Scottish Widows Schroders Personal Wealth (ACD) Limited

TCFD Entity Report

2023

Issue: 21st June 2024

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 investors, 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 consider the climate risks and opportunities of both the funds that we manage, and our own business operations.

At SPW (ACD), we are responsible for the day-to-day management of the SPW funds, ensuring that they are managed in line with their objectives, strategy and principles. Our funds are also used in the client portfolios (PDPS, IPS) of our sister company, Scottish Widows Schroders Personal Wealth Limited ("SPW"). Although SPW (ACD) publishes its own TCFD reporting, we have the same beliefs, ambitions and policy when it comes to sustainable investing. For the purposes of our climate related metrics and activities, we largely function as one business.

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 fund-of-funds range was launched to provide customers with a lower-cost solution for savings and retirement assets, and to complement the existing Solutions fund range.

Solutions Funds - our Solutions 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 Solutions 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 currently outsourced to sub-investment managers. These include managers such as Blackrock, PIMCO, T Rowe Price and Man GLG. Schroders Investment Managers managed less than 10% of the assets held in our Multi-Manager funds as 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.

This is our first TCFD reporting cycle, covering the period 1st January 2023 to 31st December 2023. We will issue this report annually on our website.

Compliance Statement from Dominic Sheridan, Chief Executive Officer

In January 2022, the Financial Conduct Authority ("FCA") published the ESG Sourcebook, which requires asset managers, insurers and pension providers to make mandatory climate-related financial disclosures, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures.

I confirm that the disclosures set out in this report are consistent with those set out within ESG 2 – Disclosure of climate related financial information.

DPSheridan

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Dominic Sheridan
21st June 2024

Contents

Governance

Board Oversight and the role of Management

Scottish Widows Schroders Wealth Holdings Limited ("SPW Holdings") is a joint venture between Lloyds Banking Group plc and Schroders plc with Lloyds Banking Group plc as the majority shareholder (50.1%). SPW's purpose is to improve the way financial advice is offered, by making it more affordable, more accessible, and more powerful for more people.

Scottish Widows Schroders Personal Wealth Limited ("SPW") and Scottish Widows Schroders Personal Wealth Limited ("SPW (ACD)") (collectively referred to as "SPW Group") are sister companies, and separate entities, under the SPW Holdings umbrella. Each entity has its own Board and Committee structure, but works collaboratively and adopt the same policies and procedures where applicable and appropriate. This report focuses on the ACD entity.

The SPW (ACD) Board meets on a quarterly basis with various ad hoc meetings and communications throughout the year, where necessary. It acts independently of the SPW Holdings and SPW Boards and is responsible for the oversight of the SPW fund ranges. The Board is chaired by an Independent Non-Executive Director.

The SPW (ACD) Board has ultimate responsibility for the responsible investment practices within the SPW Funds. In February 2022, it approved the adoption of the Responsible Investment Policy, which remained in place throughout 2023. The Policy comprises all aspects of responsible investment and includes SPW ACD's response to climate change.

The Board's oversight of climate related issues is supported by the Investment Committee (ACD). The Board receives any required escalation from its Committees to take forward as appropriate.

The primary role of the Investment Committee (ACD) is monitoring and oversight of investment performance for our clients. The Investment Committee, chaired by the Chief Investment Officer, is also responsible for the implementation of the Responsible Investment Policy. The Investment Committee conducts various monitoring activities to ensure adherence with the policy.

SPW (ACD) has delegated investment management to Schroder Investment Management ("SIM"), who act as investment adviser to provide expert advice and management of the funds. Although we have delegated this activity, our independent investment office actively reviews and challenges the delegated manager, and has oversight of risk and compliance of the funds. SPW (ACD) and SIM meet twice a year for a Responsible Investment Forum which considers voting and engagement activity and various climate and ESG metrics.

In addition to the ACD governance process, we participate in the SPW Board and Committees where required to provide a holistic view of the business proposition. This allows us to work together towards the same objectives, including those relating to climate change.

