected.

However, we also find that risks are very concentrated, with the top ten companies accounting for nearly 37% of the total Policy risk CVaR under a 2°C disorderly scenario.

Figure 11: Median Policy CVaR loss by sector for 2°C and 1.5°C scenarios



Source: Evelyn Partners and MSCI as at 31 December 2024

These two scenarios show the increased Policy risk, if remedial actions by governments are delayed and/or carbon prices are forced to rise abruptly. While climate policy action is becoming increasingly polarised and fragmented, there is evidence from some countries that an orderly transition is possible. For example, the UK has halved its territorial GHG emissions between 1990 and 2022 whilst also growing its economy by 79%[6].

The CVaR coverage is 73% of our eligible discretionary managed assets (equity and fixed income, excluding sovereign issuers and cash – £38.3bn). This equates to 60% of our total discretionary managed portfolio holdings (£46.5bn).

We started to extend climate scenario analysis to our sovereign bond holdings at the beginning of 2025; we expect to be able to disclose our findings in our 2025 TCFD Report.

[6] https://www.gov.uk/government/news/uk-first-major-economy-to-halve-emissions

> Evelyn Partners is committed to understanding the risks and opportunities that climate change poses for its clients and for its own activities

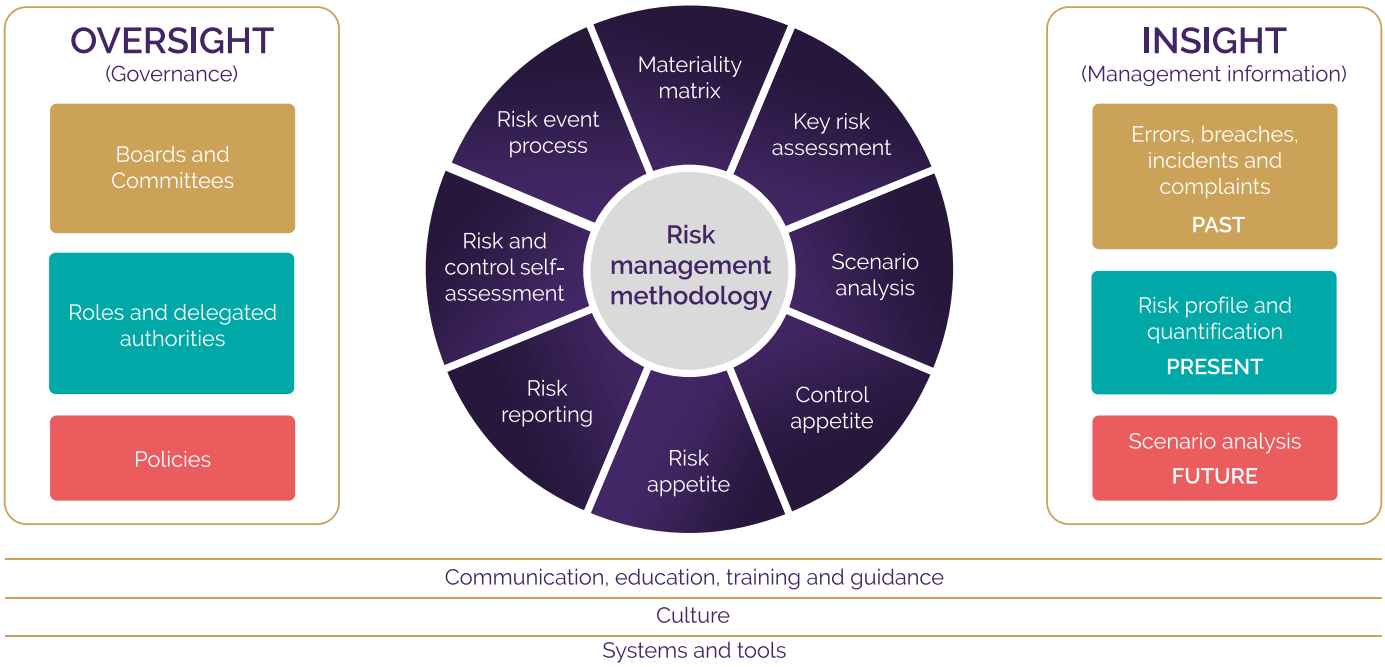
RISK MANAGEMENT

How processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management

The purpose of risk management is to design and develop processes and tools that provide the ability for the Group to identify, assess, monitor and manage risks that are inherent in the Group's business activities, helping the Group to operate within the Board's strategic objectives and risk appetite. The risk management arrangements at Evelyn Partners form part of a strong governance culture.

The Risk Management Framework (RMF) sets the oversight requirements to assist the organisation in identifying and managing risk as well as building resilience based on the Three Lines of Defence governance model.

Figure 12: Evelyn Partners Three Lines of Defence Model



Primary responsibility for identifying and controlling risks rests with the Group's businesses (the first line of defence). Ultimate responsibility for ensuring the adequacy and effectiveness of risk management rests with the Group's Board, with oversight provided by the RAC.

The Group has a Risk and Compliance function providing the second line of defence. It is led by the Chief Risk Officer & Group Head of Compliance who reports directly to the Chief Executive Officer and has an independent reporting line to the Chair of the Board RAC and a right of access to the Chair of the Board. The Chief Risk Officer & Group Head of Compliance is a member of the GEC and attends RAC and Board meetings.

The third line of defence consists of the internal audit function, which provides assurance to senior management that business processes and controls are operating effectively. The internal audit function identifies any processes and control deficiencies and monitors remediation plans.

The RMF is underpinned by policies, procedures, and management information, and includes components that:

- establish methods for identifying and assessing risk
- provide an approach for the capture, reporting and monitoring of risk
- provide appropriate mechanisms for managing risk
- maintain a strong risk culture and support risk based on decision making

ESG and climate risks are identified, processed, assessed and managed in the same way as all other Group risks and are integrated into the RMF.

The GEC plays an important role in identifying and understanding ESG and climate-related risks and opportunities, and in formulating management actions to monitor and mitigate any identified risks. The GEC consider existing and emerging climate-related regulation as a part of this process.

ESG continues to drive activity with Board level focus and engagement. The Group commissioned a third-party review of its exposure to physical and transition risk. It confirmed current Group assumptions on climate-related risk. The majority of risk is encountered on the investments the Group makes on behalf of clients (our 'financed emissions' disclosed in this report), with a robust investment process to assess this rather than on the Group specifically. ESG remains a complex area which impacts the Group on multiple levels but is now embedded across many businesses as usual processes.

During 2024, ESG was assessed as a 'strategic risk' and has been embedded across the Group's principal risks. It remains a key driver of activity for the Group, as strategic risks are the most significant risks that the Group assesses may prevent it from achieving its strategic aims. They are monitored and reviewed at Board and Executive level.

The business contributes to the assessment using: top-down risk assessments, risk and control self-assessments, risk event reporting and monitoring of the external environment.

Our processes for managing climate-related risks in our operations

Environment and climate were discussed at each Board ESG Committee and GEC ESG meeting. Climate risk indicators were reviewed, including quarterly emissions for Scope 1, 2, business travel emissions, the intensity ratio and renewable energy as a percentage of total energy utilised.

During the year, we commissioned a qualitive Climate Scenario Analysis (CSA) assessment to be conducted by an external third-party consultant to identify and consider the potential impacts of climate change under different warming scenarios. The scenario analysis evaluated how strategies might perform under those circumstances, identifying and assessing the most material risks and opportunities to inform robust decision making. All exposures and vulnerabilities were considered, to assess the likelihood and impact of climate risks and opportunities for the corporate operations across Evelyn Partners. A low carbon (1.5°C) scenario and a high carbon (3.0°C) warming scenario were considered using the Intergovernmental Panel on Climate Change (IPCC) and Representative Concentration Pathway (RCP). The assessment considered both the physical and transition risks associated with climate change for the two warming scenarios across three time periods: short-term (up to 2030), medium-term (2030 to 2040) and long-term (2040 to 2050).

Through the research and analysis carried out, it was determined that the most material physical climate risks to Evelyn Partners are surface water, river flooding and heat stress.

The results of the operational CSA conducted in the year were useful in updating the assessment of the most material climate-related risks and opportunities for our corporate operations, whilst giving greater guidance on potential impact. CSA is an iterative process, and we will continue to monitor and enhance our evaluation of impact and adapt our strategy, where practical, and align with the overall business strategy.

Greenwashing risks

Reputational impact associated with any potential greenwashing or enhancement of reporting requirements were found to be the most material transition risks. Reputational enhancement was the opportunity identified as likely to have the highest impact. This is strongly dependent on enhancement of the RI strategy.

With respect to greenwashing, we note that under the SDR anti-greenwashing rules, that came into force on 31 May 2024, the FCA outlined that FCA UK regulated firms must ensure that sustainability-related claims are

fair, clear, and not misleading. This applies to any claim about environmental or social characteristics relating to a regulated product or service.

Ahead of the FCA implementation deadline, we reviewed relevant client facing and internal collateral for use of sustainability-related terms and claims, to address the risk of potential greenwashing, including our TCFD reports and main sustainability disclosures. We provided training and guidance to all Financial Services front office colleagues via mandatory online modules and during in person sessions with internal colleagues.

There are ongoing workstreams relating to monitoring and implementing regulations and for the design and development of systems and processes. The Group continues to refine its approach to understanding and managing climate-related risk events and opportunities.

How material climate-related risks are identified and assessed for each product or investment strategy

Material climate-related risks are identified as part of our investment process which is common to all products and services. The identification and assessment process covers ESG risks, of which climate is one example, in two forms:

- **Sustainability risks.** These are the risks to investments, including those related to climate change. In general, where a sustainability risk, including climate risk, occurs in respect to a security, there may be a negative impact on its value. Sustainability risk can either represent a risk on its own, or impact and contribute significantly to other risks, such as market risks, operational risks, liquidity risks or counterparty risks
- **Principal Adverse Impacts** (PAIs). These include key risks to the climate caused by the activities of investee companies.

For our discretionary AUM, we use a multi layered approach to ensure that we have integrated climate related risks and opportunities into our investment process:

1. Top down
2. Sectoral
3. Bottom-up. including collectives

Top down

Responsible investment factors including climate change themes are identified and assessed within our asset allocation process by:

1. **the qualitative overlay of long-term systemic risks at an overall strategic level, known as 'megatrends', which seeks to identify and manage long term thematic risks.**

   The research team monitors emerging risks, geopolitical developments, and identifies important long-term trends that may span geographies. Megatrends are powerful, disruptive forces that shape economies, businesses and societies. They drive innovation, steer investment and create new ideas.

   One of the four megatrends that we identified is the 'bumpy energy transition'. The premise is that the journey towards net zero requires a significant investment in infrastructure, such as the electrification of transport, industry and buildings, much of which is reliant on a limited supply of base metals. In addition, supply constraints, high interest rates and various political stresses all serve to make the transition 'bumpy'. However various sectors may well benefit from these long-term themes, and this is reflected in our investment strategy. Equally, corporations need to adapt, with the highest carbon emitters being most at risk from adverse policy shifts.

2. **a proprietary ESG framework, including sovereign CVaR, operating at both regional and country level.**

   In 2024, we started assessing how to incorporate climate and other ESG factors in our Asset Allocation process. An ESG overlay is now applied

to our Strategic Asset Allocation (SAA) process, with the aim of identifying, considering and monitoring country-level risks that may not be captured using traditional financial methods. Climate scenario analysis enters the framework via the use of sovereign CVaR as the chosen environmental metric, which aims to capture the macroeconomic impacts of transition and physical risks on economic activity, inflation and, ultimately, interest rates and sovereign bond yields. We plan to further integrate the use of climate scenario analysis in our asset allocation process in 2025.

Sectoral

We apply our material risk framework to determine a list of significant ESG risks on a sectoral (industry) basis, including climate related risks. This work is further supported using CVaR from our scenario analysis. These are evaluated by Sector Specialists (analysts) on a routine basis, which assists with the assessment of the materiality of risks and opportunities by sector.

The basis of our model has previously been reliant on our data provider MSCI and their interpretation of sector ESG Risks. The issues underlying the individual ratings for each sector are aggregated to establish the top three to five material risks per sector based on MSCI's methodology. In 2023, we reviewed our approach to ensure alignment with MSCI's methodology and added a comparison with the Sustainability Accounting Standards Board (SASB) Materiality finder. In 2024, we further refined our model to include MSCI's CVaR methodology, to identify which industry sectors are particularly vulnerable to climate-related Policy or Physical risks, as well as which sectors are likely to benefit from climate-related Technology opportunities.

For all companies within the monitored universe, average policy CVaR, technology opportunity CVaR and Physical CVaR is computed for each sector under a 2°C Disorderly scenario. This is then compared to the average CVaR across all sectors in the index to provide a view on whether the sector CVaR is above/below average and whether the sector has high/low risk or high/low opportunities.

