WALTER SCOTT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ENTITY REPORT

2024

Important Information

While Walter Scott is a component of and contributor to BNY Group operations-related sustainability targets, Walter Scott sets and measures against its own firm-level targets. The information within this report relates to Walter Scott only and not BNY unless otherwise stated. The information may also differ from BNY reporting due to small methodological variances.

Stock Examples – This information should not be considered a recommendation to buy or sell any particular security. There is no assurance that any securities discussed herein will feature in any future strategy run by Walter Scott. Any examples discussed are provided purely to help illustrate our investment style, or are given in the context of the theme being explored. The securities discussed do not represent an entire portfolio and in aggregate may represent only a small proportion of a strategy's holdings.

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MANAGING DIRECTOR'S STATEMENT

JANE HENDERSON
Managing Director

This is our third 'entity level' Task Force on Climate-related Financial Disclosures (TCFD) Report, following the publication of our second report in June 2024. This Walter Scott & Partners Limited TCFD Entity Report covers the reporting period 1st January to 31st December 2024.

Understanding climate considerations, including transition risks and opportunities, and their financial implications, makes us better long-term stewards of our clients' capital. The TCFD recommendations are the leading international framework for disclosing climate-related risks and opportunities, highlighted by their incorporation into the International Sustainability Standards Board, and by their inclusion in the UK Financial Conduct Authority's (FCA) Environmental, Social and Governance (ESG) Sourcebook.

We are now in a world that is having to adjust to increasing average temperatures and more costly weather-related events. In addition to increasing physical climate risks, the transition challenges confronting companies arising from diverging climate and emissions regulation and changing customer expectations present potential risks to unprepared businesses. It is important to note that not all physical and transition risks arising from climate change will be intuitively predictable. Idiosyncratic, company-specific nuance and strategy is important (to give an example, technology companies could deploy very different approaches to datacentre resilience across their operations). In the coming years, we can also expect increased policy and market divergence between different regions of the world.

For all of the above reasons, 'bottom up' fundamental analysis of investee companies is more important than ever. It is also why we believe that it is of material financial importance for our holdings to undertake climate scenario analysis to inform their board-level strategy and to prepare for a range of future outcomes. We expect that all holdings have the ability to successfully operate and grow in climate scenarios where there are more concerted policy efforts to curtail emissions, such as a Paris-aligned economic trajectory, as well as in scenarios where

"In addition to increasing physical climate risks, the transition challenges confronting companies arising from diverging climate and emissions regulation and changing customer expectations present potential risks to unprepared businesses"

> *“All of our work on climate and transition is firmly anchored around financial risks and opportunities for our investee companies, and within our investment time horizon and our area of investment specialism”*

emissions reduction is more fragmented and where consequently physical risks are more acute.

Building on a number of years of work in this area, climate considerations are embedded within our firm; from the integration of climate factors into the research and analysis of portfolio companies as part of our investment process, through to climate considerations forming part of the decision making within our own business operations.

It is part of our fiduciary duty to identify and address to the best of our ability all systemic risks to our clients' portfolios. All of our work on climate and transition is firmly anchored around financial risks and opportunities for our investee companies, and within our investment time horizon and our area of investment specialism. Our investment philosophy is to seek out and own high quality, durable and resilient companies with long-term growth potential. We expect such businesses to successfully manage material sustainability-related investment risks and opportunities, and this includes addressing material climate-related risks and taking advantage of relevant transition opportunities in their business strategy.

Turning to 2025 and beyond, our work in this area is now firmly embedded into our investment process, but we continue to focus on making incremental improvements to the overall utility of our analysis and our process for identifying and assessing companies that are more exposed to climate-related risks.

This TCFD Entity Report has been reviewed and approved by the Executive Management Committee of Walter Scott. I can confirm that the disclosures in this report comply with the FCA's requirements within Chapter 2 of its ESG Sourcebook.

Jane Henderson, Managing Director

2024 TCFD ENTITY REPORT OVERVIEW

The table below provides a summary overview of our 2024 TCFD Entity Report and additional information on key activity to date in 2025. It is set out under the four pillars prescribed in the TCFD guidelines: Governance, Strategy, Risk Management and Metrics & Targets

Governance	
TCFD Recommendation	"Disclose the company's governance around climate-related risks and opportunities."
TCFD Recommended Disclosures	(a) Board oversight (b) Management's role
Our Response	The Board is responsible for ensuring that financially material climate-related considerations are integrated into our strategy, decision-making, planning and business processes. Climate-related considerations are reviewed by the Board on a periodic basis. Management oversight is provided by various committees, with quarterly updates on significant developments.
Focus for 2025	The Board will hold a discussion of climate-related risks, opportunities and disclosures at least annually. We will provide ongoing training for the Research team on climate-related risks and opportunities.

Strategy	
TCFD Recommendation	"Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material."
TCFD Recommended Disclosures	(a) Risks and opportunities (b) Impact on organisation (c) Resilience of strategy
Our Response	We seek to understand and integrate into our investment process evaluation of material climate-related risks and opportunities. As part of this goal, we expect that our investee companies have the ability to operate and grow in a range of future climate scenarios (including a Paris-aligned global economy), and that their business operations are resilient to physical climate risks under future scenarios. We believe that we managed relevant climate-related risks appropriately in 2024 and that we gave consideration to relevant quality transition related investment opportunities. For new purchases that meet our existing quality growth investment criteria, we are committed to ensuring that we evaluate transition related investment opportunities. We work to ensure that our operations and business model are resilient to climate and transition related risks. We believe that our current strategy is resilient, but we continue to evolve our approach to this aspect of our business.
Focus for 2025	We will continue to evolve our approach for identifying and understanding climate-related investment risks and opportunities through incremental developments to our process, and additional training and external insight sessions.

Risk Management	
TCFD Recommendation	"Disclose how the company identifies, assesses, and manages climate-related risks."
TCFD Recommended Disclosures	(a) Risk identification and assessment processes (b) Risk management processes (c) Integration into overall risk management
Our Response	We identify climate-related investment risks through our core investment research process, which includes investee company-level climate scenario analysis. We have also developed and subsequently refined an 'Enhanced Climate Assessment' for relevant holdings (see Risk Management section for details). We aim to identify and assess climate-related business and operational risks through existing risk management processes. Our Research team factors analysis of climate risks and opportunities into our long-term selection of and outlook on investments. We factored material business and operational climate-related risks into our existing processes where required on an ad-hoc basis in 2024. We undertook a structured review of operational climate-related risks in 2023 and presented the findings to the Executive Management Committee and the Board, and we continue to take account of the relevant findings in our existing risk management and business continuity frameworks.
Focus for 2025	We will undertake ongoing climate scenario analysis on all holdings, using recognised Network for Greening the Financial System (NGFS) scenarios. Using our Enhanced Climate Assessment framework, we will undertake further climate risk research and analysis on selected companies (including at pre-buy stage where merited) engaging with management where required to understand their approach to managing climate and transition risks and / or to push for additional disclosure where required. Strategy-level climate scenario analysis will be undertaken and presented to the Investment Management Committee (IMC) at least annually. We will factor holding level analysis of climate risks and opportunities into our long-term selection and outlook on investments.

Metrics and Targets	
TCFD Recommendation	"Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material."
TCFD Recommended Disclosures	(a) Climate-related metrics (b) Scope 1, 2 & 3 greenhouse gas (GHG) emissions (c) Climate-related targets
Our Response	We disclose Scope 1, 2 & 3 operational emissions data and a number of climate-related investment metrics. We disclose aggregated Scope 1 & 2 Weighted Average Carbon Intensity (WACI) data for our holdings in our TCFD Report. We also disclose Scope 3 emissions data for our holdings in our TCFD Report. We have set additional climate and environment-related operational targets for 2025, disclosed in the Metrics and Targets section of this report.
Focus for 2025	We will continue to refine our Enhanced Climate Assessment framework for relevant holdings.

GOVERNANCE

The Board of Directors of Walter Scott is responsible for ensuring that financially material climate-related considerations are integrated into our strategy, decision-making, planning and business processes. Climate-related considerations are reviewed by the Board on an annual basis, incorporating a discussion of climate-related risks and opportunities, and an update on the firm's disclosures.

