Task force on climate-related financial disclosures report 2024

Canaccord WEALTH

Contents

Overview

CEO statement

At Canaccord Wealth, our mission is to serve our clients, to protect and grow their wealth and earn their loyalty. In this context, whilst our primary objective is to grow our clients' wealth, we recognise that we have a duty to create long term sustainable value for all our stakeholders. As stewards and allocators of capital, we have a responsibility to understand the impact of climate change on our clients' portfolios whilst balancing this with our commitment to our clients to grow their wealth. As a business we are responsible for reducing the emissions from our operations.

Our task force on climate-related financial disclosures (TCFD) report outlines our approach to the integration of climate considerations within our investment and operational processes. Accurately accounting emissions is essential to reducing them in the longer term. This is a process of continuous improvement and the information contained in this report will be enhanced in the future as we improve the quality and completeness of our data capture.

David Esfandi
Chief Executive Officer
Canaccord Wealth

"Our task force on climate-related financial disclosures report outlines our approach to the integration of climate considerations within our investment and operational processes."

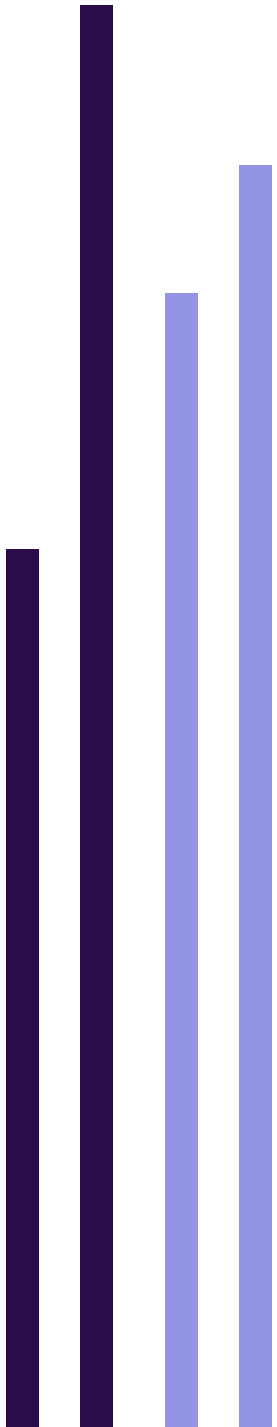
About us

Canaccord Wealth is the trading name of Canaccord Genuity Wealth Limited (CGWL), CG Wealth Planning Limited (CGWPL), Canaccord Genuity Asset Management Limited (CGAML) and Canaccord Genuity Wealth (International) Limited (CGWIL). Adam & Company is a trading name of both CGWL and CGWPL in Scotland.

We are one of the leading independent wealth managers in the UK and Crown Dependencies. We provide wealth management solutions for our clients, ranging from high-net-worth individuals to institutions.

We operate in 17 offices across the UK and Crown Dependencies and employ over 787 staff, including c.292 client-facing professional advisers. As at 31 December 2024, Canaccord Wealth had £35.9bn assets under management (AuM), administration and management contract.

In 2019 we became signatories of the UN Principles for Responsible Investment (UN PRI).



Statement of compliance

I confirm that the disclosures in the report comply with the Financial Conduct Authority (FCA) requirements. This report sets out our approach to managing climate-related risks and opportunities and aligns with the TCFD recommendations.

In developing this report, we have considered the following guidance:

- The FCA ESG Sourcebook
- TCFD All Sector Guidance
- TCFD Annex – Asset Manager Guidance

This disclosure is consistent with the 11 recommendations of the TCFD. We have outlined in the disclosure summary the extent to which we have met the recommendations and where further progress is required.

Scope of the disclosure

At Canaccord Wealth, two entities engage in portfolio management activities; CGWL (regulated by the FCA) and CGWIL (regulated by the Guernsey Financial Services Commission (GFSC), Jersey Financial Services Commission (JFSC) and Isle of Man Financial Services Authority (IOM FSA)). Only CGWL is in scope for the FCA requirements; however, as we operate a central investment process, and to provide greater transparency, we have included information on CGWIL in this report. Collectively we refer to the firm, unless information is specific to one legal entity; where information is specific to one entity, this is highlighted.

The metrics have been calculated on the discretionary managed assets under our custody. The value of these assets under our management and in custody as at the baseline date of 31 December 2024 was £30.8bn.

CGAML is a fund manager of UK UCITS, however this entity is exempt from the disclosure requirements as assets under management (AuM) are less than £5bn across a three-year rolling average.

Disclosures in relation to our operations relate to all offices of Canaccord Wealth and all colleagues, including employees of our wealth planning (CGWPL) and fund management (CGAML) businesses.

Anna Trickey
Group Head of Legal & Compliance
Canaccord Wealth

Disclosure summary

Theme	Description	Recommended disclosure	Our alignment
Governance	Disclose the organisation's governance around climate-related risks and opportunities	Describe the board's oversight of climate risks and opportunities	The Board has overall responsibility for our climate-adaptation strategy. See further details on page 10.
		Describe management's role in assessing and managing climate risks and opportunities	Our senior management and governance committees with responsibility for climate risk are outlined on pages 11-13.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Describe the climate risks and opportunities the organisation has identified over the short, medium and long term	We have outlined climate risk and opportunities in a table. See pages 16-20.
		Describe the impact of climate risks and opportunities on the organisation's business, strategy and financial planning	We have incorporated climate risk into our Internal Capital Adequacy Risk Assessment (ICARA) process and outlined the impact on business strategy and financial planning. See page 21.
		Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios	The impact of the scenario analysis on our resilience is outlined in the CVaR section of the report. See page 21.
Risk management	Disclose the processes used by the organisation to identify, assess, and manage climate-related risks	Describe the process for identifying and assessing climate-related risks	An overview of our risk management framework is provided on page 26.
		Describe the processes for managing climate-related risks	We have outlined how we manage climate risk within the investment process on pages 28-31.
		Describe how processes for identifying, accessing and managing climate risks are integrated into the organisation's overall risk management	How we have integrated climate risk within our risk management framework is outlined on page 26.
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	Disclose the metrics used to assess climate risks and opportunities in line with the strategy and risk management process	The metrics we are using to assess climate risk are detailed in the metrics and targets section in the report and summarised on page 33.
		Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and related risks	We have disclosed scope 1, 2 and limited 3 (business travel) for our operations. We have disclosed scope 1,2 and 3 for our invested emissions.
		Describe the targets used by the organisation to manage climate risks and opportunities and performance against targets	Targets are summarised on page 33.

Governance

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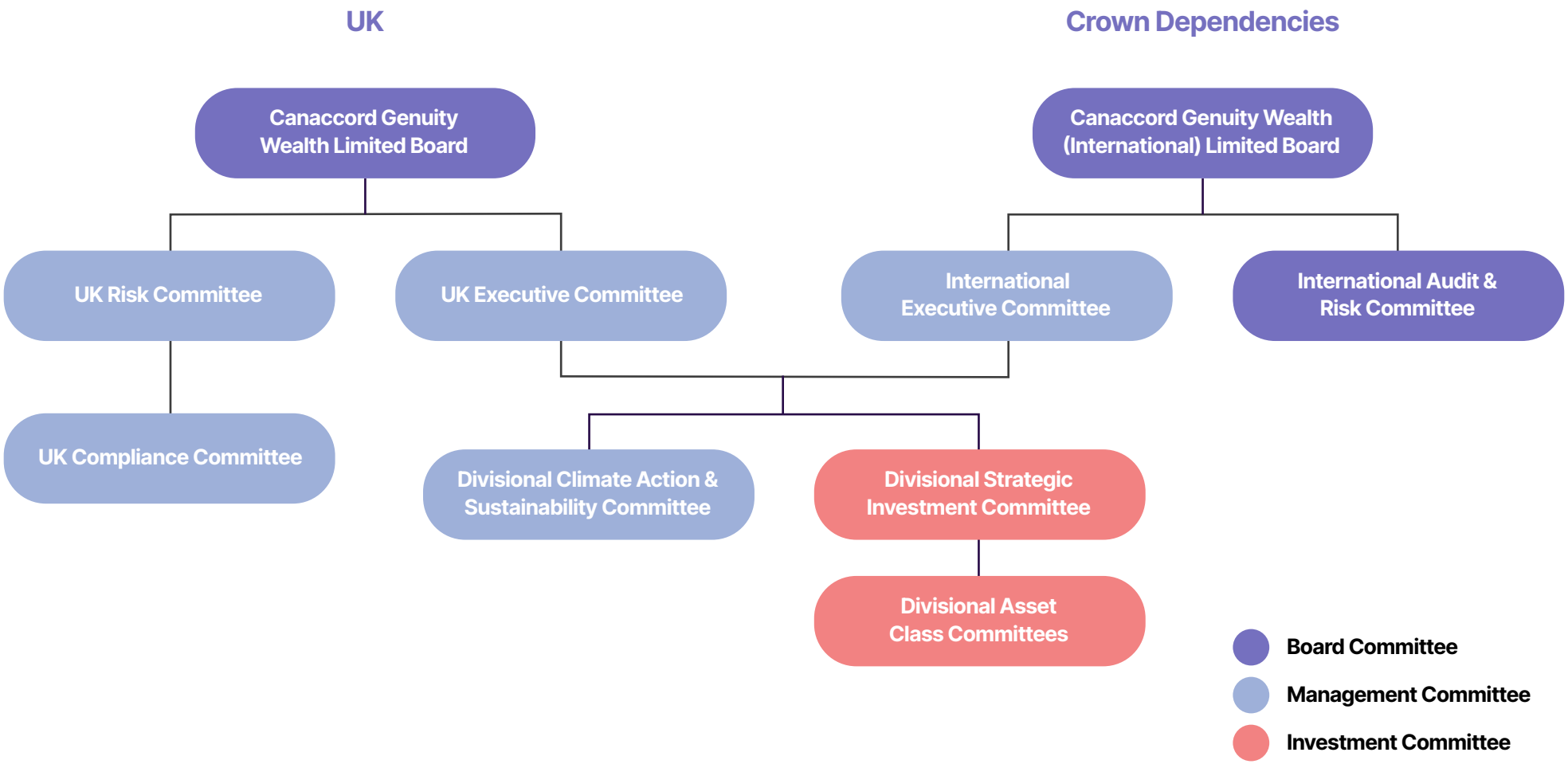
Overseeing climate risk within our governance structure