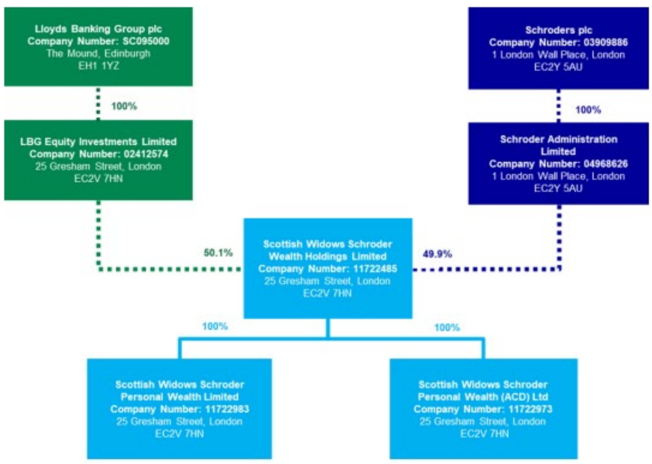

Figure 1 – SPW and SPW ACD Governance Structure.

Going Forward

We are conscious of the ever-increasing threat of climate change, but also of the evolution of industry intelligence to better combat and monitor the risks. Therefore, we are continuously looking to improve our approach.

In the last year, we have integrated systems to better track our climate metrics so we can understand our risk exposure. This will improve the reporting that we can provide to the Board and Committees for consideration.

SPW (ACD) is committed to continuing its education in climate issues. The SPW ACD Board will complete a workshop on climate risks and opportunities during 2024. This will encourage further integration of climate issues in all Board discussions and decisions. An additional climate related training programme will also be provided to all SPW ACD employees.

In 2024, we are changing the way the SPW Multi-Manager funds are managed. Currently, SIM delegates the management of some of the assets of the SPW Multi-Manager funds to third party investment management firms. Going forward, the intention is to move away from the use of subadvisers and for the assets to be managed by Schroders only. The exception to this is in relation to the SPW Multi-Manager Global Real Estate Securities Fund, where a single, specialist sub-adviser firm will be retained by Schroders to manage the fund's assets.

The transition to a single investment management firm model provided an opportunity to review our approach to responsible investing. Following this, we are (on 1st October 2024) adopting a new SPW Responsible Investment Policy. This is available at spw.com.

The Policy sets out:

Exclusions and restrictions - The Investment Advisor is expected to broadly consider ESG characteristics in the investment selection process and there are a number of specific asset exclusions in which the Fund will not make investment. Current exclusions include companies with revenue exposure to controversial weapons (cluster munitions, antipersonnel mines, chemical, and biological weapons) and thermal coal securities (companies that derive more than 20% of their revenues from thermal coal mining).

Funds - ESG assessment - The ACD will undertake a firm-level assessment of the CIS parent company using a proprietary scoring process developed by the Investment Advisor to grade the investment manager's ESG profile. The assessment has a broad array of questions split across various categories. Each category has a weighting that contributes towards the firm's overall ESG score. The assessment uses a fivepoint scale (1 to 5, with 5 being the best) with an overall score calculated based on the weighted sum of all categories. The Fund will not invest in any CIS that falls below average (i.e. where it is scored 1 or 2). Assessments will be subject to annual reviews and if a CIS is found to have a below average firm level score, then the Investment Advisor will have three months to divest the Fund, subject to operational constraints.

Engagement and stewardship - The ACD's policies and expectation on engagement and stewardship. The Investment Adviser is expected to engage with the companies in which they invest, particularly where ESG factors relating to that company can be improved. The Investment Adviser will periodically produce an engagement report which will detail the engagement activity which has occurred within the Fund.

Monitoring and oversight - The ACD's approach to the monitoring and oversight on ESG factors. The ACD expects the Investment Advisor to follow the UK Stewardship Codes to engage with the companies and/or CIS (as appropriate) in which the Fund invests to improve ESG performance. The ACD will monitor the Fund to ensure that the Responsible Investment Policy is implemented appropriately. The policy will be updated from time to time and will be reviewed at least annually.

