7IM Task-Force on Climate-Related Financial Disclosures Report

June 2025

Succeeding together

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Foreword from our CEO

Welcome to 7IM's second annual Task Force on Climate-Related Financial Disclosures (TCFD) report. At 7IM, being a responsible business isn't just a tick box exercise – it's fundamental to how we run our firm, manage the money we are entrusted with, and create long-term value for our clients. Sustainability is embedded in our decision-making, not bolted on.

Recent developments – from President Trump's second withdrawal from the Paris Agreement to billions leaving sustainable funds – are a clear reminder of how fragile global progress can be when priorities shift. In that context, our actions throughout 2024 speak for themselves. There's more to do, but we're proud of the strides we've made and remain committed to a consistent, long-term approach that supports our clients and stands up to uncertainty.

As the 7IM group grows and we collaborate with colleagues across the country, we're being more mindful than ever of the impact of our developing business. Whether that's in the way that we travel, how we power our offices or in the sustainable outputs of the funds that we offer, we're making continuous improvements to keep ourselves efficient and environmentally friendly. Sustainability is truly woven into the fabric of how we conduct our business, and we're committed to carrying this on into the future.

Governance

Strong governance is the foundation of our climate strategy. Our board of directors and senior management are actively involved in overseeing climate-related issues. We've established clear roles and responsibilities, ensuring that climate risks are considered at the highest levels of decision-making. This top-down approach ensures that our climate strategy is aligned with our overall business objectives and that we are well-positioned to navigate the complexities of the evolving regulatory landscape.

Strategy

Sustainability has long been a strategic priority at 7IM both in the way we invest money and the way we run our business. When it comes to our investments, we've integrated climate considerations into our investment processes by committing to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (which form the foundations of all our portfolios) by 2026. This ensures that our portfolios are resilient in the face of climate-related risks. We're committed to identifying and investing in opportunities that contribute to the transition to a low-carbon economy, recognizing that sustainable investments can drive long-term value for our clients.

Risk management

Effective risk management is central to managing climate related risks. We've developed robust methodologies to assess and manage climate-related risks across our investment portfolios. This includes scenario analysis and stress testing to understand the potential impacts of various climate scenarios on our assets. By proactively managing these risks, we aim to protect our clients' investments and enhance the resilience of our portfolios.

Metrics and targets

To measure our progress of our climate strategy, we've established clear metrics and targets. These include tracking the carbon intensity of our portfolios, setting targets for reducing our carbon footprint, and regularly reporting on our performance. Transparency in our metrics and targets not only holds us accountable but also provides our clients with the information they need to make informed decisions about their investments.

In conclusion, we believe that this TCFD report reflects our unwavering commitment to sustainability. We believe that by integrating climate considerations into our governance, strategy, risk management, and metrics, we can deliver long-term value to our clients while contributing to the global effort to combat climate change. As always, thank you for your continued trust, support, and partnership as we navigate this journey towards a more sustainable future together.

Pillar 1 - Governance

7IM governance structure – applicable to climate

Our governance structure

7IM has a comprehensive and agile corporate governance framework. Committees operate with clear areas of focus and Terms of Reference. All Executive Committees are chaired by Accountable Executives from the ExCo and enable Executives to discharge their Executive and/ or Senior Management Function obligations to manage the group accordingly. These committees monitor and provide oversight of Key Risks (identified via the semi-annual Top Down Risk Map process) and escalate any risk or concerns to the Executive Risk Management Committee (ERMC), People Committee, and Executive Committee as per their Terms of Reference.

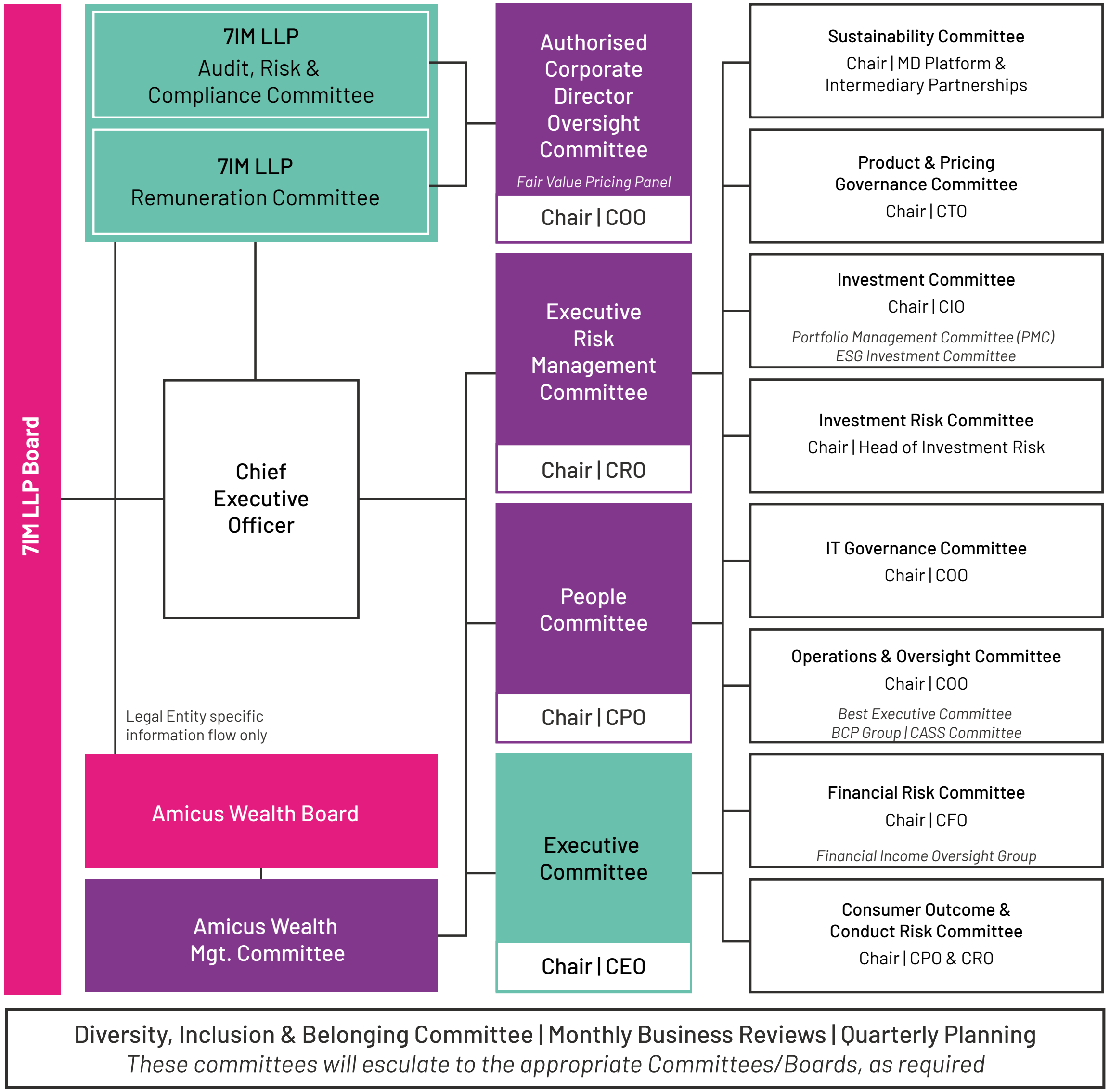
The Executive Committees report to the Board Sub-Committees (Remuneration Committee and Audit, Risk & Compliance Committee) on a quarterly basis. All Executive Committees are attended by at least one member of the second-line who provides support and challenge.

An overview of the 7IM LLP governance structure can be found in the next slide.

How climate risk is managed through the governance structure

7IMs governance structure allows climate related topics, issues, and risks to flow between committees. The ESG Investment Committee, which reports to the Investment Committee, provides centralised ownership for how climate related ESG factors are incorporated or considered in 7IM's investment process. The Sustainability Committee oversees the implementation of 7IM's Sustainability Framework and tracks progress made against climate related actions (tied to 'Environmental', 'Social', and 'Governance' areas of the framework). The Executive Risk Management Committee (ERMC) discuss climate related risks, escalating to Audit Risk and Compliance Committee (ARCC) where required. The ARCC inform and update the Board of all relevant climate related risks as well as areas of development.

7IM LLP governance structure



Key

- Board
- Board Sub-Committees
- Executive Committees
- Executive Sub-Committees

BCP: Business Continuity Plan

CASS: Client Assets Sourcebook

RAF - governance, appetite & reporting

Tier	Accountability	Context
1	Board/ ARCC	The Board are informed of sustainability and climate related risks through its corporate governance structure, which is used to guide 7IM's strategy, as well as its climate related risk appetite. The Board monitors and oversees progress against goals and targets for addressing climate-related issues via Board Sub-Committees such as the Audit, Risk & Compliance Committee utilising components such as key indicators, risk assessments and deep dives.
2	Executive Committee	Climate related issues are monitored through 7IM's governance structure, ensuring that information flows effectively between committees and that the Board remain well sighted of issues. Members of the Executive Committee inform 7IM's Top Down Risk Map (TDRM), which is used to assess the businesses key risks. One of these key risks is 'Sustainability' which factors in climate related risks and has most recently (January 2025) been assessed as a High and Possible, giving it an 'Amber' severity rating. An 'Amber' rating indicates that the risk sits outside of appetite but has future mitigating action plans that reduce the risk sufficiently and in a timely manner. The assessment of Sustainability Risk moved sideways from High and Current in H1 2024, to High and Possible in H1 2025. The predominant rationale for Sustainability's positional movement was in relation to a changing regulatory landscape (i.e., a shifting focus on SDR and TCFD etc.). The H1 2025 TDRM is shown in the appendix.
3	Risk Committees (Discharge SMF Responsibilities)	Climate related responsibilities have been assigned to Accountable Executives and are monitored and assessed via 7IM's Executive Risk Management Committee (ERMC), Investment Committee, ESG Investment Committee, Investment Risk Committee, and Sustainability Committee.

Tier	Accountability	Context
4	Risk & Compliance Function (Independent Second Line Challenge)	7IM assess climate risk as a component of 'Sustainability' Key Risk, which is managed through 7IM's Risk Management Framework (RMF). An overview of the RMF can be viewed within the Risk Management section of the pack. The RMF establishes processes to ensure there is an appropriate governance structure to identify and manage climate related risks, providing a level of risk assurance. The RMF produces a view of the climate risk profile, at an appropriate level of materiality, to inform the decision-making process and risk-taking ('Risk Management Methodology'). The RMF provides Management Information on material climate risks which lie outside of risk appetite and those which are volatile and therefore require close management and monitoring. Areas within bottom up risks, incident management data, key indicators, internal audit, and compliance monitoring and thematic data are assessed from a climate change exposure perspective.

Risk appetite statements
Credit, market, operational & liquidity

Business & strategic risk

- Acquisitions
- Business growth
- Extreme market event
- Firm concentration
- Investment oversight
- Product goverance
- Reputational risk

Conduct risk

- Consumer outcomes & conduct risk
- Conflicts of interests

Operational risk

- Cyber & data security
- Data quality
- IT infrastructure & capacity
- Operational maturity
- People
- Resilience
- Third-party suppliers
- Transformation
- Space programme

Prudential risk

- Prudential risk

Legal & regulatory risk

- Appointed representative
- Consumer Duty
- Consumer due diligence
- Financial crime
- Fund governance
- Investment due diligence
- Regulatory, tax & legal compliance
- Reputational event
- Sustainability

Legal entity top down risk
(key risks)

Bottom up risk maps
(each bottom up risk is linked to a top down key risk)

Incident management data
Key indicators
Internal audit
Compliance monitoring & thematic data
Etc.

Assessed from a climate change perspective

ESG Investment Committee

The ESG Investment Committee is based in the Investment Management team and has five members.

It includes representatives from every stage of the investment process at 7IM:

- Strategic Asset Allocation
- Tactical Asset Allocation
- Portfolio Management
- Investment Risk

A member of the Investment Committee also sits on the ESG Investment Committee.

Investment stewardship and ESG at 7IM are managed by the ESG Investment Committee, set up in 2020. It reports to the Sustainability Committee and to the Investment Committee, which is the senior decision-making body for all 7IM's investments and is ultimately responsible for investment performance.

Chair: Jack Turner
Head of ESG Portfolio Management, Responsible Investing

Jack has been a member of the 7IM Investment Management team since 2016 and has been instrumental in driving forward ESG integration across the investment process. He is the lead portfolio manager on the Responsible Choice Model Portfolios and the Responsible Balanced Fund.

Matteo Ruozzo
Senior Quantitative Investment Strategist

Matteo joined 7IM in July 2024 as a Senior Quantitative Investment Strategist. He was previously at BlackRock, with extensive experience in Multi-Asset Strategies and Solutions.

Uwe Ketelsen
Head of Portfolio Management, Investment Committee member

Uwe joined 7IM as Head of Portfolio Management in 2021. He has 24 years of investment experience and was most recently Head of Fund Research at Coutts, where he helped to shape their approach to ESG integration in investment portfolios.

