Generation Investment Management Climate and Nature Report & Transition Plan

June 2025

Generation Investment Management
is a pure-play sustainable investment manager –
it is all we do, and all we will ever do.

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Introduction

OUR WORLD AND INVESTMENT PHILOSOPHY

Our vision is a sustainable world in which prosperity is shared broadly, in a society that achieves well-being for all, protects nature and preserves a habitable climate.

We seek to pursue our vision with urgency by:

1. delivering long-term, attractive, risk-adjusted investment returns and positive impact;[1] and
2. advocating for the adoption of sustainable investing by the wider market.

We see long-term investing as best-practice and sustainability as the organising construct of the global economy.

Generation has been investing in public equity markets for over 20 years and in private markets for over 15. As of year-end 2024, Generation has four investment strategies and a specialist investment business, Just Climate:

Public markets	Global Equity	Strategy focused on a concentrated, high-conviction portfolio of public companies, constructed through bottom-up, fundamental stock selection with fully integrated sustainability analysis
	Asia Equity	Strategy focused on a concentrated portfolio of Asian and Asia-exposed companies selected through an investment process with fully integrated sustainability analysis
Private markets	Growth Equity	Growth-stage strategy focused on asset-light businesses driving the transition to a sustainable economy
	Private Equity	Highly-active strategy backing large, established businesses to drive sector-wide sustainability transformation
Just Climate	Industrial Climate Solutions	Climate-led strategy focused on scaling asset-heavy solutions for the highest-emitting, most off-track sectors of energy, industry, mobility and buildings
	Natural Climate Solutions	Climate-led strategy for the land transition focused on solutions that deliver both significant GHG emissions abatement and nature positive outcomes

Consideration of climate change and closely linked issues of inequality, and nature loss have been central to Generation's investment philosophy since its founding, and are part and parcel of how we integrate sustainability factors into our investment process. From the start of our journey, we recognised the need to build greater awareness of climate and nature-related assessment among financial and non-financial companies alike in a manner that is fair to all. As such, we have helped launch and support several initiatives that we believe can accelerate the transition to a sustainable economic system. In 2016 we were part of the founding membership of the Taskforce on Climate-related Financial Disclosures (TCFD) and have welcomed the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. We are Founding Partners of the Taskforce on Inequality and Social-related Financial Disclosures (TISFD), and are currently represented on the Steering Committee. Finally, we welcome and support the International Financial Reporting Standards (IFRS) Foundation's expansion, through the formation of the International Sustainability Standards Board (ISSB) in 2021.

[1] Although Generation seeks to deliver attractive returns and positive impact, but there can be no guarantee this goal will be achieved.

We believe adoption of ISSB's standards can result in consistent and comparable corporate disclosure across jurisdictions. IFRS S2 has replaced the TCFD disclosure recommendations, as the IFRS Foundation has adopted the TCFD's responsibilities starting in 2024.

Developments at TCFD, IFRS and TNFD have highlighted how deeply intertwined considerations of climate and nature are. Some aspects such as deforestation are within both frameworks, some elements are positively reinforcing and others require trade-offs. What is clear is that addressing climate disclosure through IFRS S1 and S2 and other frameworks already requires incorporating some aspects of nature. TNFD adoption and the implications of the Global Biodiversity Framework will require an even more comprehensive assessment of nature alongside climate. We believe that it is rapidly becoming good practice for organisations to develop integrated climate and nature reporting frameworks and transition plans.

We need a financial system in which all financial institutions and capital allocators integrate climate and nature into their decisions across all asset classes. While we need governments to step in where markets cannot succeed on their own, we believe finance must act with or without government policy, because in our view managing climate and nature risks and opportunities is our fiduciary duty.

REPORT COVERAGE

We believe that ensuring the integrity of net-zero investing, reporting our progress and encouraging our peers and our portfolio companies to do the same are essential to industry-wide progress. Consistent disclosure of climate and nature considerations is the key to enabling all companies, managers and owners to assess their exposure and opportunity. We look forward to continuing to learn and collaborate alongside our portfolio companies and peers in accelerating a long-term, sustainable transition.

This Climate and Nature Report (the "Report") covers 1 January to 31 December 2024 and seeks to align with the TCFD Recommendations and Recommended Disclosures.

This report is also published in satisfaction of the TCFD entity-level disclosure obligation applicable to Generation Investment Management LLP ("GIM") under Chapter 2 of the UK Financial Conduct Authority's ESG Sourcebook ("ESG 2") regarding its TCFD in-scope business relating to the investment advisory and portfolio management services delegated to it with respect to the Global Equity, Asia Equity, Growth Equity, Private Equity and Just Climate strategies.

Just Climate LLP is an Appointed Representative of GIM and has been appointed to provide investment advisory services to GIM with respect to the management of the Just Climate strategy.

For the purposes of compliance with ESG 2, references in this report to the approach taken by Generation regarding climate-related risks and opportunities should be understood as referring to GIM with respect to the business as a whole, including Just Climate LLP and Generation's four strategies. Where approaches differ between strategies, the Report refers to "Global Equity," "Asia Equity," "Growth Equity," "Private Equity" and "Just Climate," as appropriate.

In the reasonable view of the Senior Partner, the disclosures in this report comply with the TCFD Recommendations and entity-level reporting requirements set out in Chapter 2 of the FCA's ESG sourcebook.

OUR TRANSITION PLAN

Generation's transition plan consists of two major components.

The first is the transition of our investment portfolios to net-zero greenhouse gas (GHG) emissions consistent with a 1.5C pathway by 2040. The second is our operational transition plan, which also sets a net-zero target of 2040. The Glasgow Financial Alliance for Net Zero (GFANZ) Recommendations and Guidance on Financial Institution Net-zero Transition Plans and Investor Agenda guidance on Investor Climate Action Plans (ICAPs) have informed the development of Generation's transition plan. Our transition plan seeks to exceed the ambition of the UK's national net-zero target, which aims to achieve a 100% reduction of GHG emissions by 2050.

Our transition plan already incorporates some aspects of action on nature such as deforestation. We believe that further elements of nature will need to be incorporated into our transition plan over time.

OUR INVESTMENT PORTFOLIOS

Generation has set a goal of aligning all of the investment portfolios we manage with net-zero GHG emissions by 2040 or sooner, and notified our clients of this in July 2020. We believe that it is right for us to set an early goal for net-zero GHG emissions given our mission to promote sustainable investing. Our corporate climate action standard – net-zero emissions by 2040 – is required if we are to meet our net-zero goal and is within the thresholds of what is required if the world is to achieve the Paris Agreement.

Following our commitment in 2020, we worked with peers and partners – in particular the Institutional Investors Group on Climate Change (IIGCC) – to establish the Net Zero Asset Managers initiative (NZAM): a coalition of like-minded managers committed to supporting the goal of net-zero emissions by no later than mid-century.

Notwithstanding the anti-ESG campaign in the US, NZAM's membership continued to grow in 2024, reaching more than 325 signatories with USD 57.5 trillion in assets under management (AuM) at the end of 2024.

INTERIM TARGETS

We have set interim targets of:

- **60%** Science Based Target (SBT) coverage across all assets under management by 2025 and
- **100%** of investee companies to adopt SBTs by 2030

In both cases portfolio company SBTs refer to targets that have been validated by the Science-based Targets initiative (SBTi). SBTi is an organisation that has developed and launched net-zero standards, providing the framework and tools for companies to set science-based net-zero targets and limit global temperature rise above pre-industrial levels to 1.5°C.

As of 31 December 2024, 74% of assets under management or assets under supervision is invested in companies that are participating in the SBTi, but only 40.1% of these have their targets validated.

The following table outlines the proportion of each strategy's AuM or assets under supervision (AuS) that is invested in companies participating in the SBTi and then shows the extent of portfolio coverage by validated targets, all as of 31 December 2024. It is critical to the fulfilment of our targets that companies' commitments to set SBTs are followed through and result in validated targets.

Given that the majority of our assets are in our Global Equity and Private Equity strategies, which typically invest in more mature businesses compared to our Growth Equity and Just Climate funds, we place emphasis on these teams to ensure investee companies set and progress towards ambitious SBTs. While we acknowledge the challenge of achieving 100% compliance in portfolios where we do not hold controlling positions, we believe it is necessary to set a high ambition. Our primary approach to achieve this is through active engagement with investee companies, as detailed in our 'Engagement on climate and nature risks and opportunities' section.

Generation Investment Strategy / subsidiary	Strategy type	Proportion of invested capital in companies within the SBTi (committed or validated)	Proportion of invested capital invested in companies within the SBTi (validated targets only)
Global Equity	Public markets	71%	60%
Asia Equity	Public markets	45%	33%
Growth Equity	Private markets	17%	9%
Private Equity	Private markets	100%	0%
Just Climate	Private markets	21%	0%
TOTAL		**74%**	**40%**

Source: SBTi and Generation in-house analysis. The figures are calculated based on invested capital, i.e., excluding cash

OUR OPERATIONS

As a business with fewer than 200 full-time employees, Generation's operational footprint is relatively small. Our firm's direct environmental impact is primarily driven by the operation of our offices and business travel. We aim to minimise our carbon footprint and use of environmental resources through our sourcing decisions and carbon compensation programme, as well as through promoting behavioural changes amongst employees, suppliers and other stakeholders.

We made a formal commitment ourselves in July 2023 to submit an SBT to SBTi for validation within the next two years. We are now in a position where we are ready to submit our target, pending the release of the updated Financial Institutions Net-Zero Standard. We hold ourselves to the same standards to which we hold our investments and are committed to achieving net-zero emissions in our own business operations by 2040.

OUR OFFICES

Generation has designed its offices to minimise the environmental impact of its operations. Both offices are located centrally and are well served by public transport facilities. In London, our office at 20 Air Street achieved the 'Excellent' rating by BREEAM (Building Research Establishment Environmental Assessment Method). In addition to a rainwater harvesting system, an intelligent lighting system is in place to maximise natural light and limit wastage. A biodiverse sedum roof improves insulation and supports the local bee population. The interior modelling has the 'SKA Gold' rating. Similarly, our San Francisco office is located in a building that has been re-certified as Platinum for the LEED E-BOM, which applies to existing builds. Both offices have on-site processes for the separation, collection and recycling of different types of waste materials, including food waste. We work closely with building management on an ongoing basis to prioritise sustainability, and our London office landlord is committed to emissions reductions consistent with net-zero emissions by 2040 or earlier.

SUPPLIERS

Business-related sourcing decisions include local travel and office supplies, where we choose sustainable suppliers wherever possible. We assess our suppliers against a framework that includes questions relating to their sustainability practices. We aim to engage local suppliers where possible, or those that already service our building with the aim of reducing travel and consolidating deliveries. In 2020 we implemented an internal Environmental Management System (EMS), which provides us with a framework to monitor resource use, reduce waste, mitigate environmental risks and improve our sustainability efforts. In 2022 we initiated a process to encourage suppliers to set their own 2040 net-zero targets and will continue to engage on this theme. For some of our largest suppliers we have started to introduce contractual commitments, within our terms of business, outlining the supplier's decarbonisation schedule. In 2024 we brought on a new sustainability consulting partner to help us monitor and proliferate supplier engagements. We are also working towards reducing the volume of spend-based data that we rely on, which means pushing suppliers to measure and disclose their own emissions.

SKILLS AND CULTURE

We are working with external consultants on understanding more deeply all material aspects of our operational emissions and the levers we have, establishing interim targets and determining how to track progress. Our operational emissions have rebounded following the pandemic, due to increased headcount, office occupancy and the return of business travel. In order to address this we are instituting an internal carbon price on our travel, which will be in place for the 2025 financial year.

