CAPITAL
INTERNATIONAL GROUP

Conscious Capital Sustainability Report

Year Ended - 31 December 2024

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Annual Conscious Capital Sustainability Report

of Capital International Group Limited and its subsidiaries for the year ended 31 December 2024

Isle of Man Registered Company No. 123722C

9th May 2025

Contents

Conscious Capital

Business Sustainability Report

For the period ending 31st December 2024

We believe in the importance of disclosing information covering the three sustainability indicators of environment, social and governance (ESG) against our annual performance. The Group first set out its ESG Purpose Statement in 2020, whereby we aim to be net positive from a social aspect giving back to our community and our environment. In addition to setting out our stewardship commitments to our investment management clients, the Statement also sets out our ethical approach to our people; our culture; our corporate social responsibility; our business ethics and governance responsibilities; and our environmental commitments. Together, these principles have become known as Conscious Capital and are built upon our founding values of innovation, integrity, and excellence.

The Group Board operates a Conscious Capital Forum to manage and drive momentum on these initiatives around the business and to ensure that they are embedded in all aspects of the Group's strategy, business plans and culture.

Through Conscious Capital our mission is to become Net Positive by sustainably creating positive value for all our stakeholders, and in so doing, reduce the impact of our business activities on the environment and have a positive impact on our society. This mission is built around four strategic themes, namely:

Investing Responsibly

Leading the Island's Responsible Investment activity

We are among the pioneering signatories from the Isle of Man to the UN PRI, demonstrating our commitment to the six principles of responsible investment across our entire portfolio.

Financial Wellbeing

Making money work better for our clients, our people and our communities

We will achieve this through responsible and ethical business activities for our clients, our people and our communities.

Community Impact

We are committed to supporting our local communities

We will achieve this through focused support of local community and charitable initiatives in the Isle of Man, South Africa and Tanzania.

Climate Change

We have set an ambitious target of becoming carbon neutral by the end of 2025

We will achieve this by delivering annual reductions in our carbon emissions and through targeted support for sustainability projects.

WEF value creation adherence of

87% (2023: 77%)

Total emissions reduction of

12.6%

£85,000

financial assistance for charities and local causes

tCO_2e per Full Time Employee down to

(0.12)

24%

increase of renewable energy used

Number of training hours provided

5,904

19,174

total trees planted since 2020

11% Increase in colleague engagement in sustainable initiatives

Net Positive

Creating positive value for all.

This Sustainability Report sets out the significant progress that the Group is making towards attaining its Net Positive mission through the various initiatives that are undertaken year on year.

World Economic Forum Common Metrics

We have adopted the World Economic Forum's (WEF) common metrics of sustainable value creation and we track our progress towards achieving these through the four pillars of People, Planet, Prosperity & Governance.

We score each of the core and expanded principles based on multiple criteria of coverage and support to measure our alignment and progress with each metric. Below shows our restated position of alignment and progress year on year:

	2021	2022	2023	2024
People	44%	54%	80%	94%
Planet	48%	56%	73%	78%
Prosperity	59%	66%	75%	83%
Governance	40%	51%	79%	89%
Total	**48%**	**57%**	**77%**	**87%**

This year, we had an internally assessed score of 87% (2023:77%) adherence against the specific metrics. We recognise that it is highly unlikely that we will be able to achieve 100% adherence across all pillars and consequently set a target of reaching 80 to 85% adherence. This year, we have exceeded that target thanks to the dedication and progress of our Conscious Capital team.

People

There are fifteen common metrics in the People pillar. Two of these principles (both expanded) are either not directly relevant to our business activities, or we have no direct influence or impact over, consequently these are excluded from our scoring metric.

Reporting Themes:
Dignity & Equality,
Health & Well-Being
Skills for the Future

During the year we have worked hard to better align our Human Resource practices with the WEF metrics framework and it is pleasing to see our score in this pillar increase significantly from 80% last year to 94% adherence to these principles in 2024.

Investing in our people through structured training and continuous professional development has been a key strategic driver for the business over many years and this investment has been reflected in high metric scores across all areas.

WEF Metric 13. Total Training Hours saw the Group spend £571 on average on training per person and provide 5,904 hours of training.

During the year, we offered several Skills Training and other informative sessions to employees covering a broad range of financial, wellbeing and environmental topics that included:

- Inner Alchemy – Mental Wellbeing
- Financial Planning (Wellbeing)
- Mental Health and Wellbeing First Aiders
- AXA Healthcare Overview
- Samaritans – Learn to Listen
- Disability Awareness Workshop
- Insights Discovery – personal effectiveness training
- Domestic Violence Awareness
- Manx Wildlife Lunch and Learn

Our People and Culture team manage an active program of health, wellbeing and anti-discrimination support for all employees and individuals are encouraged to share their concerns and speak out about their experiences whenever appropriate.

During the year, in our South Africa offices we set up an Employment Equity Forum. The Forum aims to promote fairness, eliminate discrimination and achieve equity in the workplace.

Planet

There are sixteen common metrics in the Planet pillar. Eight of the sixteen principles (two core and six expanded) are either not directly relevant to our business activities, or we have no direct influence or impact over, consequently these are excluded from our scoring metric.

Reporting Themes:
- Climate Change
- Nature Loss
- Freshwater Availability
- Water & Air Pollution
- Resource Availability
- Waste Management

Our score in this pillar has increased from 73% last year to 78% adherence to the principles.

During the year, we continued to develop our initiatives to reduce our Scope III carbon emissions. We introduced a new Bus Travel scheme this year to aid with our commuting emissions which has seen positive improvements, as well as the continuation of the electric vehicle and bike schemes for employees, hybrid working initiatives, greater use of video conferencing and joining the new greener energy transition on the Island.

Within our measurement of Scope III emissions, we include staff commuting and business travel and while we have initiatives to limit the carbon emissions impact of these areas, we are unable to reach net zero in its entirety in Scope III. To offset these emissions, the Group redeemed carbon credits in support of a verifiable community housing project and waste management project in Cape Town, South Africa. Please refer to the Carbon Offset section on page 11 for full details.