Strategy

Climate-related Risks and Opportunities

In line with the TCFD recommendations, SPW ACD has identified the risks facing its business, strategy, and financial position due to climate change. These risks fall into two categories; transitional and physical.

Transition risks occur through changes in technology, climate policy and consumer and market opinion during a transition to a lower carbon economy.

Physical risks arise from damage to infrastructure and land due to extreme weather events and changing climates.

In considering these risks, SPW has defined the time horizons over which they could arise, taking into account the assets we hold and our business operations. We expect transition risks to occur in the short to medium term, whereas we anticipate that the physical risks will be realised further in the future.

Table 1

Time Horizons		
Short Term 0 – 5 years	Medium Term 6 – 10 years	Long Term 10+ years

We have listed our climate- related risks and their potential impacts in table 2.

Table 2

Risk Category	Risk Name	Risk Description and Impacts	Time Horizon
Transition	Client Demand	A failure to provide products and services to meet the requirements and preferences of customers – leading to a high level of utilisation of third-party products and a commensurate loss in revenue.	Medium Term
Transition	Investment Risk	Climate change impacts investment values and markets, due to climate events or transition activity, which affects profitability and growth.	Short to Medium Term
Transition	Regulation/Policy	Regulatory and policy change worldwide causes additional cost to SPW or its suppliers due to enhanced requirements.	Short to Medium Term
Transition	Reputation	SPW fails to meets its regulatory reporting obligations or receives negative publicity around its climate strategy.	Short, Medium and Long Term
Physical	Acute (event driven)	SPW business operations, and those of its third parties, are negatively impacted by an extreme weather event.	Long Term
Physical	Chronic (change in climate patterns)	Investment loss/volatility due to the physical long term effects of climate change.	Long Term

With these risks come climate-related **opportunities** for our business. SPW ACD is aware that there are reputational benefits of embedding a climate aware culture within its business. SPW Group, including the ACD business, is proud to be an accredited by the Good Business Charter and share its journey to achieve net zero operations by 2030, and playing our part in the global effort to reach net zero by 2050, through the **Responsible Business Report**. SPW encourages a climate positive workforce. We are Responsible is one of the core business standards that underpins our culture. We support colleagues to live a responsible lifestyle by offering a flexible 'green benefits' package. Initiatives include salary sacrifice for the purchase of an electric car, cycle to work schemes and a climate positive impact benefit through our partner Furthr. We publish our Responsible Business Report annually, and you can find the latest issue at spw.com/about-us/responsible-business.

Investment Strategies

SPW ACD started to integrate the management of climate-related risks through its Responsible Investment Policy. The Policy was created in 2022 and applied to the management of all SPW Funds. Climate risk management was captured primarily though Exclusions/Restrictions and SPW's approach to Engagement and Stewardship.

SPW ACD applied a list of universally excluded securities (not applicable to sovereigns and green bonds) that were prohibited from investment (with the exception of collective investment schemes). While the list incorporated all aspects of ESG investment, it specifically targeted climate issues by excluding:

- Thermal coal securities (companies that derive more than 5% of their revenues from thermal coal extraction or thermal coal power generation); and
- Tar sands securities (companies that derive more than 5% of their revenues from tar sands extraction).

These restrictions, we believe, reduced our exposure to carbon intensive sectors. Please see our product level reporting for further information.