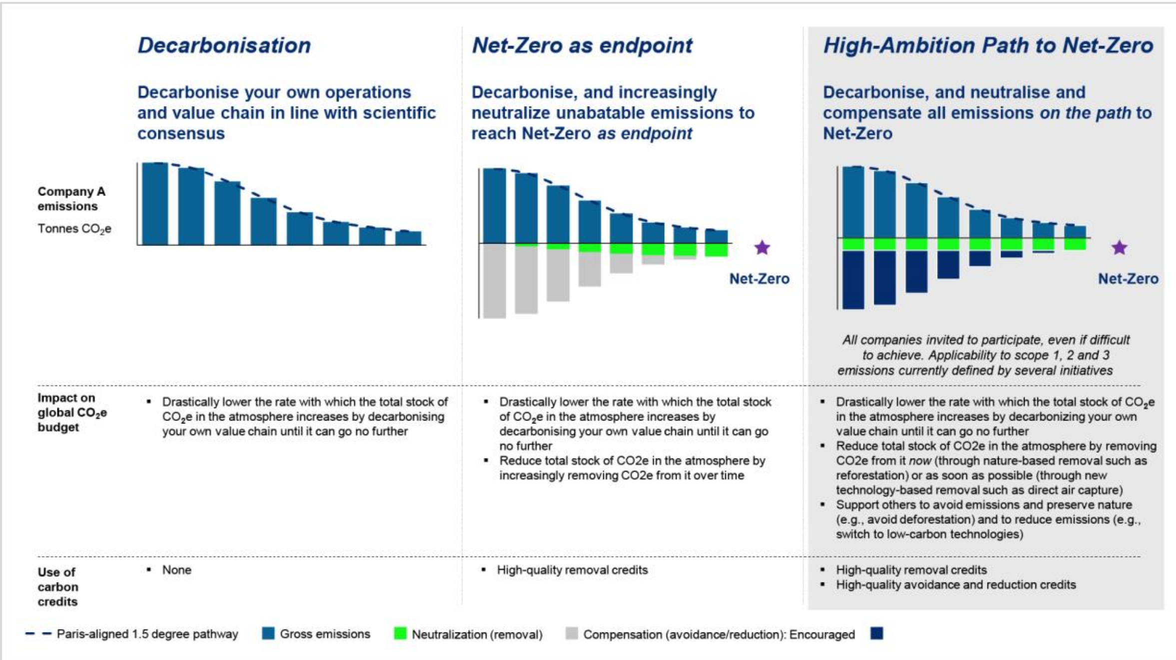
GENERATION INVESTMENT MANAGEMENT'S CARBON FOOTPRINT (TCO_2E)	2022	2023	2024
Scope 1	11	9	9
Scope 2 (location based)	105	98	98
Scope 2 (market based)	61	51	30
Scope 3[2]	174,840	155,299	119,316
Scope 1+2 emissions per full-time employee	0.42	0.41	0.21
Water consumption (m3)	280	273	271
Tonnes of waste produced	11.9	13	16

CARBON COMPENSATION

Alongside science-based emissions reduction, Generation is committed to beyond-value-chain compensation on an annual basis for the carbon emissions of our business activities. For our 2023 emissions we included Scope 1 and 2 emissions as well as business travel, waste, couriers and commuting. We are currently working to expand this for our 2024 emissions. Whilst we appreciate that carbon credits do not provide a complete solution, they contribute to mitigating our overall environmental impact while we work to reduce our emissions to as close to zero as possible. This approach has been characterised as the 'High-Ambition Path to Net-Zero' and is represented in the infographic below.

We work with a specialist platform to select a portfolio of credits. Last year we purchased a range of credits from a carbon capture bio oil project in the US, a mangrove restoration project in Pakistan, a peatland preservation project in Indonesia and a biochar project in Finland. We take a portfolio approach so that we can finance a range of different innovative solutions at different stages of maturity and diversify the risks around a single project failing.

Figure 1: High-Ambition Path to Net-Zero



Source: Taskforce on Scaling Voluntary Carbon Markets

[2] See the Appendix for a breakdown of Scope 3 emissions.

Governance

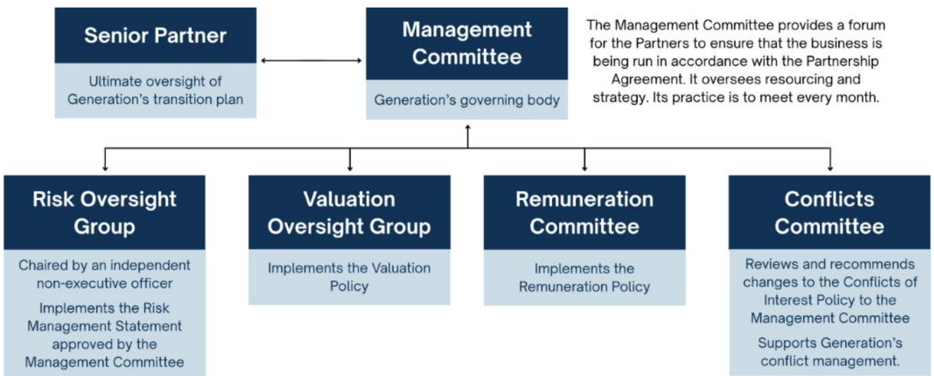
Generation has established a governance framework designed to allow for investment management, business development and client relationships, as well as operational control and risk management, to be reviewed independently through a number of committees and oversight groups.

The key sponsor of the governance and the control and risk management environment is the Senior Partner, David Blood, who has a role similar to a Chief Executive Officer.

The Management Committee is the governing body responsible for guiding our strategy and policy, risk monitoring and control, and provides a forum for the Partners to ensure that the business is being run in accordance with the Partnership Agreement. It supports the Senior Partner to have ultimate oversight over and deliver Generation's transition plan, and ensures that our Vision and Mission, with its explicit focus on climate and nature, is integrated throughout the firm. Its practice is to meet every month.

The Management Committee is supported by the following groups:

– **The Risk Oversight Group** (the "ROG") , is chaired by an independent non-executive officer and implements the Risk Management Statement approved by the Management Committee.
– **The Valuation Oversight Group** (the "VOG") implements the Valuation Policy approved by the Management Committee.
– **The Remuneration Committee** implements the Remuneration Policy approved by the Management Committee.
– **The Conflicts Committee** is responsible for reviewing and thereafter recommending to the Management Committee changes to the Conflicts of Interest Policy as well as supporting Generation's conflict management.



Our Vision and Mission was re-framed in 2023 to explicitly reference the protection of nature alongside the preservation of a habitable climate and well-being for all. Our Mission specifically references the dual objective of our investment strategies seeking to deliver positive impact alongside long-term, attractive, risk-adjusted investment returns.

The Management Committee, as the principal governing body of our firm, plays a crucial role in overseeing and integrating our commitment to climate and nature-related issues into every aspect of our operations. This commitment is not peripheral, but central to our purpose.

As part of this commitment, the Management Committee oversees the setting and monitoring of our climate and nature-related targets and performance across the firm, including our 2025 and 2030 climate targets. Progress is monitored through regular public reports such as the Stewardship Report, which is overseen by the Management Committee, and our quarterly investor letters, ensuring accountability and alignment with our long-term objective.

INCENTIVES

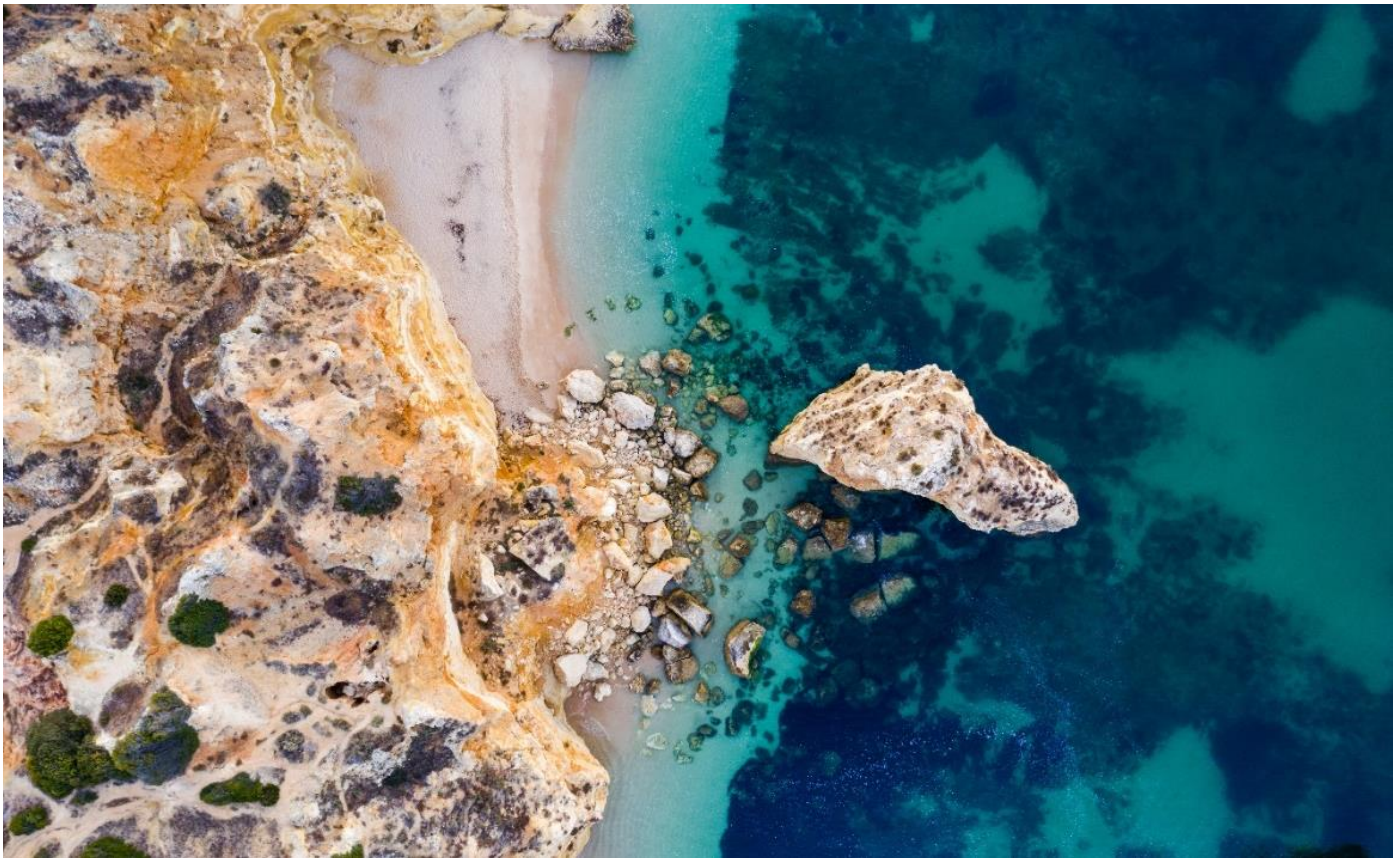
Generation is an independent, private, owner-managed partnership. Both Partners and employees participate in the firm's profits.

Our mission to combat climate change is embedded in all our practices, including our incentive structure. Across our investment products, we defer performance-linked fees, contingent on sustained results. This approach aligns our team with long-term investment performance, reinforcing our commitment to accelerating the climate transition.

Our Remuneration Committee is confident that our remuneration policy and practices accurately reflect our focus on sustainability targets, including but not limited to climate targets. Our Remuneration Policy is designed to ensure that Generation has a risk-focused approach that is consistent with and promotes sound and effective risk management, while aligning with our business strategy, objectives and long-term interests.

In addition to the remuneration considerations for the whole firm set out above, Just Climate has built climate impact into their own performance fees.

Just Climate's mission is to institutionalise climate-led investing as a capital allocation imperative, targeting attractive risk-adjusted returns by backing the highest impact climate solutions[3]. It has therefore developed an innovative integrated performance fee designed to motivate pursuit of the highest-impact climate solutions alongside the generation of attractive risk-adjusted financial returns on those investments. The performance fee starts with financial performance similar to a traditional carry structure but is then adjusted by an Impact Factor, with a multiplication range of 0–100%. The Impact Factor is a ratio where the numerator is a weighted average of the GHG emissions abatement achieved by the portfolio measured over a ten-year period and the denominator is an ambitious fund-level GHG emissions abatement target. Just Climate defines expected GHG emissions abatement as the forecasted GHG emissions a specific investment is expected to abate over ten years, compared to a baseline scenario, based on a realistic business model, including any GHG emissions removed from the atmosphere, measured in tonnes of CO_2 equivalent. The integrated performance fee incentivises the team to focus on those solutions whose potential financial returns are driven by outsized abatement.



