

December 2025

Sustainability Report

IFSL CAF ESG Cautious Fund

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Sustainability Disclosure Requirements (SDR) and report purpose

SUSTAINABILITY DISCLOSURE REQUIREMENT (SDR)

Sustainability is a broad term generally meaning being able to meet present needs without compromising the ability to meet future needs. Sustainable investments are those which aim to generate a financial return whilst also considering environmental and social factors.

The UK regulator, the Financial Conduct Authority (FCA), has introduced the Sustainability Disclosure Requirements (SDR) to bring greater clarity and consistency to how funds report on sustainability. This is to ensure that fund managers are accountable for sustainability claims and to give investors clear information about any sustainable considerations present in their fund.

SDR introduced a number of changes designed to improve the clarity of sustainability information, including:

- **sustainable labels** – these help investors find products that have a specific sustainability goal and that meet specific requirements in relation to their sustainability characteristics.
- **Consumer facing disclosure (CFD)** – a two-page document outlining details of the fund's sustainability characteristics and how sustainability is considered within the investment process.

REPORT PURPOSE

This report is published in line with SDR requirements. The purpose of this report is to:

- show how the Fund has been invested in accordance with its investment policy;
- hold the Fund accountable for the claims that it makes;
- provide details of relevant sustainability metrics that may be useful in understanding the investment policy and strategy of the Fund; and
- provide contextual information alongside historical annual calculations for any sustainability metrics to help explain the figures.



Product details and objectives

IFSL CAF ESG Cautious Fund

A sub-fund of the IFSL CAF
Investment Fund

PRODUCT DETAILS

Accumulation Class: GB00BPSLVQ29

Income Class: GB00BPSLVX95

Authorised Corporate Director:

Investment Fund Services Limited (“IFSL”)

Investment Manager:

LGT Wealth Management Limited (“LGT”)

Sponsor

CAF Financial Solutions Limited (“CAF”)

OBJECTIVE

The aim of the Fund is to increase the value of an investment over a minimum of five years through a combination of capital growth - which is profit on investments held, and income received by the Fund - which is money paid out of investments, such as dividends from shares and interest from bonds.

The Fund also aims to outperform, over any rolling five-year period, inflation plus 1.5% per annum. Inflation is measured as the UK Consumer Prices Index for these purposes.

This Fund does not have a sustainability objective but does consider sustainability criteria as part of its investment strategy.

This product does not have a UK sustainable investment label because:

- the Fund does not have a specific sustainability objective; and
- the Fund has flexibility to pursue a wide range of investment opportunities without being limited by the specific criteria required for a label.

Sustainability approach

HOW INVESTMENTS ARE CHOSEN

LGT uses a responsible investment selection process which consists of selecting assets that have a strong focus on environmental, social and governance (“ESG”) considerations along with the potential to grow in value.

For all investments LGT applies its own ESG rating to identify assets that look to benefit from changes within the economy whilst offering robust management of ESG risks and opportunities. This process involves detailed research and analysis using investment expertise combined with independent ESG data.

WHAT WE SAID

Ethical restrictions

The Fund will not invest in:

- Companies that derive more than 5% of total revenue from tobacco, gambling services and armaments (military weapons and equipment) and civilian firearms.
- Companies that derive more than 5% of total revenue from coal, unconventional oil or gas extraction (e.g. tar sands and shale) or coal power generation.
- Companies that derive more than 3% of total revenue from pornography.
- Companies that have any revenue derived from predatory lending, meaning lending terms that are unfair or abusive.
- Companies that have any revenue derived from the sale of cluster munitions (a type of explosive weapon) or landmines.

Any companies found to be above the revenue limits will be sold unless they take action to bring the revenue below the limit within one month.

WHAT WE DID

Prior to the introduction of a new investment to the Fund, that investment is screened against the ethical restrictions via the MSCI ESG Manager tool, an external ESG analysis data tool.

LGT also carries out a quarterly check of all Fund holdings against the restrictions via the MSCI ESG Manager.

There were no breaches of these restrictions in the 12 months to 31st August 2025 for any new investments or existing holdings.

Sustainability approach (continued)

WHAT WE SAID

Assessing companies

Using its ESG rating mechanism LGT assesses potential risks related to ESG factors when an investment opportunity is being researched, and when the portfolio is being constructed. In both instances, LGT has access to a wide range of information to assess and monitor ESG risks and opportunities, for example, external ESG data providers, along with LGT's internal data tool.

