SARASIN & PARTNERS

TCFD REPORT 2024

This document is intended for retail investors. You should not act or rely on this document but should contact your professional adviser.

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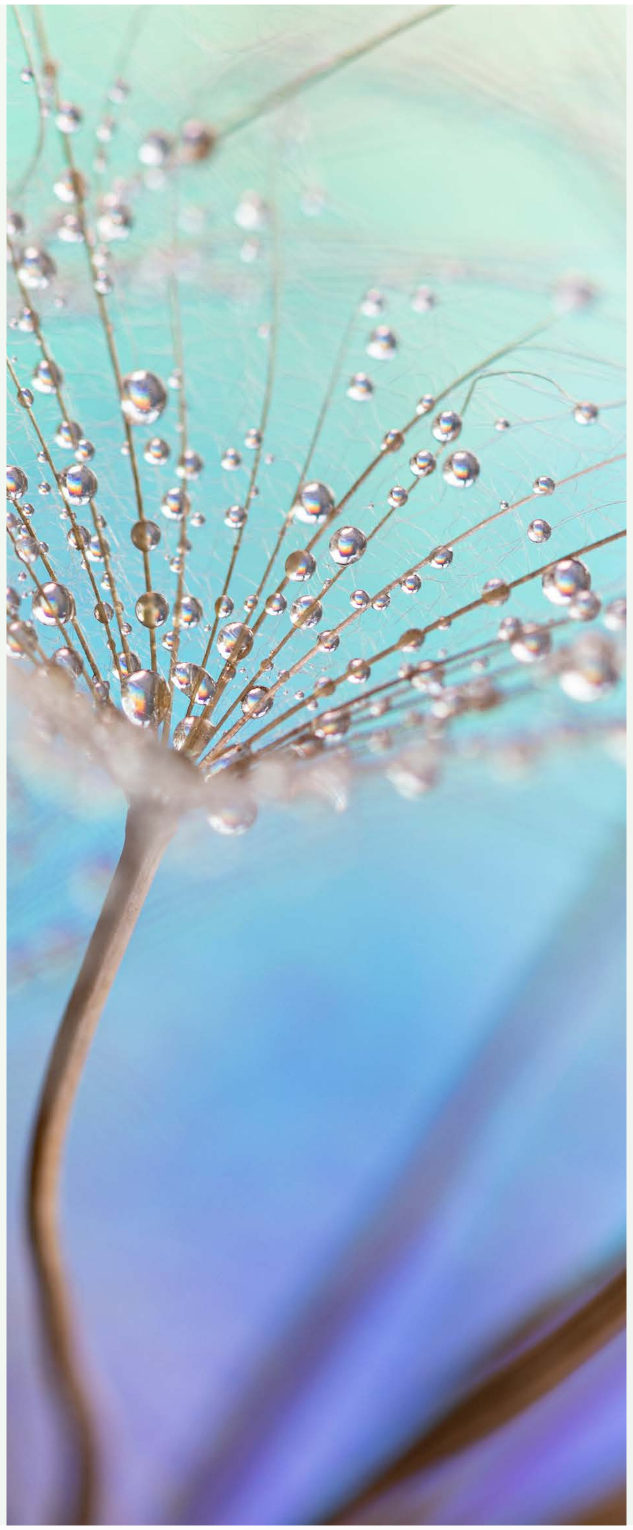


AN INTRODUCTION TO THE TCFD REPORT

Sarasin & Partners LLP is a London-based asset manager with a focus on global, long-term, thematic investments with engaged stewardship at its core. As at 31 December 2024, our independent partnership had approximately £18.5 billion invested on behalf of charities, private clients, intermediaries and institutions around the world. The local partners and team own 40% of the voting rights of the firm, with the remaining 60% held indirectly by Bank J. Safra Sarasin Limited. Sarasin & Partners LLP owns Sarasin Investment Funds Limited, which is the Authorised Corporate Director of Sarasin funds.

A core pillar of our investment philosophy is that asset managers have critical rights and responsibilities as stewards of their clients' capital. We believe exercising these responsibly is vital for a healthy and enduring economic system. In the end, asset managers act collectively as major owners of businesses around the world and thus have a crucial role to play in ensuring these businesses act in society's long-term interests. It is our belief that responsible and sustainable companies are more likely to deliver enduring value for our clients.

The climate crisis is perhaps the greatest threat to global welfare. In our view, it is the responsibility of all asset managers to respond to this threat. Asset managers are in a unique position to help shift capital on to a 1.5°C temperature pathway through our investment choices, engagement and thoughtful voting. This reality underpins our approach to net-zero alignment.

Our focus on climate change and our responsibility to act is not new. While the firm, and wider group, have held responsible investing at the heart of our philosophies for decades, a specific focus on climate change led us to launch a Climate Active strategy in 2017 for UK charity clients. We aimed to provide an investment solution that sought to manage risks to capital associated with climate change, and also to play a catalytic role in promoting action on climate change. We explicitly set out to drive broader policy and market-wide solutions.

Building on this experience and our conviction that more needed to be done, we published our firm-wide Climate Pledge in 2019. This committed us to align our investment and stewardship activities with achieving the Paris Agreement goal of keeping temperature increases well below 2°C. In December 2020 we became a founding signatory to the Net Zero Asset Managers' (NZAM) Commitment and one year later we published our more detailed commitment on the NZAM website. In February 2022 we released our action plan with detail on how we will meet our NZAM Commitment. Our NZAM commitments and targets are regularly reviewed with the most recent update published in November 2024.

Consistent with our stewardship philosophy, our approach is built on our commitment to drive positive change.

As can be seen in our NZAM Action Plan the key elements of our commitment are to:

- Integrate net zero into our investment decision-making;
- Press companies to align their strategies with a net zero outcome;
- Engage with policymakers and other key influencers to ensure market incentives are aligned with achieving a 1.5°C goal; and
- Report transparently on our activities and impacts.

Our approach is underpinned by our view that what matters is not whether a particular portfolio is carbon neutral but that the world achieves net-zero carbon emissions. It would be relatively simple to decarbonise our portfolios by selling high-carbon companies. But the securities we sell will be bought by others, and the new owners may care little about ensuring companies align with a 1.5°C-pathway. Instead, we aim to drive change by pressing companies to mitigate climate risks, and voting against directors who fail to act. Through our climate change investment theme, we seek to invest where we can see a compelling investment proposition that ties into a credible decarbonisation pathway.

In this report we provide a group-wide view of climate risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report follows the TCFD structure covering four key areas:

GOVERNANCE

How the organisation's board, committees and senior management are assessing, managing and monitoring climate-related risks and opportunities.

STRATEGY

Our approach to identifying and responding to actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

RISK MANAGEMENT

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

METRICS AND TARGETS

The metrics and targets the organisation uses to assess and manage relevant climate-related risks and opportunities, and our performance against these in 2024.

GOVERNANCE

Having a strong governance structure, encompassing clearly defined roles and responsibilities, effective challenge processes, aligned incentive structures, rigorous monitoring and clear lines of accountability, is key to full oversight of climate-related risks and opportunities.

In this section we outline our governance processes, specifying key board and senior executive roles and responsibilities. We offer an overview of the business as important context for understanding our climate exposures and levers we have for building the firm's resilience.

OVERVIEW OF SARASIN & PARTNERS LLP:

Sarasin & Partners LLP is a London-based limited liability partnership offering discretionary asset management services to charities, private clients, intermediaries and institutional investors in the UK and around the world. Our assets under management amount to £18.5 billion (as at 31 December 2024).

OUR PURPOSE AND INVESTMENT BELIEFS

Our purpose is encapsulated in our mission statement:

> Think thematically. Invest responsibly. Drive change. Together we can secure tomorrow.

Our overriding commitment to our clients is to protect and grow their capital. We take a global, long-term, thematic approach to investing with engaged stewardship at its core. Through integrated environmental, social and governance (ESG) considerations, active ownership and impactful policy outreach, we aim to improve financial outcomes for our clients and help secure tomorrow.

Our investment beliefs are set out below followed by statistics on our asset breakdown, the geographical spread of our investments and client profile.

OUR INVESTMENT BELIEFS

We look to the long term. We purchase shares or fixed income securities where there is a case for enduring value creation, and where this is currently under-appreciated by the market. Our thematic approach guides us towards markets and activities that will offer long-term growth opportunities.

We believe that responsible and sustainable entities create more enduring value. Specifically, we favour entities that articulate compelling long-term strategies, and take seriously their responsibilities to their customers, staff, local communities, the environment and their investors. We seek to avoid issuers whose success depends on imposing material adverse impacts on society and/or the environment, which we do not feel could be addressed through active engagement with the board.

We believe we add value by engaging with the leadership of entities that our clients hold, supporting their long-term value-enhancing action, whilst challenging unsustainable behaviour where it exists. Responsible and proactive ownership work is as important as a considered approach to selecting which securities to buy or hold.

It is important to apply judgement. We understand that the world is complex. Standards, rules and expectations vary between countries and communities, and the potential for unintended consequences is high. We therefore avoid hard and fast rules, and are guided by a focus on our goal of delivering enduring value to our clients.

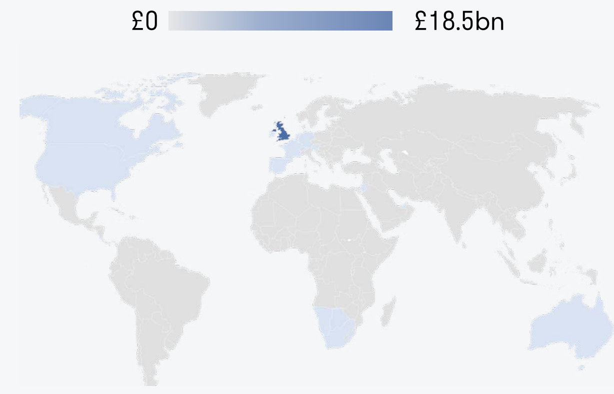
We believe in a holistic approach. Barriers to sustainable growth often do not originate with companies, but rather come from poorly designed policies or market practices. We aim to understand market-wide dynamics. Where we see policies, practices or behaviours that are contrary to long-term sustainable growth, and we believe we can catalyse a positive change, we will engage with key market influencers – whether governments, regulators, standard setters or others – to press for change.

PRODUCTS AND SERVICES

We offer our clients a range of investment solutions to meet their needs, including:

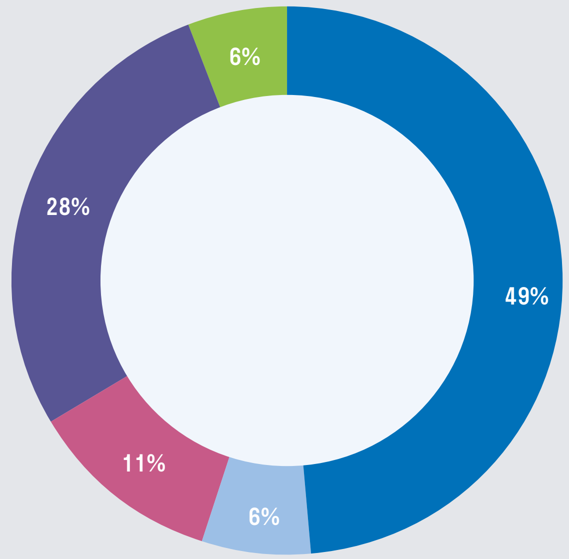
- High-conviction global thematic equity
- Income-focused strategies
- Single and multi-asset solutions
- Specialist responsible and ethical investment strategies
- Model Portfolio Service

GEOGRAPHICAL DISTRIBUTION OF CLIENTS

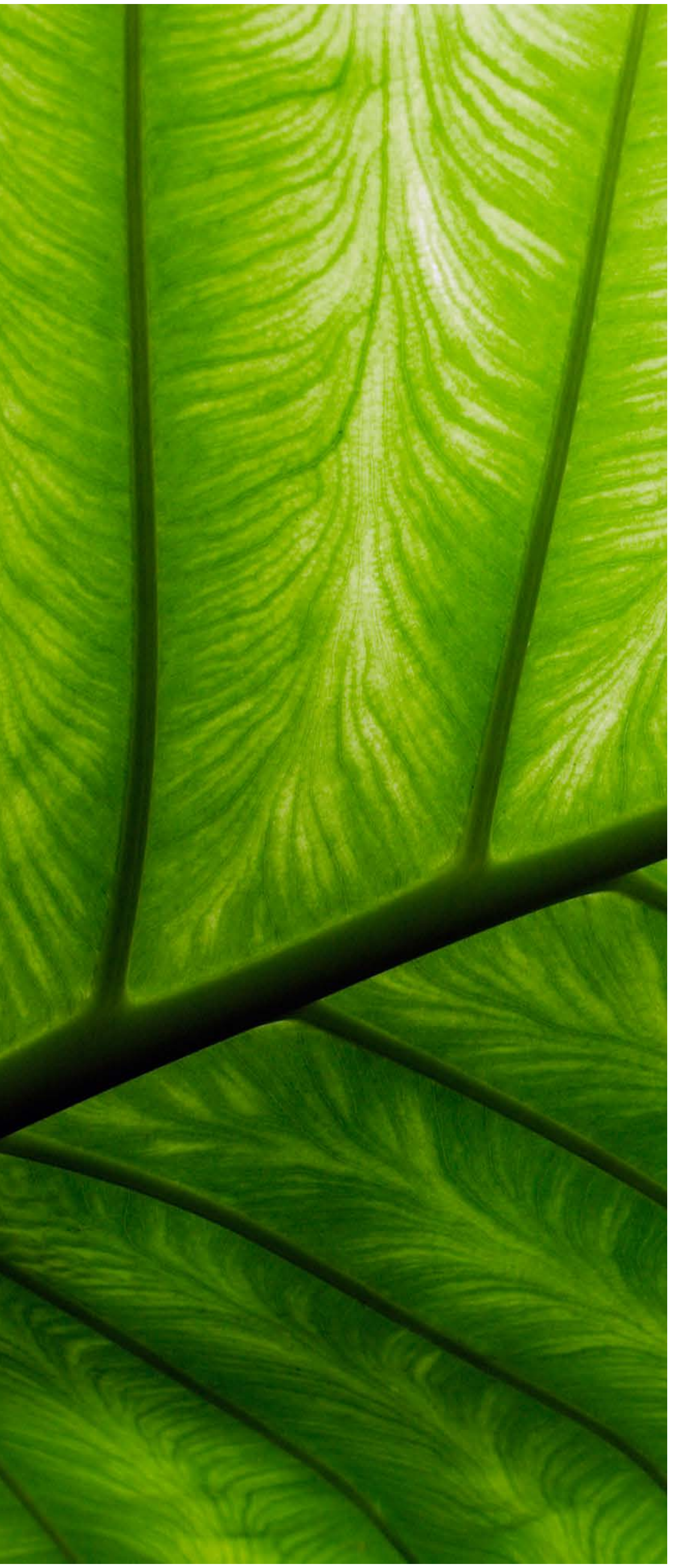


Sarasin & Partners' total assets under management as of 31 December 2024 were £18.5bn.