Some key metrics of note:

WEF Metric 19. Impact of GHG Emissions saw a reduction in our Societal Cost of Carbon to £12,084 (2023: £26,167) based on the market traded carbon values per ton of CO_2.

WEF Metric 31. Resource Circularity focuses on our consumption of renewable energy as a percentage of our total energy consumption. Due to the Isle of Man's Green Tariff initiative, our renewable energy consumption rose from 56% to 80%.

Prosperity

There are twelve common metrics in the Prosperity pillar. Last year, we scored highly in this pillar with a 75% adherence and this year, our score rose further to 83% adherence to these principles.

Reporting Themes:
- Employment & Wealth Generation
- Innovation of Better Products & Services
- Community & Social Vitality

The number of people employed by the Group continues to increase and our active programs of diversity and health and wellbeing enable us to comprehensively monitor and track our employment and financial wellbeing across the Group.

We operate an active, hands-on approach to all community initiatives that the Group feel passionate about, and this has led to fantastic partnerships with charities and organisations in the Isle of Man, South Africa and Tanzania.

We have invested heavily in innovation and product development, most visibly with the launch of Capital International Bank, our Sustainable Alpha investment philosophy and the Group's wider Net Positive agenda.

This year we established the Capital International Bank Community Fund to provide further support and funding opportunities to local charities and through this, were able to support SARDA, Isle Listen and Hospice Isle of Man.

Furthermore, our commitment to being a signatory to the UN Principles of Responsible Investment (UNPRI) means that we have now implemented a 'Responsible Investment' approach across all of our investment management activities.

Throughout 2024, we provided **more than £85,000** in support, funding and sponsorship **to over 30 charities** across the Isle of Man, South Africa and beyond.

Governance

There are twelve common metrics in the Governance pillar and our score has increased from 79% last year to 89% adherence to the principles. During the year, we have reviewed our purpose statement to ensure our Group's sustainability purpose is fully embedded into our strategic initiatives, policies and goals.

Reporting Themes:

- Governing Purpose
- Quality of Governing Body
- Stakeholder Engagement
- Ethical Behaviour
- Risk & Opportunity Oversight

The Group's Risk Management framework continues to evolve and is thoroughly embedded in all day to day operational activity through a clearly defined three lines approach. All identified risks are tracked and managed through specialist risk management software and this in turn supports the detailed and comprehensive Business, Technology and Client Risk Assessments for each regulated trading entity.

During the year a full review of the scoring and measurement for the WEF common metrics framework was undertaken generating a score for our adherence and progress towards the value creation metrics. This supports our Net Positive purpose statement in creating positive, lasting impacts for our stakeholders.

We focus on the material issues impacting one of our greatest stakeholders, our people. From our annual Sustainability Engagement Survey, we have seen an increase in the levels of engagement in our sustainable initiatives, and use the key themes highlighted as our area of focus for the year ahead to ensure active engagement.

2024 Engagement Results

- 63% attended at least one event
- 37% did not attend any event

2023 Engagement Results

- 52% attended at least one event
- 48% did not attend any event

Carbon Emissions Report

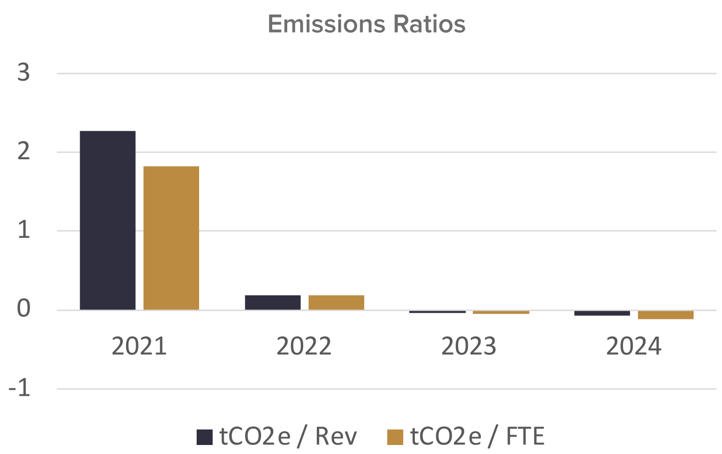
During the year, the Group engaged with Carbon Responsible to undertake an annual analysis of the carbon emissions from the direct and indirect outputs from our business operations. This is the sixth consecutive year that such an analysis has been conducted and the emissions report has been prepared using the GHG Corporate Reporting and Accounting Standard, using the UK Government Reporting and Conversion methodology and conversion factors.

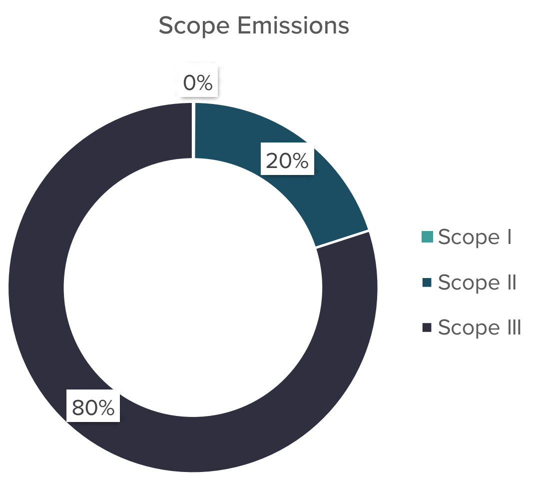
Our carbon emissions are measured by revenue and full time employees (FTE) intensity across Scope I, II and III emissions. The table below shows these emissions and intensity metrics.

