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Building a resilient and sustainable future

Record plc Climate-Related Disclosures Report 2022/2023

Our purpose
Why we exist

Record was born of an idea that no one else in our industry had: Currency Overlay, which led to the signing of the world's first Currency Overlay mandate in 1985. Almost four decades later, we purposefully continue to harness trends, ignite ideas and spark innovation, with intellectual, inquisitive and diverse thinking. And we apply this never-standing-still approach to all our specialist partnerships and solutions.

This way, we stay one step ahead for our clients.

Climate-Related Disclosures Report 2022/2023

Contents

Introduction

This year saw several climate-related disasters which caused more than $270 billion-worth of damage across the globe[1]. These events continue to show the profound and far-reaching impact natural disasters can have on society and the economy. At COP 27, the creation of the loss and damage fund, which aims to compensate developing countries for the climate chaos, was a breakthrough for poorer nations who are on the front lines of the crisis yet contributed towards it the least. However, COP 27 failed to achieve any major breakthroughs on implementation and the need to turn pledges into real-world action remains starkly present. Collaboration, partnership and innovation are in dire need to tackle the crisis and ensure a just transition into a low-carbon economy.

Record's focus on climate resilience is core to our corporate purpose and is aligned with our responsibility to our stakeholders. Our work in this space is fast evolving as we continuously improve our climate strategy, governance and disclosure. Record has been an environmentally conscious business since the start and has been certified Carbon Neutral®, measuring and offsetting our carbon emissions, since 2007. After committing to net-zero in 2021 and setting new interim targets last year, the next stage is implementation of our action plan and tangible emissions reductions. Last year we published our inaugural climate report, providing for the first time detail on our climate change strategy including how we manage climate-related risk and take hold of the opportunities for the benefit of our stakeholders. This year we have made improvements to our disclosures with the aim to strengthen both our transparency and ability to deliver.

We integrate climate change considerations within both our operational and investment activities and aim to play a strong supporting role in the transition to low carbon across the financial services industry through effective stakeholder engagement. As we diversify our product offerings and continue our venture into the alternative fixed income space, we expect climate risk and opportunities to play a greater role in our investment activity. This year we are reporting the financed emissions for our Emerging Market Sustainable Finance ("EMSF") strategy, which invests in both currency and bonds. Significant progress has been made with respect to the four pillars outlined last year in our climate change strategy and is detailed throughout this report.

This report has been written in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and is presented within their four thematic areas: **Governance**, **Strategy**, **Risk Management**, and **Metrics and Targets**. Under each of these core areas, the TCFD provides eleven recommendations which are designed to solicit in-depth, forward-looking climate disclosures, as well as five additional recommendations for asset managers with respect to their investment management process. This report addresses all recommendations with respect to the firm's operational activities, and where possible, we will address the asset manager-specific recommendations which focus on our investment activity on behalf of our clients.

1. Cost of natural disasters reaches $270 billion in 2022, reports Munich Re | Meteorological Technology International.

TCFD summary

Governance

Recommendations	Current status	Key areas of progress	Page
Describe Board-level oversight of climate-related risks and opportunities.	Compliant	• Record plc Board oversight of sustainability strategy and progress against commitments through regular updates • Upskilling Record plc Board with sustainability and ESG training which included a focus on climate change issues • Proposal to make Senior Sustainability Office a Group-level committee approved	See more on pages 6-8
Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant		

Strategy

Recommendations	Current status	Key areas of progress	Page
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Compliant	• Completed our annual strategic assessment of climate-related risks and opportunities to help inform strategy • Completed a sustainability materiality assessment which included a section on environmental issues to help inform strategy • Completed a qualitative climate-scenario analysis for the first time	See more on pages 10-21
Describe the impact of these climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Compliant		
Describe the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	Compliant		

TCFD summary continued

Risk management

Recommendations	Current status	Key areas of progress	Page
Describe the organisation's processes for identifying and assessing climate-related risks.	Compliant	• Climate-related risks reviewed, assessed and updated in our Group-wide risk management framework • Improved climate-related risk disclosures and better defined our risk management process	See more on pages 25-26
Describe the organisation's processes for managing climate-related risks strategy and financial planning.	Compliant		
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Compliant		

Metrics and targets

Recommendations	Current status	Key areas of progress	Page
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially compliant	• Measured carbon footprint of our EMSF strategy for the first time • Improved disclosure on climate metrics • Achieved all but one of our climate-related targets set out in last year's report	See more on pages 28-31
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Compliant		
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Compliant		

The need for change

The world is facing a climate crisis and greenhouse gas ("GHG") emissions are not decreasing. In 2022, global CO_2 emissions increased by 1% to 36.6 gigatonnes. The remaining carbon budget keeping global warming below 1.5°C will be gone in nine years if emissions remain at current levels[1]. Increasing emissions are causing the global temperature to rise, resulting in more extreme weather, rising sea levels, and thawing sea ice. This will only continue to intensify unless we reduce the amount of greenhouse gas in the atmosphere.

In 2015, almost 200 countries signed the Paris Climate Agreement, agreeing to limit global warming to well below 2°C, and preferably less than 1.5°C, compared to pre-industrial levels. Presently, global temperatures have risen by 1.15°C since then. The commitment is designed to substantially reduce the impacts of climate change, which would otherwise have catastrophic impacts around the world. Global temperatures rising 1.5°C above pre-industrial levels could result in[2]:

- 11 million people exposed to extreme heat;
- 61 million people exposed to drought; and
- 10 million people impacted by sea level rise.

The Intergovernmental Panel on Climate Change ("IPCC")[3] states that to meet the commitment of the Paris Climate Agreement, we must halve greenhouse gas emissions by 2030 and reach net-zero emissions by 2050.

What does net-zero mean?

The Science-Based Targets initiative ("SBTi") recently launched the world's first net-zero corporate standard, outlining the necessary principles net-zero targets must conform to in order to align with the 2015 Paris Agreement. The SBTi Net-Zero Standard[4] defines corporate net-zero as:

- reducing Scope 1, 2 and 3 emissions[5] to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways; and
- neutralising any residual emissions at the net-zero target year and any greenhouse gas emissions released into the atmosphere thereafter.

Therefore, purely offsetting emissions is not enough to be net-zero. Organisations must first reduce emissions across all scopes. Any emissions that are not possible to cut, i.e. residual emissions, should be no more than 5-10% and must then be neutralised through carbon removals.

1. https://www.carbonbrief.org/analysis-global-co2-emissions-from-fossil-fuels-hit-record-high-in-2022/
2. https://sciencebasedtargets.org/blog/1-5-c-vs-2-c-a-world-of-difference
3. https://www.ipcc.ch/sr15/.
4. Net-Zero-Standard.pdf (https://sciencebasedtargets.org).
5. Scope 1 emissions are those that a company makes directly from its operations. Scope 2 emissions are those that a company makes indirectly from purchased electricity, steam, heating or cooling consumed. Scope 3 includes all indirect emissions that may occur in the value chain e.g. business travel, commuting, home working, waste etc.

Governance

What's in this section

Governance

We have seen significant formalisation of our sustainability governance structure, building the foundations for the development and management of our climate change strategy as well as ensuring oversight at the highest level of the company.