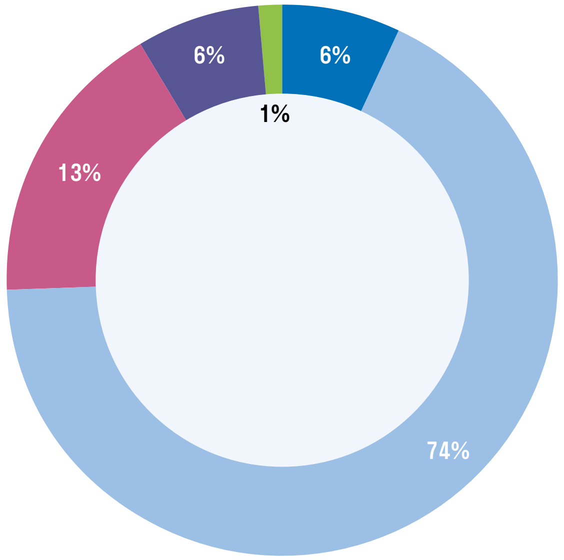
CLIENT DISTRIBUTION AS A PROPORTION OF ASSETS



Source: Sarasin & Partners. Data as at 31.12.24



ASSET CLASS MIX

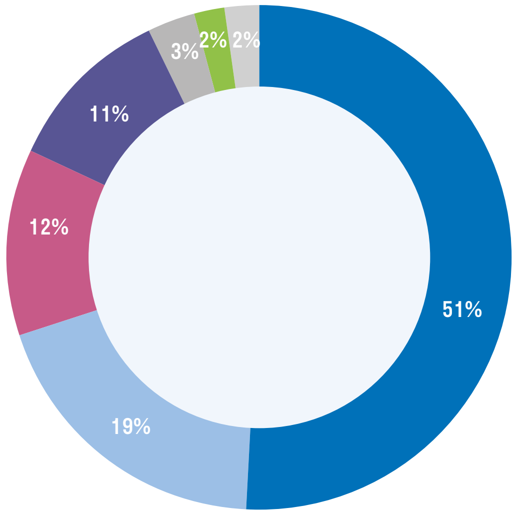


- Alternative investments*
- Fixed income
- Property**
- Equities
- Liquid assets

* Third-party funds and private market investments
** Property equities, primarily real estate investment trusts , which are not included in the listed equity allocation
Source: Sarasin & Partners. Data as at 31.12.24

GEOGRAPHICAL ASSET BREAKDOWN

As can be seen from the chart, we invest globally, with North America and the UK accounting for the largest allocations.



- North America
- Multi Regional
- Asia Pacific Ex Japan
- Other Emerging Markets
- UK
- Europe Ex UK
- Japan

Source: Sarasin & Partners. Data as at 31.12.24

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The roles and responsibilities of our main boards and committees in relation to climate-related risk and strategy are outlined below.

The Board of Sarasin & Partners LLP has overall responsibility for the management of the business. The Board is comprised of 22 partners, two independent non-executive directors and two representatives from our parent company, Bank J. Safra Sarasin Limited. It sets the firm's strategy but delegates the management of climate-related objectives, controls and risk structures, as well as the associated integration with business strategy to day-to-day management duties to the Executive Committee. The Board receives regular reporting from the key governance committees related to progress on climate goals and climate risk.

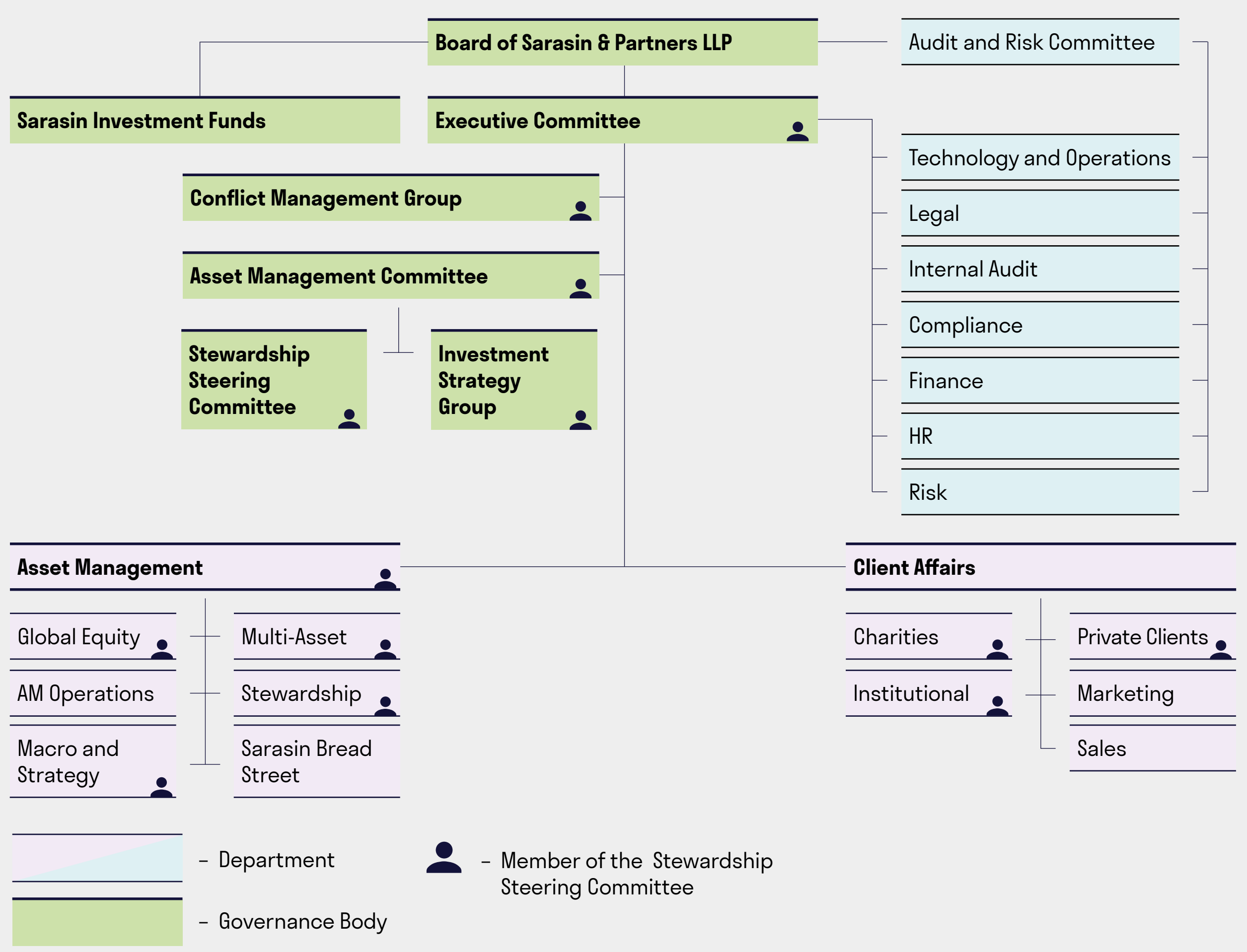
The individuals on the Board with specific responsibility for climate-related issues are:

- **Head of Asset Management** – responsible for the company's investment strategy which includes climate strategies.
- **Chief Operating Officer** – responsible for the climate strategies at operational level.
- **Head of Stewardship** – responsible for shaping stewardship activities and ensuring they are properly implemented.
- **Head of Research** – responsible for ESG integration into the investment processes.

The above individuals are responsible for the following committees, which integrate consideration for climate-related risks into their processes:

- **The Executive Committee** is chaired by the Managing Partner and has representatives from key functional groups, including the Head of Asset Management and Chief Operating Officer. This committee is responsible for all decisions on matters that arise on a day-to-day basis, as well as implementing the agreed budget and strategy of the Board. Key strategic, operational, financial, risk management and reporting decisions, as well as implications relating to climate change are approved by the Executive Committee. These are normally passed to the Executive Committee by the Asset Management Committee (see the Sarasin & Partners organisational chart).
- **The Investment Strategy Group (ISG)** is chaired by our Head of Investment Strategy and includes senior partners and executives. The ISG explores the long-term macroeconomic outlook as a basis for considering implications for asset allocation and our investment approach. This includes the consideration of climate risks in the formulation of macroeconomic assumptions.
- **The Asset Management Committee (AMC)** is chaired by the Head of Asset Management and has representatives from Asset Management and other departments, including the Chief Operating Officer. The AMC reviews strategic or operational proposals from the Stewardship Steering Committee. It either approves these directly where it has the authority to do so, or passes the matter to the Executive Committee for approval.
- **The Stewardship Steering Committee (SSC)** was established in 2021 to oversee the implementation of the stewardship strategy, including climate change risks and opportunities, within the asset management teams. The SSC is chaired by the Head of Stewardship and is comprised of senior representatives from Sarasin's executives, including the Managing Partner, asset management, client-facing departments and operations. The SSC reports into the AMC.

SARASIN & PARTNERS ORGANISATIONAL CHART



Source: Sarasin & Partners, 31 December 2024

MANAGEMENT ROLES AND RESPONSIBILITIES

The Board sets the firm's strategy but delegates the management and implementation of climate-related objectives, controls and risk structures to the Executive Committee. As outlined above, the Executive Committee informs the Board about climate-related issues, which in turn receives input from the SSC, Asset Management, Risk and other departments where relevant.

In addition to the roles outlined above, responsibilities for implementation are delegated within the business, as follows:

- **Asset Management** is responsible for embedding climate risk and opportunity monitoring into our investment and stewardship processes.
- **Risk** is responsible for developing and implementing appropriate climate risk monitoring tools for tracking exposures and net-zero alignment at a portfolio level.
- **Client teams** are responsible for reporting and educating clients on climate risks and opportunities alongside broader investment performance.
- **The operations team** is responsible for ensuring Sarasin's operations are net-zero aligned, including wherever possible scope 3 emissions related to travel and our supply chain, with a focus on reducing absolute emissions over carbon offsets.
- **Internal audit/assurance:** Our internal auditors, who report to our board via the Audit and Risk Committee, periodically review our asset management activities. This independent review is a key part of our control framework, ensuring we maintain rigorous standards and identifying any areas requiring action.
- **The Audit and Risk Committee** covers Sarasin & Partners LLP and its' subsidiaries and reports to the S&P Board. The Committee is responsible for overseeing the risk management framework, the risk appetite of each entity, and both the internal and external audit processes and findings.

The Board will report annually on the implementation of the net-zero investment commitment following the TCFD framework.

INTERNAL POLICY FRAMEWORK

A number of Group policies that support the framework for our portfolio activities include climate-related requirements for clients and investees. They include:

STEWARDSHIP CODE REPORT

This report details Sarasin & Partners' investment approach, which embeds rigorous ESG analysis, a proactive ownership discipline promoting sustainable behaviour in investee issuers, and a commitment to press for changes in the wider market in support of enduring growth.

NZAM ACTION PLAN

Sets out our NZAM Commitment and strategy for alignment with a 1.5°C-pathway at a high level. This includes targets for asset coverage and financed emissions, our high-level methodology and governance framework for ensuring implementation. We provide detail on how we integrate a net-zero pathway into our investment process, our approach to policy advocacy and how we aim to catalyse positive change across the entire market. We also highlight how we seek to align all our discretionary assets with a net-zero outcome.

CORPORATE GOVERNANCE AND VOTING GUIDELINES

We believe sound corporate governance contributes to long-term value for our clients. These guidelines outline broad corporate governance principles. In particular, voting rights give shareholders the opportunity and responsibility to participate in the stewardship of companies. As the agent of shareholders, Sarasin & Partners will endeavour to vote on shareholder resolutions in accordance with the principles and guidelines outlined in this document. Our voting policy has net zero voting rules for higher-carbon holdings since 2018.

STRATEGY

Our strategy for managing climate-related risks and opportunities is set out in our Net Zero Action Plan, published in 2022. Our approach is grounded in a belief that climate-related risks and opportunities are likely to be increasingly financially material and, as a result, relevant to our investment and operational activities. Put simply, to deliver enduring value for our clients, we need to monitor, measure and act to mitigate material climate risks, while capturing the opportunities presented by the net zero transition.

In this section, we start with an overview of our Net Zero goals. We then present our view of potential climate-related risks and opportunities over short-, medium-, and long-term time horizons. Finally, we outline the key elements of our strategy for managing our climate exposures.

Throughout this section we start with our asset management activities, which we view to be the principal route through which our business is expected to be impacted by, and also impact, climate change. While less material, we also outline our operational commitments and actions as we believe it is important to demonstrate that we are stepping up as a business to the expectations we set for investee companies.

OVERVIEW OF OUR NET ZERO COMMITMENTS

ASSET MANAGEMENT COMMITMENTS

Our overriding commitment to our clients is set out in our 2022 Net Zero Action Plan, our high-level commitments include:

- The management of assets in line with the Intergovernmental Panel on Climate Change (IPCC) 1.5°C-pathway for achieving a 50% reduction in emissions by 2030, and ultimately reaching net zero by 2050, from a 2019 baseline.
- Avoid providing fresh capital for fossil-fuel extraction or energy generation principally powered by fossil fuels, unless they are verifiably carbon neutral (for instance due to use of carbon capture and storage), or an engagement target with clear time-bound 1.5°C-alignment objectives. This includes investment in any new issue of shares or bonds. We further commit not to purchase such bonds in the secondary market which might encourage future issuance of these securities.
- Use our powers as shareholders and creditors with the aim of delivering larger emissions reductions than would otherwise transpire.
- Promote alignment of other key market actors with a 1.5°C-pathway. This will include other providers of capital (banks and other fund managers), and entities that have a market-wide impact on financing (such as auditors and proxy agencies).

Our approach emphasises real-world emission reductions achieved through company engagement and policy outreach. We will, of course, sell holdings where we believe this is in our clients' interests, but this is not our primary tool for achieving reductions in emissions. Our view is that investors have a vital role to play in pressing carbon-intensive companies to change course.

OUR OPERATIONAL COMMITMENTS

In line with our 2019 Climate Pledge, we have made a commitment to maintain net zero emissions for our business operations. This covers scope 1 and 2, as well as scope 3 associated with business travel. We achieve this primarily through the use of renewable energy and, for activities where carbon-free alternatives are not yet available, carbon offsets.

