



Climate-related financial disclosure in line with TCFD recommendations.

Inaugural Report 2023.

True Potential Administration LLP.



true potential
administration

Contents.

Foreword	3
Introduction	4
Governance	5
Board Oversight and the Board and Management's role in assessing and managing climate-related risks and opportunities	6
Strategy	8
Climate risk and opportunity identification	8
Performing a scenario analysis to identify current and future climate risk and opportunity	9
Climate-related risks and opportunities arising in the short, medium, and long term	11
The resilience of our strategy	13
Risk management	14
Metrics & targets	15
Scope 1, 2 and 3 GHG emissions	15
Climate-related targets	17
Concluding remarks	18



Foreword.

On behalf of the Management Board (the **Board**) of True Potential Administration LLP (**TPA**), I am pleased to present our first TCFD entity report.

This report is based on the Task Force on Climate-Related Financial Disclosures (**TCFD**) recommendations implemented by the UK Financial Conduct Authority (**FCA**) and applying to FCA regulated firms (**FCA Rules**).

This document provides climate-related financial disclosures covering the overall assets managed by TPA for its TCFD in-scope business, which means its activity of managing UK UCITS funds*. TPA is the authorised corporate director (**ACD**) and authorised fund manager (**AFM**) of the True Potential OEIC 1, True Potential OEIC 2, True Potential OEIC 3 and the True Potential Unit Trust (the **Funds**).

Separate to this report, TPA is also required to make disclosures on its products, and these will be made available as required.

At TPA, we understand the importance of ensuring that we operate in a sustainable and environmentally responsible manner and recognise the contribution of the effective management of Environmental, Social and Governance (**ESG**) topics on the performance of our business and investments. A key constituent of this includes recognising our responsibility to support the move towards a low-carbon economy. While both the risks and opportunities associated with climate change could have an impact on current and future investments, the TCFD recommendations provide a framework to guide our approach to climate risk management.

In preparation for TPA's first entity-level report, we have invested in sourcing data from third-party vendors as necessary and our aim is to make reliable disclosures that are fair, clear and not misleading.

Based on the information set out in this report and the conclusions we have drawn, we assess TPA to have a relatively low exposure to physical and transition climate-related risks. This is due to a limited number of physical climate-related risks being identified as having the potential to cause material impacts to TPA.

On behalf of the Board, we hope you find this report informative. We confirm that the climate-related disclosures included within this report comply with the FCA and TCFD's requirements under the Rules – as set out by the FCA for asset managers and asset owners.



Brian Shearing
Executive Member,
True Potential Administration LLP

June 2024

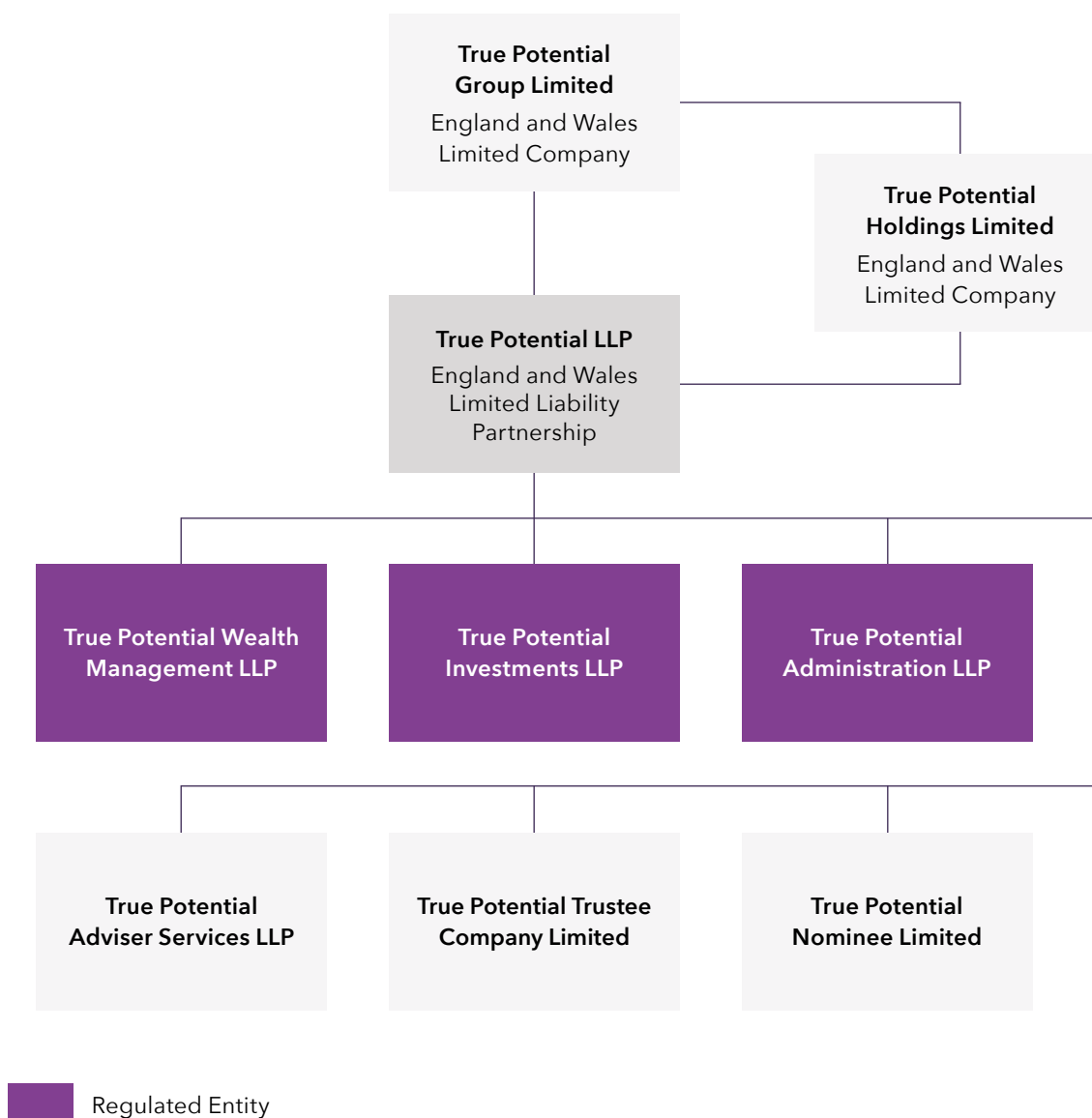
* UCITS stands for Undertakings for the Collective Investment in Transferable Securities, which in the case of TPA are the Funds (referred to in this report) regulated by the FCA.

