

TwentyFour Asset Management LLP

UK TCFD Report

Year ending 31 December 2024



“We acknowledge that our clients’ climate change preferences and ambitions may differ and accordingly we have not set transition targets or imposed climate-related exclusion policies unless agreed with our clients; instead we offer different solutions to support our clients’ varying goals.”

Strategy for Climate-Related Risks and Opportunities



In 2024 we published our inaugural Task Force on Climate-related Financial Disclosure (TCFD) Report for TwentyFour Asset Management LLP (together with its subsidiaries, “TwentyFour” or the “firm”). In this report we will provide an update on TwentyFour’s implementation of the TCFD recommendations and our current strategy to climate-related risks and opportunities, including how TwentyFour considers, manages and oversees climate change across the business.

Given our fiduciary duty to our clients, we aim to help interested clients navigate climate-related risks and opportunities, while operating within the bounds of TwentyFour’s clients’ objectives and risk appetite. In this capacity we incorporate climate considerations into our investment process like any other investment consideration.

Climate-related risks and opportunities also impact TwentyFour as a corporation and in this capacity the firm is impacted by, and directly/indirectly contributes to climate-related risk, opportunities, and the climate.

This report will set out our approach during the reporting year to climate-related risks and opportunities in both capacities. We again acknowledge that implementation of the TCFD recommendations is a journey which will continue to evolve over time, and we undertake to continue to refine our climate strategy and engagement on this important topic.

Ben Hayward

Partner, Chief Executive

Sujan Nadarajah

Chief Compliance Officer

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Introduction



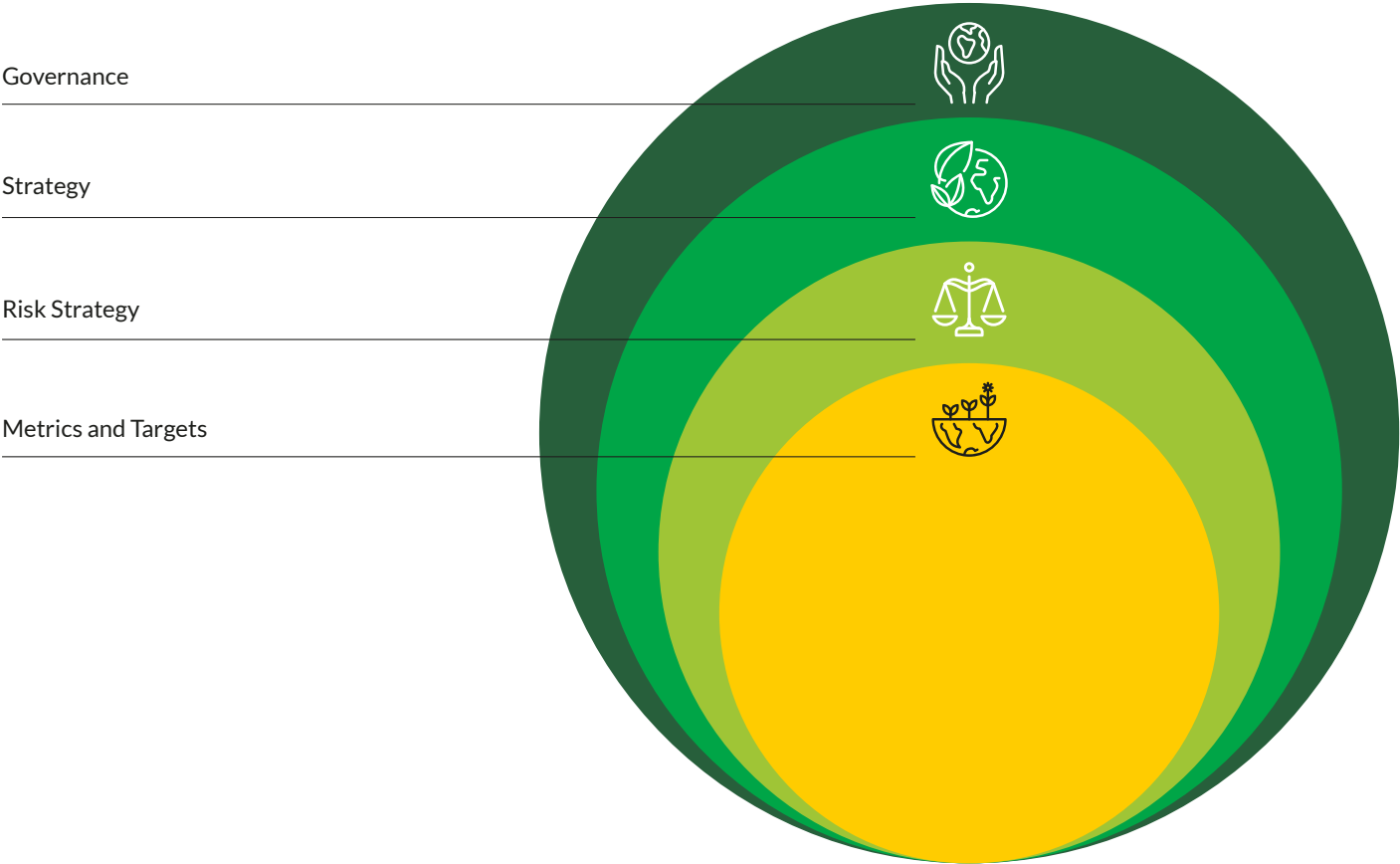
The purpose of this report is to disclose TwentyFour’s approach and procedures against the TCFD’s four core pillars and in line with the rules developed by the Financial Conduct Authority (FCA) for asset managers.


At TwentyFour, environmental, social and governance (ESG) analysis is integrated into our investment process across all strategies and is seen as a financial risk to our investments, like any other. Climate change is one of the considerations factored in the environmental analysis that forms part of our investment process for all assets managed by TwentyFour.

We acknowledge that our clients’ climate change preferences and ambitions may differ and accordingly we have not set transition targets or imposed climate-related exclusion policies unless agreed with our clients; instead we offer different solutions to support our clients’ varying goals.

As an asset manager we have a fiduciary duty to our clients to seek to achieve the investment objectives of the funds they have invested in, or as agreed with them for segregated accounts.

Pillars of recommended climate-related financial disclosures



| Pillar | Recommendation to Asset Managers | Summary |
|---|---|--|
|  GOVERNANCE | Describe the board's oversight of climate-related risks and opportunities. | The Board has oversight of climate-related risks and opportunities via the ESG Committee and the Risk & Compliance Committee established by the Executive Committee. The ESG Committee oversees investment stewardship, policy and corporate sustainability, and the Risk & Compliance Committee oversees the firm's levels of risk, risk assessment and management, and compliance with regulation, together with sustainability risks including climate. |
| | Describe the management's role in assessing and managing climate-related risks and opportunities. | TwentyFour's Executive Committee is responsible for the firm's ESG strategy including climate-related risks and opportunities. The relevant committees and teams are responsible for implementation of the firm's ESG strategy and report back to the Executive Committee. |
|  STRATEGY | Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. | <p>Risks: regulation, market, government policy, product, regulatory, reputational and physical risks.</p> <p>Opportunities: increased demand for sustainability products/strategies.</p> |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. | Climate-related risks and opportunities are considered in the business strategy, investment process, and systems and controls. |
| | Describe how climate-related risks and opportunities are factored into relevant products or investment strategies, and describe how climate-related risks and opportunities are factored into relevant products or investment strategies and how each product or investment strategy may be affected by the transition to a lower-carbon economy. | Climate-related risks and opportunities form part of ESG integration in the investment process, in a manner that is consistent with the relevant investment guidelines. |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | TwentyFour considers climate-related scenario analysis using data from a third party vendor, in understanding the potential impact of climate-related transition and physical risks to the firm's business strategy over different time horizons. |

| Pillar | Recommendation to Asset Managers | Summary |
|--|--|--|
|  RISK MANAGEMENT | Describe the organisation's processes for identifying and assessing climate-related risk. | ESG, including climate change, is integrated into the firm's investment process with the portfolio management teams, as primary risk owners, considering climate-related risks appropriate to client portfolios. TwentyFour's Risk and Compliance functions oversee the firm's ESG-related investment and operational risks. |
| | Describe the organisation's processes for managing climate-related risks. | |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | The Risk function evaluates investment risk including ESG/sustainability risks on an ongoing basis to ensure risks are well understood and monitored appropriately to complement the first line of defence. With ESG being integrated into the investment process and systems and controls, it is considered within the firm's standard product development and incident management processes. |
| | Describe how material climate-related risks are managed for each product or investment strategy. | |
| | Describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks, in order to improve data availability and asset managers' ability to assess climate-related risks. | <p>TwentyFour has engaged with companies for a number of years on ESG factors and during 2024 TwentyFour held 133 such engagements, of which 62 were engagements on environmental issues. These engagements helped TwentyFour better understand the companies' approach and commitment to improving their positioning and oversight of ESG factors, including climate change.</p> <p>TwentyFour continues to observe improved engagement with companies over the years, as well as improved reporting.</p> |

| Pillar | Recommendation to Asset Managers | Summary |
|---|--|--|
|  METRICS AND TARGETS | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | TwentyFour discloses total Scope 1 and Scope 2 GHG emissions. |
| | <p>Asset managers should describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, asset managers should also describe how these metrics have changed over time.</p> <p>Where appropriate, asset managers should provide metrics considered in investment decisions and monitoring.</p> <p>Asset managers should describe the extent to which their assets under management and products and investment strategies, where relevant, are aligned with a well-below 2°C scenario, using whichever approach or metrics best suit their organisational context or capabilities.</p> <p>Asset managers should also indicate which asset classes are included.</p> | <p>TwentyFour considers backward and forward looking metrics that have been employed to disclose the product-level climate-related risks where sufficient coverage of data and data models exists:</p> <ol style="list-style-type: none"> 1. Scope 1 and Scope 2, and where appropriate Scope 3, GHG emissions 2. Weighted-Average Carbon Intensity 3. Carbon Footprint 4. Climate Value-at-Risk (forward-looking) <p>The term ‘product-level’ refers to segregated accounts and funds managed by TwentyFour.</p> <p>TwentyFour will be disclosing these metrics for the first time; no comparison against prior years is available.</p> |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | TwentyFour reports Scope 1 and 2, and, if appropriate, Scope 3 GHG emissions where source data is available and reliable. |
| | Asset managers should disclose GHG emissions for their assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology. In addition to WACI, asset managers should consider providing other carbon footprinting metrics they believe are useful for decision-making. | <p>TwentyFour disclosures will include Scope 1 and Scope 2, and, if appropriate, GHG emissions associated with its assets classes within fixed income.</p> <p>The firm discloses carbon footprint and financed carbon emissions for corporates and ABS, and WACI for corporates.</p> <p>The firm has also opted to disclose Climate Value-at-Risk across its products.</p> |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | In 2024, TwentyFour continued to support its clients’ climate change/transition ambitions by providing them with appropriate investment solutions. |
| | | |

Governance



Board's Oversight of Climate-Related Risks and Opportunities

The Board of TwentyFour is responsible for the firm's overarching business strategy and direction, which includes our sustainability strategy. While the Board is ultimately responsible for oversight of the risks and opportunities that the strategy may present, it delegates the day-to-day governance and management of the firm to TwentyFour's Executive Committee (ExCo). The firm's ExCo is accordingly responsible for TwentyFour's sustainability strategies, overseeing its implementation and keeping the Board apprised.