Loic Yebga
Investment Risk Developer

Loic joined 7IM in April 2022. He works in the Investment Risk team and is responsible for incorporating ESG analysis into the risk oversight process.

Wenqian Zeng
ESG Investment Analyst, Responsible Investing

Wenqian joined 7IM in February 2023 and has completed an MSc in Climate Change, Management and Finance. She is responsible for ESG investment research, ESG integration, and stewardship.

Pillar 2 - Strategy

7IM's sustainability strategy

Overview

Global warming is proceeding at pace. The Intergovernmental Panel on Climate Change (IPCC) has stated that it is unequivocal that human influence has warmed the atmosphere, ocean and land. Evidence of observed changes in extremes such as heatwaves, heavy precipitation, droughts, and tropical cyclones, and, in particular, their attribution to human influence, has further strengthened. The UN Framework Convention on Climate Change is an international environment treaty that aims to stabilise greenhouse gas concentrations in the atmosphere at a safe level. In 2015 it adopted the Paris Agreement, designed to govern global emissions from 2020 on, with a view to lowering future warming to well below 2ºC, and preferably 1.5ºC. At the rate the world is going, the average global temperature will rise by 3°C above pre-industrial levels by 2050, and more than half of the world's population will suffer lethal heat conditions on more than 20 days per year.

To meet the Paris targets, two requirements would have to be met. First, carbon emissions need to be discouraged and made far more costly. Second, gigantic investments in clean energy and related activities will be required. The conceptual issue is that producing carbon dioxide is what economists call a 'negative externality' for economies. We call these types of risks, climate risks, and there are two main types of climate risk. The first is the risk from a transition to a low carbon economy and the second is the actual physical risks from climate change.

In this section, we explain how we identify, manage and respond to climate related risks and opportunities as a business and as an investment manager. We detail our evolving Sustainability Strategy and how we integrate climate change considerations into our strategic planning.

Since 2020, 7IM has been on a journey to put culture, sustainability, responsibility and stewardship at our core. We started out with four key business sustainability pillars that include commitments to:

- Cleaner Investments
- Sustainable Choices
- An Inclusive Team
- Giving Back

Under Cleaner Investments, we have committed to a 30% reduction in the carbon intensity of our Strategic Asset Allocations (SAAs) by 2026.

Under Sustainable Choices, we committed to reducing our Scope 1, 2 & 3 CO2 emissions and pledged our business would become carbon-neutral.

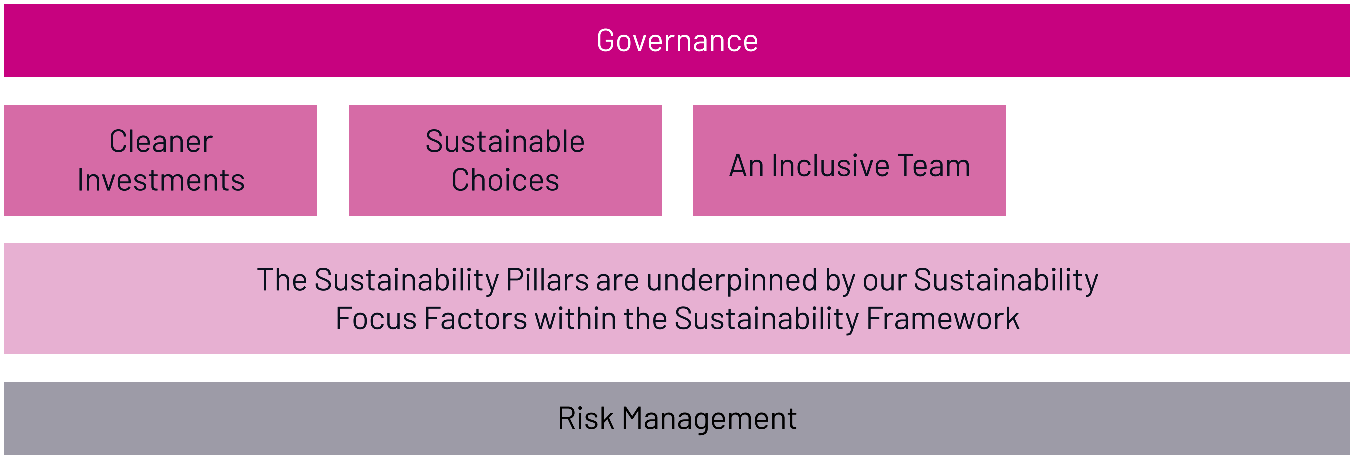
The progress of both are detailed later in the report.

Through 2024 we continued to work towards a sustainable and more inclusive future as a business.

In both the way we invest money and the way we run our business; we know the importance of sustainability. Our aim is to remain proactive, and not reactive, as the sustainability and climate landscape continues to evolve. To do this, our governance structure and Risk Management Framework inform and oversee our Sustainability Strategy, which is guided by Four Key Business Sustainability Pillars; Cleaner Investments, Sustainable Choices, An Inclusive Team, and Giving Back.

The four pillars are underpinned by Sustainability Focus Factors, which are linked to 7IM's Sustainability Framework, and span over Environmental (E), Social (S), and Governance (G) Sustainability Areas which are further detailed on the Sustainability Framework section this report. Relevant action plans within these Sustainability Focus Factors support 7IM in embedding a culture that considers the four pillars throughout its operations.

Climate related Sustainability Focus Factors, as well as action plans, are tied to the highlighted pillars; Cleaner Investments and Sustainable Choices.



7IM's corporate approach to climate change

Our Carbon Neutral Commitment

Back in 2021, as part of our Sustainable Choices pillar, we committed to reducing our Scope 1, 2 & 3 CO2 emissions and pledged that our business would become carbon-neutral. Since then, we have partnered with World Land Trust (WLT) to offset our carbon footprint every year, by supporting the organisation's Carbon Balanced project in Guatemala.

When selecting a carbon offset partner, we prioritised credibility. After comparing six options and extensive due diligence, we opted for the WLT's Carbon Balanced Program. The WLT was selected for their pedigree as well as their wide range of offsetting schemes and willingness to form a close partnership with 7IM. The WLT works with hundreds of landowners, including local communities, to register and obtain land titles to protect threatened coastal forest for the benefit of the region's biodiversity. We are proud to continue our partnership with the World Land Trust for the third year in a row and we will soon offset 2024's unavoidable emissions through the same programme.

7IM's Operations Environmental Footprint

The consolidation of office space engaged in 2023 has led to a significant decrease in emissions in 2024 (30% less emissions reported when compared to prior year). Concomitant with the reduced office space, the reported CO2 emissions per full time employee have dropped when compared to prior year, despite a change in calculation method of travel emissions that support higher accuracy and better data capture in term of reporting.

In 2024, we carried out the new Energy Savings Opportunity Scheme (ESOS). Actions were made as a result of this audit, which included increased education across the workforce on recycling and how to lessen their impact in both the workplace and day to day living. Overall, as a business, we had a positive ESOS score following timely reporting. We consider sustainability in our procurement processes and project delivery channels. Over time, we will review our downstream business impacts (Scope 3 emissions) and try to lower emissions further. Key changes this year have been the review of all our sites and ensure we have LED lighting installed throughout, where practicable. In our Edinburgh office refit detailed in last year's Stewardship Code report, we replaced old fluorescent units with new LED lighting modules and added window furnishings which are efficient at maintaining office temperature. As the 7IM Group continues to grow, so does sustainability improvement areas. As part of our due diligence, we look at operational status of our new sites and will put action plans in place to support their existing functions and the roll out of improved operational sustainability.

Tackling Scope 3 emissions

In line with the sustainability commitment made by the business in 2021, more than half of the journeys reported by members of staff were undertaken by rail in 2024. We disclose our Scope 1, 2 and 3 CO2 emissions in our annual report and audited consolidated financial statements[1].

[1] https://www.7im.co.uk/media/nuao3dii/annual-report-and-audited-consolidated-financial-statements.pdf

Greening Our Platform

We continue to use green energy to reduce the footprint of our operation.

All electricity used in our new London office comes from 100% renewable sources.

- This includes all our IT equipment and our local network servers.

All electricity used by our data centre partners comes from 100% renewable sources:

- This includes the servers used to host and power our platform.
- They are also committed to reducing their carbon emissions by 50% against all scopes by 2030 and aim to achieve at least a 90% emissions reduction in line with the worldwide net zero commitment by 2050 under the SBTI Net-Zero Standard. Any remainder will be offset by supporting carbon removals.

We offset any remaining carbon emissions created by our business (this offsetting is included in our business accounts).

- This includes emissions from business travel (car, train and, where absolutely necessary, plane)
- We support the World Land Trust - specifically the World Land Trust's local partner FUNDAECO, which protects critically threatened tropical forests through its REDD+ Project for Caribbean Guatemala: The Conservation Coast.

How we approach investment management

As explained in our previous TCFD Report, Covid-19 was a reminder that companies cannot ignore the broader context within which they operate. Investing and behaving responsibly is becoming a precondition for doing investment business in society, and responsible regulations and guidance will help to shape the 21st century investment world.

The year 2024 was the warmest on record, according to the World Meteorological Organization (WMO) in its latest State of the Global Climate 2024 report. The global average temperature exceeded 1.5°C above pre-industrial levels accompanied by worsening climate change indicators and impacts. The increasing frequency and severity of extreme weather events across the globe have resulted in significant social and economic losses.

At 7IM, we continue to view climate change-related issues as an important factor in evaluating the expected risk and return from investments, particularly equity investments. We remain committed to responsible investing, emboldened by our new owners and the positive feedback we continue to receive from clients.

There were two major developments in 2024 that are likely to impact responsible investing over the coming years. The first development was the introduction of new regulation in Europe and the UK. These are the European Securities and Markets Authority (ESMA) Guidelines and the FCA's Sustainability Disclosure Requirements (SDR), which both looked to improve information available to consumers. In both cases, there was a focus on sustainable terms used in security names and marketing materials. Despite there being teething issues, the impact of the new regulation is likely to be positive and help improve client outcomes.

The second development was the US election in November 2024. The Trump administration is likely to roll back some aspects of the Inflation Reduction Act (IRA), legislation introduced by Joe Biden to support climate policy in the US. However, there is still state level support for some aspects of the legislation which will impact how it passes through the House and Senate. Outside of the US, climate policy remains supportive, for example, the Labour government in the UK has a large majority and remains committed to climate goals. Also, the new German coalition recently approved a boost to green investment. China remains a leader in many technologies that will help mitigate climate change.

7IM has been a member of the UN Principles for Responsible Investment since 2019, using its principles to guide how we view and manage our investment process and products, and how we deal with ESG, sustainability and stewardship inside the firm.

We believe climate-related risks are best handled within Investment Teams, rather than having a separate ESG or Stewardship Team to focus on these issues, and should be incorporated into our regular tasks, plans and responsibilities as Investment Managers. Our investment process can be viewed as having four stages:

- Strategic Asset Allocation
- Tactical Asset Allocation
- Portfolio Management (including security selection)
- Risk Management

Our decarbonisation commitment

At 7IM, the Strategic Asset Allocation (SAA) serves as the long-term investment anchor for all our portfolios. It consists of a long-term mix of asset classes, determined through our research to align with investors' needs over their lifetimes. Our goal is to ensure that the risk profile of each portfolio harmonises with the investor type. Since our inception, we have constructed SAAs for our clients' investments, consistently achieving positive outcomes.

Each year, we refine the SAA by incorporating the latest academic insights and updating data inputs. Beyond the traditional focus on volatility and correlation, our approach extends to analysing the fundamental drivers specific to each asset class. By understanding these underlying investment factors, we enhance our ability to construct robust portfolios that deliver long-term diversification.

Climate Change is the key threat to human society and hence to all the world's investors in the long run. We support the decarbonisation drive as part of our stewardship commitment and our drive to reduce transition risk for our clients' portfolios.

As explained in our last TCFD Report, we began a research programme aimed at decarbonising our SAAs and reducing the emissions-intensity of all portfolios in 2020. The 7IM's Executive Committee approved the programme by which the carbon emissions of the Strategic Asset Allocations of all portfolios will be reduced by 30% at the SAA level between 2021 and 2026. We are pleased to say that progress was made towards this target since 2021 and details of the progress is explained later in the report under Risk Management and Metrics & Targets sections.

Climate opportunities through our Tactical asset Allocation (TAA)

One of our core beliefs is that markets are not always efficient and that tactical tilts can add value. Financial markets regularly go through phases of fear and greed. At these times, tactical opportunities of various kinds can arise, for us to enhance portfolio returns or avoid potential risks. There are also structural changes in the world that aren't captured by our SAA process, which can be explored tactically. Some energy companies, for example, will be left with near-worthless stranded assets if the world takes the Paris Agreement's carbon emissions goals seriously.