Whilst the Boards are ultimately accountable for managing climate-related risks and opportunities, they are supported by a number of corporate and investment governance committees.



The Boards' oversight of climate-related risks

The CGWL and CGWIL Boards ('the Boards') are responsible for ensuring the long-term sustainable success of each company. Our governance structure supports the Boards in fulfilling this responsibility. In 2023, we formalised the management of climate-related risks and opportunities and will continue to develop and integrate this process into our governance arrangements.

UK

CGWL Board

Chair: Stephen Massey, Chairman

Role: Ultimately responsible for setting our climate-adaptation strategy and ensuring there is an appropriate framework of controls to identify and manage climate-related risks.

Frequency: The Board meets quarterly and will discuss climate related matters at least annually.

UK Risk Committee

Chair: Jill McAleenan, Non-Executive Director

Role: Advise the UK Boards on our appetite and tolerance, including in respect of climate risk, to identify material risks and ensure they are appropriately captured in the company's risk profile and risk management framework.

Frequency: The Risk Committee meets quarterly and will discuss climate risk at least annually.

Crown Dependencies

CGWIL Board

Chair: Grahame Lovett, Chairman

Role: Ultimately responsible for setting our climate-adaptation strategy and ensuring there is an appropriate framework of controls to identify and manage climate-related risks in our international business.

Frequency: The Board meets quarterly and will discuss climate related matters at least annually.

International Audit and Risk Committee

Chair: William Kay, Non-Executive Director

Role: Advise the CGWIL Board on our appetite and tolerance, including in respect of climate risk, to identify material risks and ensure they are appropriately captured in the company's risk profile and risk management framework.

Frequency: The Risk Committee meets quarterly and will discuss climate risk at least annually.

Management's oversight of climate-related risks

The Boards are supported in their oversight of climate issues by a number of governance bodies and members of our senior management team. Climate-related items are considered as part of the firm's strategic and financial planning process, risk framework and performance targets.

UK

CGWL Board UK Executive Committee

Chair: David Esfandi, Canaccord Wealth CEO

Role: Oversee the implementation of our climate-adaptation strategy, monitor progress against targets and approval of environmental-related policies.

Frequency: An update on climate-related items is provided at least twice a year.

Crown Dependencies

CGWIL Board

Chair: Andy Finch, CEO International

Role: Oversee the implementation of our climate-adaptation strategy in our international business, monitor progress against targets and approval of environmental-related policies.

Frequency: An update on climate-related items is provided at least twice a year.

UK

UK Compliance Committee

Chair: Anna Trickey, Group Head of Legal & Compliance & ESG Lead

Role: Oversee compliance with climate-related regulations.

Frequency: An update on climate-related items is provided at least twice a year.

UK & Crown Dependencies

Climate Action & Sustainability Committee

Chair: Anna Trickey, Group Head of Legal & Compliance & ESG Lead

Role: Oversee the development and recommend to the Board the firm's climate strategy; oversee the production of sustainability-related disclosures; monitor and report on progress against targets; and support the Board in compliance with sustainability-related regulation.

Frequency: The Committee meets at least four times a year.

Investment committees' governance structure

Our investment process is led by our Co-Chief Investment Officers. The investment process operates through the interaction of a number of separate investment committees, each of which has specific and defined responsibilities. In combination, each contributes to the portfolio position which is adopted across our client base through the creation of approved investment lists.

Process overview: Asset class committees meet in the first instance to agree changes to the approved lists. Following this, the Strategic Investment Committee agrees the asset allocation changes for our model portfolios, and then concludes the process by reflecting the most recent output within our model portfolios.

Climate-related responsibilities: We have integrated environmental, social and governance (ESG) considerations into both our fund (including investment trusts) and direct equity selection process. This is considered within the relevant asset class committee which ensures that ESG factors are considered at the outset and as part of the decision to place them on the approved list.

Further details on this process are provided in the risk management section of this report.

The Strategic Investment Committee (SIC) has overall responsibility for our investment positioning. The main purpose of the committee is to set asset class positions and to oversee the creation of a range of Canaccord Wealth model portfolios and ensure that these models are implemented in the most appropriate manner for our clients.

The following asset class committees are responsible for the fund and direct equity selection process and consider
ESG as part of their selection criteria. Each committee is responsible for monitoring, maintaining and implementing changes to the relevant approved list:

- Fund Selection Committee
- UK Large Cap Stock Selection Committee
- Investment Trust Committee
- UK Small Cap Stock Selection Committee
- International Stock Selection Committee

Our senior leaders

Accountability for the management of climate-related risks and opportunities is assigned to the following senior leaders.

David Esfandi,
CEO, Canaccord Wealth

As CEO, David is responsible for overseeing the sustainable success of Canaccord Wealth.

David is ultimately accountable for ensuring that climate-related matters are factored into our overall business strategy and objectives.

Andy Finch,
CEO, CGWIL

Andy is the CEO of the international business.

He is responsible for ensuring CGWIL aligns with the divisional objectives and supports in the delivery of the agreed targets.

Anna Trickey,
Group Head of Legal & Compliance and ESG Lead, Canaccord Wealth

As ESG Lead, Anna is responsible for driving the firm's climate strategy and ensuring climate issues are considered within the business and its operations.

Anna is Chair of the Climate Action & Sustainability Committee and is accountable for the delivery of the climate-related disclosures.

Richard Champion,
Co-Chief Investment Officer, Canaccord Wealth

Richard leads the implementation of our climate-adaptation strategy within the investment process.

He is accountable for the integration of climate risks and opportunities within our investment decision making process and oversees our engagement activities with investee companies.

Paul Mudge,
Head of Risk Management, Canaccord Wealth

Paul is responsible for embedding climate risk into the firm's risk management framework and ensuring there are appropriate controls in place to mitigate them.

Working with members of the Chief Investment Office (CIO), Paul undertook the scenario analysis and incorporated the output into our ICARA process.

Strategy

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Overview

At Canaccord Wealth, our mission is to serve our clients, to protect and grow their wealth and earn their loyalty. In this context, we believe we have a duty to create long-term sustainable value for all our stakeholders, and we are committed to acting and investing responsibly. We have considered climate-related matters within our strategic planning, investment process, operating model, and incorporated climate-related risks and opportunities within our risk management framework.

To support us in meeting this commitment, we are aligning our business model and strategy with the UK Government's net zero by 2050 objectives and are in the process of developing a transition plan. Identifying and managing climate-related risks is core to achieving this ambition.

Our focus

As an investment manager, we have a fiduciary duty to identify and mitigate the long-term risks that may impact client holdings. The potential negative impact of the move towards a low carbon economy on client portfolio performance has been identified as the material climate risk facing our business. To manage this risk we have integrated climate considerations within the investment decision-making process and have set carbon reduction targets in our core models.

In addition to our role as an investment manager, we are committed to embedding the responsibilities we expect investee companies to demonstrate into our own philosophy and practices. We recognise that our business activities have an environmental impact and are taking action to reduce the carbon footprint of our operations. We have therefore set targets to reduce our scope 1 and 2 emissions and are focused on improving data collection for scope 3 emissions, to enable us to set further reduction targets to align with net zero by 2050.

More details can be found in the metrics and targets section of this report.

