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Scottish Widows Schroders Personal Wealth (ACD) Limited

TCFD Product Report

2023

Issued 21st June 2024

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Introduction

Scottish Widows Schroder Personal Wealth (ACD) Limited ("SPW (ACD)") is pleased to present its first report aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD"). The TCFD recommendations are designed to make climate-related company disclosures consistent and transparent. Through this reporting, we want to provide our clients, shareholders and advisers, with an understanding of our current approach to climate-related risks and opportunities, and our long term commitment to sustainable practices.

The TCFD framework consists of eleven recommended disclosures across four different areas. These are: Governance, Strategy, Risk Management and Metrics and Targets. In this report, we set out the climate-related metrics, prescribed in the ESG Sourcebook, for our funds.

This report incorporates the following SPW (ACD) fund ranges:

Portfolio Funds - we launched six Portfolio funds on 15th July 2020. The multi-asset, risk-rated funds-of-funds range was launched to provide customers with a low-cost solution for savings and retirement assets, and to complement the existing Solution fund range.

Solutions Funds - our Solution funds are multi-asset risk-rated funds of funds investing in a combination of third-party funds and the SPW Multi-Manager funds (see below). We became the ACD of the Solution funds in December 2019.

Multi-Manager Funds - the portfolios of our Multi-Manager funds are split into various sub-portfolios, the management of which is outsourced to sub-investment managers. This approach provides increased levels of diversification and allows each fund to benefit from a number of best-in-class managers. These include managers such as Blackrock, PIMCO, T Rowe Price and Man GLG. Schroders Investment Managers accounted for less than 10% of the managers used in our Multi-Manager funds at the end of June 2023, with the balance invested in other external investment managers.

Component Funds - Four of our funds, SPW Asset Allocator, SPW IPS Growth, SPW IPS Income and SPW IPS Strategic Income are specifically designed to be used as component funds in conjunction with other funds in various proportions to create model portfolios aligned to different risk profiles. The funds invest in the SPW Multi-Manager funds. The IPS Strategic Income Fund closed in October 2023 and therefore, has not been included in this report.

This is our first TCFD reporting cycle, covering the period 1st January 2023 to 31st December 2023. Our TCFD Entity report, for the same period, is available ***here***.

Metrics

The FCA's ESG Sourcebook sets out the climate-related metrics that asset managers are required to report. All data is reported as at 29th December 2023. SPW ACD's selected vendor is S&P Trucost.

The metrics are based on the carbon emissions of the underlying investments in the SPW Funds. Carbon emissions are categorised into different groups:

Metric	Definition
Scope 1 greenhouse gas emissions	Scope 1 greenhouse gas emissions are from sources that an organisation owns or controls directly, expressed in tonnes CO_2e.
Scope 2 greenhouse gas emissions	Scope 2 greenhouse gas emissions are from the energy the organisation purchases and uses, expressed in tonnes CO_2e.
Scope 3 greenhouse gas emissions	Scope 3 greenhouse gas emissions are from sources not covered by scope 1 or 2 but created by as organisation's value chain. Scope 3 data is significantly harder to accurately measure due to reporting constraints.

In this report, we provide the scope 1 and 2 GHG emissions for our funds, and scope 3 where possible. We also calculate the following metrics for corporate holdings, based on this data:

Metric	Definition	Formula
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e.	$\sum_{n}^{i}\left(\frac{current\ £\ value\ of\ investment_i}{investee\ company's\ enterprise\ value\ including\ cash\ (£M)_i} \times issuer's\ emissions_i\right)$
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO_2e/£M invested.	$\frac{\Sigma_n^i\left(\frac{current\ £\ value\ of\ investment_i}{investee\ company's\ enterprise\ value\ including\ cash_{i(£M)}} \times \text{issuer's emissions}_i\right)}{current\ value\ of\ all\ investments\ (£M)}$
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue. Carbon emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).	$\sum_{n}^{i}\left(\frac{current\ £\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (£\ amount)} \times \frac{issuer's\ emissions_i}{issuer's\ £M\ revenue_i}\right)$

We provide a coverage figure which specifies how many of the funds' holdings are included in the carbon metrics. Where data coverage is too low, we do not consider it accurate enough to disclose – we have defined this at 50% of the fund. We are working with our vendor to increase coverage for funds below this limit.