Climate change will entail risks and opportunities for investors. We believe that our Tactical Asset Allocation (TAA) can be a powerful tool to position 7IM portfolios, so they are placed to navigate a world impacted by climate change. In the past, we have allocated to climate change leaders when we thought the valuation opportunity was appropriate. We review ESG metrics when we consider tactical changes across portfolios. This is explained further under Risk Management.

ESG and climate risk integration within portfolio management

As explained in our previous TCFD Report, 7IM is largely a fund of funds business and most of its assets are managed by third-party managers in equities, bonds and alternative investments. When meeting fund managers we cover a wide range of due diligence issues. We focus on issues that arise from our regular meetings with them and from our stewardship and sustainability research, highlighting issues and weaknesses that we perceive in their investment processes and potential sustainability issues with their products.

Our fund due diligence and monitoring process allows us to identify and assess a wide range of Environmental, Social and Governance issues within the fund manager and funds we invest in. We aim to understand how deeply the manager believes in sustainability risks and opportunities, to what extent they integrate sustainability across the firm and to what extent they implement their responsible investing policy. We aim to understand whether their corporate sustainability commitments and policies are consistent with what they do, including climate related commitments. We aim to engage with our fund managers to improve on any ESG risks identified in this process. When it comes to manager selection, we view ESG assessment as a risk management tool, in particular, it helps to reduce our exposure to transition risks. We believe that managers who take ESG and climate integration seriously will be better prepared for regulatory expectations, less vulnerable to reputational damage, improved investment decision-making. This means less risks for our clients.

This process also enables us to examine climate risk when we assess funds and managers, this is explained in more detail within Risk Management section.

Climate risk management within our investments

Our Risk Management Team continues to be a cornerstone of our investment process and ESG metrics are monitored quarterly in the risk oversight of funds. Climate-related risks are captured in the investment risk management process through several ESG metrics or scores. One of the main upgrades to our portfolio management capabilities was the move of our risk system from MSCI Barra to Bloomberg PORT. In 2024, the Investment Risk Team implemented the transition of the ESG metrics into the new system.

We continue to monitor "Weighted Average Key Indicator" Score (WAKI) ranging from 0-10 based on a company's exposure to key Environmental, Social and Governance themes. This allows us to assess companies and funds on a range of ESG issues relative to its peers. Another metric is Carbon Emission Intensity (tCO2e/$m sales), a metric widely used to assess a company or portfolios' carbon exposure.

We understand the importance of forward-looking metrics to identify risks and opportunities in the transition to a low carbon society. We are able to apply the forward-looking metrics to all 7IM portfolios and embed them within the portfolio and investment risk monitoring process. We explain in more detail how we manage climate risk in Risk Management section.

Addressing impacts of climate change through stewardship

The Financial Reporting Council (FRC) defines stewardship as "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." 7IM has been a signatory of the UK Stewardship Code 2020 since 2021, which sets out high standards for investment managers based on 12 principles.

We believe good stewardship practice is a basic obligation when we perform our fiduciary duties for our clients. The 7IM stewardship philosophy has an ownership mindset. A crucial element of this is active engagement with the third-party fund managers that manage the products in which we invest and other major industry stakeholders such as data provides and regulators. We engage with managers when we believe their investment standards have fallen below current industry best practice and will escalate when engagement has not worked successfully.

Further information on how we approach stewardship can be found in our latest Stewardship Code Report[1] under "Stewardship and engagement at 7IM".

Implementing engagement priorities in 2024

Our engagement themes promote consistency with how we interact with our investment managers and the companies we invest in, one of which is climate change. As an multi-asset multi-manager investor, we engage with fund managers and relevant direct equity holdings across different asset classes and different geographies on how they are addressing climate-related risks and opportunities.

We take part in collaborative engagements when we think we can enhance the value or lower the risks of client assets and expect our third-party managers to engage collaboratively on our behalf when appropriate. Climate change remained one of our main themes in 2024 as we continued to pursue engagement on climate-related targets, exemplified by activities within the UK Wealth Managers on Climate group. Another focal theme was Biodiversity, via a collaborative investor initiative, Investor Policy Dialogue on Deforestation (IPDD).

We also vote, where relevant, to reflect our views on climate risks. 7IM is responsible for the effective stewardship of all companies in which we invest. We have a duty to vote on our shareholdings to preserve and grow client capital, encourage good business behaviour and support sound corporate governance. We exercise our rights and responsibilities on all assets held in our funds. As a rule, we expect to vote with management unless dissatisfied by a company's adherence to these governance codes, or there is a specific ESG-related or other issue that we support, such as inadequate disclosures around climate risk management.

We detail our active approach, how we target climate risks and opportunities, and provide examples under Risk Management section.

[1] https://www.7im.co.uk/media/yh5prbpx/stewardship-report-2024.pdf

Climate scenario analysis

How we view climate scenario analysis

As long-term investors, we want our clients' portfolios to be around for the next generation and beyond. That means we need to consider the impacts of climate change on our investment portfolios through the lens of Transition Risks and Physical Risks and assess how resilient our investment strategies are in the transition to a low-carbon economy. Climate Scenario Analysis aims to provide a forward-looking assessment on a company and/or portfolio's financial sensitivity to climate-related risks and opportunities.

At 7IM, the Investment Risk Function monitors climate scenario sensitivity alongside other climate metrics such as carbon emissions intensity, and they are reported on a quarterly basis to the Investment Risk Committee.

Overview of Climate Value At Risk (CVaR) and climate scenarios

We have used Morgan Stanley Capital International's (MSCI) Climate VaR data, which is modelled using three components under different temperature pathways: policy risks, technology opportunities, and physical risks and opportunities. MSCI's Climate VaR forecasts the present value of future costs and benefits of listed companies under different climate scenarios. The present value of the sum of these future cash flows are divided by the current company valuation to produce a negative or positive percentage figure. MSCI's scenarios are based around the Network for Greening the Financial System (NGFS)'s public scenarios generated using the REMIND models.

Transition risks & opportunities

Transition risks are business-related risks associated with adapting to or mitigating the effects of transitioning to a low-carbon economy. This comes in the form of changes in government policies and legal frameworks to meet climate commitments (policy risk) as well as the technological improvements that could enhance business models (technology opportunities). For example, policy risks can come from costs from implementing carbon-pricing mechanisms to reduce GHG emissions and shifting energy use toward lower emission sources. Meanwhile, new technology will emerge and displace old systems, disrupting some parts of the existing economic system, winners and losers will emerge from this "creative destruction" process.

Physical risks

Physical risks from climate change can be caused by extreme weather events, impact on water availability and rising sea levels. These cause damage to assets in vulnerable regions and create business interruptions. Physical Risks are separated into two types: Acute and Chronic. Acute Physical Risks refer to those that are driven by events such as increased severity and frequency of extreme weather, such as cyclones, hurricanes, or floods. These can have huge impact on company supply chains or the purchasing power of local populations. Chronic Physical Risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves. MSCI's model uses 10 physical hazards to estimate economic impacts. We have chosen to MSCI's 'Aggressive' physical scenario as it explores the "worst case scenario" from looking at the severe downside risk within the distribution tail.

Overview of Climate Value at Risk (CVaR) and climate scenarios (continued)

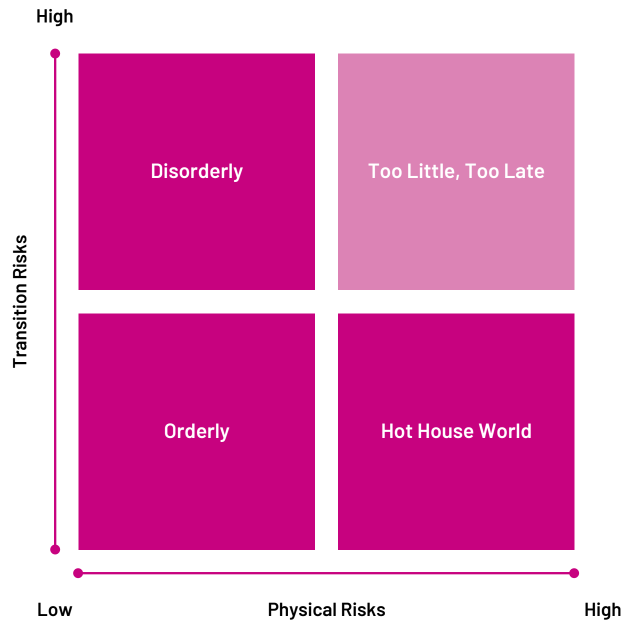
NGFS, a group of over 100 central banks and supervisors committed to sharing best practices, have developed climate scenarios that explore the impacts of climate change and climate policy with the aim of providing a common reference framework. We have selected four scenarios, in line with TCFD recommendations, from the NGFS climate scenarios provided by MSCI:

- 1.5°C Orderly (Net Zero 2050) scenario
- 2°C Disorderly (Delayed Transition) scenario
- 2°C Orderly (Below 2°C) scenario
- 3°C Hot House World Nationally Determined Contributions (NDCs) scenario

NGFS'[1] Orderly scenarios assumes climate policies are introduced early and become gradually more stringent, with relatively subdued physical and transition risks. Disorderly scenario explores higher transition risk due to policies being delayed or divergent across countries and sectors and carbon prices are typically higher for a given temperature outcome. Hot House World scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. This is when critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise. These scenarios are based on an assessment to the end of the century.

We recognise the limitations of climate scenario analysis. The main one being the outputs are not intended to be predictions, given the multitude of assumptions and data limitations. These scenario pathways allow us to understand the various financial outcomes, where there is high exposure to climate risks, and challenge our long-term thinking. We see Climate VaR as one part of our investment process, complemented by our ESG integration and stewardship approach.

[1] Definitions from NGFS, https://www.ngfs.net/ngfs-scenarios-portal/



Results and Findings

We apply scenario analysis to our discretionary funds and portfolios that we manage, which totals approximately £6.6bn as at the end of 2024.

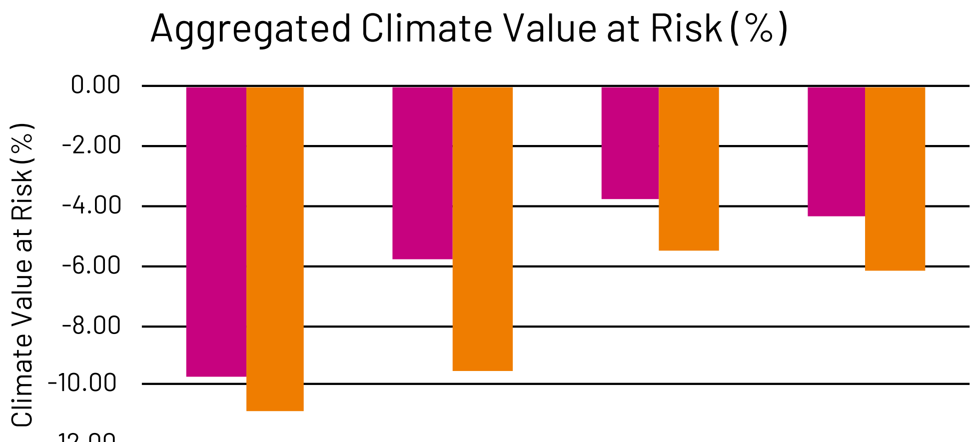
Aggregated CVaR for total portfolio

Examining our investment's aggregate exposure to climate risks and opportunities as at 31 December 2024, our holdings are most at risk in the 1.5°C Orderly scenario, which could lead to a potential impact of -9.8% of our current portfolio market value. This is likely due to the stringent and ambitious climate policies and innovation needed to reach net zero by 2050. The costs associated with this rapid decarbonisation will be dependent on companies' ability to adapt.

If we compare orderly and disorderly transition within the 2°C scenario, it is no surprise that portfolios are more exposed in the disorderly scenario, leading to a greater loss in value. In a disorderly world, policy makers delay climate action, creating higher carbon prices and more stranded assets. This gives companies less time to adapt and will likely increase direct and indirect costs as a result.

At the end of 2024, our portfolios saw an improvement in the exposure to transition and physical risks, as reflected by lower Climate VaR values across all scenarios compared to the previous year.

The data coverage for the above analysis is 75%.



	1.5º Orderly	2º Disorderly	2º Orderly	3º Hot House World
2024	-9.76	-5.82	-3.77	-4.37
2023	-10.87	-9.53	-5.52	-6.14

Listed equity exposure to climate risk

Equity holdings represent approximately 68% of our discretionary AUM. We have applied scenario analysis to 83% of our equity AUM, split by regions. Across regions, the value at risk follows a similar pattern to our previous analysis, whereby, in a Net Zero by 2050 world, companies are most at risk.

The differences between regions are also noticeable, with UK, Japan, and Emerging Markets equities having the most exposures to climate risk across scenarios. Within the UK and Japan equities market, these regions have greater exposure to sectors vulnerable to transition risks, such as energy, utilities, and heavy industry, which face faster decarbonisation requirements in lower temperature scenarios. Emerging Markets consistently show high losses across all scenarios, reflecting higher exposure to physical climate risks (e.g. agriculture, infrastructure vulnerability) and lower adaptive capacity irrespective of policy pathway.

