CHARLES STANLEY

Task Force on Climate-related Financial Disclosures Report 2024

Entity Level Report

1st January 2024 to 31st December 2024

Contents

CEO Statement

I am delighted to present Charles Stanley & Co. Limited's (Charles Stanley) annual Task Force on Climate Related Financial Disclosures (TCFD) entity report for the calendar year 2024.

This publication encapsulates our ongoing commitment to responsible investment and the integration of environmental, social, and governance considerations across our operations with particular emphasis on climate-related risks and opportunities. Each year, this report serves as a key milestone for our commitment and ongoing journey towards greater sustainability and climate resilience.

Charles Stanley has prioritised client service as a core principle throughout its more than 200-year history. This unwavering focus has adapted to the evolving challenges of each era. We recognise the responsibility to our clients and society to conduct our business with a keen awareness of the environmental impacts of our activities and those we undertake on behalf of our clients.

Investment management is central to our services, and our analysis has always encompassed both financial and non-financial risks. We believe the implications of climate change and the global response to it will shape the future for our clients and their descendants, as well as the commercial risks and opportunities for the companies in which we invest. We acknowledge the pivotal role that we can play in the transition to a more sustainable economy.

This report provides insights into our approach to and management of climate-related risks, while also recognising the growing landscape of innovative investment opportunities that address global challenges. By considering both potential risks and opportunities we enhance our investment strategy to deliver strong, risk-adjusted returns over time. In doing so, we remain focused on providing exceptional client service and supporting the long-term prosperity and peace of mind of our clients.

In summary, while we acknowledge the seriousness of the current climate outlook, we remain optimistic that, together with the broader financial sector, we can play a meaningful role in addressing climate risks. We are committed to contributing both through our own operations and supporting our clients with the investments we make on their behalf, with their personal objectives at the fore.

Thank you for sharing our interest in these objectives, and for placing your trust and confidence in Charles Stanley.

Chief Executive Officer (CEO)
Kim Jenson

The disclosures presented within this TCFD entity-level report for Charles Stanley, including any third-party or group disclosures cross-referenced in this report, are made in accordance with the entity reporting requirements set out in Chapter 2 of the Financial Conduct Authority's (FCA) ESG Sourcebook .

Charles Stanley **in numbers**

1792 — We have been providing our clients with the highest standard of service for over two centuries.

20 — Our business is built on quality service, growing our network to more than twenty offices across the UK.

£27.2BN — We have created financial security for many tens of thousands of people, and our funds under management and administration were £27.2billion as at December 2024.

Legal Disclaimer

The contents of this TCFD entity report are compiled in recognition of the United Kingdom's regulatory landscape in line with the Financial Conduct Authority's adoption of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, under the rules of the Policy Statement (PS) 21/24. .

The contents of this report reflect the approach taken by Charles Stanley & Co. Limited, specifically relating to TCFD in-scope business that is carried out from the United Kingdom.

In addition, any metrics, targets, goals, impacts, policies, or forward-looking statements referred to in this report represent solely a statement of intent by Charles Stanley, and no other entity, to comply with the mandatory requirements of the FCA's Handbook of rules and guidance regarding the disclosure of climate-related financial information.

Nothing in this report should be understood to state or imply that Charles Stanley's U.S. ultimate parent company, Raymond James Financial, Inc. will make any disclosures or take any action in connection with its operation of any of its other subsidiaries whether within or outside of the United Kingdom.

The inclusion of information in this report should not be construed as an assertion that such information is material to, or would have any particular financial impact on, the business of Raymond James Financial, Inc., and its consolidated subsidiaries.

Introduction

We recognise the growing potential threat that a changing climate possesses and the possible financial and economic impacts this could bring with it. Our acknowledgement of this has been driven by significant national and international cooperation, most notably the UK Government's alignment to the Paris climate agreement by setting a 2050 Net-Zero target into law. This legal commitment has encouraged greater regulatory developments and requirements, like this report, for businesses to disclose and manage risks and opportunities related to climate change.

Charles Stanley subscribes to the Principles for Responsible Investment which offer an assessment framework for integration practices in addition to guidance and tools for managing client portfolios that focus on key Responsible Investment (RI) topics including climate change.

2024 saw Charles Stanley strengthen its internal RI capabilities. Our RI team led on significant upskilling across the business, focusing on our sustainability and responsible investment practices, including the consideration of climate-related matters. At a business level, our most crucial development was the internalisation of carbon metric data storage and computations that relate to our discretionary investment holdings that are critical to the compilation of this report. This has been a significant project that establishes a strong framework for long-term success in our oversight and management of climate specific information.

Charles Stanley participates in new and existing collaborative engagement industry initiatives that help boost the understanding of issues that are important to our analysts, investment managers and our clients. These initiatives include topics related to; climate-related risks, early stage biodiversity and nature-related trends, alignment trends with the UK's net-zero commitment and sustainable regulatory developments.

This entity report reaffirms our ongoing commitment to, and progressive alignment with, the recommendations of the TCFD. It consolidates relevant information from our Responsible Investment Policy Statement, Risk Policy, and our Stewardship Policy. The report provides a summary of our response to each of the TCFD's core recommendations and demonstrates our compliance with the FCA's PS 21/24 .

Governance

Board oversight of climate-related risks and opportunities

Charles Stanley & Co. Limited (Charles Stanley) is wholly owned by Raymond James Wealth Management Limited (RJWM), a subsidiary of Raymond James Financial, Inc. (NYSE: RJF). The Board of Directors of RJWM (RJWM Board) has responsibility for the oversight, governance and direction of the business and the affairs of RJWM and its subsidiaries in the UK.