Board oversight

Record plc Board
The Record plc Board is responsible for overseeing the integration of the Group sustainability strategy and progress towards such strategic goals, including climate change strategy. The Board reviews disclosures made in our sustainability-related reports and receives regular updates from our Senior Sustainability Office, enabling them to provide rigorous challenge to management and ensuring we are ambitious in our goals. The Board is also responsible for maintaining an effective Group risk management framework, including management of climate-related risks and opportunities.

Board-level committees

Group Audit Committee
Record's Audit Committee monitors and reviews the Group's financial statements as well as the effectiveness of our internal controls for risk management, including climate-related risks and opportunities. The review of our Annual Report and Accounts includes a review of our approach to the TCFD by the Audit Committee.

Group Nomination Committee
The Nomination Committee is responsible for succession planning, appointments to the Board and Board evaluation. The committee evaluates Board competency across several topics, including sustainability and climate issues.

The most recent evaluation led to a two-part training programme for our Board to better equip them to oversee the adoption of our sustainability strategy across the Company. The first session was run in partnership with an external company and introduced the sustainability landscape, including an assessment of our peer group and best practice with respect to Board accountability. The second session aimed to highlight important elements of our internal sustainability strategy, reflecting the results from our sustainability materiality assessment as well as progress towards our commitments and future ambitions.

RCML Investment Committee
The Investment Committee is responsible for oversight of the management of climate-related risks and opportunities in our investment activity. The Investment Committee meets several times every year to review long-term performance of current products, approve any proposed strategies or agree on revisions to current strategies. The Investment Committee provides regular updates to the Board and provides relevant climate-related investment updates on an ad-hoc basis.

Remuneration Committee
The Remuneration Committee designs the policy to align employee performance with remuneration, including performance against sustainability-related issues for those in relevant areas and levels of responsibility. Performance against sustainability-related objectives therefore forms part of the performance review process and is tied to key remuneration decisions, driving a consistent approach to the execution of the sustainability across the group.

Management responsibilities

Group Senior Sustainability Office ("SSO")

The Record plc Board has delegated accountability for determining sustainability strategy and prioritising progress to the SSO. The SSO is formed of key senior managers who take responsibility for proactively integrating sustainable practices across Record Financial Group. The SSO approves Record's sustainability strategy, and as such has reviewed and approved our climate change strategy and our TCFD disclosures. The SSO meets bi-monthly to make decisions on sustainability-related topics, considering recommendations and approving proposals from the Sustainability Manager and the wider Sustainability Committee.

Sustainability Manager

The Sustainability Manager is responsible for driving progress against the sustainability strategy, taking recommendations and proposals to the SSO and implementing actions as approved. The Sustainability Manager acts as conduit between the Sustainability Committee and the SSO, co-ordinating sustainability efforts and aligning goals across the Group.

Sustainability Committee

The Sustainability Committee is a broader committee that seeks to gather ideas and recommendations from across the business, as well as implement initiatives. It includes members of staff from varying levels of seniority and teams. The committee is comprised of officer roles which represent key areas of sustainability aligned with the Company strategy. The officers work closely with the Sustainability Manager to make progress on defined sustainability objectives and provide updates on progress during bi-monthly committee meetings.

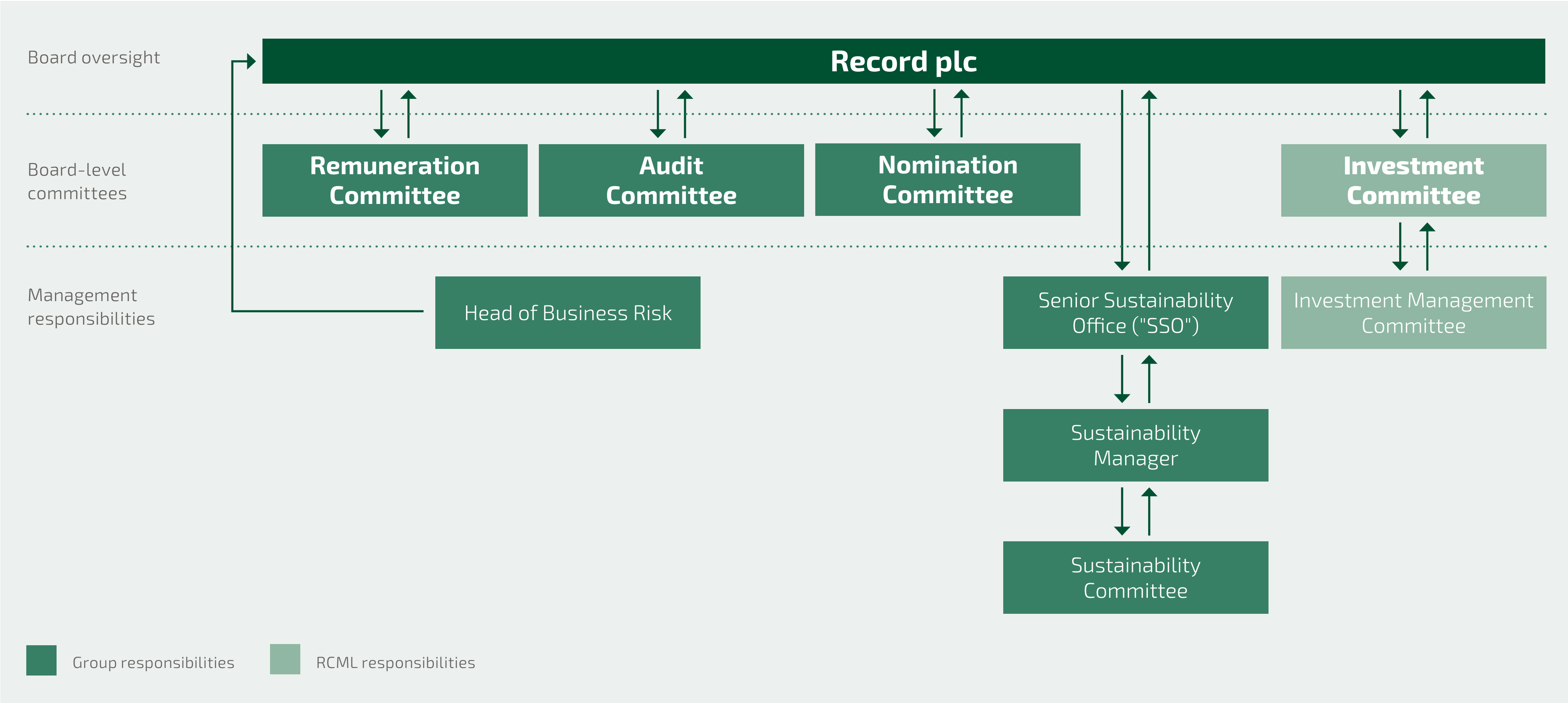
Head of Business Risk

The Head of Business Risk monitors climate-related risks on an ongoing basis within the Group-wide business risk management framework. The Head of Business Risk reports directly to the Chief Executive Officer and meets with the Record plc Board six times annually to discuss identification, evaluation and mitigation of risks which have been deemed to pose a material business risk.

Investment Management Group

The Investment Management Group ("IMG") is responsible for the day-to-day management of client portfolios and meets on a weekly or monthly basis to discuss strategies. The Group considers the impact of climate-related issues on the continued management of our clients' portfolios and if any material risks were to be identified, the IMG would escalate this to the Investment Committee.