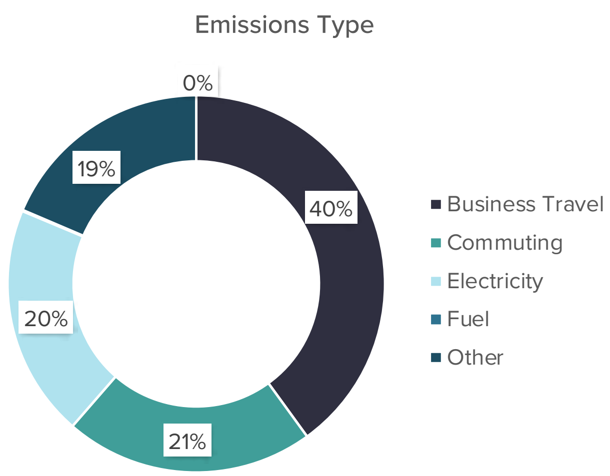
	2021		2022		2023		2024	
	tCO_2e	% Chg	tCO_2e	% Chg	tCO_2e	% Chg	tCO_2e	% Chg
Scope I	19.50	(7.8%)	6.47	(66.8%)	5.65	(12.7%)	0.33	(94.2%)
Scope II	126.04	(40.3%)	157.95	25.3%	85.86	(45.6%)	65.07	(24.2%)
Scope III	199.95	63.5%	259.55	29.8%	282.31	8.8%	261.20	(7.5%)
Total	**345.49**	**(2.5%)**	**423.97**	**22.7%**	**373.82**	**(11.5%)**	326.60	(12.6%)
Credit Redemption	-	-	385.04	-	385.04	-	350.00	-
Total	**345.49**	**(2.5%)**	**38.93**	**(88.7%)**	**(11.22)**	**(128.8%)**	(23.4)	(108.6%)
tCO_2e / Rev	2.27	(15.6%)	0.18	(92.1%)	(0.035)	(119.4%)	(0.07)	(75%)
tCO_2e / FTE	1.82	(18.1%)	0.19	(89.6%)	(0.05)	(126.3%)	(0.12)	(140.0%)

When looking at the emissions ratios as a percentage of total revenue over the last four years, there has been a 103% reduction and another 107% reduction in emissions as a percentage of FTE. This is a significant reduction and has been achieved through our initiatives focusing on Scope II and III emissions.

Our Scope II emissions include our renewable energy tariff for our Isle of Man electricity consumption. The renewable energy certificate for the period ending 31st December 2024 will be issued in July 2025 and is expected to confirm a 68% (2023: 31%) reduction in Scope II electricity consumption for the reporting period.







Scope I

Scope I emissions cover all emissions derived from the direct combustion of fuel. As a financial services business, our Scope I emissions have decreased and account for less than 1% (2023: 1.51%) of total emissions. These principally arise from the consumption of heating oil in our South African office.

There are no longer any Scope I emissions generated from the Isle of Man.

Scope II

Scope II emissions primarily cover transmission and distribution emissions derived from the consumption of electricity. Scope II emissions account for 20% (2023: 23%) of the total, with 0% (2023: 19%) of this total arising in the Isle of Man and 100% (2023: 81%) in South Africa.

All lighting in the South African offices is LED and wherever possible air conditioning usage has been reduced. In the Isle of Man, a program of lighting upgrade to LED continues at Capital House and heating / air conditioning is controlled centrally to reduce unnecessary spikes in temperature through the building.

On the Isle of Man, Manx Utilities offer a Guaranteed Green Tariff that undergoes an annual audit. Signing up to this initiative in 2023 resulted in all generated electricity supply to Capital House now being sourced from renewables. The next audit of this energy transition is due to be completed in July 2025 and will be provided by Manx Utilities in the form of a renewable energy certificate which will then be verified by our third party carbon emission report.

	Green Tariff Excluded	Green Tariff Included	% Change
Scope II emissions (tCO_2e)	203.45	65.07	(68%)

For 2024 reporting, Scope II includes only electricity consumption from the South African office.

Scope III

Scope III emissions cover all emissions generated from the purchase of services and include employee commuting, business travel and hotel stays. These emissions account for 80% (2023: 76%) of total emissions. Within our Scope III emissions, employee commuting accounts for 27% (2023: 38%), and business travel accounts for a further 50% (2023: 48%) of our Scope III emissions. In total, Scope III emissions saw a decrease of 7.5% (2023: increase 8.8%) in 2024.

Scope III emissions remains the most challenging for the Group to reduce, not least because long-term reductions will require significant and permanent changes to the way individuals travel to and from work, and presently there is no Government led green transport strategy for either the Isle of Man or South Africa. Consequently, it is extremely difficult for the Group and our employees to act unilaterally to eliminate commuting emissions.

Positive action to reduce our Scope III emissions was undertaken this year and this included the establishment of a subsidised bus travel scheme for all employees on the Isle of Man which has seen our commuting emissions drop by 35%. We also continued with a redistribution of our electric vehicle (EV) scheme for all employees on the Isle of Man with access to the EV charge points that have previously been installed at Capital House (accessing green electricity) and relaunching an eBike scheme.

The Group operates from three geographical centres and our client base is truly international. Despite heavy investment in Teams based telephony and video conferencing, current and prospective client relationships still require face to face in person engagements to build trust. However, our business travel has seen a reduction this year of 3%.

Over the next few years, we expect emissions from business travel and employee commuting to remain high and as a result we have taken active steps to invest in verifiable renewable offset programs to neutralise these emissions in a responsible manner.

Carbon Offset

During the year, the Group redeemed 350tCO_2 (2023: 385 tCO_2) of carbon offsets, investing into two projects; the Stellenbosch Community Recycling project and the Kuyasa Project. The Stellenbosch Recycling project works with communities and governments to establish local recycling operations, focused on community-based waste collectors in the Western Cape. The Kuyasa Project is a low-carbon housing development project in one of the poorest and most vulnerable corners of Khayelitsha, in the Western Cape. The project focuses on installing solar water heaters (110 litre units), ceilings and compact fluorescent energy efficient lightbulbs (CFLs) to local houses, which saves households money that would have been spent on coal-fired electricity and supplementary paraffin, improves indoor air quality and reduces greenhouse gas emissions.