[3] Just Climate seeks to deliver attractive risk-adjusted financial returns, but there can be no guarantee this goal will be achieved.

LEADERSHIP OVERSIGHT OF CLIMATE AND NATURE-RELATED RISKS AND OPPORTUNITIES

Given Generation's mission, climate and nature-related issues are considered when developing strategy, overseeing risk and setting performance objectives as a matter of course.

The Management Committee maintains ultimate responsibility for the integration of climate and nature considerations into our business processes.

The Management Committee is also responsible for maintaining appropriate skills and competencies to effectively oversee our strategies' response to climate and nature-related risks and opportunities. The Management Committee regularly considers its collective expertise in climate and nature-related issues, ensures ongoing education on climate science and policy developments and regularly engages with external experts. The Management Committee also considers climate expertise in succession planning.

A significant number of the firm's Management Committee has been with Generation since its founding and several members have expertise in climate science, biodiversity and conservation, climate policy and the implications for businesses.

Our Chairman is the founder of the Climate Reality Project, which seeks to promote education related to climate change. Our Senior Partner is Chair of the Global Board of Directors of the World Resources Institute (WRI). A member of the Management Committee serves on the Board of Conservation International and a second on its Leadership Council. Another member of the Management Committee sits on the Council of Trustees of Fauna & Flora International. Finally, another member was previously CEO of the Impact Management Project and led the establishment of the ISSB, she also sits on the Board of WRI. Since Generation's founding in 2004, the Management Committee has been critical in developing our integrated investment process and shaping the firm's research and advocacy agenda with respect to climate change and nature.

OVERSIGHT OF RISK

Across every business line of the firm, including Just Climate, business unit heads are responsible for monitoring and confirming the risks they are exposed to within their respective groups and reporting this to the ROG via a central risk register. These risks include climate and nature-related issues. Results are reviewed by the ROG and communicated to the Management Committee when necessary.

With respect to the firm's operational footprint, Generation's Environmental Management System (EMS) is reviewed internally by the Chief Operating Officer. The EMS is also reviewed by external auditors on an annual basis. The ROG and Management Committee receive annual updates on the firm's carbon compensation programme with a focus on recommended emissions reduction targets and suggested carbon compensation.

EMBEDDING SUSTAINABILITY ACROSS OUR INVESTMENT TEAMS

Our investment leadership and teams are resourced with sufficient analysts to allow for the integration of sustainability research within fundamental equity analysis and deep stewardship with the companies in which we invest. Our teams focus on what a given business does, as well as how the business operates.

For example, our public markets analysts each cover a relatively small number of companies – typically around 12. We believe this permits each analyst to develop insights, gain conviction and undertake stewardship activities that others without similar levels of resourcing may find difficult to achieve. Because of the intense coverage of a company by our analysts, we expect to understand our stocks better than most managers, and to have a higher level of engagement with management teams and Boards. Although analysts are focused on different sectors, our approach is team-based, and constructive dialogue and idea-sharing across the team are valued and encouraged. Issues relating to climate- and nature-related risk and opportunity are routinely discussed at investment team meetings.

In Generation's Growth Equity and Private Equity strategies, sustainability research takes the form of an assessment of System Positivity (SP). The SP framework used by Growth Equity and Private Equity assesses the potential positive and negative impacts of the company's products and operations, impact KPIs that the team deems important to track, and Generation's potential to add value post-investment through engagement with the company.

We have dedicated 'Research Strategy' sub-teams within Global Equity and Growth Equity. These sub-teams are focused on performing primary research, which supports our investment teams in assessing climate-related risks. The teams manage relationships with traditional equity research providers, sustainability research and climate data providers and expert networks.

Finally, we have continued to strengthen our monitoring and engagement on climate- related issues in order to enhance our ability to structure and undertake more ambitious engagement programmes, use voting strategically in support of our investment objectives to accelerate climate action, collaborate more effectively with other investors and escalate engagement where necessary.

Separately, Just Climate's approach includes an assessment of Climate Impact Quality. In addition to the assessment of a solution's ability to abate GHG emissions, this framework also includes an impact measurement approach that starts with identifying all of the key stakeholder groups and then proceeds to an assessment of the most material environmental and social outcomes. Just Climate uses environmental and social thresholds to show whether performance is sustainable or unsustainable and to monitor and manage Just Climate's expectation for changes over time.

Strategy

CLIMATE AND OUR INVESTMENT PHILOSOPHY

Consideration of climate-related risks and opportunities has been embedded into our investment approach across all strategies since the firm's inception.

In 2023, we formally integrated nature protection into our Vision and Mission, acknowledging the intrinsic connection and interdependence between biodiversity loss and climate change. In our view, the financial materiality of climate change and nature loss has continued to grow, and we believe these are now some of the most critical factors impacting long-term investment returns.

In assessing climate and nature-related risks and opportunities, we consider multiple time horizons that align with both our investment strategies and the evolving landscape of climate change impacts. We define our relevant time horizons as short-term (1–3 years), medium-term (4–9 years), and long-term (10+ years).

In the short term (1–3 years), we focus on immediate transition risks and opportunities, such as regulatory changes, technological advancements and shifting consumer preferences. Our medium-term outlook (4–9 years) considers the acceleration of the net-zero transition, including the potential for stranded assets and the emergence of new market leaders in sustainable technologies. For the long term (10+ years and beyond), we evaluate the physical risks of climate change, long-term shifts in global energy systems and the potential for transformative changes in industries and economies. This multi-horizon approach allows us to balance immediate market dynamics with long-term sustainability goals, ensuring our investment strategies are resilient and adaptable to the evolving climate landscape.

We continue to believe that the transition to a net-zero economy is accelerating, but has not yet reached the pace required to meet global climate goals. While renewable energy deployment is growing rapidly, overall emissions have not yet begun to decline structurally. The buildings and industrial sectors remain especially challenging areas for decarbonisation.

We see both risks and opportunities arising from this transition. Risks include stranded assets as carbon-intensive sectors face increasing regulation and challenge from cleaner technologies. There are also transition risks if the shift to a low-carbon economy does not happen fast enough to avoid the worst impacts of climate change. However, we believe the businesses that are adapting to and enabling this transition will be better positioned to remain profitable over the long term.

Our planet's natural assets and biodiversity continue to be degraded, with deforestation remaining an urgent global problem despite some progress in key countries like Brazil. We recognise that the climate and nature crises are inextricably linked, and that we cannot achieve net zero without also protecting and restoring natural ecosystems.

We consider climate and nature-related risks and opportunities in our investment processes across all sectors. We seek to invest in businesses that we believe are well positioned for the net-zero transition, including those whose products and services directly address these challenges or enable greater resource efficiency. At the same time, we are increasingly wary of carbon-intensive sectors that face major transition risks.

Integrating this view has led us away from industries like coal and oil and gas production. However, we recognise that some exposure to high-emitting sectors may still have a necessary and appropriate role in the transition. Our focus is on identifying companies with credible plans to decarbonise their operations and products in line with science-based pathways.

Given the interconnectedness of climate and nature challenges, we adopt a holistic strategy that aims to address both the risks and opportunities associated with these issues. Our comprehensive approach is built on three key foundations:

- Investing in sustainable companies that address climate and nature challenges.
- Actively engaging with portfolio companies to promote long-term sustainability and resilience.
- Driving systemic change through collaboration, research and advocacy.

Identifying climate and nature-related dependencies, impacts, risks and opportunities

ROADMAPS AND RESEARCH

Sourcing of investments at Generation and Just Climate is informed primarily by our research 'roadmaps' that identify macro and sector trends, including material sustainability risks and opportunities.

Roadmaps are in-depth research initiatives that allow our investment teams to investigate factors driving sector and global trends while deepening their understanding of the investment landscape. These studies may have a broader focus on countries or sustainability themes, but more typically concentrate on sectors and sub-sectors. The primary objective of roadmaps is to identify sustainability risks and opportunities relevant and material to particular sectors.

Just Climate has further refined this approach by selecting roadmap topics based on an impact prioritisation process rooted in an analysis of the highest-emitting most off-track sectors.

In 2024, our roadmaps spanned a diverse range of topics across our strategies. Global Equity focused on emerging technologies and critical sectors like AI, biofuels and the EV transition. Growth Equity explored areas combining technological innovation with social and environmental impact, such as AI for diagnostics, renewable energy procurement and housing affordability. Just Climate continued its focus on climate mitigation and adaptation, covering both Industrial Climate Solutions (e.g., biomass, decarbonising data centres) and Natural Climate Solutions (e.g., alternative proteins, ecosystem restoration in Brazil).

Over the years, we have completed several hundred roadmaps across our public and private markets strategies, and for each of these have characterised the relevant short- and long-term climate considerations and drivers when material. They continue to inform our investment decisions and help us identify emerging trends and opportunities in the sustainable investment landscape.

SUSTAINABILITY FACTORS IN COMPANY SELECTION

Our investment process fundamentally integrates sustainability factors, including material climate and nature considerations, throughout the company selection process.

Business Quality (BQ) and Management Quality (MQ): Guided and informed by roadmap research, analysts pursue in-depth company research. This stage is structured around the robust criteria we have set, which enable us to evaluate both what a business does and how a business operates. Aspects considered include barriers to entry, business stability and alignment of management incentives.

The BQ criteria also necessitates a deeper analysis of a company's positioning with regards to the material and relevant sustainability factors within its sector. The questions that analysts consider pertaining to climate include, amongst others:

- whether the company is consistent with the world we want;
- whether a company's offerings impair or improve the present and/or future well-being of society;
- what externalities exist and who else might be 'paying a price'; and
- whether there are environmental or social vulnerabilities to be tracked.

The MQ criteria looks at a company's long term orientation, it's culture and mission and it's alignment with Generation's own philosophy, amongst other things.

System Positive framework: Building on the BQ and MQ assessments, our private markets teams also integrate the System Positive (SP) framework as a critical overlay in their investment process. The framework assesses the potential positive and negative impacts of the company's products and operations, impact KPIs that the team deems important to track, and Generation's potential to add value post-investment through engagement with the company.

Climate Impact Quality: In addition to assessments of BQ and MQ, Just Climate performs a Climate Impact Quality (CIQ) assessment, which includes and builds upon the System Positive framework assessment. This assessment considers a company's scale and timeliness of GHG emissions avoidance and/or removal relative to an ambitious abatement target, the barriers that the company addresses to support Just Climate's assessment of additionality compared to the baseline scenario, whether the company's business model is scalable/replicable such that it could address a significant percentage of global emissions, whether it is a sustainable solution by comparing performance to environmental and social thresholds, and how Just Climate can be a catalytic investor. The scale of GHG abatement is assessed over the ten-year period from investment and is calculated as the baseline emissions, i.e., the emissions that would be expected to occur in the baseline scenario in the absence of the company's activities occurring, net of the company's expected emissions and any GHG emission removal.

ACTIVELY ENGAGING WITH PORTFOLIO COMPANIES TO PROMOTE LONG-TERM SUSTAINABILITY AND RESILIENCE

ACTIVE ENGAGEMENT

Where we believe improved management of climate or nature-related issues is required, this is incorporated into our stewardship and engagement activities across all funds.

Our stewardship and engagement is focused on what we believe will promote the interests of the company, its stakeholders and shareholders over the medium and long term. On climate change, we assess companies' strategies for attaining net-zero emissions on a multi-decade basis. We never encourage companies to optimise performance for the short term. In 2024 we identified a number of priority companies in the Global Equity portfolio that we believed were exposed to particular nature-related issues. We discussed water in nine meetings, pollution/waste in 13 and biodiversity in 11. We discussed deforestation in 14 meetings.

Our active engagement with investee companies is detailed in our 'Engagement on climate and nature risks and opportunities' section.

