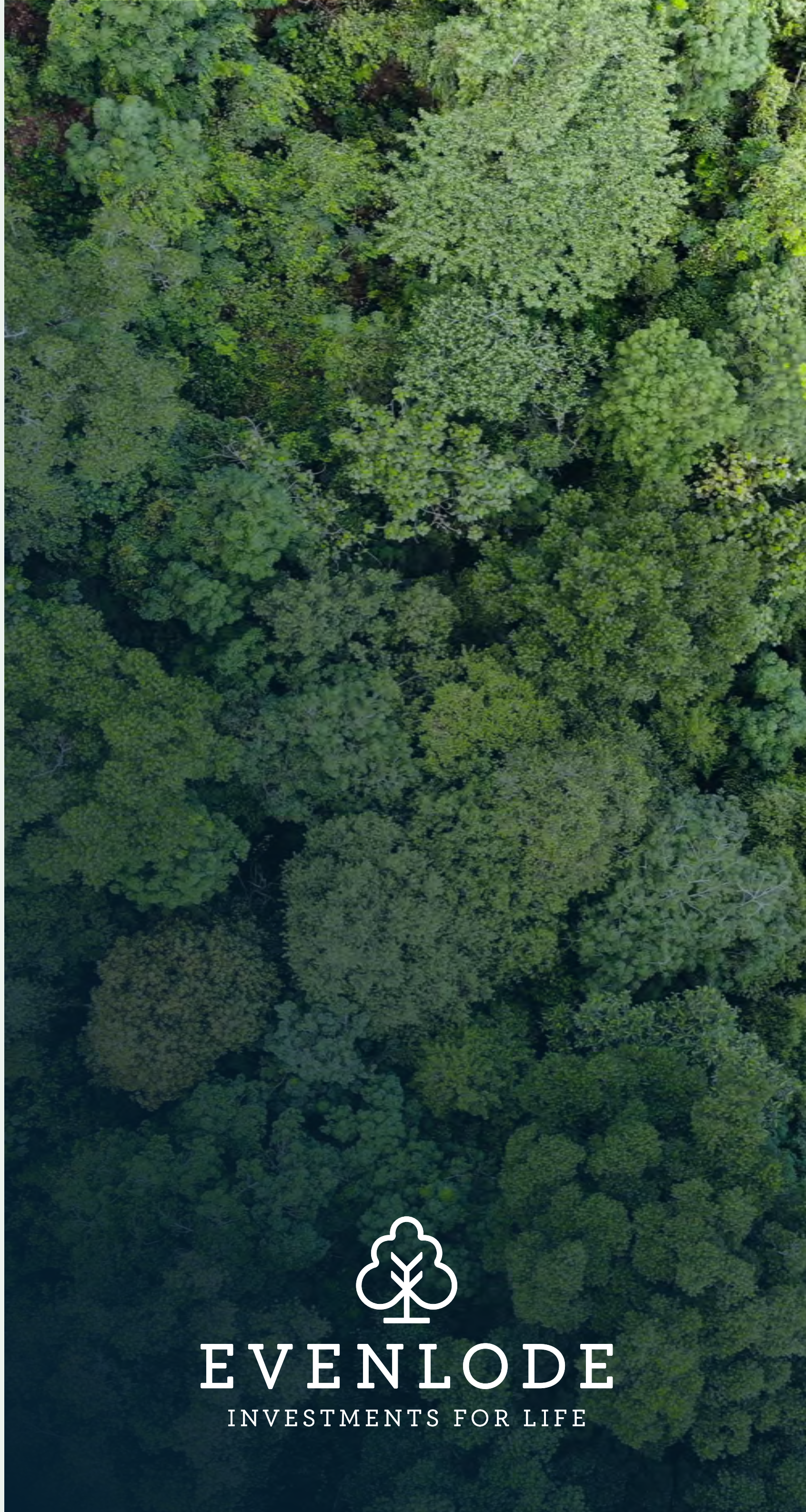
Investment Fund Services

December 2025

Sustainability Report

IFSL Evenlode Global Equity



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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 Evenlode Global Equity

