

HARGREAVES
LANSDOWN



Fund Managers and Asset Management
**Taskforce for Climate-related Financial
Disclosures Entity Report**

Introduction



A statement from our Chief Investment Strategist
Emma Wall

I am pleased to present the TCFD entity report for Hargreaves Lansdown Fund Managers and Hargreaves Lansdown Asset Management.

At Hargreaves Lansdown ("HL"), our mission is to make it easier for people to save and invest for a better future. Our responsible business strategy focuses on four pillars: responsible employer, responsible business, responsible fund manager, and responsible savings and investment provider. This report highlights our efforts in the latter two areas, focusing on how we help clients invest in alignment with their values.

Escalating incidents across the globe - such as extreme weather and shifting ecosystems - underscore the need for financial institutions to integrate climate considerations into their decision-making. Climate factors are now crucial to investment portfolios, as they can significantly impact financial performance and long-term value. Addressing both physical

and transition risks is essential for ensuring investment sustainability and profitability.

In 2024, we committed to aligning our assets under management with the goals of the Paris Agreement, aiming to limit global warming to 2°C above pre-industrial levels and achieve net-zero emissions by 2050, preferably 1.5°C. We are targeting a 50% reduction in the weighted average carbon intensity of our investments by 2030, through engagement, exclusions, and divestment where necessary.

Following a recalibration of responsibilities, in my role as Chief Investment Strategist I am now responsible for the overall co-ordination of the Group Sustainability Programme, with oversight of ESG development, reporting, regulation and investment processes across HL in its capacities as a business, employer, fund manager and platform. This change brought together two teams to strengthen collaboration on our ESG initiatives.

Compliance statement

I can confirm under the FCA rule, ESG 2.2.7 that the disclosures in this report, including any third party or group disclosures cross-referenced in it, comply with the requirements stated in the FCA's ESG sourcebook.

As we enter 2026, the ESG team will update our HL-wide ESG strategy to ensure it remains aligned with emerging regulation, client expectations and HL's Group objectives, while seizing opportunities created through closer alignment across HL's business, employer, fund manager and platform functions. The team will also redefine our approach to stewardship and engagement. Climate will remain a central pillar of our engagement strategy, but we will evolve our approach to ensure it remains fit for purpose and aligned with the priorities of our investors.

I'm thrilled with the progress we've made and look forward to continuing to deliver investment solutions that help our clients achieve their goals.

We understand clients need clear disclosures from firms so they can choose the right investment products. At HL, we strive to improve transparency on how we manage climate-related risks and opportunities on your behalf as investors.

TCFD explained

The Taskforce on Climate-related Financial Disclosures (TCFD) is a climate-related disclosure framework which aims to increase transparency on climate-related risks and opportunities to enable clients and consumers to make considered choices.

The principles-based framework is mandated in the UK for listed companies, asset managers and FCA-regulated pension providers.

The recommendations are structured around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets.

The UK government has committed to reaching net zero emissions by 2050.

The transition to a net zero economy will require high-quality information on how climate-related risks and opportunities are being managed along the investment chain—from companies in the real economy, to institutional investors and consumers.

Better information will help clients and consumers make better informed decisions about their investments. This should, in turn, help to enhance competition in the interests of consumers, protect consumers from buying unsuitable products, and drive investment towards greener projects and activities.

How to interpret TCFD data for investment decisions

When reviewing TCFD reports, focus on understanding how companies and asset managers are addressing climate-related risks and opportunities. Look for clear strategies for managing these risks, such as setting emissions reduction targets and integrating climate considerations into business decisions. Where appropriate, pay attention to metrics and targets that measure progress towards decarbonisation goals.

By analysing this information, investors can identify companies and funds that are well-positioned to thrive in a low-carbon economy, ultimately making more informed investment choices aligned with their values and long-term financial goals.

Contents

This report covers the period from 1st January 2025 to 31st December 2025 for both Hargreaves Lansdown Fund Managers Limited (“HLFM”) and Hargreaves Lansdown Asset Management Limited (“HLAM”). Going forward, we aim to publish this report at Group-level, aligning to our Financial Year and including entity-level approaches where they are different.

<p>08 Governance</p> <p>09 Describe the board’s oversight of climate-related risks and opportunities.</p> <p>10 Describe management’s role in assessing and managing climate-related risks and opportunities.</p> <p>11 Strategy</p> <p>12 Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>12 Describe the impact of climate related risks and opportunities on the organisation’s businesses, strategy, and financial planning.</p> <p>12 Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>22 Risk Management</p> <p>23 Describe the organisation’s processes for identifying and assessing climate-related risks</p> <p>26 Describe the organisation’s processes for managing climate-related risks.</p> <p>28 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.</p> <p>29 Metrics and Targets</p> <p>30 Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>38 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>40 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p> <p>41 Taskforce on Nature-Related Financial Disclosures</p>
---	---	---

Please see our supporting reports:

- [Group TCFD Report](#)
- [TCFD Product Reports](#)
- [Climate Transition Plan](#)
- [Stewardship and Engagement Report](#)

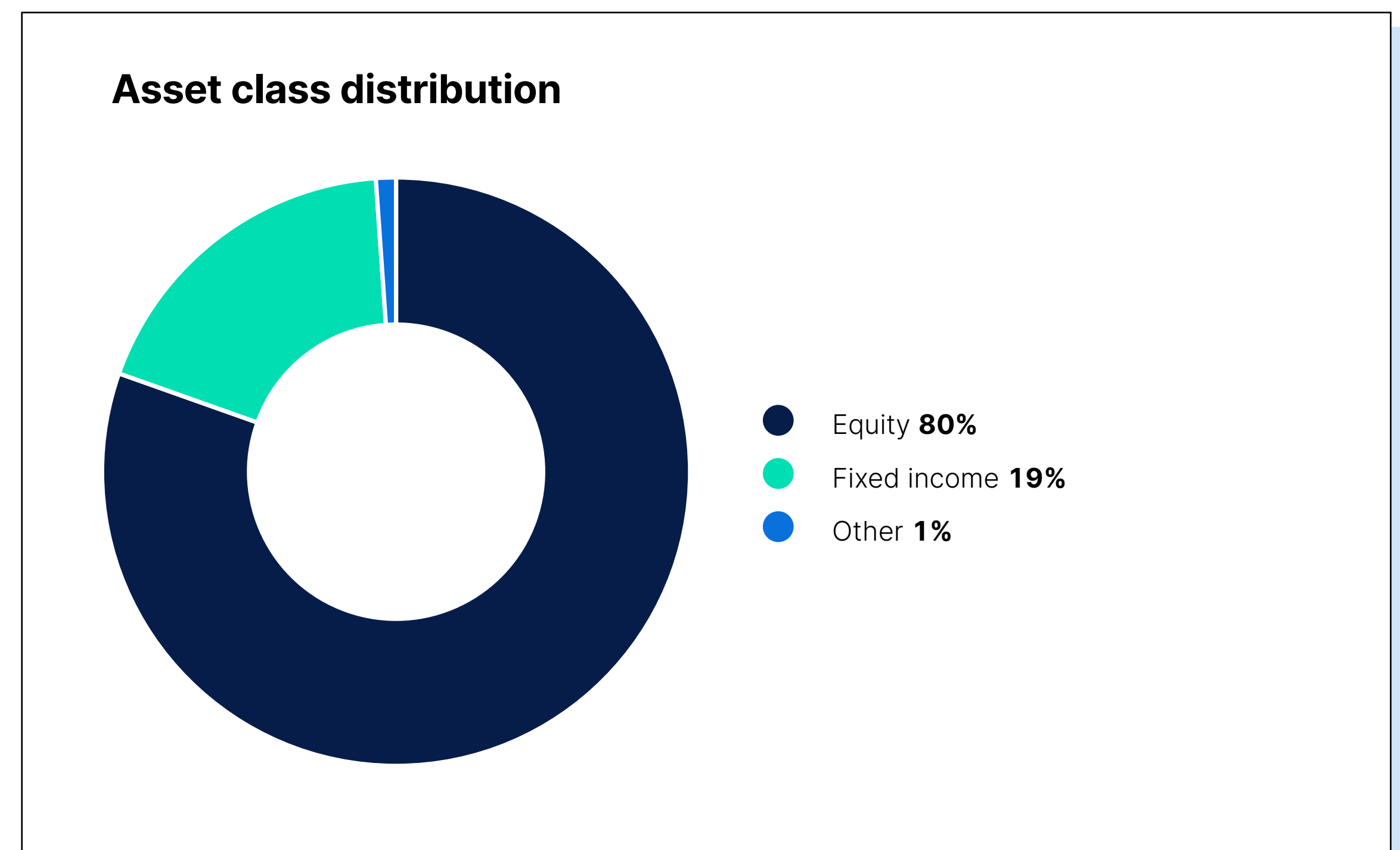
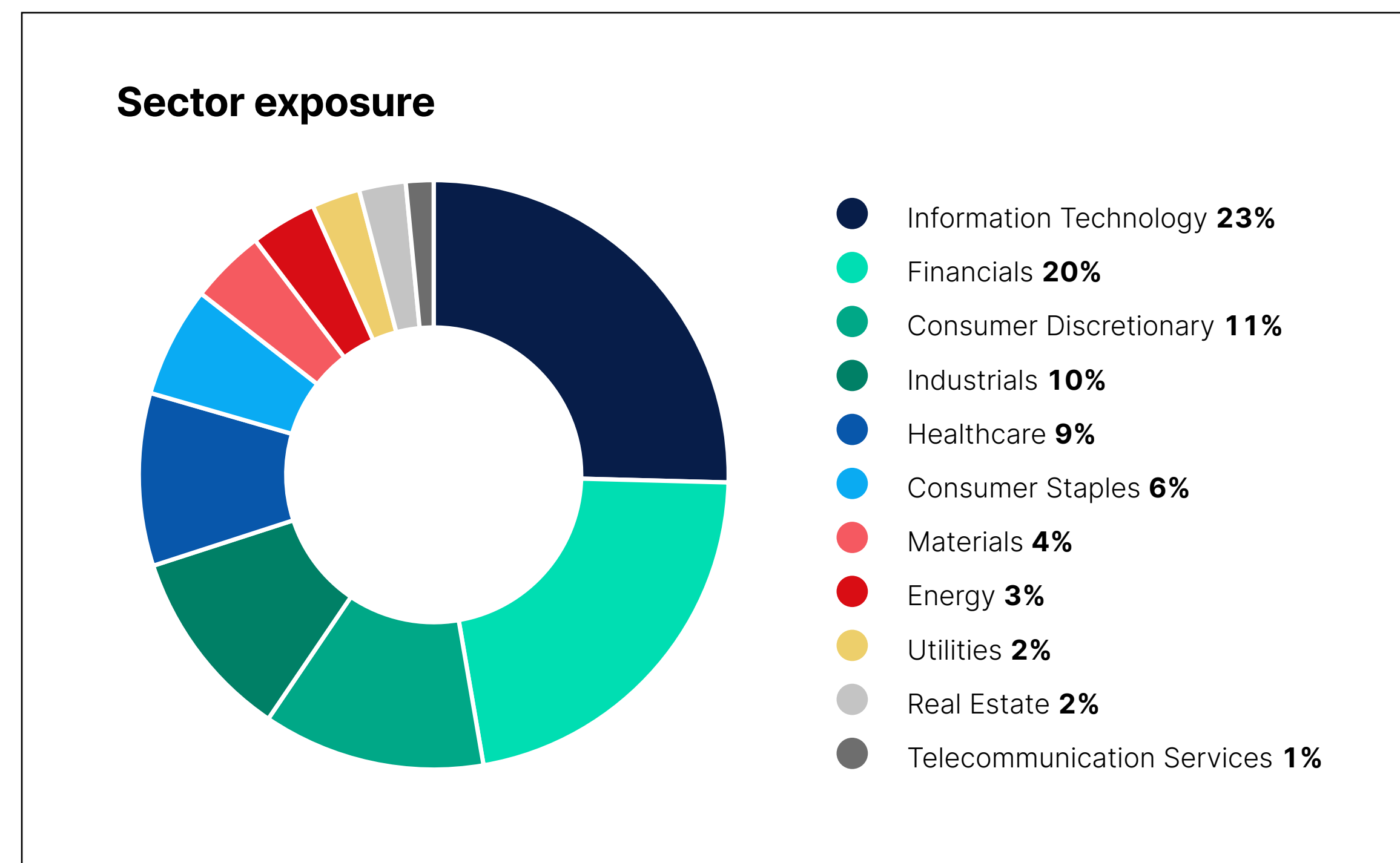
Entities at a glance

Hargreaves Lansdown Fund Managers at a glance

Through our Hargreaves Lansdown Fund Managers (HLFM) fund range we manage over £13.3 billion of assets, providing investment solutions for clients across a broad range of sectors and investment needs.