DRIVING SYSTEMIC CHANGE THROUGH ADVOCACY RESEARCH AND COLLABORATION

Generation was established in response to the concerns of its founders around the detrimental impacts and systemic risks posed by short-termism and the failure to integrate sustainability considerations into investment analysis and stewardship.

Working to address these challenges is intrinsic to Generation's purpose and our vision on how to mitigate systemic climate and nature risk. As a small firm with big aspirations, we must focus, motivate and collaborate with others. We pursued the impact initiatives outlined below in the past year to leverage our track-record, differentiated approach to investment research and convening power to drive positive systemic change.

RESEARCH

The Sustainability Trends Report (STR): We published our eighth annual STR in 2024 and hope it will become the 'go-to' resource for those seeking information on sustainability developments. Our aim is to aggregate and share insights that governments, businesses and investors can use to ensure a sustainable world in which prosperity is shared broadly, in a society that achieves well-being for all, protects nature and preserves a habitable climate.

Sustainability Insights: We launched our Insights series in 2019 to share lessons drawn from our investment work in the form of publicly available papers. In 2024, we published three papers aimed at helping raise the bar on climate action: The Global Spread of Sustainability Disclosure, Why Healthcare is Unsustainably Expensive – And What We Can Do About It and Is AI Sustainable?

THE GENERATION FOUNDATION

Founded alongside Generation Investment Management in 2004, the Generation Foundation shares GIM's vision for a sustainable future for climate, nature and people. The Foundation uses strategic research, grant-making and partnerships to unlock the power of capital markets to drive a more sustainable economic system, deploying over USD 9.5 million in 2024.

The Foundation continued to work to further embed the findings of its flagship Legal Framework for Impact (LFI) project. The groundbreaking LFI legal report written by Freshfields and commissioned by the Foundation alongside PRI and UNEP FI showed that, across 11 key jurisdictions, the pursuit of impact cannot remain a specialist practice. Investors should feel empowered to set goals and take action to achieve them through their asset allocation, stewardship and policy advocacy. Activity during 2024 included convening senior investment professionals as well as other NGOs and funders to identify the barriers and opportunities for action.

The Foundation formed a new partnership with the World Business Council for Sustainable Development (WBCSD) in 2024 to support the creation of an avoided emissions standard so that companies' positive contributions to climate mitigation can be captured in a consistent and comparable way.

COLLABORATION

Generation mostly engages with companies on an individual basis, as we find personal, direct conversations are often most effective and contribute to building long-term relationships with management teams. However, where appropriate and subject to careful legal analysis around 'concert party,' 'group' and related regulatory issues, we will participate in collaborative engagement.

We participate in Climate Action 100+, the collaborative engagement initiative to ensure that the world's largest corporate GHG emitters take appropriate action on climate change. Given our focus on sustainable investment, very few of our Focus List companies are covered by the initiative, and in 2024 we were a supporting investor in one engagement. We believe the initiative is an important collective effort to reduce corporate GHG emissions in line with the goals of the Paris Agreement and a useful vehicle for sharing best practice on climate change engagement.

We also participate in the Net Zero Engagement Initiative established by the Institutional Investors Group on Climate Change (IIGCC). This builds on and extends the reach of collaborative investor engagement on climate action beyond the Climate Action 100+ focus list. The central ask of companies engaged under the initiative is a robust corporate net-zero transition plan. Again, few of our Focus List companies are covered by the initiative. In 2024 we led engagement with one company and participated in one further engagement.

We participated in CDP's final SBT campaign, which wrote to approximately 2100 global companies on behalf of financial institutions and multinational firms. The campaign asked companies to commit to and set science-based targets and is therefore very well aligned with our own climate stewardship strategy.

ENGAGEMENT WITH INDUSTRY

Generation is a member of the Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, the Institutional Investors Group on Climate Change (IIGCC), the IFRS Sustainability Alliance, the Powering Past Coal Alliance (PPCA), the Principles for Responsible Investment (PRI), the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and The Climate Pledge, all of which work on reducing systemic sustainability risks.

We are Founding Partners of the Taskforce on Inequality and Social-related Financial Disclosures (TISFD), which launched in September 2024. TISFD is a global initiative to develop recommendations and guidance for businesses and financial institutions to understand and report on impacts, dependencies, risks and opportunities related to people. It emphasises the central role of people in the transition to a net-zero and nature-positive economy. Generation's Senior Partner David Blood sits on the Steering Committee. The Generation Foundation is one of the funders of TISFD and sits on the Stewardship Council.

Generation helped to establish the Net Zero Asset Managers initiative (NZAM) and Generation's Head of Engagement Edward Mason sits on the NZAM Advisory Group.

Generation's Senior Partner David Blood sits on the Glasgow Financial Alliance for Net Zero (GFANZ) Principals Group and Edward Mason on the Steering Group. In 2024, Generation co-chaired work at GFANZ to develop voluntary guidance on incorporating nature into net-zero transition plans.

Generation sits on the Investor Strategic Working Group of the Finance Sector Deforestation Action (FSDA) initiative and the Alternative Investment Management Association (AIMA) Global Responsible Investment Committee.

Generation submitted a response to the IIGCC consultation on the draft Net Zero Investment Framework (NZIF) 2.0, advocating greater incorporation of nature-related climate factors.

IN THE SPOTLIGHT

Public policy

Generation's interaction on public policy relating to sustainability is generally via industry associations referenced above; Generation sits on the IIGCC Policy Advisory Group and participated throughout 2024 in the GFANZ policy workstream. However, where we believe there is potential to materially advance sustainable investing, we contribute to the development of industry association positions, respond to consultations, support group statements and meet with policymakers. In 2024 we:

Participated, in May 2024, in a breakfast meeting in the UK Parliament with three Labour MPs on policy to support the transition to net zero, hosted by IIGCC & Bankers for Net Zero;

Joined the Business Coalition For a Global Plastics Treaty in advance of the UN Summit 'INC-5' in Busan, South Korea, and amplified the Coalition's call for a strong majority treaty rather than a weak consensus one during the negotiations that took place in November 2024;

Signed the following group statements or letters:

- A business and investor letter calling on the EU to set a GHG emissions reduction target of at least 90% by 2040, organised by the IIGCC and Corporate Leaders Group Europe
- A Call to Action for the global adoption of the ISSB corporate sustainability disclosure regime by 2025, organised by the London Stock Exchange Group, PRI, Sustainable Stock Exchanges Initiative and WBCSD
- The 2024 Global Investor Statement to Governments on the Climate Crisis, co-ordinated by the Founding Partners of the Investor Agenda – AIGCC, CDP, Ceres, IIGCC, PRI and UNEP FI
- An Amicus brief in support of the SEC climate disclosure rule in the court case brought by its opponents including the US Chamber of Commerce and 21 state attorneys general
- A statement from the private financial sector to the member states negotiating the international legally binding instrument to end plastic pollution, drafted by UNEP FI, PRI, Finance for Biodiversity Foundation, Business Coalition for a Global Plastics Treaty, Dutch Association of Investors for Sustainable Development (VBDO) and CDP; and

Provided input to:

- GFANZ for its paper on investable Nationally Determined Contributions (national climate action plans submitted by countries under the Paris Agreement)
- IIGCC for its response to the European Commission call for evidence to inform its implementation guidance for the EU's Renewable Energy Directive, covering permitting for renewable energy and grid infrastructure, grid connection queues and auction design
- PRI on a Chinese stock exchanges' sustainability disclosure consultation, in particular on the need for stronger alignment with ISSB, stronger requirements for disclosure of emissions reduction targets and transition plans, and stronger requirements for disclosure of the management of supply chain nature-related risks.

Introduction

In 2024 we piloted a novel approach to scenario analysis partnering with Canbury Insights and Trex Analysis.

Last year we found the scenario analysis available to be of poor quality and misleading, due to insufficient incorporation of physical risk, amongst other things. We committed to pioneering novel approaches to scenario analysis and are pleased to present preliminary findings here. We have worked with two providers to develop different approaches to scenario analysis. Our partnership with Canbury Insights focused on understanding the detail underpinning our climate-related risk exposures, considering the entire value chain of our portfolio assets. In this way, it involved a 'bottom-up' approach considering specific risk exposures. Our Trex Analysis partnership highlights quantitative insights through the metric of projected revenue growth of each company within our funds. This utilises a non-equilibrium model to project the impacts of macro-economic factors on our investments, and as such represents a 'top-down' view. Combined, they provide us with a comprehensive view of our portfolio exposures.

BOTTOM-UP APPROACH

The first approach made use of the scenario narratives underpinning the International Energy Agency's (IEA) Global Energy and Climate Model with reference to three scenarios – Net Zero Emissions (NZE), the Announced Pledges Scenario (APS), and the Stated Policies Scenario (STEPS.) This approach identifies the risks to sectors through the logic of five 'transmission channels,' ensuring holistic consideration of the entire value chain as well as macroeconomic factors. It then considers how each individual risk may be impacted in each scenario, based on IEA modelling.

Overall, the resilience of the portfolio to different scenarios depends on the time horizon considered. In the short-term, an NZE world presents the highest risk levels, whereas STEPS (a current policies scenarios) results in greatest risk levels over the long-term. A key reason for the short-term risk exposure is that physical risk levels are not differentiated between scenarios in this time horizon due to current 'locked-in emissions.' This is referred to as 'committed warming,' whereby the impacts of physical risks resulting from current emissions will continue as policy changes are promulgated. As such, all scenarios have the same physical risk levels in the short-term. An NZE scenario presents the greatest levels of risk in the short-term, as transition risks manifest faster and stronger than in the other scenarios and are added to the same base level of physical risk.

The specific manifestations of these risks vary with the sectors within Generation's portfolio. For example, 'Internet and Media Services' (IMS) companies face heightened risk levels in an NZE scenario, especially when the full supply chain is considered. While portfolio companies may have relatively low operational emissions, most IMS companies rely heavily on energy-intensive data centres to perform their business activities. An NZE scenario entails high carbon prices, especially impacting those companies with an exposure to carbon pricing regimes. This may be broader than at first glance, as many data centre providers have an international presence to diversify their geographic reach. As such, IMS companies may face either direct or pass through costs based on data centre energy use.

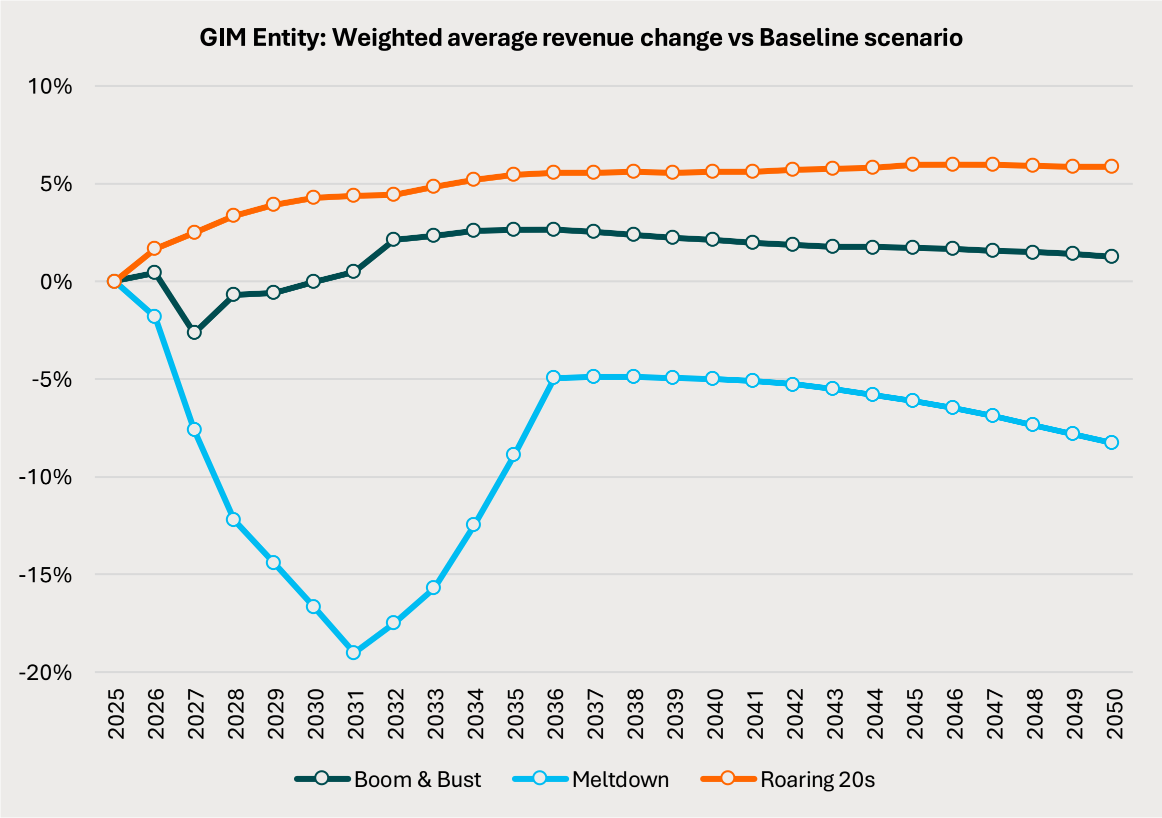
The risk levels in an NZE scenario would likely reduce over the medium- and long-term time horizons, as the shock of decisive transition action fades. Further, the companies within Generation's portfolio have been selected as we believe they are suited to a swift transition, and as such have the potential to mitigate the impacts of transition risks. We therefore believe that, despite some potential short-term pain, our portfolio is best suited to an NZE scenario.