A sub-fund of the IFSL Evenlode Investment Funds ICVC

PRODUCT DETAILS

B Accumulation Class: GB00BMFX2893
C Accumulation Class: GB00BMFX1N70
F Accumulation Class: GB00BMFX1P94
F Income Class: GB00BRJTP900

Authorised Corporate Director:
Investment Fund Services Limited ("IFSL")

Investment Manager:
Evenlode Investment Management Limited ("Evenlode")

OBJECTIVE

The aim of the Fund is to increase the value of an investment, over a minimum period of five years.

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

When researching companies for potential investment, Evenlode considers various factors that affect a company's ability to withstand financial uncertainty and conducts an assessment where environmental, social and governance (ESG) risk factors are analysed together with other traditional business risks.

WHAT WE SAID

When selecting investments, Evenlode will assess a company's potential to grow in value, alongside ESG considerations.

When assessing ESG risk factors, Evenlode places more emphasis on environmental factors but considering a broad variety of topics – including:

- Greenhouse gas emission intensity – the amount of emissions produced for a standard amount of revenue a company produces, for example per £1 million.
- Corporate governance of climate-related risks – the extent to which a company's climate-related risks are overseen by its Board.
- ESG - related metrics in remuneration policies – whether the company's executives' pay is determined using ESG related metrics.
- Controversies in the supply chain and board structure – this includes topics such as human rights violations or utilising resources from areas impacted by conflict.
- Commitments made to integrate ESG initiatives into company operations – such as alignment with the United Nations' Sustainable Development Goals.

WHAT WE DID

Evenlode's investment approach continues to involve assessing companies across both financial and non-financial factors, grouped into three categories:

1. business **2. financial** **3. investment**

Evenlode considers ESG risk to be a form of business risk for the investee companies. Evenlode have not changed how they integrate ESG considerations into their investment process over the last 12 months.

Each business is evaluated on its own merits when determining its ESG risk score, using an in-house ESG risk scoring matrix. Evenlode believes all companies face ESG-related risks and opportunities, which should be critically assessed as part of Evenlode's ongoing company analysis.

The matrix includes questions focused on Environmental issues (E), Social/ Supply Chain issues (S) and Governance issues (G). For example, in the Governance section, Evenlode's ESG assessment of an investee company includes an analysis of its board structure and executive remuneration. Questions considered cover tenure, expertise, performance target disclosure, the quantum of pay, and the alignment of metrics with long-term strategy.

The questions are weighted and result in an overall score for the company, between 0 and 100%.

The following illustrates how the ESG scoring methodology generates an A-E ESG risk score (as covered in more detail on the following page). ESG risk assessments were completed for all companies held by the Fund over the 12 months to 30 September 2025.

Lower bound (%)	Upper bound (%)	Grade
86	100	A
76	85	B
66	75	C
51	65	D
0	50	E

Sustainability approach (continued)

