2024 Climate Report

Our report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

For professional investors only

Pyrford

COLUMBIA THREADNEEDLE INVESTMENTS

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About Pyrford

Pyrford is a boutique, London-based provider of global asset management services for collective investment funds, investment management companies, local and state bodies, pension schemes, endowments, and foundations. Pyrford currently manages approximately £5.8billion in assets under management (as of 31 December 2024). The company has been operating from its base in London since 1987.

Pyrford is a global institutional investor in high quality companies and government bonds. Many of the jurisdictions we invest in place responsibilities on investors to promote and support good governance in the companies in which we invest, ultimately improving long-term returns to shareholders.

Pyrford is part of Columbia Threadneedle Investments, the global asset management business of Ameriprise Financial, Inc. Pyrford International remains an independent, autonomous boutique, that is a separate legal and regulatory entity operating from separate premises. Our investment philosophy, process, approach to ESG, and experienced Investment Team have remained remarkably consistent through the years.

Columbia Threadneedle believes in the boutique model and appreciates that continuing to operate as a boutique is crucial to the success of Pyrford. Pyrford has been placed in a division within the combined group, alongside other autonomous organisations, which further reinforces our independent status.

About this report

This report is designed to consolidate and summarise our work on climate change topics that are important to Pyrford's business and stakeholders. Metrics included are subject to measurement uncertainties given the evolving nature of sustainability reporting, and unless noted, all data is as of 31 December 2024. We reserve the right to update measurement techniques and methodologies in the future. The case studies and examples are provided for illustrative purposes only and may not be updated in the future. While we believe engagement is an important part of understanding the risks and opportunities facing companies held in our portfolios, such engagement may not be effective in identifying risks and opportunities and we do not guarantee any particular results or company performance as a result of such engagement.

Our public disclosures, including our voluntary climate-related disclosures, include a range of topics that we believe are relevant to Pyrford's business and that may be of interest to clients and other stakeholders. This report describes Pyrford's approach, which may differ from the approaches of Columbia Threadneedle Investments, and its parent company, Ameriprise Financial, Inc. References to "we" and "our" in this report refer only to Pyrford. Information contained in this report should not be construed as a characterisation regarding the materiality or financial impact of that information to Pyrford or any of its affiliates, including Columbia Threadneedle Investments, or Ameriprise Financial, Inc., as individual entities or collectively as a whole.

CEO foreword

Following the successful launch of our annual Climate Report last year, I'm proud to present this year's edition.

As the world confronts record-breaking temperatures and increasing uncertainty around future environmental policy, ensuring that climate resilience is embedded in every layer of a company is essential for securing long-term flexibility, and ultimately profitability. This report is prepared in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the intention to provide transparency on how we identify, assess, and respond to physical and transition risks posed by a changing climate, as well as the opportunities that come with the transition.

Pyrford takes an active, fundamentals-driven investment approach focused on quality and value. We view a company's approach to ESG factors, including climate-related risks and opportunities, as critical in assessing its long-term competitiveness, recognising that these factors can be increasingly reflected in share price performance. Our rigorous fundamental research equips us to manage risk and uncover long-term value. When considering climate change and its unique complexities, we apply the same disciplined approach as we do with all other aspects of our investment process.

Alongside our in-house research, third-party data used in preparing our TCFD disclosures has provided us valuable insights. This data has provided both a granular view of investee companies, and a holistic, portfolio-level perspective that assists in comparing against benchmarks and peers. This exercise has been particularly helpful with assessing and monitoring our Net Zero targets that relate to one of our Absolute Return funds.

This report follows the four thematic pillars recommended by TCFD, detailing our approach to governance, strategy, risk management, and the metrics and targets we use to assess and manage climate-related risks and opportunities. We are confident that the information in this report meets the requirements introduced by our regulator, the Financial Conduct Authority, in Policy Statement 21/24, which are applicable to regulated asset managers based in the UK. Thank you for taking the time to read it, and please don't hesitate to contact me or any of my team with any feedback or queries.

Paul Simons

Paul Simons

Co-Chief Executive Officer

Governance

In our view, one of the keys to our success as an investment manager is a robust and effective governance structure, which enables us to operate in line with the expectations of our clients, regulators, and stakeholders alike. Governance in managing climate factors is an important facet to an organisation, as it provides the structures and processes needed for effective risk management, strategic decision-making, and overall resilience. Our ESG framework, which includes the management of climate-related risks and opportunities, has been integrated into our broader governance, which ensures we are held accountable in our duty as stewards and responsible investors.

Management

Pyrford has established governing committees, whose remit includes ensuring we effectively manage climate-related factors and act in accordance with the latest regulations and industry best practices. These committees ultimately report to the leaders of the company, comprising of the Co-Chief Executive Officers (Co-CEOs), Co-Chief Investment Officers (Co-CIOs), and Chief Operating Officer. The Executive Committee, chaired by the Co-CEO and composed of these leaders, reports to Pyrford's Board on a quarterly basis.

Pyrford's ESG Forum acts under the delegated authority of the Global Stock Selection Committee – one of the aforementioned committees that reports to the leaders of the firm. This forum is chaired by one of the Co-CEOs and member of the Investment Strategy Committee, and is supported by an ESG Manager. The Co-CEOs and one of the Co-CIOs are members of the forum, alongside representatives from Operations, Compliance, and Client Relations. The objective of the forum is to highlight any current or future ESG considerations, review recent activity, and encourage the incorporation of ESG considerations into various areas of the firm, including the investment process. Importantly, it serves as one of the platforms to monitor and assess climate-related issues, where material concerns receive the appropriate attention and are reported in a timely manner. For more information regarding this, please refer to the Strategy section of this report.

This governance structure, as can be seen in figure 1, ensures that any noteworthy considerations identified in the day-to-day running of the business, including climate-related issues, receive the applicable treatment and escalation if necessary.