The model outputs are presented to the sector leads on an annual basis. The sector leads then make a final qualitative decision on the top three-to-five material risks per sector, for the purposes of our investment process.

The framework to identify ESG factors is reviewed annually by the RI team to help ensure our methodology remains up to date. Any significant change to sector level ESG factors, from one year to the next, is highlighted to the Sector leads for their final assessment.

Bottom-up

We identified three bottom-up RI priorities: 'Environmental Resilience', 'Workplace Standards' and 'Excellence in Governance'. These are key areas with identified KPIs where we wish to focus our efforts for investee companies and collective investment funds. The Environmental priority includes key climate related metrics. See our latest Stewardship Report available on our website for more details.

The following sections outlines responsible investment processes and integration of ESG considerations, which include our identification of climate risks and opportunities across asset classes.

a. Direct investments

When analysing a company, as a starting point, analysts consider the MSCI ESG rating and the sector-level material ESG factors in which the company operates. They are encouraged to understand the drivers behind the ESG rating, alongside their own judgement, to ascertain if the factors are important to the long-term performance of the company.

Every week, direct Sector Specialists (equity and fixed income) and RI Analysts attend a review meeting, alongside representatives from the Investment Strategy team, the Fixed Income team, Head of RI and the Director of Stewardship & RI. The purpose of this meeting is to review recommendations within the industry sector being covered and explore additional inputs, including material ESG factors from the aforementioned teams. Each sector is reviewed on a quarterly basis.

At each quarterly review meeting, a summary of ESG rating changes, new controversies, and material risks is given by the relevant RI Analyst. This helps Sector Specialists understand ESG issues and ensure that any conclusions have been integrated into the investment recommendation.

A further quarterly review of climate-related risks is undertaken by our analysts for sectors which have climate risks in their top material risks. The relevant climate metrics, including WACI, for each constituent company are assessed, and the information is made available for inclusion in our firm-wide weekly investment meeting, attended by our investment managers.

We also examine companies based on our own identified RI bottom-up priorities across companies and funds. The Environmental Resilience priorities incorporate forward-looking climate metrics, including Implied Temperature Rise (ITR), whether the company has a Science Based Targets Initiative (SBTi) approved target, and its percentage of green revenues, as discussed in more detail in the following section.

b. Collective investments

We conduct a screening of collective investment funds to determine the degree of alignment with climate metrics. Our due diligence questionnaire, which includes climate-related questions, is also used to assess a fund's overall suitability and inclusion in our monitored universe.

We use a third-party platform (Door) to obtain relevant due diligence information on our collectives, to supplement the data available through MSCI.

As part of the due diligence process, our Sector Specialists (analysts) consider each fund's approach to climate and other sustainability risks and factors, as well as their impact through Principal Adverse Impact (PAI) indicators. Since 2023, for each fund on our monitored universe, climate-related metrics, such as WACI, have been presented to the Collectives Investment Group. Collective Sector Specialists also present at the Weekly Investment Meeting (WIM) which is accessible to all investment managers at least annually. They provide climate metrics as deemed relevant for their sector.

Collective investments are assessed and ranked based on their management of climate risks, broader ESG integration and stewardship capabilities into two categories:

- Responsible/Sustainable funds with investment labels or using sustainability-related terms: eligible funds have specific responsible strategies/ mandates in place. We can accommodate bespoke negative and positive screening at the request and preference of clients, or a combination of both using this category of funds
- Other funds: we have extended our assessment to the rest of the monitored universe (i.e. those with no specific sustainability-related objective or criteria) and will continue our work to cover all funds with our standard due diligence approach over time

For collective investment funds, we also conduct periodic screening using our RI priorities, and have used this information to proceed towards engagement, where required (see 'Proxy voting and engagement' section).

Our management of material climate-related risks for each product or investment strategy

Our management of climate-related risks includes improving our climate data capabilities, developing our knowhow to understand each company's position in the energy transition to a low carbon economy, as well as using these inputs to inform our engagement and voting activities.

Climate data

Climate-related data is considered by our analysts as part of their assessment of investments, which are suitable for our monitored universe. In 2024, we introduced further RI aspects and updated our internal equity research note for direct investments in several ways. Firstly, we added our RI priority KPIs as standard elements to the note. Secondly, we added new questions to gauge whether carbon-intensive companies have sufficiently robust transition plans

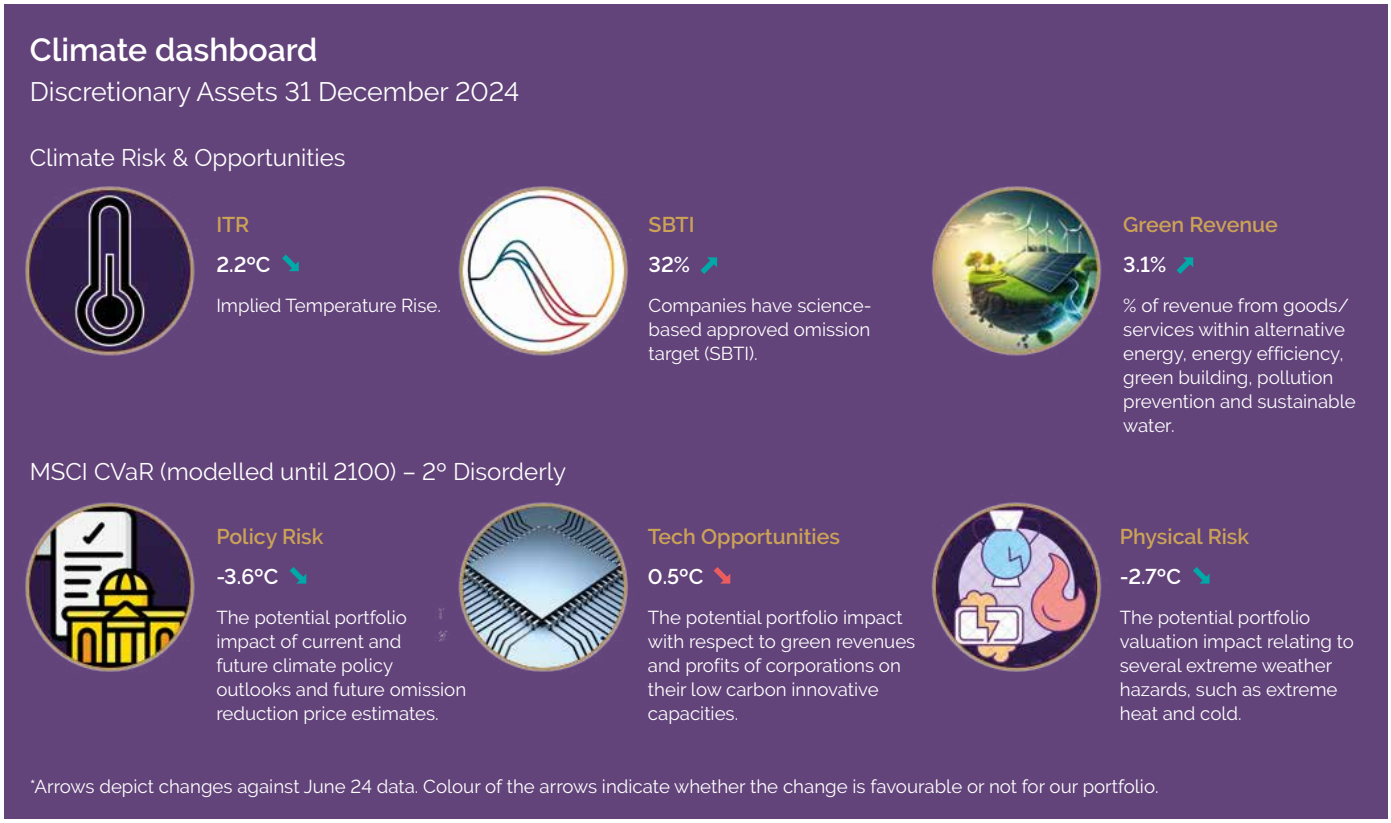
in place. Thirdly, we also consider our proprietary country ESG score when assessing potential risks to the company, based on the geographic distribution of its revenues.

Throughout the year, the Evelyn Partners' proprietary RI Dashboard has been available to Sector Specialists and investment managers , alongside more limited access to MSCI's ESG Manager. In 2024, we implemented MSCI's Climate Lab Enterprise module, a climate scenario analysis tool, making it available to the RI team and a selection of Sector Specialists. These tools provide both backward and forward-looking data on a variety of climate risks and opportunities, as well as core TCFD historical metrics, including WACI. MSCI's Climate Lab Company module is available to 90 of our investment practitioners through their MSCI ESG Manager license. It provides us with the ability to explore a specific company's climate-related risks and opportunities, including CVaR scenario analysis, and includes peer comparisons of other companies within their sector.

The ongoing monitoring of risks and opportunities is a key to our management of material climate related risks. Our overall approach is to integrate climate considerations at strategic, sectoral, fund and individual asset level, where data is available and reliable.

As displayed in Figure 13, we created a Climate Dashboard in 2024 to provide specific and regular reports to relevant investment committees on a quarterly basis, as well as to senior management (e.g. bi-annual reports to the GEC and Board ESG Committee). This complements our regular GHG emissions reporting for our financed emissions to these fora.

Figure 13: Our Climate Dashboard



Source: MSCI, Evelyn Partners as of December 2024. SBTi logo is owned by the SBTi

This dashboard consists of six key metrics for our discretionary assets, as follows (refer to Appendix 2 & 3 for further details).

- Implied Temperature Rise (ITR) (based on MSCI methodology)
- % of companies with SBTi approved targets
- % of Green Revenues.
- MSCI CVaR – Policy Risk
- MSCI CVaR – Tech Opportunities.
- MSCI CVaR – Physical risk

The dashboard was conceived to provide a dynamic overview of the climate performance across the six metrics of our discretionary assets, with arrows depicting improving or worsening trends on a 6-months basis.

FOCUS: Choosing a baseline climate scenario

When we developed our Climate Dashboard, a key decision for us was to choose a baseline climate scenario that would be realistic, ambitious and disruptive enough to stress test our portfolio holdings for potential climate-related risks and opportunities.

We determined that the 2°C Disorderly scenario was the best fit, given these requirements. An internal survey of our analysts (presented in the following section) offered valuable insights into the decarbonisation pathway that our colleagues believe the world is most likely to follow. Moreover, following consultation with our Group Risk function, the RI team concluded that the 2°C Disorderly scenario also provided a useful mix of policy volatility, regional variation and system disruption. This made it the preferred choice for our climate scenario analysis needs.

Our Climate Dashboard complements the work that we had carried out in 2023 to measure the financed emissions carbon footprint for our discretionary AUM. It provides senior management with a more comprehensive view of climate risks and opportunities. During 2024, these climate-related metrics, were also presented bi-annually to CIG, DIG, and at our weekly direct sector investment meetings.

With respect to our Horizon range of funds, the fund managers receive a PAI and key climate metrics report each quarter (in the form of a PowerBi dashboard and PAI extracts) so that they can monitor any changes and include these considerations in their investment process.

All our Evelyn Partners fund managers also receive a quarterly climate risk report, which includes the portfolio carbon footprint, fossil fuel exposure, low carbon, transition metrics, as well as temperature alignment and CVaR data, amongst other metrics.

TCFD product reports for UK funds are available on the relevant ACD websites in compliance with their regulatory obligations.

FOCUS: Principal Adverse Impacts

We monitor and evaluate PAI indicators and the adverse impacts of investment decisions on sustainability factors (including impact on the environment and social concerns), which include climate and nature-related PAIs, as shown in Figure 14 below.

We extract the highest contributors per PAI indicator and identify any outliers for a specific PAI or across several PAIs for the Group's discretionary AUM. SRIG reviews PAIs on managed assets and semi-annual reports are escalated to the relevant investment groups for direct investments and collectives for further analysis. These groups then decide on relevant actions to be taken, including referring to the RI team for further consideration. Relevant actions could include deep dives into stocks, engagement activities with investee companies or fund managers, dropping coverage, querying the accuracy of data with sector specialist, or escalating to our data providers.

Figure 14: Principal Adverse Impacts – environmental indicators. Including climate related metrics

Environmental Indicator	Metric
GHG emissions	Scope 1 GHG Emissions
	Scope 2 GHG Emissions
	Scope 3 GHG Emissions
	Total GHG Emissions
Carbon Footprint	Carbon footprint
GHG Intensity of investee companies	GHG intensity of investee companies
Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector
Share of non-renewable energy consumption and production	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated
Energy consumption intensity per high impact climate sector	The portfolio's weighted average of Energy Consumption Intensity for issuers classified within Nomenclature of Economic Activities (NACE) Code
Activities negatively affecting biodiversity-sensitive areas	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment
Emissions to water	The total annual wastewater discharged into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio
Hazardous waste and radioactive waste ratio	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio
Investments in companies without carbon reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

Tracking of PAI data allows us to monitor not only the direct climate impacts on a company but also provides us with a more holistic view of its environmental impact, including externalities. Environmental and Social factors may be closely interlinked. Understanding broader environmental impacts, such as on biodiversity and natural capital, can also help identify company activities that may exacerbate climate change. On the social side, a company's failure to adhere with the UN Global Compact principles may indicate a lack of a human rights-centred approach in its climate strategy, which may be an important consideration for a 'just transition' to a low carbon economy.