WHAT WE SAID	WHAT WE DID
Evenlode will assign each company an ESG risk score ranging from A (low risk) to E (high risk). Only companies with an ESG risk score suggesting they are not causing what Evenlode deems to be significant environmental or social harm (ESG risk score of A to D) will be included in the Fund. The Fund will not invest in companies with an ESG risk score of E as Evenlode believes these companies will be likely to cause, or are already causing, significant environmental or social harm.	Each year, Evenlode's Stewardship Team conducts a review to identify any potential process updates or priority shifts for the coming year, with the aim of evolving procedures as data becomes more consistent and reliable – or to capture developments in certain areas of risk. As a result, Evenlode has made minor enhancements to how it calculates its ESG risk scores. In Evenlode's most recent review of its process, while it decided to maintain the existing weightings for the E, S, and G factors (40%, 30%, and 30%, respectively), it added an additional question regarding a company's dependency on and impact on natural resources. This change enables Evenlode to better capture instances where companies are conducting double materiality assessments (an assessment of how sustainability risks impact the company and how the company impacts the environment) and helps Evenlode prepare for the upcoming Taskforce for Nature related Financial Disclosures (TNFD) regulatory reporting requirements. Other changes include a question on litigation risk in the Social section of the score, and have also introduced subgroups within the Governance section to allow more granularity in its assessment. As a result, not all 22 governance questions are now weighted equally, allowing Evenlode to more appropriately reward companies demonstrating best practice. Evenlode has continued to not invest in companies that score an E on ESG. This is fundamentally a risk-control mechanism: companies that fail to manage their own risks face a greater likelihood of fines and regulatory censure, reputational damage, and, in turn, lower revenues, profitability and cash flow. No companies in the portfolio were downgraded to an E in the period. Refer to the Sustainability Metrics section below for further details on the Fund's current and historic investment categorised by ESG risk score.
The Fund will not invest in any companies that derive any revenue from controversial weapons. These are weapons that have an indiscriminate and disproportionate impact on civilians, even after conflict has ended, such as landmines, cluster munitions, and chemical and nuclear weapons.	Evenlode has kept to its pledge not to invest in companies deriving any revenue from controversial weapons.

Active engagement

ACTIVE ENGAGEMENT

Evenlode has a dedicated Stewardship Team responsible for ESG risk analysis, engaging with companies on ESG issues and deciding how Evenlode will vote at company meetings. There will be engagement with all investee companies to encourage them to make improvements to their management of ESG risks.

WHAT WE SAID

The Fund will hold companies that have a focus on ESG risk mitigation and there will be regular contact (engagement) with all companies to encourage them to improve their management of ESG risks.

Evenlode will use the findings of its ESG risk assessment to determine an engagement plan with each company regarding any areas that require improvement.

WHAT WE DID

The Evenlode Global Equity portfolio typically holds around 30-35 companies.

Evenlode engages with investee companies when it has voted against a resolution at the company's Annual General Meeting (AGM), as well as those scoring below the 'aligning' category under the Net Zero Asset Managers (NZAM) Initiative's Net Zero Investment Framework. Over the reporting period, this resulted in 26 company engagements.

Engagements are initiated through emails or calls to discuss issues identified through the AGM analysis, ESG risk assessments or Net Zero assessments. Evenlode's objective is to ensure these engagements are constructive. The goal is to get a deeper understanding of the challenges faced by their investee companies.

The following is an example of an ESG engagement leading to improvement:

- Evenlode spoke with Nintendo to discuss the company's net zero transition plan, highlighting the areas it believes needed improvement over the coming years.

- In response, Nintendo's investor relations provided an overview of its initiatives to reduce carbon emissions, including product design and transportation.

- Nintendo mentioned that while it had not set a target for greenhouse gasses (GHG) reductions, it encourages environmental consciousness within their offices.

- Each department works to minimise the environmental impact of its products from various perspectives, including design, after-sales repairs, consumer support, and recycling.

- Nintendo also noted it anticipates being subject to Corporate Sustainability Reporting Directive (CSDR) requirements and Sustainability Standard Board of Japan (SSBJ).

- Although Evenlode were pleased with the engagement, it requested further information on whether Nintendo plan to set greenhouse gas (GHG) reduction or net zero targets in the future.

- Nintendo were unable to disclose any future plans regarding net zero targets. However, it emphasised that the disclosure of scope 3 emissions is a relatively recent undertaking.

- Nintendo are currently engaged in internal discussions to establish suitable methods for disclosure and to determine the most appropriate targets if it decides to set GHG reduction targets in the future.

- While Nintendo's progress regarding their net zero transition plan lags behind other companies Evenlode invest in, there is positive momentum.

- Evenlode has observed incremental progress in both engagement and their environmental policy over the past years.

Active engagement (continued)

WHAT WE SAID

Evenlode votes at company meetings for all holdings.