Introduction.

In December 2021, the FCA introduced rules for asset managers and certain asset owners to make disclosures consistent with the TCFD recommendations. In accordance with the FCA's rules and the TCFD's recommendations, the following report includes the first TCFD-aligned entity-level climate-related disclosure for TPA.

This document relates specifically to TPA. True Potential Group Limited (the **Group**) is the corporate parent of TPA and for context the overall Group structure is illustrated within the organisation chart below (Figure 1). The purpose of the report is to provide an overview of TPA's approach to addressing climate-related issues across its Governance, Strategy, Risk Management and Metrics and Targets in line with the FCA Rules.

Figure 1: Organisation chart for True Potential Group Limited Entities.



As ACD and AFM for the Funds, we are committed to ensuring that climate-related risks and opportunities are considered across TPA's business. Within the past year, we have made progress in embedding climate-related risks and opportunities within TPA's governance structure, undertaken a scenario analysis to better understand TPA's potentially material climate-related risk and opportunities, and integrated these results into TPA's internal risk management framework.

We also recognise that progress in understanding TPA's climate-related risks and opportunities will allow us to align expectations concerning climate with True Potential Investments LLP (TPI) - TPA's delegated investment manager, for example through ensuring appropriate climate-related responsibilities within our investment and risk management policies are in place. Understanding and defining TPA's climate strategy, and as a part of that TPI's, is important to consider when guiding the Funds' investment strategy.

Governance.

The identification, assessment and management of climate-related risks and opportunities is embedded within TPA's governance structure.

The Group board is responsible for setting the Group's overall strategy and taking decisions related to annual budgets, and future direction on ESG. TPA's Board is ultimately responsible for adapting the Group strategy in line with its own specific business plan and objectives, and regulatory obligations and accountability.

TPA is governed by its Board, which meets at least four times per year and more regularly as required. The key purpose of the Board is to ensure TPA's long-term success by achieving the following objectives:

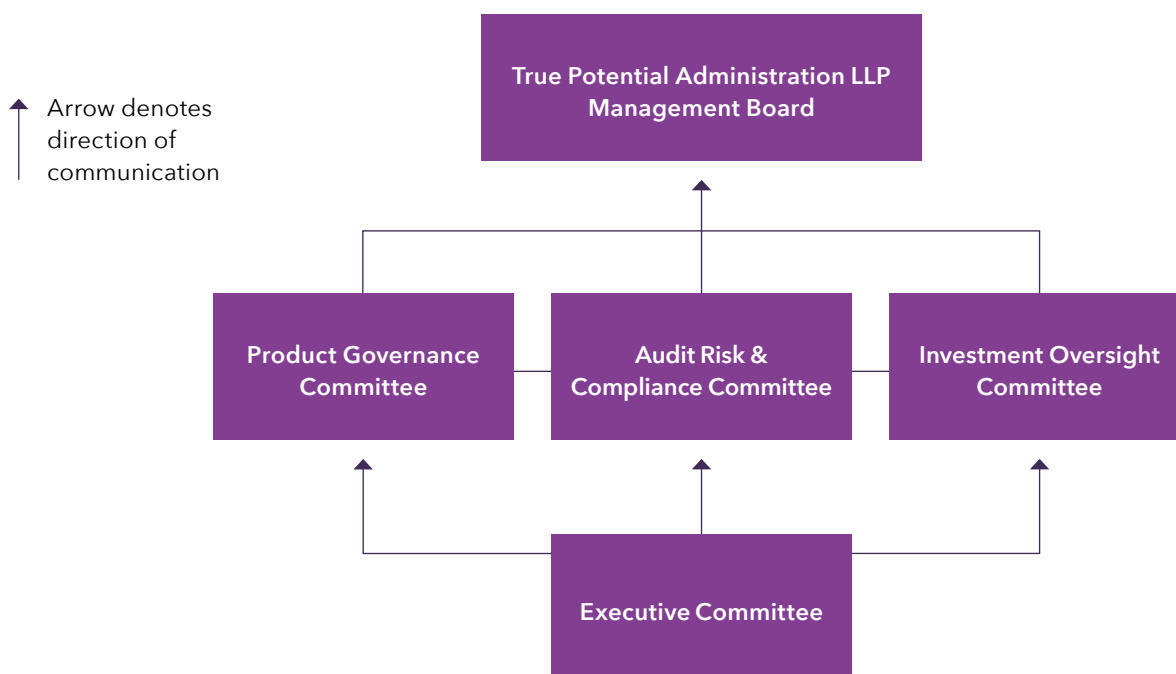
- Ensuring TPA has an appropriate strategy and associated business plans, consistent with Group strategy and the ACD and AFM regulatory framework and monitoring the execution and delivery of the strategy and business plans by senior executive management.
- Ensuring TPA demonstrates good governance including strong cultural, financial and operational management and leadership, with due regard to the interests of the Funds and their investors.
- Establishment and ongoing monitoring of an effective organisational structure and systems of control with appropriate emphasis on risk management, sufficient to ensure compliance with the regulatory system.
- Ensuring senior executive management conduct business with integrity and all necessary due skill, care and diligence.

Board Oversight and the Board and Management's role in assessing and managing climate-related risks and opportunities.

As described above, the Board is TPA's ultimate governing body, and therefore it is the Board's responsibility to direct and implement any changes in line with the Group board's vision, including with respect to climate-related issues, subject always to its objective of protecting the interests of its unitholders.

There are also a number of TPA Board level and non-Board level Committees that have been delegated responsibility for the management of specific issues and topics. Below (Figure 2) displays an organisation chart, highlighting the interactions between TPA's Committees and the Board.

Figure 2: The communication between TPA's Board and Committees.



Executive Committee and Audit, Risk & Compliance Committee (ARCC).

TPA has an Executive Committee in place, whose responsibilities include, but are not limited to, facilitating strategy development in conjunction with the Board, monitoring and managing risk/compliance and internal controls and more broadly overseeing investment management and fund performance. Historically, the Executive Committee's responsibilities also included managing climate-related issues and TPA's compliance with the TCFD.

However, this year - The TPA Board Audit, Risk and Compliance Committee (**ARCC**) has also been assigned responsibility for the management of climate-related issues. This includes reviewing and determining the relative significance of climate-related risks and opportunities in relation to our business and integrating these risks and opportunities into our internal risk management framework.

The ARCC comprises of a Committee Chair (Independent Non-Executive AFM Chair), one or more additional Independent Non-Executive Partners, a Group Non-Executive Director, the Chief Executive Officer (CEO) and the Executive Partner responsible for operations.

The ARCC is now also responsible for considering and reviewing the most appropriate course of action to take to further manage climate-related risks and opportunities that are considered as being potentially material in relation to TPA's business. This includes the consideration of implementing measures, mitigants and/or management plans to further manage risks, and where appropriate, assigning (and measuring progress against) key performance indicators (KPIs) and metrics and targets for key climate-related risks and issues. The ARCC has now also added climate-related issues as a standing agenda item, which will be discussed during every ARCC meeting (which are held on a bi-monthly basis).

To facilitate TPA in achieving its goal of defining risk appetite, approving capital plans and monitoring key risks to TPA, climate-related risks and opportunities are being integrated into TPA's risk management framework by the ARCC (see 'Risk Management' section for further details).

Board oversight of climate-related issues.

The ARCC's Chair maintains clear lines of communication with the Board and provides it with an update on any significant matters that require the Board's attention (which will now include climate-related issues). Additionally, the Chair of the ARCC is now also responsible for providing the Board with an update on climate-related issues on a quarterly basis. During these meetings, the Chair is expected to provide the Board with:

- An update on any climate-related issues (including those relating to the TCFD's guidance) that could impact TPA and its business (with a particular emphasis on climate-related issues that are considered as being potentially material to TPA and its business)
- An update on any progress against climate-related metrics and targets; and
- Presentation of climate-related topics that require Board engagement, insight and approval.

