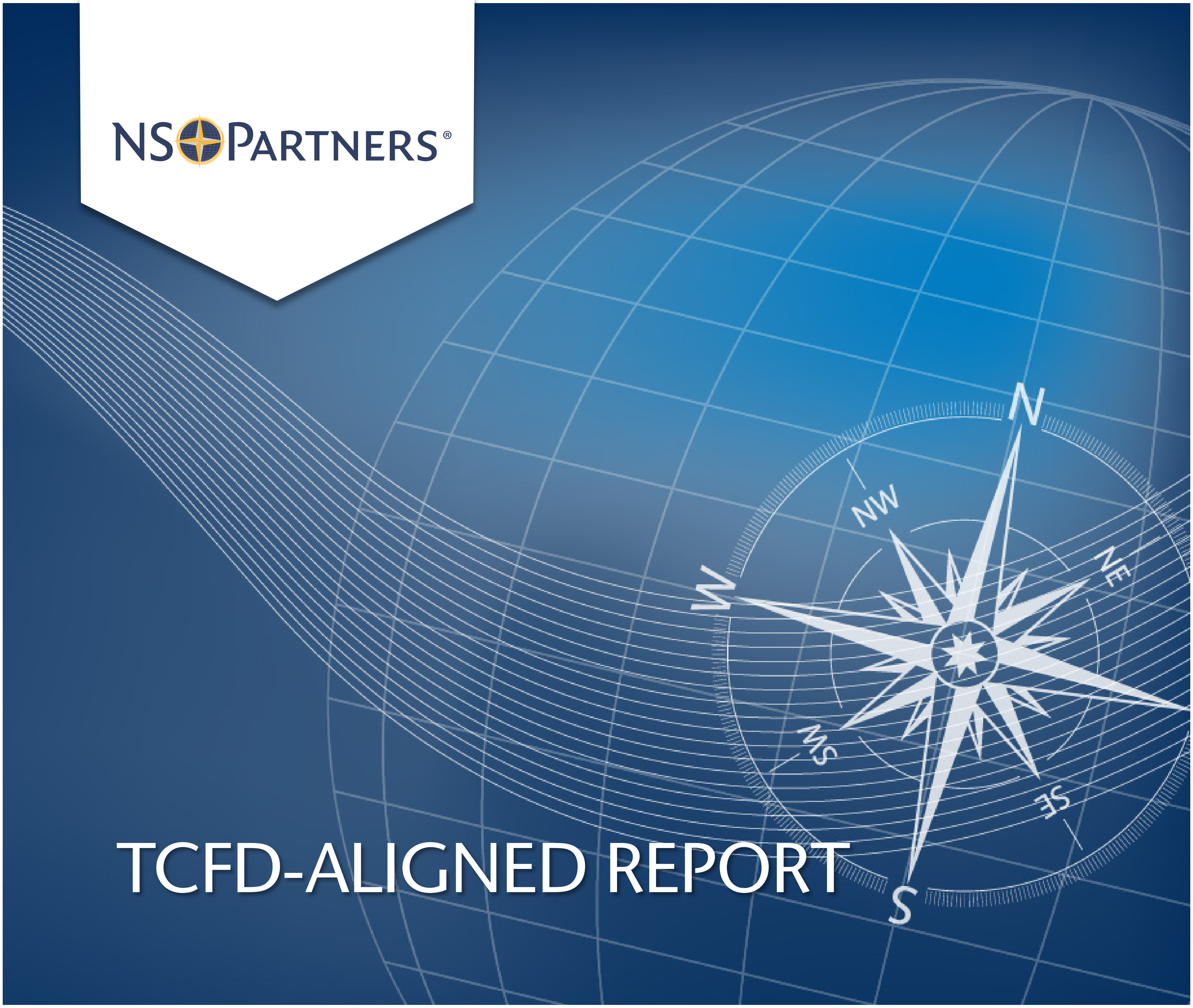

TCFD-ALIGNED REPORT

TCFD-aligned report

May 2025

NS Partners Ltd is authorized and regulated by the UK Financial Conduct Authority. FRN: 141667.
Registered in England and Wales Number 1880176