SPW ACD identified "priority areas" within its Stewardship Policy where it provides expectations for voting on its behalf. One such priority area was "Protecting the Environment". We support a relatively greater focus on engagement efforts with investee companies that are in transition, early stages of improvement or lagging with respect to any areas of focus of our stewardship. Our guidelines are detailed below:

Responding to Climate Change We expect the Boards of investee companies to be transparent about material climate change risks and have a strategy for addressing such risks. Voting by our delegates should recognise this emerging risk, for example: - Supporting disclosure of climate-related targets and metrics, or explain why not and what plans are in place to do so in future. - Be supportive of resolutions e.g., from shareholders, that seek greater disclosure on the management of climate change risks.
Timely Transition to Net Zero It is increasingly apparent that meeting the Paris Agreement net zero by 2050 goal will require a notable contribution from both governments and companies. In alignment with our Responsible Investment approach, we encourage our delegates to express the importance of this goal through voting, such as: - In support of shareholder resolutions that ask for companies to explain management's plans to reduce emissions and/or align with the Paris Agreement. - Challenging business developments that in the managers' view appear to be in direct and material conflict with the pathway to net zero.
Reducing Plastic Waste, Water Pollution, Recycling Companies can play an important role in managing and reducing pollution and we expect them to take responsibility for the impact of their activities. We expect our delegates to support responsible behaviour by investees with regards to pollution, for example by: - Voting against management or a Board that does not comply with the laws and regulations applicable to a company, with regards to environmental and social standards. - Supporting greater disclosure of information about the impact of a company's activities on the environment e.g., water, air, or waste pollution. - Supporting proposals or investments encouraging recycling or related to pollution or waste reduction.

SPW ACD selected SIM as its investment adviser. SIM has over a decade of experience in managing investments for our clients taking into account sustainability factors with the goal of enhancing their investment returns. This knowledge and experience is reflected in SIM's management of climate risks and opportunities in SPW's funds. SIM sets targets based on its own propriety framework and incorporate this across their business.

"By setting and meeting our targets, we expect the assets we invest in to be exposed less to the risks of the transition. To embed this across our investment business, our consistent, principles-based framework for the integration of ESG factors now requires each investment desk to consider climate-related risks and opportunities explicitly. We complement this process with an annual accreditation requiring each investment desk to articulate how these factors are incorporated into their investment process. This annual submission is reviewed and approved by the central Sustainable Investment team."

We are aware that climate risks will impact our funds differently, as each fund is exposed to different assets. SIM considers this in its management of our funds.

"The investments we manage are exposed to climate risks and opportunities and the net zero transition. This exposure is not consistent across asset class, region, or sector, so being globally diversified puts us in a strong position to identify opportunities. In Schroders Capital, we have sought opportunities to invest in solutions that aim to tackle climate change. This is evidenced by our acquisition of a leading renewables infrastructure investment manager, Greencoat Capital (now Schroders Greencoat) in 2022.

This disparity in exposures across asset classes is why we cannot take a single approach to the integration of climate-related risks and opportunities by our investment teams. Different factors will be more relevant to certain asset classes. An Implied Temperature Rise (ITR) metric that assesses a company's net zero ambition will be less relevant for an infrastructure strategy that aims to assess the emissions saved over the lifetime of the asset: a wind turbine replacing a coal power plant, for instance.

To tackle this challenge, in 2023 we upgraded our ESG Integration Accreditation Framework, requiring each of our more than 65 investment desks to outline how they: 1. systematically consider climate-related risks and opportunities in their investment process 2. evidence with case studies how they have engaged on the topic of climate. This framework is global, covering Schroders' public markets, private markets and wealth businesses. It is principles based, requiring each of the business areas to consider climate-related risks and opportunities in a way that is relevant to them."

Climate Scenario Analysis is an approach for the forward-looking assessment of risks and opportunities. Scenario analysis describes a process of evaluating how an organisation, sector, country or portfolio might perform in different future states, in order to understand its key drivers and possible outcomes. The ESG Sourcebook sets out the following scenarios:

- **'orderly transition'** scenarios assume 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;
- **'disorderly transition'** scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages; and
- **'hothouse world'** scenarios assume 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.

There is greater expectation of transition risk occurring in 'orderly' and 'disorderly' scenarios. A 'hothouse world' scenario is likely to bring about more physical events as global warming will not have been limited. As we are introducing systems to help us monitor our transition risk, we are looking to integrate climate scenario analysis into our monitoring.

Planning for the future – Our Transition Plan

A transition plan is an aspect of an organisation's overall business strategy that presents a set of targets and actions to support its transition towards a low-carbon economy, including measures such as reducing its GHG emissions.

