Task Force on Climate-Related Financial Disclosures (TCFD) Report

For the year ending 31 December 2024

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Contents


LONGVIEW
PARTNERS

About Longview Partners

Longview Partners[1] ("Longview") is a specialist asset management company, focused entirely on the management of global equity portfolios. Longview was founded in 2001 and serves an almost entirely institutional client base across North America, the UK, Europe, Australia and Asia. Longview Partners LLP is the investment management firm, and its investment activities are all managed from Longview's London office. Longview Partners (UK) Limited, the managing member of Longview Partners LLP, is 100% owned by Longview Partners (Guernsey) Limited, the parent company. Longview Partners (Guernsey) Limited is responsible for Group Compliance, Finance, Risk and Client Services.

Longview is a single-strategy, independent, privately owned company with majority ownership by Northill Capital[2] and the balance held by the working Members of Longview Partners LLP. Longview operates a simple, clearly defined business model principally for institutional clients. As at 31 December 2024, Longview Partners managed USD 16.2 billion in its Global Equity Strategy, the firm's single strategy and sole focus.

[1] Longview Partners (the "firm") refers to the company whose governance structure is shown in Figure 2.
[2] Longview Partners (Guernsey) Limited is majority-owned by Northill Longview Holdings (Guernsey) Limited as part of the Northill Capital Group, an investment management arm of B-FLEXION.

Foreword

"Living by our values is a deliberate effort, but it is only through doing so, that we can seek to achieve a successful and sustainable business."

Marina Lund
CEO, Partner

One year on from publishing our inaugural TCFD report, Longview remains committed to supporting the TCFD's aim of improving transparency in climate-related disclosures, helping investors make more informed investment decisions. As institutional investors, we believe these disclosures are key to improving how climate risks and opportunities are identified and addressed across asset owners, managers, and investee companies, helping to strengthen financial markets and deliver better outcomes for investors and their beneficiaries.

At Longview, we take a long-term approach to investment and seek to invest in companies that can create long-term value for shareholders. We are owners of our own business, and we have a clear common purpose: to seek excellence in performance and client service, to be a sustainable business for the long-term and to nurture and protect our culture. We are one team whose interests are aligned with our clients. Our culture is based on integrity, honesty, and mutual respect, within a framework of transparency and objectivity.

As part of our investment process, we consider material environmental, social and governance (ESG) risks and opportunities that may impact the long-term value creation of a business. Although we are unlikely to invest in high emitting industries or companies by virtue of our investment philosophy, as a UK-based asset manager serving a global client base, we embrace our duty to help tackle climate change and support the UK's transition to net zero emissions. Equally, we value the importance of our clients' climate-related goals, and we do what we can to support them.

Underlying all that we do is a dedication to precision and accuracy and an over-arching belief in continuous improvement. Our culture is the common denominator to all that we do; our investment process, our approach to our clients, our staff and beyond, to our organisation's place in society. In our own operations, we seek to reduce Longview's environmental impact where we can. Our offices in London are powered entirely by renewable schemes, and we remain committed to our carbon-neutral status across our operations, which we have achieved since 2022 and plan to uphold going forward.

Looking ahead, we recognise that climate considerations are evolving globally, giving rise to different expectations across markets. As industry best practice and client priorities continue to develop, Longview will ensure that long-term responsible stewardship remains at the heart of our firm. We will continue to assess and strengthen the effectiveness of our approach to managing climate-related risks and opportunities across our business and investment approach, to meet the needs of our dynamic and global client base.

Marina Lund
CEO, Partner

Purpose and Overview of this Report

The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) during COP21[3] in 2015 with the aim of helping investors and other stakeholders better understand and manage climate risks and opportunities. This led to the development of the TCFD recommendations, providing organisations with a standardised disclosure framework that can be adopted across sectors and jurisdictions, structured around Governance, Strategy, Risk Management, and Metrics and Targets, as shown in Figure 1.

In the UK, this was subsequently followed by the government's ambition for all sectors of the economy to report in line with the TCFD Recommendations by 2025. To support this initiative, the UK Financial Conduct Authority (FCA) finalised its rules in December 2021, mandating that asset managers adhere to the TCFD framework. In 2024, the FCA also introduced an anti-greenwashing rule, a key component of the FCA's broader Sustainability Disclosure Requirements (SDR) framework, mandating that all sustainability-related claims be fair, clear, and not misleading.

Longview Partners LLP, as the FCA authorised and regulated entity, is responsible for meeting the TCFD disclosure requirement in the UK. Longview Partners (Guernsey) Limited is specifically referenced in this report when its involvement is pertinent to illustrating the core elements of the recommended financial disclosures described in Figure 1. Our disclosures in this report are in line with the TCFD recommendations including the supplemental guidance for asset managers.

Longview published its inaugural report in 2024. In this second edition, our aim is to continue to provide a holistic overview of how we understand and manage our climate-related risks and opportunities in a way that is valuable to our clients and their beneficiaries. To this end, we report on the climate risks and opportunities that we deem to be relevant across three main areas of our business – through serving our clients, in our investment portfolio, and in our operations. We also evaluate the resilience of the Longview Global Equity portfolio for various climate-related scenarios by quantifying the impacts of climate transition and physical risks on our portfolio where possible, using data from our external provider, S&P Trucost[4]. Throughout the report, we explain how we intend to further embed our understanding of climate risks and opportunities, building on areas where this is already integrated. This includes working with our clients to support their climate-related goals and engaging with our portfolio companies on their climate plans.

Figure 1: Overview of the Core Elements of the TCFD Recommendations

Source: Final Report - Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017.

[3] COP21: UN Climate Change Conference (COP21) held in Paris, France, on 12 December 2015. Importantly, the Paris Agreement, a legally binding international treaty on climate change, was adopted by 196 Parties at COP21 and entered into force on 4 November 2016.
[4] S&P Trucost is Longview's external provider of TCFD-aligned carbon data, metrics and climate analytics. Trucost is part of S&P Global. A leader in carbon and environmental data and risk analysis, Trucost assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.

Governance

Governance

The organisation's governance around climate-related risks and opportunities.

Longview Partners (Guernsey) Limited ("LPG"), as the parent company of Longview Partners, assumes the key business risks associated with the management of Longview's client assets. Longview Partners (Guernsey) Limited is responsible for Group Compliance, Finance, Risk and Client Services. The LPG Board of Directors ("the Board") is responsible for defining Longview's corporate strategy, including the marketing and business strategy. Longview Partners LLP ("LLP"), as the investment management firm overseen by LPG, undertakes new business development and client relationship management activities for potential and existing clients.

Board Oversight

Longview's Board determines the level of risk which Longview is prepared to assume in achieving its strategic objectives. The Board oversees how the risks are managed at Longview, aiming to minimise their impact where possible. Finally, the Board, with assistance from the Risk Audit and Compliance Committee ("RACC") has responsibility for Longview's risk governance framework, including oversight of the investment management activities undertaken by Longview Partners LLP. The Board meets four times a year and receives risk management reporting and recommendations via the RACC. On an annual basis, the Board, via the RACC undertakes a review of Longview's risk management to ensure that the firm's Risk Strategy continues to be fit for purpose. As the governing body of LPG, the Board has formally delegated the day-to-day management and all matters connected with the conduct of LLP's business to its Managing Member, Longview Partners (UK) Limited ("LPU"). In turn, and via the Board of LPU, those matters are further delegated to the Executive Committee of the LLP ("ExCo"). LPG Board delegates the day-to-day management of its business to the LPG Executive Committee in Guernsey.

The Board has delegated oversight for group risk to the RACC to help it meet its oversight responsibility, specifically with regard to the integrity of the financial reporting, audit arrangements, risk management, compliance oversight, control audit arrangements and governance framework of the Group. LPG, as the entity responsible for Group Risk oversees risk via its Business Risk function which resides in Guernsey and is led by the Head of Group Risk. Business Risk prepares reports, including a quarterly Risk Register, made available to the RACC and the LPG and LPU boards to enable them to effectively monitor the respective activities under their responsibility.

Depending on need or based on its assessment of the risks identified, LPG (via the RACC or the Board) may also request that Business Risk perform certain risk mitigation focused projects under its direction to maintain a stable business environment.

The consideration of climate risks and opportunities, in relation to our business strategy or operations, fall within the remit of our corporate strategy, which is determined by the Board based upon information from the CEO, the ExCo and other key executives where necessary. The CIO also reports quarterly on investment risk to the LPG and LPU boards. Climate considerations are included within the scope of our ESG policies, which are subject to review and approval by the Board and ExCo on an annual basis. Since 2022, the Board has reviewed and approved Longview's sustainability strategy detailing our approach to ESG integration, stewardship and corporate responsibility, all of which included climate-related considerations. An annual update on climate risk is provided to the RACC of LPG by the Head of Sustainability.

Longview's Board and ExCo members are dedicated professionals with extensive experience in the financial services industry. We believe that their expertise enables them to effectively evaluate the potential impacts of relevant risks and opportunities on our business.

Role of Management

The roles of key senior personnel within Longview include the monitoring and management of all areas of risk, including climate risk. Longview's London and Guernsey Executive Committees are responsible for ensuring that the internal responsibility for risk identification and mitigation is clearly established and accountability understood at the firm. The CEO, CIO and Head of Research have day-to-day oversight for the effective stewardship of our clients' assets. Longview's senior management promote behaviours consistent with Longview's corporate culture and risk appetite.

Longview Partners LLP maintains a separate Risk Committee to help identify and manage its risks. The Risk Committee acts as a forum for the discussion of all risk matters, including climate-related risks, within the LLP and will assist the ExCo and Longview Head of Group Risk in their oversight of the LLP's risks. The Risk Committee is intended to be an open discursive group with a dual focus of developing a better understanding of the known risks that exist in the firm in order to ensure that mitigation is appropriate and balanced with the needs and requirements of the business; and identify and bring to attention those unknown risks that exist in order that they may be appropriately quantified and mitigated.

The Risk Committee is chaired the LLP Head of Risk and formed of members from across the firm with a wide variety of perspectives. All participants are well placed to contribute to the consideration of potential climate-related issues across the firm. The Risk Committee may request that the Head of Sustainability attend meetings on an ad-hoc basis to present or discuss findings on climate risk. The Risk Committee meetings are held on a monthly basis; and ad-hoc meetings may be convened when the Chair believes it is necessary to do so. The Chair of the Risk Committee and the CEO also oversee Investment Risk in conjunction with the CIO, as part of Longview's Investment Risk Sub-Committee. The Sub-Committee shares any relevant findings, including climate-related risks applicable to Longview's investment strategy at the stock, sector or portfolio level, with the Risk Committee.

"Integrating climate-related risks and opportunities into our strategy is not just about compliance – it is about building a resilient, forward-looking business that creates long-term value for all stakeholders."

Ben Welsher
COO, Partner

Our Research Team, as part of the quality assessment in the investment process, considers ESG risks and opportunities, including those of climate change, in relation to our portfolio companies within the framework of our M.O.R.E ESG Analysis. The framework considers matters of Materiality, Opportunity, Risk and Engagement (M.O.R.E), further detailed in this report. The Head of Sustainability ensures that Longview's sustainability approach, ESG integration, policies, and stewardship, including those related to climate change, remain in line with evolving market expectations. In collaboration with Compliance, the Head of Sustainability ensures that appropriate ESG-related disclosures are created and maintained, and that industry or regulatory changes relevant for ESG are monitored.

Our Operating Committee ("OC") acts as a forum for the discussion of matters in relation to any operational aspect of Longview Partners LLP, including any input on potential climate-related risks and opportunities from the broader business. All staff members can raise projects or proposals to this forum via an OC member. Review by the OC is required for any new initiatives to be supported and implemented. The OC considers the business in a horizontal context, which enables a full evaluation of opportunities and implications across all levels of the organisation.

