

# TCFD ENTITY REPORT 2024



MARTIN CURRIE  
A Franklin Templeton Company

JUNE 2025

For institutional, professional and wholesale investors only.

[www.martincurrie.com](http://www.martincurrie.com)



INVESTING TO IMPROVE LIVES™

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# 1. Introduction

## Martin Currie and our purpose

Martin Currie is a global active equity specialist within Franklin Templeton, one of the world's leading investment managers. Our business strategy centres on protecting and enhancing the risk-adjusted returns on our clients' capital by investing in concentrated, long-term equity portfolios. As active managers, an integrated approach to stewardship and sustainability is core to this objective. Through investor-led analysis, we believe we can increase the efficacy of our research in identifying successful long-term investments that drive positive outcomes for all stakeholders.

## Context for this report

We present in these pages our second detailed Taskforce for Climate-Related Financial Disclosures (TCFD) entity report, a continued evolution and expansion of our disclosures as a business on climate.

Our report covers 2024, another year of increasing carbon emissions globally. The year also saw an emerging focus on biodiversity and its interrelation with climate change, in a context of mixed political progress in addressing it. Companies and asset managers are under increasing scrutiny regarding the commitments they make and have made regarding climate change.

Climate change is a source of both material risk and opportunity. The changing climate will influence both the potential risks that companies face - including transition and physical risk - as well as the opportunities that are created in addressing these challenges. As such, it is clearly relevant to our role as long-term stewards of our clients' capital. This report outlines how Martin Currie manages these risks and opportunities, as well as the way we manage our own business operations. We provide insight into the commitments that we have made and how we approach meeting them - as a fiduciary for our clients and operationally as a business.

## Why we have supported the TCFD

The TCFD recommendations were developed as a disclosure framework by the financial sector, for the financial sector, and now have wide application across the market. But the recommendations bring value beyond just disclosures - they broaden the understanding of climate change across businesses.

The recommendations help companies and asset managers question how climate change affects all aspects of business, from people and processes to the profitability and impact that businesses can have on the planet. Climate change may also create opportunities alongside risks and the TCFD provides guidance on how to incorporate both aspects into strategy and risk management.

For us as investors, the TCFD framework helps us understand how investee companies acknowledge and manage the potential impacts of climate change. Equally it provides companies an opportunity to demonstrate the extent to which this has been embedded into strategy and how risks are managed and opportunities embraced.

The same is true for us as an asset manager. The framework helps guide how we approach managing climate change in our own business strategy and through our operations.

## How we assess risks and opportunities

Martin Currie uses investor-led proprietary analysis which considers the risks and opportunities relating to climate change. Our analysis focuses on material governance and sustainability considerations which might impact the ability of a company to generate sustainable, long-term performance. Through this analysis, we seek fundamental insight into material issues influencing long-term returns for companies and potential areas for engagement. In addition, it allows us to assess where the companies in which we invest may have a material impact on key common issues such as climate change, human rights, cyber security and workers' rights. The level of analysis and engagement varies depending on region, sector and, critically, the materiality of the issues in question.

The overarching aim is to assess the extent to which the identified factors will contribute to, or detract from, the potential long-term value creation of a firm. We believe it is important to have our own view on material governance and sustainability issues as this provides a source of insight for producing better risk-adjusted returns and allows us to have a better-informed approach in relation to escalation and engagement in relation to our stewardship activities.

For over a decade now, our approach has always been that to fully integrate governance and sustainability analysis into fundamental company research, responsibility should reside with the individual research specialists and portfolio managers rather than a separate team. We believe this ensures its relevance and integration in investment decision making.

### We believe in active ownership

Engagement is a key element of our stewardship approach. It guides how we manage our clients' assets and how we deliver long-term value for them. Our engagement is informed by our analysis of the material governance and sustainability risks that each company faces, how they are managing and mitigating these, and the disclosures that they make in this regard.

A common element of this analysis and our engagement is how companies disclose emissions, set climate-related targets and deliver against them. We systematically track our engagement, including the extent of progress when these issues are raised. The investment teams lead the engagements - they have the strongest long-term relationships with the companies that we invest in - and are supported by the Stewardship, Sustainability & Impact (SSI) team.

### Collaborative engagement and industry initiatives

We recognise that there are broad, systemic issues with the potential to impact many companies and different parts of the financial ecosystem - the most pertinent example being climate change. Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Although most of our engagement is private, where an issue is likely to impact a broad range of companies held, we believe that this may require a more collaborative approach to engagement. We participate in several collaborative efforts to address specific issues that impact companies held in our clients' portfolios. Finding a coalition of like-minded shareholders is a good way of sharing knowledge and can generate more tangible results than acting alone. In support of this, we have also joined collaborative engagements as lead investors focused on different aspects of managing climate change, including through the CDP Non-Disclosure Campaign and Climate Action 100+ (CA100+). In addition, we engage not just with companies but also with regulators, policy makers and industry bodies to support the evolution of a more sustainable financial system.

### We hold ourselves to account as a business

How we choose to run our own business is particularly important when we consider that our role often involves advising companies worldwide on how to adopt best practice. It is why we hold ourselves accountable for taking action on the same systemic issues relevant to the companies in which we invest. We have committed to reduce our operational emissions intensity by 50% from our 2019 baseline by 2030 and to offset 200% of residual emissions.

The TCFD recommendations are a welcome guide to support strategic thinking about the best way to manage climate risk, how it is reflected in the tone from the top of our business and how we structure our governance of climate risk. The recommendations also support our existing strategy of formally embedding climate research and risk assessment across our investments, framing our approach to engagement, and reflecting these conclusions in a structured manner through our risk process. It has also informed the metrics and targets at both a business and product level to hold ourselves accountable for managing climate related risk in our business and where relevant, helping clients meet their own climate goals. These elements are set out in greater detail in each of the sections covering Governance, Strategy, Risk Management, and Metrics and Targets.

## 2. Governance

Martin Currie’s long-term corporate strategy is to manage our business with focus, enabling a scalable platform that can be adapted to meet client needs and an evolving investment landscape. Martin Currie is a fully owned Specialist Investment Manager (SIM) in the Franklin Templeton Group and as such our structure in relation to management of the business and climate risk reflects this with accountability and reporting within Martin Currie and as part of Public Markets within Franklin Templeton. Accountability for stewardship and sustainability lies primarily with the Martin Currie Board and Executive Committee. The Board with oversight responsibility has delegated authority to the Executive Committee who have day-to-day management responsibility. The Executive Committee report to the Head of Public Markets, Franklin Templeton.

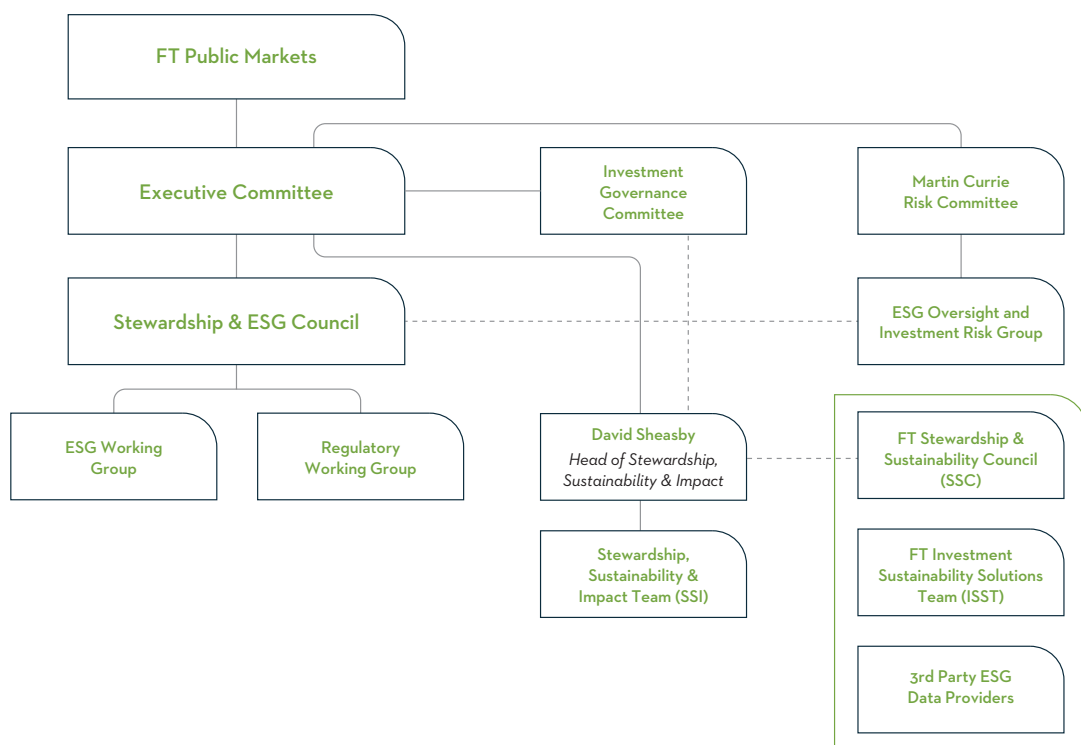
The Executive Committee have created an organisational structure that enables effective supervision of all company operations and proper segregation of key duties. This includes climate-related risks and opportunities from both an investment and operational perspective which are considered by key forums with specific responsibilities within the business as set out in the governance structure below. Our overall approach to investment governance and strategic direction on matters related to governance and sustainability (including climate risk) is overseen by the Stewardship & ESG Council (The Council) and coordinated through our investment-focused ESG Working Group.

