Rothesay

Protecting Pensions

Climate Report 2024

Rothesay Limited
Climate Report 2024

We are dedicated to securing the future for every one of our policyholders.

Other relevant documents

There are a number of other related documents which can be found on our website: www.rothesay.com

Sustainability Report
Responsible Investment and Stewardship Policy
Stewardship Report

About Rothesay

Purpose-built to protect pension schemes and their members' pensions.

Over
£70bn
managed assets

Who we are

Rothesay is the largest UK specialist pensions insurer, purpose-built to protect pension schemes and their members' pensions. Our singular focus is to secure pension annuities for the future, providing certainty for our policyholders.

Our careful approach to investment, prudent underwriting and service excellence mean we are trusted to provide pension solutions by the pension schemes of some of the UK's best known companies including British Airways, Cadbury, the Civil Aviation Authority, The Co-operative, Morrisons, Smiths Industries and Telent.

Our participation in an active pension risk transfer industry means our business is on a strong growth path. This growth has increased the portfolio of assets securing the pensions we protect and has been supported by an increased headcount in London and our two international offices.

Today, we manage over £70bn in assets, secure the pensions of over one million people, and pay out, on average, over £300m in pension payments each month. We are safeguarding the future for every one of our policyholders, and providing long-term value to our shareholders.

Climate and our purpose

At Rothesay, thinking long-term is central to our purpose and we understand the clear link between our core investment objectives and the need to consider climate impacts.

Our long-term approach and in-house asset management supports our ability to consistently identify and manage our principal risks including global climate risk exposure within our investment portfolio. Our climate strategy is shaped by the requirements of our regulators and the needs of our pension trustees, as well as a desire to effectively manage climate risk alongside the wider risks that affect our business. Our approach to the management of these risks allows us to achieve our primary goal of providing pension security to our policyholders.

Climate considerations affect all areas of our business. Our approach to the management of climate risk is therefore to ensure the appropriate knowledge, experience and responsibilities are in place across our business to effectively assess climate-related risks and opportunities.

We are a growing business and must therefore acknowledge that the absolute Carbon Footprint of our investments is likely to increase. Our target setting must consequently be linked to intensity measures and other metrics independent of portfolio size.

As our portfolio grows, we seek out opportunities to match our long-term investment horizon with assets that support our climate strategy. Using sophisticated risk management, our expert in-house investment team is continually developing new ways to drive predictable, sustainable returns that reduce risk and create real security.

Portfolio data disclosed within this Report relates to financial YE 2024. Climate data for portfolio companies is based on YE 2023 due to reporting lags. Other updates relate to the period since publication of our Climate Report 2023.

> At Rothesay, we see embedding sustainability principles across our business as a fundamental part of our commitment to providing our policyholders with security for the future

Tom Pearce
Chief Executive Officer

Message from the CEO

As with prior years, Rothesay's Environmental, Social and Governance (ESG) reporting is covered by a number of publications including this Climate Report, which is drafted in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as required by our regulators and key stakeholders. Together, these publications provide a clear account of our approach to embedding sustainability principles across all parts of our company.

Fundamental to our climate approach is the ability to model how issuers or sectors may decarbonise out to 2050, in accordance with accepted practice. To achieve this, we are developing a Net Zero Transition Plan for our portfolio which will also help us understand the key drivers and dependencies. This project has been a priority for Rothesay in 2024 and the publication of our first transition plan will mark the next key step.

As part of our climate approach, we have once again taken care to ensure transparency over the drivers of changes in our key climate metrics.

In 2024, we made a £150m commitment to a new unsecured debt facility for social housing retrofit launched by the National Wealth Fund (NWF) and The Housing Finance Corporation (THFC). This funding will help accelerate the retrofit of social housing stock across the UK, significantly reducing both the sector's energy consumption and emissions. It will also lower utility costs for tenants. It is a fantastic example of how we can use our significant sector expertise and innovative mindset to help tackle complex financing problems and facilitate sector decarbonisation.

Although our investment portfolio remains our largest source of emissions, we also remain focused on the environmental impact that our own operations can have as our business grows. With this in mind, we have once again engaged with Climate Impact Partners to fully understand and compensate for our non-portfolio emissions, including those in our supply chain.

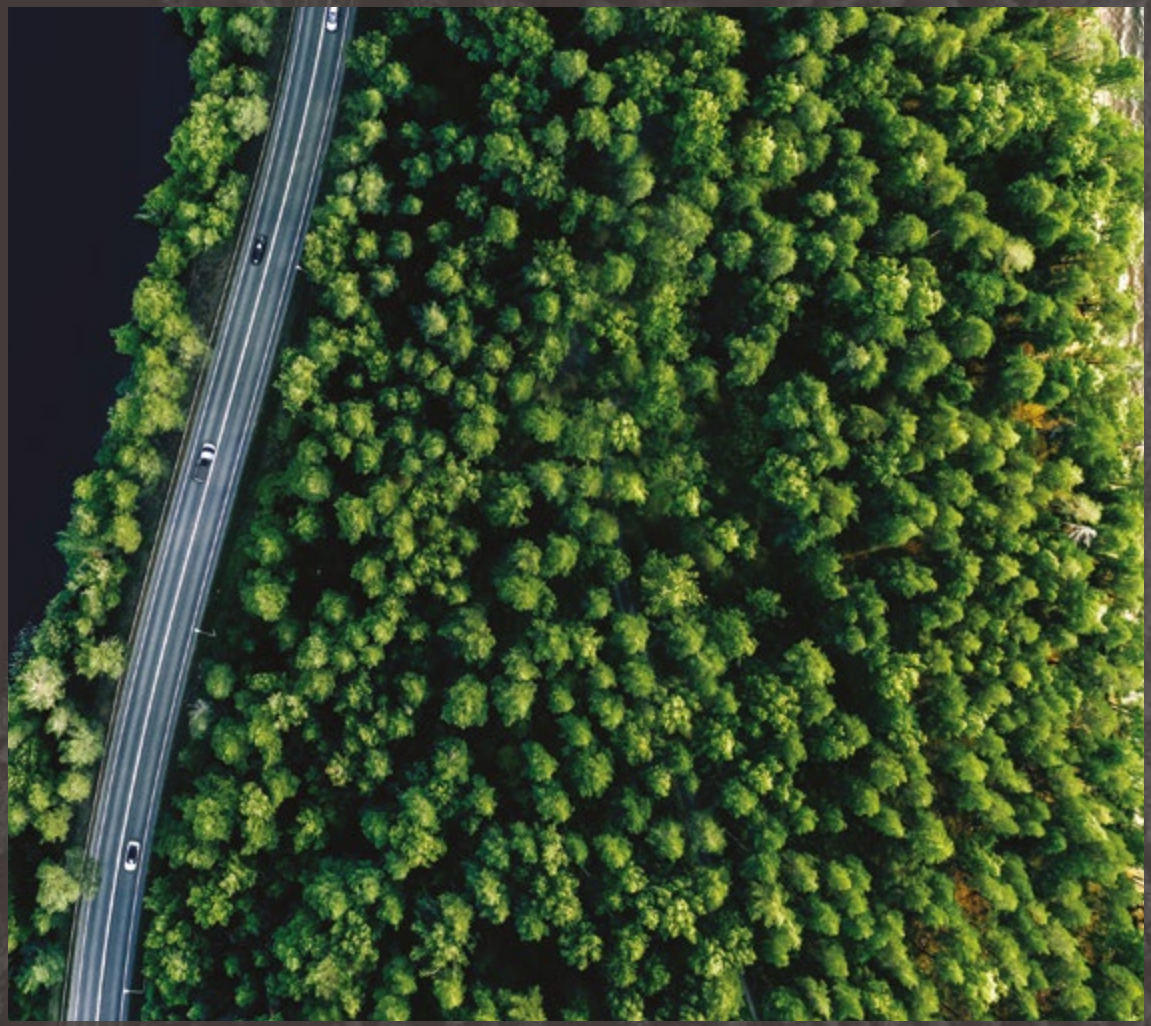
We are also pleased that we have been accepted as a signatory of the UK Stewardship Code 2020 for the third year in a row, maintained a MSCI ESG rating of AAA and continue to build our understanding of nature-related risks and opportunities. This has been reinforced through our work with the Taskforce on Nature-related Financial Disclosures (TNFD), where we are helping to develop their nature handbook.

I hope you find our Climate Report interesting and informative.

Tom Pearce
Chief Executive Officer
25th June 2025

Our climate pillars

At Rothesay, we seek to protect the future of every one of our policyholders and to provide them with long-term financial security.



An essential part of our promise is the responsibility to carefully manage a wide range of uncertain risks and opportunities relating to climate and wider sustainability factors. In this report, we discuss how we embed our climate strategy around three key pillars: investing our capital responsibly, engaging to support positive change, and running a responsible and sustainable business.

Our climate pillars continued

Invest:
Investing our capital responsibly

- Identifying, modelling and managing the risks to our portfolio associated with climate change
- Supporting real economy decarbonisation while reducing portfolio emissions in line with targets
- Reflecting material risks in our position statements
- Financing climate solutions where opportunities meet our risk-return objectives

See page 23

Engage:
Engaging to support positive change

- Engaging with our stakeholders to understand their climate and sustainability priorities
- Engaging with issuers to enhance climate and nature risk management
- Engaging with our supply chain to strengthen climate risk management
- Working with regulators, industry bodies and policymakers to support climate goals
- Facilitating expansion of climate and sustainability practices across our workforce

See page 29

Operate:
Running a responsible and sustainable business

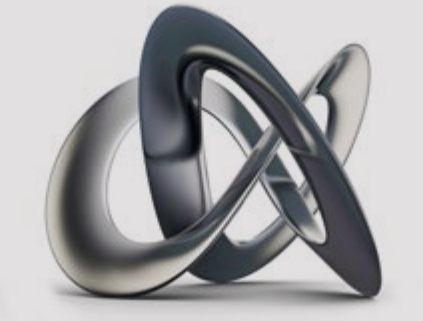
- Minimising and managing the emissions within our own operations
- Accounting for emissions within our supply chain
- Creating data and reporting infrastructure to support climate resilience
- Maintaining effective and insightful governance across all business risks

See page 38

There are strong connections between these pillars.

For example, the outputs of the engagement pillar inform our strategic position, helping us to identify priority actions and targets for our business operations and especially our investments.

We regularly measure our progress and direct our efforts to support outcomes which benefit our stakeholder community. In line with our stated commitments, this helps to reduce both the risks posed to our portfolio and the risk our portfolio poses to the environment.



Our Pathway to Net Zero

By 2050, Rothesay intends to transition its investment portfolio to Net Zero.[1]

To understand our pathway to delivering this commitment, we are evolving our transition plan to determine the actions that will enable us to manage the risks and opportunities associated with decarbonising our portfolio. While our transition planning considers portfolio emissions over the long-term, our actions are inevitably concentrated on the near-term priorities which will enhance our modelling capabilities and our ability to respond to the challenges we have identified, and where our work can be planned in detail with measurable outcomes.

1. Our Net Zero commitment is science-aligned, focusing on taking actions that are consistent where possible with the Paris Agreement's long-term goal of limiting global warming to 1.5°C above pre-industrial levels.

Our Pathway to Net Zero continued

We also maintain a public Responsible Investment and Stewardship Policy which outlines our investment strategy including any climate-related positions. This policy is regularly updated to reflect evolving best practice and to ensure we are in the best position to protect our policyholders and manage our long-term sustainability and climate commitments.

Our earliest climate-related assessment identified physical, transition and liability risks across the portfolio, as well as noting potential opportunities. As a result, we have formalised our climate strategy into three actionable pillars: Invest, Engage and Operate.

We have sought to understand the transition risk of our portfolio by measuring current emissions, projecting future emissions trajectories, and considering how to incorporate their consequences within our risk-return assessments, and hence in our portfolio positioning and engagement-led strategy. As climate metrics have matured, we have introduced new metrics and now report a range of metrics including Carbon Intensity, Financed Emissions, temperature alignment and Science Based Targets Initiative (SBTi) alignment of our Publicly Traded Corporate Debt sub-portfolio. We believe it is important to disclose a number of climate metrics; whilst each metric has its merits, to gain a full understanding of the risks and opportunities that climate change may have on our activities, a range of datapoints is required.

We continue to supplement our qualitative findings with quantitative assessments where possible, especially for climate scenario analysis and physical risk.

Our Sustainability Committee draws representatives from across the firm's business units, including Trading, Investing, Risk, Compliance and Finance. We believe all our employees can contribute to our sustainability strategy, so we have established sustainability-related training for all employees and our annual performance review provides space for individuals to describe their activities.

To support our progress, we have partnered with several organisations aligned with our climate goals. These include the Principles for Responsible Investment (PRI) and the UN-convened Net-Zero Asset Owner Alliance (NZAOA). We are also a supporter of the Taskforce on Climate-related Financial Disclosures (TCFD) and a member of the Bank of England's Climate Financial Risk Forum.

Our targets

These targets inform our strategy and allow us to measure progress in the short-term towards longer-term goals. Further information around our strategic response to these targets is detailed in the Strategy section, while we provide some more detail on near-term priorities for our Net Zero transition on page 11.

Net Zero by 2050

Rothesay is committed to transitioning our investment portfolio to Net Zero greenhouse gas emissions by 2050.

Paris Aligned portfolio

Aim to transition portfolio by 2050 in line with the Paris Agreement's long-term goal of limiting global warming to a maximum temperature rise of 1.5°C above pre-industrial levels.

50% CI reduction by 2030

We aim to reduce the Scope 1 & 2 Carbon Intensity of both our total portfolio and our Publicly Traded Corporate Debt sub-portfolio by 50% by 2030, with a baseline set in 2020.

20% CI reduction by 2025

We aim to reduce the Scope 1 & 2 Carbon Intensity of both our total portfolio and our Publicly Traded Corporate Debt sub-portfolio by 20% by 2025, with a baseline set in 2020.

These targets are supported by our commitment to engage with at least 20 of our most carbon intensive issuers each year.

Our Pathway to Net Zero continued

Our Portfolio:

- The most material source of emissions associated with our business is related to our investment portfolio. We therefore pay great attention to understanding the carbon emissions of issuers within our portfolio and assessing their progress towards Net Zero.
- No single metric is perfect for measuring the progressive decarbonisation that is supported by our portfolio and all have their merits and drawbacks. Carbon Intensity is the current basis for our targets but can be flattered as revenues grow with inflation.
- Financed Emissions as a metric is perhaps more intuitive but still has dependence on market factors such as interest rates and foreign exchange while portfolio temperature alignment sounds ideal but depends heavily on a somewhat subjective allocation of the global carbon budget and assumptions about companies' ability to meet their share of it.
- Carbon Footprint allows us to measure our emissions per £m investment, providing a way to track progress as our portfolio expands.
- We have committed to regular and transparent reporting and a detailed examination of these results is provided in the Metrics and targets section of this report.

Our Emissions:

- Rothesay has fully embedded climate risk management into our business and processes.
- All electricity provided to our UK office comes from a supplier of 100% renewable electricity as certified by the Carbon Trust and we have employee benefits in place to support the reduction of their emissions (for example, a cycle to work scheme).
- We are a growing business, including building teams in the US and Australia in recent years. Our direct emissions are growing as our headcount rises and flights increase from a COVID-19 impacted low base. We use verified offsets to compensate for the emissions output of all our flights.
- We aim to maintain CarbonNeutral® company certification (first achieved for 2020) with respect to our own business's Scope 1 & 2 emissions in accordance with the CarbonNeutral Protocol. This activity prioritises managing emissions appropriately as we grow, with residual emissions offset.
- We have contracted to utilise carbon removal offsets with a focus on permanence for future emissions.

Our Pathway to Net Zero timeline

2020

- Became signatory of the UN Principles for Responsible Investment.
- Registered support for Task Force on Climate-related Financial Disclosures.

2021

- Published first ESG Report, including our Pathway to Net Zero.
- Published Responsible Investment Policy.
- Published first Streamlined Energy & Carbon Reporting (SECR) disclosures.
- Joined as a member of the Net-Zero Asset Owner Alliance.

2024

- Retained CarbonNeutral® company certification.
- Obtained external limited assurance for selected material climate data.
- Maintained as signatory of UK Stewardship Code 2020.
- 20% reduction in the Carbon Intensity of our Publicly Traded Corporate Debt sub-portfolio
- 20% reduction in the Carbon Intensity of our total portfolio.

2030

- 50% reduction in the Carbon Intensity of our Publicly Traded Corporate Debt sub-portfolio.
- 50% reduction in the Carbon Intensity of our total portfolio.

2050

- Net Zero investment portfolio with respect to greenhouse gas emissions.

Our Pathway to Net Zero continued

Near-term priorities within our Transition Plan

Our Pathway to Net Zero continued

We have started more detailed planning for our Net Zero transition. This involves modelling the different potential decarbonisation pathways of our investments and identifying the key actions which support our goals. The table below summarises these current goals and priorities.

Stated goals	**Net Zero by 2050 for our investment portfolio**	**Reduce portfolio Carbon Intensity by 50% by 2030 (vs. 2020 base year)**	**Manage our investment portfolio to align with maximum temperature rise of 1.5°C**	**Engage with issuers with greatest climate impacts**	**Carbon Neutral® for direct operations (true since 2022)**
Pillars	**Invest**			**Engage**	**Operate**
Near-term priorities	• Manage investment portfolio to meet our short and long-term climate targets • Consider sector-specific targets and longer-term targets as required • Increase investment in climate opportunities • Engage with issuers responsible for >50% of CI in our corporate portfolio • Continue to broaden engagement across social and nature themes	• Carbon budgeting for the property sector • Targeted restrictions on fossil fuels • Climate stress testing for portfolio • Consider climate risk within investment strategy • Client incentives for reducing property emissions • Stewardship Code Alignment		• Build partnership with leading industry groups promoting climate best practice • Active participation in relevant climate-linked initiatives • Engage with policymakers and regulators to support clarity around climate policy and disclosure practices • Engage with critical suppliers on emission reductions	• Maintain carbon neutrality in our direct operations including low emissions office space and waste management • Manage direct emissions as the business grows globally • Source high quality offsets as required, with long-term support of new initiatives for approved permanent carbon removal • Build and automate climate data solutions • Annual sustainability training across the organisation
Governance	• Climate change managed by Board and Executive-led Sustainability Committee	• Annual TCFD-aligned climate disclosures and separate sustainability reporting		• Climate and Sustainability Reports assured by independent third party	• Review existing consideration of sustainability risk management within executive remuneration strategy

1. ® means that "Carbon Neutral®" is a registered trademark owned by Climate Impact Partners.

TCFD guide

We disclose our approach to managing climate risk in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

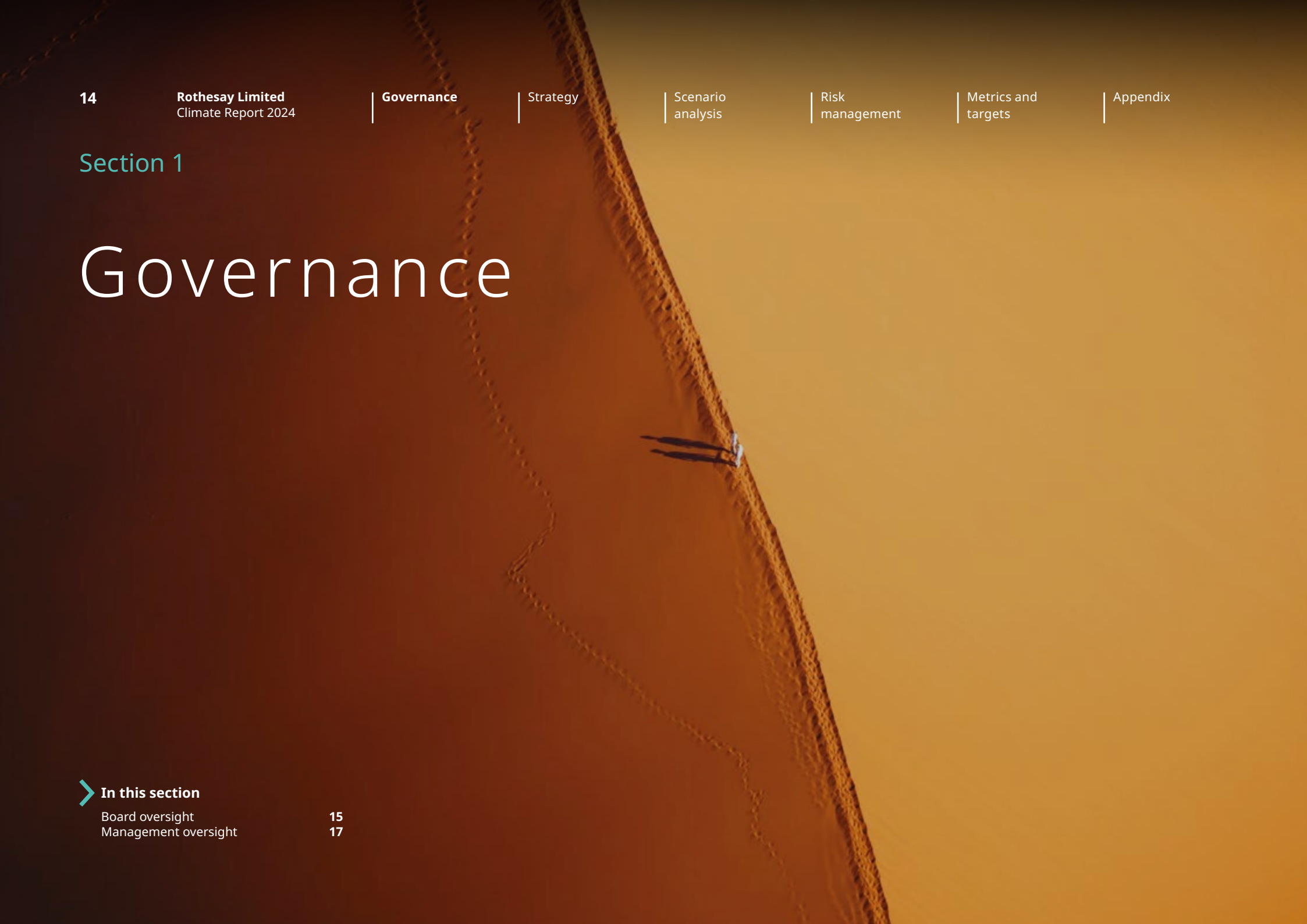
TCFD guide continued

The following table summarises the TCFD classification and directs readers to the pages in this report where Rothesay has made the corresponding disclosures.