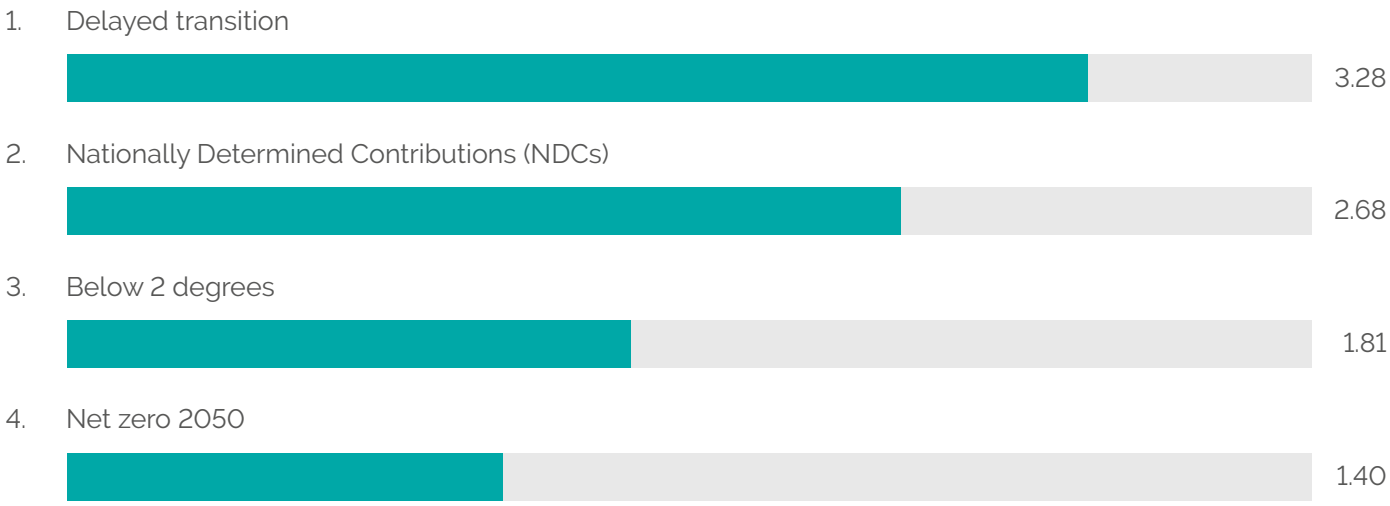
PAI data is monitored on a semi-annual basis for the Group's discretionary AUM for internal purposes only. We continue to adapt and improve our approach to considering PAIs as circumstances allow, including additional PAIs for material investments. Beyond the mandatory PAIs required by SFDR, we have assessed the materiality of additional PAIs through a proprietary framework. This involved the mapping of additional PAIs to our material risks, defining a minimum coverage threshold, assessing the materiality for our investment holdings and the probability of occurrence.

Training

As part of our consideration of material ESG factors in the investment process, we provide training to investment managers and Sector Specialists on relevant topics. In May 2024, we hosted a research day as well as follow-up remote sessions for Sector Specialists, with the aim of deepening their understanding of our RI bottom-up priorities and metrics identified to support our research and approach to monitoring minimum standards of investee companies and fund managers' requirements. We held a second training day in December 2024 for both direct and collective investment Sector Specialists on the enhancements to our research process, which also included responsible investment and climate-related factors. During the training we conducted a poll asking our colleagues to rank the below four climate scenarios used in our central analysis, based on their likelihood of occurrence. The results and views of our investment managers were consistent with the observed slow progress in climate related policies and actions aimed at achieving Net Zero and the Paris Agreement goals in practice, as witnessed in recent years. The audience deemed the 'Delayed Transition' and 'NDCs' scenarios as the more likely and most realistic decarbonisation pathways.

Figure 15: Internal training survey results

Question: Please rank the following climate scenarios from most likely (4) to least likely (1):



Proxy voting and engagement

As responsible investors, we practice active ownership through regular engagement with companies and funds. This includes private discussions, voting and collaborative engagement. Our voting policy, including climate considerations, and activity is published on our website (see Responsible investing | Evelyn Partners).

Through our engagement activities with investee companies and fund managers, we aim to encourage better disclosures and practices related to climate-related risks, improve data availability and reduce risk over the long-term. In addition, Evelyn Partners is a member of several collaborative engagement platforms to amplify the impact we can make by working with other investors and industry peers.

We use voting to express concern where we believe a company is not appropriately managing climate risk, for example, if they do not have any form of net zero target or climate related disclosures to demonstrate how they are managing the risks of a transition to a low carbon economy and the potential physical climate risks on their business model.

a. Direct investment engagement

In 2024, we carried out a climate disclosure engagement programme with our direct investment holdings. The aim of this engagement was to encourage investee companies, with high levels of carbon emissions within their operations and low level of emissions disclosures, to raise their ambition in these areas.

We assessed their external commitments to GHG emission reduction targets via the SBTi and CDP disclosures in carbon intensive sectors. Where companies did not have involvement with either, we contacted them and encouraged them to make enhanced disclosures and/or to set targets.

We chose this approach as SBTi defines and promotes best practices for companies to address carbon emissions reductions and provides guidance in setting net zero targets in line with climate science. The SBTi offers companies an independent assessment and validation of targets. It is generally considered the 'gold standard' in target setting for GHG emissions. CDP is a popular voluntary climate disclosure and reporting framework that many companies use to disclose environmental information to their stakeholders on an annual basis.

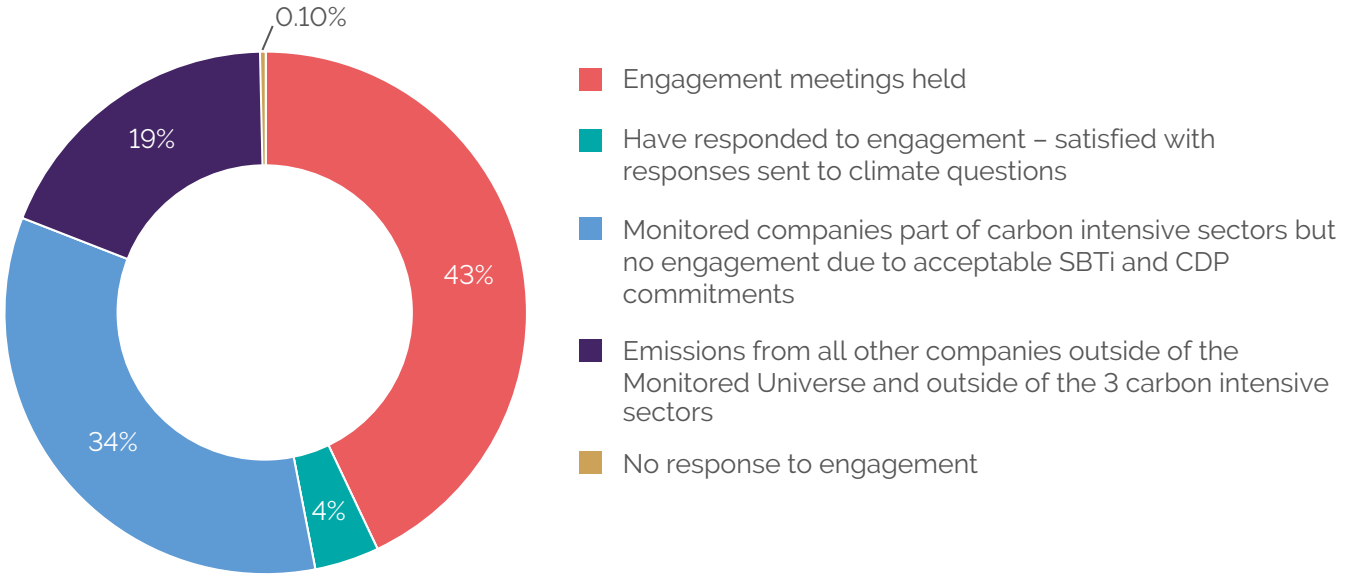
FOCUS: Direct investment engagement questionnaire

As part of our engagement with our direct investment holdings, we sent a list of tailored questions to each company, depending on their level of disclosures. A sample of the questions submitted is included below.

- Is it your intention to make commitments with the SBTi or another externally verified target setter over time? If so, when?
- Are you intending to join an externally recognised system for emissions disclosures such as CDP or similar in the future? If so, when?
- Has management (with board oversight) identified key risks and opportunities to the business arising from climate change and considered mitigation plans? If so, please provide details or if not, when this is expected to take place?
- Is the company planning to increase revenue or research and development into climate change solutions? If so, please provide details. Climate change solutions may be defined using the EU's Green Taxonomy as products and services from any of the climate change environment impact themes including alternative energy, energy efficiency or green building, while minimising the negative externalities associated with your operations.

We sent letters to these companies in 2023 and held meetings with them throughout 2024. The meeting description and outcomes for some of these are summarized in Figure 16 below. Only 0.1% of companies did not respond to our engagement. We will continue the dialogue for our three most carbon-intensive sectors in 2025 (i.e. energy, materials and utilities) and extend to a fourth sector, transportation, following the annual update of our approach to identifying carbon intensive sectors.

Figure 16: High response to our climate engagement in carbon intensive sectors in 2024



Source: Evelyn Partners and MSCI as at 31 December 2024. Note: the chart represents the analysis of scope 1 and 2 emissions of our discretionary direct investments by engagement status

b. Collective investment engagement

All third-party collective investment funds, that are in our monitored universe (MU), are subject to ESG-related due diligence. We regularly meet with fund managers and closely monitor the performance of the MU as evidenced by 305 meetings conducted in 2024 by our collective investment Sector Specialists with external managers.

Additionally, using our RI bottom-up priorities, we increased our thematic engagement programme to collective investments, and screened holdings to identify key areas of exposure to target funds where we believed that there could be material risks. One engagement theme was climate action, where we identified several funds with large GHG exposures and decided on mitigating actions through engagement. We contacted the 30 largest emitting funds in our holdings, which represented 28% of our overall discretionary AUM financed emissions across all collective investment holdings as at December 2024.

We had a 100% response rate and followed up with the four funds that responded negatively to one of our questions. This asked whether the fund engaged in collaborative or direct action focused on reducing emissions or enhancing emissions disclosures in underlying companies, such as encouraging SBTi disclosures.

Altogether, we contacted and received responses from both companies and fund managers which represented 34% of our total discretionary AUM Scope 1 & 2 financed emissions, as part of our direct and collective investments engagement programmes.

FOCUS: Fund engagement on climate targets at key fossil fuel company

The fund in this case study has 'climate engagement' in its title, and therefore we expected high levels of related activity. We approached the fund manager for their views, after an announcement by Shell, a well-known and significant holding, of a change in its carbon intensity target. The manager had already spoken to Shell's investor relations department twice in March, and had a meeting arranged with the Chair ahead of the AGM. The fund manager noted that the press had made too much of the story, and said how little had actually changed, given some of the more extreme commentary in the market. The company is fundamentally sticking to their strategy and bringing their climate targets in line with it. They lowered their net carbon intensity target covering all three emission scopes, including customer emissions which are a substantial element of their total Scope 3 emissions, but maintained their Scope 1 and 2 targets.

The fund manager also explained some positive highlights. Shell had added a new Scope 3 target for oil sales, targeting a 15-20% reduction between FY21-30. The latter reflected the customer shift away from oil (underlying customers moving away from fossil fuels and towards electric vehicles and biofuels) and the company's emphasis on liquid natural gas. They see emissions from oil sales, as a percentage of energy portfolio emissions, falling from 48% to 39%. They also provided guidance on low carbon capital expenditure, investing $5.6 billion in low-carbon solutions in 2023, which was 23% of their overall capital spending. Their spending on low-carbon solutions between 2023 and 2025 will amount to approximately $10-15 billion.

Outcome: *The information provided by this engagement is in line with the description of the fund's investment process, as well as our own view of the company and our wider climate engagement activities. We were pleased that the fund manager had been proactive and is in regular communication with what is a key fossil fuel emitter, to further understand their climate related targets and long-term investment strategy.*

c. Collaborative engagement

The Group is a member of several collaborative engagement platforms. This amplifies the impact that we can make, by working with other investors and industry peers to influence and address various ESG topics, including climate and wider themes.