Figure 1. Pyrford's Governance Structure

Table 1. Pyrford's Key Structures

Committee	Description
Executive Committee (ExCo)	Pyrford's ExCo operates under delegated authority of the Board. The purpose of this committee is to monitor strategic priorities, regulatory capital and financial performance, regulatory risk, and information technology. The committee meets once a month and provides senior managers with a regular opportunity for discussing operational matters with the Co-CEOs and other members. Members of the committee include senior representatives from Pyrford's Executive team.
Risk and Compliance Committee (RCC)	Pyrford's RCC reports to the ExCo. The purpose of this committee is to assist the Executive team and Board in fulfilling its responsibilities in respect of compliance with regulatory matters. The committee reviews, challenges, and escalates matters in respect of present or future issues and challenges. The committee meets monthly, and members include senior representatives from Pyrford's Compliance and Operations team.
Global Stock Selection Committee (GSSC)	The GSSC is an internal committee which provides oversight of Pyrford's stock selection process undertaken by investment professionals in their respective regions. It is the formal forum in which material stock selection decisions are reviewed and debated. The committee meets as often as is necessary and at a minimum once a month. Members include the Investment Team and Product Specialists. Considering ESG issues, including climate-related factors, is part of the remit of this committee. Please refer to the Strategy section of this report for more information.
Investment Strategy Committee (ISC)	The ISC is an internal committee which decides on investment allocations impacting our client portfolios. ESG matters (including consideration of the risks and opportunities arising from the impact of climate change) are one of many inputs considered when making these decisions. Committee members include senior representatives from Pyrford's Investment Team. The committee meets formally once a month.
Environmental, Social and Governance (ESG) Forum	The ESG Forum acts under delegated authority of the GSSC. The forum looks to promote awareness and communication between different areas of the business on ESG matters, including the risks and opportunities arising from the impact of climate change. The forum meets quarterly, and members consist of representatives from the Investments, Operations, Product, Compliance and Relationship Management teams. Please refer to the Strategy section of this report for more information.

Pyrford's Board oversight

An important responsibility of Pyrford's Board is formulating the company's strategic direction, as well as overseeing the financial performance, risk management, and compliance with legal and regulatory frameworks. ESG considerations, including climate-related issues, are considered within each of these areas of responsibility.

The Board meets quarterly and is informed of company activity, including noteworthy ESG issues, through the Executive Committee. The Board in turn, uses this as input to formulate a strategy and direction for the company.

Pyrford set a Net Zero target in 2023 for its Global Total Return (Sterling) Fund. If material issues arise regarding this target, the Board will ensure the appropriate coordination between subject matter experts to resolve it in a timely and effective manner. For more information on our target, please refer to the Metrics and Targets section of this report.

Strategy

Assessing and managing climate-related risks and opportunities is an important facet to our broader, overarching strategy. It's crucial that we identify risks and capitalise on opportunities to effectively manage our clients' capital over the long term. This section details how we assess the various material components relating to the climate and how that is factored into our approach.

Assessing climate risks and opportunities

As an asset manager, we recognise the significant impact that climate-related factors may have on our investment outcomes and operational effectiveness, both now and in the future. For this reason, this section highlights the impact that climate-related risks and opportunities may have on our managed assets, and outlines how we integrate these considerations into our investment decision-making. It also offers insight into our approach to addressing potential operational consequences.

Pyrford's investment approach is rooted in capital preservation through a clear focus on quality and value. Our top-down, bottom-up investment strategy centres solely around allocations to global equity and sovereign bonds in selected countries. This means our exposure to climate-related risks and opportunities is limited across a narrow number of asset classes and geographies.

When assessing climate factors, it's important for us to consider the financial impacts to issuers we invest in. We believe that the following are the three primary concerns that should be front-of-mind when our Portfolio Managers are making investment decisions:

- **Performance of the issuer**

If risks are not adequately managed, and the appropriate contingencies aren't in place, this could adversely affect the share price performance of the issuer. Equally so, if there is no strategy to capitalise on opportunities, potential gains in the market could be forfeited.

- **Appropriateness of consideration of climate factors**

Our primary concern is to effectively manage our clients' capital to maximise opportunities for generating positive financial returns and our investment decisions should reflect this. Additional due diligence is required to ensure the incorporation of specific climate factors into our investment process does not conflict with this approach.

- **Costs**

Adhering to regulatory requirements and client expectations can be costly.

The above can manifest if climate-related factors aren't addressed appropriately across our firm. To ensure that we adequately plan and respond to these factors in a thoughtful and prudent manner, it's important to assess the potential exposure to climate factors across our business and underlying investments.

The table below, which has been reviewed by senior members of the firm, outlines the potential climate-related risks and opportunities that Pyrford could be exposed to, from within our investment portfolios, as well as from a business and operations perspective. Additionally, we have provided how we believe these factors could materialise over relevant timeframes. These risks and opportunities will be reviewed and updated if we determine that the underlying conditions have changed.