The Chair of the Board is responsible for setting the Board agenda with a focus on the strategy, impact on the business, performance and value creation, systems and controls including risk management and firm culture.

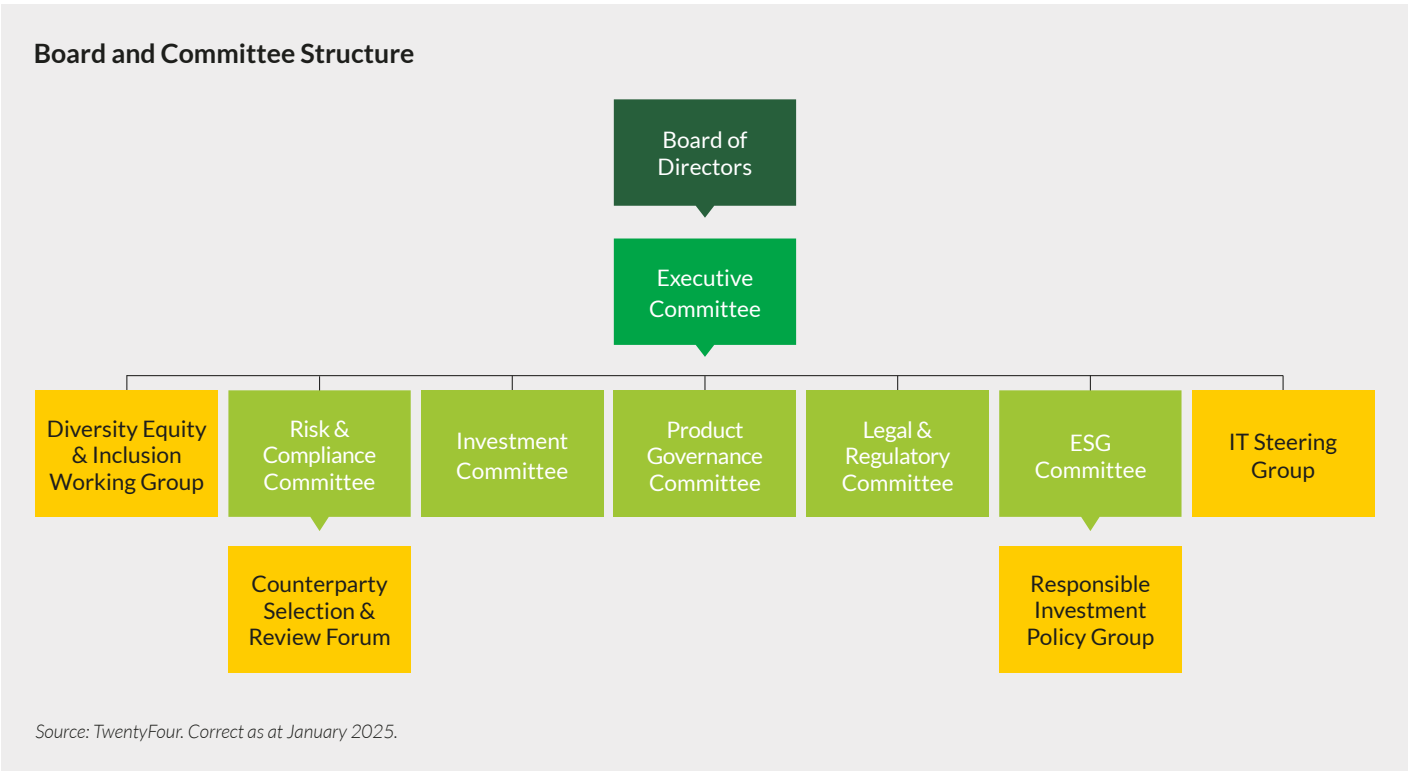
The Board is periodically updated on pertinent ESG matters, including sustainability, related regulatory matters and the impact or potential impact on the firm's products and services.

TwentyFour has a robust risk management framework to identify, assess and manage risks and opportunities including those related to sustainability and climate. ExCo receives a monthly report from the Risk function and the Board receives a quarterly report from the Chief Risk Officer (CRO) on key risks impacting our business.

Management’s Role in Assessing and Managing Climate-Related Risks and Opportunities

TwentyFour’s ExCo is headed up by the firm’s Chair and consists of the firm’s senior leadership team. The composition of the leadership team is kept under review and currently consists of representatives of the portfolio management teams, compliance and operations. ExCo is responsible for the firm’s ESG strategy, including sustainability and climate-related risks and opportunities for the firm as an asset manager and as a corporate entity.

To help ensure greater oversight of the issues facing the business and the decision making processes that underpin our business, ExCo has established committees to oversee certain aspects of the business. The committees report monthly to ExCo and in addition hereto, at least one member of ExCo sits on each of these underlying committees that report into it.



ESG Committee & Responsible Investment Policy Group

TwentyFour's ESG Committee has been tasked with continually developing and implementing the firm's ESG strategy and process across the business. The Committee is chaired by Sujan Nadarajah (ExCo member, CCO) with members and invitees from functional areas across the firm. The permanent members of the firm's ESG Committee comprise senior members of portfolio management, marketing, sales, compliance, risk, product and legal. The Committee has been deliberately made up of senior members of each business division within TwentyFour to ensure fair representation across the business, diversity of opinion and uptake of the initiatives proposed; ultimately this ensures ESG is implemented and embedded across TwentyFour. During the course of 2024, the ESG Committee reviewed its Terms of Reference and it was agreed to change the committee's frequency to bi-monthly, alternating with ESG Focus meetings with relevant stakeholders for more focused and technical discussions. Updates from the ESG Focus meetings are provided at each ESG Committee.

The Responsible Investment Policy Group (a subgroup of the ESG Committee), is responsible for agreeing TwentyFour's responsible investment policies, and comprises partner portfolio managers, the firm's CRO, CCO and Head of Legal.

Oversight by Risk & Compliance Committee

At firm-level a Risk Management Framework has been implemented that enables TwentyFour to effectively identify, monitor, communicate and manage risks across two key pillars: the business risk associated with the operation of the firm and the investment risk we assume on behalf of clients when investing in financial markets. Under the two pillars, each risk is identified and quantified through a combination of qualitative and/or quantitative measures.

TwentyFour employs the core risk management objectives (RMOs) of independence; analysis; monitoring; and understanding as the principles across the firm when considering the risk of our activity. ESG risks and their associated harms are considered across all areas of the firm's activity.

The TwentyFour Risk and Compliance Committee, co-chaired by the CRO and CCO, meets on a monthly basis and includes representation from across the firm. The Committee serves as the focal point for reviewing both portfolio investment risk and compliance; and firm-level risk including operational, technology, and compliance and regulatory risk. The Committee reviews the efficacy of the control environment, realised operational risk events and any emerging systemic risks/risk landscape changes that may impact client portfolios and the broader financial system. ESG considerations are integrated into these processes.

Strategy



Impact of Climate-Related Risks and Opportunities on TwentyFour's Business, Strategy and Financial Planning

TwentyFour's business is rooted in understanding and navigating fixed income markets, while managing investment risk along with clients' investment needs and goals.

We acknowledge the impact climate change may have on the global economy and financial markets as well as society, and the risk and opportunities both issuers and investors may face. As an asset manager and fiduciary our investment process is focused on considering relevant investment risks and opportunities that may impact portfolio construction.

TwentyFour deems ESG considerations as a financial risk to our investments like any other and seeks to include climate-related risks and opportunities as part of these ESG risk considerations, where relevant and mandated by the client(s). With ESG being embedded into our investment process, our portfolio management teams are responsible for incorporating ESG considerations in every investment they make. Every member of the portfolio management team at TwentyFour is responsible for considering ESG factors on every investment they make; we believe this ensures accountability.

Our strategy reflects our current ambitions for TwentyFour as an organisation, and in our role as asset manager we aim to support our clients to achieve their investment objectives and preferences. Accordingly, while considering ESG as a risk factor we have not, without instruction to do so, imposed any transition targets or climate-related exclusion policies on our client portfolios. As such we have developed a series of products to offer a range of investment solutions intended to cater to our clients' differing climate change ambitions. During the reporting year, TwentyFour launched its second sustainable fund with an investment objective to contribute towards the Paris Agreement's goal to keeping the maximum global temperature rise below 2°C, compared to pre-industrial levels.