Members of Capital International Group's Cape Town based team including the Group's Chairman, visited the site based in Khayelitsha to see first-hand some of the work being completed. Full details of both of these projects and their greenhouse gas verification reports can be found here: Stellenbosch Community Recycling Project and Kuyasa Project (www.crediblecarbon.com/offset-projects/kuyasa/)

Whilst we have reduced the value of our offsets this year, we have also seen reductions in our emissions through our sustainable efforts and as a result, these redemptions have assisted with offsetting all of the Group's Scope III emissions and reduced total emissions to below zero.

Over the last three years, we have also invested heavily in a major tree planting offset initiative on the Isle of Man and in South Africa.

4,285 trees were planted through the Group's efforts during 2024. We have planted over 19,000 trees in the last five years, and we intend to plant the remaining 5,826 trees by the end of 2025. Over their lifetime, these trees are expected to absorb circa 250 tonnes of CO_2 per annum. This equates to approximately 77% of our current carbon emissions before taking account of our carbon credit offset initiatives.

Numbers of Trees Planted

	2020	2021	2022	2023	2024	Total
Isle of Man	350	3,118	7,500	1,200	1,285	13,453
South Africa	-	983	1,032	706	3,000	5,721
Total	350	4,101	8,532	1,906	4,285	19,174

In addition, the Group is committed to investing in targeted local community support and sustainability schemes on the Isle of Man and in South Africa. Wherever possible these schemes will be actively supported by employee participation and engagement.

Our People

We have a passionate and dedicated team of individuals, not only within the Conscious Capital Forum, but throughout the Group and we pride ourselves on celebrating all the work and accomplishments that our colleagues achieve both within and outside of their normal working day.

From marathon runners to Parish walkers and all of the charitable activities in between, our team are always proving their dedication, strength and generosity.

In September 2024, 14 volunteers from across the Group embarked on the trip of a lifetime to work on our continuing Conscious Capital Community Service Project – The Huruma Orphanage in Tanzania. The volunteer team worked on several projects while at the orphanage, you can read more about the initiative in the Community Support section on page 14.

2024 Mountain Ultra Trail 60km Marathon, SA - Nic Köhne

T-rex Thunder Run in aid of Manx Mencap, IOM

Ramsey Half Marathon, IOM
Sammy MacDonald

2024 Manx Telecom Parish Walk, IOM - Dulcie Teare & Connal Jacques

Zurich Seville Marathon
Clive Dugdale

Community

We run a number of active community support programs, both on the Isle of Man and in South Africa. As well as providing sponsorship support to multiple charities, sporting teams and individual endeavours, during the year, all employees are encouraged to give at least two working days to charitable and community support activities of their choice.

Throughout the year, we have provided support to over 30 different charities and individuals, amounting to more than £85,000

Manx Mencap – Empowering Our Learning Disability Community

live at home – Supporting independent living – Charity No. 1229

Hospice Isle of Man

Manx Wildlife Trust – Treisht Bea-Feie Vannin

National Search And Rescue Dog Association – NSARDA

Cruse Bereavement Support Isle of Man

MANNIN CANCERS SUPPORT GROUP

Energy and Sustainability Centre IoM – Ynnyd Bree as Lhiasaghey Neustroialtagh Vannin

Manx Breast Cancer Support Group

Peel Golf Club – Isle of Man

Isle of Man Badminton – Vadmyntyn Ellan Vannin

Isle of Man Woodland Trust

Biosphere Isle of Man

ISLE LISTEN – Because Minds Matter

Football Club Isle of Man – Bee Ny Share

Arlo's Adventure

Souper Troopers – Est 2014

IOMSRA

Isle of Man Food bank – Crisis Support & Guidance

CRAIG'S HEARTSTRONG FOUNDATION – Working at the heart of the Manx community

Partnerships

We have long standing partnerships with the Isle of Man Woodland Trust (www.woodlandtrust.im) and the Manx Wildlife Trust (https://www.mwt.im) in the Isle of Man and Souper Troupers (www.soupertroopers.org) in Cape Town.

In South Africa, we have supported Souper Troupers over a number of years, with both regular financial contributions and engagement support from our South African employees. This work has helped enable Souper Troupers to launch the Humanity Hub in Cape Town in early 2021, through which Souper Troupers provide access to their CAST rehabilitation program to support homes and disadvantaged people to get off the streets and back into society and work.

In 2023, the Group established a new Conscious Capital Community Service Project – The Huruma Orphanage. The Huruma Children's Trust is an orphanage located in Arusha, Tanzania, that provides basic education, vocational training, and a safe place to live for children. In September 2024, the Group sent a team of 14 volunteers, for the second year running, from the Isle of Man and South African office to the orphanage for 10 days to work with the children and on the facilities in their area, after reaching their individual fundraising targets for supplies and equipment.

Looking ahead to 2025, we have established a central location for managing our growing community support through the Conscious Capital Charitable Foundation. This initiative will help combine our passion of Sustainability, Community and People.

We have already entered into a partnership with the Isle of Man Badminton Association for the coming year to become their flagship sponsor and provide financial support for their team endeavours throughout the year.

We are the first sustainability sponsor of the Graduate and Young Professional Fair for 2025, a key Island wide event that demonstrates our commitment to sustainability, community and people.

In South Africa, we have expanded our community partnerships to include the amazing charity Resthaven, who serve those placed in care including children, adults and the elderly. They operate from several locations in the southern suburbs of Johannesburg providing various facilities, safe houses and clinics as well as food, clothing, shelter and care to those in need.

The Huruma Project 2024

2025 Graduate & Young Professional Fair

Sustainable Alpha Report

Capital International Group operates several regulated activities including Investment Platform, Investment Management and Banking operations. Sustainable Alpha is applied to the operations of our Investment Management of client funds and does not include our other operations. Our Sustainable Alpha investment approach seeks out companies with long-term sustainable investment returns and invests to achieve a positive impact on global prosperity and wellbeing. Sustainable Alpha is based on our conviction that clients can achieve their financial goals through sustainable investments that make a positive impact. This investment approach targets returns that are sustainable, not only for our clients, but also for society and the environment too. It's the ultimate win-win scenario.