Risk	Time horizon*	Description
Physical: Acute and chronic (investment risks)	Medium term	Increased frequency and severity of extreme weather events such as floods, wildfires, hurricanes, and heatwaves can cause severe damage to physical assets and disrupt operations of investee companies, which could adversely affect investment performance by reducing returns and increasing volatility. Companies with exposure to certain sectors, such as agriculture, real estate, and energy will be more vulnerable to these risks. Furthermore, this will impact firms in regions where these risks are more prevalent.
Physical: Acute and chronic (operational risks)	Medium term	Extreme weather events can disrupt operations by damaging infrastructure, reducing efficiency, and affecting employee wellbeing.
Transition: Policy & legal (investment risks and opportunities)	Short term	Climate-related policies or regulations can impact asset values and the financial performance of companies within an investment portfolio. Adhering to new climate regulations may lead to increased costs, reduced competitiveness, or stranded assets for companies that have not positioned themselves appropriately for a low carbon economy. Additionally, companies may face litigation for non-compliance or inadequate climate action – or conversely, over-compliance or too much climate action - resulting in financial liabilities and reputational harm.
Transition: Policy & legal (operational risks)	Short term	Laws and policies associated with climate change could lead to a significant increase in compliance costs and affect the profitability of a firm.
Transition: Technology	Short term	The need to keep abreast of rapidly changing technology to ensure processes, systems, and strategies remain competitive could result in increased costs.
Transition: Market	Short term	The affect that climate change, or how it is perceived, can have on product demand due to a shift in client behaviour.
Transition: Reputation	Short term	Companies perceived as failing to address climate change in the appropriate manner can suffer a loss in brand value, ultimately affecting financial performance.
Opportunity	**Time horizon***	**Description**
Resource efficiency	Short term	Firms that implement energy-saving and resource-efficient measures can reduce operational costs and improve their market position.
Energy source	Short term	Transitioning to renewable energy sources can act as a safeguard for firms against rising energy costs and can assist in their sustainability goals.
Products and services	Short term	Firms can develop and offer low-carbon products and services to capture new market segments arising from shifts in client behaviours.
Markets	Short term	Companies can diversify and capitalise on markets where opportunities have arisen through changes in climate-related policies.
Resilience	Short term	Firms that invest in climate-resilient infrastructure and operations may have greater flexibility to respond effectively to climate-related disruptions.

**We define short term as less than 1 year; medium term as 2-5 years; and long term as 5-10 years.*

As can be seen above, a transition to a low-carbon economy can impact a firm in several ways, including valuation shifts, enhanced risk management and compliance requirements, and the emergence of new investment opportunities.

To foster long-term value creation, and promote best practice with our investee companies, we rely on two mechanisms at our disposal when dealing with climate factors, namely integration into the investment process, and active ownership.

Integrating climate factors into our investment process

We have one investment process across all portfolios at Pyrford. The process has always focused on quality, value, and the long-term sustainability of earnings and dividends. Our belief is that sustainable earnings are most reliably achieved by investee companies through responsible environmental and social practices and that shareholders only fully benefit from these at well-governed companies. Our approach is to consider both positive and negative ESG factors within the totality of our investment research, alongside our customary regard for competitive advantage, balance sheet risk and valuation.

Equities

Our approach to integrating ESG factors into our investment process involves rigorous in-house research, including face-to-face interviews, and augmenting that with specialist external research. Internal research is gathered from a variety sources, including company sustainability reports, news publications, annual reports, and sell side brokers. In addition to this, external research from MSCI provides us with detailed research reports, examining the ESG impacts on investee companies and the wider universe. Once all this information is distilled, our Portfolio Managers assign stocks an internal ESG rating, derived from examining 15 factors we concluded were the most relevant to our philosophy and process. The factors are split broadly evenly between Environmental, Social and Governance concerns, with climate change being one of the key considerations.

Our Investment Team then assesses the financial materiality and significance of all investment considerations, including ESG factors, before making informed decisions regarding potential or current holdings.

Monitoring of investee companies is an important pillar to our investment approach. Alongside day-to-day research, our internal ESG ratings are reviewed annually. To ensure comprehensive coverage of our stocks, we receive alerts from our external provider relating to any controversies or material rating downgrades of our holdings.

The Net Zero target set for Pyrford's Global Total Return (Sterling) Fund serves as a supplementary lens to assess our investments from a portfolio perspective. The two mechanisms we have identified above, will play an important role in encouraging and influencing the transition to a low carbon economy. The Metrics and Targets section in this report describes this target in detail and provides ways in which we will seek to achieve it.

Our ESG Forum and Global Stock Selection Committee, as set out in the Governance section above, provides oversight to ensure that financially material ESG factors, including climate-related issues, have been addressed and are treated consistently across all portfolios.

Sovereign debt

Within our multi-asset absolute return strategies, Pyrford can, and does, invest in bonds. Our investable universe is limited, however, to conventional and index-linked sovereign bonds from governments that achieve an AA or above credit rating. Currently this includes sovereign debt in the US, Canada, Australia, and the UK.

Whilst we monitor the government level ESG rating assigned by MSCI to the countries in our fixed income universe, we do not yet believe there is a reliable way of differentiating between these sovereign issuers within our small investable universe on ESG grounds. We are, therefore, unable to provide the same level of ESG coverage as we do in equities. We do not choose markets in this asset class based on their ESG credentials. We keep under constant review fresh ideas and new sources of data that could meaningfully inform our investment process for this asset class.

