The Task Force on Climate-related Financial Disclosures ("TCFD") Report

Report for the period
1 January 2023 to 31 December 2023

Slater Investments Limited.

Background

TCFD is intended to create voluntary, consistent climate-related financial disclosures for organisations to provide information to investors, lenders and other stakeholders. The intention being that organisations use the TCFD recommendations in their publicly available annual financial reports and that the recommendations provide a standardised approach to climate change reporting, so that risks and opportunities can be categorised consistently, and organisations across different sectors and jurisdictions can be compared.

In accordance with Chapter 2 of the Environmental, Social and Governance sourcebook of the FCA Handbook (the 'Sourcebook'), UK firms managing funds and portfolios must produce an entity-level report consistent with the TCFD. Slater Investments does not currently fall under this reporting regime. However, the Company has decided to provide transparency into our work in this important area.

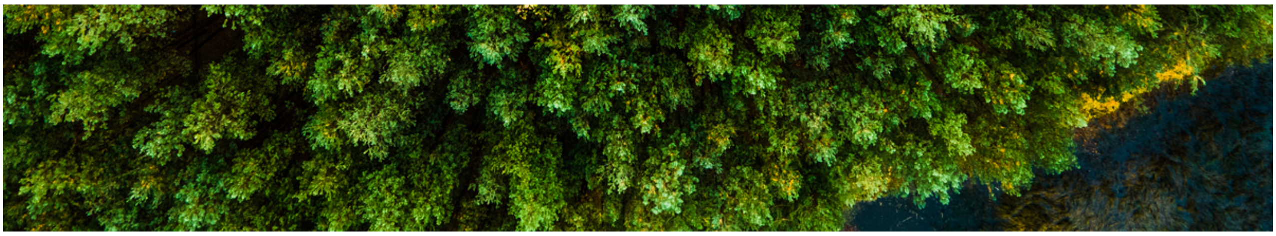
This report sets out Slater Investments's disclosures in compliance with the Sourcebook and reviews how Slater Investments considers climate-related risks and opportunities in managing and administering investments on behalf of its clients and investors.

Products and Services

TCFD reports at the product level can be found in the most recent report for the following Slater Investments Funds:

- Slater Growth Fund
- Slater Recovery Fund
- Slater Income Fund
- Slater Artorius Fund

The Funds also report under the EU's Sustainable Finance Disclosures Regulation (SFDR) and provide details about voting and engagements.



TCFD Disclosure Recommendations

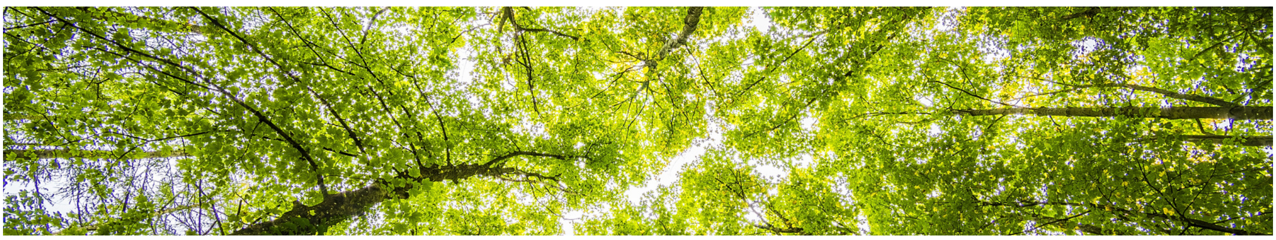
Slater Investments adheres to the TCFD's recommendations on climate-related financial disclosures, on a best-efforts basis, encompassing the following four pillars:

- Governance
- Strategy
- Climate-related opportunities and risks
- Risk management

Governance

The Board of Slater Investments has ultimate responsibility for the Company's risk strategy, determining an appropriate risk appetite and the tolerance level within which we must operate. The Chief Investment Officer ("CIO") and Chief Operating Officer ("COO") are responsible for managing the Company's day-to-day business and ensuring strategy implementation including responsibility for climate change related issues. The COO sits on both Slater Investments's Compliance and Risk Committee ("C&R") and ESG Committee. The Slater Investments C&R is responsible for assessing and mitigating against all identified risks that may inflict a material impact on the business.

The ESG Committee is responsible for the setting and implementation of the sustainability strategy including climate-related strategy for Slater Investments. It is also responsible for managing the integration of ESG factors such as SFDR's Principal Adverse Indicators across all of the Funds, and monitors and assesses each Fund's portfolio carbon metrics at an aggregated level and reports its findings in each Fund's annual and interim reports (as referenced above).



