TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

JUNE 2023

LIONTRUST
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INTRODUCTION

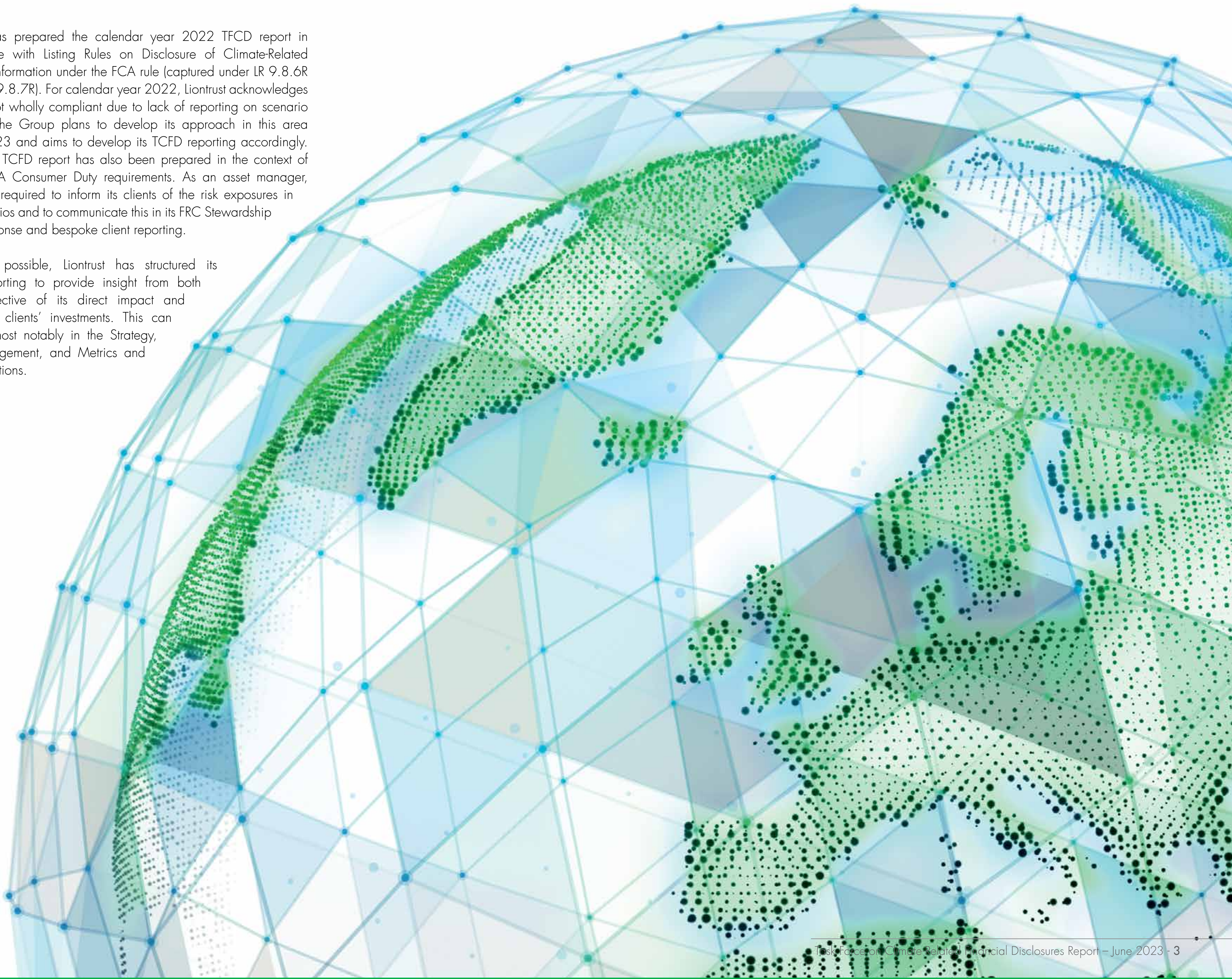
Liontrust Asset Management Plc ('Liontrust' or the 'Group') has supported the Task Force on Climate-Related Financial Disclosures (TCFD) since September 2018 when the Group started voluntarily publishing information aligned with the TCFD Recommendations and Recommended Disclosures. Liontrust considers climate-related issues both in terms of the Group's operations (Scope 1, Scope 2 and Scope 3- purchased goods and services, fuel and energy related activities, waste generated in operations, business travel and employee commuting) and in terms of the holdings in which the Group invests on behalf of its clients (Scope 3- financed emissions). As an asset manager, Scope 3 financed emissions represent Liontrust's most significant area of climate-related exposure by a considerable margin.

Liontrust is committed to achieving net zero greenhouse gas emissions by 2050. In May 2022, Liontrust joined the Net Zero Asset Managers' (NZAM) initiative to adopt formally this goal. Liontrust aims for its investment funds to be net zero aligned by 2050 and has interim targets in place for 2025 and 2030. At Group level, Liontrust has been carbon neutral on a Scope 1 and 2 emissions basis through offsetting for several years. In 2022, Liontrust worked with Good Business to fully understand its operational greenhouse gas (GHG) emissions and is continuing efforts to reduce overall energy usage from operations, as well as reviewing options for achieving carbon neutrality. Liontrust is conscious of the need to consider the carbon footprint of its own operations as well as that of its clients' investments and supports industry developments in this area.

As part of its approach to risk management, Liontrust assesses its overall exposure to key risks and opportunities in a holistic manner with a view to identifying those most material to the Group. By identifying exposures on a materiality basis, Liontrust is able to link them to strategy and remuneration according to their importance and potential impact on the Group. Climate-related issues are considered in this broader context of material exposures. While over the short to medium term Liontrust has not identified high exposure to climate change related risks (compared to the exposure it has in other areas), the Group does have exposure to different risks related to climate change. It is therefore very important for Liontrust to manage these risks, particularly with regard to financed emissions which represent the bulk of total emissions, and which are therefore most material to the business.

Liontrust has prepared the calendar year 2022 TFCD report in accordance with Listing Rules on Disclosure of Climate-Related Financial Information under the FCA rule (captured under LR 9.8.6R (8) and LR 9.8.7R). For calendar year 2022, Liontrust acknowledges that it is not wholly compliant due to lack of reporting on scenario analysis. The Group plans to develop its approach in this area during 2023 and aims to develop its TCFD reporting accordingly. The 2022 TCFD report has also been prepared in the context of current FCA Consumer Duty requirements. As an asset manager, Liontrust is required to inform its clients of the risk exposures in their portfolios and to communicate this in its FRC Stewardship Code response and bespoke client reporting.

Wherever possible, Liontrust has structured its TCFD reporting to provide insight from both the perspective of its direct impact and that of its clients' investments. This can be seen most notably in the Strategy, Risk Management, and Metrics and Targets sections.



GOVERNANCE

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

• **Describe the board's oversight of climate-related risks and opportunities.**

The Group's Board has oversight of all Liontrust's risks and opportunities, including those related to climate change. Rebecca Shelley is the named Non-Executive Director for Responsible Capitalism, including all ESG matters.

During 2022, the Responsible Capitalism (RC) team provided periodic updates to the Board on the Group's commitment to the NZAM initiative and on the Group's progress towards achieving net zero both as a business, and in the investments that Liontrust makes for clients. The Board approved the RC team's proposal to join NZAM and will endorse the associated submission that the Group will be making in 2023. The Board is hugely supportive of the Group's efforts in this area, both as a means of risk management and also as a potential competitive advantage across funds that the Group manages. The potential impact of climate change on the business and future strategy, and in particular, on the Group's ability to deliver long-term superior performance, is regularly discussed at Board level.

The Chief Risk Officer (CRO) also provided updates to the Board and to the Audit & Risk Committee in 2022. The CRO is responsible for risk at the firm level and oversees all risk management functions of the Group, including risk frameworks. Climate-related exposures are identified and mapped in risk frameworks but to date have not been considered material at the Group level in the context of assessing all risks that Liontrust may be exposed to on a holistic basis.