TwentyFour's strategy over the 12 months to 31 December 2024 can be summarised as follows:

| Strategy | Key Actions |
|---|--|
| Grow business with reference to sustainable finance | Integrate, manage and measure sustainable finance considerations in the investment process and across the organisation, ensuring consistency of messaging and execution throughout the business |
| | Include transition assessment in engagement with issuers for majority of open-ended funds (across all strategies) |
| | Mitigate the identified ESG risks and realise the identified opportunities over the short, medium and long term |
| | Position TwentyFour as fixed income asset manager of choice through increasing range of sustainability offering |
| | Support ESG integration in the investment process through implementation of appropriate policies and access to relevant data sources |
| Ensure robust governance, risk management and compliance frameworks | Continue alignment with the recommendations issued by the global Task Force on Climate-related Financial Disclosures (TCFD) to support informed risk assessments, capital allocation, and strategic planning |
| | Strengthen ESG considerations in the RMP and compliance oversight framework |
| | Implement policies, systems and controls to support regulatory compliance |

| | |
|--|---|
| Contribute to improving ESG standards with stakeholders | Expand and deepen engagement with issuers, including on ESG issues, advocating for sustainable business practices |
| | Contribute to standard setting via involvement with industry bodies/peers |
| | Operate responsible supply chains |
| Maintain strong social and environmental considerations throughout business operations (CSR) | Integrate ESG considerations into staff objectives |
| | Operate on a carbon neutral basis (maintain zero Scope 1 emissions and minimal Scope 2 emissions) |
| | Use 100% renewable energy by 2026 in the London office |
| | Reduce air travel (where possible) |
| | Achieve DE&I commitments for 2024 (as per DE&I Statement) |

Underpinning the firm's strategy is:

1. Executive Committee responsible for ESG/sustainability and CSR
2. Integration across the business
3. Proprietary system that supports the integration of sustainable finance in the investment process

Climate-Related Risks and Opportunities Identified for our Clients' Investment Portfolios and our own Operations

Climate-Related Risks

TCFD recognises two broad categories of risk: physical risks and transitional risks.

Physical Risks

Physical risks can be event-driven or longer-term shifts in climate patterns. Event-driven physical risks, referred to as acute risks, include the risks associated with extreme weather events like hurricanes, wildfires and flooding. Physical risks that relate to changes in climate patterns, referred to as chronic risks, include the risks associated with increased frequency and intensity of extreme weather events. Physical risks may negatively impact resources available to issuers and value of investments, as well as business property and activities.

Transitional Risks

Transitional risks result from the move towards a low-carbon economy through changes to regulation, legislation, government policy, technology and investor and consumer behaviour, all of which may, over time, impact issuer's business models, business and corporate operations, financial market pricing, and value expectations.

To understand the physical and transitional risks TwentyFour's business faces, we have again conducted qualitative analysis using two scenarios:

"< 2°C" scenario: where global warming is limited to less than 2°C with net zero achieved by 2050; and

"4°C" scenario: where the goal of net zero by 2050 is not reached.

The firm again chose these scenarios to reflect the broad range of possibilities that could unfold given the differing levels of global engagement in tackling climate change.

Climate-Related Risks and Opportunities Identified for TwentyFour's Operations

As set out in the tables below, our analysis suggests a medium impact of climate-related risks and opportunities on the business operations of TwentyFour in the short to medium term. TwentyFour's exposure to climate-related risks is largely through the services we provide to our clients. We have identified both potential risks and opportunities related to the firm's infrastructure; however, as the firm is a tenant in a building with shared service providers we acknowledge that the firm's ability to affect change is limited.

For purposes hereof we consider:

Timeframe

Short term: 0–3 years

Medium term: 4–10 years

Long term: 10+ years

Impact rating

Low

Medium

High

Operational Risks Identified

| Operational Risk | Risk Description | Timeframe | Impact | Business Impact | Actions to Mitigate Risk |
|---------------------------|--|------------|--------|--|---|
| Physical: Acute & Chronic | Increase in frequency and severity of extreme weather events | Short term | | Increase in disruption of business operations, insurance costs | <ul style="list-style-type: none"> • Ongoing engagement with the building management on risk assessment of office locations • Working from home provisions in place |
| Transition: Regulation | Increase in regulatory requirements including regulatory reporting | Short term | | Increased costs; purchase of third party data and headcount requirements | <ul style="list-style-type: none"> • Appropriate committee structures to assess new impact of regulation • Robust processes across the business to incorporate regulatory changes • Systems and controls to ensure compliance with regulations |
| Transition: Market | Volatility of energy costs | Short term | | Increased costs | <ul style="list-style-type: none"> • Engagement with building management to ensure procurement of suitable energy provider/costs • Energy costs are minimal to the firm |

Table cont.

| Operational Risk | Risk Description | Timeframe | Impact | Business Impact | Actions to Mitigate Risk |
|-------------------------------|--|----------------------|--------|---|--|
| Transition: Government Policy | Divergence in regulatory requirement and expectations between jurisdictions | Short to medium term | | Increase in product offering to meet differing client and regulatory demands, additional data costs, legal costs and potential reputational risks | <ul style="list-style-type: none"> • Appropriate committee structures to assess new impact of regulation • Robust processes across the business to incorporate regulatory changes • Systems and controls to ensure compliance with regulations • Ongoing monitoring of regulation and government policy in jurisdictions that the firm operates in |
| Transition: Reputational | Damage to reputation due to perception that: <ul style="list-style-type: none"> • the firm has not responded appropriately/ sufficiently to climate change • the firm can not manage regulatory divergence | Short term | | Reduced revenue, increase costs to comply with regulations | <ul style="list-style-type: none"> • Ongoing monitoring of best practice • Ongoing monitoring of regulation and government policy in jurisdictions that the firm operates in |

Operational Opportunities Identified

| Operational Risk | Risk Description | Timeframe | Impact | Business Impact | Actions to Mitigate Risk |
|---------------------|---|----------------------|--------|-----------------------------|---|
| Resource Efficiency | Increased efficiency of office space, transportation options, promoting recycling | Short to medium term | | Decreased operational costs | <ul style="list-style-type: none"> • Deploy hybrid working to maintain existing office space as number of employees increases • Encourage more energy-efficient modes of transport where available and remove unnecessary air travel |
| Energy Source | Lower emission sources | Short term | | Decreased GHG emissions | <ul style="list-style-type: none"> • Engagement with building management to ensure procurement of suitable energy provider/costs • The building uses renewable energy • Business model is intrinsically low energy intensity |

Climate-Related Risks and Opportunities Identified for our Products and Investment Strategies

Since 2019 we have built out our proprietary relative value system, Observatory, to include our ESG scoring system. Observatory is utilised in the integration of ESG considerations including climate change risks in our investment decisions, in line with investment guidelines and business considerations. Observatory is kept under continuous review to incorporate regulatory updates and changes.

For purposes hereof we consider:

Timeframe

Short term: 0–3 years

Medium term: 4–10 years

Long term: 10+ years

Impact rating

Low

Medium

High

We look to reflect potential impacts of short, medium, and long-term climate change risks within our credit views where appropriate, and where this is not currently applicable we consider impact to issuer's bond characteristics over the mid-to long-term.

| Investment Portfolio Risk | Risk Description | Timeframe | Impact | | Business Impact | Actions to Mitigate Risk |
|---------------------------|--|------------|--------|--------|------------------|--|
| | | | < 2°C | 4°C | | |
| Physical: Acute | Increase in frequency and severity of extreme weather events disrupting issuer business operations | Short term | Low | Medium | Reduced revenues | <ul style="list-style-type: none"> Monitoring controversies and momentum of issuers Ongoing monitoring of allocations to climate-sensitive sectors Engagement with issuers on climate change mitigation For chronic risk, under 4°C scenario we believe issuers will have a longer period to adapt and therefore an opportunity to minimise the impact |
| Physical: Chronic | Longer term shifts in climate patterns impacting issuer business operations | Long term | Low | Low | Reduced revenues | |

| Investment Portfolio Risk | Risk Description | Timeframe | Impact | | Business Impact | Actions to Mitigate Risk |
|--------------------------------|---|----------------------|--------|-----|---|--|
| | | | < 2°C | 4°C | | |
| Transition: Current Regulation | Changes to regulation and divergence between jurisdictions Breach of current regulation and potential costs to the business | Short term | | | Regulatory fine | For issuers: <ul style="list-style-type: none"> Monitoring controversies and momentum of issuers Ongoing monitoring of allocations to climate-sensitive sectors Engagement with issuers on climate change mitigation For the firm: |
| Transition: Future Regulation | Changes to current regulation impacting stakeholders' existing positions and responses to regulation, managing divergence between jurisdictions | Medium term | | | Cost to business operations to ensure compliance; reduced revenues | <ul style="list-style-type: none"> Robust systems and controls to ensure compliance with regulation Appropriate committee structures to assess new impact of regulation Engagement with industry, trade bodies, regulator and client base |
| Transition: Market | Changes to client demand for more sustainable products | Short term | | | Business costs to ensure relevant product offerings; reduced revenues | <ul style="list-style-type: none"> Target market analysis Robust product process aligning our products with client ambitions Thorough annual product review Under the 4°C scenario the firm will have a longer period to adapt and therefore an opportunity to minimise the impact |
| Transition: Reputational | Damage to reputation due to greenwashing/ not fulfilling strategic ambition/ greenhushing | Short to medium term | | | Reduced revenue | <ul style="list-style-type: none"> Ongoing dialogue with clients Product peer group analysis to ensure benchmarking ESG information publicly available Robust systems and controls Appropriate committee structures to assess new impact of regulation |

Opportunities Identified for Products and Investment Strategies

For purposes hereof we consider:

Timeframe

Short term: 0–3 years

Medium term: 4–10 years

Long term: 10+ years

Impact rating

■ High Opportunity

■ Medium Opportunity

■ Low Opportunity

| Investment Portfolio Risk | Opportunity Description | Timeframe | Impact | | Business Impact | Actions to Take Advantage of the Opportunity |
|-----------------------------|--|-------------|--------|-----|--------------------|--|
| | | | < 2°C | 4°C | | |
| Markets | Diversification of products; an increased client demand for more sustainable products due to regulations creates opportunity for new product development | Medium term | | | Increased revenues | <ul style="list-style-type: none"> • Target market analysis • Ongoing dialogue with clients • Robust product process aligning our product with client ambitions • Robust systems and controls to ensure compliance with regulation • Appropriate committee structures to assess new impact of regulation • Engagement with industry, trade bodies, regulator and client base |
| Product: Climate Mitigation | Revenue generation from investment opportunities focused on climate change mitigation | Short term | | | Increased revenues | <ul style="list-style-type: none"> • Design and management of climate change focused investment strategies/ portfolios • Enhanced focus on investing in sustainable products |
| Product: Climate Adaptation | Revenue generation from investment opportunities focused on climate change adaptation | Short term | | | Increased revenues | |

TwentyFour's Products

TwentyFour understands that our clients have differing ESG and/or climate change ambitions and to facilitate their requirements offer a range of funds with varying degrees of alignment with sustainability, taking on board the identified risks and opportunities. We endeavour to ensure our clients' needs and expectations are met by creating open dialogues. The feedback we receive from clients is incorporated into product development and reporting we provide to clients.