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I. Introduction

Given the scale and complexity of climate transition, managing climate-related risks and opportunities is becoming increasingly important in our business and investments. As an institutional investor and supporter of the Task Force on Climate-related Financial Disclosure (TCFD), NS Partners acknowledges that climate change is complex and varied. It is a systemic issue which has impacts on the economy, markets and society. Consistent with its fiduciary duty, NS Partners takes care to be responsible stewards of its clients' assets and to invest in accordance with the stated investment objectives of its portfolios.

This is the firm's inaugural TCFD-aligned climate report and will explain our approach to identifying, assessing and managing climate-related risks associated with our investment activities. The report has been prepared in line with TCFD recommendations and in accordance with the UK Financial Conduct Authority's (FCA) Environmental, Social and Governance (ESG) Sourcebook requirements[1].

As of 31 December 2024, NS Partners' assets under management were below the threshold of £5 billion, calculated as a three-year rolling average, and as such, NS Partners has prepared this disclosure on a voluntary basis.

II. About NS Partners

NS Partners is an independent investment management firm specialising in actively managed global, developed and emerging equity market portfolios. NS Partners is an affiliate of Connor, Clark & Lunn Financial Group ("CC&L Financial Group"), which provides support to NS Partners through its shared resource teams that have the technology and functional expertise to deliver high-calibre sales, marketing, administrative and operational support with NS Partners remaining fully focused on the development and implementation of their investment strategies and client service.

III. Governance

This section discusses how climate-related risks and opportunities feature in our governance and management structures.

Board oversight

NS Partners' Board of Directors is responsible for supervising the management of the firm, including the business strategy and achievement of business objectives. The Board of Directors has ultimate responsibility for the firm's approach to responsible investing (RI), including managing climate risks and opportunities that would impact the firm's business strategy. Reporting mechanisms are in place to ensure material climate-related risks and opportunities relevant to the firm and its investments are escalated to the Board, as appropriate.

Management's role

NS Partners' leadership team has responsibility for management and supervision of the firm's overall objective of delivering the best long-term risk adjusted returns for its clients. The co-Chief Investment

[1] *FCA Environmental, Social and Governance sourcebook*

Officers (CIOs) provide management and supervision of RI activities. Key decisions regarding the firm's climate strategy and resources will ultimately be made by the firm's co-CIOs.

Portfolio managers

The firm's broader team of investment professionals drives the incorporation of ESG into the investment process. NS Partners' portfolio managers and analysts are responsible for ESG implementation in their regions, embedding ESG integration into both stock analysis and country-level macroeconomic considerations, as well as in their engagement efforts.

IV. Strategy

ESG integration

At NS Partners, our aim is to achieve risk-adjusted returns for our clients and to prudently manage investments on their behalf. We believe that identifying and addressing key risks in our investment universe requires the incorporation of climate considerations. We discuss the materiality, improvement and deterioration of ESG risks for each stock during the selection, monitoring and engagement processes. This is especially pertinent to the risk and return profile of an investment.

NS Partners utilizes ESG scores from MSCI, a provider of ESG research and ratings. Current scores as well as changes in scores over time are incorporated into the investment research process. Various environmental issues, including carbon emissions, product carbon footprint, financing environmental impact and climate change vulnerability, are incorporated into the ESG scores from MSCI. NS Partners examines company-level climate metrics, such as MSCI's environmental score, greenhouse gas (GHG) emissions, GHG emissions intensity, targets and disclosure, amongst other metrics.

NS Partners generally does not exclude any particular company or industry based on ESG or climate factors alone. However, NS Partners does offer strategies that apply exclusions, like fossil fuels. Additionally, NS Partners manages segregated portfolios with client-driven objectives that include climate or other ESG considerations as part of the investment mandate.