With regard to overall strategy, the Board considers to some degree those climate-related issues to which Liontrust has exposure, depending on their relative materiality. Of the Group's seven strategic pillars, climate considerations are best encompassed under the 'Be a Responsible Investor' pillar. When overseeing strategy, the Board discusses this pillar in the context of Group-wide strategic considerations. The Group's strategy, and the pillars that underpin it, drove Liontrust to join NZAM and to work with Good Business to determine the Group-level GHG inventory. It also determines Liontrust's approach to undertaking acquisitions.

Liontrust is an acquisitive company, most recently acquiring Majedie Asset Management Limited ('Majedie') in April 2022. The impact of any potential acquisition on the Group as a whole is carefully considered by the Board. The ways in which investment teams of potential acquiree companies integrate Environmental, Social and Governance (ESG) considerations are taken into account during the detailed due diligence process when Liontrust evaluates acquisition opportunities.

The Board's support in continuing to make progress in managing its climate-related exposures is reflected in the availability of annual budgets which facilitate, for example, using external providers such as Good Business, maintaining and enhancing current data requirements from third-party research providers, and enabling the Group to consider future developments such as setting targets in line with the Science Based Targets Initiative (SBTi).

For Liontrust's 2022/23 financial year, ESG metrics are included in the scorecard for executive remuneration. These metrics relate to furthering ESG integration and improving diversity and inclusiveness, with a view to adding a carbon-related metric as the Group progresses in its targets. This will be monitored by the Board going forward.

Looking ahead, Liontrust is building on its knowledge of developing its Scope 1 and 2 emissions strategy and is making progress towards widening its focus and dedicating more time and energy to assessing performance and making targets, including pushing forward towards net zero.

• **Describe management's role in assessing and managing climate-related risks and opportunities.**

The Chief Executive is accountable to the Board for overall Group performance, including climate-related risks and opportunities. The Head of Responsible Capitalism reports to the Chief Executive and to the Board. In 2022, with the renaming of the Sustainability and Stewardship Committee (SSC) to the Responsible Capitalism Committee (RCC), it was decided that the Sustainability and Stewardship Working Group was no longer needed. In Q4 2023, the RC team added two new members. These individuals each have over a decade in investment management, working with companies and investors on ESG matters and ESG integration into the investment decision-making process.

The RC team is responsible for day-to day aspects of ESG and reports into the RCC. The RCC approves any policies, proposals, reports or activities prepared or carried out by the RC team that impact the wider Group. It also maintains oversight of other aspects of Responsible Capitalism with less far-reaching impacts. These committees/teams are illustrated in the below management structure along with others involved in managing climate-related risks. Please refer to the subsequent table for further details on each team/committee.

Committee/Team	Chair/Head	Principal Membership	Summary of involvement in climate-related activities
Audit and Risk Committee	Liontrust Non-Executive Director	Non-Executive Directors at Liontrust	Oversees the assessment and management of ESG issues and risks, including those related to environmental legislation and regulation, climate change, governance and compliance and reputation – both for the Group and for the investments made on behalf of clients.
Responsible Capitalism Committee (RCC)	Head of Responsible Capitalism	Senior management and Board members including Chief Executive, Chief Operating Officer & Chief Financial Officer, Chief Risk Officer, Chief Marketing Officer and Head of the Sustainable Investment team	In 2022, the RCC approved the Group's signatory status for NZAM, updated policies, provided support for various Responsible Capitalism activities.
Portfolio Risk Committee (PRC)	Chief Risk Officer	Chief Compliance Officer, Head of Multi Asset, Head of Performance and Data Insights, Head of Investment Operations, and Head of Performance	Oversees how investment teams manage climate and ESG risk within portfolios and on underlying investee companies.
Responsible Capitalism Team (RC team)	Head of Responsible Capitalism	Six team members with expertise in ESG matters	In 2022, the RC team focused on evidencing ESG integration by investment teams, signing up to NZAM, reporting, updating policies, proxy voting.
Regulatory Change Forum (formerly the ESG Regulation Working Group)	Liontrust's Regulatory Affairs Lead	Regulatory Affairs Lead, Chief Compliance Officer, Chief Risk Officer, Head of Product, and Head of Responsible Capitalism	Coordinates the Group's compliance with current and emerging regulations, which have a climate-related focus, such as the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy.

The majority of Liontrust's climate-related activities are led by the RC team. The RC team's responsibilities and priorities in 2022 included:

- Calculating and understanding the Group's carbon footprint in conjunction with Good Business
- Proposing and establishing procedures to enable Liontrust to sign up to NZAM, including maintaining fund level data, setting engagement targets and feeding back to investment teams
- Assisting investment teams in tracking Weighted-Average Carbon Intensity (WACI) data at fund level
- Considering the requirement for investment teams to understand the impact of their investment decisions on carbon metrics for their fund(s) before trades are executed, for example by including WACI data in trading platforms
- Working with Risk on the need for the Group to undertake climate scenario testing as part of the risk model for insurance and to understand the potential impacts in the event of insurance failing to pay out.

Liontrust's Property and Facilities team is also involved in climate-related considerations from the perspective of monitoring the carbon footprint of office buildings and managing relationships with energy providers. In the event of Liontrust acquiring additional office properties, the RC team would work together with the Property and Facilities team in areas such as green management, renewable energy negotiations and hydrofluorocarbons (HFCs).

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

- **Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.**

Relevant time horizons

When considering climate risk management, Liontrust uses the following definitions for short, medium, and long-term horizons:

Short-term	Less than 3 years
Medium-term	Between 3 and 10 years
Long-term	Between 10 and 25 years

The key factors that Liontrust considers in formulating these horizons include:

- Risk modelling
- Minimum recommended and typical holding periods for investment products
- Regulation
- Actual and expected changes in climate and its impact on extreme weather.

These time horizons do not represent investment holding periods. Liontrust defines a substantial financial impact as being greater than 1% of adjusted profits at the Group level and 0.5% of Net Asset Value (NAV) at the fund level.

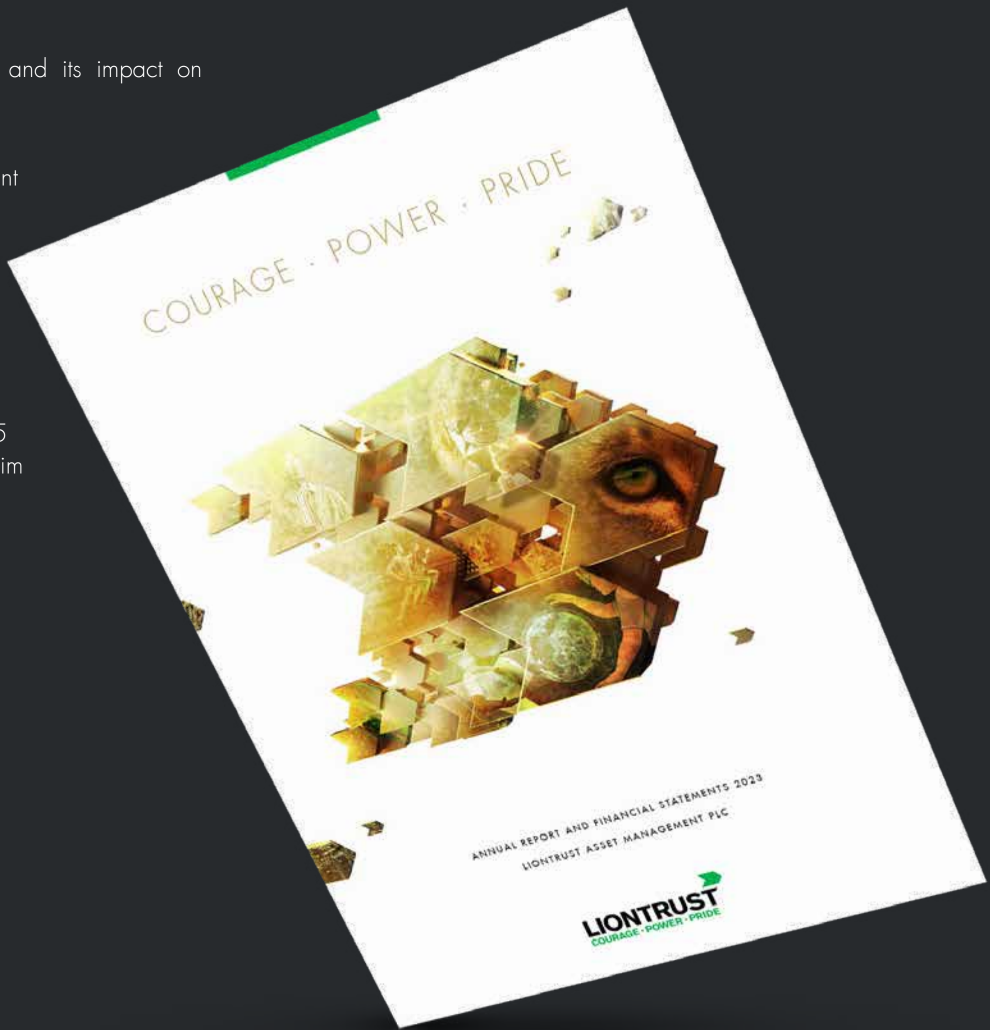
Liontrust acknowledges that climate-related issues can be categorised as longer than 25 years. This is considered in the Group's interim and long-term target setting.