The data is calculated using listed corporate (equity and credit) exposure only. Where applicable, all metrics are calculated based on direct or indirect ownership of a debt or an equity issued by an actual issuer, including cash. Exposure to assets through derivatives have been excluded. Fixed Income Entity Mapping has been applied – this means that where we do not have carbon metrics for a specific bond issue, we use the entity level data. Private Assets and Direct Real Estate are not currently supported.

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Climate Scenario Analysis

We have provided a commentary that explains how climate change is likely to impact the underlying assets in each fund, based on the types of securities and the region. This considers the climate scenarios defined by the FCA in the ESG Sourcebook:

(a) an **orderly transition scenario** assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO_2 emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre-industrial averages;

(b) a **disorderly transition scenario** assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages; and

(c) a **hothouse world scenario** assumes only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.

We must also provide quantitative analysis where a fund has concentrated exposures or high exposures to carbon intensive sectors. To assess the level of exposure, we have compared our funds' weighted average carbon intensities ("WACI") against those of their benchmarks. Where we have identified a fund with a higher WACI than its benchmark, we have assessed the transition risk to the funds based on changes to climate policy and provided the earnings at risk in various future carbon pricing scenarios. We have selected a time horizon up to 2050 to conduct our scenario analysis. Trucost, our chosen vendor, has developed three carbon price pathways that may impact companies based on research by the Organisation for Economic Co-operation and Development ("OECD") and the International Energy Agency ("IEA") and current carbon prices (e.g., global emissions trading schemes, and taxes on carbon or fossil fuels):

1. A **low carbon price scenario** assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2˚C above pre-industrial levels by 2100. This correlates to a "hothouse world" scenario.

2. A **medium carbon price scenario** assumes full implementation of policies in line with the Paris Agreement goal of 2˚C, but with action delayed in the short term. This correlates to a "disorderly transition" scenario.

3. A **high carbon price scenario** assumes full implementation of policies in line with the Paris Agreement goal of 2˚C. This correlates to an "orderly transition" scenario.

We recognise that we are in the early stage of our climate disclosure journey. At this point, we have worked on sourcing reliable climate data from a trusted provider and understanding what these figures mean for our strategies. As we develop, we intend to include forward looking metrics for more of our funds, like Climate Value at Risk and Implied Temperature Rise, to enhance our reporting.

SPW Multi-Manager North American Equity Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £2,137m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	92.69%	122,246.55
		Scope 3	92.45%	1,067,117.60
		Total (1, 2 & 3)		1,189,364.15
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	92.70%	59.41
		Scope 3	92.45%	520.01
		Total (1, 2 & 3)		579.42
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	92.75%	175.17
		Scope 3	92.75%	1,390.52
		Total (1, 2 & 3)		1,565.69

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager North American Equity Fund primarily invests in equities, which we ultimately expect to have a higher exposure to the longer term impacts of climate change, due to their indefinite lifespan. The regional nature of this fund means that an acute or chronic physical climate event in North America could have a significant impact on a high proportion of the underlying securities. This is more likely to materialise in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager North American Equity Fund has a higher WACI which indicates that it has a higher exposure to carbon intensive companies. We have conducted some further analysis to understand the potential impact on the fund in different climate scenarios.

The table below shows the earnings at risk within the fund due to potential changes in climate policy over each of the given scenarios. The calculations, based on the underlying holdings, consider the primary sector of operations, geographical exposure, and the time horizon of the analysis. In this case, the medium carbon pricing scenario is sufficient to achieve the Agreement goal of 2°C, and therefore, the fund is not expected to be exposed to any additional risk in the high carbon pricing scenario. While these figures anticipate future policy, they assume that the underlying companies in the fund will not take voluntary action to mitigate climate risks, and that SPW will not make changes to the portfolio and implement its engagement strategy to influence change.