Climate-related risks

We recognise the risks associated with the global transition to a low carbon economy and the physical effects of climate change. To assist with our understanding of the relevant risks and opportunities for our firm, the Climate Action & Sustainability Committee, along with our CIO, Compliance, Operations and Risk departments, have reviewed and added several risk factors specific to climate change. These factors articulate the types of climate risks the firm is exposed to, in accordance with industry standard definitions, the potential impact if the risk were to crystallise and anticipated timeframes. These risk factors are set out below:

Risk factor	Terminology	Explanation
Climate risk type	Physical	The risk that one-off climate events or longer-term shifts in climate patterns that may result in damage to the firm's infrastructure and supply chain, potentially resulting in operational disruption to important business services provided to clients. Physical risks can also harm investments held in client portfolios, dependent on the industry, geography and the underlying assets owned by those investments.
	Transitional	The risk that steps taken by the firm and society to transition to a lower-carbon economy could have a negative impact on client portfolios if not appropriately positioned within markets, and the financial resilience and reputation of the firm.
Potential impact	Critical	These risks would have a material impact on the firm's operations and investment performance.
	High	These risks would have a high impact on the firm's operations and investment performance.
	Moderate	These risks would have a moderate impact on the firm's operations and investment performance.
	Low	These risks would have a low impact on the firm's operations and investment performance.
	Minimal	These risks would have a minimal impact on the firm's operations and investment performance.
Timeframe	Short term	0-5 years
	Medium term	5-10 years
	Long term	10+ years

The risks and opportunities shown on pages 17 to 20 have been identified by the Climate Action & Sustainability Committee and agreed by our Executive and Risk Committees.

Transitional risks

Risk	Business model and strategy risk
Description	Risk that management are not actively engaged with mitigating climate risks, resulting in the firm not having adequate transitional plans towards a lower carbon footprint within its operations or investment process. Failure to implement transitional plans and incorporate climate risk management within the overarching business model and strategy may impact the firm's financial resilience, reputation, and organic growth opportunities. It could also result in regulatory and other stakeholder scrutiny.
Potential impact	Moderate
Timeframe	Medium
Controls and mitigating factors	We have incorporated climate-related risks within our governance framework and we have made a commitment to become a net zero business by 2050 with appropriate metrics and targets set.

Risk	Investment performance risk
Description	Risk that the firm's investment philosophy and process does not include sufficient scrutiny of stranded asset risk, transition plans, credit risk profiles, and potential physical risks for the assets on the firm's approved asset lists and within client investment portfolios. Failure in enhancing the firm's investment processes may result in underperformance and ultimately decreased inflows due to investor sentiment.
Potential impact	High
Timeframe	Medium/Long
Controls and mitigating factors	We have enhanced our investment process to incorporate climate-related factors into our due diligence, analysis and decision making, using climate-related analytical tools. We have implemented Climate Value at Risk (CvaR) methodology to assess the potential impact on portfolios in the event of an orderly, disorderly, hot house world, and too little too late scenarios.

Risk	Market risk
Description	Risk that government actions and/or a disorderly transition to a net carbon zero environment may have a material economic impact, resulting in inflation from a risk in energy and commodity costs, sharp market corrections or pricing volatility. This could impact investor sentiment in markets more generally and have a knock-on impact to the firm's financial performance and resilience.
Potential impact	Critical
Timeframe	Long
Controls and mitigating factors	We have enhanced our investment process to incorporate climate-related factors into our due diligence, analysis and decision making, utilising climate-related analytical tools. We anticipate this will minimise any impact on client investment portfolios. Our ICARA process ensures that we are financially resilient and able to withstand market shock events.

Transitional risks – continued

Risk	Regulatory risk
Description	Risk that the firm fails to meet its regulatory obligations, such as climate-related disclosures and labelling currently in place, or any future regulations that may come into force during the transition. It is noted that failure to have the appropriate oversight and controls over marketing material may also result in greenwashing or green bleaching. Failure to mitigate this risk may result in regulatory scrutiny and censure. This could have a knock-on impact to the firm's reputation and financial performance.
Potential impact	High
Timeframe	Short
Controls and mitigating factors	We have a mature risk management and compliance framework in place to identify and plan for regulatory change. Furthermore, oversight of our design and operational effectiveness of applicable controls across all regulations, including climate-related ones, are frequently tested by our compliance monitoring and internal audit functions.

Risk	Reputational risk
Description	Risk that the firm's investment process and models do not meet or align with investor needs and views or adhere to the firm's commitments to various industry codes of conduct (e.g. UN PRI), resulting in client detriment. Failure to ensure appropriate processes are in place may result in claims for financial compensation, decreased inflows and ultimately market share due to investor sentiment.
Potential impact	Moderate
Timeframe	Short/Medium
Controls and mitigating factors	We have enhanced our investment process to incorporate climate-related factors into our due diligence, analysis and decision making, utilising climate-related analytical tools.

Risk	Third-party risk
Description	Risk that the firm has inadequate oversight of its suppliers which potentially impacts on the firm's scope 3 emissions. This may result in the firm being unable to meet its strategic commitments to become a net zero business.
Potential impact	Low
Timeframe	Medium/Long
Controls and mitigating factors	We are considering how to enhance our third-party risk management due diligence process to improve our oversight of suppliers and their carbon footprint.

Physical risks

Risk	Business continuity risk
Description	Risk that extreme weather events, long-term changes in weather patterns, and rising sea levels may impact key infrastructure used by the firm and its employees. This may have an impact on business operations.
Potential impact	High
Timeframe	Long
Controls and mitigating factors	An assessment of physical risks on our properties and business continuity arrangements has been conducted. These will continue to evolve and will be reassessed during the climate transition.

Risk	Third-party risk
Description	Risk that an extreme weather event or long-term changes in weather patterns materially impacts critical vendors and suppliers resulting in weaknesses within our operational resilience.
Potential impact	High
Timeframe	Long
Controls and mitigating factors	We are considering how to enhance our third-party risk management due diligence process to improve our oversight of potential physical risks on third-party vendors and suppliers.

Climate-related opportunities

We are also aware that the transition to a low carbon environment may provide Canaccord Wealth with opportunities that could benefit the business. These opportunities are outlined below:

Opportunity	Products and services
Description	Commercial opportunity to meet the needs of shifting consumer preferences for sustainable investment offerings.
Type	Transitional
Expected impact	Medium
Timeframe	Medium
Opportunity	**Improved financial resilience**
Description	Our business will be more resilient to the negative impacts of a disorderly climate transition, if we successfully implement measures to mitigate climate risk on our business operations and client investments.
Type	Transitional
Expected impact	Medium
Timeframe	Medium/Long
Opportunity	**Improve energy efficiency in our offices**
Description	In upgrading our offices to be more energy efficient we reduce the carbon footprint of our operations and reduce waste emissions and associated costs.
Type	Physical and transitional
Expected impact	Medium
Timeframe	Short/Medium

Climate scenario analysis

Overview

Climate scenario analysis helps us to understand the impact of climate change scenarios on our client portfolios and therefore assess the resilience of our investment strategy as we move towards the new low carbon economy. The output from the scenario analysis is incorporated into our ICARA to ensure we consider the potential impact on the firm's capital and liquidity requirements. The results of the scenario analysis and stress testing indicate that none of the scenarios would currently result in stress from a capital or liquidity perspective. The analysis corroborates our position that pursuing an orderly transition is in the best interest of our clients as climate policies are introduced early and therefore minimise the impact of physical and transition risks.

Climate Value-at-Risk (CVaR)

In preparation for our TCFD disclosure, we have developed a CVaR scenario methodology to assess the potential loss or gain impact that an orderly or disorderly transition may have on client portfolios, and the firm's revenues and capital base. A summary of the scenarios we have adopted and the underlying methodology we use to assess the impact is provided below.

Scenarios

We have opted to align our scenarios with those set out by the Network for Greening the Financial System (NGFS), which is a coalition of central banks, including the Bank of England (BoE), and regulators committed to integrating climate-related risks into the financial sector. The NGFS has developed these four different scenarios:

Early Action

Summary: This scenario assumes that ambitious climate policies are introduced early and gradually become more stringent, which lead to a reduction in global carbon emissions, achieving net zero emissions by 2050 and limiting warming to less than 2°C compared to pre-industrial norms.

Late Action

Summary: This scenario assumes that global emissions do not decrease until 2030. This delay necessitates a sudden and more severe transition to achieve net zero emissions by 2050 and limits global warming to below 2°C compared to pre-industrial norms.

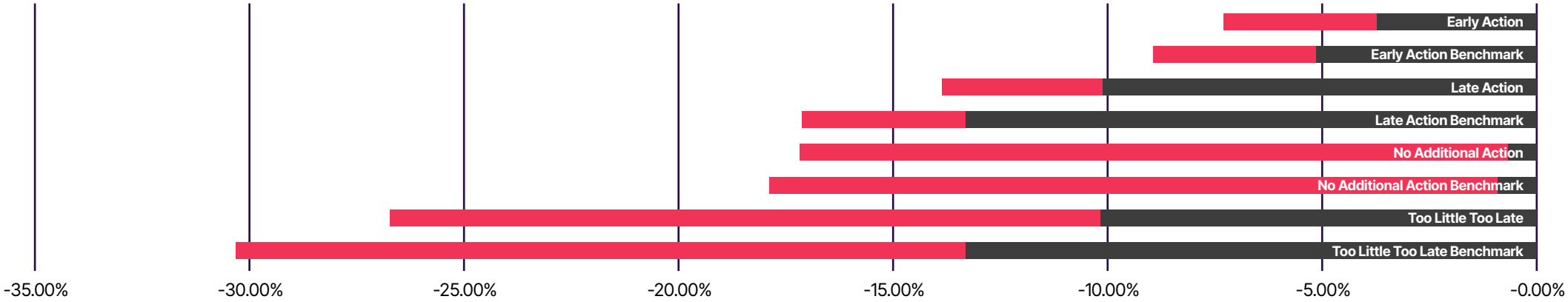
No Additional Action

Summary: This scenario assumes that no new climate policies are implemented resulting in global emissions not achieving the Paris Agreement with global warming reaching 3.3°C by 2050 and 4.1°C by the end of the century.