Longview maintains a detailed ESG Framework which sets out the criteria and expectations around matters of ESG integration and stewardship, including climate-related risks and opportunities. The framework ensures that ESG analysis is integrated in a consistent manner and guides Longview's Investment Team in the implementation of stewardship activities with portfolio companies. The ESG Framework is formally reviewed and approved by the Board and ExCo as part of the annual review of ESG policies.

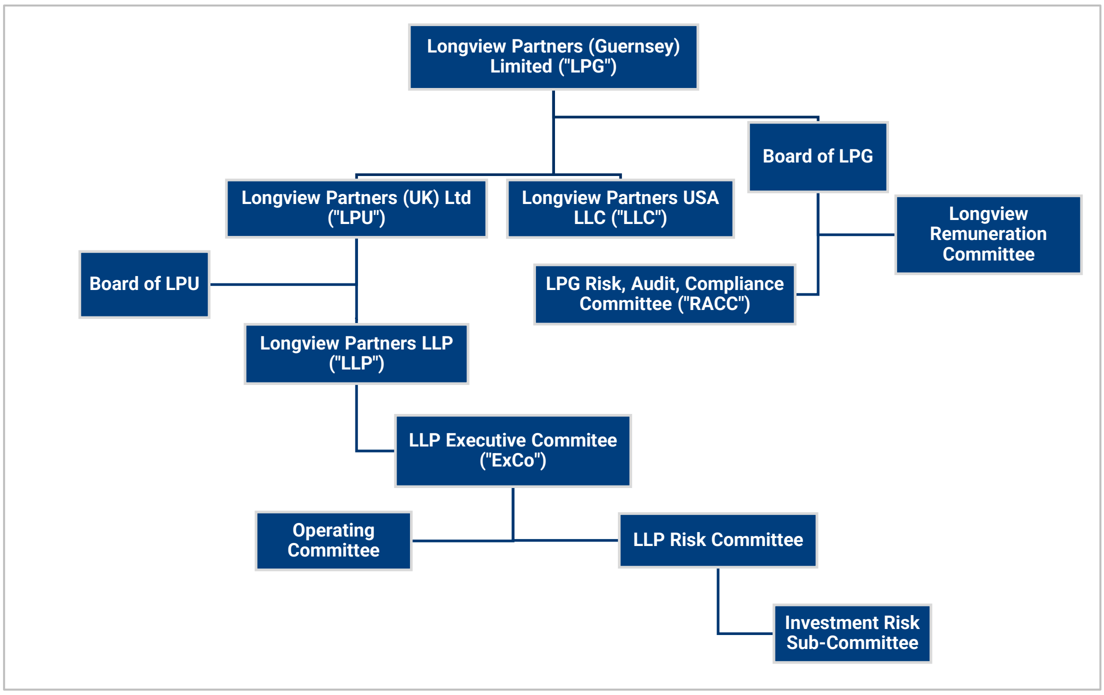
Longview's CIO, Head of Research, Head of Sustainability and the Institutional Clients Team hold an ESG Review on a quarterly basis to review ongoing stewardship activities, ESG risks and controversies, including those of climate change, flagged by our Investment Team or external data providers. The Board and ExCo review company engagements held throughout the quarter which address ESG matters, including climate-related risks and opportunities, where these are relevant to Longview's portfolio companies.

Remuneration

Longview's general Remuneration Policy ensures that senior managers, members and employees of the firm are provided with appropriate incentives to encourage enhanced performance and, in a fair and reasonable manner, receive reward for their individual contributions to the success of Longview. For the necessary individuals, part of the consideration of their contribution is the upholding of key policies such as Responsible Investment and Engagement.

The compensation of our senior executive-level staff is set objectively by the Longview Partners Remuneration Committee, considering a variety of factors: the individual's performance, the demonstration of cultural alignment in their leadership and example, Longview's financial performance during the year, the individual's adherence to and observation of internal compliance policies and procedures (including the firm's Responsible Investment and Engagement Policy for Longview's CEO and Research Team), FCA SMCR and Conduct Rules, and the external competitive environment. Longview's Research Analysts are rewarded based on the discipline and diligence with which they implement the investment process; and the value they bring to other analysts' work through the depth and quality of their interaction within the team. We believe that the disciplined implementation of the investment process will allow us to deliver sustainable returns for our clients over time and therefore support our efforts to meet our stewardship obligations over the long-term.

Figure 2: Longview's Governance Structure



Note: The figure above has been simplified to highlight the relevant structure and committees referenced in this report.

Strategy

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Our Business

Longview is a single strategy global equity asset management firm. We operate a simple, clearly defined business model principally for institutional clients. The firm serves an almost entirely institutional client base across North America, the UK, Europe, Australia and Asia. We seek to generate long-term alpha on behalf of our clients by investing in a concentrated portfolio of global equities. We partner with our clients to understand their needs and challenges and to deliver on their expectations. Longview's purpose is to deliver excellence in performance and client service, to be a sustainable business for the long-term, and to protect and nurture our culture. As owners of our own business, the creation of mutual value with our clients is at the forefront of our minds.

Our culture is based on integrity, honesty, and mutual respect, within a framework of transparency and objectivity. Underlying all that we do is a dedication to precision and accuracy and an over-arching belief in continuous improvement. The Longview Partners Global Equity Strategy is our sole investment strategy and all of Longview's efforts are dedicated to its success on behalf of our clients.

Longview Partners Global Equity Strategy

Longview's investment philosophy has remained consistent since inception over 20 years ago. It can be summarised as follows:

- **Quality**: We believe that high quality businesses can predictably compound value over time, delivering superior long-term shareholder returns. We avoid companies highly exposed to exogenous factors. The four key pillars of our approach to assessing quality are sustainably high returns on capital; predictability; opportunity to grow; and capital allocation.

  We believe ESG factors are an integral part of all four of these pillars of quality and our approach to ESG is therefore integrated within Quality through our M.O.R.E. framework, which considers materiality, opportunities, risks and engagement, as detailed later in this report.

- **Valuation**: We believe that investing with a margin of safety reduces the risk of overpaying for the shares of a company.

- **Long-Term**: We believe that acting as owners and focusing on what is important over the long-term allows us to maintain perspective and take advantage of market opportunities as they arise.

- **Concentration**: We believe that a concentrated portfolio with high active share is an optimal portfolio structure to deliver added value over the long term.

- **Stock Selection:** We believe that fundamental, bottom-up stock selection rather than portfolio management should drive portfolio returns. We focus our time on picking the right companies for the portfolio and take a semi-automated approach to rebalancing.

- **Objectivity**: We believe that a collaborative team-based approach implementing a disciplined investment process drives objectivity and ensures consistency in decision making.

Our Approach to Sustainability

Longview's approach to sustainability is holistic. We are long-term owners of our own business and the values by which we live are as relevant to Longview as they are to our potential investments. We are bottom-up fundamental investors and aim to invest in companies that can create long-term value for shareholders. ESG considerations are embedded within the Quality assessment[5] ("Quality") of our investment process because we believe that is the right approach to investment: identifying high quality businesses that will deliver over the long-term. When analysing the quality of the companies in

[5] As part of Longview's investment process, we rate the Quality of companies as Q1 (excellent), Q2 (good) or Q3 (fail). If a company is rated Q3, then it cannot be included in the portfolio. If an existing portfolio company is downgraded to Q3, then it will be divested from the portfolio.

which Longview invests, ESG considerations are not Longview's sole focus and the impact of ESG factors on performance is not separately measured.

The shared values that we uphold at Longview are the common denominator in all that we do. They are reflected in our investment process, our approach to our clients and in our culture. As a single-strategy firm, we focus our efforts on the sustainability themes relevant to our portfolio companies and our clients. We believe that we can stay true to our purpose by focusing our sustainability efforts on three strategic areas:

Invest	Engage	Contribute
We seek to invest responsibly and during our investment process consider ESG risks and opportunities that may impact the long-term value creation of companies. We consider ESG factors during our analysis of Quality, which is one of our three investment criteria.	We seek to use our voice as owners, on behalf of our clients, to engage with portfolio companies on material issues. We engage with our clients and our industry as a way to learn, improve and share ideas. We are a willing partner to like-minded organisations with similar values.	We recognise the importance of our clients' sustainability goals and do what we can to support them. In our own operations, we seek to reduce our firm's environmental impact, and we devote our time to giving back to society through various initiatives.

Corporate Sustainability

In our own operations, we hold ourselves to the same sustainability standards as the companies in which we invest, focusing on three pillars – Our Environment, Our Community, and Our People.

Our Environment: We support climate action in our own operations. For the second consecutive year, we maintained our carbon neutral status[6] across our business, a commitment we will uphold going forward. This involved measuring, calculating, and offsetting our carbon emissions within the Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions boundary through Carbon Neutral Britain[7], an external carbon accounting provider. This annual practice will assist us in identifying climate risks and opportunities across our operations.

Longview offset its total carbon emissions through internationally certified carbon offsetting projects[8] around the world within two of Carbon Neutral Britain's funds – the Climate Fund™ and Woodland Fund™. The Woodland Fund™ has committed to spending 10% of its budget on sustainable projects in Britain. Projects in these funds have been selected based on both their direct and indirect impact around the world, not just in offsetting, which is one of the key reasons we selected to partner with Carbon Neutral Britain. Indirect impact could include supporting education, employment and clean water, as well as having a net positive impact on the local wildlife and ecology (e.g. tackling improved biodiversity and mixed reforestation in Costa Rica; and hydro power in the Andes Mountains in Chile).

Our Community: We believe in the importance of being a responsible corporate citizen and making a positive contribution to the communities around us. We encourage and support our people to give back through a range of initiatives that reflect our values and aim to create meaningful impact beyond our day-to-day business.

Our People: We are committed to safeguarding our culture because we believe that the only way we can achieve our purpose and be a sustainable firm for the long-term depends on the people we attract, develop and retain.

Our Climate Risks and Opportunities

The TCFD's recommendations emphasise the importance of evaluating and disclosing the climate change risks and opportunities most relevant to our business. The guidance has divided risks into two key categories:

1. Transition risks associated with the transition to a lower-carbon economy, which include policy and legal, technology, market and reputational risks; and
2. Physical risks associated with the physical impacts of climate change, which can be either event-driven (acute) or defined by longer-term shifts in climate patterns (chronic).

[6] Longview Partners was certified in July 2024 as a Carbon Neutral Business by Carbon Neutral Britain Ltd (carbonneutralbritain.org). This certification verifies that the firm has met all Carbon Neutral Britain Certification™ standards in measuring, calculating and carbon offsetting organisational carbon emissions within the Scope 1, 2 and 3 GHG emissions boundary during the period of 1st January 2023 to 31st December 2023. Compensation was paid by the firm for the services provided by Carbon Neutral Britain Ltd and carbon credits were purchased to offset the measured carbon emissions.
[7] Carbon Neutral Britain Ltd, www.carbonneutralbritain.org
[8] Projects selected by Carbon Neutral Britain are certified via the Verra - Verified Carbon Standard (VCS); the Gold Standard – Voluntary Emission Reductions (VER); or the United Nations - Certified Emission Reductions (CER) Programmes. Longview Partners - Carbon (GHG) Emissions Report, July 2024.

Climate-related opportunities are divided into five major categories related to the following: resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain.

Below we have listed the relevant climate-related risks and opportunities that we have identified and assessed across our business, our investment portfolio and our operations. Each risk or opportunity is outlined, including its timeframe, impact on Longview, and categorised by the type of risk or opportunity recommended for consideration by the guidance.

Climate Risks and Opportunities in our business, through serving our clients

Timeframe: Immediate is 0-1; short: 1-5; medium: 5-10; long: 10+ years.