Future Scenario Analysis - Time Frame: 2050		
Calculated as at:		**2023**
Low carbon price scenario	Assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2°C above pre-industrial levels by 2100.	3.08%
Medium carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C, but with action delayed in the short term.	10.78%
High carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C.	10.78%

Please refer to page 4 for further explanation about our approach to calculating these metrics.

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SPW Multi-Manager Asia ex Japan & Global Emerging Markets Equity Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £651m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	84.88%	32,981.33
		Scope 3	84.88%	314,415.70
		Total (1, 2 & 3)		347,397.03
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	84.88%	53.38
		Scope 3	84.88%	508.92
		Total (1, 2 & 3)		562.30
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	84.97%	136.58
		Scope 3	84.97%	1,977.31
		Total (1, 2 & 3)		2,113.89

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager Asia ex Japan & Global Emerging Markets Equity Fund primarily invests in equities, which we ultimately expect to have a higher exposure to the longer term impacts of climate change, due to their indefinite lifespan. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager Asia ex Japan & Global Emerging Markets Equity Fund has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

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SPW Multi-Manager European ex UK Equity Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £532m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	88.80%	61,699.57
		Scope 3	88.80%	342,394.35
		Total (1, 2 & 3)		404,093.91
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	88.80%	120.36
		Scope 3	88.80%	667.91
		Total (1, 2 & 3)		788.27
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	88.80%	140.16
		Scope 3	88.80%	1,130.19
		Total (1, 2 & 3)		1,270.34

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager European ex UK Equity Fund primarily invests in equities, which we ultimately expect to have a higher exposure to the longer term impacts of climate change, due to their indefinite lifespan. The regional nature of this fund means that an acute or chronic physical climate event in Europe could have a significant impact on a high proportion of the underlying securities. This is more likely to materialise in a low carbon pricing scenario, where limiting climate change to less than 2˚C above pre-industrial levels by 2100 is unexpected. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager European ex UK Equity Fund has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

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SPW Multi-Manager Japanese Equity Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £300m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	90.64%	23,880.65
		Scope 3	90.64%	271,199.20
		Total (1, 2 & 3)		295,079.86
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	90.64%	83.47
		Scope 3	90.64%	947.96
		Total (1, 2 & 3)		1,031.43
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	91.16%	89.25
		Scope 3	91.16%	1,369.64
		Total (1, 2 & 3)		1,458.89

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager Japanese Equity Fund primarily invests in equities, which we ultimately expect to have a higher exposure to the longer term impacts of climate change, due to their indefinite lifespan. The regional nature of this fund means that an acute or chronic physical climate event in Japan could have a significant impact on a high proportion of the underlying securities. This is more likely to materialise in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager Japanese Equity Fund has a higher WACI which indicates that it has a higher exposure to carbon intensive companies. We have conducted some further analysis to understand the potential impact on the fund in different climate scenarios.

The table below shows the earnings at risk within the fund due to potential changes in climate policy over each of the given scenarios. The calculations, based on the underlying holdings, consider the primary sector of operations, geographical exposure, and the time horizon of the analysis. In this case, the medium carbon pricing scenario is sufficient to achieve the Agreement goal of 2°C, and therefore, the fund is not expected to be exposed to any additional risk in the high carbon pricing scenario. While these figures anticipate future policy, they assume that the underlying companies in the fund will not take voluntary action to mitigate climate risks, and that SPW will not make changes to the portfolio and implement its engagement strategy to influence change.

Future Scenario Analysis - Time Frame: 2050		
Calculated as at:		**2023**
Low carbon price scenario	Assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2°C above pre-industrial levels by 2100.	2.92%
Medium carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C, but with action delayed in the short term.	10.65%
High carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C.	10.65%

Please refer to page 4 for further explanation about our approach to calculating these metrics.