TCFD pillar	Recommended disclosures	Disclosure sections/pages
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Board oversight: Page 15
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management oversight: Page 17
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	Risks and opportunities: Pages 19-22
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Our climate pillars: Pages 4-5 Invest: Pages 23-28 Engage: Pages 29-37 Operate: Pages 38-39
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Scenario analysis: Pages 41-46
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Our risk management approach: Pages 48-50 Carbon intensive sectors: Page 51
	b) Describe the organisation's processes for managing climate-related risks.	Our risk management approach: Pages 48-50 Carbon intensive sectors: Page 51
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Our risk management approach: Pages 48-50 Carbon intensive sectors: Page 51
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Our portfolio metrics: Pages 53-61 Our operational metrics: Pages 62-66
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Climate data summary: Page 76
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our portfolio metrics: Page 53

Section 1

Governance



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Board oversight

Effective management of climate-related risks and opportunities are reinforced by a strong governance framework to ensure that these considerations are factored into our business decisions.

The Board committee structure is shown below including how responsibility is delegated and information is shared across these structures, with defined roles and responsibilities relating to oversight, consideration and reporting of climate-related risks and opportunities.

Rothesay Board
Oversight of the incorporation of climate considerations into overall strategy, decision making, risk management and reporting.
Coordination of climate priorities throughout the Group including the setting and oversight of targets and metrics.
Approval of climate-related disclosures and position statements in line with strategy.

Delegate / **Report**

Audit Committee
Ensuring, where necessary, the impacts of material climate factors have been reflected in financial statements.

Oversight and approval of Rothesay's climate disclosures and related controls to ensure consistency and appropriateness in line with regulatory expectations.

Oversight of climate-related external assurance activities, where appropriate.

Board Risk Committee
Ongoing leadership, management and oversight of climate-related risks.

Reviewing the Group's climate risk management framework and approval of relevant policies, standards and limits.

Reviewing the Group's material climate risk exposures against the Group's risk methodologies to monitor and control such exposures.

Customer Conduct Committee
Ensuring Rothesay's climate objectives operate within clearly defined accountabilities to meet, amongst other things, the Financial Conduct Authority (FCA) requirements for the Consumer Duty and anti-greenwashing rule.

Advising on relevant climate-related disclosures as they relate to customers, where appropriate.

Nomination Committee
Reviewing the appropriateness of climate-related skills, knowledge and experience on the Board, Board Committees and senior management appointments.

Remuneration Committee
Ensuring the appropriate consideration of climate within the remuneration framework including within compensation and incentives.

Delegate / **Report**

Executive Committee
Together with the Board, incorporate climate considerations into our overall strategy, priorities and values.

Delegate / **Report**

Sustainability Committee
Responsible for the development and implementation of the climate change strategy and risk management framework.

Board oversight continued

A strong Board with an effective supporting committee structure is a key component of Rothesay's governance framework.

The Board is responsible for overseeing the delivery of the overall strategy of the Group and as part of this is also ultimately responsible for the business's approach to climate-related risks and opportunities. As climate issues are embedded throughout our processes, material elements are considered in our business planning, budget and strategy activities.

The topic of climate change remains a regular item at Board and Sub-Committee meetings. Material presented largely falls into three categories: general information designed to educate and ensure a broad understanding; specific sustainability and climate information that supports and solicits investment and business decisions; and Rothesay's climate-related metrics, alongside progress against our targets (for business operations and the investment portfolio). Performance versus our climate targets is shared at each Board Risk Committee meeting, with the more strategic discussions occurring as appropriate, and at least twice a year.

Climate items taken to the Board in 2024

The table below summarises examples of the climate-related items that were taken to the Board for discussion or approval in 2024:

Key discussion themes	Areas covered/Approvals
Our Disclosures	• Discussion on topics for inclusion in our suite of sustainability disclosures, including review in line with anti-greenwashing expectations. • **Approval:** sustainability reporting including TCFD-aligned Climate Report. • **Approval:** sign-off of the external assurance of selected climate metrics. • **Approval:** Stewardship Code application.
Our Policies	• Updates to a number of policies including: – **Responsible Investment and Stewardship Policy** – **Investment and Credit Policy** – **Corporate & Social Responsibility Policy**
Our Strategy	• Ongoing oversight of progress against climate commitments and broader sustainability investment strategy, including UN Global Compact and wider sustainability risk. • Review and update of Board Committee Sustainability Responsibilities. • Noting of employee engagement survey outcomes. • Ongoing consideration of anti-greenwashing legislation.
Our Partners	• Discussion on whether to support the Sustainability Principles Charter for the Bulk Annuity Process. • **Approval:** signatory status for the above Charter.

Management oversight

Day-to-day responsibility for the implementation of Rothesay's climate change risk has been delegated to the Sustainability Committee (SC), a sub-committee of the Executive Committee, that meets monthly.

Outcomes from the Sustainability Committee are regularly reported to the Board. Where a particular climate-related topic discussed at this Committee is deemed material, a specific update will be provided to the Board for discussion including any necessary actions.

The PRA requires that Senior Management Functions are nominated to take overall responsibility for identifying and managing the risks from climate change. At Rothesay this role is held by the Chief Risk Officer.

Rothesay's Sustainability team is managed by our Head of Sustainability and Liquid Credit Risk, who reports to the Chief Risk Officer. This team acts as the central hub, supporting the coordination of company-wide activity related to climate, with our analysts advising on climate strategy, framework and trade decisions, managing climate disclosures and monitoring relevant channels for evolving requirements and best practice.

Sustainability Committee

The Sustainability Committee has delegated responsibility for the development and implementation of the climate change and sustainability strategy and risk management framework at Rothesay.

The Sustainability Committee meets monthly and has duties including the development of a Net Zero Transition Plan, monitoring of financial risks from climate change and development and oversight of our external engagement strategy. It is also responsible for identifying and monitoring emerging climate-linked risks and opportunities through horizon scanning. Outcomes from the Sustainability Committee are regularly reported to the Board Risk Committee, Senior Executive Committee and Board.

Membership of the Sustainability Committee includes:

- Chief Risk Officer (co-chair)
- Head of Investment Strategy (co-chair)
- Chief Auditor
- Chief Financial Officer
- Chief of Staff
- Head of Communications & Public Affairs
- Head of Sustainability & Liquid Credit Risk

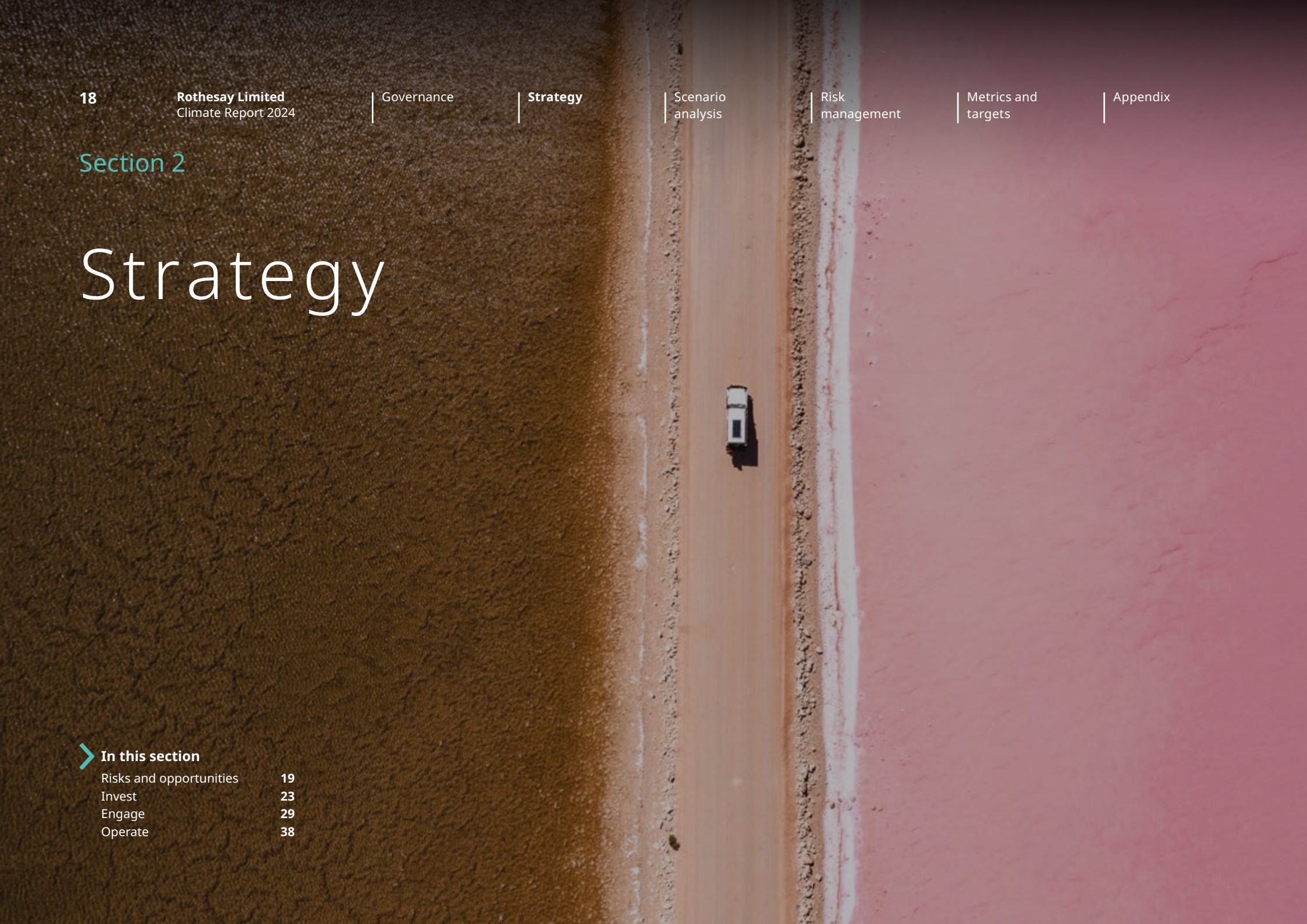
In line with Rothesay's philosophy of ensuring that climate considerations are not confined to one team, the SC draws senior membership from across the business and is co-chaired by the Chief Risk Officer and the Head of Investment Strategy.

The SC has developed sub-groups, comprising members of the Sustainability team, and other business experts. The purpose of these sub-groups is to help coordinate and drive the key strategic climate-related projects for Rothesay, involving the relevant business areas. This includes projects relating to scenario analysis, data processing and automation, and Net Zero transition planning, involving experts from teams including asset origination, risk, finance, legal and IT.

Beyond this, we strive to ensure all employees understand and support our climate-related goals. Contribution to Rothesay's sustainability objectives forms part of every employee's annual performance review and to that end, we have also introduced training, mandatory for all employees, on sustainability in general and Rothesay's strategy in particular. This training also covers attestation of each employee's understanding of expectations of them in relation to the FCA's anti-greenwashing rule.

Section 2

Strategy



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Risks and opportunities

As acknowledged in this report, we need to consider the broad and varied risks and opportunities that climate change presents across our business operations, including our asset portfolio and insurance liabilities. Climate-related considerations alongside broader sustainability factors are integrated throughout Rothesay's strategy and decision-making. This includes monitoring, and where possible managing, the Carbon Intensity of our portfolio as a key risk performance indicator.

We undertake an ongoing review to identify and monitor the climate-related risks and opportunities that are most material to Rothesay. Further details on the processes for identifying and quantifying these risks and opportunities are detailed within the Risk Management and Scenario Analysis sections of this report. Based on TCFD definitions[1], we focus on:

Area	Description
Transition Risks	Related to the transition to a lower-carbon economy which may require extensive policy, legal, technology and market changes to address mitigation and adaptation requirements.
Physical Risks	Related to material event driven (acute) or longer-term shifts (chronic) in climate conditions.
Litigation Risks	Related to liability risk to Rothesay arising from the potential increase in litigation relating to our commitments, disclosures, and climate-related position statements, as well as litigation risk arising in our investment portfolio.
Opportunities	Related to efforts to mitigate and adapt to climate change that lead to investment opportunities.

As part of this, we need to consider the broad and varied risks and opportunities that climate change presents across our business operations, including our asset portfolio and insurance liabilities. Climate-related considerations alongside broader sustainability factors are integrated throughout Rothesay's strategy and decision-making. This includes monitoring, and where possible managing, the Carbon Intensity and Financed Emissions of our portfolio as key risk performance indicators.

We note that climate-related risks and opportunities will materialise over the short-term (up to three years), medium-term (circa. three to ten years) and long-term (up to 2050) time horizons. These timelines have been determined to align with our business plan three-year cycle (short-term), our interim 2030 targets (medium-term) and our Net Zero commitment (long-term).

The uncertainty that remains about when these risks will crystallise increases the importance of effective planning and proactive management of these risks and opportunities. We also acknowledge that both physical and transition climate-related impacts are already having an effect on our own operations and investments, and adaptation considerations are also required.

1. Definitions based on TCFD publication: Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017).

Risks and opportunities continued

The following table outlines our assessment of some of the most material climate-related risks and opportunities from Rothesay's perspective. It also outlines some potential impacts, the timeframes over which these may occur and how our strategy and frameworks are positioned to manage these.

Based on a materiality assessment of our operations, Rothesay's most material exposure to climate-related risk comes from our investment portfolio. This is evidenced by the Financed Emissions from our investment portfolio representing the greatest proportion of the emissions for which we are responsible. As we manage all of our investments in-house, we retain the strong ability to deploy a number of tools to manage these risks. Impacts are based on a materiality assessment incorporating potential financial and reputational consequences. We continue to review and assess our view of these risks and opportunities to ensure we remain appropriately positioned.

Risk	Definition	Potential Impacts	Timeframe of Risk	Key Risks	Climate Pillar Management Tools
Transition Risks	Related to the transition to a lower-carbon economy which may require extensive policy, legal, technology and market changes to address mitigation and adaptation requirements.	Heightened credit risk, including downgrade risk, for investments misaligned with the climate transition due to impacts caused by regulatory changes, litigation risk, technological advancements or shifts in consumer preferences, which could lead to stranded asset risk, reputational risk and weakened financial performance	Short Medium Long	Credit	**Invest** • Frequent screening for transition risk management • Scenario analysis to model potential magnitude of possible climate losses • Creation of position statements on higher risk activities • Tailoring maturities to match risks **Engage** • Engagement to understand improvement plans of poorer performing issuers • Engagement with regulators on policy evolution including on solvency considerations **Operate** • Maintain robust and effective governance processes for managing climate-related risks • Building capabilities to consider climate risks in longevity risk capital calculations
		Market spread risk as investors divest reduce exposure to those issuers lacking credible transition plans and those with emerging physical risks	Short Medium Long	Market; Strategy	
		Additional capital requirements for portfolios with unmanaged, correlated climate risk	Medium Long	Strategy	
		Increased market volatility as climate-related events lead to macro-economic impacts such as higher inflation and policy risk	Medium Long	Market; Strategy	
		Reduced access to capital or demand for our products and services due to the reputational impact of poor climate performance	Short Medium Long	Strategy	
		Changes in longevity expectations for policyholders dependent on emerging climate scenarios	Long	Insurance; Liquidity	

Risks and opportunities continued

Risk	Definition	Potential Impacts	Timeframe of Risk	Key Risks	Climate Pillar Management Tools
Physical Risks	Related to material event-driven (acute) or longer-term shifts (chronic) in climate conditions.	Loss of returns on investment loans for assets, such as property, located in areas vulnerable to extreme weather events, leading to reductions in asset valuations	Medium Long	Credit; Liquidity	**Invest** • Screening to avoid material physical risks where identified **Engage** • Engagement with issuers, suppliers and regulators on mitigation and adaptation activities **Operate** • Robust operational and business resilience frameworks including own operations emission climate commitments • Robust counterparty risk management and diversification of reinsurers
		Reduced financial performance of investee companies due to increased operational or litigation costs associated with implementing climate adaptation measures, such as strengthening infrastructure against repeated climate events	Medium Long	Credit	
		Operational disruption of investee company activities, including to their supply chain, due to extreme weather events impacting production and operations	Short Medium Long	Credit	
		Disruption of Rothesay's supply chain due to extreme weather events impacting activities such as production and distribution	Short Medium Long	Operational	
		Increased frequency of extreme weather events leading to Rothesay-specific property damage and business disruption	Medium Long	Operational	
Litigation Risks	Related to liability risk arising from the potential increase in litigation relating to commitments, disclosures, and climate-related position statements.	Increased risk of potential fines and reputation damage in event of our non-compliance with evolving climate-related regulations	Short Medium Long	Strategy; Operational	**Engage** • Engagement with regulators and industry stakeholders on emerging trends and expectations • Clear policies and processes for collaborative engagement to avoid perception of anti-competitive behaviour **Operate** • Monitoring developments through our specific ESG Horizon Scanning framework • Maintain clear governance processes and controls for our climate-related activities including annual reporting
		Increased requirements and regulatory oversight on our climate management credentials	Short Medium	Strategy; Operational	
		Increased risk of potential fines and reputation damage for companies within our portfolio impacting performance	Short Medium Long	Credit; Strategy	

Risks and opportunities continued

Risk	Definition	Potential Impacts	Timeframe of Risk	Key Risks	Climate Pillar Management Tools
Opportunities	Related to efforts to mitigate and adapt to climate change that produce opportunities internally and externally for Rothesay and stakeholders.	Investments in companies, technologies and infrastructure that enable the transition to a low carbon economy such as renewable energy and energy-efficient infrastructure	Short Medium Long	Strategy	**Invest** • Active identification and classification of investments that meet our climate opportunity definition • Monitoring of country performance against nationally determined contributions **Operate** • Transparent climate targets, risk management and disclosures
		Strengthened performance of sovereign positions in countries well positioned to benefit from low carbon economy	Short Medium Long	Credit; Liquidity	
		Improved operating efficiency and high levels of resiliency at Rothesay, minimising costs	Short Medium Long	Operational	
		Reputational benefits of strong climate risk management including new business opportunities and attracting talent	Short Medium Long	Strategy; Operational	
		Strengthened credit performance of investments in companies well positioned to benefit from low carbon economy	Short Medium Long	Credit	

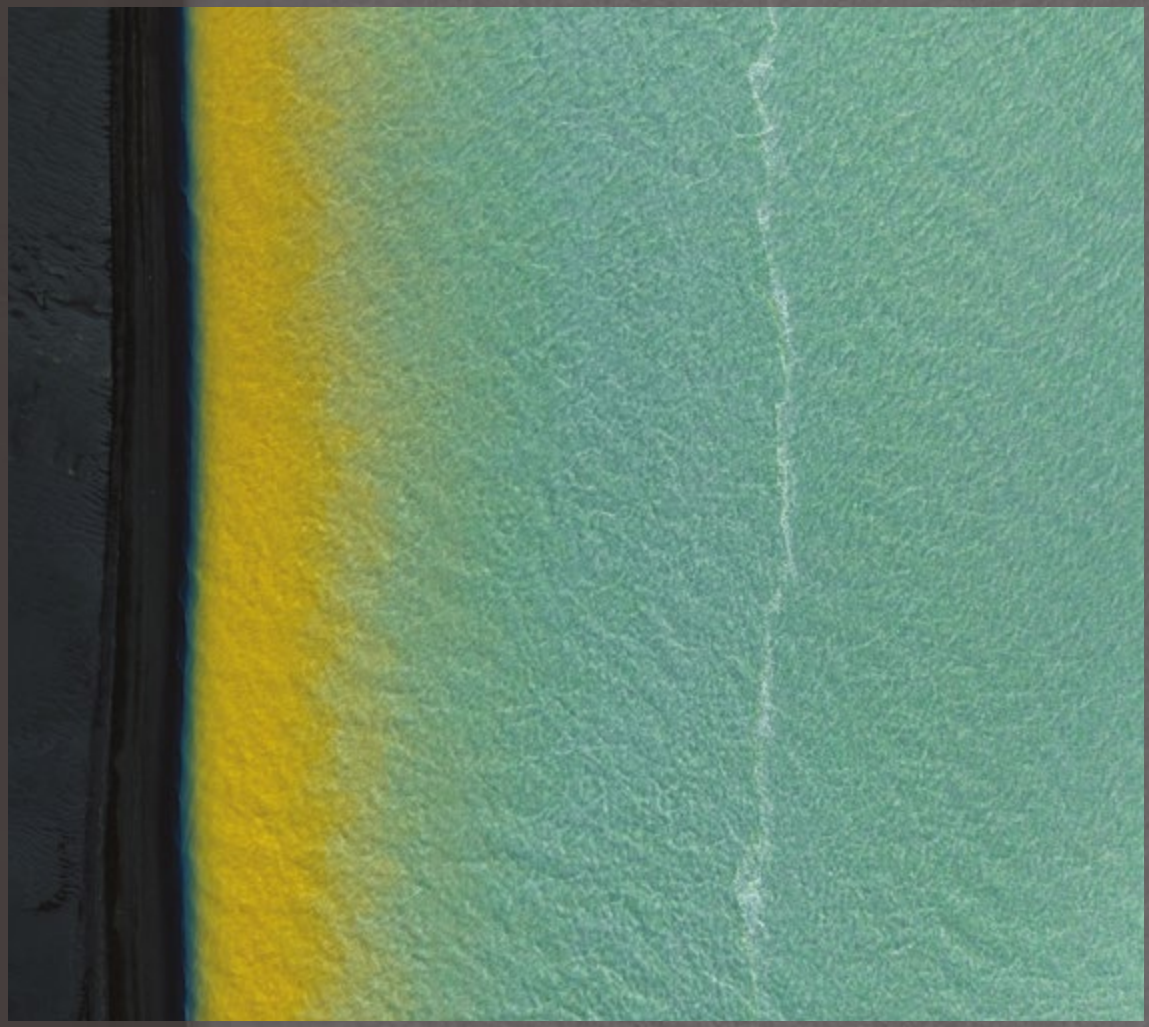
Our climate strategy is risk adjusted, recognising that many issuers have relatively low exposure to climate risk. At the riskiest end of the spectrum, we seek to avoid those issuers whose business model is deemed to be most threatened by climate change. At the other end of the spectrum, where opportunities are greatest, we seek to lend to those issuers contributing to a low carbon world and those whose plans to decarbonise seem most plausible.