It is important to note that whilst our aim is to invest in assets that deliver sustainable profitability, it's not about virtue investing and we do not take an exclusionary approach to asset selection. To the contrary, we believe that all sectors are required for prosperity; a company doesn't have to be perfect in terms of sustainability today but what we are looking for is evidence of and a commitment to progress.

In essence, Sustainable Alpha is about identifying companies that can consistently increase the value they create, whilst reducing the resources they consume.

Sustainable Alpha

In practical terms we ask two questions. Firstly, does a business have sufficient thrust to drive it upward? Are its products or services sufficiently in demand, with a competitive advantage in growing markets? We seek strong growing businesses, but that alone is not enough. Equally important is to ask, does the business constantly reduce its drag – in terms of the cost of the organization, including resource utilization? Quite simply, efficient companies have higher financial performance and lower environmental impact.

And, of course, business that can achieve increasing thrust and reducing drag will fly - this what we call Sustainable Alpha.

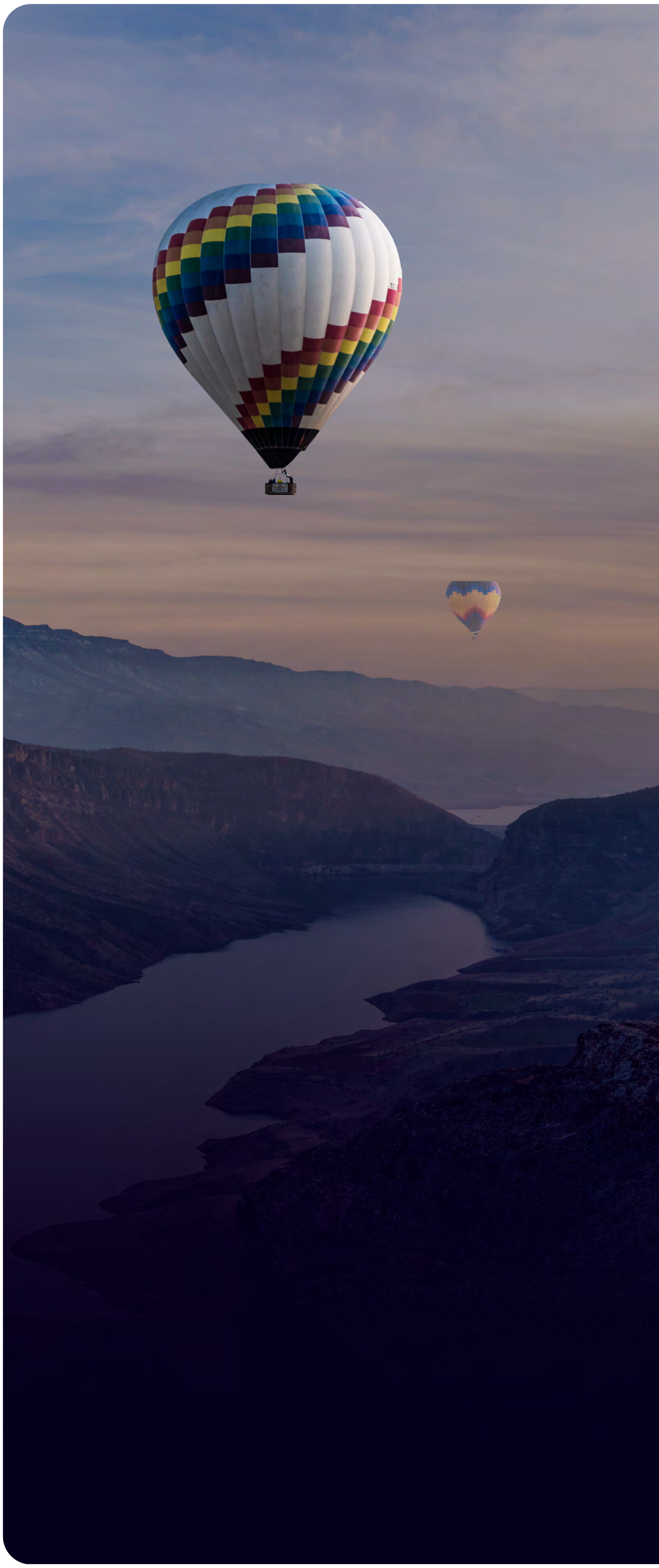


Image Copyright of Locate Isle of Man (photographer: David Lovelady)

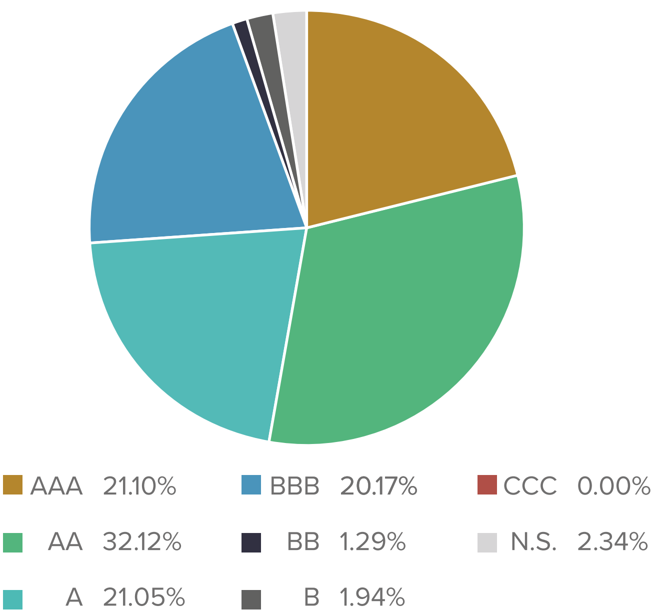
Conscious Capital Assessment

The analysis of ESG serves to:

1. identify long-term risks that could impact the future business environment;
2. mitigate factors which may impact operational costs;
3. avoid costly governance failures;
4. reduce the cost of capital and accounting irregularities; and
5. effective implementation will highlight sustainable business models and more predictable financial outcomes.