Liontrust is taking account of its operational and financed emissions and has targets to reduce these, helping to protect the group against future carbon risks.

Climate-related issues identified

While over the short to medium term Liontrust does not have high exposure to climate change- related risks (compared to the exposure it has in other areas), the Group does have exposure to different risks related to climate change. These, in addition to climate-related opportunities, are outlined in the tables below. Risks and opportunities have been considered at both the Group level and for financed emissions (investments managed on behalf of clients) and in the context of the time horizons noted in the table above (short, medium and long-term).

Further information on Liontrust's approach to risk assessment, including risk profile charts, is included in the Group's Annual Report. Going forward, Liontrust will aim to provide increased detail on its risk assessment process in the Strategy section of its TCFD reporting.



Short-term climate change-related issues for the Group

	Risk or opportunity identified	Related TCFD risk or opportunity category	Steps taken to mitigate risk or manage opportunity
RISKS	**Carbon Trading** Potential costs from carbon credits, should these be legally mandated in the UK or Luxembourg, where the Group has offices.	Transition Risks/Policy and Legal	While carbon credits are not yet required by legislation, Liontrust monitors developments in this area.
RISKS	**Energy costs** Continued increases in energy costs.	Transition Risks/Market	Liontrust sources as much renewable energy from the grid as available and takes steps to reduce energy consumption, such as installing energy-efficient light bulbs. Liontrust also optimises renewably sourced technologies where available. For example, having moved to the Cloud for the bulk of its information processing requirements, Liontrust now uses renewable energy to power its infrastructure and has reduced the energy requirements of its connectivity by using rapid uptake virtual connections (rather than dedicated access to always-on servers). Liontrust has also provided 90% of employees with laptops which have displays that automatically turn off if not in use. In the event of Liontrust operating in alternative locations, energy considerations would be taken into account during the planning process.
RISKS	**Extreme weather** Potential damage to offices from storms, unexpected extreme weather events. Liontrust has offices in London, Edinburgh, and Luxembourg. While these locations are generally considered safe from more extreme weather events at the present time, storms and other weather events may impact the Group indirectly via its reliance on electricity, the internet or staff ability to travel to offices.	Physical Risks/ Acute	Liontrust has emergency contingencies, such as disaster recovery procedures, in place and employees are equipped to effectively work from home.
RISKS	**Current climate-related regulatory requirements** Ability to fulfil regulatory obligations in a complete and timely manner.	Transition Risks/Policy and Legal	Liontrust's compliance framework helps to ensure the Group adheres to existing regulations. Compliance and internal audit teams verify that Liontrust's activities and operations adhere to current regulations.
OPPORTUNITIES	**Development of reporting** Improvements in measuring, tracking and reporting on key climate-related issues to enhance understanding of current position and allow meaningful targets to be set.	Resilience	Liontrust is working with Good Business to expand the scope of its operational GHG emissions data collection, modelling and target setting.

Medium-term climate change-related issues for the Group

	Risk or opportunity identified	Related TCFD risk or opportunity category	Steps taken to mitigate risk or manage opportunity
RISKS	**Insurance** Failure of Liontrust's insurance provider(s) to pay out on a policy as a result of the provider's own risk management.	Transition Risks/Policy and Legal	Liontrust monitors the financial situation of its insurance providers.
	Regulation of Scope 1 and 2 GHG emissions Increased operating and reporting requirements as a result of regulation to reduce operating emissions.	Transition Risks/Policy and Legal	Liontrust assesses its carbon footprint at all of its locations. Carbon-related risks and opportunities are included in the Group's risk matrix.
	Regulation of Scope 3 GHG emissions Increased operating requirements such as limits on business travel and emissions in the supply chain.	Transition Risks/Policy and Legal	Liontrust is working with Good Business on measuring emissions from business travel and from key suppliers. The Group uses video conferencing facilities and virtual desktop technology to improve communications and reduce the need for business travel. Liontrust offers employees benefits such as a generous Cycle to Work scheme. The Group also allows employees to work from home for 2 days per week. In 2023, Liontrust plans to review its business travel policy to ascertain where improvements might be made to current travel practices.
	Increasing instances of extreme weather Severe weather occurrences such as flooding and their effect on colleagues' ability to get to office locations.	Physical Risks/ Acute	Liontrust has established remote working as the primary redundancy 'site' should one of its offices be unavailable.
	Emerging regulation There are a number of potential areas of emerging regulation relating to climate change that could have an impact on Liontrust including the Sustainability Disclosure Requirements (SDR).	Transition Risks/Policy and Legal	Upcoming climate-related regulation and changes relating to current climate regulation are discussed and managed in the Regulatory Change Forum (previously ESG Regulation Working Group) which was established in late 2020 to help implement the European Sustainable Finance Disclosure Regulation ('SFDR'). Emerging regulation is included as part of Liontrust's horizon scanning process. The Group's Regulatory Affairs Lead identifies emerging regulation which enables the Group to effectively plan for its implementation. Liontrust also leverages its membership of industry groups and the experience and expertise of its professional advisers to track upcoming challenges and provide feedback on industry consultations where appropriate.
OPPORTUNITIES	**Energy efficiency** Lower levels of energy use combined with improvements in Liontrust's offices with regard to energy efficiency, leading to reduced GHG emissions.	Resource Efficiency	While Liontrust's most significant exposure to GHG emissions comes from its financed emissions, the Group is proactive in taking measures that maximise its energy efficiency – such as sourcing as much renewable energy from the grid as available and optimising renewably sourced technologies where available. Around 90% of employees have also been provided with laptops, which are significantly more efficient than desktop alternatives. In the event of Liontrust operating in alternative locations, energy considerations would be taken into account during the planning process and energy efficiency would be expected to increase further.
	Growth in expertise Potential to further develop climate expertise in both the RC and the Risk team.	Resilience	Liontrust is focused on developing its RC strategy and has recently added expertise by way of headcount into the RC team. Looking ahead, the team will be further developing its approaches in key areas related to climate change such as net zero targets and biodiversity, as well as collaborating with, and providing challenge to, the Risk team.
	Future acquisitions Liontrust may acquire a company which offers particular strengths in climate change.	Markets	To date, Liontrust has adopted an acquisitive growth strategy. Any future acquisitions may help to provide extra impetus to the Group's climate change approach.