We remain supportive of investing in higher intensity issuers where we have high confidence in their appropriate decarbonisation plans.

In this way, the potential impacts of these risks are embedded into our strategy, risk management and governance through a number of management actions. Our ability to identify and invest early in enterprises that successfully navigate to a low carbon future is vital to our ability to carry out our core purpose: securing the future for our policyholders by protecting their pensions.

Invest

The greatest impact that Rothesay can have on global progress to Net Zero is through our investments in entities which themselves are responsible for greenhouse gas emissions to varying degrees. As a result, this is the focus of our climate risk management strategy.



Our Investment Objectives

- To ensure that our liabilities to policyholders can be met in a full and timely manner
- To maintain our financial strength and capitalisation
- To produce stable earnings from our in-force business
- To protect and increase the value of our shareholders' investment
- To safeguard Rothesay's reputation and support our strategic goals

Invest continued

Investing responsibly is a cornerstone of our investment approach. We do not believe it is possible to achieve our investment objectives without carefully considering climate and sustainability risks and opportunities.

Embedding responsible investing within our investment decision-making ensures we consider material risks and opportunities across our asset classes in a structured way. This drives policyholder security, balance sheet stability, and value driven investment, while also ensuring we can meet our own climate commitments. We will continue to refine our approach in line with changing expectations, and evolving risks and opportunities, to ensure we continue to meet the needs of our stakeholder community.

These objectives have driven our approach to portfolio management in two key ways and provide a strong footing for climate risk management.

Asset allocation

Our portfolio composition reflects Rothesay's core objectives of policyholder security and asset and liability management. We are typically an investment grade debt investor and seek out issuers whose balance sheets can support transition risks, or projects and properties backed by high-quality assets and stable cashflows. Typically, they are in developed countries and are less exposed to physical risk. We recognise the benefit of matching long-dated cash outflows in our pension liabilities with stable long-dated investments that fund the provision of critical infrastructure and contribute to reduced emissions, particularly in the UK.

Asset management

We believe that the best way to optimise these outcomes is to manage all our investments in-house, with a team of experts across origination and trading covering our chosen asset classes and jurisdictions. Risk assessment is a cornerstone of our culture, fostering regular debate across the business and Executive team about evolving risks and opportunities. Climate risk has become a key element of this approach, and we believe this hands-on approach maximises our understanding of climate-related risks and opportunities across the portfolio, and allows a very detailed and specific response, from investment decisions and stewardship to strategic positioning.

Across the investment portfolio, our climate strategy delivers by:

- Decarbonising our investment portfolio
- Supporting change through proactive stewardship
- Enhancing our risk assessment through climate scenario analysis

Invest continued

Decarbonising our investment portfolio

Our targets

Rothesay is committed to transitioning our investment portfolio to Net Zero greenhouse gas emissions by 2050. We will also seek to transition aligned with a maximum temperature rise of 1.5°C above pre-industrial levels as outlined in the Paris Agreement.

To guide progress, we have established the following short-term targets:

- A 50% reduction in the Carbon Intensity of our Publicly Traded Corporate Debt sub-portfolio by 2030, versus our year end 2020 baseline.
- A 50% reduction in the Carbon Intensity of our total portfolio by 2030 versus our year end 2020 baseline.

Where Carbon Intensity is defined as the tCO_2e/$m revenue.

Our portfolio Carbon Intensity is below our 2025 target to reduce portfolio Carbon Intensity by 20%, and our focus now shifts to our medium-term goal for our portfolio's Carbon Intensity to have declined by 50% versus the year end 2020 baseline. Progress against our targets is tracked and circulated to the Executive Committee on a weekly basis and shared in Board risk papers on a bi-monthly basis.

Transition planning

The pace of decarbonisation in our portfolio varies across asset classes and geographies, reflecting a wide array of challenges. During 2024 we continued to evolve our Net Zero Transition Plan by considering and modelling how each sector may decarbonise, and the levers that may influence that outcome. This will inform our long-term planning and intermediate portfolio goals and targets. The analysis to date has identified several priority actions to support this initiative which have been summarised on page 11, with publication of our formal Transition Plan to follow.

Responsible investment

We maintain a public Responsible Investment & Stewardship policy that confirms Rothesay's commitment to implementing responsible investment objectives within our investment decision-making.

Rothesay's responsible investment and stewardship strategy takes a case-by-case risk-based analysis approach. This involves considering the individual characteristics of our investments, including climate factors, to support appropriate decision making. Driven by this risk-based assessment, there are several areas relating to fossil fuels and weapons-linked activities, where we have explicit exclusions. We do not knowingly finance new thermal coal activity or companies that derive more than 10% revenue from controversial oil and gas production (relating to arctic oil and gas or tar sands extraction).[1]

These exclusions limit our exposure to entities with elevated risks such as inadequate decarbonisation paths and which are therefore inconsistent with our decarbonisation targets. We will continue to position our exclusion strategy to ensure we protect our policyholders and manage our long-term sustainability and climate commitments, recognising our risk management framework naturally minimises investment in these areas.

Opportunities

Climate opportunities are typically considered to be investments in new technologies which provide solutions for climate change mitigation or adaptation. This group of investments meets the following definition: "We consider climate opportunities to be investments that directly finance activities such as renewable energy, low carbon energy, energy efficiency projects and pollution control." In 2024, 2.2% of our portfolio meets this definition, with most of the exposure remaining from low carbon energy issuers.

We have identified investment in renewable energy and other climate opportunity projects as an area for future growth. While opportunities that match both our risk and return objectives have been limited to date, we are keen to accelerate the pace of our investment in these projects. This is a responsibility of our industry as a whole and is why we are engaging collaboratively with our peers as a member of the ABI's Investment Delivery Forum to pinpoint obstacles to investment and to recommend structural and regulatory solutions that can unlock the capital that we would like to put to work.

1. Rothesay does not knowingly support the financing of any new direct thermal coal activity, including funding of new thermal coal plants or continuation with plans in preconstruction. Where issuers have thermal coal exposure, we actively target those with clear plans to exit this exposure. Rothesay does not knowingly invest in companies that derive more than 10% of their revenue from the production of arctic oil & gas or tar sand extraction.

Invest continued

Our portfolio

Stewardship of our investments

Stewardship is an important aspect of Rothesay's climate risk management. We recognise that climate and sustainability considerations are rapidly evolving, often at a different pace across industries and jurisdictions. We adopt an engagement first approach, and typically retain investments which carry higher emissions and transition risk where we believe the issuer is incentivised to manage this risk over the long term. Further information can be found in the Risk Management section of this report and our dedicated Stewardship Report.

Rothesay's investment portfolio can be divided into three main groups:

- Corporate Bonds and Infrastructure Lending
- Sovereign and Public Finance Bonds
- Bonds and Loans Secured by Property

Corporate Bonds and Infrastructure Lending

This sector carries many of our most carbon intensive investments but is also decarbonising at the fastest pace. We consider both the current emissions as well as the quality of a company's targets and track record, particularly for the more carbon intensive issuers.

The assets in this sub-portfolio are among the most liquid we own which means it is possible for us to reduce exposure to those issuers demonstrating the weakest progress in the transition to a low carbon economy. We remain supportive, however, of investing in higher intensity issuers where we have high confidence in their appropriate decarbonisation plans, and we prioritise these companies within our engagement strategy to support our positioning and the successful delivery of these decarbonisation plans.

Case study

Partnership with the National Wealth Fund on social housing retrofit

Rothesay has made a £150m commitment to a new unsecured debt facility for social housing retrofit launched by the National Wealth Fund (NWF) and The Housing Finance Corporation (THFC).

The facility has been launched with an initial £150m financial guarantee from the NWF to support THFC to make long-term, unsecured loans to help registered providers (RPs) retrofit their social housing stock in the UK. As a result of the NWF's support, Rothesay has committed to provide THFC with 100% of the initial £150m investment, demonstrating how the NWF's guarantee can unlock long-term unsecured capital for RPs at pricing usually reserved for secured lending.

Providing bond market investors access to funding in this way will help accelerate the retrofit of social housing stock across the UK, significantly reducing both the sector's energy consumption and emissions.

Invest continued

Public Finance

This encompasses a wide array of high quality and long-dated investment opportunities spanning sectors such as higher education, US non-profit healthcare, and government-linked investments across infrastructure and local authorities. Many of these investments have relatively low carbon emissions, reducing their transition risk, and many provide critical infrastructure or vital social benefits. These features, alongside their rating stability, mean they represent attractive investments.

However, disclosure and reporting practices in these sectors remain in the early stages of development, with a sub-set of issuers collaborating to facilitate broader industry disclosure standards. We are keen to support enhancement to these disclosure practices and focus our approach on engagement with issuers and industry groups to support increased availability of standardised disclosure and the development of climate risk management strategies.

Property

Our property lending can be segmented into residential mortgages, REITs, social housing, and commercial real estate. Loans against residential property and social housing can be long-dated, while commercial real estate and REIT loans are typically shorter than ten years. Our approach recognises that asset value may be impacted by the physical risk associated with location, as well as transition risk arising from policy actions, and we screen for material physical risk for property loans ahead of investment.

The property sector faces challenges in reducing emissions, given the varying ages and energy efficiency of the existing property stock. Policy actions typically focus on improving energy efficiency, as measured by EPC ratings in the UK, either by incentivising action e.g. the provision of grants, or by establishing minimum future efficiency standards for new builds, or for leasing property.

Improvements to property energy efficiency is currently most prevalent in the social housing and REITs sectors, where managers are improving efficiency standards and emissions are falling. Policy actions are also a material consideration in the commercial property space. We have historically targeted high-quality properties for our commercial real estate investments, using industry accreditations such as Building Research Establishment Environmental Assessment Methodology (BREEAM), Leadership in Energy and Environmental Design (LEED) and EPC ratings to assess property energy performance. This remains a key element of our risk assessment for new investments.

Sovereigns

Our liquidity and cash flow matching strategy results in the need for large holdings of gilts and other sovereign bonds. Our investment in gilts and UK sovereign guaranteed bonds account for more than 80% of our sovereign exposure, with the US the next largest exposure. Our gilts have the advantage of carrying a relatively low Carbon Intensity, reflecting the UK's service-based economy and comparatively strong decarbonisation targets. We have limited ability to alter our investment approach to these sectors as they support our liquidity and cash flow matching requirements.

We continue to be involved with the NZAOA initiative to promote disclosure and assessment of sovereign emissions. We continue to utilise the development of NZAOA/Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR) scores, as outlined in our 2023 Climate Report, to provide insight into the ambition and effectiveness of climate policy across sovereigns. We will look to monitor ASCOR score progression as a forward-looking indicator as part of our Transition Plan, alongside the more traditional broad emissions metrics, while progress against the 39 binary indicators will support effective engagement with policymakers. Further information can be found in our 2023 Climate Report.

Invest continued

Case study

The importance of nature and biodiversity

Rothesay recognises the critical role that nature plays in the maintenance of stable economies, communities, and the planet. We are therefore continuing to consider more formally the impacts of and dependencies on nature across our investment portfolio, supply chain and own operations.

Our portfolio contains issuers with dependence and impacts on ecosystems. We already consider some nature impacts, for example pollution events, within our issuer-level assessment. However, understanding the full impact of nature risks remains challenging and is still in early stages of development.

Given the nature of our business, our initial considerations are focused on our investment portfolio as, in a similar way to climate, our financing activities represent the greatest nature-related risks and opportunities, starting with our water and deforestation exposure.

We have engaged with industry groups to more closely follow developments in the assessment of these risks. In 2024 we joined the Taskforce on Nature-related Financial Disclosures Forum to remain informed on development of nature-related guidance. As part of the Climate Financial Risk Forum, we have also been actively involved in the Nature working group, contributing to the creation of their latest nature handbook for financial institutions.

Our work to embed nature considerations will be a multi-year process during which we will build our capability and strategy to ensure we can appropriately manage and report on these risks within our overarching sustainability approach.

Engage

At Rothesay, engagement is an essential tool. This is why it is one of our strategic climate pillars.

It helps us prepare for and influence evolving regulations, understand stakeholder priorities, and empower our colleagues to drive positive outcomes. Our engagement covers a broad range of stakeholders including a particular focus on issuers within our investment portfolio, pension fund trustees and policyholders, industry groups and regulators.

In February 2025, we were pleased to be accepted once again as a signatory to the Financial Reporting Council's UK Stewardship Code 2020 ("the Code"). The Code sets high standards of stewardship for organisations investing money on behalf of UK savers and pensioners. To become a signatory, you must be able to demonstrate stewardship over the previous 12 months through the responsible allocation, management and oversight of capital which creates long-term value for beneficiaries and leads to sustainable benefits for the economy, the environment and society. This puts an increasing focus on outcome-specific engagement. For more detail on our broader stewardship strategy please refer to our Stewardship Report.

We are also a signatory of the Sustainability Principles Charter for the Bulk Annuity Process. The Charter, developed by Accounting for Sustainability (A4S), provides guidance around four principles for defined benefit schemes and insurers during the bulk annuity transaction process. The four principles are Transparency, Decision-making, Reporting & Engagement and Collaboration.

Engage continued

Portfolio engagement

Engagement is a key part of our strategy to provide policyholder security by encouraging more sustainable practices that support long-term financial returns. We use engagement to ensure we maintain an appropriate understanding of the risks to which our borrowers are exposed and promote positive change where possible. As we do not use external asset managers, all our engagement is conducted by Rothesay analysts.

Engagement with issuers and stakeholders, such as regulators and industry bodies, occurs in some form on an almost daily basis and allows us to understand and respond to incoming challenges and opportunities. In addition, our sustainability framework includes a climate-specific engagement strategy.

Climate-specific engagement is coordinated by analysts in the Sustainability Team and conducted in collaboration with members of our Credit Risk and Asset Management teams. Our bilateral climate engagement approach is predominantly focused on specific, direct engagement with the most material corporate issuers within our portfolio. We select entities for climate engagement based upon a combination of factors including high current emissions and lower granularity on relevant climate risks than the issuer's peers (such as limited disclosure on adaptation measures).

Our climate engagement strategy seeks to exert influence through direct communication to encourage issuers to improve disclosures on relevant risks to the issuer's business and to set more ambitious science-based targets to reduce their emissions in line with our expectations. This enhances our ability to identify leaders and poorer performers, strengthening our risk management approach, and where appropriate, enables us to take action to position accordingly. This activity also helps us to direct financing to those companies where emissions reductions are most vital. As discussed on page 33, in 2024 we also conducted specific nature-related engagement to support the development of our nature strategy for the first time.

In addition to business-as-usual (BAU) engagements conducted as part of our standard communications with issuers, during 2024 we engaged with 54 companies within our investment portfolio on sustainability-specific topics. The majority of these included at least one climate-focused topic. We continue to engage with at least 20 of our most emission intensive companies in line with our Publicly Traded Corporate Debt (PTCD) sub-portfolio target. In 2024, we engaged with 35 issuers, predominately in the utilities sector. This is in line with our portfolio composition and this sector's significance in transitioning to a low carbon economy. These engagements received an 86% response rate.

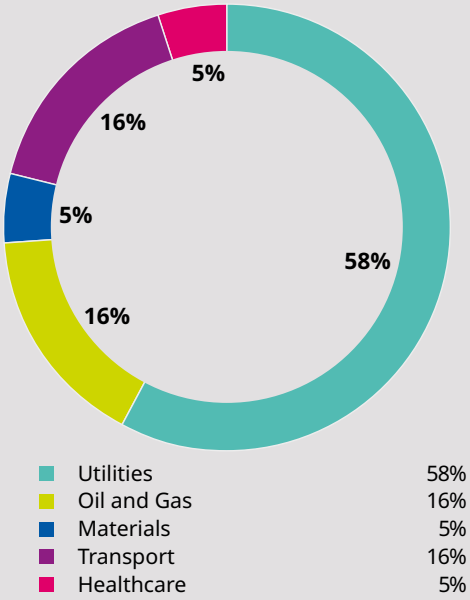
Our engagements are multi-year and have two main objectives:

a) **To build knowledge:** engagement focused on understanding an issuer's current position, key challenges, and climate plans, to validate our internal climate score.

b) **To encourage action:** engagement focused on encouraging an issuer to take specific action such as best practice aligned disclosures and more ambitious, science-based targets.

We monitor responsiveness to enable us to consider how we may choose to escalate in scenarios where we receive a continued non-response. We recognise that as debt investors we have less direct influence than equity shareholders but believe these engagements improve our understanding of climate risk for key investments. We monitor evolving progress with climate targets at the issuer level and see improvement each year. The liquidity of our corporate bond portfolio allows for us to reduce our holdings where an entity's progress indicates growing unmanaged risk, recognising the challenges and opportunities they face, and considering their responses to our engagement.