Strategy

As long-term investors, climate-related risks and opportunities are considered over the short, medium and long-term periods across our portfolios. For the purposes of this report, this means - short term: less than 3 years; medium term: 3-10 years; long term: 10+ years.

There are two main types of climate-related risks: physical and transition risk. Dealing with each risk in turn:

Physical climate risks are either acute or chronic. Acute risks include heatwaves, droughts, wildfires, and flooding. Chronic risks are driven by longer term shifts in climate patterns like sea level rise, and higher average temperatures. These threats come in two forms: idiosyncratic and systemic risks. Idiosyncratic risks are more specific and localised, affecting individual assets or companies. This could be a company heavily dependent on a specific geographic location. Systemic risks are risks that affect the entire financial system or a significant portion of it. Sea level rise, widespread temperature increases, or large-scale natural disasters can have systemic implications.

Transition risks are the potential costs to society of shifting to a low carbon economy to mitigate climate change. They arise primarily from policy change and the level of technological adoption, but also from market developments such as changes in consumer preferences.

Both the physical effects of climate change and the transition to a low-carbon economy are sources of financial risks and have the potential to affect a company's profitability if exposed to these risks.
Both types of risks are not mutually exclusive, which means a company can be exposed to and impacted by both. Identifying these risks involves a thorough analysis of various aspects of a company's operations, supply chain, and overall business strategy. This involves evaluation of regulatory and policy risks, assessing transition risk and considering reputational risk. Once climate-related risks are identified, these considerations are integrated into the investment process.

The ESG Committee actively undertakes engagement with the Funds' portfolio companies to encourage better disclosure and monitor and manage the risks (including climate-related risks) that the particular company is or may be facing.

All investments held by Slater Investments's Funds undergo the same process with no exceptions.

Climate-related opportunities and risks

Slater Investments believes that structural changes such as climate change present both risk and opportunities for the products that it manages.

Opportunities	Description	Impact	Timeframe
Product and Service	Increased demand for equity funds which employ sustainable investment strategies	Increased Revenue	Long-term
Product and Service	Changes in consumer preferences create opportunities for the Funds' portfolio companies that have lower environmental and climate impact	Increase Portfolio Value	Long-term

Risk	Description	Impact	Timeframe
Policy and Legal Risk	As policy around climate change continues to evolve, new regulations can impact client demand for our product.	Reduced Revenue	Long-term
Market Risk	Emerging regulation could negatively impact the financial performance of carbon-intensive companies in the Funds' portfolios.	Reduced Revenue	Long Term
Reputation Risk	Climate change has been identified as a potential source of reputational risk tied to community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy	Reduced Revenue	Long term
Policy and Legal Risk	Climate and ESG Reporting requirements could expose us to regulatory penalties	Increased Cost	Medium-term

Climate-related investment risk is monitored by both the Investment Committee and the ESG Committee.

The Company's climate-related risk exposure originates primarily from the assets held in the Funds. Slater Investments, on a quarterly basis, assesses the resilience of each Fund's strategy to climate-related risk. This is undertaken using the Paris Agreement Capital Transition Assessment (PACTA). The objective of the assessment is to understand how each of the assets held in the portfolio are exposed to both physical risk and transition risk.

Before any new company is added to the portfolio the ESG Committee performs a review which incorporates a review of climate-related risk. This review is not limited to the portfolio construction stage, but we perform annual reviews and ad-hoc reviews when circumstances have changed.

As a result of the quarterly assessment and annual reviews the Company seeks to ensure that each Fund's investment portfolio does not have substantial holdings in companies with significant climate-related risk exposure, resulting in each Fund having a more resilient portfolio.

Risk Management

Potential material climate-related risks in the portfolio companies of each Fund are identified by both the Investment Committee and the ESG Committee through internal research and data provided by the Company's third party ESG data provider. It includes assessing and monitoring, for each portfolio company, both current and emerging regulation, understanding future technology changes and potential reputational damage.

We make use of PACTA to understand how physical risk and transition risk could affect different sectors in the future at the portfolio level. This analysis is undertaken on a quarterly basis and enables Slater Investments to assess the resilience of each Fund's investment strategy under a range of scenarios. Through the assessment the following questions are answered in respect of each Fund:

- what proportion of the Fund's holdings are invested in climate-related sectors?
- do portfolio companies' net zero plans tally with climate scenarios which comply with the Paris Agreement?
- which of the Fund's holdings significantly influence the results?
- what level of risk is the value of the portfolio exposed in various transition scenarios?