BRINGING DOWN OUR OPERATIONAL CARBON INTENSITY

Over time we aim to bring down our absolute emissions, including from air travel, normalised for growth in the business, and reduce our reliance on carbon offsets. Below we set out our carbon footprint targets, and our plans to deliver on these.[1]

Air travel

The biggest element of our carbon footprint (excluding our supply chain) is air travel, accounting for an estimated 80% of the total in 2024 (86% in 2023). Our business travel is currently net zero due to our use of carbon offsets. Our goal is to reduce our absolute emissions associated with air travel, and thereby reduce our reliance on carbon offsets. In 2023, we set an interim absolute carbon reduction target for emissions related to air travel of 50% by 2035. Our air travel emissions in 2024 were 29% lower than those in 2023. We aim to achieve this by travelling less and using more efficient modes of travel. We continue to explore the potential for an internal carbon trading scheme linked to travel.

Building-related emissions

Our electricity and gas consumption are primarily associated with our UK office. We moved to a 100% renewable energy supplier in 2018. Our landlord has committed to prioritising renewable energy and green gas in future when renewing contracts.

[1] We will use 2019 as our baseline year for tracking reductions due to the distortions in carbon emissions caused by the coronavirus in 2020

Supply chain

Scope 3 emissions expansion: As part of our sustainability commitments, we are expanding the scope of our operational emissions reporting to include Scope 3 categories staff commuting and supplier emissions. While industry standards for these Scope 3 emissions remain underdeveloped, Sarasin will reference the GHG Protocol for calculation methodologies.

Staff commuting emissions will be derived from real-time data provided by our employees, while supplier emissions will be calculated in collaboration with relationship managers, focusing on our key suppliers and service providers.

Staff commuting: In 2023 the firm initiated an electric car scheme in collaboration with Octopus Energy, allowing employees to purchase electric cars which can be used for both business and personal travel.

Supplier engagement: Following an initial review of our top suppliers in 2021, we started engaging with our suppliers in 2022 to assess their alignment with a 1.5°C future. We also updated our procurement policy to make sure that all new suppliers' environmental credentials have to be considered before onboarding. During the period of engagement with suppliers, any excess emissions attributable to us will be included in our own carbon offsetting schemes. If, following engagement, our suppliers are unwilling to make such a commitment, and demonstrate adherence to it, we would look for alternatives.

FOOTPRINT SUMMARY

	Total (tCO_2e) 2024	% of total CO2e emissions 2024	Total (tCO_2e) 2023	% of total CO_2e emissions 2023
Scope 1 - Gas	19	8%	14	4%
Scope 2 - Electricity (Market-based)	-	0%	-	0%
Scope 3 (Air travel)	201	80%	283	86%
Scope 3 (Rail travel)	9	4%	8	2%
Scope 3 (Personal car use + Rental)	13	5%	9	3%
Scope 3 (Taxi)	1	0%	2	1%
Scope 3 (Hotel)	8	3%	12	4%

IDENTIFYING CLIMATE-RELATED RISKS AND OPPORTUNITIES

In this section we set out the principal climate-related risks and opportunities that we have identified impacting 1) our investments; and 2) our operations.

ASSET MANAGEMENT: RISKS AND OPPORTUNITIES

As underlined by the Financial Stability Board amongst others, and reflected in our 2022 Net Zero Action Plan, both physical and transition risks are expected to have financial consequences for asset values globally.

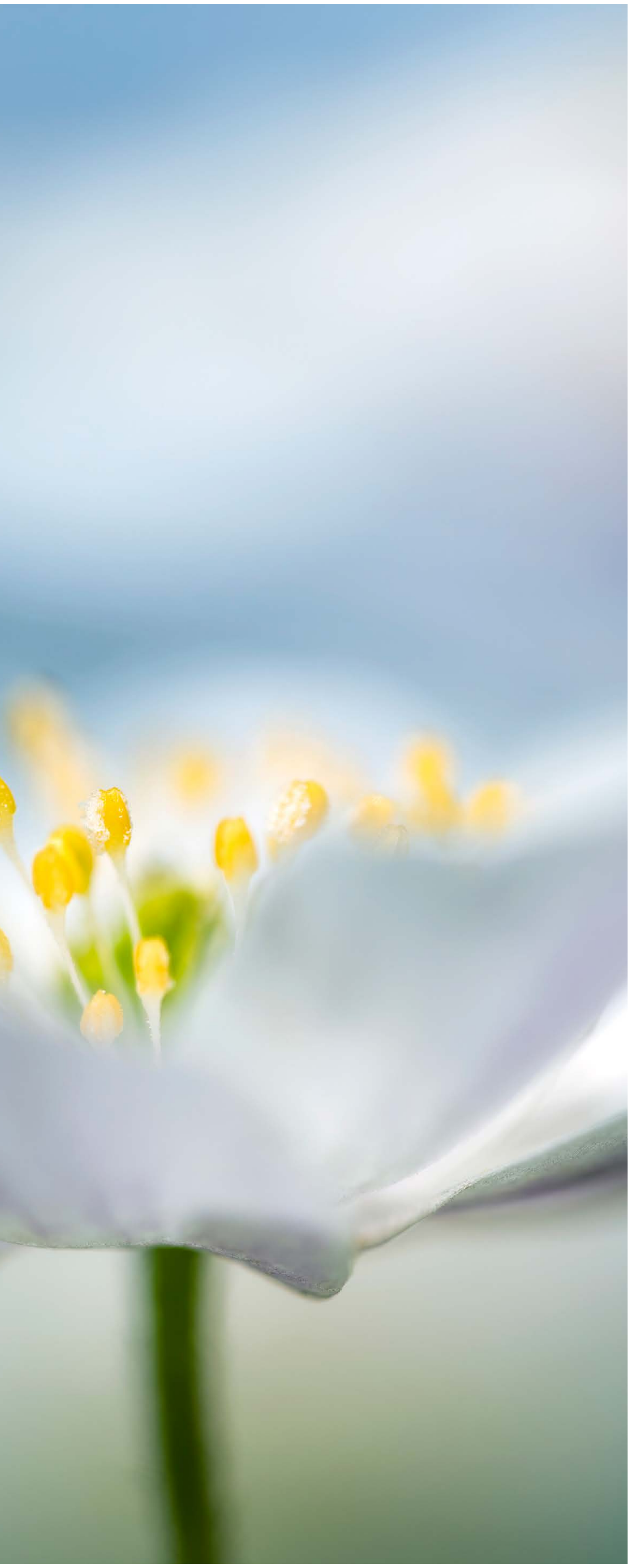
On the physical side, as the world warms, businesses in which we hold securities will face chronic and acute shifts in weather patterns, and will need to adapt. On the transition side, companies will also need to adjust for rising restrictions on greenhouse gas emissions, increasing carbon taxes as well as technological changes that shift the economics of carbon-intensive businesses.

These structural changes will have short, medium and long-term impacts for markets, businesses and, thus, investment returns. This presents us with potential risks for some investments, but also opportunities associated with global decarbonisation and adaptation.

We provide a high-level overview of potential risks and opportunities in the table below. We define the short-term time horizon as less than a year, the medium-term as one to five years and the long-term as five to 30 years.

ASSET MANAGEMENT: OVERVIEW OF POTENTIAL RISKS AND OPPORTUNITIES

	Physical	Technological	Policy and legal
Description	Global warming is expected to bring chronic and acute shifts in weather patterns. Examples of chronic changes include lower precipitation; rising sea level; higher temperatures. Acute impacts may include: more frequent and severe droughts, flooding, hurricanes.	In response to market and policy incentives, we have seen an acceleration in advances in lower carbon technologies across a wide range of sectors, such as renewables, electric batteries, heating, energy efficiency. These are making cleaner solutions cheaper, more accessible and more desirable.	Climate change has already led to a wide range of legal, policy and regulatory measures intended to drive decarbonisation. We expect these to strengthen over time.
Time horizon	Short to long-term, with materiality rising through time.	Short to long-term, with materiality rising through time.	Short to long-term, with materiality rising through time.
Potential risks	Companies exposed to material physical impacts – whether chronic or acute – may experience damage and disruption to assets and operations, impacting investee companies' revenues, costs and balance sheet.	Carbon-intensive / legacy technology exposed businesses may see shrinking markets, lower margins, resulting in lower profitability, asset impairment, increased asset retirement obligations, and/or early retirement of existing assets.	Carbon-intensive business models (any company whose earnings are dependent on carbon-intensive activities/inputs) will tend to see increasing costs and/or declining revenues due to falling demand for products and services.
Potential opportunities	Solutions providers enabling effective adaptation to shifting weather patterns may see rising revenue and profits.	Providers of lower carbon, cheaper or more desirable goods and services may see rising demand and profits.	Lower-carbon businesses in harder-to-abate sectors, or offerings alternative solutions to traditional carbon-intensive activities will tend to see rising demand and margins.



BUSINESS OPERATIONS: RISKS AND OPPORTUNITIES

Turning to our day-to-day operations, we are also exposed to the physical and transition risks of climate change. Physical risks may arise directly from changing climate conditions and can be acute, e.g. flooding of our premises. In addition, impacts will continue to worsen due to historic emissions and the world's current temperature pathway.

Transition risks associated with decarbonisation may result from various factors, notably regulatory or policy actions and technological developments. These may expose us to climate-related litigation, or potential regulatory action, such as due to inadequate or misleading disclosure.

On the positive side, we believe we have an opportunity to grow our business by building on expertise relating to climate change and stewardship. Sarasin was a founding signatory to the UK Stewardship Code, has delivered strong performance against peers in annual PRI assessments, and became a founding signatory to the NZAM initiative when launched in 2021.

The following table points to some of the climate risks and opportunities we have considered in relation to our operations.

BUSINESS OPERATIONS: POTENTIAL RISKS AND OPPORTUNITIES

	Physical	Market	Policy and legal	Reputation
Description	Global warming is expected to bring chronic and acute shifts in weather patterns. Examples of chronic changes include lower precipitation; rising sea level; higher temperatures. Acute impacts may include: more frequent and severe droughts, flooding, hurricanes.	The asset management sector is facing rising scrutiny from clients on its management of climate-related risks and opportunities.	Strengthening decarbonisation policies, such as rising carbon taxes and energy efficiency requirements. Asset managers are further subject to tightening regulation and supervision relating to how they manage climate-related risks and opportunities. Key examples are the requirement to publish a TCFD report; FCA Greenwashing Rule and the Sustainable Disclosure Regulation.	Civil society scrutiny of asset managers' response to climate change continues to rise, including investigative work on managers' investments in fossil fuel-based companies; voting activities and engagement work.
Time horizon	Medium-term Long-term.	Short to long-term, with materiality rising through time.	Short to long-term, with materiality rising through time.	Short to long-term, with materiality rising through time.
Potential risks	Damage and disruption to assets and operations, e.g. due to a flooding event or heat wave, impacting revenues, costs and our balance sheet.	Clients become concerned that we are failing to manage the financial consequences of climate change. On the other side, we may face a risk that clients decide that we are placing excessive weight on climate risks, limiting our investment universe.	Rising taxes and energy efficiency requirements lead to increasing operational costs. Asset manager-specific regulation translates into rising costs associated with compliance, IT/systems enhancements, and personnel.	Damage to brand, leading to outflows of client assets, decreased revenues and profits.
Potential opportunities	Steps taken to protect against weather-related risks means we are more resilient than peers to a future severe weather event, permitting Sarasin to gain market share. Lower energy and travel costs resulting from efforts to reduce carbon emissions	The potential to grow market share due to Sarasin's ability to manage risks and opportunities. Continue to expand Climate Active strategy for clients wishing to support more robust company engagement and policy outreach to drive accelerated action to combat climate change	Sarasin provides clear and transparent reporting to inform investors and shareholders of climate-related financial risks, gaining market share and avoiding regulatory scrutiny and sanctions.	Sarasin has the potential to be considered market leader from a reputational standpoint by virtue of documenting progress on business operations.

OUR STRATEGY FOR MANAGING CLIMATE RISKS AND OPPORTUNITIES[2]

Here we provide an overview of our strategy for managing climate-related risks and opportunities, split between our asset management business and operations. Additional detail on our approach to risk management is covered in the next section.

ASSET MANAGEMENT STRATEGY

The starting point for our strategy to manage climate-related risks and opportunities is a recognition that climate change is a systemic threat, with wide-ranging consequences across all countries and sectors. Likewise, the response to climate change – driven by policy, shifting consumer preferences and technological progress – is already impacting multiple sectors and geographies.

Our approach to ensuring our clients' portfolios are resilient to climate risks is, therefore, both broad-based and proactive. While we will always seek to exit from holdings that put our clients' capital at risk, we do not believe it is possible to divest from the climate crisis. We seek to align our asset management service with the Paris Agreement's goals through four core actions, as summarised in the figure below.

[2] Since publishing our NZ Action Plan in 2022, our approach has evolved. This document presents the latest priorities, methodologies and actions.

INVEST

We aim to invest in securities issued by entities that are net-zero aligned, or have the potential to become aligned. We also seek out entities that are proactively developing solutions for climate change – which can either enable us to mitigate rising temperatures, or help us to adapt to the warming that is already coming. We see tremendous opportunity for companies positioned to gain from these trends.

PRESS

Where companies are not yet fully aligned with a more stable climate, we press them to transition their business strategies to align with a 1.5°C-pathway. Here we prioritise those entities that have the greatest climate impact – either directly through their operational emissions or indirectly by facilitating carbon-intensive activities. Our goal is to achieve the greatest absolute real-world emission reduction.

POLICY OUTREACH

We undertake policy outreach to catalyse better regulations, fiscal measures or other market practices, and thereby deliver system-wide change in line with achieving a 1.5°C-outcome.

REPORT

We will report transparently and regularly on our efforts and achievements, as well as our failures. We expect to be held to account, just as we hold management teams and boards of directors to account for their climate conduct.

We view each of these elements as mutually reinforcing. Engagements with companies provide us with greater understanding of climate-resilience, which inform our investment process. Outreach to policy-makers enables to help catalyse more determined climate action, which then underpins our conviction in Paris-aligned business models.

KEY FEATURES OF OUR STRATEGY ARE OUTLINED BELOW.

MEASURING OUR CARBON EXPOSURES

We track our portfolios' absolute carbon footprint (tCO2e) and emissions intensity (tCO2e/$ revenue). While the total absolute emissions are an indicator of the impacts the entity and portfolio is having for the planet, the intensity figure provides a better indicator of financial risk exposure, as it normalises for the size of underlying companies. Intensity measures also provide a more helpful basis for comparing companies against peers in the same industry. Where relevant, we will also use metrics that consider carbon emissions per unit physical output. In all cases we aim to include scope 1, 2 and 3 emissions in these calculations.