SPW ACD is considering its approach to transition planning based on the following factors:

- SPW ACD is looking to align its responsible investment policy with SIM, and introducing new **reporting systems**, which will contribute to the improved monitoring of climate-related metrics. SPW ACD is aware of the importance of using forward looking metrics to complete stress testing under different temperature scenarios. These reporting improvements will better inform Board and Committee decisions.
- **Clients' needs** are regularly reviewed through the Consumer Duty process. Currently, SPW does not have any funds that specifically target climate or other sustainability issues. SPW will continue to monitor the appetite for "sustainable" products with climate-related targets and will react to a change in attitude if required.
- Emerging **"best practice"** and new regulation/policy continues to evolve in relation to climate-related risks and opportunities. We expect to see improvements in industry practices that achieve the best possible outcomes for the climate and clients.

As a business, SPW Group wants to achieve net zero operations by 2030, and net zero by 2050. We are continuing to develop our strategy to achieve our goals and reduce the likelihood of our climate-related risks materialising. However, we are taking a number of steps in support of the transition:

- We achieved carbon neutrality in 2022, validated by ClimatePartner UK Ltd, through offsetting all operational emissions – Scope 1, Scope 2 and Scope 3 business travel, colleague commuting and working from home.
- We developed our long term strategy to manage our supply chain, particularly our Scope 3 Purchased Goods and Services emissions, including engagement programmes with our key suppliers. Throughout 2023 we began mobilising our strategy and have already seen a reduction in emissions, falling from 8,756 tCO_2e in 2022 to 7,496 tCO_2e in 2023 (excluding category 15). As we continue our journey, supply chain engagement is a key area of focus for us to meet our 2050 net zero ambition. Over the past year we worked closely with our suppliers, taking the time to review our existing supplier base, understand their own net zero strategies and define our reporting. Internally we have provided education

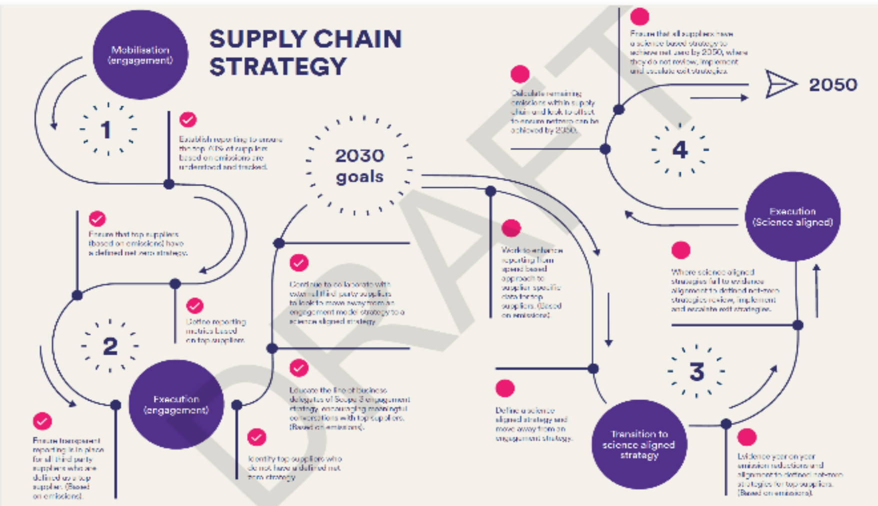

Figure 2- Supply Chain Strategy.

to accountable colleagues and supplier managers and focussed on optimising our supplier base.

- Scope 1 and Scope 2 carbon emissions relate largely to gas and electricity consumed in our London and Leeds offices. Engagement with our landlord teams is therefore a key component in our strategy to reduce our Scope 1 and Scope 2 emissions on our pathway to net zero. We work closely with our landlords to specifically discuss our net zero requirements, support their strategies to progress towards sustainable building operations and look for opportunities to improve. Our net zero ambition will continue to be a key criteria in future portfolio decisions, as we continue to engage with our existing landlord partners and review any future office moves. Our Leeds and London offices are also aligned to the ISO 14001 property framework to promote good site management.