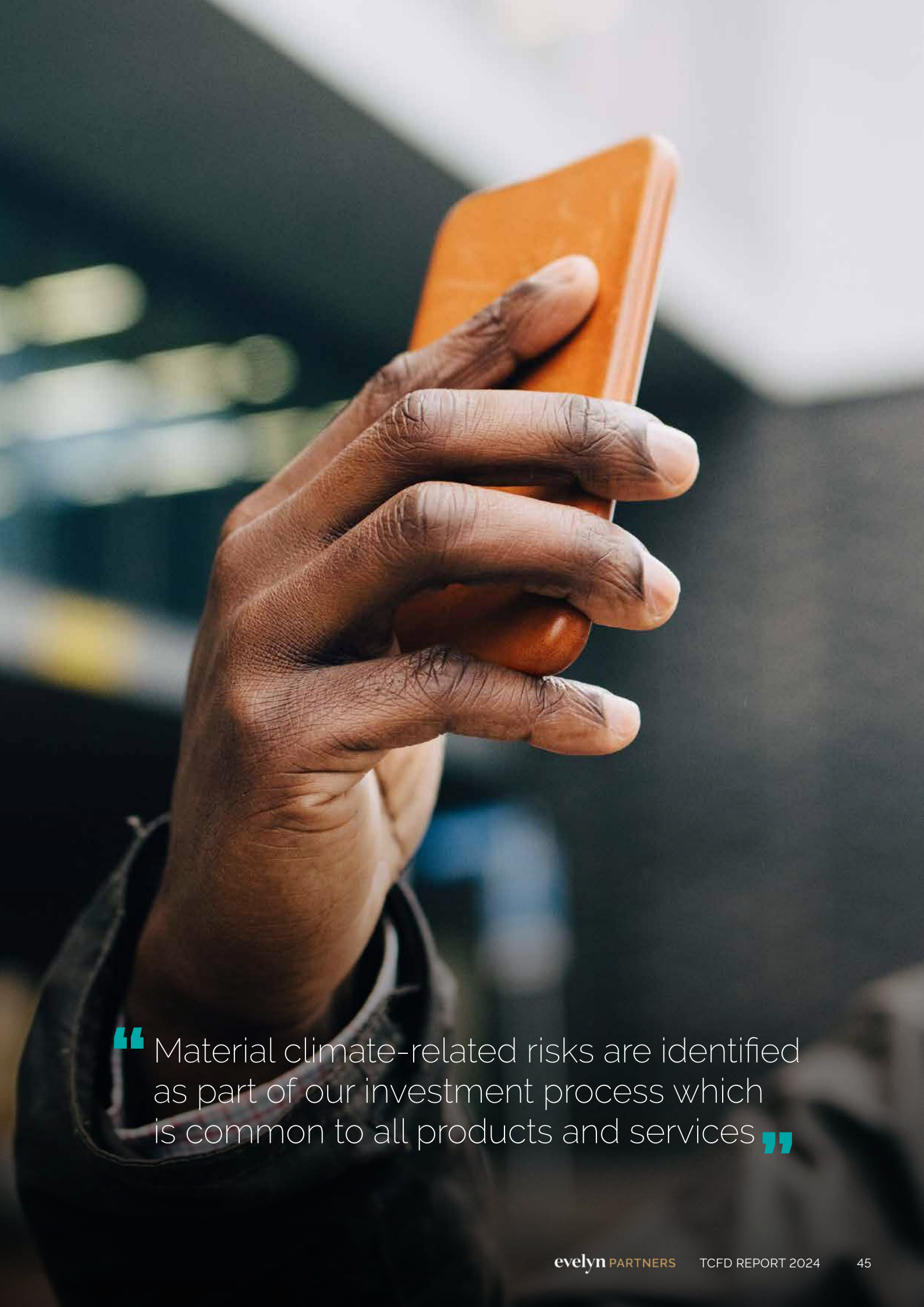
We are members of the following collaborative forums, which are relevant to climate-related matters:

- **The Investor Forum:** a community interest company set up by institutional investors in UK equities. The forum helps investors work collectively to escalate material issues with the Boards of UK-listed companies
- **Climate Action 100+:** an investor-led initiative to ensure the world's largest corporate Greenhouse Gas (GHG) emitters take necessary action on climate change. We are part of a working group engaging with one of the world's 100 largest GHG emitters
- **Nature Action 100:** a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss

d. Proxy voting

During the year, in respect of all matters, we voted at 819 meetings (2023: 830) and sent 159 engagement letters (2023: 177). We abstained from voting five times due to the company's lack of a net zero target and we also abstained from voting at companies that did not integrate ESG into their remuneration policies 13 times in 2024.

Our voting activity is published on our website. For further information, including our engagement activities, please refer to our Stewardship Code report (see Responsible investing | Evelyn Partners).



> “Material climate-related risks are identified as part of our investment process which is common to all products and services”

METRICS AND TARGETS

Scope 1, Scope 2 and Scope 3, excluding financed emissions

Figure 17 below summarises the energy consumption and global greenhouse gas emissions for the Evelyn Partners Group for the year ended 31 December 2024, measured in metric tonnes of carbon dioxide equivalent (tCO2e), with comparatives for the prior years. We have used the main requirements of the Greenhouse Gas Protocol Corporate Standard to calculate emissions. The table below excludes 'financed emissions' as these are disclosed separately later in this report. Definitions for Scope 1, Scope 2 and Scope 3 emissions can be found in Appendix 3.

The following disclosures relate to the Group's global GHG emissions of its operations and of its value chain and include all scope 1, 2 and 3 emissions, excluding financed emissions, applicable to the Group.

Figure 17: Scope 1,2 and 3 emissions (excluding financed emissions)

Scope	Description	Emissions tCO2e 2024	Emissions tCO2e 2023	Emissions tCO2e 2022
1	Direct emissions from the combustion of gas & fuel	248.8	218.0	433.6
2	Indirect emissions from the purchase of gas & electricity (location based)	761.9	798.0	1,026.2
3	Total Scope 3 emissions, excluding financed emissions	26,946.3	30,389.0	43,036.7
Total emissions, excluding financed emissions		**27,957.0**	**31,405.0**	**44,496.5**

Our Scope 3 emissions are further analysed by category as follows:

Figure 18: Scope 3 emissions categories

Scope 3 Category	Description	Emissions tCO2e 2024	Emissions tCO2e 2023	Emissions tCO2e 2022
1	Purchased goods and services	20,451.0	24,162.0	35,464.4
2	Capital goods	832.1	1,027.0	2,690.2
3	Fuel and energy related activities	289.0	295.0	424.8
4	Upstream transportation and distribution	168.0	105.0	187.7
5	Waste generation in operations	83.6	69.0	62.1
6	Business travel	1,920.9	1,854.0	1,454.5
7	Employee commuting (and homeworking)	3,201.7	2,877.0	2,753.0
Total Scope 3 emissions, excluding financed emissions		**26,946.3**	**30,389.0**	**43,036.7**

Note: Scope 3 category 13 is captured within category 1-7 emissions. Scope 3 categories 8 to 14 are not applicable to the Group.

The table above shows that the majority of our emissions, excluding financed emissions, are generated from Scope 3. The largest proportion of these Scope 3 emissions is generated from Category 1 – Purchased goods and services (73.2% of total and 75.9% of scope 3 global emissions, excluding financed emissions) hence understanding the ESG and climate risk of the supply chain is a priority. Category 1 emissions decreased despite an increase in spend of 16.3%. This is partly due to the updated CEDA emissions factors.

Category 6 – Business travel emissions increased by 3.6% compared to an increase in average employee numbers of 10.0%. During the year, we gained access to emissions data to track journeys booked through our travel provider and are analysing this data to understand the reasons for travel and what changes can be made to reduce those emissions. In the meantime, carbon credits to offset business travel emissions of 591 tCO2e were purchased during the year from Trees4Travel via our business travel provider.

Category 7 – Commuting and homeworking emissions rose by 11.3% against an increase in average employees of 10.0%.

Figure 19: Market-based energy emissions

Scope	Description	Emissions tCO2e 2024	Emissions tCO2e 2023	Emissions tCO2e 2022
2	Emissions from purchased electricity (market-based)	527.2	467.0	751.2
Intensity ratio: tCO2e / FTE		**0.36**	**0.40**	**0.50**

Our market-based energy emissions, which reflect the choices we have made, are significantly less than the location-based emissions and have decreased by 29.8% over the two years. Acquisitions have contributed to the increase in these emissions this year.

The intensity ratio is impacted by our sustainable office choices. This is further supported by the reduction in total energy requirements as shown below.

Figure 20: 2024 Total energy requirements

Energy Consumption	2024	2023	2022
Total kWh	3,591,784	3,663,428	5,124,395
of which renewable kWh	2,305,378	2,460,747	3,107,863
% of renewable energy backed by REGO certificates	**64.2%**	**67.2%**	**60.6%**

Although, the renewable energy percentage is down for the year, this was impacted by acquisitions related to the professional services division which was sold 31 March 2025. For the continuing operations, the renewable energy is 75.8%.

Verification of Scope 1, Scope 2 and Scope 3 emissions (excluding financed emissions)

The global scope 1 to 3 emissions above were independently verified for 2022 and 2023 and verification will be sought for 2024.

A limited level of verification aligned with the ISO 14064-3:2019 standard, which specifies and provides guidance for the verification and validation of greenhouse gas statements, was conducted. The operational control approach was applied.

In accordance with the Limited Verification requirement, our third-party consultant concluded that, based on the information provided, and following a review of the processes and procedures, the GHG emissions totals were fairly stated and free from material error. The emissions disclosed for 2023 and 2022 above are post-verification.

The 2023 emissions were independently verified in June 2024. As this was conducted a few months after the year end, additional information was available to replace and update estimates or assumptions made.

Total global emissions increased from 28,602 tCO2e (reported) to 31,405 tCO2e for 2023, mainly due to a change in categorisation and the replacement of estimates with actual data.

Financed emissions of Assets Under Management (AUM)

The financed emissions of our discretionary AUM have been calculated using ESG data supplied by our third-party data vendor, MSCI, following the methodology as defined in the Greenhouse Gas Protocol. Our discretionary AUM in relation to our total AUM, and its regional breakdown is shown in Figure 21 and 22.

Figure 21: Assets under management

Assets under management as at 31 December	2024 £bn	2023 £bn	2022 £bn
Discretionary AUM	46.5	42.0	40.0
Non-discretionary AUM & discretionary AUM excluded from climate reporting[7]	16.5	17.1	13.0
Total AUM	**63.0**	**59.1**	**53.0**

Number of portfolios as at 31 December	2024 Number	2023 Number	2022 Number
Discretionary AUM	99,078	94,149	96,468
Non-discretionary AUM & discretionary AUM excluded from climate reporting	105,084	123,540	113,605
Total number of portfolios	**204,162**	**217,689**	**207,073**

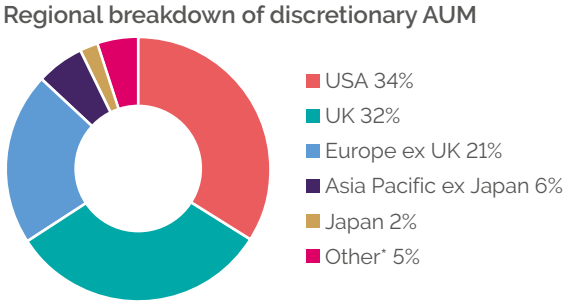
Source: Evelyn Partners and MSCI as at 31 December 2024

[7] This includes approx. £2.2bn of discretionary AUM not included in our emissions calculations mainly due to acquisitions and the related ongoing system integration. Note, this includes legacy assets, including holdings from Evelyn Partners Asset Management Ltd and also Dart Capital Ltd, which was acquired in 2023, where custody is held separately or not held on core Evelyn Partners systems (these assets equate to less than 3% of our total discretionary AUM). However, we aim to integrate these into our core systems as part of the Group's ongoing systems integration work to address data gaps and limitations. The metrics and analysis presented in this section, and discussed as part of our scenario analysis in the Strategy section do not include these subsidiary entities. They form part of Evelyn Partners wider investment process and include our monitored holdings. They have been referenced in this report on a voluntary basis as indicated in the compliance statement.

The majority of our AUM is invested in collective investments (73% by value), comprised mainly of equity and fixed income securities. Around 24% is invested directly in equity and fixed income assets, including sovereign bonds.

A geographical breakdown shows that the majority of our AUM is predominantly invested across the UK (32%), US (34%), Europe (21%), and Asia Pacific – ex Japan (6%).