The Council has delegated authority from the Executive and is co-chaired by Michael Browne (Chief Investment Officer) and David Sheasby (Head of Stewardship,

Sustainability & Impact). This body was created in 2021 to have a dedicated high-level forum specifically related to stewardship and sustainability at Martin Currie, to oversee the corporate approach to sustainability, to ensure that we are fulfilling our stewardship responsibilities and to provide a channel for assurance, feedback, evolution and improvement of our stewardship activities. As a relatively small, focused equity asset manager running concentrated long-term portfolios, the Council has strong visibility and deep knowledge of our internal approach.

From an investment perspective it is important to us that consideration of portfolio level impacts of climate change is investor-led. While this does not form part of the governance structure, it reflects the philosophical importance of having investor-led integration of climate risk as close to the decision-making function as possible. This is important given that the majority of our identified climate-related risk sits within the investment portfolios rather than the operational carbon footprint or strategic risk within the business.

These areas are covered in more detail in the Strategy section of this report. Climate change forms part of our assessment of the material risks and opportunities that companies face in generating sustainable returns over the long term and as such is embedded into our investment process. Our sustainability- and governance-related research is fully integrated into our investment process, considering factors including climate change when analysing the investment case for a company. All stock research is required to consider the material and relevant governance and sustainability factors that could impact the ability of the company to generate sustainable returns. This forms part of the responsibility of the investment teams.



## We outline the key elements of our governance structure below with additional discussion of key areas relating to climate change.

### Governance level

The Board of Martin Currie is responsible for providing oversight of the activities and internal controls within the Martin Currie group and has ultimate ownership of the climate-related risks and opportunities for Martin Currie. They are informed through the Risk Committee and delegate authority to manage the business to the Executive Committee. Climate change considerations form part of Enterprise Risk Management (ERM). This is overseen by the Martin Currie Risk Committee which reports to the Martin Currie Board. The Executive Committee also reports to Head of Public Markets, Franklin Templeton. Escalation and reporting on climate-related issues outside of ERM is on an ad-hoc and case-by case basis. The management responsibility and decision making in relation to climate is delegated to the Executive Committee and the Council. These are the primary bodies for considering climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance.

### Executive Committee

Martin Currie's Executive Committee is responsible for setting and implementing the business strategy – a member is appointed responsibility for each business area. The Executive Committee has responsibility for overseeing climate-related risks and opportunities with regards to business strategy and overall investment strategy and setting operational targets related to climate for the business.

Our structure is clear when it comes to the management of climate-related risks within the business. The Executive Committee has assigned climate-related responsibilities to specific committees or teams within the business, covering investment integration and best practice, regulation, oversight, and stewardship and sustainability activities. These committees and teams report to the Executive Committee (in some cases via the Council).

Key climate-related strategy issues, risks, and investment integration are managed first at their relevant team or committee before being escalated to the Council if required, which operates under delegated authority from the Executive Committee. The Council also operates as the key forum for how management is informed about climate-related issues through the medium of regular discussion, oversight and sign-off of the key regulatory documents within our management and reporting framework on climate change. Within scope are this report and our Stewardship Annual Report, as well as the management of climate-related issues from a strategic perspective: product strategy, membership of organisations or initiatives related to climate, and approval of key climate-related policies such as our Climate Policy.

### Investment level

The analysis and integration of climate-related risks and opportunities in the investment process sits with investment teams. Martin Currie uses investor-led proprietary analysis which considers the risks and opportunities relating to climate change. Our analysis focuses on material governance and sustainability considerations which might impact the ability of a company to generate sustainable, long-term performance. Through this analysis, we seek fundamental insight into material issues influencing long-term returns for companies and potential areas for engagement. The stewardship and risk functions provide oversight and guidance of these activities. These are set out in more detail in the Strategy section of this report.

### 3. Strategy

Investing to create long-term, sustainable value is at the heart of our business strategy. Our belief is that, through our focus on concentrated long-term equity portfolios, we are in the best position to deliver on our client expectations. This also informs our approach to stewardship and sustainability activities, which are most effective when investor-led. We recognise that we have clear responsibilities as stewards of our clients' capital. Principal among these is to protect and enhance their capital over the long term. We believe that sustainability (environmental and social) and governance factors create risks and opportunities for investors. This is especially true of complex and systemic issues such as climate change.

We recognise the importance of climate change as a key systemic issue to be considered across our business. As such, Martin Currie has a multifaceted approach to managing climate risk in our clients' portfolios, and in the strategy and planning of our own business. Our purpose of Investing to Improve Lives is a vital component of being a sustainable business – and part of this involves taking action on climate change through:

- **Our investment activities:** Identifying and managing climate-related risks and opportunities.
- **Partnering with our clients** in respect of managing the risks of financed emissions.
- **Setting an example with our own operations:** setting business strategy, deploying strategies in support of net zero and managing our own operational carbon footprint to the same goal.

We consider transition and physical risks which can be short, medium and long-term, both for our corporate entity and for the portfolios we manage on behalf of clients.

For investment portfolios these tend to be assessed in the form of short, medium, and long-term transition and physical risks as well as technology opportunities. The transmission mechanism, materiality and range of outcomes will be different depending on the makeup of individual portfolios and can also be seen in public TCFD product reports.

Within our business operations these have been identified primarily as transition risks in relation to product demand, client preference and financial costs of our commitment to offset residual emissions.

## Investment: identifying and managing climate related risks and opportunities

With regard to Martin Currie's strategy in relation to our investment activities, our focus is clear. We act in the best interests of our clients guided by a stewardship approach. This means assessing potential financially material climate-related risks and opportunities, and being considered in our investment decisions, engagement and proxy voting activity.

Risks posed by climate change are identified and incorporated into our investment research in three key areas:

### 1. Identifying climate-related risks and opportunities

We view stewardship, investment, and integration of sustainability factors as intertwined, and our investment teams take direct ownership of these activities. Our focus is on identifying material sustainability issues and opportunities to inform our long-term investment approach prior to investment, and to facilitate ongoing engagement and voting activity during our holding period. Our preference is for using judgement and insight from within our investment teams, rather than an external data or service provider. We believe this offers a clear sense of accountability and ownership for our stewardship activities and is the most effective way to reflect these in portfolio management decisions. The overarching aim is to assess the extent to which the identified factors will contribute to, or detract from, the potential long-term value creation of a firm. With respect to climate change these tend to be assessed in the form of short, medium, and long-term transition and physical risks as well as technology and other climate-related opportunities. The transmission mechanism, materiality, and range of outcomes will be different depending on the makeup of individual portfolios.

These are detailed in our product reports but our key conclusions around the consolidated holdings of Martin Currie are as follows.

#### • Short-term risks and opportunities

We believe that over the short term (0-5 years), we are well insulated against some of the transition risks that climate change presents. As set out in our metrics and targets section, Martin Currie has limited exposure to companies operating in fossil fuel industries such as producers or distributors of fossil fuels, miners and distributors of thermal coal, or coal-based power generators. However, where this exposure is present this creates potential transition risks from policy change, potential carbon costs, and the demand outlook for these industries.

For other high emitting industries potential transition risks are identified through investor-led stewardship research which focuses on potentially financially material elements. These risks are informed by proprietary tools such as carbon cost analysis as well as product level scenario analysis and carbon footprinting which is considered for information in our quarterly risk meeting cycle.