The ARCC's climate-related responsibilities are intended to support the Board in reviewing and guiding TPA's business objectives, strategy, risk management policies, financial planning (including annual budgets, business plans and investments/investment policies) and to ensure that the Board has an appropriate level of oversight over climate-related issues (including those relating to the TCFD's guidance).

Strategy.

Within the last year, we have worked to integrate climate-related risks and opportunities within our strategy and internal risk management processes by undertaking two key phases of assessment, including a climate risk and opportunity assessment and scenario analysis. The purpose of these assessments was to improve our understanding of the range of climate-related risks and opportunities that could already be present, or become present in the future, in relation to TPA's direct operations and investments. This reflects our understanding of the importance of having a clear oversight of TPA's exposure to climate-related risks, as well as the potential opportunities that could emerge for TPA in the future.

Climate risk and opportunity identification.

A climate risk and opportunity assessment was undertaken as an initial step to identify relevant physical and transition risks and opportunities in relation to TPA's business.

In alignment with the TCFD's guidance, a list of climate-related risks and opportunities across the following categories was generated:

- For climate-related risks this included: policy and legal, technology, market, reputation, acute physical and chronic physical.
- For climate-related opportunities this included: resource efficiency, energy source, products/services, markets and resilience.

Through the engagement of an independent third-party advisor, a series of potential physical and transition risks and opportunities were identified, based upon relevance to TPA's business. Each identified risk and opportunity was assigned an exposure rating, a likelihood rating and an overall significance rating. Exposure ratings represent the potential impact of a risk or opportunity on TPA's business, whilst likelihood ratings represent the potential likelihood of a risk or opportunity actually impacting TPA's business. Following this, for each risk or opportunity the previously assigned exposure and likelihood ratings were considered in parallel - and an overall significance rating was assigned (representing the overall significance of each risk/opportunity).

Based upon the assigned exposure, likelihood and significance ratings, the potential materiality of each physical and transition risk in relation to TPA's business was assessed. Following this, the most relevant and significant physical and transition risks and opportunities were prioritised as a focus area, for more detailed assessment during scenario analysis (as outlined within the section below).

Performing a scenario analysis to identify current and future climate risk and opportunity.

Entity-level Scenario Analysis.

Climate-related scenario analysis was performed on our operational assets (including our offices and the data centres which we rely on during our day-to-day operations). This scenario analysis aimed to further assess and improve our understanding of the potential physical and transition risks and opportunities that could emerge and impact our operations, business strategy, products, services and financial position across different future time horizons and climate scenarios.

The time horizons that were included within this scenario analysis cover the period between now and 2050 - enabling us to understand which of the identified risks and opportunities could emerge and impact TPA across the short, medium and long-term. Below is a summary of how we defined short-, medium- and long-term within this assessment:

- **Short-term:** Within the next five (5) years.
Rationale: Understanding our exposure to climate-related risks and opportunities within the next five years aligns with a number of our financial planning activities such as reforecasting, liquidity planning as well as regulatory capital and financing requirements.
- **Medium-term:** Between five (5) and ten (10) years into the future.
Rationale: Understanding our exposure to climate-related risks and opportunities between five and ten years into the future aligns with our Group-led annual 5-year business planning process.
- **Long-term:** Ten (10) years or more into the future.
Rationale: Understanding our exposure to climate-related risks and opportunities ten years or more into the future ensures that we are aware of, and consider, the effectiveness of our existing risk management controls and the potential long-term impacts of climate change on TPA. This will allow for more effective long-term business and financial planning in relation to any identified climate-related risks and opportunities.

A number of climate scenarios were also selected for inclusion within this scenario analysis, which are summarised within Table 1 below. For physical, this included the Intergovernmental Panel on Climate Changes (**IPCC**) climate scenarios, termed Shared Socioeconomic Pathways (**SSP**), whilst for transition this included the Network for Greening the Financial Systems (**NGFS**) climate scenarios.

Based upon the findings of this scenario analysis - we identified several physical and transition risks and opportunities in relation to TPA (which are outlined in Table 2). As a part of future assessments, we intend to undertake a more detailed analysis of each of these risks and opportunities to further enhance our understanding of how financially material each of these risks and opportunities could be in relation to TPA.

Table 1: Description of the physical and transition scenarios used in scenario analysis.

