BNY MELLON INVESTMENT MANAGEMENT EMEA LIMITED

BNY | INVESTMENTS

Foreword and compliance statement to TCFD report 2025

FOREWORD

BNY Mellon Investment Management EMEA Limited recognises that climate-related risks and opportunities can have a material impact on the value of the investments made on behalf of our clients. These risks and opportunities are also increasingly relevant to the long-term resilience of the global economy, to the performance of financial markets and to the interests of our clients and stakeholders.

The report which follows this Foreword and Compliance Statement (the "BNY Investments UK Companies TCFD Report") has been prepared to provide our clients, the regulator and other stakeholders with a clear view of our approach to climate-related financial disclosure, aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Its purpose is to explain how climate-related matters are governed within the business, how they are considered in our oversight of investment decision-making, and how we have continued to evolve our approach in line with market practice, regulatory obligations and the expectations of our clients.

We recognise that climate-related reporting continues to evolve, and that methodologies, data quality and market standards are still developing. Against this backdrop, our priority remains to make steady, practical progress: improving the quality and consistency of our disclosures, deepening our understanding of financially material climate-related risks and opportunities, and embedding these considerations where they are most relevant across our activities.

We hope the BNY Investments UK Companies TCFD Report provides a useful overview of our current approach and demonstrates our continued commitment to disciplined risk management and long-term value creation for our clients.

COMPLIANCE STATEMENT

BNY Mellon Investment Management EMEA Limited is a Financial Conduct Authority (FCA) authorised and regulated UK MiFID investment firm[1] primarily responsible for marketing and distributing investment products. BNY Mellon Investment Management EMEA Limited contracts with institutional clients to provide discretionary investment management services and typically delegates portfolio management functions to other BNY Investments group companies.

The BNY Investments UK Companies TCFD Report has been approved by Raman Srivastava, Chief Executive (SMF 1), in relation to the disclosures applicable to BNY Mellon Investment Management EMEA Limited. Raman Srivastava confirms that the disclosures relating to BNY Mellon Investment Management EMEA Limited contained in this report, including any disclosures cross-referenced in it for the purposes of BNY Mellon Investment Management EMEA Limited's compliance with Chapter 2 of the FCA ESG Sourcebook, comply with BNY Mellon Investment Management EMEA Limited's obligations under that chapter. For the avoidance of doubt, this confirmation applies only to the cross-referenced and firm-specific disclosures relevant to BNY Mellon Investment Management EMEA Limited and does not extend to firm-specific disclosures relating to any other entity referred to in the BNY Investments UK Companies TCFD Report.

BNY Mellon Investment Management EMEA Limited confirms that disclosures relevant to it in the BNY Investments UK Companies TCFD Report cover the assets it manages as part of its TCFD in-scope business. Information provided by third parties is considered reliable but has not necessarily been independently verified by BNY Mellon Investment Management EMEA Limited.

BNY Mellon Investment Management EMEA Limited has adopted a calculation date of 31 December 2025 for the purpose of calculating the metrics and targets included in the BNY Investments UK Companies TCFD Report.

The BNY Investments UK Companies TCFD Report covers the 12-month period from 01 January 2025 to 31 December 2025.

Signature: Raman Srivastava

1. An investment firm within the meaning of Article 4(1)(1) of Directive 2014/65/EU (the EU's Markets in Financial Instruments Directive) (as amended) as retained under UK legislation.

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TCFD REPORT 2025

Task Force On Climate-Related Financial Disclosures

1 January 2025 to 31 December 2025

BNY Mellon Investment Management EMEA Limited
BNY Mellon Fund Managers Limited
Insight Investment International Limited
Insight Investment Management (Global) Limited
Newton Investment Management Limited
Walter Scott & Partners Limited

BNY Investments is an investment management organisation, encompassing BNY's affiliated investment management firms and global distribution companies. BNY is the corporate brand of the Bank of New York Mellon corporation and may also be used as a generic term to reference the corporation as a whole or its various subsidiaries more generally.

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Introduction & Purpose

ABOUT THIS REPORT

This Task Force on Climate-related Financial Disclosures (TCFD) report is published by the BNY Investments UK Companies within scope of the Financial Conduct Authority (FCA)'s rules under Chapter 2 of the FCA's ESG Sourcebook regarding disclosure of climate-related financial information. This document is intended to serve as a combined report for BNY Mellon Investment Management EMEA Limited, BNY Mellon Fund Managers Limited, Insight Investment International Limited, Insight Investment Management (Global) Limited, Newton Investment Management Limited and Walter Scott & Partners Limited (collectively referred to in this report as the "BNY Investments UK Companies").

BNY Investments is the corporate brand of the investment management business division of The Bank of New York Mellon Corporation (also referred to by its corporate brand name "BNY") which is a US-listed global financial services platforms company whose shares are traded on the New York Stock Exchange. The BNY Investments UK Companies are all wholly owned indirect subsidiaries of The Bank of New York Mellon Corporation.

Further information about BNY's approach to climate-related financial risks and opportunities can be found in BNY's TCFD report.

This year marks the first in which the BNY Investments UK Companies will issue a combined TCFD report for the purposes of satisfying the FCA's requirements under Chapter 2 of the ESG Sourcebook.

As described further in this report, each of the BNY Investments UK Companies adopts a different approach to managing climate-related risk and opportunity, depending on the role each legal entity plays within the broader business structure, in particular, whether that legal entity directly manages client assets or delegates portfolio management to one of BNY's specialised investment firms.

All disclosures in this report are made in relation to the year 1 January to 31 December 2025, unless otherwise noted.

SCOPE

As noted in the "About this Report" section, the BNY Investments UK Companies within scope of this report are BNY Mellon Investment Management EMEA Limited, BNY Mellon Fund Managers Limited, Insight Investment International Limited, Insight Investment Management (Global) Limited (collectively or individually referred to in this report as "Insight Investment" or "Insight"), Newton Investment Management Limited ("Newton") and Walter Scott & Partners Limited ("Walter Scott").

Disclosures within this report relate to the TCFD in scope business for each of these UK legal entities.

BNY INVESTMENTS BUSINESS STRUCTURE

BNY's investment management business comprises a multi-asset portfolio solutions provider offering products and investments for institutional and retail clients globally. It employs a multi-manager framework, which includes a global distribution platform and seven specialised investment firms, to offer comprehensive access to a wide range of asset classes and investment strategies.

THE BNY INVESTMENTS UK COMPANIES

Under our business structure, BNY Mellon Investment Management EMEA Limited (BNYI EMEA) is an FCA authorised and regulated UK MiFID investment firm. The principal activity of BNYI EMEA is the distribution within the UK, Europe, the Middle East and Africa ("EMEA") and Latin America regions of investment management capabilities, products and services developed by BNY Investments subsidiaries. BNYI EMEA contracts with institutional clients to provide discretionary investment management services and typically delegates portfolio management functions to other BNY Investments group companies (the "Investment Managers"), including, but not limited to, BNY Investments UK Companies (Insight Investment, Newton and Walter Scott).

BNY Mellon Fund Managers Limited (BNY MFM) is responsible for managing and administering unit trusts and investment companies with variable capital ("ICVC") which are either UK Undertakings for Collective Investment in Transferable Securities ("UK UCITS") or Alternative Investment Funds ("AIFs") including non-UCITS Retail Schemes ("NURS"), collectively ("the Funds"). In its role, BNY MFM acts as the manager/Authorised Corporate Director ("ACD") (as relevant) for the Funds. In its capacity as manager/ACD of the Funds, BNY MFM delegates investment management of the Funds to the Investment Managers, including, but not limited to, BNY Investments UK Companies.

Insight Investment Management (Global) Limited and Insight Investment International Limited are FCA authorised and regulated UK MiFID investment firms which provide portfolio management services, specialising in fixed income, liability-driven investment (LDI), cash management, absolute return, and multi-asset strategies.

Newton Investment Management Limited is an FCA authorised and regulated UK MiFID investment firm providing portfolio management services, specialising in active equities and multi-asset solutions.

Walter Scott & Partners Limited is also an FCA authorised and regulated UK MiFID investment firm which specialises in long-term, fundamental equity investing for institutional clients.

Insight Investment, Newton and Walter Scott are each asset class specialists with their own distinct investment styles and approaches to managing climate-related risks and opportunities in investment portfolios. As such, this report will explain each individual investment firm approach within the relevant sections.

BNYI EMEA appoints investment management entities to manage the segregated mandates to which it has been appointed. BNY MFM appoints investment management entities to manage the Funds for which it has been appointed manager/ACD. This report will explain the BNYI EMEA and BNY MFM approach to oversight of climate-related risk in delegate manager portfolios.

Furthermore, whilst BNYI EMEA and BNY MFM delegate portfolio management to BNY Investment Managers (including Insight Investment, Newton and Walter Scott), it is important to note that Insight, Newton and Walter Scott may also separately contract with clients. The approach described, and the assets in scope of this report, relate to the entire TCFD in-scope business of each of the BNY Investments UK Companies.

The BNY Investments UK Companies have identified no material deviations between the approach to climate-related risks and opportunities described in this report and any cross-referenced report.

01 GOVERNANCE

Board And Management Oversight
The BNY Investments UK Companies Governance Frameworks
BNYI EMEA Governance
BNY MFM Governance
Insight Investment Governance
Newton Governance
Walter Scott Governance

Board and management oversight

The Boards of Directors ("Boards") of each of the BNY Investments UK Companies hold ultimate responsibility for the oversight and management of climate-related risks and opportunities. Nevertheless, consideration and management of climate-related risks and opportunities may be delegated from the Boards to committees and working groups, as relevant. Processes by which the relevant boards and committees of the BNY Investments UK Companies receive information on climate-related matters are described in the following sections.

In addition to these individual legal entity frameworks, a council (the "BNY Investments Sustainability Council") which focuses on technical advisory, collaboration, and escalation of matters on corporate sustainability operates monthly. The BNY Investments Sustainability Council discusses sustainability matters relevant to the entire BNY Investments business (including for the BNY Investments UK Companies). It collaborates on sustainability terminology, vendor management, data, regulatory horizon scanning, external commitments and standards, commercial developments, internal/external communications and reporting, and any other material topics. The BNY Investments Sustainability Council reports matters of concern and/or issues for escalation to the BNY Investments Sustainability Committee, which met quarterly during 2025. The BNY Investments Sustainability Committee reports matters of concern or issues for escalation to BNY's Business Management and Client Committee, a subset of the BNY Executive Committee.

The BNY Investments Sustainability Council is chaired by and attended by members of BNY's Sustainability Hub which is led by BNY's Chief Sustainability Officer.

During 2025, the BNY Sustainability Hub, in partnership with relevant teams at BNY, provided training to the Boards of each of the BNY Investments UK Companies on BNY's sustainability strategy and progress against BNY's climate targets. It is intended that this training will be conducted annually.

The BNY Investments UK Companies governance frameworks

BNYI EMEA

BNYI EMEA Board and Executive Oversight of Climate Change

The Board of BNYI EMEA (the "BNYI EMEA Board") has delegated oversight of key risk matters (including climate-related matters) to the BNYI EMEA Board Risk Committee ("BRC"). The BRC reviews significant risks and escalates them to the BNYI EMEA Board as appropriate. The BNYI EMEA Board receives updates on material external disclosures, such as TCFD disclosures.

Management Monitoring

As described in the Introduction, BNYI EMEA delegates day-to-day portfolio management to appointed Investment Managers but maintains responsibility for monitoring and oversight of those delegated mandates. The firm's strategy under the TCFD Recommendations and Recommended Disclosures does not influence the decision-making and process by which it delegates such functions, selects delegates and relies on such services.

Throughout 2025, the monitoring of climate-related risks and opportunities for BNYI EMEA was delegated to the Responsible Investment Oversight Committee ("RIOC"), which met quarterly, and was a sub-committee of BNYI EMEA's BRC.

RIOC was the governance committee for overseeing climate-related matters, including oversight of portfolios managed by the Investment Managers. The membership of RIOC comprised of one non-Executive Board member as well as leads from the product strategy, investment risk, marketing and compliance teams.

For BNYI EMEA, the monitoring of climate-related metrics across client segregated account mandates is completed at least bi-annually by the BNY Investments Risk Management team.

Metrics reported to RIOC include financed emissions (GHG Emissions, Carbon Intensity, Weighted Average Carbon Intensity), and the Implied Temperature Rise (ITR) and Climate Value at Risk (CVaR) of each segregated mandate. The BNY Investments Risk Management team investigates any material deviations in these climate-related metrics with the Investment Managers, and if there are any matters for escalation.

Management Information Flows

From April 2024 to January 2026, matters for escalation were directed by RIOC to the BRC. The BNYI EMEA Board receives quarterly updates on climate-related risks and opportunities including any matters for escalation.

As of January 2026, the activities and responsibilities of the RIOC were primarily subsumed into the Investment Management Oversight Committee (IMOC), which escalates matters to the BNYI EMEA Board, via the BNYI EMEA BRC.

Please refer to the Appendix for a structure chart which illustrates the BNYI EMEA governance framework.

BNY MFM

BNY MFM Board and Executive Oversight of Climate Change

The Board of BNY MFM (the "BNY MFM Board") has delegated oversight of key risk matters to the BNY MFM Risk & Compliance Committee ("RCC"), which reviews significant risk matters and escalates them to the BNY MFM Board, as appropriate. At a management level, the Responsible Investment Oversight Committee (the "RIOC"), a sub-committee of RCC, oversees responsible investment matters, including climate-related risks and TCFD-related oversight. The RIOC may escalate certain matters directly to the BNY MFM Board where necessary, with notification to the RCC, as appropriate.

Management Monitoring

As described in the Introduction, BNY MFM delegates day-to-day portfolio management to appointed Investment Managers but maintains responsibility for monitoring and oversight of those delegated Funds. The firm's strategy under the TCFD Recommendations and Recommended Disclosures does not influence the decision-making and process by which it delegates such functions, selects delegates and relies on such services.

As noted above, throughout 2025, the monitoring of climate-related risks and opportunities for BNY MFM was delegated to the RIOC, which met quarterly, and was a sub-committee of the RCC. RIOC was the governance committee responsible for overseeing climate-related matters, including oversight of portfolios managed by the Investment Managers. The membership of RIOC included one non-Executive Board member in addition to leads from product strategy, investment risk, marketing and compliance teams.

For BNY MFM, the monitoring of climate-related metrics across Funds is completed monthly by the BNY Investments Risk Management team. Metrics reported to RIOC include financed emissions (GHG Emissions, Carbon Intensity, Weighted Average Carbon Intensity), and the Implied Temperature Rise (ITR) and Climate Value at Risk (CVaR) of each Fund. The BNY Investments Risk Management team investigates any material deviations in these climate-related metrics with the Investment Managers, and if there are any matters for escalation.

Management Information Flows

From April 2024 to January 2026, matters for escalation were directed to the RCC. In addition, the BNY MFM Board receives quarterly updates on climate-related risks and opportunities including any matters for escalation.

As of January 2026, the activities and responsibilities of the RIOC were primarily subsumed into the Investment Management Oversight Committee (IMOC), which escalates matters to the BNY MFM RCC, which in turn escalates to the BNY MFM Board.

Please refer to the Appendix for a structure chart which illustrates the BNY MFM governance framework.

At a portfolio level, the Investment Managers to whom management of client assets are delegated are responsible for the day-to-day identification and consideration of climate-related risks and opportunities in the selection and ongoing monitoring of appropriateness of investments. Further detail on Insight Investment, Newton and Walter Scott's governance frameworks surrounding climate-related risks and opportunities is provided in the following sections.

INSIGHT INVESTMENT

Insight Board and Executive Oversight of Climate Change

Understanding and managing climate-related risks and opportunities is a core responsibility of Insight's Board of Directors (the "Insight Board"). Insight's Board retains overall oversight of material climate-related issues that can pose strategic or operational risks and opportunities to Insight's business and clients. Authority is delegated from the Board to the Executive Management Committee (EMC), and in turn the Global Chief Risk Officer, who chairs the Corporate Sustainability Working Group (CSWG). The CSWG maintains regular oversight of Insight's response to climate change as a corporate, whilst the Responsible Investment Group has responsibility for integrating climate-related matters into investment processes, where relevant. Both groups report to the Insight Responsibility Oversight Committee (IROC).

The EMC is informed by the IROC on climate-related matters and Insight's Board is informed on climate-related matters by the EMC. Climate-related risks and opportunities are considered by Insight's Board and relevant committees when reviewing Insight's investment strategy, risk management framework, and business priorities, including those relating to portfolios managed for clients, where appropriate. This includes consideration of climate factors through responsible investment policies, stewardship priorities, and ongoing oversight of climate-related risks as part of Insight's enterprise risk management.

Insight's Board oversees progress against climate-related goals and targets through reporting provided via the EMC and the IROC. Updates on climate strategy implementation, stewardship activity, and relevant portfolio level metrics are used to inform ongoing oversight and challenge.

Management Monitoring

Insight's EMC is the key business management committee for the company, with responsibility for execution, operational management and finance. In addition to these oversight functions, several executive governance groups provide management and/or oversight in relation to climate-related risks.

- The IROC, a sub-committee of the EMC, has oversight and accountability for all climate-related activities and engagement within Insight, including but not necessarily limited to, global responsible investment and corporate sustainability activities.
- The Responsible Investment Group (RIG) provides strategic oversight and consistency of implementation of responsible investment across all relevant investment portfolios, including ESG integration, stewardship, and climate change.
- The Advocacy Strategy Group (ASG) is responsible for horizon-scanning, public policy and regulatory developments, and defining Insight's priorities for strategic policy engagement on behalf of clients, including climate and broader sustainability matters.
- The RI Client Communications and Distribution Group facilitates dialogue between client-facing and investment teams on responsible investment with the aim of supporting client relationships and pursuing new opportunities.
- The CSWG is a cross-functional group that coordinates the organisation's corporate sustainability strategy, risks, initiatives, and regulatory requirements, including climate-related considerations.

Insight's climate-related governance is embedded within its broader responsible investment and risk governance framework. Oversight flows from the Insight Board to the EMC, with delegated responsibility to the IROC. Management-level groups, including the RIG and CSWG, support implementation and monitoring across investment and corporate activities. These groups operate within defined mandates and reporting lines to ensure accountability and escalation where required.

Management Information Flows

Management is informed of climate-related issues through regular reporting, committee updates, and cross-functional forums covering responsible investment, risk, and corporate sustainability. Information is drawn from investment teams, stewardship activities, regulatory monitoring, and risk processes. Relevant insights are escalated through management committees to support decision making and oversight. Management monitors climate-related risks and opportunities through the activities of dedicated committees and working groups with defined responsibilities. This includes oversight of climate-related policies, investment integration practices, stewardship priorities, and regulatory developments. Progress and emerging issues are reviewed through established governance forums and escalated where necessary.

