



Listen
Understand
Deliver

recordfg.com

Modernisation and diversification

Building a resilient and sustainable future

Record plc Sustainability 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.

Introduction

2022/2023 highlights	3
Sustainability timeline	4
Q&A with our Chief Executive Officer	5
Statement from our Sustainability Manager	6

Sustainability strategy

Our sustainability strategy	7
Progress against targets	8
Sustainability materiality assessment	10

Governance

The Sustainability Office	12
---------------------------	----

Responsible investment

Statement from the Chief Investment Officer	14
Investment philosophy	15
Emerging Market Sustainable Finance strategy	17
Case studies	19

Climate action

Our climate change strategy	23
Commitment to net-zero	24
Reducing our impact on the environment	26

Our people

Being a great place to work	29
Inclusion and diversity	30
Human rights and modern slavery	39
Community impact	39

Forward-looking sustainability goals and targets

Forward-looking sustainability goals and targets	41
--	----

Memberships and affiliations

Memberships and affiliations	42
------------------------------	----



2022/2023 highlights

Responsible investment

Emerging Market and Frontier Impact Unit

EMSF AUM invested in development bonds

Sole investor in Armenian dram bond issued by EBRD

ESG engagement meetings held with counterparty banks we traded with this year

UN PRI signatory

Created

\$995m

\$5m

83%

5 years

Climate action

Renewable energy across UK offices

CDP score

Paper consumption reduced since 2019

Waste sent to landfill from Windsor office downsize project

Emissions offset for 15th year running

100%

B-

72%

0%

100%

Our people

Mean gender pay gap

Disability Confident Scheme

Raised for charities

Diversity Project

Ethnic minority representation

-10%

Committed

£18.4k

Joined

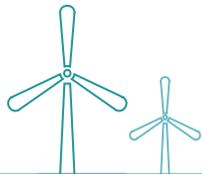
33%

Sustainability timeline

Timeline of sustainability achievements

2007

- First became carbon neutral



2018

- First FX asset manager to be signatory to UN PRI
- First ESG EM Currency for Return strategy launched
- Joined FX Global Code
- Joined Swiss Sustainable Finance



2019

- Record invests its own funds in bonds issued by multilateral development banks ("MDBs")



2020

- First ESG (now Sustainability) Committee launched
- AWE unconscious bias training
- First ESG-focused engagements with counterparty banks
- Affinity networks launched
- Ethnicity self-disclosure survey sent out
- Destiny Transformers partnership formed



2021

- Micro-aggressions and active bystander training
- Sponsored first CFA-certified ESG qualification
- Commitment to net-zero by 2050
- Alignment of pension contributions across seniority levels
- Launched a ULEV salary sacrifice car scheme
- The Diversity Trust — All About Race workshop
- Emerging Markets Sustainable Finance ("EMSF") strategy launched with seed investment of \$750 million from UBS Global Wealth Management
- Signed up to Race at Work Charter
- Became member of the UN Global Compact

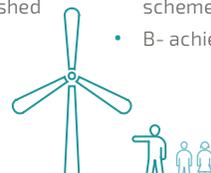


- EMSF bought 31 million Georgian Lari denominated sustainable development bonds issued by the World Bank
- BITC skills-based volunteering programme



2022

- AWE Accelerator Training introduced for mid-career women
- First-ever standalone climate report published
- Raffle event for Ukraine
- EMSF carbon footprint assessment
- Short-term net-zero emissions reduction target set
- Signed up to the UK Disability Confident Employer scheme
- B- achieved for first CDP score



2023

- Sustainability and ESG training for the Board
- Sustainability materiality assessment conducted
- Consultation response to FCA's SDR and Sustainable Investment Labels proposal
- Became members of the Diversity Project
- Company volunteering at Whitechapel Missions
- International Women's Day: Fireside chat event

Q&A with our Chief Executive Officer



Record's strategic business priorities of product diversification, technology modernisation and people succession are closely aligned with our three sustainability priorities.

How would you summarise Record's approach to sustainability?

Record's approach to sustainability aims to accelerate sustainable growth, plan for generational change and provide added value for our stakeholders. Our efforts are guided by our clients, investors and the industry as a whole, whilst accounting for intentionality and materiality. Through engagement with our stakeholders and our internal assessments, we have identified three priority areas which form our sustainability strategy – responsible investment, climate action and our people.

How do Record's strategic business priorities align with its sustainability strategy?

To promote sustainable growth, we have had to ensure our sustainability ambition is embedded within our business strategy. Record's strategic business priorities of product diversification, technology modernisation and people succession are closely aligned with our three sustainability priorities and this year I report encouraging progress against each of these pillars in our Annual Report. **Diversification** of our product offering and exploration into the alternative fixed income space enabled the creation of our flagship Emerging Market Sustainable Finance ("EMSF") strategy. We envisage future collaborations with like-minded partners will spur the development of new responsible investment products, offering new markets and new challenges. **Modernisation** of our technology infrastructure is the backbone supporting our product diversification and innovation, whilst also providing more efficient working practices which in turn work to reduce our carbon footprint and environmental impact. **Succession** within the business has accelerated our sustainable growth, and we want to nurture and develop top talent with new opportunities. Our EMSF team has grown substantially this year and, with it, so has employee expertise around responsible investing. We also have future plans for new leadership of our EMSF family, upon which I hope to give further information next year. Importantly, as we invest in future talent, a core focus is the promotion of diversity to build teams with new skills, new knowledge, and new ideas.

Excellent progress was made this year with respect to Record's sustainability strategy; what initiatives do you think were most impactful?

The most impactful initiative in terms of scale is Record's increased number of peer-to-peer investments within the EMSF. These bespoke transactions have a known end-beneficiary, which allows for greater insight into the use of investment proceeds so we can deliver measurable impact and target specific UN SDGs. Being able to measure and transparently report our impact is key to being able to demonstrate to our clients the far-reaching and meaningful influence of our investments. We provide examples of some of this year's transactions on pages 19 and 20, but each local currency denominated loan plays a critical role in supporting growth in these developing markets.

In addition, I think the most impactful initiative for Record internally is our continuous effort to be a thoroughly people-led business. Over the last two years we have been going through a transformation period, strengthening our business and exploring new avenues to utilise our capabilities. As the business enters its new era there has been growing opportunity for people to take on new responsibilities and flourish. We are working hard to support this through prioritisation of training, coaching and support. Importantly, we have continued to offer our AWE training course for mid-career women employees to support succession of women into senior roles, which is key to our inclusion and diversity goals.

Looking forward, where do you think Record can have the biggest contribution to a sustainable future?

As we detail in the Annual Report, we have created a number of subsidiaries whose leaders now report to me as CEO of the parent company, Record plc. These new leaders are going to be instrumental in supporting our aim of diversification, with new leadership managing their own budgets and fulfilling their aspirations for the future. This change will strengthen our ability to move from a niche overlay manager into the world of mainstream asset management, where I believe we will be better able to deliver scalable, sustainable solutions for our client base.

Leslie Hill
Chief Executive Officer

Statement from our Sustainability Manager



During this transformational time, it's important that our aspirations are embodied within our internal culture and values.

The term "polycrisis" shot to fame in 2022 and unfortunately appears to have followed us into 2023. The war in Ukraine and the energy and food crises are ongoing, exacerbated by natural disasters and extreme weather events which have impacted millions across the world. Despite this extraordinary predicament, key leaders and bodies responsible for sustainable action continue to show resilience, highlighting the commonalities across these recent events to demonstrate that now is the time for real world change.

Thankfully, we are seeing businesses embrace change and refocus to address the environmental, social and economic issues prevalent today, and Record is no different. I am therefore extremely pleased to be reporting Record's sustainability achievements this year within the areas of responsible investment, climate action and our people. We believe our sustainability efforts are central to both our commitment to our key stakeholders and our role in the global transformation.

Responsible investment growth

The EMSF strategy has continued to evolve this past year with investments in new currency markets and adding new development banks to the portfolio, scaling our impact. We currently hold \$995 million¹ in sustainable development bonds issued by multilateral development banks which fund infrastructure, energy, education and environmentally sustainable projects in developing countries. With the creation of our new Emerging Market and Frontier unit this year, we expect to grow our investments and harness our ability to create positive change through better understanding the end-beneficiaries of our investments. This will allow us to better measure our impact and is critical to our plans for reshaping and sharpening the strategy which we expect to share more on next year.

Delivering on climate commitments

Last year we set out a plan for addressing climate change and transitioning to net-zero in our first-ever climate report. Since then we have worked to strengthen the integration of climate-related risks within our Group-wide business risk framework and take action to deliver on our climate commitments.

At the same time, the business is in an exciting phase of change. We are hiring new people, opening new offices and entering more international partnerships. Even so, we remain driven to meet our emissions reduction goals and this year we have made improvements to our climate disclosures with the aim to strengthen both our transparency and ability to deliver.