What is the risk or opportunity identified?	Timeframe	Impact on Longview's business, investment strategy and/or financial planning	Risk/Opportunity Type as per TCFD Guidance	How is it embedded in our processes?
Changing client ESG priorities and requirements, including divergence in expectations across regions	Immediate to long-term	Maintaining integrity and consistency in our approach when meeting the requirements of clients that seek climate alignment and those that do not. Higher demand for lower carbon intensity portfolios in some regions; demand for an Article 8 Fund as defined by the Sustainable Finance Disclosure Regulation (SFDR).	Transition Risk: Market; Reputation Opportunity: Products and Services; Market	Monitored in our client pipeline and through discussions with clients, prospects and consultants by our Institutional Clients Team. Launch of Article 8 Fund promoting environmental and social characteristics through various sector and industry exclusions and monitoring of UN Global Compact Principles violations, amongst other factors.
The perception by clients that our response to climate change is insufficiently comprehensive.	Short to long-term	Potential loss of client relationships where climate alignment is a priority.	Transition Risk: Market; Reputation	Monitored in our client pipeline and through discussions with clients, prospects and consultants.
Increased demand for segregated mandates with climate-related investment restrictions and/or enhanced reporting.	Medium to long-term	Growing complexity servicing clients; increased reporting requirements may require additional resources	Opportunity: Products and Services; Market	Monitored by Compliance, Institutional Clients and Client Services teams Ability of adopting net zero targets on a case-by-case basis across client portfolios where mandated (see 'Our Journey in Target Setting' at the end of this report for further details).

Climate Risks and Opportunities in our investment strategy

Timeframe: Immediate is 0-1; short: 1-5; medium: 5-10; long: 10+ years.

What is the risk or opportunity identified?	Timeframe	Impact on Longview's business, investment strategy and/or financial planning	Risk/Opportunity Type as per TCFD Guidance	How is it embedded in our processes?
Exposure of portfolio companies to transition risks	Medium to long-term	Potential investment underperformance; lower AUM	Transition Risk: Policy and Legal; Technology; Market; Reputation	Integration of material climate considerations in the investment process through the M.O.R.E. ESG Analysis; S&P Trucost climate analytics (see our Scenario Analysis for Longview's Global Equity Portfolio in this report for further details); and direct engagement with companies. Longview Climate Commitments Audit (see our approach to Engaging with Portfolio Companies and Climate Stewardship in this report for further details). Onboarded the MSCI Net Zero Investment Framework (NZIF) toolkit to monitor alignment of portfolio companies with net zero emissions by 2050.
Exposure of portfolio companies to physical risks	Medium to long-term	Potential investment underperformance; lower AUM	Physical Risk: Acute; Chronic	Integration of material climate considerations in the investment process through the M.O.R.E. ESG Analysis; S&P Trucost climate analytics (see our Scenario Analysis for Longview's Global Equity Portfolio in this report for further details); and direct engagement with companies. Longview Climate Commitments Audit (see our approach to Engaging with Portfolio Companies and Climate Stewardship in this report for further details). Onboarded the MSCI Net Zero Investment Framework (NZIF)[9] toolkit to monitor alignment of portfolio companies with net zero emissions by 2050.
Non-exposure to oil & gas, mining and high-emitting industries	Immediate, to long-term	Carbon intensity of the portfolio is consistently 80-90% lower than the benchmark; as non-shareholders in companies with high carbon emissions, as identified by initiatives like Climate Action 100+, we are unable to influence them directly or through voting.	Opportunity: Products and Services; Market	Carbon emission metrics for the portfolio versus the benchmark, including financed emissions and weighted average carbon intensities (WACI). See our Emissions Summary for Longview's Global Equity Portfolio later in this report, for further details.
Companies in Longview's universe which benefit from the climate transition	Long-term	Lower portfolio carbon intensity; higher exposure to climate solutions in-line with clients seeking such exposure.	Opportunity: Resource Efficiency; Energy Source; Products and	Integration of material climate considerations in the investment process through the M.O.R.E. ESG Analysis.

[9] https://www.iigcc.org/hubfs/NZIF%202.0%20Report%20PDF.pdf

			Services; Market; Resilience	

Climate Risks and Opportunities in our operations

Timeframe: Immediate is 0-1; short: 1-5; medium: 5-10; long: 10+ years.

What is the risk or opportunity identified?	Timeframe	Impact on Longview's business, investment strategy and/or financial planning	Risk/Opportunity Type as per TCFD Guidance	How is it embedded in our processes?
Increased carbon pricing on our operational emissions as a regulatory measure to control carbon emissions.	Long-term	Increased operating costs	Transition Risk: Policy and Legal Opportunity: Resource Efficiency; Energy Source	Compliance team monitors evolving regulatory and market expectations, in partnership with Finance Team and Longview's COO. Seeking continued carbon neutrality in our operations and reduction of operational emissions; 100% renewable energy sourced in our London offices; investing in technology to improve remote collaboration with our clients, and aiming to minimise the need for travel.
Increased regulatory requirements and industry-led standards	Short to long-term	Potential legal or reputational risks from non-compliance; increased reporting and disclosures may require more resources in the long-term.	Transition Risk: Policy and Legal, Reputation	Institutional Clients and Compliance teams ensure that policies and ESG framework are in line with evolving market expectations.
Rising number of climate-conscious employees over time.	Short to long-term	Hiring and retaining talent is key to Longview's long-term success and sustainability. Longview's low carbon intensity portfolio may attract climate-conscious talent, which in turn can help reinforce the firm's long-term sustainability.	Transition Risk: Reputation; Market	Monitored through our talent pipeline and discussions with specialist executive search firms. Encouraging a culture of psychological safety where people can speak up.
Physical risks to our operations or supply chain due to extreme weather events and/or rising temperatures.	Medium to long-term	Business disruptions; impact on employees; increased operating and insurance costs.	Physical Risk: Acute; Chronic Opportunity: Resilience	Monitored through BCP process; cost implications monitored by Finance team; review of insurance policies.

Integrating Climate Risks and Opportunities in our Business Strategy and Processes

Longview aims to serve the dynamic requirements of its global client base and deliver the best outcomes for its clients. In our business strategy, we carefully evaluate various factors, such as the rationale and costs of entering new geographical client markets and the growing complexity of servicing clients with different needs. There is an opportunity to integrate climate-related risks and opportunities into this process. Since our inception, we have aimed to adapt our business strategy to the evolving client landscape whilst remaining true to our purpose.

In the last few years, many of our clients across North America, the UK, Europe, Australia, and Asia have shown a growing interest in ESG considerations, particularly regarding climate. However, the level of interest has varied across regions. For instance, our UK clients tend to have active members who care deeply about climate change and are demanding action from their schemes, with some requesting the adoption of net zero targets for their portfolios. In Australia, regulatory requirements from the Australian Prudential Regulation Authority (APRA) now mandate Registrable Superannuation Entities (RSEs) to demonstrate proficiency in understanding ESG risks and opportunities, stress testing and other related factors. These developments certainly impact Longview because of the increasing focus on climate-related considerations and reporting and have led to some clients mandating investment restrictions based on their own ESG considerations. In 2024, we established an Article 8 UCITS-compliant fund within our Luxembourg-domiciled SICAV, implementing Longview's sole global equity strategy. The Fund promotes environmental and social characteristics and was created in response to the growing demand for Article 8 Funds under the Sustainable Finance Disclosure Regulation (SFDR). In response to the evolving ESG expectations of institutional investors in the Nordics, for example, we believe this Fund provides an option more closely aligned with their sustainability priorities.

Longview's CEO provides quarterly updates to the Board, detailing developments such as those mentioned above. These updates, communicated through marketing reports and during board meetings, also cover the firm's business activities, pipeline of opportunities, and any new client requirements, including those related to climate.

As part of our existing risk management framework, it is the responsibility of members of the Risk Committee to review Longview Partners LLP's risks, which are recorded in our Risk Register on a quarterly basis, and to propose suggested updates. The scope of this review includes evaluating and proposing updates related to material climate-related risks identified across the business. The aim is to ensure that the mitigation of such identified risks is appropriate and balanced with the needs and requirements of the business. By adhering to Longview's robust governance structure and the remit of the relevant committees, we ensure that any material climate-related risks and opportunities identified across the business are effectively communicated and, where relevant, integrated into our business strategy and financial planning. For each committee, formal agendas are circulated, and minutes are taken to ensure that operational decision makers have access to relevant information. The spirit of all of Longview's committees is that of collaboration and transparency and ensures that key matters are discussed fully and openly.

Within our financial planning process, there are various ways in which climate-related risks and opportunities may be considered. As a non-small and non-interconnected ("Non-SNI") MIFIDPRU investment firm, Longview Partners LLP is required to conduct an Internal Capital Adequacy and Risk Assessment ("ICARA") on an annual basis. This provides a full summary of the current capital position of the firm, the risks that it faces and whether the current capital position is appropriate, following the stress testing of major risk areas. Longview's Risk Register is used to identify the key risks considered within the ICARA. This means that if any previously identified climate-related risks are deemed to be significant to this process, they would be duly incorporated into the ICARA.

"TCFD reporting strengthens our transparency and accountability, ensuring we stay prepared and responsive in a world where expectations—and the environment—are constantly evolving."

Emma Davies
CFO, Partner

In addition to the above, we may factor in other climate-related risks and opportunities into our financial planning activities, including for both our 12-month and 5-year forecasts. In this process, Longview considers the business in a horizontal context and engages with each team for an evaluation of the relevant financial considerations across all levels of the organisation. This includes factors such as the projected financial impact of upcoming regulations, energy, waste, and water use costs. For instance, some considerations in the last few years have involved allocating additional budgetary resources for acquiring third-party ESG tools and climate solutions services. Also, factors such as limiting business travel and hosting our annual client conference as a hybrid event in the UK are also considered within this process. The financial budget for Longview Partners LLP is reviewed by the ExCo, with the Longview Group budget requiring Board approval on an annual basis.

Integrating Climate Risks and Opportunities in our Investment Strategy

As previously described in this report, Longview's Global Equity Strategy is a concentrated, bottom-up, long-term fundamental equity strategy focused on investing in a portfolio of high quality companies trading at attractive valuations. Our investment process is based on our three independent Investment Criteria – Quality, Fundamentals and Valuation. We seek to invest in predictable business models. This means that companies that are overly sensitive to external forces and exogenous factors beyond management control, such as commodity prices, fail our quality requirement due to their lack of predictability. As a result, the carbon intensity of the portfolio is very low relative to global benchmarks. Companies involved in fossil fuels and other commodities as well as deep cyclicals, which are often heavy users of energy and significant emitters of greenhouse gas are unlikely to be part of the Longview portfolio. Historically, the carbon intensity of the portfolio has been 80-90% lower than the MSCI World.

Our consideration of environmental risks, including climate change, is part of our analysis of long-term growth and stability of businesses, and is embedded in our assessment of Quality. We believe that poor management of environmental issues, including climate change, represents a risk for any company. We are also aware of the potential compromise of the long-term growth prospects for businesses supplying equipment to these companies and other heavy emitters of carbon gases.

However, clearly there is also the potential to identify beneficiaries of the move towards a lower carbon economy such as the electric vehicles ecosystem or manufacturers of energy efficient products. When analysing the quality of the companies in which Longview invests, ESG considerations are not Longview's sole focus and the impact of ESG factors on performance is not separately measured.

Longview's Research Team has developed an analysis framework to ensure consistency in our approach when analysing ESG considerations including climate-related risks and opportunities. The framework takes into account Materiality, Opportunity, Risk and Engagement (M.O.R.E). One key aspect of our approach to embedding ESG considerations is that we do so through a lens of materiality.

Longview's M.O.R.E. ESG Analysis

Below is an excerpt of our analysis as it relates to identifying and integrating climate risks and opportunities.