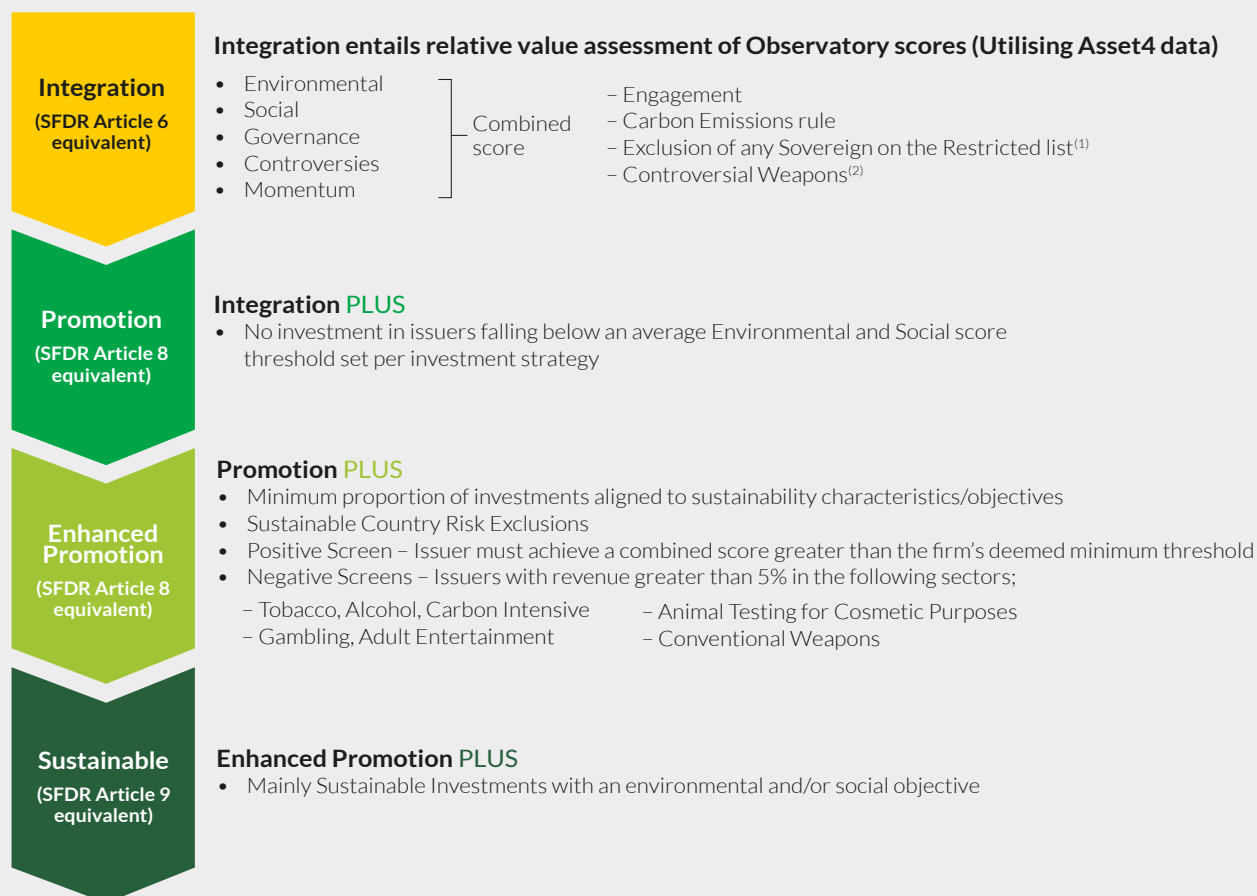
Following consultant and client feedback we can now report what proportions of bond issuers in our funds have Science Based Targets initiative (SBTi) approved carbon reduction targets. We now also include carbon emissions data in all our pooled fund quarterly reports for institutional clients,

as well as numbers and examples of ESG engagements, and for relevant funds, the portion of holdings that have committed to the 'Climate Action UN' SDG.

Our ESG methodology is embedded within our regular investment process, we believe this approach helps us target the maximum risk-adjusted returns for our clients while also being able to promote societal and environmental outcomes. We use Observatory and our internal systems and controls to accommodate regulatory requirements and client preferences.

Our current sustainability classifications are described below and are subject to change as regulation evolves:

Responsible Investment Waterfall



ESG - Environmental, Social, and Governance. Investors use these criteria as a set of standards to screen companies on whether they are being pro-social, environmentally friendly, and have good corporate governance. Note: Unless otherwise stated in respective offering documentation or included within the portfolio's investment objective, information above does not imply that the strategy has an ESG-aligned investment objective, but rather describes how ESG criteria and factors are considered as part of the overall investment process.

Source: TwentyFour & Asset4

(1) Sources utilised; HMT, Financial Action Task Force (FATF), Office of Foreign Assets Control (OFAC), the Government of Canada.

(2) Cluster Munitions, Anti-Personnel Mines, Chemical Weapons, Biological Weapons, Weapons Utilising Non-Detectable Fragments, White Phosphorous, Blinding Lasers, Nuclear Weapons, Depleted Uranium.

During the reporting year we refined our approach as to how to determine whether, in the firm’s view, a security contributes to the sustainable investment objective of climate change mitigation and climate change adaptation. The portfolio managers will classify an investment as “In transition” or “Positive contribution” if it fulfils at least one of the following conditions:

- The issuer has aligned or committed to align to the Science Based Targets initiative (SBTi).
- The issuer is achieving Net Zero, or is aligned to a Net Zero Pathway, or is aligning towards a Net Zero Pathway or is committed to aligning.
- The issuer’s weighted average carbon intensity must be at least 30% lower than the average issuers’ holdings in the representative sector.
- The issuer has demonstrable momentum and transition criteria.

- The proceeds are used to finance green projects, or for asset-backed securities, the pool of mortgages/loans are considered to have a positive environmental profile (example: loans for houses with good energy rating, auto loans composed exclusively of hybrid/EV vehicles or fleet CO2 emissions are meeting CO2 emissions targets under applicable EU regulation or other green projects that meet recognised standards for environmental performance).

Where the issuer is currently not aligned with net zero but, in the view of the investment manager, will be moving towards a commitment and/or alignment will be assessed on a timetable.

Using the aforementioned approach a decision was made that all the firm’s funds classified as Article 8 under Sustainable Finance Disclosure Regulation (SFDR) should invest in sustainable investments; this will be implemented during the course of 2025.

| TwentyFour’s Strategy Range | | | |
|-----------------------------|--|--|---|
| | Asset-Backed Securities | Multi-Sector Bond | Outcome Driven |
| Article 9 | | | TwentyFour Sustainable Global Corporate Bond Fund |
| | | | Vontobel Fund – TwentyFour Sustainable Short Term Bond Fund |
| Article 8 | Vontobel Fund – TwentyFour Asset Backed Fund | Vontobel Fund – Strategic Income Fund | TwentyFour Corporate Bond Fund |
| | TwentyFour Enhanced Income ABS Fund | Vontobel Fund – TwentyFour Sustainable Strategic Income Fund | Vontobel Fund – TwentyFour Absolute Return Credit Fund |
| Article 6 | Monument Bond Fund | Dynamic Bond Fund | |
| | Asset Backed Opportunities Fund | TwentyFour Select Monthly Income Fund | |
| | TwentyFour Income Fund | | |
| | TwentyFour Asset-Backed Finance Fund | | |

Source: TwentyFour. Correct as at January 2025.

Risk Management



Identifying, Assessing and Managing Climate-Related Risks

Risk management is a key consideration for TwentyFour across all our activity, from the management of our business to the investments made on behalf of our clients. TwentyFour is confident in delivering high quality asset management services to its clients because integral to our investment process is our overarching Risk Management Framework (RMF) and specialised risk frameworks including the ESG and liquidity risk management frameworks, as well as our Operational Risk Framework.

The RMF and associated risk governance frameworks provide a robust framework for managing the firm's risks and covers roles and responsibilities, principles, policies, processes and tools, risk categorisations, and internal controls. As detailed in the RMF, our approach to managing risk is consistent across the firm, supporting our strong risk culture and reinforcing a shared understanding that investment decisions are made with the appropriate systems and controls in place.

In addition to the RMF, the firm operates a three lines of defence model when it comes to integrating ESG risks into the investment process.

The first line of defence are the business functions and line managers themselves who identify potential risks, including sustainability/ climate-related risks, in their respective business areas.

The investment management team is responsible for incorporating financially material environmental, social, and governance (ESG) risks and opportunities – at both the sector and company level – into investment decisions. This is done in line with portfolio investment guidelines and alongside other relevant economic considerations.

The second line of defence are TwentyFour's Risk and Compliance departments, which are responsible for our RMF, ESG RMF and ESG compliance. The risk department monitors and evaluates all investment risks including sustainability-related investment risks on an ongoing basis; this is part of our standard risk monitoring process and also involves engaging with portfolio managers to ensure the risks are fully understood and captured within the RMFs. The compliance department operates a monitoring program that ensures security sustainability assessments comply with the relevant applicable regulations to each portfolio.