Please refer to the Appendix for a structure chart which illustrates Insight's governance framework.

NEWTON

Newton Board and Executive Oversight of Climate Change

Board Risk Committee

Newton's Board of Directors (the "Newton Board") delegates responsibility for the governance and oversight of climate-related risks and opportunities as part of Newton's business strategy to the Newton Board Risk Committee (BRC). The Newton BRC is a formal reporting committee within Newton's governance structure. It provides oversight and escalation of key business and risk matters.

The Newton BRC reviews significant climate-related issues and receives updates on material external disclosures, such as TCFD disclosures and progress against climate-related goals and targets.

Climate-related responsibilities are shared across various teams at Newton, with specific management-level committees and roles designated to oversee climate risks as they relate to Newton's investments.

Management Monitoring

The teams and forums below are responsible for most of Newton's climate-investment focus and expertise:

Investment Oversight Committee

The Newton Investment Oversight Committee (IOC) is a formal committee which supports firm-wide governance and oversight in relation to investment and risk matters. The committee meets on a quarterly basis. It receives regular climate and broader responsible investment (RI) management information, primarily for information and oversight purposes, and to support appropriate socialisation and deliberation of RI-related matters.

Updates reviewed by the IOC may include financially material RI-related investment risks, issues or concerns, as well as product-specific requirements.

In respect of RI-specific topics, detailed discussion and recommendation is delegated to the RI Advisory Group.

Sustainable Investment Forum

The Sustainable Investment Forum (SIF) meets regularly (typically monthly) with the primary purpose of information sharing, discussion, deliberation, and consultation on sustainable investment matters, including climate. It is chaired by the Head of Sustainable Equities and is attended by the Responsible Investment team and portfolio managers with a focus on sustainability. It may support decision making as needed but does not operate as a formal committee.

The forum focuses on the interpretation and practical application of the Newton Sustainable Investment (SI) Framework across investment teams and encourages engagement and knowledge sharing on sustainability-related topics. It supports internal alignment and consistency, helping to ensure that sustainable investment processes remain compliant and coherent. Relevant management information is surfaced through meeting materials, including updates to sustainable investment rationales and changes to investment restrictions.

RI Advisory Group

The RI Advisory Group (RIAG) is responsible for providing advice, expertise, and support to Newton management on strategic matters, such as Newton's climate and sustainability-related memberships, RI-related policy developments (e.g., voting), external reports (e.g., UK Financial Reporting Council's Stewardship Code disclosure) and proposed updates to key RI frameworks. The group does not have decision-making authority and does not operate as a formal committee. Its role is to support management through discussion, challenge, and recommendation, rather than to make or approve decisions.

Membership comprises representatives from RI (research), equities, and multi-asset investment teams, with optional additional attendees representing product and client teams. Depending on the nature of the discussion point, additional relevant stakeholders may also be included.

Whilst the SIF and the RIAG are primarily advisory groups, both have the ability to escalate material matters to the IOC, as appropriate.

Responsible Investment Team

The Responsible Investment team (RI team) provides technical expertise to the investment teams integrating climate-related risk considerations into investment analysis and stewardship activities where relevant. The RI team also monitors existing investments, providing insights as needed to ensure ongoing integration of climate considerations across portfolios where these considerations are financially material.

The Head of Responsible Investment reports regularly into various Newton governance forums, including the IOC, which oversees investment governance and risk management, and the Newton BRC, which receives management information related to climate risks. This layered governance ensures that climate-related issues are appropriately overseen and challenged, with clear lines of accountability.

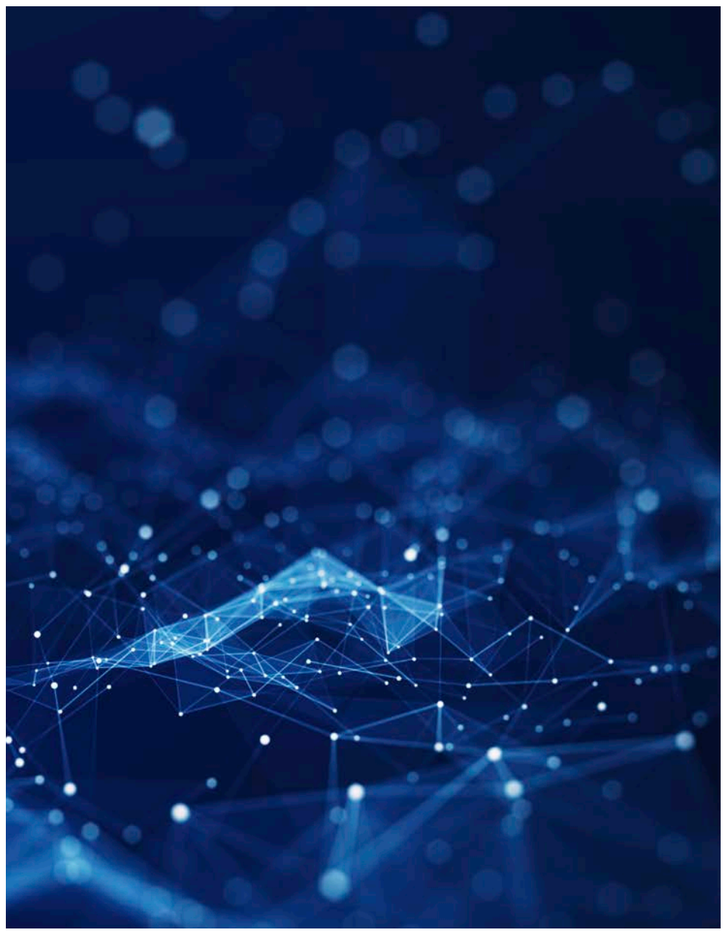
Management Information Flows

Responsibility for all investment-related risk oversight sits with Newton's IOC. The committee receives management information and updates across several key areas to provide appropriate oversight and integration of climate and other RI related factors within the investment risk framework.

This includes ongoing collaboration between the RI team, the investment risk function, and portfolio managers to define the scope and approach for RI analysis related to investment risk. Newton recognises the challenges and limitations in using binary indicators to provide a view on climate-related risk, so works to continue to develop appropriate context, including qualitative, with the aim of delivering consistent, systematic and meaningful insights.

Additionally, dedicated product-specific oversight exists for sustainable strategies (designed for clients with specific sustainability preferences), ensuring compliance with exclusions and regulatory requirements. This is overseen for Newton through the IOC.

Please refer to the Appendix for a structure chart which illustrates Newton's governance framework.



WALTER SCOTT

Walter Scott Board and Executive Oversight of Climate Change

The Board of Directors of Walter Scott (the "Walter Scott Board") is responsible for overseeing the integration of financially material climate-related considerations into Walter Scott's strategy, decision-making, planning and business processes.

Climate-related considerations are reviewed by the Walter Scott Board on an annual basis, incorporating a discussion of climate-related risks and opportunities, and an update on Walter Scott's disclosures.

In addition to this, on an ongoing basis, the Walter Scott Board Risk Committee (BRC) is responsible for escalating material risks to the Walter Scott Board, including emerging climate-related risks. A register of such risks is maintained and the consideration of emerging risks is a standing agenda item at each Walter Scott BRC meeting.

The agenda items also include the consideration of any financially material matters relating to climate and carbon issues. Sufficient knowledge and expertise is maintained at Walter Scott Board level to provide oversight on this issue, with several directors having prior experience of overseeing climate-related investment or business risks and opportunities.

The Walter Scott Board is also responsible for overseeing the management of climate-related risks and opportunities, both with respect to client portfolios and the firm's own business operations.

Management Monitoring

The Walter Scott Board has delegated the implementation of Walter Scott's climate strategy, including management and oversight of risks arising from climate change, to the Managing Director in her role as Chair of the Executive Management Committee (EMC).

The EMC is responsible for the management of Walter Scott and the development of the firm's climate strategy which seeks to manage, mitigate and, where possible, address climate-related risks and opportunities.

In addition to this, a number of other committees are involved in the governance of climate-related matters:

- Regarding climate-related risks and opportunities and how these may impact client portfolios, the Investment Management Committee (IMC) is responsible for the oversight of all investment activity, and meets regularly to monitor, manage and challenge risks within Walter Scott portfolios (including any material climate-related risks). It is also the responsibility of every member of Walter Scott's Research team to understand the impact of climate-related risks and opportunities on all investee companies.
- The Investment Stewardship and Sustainability Committee (ISSC) oversees the implementation of Walter Scott's stewardship and sustainability activities and compliance with related policies. One of its key responsibilities is overseeing investment stewardship, ESG integration and climate strategy, escalating any relevant issues or concerns where required. The ISSC meets at least quarterly with additional meetings as and when required. The ISSC is supported in the fulfilment of its responsibilities by the dedicated Stewardship and Sustainability team within Walter Scott.
- The Sustainability Team at Walter Scott Group considers how best to approach sustainability issues relating to Walter Scott. Consisting of representatives from across the business, the group has responsibility for generating and communicating operational sustainability initiatives.

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

On a day-to-day basis, the Walter Scott Head of Investment Operations and Sustainability oversees efforts across this area of the business. Having invested in capabilities in this area by establishing a dedicated Stewardship & Sustainability team in 2023, Walter Scott also appointed its first Stewardship & Sustainability Lead in the latter part of 2024. This dedicated role supports the Head of Investment Operations and Sustainability with the formulation and execution of Walter Scott's strategy in this area.

Management Information Flows

Management is informed of climate-related issues in a number of ways:

- At an individual company level, climate-related issues are covered in Walter Scott's core ESG research analysis, the "Integrity Document". This includes an overview of material climate-related risks and opportunities, and analysis against three different NGFS climate scenarios. In addition to this, a separate enhanced climate assessment is undertaken on selected holdings (such as companies with higher relative carbon intensity). This information is shared with the Investment Research Team and the Investment Executive, with any financially material considerations taken into account in research meetings.
- At an investment strategy level, climate-related data is included in Walter Scott's quarterly ESG Risk Review (as described below) that is circulated to the IMC and the ISSC. Annual strategy-level climate scenario analysis is also shared with both of these committees.

It is the responsibility of the IMC to confirm that no portfolio is exposed to excessive risk of any form. To provide a clear interface with Walter Scott's Risk and Compliance function, a member of that team sits on the ISSC.

Since 2024, firmwide holdings and strategy-level climate scenario analysis has been presented to the IMC. In addition, and as mentioned above, to provide additional ongoing monitoring of a range of financially material sustainability and governance risks, including those related to climate, Walter Scott developed an ESG Risk Review.

This quarterly management information pack utilises external vendor data sources to highlight the comparative performance of holdings and portfolios on a range of significant ESG integration indicators. It is shared with the ISSC on a quarterly basis, and a summary version is presented to the IMC. The ESG Risk Review is produced solely as an informational input for management, and does not form part of any investment decision making process.

Walter Scott continues to refine the information provided to the IMC to help monitor and manage relevant and financially material climate risks.

Please refer to the Appendix for a structure chart which illustrates Walter Scott's governance framework.

02 STRATEGY

BNY's Global Climate Strategy
BNY Investments UK Companies Strategic Approach
BNYI EMEA Strategy
BNY MFM Strategy
Investment Managers Strategic Approach
Insight Investment Strategy
Newton Strategy
Walter Scott Strategy
Climate-Related Ambition

BNY's global climate strategy

BNY's global climate strategy is considered in its approach to commercial opportunities, risk management, operations, stakeholder engagement and regulatory compliance, when appropriate. BNY's climate strategy is anchored on four pillars that align with the broader corporate strategy to Be More for Our Clients, Run Our Company Better, and Power Our Culture. These pillars, summarised below, provide a structured framework to guide the execution of BNY's climate strategy across key hubs and platforms.

1. **Sustainable Operations:** Reduce global energy consumption and increase the energy efficiency of BNY's buildings and data centres, procure energy from renewable and non-emitting sources, invest in on-site renewable power generation, offset residual emissions that cannot be otherwise abated through BNY's own emissions reduction initiatives, and encourage more sustainable business practices among clients and suppliers.
2. **Climate Risk Management:** BNY incorporates climate risk considerations as appropriate across its Risk Management Framework and manages the business for resilience. BNY leverages risk frameworks and tools to assess the potential impacts of physical and transition risk on its business and operations, and maintains a posture of preparedness through business continuity, mitigation and adaptation efforts.
3. **Supporting Our Clients:** Engage with clients to better understand their climate objectives, serve as a trusted partner and advisor, and provide them with the solutions and services they need to meet these objectives.
4. **Leadership and Accountability:** Engage with peers and trade associations to inform industry best practice and policy; engage with regulators, shareholders, clients, employees and communities to better understand and address their sustainability expectations; and hold BNY accountable by transparently reporting on progress.

These strategic pillars are further enabled by BNY's culture, data and technology. BNY incorporates climate considerations into culture and encourages employees to make more sustainable choices at work to reduce BNY's collective footprint. BNY also leverages data and technology to equip employees with the tools and information they need to better manage climate-related risks and commercial opportunities.

BNY INVESTMENTS UK COMPANIES STRATEGIC APPROACH

The BNY Investments UK Companies play an important role in BNY's global climate strategy, in particular, by "Supporting our Clients" in meeting their investment objectives. Specifically, we help clients realise their investment goals by delivering distinct strategies and tailored services.

This includes offering a wide range of traditional and responsible investment options, delivered through asset class specialists (Insight, Newton and Walter Scott). In making investment decisions, these specialists incorporate and analyse the financial implications of environmental (including climate), social and governance factors where these factors are deemed financially material and within the investment mandate set by our clients.

For clients with additional sustainability preferences, we offer products across asset classes, including equities and fixed income, which seek financial opportunities alongside specified sustainability characteristics or outcomes.

Approach to Transition Planning

Each firm will continue to focus on identifying and managing climate-related investment risks and opportunities in line with FCA guidance. For more information as to how Insight Investment, Newton and Walter Scott manage transition-related risks within investment portfolios, please see the relevant Strategy and Risk Management sections. We will monitor this approach as we recognise that both the policy environment and the nature of climate-related risks and opportunities are constantly evolving.

BNYI EMEA

Climate change and BNYI EMEA's business, strategy and financial planning

BNYI EMEA is primarily responsible for distributing investment products. BNYI EMEA may also contract directly with institutional clients for discretionary mandates, with the actual day-to-day portfolio management delegated to appointed Investment Managers under clearly defined investment guidelines.

As such, BNYI EMEA is focused on ensuring that portfolios meet the needs of clients, including in relation to integrating climate-related risk considerations or offering climate-related opportunities, as relevant. BNYI EMEA also has processes in place to ensure the effective monitoring and oversight of investment risks, including climate-related risks, in investment portfolios. Further detail is provided in the Risk Management section.

BNY MFM

Climate change and BNY MFM's business, strategy and financial planning

BNY MFM acts as the UK Authorised Corporate Director (ACD) for UK UCITS vehicles and as the Alternative Investment Fund Manager (AIFM) for other types of fund structures. BNY MFM similarly delegates portfolio management to selected Investment Managers (including Insight Investment, Newton and Walter Scott) but maintains responsibility for overall oversight and ongoing compliance of the UK UCITS vehicles and fund structures.

BNY MFM is therefore focused on ensuring the effective operation of the Funds to meet the needs of clients and investors, including in relation to considering climate-related risks, and incorporating climate opportunities, as relevant. BNY MFM has processes in place to ensure the effective monitoring and oversight of investment risks, including climate-related risks, in investment portfolios.

BNY MFM also conducts ongoing evaluation of the affiliated Investment Managers' investment strategies, and the monitoring of trends in client preferences for sustainable strategies.

Although climate-related issues do not serve as a direct input into BNYI EMEA or BNY MFM's financial planning process, both entities conduct oversight and monitoring of client portfolios to assess and manage any climate-related risks. In addition, each Investment Manager is monitored to determine alignment with the guidelines for each portfolio and associated investment management agreements. Further detail of ongoing portfolio monitoring conducted by the BNY Investments Risk Management team is provided in the Risk Management section.

Where management of Funds and mandates is delegated to Investment Managers, assigning time horizons in relation to climate-related risks and opportunities is more complex and asset class dependent. The Investment Managers are responsible for a range of investments which lend themselves to different materiality considerations and therefore different time horizons depending upon the holding period of the respective asset class and the related investment process. Please see the following section for further detail in relation to time horizons used by Insight Investment, Newton and Walter Scott. BNYI EMEA and BNY MFM have not identified that climate-related issues affect either entity's financial performance or position.

Working with the Investment Managers, BNYI EMEA and BNY MFM will continue to help clients achieve their climate goals by offering a wide range of responsible investment options.

BNYI EMEA and BNY MFM do not adopt independent firm-level climate commitments as part of their strategy. Nevertheless, all BNY Investments UK Companies are covered by and contribute to BNY's operational emissions climate commitments. Further detail is available in the Metrics and Targets section of BNY's TCFD report.

Investment managers strategic approach

The following sections describe the approach to climate-related strategy in relation to portfolios managed by the BNY Investments UK Companies which conduct investment management activity on a day-to-day basis.

Each of these firms has its own unique investment offering, and climate-related impacts on each business vary according to the asset classes in which each firm invests on behalf of clients.

As noted above, Insight Investment specialises in fixed income, liability-driven investment (LDI), cash management, absolute return, and multi-asset strategies; Newton specialises in active equities and multi-asset solutions; and Walter Scott specialises in long-term, fundamental equity investing for institutional clients.

INSIGHT INVESTMENT

Climate change and Insight's business, strategy and financial planning

As an investment management business which operates in the financial sector at the heart of the global economy, climate change can impact Insight as both an operating entity and in terms of the investments that Insight makes on behalf of clients.

Whilst operational climate-related risks do exist and have been embedded into corporate sustainability and risk management functions, the majority of climate-related impacts pertain to how climate change impacts the investment process.

Insight's role is focused on delivering outcomes for clients as set out in client agreements. Depending on client requirements, this may range from understanding climate-related financial impacts to supporting client decarbonisation goals which aim to mitigate the effects of a changing climate.

As a fixed income asset manager, climate change may pose particular risks and opportunities to Insight's business. A significant share of Insight's assets under management are investment grade and the performance of the instruments is driven by interest rates as well as credit risks. Fees are generally charged on assets under management, so understanding both the macroeconomic (particularly inflationary) and micro impacts of climate change risk is key to understanding the performance of the instruments and portfolios that Insight manages.

The low-carbon transition presents important opportunities for Insight's client base, particularly allocation to new product offerings and climate solutions such as credible green bonds. As these instruments assume a growing share of many investor strategies, they provide the potential for diversified revenue sources.