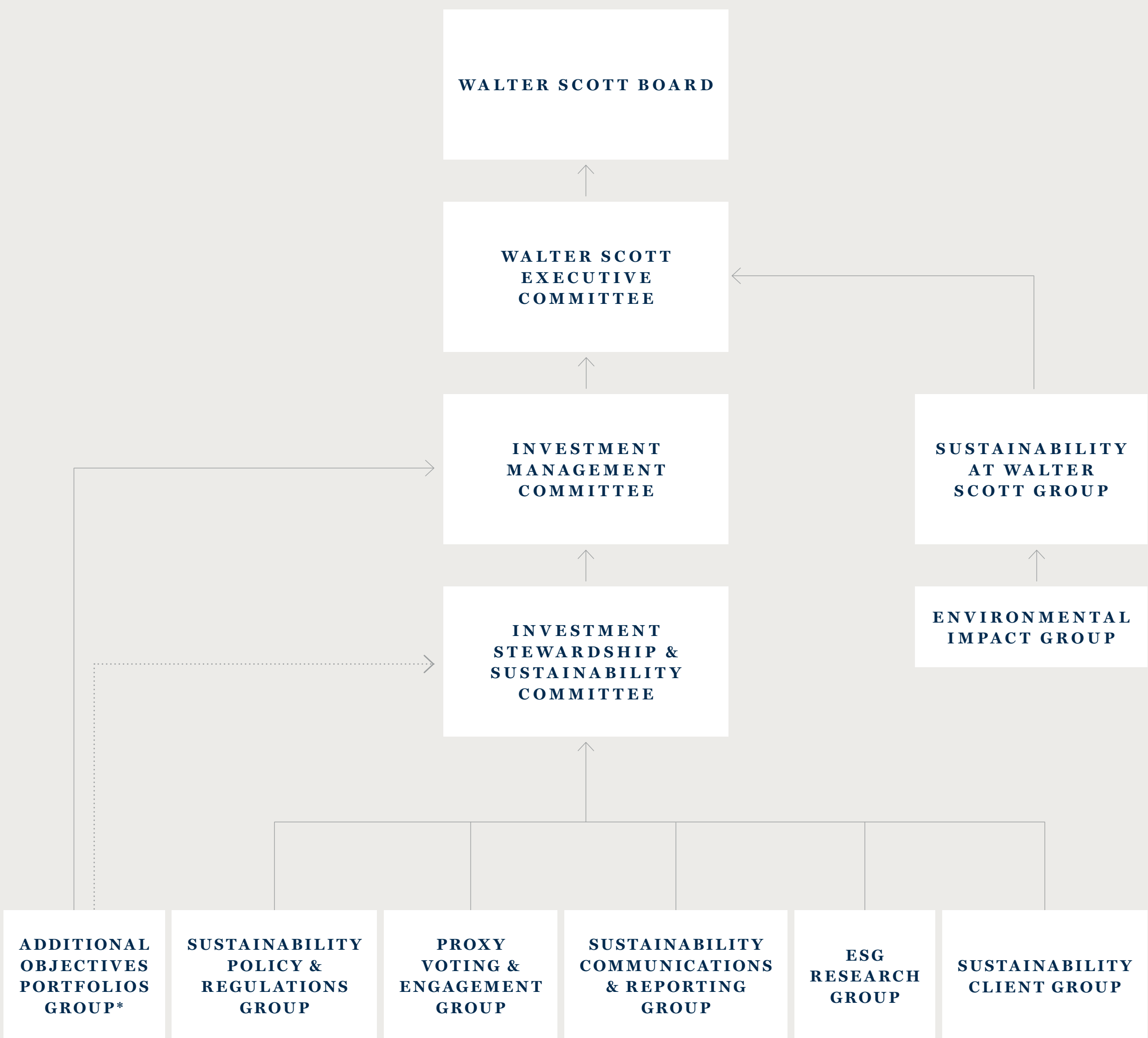
A Board-level strategic update covering climate change and related risks and opportunities was provided in 2024. A number of our Executive Directors took part in training on Climate Scenario Analysis in 2023, and we will provide further climate training for senior management in 2025.

To ensure a clear delineation between the investment and operational functions of the business, the Executive Management Committee (EMC) delegates responsibility for the ongoing management of investment-related climate risks and opportunities to the Investment Management Committee, (IMC) and the management of all internal sustainability matters, including our operational climate impact, to the Sustainability at Walter Scott Group.

INVESTMENT STEWARDSHIP AND SUSTAINABILITY COMMITTEE SUB-GROUPS

- Proxy Voting & Engagement Group – responsible for overseeing the firm's ongoing approach to (and reporting on) proxy voting and engagement activity, escalating decisions to the Investment Stewardship and Sustainability Committee as required.
- Sustainability Policy & Regulations Group – responsible for the identification and interpretation of relevant sustainability & disclosure policies and regulations to determine their applicability to Walter Scott.
- Sustainability Communications & Reporting Group – the purpose of the group is to oversee the end-to-end production of all mandatory Stewardship, Sustainability & ESG disclosures, as well as any additional sustainability communications materials.
- ESG Research Group – the purpose of the group is to provide analysis, direction and support to the firm's Research team on sustainability issues, including the ongoing development of the firm's approach to understanding climate-related investment risks.
- Additional Objectives Portfolios Group – this group is responsible for reviewing and approving supplementary governance and sustainability assessments undertaken as part of the Additional Objectives Portfolio Group process, in addition to monitoring any relevant additional portfolio level governance and sustainability considerations (such as client specific EU SFDR Article 8 requirements).
- Sustainability Client Group – this group is responsible for discussing feedback from clients and prospects for sustainability related business needs.

STEWARDSHIP AND SUSTAINABILITY GOVERNANCE



*AOP Group operates under delegation from the IMC & provides a quarterly update. In addition, any recommendations for engagement activity are presented to the ISSC.

The Investment Stewardship and Sustainability Committee (ISSC) provides consolidated senior oversight to all of our investment-related work in this area, embedding the long-term strategic importance to our firm of our approach to managing sustainability related risks and opportunities. Underscoring this importance, the firm's Managing Director is a member of the ISSC.

The ISSC is in turn supported by a number of specialist groups that oversee specific areas of responsibility. The ESG Research Group is the relevant specialist group tasked with refining our ongoing work to understand and address climate-related investment risks and opportunities.

Having made a number of significant changes to our governance in the last few years, we believe that our approach is suitably comprehensive and fit-for purpose, and our focus in 2024 was therefore on embedding and refining our process and outputs. We continue to give consideration to our approach to governing this area of our business through ongoing discussion at the quarterly ISSC, and through periodic EMC and Board level updates.

MANAGEMENT RESPONSIBILITY

Our Head of Investment Operations and Sustainability oversees our efforts across this area of our business. Having invested in our capability in this area by establishing a dedicated Stewardship & Sustainability team in 2023, we also appointed our first Stewardship & Sustainability Lead in the latter part of 2024. This dedicated role supports the Head of Investment Operations and Sustainability with the formulation and execution of our strategy in this area, working with the Company Secretary to coordinate relevant committee updates where appropriate areas of climate-related risks and opportunities are considered across both our operations and client portfolios.

For portfolios, a regular dashboard of climate-related metrics is provided in our ESG Risk Review, and Climate Scenario Analysis is presented to the IMC on an annual basis. Periodic updates are included on relevant climate-related issues such as external collaborations and commitments.

A periodic update is also provided to the EMC and Board on the firm's operational environmental performance, which contains usage and emissions data. The Scope 1 and 2 usage and emissions data is presented along with Scope 3 business travel distance and emissions data. Additionally, there is a summary of printing, recycling and general waste metrics.

“For portfolios, a regular dashboard of climate-related metrics is provided in our ESG Risk Review, and Climate Scenario Analysis (both firm and strategy level) is presented to the Investment Management Committee on an annual basis”

BOARD OF DIRECTORS

The Board is responsible for ensuring that climate-related risks and opportunities are managed by Walter Scott, both with respect to client portfolios and the firm's own business operations. The Board has delegated the development and implementation of our climate strategy, including management and oversight of risks arising from climate change, to the Managing Director in her role as Chair of the EMC. The Managing Director's execution of the firm's climate strategy is the subject of review by the Board.

We are satisfied that there is sufficient knowledge and expertise at Board level to provide oversight on this issue. A number of directors have prior experience of overseeing climate-related investment or business risks and opportunities.

BOARD RISK COMMITTEE

The Board Risk Committee (BRC) is responsible for escalating all material risks to the Board, including any emerging climate-related risks. A register of such risks is maintained and the consideration of emerging risks is a standing agenda item at each BRC meeting. The agenda items also include the consideration of any financially material matters relating to climate and carbon issues.

EXECUTIVE MANAGEMENT COMMITTEE

The EMC is responsible for the management of Walter Scott and the development of the firm's climate strategy which seeks to manage, mitigate and, where possible, address climate risks and opportunities relating to the firm. A number of members of our EMC have experience of integrating climate-related risks and opportunities into our investment process, and have attended climate-related training and insight sessions over the last few years.

The Managing Director has a fortnightly meeting with the Head of Investment Operations and Sustainability and the firm's Stewardship & Sustainability Lead, where any relevant emerging firm-wide issues are addressed. In addition to this, the Managing Director has regular interaction with the firm's other stewardship and sustainability specialists, allowing for more detailed discussions on specific risks and opportunities as required. The Head of Investment Operations and Sustainability is a member of the firm's Sustainability Policy & Regulations Group, which has a remit to identify, understand and monitor external regulatory and industry developments, including those relating to climate.