WHAT WE DID

Evenlode was eligible to vote at 32 meetings regarding the Global Equity Fund during the 12 months to 30 September 2025;

The Stewardship team voted against management at 16% of these meetings and with management at the remainder*.

The following is an example of engagement via voting at a company's AGM:

- In August, the Stewardship Team wrote to Johnson & Johnson (J&J) to provide feedback on the company's net zero approach and remuneration policy, as well as to explain Evenlode's decision to vote against management at their most recent AGM.

- PwC has served as J&J's auditor for over 100 years, and while the lead auditing partner rotates, Evenlode questions whether such a long tenure allows for true independence.

- Consequently, Evenlode voted against the ratification of PwC as auditor and against the chair of the audit committee, Darius Adamczyk.

- Regarding remuneration, Evenlode's policy is to oppose plans that rely solely on Earnings Per Share (EPS) and Total Shareholder Return (TSR). It prefers metrics that better reflect long-term, sustainable growth, such as return on invested capital or organic revenue growth, and ideally the inclusion of a meaningful ESG measure.

- Evenlode currently assess J&J as "Committed to Aligning" under the Paris Aligned Net Zero framework.

- The company has made progress on emissions reductions, but Evenlode encouraged the company to go further by setting 1.5°C-aligned Scope 3 targets, ideally a 50% reduction by 2030.

- Clearer disclosure on Scope 3 ambitions would be an important step forward.

- Evenlode will continue their dialogue with J&J, advocating for stronger governance, more balanced incentives and ambitious climate commitments.

*Figures are based on Evenlode's internal data and voting records.

Active engagement (continued)

WHAT WE SAID	WHAT WE DID
Over time, engagement should lead to improvements in the ESG risk scores of individual companies. Over time, this should lead to the fund being composed of companies with better ESG risk scores	Comparing the period of 30 September 2025 to 30 September 2024: • Within the Fund, the percentage of A (lowest risk) scores has increased from 10% to 11%. • The number of combined A + B scores has stayed roughly flat at 52% and 51% respectively. • The number of D (highest risk) scores has increased from 9% to 22% as a result of holdings like Alphabet having their ESG risk score downgraded from C to D within the year. Refer to the Sustainability Metrics section below for further details on the Fund’s current and historic investments categorised by ESG risk score.
Where engagement fails to result in improvements in a company’s ESG risk score over time, Evenlode may decrease its investment in these companies or sell the investment in order to ensure the Fund’s ESG characteristics steadily improve	When a decision is made to sell an investment there are usually multiple risk factors as well as valuation taken into consideration. Evenlode have not reduced the size of an investment or sold an investment in the fund due to a failure to sustain or improve its ESG risk score alone over the past 12 months. However, there are cases where an ESG risk score has been downgraded and as a result the maximum position of that holding has been reduced. This in turn can mean the fund may need to sell down the position as a result of the maximum position size change. As an example, at the end of 2024, the Stewardship Team expressed concerns around the maximum position size for Amazon as part of the bi-annual maximum position size meeting. This is because there are multiple risks around the environmental and social side for Amazon including multiple cases of human rights issues and a lack of adequate science-based targets. The Investment Management team wanted to increase the maximum position to 6% from 3.5% however, the Stewardship Team made sure the ESG risk was factored in and as a result the maximum position size was restricted to 4.5%.
Evenlode’s engagement also focuses on a ‘Net Zero’ theme in pursuit of its own firm-level net zero commitment.	Evenlode has a net zero voting and engagement policy that is taken into account when it completes the AGM analysis for each company within the fund. If a company does not have an adequate net zero target or transition plan Evenlode may express its concern with a vote against resolutions put forward at the AGM. Once Evenlode has voted against this will then lead to engaging with the company to explain the reasons why. Additionally, when the Stewardship Team's net zero assessment is completed during the year Evenlode will also engage with companies outside of AGMs if it has any concerns regarding a lack of adequate targets. This engagement is designed to result in companies improving their disclosure and subsequently their net zero transition plan.

