

SECTION 172 STATEMENT

for the year ended 31 December 2025

Section 172 of the Companies Act 2006 requires directors to run the Company for the benefit of its shareholders as a whole and in doing so, the Company's Board of Directors (the "Board") should take into account (i) the long term impact of any decision, (ii) constructive stakeholder relationships, and (iii) the external impact of its activities all while maintaining high standards of business conduct. In addressing these matters, the Company would like to expand on the following:

Business relationships with suppliers, customers and others

Clients, distribution partners and consultants

- The Company manages and advises equity portfolios for clients around the world with the aim of delivering long term investment performance that meets and exceeds client expectations. The fees earned from these clients is the sole revenue generating activity undertaken by the firm.
- The Company is committed to best in class communications with its key stakeholders, whether that be in regular reports and commentary, ad hoc publications, calls, face to face meetings or through client conferences.
- Client feedback received during the regular engagements helps to maintain client relationships and business development efforts in growing our client base and reflecting our commitment to ensuring fees remain fair, competitive, and aligned with industry standards which are in the best interests of our clients.
- The Company's Board receives quarterly updates from the Company's Investment Management Committee and the Client Service Committee to help them in ensuring the Company is meeting its objectives in relation to the protection and enhancement of client portfolios.

Suppliers

- The Board oversees the Company's operations including services provided by third parties or affiliates. This oversight includes any strategic considerations regarding any further potential outsourcing or insourcing opportunities, and specifically whether they may bring efficiencies to the business and benefit to its shareholders.
- As part of the Company's governance framework, the monthly Operations Committee receives an update on the management of all vendor relationships. Material issues are escalated as required to the Executive Management Committee ("EMC") and, ultimately, to the Board.
- The BNY Accounts Payable team ensures payments are made on behalf of the Company to suppliers on a controlled and timely basis. The Company publishes data in line with the Reporting on Payment Practices and Performance UK Regulations.
- The Company's modern slavery statement outlines the expected standards for all its suppliers.

Other stakeholders

- The Company conducts banking activities with BNY in relation to its day to day operations, but also maintains separate relationships with a number of third party banks, with whom the business holds its minimum regulatory capital and liquidity requirement. Regular conversations take place with the third party banks to ensure the Company is able to make an assessment as to the security and nature of its deposits.
- The Board Risk Committee ("BRC") receives a review of third party bank relationships and the suitability of their products on at least an annual basis.
- The Company does not have any debt on its balance sheet and the third party banks are not creditors of the Company.

- The Board seeks assurance from senior management in relation to the implementation of any regulatory changes and compliance with ongoing regulatory requirements. This includes staff training on relevant legal and compliance matters and an annual attestation from staff to confirm compliance with the BNY Code of Conduct. The Company also has access to subject matter experts from across the wider BNY business and its partners covering a range of subjects and jurisdictions.

High standards of business conduct

- The Board is responsible for and committed to good corporate governance. In fulfilment of its responsibilities, the Board delegates certain functions of oversight, risk mitigation, regulatory compliance, remuneration and other obligatory functions to its committees and, in certain instances, empowers them to make decisions on its behalf.

- The Company is regulated in the United Kingdom by The Financial Conduct Authority (the "FCA") and operates within the rules of the FCA and the restrictions as defined within its regulatory licence.

- The FCA's Senior Managers & Certification Regime ("SM&CR") classifies the Company as an Enhanced Firm. All Senior Managers, Certified Persons and Conduct Rules staff undertake ongoing appropriate training sessions.

- The aim of SM&CR is to reduce harm to consumers and strengthen market integrity by creating a system that enables firms and regulators to hold individuals to account. Under the auspices of SM&CR, the Company aims to:

- Encourage staff to take personal responsibility for their actions;
- Improve conduct at all levels; and
- Ensure relevant staff clearly understand and can demonstrate their roles and responsibilities.