Climate engagement by sector (%)



Engage continued

Case study

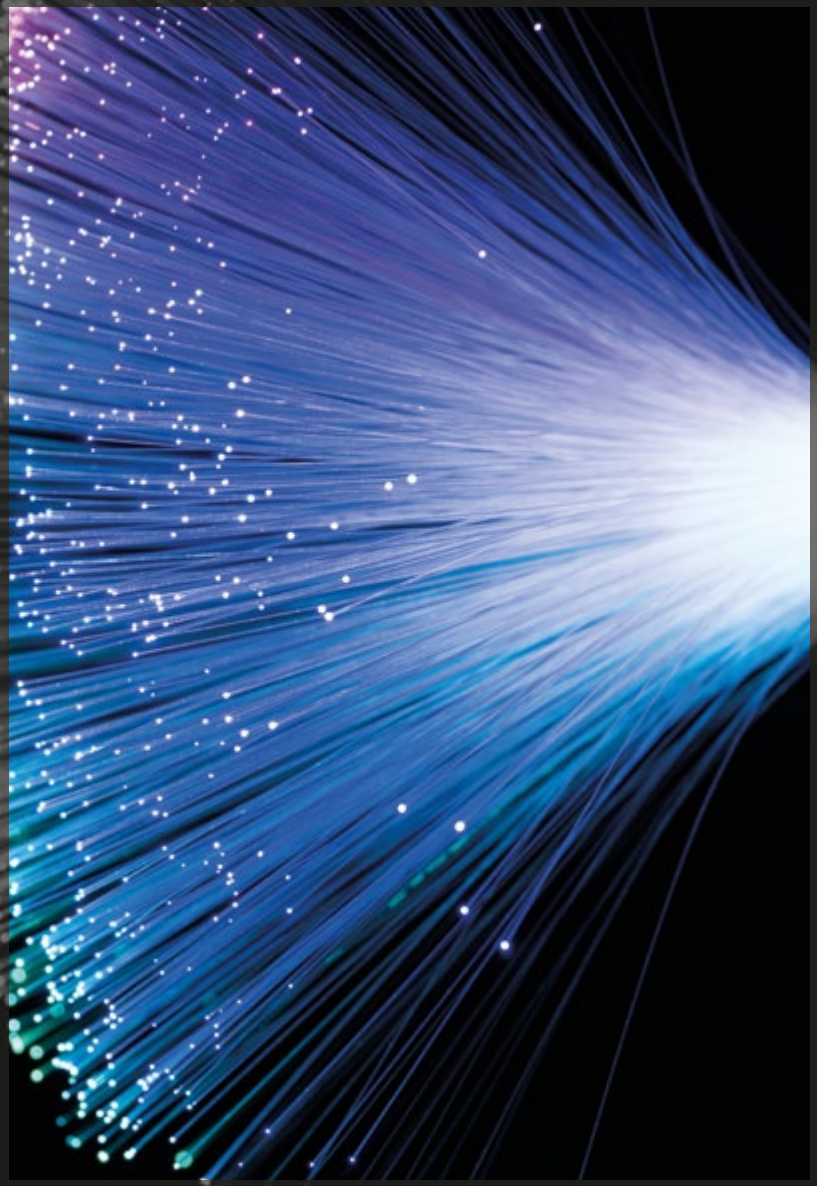
Improving our data to support decision making

The credibility of our metrics is dependent on access to high-quality data. We continue to take steps to improve the emission data used in our metrics. This is achieved through a number of actions including engagement with our data providers and directly with our issuers to encourage greater data granularity. Our engagement framework considers areas of greater emission materiality to identify priority areas for engagement.

Identifying data gaps has also been an outcome from the ongoing development of our Net Zero Transition Plan. For example, our US Not For Profit Healthcare asset class has a fixed building footprint and high energy needs, so the lack of disclosure on building efficiency and primary heating source can limit transition modelling. One of our larger holdings within this sector was therefore identified for engagement.

The engagement explained why this information was important to our risk assessment and sought to understand what data was accessible and any barriers to sharing such information. While the issuer was not able to provide property specific information, they were able to provide greater clarity on their current overall property performance and heating approach which we can utilise in our internal assessment. We will continue to engage to encourage further granularity, while using information currently accessible to support our transition plan work.

In addition, we invest in a few high emission hard to abate transport assets, for which we do not receive verified reported data at an asset level. With the aim of improving the data quality of our climate metrics beyond our estimate approaches which are dependent on a number of assumptions, we have undertaken multi-year engagement with these issuers in an attempt to gain properly measured asset-level data. As a result of continued engagement, one issuer provided asset-level data in 2024, and has committed to do so on an annual basis. We plan to replicate this successful approach where possible to further enhance our data quality.



Engage continued

Case study

Operational resilience of utility issuer

Given an ongoing increase in physical risk events and focus on energy security, the operational resilience of utility issuers within our portfolio was a particular focus in 2024. One engagement focused on a public US utility with operations in areas of elevated wildfire risk. The purpose of the engagement was to further understand the issuer's resiliency strategy given events of increasing frequency and severity in its service area and limited disclosure of their capital expenditure plans for this risk.

The issuer provided us with additional information on their wildfire mitigation programme, including how a specific capital expenditure commitment was being used across grid hardening, vegetation management and new technological monitoring systems. This included the identification and subsequent hardening of the majority of their assets deemed high-risk. The remaining assets are due to be completed over the next year.

By gaining additional insight into their plans and progress for strengthening grid resilience, we are better positioned to assess the vulnerability of their infrastructure and potential service reliability as part of our credit risk assessment. It was deemed the entity had made sufficient progress against targets to have mitigated some of this risk, but ongoing monitoring is required to ensure they remain resilient.

Engage continued

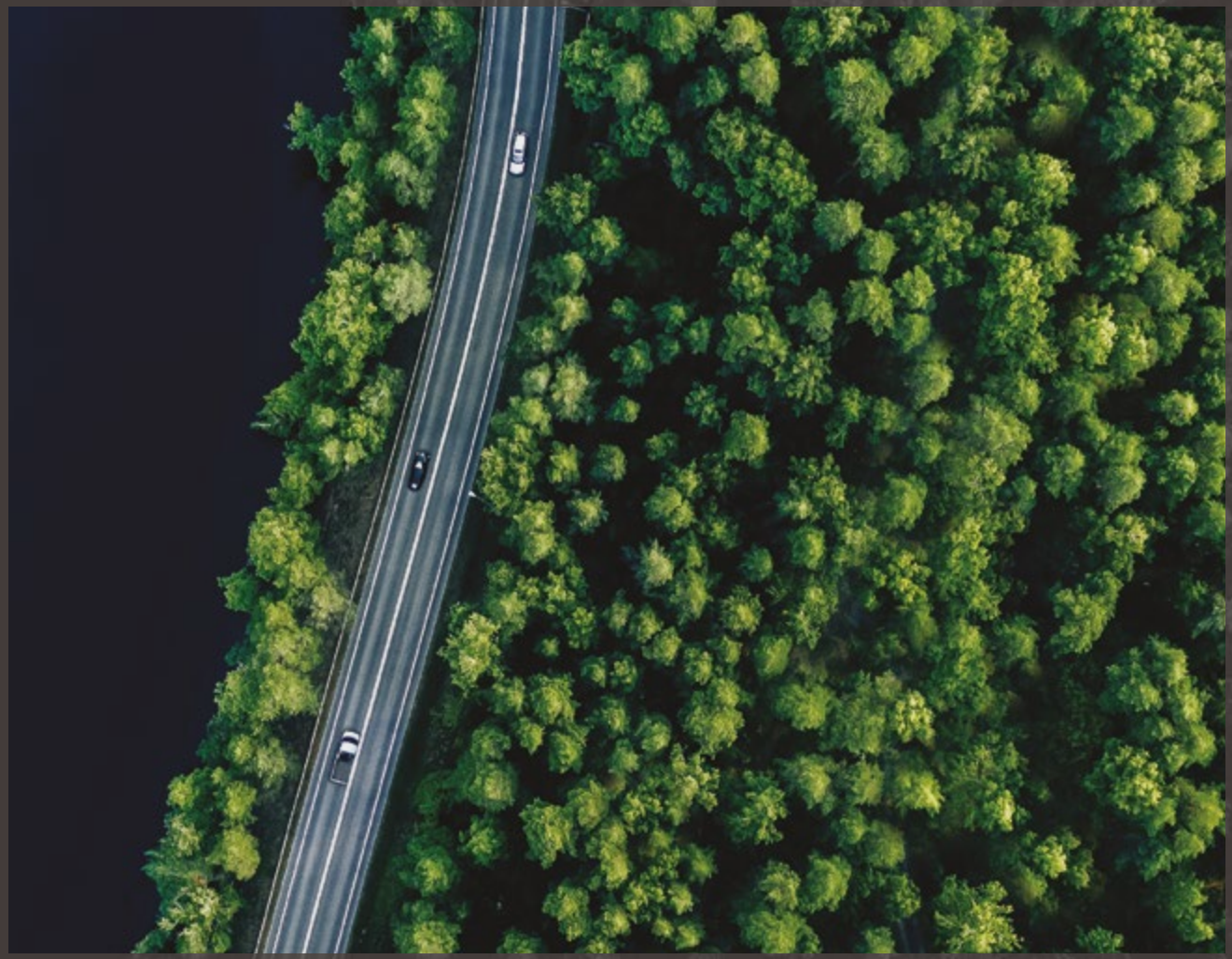
Case study

Nature-based engagement

In 2024, as part of our plans to formally embed nature within our sustainability framework, we conducted specific nature-related engagements.

The aim of these engagements was to build our capability and where relevant enhance our risk assessment of nature impacts within our portfolio. Targeted issuers were identified through third-party data screening for material exposure. Questions focused on issuer nature risk awareness, vulnerability assessment approaches and mitigation measures. This included where such risks occur within an issuer's supply chain. In 2024, nature engagements focused on issues relating to water intensity and deforestation.

As outlined in our engagement framework, we see sustainability engagement as a multi-year activity. We will continue to enhance our approach as our work in this area develops. Further information on our approach to identifying and managing nature-related risks can be found on page 28.



Engage continued

Our policyholders

Rothesay provides defined benefit pensions to individual policyholders through bulk purchase annuities agreed with the trustees of corporate pension schemes (trustees) and through back book acquisitions from other insurers. Overall, we are responsible for securing the pensions of over one million people, predominantly domiciled in the UK.

Corporate Trustees are required by their regulator to consider sustainability issues (including climate change) within their investment strategy, reflecting the classification of sustainability factors as financially material considerations. The largest pension schemes must also undertake governance, reporting and disclosure in accordance with TCFD recommendations, and therefore they require Rothesay's climate and sustainability-related disclosures. When requested, we provide details on our climate strategy to schemes, however as the balance sheet covers all of Rothesay insured scheme liabilities this information is not scheme specific.

Climate and sustainability positioning are material considerations for our customers, and trustees are often keen to ensure their pension liabilities are deployed sustainably, to mitigate the financial risk from climate change while supporting sustainable business practices. We supplement our external disclosures with direct engagement with trustees, often prior to conducting a buy-in or buy-out, and by providing regular updates as requested.

Following the publication of our Climate and Sustainability Reports each year, we directly engage with most consultancy firms responsible for advising trustees, as well as responding to surveys on the topic. Through these actions, we have been able to understand trustees' priorities and concerns, allowing us to develop more useful disclosures. We conduct our own brand awareness surveys, alternating annually between the pension trustees of our policyholders and external consultants.

These provide an opportunity for some of our key stakeholders to provide feedback on their perception of Rothesay, including our approach to stewardship and management of climate-related risks.

Climate-related screening of liability side transactions

Before offering to transact with pension scheme trustees, we consider sustainability criteria, including both the current and former operations of the scheme sponsor. Our overarching view is that people deserve a safe and secure income in retirement and consequently there are only a relatively limited number of situations where sustainability considerations relating to the sponsor itself should prevent us from securing the benefits of former employees of a company. However, in assessing a potential transaction, we will consider:

1) issues of fairness between different categories of member; and
2) where there is a large return of surplus associated with the transaction, the sustainability criteria of the proposed use of proceeds by the sponsor.

Engage continued

Engaging our colleagues

Rothesay's culture has been built by attracting and retaining talented people who take pride in their work and are able to take ownership of what they do. Our people do what it takes to be amongst the best in our industry and we have always trusted our employees to work in the way that lets them achieve that.

Our colleagues are passionate about enhancing our climate and sustainability practices across our business. We encourage this through a range of initiatives which empower and motivate them to increase this focus within their daily role. Our employee engagement survey is a key tool to ensure we continue to understand priorities and challenges in our workforce and can adapt our approach accordingly.

Engage continued

Training and performance management

Training is vital to build a core understanding of the challenges climate change presents, and Rothesay's objectives in response to these. It enables our colleagues to consider how it impacts their role, and the difference they can make. We have continued to tailor our training to reflect differing needs.

We have implemented a mandatory annual sustainability training module for all employees, including contractors, which provides a consistent base understanding of climate change and sustainability initiatives within our workforce. It sets out how Rothesay is positioned to manage our risks and promote a more sustainable future, and how employees can contribute to this outcome. The content of this training is updated annually to ensure it remains fit for purpose and focused on the most relevant elements for our employees.

Mandatory training is complemented by voluntary Lunch & Learn sessions through the year, and team-specific training sessions tailored to help teams understand the key considerations specific to their role and facilitate discussion on actions and responses to further our objectives.

Climate risk is considered during objective setting across the firm, and all annual appraisals include analysis of performance in support of Rothesay's sustainability and climate goals.

Leading by example with climate friendly services and benefits

We survey all our operations through a climate lens including the offices we lease, and the services and benefits we offer our employees. Our UK kitchens have a wide range of glasses, crockery, and metal cutlery so our employees do not need to use disposable cutlery for any meals. We provide free tea and coffee, using sustainable suppliers, and chiller taps offering a choice of still and sparkling water to reduce the need for disposable plastic bottles.

Our Cycle to Work scheme provides financial assistance for employees to purchase a bicycle and safety equipment. This allows our staff to enjoy a healthy way to travel to work, while also reducing their Carbon Footprint.

Engaging with peers and policymakers

Rothesay is a UK regulated entity, and as such we engage fully and transparently with our regulators across a range of topics. Pension trustees with whom we transact are also subject to UK regulation. Our regulator requires us to develop and embed effective risk management processes to manage climate risk for our Company and our customer base, and our effectiveness in this endeavour is assessed.

When appropriate, Rothesay engages with the government, our regulators and other relevant external stakeholders to discuss thoughtfully on key issues. In particular, we look to participate in all relevant regulatory and government consultations where they may directly or indirectly impact our business, the wider market or our policyholders.

Engage continued

Climate regulation

Our climate strategy is shaped by the requirements of our regulators and the needs of our pension trustees, alongside a desire to effectively manage this risk alongside the wider risks that affect our business.

The PRA's 2019 Dear CEO letter, and accompanying Supervisory Statement 3/19 (SS3/19), formally set the expectation that PRA-regulated firms like Rothesay must evidence the integration of climate-related financial risks into their governance, risk management and scenario analysis processes, and disclose publicly on these elements. These expectations continue to evolve as evidenced by the recent consultation on an update to this Supervisory Statement.

The PRA conduct thematic reviews to monitor progress and seek demonstration of our capability to manage climate-related financial risk exposure. We engage fully with these reviews, with our Climate Report providing details on our annual progress against such expectations.

For our pension trustees, the Pension Regulator requires trustees of pension schemes to identify, assess, and manage climate-related risks and opportunities, in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The climate-related disclosures in this report therefore align with our purpose to protect pension schemes through supporting them to meet these regulatory requirements.

We are also committed to working with the Government to continue to grow our investment in UK productive assets along with our significant and long-term support for the UK economy. As persistent holders of UK sovereign debt we also provide meaningful support to the Gilt market. We work with the government, and government-supported bodies like National Wealth Fund, to explore new public-private partnerships which could facilitate our sector's investment in innovative and nascent types of productive asset, including low-carbon energy generation technologies, which UK life insurers have traditionally been able to invest in at scale.

Strategic decisions and individual asset underwrites take into account the overall political landscape. Where relevant we have engaged with political advisors, such as in the US, to support our ability to consider different jurisdictional landscapes.

Our climate engagement strategy includes collaborative engagement through formal or informal industry groups where we determine there is relevance to our portfolio and that anti-trust concerns are absent. We are keen to join groups whose goal is to influence and assist sectors that are not yet mature in their sustainability reporting approaches and could benefit from combined industry experience to support better adoption.

Our participation in industry groups such as the Association of British Insurers, the PRI, the NZAOA and the Climate Financial Risk Forum allows us to remain aware of new policy and disclosure standards.

Examples of engagements include:

- Working with our regulators and industry bodies such as the ABI to help shape regulation such as solvency reform and to provide feedback on draft climate and sustainability requirements.
- Providing input to the UK Government on financing low carbon technology, including their future power generation and nuclear power strategies.
- Participation in industry initiatives, including input to the Transition Plan Taskforce with the ABI.
- Participating in the A4S Sustainability Principles Charter Forum, including supporting the creation of the Bulk Annuity Sustainability Survey (BASS).
- We are broadly represented in the various NZAOA workstreams and co-lead the Sovereign Debt Working Group.
- We are a member of the CFRF and have provided editorial review to several of their publications including as part of their scenario analysis and nature working groups.
- Liaison with the ESG Social Housing Working Group to continue expansion of disclosure by housing associations.

Operate

Minimising our impact

While our investment portfolio has the most influence on our journey to Net Zero, it is important that Rothesay recognises the direct impact from our own operations and does what it can to minimise emissions generated as we carry out our own work.

For those emissions we have been unable to reduce, we purchase high quality offsets, as noted on following page.

Our operational emissions

Our UK operations

Most of our workforce are based within our London office, a highly heat efficient building with an EPC grade of B. Since late 2020, all electricity supplied to this office has come from a 100% renewable source as certified by the Carbon Trust, drastically reducing our own operational Scope 2 emissions.

We have sought opportunities, where possible, to continue to reduce our Scope 3 emissions by implementing secure printing. In addition, our London office operates on a zero-landfill basis, with over 65% of the waste from the building either recycled or anaerobically digested.

Over the past couple of years, we have seen a rise in our flight emissions from their very low base in 2020, driven by a rebound from COVID restrictions and the global growth of our business. Our approach seeks to manage flight emissions to a reasonable level and considers appropriate levels of air travel within the organisation.

Our US and Australian operations

Our non-UK operations remain a relatively small part of the overall workforce. In 2022, our US team relocated into a recently renovated class A property, targeting a similar heat efficiency to that of our UK Headquarters. In 2023, our Australian team moved into offices in a property that has been recognised for its sustainability approach through a 6 Star Green Star Office Design v3 certified rating.

Climate and cleaning

Our property management team has demonstrated that the pursuit of climate and sustainability objectives successfully enhances sustainability across many aspects of supplier choice and facility management.

Initiatives include:

- Greywater systems to reuse waste sink and washing water for WC flushing and hose point cleaning
- Chemical free cleaning
- Closed loop compost for plants on our roof terrace

Operate continued

Offsetting our emissions

Our strategy

Our offset strategy is designed to prioritise emission reduction measures with offset mechanisms utilised to compensate for residual emissions that cannot be eliminated immediately or entirely.

We focus on the highest quality carbon offsets using criteria that includes factors such as Permanence, Additionality, Verifiability and Exclusivity, whilst ensuring the avoidance of social and environmental harms. Traditional carbon removal credits via afforestation have historically been our favoured option for offsetting our emissions but we recognise the limitations of these with regards to Permanence and Verifiability and have hence looked to improve upon this for our future emissions.

Our partnership with Climeworks

Climeworks Direct Air Capture removal carbon credits represent high quality offsets given their high permanence and the fact CO_2 removed is easily quantified. Their Direct Air Capture technology, which works solely off renewable energy, extracts CO_2 from the ambient air which is then permanently stored through rock mineralisation deep underground. We feel it is important to support nascent industries like this, which need to rapidly scale to meet the IPCC projections for required carbon removal quantities in Net Zero scenarios.

In 2024 we expanded our partnership with Climeworks, purchasing removal credits in a portfolio compromising Direct Air Capture, Enhanced Rock Weathering, Bioenergy with Carbon Capture and Storage (BECCS), Biochar and some afforestation/reforestation. Due to business growth and a desire to account for Scope 3 business travel, further purchases were necessary to keep Rothesay in line with the target to remain Net Zero from operations for the remainder of the decade. This agreement helps us secure longer-term access to high quality carbon removal capacity.

Offsetting operational emissions

Rothesay has again worked with Climate Impact Partners (formally Natural Capital Partners) to assess our operational emissions.[1] Against this we have purchased high-quality carbon credits to compensate for 1,756 tonnes of CO_2 emissions through support for the following Verified Carbon Standard emission reduction projects:

- Reforestation and Community Development, Ghana – https://www.climateimpact.com/global-projects/reforestation-and-community-development-ghana/
- Vichada Afforestation, Colombia – https://www.climateimpact.com/global-projects/vichada-afforestation-colombia/

1. Operational emissions relate to the YE 2023. This aligns the reporting period with our investment portfolio which sources emissions reported during 2024, which relate to the YE 2023 across our investments. Covers emissions from our premises, business travel and homeworking.

Section 3

Scenario analysis

In this section

Stress testing our corporate bond portfolio

We undertake climate scenario analysis to consider how different, highly uncertain climate-related risks may affect our business; reviewing results against our qualitative judgement and then refining our risk management approach where appropriate. We plan to continue developing our climate scenario analysis capabilities over time.

Stress testing our corporate bond portfolio continued

We intend to continue developing our climate scenario analysis capabilities in 2025.

Scenario analysis and scenarios selected

In their Phase IV release, Network for Greening the Financial System (NGFS) created two new scenarios: "Low Demand" and "Fragmented World", in addition to the four scenarios we explored last year, we have included the "Fragmented World" scenario for the purpose of stress testing our corporate bond portfolio.