Climate-related risks and opportunities are assessed, as appropriate, through Insight's existing investment and risk management processes, with a focus on identifying factors that could have a material financial impact on the portfolios it manages. Relevant climate-related risks are considered alongside traditional financial risk drivers within portfolio construction, issuer analysis and ongoing monitoring.

Governance forums provide oversight of material climate-related developments, including macroeconomic and transition related risks relevant to fixed income markets. Where appropriate, qualitative and quantitative analysis is used to assess the significance of identified risks and opportunities. Further detail on these processes is set out in the Risk Management section of this report.

Climate-Related Risk Integration

Investment strategies and products

Climate change may affect the financial performance of many of the investments that Insight manages.

Climate-related issues have the potential to influence investment outcomes directly at an idiosyncratic level, for example wildfires may destroy physical company assets. However, they can also influence indirectly at a systemic level by impacting the environment within which a portfolio operates – for example climate change may lead to extreme heat or water stress which then influences how entities perform. Understanding the transmission mechanisms of climate risks into potential investment risks is key to Insight's responsibility to its clients.

Climate-related risks and opportunities vary across sectors and geographies within the portfolios managed by Insight. Sector-specific transition risks are particularly relevant for carbon intensive industries, where policy, technology and demand shifts may affect issuer creditworthiness. Sovereign exposures may be affected by differing national policy responses, fiscal capacity and exposure to physical climate risks. Geographic variation in regulatory ambition and climate vulnerability can influence both transition and physical risk profiles across markets. Opportunities also arise from sectoral and regional investment in climate solutions, including green bond issuance supporting mitigation and adaptation activities.

Insight considers climate-related risks and opportunities in its investment portfolios across short, medium and long-term time horizons, reflecting the differing maturities and useful lives of fixed income instruments as regards the portfolios it manages.

In the short term, risks relate primarily to market repricing driven by policy announcements, changes in investor sentiment, and macroeconomic impacts such as inflation and interest rate volatility, while opportunities include issuance of labelled bonds and increased demand for climate aligned strategies.

Over the medium term, transition risks may arise from regulatory developments, sector-specific decarbonisation pathways and changes in issuer business models, alongside opportunities to allocate capital towards credible transition and climate solution assets.

In the long term, physical climate risks and structural economic changes may affect sovereign and corporate credit fundamentals, particularly where adaptation is limited. Across all horizons, Insight assesses both risks and opportunities in the context of their potential financial impact on the portfolios managed by Insight.

Overall, the relevance of climate factors in Insight's investment portfolios will depend on the specific circumstances around each mandate. In certain investment approaches, investment decisions may be driven by factors other than financial materiality (for example, investment decisions may be driven by the need to hedge specific liabilities) and, as a result, the consideration and integration of climate-related factors may vary.

Additional climate-related client preferences

Beyond considering climate-related risks as part of their investment approach, many investors are interested in solutions addressing climate-related risks and other outcomes alongside financial goals. Insight manage a number of pooled and segregated mandates which embed climate and other environmental considerations within their investment guidelines, and Insight have worked with clients to reflect their requirements in portfolio construction. Many of the ideas are derived from those in place in Insight's Responsible Horizons strategies, which seek to reflect Insight's view of market-leading practices in areas pertaining to sustainability – particularly around climate.

Typically, Insight's strategies may employ any one or more of the following approaches:

- Exclusions
- Positive tilting
- Sustainable investing
- Impact investing

For clients interested in sustainable solutions, there continues to be a focus on using financial tools to achieve positive environmental impacts and encourage a low-carbon economy, alongside generating a financial return. As climate-related issues have become more pertinent, investment opportunities in this area have expanded.

Transition-related risk and planning

Transition risks occur mainly in the form of the risks they present to Insight's portfolio companies. In particular, where Insight own long-dated instruments in low turnover buy-and-maintain portfolios, understanding their transition exposures and strategies is important to determine their feasibility for portfolio inclusion.

More generally, as outlined above, fixed income as an asset class also presents opportunities for Insight's client base, particularly allocation to new product offerings and climate solutions such as credible green bonds. These instruments assume a growing share of many investor strategies and are specifically targeted in some cases.

NEWTON

Climate change and Newton's business, strategy and financial planning

In order to understand the impact of climate-related risks and opportunities on Newton's operations, and to inform financial planning, Newton has identified, assessed and aligned climate-related risks within its broader risk mapping framework, incorporating inputs from across risk management and responsible investment teams.

This mapping covers strategic, fiduciary, operational, risk framework, and governance dimensions across multiple time horizons, with the majority of impacts considered low.

Over the short-term (up to 2 years), risks primarily relate to reputational and investment considerations, such as portfolio construction, relevant guidelines, or investment exposure to physical and transition risks. In addition, risks may relate to disclosure and reporting.

Over the mid-term (2-5 years), risks may relate to the relevance of existing and impact of emerging products, and physical risks to Newton's operations.

Over the longer term (over five years), there may be a broader range of risks. These may include the failure to manage and execute emergent client requirements, business continuity, and appropriate oversight and governance.

Investment strategies and products

Climate-Related Risk Integration

In relation to investment portfolios, Newton uses a materiality matrix to determine which environmental risks and opportunities may have a material financial impact on the portfolios it manages. The approach allows analysts to apply discretion based on the specific circumstances of each investment.

This matrix is informed by established sustainability reporting standards, such as SASB and GRI, sector-specific expertise, and the insights of the Newton RI team. It provides clear guidance on environmental topics that are likely to be material within a given sector. This guidance is then considered within the broader business context (including geography).

This includes climate transition risk and net zero strategy, physical risks across operations and value chains, reliance on and use of natural resources, natural resource impacts through operations and products/services, and opportunities in environmentally friendly products and services.

The matrix helps connect sustainability expertise with investment analysis by offering clarity on key terms and highlighting relevant indicators for assessment. This enables investment teams to focus their research and engagement on the most financially significant issues, considering how companies manage these risks and opportunities across their operations and supply chains.

Newton's multidimensional research capabilities provide investment teams with a wide range of perspectives to help them make informed investment decisions. These perspectives include those from the Newton RI team, the Newton Quantitative Research team and the Newton Investigative Research team, all of which help investment teams to take a holistic view when constructing an investment case.

Climate-related risk is assessed at the individual company level, as relevant, as part of the broader evaluation of environmental, social and governance factors during the investment recommendation process, with the RI team providing specialist technical expertise as an input into investment implications.

RI investment insights, often thematic or macro in nature, are regularly shared in daily investment meetings, research pods, or portfolio discussions to inform positioning, and perspectives on financially material risks and opportunities. Additional information is gathered through direct company meetings, enabling a deeper understanding of how issuers manage climate-related factors, and providing up-to-date and practical perspectives. Where there are financially material risks or opportunities, these are assessed at the point of recommendation and integrated into investment decisions, as appropriate.

The RI team maintains ongoing monitoring of existing holdings, leveraging external controversy data providers to receive alerts on emerging sustainability and governance risks or incidents. This monitoring supports the prioritisation of engagement activities, focusing resources on companies where dialogue can feasibly seek outcomes and mitigate risks.

Engagement with companies is conducted with clear, outcome-focused objectives linked to financially material investment themes, aiming to understand corporate behaviour in relation to managing climate-related risks and opportunities.

The RI team participates in thematic (macro and micro) internal committees, and ongoing discussions to ensure longer-term risks and opportunities are identified and understood. This focuses on structural drivers of revenues and costs over the longer term.

Newton also develops tools such as the proprietary Newton Net Zero (NNZ) score, which quantitatively assesses the robustness of corporate transition plans, aiding in the identification of companies with credible climate strategies for inclusion in portfolios, as appropriate, aligned with net zero objectives.

This score, updated annually, is available at a security and portfolio level to all investment teams at Newton. Additionally, the RI team may use this as a starting point for further research into individual securities, as part of the investment integration process, or through engagement prioritisation.

Additional climate-related client preferences

For clients with additional sustainability-related preferences, Newton makes available products which follow Newton's Sustainable Investment framework, where there is an additional quantitative framework to assess companies objectively, including across climate themes, used alongside a more detailed qualitative analysis.

The qualitative assessment is conducted by the portfolio manager, with support from the RI team, and oversight at the Sustainable Investment Forum. Where clients request, Newton may also integrate its proprietary NNZ to offer a net zero-aligned portfolio, focusing on the long-term climate trajectory of a portfolio, versus using more binary emissions caps.

Newton also offers bespoke solutions tailored to clients' specific sustainability and climate objectives through segregated mandates. Newton has the expertise to build customised portfolios that incorporate its proprietary tools, such as the NNZ score, enabling clients to align their investments with credible net-zero transition plans.

Transition-related risk and planning

Each product or strategy at Newton may be affected by the low-carbon transition through exposure to transition risks, which arise from policy, legal, technological, and market changes, including consumer demand, associated with moving to a lower-carbon economy.

These risks vary depending on the nature, speed, and focus of these changes, with heavy-emitting sectors typically facing the greatest challenges. Emissions levels often serve as a proxy for assessing transition risk, while a company's net zero strategy represents its plan to reduce emissions and remain viable in a decarbonising world. As such, Newton considers a robust climate transition strategy to be a more investment useful indicator of risk management.

Qualitative, nuanced research is required to best assess this, with consideration for the credibility of the plan, within the context of regional and industry nuances, and including how feasible this may be for technical and economic reasons.

Investment impacts depend largely on a company's business model and product or service offerings. The alignment between emissions reduction and financial materiality is complex; while some efficiency improvements can lower emissions and costs, not all emissions reductions translate directly into financial benefits. Additionally, transitions in business models, such as moving from internal combustion engines to electric vehicles, carry risks and may not always achieve the intended outcomes, or indeed be feasible or ultimately successful.

Key factors influencing investment outcomes include shifts in product portfolios and demand, investments in new technologies (including research and development and capital expenditure), compliance costs, legal and litigation risks, and operational efficiencies. Newton monitors these risks and opportunities through its multi-dimensional research approach, but may refer to metrics and indicators such as greenhouse gas (GHG) emissions, climate targets, and its proprietary NNZ score, which helps assess a company's preparedness and alignment with the low-carbon transition.

WALTER SCOTT

Climate change and Walter Scott's business, strategy and financial planning

Walter Scott has not identified any material climate-related issues to date which will affect its business, strategy or financial planning, though operational climate risks have been factored into business continuity planning. As an investment manager, climate-related risks and opportunities are most relevant in relation to the portfolios managed by Walter Scott for its clients.

Walter Scott has utilised a combination of integrated qualitative climate research and climate scenario analysis to determine which risks and opportunities could have a material financial impact on portfolios managed.

Short-Term (0-5 years): In the immediate future, companies may be subject to increasing customer, shareholder and stakeholder scrutiny with respect to factors such as the carbon intensity of their operations, the efficacy of their transition strategies and anticipated regulatory changes. Increasing focus on carbon intensity will not be consistent across all markets and types of business, with very carbon intensive or consumer facing businesses in economies such as Europe facing the most challenge.

Companies already exposed to the physical risks of climate change may also face higher operating costs. Businesses in a number of specific sectors such as automobiles will be exposed to increasing transition risks from the growth of low emission zones and the gradual phase out of internal combustion engines in a number of markets.

Medium-Term (5-10 years): The developments outlined under 'Short-Term' could intensify. In that event, companies with significant carbon footprints would face rising costs of compliance as some governments begin to impose more widespread carbon taxes and introduce more regulation to combat climate change.

There would be capital investment costs involved in adopting less carbon-intensive technologies and processes, but this may in time be offset by lower operating costs in some markets. Companies that fail to exhibit sufficient commitment and competence in managing their approach to climate impact may experience reputational and commercial risks, and a higher cost of capital.

Long-Term (10+ years): On a longer-term horizon, based on current country-level governmental climate commitments, the transition to a lower carbon economy in a number of regions will see the growth of a range of lower carbon technologies that are likely to disrupt existing business models, rendering some obsolete. There is a risk of stranded assets for those companies that fail to adapt to changes in technology and regulation.

As existing business models are disrupted, there is the opportunity for new leaders to emerge, whether these be incumbents that have successfully adapted to the transition or providers of new solutions and technologies.

For a number of years, Walter Scott has been analysing climate risks and opportunities that may be financially material to its investments. Not all physical and transition risks arising from climate change will be intuitively predictable. Idiosyncratic company-specific nuance and strategy matters. Walter Scott also expects the continuation of significant climate policy divergence between different regions of the world.

With respect to both climate change and potential legal, regulatory, reputational and commercial transition risks and opportunities in the coming decades, there is also a wide range of potential variables depending on different future scenarios.

Walter Scott believes that climate-related risks and opportunities are potentially relevant to all sectors and regions, albeit with differing emphasis on transition risks and physical climate risks.

Investment strategies and products

Climate-Related Risk Integration

Walter Scott has a core responsibility to identify and take account of long-term risks that are financially material to client portfolios. The idiosyncratic and systemic risks arising from climate change continue to increase as average temperatures rise, rainfall patterns change, and extreme weather events become more commonplace. In addition to increasing physical climate risks, the transition challenges arising from diverging climate and emissions regulation and changing customer expectations may present significant financial risks to unprepared businesses.

There are also a wide range of potential variables depending on different future scenarios, and for all of the above reasons, bottom-up fundamental analysis of investee companies is more important than ever.

Through diligent research, Walter Scott looks to factor climate considerations into ongoing analysis of relevant holdings and avoids investments in companies that are likely to be financially materially impacted by climate change to an extent that would undermine the investment case.

Walter Scott has included an element of structured climate scenario analysis in its Integrity Document (described in the Governance section) since 2021. Since then, the analysis has been enhanced, augmenting the existing bottom-up fundamental analysis of financially material climate-related risks and opportunities in a number of ways. Walter Scott also undertakes annual climate scenario analysis at a strategy level, presenting the findings to the Investment Management Committee. Where there are concerns about a company's approach to financially material climate risks, dialogue is sought to facilitate greater understanding of its strategy and the challenges it faces.

Regular engagement with management teams allows Walter Scott to further assess the depth of each company's assessment of climate-related considerations. Please see further information included in the Risk Management section below.

Transition-related risk and planning

As described in more detail in the Risk Management section, Walter Scott expects that all investee companies can operate and grow in a range of future climate scenarios (including a Paris-aligned global economy), and that their business operations are resilient to physical climate risks under future scenarios.

There is considerable political and regulatory uncertainty about the likelihood and pace of a meaningful low-carbon transition in most markets, and it is uncertain how regulation and changing customer demand will impact on the financial prospects of current investee companies in many sectors.

For this and other reasons, Walter Scott undertakes structured climate scenario analysis on all investments. Nevertheless, given the unpredictability of the future with respect to climate transition risks, Walter Scott does not believe that it is currently able to make an absolute commitment relating to the carbon intensity of its holdings.

Walter Scott will continue to monitor this closely and engage with clients who are focused on climate.

Nevertheless, there are several Walter Scott clients with specified climate-related portfolio restrictions and carbon intensity requirements.

Additional climate-related client preferences

For clients that are interested in having their portfolios managed in line with additional sustainable investment objectives, including climate-related requirements, Walter Scott has the capability to offer this through the Additional Objectives Portfolios (AOP) process.

The AOP Group oversees this process, providing a recommendation to the firm's investment decision making group with respect to the suitability of holdings for additional objectives portfolios.

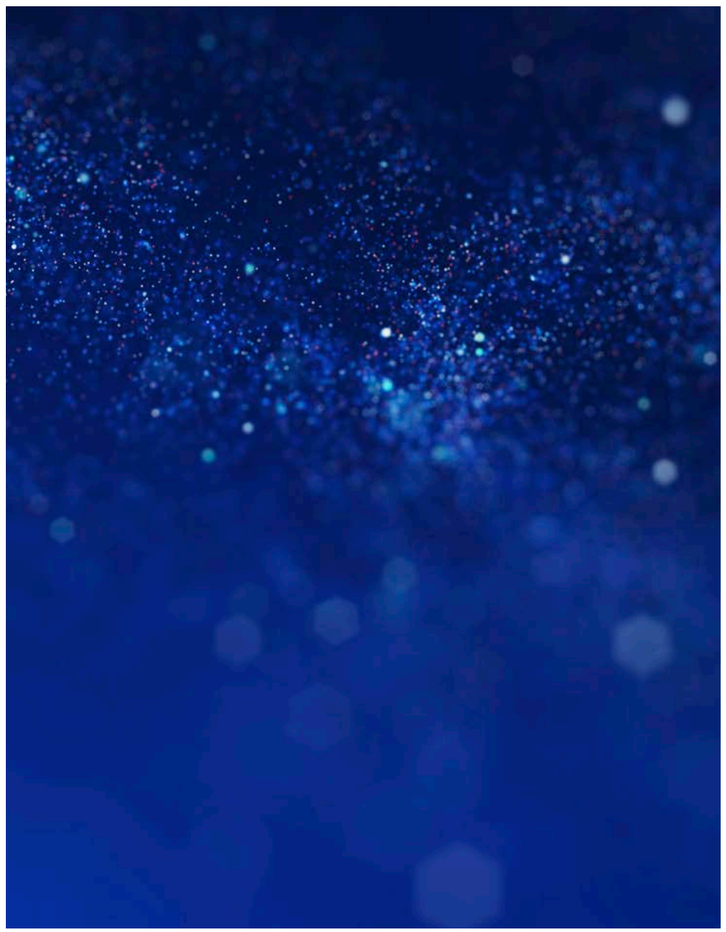
Climate-related ambition

INSIGHT INVESTMENT

Insight became a signatory to the original Net Zero Asset Managers (NZAM) initiative in April 2021, where net-zero ambition focused on UK-managed sovereign and corporate bonds. In 2026, Insight confirmed its participation in the revised initiative through its UK-based holding company, Insight Investment Management Limited. Insight will publish details of its associated ambition in due course in line with the NZAM initiative's expectations for signatories.

NEWTON

Newton Investment Management initially joined NZAM in March 2021. In 2026, Newton Investment Management Limited (NIM) confirmed its signatory status to NZAM, supporting investing in line with the global goal of net-zero greenhouse-gas emissions. As at the date of publication of this report, NIM is refining its commitment in line with NZAM procedures and will publish further information in due course.



03 RISK MANAGEMENT

Approach To Managing Climate Risk: Day to Day Running of Business
Approach To Managing Climate Risk: Investment Portfolios
Insight Investment Climate-Related Risk Management
Newton Climate-Related Risk Management
Walter Scott Climate-Related Risk Management
The BNY Investments UK Companies Approach To Scenario Analysis

INTRODUCTION

The BNY Investments UK Companies consider climate-related risks both from an operational perspective, and in relation to management of investment portfolios.