Our approach from a management and engagement perspective is set out in our Climate Policy.

#### • Medium-term risks and opportunities

Over the medium term (5-10 years), transition risks could become more apparent, and physical risks could begin to materialise for companies. It is over this horizon that we anticipate our response through engagement to potentially be the most effective mechanism for responding to identified risks, encouraging proactive management of material climate risks by companies within their own business. It is also over this time period where we have typically calibrated our engagement horizon when engaging with corporates on the initial phase of climate target setting. These are typically focused on 2030 as a target year.

#### • Long-term risks and opportunities

Over the long term (10+ years), physical risks may materialise in the form of more extreme weather events or natural disasters. Similarly, the cumulative impact of policy response could become more significant over time. As a systemic issue, climate change, and the transition to a lower carbon economy, will impact most companies in some way. We expect companies to be aware of the potential risks that they are exposed to and the potential impact that they have, and to manage and mitigate these risks and impacts. Where material this should include the development, implementation and disclosure of comprehensive transition plans that include robust greenhouse gas (GHG) emission reduction targets at a minimum over the medium term (5-10 years) and long term (2050). We also encourage companies to embrace the potential opportunities that may be presented by the substantial economic changes required. Currently, key areas of identified risks include those companies with significant operational or supply chain carbon emissions and those companies operating in the production of fossil fuels which are typically those with the highest potential value at risk in our climate scenario analysis.

## 2. Creating tools to support analysis

Our key area for action is in understanding material financial climate risks and opportunities.

- We have developed a proprietary model that allows us to assess the sensitivity of companies to carbon costs as well as the sensitivity for overall portfolios. This has been a collaboration between the investment teams, which have shared ideas and best practice through its evolution. In addition, we produce a carbon footprint for portfolios, looking at both overall emissions and carbon intensity. This identifies the overall carbon profile and main contributors to a portfolio's carbon footprint.
- We have adopted an internal alignment methodology that assesses companies' target commitments and delivery against these targets. This is set out in our Climate Policy and the data shown in the Metrics and Targets section of this report.
- With an increasing number of companies announcing net zero ambitions, we are also analysing the substance behind these ambitions and monitoring the extent to which companies are setting out science-based targets. Tools such as those from the Transition Pathway Initiative (TPI) also help identify the degree to which companies are aligned with the transition to a lower-carbon economy.
- Finally, we continue to explore analysis to help us with broader scenario testing including the Principles for Responsible Investment's (PRIs) Inevitable Policy Response, International Energy Agency's (IEA) Net Zero scenario and the Network for Greening the Financial System (NGFS) scenarios. These scenarios from NGFS have formed the basis for our initial deployment of scenario analysis in relation to climate risks across our investment activities. This aims to assess the potential physical and transition risks in portfolios across a range of potential climate scenarios that reflect potential paths on emissions and policy. These also consider potential opportunities associated with this transition. Our intention from the roll out of this across the investment teams is to inform our investors, stimulate debate and inform potential areas of research work and engagement. The output of this process at a Martin Currie level is summarised in the Metrics and Targets section of this report and also in our product-specific reports which are published on pooled fund pages in the UK and available on request for segregated mandates.

## 3. Management of these risks and opportunities

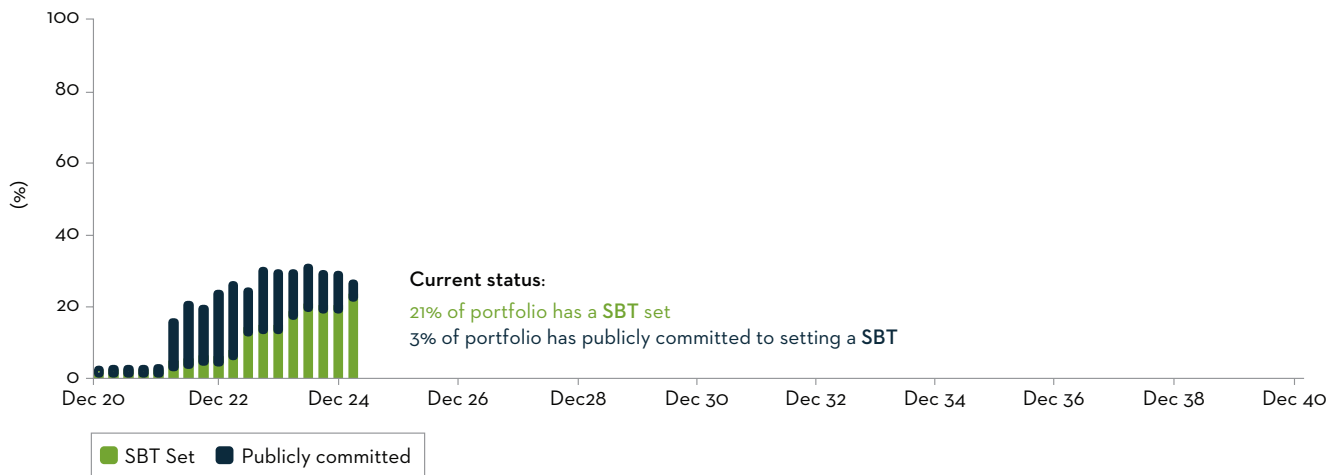
- Our stewardship activities include a combination of engagement, voting and escalation. Our Climate Policy sets out how we aim to support investee companies moving towards net zero, recognising that the journey to a low carbon economy will not be easy, especially for companies with high emissions or those that operate in hard-to-abate sectors.
- As investors, we expect companies to disclose decision-useful information in a timely manner to help build our understanding of each company that we invest in on behalf of our clients. We believe that the TCFD and the CDP frameworks provide robust channels for these climate disclosures.
- Our aim is to establish an open dialogue with investee companies. We aim to engage with companies in an informed, constructive and discrete manner. The key considerations that frame our engagement include the materiality of climate impact and climate risk for the company in question; overall governance, awareness and management of climate risks and opportunities; emissions disclosures; the ambition and disclosures of emission reduction targets; and overall climate reporting.
- Our Stewardship and Engagement Policy and Climate Policy set out our approach to escalation and voting and also highlights that, where appropriate, we will take part in collaborative engagements with other investors.
- Our business strategy remains broadly the same under different warming scenarios, including a 2 degree scenario and warmer. This includes the development of products aligned to a net zero pathway, client engagement to ensure product suitability, and effective monitoring of our climate exposures across our portfolios in conjunction with deployment of our stewardship capabilities.

## Clients: partner with clients in respect of financed emissions

To enable clients to take effective action on climate change and work toward achievement of their own climate goals, Martin Currie has adopted a partner focused approach in supporting our clients with their climate commitments. Recognising our role as fiduciaries for our clients our approach is focused on providing an information and analysis in support of tackling climate change. This includes the supply of clear information in respect of climate-related data and progress towards net zero alignment. We do this by offering detailed portfolio level information on climate risk, opportunities and progress in relation to net zero as part of a recently enhanced suite of client reporting. We expect that client demand for net zero aligned strategies may shift significantly over time and have adopted a client led model in terms of opting into having net zero targets for segregated mandates.

*An example of this is set out in the case study below which is based on data from an example client mandate and covers progress, alignment and engagement activity in relation to that strategy.*

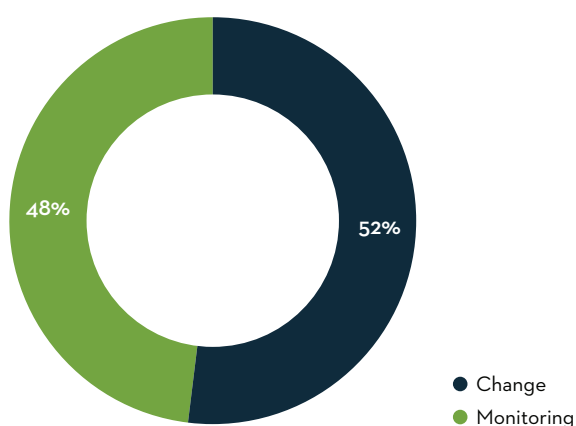
### Science-Based Target (SBT) status and goal setting trajectory



## Portfolio Engagement Activity

Number of engagements	
Q2 2024	55
Q3 2024	79
Q4 2024	47
Q1 2025	17
<b>Rolling 12-month total</b>	<b>198</b>
Engagements by primary theme	
	%
<b>Environmental</b>	<b>33</b>
<b>Social</b>	<b>17</b>
<b>Governance</b>	<b>39</b>
<b>Other</b>	<b>11</b>