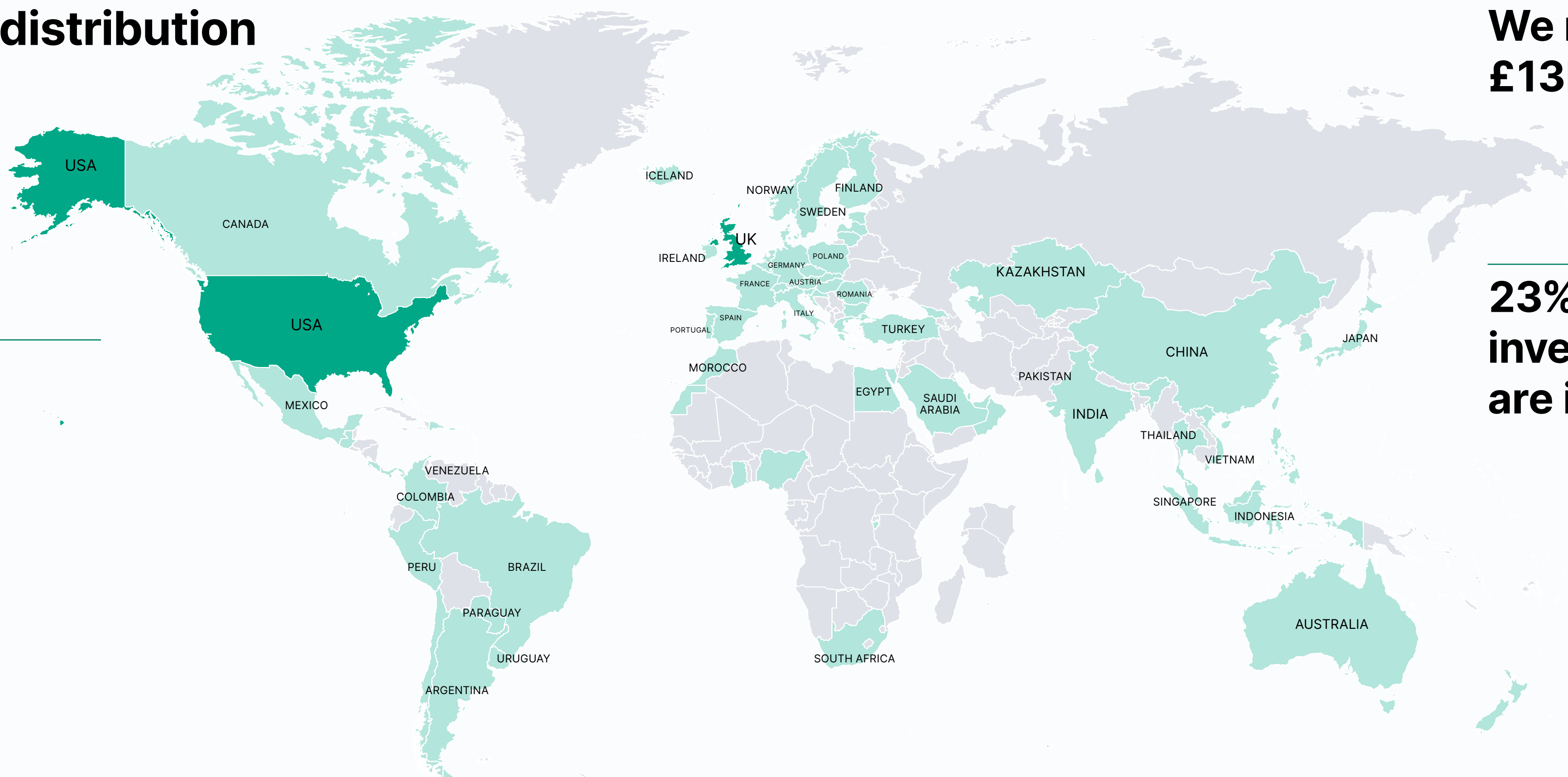
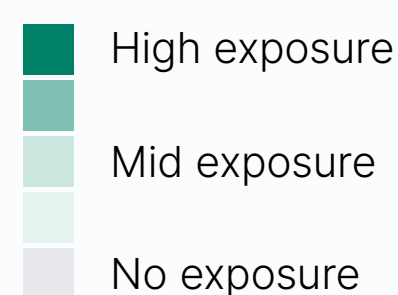
This includes a range of Ready-Made Funds offering instant diversification, Portfolio Building Blocks which provide greater diversification across different global sectors and our range of Select Equity Funds, which are concentrated portfolios with a high level of transparency and insight.

Investors in the HL Select Funds were invited to vote on proposed changes to the investment objective/policy of the Funds through Extraordinary General Meetings (“EGMs”) held on 25 February 2026. The changes were approved at the respective Fund EGMs and will take effect on 9 April 2026.



Geographic distribution

41% of our investments are in the US



We manage over £13bn of assets

23% of our investments are in the UK

Market Value 2025 £m

HL Growth	£2,325
HL Multi-Manager Special Situations	£1,857
HL UK Income	£1,672
HL Multi-Manager Balanced Managed	£1,147
HL Multi-Index Moderately Adventurous	£776
HL Select Global Growth	£505
HL Moderately Adventurous	£505
HL Global Bond	£502
HL Adventurous Managed	£502
HL Multi-Manager High Income	£427
HL Balanced Managed	£363
HL Income	£286

Market Value 2025 £m

HL Select UK Growth	£273
HL Global Corporate Bond	£261
HL Global Equity Income	£261
HL US	£247
HL Multi-Index Adventurous	£197
HL Cautious Managed	£186
HL Multi-Index Cautious	£186
HL Multi-Manager UK Growth	£177
HL European	£173
HL Emerging Markets	£141
HL Select UK Income	£136
HL Multi-Index Balanced	£131



Hargreaves Lansdown Asset Management at a glance

Hargreaves Lansdown Asset Management Limited (**HLAM**) is in the business of providing investment solutions to retail clients.

With £170.8 billion assets under administration, our investment platform allows our clients to invest in a broad range of funds, investment trusts, venture capital trusts, long-term asset funds, exchange-traded funds and shares through general investment accounts and tax-efficient wrappers, such as ISAs and SIPPs.

Investment solutions

As part of its platform service, HLAM provides investment solutions to meet different client needs. These include ready-made investments, investment research and shortlists, and portfolio analysis tools. These services are designed to make it easy for clients to save and invest for their future.

Financial planning and advice

We provide investment solutions for Hargreaves Lansdown Advisory Services (HLAS), including model portfolios and a managed portfolio service. HLAS

provide a range of services around these solutions from one off to ongoing advice and financial planning.

Workplace



HLAM provides services to employers including a Group Self-Invested Personal Pension, a Workplace ISA and General Investment Account, an employee flexible benefits platform and retirement services. Workplace clients can remain invested in the HLFM-managed default fund, or choose from HLAM curated investment selections or other funds from the wider platform.

Governance

Our board's oversight of climate-related risks and opportunities

The Hargreaves Lansdown Group Limited ("HLGL") Board is responsible for our overarching Group-wide strategy, including our Sustainability strategy. Ownership is delegated to the following committees:

Actions from the Boards include reviewing and approving our climate disclosures and accompanying documents at least once a year which in turn provides oversight on risks, opportunities, impacts and dependencies.

Board Committee	Type	Responsibility
Risk Committee	Group	Reviews and advises the Board on changes to the Group's risk appetite, risk profile and future risk strategy.
Audit Committee	Group	Monitors the integrity of the Group's financial reporting, including climate reporting.
HLAM Board 	Entity	Overall responsibility for the management and governance of HLAM's business including integration of climate-related risks and opportunities.
HLFM Board 	Entity	Responsible for implementing the group-wide strategy and climate-related risks and opportunities for the HL fund range. The responsibilities of this Board include overseeing and endorsing the HLFM net zero strategy and transition plan.

Our management's role in assessing and managing climate-related risks and opportunities

Our Chief Investment Strategist is responsible for the overall co-ordination of the Group Sustainability Programme. Due to the nature of this responsibility, it is distributed across senior leadership including:

- Chief Operating Officer
- Chief Financial Officer
- Chief Risk Officer
- Chief Strategy Officer

Entity-level management committees

The Distribution Investment Oversight Committee (DIOC)¹ oversees and challenges investment decision making for products and solutions distributed by HLAM. It oversees adherence to our ESG-related policies, as well as monitoring ESG-related risks.

The Independent Governance Committee

(IGC) is responsible for assessing HL's policies on ESG (including climate change), non-financial matters, stewardship and other financial considerations in relation to our Workplace offerings.

The Executive Investment Committee (EIC)² assumes a critical role in ensuring adherence to our ESG-related policies and monitoring associated risks. This committee is tasked with providing executive challenge and oversight of HLFM's performance and risk outcomes across the funds it manages.

To develop our reports, working groups are built with colleagues from around the business, both from corporate and client functions who have the requisite specialist knowledge, including our ESG team.

Our ESG Team

The ESG Analysis team supports various teams across the business, including the Investment Strategy team, which is responsible for all HLAM Investment Solutions (such as the Wealth Shortlist, Foundation Portfolios and Workplace default and Pathways funds), as well as HLFM. They ensure that HL's investment processes align with industry best practice on ESG and climate.

- Delivers KPI reporting monthly to ensure compliance with our ESG Investment Policy and our Stewardship and Engagement Policy.
- Oversees the implementation and provides analysis on our progress towards our decarbonisation target.

¹DIOC – derives its authority from the HLAM Board.

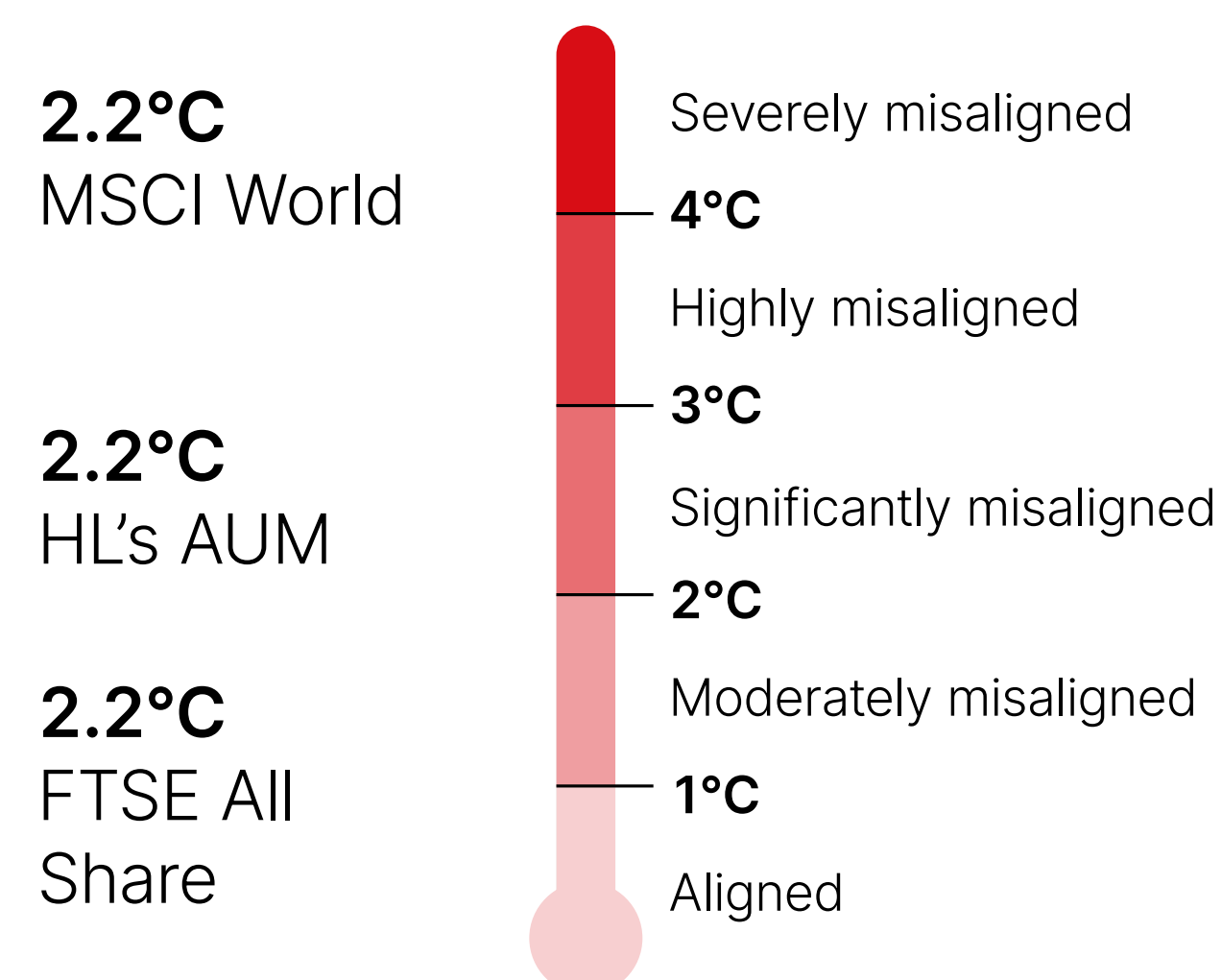
²EIC – derives its authority from the HLFM Board.

Strategy

Our Group-wide strategy is underpinned by our Growing Responsibly Framework which includes reducing our impact on the environment and becoming lean and efficient with a focus on providing great outcomes for our clients.

Implied Temperature Rise

Morningstar Sustainalytics' methodology suggests the implied temperature rating of HL's AUM remains at **2.2°C** in 2025, making our portfolio significantly misaligned with the emission reductions necessary for a 1.5-degree scenario.



The implied temperature rise signifies the temperature to which the world would warm (above pre-industrial levels) should all companies' expected emissions differ

from their net-zero budgeted emissions to the same degree as this portfolio. This data point should be considered in context of the global objective of minimising global warming to well below 2°C, ideally 1.5°C, by 2050.

This means that if all companies had the same investment alignment and transition preparedness as the investee companies in our portfolio, it is estimated that the world would warm by 2.2°C above preindustrial levels.

Climate-related risks and opportunities identified across short, medium, and long term, their impact on our business, strategy and financial planning, and the resilience of our strategy under different climate scenarios.

We have performed an assessment of climate-related risks in alignment with our Enterprise Risk Management Framework (ERMF) including transition and physical risks over short-, medium- and long-term time horizons under three contrasting climate scenarios, for both entities (**HLFM** and **HLAM**). These scenarios are hypothetical scenarios to assist our understanding of how climate change impacts our business and

our portfolios. Performing this assessment tests that our strategy can respond to climate-related risks and that we can take advantage of climate-related opportunities.

Outcome

Whilst we remain resilient to current climate-related risks and opportunities, we're continuously improving our approach by ensuring alignment with industry standards and utilising new climate metrics, where appropriate, to inform our decision-making.

The below table gives a high-level view of the scenarios chosen. For more information about the climate scenario models used for the data in this report, please see [page 34](#).

Please note that this likelihood scale assesses the probability of the climate-related risk impacting the entity after considering the implementation of risk mitigation measures. All risks highlighted below are considered material risks.