The following section describes our overall approach to managing:

1. **Climate-related risks within the day-to-day running of the business; and**
2. **Climate-related risks within investment portfolios managed for BNY Investments UK Company clients.**

1. Approach to managing climate risk: day to day running of business

CLIMATE-RELATED RISK MANAGEMENT

Understanding risk drivers and vulnerabilities is essential as we remain focused on addressing potential sources of risk in line with BNY's Enterprise Risk Management Framework. BNY considers climate risks as potential drivers of financial risks (such as Credit, Market and Liquidity Risks), and non-financial risks (such as Operational and Strategic Risks).

The transmission channels through which these risk drivers manifest and potentially impact BNY are influenced by multiple factors, including BNY's business model and commercial offerings, geographic footprint, client base, sectors, supply chain and other key areas.

BNY's approach to managing climate-related risks, summarised in the sections that follow, is applied where relevant throughout BNY's investment management business, including by the BNY Investments UK Companies.

BNY's approach to climate-related risk management aligns with the Three Lines of Defence model, a critical component of its risk management framework to clarify roles and responsibilities across the organisation.

BNY's first line of defence includes senior management, business and corporate staff, excluding employees in Risk Management, Compliance and Internal Audit.

Risk and Compliance is the independent second line of defence, and serves as an independent review and challenge function that reports directly to both BNY's CEO and the Risk Committee of the Board.

Internal Audit is BNY's third line of defence and serves as an independent, objective assurance function that reports directly to the Audit Committee of BNY's Board of Directors. Governance committees and supporting structures are in place to manage climate-related risk drivers, with regular risk reporting provided to senior management.

APPROACH TO CLIMATE-RELATED RISK

BNY, including the BNY Investments UK Companies, is subject to sustainability-related regulations and guidance across its operations. As the global regulatory landscape for sustainability related disclosure and risk management practices continuously evolves, BNY regularly assesses the impact of new regulations on its business and operations and evolves its risk management frameworks by incorporating applicable regulatory requirements and, where relevant, updating processes to support day-to-day management of climate-related risks.

To do so, BNY's established regulatory change management process captures and manages regulatory consultations, guidance, and final regulatory rules.

RISK MANAGEMENT TIME HORIZONS

BNY considers the potential impact of climate-related risk drivers across multiple time horizons. These time horizons are used to understand and manage risk drivers differentially depending on potential impacts over the short term (0-3 years), medium term (4-10 years), and long term (11+ years).

BNY's approach to risk management reflects its business model and commercial strategy, recognizing that client, supplier or other stakeholder engagements and relationships may extend across all time horizons, with a focus on short-term impacts for on-balance sheet exposures and longer-term impacts for strategic decisions and relationships.

A suite of risk assessment tools and processes have been designed to enable the identification, assessment and management of climate-related risks that incorporate a view of risk drivers across different time horizons.

IDENTIFICATION, ASSESSMENT AND MATERIALITY

BNY's Risk Identification and Assessment process is a key component of BNY's Enterprise Risk Management Framework and is documented quarterly in line with internal policies. Additionally, BNY has developed a complementary process which enables the business to further identify and assess climate-related risk driver impacts on business activities and risk profiles, which supports the management of any elevated risk drivers and addresses client and regulatory expectations.

Physical risk arises from climate-related events and includes both acute and chronic effects, as summarised below. Physical risks may affect BNY, our clients or other stakeholders by damaging physical premises, disrupting operations and services or straining resource availability and supply chains.

- Acute physical risks result from extreme weather events such as storms, floods, wildfires, heatwaves, droughts and hurricanes, where the likelihood and intensity of such events are increasing.
- Chronic physical risks involve longer-term climate shifts, including rising mean temperatures, rising sea levels, water stress and degradation or limited access to resources (e.g., labour, natural resources).

Transition risk refers to the transition to a lower-carbon economy or shift of economic activity away from environmentally damaging activities and materials. These risks include fiscal policy, legislation, technological development, and investor and consumer sentiment changes that may impact the financial and non-financial risks of the firm.

Assessment of risk materiality combines qualitative and quantitative methods, including financial and non-financial metrics to evaluate and determine materiality over short, medium and long-term time horizons as detailed above. Determination of materiality aligns with the Enterprise Materiality Framework and is applied consistently across risk types.

In 2025, BNY Investments was included in BNY's risk driver materiality assessment process, as detailed above. The aim of the exercise was to help BNY Investments companies (including the BNY Investments UK Companies) further integrate climate and environmental risk drivers into existing frameworks. The results of the exercise indicated that sustainability (including climate and environmental) risks will primarily impact non-financial risks such as Strategic and Operational risk, in line with results for other areas of the BNY business.

RISK MEASUREMENT

Regardless of whether a risk is deemed material, risk drivers may be monitored through reporting and dedicated risk assessment tools so that aggregate and individual risks are understood and mitigated appropriately. Several non-financial risk drivers, including strategic, legal and compliance risks have been assessed as potentially elevated risks across the assessment time horizons and are therefore monitored closely. Please refer to the table below. The section below (Approach to Managing Climate Risk: Investment Portfolios) details the relevant monitoring of climate-related metrics in relation to investments made on behalf of our clients.

Sustainability Risk Types and Monitoring Metrics

Risk Type	Sustainability Monitoring Metric	Drivers Covered	Horizons Covered
Operational Risk	Number of and losses from weather-related events	Physical Risks, in particular Acute Risk Drivers	Short, Medium and Long
Operational Risk	Number of and percentage of employees located in physical locations identified as being potentially higher risk	Physical Risks, both Acute and Chronic Risk Drivers	Medium and Long
Operational Risk	Critical vendors (both external and inter-affiliate) in high-risk locations (assessed based on the location the vendor provides the service from and where data is stored)	Physical Risks, both Acute and Chronic Risk Drivers	Short, Medium and Long
Strategic Risk	Number of escalations from negative news screenings	Transition Risk – Strategic	Short

CONTROLS AND MITIGATION

Key processes and tools for managing climate-related risks include the following:

Risk Appetite

The annual BNY Investments Risk Appetite Statement is approved by the Business Risk Council and acknowledges climate risk as a key risk driver for BNY Investments legal entities. Emerging climate-related regulatory requirements are also embedded in risk identification, assessment and governance processes within BNY Investments risk horizon scanning.

Policies

BNY has embedded climate-related risk considerations into relevant second-line corporate policies which note that climate-related risk is addressed within applicable risk management processes, including risk identification, assessment and quantification.

Monitoring

As detailed above, BNY has established metrics that support the monitoring and management of climate-related risks.

Training and Education

To support the implementation of climate considerations as appropriate and embed governance oversight responsibilities, BNY delivers climate-risk education as applicable across all Three Lines of Defence in the enterprise, boards and other relevant governance forums. Ongoing training is also performed as part of the rollout of new climate-related risk management tools and processes for relevant first and second line of defence teams.

2. Approach to managing climate risk: investment portfolios

As described in the sections above, BNYI EMEA and BNY MFM delegate day-to-day portfolio management to appointed Investment Managers (including Insight Investment, Newton and Walter Scott) but maintain responsibility for independent monitoring and oversight of those delegated Funds and client portfolios.

BNYI EMEA

For BNYI EMEA, the monitoring of climate-related metrics across client segregated mandates is completed at least bi-annually by the BNY Investments Risk Management team. These client portfolios are also tracked in relation to performance against specific climate metrics, including financed emissions (absolute emissions, carbon footprint, weighted average carbon intensity (WACI)); implied temperature rise (ITR); and climate value at risk (CVaR). The BNY Investments Risk Management team reviews these metrics on a bi-annual basis against their internal framework. Where a significant deviation in a metric is observed, the team investigates this with the Investment Managers. In each case, the BNY Investments Risk Management team will ask for clarifications and supporting evidence from the Investment Managers to understand reasons for such changes. Analysis of these bi-annual trends is also presented for discussion at the RIOC.

BNY MFM

For BNY MFM, the monitoring of climate-related metrics across the Funds is completed monthly by the BNY Investments Risk Management team. Funds are monitored in relation to their alignment with specific climate metrics, including financed emissions (absolute emissions, carbon footprint, weighted average carbon intensity (WACI)); implied temperature rise (ITR); and climate value at risk (CVaR), in each case at Fund level. The BNY Investments Risk Management team reviews these metrics on a monthly basis against their internal framework. Where a significant deviation in a metric is observed, the team investigates this with the Investment Managers. In each case, the BNY Investments Risk Management team will ask for clarifications and supporting evidence from the Investment Managers to understand reasons for such changes. Analysis of monthly trends is presented for discussion at the RIOC.

For Funds with specific climate-related commitments, the BNY Investments Risk Management team monitors Fund performance against the binding commitments made in the prospectus. To facilitate oversight of the commitments in these Funds, this team produces graphs demonstrating monthly performance over time and analyses whether the Funds are on course to meet their commitments (for example, where a Fund has a net zero commitment by a certain date).

BNYI EMEA AND BNY MFM – DUE DILIGENCE

As well as the ongoing monitoring described above, the BNY Investments Risk Management team performs due diligence on each of the Investment Managers. As part of this process, each Investment Manager receives a quarterly sustainability and governance questionnaire which asks detailed questions about the overall Investment Manager sustainability approach, as well as the sustainability performance of each relevant Fund or client portfolio.

There are no specific climate-related metrics specified within BNYI EMEA or BNY MFM's remuneration policy. Nevertheless, BNYI EMEA and BNY MFM adopt the broader BNY Compensation Philosophy and Principles which are designed to support sound and effective risk management across all categories of risk.

At a portfolio level, the Investment Managers are responsible for the day-to-day identification and consideration of climate-related risks and opportunities in the selection and ongoing monitoring of appropriateness of investments.

Climate-related risks and opportunities are taken into account in the management of relevant products in a manner consistent with, and as required by, the specific investment strategy applicable to the relevant product. Accordingly, the extent to which climate-related risks and opportunities are considered, and the manner in which they are integrated into the investment process, is determined by the relevant investment strategy.

The following sections describe the approach taken to managing climate-related risks and opportunities in relation to portfolios managed by the BNY Investments UK Companies which conduct investment management activity on a day-to-day basis (Insight Investment, Newton and Walter Scott).

INSIGHT INVESTMENT CLIMATE-RELATED RISK MANAGEMENT

Climate-related risks are assessed alongside market, credit and liquidity risks within the investment process, with material risks incorporated into fundamental analysis, portfolio construction and risk review discussions.

The relative significance of climate-related risks is determined based on their potential financial impact, time horizon and relevance to the mandate.

Insight considers financially material risks in the following ways.

- 'Direct' risks are identifiable, easier to quantify, and typically occur in the near term; the drivers of such risks are idiosyncratic, such as pollution fines or product safety issues.
- 'Indirect' risks are sustainability risks which impact the system within which a portfolio operates. Their quantification is more complex, and their drivers stem from broader sustainability issues impacting the whole of the economy over the longer term.

The relevance of climate factors in Insight's investment portfolios will depend on the specific mandate. In certain investment approaches, investment decisions may be driven by factors other than financial materiality (for example, investment decisions may be driven by the need to hedge specific liabilities) and, as a result, the consideration and integration of climate-related factors may vary.

Insight aims to analyse both climate transition risks and climate physical risks, where data is available. Insight utilises climate-related data from numerous vendors to provide clients with reporting on various metrics. Insight also has a range of proprietary tools which it continues to build out and which it uses to identify financially material climate-related risks and opportunities for relevant client mandates.

These include the following:

- **Prime corporate ESG risk ratings:** Climate change is considered within the environmental pillar of Prime ESG ratings, assessing data and performance on carbon emissions, carbon financing and exposure, product carbon footprint and controversies.
- **Prime corporate climate risk ratings:** The ratings are structured around the TCFD framework and use physical and transition risk analysis to generate a comparison of issuers.
- **Prime net zero ratings:** The Prime net zero ratings categorise corporate and sovereign issuers according to the extent of their commitment to and alignment with achieving net zero by 2050.
- **Impact bond ratings:** Insight's proprietary impact assessment framework uses a three-stage process including relevant climate-related impact and outcomes.

Insight's remuneration policy does not explicitly include climate change-related performance metrics. Where individuals are responsible for managing portfolios with dedicated sustainability intent, there is a formal objective in their performance review. Credit analysts also have a formal objective to evidence that material environmental, social and governance risks, including those relating to climate, have been reviewed critically. The outcome of the performance appraisal is linked closely to any discretionary compensation elements.

Climate approaches by asset class

The identification and assessment of climate-related risks is tailored by product and strategy, reflecting differences in asset class, time horizon and investment objectives.

Liability-driven investment (LDI)

LDI is a risk-management solution and incorporates several types of investments, including high-quality bonds such as UK gilts, derivatives such as interest rate swaps, and collateral waterfall assets such as money market funds. Insight's focus for UK LDI clients is on ensuring climate risk is effectively managed at a counterparty level. Insight also engages with the UK government, offering technical expertise as regards UK climate policy, to help the UK government understand how it might meet its own net zero commitments.

Corporate debt

The primary mechanism for considering climate-related risk in the corporate debt investment process is the incorporation of Insight's Prime climate risk ratings into its proprietary landmine checklist. This is a crucial step in Insight's fundamental analysis process for avoiding downgrades and minimising default risk.

Sovereign debt

Insight uses ESG ratings provided by MSCI to assess significant climate-related risks for relevant client mandates. These consider climate physical and transition risks within their assessment framework.

Secured finance (asset-backed securities): Insight uses an analyst-driven evaluation methodology to assess climate and wider sustainability and governance risks within asset-backed securities (ABS).

Multi-asset

Our multi-asset management style uses derivatives to achieve market exposures. Climate change considerations are embedded within our approach in various ways including the use of ESG-screened equity indices and green infrastructure.

Climate-related risk engagement

Stewardship is an important tool in managing the climate-related risks of Insight's clients' investments and encouraging investee companies to improve their management of climate-related issues.

Stewardship activity is tracked on internal systems and engagements with corporate or sovereign issuers are captured within a template. Insight has separate templates for fundamental and sustainability and governance engagements.

More details, and examples of Insight's engagements with corporate and sovereign issuers on climate change and related issues, are provided in Insight's Responsible Stewardship Report 2026.

Additional Operational Risk Considerations

Climate-related risk identification, assessment and management are embedded within Insight's broader risk management framework and investment processes, rather than treated as a standalone exercise.

Insight's Board is ultimately responsible for overseeing all elements of risk management, including climate-related risks, which are integrated into Insight's overall enterprise risk management framework.

In addition to following the BNY Enterprise Risk Management framework outlined above, Insight has an independent risk management function that oversees and maintains the risk management framework, which uses three lines of defence.

Business Line Management Function

The first line of defence encompasses the risk identification and control activities embedded within business processes.

Independent Risk Management and Control Function

A second line of defence is provided by the independent Corporate Risk and Compliance Teams, which report to the Chief Risk Officer within Insight, and have independent reporting lines to BNY.

Internal Audit Function

The third line of defence is our Internal Audit team, which is an independent, objective assurance function that reports directly to the Audit Committee of BNY's Board of Directors. Within Insight's risk management framework, climate-related risks are considered in both day-to-day business and within investment portfolios.

Ongoing consideration of regulatory environment

There are numerous regulatory requirements relating to climate and sustainability-related disclosures across the jurisdictions in which Insight operates.

Insight regularly reviews any proposals to change these requirements, or to introduce new ones, to ensure compliance and that changes are factored into investment processes, where relevant.

Insight also seeks to engage and take action to influence policy that is relevant to its clients.

Insight may collaborate with investment consultants and industry bodies on priority issues, where relevant to acting in the best interests of clients on climate change issues.

NEWTON CLIMATE-RELATED RISK MANAGEMENT

At Newton, material risks and opportunities are considered as part of the investment process, recognising that their relevance and impact can vary depending on the specific context and objectives of each actively managed strategy. This nuanced approach ensures that financially material climate factors, alongside other financial considerations, are integrated thoughtfully to support informed investment decisions tailored to relevant mandates.

For integrated products, which represent the majority of actively managed assets under management, financially material climate and environmental topics – including climate risks – are embedded within the multidimensional investment research process. The RI team collaborates closely with portfolio managers and analysts, providing insights and deeper assessments when required. In addition, RI analysts will provide insights during investment and research meetings, ensuring financially material climate-related risks are visible, understood and considered alongside other financial and strategic factors. Investment teams assess relevant sustainability and governance topics during security recommendations. Where there are financially material risks or opportunities, these are assessed at the point of recommendation and integrated into investment decisions, as appropriate.

Ongoing oversight of investment portfolios is maintained through monitoring with investment risk, controversy alerts and continuous dialogue (between Newton's RI team and portfolio managers as well as with companies) allowing for dynamic assessment of climate-related risks as they evolve.

As noted in the Strategy section, for relevant products following Newton's Sustainable Investment framework, there is an additional quantitative framework to assess companies objectively, used alongside a more detailed qualitative analysis. Newton's Sustainable Investment framework includes eight sustainable investment themes, among which climate transition and adaptation are key but not exclusive focuses.

For clients with specific sustainability preferences, strategies with sustainability characteristics explicitly target these themes by identifying companies that provide solutions to climate challenges or demonstrate strong management of climate risks within their operations and strategies. This framework includes exclusions of issuers deemed harmful to the environment and focuses on companies with credible transition plans.

Newton also applies a climate qualification test to this strategy range, which highlights, within a precautionary pool, companies whose business models are threatened by an accelerated decarbonisation transition. These require further analysis and justification before investment. This is assessed and shared through the Sustainable Investment Forum quarterly. This framework is overseen by the RI team and the Sustainable Investment Forum, providing an additional layer of climate risk assessment and stewardship beyond the integrated environmental, social and governance analysis used in other products where this is financially material.

Newton's remuneration policy does not explicitly include climate change-related performance metrics. Where individuals are responsible for managing portfolios with climate-related objectives, client satisfaction with performance against their objectives is included in the wider remuneration decisions.

Engagement on climate-related risks

At Newton, engagement with investee companies is a key stewardship tool aimed at improving long-term financial outcomes for clients, including on climate-related issues. Newton pursues purposeful, investment-led dialogue with company boards and management to understand and support them on financially material aspects of their decision-making.

This includes encouraging climate disclosure and practices, enhancing data availability, and improving the ability to assess climate-related risks that could impact an investee company's economic value.

Newton seeks to understand companies' strategies and transition plans related to climate change, supporting improvements where financially material gaps exist. This active dialogue helps Newton mitigate risks and identify opportunities, ultimately aiming to protect and enhance the value of clients' investments.

Additional Operational Risk considerations

Newton's approach to managing climate-related risks within the day-to-day running of the business is aligned to BNY's overall approach which is described at the beginning of this section.