Specifically, the RJWM Board provides challenge, oversight and approval of Charles Stanley's strategy and business plan. The RJWM Board is responsible for monitoring the performance of Charles Stanley, and its other UK subsidiaries, in relation to the strategic objectives that are set, in addition to ensuring that an effective risk management framework is in place.

The Board of Directors of Charles Stanley (CS Board) has responsibility for the oversight, governance and direction of the business and affairs of Charles Stanley, including climate-related matters. Also, the CS Board is accountable for providing the primary input, challenge, and oversight of Charles Stanley, including business strategy and planning; whilst ensuring adherence to applicable legal and regulatory obligations, with an appropriate client focus.

In addition, the CS Board oversees the activities of the Chief Executive Officer (CEO) and the supporting Executive Committee in the daily running of Charles Stanley. The CS Board periodically reviews the financial and business performance of Charles Stanley and ensures that appropriate risk management and internal controls operate over Charles Stanley's strategy, operations, decisions and performance.

Whilst day-to-day accountability for RI lies with our investment managers and financial planners as they create bespoke solutions for our clients, the Responsible Investing Committee (RIC) is responsible for the continuing oversight and development of our RI approach and capabilities. The RIC reports to the Investment Committee (IC), operating on a three pillared approach (see further below). The CS Board meets quarterly and is currently informed of relevant climate-related and other responsible investment topics on an ad hoc basis .

Role of Management

Figure 1: Charles Stanley's Governance Structure

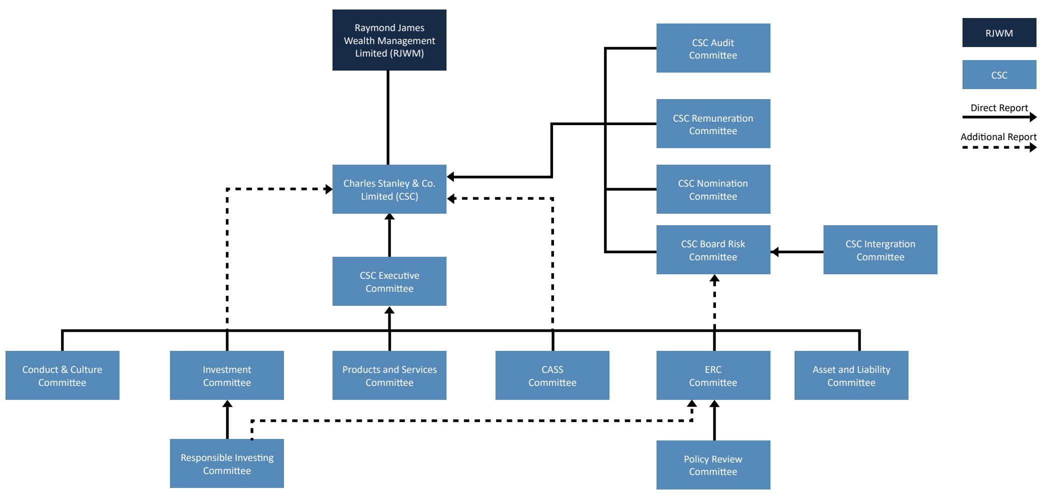


Figure 2: Charles Stanley's Climate related considerations delegation

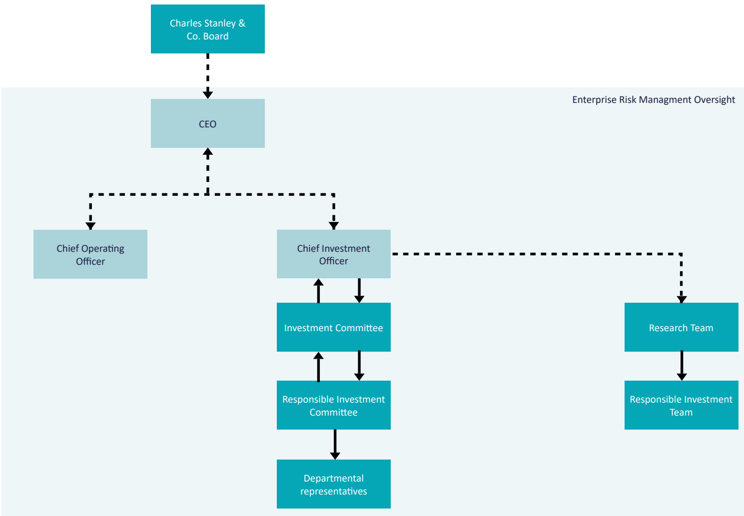


Table 1: Charles Stanley's climate-related roles and responsibilities

Individual/Committee	Climate-related responsibility
Charles Stanley Board	The Charles Stanley Board has overall responsibility for the oversight, governance and direction of the business and affairs of the Company. The CS Board will further incorporate considerations of climate risk in the future.
Chief Executive Officer	Our CEO is accountable for implementing the decisions arising from Board discussion on relevant issues, in cooperation with our Chief Investment Officer (CIO) and Chief Operating Officer (COO).
Chief Investment Officer and Chief Operating Officer	Inform management and business research groups of relevant topics. Operational business emissions fall under COO whilst investment portfolio emissions and analysis fall under the CIO and RIC.
Responsible Investing Committee (RIC)	Our Responsible Investing Committee monitors, manages and addresses Environmental (including climate), Social and Governance-related issues alongside other sustainability related topics that have an impact on our operations, processes and investment decisions.
Enterprise Risk Committee (ERC)	The Enterprise Risk Committee provides the business operational and entity oversight of climate considerations.
Responsible Investing Team	Our Responsible Investing Research Team monitors and keeps up to date on relevant regulations, current affairs, climate change and events that impact our business. The team acts as the first port of call and upwardly feeds all applicable information and relevant events through the appropriate channels above.