Key

- **Unlikely:** < 10% probability
- **Possible:** 30 - 70% probability
- **Likely:** > 70% probability

Transition Risks

Reputation

Description

The risk that our stakeholders perceive us as being unresponsive or insensitive to climate-related risks and are unhappy with our progress of aligning our investments and products with the transition to a low-carbon economy.

Potential impact

Loss of client trust and reduced demand for products and services leading to clients directing capital to other platforms and poor investor outcomes.

Mitigation

To build resilience against reputational risks, we prioritise transparency and accountability in all our communications. We closely monitor greenwashing concerns and ensure that all claims made in our reporting are fully

Likelihood of risk impacting HLFM & HLAM

Scenario	0-5 years	5-10 years	10+ years
Orderly	Possible	Possible	Unlikely
Disorderly	Unlikely	Possible	Possible
Hot House World	Unlikely	Unlikely	Possible

substantiated and clear. This approach helps us maintain credibility and trust with clients, investors, and the public, ensuring that we are well-positioned to effectively manage the transition to a low-carbon economy while mitigating potential reputational risks.

For an overview of our approach to climate-related risk management, please refer to [page 22](#).

HLFM

We ensure clients' needs are met by measuring and monitoring our funds emissions. We are targeting the 50% reduction in the weighted average carbon intensity of our assets under management by 2030, relative to a 2019 baseline. We are

transparent about our progress, disclosing annually via our [Climate Transition Plan](#) and [Stewardship and Engagement Report](#).

HLAM

As a pensions, investment and savings provider for retail clients we have a duty to ensure ready-made and managed portfolios are transparent and meet our clients' needs. Our solutions invest into funds that are aligned with our [ESG Investment Policy](#).

Market

Description

The risk that climate change or the transition to a lower-carbon economy negatively impacts the global economy and therefore the value of assets on our platform and in our range of managed investments. As an investment provider business, there is also a risk of failure to offer low carbon tools and solutions.

Potential impact

Assets with exposure to climate-related risks may be subject to a decrease in value and related revenue streams, impacting returns. Reduced new business from clients who want to invest responsibly.

HLFM

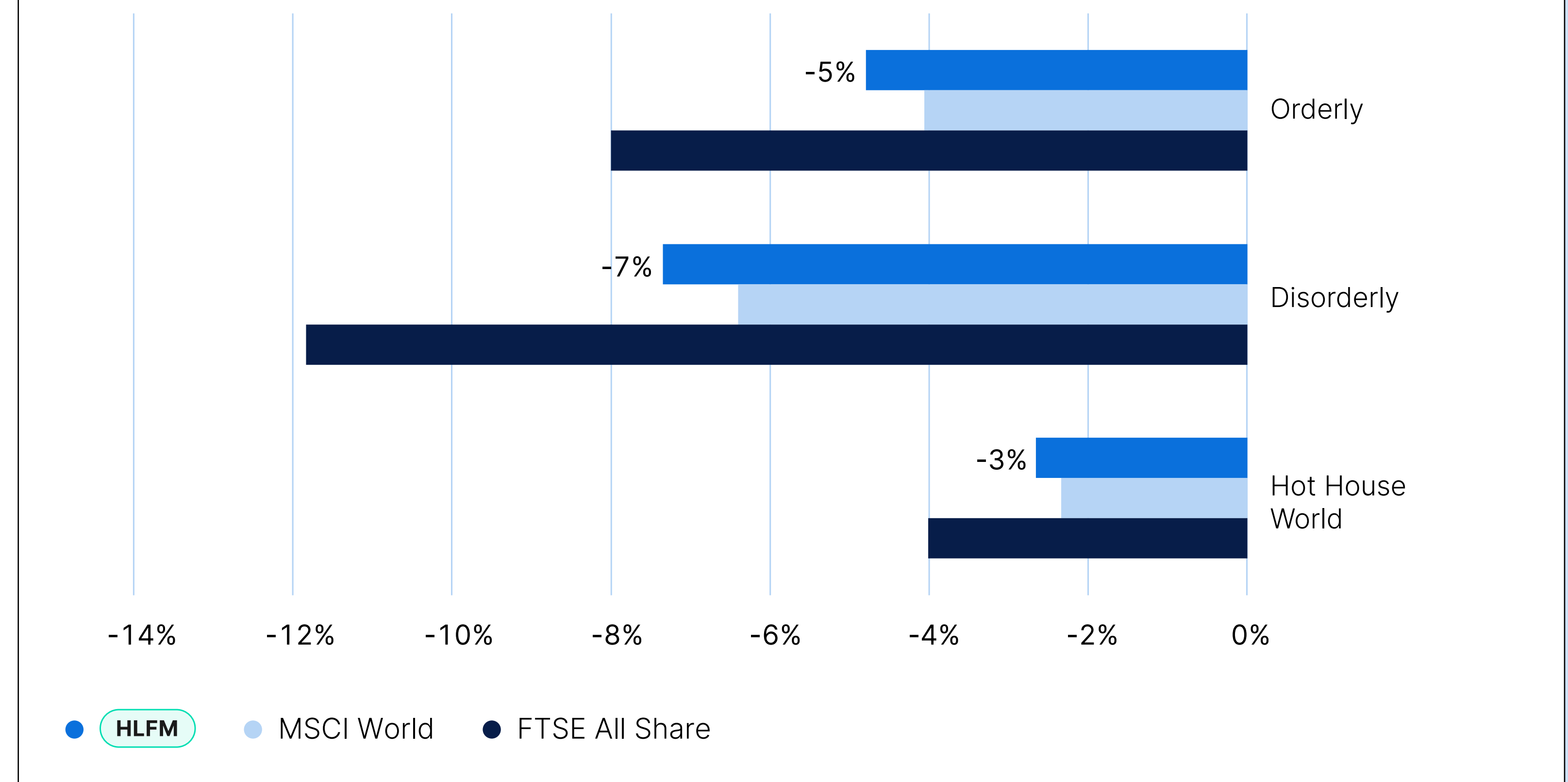
Climate Value-at-Risk

Climate VaR is used to estimate the potential financial losses that a company or portfolio of assets could incur due to climate-change. This data point indicates the expected value degradation of a company based on its expected misalignment to a net zero pathway, expressed as a percentage. We have aggregated this company level data point to the portfolio level:

Likelihood of risk impacting HLFM & HLAM

Scenario	0-5 years	5-10 years	10+ years
Orderly	Likely	Likely	Possible
Disorderly	Possible	Likely	Likely
Hot House World	Possible	Possible	Likely

Climate Value-at-Risk



The potential absolute loss in value HL's portfolio may experience from the transition to a low carbon economy, from market and policy risks, is 5% in an 'orderly transition', 7% in a 'disorderly transition' and 3% in a 'hot house world' scenario.

Mitigation

Our broad range of investments allows our clients to hold diversified portfolios and react to changing market trends. For our managed portfolios and funds, we have an ESG-integrated investment process to minimise ESG and climate-related risks.

As part of our wider risk management framework, we stress test our market exposure to ensure we are confident that our business model is resilient against this risk.

HLAM

We educate our clients on the risks associated with stranded assets, particularly in the oil and gas sector, and the importance of diversification within a portfolio to help shield against abrupt market changes.

To understand evolving market preferences, we survey clients every year to ensure that our investment solutions remain

aligned with their needs for climate-related products and services. By actively managing these risks and educating stakeholders, we aim to enhance resilience against market disruptions and ensure our clients' long-term financial well-being.

To read our headline survey results, please see our [Stewardship and Engagement Report](#).

HLFM

Our approach draws upon a diversified, global pool of investment opportunities which aims to reduce concentration risk, meaning our clients are less likely to suffer a significant financial loss via sudden market changes. We assess climate-related risks as part of the investment process, more information can be found on [page 24](#).

Policy and Legal

Description

The introduction of new or more stringent climate-related regulations, increasing our disclosure obligations. Legal risks may arise if net zero or ESG commitments are perceived as misleading.

Potential impact

Increase in the cost of compliance to meet the regulations and the potential impact on product restrictions including risk of regulatory fines if we fail to comply with these requirements.

Strategic litigation is becoming a key risk across the financial services sector. Typically, this has focused on firms providing funding to high carbon activities. Approximately 7% of HLFM's AUM is exposed to the fossil fuel industry, which is lower than the MSCI World Index (9%) and FTSE All Share Index (15%). While such litigation may not always result in financial penalties, it could lead to reputational damage and wider systemic change.

Likelihood of risk impacting **HLFM** & **HLAM**

Scenario	0-5 years	5-10 years	10+ years
Orderly	Likely	Likely	Unlikely
Disorderly	Possible	Likely	Unlikely
Hot House World	Unlikely	Unlikely	Unlikely

Mitigation

We have seen growing demand of climate-related regulation for companies worldwide. Increasing our resilience supports fast paced regulatory changes and through our regulatory compliance teams we horizon scan for policy and legal risks associated with climate change, using our governance framework to ensure the business can monitor, direct and ensure all regulations are followed.

Both entities are subject to additional environmental and sustainability-related disclosure requirements through SDR and work has been undertaken to ensure the Group does not breach these requirements.

HLFM

Our funds are analysed by our ESG Analysis team to ensure the funds comply with regulations from a climate perspective.

HLAM

We are exposed to regulatory risks through expectations set out by the FCA. New disclosure requirements relating to our platform products could increase the costs of our operating activities. Our regulatory change process operates horizon scanning to ensure all areas of the business identify new and upcoming changes allowing for planning in advance.

Technology

Description

An increased need to integrate climate analytics could lead to significant investments in data, modelling, and technology infrastructure. Retail investors are increasingly demanding real-time ESG data, carbon footprint tracking, and climate-themed product filters.

Potential impact

Given the high importance of enabling clients to self-serve, failing to meet these demands could result in reduced platform attractiveness, leading to a loss of market share or decreased investor confidence. Lack of investment in ESG data could also restrict the ability to identify and assess climate-related risks in our investment process.

Mitigation

We have integrated climate data into our fund analysis process and will ensure alignment with evolving regulatory requirements. Recognising the importance of incorporating this data on the platform side, we will continue

Likelihood of risk impacting HLFM & HLAM

Scenario	0-5 years	5-10 years	10+ years
Orderly	Likely	Likely	Unlikely
Disorderly	Possible	Likely	Unlikely
Hot House World	Unlikely	Unlikely	Unlikely

to enhance our capabilities over time. Our Procurement and Vendor Management team works proactively to negotiate favourable terms and control rising data costs.

HLFM

Our Quantitative Analysis team manage our proprietary ESG Dashboard which aggregates third party climate data with our portfolio data to enable the identification and analysis of climate and broadly ESG-related risks across our product range.

HLAM

As a manufacturer and distributor, each product undergoes a regular review process, led by Product Governance, to assess its value in comparison to competitors. This approach ensures we maintain competitiveness while effectively managing costs in an increasingly dynamic market.

Physical Risks

In this section, we have identified the physical climate-related risks associated with our investment portfolio, which is a subset of Market Risk in our Group-level reporting. Our Group TCFD report covers the physical risks applicable to HL as a company.

Description

Acute climate-related physical risks include asset and infrastructure damage, operational disruption, and supply chain breakdown.

Chronic climate-related physical risks include rising temperatures, water scarcity, sea level rise and ocean acidification.

Potential impact

We leverage our third-party data provider Morningstar Sustainalytics to assess the impact physical climate risks may have on our portfolios through the Total Loss Ratio and hazard analysis. This identifies which hazards are likely to damage the assets we invest in, quantified by Asset Damage Risk,

Likelihood of risk impacting HLFM & HLAM

Scenario	0-5 years	5-10 years	10+ years
Orderly	Possible	Possible	Possible
Disorderly	Possible	Possible	Likely
Hot House World	Possible	Likely	Likely

or cause non-damage related disruptions, quantified by Productive Capacity Loss).

Please note, data coverage for physical climate risk metrics is 58%. For more information, please see our data limitations and assumptions on [page 37](#).

Risks are measured by combining details around physical assets and climate change hazard projections to see how physical climate changes will affect those assets.