Ongoing consideration of regulatory environment

Newton works collaboratively with BNY teams to monitor emerging regulations and standards which may affect Newton's business, including as they relate to climate change.

WALTER SCOTT CLIMATE-RELATED RISK MANAGEMENT

Walter Scott's primary means of managing financially material climate-related risks of client investments is through fundamental company analysis, which applies across all investment strategies and clients.

Through diligent research, Walter Scott aims to factor climate considerations into ongoing analysis of holdings and avoid investments in companies that are likely to be financially materially impacted by climate change to an extent that would undermine the investment case.

As noted above, Walter Scott has included an element of structured climate scenario analysis in its Integrity Document since 2021. Since then, the analysis has been enhanced, augmenting the existing bottom-up fundamental analysis of climate risks in a number of ways:

- The ESG Datasheet, which is maintained for all holdings, includes climate and emissions-related data. Walter Scott track company emissions targets and commitments to initiatives, such as CDP, TCFD and SBTi.
- Walter Scott undertakes ongoing climate scenario analysis for all holdings, using three Network for Greening the Financial System (NGFS) scenarios (NGFS Orderly – Net Zero 2050; NGFS Disorderly – Delayed Transition; NGFS Hothouse – Nationally Determined Contributions).
- In addition to the core analysis outlined above, Walter Scott undertakes an Enhanced Climate Assessment (ECA) to provide additional analysis of climate risks and opportunities pertaining to higher emissions/potentially higher risk holdings and potential holdings, with a summary of the findings presented to the ISSC and Investment Management Committee (IMC).
- Walter Scott also undertakes annual climate scenario analysis at a strategy level, presenting the findings to the IMC.

Financially material climate-related risks are taken into consideration in stock discussions and in portfolio construction decisions. For all of the above work, Walter Scott utilise a combination of internal / company data and sustainability and governance vendor / third party data (e.g. CDP) to undertake fundamental analysis.

Walter Scott has developed its own tools to understand climate-related risks (e.g. the Enhanced Climate Assessment) and utilises the resources of both the Research and Stewardship and Sustainability teams to identify and assess financially material climate-related risks.

Rather than creating additional risk management processes to do this, Walter Scott's preference is to integrate the management of such risks into its core risk management framework.

Based on Walter Scott's analysis, physical climate change and related transition considerations may be deemed to be a current risk for certain investment portfolios.

As described in more detail above, with respect to relevant portfolios, Walter Scott's primary means of managing the climate-related risks of client investments is through fundamental company analysis, which applies across all investment strategies and clients. As part of the Walter Scott research model, qualitative climate scenario analysis is undertaken on all holdings, which is enhanced for higher risk holdings.

Walter Scott also undertakes annual climate scenario analysis for key strategies and produces a quarterly ESG Risk Review which includes monitoring of portfolio emissions and material climate-related controversies. Both these reports are shared with the Investment Stewardship and Sustainability Committee, and summary versions are also presented to the Investment Management Committee (IMC). This quarterly management information pack utilises external vendor data sources to highlight the comparative performance of holdings and portfolios on a range of ESG integration indicators.

The introduction of the ESG Risk Review complements Walter Scott's primary focus on bottom-up fundamental analysis of financially material risks and opportunities, which enables monitoring of these in a systematic manner. It is intended to highlight potential issues and generate discussion and is therefore an input to Walter Scott's research process rather than a screen or portfolio construction tool.

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

Climate-related engagement

Walter Scott expects that all investee companies can operate and grow in a range of future climate scenarios (including a Paris-aligned global economy), and that their business operations are resilient to physical climate risks under future scenarios.

Where Walter Scott has concerns about a company's approach to climate risks, dialogue is sought to facilitate greater understanding of its strategy and the challenges it faces.

Regular engagement with management teams allows Walter Scott to further assess the depth of each company's assessment of climate-related considerations.

These interactions afford Walter Scott a greater understanding of the climate risks and opportunities faced by that business, enabling better evaluation of the potential impact on the investment case.

Walter Scott encourages investee companies to disclose emissions data to the CDP and to report according to the TCFD recommendations. Doing so provides financially relevant climate information and data in a structured and useful way.

Where this is not the case, Walter Scott will engage with the investee company to raise awareness of both initiatives. Where appropriate and constructive, Walter Scott is open to engaging collaboratively with other investors, such as through the CDP initiative.

Walter Scott recognises that in many markets there is still considerable work to be done to meet these disclosure standards. It is important to re-emphasise that the objective with monitoring and engagement is about creating value for clients over the long term.

A changing climate is a systemic risk to long-term performance for all companies, hence Walter Scott's analysis and focus on all holdings.

Additional operational risk considerations

With respect to Walter Scott's own business and operations, the Board Risk Committee ("BRC") is responsible for escalating all material risks to the Walter Scott Board, including any emerging climate-related risks.

A register of such risks is maintained and the consideration of emerging risks is a standing agenda item at each Walter Scott BRC meeting. An additional agenda item at that meeting is the consideration of any financially material matters relating to climate.

Walter Scott does not attempt to directly quantify the relative significance of climate-related risks compared to other risk types (market, credit, liquidity, operational), but the respective management committees and BRC take account of climate-related risks when making prioritisation and resourcing decisions. Walter Scott aims to identify, assess and manage all material risks relating to both its business and client assets, including those arising from climate change and related transition risks.

Ongoing consideration of regulatory environment

Other than the UK FCA ESG Sourcebook TCFD disclosure guidance and the EU SFDR product-specific requirements, Walter Scott has no existing climate-related regulatory requirements. Through the Sustainability Policy and Reporting Group, Walter Scott is monitoring potential future requirements.

THE BNY INVESTMENTS UK COMPANIES APPROACH TO SCENARIO ANALYSIS

As noted above, this year marks the first in which the BNY Investments UK Companies will publish a combined TCFD report to meet the FCA's requirements in Chapter 2 of the ESG Sourcebook. In order to aid reader understanding, we have taken the decision to present relevant information on climate scenario analysis in the same manner, and using the same data provider, across all BNY Investments UK Companies. For some of these in-scope legal entities, this may represent a change in approach from previous years in relation to disclosure of how qualitative and quantitative climate scenario analysis is used to assess climate-related risks in investment portfolios.

In order to satisfy UK FCA requirements, the BNY Investments UK Companies have utilised quantitative climate scenario analysis to evaluate the resilience of portfolios against a range of plausible future climate pathways. Climate-related scenario analysis involves the use of modelling techniques to assess the potential exposure of investment portfolios to climate-related risks and opportunities.

We recognise that these models rely on foundational assumptions that may not capture the full complexity of evolving global systems; for instance, they often do not account for proactive adaptation measures companies may take, which could lead to an overstatement of certain risks. Consequently, these outputs are treated as analytical risk indicators rather than a definitive depiction of future financial outcomes.

We have conducted a quantitative assessment on aggregated portfolios for each of the BNY Investments UK Companies. This assessment has been conducted using MSCI's Climate Value-at-Risk (CVaR) methodology.

CVaR is calculated for BNY MFM, BNYI EMEA and Walter Scott at the aggregated portfolio level on all holdings. For Newton, CVaR is calculated separately for corporate debt and equity, and for sovereigns, using the respective holdings. For Insight Investment, CVaR is calculated on an all holdings basis, for the respective asset classes of UK Gilts, Sovereigns and Corporate Bonds. Quantitative CVaR analysis calculations are included in the relevant legal entity sections in the Appendix.

Our CVaR assessment estimates the potential financial impact of both physical and transition risks on portfolio valuations for the BNY Investments UK Companies.

Physical Risks Analysis: We assess exposure to multiple different climate-related hazards for each scenario, including acute weather events such as cyclones and flooding, and chronic weather changes such as increased rainfall or heat.

Transition Risks Analysis: The scenarios are chosen to cover multiple transition risk stressors such as carbon price, fossil fuel prices and demand, energy mix evolution, and emissions pathways.

We have adopted five climate scenarios, drawn from the Network for Greening the Financial System (NGFS) scenario framework, under the three representative temperature pathways:

- **1.5°C Orderly Transition:** Reflecting the NGFS Net Zero 2050, this scenario would see global temperature rise limited to 1.5°C through stringent climate policies and innovation, reaching net zero CO2e emissions around 2050.
- **1.5°C Disorderly Transition:** Reflecting the NGFS Delayed Transition, this scenario assumes that meaningful emissions reductions are postponed, requiring sudden and stringent policy action later to limit global warming to 1.5°C, resulting in elevated transition risks.
- **2°C Orderly Transition:** Reflecting the NGFS Below 2°C Orderly pathway, this scenario assumes timely and gradually strengthening climate policies that limit global temperature rise to below 2°C, resulting in lower transition risks and a more orderly economic adjustment.
- **2°C Disorderly Transition:** Reflecting NGFS Delayed Transition, this scenario assumes annual emissions do not decrease until 2030, necessitating strong policies to limit warming to below 2°C.
- **3°C NGFS NDC:** Reflecting NGFS Nationally Determined Contributions (NDCs), this scenario includes all pledged targets even if not yet backed up by implemented effective policies; however, the world still remains on a trajectory of 3°C warming along with high physical climate risks.

We use the "aggressive" physical risk outcomes under all five aggregated scenarios.

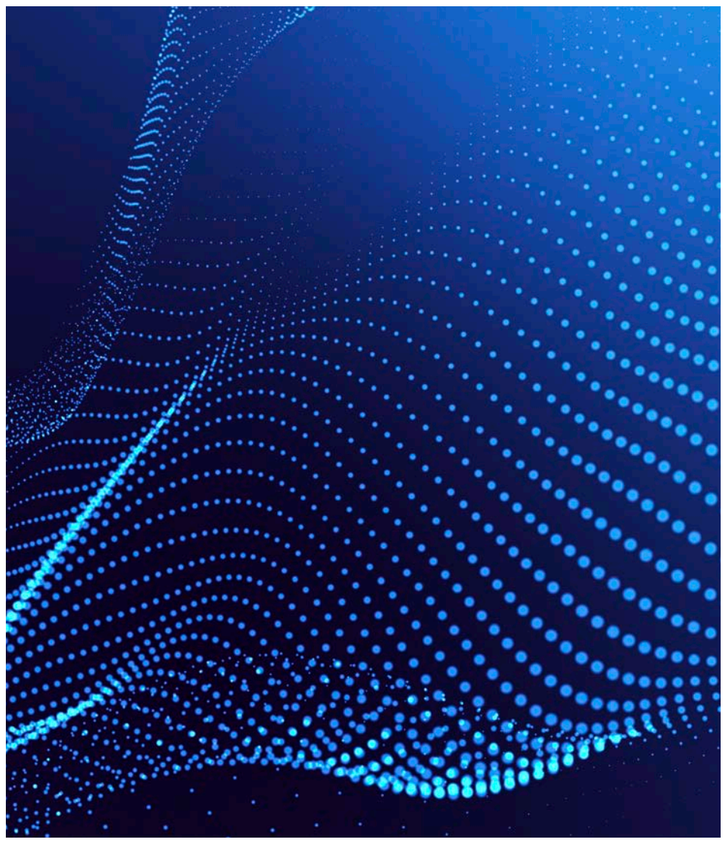
Please note that scenario analysis can be a useful tool to gain a general sense of the degree of absolute and relative climate-related risk. However, exact values are still far from scientific due to a number of limitations and assumptions. These include the pace of policy change, technology transition pathways and macroeconomic responses to different climate outcomes – each of which remains difficult to predict.

The results of scenario analysis should therefore be treated as an analytical indicator rather than precise outputs. Scenario analysis complements existing frameworks for resilient long-term investment risk management and allows us to better understand climate risk within client portfolios and the potential impacts to business.

The BNY Investments UK Companies may use a variety of metrics to understand term-specific climate-related risks within investment portfolios but for the purpose of producing a single metric to stress the overall holdings of each legal entity as a whole, CVaR has been chosen for this report.

However, the CVaR model's ultimate utility depends on the assumptions underpinning the underlying numerical inputs; namely the relative likelihood of various climate outcomes, and their impact on global economies, both of which have large error margins. As a result, caution should be exercised in extrapolating the results and consequently the BNY Investments UK Companies do not necessarily use this metric to make investment decisions.

As described above, we have used MSCI feeds and data which are based on the Network for Greening the Financial System (NGFS) scenarios. Whilst all stress testing has its flaws, it is our view that NGFS outputs are currently seen as best practice in the industry. It is important to note that these are standardised stress tests.



04 METRICS AND TARGETS

Overall Approach To Metrics And Targets
Approach To Operational Emissions
Approach To Financed Emissions

Overall approach to metrics and targets

Our approach to metrics covers both our operational carbon footprint and our financed emissions, covering Scope 1, Scope 2, and relevant Scope 3 greenhouse gas (GHG) emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) (the "GHG Protocol"). Like many investment managers, Scope 3 GHG emissions from the BNY Investments UK Companies' value chain activities are primarily driven by the Category 15 emissions associated with investment activities.

The data referred to in this document has been mainly sourced from internal sources and third-party providers. Third-party vendors, including data providers, undergo a selection process in line with BNY enterprise-level procurement procedures. Third-party vendors undergo a due diligence process in line with BNY enterprise-level procurement procedures, which includes sustainability considerations where relevant.

KEY METRICS

Scope 1, 2, and 3 GHG Emissions: this report includes direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2), and select value chain emissions (Scope 3), including Category 15 emissions related to investment activities. In preparing this TCFD report, the BNY Investments UK Companies have used the most up-to-date information available as at the calculation date of 31 December 2025, in so far as reasonably practicable. Where limitations in data availability, quality, methodology or timing apply, these are described in the relevant sections.

APPROACH TO OPERATIONAL EMISSIONS

The operational emissions disclosed in this section are that of The BNY Investments UK Companies and represent a share of BNY's reported emissions and progress against BNY's targets. These emissions have been measured in accordance with BNY's emissions accounting methodology, unless otherwise specified for a particular legal entity. For the latest BNY progress against targets, refer to BNY's TCFD disclosure.

Methodology

BNY measures its greenhouse gas (GHG) emissions inventory, energy consumption, and energy intensity following the guidance of the GHG Protocol and Scope 2 Guidance. BNY's GHG inventory measurement covers each calendar year from January 1 to December 31 and includes BNY's Scope 1, Scope 2 (location- and market-based) and Scope 3, Category 6 (business travel) emissions.

BNY's Scope 1 emissions primarily include those generated on-site from sources that are owned or controlled by BNY, such as central boilers used for heating. Scope 2 emissions include those generated off-site in the production of purchased energy which is consumed on-site, such as electricity and steam. BNY's Scope 3 emissions include other indirect emissions generated across BNY's value chain that are not a part of the Scope 1 or Scope 2 inventory. BNY reports a Scope 2 location- and market-based emissions figure.[1] The location-based method reflects a localised view, using grid emissions intensities reflective of where BNY operates. The market-based figure reflects the effect of BNY's renewable electricity purchases – which generally reflect production which may not be coincident with the location of BNY's operations and consumption.

BNY measures emissions using emission factors from the US Environmental Protection Agency (EPA), UK Department of Energy Security and Net Zero (DESNZ), International Energy Agency (IEA), and local steam factors sourced from District de Luxembourg, Lower Silesian Voivodeship, and Local Law 97 (LL97) NYC grid. Emissions factors reflect global warming potentials (GWP) published in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

1. BNY selects the location-based method for its 1.5°C-aligned emissions target because it incentivises near-term actions such as investments in energy efficiency and BNY's physical infrastructure to achieve reductions. BNY uses the market-based view in tandem with its Scope 1 emissions to consider longer-term components of BNY's profile which are not as easily transitioned to renewable alternatives.

BNY defines its organisational boundary using the Operational Control approach. Under this approach, BNY accounts for all GHG emissions related to those locations and assets over which BNY has operational control, including where BNY is the primary operator of the facility, or where BNY is not the primary operator but has authority to introduce and implement operating policies pertaining to energy. The worldwide facilities over which BNY (inclusive of consolidated subsidiaries) has operational control are included in the GHG inventory, including owned facilities or facilities with an operating lease. Owned and operated fleet vehicles and corporate aircraft are also included within the boundary. Leased vehicles offered as an employee benefit are excluded from BNY's operational boundary on the basis that they are beyond operational control and assumed to be used primarily for personal travel. For Scope 3, Category 6 (business travel), BNY's boundary includes air, rail, car rental and hotel bookings made through a third-party corporate travel platform, ride-share bookings through a different third-party platform, and employee-reported use of personal vehicles for business travel.[2]

Renewable Energy and Carbon Offsets

BNY works to reduce its GHG emissions, energy consumption, and energy intensity through investments in energy efficiency and related efforts. For all electricity consumption from the grid, BNY procures RECs, Guarantees of Origin (GOs) and other renewable electricity instruments as close to the point of use as is feasible.[3]

For the emissions BNY cannot mitigate through its investments in energy efficiency, other reduction efforts or renewable energy purchases, BNY procures an equivalent or greater amount of carbon offsets focused on a combination of renewable energy, resource conservation and carbon sequestration initiatives. For 2025, BNY purchased 236,933 MWh in RECs, Guarantees of Origin (GOs) and other renewable electricity instruments[4] and 30,455 $mtCO_2e$ in carbon offsets.[5]

Operational Emission Metrics[6]

The table below represents the total Scope 1, 2 and 3 (business travel) emissions of the BNY Investments UK Companies. Emissions attributed to each individual BNY Investments UK Company are included within the relevant section of the Appendix (BNYI EMEA, BNY MFM, Insight, Newton and Walter Scott).

Emissions ($mtCO_2e$)	2024	2025
Scope 1	123	125
Scope 2 (Market-based)	0	0
Scope 2 (Location-based)	1,806	1,899
Scope 3 Category 6 (Business Travel)	2,518	1,610

2. Business travel booked outside third-party platforms that supply BNY travel data, along with unreported use of personal vehicles for business travel, is excluded from emissions measurement.
3. Feasibility includes factors such as regional availability and price.
4. Purchased instruments include those procured directly by BNY as unbundled instruments, as well as bundled instruments procured by landlords under direct contracts with utility providers.
5. Consistent with BNY policy, carbon offsets are purchased in the February subsequent to reporting year, and will be retired at a subsequent date based on contractual terms of BNY's purchase agreement.
6. BNY offsets residual operational emissions (Scope 1, Scope 2, Scope 3) that cannot be otherwise abated through BNY's own emissions reduction initiatives.

APPROACH TO FINANCED EMISSIONS

In accordance with the TCFD guidance and the FCA's requirements in Chapter 2 of the ESG Sourcebook, this report uses several metrics to disclose financed emissions in the portfolios managed by the BNY Investments UK Companies by each legal entity, to show potential exposure of our TCFD in-scope business to climate-related risks.