At Charles Stanley, we recognise that climate-related risk needs to be addressed and managed throughout the organisation. While overall responsibility for managing these risks are embedded throughout our governance and operational structures, day-to-day accountability for identifying and managing investment-related climate risks for our client portfolios rests with our investment managers and financial planners, as outlined in the table above.

The RIC is responsible for the continued oversight and enhancement of our RI approach and capabilities. This governance structure ensures that investment specific climate-related and other Environmental, Social and Governance risks are identified and only taken within approved risk appetite parameters, such that there is a clear delineation between risk taking and oversight responsibilities. The RIC also maintains a clear separation between risk-taking functions and oversight responsibilities, reinforcing robust risk governance across the organisation. Figure 1 demonstrates the current organisational and governance structure of Charles Stanley, including the committees that implement the oversight of climate-related matters.

Chief Investment Officer (CIO) and Chief Operating Officer (COO)

Figure 2 highlights the management of climate-related risks and opportunities and focuses on a key distinction of oversight between our business operations and our investment activities. Operational business emissions and related activities will be overseen and managed by the COO. Meanwhile our investment management book, associated carbon emissions and climate risk will be overseen and managed by the CIO and delegated throughout the business accordingly (RIC, Investment managers, centralised offerings & Research). We continue to evolve and further formalise these climate-related responsibilities throughout the organisation. This includes processes to measure and monitor progress in relation to managing climate-related topics.

Enterprise Risk Committee (ERC)

The Charles Stanley ERC provides the framework for effective internal controls and risk management practices that are maintained with respect to the risks impacting Charles Stanley. This committee, via the Chief Risk Officer and the CEO, advises the CS Board on risk matters, including climate risk.

The Responsible Investing Committee

The Responsible Investing Committee (RIC) was formed in 2021. It was created to monitor, manage and address sustainability-related topics that have an impact on Charles Stanley's operations, processes and investment decisions. The RIC meets at least quarterly, and has three pillars of focus:

1. Knowledge and Regulation
2. Stewardship and Engagement
3. Policy and Implementation

The committee, which is chaired by the CIO, has members and attendees from Research, Asset Management, Compliance, Investment Management Services (IMS), Financial Planning, Commercial Analytics, Business Change and Marketing.

The RIC is responsible for developing, maintaining and overseeing the firm's Responsible Investing Strategy (see below), taking into account client outcomes, the interests of stakeholders and the firm's risk appetite.

The remit of this committee will continue to formalise responsibilities for climate-related investment matters, ensure monitoring processes are in place, and to refine the method through which climate-related matters are considered in all relevant processes throughout the organisation.

Responsible Investing Team

2024 was the first full year of our newly formed Responsible Investing Team that sits within the Charles Stanley Research Team. The team spent 2024 focusing on upskilling the wider business on Responsible Investment, strengthening the responsible investment and sustainability integration processes and also provided TCFD training for the board. Moving forward, the team will continue to observe sustainability trends and regulatory developments, while advancing the responsible investing practices throughout the business on behalf of clients.

Training

At Charles Stanley, we are committed to equipping our investment professionals with the knowledge and tools necessary to integrate environmental, social and governmental factors and climate-related considerations into their decision-making. All investment managers undertake annual training on on these topics with additional professional development made available through industry educational and roundtable opportunities.

In 2024, we introduced mandatory Anti-Greenwashing training for all client-facing staff reinforcing our commitment to transparency and integrity. Furthermore, Charles Stanley undertook a comprehensive review of all marketing materials and documentation to ensure claims were substantiated and aligned with the FCA's Sustainable Disclosure Requirements (SDR) regulation.

Additionally, all staff received extensive training and support on Responsible Investment, the RI Marketplace, ESG integration into our research processes and climate risk. These initiatives form part of our broader strategy to embed sustainability across our business and provide our people with the tools they need to support clients and each other in navigating the evolving RI and sustainability landscape.

Strategy

As a leading UK wealth management company, Charles Stanley recognises that climate-related risks and opportunities can have implications for our business and investment strategies. We currently assess risks over the short-term (<12 months), medium-term (1 year – 5 years) and long-term (5 – 25 years).

We continue to adapt and incorporate climate specific risk and opportunity assessments into this framework. These considerations are embedded within our broader review of risk assessments. These factors are also incorporated into our stress testing framework as detailed in the Risk Management section of this report, page 14.

Our enterprise risk management framework (see pages 14-17) allows us to assess the potential financial implications of various risks for the company. We undertake regular scenario analysis of emerging and future events to assess potential outcomes and develop management responses. The aim of this is to enhance our operational and financial resilience. We also undertake stress testing, which includes consideration of severe but plausible events or changes in economic circumstances that could impact the viability of our business.

From an investment perspective, recognising that different climate change pathways may have varying implications for long-term investment returns, we incorporate climate assumptions into our macroeconomic asset allocation process. As part of this, we have adopted a "Delayed Transition" scenario, as provided by the Network for Greening the Financial System (NGFS) . This analysis highlights the implications that impact our long-term return forecasts as a result of the anticipated economic effects consistent with the most plausible climate-related trajectories.