TOP-DOWN APPROACH

Most climate models today are 'general equilibrium models' (GEMs), which assume that economic activity by rational agents is optimised such that market equilibrium is achieved. In contrast, non-equilibrium models such as Cambridge Econometrics' E3ME allows for real-world inefficiencies to impact market functioning. A key difference lies in the story the models tell about the impacts of a climate transition – GEMs typically model a transition providing an initial hit to the economy, followed by recovery, whereas non-equilibrium models present economic growth. This is driven by the consideration of factors such as the diffusion of technologies used to support the green transition and resulting feed-back loops on macroeconomic factors.

The analysis made use of the 'No Time To Lose' scenario narratives jointly published by the University of Exeter and USS, which aim to provide more granular analysis of climate-risks within the short-term time horizon. The analysis revealed that Generation's portfolio is well suited to a 'Roaring 20s' scenarios (a high policy intervention and high market dynamism scenario as Generation's portfolio has been built to support companies that stand to benefit from a green transition).

The portfolio is somewhat neutral towards a 'Boom and Bust' scenario (a high policy intervention, low market dynamism scenario). A meltdown scenario (low policy intervention and low market dynamism) entails GDP contraction that impacts many sectors within Generation's portfolio and as such the portfolio is least resilient to this scenario. This scenario is designed to feature mounting geopolitical tensions and a protracted recession. These elements would be felt broadly across the economy.



Risk management

OUR APPROACH TO IDENTIFYING RISKS

In this section, we present our current understanding of the firm's exposure to climate- and nature-related risks and opportunities.

CLIMATE
Our risk management approach uses various metrics and methodologies, reflecting the evolving nature of climate and nature risk assessments. While our climate risk assessments are more mature, our nature-related risk analyses are still developing. We acknowledge that the metrics and models used are subject to uncertainty and ongoing refinement.

It is important to note that while quantitative metrics offer valuable insights, they have limitations. The complex, interconnected nature of climate and biodiversity issues means that some risks may be underrepresented or difficult to quantify accurately. Furthermore, the long-term and potentially non-linear impacts of these risks add another layer of complexity to our assessments.

By sharing our methodologies, findings and challenges, we aim to contribute to the advancement of reporting practices. We actively fund research and engage with academics, market participants and initiatives to enhance our understanding and capabilities in addressing nature-related issues.

Evaluating climate- and nature-related risks and opportunities is an intrinsic part of all our investment strategies. For each of our strategies, we track a wide range of sustainability indicators at the portfolio level and hold regular monitoring meetings with companies.

We start by identifying sustainability factors that we believe are material to a broad set of stakeholders. It is only by understanding the significant impacts and dependencies of a company on people and planet that we are then able to assess whether they will come back to the company in the form of risks and opportunities, which in turn can affect its financial position or performance over the short, medium, and/or long term. Our process is aligned with the UN-backed Principles for Responsible Investment, NZAM, the TCFD, TNFD and the UK Stewardship Code.

With respect to our internal operations, business unit heads are responsible for tracking the risks that their individual teams are exposed to within their respective groups. This is documented within a central risk register, which the ROG has a responsibility to oversee. Building on our existing process, we will continue to introduce a more granular assessment of climate- and nature-related risks, although we recognise that given our small employee base and footprint, our greatest potential exposure lies with our investment strategies.

DATA QUALITY AND COVERAGE
We use multiple sources to analyse climate and nature risks and opportunities. A large share of the data stems from corporate reporting and our engagement and monitoring of investee companies. Other data may be estimated by external data providers. In addition, we are expanding our use of data from alternative sources including geospatial data to better understand our portfolio's interdependencies with nature risk.

Despite the limitations, we see the landscape of climate and nature data improving and continue to test some of the new products that have come to market.

PORTFOLIO ALIGNMENT MEASUREMENT
Generation has led work on portfolio alignment measurement since 2020. The Implied Temperature Rise metric is a forward-looking measure, expressed in degrees Celsius, designed to show the temperature alignment of companies, portfolios and funds with global temperature goals. The ITR metric works by comparing the current and projected GHG emissions of a company with its share of the remaining global carbon budget.

These are the results of the Implied Temperature Rise (ITR) tool from MSCI ESG Research, for the Global Equity portfolio for 2021–2024. The MSCI tool takes account of Scope 1, 2 and 3 emissions.

SCOPE	ITR 2021	ITR 2022	ITR 2023	ITR 2024
S1+2+3	2.0°C	1.9°C	1.7°C	1.8°C

Using the ITR tool, the Global Equity portfolio was increasingly aligned with a below 2°C outcome as the assessment period progressed. This was significantly better than the benchmark, which was at 2.8°C degrees in 2021,2.5°C in 2022 and 2.4°C in 2023 and 2024. However, we need to go further and faster. There remains work to do to move the portfolio to 1.5°C alignment.

IN THE SPOTLIGHT

Climate TRACE

Climate TRACE is a non-profit coalition of AI-based tech companies, non-government organisations and universities that are harnessing satellite imagery and other forms of remote sensing, artificial intelligence and collective data science expertise to track human-caused GHG emissions with unprecedented detail and speed. Climate TRACE's emissions inventory is the world's first comprehensive accounting of GHG emissions based primarily on direct, independent observation. The Partners of Generation have provided significant funding for Climate TRACE.

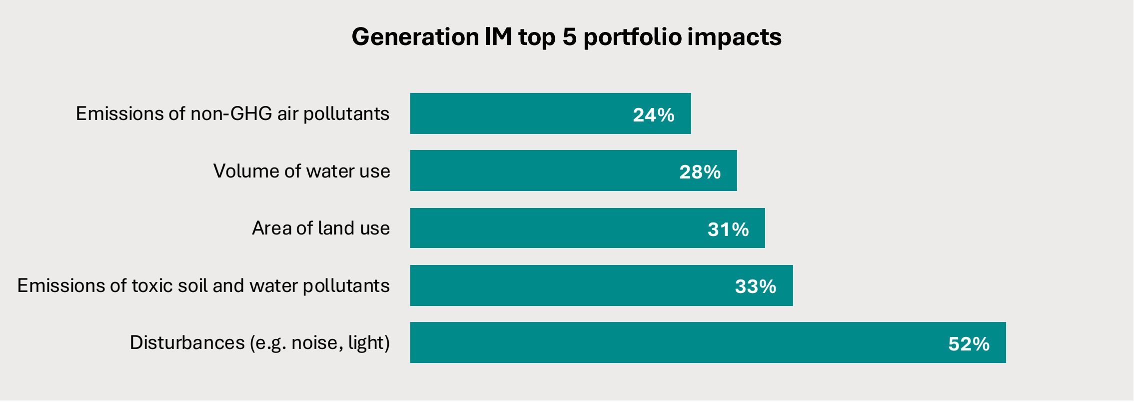
At COP29, Climate TRACE released its latest inventory which, for the first time, provides monthly emissions data for every country and every major individual source of emissions in the world. In addition, Climate TRACE has now compiled monthly emissions inventories for a wide range of states and provinces, every county, and more than 9,000 major urban areas around the world, providing subnational governments with critical information to accelerate climate action.

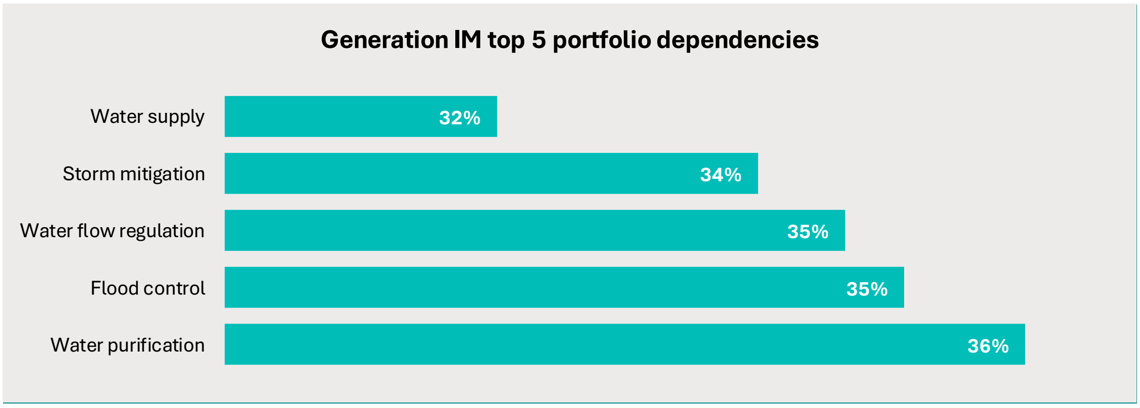
NATURE

Our analysis of nature risk consists of data from different sources covering impacts and dependencies on ecosystem services, key biodiversity areas, protected areas, threatened species and satellite data-powered tools for nature conservation monitoring and forest integrity.

'ENCORE' ANALYSIS

We use the ENCORE tool in our analysis of our portfolio companies' potential impacts and dependencies on ecosystem services. This tool, developed by Global Canopy, UNEP FI and UNEP-WCMC, is based on extensive research and both quantitative and qualitative data. It provides materiality ratings for pressures and dependencies at the sector level. The ENCORE tool underwent a significant update in 2024 that refined and expanded the knowledge base to incorporate latest research and updated the previous list of 92 'production processes' to coverage of 271 'economic activities,' providing a more detailed breakdown of impact and dependency pathways across economic sectors.





Sector	% of portfolio in each sector	% of portfolio with Very High/High/Medium ratings in each sector	Pressures: Disturbances (e.g noise, light)	Pressures: Emissions of toxic soil and water pollutants	Pressures: Area of land use	Pressures: Volume of water use	Pressures: Emissions of non-GHG air pollutants	Dependencies: Water purification	Dependencies: Flood control	Dependencies: Water flow regulation	Dependencies: Storm mitigation	Dependencies: Water supply
			Total % of Very High /High /Medium ratings per pressure/dependency									
			51.54	33.09	30.73	28.30	24.28	36.35	35.39	34.92	34.23	32.16
			Total % of Very High /High /Medium ratings per pressure/dependency in each sector									
Financial Services	**21.86**	**0.87**	20.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Information Technology	**21.60**	**7.61**	80.88	36.57	57.75	4.64	4.64	34.27	35.28	36.59	35.28	26.12
Health Care	**13.59**	**9.47**	47.30	69.05	4.83	83.14	68.12	96.19	82.10	82.10	82.10	82.10
Consumer Discretionary	**8.44**	**2.19**	25.04	14.61	15.86	71.00	58.37	16.11	14.71	14.85	14.71	14.76
Industrials	**8.25**	**5.60**	89.25	80.28	19.15	49.97	35.94	76.92	82.64	81.46	81.28	81.46
Financials	**6.59**	**0.05**	3.45	0.00	3.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities	**2.98**	**1.41**	75.60	46.30	62.50	24.30	33.20	46.30	61.70	45.50	37.40	40.50
Real Estate	**2.64**	**0.16**	0.00	0.00	58.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Materials	**2.61**	**2.33**	100.00	100.00	0.00	100.00	91.73	100.00	100.00	100.00	100.00	100.00
Application Software	**2.33**	**0.35**	61.87	0.05	88.71	0.14	0.05	0.14	0.00	0.05	0.00	0.05

The heatmap illustrates our exposure to sectors with potential direct impacts on nature through their economic activities based on materiality ratings of impact drivers from the ENCORE tool. Companies can cause impacts to the drivers of nature loss through land or freshwater use, or by emitting pollutants to air, water and soil. Companies can also depend on the provision of ecosystem services, including water supply and purification, for their operations. Healthcare, industrials and materials have the some of the highest potential materiality ratings across several impact drivers, including emissions of pollutants to air, water and soil, and dependencies, including water purification, regulation and supply.