Too Little Too Late

Summary: This scenario assumes a fragmented and divergent approach to climate policy amongst countries globally, leading to high physical and transition risks crystallising. In this scenario, global warming reaches 3.3°C by 2050 as per the 'Hot House World', but transition risks are also amplified resulting in increased stress for industries and financial markets.

Total climate value at risk v benchmark (weighted average aggregate)



	Too Little Too Late Benchmark	Too Little Too Late	No Additional Action Benchmark	No Additional Action	Late Action Benchmark	Late Action	Early Action Benchmark	Early Action
Transition Risk	-13.36%	-10.20%	-0.97%	-0.70%	-13.36%	-10.20%	-5.21%	-3.77%
Physical Risk	-16.94%	-16.54%	-16.94%	-16.54%	-3.79%	-3.70%	-3.79%	-3.56%

Methodology

To understand the impact of these scenarios on the value of AuM, we have implemented a methodology that creates separate transition risk and physical risk impact scores which reflect a potential drop in market value.

For equities, corporate bonds and collective investment schemes held within discretionary portfolios, we have opted to use the carbon risk score provided by Morningstar's Sustainalytics (Sustainalytics) analytics tool to assess the transition risk impact for the above scenarios. A lower carbon risk score indicates that the investment is better positioned to navigate the transition to a low-carbon economy than an investment with a high carbon risk score.

These scores have been run through scenario models based on assumptions used by the European Central Bank (ECB), European Systemic Risk Board, and European Insurance and Occupational Pensions Authority's stress test model which is based on the NGFS scenarios. Furthermore, output has been benchmarked against the UK's Institute and Faculty of Actuaries climate scenario analysis published in 2022.

The physical risk impact for assets held have been assessed against the Institute and Faculty of Actuaries climate scenario analysis in 2022 and the BoE model. Our analysis was built around the aggressive scenarios in these models which align with the NGFS 'Hot House World' scenario.

Scenario output

The scenarios and CVaR model have been run across all risk profiles for our core discretionary models managed centrally by the CIO. This data covers the vast majority of our models (91.5%) and 72% of our discretionary AuM. This has evidenced that our investments are currently well positioned against benchmarks due to the level of diversification seen in our portfolios. The median output of this analysis across all our centrally managed models is provided in the graph above. The graph details the percentage loss in total value by 2050 based on the different scenarios set out above.

The results of the scenarios evidence that an orderly transition would have the least impact on client portfolios and would be preferable for consumer outcomes, firm revenues and profitability. In an early action scenario, climate policies are introduced early and gradually become more stringent, therefore minimising physical and transition risks.

Late action scenarios experience higher transition risk due to policies being delayed or divergent across countries and sectors. The analysis highlights the urgency of action required by the international community to implement climate policies. The early and late action scenarios both assume global warming will be limited to 2°C by 2050, however, the transition risk for our client portfolios increases from -3.77% to -10.20%, resulting in additional c.6.5% of losses for client portfolios. This represents a decline in portfolio value and therefore the analysis corroborates our position that pursuing an early action transition is in the best interest of our clients.

Being the second year for which we have prepared this data, we are able to make a comparison with the prior year's data. This can be seen in the below table, which shows the change in the weighted averages for transition risk, physical risk, and total CVaR from 2023 to 2024. This is presented as percentage change, rather than the absolute change in CVaR, to facilitate comparison. A positive percentage change indicates a larger exposure in 2024 versus 2023 (i.e. the CVaR is more negative, since the CVaR is presented as a negative value).

Scenario	Transition risk (2024)	Transition risk (2025)	% Change	Physical risk (2024)	Physical risk (2025)	% Change	Total risk (2024)	Total risk (2025)	% Change
Early Action	-3.09%	-3.84%	+24.31%	-3.73%	-3.67%	-1.60%	-6.82%	-7.51%	+10.14%
Early Action Benchmark	-4.77%	-5.25%	+10.04%	-3.82%	-3.87%	+1.32%	-8.59%	-9.12%	+6.17%
Late Action	-9.25%	-10.39%	+12.28%	-3.73%	-3.80%	+1.81%	-12.98%	-14.18%	+9.27%
Late Action Benchmark	-11.93%	-13.45%	+12.71%	-3.82%	-3.87%	+1.32%	-15.75%	-17.31%	+9.95%
No Additional Action	-0.57%	-0.71%	+24.45%	-16.68%	-16.97%	+1.72%	-17.25%	-17.68%	+2.48%
No Additional Action Benchmark	-0.88%	-0.98%	+10.49%	-17.05%	-17.27%	+1.32%	-17.93%	-18.25%	+1.77%
Too Little Too Late	-9.25%	-10.39%	+12.28%	-16.68%	-16.97%	+1.72%	-25.93%	-27.35%	+5.49%
Too Little Too Late Benchmark	-11.93%	-13.45%	+12.71%	-17.05%	-17.27%	+1.32%	-28.98%	-30.72%	+6.01%

From this data we can see that the transition risks have materially increased across all scenarios, both for Canaccord Wealth's exposure and the benchmark figures. The primary driver for the increasing transition risks is the evolution of our methodology to incorporate interest rate assumptions into the transition scenarios. This adds an extra dimension of transition risk not included in our first iteration in the CVaR model.

With regards to physical risks, our analysis suggests that there has been much less change from the prior year when compared with the transition risks. The model used for calculating physical risks remains largely unchanged from the prior year, so the small changes in physical risks are attributable to shifts in asset allocation or regional equity exposures in
our portfolios.

As part of the ongoing management of our centralised models, the underlying scenario impact analysis on assets on our approved lists will be a valuable input into our asset allocation and portfolio construction processes. This will enable us to construct our models in a manner that should minimise the impact of a climate driven market shock for client portfolios whilst also supporting the identification of potential growth opportunities.

Using the scenario findings to improve resilience

The output from the scenario analysis has been used to assess the impact on CGWL's revenue as part of Canaccord Wealth's UK's ICARA process. CGWIL is not included in the analysis as they are not regulated by the FCA and do not have the same prudential requirements. To identify the potential revenue stress, we have assessed the impact of the transition risk scenarios on each risk profile of our core discretionary models. The potential revenue decrease identified was run through our standard stress testing model to assess the impact on CGWL's capital and liquidity.

Output from the scenario analysis and stress testing indicates that none of the scenarios would result in stress from a capital or liquidity perspective at this time.

We continue to enhance and evolve our CVaR analysis year-on-year through the refinement of assumptions underpinning the calculation methodology, overseen by our Climate Action & Sustainability Committee.

Risk management

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Risk management framework

We are committed to prudently managing risks and potential harms in a manner which assists us in achieving our strategic objectives while maintaining financial resilience and avoiding activities that could threaten our reputation. We have implemented and operate a robust risk management framework, in accordance with regulatory guidelines, industry standards and best practice.
The purpose of this framework is to identify, assess, mitigate and monitor the risks and potential harms our business may be exposed to. The framework is set out and summarised below:

Risk governance

Board and committees

Risk appetite

Roles and responsibilities

Policies and procedures.

Risk information

Risk and control self-assessments as well as internal and external risk event management information.

Emerging risks and trends within the industry and wider economy.

Risk horizon scanning and scenario analysis.

Risk appetite

The Risk Appetite Statement (RAS) is an integral component of our risk management framework and sets out the level of risk the Board is willing to accept in pursuit of its strategic goals and objectives. The RAS is approved by the Board on at least an annual basis. Supporting the Board RAS, we have implemented detailed and specific appetite statements for each underlying risk.

Risk framework

Underpinning our risk management framework, we have a risk taxonomy which we use to categorise identified risks within a three-tier hierarchy, which includes financial, conduct, operational and other risks.

This framework is designed to support our Board and management team in assessing the risk profile against the Board's risk appetite. Where applicable, we will invest in specific areas to ensure that any emerging risk or identified breach of risk appetite is proactively managed and mitigated to return the risk profile within the agreed tolerances set by the Board.

Climate risk integration

The Board has set a low-risk appetite for climate-related risks and directed management to take appropriate action to mitigate any investment, operational and regulatory risks which may arise. In 2024, we incorporated climate risk within our risk taxonomy, risk and controls self-assessment process, and broader risk management framework.