Active ownership

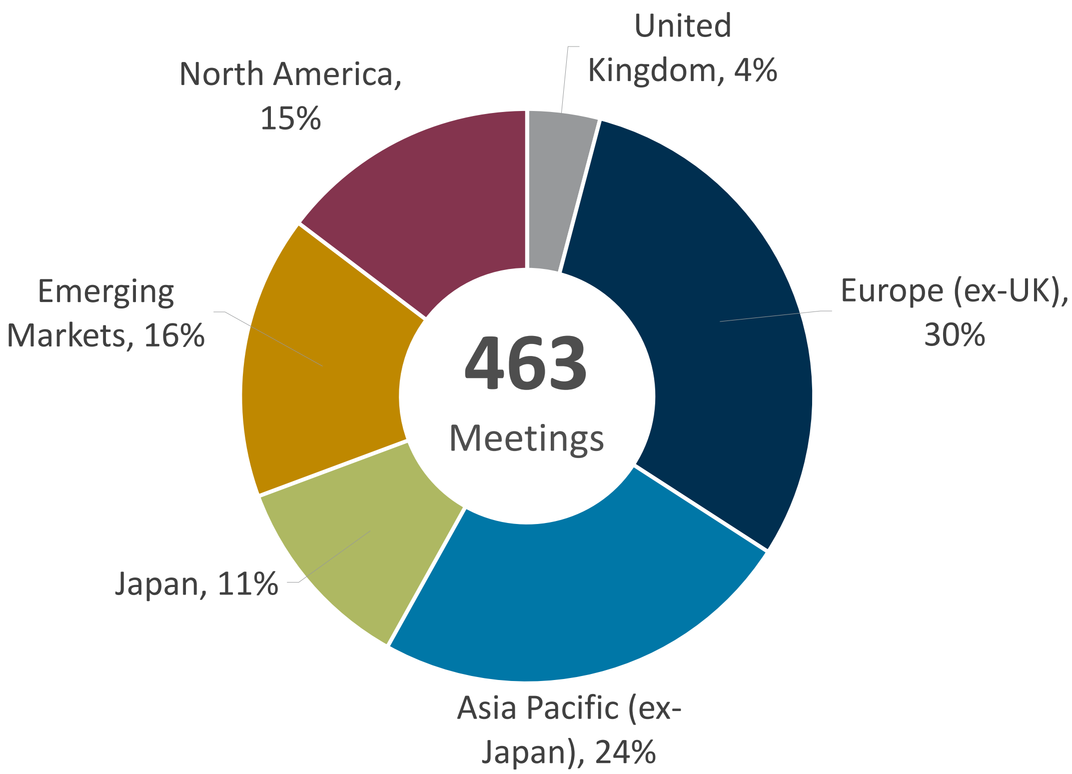
Pyrford has always taken a long-term view to investment decisions. At no point do we ever take a short-term, speculative position in a company. We invest in high quality companies that can clearly demonstrate robust and sustainable business models.

As long-term shareholders of companies, we have the responsibility to encourage stronger business practices on ESG issues through a process of ongoing company engagement. In our opinion this is a key factor in reducing risk in the portfolio. Companies are made aware that we expect them to pursue profit growth whilst managing their businesses responsibly. It may even be that through our exposure to competitors, suppliers, customers, or to similar companies elsewhere in the world, that we can help them identify risks facing them earlier than they might otherwise have.

It is Pyrford's belief that engagement through direct discussions with not only management of portfolio holdings, but also with all potential investments, is the most effective way for us to do this. At Pyrford, we use a range of engagement methods. However, our engagement is typically one-to-one with companies as we believe this method yields the best results. Our Portfolio Managers must visit every investee company prior to initial investment, and we aim to meet with the company at least annually thereafter. Furthermore, any external rating that falls into a grade that's deemed to be an ESG laggard will trigger an 'out-of-cycle' engagement with the company to identify the reasons for this and to discuss possible avenues to improve.

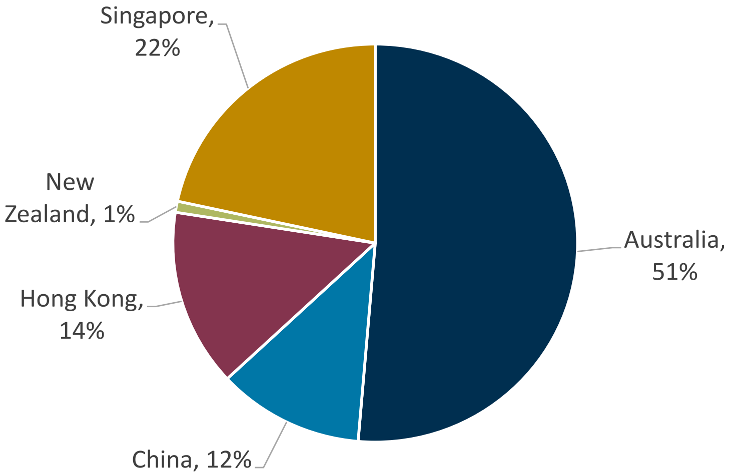
When meeting with companies, questions on ESG issues will be raised. However, we would not necessarily classify these as actual "ESG engagements". For an engagement to classified as such, it needs to be a purposeful communication on particular ESG matters of concern with the goal of promoting best practice at the company level and driving financial returns for our clients.