The data coverage for the equity analysis is approximately 97%.

Asset class coverage

The following asset classes are excluded from our calculations: cash/money market funds, holdings in the Alternatives Basket, government bonds, and derivatives (excluding index futures). These asset classes either do not have sufficient industry guidance or we have insufficient look-through data to calculate a conservative estimate. In the case of government bonds, we have the ability to estimate climate risk, but we are unable to aggregate with the rest of the portfolio. Where we hold index futures, we override with the underlying index as a proxy for climate risk. We normalise the portfolio figure to 100% when coverage is below 100% for underlying securities.

Aggregation methodology used

As a fund-of-funds house, the aggregated CVaRs of the portfolios represent the weighted average of each fund's CVaR in a portfolio for a particular scenario. The portfolio CVaR is then normalised to 100%.

Exposure Of Regional Listed Equities To Climate Risk (%) Source: 7IM/MSCI

	1.5° C Orderly	2° C Disorderly	2° C Orderly	3° C Hot House World
European Equity	-8.30	-5.01	-2.89	-3.58
US Equity	-6.16	-3.64	-2.31	-2.96
UK Equities	-13.51	-7.17	-4.08	-4.74
Japan Equity	-10.96	-7.47	-5.34	-5.66
Emerging Markets Equity	-11.27	-7.37	-5.96	-5.84

Impact of climate-related risks

Risk: Policy & legal

Risk type:

Transition

Risk description:

Changes in the regulatory landscape, including enhanced reporting, governance and risk management expectations as well as litigation risks and carbon pricing.

1. Impact on 7IM's investment management

Relative significance:

Medium

Potential financial impact:

- Reduced investment returns
- Poor investment performance
- Increased investment volatility

Management response:

- Fund due diligence
- Engagement Policy
- Industry advocacy
- Investment risk monitoring process

2. Impact on 7IM's business

Relative significance:

Medium

Potential financial impact:

- Regulatory fines and sanctions
- Outflows leading to lower AUM and revenue
- Increased expenditure due to changes in the regulatory landscape (e.g. resourcing and training to address newly introduced climate policies)

Management response:

- Governance Structure & Risk Management Framework
- Executive Risk Management Committee's (ERMC)
- ESG Investment Committee & Sustainability Committee
- Sustainability Framework

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

We consider several transitional and physical risks in our operations, strategy and financial planning. The table below summarises these risks, including their relative significance, timeframe, and potential financial impact.

Risk: Technology

Risk type:

Transition

Risk description:

Keeping track of emerging technologies and the substitution of existing products and services with lower emission options.

1. Impact on 7IM's investment management

Relative significance:

Medium

Potential financial impact:

- Reduced profits and valuations
- Increased operating costs
- Impact investment performance and volatility

Management response:

- SAA decarbonisation
- Fund due diligence
- Investment risk monitoring process

2. Impact on 7IM's business

Relative significance:

Medium

Potential financial impact:

- Costs incurred through the transition to newer/ lower emission technologies

Management response:

- Third Party Supplier Framework
- ESG Investment Committee
- Sustainability Committee
- Executive Risk Management Committee

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

Risk: Market

Risk type:

Transition

Risk description:

Changes in consumer demand as a result of climate change, including but not limited to shifting to low carbon products and cleaner energy supplies.

1. Impact on 7IM's investment management

Relative significance:

High

Potential financial impact:

- Increased operating costs due to stranded assets
- Managers are unable to launch relevant product to accommodate for consumer demand, increasing investment research and development costs

Management response:

- SAA decarbonisation
- Responsible product range

2. Impact on 7IM's business

Relative significance:

Medium

Potential financial impact:

- Lower AUM
- Decreased Revenue
- Costs incurred through the transition to energy efficient/ lower emission activities and technologies

Management response:

- Top Down Risk Map
- ESG Investment Committee
- Sustainability Committee
- Executive Risk Management Committee

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

Risk: Reputation

Risk type:

Transition

Risk description:

Increased likelihood of changes in customer or community perception of 7IM's response to climate change, including greenwashing risks.

1. Impact on 7IM's investment management

Relative significance:

High

Potential financial impact:

- Increased litigation fees due to greenwashing
- Increases costs and decreased valuation

Management response:

- Fund due diligence
- Industry Advocacy

2. Impact on 7IM's business

Relative significance:

Medium

Potential financial impact:

- Lower AUM
- Decreased revenue
- Increased outflows

Management response:

- Content and Compliance team
- Compliance Advisory team
- ESG Investment Committee
- Sustainability Committee
- Executive Risk Management Committee

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

We consider several transitional and physical risks in our operations, strategy and financial planning. The table below summarises these risks, including their relative significance, timeframe, and potential financial impact.

Risk: Acute & Chronic

Risk type:

Physical

Risk description:

Costs associated with direct or indirect asset and operations damage from extreme weather events. Severe weather events also disrupt supply chains, affecting business operations.

1. Impact on 7IM's investment management

Relative significance:

Low

Potential financial impact:

- Increased costs from business disruption or asset depreciation associated with severe weather events

Management response:

- Investment risk monitoring process
- Fund due diligence

2. Impact on 7IM's business

Relative significance:

Low

Potential financial impact:

- (Acute) Costs incurred through repairs due to extreme weather events
- (Chronic) Increase in average temperature leading to increased operational costs linked to climate adaptation
- (Acute & Chronic) Costs incurred through rising insurance costs

Management response:

- Business Continuity Arrangements
- Insurance cover for physical assets from extreme weather
- Third Party Supplier Framework
- ESG Investment Committee and Sustainability Committee
- Executive Risk Management Committee

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

Impact of climate-related opportunities

Opportunity: Resource Efficiency

Risk type:

Transition

Risk description:

Managing carbon footprint through energy efficient systems, recycling, reduced waste usage and consumption, and sustainable travel.

1. Impact on 7IM's investment management

Relative significance:

High

Potential financial impact:

- Reduce operating costs
- Increase production capacity
- Impact company valuations and profits

Management response:

- Fund due diligence
- Engagement Policy
- Industry advocacy
- Investment risk monitoring process

2. Impact on 7IM's business

Relative significance:

Low

Potential financial impact:

- Reduced operating costs, increase production capacity and benefits to workforce management

Management response:

- Sustainability Committee assign actions across the business that relate to resource efficiency, through Sustainability Factor Action Plans
- Sustainability Framework includes 'Environmental Opportunities', 'Pollution & Waste', 'Sustainable Supply Chain' and 'Transition to Low Carbon Economy' factors

Timeframe: Short Term 0-5 Years · Medium Term >5-10 Years · Long Term 10+ Years

We consider several transitional opportunities in our operations, strategy and financial planning. The table below summarises these opportunities, including their relative significance, timeframe, and potential financial impact.

Opportunity: Energy Source

Risk type:

Transition

Risk description:

Managing carbon footprint through use of lower-emission sources of energy and low-emission technology, such as renewable energy.

1. Impact on 7IM's investment management

Relative significance:

High

Potential financial impact:

- Reduced exposure to GHG emissions
- Returns on investment in low-emission technology
- Reputational benefits

Management response:

- SAA decarbonisation
- Fund due diligence
- Investment risk monitoring process

2. Impact on 7IM's business

Relative significance:

Low

Potential financial impact:

- Reduced operating costs, increase production capacity and benefits to workforce management

Management response:

- Sustainability Committee assign actions across the business that relate to energy efficient systems, recycling, reduced waste usage and consumption, and sustainable travel, through Sustainability Factor Action Plans
- Sustainability Framework includes 'Environmental Opportunities', 'Ecological Footprint', 'Pollution & Waste', and 'Transition to Low Carbon Economy' factors

Timeframe: Short Term 0-5 Years · Medium Term >5-10 Years · Long Term 10+ Years

We consider several transitional opportunities in our operations, strategy and financial planning. The table below summarises these opportunities, including their relative significance, timeframe, and potential financial impact.

Opportunity: Product & Services

Risk type:

Transition

Risk description:

Development and/or expansion of low emission goods and services.

1. Impact on 7IM's investment management

Relative significance:

High

Potential financial impact:

- Increased revenue through demand for lower emissions products and services
- Better competitive position to reflect shifting consumer preferences

Management response:

- SAA decarbonisation
- Responsible product range

2. Impact on 7IM's business

Relative significance:

Medium

Potential financial impact:

- Increased revenue through demand for lower emissions products and services
- Better competitive

Management response:

- Sustainability Committee assign actions across the business that relate to its products and services, through Sustainability Factor Action Plans
- Sustainability Framework has three sustainability lenses, Product & Services, Staff, and Corporate. Through the Product & Services lens
- 'Ecological Footprint', 'Pollution & Waste', and 'Transition to Low Carbon Economy' factors

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

We consider several transitional opportunities in our operations, strategy and financial planning. The table below summarises these opportunities, including their relative significance, timeframe, and potential financial impact.

Opportunity: Markets

Risk type:

Transition

Risk description:

Participation in the wider industry to foster and encourage climate transition through stakeholder engagement.

1. Impact on 7IM's investment management

Relative significance:

Medium

Potential financial impact:

- Increased market presence and improved reputation, attracting consumers, resulting in increased revenues

Management response:

- Fund due diligence
- Industry Advocacy

2. Impact on 7IM's business

Relative significance:

Medium

Potential financial impact:

- Increased revenue
- Increased AUM

Management response:

- Sustainability Committee seek opportunities to encourage climate transition through stakeholder engagement
- Sustainability Framework includes 'Environmental Opportunities' and 'Stakeholder Opposition' factors

Timeframe: Short Term 0-5 Years · Medium Term >5-10 Years · Long Term 10+ Years

We consider several transitional opportunities in our operations, strategy and financial planning. The table below summarises these opportunities, including their relative significance, timeframe, and potential financial impact.

Opportunity: Resilience

Risk type:

Transition

Risk description:

Adoption of energy-efficiency measures.

1. Impact on 7IM's investment management

Relative significance:

Medium

Potential financial impact:

- Increased market valuation through resilience planning
- Increased reliability of supply chain and ability to operate under various conditions, increasing revenues

Management response:

- Investment risk monitoring process
- Fund due diligence

2. Impact on 7IM's business

Relative significance:

Low

Potential financial impact:

- Longer term cost savings
- Enhanced reputation leading to higher revenue and AUM

Management response:

- Sustainability Committee assign actions across the business that relate to energy efficiency, through Sustainability Factor Action Plans
- Sustainability Framework includes 'Environmental Opportunities', 'Sustainable Supply Chain' and 'Transition to Low Carbon Economy' factors

Timeframe: Short Term 0-5 Years Medium Term >5-10 Years Long Term 10+ Years

Pillar 3 - Risk management

Our Risk Management Framework (RMF)

Applying The Risk Management Framework (RMF) To Climate

7IM assess climate risk as a component of 'Sustainability' Key Risk, which is managed through 7IM's Risk Management Framework.