	Physical		Transition	
	Source and scenario	Description	Source and scenario	Description
Scenarios	<p>Source: IPCC</p> <p>Scenario: SSP5-8.5 This scenario results in a 4.4°C mean warming by 2100.</p>	<p>A business-as-usual scenario which has continued high emissions with no additional climate policy.</p> <p>This scenario assumes:</p> <ul style="list-style-type: none"> • Current CO₂ levels double by 2050, and there are many challenges to mitigation, with few challenges to adaptation; and • Energy demand triples by 2100 and is dominated by fossil fuels. 	<p>Source: NGFS</p> <p>Scenario: Current Policies This scenario results in a 3°C mean warming by 2100</p>	<p>This scenario assumes that only currently implemented policies are preserved. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks.</p>
	<p>Source: IPCC</p> <p>Scenario: SSP1-2.6 This scenario results in a 1.8°C mean warming by 2100.</p>	<p>This scenario is aligned to the current commitments under the Paris Agreement (2015). It is implied that the world reaches net-zero emissions in the second half of the century by shifting towards a more sustainable path.</p>	<p>Source: NGFS</p> <p>Scenario: Net Zero by 2050 This scenario results in a 1.4°C mean warming by 2100.</p>	<p>This scenario assumes that an ambitious transition takes place across all sectors of the economy. Net CO₂ emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century.</p>
Time Horizons	Baseline, 2030 and 2050		Baseline, 2030, 2040 and 2050	

Climate-related risks and opportunities arising in the short, medium, and long term.

The results of the physical and transition scenario analysis are shown in Tables 2 and 3. These tables include a description of the impacts of each of the key physical and transition risks and opportunities that were identified in relation to TPA. We believe that the controls we have in relation to these risks are adequately robust to mitigate their potential impact and allow us to accept them as part of doing business. These tables also highlight the associated time horizons whereby each climate-related risk and opportunity could potentially become material.

Table 2: Summary of the physical climate-related risks and opportunities identified in the scenario analysis for physical assets.

Risk Item	Risk/ Opportunity	Time Horizon(s)	Description of Impact	Potential Financial Impact
Impact of river and extreme rainfall flooding on office buildings.	Risk	Short, medium and long term	<ul style="list-style-type: none"> Water damage to our office buildings, equipment and utilities can incur operational costs for repairs and replacements, as well as maintenance costs. Flooding could pose a health and safety risk leading to downtime if personnel are unable to work. Downtime for repairs and replacements can cause operational disruptions (which could cause knock-on negative reputational impacts and revenue losses). 	<ul style="list-style-type: none"> Negative reputational impact. Revenue losses. Increased Operational Expenditure (OpEx) and Capital Expenditure (CapEx).
Impact of extreme heat on operations.	Risk	Long term	<ul style="list-style-type: none"> Extreme heat could cause operational issues with IT equipment and data centres. This could lead to disruption to operations (e.g., those associated with IT services) and cause knock-on negative reputational impacts and revenue losses. 	<ul style="list-style-type: none"> Negative reputational impact. Revenue losses. Increased OpEx and CapEx.
Impact of extreme winds and storms on office buildings and data centres.	Risk	Medium term	<ul style="list-style-type: none"> Extreme wind and storms could cause physical damage to our offices and data centres. Power outages, damage to assets, and communication disruptions caused by extreme wind and storms can also lead to significant downtime and disrupt operations. (which could cause knock-on negative reputational impacts and revenue losses). 	<ul style="list-style-type: none"> Negative reputational impact. Revenue losses. Increased OpEx and CapEx.

Table 3: Summary of the transition climate-related risks and opportunities identified in the scenario analysis.

Risk Item	Risk/ Opportunity	Time Horizon(s)	Description of Impact	Potential Financial Impact
Impact of government and external regulation on existing operations and investment products.	Risk	Long term	<ul style="list-style-type: none"> Net-Zero related policies impacting a range of sectors including fossil fuel sector and potential returns, both direct (i.e., limiting exploration or licenses) and indirect (i.e., subsidising alternative fuels). 	<ul style="list-style-type: none"> Decreased revenues due to reduced demand for products and services.
Impact of substitution of existing products and services with lower emission investment products.	Risk	Long term	<ul style="list-style-type: none"> Regulations and technological developments drive prices of renewable technologies down and lead to substitution of fossil fuels in key sectors such as electricity generation, transportation and heating. 	<ul style="list-style-type: none"> Decreased revenues due to reduced demand for products and services.
Impact of changing customer behaviour on investments.	Risk	Long term	<ul style="list-style-type: none"> By not offering clients a fund with a climate / ESG asset class focus, TPA could miss out on a potential revenue opportunity and lose market share to peers. 	<ul style="list-style-type: none"> Decreased revenues due to reduced demand for products and services.
Impact of carbon pricing mechanisms on investments.	Opportunity	Long term	<ul style="list-style-type: none"> Carbon pricing is likely to cause price volatility in the fossil fuels market, and will ultimately reduce demand for higher emission fuel sources - this presents an opportunity for renewables to replace them (and therefore the Funds' exposure to renewable or diversified energy producers). 	<ul style="list-style-type: none"> Increased revenues due to increased demand for products and services.
Impact of developing new low carbon products on investments.	Opportunity	Long term	<ul style="list-style-type: none"> The energy transition will increase investment into many markets that align with the low carbon transition. There is an opportunity for TPA to reposition its investments out of emissions intensive industries and into markets which are seeing growth due to the energy transition, such as low carbon alternatives to emissions intensive products and services. This could increase revenues as demand for its investment products will increase. 	<ul style="list-style-type: none"> Increased revenues due to increased demand for new financial products.