INVESTMENT MANAGEMENT COMMITTEE

Regarding climate-related risks and opportunities and how these may impact client portfolios, the IMC is responsible for the oversight of all investment activity, and meets regularly to monitor, manage and challenge risks within our portfolios (including any material climate-related risks). While the IMC meets regularly to monitor, manage, and mitigate risks within client portfolios, it is also the responsibility of every member of our Research team to understand the impact of climate-related risks and opportunities on all investee companies.

To assist us with the monitoring of investment risks, we also subscribe to a third party ESG data platform (currently MSCI). This data is used as an input to our analysis of relevant holdings undertaken by our stock champions who lead our research on individual holdings.

SUSTAINABILITY AT WALTER SCOTT GROUP

The Sustainability at Walter Scott Group considers how best to approach sustainability issues in our own company. Consisting of representatives from across the business, the group has responsibility for generating and communicating operational sustainability initiatives. Management of Walter Scott's

> *“Knowledge sharing and continuous development are essential to all employees of Walter Scott, and with respect to climate we utilised several external specialists for learning sessions in 2024”*

operational climate impact is in turn delegated by the Sustainability at Walter Scott Group to the Environmental Impact Group, which designs and monitors all climate-related operational initiatives and has responsibility for the provision and development of relevant metrics.

ENVIRONMENTAL IMPACT GROUP

The Environmental Impact Group considers the climate impact of our own operations as a cross-function business risk, with relevant and material analysis from each area of the firm fed back into the EMC. The Environmental Impact Group designs and monitors all operational climate-related initiatives and has responsibility for the provision and development of relevant metrics. To this end, the firm's own operational carbon footprint is measured and reported on a periodic basis, along with updates on our efforts to reduce our operational climate impact. Annual disclosures are provided in accordance with UK Companies Regulations 2018 under the Streamlined Energy and Carbon Reporting (SECR).

INVESTMENT STEWARDSHIP AND SUSTAINABILITY COMMITTEE

The ISSC oversees the implementation of the firm's stewardship and sustainability activities and compliance with the firm's related policies. One of its key responsibilities is overseeing the Firm's investment stewardship, sustainability, ESG Integration and climate strategy, escalating any relevant issues or concerns where required. The ISSC meets at least quarterly with additional meetings as and when required.

ADDITIONAL OBJECTIVES PORTFOLIOS GROUP

For clients that are interested in having their portfolios managed in line with additional sustainable investment objectives, including climate-related requirements, we have the capability to offer this through our Additional Objectives Portfolios (AOP) process. The AOP Group oversees this process, providing a recommendation to the firm's investment decision making group with respect to the suitability of holdings for additional objectives portfolios.

TRAINING AND DEVELOPMENT

Knowledge sharing and continuous development are essential to all employees of Walter Scott, and with respect to climate we utilised several external specialists for learning sessions in 2024.

Every member of the investment team (including Client Service) is encouraged to deepen their knowledge by attending seminars, conferences, and events. Members of the Research team and the Stewardship & Sustainability team attended several conferences and industry events related to sustainability and governance, including the PRI 'In Person' conference in Toronto, the ICGN Global Stewardship Forum, the IA Annual Sustainability Conference in London and the Council of Institutional Investors' gatherings in Brooklyn, NY and Washington DC.

As in previous years, we invited several external speakers to present to the Research team throughout the year, with the aim of sharing insights and challenging our understanding of sustainability-related issues. A Senior Visiting Fellow at the London School of Economics and Executive Fellow at the European Corporate Governance Institute presented to the Research team on climate risk and the challenge of setting firm-level commitments on emissions. A Senior Lecturer at Edinburgh University's School of Economics spoke on a number of topics, including electrical grids and climate change policy.

It's also important that our wider company understands developments in our approach to ESG Integration and changes in the broader sustainable investing landscape. In 2024, our annual mandatory knowledge transfer workshop covering ESG Integration, Stewardship and Sustainability was delivered to all Walter Scott employees.

EXECUTIVE REMUNERATION

We have not set specific climate-related metrics in our executive remuneration, however Walter Scott's Remuneration Policy has been designed to promote (amongst other objectives) sound and effective risk management across all categories of risk.

STRATEGY

Our strategy with respect to climate-related considerations for our business is two-fold:

i) We aim to ensure that our business model and operations are resilient to climate and transition-related risks, and that we identify and execute on material climate-related business opportunities.

ii) We seek to understand and integrate into our investment process all financially material climate-related risks and opportunities. As part of this goal, we expect that our investee companies have the ability to operate and grow in a range of future climate scenarios (including a Paris-aligned global economy), and that their business operations are resilient to physical climate risks under future scenarios.

We are committed to ensuring that we evaluate transition-related investment opportunities as part of our ongoing process for identifying investment candidates. Our process seeks to identify high-quality, growth businesses capable of resilient wealth generation over time. As investment in energy transition continues and related technologies mature, we expect more climate-related investment opportunities to meet these criteria.

BUSINESS DEVELOPMENT CONSIDERATIONS

Our guiding business objective is to protect and grow our clients' assets over the long-term by acting as effective stewards of our clients' capital, supported by excellent client servicing. To deliver this objective effectively, we must seek to understand, as fully as possible, the full range of risks and opportunities faced by the companies in which we invest and the potential impact on the performance of our portfolios.

With respect to our own business, we believe that we are well positioned to take account of climate-related risks and opportunities, including developing client expectations and requirements. Our business model is already predicated on understanding and integrating risks and opportunities into investment decision-making, and by the very nature of active management, our portfolios can and will evolve to take account of emerging climate risks and opportunities. In 2024 we continued to augment our existing climate risk analysis that we undertake for all holdings with an additional climate risk assessment for a limited number of companies with higher potential exposure to climate change and transition risks – our Enhanced Climate Assessment (further details are provided in the Risk Management section of this report).

With respect to our product offering, we have developed our process for Additional Objectives Portfolios and can therefore accommodate clients who wish to go further with respect to sustainability-related investment objectives. Where there is interest from our clients in investing in line with additional climate-related objectives, we are happy to discuss this further.

We aim to demonstrate that our investment process takes due account of climate risks and opportunities, but with a clear focus on financial materiality and fiduciary duty. After careful consideration we have chosen not to implement a binding firm-wide transition commitment applicable to all client portfolios. As a firm we are client-led in all that we do, and for clients who wish to go further and prioritise climate-related objectives, we can potentially accommodate those goals. In this way we believe that we offer clarity and choice in our investment approach, ensuring that we are guided by the investment objectives of our clients. We typically meet our clients at least annually and regularly discuss ESG integration and related topics in these interactions.

INVESTMENT-RELATED CONSIDERATIONS

We have always sought to understand and assess material risks and opportunities as part of our investment process, and have long-considered financially material environmental and regulatory-related factors pertaining to specific holdings.

In recent years, our work has evolved to encompass more analysis of climate-related factors, including decarbonisation strategies, stranded asset risk and technological advances (both at an individual company and sector-wide level). We have incorporated climate scenario analysis into our investment analysis of each company, currently requiring our stock champions to address three different scenarios in the climate section of our research template. Whilst this high-level climate scenario analysis is sufficient for the purposes of initiating more structured analysis as part of our core investment research on investee companies, we also conducted strategy-level scenario analysis and more detailed holding-level analysis on selected companies in 2024. As well as managing proximate risks to their businesses, our long-term aim is to ensure that over the decades ahead all of our investments have the ability to operate and grow in a range of future climate scenarios (including a Paris-aligned global economy), and that their business operations are resilient to physical climate risks under future scenarios.

As careful stewards of clients' capital, regular engagement with management teams allows us to further assess a company's approach to climate-related risks and opportunities. These interactions afford us a greater understanding of the climate risks and opportunities faced by that business and where relevant enable us to support companies that are seeking to reduce or limit their contribution to climate change. We encourage our investee companies to report according to the TCFD recommendations, as we believe that this not only helps investors understand climate-related risks and opportunities, but also provides a framework which helps management to identify and manage climate-related considerations for their business.

Where we consider it appropriate and constructive, we are open to engaging collaboratively with other investors, such as through the CDP initiative.

With respect to both climate change and potential legal and regulatory, reputational and commercial transition risks and opportunities in the coming decades, there are a wide range of potential variables depending on different scenarios. Furthermore, the physical and transition risks and opportunities of climate change will impact different companies, sectors, and economies in different ways, creating additional complexity with respect to long-term investing. We aim to manage this complexity by performing detailed and rigorous due diligence on each company.

Caveated by this uncertainty, we have identified a number of material investment considerations that we believe could potentially manifest themselves over differing time horizons. We have already factored these considerations into our long-term investment analysis.

Short-Term (0-5 years)
In the immediate future, companies will be subject to increasing customer, shareholder and stakeholder scrutiny with respect to factors such as the carbon intensity of their operations, the efficacy of their transition strategies and anticipated regulatory changes. Increasing focus on carbon intensity will not be consistent across all markets and types of business, with very carbon intensive or consumer facing businesses in economies such as Europe facing the most challenge. Companies already exposed to the physical risks of climate change may also face higher operating costs. Businesses in a number of specific sectors such as automobiles will be exposed to increasing transition risks from the growth of ultra low emission zones and the gradual phase out of internal combustion engines in a number of markets.