This includes both absolute emissions metrics and intensity-based indicators that enable comparison against the previous year.

To promote reporting consistency and methodology alignment across our in-scope legal entities, and the broader industry, we utilise MSCI as our primary source for emissions data, with the exception of Insight Investment's sovereign and gilt portfolios, where we have applied alternative methodologies and sources, as noted in the relevant footnotes in those sections.

MSCI tools are applied by each of the BNY Investments UK Companies to facilitate a coordinated view of climate-related risk exposure for the purposes of this regulatory disclosure. As such, other reports or publications issued by each of the BNY Investments UK Companies on the same or a similar topic, may include data produced under different methodologies or scoping.

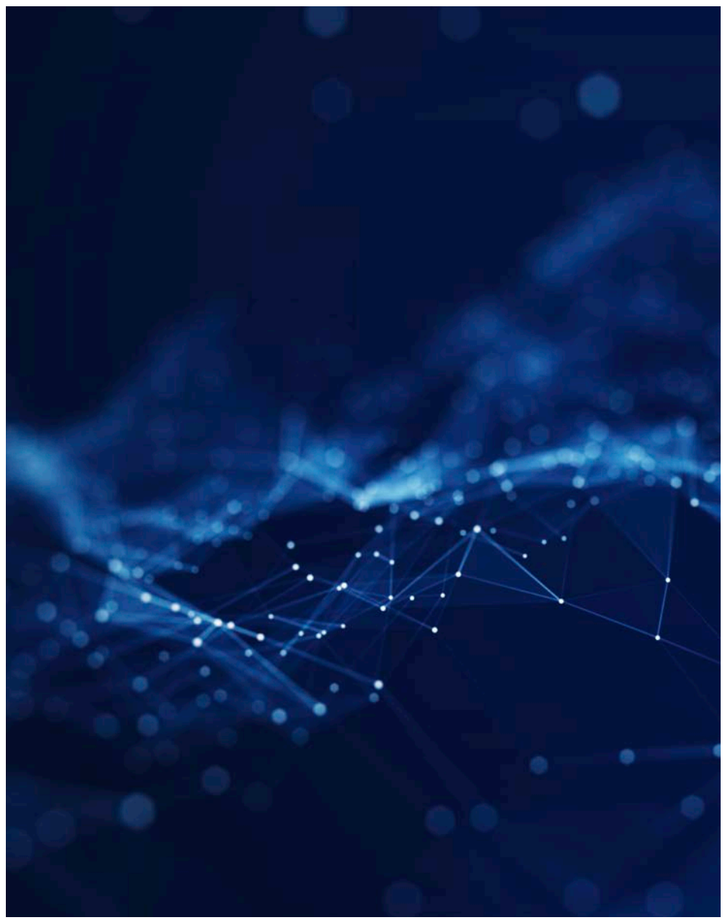
According to MSCI, emissions data is generally based on the most recent financial year available. In cases where input data is unavailable at the company level, the relevant company is excluded from the calculation, and the portfolio weights are adjusted accordingly.

We report climate-related metrics in relation to assets managed on behalf of our clients (including discretionary mandates and funds) for each of the BNY Investments UK Companies in the Appendix. For the purposes of this TCFD disclosure, financed emissions are calculated by aggregating the absolute emissions of underlying securities held by each of the BNY Investments UK Companies, weighted by their respective portfolio holdings and normalised by the total value of the portfolio. Data is focused on material asset classes, where high-quality data is available for a significant proportion of securities, such as sovereign and corporate issuers, using holdings data as of 31 December for the relevant year.

Scope 1 and 2 emissions associated with investments are reported using the investment-specific method in line with the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition). This method involves collecting emissions data from investee companies and allocating emissions based on the share of investment, using Enterprise Value Including Cash (EVIC), or other comparable factors, as the attribution factor.

In relation to reporting Scope 3 emissions, while the reporting guidelines for investment emissions in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard provides guidance, accurately capturing investment emissions remains complex; therefore, reported emissions should be considered estimates.

Scope 1 and 2 emissions are based on reported data or, where unavailable, MSCI estimates, with no assumptions or proxies applied by the BNY Investments UK Companies. Scope 3 emissions are estimated by MSCI, without any assumptions or proxies applied by the BNY Investments UK Companies.



Overview of Financed Emissions Metrics Disclosed

Metric (Unit)	Purpose	Formula	Limitations
Total carbon emissions (million tCO_2e)	To understand the total climate impact of investments.	$= \sum \left(\frac{\text{Current value of Investment}}{\text{Issuer's EVIC*}} \times \text{Issuer's GHG Emissions} \right)$	Limited use in comparison to other portfolios, benchmarks or points in time.
Carbon Footprint (tCO_2e / GBPm invested)	To understand how the emission intensities of different portfolios compare to each other per monetary unit.	$= \frac{\sum \left(\frac{\text{Current value of Investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG Emissions} \right)}{\text{Current Portfolio Value}}$	Potentially volatile, particularly due to fluctuations in the market value, which may be unrelated to changes in GHG emissions.
Weighted Average Carbon Intensity (Corporate Constituents) (tCO_2e / GBPm Revenue)	To understand exposure to emissions – intensive companies.	$= \sum \left(\frac{\text{Current value of Investment}}{\text{Current Portfolio Value}} \times \frac{\text{Issuer's GHG Emissions}}{\text{Issuer's Revenue}} \right)$	Can be skewed by 'outlier' companies with abnormally high carbon emissions intensity.
Weighted Average Carbon Intensity (Sovereign Constituents) (tons CO_2e / GBPm GDP nominal)	To understand a portfolio's exposure to carbon-intensive economies.	$= \sum \left(\frac{\text{Current value of Investment}}{\text{Current Portfolio Value}} \times \frac{\text{Sovereign Issuer's GHG Emissions}}{\text{Sovereign Issuer's M GDP}} \right)$	Can be skewed by 'outlier' economies with abnormally high carbon emissions intensity.

*EVIC (Enterprise Value Including Cash)

Data limitations

Emissions data often relies on estimates or proxies and may provide an imperfect view of portfolio exposures or risks. Figures can shift materially year-over-year as data quality and estimation methods evolve. Where issuer-reported data is unavailable, our data provider applies proxy methodologies, which may introduce methodological limitations, data lags, coverage gaps, or mapping challenges. While we strive for accuracy, outputs should be considered approximate, and historical comparisons may not fully reflect changes in portfolio companies or assets.

05 DISCLAIMERS

Disclaimers

IMPORTANT INFORMATION

Investment risk

Investment involves risk. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. For a full list of applicable risks, investor rights and investment terms and before investing, investors should refer to the relevant offering documents. Material in this publication is for general information only. The opinions expressed in this document should not be construed as investment advice or recommendations for any purchase or sale of any specific security or commodity.

This report may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses. Such statements and forecasts involve risk and uncertainty and may not be a reliable indicator of future performance. Forward-looking statements are based on numerous assumptions, risks, and uncertainties, which may change over time and speak only as of the date they are made. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance. Nothing in this report should be construed as a forecast, estimate or projection of future financial performance and the firm assumes no duty to and does not undertake to update forward-looking statements.

Firm Specific disclaimers

Insight Investment

Investment type: The application and overall influence of Environmental Social and Governance (ESG) approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG factors which may be applied and ESG industry practices applicable in a particular investable universe.

Integration: The integration of ESG factors refers to the inclusion of ESG risk factors alongside financial risk factors in investment analysis and research to judge the fair value of a particular investment and may also include the monitoring and reporting of such risks within a portfolio. Integrating ESG factors in this way will not typically restrict the potential investable universe, but rather aims to ensure that what we believe to be relevant and material ESG risks are taken into account by analysts and/or portfolio managers in their decision-making, alongside other relevant and material financial risks.

Ratings: The use and influence of Insight's ESG ratings in specific investment strategies will vary, potentially significantly, depending on a number of factors including the nature of the asset class and the structure of the investment mandate involved. For an investment portfolio with a financial objective, and without specific ESG or sustainability objectives, a high or low ESG rating may not automatically lead to a buy or sell decision: the rating will be one factor among others that may help a portfolio manager in evaluating potential investments consistently.

Engagement activity: The applicability of Insight firm level ESG engagement activity and the outcomes of this activity relating to buy, hold and sell decisions made within specific investment strategies will vary, potentially significantly, depending on the nature of the asset class and the structure of the investment mandate involved.

Performance/quality: The influence of ESG criteria on the overall risk and return characteristics of a portfolio is likely to vary over time depending on the investment universe, investment strategy and objective and the influence of ESG factors directly applicable on valuations which will vary over time.

Costs: The costs described will have an impact on the amount of the investment and expected returns.

Newton

Newton manages a variety of investment strategies. How ESG analysis is integrated into Newton's strategies depends on the asset classes and/or the particular strategy involved. ESG can be one of many inputs into the fundamental analysis. Newton will make investment decisions that are not based solely on ESG analysis. Other attributes of an investment may outweigh ESG analysis when making investment decisions.

The use of engagement themes may vary depending on the asset class. Engagement themes have been identified to reflect the issues Newton believes to be most material to companies' risks and opportunity sets in the long term. However, other topics may be considered and have greater weighting when engaging with companies. Newton will make investment

decisions that are not based on engagement themes and may conclude that other attributes of an investment outweigh Newton's engagement strategy.

Walter Scott

ESG integration is an integral element of Walter Scott's investment approach. Walter Scott seeks to understand the risks and opportunities faced by investee companies, including those related to environmental, social and governance (ESG) factors, and the potential impact these could have on the financial performance of client investments.

Walter Scott integrates financially material ESG considerations throughout the investment process as part of its fundamental research, reflecting its commitment to assess all factors that may influence a company's ability to deliver sustainable long-term performance.

Walter Scott's ESG integration and stewardship activities focus on three core areas: integrated research and analysis, company engagement and proxy voting. Responsibility for these activities sits with the Investment Team, supported by the Stewardship & Sustainability team.

USE OF CLIMATE-RELATED METRICS AND DATA

There are many significant uncertainties, assumptions and judgements underlying climate metrics that limit the extent to which climate metrics are reliable. Climate metrics and data (including data required to report climate-related risks and opportunities and their potential impacts), the models, scenarios used to create them and the measurement technologies, analytical methodologies and services that support them are at a relatively early stage and developing.

Accordingly, there are limitations with respect to data and analysis techniques, which should be considered. Scenarios are not forecasts and are not predictions of future outcomes. Like any modelling, the further out the projection, the greater the uncertainties.

The climate-related metrics provided in this report may not fully reflect future economic reality. This report contains certain non-financial metrics such as Climate Value-at-Risk metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature of the metric and should not be construed to represent any belief regarding materiality or financial impact. Climate Value-at-Risk is being provided in this report for the purposes of complying with applicable reporting requirements.

MSCI climate change metrics are informed by the Task Force on Climate-Related Financial Disclosures (TCFD). While the metrics align with the general intent of the recommendations from the TCFD, they may not be an exact one-to-one match with every element as specified in the updated Guidance on Metrics, Targets, and Transition Plans from October 2021, and are subject to change as MSCI continues to provide both current and forward-looking climate change metrics to support reporting under the TCFD framework.

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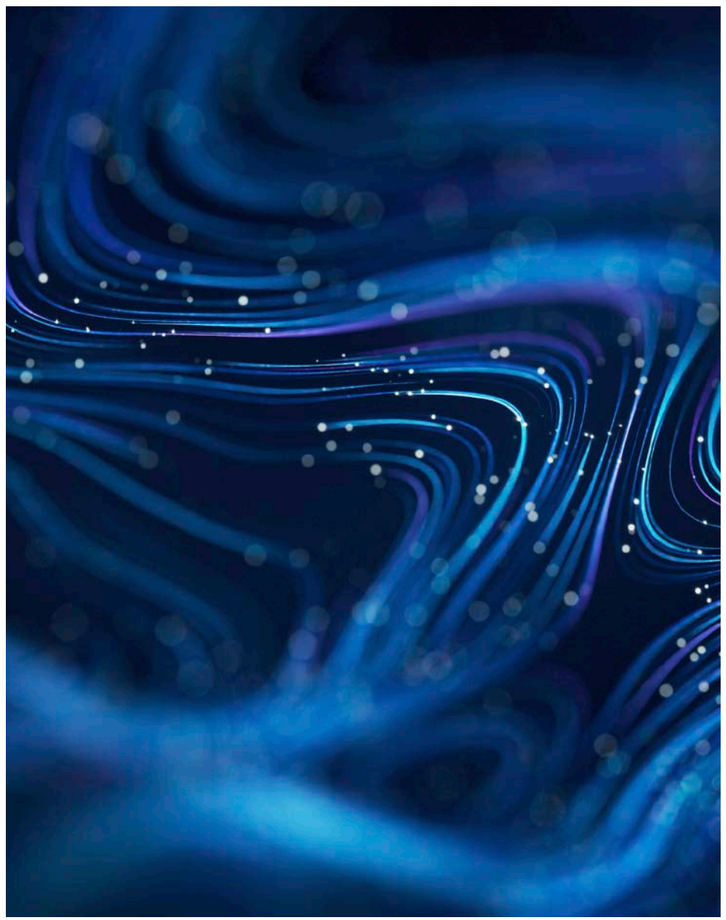
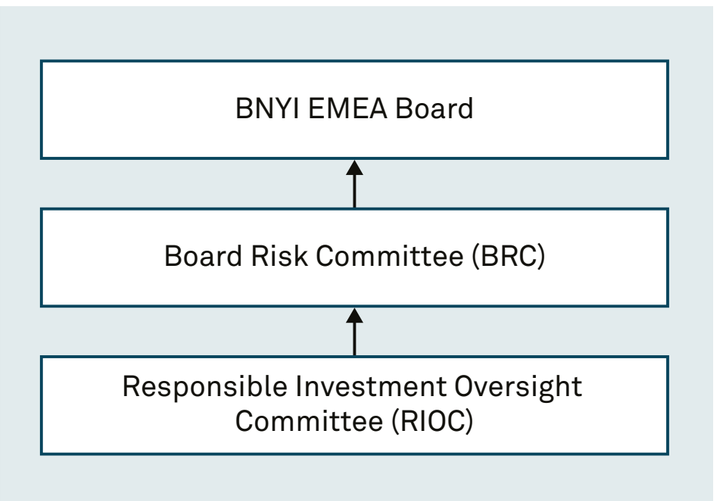


06 APPENDIX

BNY MELLON INVESTMENT MANAGEMENT EMEA LIMITED
BNY MELLON FUND MANAGERS LIMITED
INSIGHT INVESTMENT INTERNATIONAL LIMITED AND INSIGHT INVESTMENT MANAGEMENT (GLOBAL) LIMITED
NEWTON INVESTMENT MANAGEMENT LIMITED
WALTER SCOTT & PARTNERS LIMITED

BNYI EMEA Appendix

RESPONSIBLE INVESTMENT ORGANISATIONAL CHART (2025)



BNYI EMEA OPERATIONAL EMISSIONS[7]

Emissions ($mtCO_2e$)	2024	2025
Scope 1	6	8
Scope 2 (Market-based)	0	0
Scope 2 (Location-based)	85	72
Scope 3 Category 6 (Business Travel)	247	141

Operational emissions commentary

- BNY offsets residual operational emissions (Scope 1, Scope 2, Scope 3) that cannot be otherwise abated through BNY's own emissions reduction initiatives.
- The table represents consolidated figures for BNYI EMEA and BNY MFM.
- Variance: Scope 2 emissions decreased primarily due to a site change and lower UK electricity grid emission factors, while Scope 3 business travel emissions were primarily affected by updated air travel emission factors, which were lower than the prior year due to methodology changes reflecting normalised post-COVID passenger load factors.
- Methodology: Scope 1 and Scope 2 emissions are allocated from real estate operations of BNY in a proportionate share to the legal entity based on square footage occupied by the legal entity in BNY facilities in the reporting year.
- Business travel emissions are allocated based on cost centre used to book travel within a third-party corporate travel platform and as listed in employee personal mileage reimbursement.

7. For the 2025 reporting year, Scope 1 and 2 operational emissions data were calculated using emissions factors that align with the IPCC's AR6 Global Warming Potential (GWP) values. These changes have been applied to 2024 emissions reported. Allocations are also reflective of the change of boundaries associated with businesses in scope of this report.

BNYI EMEA FINANCED EMISSIONS[8]

	Scope 1 And 2 Emissions				Scope 3			
	2024	2024 Coverage (%)	2025	2025 Coverage (%)	2024	2024 Coverage (%)	2025	2025 Coverage (%)
Carbon Footprint (tCO_2e / GBPm invested)	35.3	71.2	29.4	54.5	257.0	71.3	234.8	54.5
Total Financed Carbon Emissions (million tCO_2e)	2.1	71.2	1.6	54.5	15.6	71.3	12.7	54.5
Corporate Weighted Average Carbon Intensity (tCO2e / GBPm Revenue)	107.8	71.5	109.4	54.7	774.9	71.5	844.1	54.8
Sovereign Weighted Average Carbon Intensity (tCO_2e / GBPm GDP Nominal)	273.8	25.1	264.5	25.1	–	–	–	–

Source: MSCI data covers emissions from 1 January to 31 December of each year. For 2025, the emissions data was extracted on 30 April 2026, while for 2024 it was extracted on 28 May 2026.

BNYI EMEA SCENARIO ANALYSIS 2025

Category	Metric	1.5°c NGFS (Disorderly)		1.5°c NGFS (Orderly)		2°c NGFS (Disorderly)		2°c NGFS (Orderly)		3°c NGFS (NDC)	
		Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark
Transition Risk	Policy Risk	(8.8%)	(11.3%)	(8.7%)	(11.1%)	(3.5%)	(4.7%)	(1.3%)	(2.0%)	(2.5%)	(3.4%)
	Technology Opportunities	0.6%	1.2%	0.5%	1.0%	0.1%	0.2%	0.1%	0.1%	0.1%	0.2%
Physical Risk	Physical Risk	(0.6%)	(1.2%)	(0.6%)	(1.2%)	(1.2%)	(2.1%)	(1.2%)	(2.0%)	(1.7%)	(2.8%)
Aggregate Climate VaR		(8.8%)	(11.3%)	(8.8%)	(11.4%)	(4.6%)	(6.6%)	(2.4%)	(3.9%)	(4.1%)	(6.0%)

Source: MSCI, data was extracted on 30 April 2026.