Governance organisation chart



What’s in this section

See more about our identification and management of climate-related risks and opportunities on page 18

Net-zero transition within our operations and value chain

We have always considered the impacts our operations have on our community and the environment. Each year, we collect the relevant data and work with a carbon accounting company to measure, verify and assess our carbon footprint. We have been certified as CarbonNeutral® in accordance with the CarbonNeutral® Protocol, the leading framework for carbon neutrality, since 2007. This means that we have been purchasing carbon offsets which deliver immediate emissions reductions through sustainable development and renewable energy projects around the world for over 15 years. The projects are independently verified by standards such as the Gold Standard to ensure environmental integrity in our work to take climate action.

Carbon offsetting projects

Please see below examples of the types of carbon offsetting projects we have supported over the years.

Rivas wind power, Nicaragua

Project type:

Sustainable infrastructure, renewable energy project

Project description:

This project promotes the transfer of environmentally sound technologies to a developing country, helping the Nicaraguan electrical grid grow with sustainable sources of power.

SDGs:

4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Chinese afforestation, China

Project type:

Natural climate solutions, afforestation/reforestation

Project description:

The projects are restoring more than 30,000 hectares of degraded land in the provinces of Qinghai and Xinjiang, supporting a drive to create and conserve nature reserves in order to enhance local biodiversity with a resilient mix of native tree species.

SDGs:

8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION
15 LIFE ON LAND

Improved cookstoves, Kenya

Project type:

Health and livelihoods, clean cooking

Project description:

This project aims to tackle key development issues through efficient cooking products. The objective is to serve the most vulnerable communities across Kenya, tackling health issues of traditional cookstoves, reducing dependence on non-renewable biomass sources, while promoting financial security and female empowerment.

SDGs:

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
15 LIFE ON LAND

Net-zero transition within our operations and value chain continued

Pathway to net-zero

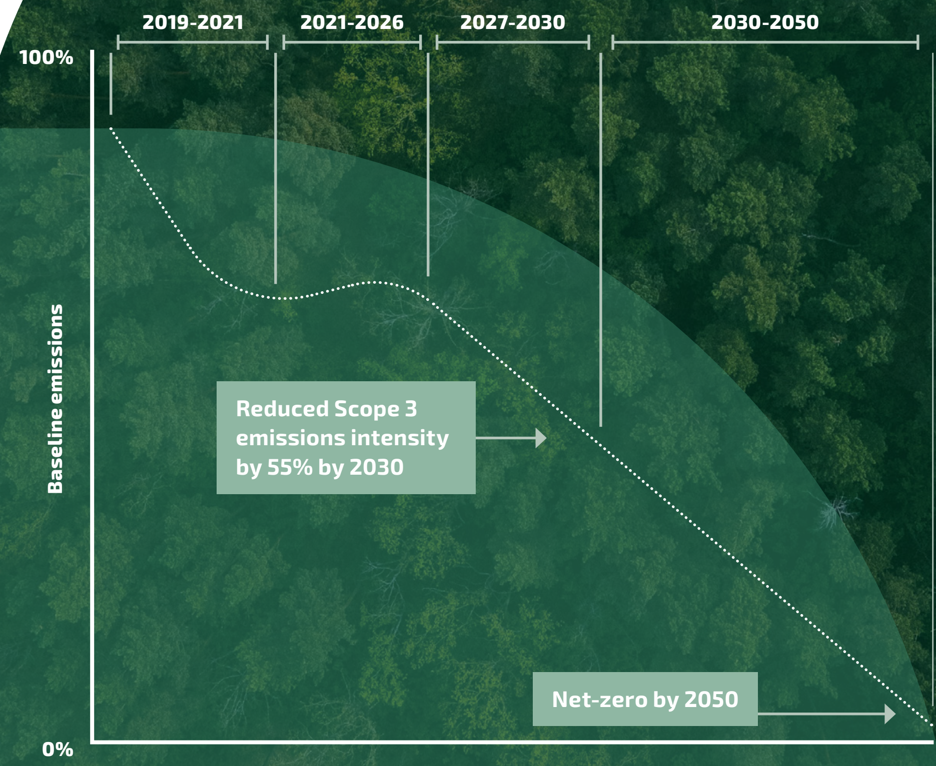
However, we know that there is a need for further climate action. Whilst our offsetting practices have had a positive impact in neutralising the carbon we have emitted over the years, we recognise that being carbon neutral is not enough. It is now vital that we take additional steps to become net-zero, reducing the greenhouse gas emissions ("GHGs") we produce throughout our operations and value chain. We have therefore committed to the following targets:

- **Reach net-zero greenhouse gas emissions in our operations and value chain by 2050**
- **Reduce Scope 3[1] emissions intensity[2] by 55% by 2030 against a 2019 baseline**

These targets were developed using science-based methodology and are aligned with limiting global warming to 1.5°C. Since becoming 100% renewable across our UK operations in 2021, our Scope 2 emissions have dropped drastically. The residual Scope 2 emissions result from the office space we rent in Zurich and our new office in Frankfurt. Our interim target therefore focuses solely on our indirect Scope 3 emissions, which make up 98% of our current carbon footprint. In particular, business travel, commuting and home working are the three biggest contributors to our Scope 3 emissions and have been identified as priority areas of focus for reducing our emissions in line with our target.

Our emissions have already reduced since our 2019 baseline year, dropping drastically in 2020 and 2021 due to the pandemic. Last year we became 100% renewable across our UK operations, which saw our Scope 2 emissions drop significantly. We do expect emissions to increase slightly in the short term as we continue to get back to "normal" working practices and return to the office, but remain keen to keep emissions below pre-pandemic levels.

Record is entering a growth phase; we are hiring more employees and are setting up new offices in new locations which will lead to increased emissions. We accounted for this growth in our interim target by using an intensity measure, but we expect that in the long term we will see absolute emissions reductions led by our emissions reduction principles and aided by government intervention and new technologies.



1. Scope 3 emissions: business travel; premises waste, water and transmission and distribution losses; outbound deliveries; commuting; other upstream emissions; and home working.
2. Scope 3 emissions intensity is calculated as an absolute value of emissions divided by revenue.

Net-zero transition within our operations and value chain continued

Emissions reductions principles

1. Renewable energy

We operate on 100% renewable energy across our UK offices through a mixture of onsite generation and Renewable Energy Guarantees of Origin ("REGOs"). Purchasing REGOs supports the renewable energy market by demonstrating market demand whilst also increasing the renewable energy mix in the grid of the country where it was generated. REGOs are recognised by a number of standards and bodies including the GHG Protocol, CDP and RE100 as a method to reduce Scope 2 electricity emissions.

2. Responsible travel

During the pandemic, restricted travel worldwide meant our emissions dropped significantly as meetings with colleagues and clients abroad were held online using video calls. We will continue to hold meetings online where possible, whilst also asking employees to consider sustainable travel alternatives when booking travel.

We continue to adopt a hybrid working arrangement, in part to reduce commuting emissions. Alongside this we have several initiatives in place to encourage greener travel, including a cycle to work scheme and a green salary sacrifice car scheme which only supports the purchase of hybrid or fully electric cars.