Approach to climate scenario analysis

NS Partners does not currently take into consideration climate-related scenarios for our portfolios, for example, a 2°C or less warming scenario. However, we will consider doing so in future as data availability, accuracy and the level of uncertainty associated with modelling future corporate emissions improve.

Identifying climate-related risks and opportunities across time horizons

NS Partners defines the relevant time horizons[2] for climate risks and opportunities as follows:

- Short-term: 0-3 years
- Medium-term: 3-10 years
- Long-term: 10 years or more

[2] *Note, these time horizons do not represent investment holding periods.*

Operations/investments: Climate-related risks and opportunities identified

Description	Risk/ opportunity	Potential impact	Risk mitigation/ monitoring	Time horizon
Transition: Policy and Legal	Risk	• New and changing regulation may lead to increased reporting obligations and increased compliance costs. • Companies with high climate emissions and poor climate management may be exposed to greater future litigation and fines.	• Centralised resources to monitor and review emerging regulation. • Appropriate research and engagement with companies on ESG risks within their business models.	Short-, medium- and long-term
Transition: Market	Risk	• Divergence in client expectations may increase segregated product customisation or shifting preferences for pooled vehicles, increasing complexity and cost.	• Communication and engagement with clients. • Centralised resources to monitor and review emerging trends in the industry.	Short-and medium-term
Transition: Reputational	Risk	• Negative public attention and perception of the firm's approach to climate could result in a loss of reputation, affecting future financial performance and earnings.	• Ensuring product objectives are clear. • Communication and engagement with clients.	Short-, medium- and long-term
Physical: Acute & Chronic	Risk	• Acute physical impacts such as extreme weather events, and the chronic longer-term impacts of a changing climate could decrease asset (operations) and portfolio (investments) value and increase capital expenditure and insurance costs.	• Appropriate research and engagement with companies on ESG risks within their business models.	Short-, medium- and long-term
Transition: Products	Opportunity	• Increasing demand from clients for tailored solutions, specific to their climate and investment goals presents an opportunity for managing segregated mandates to meet client needs.	• Diversifying the firm's product offering. • Communication and engagement with clients.	Short- and medium-term

Considering climate in our stewardship & engagement activities

NS Partners believes that commitment to RI cannot be fulfilled by analysis alone. We believe engagement with the companies we invest in is an important tool as it enables us to gain greater clarity with respect to material ESG issues, including climate, thereby promoting increased transparency and disclosure. As part of its active ownership efforts, NS Partners engages with issuers directly, participates in collaborative initiatives with other like-minded institutional investors or advocacy organizations and exercises its voting rights.

Should NS Partners identify companies that are not making sufficient progress with respect to mitigating material climate risk or capturing climate opportunities, we will consider various possible escalation measures, including joining a collaborative engagement, using voting rights to support shareholder resolutions or vote against management or divestment. NS Partners considers escalation on a case-by-case basis and does not place any formal restrictions on possible escalation measures.

As an affiliate of CC&L Financial Group, NS Partners receives support from the centralised Stewardship & Engagement (S&E) team. The S&E team provides day-to-day support to NS Partners' portfolio managers and analysts to engage with investee companies, collaborate with like-minded investors and facilitate proxy voting.

NS Partners publishes an annual RI report, which includes an update on engagement activities and proxy-voting outcomes.

V. Risk management

For NS Partners, the most material climate-related risk to the long-term success of the business is associated with the firm's investments. At the investment level, NS Partners recognises the material risks and opportunities that climate change can pose to the risk and/or return profile of an investment. Therefore, NS Partners' investment team identifies and accounts for climate-related risks in its investment process.