The third line of defence is Vontobel's internal audit function that independently and retrospectively assesses the adequacy and effectiveness of TwentyFour's RMFs and control environment.

TwentyFour has also obtained the ISAE3402 certification to validate the efficacy of our control framework with respect to portfolio management.



TwentyFour's overall risk framework integrates sustainability (including climate) related risk considerations. The firm's Legal & Regulatory Committee and ESG Committee analyse current and emerging regulatory and legislative risk trends, which inform our top down approach. Applicable risks are identified by line managers and are then risk assessed with appropriate controls developed to ensure any residual risk is consistent with the firm's risk appetite. The portfolio management team, as the first line of defence, is responsible for the identification of investment risks, including those related to sustainability.

Investment risks and ESG (including climate- related) risks are assessed and managed by the investment teams and risk function, utilising systems and controls implemented across the firm. Where applicable, climate risk features in our credit analysis and our proprietary ESG scores for the issuers we evaluate. These ESG scores are a component of our standard risk assessment process across all issuers and is not specific to portfolios with a sustainability focus/objective. TwentyFour's ESG scores have been developed based on a proprietary framework and applied across all strategies.

Engagement

We believe that engaging directly with issuers is a powerful tool in helping shape their behaviour and foster positive change, extending our objectives beyond mere profit growth. Engaging with companies, especially those within the unlisted sector, (private companies not traded on public markets and often lacking data transparency) presents an opportunity to influence a company's sustainability strategy, its approach to risk management and transparency, and impact mitigation, which in turn allows for more responsible allocation, management and oversight of their capital. This enables us as investors to exert longer-term positive outcomes on the environment and society.

In our experience our engagements with large, well-established corporations, have most impact in conjunction with similar concerns from other investors. In contrast, we find that our engagement with smaller issuers, where we are often a key investor, can yield more significant results, given our greater influence over the company's direction and our more personal relationships with management. During 2024 TwentyFour held 133 such engagements, of which 62 were engagements on environmental issues. These engagements helped TwentyFour better understand the companies' approach and commitment to improving their positioning and oversight of ESG factors, including climate change.

We do not currently see the value in ‘mass mailing’ issuers as we believe targeted approaches are more effective, though we are cognisant of the fact that some element of this may be necessary in future to comply with some of our reporting obligations.

Since 2021 the firm’s portfolio managers have had an ongoing project under TwentyFour’s Carbon Emissions Engagement Principles, aiming to highlight the importance of publishing carbon emissions data and encouraging issuers to establish robust CO2 intensity data (to the extent not yet in place). In 2024 we extended this focus to include Fossil Fuel Financing and updated our Engagement Policy to include Carbon Emissions & Fossil Fuel Financing Engagement Principles (please see our Engagement Policy). We have also published a white paper on this: [Banking on change when it comes to Fossil Fuel Financing](#). We anticipate that carbon emissions and fossil fuel financing will remain a focus in 2025 and beyond.

TwentyFour engages with selected issuers on the following basis:

Carbon Emissions

- If a selected issuer does not publish CO2 intensity numbers, TwentyFour will through direct engagement encourage the issuer’s senior management to do so as soon as possible;
- Where an issuer has a Carbon Emissions Reduction Plan TwentyFour will monitor progress of such a plan and engage with issuers to assess the plan’s effectiveness in meeting its KPI objectives; and
- TwentyFour will through direct engagement with issuers’ senior management encourage those issuers with relatively high CO2 intensity numbers and no commensurate plan to produce a plan to reduce this number over time.
- TwentyFour’s portfolio managers will on an ongoing basis monitor issuers. Monitoring will take the form of assessing an issuer’s CSR, financial and other relevant statements and/or by requesting progress updates by email, letter or other relevant forms of communication.

Fossil Fuel Financing

- TwentyFour aims to identify the biggest financiers of fossil fuels within its bank holdings. For purposes of this identification, TwentyFour will normalise the holdings by the size of the bank’s loan book.
- The portfolio managers will prioritise engaging with banks and non-bank lenders held within portfolios managed by TwentyFour that have the largest share of fossil fuel financing as a percentage of their loan book; and have no clear path or trend to suggest this will change or policies in place that point to this trend changing.
- TwentyFour will proactively monitor and follow up with issuers to ensure they are addressing policy concerns and are transitioning their lending book away from fossil fuel financing.

TwentyFour, in accordance with regulatory requirements, reports the findings and outcome of its engagement to clients.

Engagement Examples

Environmental

| | |
|--------------------|--|
| Topic | Environment – Climate Change |
| Sector | Spanish Auto Loan Servicer |
| Mode of Engagement | Email |
| Leadership Level | Senior Executives |
| Rationale/ Context | At the end of October 2024, Eastern Spain suffered catastrophic flash floods, which were particularly serious in Valencia. Given the severity of flooding, we considered its impact on Spanish Auto ABS from physical damage of the vehicles and the potential increase in arrears, especially in transactions with large exposure to Valencia. |
| Objective(s) | The objective was to understand how the servicer was planning to assist affected borrowers. Additionally, we wanted clarification whether the insurance arrangement would indemnify the borrowers. |
| What you have done | We first engaged with the servicer in early November 2024 just a few days after the event and remained in contact until the Spanish government announced relief measures. We exchanged correspondence with the Head of Financial Services over email. |
| Outcomes | <p>We were informed that the servicer will be managing arrears in line with the Spanish government's measures. These measures include 3-month forbearance on interest and principal and an additional 9-month forbearance on principal repayment. The servicer indicated that the volume of forbearance requests was still relatively small. Additionally, we had clarification that borrowers would be indemnified under the government's catastrophic risk insurance scheme which borrowers can use to make payments under the auto loans.</p> <p>On the whole, we established that the transaction's exposure to Valencia and other most affected areas is limited, and we assessed that material deterioration in performance is not expected.</p> |
| Next Steps | We will be closely monitoring the performance of the holding. We also plan to engage the servicer on the potential changes to the insurance policies, which may follow from repeated extreme weather events. |

| | |
|---------------------------|---|
| Topic | Environment – Emissions & Fossil Fuel Financing |
| Sector | Large Listed European Bank |
| Mode of Engagement | Email |
| Leadership Level | Investor Relations |
| Rationale/ Context | We engaged with a goal to obtain more information on their emissions and the issuer's environmental policies surrounding fossil fuel financing as part of our carbon emissions engagement policy. |
| Objective(s) | We wanted to understand the rise in fossil fuel financing in 2022 and the issuer's lending criteria for new fossil fuel financing. |
| What you have done | <p>We engaged the issuer and were advised that the issuer disputed the data from the Banking on Climate Chaos report in respect of the bank's increase in emissions and expressed their belief that total financing actually declined in 2022. The issuer advised their credit exposure to oil and gas exploration and production fell 12% between 31 December 2020 and 31 December 2022, and 15% in oil exploration and production and they advised they had followed up to determine the methodological differences. The issuer further highlighted that between Q3 2022 and Q3 2023 upstream oil exposure decreased by 45% and upstream gas exposure decreased 37%. Coal exposure also fell from €1.3 billion to €0.4 billion during the same period and they reinforced their 2020 decision to exit from the thermal coal value chain by 2030 in the EU & OECD and 2040 for the rest of the world. In addition, the issuer highlighted that, since 2023, the issuer no longer grants financing for the development of new oil or gas projects, regardless of the financing terms.</p> <p>The issuer expressed its commitment to decrease by 80% its upstream oil exposure and by 30% its upstream gas exposure between Q3 2022 and 2030. To offset the removal from fossil fuel financing the issuer plans to continue expanding their financing of low carbon energy: in 2028, at least 80% of the issuer's credit exposure to energy production will be composed of low-carbon energies, and at least 90% in 2030. At the end of September 2023, credit exposure to low-carbon energy already represented 65% of financing for energy production. For the energy companies the issuer currently provides finance to, they will examine their oil and gas policies and alignment to net zero by 2050 – if this is not sufficient the issuer will engage to find an acceptable solution but if this cannot be achieved they will halt financing. The issuer is also working with the Science Based Targets initiative (SBTi) to create a framework that works for financial institutions and is currently reviewing the pilot testing version of SBTi Near-Term criteria published in November. The issuer highlighted that four international banks have decided to exit the initiative in 2023, but the bank will continue dialogue with the SBTi to ensure that the future framework is designed to take into account the specificities of international financial institution as well as to ensure its compatibility with other existing climate-alignment frameworks already in use such as Net Zero Banking Alliance.</p> |

Table cont.

| | |
|-------------------|--|
| Outcomes | We were satisfied with the issuer's response and believe they have made significant strides in their approach to fossil fuel financing and their support of low carbon alternatives. |
| Next Steps | We will continue to monitor the evolution of their policies and financing data. |

| | |
|---------------------------|---|
| Topic | Environment – Climate Change, Pollution, Waste |
| Sector | UK Bank |
| Mode of Engagement | Email |
| Leadership Level | Investor Relations |
| Rationale/ Context | <p>This engagement was conducted as part of our Carbon Emissions Engagement Policy.</p> <p>We engaged with the bank regarding its exposure to fossil fuel financing after identifying some gaps in its policies. In particular, we found that fossil fuel financing as a percentage of bank's loan book is the highest in Europe. In addition, absolute volumes also increased in 2023 after falling in previous years. Regarding financing policies, we asked for some clarification around the phase-out of coal financing and the transition of current oil and gas financing off the balance sheet.</p> |
| Objective(s) | To understand how the bank plans to address the shortcomings in its fossil fuel financing policies, the rationale behind the increase in fossil fuel financing highlighted by the data, and whether this represents a deviation from the bank's stated policies. |
| What you have done | Engaged directly with investor relations, prepared to escalate should progress not be as expected. |

Table cont.