Medium-Term (5-10 years)
The developments outlined under 'Short-Term' could intensify. In that event, companies with significant carbon footprints would face rising costs of compliance as some governments begin to impose more widespread carbon taxes and introduce more regulation to combat climate change. There would be capital investment costs involved in adopting less carbon-intensive technologies and processes, but this may in time be offset by lower operating costs in some markets. Companies that fail to exhibit sufficient commitment and competence in managing their approach to climate impact may experience reputational and commercial risks, and a higher cost of capital.

Long-Term (10+ years)
On a longer-term horizon, based on current country-level governmental

climate commitments, the transition to a lower carbon economy in a number of regions will see the growth of a range of lower carbon technologies that are likely to disrupt existing business models, rendering some obsolete. There is a risk of stranded assets for those companies that fail to adapt to changes in technology and regulation. As existing business models are disrupted, there is the opportunity for new leaders to emerge, whether these be incumbents that have successfully adapted to the transition or providers of new solutions and technologies.

Left unaddressed, climate change could foster significant social and economic dislocation and unrest, with a resulting impact on a wide range of companies and economies. The physical impacts of climate change are likely to result in significant population movements, both within but also between countries and regions.

OPERATIONAL STRATEGY

Our strategic aim is to ensure that our operations and business model are resilient to climate and transition-related risks. We have invested in our resources and capability to improve our understanding of operational risks. In 2023 we undertook our first physical climate and transition risk operational review, to focus our efforts on the most material risks relating to our business, and we continue to take account of the findings in our ongoing planning. In the latter part of 2023 the Environmental Impact Group reviewed our operational strategy for managing environmental impacts, resulting in updated operational targets (see Metrics and Targets section).

THE IMPACT OF CLIMATE RISKS ON OUR STRATEGY

Climate-related risks and opportunities impact our business at both an investment and an operational level.

INVESTMENT

We are cognisant that a greater emphasis on climate considerations could drive future capital allocation decisions by asset owners. To address this increased focus, it is important that we continue to demonstrate the quality and depth of our climate-risk analysis, while striving where possible to enhance our current approach. We are already undertaking climate scenario analysis for all holdings. We also monitor which companies set Net Zero and / or science-based climate targets and those that report to CDP and according to TCFD recommendations. This analysis is recorded and monitored on an ongoing basis and is subject to periodic review.

Following the introduction of a new process in 2023, we also undertook further analysis in 2024 of a number of our more carbon-intensive investments, as well as a number of additional holdings identified as having higher physical climate or transition risks relative to our portfolios (Our ECA process – see the Risk Management section of this report).

OPERATIONAL

Based on the comprehensive physical climate and transition risk-related operational review that we undertook in 2023, we believe that the current risk to our operations from physical climate change and transition issues is relatively low, with additional mitigating steps either in progress or highlighted for consideration in several areas of our operations.

Potential risks to our buildings and our ability to work effectively are also analysed and reviewed on a regular basis by our Business Continuity Group as part of the ongoing management of business continuity risks. Business continuity processes cover crisis management, business resumption and technology recovery. This helps ensure the resilience of our business to the impact of climate change on physical assets and day-to-day working.

We continue to invest in technology to improve the resilience of our operations in the event of disruption from extreme weather events. Other operational risks we have considered include regulatory changes and rising energy prices.

TRANSITION PLANNING

The firm has given due consideration to the optional inclusion of a transition plan in this TCFD report, taking account of the FCA's ESG Sourcebook and the UK Treasury backed Transition Planning Taskforce guidance.

Walter Scott has concluded that it is not in a position to publish a comprehensive transition plan for the business at this stage, for the reasons set out below.

Business Operations

For the firm's own business operations, the Executive Management Committee has delegated responsibility for the consideration of transition planning to the Sustainability at Walter Scott Group, and the relevant subgroup of this committee, the Environmental Impact Group.

The firm's Scope 1, 2 and 3 operational emissions are primarily comprised of natural gas for heating, electricity for office operations, purchased goods and services, employee commuting and teleworking; and air travel for investment research and meetings.

> *"The firm's Scope 1, 2 and 3 operational emissions are primarily comprised of natural gas for heating, electricity for office operations, purchased goods and services, employee commuting and teleworking; and air travel for investment research and meetings"*

The firm has set a number of targets relating to its operations and sustainability – see Metrics and Targets section for details.

The firm's primary focus will be on its emission reduction efforts. Whilst careful consideration has been given to the challenge of reducing the firm's emissions further beyond these targets a number of challenges would need to be overcome to make this a realistic commitment.

Scope 1 and 2 operational emissions

The firm's principal offices, where over 90% of our employees are based, are located in a UNESCO protected World Heritage site (the Edinburgh New Town) and the buildings are 'Category A' listed, meaning that they are buildings of special architectural or historic interest which are 'outstanding examples of a particular period, style or building type'. The offices have very limited outdoor space, and the main office is rented rather than owned. This combination places significant restrictions on the feasibility of both renewable energy generation (such as solar PV, wind power or ground source heat pump technology) and materially significant insulation measures for the 18th century buildings such as double or triple glazing. Energy efficiency measures and greater utilisation of lower carbon energy provided by suppliers is therefore a more feasible pathway to a significantly lower carbon operating footprint for the business. Whilst we already source 100% renewably-generated electricity for our operations (REGO-backed electricity), we have not yet been able to transition to a sustainable alternative to natural gas for heating. Over the longer-term, the replacement of natural gas with green hydrogen may be a feasible pathway to significantly reducing emissions if the external supplier market is able to make this transition at scale.

Scope 3 operational emissions

Our most significant Scope 3 operational emissions relate to business air travel. Whilst we have made good progress with respect to transitioning to rail travel for UK trips where possible, international air travel continues to be an important dimension of our business, with demand from clients for face-to-face meetings gradually returning to pre-COVID 19 levels. Our investment business also requires air travel to facilitate investment research and stewardship, including meeting with management teams and attendance at specialist industry conferences. The growth of online video-conferencing has certainly helped to manage this returning demand, and we have also changed our approach to travel planning, aiming to undertake fewer, longer duration trips per year but with more client and company meetings built into the schedule.

Beyond these measures, we do not see a feasible way to materially reduce the requirement for air travel in the short to medium term. With respect to technological advances that can further reduce the carbon intensity of air travel, the aviation industry is focused on the development of Sustainable Aviation Fuel, comprised of plant-based or recycled fuel sources. This fuel source currently comprises a very small percentage of aviation fuel supply globally, and utilisation is at such a nascent stage that it is not currently possible to choose commercial air travel routes based on this criteria. The industry development of mass electric (and in time renewably powered) air travel, particularly for long-haul routes, is at an even earlier stage of development, and unlikely to make a significant contribution to the decarbonisation of air travel in the next decade.

We will continue to monitor and review this area closely over the ensuing years.

CLIENT PORTFOLIOS

With respect to investment-related emissions, we have given careful consideration to setting a firmwide holdings-level Net Zero target. There is considerable political and regulatory uncertainty about the likelihood and pace of a meaningful low carbon transition in most markets, and it is uncertain how regulation and changing customer demand will impact on the financial prospects of current investee companies in many sectors. For this and other reasons we undertake structured climate scenario analysis on all of our investments. Given the unpredictability of the future with respect to climate transition risks, we do not believe that we are currently able to make an absolute commitment relating to the carbon intensity of our holdings. Commensurately, we do not believe that it would be appropriate to commit to a Net Zero focused transition plan relating to our client portfolios. We will continue to monitor this area of our business closely and engage with clients who are focussed on climate.

We already have a number of clients with specified climate-related considerations, and we are open to working with new clients with similar requirements.

RISK MANAGEMENT

We aim to identify, assess and manage all material risks relating to both our business and our clients' assets, including those arising from climate change and related transition risks. Rather than creating additional risk management processes to do this, our preference is to integrate the management of such risks into our core risk management framework. The diagram on the next page sets out the various groups and committees which oversee climate-related risks. Please also see the Governance section of this TCFD Entity Report which sets out the roles of each of the various groups and committees.

Based on our own analysis, physical climate change and related transition considerations are deemed to be a current risk for our investment portfolios. With respect to our own business and operations, our Board Risk Committee is responsible for escalating all material risks to the Board of Directors, including any emerging climate-related risks. A register of such risks is maintained and the consideration of emerging risks is a standing agenda item at each Board Risk Committee meeting. An additional agenda item at that meeting is the consideration of any financially material matters relating to climate.

HORIZON SCANNING AND MONITORING OF CLIMATE-RELATED RISKS

The Head of Investment Operations and Sustainability is an active member of the firm's Sustainability Policy & Regulations Group, which is responsible for identifying, understanding and monitoring external regulatory and industry developments, including those related to climate. Our Stewardship & Sustainability Lead and a member of our Risk & Compliance team are also part of this group, and we receive regular updates from external vendors and the Investment Association on relevant regulatory developments, in addition to updates received directly from the regulatory bodies.