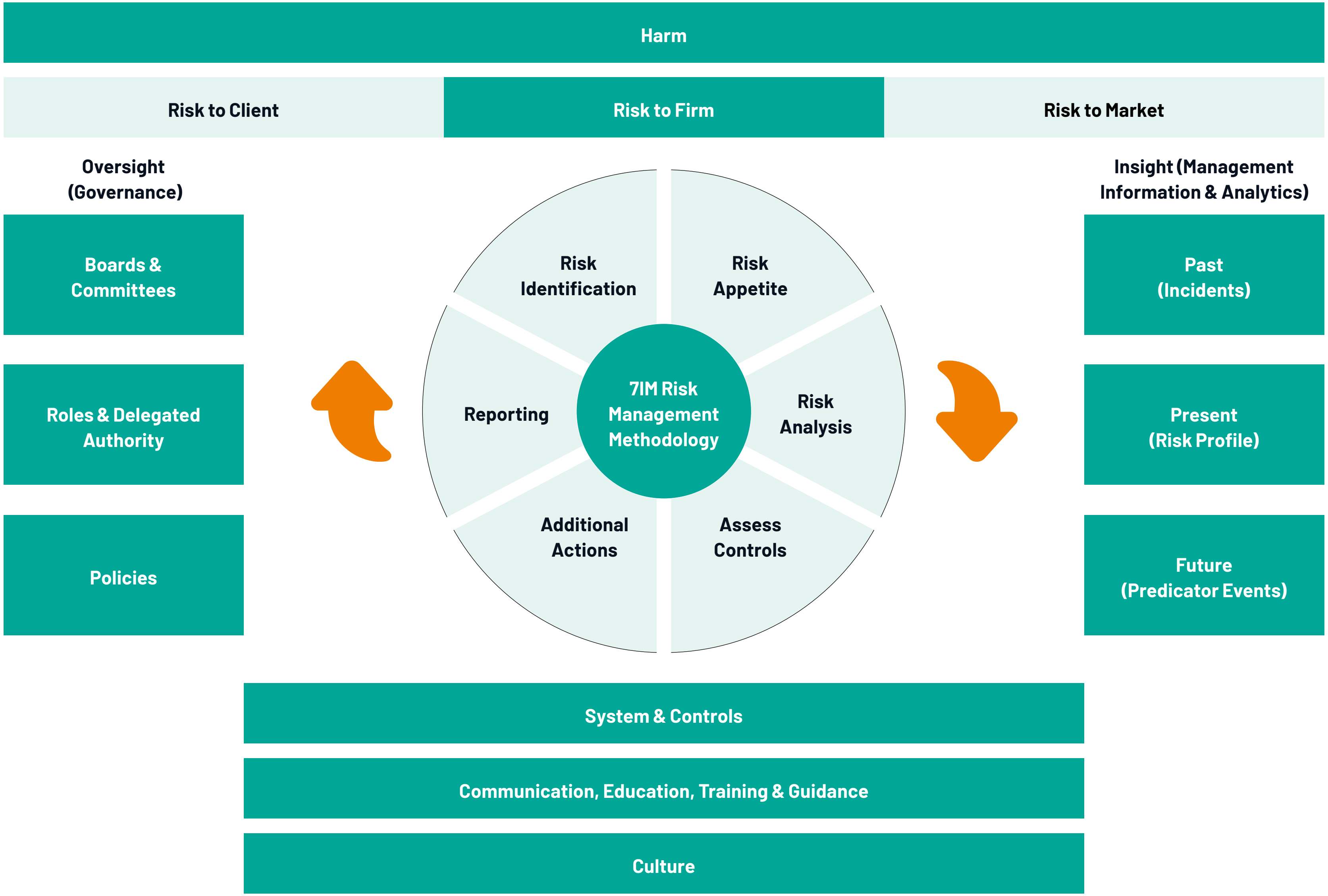
The objectives of the Risk Management Framework are to:

- Align the business strategy and risk appetite
- Pursue business objectives through transparent identification and management of acceptable risk
- Identify and manage transversal/ cross-firm risks
- Prioritise and select optimal business opportunities i.e. with a good risk/reward balance
- Inform and enhance risk response decisions and escalations as required
- Learn from, reduce, and manage operational losses
- Promote a culture based upon integrity, ethical values and competence; and
- Create an overall 'risk conscious' firm.

Appropriate structures, organisation and processes have been established which collectively create a Risk Management Framework, underpinned by policies, procedures and reporting that will continually evolve with the needs of the Group, and as the climate regulatory landscape develops. The Risk Management Policy defines the high-level risk appetite and the minimum standards for risk management. The Board recognises that in order to achieve certain "outputs" or "objectives" (e.g., growth in company value) the Group takes a number of "inputs" or "resources" (e.g., capital, people and fixed assets) which are exposed to certain risks, including climate risk. The amount of risk that the Group is prepared to accept or tolerate in order to achieve its objectives is its "risk appetite".

The Risk Management Framework supports this by establishing processes to:

- Ensure there is an appropriate governance structure to identify and manage risks and this provides a level of risk assurance ('Oversight');
- Produce a comprehensive and accurate view of the risk profile, at an appropriate level of materiality, to inform the decision-making process and risk-taking ('Risk Management Methodology'); and
- Provide Management Information on material risks which lie outside of risk appetite and those which are volatile and therefore require close management and monitoring ('Insight').


Harm
Risk to Client
Risk to Firm
Risk to Market
Oversight (Governance)
Boards & Committees
Roles & Delegated Authority
Policies
Risk Identification
Risk Appetite
Risk Analysis
Assess Controls
Additional Actions
Reporting
7IM Risk Management Methodology
Insight (Management Information & Analytics)
Past (Incidents)
Present (Risk Profile)
Future (Predicator Events)
System & Controls
Communication, Education, Training & Guidance
Culture

Sustainability framework

Sustainability Framework - Overview

A Sustainability Framework was developed and introduced across the business through 2023 to ensure there is a consistent and focused approach across People, Corporate and Investment-related Sustainability initiatives. The Sustainability Committee are responsible for the oversight and implementation of the Sustainability Framework and continued to embed the framework throughout 2024. The purpose of the framework is to cater for the evolving regulatory landscape. Underpinned by the Risk Management Framework, the Sustainability Framework will support in providing a consistent approach to the delivery of the Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Disclosure Requirements (SDR), and Corporate Social Responsibility (CSR) requirements, as the FCA (amongst other regulators) continues to define the future sustainability and climate regulatory landscape.

Sustainability Framework - Relationship with Climate

Climate change, as a component of sustainability, is mainly considered within the framework's 'Environmental' and 'Governance' Sustainability Factors which can be viewed on the next slide.

Sustainability Framework - Approach to AI

The growing role of AI in our world is expected to impact the climate through its energy usage. 7IM, as adopters of AI, will need to consider the associated impacts on climate through monitoring of its scope 3 emissions. Whilst AI tools may potentially increase the businesses scope 3 emissions, there is also scope for AI to lower its overall emissions. The Sustainability Committee will continue to monitor developments in AI energy usage through its Sustainability Framework.

Framework Overview

Underpinned by the Risk Management Framework, the Sustainability Framework will support in providing a consistent approach to the delivery of the TCFD, SDR, CSR requirements, as the FCA (amongst other regulators) continues to define the future sustainability regulatory landscape.

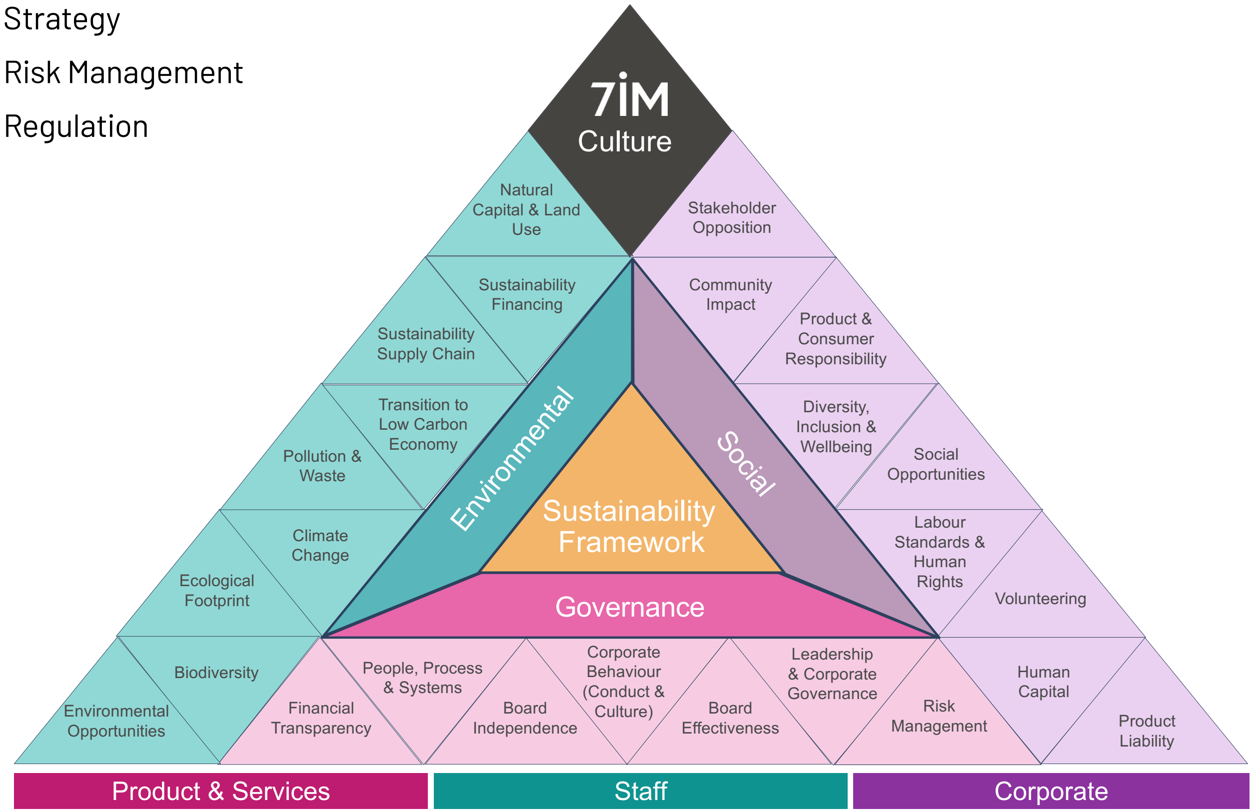
The Framework consists of the following components.

- Sustainability Areas | This refers to the 3 key areas of Environmental, Social and Governance (ESG).
- Sustainability Factors | This refers to the 25 key factors within the 3 key Sustainability Areas.
- Sustainability Lens | This refers to the 3 Sustainability Lenses through which each Area or Factor can be assessed.

Implementation

The framework is being implemented via the Sustainability Working Group, which has representatives from across the Group. The implementation plan focuses on 4 key areas:

- Governance
- Strategy
- Risk Management
- Regulation



How we manage climate risks within investment management

7IM embed climate risks and opportunities considerations at every stage of our investment process. As mentioned earlier, our investment process can be viewed as having four stages: Strategic Asset Allocation, Tactical Asset Allocation, Portfolio Management (including security selection) and Risk Management, supported by stewardship activities.

Strategic Asset Allocation

At 7IM, we believe it is increasingly likely that policy risks will hamper the most carbon intensive companies and we believe that the SAA is the best way to shield portfolios from this risk.

We aim to control some of climate transition risks by underweighting emitters via shifting towards low carbon indices at the SAA level. This is our SAA decarbonisation target, mentioned earlier in the report. In 2020, 7IM's Executive Committee agreed to a programme by which the carbon emissions of the SAA of all portfolios will be steered down over time. We aim to reduce emissions by 30% at the SAA level by mid-2026. We have focused on Scope 1 and 2 emissions, measured by MSCI's Weighted Average Carbon Intensity (WACI) metric. While Scope 3 emissions are broader, covering all indirect emissions in a company's value chain, measuring them is still in its infancy and questions remain regarding disclosure, incomplete reporting and data quality.

As explained in the previous report, we have been able to decarbonise our investments with minimal potential impact to performance, helping to reduce the future risks to investors. We began by lowering the carbon-intensity of our US equity and corporate bond exposures in 2021–22. This was then followed in 2023 by allocating to a low carbon ETF that follows the EU's Climate Transition Benchmark (CTB) regulation in Japanese equity exposures.

In 2024 we researched whether further changes were needed and took some time researching options in Europe and emerging markets. Following this analysis, we decided further changes were not needed. Alongside the annual changes made as part of this project there are also reviews of the traditional risk and return characteristics of the SAA. In 2024, this process led to small reductions in High Yield Credit and an increase to US and European equities at the expense of emerging markets. These changes, which were driven by the factor optimisation process, had the added effect of reducing the carbon intensity of the SAA. In early 2025, further changes were made which meant the target was achieved across all our SAA risk profiles. We disclose the carbon reduction progress under Metrics & Targets section later in the report.

Next Steps

In 2024, we researched how this project may evolve in the future. We have not formalised the next steps, but our inclination is to lean more heavily on engaging with our investments and encouraging them to adopt more robust climate targets, building on the work we have already been doing over the last few years. As with the original goal, the next phase aims to strike the right balance between climate considerations, portfolio performance, and risk. We are currently gathering data from our underlying fund managers to better understand how the new framework can be practically and effectively implemented. This new policy will be finalised in 2025.

Tactical Asset Allocation

Jasmin – Our Proprietary Portfolio Analytics Platform

Jasmin is 7IM's proprietary Risk & Performance Analytics Platform, designed to monitor and analyse tactical positions in our funds and model portfolios against the strategic asset allocation. This platform makes it easy to see how new trades might interact with existing active positions in terms of correlations, risk, historical performance, and their contribution to ESG features like WAKIs and carbon emissions. By incorporating third party ESG data into our position analysis, Jasmin allows us to determine the overall portfolio ESG score and carbon emissions for each active position in the Tactical Asset Allocation. This comprehensive assessment of their direct impact compared to our benchmark, the Strategic Asset Allocation.

Capturing opportunities

While we look to capture climate and transition-related opportunities, we are conscious of the investment performance and risk implications for our clients' portfolios.

As described in last year's report, previously, the Investment Team initiated a position that invested in companies that were helping in the long run fight against climate change and aimed at minimising medium term transition risks. The fund looks to capture decarbonisation opportunities through the value chain in various subsectors: renewable energy, electrification, resource efficiency.