Through this framework, we have identified and assessed several specific climate risks to which the firm is exposed. Given the nature of climate-related risks, we have developed additional factors to assist with the assessment of these risks and the likely impact on the firm. These additional factors identify whether they are physical or transitional risks and whether we anticipate these risks emerging within the short, medium, or long term in accordance with the climate risk timeframes. This process has identified risks that potentially impact our operations and investment offering, a summary of which, along with the applicable timeframes, have been summarised within the strategy section of this disclosure.

The output from the above integration is included in Canaccord Wealth UK's ICARA which identifies the level of capital and liquidity required to ensure the firm has sufficient resources to absorb any potential losses that may arise from the risks to which it is exposed. Following the incorporation of climate-related risks within our risk management framework, we have seen a proportionate increase in capital and liquidity requirements. These requirements have been tested against climate specific scenarios and stress tests, which has evidenced that the firm would remain financially profitable and resilient in the event of a disorderly, Hot House World, or too little too late transition.

We continue to work to further integrate climate-related risks within our risk framework, specifically with relation to the development of a more detailed risk appetite statement and key risk indicators developed to evidence the firm's adherence to the Board's overall tolerance for climate risk exposure. We intend to align this with the agreed metrics and targets set out later in this disclosure.

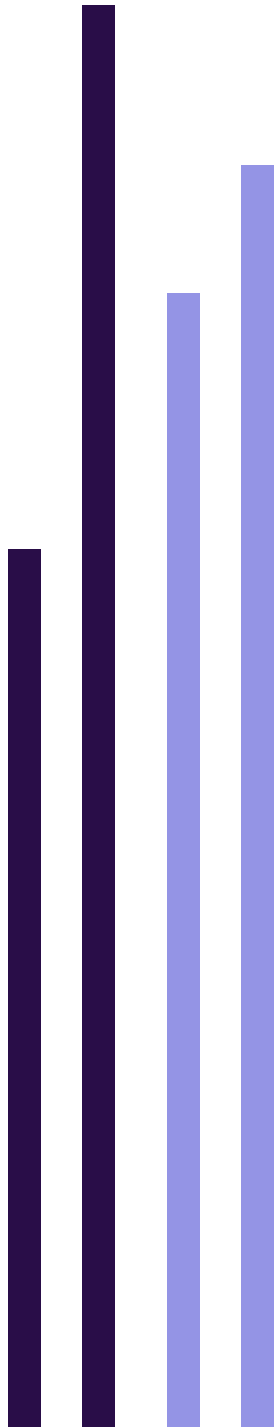
Managing climate risk within our investment process

Overview

Our exposure to climate risk sits largely within the investments we manage on behalf of our clients. To manage this risk, we have incorporated climate and broader ESG considerations into our investment process. We have achieved this through the implementation of climate and ESG metrics into our fund and direct equity selection process and through broader engagement with investee companies and fund houses.

In 2022, Sustainalytics were selected as our core ESG data provider. Morningstar Sustainalytics ESG (MSE) Globe Ratings have been integrated into both our fund (including investment trusts) and direct equity selection process.

Our aim is to assign a MSE Globe Rating to as many stocks and funds as possible on our approved lists. Over time we expect the MSE Globe Rating of our approved lists to gradually improve as companies move to reduce climate-related risks and as we reduce the number of stocks and funds with poor ESG credentials.



Integration with third-party funds

All third-party funds seeking approval on our panel must demonstrate their ESG credentials through investment process integration and subsequently, in ongoing engagement with their investee companies. At the outset, fund houses are asked to complete a due diligence questionnaire which, among other items, confirms:

- If the fund house is a UN PRI signatory, or in the process of applying
- If the fund house has a net zero target and what impact this has on the fund itself
- The Sustainable Finance Disclosure Regulation (SFDR) rating
- How the manager integrates ESG into their process
- Real world examples of how the fund manager has engaged with their investee companies.

As part of our annual review process with fund managers, we question them about their voting and engagement practices, focusing on the investee companies which are perceived negatively from an ESG perspective.

We aim to partner with fund houses that are signatories to the UN PRI and have implemented net zero targets. As at the date of this report, over 95% of our equity fund houses are UN PRI signatories and we are engaging with those who remain outstanding.

An equally important aspect of our research is understanding the degree to which ESG factors are integrated into the fund investment process, and the consistency of such an approach through history. We scrutinise funds carefully to ensure that in our selection pool greenwashing is minimised, and we encourage managers to be as transparent as possible about their strategies. At the time of writing, we have not sold a third-party fund due to a high level of greenwashing, and remain confident that our selection criteria is robust enough to identify these at an early stage.

We use MSE Globe Ratings as our external rating system to monitor our third-party funds' ESG credentials at a high level. This includes a general rating, which amalgamates the underlying securities rankings to provide an average score for a fund, which can be compared on a relative basis to its own peer group. We also review carbon metrics, particularly the weighted average carbon intensity of a fund vs its peers. These metrics are one of the many ways in which we seek to stay informed about a fund's credentials throughout the course of investment.

Where a MSE Globe Rating is not available due to data limitations, we will apply an internal globe rating by calculating the sector average globe rating for the stocks that are missing data within the portfolio. This is supported by a qualitative assessment to ensure a consistent methodology is applied across various fund regions as well as sectors. The relevant sector rating is weighted based on the size of the position across the portfolio, to create an aggregate weighted internal globe rating for the fund.

It should be noted that information is limited for specialist vehicles and asset classes outside of equities. Information points for other ESG metrics, such as biodiversity, water intensity and board diversity are also extremely limited and fragmented although they are gradually improving. We also acknowledge that due to the different ESG rating systems available, on occasion there will be nuances which need further investigation.

	Total % approved funds (including international equivalent strategies) with a MSE Globe Rating
Equity funds	93%
Bond funds	75%
Alternative funds	74%
Investment trusts	61%
Passives	92%
Total	85%

As can be seen from the metrics, both alternative funds and the investment trust sector has limited data compared to other sectors. The key reason for this is the underlying exposure alternatives and the alternative investment trust products tend to be real assets such as infrastructure or private equity and reporting lines have not been consistent.

Integration within the direct equity process

Before a new stock is added to our equity approved list, its ESG rating will be assessed using the MSE Globe Rating methodology and must meet our minimum requirements. If a rating is not available, we will engage with the company to understand their positioning and request a copy of their Sustainability Report. A recommendation will be made to the relevant stock selection committee.

A report is run regularly across the entire equity approved list to identify any changes in the MSE Globe rating. Where the rating has been downgraded by either two or more globes or to one globe, we will engage with the company to understand the driver and plans for improvement. This will then be discussed at the proceeding relevant stock selection committee meeting.

	Total % approved direct equities with a MSE Globe Rating
With a MSE Globe Rating	95%
Without a MSE Globe Rating	5%

Engagement

Engagement with our investee companies is an important part of our investment strategy as regular meetings and dialogue with them is a key driver to successful long-term investing. Our monitoring of and engagement with our investee companies includes consideration of their strategy, their financial and non-financial performance and risk and their capital structure. Where appropriate, ESG issues will also be considered and discussed. These meetings give us an opportunity to raise issues and concerns we have with the companies.

We have decided to engage with our top 100 positions by value and on occasions where Canaccord Wealth holds more than 3% of the issued voting share capital of the underlying security. However, due to requirements from our custodian's proxy service provider, we will no longer vote on European countries. Due to EU regulations, the provider now requests Beneficial Owner (BO) details to be submitted for each individual client, rather than allowing us to vote as a single entity; this process is not feasible for Canaccord Wealth to implement. For all investee companies above this threshold we will endeavour to have face-to-face meetings at least annually and preferably more regularly.

Where necessary and proportionate, we will escalate our concerns in a more formal manner. In the first instance, this engagement will be channelled through the relevant investor relations function within the investee company (or in their absence, their delegated corporate access agent) or their nominated corporate adviser. From then onwards, escalation is taken up to senior management either verbally or in writing and, if necessary, would be escalated to the Chair of the Board. For further details please see our Escalation Policy.

Exercising voting rights is part of our responsibility for effective stewardship. We do, however, have to balance this with resource demands and therefore take a proportionate approach to exercising any voting rights. We have selected a shareholder voting and engagement partner, currently Institutional Shareholder Services (ISS). We vote in accordance with the thresholds outlined above. However, we may also vote on other positions where the issue is deemed material or if we believe the issue is contrary to the best interest of shareholders. We maintain a register of the number of resolutions we have voted for and against and publish an annual disclosure on our website which provides a general description of our voting behaviour and an explanation of the most significant votes.

In addition to our direct engagement with individual investee companies, where appropriate we monitor the engagement of our investee funds as part of our continuing due diligence research process. We may also engage with the senior management of the investment trusts in which we invest to discuss matters of relevance to shareholders, in line with our wider policy on proportionality.

We may seek to participate in wider industry shareholder initiatives if we feel this is necessary, seeking to enhance the quality of corporate governance and improve ESG outcomes for the benefit of the longer-term economic interests of our clients.