### Engagements by purpose



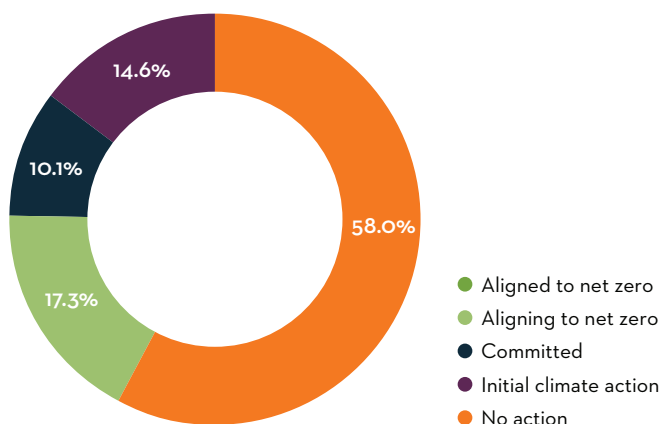
Engagements by secondary theme		%
<b>Governance</b>		
Board, directors and committees		21
Remuneration		12
Other		6
Taxation		0
<b>Social</b>		
Labour		9
Other		4
Supply chain		2
Human rights		1
Data and privacy		1
<b>Environmental</b>		
Climate change		16
Science based target setting		12
Science based target implementation		5
Other		1
Waste		1
Water		0
<b>Other</b>		
General disclosure		8
Other		3

Source: Martin Currie. Data is for 12 months to 31 March 2025 and is calculated for an example fund.

The analysis of the Environmental, Social and Governance (ESG) factors forms an important part of the investment process and it helps inform investment decisions. The strategy does not necessarily target particular sustainability outcomes.

## Portfolio Alignment to Net Zero: Transition

### Current portfolio transition category breakdown



Source: Martin Currie. Data is as at 31 March 2025 and is calculated for an example fund.

### Transition category definitions

#### SBT set

- **Achieving net zero:** Emissions performance is at net zero and expected to remain so.
- **Aligned to net zero:** The company has set an SBT and is on track to meet it.
- **Aligning to net zero:** The company has set an SBT but is not yet on trajectory to meet it.

#### Committed

- **Committed:** The company has publicly committed to setting an SBT.

#### Other

- **Initial climate action:** The company is making efforts to reduce emissions but is currently not committed to, or may be unable to, reach net zero due technical, social or economic barriers.
- **No action:** The company has not yet made any meaningful efforts to reduce emissions.

For those client mandates who have an explicit net zero target, our approach has been to use a portfolio coverage approach based on target setting to measure progress. This looks to ensure that by 2030, a minimum percentage of every committed mandate's NAV will be in companies with a science-based target (or other equivalent independently verified target), consistent with a linear increase from the portfolio's 2020 baseline value to 100% by 2040.

We view long-term engagement with investee companies as key to managing transition risk in relation to financed emissions.

We continue to collaborate with our clients and our investment teams on the best way to support client net zero aspirations. This represents a long-term commitment to manage the material physical and transition climate-related risk to which our client portfolios are exposed.

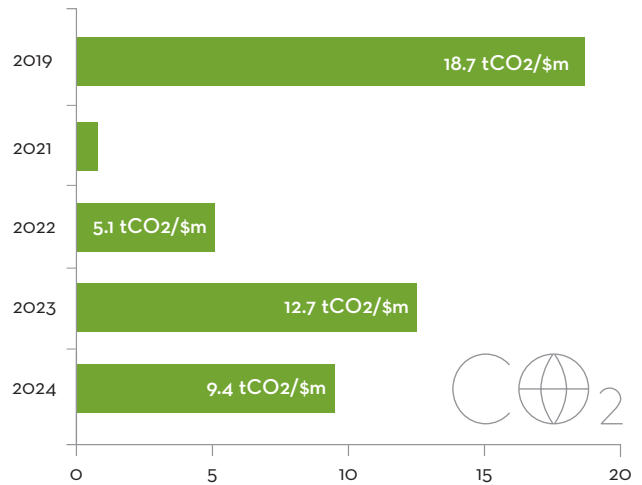
## Setting an example with our own operations

How we choose to run our own business is particularly important, when we consider our role often involves advising companies worldwide on how to adopt best practice. It is why we hold ourselves accountable for taking action on the same systemic issues relevant to the companies in which we invest. By managing our impact on the environment through operational carbon targets we demonstrate the same practices as we expect of investee companies in managing their impact on the environment. We have committed to reduce our operational emissions intensity by 50% from our 2019 baseline by 2030 and to offset 200% of residual emissions.

In 2024 we estimate that we emitted 654 tonnes of CO<sub>2</sub>, (the majority of which is generated by business travel). This represents a decrease versus our emissions in 2023 (982 tonnes), and well below our 2019 baseline of 1,260 Tonnes. This equates to a carbon intensity of 9.4 tCO<sub>2</sub>/\$m revenue versus our baseline of 18.7 tCO<sub>2</sub>/\$m in 2019, a 50% reduction.<sup>1</sup>

We expected some volatility in our carbon emissions profile as business normalised following the COVID-19 pandemic. We are pleased to see a reduction in our operational emissions compared to previous years, primarily due to a decrease in business travel.

### Emissions intensity figures:



<sup>1</sup>Source: C Level, based on carbon data for 2024 provided by Martin Currie.

## 4. Risk management

### Addressing the impact

As active owners we look for companies to identify, manage and disclose material risks and opportunities. As with our investee companies, climate change presents material risks and opportunities for us as a business. Martin Currie's Executive Committee in conjunction with the Enterprise Risk Group (ERG), which comprises the Executive, Risk and Compliance, is responsible for developing a risk management infrastructure alongside the business strategy. This includes mitigating strategies for all identified risks including those that are climate related.

- **Investment level**

At an investment level, climate change forms part of an assessment of the material risks and opportunities that companies face in generating sustainable returns over the long term and as such is embedded into the investment process. We use both company disclosed and estimated data to help us identify and manage climate-related risks. This includes metrics such as the carbon footprint and weighted average carbon intensity of a business, as well as the work that we have been doing on carbon cost analysis which looks across the company value chain.

- **Our analysis framework**

Analysis includes the extent to which companies understand, manage and mitigate the risks presented by climate change and equally how they embrace the opportunities that may be presented. As such climate change forms part of our assessment of the material risks and opportunities that companies face in generating sustainable returns over the long term and is embedded into our investment process.

**Transition climate risks that are considered include:**

- The likely required regulatory changes necessary to address climate change - for example, the potential for clearer pricing on carbon.
- The impact of technological change - for example, the changes in demand for products and services.
- The impact of changes to consumption patterns - for example, changes in consumer demand for products.

The extent and exposure to physical risk, for example, availability of water and the potential for supply chain disruption, also form part of the overall assessment and we recognise that for many companies, these may be indirect effects that, for example, lie in their supply chains. As bottom-up investors, the potential materiality of these impacts is considered for each of the businesses concerned. The transition to a lower carbon economy also creates opportunities in many areas. These include:

- Reduced operating costs through more efficient use of resources.
- Opportunities for new products and technologies to support the change in the energy mix.
- Development of new products and services to meet potential changes in consumption patterns, and
- Adaptation opportunities presented by the need for companies to build resilience into their operations.

We have been analysing climate risk in portfolios for some time and our proprietary carbon cost analysis tool helps us understand the sensitivity and potential impact of carbon pricing on a company's earnings and market cap. This helps us to better understand the future impact of climate and energy policy changes on companies and portfolios.

We have worked extensively over the course of the last few years to produce a framework that allows us to make an assessment of the carbon cost sensitivity for each of the companies that we invest in as well as overall portfolios. This has been a collaboration between the investment teams to share ideas and best practice as this has evolved. This provides an opportunity to assess the potential impact of different carbon pricing regimes. In addition, we produce a carbon footprint for portfolios, looking at both overall emissions as well as carbon intensity, which identifies the overall profile and main contributors to a portfolio's carbon footprint. With an increasing number of companies announcing net zero ambitions, we are also looking at the substance behind these ambitions and the extent to which companies are setting out SBTs. Tools such as those from the TPI also help identify the degree to which companies held are aligned with the transition to a lower-carbon economy.

We continue to explore tools to help us with broader scenario testing including the PRI's Inevitable Policy Response. Our governance and sustainability analysis is fully integrated into our investment process, considering factors including climate change when analysing the investment case for a company.