Long-term climate change-related issues for the Group

	Risk or opportunity identified	Related TCFD risk or opportunity category	Steps taken to mitigate risk or manage opportunity
RISKS	**Lack of initial buy-in to tackle climate risk** Caution of some investment teams with regard to net zero goals, influencing client demand for Liontrust products.	Transition Risks/ Reputation	Over 40% of Liontrust's AUM has signed up to NZAM. This is expected to increase over time as data becomes more reliable, understanding of how to account for carbon emissions across all asset classes is clearer, and investment teams can see more clearly the impact of net zero efforts on their funds. The RC team works with the investment teams, providing analysis and insight on net zero target setting. Liontrust's Board approved signing up to NZAM and is supportive of achieving net zero goals as a way of tackling climate-related risk.
	Ability to achieve long-term targets Challenges of looking past shorter-term targets that help Liontrust to operate and take a strategic view in the context of key personnel leaving the business during the long-term timeframe.	Transition Risks/ Reputation	Liontrust is planning to have key interim targets in place to ensure that a long-term view is taken while at the same time achieving shorter-term targets. For example, as part of our net zero commitment, Liontrust aims for its funds to be net zero aligned before 2050 and has interim targets in place for 2025 and 2030 to achieve this part of its goal.
	Increasing global temperatures Countries such as India and China are estimated to reach temperatures of 50°C by 2050. By this time, in light of its acquisitive strategy, Liontrust may have operations in such regions (in addition to increased exposure via investments). Changes in average temperature could also require the offices that Liontrust has in the UK and Luxembourg to increase the use of heating or cooling capacity, leading to power outages or increased power costs.	Physical Risks/ Chronic	Assessment of climate-related risks will be taken into account during the due diligence process for any potential future acquisitions. Measures are in place to maximise energy efficiency and source renewable energy where possible to minimise power costs.

Short-term climate change-related issues for investments made on behalf of clients

	Risk or opportunity identified	Related TCFD risk or opportunity category	Steps taken to mitigate risk or manage opportunity
RISKS	**NZAM status** Not attaining interim or ultimate net zero targets (NZAM commitment). Changes in definitions of material sectors as well as portfolio turnover affecting progress towards targets. Not all investment teams have signed up to NZAM but more are expected to commit in future.	Transition Risks/ Reputation	Liontrust is currently assessing the feasibility of setting Science Based Targets (SBTs) for its financed emissions (as well as for Group emissions). This would involve increased tracking of underlying investments and would build on current engagement strategies on climate.
OPPORTUNITIES	**Development of reporting** Improvements in measuring, tracking and reporting on key climate-related issues affecting financed emissions to enhance understanding of current position and allow meaningful targets to be set.	Resilience	Liontrust is currently assessing the feasibility of setting Science Based Targets (SBTs) for its financed emissions (as well as for Group emissions). This would involve increased tracking of underlying investments and would build on current engagement strategies on climate.

Medium-term climate change-related issues for investments made on behalf of clients

	Risk or opportunity identified	Related TCFD risk or opportunity category	Steps taken to mitigate risk or manage opportunity
RISKS	**Progress of investments in achieving net zero** Liontrust could be invested in holdings that decide to delay or U-turn on net zero plans. Liontrust anticipates signing up to the Science-Based Targets Initiative (SBTi) which would involve engaging with holdings to encourage SBT adoption. If this is unsuccessful, it could undermine Liontrust's net zero commitments.	Transition Risks/ Reputation	Liontrust believes it has an important role to play in encouraging its investment holdings to make progress towards net zero. It can do this via engagement by investment teams and/or the RC team and via its proxy voting decisions. Liontrust keeps up to date with industry developments and is confident that SBTi targets provide a robust, widely recognised framework by which companies can be assessed. It is expected that a substantial proportion of investment holdings will already have committed to SBTi targets or will be in a position to do so over the medium term.
RISKS	**Increasing regulatory requirements** Regulatory requirements with regard to reporting are expected to become increasingly stringent, particularly at the product level.	Transition Risks/Policy and Legal	Upcoming climate-related regulation and changes relating to current climate regulation are discussed and managed in the Regulatory Change Forum. Liontrust is aware of upcoming regulatory obligations, such as TCFD reporting at the product level, and is preparing for these accordingly.
RISKS	**Product suite** Ability to be responsive to client needs as demands change in response to climate change.	Transition Risks/Market	Liontrust's product offering includes funds that explicitly take into account the potential impact of climate change – targeting companies expected to benefit from the transition and with lower levels of carbon emissions.
OPPORTUNITIES	**SBTi commitment** Setting science-based targets for financed emissions as a means of increasing credibility and keeping pace with competitors.	Resilience	Liontrust recognises that its financed emissions are its most significant contributor to GHG emissions. The RC team is in the process of considering targets for both investments and the Group.
OPPORTUNITIES	**Traction of net zero strategy** Support from clients to invest in line with net zero, leading to an increased proportion of AUM committed to achieving net zero	Products and Services	Progress in expanding the scope of Liontrust's NZAM commitment would bolster the Group's management of climate-related risk at the product level, as well as having a positive impact of the reputation of Liontrust's investment teams and of the Group as a whole.
OPPORTUNITIES	**Strength of investment processes** Liontrust's fund management teams have clear, well defined investment processes that are consistently applied to products. Despite having differing investment processes, all fund managers are expected to consider climate-related risks in their investment decision making as part of their due diligence.	Products and Services	A diversified range of investment processes have been established, including ones that specifically look to benefit from the opportunities due to climate change and technological innovation.

Long-term climate change-related issues for investments made on behalf of clients

	Risk or opportunity identified	Related TCFD risk or opportunity category	Steps taken to mitigate risk or manage opportunity
RISKS	**Climate-related performance of individual holdings** Poor management of climate-related risks by investment holdings, including lack of progress towards net zero, and the resulting impact on share prices and fund performance.	Transition Risks/ Reputation	Liontrust's investment teams assess the performance of their underlying holdings according to their well-established investment processes and carry out engagements accordingly. In addition, company-level controversies are identified, in conjunction with the RC team, using MSCI data. In instances where controversies are deemed material, this may lead to engagement with investment holdings.
RISKS	**Traction of net zero strategy** Lack of progress in aligning our investment teams' approach to net zero	Transition Risks/ Reputation	As previously mentioned, it is anticipated that the proportion of AUM committed to NZAM will increase over time. Liontrust's commitments are supported at management and Board level, and will potentially be strengthened by SBTi targets in future.
RISKS	**Geographical investment exposure in the context of rising global temperatures** Impact on investee companies from changing weather patterns (countries such as India and China are estimated to reach temperatures of 50°C by 2050), including from supply chain exposure, leading to reduced valuations and a negative impact on fund performance.	Physical Risks/ Chronic	Investment teams have access to MSCI's Climate Value at Risk module to help them understand the impacts of rising global temperatures on individual holdings.

Process to determine relevant climate-related issues

The process used to determine materiality of risks takes a bottom-up, top down and 360° approach:

1. **Bottom-up:** The Risk team has established risk registers for each team at Liontrust which consider the likelihood and impact of risks, including those related to climate change, if deemed material.
2. **Top-down:** Risks identified in the bottom-up process are discussed by the Board and executive management and considered in strategy prioritisation. There are also discussions at Board level on the incorporation of material ESG factors into executive remuneration.
3. **360°:** The RC team have interaction with, and provide challenges to the Risk team.

Liontrust's investment teams each follow their own investment process. The RC team also carries out materiality assessments which provide supplemental information to those investment teams that wish to receive additional insight. These materiality assessments take into account key material risks of holdings, including those that are climate-related, in line with the relevant time horizon of the given fund. The RC team is developing a strategy to engage with holdings on behalf of the investment teams on progress towards net zero, with a particular focus on those holdings that have the most significant GHG emissions.