3. Energy efficiency

Record is investing in several energy efficient technology alternatives. We are currently in the process of replacing our energy exhaustive computer desktops with personal laptops. The personal laptops are all Energy Star certified, which means they have been third-party certified and use 25-40% less energy than conventional models. Our move to a cloud-based data centre has further improved energy efficiency. The data centre has its own commitments to reduce energy consumption through continuous innovation, infrastructure upgrades, and maximising the impact of key sustainable technologies across their data centre portfolio.

All Record Group offices are in shared buildings where energy efficiency measures are centrally managed and largely out of our control. However, the office space we rent in London is BREEAM certified (rated as Excellent) and is therefore considered to be highly energy efficient. We will continue to engage with our building managers and work with them to introduce more energy efficient alternatives where we can.

This year we reduced the space we rent in our Windsor office by re-designing our office to make more efficient use of the space available and, in turn, reduce our energy consumption.

4. Minimising office waste

Record reviews suppliers to ascertain whether there are more environmentally sustainable alternatives. In line with this, we now purchase our office snacks and fruit from businesses who use recyclable packaging only. We have also switched from buying plastic milk bottles to refillable glass bottles, reducing the amount of plastic goods purchased.

This year we met our target to reduce paper usage by the end of 2022 by 70% against a 2019 baseline, reducing it by 72%. We met this target by moving day-to-day activities which require paper online and by reducing the number of printers available. Our new printing policy encourages thoughtful paper usage and provides exemptions only in certain instances.

This year Record downsized the office space we occupy in our Windsor headquarters. Throughout this project, we recycled, reused or donated all office and IT equipment that was no longer needed to ensure nothing went to landfill. The project saw us make carbon savings of 9.92 tCO_2e and £113,650 saved in landfill rates.

Strategy

Climate-integrated investment

Record has identified responsible investment as an essential prerequisite to successful, resilient and prudent investment management. As such, we work to integrate ESG and impact considerations as much as possible across our investment processes, and climate change falls within this.

We recognise that appetite for sustainable investment products and services continues to grow amongst our client base and as such are gearing more resources towards the development of products which meet the growing demand. The launch of the flagship Emerging Market Sustainable Finance ("EMSF") strategy in 2021 was a pioneering step to design an ambitious sustainable finance strategy that aims to address the traditional funding challenge and support the development of currency markets in low and middle-income economies. It aims to deliver sustainable investment solutions in partnership with the development community for end-borrowers in developing markets whilst also funnelling development capital to sustainable projects in developing nations. Simultaneously, it directly supports the financing of impact projects through bond investments issued by development institutions with active operations in low and middle-income economies.

Improvements in currency stability contributes to economic growth in parts of the world which are particularly adversely impacted by climate change and will support their ability to adapt to climate change. At the same time, our bond issuers are committed to align their lending activities with the UN SDGs, the Paris Agreement and the Operating Principles for Impact Management. They have set high targets for climate finance in addition to other sustainable outcomes. Projects approved are required to meet a comprehensive and strict set of environmental, social and governance performance requirements, covering key areas of sustainability and ensuring socially and environmentally sound development. In 2021, Multilateral Development Banks ("MDBs") provided around $51 billion (62% of overall MDB climate finance) in climate finance to low and middle-income economies. Of this total, more than $33 billion (65%) was for climate change mitigation and more than $17 billion (35%) for climate change adaptation[1].

As retail pioneers in the currency impact investment space, we will continue to leverage the first mover market advantage and cater to changing consumer preferences whilst contributing to thought leadership, building out these material links between currency investments and sustainable outcomes. As we diversify our product offerings and continue our venture into the alternative fixed income space, we expect climate-related risk and opportunities to play a greater role in our investment activity.

1. https://www.eib.org/en/press/all/2022-402-multilateral-development-banks-climate-finance-in-low-and-middle-income-countries-reaches-usd51-billion-in-2021

Climate-integrated investment continued

Climate impact reported by our investees[1,2]

7 AFFORDABLE AND CLEAN ENERGY	**84,852,000** Annual tonnes of CO_2 equiv. emissions avoided (AfDB, AIIB, ADB, EBRD, IDA, IADB, IDB INV, NEWDEV, AFD)
	96,265 MW power generation capacity installed from renewable sources (AIIB, ADB, EBRD, IADB, IDB INV, NEWDEV, EIB)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**5,137,000** Beneficiaries from strengthened environmental sustainability (ADB)
	35,000,000 Hectares of territory benefited from sustainable management programmes (AFD)
13 CLIMATE ACTION	**4,561,000** Beneficiaries of enhanced disaster and climate change resistance (AFD, IFC)
	USD 50 billion Climate finance to low and middle-income countries (AfDB, AFD, AIIB, EBRD, EIB, IADB, IDB INV)
14 LIFE BELOW WATER	**870** Hectares of terrestrial/coastal/marine areas conserved/restored/enhanced (AFD)
	3,100,000 Hectares of marine area benefited from biodiversity conservation programmes (AFD)
15 LIFE ON LAND	**438,000,000** Agribusiness and forestry employment (IFC)
	22,100,000 Hectares benefited from biodiversity conservation/restoration programmes (AFD)

1. https://www.eib.org/en/press/all/2022-402-multilateral-development-banks-climate-finance-in-low-and-middle-income-countries-reaches-usd51-billion-in-2021
2. Asian Development Bank ("ADB"), Agence Française de Développement ("AFD"), African Development Bank ("AfDB"), Asian Infrastructure Investment Bank ("AIIB"), European Bank for Reconstruction and Development ("EBRD"), European Investment Bank ("EIB"), Inter-American Development Bank ("IADB"), International Development Association ("IDA"), Inter-American Investment Corporation ("IDB INV"), International Finance Corporation ("IFC"), New Development Bank ("NEWDEV").

Climate-integrated investment continued

Examples of development projects approved in 2022

Renewable energy loans in Nigeria, African Development Bank

The objective is to address one of the key funding challenges for renewables across Africa by offering Nigerian clean power developers access to naira-denominated credit for up to 15 years. Few lenders in Africa are prepared to offer the longer credit arrangements required by clean power developers. The loan provided by the AfDB jointly funds a government initiative to provide clean power to 705,000 households, 90,000 micro-to-medium-sized businesses, 400 health centres, 100 covid-19 treatment and isolation centres, 15 federal colleges, and two teaching hospitals.

Source: African Development Bank, 2022

Energy transition in Peru, Inter-American Development Bank

The programme aims to support low-carbon infrastructure to help transition the country to net-zero while supporting economic growth. The primary objectives are to develop a roadmap on the energy transition to a low-carbon sector and evaluate alternative new non-conventional renewable energy sources. Sustainable low-carbon infrastructure can support Peru to achieve strong, green and inclusive economic growth while providing a pathway for economic growth and a transition to a net-zero economy.

Source: Inter-American Development Bank, 2022

Record Digital

Record's new digital venture arm is generating diversified revenues from investments in new opportunities, including green infrastructure projects that aim to support the increasing demand for carbon-intensive High-Performance Computing ("HPC"). Renewable energy infrastructure projects can be limited by local demand for energy. By bringing together the increasing demand for computing power alongside these sites, renewable energy projects can become more attractive.

The current estimate of energy consumption by data centres is around 2% of global electricity usage. The current growth of computing demand and storage could push that number as high as 5-10% by 2030. With climate change at the front and centre of global concerns, it's not feasible to continue expanding computing power whilst relying on fossil fuels. The only way to meet demand is through wider adoption of renewable energy and this solution can help lead the ongoing energy transition.