While financial services and information technology are the largest sectors in our portfolio, they generally have moderate materiality ratings.

These ENCORE materiality ratings offer valuable insights into how different sectors depend on ecosystem services and impact drivers of nature loss. However, as the data is aggregated and not company-specific, it serves as an indication of potential impacts and dependencies for the portfolio, rather than providing detailed company-specific information. This has limitations, especially with regard to Just Climate where investments are intentionally directed towards innovative businesses which are breaking the mould in hard to abate sectors.

Our investment methodology is rooted in developing a comprehensive understanding of, and strong relationships with, our investee companies, and our dialogue and ongoing monitoring with companies means that we can dive deeper on these company-specific nuances. As a result of our ENCORE analysis in 2023, we identified a number of priority companies in the Global Equity portfolio exposed to particular nature-related issues, including water and pollution/waste. This complements our existing work on commodity-driven deforestation, detailed later in this section.

LOCATING JUST CLIMATE’S INTERFACE WITH NATURE

Just Climate’s Natural Climate Solutions strategy focuses on investments in nature-positive solutions that can support the delivery of net zero through avoided GHG emissions and carbon sequestration. The north star for the strategy is therefore a solution that can deliver both significant GHG emissions abatement and nature-positive outcomes.

Central to this strategy is understanding changes in the state of nature and biodiversity, recognising that nature-related impacts and dependencies vary not only by investment type but also by geographical location. Understanding these location-specific risks, impacts and potential for positive outcomes is crucial for our investment process and ongoing management. In 2024, Just Climate integrated the Integrated Biodiversity Assessment Tool (IBAT) and Orbify geospatial platform into its investment process to better assess its interface with sensitive locations and biodiversity hotspots.

IBAT provides several biodiversity data points that Just Climate uses for both pre-investment due diligence and post-investment monitoring and management. These include overlap with protected areas, key biodiversity areas (KBAs), presence of species from the IUCN Red List of Threatened Species, and STAR (Species Threat Abatement and Restoration) scores. These data points enable Just Climate to identify priority areas for restoration and track progress over time.

Orbify, on the other hand, offers more than 100 data layers and statistics that Just Climate leverages to assess ecosystem extent, condition, intactness and diversity. This enables Just Climate to evaluate potential investments and monitor its portfolio’s interface with nature at a granular level.

Just Climate prioritises site-specific data when it is available. For enabling technologies within complex value chains where asset-level nature data may not be directly obtainable, Just Climate uses carefully selected samples or proxies.

These tools help Just Climate to identify environmentally sensitive locations in its portfolio, assess proximity of investments to key biodiversity areas and areas of high water stress, evaluate potential biodiversity impacts and guide its investment decisions and ongoing management strategies to support both significant GHG emissions abatement and nature-positive outcomes.

INNOVATION

Just Climate has invested in NatureMetrics, a global nature intelligence company powered by eDNA technology. Environmental DNA, or eDNA, refers to genetic material released by organisms into their surroundings, such as water, soil or air. Measuring eDNA allows for detection and identification of species present in an ecosystem by analysing trace amounts of DNA from samples collected from the environment. eDNA analysis can reveal the presence of individual species and assess the overall biodiversity of a given area. For investors looking at companies or projects where site-specific biodiversity impacts are material to the value-proposition, eDNA serves as an ideal metric for post-investment validation, alongside other geospatial and biodiversity measurement tools.

PHYSICAL RISK

At present, physical climate risk is tracked by our investment analysts at the company level (along with other sustainability issues and aligned with the way Generation has always approached climate risk and opportunity).

Many of the issues that we have highlighted previously still stand, including incomplete data on the location and value of all company assets, and methodologies which focus on first-order effects (such as physical damage of a flood), whereas we believe second- and third-order effects of climate-driven crises are likely to pose even greater challenges for our companies. Methodologies also tend to focus on mean changes in climate variables, rather than tail risks and tipping points.

In 2024 we continued to explore third-party analysis and data relating to portfolio physical climate risk. One of the providers we explored was Trex Analysis, a new provider spun out of the University of Exeter that is developing both scenario analysis (already referenced earlier in the report) and physical risk modelling for investors.

Trex's approach includes probabilistic modelling to investigate the impacts of low-likelihood but high-intensity physical risk events. It provides the tail-risks captured by multiple return periods, i.e. helps understand the relative damage caused by '1-in-50 year' versus '1-in-200 year' events. This is then downscaled to provide company level insights. The data currently provides insights into 6 hazards – floods, droughts, sea-level rise, wildfires, storms, and heatwaves.

Engagement on climate risks and opportunities

Companies make an essential contribution to society. They can provide products and services that people need and thereby create jobs, pay taxes to governments and generate returns for shareholders. We believe that when companies are run to make such positive contributions over the long term, they can flourish and endure.

However, in our opinion, when companies focus on short-term profit maximisation without regard to their own long-term health, they tend to stumble and ultimately fail. More broadly, many of the challenges that society faces, such as the climate crisis, are aggravated by companies operating without due regard to their consequences for society.

A company's Board is responsible for confirming its strategy, overseeing management and ensuring that the interests of its shareholders and wider stakeholders are appropriately met. Effective corporate governance of companies by their Boards is therefore essential for their long-term success and for the well-being of society.

In turn, investors can make a significant contribution to ensuring robust governance of the companies in which they are invested through the opportunities they have to engage with companies and to contribute to – and, in public markets, vote on – matters of corporate governance. Such stewardship is natural for us as long-term investors.

Generation engages with its investee companies across all strategies on the measurement and management of emissions. Our engagements with individual companies generally focus on company-specific matters where our investment team's judgement suggests that a specific action or inaction by the company may generate material opportunities or risks.

On climate change, across our public and private market strategies, we seek to engage with companies to improve management awareness of climate-related opportunities and risks, to ensure that all companies disclose their carbon emissions and encourage all companies to set SBTs for carbon emissions reductions, or to make progress on their targets.

We may escalate engagement when a company has not succeeded in achieving what we view as key objectives. Our main recourse in public markets strategies is usually to exercise votes against management at company general meetings, such as voting against the re-election of directors or voting against management on remuneration. Where appropriate and subject to careful legal analysis around 'concert party,' 'group' and related regulatory issues, we may also seek the views of other investors and consider collaborative engagement. Finally, in public markets, we may exit the investment and can additionally choose to remove the company from the Focus List of investable companies for the strategy.

PUBLIC EQUITIES

Our Global Equity strategy has been using a framework for climate change engagement since 2020. Our framework identifies four levels of performance.

- **Level 1** companies disclose GHG emissions either to CDP or in their own reporting.
- **Level 2** companies disclose on climate-related risk and opportunity, in line with the recommendations of the TCFD/ISSB.
- **Level 3** companies participate in the SBTi.
- **Level 4** companies are aligned with our goal of net-zero emissions no later than 2040 and are, in our opinion, showing leadership on climate action.

We believe that our active engagement and scrutiny of climate action has contributed to a rapid increase in participation in the SBTi in the Global Equity portfolio.

A significant focus of Global Equity climate engagement in 2024 remained portfolio companies that have not formally committed to setting SBTs with SBTi. However, we were also increasingly focused on understanding whether companies are successfully executing against their targets and transition plans. We are seeing a small number of companies being removed from SBTi because they have not been able to follow up their commitment to the initiative with securing target validation from SBTi. In all, climate change featured in 50 Global Equity engagement meetings in 2024. The corporate response to the climate crisis is by far the issue on which we engage most in the Global Equity strategy.

In 2023, we generally started to vote against the re-election of Chairs of Global Equity portfolio companies that had not formally committed to set SBTs with the SBTi. This is in line with our view that emissions-reduction targets aligned with the Paris Agreement and climate science must be the norm for every business.

Our climate engagement efforts in the Asia Equity strategy have been more focused, as we targeted first the companies that we think can lead the way: iconic Asian firms that compare themselves not only to local peers but also global ones, and that we believe can drive ambition and set the tone in their markets. We have particularly prioritised Alibaba, Anta Sports, HDFC Bank, Taiwan Semiconductor Manufacturing Company (TSMC) and Tencent. Climate change was discussed in eight Asia Equity engagement meetings in 2024. Additional companies for engagement have been identified for 2025 as we deploy more widely the same engagement framework for climate change that we have used in the Global Equity strategy.

PRIVATE MARKETS

With our private markets strategies, where investee companies tend to be younger, our engagement might involve helping businesses to assess their carbon footprint for the first time or set their first emissions reduction target. This also might include helping companies introduce new products or services to accelerate the climate transition, or helping companies measure the carbon avoided due to their products and service in use.

Although objectives of a given engagement may vary, the overarching objective of our engagements is to enhance long-term business and investment value by reducing risk and driving financial performance and impact on sustainability objectives in lock-step.

In 2024, the Growth Equity team engaged with its portfolio across companies in the following funds: Climate Solutions Fund II (CSF II), Sustainable Solutions Fund III (SSF III) and Sustainable Solutions Fund IV (SSF IV).

Highlights included:

– Making introductions to C-suite representatives at Fortune 500 enterprises, to help companies scale climate impact and growth;
– Supporting multiple companies to measure the carbon avoided by their product and/or service, including creating a carbon-avoided measurement for Redis for the first time;
– Continuing to encourage carbon foot printing across companies, with over 80% of portfolio companies in SSF III and SSF IV reporting Scope 1–3 carbon footprints for the year. Several of our new investments in SSF IV are still at early stages of ramping up their carbon accounting efforts, and we expect the coverage ratio to improve over time; and
– Engaging companies in Sustainability Performance Reviews (SPRs), with benchmarking to the portfolio, helping companies identify areas of outperformance and opportunities for improvement, across climate, nature, and governance among other topics.

Over 2024, the Private Equity team was closely engaged with each of its two sustainability platform businesses, FNZ and Octopus Energy.

Highlights included:

– Continued work with Octopus Energy on product impact measurement, following on from work with the company in 2023 by helping the company build the capability to manage and update its own carbon-avoided model in-house;
– Further supporting FNZ to scale product impact, including via product development strategy and strategic business advice;
– Continuing company sustainability performance benchmarking for FNZ and Octopus Energy against other companies owned in Generation funds to help identify areas of outperformance and areas to improve; and
– Supporting FNZ with organisational development and governance upgrades, including transitions of the senior leadership team, alongside continued engagement on overall operational sustainability goals.

Since investment, the Private Equity team have worked closely with the Head of Sustainability at FNZ to develop and promote the ‘FNZ Impact’ product (now marketed under the umbrella of FNZ’s Sustainable Solutions suite). FNZ Impact allows individual savers and financial advisers to understand the impact of their portfolios, with the goal of driving a shift toward more sustainable capital allocation. In 2024 we continued intensive engagement with monthly, or even bi-weekly, collaboration on core design features, product roadmap and go-to-market strategy. In addition, the Private Equity team continued to sit on the FNZ and Octopus Energy Boards, and on the FNZ Sustainability, Diversity & Inclusion Committee, providing opportunities to support effective stewardship of both companies.