Company meetings, split by region in 2024



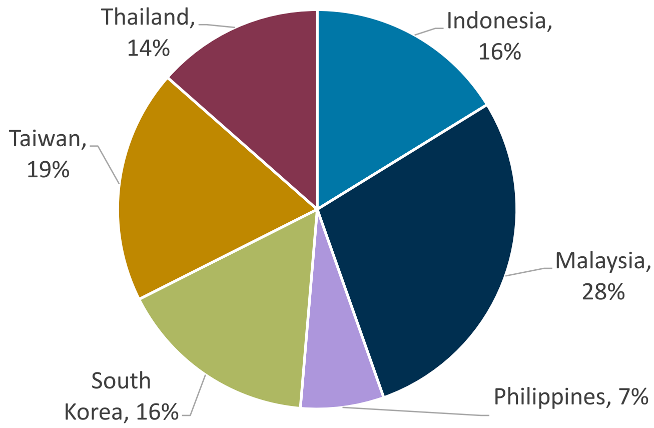
Asia Pacific ex-Japan meetings

Meeting breakdown



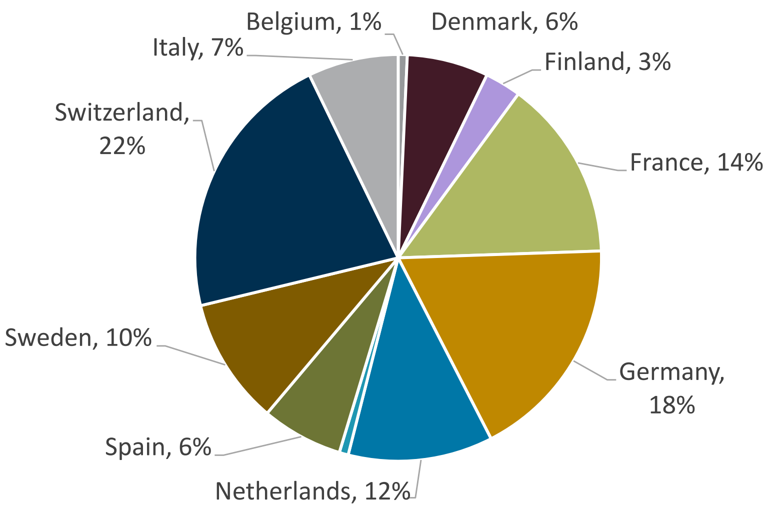
Emerging Markets meetings

Meeting breakdown



Europe (ex-UK) meetings

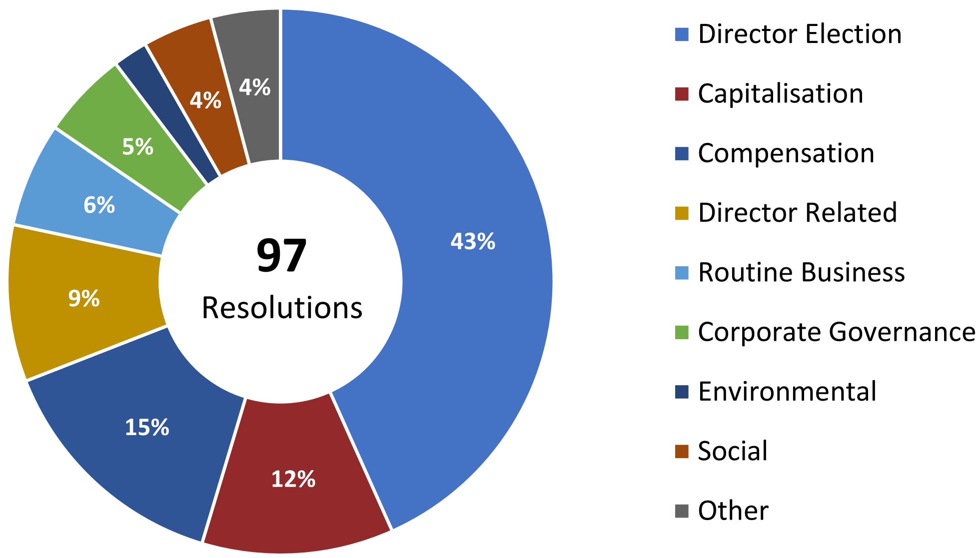
Meeting breakdown



Proxy voting is another channel where Pyrford can drive meaningful outcomes within a holding. In the absence of explicit instructions from our clients, it is Pyrford's policy to consider every resolution individually and to cast a proxy on each issue which supports the long-term investment case for the holding. We generally support shareholder proposals to increase climate-related disclosures and reporting that would have broad relevance to all potential investors.

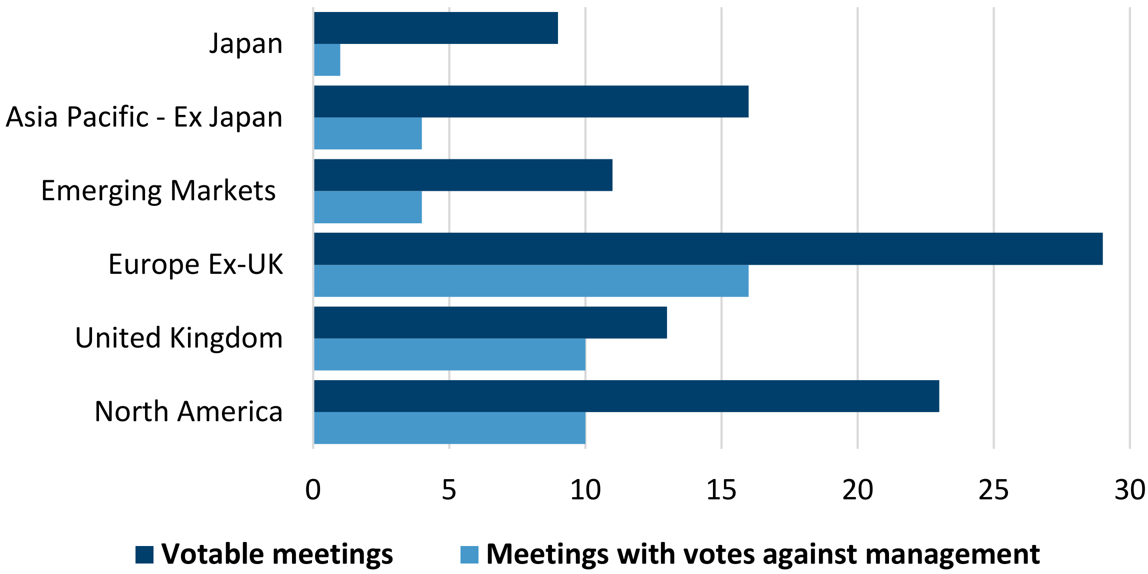
Pyrford has appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon individual client proxy voting guidelines, or Pyrford's guidelines where a client does not provide its own. Pyrford's Portfolio Managers have the final authority to decide on how votes are cast in line with the relevant guidelines. Full details of our proxy voting policy can be found on our website.

Votes against management – proposal type



Source: Pyrford International Ltd

Votes against management – regional split



Source: Pyrford International Ltd

Scenario analysis

Conducting scenario analyses for climate risk provides the ability to assess potential impacts to portfolios under various scenarios and make informed decisions about risk management and company engagement from a long-term perspective.