This data tool provides a variety of measurable metrics to produce a rating based on the key areas below.

Environmental

- Carbon emissions exposure, management and risks
- Product and/or service carbon footprint
- Biodiversity and land use risks
- Water stress risks and management
- Pollution and waste management
- Environmental controversies

Social

- Health & safety risks
- Labour management risks and management
- Human rights risks
- Product safety management
- Human rights, customer and labour controversies

Governance

- Anti-competitive practices issues
- Ethics and fraud management
- Corruption and instability management
- Tax transparency
- Board level risks
- Ownership and control risks
- Corporate behaviour and ethics
- Remuneration
- Governance controversies

WHAT WE DID

During the period, LGT has continued to assess ESG risks and opportunities using its internal data tool. There has been one minor change to LGT's approach to ESG analysis:

- In June 2025, LGT transitioned to a custom platform, ESG Navigator, developed by LGT Group, which offers enhanced data access, improved functionality and global integration.
- This platform strengthens LGT's company research and analysis capabilities, allowing for more granular understanding of ESG issues. It is used for monitoring purposes and broader company analysis, with LGT's equity analysts incorporating the output from the ESG Navigator into reports that are issued twice yearly on Fund investments.
- ESG Navigator can carry out portfolio-level analysis and rating of ESG characteristics, allowing the portfolio managers to monitor these characteristics of the portfolio on an ongoing basis in addition to the third-party verification via MSCI.

The ESG rating is an integral part of LGT's investment decision-making process, but it is not applied as a rigid hurdle score. Instead, it serves as a structured, evidence-based input into their broader qualitative and quantitative assessment.

The internal rating highlights material ESG risks and opportunities, which are then evaluated in the context of the company's overall fundamentals, sector dynamics, and engagement potential.

An example of a company which the Fund divested from was Nestle. The decision was linked to a deterioration in confidence in its governance and board-level culture.

The board's handling of a serious whistleblower complaint against the CEO in 2025 exposed a critical failure in oversight as an initial internal investigation dismissed the allegations, which were only substantiated by a later, external probe.

This failure, culminating in the dismissal of the CEO and the accelerated resignation of the Chairman, represented a breakdown in accountability and undermined LGT's conviction in the board's long-term stewardship and assessment of the company's overall governance arrangements and culture.

Sustainability approach (continued)

WHAT WE SAID

Other investments

LGT also analyses investment trusts and government issued bonds, however, due to their nature, this analysis does not result in a score in the same way as shares in companies and corporate bonds. Instead, LGT identifies those investment trusts that clearly have a focused ESG objective and investment policy and bonds from governments that have an appropriate focus on ESG practices.

Independent verification

Following LGT's selection, the investments are checked against an independent rating agency's data to ensure a high overall score from an ESG perspective is achieved for the combined portfolio. LGT currently uses MSCI for this assessment and a "high" ESG score should be considered as AA or AAA.

WHAT WE DID

There has been no change to LGT's approach to investing in investment trusts and government bonds from an ESG perspective.

No new investments have been made in investment trusts during the most recent 12 month period, and the Fund currently only invests in UK government bonds.

There has been no notable change in the ESG characteristics of the investment trusts and government bonds held by the Fund during the period.

The Fund's approach to independent verification remains unchanged, as the team continue to use MSCI for this assessment.

As at 30th September 2025 the Fund is rated AA by MSCI. Refer to the Sustainability Metrics section later in this report for the Fund's historic MSCI ESG scores.

No investments were bought or sold during the period for the sole purpose of improving the Fund's MSCI ESG score.

Active engagement

ACTIVE ENGAGEMENT

LGT's primary duty is to maximise investment returns whilst operating within the confines of the Fund's investment objective and policy. LGT also looks to achieve a secondary outcome: a safe and sustainable future for the Fund's investors and the generations to come.

Stewardship is an integral part of LGT's investment process. LGT uses the UK Stewardship Code's definition of stewardship:

"Stewardship is the responsible allocation, management, and oversight of capital to create long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

LGT's engagement approach spans direct equity holdings and investment trusts. LGT applies its stewardship responsibilities through three primary avenues: voting, engagement, and public policy advocacy.

LGT has identified four systemic engagement priorities related to:

- climate change
- biodiversity and nature
- fairer societies
- strong and robust governance mechanisms.