NON-LINEAR PATHWAY COMMITMENT

As emphasised above, our focus is on driving real-world emission reductions, so we do not aim to achieve a constant or linear fall in emissions intensity. This is because engagements take time, and impacts are not achieved on a regular timeline. Moreover, we may invest in high-carbon entities where we see an opportunity to combine emission reductions and attractive investment returns. By targeting higher carbon entities to reduce real-world emissions, we would hope to deliver greater absolute emissions reductions than if we pursued emission reductions purely through divestment.

While our approach therefore permits increases in carbon footprints/intensity, we monitor any increases to ensure they are consistent with our net-zero goal.

We are cautious in our reliance of carbon offsets, though we believe they have a role to play. Where we identify a material use of offsets by underlying entities, we will challenge management or the board to demonstrate why offsets need to be used instead of emission reduction approaches. We will seek evidence that the anticipated carbon removal will be long-lived, as well as plan for leakage risk mitigation.

REPORTING

We report annually to clients on implementation of our net zero commitments, providing information on their portfolios' carbon intensity and footprint; key engagements undertaken; milestones and impacts achieved; and voting action to reinforce our efforts to drive more urgent decarbonisation. We also provide quarterly updates to clients on our engagements and voting, alongside key impacts achieved.

RATCHETING UP MECHANISM

We will review our goals for reducing financed emissions at least every five years. The next review date will be 2027. This will take account of past achievements, changing policy, legal and regulatory context, and client expectations.

NOTE ON DIVESTMENT

We have underlined our view that engagement to drive real-world emission reductions, rather than automatic divestment, is likely to be more effective in bringing down real-world emissions. However, we will divest from heavy emitters where we assess capital may be at risk and this is in our clients' interests.

In addition, we have committed to avoid providing fresh capital for fossil-fuel extraction or energy generation principally powered by fossil fuels, unless they are verifiably carbon neutral (for instance due to use of carbon capture and storage), or an engagement target. This includes investment in any new issue of shares or bonds. We further commit not to purchase such bonds in the secondary market which might encourage future issuance of these securities.

In certain instances, clients require that we implement additional exclusions, such as for tar sands or fossil fuel extractives, which we implement accordingly.

In the next section we go into more detail on our approach to climate risk management.

OPERATIONAL STRATEGY

We use an internal capital and risk assessment (ICARA) process to determine which risks and opportunities could have a material financial impact on the organisation. The process incorporates business model assessment, forecasting and stress testing, recovery planning and wind-down planning. In particular, the firm analyses and forecasts both capital and liquidity resources, to ensure it has adequate financial resources to mitigate the risk of harms identified, and also to ensure that the firm can fully-fund an orderly managed wind-down.

As part of the ICARA process, Sarasin assesses the likelihood of the potential harms occurring and reviews the controls in place to mitigate them. This enables us to understand the appropriateness of our systems and controls for mitigation. Key to this is the appropriateness of the measures which reflect the firm's risk appetite. In early 2024 we added Climate Risk as a specific item into our overall Risk Appetite statements.

From a financial planning perspective, we have identified several climate-related impacts that we are managing. These include:

- **Renewable energy** – our commitment to renewable energy may increase energy costs for the firm, though we are also hopeful that we may see cost-savings given the rapidly falling price points for wind and solar energy.
- **Carbon offset costs** – while we are cautious in our use of offsets, to remain net zero over the near-term, they are needed to deliver our operational commitment. The cost of these may increase,
- **Supplier decarbonisation** – in line with our operational commitment, we encourage suppliers to commit to a net zero target and reduce their emissions. This may also have cost implications.
- **Operational IT and systems costs** – our efforts to move away from paper-based workflows has required investment in systems and additional IT development and maintenance staffing.
- **Business travel** – as we seek to bring down travel-related emissions, for example by enabling travellers to access more modern planes, or incurring additional subsistence costs where medium-length journeys are completed by train, we may also see near-term costs rise. This may be offset, however, by lower travel as we encourage staff to use virtual forms of communication.
- **Investment team** – we have added climate expertise in the investment team, operate a Climate Advisory Panel, and invest in external climate-focused research and data providers. We are also upgrading internal data management systems to ensure the climate-related information and analysis is readily accessible for investment work.

- **Asset growth** – on the revenue side, we consider the prospects for expansion of our climate-related products. In 2023, we continued to evolve our Climate Active strategy and launched an ex-energy version in 2024.

ASSESSING RESILIENCE TO CLIMATE CHANGE: TOP-DOWN SCENARIO ANALYSIS

Understanding how resilient our portfolios are to different climate and transition scenarios is important given the high degree of uncertainty and potential for irreversible impacts associated with different pathways.

As we outline in greater detail in the next section, our approach to stress testing has to date focused on bottom-up scenario analysis. This reflects the nature of our business as an active manager focused on detailed company-specific analysis. In particular, we introduced a 1.5°C scenario stress test for our higher carbon holdings in 2019.

In keeping with TCFD guidance, we have also sought to understand the macro-economic and system-wide consequences of climate change from a top-down perspective. In this report, we summarise the results from a top-down scenario analysis undertaken to enhance our understanding of portfolio exposures under the following three scenarios from the Network for Greening the Financial System (NGFS):

- An orderly scenario, predicting a temperature rise of less than 2°C by 2100 as a result of immediate climate action;
- A disorderly 2°C scenario, in which climate action is not taken until 2030; and
- A hot house scenario, which predicts an average temperature change in excess of 4°C by 2100, assuming no global response to climate change.

Within the section Metrics and Targets we would like to underscore the limitations of this scenario analysis. Climate change scenario modelling is complex and the NGFS models that we, and others in our industry, are using have well-known limitations . Specifically, they are unable to capture expected non-linearities, or tipping points, in the climate system, and also leave out socio-economic responses to climate change, e.g. the potential for mass migration.

In short, the models tend to understate the tail risks associated with climate change and the energy transition. We recognise that NGFS has been making efforts to address these short-comings. In the meantime, we interpret the results with caution.

CLIENT EDUCATION AND NEW PRODUCT OFFERINGS

Our 2022 Net Zero Action Plan set out our commitment to educating and working with our clients to develop tailored climate change-related investment products that reflect their expectations.

Our specific commitments include:

- To increase client engagement and education through increasing data access via a new client portal. This was launched in 2023, permitting our clients real-time access not just to portfolio performance numbers but also to their ESG profiles and stewardship related information such as voting statistics.
- To explore how we can facilitate an increasing number of clients to participate in our engagement and market outreach, such as by signing onto letters to company boards or policy-makers. This permits them a closer link to efforts to promote net zero alignment.
- To expand our existing training materials through publishing climate specific video content that builds a library of useful resources for our clients and affiliates.

In terms of product solutions, our flagship product launched in 2017 is our Climate Active strategy. Details on this strategy can be found on our website. A summary is provided in the box to the right. In 2024 we launched a new version of Climate Active, which excludes fossil fuel-based energy holdings.

CLIMATE ACTIVE – TARGETED INVESTMENT SOLUTION FOR CLIENTS WISHING TO ALIGN WITH A 1.5°C PATHWAY

Proposition: The Climate Active funds aim to offer investors a 1.5°C-aligned investment solution that delivers attractive long-term returns by integrating climate-related financial risks into investment analysis, with an emphasis on company and policy engagement to drive decarbonisation in the real world.

The strategy seeks a cross-section of holdings, rather than avoiding carbon- intensive sectors or focusing narrowly on 'green' investments (e.g. renewables). This underlines the reality that decarbonisation requires an economy-wide transition, with the added benefit of reducing portfolio- concentration risks.

The key features of this strategy are:

1. Investing to align with a 1.5°C pathway – we undertake 1.5°C aligned stress testing, and favour companies that will do better as decarbonisation accelerates.
2. Robust engagement with companies and policy-makers with opportunities to participate by signing letters or public statements.
3. Enhanced reporting on the portfolio's financed carbon emissions; and climate-related engagements and market outreach.

Investors in Climate Active should feel confident that they are 1) well-positioned to benefit financially from the transition away from carbon and 2) playing their part, through Sarasin's stewardship work, to press for change.

Investor audience: The strategy is currently accessed through a Charity Authorised Investment Fund structure, and thus designed for charity investors. Clients may also follow the strategy through segregated mandates.

RISK MANAGEMENT

Building on the overall strategy for managing climate-related risks and opportunities outlined in the Strategy section, in this section we provide further detail on how we manage climate risks in our asset management activities and in our operations.

IDENTIFYING CLIMATE-RELATED RISKS

We identify physical and transition risks through our climate-aware investment analysis process.

CLIMATE-AWARE INVESTMENT ANALYSIS

Through our investment process all new investments are scrutinised for their ESG impacts through our internal Sustainability Impact Matrix. This process further embeds climate-related considerations in two ways:

1. Climate change thematic opportunity identification; and
2. Bottom-up climate risk analysis.

CLIMATE CHANGE SOLUTIONS

While climate change presents a threat to long-term prosperity, humans have demonstrated an incredible ability to adapt and innovate when confronted by challenges throughout history. The global response to the coronavirus pandemic offers just the latest illustration of the ability of governments and private enterprise to overcome imminent threats. Adaptation will tend to be disruptive, of course, but it is also generally necessary to put the world on a new and more sustainable growth trajectory. In the face of the climate crisis, there are broadly two areas for delivering climate solutions:

- **Mitigation** – companies that are contributing to decarbonisation to enable a low-carbon future; and
- **Adaptation** – companies that are enabling society to adapt to the warming planet.

EQUITIES

To ensure we are identifying and investing in climate-related solutions that offer attractive long-term returns, we set up our Climate Change mega-theme in 2018 as one of our investment themes used to guide us to new equity investment ideas. Within this we have six sub-themes as illustrated below.

It is worth underlining that we do not seek to categorise companies as 'bad' or 'good' when it comes to climate change. Companies in all sectors can play a role in combating climate change. Indeed, the greatest contribution to decarbonisation, in terms of absolute emissions reductions, may well come from the 'old energy' fossil fuel players. It is as important to reduce fossil-fuel investment as it is to ramp up clean energy investment.

Looked at this way, climate solutions may be delivered by all companies, old and new. Consequently, we look for innovation in all sectors.[3]

Low-carbon power: Industrial and domestic energy consumption is a significant contributor to global CO_2 emissions. Energy generation will shift from fossil fuel to renewable energy sources, (such as wind and solar) requiring the ability to manage greater supply intermittency.

Low-carbon transport: Transportation accounts for approximately 25% of global CO_2 emissions. Propulsion systems are shifting to lower or zero carbon alternatives, such as batteries and fuel cells, complemented by ongoing energy efficiency improvements.

Resource efficiency: The increased focus on reducing emissions across all industries by increasing energy and material efficiency. This will be further complemented by developing increased closed-loop consumption cycles.

Infrastructure and buildings: The increased focus on reducing buildings' CO_2 emissions (by some measures approximately 40% of all CO_2 emissions). Simultaneously, many buildings are at risk from physical manifestations of climate change and require protection or adaptation.

Environmental resources: The increased use of Environmental Resources to reduce emissions across a range of industries, while improved use of these resources can help water, agricultural and built environment climate-related adaptation.

High Carbon Transition: We seek out leaders in industries with exposure to high emissions that are needed to deliver the carbon emission cuts the world needs to get onto a 1.5°C temperature pathway. The focus is on transition leaders, those firms in high intensity industries reallocating capital to make a transition; industrial facilitators, producers and suppliers of devices, processes and services enabling the transition; and Raw Material Building Blocks, suppliers of materials used to facilitate the transition.

FIXED INCOME

Climate solutions are a thematic focus for our fixed income investments. We prefer lending to entities whose activities we believe contribute to sustainable growth and/or generate positive external externalities. We implement this preference through a focus on issuers in sectors such as renewable energy infrastructure, housing associations, education, public transport and the not-for-profit sector.

ALTERNATIVES

We aim to target climate solutions within alternatives. Approximately a quarter of the assets invested in alternatives are currently associated with climate solutions, ranging from renewable energy, to battery storage, to carbon credits. In our infrastructure investments, we seek out climate-tilted investments, whether in the form of more energy-efficient housing or climate adaptation solutions.

[3] This is particularly true of the Infrastructure transition sub-theme Our work to press companies to decarbonise through active engagement and voting is a key lever supporting our investments in climate solutions.
[4] Further details on our SIM can be found in our latest Stewardship Report here: https://sarasinandpartners.com/wp-content/uploads/2025/04/00102_Stewardship-Report_UK.pdf

BOTTOM-UP CLIMATE RISK ANALYSIS

Alongside identifying companies that are providing innovative climate-related solutions, we need to be alert to the potential consequences from the low-carbon transition and physical risks in all our holdings. We do this through bottom-up climate risk analysis.

The processes described below are additional to firm-wide ESG analysis conducted through our Sustainable Impact Matrix.[4]

Over the past year we have continued to enhance our approach to identifying climate risks in our portfolios as a basis for ensuring more informed investment analysis. Our approach is summarised below.

OVERVIEW OF PROCESS FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Climate Amber List
- Identification of carbon-exposed businesses for further analysis

Net Zero Alignment Assessment
- Qualitative assessment of resilience to accelerating decarbonisation

Climate Stress Test
- Quantification of financial risk for 1.5°C pathway
- Equities uses an internal Climate Value at Risk

Our due diligence process for all listed and unlisted third-party funds seeks affirmation and evidence from the underlying managers that they are tracking and managing their climate risks, and committed to 1.5°C alignment.

This framework applies to all our asset classes (equities, fixed income and alternatives), although the details for how it is implemented vary to reflect the specific characteristics of each. We also cover assets held through third-party funds including those held within our private markets offering, where we focus on engagement with the relevant asset manager to implement similar controls to our own.

CLIMATE AMBER LIST (CAL)

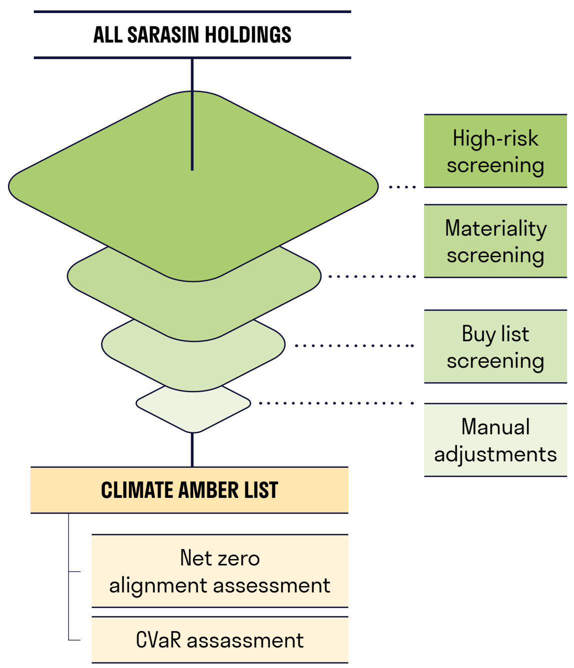
We use a quantitative filtering process to identify higher-risk holdings for targeted climate analysis and engagement.