From a prudential risk perspective, Liontrust has introduced various scenarios into its annual internal capital adequacy and risk assessment (ICARA) to simulate the impact of climate change on the Group's prudential risk requirements and resources. To date, current climate risk modelling does not directly undertake climate scenario testing.

- **Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.**

Impact of climate-related risks and opportunities on Liontrust's businesses, strategy, and financial planning

At the Group level, the business has not been affected to a significant degree by climate-related issues to date. However, the Group has seen cost increases in the following areas:

1. Energy costs
2. Recruitment to further develop expertise in the RC team
3. Costs associated with increased need for information from third-party research providers, including carbon footprinting and regulatory reporting requirements

Costs associated with climate-related risks are considered individually, with decisions on prioritisation made accordingly.

In terms of Group strategy, Responsible Capitalism is now a much more significant component of Liontrust's business strategy and is likely to have a greater impact on any acquisitions considered by Liontrust in the future. The unique offering that Majedie brought in terms of RC played a role in Liontrust's decision to purchase the company in 2022.

With regard to financial planning, each year an increased budget has been allocated to the RC team to account for expanding requirements in areas such as reporting and headcount.

Liontrust manages its climate-related risks and opportunities from a financial perspective and will continue to do so, going forward, as risks and opportunities present themselves.

Liontrust has spent some time on undertaking climate scenario planning and expects to continue development in this area going forward.

In May 2022, Liontrust joined the Net Zero Asset Managers' (NZAM) initiative to adopt formally its goal to achieve net zero greenhouse gas emissions by 2050, across its business and investments. Liontrust submitted and had approved its first report to NZAM which set out the initial percentage of assets under management and advice (AUM) that the Group commits to the goal. This is expected to increase over time as data becomes more reliable, understanding of how to account for carbon emissions across all asset classes is clearer, and investment teams can see more clearly the impact of net zero efforts on their funds. The speed at which funds move towards net zero will vary between the teams, depending on each investment process. Following the Group's first submission to NZAM, Liontrust will report annually on its progress against targets, either through the Carbon Disclosure Project (CDP) annual assessment or via the Principles for Responsible Investment (PRI) annual reporting tool.

At an investment team level, climate-related issues are considered according to each team's investment process. Please see below a summary for each investment team:

The **Sustainable Investment** team invests using ESG-related screens (including climate-related screens covering coal and oil and gas, for example), themes and its proprietary Sustainability Matrix. This supports the team's directing capital to companies aiming to solve social and environmental problems.

The Sustainable Investment team, which manages approximately one third of AUM as of December 2022, has positioned its portfolios for an aggressive shift towards an ultra-low carbon economy as it believes the companies it invests in will gain a competitive advantage by adopting a progressive strategy and will be more successful as a result. All pooled funds managed by the Sustainable Investment team are included in Liontrust's initial commitment to the NZAM initiative. The team has set out progress on its 1.5 degree Transition Challenge in its 2022 annual report, available on Liontrust's website.

For the **Economic Advantage** team, while ESG factors do not exclude from consideration any investment which would otherwise qualify on account of its strong economic advantage credentials, they will be taken into account in determining the position size of such an investment. The Economic Advantage team has not committed its funds to Liontrust's net zero goal.

In the **Multi-Asset** team's management of fund of funds, it takes into account the ESG approaches and consideration of the underlying investment managers. The Multi-Asset team has not yet committed its funds to Liontrust's net zero commitment due to a lack of carbon data for third-party funds. The team is eager to support Liontrust's net zero commitment, however, and is looking for ways to obtain carbon data on its third-party funds to enable it to support this target.

The **Global Fundamental** team utilises a number of investment processes to manage its funds. At the core of these processes are materiality assessments which are used to integrate key ESG risks and opportunities. Some of the funds managed by the Global Fundamental team are included in Liontrust's initial commitment to the Net Zero Asset Managers' (NZAM) initiative. (In February 2023, all but one of the Global Equity team members became part of the Global Fundamental team.)

The **Cashflow Solution** team checks the MSCI ESG score for its holdings to understand if there are concerns about the company from an ESG perspective. The Cashflow Solution Team has not committed its funds to Liontrust's net zero commitment.

The investment philosophy of the **Global Innovation** Team is based on the team's belief that innovation is the biggest driver of stock returns. The team has committed all of its funds to Liontrust's net zero commitment.

The **Global Fixed Income** team's investment process is designed to take advantage of inefficiencies in fixed income markets through an understanding of the economic environment and detailed bottom-up stock analysis, which includes the assessment of ESG factors of issuers. The team also has ESG screens in place, including a screen covering revenues from thermal coal. In selecting issuers, the team uses their PRISM (Protections, Risks, Interest Cover, Sustainability, Motivations) framework. Sustainability includes consideration of environmental risks and resulting contingent liabilities. The Global Fixed Income team has committed the funds that it manages to Liontrust's net zero goal.

For further information on each investment team's investment process and details on the specific funds which are committed to Liontrust's net zero goal to date, please refer to Liontrust's latest Responsible Capitalism Report.

Liontrust is aiming to provide further disclosures at the investment team and product level in its subsequent TCFD reporting.

- **Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

Resilience of strategy

For the Group, the RC team has been working with Good Business to develop emissions-related targets and is considering the possibility of these targets (in addition to financed emissions targets) being formally validated by the SBTi. Further information on this will be included in next year's reporting. Liontrust is an acquisitive company. The Group is conscious of the climate-related events that may affect areas in which it sells products or buys assets. Climate assessments will therefore be undertaken as part of the due diligence process.

Liontrust anticipates that its expenditures may increase as climate-related issues become more prominent and would expect some impact on Return on Investment (ROI) as a result of increased investment in people and investment in product, for example training will be required on net zero.

For investments, Liontrust is continuing to assess climate scenario testing options, via engagement with third-party research providers.

As previously mentioned, in May 2022, Liontrust joined the Net Zero Asset Managers' (NZAM) initiative and will report in more detail on this next year. This commitment will bolster Liontrust's approach to climate-related strategy both at the Group and the investments level, including the development of a net zero engagement strategy which is being established by the RC team.

In addition, Liontrust is working with Net Zero Now to support and create the Net Zero Financial Advisors Protocol. The goal of this initiative is to support financial advisers in their efforts to measure, reduce and compensate for their carbon emissions in an effort to reach net zero. Liontrust is also a founding member of Sustainable Trading. Launched on 22 February 2022, Sustainable Trading is dedicated to improving ESG-related practices within the financial markets trading industry. For further information on these initiatives and Liontrust's involvement with them, please refer to Liontrust's Responsible Capitalism report.

RISK MANAGEMENT

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

- **Describe the organisation's processes for identifying and assessing climate-related risks**
- **Describe the organisation's processes for managing climate-related risks.**
- **Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**

At Liontrust, climate-related risk is considered by the Risk team in terms of three main risk categories; Enterprise Risk, Investment Risk and Prudential Risk. The following section explains how climate-related risks are assessed, managed and integrated for each of these categories.

Enterprise Risk

Department-level risk registers are used by each department and investment team at Liontrust to identify and assess risks from a bottom-up perspective, with support and guidance from the Risk team. Each department/team is responsible for maintaining its own risk register and for updating it on an annual basis with oversight by the Risk team. The risk registers comprehensively detail the risks identified by each department/team, list the key controls used to mitigate the risks and then assess the risk on a pre and post-control basis in terms of likelihood and impact. During this process, climate risks may be identified (if relevant) and assessed. The Enterprise Risk Management (ERM) framework's risk definition matrix ensures risks across the Group are consistently assessed and enables them to be compared. Those risks deemed most material are presented by the Risk team to the Board via papers which are reviewed by the Audit and Risk Committee and via ad hoc reporting which is used in the Board's consideration of strategy prioritisation. Risks which exceed the Group's risk appetite will have risk actions plans devised with the intention of mitigating the risk such that it is within the risk appetite by a certain date.