In 2024, Pyrford set out to gather the relevant metrics needed to assess the sensitivity of our investment portfolios to climate-related factors. We use a well-known measure called Climate Value at Risk – a commonly used financial metric to estimate the potential economic impact of climate change on investment portfolios. It quantifies the potential losses and gains, incorporating physical risks (e.g. heatwaves, hurricanes), transition risks (e.g. technology and policy changes), as well as investment opportunities.

We evaluate a portfolio's value at risk relative to its benchmark across three different scenarios: orderly transition, disorderly transition, and hothouse world. These scenarios are based on the Network for Greening Financial System (NGFS) scenarios and are modelled using the REMIND model. This process allows our Portfolio Managers to gauge the sensitivity of our portfolios to climate change, and to identify any noteworthy negative exposures that could adversely impact financial returns for our clients, which could warrant engagement if necessary.

As of December 2024, our investment portfolios demonstrated strong performance relative to their respective benchmarks, with the majority exhibiting lower or similar transition and physical risk levels across the scenarios (including a 2°C scenario). This suggests our portfolios, at present, are similarly, if not less exposed to climate-related factors compared to our benchmarks. Our analysis excludes our absolute return strategies, as calculating value at risk measures for their benchmarks is not possible given their nature and structure.

We acknowledge that Climate Value at Risk is an emerging and evolving measure and is subject to change given improvements with data quantity and quality, estimation methodologies, and measurement tools. We will continue to monitor this to ensure there are no meaningful impacts to our investment portfolios.

Below is an example of a scenario analysis that we generate for our products. Please refer to this for more information relating to the individual scenarios from NGFS.

Climate scenario analysis

Information provided is intended to provide an indication of the potential impact to a portfolio from climate risks, under a variety of climate scenarios. These include acute and chronic changes to the climate ("physical risk"), as well as "transition risks", which can include policy changes, or changes in markets, technology, demand, etc. The scenarios are based on the Network for Greening the Financial System (NGFS) public scenarios and are modelled by MSCI ESG using the REMIND model.

Scenario analysis should always be thought of as an exercise in 'stress testing' rather than looking for absolute outcomes and should be considered as part of overall portfolio risk management and not in isolation. Pyrford International seeks to identify and manage climate risks and opportunities as part of our integration of ESG factors, as set out in our TCFD report.

Resilience

The range of outcomes for this portfolio between the different climate scenarios is lower than that of the benchmark, suggesting a lower level of sensitivity to different future climate outcomes.

Orderly transition	Orderly transition scenarios assume climate policies are introduced early and become gradually more stringent, reaching global net zero emissions around 2050. We assume a 1.5°C temperature rise in this scenario.	**Estimated value at risk:** 3.9% less than the benchmark In the orderly transition scenario, transition risks are lower for this portfolio than the benchmark, whilst physical risks are lower. There are regulatory and transition risks for those companies in carbon-intensive sectors. Risks manifest where companies fail to transition, and opportunities arise where companies can provide the solutions and services required in a low carbon economy. Physical risks are relatively low in this orderly transition scenario, as global temperatures are limited to 1.5°C.
Disorderly transition	Disorderly transition scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit the global temperature rise. We assume a 2°C rise in this scenario.	**Estimated value at risk:** 4.7% less than the benchmark In the disorderly transition scenario, transition risks are lower for this portfolio than the benchmark, whilst physical risks are lower. In this scenario physical risks become more pronounced. Transition risks present particular challenges due to regional divergence. The companies within the portfolio with high carbon intensity may feel these more acutely.
Hothouse world	Hothouse world scenarios assume 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. We assume a 3°C rise in this scenario.	**Estimated value at risk:** 1.8% less than the benchmark In the hothouse world scenario transition risks are lower for this portfolio than the benchmark, whilst physical risks are lower. This scenario has high physical risk exposure, and more limited regulatory and carbon risks. Risk is therefore less correlated to exposure to carbon-intensive assets than in other scenarios but is more strongly related to the exposure to climate impacts. Key factors determining the overall risk will include the geographical location of companies' assets.

Managing operational risks from climate change

We actively address the potential operational impacts of climate change on our firm. This includes evaluating physical risks, such as extreme weather events, that may affect business continuity. Pyrford maintains a robust disaster recovery contingency plan which is updated and tested frequently. An offsite disaster recovery facility hosts a number of clustered servers and has made provisions for seating arrangements, if needed, with laptop access. Our data is backed up on a daily basis and stored at a remote site through an agreement with a third-party provider. The risks associated with business travel, including those related to extreme weather events, are also tracked by a specialist provider.

We monitor transition risks that may have implications for regulatory compliance obligations. Such risks can lead to changes in policies, legal requirements, and reporting standards that affect our operational activities. We also assess the potential impact on internal processes, including risk management and governance frameworks. In addition to this, we evaluate how shifting stakeholder expectations may influence our operational priorities and disclosures.

This continuous monitoring enables us to maintain operational resilience and align with evolving sustainability standards. For more information relating to our operational emissions and our approach to it, please refer to later sections in this report.

Risk management

The increasing severity and frequency of climate events makes it essential to identify, assess, and manage material climate-related risks to protect financial performance and ensure long-term strategic planning. When discussing risk management from a climate perspective, it's important to distinguish between the potential impact climate events could have on our investee companies, and the impact that holding these companies for our clients may have on the climate – both of which are important in ensuring we fulfil our obligations to our clients.

Investee company risk

This refers to the potential impact that adverse climate events and interventions could have on our investee companies. As mentioned in the Strategy section of this report, the upfront and ongoing due diligence conducted by our Investment Team identifies and manages these risks. This due diligence involves thorough research and face-to-face interviews, guided by our internal ESG processes and information supplied by our external provider. This provides our Investment Team with the necessary information to make informed decisions regarding the severity, magnitude, and time horizon of the material risks at hand. In addition to this, reviewing and ensuring alignment to our Net Zero target for our Global Total Return (Sterling) Fund serves as an additional risk management tool.