Key Low Impact | Medium Impact | High Impact

Scenario	Forecast Policy Scenario (PRI)	Net Zero 2050 (NGFS)	Delayed Transition (NGFS)	Fragmented World (NGFS)	Hot House World (NGFS)
Transition risk	Medium	Medium	High	High	Low
Physical risk	Low	Low	Medium	High	High
Description	Represents a high conviction scenario of likely policy developments to reflect "real world" climate policies. Policies implemented by 2025 Paris Ratchet.	Transition to a Net Zero emissions economy starts immediately, with stringent policies and innovation limiting global warming to below 1.5°C.	Implementation of policies to drive transition implemented after 2030, resulting in a more sudden and disorderly trajectory.	Delayed and divergent climate policy response among countries globally, leading to high physical and transition risks. Countries with Net Zero targets achieve them only partially, while the other countries follow current policies.	No new climate policies introduced beyond those already implemented. Without action, greenhouse gas emissions continue to rise.
Temperature by end of scenario	Below 2°C	Below 1.5°C	Below 2°C	Between 2°C and 3°C	Over 3°C
Use case	Explores performance under current forecasts. Useful contrast.	Potential outcomes of achieving 1.5°C target.	Greatest stress for entities with high emissions and transition risk.	Potential performance in scenario with high transition risk and high physical risk.	Greatest stress for entities most exposed to physical risk.

Stress testing our corporate bond portfolio continued

The United Nations Principles for Responsible Investment (UN PRI) Forecast Policy Response (FPR) scenario models the impact of forecasted policies on the real economy to 2050, based on detailed effects of all emitting sectors.

The scenario anticipates policies will be adopted by the 2025 Paris Ratchet to limit warming to 1.8°C by 2100, with changes driven by corporate, civil and investor pressure, as well as climate impacts, changing weather patterns, and technology development. In contrast to NGFS scenarios described below, the Forecast Policy Response does not rely too heavily on carbon taxes to reach its objectives. Rather, additional policies within the energy and transport sectors (e.g. bans on internal combustion engines) are expected to help support decarbonisation.

The Network for Greening the Financial System (NGFS) has developed a range of climate scenarios which are broadly like the scenarios developed by the Intergovernmental Panel on Climate Change (IPCC). The scenarios cover an array of decarbonisation pathways, adapted to be directly relevant to the financial sector, with climate outcomes translated into impacts on macroeconomic variables, government policy (specifically a carbon tax) and certain asset prices. This allows potential impacts on company revenues and expenses to be modelled.

We believe these scenarios highlight the inherent uncertainty around how the decarbonisation of the global economy will ultimately unfold.

Implementing scenario analysis

We continue to use Planetrics as our chosen scenario analysis vendor for our corporate portfolio and details of their methodology can be found in our 2022 Climate Report.[1] Their bottom-up model allows us to quantify the impacts of climate risk on a company-by-company basis, disaggregated into transition risk, carbon costs and changes in demand arising from the transition to a low carbon economy and physical risk, arising from the macroeconomic impacts of acute (for example, extreme weather events) and chronic (for example, sea level rise) physical risks.

Projected changes to a given issuer's earnings are translated into rating and probability of default changes that can be aggregated for the portion of the portfolio that we have data for, which is similar to last year. We assess climate risk with and without assuming companies meet their climate targets, representing the bookends of potential outcomes in the various climate scenarios.

Outputs and interpretation

At a total portfolio level, the overall results were very similar to those we presented in our 2023 Climate Report. Net Zero 2050 is the scenario in which the portfolio has the highest transition risk with the Delayed Transition scenario also presenting similar results.

1. This report has been created by Rothesay drawing on selected data provided by Planetrics, a McKinsey & Company solution (which does not include investment advice). This report represents Rothesay's own selection of applicable scenarios selection and/or its own portfolio data. Rothesay is solely responsible for, and this report represents, such scenario selection, all assumptions underlying such selection, and all resulting findings, and conclusions and decisions. McKinsey & Company is not an investment adviser and has not provided any investment advice.

Stress testing our corporate bond portfolio continued

The analysis has been used to identify higher-risk climate sectors, in particular Automotives, Energy, Real Estate, Transportation and Utilities, which has been represented in the heatmap below.

Sector	Risk RAG Status[1] 2030	2040	2050
Asset Backed	G	G	G
Automotive	A	R	R
Banking	G	G	G
Basic Industry	A	A	A
Capital Goods	G	A	A
Consumer Goods	G	G	G
Energy	R	R	R
Financial Services	A	A	A
Government Guaranteed	G	G	G
Healthcare	A	A	A
Insurance	G	G	G
Leisure	G	G	G
Local Authority	G	G	G
Media	G	G	G
Real Estate	R	R	R
Retail	A	A	A
Services	G	G	G
Technology & Electronics	G	A	A
Telecommunications	G	G	G
Transportation	R	R	R
Utilities	R	R	R

R = Red A = Amber G = Green[1]

1. RAG status shown in the table based on the maximum proportion of the portfolio downgraded by 2030, 2040 and 2050 respectively across the various scenarios.

These sectors largely align with those monitored in our existing qualitative climate scoring framework that forms part of our investment judgement. The framework identifies carbon intensive sectors including Energy, Transportation and Utilities, and assesses the ability of individual issuers operating in these sectors to transition credibly.

The largest exposure to climate risk comes from the Utilities sector, which also sees significant variation in stressed outcomes, reflecting the size of exposure to the sector and its importance in reducing emissions through investment in renewables and electricity networks. This reflects our higher allocation to the sector which is essential for decarbonisation. Alongside Utilities, both Automotive and Energy sectors also presented significant variation in stressed outcomes, indicating both the potential vulnerability of the sectors as well as the importance of our issuer selection approach being focused on strong performers to help manage these risks.

It is unsurprising that these sectors will be significantly affected by transition risk given emissions and capital intensity, as well as revenues derived from high carbon products. Within the Energy sector, oil and gas majors continue to face downgrades with no upside in climate transition scenarios if climate targets are not met as global energy mixes are expected to shift away from fossil fuels towards renewables and other cleaner forms of energy. Our exposure to oil and gas majors remains small (below 1%) and is focused on those companies which are better positioned for transition.

Stress testing our property portfolio

The geographic breakdown of our portfolio demonstrates limited direct exposure to locations most exposed to physical risk. We have identified flood risk in our property portfolio as the most material physical risk within the investment portfolio and therefore have taken specific measures to integrate flood risk in our risk management processes.

The details of our flood assessment approach on our UK property portfolio were outlined in our 2021 ESG Report.[1] This was refreshed in 2024 and continues to show that our risk to flooding does not pose a significant financial risk, and as mentioned last year, to better support ongoing management, we refined the underwriting process with a number of our mortgage lending partners by replacing the flood check which used the Environment Agency's flood map for planning with a more granular data set provided by Twinn, previously Ambiental, and which differentiates between individual buildings, and provides an individual assessment and score.

For our residential mortgage loans in the Netherlands, our origination partner provides us with a monthly report regarding flood risk impact in terms of expected loss on our portfolio. However, as with the UK portfolio, we updated our flood assessment and this risk remains a small proportion of the current property value after considering defences present in the Netherlands.

When assessing transition risk in our property portfolio (distinct from our corporate portfolio scenario analysis) we have continued to use the Bank of England (BoE) scenarios as published in their 2021 Climate Biennial Exploratory Scenario (CBES), allowing for inflation on the estimated costs, as part of our ongoing review to assess the impact on the lifetime mortgages portfolio. Stresses to property values indicated a small reduction in the mortgage portfolio value like last year, should such energy efficiency measures be brought in.

Limitations of corporate and property analysis

1. **Gaps in corporate bond issuer data:** For many issuers it is difficult to obtain all the data required for a successful model run. We have mitigated this limitation to some extent through the use of proxies.
2. **Corporate modelling simplifications:** Necessary simplifications have had to be implemented for pragmatic reasons. These also include the credibility of company targets and sector-specific features such as competitive (or monopoly) positions, cost recovery or technological progress.
3. **Physical risk modelling for corporate bonds:** Physical risk is often geographically concentrated in a handful of assets and currently, there are data challenges in identifying concentrated physical risks.
4. **Energy Performance Certificates (EPC) and emissions data for property modelling:** EPC data availability remains a limitation in our analysis, along with accurate costs to upgrade EPC ratings via heat pump solutions and therefore we take these results with a degree of caution until data availability improves.
5. **Static portfolio approach:** Scenarios have been employed ignoring potential management responses to climate change, which can help mitigate impacts and best position the portfolio to benefit from the low carbon transition.
6. **Stress severity:** Some of the most severe impacts we can expect from climate change, such as tipping points and feedback loops, have been not been modelled given the significant uncertainties and methodological challenges associated with modelling these impacts.

1. P32–37, Environmental, Social and Governance Report 2021, https://www.rothesay.com/media/lp0n5guy/rothesay-esg-report-2021-pdf.pdf

Stress testing Considerations

Portfolio resilience

1. **Diversification of investment portfolio:** Across and within sectors helps us avoid concentration risk.
2. **Limited exposure to price risk:** Our investment philosophy of matching liability durations versus other investors that may trade in and out of positions frequently reduces our exposure to bond price risk.
3. **In-house investment capabilities:** Our ability to manage our investment book in-house gives us the flexibility to trade out of positions as a last resort for issuers that don't respond to active engagement.

Management response

1. **Development of our climate scenario analysis capabilities:** We intend to continue to identify ways to improve both the coverage and quality of data used in our scenario analysis.
2. **Monitor higher-risk sectors:** Identified using climate scenario analysis in our qualitative climate scoring framework that forms part of our investment judgement. For those issuers and sectors that carry more material downside risk under some scenarios, we will consider the appropriate response for those sectors, including within our Own Risk and Solvency Assessment (ORSA), within our wider risk management and investment strategy.
3. **Asset selection approach:** Our orientation and asset selection are focused on well-positioned issuers with a robust transition plan.
4. **Improve EPC data:** Via several of the lenders that we partner with to offer Equity Release Mortgages, we offer free EPCs to improve the data used in our analysis. This provides us with estimated CO_2 emissions and property ratings for the properties in our portfolio.

Section 4

Risk management

In this section

Our risk management approach

Our climate risk management approach is fully embedded within our Risk Management Framework as part of a holistic approach for the identification, measurement, and monitoring of risks.

Rothesay's approach is set out in our Risk Management Framework and our public Responsible Investment and Stewardship Policy.

The framework requires the application of clear risk management processes at the point of asset purchase, during receipt of assets through pension risk transfers and then throughout the holding period of all our investments. This includes screening for any higher risk areas as outlined in the Strategy section of this document. We continue to develop, and quantify where possible, our assessment of these climate risks.

This work is led by a team of dedicated Sustainability analysts, who support the analysis of climate issues and facilitate the embedding of climate-related considerations across the business. Our process for the identification, assessment and management of risks relies on a broad range of sustainability factors. From a climate perspective, our framework considers physical, transition and liability climate risks. Climate risk can materialise through many of our key risk channels and so climate is seen as a cross-cutting risk, though the channel through which its effect is greatest is credit risk. As well as in this report, we outline the management of climate risks within our ORSA.

We manage our overall portfolio exposure to climate and broader sustainability risks by utilising both qualitative and quantitative metrics.

Quantitative indices such as the Carbon Intensity and Financed Emissions of the portfolio are monitored at portfolio, sector and individual issuer level. Monthly information on concentration to Climate Material sectors and Climate Opportunities are shared with key stakeholders. We also manage our climate risk exposure at the issuer level by assessing ongoing developments in their climate risk management strategy and performance against target metrics, including emissions reductions.

Two of our business's Key Risk Indicators (KRIs) relate to the Carbon Intensity of our portfolio: one for the total portfolio and one for the Publicly Traded Corporate Debt (PTCD) sub-portfolio. In both cases we are managing towards a 50% reduction in the Carbon Intensity by 2030. This information is included within our Management Information which is shared with management on a weekly basis as well as regularly with the Sustainability Committee, Executive Risk Committee, and the Board. These will be discussed in further detail in the Metrics and targets section of this report.

Materiality-based framework

We take a materiality-based approach to the management and prioritisation of climate-related risks. Heightened scrutiny, based on clear materiality thresholds, is triggered as the associated climate risk or opportunity increases to ensure focus is on those entities with the greatest likelihood of having a significant impact on our exposure to risk.

From a climate perspective, our focus is on financing the transition to Net Zero by preferentially investing in entities with clear transition plans and which are instrumental in effecting real-economy emission reductions. Where climate issues are current and deemed significantly material based on an internal assessment, issuers may be added to the Credit Watchlist, as appropriate per the existing risk framework.

Our risk management approach continued

Climate Scorecard

We continue to refine our climate scoring approach to identify, prioritise and assess assets with elevated exposure to climate risk, for which more detailed analysis is undertaken. A score is allocated to all issuers within the portfolio based on the materiality of climate impacts.

This climate score supports our assessment of an issuer's exposure to transitional and physical climate impacts and enables us to assess the nature, likelihood and magnitude of risks identified. On a scale of 0–5, those issuers screening at 3 or above are deemed to have material climate sensitivity. Those allocated a 0 score are classified as Climate Opportunities.

This is based on a combination of:

- a sector score reflecting the challenges posed by the response to climate change in terms of long-term demand and available abatement technology; and
- an issuer transition score which reflects an assessment of the effectiveness and credibility of the issuer's response and management of transition risk.

The identification of high transition risk issuers considers the below parameters within the scoring process to assess the potential size and scope of potential climate-related risks:

1. Issuer operation in either a high transition risk sector (carbon intensive sector) or supporting climate mitigation/abatement (climate opportunity)
2. High current emissions (identified as 4x our portfolio S1+2 Carbon Intensity average)
3. Issuer progress in managing transition (inputs to this assessment include the quality and ambition of targets, SBTi alignment and issuer track record in managing emission reductions).

Evidence of high transition risk which is not being effectively managed could also result in higher litigation risk. Qualitative assessment of this risk is also captured in our issuer assessment. The scoring framework also considers a physical risk assessment for investments with relatively fixed geographic location.

The use of scores provides a quick and easy way to understand climate exposure within our existing risk framework and is updated as the targets and/or performance of an issuer evolves. Issuers with high climate scores are natural candidates to be included in our programme of engagement. Changes to scores and percentage of market value (MV) of material climate issuers in our portfolio are regularly reported in management information shared with the Executive and Board Risk Committees.

Our risk management strategy for climate includes consideration of duration and liquidity of positions. If an issuer is running material climate risk and we have some questions about their strategy, we may opt for shorter dated maturities investments or choose the most liquid securities. This helps us to ensure we can adapt our approach and appropriately respond as longer-term climate-related impacts crystallise, or issuers do not align with our expectations.

We record our money market funds alignment with the Sustainable Finance Disclosure Regulation (SFDR). In 2024, most of our funds remained Article 8 aligned. During the onboarding of a new fund, consideration of their SFDR alignment was included in information shared with Credit Committee.

Where Rothesay funds the origination of mortgages in the UK, our lending criteria include a specification of the type of properties that are acceptable including factors such as construction, location, and environmental perils such as flood risk.

Where an asset needs to be rated internally, any climate risk that is material to the credit risk arising during the life of the investment is expected to be captured during the assessment.

Our risk management approach continued

We have formalised our sustainability horizon scanning process through the creation of a specific Sustainability Committee sub-group, responsible for proactively identifying, evaluating, and determining the necessary next steps, where required, to align with evolving climate-related mandatory requirements and best practice. In 2024, an example of this group's work included ensuring we are able to evidence our alignment with the FCA's anti- greenwashing rule.

Geographic variations

Our investment strategy for our portfolio is focused on investments in OECD countries. This reflects the management of our portfolio to protect policyholder interests and align with our sustainable and stewardship goals, due to the robust regulatory frameworks and transparency of these jurisdictions. Consideration of environmental and social concerns are also regularly included in regulatory and legislation expectations, encouraging public reporting and responsible business practices of companies operating in these regions.

Rothesay's investment portfolio is focused on highly rated assets in the UK, US, EU, and Australia. To reflect geographic differences appropriately, we have undertaken peer comparisons of companies within specific sectors and geographies to compare and understand issuer performance not just within sectors globally, but also within operating regions.

Physical risk considerations

As previously noted, while we accept investments with transition risk, where this is being effectively managed, we seek to avoid material physical risk. Most of our exposure is within jurisdictions with lower comparative physical risk, however there are still some regions where specific physical hazards could have material impacts. This is most severe for investments tied to locations with elevated exposure to physical risks such as flooding or wildfire, including for example property backed investments or corporates with operations concentrated in susceptible regions such as our utility and non-profit healthcare issuers based in California. As part of our Executive Risk Committee approval process, an entity's exposure to physical climate risk is assessed.

This includes geographical vulnerability to certain hazards (e.g. flooding or wildfire), adaptation actions in place to reduce risk and broader considerations such as insurability. Screening for the array of perils across geographies and all investments is a challenge, but we are continually seeking to enhance our capabilities with discussions underway with potential data vendors.

Carbon intensive sectors

11% of Rothesay's portfolio at YE24 was invested in sectors that we deem the most vulnerable to climate risk.

Climate risks manifest in several ways. It may be that a company engaged in activity that produces high emissions will face policy risk. Or a company's supply chain could be threatened if, for example, a raw material's supply was restricted by a flood or a drought. To identify and monitor these sectors, we review our sector exposure to climate risk through assessment of concentration of emissions, industry guidance and analyst views.

We conduct a mapping exercise of our portfolio against industry codes to classify each asset. Based on our framework, the key sectors at risk include Transport, Materials, Oil and Gas, and Utilities.

The YoY increase in this number is consistent with our portfolio commitments, as we expect to see short-term fluctuations given our portfolio growth and strategy to deploy capital to carbon intensive industries with credible plans for transition as part of our long-term goals. Further details can be found in the Metrics and targets section of this report. Our investments to support the transition continue to be predominantly deployed in the traditional Utilities sector but we also have an allocation in Pure Renewables (0.5%).

	% Portfolio in Carbon Intensive Sector	
Sector	**YE24**	**YE23**
Materials	0.3%	0.1%
Oil and Gas	0.7%	0.4%
Transport (excl. Rail)	2.6%	2.8%
Utilities	7.6%	6.2%
Total	**11.2%**	**9.5%**

Our internal climate scorecard considers the specific activities and exposure of entities operating in these sectors to determine whether additional monitoring and scoring is required. This creates a Rothesay-specific view of the most material climate sectors within our portfolio. Where an entity has most of their activity taking place in one of these sectors, they are subject to additional analysis and allocated a "climate material" score on our climate scorecard. Where an entity is highly dependent on one of these sectors, this is also taken into consideration under this framework.

As discussed in the Engage section, engagement is a critical part of our climate risk management framework. We use engagement to ensure we maintain an appropriate understanding of risks to which our borrowers are exposed and promote positive change where possible. Our engagement covers a broad range of stakeholders including a particular focus on issuers within our investment portfolio alongside pension fund trustees, industry groups and regulators and policyholders, to support us in effectively managing our climate-related risks.

Position statements

Rothesay's responsible investment strategy takes a case-by-case risk-based analysis approach. This involves considering the individual characteristics of our investments, including climate factors, to support appropriate decision making. This means we do not, in general, need to rely on policies of exclusion because our risk analysis will preclude material investment in issuers usually caught by such policies.

While the absence of a position statement should not be taken as evidence of material holdings in a sector, there are some areas where we have chosen to make public explicit exclusions in relation to our investment appetite. This includes no financing of new direct thermal coal activity and no investment in companies that derive more than 10% of their revenue from the production of controversial oil and gas. Full details can be found in our Responsible Investment and Stewardship Policy.