Climate-related risks are therefore integrated into Liontrust's overall ERM framework and considered in terms of materiality in line with other risks identified in the risk-assessment process. Climate-related risks are then managed in line with the ERM framework.

With the 2023 iteration, there will be an option to indicate that specific risks relate to ESG in particular, which will enable teams to produce a heat-map illustrating key ESG exposures. Liontrust's Risk team is currently developing a system which will allow a greater amount of detail to be included for each risk identified. The Risk team is also considering the option of adding sustainability key risk indicators into the risk scorecard. This would allow these risks to be assigned a RAG (Red, Amber, Green) rating in line with other risks.

For further information on Liontrust's Principle Risks and Mitigations at the Group level, please refer to the Strategic Report in the Annual Report and Accounts.

Investment Risk

Liontrust's exposure to climate change-related risk at the Group level is far less significant than its exposure via the investments it manages for its clients. At the investments level, each investment team identifies and manages climate-related risks according to its investment process. This can involve using MSCI carbon data, carrying out bottom-up company/issuer analysis and engaging with issuers. For examples of carbon-related engagements by investment team please refer to Liontrust's latest RC Report. The RC team can also provide supplemental information in the form of materiality assessments which aim to identify key risks and opportunities at the individual company/issuer level.

Many of Liontrust's investment teams have committed AUM to the Group's net zero commitment. As part of this commitment, Liontrust's participating investment teams (with help from the Responsible Capitalism team, as needed) prioritise engagement with the highest emitters in the funds they manage. This engagement may focus on what an issuer's approach is to net zero and what the interim targets are for achieving net zero by 2050, if any. This activity fits into the engagement that the investment teams (and/or Responsible Capitalism team on the investment teams' behalf) undertake as part of the normal day to day management of the funds. (For more information on climate-related engagements, please refer to Liontrust's Responsible Capitalism Report.)

Investment risk, including climate-related investment risk is overseen by the Portfolio Risk Committee (PRC). The PRC regularly meets with each of the investment teams to discuss investment processes and provide challenges on the risks within portfolios. Part of the role of the PRC is to ensure that each team is following its investment process. This includes verifying that any specific ESG and climate requirements in investment objectives and policies are adhered to by the respective investment teams. The PRC also oversees controversy reporting, ensuring that where an investee company has been identified by MSCI as being potentially involved in a significant controversial matter, the investment team has adequately considered the consequences and any related risks that emerge as a result.

Liontrust plans to include disclosure at the investment team and product level in future TCFD reporting.

Prudential Risk

The Group considers its capital requirements on an ongoing basis and must maintain minimum capital levels according to its size and level of risk.

Various climate-related scenarios are included in Liontrust's internal capital adequacy assessment program to simulate the impact of climate change on the Group's prudential modelling. Liontrust modelled scenarios to quantify and better understand the impact of climate change risk on future prudential risk (including credit, market, operational, liquidity and insurance risk).

Estimating the potential impact of these risks involves assessing the effect of multiple potential climate pathways and the efforts of reducing carbon emissions over several decades. As part of Liontrust's approach to quantify and better understand the impact of climate change risk on the Group's future prudential risk, historical data from 1980 to 2016 was used to estimate the amount of annual global losses from extreme weather-related events. This is summarised in the table opposite.

Category of weather-related event	Estimated extent of losses	Estimated frequency of occurrence
Catastrophic	1 year of losses +$250bn	1 in 37 years
Very Extreme	2 years of losses +$150bn	1 in 18.5 years
Extreme	10 years of losses +$100bn	1 in 3.7 years

To assess the impact of climate risk for Liontrust, the table below provides a summary assessment of the likelihood of a risk event occurring based on the level of historic weather event losses (i.e. catastrophic, very extreme and extreme) above. Internal calculations provide an estimate of the subsequent monetary impact on the Group's capital if a risk event was to occur.

Risk Type	Assumed level of weather-related losses (to trigger a risk event)	Likelihood Driver	Likelihood Rank
Credit Risk	Very extreme weather	It would take global losses of +$150bn to trigger a credit risk event.	Very Low - Low
Market Risk	Extreme weather	It would take global losses of $100bn that would have a significant impact on AuMA decreasing.	Low - Medium
Operational Risk	Extreme weather	It would take global losses of +$100bn that could lead to a operational risk event (i.e. failure of a service provider).	Low - Medium
Liquidity Risk	Catastrophic weather	It would take global losses of +$250bn for a liquidity risk event to crystalise.	Rare
Insurance Risk	Catastrophic weather	It would take global losses of +$250bn for an insurance risk event to occur.	Rare

The table above assesses climate risk from a physical risk perspective. While transitional risks are considered by the Risk team, Liontrust does not anticipate that these will be as significant as physical risks in relation to Liontrust's capital requirements. This is due to the relative increased ability of businesses to adjust and markets to reprice in response to changes in climate policy, technology, and market sentiment over time.

Liontrust holds capital against a 1 in 200-year operational event without insurance mitigation in case its insurers do not pay out. This ensures that Liontrust can continue to operate in a situation where insurers fail due to global losses from climate-related events.

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- **Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process**

Metrics used by the Group to assess climate-related risks and opportunities

Liontrust engaged Good Business to calculate its Scope 1, Scope 2, and Scope 3 (purchased goods & services, fuel and energy-related activities, waste, business travel, and employee commuting) GHG emissions for the calendar year 01 January 2022 to 31 December 2022.

Boundaries

Liontrust defines its boundary using the operational control approach. Liontrust had five offices in two countries (United Kingdom and Luxembourg) over which it had operational control for its 2022 GHG inventory. The relevant emission sources that constituted the operational boundary for the reporting year are:

- Scope 1: Oil-based heating for offices (Luxembourg only)
- Scope 2: Purchased electricity consumption for own use
- Scope 3: All relevant categories, including purchased goods & services; fuel and energy-related activities; waste (confidential waste, recycled waste, landfill and waste-to-energy); business travel (air, rail, road and hotel stays); and employee commuting (commuting and homeworking emissions)

Liontrust has operational control over a small number of air-conditioning units in its offices; however, no refrigerant top-ups / leaks were recorded for the reporting period.

Methodology

Liontrust's GHG inventory was calculated in accordance with the WRI / WBCSD Greenhouse Gas Protocol Corporate Standard. All six greenhouse gases covered by the Kyoto Protocol — carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6) were included. GHG emissions are converted and reported in as carbon dioxide equivalents (CO_2e) using standard long-term global warming potentials (GWP-100).

The Scope 1 emissions were calculated using the Department for Business, Energy & Industrial Strategy (BEIS) 2022 emissions factors.

Both a location-based total and a market-based total were calculated for Scope 2 emissions. The Scope 2 emissions were calculated using the BEIS 2022, EEA 2019 and AIB 2021 emissions factors, following the emissions factor hierarchy according to the GHG Protocol's Scope 2 Guidance. Location-based emissions reflect the local grid fuel-mix averages for electricity and were calculated using BEIS 2022 and EEA 2019 emission factors. The market-based calculation reflects the fuel-mix of the energy tariff purchased by Liontrust for each office where renewable electricity is purchased or the residual grid mix of the country in which the office is located.

The Scope 3 fuel and energy-related emissions for electricity were calculated by applying the BEIS 2022 UK emission factor for transmission and distribution (T&D) for electricity consumption at UK sites and a Luxembourg T&D emission factor consistent with Luxembourg's average T&D loss rates for electricity consumption at the Luxembourg office.

The Scope 3 waste emissions were calculated by applying BEIS 2022 emission factors to the quantity of each waste stream generated at each site.

The Scope 3 business travel emissions were calculated using BEIS 2022 emissions factors.