Fund-level Scenario Analysis.

We acknowledge that the underlying assets of the Funds could potentially affect climate change, and conversely, climate change could impact the performance of the investments in the Funds. We have therefore undertaken a more specific product-level scenario analysis assessment of the Funds using climate data that has been sourced from MSCI (full details of this assessment can be found within our Product Reports). This product-level scenario analysis provides insights into the potential impact of physical and transition risks on the Funds. To assess physical (both acute and chronic events) and transition risks (including policy and technology changes), three climate scenarios were integrated into this analysis, which are built upon the Network for Greening the Financial Systems (NGFS) scenarios.

www.truepotential.co.uk/fund-documents

The resilience of our strategy.

Based upon the results of our scenario analysis which considered a range of climate scenarios and time horizons, including scenarios for both physical and transition that are consistent with a global average temperature increase of 2°C or lower (IPCC SSP1-2.6 and NGFS Net Zero by 2050), we assess TPA to have a relatively low exposure to physical and transition climate-related risks. This is due to a limited number of physical climate-related risks being identified as having the potential to cause material impacts to TPA. As a result, the overall physical risk profile associated with our direct assets is noted as being low to moderate. These results demonstrate an initial positive view of the resilience of our physical assets to climate change. It should be noted that the physical risk impact to TPA is the same as TPI as both businesses operate using the same physical assets.

Additionally, while the scenario analysis identified the regulation of existing operations and products as the most significant transition risk to consider, it also identified a number of potential opportunities which could materialise in the short to medium term that TPA could potentially capitalise on. To deepen our understanding of resilience within future assessments we intend to undertake a more detailed analysis of each of the risks we have identified as having the potential to be material in relation to TPA. The transition risk and opportunities identified for TPA are also the same as TPI as TPI is TPA's delegated investment manager, and therefore TPI's investments feed directly into the Funds of TPA.

Investors will be aware that as per our prospectuses, TPA delegates investment management to TPI and based upon that appointment and appropriate oversight of TPI, - we are satisfied that TPI has policies in place that adequately consider climate change.

The findings of our already completed and future assessments (as outlined above) will be used to inform our strategy, financial planning, risk management and investment processes (and the investment policies used by our delegated investment manager - TPI) - to ensure that TPA is resilient to the potential risks posed by climate change to TPA and its business (and prepared to capitalise on any relevant climate-related opportunities).

As we improve our understanding of data associated with our operational and investment-related emissions, and its availability and quality improves, in line with Group strategy we will also seek to develop greenhouse gas (GHG) emission reduction targets, how we monitor these and to explore the implementation of a transition plan, in line with the Paris Agreement's commitment to limit warming to 1.5°C.

Risk management.

TPA's Operational Risk Policy forms a fundamental part of our internal risk management framework and our climate-related assessments outlined above, identified and assessed climate-related risks and opportunities in alignment with the Operational Risk Policy. This included the consideration of the potential impact and likelihood of each climate-related risk and opportunity that was identified. We have also taken steps to integrate a number of the identified climate-related risks, alongside other key business risks, into our internal controls register. Our internal controls register, which aims to track and manage any operational risks inherent to TPA, has integrated climate-related risks identified in the scenario analysis assessment.

For risks that are integrated into our internal controls register, risk ratings are assigned based upon impact and likelihood. Identified risks are initially given an inherent risk rating, which assumes the absence of any risk mitigation measures.

Following this, we then review any risk management/risk control measures that are in place for each of the risks. The potential impact of these control measures on the identified risks is then assessed and assigned a rating based upon their potential effectiveness (considering the control's design).

The results of this analysis are then combined to provide a residual risk rating which is used to determine the escalation of risks for further management. It is then the responsibility of the first-line risk owners and TPA's risk function to input newly identified risks into the internal controls register. Following this, each risk and its internal controls are reviewed on a quarterly basis by the first-line risk owners, overseen and managed by the risk function, and reported to the ARCC. For risks that exceed TPA's risk appetite/require further management or controls, these are reviewed during ARCC meetings and escalated to the Board where necessary (see the 'Governance' section for further details on how the ARCC and the Board communicate).