Figure 22: Assets under management by investment region as at 31 December 2024

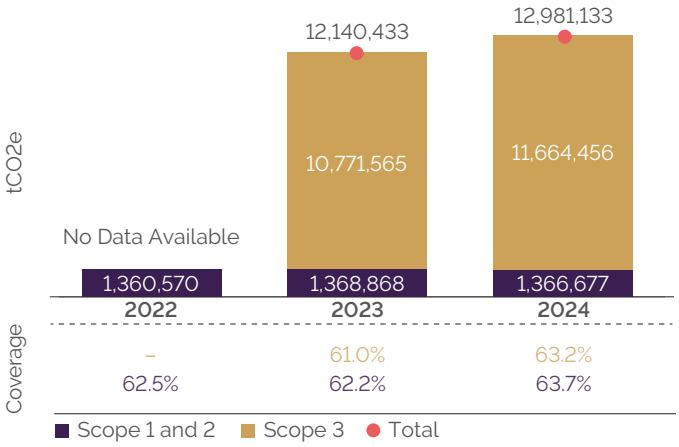


*Source: Evelyn Partners and MSCI as at 31 December 2024. *'Other' category includes unavailable data.*

We measure our financed emissions arising from our clients' discretionary managed portfolios. In line with the TCFD recommendations, we have provided measures relating to the 99,078 discretionary portfolios that we manage with a total AUM of £46.5 billion.

Figure 23 shows the financed emissions for scope 1 and 2, and scope 3 absolute emissions for these assets, including the percentage of data coverage.

Figure 23: Financed emissions



Source: Evelyn Partners and MSCI as at 31 December 2024

Despite the overall total financed emissions rising year-on-year (YoY), our scope 1 & 2 financed emissions, over which companies have greater control, declined by around 2% YoY, while AUM rose around 11% YoY in 2024.

The coverage is trending higher, in particular for Scope 1 and 2 emissions, which increased by nearly 2% to around 64%. Note however that the coverage increases to 73% when we exclude assets for which there are typically no recorded emissions, such as cash, or no emissions comparable to that of corporates, as in the case of sovereign bonds.

Metrics used to assess climate-related risks and opportunities in each product or investment strategy, how these metrics have changed over time and their consideration in investment decisions and monitoring

The metrics which are made available to Sector Specialists and investment managers are GHG emissions, WACI and carbon footprint for collective and direct investments forming part of the MU. In 2024, we added CVaR to our material risk identification, and ITR and Green Revenues to our sector-based analysis of risks.

Metrics for the highest emitting sectors, and the top five direct investments within them, have also been provided to the GEC and Board ESG Committee twice a year, and to all groups and committees reporting to the IPC (see governance chart on page 12). This analysis helps us assess these companies' transition efforts to reduce their emissions by monitoring improvements in their WACI. We also provide climate-related Principal Adverse Impact analysis for our Group's discretionary investments to the committees and groups within the Responsible Investment governance structure.

Our discretionary managed assets have demonstrated a trend of improving carbon metrics over the years. WACI has remained consistently below the benchmark that we have selected as proxy risk strategy profile for a significant part of our clients, as can be seen in Figures 24 and 25 below.

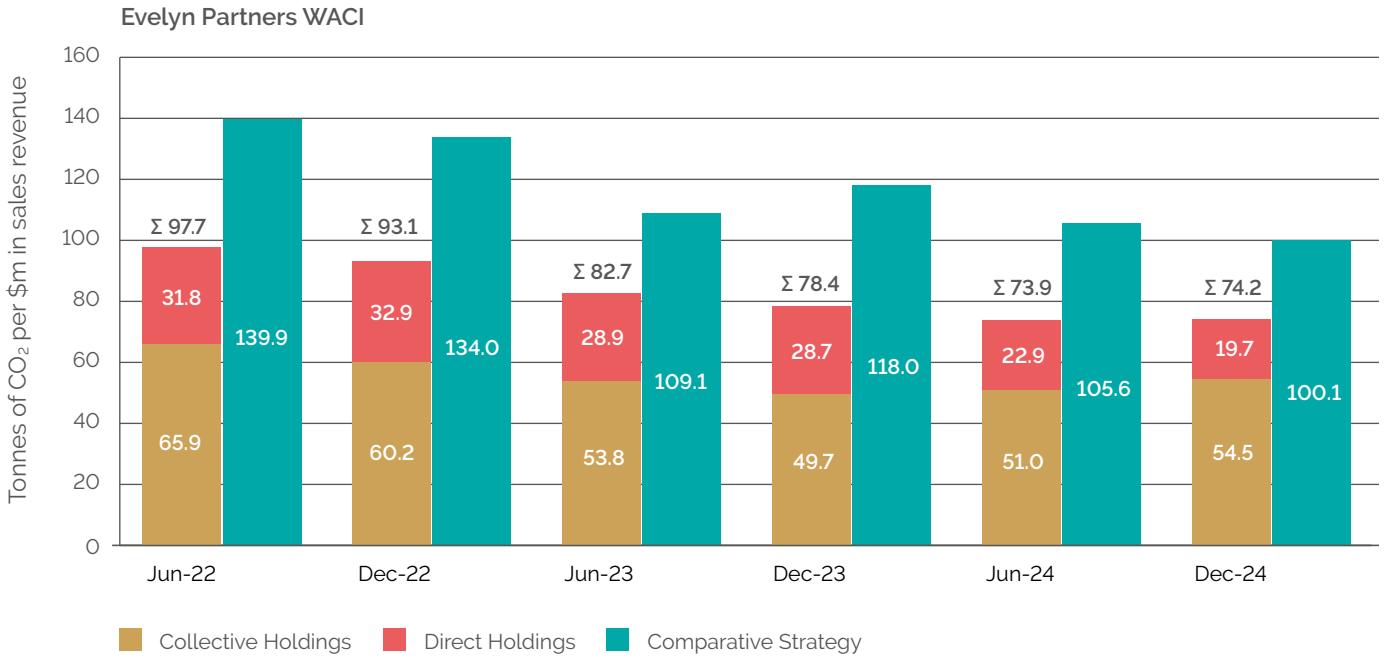
The WACI of our combined direct and collective investment holdings decreased by 5% in 2024 and cumulatively by 20% since 2022. The modest decline in scope 1 and 2 financed emissions masks a more dramatic decrease seen in our investments' carbon footprint. The metrics show that every dollar we invested in 2024 generated almost 13% fewer scope 1 and 2 emissions compared to the previous year.

Figure 24: WACI & Carbon footprint for discretionary assets as at 31 December 2024[8]

Headline metrics	Measurement unit	31-Dec-24	% YoY change	Coverage	31-Dec-23	Coverage
WACI	TCO2e/M USD Sales	74.2	-5.3%	63.9%	78.4	63.5%
Carbon footprint	TCO2e/M USD Invested	22.2	-13.0%	63.7%	25.5	62.2%

Source: Evelyn Partners and MSCI as at 31 December 2024

Figure 25: Assets under discretionary management – WACI June 2022-December 2024



Source: Evelyn Partners/MSCI.

WACI portfolio exposure expressed as tC02e/M USD Sales for Scope 1 & 2 carbon emissions of issuers and collectives (reported annually or estimated).

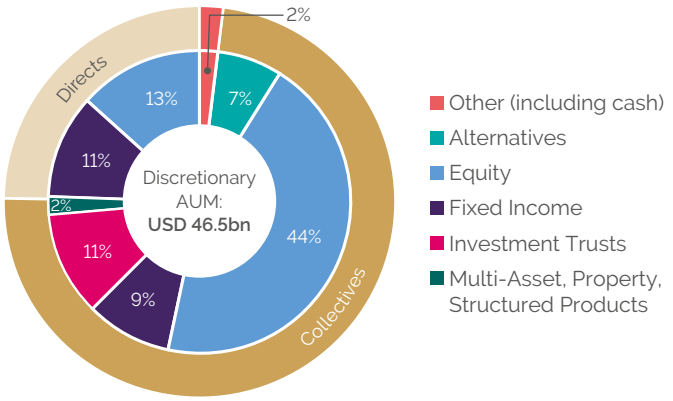
Comparative Strategy: This is the risk strategy available to clients with the most discretionary assets (40%) as at 31 December 2024. Portfolio breakdown: MSCI ACWI-ex UK (42%) and MSCI UK IMI (23%) for equities, Markit iBoxx Overall 7-10 years (19%) for Fixed Income – gold, alternatives and cash not within coverage (16%).

[8] Scope 3 data has not been included within the calculations for WACI and Carbon footprint metrics due to data limitations and availability from MSCI. We aim to disclose these in future where possible.

In 2024, we conducted a deep dive to further our understanding of the driving factors behind our aggregated WACI metrics, otherwise known as attribution analysis. Changes to the overall WACI number can be attributed to various factors, e.g. changes in underlying positions, portfolio weights or reported emissions of the underlying companies in our AUM. Our analysis indicates that the decrease in WACI since December 2023 can be predominantly attributed to a decrease in the absolute emissions of underlying investee companies and also to an increase in their revenues (other factors include new or divested positions, portfolio weight and changes in coverage but these are not significant factors in our analysis to date). We can infer that changes to our investment decision-making or allocations were not a leading cause of the decrease in WACI.

Figures 26 and 27 set out the breakdown of our discretionary assets and the contribution to our WACI by asset class.

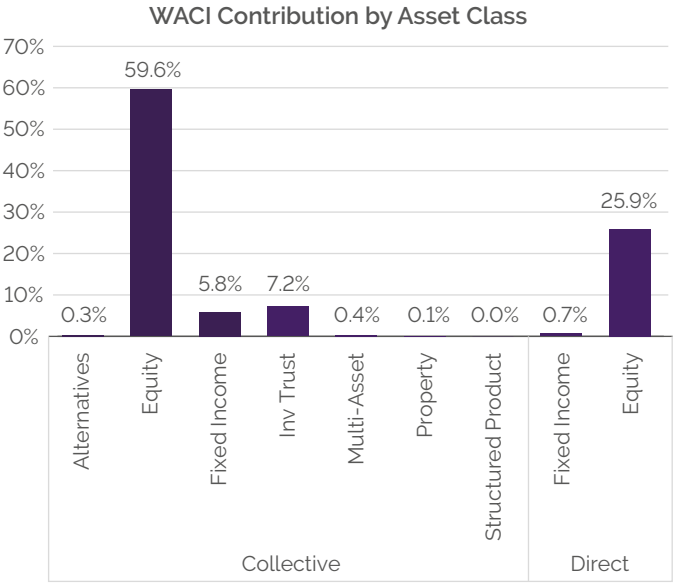
Figure 26: Assets under discretionary management by asset class as at 31 December 2024



Source: Evelyn Partners as at 31 December 2024. Total may not add to 100% due to rounding.

Figure 27 shows that equity investments, both direct and indirect collective holdings[9], are the overwhelming asset class contributing to our WACI. Equity investments make up around 57% of our overall discretionary managed holdings, while contributing around 85% to the overall WACI, as at 31 December 2024.

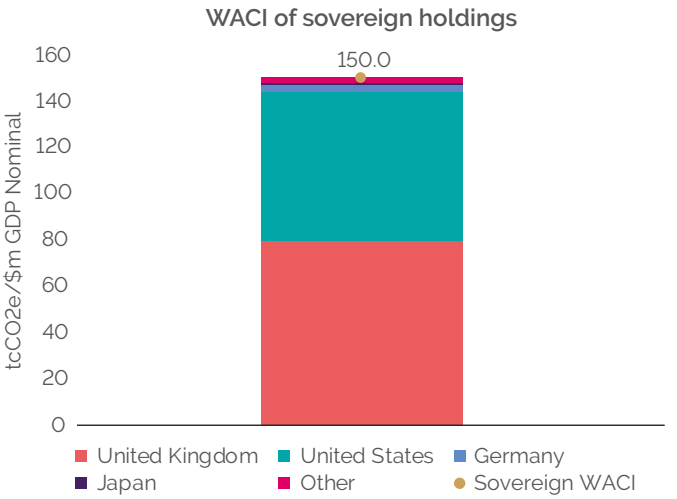
Figure 27: WACI contribution by asset class for assets under discretionary management as at 31 December 2024



Source: Evelyn Partners and MSCI as at 31 December 2024

In 2024, we broadened our analysis to include sovereign fixed income. Figure 28 shows the WACI of our sovereign debt holdings (excluding agencies), and its contributions.

Figure 28: WACI of sovereign holdings



Source: Evelyn Partners and MSCI as at 31 December 2024

[9] Excluding equity holdings in investment trusts

UK Gilts and US Treasuries make up almost the entirety of our total sovereign holdings, and unsurprising are the main contributors to our overall sovereign WACI (53% and 43% respectively). We consider our substantial exposure to the UK, which ranks favourably among developed markets for GHG emissions per unit of GDP produced, as a factor that reduces the climate risk associated with our sovereign debt holdings. We will monitor changes to sovereign carbon intensity figures, similar to the way we track WACI of our corporate holdings.