M = Materiality

Materiality is the relevant impact of an ESG factor, principally on a company's financial performance: on the ability of a business to create value in the short, medium, and long-term. Clearly these factors may differ from one sector to another. Financial materiality is a key aspect; however, Longview also considers reputational, regulatory, legal, and environmental impacts. Below are the environmental issues that we believe are most likely to be material for our portfolio companies or impact their ability to generate sustainably high returns on capital. These factors may be considered by Longview's Research Team to assess how a company manages its operations in consideration of climate change and other environmental issues. Sustainalytics, an external provider of ESG data and analytics; and Longview's proprietary research are used in this analysis.

- Greenhouse gas emissions
- Energy efficiency
- Environmental impact of products and services
- Impact on biodiversity
- Emissions, effluents and waste
- Natural resource use

O = Opportunities

Initial company research should consider the following question:

Are there any identifiable, material E, S or G opportunities arising for the company?

R = Risks

Initial company research should answer the following four questions:

1. Minority Shareholders - Is there any reason, ESG or otherwise, to be concerned that the company may not be acting in the interests of minority shareholders?
2. Historic ESG Issues - Has the company experienced material ESG issues in the past and what action was taken in response?
3. Long-Term Value Creation – Do we perceive any ESG risks that would affect the company's ability to create long term value for shareholders in the future?
4. Sustainalytics - Are there any material issues raised by Sustainalytics and/or stakeholders?

E = Engagement

If any issues are raised and deemed material, either prior to or during the holding period, Longview may choose to engage with the company to seek comfort or clarity around a particular issue before confirming the Quality rating. All engagements are recorded in our Engagement Log and where necessary discussed in our quarterly ESG Review.

Integrating environmental considerations into voting decisions

Longview's voting decisions are made by our Investment Team. Research Analysts use proprietary research, discussions with company management, external research and recommendations from our proxy-voting provider, Glass Lewis, to inform their decisions. When a material ESG issue arises, we are willing to vote against management to protect our clients' interests. Where such a decision has been taken, we engage with the company when possible.

As mentioned previously, Longview conducts a Climate Commitments Audit on a quarterly basis to track our portfolio companies' progress to net zero. If, during our work, we identify companies with insufficient clarity on their commitment or progress, we will engage on the adoption of credible targets such as the Science Based Targets initiative (SBTi). We may vote against committee chairs overseeing climate matters if relevant issues remain unaddressed and will support shareholder proposals addressing key matters or disclosures. We may also vote against management to escalate our concerns when existing engagements are not progressing reasonably. With every vote, we seek to reinforce our commitment.

Scenario Analysis for Longview's Global Equity Portfolio

As advised by the TCFD, we have assessed the resilience of our strategy using different climate-related scenarios, including a 2°C or lower scenario; and scenarios consistent with increased physical climate-related risks. The guidance explains that such scenarios are useful in exploring and developing an understanding of how different combinations of climate-related risks, including both transition and physical risks, may have an impact on companies.

Transition Risks

In quantifying transition risks in the portfolio, we use S&P Trucost's Carbon Earnings at Risk (CEAR) analytics which analyses the potential earnings at risk associated with the portfolio's Scope 1 and 2 emissions. The tables here show the portfolio's EBITDA[10] at risk and EBITDA margin reduction for the low, medium and high carbon price scenarios against the benchmark. The details for each scenario are described below. Based on these three scenarios of future carbon pricing, the metrics are calculated using 2030 as the reference year.

In assessing potential transition risks within a particular scenario, Trucost's methodology goes beyond relying solely on the future carbon price assumed to be embedded in current regulations and the costs of business. Trucost also considers the Carbon Price Risk Premium, which encompasses the added financial burden incurred due to potential future pricing or tax increases (e.g., global emissions trading schemes, and taxes on carbon or fossil fuels). This Carbon Price Risk Premium, which varies by sector, geography, year and scenario, reflects the additional financial cost paid (per metric ton of emissions) from the price that is currently paid.[11]

For Longview, the Carbon Earnings at Risk (CEAR) analysis indicates that, on average, 0.83% of the EBITDA of companies in the portfolio is exposed to financial risk under a high carbon price scenario, contrasting with the MSCI World's average constituent, which stands significantly higher at 5.17%.

Table 1: EBITDA at Risk (Weighted Average)

Carbon Price Scenario	Longview Portfolio	Benchmark (MSCI World)	Unit of Measure
Low	0.55	3.32	%
Medium	0.77	4.73	%
High	0.83	5.17	%

Table 2: EBITDA Margin Reduction (Weighted Average)

Carbon Price Scenario	Longview Portfolio	Benchmark (MSCI World)	Unit of Measure
Low	-0.09	-0.76	%
Medium	-0.13	-1.06	%
High	-0.14	-1.15	%

Sources for Tables 1, 2: S&P Capital IQ Pro. All data calculated for combined Scope 1 and Scope 2 emissions unless otherwise stated. Portfolio used is the Longview Partners Global Equity Representative Account. The Longview Partners Global Equity Representative Account implements Longview's Global Equity strategy for a portfolio size of $100m[12]. Benchmark is the MSCI World. Market data as at 31 December 2024. Emissions data based on latest available information. The emissions data is based on company-reported data where available and/or S&P Trucost-modelled data. Numbers presented throughout are rounded to the nearest whole number unless otherwise stated.

[10] EBITDA: Earnings before interest, tax, depreciation and amortisation.
[11] S&P Global, Trucost Carbon Earnings at Risk Data Methodology Guide, Climate and Impact Analytics, April 2025.
[12] The Longview Partners Global Equity Representative Account implements Longview's Global Equity strategy for a portfolio size of $100m.

S&P Trucost's future carbon pricing looks at three scenarios:[13]

- Low Carbon Price Scenario: This scenario is aligned with the IEA's Stated Policies (STEPS) Scenario, which looks at what countries are doing in practice and can be accordingly regarded as a business as usual (BAU) scenario. This scenario is associated with a temperature rise of 2.4 degrees Celsius by 2100 (with a 50% probability).
- Medium Carbon Price Scenario: This scenario is aligned with the IEA's Announced Pledges Scenario (APS) and assumes that governments will meet in full- and on-time pledges to reduce greenhouse gas emissions and limit climate change to 1.7 degrees Celsius by 2100 (with a 50% probability).
- High Carbon Price Scenario: This scenario is aligned with the IEA's Net Zero Emissions (NZE) by 2050 Scenario and represents the implementation of policies that are considered sufficient to reduce greenhouse gas emissions in line with the goal of limiting climate change to 1.5°C by 2100 (the Paris Agreement) with 50% probability.

Physical Risks

As mentioned previously, TCFD guidance characterises physical risks as event-driven (acute); or as longer-term shifts in climate patterns (chronic). Physical risks may have financial implications for companies through direct damage to assets and indirect impacts from supply chain disruption. Financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organisations' premises, operations, supply chain, transport needs, and employee safety.[14]

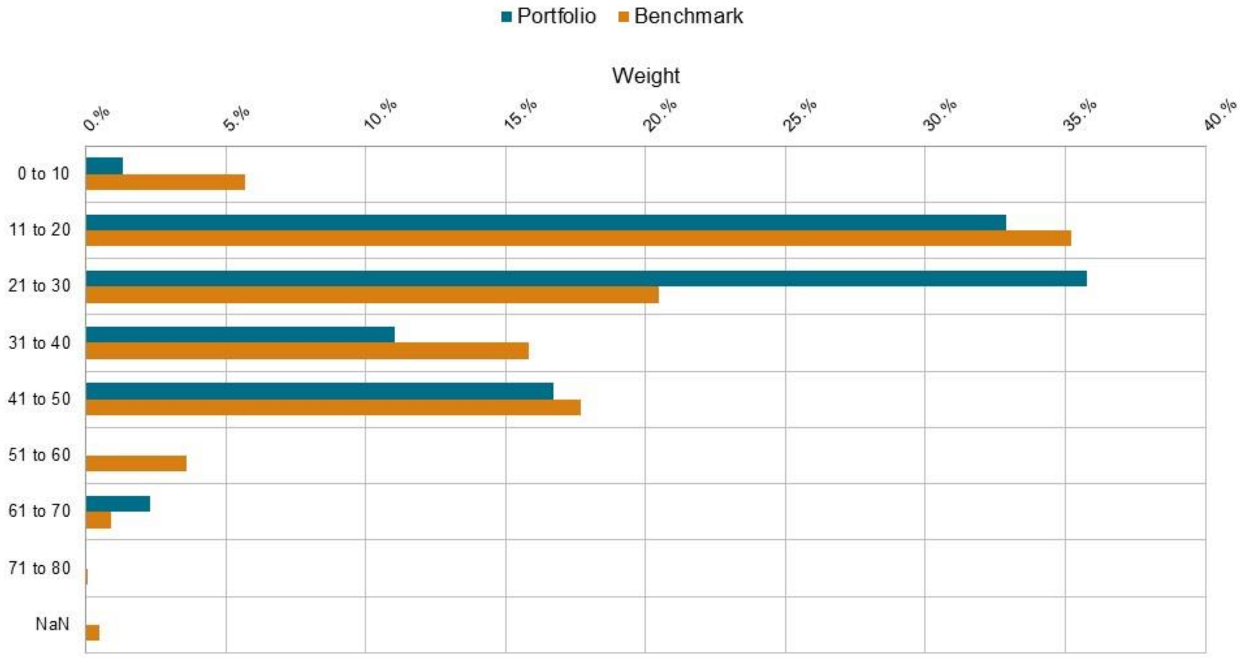
To evaluate the resilience of Longview's Global Equity portfolio, we use S&P Trucost's climate change analytics to account for various climate-related scenarios, including those consistent with increased physical climate-related risks. Trucost's methodology provides a score that captures a company's exposure to the physical risks of climate change at the company and asset level (composite risk score); and assesses the financial impact of these risks (financial impact). The dataset implements four future climate change scenarios (low, medium, medium-high, high) based on the Shared Socioeconomic Pathways (SSP) and IPCC Representative Concentration Pathways (RCP)[15] and is informed by the TCFD's technical guidelines (FSB, 2017). It takes into account the following climate change physical hazards: coastal flood, fluvial flood, extreme heat, extreme cold, tropical cyclone, wildfire, water stress and drought. The four scenarios are as follows:[16]

- High Climate Change Scenario (SSP5-8.5): Low mitigation scenario in which total greenhouse gas emissions triple by 2075 and global average temperatures rise by 3.3-5.7 °C by 2100.
- Medium-High Climate Change Scenario (SSP3-7.0): Limited mitigation scenario in which total greenhouse gas emissions double by 2100 and global average temperatures rise by 2.8-4.6 °C by 2100.
- Medium Climate Change Scenario (SSP2-4.5): Strong mitigation scenario in which total greenhouse gas emissions stabilise at current levels until 2050 and then decline to 2100. This scenario is expected to result in global average temperatures rising by 2.1-3.5 °C by 2100.
- Low Climate Change Scenario (SSP1-2.6): Aggressive mitigation scenario in which total greenhouse gas emission reduce to net zero by 2050, resulting in global average temperatures rising by 1.3-2.4 °C by 2100, consistent with the goals of the Paris Agreement.

In the first chart below, composite risk scores are assigned from 1 (lowest risk) to 100 (highest risk) and represent the relative level of exposure that an asset has to each of the key climate hazards.[17] A score of 100 indicates an asset location at the highest level of exposure to a given hazard globally, and a score of 1 indicates the lowest level of exposure. The results are based on a high climate change scenario with 2050 as the reference year. The chart shows the distribution of the portfolio across various levels of exposure to physical risks compared to the benchmark. The analysis uses sensitivity-adjusted scores to reflect the degree to which each company is exposed to the types of physical risks that are expected to be most material to its business type or model. A score of between one and 33 is low risk, between 34 and 66 is moderate risk, and more than 67 is high risk. We can see that around 70% of the portfolio is attributed to a low level of physical risk exposure (i.e. with a score of 30 or less) compared to 61% for the benchmark.