Evenlode's net zero commitment

NET ZERO COMMITMENT

Evenlode is a signatory of the Net Zero Asset Managers Initiative and has committed to reaching net zero greenhouse gas emissions across 100% of its portfolio of companies that are considered to contribute most significantly to global greenhouse gas emissions (referred to as Material Investee Companies), no later than 31 December 2050.

The achievement of the targets set out below is assessed across all Material Investee Companies managed by Evenlode. This assessment includes both the holdings in the Fund and other relevant investments it manages. While the Fund contributes to these targets, it does not aim to meet these and may not achieve them on its own.

Material investee companies are defined as companies operating in NACE (a European standard industry classification system) categories A-H and J-L.

WHAT WE SAID

By 31 December 2025: 50% of the Material Investee Companies must be:

- achieving net zero greenhouse gas emissions; or
- aligned or aligning with the emissions target of net zero greenhouse gases by 2050

with the other 50% of Material Investee Companies under engagement regarding the emissions target of net zero greenhouse gases by 2050.

By 31 December 2030: 100% of the Material Investee Companies must be:
- achieving net zero greenhouse gas emissions; or
- aligned or aligning with the emissions target of net zero greenhouse gases by 2050, with engagement carried out on a needs-based basis.

There must also be a 51.6% reduction in greenhouse gas emissions per £10,000 invested by 2030 (compared to a 2020 baseline).

This includes all the direct and indirect emissions produced by a company through the activities it undertakes (referred to as Scopes 1, 2 and 3 emissions).

By 31 December 2040: 100% of the Material Investee Companies must be:
- achieving net zero greenhouse gas emissions; or
- aligned with the emissions target of net zero greenhouse gases by 2050.

WHAT WE DID

In terms of the 2025 target to increase the percentage of companies aligned or aligning to net zero. The Fund currently* has:

- 24% of its assets aligned to net zero; and
- 29% of its assets aligning to net zero.

In terms of the engagement for 2025, this target was achieved within the first year (2021) as Evenlode engaged with all the companies that were not defined as Aligning or Aligned to net zero.

Evenlode has continued to engage with companies through the years since signing the initiative with the aim to move companies from the lower categories of Not Aligned and Committed to Aligning up towards Aligning, Aligned or Achieving Net Zero.

In relation to the 2030 greenhouse gas emissions reduction aim, the Fund's emissions are currently 53.9% higher than the baseline year. Refer to the Sustainability Metrics section below for further details on the Fund's current and historic emissions data along with further narrative regarding the change.

*This information is from the June 2025 assessment using 31 December 2024 data.
*Data sources included company annual and sustainability reports, net zero transition plans, as well as CDP (Carbon Disclosure Project) emissions data.