The above analysis represented data coverage for 96% of our sovereign fixed income discretionary assets. In total, taking into consideration our corporate and sovereign holdings, our WACI coverage extends to 78% of our discretionary AUM.

The extent to which assets under management are aligned with a well below 2°C scenario

Looking at both the sector and individual issuer level breakdown of our aggregated ITR for our AUM provides us with useful insights of the alignment of our holdings with a 2°C or lower decarbonisation pathway. Our investments in the healthcare, financials and information technology sectors are more closely aligned with the goals of the Paris Agreement. The sectors least likely to be aligned are materials, energy and utilities. This is consistent with our CVaR scenario analysis of carbon intensive sectors in the Strategy section (page 21) as well as our assessment of material risks by sector based on WACI.

At issuer level, the picture is more nuanced. There are outliers where companies have not yet formalised a net zero target, or have missed their own objectives, which increases their overall ITR score. There are also companies in high intensity sectors with strong transition plans that are currently showing ITRs of less than 2°C.

MSCI regularly updates its methodology to calculate a forward-looking ITR metric based on periodic NGFS scenario updates, assumptions and other variables. Therefore, the underlying data used in their modelling can vary without any fundamental changes in underlying companies' data, decarbonisation strategy or as a result of a deviation to a fund's investment strategy (see Appendix 2 for a list of limitations and assumptions for ITR).

Figure 29 sets out forward looking and other climate metrics, including ITR for our discretionary managed assets. It shows that the significant proportion of our holdings (circa 42%), for which we have data, are aligned with either a 1.5°C or 2°C implied temperature rise. Although this proportion has declined when compared to 2023 (circa 46%), we can attribute the change largely to MSCI's methodology updates[10]). This is particularly evident in the sharp decline in our 1.5°C-aligned assets.

Although we do not have explicit firm-wide exclusion policies in our standard investment process, our discretionary assets overall show an aggregated ITR of 2.2°C as of December 2024. This is comparable to some of our peers who adopt more stringent exclusionary policies on their underlying assets.

Figure 29: Implied Temperate Rise for Discretionary Assets

	2024		2023	
	% AUM	Coverage	% AUM	Coverage
Implied Temperature Rise (% of portfolio 1.5°C Aligned)	21.3%	64.7%	30.6%	58.8%
Implied Temperature Rise (% of portfolio 2.0°C Aligned)	20.2%		15.3%	
Implied Temperature Rise (% of portfolio >2.0°C<3.2°C misaligned)	15.9%		9.5%	
Implied Temperature Rise (% of portfolio >3.2°C strongly misaligned)	7.3%		3.4%	

Source: Evelyn Partners and MSCI as at 31 December 2024

[10] Some of the changes, such as having a higher scenario ambition or changing to a fixed baseline year of 2019, have had a significant impact on the 1.5-degree temperature alignment of the wider MSCI ACWI constituents, particularly the US and Emerging Markets ACWI constituents

Figure 30 illustrates that green revenues have increased from 2.5% to 3.1% and fossil fuel revenues associated with our assets have decreased from 1.6% to 1.4%. This improvement is despite the lack of firm-wide exclusion policies. Furthermore, our investments in carbon solutions are likely to be understated given that majority of our investment trust holdings are not covered by MSCI, which may have some green revenue exposure. See Appendix 3 for a further information of these metrics.

Figure 30: Other climate metrics for Discretionary Assets

	% AUM	
	2024	2023
Green Revenue	3.1%	2.5%
Fossil Fuel Revenue	1.4%	1.6%

Source: Evelyn Partners and MSCI as at 31 December 2024

GHG emissions for assets under management and the WACI for each product or investment strategy

GHG emissions and WACI for total assets under discretionary management are disclosed above.

Evelyn Partners offers its discretionary clients seven risk strategy profiles to meet their risk tolerances and attitudes to loss. These risk profiles are constituted by a representative index for asset classes within our strategic asset allocation process. The propositions following these risk profiles are offered in a variety of forms such as in-house pooled Evelyn Partners funds, SIPPs, ISAs and MPS, in addition to our discretionary portfolio service offered to private wealth clients.

In 2024, the main climate-related metrics which were tracked for each of these seven risk profiles is provided below in Figure 31. The analysis is based on a 2°C NGFS Disorderly Physical: Aggressive Scenario. Due to the different amounts invested in each profile, we have used a notional portfolio value of £1,000,000

Figure 31: Climate-related data for seven risk profiles as of 31 December 2024

	Risk profiles						
	Comparator 1	Comparator 2	Comparator 3	Comparator 4	Comparator 5	Comparator 6	Comparator 7
Aggregate CVaR	-6.1%	-7.0%	-7.4%	-7.7%	-7.9%	-8.0%	-8.2%
SBTi	12.9%	18.0%	22.3%	28.6%	32.9%	36.9%	45.7%
ITR	2.2	2.3	2.3	2.3	2.4	2.4	2.4
WACI	98.1	99.5	99.5	100.2	100.1	101.1	100.7
Green Revenue	1.9%	2.6%	3.2%	4.0%	4.6%	5.2%	6.3%

Source: Evelyn Partners and MSCI as at 31 December 2024. Note: Risk profiles represent increasing risk from one to seven

We note that climate risk for the different comparators tends to increase as the risk profile increases, i.e. higher risk profiles appear to demonstrate both higher traditional financial risk and climate-related risks. On the other hand, the occurrence of SBTi targets and green revenues seems also to increase with higher risk profiles. This is likely due to the greater exposure to equity markets, vis-à-vis, for example, sovereign credit.

We plan to gain further insights from our analysis in 2025 by breaking down the AUM associated with the seven risk profiles, rather than using a notional portfolio value.

[11] Furdak et al. (2024) "The Scope of Net Zero: The Use of Carbon Emission Data to Achieve Portfolio Goals", CFA Institute

Data coverage and limitations

While climate data has improved significantly in the past 10-15 years, particularly in Europe and in high carbon emitting sectors[11], this data remains less standardised than financial data traditionally used in investment decision-making. We have made our best effort to use the most accurate data available. However, availability, and reliable measurement remain ongoing issues. We seek to be transparent where such gaps exist (see Appendix 2 for details).

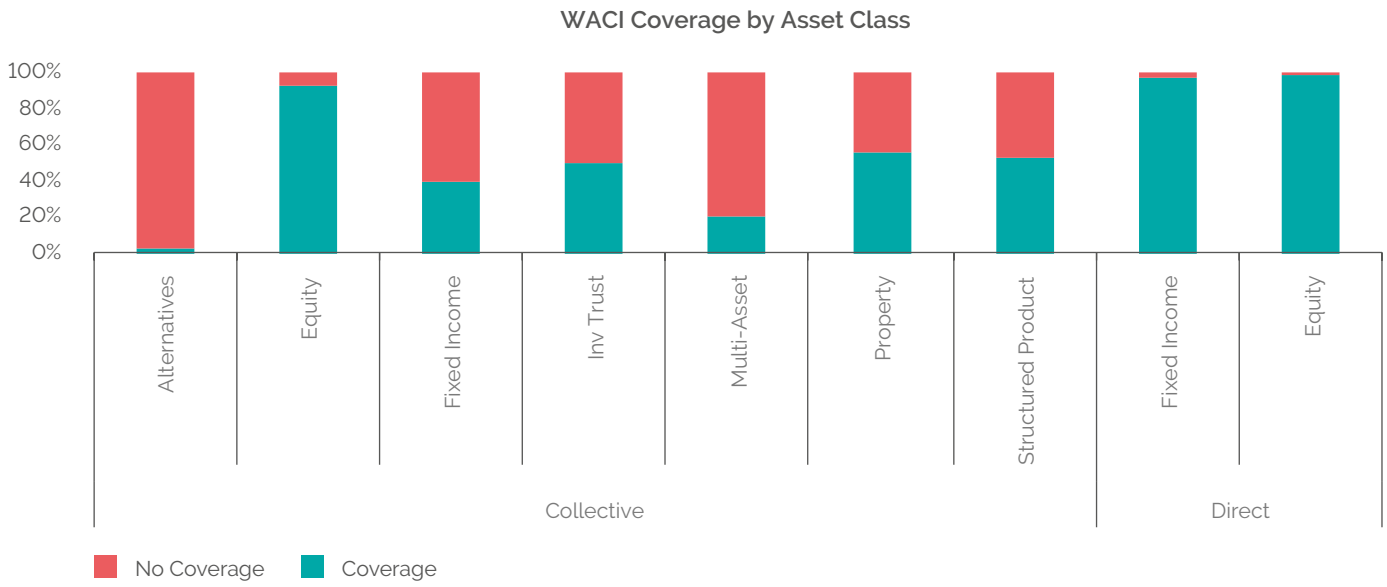
A significant part of our AUM is invested in third-party funds, meaning that we rely on accessing data on a 'look-through' basis via our primary data provider, MSCI. Investing indirectly in companies via funds presents further potential risks, including accuracy of disclosure, lags in the data, and appropriate aggregation of such ESG-related data at the fund level.

Some data limitations that we observe include, for example, difficulties in sourcing data for some asset classes (e.g. private assets and investment trusts), although this is typically in areas where we have low levels of exposure. Limited data coverage by MSCI and other providers of infrastructure funds, which often hold assets in renewable energy projects, also means that the green revenues associated with our AUM are understated. Refer to Figure 32 for an overview of our data coverage across asset classes, which shows that equity and fixed income coverage held directly or indirectly via collective investments is considerably higher, with an average typically of over 90%, compared with 44% for other alternative asset classes. Forward-looking climate data, such as Climate Value-at-Risk and Implied Temperature Rise metrics, provide valuable information which complement the static nature of traditional carbon metrics. However, we recognize that this data is still at a relatively early stage of development and that there are underlying issues in the sourcing and application of forward-looking data. For instance, they may include periodic revisions that alter the data used in models, independent of the strategy of the investee companies. Scenario-related metrics used in CVaR models are also likely to change with potential significant changes in output, for example, updates to the underlying NGFS assumptions which are incorporated into MSCI's CVaR models. The effect that such changes in assumptions can have on the estimated exposure to climate-related risk of our portfolio holdings is exemplified in the scenario analysis work, as presented in the Strategy section (page 21). In this respect, MSCI is in the process of finalising the integration of the NGFS 'phase 4' model updates into their system at the time of writing.

Further work is required to improve the modelling and the assessment of the interlinkages of climate change and the transition to a low carbon economy that the NGFS scenarios and assumptions are based on. Examples of limitations include the possibility of double counting physical risk across different hazards, failure to capture the effects of extreme weather events on the broader supply chains and to model tipping points, which will become increasingly important as global temperatures continue to rise. See Appendix 2 for more details.

We expect the availability of responsible investment and climate-related data, sourced from other fund managers and investee companies, to improve over time. We continue to work with our third-party data providers to improve the data availability and quality and integrate these considerations into our investment and financial advice processes.

Figure 32: Data coverage by asset class



Source: Evelyn Partners and MSCI as at 31 December 2024. Note: Direct fixed income excludes sovereign bonds. However, these may be included in the "No Coverage" part of our collectives fixed income holdings

Our targets to manage climate-related risks and opportunities

As we have outlined in the Strategy section, we are working hard to understand climate risks and opportunities within the investment process on behalf of our clients. We see this as a key aspect of our fiduciary duty to achieve the best outcomes for them.

Using scenario analysis, it is apparent that policy related transition risk is more prevalent in carbon intensive sectors, and our focused engagement efforts in these specific sectors is key to mitigating the risks that we have identified. We observe that, despite no firm-wide exclusion policies, the overall WACI of our investments has showed real progress since we began measurement in 2022, and the aggregated measure of ITR of 2.2°C is not far from being aligned with the goals of the Paris Agreement.

We do not aim to exclude high emitters as part of our standard investment process as we prefer, instead, to encourage greater ambition through engagement rather than divestment. This is in the spirit of 'financing reduced emissions' rather than avoiding them altogether as a means of continuing to influence the reduction of climate-risks. To this end, we note that some of the companies that are most able to capitalise on the energy transition are in carbon intensive sectors. For our discretionary clients, we can apply specific exclusions upon request.

From our own research, and during our podcast with Professor Kelly Shue in 2024, we explored the merits of fixed carbon reduction targets for our investment holdings. Our conclusion was that there are unintended consequences of 'omitting the emitters'. Considerations include constraining capital access, raising the cost of capital for high carbon emitters, short-term focus and challenges in financing high-capital expenditure transition plans to adapt their business models. We heed these warnings and are currently not intending to set portfolio decarbonisation targets for financed emissions, preferring instead to encourage disclosures and investment in alternative technologies.