Prioritising employees

During this transformational time, it's important that our aspirations are embodied within our internal culture and values. We are prioritising sustainable but also inclusive growth, cultivating a culture where there is a great sense of inclusion and belonging. We have kept flexible working practices in place for the benefit of our employees, enabling them to better manage their work and personal lives. We also know that the economy has been hard on people this year and provided everyone at Record with a cost of living payment to help soften the consequences of rising inflation. All decision-making has had employee wellbeing at the forefront, and we continue to listen to our employee feedback through engagement surveys.

I invite you to read on as we provide further detail on the meaningful action we have taken this year. Our sustainability ambition is deep-rooted and long-standing, and throughout this report we commit to more ambitious targets and clear aspirations for the year ahead.

Maddie Dutfield
Sustainability Manager

30 June 2023

1. As at 31 March 2023.

Sustainability strategy

Our sustainability strategy

Responsible investment

We strive to be a sustainability leader with respect to ESG and impact integration within the currency and alternative asset management space

See more on page 13

Climate action

We continue to be a climate-resilient company and help support the transition to a low-carbon economy

See more on page 22

Sustainable growth

Our people

We are a people-led business and we look after our employees, our communities and wider society

See more on page 28



Sustainability strategy

Progress against targets

Responsible investment

● Achieved
 ● In progress
 ● Providing a challenge

2022/2023 targets

Progress

Aim to have a consistent level of at least 80% of AUM within the Sustainable Finance strategy 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.

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.

Continue our research and development on delivering sustainability-themed product innovation.



Joined forces with the development community to structure innovative and bespoke currency solutions that lead to positive and measurable outcomes for borrowers in developing economies.

Climate action

2022/2023 targets

Progress

Reduce office 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.

Replace computer desktops with more energy-efficient technology.



We have made progress, removing reliance on physical desktops. The London office has no desktops, but the Windsor office needs to be migrated.

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.

Conduct a climate scenario analysis for our next TCFD report.



Climate scenario analysis published on pages 21-23 of our climate report.

Donate, reuse or recycle all IT and office waste throughout our Windsor office downsize project to ensure nothing goes to landfill.



Waste report showed 100% of office waste from Windsor office downsize project was recycled and office equipment was all reused or donated.

Sustainability strategy

Progress against targets continued

Our people

● Achieved
 ● In progress
 ● Providing a challenge

2022/2023 targets

Progress

Complete the actions and objectives outlined in our Inclusion and Diversity Action Plan.



Progress against action plan published on pages 32-34 of this report.

Increase the number of community involvement projects and volunteering programmes we run within the year.



Organised two corporate volunteering days: one at a homeless shelter in Whitechapel in January 2023 and another at Heathrow Special Needs Centre in April 2023.

Organise a number of Inclusion and Diversity Network events across the year (e.g. training, fundraising, talks, socials).



Inclusion and Diversity Network led events published on page 35 of this report.

Run manager training sessions with a specific focus on inclusive leadership and managing team wellbeing.

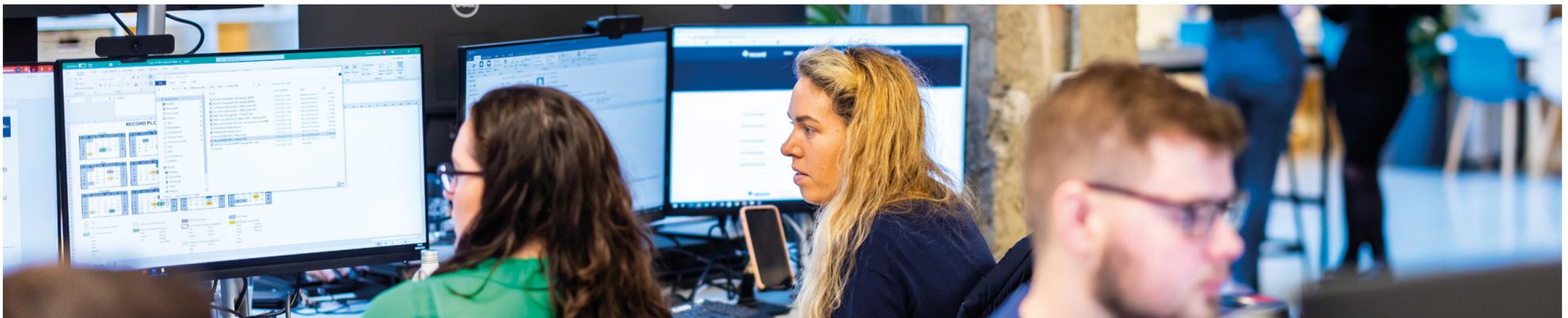


Manager training programme implemented for all line managers which included sessions on team building, inclusion and diversity, wellbeing and more.

Implement a Supplier Code of Conduct to engage suppliers on matters of ESG.



Supplier Code of Conduct created in August 2022 and is now shared with all new suppliers during onboarding.



Sustainability strategy

Sustainability materiality assessment

Our approach to materiality is guided by our commitment to responsible growth and delivering value-add for our stakeholders. In line with this, we co-ordinated a multi-stakeholder materiality assessment to verify the focus of our sustainability strategy and evaluate the additional environmental, social and governance (“ESG”) topics that are relevant to Record.

Assessment process

We identified 23 sustainability-related topics which are relevant to our industry. Topics were identified by reference to leading sustainability frameworks such as the SASB materiality framework maps and the Task Force on Climate-Related Financial Disclosures (“TCFD”), as well as regular feedback and dialogue with investors, consultants and clients. Key stakeholder groups then took part in an engagement exercise in which they ranked each topic on a scale of 1 to 10 (1 = least important; 10 = most important) through two lenses:

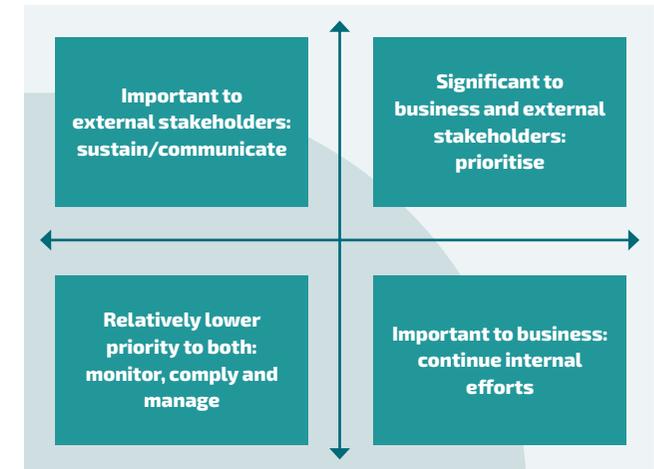
1. the importance each stakeholder places on the topic; and
2. the potential impact of each topic on Record/the potential impact Record can have on the issue.

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 quantitative assessment was complemented with qualitative responses which provided detailed and specific feedback.

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 counterparty banks). The data was reviewed and discussed at the Senior Sustainability Office to capture further insight into the risks and challenges of each sustainability topic, providing nuance around highly ranked issues and considering our influence on an outcome as well as enabling identification of those which could rise in materiality.

Assessment outcome

The final phase was the synthesis of the data and discussion outcomes to generate a sustainability materiality matrix where the internal importance of each topic was weighted against the external importance to stakeholders. A visual summary of our results can be found on the following page. The assessment reinforced Record’s current understanding of where our priorities should be focused. The image to the right demonstrates the approach we have taken to draw conclusions from the materiality matrix and how we will utilise this information. In line with this, topics in the top right corner are significant to both Record and our external stakeholders and therefore are topics we must prioritise. It is important to note that the topics not labelled as a priority are not considered to be unimportant, but rather are basic conditions which Record must address and are not the most material relative to our financing or the impact we can have as a business. The assessment also does not reflect all the issues Record gives attention to.



Sustainability strategy

Sustainability materiality assessment continued



ESG issues

- 1 ESG risk management
- 2 Equality, diversity and inclusion
- 3 Employee health and wellbeing
- 4 Selling practices and product labelling
- 5 Transparency and reporting
- 6 Company culture
- 7 Board's role in sustainability
- 8 Board diversity and independence
- 9 Business ethics
- 10 Responsible investment
- 11 Human rights and labour practices
- 12 Employee knowledge of sustainability/ESG issues
- 13 Financial product carbon emissions footprint
- 14 Access to finance
- 15 Responsible supply chains
- 16 Transitional climate-related risk
- 17 Community engagement
- 18 Physical climate-related risk
- 19 Waste management
- 20 Lobbying and public policy engagement
- 21 Land use and biodiversity
- 22 Operational carbon emissions footprint
- 23 Water management

Governance

The Sustainability Office

Responsibility for sustained and meaningful progress within the area of sustainability lies with our Sustainability Office. The Office is constructed of the Record plc Board, Senior Sustainability Office ("SSO") and the Sustainability Committee.

The Record plc Board delegates accountability for Record's Group sustainability strategy to the SSO. The SSO is comprised of key senior leaders who take responsibility for setting the sustainability strategy and proactively integrating sustainable practice across the business. The SSO meets every two months to review and make decisions on key ESG issues and receives regular updates and points for discussion from the Sustainability Manager and Sustainability Committee. The SSO is in direct communication with Record plc Board, ensuring they have complete oversight into key decisions as well as receive updates on progress towards sustainability goals and targets. This year a proposal was approved to make the SSO a Group committee, with the aim to ensure the SSO considers Record's sustainability strategy implementation across the whole of Record Financial Group.