"Climate opportunity" financing

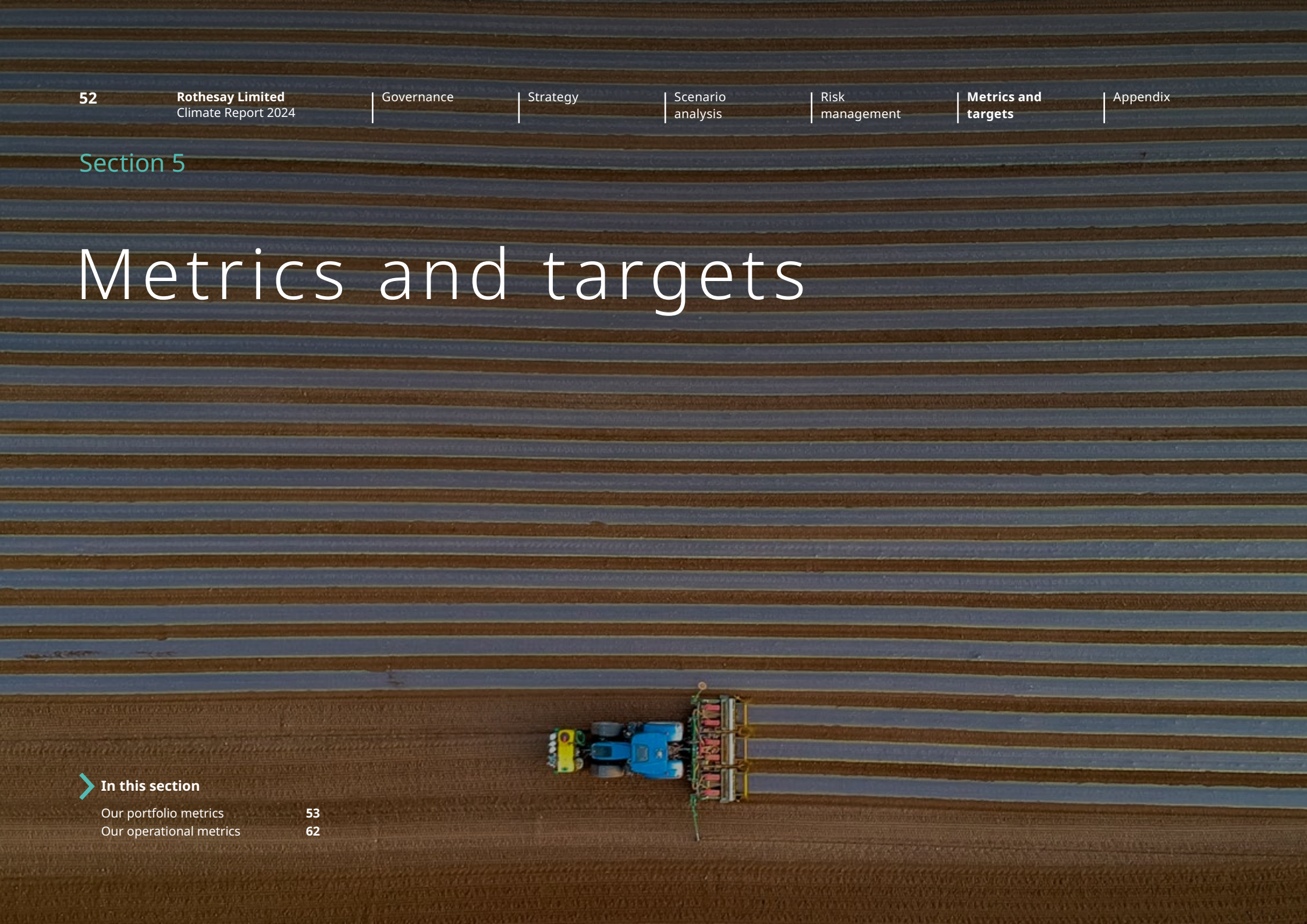
We monitor investments that we classify under the umbrella term "climate opportunity". This group of assets captures entities that, after review under Rothesay's climate framework, have been deemed to meet the following definition:

"We consider climate opportunities to be investments that finance activities such as renewable energy, low carbon energy, energy efficiency projects and pollution control."

In 2024, 2.2% of our portfolio was classified this way, with the majority of the exposure coming from low carbon energy issuers.

Section 5

Metrics and targets



In this section

Our portfolio metrics

Rothesay is committed to transitioning our investment portfolio to Net Zero greenhouse gas emissions by 2050.

Our targets

To track progress on the transition of the investment portfolio to Net Zero, we have a number of additional targets in place:

Target	Base Year Value (2020 unless stated otherwise)	YE24 Value	Change vs Base Year (%)
50% reduction in the Carbon Intensity of our portfolio by 2030	211[1]	**123**	-41%
50% reduction in the Carbon Intensity of our PTCD aligned sub-portfolio by 2030	222[2]	**126**	-43%
1.5°C portfolio temperature alignment	2.7°C (2021)	**1.8°C**	N/A

1. These numbers were rebased in our 2021 ESG Report due to data adjustments. Details can be found in our 2021 ESG Report.
2. These numbers were rebased in our 2021 ESG Report.

In the following assessments, in addition to publishing the numbers as completely and transparently as possible, we try to explain drawbacks and unintuitive features of the metrics we use. We also look to attribute the drivers behind year-on-year changes in our metrics, whether they are caused by genuine emission reductions, issuer revenues or changes in our estimation methodology.

Information on scope and methodology of our climate data can be found in the Appendix on page 77 of this report.

Our portfolio metrics continued

Our climate metrics

- **Carbon Intensity:** Each year, we undertake an exercise to measure Carbon Intensity across as much of the portfolio as possible, including all issuers in high emissions sectors. While a revenue-based measure of Carbon Intensity allows for comparisons among the broadest range of issuers, it has the drawback, in inflationary times, of flattering the steepness of emissions declines as revenue increases become disconnected from production increases. We actively monitor the impact of trading decisions and issuer actions on CI reductions, and with an eye on our targets, we have developed weekly internal reporting to follow the evolution of the Carbon Intensity as the portfolio's composition varies, be that due to trading or to changes in market levels for FX and interest rates. We also report a Partnership for Carbon Accounting Financials (PCAF) data quality score for this metric.
- **Financed Emissions:** Tracking the share of issuer emissions for which Rothesay can be deemed responsible by virtue of the portion of their balance sheet we finance is at first sight more useful. For the Financed Emissions of a growing business like ours, however, one needs to try to separate the effects of issuer activity from that of additional assets. The obvious way to do that is to track Financed Emissions per unit invested (often called Carbon Footprint), though we note that this also fails to provide a pure measure of decarbonisation, given the market value denominator is affected by wider factors such as FX and interest rate movements. To mitigate against this impact, we have also begun monitoring our Carbon Footprint using notional value as the denominator.[1] We also lend to several issuers for whom it is easy to obtain revenues but not possible to find the size of the full balance sheet and so lower coverage is a result of using this measure.
- We continue to report an additional level of breakdown for Carbon Intensity, showing the attribution of changes for our total and PTCD portfolios. These are split between the following categories:
  - Trading actions
  - Issuer revenue changes
  - Issuer emission changes
  - Other impacts (for example, exchange rates, new data sources)

1. Defined as: Notional value – In respect of a financial instrument or investments, its total face value or amount, for example the principal amount outstanding of a loan or bond. Market value – In respect of a financial instrument or investments, the price at which it is reasonably expected that it can be bought or sold in the open market in normal conditions.

Our portfolio metrics continued

Data sources and availability

With climate change firmly embedded into our risk management framework, climate data is of increased importance as we look to monitor our exposure to climate risks and opportunities. When conducting active portfolio management, the need for accurate and up-to-date data is imperative when making buy/sell decisions.

We have primarily used climate data from Bloomberg, MSCI, CDP and Planetrics for this Climate Report.

The Appendix of this report outlines the scope and methodology for our portfolio metrics, including details of our Carbon Intensity estimates.

Aggregated Carbon Intensity for the Rothesay investment portfolio

Rothesay reports the Carbon Intensity (CI) of our investment portfolio on a revenue basis, covering Scope 1 and Scope 2 emissions for the constituent issuing entities. For Rothesay these make up the bulk of our Scope 3 emissions and we analyse them independently from the rest of the emissions with which the firm is associated.

For our portfolio, as constituted at year end 2024, the average Carbon Intensity was 123 tCO_2e/$m revenue, a reduction of 4% from our portfolio CI at year end 2023. Note that due to misalignment between the publishing of emissions data and our reporting dates, this disclosure is based on data reported by companies in 2024, which is related to their 2023 financial year data.

Scope 3 emissions

Our portfolio climate metrics are reported based on the Scope 1 & 2 emissions of issuers within our portfolio.

This is where the most consistent and available data exists. However, issuer Scope 3 emissions can be fundamental to gaining a full understanding of potential climate risk and of the likelihood of issuers meeting their Net Zero targets.

Scope 3 emissions are the result of activities elsewhere in the value chain of the entity, i.e. indirect emissions. These include emissions produced through purchased goods and services, business travel, use of products sold and investments. Given their diverse nature and reliance on disclosure by other parties, disclosure rates by companies remain low (44% of our total portfolio), compared to 92% Scope 1 & 2 and this reporting is not always comprehensive. For example, it is common for entities to only disclose business travel emissions, given these are more easily calculated and required by certain disclosure regulation (e.g. UK SECR requirements). This means that while an entity discloses some Scope 3 emissions, these may not be complete and therefore provide an inaccurate reflection of their activities reducing comparability. Given these limitations we do not currently disclose the Carbon Intensity of our investments on a total (Scope 1–3) basis.

Category	% portfolio with any Scope 3 data available
Supra/Sov/Public	13%
Corporate	85%
Property	40%
Total	**44%**

Where we find it useful for analysis of issuers in our internal climate risk framework, such as our climate scorecard for climate material sectors, we do consider relevant Scope 3 data. These emissions are particularly relevant and necessary to assess the full environmental impact of some sectors' activities.

We assess the comprehensiveness of Scope 3 reporting as well as the extent to which transition plans and targets consider the full value chain and anticipate a reduction in demand. Where an entity is misaligned with these expectations, this is reflected in a downgrade in their climate score and identified as an engagement area. This ensures we take actions to increase the completeness of the climate data of our investments and therefore we are well positioned to make informed investment decisions.

Our portfolio metrics continued

Portfolio breakdown

This table shows a detailed breakdown of movements in Carbon Intensity (CI) by asset class. Details on the methodology used for each asset class can be found in the Appendix.

PCAF Score is a metric developed by the Partnership for Carbon Accounting Financials which expresses the quality of an estimate of emissions data on a scale from 1 to 5. Further details on this metric can be found on the following page.

Category	Weighted Average CI (tCO_2e/$m)	PCAF Score	Data Coverage (% MV)	Covered MV	Total MV	2023 YE Adj. WACI (tCO_2e/$m)	YoY Change % vs 2023
Supra/Sov/Public	**129**	**2.2**	**93%**	**25,333**	**27,223**	**143**	**-10%**
UK Sovereign	105		100%			130	-19%
UK Sovereign Guaranteed	12		80%			32	-62%
US Sovereign	249		100%			281	-12%
EU Sovereigns	120		100%			221	-46%
Other Sovereigns	235		100%			332	-29%
Supranationals	0		100%			0	-19%
UK Sub-Sovereigns	54		94%			57	-6%
EU Sub-Sovereigns	65		100%			71	-9%
Other Sub-Sovereigns	1262		77%			1167	8%
UK Public Finance	17		100%			21	-18%
US Public Finance	27		74%			44	-39%
Corporate	**145**	**1.5**	**92%**	**21,500**	**23,364**	**139**	**4%**
Infrastructure and Utilities	326		92%			339	-4%
Other Corporate Bonds	36		92%			23	62%
Covered Bonds	1		100%			1	-48%
Secured Financing	4		71%			5	-26%
Bonds with CDS protection	23		100%			18	31%
Property	**93**	**3.2**	**90%**	**19,875**	**22,077**	**103**	**-9%**
Ground Rent Funding	142		95%			142	0%
Social Housing	19		100%			18	-4%
REITs	37		89%			44	-16%
UK Mortgages	187		100%			207	-10%
Dutch Mortgages	84		100%			82	3%
CRE	24		65%			45	-46%
UK FFT	182		100%			185	-1%
French Mortgages	N/A		N/A			N/A	N/A
Overall Portfolio (ex. UCTIS MM Fund/Cash)	**123**	**2.3**	**92%**	**66,707**	**72,664**	**128**	**-4%**

Our portfolio metrics continued

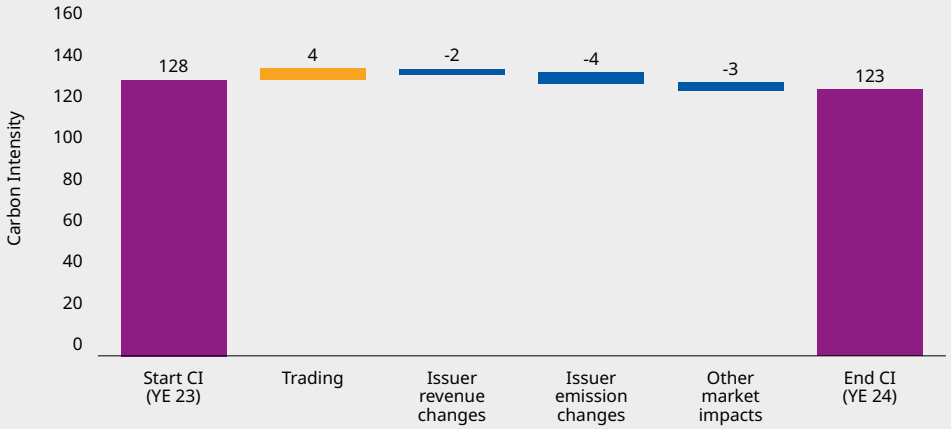
Portfolio breakdown continued

In our 2023 report, year-on-year revenue increases had a significant impact on our portfolio CI reduction, largely as a result of price inflation effects and the increased demand following the removal of major COVID restrictions in 2022. These largely reversed in 2023, with revenue reductions seen across a number of asset classes as prices and demand normalised. However, this was also accompanied by strong emission reductions, particularly for our Corporate linked assets, and revenue increases for our Property assets.

This once again showed the material short-term impacts that significant global events can have on the revenues and emissions of our investments. For Rothesay, this reinforces the need to set and monitor targets over medium to long-term time periods and ensure that issuers can implement and carry out their emission reduction plans before we make a divestment decision.

We also remain open to investing in higher intensity issuers where we have high confidence in their appropriate decarbonisation plans. Investment in such entities can lead to a short-term increase in Carbon Intensity, as seen by the contribution of trading decisions in the waterfall chart, with significant emissions reductions expected over time. As discussed in the Strategy section, we monitor high CI issuers closely to ensure their activities continue to meet our expectations.

Attribution of the drivers for Carbon Intensity change in our total portfolio



Data coverage and quality

As described in the Risk Management section, one of the key objectives of our engagement approach is the drive for increased and improved climate disclosure across our investments.

One of the key challenges of climate data remains the availability and transparency of entity reported emissions data. To help assess these issues, we use the PCAF quality scores, based upon data quality scorecards, developed by PCAF, which assess the standard of climate data on a scale of 1 to 5. A score of 1 indicates that an entity has reported emissions data that has been verified by a third party, while a score of 5 indicates that estimates have been made using limited available data.

Our portfolio score at year end 2024 was 2.3 (YE 23 – 2.5), with our improvement deriving from better PCAF scoring for our sovereign entities.

Category	Supra/Sov/ Public	Corporate	Property	Total
PCAF Score	2.2	1.5	3.2	**2.3**

Data coverage and quality remain key focus areas for our engagement strategy, and we will continue to encourage improved climate-related disclosures for our investment portfolio and work to source additional climate data to help fill any remaining gaps.

Our portfolio metrics continued

Publicly Traded Corporate Debt (PTCD) sub-portfolio
We track the CI of both the whole portfolio and our PTCD sub-portfolio, defined as listed issuers with an ISIN and reported data in the Corporate category (excluding Secured Financing) together with the REITs component of the Property category. This sub-portfolio was created due to strong data availability for these issuers compared to other asset classes when climate reporting was first initiated in line with industry. It represents a large percentage of our unsecured corporate and REITs portfolio. The PTCD sub-portfolio has a size of £17bn and represents 26% of the full portfolio.

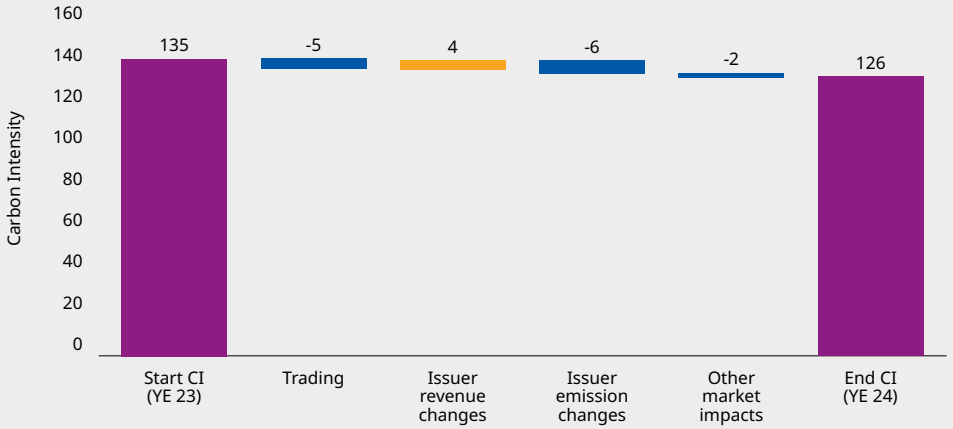
Last year we set a new commitment to reduce the CI of our PTCD sub-portfolio by 50% by 2030. This year we have seen progress against this target with a decline of 4% to 126 tCO_2e/$m.

PTCD Sub-Portfolio	2024	2023	2022	2021	2020
Weighted Average CI (tCO_2/$m)	**126**	135	165	184	222
YoY Change	**-4%**	-18%	-10%	-17%	

Again, it is important to assess what is directly driving year-on-year changes in our portfolio CI.

As expected, we saw a reversal in issuer revenue, following large increases in the 2023 report. This was particularly notable in the Energy sector, which benefitted from short-term demand increases in 2022. The transient revenue effect has been outweighed by issuer emission reductions and investment decisions taken by our Trading team throughout the year.

Attribution of the drivers for Carbon Intensity change in our PTCD portfolio



Our portfolio metrics continued

Financed Emissions

In our 2021 ESG Report we provided, for the first time, an inventory for the Financed Emissions of our investment portfolio. The table on the next page is the updated version for 2024.

The percentage allocation to Rothesay of an issuer's emissions is the proportion of Rothesay's nominal investment holding of the total balance sheet size of the issuer (the denominator in the calculation).

The denominator chosen varies by asset class as follows:

1. For property loans it is the market value of the property
2. For corporate bonds it is the EVIC (market value of equity plus nominal value of debt including cash) of the corporation
3. For sovereigns it is the GDP measured in 2021 Purchasing Power Parity USD.

We also express the Financed Emissions per £m of investment, which we denote as Carbon Footprint, on both a market and notional value basis. Our approach to the calculation of EVIC and Financed Emissions is to closely align with the Partnership of Carbon Accounting Financials (PCAF) methodology.[1]

As our portfolio has grown in size to match our liabilities, we have seen an increase in our Financed Emissions to 5.4m tCO_2e (YE23: 4.1m tCO_2e). We use Carbon Footprint metrics to normalise Financed Emissions and allow us to track how our portfolio decarbonises, given its size and composition may change year on year. Our Carbon Footprint, as measured on a market value basis, is 86 tCO_2e per £m (YE23:76 tCO_2e). This rise has been heavily influenced by changes in market values relative to notional values as bond prices have risen over the year, showing the impact that outside effects can have when using market values. As a comparison we have also calculated our portfolio Carbon Footprint with a notional value denominator with a value of 72 tCO_2e per £m (YE23:69tCO_2e). The rise in notional Carbon Footprint can be explained by our increased deployment in Corporates and Sovereigns compared to 2023, partly driven by assets received from new pension transfers during the year. We expect fluctuations to this metric as we grow and take time to execute our deployment strategy. Our coverage of 87% remains consistent with last year's reporting.

1. Further information on this methodology can be found in the Appendix and PCAF guidance which can be accessed here: https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf

Our portfolio metrics continued

Category	Financed Emissions (tCO_2e) (000s)	Data Coverage EVIC (% MV)	Covered MV (£m)
Supra/Sov/Public	**3,894**	**88%**	**23,850**
UK Sovereign	2,348	100%	
UK Sovereign Guaranteed	7	63%	
US Sovereign	872	100%	
EU Sovereigns	161	100%	
Other Sovereigns	48	100%	
Supranationals	<1	100%	
UK Sub-Sovereigns	4	25%	
EU Sub-Sovereigns	22	100%	
Other Sub-Sovereigns	355	77%	
UK Public Finance	3	81%	
US Public Finance	75	74%	
Corporate	**1,334**	**88%**	**20,512**
Infrastructure and Utilities	1,025	85%	
Other Corporate Bonds	306	89%	
Covered Bonds	<1	100%	
Secured Financing	<1	71%	
Bonds with CDS protection	3	100%	
Property	**171**	**84%**	**18,606**
Ground Rent Funding	30	95%	
Social Housing	18	88%	
REITs	8	72%	
UK Mortgages	94	100%	
Dutch Mortgages	12	100%	
CRE	8	65%	
UK FFT	1	100%	
French Mortgages	N/A	N/A	
Overall Portfolio (ex. UCTIS MM Fund/Cash)	**5,399**	**87%**	**62,968**

Our portfolio metrics continued

Portfolio temperature alignment

Where data is relevant and available, we use temperature alignment scores to provide an additional dimension to our understanding of the climate characteristics of our holdings. This score is a forward-looking metric that gives consideration to the projected trajectory of a company's emissions from now to 2050 and compares it with a carbon budget compatible with 1.5°C that has been allocated to the company based upon both the difficulty of decarbonising its sector and the current market share of their sector. The greater the margin by which the company is expected to exceed its budget the more its temperature score exceeds 1.5°C.

Although very promising in theory, these types of scores are still in their infancy and should be treated with caution given their complexity and reliance on underlying data that may be incomplete and suffer from potential quality issues. Not only is the budget allocation somewhat subjective, but so is the estimation of the emissions trajectory which depends heavily on the reliance placed on any corporate targets being met.