Independent oversight of climate related risks is provided by our ESG Oversight & Investment Risk Group. The group is comprised of the Head of Investment Risk, Chief Investment Officer, Head of SSI, and Head of Compliance. This forum is responsible for overseeing and assuring that process and mandate commitments are being observed. Quarterly risk meetings are held with the investment teams, where a standing agenda item is the carbon profile of representative funds for each strategy. The intention is to raise awareness to the investment teams of any trends in the carbon profile, and how their strategy compares to its benchmark.

We may also apply exclusions to some funds, or work with separate account clients to tailor their mandates to accommodate their specific needs. This may include excluding companies involved in certain business activities such as thermal coal mining or power generation, or oil and gas production and distribution. Due to these exclusions, climate-related risks are typically reduced.

We also analyse the extent to which company ambitions and targets are aligned with the ambitions of the Paris Agreement and where material, we may encourage companies to set SBTs. We believe that the TCFD framework is a robust framework for disclosure of climate-related risks and opportunities and, as such, we encourage companies to adopt this approach. We also support CDP and participate in the CDP Non-Disclosure Campaign to encourage disclosures through this framework. We are an investor signatory to CA100+ and are the lead investor on one of the target companies.

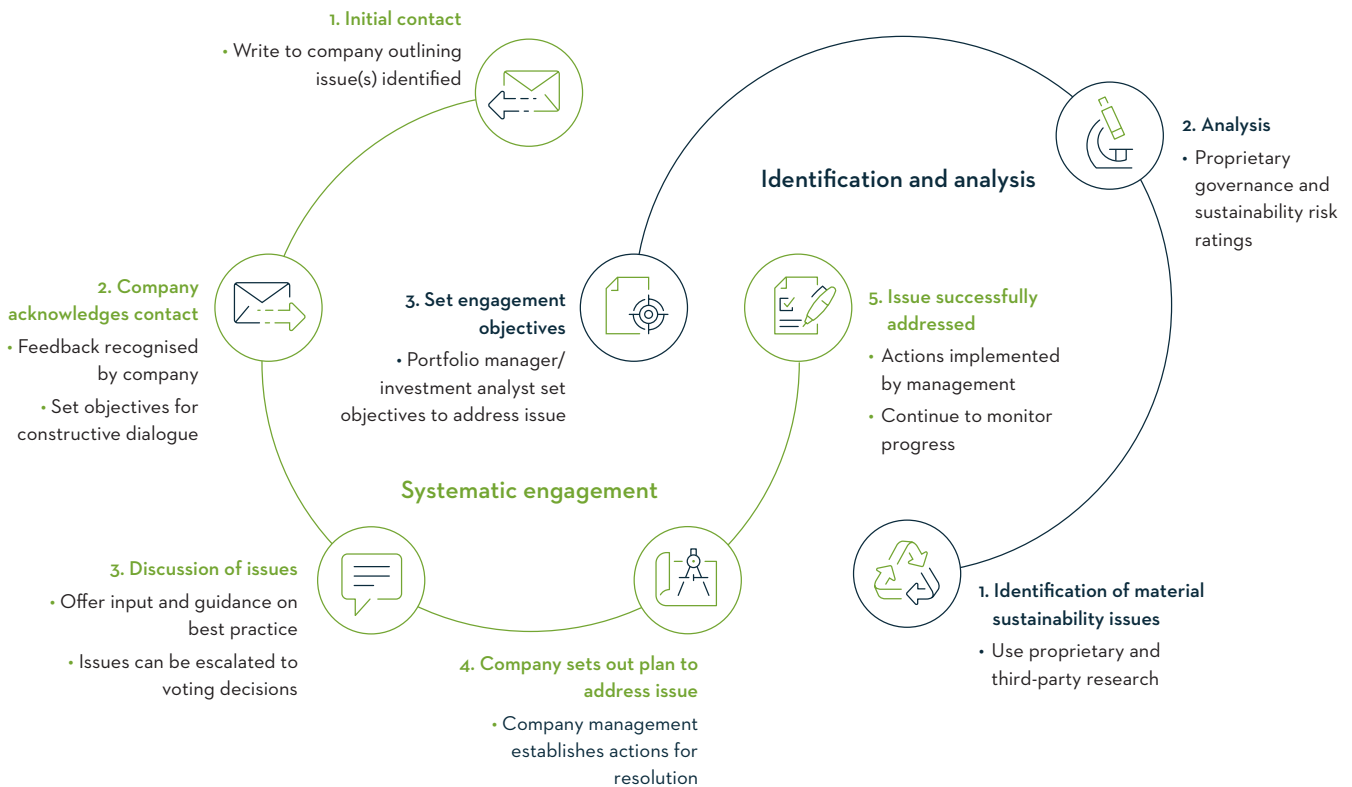
- **Engagement activity**

As long-term, global investors, we recognise the role we can play through our engagement activities in supporting the decarbonisation of our society and the transition to a net zero economy. We realise there is no one-size-fits-all approach with many companies at different stages of their transition. This will depend on industry, geography or current corporate governance and climate risk assessment approach. Our engagement on climate-related risks is informed by our analysis of the material risks that each company faces, how they are managing and mitigating these and the disclosures that they make in this regard.

The key considerations which will frame the scope of our engagement with a company as set out in our expectations are notably:

1. The materiality of climate impact and climate risk for the company in question
2. Overall governance, awareness and management of climate risk and potential opportunities
3. Emissions disclosure
4. Emissions reduction strategy
5. Net zero alignment ambition
6. Disclosure of well-defined short- and medium-term targets
7. For high impact sectors
  - a) Capex alignment
  - b) Consistency of financial statements with climate ambitions
7. Incentive alignment
8. Climate reporting – for example use of the TCFD framework or CDP

Our aim is to establish an open dialogue with investee companies. We aim to engage with companies in an informed, constructive and discrete manner. We have extensive interactions with the companies that we invest in and in many cases will be seeking information on, or monitoring the evolution of, their business, strategy and long-term value creation. Our engagement creates a potential feedback loop that informs our investment research - a graphical representation of this is shown in the diagram below.



The diagram also displays our systematic approach to tracking engagements using a scale of 1 to 5, with '1' representing initial contact with the company, and '5' recording the company has successfully addressed the issue.

• **Stewardship policies, initiatives and commitments**

Our investor-led research and stewardship activity is supported by areas of expertise within the business from an implementation and oversight perspective. We continually update key policies and review the effectiveness of stewardship activities through both internal challenge and stewardship governance forums such as the Stewardship & ESG Council, ESG Oversight & Investment Risk Group and Regulatory Working Group. These forums have all been established to provide expertise, oversight and challenge to augment the structured feedback from bodies such as the Financial Reporting Council (FRC) and PRI in relation to our stewardship activities. We also regularly discuss best practice through our committee roles in organisations such as the Investment Association (IA).

We are willing to collaborate with other investors when this is in our clients' best interest, particularly in relation to systemic issues. Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Climate change is an obvious example of this kind of systemic risk. Although most of our engagement is private, where an issue is systemic and therefore likely to impact a broad range of companies and stakeholders, we believe that this may require a more collaborative approach to engagement. We participate in a number of collaborative efforts to address specific issues that impact companies held in our portfolios. Finding a coalition of like-minded shareholders is a good way of sharing knowledge and can generate more tangible results than acting alone. The following are examples of activities we are, or have been, involved in.

### CDP Non-Disclosure

CDP's Non-Disclosure Campaign (NDC) is a collaborative initiative for CDP Capital Markets signatories to directly engage with companies that have failed to respond to either the climate change, forests and/or water security questionnaire where these factors are potentially material to their business. The NDC runs alongside the main CDP disclosure request and targets those companies that have failed to respond to at least one previous request to disclose from CDP. This 'opt-in' campaign allows CDP signatories to directly engage with companies on disclosure with the backing of a group of other financial institutions. The aim of the campaign is to allow financial institutions to use their influence and position to achieve higher rates of companies responding to CDP's disclosure request.

We have seen year on year that companies failing to disclose are more likely to complete the questionnaire for the first time after being directly engaged by financial institutions rather than just CDP requesting it on their behalf.

### CA100+

CA100+ is an investor-led initiative to encourage the world's largest corporate greenhouse gas emitters to take necessary action on climate change. In early 2020, as the engagement expanded the number of targeted companies to 167, there was an opportunity for us to join this collaborative engagement as the lead investor on an Indian company which we have held long-term, and with whom we already have a strong relationship.