Responsible Investing Project team

Charles Stanley is committed to strengthening its approach to Responsible Investment and Sustainability. With this in mind, we have allocated dedicated resources in our project and business development teams to enhance our offering. The Responsible Investing Project team works closely with the Responsible Investing team to strengthen and improve a variety of key initiatives. In 2024, a key area of focus has been to bring our carbon metric data storage and calculation processes in house, enhancing our ability to manage and report carbon data with greater accuracy and control. The team has also been preparing and reviewing Responsible Investment reporting, investigating enhancements to our stewardship and voting practices, and assessing client suitability.

Our plans to transition to a low-carbon economy

At Charles Stanley, we acknowledge the importance of developing a robust climate transition plan and achieving meaningful emissions reduction Our recent integration with Raymond James UK has already yielded positive operational efficiencies and emission reductions. These synergies are expected to continue delivering positive outcomes through streamlined processes and enhanced resource management.

We have taken a deliberate approach in analysing how we best set carbon imprint reduction. Our priority is to first establish a comprehensive assessment of our emissions profile and the practical steps to achieve meaningful reductions. A key focus for this TCFD entity reporting has been to set forth a clear and concise understanding of how Charles Stanley governs climate-related matters and outline our total carbon emissions footprint, with regards to both our business operations and investment activities. With the majority of our data collection processes now established and operationally developed, we plan to analyse and assess trends in emissions across our business operations and investment activities. This will then enable us to make clear and informed decisions around reducing emissions across our business model where possible and feasible.

From an operational perspective, we continue to seek opportunities to optimise our resource usage and promote sustainable resource management. A notable example is our head office relocation from 55 Bishopsgate to 25 Ropemaker Street. Our new office location is in a highly-rated Building Research Establishment Environmental Assessment Method (BREEAM) certified building, with much higher energy efficiency and environmental standards. This move has already been a positive factor for a reduction in our operational footprint and will provide further benefits in future years.

Reducing the environmental footprint of our operations is something over which we have a greater degree of control and will be an area of focus in the coming years. We recognise the challenges associated with emissions data capture and quality, but we embrace this as an important coordinated effort for the UK and other nations to meet the overarching goal of reducing carbon emissions in line with the Paris Agreement.

In line with the UK Government's climate commitment, we plan to develop a pathway for defining key metrics for our operations and investments. We are continuing our journey to identify and reduce carbon emissions within our operations.

With regards to our investment activities, which make up a far more significant proportion of our total carbon footprint and the material function of our business, we adopt a pragmatic approach. As our Responsible Investment Policy Statement highlights, we believe investors have the ability and voice to enact change, and it is the responsibility of investors to use this voice to ensure that investee companies are prepared for the impacts of climate change, whilst also taking appropriate steps in reducing their own carbon emissions.

While Charles Stanley does not currently offer standalone sustainability strategies or investment products that are wholly dedicated to helping enable a transition to a lower-carbon economy, we do incorporate relevant climate-related investment opportunities into client portfolios. For example, renewable energy and infrastructure investment trusts are held as allocations in client portfolios where appropriate.

1. https://www.ngfs.net/ngfs-scenarios-portal/

Risk Management

Our risk management framework

At Charles Stanley, we recognise that our primary exposure to climate-related risks arises through the investments we manage on behalf of our clients. Our existing risk identification, assessment, and management framework is robust and well established. This framework enables us to identify potential sources of harm to our clients, the markets, and/or our business so that we can manage such risks appropriately .

We will use this risk management framework to inform the development of our approach to climate risk-management. By integrating climate-related risks into our broader risk management processes, we aim to ensure that these risks are systematically identified, assessed, and managed in a manner consistent with our overall risk governance practices.

Risk identification and assessment

At Charles Stanley, we operate a risk identification and assessment process under which all our businesses regularly consider changes in the profile of existing and emerging risks. This process assesses risks that are inherent within our business processes and products, in addition to those that arise due to changes in the environment in which we operate. Our internal risk scoring matrix allows risks to be assessed relative to one another, so that we can better understand their potential significance.

As the Strategy section details, we undertake regular scenario analysis of emerging future events to both assess possible outcomes and develop appropriate management responses to strengthen operational and financial resilience. We also undertake stress testing, which includes consideration of severe but plausible events or changes in economic circumstances that could impact the viability of Charles Stanley. The Internal Capital Adequacy and Risk Assessment (ICARA) process is a holistic review of a firm's risk profile, designed to identify and assess material risks and scenarios that may impact capital and liquidity adequacy. This comprehensive approach ensures that the firm maintains robust financial resilience under a range of conditions and can recover from such events without material disruption to operations and services. The ICARA scenarios consider a range of factors that may lead to clients exiting the firm, including market dynamics and service level considerations and consideration is made to Environmental, Social, and Governance factors. At present climate related client attrition has not been identified as a material risk compared to other more immediate drivers however the firm recognises that the resulting impact of such attrition – climate related or otherwise – can be similar in financial terms. Scenarios are designed to be sufficiently conservative and broad to capture stress events that, in effect, could resemble outcomes relating to climate related risks, such as reputational damage, resource availability or changes in clients' expectations. At present, physical climate risks are not considered material to the firm's overall risk profile in the immediate future; however, they continue to be monitored as part of the firm's ongoing risk management framework. In the event of any physical disruption event, business continuity plans are for members of staff to work from home.

We plan to update our risk appetite assessment to incorporate climate-related risks once we have onboarded the appropriate forward-looking dataset such as Climate Value at Risk or Implied Temperature Rise (ITR). This will include the development of appropriate metrics to monitor and manage climate-related risk.