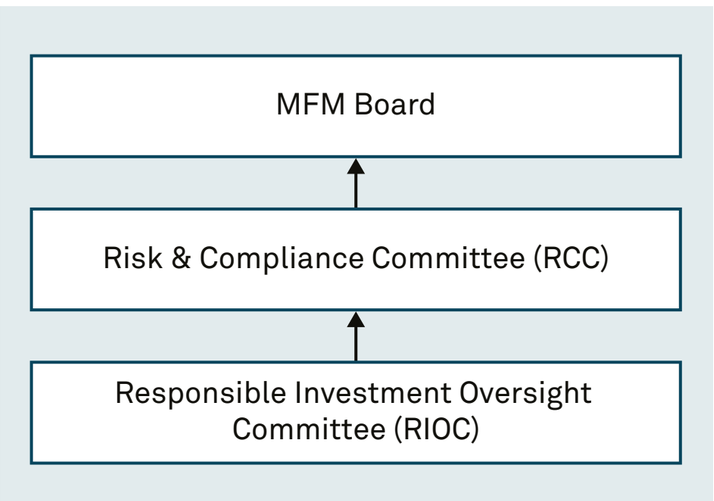
Scenario analysis commentary

Climate scenarios demonstrate plausible climate outcomes but do not provide forecasts. As such, these scenarios operate over a longer time horizon and include a higher number of complex variables. The table represents the results of CVaR-based scenario analysis applied to BNYI EMEA's portfolio using MSCI models and compared to an industry benchmark for further context. The results indicate the highest climate VaR is under the 1.5°C NGFS Disorderly (-8.8%) and Orderly (-8.8%) scenarios. And in the 3°C NDC scenario, physical risk is elevated, reflecting significant climate-related damages from higher global temperatures.

8. The carbon emission figures disclosed in the report issued in 2025 for 2024 were calculated in USD. The carbon emission figures disclosed here for 2024 have been calculated in GBP, to align with current-year disclosures.

BNY MFM Appendix

RESPONSIBLE INVESTMENT ORGANISATIONAL CHART (2025)



BNY MFM OPERATIONAL EMISSIONS[10]

Emissions ($mtCO_2e$)	2024	2025
Scope 1	6	8
Scope 2 (Market-based)	0	0
Scope 2 (Location-based)	85	72
Scope 3 Category 6 (Business Travel)	247	141

Operational emissions commentary

- BNY offsets residual operational emissions (Scope 1, Scope 2, Scope 3) that cannot be otherwise abated through BNY's own emissions reduction initiatives.
- The table represents consolidated figures for BNYI EMEA and BNY MFM.
- Variance: Scope 2 emissions decreased primarily due to a site change and lower UK electricity grid emission factors, while Scope 3 business travel emissions were primarily affected by updated air travel emission factors, which were lower than the prior year due to methodology changes reflecting normalised post-COVID passenger load factors.
- Methodology: Scope 1 and Scope 2 emissions are allocated from real estate operations of BNY in a proportionate share to the legal entity based on square footage occupied by the legal entity in BNY facilities in the reporting year.
- Business travel emissions are allocated based on cost centre used to book travel within a third-party corporate travel platform and as listed in employee personal mileage reimbursement.

10. For the 2025 reporting year, Scope 1 and 2 operational emissions data were calculated using emissions factors that align with the IPCC's AR6 Global Warming Potential (GWP) values. These changes have been applied to 2024 emissions reported. Allocations are also reflective of the change of boundaries associated with businesses in scope of this report.

BNY MFM FINANCED EMISSIONS

	Scope 1 And 2 Emissions				Scope 3			
	2024	2024 Coverage (%)	2025	2025 Coverage (%)	2024*	2024 Coverage (%)	2025	2025 Coverage (%)
Carbon Footprint (tCO_2e / GBPm invested)	49.5	84.0	54.9	85.7	394.0	83.8	436.8	85.6
Total Financed Carbon Emissions (million tCO_2e)	1.2	84.0	1.4	85.7	9.6	83.8	10.9	85.6
Corporate Weighted Average Carbon Intensity (tCO2e / GBPm Revenue)	101.8	84.8	116.2	85.7	878.5	84.8	1,006.7	85.7
Sovereign Weighted Average Carbon Intensity (tCO_2e / GBPm GDP Nominal)	306.7	11.4	351.3	10.5	–	–	–	–

Source: MSCI data covers emissions from 1 January to 31 December of each year. For 2025, the emissions data was extracted on 30 April 2026, while for 2024 it was extracted on 25 March 2025.

BNY MFM SCENARIO ANALYSIS 2025

Category	Metric	1.5°c NGFS (Disorderly)		1.5°c NGFS (Orderly)		2°c NGFS (Disorderly)		2°c NGFS (Orderly)		3°c NGFS (NDC)	
		Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark
Transition Risk	Policy Risk	(14.4%)	(11.3%)	(14.6%)	(11.1%)	(6.1%)	(4.7%)	(2.7%)	(2.0%)	(4.4%)	(3.4%)
	Technology Opportunities	2.2%	1.2%	2.0%	1.0%	0.8%	0.2%	0.4%	0.1%	0.6%	0.2%
Physical Risk	Physical Risk	(0.9%)	(1.2%)	(0.9%)	(1.2%)	(1.8%)	(2.1%)	(1.7%)	(2.0%)	(2.6%)	(2.8%)
Aggregate Climate VaR		(13.1%)	(11.3%)	(13.6%)	(11.4%)	(7.2%)	(6.6%)	(4.1%)	(3.9%)	(6.4%)	(6.0%)

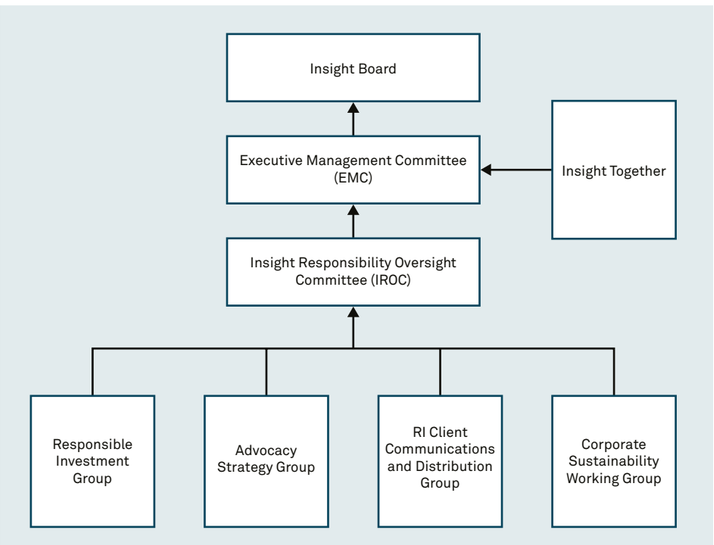
Source: MSCI, data was extracted on 30 April 2026.

Scenario analysis commentary

Climate scenarios demonstrate plausible climate outcomes but do not provide forecasts. As such, these scenarios operate over a longer time horizon and include a higher number of complex variables. The table represents the results of CVaR-based scenario analysis applied to BNY MFM's aggregated portfolio using MSCI models and compared to an industry benchmark for further context. The results indicate the highest climate VaR is under the 1.5°C NGFS Disorderly (-13.1%) and Orderly (-13.6%) scenarios. And in the 3°C+ NDC scenario, physical risk is elevated, reflecting significant climate-related damages from higher global temperatures.

Insight Investment Appendix

RESPONSIBLE INVESTMENT ORGANISATIONAL CHART



INSIGHT INVESTMENT OPERATIONAL EMISSIONS[10]

Emissions ($mtCO_2e$)	2024	2025
Scope 1	36	35
Scope 2 (Market-based)	0	0
Scope 2 (Location-based)	358	649
Scope 3 Category 6 (Business Travel)	516	415

Operational emissions commentary

- BNY offsets residual operational emissions (Scope 1, Scope 2, Scope 3) that cannot be otherwise abated through BNY's own emissions reduction initiatives.
- Variance: Scope 2 (location-based) emissions increased primarily due to a change from on-site data centre reporting to a central data centre allocation methodology in 2025, and Scope 3 business travel emissions were primarily affected by updated air travel emissions factors, which decreased versus the prior year due to methodology changes reflecting normalised post-COVID passenger load factors.
- Methodology: Scope 1 and Scope 2 emissions are allocated from real estate operations of BNY in a proportionate share to the legal entity based on square footage occupied by the legal entity in BNY facilities in the reporting year.
- Business travel emissions are allocated based on cost centre used to book travel within a third-party corporate travel platform and as listed in employee personal mileage reimbursement.
- The legal entity is assumed to drive central data centre emissions in proportion to the entity's revenue as a proportion of BNY's total revenue for the reporting year. Emissions and energy consumption related to data centre usage shall be those total emissions of BNY's central data centre emissions multiplied by the share of revenue generated by the legal entity, relative to BNY.
- Central data centre allocation was included for Insight Q3-Q4 2025 only.

10. For the 2025 reporting year, Scope 1 and 2 operational emissions data were calculated using emissions factors that align with the IPCC's AR6 Global Warming Potential (GWP) values. These changes have been applied to 2024 emissions reported. Allocations are also reflective of the change of boundaries associated with businesses in scope of this report.

Financed emissions

INSIGHT INVESTMENT ABS PORTFOLIO[11]

	Scope 1 and 2 Emissions	Scope 3 Emissions
Financed Carbon Emissions (million tCO_2e)	0.7	3.1
Financed Carbon Emissions Intensity (tCO_2e/ GBP million invested)	39.1	225.7
Coverage (%)	67.3	29.5

Source: MSCI data covers emissions for the period from 1 January to 31 December 2025.

INSIGHT INVESTMENT GILT PORTFOLIO[12,13]

	2024	2025
Absolute emissions (market value of gilts £m/ market value of gilts in issuance £m x tCO_2e)	30,325,567	26,188,597
Carbon footprint (market value of gilts in issuance) (tCO_2e/ £m)	166.0	150.5
PCAF financed emissions (GK$m holdings/$GDP PPPxtCO_2e)	23,551,175	21,031,046
Weighted average carbon intensity (WACI) (tCO_2e/GK$m GDP)	85.4	80.6

Financed emissions commentary

Insight's largest sovereign bond holding is gilts which are held primarily for liability matching purposes for UK clients. The UK saw a continuing reduction in overall emissions which drove lower WACI and carbon footprint numbers in 2025 with the last coal-fired power station closing in September 2024. For the broader sovereign portfolio, Insight also saw a reduction in WACI but an increase in the carbon footprint. For the corporate portfolio, there was a small increase in financed emissions year on year due to an increase in AUM in scope. For the carbon footprint and weighted average carbon intensity numbers, there was a small increase year on year but this is a reflection of the mechanical effect of GBP/USD currency moves on the formulae rather than deterioration in carbon emissions at underlying companies which underwent a slight improvement.

11. Insight's ABS portfolio is assessed using MSCI's Total Portfolio Footprinting Methodology, which is based on the Partnership for Carbon Accounting Financials (PCAF) principles.
12. GK$ = international $ – the unit of PPP-adjusted GDP. PCAF = Partnership for Carbon Accounting Financials which has issued guidance for calculating emissions. tCO_2e = tonnes of CO^2 equivalent gases. UK PPP-adjusted GDP estimate for 2025, published by the IMF, in April 2026, of GK$4,553,105m. PPP-adjusted GDP is used for consistency across all sovereigns. Data on UK emissions is sourced from the UK government website (Provisional UK greenhouse gas emissions statistics 2025, 2 April 2026), UK Department for Energy Security and Net Zero; Implied PPP conversion rate (national currency per international dollar), April 2026, sourced from IMF while UK gilts in issuance are sourced from the DMO website and converted by Insight from nominal to market value.
13. The carbon emission figures disclosed in the report issued in 2025 for 2024 were calculated in USD, where explicitly indicated. The carbon emission figures disclosed here for 2024 have been calculated in GBP, where explicitly indicated and have also incorporated updated data points, to align with current-year disclosures.

INSIGHT INVESTMENT SOVEREIGN PORTFOLIO[14,15]

	2024	2025
Carbon footprint (tCO_2e/ £m)	431.5	517.7
PCAF financed emissions (GK$m holdings/$GDP PPP x tCO_2e)	5,725,639	6,035,595
Weighted average carbon intensity (WACI) (tCO_2e/GK$m GDP)	165.7	157.1

INSIGHT INVESTMENT CORPORATE PORTFOLIO[16]

	Scope 1 and 2				Scope 3			
	2024	2024 Coverage (%)	2025	2025 Coverage (%)	2024	2024 Coverage (%)	2025	2025 Coverage (%)
Carbon Footprint (tCO_2e / GBPm invested)	54.1	94.6	55.2	95.5	337.6	94.9	411.5	95.7
Total Financed Carbon Emissions (million tCO_2e)	3.2	94.6	3.7	95.5	20.1	94.9	27.5	95.7
Weighted Average Carbon Intensity (tCO_2e / GBPm Revenue)	112.4	95.5	116.5	95.8	669.8	95.9	750.7	96.4

Source: MSCI data covers emissions from 1 January to 31 December of each year.

14. GK$ = international $ – the unit of PPP-adjusted GDP. PCAF = Partnership for Carbon Accounting Financials which has issued guidance for calculating emissions. tCO2e = tonnes of CO2 equivalent gases. Sovereign PPP-adjusted GDP, April 2026, is used for consistency across all sovereigns, source IMF. Data on sovereign emissions is sourced from EDGAR, April 2026. Implied PPP conversion rate (national currency per international dollar), April 2026 sourced from IMF while Sovereign Debts in issuance are sourced from the IMF, April 2026, and WorldBank, April 2026.
15. The carbon emission figures disclosed in the report issued in 2025 for 2024 were calculated in USD, where explicitly indicated and emissions were sourced from the Climate Watch emissions database. The carbon emission figures disclosed here for 2024 have been calculated in GBP, where explicitly indicated and emissions have been sourced from the EDGAR emissions database to align with current-year disclosures.
16. The carbon emission figures disclosed here for 2024 have been recalculated using MSCI methodologies to align with current-year disclosures.

SCENARIO ANALYSIS

Insight Investment Gilt Portfolio (Scenario Analysis 2025)

Climate VaR Component	1.5°c NGFS (Orderly)	1.5°c NGFS (Disorderly)	2°c NGFS (Orderly)	2°c NGFS (Disorderly)	3°c NGFS (NDC)
Climate VaR	(10.5%)	(6.4%)	(1.9%)	(2.0%)	(2.0%)

Source: MSCI.

Insight Investment Sovereign Portfolio (Scenario Analysis 2025)

Climate VaR Component	1.5°c NGFS (Orderly)	1.5°c NGFS (Disorderly)	2°c NGFS (Orderly)	2°c NGFS (Disorderly)	3°c NGFS (NDC)
Climate VaR	(1.0%)	(3.8%)	(0.3%)	(1.8%)	(0.9%)

Source: MSCI.

Insight Investment Corporate Portfolio (Scenario Analysis 2025)

Category	Metric	1.5°c NGFS (Orderly)	1.5°c NGFS (Disorderly)	2°c NGFS (Orderly)	2°c NGFS (Disorderly)	3°c NGFS (NDC)
Transition risk	Policy Risk	(5.5%)	(5.3%)	(0.2%)	(0.9%)	(0.4%)
	Technology Opportunities	0.1%	0.1%	0%	0%	0%
Physical risk	Physical (aggressive)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.2%)
Aggregate Climate VaR		(5.5%)	(5.2%)	(0.3%)	(1.0%)	(0.6%)

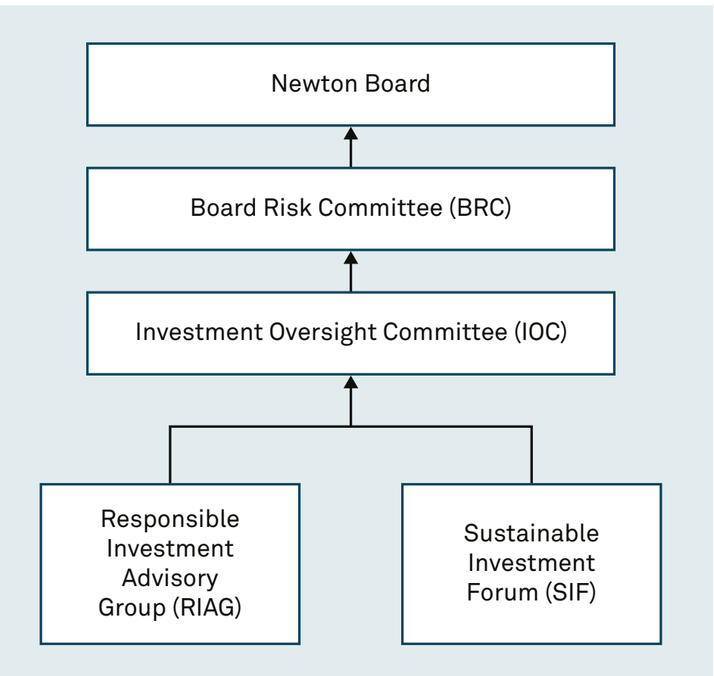
Source: MSCI.

Scenario analysis commentary

Climate scenarios demonstrate plausible climate outcomes but do not provide forecasts. As such, these scenarios operate over a longer time horizon and include a higher number of complex variables. The tables represent the results of CVaR-based scenario analysis applied to Insight's core sovereign and corporate portfolios. The general takeaway is that 1.5 degree scenarios are likely to trigger sharper, earlier rises in carbon prices which have an inflationary impact that compresses asset values. This is particularly the case for longer-duration bonds e.g., Insight's gilt portfolios which are more sensitive to changes in inflationary (and by extension interest rate) changes. However, whilst updates have been made to underlying NGFS scenarios to better incorporate the negative physical impacts of climate change, the risk of non-linear degradation and breaching of tipping points remains underappreciated in the methodology.

Newton Appendix

RESPONSIBLE INVESTMENT ORGANISATIONAL CHART



NEWTON OPERATIONAL EMISSIONS[17]

Emissions ($mtCO_2e$)	2024	2025
Scope 1	13	13
Scope 2 (Market-based)	0	0
Scope 2 (Location-based)	490	418
Scope 3 Category 6 (Business Travel)	728	349

Operational emissions commentary

- BNY offsets residual operational emissions (Scope 1, Scope 2, Scope 3) that cannot be otherwise abated through BNY's own emissions reduction initiatives.
- Variance: Scope 2 emissions decreased primarily due to a lower central data centre allocation and a reduction in UK electricity grid emission factors, while Scope 3 business travel emissions were primarily affected by updated air travel emission factors, which decreased versus the prior year due to methodology changes reflecting normalised post-COVID passenger load factors.
- Methodology: Scope 1 and Scope 2 emissions are allocated from real estate operations of BNY in a proportionate share to the legal entity based on square footage occupied by the legal entity in BNY facilities in the reporting year.
- Business travel emissions are allocated based on cost centre used to book travel within a third-party corporate travel platform and as listed in employee personal mileage reimbursement.
- The legal entity is assumed to drive central data centre emissions in proportion to the entity's revenue as a proportion of BNY's total revenue for the reporting year. Emissions and energy consumption related to data centre usage shall be those total emissions of BNY's central data centre emissions multiplied by the share of revenue generated by the legal entity, relative to BNY.
- Central data centre allocation was included for Newton 2024 and 2025.