The Sustainability at Walter Scott Group and the Environmental Impact Group monitor emerging operational regulatory developments.

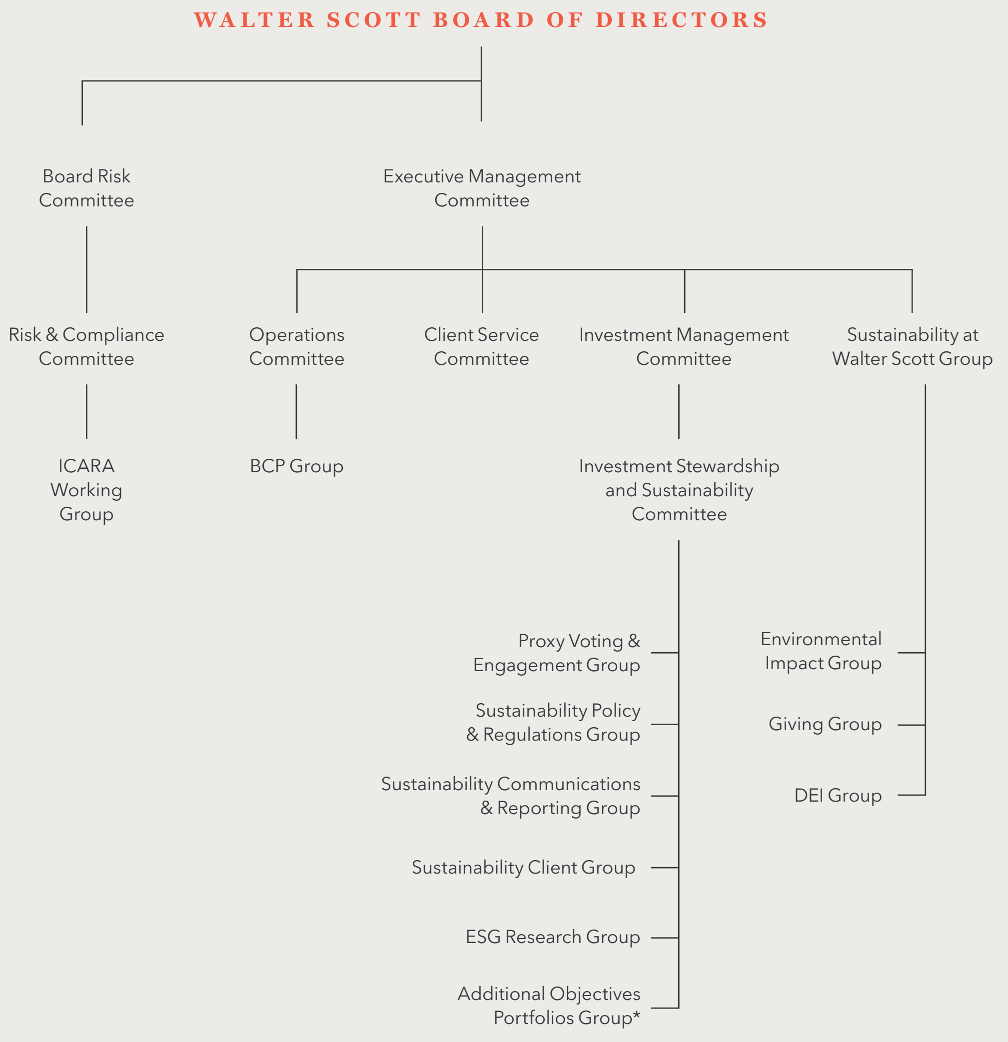
With respect to our holdings, it is the responsibility of the Research team to monitor and address any climate-related regulatory developments at the individual company level that could have a material financial impact on our clients' assets.

REGULATORY OUTLOOK

The political and regulatory environment continue to evolve at pace, with increasing divergence between a number of regions relating to both objectives and speed of implementation. In 2025 the Research team will continue to work to keep abreast of these developments and their potential impacts on our portfolio companies. Given this context, we continue to invest in the ESG Integration capabilities of our Research and Stewardship & Sustainability teams to ensure that we are best placed to understand and manage evolving sustainability-related regulations.

> *"We aim to identify, assess and manage all material risks relating to both our business and our clients' assets, including those arising from climate change and related transition risks"*

RISK MANAGEMENT



*The Additional Objectives Portfolios Group also reports separately to the Investment Management Committee

IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS TO OUR CLIENTS' ASSETS

Through our fundamental company-focused research, we seek to better understand and measure the risks and opportunities posed by all environmental, social and governance issues, including climate change. Our research and analysis of these risks and opportunities is integrated into our investment process.

When we research any company, regardless of geography or sector, the same analytical framework is applied. This framework involves analysis of historical financial records alongside consideration of seven key areas of investigation:

- Business activities and physical footprint
- Integrity (ESG Integration)
- Market characteristics
- Control of destiny
- Financial profile
- Management and board
- Valuation and trading

Climate risk is considered as part of our overall company research with analysis detailed in our Integrity document (further details available in our Annual Sustainability Report, available on our website). Using a structured template, we aim to better understand each company's material physical and transition risks and opportunities, and the resulting financial implications. The assessment of the materiality and probability of these risks and opportunities, and how they should be prioritised, is subject to the scrutiny and challenge of the entire Research team. In addition to our own research, we subscribe to a third party ESG Integration data platform which contains additional information relating to our investments.

Physical Risks
These are the risks to our clients' assets arising from the physical manifestations of climate change and the associated costs. Physical risks can be chronic or acute and can include drought, rising sea levels, failed harvests, and extreme weather events such as flooding and hurricanes that damage the physical infrastructure. Costs can include higher insurance premiums, rising commodity prices and falling asset values.

Transition Risks
These are the risks to our clients' assets arising from the anticipated move towards a less carbon-intensive economy. Transition risks include higher carbon prices and taxes, stranded assets, increased climate regulation and falling demand for carbon-intensive goods and services. Companies with high carbon emissions are usually more exposed to transition risks.

Our climate-related analysis is updated at least annually. This analysis is subject to the collective scrutiny of the Research team at a formal annual review of each holding. While our research is proprietary, we augment our

“Through our fundamental company-focused research, we seek to better understand and measure the risks and opportunities posed by all environmental, social and governance issues, including climate change. Our research and analysis of these risks and opportunities is integrated into our investment process”

understanding of climate risks with information and analysis from external sources, including third party research providers, academics, and subject-matter experts.

> *"Our primary means of managing the climate risks of our clients' investments is through our fundamental company analysis, which applies across all investment strategies and clients"*

IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS TO OUR BUSINESS AND OPERATIONS

In 2023 Walter Scott completed a structured climate and transition risk operational review. We used an operational risk assessment framework to identify and assess climate-related risks to our operations, evaluating a very broad range of operational and business value chain risks including the following:

Business Continuity Risks
- Risks to office facilities and operations: adverse weather events (e.g. localised flooding from high rainfall, extreme heat, extreme cold, high snowfall, high winds)
- Risks to office facilities and operations: sea level rise
- Risks to employees' ability to commute to the office due to adverse weather events
- Risks to employees' ability to work from home due to adverse weather events
- Risks to ability to service existing clients as a result of climate-related travel disruption
- Risks to the resilience of the firm's technology infrastructure from climate-related impacts
- Risk of resource shortages and supply chain disruption (e.g. water shortages, energy supply, IT equipment)

Business Development Risks
- Inability to generate new business as a result of climate-related travel disruption
- Inability to attract and retain talent in economies where key offices are located as a result of climate-related risks and impacts

Operational Cost Risks
- Significant increases in energy costs (heating, cooling, ventilation)
- Capital depreciation of firm assets (e.g. buildings and IT hardware) as a result of climate-related impacts and risks
- Significant increases in business insurance costs as a result of climate-related risks and impacts
- Significant increases in business travel costs (especially long-haul aviation) as a result of climate-related risks and impacts
- Significant rises in taxes and / or local business rates as a result of climate-related risks and impacts
- Rising employee costs as a result of climate-related risks and impacts

The assessment did not identify any immediate areas of significant concern, but did highlight several areas where further work on risk mitigation continues to be considered.

INVESTMENT CLIMATE-RELATED RISK MANAGEMENT

Our primary means of managing the climate risks of our clients' investments is through our fundamental company analysis, which applies across all investment strategies and clients. Through diligent research, we look to factor climate considerations into our ongoing analysis of current holdings, and avoid investments in companies that are likely to be materially impacted by climate change to an

> *"Where we have concerns about a company's approach to climate risks, we seek dialogue to facilitate greater understanding of its strategy and the challenges it faces. Regular engagement with management teams allows us to further assess the depth of each company's assessment of climate-related considerations"*

In addition to the core analysis and stewardship activity outlined above, in 2024 we also continued to utilise Walter Scott's 'Enhanced Climate Assessment' (ECA) process for analysing climate risks and opportunities pertaining to higher emissions / potentially higher risk holdings. The findings were presented to the Investment Stewardship and Sustainability Committee and the Investment Management Committee (IMC). The ECA document for relevant holdings is now included in the core research material for company reviews, and ECAs are updated annually for qualifying holdings with any material changes. In 2024 an ECA was also introduced as a step in the investment process for all new purchases that meet the qualifying criteria.

extent which would undermine the investment case in that business.