ENGAGEMENT ON NATURE RISKS AND OPPORTUNITIES

Generation engages its portfolio companies on certain aspects of nature, such as deforestation, and is working to broaden and deepen its efforts over time. Our approach is informed by key developments such as the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, the 2022 Kunming-Montreal Biodiversity Agreement and the anticipated ISSB reporting standards for nature.

Companies' relationship with nature can be characterised by impacts and dependencies. We seek to understand the ways in which biodiversity and ecosystem services are relevant to companies, and for the companies that Generation invests in this is largely, albeit not exclusively, indirectly through sourcing practices and supply chains. That said, our portfolio's relationship to nature is not confined to potential negative impacts and risks. There are also significant opportunities for positive impact. Generation's Private Markets platform (Growth Equity, Private Equity and Just Climate) has identified opportunities to drive positive impact on nature through its investment activities. One example is Growth Equity's investment in Pivot Bio, a bio-based solution for plant nutrition that supports yield and reduces negative impact of synthetic nitrogen and other fertilisers on nature and climate. Another example is the Private Equity team's engagement with portfolio company FNZ, to drive transparency on nature impacts and risks in investment portfolios.

Building on the Climate Change Engagement Framework, Generation developed a targeted engagement framework for deforestation in 2023. The framework addresses the complex interplay between deforestation and broader net-zero goals, focusing on sectors and companies where the issue is most material, including consumer goods companies that use forest-risk commodities in the products that they sell or financial institutions that have exposure through their financing activities.

As a result of our ENCORE analysis in 2023, we identified a number of priority companies in the Global Equity portfolio exposed to particular nature-related issues, including water and pollution/waste. This led to engagement meetings focused on topics such as enhancing water efficiency in semiconductor manufacturing through greater use of closed loop systems, and minimising active pharmaceutical ingredient pollution in waste water releases in the healthcare sector, to give two examples.

CASE STUDY

Deforestation engagement

We cannot achieve the goals of the Paris Agreement or the Convention on Biological Diversity without urgently halting deforestation. Deforestation is a systemic sustainability risk for investors.

Generation is therefore an active member of the Finance Sector Deforestation Action (FSDA) initiative and sits on the Investor Strategic Working Group. FSDA was established at COP 26 in Glasgow in 2021 and brings together more than 30 financial institutions that have committed to use best efforts to end commodity-driven deforestation in their investment and lending portfolios.

We are active participants in the FSDA collective engagement programme, which covers 80 companies. Seven of these companies are in the Global or Asia Equity portfolios or on their Focus Lists. These companies represent our core exposure to deforestation risk and are our priority names for engagement. We are leading FSDA engagement with five of them and are a supporting investor for the other two.

In addition to these priority names, we identified further companies that have been assessed by Forest 500, an initiative of the non-governmental organisation Global Canopy, or where we ourselves believe that there is material use of one or more forest-risk commodities or risk of financing of deforestation. These are our second-tier engagement priorities, of which there are eight at the time of writing.

In 2024, we had 14 meetings with Global Equity Focus List companies and five with Asia Equity Focus List companies on deforestation. FSDA signatories as a whole have committed to publicly report credible progress through the initiative by 2025.

As part of our deepening engagement work on nature, Generation also joined Nature Action 100 (NA100), a global collaborative investor engagement initiative focused on nature. This initiative consists of over 200 investors representing over USD 28 trillion in AuM. NA100 has the aim of supporting greater corporate ambition and action on tackling nature and biodiversity loss, including through adoption of the TFND reporting framework.

Metrics and targets

‘GHG accounting’ is the process required for the historical measurement of the seven gases mandated under the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). This process is a crucial foundation for the transition to a net-zero world by 2050.

For ease of accounting, these gases, which have different impacts on global warming over different time-horizons, are usually converted to and expressed as carbon dioxide equivalents (CO_2e). GHG emissions are further categorised as direct (Scope 1) or indirect (Scope 2 and 3).

Transition planning combines GHG accounting with SBTs and disclosure of actions taken to deliver on targets. This parallels financial and operational reporting, requiring the same levels of reliability, precision of terminology, accuracy of measurement and internal controls to ensure quality.

Another parallel with financial and operational reporting is that GHG accounting involves varying degrees of certainty. Scope 1 emissions often use activity-based primary data, while Scope 3 often relies on a mix of primary, secondary and estimated data.

The maturation of GHG accounting and transition planning, and the resulting reliability of this information to inform decision-making, is essential in understanding the interplay between climate impact and company performance. It is therefore a priority for Generation and Just Climate to work with our portfolio companies, policy-makers, regulators, standard-setters and technology solutions providers to establish robust and reliable GHG accounting practices.

The quality and consistency of carbon data available to us is improving rapidly but continues to lag behind the quality of financial data. Our metrics use the best data available, but a lot of companies and data providers do not disclose and reproduce emissions consistently. For this reason, our metrics necessarily use the latest available carbon data (in our public strategies this largely means 2023 data rather than 2024), and not all of the companies that we own disclose all of their material emissions yet. This is something that we engage with companies on regularly and we will continue to do so.

In public equities, we held discussions with one of our sustainability data providers, MSCI, about the time taken to update companies’ GHG emissions data and the provider’s failure to distinguish between location-based and market-based Scope 2 emissions data. We also trialled a new sustainability data solution built as a user partnership.

Metrics we continue to track and use, across all of Generation’s strategies, to inform portfolio alignment include:

- GHG emissions over time (absolute and intensity, for Scope 1–3);
- portfolio coverage by SBTs; and
- net-zero 2040 commitments.

Our headline metric for NZAM is the proportion of assets represented by companies with SBTs verified, but we also track the percentage of companies that have committed to set an SBT and the share of SBTs that apply the 1.5-degree methodology.

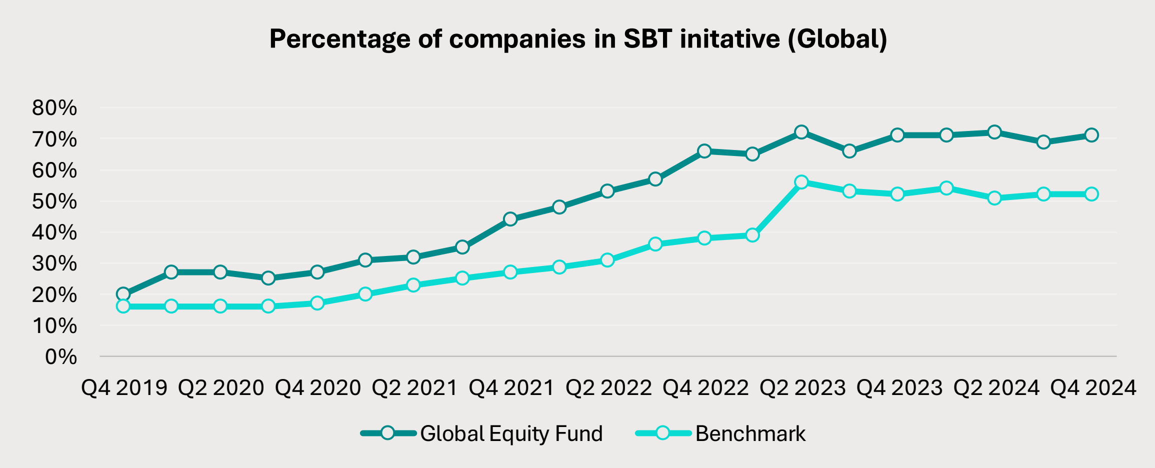
The Financed Emissions metric disclosed has been calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF). This metric is designed to give a representative view of the emissions associated with our investments by considering the size of each investment across the year relative to the company’s outstanding equity and debt.

Many additional metrics are considered at the strategy level and reported within the relevant quarterly and impact reports.

PUBLIC EQUITY

Global Equity

Generation's Global Equity strategy, accounting for USD 25.7 billion of assets as of 31 December 2024, had 71% participation (committed or validated) in the SBTi on a portfolio weighted basis as displayed in the chart below. This figure has increased significantly since we first began to track portfolio coverage by SBTi participation systematically in 2019.



Since 2018, we have undertaken regular comparative analysis of our listed equity strategies against their benchmarks on a range of sustainability metrics as a check on the outcomes of our investment and stewardship process. This includes select climate-related metrics, which are presented against a benchmark (the MSCI World index).

	PORTFOLIO				BENCHMARK			
FACTOR	**Q4 2021**	**Q4 2022**	**Q4 2023**	**Q4 2024**	**Q4 2021**	**Q4 2022**	**Q4 2023**	**Q4 2024**
Scope 1 emissions – tCO2 equivalent	n/a	18,521,047	18,330,700	19,731,595	n/a	4,345,376,100	3,680,735,664	3,436,266,326
Scope 2 emissions – tCO2 equivalent	n/a	20,591,906	14,939,146	27,342,084	n/a	850,398,819	736,475,635	749,984,645
Scope 3 emissions – tCO_2 equivalent	n/a	590,173,791	451,872,216	474,572,335	n/a	37,409,372,571	30,975,964,250	31,806,866,314
Scope 1–3 emissions – tCO_2 equivalent	n/a	629,286,744	485,142,062	521,646,014	n/a	42,605,147,490	35,393,175,549	35,993,117,285
Emissions intensity – tCO_2 equivalent (Scope 1+2)/$m (revenues)	n/a	25	21	21	n/a	141	98	102
Emissions intensity – tCO_2 equivalent (Scope 1+2+3)/€m (revenues)	n/a	531	497	414	n/a	1038	834	852
Percentage of companies in SBT initiative (targets set or committed)	44%	66%	71%	71%	27%	38%	52%	52%
Implied temperature rise S1+2+3 (degrees C) at Q1 2022	2	1.9	1.7	1.8	2.8	2.5	2.4	2.4
Financed emissions	n/a	144,269	135,155	97,744	n/a	n/a	n/a	n/a
Carbon footprint	n/a	6.0	4.7	3.8	n/a	n/a	n/a	n/a

Portfolio data as of 31 December 2024 (unless otherwise stated). This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. However, Generation does not represent that it is accurate or complete and it should not be relied upon. It should not be deemed representative of future characteristics for the Portfolio. Source: MSCI Data, Generation analysis based on data from the SBTi, MSCI and CapIQ as of 31 December 2024. MSCI data covers listed companies within the fund.

Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)
Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)/current portfolio value in $ million.

The calculation emissions Intensity disclosure (tCO2 equivalent (Scope 1+2)/$m (revenues)) is equivalent to the Weighted Average Carbon Intensity calculation outlined under TCFD guidance.

87% of carbon data is based on 2023 figures and 13% is based on 2022 figures. This is primarily due to an update lag on the MSCI platform. One company in the Global Equity portfolio does not disclose Scope 1 and 2 emissions and one company is not covered by the MSCI platform. MSCI estimates for Scope 1 and 2 emissions are used if a company does not disclose. 2% of EVIC data is based on 2022 figures and 83% is based on 2023 figures and 15% is based on 2024 figures.

Asia Equity

As we do for Global Equity, we provide select climate-related metrics alongside sustainability and financial metrics for the Asia Equity portfolio as of December 2024 below. The Benchmark represents the MSCI Asia ex-Japan Index.