As previously mentioned, Climate Value at Risk is calculated under the various NGFS scenarios for our investment portfolios. The results of these scenario analyses are used as a supplementary data point in the Portfolio Managers' process and allows them to assess and manage possible climate vulnerabilities that could adversely impact the performance of issuers within their portfolio.

The formal structures in place, namely the ESG Forum, Global Stock Selection Committee, and Executive Committee act as a final safeguard against the potential for risks to be overlooked, mismanaged, or viewed inconsistently. This applies to both our investment portfolios and the firm's business operations. Furthermore, our Investment Risk Team acts as a second line of defence, reviewing our portfolios for any material concerns, including climate-related factors.

Climate risk from company activity

This relates to the potential risks posed to the climate from the business activities of our underlying investee companies, which could ultimately affect the future performance of our portfolios. This can include greenhouse gas emissions, deforestation, water pollution, biodiversity loss, and chemical pollution. As mentioned in the strategy section of this report, active ownership plays a large role in how we influence and create awareness at the companies we hold. We will initiate an engagement if we identify a risk where we believe the company was not taking adequate steps or implementing contingencies to mitigate or reduce its impact on the climate. In the event that our concerns are overlooked, Pyrford has put in place a clear framework where escalation with company management is required and how this should be carried out.

Proxy voting is also a tool at our disposal to encourage a company to consider changing their approach to the climate. If we feel strongly that a risk or concern is not getting adequately addressed, we may choose to support certain resolutions that mandate the adoption of more sustainable practices that can help drive shareholder value.

Managing existing and upcoming regulations

Pyrford makes use of an internal compliance team, as well as a broader Legal and Compliance team from our parent company, Columbia Threadneedle Investments, to ensure we identify any new or existing changes in climate change regulation. This allows us to keep abreast of the latest developments and to make sure we are proactively addressing any potential impacts to our operations, or to our underlying investee companies.

Audits

Pyrford is subject to a comprehensive review from an independent internal audit team at our parent company, which evaluates all business operations to ensure we have effective risk management, control protocols, and governance frameworks in place.

Our ESG processes and procedures are included in these reviews, where the necessary tools and structures are evaluated to determine if they can adequately assess and manage risks, including those related to climate change.

In 2024, Pyrford did not obtain independent third-party verification of the data contained within this report. However, our ultimate parent company, Ameriprise Financial, Inc., gained third-party assurance of its globally reported operational emissions, for which Pyrford is included.

Metrics and targets

We use a range of measures to keep abreast of our exposure to climate-related risks and opportunities. This enables us to take proactive steps to make informed decisions to effectively safeguard our clients' capital against future climate-related challenges, and to ensure operational continuity.

Targets

After joining the Net Zero Asset Managers Initiative (NZAMI) in 2022, we made our target submission for one of our funds under this program in 2023. While NZAMI has suspended its activities, our Net Zero targets still remain in place for the fund. Pyrford has committed to both an engagement target and a portfolio decarbonisation reference target, signaling our intent to encourage change in a positive direction.

Our initial AUM coverage in connection with our participation in NZAMI, when it was operational, represents the equity component of our Absolute Return fund managed for UK-based clients. Participation will be limited to this subset of clients until client preferences and objectives allow for expanding it. We are limiting inclusion to equity assets until we are confident in a methodology suitable for sovereign bonds, the only other asset class we invest in.

Engagement target

Companies representing at least 70% of financed emissions should be either aligned or in the process of aligning to net zero targets, or otherwise engaged. This will be overseen by Pyrford's ESG Forum and we expect this threshold to be monitored and achieved on an ongoing basis, with a first checkpoint at the end of 2025.

Emissions reduction reference target

We have taken a "benchmark-relative" approach to considering portfolio financed emissions intensity, based on the MSCI All Country World Index. The emissions intensity (tCO2e/$m sales) of this benchmark has been analysed in our base year, 2023, and is assumed to need to decrease by 50% by 2030 reaching net zero emissions by 2050 or sooner. Our methodology will compare the portfolio emissions intensity with a net-zero trajectory for the benchmark. This will allow us to take account of the starting point of our portfolio, and whether this is below or above the economy-wide average. This produces a reference pathway for us to track progress against

Greenhouse gas emissions

Operational emissions

At Pyrford, we are committed to limiting the impact of our business operations on the environment and to demonstrating leadership by integrating environmental considerations into our wider business practices.

In July 2023, Pyrford moved into a mixed-use building at 7 Seymour Street, London. The commercial portion of the building achieved an "outstanding" rating from BREEAM (Building Research Establishment Environmental Assessment Method), placing it in the top 1% of all registered non-domestic buildings in the United Kingdom. To achieve this rating, the building must meet the highest standards of sustainability across energy efficiency, procurement of materials, and responsible specification. The building also obtained an equivalent rating for its residential portion of the property (level 4 from the Code for Sustainable Homes), marking it as the first development to achieve both prestigious ratings.

A contributing factor to selecting the new office space was due to its easy accessibility via public transport and the provision of cycle storage. No parking is provided to employees, all of whom arrive on foot, bicycle, or by public transport.

Though travel to clients and research opportunities remains an important aspect of many Pyrford employees' work, video conference facilities have been installed in all meeting rooms to avoid the need for physical travel when possible. Following the great success of implementing video conferencing throughout the COVID-19 pandemic, this has been utilised more frequently, reducing non-essential travel where possible. All travel that is undertaken is monitored to optimise itineraries.

The table below shows our greenhouse gas (GHG) emissions from our business operations. Emissions are reported in tonnes of carbon-dioxide equivalent (tCO2e), which includes the three main greenhouse gases - carbon dioxide, nitrous oxide, and methane. These are expressed as carbon dioxide equivalents using the standard long-term global warming potentials (GWP-100).