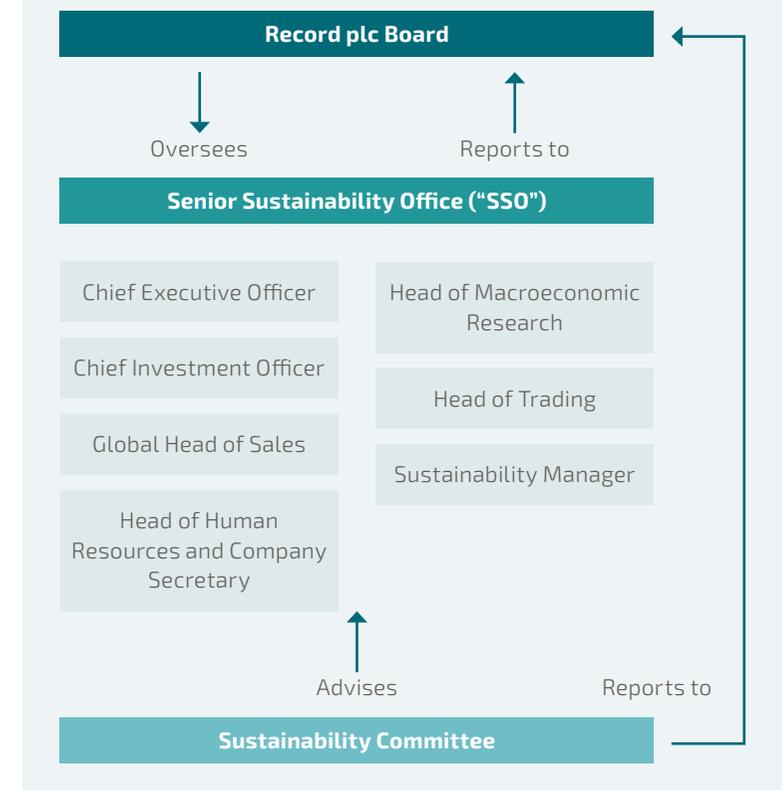
The Sustainability Committee is a broader committee that seeks to gather ideas and recommendations from across seniority and teams within the business, as well as taking responsibility for implementing sustainability initiatives. The committee is comprised of officer roles which represent key areas of sustainability. The officers work closely with the Sustainability Manager to make progress on defined ESG objectives and provide updates on progress during committee meetings.

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.

Record plc sustainability and ESG training

This year we provided 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.

Sustainability organisational chart



Responsible investment

What's in this section

Statement from the Chief Investment Officer	14
Investment philosophy	15
Emerging Market Sustainable Finance strategy	17
Case studies	19

**See more about the
Armenian dram bond
case study on page 19**



Statement from the Chief Investment Officer



In recent years we have reaped the benefits of building new partnerships and exploring new markets which has allowed us to redefine ourselves.

In the rise of responsible investment, our aim has been to leverage our expertise to pioneer sustainable solutions using currencies and fixed income instruments. In our first drive to incorporate ESG factors into active currency products, Record worked in collaboration with Oxford-based researchers to extend the boundaries of ESG beyond its existing base in equities and bonds, to encompass the currency markets. This manifested in the creation of one of the first ESG Emerging Market Currency for Return strategies in 2018.

Our efforts have continued to evolve since into a focus on sustainable investment with impact. We developed our Emerging Market Sustainable Finance ("EMSF") strategy in 2021, which aims to address the traditional funding challenges in the developing economies by participating in local currency markets. Drawing upon 40 years of market-leading expertise in foreign exchange markets, we designed a framework that facilitates positive developments in currency markets by making local currency financing more readily available and reducing the currency volatility. This can support countries in their journey to achieve better socio-economic outcomes. Simultaneously, the fund directly supports the financing of impact projects through bond investments with active operations in low- and middle-income economies. We also continued to increase the number of peer-to-peer transactions in the portfolio, the unique and bespoke structure of which can deliver greater oversight of the use of proceeds alongside transparent and measurable impact.

Alongside the development of the EMSF strategy was the inception of our ESG Counterparty Engagement Strategy, which enabled us to analyse counterparty bank ESG performance to develop a holistic, proprietary ESG score which can be used to direct flow to more sustainable banks and effectively integrate ESG into our FX execution. This quickly advanced to incorporate an engagement element, which is central to creating a constructive feedback loop whereby our engagement officers work productively and collaboratively with the counterparty banks to help steer best practices and make tangible changes. This year we engaged with 83% of counterparty banks on important matters of sustainability, including financed emissions targets, diversity and inclusion, and access to finance. We have seen the average ESG score across the bank panel improve since we began, demonstrating the benefits of effective engagement.

In recent years we have reaped the benefits of building new partnerships and exploring new markets, allowing us to redefine ourselves and move into a period of significant evolution away from being a pure play currency manager towards a broader multi asset manager. As with the development of the EMSF, we expect our expansion into other asset classes to pave the way for the development of new, cutting-edge sustainable solutions.

Dr Dmitri Tikhonov
Chief Investment Officer

30 June 2023

Responsible investment

Investment philosophy

Record has identified responsible investment as an essential prerequisite to successful, resilient and prudent investment management. Our Responsible Investment policy communicates our approach and is embedded into our portfolio management and monitoring processes. See our Responsible Investment policy for more detail.

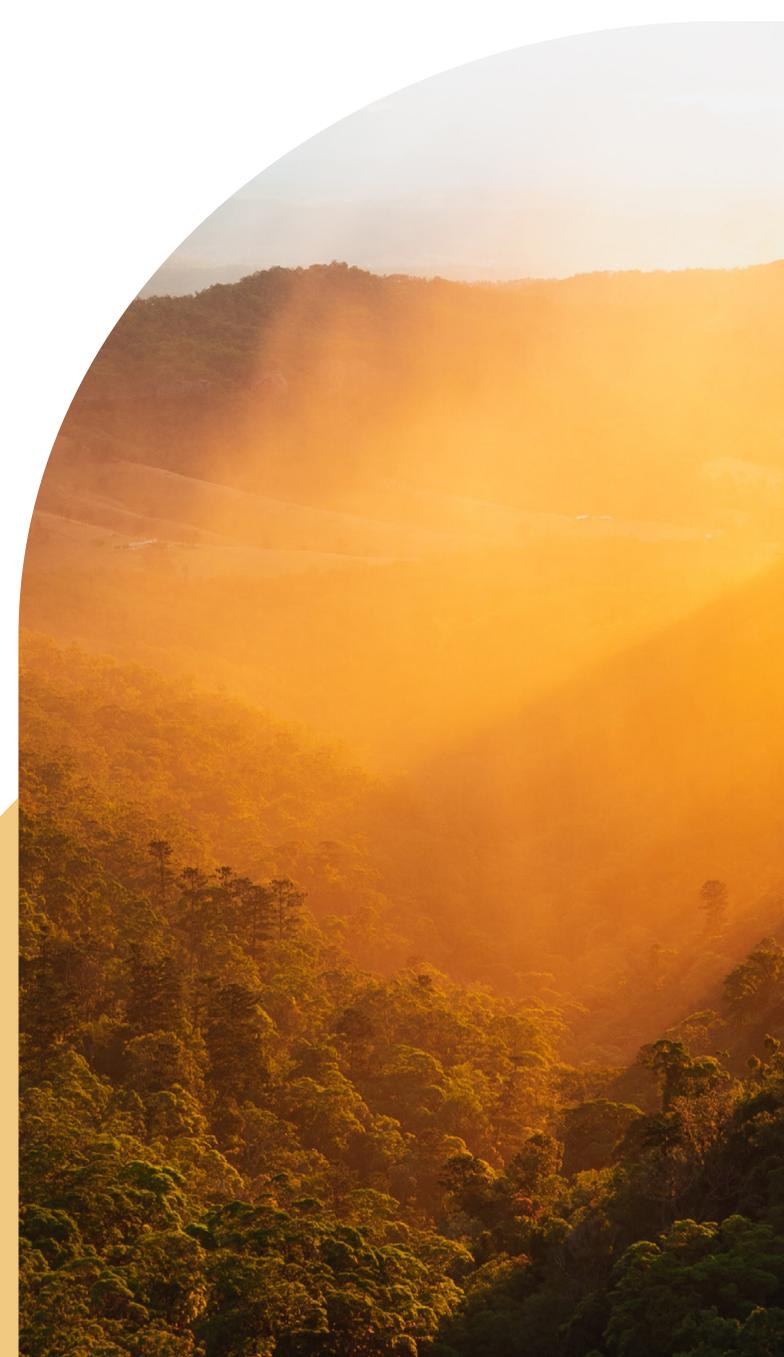
Record is proud to have been a signatory since 2018 to the United Nations Principles for Responsible Investment ("UN PRI"), the world's leading proponent of responsible investment, having been one of the first specialist currency asset managers to sign up. We have committed to their six principles for responsible investment, aimed at integrating ESG into investment decisions and reporting on progress.