### Escalation and Voting

Our climate engagement objectives are linked to improving our investee companies' disclosure and management on climate change related factors. As active investors we are willing to escalate our engagement actions if traditional engagement has not proven effective in reaching our goals. Escalation actions include use of our voting rights as equity holders.

When voting we consider our voting decisions on a case-by-case basis. We will support climate-related proposals that promote good corporate practice in line with our Global Corporate Governance Principles, and we believe these will enhance long-term value-creation for our clients. These could include enhanced disclosure, reduction of greenhouse gas (GHG) emissions (as much as is practicable), and the setting of emissions reduction targets.

We recognise that our 'standard' engagement approach – seeking constructive dialogue with management – may not always yield the results aimed for. Where there is limited progress on an engagement or where it relates to an issue which may impact the investability of a company we may escalate the issue through other stewardship activities such as voting, collaboration or ultimately divestment. As long-term investors we expect the companies in which we invest to focus on delivering durable shareholder value. This means that we expect management to consider long-term risks and opportunities presented by sustainability (environmental & social) and governance factors.

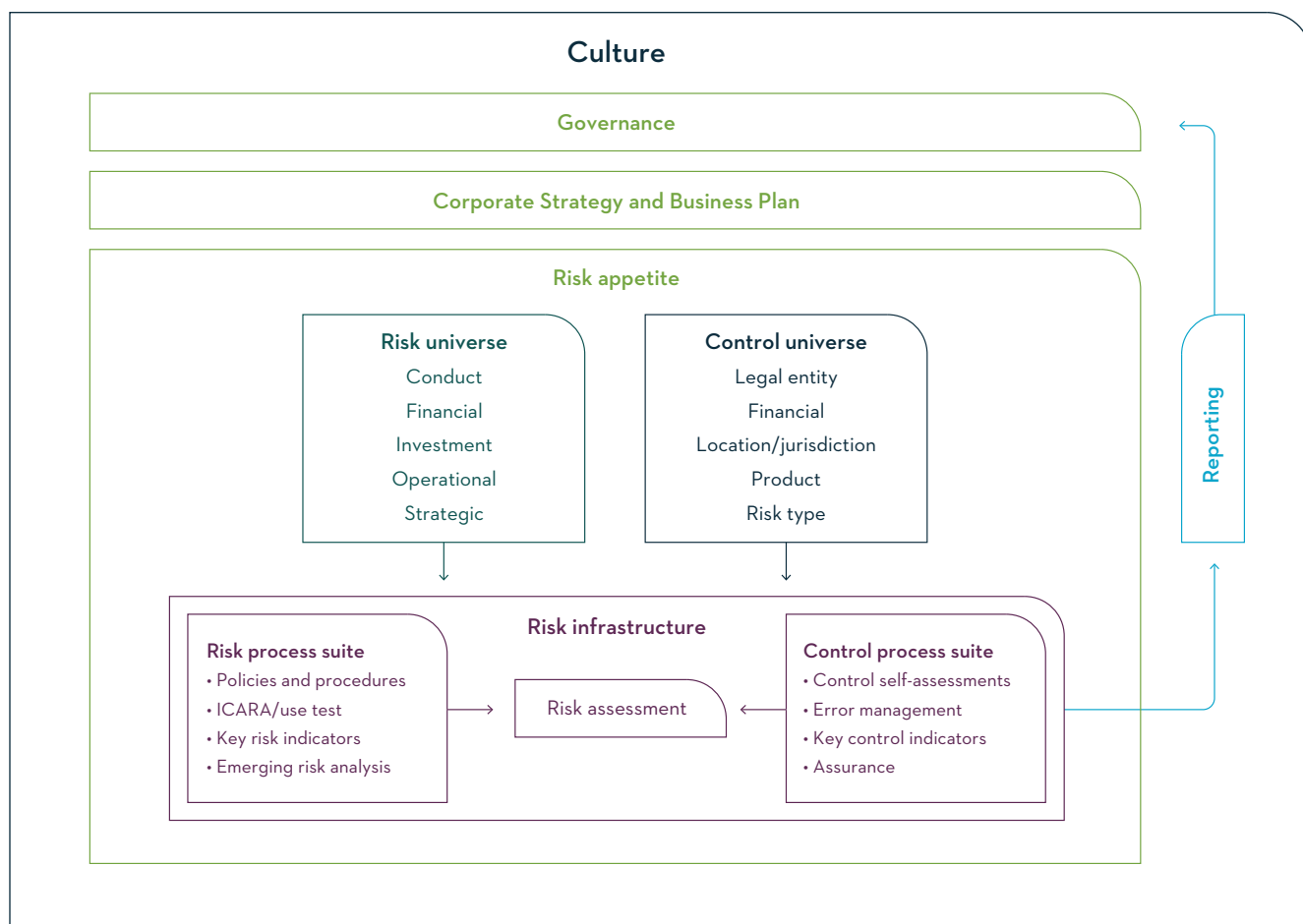
In making decisions as to whether engagement will be escalated, a number of factors will be considered, for example:

- The materiality of climate impact and climate risk for the company in question.
- The particular circumstances giving rise to an issue.
- How this compares to perceived best practice.
- The explanations provided by the company.
- The potential impact for our clients.
- Whether there is a history of related issues.
- Where accountability sits for dealing with the issue raised.

A full description of our approach to escalation and voting on climate-related risks within investment strategies can be found in our [Stewardship and Engagement Policy](#) and [Climate Policy](#).

- **Our process for identifying, assessing and managing key climate risks at overall enterprise-level**

As a SIM of Franklin Templeton, our approach to enterprise risk is informed by that of our parent. Our Executive Committee, however, is responsible for the day-to-day identification, assessment and management of the risks that the company faces. Martin Currie’s Enterprise Risk Management framework is as follows:



Risk is an inherent part of business and the extent to which risks are properly identified, assessed, monitored and managed is critical to the firm’s reputation, financial integrity and future profitability. Martin Currie utilises effective risk management in the delivery of strategic objectives, balancing risk with reward. A robust risk management framework is in place that includes the design, by management, of suitable systems and controls and that facilitates informed risk-based decision making.

At present, physical risk has not been determined to be a material risk for the firm. The most material climate-related risk is identified as the polarisation of opinions around ESG, particularly in the US institutional market. As long-term investors, we believe that environmental, social and governance factors create risks and opportunities for investors and that it is in the interests of our clients to consider them. However, we may be faced with a lack of demand for our investment products, reputational damage, or litigation related to the opinion that such factors are non-material and should not be considered as part of the investment process. We manage this risk through transparent and clear communications with our clients and prospective clients, and retention of materials that support the investment thesis, including those relating to material environmental, social and governance factors.

We recognise the impact that the business may have on the climate, as well as the impact climate may have on the business. Certain operational aspects of our approach to assessing and managing climate risks are delegated to our parent company, Franklin Resources, Inc. who own our office building in Edinburgh. From a facility operations perspective, Franklin Templeton has incorporated environmental performance of company facilities into performance evaluation for facility managers. The firm’s facilities professionals monitor and report annually on energy use and strategic recommendations targeting energy consumption reductions. Adaptation and mitigation activities are considered to be integral to operations.

## 5. Metrics and targets

### Explaining the key metrics we use:

We use a range of metrics to help inform our view of climate-related risks and opportunities and to assess alignment with net zero, primarily using data from a third-party data vendor. Most data utilised in our stewardship and sustainability activities is procured and overseen centrally by our parent company, Franklin Templeton.

A summary of the common climate-related metrics we may use to assess exposure and climate risk are as follows:

#### Portfolio Emissions Metrics

We use a variety of carbon metrics as part of our analysis of climate-related risks. At a company level these metrics include a company's Scope 1, 2 and 3 emissions, as well as its carbon footprint and greenhouse gas intensity. These can be calculated at a company, portfolio or entity level, and we consider these alongside the Weighted Average Carbon Intensity (WACI). Each of these metrics have their own advantages and drawbacks and are always considered alongside accompanying company analysis.

Full definitions of each metric are available in the Glossary.

Where available, we use company reported carbon emissions for Scope 1 and Scope 2. Where these are not reported, we use estimated emissions from a third-party data provider. Due to the differences in quality of measurement and reporting of Scope 3 emissions, we currently use estimated Scope 3 emissions for all companies.

We disclose a variety of carbon metrics below, some of which are used as part of our analysis of climate-related risks and some of which are for informational purposes only.