We believe that all sectors are necessary for prosperity and do not exclude any asset outright from our investment universe on ESG grounds. It is important, therefore, that a company's ESG impact is assessed relative to its industry or sector. We also believe that a coherent ESG policy is essential for long term creation of shareholder value and expect companies to have a credible strategy to address any ESG weaknesses over the medium-term.

MSCI ESG Rating - Direct Equity Holdings



We believe that value can be added by working with management to address ESG risk factors. How a company's ESG rating develops over time will have an impact on shareholder returns and Sustainable Alpha may be derived from investing in future ESG leaders, as they are rerated by market participants.

Global Frameworks

As the Isle of Man's first signatory to the UN PRI, we are committed to the six principles of responsible investment in all our investment activities:

1. incorporate ESG issues into investment analysis and decision-making processes ;
2. be active owners and incorporate ESG issues into our ownership policies and practices;
3. seek appropriate disclosure on ESG issues by the entities in which we invest;
4. promote acceptance and implementation of the principles within the investment industry;
5. Work together to enhance our effectiveness in implementing the principles; and
6. report on our activities and progress towards implementing the principles.

External Ratings and Data

We utilise the following external data providers to gather meaningful quantitative and qualitative analysis of the assets that we own.

- MSCI ESG Ratings
- Sustainalytics ESG Risk Rating
- Bloomberg Green and Bloomberg ESG data
- Reuters/Refinitiv
- Berenberg ESG Research and BDSG Framework
- SandP Global

In addition, our inhouse ESG research and analysis forms the basis of our internal Conscious Capital views on assets, enabling us to construct portfolios using a holistic approach integrated into our strategic and tactical asset allocation and our asset selection processes. The following chart assesses the average MSCI rating of the companies in which we invest. MSCI ratings offer distinction between companies operating in the same industry and can be more meaningful for peer analysis. They assess the materiality of the key ESG risks facing an industry and analyse a company's exposure to these risks with a focus on how they are being mitigated by management.

We include below some background on our AAA rated companies, which indicates the seriousness with which they are taking ESG criteria, and the steps with which they are mitigating and improving their own internal Environmental, Social and Governance processes:

Microsoft

A leader in privacy and data security and opportunities in clean technology. Microsoft is Paris agreement aligned, with a comprehensive decarbonisation target implying a 1.3°C temperature rise. It has been carbon neutral since 2012, and aims to be carbon negative by 2030.

Taiwan SemiConductor

A leader in corporate governance, corporate behaviour and human capital development. TSMC scores well in the avoidance of controversial sourcing and has been involved in very few controversies across all aspects of its business.

ASML

A shorter-term (2025) decarbonisation target leaves the company with a less than desirable implied temperature rise of 2.9°C, but we expect continued progress in the next set of targets. Impressively, ASML is aligned with 7 UN SDGs including reducing inequalities and improving gender equality.

Adobe

Paris agreement aligned, with a decarbonisation target implying a 1.3°C temperature rise. However, only 50% of the company is covered by its decarbonisation target. Adobe is a leader in corporate behaviour, human capital development and privacy and data security.

SAP

A leader in privacy and data security, human capital development and opportunities in clean technology. Adobe is Paris agreement aligned, with a comprehensive decarbonisation target implying a 1.3°C temperature rise. The company is also aligned with 6 UN SDGs.

Sony

In an industry with just 5% AAA rated companies, Sony is a leader in chemical safety, electronic waste management, and in the avoidance of controversial sourcing. It is, however, a laggard in supply chain labour standards and labour management and has been involved in some moderate controversies in that area.

External Ratings and Data (continued)

Unilever
A comprehensive 2040 decarbonisation target has the company Paris agreement aligned with an implied temperature rise of 1.4°C, which is impressive for a consumer staple company. Unilever is a leader in packaging material and waste and product carbon footprint but has lagged in corporate behaviour and raw material sourcing while being involved in some severe biodiversity and land use controversies. Its open acceptance of these issues and subsequent action to resolve them has resulted in the company's rating being upgraded twice in two years.

Equinor
Equinor realised the requirement for oil and gas companies to have a low carbon strategy as far back as 2017, committing to that process and rebranding itself as a result in 2018. It has been heavily involved in the exploration of the use of floating wind farms and hydrogen within existing gas infrastructure. Equinor is a leader in toxic emission and waste, community relations and biodiversity and land use. As an energy company, its decarbonisation target falls short of Paris agreement alignment.

Schneider Electric
A leader in toxic emissions and waste and opportunities in clean tech, Schneider Electric is Paris agreement aligned with a comprehensive decarbonisation target implying a temperature rise of 1.4°C. The company is aligned with 9 UN SDGs including responsible consumption and production, clean water and sanitisation, and affordable and clean energy. It is recognised for its software and equipment which serve to improve energy consumption and operational efficiency of buildings.

Diageo
A leader in water stress, product carbon footprint, and product safety and quality. Diageo is Paris agreement aligned, with a comprehensive decarbonisation target implying a 1.3°C temperature rise. The company is also involved in a large number of interesting initiatives in sustainable packaging but is yet to be considered a leader in this area.

Zurich
Has recently been upgraded to AAA in reflection of its climate mitigation activities including greater incorporation of renewable energy products and electric vehicles.
It is a founding member of the net-zero insurance alliance and the net-zero asset owner alliance and has pledged to achieve net-zero carbon emissions in its underwriting and investment portfolios by 2050. There is also strong female representation at the board level. Zurich is Paris agreement aligned, with a comprehensive decarbonisation target implying a 1.4°C temperature rise. It is, however, in an industry in which 20% of companies are AAA rated.

Orsted
An obvious leader in carbon emissions and opportunities in clean technology it may surprise that its implied temperature rise is as high a 1.8°C. This is a result of the increased use of coal in response to the European energy crisis, in addition to some specific biomass sourcing issues. The phasing out of coal has been postponed by a year as a result but we expect the long-term dynamic to be resumed and the company to maintain its top tier rating.