Risk management

There are eight core components to the framework (see Figure 3). This framework details some of the processes we have in place for identifying, assessing, and managing risks. Climate change is currently positioned as a strategic risk within our risk management framework. It is cross-cutting and links to several other risks within our framework.

Figure 3: Charles Stanley's Risk Management Framework

Table 2: Charles Stanley's Risk Framework Components

Stage	Description
Business model and strategy	The firm is expected to consider the impact of its business model and strategy on its current and future cash-generative powers. The analysis of Charles Stanley's business model and strategy is undertaken as part of the Internal Capital and Risk Assessment (ICARA) process.
Governance	We deploy a 'three lines of defence' risk governance model whereby the business is responsible for risk taking within the parameters of our risk appetite and accountable for managing risks in line with our risk policies.
Risk appetite	The Charles Stanley Board approves the firm's Risk Appetite Statement. This has been developed in line with our risk taxonomy and definitions, which are designed to ensure that there is appropriate coverage of all risk types to clients but also to the markets or to Charles Stanley. The Statement is reviewed annually to ensure it reflects the appetite of the business.
Risk processes	All staff and managers are responsible for identifying, assessing, and monitoring risks within our business. A range of processes has been established to support this framework, which is ultimately supported by the Risk team.
Risk management	Line management are responsible for the appropriate management of their risks, this includes ensuring approvals are in place for risk management processes, ensuring controls are implemented, undertaking control testing, monitoring risks that are maintained within the firm (or relevant business division) risk appetite, monitoring relevant planned actions, and maintaining appropriate delegation of actions.
Risk reporting	Ongoing reporting to senior management and the Executive and Control Committees, and to the Boards and Board Committees, provides required insight.
People and culture	Our people and the importance of setting the "right culture" at the top of the business underpin the success of our risk management framework. We consider four main drivers to demonstrate the business's culture (our purpose and values, governance arrangements, leadership and approach to rewarding and managing people). These drivers are translated into expectations in terms of risk culture and positive behaviours within the business.
Financial Resources (ICARA)	The business's core measure of overall risk exposure is risk-based capital. The business's Internal Capital and Risk Assessment (ICARA) process sets out the approaches to calculating risk-based capital requirements for the different types of risk that the business may be exposed to.

Integrating Climate Matters into our Investment Process

We have policies and procedures in place that allow our investment managers to integrate some sustainability measures when constructing and monitoring client portfolios. This better enables our investment managers to assess the relevant risks and opportunities to which investments and overall portfolios are exposed.

Our Responsible Investment Policy Statement

1. **Financial services can have a positive influence in the transition to a more sustainable economy.**
2. **Environmental, social and governance factors can represent both risks and opportunities and can therefore be significant for long-term investment outcomes.**
3. **It is important that responsible investing approaches consider the current situation, direction of travel and longer-term goals.**

At Charles Stanley, we take a broad approach when evaluating the merits of an investment. Taking a multifaceted approach to including responsible investment in our investment process, which includes observing the principles of stewardship and engagement, considering sustainability metrics in our investment analysis, and voting on client holdings where appropriate. We plan to further integrate climate-related matters into these factors.

We believe combining top-down and bottom-up research helps us to better achieve our central purpose: to maximise risk-adjusted returns for our clients by appropriately taking into account key risk factors when assessing and investing in companies, highlighting the opportunities and risks around the sustainability of business models that drive long-term growth. We take a bottom-up approach to responsible investment and sustainability integration, carried out by our research analysts and investment managers.

This is just one of many factors we consider when forming a view of the risks and opportunities that companies and industries face. However, it is not an overriding investment objective. If a company has, or develops, serious Environmental, Social or Governance issues which could have a major impact on its future performance, this will be flagged to the investment managers. We believe it would be preferential to engage with the company, rather than automatically divest a holding. As we continue to evolve our RI capabilities and processes, we plan to ensure that climate-related risks and opportunities are specifically assessed for our investments.

To help our RI analysis, we currently use data from one of the industry's leading ratings providers which has great scope and coverage for our business model. Since we are a wealth manager, our clients are predominantly retail clients who do not have their own policies on stewardship and engagement. Where our clients are institutional investors, such as charities and pensions funds, we consider their stewardship and investment policies. Negative and positive values-based screening is client-led and is not imposed on clients unless they request us to devise a portfolio that uses these approaches.

At Charles Stanley, we acknowledge that climate change poses a threat to people and the planet in addition to financial risks. We will therefore continue to expand our research, tools and analytical processes to incorporate climate-related risks and opportunities.

Additional information can be found in our **Responsible Investment Policy Statement**.

7

Metrics and Targets

Our approach includes calculating emissions for our company and those associated with our discretionary investments

Our investments

We have calculated emissions associated with our discretionary managed investments (see Table 3 below). The carbon data in the tables below was taken as of 31 December 2024.

Our carbon data coverage has increased marginally compared to 2023 up to 76% from 75%.

Table 3: Emissions from investment holdings

Metric	Units	Dec 2024	Dec 2023
Total emissions (entity* investment)			
Scope 1 and 2	tCO_2e	634,255	676,512
Sovereign	tCO_2e	139,329	110,087
Scope 3	tCO_2e	5,555,029	5,693,568
Carbon footprint			
Scope 1 and 2	tCO_2e /£m invested	52.5	60.4
Sovereign	tCO_2e /£m invested	136.4	142.3
Scope 3	tCO_2e /£m invested	458.4	508.8
Weighted average carbon intensity (WACI)			
Scope 1 and 2	tCO_2e /£m sales	126.2	134.5
Sovereign	tCO_2e /£m sales	144.5	172.1
Scope 3	tCO_2e /£m sales	848.5	929.9

The carbon footprint provides a representation of the emissions per £1m invested based on the investments that have appropriate data. As methodologies mature, we expect our data coverage and quality to improve, which will help to highlight entities that are actively reducing emissions and/or portfolios shifting towards lower-emission holdings. In the future, we expect to gain a better understanding of emissions outputs and their key drivers.