- The Board recognises the importance of risk management in the execution of its strategy and has defined the levels of risk acceptable to the Company i.e. its "risk appetite". The Board retains overall responsibility for approval of the Company's risk appetite and strategy, including its capital adequacy and financial liquidity.

- The Board seeks and receives assurances from the Board Risk Committee over the governance around preparing a number of regulatory submissions and associated policies.

- Company employees' activities are carried out in accordance with applicable processes and procedures. Issues with clients, market practice, regulators or vendors that require senior level consideration are addressed through the escalation mechanisms in the Board approved governance framework.

- The Board promotes a high performance culture by managing talent, strengthening employee engagement and ensuring effective employee communications. The Board Remuneration and Nominations Committees supports the Board to achieve this goal.

The interest of employees

- The Board promotes a high ethical standard of culture by ensuring high standards of employee engagement and robust lines of communication throughout the Company.

- Company employees are paid competitive base salaries. The compensation structure is designed to promote fair and equal treatment of all staff. The Remuneration Committee determines the salary and profit share allocation based on the overall performance of the Company. All Company employees are eligible to participate in its annual profit share. This is the sole source of incentive compensation. The components of compensation will also vary from year to year depending on the level of operating profit.

- The majority of annual compensation for Executive Directors and senior management comprises a share of the Company's profits. A fixed percentage is deferred and invested in a global equity fund of which Walter Scott is the investment adviser. There is a deferral period which vests on a pro rata basis over three or four years.

- The Board acknowledges the importance of the positive impact cognitive diversity has on the long term success of the business. The Company has a Diversity, Equity and Inclusion Working Group which reports to the EMC twice per annum. It makes recommendations and takes actions which consider diversity, equity and inclusion at the Company.

- The Company ran its Research and Operations internship programmes during the year. These enabled the Company to engage with students from across a number of UK and International institutions. The Company maintains relationships with organisations such as The Crankstart Internship, which supports students from low income households at the University of Oxford and The Robertson Trust, which is based in Scotland, and whose mission is to improve the quality of life and realise the potential of Scotland's people and communities.

Impact on the community and the environment

Community

Total charitable donations made by the Company's Giving Group during 2025 totalled £938,000 (2024: £1,000,000). Donations were made to 71 organisations predominantly in Edinburgh and the surrounding communities, and also local projects in Boston. The range of activities supported include young people, education, homelessness, wellbeing and the community.

- 40% of the budget was allocated to multi year programmes. The funding landscape for charities has become increasingly challenging and they value highly our multi year funding. This offers financial security and the ability to plan programmes and staffing with confidence.

- The Giving Group's approach is unchanged from previous years and is to focus on specific projects whose outline, budget, expected outcomes and evaluation are clear. The evaluation element provides the Group with clear accountability for the efficiency and impact of donations made. It also offers the opportunity for further future improvements to the programme.

- There has been increased encouragement and involvement in volunteering by our employees in our charitable activities. Colleagues volunteered for the 2025 Mission Christmas Appeal, helping to fulfil gift applications for disadvantaged children to open on Christmas Day, and also participated in book wrapping hosted by the Scottish Book Trust. These wrapped books are distributed throughout Scotland through local organisations, such as hospitals and schools, as Christmas presents.

- The Group maintained a close relationship with its supported charities through the year. At each monthly meeting of the Giving Group, an invited charity provided an update on its work and the impact of the Group's donation.

Our investment approach and climate change

- The consideration of financially material sustainability factors in the management of its clients' portfolios is fundamental to the Company's approach and has always been included in the analysis of companies.

- As long term stewards of clients' capital, the Company must seek to understand the financially material climate related risks and opportunities faced by companies today and in the future. These risks and opportunities are better understood and analysed through constructive engagement with the management of our portfolios companies, with the sole objective of creating long term value for our clients.

- The Carbon Disclosure Project ("CDP") is a not for profit organisation that runs a system of global environmental disclosures. By collaborating with CDP, the Company aims to promote the disclosure of more and better quality environmental data, which facilitates more focused company engagement and analysis with a view to ensuring that financially material factors are properly scrutinised.