Metrics and targets

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We will use the metrics outlined below to determine how effectively we are managing climate-related risks and to measure progress towards our net zero objectives. Our targets consider the emissions associated with our investments and operations. The baseline year for our operations is 2022 and for our investments is 2023 as the earliest year data is available.

Our targets

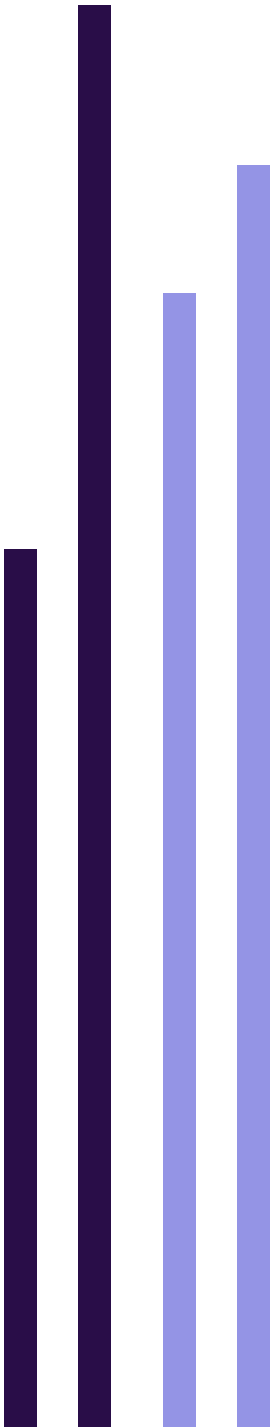
We have set the following targets to measure progress towards our objectives:

Investments

- To reduce the carbon intensity of our portfolios (in tonnes of carbon emissions (tCO2e) per £100,000 invested) by 26% by 2030 and 63% by 2040 to achieve net zero carbon emissions by 2050 (from a 2023 baseline)
- To align our UK portfolios with a below 2°C pathway from pre-industrial levels by 2050.

Operations

To reduce scope 1 and 2 emissions by 53% by 2030 and 95% by 2050 from a 2022 baseline.



Understanding our metrics

Scope	Scope 1	Scope 2	Scope 3
Definition	Direct emissions from sources that are owned or controlled by the Company this includes emissions associated with fuel combustion (e.g. burning natural gas).	Indirect emissions from consumption of purchased energy generated upstream.	All indirect emissions (excluding those in scope 2) that occur in the value chain, including upstream and downstream emissions; the Greenhouse Gas (GHG) Protocol has split these emissions into 15 categories.
Main contributors for Canaccord Wealth	Gas usage in our offices.	Electricity in our offices.	Business travel (category 6) is the only information disclosed in this year's report.
Data gaps or limitations	Refrigerants are not included due to insufficient data.	None.	Emissions for categories 1-5 and 7-15 of the GHG Protocol have not been disclosed this year due to data availability. Car and rail travel for employees of CGWIL are not included due to data limitations.

Definition		Metric
Absolute reduction target	Refers to a target to reduce the total amount of emissions by a fixed amount.	Total carbon emissions in kilograms (kgCO2e)
Intensity reduction target	Refers to a reduction target relative to the size of the business. This is a normalised metric that sets the target relative to our office footprint and therefore accounts for economic growth.	Total carbon emissions in kilograms, divided by the total floor space (kg CO2e/m2)
Weighted average carbon intensity (WACI)	Refers to the tonnes of carbon (scope 1, 2 and 3 emissions) per US$1m of revenue. This normalises emissions by revenue to enable a comparison.	Tonnes of CO2 per US$1m of revenue (scope 1 + scope 2+scope 3 emissions)
Low Carbon Transition Rating (LCTR)	Refers to the implicit increase in global temperature from pre-industrial levels and measures the alignment with a 2°C pathway, as set by the Paris Agreement.	°C

Our operational metrics

Operational footprint

We began to measure the carbon footprint of our operations in January 2022 and have enhanced the gathering and reporting of information in the subsequent period. We engaged a third-party consultant to quantify our 2022, 2023 and 2024 scope 1, 2 and select scope 3 emissions associated with our operations and to assist in the development of Science Based Target initiative (SBTi) aligned targets. Our scope 3 data is limited to emissions produced in relation to business travel (category 6 of the GHG Protocol). This includes all flights and hotel stays, in addition to rail and car travel for UK colleagues. Due to differences in data collection, we are unable to disclose car and rail travel for employees of CGWIL when they travel on business. We are enhancing our data capture to address gaps and produce more complete disclosures in future. Measuring and reporting against our wider value chain will be a focus in future reports.

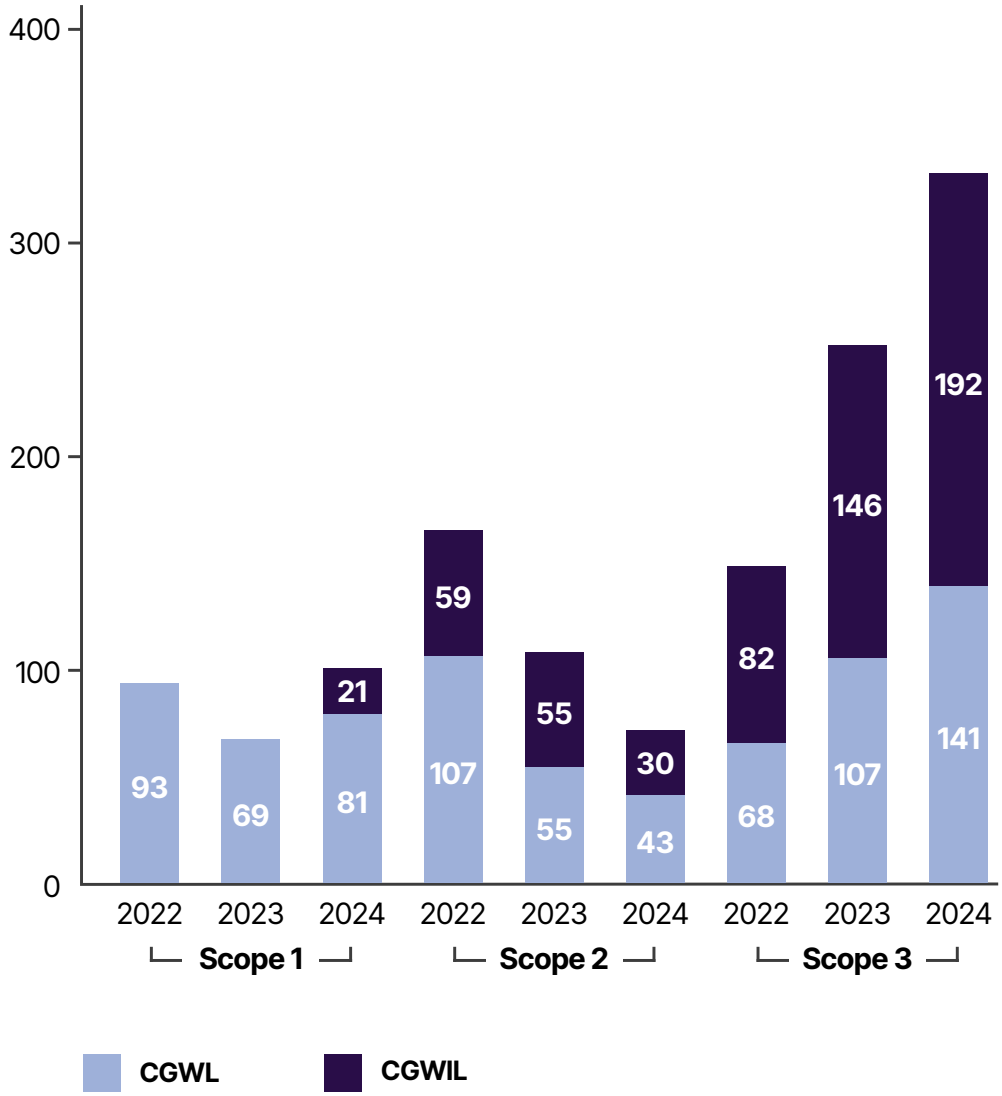
Targets

Based on the 2022 baseline, net-zero GHG emission targets have been created using the SBTi criteria for setting science-based net zero emissions targets. Using this framework, we have set an intensity reduction target (kg CO2e/m2) for our scope 1 and 2 emissions of 53% by 2030 and 95% by 2050.

Progress

In 2024, we made good progress in decreasing our scope 2 emissions but saw an increase in both scope 1 and scope 3 emissions. Scope 1 emissions increased due to the relocation of one our offices, but we have seen a net decrease in scope 1 and scope 2 emissions. Similarly, we have seen there has been a 3-year increase in scope 3 emissions which is solely down to an increase in business travel, however the increase in scope 3 is slowing down.