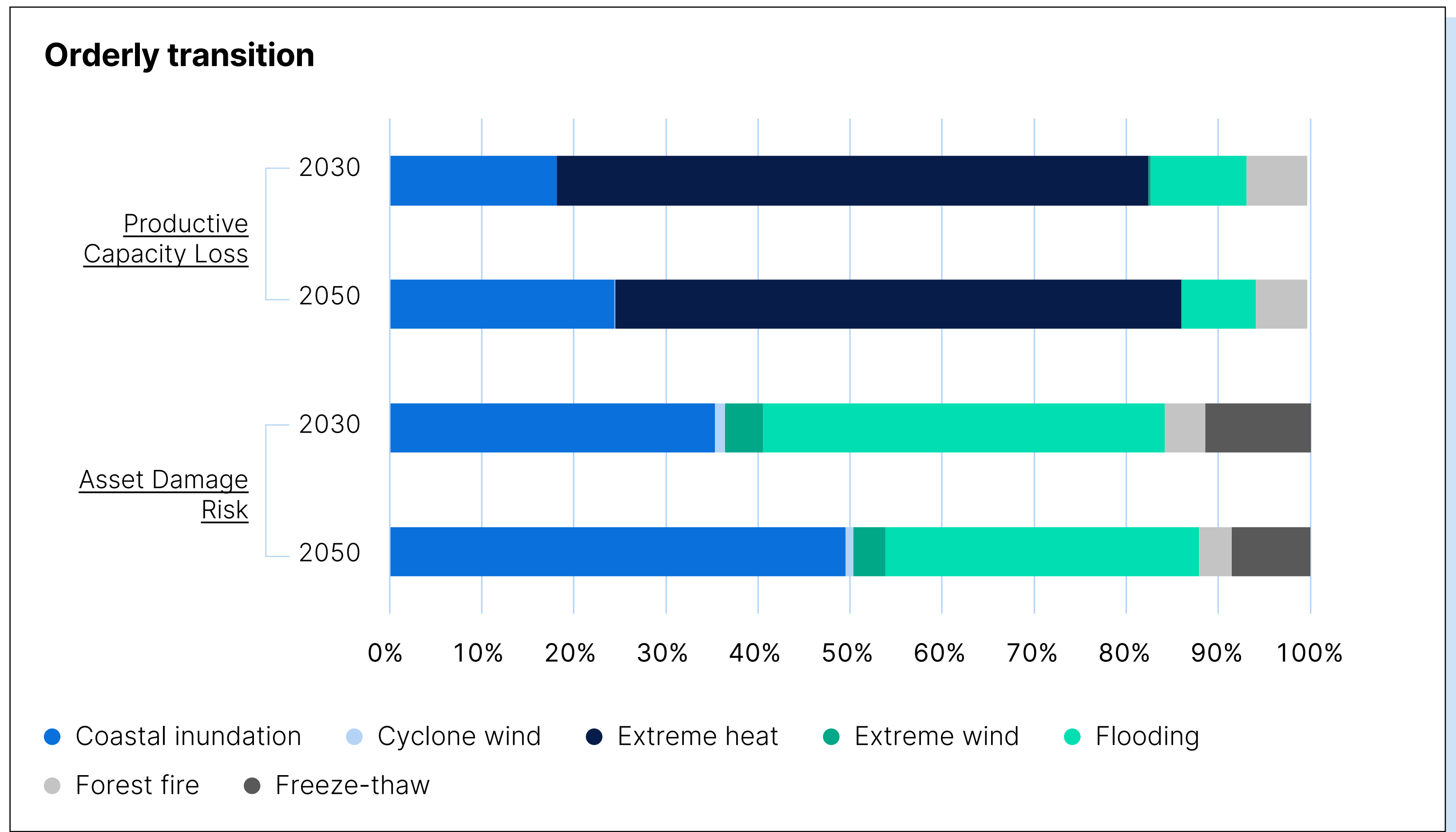
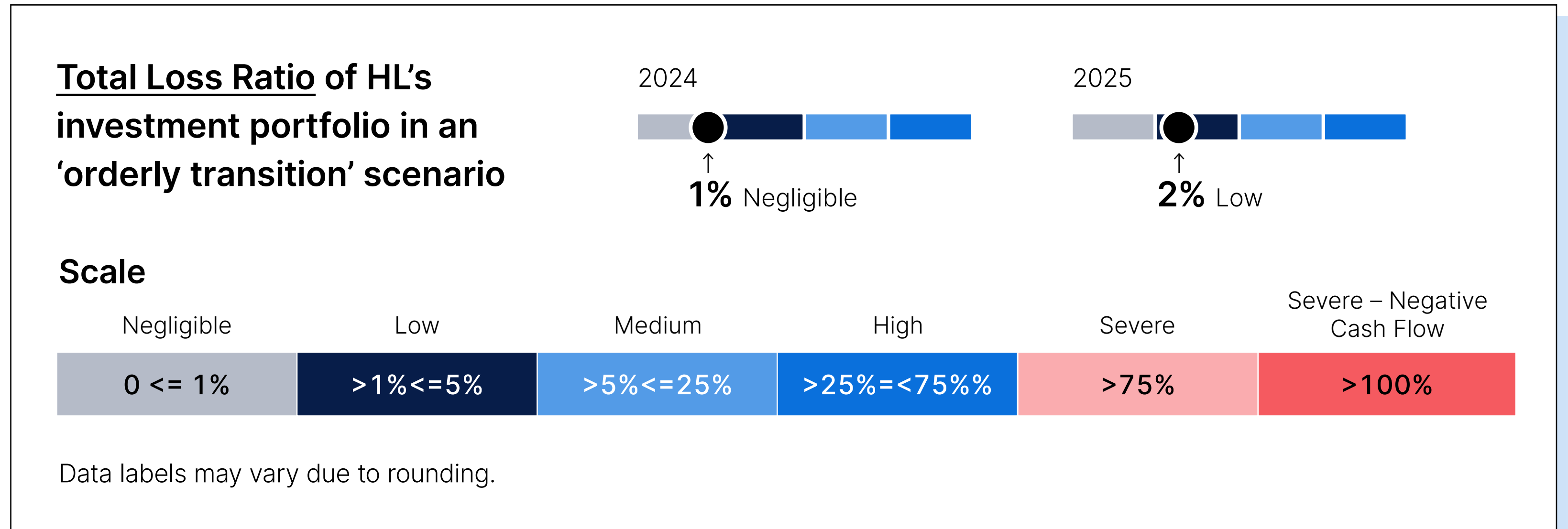
HLFM

The chart on the following page shows how different climate hazards contribute to the direct climate-related risk faced by HL's investment portfolio under an 'orderly transition' and a 'hot house world'

scenario, in the medium term (2030) and long term (2050). It illustrates the relative contribution of each hazard, expressed as a percentage of the direct risk within each scenario and time horizon.

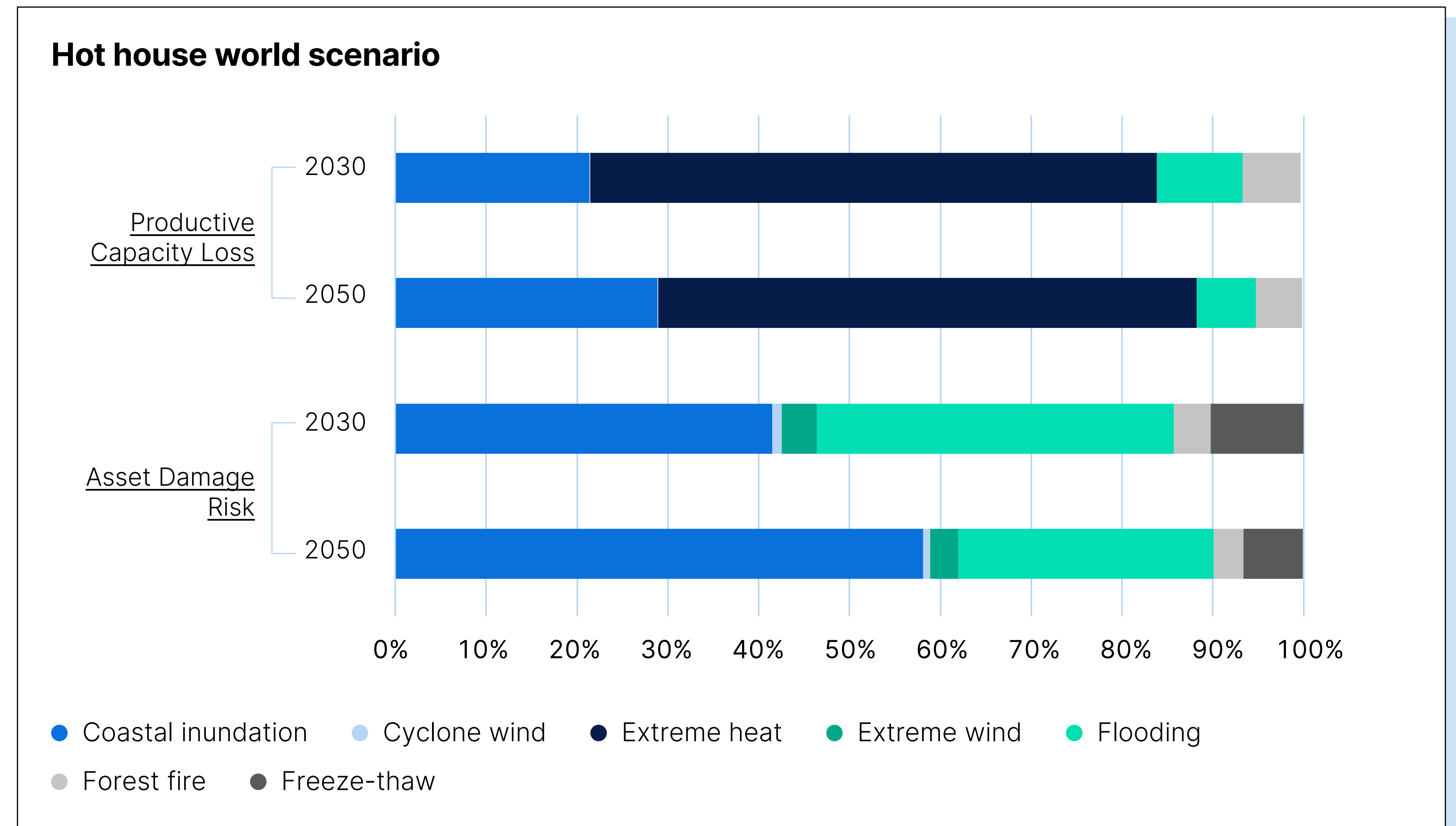
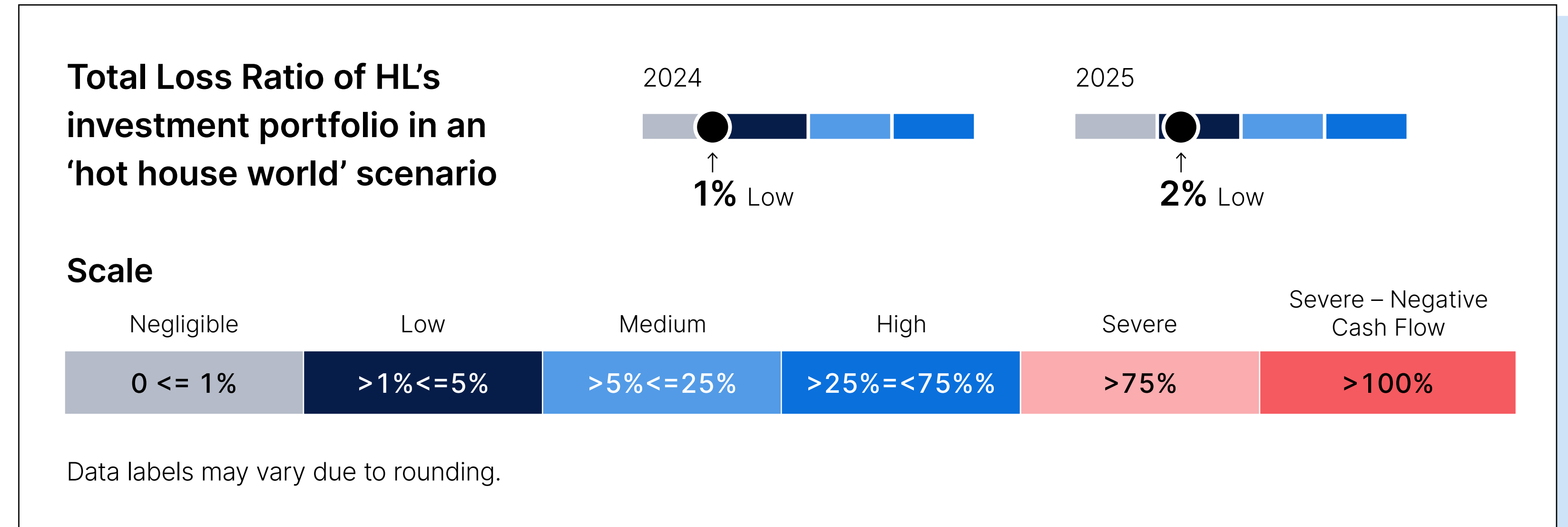
This assessment shows that, in the context of climate-related direct risks, the underlying investments within our funds are most likely to be impacted by flooding by 2030 and rising sea levels by 2050. Additionally, extreme heat poses the greatest risk to the portfolio's productive capacity, potentially disrupting operations due to heat stress and related damage.

Overall, physical climate risk could result in losses of up to 2% of AUM by 2050 in an 'orderly transition' scenario. The low loss ratio indicates that the portfolio is more financially resilient to physical climate risks.



This assessment shows that, in the context of climate-related direct risks, the underlying investments within our funds are most likely to be impacted by rising sea levels. Additionally, extreme heat poses the greatest risk to the portfolio's productive capacity, potentially disrupting operations due to heat stress and related damage.

Overall, physical climate risk could result in losses of up to 2% of AUM by 2050 in an 'hot house world' scenario. The low loss ratio indicates that the portfolio is more financially resilient to physical climate risks.



Opportunities

Companies with strong climate credentials stand to benefit from enhanced brand reputation, client loyalty, and alignment with evolving regulatory expectations. While we do not run dedicated climate-aligned strategies, we recognise that shifting market dynamics, increasing investor scrutiny, and regulatory developments may drive greater integration of climate-related considerations across investment strategies.

Embracing resource efficiency measures can reduce operational costs and lower environmental impact, supporting long-term resilience. Organisations that proactively adapt their business models to climate-related disruptions may be better positioned to maintain performance under transition scenarios. Furthermore, companies developing innovative products and services to address climate challenges can capture emerging market opportunities as investor and consumer preferences shift toward sustainable solutions.

HLFM

Across our HL multi-manager fund range, we appoint managers with firm-level climate commitments. Third-party ESG assessments, including PRI and CDP, inform our proprietary ESG scoring, which helps us identify managers who are well-positioned to capture climate-related investment opportunities.

We know that climate change is a top priority for our workplace clients, and therefore we partner with fund managers with a robust approach not only to mitigating climate risk but to maximising opportunities through portfolio tilting, and stewardship and engagement.

Equally, when undertaking in-depth analysis of our Focus List companies, we assess how they are capitalising on the opportunities the transition presents. To what extent companies can adopt competitive sustainability principles, unlocking positive performance through purposeful innovation, is a key step in understanding the maturity and sustainability of a decarbonisation journey.

HLAM

Through our content, we regularly identify investment opportunities for clients, highlighting funds and individual companies that provide climate solutions, are leading the way in transitioning their business models to decarbonise, or play a vital role in the global transition, with an emphasis on long-term return potential.

Risk Management

Our processes for identifying and assessing climate-related risks.

HL recognises climate change as a material ESG factor and a systemic risk to our economy. We continually refine our methods for identifying and assessing climate-related risks to ensure we are aligned with best practice.