We have assessed the temperature alignment score of our liquid corporate credit sub-portfolio (where data is most widely available) and continued to use the data provider MSCI. This year, we have focused on using the bottom-up approach to calculating the overall portfolio temperature alignment score that was introduced last year. That approach translates most consistently across asset classes as we look to build out a more complete view of the total investment portfolio as we evolve our Transition Plan. This approach does not rely on weighting individual issuer scores, rather it compares the aggregate issuer carbon budget that we are financing and compares it with the aggregate actual emissions we would expect to finance on behalf of the same issuers.

For 2024, our temperature alignment score was 1.8°C (a reduction from the result of 1.9°C reported in last year's report).

It is worth highlighting that this change is impacted by factors, aside from changes in the composition of our portfolio, that have had material impacts on final scores:

- A change in coverage (from 93% to 87% market value)
- A refresh of the underlying issuer projected emissions and budgets, reflecting updated company revenues, decarbonisation efforts, and targets as well as renewed global expectations regarding sector decarbonisation trajectories.

External factors continue to evolve, which may lead to changes in scores in future too, irrespective of investor action.

Portfolio temperature score	
Scopes 1, 2 & 3	1.8°C

We provide further information below to help understand the make-up of the portfolio score, dividing it into temperature categories. This shows 68% of our portfolio is Paris aligned (or better).

Temperature	MV %	% Emissions
<1.5°C	36%	27%
Paris aligned (1.5–2°C)	32%	18%
2–3°C	23%	45%
>3°C	9%	10%

Broader metrics

	YE24 (% MV Allocated)	YE23 (% MV Allocated)
Exposure to Material Climate Sectors	11%	9.5%
Climate Opportunity Financing	2.2%	1.7%
SBTi Alignment (commitment and/or approved targets)	50% (PTCD portfolio)	49% (PTCD portfolio)
SBTi Alignment (approved only)	44% (PTCD portfolio)	42% (PTCD portfolio)

As discussed in the Risk Management section, we monitor and report our exposure both to material climate sectors and climate opportunities and have seen an increase in exposure to both the Material Climate Sectors and our Climate Opportunity financing. Material Climate Sector exposure has predominately been driven by an increase in Utilities exposure. This sector remains an important deployment opportunity reflecting our desire to deploy where we get appropriate risk adjusted returns, with this assessment capturing climate considerations as appropriate.

We have seen an increase in the percentage of the portfolio with SBTi committed or approved targets. This is reported on our PTCD sub-portfolio (89% coverage) given the SBTi methodology is only available for corporate companies (not applicable for sovereign and standalone property). This information is also monitored within our climate scorecard as part of our transition assessment for each entity that meets the criteria for this assessment.

Our operational metrics

Our Streamlined Energy and Carbon Reporting aligned emissions.

Rothesay is committed to lowering our own operational emissions and our UK office has been supplied by 100% renewable energy since the beginning of 2021, as certified by the Carbon Trust. The following table displays Rothesay's energy consumption, CO_2 and other greenhouse gas emissions, and emissions intensity metrics for 2024, 2023 and 2022, as per SECR requirements.

Our operational metrics continued

We consider the market-based metric to be the most accurate reflection of our emissions, as it reflects the actual emissions associated with the electricity that Rothesay has consumed. We have also included location-based metrics for comparison. They use the average emissions associated with the electricity grid of the UK.

As indicated in the table below, employing the market-based metric reveals an increase in our CO_2e emissions in 2024, as we expanded our office to incorporate a further two floors. This action was taken to provide sufficient space for our Company to grow, and we expect the intensity metrics to fall over the coming years.

We have also estimated the operational emissions arising from our US and Australian offices, which were occupied by a total of 19 full time employees at year end 2024. With detailed meter readings not available, emissions have been estimated through our percentage occupation of total office floor space.

		2024	2023	2022
Energy consumption (kWh)		**2.225m**	1.444m	1.138m
Total CO_2e emissions (in tonnes)	Market based	**80**	55	60
	Location based	**451**	293	217
Scope 1 CO_2e emissions (tonnes)[1]		**78**	52	57
Scope 2 CO_2e emissions (tonnes)[2]	Market based	**–**	–	–
	Location based	**370**	238	158
Scope 3 CO_2e emissions (tonnes)[3]		**2.1**	2.9	2.7
Carbon dioxide emissions intensity				
Total CO_2e tonnes per UK FTE	Market based	**0.2**	0.1	0.2
	Location based	**0.9**	0.7	0.6

1. Scope 1 covers CO_2 emissions occurring from sources owned or controlled by Rothesay (e.g. gas). These are primarily calculated using meter readings, with the Area Method used to estimate Rothesay's contribution for communal office areas as detailed by The Climate Registry's General Reporting Protocol v3.0.
2. Scope 2 covers CO_2 emissions from the generation of electricity purchased by Rothesay. These are primarily calculated using meter readings, with the Area Method used to estimate Rothesay's contribution for communal office areas. Location-based values are estimated using conversion factors from the UK Government's GHG conversion factors for company reporting in 2024.
3. Scope 3 covers CO_2 emissions occurring from business travel in rental or employee-owned vehicles where Rothesay is responsible for purchasing the fuel. These are estimated from total mileage by using the "Average car" and "Petrol" conversion factor from the UK Government's GHG conversion factors for company reporting in 2024.

US/Australian Offices	2024	2023
Energy consumption (kWh)	**0.083m**	0.081m
Total CO_2e emissions (in tonnes)	**19**	19
Scope 1 CO_2e emissions (tonnes)	**<1**	<1
Scope 2 CO_2e emissions (tonnes)	**19**	19
CO_2e emissions intensity		
Total CO_2e tonnes per FTE	**1.0**	1.2

Our operational metrics continued

Determining our operational Scope 3 emissions

Last year, we engaged Climate Impact Partners to gain further understanding of the Scope 3 emissions for which we are responsible. This analysis, on our operational emissions in 2024, focused on gathering data for areas that are most applicable for our business operations.

No.	GHG protocol categories	Footprint (tCO_2e)	Includes
1	Purchased goods & services	16,190	Cloud, food, software, digital marketing, consultants, insurance, shipping, furniture, office supplies, training, cleaning, maintenance, textiles, and merchandise
2	Capital goods	77	Hardware
3	Fuel- and energy-related activities	144	Upstream emissions of purchased fuels and electricity (including that associated with business travel, commuting and electricity transmission and distribution losses)
4	Upstream transportation & distribution	Not applicable	Not applicable
5	Waste generated in operations	4	Waste and wastewater from the offices
6	Business travel	1,729	Flights, trains, taxis, carfare and hotel accommodation.
7	Employee commuting	52	From employee survey
8	Upstream leased assets	Not applicable	Not applicable
9	Downstream transportation & distribution	Not applicable	Not applicable
10	Processing of sold products	Not applicable	Not applicable
11	Use of sold products	Not applicable	Not applicable
12	End of life treatment of sold products	Not applicable	Not applicable
13	Downstream leased assets	Not applicable	Not applicable
14	Franchises	Not applicable	Not applicable
15	Investments – Financed Emissions	See Financed Emissions	Includes Scope 1 & 2 emissions of our investments – further information is provided in Our Portfolio metrics section above

Our operational metrics continued

Waste

Rothesay has estimated its production of waste in the UK office as a fraction of the total building's waste pro-rated by floor space. Recycled and anaerobically digested waste now represents 67% of our total waste output, up from 55% in 2023.

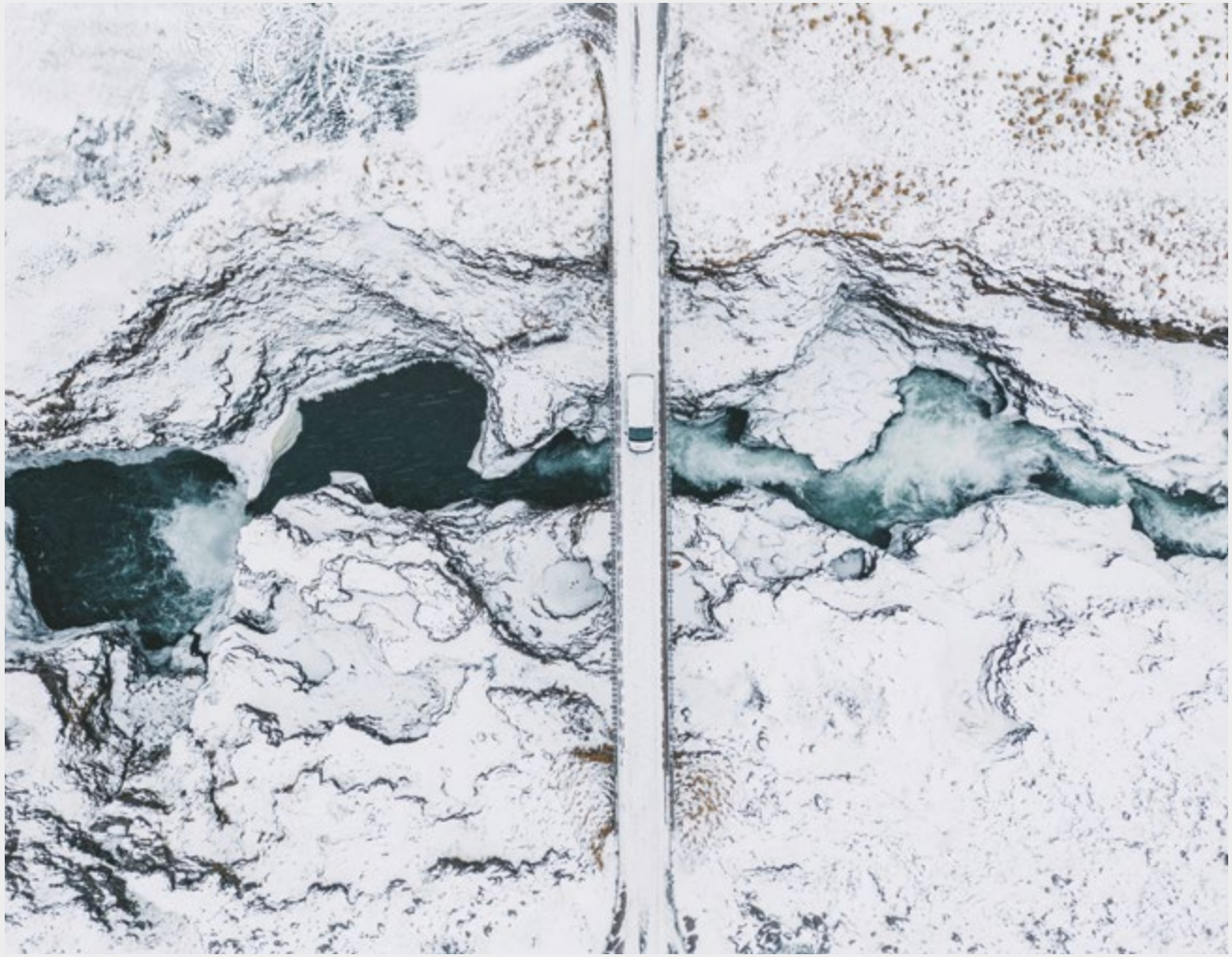
In 2024 Rothesay's UK employees disposed an average of 211kg of waste per employee (122kg per employee in 2023). Our building is in the process of implementing measures to allow us to measure our waste by weight for more detailed reporting.

The Post Building – Rothesay share (kg)

Stream	2024	2023
Recycled	**37,420**	19,312
Anaerobic digestion	**35,733**	9,940
Waste to energy	**36,549**	24,391
Total	**109,703**	**53,643**

Water

Rothesay's water consumption in our UK office, as a fraction of the total building's water usage pro-rated by floor space, was 5,705m^3 in 2024 (4,242m^3 in 2023).



Section 5

Appendix

In this section

Glossary

The multitude of terms and acronyms used in climate and sustainability discussions can often be challenging to understand. Rothesay is committed to ensuring our disclosures are clear, and not misleading. This glossary clearly sets out Rothesay's definition for each term and how these should be interpreted.

Term	Definition
Absolute Emissions	The total emissions of greenhouse gases (GHG) a company emits in a year. The various GHGs have different warming potentials, so they are converted into CO_2 equivalents so total emissions can be compared appropriately across companies.
BAU	Business as usual.
Carbon Footprint	The total greenhouse gas emissions produced by an individual, entity or activity, expressed in CO_2 equivalent (CO_2e). This can be expressed in terms of Notional Value or Market Value.
Carbon Intensity (CI) – general	Absolute emissions will vary reflecting the size of the company, as well as their specific operations. Carbon Intensity measures are used to adjust for company size, to better compare this "dirtiness." There are different measures of Carbon Intensity.
Carbon Intensity (CI) – revenue basis	Carbon dioxide equivalent emissions per million dollars of revenue (CO_2e/$m): This metric measures the carbon efficiency of a company's economic output.
CI reductions	Refers to value for CI going down during the stated time period. This may be driven by a number of factors, and it does not necessarily refer to a genuine reduction in greenhouse gases being emitted.
Carbon Neutral	Carbon dioxide emissions are balanced by carbon removed through activities such as carbon sinks or permanent carbon removal technologies such as direct air capture.
Carbon Offsets	An action intended to compensate for the emission of carbon dioxide into the atmosphere as a result of industrial or other human activity, especially when quantified and traded as part of a commercial scheme.
climate material	Lower case usage: Indicates an entity/sector/activity that has a greater likelihood of having a significant impact on our exposure to climate risk. Climate material (lower case) is used to indicate the broader approach to materiality assessment.
Climate Material	Upper case usage: Indicates an entity/sector/activity that after review under Rothesay's sustainability framework has been deemed to have significant exposure to climate risk. Entities deemed to be climate material (upper case) have specific characteristics that increase exposure climate change impacts and require additional monitoring.
Climate Scenario	A hypothetical but realistic representation of future environment constructed to support investigation of the potential impacts of climate change.

Glossary continued

Term	Definition
climate opportunities/ climate solutions	Lower case usage General term to discuss activities that relate to efforts to mitigate and adapt to climate change such as adoption of low emission energy sources, development of new products/services to support climate transition and building resilience.
Climate Opportunities	Upper case usage Indicates an entity/sector/activity that after review under Rothesay's sustainability framework has been deemed to meet criteria of specifically financing green opportunities, such as renewable energy investments, low carbon energy and verified green bonds.
CO_2e	Carbon dioxide equivalent – greenhouse gases (GHGs) all have varying warming potentials and therefore in order to report one metric, other GHGs are converted to CO_2 equivalent.
Corporate Social Responsibility	Management approach concept that seeks to encourage high standards of ethics and professionalism and positively impacts society through its culture and business processes.
Engagement	Interactions and dialogue conducted between an investor and a current or potential investee (e.g. company), or a non-issuer stakeholder (e.g. an external investment manager or policymaker) to gain information or influence investee practice or disclosure.
EPC	Energy Performance Certificate. Document that provides information on the energy efficiency of a property. Also gives a rating ranging from A (best) to G (worst).
Escalation	Escalation in the context of stewardship is the approach an investor takes if initial stewardship approaches are unsuccessful at achieving its objectives over a given time period. Escalation differs by asset class and investor type, but generally involves the use of increasingly assertive stewardship tools and activities, including reducing or exiting an investment.
ESG	Environmental, Social and Governance – a set of standards measuring a business's impact on society, the environment, and how transparent and accountable it is. Environmental factors focus on how an entity considers the environment, social factors focus on how an entity considers societal impacts, including employees, communities and stakeholders, and governance factors focus on an entity's operational approach and leadership.
EVIC	Enterprise value including cash. EVIC is defined as the company enterprise value without deduction of cash (EVIC) of the respective issuer. When data is sourced from Bloomberg this is calculated as Market Capitalisation + Enterprise Value Components + Cash and Marketable Securities. For other companies this corresponds to the total company equity and debt.
Financed Emissions	The emissions associated with our investments, in line with the GHG Protocol Scope 3 Category 15 definition.
Financed Emissions – reductions	Refers to the value of emissions that Rothesay are directly financing going down during the stated time period. This may be driven by a number of factors, and it does not necessarily refer to a genuine reduction in greenhouse gases being emitted by an entity.

Glossary continued

Term	Definition
Green	The concept that some activities are beneficial for the physical environment, based on an assessment against an appropriate set of criteria or benchmarks.
Green Bond	Bond instrument whose proceeds will be applied exclusively to finance or refinance, in part or in full, new and/or existing projects which contribute to stated and verified environmental objectives.
Green Taxonomy	A system that aims to classify whether an economic activity meets specific criteria, such as alignment with Net Zero or specific sustainable goals.
Greenhouse Gas Protocol	A global framework outlining best practice for measurement and management of greenhouse gas emissions.
Greenhouse Gas (GHG) Emissions	Gases that contribute to the greenhouse effect by trapping heat in the Earth's atmosphere.
Implied Temperature Rise (ITR)	A forward-looking temperature alignment metric that indicates how companies and investment portfolios align to global climate targets. It compares an entity/portfolio projected greenhouse gas emissions against a specific carbon budget and calculates an estimated overshoot or undershoot. This overshoot or undershoot is expressed in °C.
Inevitable Policy Response (IPR)	A type of climate transition scenario analysis that considers risks and opportunities associated with a forecast or 1.5°C required acceleration of policy responses to climate change.
Market Value	In respect of a financial instrument or investments, the price at which it is reasonably expected that it can be bought or sold in the open market in normal conditions.
Material Sustainability/ Climate Factors	Sustainability factors with a substantial impact on the current and future financial, economic, reputational and legal prospects of an issuer, security, investment or asset class. This term may also refer to factors related to significant impacts on people or planet. At a corporate or issuer level, the disclosure of a material sustainability factor would be reasonably expected by investors, as its omission, misstatement or obscuring could reasonably be expected to influence decisions that investors make on the basis of that reporting.
Net Zero	A state in which the human derived GHGs going into the atmosphere (anthropogenic emissions) are balanced by their removal out of the atmosphere (carbon sinks/removal).
Notional Value	In respect of a financial instrument or investments, its total face value or amount, for example the principal amount outstanding of a loan or bond.
Own risk and solvency assessment (ORSA)	An assessment of the risk to which the business is exposed as well as solvency forecasting in a range of scenarios, including consideration of the stresses that could jeopardise Rothesay's business plans.

Glossary continued

Term	Definition
Paris Aligned	Actions and financial flows that are consistent with the Paris Agreement's long-term goal of limiting global warming to well below 2°C and pursuing 1.5°C above pre-industrial levels.
Physical Climate Risk	Risks resulting from climatic events including acute and chronic impacts. Acute risks include droughts, floods, and wildfires. Chronic risks include rising temperatures, sea level rise, and an accelerating loss of biodiversity.
Publicly Traded Corporate Debt Portfolio (PTCD)	A sub-portfolio of our total portfolio comprised of listed issuers with an ISIN and reported data in the Corporate category (excluding Secured Financing) together with the REITs component of the Property category.
Radiative Forcing	The increased climate impact caused by flight-based emissions occurring higher up in the atmosphere than land-based emissions.
Real Economy Impact/ Decarbonisation	Refers to decarbonisation in the real economy which relates to the production, purchase and flow of goods and services within an economy, rather than financial economy (value of financial markets). Real economy decarbonisation relates to actual reduction in total GHG emissions being emitted and actions that directly result in this outcome.
Responsible Investment	The integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance.
Science-Based Target	A target, usually relating to emission reductions, which has been developed in line with scientific pathways to keep global warming below 2°C from pre-industrial levels.
Scope 1 Emissions	Measured in tCO_2e annually. Direct emissions that occur from sources controlled by the entity in question. For example, emissions from a gas-fired boiler on company premises.
Scope 2 Emissions	Measured in tCO_2e annually. Indirect emissions largely associated with the purchase of electricity by the entity in questions to operate their business and buildings including purchased electricity, municipal heating and cooling. Scope 2 emissions can be calculated as Location based – operational emissions using an average emissions intensity for the energy system on which energy consumption occurs (e.g. the emissions intensity of the local electricity grid) – or Market based – operational emissions using actual energy consumption of an entity (e.g. giving credit for renewable energy or green electricity tariffs sourced by the company).
Scope 3 Emissions	Measured in tCO_2e annually. Emissions that are the result of activities elsewhere in the value chain of the entity in question. These include emissions produced indirectly, through purchased goods and services, business travel, employee commuting, and investments. The Scope 3 emissions of one entity are the Scope 1 & 2 emissions of other entities.
Shared Socioeconomic Pathways (SSP)	A set of climate change scenarios projecting socioeconomic global changes up to 2100.