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SPW Multi-Manager Global Investment Grade Bond Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £3,030m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	66.67%	181,039.18
		Scope 3	65.47%	945,790.25
		Total (1, 2 & 3)		1,126,829.43
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	66.67%	83.86
		Scope 3	65.47%	446.10
		Total (1, 2 & 3)		529.95
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	67.27%	181.64
		Scope 3	65.98%	1,186.89
		Total (1, 2 & 3)		1,368.53

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager Global Investment Grade Bond Fund has a high exposure to fixed income securities, which have defined time horizons, and therefore, we do not expect them to be as exposed to the long term impacts of climate change as equity holdings. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager Global Investment Grade Bond Fund has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

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SPW Multi-Manager UK Equity Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £1,386m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	93.52%	121,840.33
		Scope 3	93.52%	1,198,354.42
		Total (1, 2 & 3)		1,320,194.74
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	93.52%	94.04
		Scope 3	93.52%	924.94
		Total (1, 2 & 3)		1,018.98
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	94.28%	151.43
		Scope 3	94.28%	1,077.79
		Total (1, 2 & 3)		1,229.23

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager UK Equity Fund primarily invests in equities, which we ultimately expect to have a higher exposure to the longer term impacts of climate change, due to their indefinite lifespan. The regional nature of this fund means that an acute or chronic physical climate event in the UK could have a significant impact on a high proportion of the underlying securities. This is more likely to materialise in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager UK Equity Fund has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

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SPW Multi-Manager UK Equity Income Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £360m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	93.47%	27,872.21
		Scope 3	93.47%	375,310.71
		Total (1, 2 & 3)		403,182.92
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	93.47%	80.31
		Scope 3	93.47%	1,081.42
		Total (1, 2 & 3)		1,161.73
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	93.47%	103.28
		Scope 3	93.47%	1,186.42
		Total (1, 2 & 3)		1,289.70

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager UK Equity Income Fund primarily invests in equities, which we ultimately expect to have a higher exposure to the longer term impacts of climate change, due to their indefinite lifespan. The regional nature of this fund means that an acute or chronic physical climate event in the UK could have a significant impact on a high proportion of the underlying securities. This is more likely to materialise in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager UK Equity Income Fund has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

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SPW Multi-Manager Global Real Estate Securities Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £560m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	85.61%	5,797.50
		Scope 3	85.61%	18,655.47
		Total (1, 2 & 3)		24,452.98
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	85.61%	10.85
		Scope 3	85.61%	34.93
		Total (1, 2 & 3)		45.78
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	85.67%	114.99
		Scope 3	85.67%	316.70
		Total (1, 2 & 3)		431.69

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Multi-Manager Global Real Estate Securities Fund primarily invests in real estate securities. Property assets will become exposed to physical risks, such as flooding and heat stress in the future, leading to increased costs due to higher insurance premiums, building adaptations and repairs.

As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Multi-Manager Global Real Estate Securities Fund has a higher WACI which indicates that it has a higher exposure to carbon intensive companies. We have conducted some further analysis to understand the potential impact on the fund in different climate scenarios.

The table below shows the earnings at risk within the fund due to potential changes in climate policy over each of the given scenarios. The calculations, based on the underlying holdings, consider the primary sector of operations, geographical exposure, and the time horizon of the analysis. In this case, the medium carbon pricing scenario is sufficient to achieve the Agreement goal of 2°C, and therefore, the fund is not expected to be exposed to any additional risk in the high carbon pricing scenario. While these figures anticipate future policy, they assume that the underlying companies in the fund will not take voluntary action to mitigate climate risks, and that SPW will not make changes to the portfolio and implement its engagement strategy to influence change.

Future Scenario Analysis - Time Frame: 2050		
Calculated as at:		**2023**
Low carbon price scenario	Assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2°C above pre-industrial levels by 2100.	1.05%
Medium carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C, but with action delayed in the short term.	3.84%
High carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C.	3.84%

Please refer to page 4 for further explanation about our approach to calculating these metrics.