#### Climate Value-at-Risk

Value-at-Risk (VaR) metrics are forward looking metrics which estimate the risk of loss for investments and have become standard for measuring financial risk. VaR is calculated by assessing the amount of a potential loss, the probability of occurrence (for the amount of loss), and the relevant timeframe. Climate VaR (CVaR) aims to assess potential financial sensitivity to climate-related transition and physical risks as well as opportunities.

CVaR estimates the potential size of loss or benefit attributable to climate related financial risks and opportunities by considering the modelled impact on the value of assets across different climate scenarios. CVaR is at the early stage of development as a metric whose output is dependent on broad-based assumptions.

As such we are disclosing this information for regulatory purposes only and have yet to integrate this information into our investment process. We will continue to monitor the value of this metric going forward. For this purpose, we use MSCI's CVaR model using assumptions based on the NGFS (Network for Greening the Financial System) scenarios.

#### Implied Temperature Rise (ITR)

The Implied Temperature Rise (ITR) is a forward-looking metric that relies on projected emissions of investee companies and issuers and estimated data to provide an indication of how an investment portfolio aligns to global climate targets. ITR is at the early stage of development as a metric where output is dependent on broad-based assumptions. As such we are disclosing this information for regulatory purposes only and have yet to integrate this information into our investment process. We will continue to monitor the value of this metric going forward. We use MSCI's ITR model for these disclosures. MSCI's ITR model uses the concept of a carbon budget: how much the world can emit and, by extension, how much a company can emit (across Scope 1, 2 and 3 GHG emissions) and remain within the limitations required to meet e.g. a 2°C warming scenario by 2100. MSCI use IPCC (Intergovernmental Panel on Climate Change) guidance to understand what the budgets need to be.

Then MSCI calculate companies' projected emissions out over the next five decades based on their emissions track record, stated reduction targets, and other data. A company whose projected emissions are below budget can be said to "undershoot" while those whose projected emissions exceed the budget "overshoot". The ITR, expressed in degrees Celsius (°C), estimates the global implied temperature rise (in the year 2100 or later) if the whole economy had the same carbon budget over-/undershoot level as the company or portfolio in question.

A summary of key metrics and analysis that we use for presentation of emissions and climate risk analysis is summarised below. We have also chosen to use an asset weighted benchmark that is a more accurate representation of our asset mix (for example that includes a high proportion of assets in emerging markets) rather than using a global benchmark such as the MSCI AC World Index.<sup>2</sup>

This is the second TCFD Entity Report for Martin Currie.

• **Summary of Scope 1, 2 and 3 emissions across our AUM**

Metric	31 December 2023		31 December 2024	
	Martin Currie	Asset weighted benchmark <sup>2</sup>	Martin Currie	Asset weighted benchmark <sup>2</sup>
<b>Total carbon emissions</b>				
Total Scope 1 and 2 emissions (tCO <sub>2</sub> e)	1,704,546	N/A	1,231,511	N/A
Total Scope 1, 2 and material Scope 3 emissions (tCO <sub>2</sub> e)	6,812,070	N/A	5,444,391	N/A
Total Scope 3 emissions (tCO <sub>2</sub> e)	6,689,184	N/A	5,535,062	N/A
Total Scope 1, 2 and 3 emissions (tCO <sub>2</sub> e)	8,393,726	N/A	6,766,573	N/A
<b>Carbon footprint</b>				
Total Scope 1 and 2 emissions (tCO <sub>2</sub> e) per \$M invested	82.5	102.9	71.5	80.9
Total Scope 1, 2 and material Scope 3 emissions (tCO <sub>2</sub> e) per \$M invested	330.0	649.4	316.0	506.6
Total Scope 1, 2 and 3 emissions (tCO <sub>2</sub> e) per \$M invested	406.6	735.7	392.8	592.1
<b>Weighted average carbon intensity (WACI)</b>				
Total Scope 1 and 2 emissions (tCO <sub>2</sub> e) per \$M revenue	153.1	196.7	156.0	180.8
Total Scope 1, 2 and material Scope 3 emissions (tCO <sub>2</sub> e) per \$M revenue	650.2	1,104.7	706.9	992.6
Total Scope 1, 2 and 3 emissions (tCO <sub>2</sub> e) per \$M revenue	786.4	1,309.6	846.7	1,205.4
<b>Emissions data availability and disclosure from portfolio holdings</b>				
% of total AUM invested in holdings where <b>reported</b> Scope 1 and 2 emissions data is available	90.7%	88.0%	92.5%	90.2%
% of total AUM invested in holdings where <b>estimated</b> Scope 1 and 2 emissions data is available	7.5%	9.6%	6.0%	7.5%
% of total AUM invested in holdings where Scope 1 and 2 emissions data is <b>not available</b>	1.8%	2.4%	1.4%	2.3%
% of total AUM invested in holdings where <b>estimated</b> Scope 3 emissions data is available	98.2%	97.5%	98.6%	97.7%
% of total AUM invested in holdings where Scope 3 emissions data is <b>not available</b>	1.8%	2.5%	1.4%	2.3%

Source: Martin Currie, MSCI, 31 December 2024.

Numbers may not sum due to rounding.

<sup>2</sup>Asset weighted benchmark is calculated using strategy appropriate benchmarks and weighted AUM.

Metric	31 December 2023		31 December 2024	
	Martin Currie	Asset weighted benchmark	Martin Currie	Asset weighted benchmark
<b>Exposure to 'climate material' sectors</b>				
% of total AUM invested in companies in climate-material sectors <sup>3</sup>	24.4%	29.6%	22.4%	26.4%
<b>Exposure to fossil fuels</b>				
% of total AUM invested in companies with > 5% revenues from oil and/or gas	6.7%	10.7%	6.4%	7.2%
% of total AUM invested in companies with > 5% revenues from thermal coal mining and sale	0.5%	3.3%	0.8%	2.6%
% of total AUM invested in companies with > 5% revenues from thermal coal power generation	0.6%	0.8%	0.7%	0.8%
<b>Climate 'value at risk' assessment</b>				
Estimated climate-related VaR by 2100 under 1.5 degree 'orderly transition' scenario	-9%	-15%	-9%	11%
Estimated climate-related VaR by 2100 under 1.5 degree 'dis-orderly transition' scenario	-11%	-18%	-10%	-12%
Estimated climate-related VaR by 2100 under 1.5 degree 'orderly transition' scenario	-5%	-8%	-4%	-5%
Estimated climate-related VaR by 2100 under 1.5 degree 'dis-orderly transition' scenario	-8%	-13%	-6%	-7%
Estimated climate-related VaR by 2100 under 3 degree scenario (NDCs)	-6%	-9%	-5%	-5%
<b>Implied Temperature Alignment</b>				
Implied temperature alignment (degrees C)	2.1	2.3	2.6	2.6
<b>Science-based targets alignment among holdings</b>				
% of total AUM invested in companies with targets approved by the SBTi	32.2%	27.4%	36.8%	30.5%
% of total AUM invested in companies who have committed to set targets approved by the SBTi	13.3%	11.5%	9.1%	14.8%

Source: Martin Currie, MSCI, ISS, 31 December 2024.

<sup>3</sup>Climate material sectors are coded using GICS sub-industry classifications and are based on Martin Currie's interpretation of TCFD guidance on climate material sectors.

• Summary of main investment strategies (total AUM, carbon footprint, emissions intensity and fossil fuel exposure)

Investment strategy	Total AUM \$M	Net Zero Alignment (%) <sup>4</sup>	Carbon Footprint (tCO <sub>2</sub> e/\$M invested)	WACI (tCO <sub>2</sub> e/\$M revenue)	Fossil Fuel Exposure (%) <sup>5</sup>
Global Long-Term Unconstrained	1,690.9	62.3	68.9	488.6	0.0
International Long-Term Unconstrained	1,007.7	63.7	105.5	627.5	0.0
European Long-Term Unconstrained	114.9	64.4	100.4	588.6	0.0
US Long-Term Unconstrained	371.7	56.6	56.7	440.9	0.0
Global Emerging Markets	6,215.0	21.0	237.7	746.4	3.0
Asia Long-Term Unconstrained	41.0	21.1	251.2	604.5	4.7
UK Equity Income	1,252.3	54.7	756.6	1,088.8	18.1
UK Mid Cap	754.6	49.3	323.6	456.1	0.0
UK Small Cap	355.9	18.3	211.7	289.0	0.0
Impact Equity	23.1	35.3	185.2	710.5	0.0
MCA - Sustainable Equity	52.5	17.1	582.4	1,636.0	10.1
MCA - Value Equity	36.0	12.0	1,307.5	2,394.2	24.0
MCA - Equity Income	1,860.1	15.9	627.4	1,178.4	11.2
MCA - Real Income	544.6	18.6	288.6	821.6	18.2

Source: Martin Currie, AUM quoted in USD millions as of 31 December 2024. MCA denotes Martin Currie Australia.