Risk Management

Risk Management Framework

We have a well-established risk management framework (“RMF”) that covers both SPW and SPW ACD. Risk is inherent in everything we do. We must carefully manage it in order to achieve our strategic goals and prevent harms to clients, our business and the wider market.

The RMF consists of the components that set out the arrangements for designing, implementing, monitoring, reviewing and continuously improving risk management throughout our business. These components are vital to ensure we manage risks and potential harms effectively in our day-to-day roles. The RMF explains how we all play our part in managing risks – to keep clients, colleagues and the Company safe.

The RMF has four key objectives:

1. Define a robust and consistent approach to risk management applied across Schroders Personal Wealth;
2. Articulate individual and collective accountabilities for risk management, risk oversight and risk assurance;
3. Establish a common risk language which categorises risks and potential harms to support aggregation and reporting; and
4. Provide colleagues and external parties with a first point of reference for risk management understanding, and providing references to more detailed sources.

Risk management is about taking those risks carefully – not avoiding them - but doing so in a way that mitigates and prevents harms to clients, our business and the wider market. The RMF helps us do this in a more visible and suitably governed way.

Climate change is one of, if not the single most important issues of our time and one which SPW is committed to making a priority across the business. At present, our ability to monitor the impact of our approach to climate change lies in our adherence to the Responsible Investment Policy. We monitor this within our RMF. The risk considers:

- misleading or inaccurate client or internal reporting;
- non-adherence to the Responsible Investment Policy and procedures; and
- and the potential for investment under performance.

We have triggers in place and mitigation strategies to prevent the risk occurring. We have further developed this risk and separated the different elements, as set out in our Strategy section. We are formally integrating these into our risk monitoring system. We expect the risks to develop over time as disclosure improves and we increase our ability to assess and measure our climate strategy.

Investment Risk Management

As mentioned, climate change has been a priority area in our Engagement & Stewardship approach. Through supporting disclosure of climate-related targets and metrics, we hope to improve data availability, which in turn improves our ability to assess climate-related risks.

SIM implements this approach, and compliments it with its own engagement processes.

> *“We undertook our first recorded climate engagement in 2002; since then, the scale has risen significantly. Similarly, as the number of shareholder resolutions has risen, so has the extent of our voting. The increase in activity has risen as our focus on climate change has intensified. Of the more than 1,000 companies we believed it would be necessary to engage with by 2030 to reach our climate commitments, we engaged with 743 companies in 2023. We identified 500 of these to be priority companies. We operate on a two to three-year engagement cycle starting*

with clear articulation of engagement objectives with priority companies. Over time, we will continue to engage and monitor company progress towards a net zero aligned business model.

SIM continuously monitors, identifies, and assesses material climate related risks for our investment strategies. For listed equity and credit exposure, SIM has developed a suite of climate tools called the Climate Analytics Framework (see below). It assesses companies' exposure to climate risks and opportunities, the mitigating actions they are taking, and the outcomes of those actions. The aim of this toolkit is threefold:

1. to support Schroders in monitoring and managing our progress towards our net zero targets.

2. to provide its investment teams with insights to help to identify unpriced climate risks and untapped opportunities to generate value in the transition.

3. to support clients in attaining their climate and decarbonisation objectives."

Metrics and Targets

Investment Emissions

As set out in the ESG Sourcebook, SPW has calculated the following metrics for its funds.

Metric	Definition
Scope 1 and 2 greenhouse gas emissions	The greenhouse gas emissions from scope 1 (emissions from sources that an organisation owns or controls directly) and scope 2 (emissions from the energy it purchases and uses) sources, expressed in tonnes CO_2e.
Scope 3 greenhouse gas emissions	The greenhouse gas emissions from scope (emissions from sources not covered by scope 1 or 2 but created by a company's value chain).
Total Carbon Emissions	The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO_2e.
Carbon Footprint	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO_2e/£M invested.
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).