[13] S&P Global, Trucost Carbon Earnings at Risk Data Methodology Guide, Climate and Impact Analytics, April 2025.
[14] Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), June 2017.
[15] S&P Global Sustainable1 Physical Risk Scores and Financial Impact Data Methodology Guide, Climate and Impact Analytics, January 17, 2023.
[16] Climate change physical hazards used in S&P Trucost's methodology: coastal flood, fluvial flood, extreme heat, extreme cold, tropical cyclone, wildfire, water stress and drought.
[17] S&P Global Sustainable1 Physical Risk Scores and Financial Impact Data Methodology Guide, Climate and Impact Analytics, January 17, 2023.

Figure 3: Exposure per Decile – Sensitivity Adjusted Composite Physical Risk Score (High, 2050s)



Source: S&P Trucost. Portfolio is the Longview Partners Global Equity Representative Account which implements Longview's Global Equity strategy for a portfolio size of $100m. Benchmark is MSCI World. Data as at 31 December 2024. Sensitivity Adjusted Composite Physical Risk Exposure Score is intended to account for both exposure to climate hazards, and the expected sensitivity of companies and assets to each hazard. It provides a combined measure of company exposure to all eight climate change physical hazards. NaN refers to 'Not a number' (i.e. the weight of companies in Longview's portfolio that do not have data available and are not covered by the Trucost dataset).

Drawing on the same data set, we quantify the financial costs of physical risks in the portfolio using a high climate change scenario with 2050 as the reference year in Figure 4. Trucost quantifies the expected financial consequences of changes in physical risk exposure at both the asset and company level.

The chart shows how climate affects sectors across Longview's Global Equity Portfolio differently although extreme heat represents the largest share of financial impact for most sectors in the 2050s. According to this chart, the information technology sector in Longview's portfolio would face the most financial impact: 4.10% per annum of real asset values in the 2050s. Financial costs can range from increased operational expenses to lost revenues due to business interruption through to physical damage and costs to repair assets.[18] For example, extreme heat could affect businesses through lower labour productivity – if it is too hot, employee health and safety and company operations can suffer. Energy grids can come under pressure as the general population increases air conditioning use. Transportation links can be damaged, leading to delays in supply chains.

[18] Quantifying the financial costs of climate change physical risks for companies, S&P Global, Published: November 20, 2023; https://www.spglobal.com/esg/insights/featured/special-editorial/quantifying-the-financial-costs-of-climate-change-physical-risks

Figure 4: Weighted average financial impact on assets owned by our portfolio companies (%) in 2050s

Source: S&P Trucost. Portfolio is the Longview Partners Global Equity Representative Account which implements Longview's Global Equity strategy for a portfolio size of $100m. Benchmark is MSCI World. Data as at 31 December 2024. Financial impact is first calculated at the asset level and represents the sum of financial costs arising from exposure to climate hazards for an asset, expressed as a percentage of the typical replacement value for a given asset type. Financial impact at the company level is then calculated as the weighted average of the asset-level financial impact for all known assets owned by a company and its subsidiaries. Financial impact at the sector level is calculated as the market capitalization-weighted average of financial impact of all companies in the sector.

Risk Management

How the organisation identifies, assesses, and manages climate-related risks.

Our Approach to Risk Management

Longview's Board ensures that the level of risk assumed by the firm is commensurate with its strategic objectives, financial position and business environment. LPG, under the auspices of the Board, is responsible for creating and overseeing the risk management and governance framework for Longview. The firm's approach to risk aims to ensure that all potential perceived risks faced by the firm are identified, managed and mitigated. Longview groups its view of perceived risks into the following risk pillars:

- People & Culture
- Clients
- Finance, Governance & Regulatory
- Investment
- Technology

Longview considers the risk appetite of the business within each risk pillar and for the business as a whole, as well as the acceptable level of risk and the level of mitigation required to achieve it. We evaluate each individual risk by assessing its potential impact on the business, considering how and which areas of the business the risk would have an impact. This is in contrast to a causative perspective. For instance, in relation to climate change, there may be a number of risks with a singular underlying cause, however, these may impact the business in different ways. The Group Risk Register, prepared by Longview's Business Risk function, documents these specific risks and is shared with the RACC and relevant Boards on a quarterly basis. We have integrated climate risk considerations into this process and climate risks will be considered and reviewed in the same way as other risks – both on a regular basis when considering the risks already on the risk register, and when identifying other risks to be considered.

The time horizon assigned to each risk varies based upon the nature of the risk. By default, we assess the likelihood of risk occurrence over a 3-year period. When evaluating climate risks, we have categorised these in greater detail to differentiate between climate-related issues that may be relevant in the medium term versus those applicable over the long term. We have used the following categories: immediate, short, medium and long-term, as shown previously in this report.

At Longview, we firmly believe that our culture serves as our greatest risk mitigant at firm-level. Our culture – of being one team with a common purpose – shapes the behaviours we uphold. This means that we consider it fundamental to encourage a place of psychological safety amongst staff, ensuring a no-blame culture where near-misses are highlighted, and staff are encouraged to ask questions. Staff are appraised on their commitment to the firm's culture and how this has been demonstrated throughout the performance period. This is directly linked to Longview's commitment of ensuring that all staff conduct themselves in line with the individual conduct rules that they are obliged to uphold. All staff must act with integrity and due skill, care and diligence. All staff must be open and cooperative with the FCA and other regulators, pay due regard to the interests of customers and treat them fairly and observe proper standards of market conduct.

Climate Risks in the Investment Process

Assessing the significance of ESG risks and opportunities, including those of climate change, is embedded within our bottom-up research process and considered as part of our Quality rating.[19] To ensure consistency in our approach when analysing ESG matters, Longview's Research Team implements the M.O.R.E ESG Analysis. Through this process, if any issues are raised and deemed material, either prior to or during the holding period, Longview may choose to engage with the company to seek comfort or clarity around a particular issue before confirming the Quality rating. If, after discussions and monitoring, we believe management is failing to respond to the issue satisfactorily, this would trigger the escalation process which could eventually lead to reducing our Quality rating to Q3 and selling the holding.

As described previously, the Chair of the Risk Committee and the CEO oversee Investment Risk in conjunction with the CIO, as part of Longview's Investment Risk Sub-Committee. The Sub-Committee shares any relevant findings, including climate-related risks applicable to Longview's investment strategy at the stock, sector or portfolio level, with the Risk Committee. The CIO also reports quarterly on investment risk to the LPG and LPU boards.

[19] As part of Longview's investment process, we rate the Quality of companies as Q1 (excellent), Q2 (good) or Q3 (fail). If a company is rated Q3, then it cannot be included in the portfolio. If an existing portfolio company is downgraded to Q3, then it will be divested from the portfolio.

Resources and Tools

We consider a wide variety of information when analysing companies. The Research Analysts will generally start by reviewing primary sources of information released by both the company being analysed and its competitors. This includes annual and quarterly reports, presentations, conference call transcripts and a wide range of regulatory filings.

Our Research Team may meet with company management or investor relations teams during the process to understand their strategy, cash deployment, industry dynamics and approach to ESG amongst other things. Longview also accesses other external information from providers such as, but not limited to:

- FactSet: Wide-ranging data aggregation, including Portfolio Analytics for analysing portfolio performance and risk
- Data providers: From time to time, we purchase data sets from third-party providers to supplement our understanding of a company or industry (e.g. SNL Financial)
- Sell-Side Research Providers: We subscribe to research services from several sell side brokerage houses. This is used to assist in building our understanding of a business and for access to historic data sources rather than for opinion.
- Independent Research Providers: We currently subscribe to Gartner Research.
- Artificial Intelligence (AI) tools: As part of the investment due diligence process, we use a range of tools including OpenAI, Gemini, NotebookLM and Perplexity to help source and analyse publicly available information on companies
- Expert Networks: These include Tegus, AlphaSights and ThirdBridge with a mix of expert calls and access to wider transcript libraries.
- Sustainalytics: An external provider of ESG data, research, ratings and monitoring tools covering areas such as for UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights (UNGPs) violations. Additionally, Sustainalytics' Product Involvement Research is used to identify the appropriate exclusions of companies with weapons involvement, in line with requirements.
- S&P Global Trucost: An external provider of greenhouse gas (GHG) emissions data, TCFD-aligned metrics and climate analytics.
- Glass Lewis: An external provider of proxy voting research and recommendations.
- Institutional Shareholder Services (ISS): An external provider of proxy voting research as an additional source of input.
- Industry conferences.

Longview's Research Analysts use primary source material in analysing businesses and may use ESG information and independent assessments from the providers above to supplement their own ESG work. We strongly believe it is part of our fiduciary duty to reach our own conclusions, based on our analysis of available information. We do not necessarily agree with ESG risk and ratings assessments from external providers.

Engaging with Portfolio Companies

Longview engages with companies on matters of stewardship and ESG as part of our overall investment research and our assessment of a company's Quality rating. We focus our ESG engagement efforts on companies where we have identified significant ESG issues, including climate-related issues, in our proprietary research process. A key part of the selection process is materiality. This can be in terms of the potential impact on the value or reputation of the business, the potential impact on our assessment of Quality, or in the eyes of our clients.

We believe that actively engaging with companies on climate-related matters that may be material to our assessment of Quality can be valuable in mitigating climate risks within our portfolio. Encouraging companies to enhance their resilience against the impacts of climate change can help them address potential financial risks linked to the transition and physical climate risks outlined by the TCFD.

Direct Engagements with Portfolio Companies

Where appropriate, we will contact a company seeking clarity or to discuss contentious issues, including climate-related issues, as part of our ongoing dialogue with management. If we are meeting with management, we will discuss strategy and general corporate responsibility as well as specific issues, as we believe that these factors may affect a company's ability to create sustainable value for their shareholders. Such factors may include allocation of capital, remuneration, finance, reputation and litigation risks, climate change, energy efficiency, human rights, labour rights and other material ESG issues.

We evaluate the effectiveness of company management on these issues and if past, current or anticipated future behaviour is judged to be a risk, our concern will be reflected in our Quality rating. We believe that having a clear and systematic engagement model is key to an effective implementation of our integrated approach to ESG, where we assess risks and opportunities as part of our bottom-up research process. Our engagement selection process is fully aligned with the robust nature of our research process and reflects the transparency embedded in our culture and in our approach to stewardship. Our single strategy focus means that we only have one engagement model which we apply across our investment strategy.

Thematic Engagements

In addition to company engagements, we may undertake thematic engagements across several companies or even the entire portfolio. As a single strategy firm, we focus our efforts on the sustainability themes relevant to our portfolio companies and our clients. We have focused on Climate Change as a key sustainability theme for the last three years and this will continue going forward through our climate stewardship described below.

Our Climate Stewardship

We believe it is important to keep track of portfolio companies' progress to reduce GHG emissions. For this reason, we engage with companies directly and thematically on climate. As mentioned in this report, we conduct a Climate Commitments Audit across the portfolio to assess our portfolio companies' climate intentions; and we directly engage with companies for which we need to seek greater clarity on their climate plans. We consider our approach to climate stewardship a valuable component in our efforts to mitigate climate-related risks within the portfolio. We provide below an overview of our methodology and the results of Climate Commitments Audit as at 31 December 2023.

"As part of our stewardship responsibilities, we aim to integrate climate considerations thoughtfully into our approach and the way we support our clients."