While we have decided not to set quantitative climate targets, unless they have been requested by clients, in full recognition of the critical nature of climate-related risks and opportunities, we will endeavour to:

- continue to monitor and incorporate material climate risks and opportunities into the analysis and reporting of our investments
- implement a revised stewardship and engagement plan in 2025, which includes a focus on carbon intensive sectors
- ensure that our products and services enable clients to express their climate-related investment preferences
- continue to promote investment related climate knowledge and understanding, including by hosting responsible investment events

For our corporate operational emissions, we are working in the short term towards setting Net Zero targets; post the sale of the Evelyn Partners Professional Services business.

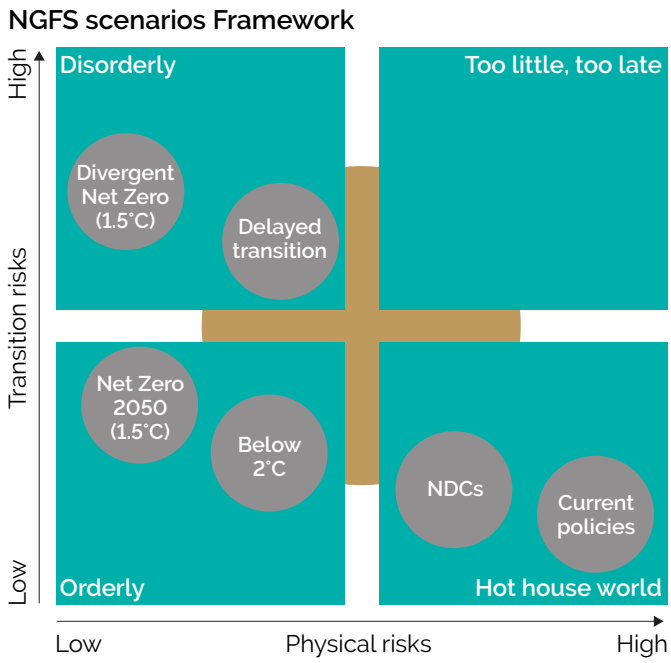
APPENDICES

Appendix 1: Network for Greening the Financial System (NGFS Scenarios)

The NGFS scenarios (2021) explore a set of six scenarios which are consistent with the NGFS framework (see Figure 33 below), which show a range of lower and higher risk outcomes and cover the following dimensions:

- Orderly scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued
- Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices would have to increase abruptly after a period of delay
- Hot house world scenarios assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea level rise

Figure 33: NGFS scenarios framework



Positioning of scenarios is approximate, based on an assessment of physical and transition risks out to 2100.

Source: NGFS, see https://www.ngfs.net/ngfs-scenarios-portal/explore/

The NGFS define their six scenarios as:

1. **Net Zero 2050**, an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050. Some jurisdictions such as the US, EU and Japan to reach net zero for all greenhouse gases by this point
2. **Below 2°C** gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C
3. **Divergent Net Zero** reaches net-zero by 2050 but with higher costs due to divergent policies introduced across sectors and a quicker phase out of fossil fuels
4. **Delayed Transition** assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited
5. **Nationally Determined Contributions (NDCs)** includes all pledged policies even if not yet implemented
6. **Current Policies** assumes that only currently implemented policies are preserved, leading to high physical risks

At present, our tool set from MSCI does not enable us to look at physical warming scenarios greater than 3°C. Hence, the range of extreme physical risks is not modelled. There is some evidence that regulatory models developed, such as NGFS, are significantly understating both the transition and physical risks of climate change, such as the 2023 report by the Institute and Faculty of Actuaries and University of Exeter (The Emperor's New Climate Scenarios: Limitations and assumptions of commonly used climate-change scenarios in financial services). As of the time of writing, MSCI is in the process of finalising its climate scenario models to the latest NFGS Phase 4 models. For example, current models might exclude:

- **Transition risks:** Wars and geo-political shocks, policy disruptions, finance (private or public), financial market volatility, stranded assets or labour, the impacts of disruptive technologies, and large-scale migration
- **Physical risks:** Weather (acute physical risk), nonlinear shifts or tipping points and feedback loops

Appendix 2: Methodology, assumptions and limitations

The majority of our discretionary AUM is held in third-party funds (collectives). Where data is available, either via our own proprietary Responsible Investment dashboard tool, or via MSCI's tools (such as CLE) we have made disclosures and provided an estimate of coverage. We have outlined the key climate metrics used in our disclosures, calculation methodology, and provided limitations and assumptions where relevant to provide context around the data, any gaps and estimates used.

Metric	Methodology	Assumptions/Limitations
Scope 1 and 2 Financed Emissions	Scope 1 and 2 emissions are computed by apportioning the total Scope 1 and 2 emissions of the direct securities and collective instruments in which we invest, based on the size of our holdings as a proportion of the most recently available enterprise value including cash (EVIC). This is commonly referred to as the equity ownership approach for direct investments. It is an industry standard developed by the Partnership for Carbon Accounting Financials which we use to calculate our financed emissions (otherwise known as Financed Emissions Scope 3 Category 15 under PCAF, GHG Protocol).	• Due to links with the portfolio value of underlying securities, this approach presents limitations in terms of comparability or benchmarking unless referring to a portfolio of similar value. • No proxy methodology to scale assets.* • When reported data is not available, Scope 1 and 2 issuer carbon emissions are estimated in line with MSCI's Scope 1 and 2 estimation model. • Carbon Emissions of directs and Financed Emissions of collectives are provided by MSCI.**
Scope 3 Financed Emissions	Scope 3 emissions are computed by apportioning the total Scope 3 emissions of the direct securities and collective instruments in which we invest, based on the size of our holdings as a proportion of the most recently available enterprise value including cash (EVIC). This is commonly referred to as the equity ownership approach for direct investments. It is the industry standard developed by the Partnership for Carbon Accounting Financials which we use to calculate our financed emissions (otherwise known as Financed Emissions Scope 3 Category 15 under PCAF).	• Due to links with the portfolio value of underlying securities, this approach presents limitations in terms of comparability or benchmarking unless referring to a portfolio of similar value. • No proxy methodology to scale assets.* • Scope 3 issuer carbon emissions are estimated in line with MSCI's Scope 3 estimation model. • Carbon Emissions of directs and Financed Emissions of collectives are provided by MSCI.**
Carbon Footprint	Carbon Footprint represents the Scope 1 and 2 emissions accountable per USD million invested. The total Scope 1 and 2 Financed Emissions are divided by the total portfolio value and multiplied by USD 1m.	• This metric can experience significant fluctuations due to the influence of total portfolio value. • This metric does not help understand how efficiently the portfolio holdings use their emissions as it does not consider company size/revenue. • Scope 3 emissions are not included in carbon footprint calculation.

Metric	Methodology	Assumptions/Limitations
WACI	Weighted Average Carbon Intensity (WACI) is the portfolio's weighted average of its holdings' Issuer Carbon Intensity (Scope 1 & Scope 2 Intensity/USD million revenue). WACI is calculated by taking the Scope 1 and 2 emissions as a proportion of the sales revenue of the underlying investments (in USD millions) and allocating based on portfolio weights.	• This metric is not linked to a portfolio's value; therefore, comparability or benchmarking is feasible. • This metric is dependent on company revenue. Therefore, revenue data can cause changes in WACI even if emissions do not change. • This metric includes a proxy methodology whereby estimates of an Issuer's Carbon Intensity is allocated based on portfolio weights that have been rebased to account for missing coverage. This implies that WACI calculations assume that the positions with no data will have a carbon intensity similar to the positions with data. • Carbon Intensity of directs and WACI of collectives are provided by our provider MSCI and we attribute this to our portfolio holdings using a weighted average approach.**
CVaR	MSCI's Climate Value-at-Risk is aggregated as a sum of the 3 components: Policy CVaR, Technology Opportunities CVaR and Physical CVaR. Each component is calculated as a weighted average of underlying security CVaR data based on portfolio weight held by the security for each relevant scenario.	• This metric is not linked to portfolio value; therefore, comparability or benchmarking is feasible. • This metric includes a proxy methodology whereby the underlying security CVaR is allocated based on portfolio weights that have been rebased to account for missing coverage. This implies that CVaR calculations assume that the positions with no data have CVaR similar to the positions with data. • We use MSCI's look-through capability of collectives to gain access to the underlying constituent securities within each collective holding in our portfolios, thereby improving our overall data coverage of CVaR. • MSCI methodologies associated with scenario analysis and NGFS scenario inputs/assumptions continue to evolve. Therefore, we may see large fluctuations in CVaR data in future assessments without any fundamental changes in underlying companies' climate related data or strategy.
Sovereign WACI	Sovereign Weighted Average Carbon Intensity (WACI) measures the portfolio's exposure to carbon-intensive economies. It is the portfolio weighted average of its sovereign holdings' Carbon Intensity (in tons per USD million GDP nominal). Sovereign WACI is calculated by taking the country's emissions (production-based) as a proportion of its nominal GDP (in USD millions) and allocating based on portfolio weights.	• This metric is not linked to a portfolio's value; therefore, comparability or benchmarking is feasible. • It includes a proxy methodology whereby estimates of a sovereign issuer's Carbon Intensity is allocated based on portfolio weights that have been rebased to account for missing coverage. This implies that WACI calculations assume that the positions with no data will have a carbon intensity similar to the positions with data. • We use MSCI's look-through capability of collectives to gain access to the underlying constituent securities within each collective holding in our portfolios, thereby improving our overall data coverage of sovereign assets.

Metric	Methodology	Assumptions/Limitations
Sovereign CVaR	Sovereign Climate Value-at-Risk represents the potential impact of decarbonisation on sovereign bond valuations, The interest rate shocks under different climate scenarios provided by NGFS are used to derive sovereign yield curve impacts at different maturities and then applied to the calculation of the present value of the bond. CVaR numbers therefore represent the change in the expected present value of our sovereign portfolio holdings compared to a climate agnostic scenario.	• This metric is not linked to portfolio value; therefore, comparability or benchmarking is feasible. • The measure includes a proxy methodology whereby the underlying sovereign CVaR is allocated based on portfolio weights that have been rebased to account for missing coverage. This implies that CVaR calculations assume that the positions with no data have CVaR similar to the positions with data. • These scenarios predominantly focus on transition risks and incorporate to some extent the impact of chronic physical risks, but acute physical risks are not yet part of the macroeconomic modelling in the NGFS scenarios. • We use MSCI's look-through capability of collectives to gain access to the underlying constituent securities within each collective holding=in our portfolios, thereby improving our overall data coverage of CVaR.
Implied Temperature Rise (ITR)	ITR is a forward-looking metric that is aggregated by MSCI for our portfolio that can be used to understand portfolio' alignment to global climate goals. This metric compares the projected carbon emissions against the carbon emission budgets for the underlying portfolio holdings. The portfolios carbon budget over/undershoot is then converted to a temperature rise in degrees Celsius using the science-based ratio approach of Transient Climate Response to Cumulative Carbon Emissions (TCRE).	• The ITR for each security and our portfolio is provided by MSCI. We do not compute individual security level ITR based on underlying security data, nor do we aggregate security ITR figures at portfolio level. • MSCI may update their methodology and scenario related assumptions, or other variables may also change in the calculation of ITR. Therefore, the underlying data used in the modelling can vary without any fundamental changes in underlying companies' data, decarbonisation strategy.
Implied Temperature Rise (% of portfolio x°C aligned)	Represents the sum of portfolio weights associated with positions flagged as having a security ITR within the specified temperature range.	• No proxy methodology to scale assets*. • We use MSCI's look-through capability of collectives to gain access to the underlying constituent securities within each collective in our portfolios, thereby improving coverage. • MSCI may update their methodology and scenario related assumptions, or other variables may also change in the calculation of ITR. Therefore, the underlying data used in the modelling can vary without any fundamental changes in underlying companies' data, decarbonisation strategy.
Green Revenue	Green Revenue for a portfolio is calculated as the weighted average of the securities' percentage of green revenue exposure.	• No proxy methodology to scale assets.* • We use MSCI's look-through capability of collectives to gain access to the underlying constituent securities within each collective in our portfolios, thereby improving coverage.

Metric	Methodology	Assumptions/Limitations
Fossil Fuel Revenue	Fossil Fuel Revenue for a portfolio is calculated as the weighted average of the securities' percentage of fossil fuel revenue exposure	• No proxy methodology to scale assets.* • We use MSCI's look-through capability of collectives to gain access to the underlying constituent securities within each collective in our portfolios, thereby improving coverage.

*The metrics denoted above do not include data for cash and assets where the methodology is unclear or not applicable, such as sovereign debt. For direct equities, corporate debt and collective investments, this methodology reports the portfolio weight based only on data available. We do not apply a proxy methodology to scale assets to account for missing coverage. Therefore, we acknowledge that the disclosure represents a minimum value. However, addressing data gaps or methodological challenges with proxy data could result in the disclosure becoming misleading in this instance. Looking forward, we may enhance our aggregation methodology in response to evolving industry best practice.