WHAT WE SAID

LGT will exercise its shareholding voting rights to influence good ESG behaviour on an ongoing basis.

WHAT WE DID

LGT has exercised its voting rights and carried out ESG engagements as follows in the past 10 months:

- 17 ESG engagements conducted (direct and in collaboration with other investors)
- 43 companies voted on during the period
- 770 total votes
- 67 votes (approx. 9%) against company management and shareholder resolutions

Investors can choose to vote against company management, or shareholder, proposals or resolutions to challenge the way in which the company is run and push for positive change.

Active engagement (continued)

WHAT WE SAID

LGT will exercise its shareholding voting rights to influence good ESG behaviour on an ongoing basis.

WHAT WE DID

The following are examples where LGT has voted against company and shareholder resolutions:

1. NextEra Energy – 2025 AGM

LGT voted against the re-election of Amy Lane, Chair of the board committee responsible for climate oversight, to signal the need for stronger governance and clearer climate strategy at NextEra Energy.

The company has made notable investments in renewable energy, but it has not yet committed to a Net Zero by 2050 target, and its medium-term goals only partially align with a 1.5°C pathway (a global target to limit temperature rises to 1.5°C above pre-industrial levels, as set out in the Paris Agreement).

As a major energy provider, LGT believes NextEra is well-positioned to lead on climate, but stronger long-term commitments and board-level accountability are essential.

LGT's concerns were also informed by ongoing environmental challenges, including regulatory fines and lawsuits linked to NextEra's Mountain Valley Pipeline joint venture.

This vote was intended as a constructive signal to the board. LGT supports the company's long-term potential and will continue to engage with management to encourage progress on climate governance, risk oversight, and disclosure.

2. Alphabet Inc. – 2025 AGM

This shareholder resolution, submitted by the National Center for Public Policy Research (NCPFR), called on Alphabet to consider withdrawing from the Human Rights Campaign's Corporate Equality Index (CEI), claiming it pressures companies to adopt "radical positions" that may alienate shareholders.

LGT voted against this proposal as it was not aligned with long-term shareholder interests.

Alphabet's participation in the CEI reflects its broader commitments to workplace equality and inclusion, key components of human capital management and corporate responsibility.

Alphabet has also made clear that it does not necessarily endorse all views of external groups it engages with and provides shareholders sufficient information to assess any associated risks.

LGT supported the board's position that continued participation in CEI does not pose a material risk and helps reinforce inclusive workplace practices.

Active engagement (continued)

WHAT WE SAID

LGT will exercise its shareholding voting rights to influence good ESG behaviour on an ongoing basis.

WHAT WE DID

LGTs approach to ESG stewardship:

LGT engages with companies both directly and through collaborative investor initiatives, particularly where ESG performance presents material risks or strategic opportunities for improvement.

LGT's focus is on driving constructive, forward-looking dialogue to support credible, long-term progress on issues such as climate change, biodiversity, human capital, and circularity.

For example, as part of the Principles for Responsible Investment (PRI) Advance initiative (a collaborative effort led by PRI where investors work together to encourage companies to respect human rights and improve their ESG practices), LGT engaged with NextEra Energy to encourage stronger commitments to human rights.

Engagement discussions focused on the development of a formal, public human rights policy, and how the company integrates indigenous peoples' rights into its project planning processes.

The following engagements were carried out by LGT directly related to poor ESG performance:

As the lead investor for the PRI Advance collaborative engagement with NextEra Energy, LGT leads and participates in all calls and correspondence with the company on behalf of the investor group.

Following sustained investor dialogue, NextEra has committed to publishing a public Human Rights Policy by November 2025, a date that LGT has independently confirmed with the company.

Once published, the investor group will review the policy and continue engagement to assess its alignment with international human rights standards, including the principle of Free, Prior and Informed Consent (FPIC), and to encourage ongoing transparency and implementation.

LGT will continue engaging with the company as it finalises this policy, encouraging explicit alignment with global frameworks.

Strong human rights governance is critical to mitigating legal, operational, and reputational risks, and plays a vital role in promoting inclusive growth, sustainable development, and long-term value creation.

Sustainability metrics

LGT seeks validation of the Fund's ESG credentials using an independent ESG ratings agency to assess the portfolio's overall ESG score. LGT targets an overall high ESG rating for the Fund.

LGT currently uses MSCI for this assessment and a "high" ESG score should be considered as AA or AAA, the top two scores awarded by MSCI.