A mandatory element of that research is the Climate Scenario Analysis that we undertake for all holdings. We have enhanced our framework for this, adding a third scenario (NGFS Disorderly – Delayed Transition) to our existing two scenarios at the beginning of 2024. This means that all holdings (and proposed new buys) have been reviewed against three NGFS climate scenarios (NGFS Orderly – Net Zero 2050; NGFS Disorderly – Delayed Transition; NGFS Hothouse – Nationally Determined Contributions.) We anticipate that our approach in this area will continue to evolve, and we may make further changes to the type and range of scenarios that we utilise in the future.

Where we have concerns about a company's approach to climate risks, we seek dialogue to facilitate greater understanding of its strategy and the challenges it faces. Regular engagement with management teams allows us to further assess the depth of each company's assessment of climate-related considerations. These interactions afford us a greater understanding of the climate risks and opportunities faced by that business, enabling us to better evaluate the potential impact on the investment case for that company. Our 2024 Annual Sustainability Report (available on our website) provides examples of climate-related engagements. Careful stock selection and investment stewardship are our primary means of mitigating climate-related investment risks.

To support the above developments, in 2023 we provided externally facilitated climate scenario analysis training for our Research team and included a 'future climate pathways' workshop discussion on the agenda of our Research team away day, as well as an investor-led session on transition-related investment opportunities. The team also received further climate-related external training in 2024.

It is the responsibility of the IMC to ensure that no portfolio is exposed to excessive risk of any form, and we continue to develop the information that we provide to the IMC to help monitor and manage relevant and financially material climate risks. In 2024, we undertook firmwide holdings and strategy level Climate Scenario Analysis, presenting the findings to the IMC.

To provide additional ongoing monitoring of a range of ESG risks, including those related to climate, we introduced an ESG Risk Review in 2024. This quarterly management information pack utilises a number of external vendor data sources to highlight the comparative performance of holdings and portfolios on a range of ESG Integration indicators. The Review is shared with the ISSC on a quarterly basis, and a summary version is also presented to the IMC. The introduction of this Review complements our primary focus on bottom up fundamental analysis of risks and opportunities, enabling us to monitor potential risks in a systematic manner. The Review is intended to highlight potential issues and generate discussion, and is therefore an input to our research process rather than a screen or portfolio construction tool.

OPERATIONAL CLIMATE-RELATED RISK MANAGEMENT

Through the Environmental Impact Group, we consider the climate impact of our own operations as a cross-function business risk, with relevant and material analysis from each area of the firm being fed back into the Executive Management Committee. The Environmental Impact Group designs and monitors all climate-related initiatives and has responsibility for the provision and development of relevant metrics. To this end, the firm's Scope 1 and 2 carbon footprint and business travel emissions are measured and reported on a quarterly basis, along with updates on our efforts to reduce our operational climate impact. Annual disclosures are provided in accordance with the UK Companies Regulations 2018 under the Streamlined Energy and Carbon Reporting. Further details of how we manage our operational climate impact can be found in the Metrics and Targets section of this report.

METRICS AND TARGETS

INTRODUCTION

Included in this section are a number of climate-related metrics and charts which provide the recommended TCFD disclosures.

All tables use an aggregation of Walter Scott composites active at a given point in time (as annotated on each table), referred to here as 'Walter Scott Representative Holdings'.

Further details on methodology are available in the general explanatory notes in the 'Carbon Emissions for Walter Scott Representative Holdings' section. The climate-related metrics shown below are currently limited to those based on Greenhouse Gas (GHG) emissions.

INVESTMENT-RELATED METRICS AND TARGETS

Analysis of sustainability factors such as climate risk is integrated into our investment process with financially material risks and opportunities considered as part of our analysis of the long-term prospects for any business. As part of our integrated company

Carbon Footprint (tCO_2e / USDm invested)

$$\frac{\sum_{i=1}^{n}\left[\frac{\textit{Company value of investment}}{\textit{Company EVIC}} \times (\textit{Company Scope 1 \& 2 Emissions})\right]}{\textit{Part portfolio value}}$$

Total Financed Carbon Emissions (tCO_2e)

$$\sum_{i=1}^{n}\left[\frac{\textit{Company value of investment}}{\textit{Company EVIC}} \times (\textit{Company Scope 1 \& 2 Emissions})\right]$$

Total Financed Carbon Intensity (tCO_2e / USDm Revenue)

$$\frac{\sum_{i=1}^{n}\left[\frac{\textit{Company value of investment}}{\textit{Company EVIC}} \times (\textit{Company Scope 1 \& 2 Emissions})\right]}{\sum_{i=1}^{n}\left[\frac{\textit{Company value of investment}}{\textit{Company EVIC}} \times \textit{Company Revenue}\right]}$$

Weighted Average Carbon Intensity (tCO_2e / USDm Revenue)

$$\sum_{i=1}^{n}\left[\frac{\textit{Company value of investment}}{\textit{Part portfolio value}} \times (\textit{Company Scope 1 \& 2 Emissions Intensity})\right]$$

OVERVIEW AND COMPARISON OF KEY METRICS

	Purpose	Description	Strengths and Limitations
Carbon Footprint (tCO_2e / USDm invested)	To understand how the emission intensities of different portfolios compare to each other **per monetary unit.**	The portfolio's total absolute emissions divided by the investment amount in USD. Expressed as tCO_2e/USDm invested.	- Allows for comparison to other portfolios and benchmarks. - Can set a baseline for comparison in the future. - Allows investors to understand how much CO_2e emissions are accounted for each of their USDm invested. - Sensitive to changes in EVIC (Enterprise Value Including Cash) of the companies held in the portfolio.
Total Financed Carbon Emissions (tCO_2e)	To understand the **total climate impact** of investments.	The total GHG emissions of a portfolio. Expressed as tCO_2e.	- Shows the actual climate impact of the portfolio in totality. - Limited use in comparison to other portfolios, benchmarks or points in time.
Total Financed Carbon Intensity (tCO_2e / USDm Revenue)	To understand the **efficiency** of a portfolio in terms of total GHG emissions per dollar of revenue sourced from the portfolio's companies.	The portfolio's total absolute emissions divided by the portfolio's total ownership of dollar revenue from companies held within the portfolio. Expressed as tCO_2e/USDm company revenue.	- Allows for comparison against other portfolios and benchmarks. - Can set a baseline for comparison in the future. - Sensitive to changes in EVIC and revenue of the companies held in the portfolio.
Weighted Average Carbon Intensity (tCO_2e / USDm Revenue)	To understand **exposure** to emission intensive companies.	The portfolio's exposure to emission intensive companies. Expressed as tCO_2e/USDm company revenue.	- Allows for comparison to other portfolios and benchmarks. - Can set a baseline for comparison in the future. - Can be skewed by 'outlier' companies with abnormally high carbon emission intensity.

Source: Partnership for Carbon Accounting Financials (PCAF), Walter Scott & MSCI
Note: 'tCO_2e' stands for 'tonnes of Carbon Dioxide equivalents'

analysis, we track emissions, climate commitments and reporting / climate-related disclosures.

Although no specific quantitative metrics or targets have been identified for climate-related investment opportunities, our investment research process is designed to ensure that we give careful and ongoing consideration to all investment opportunities, including those that are climate-related.

EXPLANATION OF METRICS

The principal carbon emissions metrics listed below are used to describe the positioning of Walter Scott companies against MSCI All Country World Index, and development of emissions over time. Our analysis of their purpose, description, strengths and limitations, and formulae can be found on page 26.

CARBON EMISSIONS FOR WALTER SCOTT REPRESENTATIVE HOLDINGS

General notes for all calculations related to investment company or Walter Scott Representative Holdings calculations:

1. *Data are for 'Walter Scott Representative Holdings', which is an aggregation of Walter Scott composites active at a given point in time. The proportionate weights of this aggregation are combined with the firm's total discretionary AUM to calculate an implied market value for each company holding.*
2. *Scope 1 and 2 emissions associated with the investments managed by Walter Scott on behalf of clients are reported using the investment-specific method according to the GHG Protocol. This method involves collecting Scope 1 and 2 emissions from the investee company and allocating the emissions based upon the share of investment. While the reporting guidelines for investment emissions in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard emissions are mostly clear, accurately capturing investment emissions is complex and for this reason emissions reported should be considered as an estimate.*
3. *Source: Walter Scott & MSCI – MSCI's emissions data has been aggregated by Walter Scott to a portfolio/ benchmark-level using TCFD guidance. MSCI's emissions data is based on the most recent financial year available at time of calculation (8 May 2025, unless stated otherwise).*
4. *Enterprise Value Including Cash (EVIC) has been used as an attribution factor to determine ownership of emissions.*
5. *An indicative Total Financed Emissions figure has been calculated for MSCI ACWI. This assumes an investment market value equal to Walter Scott's discretionary AUM, to allow for direct comparison to Walter Scott Representative Holdings' Total Financed Emissions.*
6. *Scope 1 and 2 emissions are based on reported emissions or, where reported emissions are unavailable, using MSCI estimated emissions. Walter Scott did not make any assumptions or use proxies.*
7. *Cash has been excluded and the holdings reweighted for the Weighted Average Carbon Intensity metric in order to avoid understatement. For other metrics, cash is assumed to have zero emissions attributed and is also excluded from the calculation.*
8. *Where data is missing for any input value needed for the calculation on a company level, whether a constituent of the portfolio or benchmark, the company has been excluded from that calculation entirely. This is represented in the calculations above as "part portfolio value", i.e. the portfolio value excluding cash and excluding any companies with relevant data gaps.*
9. *Scope 3 emissions are estimated by MSCI. Walter Scott did not make any assumptions or use proxies.*

CLIMATE VALUE-AT-RISK AND IMPLIED TEMPERATURE RISE

Walter Scott is not disclosing climate value-at risk or implied temperature rise metrics given data and methodology challenges.