| | |
|-------------------|---|
| Outcomes | <p>Regarding the uptick in fossil fuels financing, the bank clarified that it engaged with the Rainforest Action Network (RAN) about their methodology before the report's publication as it does not agree with the classification or attribution of some transactions. According to its audited Annual Report, the bank's TCFD-aligned exposure to high-risk carbon sectors has decreased by 4% year-over-year, covering both carbon-emissive and renewable energy financing. Additionally, recent increases in fossil fuel financing may reflect the need to replace resources lost due to the conflict in Russia which they argue is warranted from an energy security perspective.</p> <p>The bank also clarified that it will not finance new clients or existing clients with more than 30% of their revenues from coal mining or coal-fired power generation. This policy will lead to a phase-out of coal financing in the EU and OECD by 2030, and in the rest of the world by 2035 – ahead of the IEA's 2040 global target. The bank's Client Transition Framework (CTF) informs decision-making on business and credit appetite, with energy companies failing to reduce emissions or transition facing difficulty accessing financing. By January 2025, energy clients will need to submit transition plans or decarbonisation strategies.</p> <p>The bank has committed to no longer financing new upstream oil and gas projects and expects its energy clients to submit transition plans by 2025 and set decarbonisation targets by 2026. The bank has established targets for eight high-emitting sectors and has reduced its energy-related emissions by 44% since 2020. The bank aims to provide \$1 trillion in sustainable and transition finance by 2030, with \$123.8 billion facilitated so far. It is also investing in clean tech through its £500 million Sustainable Impact Capital fund. Additionally, the board oversees the strategy, with executive compensation linked to climate and sustainability performance, reflecting the bank's ongoing commitment to addressing climate change.</p> <p>The bank's response was satisfactory as it outlined a clear and comprehensive climate strategy, including restrictive financing policies, science-based targets, and progress on reducing emissions. Regarding the uptick in fossil fuel financing, we will monitor this under both methodologies to determine whether it reflects a change in the trend of declining fossil fuel financing.</p> |
| Next Steps | <p>We will continue to closely monitor the company's fossil fuel financing and track its progress against set targets. We also plan to engage with the bank again in the future to assess whether it is making continued progress on its climate-related goals and commitments.</p> |

Metrics and Targets



Metrics Used by the Organisation to Assess Climate-Related Risks and Opportunities in Line with its Strategy and Risk Management Process

TwentyFour is exposed to climate-related risks and opportunities at an entity level and through the products and portfolios it manages on behalf of its clients.

As an entity, we understand the need to examine our own operations, resources and supply chains, and their environmental impacts in order to measure and reduce them over time; we continue to evaluate different ways of further reducing our greenhouse gas emission levels such as enhancing corporate policy and consideration of global standards within our frameworks. In this report we disclose entity-level carbon emissions.

For purposes of this report we have also employed backward and forward-looking metrics to disclose the product level climate-related risks where sufficient coverage of data and data models exists:

1. Scope 1 and Scope 2, and if appropriate Scope 3 GHG emissions
2. Weighted-Average Carbon Intensity
3. Carbon Footprint
4. Climate Value-at-Risk (forward-looking)

TwentyFour has developed an active approach to ESG scoring, and ESG scoring is conducted for every security that is invested in by any of the portfolios managed by the firm, combining data from third party data providers alongside our own analysis.

There are limitations in the available data (which may be estimated) and calculation methodologies, which may differ across asset classes, as more fully set out in the [Limitations and Further Disclosures](#) section in the Appendix. Definitions and additional information on how the reported figures have been calculated are included in the [Methodologies and Glossary](#) section in the Appendix.

Entity-Level GHG Emissions

TwentyFour’s operational emissions impact at entity-level is set out below. For purposes of this TCFD report we have focused on TwentyFour’s Scope 1 and Scope 2 emissions. We have used the GHG emission conversion factors; source of emission factors used is the UK Government Department for Energy Security and Net Zero’s greenhouse gas reporting: conversion factors 2024 report.

We account for 100% of emissions from operations over which we have operational control. TwentyFour’s operational GHG emissions includes consideration of Scope 1 and Scope 2 from owned sources and non-owned sources, respectively.

Scope 1 emissions are nominal due to building energy being derived 100% from renewable sources and including minimal fugitive emissions, while Scope 2 emissions include purchased electricity and municipal heating and cooling.

Total Scope 1 and 2 CO2 Emissions of the firm for the year ending 31 December 2024 is 29.15 ton.

TwentyFour Scope 1 and Scope 2 Emissions: 2024

| | | CO2 Intensity | Energy Use | CO2 Emissions | |
|--------------------------------|---------|-----------------------------------|------------|---------------|-------|
| | | Kg CO2 per KWh | KWh | Kg | Tons |
| Electricity Consumption | Scope 2 | 0.20705 | 91,452 | 18,935 | 18.94 |
| Electricity (district heating) | Scope 2 | 0.20705 | 48,890 | 10,123 | 10.12 |
| | | Kg CO2 per kg leakage | | Kg | Tons |
| Fugitive Emissions | Scope 1 | 18 | | 90.54 | 0.09 |
| | | TOTAL Scope 1 and 2 CO2 Emissions | | 29,148 | 29.15 |

Note: CO2 Intensity figures sourced from UK government

Product-Level Metrics

In this section the term product-level refers to the sum of all discretionary investment portfolios the firm manages on behalf of its clients as at 31 December 2024; this includes segregated accounts and funds managed by TwentyFour. TwentyFour’s investment portfolios had exposure to fixed income securities, fixed income funds and derivatives as at the reporting date.

The asset classes that have been included in our analysis are:

- Corporate bonds/issuers
- Asset-backed securities
- Sovereign issuers of government bonds

The breakdown of assets under management reported as at 31 December 2024 was as follows:

| Asset Class | FY 2023 | FY 2024 |
|-------------------------|---------|---------|
| Corporate Bonds | 52% | 51% |
| Asset-backed Securities | 32% | 35% |
| Sovereign Bonds | 14% | 13% |
| Cash & Equivalents | 2% | 2% |

Source: TwentyFour, as at 31 December 2024.

Derivatives not directly linked to single corporate issuers are excluded from our reporting. Derivatives held as at 31 December 2024 included FX forwards used for currency hedging and CDS Options on the Markit iTraxx Crossover used for efficient portfolio management, and the market values are included within the cash & equivalents figure. In addition fixed income funds are excluded from our reporting.

Where relevant, coverage of each asset class has been included alongside the reporting metrics. Due to fundamental differences between the metrics reported and obtained for corporate bond issuers and asset backed securities versus sovereign issuers of government bonds, sovereign debt securities are reported separately.

Climate-Related Metrics, and the Related Risks

Subject to available data we have disclosed Scope 1, 2 and 3 emissions associated with TwentyFour's total assets under management, £21.2 billion as at 31 December 2024, by asset class.

Overall Firm Level Year-on-Year Summary

| Metric | FY 2023 Value | FY 2024 Value | YoY Change | FY 2023 Coverage (%) | FY 2024 Coverage (%) |
|---|---------------|---------------|------------|----------------------|----------------------|
| Weighted Average Carbon Intensity | 85.3 | 91.7 | +6 | 98% | 95% |
| Carbon Footprint (tCO ₂ e/\$1m invested) | 27.9 | 33.3 | +5 | 61% | 71% |
| Total Financed Emissions (Scope 1 and 2 tCO ₂ e) | 327,145 | 536,587 | +209,442 | 61% | 71% |
| Total Financed Emissions (Scope 3 tCO ₂ e) | - | 2,868,694 | N/A | - | 92% |

The Carbon Footprint figures above are expressed as tons of CO₂e (tCO₂e) per million dollars of AUM invested.

Sources: Asset4, MSCI & TwentyFour, as at 31 December 2024.

Carbon Footprint by Asset Class

| Asset Class | FY 2023 Carbon Footprint | FY 2024 Carbon Footprint | YoY Change | FY 2023 Coverage (%) | FY 2024 Coverage (%) |
|---------------------------|--------------------------|--------------------------|------------|----------------------|----------------------|
| Corporate Bonds | 30.8 | 34.9 | +4 | 69% | 92% |
| ABS* | 21.1 | 28.2 | +7 | 47% | 42% |
| Corporates + ABS | 27.9 | 33.3 | +5 | 61% | 71% |
| Total Firm AUM (coverage) | | | | 51% | 61% |

The Carbon Footprint figures above are expressed as tons of CO₂e (tCO₂e) per million dollars of AUM invested.

Sources: Asset4, MSCI & TwentyFour, as at 31 December 2024.

Carbon footprint measures the carbon emissions (Scope 1 and Scope 2), for which an investor is responsible, per USD million invested, based on ownership. Emissions are apportioned differently by asset class (also see [Methodologies and Glossary](#)).

*TwentyFour portfolio allocation during 2024 shifted into different ABS sectors, including CLOs, consumer ABS and Australian RMBS where emissions data are less comprehensively reported which led to an overall drop in coverage. The increase in carbon metrics reflect lower data coverage due to allocations into ABS sectors, not a methodological change or sudden emissions surge.

Financed Carbon Emissions

For corporate bond issuers, TwentyFour has used Enterprise Value Including Cash (EVIC) to calculate ownership. As EVIC is not applicable to asset backed securities, the total outstanding deal balance for each security is used and is deemed a comparable metric, which is also why carbon footprint is reported separately between asset classes.

Total Financed Emissions (Scope 1 and 2) by Asset Class

| Asset Class | FY 2023 Financed Emissions | FY 2024 Financed Emissions | YoY Change | FY 2023 Coverage (%) | FY 2024 Coverage (%) |
|---------------------------|----------------------------------|----------------------------------|---------------|-------------------------|-------------------------|
| Corporate Bonds | 253,794 | 428,772 | +174,978 | 69% | 92% |
| ABS* | 73,351 | 107,815 | +34,464 | 47% | 42% |
| Corporates + ABS | 327,145 | 536,587 | +209,442 | 61% | 71% |
| Total Firm AUM (coverage) | | | | 51% | 61% |

The Carbon Footprint figures above are expressed as tons of CO₂e (tCO₂e).
Sources: Asset4, MSCI & TwentyFour, as at 31 December 2024.