The MSCI ESG rating of the Fund as at 30/09/2025 is **AA**.
(based on 83% of the Fund's investments)

MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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MSCI ESG Ratings assess how well companies manage material ESG risks and opportunities. Ratings consider a company's exposure to ESG risks, the effectiveness of its management and governance systems, and its ability to meet market demand for environmentally or socially beneficial products and services. MSCI ESG ratings are relative to each industry sector and are assigned to each company, using a scale from AAA (highest) to CCC (lowest).

Historic MSCI ESG ratings are set out below:

Date	MSCI ESG rating of the Fund
2022 Q3	AA
2022 Q4	AAA
2023 Q1	AAA
2023 Q2	AA
2023 Q3	AA
2023 Q4	AA
2024 Q1	AA
2024 Q2	AA
2024 Q3	AA
2024 Q4	AA
2025 Q1	AA
2025 Q2	AA
2025 Q3	AA

Change in MSCI Methodology

Over the past year, MSCI has made several changes to its methodology, particularly in how governance is scored. The approach shifted from a weighted average to a deduction-based calculation, where companies start with a hypothetical perfect score of 10 and points are subtracted based on detected governance flags.

Additionally, the weight assigned to the Corporate Governance component in the overall ESG rating has increased significantly—from approximately 12% to 22%. LGT believes that this and other methodological adjustments have made achieving the top AAA rating more challenging.

Data & material deviations

DATA

MSCI provides full coverage of all the investments held within the fund for the purpose of screening against the ethical restrictions within the Investment Policy.

For the overall MSCI ESG rating, the Fund has ESG data coverage for approximately 83% of its 120 holdings.

To qualify for an MSCI ESG rating, at least 65% of the Fund's holdings must be rated by MSCI. Securities which are not rated by MSCI (currently 17%) do not contribute to the Fund's overall ESG rating. Government bonds are not scored. MSCI does not provide an estimate of the potential impact on the ESG score resulting from the exclusion of these holdings.

Investors should note that, because the unrated holdings may demonstrate varying levels of ESG performance, their exclusion could increase or decrease the Fund's overall rating.

MATERIAL DEVIATIONS

There is no SDR entity report to compare to at this present moment. Therefore, no analysis of material deviation between the Fund and CAF's approach to sustainability can take place.



Other information

FURTHER INFO

You are advised to read this information alongside the Prospectus and Key Investor Information Document (KIID) for the Fund, so that you can understand how the Fund's sustainability approach sits within the Fund's overall investment policy and strategy.

Further details and non-sustainability related information for the Fund can be obtained from the above documents via the literature page on the IFSL [website](#).

The following sustainability related documents may be found on the literature section of the IFSL [website](#).

- Customer facing disclosure (CFD)
- SDR entity report (this will be available in December 2026)
- The Taskforce for Climate-Related Financial Disclosures (TCFD) report forms part of this Sustainability Report

Information on the Investment Manager's approach to Stewardship can be found at the following [link](#)

CONTACT US

Investor enquiries

Please contact our dedicated investor support team who are available Monday to Friday 9:00am to 5:00pm (excluding UK bank holidays).

Write to: Investment Fund Services, IFSL, PO Box 13586, Chelmsford, CM99 2GS

Call: 0808 178 9321 or +44 1204 803 932 (if calling from overseas).

Email: enquiries@service.ifslfunds.com

Glossary

ALIGNED/ALIGNING (TO NET ZERO)

Often used to describe a fund or company's net zero journey. Interpretations may vary, but typically:

Aligned: The company's emissions performance is already meeting science-based targets to achieve net zero greenhouse gas emissions by 2050.

Aligning: The company has set science-based targets and plans to achieve net zero by 2050 but has not yet reached those targets.

ANNUAL GENERAL MEETING (AGM)

A yearly meeting where a company's management and shareholders discuss company performance and vote on issues such as executive pay and climate policies.

BIODIVERSITY

The variety of living species on Earth. In investment analysis, it refers to the potential impact a company has on ecosystems e.g. how its operations affect forests, water, or wildlife.

CARBON FOOTPRINT

The total greenhouse gases (mainly carbon dioxide) emitted directly and indirectly by a company, activity, or investment.

CLIMATE CHANGE

Long-term shifts in the earth's temperature and weather patterns mainly caused by increased greenhouse gas emissions due to human activities, such as burning fossil fuels and deforestation, leading to effects like rising temperatures, extreme weather and rising sea levels.