Innovating in currency markets

Currency volatility is a significant obstacle for the public and private sectors in emerging market economies that seek long-term funding to finance development projects that are vital for unlocking the productivity potential of their economies. Most of the funding available to them is denominated in hard currencies, potentially exposing local governments, businesses and communities to volatile exchange rate fluctuations that can result in uncertainty, higher cost of capital and unexpected, additional debt burden. In this context, foreign exchange volatility and limited supply of loans in local currency are factors that adversely affect the pursuit of achieving the Sustainable Development Goals ("SDGs") and contribute to increased domestic developmental and social vulnerabilities.

The launch of the flagship Record 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 operations in borrowing member countries.

This innovative and blended impact-first financing strategy is underpinned by a holistic pattern of continuous engagement that promotes improved investment transparency and proceeds disclosure alongside better policies and practices among investees and trading counterparties.



Responsible investment

Investment philosophy continued

The strategy's geographical impact footprint is measured and verified by our partner, Lemma FX, who assess impact across four dimensions: beneficiaries, coverage, depth and engagement. The report updates monthly and is available to view publicly via the interactive map on our website. Internally, we also aim to assess and measure impact through a UN SDG-aligned framework that targets the following SDGs:

Sustainable Development Goal



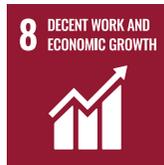
No poverty

Goal number

1.5

Targets

Reduce exposure and vulnerability shocks



Decent work and economic growth

Goal number

8.1, 8.4, 8.10

Targets

Strengthen capacity of domestic financial institutions and expand financial enterprises



Industry, innovation and infrastructure

Goal number

9.3

Targets

Increase access to financial services for small-scale enterprises



Reduced inequalities

Goal number

10.6

Targets

Improve developing country representation in global economic and financial institutions



Partnerships for the goals

Goal number

17.3, 17.13, 17.16

Targets

Mobilise financial resources from multiple sources, enhance global macro stability (including through policy co-ordination and coherence), enhance multi-stakeholder partnerships

Responsible investment

Emerging Market Sustainable Finance strategy

Deconstructing the three key components of the strategy

01. Currency investments

The strategy aims to support currency stabilisation, unlocking productivity potential and harnessing sustainable development in emerging and frontier economies. The currency universe targets high impact currencies, which are identified as being significantly undervalued ("stabilisation factor") and having a high cost of capital ("capital incentive factor"). It aims to contribute to currency stability by staying active and making markets across economic cycles. More directly, it seeks out bespoke peer-to-peer ("P2P") trade opportunities to absorb FX risk from development institutions or other like-minded impact market participants. Adequately deployed, currency is an essential instrument in contributing to sustainable development in developing economies, contributing to a lasting positive impact.

02. Bond investments

The bond strategy is a long-term buy-and-hold investment that targets a universe of multilateral development banks and other development finance institutions, through themed and sustainable development instruments, where the profile of underlying projects aligns with the strategy's sustainable development mandate. These entities play a leadership role in supporting long-term inclusive and sustainable development in low and middle-income economies by working alongside the public and the private sectors of their borrowing member countries to support investments in key development sectors such as health, agriculture, energy, finance, water and other urban infrastructure and services.

03. ESG Counterparty Engagement Strategy ("ESG-CES")

Our investment approach is complemented by a holistic ESG Counterparty Engagement Strategy ("ESG-CES") which overlays our investments and seeks to encourage counterparties to engage in better ESG practices through direct economic incentives. The strategy standardises and combines ESG data from leading rating agencies and from the counterparties' direct public reporting to create a proprietary ESG score which is used to pre-screen transactions and constrain business exposure to counterparties that perform poorly. Engagement is central to this strategy; our team is able to form a constructive feedback loop, highlighting areas across the ESG verticals where either individual counterparties, the industry as a whole, or both, ought to improve practices. We work collaboratively with counterparties on behalf of our clients and as signatories of global sustainability trade codes and standards, helping to steer best practices and make tangible changes.

Responsible investment

Emerging Market Sustainable Finance strategy continued

Our impact journey for 2023-2025

Following the successful management of key event risks since the inception of the strategy and the robust risk framework in place, which benefits from a well-diversified investment strategy, we lay out our ambitions to continuously seek investment proposals that align to our commitment to design innovative and sustainable currency solutions in partnership with MDBs and other Development Finance Institutions (“DFIs”). As the strategy completes its second anniversary in 2023, we persevere in our journey to deliver and measure impact, designing and implementing the framework to integrate the Operating Principles for Impact Management.

We will maintain momentum and increase our investments in currency markets of low and middle-income economies, where capital markets can be significantly under-developed and where the availability of local currency loans is limited. We aim to contribute to improved levels of capital market development and help “lift” our countries in pursuing long-term social-developmental gains. Our activity in these economies aims to deliver targeted, positive impact in partnership with MDBs and DFIs via bespoke peer-to-peer deals and facilitate sustainable currency solutions for local SMEs.

We continue to join forces with MDBs, DFIs and other like-minded investors to increase the supply of local currency lending to businesses in developing markets and further support the development of local currency markets. Furthermore, we continue to develop the internal trading infrastructure by building operational capacity that adapts to individual currency market structures and working with external data providers that support pricing in unconventional markets.

Engagement with the wider impact community is key in our efforts to improve the disclosure of use of proceeds and the resulting measurement of positive impact. We continue to make progress in developing and integrating a proprietary impact measurement framework, that includes post-trade questionnaires with sector and/or project details alongside SDG-related expected outcomes. Educational white papers, videos and case studies will further raise awareness about the fund's activity with investors, partners and impact beneficiaries.

We strongly believe that it is possible to support the development of local currency markets and promote sustainable currency solutions that deliver greater inclusion and long-term sustainable growth without compromising the financial returns on our investors' savings. We are looking forward to constructive years ahead, pushing our ambitions and impact contribution further, whilst upholding sustainability leadership through continually integrating ESG considerations into the fund's processes and engaging with counterparties across the investment chain.



Case studies: Peer-to-peer transactions

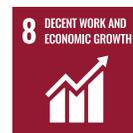
Investing in Armenian dram (“AMD”) denominated note



An Armenian financial institution has access to a long-term local currency loan to increase domestic outreach and meet unsatisfied demand for longer-term local currency funding by micro, small and medium-sized enterprises.

Record EMSF was the sole investor in a new issue of offshore AMD denominated bonds from the European Bank for Reconstruction and Development (“EBRD”) with a notional value of AMD 2 billion (c.USD 5 million). The EBRD has made cumulative investments in Armenia in excess of EUR 2.1 billion, and the Armenian country strategy emphasises the importance of developing capital markets and promoting local currency financing.

The note will support EBRD's disbursement of a local currency loan to a financial institution in Armenia to increase outreach and meet unsatisfied demand for longer-term local currency funding from micro, small and medium-sized enterprises. The loan will play an important role in supporting the development of the Armenian economy by encouraging private sector led growth, removing bottlenecks in infrastructure, improving competitiveness of local businesses and promoting the development of the local financial market.



Case studies: Peer-to-peer transactions

Investing in ADB's Kazakhstan tenge gender bonds



Record EMSF is the sole investor in the latest transaction of local currency gender bonds issued by the Asian Development Bank ("ADB"), in Kazakhstan. ADB has raised Kazakhstan tenge ("KZT") 2.3 billion (c.USD 5 million) from a new issue of offshore tenge-denominated bonds, providing funds for ADB's own local currency lending in the country as part of its ongoing "Promoting Gender Equality in Housing Finance" project. The project aims to expand the lending operations of Housing Construction Savings Bank of Kazakhstan to provide affordable residential mortgage loans to female borrowers in primarily rural areas of Kazakhstan.

"We are delighted to partner with ADB to support their local currency lending programme in Kazakhstan that delivers affordable residential mortgage loans to female professionals in rural areas of the country. This transaction fulfils our ambitions to invest in sustainable local currency instruments that deliver transparent and measurable impact without the hard currency burden on local communities. We congratulate ADB on this initiative and look forward to a long-lasting partnership on currency solutions that promote greater inclusion and long-term sustainable growth."

Dr Dmitri Tikhonov
Chief Investment Officer



Responsible investment

Examples of development projects approved in 2022 by our investees

Renewable energy loans in local currency, Nigeria, African Development Bank (“AfDB”)

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



Sporting venues, El Salvador, Central American Bank for Economic Integration (“CABEI”)

The project supports the construction of sporting facilities and contributes to job creation, and longer-term health benefits. The programme has generated local jobs and will build the facilities for the next XXIV Central American and Caribbean Games to be held in El Salvador in 2023. It seeks to improve the health of citizens through physical activity and promote economic reactivation. A total of 990 jobs have been generated in construction, of which 130 are occupied by women (90 of them heads of household) in areas that have traditionally been considered for men.

CABEI continues to make progress on the registration of its medium-term note programme in Costa Rica and Honduras, in addition to maintaining its local issuance programme in the Dominican Republic. These transactions reaffirm the bank’s commitment to helping the local capital market to achieve greater depth and liquidity.