Maryse Medawar
Head of Sustainability

Our Audit Methodology

We use publicly available information from company websites, Corporate Social Responsibility (CSR), ESG or sustainability reports, the Science-Based Targets Initiative (SBTi)[20] amongst other sources, to answer the questions listed below. Using the information available at the time, Longview makes an overall assessment of each company's position. Longview recognises that commitments and available information will continue to evolve over time.

Our Questions

1. Has the company made a net zero, or similar, commitment by 2050 (or earlier)?
2. Has the company made any commitment to reduce GHG/carbon emissions?
3. If the company has set emissions reduction targets, are they Science-Based?
4. Has the company published a credible plan to reach their goals with interim targets?

Our Results

We have compared our results to the most recent research published by MSCI on the disclosure of climate commitments made by the listed companies represented in the MSCI ACWI Investable Market Index (IMI)[21] :

The results are compared to the Longview portfolio, as at 31 December 2024:

Table 3: Climate Audit Results

	Longview Portfolio	MSCI ACWI IMI
Net zero target by 2050	86%	41%
Carbon emissions reduction target[22]	100%	58%

Source: Climate targets for MSCI ACWI IMI provided by MSCI Sustainability Institute Net-Zero Tracker; data as at 30 September 2024.

[20] https://sciencebasedtargets.org/
[21] Listed companies are represented by the MSCI ACWI Investable Market Index (IMI), which captures large, mid and small-cap listed companies across 23 developed markets and 24 emerging market countries. With 8,799 constituents, the index covers approximately 99% of the global equity investment opportunity set, as of Sept. 30, 2024.
[22] For this category, we compare Longview's results, which track the percentage of companies that have set carbon emission reduction targets, with MSCI's ESG Research, which measures the percentage of listed companies that have published a climate commitment.

Industry Collaboration

As non-shareholders in the most polluting companies, we are unable to influence them directly or through voting. However, we believe that we have a moral obligation to play our part. We are members of the Institutional Investors Group on Climate Change (IIGCC) and have been a signatory to the UK Stewardship Code since 2011 and the UN Principles for Responsible Investment (UN PRI) since 2010.

The IIGCC is the European membership body for investor collaboration on climate change. The IIGCC has developed several workstreams to collaborate with stakeholders, represent members on the global stage, produce reports and guides for best practice initiatives and strengthen the contribution investors make in helping to realise a low carbon future. We believe that by joining the IIGCC, we have aligned ourselves with other likeminded investors that promote good stewardship on climate change. The IIGCC also develops policy and best practice for investors and may create future collaborative engagement opportunities for Longview.

The UK Stewardship Code sets high standards for stewardship, with a focus on activities and outcomes with the aim of improving the opportunity for the delivery of sustainable long-term investment. We recognise the FRC's definition of stewardship: "Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

The UN PRI works to promote the incorporation of ESG factors into investment decision-making, and provides thought leadership on climate, amongst other sustainability issues. Being a signatory to the UN PRI has enabled us to reflect and report in a formal and standardised way on how we consider key aspects of ESG, including climate-related risks and opportunities, in our investment process and stewardship activities.

In September 2024, Longview became a co-signatory to the 2024 Global Investor Statement to Governments on the Climate Crisis for the third year, having signed it in 2021, 2022. The Investor Agenda had paused its activities in 2023 to evaluate the most effective way forward. The Statement, coordinated by the Investor Agenda, aims to unify investor and financial sector voices to call for comprehensive action on the climate crisis.

The 2024 Statement was the most comprehensive to date, urging governments to increase their climate ambitions in alignment with the goal of limiting global temperature rise to 1.5°C. To achieve these objectives, the Statement called for a whole-of-government approach across five key policy areas:

1. Enacting economy-wide public policies
2. Implementing sectoral strategies, especially in high-emitting sectors
3. Addressing nature, water and biodiversity-related challenges contributing to and stemming from the climate crisis.
4. Mandating climate-related disclosures across the financial system.
5. Facilitating further private investment into climate mitigation, resilience, and adaptation activities in emerging markets and developing economies.

Longview Partners LLP is also subject to the anti-greenwashing rule outlined in the Sustainability Disclosure Requirements (SDR), as mandated for FCA authorised firms.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

We use various metrics to measure and monitor the impact of climate-risks and opportunities in our operations and across Longview's Global Equity Portfolio. Described below are the metrics used, the rationale for their inclusion, and the relevant underlying data sources. Longview uses S&P Global's Trucost product for carbon data and climate analytics, in addition to external providers of broader ESG metrics and research. Importantly, we believe it is part of our fiduciary duty to reach our own conclusions, based on our analysis of available information. We do not necessarily agree with ESG assessments or ratings from external providers.

GHG Emissions in our Operations

As previously mentioned in this report, in 2023, we partnered with Carbon Neutral Britain[23] to measure and calculate the total Greenhouse Gas (GHG) emissions produced from Longview's activities with the aim to monitor and seek to reduce the firm's climate impact. This initiative allowed us to achieve carbon neutrality in our operations, meeting all of Carbon Neutral Britain's Certification™ standards. This covered measuring, calculating, and offsetting carbon emissions within the Scope 1, 2, and 3 GHG emissions boundary from January 1, 2023, to December 31, 2023, using the ISO 14064 and GHG Protocol Emissions Standard principles of relevance, completeness, consistency, transparency and accuracy. This assessment will be an annual practice going forward as part of our ongoing commitment to sustainability.

Table 4: Metrics used in our Operations

Metric Category	Description and Data Sources	Rational for Inclusion
GHG Emissions	Longview's operational emissions were measured using the three scopes of emissions listed in this table. The emissions calculations were carried out by Carbon Neutral Britain using the ISO 14064 and GHG Emissions Protocol Standards and Longview-supplied activity data across its operations.	Disclosure of GHG emissions is crucial for stakeholders to understand Longview's exposure to climate-related risks and opportunities.
Scope 1 – direct emissions	Activities owned or controlled by Longview that release emissions straight into the atmosphere. For many office-based businesses, scope 1 emissions are usually very small.	
Scope 2 – energy indirect	Emissions being released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of Longview's activities but occur at sources that the business does not own or control. These emissions would be the energy usage by the organisation and staff working at sites under the operational control of the business.	
Scope 3 – other indirect	Emissions that are a consequence of Longview's business activity, which occur at sources which are not owned or controlled by Longview, and which are not classified as scope 2 emissions. Scope 3 emissions can be broad, including areas such as waste management, business travel, staff commuting, events, emissions produced from delivery to and from Longview (including third party delivery services), transmission and distribution losses associated with electricity usage, and well to tank emissions from combustion fuels.	

Sources: Rationale for Inclusion is based on TCFD Guidance. Refer to Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), June 2017; table A2.1, Cross-Industry, Climate-Related Metric Categories. Descriptions are based on Longview Partner Carbon (GHG) Emissions Report as provided by Carbon Neutral Britain.

[23] Carbon Neutral Britain Ltd, www.carbonneutralbritain.org

Emissions Summary by Scope in our Operations

Below, we report on our emissions for the base year covering the period from 1 January 2023 to 31 December 2023. This is an exercise that we conduct on an annual basis. As at the time of publishing this report, this is our most recent reporting period as the emissions across Longview's operations were measured and calculated approximately six months into the calendar year following the move of our London offices. In addition to the data below, we publish energy and emissions data in line with the UK's Streamlined Energy and Carbon Reporting requirements (SECR) within Longview Partners LLP Report and Financial Statements.

Carbon Neutral Britain, our external carbon accounting provider, determined that using the operational control consolidation approach was the most suitable method to measure and calculate Longview's total carbon footprint considering our standard business structure and practices. As a result, the following scope of data was requested and collected where applicable.

- **Scope 1**: Stationary and mobile source emissions (N/A), company owned and leased vehicles (N/A), refrigerant gas losses (N/A) for the organisation only.
- **Scope 2:** Energy (electricity, imported heat, steam in kwh) from the office and vehicles, using the location based method.
- **Scope 3:** Homeworking energy (days), water (consumption and waste volume), waste (landfill, recycled and composted weight), business travel (type and distance), staff commuting (average distance and type), hotel stays (UK, Europe or Global), transmission and distribution losses associated with electricity usage (kwh) and well-to-tank emissions from combustion fuels (volume combusted).

Table 5: Emissions in our Operations

Source	Longview Emissions	Unit of Measure
Scope 1		
Stationary or Mobile Combustion Sources	-	
Mains Gas	-	
Company Owned/Lease Vehicles	-	
Refrigerant Gas Loss Recharge	-	
Sub-total		
Explanatory Notes	Scope 1 emissions were zero, due to no company owned/leased vehicles, and/or combustion sources during the reporting period.	
Scope 2		
Total Organisation Energy Usage on Site	26,730.98	Kg CO2e
Total Electric Vehicle Energy Usage	-	Kg CO2e
Sub-total	26,730.98	Kg CO2e
Sub-total (tonnes)	26.73	tCO2e
Explanatory Notes	All Scope 2 emissions occurred from electricity consumption within the reporting period.	
Scope 3		
Total Organisations Energy Usage WFH	7,584.84	Kg CO2e
Organisation Waste	8,245.22	Kg CO2e
Business Travel (not using owned/leased vehicles)	119,440.96	Kg CO2e
Staff Commuting (not using owned/leased vehicle)	25,381.78	Kg CO2e
Business Hotel or Event Activities	4,376.40	Kg CO2e
Organisation Water Usage	53.12	Kg CO2e
Transmission and Distribution Losses	2,312.64	Kg CO2e
Well to Tank	27,329.10	Kg CO2e
Sub-total	*194,724.06*	Kg CO2e
Sub-total (tonnes)	*194.72*	tCO2e

Explanatory Notes	The main Scope 3 emissions occurred from business travel. Other emissions occurred from the energy consumption from staff working at home (these emissions were attributed 'additional' energy consumption that would not have otherwise occurred at home), waste, staff commuting, business hotel stays, water usage, transmission and distribution losses and well to tank emissions.
Total Emissions in our Operations	*221.46 Tonnes of Carbon Dioxide Equivalent*

Source: Carbon Neutral Britain, Longview Partners – Carbon (GHG) Emissions Report, July 2024

Longview's Global Equity Portfolio

In-line with TCFD guidance, we use various metrics, including those that are forward-looking, to monitor the climate-related risks and opportunities in our portfolio. A subset of these data points is provided to our clients for the portfolio and the benchmark with the aim of offering useful insights about the environmental impact of our investment strategy. The data is sourced by S&P Trucost, our external provider of carbon data and climate analytics.