The Weighted Average Carbon Intensity (WACI) metric looks at how much carbon a singular business emits relative to its business activity measured in total revenue. This datapoint is then aggregated into portfolios or funds and can further be computed across portfolios, or indeed our entire investment book.

See the methodology below for more information.

Methodology

The Scope 1, Scope 2 and Scope 3 GHG emissions associated with our investments have been calculated internally with data sourced through MSCI. Data coverage is reasonably high and where there are gaps, we exclude and re-weight accordingly. We do not use proxy data or assumptions for gaps. These are aligned to the calculation methodologies provided by the Partnership for Carbon Accounting Financials (PCAF[2]). In addition, please see the investment metrics methodologies below:

Metric	Methodology	Interpretation
Total carbon emissions The absolute GHG emissions associated with a portfolio's investment, expressed in tonnes of CO_2e	$tCO_2e = \sum \left(\frac{\text{value of investment}}{\text{Issuer's enterprise value+cash}} \text{ X Issuer's GHG emissions} \right)$	Provides the absolute carbon footprint of a portfolio
Carbon footprint Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes of CO_2e per £m invested	$tCO_2e/\text{£m invested} = \frac{\sum \left(\frac{\text{value of investment}}{\text{Issuer's enterprise value+cash}} \text{ X Issuer's GHG emissions} \right)}{\text{portfolio value with emission data (£m)}}$	An intensity metric that can be used to compare portfolios or benchmarks across the industry
Weighted Average Carbon Intensity (WACI) Measures a portfolio's exposure to carbon intensive companies, expressed in tonnes of CO_2e per £m sales	$tCO_2e/\text{£m sales} = \sum \left(\frac{\text{value of investment}}{\text{portfolio value with emission data}} \text{ X } \frac{\text{Issuer's GHG emissions}}{\text{Issuer's £m revenue}} \right)$	A useful intensity metric to compare the carbon intensity of portfolios or benchmarks

Targets

Charles Stanley does not set a specific carbon emission reduction target, however as a business that builds portfolios for clients with a focus on maximising risk-adjusted returns, we believe it is essential to first establish an effective engagement strategy that can help investees reach their decarbonisation goals, rather than prematurely imposing rigid emissions targets.

We do recognise that the financial services sector can play a positive role in supporting the transition to a more sustainable economy. To that end, tracking and measuring the climate impact of our investments can be an important tool to help mitigate risk and capture opportunities. Should we identify a carbon emissions reduction framework that enhances our risk management and better mitigates climate risk on behalf of our clients, we will further explore and evaluate its integration into our investment approach.

Remuneration

Performance metrics related to sustainability or climate emissions are not currently included within remuneration considerations at the executive level. We think it is important to highlight that our aggregated investment emissions are an outcome from the work of our network of investment managers, products and services. As a business we can ensure we provide the tools and facilities to ensure clients gain access to the investment vehicles and strategies that meet their personal objectives. Respecting client preferences is our key priority, however we look to identify and explain key risks in all of our clients' portfolios.

As highlighted above in our philosophies, we strive to be active and responsible investors, engaging on key issues we believe to be important for clients whilst also managing climate risk.

2. The Global GHG Accounting and Reporting Standard for the Financial Industry

Our Operations

At Charles Stanley, we measure, report and monitor our annual Scope 1, 2 and 3 GHG emissions, in addition to GHG emissions intensity (per full time employee). We use a financial control approach, as opposed to an operational control approach. We generate GHG emissions through our use of office spaces and branches for which we have financial responsibility for heating, cooling, lighting and operating office equipment, in addition to employee travel. The data covers periods beginning 1st October 2023 and ends 30th September 2024.

Table 4: Our operational carbon footprint

Metric	Units	Sep-24	Sep-23
Total GHG emissions	tCO_2e	208.26	445.64
Scope 1	tCO_2e	19.19	29.33
Scope 2 (location-based)	tCO_2e	144.54	299.40
Scope 3*	tCO_2e	44.53	116.91
GHG emissions intensity (Scope 1, 2 and 3)	tCO_2e/employee	0.23	0.50

* Scope 3 data figures only include category 6 Business Travel, specifically only including transport mileage claims and do not include any other components of business travel.

Observations

The largest single consumption element is electricity which is largely associated with operating IT equipment, including data servers, lighting and electric heating provision. Electric consumption is lower than the previous financial period, this is partly due to reducing our real estate footprint through some consolidations and workplace reconfiguration, desk-sharing and HVAC-management.

Gas consumption has reduced considerably when compared to the previous financial period and is approximately in-line with the years previous. This can be explained partly by the reasons outlined for electricity above. The reported business mileage also decreased when compared to previous reporting periods which has further resulted in lower gross emissions .

The intensity metric of tCO2e per employee shows a significant reduction when compared with the previous financial period and is at its lowest point since Streamlined Energy and Carbon Reporting (SECR) reporting began for Charles Stanley.