	PORTFOLIO				BENCHMARK			
FACTOR	**Q4 2021**	**Q4 2022**	**Q4 2023**	**Q4 2024**	**Q4 2021**	**Q4 2022**	**Q4 2023**	**Q4 2024**
Scope 1 emissions – tCO_2 equivalent	n/a	7,910,616	5,248,372	4,829,592	n/a	6,333,124,856	6,666,577,147	6,480,920,777
Scope 2 emissions – tCO_2 equivalent	n/a	21,120,269	21,331,883	21,939,333	n/a	925,393,762	956,373,695	1,014,789,089
Scope 3 emissions – tCO_2 equivalent	n/a	241,427,872	158,573,471	158,573,471	n/a	19,861,821,809	21,853,147,947	22,073,107,517
Scope 1–3 emissions – tCO_2 equivalent	n/a	270,458,757	185,153,726	185,342,396	n/a	27,120,340,427	29,476,098,790	29,568,817,383
Emissions intensity – tCO_2 equivalent (Scope 1+2)/$m (revenues)	n/a	60	48	54	n/a	291	279	295
Emissions intensity – tCO_2 equivalent (Scope 1+2+3)/€m (revenues)	n/a	448	485	449	n/a	1121	1184	1288
Percentage of companies in SBT initiative (targets set or committed)	18%	26%	31%	45%	4%	21%	23%	18%
Implied temperature rise S1+2+3 (degrees C) at Q1 2022	n/a	1.9	1.9	2.1	n/a	3.3	3.3	3
Financed emissions	n/a	24,206	12,769	9,149	n/a	n/a	n/a	n/a
Carbon footprint	n/a	16.1	9	9	n/a	n/a	n/a	n/a

Portfolio data as of 31 December 2024 (unless otherwise stated). This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. However, Generation does not represent that it is accurate or complete and it should not be relied upon. It should not be deemed representative of future characteristics for the Portfolio. Source: MSCIt Data, Generation analysis based on data from the SBTi and MSCI, as of 31 December 2024.

Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)
Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)/current portfolio value in $ million.

The calculation emissions intensity disclosure (tCO_2 equivalent (Scope 1+2)/$m (revenues)) is equivalent to the Weighted Average Carbon Intensity calculation outlined under TCFD guidance.

35% of carbon data is based on 2022 figures and 65% is based on 2023 figures. This is primarily due to an update lag on the MSCI platform. 100% of EVIC data is based on 2023 figures.

PRIVATE MARKETS STRATEGIES

Growth Equity

For our Growth Equity strategy, we focus primarily on measuring outcomes (i.e., the effects of outputs on an issue we aim to address), as opposed to outputs themselves (i.e., what a company's activity produces). We measure these outcomes across the three thematic areas of focus for the strategy: Planetary Health, People Health and Financial Inclusion. Further information can be found in the fund impact reports. The emissions in the Growth portfolios have changed substantially following the exit of a company from SSF III in 2023 and a pause in emissions reporting in 2024 by a company in SSF IV.

We share emissions metrics for Sustainable Solutions Fund III and Sustainable Solutions Fund IV below:

SUSTAINABLE SOLUTIONS FUND III

FACTOR	PORTFOLIO 2021	2022	2023	2024
Scope 1 emissions – tCO_2 equivalent	2,801	4,807	4,521	5,846
Scope 2 emissions – tCO_2 equivalent	11,585	9,676	12,080	11,041
Scope 3 emissions – tCO_2 equivalent	148,736	619,723	243,446	293,699
Scope 1–3 emissions – tCO_2 equivalent	163,122	634,206	260,047	310,585
Emissions intensity – tCO_2 equivalent (Scope 1+2)/$m (revenues)	6.7	6	5	5
Emissions intensity – tCO_2 equivalent (Scope 1+2+3)/$m (revenues)	76	274	84	84
Financed emissions – attributable tCO_2 equivalent (Scope 1+2)	476	663	799	791
Carbon footprint – attributable tCO_2 equivalent (Scope 1+2)/$m (invested)	0.38	0.64	0.85	0.82

As of 31 December 2024. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. Generation does not represent that is accurate or complete and it should not be relied upon. It should not be deemed representative for future characteristics for the portfolio.

1. Most of our portfolio companies are software-enabled and therefore Scope 3 emissions are driven by spend on technology infrastructure, such as spend on data centre capacity and online advertising. Scope 3 emissions are approximated using sector-specific emissions factors.
2. For the year ending 31 December 2022, we have included the downstream Scope 3 emissions of portfolio company Convoy because they represent a material portion of the total Scope 3 emissions for the portfolio. We have incorporated Scope 3 data where available across all funds featured in this TCFD report. During the year ending 31 December 2023, we exited from our investment in Convoy whose data is no longer included in the reported statistics after 2022.
3. For portfolio companies with non-USD reporting currencies, FY revenue is converted to USD using the spot rate of the day of the applicable FYE.

Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)

Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)/current portfolio value in $ million.

Source: Emitwise, Generation analysis

SUSTAINABLE SOLUTIONS FUND IV

FACTOR	PORTFOLIO 2022	2023	2024
Scope 1 emissions – tCO_2 equivalent	3	118	376
Scope 2 emissions – tCO_2 equivalent	2,729	10,557	9,719
Scope 3 emissions – tCO_2 equivalent	7,153	299,388	57,415
Scope 1–3 emissions – tCO_2 equivalent	9,885	310,063	67,510
Emissions intensity – tCO_2 equivalent (Scope 1+2)/$m (revenues)	63	12	5
Emissions intensity – tCO_2 equivalent (Scope 1+2+3)/$m (revenues)	229	354	30
Financed emissions – attributable tCO_2 equivalent (Scope 1+2)	35	364	121
Carbon footprint – attributable tCO_2 equivalent (Scope 1+2)/$m (invested)	0.29	0.88	0.13

As of 31 December 2024. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. Generation does not represent that is accurate or complete and it should not be relied upon. It should not be deemed representative for future characteristics for the portfolio.

1. Most of our portfolio companies are software-enabled and therefore Scope 3 emissions are driven by spend on technology infrastructure, such as spend on data centre capacity and online advertising. Scope 3 emissions are approximated using sector-specific emissions factors.
2. We have incorporated Scope 3 data where available across all funds featured in this TCFD report. In 2024 Service Titan became a publicly listed company and began the process of preparing sustainability disclosures as a public company. The omission of their data explains the decrease in portfolio emissions, particularly Scope 3.
3. For portfolio companies with non-USD reporting currencies, FY revenue is converted to USD using the spot rate of the day of the applicable FYE.

Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)

Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1 + 2 emissions)/current portfolio value in $ million.

Source: Emitwise, Generation analysis

Private Equity

In our Private Equity strategy, the Long-term Equity Fund I continues to hold investments in two portfolio companies: FNZ and Octopus Energy. Throughout 2024, our Private Equity team maintained close and highly active partnership with both companies. We have collected carbon footprint data from both companies, but this data is not yet fully public. We will continue to work with these companies on improving public disclosure, which will allow us to disclose Fund-level metrics for the Long-term Equity Fund I in future.

Just Climate

In our Just Climate strategy, Climate Assets Fund I held investments in six portfolio companies: Stegra (previously H2 Green Steel), Continuum Green Energy, Ascend Elements, Meva Energy, ABB E-mobility and Infinitum as at 31 December 2024. Please see the 2024 absolute carbon emissions for these companies below. ABB E-mobility and Ascend Elements have committed to set a Science Based Target, but their target has not yet been validated.

FACTOR	2023	2024
Scope 1 emissions – tCO_2 equivalent	231	1,172
Scope 2 emissions – tCO_2 equivalent 1	776	3,285
Scope 3 emissions – tCO_2 equivalent	1,645,215	1,245,680
Scope 1–3 emissions – tCO_2 equivalent	1,646,222	1,250,137
Emissions intensity - tCO_2e (Scope1+2)/$m (revenues)	1.36	6.53
Emissions intensity - tCO_2e (Scope1+2+3)/$m (revenues)	2,221.77	1,831.16
Financed emissions	90	383
Carbon footprint	0.300	0.650

As of 31 December 2024. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. Generation does not represent that is accurate or complete and it should not be relied upon. It should not be deemed representative for future characteristics for the portfolio.

Financed emissions calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions).

Carbon footprint calculated as: ∑(outstanding amount / EVIC * Scope 1+2 emissions)/current portfolio value in $ million.

The path ahead

Our conclusion is based on the remarks of our Senior Partner, David Blood, delivered via his annual Senior Partner Letter in March 2025:

Our vision is a sustainable world in which prosperity is shared broadly, in a society that achieves well-being for all, protects nature and preserves a habitable climate. Sadly, in the last year, we have made little progress toward realising this world. Advocates for a sustainable economy are stuck or going backward.

This could not come at a worse time. We have already breached the planet's safe and just boundaries, and the situation is getting worse every day. No longer can the world turn a blind eye to climate change, the destruction of nature and economic inequality. In the short term, the poor and powerless suffer the consequences of a warming and deteriorating planet. In the long run we all will lose out.

We are deeply disappointed that many of the world's most important financial institutions are walking back from their commitments to climate, nature and fairness. Others engage in 'greenhushing,' which involves talking down their own climate action as a way to avoid controversy. Moreover, it is unconscionable that the fossil fuel industry and its legacy network of allies and captive policy-makers are looking to punish companies and investors that are pursuing sustainability goals.

We established Generation 21 years ago to prove the business case for sustainable investing. Our foundational beliefs – that the best practice is to invest for the long term, and that sustainability factors will be major drivers of economic change over time – are even clearer today. Moreover, while it may be unwelcome for certain industries and investors, hastening the sustainability revolution is the most important investment imperative in history.

Since founding our firm, we have faced opposition to our approach. Some believe sustainable investing has nothing to do with fiduciary duty, the legal requirement that asset managers act in the best interest of their clients. But this is incorrect. If an issue is relevant to the long-term health of a business or a portfolio, it is our duty to consider it. Climate change, nature loss and economic inequality are financial issues. They impact our ability as capital allocators to deliver our promise to society. As sustainability advocates we all must be clear and vocal that sustainable investing is best practice, and investors who decline to take sustainability factors into account are not fulfilling their fiduciary duty. Let's all be clear: a pensioner living in a 3°C hotter world, with degraded eco-systems and significant economic inequality, will not enjoy the fruits of their retirement

"There is a time for everything ...a time to be silent and a time to speak."

Ecclesiastes 3:7

The world must face a simple truth: when something is unsustainable it will eventually stop. Treating the transition to a sustainable economy as optional is not an option. The cost of inaction is indefensible and unbearable.

The transition is inevitable. But making the transition in time to avoid truly horrific consequences for all of humanity is not. This challenge requires people to put their heads above the political parapets to say and do what is right. We in the finance community must show leadership and create the circumstances in which sustainability goals can be advanced. There is a clear need for high-ambition investors to stand firm in their commitment to a sustainable economy and society.

We are the generation that has both the resources and indeed obligation to transition to a sustainable world. We must be determined.

Appendix

Generation's carbon reporting methodology is aligned to the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) standard.

SCOPE 3 BREAKDOWNS	**2022**	**2023**	**2024**
1. Purchased goods and services	3,271	3,610	4,405
2. Capital goods	153	35	103
3. Fuel- and energy- related activities, not included in Scope 1 or Scope 2	24	30	21
4. Upstream transport	17	1	2
5. Waste generated in operations	0.2	0.27	0.115
6. Business travel	696	1,899	4,965
Conference travel	1,122.97	0	1,523
7. Employee commuting	88	87	108
8. Upstream leased assets	0	0	0
9. Downstream transport	0	0	0
10. Processing of sold products	0	0	0
11. Use of sold products	0	0	0
12. EoL of sold products	0	0	0
13. Downstream leased assets	0	0	0
14. Franchises	0	0	0
15. Investments	169,468	149,569	108,189
TOTAL	**174,840**	**155,231**	**119,316**

Important information

Please note that this communication is for informational purposes only and describes our investment strategies. It is not and does not constitute a solicitation of any financial product in any jurisdiction. It is not intended to be, nor should be construed or used as, an offer to sell, or solicitation of any offer to buy units or interests in any Fund managed by Generation. The information contained herein is not complete, and does not represent all holdings, or material information about an investment in the Global Equity Fund, including important disclosures and risk factors. It is intended for existing investors only. Units in Generation's Global Equity Fund are offered only on the basis of the Fund's prospectus. Specifically, units in the Global Equity Fund are only available for offer and sale in the United States or to US Persons (as that term is defined in Rule 902 of Regulation S promulgated under the Securities Act of 1933, as amended ("Securities Act"), that qualify as both (i) accredited investors and (ii) qualified purchasers (as such terms are respectively defined in Regulation D promulgated under the Securities Act and the Investment Company Act of 1940, as amended). In the European Union, Generation's Global Fund is only available in certain countries to Professional Investors as defined in the Alternative Investment Fund Managers Directive (2011/61/EU).

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