Scenario analysis can be a useful tool to gain a general sense of the degree of absolute and relative risk, but exact values are still far from scientific due to a number of limitations and assumptions. Similarly, there are a large number of other assumptions and limitations relating to Implied Temperature Rise, with models inherently relying on numerous inputs which are subject to a high degree of uncertainty.

Whilst Walter Scott analyses climate risks on an entity and strategy level, our research process takes a bottom-up approach and we find it more useful to consider climate-related risk from an investee company level. All holdings are reviewed with regards to three climate scenarios (NGFS Orderly – Net Zero 2050; NGFS Disorderly – Delayed Transition; NGFS Hothouse – Nationally Determined Contributions) and, where a company has been highlighted as being particularly exposed to climate-related risk, an Enhanced Climate Assessment is performed.

We will continue to assess data availability and quality and developing third-party assessment methodologies.

OPERATIONAL METRICS

The Walter Scott operational energy and emissions table is disclosed on the next page. Whilst the table represents the company's best efforts in capturing the data, it is worth highlighting that methodologies may change or there may be different ways of capturing and presenting the data in the future. The annual reporting period, January 1st to December 31st, is aligned with our financial year. The conversion factors applied, specific to the year reported for 2019 to 2024, have been published by the UK Government: Department for Energy Security and Net Zero.

In accordance with the UK Companies Regulations 2018, the company reports its energy use

SCOPE 1, 2 & 3 EMISSIONS

	Scope 1 & 2 Emissions		Scope 3 Emissions	
	Walter Scott Representative Holdings	MSCI ACWI	Walter Scott Representative Holdings	MSCI ACWI
Carbon Footprint (tCO_2e / USDm invested)	18	40	144	277
Total Financed Carbon Emissions (million tCO_2e)	1.4	3.1	11.1	21.6
Total Financed Carbon Intensity (tCO_2e / USDm Revenue)	81	130	650	903
Weighted Average Carbon Intensity (tCO_2e / USDm Revenue)	80	113	498	677

Calculated using holdings as at 31 December 2024 and most recent emissions available from MSCI.

SCOPE 1 & 2 COVERAGE

	Walter Scott Representative Holdings			MSCI ACWI		
	% Reported Values	% Estimated Values	% No Coverage	% Reported Values	% Estimated Values	% No Coverage
Financed Carbon Emissions	88%	12%	0%	90%	10%	0%
Total Financed Carbon Emissions	88%	12%	0%	90%	10%	0%
Total Financed Carbon Intensity	88%	12%	0%	90%	10%	0%
Weighted Average Carbon Intensity	88%	12%	0%	90%	10%	0%

Calculated using holdings as at 31 December 2024 and most recent emissions available from MSCI.

SCOPE 3 COVERAGE

	Walter Scott Representative Holdings			MSCI ACWI		
	% Reported Values	% Estimated Values	% No Coverage	% Reported Values	% Estimated Values	% No Coverage
Financed Carbon Emissions	0%	100%	0%	0%	100%	0%
Total Financed Carbon Emissions	0%	100%	0%	0%	100%	0%
Total Financed Carbon Intensity	0%	100%	0%	0%	100%	0%
Weighted Average Carbon Intensity	0%	100%	0%	0%	100%	0%

Calculated using holdings as at 31 December 2024 and most recent emissions available from MSCI.

Coverage Notes
Percentages indicate weight of market values in each category. Estimated emissions values are sourced from MSCI. Walter Scott did not make any assumptions or use proxies. Within the 'No Coverage' category, there may be companies held at a low weight, rounding to 0%

and associated Greenhouse Gas emissions resulting from energy use in its UK buildings and employees' business travel. Due to the nature of the business' primary commercial activity and location of clients, business travel emissions reported include international travel and are not restricted to travel that both starts and ends in the UK.

The company has voluntarily reported additional emission types, where applicable utilising the calculation methodologies set out per the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard Revised Edition, defined by the World Resource Institute/World Business Council for Sustainable Development.

Per the GHG Protocol Scope 2 Guidance, Scope 2 emissions using both the location based and market based methods have been reported. The market based method reflects emissions from electricity arising from a renewable energy supply contractual arrangement whereas the location based method does not.

OPERATIONAL TARGETS

We undertook a review in 2023 of our operational climate and environment-related metrics and targets, and committed to 2024 targets, detailed below:

- Maintain an average annual recycling rate of 70% of total Edinburgh office waste
- A reduction in total office waste by 5% by the end of 2024 compared to the base year 2019
- An 80% reduction in office printing compared to the base year 2019
- A 5% reduction in business travel related emissions compared to the base year 2019
- A 5% reduction in Scope 1 and 2 emissions compared to the base year 2019

In 2024, our carbon emissions, excluding investment-related emissions, decreased by 11% from 2023 and 22% from the 2019 baseline*. To track progress, we have set several operational sustainability targets based on 2019 figures. These include maintaining a 70% average annual recycling rate for the Edinburgh office, although the 2024 rate was 64%. To improve recycling, new bins and waste audits were introduced. We aim to reduce total office waste by 5% by 2024, achieving a 16% reduction in 2024 compared to 2019.

We also target an 80% reduction in office printing, with print volumes down 85% from 2019 despite a 16% increase from 2023 due to higher office attendance. Business travel emissions, the largest contributor to our operational climate impact, decreased by 23% from 2019. Meeting clients and companies remains essential but we have worked to ensure more efficient travel booking. We continue to monitor and encourage better planning of trips, with North American client meetings often undertaken by local resources and supported by Edinburgh-based resources via virtual conferencing facilities.

Our goal is to reduce scope 1 and 2 emissions by 5% compared to 2019. In 2024, gas consumption was up 3% but remained 11% lower than 2019. Electricity usage also marginally increased by 2% but was 16% lower

** Comparisons are based on like-for-like emissions sources, as some emissions sources were not reported for 2019 due to a lack of available data*

OPERATIONAL ENERGY AND EMISSIONS

2019 emissions shown as this is the baseline year for operational emissions. Emissions for the year of report (2024) and previous two years are also shown for comparison.

	Units (kWh)			
Energy usage	**2024**	**2023**	**2022**	**2019 Baseline**
Gas combustion	339,894	329,277	331,610	381,758
Grid electricity consumed	250,212	244,944	257,283	296,111

	GHG Emission (metric tonnes CO_2e)				
Emissions Source	**2024**	**2023**	**2022**	**2019 Baseline**	**Note**
Scope 1: GHG Emissions	69	67	68	78	1
Scope 2: GHG Emissions (location-based)	52	51	50	74	2
Scope 2: GHG Emissions (market-based)	0	0	0	26	3
Scope 3: GHG Emissions	803	1,649,074	1,776,141	2,390,197	
1. Purchased Goods and Services	103	111	125	n/a	4
5. Waste generated in operations	0.1	0.5	0.4	0.5	5
6. Business travel	539	615	359	698	6
7. Employee Commuting [a]	160	193	169	n/a	7
(a) of which commuting	72	102	69	n/a	
(b) of which working from home	88	91	100	n/a	
15. Investments [b]	n/a	1,648,154	1,775,487	2,389,498	8
Total Gross GHG Emissions	924	1,649,192	1,776,258	2,390,349	

COVERAGE OF EMISSIONS ASSOCIATED WITH INVESTMENTS MANAGED BY WALTER SCOTT

	2024	2023	2022	2019
% Reported Values	n/a	88%	95%	88%
% Estimated Values	n/a	12%	5%	12%

Emissions associated with the investments managed by Walter Scott on behalf of clients for 2024 are not reported to due a lack of available data

Intensity Metrics (Per Person Employed unless stated)	GHG Emission (metric tonnes CO_2e) 2024	2023	2022	2019 Baseline
Scope 1: GHG Emissions [c]	0.38	0.37	0.39	0.50
Scope 2: GHG Emissions (market-based) [c]	0.00	0.00	0.00	0.17
Scope 3: Purchased Goods and Services	0.56	0.62	0.72	n/a
Scope 3: Business Travel per person travelling [d]	7.71	7.41	5.89	10.91

[a] Emissions restated for 2022 and 2023 – see methodology note 7. Not provided for 2019 due to a lack of available data.
[b] Emissions associated with the investments managed by Walter Scott on behalf of clients for 2024 are not reported to due a lack of available data.
[c] Persons Employed (PE) figure based on average headcount for the year reported.
[d] Persons travelling figure represents the number of individuals for whom the business booked travel for during the year.

than in 2019. Overall scope 1 and 2 emissions (market-based method) in 2024 were 69 tCO_2e versus 104 tCO_2e in 2019, resulting in a 34% reduction. Our Edinburgh offices are supplied with 100% renewable electricity, with the energy provider purchasing Renewable Energy Guarantees of Origin (REGO) certificates to match every unit of electricity bought on the wholesale market, giving us the ability to report a reduced emission figure under the market-based method for the applicable reporting periods.