Operations and sustainability

- Overall, the Company's GHG emissions (using the location based method) for 2025 were 29% lower than 2024, and 4% less than 2019 base year emissions.

- During 2025, the Company implemented several energy efficiency measures, including the replacement of certain original single glazed features with double glazed reinforced glass, adding insulation to the building structure, and carrying out refurbishment works to improve overall insulation performance. Separately, the company introduced a new recycling stream for paper hand towels, enabling this material to be recycled rather than sent for incineration.

- The Company has set the following targets relating to its operations and sustainability to be tracked versus the baseline year of 2019:

Maintain an average annual recycling rate of 70% of total Edinburgh office waste

The Company's recycling rate, which was an average of 60% for 2025 (2024: 64%; 2019: 72%). The lower rate compared to 2019 primarily reflects changes in the composition of office waste, with sustained low levels of paper use reducing the proportion of readily recyclable material, alongside increased office attendance during the year.

A reduction in total office waste by 5% by the end of 2024 compared to the base year 2019

Total waste generated in 2025 of 22.3 tonnes represents a decrease of 3% versus the 23.1 tonnes generated in 2019. The Company recognises that waste volumes and composition are influenced by patterns of office attendance and changes in working practices.

An 80% reduction in office printing compared to the base year 2019:

Print volumes were down 83% versus the base year 2019 but were up 10% versus 2024. Reduced access to printers and enhanced electronic records management continue to contribute to a sustained lower level of printing.

A 5% reduction in business travel related emissions compared to the base year 2019

Relative to the 2019 base year, business travel related emissions have increased by 1%. Meeting clients and companies continues to be an important aspect of our business activities; however, the Company continues to focus on travelling efficiently and encouraging effective trip planning. Further detail on updates to emissions calculation methodologies is provided in SECR table methodology note 4.

A 5% reduction in scope 1 and 2 emissions compared to the base year 2019

In 2025, combined Scope 1 and 2 emissions totalled 103 tCO₂e, compared with 146 tCO₂e in 2019, representing a 30% reduction. Gas consumption in 2025 was 322,087 kWh, a 16% decrease from 2019 levels (381,758 kWh). This reduction in consumption, together with no material change in the associated grid gas emissions factor, resulted in a 16% reduction in Scope 1 emissions relative to the 2019 base year. Office electricity consumption in 2025 was 247,340 kWh, a 16% reduction from 2019 usage (296,111 kWh). This decrease, combined with a 31% reduction in the UK grid electricity conversion factor, resulted in a 42% decrease in location based Scope 2 emissions compared to the 2019 base year. Further detail on updates to emissions calculation methodologies is provided in SECR table methodology note 1.

The Company's primary focus will be on its emission reduction efforts. The Company has not subscribed to any Net Zero frameworks and does not make any claims with respect to the Carbon Neutrality of its operations. Climate and biodiversity considerations remain important for staff engagement. In 2024 the Company donated to a Scottish charity whose objective it is to work with coastal communities to restore degraded inshore marine habitats to enhance biodiversity, improve water quality and sequester carbon.

Acting fairly between members of the Company

Walter Scott & Partners Limited, which is a wholly owned subsidiary within the BNY group, is governed by the Company's Board. The Company maintains an open relationship with BNY, with whom ideas and strategic objectives are exchanged and shared, ensuring that the Company's directors are aware of the strategic objectives and corporate values of its shareholder and that the Company is aligned with them whenever appropriate. Across all decisions, the Walter Scott Board is fully committed at the same time to ensuring due regard to the interest of other stakeholders as described above.

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Walter Scott & Partners Limited, One Charlotte Square, Edinburgh EH2 4DR
Tel: +44 (0)131 225 1357 · Fax: +44 (0)131 225 7997 · www.walterscott.com

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FCA Head Office: 12 Endeavour Square, London E20 1JN · www.fca.org.uk