We also held an investment in the metals and mining sector as part of our TAA, seeking to benefit from structural trends linked to electrification

Throughout 2024, we undertook a comprehensive enhancement of our investment process, incorporating refined frameworks for evaluating risk-adjusted returns. In light of this evolution, the risk-return profile of these holdings no longer aligned with our updated investment criteria, and we therefore exited both positions. However, we continue to monitor climate-related opportunities across sectors with discipline, recognising their long-term strategic importance and potential to contribute meaningfully to future portfolio outcomes under the right conditions guided by our investment approach. The Responsible portfolios at 7IM have maintained exposure to the investments in climate opportunities as they are better suited to those portfolios.

Portfolio management (including security selection)

When we select third-party funds or direct investments, we integrate ESG considerations into the decision-making process, this includes understanding how fund managers manage climate risks and opportunities. This is achieved by our fund diligence process via Door and 7IM's ESG convictions assessment.

We are constantly reviewing our due diligence process for fund selection and monitoring, which has been incrementally improved since 2020. From starting out with an ESG questionnaire, we have been able to develop an efficient and digitised process, examining all aspects of a fund manager's ESG approach and commitments.

Implementing our external manager due diligence process

As detailed in the previous report, since 2021, we have been upgrading our due diligence process for fund selection. In 2024, our process now consists of the manager ESG Conviction Framework and Door questionnaires.

To summarise, in 2021 we upgraded our due diligence process by signing up to Door, a digital platform where asset managers exchange due diligence information with manager research teams. In 2022, we further developed our ESG questionnaire to all our third-party fund managers to avoid generic responses. In 2023, we fully digitised the due diligence process by creating a tailored questionnaire on Door through filtering Door's standardised question set and incorporating 7IM's bespoke questions. The objective remained unchanged: since we mostly invest indirectly through collective vehicles, third-party managers are our main 'levers' to achieve our stewardship-related objectives and are our main 'targets' for engagement and escalation. We have formalised three fund due diligence questionnaires on Door to send to different types of funds we invest in:

- Our Core questionnaire is applicable to all actively managed funds and includes essential ESG questions,
- Our ESG-specific questionnaire dives deeper into ESG and is applicable to all actively managed funds used within ESG-oriented portfolios, and
- Our Add-on questionnaire allows supplementary information applicable to actively managed funds above an investment threshold

Our Manager ESG Convictions Rating Framework, formalised in 2024, allows us to assess managers on six key areas: firm philosophy and commitments, accountability and oversight, ESG team, ESG integration and research, engagement, and voting. This is to establish ESG convictions from 'High' to 'Low'. This research is consistently recorded in the fund due diligence note. The analyst will flag potential opportunities for engagement if any area is flagged as having room for improvement. We believe this method maintains consistency in evaluating managers' ESG practices and capacities.

Asset managers who are scored as 'Low' conviction during the onboarding process will be added to the 'ESG Conviction Watchlist'. We do not exclude 'Low' ESG conviction managers as we believe engagement is a more effective tool for change. We seek to work with them and identify areas of improvement in ESG integration and their active ownership capabilities. To help achieve real world impact, we aim to indirectly influence underlying companies on ESG, such as climate target setting and disclosures, through engaging with our managers. Once engagement opportunities are identified, the ESG investment specialist will track and monitor progress year on year. For managers who have made significant ESG improvements since inception, we can upgrade the conviction in the related categories as a measure of our successful engagement. We provide an example of one of the leaders identified in this process.

Portfolio Management (Including Security Selection) Continued

Case Study | Robeco Leading The Way

We have been holding Robeco's global credit funds for a number of years. As part of the ESG Conviction framework described above, we met with Robeco to assess its ESG capabilities.

Robeco is an early mover in Sustainable Investing (SI), embedding ESG deeply into its investment process. Its early adoption, proprietary research, and focus on decarbonisation and advanced ESG metrics demonstrate leadership in the field. Robeco's focus on SI is evidenced by the senior representation and responsibilities within the Sustainability & Impact Strategy Committee and its sub committees. Given the firm has identified four strategies priorities of Climate, Biodiversity, SDGs and Social issues, they have built governance structure around that. Robeco's extensive, experienced and diverse resource pool has been in place since 2005, demonstrating high levels of commitment to SI resource. The team operates like traditional analysts, ensuring deep sector expertise and integration. Robeco's structured engagement process is supported by its PLATO system, which tracks and monitors engagements transparently, with a clear escalation process ensures engagement effectiveness.

We were impressed with Robeco's comprehensive approach as the firm demonstrates a high conviction in sustainable investing through its governance, research and integration, and active ownership.

Investment Risk Management

As detailed in our last report, our risk management process uses a 'bottom-up' approach, calculating risk metrics for each holding that build up into an overall score for a fund or model. We have followed the same approach with ESG and climate risk, calculating a WAKI, carbon emissions and CVaR for each holding and aggregating them to a fund/model score.

We have embedded the monitoring of ESG and climate risk into our portfolio monitoring process. ESG scores and issues will be considered pre-trade for new securities as part of the investment process. Portfolio level ESG scores and climate metrics (WAKI and carbon emission intensity) will then be reviewed at least quarterly by the Investment Risk Team and Investment Risk Committee. We have also integrated CVaR into the investment risk process outlined.

The ESG scores act as an input into the investment management process, and flags have been agreed which will prompt further investigation and analysis to make sure 7IM are comfortable holding on that risk. These are not hard limits but guidelines. The flags are based on the ESG scores for global equities which is typically around 5 to 5.5 for WAKI and 150 to 180 for Carbon Emission intensity (tCO_2e / \$m sales). For core portfolios, the flags will kick in if WAKI is 0.3 below global equities or Carbon Emissions are 100 above global equities. For the Responsible Balanced fund, it will flag if WAKI or Carbon Emission intensity is less than global equities. The strategic and tactical asset allocations will also be compared to final portfolios.

If a flag is raised in the quarterly reviews, the Investment Risk Team will investigate the portfolio and analyse the security(ies) that are causing the flag. This will be flagged and discussed with the Investment Management Team to establish the best course of action. This may also generate engagement opportunities with the third-party manager where we voice our concern on climate-related risks. In cases where 7IM is uncomfortable with the risk, the issue would be presented to the Portfolio Management Committee and/or Investment Committee for further discussion and for a decision to be made.

One of the main upgrades to our portfolio management capabilities was the move of our risk system from MSCI Barra to Bloomberg PORT. This follows moving our portfolio management system to Bloomberg AIM in 2022. Our Investment Risk team spent 2023 reviewing the capabilities of PORT, including ESG capabilities. We implemented the transition in 2024. The move further builds on the improvements from Bloomberg AIM, enabling seamless integration of risk analysis with portfolio management. It is now much easier for risk analysts and portfolio managers to analyse Funds and Models, gaining deeper insights of the drivers of portfolios. Further work was needed to integrate the ESG risk metrics, such as Carbon Emissions, Climate Value at Risk, and Implied Temperature Rise, into the new risk system, which was our focus in 2024. The dedicated effort yielded great results and we are now able to analyse the ESG metrics of all our Funds and models with greater efficiency and ease.

Being a responsible active owner

Our core investment services provide multi-asset class portfolios, usually via collective investment vehicles. Externally managed products total around 99% of 7IM assets under management, and our manager monitoring system is designed to inform us whether external managers are working to safeguard and maximise the value of their assets, with sound stewardship and taking ESG issues into account in their investment processes.

We engage with fund managers directly, where we have concerns about their investment strategy, performance, governance, remuneration or approach to risks, including those that may arise from social and environmental matters. We regularly question them about their holdings, to ensure that they are implementing full stewardship in their portfolios – via voting, engaging with management where necessary, and encouraging the companies they hold to consider ESG risks, including climate risks.

The 7IM Investment Management Team continues to focus on climate change as a key systemic risk that can affect our portfolios in the long run. Climate change remained one of our main engagement themes in 2024 as we pursued engagement on climate-related targets and stewardship efforts, exemplified by activities within the UK Wealth Managers on Climate Group and Passive Managers Net Zero & Stewardship Engagement Project follow ups. Climate change and biodiversity are intricately linked; therefore, we continued to be part of the Investor Policy Dialogue on Deforestation (IPDD) Initiative as a working group member.

Being a responsible active owner (Continued)

Case Study | UK Wealth Managers on Climate Group

In 2024, 7IM joined forces with partners across the wealth management industry through the 'UK Wealth Managers on Climate' group to encourage asset managers to embrace net zero. In an increasingly challenging political and regulatory landscape for sustainability, the role of this group in driving collective action and advocating for meaningful climate commitments has become more critical than ever.

As a founder member of 'UK Wealth Managers on Climate' 7IM aims to create positive impact through its focused environmental goals. Recognising the industry's potential to leverage positive action, the group's nine members, which have a combined total AUM of £165 billion, have come together to cosign a letter outlining three clear climate change ambitions for asset managers:

- Set a net zero commitment and ensure that targets are clear and transparent
- Communicate the approach clearly to both the business and clients
- Ensure that stewardship activities reflect net zero commitments and deliver tangible results.

These 'asks' reflect 7IM's own sustainability goals including a drive towards cleaner investments and commitment to a 30% reduction in the carbon intensity of its Strategic Asset Allocations (SAAs) by 2026, which are detailed in this report.

We are proud members of 'UK Wealth Managers on Climate' and by signing this letter, we hope to encourage more wealth management firms to commit to a more sustainable future and join us in delivering positive change.

For the letter, see https://www.7im.co.uk/ media/upenpobe/uk-wm-on-climate.pdf

Being a responsible active owner (Continued)

Case Study | Passive Managers Net Zero & Stewardship Engagement Project Follow Up

Last year, we launched a deep-dive review of passive providers' stewardship approaches and resources, as well as the honesty and feasibility of their climate commitments, as detailed in last year's TCFD Report. In light of growing scepticism toward ESG initiatives, evolving political dynamics, and recent headline developments, we engaged with BlackRock and Vanguard to follow up on our Net Zero and Stewardship Engagement project.

BlackRock's NZAM departure

In January 2025, BlackRock announced they were withdrawing as a signatory of the Net Zero Asset Managers initiative (NZAM). We asked for a call to fully understand the implications of leaving NZAM given the limited detail in the announcement letter. In particular, we wanted to see how this decision will impact their stewardship activities that were set out as part of the NZAM commitment, and other climate related strategy that were put in place. We were concerned that the departure contradicted with discussions in previous meetings that were conducted as part of the net zero and stewardship engagement project in 2023.

Blackrock advised that the way they manage their portfolios would not change, however their exit is seen as a retreat from their initial leadership in sustainable investing. BlackRock joined NZAM in 2021, motivated by the desire to help the industry evolve and raise awareness about sustainability. However, the political and legal climate has since shifted. BlackRock cited growing confusion surrounding NZAM's mission and political and legal pressure as key reasons for their departure.

We questioned BlackRock if there will be any changes to the on-the-ground stewardship efforts related to climate. BlackRock assured that they continue to focus on material sustainability factors and vote on behalf of clients. They will continue to engage with companies on material issues, for example, to better understand climate risk and opportunity and encourage disclosures.

In summary, BlackRock's departure from NZAM raises questions about its commitment to sustainable investing and effective stewardship. This remains an ongoing conversation, and we will continue to engage with BlackRock and assess its stewardship actions to understand alignment with long-term climate and stewardship objectives.

Being a responsible active owner (Continued)

Vanguard and stewardship

Following our Net Zero and Stewardship Engagement project in 2023, Vanguard was flagged as a laggard on its climate-related commitment and stewardship front. Given these concerns, we reached out to gain further clarity on recent developments and assess whether Vanguard was making meaningful progress in its stewardship practices. In early 2024, we initiated contact with Vanguard to follow up on the firm's latest stewardship enhancements, particularly regarding its proxy voting developments, the Investor Choice program.

In response, Vanguard provided an update on its Investor Choice pilot program, which allowed individual investors in certain US equity index funds to express their policy preferences on shareholder matters during the 2023 and 2024 proxy voting seasons. Vanguard indicated that they are now preparing to expand this initiative beyond the US and are keen to engage with clients about the voting options they would like to see. Vanguard offered to schedule a discussion on the results of the US trial and the planned expansion of its voting options internationally. However, they suggested waiting until their stewardship team was available to provide a more comprehensive update.

While Vanguard's developments in shareholder voting may represent progress, key concerns remain regarding its broader stewardship efforts on climate-related risks. We will continue to monitor their actions and engage further when there is more clarity on the Investor Choice program in the UK.

Being a responsible active owner (Continued)

Case Study | Investor Policy Dialogue On Deforestation (IPDD) Initiative update

As detailed in last year's TCFD Report, in 2023, we joined the Investor Policy Dialogue on Deforestation (IPDD) Initiative as a working group member in order to help and address nature-related, in particular, biodiversity related issues within our portfolios. We wanted to make nature a stewardship priority; therefore, we continued our active participation in the initiative in 2024.

As a member of the initiative, 7IM joins monthly and bi-monthly IPDD meetings with other investor participants to discuss issues and policies around deforestation. Our main participation is within IPDD's Consumer Countries Working Group, focused on engagements in the EU, US, UK. This workstream considers how the regulatory environment can help tackle commodity-driven deforestation, given the increase in deforestation related regulation currently being debated and passed in consumer countries.