Scenario analysis is used to highlight possible exposure to climate risks. It provides a systematic framework for analysing the uncertainty around the impact of climate risk factor, including timing and variability across geographies and sectors. This exercise enables the identification and potential escalation of investment-related climate risk or opportunities which may be deemed to impact the resilience of each Fund's investment strategy.

Metrics and Targets

Slater Investments uses metrics to measure the collective carbon impact of each of the Fund's portfolio companies, calculated according to TCFD standards, which in turn are based on the internationally accepted Greenhouse Gas ("GHG") Protocol. The GHG Protocol is a set of accounting and reporting standards for greenhouse gas emissions. It is one of the most widely used frameworks globally for businesses and governments to understand, quantify, and manage their greenhouse gas emissions. The following metrics are used to measure the collective carbon impact on each Fund's portfolio companies:

- Scope 1 Carbon Emission: Direct emissions from sources that are owned or controlled by the organisation. This includes emissions from combustion of fossil fuels, on-site industrial processes, and transportation owned or controlled by the organisation.

Metrics and Targets (Continued)

- Scope 2 Carbon Emission: Indirect emissions from the generation of purchased energy, such as electricity, heating, and cooling. These emissions occur outside the organisation's boundaries but result from activities that support its operations.
- Scope 3 Carbon Emission: the result of activities from assets not owned or controlled by the organisation, but that the organisation indirectly affects in its value chain.

Monitoring and managing Scope 1 and 2 emissions helps organisations to understand their direct and indirect contributions to greenhouse gas emissions. This approach might not account for all emissions associated with a product or service, as it does not consider the entire supply chain.

Disclosure of Scope 3 emissions under TCFD is currently voluntary. Calculating Scope 3 emissions can be difficult because they are generated by third parties (e.g., a supply chain partner) for which the reporting company has limited visibility or control. Slater Investments currently refrains from publishing this data. We will reevaluate our position on Scope 3 emission disclosures as the calculation methodologies in this area continue to evolve and become more standardised.

- Total Carbon Emissions: The sum of all greenhouse gas emissions, typically measured in carbon dioxide equivalent (CO_2e), produced directly or indirectly by an organisation.

Total carbon emissions offer a holistic view of the environmental impact of an organisation, considering both direct and indirect sources. This metric might oversimplify the analysis, and specific details about the sources and types of emissions may be lost.

- Total Carbon Footprint: The total amount of greenhouse gases, measured in CO_2e, that are directly and indirectly associated with an organisation's activities and products.

The carbon footprint provides a comprehensive measure of the environmental impact, considering emissions throughout the entire life cycle of products and services. Calculating a total carbon footprint requires extensive data, and some emissions factors may be estimates, introducing uncertainties into the results.

- Weighted Average Carbon Intensity (WACI): The average amount of greenhouse gas emissions per unit of output, activity, or economic value, often expressed as CO_2e per unit.

This metric helps assess the efficiency of resource use in relation to emissions, providing insights into the carbon efficiency of different activities or products. The accuracy of this metric depends on the availability and accuracy of data. Additionally, variations in emissions factors for different activities can affect the reliability of comparisons.

Metrics and Targets (Continued)

- High Impact Sub Industry: This refers to industries or economic sectors that are particularly vulnerable to the effects of climate change or have a significant impact on climate change through their greenhouse gas emissions. Identifying high-impact sectors is crucial for assessing climate-related risks and implementing strategies to mitigate or adapt to these risks.

The results of Slater Investments's analysis across all of the Funds are as follows:

Climate Metric	Unit Of Measurement	Coverage	2023 Amount
Scope 1 Carbon Emission	tCO2e - shown in thousands	64.61%	303.85
Scope 2 Carbon Emission	tCO2e - shown in thousands	65.06%	63.57
Total Carbon Emissions	tCO2e - shown in thousands	65.06%	367.42
Carbon Footprint	tCO2e/£m Invested	65.06%	47.67
WACI	tCO2e/£m Revenue	65.06%	54.90
High Impact Sectors		100.00%	6.91%

Although Slater Investments operates in a country with a commitment to meet net zero carbon emissions by 2050, the Company has not set climate metric targets or a net zero target for portfolio companies. Slater Investments's investment approach tends to avoid companies in industries which contribute the most to climate change for example, those in the oil and gas, mining, and utilities sectors.

Compliance Statement

The disclosures set out in this report for Slater Investments Limited, including product level disclosures cross-referenced, comply with the requirements set out in 'ESG 2.2 TCFD entity report' and other relevant sections of the FCA ESG Sourcebook.

Slater Investments Limited
11th March 2024