It is important to note that calculation formula, data quality and assumptions differ depending on the underlying asset class. For example, the carbon footprint of a listed equity will use a different normalisation factor compared to sovereign bonds. The formulas are explained below:

Metric	Formula
Total Carbon Emissions	$\sum_{n}^{i}\left(\frac{current\ £\ value\ of\ investment_i}{investee\ company's\ enterprise\ value\ including\ cash\ (£M)_i} \times issuer's\ emissions_i\right)$
Carbon Footprint	$\frac{\Sigma_n^i\left(\frac{current\ £\ value\ of\ investment_i}{investee\ company's\ enterprise\ value\ including\ cash_{i(£M)}} \times \text{issuer's emissions}_i\right)}{current\ value\ of\ all\ investments\ (£M)}$
Weighted Average Carbon Intensity (WACI)	$\sum_{n}^{i}\left(\frac{current\ £\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (£\ amount)} \times \frac{issuer's\ emissions_i}{issuer's\ £M\ revenue_i}\right)$

We are required to provide these metrics for each of the SPW funds on an annual basis. You can find these product level reports at spw.com/our-services/fund-info.

The following table shows the carbon metrics for SPW ACD's assets (using listed corporate (credit and equity) exposure only). As at 31st December 2023, SPW's AUM was £15.83bn. It should be noted that this figure includes the Solutions and Portfolio Fund ranges and the component funds which invest within the SPW Multi-Manager Fund range.

Corporate Assets			
Metric	Unit	Value	Coverage
Scope 1 and 2 greenhouse gas emissions	Tonnes CO_2e	902,012.05	74.51%
Scope 3 greenhouse gas emissions	Tonnes CO_2e	6,832,764.97	74.11%
Total Carbon Emissions	Tonnes CO_2e	7,734,777.02	74.11%
Carbon Footprint	Tonnes CO_2e/£M invested	677.42	74.11%
Weighted Average Carbon Intensity (WACI)	Tonnes CO_2e/£M revenue	1,426.26	74.54%

During 2024, we are looking to better understand the needs of our clients and decide how the SPW fund range will respond to the FCA's Sustainability Disclosure Requirements (SDR) and investment labels policy statement (PS23/16). This will inform our strategy for setting climate-related targets for our fund range.

Our Responsible Investment Policy will continue to be reviewed at least annually.

Operational Emissions

Having achieved carbon neutrality in 2022, Schroders Personal Wealth has a target to reach Net Zero Carbon Operations by 2030 and Net Zero by 2050. We began reporting our emissions in our Responsible Business Report in 2021. As part of improving our data transparency and reporting, we have invested in procuring a centralised emissions data management and monitoring platform to streamline emissions reporting in line with the Green House Gas ("GHG") Protocol and track our progress over time. Working closely with the platform provider, our focus has been on integration with existing systems and processes to maximise efficiency and data accuracy.

The table below shows the SPW Group Scope 1, Scope 2 and relevant Scope 3 (excluding category 15) emissions for 2023. This helps us build a comprehensive understanding of our carbon footprint and identify key areas of focus.

		2023
		tCO_2e[1]
Scope 1		88.5
Scope 2	Location-based	26.2
Scope 3	Business Travel	355.2
	Employee commuting	247.8
	Employee homeworking	616.1
	Purchased goods and services	7496.3
	Capital goods	128.5
	Fuel-and-energy related activities	37.1
	Upstream transportation & distribution	15.7
	Waste	22.4
	Upstream leased assets	78.0
		9,111.8
[1] Excluding category 15.		

Our 2030 Net Zero Carbon Operations target includes our Scope 1 and 2 emissions and Scope 3 Business Travel and Employee Commuting and Homeworking emissions. This is currently at 1,333.8 tCO_2e.

We have started to introduce schemes to reduce our emissions, such as supply chain management. However, we are looking to formulate a structured plan, with increased monitoring and tracking, to meet our targets.