Climate-focused engagement with stakeholders

Record believes in enhancing climate action through stakeholder engagement, accelerating the transition to climate resilience within our own organisation as well as within the wider society. We are also affiliated with a number of standards and frameworks, which you can view on page 17, and work with them to engage with the industry.

ESG Counterparty Engagement Strategy ("ESG-CES")

We actively engage with our counterparty banks through our proprietary ESG Counterparty Engagement Strategy. The strategy seeks to better align the activities of counterparties with the interests of key stakeholders by assessing and quantifying the activities and associated disclosure of the banks with respect to environmental, social and governance ("ESG") factors. This allows us to pre-screen transaction counterparties and direct flow to more sustainable banks. With respect to our environmental assessment, we collect data on counterparty GHG emissions, fossil fuel policies as rated by Reclaim Finance, as well as third-party ratings including CDP and the Bloomberg Environmental Disclosure score.

This year we engaged with 83% of counterparty banks that we traded with this year across a variety of sustainability topics. A key topic in many of our engagements continues to be the transition to net-zero, particularly with respect to the counterparties' financing activities in line with the Net-Zero Banking Alliance.

CDP supplier engagement rating

CDP evaluates organisations' engagement with their suppliers on climate change. Purchasing organisations have the potential to incentivise significant environmental changes through engagement with their suppliers. By evaluating supplier engagement and recognising best practice, CDP aims to accelerate global action on supply chain emissions. We received a B- for supplier engagement, scoring in line with the average financial services sector score and above the European and global average, demonstrating co-ordinated action on supplier engagement issues.

Supplier Code of Conduct

Record is a signatory to the United Nations Global Compact ("UNGC") and has developed a Supplier Code of Conduct in line with their Ten Principles in the areas of human rights, labour, environment and anti-corruption. This code is used as a guide to collaborate with our suppliers in the promotion of responsible business practices and sets out the minimum standard of conduct we expect from our suppliers. We are committed to working with suppliers by making recommendations and/or reviewing corrective action plans to ensure compliance.

With respect to the environment, we aim to manage our impact throughout our value chain and therefore expect our suppliers to promote environmentally responsible practices. Specifically, at a minimum, we expect suppliers to:

- comply with all applicable environmental laws and regulations;
- identify environmental risks, impacts and responsibilities in an environmental policy, statement or programme; and
- take reasonable steps to minimise greenhouse gas emissions and reduce their environmental impact.

With the implementation of our new supplier management platform, we aim to be able to better engage with our suppliers on all areas of sustainability.

Sustainability materiality engagement

This year we co-ordinated a multi-stakeholder materiality assessment to verify the focus of our sustainability strategy and evaluate the additional ESG topics that are relevant to Record. We identified 23 sustainability-related topics, including seven environmental issues, which are relevant to our industry and took part in an engagement exercise with key stakeholders in which they ranked each topic on a scale of 1 to 10 (1 = least important; 10 = most important) through two lenses: 1) the importance each stakeholder places on the topic and 2) the potential impact of each topic on Record/the potential impact Record can have on the issue.

Stakeholders were asked to consider double materiality when ranking the level of impact of each topic, focusing on both the financial materiality (i.e. the impact the issue has on Record's financial activities) and the environmental and/or social materiality (i.e. the social and/or environmental impact of Record's activities on the issue). The stakeholder groups who took part in the exercise included internal stakeholders (employees, senior management, Record plc Board) and external stakeholders (investment consultants and clients, shareholders, and our counterparty banks). You can read more about our materiality assessment and stakeholder engagement in our Sustainability Report.

Climate transparency and reporting

Record aims to exceed stakeholder expectations in reporting, transparency and action on climate-related issues. We believe that transparency and reporting is key for progress, allowing us to be held accountable to public standards and ensure we meet our commitments and targets.

The climate-related regulatory reporting landscape is continuously evolving and at this point in time varies significantly across different jurisdictions. Record's Sustainability Manager is responsible for monitoring emerging climate reporting regulations and ensuring we maintain compliance with new and existing legislation. One way we do this is by going beyond regulatory compliance and working to continuously improve the quality of our climate-related disclosures. Our first TCFD report was disclosed in 2020 within our inaugural Sustainability Report. Over the last three years we have used the TCFD recommendations to guide the development of our climate strategy and improve our climate-related disclosures. Record also supports the work of the International Financial Reporting Standards Foundation ("IFRS") in their development of the International Sustainability Standards Board ("ISSB") and their approach to sustainability and climate disclosures.

We benchmark our performance against industry peers by disclosing to several voluntary climate-related frameworks. These reporting mechanisms play an important role in allowing us to review progress and provide direction in developing our reporting. In particular, the CDP offers a platform to provide comprehensive and focused reporting on climate change. The CDP aligns with various industry standards and frameworks, promoting best practice.

Memberships and affiliations

CDP is a non-profit charity that runs a global disclosure system for investors, companies and cities to report on and manage their environmental impacts. We received a B- in this assessment year period and will continue to improve our disclosure.

Record is a signatory member of the UN PRI, an independent organisation supported by the UN, which encourages investors to use responsible investing and consideration of ESG factors to enhance returns and better manage risk.

Record signed up to the UN Global Compact's ten principles which are aligned with the UN SDGs. Principles 7, 8 and 10 specifically encourage signatories to promote greater environmental responsibility.

Swiss Sustainable Finance aims to promote sustainability within Swiss financial institutions.

As an influencer member of Pensions for Purpose, Record shares and has access to relevant ESG, sustainable and impact investment information through their knowledge platform.

We are committed to a set of global principles of good practice in the foreign exchange market, promoting integrity and its effective functioning.

Record is a supporter of and reports in line with TCFD recommendations to assess climate risks and opportunities.

Record has been certified as CarbonNeutral® through purchasing carbon offsets in accordance with the Carbon Neutral® Protocol, the leading framework for carbon neutrality.

Identification and management of climate-related risks and opportunities

The TCFD places climate-related risk within two categories:

- **Physical risk:** Physical risks resulting from climate change can be largely event driven (acute), such as floods or hurricanes, or longer-term (chronic) shifts in climate patterns such as sea level rise or chronic heatwaves.
- **Transitional risk:** Transitional risks are those which result from our transition into a lower-carbon economy and can entail policy, legal, technology and market risks as we adapt to the change.

The table on the following page provides an overview of the risks and opportunities which we have identified to be relevant to our business and therefore have been integrated within our Group-wide risk management framework and addressed within our four-pillar climate strategy. Each risk and opportunity has been considered in terms of the financial impact it could have on the business and the time horizon it could occur in. We have categorised short, medium and long term according to the following timescales: short term (0–1 year), medium term (1–5 years) and long term (over 5 years).