After the automated screening, our stewardship, equity and fixed income teams conduct a manual review to adjust for any misclassifications. These might include:

- Removing low-emission companies in high-risk sectors that may have been incorrectly flagged.
- Adding high-emission companies that the screening process may have missed.

The CAL is updated quarterly to ensure our analysis remains current.

QUANTITATIVE FILTERING PROCESS



Step 1: High-risk screening

- Transition Pathway Initiative high-risk industries
- Financials*
- Real estate*
- Food and agriculture*
- Aerospace and air freight*
- CA100+ focus list*

*Included due to sectors' carbon dependence in the production process, supply chain or end market

Step 2: Materiality screening

- Total exposure >£10m

Step 3: Buy list screening

- Screen against core equity buy list

Step 4: Manual adjustments

- Mis-categorisation (e.g. renewables companies removed)
- Carbon footprint (scope 1-3) inconsistencies

NET ZERO ALIGNMENT ASSESSMENT (NZAA)

The NZAA is our internal qualitative assessment of an entity's exposure to climate-related risks under a 1.5°C pathway, as well as the steps taken to mitigate these. We consider:

- Backward-looking data, such as historical emissions.
- Forward-looking indicators, such as efforts to align with a low-carbon pathway, governance of climate-related risks, disclosure to shareholders and incentive alignment through remuneration policies.

Based on this assessment, companies are rated as not aligned, partly aligned or aligned..

NET ZERO ALIGNMENT ASSESSMENT

CORE INDICATORS

Step 1 — **Net zero commitment and targets**

- Climate / net zero commitment is consistent with 1.5°C-pathway
- Interim targets
- Approved SBTi-aligned targets

Step 2 — **Net zero strategy**

- Published TCFD report
- Published net zero transition plan

Step 3 — **Credibility assessment**

- Business strategy and capex alignment
- Governance structure and expertise

BEST-IN-CLASS INDICATORS

- Net zero aligned accounting and audit disclosure
- Lobbying alignment demonstrated through annual report
- Remuneration alignment through net zero safeguard

Net zero aligned
All indicators are aligned
OR
Core indicators are aligned and best-in -class indicators are partially aligned

Net zero partially aligned
Core indicators are a mix of partially and fully aligned

Net zero not aligned
Any of the core indicators are not aligned

Note: Not all stocks in the portfolio will be assigned a Climate Value-at-Risk (CVaR) score or net zero assessment, predominantly those on the CAL.

CLIMATE VALUE AT RISK (CVAR) ASSESSMENT FOR EQUITIES

CVaR is our in-house approach to quantifying the potential valuation impact of a 1.5°C pathway for higher-risk equity holdings identified in our CAL. This analysis enhances our understanding of portfolio exposure to transition risks, enabling us to manage them more effectively.

Our CVaR calculation is based on a discounted cash flow model, comparing two scenarios:

- A 1.5°C-scenario, aligned with the Paris Agreement.
- A business-as-usual scenario, assuming no significant climate action.

This analysis seeks to quantify how a company's financial prospects might change under a Paris-aligned transition:

- If the 1.5°C scenario results in a lower valuation than the base case, the CVaR is negative, indicating a potential financial risk.
- If the 1.5°C scenario results in a higher valuation, the CVaR is positive, suggesting a potential opportunity.

Our CVaR model assumes that a company's response to climate risks aligns with its publicly stated commitments – and no more. This provides a baseline assessment of downside risk based on current plans, while also highlighting the potential upside from engagement to drive further climate action.

Crucially, CVaR moves beyond a simplistic assumption that a higher carbon footprint always translates to downside risk. Instead it incorporates the potential effects of:

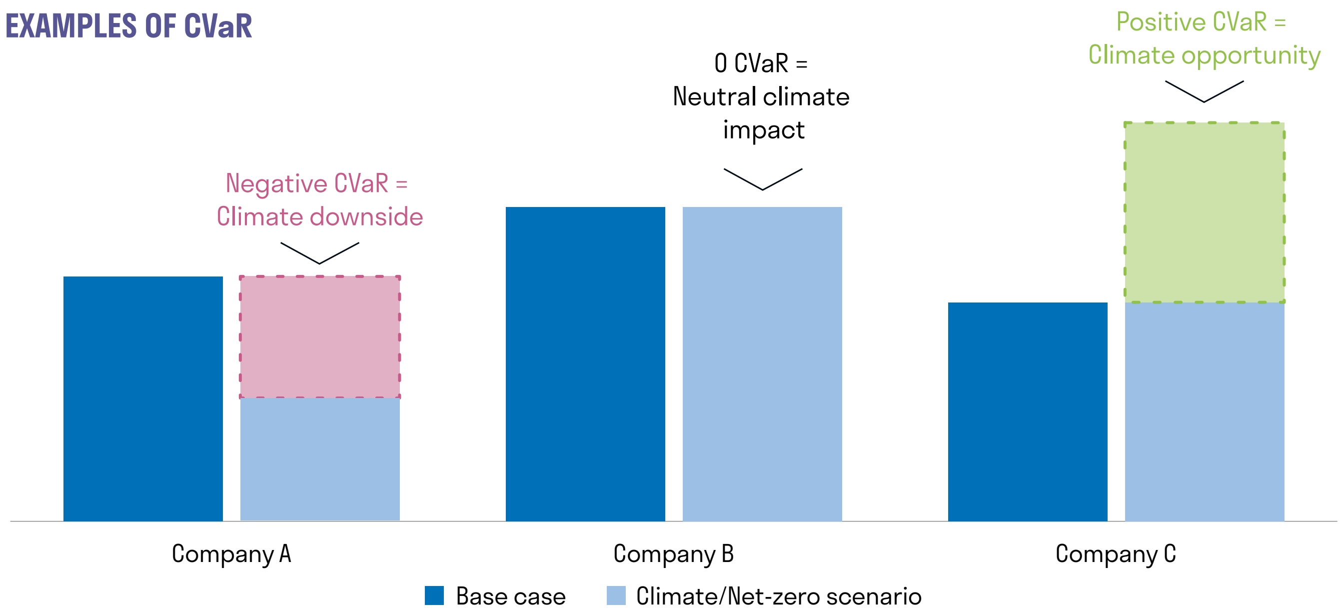
- Government policies, such as carbon taxes or product bans.
- Shifts in consumption patterns, such as declining demand for international travel.

Market dynamics, including changes to revenue growth, margins, capital expenditure requirements and asset values.

This more nuanced approach offers deeper insight into both economic risks and opportunities, making it a valuable tool for investment decision-making.

In 2024, we conducted 25 CVaR stress tests on CAL companies, further refining our understanding of transition risk and potential investment implications.

EXAMPLES OF CVaR



CLIMATE STRESS TESTING FOR BONDS

Our approach to climate stress testing for bonds differentiates between banking and non-banking corporate debt to assess the potential valuation impact of climate risks.

For banks, we leverage data from regulatory stress-testing exercises to evaluate balance sheet resilience to climate risks. Our analysis includes:

- Using average climate expected credit losses* to stress-test common equity tier 1 (CET1) ratios for banks and solvency positions for insurers.
- Where data allows, we may apply issuer-level adjustments to reflect our assessment of potential higher or lower climate risks.

For non-bank corporate debt, our climate stress test involves:

- Applying a climate risk premium to the market spread of each bond under the different NGFS scenarios.
- Stress-testing each bond's valuation across different points on the yield curve to model its performance under varying climate conditions.

*Provided by the regulators under the three different Network for Greening the Financial System (NGFS) scenarios.

MANAGING CLIMATE-RELATED RISKS

Our approach to managing physical and transition risks has the following two components:

1. Pressing companies to adopt 1.5°C-aligned strategies; and
2. Outreach to policy-makers and other key market participants to promote regulations, laws and market practices consistent with a 1.5°C pathway.

We provide further detail on each below. We report on our 2023 and 2024 performance in Section 5 under Metrics and Targets.

PRESSING COMPANIES TO ADOPT 1.5°C-ALIGNED STRATEGIES

Active and robust engagement is a core lever in managing climate-related risks in our investments. In essence, we press companies to pivot their strategies to ensure alignment with a 1.5°C pathway. Moreover, investee companies' efforts in contributing to the system-wide transition is important to help underpin long-term economic growth and future investment returns. Below we outline the key tools we use in our engagements. We report on our performance in Section 5 on Metrics and Targets.

OUR OWNERSHIP DISCIPLINE[5]

Our Ownership Discipline (see diagram) sets out our approach to company engagement. It describes our efforts to establish a dialogue with investee companies' Boards and escalation tools where we identify threats to capital. We also outline how the insights gained through engagement are fed back into our investment analysis, or in more extreme cases decisions to sell securities if the risks become too great. We outline the key principles that govern our engagement to increase our chance of success in the following graphic.

SCHEMATIC OF SARASIN'S OWNERSHIP DISCIPLINE

EARLY OWNERSHIP

- Identify engagement priorities – flow from ESG traffic lights (SIM) and stewardship priority themes
- Introductory letter to the board chair / lead independent director

MONITORING & VOTING

- Ongoing monitoring by analysts and stewardship specialists
- Voting
- Post-proxy letters

MONITORING & VOTING

- Increase dialogue with board
  - Jointly led by stewardship specialists and analysts
  - Written and in person

ESCALATION

- Company engagement plan
- Coalition building
  - Jointly led by stewardship specialists and analysts
  - Written and in person
- Tactical voting and AGM action
  - Voting against directors, auditor, annual report
  - Pre-announcement
  - Shareholder resolutions
- Public outreach
- Complaints to regulator

INVESTMENT IMPLICATIONS

- Engagements feed into investment decision-making
- **Triggers**
  - Sustainable Impact Matrix (SIM) upgrade / downgrade
  - Fair value adjustment
- Sale due to lack of engagement response and heightened view of risks to capital
- Purchase due to increased conviction

Tracking our engagements through internal engagement tracking platform

Weekly updates to global equities buy-list-meeting

Vigilance on how this feeds into investment thesis and valuation

Source: Sarasin & Partners, 2024

[5] Our Ownership Discipline is available on our website here https://sarasinandpartners.com/row/stewardship/, and described in detail in our Stewardship Report https://sarasinandpartners.com/wp-content/uploads/2025/04/00102_Stewardship-Report_UK.pdf.

WHAT MAKES AN ENGAGEMENT SUCCESSFUL?

PRIORITISATION

Engagements are strictly prioritised to ensure we target companies 1) in high-impact sectors as defined above; 2) where there are core strategic misalignments with the Paris goals; and 3) where we believe we can effect change that delivers enduring value for shareholders.

THOROUGH ANALYSIS

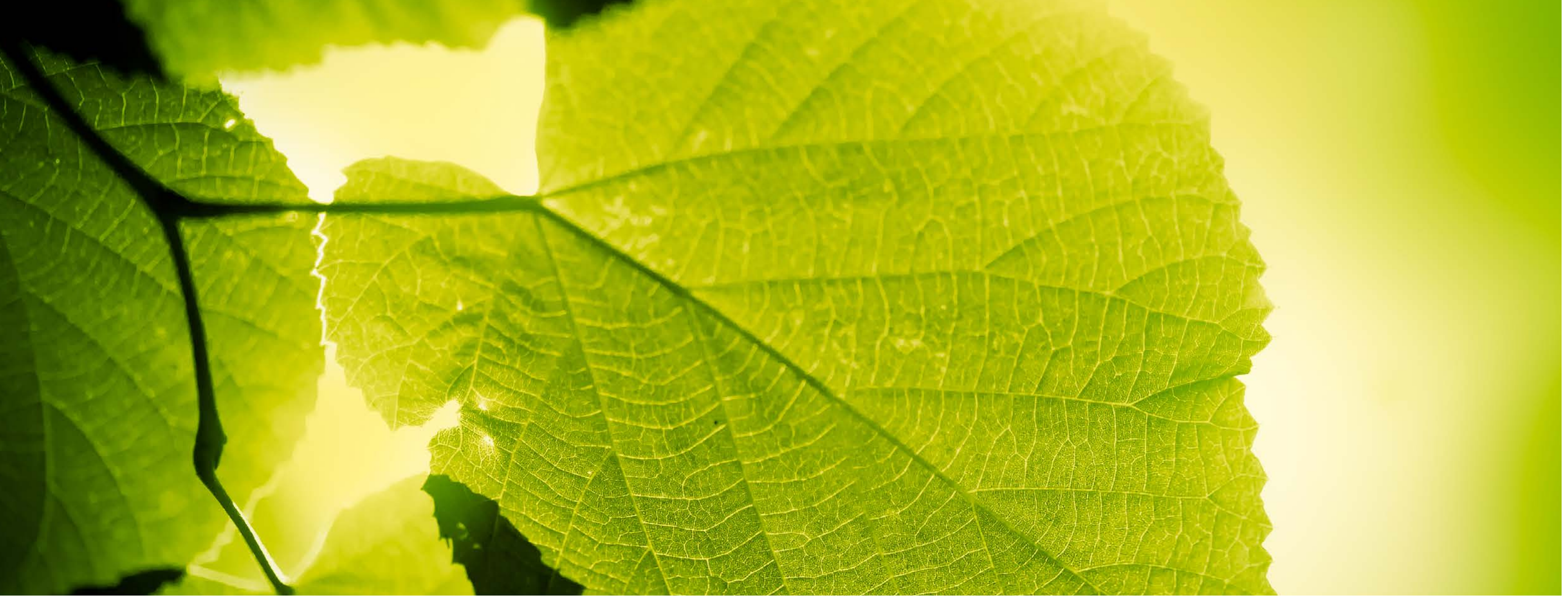
Unless we can present a well-researched and compelling case for change, we will not gain traction with the broader shareholder base or the board of directors, which is essential for success. The focus is on capital allocation and strategy, but we also consider operational matters. Our analysis frames the importance of net-zero alignment in terms of core director duties to protect and enhance long-term shareholder capital.

CLEAR ENGAGEMENT PLAN WITH TARGETS

Where we initiate more involved engagements – in cases where there is material misalignment with the Paris Agreement – we set out clear goals and activities in an engagement plan. In all cases, we look for an explicit net-zero commitment, supported by interim targets, a credible and profitable strategy and 1.5°C-aligned accounts. Having an explicit engagement plan enables us to track progress over time and remain focused on the impact we intend to have. These plans will inevitably evolve with changing circumstances, but they provide structure for engagements and add rigour to the process. Our engagements are not open-ended. We expect to achieve a net-zero commitment with demonstrable progress on other items within three years. Where we do not see evidence of this transition, we would sell the company's shares.