CLIMATE-RELATED RISKS

- **Financial:** Risks that arise from climate change potentially impacting asset values.
- **Physical:** Risks that stem from extreme weather events causing damage.
- **Transition:** Risks associated with transitioning to a lower-carbon economy (e.g., policy, regulatory and market changes).

CORPORATE GOVERNANCE

The system of rules, practices, and processes by which a company is directed and controlled. Examples of good governance include transparent management and reporting, and an accountable board of directors.

DATA QUALITY/DATA GAPS

The accuracy, completeness and reliability of data used in analysis or reporting. In sustainability reporting, some companies may lack available data (e.g., Scope 3 emissions) and may therefore have to rely on estimates to fill those gaps.

Glossary (continued)

EMISSIONS INTENSITY

The amount of greenhouse gas emissions produced by an asset relative to an activity measure, such as revenue generated.

ENGAGEMENT

The active process of dialogue between investors and company management to encourage positive change on environmental, social or governance matters.

ESG INTEGRATION/INVESTING

The process of incorporating environmental (such as carbon emissions), social (such as labour practices) and governance (such as business ethics) considerations when analysing investments, rather than just financial information.

ESG RISK SCORE

An internal measure or score used by some investment managers to summarise their assessment on how well they believe a company manages ESG risks.

ESG/SUSTAINABILITY RISKS

Potential negative impacts on an investment arising from environmental, social or governance factors.

EXCLUSIONS/NEGATIVE SCREENING

Industries or activities that a fund will not invest in, typically for ethical or environmental reasons (e.g. tobacco or fossil fuels).

GREEN FINANCING

Loans, bonds or investments that fund projects that aim to support the environment, such as renewable energy or energy-efficient buildings.

GREENHOUSE GASES (GHG)

Gases such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) that trap heat in the atmosphere and contribute to global warming.

GREENWASHING

When a company, product or fund claims to be sustainable, but the claims are exaggerated or misleading.

LABEL

A badge the FCA gives funds meeting strict sustainability rules. Labels show that the fund invests sustainably and has a sustainable objective as well as a financial one.

MATERIALITY

A “material” ESG issue is one that could meaningfully affect a company’s financial performance or reputation.

NET ZERO

A state where the amount of greenhouse gases emitted is balanced by the amount removed from the atmosphere. The UK, along with many other economies, companies and investors, has pledged to achieve this by 2050 in line with the Paris Agreement.

Glossary (continued)

NET ZERO ASSET MANAGERS INITIATIVE

A global group of investment managers committed to supporting the goal of net zero emissions.

NON-LABELLED FUNDS

A fund termed as “non-labelled” means it may consider some sustainability criteria, but sustainability is not the main purpose or objective of the fund.

PARIS AGREEMENT

A global treaty to limit global warming to well below 2°C - preferably 1.5°C - compared with pre-industrial levels by 2050.

PROXY VOTING

When shareholders (or their fund managers) vote on company resolutions, either directly or via a proxy (a representative who votes on their behalf).

RENEWABLE ENERGY

Energy generated from natural sources that are replenished, e.g. solar, wind, hydropower.

SCOPE 1, 2 AND 3 GREENHOUSE GAS (GHG) EMISSIONS

GHG emissions are categorised into three “scopes”:

- Scope 1: Direct emissions from a company’s own operations (e.g. fuel use).
- Scope 2: Indirect emissions from purchased electricity, heating or cooling.
- Scope 3: Indirect emissions from a company’s wider value chain, including suppliers and product use.

STEWARDSHIP

The responsible allocation, management, and oversight of capital (money) to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

SUSTAINABILITY OBJECTIVE

In addition to a financial objective, a fund may have a sustainability goal, such as fighting climate change through investing in renewable energy technologies.

SUPPLY CHAIN MANAGEMENT (ENVIRONMENTAL/SOCIAL)

How a company manages environmental and social issues within its supply chain (e.g. fair labour conditions, sustainable sourcing, and low-carbon logistics).

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

A global framework for companies reporting climate-related risks and opportunities.

TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES (TNFD)

An emerging framework to help companies and investors report on nature-related risks and impacts (e.g. on biodiversity and natural resources).

VOTING/VOTING RECORD

A summary of how an investment manager has voted at shareholder meetings. Investors may use their vote to challenge how a company is run by voting against company policies or decisions.