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SPW IPS Income Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £787m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	63.28%	35,776.61
		Scope 3	62.67%	201,644.87
		Total (1, 2 & 3)		237,421.50
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	63.28%	79.88
		Scope 3	62.67%	454.59
		Total (1, 2 & 3)		534.46
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	63.92%	197.00
		Scope 3	63.39%	1,106.02
		Total (1, 2 & 3)		1,303.02

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW IPS Income Portfolio achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager Funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW IPS Income Portfolio has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

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SPW IPS Growth Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £804m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	76.39%	41,519.48
		Scope 3	76.29%	389,433.66
		Total (1, 2 & 3)		430,953.14
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	76.39%	68.79
		Scope 3	76.29%	646.10
		Total (1, 2 & 3)		714.89
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	76.53%	146.33
		Scope 3	76.49%	1,352.86
		Total (1, 2 & 3)		1,499.19

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW IPS Growth Portfolio achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager Funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW IPS Growth Portfolio has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Asset Allocator Fund

Calculation date: 29th December 2023

The Net Asset Value of the fund is £1,993m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	62.61%	103,250.75
		Scope 3	62.31%	758,301.04
		Total (1, 2 & 3)		861,551.79
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	62.61%	87.66
		Scope 3	62.31%	646.95
		Total (1, 2 & 3)		734.61
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	63.01%	179.67
		Scope 3	62.76%	1,339.12
		Total (1, 2 & 3)		1,518.79

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Asset Allocator Fund achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager Funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Asset Allocator Fund has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Cautious Solution

Calculation date: 29th December 2023

The Net Asset Value of the fund is £309m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	61.55%	14,642.50
		Scope 3	61.00%	86,572.06
		Total (1, 2 & 3)		101,214.57
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	61.55%	81.08
		Scope 3	61.00%	483.67
		Total (1, 2 & 3)		564.75
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	62.08%	185.42
		Scope 3	61.58%	1,140.19
		Total (1, 2 & 3)		1,325.60

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Cautious Solution achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager ICVC and other third party funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Cautious Solution has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

SPW Discovery Solution

Calculation date: 29th December 2023

The Net Asset Value of the fund is £164m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	61.15%	8,166.85
		Scope 3	60.67%	52,435.69
		Total (1, 2 & 3)		60,602.54
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	61.15%	80.91
		Scope 3	60.67%	523.60
		Total (1, 2 & 3)		604.51
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	61.56%	172.15
		Scope 3	61.09%	1,183.68
		Total (1, 2 & 3)		1,355.83

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Discovery Solution achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager ICVC and other third party funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Discovery Solution has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Balanced Solution

Calculation date: 29th December 2023

The Net Asset Value of the fund is £368m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	67.29%	21,035.09
		Scope 3	66.93%	165,408.43
		Total (1, 2 & 3)		186,443.52
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	67.29%	80.64
		Scope 3	66.93%	637.44
		Total (1, 2 & 3)		718.08
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	67.63%	162.57
		Scope 3	67.31%	1,285.41
		Total (1, 2 & 3)		1,447.99

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Balanced Solution achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager ICVC and other third party funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Balanced Solution has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Dynamic Solution

Calculation date: 29th December 2023

The Net Asset Value of the fund is £136m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	69.26%	8,283.34
		Scope 3	69.12%	74,144.66
		Total (1, 2 & 3)		82,428.00
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	69.26%	77.23
		Scope 3	69.12%	692.69
		Total (1, 2 & 3)		769.92
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	69.49%	155.10
		Scope 3	69.42%	1,348.95
		Total (1, 2 & 3)		1,504.05

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Dynamic Solution achieves a blend of both equity and fixed income exposure through investing in the SPW Multi-Manager ICVC and other third party funds. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Dynamic Solution has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

SPW Discovery Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £84m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	75.79%	3,514.86
		Scope 3	75.79%	36,815.52
		Total (1, 2 & 3)		40,330.38
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	75.79%	60.61
		Scope 3	75.79%	634.84
		Total (1, 2 & 3)		695.45
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	76.05%	146.71
		Scope 3	76.04%	1,510.13
		Total (1, 2 & 3)		1,656.84

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Discovery Portfolio achieves a blend of both equity and fixed income exposure through investing in funds managed by Schroder Investment Management and other third party managers. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Discovery Portfolio has a higher WACI which indicates that it has a higher exposure to carbon intensive companies. We have conducted some further analysis to understand the potential impact on the fund in different climate scenarios.