Source: Central American Bank for Economic Integration, 2022



Gender and social inclusion, South East Asia, Asian Development Bank

The programme aims to provide knowledge and support to help Cambodia, Indonesia, the Lao People’s Democratic Republic, the Philippines, Thailand, Timor-Leste and Vietnam to integrate a gender and social inclusion dimension in national climate and green policies. It will see the building of capacity of the relevant government agencies through policy dialogue, case studies and knowledge products; and by strengthening co-ordination and knowledge sharing in the South East Asia region. The support aims to catalyse public and private capital to accelerate the transition from coal-based power plants to clean energy, while simultaneously creating decent work and opportunities.

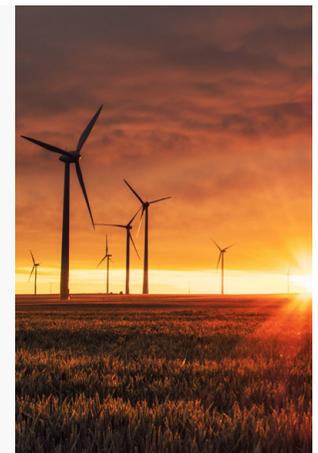
Source: Asian Development Bank, 2022



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



Climate action

What's in this section

Our climate change strategy	23
Commitment to net-zero	24
Reducing our impact on the environment	26

 See more about our commitment to net-zero on pages 24 and 25



Climate action

Our climate change strategy

As an organisation, we are acutely aware of the potential risks, as well as the opportunities, brought about as a result of climate change, both operationally and in terms of our investments. Record's focus on climate resilience is therefore core to our corporate purpose and is aligned with our responsibility to our stakeholders. We incorporate climate change considerations across all areas of our business, with the aim to reduce climate-related risk and support the transition to a low-carbon economy.

In line with this, we have identified four strategic pillars for addressing climate-related risks and opportunities which we believe will generate long-term value for the Company, our stakeholders and the environment. To inform our strategy and provide a framework for assessing climate-related risks and opportunities, we have drawn upon the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). We published our first climate report last year and have since made considerable progress developing our reporting in line with the TCFD's recommended disclosures.



Net-zero transition within our operations and value chain

We will work to reduce the greenhouse gas emissions we produce and minimise our reliance on carbon offsets in our journey to be net-zero by 2050.



Climate-integrated investment

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



Climate-focused engagement with stakeholders

We believe in enhancing climate action through active stakeholder engagement, accelerating the transition to climate resilience within our own organisation as well as within wider society.



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.



Read more in our
climate report
recordfg.com

Climate action

Commitment to net-zero

Record has always considered the impacts its operations have on our community and the environment. 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. These projects have been 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:



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:



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:



Climate action

Commitment to net-zero 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:

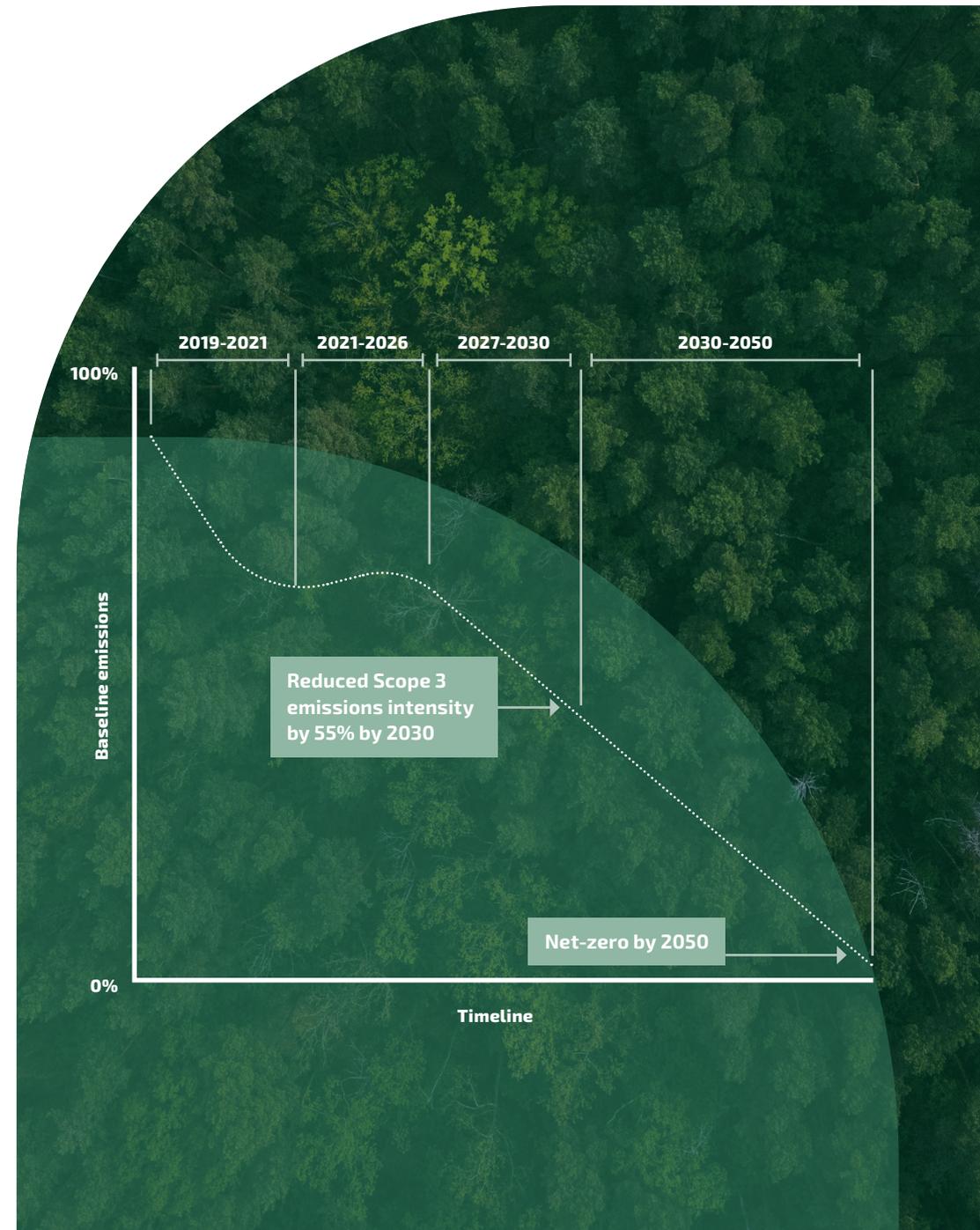
- **Reach net-zero greenhouse gas emissions in our operations and value chain by 2050**
- **Reduce Scope 3¹ emissions intensity² by 55% by 2030 against a 2019 baseline**

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. Nevertheless, over time we will see significant reductions aided by both our emissions reduction principles outlined below as well as government intervention and new technologies. Please see page 28 of our climate report for our Group annual emissions footprint and progress towards our 2030 target.

Read more in our climate report recordfg.com.

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.



Climate action

Reducing our impact on the environment

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 tCO₂e and £113,650 saved in landfill rates.

Climate action

Reducing our impact on the environment continued

Sustainable initiatives

100 miles sustainable travel challenge

To celebrate Earth Month, Record organised a challenge to encourage employees to travel more sustainably by walking, running or cycling. We donated to the World Wide Fund for Nature, a charity which aims to preserve wilderness and reduce human impact on the environment, on behalf of every employee who reached the target. Over the course of the challenge, we shared a number of sustainable tips to improve sustainability at home and learn more about the impacts of climate change.



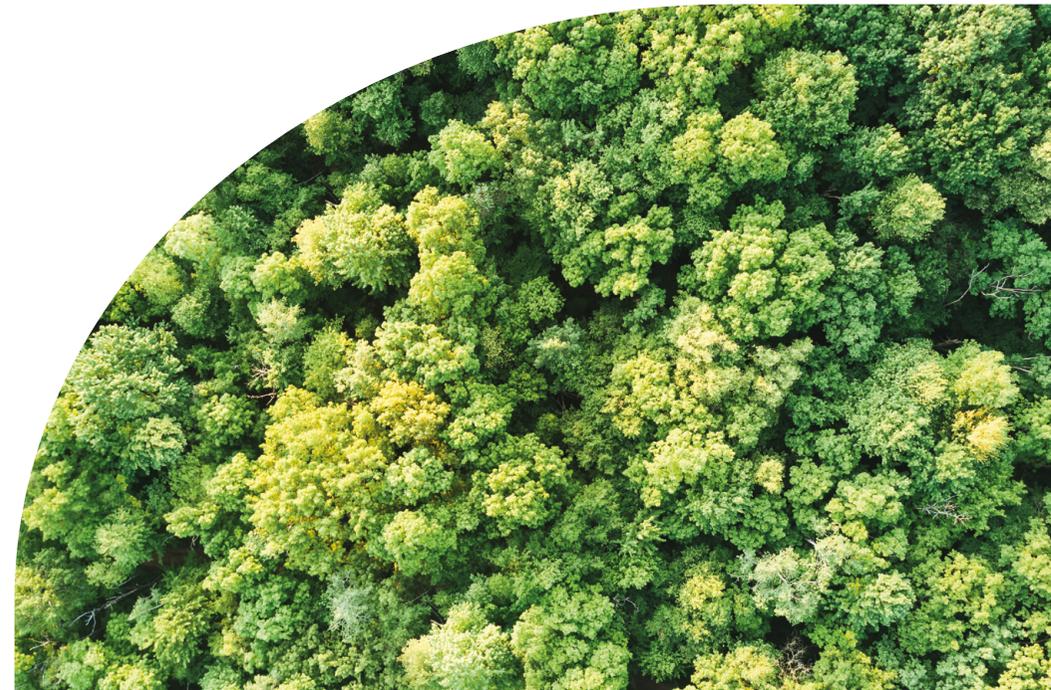
The Goodness Project

The Goodness Project provides sustainable and ethically sourced snacks for the office using recyclable packaging and carbon neutral delivery. The Goodness Project plants trees for every purchase made, helping to offset their greenhouse gas emissions.