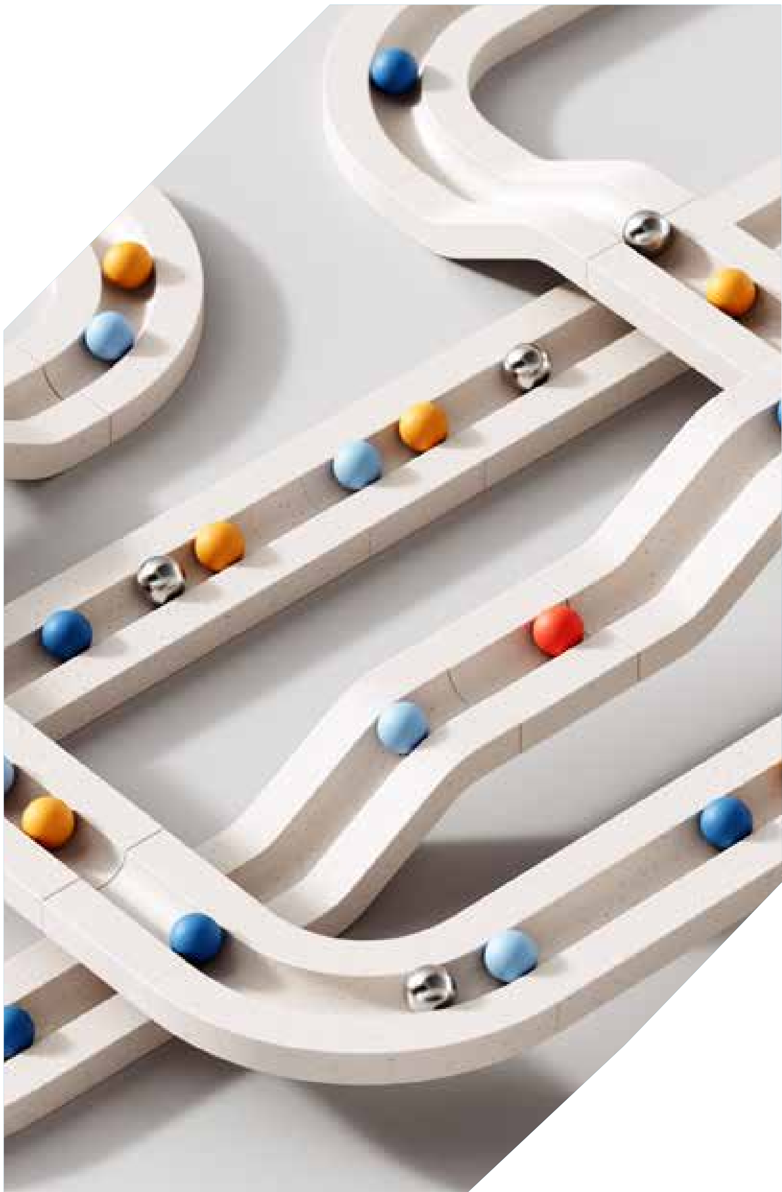
Charles Stanley has also benefited from the reduction in the UK's electricity carbon conversion factor. This is due to the generation of electricity in the UK becoming cleaner as coal fired power stations are replaced with cleaner generation such as wind and solar.

Methodology

Charles Stanley has collated data relating to its scope 1, 2 and partial 3 emissions and energy use for activities over which it has financial control in line with the SECR regulations. All of Charles Stanley's Emissions and Energy Use relate to UK activities, there are no overseas activities.

Carbon emission factors have been sourced from the UK Government GHG Conversion Factors for Company Reporting 2024[3] and calculations have been undertaken in line with HM Government Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance March 2019. These guidelines are aligned to the GHG Protocol Methodology.

3. https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024



Our plans

Looking forward, we plan to undertake the following steps in relation to the four pillars of the TCFD:

Governance

- Continue to formalise processes and governance structures in relation to the ownership, oversight, and delegation of climate-related matters. This will primarily involve expanding the remit of the RIC.
- Ensure climate-related matters are a standing agenda item at RIC meetings, which occur at least quarterly.
- Improve training and understanding in relation to climate-related risks and opportunities across the company.
- Define actions to evolve alignment to the recommendations of the TCFD.
- Develop a climate dashboard to monitor exposure and key climate risk areas.

Strategy

- Undertake an initial (qualitative) climate scenario analysis to identify the risks and opportunities that may impact our business in the short-, medium-, and long-term, and define appropriate mitigation measures.
- Identify key priority climate-related financial risks for further in-depth analysis and evaluation of impact.
- Assess the extent to which Charles Stanley can commit to developing and disclosing a Climate Transition Plan.

Risk management

- Formally integrate considerations of climate-related risks into the existing risk management framework and risk taxonomy.

Metrics and targets

- Develop a pathway for defining key metrics and objectives for our operations and investments. We are continuing our journey to aim to reduce our carbon emissions from our operations.

Appendix 1: Glossary of Terms

Term	Description
Climate transition plan	A climate transition plan sets out how an organisation will aim to transition its business to the low carbon economy, aiming to align its operations, assets, portfolio, and business model to meet Net-Zero.
Financed emissions	Our financed emissions metric measures the GHG emissions which Charles Stanley financed through its investments under Scope 3 Category 15. This includes investment companies' Scope 1 and Scope 2 emissions.
Net-Zero	Achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it.
Scope 1	Direct emissions from sources owned and controlled by Charles Stanley.
Scope 2	Indirect emissions from the consumption of purchased electricity, steam, heat and cooling.
Scope 3	All other indirect emissions linked to the company, excluding financed emissions.
tCO_2e	Stands for tonnes of carbon dioxide (CO_2) equivalent. There are several greenhouse gases which contribute to warming the earth at different extents, such as carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). Rather than providing metrics for each gas, they are converted into tonnes of CO_2e for reporting purposes.