Identification and management of climate-related risks and opportunities continued

Climate-related risks and opportunities

Risk

Risk type	Risk description	Primary financial impact	Time horizon	Mitigation strategy
Policy and legal	Enhanced climate-related reporting obligations	Increased cost of data gathering, analysis and publication **Low**	Medium term	• Climate-focused engagement with stakeholders • Climate transparency and reporting
	Increased pricing of GHG emissions and carbon offsets	Increased operational costs **Low**	Medium term	• Net-zero transition within our operations and value chain
Market	Significant shifts on consumer preferences including a move to green, low-carbon products	Reduced revenue from decreased demand for traditional products and services **Medium**	Long term	• Climate-integrated investment
Technology	Additional cost to transition to lower emissions technology	Increased capital expenditure **Low**	Medium term	• Net-zero transition within our operations and value chain
Reputational	Increased stakeholder concern or negative stakeholder feedback on climate-related action or inaction	Decreased revenue due to reduced demand for product and services, and reduction in capital availability **Medium**	Medium term	• Net-zero transition within our operations and value chain • Climate-integrated investment • Climate-focused engagement with stakeholders • Climate transparency and reporting
Acute physical	Increased severity and incidence rate of extreme weather events	Reduced revenue due to transport difficulties and damage to facilities **Medium**	Medium term	Whilst not specifically addressed in our climate strategy, a number of actions have been taken to mitigate this risk, including: • An established business continuity process • Flexible working and remote working ability • Insurance for buildings • Data centre moved to a cloud-based server with increased protection

Strategy

Identification and management of climate-related risks and opportunities continued

Climate-related risks and opportunities continued

Risk

Risk type	Risk description	Primary financial impact	Time horizon	Mitigation strategy
Chronic physical	Overall shifts in climatic behaviour resulting in long-term changes in temperature and precipitation patterns	Increased operational costs and global political tensions **Medium**	Long term	

Opportunity

Opportunity	Opportunity driver	Primary financial impact	Time horizon	Opportunity strategy
Products and services	Development and/or expansion of low-emissions goods and services, in turn diversifying our business activities	Increased revenue from increased demand for products and services **High**	Short term	• Climate-integrated investment
	Access to new markets	Increased revenue from access to new markets developed under the push for the greener agenda **Low**	Short term	• Climate-integrated investment
Resource efficiency	Move to more energy efficient technology to allow for more modern ways of working	Reduced operational costs **Low**	Short term	• Net-zero transition within our operations and value chain
	Move to more efficient buildings. Energy efficient buildings are modern and provide a better working environment	Reduced operational costs **Low**	Short term	• Net-zero transition within our operations and value chain

Scenario analysis

We have conducted a scenario analysis to assess the financial risk posed to Record across different transition pathways (scenarios) which each conclude different outcomes based on several projected variables. These variables include greenhouse gas emissions, government intervention, uptake and innovation of technology, and economic growth. Each scenario has a different level of global temperature rise and different economic, environmental and social outcomes as a result of said temperature rise across both the short and long term. The scenarios chosen are the Network for Greening the Financial System ("NGFS") net-zero by 2050, delayed transition and current policy pathways.

This scenario analysis focuses mainly on operational impacts of climate change, rather than impacts related to the performance of our investments, due to the fact our investments are predominantly in currency hedging mandates.

Climate change impact	Physical risk	Transitional risk
Net-zero by 2050	Low / Low	High / Medium
Net-zero by 2050 is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net-zero CO_2 emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately. Carbon Dioxide Removal ("CDR") is used to accelerate the decarbonisation but kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO_2 emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (<0.1°C) of 1.5°C in earlier years.	There may be increased incidence and severity of weather events. However, the impact of this will be low across our office locations across both the short and long term.	Transitional risks are higher in the short term due to immediate action. CDR is available but kept at a minimum, increasing carbon prices. There is ongoing policy and regulatory changes, increasing legal and policy risk. Major innovation needed to accelerate the clean energy transition. Several emerging and developing economies have a large potential for producing renewable electricity and need access to finance to realise this, which could surmount to opportunities for Record.

Short-term impact (now to 2030) Long-term impact (2030 to 2080)

Strategy

Scenario analysis continued

Climate change impact	Physical risk	Transitional risk
Delayed transition Delayed transition assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies, leading to a "fossil recovery" out of the economic crisis brought about by covid-19. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in well-below 2°C after 2030 to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the net-zero by 2050 scenario.	Low / Medium There may be increased incidence and severity of weather events. However, the impact of this will be low across our office locations in the short term. The risk in the long term increases slightly compared to the net-zero by 2050 scenario, due to the fact the outcome of this scenario is limiting to 2°C rather than 1.5°C.	Low / High Transition risks are low in the short term due to lack of policy changes and regulation, however this risk increases significantly in the long term due to the speed and severity of response required. Therefore, late but fast-changing policy and regulation increases legal and policy risk. Further, the availability of CDR technologies is assumed to be low, pushing carbon prices higher than in net-zero by 2050 which will generate increased capital expenditure. Opportunities may materialise over the long term due to late action, but early investment could set us up to be ready for the swift changes and provide early solutions to the market.
Current policies Current policies assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080, leading to about 3°C of warming and severe physical risks. This includes irreversible changes such as higher sea level rise. This scenario can help central banks and supervisors consider the long-term physical risks to the economy and financial system if we continue on our current path to a "hot house world".	Low / High There may be increased incidence and severity of weather events, although the impact of this will be low across our office locations in the short term. However, over time, this risk increases. There is increased risk of heatwaves which can impact workforce productivity. Many countries across the globe will have increased exposure to flooding, droughts and tropical cyclones. Whilst this is less likely to impact our office locations, it could impact our US clients and in particular disrupt business.	Low / Low Transition risks are low and continue to be low over the long term due to lack of action and policy. Carbon prices do not increase and there is no implementation of new policies and regulation.

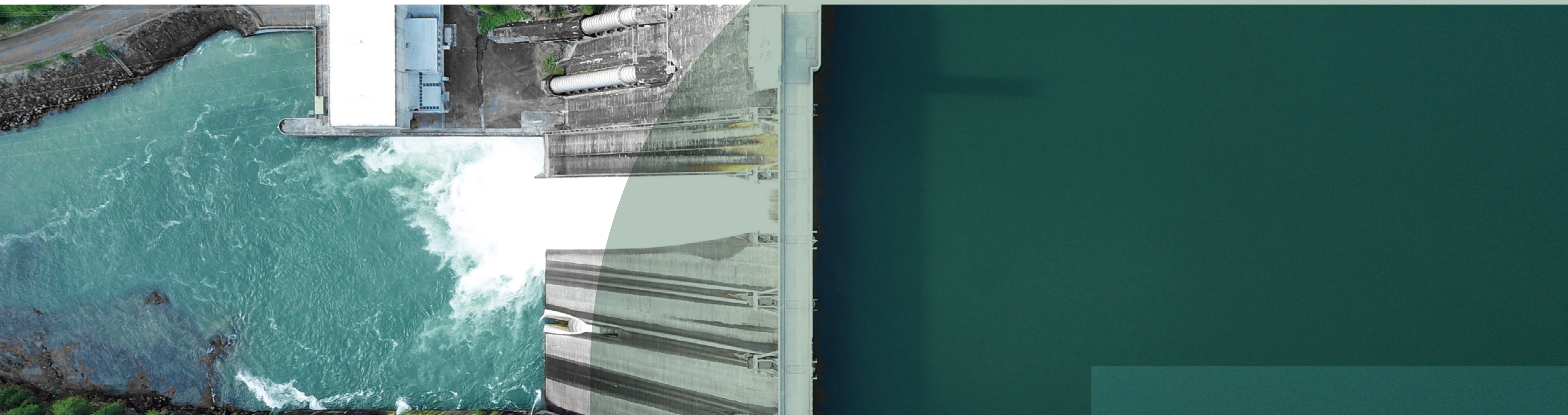
Short-term impact (now to 2030)   Long-term impact (2030 to 2080)

Scenario analysis continued

Resilience statement

The output of forward-looking scenario analysis allowed us to better understand how climate-related risks and opportunities could impact our businesses. The assessment indicated that physical risks could have a more significant impact in the current policies scenario, whilst transitional risks will be greater in the net-zero by 2050 and delayed transition scenarios. We recognise that scenario analysis will be developed over time, and we will continue to integrate the findings of more detailed climate-based scenario analysis into our Group risk management framework to ensure that mitigation measures are in place for any residual risks that could impact business resilience to climate change.