ULEV car scheme

Our ultra-low emission ("ULEV") car benefit scheme allows Record employees to lease a brand new car whilst receiving income tax and NI savings through salary sacrifice. Our commitment to sustainability is at the heart of the employee benefit, with the green scheme only supporting the purchase of ultra-low emission cars (<math><75\text{g CO}_2/\text{km}</math>) from a fully electric or hybrid range. Along with the government tax benefits on green cars, we hope the green scheme will encourage employees to swap out their petrol or diesel cars for a fuel-efficient, more sustainable option.



Our people

What's in this section

Being a great place to work	29
Inclusion and diversity	30
Human rights and modern slavery	39
Community impact	39



**See more about our
community impact on
page 39**

Our people

Being a great place to work

Our employees are central to our success as a business. We invest in our people to ensure they are motivated, engaged and happy. We strive to be an excellent place of work, doing this by listening to our employees' needs and adapting our organisation to suit these needs.

Listening to our employees

Record strives to be a great place to work. We know that our employees are key to our success as a business and we ensure we listen to and understand their opinions, ideas and suggestions, to help us maximise our business performance and culture. This year we used weekly pulse surveys to collect feedback on a range of topics including objectives, technology, inclusion and diversity, workplace, wellbeing, workload and more.

Hybrid working

Record is always thinking creatively about new approaches to how we work, when we work and where from. We want to strike an optimal balance between flexibility and providing an environment which fosters teamwork and innovation. We have continued to keep hybrid working practices in place, with core office days to nurture the inter and intra-department communication and collaboration. This flexible approach aims to support employee personal needs and provide an attractive work-life balance, thereby enhancing productivity and motivation.

Flexibility

On top of our hybrid working approach, we allow flexibility through flexible work hours and an unlimited holiday policy. The aim is to create purposeful working and equip everyone to better manage their work-life balance and personal wellbeing. We also introduced a flexible public holiday leave policy to support our colleagues who celebrate different religious holidays and cultural events. This change allows employees to take public holiday leave on the dates that are most meaningful and significant to them.

Wellbeing

Our approach to wellbeing is all-inclusive; we care about our employees' physical health as well as their mental and financial health, providing benefits and interventions to support our employees across all such aspects. We are acutely aware that some employees have struggled in recent years due to the challenges faced from the pandemic. In response, we regularly signpost mental health helplines and introduced our first mental health first aider to support colleagues with work and personal issues. We provide further support through our Employee Assistance Programme ("EAP") which provides counselling services for those dealing with stress, anxiety and depression.

We partnered with Spirit Resilience to run a wellbeing training session which aimed to help managers identify key behaviours that encourage team members to be open about their mental health and wellbeing at work and how to support them. The interactive session gave practical examples and steps to managing team wellbeing as well as their own, whilst signposting relevant policies. In our recent pulse survey assessment, 80% of respondents believed their manager cares about their wellbeing and is supportive.

Investing in our people

We invest in the learning and development of all of our employees. We seek new and challenging opportunities for individuals and teams to take hold of, allowing them to develop their skills and expertise in order to realise their potential and excel. We offer both financial support and study leave for anyone who wants to take qualifications and offer both on-the-job and formal training based on employee feedback of what they would benefit from. Line manager support is key to helping individuals progress and we ran a manager training programme this year which included six important modules: Profiles and Personalities, Personal Development Plans, Team Building, Remuneration and Recognition, Inclusion and Diversity, and Team Wellbeing.

Our people

Inclusion and diversity

For our employees to reach their full potential they need to feel valued, included and respected. This is the culture that Record works towards and, as part of this, we celebrate individual differences and aim to promote a sense of belonging. We believe that having a diverse workforce better enables us to meet our clients' needs, offering different perspectives and pathways to solving problems and innovating. To the right we outline our inclusion and diversity goals, which provide a framework for how we think about inclusion and diversity.

93%

of employees said they believe Record values the importance of an inclusive and diverse workplace

89%

believed all employees have the same opportunities at Record regardless of gender, race, religion etc.



Workplace inclusion

Foster a culture that encourages acceptance, flexibility and fairness



Diversity in recruitment

Ensure our talent pools and recruitment process promotes the hiring of diverse candidates



Diversity in development and progression

Identify and break down barriers to progression, ensuring everyone receives equal opportunities to fulfil their potential



Sustainability and accountability

Embed diversity and inclusion in Record's culture, and equip leaders with the ability to manage diversity and be accountable for the results

Our people



2022 was a time for continued dialogue and collective action.

Inclusion and diversity continued

This year marks the second for Record's **Inclusion and Diversity Network ("I&D Network")**, an umbrella group that combines Record's previous networks established in 2020 (Ethnic Diversity Network and Gender Equality Network). The network has allowed us to account for and understand the intricate intersectionality of identities as well as the individuality of experiences of our colleagues both within the workplace and society.

2022 was a time for continued dialogue and collective action, working on existing initiatives whilst introducing additional ones into the pipeline to deliver greater impact within our company and wider communities. Our I&D Network warmly welcomed several new members this year, who have brought their personal experiences and passion to steadfastly help the network grow its presence. We endeavoured this year to go a step beyond in our engagement with Record's internal and external stakeholders, particularly in making our events more interactive. Some key highlights included celebrating International Women's Day with an intimate fireside chat with Record CEO, Leslie Hill, and Caroline Keetch (Halsey Keetch) on topics of gender diversity, embracing equity and male allyship within the workplace. We also organised a walking tour with "Queer Tours of London" in celebration of Pride Month, providing our employees an insight into London's queer history, shedding light on the lives, spaces, identities, repression and resistance that form the backdrop of LGBTQ+ lives today.

We continued with charity fundraising throughout the year, hosting a charity breakfast to support the Pakistani flood relief campaign and also running a Ramadan initiative where fellow employees could fast for a day alongside their Muslim colleagues during Ramadan, raising money for the Turkey-Syria earthquake appeal. We have also looked to realign our partnerships this year, onboarding the Diversity Project, a cross-company initiative championing a truly diverse, equitable and inclusive UK investment and savings industry. This has given us crucial access to collaborate with fellow small-to-medium sized firms in the financial services sector with similar objectives and challenges as us. With the continuing development of our network, a major action point for our network committee this year was quantifying a framework to measure the success of our objectives and overarching goals, keeping us accountable to the network ethos and help guide the future trajectory of the I&D Network at Record. Meanwhile, we continue to improve the capturing of diversity profile data and the path to minority representation at more senior levels, asking Record employees to share diversity profile data as a means of implementing impactful initiatives as well as measuring representation and progression within the Company. This will allow us over time to recognise and celebrate the accomplishments of underrepresented groups within the Company, whilst also highlighting areas of further development and improvement required.