The risk appetite for each risk is set and monitored by the Board and controls are configured accordingly. The function responsible for the activity concerned is accountable for managing such risks and these are reported to the ARCC with proportionate key risk indicators provided to the Board.

As TPA's climate journey continues we will continue to enhance our risk management processes.

Metrics & targets.

We are currently using metrics to assess TPA's GHG emissions, in addition to Fund-level emissions (see TPA Product Reports for full details). Within the past year, we have accelerated our approach to assessing climate-related risks and opportunities and will undertake a review of the potential climate-related metrics we can use to improve our understanding of how climate-related risks and opportunities could feed into our strategy and risk management processes.

Scope 1, 2 and 3 GHG Emissions.

TPA's GHG Emissions.

We have worked with a third-party energy consultant to assist TPA with collecting, analysing and summarising our GHG data and relevant KPIs on a quarterly basis. This data enables us to assess how we are managing our GHG emissions.

We currently obtain data on KPIs:

- Scope 1, 2 and 3 carbon dioxide equivalent (CO₂e) emissions; and
- Energy consumption (kWh).

TPA's Scope 1, 2 and 3 emissions are calculated in alignment with the GHG Protocol Corporate Standard methodology and Streamlined Energy and Carbon Reporting (**SECR**) requirements.

Scope 1 and Scope 2 (location-based) emissions are calculated for our Newcastle Head Office and Scope 3 - Category 6 (Business Travel) emissions are calculated for all TPA employees.

Table 4 below shows our total energy use and CO₂e emissions by Scope 1, 2 and 3 between 2021 and 2023.

Table 4: SCOPE 1, 2 and 3 EMISSIONS FROM 2021-2023*

		2021*			2022*			2023			
		Total kWh	tCO ₂ e	Total tCO ₂ e	Total kWh	tCO ₂ e	Total tCO ₂ e	Total kWh	tCO ₂ e	Total tCO ₂ e	
Scope 1	Natural gas	7,108	1.30	1.31	10,292	1.88	2.27	5,213	0.95	1.01	
	Vehicles	36	0.01		1,571	0.39		233	0.06		
Scope 2	Electricity	15,689	3.33	3.33	21,468	4.15	4.15	21,123	4.30	4.30	
Scope 3	Business Travel	Personal cars	1,596	0.38	1.10	2,834	0.70	1.73	10,186	2.47	3.73
		Train		0.61			0.87			1.07	
		Flights		0.11			0.16			0.20	
Total				5.74	Total		8.15	Total		9.04	

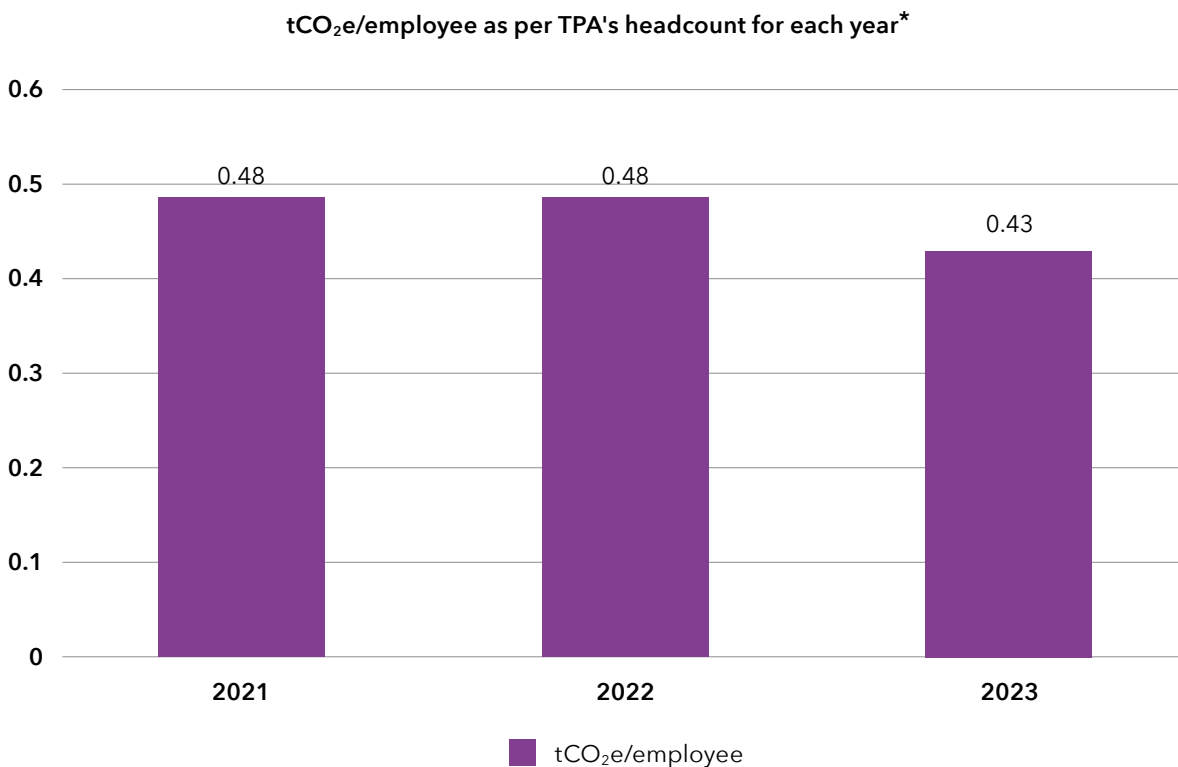
* For 2021 and 2022, TPA's Scope 1, 2 and Scope 3 - Business Travel (for personal cars only) emissions have been estimated using Group level emissions data and weighted as per the number of TPA employees in the given year. For 2021 and 2022, TPA's Scope 3 - Business Travel (trains and flights only) emissions have been estimated using TPA's 2023 actual emissions data and weighted as per the number of TPA employees in the given year. 2023 is the first year in which TPA emissions have been calculated separately from the Group.