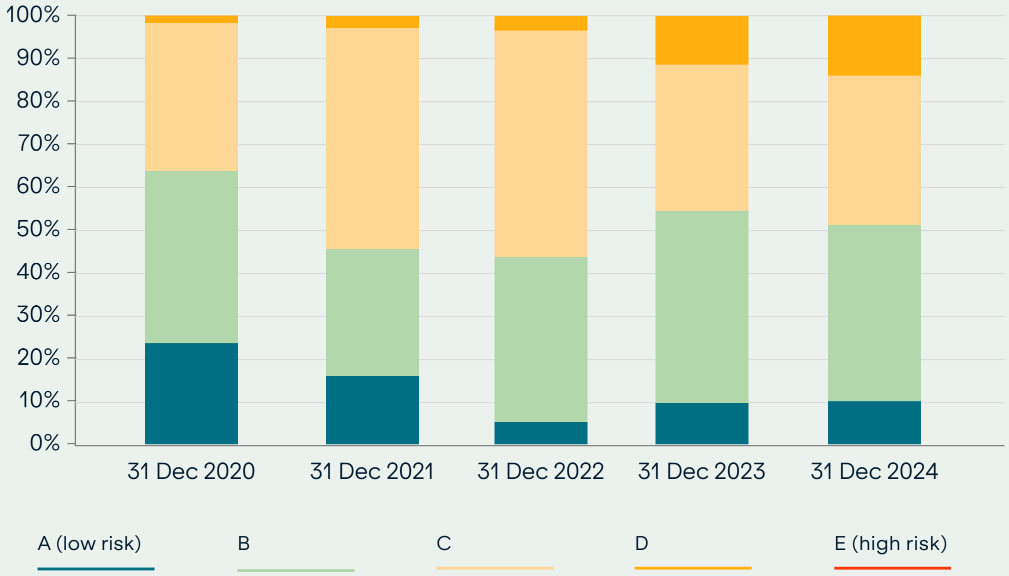
Sustainability metrics

While the Fund does not have any specific sustainability targets, Evenlode's ESG processes are intended to achieve:

• an improvement in the management of ESG risks by companies the Fund invests in – measured by percentage investment by ESG risk score; and

• a reduction in the total greenhouse gas emissions from an investment in the Fund.

Percentage investment by ESG Risk Score



All data as at 31 December 2024. Source: Evenlode Investment Management Limited
The A-E scores are derived from Evenlode's internal ESG checklists which are based on several underlying sources of data including company annual and sustainability reports, CDP (Carbon Disclosure Project) emissions data from our proprietary emissions analysis, Sustainalytics controversies research as well as their internal AGM analysis. AGM analysis relies on company reported data.

The chart to the left demonstrates how investments within the Fund have changed over time according to their ESG risk scores.
There has been a slight increase in the percentage of A scores for the fund in the most-recent reporting period (December 2024: 10.5%) compared to the prior year (December 2023: 10.1%) but there has been a decrease from the starting year (December 2020: 23.9%). The percentage of D (December 2024: 13.6%) scores has increased on the prior year (December 2023: 10.8%) and on the starting year (December 2020: 1.5%).

The evolution of the risk scores is the result of changes made to the Fund's investments, any changes made to the risk scores of existing investments and changes to the scoring methodology. As an example, the Fund bought Lindt during 2024 and the Stewardship Team scored the ESG matrix as a D. This is because of governance risks relating to independence of the board, potential overboarding (where company directors serve on too many external boards, which can leave them overstretched in their current role) and a lack of remuneration disclosure. Additionally, there are social issues within their cocoa supply chain.

Whilst Evenlode maintained the E, S, and G weightings this year, they did increase the weighting of the E section in the prior year given its importance.

For this year's ESG matrix, Evenlode included a question on litigation risk in the social section of the score. Evenlode have also changed a question on climate-related scenario analysis in the environmental section for a question that looks at a company's impacts and dependencies on nature. These changes can have a positive or negative impact on a company's overall score.

Sustainability metrics (continued)

Improvements to risk scores are expected to occur over the longer term rather than being achieved continuously each and every year. The chart below demonstrates the total greenhouse gas emissions (scope 1, 2 and 3) from an investment in the Fund over time.

Since Evenlode began conducting the emissions analysis in 2019, it first witnessed a steady increase and then a similar decrease in total emissions per £10,000 invested as a result of a combination of factors.

For many global companies there was a complete absence of data five years ago and so they saw the steady increase as more and more companies began reporting and estimates became more widely available. For example, since 2022 Evenlode have seen a reduction in the reliance on estimates as companies have begun to report their emissions figures more comprehensively.