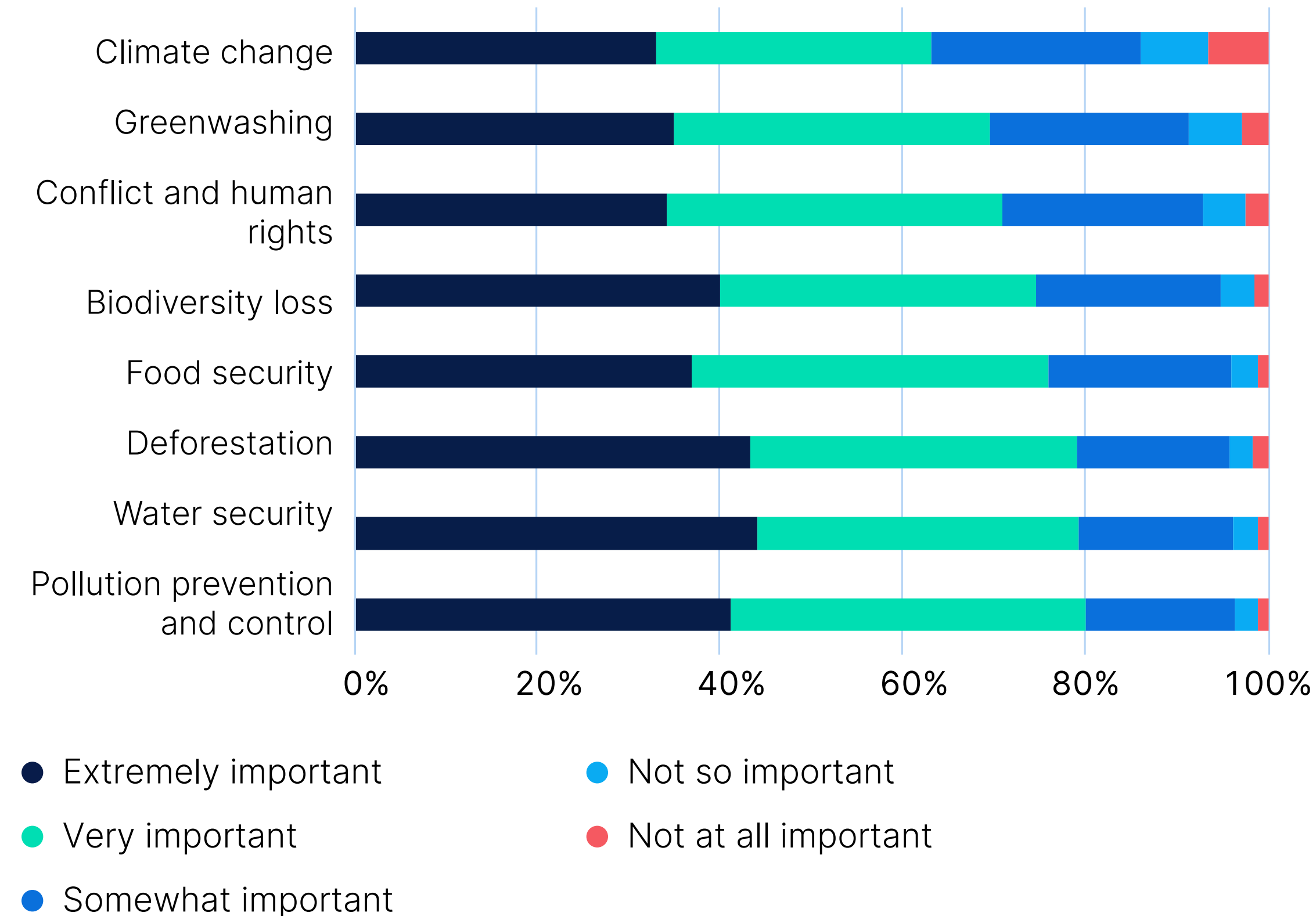
Product

Client demand is a key factor in our product development. We actively engage with clients through surveys to help gauge their perspectives on ESG-related topics, including climate-related concerns. ESG factors are being incorporated into solutions and tools currently under development, including enabling clients to use climate-related data to make informed investment decisions.

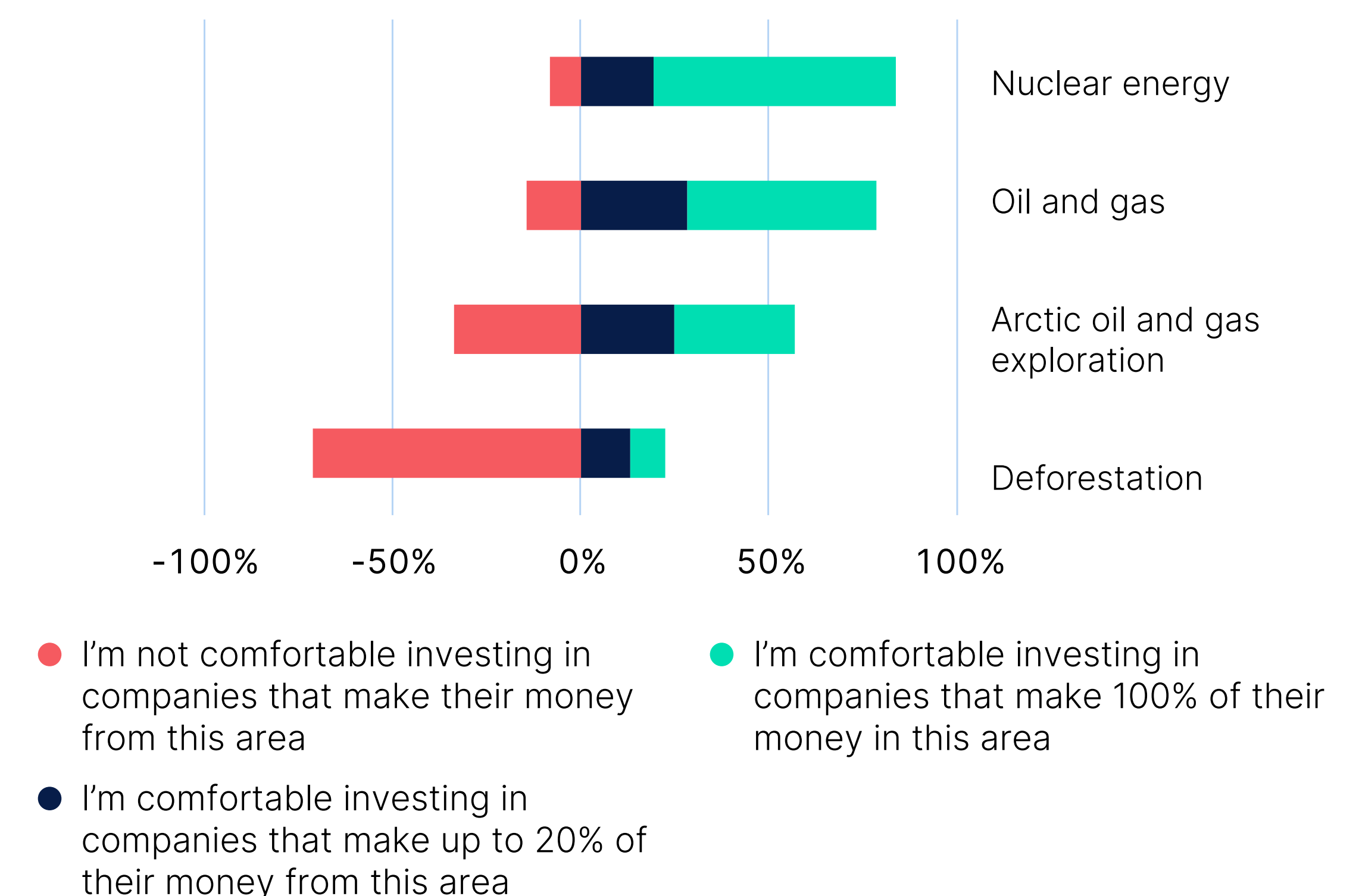
For more insights from our Sustainable Investor Survey, please see our [Stewardship and Engagement Report](#).

We also consider ESG flows in market and on platform. This allows us to assess whether intentions are matched with actions, and then what subsequent behaviour is exhibited. ESG related regulation is also factored into our product development, such as

How important are climate-related issues to HL clients?



What climate-related sectors or activities are clients comfortable investing in?



the implementation of the Sustainability Disclosure Requirements (SDR).

HLFM

HLFM is moving towards investing in segregated mandates, rather than third-party funds, to have greater control of manufactured solutions. ESG criteria is included in the Investment Management Agreement for segregated mandates as well as forming a key section of our due diligence assessment of firms and funds.

HLAM

Among our Workplace membership in particular we have explored demand for different responsible approaches. Our Workplace default has been designed with a decarbonisation pathway at its core, as Net Zero is a priority for many of our Workplace employer clients and members.

Process

When reviewing the third-party managers we use in our solutions, ESG is one of our ten due diligence categories. We assess firms on whether they have set a net zero target, whether this covers all scopes of emissions, and what proportion of their assets are covered by targets. We also ask our

investment managers whether they conduct any climate scenario planning or stress testing on their funds under management.

Our proprietary Fund House Dashboard plays a central role in our approach, integrating climate considerations directly into our scoring methodology. In addition to assessing groups' ambition on net zero and stewardship capabilities, it also evaluates the reporting and disclosure of climate risk. The Dashboard score is directly reflected within our investment checklist, which managers and analysts are required to complete annually for each fund held in our solutions.

As part of the checklist, managers and analysts are also required to assess our proprietary fund-level climate score. This score integrates four key metrics - carbon intensity, implied temperature rise, climate value-at-risk, and fossil fuel exposure - to evaluate the degree of climate risk the fund may pose to investors. If the score falls below our threshold, further analysis is needed to determine whether the fund manager is aware of the elevated climate risks and the measures being taken to mitigate them. Our managers also consider regional variations in climate risk, making it essential

to ensure that the fund's climate risk profile aligns with what investors can reasonably expect based on its geographical focus.

We rely on Morningstar Sustainalytics as a trusted third-party data provider for carbon data. This data feeds directly into our proprietary ESG dashboard, a robust tool that aggregates company-level data to the portfolio level. Through this dashboard, we effectively discern key climate-related risks, examining not only carbon emissions but also metrics such as exposure to physical climate risks, alignment with climate transition pathways, and alignment to climate-related opportunities. This comprehensive analysis enables us to pinpoint the highest emitting stocks, sectors, and geographies within each of our funds, providing insight into our products' alignment with net zero goals. Additionally, climate is factored into financial planning through our allocation to third party ESG data providers to manage climate-related risks effectively across our investment solutions.

We also assess the highest emitting companies in our portfolio against industry recognised frameworks such as the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment

Framework criteria and the Climate Action 100+ Benchmark. These frameworks outline essential criteria for asset alignment and climate solutions assessment, including emissions disclosure quality, transition plans, capital expenditure commitments, and implied temperature scores.

Our HL Ready-Made Funds and HL Portfolio Building Blocks funds invest in segregated mandates and third-party funds (including ETFs) managed by various external managers. Our investment team engages with these managers throughout the year to assess performance, receiving regular updates on

their engagement approach and outcomes achieved. Additionally, we issue an annual dedicated ESG due diligence questionnaire to our appointed managers, seeking insights into their approach to managing climate risk, their climate-focused engagement efforts and decarbonisation strategies.

Deforestation

We have identified deforestation as a key climate-related risk. The clearance of forested land through burning releases vast amounts of greenhouse gases into the atmosphere, and the process of deforestation reduces the ability of an area to store carbon. We

commit to understanding the scope and impact of deforestation within our funds in our [Stewardship and Engagement Policy](#).

We are committed to improving our understanding of our exposure by working with our data provider. We are engaging through the Investor Policy Dialogue on Deforestation Initiative (IPDD) to improve regulation on deforestation. This in turn will increase transparency, reporting and data for investors globally to make more informed investment decisions.



Our processes for managing climate-related risks.

HLFM

Two of the main ways to manage climate risk in a portfolio are engagement (working with companies to help them improve) and exclusion (avoiding shares in companies where significant improvement is required).

We believe the most effective method to achieve real world change is engagement. When you are an investor in a company, you can attend shareholder meetings and vote on management's proposals, or if you can't attend you can cast a proxy vote. This gives you a chance to have a say on how sustainable practices are handled in future, which is even more important for companies that have a large footprint on the environment around them.

In contrast, if you avoid a company's shares, someone else buys them. They may not care about the company's impacts as much as you do. They might be happy to see the company run in the same way, without

any care for climate issues. In extreme cases, companies ignored by investors could see large international investors and private equity firms buy the firm and take it private. It would then face even less restrictions and transparency requirements.

Exclude HLFM

That said, we do apply a small number of exclusions where companies are engaged in activities that contribute significantly and disproportionately to climate harm. For instance, we exclude companies that generate 20% or more of their revenues from thermal coal power generation and extraction, and oil sands extraction. We also apply exclusions to companies involved in controversial weapons (such as antipersonnel mines and cluster munitions), and those in persistent violation of the UN Global Compact (a UN pact on human rights, the environment, labour and anti-corruption). These exclusions are applied across the HL Select Funds and the segregated mandates held within the HL Portfolio Funds and HL Portfolio Building Blocks.

Minimum standards HLFM & HLAM

To be considered for our solutions, all fund groups must publicly pledge to reach net zero by 2050 or earlier (covering at least Scope 1 and 2 emissions) and to be working towards creating a robust transition plan to support this pledge.

In addition, any funds that are being considered for investment, or are a current holding, are evaluated on whether the group reports on the Task Force on Climate-Related Financial Disclosures (TCFD), or a similar climate-related disclosure framework relevant to the domicile of the group.

ESG is a key consideration in the design of our Workplace Default Investment Arrangement. Within our manufactured Workplace solutions, ESG tilting may be used to further enhance their ESG credentials. For more information, please see our [ESG Investment Policy](#).

Engagements **HLFM** & **HLAM**

Engagement is a meaningful lever for success. We have identified a focus list of some of the most carbon intense companies in our portfolio.

We are engaging with these firms directly, through our appointed managers, and through collaborative engagement schemes, such as Climate Action 100+. We also engage with all appointed fund managers to ensure they are sufficiently integrating ESG.

To read more about our climate engagement and net zero strategy, please refer to our [Climate Transition Plan](#) and our [Stewardship and Engagement Report](#).