Emman Raja
Inclusion and Diversity Network Chair

30 June 2023

Our people

Inclusion and diversity continued

Inclusion and Diversity Action Plan

Record's Inclusion and Diversity Action Plan outlines the actions we are taking to meet our long-term inclusion and diversity goals. The plan is updated annually and progress towards our objectives is monitored and reported on an ongoing basis to the Sustainability Office. Our most recent plan can be found on our website. Led by the Inclusion and Diversity Network, the past year has seen significant progress made on our action plan:

Workplace inclusion

2022/2023 objective	Progress
Promote inclusion before diversity, ensuring initiatives take an inclusion-first approach.	<ul style="list-style-type: none"> ✓ Rebrand of the Company's affinity network to the "Inclusion and Diversity Network", with the emphasis of putting inclusion before diversity ✓ Frequent communication of inclusion before diversity in network events
Promote inclusive training, events and activities.	<ul style="list-style-type: none"> ✓ Celebrated several inclusive events and religious holidays, including Pride and Pride Disability month, Black History Month, Diabetes awareness, and International Women's Day
Assess ability to implement an inclusive public holiday policy.	<ul style="list-style-type: none"> ✓ Published a Flexible Public Holiday Policy which allows employees to take public holidays at their own preference
Expand initiatives to support all underrepresented groups, ensuring our focus is wider than just gender and ethnicity.	<ul style="list-style-type: none"> ✓ Signed up to Level 1 of the UK Disability Confident Employer Scheme ✓ Asked employees to self-disclose disability and long-term health condition information to improve diversity data collection
Ensure inclusion and diversity-related policies are being implemented effectively.	<ul style="list-style-type: none"> ✓ Ran line manager training sessions on managing inclusive teams and wellbeing, signposting relevant policies and benefits



Our people

Inclusion and diversity continued

Diversity in recruitment

2022/2023 objective	Progress
Communicate our goal to increase diversity in recruitment to any agency or university we regularly recruit with.	<ul style="list-style-type: none"> ✓ All recruitment agencies were required to provide a diverse range of candidates for every position ✓ This year we took a blind CV recruitment approach for our Summer Internship Programme
Where possible, post job adverts with organisations who aim to encourage diversity in talent pools.	<ul style="list-style-type: none"> ✓ Graduate jobs posted to Investment 2020 job board
Measure applicant pools.	<ul style="list-style-type: none"> ✓ Diversity of applications across the year is reviewed annually ✓ Addition of gender identity and disability self-disclosure to applicant questions

Diversity in development and progression

2022/2023 objective	Progress
Investigate whether any coaching/mentoring/training needs to be implemented to support progression within the company.	<ul style="list-style-type: none"> ✓ Manager training sessions were held across the year which included six topics. Topics focused on manager skills e.g. team building, remuneration and recognition, as well as diversity-related sessions on wellbeing and the importance of inclusive leadership



Our people

Inclusion and diversity continued

Sustainability and accountability

2022/2023 objective

Progress

Communicate effectively and frequently to the company the importance we place on inclusion and diversity and our action plan.

- ✓ Action plan published on our website and progress towards objectives reported in annual sustainability report
- ✓ Reference to action plan made regularly in Company communications

Encourage accountability for diversity at the top.

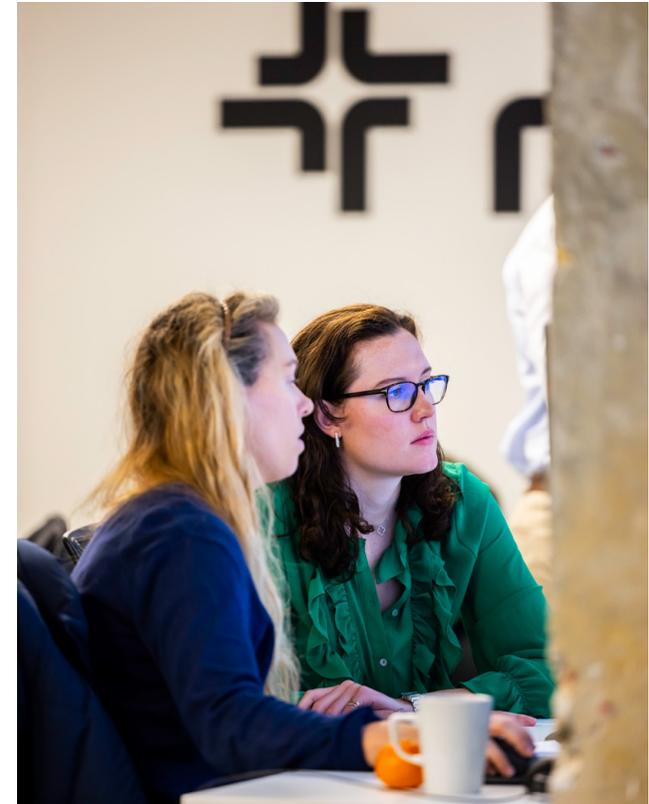
- ✓ Record's Board receives sustainability reports which include inclusion and diversity updates
- ✓ Signed up employee volunteers to an XLP GCSE tutoring programme for disadvantaged youths which was championed by our CEO
- ✓ CEO took part in International Women's Day event, speaking on importance of diversity and inclusion

Utilise memberships with organisations who provide resources and tools to help companies reach diversity goals.

- ✓ Became a member of the Diversity Project in January 2023 and built a network of SME member firms to collaborate with on talks and events

Monitor and publish progress.

- ✓ Annual monitoring and reporting on gender and ethnicity data is now used to inform strategy and update our action plan
- ✓ Workforce demographics on gender and ethnicity published



Our people

Inclusion and diversity continued

Inclusive events we celebrated this year:

Pride Month

Record celebrated Pride with a walking tour throughout the city with Queer Tours of London. The tour told the stories of London's queer history, shedding light on the lives, spaces, identities, repression and resistance that form the backdrop of LGBTQ+ lives today.



Disability Confident Scheme

In July 2022, we became a member of the UK's Disability Confident Scheme. Being a Disability Confident Committed employer ensures that every part of our organisation is considerate to disabled people and their needs. Our recruitment process is inclusive and accessible throughout, promoting vacancies on a variety of platforms to reach the widest talent pool. Our Disability Confident Committed badge is proudly placed on our careers page so that all prospective applicants know they will receive the support they need. Reasonable adjustments are always offered and readily available for all those that need it. Record continues to support all disabled employees, whether these disabilities or long-term health conditions are pre-existing or have been acquired since hire, with excellent health and wellbeing policies and employee-focused management. Ongoing management training ensures all employees feel supported and confident to speak to their leaders to discuss their needs and adjustments. We recently began collecting data on disability, and 2.1% of our employees have self-disclosed that they have a disability.



International Women's Day ("IWD")

Record held a fireside chat event for IWD with our CEO, Leslie Hill, and Caroline Keetch, another female CEO in the industry. The session focused on the importance of equality, diversity and inclusion in the financial services industry and within Record.

Black History Month

October marked Black History Month and this year we celebrated by attending a Black History Month special comedy evening for an uplifting night that celebrated black culture and black comedians.



Fasting for Ramadan

Across the UK each year, thousands of Muslims fast during the day for the four weeks of Ramadan – many whilst working at the same time. In solidarity with our Muslim colleagues, Record employees volunteered to fast for a working day alongside them and learn more about the tradition and reasons for fasting. On behalf of everyone who took part, Record donated to the Disaster Emergency Committee support fund for the Turkey and Syria earthquake.

Our people

Inclusion and diversity continued

Gender pay gap

The gender pay gap shows the difference in the average hourly rate of pay between women and men, as a percentage of average male earnings. The calculations were made using gender pay gap calculation guidelines from the UK Government. We have been publishing our gender pay gap for the last six years on a voluntary basis to ensure we are being transparent as an organisation. All data was taken as at 5 April 2023 and includes those employed across our UK subsidiaries.

Understanding the gap

Our mean gender pay gap shows that women are currently paid 10% more than men on average, which increased by 8% compared to the previous year. We understand that mean gender pay gaps can be skewed and that is why it is important to note that our median gender pay gap also declined by 5% this year and is relatively low compared to the industry. This change reflects progression of women into more senior roles within the business and in turn, a greater representation of women in the upper middle salary quartile. Again, we recognise our mean gender bonus gap has been significantly skewed due to the variable bonus pay of a small proportion of women in senior leadership. However, our median gender bonus gap has improved again, declining by 15% over the year. Whilst this difference is still much higher than we would like it to be, it's moving in the right direction.

There is still more work to do in this space, which is highlighted by the fact there is still a median pay gap across both our salary and bonus analysis. Continuing our progress is a key priority for us, and our current approach has ensured impressive results to date.

Mean gender pay gap (%)

-10%

2022: -2%

Median gender pay gap (%)

20%

2022: 25%

Mean gender bonus gap (%)

-93%

2022: -65%

Median gender bonus gap (%)

48%

2022: 63%

Lower quartile: (%)

41%

2022: 40%

Lower middle: (%)

45%

2022: 45%

Upper middle: (%)

32%

2022: 25%

Upper quartile: (%)

36%

2022: 35%

100%

Women and men were participants in the bonus scheme

2022: 100%

Our people

Inclusion and diversity continued

Gender pay gap continued

Improving our gender pay gap

Training and mentoring

We have been focusing our efforts in identifying female talent, and supporting their progression through mentoring, training and development. Since October 2021 we have been partnered with Advancing Women Executives (“AWE”) to run an accelerator programme for mid-level women at Record. The programme provides specific training and networking opportunities which are critical for career advancement and promoting the succession of women.

Working parents

We continue to support working parents and those with caring responsibilities through our parental leave and flexible working policies. Record's approach to flexibility is highlighted by the continuation of hybrid working and our flexible working hours policy. However, our support for working parents extends beyond our policies and is emphasised in communications from senior leadership and line managers. Managers are supportive and are aware of the needs of the people in their teams, and work hard to accommodate these needs as much as possible. During this year's manager training, we ran a session which focused on inclusive leadership and managing diverse groups of people to provide all managers with the tools to support their teams.

Recruitment

We engage with our recruiting agencies on the importance we place on diversity and use inclusive job boards in order to attract diverse talent pools, especially when recruiting for male-dominated roles. Our job advert checklist ensures that before adverts go out they are reviewed for things such as overuse of male-gendered language or the inclusion of whether the role can be done flexibly. We collect data on all applicants and review this data annually to ensure our talent pools are representative.