In 2024, as part of the IPDD Consumer Countries Working Group, we co-signed a letter to the UK Department for Environment, Food and Rural Affairs. This letter explained the importance of halting deforestation to investors, highlighting both the systemic risks and the financial, reputational, operational, litigation and regulatory risks due to investment in companies or instruments that are directly or indirectly linked to global supply chains containing forest-risk commodities. The letter called on the government to introduce the Forest Risk Commodities legislation set out in the Environment Act 2021 as a priority. This engagement remains ongoing.

Looking ahead, we will continue our active participation within IPDD, with a focus on the Consumer Countries Working Group.

7IM's ESG data usage & monitoring

Since our work in embedding the monitoring of carbon risk and ESG risk in our portfolio monitoring process and the Investment Risk Committee started in 2020, we have made significant progress. This is supported by sound and reliable data. 7IM's investment team uses third-party data providers to gain ESG and climate-related quantitative and qualitative insights to support investment decisions and monitoring. As such, we rely on the accuracy of the data provided to us.

Morgan Stanley Capital International (MSCI)

We use MSCI's ESG and climate-related data, in particular, MSCI's ESG analysis, ESG ratings and WAKI, carbon emissions, and forward-looking metrics such as CVaR and ITR.

We have a close working relationships with many of the largest data providers in the market and are often approached for feedback on new products or industry developments. We also seek opportunities to engage on an ad-hoc basis and where we think we can add value.

Morningstar Sustainalytics

We use Morningstar for fund research and data, but also as an additional ESG data source. In particular, Morningstar provides a wide range of activities and conduct-based ESG screening. We use the screens for our quarterly controversial weapons exclusion policy monitoring, applicable to all our active funds, as well as the relevant controversial activities screening for our sustainable portfolios.

Broadridge

7IM seeks to vote all shares in companies held actively and passively where voting rights are held. In 2024, we used Broadridge services which defaults to automatically vote in line with management on all company proposals. Any proposals not to vote in line with the default approach will be reviewed and require approval by the ESG Investment Committee.

Pillar 4 - Metrics & targets

Our investments' climate metrics

This section will highlight 7IM's investments' total carbon emissions, carbon emissions intensity and carbon footprint. These metrics are in accordance with the recommendations made by the TCFD and PCAF. We source all our climate data from MSCI.

Absolute carbon emissions

This is the total carbon emissions of emitted by portfolio's investments, expressed in tons CO2e. The formula for the metric is given below:

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}\right)$$

Investors are assigned Scope 1 and Scope 2 greenhouse gas emissions using an equity ownership method. There are some limitations to absolute emissions:

- This metric does not allow for portfolio comparability or benchmarking as the data is not normalised (portfolio size directly impacts the metric).
- Fluctuations in the market capitalization of underlying companies can lead to misinterpretations.

Weighted Average Carbon Intensity (WACI)

The (WACI) is expressed as tCO2e/$M company revenues and can be used to understand a portfolio's exposure to carbon-intensive companies. The formula for the metric is given below:

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}}{\text{issuer's \$M revenue}}\right)$$

This metric is used to measure the carbon intensity of our listed equity and corporate bonds. However, we also recognise the limitations of this metric:

- Unfortunately, there is less industry consensus on how to measure derivatives and sovereign bonds and how measures for those assets can be collated into a portfolio level figure. We await further guidance in this area before publishing figures for these asset classes externally.
- WACI covers Scope 1 and 2 emissions, therefore, it does not capture Scope 3 emissions.

Carbon footprint

It considers the total carbon emissions of a portfolio normalised by the market value invested, expressed at tCO2 e/$M invested. The formula for the metric is given below:

$$\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} \text{ X } \text{issuer's Scope 1 and Scope 2 GHG emissions}\right)}{\text{current portfolio value (\$M)}}$$

This method does allow comparison of various portfolios regardless of AUM and also enables carbon attribution analysis but it does have drawbacks. For example:

- The metric is sensitive to changes in portfolio value.
- The metric does not take into account differences in the size of companies.

Source - Formulas are from TCFD guidelines: https://www.tcfdhub.org/Downloads/pdfs/E09%20-%20Carbon%20footprinting%20-%20metrics.pdf

Coverage

This section is a high-level summary explaining the treatment of the asset classes not covered by our data providers. Where possible we have used the recommendations from the Partnership for Carbon Accounting Financials (PCAF) however, where we think it is prudent, we have introduced overrides based on our internal research.

Asset classes not covered

The following asset classes are not included in our calculations:

- Cash/money market funds
- Holdings in the Alternatives Basket
- Government bonds
- Derivatives (excluding index futures)

These asset classes either do not have sufficient industry guidance or we have insufficient look through data to calculate a conservative estimate. In the case of government bonds, we have the ability to estimate climate risk but we are unable to aggregate with the rest of the portfolio.

Much of our cash is held in fixed NAV money market funds. These money market funds typically consist of very short-dated securities where climate risk is negligible.

Aggregation method

When we do not have 100% coverage of the underlying securities within a 7IM portfolio, we will normalise the portfolio figure to 100%. All metrics are aggregated at an underlying holdings level to achieve portfolio results.

Asset Class	Override Used	Comments
Index Futures	Underlying Index	We use Index Futures extensively in the 7IM funds. Despite no industry consensus on their climate modelling currently, we believe it is necessary to place an override to correctly estimate the climate risk associated with them. Therefore, where possible, we use the underlying index as a proxy for the climate risk of the index future and estimate using the full economic exposure of the contract.
Funds	SAA Asset Class Index Values	In instances where we do not have mutual fund look-throughs we can proxy the fund's climate risk using the relevant SAA index value.

Climate metrics results

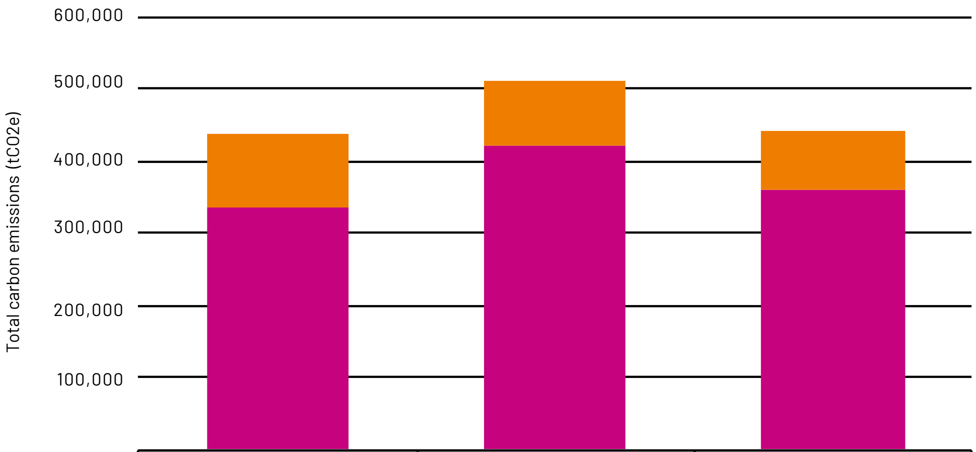
Total carbon emissions

Below, we highlight 7IM's total discretionary AUM's carbon emissions, expressed as tCO2e, across time. We show the year-end 2022, 2023, and 2024 results, with coverage of approximately 64%, 65% and 71%, respectively. We see a decrease in headline absolute emissions in 2024. This is due to a combination of investment position changes and the improvement of our underlying investments.

Weighted Average Carbon Intensity (WACI)

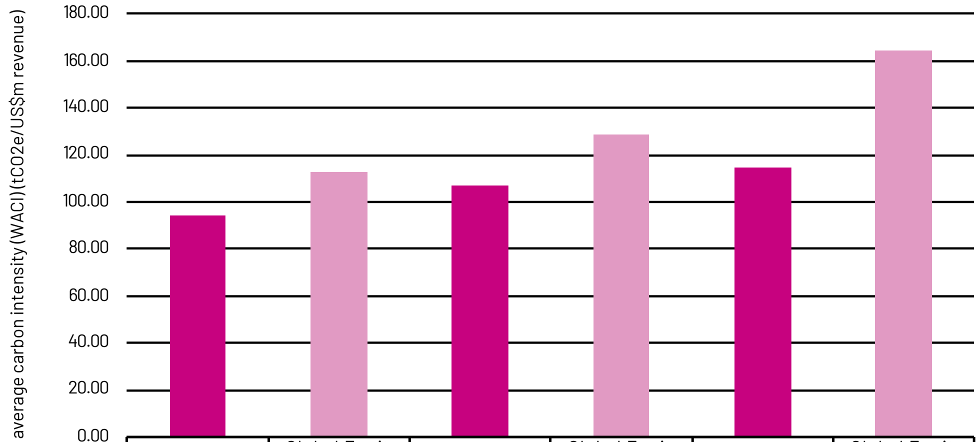
We use WACI (Scope 1 and 2) to monitor our portfolio's carbon emissions via the Investment Risk Team (detailed earlier in the report), as it is one of the main metrics recommended by TCFD. We provide 7IM's total discretionary AUM's WACI below, expressed as tCO2e/US$m revenues. For comparison purposes, using WACI, 7IM's investments are less carbon intensive than global equity index. The coverage for 2022 and 2023 results are 71% and 75% for 2024.

Total Carbon Emissions



	2024	2023	2022
Scope 2	101,845	89,933	85,696
Scope 1	336,017	420,297	358,320

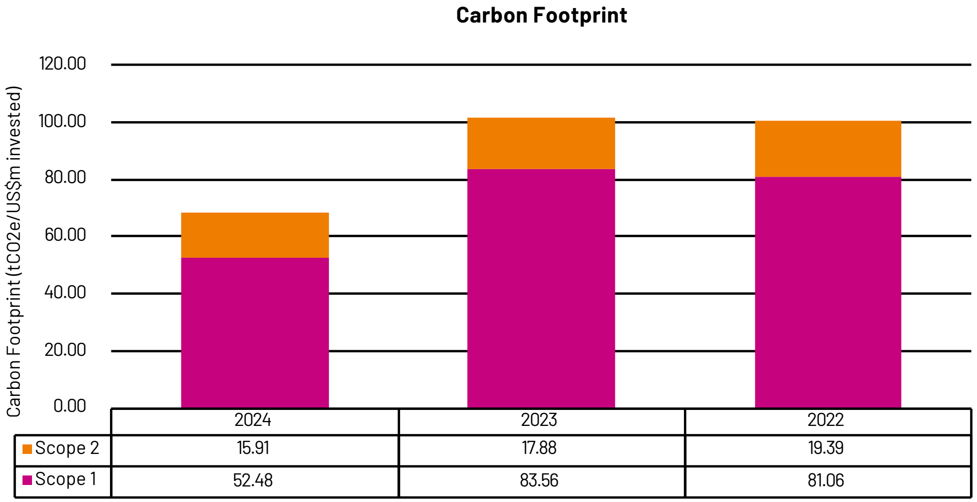
Weighted Average Carbon Intensity



	2024		2023		2022	
	7IM	Global Equity Index	7IM	Global Equity Index	7IM	Global Equity Index
WACI	94.23	112.59	107.28	128.81	114.95	164.26

Carbon Footprint

Below is our investments' carbon footprint, expressed as tCO2e/US$m invested. The coverage for 2022, 2023 and 2024 results are 64%, 65%, and 71% respectively.



Source: 7IM/MSCI

How does the carbon intensity of our investments differ across asset classes?

Overall, we can see that emerging markets equity has the highest carbon intensity within equities and global high yield bonds within fixed income. The increase in WACI within high yield bonds was due to a tactical investment position change from hybrid debt issued by European banks to a more typical global high yield exposure. High yield bonds typically exhibit high carbon emissions intensity due to their heavy exposure to carbon-intensive sectors and relatively limited ESG considerations within companies.

The asset classes below are approximately 77% of our discretionary AUM. The coverage for all asset classes shown below are above 90%.

WACI (tCO2e/US$m revenue)		2024	2023	2022
EQUITY	European Equity	69.08	88.34	112.79
	Global Equity Themes	110.06	130.59	116.28
	US Equity	87.20	108.23	138.59
	UK Equity	71.11	107.59	119.71
	Japan Equity	48.25	66.07	85.31
	Emerging Markets Equity	227.07	250.67	267.33
FIXED INCOME	Global Credit Bonds	96.78	101.09	115.10
	Global High Yield Bonds	209.59	27.46	19.71
	UK Corporate Bonds	63.81	61.10	68.44
ALTERNATIVE	Real Estate (Global REITs)	78.19	80.89	109.35

The numbers need to be understood in the context of evolving assumptions and a significant dependence on estimations. While we've adhered to PCAF principles, we acknowledge that the data might substantially shift with enhanced reporting and better estimation techniques.