ESCALATING PRESSURE ON THE BOARD

We always seek a constructive dialogue with the board. Initially we hold private conversations setting out our concerns. Where appropriate, we will work with other like-minded investors. Where private engagement fails to gain sufficient traction, we may escalate our engagement through actions such as publicly disclosing our concerns and calling for change; using our vote to apply pressure on directors; reporting breaches of director duties, or rules governing company reporting to shareholders; filing shareholder resolutions or in extreme cases putting forward director candidates.



VOTING FOR 1.5°C ALIGNMENT

We introduced our first climate-related voting rules in 2017. Our current rules can be found within our Corporate Governance and Voting Policy on our website, and are summarised below.[6] We apply these voting rules to our Climate Amber List equity holdings, which we view as most materially exposed to climate risks and also most likely to contribute to climate change.

Our approach has always been to integrate material climate considerations in our routine votes, whether on the reappointment of directors, auditors, approving remuneration or financial statements. We also consider climate-related resolutions on a case-by-case basis. As outlined above in our Ownership Discipline, voting is a key part of our engagements, and in 2024 we pre-declared three votes on our website ahead of the AGM.

Sarasin's approach to climate-related voting has been showcased by third party entities such as Greenpeace and the IIGCC.

NET ZERO VOTING POLICY

Climate Amber List

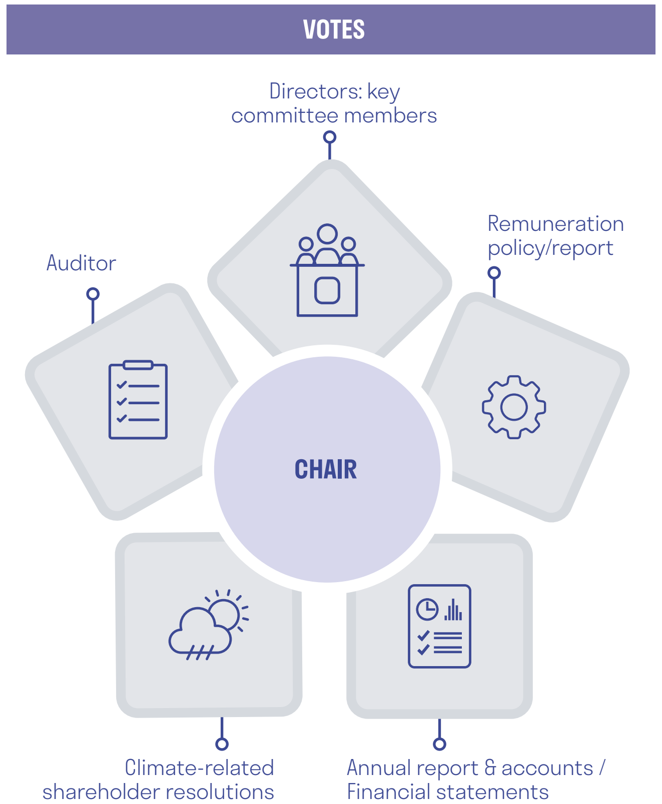
CHAIR : Paris alignment commitment and targets; supportive capex; lobbying

ANNUAL REPORT & ACCOUNTS : Narrative disclosures of risks and opportunities; Financial statement disclosures

AUDITOR : How climate risks incorporated in audit

REMUNERATION : Incentive alignment with net zero pathway; net zero underpin

ESCALATION : Committee Directors: Audit and Risk / Remuneration



[6] https://sarasinandpartners.com/row/stewardship/how-we-vote-for-you/

VOTING PERFORMANCE

A key part of our stewardship commitment on climate change is our net zero voting policy outlined on the previous page.

TRACKING OUR ENGAGEMENT PERFORMANCE

We track our engagement on climate change using our centralised Engagement Tracker database. This is where we record our engagement actions (such as meetings held, or letters sent); the milestones we reach (a material step forward towards an impact); and the impacts we achieve (where a key engagement objective is met).

EQUITIES

As for equities, our net-zero dialogues are targeted towards issuers in 1) high-impact sectors; 2) where there are strategic misalignments with the 1.5°C goal; and 3) our ability to effect change (which will incorporate a consideration of the size of the holding).

FIXED INCOME

We also press issuers of the credit we hold to deliver net-zero aligned strategies. The key challenge for creditors, of course, is that they do not have a vote at company meetings, or other powers to convene meetings. We can exert influence in other ways.

Particular moments when creditors have leverage are prior to new issuances – when the terms of the Security Trust and Intercreditor Deeds (STIDs) are set, and when bond holders get a vote on a corporate action. We also engage at other times and where possible, we undertake joint engagements when we hold both shares and credit for the same issuer.

ALTERNATIVES

In the case of alternatives, we normally invest via listed closed-ended funds, so our engagement approach mirrors that for equities. The main difference is that we typically engage with a fund manager, who then invests in operating companies. Consequently, we seek to gain comfort that they are pressing underlying companies to align with a net-zero outcome.

THIRD PARTY FUNDS

For all listed third-party funds, we engage with external managers to increase disclosure and drive alignment with our own NZAM commitments. Consequently, we require all managers of our listed third-party funds to be NZAM signatories.

The scope of our third-party investments also extends to our private markets strategy where we commit to engage with the private markets fund managers with whom we work to press them to adopt a credible Paris-alignment.

SALE WHERE LACK OF PROGRESS AND RISKS TO CAPITAL

As highlighted in our Ownership Discipline above, for our Climate Amber List holdings, we operate in a three-year window for delivering demonstrable action to align with a 1.5°C pathway. If investee companies fail to act meaningfully following engagement, we exit these positions within 12 months. The judgement as to whether the company has taken sufficient steps to build net zero resilience is made by the Stewardship expert leading the engagement, in consultation with the lead analyst.

MARKET OUTREACH

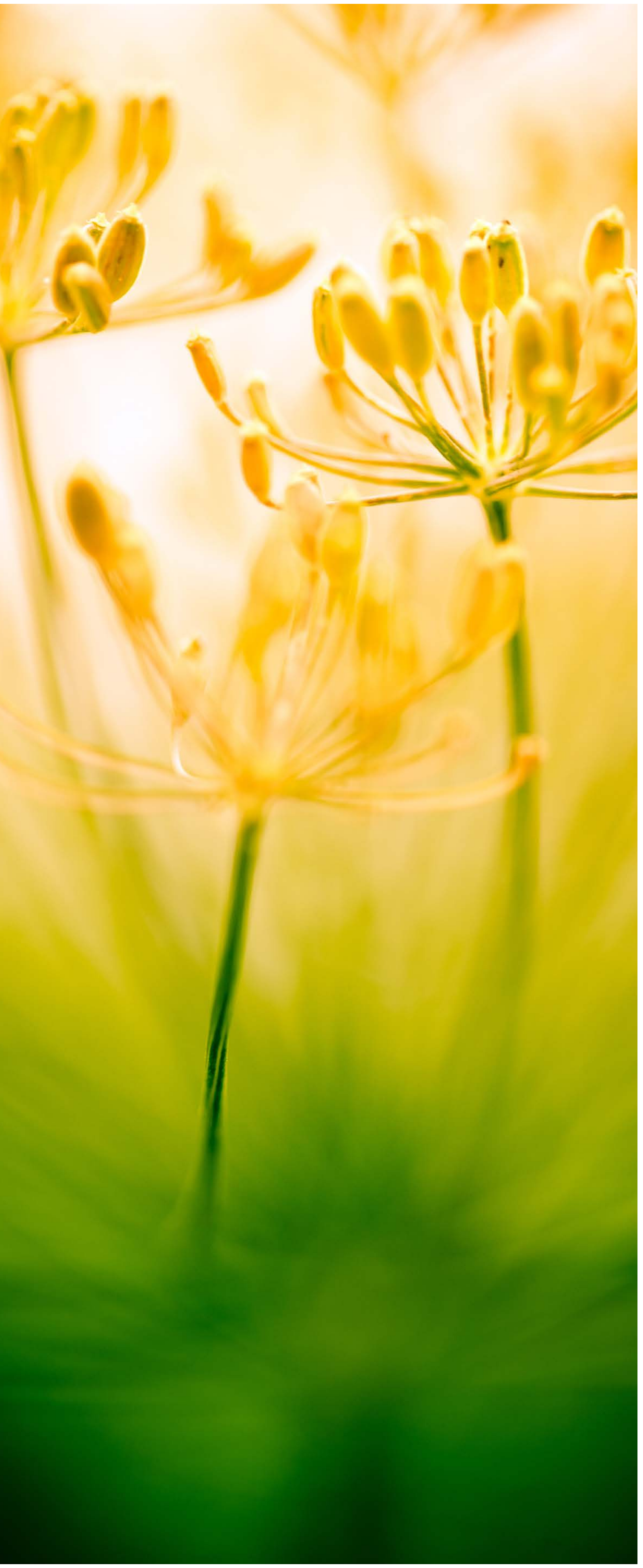
The third lever we use to manage climate-related risks is market outreach.

CLIMATE CHANGE REQUIRES SYSTEM-WIDE ACTION

Sarasin prioritises outreach to promote regulatory and market-wide behaviour that supports decarbonisation. This is important because climate change is a systemic challenge, which demands an economy-wide response.

Our market outreach complements our company engagements, and is a core part of our stewardship approach. It is rooted in our belief that market failures that result in harmful environmental and societal outcomes are not in our clients' interests. Where we can see an opportunity to catalyse beneficial reform, we will take it.

Climate change is perhaps the more dangerous market failure society faces today. We have already described how we are acting to ensure climate risks and opportunities are properly analysed in our investment process, and acting to drive 1.5°C-alignment through company engagement. However, merely insulating client portfolios from the climate crisis does nothing to prevent the crisis itself. To protect assets from the harmful impacts of climate change, we need system-wide solutions.



OUR APPROACH TO DELIVERING IMPACT

Just as we apply a staged process of escalation with our company engagements, we adopt a similar approach in our market outreach. The graphic on the next page illustrates our approach.

COLLABORATION IS KEY IN POLICY SPHERE

While we aim to provide thought leadership, we cannot be successful alone. For most policy initiatives we collaborate with other investment managers, joining broader initiatives like the Climate Action 100+ Group, IIGCC, the Principles for Responsible Investment (PRI) and the Transition Pathway Initiative (TPI). The NZAM Commitment similarly represents a collective investor effort to demonstrate leadership on climate change.

Where appropriate, we also work with other like-minded expert bodies pursuing the same goals, such as Carbon Tracker (a think tank focused on catalysing alignment with a 1.5°C future in financial markets), ClientEarth (a public interest law organisation working to protect the climate) and ShareAction (a UK charity focused on promoting a more sustainable investment system).

LEAD WHERE WE CAN ADD MOST VALUE

Alongside lending our voice to support others, we also seek to lead in areas we believe we can add most value. As market outreach can take years to come to fruition, we seek to be tenacious and outcomes focused. We are willing to escalate, based on rigorous research. Like company engagement, we require persuasion and negotiation expertise. Above all, we focus on the key pressure points that we believe can drive system change.

MEDIA OUTREACH

In order to drive change, there are times we need to speak out. We regularly write opinion pieces or offer commentary that are published in the mainstream press such as the Financial Times, Reuters, Bloomberg, as well as amplifying our policy positions via our website and social media, where we have seen our following grow quickly.

MARKET OUTREACH: STEPS TO DELIVERING IMPACT

	TARGET MAXIMUM RIPPLE EFFECT	IDENTIFY MARKET INLUENCERS	ESCALATE WHERE NECESSARY	TRACKING
MARKET OUTREACH	Market failure where we identify new policy solution that has the potential to drive system-wide change.	Auditors, regulators, standard setters, proxy agencies, stock exchanges, rating agencies, banks, large companies. Look for catalytic company engagement that could provide 'proof of concept'.	Letters / meetings. Collective action - e.g. CA100+, IIGCC, Ceres. Public statements. Regulatory complaints.	Monitor activities and impacts. Reporting to clients on progress.

RISK MANAGEMENT IN OUR OPERATIONS

We set out our governance frameworks for climate risk management in Section 2. Sitting above our investment-based approach to risk management outlined above we also operate top-down portfolio risk controls. In addition, our Regulatory Change Committee is responsible for identifying and assessing the risks in our direct operations and supply chain and the Risk office maintain an emerging risk radar. Risk management is overseen by the Chief Operating Officer. Operational risk is reported to the Audit and Risk Committee on a quarterly basis.

PORTFOLIO RISK CONTROLS

Our Risk team produces climate-related risk reports, which undergo quarterly review by senior investment management. These reports track Financed Emissions, WACI, and Carbon Footprint across our funds. We remain committed to further developing our climate-related risk reporting and oversight.

THE REGULATORY CHANGE COMMITTEE

Sarasin & Partners LLP considers existing and emerging regulatory requirements related to climate change through its Regulatory Change Committee. This Committee oversees the identification, impact assessment, internal communications and implementation of regulatory change for the firms in the Sarasin UK Group so that they comply with any new regulatory requirements in a timely manner.

The Compliance team's role includes identifying new climate-related regulation and monitoring it as it progresses from consultation to policy statement and implementation. New topics are added to the Regulatory Change Tracker, which is reviewed by the Regulatory Change Committee at its regular meetings, which include assessing the impact on the firm from an investment and operational perspective. For material change initiatives, the Committee applies a project governance framework to implement the regulatory change and track it to completion and establishment as a business as usual activity.

Once processes for implementing new climate-related regulation or commitments are established, responsibility is assigned to internal Committees to lead implementation. In the case of our NZAM commitment, the Stewardship Steering Committee takes the lead in overseeing adherence within the Asset Management team, with input from Asset Management, Risk and other departments where relevant. The Chief Operating Officer oversees climate-related regulation at an operational level. Oversight of client reporting is monitored by our Client Relationship supporting team.

EMERGING RISK RADAR

Climate risk appears on our Emerging risk radar. This is tracked, monitored, reviewed and assessed on a monthly basis alongside other emerging risks. Subject to a crystallisation of the risk it will be incorporated into the firmwide risk analysis where the assessment of this risk will feed into the overall capital and liquid capital requirement we are required to hold.

METRICS AND TARGETS

The following section outlines the metrics we report on and methodologies used. These are in line with the Task Force on Climate-related Financial Disclosures (TCFD) approved methodologies and reflects recommendations that are included in the Supplemental Guidance for Asset Managers (TCFD Annex).

As part of our investment strategy to manage climate risk and opportunities in December 2020 we became a founding signatory to the Net Zero Asset Managers' Commitment and one year later we published our more detailed commitment on the NZAM website. In February 2022 we released our action plan with detail on how we will meet our NZAM Commitment.