2023 was Pyrford's first measurement period relating to its operational emissions and it will serve as a baseline to compare against peers and our future emissions. By doing so, this will help us track the progress made in reducing and mitigating our carbon footprint. These figures are subject to further refinement going forward as data and methodologies continue to mature.

*Table 1: Pyrford's carbon footprint in 2024 (tCO2e)**

Scope	Category	Location-based	Market-based
Scope 1	Natural gas	20	20
	Refrigerant	2	2
Scope 2	Electricity	58	0
Scope 3	Business travel - flights	207	207
	Business travel - land	10	10
	Employee commuting	66	66
	Employee working from home	17	12
	FERA	22	3
Total		**402**	**320**

Source: Pyrford International, calculated by Anthesis and verified by Ameriprise Financial, Inc., 2024. FERA = Fuel and Energy Related Activities are not included in Scopes 1 or 2. Reporting on environmental data, including the quantifications, continues to evolve as data quantity and quality, estimation methodologies, assurance processes, and measurement tools improve. As a result, we may make updates in the future, as we continue to refine our methodologies to collect and report this data. Due to rounding, numbers presented throughout this table may not add up precisely to the totals provided.

*Table 2: Pyrford's carbon footprint per full-time employee**

	2024
Total location-based GHG Emissions (Scope 1,2 & 3) (tCO2e)	402
Total market-based GHG Emissions (Scope 1, 2, 3) (tCO2e)	320
Total number of employees	35
Location-based Intensity Ratio (tCO2e per FTE)	**11.5**
Market-based Intensity Ratio (tCO2e per FTE)	**9.1**

Source: Anthesis and Pyrford International, 2024

**Measurement uncertainties – The amounts reported in tables 1, 2, 5 and 6 are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods, assumptions, and estimates used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.*

Financed emissions

To correctly measure and account for Pyrford's total carbon footprint, it's important to incorporate greenhouse gas emissions originating from our investments. This allows us to effectively assess our climate risks, monitor changes over time, and more accurately report a holistic view of the firm to our respective stakeholders.

Our carbon metrics are calculated according to the Partnership for Carbon Accounting Financials (PCAF) standards. Tables 3 and 4 provide a description for the various metrics and their accompanying formulae. We recognise that the data and methodologies pose challenges that require ongoing refinement. Furthermore, we acknowledge that at the time of measurement, the resulting figures may be influenced by market fluctuations and inflationary pressures, which may limit the ability to analyse trends over time.

Table 3: Carbon metrics for corporate securities

Metric	Description	Formula
Total emissions	Measures the total greenhouse gas emissions associated with a portfolio, expressed in tonnes CO2e	$\sum_{i}^{n} \frac{\text{current value of investment}_i}{EVIC_i} \text{ x issuer's emissions}_i$
Carbon footprint	Measures the greenhouse gas emissions for a portfolio normalised by its market value, expressed in tonnes CO2e/$M invested	$\sum_{i}^{n} \frac{\frac{\text{current value of investment (USD)}_i}{EVIC_i} \text{ x issuer's emissions}_i}{\text{current portfolio value (\$M)}}$
Weighted average carbon intensity (WACI)	Measures a portfolio's exposure to carbon-intensive companies weighted by revenue, expressed in tonnes CO2e/$M revenue.	$\sum_{i}^{n} \frac{\text{current value of investment (USD)}_i}{\text{current portfolio value}} \text{ x } \frac{\text{issuer's emissions}_i}{\text{issuer's \$M revenue}_i}$

Table 4: Carbon metrics for soverign debt

Metric	Description	Formula
Total emissions	Measures the total greenhouse gas emissions associated with a portfolio, expressed in tonnes CO2e.	$\sum_{i}^{n} \frac{\text{sovereign bond investment (USD)}_i}{\text{gross government debt (USD)}_i} \text{ x sovereign emissions } (tC0_2e)$
Carbon footprint	Measures the greenhouse gas emissions for a portfolio normalised by its market value, expressed in tonnes O2e/$M invested.	$\sum_{i}^{n} (\frac{\text{sovereign bond investment (USD)}_i}{\text{gross government debt (USD)}_i} \text{ x sovereign emissions } (tC0_2e))$
Greenhouse gas intensity	Measures a portfolio's exposure to carbon intensive sovereigns weighted by GDP.	$\sum_{i}^{n} (\frac{\text{sovereign bond investment (USD)}_i}{\text{nominal GDP (USD)}_i} \text{ x sovereign emissions } (tC0_2e))$

Our total entity emissions, as shown in table and 5 and 6 are derived from product-level metrics, by aggregating emissions across all our products. The carbon footprint, greenhouse gas intensity, weighted average carbon intensity, and data coverage are determined through a weighted average, based on the assets under management for each product.

*Table 5: Carbon emissions for corporate equity**

Metric	Scope	2024	2023	Units
Total Carbon Emissions	Scope 1 & 2	194,092	262,891	tCO2e
Carbon Footprint	Scope 1 & 2	33	39	tCO2e/ $m invested
Weighted Average Carbon Intensity (WACI)	Scope 1 & 2	79	86	tCO2e/ $m revenue
Data Coverage	Scope 1 & 2	96.04	94.66	%

*Table 6: Carbon emissions for sovereign debt in**

Metric	Scope	2024	2023	Units
Total Carbon Emissions	N/A	150,795	253,316	tCO2e
Carbon Footprint	N/A	202	243	tCO2e/ $m invested
Greenhouse Gas Intensity	N/A	254	189	tCO2e/ $m invested
Data Coverage	N/A	100	100	%

**Measurement uncertainties – The amounts reported in tables 1, 2, 5 and 6 are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.*

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