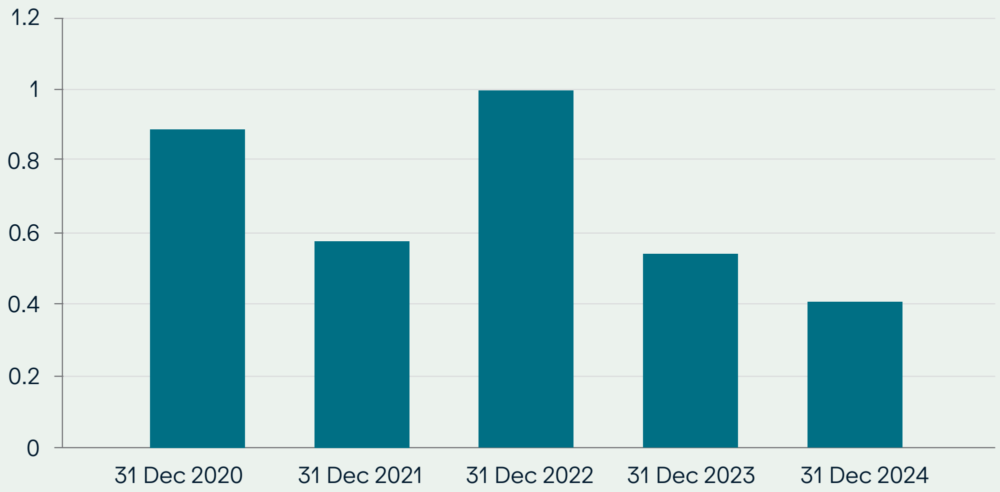
There have also been methodology changes, portfolio changes and genuine efficiencies exhibited by the businesses too.

We expect to see further volatility in company emissions data as reporting improves and more companies conduct detailed internal analysis. In Evenlode's view, this type of significant change is not unusual in the current market environment and reflects the evolving nature of emissions measurement.

Investors should note that the comparability of previous year's data may be affected by improvements in the reporting of company emissions.

Improvements in the emissions from an investment in the Fund are also expected to occur over the longer term rather than being achieved continuously each and every year.

Tonnes of emissions per £10,000 investment

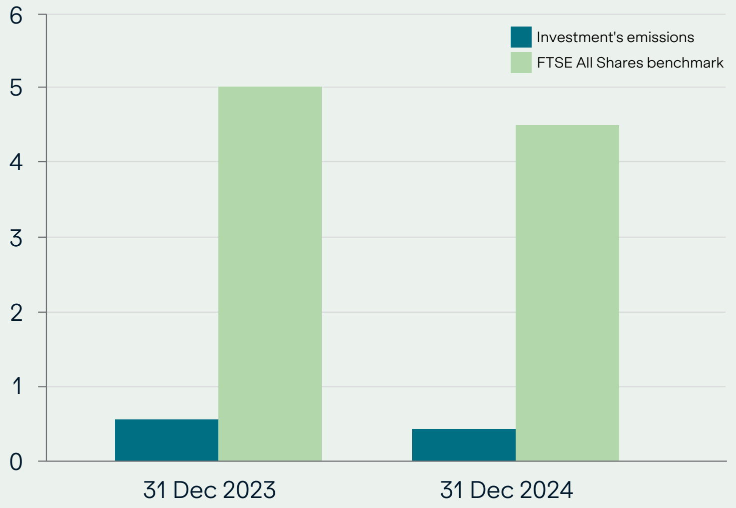


All data as at 31 December 2024. Source: Evenlode Investment Management Limited
Evenlode relies on a combination of company reported data as well as CDP (Carbon Disclosure Project) emissions data. Approximately, 90% of companies in their portfolios now report 100% of scope 1, 2 and 3 data.

Sustainability metrics (continued)

The chart below demonstrates the total greenhouse gas emissions (scope 1, 2 and 3) from an investment in the Fund over time compared to its benchmark.

Tonnes of emissions per £10,000 investment Vs benchmark (MSCI World)



All data as at 31 December 2024. Source: Evenlode Investment Management Limited
The underlying source of the emissions data is made up of company reports and CDP data.
Approximately, 90% of companies in Evenlode's portfolios now report 100% of scope 1, 2 and 3 data.
Data is unavailable for 2020 to 2023 and therefore we cannot compare for those periods.

The emissions footprint associated with investing £10,000 in Evenlode Global Equity is lower than an equivalent allocation to a strategy which tracks the MSCI World Index* (an index of shares which reflects the Fund's global focus).