<sup>4</sup>Proportion of companies in strategy in achieving, aligned or aligning category of the Martin Currie Alignment Assessment. This is further detailed in our Climate Policy.

<sup>5</sup>The percentage of total AUM invested in companies with more than 5% of revenue from oil and gas production and distribution and/or coal-related activities (as identified by the MSCI).

- Operational metrics (Energy consumption, GHG emissions, intensity metrics).

How we choose to run our own business is particularly important, when we consider our role often involves advising companies worldwide on how to adopt best practice. It is why we hold ourselves accountable for taking action on the same systemic issues relevant to the companies in which we invest. By managing our impact on the environment through operational carbon targets we demonstrate the same practices as we expect of investee companies in managing their impact on the environment. We have committed to reduce our operational emissions intensity by 50% from our 2019 baseline by 2030 and to offset 200% of residual emissions.

In 2024 we estimate that we emitted 654 tonnes of CO<sub>2</sub>, (the majority of which is generated by business travel). This represents a decrease versus our emissions in 2023 (982 tonnes), and well below our 2019 baseline of 1,260 tonnes. This equates to a carbon intensity of 9.4 tCO<sub>2</sub>/\$m revenue versus our baseline of 18.7 tCO<sub>2</sub>/\$m in 2019, a 50% reduction.<sup>6</sup> We expected some volatility in our carbon emissions profile as business normalised following the COVID-19 pandemic. We are pleased to see a reduction in our operational emissions compared to previous years, primarily due to a decrease in business travel.

	31 December 2023	31 December 2024
Metric	Martin Currie	Martin Currie
<b>Greenhouse gas emissions (tCO<sub>2</sub>e)</b>		
Total Scope 1 and 2 emissions	6.2	3.3
Material Scope 3 emissions (excluding investments) <sup>7</sup>	885.3	651.2

Source: Martin Currie, 31 December 2024.

<sup>6</sup>Source: C Level, based on carbon data for 2023 provided by Martin Currie

<sup>7</sup>For scope 3 emissions we have taken a materiality based approach to measurement. This means we are currently measuring only our emissions from business travel as the most material aspect of our non-investment scope 3 emissions.

## Glossary: Explaining the metrics we use

### Greenhouse Gas (GHG) protocol emissions scopes

Metric	What it tells us	How we use it	Source, and our assessment data quality and availability
Scope 1 emissions	Measurement of direct GHG emissions from sources that are owned or controlled by a company. Typically, relates to the combustion of fossil fuels on-site and in direct control of the company.	Emissions metrics at asset, portfolio and firm level.	Collated by MSCI from company-reported data and MSCI activity-based estimates. Generally accepted to be of good quality, however we advocate for company reporting.
Scope 2 emissions	Measurement of indirect emissions of a company associated with the generation of purchased or acquired electricity, steam, heat and cooling. It indicates a company's energy usage and can be helpful in highlighting energy intensity and efficiency.	Emissions metrics at asset, portfolio and firm level.	Collated by MSCI from company-reported data and MSCI activity-based estimates. Generally accepted to be of good quality, however we advocate for company reporting.
Scope 3 emissions	Measurement of all other indirect emissions from a company's upstream and downstream value chain. Scope 3 is therefore useful in understanding wider emissions exposure.	Emissions metrics at asset, portfolio and firm level.	All estimated by MSCI, given the lack and inconsistency of company-level reporting. The MSCI estimation model continues to develop. We may engage with companies on direct reporting where material.
Material Scope 3 emissions	Measurement of indirect Scope 3 emissions from certain material sectors, in accordance with guidance from the Partnership for Carbon Accounting Financials (PCAF). As of 2023, material Scope 3 emissions include those from the oil, gas, mining, transportation, construction, buildings, materials, and industrial activities sectors. Coverage will expand in 2026, when all sectors will be included.	Emissions metrics at asset, portfolio and firm level.	All estimated by MSCI, given the lack and inconsistency of company-level reporting. The MSCI estimation model continues to develop. We may engage with companies on direct reporting where material.

## Emission metrics

Metric	What it tells us	How we use it	Source, and our assessment data quality and availability
Total carbon emissions	The total emissions of the portfolio represents the absolute GHG emissions from assets held, allocated on an ownership basis. This means a portfolio holding 1 per cent of a company's Enterprise Value would be attributed 1 per cent of the company's emissions.	Emissions metrics at asset, portfolio and firm level.	Sourced from MSCI reported and estimated data. Data quality and availability concerns as as noted above.
Carbon footprint	The carbon footprint (or 'financed emissions') of the portfolio represents the aggregated GHG emissions per million \$ invested and allows for comparisons of the carbon intensity of different portfolios.	Emissions metrics at asset, portfolio and firm level.	Sourced from MSCI reported and estimated data. Data quality and availability concerns as as noted above.
WACI (Weighted Average Carbon Intensity)	The WACI of the portfolio represents the aggregated carbon intensities of the companies in a portfolio (per million \$ revenue), scaled by size of holding. The WACI metric therefore helps measure a portfolio's exposure to high carbon intensity companies.	Emissions metrics at asset, portfolio and firm level.	Sourced from MSCI reported and estimated data. Data quality and availability concerns as as noted above.
Emissions data availability and disclosure from holdings	These metrics provide a guide to the level of reported versus estimated versus unavailable data in all emissions metrics for the portfolio.	Emissions metrics at portfolio and firm level.	Sourced from MSCI reported and estimated data.

## Metrics providing additional insights into climate-related risks and opportunities

Metric	What it tells us	How we use it	Source, and our assessment data quality and availability
Exposure to fossil fuels	The percentage of total AUM invested in companies with more than 5 per cent of revenue from oil and gas production and distribution and/or coal-related activities (as identified by the MSCI).	Portfolio and firm levels.	A MSCI screen against sources of company revenue. They are generally accepted to be of good quality.

## Transitions alignment

Metric	What it tells us	How we use it	Source, and our assessment data quality and availability
Percentage of companies with science-based targets	The percentage of AUM that have emission reduction targets approved by the Science Based Targets initiative (SBTi) or have committed to the SBTi to set science-based targets. This provides an indication of the extent to which targets set are aligned with the potential pathways to net zero as identified in the SBTi framework.	Asset, portfolio and firm levels.	Taken from the ISS database, which uses SBTi as its primary source.
Our assessment of holdings' transition alignment	Assessment of the fundamental alignment of each company's business model with a timely transition to net zero.	Asset, portfolio and firm levels.	Based on our own assessment of holdings, using a variety of sources.

## 6. Disclosures and compliance statement

- **Compliance Statement**

We have observed the required guidelines and disclosures and confirm that those contained within this 2025 TCFD Report as it relates to Martin Currie Investment Management Limited, comply with the requirements set out in Chapter 2 of the Financial Conduct Authority's (FCAs) Environmental, Social and Governance sourcebook.

- **Approval**

We have observed the required guidelines and disclosures and confirm that those contained within this 2025 TCFD Report as it relates to Martin Currie Investment Management Limited, comply with the requirements set out in Chapter 2 of the Financial Conduct Authority's (FCAs) Environmental, Social and Governance sourcebook.

Joanna Nolan - Chief Compliance Officer (CCO)



Jen Mair - Chief Executive Officer (CEO)



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**Past performance is not a guide to future returns.**

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The views expressed are opinions of the portfolio managers as of the date of this document and are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice.

Please note the information within this report has been produced internally using unaudited data and has not been independently verified. Whilst every effort has been made to ensure its accuracy, no guarantee can be given.

**The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.**

The analysis of Governance and Sustainability factors forms an important part of the investment process and helps inform investment decisions. The strategy/ies do not necessarily target particular sustainability outcomes.



**Martin Currie Investment Management Limited**, registered in Scotland (no SC066107)  
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Both companies are authorised and regulated by the Financial Conduct Authority.  
Martin Currie Inc, 280 Park Avenue, New York, NY 10017 is also registered with the Securities Exchange Commission.

Please note that calls to the above number may be recorded.

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