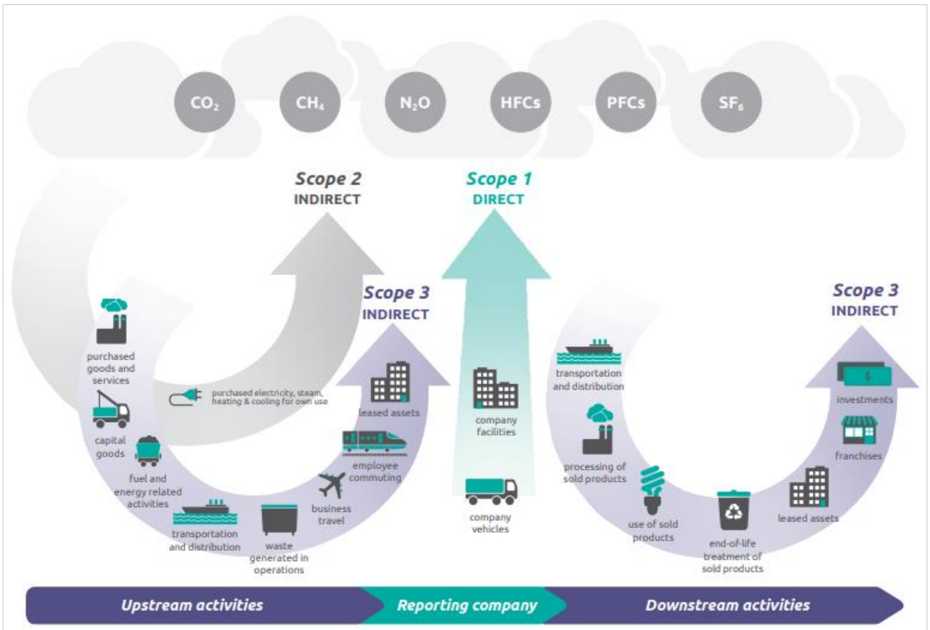
Table 6: Carbon Footprinting and Exposure Metrics

Metric	Description	Rational for Inclusion
Total Apportioned Carbon Emissions (tCO_2e)	This represents the absolute emissions of the portfolio apportioned by each company's Enterprise Value Including Cash (EVIC). EVIC is defined as the sum of the market capitalisation of ordinary shares at fiscal year-end, the market capitalisation of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests.	The absolute GHG gas emissions associated with Longview's portfolio, expressed in tons CO_2e, is used to communicate and track the emissions of the portfolio in a method consistent with the GHG protocol.
Carbon to Value Invested (tCO_2e/$m)	Carbon to Value Invested represents total carbon emissions (apportioned by EVIC) normalised by the value of holdings in the portfolio or benchmark on a given date, expressed in tCO_2e/USDm invested.	This gives an indication of the emissions impact of the portfolio per USDm invested and allows for like-for-like comparisons across differently sized portfolios.
Carbon Intensity (WACI) (tCO_2e/$m)	Weighted average carbon intensity (WACI) is a measure of carbon emissions normalised by revenues. We also track the portfolio's historical WACI for the period 2013-2023.	Since revenues are a relevant comparison point across all issuers, the metric can be used for portfolio decomposition and attribution analyses across sectors and asset classes. WACI is expressed in tCO_2e/USDm revenue.
Exposure to Extractive Industries & Reserves – Value of Holdings (VOH) %	Defined as the total exposure to companies that have higher than 0% revenue exposure to a set of defined extractive industries.	Gives an indication of the portfolio's exposure to one or more of the following sectors: crude petroleum and natural gas extraction; natural gas liquid extraction; drilling oil and gas wells; support activities for oil and gas operations; bituminous coal underground mining; bituminous coal and lignite surface mining; and tar sands extraction.
Carbon Intensity Contributors (tCO_2e/$m)	Displays weighted carbon intensities of portfolio companies (Scope 1 and 2 only), in tCO_2e/$m in revenue.	Gives an indication of the largest/smallest contributors to portfolio carbon intensity, which may be useful for engagement opportunities.
Carbon Emissions Disclosure by Scope across the Portfolio (% of portfolio companies)	Displays companies' level of disclosure for Scope 1, 2 and 3 emissions where full disclosure represents company-reported data; partial disclosure is a combination of company-reported and modelled data; and modelled is fully modelled by S&P Global.	Gives an indication of the coverage of company-reported emissions versus S&P-modelled data across the portfolio.

Carbon Intensity by Sector (tCO2e/$m)	Displays carbon intensity of different sectors across the portfolio, using Scopes 1, 2 and 3, in tCO2e/$m in revenue.	Gives an indication of the climate-related risks across the portfolio. Sectors with high carbon intensity may face transition and physical climate risks as climate change regulations increase and consumer preferences shift in the transition to a lower carbon economy. This may be useful for engagement opportunities.
Carbon Emissions by Scope (tCO2e)	Displays apportioned emissions in the portfolio apportioned by EVIC.	Gives an indication of the distribution of emissions by scope in comparison to the benchmark.
Carbon Emissions by Company (tCO2e)	Displays absolute GHG emissions associated with each company in Longview's portfolio, expressed in tons CO2e for Scopes 1, 2 and 3.	This is used to track a company's emissions by scope.
Carbon Emissions Disclosure for each Company by Scope (Full, Partial, Modelled)	Displays the level of disclosure for each company in the portfolio by scope (for Scopes 1, 2, 3) .	Gives an indication of the coverage of company-reported emissions by company versus S&P-modelled data, which may be useful for engagement opportunities.
Percentage of portfolio companies with net zero targets (further details included under Risk Management pillar)	Longview conducts a Climate Commitments Audit to assess the climate intentions of companies across the portfolio.	Allows us to track our portfolio companies' progress to reduce their emissions and identify where we need to engage to push for stronger commitments.

Source: S&P Global and Longview. Note: The GHG Protocol Corporate Standard classifies a company's GHG emissions into Scope 1 emissions as direct emissions from owned or controlled sources; Scope 2 emissions as indirect emissions from the generation of purchased energy. Scope 3 emissions as all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 downstream includes emissions associated with the use of sold goods and services. Scope 3 upstream includes emissions associated with a company's purchased goods and services, such as from the extraction and production of materials and fuels. See the 'Overview of GHG Protocol scopes and emissions across the value chain' in Figure 5 below for reference.

Figure 5: Overview of Greenhouse Gas (GHG) Protocol Scopes and Emissions Across the Value Chain



Source : https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf

Table 7: Forward-looking Metrics

Metric	Description	Rational for Inclusion
Transition Risks		
EBITDA at risk (%)	Indicator of earnings (EBITDA) at risk over a certain threshold	Disclosure of the amount and extent of a portfolio company's assets or business activities vulnerable to climate-related transition risks allows investors to better understand potential financial exposure regarding such issues as possible impairment or stranding of assets, effects on the value of assets and liabilities, and changes in demand for products or services.
EBITDA at risk > 5% (%)	Indicator of earnings (EBITDA) at risk over a certain threshold (in this case 5%)	
EBITDA Margin reduction (%)	Implied change in earnings (EBITDA) margins due to Unpriced Carbon Cost	
Physical Risks		
Composite physical risk score	An equal weighted additive combination of the company physical risk score on each hazard for a given scenario and year, and then rescaled to a 1-100 range using a logarithmic scoring curve. The scoring curve is designed to ensure that assets or companies with high exposure to one hazard, but low exposure to all others, will be assigned a moderate to high composite physical risk exposure score.	Disclosure of the amount or extent of a portfolio company's assets or business activities vulnerable to material climate-related physical risks allows investors to better understand potential financial exposure regarding such issues as impairment or standing of assets, effects on the value of assets and liabilities, and cost of business interruptions.
Financial Impact (%)	Financial Impact is quantified as the projected financial costs associated with changing climate hazard exposure, expressed as a percentage of the asset value. The Financial Impact metric is calculated at the asset level for each hazard and can be summed to produce a composite metric. This is aggregated as a weighted average based on assumed asset value weights.	
Temperature Alignment		
Portfolio emissions trajectory	Tracks company emissions and activity levels, including forward-looking indicators over a medium-term time horizon. Historical data on greenhouse gas emissions and company activity levels is included from a base year of 2012. Forward-looking data sources are used to track likely future transition pathways. This is compared to the portfolio 2-degree aligned emissions trajectory	Allows investors to track their portfolios and benchmarks against the goal of limiting global warming to below 2°C from pre-industrial levels, as well as other climate change scenario outcomes.

Source: S&P Global and Longview. S&P Global Sustainable1 Physical Risk Scores and Financial Impact Data, Methodology Guide, Climate and Impact Analytics (2023); and Trucost Carbon Earnings at Risk Data, Methodology Guide, Climate and Impact Analytics (2021); S&P Global Sustainable1 Investor Portfolio Alignment with the Paris Agreement A Trucost multi-sector, multi-asset class approach (2021); and Trucost Paris Alignment Data Methodology Guide Climate and Impact Analytics (2021).

Emissions Summary for Longview's Global Equity Portfolio

As at 31 December 2024

Table 8: Emissions for Longview's Global Equity Portfolio

Source	Longview	Benchmark (MSCI World)	Unit of Measure
Total Apportioned Carbon Emissions	495	3125	tCO2e
Carbon to Value Invested	4.9	33.4	tCO2e/$m
Carbon Intensity (WACI)	13.2	91.8	tCO2e/$m
Extractives Industries (VOH)	0	1.25	%

Source: S&P Capital IQ Pro. All data calculated for combined Scope 1 and Scope 2 emissions unless otherwise stated. Portfolio used is the Longview Partners Global Equity Representative Account for an investment of $100m. Benchmark is the MSCI World. Market data as at 31 December 2024. Emissions data based on latest available information. The emissions data is based on company-reported data where available and/or S&P Trucost-modelled data. Numbers presented throughout are rounded to the nearest whole number unless otherwise stated.

As described in this report, Longview's Global Equity strategy seeks to invest in predictable businesses and therefore is unlikely to invest in companies that are overly sensitive to unpredictable external factors (e.g. oil prices). This means that the portfolio is unlikely to hold companies directly exposed to fossil fuels, metals and mining companies and deep cyclical industrials, which are heavy users of energy and significant emitters of greenhouse gases – this is a by-product of our investment philosophy since inception. As can be shown in the table above, and in figures 7 and 8, this approach results in a carbon footprint and carbon intensity that are substantially lower than those of the benchmark.

Figure 6: Scope Intensity by Sector

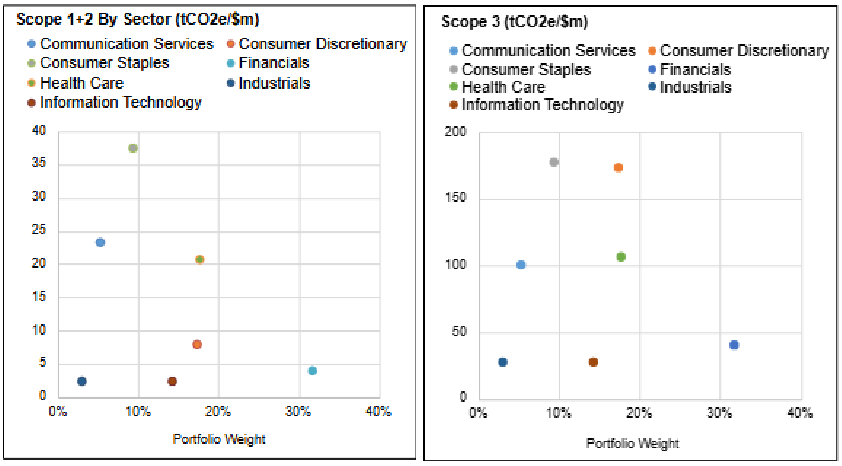


Figure 7: Emissions by Scope

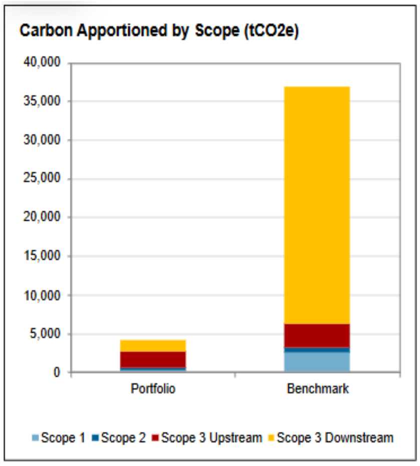


Table 9: Carbon Emissions by Scope

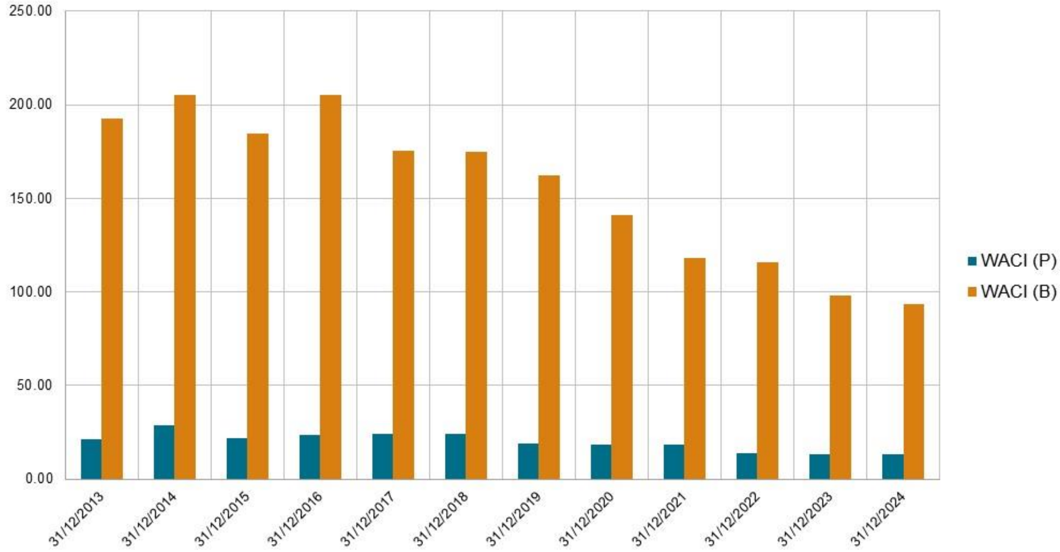
Source	Longview	Benchmark (MSCI World)	Unit of Measure
Scope 1	225	2483	tCO2e
Scope 2	270	642	tCO2e
Scope 3 Upstream	2118	3056	tCO2e
Scope 3 Downstream	1491	30,634	tCO2e