Although the Index reflects the Fund's global developed market focus, Evenlode's preference for asset-light businesses means the Fund has lower exposure to energy-intensive industries, such as the oil & gas, materials, real estate, and utilities sectors.

As a result, this is not a like-for-like comparison. The data is intended to illustrate how emissions from an investment in the Fund may compare to those of a broad market investment that does not consider ESG factors.

* Source:
www.msci.com/notice-and-disclaimer

Non-sustainability metrics
The Fund's return is assessed independently from the above sustainability metrics, focusing instead on data relevant to the Fund's achievement of its objective, which is to increase the value of an investment, over a minimum period of 5 years.

Further information on the Fund's objective and how to access performance can be obtained from the Fund's KIID.

Data & material deviations

DATA Evenlode does not believe there are any material gaps in the underlying data used for its sustainability analysis or reporting. Where minor data gaps exist, such as in cases where company emissions are not reported, Evenlode uses reasonable estimates provided by data vendors and engages with the companies directly to encourage improved disclosure.

Evenlode will continue to monitor data coverage and reporting practices across its investee companies and work towards enhancing data completeness through ongoing engagement and review of data vendors.

For the ESG risk scores (A-E), this is based on an internal ESG checklist comprising 32 questions covering key risk areas. Evenlode does not estimate any ESG checklist data or perform any modeling for emissions analysis themselves. To populate the ESG checklist and to obtain the data used for carbon emission analysis, Evenlode estimates that at least 90% is reported by companies and less than 10% is provided by the Carbon Disclosure Project (CDP - a third-party platform).

Some companies also prefer to use the CDP platform to report sustainability-related data rather than reporting themselves. CDP encourages companies to report primary data wherever possible, especially for Scope 1 and Scope 2 emissions (direct and purchased energy emissions). However, for Scope 3 emissions (indirect emissions including distribution and use and disposal of products), data is also obtained from secondary sources or estimation models (e.g., spend-based or industry-average emission factors) because direct measurement is rarely feasible.

For the small number of companies which do not report their emissions data fully, Evenlode continues to engage with these companies, to improve transparency.

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 Evenlode'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, and to help you make an informed decision about whether to invest.

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

This Fund is authorised and regulated by the Financial Conduct Authority in the UK.
Investment Fund Services Limited (IFSL) is authorised and regulated by the Financial Conduct Authority in the UK.
This disclosure is accurate as at 2nd December 2025

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.

BOARD STRUCTURE

The composition and independence of a company's board of directors. A strong board structure typically includes independent directors and good diversity to ensure accountability and sound decision-making.

CARBON FOOTPRINT

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

CDP (FORMERLY KNOWN AS THE CARBON DISCLOSURE PROJECT)

A global initiative that collects and publishes data on companies' environmental performance, including emissions and climate risks.

CIRCULARITY/CIRCULAR ECONOMY

A concept focused on minimising waste through recycling and reusing materials.

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.

Glossary (continued)

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).

CONTROVERSIAL WEAPONS

Weapons such as landmines, cluster munitions, and chemical or nuclear weapons that have long-lasting, indiscriminate effects on civilians.

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.

DOUBLE MATERIALITY

The idea that sustainability issues should be assessed in two ways: how they affect a company's financial performance (financial materiality) and how the company's activities impact people and the environment (impact materiality).

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.

Glossary (continued)

GREENHOUSE GASES (GHG)

Gases such as carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) 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.

MATERIAL INVESTEE COMPANIES

Companies within a portfolio that make the largest contribution to overall emissions or sustainability outcomes — often prioritised for engagement and tracking under initiatives such as the Net Zero Asset Managers commitment.

MATERIALITY

A "material" ESG issue is one that could meaningfully affect a company's financial performance or reputation.

NACE CODES

A European Union classification system that groups companies by industry type — sometimes used to identify "material investee companies" in sustainability reporting.

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.

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.

OVERBOARDING

When company directors sit on too many boards, potentially limiting their effectiveness and time commitment.

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).

Glossary (continued)

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.