Appendix 2: TCFD Compliance Summary 2024

In support of the UK government's commitment to have economy-wide Task Force on Climate-related Financial Disclosure (TCFD) reporting by 2025, the UK's Financial Conduct Authority (FCA) made TCFD reporting mandatory for certain asset managers under PS 21/24.

Using Part 4, section D of the TCFD Annex, entitled 'Asset Managers' as guidance, Charles Stanley has disclosed against the four key pillars and 11 key recommendations of the TCFD. Please see Section 5 (page 11). This table also includes potential actions to be taken in the year ahead and beyond that will enable Charles Stanley to demonstrate closer adoption of the TCFD recommendations.

Therefore, this TCFD entity report, including any third-party or group disclosures cross referenced, represents Charles Stanley's alignment to the recommendations provided by the TCFD and establishes our compliance with the rules under the FCA's PS 21/24.

Key To be aligned ○ Partially aligned ◐ Fully aligned ●

TCFD recommendation	Summary of disclosure	2024 Status	Objectives for 2025 and beyond
Governance | Disclose the organisation's governance around climate-related risks and opportunities.			
a. Describe the Board's oversight of climate-related risks and opportunities.	The Charles Stanley Board bears ultimate responsibility for the oversight, governance and direction of the business and affairs of the company. This includes our approach to responsible investing and how investment decisions take into consideration Environmental, Social & Governance -related issues, including specific environmental themes, challenges or opportunities facing a company. In 2024, the board also received specific training on climate risk and the pillars of TCFD.	◐	We will investigate the options to formally integrate climate-related risks/ overarching topics into the board-level discussions and decisions when reviewing and guiding the business strategy.
b. Describe management's role in assessing and managing climate-related risks and opportunities.	The Responsible Investing Committee, chaired by the Chief Investment Officer, has been delegated the responsibility for managing the investment linked climate-related issues that are facing Charles Stanley. This includes having continued oversight and development of our Responsible Investing approach and capabilities. The day-to-day accountability for Responsible Investing lies with our investment managers and financial planners. Our client facing staff are enabled to create bespoke solutions for our clients that can take into consideration climate-related issues. Operationally, the Chief Operating Officer and relevant facilities departments will oversee the business specific climate risks and management of these.	◐	We continue to expand the reporting and climate data assessment of our investments within the Responsible Investing Committee. We will explore the possibility of introducing a formal process for climate-related risks to be considered by investment managers in due course.

Strategy | Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.			
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Charles Stanley recognises that climate-related risks and opportunities will have implications for our business and investment strategies. We currently assess risks over the short-term (<12 months), medium-term (1 year – 5 years) and long-term (5 – 25 years).		We intend to undertake a climate-related risk and opportunity identification exercise to understand the potential impacts within each time horizon.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	We undertake regular scenario analysis of emerging and future events to assess potential outcomes and develop our management responses. To date, this has not considered climate-related matters, and the scope of their potential impacts are yet to be fully evaluated.		We plan to undertake a climate-related risk and opportunity identification exercise to assist us in better understanding the potential impacts on our business strategy and investment decision making process. Moving forward, where climate-related risks and opportunities are identified, they will need to be formally monitored, explored and assessed on a regular basis, alongside a timescale impact assessment.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Based on the options and the possible consequences of climate change, we have applied a "Delayed Transition" scenario to our macroeconomic asset allocation process. This helps us understand the impacts a changing climate might have on our long-term return forecasts.		To enhance our long-term return forecasts, we are planning further analysis of additional climate-related scenarios and risk assessment. In addition, to enhance understanding of the possible impacts on our investments, we will continue to review and assess the applicability of these scenarios, and other tools (e.g. Climate Value at Risk), to help us quantify scenario assessments.
Risk Management | Disclose how the organisation identifies, assesses, and manages climate-related risks.			
a. Describe the organisation's processes for identifying and assessing climate-related risks.	We operate a risk identification and assessment process under which all our businesses regularly consider changes in the profile of existing and emerging risks, including Environmental, Social & Governance -related issues.		Work is currently being done to see how the identification, assessment and management of specific climate-related risks can be integrated into our overarching risk management framework and how this can be applied to our product and investment strategies.
b. Describe the organisation's processes for managing climate-related risks.	Our risk management framework is a comprehensive approach to entity risk management, which allows us to assess the implications of any potential financial impact.		
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Environmental, Social & Governance, including climate-related issues are recognised within our review of emerging risks for the firm and are included within our stress testing considerations		

Metrics and Targets | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.			
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We have calculated and disclosed the emissions associated with our discretionary managed investments and business operations.		The extent to which we can disclose the metrics used to assess climate-related risks and opportunities will be determined following the conclusion of a formal climate scenario analysis.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We have disclosed our Scope 1, 2 and 3 emissions associated with our investment holdings and our business operations for the most recent year and prior year where data is available. We have also calculated and disclosed the weighted average carbon intensity (WACI) of our investment holdings, where coverage or appropriate data is available.		We will explore the options to calculate and report our full operational Scope 3 emissions.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We have not set any targets regarding management of climate-related risks / opportunities. Prior to any potential future setting of a carbon reduction target, we intend to establish an effective engagement strategy to help investees reach their decarbonisation goals through real world change rather than divestment.		We are in the process of developing a structured pathway for identifying and monitoring key climate-related metrics across both our operations and investment activities. As part of our broader sustainability journey, we remain committed to reducing carbon emissions within our operational footprint.

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