GHG emissions (tCO2e)



Initiatives to reduce emissions:

- Renewable energy: Our three largest UK offices (London, Blackpool and Guildford) are now using 100% renewable electricity, as well as our Birmingham and Cambridge offices over the course of 2024. Over the next 12-18 months we plan to switch more of our UK offices to renewable contracts
- Transport: Electric car scheme for UK colleagues and bike scheme across all offices
- Office optimisation: Using resources more efficiently in our offices by implementing smart meters and proactive engagement with our landlords
- Digitising operations: Launched our new client portal in 2023 and now have 12,000 users who access the portal to track portfolio value, asset allocation, performance and secure documents (valuations and tax packs); we have also reduced the number of clients receiving paper valuations and correspondence by providing alternative secure electronic channels.

GHG emissions (tCO2e) – 31 December	2024	2023	2022	Comparison	
Scope 1 emissions	102	69	93	-33	+48%
UK scope 1 emissions	81	69	93		
International [1] scope 1 emissions	21	0	0		
Scope 2 emissions[2]	73	110	166	-37	-34%
UK scope 2 emissions	43	55	107		
International scope 2 emissions	30	55	59		
Total scope 1 & 2 emissions	176	179	259	-3	-2%
Scope 3 emissions - Category 6[3]	333	253	150	+80	+32%
UK select scope 3	141	107	68		
International select scope 3	192	146	82		
Total select scope 3 emissions	333	253	150	+80	+32%
Total measured emissions	509	432	409	+77	+18%
Scope 1 & 2 operational carbon intensity (tCO2e) per Full Time Equivalent (FTE)[4]	0.2	0.2	0.4		
Scope 1 & 2 emissions intensity (kg CO2e/m2)	16.3	20.8	27.2		

[1] International refers to CGWIL operations.

[2] The GHG inventory uses a combination of market- and location-based emissions factors (EFs) to calculate emissions. Market-based EFs are more accurate as it relies on specific GHG emission factors provided by the utility firm, whereas location-based EFs use a average emission factor based on geography (i.e. UK). Most offices used location-based EFs, except for the following locations which used market-based emission factors: London, Worcester, Birmingham, Lancaster, York, Norwich, Nottingham.

[3] Scope 3 emissions are limited to business travel (category 6). From business travel car and rail travel for employees of CGWIL have not been disclosed as we are unable to monitor this centrally.

[4] Canaccord Wealth UK employed 556 FTE in 2022 and 551 in 2023. CGWIL employed 174 FTE in 2022 and 191 in 2023 (as at 31 December).

Methodology

Our targets align with SBTi, the leading global framework for setting net-zero emissions targets. Our base year is 2022 as the first year we collated complete consumption data for Canaccord Wealth offices.

Based on the 2022 baseline, net-zero GHG emission targets have been created using the SBTi criteria for setting science-based net zero emissions targets. SBTi requires companies to set a near-term and long-term target for their combined scope 1 and 2 emissions and separate targets for their scope 3 emissions. For the combined scope 1 and 2 target, we used SBTi's Building Sector tool to develop an emissions intensity target. We will continue to monitor our absolute emissions; however, an intensity target is more appropriate as our regional office footprint is expected to increase in the coming years as our business continues to grow.

We have calculated a target for our select scope 3 emissions using the SBTi's absolute reduction method as there is no specific methodology for business travel. This method requires an annual reduction of 2.5% to reach the 2030 goal and a 90% reduction by 2050. It is recognised that our scope 3 baseline will be recalculated to include the additional scope 3 categories, as we expand our data collation. However, we will use this as an indicative target to monitor the reduction of our carbon footprint.

Category	Baseline emissions (2022)	Near-term target (2030)		Long-term target (2050)	
Scope 1 + 2 intensity target (kg CO2e/m2)	27.2	12.7	-53%	1.3	-95%

Our investment metrics

Investment footprint

Targets

For our investment business, covering our overall assets managed, we have adopted a straight-line approach from the 2023 baseline point of origin to the discreet 2050 target.

Methodology

We selected Sustainalytics as our preferred ESG and climate metrics vendor to enable us to calculate climate-related metrics at a portfolio and entity level.

We used Sustainalytics to obtain the data points and to calculate the entity-level data; however, the process for calculating our models' investment exposure was undertaken in-house by our CIO team. We matched the Sustainalytics data to the relevant assets. Where there were multiple fund share classes, we made sure to match the data accordingly, as well as replicating the equity data for the corresponding corporate bonds. Once we had the baseline data, we created an asset-weighted score for each data point and a combined weighted score for the portfolio. Using the MSE Globe Rating as an example, we multiplied the weighted allocation by the globe rating given to us by Sustainalytics. All the weighted scores were added together, giving us the final portfolio globes value.

We revised our methodology from the previous year after identifying that the reported emissions for our direct equity holdings were overstated. To enhance accuracy, we calculated each company's emissions per share using total reported emissions and market capitalisation as of 31 December 2024. We then applied our shareholding to determine our proportionate exposure. The carbon per £100,000 invested used a different methodology. To calculate this, we took the total carbon emissions for the portfolio (scope 1, 2 and 3), divided by value of the portfolio and then multiplied by 100,000.

Limitations

The primary limitation of our Sustainalytics-derived methodology is that it currently excludes GHG calculations on a range of asset classes that are included in our portfolios.

The largest asset class affected is sovereign and quasi-sovereign debt, such as US treasuries, UK gilts and other government bonds. Since the excluded assets (government bonds, some alternative assets) are often deemed lower risk, because they typically generate lower volatility outcomes than equities, they naturally tend to predominate in lower risk-profile products. We have reported coverage ratios in the above and in relevant product reports.

Entity-level data

In 2023, we calculated our entity-level carbon metrics for our client holdings for the first time. The data below is based on the discretionary managed assets under our custody, which we have referred to as the overall assets we manage. The volume of assets submitted to Sustainalytics for review as at the baseline date of 31 December 2024 was £18.6bn, representing approximately 61% of our assets under management, administration and management at that time.

CGWL	Definition	2023	2024	% change
Carbon footprint	Tonnes of CO2 per £100,000 invested	38.7	50.3	29.8%
Weighted average carbon intensity (WACI)	Tonnes of CO2 per US $1m of revenue (scope 1 + scope 2 + scope3 emissions)	560	1,070	91.0%
Total portfolio carbon emissions	Tonnes of CO2 generated by the portfolio	5,230,932	4,904,088	-6.2%
Coverage	% of the portfolio for which we have GHG data	58.0%	56.0%	-2%

CGWIL	Definition	2023	2024	% change
Carbon footprint	Tonnes of CO2 per £100,000 invested	30.0	60.3	105.9%
Weighted average carbon intensity (WACI)	Tonnes of CO2 per US $1m of revenue (scope 1 + scope 2 + scope 3 emissions)	612	1,116	82.4%
Total portfolio carbon emissions	Tonnes of CO2 generated by the portfolio	1,312,127	1,893,426	44.3%
Coverage	% of the portfolio for which we have GHG data	49.4%	58.1%	+8.7%

The entity level data appears to show a marked deterioration in carbon scores across carbon footprint, WACI and total portfolio carbon emissions. The primary driver for this apparent deterioration is the increase in scope 3 emissions, reflecting the better data coming from companies and presumably echoing our own experience. Scope 1 and scope 2 data have actually improved.

This means that we have slipped behind the first of our baseline targets (to reduce the carbon intensity of our portfolios (in tCO2e per £100,000 invested) by 26% by 2030 and 63% by 2040 to achieve net zero carbon emissions by 2050 (from a 2023 baseline)). Nonetheless, we remain confident that our 2050 entity-level target is realistic and achievable.

Combining CGWL and CGWIL shows a 3.9% increase in carbon emissions from portfolios measured by tonnes of CO2 generated by the portfolio, but this may reflect our increased size, and in addition, the improvement in coverage for the CGWIL business from 49.4% to 58.1%. The rise in total portfolio emissions was entirely accounted for by the sharp increase in CGWIL.

Implied temperature rise

We have used Sustainalytics' Low Carbon Transition Ratings (LCTR) to measure the degree in which investee companies projected GHG emissions will differ under various decarbonisation policy scenarios between now and 2050.

This is a useful forward-looking metric which indicates how well our portfolios are aligned with the Paris Agreement to limit global warming to below 2°C by from pre-industrial levels by 2050.

The LCTR measure an issuer's exposure from their expected emissions and account for their management actions, thereby assessing the firm's progress toward net zero commitments by evaluating the quality and ambition of their published net zero commitments.

Our 2023 baseline entity level implied an investment-derived temperature rise above the pre-industrial average of 2.9°C for CGWL and 3.1°C for CGWIL. We have adopted a target of attaining below 2.0°C by 2050, and monitor our progress based on a consistent annual reduction. In 2023 this required annual reduction was 0.03°C per annum out to 2050 for CGWL and 0.04°C per annum for CGWIL.

There has been strong progress towards meeting this target in 2024. CGWL saw a reduction to 2.3°, which equates to 65% of the total required portfolio implicit temperature reduction. CGWIL, which had a higher starting point saw a reduction to 2.5°, which is higher in absolute terms but a lower relative reduction; it represented 57% of the total targeted temperature reduction.