The Scope 3 employee commuting emissions were calculated by applying BEIS 2022 emission factors to the national average commuting habits, considering the working pattern of the workforce in the UK. For the Luxembourg employees, this was estimated by applying the BEIS 2022 and EEA 2019 emission factors to the average commuting distance, considering workforce working patterns.

Metrics used for investments made on behalf of clients to assess climate-related risks and opportunities

Liontrust utilises MSCI Carbon Analytics modules for all investment teams (excluding Multi-Asset funds) to provide detailed carbon emissions analysis across all portfolios.

Liontrust also carries out net zero analysis for those funds that have committed to NZAM. This involves analysis of the WACI of portfolios versus each fund's relevant benchmark. WACI is a measurement of a fund's exposure to the carbon intensity of its holdings and is expressed in tons of carbon dioxide equivalent per $1 million sales. WACI is calculated by multiplying the carbon intensity of each holding by the weight of each holding in a portfolio, thereby taking into account the asset allocation decision of the fund manager.

In committing to NZAM, Liontrust has established definitions of 'aligned' and 'aligning' with regard to net zero.

- Liontrust defines "aligned to net zero" as:
  - Companies which have a 2030 or 2050 net zero target data point identified by MSCI. If they have a 2050 target, they also need an interim target by 2035. They must also report to CDP.
- Liontrust defines "aligning to net zero" as:
  - Companies which have an SBTi commitment (but not necessarily SBTi approval) and which also report to CDP.

- **Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**

The Group's GHG emissions

The following information summarises the Group's direct and indirect environmental performance for the calendar year ending 31 December 2022. It has been prepared in accordance with the Group's regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

For the reporting period, Liontrust's total scope 1, 2 and 3 emissions totalled 5,869 tCO_2e under the location-based approach and 5,810 tCO_2e under the market-based approach.

The majority of Liontrust's emissions lie under Scope 3, which accounted for 99% of the total under a location-based approach and just under 100% of the total under a market-based approach. Within this, spend on goods and services was the main driver of these emissions, accounting for 90%. Air travel was the second largest contributor, accounting for a further 4% of emissions.

Scope 1 & 2 contributes a further 1% of the total location-based emissions and <1% of the total market-based emissions. This is made up of emissions from heating oil, used in the Luxembourg office and purchased electricity at all sites.

For the calculation of Scope 1 and 2 intensity per Full Time Employee (FTE) location-based and market-based, the headcount number used is determined as the number of FTE employees/ partners in employment as at the 31st December 2022. Liontrust defines FTE as employees or partners who work their contracted hours as stipulated within their employment contract or partnership agreement as appropriate. Liontrust had 218 full time employees/ partners as at 31st December 2022.

Complete results are displayed in the table on the next page.

Category	Source	2022 GHG emissions (tCO2e)	*Restated 2021 GHG emissions (tCO2e)	Reported 2021 GHG emissions (tCO2e)	% year on year change 2022 vs Restated 2021
SCOPE 1					
Stationary combustion	Heating Oil • UK Offices – zero • Luxembourg office – 14 (tCO2e)	14 △	13	13	8%
SCOPE 2					
Electricity (location-based)	• UK offices – 62 (tCO2e) • Luxembourg office <1 (tCO2e)	62 △	59	2,600	5%
Electricity (market-based)	• UK offices – 3 (tCO2e) • Luxembourg office – zero	3 △	4	249	-25%
SCOPE 3					
Purchased goods & services	Goods & Services	5,258	–	–	–
	Water	1	–	–	–
Fuel-and-energy-related activities	Purchased electricity	8	–	–	–
	Stationary combustion	3	–	–	–
Waste	Landfill	<1	–	–	–
	Waste to energy	<1	–	–	–
	Recycling	<1	–	–	–
Business Travel	Air travel	246	37	37	565%
	Rail travel	12	4	4	200%
	Road travel	46	20	20	130%
	Hotel stays	33	–	–	–
Employee commuting	UK commuting	118	–	–	–
	UK working from home (WFH)	59	–	–	–
	Luxembourg commuting	7	–	–	–
	Luxembourg WFH	2	–	–	–
Scope 1& 2 (location-based)		76	72	2,612	5%
Scope 1 & 2 (market-based)		17	17	262	0%
Total (location-based)		5,869	133	2,673	–
Total (market-based)		5,810	78	323	–
Scope 1& 2 intensity per FTE (location-based)**		0.35 △	0.36	13.19	-4%
Scope 1& 2 intensity per FTE (market-based)**		0.08 △	0.09	1.32	-11%

Energy Consumption (MWh)	UK 2022	UK 2021	% Change	Luxembourg 2022	Luxembourg 2021	% Change
Electricity	321	278	15%	5	3	86%
Heating oil	0	0	0%	53	51	2%

*Calculation of Liontrust's 2022 Scope 2 emissions uncovered large year-on-year changes in results. Upon further investigation into the reasons driving these changes, it was discovered that the electricity consumption data for 2021 emissions was mis-calculated. Therefore, Liontrust has taken steps to re-calculate Scope 2 emissions for 2021 and restate its 2021 Scope 2 location-based and Scope 2 market-based metrics in its 2022 report. As a result of this restatement, the Scope 1 & 2 location-based FTE intensity and Scope 1 & 2 market based FTE intensity metrics have also been re-calculated and restated.

**The emission intensity calculation is based on a figure of 218 FTE employees in 2022. Overall, emissions for scope 1 & 2 emissions (location-based) were 0.35 tCO2e and scope 1 & 2 emissions (market-based) were 0.08 tCO2e.

**The emission intensity calculation is based on a figure of 198 employees in 2021. Overall, restated scope 1 & 2 emissions (location-based) were 0.36 tCO2e and restated scope 1 & 2 (market-based) were 0.09 tCO2e.

△ represents KPMG's independent limited assurance over Scope 1 and 2 metrics for the 2022 data subject to independent limited assurance under ISAE (UK) 3000 and ISAE3410. The assurance opinion provided by KPMG can be found on page 126 of the Responsible Capitalism report on our website.

Liontrust reporting criteria for greenhouse gas emissions is available on page 130 of its 2023 Responsible Capitalism report.

Following the publication of the Responsible Capitalism report, Liontrust has added further Scope 3 data in the disclosure of its Group GHG emissions. This data covers Fuel-and-energy-related activities, Waste, and Employee commuting Scope 3 categories.

Measures taken to reduce carbon emissions

During 2022, Liontrust took several measures in order to reduce its carbon emissions:

- Liontrust appointed a lead assessor to conduct Phase 2 of an Energy Saving Opportunity Scheme (ESOS) Assessment on its head office to ascertain what further energy saving opportunities could be considered in reducing the Group's energy consumption. This is limited due to the age of Liontrust's office space. All Liontrust's offices in the UK use renewable energy tariffs. The Phase 3 process will be started in 2023.
- Liontrust's leased Luxembourg office consumes heating oil as an energy source. Liontrust carried out a feasibility study during the year to source more climate-friendly options for this office. The heating oil is currently being phased out.
- Liontrust is also working with Corporate Traveller to ensure that 100% of emissions associated with travel and accommodation are identified.

Liontrust is also committed to offsetting its Scope 1, 2 and 3 (business travel emissions). The Group used Gold Standard to offset 204 tonnes of carbon through offsetting project co2balance, which focuses on delivering clean water access to families in Mozambique, and a further 150 tonnes of carbon through the Betulia Energy and Biodiversity Restoration Project in Honduras.

Emissions of investments managed on behalf of clients

The table below sets out Liontrust's carbon emission data at the pooled fund level. Funds highlighted in green are those funds which have signed up to NZAM as of 31 December 2022.