Absolute emissions shown are the sum of Scope 1 and Scope 2 emissions based on ownership. Scope 1 and Scope 2 emissions may be reported or estimated. The absolute emissions only represent those for the covered companies and securities.

Total Financed Emissions (Scope 3)

| Asset Class | FY 2023 Financed Emissions | FY 2024 Financed Emissions | FY 2023 Coverage (%) | FY 2024 Coverage (%) |
|---------------------------|----------------------------------|----------------------------------|-------------------------|-------------------------|
| Corporate Bonds | N/A | N/A | N/A | 92% |
| ABS | N/A | 2,868,694 | N/A | N/A |
| Total Firm AUM (coverage) | N/A | N/A | N/A | 47% |

The Carbon Footprint figures above are expressed as tons of CO₂e (tCO₂e).
Sources: Asset4, MSCI & TwentyFour, as at 31 December 2024.

*TwentyFour portfolio allocation during 2024 shifted into different ABS sectors, including CLOs, consumer ABS and Australian RMBS where emissions data are less comprehensively reported which led to an overall drop in coverage. The increase in carbon metrics reflect lower data coverage due to allocations into ABS sectors, not a methodological change or sudden emissions surge.

Weighted-Average Carbon Intensity (WACI) by Asset Class

| Asset Class | FY 2023 WACI | FY 2024 WACI | YoY Change | FY 2023 Coverage (%) | FY 2024 Coverage (%) |
|---------------------------|--------------|--------------|------------|----------------------|----------------------|
| Corporate Bonds* | 85.3 | 91.7 | +6 | 98% | 95% |
| ABS | N/A | N/A | N/A | N/A | N/A |
| Total Firm AUM (coverage) | | | | 51% | 48% |

The Carbon Footprint figures above are expressed as tons of CO₂e (tCO₂e) per million dollars of revenue.
Sources: Asset4, MSCI & TwentyFour, as at 31 December 2024.

The table reports the WACI associated with TwentyFour's assets under management and represents financed carbon emissions that have been normalised by sales revenue making the figures comparable across different companies.

Climate Value-at-Risk (Scenario Stress Testing)

TwentyFour has opted to disclose Climate Value-at-Risk (CVaR) to present a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities across its product level. The quantitative model is provided by MSCI and estimates how climate change could affect valuations under different scenarios.

For asset-backed securities, as sales revenue is not applicable for this asset class, and alternative methodologies have not been established for this asset class, TwentyFour does not calculate a value.

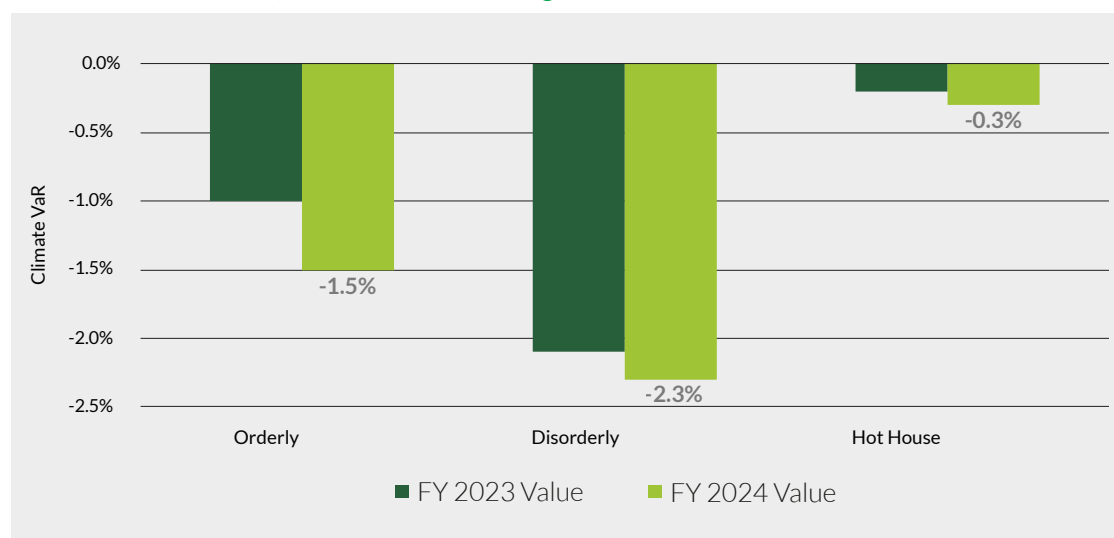
CVaR is estimated by assessing each company's transition risks and opportunities relating to policy and technology, and each company's physical risks and opportunities to arrive at an Aggregated CVaR (%) number for each company and indication of valuation impact relating to climate risk. The available company level results combine to provide firm level CVaR values under three scenarios.

| Scenario | FY 2023 Value | FY 2024 Value | YoY Change | FY 2023 Coverage (%) | FY 2024 Coverage (%) |
|---------------------------|---------------|---------------|------------|----------------------|----------------------|
| Orderly | -1.0% | -1.5% | -0.5% | | |
| Disorderly | -2.1% | -2.3% | -0.2% | | |
| Hot House | -0.2% | -0.3% | -0.1% | | |
| Total Firm AUM (coverage) | | | | 31% | 32% |

Sources: MSCI & TwentyFour, as at 31 December 2024.

*The decrease in coverage is primarily due to issuers being privately held companies for which MSCI and Asset4 do not hold data.

Climate Value-at-Risk (Scenario Stress Testing)



The analysis shown is for illustrative purposes only. MSCI's CVaR data model does not currently support asset-backed securities and as a result this asset class has been excluded from the analysis.

Please refer to [Methodologies](#) and [Glossary](#) for more detail on the scenarios presented.

Sovereign Bond Issuers

We have chosen to report sovereign debt assets separately due to fundamental differences between the metrics reported and obtained for corporate bond issuers and asset-backed securities versus sovereign issuers of government bonds. While it is challenging to normalise sovereign metrics with non-sovereign debt assets, we believe it is important to disclose metrics for our sovereign debt assets.

GHG intensity represents CO2 intensity of an economy (in tons per USD million GDP nominal), meaning the higher the value, the more carbon intensive the economy is.

| Sovereign Intensity | FY 2023 Value | FY 2024 Value | YoY Change | FY 2023 Coverage (% of Sovereigns) | FY 2023 Coverage (% of Firm AUM) | FY 2024 Coverage (% of Sovereigns) | FY 2024 Coverage (% of Firm AUM) |
|---------------------|---------------|---------------|------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| United Kingdom | 131.7 | 123.5 | -8 | 16% | 2% | 5% | 1% |
| United States* | 255.8 | 234.1 | -22 | 84% | 12% | 57% | 7% |
| Germany | - | 167.4 | N/A | - | - | 38% | 5% |
| Total | 236.1 | 203.0 | -33 | 100% | 14% | 100% | 13% |

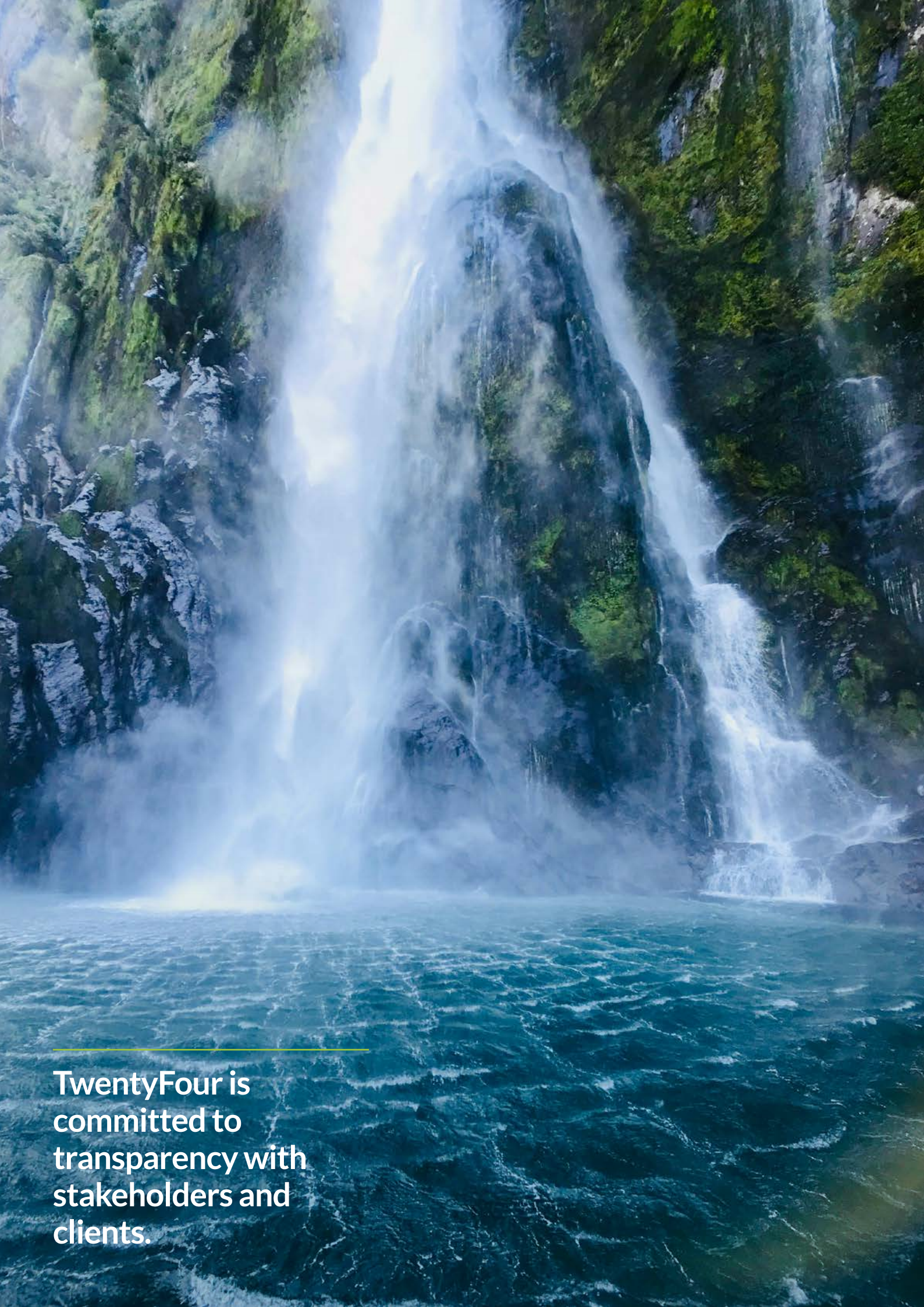
Sources: MSCI & TwentyFour, as at 31 December 2024

*Drop in coverage was as a result of a change in portfolio allocation to US sovereigns.