Table 10: Carbon Emissions Disclosure by Scope

Source	Full (%)	Partial (%)	Modelled (%)
Scope 1	17	77	7
Scope 2	10	77	13
Scope 3 Upstream	87	0	13
Scope 3 Downstream	0	0	100

Source: S&P Capital IQ Pro. All data calculated for combined Scope 1 and Scope 2 emissions unless otherwise stated. Portfolio used is the Longview Partners Global Equity Representative Account for an investment of $100m. Benchmark is the MSCI World. Market data as at 31 December 2024. Emissions data based on latest available information. The emissions data is based on company-reported data where available and/or S&P Trucost-modelled data. Numbers presented throughout are rounded to the nearest whole number unless otherwise stated.

Figure 7: Weighted Average Carbon Intensities (WACI) Trend Chart (tCO2e/$m) for the period 2013-2024



Source: S&P Capital IQ Pro. All data calculated for combined Scope 1 and Scope 2 emissions unless otherwise stated. WACI (P) is shown for the Longview Partners Global Equity Representative Account for an investment of $100m. Benchmark is the MSCI World. Market data as at 31 December 2024. Emissions data based on latest available information. The emissions data is based on company-reported data where available and/or S&P Trucost-modelled data. Numbers presented throughout are rounded to the nearest whole number unless otherwise stated.

2°C Alignment Assessment

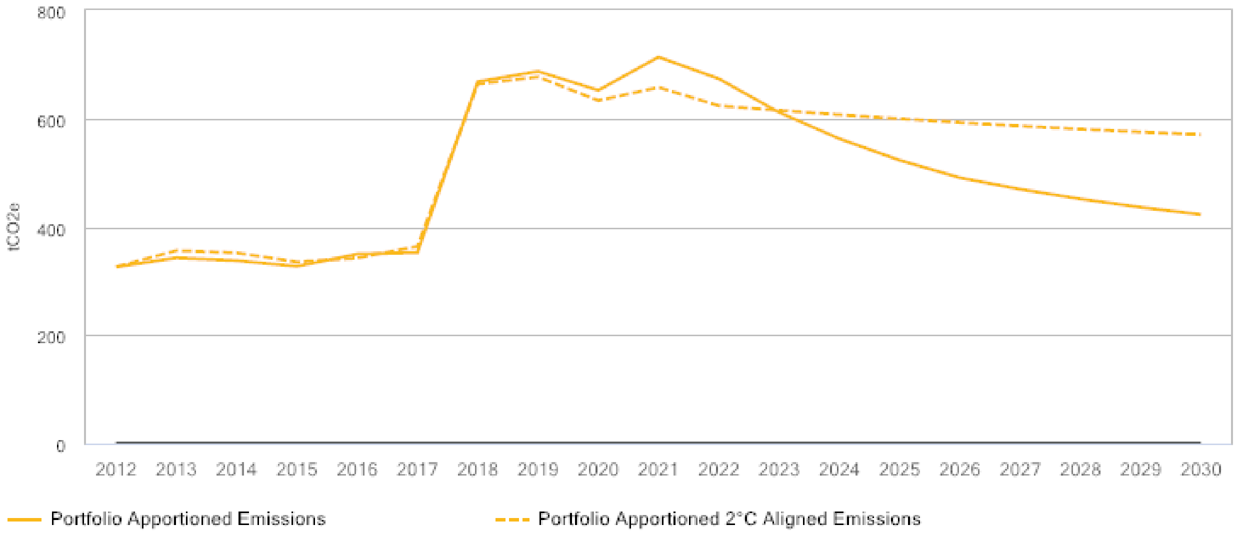
In its Special Report on Global Warming of 1.5°C, the IPCC explains how the international scientific community warns that to avoid the most catastrophic impacts of climate change, warming needs to be kept well below a 2°C increase in global average temperatures, and that every effort should be pursued to keep warming below 1.5°C. These goals were formalised by the international community in 2015 with the signing of the Paris Agreement.[24] In order to evaluate the alignment of the Longview Global Equity Portfolio with a 2°C transition pathway, we have used S&P Trucost's alignment analysis—an assessment of how close companies' emissions are aligned to keeping global temperature rise well below 2°C from pre-industrial levels. The methodologies used by Trucost are highlighted by the Science Based Targets initiative (SBTi) which promotes best practice in science-based target setting towards the transition to a low-carbon economy. Alongside the TCFD's guidance, the Portfolio Alignment Team (PAT)[25] has recommended using temperature alignment to monitor portfolios in addition to the use of forward-looking metrics which quantify transition risks (these have been included under Scenario Analysis in this report).

In its assessment, S&P Trucost's data shows that the portfolio as at 31 December 2024 is on a trajectory below a 2°C transition pathway. According to the chart below, which compares the portfolio's 2012-2030 trajectory to a 2°C aligned pathway, the portfolio's emissions are projected to be around 26% lower than a 2°C aligned portfolio by 2030.

[24] IPCC, Special Report Global Warming of 1.5°C, 2018: https://www.ipcc.ch/site/assets/uploads/sites/2/2022/06/SPM_version_report_LR.pdf

[25] https://www.tcfdhub.org/wp-content/uploads/2021/10/PAT_Measuring_Portfolio_Alignment_Technical_Considerations-9.8.pdf; The Portfolio Alignment Team was formed by the UN Special Envoy for Climate and Finance, Mark Carney, to respond to growing investor and lender interest in measuring portfolios' relative alignment to the objectives of the Paris Agreement.

Figure 8: 2°C Alignment Portfolio Transition Pathways



Source: S&P Trucost. All data calculated for combined Scope 1 and Scope 2 emissions unless otherwise stated. Portfolio used is the Longview Partners Global Equity Representative Account for an investment of $100m. Benchmark is the MSCI World (USD). Market data as at 31 December 2024. Emissions data based on latest available information. The emissions data is based on company-reported data where available and/or S&P Trucost-modelled data.

Our Journey in Target Setting

As an asset manager with a global client base, we embrace our duty to help tackle climate change and support the UK's transition to net zero emissions. With this in mind, over the past year we have assessed the adoption of the Net Zero Investment Framework (NZIF)[26] on a case-by-case basis for client portfolios seeking alignment with net zero objectives. In response to the demand for such alignment from our UK clients, we engaged with the Institutional Investors Group on Climate Change (IIGCC) to evaluate NZIF and assess its fit with our global equity approach.

NZIF is the most widely used guide by investors for setting net zero targets and producing related net zero strategies and transition plans. It provides guidance on aligning portfolios with the goal of achieving net zero greenhouse gas emissions by 2050, in line with the objectives of the Paris Agreement. The framework outlines methods for setting decarbonisation targets and assessing portfolio alignment. Importantly, it emphasises active ownership and engagement with companies to encourage credible net zero transition plans. We believe this is well aligned with Longview's stewardship approach due to our existing focus on direct engagement with companies through our Climate Commitments Audit.

Going forward, Longview can apply this framework on a case-by-case basis for clients seeking to set net zero targets for their portfolios. We believe our ability to adopt NZIF reflects our commitment to supporting clients' climate objectives by helping them reduce their carbon footprint and manage climate risks.

As mentioned previously in this report, the carbon intensity of Longview's Global Equity portfolio is typically around 80-90% lower than that of global benchmarks, which we believe is a good starting point. Our Climate Commitments Audit has enabled us to engage with our portfolio companies regarding their climate targets and we believe that our stewardship in this area is an important part of mitigating climate-related risks in the portfolio.

By carbon offsetting and becoming carbon neutral in our operations, our aim is to reduce Longview's environmental impact in-line with our corporate sustainability strategy. We achieved operational carbon neutrality for the year ending 2023, for the second consecutive year, and we are committed to maintaining our carbon neutrality going forward. In addition to this, although the impact of our operational emissions is small, we believe it is important to reduce emissions from Longview's activities where possible. Alongside carbon offsetting, our carbon reduction strategies, as outlined below, are helping us reduce our operational emissions. Our emissions data, as shown in this report, has identified that Longview's three largest emissions sources are business travel (53% of total emissions); on-site energy usage (12% of total emissions); and staff commuting (11% of total emissions).

Business travel plays an essential role in how we build and maintain long-term relationships with our global client base. This means that a number of in-person meetings with clients and prospects throughout the year will be necessary, however,

[26] Further information on NZIF can be obtained at the following link: https://www.iigcc.org/net-zero-investment-framework

we also prioritise the use of online video conference calls for most of our interactions. We also host our annual hybrid client conference in the UK whenever possible, providing virtual access for our global clients.

Our London offices adhere to a zero-to-landfill policy, ensuring that all waste is diverted and sorted into recycled waste and waste used for energy. Additionally, our offices are equipped with sensor-operated taps to minimise water waste and consumption. We also have a water purification system to reduce our reliance on bottled water.

Moreover, we recognise that limiting the number of staff within the office can have a significant impact on the direct energy consumption of the business (working from home staff produce almost half the energy output of the equivalent usage from an office).[27] Given that all members of staff in the London office are able to work from home on Wednesdays; and for a smaller group of staff on Wednesdays and Fridays; this has a positive impact on Longview's direct energy consumption and reduces emissions from staff commuting.

The relocation of our London offices to more sustainable premises in 2022, as outlined in our inaugural TCFD report, continues to reduce our environmental impact. The environmental impact of the offices was a principal consideration in our evaluation and selection of the new leased space. The electricity powering the offices is 100% sourced from renewable schemes as accredited by Ofgem, the UK's energy regulator. The offices' current energy rating is "B" under the UK Government's Energy Performance Certificate (EPC) which bands energy efficiency ratings from A+ (most efficient, below net zero) to G (least efficient). Properties in band B are recognised as emitting low carbon dioxide (CO2).

As emphasised throughout this report, one of Longview's core values is a focus on continuous improvement, and we remain open to ways we can implement our approach to climate change – whether through serving our clients, in our investment portfolio, or in our operations – ever more effectively.

Declaration: Longview Partners LLP has approved this disclosure statement as required under FCA ESG 2.2.7.

Marina Lund, CEO and Partner – *Signed on behalf of Executive Committee of Longview Partners LLP.*

[27] Carbon Neutral Britain, Longview Partners - Carbon (GHG) Emissions Report, June 2023

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It is important to remember that the S&P Trucost metrics provided in this report may not fully reflect future economic reality.

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