The table below shows the earnings at risk within the fund due to potential changes in climate policy over each of the given scenarios. The calculations, based on the underlying holdings, consider the primary sector of operations, geographical exposure, and the time horizon of the analysis. In this case, the medium carbon pricing scenario is sufficient to achieve the Agreement goal of 2°C, and therefore, the fund is not expected to be exposed to any additional risk in the high carbon pricing scenario. While these figures anticipate future policy, they assume that the underlying companies in the fund will not take voluntary action to mitigate climate risks, and that SPW will not make changes to the portfolio and implement its engagement strategy to influence change.

Future Scenario Analysis - Time Frame: 2050		
Calculated as at:		**2023**
Low carbon price scenario	Assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2°C above pre-industrial levels by 2100.	2.49%
Medium carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C, but with action delayed in the short term.	9.62%
High carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C.	9.62%

Please refer to page 4 for further explanation about our approach to calculating these metrics.

Schroders personal wealth

SPW Balanced Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £342m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	77.24%	14,308.58
		Scope 3	77.24%	161,965.42
		Total (1, 2 & 3)		176,274.00
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	77.24%	58.88
		Scope 3	77.24%	666.50
		Total (1, 2 & 3)		725.38
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	77.43%	129.38
		Scope 3	77.42%	1,431.79
		Total (1, 2 & 3)		1,561.17

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Balanced Portfolio achieves a blend of both equity and fixed income exposure through investing in funds managed by Schroder Investment Management and other third party managers. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Balanced Portfolio has a higher WACI which indicates that it has a higher exposure to carbon intensive companies. We have conducted some further analysis to understand the potential impact on the fund in different climate scenarios.

The table below shows the earnings at risk within the fund due to potential changes in climate policy over each of the given scenarios. The calculations, based on the underlying holdings, consider the primary sector of operations, geographical exposure, and the time horizon of the analysis. In this case, the medium carbon pricing scenario is sufficient to achieve the Agreement goal of 2°C, and therefore, the fund is not expected to be exposed to any additional risk in the high carbon pricing scenario. While these figures anticipate future policy, they assume that the underlying companies in the fund will not take voluntary action to mitigate climate risks, and that SPW will not make changes to the portfolio and implement its engagement strategy to influence change.

Future Scenario Analysis - Time Frame: 2050		
Calculated as at:		**2023**
Low carbon price scenario	Assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2°C above pre-industrial levels by 2100.	2.36%
Medium carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C, but with action delayed in the short term.	9.13%
High carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C.	9.13%

Please refer to page 4 for further explanation about our approach to calculating these metrics.

Schroders personal wealth

SPW Progressive Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £94m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	78.51%	3,961.31
		Scope 3	78.51%	48,954.65
		Total (1, 2 & 3)		52,915.97
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	78.51%	55.81
		Scope 3	78.51%	689.73
		Total (1, 2 & 3)		745.54
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	78.60%	107.23
		Scope 3	78.60%	1,331.04
		Total (1, 2 & 3)		1,438.27

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Progressive Portfolio achieves a blend of both equity and fixed income exposure through investing in funds managed by Schroder Investment Management and other third party managers. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Progressive Portfolio has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Dynamic Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £39m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	78.51%	1,643.83
		Scope 3	78.51%	21,683.64
		Total (1, 2 & 3)		23,327.47
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	78.51%	54.34
		Scope 3	78.51%	716.88
		Total (1, 2 & 3)		771.22
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	78.60%	101.92
		Scope 3	78.60%	1,332.80
		Total (1, 2 & 3)		1,434.72

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Dynamic Portfolio achieves a blend of both equity and fixed income exposure through investing in funds managed by Schroder Investment Management and other third party managers. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Dynamic Portfolio has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Adventurous Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £16m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	78.57%	596.17
		Scope 3	78.56%	8,068.48
		Total (1, 2 & 3)		8,664.65
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	78.57%	48.04
		Scope 3	78.56%	650.23
		Total (1, 2 & 3)		698.27
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	78.58%	90.55
		Scope 3	78.58%	1,276.49
		Total (1, 2 & 3)		1,367.04

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Adventurous Portfolio achieves a blend of both equity and fixed income exposure through investing in funds managed by Schroder Investment Management and other third party managers. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Adventurous Portfolio has a lower WACI which indicates that it has a lower exposure to carbon intensive companies.