The following metric is used to assess progress against our aim to reduce our GHG emissions:

GHG emissions per annual headcount.

- This intensity metric has been chosen to indicate changes to our emissions in line with any changes to employee numbers.
- We have previously calculated our emissions at the Group level, however to increase granularity and track changes in emissions at the entity level, this year we have calculated emissions for TPA separately.
- While the 2021 and 2022 emission intensities can be used as an indication of TPA's emissions intensity in the given years, it should be noted that Scope 1, 2 and Scope 3 - Business Travel (for personal cars only) emissions have been estimated using Group level emissions as a proxy and weighted as per the number of TPA employees for the given year. Scope 3 - Business Travel (for trains and flights only) emissions have been estimated using 2023 actual emissions data as a proxy and weighted as per the number of TPA employees in the given year.
- Given that the 2023 emissions intensity presented below uses actual data, it will be used as a benchmark to track changes in TPA's emissions going forward.

Figure 3: GHG intensity ratio by year of employee headcount.



* The emission intensities for TPA in 2021 and 2022 have been estimated using Group level / 2023 emissions data (as detailed above) which has been weighted as per the number of TPA employees in the given year, and the number of TPA employees in the given year. 2023 is the first year in which emissions have been calculated for TPA separately from the Group.

Fund-level and Sovereign Bond GHG Emissions.

We undertake an analysis of the Scope 1, Scope 2 and Scope 3 (estimated) footprint of the assets held in the Funds. At a high-level, based on a tonne (t) CO₂e/£ million (m) invested metric, it has been identified that some of the Funds have a relatively high concentration/exposure to the following carbon intensive sectors:

- Energy;
- Utilities; and
- Materials.

Despite the Funds' exposure to certain carbon intensive sectors, MSCI's Implied Temperature Rise (ITR) metric, which estimates the temperature rise impact a fund has based on current GHG emissions from its underlying holdings, identifies the temperature rise impact of the Funds to range from 1.5°C to 2.7°C. This metric shows how a company aligns with the Paris Agreement - which is to keep global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. Our annual Product Reports will allow us to track the emissions intensity of each of the Funds on an ongoing basis in the future, and improve our understanding of (and allow us to consider) how any changes in the composition of each of the Funds could impact their emissions intensity. More detail on each of the Funds can be found in our Product Reports.

Sovereign Bond Greenhouse Gas Emissions data is disclosed as a separate section in our TCFD Product Reports. These emissions differ from that of corporate bonds and equities as GHG intensity is reported in tCO₂e/£m GDP nominal.

Additional detail can be found in our Product Reports (including information on assumptions and data coverage).

Climate-related targets.

We do not yet have any climate-related targets in place because we believe these will be more helpful once our climate journey has further evolved and climate-related data becomes more available and meaningful; nonetheless we are in the process of evaluating and defining what targets would be appropriate for TPA. This could include an emissions reduction target, targets related to potentially material climate-related risks/opportunities identified during scenario analysis, or climate-related targets associated with the Funds.

Concluding remarks.

Over the course of 2023, we have made progress in understanding our climate-related risks and opportunities. This has included developing our climate-related governance structure, undertaking scenario analysis, and integrating climate risk into our risk identification research and management processes. We are committed to continuing our progress and aim to further improve our internal processes over the coming years to increase our resilience to climate change. This could include undertaking a more detailed scenario analysis to further understand how financially material the previously identified risks may be to our assets and investments.



W: www.truepotential.co.uk **T:** 0191 500 8807 **E:** fundadministration@tpllp.com

Head Office: Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX

True Potential Administration LLP is authorised and regulated by the Financial Conduct Authority No. 924423.
Registered in England and Wales as a Limited Liability Partnership No. OC426081.

June 2024