17. For the 2025 reporting year, Scope 1 and 2 operational emissions data were calculated using emissions factors that align with the IPCC's AR6 Global Warming Potential (GWP) values. These changes have been applied to 2024 emissions reported. Allocations are also reflective of the change of boundaries associated with businesses in scope of this report.

NEWTON FINANCED EMISSIONS[18]

	Scope 1 And 2 Emissions				Scope 3			
	2024	2024 Coverage (%)	2025	2025 Coverage (%)	2024	2024 Coverage (%)	2025	2025 Coverage (%)
Carbon Footprint (tCO_2e / GBPm invested)	46.9	78.8	60.2	79.6	411.2	78.8	464.6	79.6
Total Financed Carbon Emissions (million tCO_2e)	1.4	78.8	1.9	79.6	12.4	78.8	14.4	79.6
Weighted Average Carbon Intensity (tCO_2e / GBPm Revenue)	98.8	78.9	113.1	79.7	873.0	78.9	967.3	79.7
Sovereign Weighted Average Carbon Intensity (tCO_2e / GBPm GDP Nominal)	327.7	11.4	379.6	12.2	–	–	–	–

Source: MSCI data covers emissions from 1 January to 31 December of each year.

Financed emissions commentary

The data covers financed emissions associated with equities and corporate bonds in the first three rows, and sovereigns separately in the final row. Emissions have broadly increased year on year. This is primarily driven by two factors: increased percentage holding in a small number of emissions-intensive securities, and secondly, the addition of new securities which are emissions intensive, which in combination offset the impact of selling out of emissions intense positions.

NEWTON SCENARIO ANALYSIS 2025

Category	Metric	1.5°c NGFS (Disorderly)		1.5°c NGFS (Orderly)		2°c NGFS (Disorderly)		2°c NGFS (Orderly)		3°c NGFS (NDC)	
		Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark
Transition Risk	Policy Risk	(13.6%)	(11.3%)	(13.7%)	(11.1%)	(5.7%)	(4.7%)	(2.5%)	(2.0%)	(4.1%)	(3.4%)
	Technology Opportunities	1.8%	1.2%	1.5%	1.0%	0.6%	0.2%	0.3%	0.1%	0.6%	0.2%
Physical Risk	Physical Risk	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(2.2%)	(2.1%)	(2.1%)	(2.0%)	(3.0%)	(2.8%)
Aggregate Climate VaR		(13.0%)	(11.3%)	(13.4%)	(11.4%)	(7.3%)	(6.6%)	(4.3%)	(3.9%)	(6.5%)	(6.0%)
Sovereign		(1.7%)		(1.1%)		(0.9%)		-0.0%		(0.5%)	

Source: MSCI.

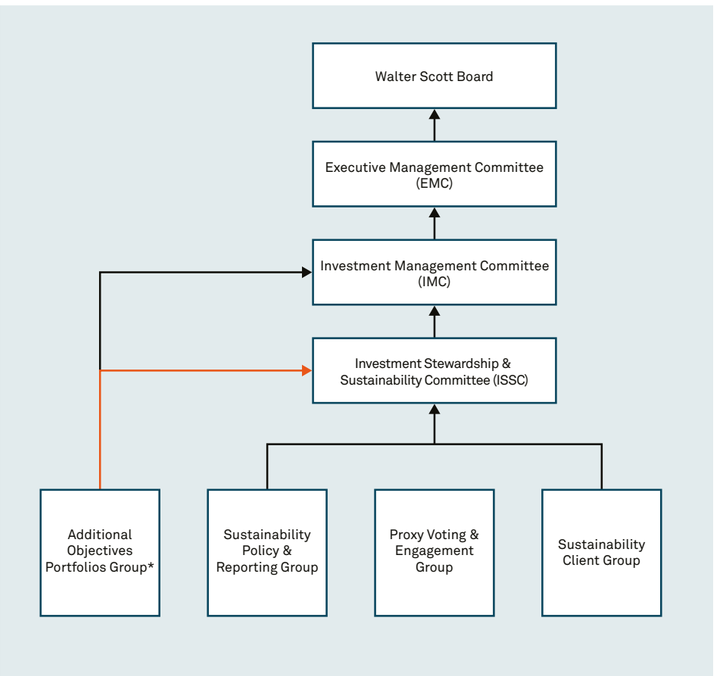
Scenario analysis commentary

Climate scenarios demonstrate plausible climate outcomes but do not provide forecasts. In addition, these scenarios typically operate on a longer time horizon than investment decisions, and include a high number of complex, interdependent variables. The table represents the results of Climate Value at Risk (CVaR)-based scenario analysis applied to Newton's investments. This covers equity and corporate bond securities, and sovereigns are assessed separately, shown in the final line. The general takeaway is that 1.5-degree scenarios are likely to trigger sharper, earlier rises in carbon prices, which is therefore more disruptive, and has a greater impact on financial markets. This is demonstrated through the pronounced policy risk which drives the overall results. By contrast, physical risks become more impactful in 3-degree scenarios. Whilst updates have been made to underlying NGFS scenarios to better incorporate the negative physical impacts of climate change, the risk of non-linear degradation and breaching of tipping points remains underappreciated in the methodology.

18. The carbon emission figures disclosed here for 2024 have been recalculated using MSCI methodologies to align with current-year disclosures.

Walter Scott Appendix

RESPONSIBLE INVESTMENT ORGANISATIONAL CHART



*AOP Group operates under delegation from the IMC and provides a quarterly update.

WALTER SCOTT OPERATIONAL EMISSIONS[19]

Emissions ($mtCO_2e$)	2024	2025
Scope 1	68	69
Scope 2 (Market-based)	0	0
Scope 2 (Location-based)	873	760
Scope 3 Category 6 (Business Travel)	1,027	705

Operational emissions commentary

- BNY offsets residual operational emissions (Scope 1, Scope 2 and Scope 3) that cannot be otherwise abated through BNY's own emissions reduction initiatives.
- Variance: Scope 2 (Location-based) emissions decreased primarily due to changes in 2025 revenue - compared to 2024 - used in the central data centre allocation methodology.
- Methodology: Scope 1 and 2 emissions are allocated from real estate operations of BNY in a proportionate share to the legal entity based on square footage occupied by the legal entity in BNY facilities in the reporting year.
- Methodology: Scope 3 Business travel emissions include international travel and associated hotel accommodation. GHG reporting conversion factors applied are specific to each reporting year. In 2025, the UK Government published updated air-travel emissions factors that reflect lower emissions per passenger-kilometre. These revised factors incorporate more recent, post-COVID aviation load-factor data, whereas the previous factors relied on 2021 data, when load factors were atypically low due to the pandemic. As load factors have returned to normal operating levels, the emissions attributed per passenger-kilometre have decreased. The scale of reduction varies by haul type and class of travel, with decreases ranging from approximately 16% to 42%.
- The legal entity is assumed to drive central data centre emissions in proportion to the entity's revenue as a proportion of BNY's total revenue for the reporting year. Emissions and energy consumption related to data centre usage shall be those total emissions of BNY's central data centre emissions multiplied by the share of revenue generated by the legal entity, relative to BNY.
- Central data centre allocation was included for Walter Scott 2024 and 2025.

19. For the 2025 reporting year, Scope 1 and 2 operational emissions data were calculated using emissions factors that align with the IPCC's AR6 Global Warming Potential (GWP) values. These changes have been applied to 2024 emissions reported. Allocations are also reflective of the change of boundaries associated with businesses in scope of this report. BNY allocation methodology is applied to Walter Scott for operational emissions in this report.

WALTER SCOTT FINANCED EMISSIONS[20,21]

	Scope 1 And 2 Emissions				Scope 3			
	2024	2024 Coverage (%)	2025	2025 Coverage (%)	2024	2024 Coverage (%)	2025	2025 Coverage (%)
Carbon Footprint (tCO_2e / GBPm invested)	22.7	100.0	19.3	100.0	182.5	100.0	210.7	100.0
Total Financed Carbon Emissions (million tCO_2e)	1.4	100.0	0.9	100.0	11.2	100.0	10.2	100.0
Weighted Average Carbon Intensity (tCO_2e / GBPm Revenue)	97.9	100.0	86.8	100.0	625.5	100.0	705.4	100.0

Source: MSCI data covers emissions from 1 January to 31 December of each year.

Financed emissions commentary

Scope 1 and 2 emissions metrics decreased year-on-year across total financed emissions, carbon footprint and Weighted Average Carbon Intensity (WACI), primarily reflecting lower AUM and changes in portfolio composition. In contrast, Scope 3 carbon footprint and WACI increased over the period, indicating higher portfolio exposure to issuers with greater value chain emissions intensity, while total financed Scope 3 emissions decreased overall due to the reduction in financed exposure.

Interpretation of year-on-year movements should consider that financed emissions metrics are calculated using the latest available issuer emissions and financial data, which are subject to reporting lags and may relate to different underlying reporting periods across years. As a result, year-on-year changes may not directly reflect changes in the current emissions performance of portfolio companies.

20. Walter Scott's holdings data is an aggregation of Walter Scott composites active at a given point in time. The proportionate weights of this aggregation are combined with the legal-entity's total discretionary AUM to calculate an implied market value for each company holding. Cash has been excluded and the holdings reweighted for financed emissions metric calculations.
21. The carbon emission figures disclosed in the report issued in 2024 were calculated in USD. The carbon emission figures disclosed here for 2024 have been calculated in GBP, to align with current-year disclosures.

WALTER SCOTT SCENARIO ANALYSIS 2025

Category	Metric	1.5°c NGFS (Disorderly)		1.5°c NGFS (Orderly)		2°c NGFS (Disorderly)		2°c NGFS (Orderly)		3°c NGFS (NDC)	
		Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark	Portfolio	MSCI ACWI Benchmark
Transition Risk	Policy Risk	(6.8%)	(11.3%)	(6.6%)	(11.1%)	(1.7%)	(4.7%)	(0.8%)	(2.0%)	(1.1%)	(3.4%)
	Technology Opportunities	0.4%	1.2%	0.3%	1.0%	0.1%	0.2%	0%	0.1%	0.1%	0.2%
Physical Risk	Physical Risk	(0.8%)	(1.2%)	(0.8%)	(1.2%)	(1.5%)	(2.1%)	(1.4%)	(2.0%)	(2.1%)	(2.8%)
Aggregate Climate VaR		(7.2%)	(11.3%)	(7.0%)	(11.4%)	(3.1%)	(6.6%)	(2.2%)	(3.9%)	(3.0%)	(6.0%)

Source: MSCI.

Scenario analysis commentary

Climate scenarios demonstrate a range of plausible climate outcomes but do not provide forecasts. These scenarios operate over a longer time horizon than typical investment decisions and include a high number of complex, interdependent variables. The table represents the results of Climate Value at Risk (CVaR)-based scenario analysis applied to Walter Scott's aggregated portfolio using MSCI models and compared to an industry benchmark for further context. It can be inferred that the 1.5-degree scenarios are likely to trigger earlier, rapid rises in carbon prices, which is therefore likely to be more disruptive, with a greater impact on financial markets. This is demonstrated through the heightened policy risk which drives the overall results. By contrast, physical risks become more impactful in 3-degree scenarios, reflecting significant climate-related damages from higher global temperatures. Whilst updates have been made to underlying NGFS scenarios to better incorporate the negative physical impacts of climate change, the risk of nonlinear degradation and breaching of tipping points may be underestimated in the methodology.

GLOSSARY

Glossary

Term	Definition
ABS	Asset-backed securities. Debt instruments backed by pools of underlying assets such as loans or receivables.
ACD	Authorised Corporate Director. The UK-authorised entity responsible for managing and operating an open-ended investment company, in accordance with applicable law.
AIF	Alternative Investment Fund. A collective investment undertaking that is not required to be authorised as a UCITS.
AIFM	Alternative Investment Fund Manager. The legal entity appointed to manage one or more AIFs, including performing portfolio management and/or risk management functions, in accordance with applicable law.
AR6	The Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC).
Business travel emissions	Scope 3 GHG emissions arising from employee business travel such as air, rail, car rental and hotel stays.
CDP	Formerly the Carbon Disclosure Project. A disclosure platform through which companies report environmental data, including climate-related information.
Carbon footprint	Total GHG emissions attributable directly and indirectly to an entity, activity, product, service or investment portfolio, typically expressed in tonnes of CO_2e.
Carbon intensity (portfolio)	A metric measuring GHG emissions in tonnes of CO_2e per monetary unit invested.
Carbon offsets	Credits or instruments representing verified GHG emissions reductions, removals or avoidances purchased to compensate for emissions generated by an entity, activity, product or service.
Chronic physical risk	Risk arising from gradual long-term changes in climate and environmental conditions that may adversely affect assets, operations, markets or investment performance.
Climate VaR / CVaR	Climate Value at Risk. A modelled forward-looking estimate of the potential impact of climate-related physical and transition risks on portfolio valuations.
Climate scenario analysis	Analysis used to assess portfolio resilience under a range of plausible future climate-related pathways, including physical and transition risk scenarios.
Climate-related financial risk	Risk of financial loss or adverse financial impact that may arise from climate-related factors, including physical and transition risks.
Corporate debt	Debt securities issued by companies, including bonds, notes, loans or other obligations to repay borrowed amounts.
ESG	Environmental, social and governance factors which may be considered in investment analysis and stewardship.
FCA	Financial Conduct Authority. The UK regulator responsible for regulating the conduct of authorised firms and for relevant ESG Sourcebook disclosure rules.
FRC	Financial Reporting Council. The body responsible for issuing and maintaining the UK Stewardship Code.
Financed emissions	The portion of an investee or borrower's GHG emissions attributed to a reporting financial institution based on its financing or investment exposure.
GHG	Greenhouse gases. Gases such as carbon dioxide and methane recognised as contributing to global warming.
GHG Protocol	The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, a globally recognised framework and set of standards for accounting for, reporting and measuring GHGs.
GOs	Guarantees of Origin. Certificates that verify that electricity has been generated from renewable sources.

Term	Definition
GRI	Global Reporting Initiative. An organisation that provides globally used standards for sustainability reporting.
Gilts	Bonds issued by the UK government.
ICVC	Investment company with variable capital. A UK authorised open-ended fund structure constituted as an investment company with variable capital.
Implied Temperature Rise (ITR)	A forward-looking metric intended to estimate the temperature pathway with which an issuer, portfolio or investment strategy is aligned, based on emissions data and climate scenario assumptions.
LDI	Liability-driven investment. A risk-management investment approach often used to hedge liabilities, commonly through gilts, derivatives and related assets.
Location-based emissions	GHG emissions associated with consumer electricity or other purchased energy, calculated using the average emissions intensity of the local grid.
MSCI	MSCI Inc., the provider of climate-related and index data used in this report.
MSCI ACWI	MSCI All Country World Index. A global equity index covering large- and mid-cap companies across developed and emerging markets.
MSCI ACWI Benchmark	The benchmark index used to measure performance against a broad global equity market universe across developed and emerging markets, used in scenario analysis comparisons in this report.
Market-based emissions	GHG emissions associated with purchased energy calculated by reference to contractual arrangements, supplier data or specific electricity procurement choices.
MiFID investment firm	An investment firm within the meaning of Article 4(1)(1) of Directive 2014/65/EU (the EU's Markets in Financial Instruments Directive) (as amended) as retained under UK legislation.
NDC	Nationally Determined Contribution. Country-level climate action commitments, targets or plans submitted under the Paris Agreement.
NGFS	Network for Greening the Financial System. An international group of central banks and supervisors that publishes climate scenarios widely used for climate risk analysis in the financial sector.
NZAM	Net Zero Asset Managers initiative. A signatory initiative focused on supporting investing aligned with net-zero greenhouse gas emissions.
Non-UCITS Retail Scheme (NURS)	A UK authorised retail collective investment scheme that is not constituted as a UCITS.
Operational emissions	GHG emissions arising from the day-to-day operations of an organisation, including Scope 1, Scope 2 and selected Scope 3 categories.
PCAF	Partnership for Carbon Accounting Financials. A framework commonly used for measuring financed emissions.
Paris-aligned	Aligned with the goals of the Paris Agreement.
Physical risk	Risk of financial loss or adverse operational impact arising from the physical effects of climate change, including both acute physical risks and chronic physical risks.
REC	Renewable Energy Certificate. A market-based instrument evidencing that a specified quantity of electricity has been generated from renewable energy sources.
Responsible investment	An investment approach that incorporates sustainability and governance factors in investment and stewardship activities.
SASB	Sustainability Accounting Standards Board. The organisation that developed industry-specific sustainability disclosure standards for use by companies and investors.
SBTi	Science Based Targets initiative. A global initiative that develops standards, tools and guidance which supports the development of emissions reduction targets.
Scope 1 emissions	Direct GHG emissions from sources owned or controlled by the reporting entity.
Scope 2 emissions	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting entity.
Scope 3 Category 15	Scope 3 GHG emissions associated with investments and other financed activities.
Scope 3 Category 6	Scope 3 GHG emissions arising from business travel undertaken by employees or other representatives of the reporting entity in the course of business.

Term	Definition
Scope 3 emissions	Other indirect GHG emissions arising in the value-chain of the reporting entity not included in Scope 1 or Scope 2.
Segregated mandate	A discretionary investment management mandate under which a client's assets are managed separately from those of other clients in accordance with agreed terms and investment restrictions.
SFDR	The Sustainable Finance Disclosure Regulation. Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
Sovereign debt	Debt issued by national governments.
Stewardship	The responsible allocation, management and oversight of capital, including the exercise of engagement and voting rights, with the aim of supporting long-term value and sustainable outcomes.
TCFD	Task Force on Climate-related Financial Disclosures. A disclosure framework for reporting climate-related governance, strategy, risk management, metrics and targets.
Transition risk	Risk of financial loss or adverse operational impact arising from the transition to a low-carbon economy, including changes in policy, technology, legal, markets and consumer behaviour.
UK UCITS	Undertakings for Collective Investment in Transferable Securities. UK authorised open-ended collective investment scheme that complies with the requirements of the UK UCITS regime.
WACI	Weighted Average Carbon Intensity.
Weighted Average Carbon Intensity	A portfolio-level metric measuring the weighted average GHG emissions intensity of underlying holdings, typically measured relative to revenue.

BNY | INVESTMENTS

IMPORTANT INFORMATION

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