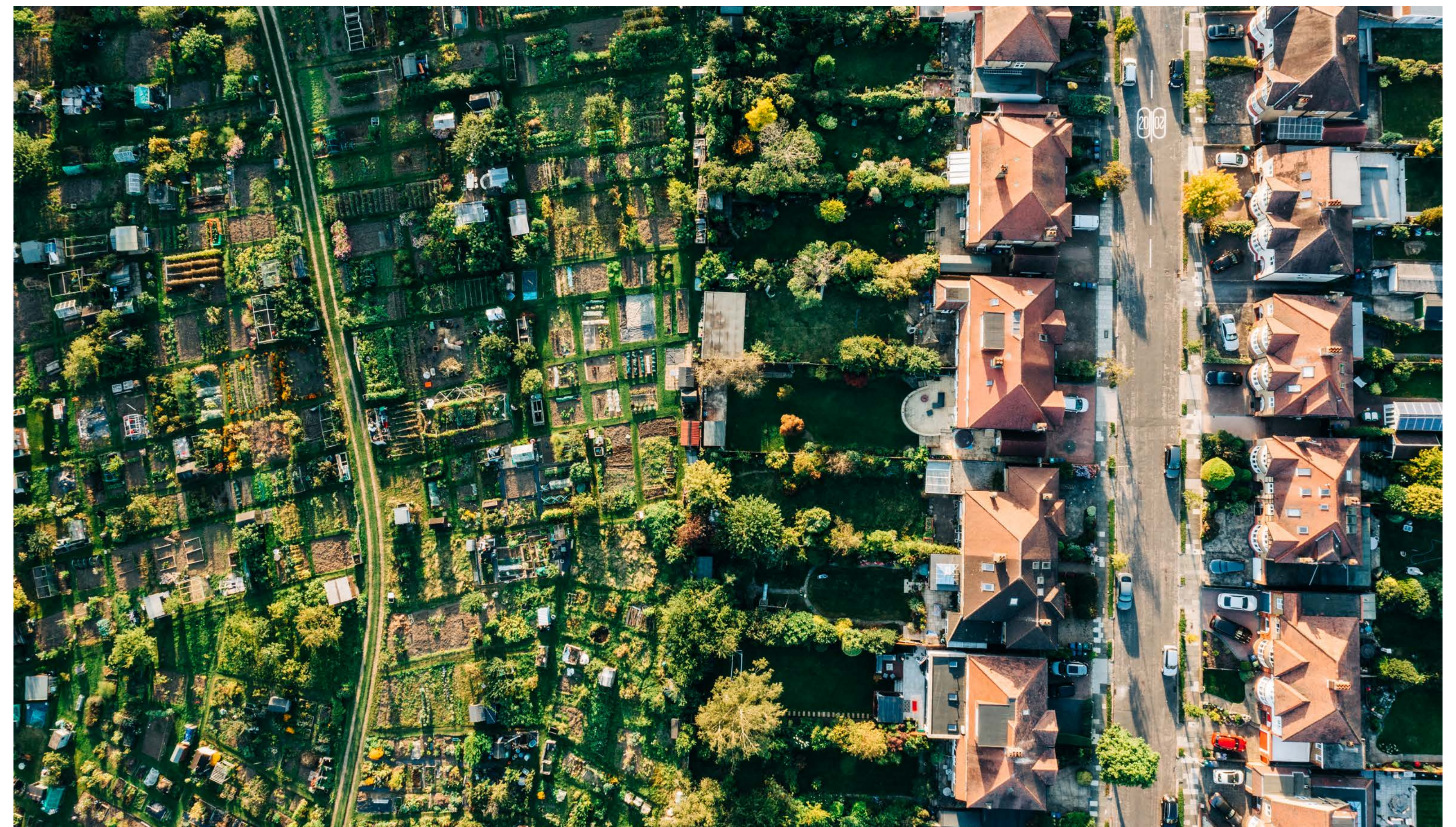
Education and choice **HLAM**

As well as writing climate-related articles for clients, which can be found on our Responsible Investment hub, we include a dedicated ESG section in all fund and share update articles.

We offer a dedicated ESG Hub for Workplace clients to understand the key climate considerations of their retirement savings.

Our Wealth Shortlist offers a number of responsible funds across a range of sectors, to assist clients in building a well-balanced and diversified portfolio.

We are also working to strengthen the ESG data available to clients on our website. This will ultimately ensure they are both aware of the climate-related risks of their investments, and how to mitigate them, as well as take advantage of ESG investment opportunities.



How we integrate climate-related risks into our overall risk management.

The Group adopts a robust risk management structure based on the 'Three Lines of Defence' model to ensure clear accountability for all risk management activities across the organisation. For further details, please refer to the [Group's TCFD report](#).

The ESG team sits in the first line as the ultimate owners of the risks and are responsible for risk management.

Our ESG team conducts a monthly assessment of climate-related metrics within our assets under management. This assessment encompasses various factors, including our weighted average carbon intensity, exposure to highest emitting stocks, and our exposure to fossil fuels and climate solutions. This routine evaluation provides our analysts with a comprehensive understanding of climate-related risks and opportunities embedded within our portfolio.

On a quarterly basis, the ESG team provides a management information report to the Chief Investment Officer and the Chief Investment Strategist, relating to HLFM and

HLAM propositions respectively. They may choose to escalate the information contained in the report to the Executive Investment Committee (for HLFM), or the Distribution Investment Oversight Committee (for HLAM) as necessary. This information offers insights into the operational effectiveness of our ESG-related Policies and presents performance data illustrating how our funds align with key ESG and climate-related metrics. Any significant or unforeseen changes are investigated by the ESG team, and a detailed rationale is provided in the report.

Climate-related Key Performance Indicators are presented to the HL Group Board annually, providing a comprehensive overview of our organisation's progress and performance in managing climate-related risks and opportunities. We commit to formally reviewing our emission reduction targets on an annual basis, supplemented by an independent review conducted every two years.

Alongside dedicated ESG investment capabilities, First Line owns the Employee Code of Conduct and Supplier Code of Conduct which align with HL's Consumer Duty Framework, owned and managed within the Client Function.

The second line of defence is the Risk and Compliance teams. As well as setting company policy on compliance and risk matters, the second line is there to offer advice, guidance, and challenge to the first line, the Executive Committee, and the Board.

Metrics and targets

The metrics we use to assess climate-related risks and opportunities in line with our strategy and risk management process.

Metric	Definition	Calculation methodology
Total carbon emissions	The absolute greenhouse gas (GHG) emissions associated with the portfolio. Scope 1 and Scope 2, and Scope 3 if specified, GHG emissions are allocated to investors based on an enterprise value approach. This is the total emissions associated with the fund.	$\sum \left(\frac{\text{current value of investment}}{\text{investee company's enterprise value}} \times \text{investee company's emissions}^* \right)$ <p>The enterprise value calculation values a company based on both the equity and debt value of a company including any cash.</p>
Carbon footprint	The total carbon emissions for the portfolio normalised by the market value of the portfolio. This is the emissions associated with \$1 million of investment.	$\frac{\sum \left(\frac{\text{current value of investment}}{\text{investee company's enterprise value}} \times \text{investee company's emissions}^* \right)}{\text{current portfolio value (\$M)}}$

Metric	Definition	Calculation methodology
Weighted average carbon intensity	The portfolio's exposure to carbon-intensive companies, relative to revenue. Scope 1 and Scope 2, and Scope 3 if specified, GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value). This is the economic carbon efficiency of the fund.	$\sum \left(\frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{investee company's emissions}^*}{\text{investee company's revenue}} \right)$
Implied temperature rise	<p>This rating signifies the temperature to which the world would warm (above pre-industrial levels) should all companies' expected emissions differ from their net-zero budgeted emissions to the same degree as this portfolio.</p> <p>This is a forward-looking measure assessing future emission trajectories and climate alignment. A fund may have higher emissions but a lower implied temperature score if they have a robust plan to decarbonise.</p>	$\left((\Sigma(\text{weight} \times \text{GHG emissions gap } \%)) \times \text{global emissions budget} \times \text{transient climate response to cumulative carbon emissions factor} \right) + 1.5^{\circ}\text{C}$ <p>This rating is calculated by our appointed third-party data provider, Morningstar Sustainalytics. The rating is built on top of two core components, exposure and management. The exposure component assesses the potential inherent misalignment of each issuer's future emissions with their issuer specific budget. The management component evaluates the issuers potential to reduce their exposure, by scoring the equality of their policies and programmes, strategy, governance and financial position. This provides a rating at the stock level; we aggregate these scores to the portfolio level following Morningstar Sustainalytics' methodology.</p>

*Emissions reported are based on Scope 1 and 2 GHG emissions unless specified to include Scope 3. Scope 3 data quality may be less reliable, as it includes 15 indirect emissions categories. If a company does not disclose any Scope 3 data, our data provider will estimate the emissions. However, if a company only partially discloses its material Scope 3 emissions, the data provider may not supplement this disclosure, potentially leading to an incomplete view of the company's absolute emissions.

Metric	Definition	Calculation methodology						
Climate Value-at-Risk	This is the potential absolute loss in value the portfolio may experience based on its expected misalignment to a net zero pathway.	<table border="1"> <thead> <tr> <th data-bbox="1493 506 1857 571">Policy risk</th> <th data-bbox="1868 506 2289 571">Market risk</th> <th data-bbox="2301 506 2722 571">VaR</th> </tr> </thead> <tbody> <tr> <td data-bbox="1493 579 1857 907">The risk that regulatory action will increase costs to an organisation through carbon pricing mechanisms.</td> <td data-bbox="1868 579 2289 907">The risk that market behaviour evolves such that there is less demand for a fossil fuel-based products.</td> <td data-bbox="2301 579 2722 907">The potential absolute loss in value the company may experience from a transition to a low carbon economy.</td> </tr> </tbody> </table>	Policy risk	Market risk	VaR	The risk that regulatory action will increase costs to an organisation through carbon pricing mechanisms.	The risk that market behaviour evolves such that there is less demand for a fossil fuel-based products.	The potential absolute loss in value the company may experience from a transition to a low carbon economy.
Policy risk	Market risk	VaR						
The risk that regulatory action will increase costs to an organisation through carbon pricing mechanisms.	The risk that market behaviour evolves such that there is less demand for a fossil fuel-based products.	The potential absolute loss in value the company may experience from a transition to a low carbon economy.						
<p>This metric is calculated by our appointed third-party data provider, Morningstar Sustainalytics. Value at Risk (VaR) is measured based on the policy costs of expected emissions and the impact of reduced market demand, where applicable (market VaR is currently only assessed for the oil & gas sector). It is a cumulative value based on a discounted cash flow model for the years from now until 2050, expressed as a percentage. This provides a VaR at the stock level; we aggregate these scores to the portfolio level following Morningstar Sustainalytics' methodology.</p>								

Metric	Definition	Calculation methodology
Total Loss Ratio	The proportion of a company's annually accumulated operating cash flow that is expected to be lost due to both direct and indirect risk exposures up to 2050. This ratio, expressed as a percentage, helps assess how much of the portfolio's projected revenue may need to be set aside to address climate-related damages..	The arithmetic sum of the Direct Loss Ratio and the Indirect Loss Ratio. This data point is calculated by our appointed third-party data provider, Morningstar Sustainalytics. We apply a weighted average to the holdings data to aggregate the output to the portfolio level.
Asset Damage Risk	The degree to which an asset is susceptible to direct damage from physical hazards, such as wildfires, floods, extreme winds, etc.	It is measured as the ratio of expected loss to asset's replacement cost, and is calculated by our appointed third-party data provider, Morningstar Sustainalytics. We apply a weighted average to the holdings data to aggregate the output to the portfolio level.
Productive Capacity Loss	The percentage of annual productivity disruption due to component failure, damage, repairs, and non-physical damage related loss (e.g., disruptive heat stress) of own operations.	The total disruption/outage for each issuer is based on the individual asset failure probability for each of their assets. This failure probability includes both the average annual probabilities of event occurrence as well as the vulnerability of the asset and its components. It is calculated by our appointed third-party data provider, Morningstar Sustainalytics. We apply a weighted average to the holdings data to aggregate the output to the portfolio level.
Fossil fuel exposure	The exposure of the assets to thermal coal extraction and generation, oil & gas generation and production, and oil sands.	An aggregation of the companies that have a greater than 0% revenue exposure to thermal coal extraction and generation, oil & gas generation and production, and oil sands.

Scenarios

	Orderly transition	Disorderly transition	Hot house world
Definition	A scenario where global warming is limited to well below 2°C, aiming for 1.5°C by the end of the century. Early, coordinated action is taken, with immediate, effective climate policies and rapid technological innovation. Transition risks are present but relatively moderate as businesses and economies have time to adapt. However, carbon intensive sectors may face elevated transition risks. Physical climate risks are significantly lower compared to delayed action scenarios.	A scenario where global emissions do not decrease until 2030, delaying meaningful climate action. To limit global warming to below 2°C, governments and markets are forced to introduce sudden, stringent policies and regulations from 2030. The abrupt and reactive policy shifts lead to higher transition risks and also result in higher physical risks than the 'Orderly' scenario. However, the scenario avoids the most severe long-term physical impacts.	A scenario based on current policies, with emissions continuing to rise until 2080, leading to around 3°C of warming. This results in severe physical risks, including irreversible impacts such as higher sea levels. It reflects a path with limited action on climate change, creating significant long-term risks to the economy and financial system.

Orderly transition

Climate Value-at-Risk

The UN's Inevitable Policy Response (IPR) Pathway is a pathway to net zero that was modelled based on the premise that future policy developments must accelerate emissions reduction to hold global temperature increases to a 1.5°C outcome. The pathway model was commissioned by the UN Principles for Responsible Investment and forms the basis of the GHG emissions budget.

A 1.5°C Required Policy Scenario (RPS) targets a rapid pathway to 1.5°C with minimal Carbon Capture and Storage (CCS) and Negative Emission Technologies (NETs). This RPS Scenario is IPR's assessment of future policy developments needed to accelerate emissions reduction and hold global temperature increase to a 1.5°C outcome.