As with all financially material risks, climate risk is considered in the investment team's bottom-up fundamental analysis, supplemented by external ESG research from MSCI and the firm's engagement efforts, as appropriate. Financial materiality is determined by assessing:

- direct financial impacts,
- legal and regulatory changes,
- changing consumer preferences,
- opportunities for innovation, and
- others identified as relevant.

Identification and analysis of these factors (both risks and opportunities) is undertaken directly by the investment team when they assess a stock for inclusion in the portfolios.

The data template that forms part of the written research produced by the investment team, includes data on net-zero alignment, emissions, emissions reduction targets, SBTi validation and more; relevant qualitative factors are also included in the analysis and integrated into the investment thesis. The financial materiality of the various factors is assessed case-by-case by the investment team. NS Partners does not believe there is a single "correct" approach to climate-related risk and therefore each individual company is assessed on its own merits with consideration given to the sector, industry and region in which the company operates as further context.

The portfolio is monitored on an ongoing basis for significant deterioration of a stock's ESG score and any significant changes in climate-related risks or opportunities. Any financially material changes or controversies related to these factors will be analysed and discussed with the investment team at monthly regional stock meetings.

The process for managing climate-related risks is primarily through engagement with investee companies. The investment team meets with the management teams of portfolio companies on a regular basis. Discussions will encompass topics such as strategy and capital allocation and how this pertains to managing climate-related risks and opportunities. Supporting the investment team, the S&E team conducts engagements on behalf of NS Partners with respect to proxy-voting proposals and resolutions for investee companies which, in some cases, will be related to climate risks and emissions targets. This helps to ensure voting appropriately reflects the analysis of investee companies' approaches to any financially material climate-related risks and opportunities identified by the investment team. Further, the portfolios' emissions and emissions intensity, both the absolute levels and the levels relative to the relevant benchmarks, are monitored on a quarterly basis across products.

VI. Metrics and targets

NS Partners uses a variety of metrics to assess climate-related risks and opportunities associated with its products and investments.

NS Partners measures the carbon footprint of its core strategies on a quarterly basis. The reports are made available to clients on request. At the portfolio level, NS Partners typically considers the carbon intensity and weighted average carbon intensity (WACI) relative to the fund's benchmark. Carbon emissions data provided in this report include scope 1 and 2 emissions, though we recognize that challenges in the quality and consistency of scope 3 emissions estimation and concerns regarding double-counting of emissions at the portfolio level remain. NS Partners relies on estimated emissions data from Institutional Shareholder Services (ISS).

At this time, NS Partners does not offer products that specifically target a low carbon footprint. NS Partners has a broad range of clients, each with their own sustainability priorities. As fiduciaries, our primary responsibility is to achieve the best risk-adjusted return for our clients, subject to any specific objectives or constraints they set for us. We do not impose any of our own non-financial targets on our client portfolios.

In addition to the portfolio carbon emission metrics mentioned above, NS Partners may also assess company net-zero alignment, emissions reduction targets and MSCI's environmental pillar score. The metrics included in the table below are produced using data from ISS, as of 31 December 2024.

Overview						
Date of Holdings	31 December 2024					
	International	Europe	United States	Global emerging markets	Sustainable global emerging markets	Global
Coverage	98.4%	99.81%	100%	98.39%	94.36%	99.62%
Scope 1 & 2 (tCO_2e)	1,722	7,748	216	23,364	665	43,225
Scope 3 (tCO_2e)	24,534	110,210	2,145	217,557	7,421	593,765
Carbon footprint (tCO_2e/invested)	19.69	58.06	6.25	31.30	23.29	18.16
WACI (tCO_2e/revenue)	40.06	58.42	33.89	71.24	54.44	49.12
Carbon intensity (tCO_2e/revenue)	57.38	79.19	41.79	127.21	53.75	79.50

VII. Compliance statement

Senior management for NS Partners confirms that the information provided in this report complies with the requirements set out in Chapter 2 of the FCA's ESG Sourcebook.

Smriti Duggal, Compliance Officer