Schroders personal wealth

SPW Cautious Portfolio

Calculation date: 29th December 2023

The Net Asset Value of the fund is £130m as at 29th December 2023.

Metric	Definition	Scope	Coverage	Value
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e	Scope 1 & 2	65.55%	4,721.52
		Scope 3	65.55%	46,651.25
		Total (1, 2 & 3)		51,372.77
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO2e/£M invested	Scope 1 & 2	65.55%	62.74
		Scope 3	65.55%	619.91
		Total (1, 2 & 3)		682.65
Weighted Average Carbon Intensity (WACI)	Portfolios exposure to carbon intensive companies, expressed in tonnes CO_2e/£M revenue	Scope 1 & 2	65.82%	160.04
		Scope 3	65.81%	1,563.18
		Total (1, 2 & 3)		1,723.22

Please refer to page 3 for further explanation about our approach to calculating these metrics.

The SPW Cautious Portfolio achieves a blend of both equity and fixed income exposure through investing in funds managed by Schroder Investment Management and other third party managers. Equities are expected to have a higher exposure longer term impacts of climate change, due to their indefinite lifespan, whereas fixed income securities have defined time horizons, which reduces this risk. As this fund has exposure to assets around the world, it benefits from a higher level of diversification, reducing the impact of a physical climate related event in a single region. However, in a low carbon pricing scenario, where limiting climate change to less than 2°C above pre-industrial levels by 2100 is unexpected, climate events are expected to become more frequent globally and could impact some assets in the fund. We expect to see transitional risks and opportunities materialise in a medium or high carbon pricing scenario, where policy and regulation is implemented, even if it is delayed.

We have compared the Weighted Average Carbon Intensity of the fund to that of its benchmark. The SPW Cautious Portfolio has a higher WACI which indicates that it has a higher exposure to carbon intensive companies. We have conducted some further analysis to understand the potential impact on the fund in different climate scenarios.

The table below shows the earnings at risk within the fund due to potential changes in climate policy over each of the given scenarios. The calculations, based on the underlying holdings, consider the primary sector of operations, geographical exposure, and the time horizon of the analysis. In this case, the medium carbon pricing scenario is sufficient to achieve the Agreement goal of 2°C, and therefore, the fund is not expected to be exposed to any additional risk in the high carbon pricing scenario. While these figures anticipate future policy, they assume that the underlying companies in the fund will not take voluntary action to mitigate climate risks, and that SPW will not make changes to the portfolio and implement its engagement strategy to influence change.

Future Scenario Analysis - Time Frame: 2050		
Calculated as at:		**2023**
Low carbon price scenario	Assumes full implementation of countries' Nationally Determined Contributions, some of which are not expected to meet the Paris Agreement goal of limiting climate change to 2°C above pre-industrial levels by 2100.	2.58%
Medium carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C, but with action delayed in the short term.	9.98%
High carbon price scenario	Assumes full implementation of policies in line with the Paris Agreement goal of 2°C.	9.98%

Please refer to page 4 for further explanation about our approach to calculating these metrics.

Schroders personal wealth

Funds we have not included

SPW Multi-Manager Global Sovereign Bond Fund – This fund primarily invests in sovereigns, which we have not covered in our reporting due to differing calculation methodologies. As we develop our reporting, we hope to incorporate sovereign securities in our data.

IPS Strategic Income – This fund closed to investors in October 2023. As at the calculation date (29th December 2023) the fund held no assets and is now in termination.

SPW Multi-Manager Global High Income & Emerging Markets Bond Fund – This fund did not meet our minimum coverage requirement of 50%. We are working with our vendor to improve our coverage for the next reporting cycle.