This strong progress means that for CGWL the required annual reduction in portfolio implicit temperature rise has fallen from 0.03°C per annum to 0.01°, and to 0.02°C per annum for CGWIL from 0.04°.

There has not been an overt effort to focus as hard as the improvement in this metric might indicate in our investment selection process. The reduction is more likely to be the result of improvement supply chain analysis in our investee companies and refinements to Sustainalytics' LCTR methodology.

	2023 Baseline	2024	2030 target	Long-term target	Required annual reduction in 2023	Required annual reduction in 2024	2024 target % completion	2024 coverage
CGWL	2.9°	2.3°	2.66°	2.00°	0.03°	0.01°	65%	50%
CGWIL	3.1°	2.5°	2.81°	2.00°	0.04°	0.02°	57%	50%

	Baseline	Near-term target (2030)	Long-term target (2050)
	Implicit ° increase in global temperature from pre-industrial levels in °C		
CGWL	2.89°	2.66°	2.00°
CGWIL	3.09°	2.81°	2.00°

Carbon footprint of our model portfolios

In addition to calculating the metrics at an entity level, we have completed the calculations against our core risk profile (RP) multi-manager and direct equity models and ESG models for CGWL. The below represents approximately 84% and £9.9bn AuM for our UK business.

Model	Carbon footprint			Weighted average carbon intensity			Total portfolio carbon emissions			Coverage			Low carbon transition rating			Coverage		
	Tonnes of CO2 per £100,000 invested			Tonnes of CO2 per US$1m of revenue (scope 1 + scope 2 + scope 3 emissions)			Tonnes of CO2 generated by the portfolio			% of the portfolio for which we have GHG data			Implicit ° increase in global temperature from pre-industrial levels in °C (Paris/COP21 alignment)			% of the portfolio for which we have data		
	2023	2024	Difference	2023	2024	Difference	2023	2024	Difference	2023	2024	Difference	2023	2024	Difference	2023	2024	Difference
RP3 MM	10.2	11.5	1.4	0.7	0.8	0.04	155.7	185.8	30.1	19%	20%	1%	3.0	2.50	-0.5	22.2%	24.5%	2.3%
RP4 MM	15.4	18.2	2.8	1.7	1.1	-0.5	284.1	358.9	74.8	31%	35%	4%	2.8	2.3	-0.4	42.5%	40.2%	-2.3%
RP5 MM	21.5	25.4	3.9	1.6	1.4	-0.2	455.5	583.0	127.5	51%	50%	-1%	3.1	2.3	-0.8	52.0%	55.4%	3.4%
RP5 PIMFA MM	21.8	26.3	4.6	1.9	1.7	-0.2	482.0	632.8	150.8	51%	52%	1%	3.2	2.3	-0.9	52.0%	55.2%	3.3%
RP6 MM	27.9	33.2	5.3	2.1	1.7	-0.4	721.6	942.9	221.3	65%	66%	1%	3.1	2.3	-0.8	66.2%	70.0%	3.8%
RP7 MM	33.6	38.7	5.1	2.6	2.1	-0.5	936.7	1193.6	256.9	78%	79%	1%	3.2	2.3	-0.9	78.8%	82.7%	3.9%
RP4 DE	25.1	33.8	8.7	0.7	0.6	-0.04	376.1	533.3	157.2	40%	36%	-4%	3.1	2.3	-0.8	38.7%	42.5%	3.8%
RP5 DE	37.0	48.7	11.7	0.7	0.7	-0.1	757.5	1051.0	293.6	53%	52%	-1%	3.0	2.2	-0.8	52.3%	58.3%	6.0%
RP5 PIMFA DE	36.6	47.1	10.5	0.9	0.7	-0.1	728.2	988.3	260.1	55%	55%	-1%	3.0	2.2	-0.7	53.9%	59.5%	5.6%
RP6 DE	49.7	65.6	15.9	1.0	0.4	-0.6	1195.5	1663.5	468.0	73%	72%	-1%	3.0	2.2	-0.8	70.4%	78.3%	7.9%
RP7 DE	61.7	79.0	17.3	1.0	0.3	-0.7	1320.8	1783.3	462.6	89%	86%	-39%	3.0	2.2	-0.8	83.7%	92.7%	9.0%
RP8 DE	34.3	47.7	13.4	0.1	0.1	-0.01	439.5	635.3	195.8	81%	92%	11%	2.8	2.3	-0.5	74.4%	88.2%	13.8%
RP9 DE	16.3	16.1	-0.2	0.2	0.2	0.03	176.4	172.7	-3.7	58%	76%	18%	2.7	2.5	-0.2	58.5%	65.4%	6.9%

In 2023's report we identified a discrepancy between the outcomes for our multi-manager models and our direct equity equivalents. We have reviewed our previous methodology and have corrected last year's data where appropriate. Restated 2023 numbers are included in the table above.

In general, there has been solid progress to meeting our carbon neutrality goals in scope 1 and scope 2 emissions. This good work has been undone by sharp increases in scope 3 emissions, largely as a result of companies refining their measurements of supply chain data and as business practices continue to renormalise after Covid-19.

In terms of implicit temperature rise, similar to the entity level our models have made strong progress to achieving a 2°C threshold and are in general ahead of the wider business in this regard. We are very much on track to meet our core target here. This is not surprising, since the models reflect the central proposition, where oversight of sustainability and GHG data is strongest within our business.

There was some improvement in coverage, although perhaps at a slower pace than we expected. In a few areas, coverage fell back.

Therefore, overall portfolio coverage remains relatively low at this stage in our monitoring process. This reflects that the best data comes from equities as an asset class. Lower risk profiles have lower allocations to equities and, therefore, generally have lower coverage; for example, a RP3 portfolio has a strategic allocation of 20% to equities, whereas RP7 has 97.5%. There tends to be better coverage when assessing the implicit °C increase in global temperature from pre-industrial levels.

Our equity allocation tends to be a little underweight energy, in part because of our investment philosophy which focuses on what we term 'quality' investing. In addition, now we have embedded climate factors into our investment assessment process, this has likely assisted this trend. Combined, this has helped us score somewhat lower than our standard benchmarks in terms of carbon emissions.

Our models generally have a lower implied temperature rise and WACI than the overall assets we manage. This reflects the embedding of climate sustainability and ESG factors into our central investment process and our model portfolio construction. The overall assets we manage include tailored portfolios, that do not follow the core models. We will manage adhesion to Canaccord Wealth's overall targets through the approved investment lists, which all portfolio managers must use to populate their client portfolios.

Appendix

Glossary

AuM
Assets under management.

CO2e
Carbon dioxide equivalent. The metric is used to compare the emissions from various greenhouse gases on the basis of their global-warming potential.

ESG
Environmental, Social and Governance.

FCA
Financial Conduct Authority.

GHG
Greenhouse gas.

GHG Protocol
The Greenhouse Gas Protocol is the world's most widely used greenhouse gas accounting standards.

GFSC
The Guernsey Financial Services Commission.

JFSC
The Jersey Financial Services Commission.

ICARA
The Internal Capital Adequacy and Risk Assessment process identifies the firm's material harms and evaluates the appropriate level of capital and liquidity required to mitigate harm for clients, the firm and the market.

IOM FSA
The Isle of Man Financial Services Authority.

Low Carbon Transition Ratings (LCTR)
Sustainalytics framework which measures the degree to which a firm's projected GHG emissions differ from various decarbonisation policy scenarios between now and the year 2050.

Net zero
Refers to the state where carbon emissions and removal of the gases are in balance.

SBTi
Science Based Targets initiative which promotes best practice in science-based target setting.

Scope 1 emissions
Direct emissions from sources that are owned or controlled by the Firm, this includes emissions associated with fuel combustion (e.g. burning natural gas).

Scope 2 emissions
Indirect emissions from consumption of purchased energy generated upstream.

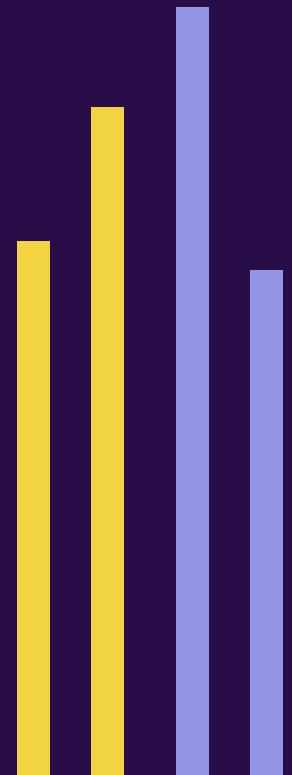
Scope 3 emissions
All indirect emissions (excluding those in scope 2) that occur in the value chain, including upstream and downstream emissions.

The GHG Protocol has split these emissions into 15 categories.

TCFD
Task Force on Climate-related Financial Disclosures.

UN PRI
United Nations Principles for Responsible Investment.

WACI
Weighted Average Carbon Intensity.



Disclaimer

Investment involves risk. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Past performance is not a reliable indicator of future performance.

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