Targets Used by the Organisation to Manage Climate-Related Risks and Opportunities and Performance Against Targets

For the period covered by this report TwentyFour has not set transition targets or climate-related exclusions for the assets managed on behalf of its clients; unless specifically agreed with clients.

TwentyFour's view continues to be that as an asset manager we have a fiduciary duty to our clients to seek to achieve the investment objectives of the funds they have invested in or as agreed with them for segregated accounts. Acknowledging that our clients may have differing climate change preferences and ambitions, we strive to offer different solutions to support these varying goals.



**TwentyFour is
committed to
transparency with
stakeholders and
clients.**

Appendix

The image is a full-page background of a dense, lush green fern forest. The fronds are highly detailed, showing the intricate pattern of the leaflets. The lighting is soft and even, highlighting the various shades of green. In the upper left quadrant, the word "Appendix" is written in a clean, white, sans-serif font, standing out against the dark green foliage.

Methodologies and Glossary

| Terms | Additional Information |
|------------------------------|---|
| Asset 4 | Refinitiv Asset4 |
| Carbon Footprint | <p>Refers to total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tons CO₂e/\$M invested.</p> $\frac{\sum_n^i \left(\frac{\text{Current Value of Investment}}{\text{Issuer's Market Capitalisation}} \times \text{Issuer's Scope 1 and Scope 2 GHG Emissions} \right)}{\text{Current Portfolio Value (\$M)}}$ |
| Climate Value-at-Risk (CVaR) | <p>For CVaR three scenarios are shown:</p> <ul style="list-style-type: none"> • Orderly transition – assumes climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued and based on a NGFS 1.5 °C warming scenario. • Disorderly transition – assumes higher transition risk due to policies being delayed or divergent across countries and sectors. Carbon prices are typically higher for a given temperature outcome and based on a NGFS 2°C warming scenario. • Hothouse world – assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise and based on a NGFS 3 °C warming scenario. <p>Further information on the NGFS and models can be found here: www.ngfs.net/en</p> |
| Emissions (Non-Sovereign) | <p>Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle.</p> <p>Scope 2 emissions are those caused by the generation of electricity purchased by the company.</p> <p>For corporate issuers, when Scope 1 and Scope 2 reported data is not available, Scope 1 and 2 carbon emissions may be estimated using MSCI's Scope 1 and 2 estimation model which is mapped to the data quality score defined by PCAF.</p> <p>Scope 3 emissions are excluded from financed carbon emissions, WACI and carbon footprint figures reported.</p> |

| Terms | Additional Information |
|-------------------------------|--|
| Emissions (Sovereign) | Scope 1 emissions excludes emissions relating to land use, land-use change and forestry (LULUCF) for the country. It also considers CO2 emissions relating to fossil fuel use and industrial processes (e.g. cement production) (data sources MSCI/EDGAR/World Bank/IMF). |
| Fugitive Emissions | Refers to unintentional and undesirable emission, leakage, or discharge of gases or vapors from pressure-containing equipment i.e. leaking of refrigerant. |
| MSCI | MSCI ESG Research LLC |
| NGFS | The Network of Central Banks and Supervisors for Greening the Financial System is a network of central banks and supervisors, the purpose of which is to help strengthen the global response required to meet the goals of the Paris Agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development. To this end, the network defines and promotes best practices to be implemented within and outside of the membership of the NGFS and conducts or commissions analytical work on green finance. |
| Ownership (Corporate Issuers) | <p>TwentyFour have used Enterprise Value Including Cash (EVIC) as an alternate measure to Enterprise Value (EV) to estimate the value of a company by adding back cash and cash equivalents to EV. The EVIC calculation can be summarised as follows:</p> <p>EVIC = Market capitalisation at fiscal year-end date + preferred stock + minority interest + total debt + cash and cash equivalents.</p> <p>The underlying data used for EVIC calculation is sourced from a company's accounting year-end annual filings and is updated and reflected once a year as the data is sourced annually.</p> |
| PCAF | Partnership for Carbon Accounting Financials |
| Scope 1 Emissions | Refers to all direct GHG emissions. |
| Scope 2 Emissions | Refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam. |

| Terms | Additional Information |
|--|--|
| Scope 3 Emissions | <p>Refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., transmission and distribution losses), outsourced activities, and waste disposal.</p> <p>For forward-looking metrics, the data models incorporate Scope 3 emissions, however all Scope 3 emissions used are estimated by MSCI's Scope 3 estimation model, due to the current unusability (inconsistency, volatility) of the reported Scope 3.</p> |
| Total Carbon Emissions | <p>Refers to the absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO₂e.</p> $\frac{\sum_n^i \left(\frac{\text{Current Value of Investment}}{\text{Issuer's Market Capitalisation}} \times \text{Issuer's Scope 1 and Scope 2 GHG Emissions} \right)}{\text{Current Portfolio Value (\$M)}}$ |
| Weighted-Average Carbon Intensity (WACI) | <p>WACI measures the exposure to carbon-intensive companies defined as the weighted-average of each companies' carbon intensity (calculated as Scope1 + Scope 2 emissions, divided by companies' sales, in USD).</p> $\sum_n^i \left(\frac{\text{Current Value of Investment}}{\text{Issuer's Market Capitalisation}} \times \frac{\text{Issuer's Scope 1 and Scope 2 GHG Emissions}}{\text{Issuer's \$M Revenue}} \right)$ |

Limitations and Further Disclosures

Limitations

TwentyFour recognises that there are limitations in data sets due to a variety of reasons, and these are outlined below but are not exhaustive:

- All data is based on unaudited figures and may be estimated.
- While many companies disclose the required climate-related risk metrics, others may not do so or are in the early stages of making this available. As a result, estimated data may be used which reduces the reliability of the metrics shown.
- Different calculation methodologies are often available for each metric and there can be no guarantee that the methodology chosen is the most appropriate. Any comparison to other external firms may not be possible or may not be appropriate.
- While the data is shown as at 31 December 2024, the underlying data, including but not limited to Scope 1 and Scope 2 emissions and EVIC, may not be reported as of the same date. Published data also may not be processed and incorporated into third party data models on a timely basis, leading to a misalignment in underlying metrics for a given date.
- All AUM data and product-level security market values are as at 31 December 2024 and exclude advisory assets which TwentyFour do not have discretion over.
- Low coverage of TwentyFour's asset classes will impact the reported metrics and may lead to the figures overestimating or underestimating the actual figures if all data was available and aligned to the reporting date.
- TwentyFour uses carbon emissions, weighted-average carbon intensity and carbon footprint metrics but these are backward looking and only consider historical emissions. Forward-looking metrics (such as Climate Value-at-Risk) are based on proprietary models from a third party which TwentyFour do not independently validate.
- As this is TwentyFour's first TCFD report no prior years' data is reported and therefore no comparative analysis has been performed.

TwentyFour uses two third party data providers to supplement ESG data that is sourced internally by the portfolio management teams, namely MSCI and Asset4.

Disclosures

Metrics included in this report or similar instances are based on recommendations from the TCFD and similar voluntary frameworks, recommendations, or proposals developed by various initiatives. This inherently involves methodologies and data that are at various degrees of development, quality and acceptance, notably as it relates to greenhouse gas emissions accounting, asset classes beyond corporate credit, and forward-looking assumptions.

There is no representation that data presented in this report will suffice to draw conclusions linked to investment decisions or make a positive or negative environmental impact claim. Past environmental performance and available proxies for the potential future performance is no guarantee of future results.

The information contained herein is as at December 31, 2024 unless otherwise noted.

This report contains examples of the firm's internal ESG engagement capabilities. The data contained within the report may be stale and should not be relied upon as investment advice or a recommendation of any particular security, strategy or investment product. In selecting case studies, TwentyFour considers multiple factors, including, but not limited to, whether the example illustrates the particular investment strategy being featured and processes applied by TwentyFour to making investment decisions. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

We use MSCI and other third party ratings for reference but make our own assessment based on our own, independent analysis of the industry and relevant ESG factors.

Environmental (E) factors can include matters such as climate change, pollution, waste, and how an issuer protects and/or conserves natural resources. Social (S) factors can include how an issuer manages its relationships with individuals, such as its employees, stakeholders, customers and its community. Governance (G) factors can include how an issuer operates, such as its leadership, pay and incentive structures and internal controls.

ESG investing is qualitative and subjective by nature, and there is no guarantee that the factors utilised by TwentyFour or any judgment exercised by TwentyFour will reflect the opinions of any particular investor, and the factors utilised by TwentyFour may differ from the factors that any particular investor considers relevant in evaluating an issuer's ESG practices.

In evaluating an issuer, TwentyFour is dependent upon information and data obtained through voluntary or third party reporting that may be incomplete, inaccurate or unavailable, or present conflicting information and data with respect to an issuer, which in each case could cause TwentyFour to incorrectly assess an issuer's business practices with respect to its ESG practices. An issuer's ESG practices or TwentyFour's assessment of an issuer's ESG practices may change over time and involves TwentyFour's subjectivity and discretion. There is no assurance that the ESG investing strategy or techniques employed will be successful.

Past performance is not a guarantee or reliable indicator of future results.

Please remember that all investments come with risk. Positive returns, including income, are not guaranteed. Your investment may go down as well as up and you may not get back what you invested.



Implementation of the recommendations is a journey which will evolve over time and we will continue to refine our climate strategy and engagement on this important topic.