Our commitment to reach net-zero by 2050 demonstrates our alignment with this transition pathway, and we are taking immediate steps to ensure we mitigate the transitional risks identified. We are already reducing our reliance on GHG emissions through assessing our supply chain, utilising new technologies and improving our energy efficiency. By taking action to reduce our greenhouse gas emissions, we are working closely with all our stakeholders in taking action to combat climate change and aim to stay ahead of the curve through detailed disclosure and promotion of best practice.



Risk management

What’s in this section

See more about our management of climate-related risks on page 24

Integration of climate-related risks within the Group-wide risk management framework

We assess climate change risk as an integral part of our risk management process. The SSO and the Sustainability Manager work with the Head of Business Risk on an ad-hoc basis to evaluate any identified climate risks within the Group-wide Business Risk Framework ("BRF"). Having reviewed the relevant climate-related risks last year, we concluded that these risks would be most appropriately managed by including them within our existing principal risks, rather than defining a separate climate change principal risk. The risk register therefore includes the consideration of climate risk factors within traditional principal risk groups including strategic, operational, systems, investment and people. The Board undertakes an exercise to review its appetite for different risks, including climate-related risks, every two years at a minimum. The risk register is regularly monitored and any risks deemed as material and/or outside of risk appetite are shared with the Board for review along with any remedial action if appropriate.

Lines of defence

1st

- Senior managers and business operations are responsible for the implementation and maintenance of an accountable risk and control environment, adhering to quality standards and regulatory requirements.

2nd

- Oversight functions such as Business Risk, Finance, Legal, Compliance and Front Office Risk Management monitoring activity against clear policies and procedures, to ensure compliance and to provide assurance and oversight for the Board.

3rd

- External independent assurance on the adequacy and effectiveness of the Group's risk management, control and governance processes.
- Additional independent assurance for shareholders is gained through the annual audit and the service auditor's report of internal controls.

Risk management process

Identification

All staff, line managers and senior management have a responsibility for identifying risks. Once identified, the risk must be clearly defined and ownership assigned. The process for identifying climate-related risks is primarily addressed by the Sustainability Manager and the wider Sustainability Office. Record's Sustainability Office provides the infrastructure for identification of climate risks. Climate risk is an ongoing discussion point on the Sustainability Committee agenda. The SSO receives regular updates on climate risk from the Sustainability Manager, who acts as a conduit between both groups and escalates key issues which require further discussion or decision-making at a higher level to the SSO.

Assessment

Once a risk is identified, an assessment must be made of the probability that the risk will materialise and the impact should the risk materialise. As most of our risks are not quantifiable or cannot be captured through a model, the risk framework defines risks qualitatively, with an assessment of materiality and comparison with appetite undertaken on a judgement and collaborative basis. To maintain the right level of objectivity, a number of qualitative measures assist with risk assessment, many of which are automatically escalated to the Board should a trigger be breached.

Risk appetite

Risk appetites are agreed by respective boards and reviewed as-and-when, with a minimum review requirement of every two years. When setting risk appetite, each board takes into account: the activities of the business and the capabilities of the firm in each of these activities; the objectives for the business and plans in place to meet these objectives; the regulatory environment in which the firm operates; and external factors that may affect the business.

The risk appetite process also defines escalation triggers for each risk. Where an incident poses a potential impact which exceeds the escalation trigger for the respective applicable risk(s), this is automatically escalated to the corresponding Managing Committee. Business Risk assesses risk both in absolute terms and against risk appetite –therefore, risk status considers two dimensions:

1. whether a respective sub-risk is high-risk and thus triggers the overall risk being high; and
2. whether a sub-risk is outside of appetite and thus triggers the overall risk being outside appetite.

Monitoring

The risk owners are responsible for reporting on the status of the risks within their responsibility, which includes the measurement of the risk against the Board's approved risk appetite. Risk owners are also responsible for ensuring the timely escalation to the appropriate forum where the risks are exceeding, or in their opinion are likely to exceed, the Board's approved risk appetite. The monitoring of risk should be forward-looking, seeking to identify evolving risks, and to make timely assessment, categorisation and mitigation of such risks.

Mitigation

It is not possible to fully mitigate risk, neither is it necessarily desirable. Nevertheless, the Business Risk Framework maintains a Mitigations Log to ensure risks are managed within their respective risk appetite. Record's climate change strategy aims to mitigate climate-related risks and take hold of opportunities. An overview of how each strategic pillar relates to identified risks and opportunities is outlined on pages 18-20.

Metrics and targets

What's in this section

Metrics and targets

Our operational carbon footprint

Record's approach to transparency and reporting allows us to measure our impact on the environment and set ourselves targets to do better. The figure below presents Record's GHG emissions across Record Financial Group dating back to 2019[1]. Our UK emissions are also disclosed in line with the Streamlined Energy and Carbon Reporting boundaries, which can found on page 36 of our Annual Report and Accounts.

	2019	2020	2021	2022
Scope 1 & 2	63	29	3	6
Scope 3[2]	231	104	137	235
Total emissions (tCO_2e)	294	133	140	241

Progress against 2030 target	2019	2022	% change	Target
Scope 3 tCO_2e/ Thousand GBP revenue	0.00944	0.00526	44%	-55%

Our historic GHG emissions demonstrate our efforts to reduce our emissions since 2019, dropping drastically in 2020 and 2021 due to the pandemic. Last year we became 100% renewable across our UK operations, which saw our Scope 2 emissions drop significantly. This year our Scope 1 and 2 emissions have increased slightly due to the opening of our new office in Frankfurt and increased energy use in the Zurich office. Our aim is to engage with our building managers for our non-UK offices to encourage them to move to renewable energy so we will be operating on 100% renewable energy globally.

It was expected that our Scope 3 emissions would increase post-pandemic as we continue to get back to "normal" working practices and return to the office. A large driver of increased emissions was due to moving from two to three core working days in the office, which increased our commuting emissions. Alongside this, the increase reflects our growing headcount and more frequent business travel as Record develops its global partnerships. We have seen our headcount grow in our sales teams and in our office locations outside of the UK in particular, which has resulted in the need for more travel abroad as we onboard and integrate our new employees. However, our intensity metric allows us to account for business growth, and the underlying factors which contribute to growth, and demonstrate emissions intensity reductions and improved efficiency against our 2019 baseline. Over the long term, we expect technology innovation and government intervention will aid us in bringing our GHG emissions down further, in line with our net-zero commitment. You can read more about how we aim to meet our emissions reduction targets on page 12.