Disorderly transition

The UN's Inevitable Policy Response (IPR) Pathway is a pathway to net zero that was modelled based on the premise that future policy developments must accelerate emissions reduction to hold global temperature increases to a 1.5°C outcome. The pathway model was commissioned by the UN Principles for Responsible Investment and forms the basis of the GHG emissions budget.

A Forecast Policy Scenario (FPS) is IPR's assessment of what is anticipated to happen, in terms of future policy developments, the subsequent impact on emissions reduction and temperature outcomes leading to a 1.8°C outcome.

Hot house world

The International Energy Agency (IEA) Stated Policies Scenario (STEPS) reflects the prevailing direction of travel for the energy system based on a detailed reading of the latest policy settings in countries around the world. It takes into account specific energy, climate and related industrial policies that have been adopted or put forward, as well as policy intentions not yet codified into law but supported by markets, infrastructure and financial conditions.

STEPS is used as a as a baseline for current, pledged, but not fully realised policies – providing a “business as usual” scenario.

	Orderly transition	Disorderly transition	Hot house world
Physical Climate Risk Metrics	<p>Physical Climate Risks Metrics includes Asset Damage Risk, Productive Capacity Loss and Total Loss Ratio.</p> <p>Representative Concentration Pathway (RCP) of greenhouse gas concentration trajectory adopted by the Intergovernmental Panel on Climate Change that results in a climate warming equivalent to 2.6 Watts per square metre by 2100.</p> <p>RCP 2.6, referred to as “orderly scenario”, models a world transitioning to a future warming of well below 2°C by the end of the century.</p>	<p>The percentage of annual productivity disruption due to component failure, damage, repairs, and non-physical damage related loss (e.g., disruptive heat stress) of own operations.</p>	<p>Physical Climate Risks Metrics includes Asset Damage Risk, Productive Capacity Loss and Total Loss Ratio.</p> <p>Representative Concentration Pathway (RCP) of greenhouse gas concentration trajectory adopted by the Intergovernmental Panel on Climate Change that results in a climate warming equivalent to 8.5 Watts per square metre by 2100.</p> <p>RCP 8.5, referred to as “hot house world scenario”, models the future under a worst-case scenario resulting in global warming which overshoots 3°C by 2100, modelling a range of 3.2°C to 5.4°C.</p>

Limitations and assumptions

The holding data is correct as of 31/12/2024 or 31/12/2025. 31/12/2025 has been used where no date has been specified. The holdings data for third-party funds in this report reflects the most accurate information available up to 31/12/2025. 'N/A' is used in cases where data from the previous year is unavailable or not reported.

The data considers our equity and corporate bond investments, which accounts for approximately 90% of assets under management, and is reweighted where appropriate to account for data gaps and out of scope asset classes. Cash held in the product is omitted from the calculations.

Reported data coverage percentages reflect the proportion of the portfolio holdings for which sufficient, reliable data is available from our data provider at the time of reporting. Coverage may be reduced where estimates cannot be produced with sufficient confidence, or where holdings fall outside our data provider's coverage.

When assessing the proportion of reported Scope 3 data, please note Morningstar Sustainalytics may categorise the firm as reported once they disclose one of the fifteen Scope 3 categories. The data quality score assesses the reliability of emissions data for investment portfolios on a scale of 1 (best) to 5

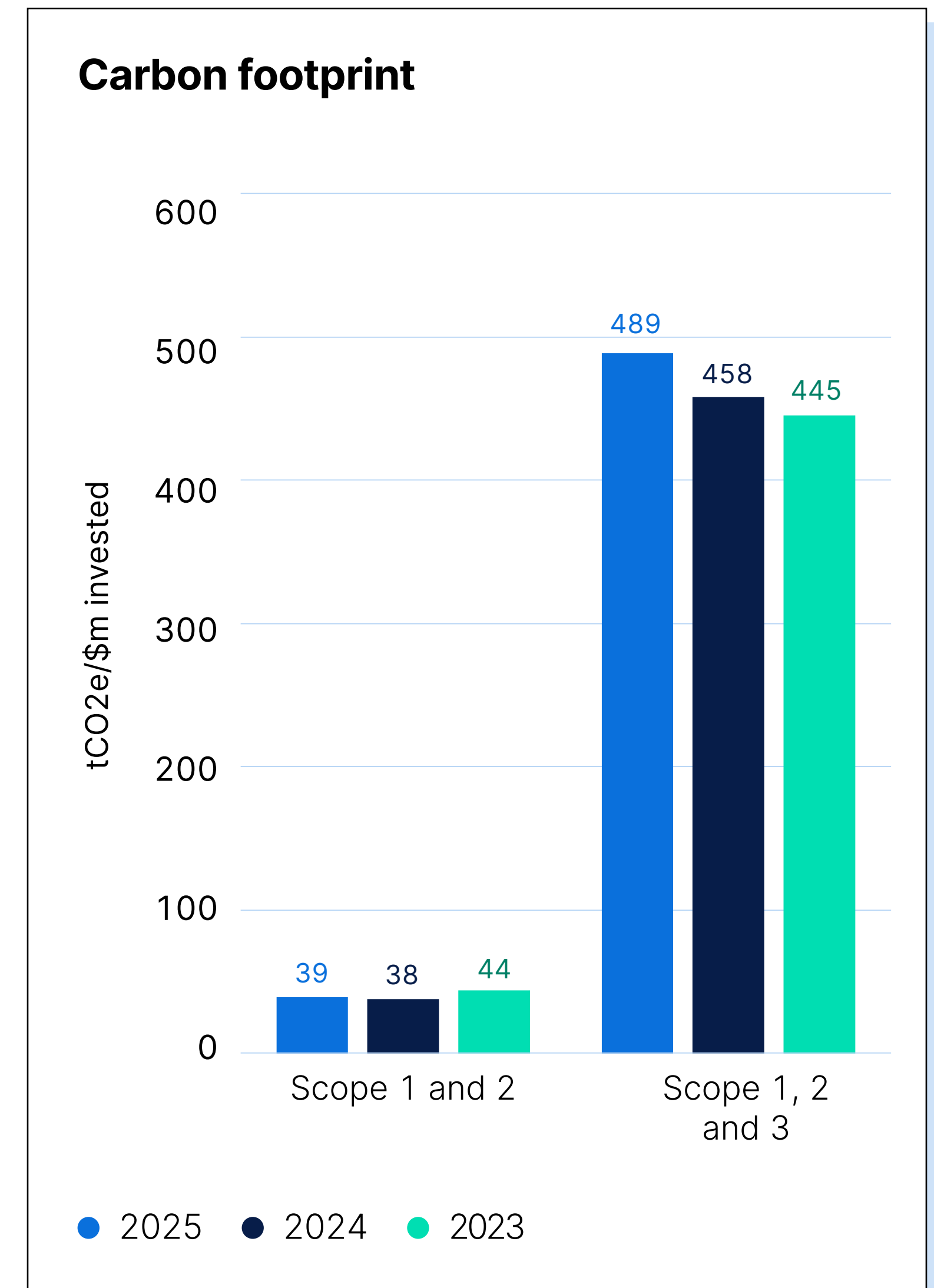
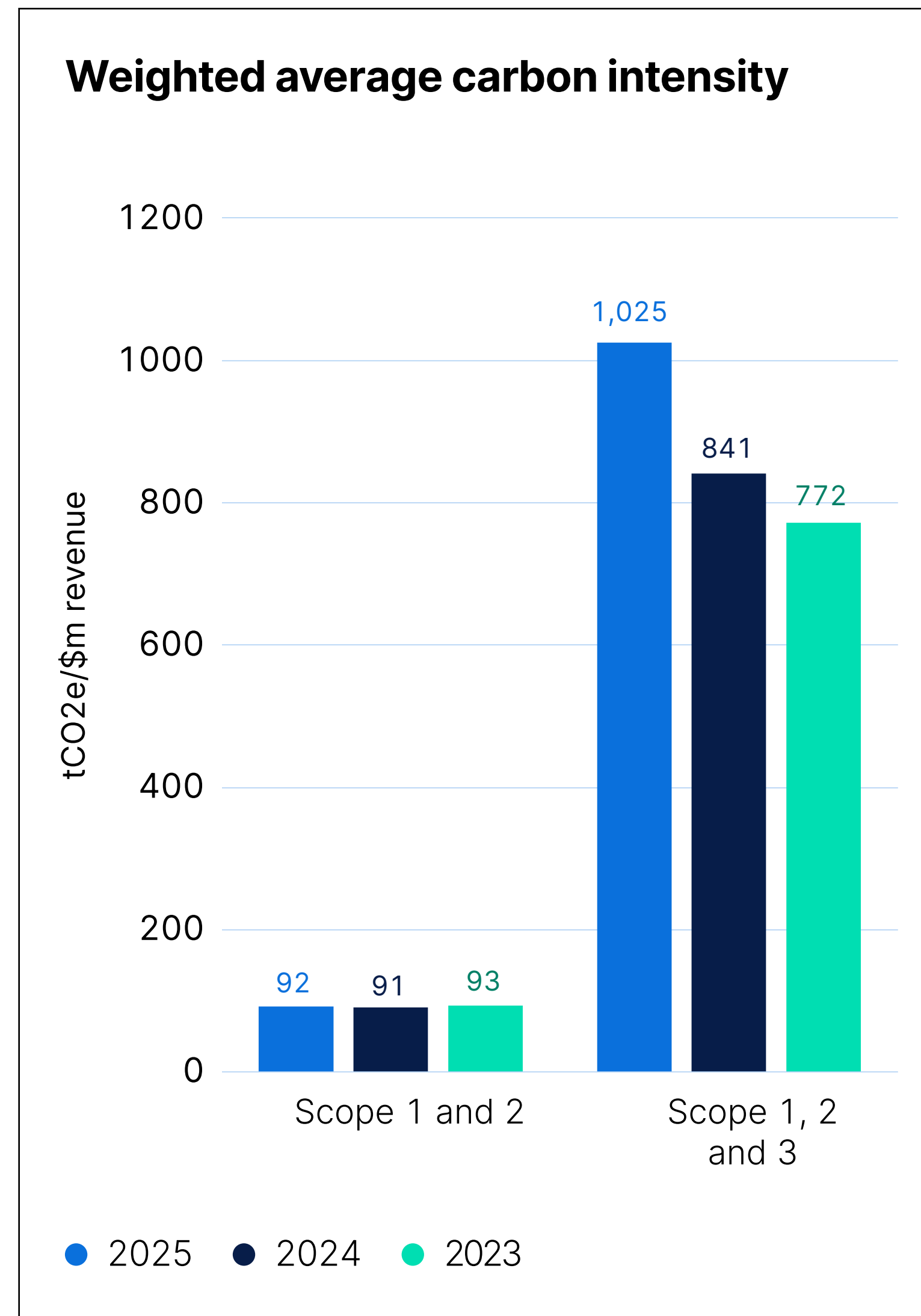
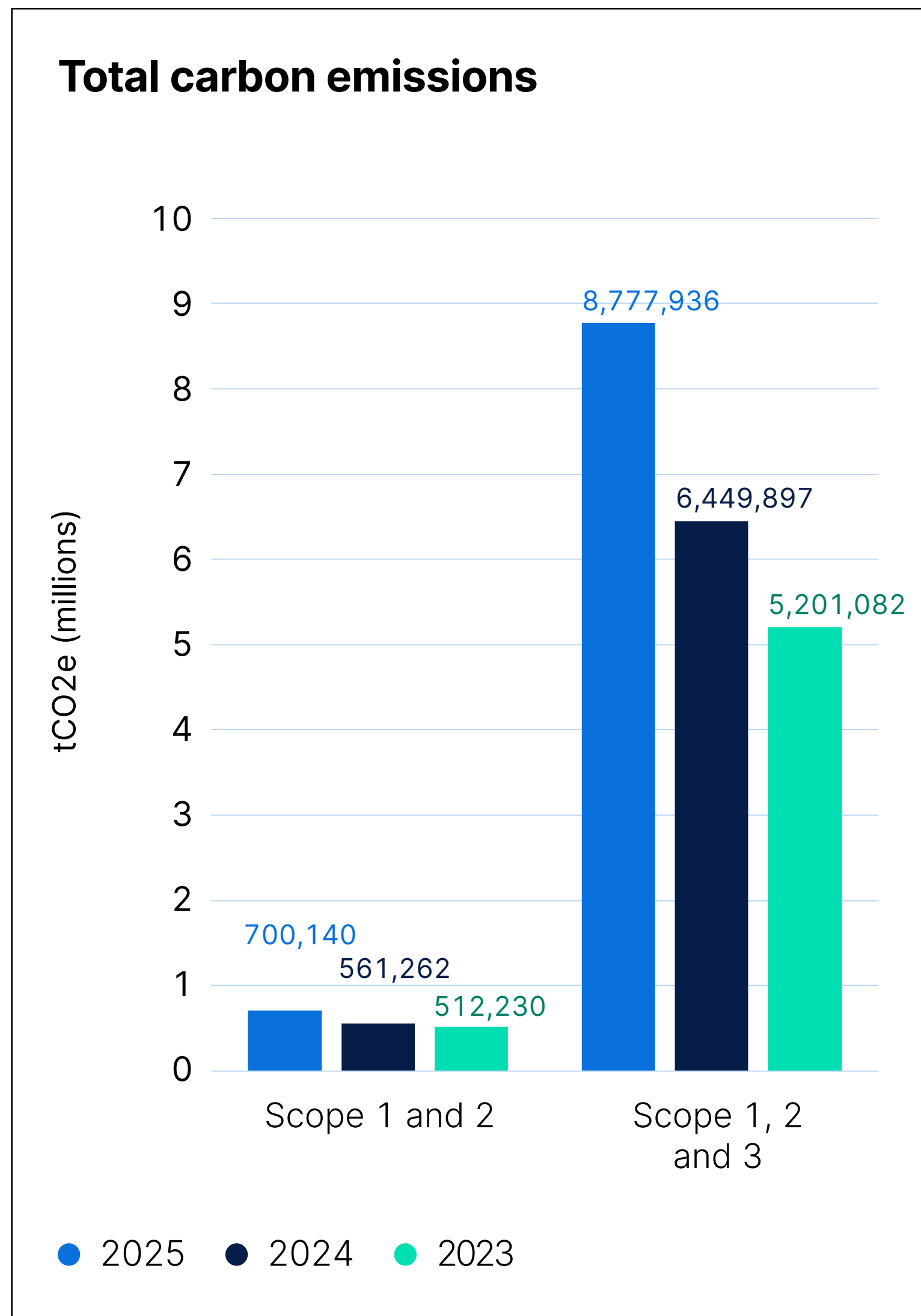
(worst), considering things like the data source, calculation methodology, and verification processes. This is calculated in line with the PCAF methodology.

The Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks.

For HL's operational emissions, please refer to our Group TCFD report, located in our [Annual Report and Accounts](#). The emissions figures provided below differ from the number provided in HL's Annual Report and Accounts due to variance in reporting periods. Going forward, we aim to merge our entity and Group reports to align with our financial year.

Data coverage	Scope 1 & 2	Scope 1 & 2 data quality score	Scope 1, 2 & 3	Scope 3 data quality score	Implied temperature rise	Climate Value-at-Risk Orderly	Climate Value-at-Risk Disorderly	Climate Value-at-Risk Hot house world	Loss ratio
2025	90%	2.2	87%	2.2	88%	86%	86%	87%	58%
2024	87%	N/A	86%	N/A	84%	82%	78%	N/A	56%
2023	73%	N/A	62%	N/A	N/A	N/A	N/A	N/A	N/A

HLFM



HLAM

The emissions associated with HL's assets under administration can be found in the relevant [product reports](#).

The targets we use to manage climate-related risks and opportunities and track performance against targets.

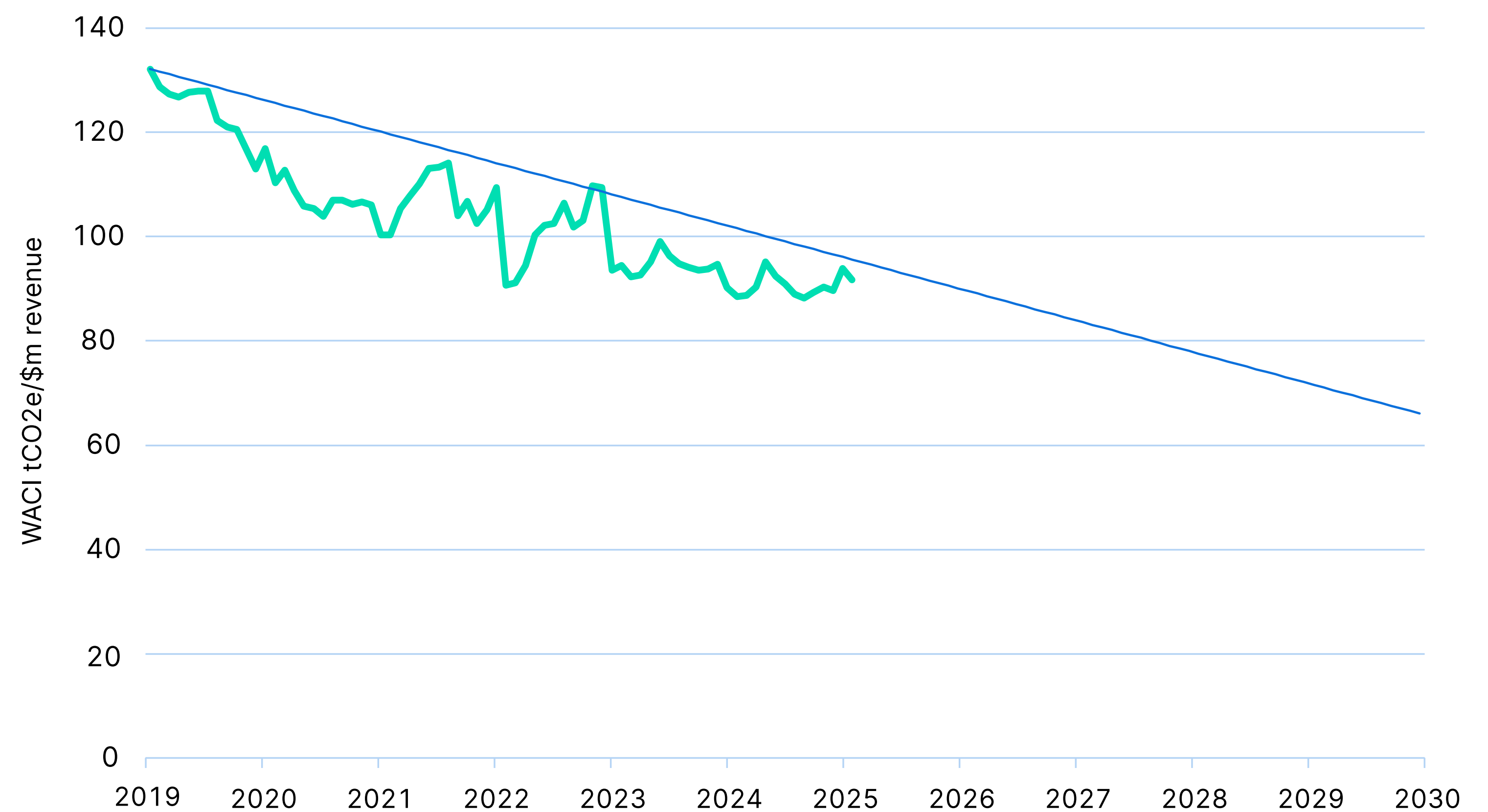
The Intergovernmental Panel on Climate Change states we need to reduce global greenhouse gas emissions by at least 43% by 2030, compared to 2019 levels, to limit global warming to 1.5°C. The scale of the challenge is monumental, and the urgency of action is unprecedented.

With this in mind, HL is working to decarbonise our investment portfolios in alignment with its business strategy and funds' investment objectives. This is guided by the UK's target to decarbonise the economy to net zero by 2050 in a way that is consistent with achieving net zero greenhouse gas emissions by 2050 at the latest, and limiting global warming to well below 2°C, preferably 1.5°C.

To reach this goal, we are committing to target a 50% reduction in the weighted average carbon intensity of our assets under management by 2030, relative to a 2019 baseline.

Decarbonisation progress

● 50% by 2030 ● Portfolio decarbonisation



This target covers the Scope 1 and 2 emissions of our listed equity and corporate bond investments, accounting for approximately 90% of AUM. To find out more about our net zero target, strategy and dependencies, please see our [Climate Transition Plan](#).

The weighted average carbon intensity (WACI,

measured in tCO2e relative to revenue) of our portfolio has reduced by approximately 31% since baseline, 2019. We officially review the target every year and commit to an independent review every two years. This due diligence ensures our target remains ambitious and in line with ever evolving climate science and industry best practice.

Taskforce on Nature-Related Financial Disclosures

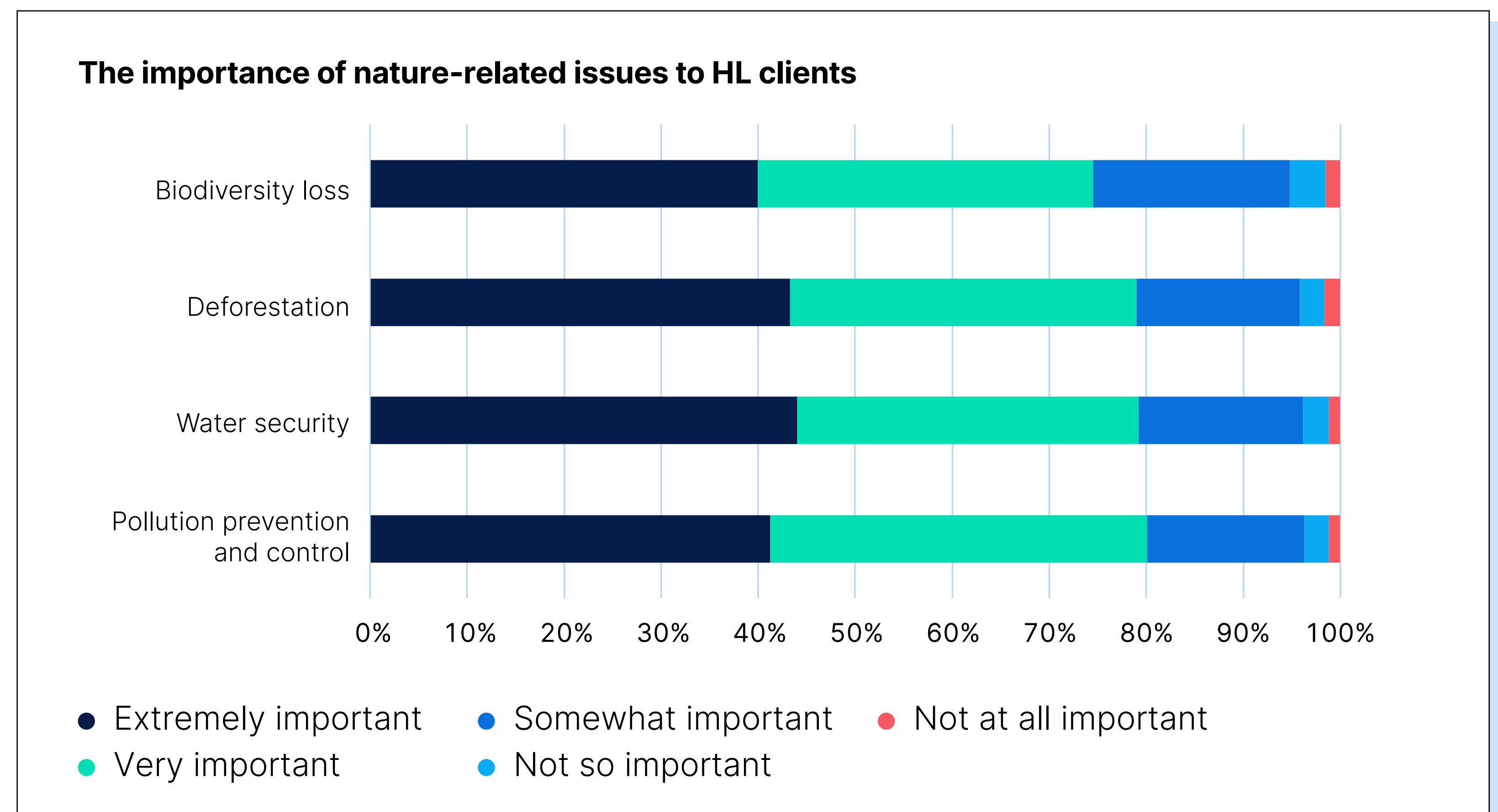
This section outlines our current approach to identifying and managing nature-related risks and opportunities, aligned with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We are at an early stage of implementation and do not yet disclose quantitative metrics or targets.

Nature loss and ecosystem degradation can present material financial risks and opportunities across portfolios, particularly in sectors that are highly dependent on natural capital or exposed to biodiversity loss. We recognise that climate change and nature loss are inextricably linked, and that the degradation of natural ecosystems poses risks to both environmental outcomes and long-term investment performance.

Client priorities further reinforce the relevance of nature-related risks. In our 2025 Sustainable Investor Survey*, more than three quarters of clients ranked the following nature related issues as “very” or “extremely important”. Biodiversity loss was the top-ranked ESG issue rated “extremely important” by respondents aged 18–29.

*The Survey was distributed to a representative sample of HL clients in December 2025 with 1722 total responses.

TNFD Pillar	Current approach
Governance	Nature-related issues overseen within <u>existing ESG governance structures</u> .
Strategy	Qualitative identification of fund managers’ approach to nature-related risks and opportunities, alongside quantitative portfolio-level assessment of deforestation risk.
Risk Management	Engagement-led approach with fund managers and policymakers.
Metrics & Targets	Not yet disclosed.



Nature-related risks have consistently emerged as the leading issue clients seek to avoid exposure to. Since 2022, deforestation has ranked as the top exclusion priority in our survey, underscoring its significance to clients.

How we identify, assess and monitor nature-related dependencies, impacts, risks and opportunities

We are developing our understanding of nature-related dependencies, impacts, risks and opportunities by assessing exposure to nature-dependent and nature-impacting sectors across portfolios. This qualitative assessment is informed by emerging TNFD guidance, external research, and client priorities, and supports our identification of areas where nature-related risks or transition-driven opportunities may be most relevant.

As part of our ESG due diligence at the fund manager selection and review stage, we assess how managers identify and manage nature- and biodiversity-related risks. This includes evaluating their integration of nature considerations into investment analysis and stewardship, their disclosure of nature-related risks and data, and, where

applicable, their alignment with relevant frameworks and initiatives, such as TNFD and Forest 500 assessments. These insights feed into a proprietary nature score, which forms an input into our investment and stewardship decision-making processes.

Within our internal ESG fund reports, we identify fund-level exposure to companies with financially material deforestation risk. These assessments help to highlight potential areas of concern and act as triggers for engagement for our fund managers.

While data availability remains limited, we are progressing our approach to understanding nature-related exposure at a portfolio level. Initial efforts focus on deforestation data, with the intention to develop more assessments over time as methodologies and data quality improve.

How we manage nature-related dependencies, impacts, risks and opportunities

Engagement is a central component of our approach to managing nature-related risks. We engage with our appointed fund managers where responses to our ESG due diligence questionnaires fall below our

expectations. While our fund manager ESG engagements have historically focused more heavily on climate-related issues, we strengthened and formalised our expectations on nature and biodiversity in 2025.

We recognise that meaningful and lasting progress on nature-related challenges - particularly deforestation - cannot be achieved through investor engagement alone and will require robust and effective regulation. As a result, we prioritise policy engagement through our membership of the Investor Policy Dialogue on Deforestation. For more details on our engagement progress please refer to our [Stewardship and Engagement Report](#).

Issued by Hargreaves Lansdown
Authorised and regulated by the Financial Conduct Authority

0226

HL