Scope 3 emissions data

While Scope 3 emissions are broader, covering all indirect emissions in a company's value chain, measuring them is still in its infancy and questions remain regarding disclosure, incomplete reporting and data quality. We will look to work on integrating Scope 3 emissions into our investment process as data providers increase coverage.

Portfolio alignment

Implied temperature rise

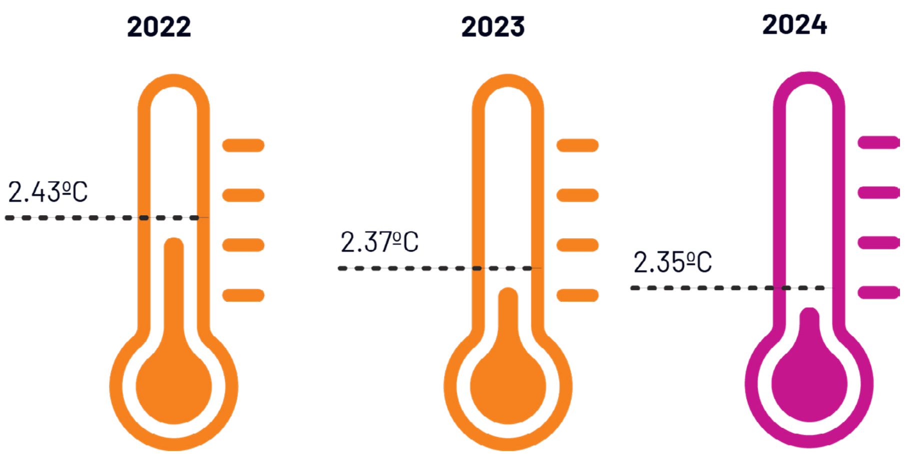
7IM uses MSCI's Implied Temperature Rise metric, which is a forward-looking metric expressed in degrees Celcius, that estimates the temperature alignment of companies and/or portfolios with global temperature goals (e.g. 2°C aligned or 1.5°C aligned). The metric shows the warming potential of a financial asset based on its current GHG emissions and projected future decarbonisation trajectory.

ITR can be useful capital reallocation tool as it shows securities' and portfolios' alignment to a 2°C or 1.5°C aligned world. This can help investors to set decarbonisation targets and allow opportunities for engagement, whether it is with underlying holdings or wider industry.

7IM's investments

We are mindful of the assumptions and uncertainties within the methodology, and that the figures are not a forecast of future global warming. MSCI uses the carbon budgets calculated by the Intergovernmental Panel on Climate Change (IPCC) to project implied temperature rise results, which could change as climate science evolves.

The ITR coverage for 2022 and 2023 is approximately 64% of our discretionary AUM. The ITR coverage for 2024 is approximately 70%.

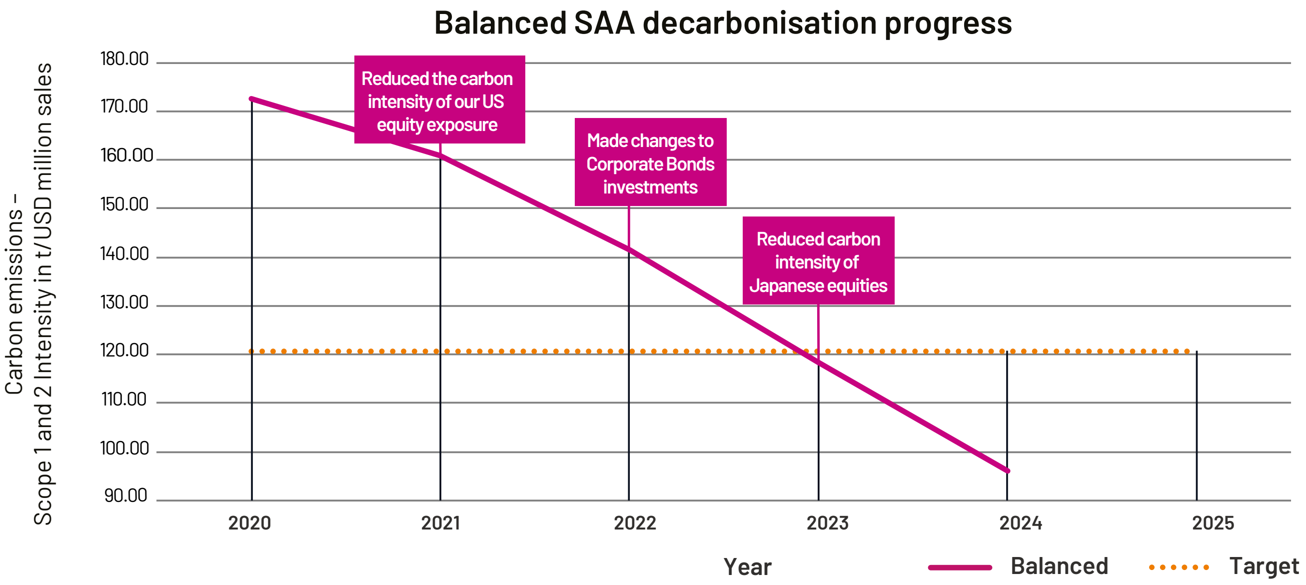


Source: 7IM/MSCI

Our SAA decarbonisation target within investment management

Since 2020, we began a research programme aimed at decarbonising our SAAs and reducing the emissions-intensity of all portfolios. 7IM's Executive Committee agreed to a programme by which the carbon emissions of the Strategic Asset Allocations of all portfolios will be reduced by 30% at the SAA level between 2021 and 2026. This was detailed earlier in the report under Risk Management. Below, we show the progress of this target as at the end of 2024.

As explained in the previous report, we began by lowering the carbon-intensity of our US equity and corporate bond exposures in 2021–22. This was then followed in 2023 by allocating to a low carbon ETF that follows the EU's Climate Transition Benchmark (CTB) regulation in Japanese equity exposures. The annual changes made as part of this project there are also reviews of the traditional risk and return characteristics of the SAA added effect of reducing the carbon intensity of the SAA. This means the target set in 2020 was achieved across all our SAA risk profiles ahead of schedule.



We look to decarbonise our SAA across all risk profiles. As at the end of 2024, we have achieved our 30% reduction target in all of the risk profiles, shown in the below table:

SAA Risk Profile	Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous
Carbon Intensity Reduction Vs Base Year (2020)	-54%	-51%	-44%	-38%	-35%
Coverage (% in scope)	50%	67%	75%	86%	98%

The asset classes in scope of our decarbonisation target are our listed equity, corporate bonds, global high yield, and real estate investment trusts (REITs) exposures. The coverage for the asset classes are shown in the above table. Given the lack of data from our chosen data provider, we have not included global government bonds, gilts, inflation linked bonds, holdings in our Alternatives Basket and cash/money market funds.

It is important to recognise that, while we aim to decarbonise our SAAs through actively shifting investments into lower carbon products, changes in our data provider's methodology and changes in issuers' reported emissions can significantly impact our calculations and carbon intensity reduction results, whether positively or negatively. In addition, our annual SAA refresh to achieve the optimally diversified strategic mix of assets can also affect the decarbonisation results. Consequently, the results need to be understood in light of evolving assumptions and a dependence on estimates.

Source: 7IM/MSCI

7IM LLP's operational footprint

7IM LLP falls within scope for the Streamlined Energy and Carbon Reporting Regulations and is therefore required to report energy and emissions resulting from the combustion of gas, purchase of electricity and from fuel for transport. SECR also requires a relevant Emissions Intensity Ratio to be calculated and details given of any Energy Efficient Actions carried out through the reporting year (January 2024 to December 2024). The LLP reports mandatory emissions per FTE as Scope 1 and 2 emissions are primarily driven by employees working in the LLP offices.

The consolidation of office space engaged in 2023 has lead to a significant decrease in emissions in 2024 (45% less emissions reported within Scope 1 and 2 when compared to prior year). The LLP exited one office in Edinburgh at the end of 2023 and relocated its London office into an energy efficient building of similar footprint. Concomitant with the reduced office space, the LLP reports a decrease in its intensity ratio (tCO2e per FTE) when compared to prior year, despite a change in calculation method of travel emissions (rail and taxi emissions are now calculated using the spend-based method as conversion factors have been made available by our third-party sustainability partner World Land Trust; prior year emissions were estimated based on distanced-based method).

In line with the sustainability commitment made by the business in 2021, more than half of the journeys reported by members of staff were undertaken by rail in 2024.

Data methodology

On 1 April 2019, the Streamlined Energy and Carbon Reporting was implemented through the enforcement of the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018. The table above and supportive narrative numbers disclose energy and carbon related data in line with the requirement for large unquoted companies and limited liability partnerships. All emissions factors are taken from UK Government GHG Conversion Factors for Company Reporting, 2024 factors.

Where data was not available, the LLP would extrapolate missing data points with either budgets or estimations, taking an applicable average across a suitable sample, or utilising usage associated to the prior reporting period (if available).

When calculating our proportion to the whole building's consumption, this has been calculated using a percentage based on floor size tenancy proportion, made available by building management.

Seven Investment Management LLP $tCO2_e$	2024 kWh	*2023 kWh*	2024 tCO2e	*2023 tCO2e*	2024 (£)
Scope 1					
Purchased natural gas combustion (kWh)	**321,626.29**	*521,648.94*	**58.83**	*95.42*	£ 46,397.86
Diesel miles claimed (average biofuel blend)	31,785.50	*49,482.23*	11.83	*12.78*	£ 20,193.14
Petrol miles claimed (average biofuel blend)	44,873.65	*43,595.76*	8.69	*13.48*	£ 14,303.47
Combustion of fuel for Company owned transport	-	-	-		
Scope 2					
Purchased electricity (kWh)	**259,751.92**	*621,515.75*	**53.78**	*128.70*	£ 153,110.55
Electric miles claimed	5,609.21	-	0.43	-	£ 2,524.14
Hybrid miles claimed	3,739.47	-	0.76	-	£ 1,682.76
Mandatory Reporting Totals from above:	**667,386.03**	*1,236,242.67*	**134.31**	*250.38*	
Staff numbers			389	*372*	
Intensity ratio ($tCO2_e$ per FTE)			**0.35**	***0.67***	
Scope 3					
Air travel	323,497.84	*274,677.73*	88.18	*81.90*	£ 75,725.15
Bus	73.82	*383.35*	0.01	*0.04*	£ 29.00
Rail	930,187.6	*504,139.39*	33.0	*17.85*	£ 123,586.13
Taxi	16,700.85	*10,160.95*	3.47	*2.11*	£ 27,276.68
Refuse & waste (tonnes)	19.03	*21.02*	19.03	*0.45*	0.00
Data Centre Usage	118,919.07	*0.00*	24.62	*0.00*	0.00
T&D on imported electricity (kWh)			0.00	*0.00*	
Well to Tank - Electricity, Gas & Travel			0.00	*0.00*	
Total $tCO2_e$			**302.61**	**352.97**	£ 464,828.89
Staff numbers			389		
kWh per FTE			**1,716**		
Intensity ratio ($tCO2_e$ per FTE - Scope 1,2 and 3)			**0.78**	***0.95***	

Energy efficiency actions

In 2024 the group will continue to support a sustainability minded culture to reduce the carbon emissions across all the business activity. In order to achieve this objective, the carbon consumption data will be collated quarterly and communicated to the wider business to ultimately become part of a set of ambitious targets allocated per team.

Through the World Land Trust's Carbon Balanced programme, the LLP offsets its unavoidable emissions by purchasing verified carbon units to offset the equivalents tonnes of carbon dioxide consumed annually, leaving it at net zero emissions. The LLP's contribution made via the carbon balance fund is invested in the long-term protection & restoration of threatened tropical forests in Caribbean Guatemala.

7IM LLP recognises its responsibility to help protect the environment and aims to promote high standards of environment and social practices as outlined below:

Environmental impact

7IM LLP does not engage in activities that are generally regarded as having a high environmental impact. Any direct environmental impact stems primarily from the gas and electricity used to heat, cool and power our offices, business travel and waste disposal of IT equipment and paper. 7IM LLP is committed to monitoring and reviewing its environmental performance in these areas through its Culture and Sustainability Committee.

Carbon footprint

7IM LLP's greenhouse gas emissions mainly result from office-based business activities and business travel between London, Edinburgh and Jersey. Consequently, this is where effort is focussed to reduce its impact. 7IM LLP aims to reduce the carbon footprint of its activities by improving efficiency of our offices and by opting for video-conferencing for distance meetings where possible and a preference for rail over air travel where possible.

Energy

Electricity is consumed for day-to-day business operations, lighting and air conditioning as well as for powering IT devices and technical infrastructure. Various initiatives have been put in place to reduce the environmental impact including selecting IT equipment with better energy efficiency ratings and transitioning to lighting that uses motion detectors, as well as a program to roll out LED lighting (replacing fluorescent lighting) in our Edinburgh office, successfully completed in Summer 2023.

06.25