1. All GHG emissions reported are calculated using market-based methodology.
2. Scope 3 emissions: business travel; premises waste, water and transmission and distribution losses; outbound deliveries; commuting; other upstream emissions; and home working.

Metrics and targets

Our financed emissions

Due to the nature of our core business as a currency asset manager, we have experienced two main challenges in measuring and setting targets for our Scope 3 Category 15 financed emissions. The first is that there is not yet any published standard methodology to measure GHG emissions for derivatives and/or currency investments. Secondly, approximately 90% of our Asset Under Management Equivalent ("AUME") currently sits within currency hedging mandates where there is no discretion regarding which base currencies or underlying assets are hedged. We provide an overlay currency service and therefore do not make strategic investment decisions that impact the carbon footprint of underlying investments.

Regardless, we have been working with carbon accounting experts to measure the financed emissions related to our investments where we do have allocation over capital and invest in assets other than currencies. Our first phase of implementation was measuring the financed emissions of the EMSF strategy. The strategy targets improvements in all 17 UN Sustainable Development Goals, including SDG 13 on Climate Action. The assessment, conducted by South Pole, followed methodology developed by the Partnership for Carbon Accounting Financials (“PCAF”) and measured emissions as of March and December 2022. As there is no methodology for both the currency and cash sub-components of the portfolio, these were out of scope for the assessment and were not analysed. The bonds (including peer-to-peer transactions) and US Treasury Bills ("T-Bills") were in scope and calculations were made based on PCAF recommendations for corporate and sovereign bonds respectively. These investments represented 39% of the total million USD invested in the portfolio across both March and December 2022.

The assessment showed the strategy's economic emission intensity dropped by 89.5% between March and December. This decrease was driven by the fact the strategy stopped holding US T-Bills, which were contributing to high GHG emissions. Whilst our Scope 3 emissions appear to have increased this year, this was mainly driven by improved coverage of data. For instance, one issuer began reporting their own Scope 3 Category 15 emissions, which meant their overall carbon footprint significantly increased. Whilst this impacts the comparability between our assessments, it does improve the accuracy of our reporting. For financial institutions, financed emissions typically account for 99% of the overall carbon footprint, it's therefore important we engage with our issuers to encourage them to measure and report their own financed emissions.

We are also engaging with industry leaders such as PCAF on the development of a carbon accounting methodology for currencies and/or derivatives, which will allow us to measure the financed emissions of the rest of our AUME. As methodology advances and data coverage increases, the accuracy and quality of our Scope 3 Category 15 emissions will improve over time. In the meantime, diversification into other asset classes will allow us to better consider climate-related impacts, including GHG emissions, of our investments.

Metric	Result	
EMSF investments (million USD)	**Mar 2022**	**Dec 2022**
Total amount	3031.62	2621.46
Bonds (including peer-to-peer)	1068.95	1027.01
Cash	42.83	58.62
Currency	1814.83	1535.83
US T-Bills	105.00	0.00
Analysed amount (million USD)		
Total amount	1173.95	1027.01
Bonds (including peer-to-peer)	1068.95	1,027.01
Cash	0.00	0.00
Currency	0.00	0.00
US T-Bills	105.00	0.00
Coverage (%)		
Scope 1 & 2	38.72	39.18
Scope 3	0.66	28.15
Economic emission intensity (tCO_2e/million USD invested)		
Total	24.77	2.59
Scope 1 & 2	25.19	0.19
Scope 3	0.01	5.93
Data quality score		
Scope 1 & 2	2.31	3.18
Scope 3[1]	1.00	2.51

1. Aggregated results for which Scope 3 is available.

Climate-related targets

Last year we set ourselves several sustainability targets which were published in our Sustainability Report, a number of which relate specifically to our four strategic climate change pillars. Below we provide an update on progress against these targets, as well as our new targets for the year.

Climate change strategy	Current target	Target progress	Next year target
Net-zero transition within our operations and value chain	Reduce paper consumption by 70% against 2019 baseline.	Reduced office paper consumption by 72% against a 2019 baseline through reducing printers and encouraging thoughtful paper usage.	Review our carbon accounting practice to investigate how we can improve the accuracy of our carbon footprint data collection.
	Replace 100% of computer desktops with more energy efficient technology.	We have made progress removing reliance on physical desktops but there is more work to be done here. Currently the London office uses laptops, but the Windsor office needs to be migrated.	
	Donate or recycle all IT and office waste throughout our Windsor office downsize project.	Waste report showed 100% of office waste from Windsor downsize was recycled and office equipment was all reused or donated and nothing went to landfill.	
	Support colleagues to adopt environmentally friendly activities at work, home and in their communities.	Ran a "100 miles sustainable travel" challenge and shared posters on how to make environmentally friendly decisions outside of the workplace.	

Achieved In progress Proving challenging

Metrics and targets

Climate-related targets continued

Climate change strategy	Current target	Target progress	Next year target
Climate-integrated investment	Aim to have a consistent level of at least 80% of AUME within the Sustainable Finance Fund mandate allocated to sustainable impact bonds.	Maintained between 86% and 97% of the AUM invested in bonds issued by multilateral development banks and development agencies throughout the financial year.	Improve ability to measure social and environmental impact of EMSF investments.
Climate-focused engagement with stakeholders	Continue to engage on ESG issues with our counterparty banks and help them improve on their ESG performance.	Held ESG engagement meetings with 83% of counterparty banks that Record traded with this year.	Develop and embed a framework for effective engagement with MDBs and other development finance institutions in line with EMSF strategy. Implement a supplier onboarding platform to better enable us to engage with suppliers on sustainability and monitor their adherence to our Modern Slavery Policy, Supplier Code of Conduct as well as their climate commitments.
Climate transparency and reporting	Conduct a climate scenario analysis to publish in our next TCFD report.	Climate scenario analysis published on pages 21-23.	Continue to improve climate transparency and disclosure through our climate report and voluntary frameworks.

Achieved In progress Proving challenging

Read more in our Sustainability Report
recordfg.com

Metrics and targets

Looking ahead into next year and beyond

As we move into next year, our commitment to climate action will be at the forefront of our agenda and we acknowledge it as a key priority area within our overall sustainability strategy. We will continually develop our process for embedding climate-related risks into our Group-wide risk assessment process and ensure risks are being identified, assessed and monitored. At the same time, we will advance and strengthen our climate change strategy to guarantee the mitigation of relevant risks and mobilisation of opportunities. Our largest opportunity sits with the diversification of our product offering and our ability to offer solutions that support the transition to a low-carbon economy. Research and development in this space will therefore be key to progress. Our new digital venture arm is already exploring the enablement of technology advancement through sustainable infrastructure, and we expect to see this project thrive in the current environment.

A key challenge for Record going forward will be to make sure our current growth and change to business structure does not slow down progress against our climate commitments, particularly around our emissions reduction targets. We have already seen our business grow in headcount globally, resulting in more business travel and the opening of a new office this year. We must ensure that senior leadership are making decisions with environmental integrity and considering our climate goals alongside business growth. As the regulatory landscape expands, it's also becoming harder to navigate disclosure requirements across the various markets we operate in. To stay ahead of the curve, our focus will be on monitoring regulatory development and consistently improving our disclosures across Record Financial Group as a whole.

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