Vestas
Of all the companies we own, Vestas is most aligned with UN SDGs. The company is an outright leader in clean technology but has also been innovating towards full circularity for its wind turbines. Steel is readily recyclable but the turbine blades are often made of composite materials. In February 2023, Vestas announced a breakthrough chemical process to disassemble its epoxy-based turbine blades and will now focus on scaling up the process into a commercial solution.

Akzo Nobel
A leader in water stress, chemical safety and toxic emissions and waste, Akzo Nobel's core business powder coatings are sustainable, solvent-free finishings. However, they do require significant heat energy for application, so it is good to see the company using 100% renewable energy in North America while also Paris agreement aligned with a comprehensive decarbonisation target implying a temperature rise of 1.9°C.

Barratt Developments
Barratt Developments is a very well-run company, with a keen focus on doing things the right way. It is a leader in corporate governance, corporate behaviour and health and safety as a result. The company is Paris agreement aligned with an implied temperature rise of 1.3°C.

SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals

Our Fusion ESG portfolio focuses on global equity, bond and alternative managers with track records in managing ESG mandates and consists primarily of funds with a focus on positive impact strategies, resource sustainability and biodiversity.

Fusion ESG has seven key themes that aim to align to various UN Sustainability Development Goals (the 'SDGs'):

Fusion ESG Investment Theme	UN Sustainable Development Goals	
1. Clean Energy 	7) Affordable & Clean Energy 9) Industry, Innovation & Infrastructure 13) Climate Action	With a focus on decarbonisation and the transition to a Paris agreement aligned global economy, renewable energy leaders are a core component of this theme as solar and wind power maintains a lower all-in cost than fossil fuels. However, the transition to a greener energy mix will also require leaders in energy efficiency, energy storage, energy infrastructure and carbon capture.
2. Sustainable Agriculture 	2) Zero Hunger 12) Responsible Consumption & Production 15) Life on Land	Sustainable Agriculture focuses on ESG leaders in agricultural technology, precision farming, yield improvement, soft commodity supply chain management and sustainable land use. We recognise the value of timber and non-wood forestry products with the sector having the ability to preserve biodiversity, restore degraded land and mitigate climate change through carbon capture and storage. Addressing land use and nature loss are critical to preserving biodiversity and to ensuring a sustainable agricultural industry that is able to feed an increasing global population in harmony with nature.
3. Water and Waste Management 	6) Clean Water & Sanitation 14) Life Below Water	The theme encompasses ESG leaders in water management and treatment, water technologies, freshwater use, plastics and biogeochemical cycles, waste collection, recycling and reuse, energy recovery, landfill gas capture. We increasingly view water stress as one of the most important risks to a sustainable global economy, alongside carbon emissions. In most regions of the world, especially those with large populations, both the availability and quality of freshwater are deteriorating. This risk will increase as global temperatures rise while, in addition to the human impact, the continued loss of wetlands is damaging biodiversity.

SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals (continued)

Fusion ESG Investment Theme	UN Sustainable Development Goals	
4. Healthy Living and Nutrition 	3) Good Health & Well-being 4) Quality Education 5) Gender Equality	This theme focuses on the provision of physical and mental welfare, the treatment of disease and the improvement of dietary habits and consumption behaviours. The theme encompasses ESG leaders in the fields of nutrition, organic production, biotechnology and biological data. The theme also seeks to address health, gender and educational inequalities by highlighting companies that are making a positive impact. We understand that health and nutrition are fundamental to a sustainable global economy and that health and education inequalities have a detrimental impact from a societal and economic perspective.
5. Green Finance 	6) Clean Water & Sanitation 7) Affordable & Clean Energy 8) Decent Work & Economic Growth 9) Industry, Innovation & Infrastructure 11) Sustainable Cities & Communities	Green Finance is broad in its scope and recognises that companies are seeking finance to meet their net-zero carbon commitments as part of the global transition to a Paris agreement aligned economy. This theme is particularly important for the banking and investment sectors as financial institutions are responsible for directing capital to companies that have committed to sustainable and responsible management of their businesses.
6. Circular Economy 	12) Responsible Consumption & Production	It is not unimaginable that humanity could reach a position of total resource sustainability and in doing so end resource scarcity, waste and, ultimately, poverty. It would also put humanity in a position to have a profoundly positive impact on biodiversity and the environment. A circular economy is a particularly attractive goal for companies which exhibit high water and waste intensity.
7. Biodiversity 	14) Life Below Water 15) Life on Land	Biodiversity is an emerging concern which we believe is still widely overlooked. We believe there are significant opportunities to identify assets that have hidden intrinsic value in natural capital assets that provide a definable benefit to society and the economy. We also identify biodiversity leaders as companies that have committed to net zero biodiversity loss from operations by 2030 and those that have started to report on land use and nature loss management practices. This includes companies that recognise the biodiversity impact along their supply chains.

While these themes are not aligned directly with SDG 1: No Poverty, we believe that by fulfilling 11 of the 17 SDGs our portfolio companies will have a profound impact on absolute poverty.

CAPITAL INTERNATIONAL

UN Sustainable Development Goals (continued)

The SDGs not referenced in this list tend to be more ancillary and are superfluous in an investment context. These are:

10) Reduce inequality within and among countries;

16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levelss; and

17) Strengthen implementation and revitalize the Global Partnership for Sustainable Development.

Our focus is on generating sustainable capital growth over an investment horizon based on our investors' risk profiles. The seven themes are reflected throughout the equity content of our strategic allocations. Alternative assets may provide exposure to Clean Energy, Sustainable Agriculture and Water and Waste Management, but there are few opportunities in this asset class that provide exposure to the other themes.

74% of the funds in this strategy are Article 9 under the Sustainable Finance Disclosure Regulation (SFDR), meaning they have sustainability as a core objective. This is a high number given the recent spate of downgrades, and the remaining funds, which are predominantly Article 8, give us the flexibility to effectively diversify portfolio risk. The Fusion ESG strategy recognises that investor, corporate, government and consumer behaviours are shifting towards a more sustainable economic future.