	Fund WACI end 2022 (tCO2e/$M sales)	Total Carbon Emissions 2022 (tCO2e)	Carbon Emissions Data Availability (%)
SUSTAINABLE INVESTMENT TEAM			
Liontrust GF Sustainable Future European Corporate Bond Fund	112.8	76,054	89.9
Liontrust Sustainable Future Corporate Bond Fund	86.4	46,002	92.1
Liontrust GF Sustainable Future Global Growth Fund	26.4	4,765	98
Liontrust Monthly Income Bond Fund	80.4	49,559	91.2
Liontrust Sustainable Future Global Growth Fund	27.3	5,024	96.4
Liontrust Sustainable Future Managed Growth Fund	26.4	4,673	94.3
Liontrust Sustainable Future Managed Fund	42.9	18,469	88.6
Liontrust Sustainable Future UK Growth Fund	41.4	35,638	86.9
Liontrust GF Sustainable Future Multi Asset Global Fund	51.8	25,781	75.2
Liontrust Sustainable Future Cautious Managed Fund	47.2	24,500	72.7
Liontrust Sustainable Future Defensive Managed Fund	49.6	26,612	69.3
Liontrust GF Sustainable Future Pan-European Growth Fund	49.1	26,106	94
Liontrust UK Ethical Fund	58.6	55,332	80.8
Liontrust Sustainable Future European Growth Fund	54.9	26,175	93.8
GLOBAL FUNDAMENTAL TEAM			
Liontrust Balanced Fund	12.4	3,196	82.3
Liontrust UK Equity Fund	84.4	83,070	94.2
Liontrust GF UK Equity Fund	82.5	82,755	94.2
Liontrust Income Fund	73	65,975	96.4
Liontrust Japan Equity Fund	285	683,876	98.1
Liontrust Global Focus Fund	61.6	40,875	93
Liontrust UK Focus Fund	68.4	66,329	93.8
Liontrust GF US Equity Fund	18.4	17,345	96.4
Liontrust GF Global Equity Fund	50.2	28,721	95.3
Liontrust UK Equity Income	64.7	81,491	85.6
Liontrust US Opportunities Fund	91.8	17,871	96.9
Liontrust Global Alpha Fund	16	4,391	95.9
Liontrust International Equity Fund	75.1	25,096	93.2
Liontrust India Fund	497.9	349,462	96.8
Liontrust Institutional UK Small Cap Fund	17	10,754	62.8
Liontrust Latin America Fund	240.7	139,914	94.8
Liontrust Global Smaller Companies Fund	38.8	22,370	95.5
Liontrust China Fund	94.3	27,332	96.1
Liontrust Global Emerging Markets Fund	114.5	45,037	99.5
CASHFLOW SOLUTION TEAM			
Liontrust European Dynamic Fund	155.3	281,931	91.4
Liontrust GF European Smaller Companies Fund	119.6	163,797	90.5
ECONOMIC ADVANTAGE TEAM			
Liontrust Special Situations Fund	41.9	48,376	90.9
Liontrust UK Growth Fund	68.2	83,593	95.9
Liontrust GF Special Situations Fund	42	48,266	91.7
Liontrust GF UK Growth Fund	67	82,198	98.2
Liontrust UK Smaller Companies Fund	21.8	6,187	55.2
Liontrust UK Micro Cap Fund	46	10,902	13.9
GLOBAL FIXED INCOME TEAM			
Liontrust GF Absolute Return Bond Fund	126.9	92,389	93.5
Liontrust Strategic Bond Fund	122.2	206,448	72.4
Liontrust GF Strategic Bond Fund	128.2	210,783	69.4
Liontrust GF High Yield Bond Fund	156.6	677,113	71.8
GLOBAL INNOVATION TEAM			
Liontrust Global Innovation Fund	48.5	21,959	91.9
Liontrust Global Technology Fund	16.3	3,179	95.9
Liontrust Global Dividend Fund	32.5	18,681	101.1

Total Carbon Emissions figures are based on portfolio investment of $1,000,000,000.

The data provided above does not include Multi-Asset team funds, investment trusts, long/short funds, segregated funds or emulated funds. The Russia Fund has also been excluded due to its suspended status.

- **Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against target**

Group targets

Liontrust has worked with Good Business to establish the following Scope 1 and 2 GHG emissions target:

Liontrust commits to reduce its absolute Scope 1 & 2 (market-based) GHG emissions by 42% by 2030 from a 2022 base year.

This target is aligned to SBTi criteria and methodology for financial institutions. As previously mentioned, Liontrust is aiming to commit to the SBTi in 2023 with a view to submitting targets for validation going forward.

Targets for investments made on behalf of clients

Over 40% of Liontrust's AUM has committed to NZAM. The following targets, which have been set as a result of committing to NZAM, relate to this proportion of Liontrust's AUM.

- Portfolio coverage target
  - 30% of material assets to be aligned or aligning to net zero by 2025
  - 50% of material assets to be aligned or aligning to net zero by 2030
- Engagement threshold target
  - 20% of material assets to be aligned by 2025
- Portfolio decarbonisation target
  - 25% reduction in overall fund emissions (measured by WACI) by 2025 from a 2019 aggregate portfolio benchmark baseline
  - 50% reduction in overall fund emission (measured by WACI) by 2030 from a 2019 aggregate portfolio benchmark baseline

As previously mentioned, Liontrust is due to make its submission to NZAM in 2023 and will report on an annual basis thereafter on progress against the above targets.

Building on the progress made in 2022 on target setting, and reinforcing the importance of managing climate-related risks at both the Group and the investments level, Liontrust is aiming to commit to the SBTi in 2023 with a view to establishing SBTi approved targets going forward.

Summary of TCFD Disclosures

TCFD Category	Key Recommended Disclosures	Liontrust's Response
Governance Disclose the organisation's governance around climate- related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	• The Group's Board has oversight of all Liontrust's risks and opportunities, including those related to climate change. Rebecca Shelley is the named Non-Executive Director for Responsible Capitalism, including all ESG matters. • The potential impact of climate change on the business and future strategy, and in particular, on the Group's ability to deliver long-term superior performance, is regularly discussed at Board level. • The Chief Executive is accountable to the Board for overall Group performance, including climate-related risks and opportunities.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• While over the short to medium term Liontrust does not have high exposure to climate change-related risks (compared to the exposure it has in other areas), the Group does have exposure to different risks related to climate change. • Risks and opportunities have been considered at both the Group level and for financed emissions (investments made on behalf of clients) and in the context of short, medium and long-term time horizons. • In May 2022, Liontrust joined the Net Zero Asset Managers' (NZAM) initiative to adopt formally its goal to achieve net zero greenhouse gas emissions by 2050, across its business and investments. • Liontrust has spent some time on undertaking climate scenario planning and expects to continue development in this area going forward.
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• At Liontrust, climate-related risk is considered in terms of three main risk categories by the Risk team; Enterprise Risk, Investment Risk and Prudential Risk. • Climate-related risks are integrated into Liontrust's overall ERM framework and considered in terms of materiality in line with other risks identified in the risk-assessment process. • Liontrust's exposure to climate change-related risk at the Group level is far less significant than its exposure via its investments. At the investments level, each investment team identifies and manages climate-related risks according to its investment process. • Various climate-related scenarios are included in Liontrust's internal capital adequacy assessment program to simulate the impact of climate change on the Group's prudential modelling
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Liontrust engaged Good Business to calculate its Scope 1, Scope 2, and Scope 3 (purchased goods & services, fuel and energy-related activities, waste, business travel, and employee commuting) GHG emissions for the calendar year 01 January 2022 to 31 December 2022. • Liontrust commits to reduce its Scope 1 & 2 (market-based) GHG emissions by 42% by 2030 from a 2022 base year. • Liontrust utilises MSCI Carbon Analytics modules for all investment teams (excluding Multi-Asset funds) to provide detailed carbon emissions analysis across all portfolios. • In committing to NZAM, Liontrust has established definitions of 'aligned' and 'aligning' with regard to net zero. • Liontrust has set targets for the proportion of its AUM that has committed to NZAM.

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