METHODOLOGY NOTES

1. *Walter Scott's Scope 1 emissions includes emissions from the tracked use of natural gas in occupied facilities. Natural gas usage is tracked using meter readings at each of the buildings occupied in Edinburgh, UK.*

2. *Location-based Scope 2 grid electricity emissions are estimated based on recorded consumption in kWh which are then converted using UK government emissions conversion factors for each applicable year.*

3. *Grid electricity usage is recorded through meter readings in each of the buildings occupied in Edinburgh. Our energy provider supplies our Edinburgh offices with 100% renewable electricity. The supplier buys electricity on the wholesale market and for every unit purchased a Renewable Energy Guarantees of Origin (REGO) certificate is bought to match. From 2020 onwards, electricity has been supplied in this manner, meaning that the firm can report a reduced emission figure under the market-based method.*

4. *Purchased goods and services includes upstream emissions from production of products and services acquired. This includes both tangible and intangible items and has been calculated using a combination of the supplier-specific method and the spend-based method rather than the hybrid method according to the GHG Protocol, which was stated in the prior year. Emissions reported are calculated using the most current Scope 1 and 2 emissions data specific to the vendor and where data is not available no estimate has been made. Figures are not provided for 2019 due to a lack of available data and*

there was no requirement to restate prior year results given the consistent application of methodology.

5. *Waste generated in operations emissions relate to those emitted in the end-of-life disposal process, in accordance with the GHG Protocol waste-type-specific-method and have been calculated using the weight of waste materials multiplied by the relevant annual UK government emissions conversion factors. The published UK government 2024 conversion factors disclose that there was an error affecting the transport emissions for the recycling and EfW (Energy from Waste) factors in prior years. Whilst the 2024 results reflect the current UK government conversion factors, in line with the GHG Protocol guidance, prior year results have not been restated for changes to conversion factors.*

6. *Business travel emissions include international travel due to the nature of the business' primary business activity and location of clients. Our travel provider calculates the average estimated carbon emissions associated with each business trip and as such the calculated emissions will vary depending on the route of travel. Emissions associated with hotel accommodation required for business travel have been included from 2022 onwards, and were not reported in 2019 due to lack of available data.*

7. *Employee commuting includes emissions from the transportation of employees between their homes and the workplace. Emissions from teleworking (i.e. employees working from home) have been included within this category per the GHG Protocol.*

   An update has been made to the calculation methodology for the transportation emissions associated with employee commuting. The calculations have been updated to more closely align to the distance-based-methodology set out in the GHG Protocol and has resulted in the emissions that were reported for 2022 (60 tCO_2e) and 2023 (100 tCO_2e) being restated. Previously, an average emissions factor across all modes of transport had been utilised, which has now been replaced with an average per each mode of transport. As with the prior years, the calculations were supplemented with the results of a staff survey conducted in 2024, which gathered information at a respondent level to improve overall accuracy. Details including: mode of transport used; distance from the office; and frequency of travel were collected.

   The calculation of emissions associated with employee home working have been updated to more closely align with the UK government emissions conversion factor for homeworking by removing separate calculations for seasonality and the removal of other household occupants. These variables have already been taken into consideration by the UK government conversion factors. The emissions previously estimated for 2022 (117 tCO_2e) and 2023 (111 tCO_2e) and have been restated accordingly.

8. *Emissions associated with the investments managed by Walter Scott on behalf of clients are reported using the investment-specific method according to the GHG Protocol. This method involves collecting Scope 1 and 2 emissions from the investee company and allocating the emissions based upon the share of investment on the 31 December for the year reported. While the reporting guidelines for investment emissions in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard emissions are mostly clear, accurately capturing investment emissions is complex and for this reason emissions reported should be considered as an estimate. Due to a lack of available Scope 1 and 2 investee company data for 2024, emissions have not been reported.*

All emissions reported have been calculated as at 18 February 2025. The calculation methodology uses 'market value divided by a company's Enterprise Value Including Cash (EVIC)' as an indication of ownership of emissions.

The following information is relevant to further explain the calculation approach that has been taken.

(a) *Primary Sources: Walter Scott and MSCI – MSCI's emissions data has been aggregated by Walter Scott to a portfolio-level.*

(b) *Secondary Source: FactSet – where EVIC data was unavailable via MSCI, FactSet was used as a secondary source for EVIC values.*

(c) Cash is assumed to have zero emissions attributed to it.

(d) Ownership of emissions is determined by the proportionate weight of all companies within Walter Scott's Composites (as at 31 December of each calendar year), combined with the firm's total discretionary AUM as at 31 December of each calendar year to calculate an implied market value for each company holding. These company market values are then divided by each companies' Enterprise Value Including Cash (EVIC) to determine ownership of the companies' total emissions. This should be considered representative of the firm's exposure.

(e) Emissions are based on reported emissions or, where reported emissions are unavailable, using MSCI estimated emissions. Emissions data for each company included has been sourced for the relevant financial year, where available at time of calculation (18 February 2025).

(f) Total financed emissions change from year-to-year dependent on a number of factors, such as the investee companies' underlying emissions, company EVIC values, market values invested in each company, and firm assets under management. Carbon footprint (emissions per $m invested) is therefore useful for comparing year-on-year changes in emissions, as it controls for changes in assets under management. The investments-related carbon footprint (measured in tCO_2e / $m) for 2023, 2022, and 2019 were: 20, 24, and 33, respectively. Cash is assumed to have zero emissions attributed and is also excluded from the calculation.

(g) Where data is missing for any input value needed for the calculation on a company level, the company has been excluded from that calculation entirely.

APPENDIX A

Abbreviations

CDP: Carbon Disclosure Project
CO_2e: Carbon Dioxide equivalents
ECA: Enhanced Climate Assessment
EMC: Executive Management Committee
EVIC: Enterprise Value Including Cash
GHG: Greenhouse Gas
IMC: Investment Management Committee
ISSC: Investment Stewardship and Sustainability Committee
MSCI ACWI: MSCI All Country World Index
NGFS: Network for Greening the Financial System
PCAF: The Partnership for Carbon Accounting Financials
SBTs: Science Based Targets
SBTi: Science Based Targets initiative
SECR: Streamlined Energy and Carbon Reporting
TCFD: Task Force on Climate-related Financial Disclosures

APPENDIX B

Glossary

Additional Objectives Portfolios (AOPs): These are Walter Scott portfolios relating to clients who have opted to include additional environmental, social, and/or governance requirements in their investment guidelines or mandate.

Additional Objectives Portfolios Process: This is Walter Scott's proprietary process for assessing the suitability of holdings for AOP clients, overseen by the internal AOP Group.

Climate-related Physical Risk: This refers to the risk climate change poses to physical assets or operations, such as direct damage to assets and indirect impacts from supply chain disruption. Organisations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting organisations' premises, operations, supply chain, transport needs and employee safety. Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns.

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

Chronic Risk: Chronic physical risks refer to longer term, ongoing shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise, long-lasting droughts or chronic heat waves.

Climate-related Transition Risk: This refers to the risks associated with the transition to a low-carbon or Net Zero economy. The most common transition risks relate to extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations if they do not comply or adapt.

Net Zero: This describes the state when a corporation reduces its relevant Scope 1, 2 and 3 category Greenhouse Gas (GHG) emissions following science based targets, below 1.5°C pathways as much as possible, with any remaining GHG emissions being fully neutralised by like-for-like removals, for example permanent removals of fossil carbon emissions.

Science Based Targets (SBTs): GHG reduction targets are considered science based if they are in line with what the latest climate science deemed necessary to meet the goals of the Paris Agreement, limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Task Force on Climate-related Financial Disclosures (TCFD): The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit and insurance underwriting decisions. The recommended Financial Disclosures are organised into four categories: Governance, Strategy, Risk Management, and Metrics & Targets. The TCFD is unique in that it focuses on assessing the ability of a company to mitigate risks and maximise opportunities related to climate change.

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