Environmental Impact Measurement

We have changed the way we measure the environmental impact of our investments. Last year we used carbon, water, and waste intensity metrics. This year we are focusing on carbon Scope I and II, Carbon Scope I, II & III, and Temperature. We changed this due to the incomplete data for certain companies using the previous metrics, with the current metrics offering better and more relevant coverage in our view, and focusing our attention on carbon emissions.

Carbon Intensity - Scope I & II

World Index
124 tonnes / $1m sales

CIG Discretion
80 tonnes / $1m sales

Carbon Footprint - Scope I & II

World Index
813 cubic metres / $1m sales

CIG Discretion
1100 cubic metres / $1m sales

Carbon Footprint - Scope I, II & III

World Index
42 tonnes / $1m invested

CIG Discretion
34 tonnes / $1m invested

Temperature

World Index
2.5 degrees celsius rise

CIG Discretion
2.3 degrees celsius rise

Environmental Impact Measurement (continued)

The way we measure the environmental impact of our investments focuses on carbon Scope I and II, carbon Scope I, II, and III, and Temperature. Definitions of the metrics are below:

- Carbon intensity is measured using total GHG emissions, standardised into CO_2 equivalent emissions, per million of revenue
- Carbon Scope I covers direct emissions from sources that are owned or controlled by a company
- Carbon Scope II covers indirect emissions from sources that a company uses, like generating energy/electricity to supply power for operations
- Carbon Scope III covers all other emissions created by the company's value chain that are outside of the boundaries of Scope I and II (including emissions from suppliers and customers, and emissions from things like travel and transport).
- Temperature score is a forward-looking assessment of a company's climate-based impact, factoring in GHG emissions on the estimated global temperature rise. For context, Paris Agreement goals are to keep the global temperature rise this century below 2 degrees Celsius above pre-industrial levels, pursuing efforts to limit the temperature increase to 1.5 degrees Celsius.

This is an area that is evolving as more data becomes available and will be developed as more metrics are validated. Overall, we come in below benchmark in carbon Scope I and II and in Temperature in terms of our company exposure. We believe this demonstrates our commitment to limiting both greenhouse gases, and the likely impact on global temperature rise.

We do have higher carbon Scope I, II, and III readings in our portfolios. This is owing to a higher than benchmark allocation to the industrial and energy sectors. This is a result of our views on the current macroeconomic climate, our focus on value investing, and our consequent tactical overweighting of these areas. But this will evolve over time. We are conscious of the impact this asset allocation decision may have and notwithstanding this target sustainability leaders in these industries. At the same time, many companies in the benchmark that are not ESG leaders tend not to report much data, so their overall carbon impact in the index will go underreported.

Stewardship, Engagement and Voting

We are active investors and have adopted a Conscious Capital approach to corporate governance and engagement with investee companies. This includes voting on shareholder resolutions. We aim to exercise our shareholder rights at meetings of all our holdings, voting in favour for those resolutions where the spirit is aligned to good governance and the UN SDGs. We carefully consider shareholder resolutions for the appointment of directors, and for creating more focused sustainability reporting requirements, and balance the merits of these with the potential to limit management's efficacy.

In 2023 our voting activity can be summarised as follows:

Voting Summary	
Number of resolutions with voting rights exercised	**1379**
Voting in line with management	1316
Voting against management	63
% Voting against management	4.57%

In 2024 we voted against management's recommendations 4.5% (2023: 4.6%) of the time Otherwise, our voting activity can be summarised as follows:

Voting against the Disapplication of Pre-emption Rights in 2024		
Accenture	AtraZeneca	ASMI
HSBC	GSK	BAF
Rolls Royce	Shell	HICL
Diageo	BT Group	Barrat Developments
MandS	Kromek Group	

We continue to vote against the overriding of pre-emption rights, which was first introduced during the pandemic to help companies support their balance sheets. Pre-emption rights help protect shareholders from being diluted without their consent. This is particularly relevant to companies in the UK and Europe.

Voting for Independent Chairpersons in 2024	
Pfizer	ATandT

In terms of votes against management, we have been a long-term advocate of backing shareholder resolutions for US companies to separate chairperson and CEO positions in favour of an independent chair, recognising this to be a key component of board independence and one that diminishes top level conflicts of interest.

We also engage with investee companies to enhance governance with a view to reducing risk and improving returns, as well as ongoing monitoring the companies' trading performance.

When attempts to engage with a company are unsuccessful, we may vote against management on specific issues or ultimately disinvest.

Signatory of:

PRI Principles for Responsible Investment

Principles for Responsible Investment

During 2024 we made our second submission to the Principles for Responsible Investment, ("PRI"). This resulted is us receiving detailed feedback on how we can improve our ESG efforts in the future. A submission of this nature demonstrates a dedication to the responsible investment environment and a commitment for continuous improvement in our investment approach. We are continuously reviewing our approach and have taken the opportunity to further enhance this through the development of an active plan to continue to improve our current standing. We are satisfied with our assessment and preparations are underway for our third year of reporting.

Becoming a signatory of the PRI, we are committed to adopting and implementing, where consistent with our responsibilities, the six principles of responsible investing. We have outlined our approach towards these principles:

Principle	Approach
1: We will incorporate ESG issues into investment analysis and decision-making processes	We address an overall approach towards ESG issues within our investment policy and encourage ESG investment training amongst our senior investment team.
2: We will be active owners and incorporate ESG issues into our ownership policies and practices	We actively exercise our right to vote and publish our voting choices in our annual report and communicate our decisions internally.
3: We will seek appropriate disclosure on ESG issues by the entities in which we invest	Our responsible investment report has been included within our annual financial statements and now sits within our published annual sustainability report.
4: We will promote acceptance and implementation of the Principles within the investment industry	We are developing a plan to fully implement and integrate Principle 4 into our investment environment.
5: We will work together to enhance our effectiveness in implementing the Principles	Through our voting approach we actively address emerging issues.
6: We will each report on our activities and progress towards implementing the Principles	We generate quarterly reports highlighting our progress on our investment activities and ownership activities, raising awareness among a broader group of internal stakeholders.

Create Tomorrow.
Start Today.

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