Glossary continued

Term	Definition
Streamlined Energy and Carbon Reporting (SECR)	Reporting on the energy use, carbon emissions and emissions intensity associated with our UK operations. It is calculated and reported in line with the Greenhouse Gas Protocol disclosure principles.
Stewardship	The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
Sustainability	A dynamic process that guarantees the persistence of natural and human systems in an equitable manner.
Sustainable	An activity that causes, or is made in a way that causes, little or no damage to the environment and therefore able to continue for a long time.
Sustainability Risks	An environmental, social or governance (ESG) event or impact that could cause a negative impact including financial and reputational.
Systematic Sustainability Issues	Issues that pose systematic risks to the common economic, environmental and social assets on which returns and beneficiary interests depend. Systematic risk refers to risks transmitted through financial markets and economies that affect aggregate outcomes, such as broad market returns or stability.
Temperature Alignment	A forward-looking metric that attempts to convey the future trajectory of greenhouse gas emissions of a given entity or portfolio in terms of its estimated global temperature rise.
Transition Climate Risk	Risks associated with the requirements for an entity to manage and adapt to changes related to reduction in greenhouse gas emissions and transition to a low carbon economy.
Transition Finance	Relates to the provision of financing to entities/activities that have high current emissions but have credible, verified plans that will result in steeply declining emissions in line with sector decarbonisation pathways.
Transition Plan	A transition plan sets out an organisation's approach for how it will align all its activities to Net Zero.
Weighted Average Carbon Intensity (WACI)	WACI can be considered at a company, sector or portfolio level. It is a measure of a portfolio's exposure to carbon intensive companies, where each position is weighted reflecting size of position in our portfolio.

Glossary continued

Organisations

Term	Definition
A4S	Accounting for Sustainability – organisation that seeks to inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy.
CFRF	Climate Financial Risk Forum – industry group, co-chaired by the FCA and Bank of England, to share best practice and solutions on climate issues, and accelerate financial sector firms' capabilities to manage the risks and seize the opportunities presented by climate change.
FCA	Financial Conduct Authority – the UK regulatory body that regulates the financial services industry in the UK. Its role includes protecting consumers, keeping the industry stable, and promoting healthy competition between financial service providers.
IPCC	The Intergovernmental Panel on Climate Change (IPCC) – an intergovernmental body of the United Nations. Its job is to advance scientific knowledge about climate change caused by human activities.
ISSB	The International Sustainability Standards Board – established by the International Financial Reporting Standard (IFRS) Foundation at COP 26. It has developed global sustainability standards to form a global baseline of sustainability information to support needs of investors. It includes IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.
NGFS	Network for Greening the Financial System – a network of central banks and financial supervisors that aim to accelerate the scaling up of green finance and develop recommendations for industry's role in climate change. NGFS climate scenarios bring together global set of transition pathways, physical climate change impacts and economic indicators.
NZAOA	UN-convened Net Zero Asset Owner Alliance – a member-led initiative of institutional investors committed to transitioning their investment portfolios to Net Zero GHG emissions by 2050 – consistent with a maximum temperature rise of 1.5°C.
PCAF	Partnership for Carbon Accounting Financials – a partnership that has developed standards for financial institutions measuring their investment-linked greenhouse gas emissions.
PRA	Prudential Regulation Authority – the PRA is the UK regulatory body responsible for prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.
SBTi	Science-based Targets Initiative – SBTi is an organisation established to support companies to set emission reduction targets in line with the reductions required to limit global temperature rise to 1.5°C. SBTi provides assurance that entities' targets are aligned with prevailing scientific goals for the relevant sector.
TCFD	Taskforce on Climate-related Financial Disclosures – an international initiative established by the Financial Stability Board (FSB) in 2015 to develop recommendations for disclosing climate-related financial risks and opportunities in various sectors of the economy.
TNFD	Taskforce on Nature-related Financial Disclosures – an international initiative that provides a framework for how organisations can address nature-based environmental risks and opportunities with the ultimate goal of channelling capital flows into positive action.
UN PRI	The UN Principles for Responsible Investment – an international organisation that works to promote the incorporation of environmental, social, and corporate governance factors (ESG) into investment decision-making.

Independent Limited Assurance Report

Grant Thornton

Grant Thornton UK LLP ("Grant Thornton" or "we") were engaged by Rothesay Life plc to provide limited assurance to Rothesay Limited ("Rothesay") over the Subject Matter Information described below.

Limited assurance conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of this report.

Subject Matter Information

The scope of our work was limited to assurance over selected aspects of Rothesay's Climate Report ("the Report") for the year ended 31 December 2024, highlighted with a "^" symbol in the "Climate data summary" section within the Appendix of the Report ("the Subject Matter Information").

Our assurance does not extend to any other information that may be included in the Report for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria used for the measurement or evaluation of the Subject Matter Information and to form our judgements are Rothesay's methodology as set out in the "Emissions & climate metric methodology" section within the Appendix of the Report ("the Reporting Criteria").

Inherent limitations

The absence of a significant body of established practice on which to draw to measure or evaluate the Subject Matter Information allows for different, but acceptable, measurement or evaluation techniques and can affect comparability between entities and over time. In particular we draw attention to the methodological and assumption-based limitations Rothesay have disclosed in the Reporting Criteria.

In instances where the Subject Matter Information was supported by third-party data sources, such as carbon emissions or financial information that had been self-reported by the issuers or obtained by management from third party data providers such as CDP or Bloomberg, we did not perform any testing over the source data. Other financial information, such as market and notional values, used to generate the Subject Matter Information has not been tested in detail with our procedures being limited to agreeing a selection of financial information used by management to the Financial Reporting Database within Rothesay's finance system which form the basis of the values that feed into the Quantitative Reporting Template shared by with Rothesay with it's regulator.

Directors' responsibilities

The Directors of Rothesay are responsible for:

- the design, implementation and maintenance of internal control relevant to the preparation and presentation of Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or establishing suitable Reporting Criteria;
- measuring or evaluating and presenting the Subject Matter Information in accordance with the Reporting Criteria; and
- the preparation of the Report and the Reporting Criteria and their contents.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information has been prepared in accordance with the Reporting Criteria;
- forming an independent limited assurance conclusion, based on the work we have performed and the evidence we have obtained; and
- reporting our limited assurance conclusion to Rothesay.

Independent Limited Assurance Report continued

Our independence, professional standards and quality management

We complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Management (ISQM) 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly we maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance standards and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" ("ISAE 3000 (Revised)"), and in respect of the greenhouse gas emissions information included within the Subject Matter Information, in accordance with International Standard on Assurance Engagements 3410 – "Assurance Engagements on Greenhouse Gas Statements" ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board (IAASB). These standards require that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks which vary in nature from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not report a reasonable assurance conclusion.

Work performed

Considering the circumstances of the engagement our work included, but was not restricted to:

- assessing the suitability of the Reporting Criteria as the basis of preparation for the Subject Matter Information;
- assessing the risk of material misstatement of the Subject Matter Information, whether due to fraud or error, and responding to the assessed risk as necessary in the circumstances;
- conducting interviews with relevant Rothesay management and examining selected documents to obtain an understanding of the processes, systems and controls in use for measuring or evaluating, recording, managing, collating and reporting the Subject Matter Information;
- performing selected limited substantive testing including agreeing a selection of the Subject Matter Information to corresponding supporting information;
- agreeing a selection of those amounts used by management to the third-party data sources where management utilise emissions and financial information sourced from a third-party data provider such as CDP or Bloomberg;
- agreeing a selection of those amounts used by management to supporting information obtained from management where management utilise an internal analyst to obtain or calculate emissions and financial information, which included sources such as issuer-published publicly available information or information provided directly to Rothesay by the issuer or other third parties;
- agreeing a selection of market values and notional values used by management to the Financial Reporting Database within Rothesay's finance system. These are the values that feed into the Quantitative Reporting Template shared by Rothesay with it's regulator;

Independent Limited Assurance Report continued

- considering the appropriateness of a selection of selected carbon conversion factor calculations, other unit conversion factor calculations and other calculations used by Rothesay to prepare the Subject Matter Information including by reference to widely recognised and established conversion factors;
- evaluating the overall presentation of the Subject Matter Information; and
- reading the Report and narrative accompanying the Subject Matter Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

Intended use of this report

This limited assurance report, including our conclusion, is made solely to Rothesay in accordance with the terms of the agreement between us. Our work has been undertaken so that we might state to Rothesay those matters we are required to state to them in an independent limited assurance report and for no other purpose. We have not considered the interest of any other party in the Subject Matter Information.

To the fullest extent permitted by law, we do not accept or assume responsibility and deny any liability to any party other than Rothesay for our work or this report, including our conclusion.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants

London

25th June 2025

The maintenance and integrity of Rothesay's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information, the Report or the Reporting Criteria presented on Rothesay's website since the date of our limited assurance report.

Climate data summary

The table below summarises the data presented as part of this Climate Report.

Metric	Reported Unit	Reported Value	Location in report
Portfolio Carbon Intensity			
Total Portfolio WACI^	tCO_2e/$m Revenue	123	Page 53
Total Portfolio PCAF Score	Score	2.3	Page 57
Total Portfolio Data Coverage	%	92	Page 56
PTCD Sub-Portfolio WACI^	tCO_2e/$m Revenue	126	Page 58
Portfolio Financed Emissions			
Financed Emissions^	tCO_2e (000s)	5,399	Page 60
£MV Carbon Footprint^	tCO_2e/£m Invested	86	Page 59
£NV Carbon Footprint^	tCO_2e/£m Invested	72	Page 59
Portfolio Temperature Alignment			
Scope 1, 2 & 3	°C	1.8	Page 61
Broader Portfolio Metrics			
Exposure to Material Climate Sectors	%	11.2%	Page 51
Climate Opportunity Financing	%	2.2%	Page 51
SBTi Alignment of PTCD Portfolio (commitment and/or approved targets)	%	50%	Page 61
SBTi Alignment of PTCD Portfolio (approved only)	%	44	Page 61

Metric	Reported Unit	Reported Value	Location in report
UK Office Emissions			
SECR aligned* Energy Consumption^	kWh millions	2.225	Page 63
SECR aligned* Market-based Emissions^	tCO_2e	80	Page 63
SECR aligned* Location-based Emissions^	tCO_2e	451	Page 63
SECR aligned* Market-based Emissions Intensity^	tCO_2e/FTE	0.2	Page 63
SECR aligned* Location-based Emissions Intensity^	tCO_2e/ FTE	0.9	Page 63
UK Office Water & Waste			
Waste Usage	kg	109,703	Page 65
Water Usage	m^3	5,705	Page 65
US & Australian Office Emissions			
Scope 1 & 2 Energy Consumption	kWh millions	0.083	Page 63
Scope 1 & 2 Location-based Emissions	Tonnes CO_2e	19	Page 63
Scope 1 & 2 Location-based Emissions Intensity	Tonnes CO_2e/ FTE	1.0	Page 63

^ Indicates that the presented item has received external assurance from Grant Thornton.
* SECR aligned refers to Scope 1 CO_2e emissions occurring from sources owned or controlled be Rothesay; Scope 2 emissions from the generation of electricity purchased by Rothesay, and Scope 3 emissions occurring from business travel in rental or employee-owned cars where Rothesay is responsible for purchasing the fuel. These metrics include UK-only emissions and energy consumption rather than all operational emissions and energy consumption.

Emissions & climate metric methodology

Basis of methodology

The basis for our reporting methodology is the Partnership for Carbon Accounting Financials (PCAF)'s Global GHG Accounting & Reporting Standard for our investment portfolio and the Greenhouse Gas Protocol for our Operational emissions.

SECR Aligned Emissions

- The scope of this reporting covers all Rothesay's UK entities, reflecting Scope 1 and 2 emissions, as well as Scope 3 (energy use and related emissions from business travel in rental or employee-owned vehicles where they are responsible for purchasing the fuel). This reporting has been compiled in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised 2014), utilising the emission factors from the UK Government's Greenhouse GAS (GHG) conversion factors for Company Reporting in 2024.

Calculating own operations emissions

Scope

- Data within Rothesay Climate Report relates to financial YE 2024.
- We follow the operational control approach to determine the emissions included in this report. We report in tCO_2e unless stated otherwise.
  - **Scope 1:** CO_2 emissions occurring from sources owned or controlled by Rothesay (e.g. gas).
    - Primarily calculated using meter readings, with the Area Method used to estimate Rothesay's contribution for communal office areas as detailed by The Climate Registry's General Reporting Protocol v3.0.
  - **Scope 2:** CO_2 emissions from the generation of electricity purchased.
    - UK office emissions were primarily calculated using meter readings.
    - We report on both a location and market basis. Location-based values are estimated using conversion factors from the UK Government's GHG conversion factors for company reporting. Market-based values are calculated based on certified energy usage.
    - Regional specific conversion factors have been used to convert kWh values in tCO_2e.
  - **Scope 3:** CO_2 emissions occurring from business travel in rental or employee-owned vehicles where Rothesay is responsible for purchasing the fuel AND portfolio emissions (tCO_2e) are part of our emission data on which we conducted external limited assurance.
    - For business travel, distance travelled is estimated using paid expense data in 2024, using cost to mileage factors from our expense policy. These are then converted from mileage by using the "Average car" and "Petrol" conversion factor from the UK Government's GHG conversion factors for company reporting in 2024.
- For Category 15: Investments please see below.
  - Intensity Metric: SECR intensity metric has been calculated using UK permanent employees as at YE 24.

Calculating portfolio metrics

Scope

- For our portfolio, emissions data within this report is, where possible, based on 2023 data, reported in 2024. For a subset of issuers where no new data has been published, 2022 data has been utilised.
- Due to the way in which companies publish their climate and ESG disclosures, the emissions data collected is assumed to relate to issuers' full year ending 2023.
- We choose to take reported market-based emissions data, where available, as this reflects that companies have chosen (or not chosen) to source cleaner electricity providers. Location-based is used where this is not available.
- Due to data availability, our primary focus remains on reporting Scope 1 and Scope 2 data. As availability and completeness for our issuers' Scope 3 emissions improves we will look to report on this too if appropriate.

Data sources

- We utilise a number of third-party data providers to calculate our climate metrics including:
  - Bloomberg
  - CDP (previously Carbon Disclosure Project)
  - MSCI Inc.
  - Planetrics

Emissions & climate metric methodology continued

Data collation and reporting

- Sector and overall averages are calculated by weighting individual borrower carbon intensities by the market value of the corresponding assets as a proportion of the total market value of assets for which we have obtained data.
- For the majority of issuers (Corporates and Sub-Sovereigns) our first source for information is Bloomberg and/or CDP databases. Data is provided via CSV file and incorporated into our climate data files.
- We have taken the decision to include Forward Funded Bonds in our Climate Universe, where we have committed to purchase at a future date, as we will ultimately be responsible for these emissions.
- Where data is not available via our primary data providers, we seek to gap fill based on a materiality basis.
- The first stage of our gap filling exercise is to seek reported data through manually extracting the required data from issuer climate reporting/data published by industry bodies.
- It is not always possible to utilise sourced data for some issuers, for example our property-based lending and sovereign sub-portfolios due to data availability, or specific asset-based holdings so we calculate estimates where exclusions would be material to our WACI calculation. In limited cases, we may also choose to use a peer proxy for an issuer based on similar operations.
- Such estimates are currently calculated based on the below materiality threshold which is higher than manual data sourcing given the necessity to use a number of assumptions in these calculations. It is therefore important that such estimates are reserved for where their exclusion would materially impact our metrics.
  - Entity operates in a climate material sector; and
  - Position size is above £100MV (either individual or sector basis) and initial assessment indicates that emissions associated are likely to meet our Carbon Intensity threshold (4x portfolio average).
- Where no reliable information is identified (i.e lack of EVIC data), financed emissions have not been calculated.

Emissions & climate metric methodology continued

Internal estimate methodologies

The below table outlines where we have established an internal methodology review group who reviews and approves each estimate approach and assumptions in the calculation. Given the need for various assumptions these datapoints are not as exact as reported data – our approach seeks to "err on the side of the planet" in line with PCAF requirements where necessary.

At YE24, we also hold French mortgages within our portfolio however no estimate has been included. This is due to timing of the origination of assets preventing a full estimate methodology being discussed, approved and calculated in line with need for a robust approach to setting such estimates. This asset class will be included in future disclosures.

Asset Class	Unit	Source	Description
Corporates	tCO_2e/$m revenue	Bloomberg/CDP	Reported Scope 1 & 2 emissions data from entity divided by reported revenue.
Sovereign	tCO_2e/$m of GDP	PRIMAP	The starting point for our Sovereign data is global and country GHG emissions based on International Energy Agency (IEA) datasets broken down by GHG. Some extrapolation is required to estimate the non-CO_2 GHGs. Country-level emissions are divided by $m of GDP (which represents the most similar metric to revenue at country level).
Public Finance: Healthcare	tCO_2e/$m total operating revenue	Company Reporting/ Proxy data	Issuers with reported data used as proxies for wider sub-portfolio by using emission and revenue averages. These Carbon Intensity values are then divided by revenue to calculate emissions. Revenue is derived from reported total operating revenue.
Property: FFT	tCO_2e/$m achievable rent	Landmark/ Rightmove	Emissions estimate taken per EPC, where available through Landmark. Where no EPC is available, Landmark model the EPC information from neighbouring properties. Rental AVM for each property supplied by Rightmove. We use current valuation data rather than original property value (suggested by PCAF) as this data is more accurate.
Property: ERM	tCO_2e/$m achievable rent	Landmark/ Rightmove	Emissions estimate taken per EPC, where available through Landmark. Where no EPC is available, Landmark model the EPC information from neighbouring properties or based on property characteristics. We use current valuation data rather than original property value (suggested by PCAF) as this data is more accurate. Rental yield calculated using Rightmove data using average house price and rental price based on specific regional bandings.

Emissions & climate metric methodology continued

Asset Class	Unit	Source	Description
Property: DRM	tCO_2e/$m achievable rent	DMFCO/Pararius/ CBS	Every property has been individually assessed for both its emissions (estimate based on energy label and/or floor area) and its achievable rent (€/m^2 vs average sale price for owner occupied homes). We use current valuation data rather than original property value (suggested by PCAF) as this data is more accurate.
Property: Ground Rents	tCO_2e/$m achievable rent	Landmark/ Rightmove/ Proxy Data	Emissions estimate taken per EPC per postcode, where available through Landmark. Where no EPC is available, Landmark model the EPC information from neighbouring properties or based on property characteristics. We use current valuation data rather than original property value (suggested by PCAF) as this data is more accurate. Rental AVM used for each property supplied by Rightmove, normalised by rental change over period.
Property: Social Housing	tCO_2/$m SHL turnover	Housing Expert/ Proxy Data	Issuers with reported data used as proxies for wider sub-portfolio by working out average sector Carbon Intensity per scope. Emissions from SH offices and fleet remain included in Scope 1 & 2. Emissions from tenants excluded from Scope 1 & 2. These Carbon Intensity values are then divided by revenue to calculate emissions. Revenue is derived from total operational revenue.
Property: Other RMBS	tCO_2e/$m achievable rent	SEAI Report	Residential mortgage backed securities (RMBS) follow the same methodology as our ERM portfolio, with the exception of the source of the CO_2 emissions per property which given Ireland jurisdiction are sourced through Sustainable Energy Authority of Ireland datasets.
Project Finance: High Emission Intensity	tCO_2e/$m	Various	We hold a number of assets that are related to high intensity projects, that do not have reported data. For these assets we calculate a deal-specific, asset-level estimate of emissions and associated revenue. In these scenarios we seek to calculate emissions based on specific vessel type gCO_2 emission factors, matching revenue assumptions as closely as possible. For example, • Aviation: gCO_2/occupied seat/km • Shipping: gCO_2 per vessel type We acknowledge these estimates require a number of assumptions to form reasonable data points. We continue to review these methodologies to ensure they remain fit for purpose and continue to seek actual asset data where possible. In 2024, one emission estimate was replaced with reported data.

Where property data is based on roll-forward data to enable timely reporting, data points are adjusted for redeemed loans only.

Emissions & climate metric methodology continued

Foreign exchange (FX) rate considerations

- Since climate metrics are impacted by currency conversion, we set the below approaches to ensure consistency:
  - Where data is provided by a third party, we take information as reported.
  - For estimate methodologies within property based fully on averages, we take the FX value of when the data was extracted.
  - For all other areas, average annual FX rates have been used.

Verification process

- We undertake a detailed internal verification process of our climate data. The numbers used have been checked for consistency with data from earlier years, with any outliers, defined by high YoY changes, being further investigated. High CI names and large holdings as outlined above are also checked.
- In addition, when reviewing estimate methodologies YoY, the governance process involves a discussion for any change to allow clear identification of rationale for YoY changes and any potential need to restate baseline figures.
- We engaged Grant Thornton UK LLP ("Grant Thornton") to provide independent limited assurance over selected KPIs within the ESG data using the assurance standards ISAE 3000 (Revised) and ISAE 3410. Grant Thornton has issued an unqualified opinion over the selected data and the full assurance report can be found on pages 73-75.

Restatements and changes to portfolio

- Our approach captures all positions held on our balance sheet on 31 December 2024.
- Restatements may be made to previous data points where an error has been identified and/or methodology best practice has evolved. On these occasions, restated data will be clearly identified.

Notes

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This product is made using recycled materials limiting the impact on our precious forest resources, helping reduce the need to harvest more trees.

This publication was printed by an FSC™ certified printer that holds an ISO 14001 certification.

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The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests under threat of clearance, carbon is locked-in that would otherwise be released.

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