**MSCI sources emissions related data from companies and aggregates this data for collectives, which we can then use to aggregate at portfolio or entity level.

Cautionary Statements – Data Limitations

MSCI, our data provider, does not guarantee the accuracy or completeness of any data and is not liable for errors or omissions. We used the most accurate data available at the time of writing. We acknowledge that this data could change over time as accuracy, availability and reliability improves, especially if MSCI updates their methodologies or applies data corrections. Data from MSCI may have time lags due to differing company reporting cycles and data update cycles, meaning that data is typically reported with a one-year lag.

As a significant portion of the assets covered within this report are third-party collective investments, we rely on timely and accurate delivery of 'look through' data of their underlying holdings to MSCI. Reported data on collectives, will therefore be impacted by delays in fund managers' disclosing their underlying holdings. Despite improvements in transparency and availability, climate-related data may still rely on estimates from MSCI which are subject to methodology changes and impact our calculations. We cannot provide climate data for some of our discretionary assets under management, such as cash, unlisted financial instruments or holdings with no International Securities Identification Number ('ISIN').

Evelyn Partners conducts appropriate due diligence, including reviewing MSCI's methodology and assessing their data coverage. Periodic spot checks are performed, and any issues are addressed with them as needed. Despite these efforts, Evelyn Partners cannot ensure that the data used in our disclosure is entirely complete, current, or accurate. The scope, standardisation, and comparability of climate-related data are continually evolving.

The disclosures in this report are not intended as investment advice or a recommendation for any investment decision and should not be relied upon as such.

Evelyn Partners assumes no obligation to publicly update or revise the metrics and data used in this report due to new information, expectations or scenario modelling, assumptions, or changes in underlying data provided by MSCI at the time of publication.

Appendix 3: Glossary

Glossary	Definition	Source
Absolute Emissions	Emissions attributed to a financial institution's lending and investing activity. Expressed in tonnes CO2e	PCAF
AAC	Asset Allocation Committee	Evelyn Partners
Assets Under Management (AUM)	Assets under discretionary management	Evelyn Partners
Carbon Footprint	Tons CO2e/USD million invested. Measures the climate impact across different portfolios, normalized by monetary unit invested	MSCI
CDP	CDP is a global non-profit that runs a global environmental disclosure system for organizations including capital markets, companies, cities and governments to assess their impact and take urgent action to build a truly sustainable economy. Each year, CDP takes the information supplied in its annual reporting process and scores companies and cities based on their journey through disclosure and towards environmental leadership	CDP
CO2e	The equivalent amount of CO2 that would cause the same integrated radiative forcing (a measure for the strength of climate change drivers) over a given time horizon as an emitted amount of another GHG or mixture of GHGs	PCAF
Collectives	Collective investments incorporate a broad range of products and structures. They comprise closed ended and open-ended vehicles (both on and offshore, regulated and unregulated). This definition includes passive funds, Non-Mainstream Pooled Investments (NMPIs) and structured products	Evelyn Partners
Coverage	The percentage of a portfolio's securities which have data available from MSCI for a given metric	Evelyn Partners
Directs	Direct investments incorporate individual listed equities and bonds	Evelyn Partners
EF	Environment Forum	Evelyn Partners
Enterprise Value Including Cash (EVIC)	The sum of the market capitalization of ordinary shares at fiscal year end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values. EVIC = Market Capitalization at fiscal year-end date + preferred stock + minority interest + total debt	PCAF
ESC	Environmental Steering Committee	Evelyn Partners
EU Taxonomy	The EU Taxonomy is a classification system that helps companies and investors identify "environmentally sustainable" economic activities to make sustainable investment decisions. Environmentally sustainable economic activities are described as those which "make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum safeguards"	European Union

Glossary	Definition	Source
FCA	Financial Conduct Authority	FCA
Financed Emissions	Absolute emissions that banks and investors finance through their loans and investments	PCAF
Fossil Fuel Revenue	This factor identifies the maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties, all types of conventional oil and gas production including Arctic onshore/offshore, deepwater, shallow water and other onshore/offshore, unconventional oil and gas, including revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane and fossil fuel (thermal coal, liquid fuel and natural gas) based power generation	MSCI
FS Exco	Financial Services Executive Committee	Evelyn Partners
GEC	Group Executive Committee	Evelyn Partners
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. The Corporate Accounting and Reporting Standard provides the accounting platform for virtually every corporate GHG reporting programme in the world	PCAF
GICS	Global Industry Classification Standard; a classification system developed by S&P and MSCI	MSCI
Green Revenue	The percentage of revenue for the year, or maximum estimated percent, a company has derived from products, services, or infrastructure projects supporting the development or delivery of renewable energy and alternative fuels, that proactively address the growing global demand for energy while minimizing impacts to the environment	MSCI
Greenhouse gas (GHG) emissions	The seven gases mandated under the Kyoto Protocol and to be included in national inventories under the United Nations Framework Convention on Climate Change (UNFCCC) – carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3)	MSCI
Implied Temperature Rise	Implied Temperature Rise (ITR) from MSCI is a forward-looking metric expressed in degrees Celsius, designed to show the temperature alignment of companies and portfolios to global climate targets. This metric rests on a remaining carbon budget, which refers to the maximum amount of net greenhouse gas emissions that can be emitted if we are to keep warming well below 2°C by 2100. This budget is then allocated to companies based on science-based scenario models depending on factors such as revenue breakdowns, sectors and regions. MSCI then estimate a company's projected emissions based on current emissions and analysis/credibility of stated reduction targets. This is done to assess whether a company is projected to emit carbon below their allocated budget (undershoot) or whether a company is projected to exceed their allocated budget (overshoot). ITR then converts the overshoot or undershoot to an implied rise in average global temperatures this century, expressed in degrees Celsius (°C), meaning how much would the temperature of the world increase if the whole economy had the same carbon overshoot or undershoot as the company in question	MSCI

Glossary	Definition	Source
IPC	Investment Process Committee	Evelyn Partners
ISAs	Individual Savings Accounts	UK Govt
Issuer Carbon Intensity (Revenue Intensity)	Represents the reported or estimated Scope 1+2 emissions of an issuer normalized by sales in USD	MSCI
Issuer Emissions	Represents a company's reported or estimated Scope 1, 2 or 3 greenhouse gas emissions. Issuer emissions are reported in CO2e	MSCI
MU	Monitored Universe	Evelyn Partners
MPS	Managed Portfolio Services	Evelyn Partners
MSCI CLE	MSCI Climate Lab Enterprise tool (CLE): provides a comprehensive view of climate risk across enterprises, strategies, portfolios, and companies. Using scenario analysis, it provides a view of transition and physical risks, calculates GHG emissions based on the NGFS scenarios	MSCI
MSCI's Climate Value at Risk (CVaR)	MSCI's CVaR model aims to provide a quantitative, forward-looking analysis on how climate change may affect the investment return in portfolios. The CVaR metric, expressed as a percentage change from a portfolio's current valuation, assesses how an investment portfolio could be impacted by climate Policy risk and extreme weather (physical climate risks), and benefit by a low-carbon technology transition	MSCI
NGFS	The Network for Greening the Financial System (NGFS) is a group of central banks and supervisors committed to sharing best practices, contributing to the development of climate- and environment-related risk management in the financial sector and mobilising mainstream finance to support the transition toward a sustainable economy. The NGFS partnered with an expert group of climate scientists and economists to design a set of hypothetical scenarios. They provide a common and up-to-date reference point for understanding how climate change (physical risk) and climate policy and technology trends (transition risk) could evolve in different futures	NGFS
NZIF	Launched in 2021, the Net Zero Investment Framework ('the NZIF') was a key output of Paris Aligned Investment Initiative, a collaborative investor-led forum to support investors in aligning their portfolios and investment activities to the goals of the Paris Agreement. NZIF is the most widely used guide by investors to set targets and produce related net zero strategies and transition plans. NZIF 2.0 is the latest iteration of the NZIF and is the most up to date and comprehensive net zero guidance for investors based on practical experience.	NZIF
PAI	A Principal Adverse Impact (PAI) is defined as negative externalities on ESG Conditions. This is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters	European Union

Glossary	Definition	Source
Paris Agreement	The Paris Agreement, adopted within the UNFCCC in December 2015, commits participating countries to limit global temperature rise to well-below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C, adapt to changes already occurring, and regularly increase efforts over time	PCAF
PCAF	The Partnership for Carbon Accounting Financials (PCAF) is a financial industry-led initiative. PCAF helps financial institutions assess and disclose the greenhouse gas (GHG) emissions from their loans and investments through GHG accounting. Responding to industry demand for a global, standardized GHG accounting and reporting approach, PCAF developed the Global GHG Accounting and Reporting Standard for the Financial Industry, focusing on measuring and reporting financed emissions. In 2020 the GHG Protocol reviewed and approved the methodologies for listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, and motor vehicle loans. These methodologies are in conformance with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for Category 15 investment activities	PCAF
Physical Climate VaR	Physical CVaR looks to capture the financial burden (or opportunity) borne by businesses as a result of possible climatic consequences resulting from increased levels of GHG emissions. Physical climate risks can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Acute risks occur from rare natural catastrophes including Tropical Cyclones, Coastal Flooding, Fluvial Flooding, River Low Flow and Wildfire. Chronic climate risks manifest slowly over time and include Extreme Heat, Extreme Cold, Extreme Precipitation, Extreme Snowfall & Extreme Wind. Both sets of physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. MSCI provide two views on physical climate risk, average and aggressive scenarios. The average scenario is considering the most likely impact of climate change over the modelled 15-year period. The aggressive scenario explores the severe downside risk and is considered as the worst-case scenario. Physical Risk costs or income are modelled in detail for the first 15 years under the different climate scenarios. For the period after that until 2100, MSCI estimates the calculations of costs or income anchored on the more precise cost or income calculations performed for the earlier 15-year period	MSCI
Policy Climate VaR	Policy CvaR looks to capture how regulations stemming from countries' Nationally Determined Contributions (NDCs) affect a company's activities that produce direct (Scope 1) and indirect (Scope 2 & 3) greenhouse gas emissions. There is a cost to decarbonize and meet national targets in the countries and sectors of operation. This is captured through the required emissions reduction and carbon price estimates associated within the chosen scenario. Policy Risk costs are modelled in detail for the first 15 years under the different climate scenarios. For the period after that until 2100, MSCI estimates the calculations of costs anchored on the more precise cost calculations performed for the earlier 15-year period	MSCI
Science Based Targets Initiative (SBTi)	Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C. Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. A company is considered under SBTi Coverage if the company has one or more active carbon emissions reduction target approved by the Science Based Targets Initiative (SBTi)	MSCI

Glossary	Definition	Source
Scope 1 Emissions	GHG Emissions directly occurring from sources owned or controlled by the reporting company, i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc	PCAF
Scope 2 Emissions	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated	PCAF
Scope 3 Emissions	All other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the company. Scope 3 can be broken down into upstream emissions and downstream emissions. Upstream emissions include all emissions that occur in the life cycle of a material/product/service up to the point of sale by the producer, such as from the production or extraction of purchased materials. Downstream emissions include all emissions that occur as a consequence of the distribution, storage, use, and end-of-life treatment of the organization's products or services	PCAF
SFDR	The Sustainable Finance Disclosure Regulation (SFDR) requires financial market participants and financial advisers to inform investors about how they consider the sustainability risks that can affect the value of and return on their investments and the adverse impacts that such investments have on the environment and society	European Union
SIPPS	Self-Invested Personal Pensions	UK Government
SMPS	Sustainable Managed Portfolio Service	Evelyn Partners
SRIG	Stewardship and Responsible Investment Group	Evelyn Partners
TAAG	Tactical Asset Allocation Group	Evelyn Partners
TCFD	Task Force on Climate-related Disclosures. The Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to improve and increase reporting of climate-related financial information. The FSB has asked the IFRS Foundation to take over the monitoring of the progress of companies' climate-related disclosures.	TCFD
Technology Opportunity Climate VaR	Technology Opportunity CvaR looks to capture the opportunities born out of the changes required to meet the transition to a low carbon economy. It looks to capture which companies may emerge as future innovators and take advantage of these growth opportunities via the successful development or growth of key low-carbon technologies. MSCI's model is based on estimate current low-carbon revenues as well as company-specific patent data. Technology Opportunity income is modelled in detail for the first 15 years under the different climate scenarios. For the period after that until 2100, MSCI estimates the calculations of income anchored on the more precise income calculations performed for the earlier 15-year period	MSCI
Weighted average carbon intensity (WACI)	Portfolio's exposure to carbon-intensive companies, expressed as tCO2e/USD million Revenue	MSCI

Appendix 4: Legal notices – use of MSCI ESG Research and ESG Manager data to calculate our investment metrics

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