Consistent with our stewardship philosophy, our approach is built on our commitment to drive positive change. As can be seen in our NZAM Action Plan the key elements of our commitment are to:

1. integrate net zero into our investment decision-making;
2. press companies to align their strategies with a net zero outcome;
3. engage with policymakers and other key influencers to ensure market incentives are aligned with achieving a 1.5°C goal; and
4. report transparently on our activities and impacts.

The metrics we use to track our climate-related risk management performance reflect the targets that we have set. We include a combination of quantitative and qualitative metrics. Overtime, we aim to refine how we measure our performance.

INTERPRETATION OF METRICS

Total carbon footprint of the AUM (assets under management) measures the total emissions divided by the total market value of the AUM. This is expressed in tonnes CO_2e per £/$ million invested. As the number increases, the AUM's impact on climate change grows. This metric cannot be used for comparison.

Total emissions are an aggregation of all greenhouse gas emissions from the AUM held, across scopes 1, 2 and 3, expressed in tonnes of CO_2e (carbon dioxide equivalent). As the number increases, the AUM's impact on climate change grows. This metric can be used for comparison.

The Weighted Average Carbon Intensity (WACI) measures the asset's exposure to carbon-intensive companies. Any investment's contribution to the AUM's total emissions are based on their weight within the AUM, expressed in tonnes CO_2e per £/$ million in revenues. This metric is also used to highlight the AUM's exposure to high carbon intensity companies. The data coverage referenced under the WACI calculations are based on listed corporate (both equity and credit) exposure only, relative to the total value of the AUM.

Scenario analysis impacts allows us to assess the asset's transition alignment and its exposure to climate risk as well as allowing for the impact of climate change on its assets to be assessed based on a range of scenarios, over different time periods. These are forward-looking assessments based on our understanding of the Network for Greening the Financial System's (NGFS) 'orderly transition', 'disorderly transition' and 'hothouse world' scenarios.

We would like to underscore the limitations of this scenario analysis given climate change scenario modelling is complex and the NGFS models that we are using have well-known limitations. Specifically, they are unable to capture expected non-linearities, or tipping points, in the climate system, and also leave out socio-economic responses to climate change. In short, the models tend to understate the tails risks associated with climate change and the energy transition. We recognise that NGFS has been making efforts to address these short-comings.

Carbon intensive sector exposure is the percentage of carbon-related assets in the AUM, expressed as a percentage of the current AUM's value. This metric focuses on the AUM's exposure to sectors and industries considered the most GHG emissions intensive.

SCENARIO ANALYSIS IMPACTS

Climate scenario analysis provides a forward-looking Climate Value-at-Risk assessment for the entity considering the climate related risks and opportunities faced under different climate scenarios. The CVaR is calculated as the percentage change in a company's market value as a result of future climate change impacts over a 15-year time horizon. The valuations at the security level are aggregated to assess the impact on the AUM, with the potential value impairment according to each scenario displayed in the chart. A negative number denotes that under that scenario, there will be a lower valuation of the assets.

The AUM performance in any scenario will depend not only on geographic and sectoral composition but also on the climate risk assessment and management at the company level. The specific impacts on the assets will depend on factors such as the companies' climate strategies, technological advancements, policy details, and how quickly and effectively markets respond to these changes. These factors are not always adequately captured by the climate models and scenarios.

Despite climate change already making weather events more frequent and severe, it is unlikely to have a high level of impact across the AUM within the short term (0-3 years). Transition impacts such as technological change, policy and markets are likely to be more significant. Under both transition scenarios, companies that are helping to drive the decarbonisation of the economy should present an opportunity, while others that make a significant contribution to the AUM's WACI will have a negative impact as emissions regulations tighten and the costs of carbon increase. The comparative cost penalties to climate leadership may lead to high emitters deferring investment to reduce emissions, particularly under the hothouse world scenario.

Over the medium term (3-10 years), the impact of an orderly versus disorderly transition is likely to become more divergent with companies providing climate solutions and those that can reduce their emissions substantially over this period doing better. Under a disorderly transition, these opportunities may be more muted, with greater risk that policy action is slow and some companies fail or are unwilling to adapt. The physical impacts of climate change are expected to become more systemic with an increase in extreme weather events. In both a disorderly transition and a hothouse world scenario, emissions intensive companies are likely to face increased reputational risk from their inaction, leading to a more significant negative impact on equity and bond performance.

Assessing impacts to the AUM over the longer term (10+ years) becomes more challenging due to the increased uncertainties involved. However, under a hothouse world scenario, it is anticipated that the influence of physical climate impacts becomes the chief climate-related risk to returns. Potential financial impacts would include business interruptions, decreased economic productivity, supply chain issues and social backlash. The impact on profitability and shareholder returns is likely to be to impact all investments in the AUM. Under orderly or disorderly transition scenarios, the impacts on the AUM observed in the medium term are likely to become further extended and entrenched, with demand changes and failure to adapt leading to economic and profit losses.

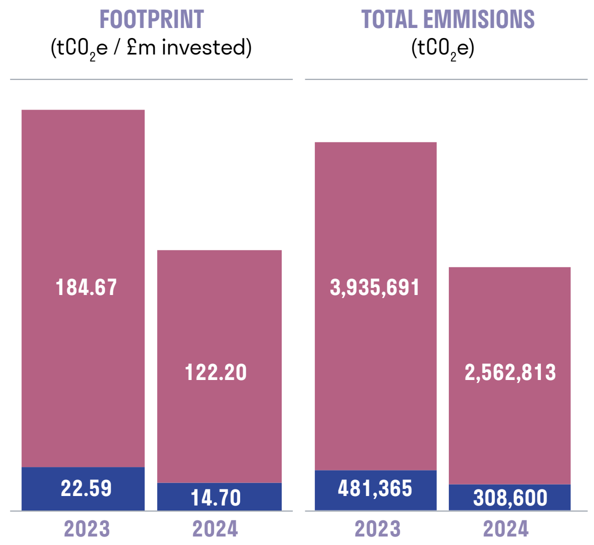
IMPLICATIONS OF IMPLIED TEMPERATURE RISE

The Implied Temperature Rise metric provides an estimate of how the AUM's current emission trajectory contributes to global temperature increase. This is used to assess the AUM's alignment with limiting global temperature rises in line with the Paris Agreement.

An Implied Temperature Rise of 1.6°C assigned to a given asset would indicate that the AUM's is in line with keeping global temperature rise to below 2°C and it is using a fair portion of the global carbon budget. If the implied temperature rise was 2.3°C the AUM is exceeding the emissions that would allow temperature rise to be limited to well below 2 degrees warming.

SARASIN & PARTNERS LLP METRIC DISCLOSURE

FINANCED EMISSIONS AND TOTAL CARBON FOOTPRINT

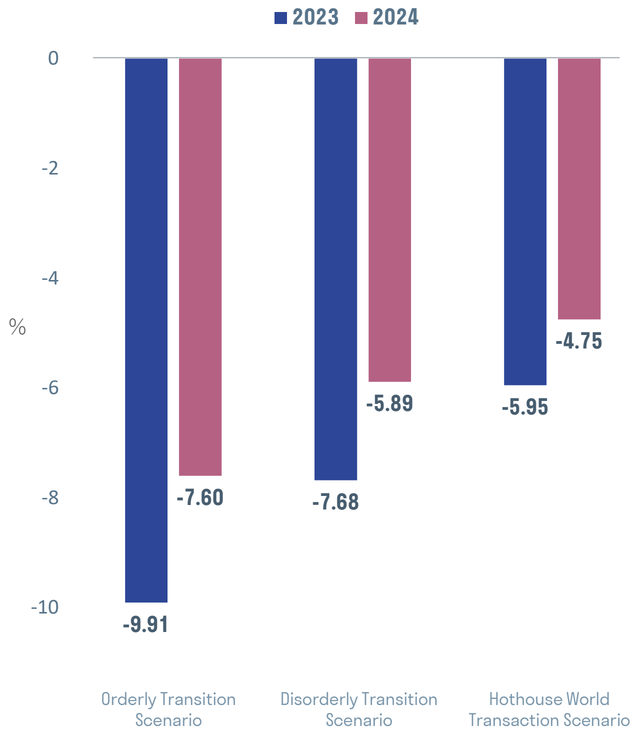


Final asset data coverage 2024 (2023):

FOOTPRINT
- Scope 1& 2 **79% (75%)**
- Scope 3 **77% (75%)**

ABSOLUTE
- Scope 1& 2 **79% (75%)**
- Scope 3 **79% (75%)**

SCENARIO ANALYSIS



Scenario Analysis Coverage 2024 (2023): **79.64% (75%)**

A negative number denotes that under that scenario, there will be a lower valuation of the assets under management.

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

tCO_2e / £m sales

	Scope 1& 2 (coverage)	Scope 3 (coverage)
2024	57.35	407.40
	79%	79%
2023	57.24	455.42
	75%	75%

IMPLIED TEMPERATURE RISE

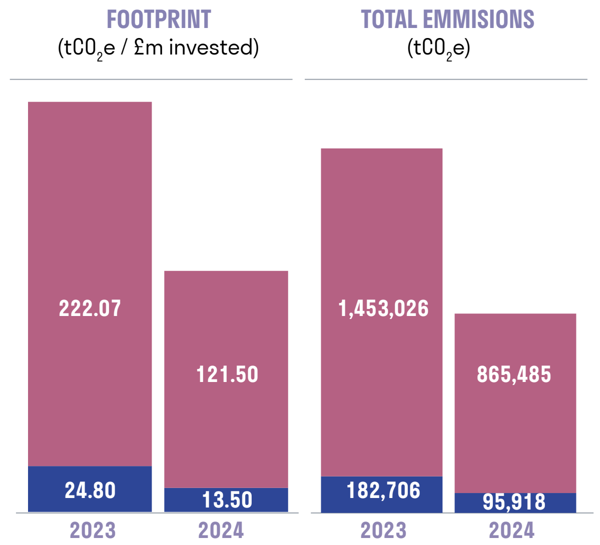
	2024	2023
ITR	2.2°C	1.4°C
(Coverage)	78.4%	75%

CARBON INTENSIVE SECTOR EXPOSURE

2024	2023
11.65%	10.68%

SARASIN INVESTMENT FUNDS LIMITED METRIC DISCLOSURE

FINANCED EMISSIONS AND TOTAL CARBON FOOTPRINT

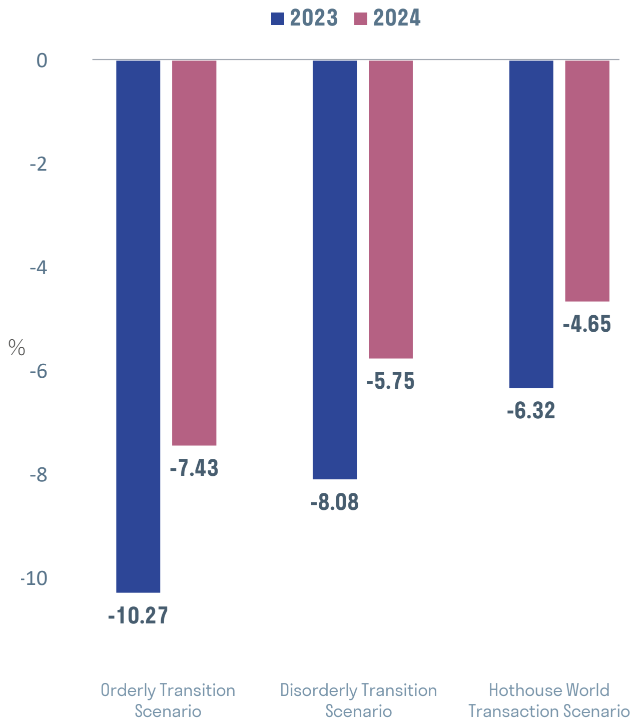


Final asset data coverage 2024 (2023):

FOOTPRINT
- Scope 1& 2 **83% (77%)**
- Scope 3 **81% (77%)**

ABSOLUTE
- Scope 1& 2 **83% (76%)**
- Scope 3 **83% (76%)**

SCENARIO ANALYSIS



Scenario Analysis Coverage 2024 (2023): **83.85% (81%)**

A negative number denotes that under that scenario, there will be a lower valuation of the assets under management.

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

tCO_2e / £m sales

	Scope 1& 2 (coverage)	Scope 3 (coverage)
2024	57.98	418.70
	83%	83%
2023	58.91	461.96
	76%	76%

IMPLIED TEMPERATURE RISE

	2024	2023
ITR	2.1°C	1.4°C
(Coverage)	81.9%	76%

CARBON INTENSIVE SECTOR EXPOSURE

2024	2023
12.58%	11.02%

PRIVATE EQUITY
METRIC DISCLOSURE IN REPORTING YEAR

FINANCED EMISSIONS AND TOTAL CARBON FOOTPRINT

	FOOTPRINT (tCO_2e / \$1m invested)	TOTAL EMMISIONS (tCO_2e)
Scope 1	21.35	1,480.56
Scope 2	25.55	1,771.99

Financed emmissions coverage: **96.65%**

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

tCO_2e / \$m sales

	(coverage)
2024	99.55
	97.66%

APPENDIX 1: THIS IS A GROUP DISCLOSURE FOR SARASIN & PARTNERS LLP AND SARASIN INVESTMENT FUNDS LIMITED

In this report we provide a group-wide view of climate risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Sarasin Investment Funds Limited (SIF) is the authorised corporate director (ACD) of Sarasin UK Funds (UCITS and CAIFs). SIF delegates its investment management responsibilities for the Funds to S&P and relies on Sarasin & Partners LLP's TCFD disclosures in accordance with section 2.2.5 of the FCA ESG sourcebook. There are no material deviations between S&P and SIF's approach towards climate-related risks, and the opportunities are aligned.

APPENDIX 2: REGULATORY MAPPING TABLE

TCFD REGULATIONS

GOVERNANCE

1) Recommendation	1) How does this apply to Sarasin?
Recommended Disclosure a) Describe the board's oversight of climate-related risks and opportunities.	**The Board delegates the management of climate-related objectives, controls and risk structures to the Executive Committee. They receive regular reporting from the key governance committees related to progress on climate goals and risk.**

2) Recommendation	2) How does this apply to Sarasin?
Recommended Disclosure b) Describe management's role in assessing and managing climate-related risks and opportunities.	**The Executive Committee is the management body which informs the Board about climate-related issues, they receive input from the Investment Strategy Group (ISG), the Asset Management Committee (AMC), and the Stewardship Steering Committee (SSC) incorporate the consideration climate-related issues into their processes.**

STRATEGY

3) Recommendation	3) How does this apply to Sarasin?
Recommended Disclosure a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	**S&P identify climate-related risks and opportunities impacting both our investments and our operations. For Asset Management, physical risks which Companies may be exposed to material physical conditions impacting companies' revenues. In terms of technological advances, lower carbon technologies could lead to shrinking margins and lower margins. For political and legal risks, carbon-intensive businesses may face increasing costs due to declining revenues. However, opportunities may arise from lower carbon goods and services seeing a rising demand in profits.** **From an Operational point of view, physical risks could lead to damage and disruption to assets and operations. Market risks faced may be that clients may become concerned if companies are failing to manage the financial consequences of climate change. Political and legal risks could give way to rising taxes and energy efficiency requirements which increase costs. Reputational risks may lead to a damage to brand, leading to outflows of client assets. However, opportunities may arise. Sarasin believes that it is able to grow market share through its risk and opportunity management.**

STRATEGY (continued)

4) Recommendation	4) How does this apply to Sarasin?
Recommended Disclosure b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	**The management of climate-related risks and opportunities are described identified from an investment process point of view and an operational point of view. Asset Management take a broad-based and proactive approach to managing risks, seeking to align with the Paris Agreement's goals through investing in net-zero aligned businesses, engagement with companies, policy outreach, and reporting on outcomes and emissions. From an Operational point of view, the ICARA process is used to assess the likelihood of potential harms and review the controls in place to mitigate them. From a financial planning perspective, initiatives such as renewable energy commitments, carbon offset costs, supplier decarbonisation and assessing business travel is incorporated into the process.**

5) Recommendation	5) How does this apply to Sarasin?
Recommended Disclosure c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2c or lower scenario.	**S&P displays the approach to stress testing using both bottom-up scenario analysis and a top-down perspective. In this report, we summarise the results from a top-down scenario analysis undertaken to enhance our understanding of portfolio exposures under the three scenarios from the Network for Greening the Financial System (NGFS).**

6) Recommendation	6) How does this apply to Sarasin?
Describe how climate-related risks and opportunities are factored into relevant products or investment strategies.	**S&P incorporates climate-related risks and opportunities into investment processes through ESG integration. Our strategy for managing climate-related risks and opportunities is set out in our Net Zero Action Plan. In terms of product solutions, our flagship product launched in 2017 is our Climate Active strategy. In 2024 S&P launched a new version of Climate Active, which excludes fossil fuel-based energy holdings. This incorporates climate-related financial risks into investment analysis, with an emphasis on company and policy engagement to drive carbonisation in the real world.**

APPENDIX 2: REGULATORY MAPPING TABLE

TCFD REGULATIONS (CONTINUED)

RISK MANAGEMENT

7) Recommendation	7) How does this apply to Sarasin?
Recommended Disclosure a) Describe the organisation's processes for identifying and assessing climate-related risks.	**The approach to identifying physical and transition risks includes climate-aware investment analysis specific to equities, fixed income and alternatives. Bottom-up risk analysis is used in order to identify risks through our Climate Amber List, Net Zero Alignment Assessment and Climate Stress Test. For those within the Climate Amber List, which is a small sub-set of our total assets, the Climate Value at Risk (CVaR) assessment is used in order to quantify the potential valuation consequences of a 1.5°C pathway. This continues to be developed by our Asset Management team.**

8) Recommendation	8) How does this apply to Sarasin?
Recommended Disclosure b) Describe the organization's processes for managing climate-related risks. Describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks.	**The firm manage climate-related risks through our engagement and ownership discipline of active and robust engagement efforts. Our Ownership Discipline sets out our approach to company management describing efforts to establish dialogue with investee companies and escalation tools where threats to capital are identified. We press companies to adopt 1.5°C aligned strategies through early ownership, monitoring and voting, addressing concerns, escalation and incorporate this into investment decisions.** **More information on this can be found in the Stewardship Report.**

9) Recommendation	9) How does this apply to Sarasin?
Describe how material climate-related risks are managed for each product or investment strategy.	**Information on climate-related risks specific to Sarasin's funds can be found in the product reports here.** **Our flagship product launched in 2017 is our Climate Active strategy. In 2024 S&P launched a new version of Climate Active, which excludes fossil fuel-based energy holdings.**

10) Recommendation	10) How does this apply to Sarasin?
Recommended Disclosure c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	**Emerging regulatory requirements are identified through the Regulatory Change Committee which oversees the identification, impact assessment and implementation of regulatory change, including new climate-related regulation which impacts the firm. The emerging risk radar is maintained by the Risk Management team which tracks climate risk on a monthly basis.**

METRICS & TARGETS

11) Recommendation	11) How does this apply to Sarasin?
Recommended Disclosure a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	**The metrics disclosed are in line with the Task Force on Climate-related Financial Disclosures (TCFD) approved methodologies.** **Reflects recommendations that are included in the Supplemental Guidance for Asset Managers, which incorporates updates to the guidance for the financial sector released by the TCFD in 2021 (https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf)**

12) Recommendation	12) How does this apply to Sarasin?
Asset managers should describe metrics used to assess climate-related risks and opportunities in each product or investment strategy.	**Information on Metrics and Targets can be found under 'Interpretation of Metrics', 'Scenario Analysis Impacts' and 'Implications of Implied Temperature Rise'.** **Product specific information can be found in our TCFD Product Reports.**

13) Recommendation	13) How does this apply to Sarasin?
Recommended Disclosure b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	**Sarasin & Partners reports Scope 1, 2 and 3 carbon emissions. For more information please refer to the Metrics and Targets section.**

APPENDIX 2: REGULATORY MAPPING TABLE

TCFD REGULATIONS (CONTINUED)

METRICS & TARGETS (continued)

14) Recommendation	14) How does this apply to Sarasin?
Asset managers should disclose GHG emissions for their assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow.	**A summary of S&P's emissions:** **Total financed emissions:** **Carbon footprint:** **WACI:** **WACI and ITR for funds can be found in the TCFD Product Reports.**

15) Recommendation	15) How does this apply to Sarasin?
Recommended Disclosure c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**Sarasin & Partners are a founding signatory of the Net Zero Asset Managers' (NZAM) Commitment. The key commitments and targets include integrating net zero into our investment decision-making, pressing companies to align their strategies, engaging with policymakers and reporting transparently on activities. More information on this can be found within our NZAM Action Plan.** **Voting performance in 2024 proxy season and climate-related engagements can be found in the Risk Management section of the report.**

APPENDIX 3: COMPLIANCE STATEMENT

Guy Matthews
Managing Partner, Sarasin & Partners LLP

Our commitment to transparent reporting aligns with our dedication to addressing climate-related risks and opportunities within both our operations and investment strategy. We have taken reasonable steps to ensure that the disclosures presented in our TCFD entity report for Sarasin & Partners LLP and Sarasin Investment Funds Limited comply with the requirements outlined in the FCA ESG Sourcebook 2 and the TCFD Recommendations and Recommended Disclosures. The firm recognises that our disclosures are progressive in nature, and endeavour to enhance climate-related reporting capabilities going forward.

APPENDIX 4: DATA CONSIDERATIONS

Sarasin & Partners uses MSCI as a sole data provider to ensure consistency across reported metrics. MSCI has used company-reported data and estimations where this is not available to address gaps. For each metric stated, data coverage is also provided for full transparency. We have determined that a sufficient level of data coverage for the AUM's investments is available in order for us to provide the key metrics stated in this report. We conduct quality checks and have an internal review process to address data risks. MSCI metrics presented within the scenario analysis may not fully capture future economic conditions and may vary from other Sarasin TCFD reports depending on data availability at the time of production. Consequently, this information should not be construed as indicative of financial impact or materiality.

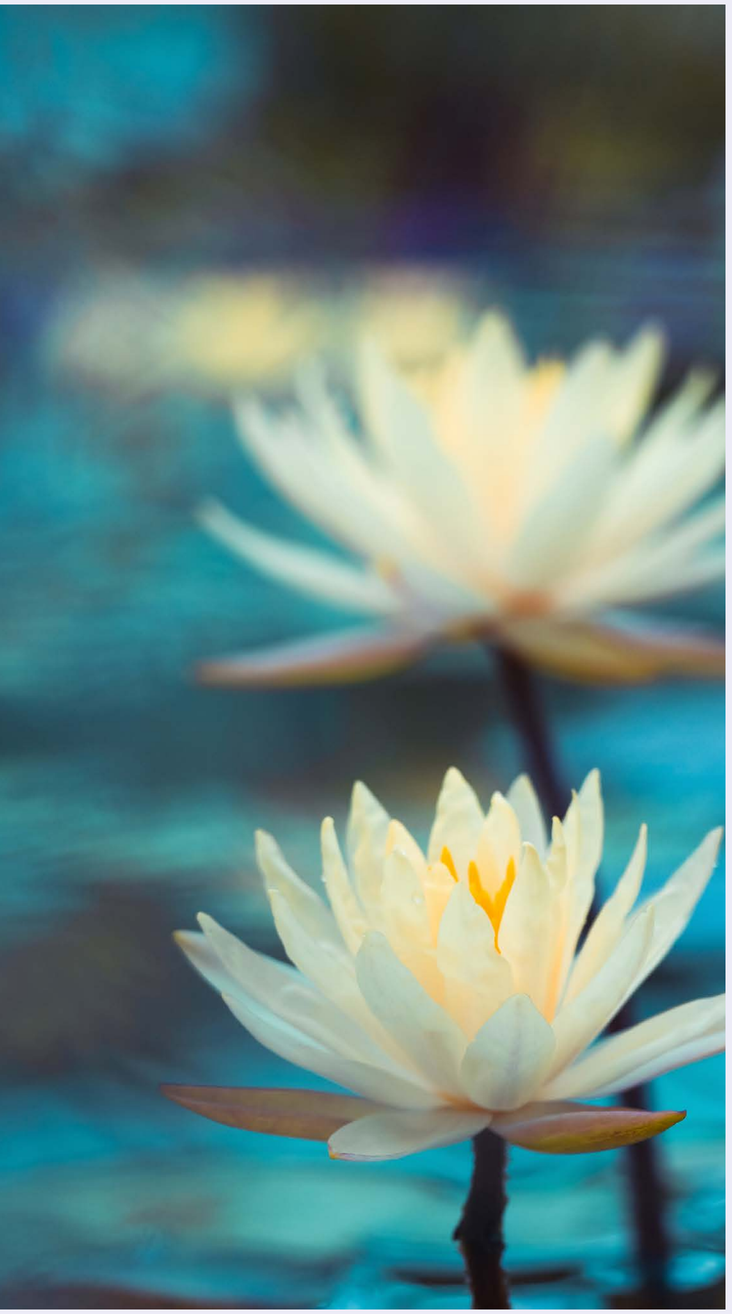
Data for private markets investments have been sourced from Carlyle. Carbon emissions metrics have been calculated by underlying portfolio companies within these funds or through a third-party platform using proxy estimates for the portfolio company's sub-industry, as classified by the Global Industry Classification Standard, based on the location of the portfolio company's headquarters. Carlyle encourages but does not require applicable companies to use the GHG Protocol Corporate Accounting and Reporting Standard using the operational or financial control method when calculating GHG footprint and to obtain assurance or verification. This information has not been independently audited or verified for accuracy or completeness. As such, these figures are subject to change and should not be relied upon as final or definitive.

Sarasin & Partners uses a third-party provider to produce the metrics and targets section of this report. The provider uses their own proprietary calculation engine to populate the metrics and targets which may differ from Sarasin & Partners methodologies. This information has not been independently audited or verified for accuracy or completeness.

A range of metrics are used in relation to climate risks and opportunities of the in-scope investments we manage. These metrics identify, track progress and assess against targets. Data availability and scope of coverage can be limitations to these metrics, particularly in relation to scope 3 emissions. We endeavour to use the latest approved industry standard developed by the Partnership for Carbon Accounting Financials (PCAF) in our methodology. Coverage includes listed equities and corporate bonds only; when referencing metrics relative to total assets in the calculation, sovereign bonds are not included in the total assets figure.

Sarasin & Partners has decided to exclude the Climate Value at Risk (CVaR) metrics due to a lack of data availability. We have developed an in-house calculation for a sub-set of our assets which we will endeavour to expand in the future.

APPENDIX 5: GLOSSARY



Carbon intensive sectors:
Carbon intensive sector exposure is the percentage of carbon-related assets in the Fund, expressed as a percentage of the current Fund's value. This metric focuses on the Fund's exposure to sectors and industries considered the most GHG emissions intensive. Carbon intensive sub-sectors are included within the broader Consumer Discretionary, Consumer Staples, Industrials, Materials, Energy, Real Estate and Utilities sectors.

Climate-related opportunity:
Refers to the potential positive impacts related to climate change on an organisation. Efforts to mitigate and adapt to climate change can produce opportunities for organisations, such as through resource efficiency and cost savings, the adoption and utilisation of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate- related opportunities will vary depending on the region, market and industry in which an organisation operates (TCFD Annex).

Climate-related risk:
Refers to the potential negative impacts of climate change on an organisation. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires).

They can also relate to longer-term shifts (chronic) in precipitation and temperature, as well as increased variability in weather patterns (e.g. sea level rise).

Climate-related risks can further be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses and reputational considerations (TCFD Annex).

Implied Temperature Rise (ITR):
Estimates the global temperature rise associated with the greenhouse gas emissions of the Fund. Expressed as a numeric degree rating.

NGFS scenarios:
Network for Greening the Financial System (NGFS) scenarios explore a set of scenarios to carry out analysis of transition and physical risks.

Paris Agreement:
The UNFCCC Paris Agreement is a legally binding treaty which commits parties to "holding the increase in the global average temperature to well below 2°C above pre-industrial levels"

Scenario Analysis interpretation:
Scenario analysis is a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenarios allow an organisation to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies and financial performance over time.

Orderly Transition Scenario
Assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO_2 emissions around 2050 and likely limiting global warming to below 2°C on pre-industrial averages.

Disorderly Transition Scenario
Assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2°C on pre-industrial averages.

Hothouse World Transition
Assumes only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.

Scope 1: Direct Greenhouse Gas (GHG) emissions
GHG emissions occurring from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces and vehicles.

Scope 2: Electricity indirect GHG emissions
GHG emissions from the generation of purchased electricity consumed by the company.

Scope 3: Other indirect GHG emissions
GHG emissions produced as a consequence of the activities of the company, but from sources not owned or controlled by the company. Some examples of scope 3 activities are the extraction and production of purchased materials; transportation of purchased fuels and the use of sold products and services.

Total carbon footprint:
Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO_2e / $M invested.

Total emissions:
The absolute GHG emissions associated with a portfolio, expressed in tonnes CO_2e.

IMPORTANT INFORMATION

This document is intended for retail investors. You should not act or rely on this document but should contact your professional adviser.

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This document should not be relied on for accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on the views and information in this material when taking individual investment and/or strategic decisions.

Private markets investments are high risk investments and typically suitable for professional investors only.

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