Reporting

We collect data on gender, ethnicity and disability on a voluntary basis. This data allows us to report annually on our workforce demographics, allowing us to identify any demographic gaps and assess underlying factors which may play a contributory role, such as hiring practices, progression or retention.



Our people

Inclusion and diversity continued

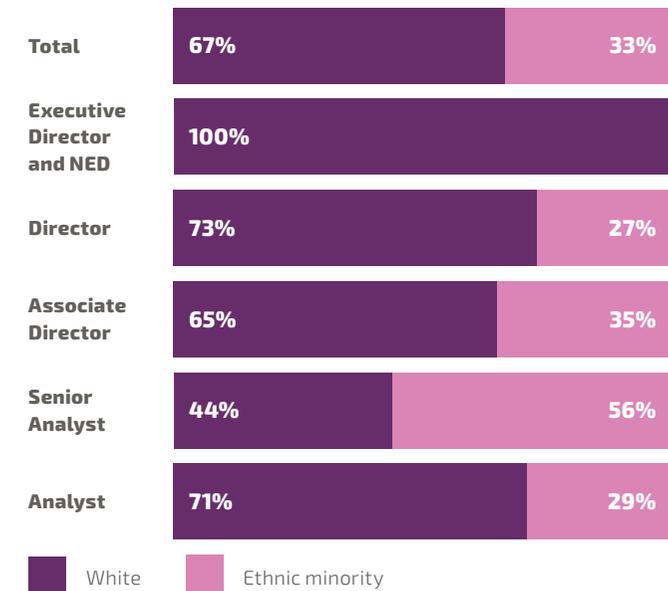


In October 2021 we signed up to Business in the Community's Race at Work Charter, committing to take practical steps to ensure our company is tackling barriers that ethnic minority groups face in recruitment and progression. The charter has seven principles to improve quality of opportunity:

- 1. appoint an executive sponsor for race;**
- 2. capture ethnicity data and publicise progress;**
- 3. commit at board level to zero tolerance of harassment;**
- 4. make equality, diversity and inclusion the responsibility of all leaders and managers;**
- 5. take action that supports black, Asian, mixed race and other ethnically diverse employees' career progression;**
- 6. support race inclusion allies in the workplace; and**
- 7. include black, Asian, mixed race and other ethnically led enterprise owners in supply chain.**

In line with principle two, we publish ethnic minority representation across the business. We have good representation of ethnic minority groups within our business as a whole, which is reflective of the UK population¹, and at junior and management levels. However, there is scope for improvement with regard to representation at more senior levels of the business. We have integrated the Race at Work Charter's principles in our Inclusion and Diversity Action Plan and will work continuously to do better in raising awareness of and breaking down the barriers that ethnic minority groups often face in the workplace.

Ethnic diversity representation (%)



Ethnic diversity representation (%) as at 31 March 2023. Please note we are unable to publish ethnic diversity data within the five ethnicity categories defined by the UK Government due to General Data Protection Regulation.

1. Reference to population data taken from England and Wales 2021 Census data (UK population by ethnicity – GOV.UK Ethnicity facts and figures (ethnicity-facts-figures.service.gov.uk)).

Our people

Human rights and modern slavery

Record's policies and procedures with regard to human rights are in line with internationally recognised human rights standards, including the International Labour Organisation's standards and the Universal Declaration of Human Rights. We comply with human rights standards and labour laws of each of the countries we operate in, and we do not tolerate any instances of modern slavery, human trafficking, child labour or any other form of human rights abuse within our organisations.

Modern Slavery Policy

Record publishes an annual Modern Slavery Act statement in line with the government guidelines under the 2015 Modern Slavery and Human Trafficking Act. Our policy outlines the procedures we have in place to identify and prevent modern slavery both in our own operations and in our supply chain. We aim to regularly review our approach to modern slavery to ensure our policy and process is in line with best practice.

This year we introduced a Supplier Code of Conduct agreement which asks suppliers to adhere to high standards in the areas of human rights, diversity and inclusion, environmental policy and ethical practice. We value our supplier relationships, and we want to work with them collaboratively to promote sustainable best practice within our supply chain.



United Nations Global Compact

Record became a signatory of the UN Global Compact in November 2021. The UN Global Compact is a compact for signatory companies who are committed to integrating ten corporate responsibility principles, which are aligned with the UN SDGs, in their business operations and strategies. The ten principles cover the areas of human rights, labour, environment and anti-corruption. Where relevant, we align our policies with the United Nations Global Compact to ensure we are operating as a responsible business.

Community impact

As a business, we believe that everyone benefits from a more equitable society, and we have a long-standing culture of generosity and community involvement. We work closely with organisations whose values align closely with our own. We aim to help individuals, their families and their communities build a better future for themselves.

Charitable donations and fundraising

This year we held several fundraising events, including a smoothie station to support Islamic Relief aid work in Pakistan, a raffle for UA Victory and a day of fasting at the start of Ramadan to raise money for the Disaster Emergency Committee fund for those impacted by the earthquakes in Syria and Turkey. A scheme allowing UK employees to give to charity through the payroll is also offered.

Record generously matches the charity donations of its staff, which has bolstered overall contributions to impressive totals.

FY-20

£15.2K

FY-21

£19.2K

FY-22

£18.2K

FY-23

£18.4K

Our people

Community impact continued

Ukraine support raffle – UA Victory

Record held a successful raffle to raise money in support of Ukraine. We engaged with some of our contractors based in Poland and Ukraine to find out which charities/organisations are having the most impact on the ground and donated the £2,210 raised to an organisation called **UA Victory**. Volunteers of the UA Victory taskforce have been working hard to provide medical supplies for Ukrainian medical personnel who are treating wounded civilians and soldiers on the front lines. To ensure all donations are being used effectively, they provide specific, request-based help to meet specific medical needs and co-operate with doctors in Germany to obtain the right equipment at the lowest prices. Items they have purchased include an ambulance vehicle, individual first aid kits and many medical supplies.



Volunteering at Whitechapel Mission

Alongside fundraising, our employees make a real difference by donating their time and support to various charities in their own time and through corporate volunteering opportunities. Volunteering is a great way for our colleagues to build relationships and collaborate across different teams.

In January, Record volunteers cooked and served breakfast at **Whitechapel Mission's** homeless shelter. The centre provides food, clothes, showers and other services to the homeless in and around Whitechapel. Each morning the centre prepares and serves breakfast for as many as 350 people, many of whom may not have eaten since yesterday's breakfast. Whitechapel Mission is preparing to see homelessness rates rise and an increased pressure on their services. The current cost of living crisis has the potential to put many people at risk of becoming homeless and volunteers play a crucial role in them being able to support the many people sleeping rough.



Forward-looking sustainability goals and targets

Forward-looking sustainability goals and targets

Moving into 2023, our strategic aims are aligned with helping our company adapt to a more sustainable long-term future and play our role in supporting this transition at the same time. We intend to listen to our stakeholders about which aspects of sustainability are important to them and use this to guide our decision-making, as we did in our recent sustainability materiality assessment.

Record is going through a significant period of evolution and new subsidiaries have led to the change of our Group structure. We understand the importance of implementing initiatives and disclosing at Group level and are therefore working hard to cement our sustainability governance structures across Record Financial Group as a whole to promote accountability and transparency. This is going to be a key step in ensuring our commitments and actions are having the greatest impact they can have.

The regulatory space for sustainability disclosures is also changing rapidly, with the EU and UK leading the way. As a business which operates in different markets and jurisdictions, we aim to monitor ongoing regulatory changes and ensure we are not only maintaining compliance but demonstrating best practice in our disclosures. As a growing company, data collection and the use of sustainability indicators is going to be key to communicating progress. We aim to improve our ability to collect and report data across our three sustainability pillars over the course of next year.

Last year we made considerable progress against our goals and this year we set ourselves several new and ambitious targets which are underpinned by our sustainability strategy and will ensure continued and measured success.

2023/2024 targets

Responsible investment

Develop and embed a framework for effective engagement with MDBs and other DFIs in line with EMSF strategy.

Improve ability to measure the positive social and environmental impact of EMSF investments.

Continue our research and development on delivering sustainability-themed product innovation.

Climate action

Review our carbon accounting practice to investigate how we can improve accuracy of our carbon footprint data collection.

Continue to improve climate transparency and disclosure through our climate report and voluntary frameworks.

Our people

Use feedback from recent pulse survey to implement changes for the benefit of our employees.

Organise at least ten Inclusion and Diversity Network events across the year (e.g. training, fundraising, talks, socials).

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.

Memberships and affiliations

Memberships and affiliations

2022



We are a member of the Diversity Project, a cross-company initiative championing a truly diverse, equitable and inclusive UK investment and savings industry.



We are supporters of and report against the Sustainability Accounting Standards Board.



We signed up to the UK's Disability Confident Employer scheme and are committed to removing barriers for disabled people in the workplace.

2021



We committed to the UN Global Compact's principles in the areas of human rights, labour, the environment and anti-corruption.



We are signed up to BITC's Race at Work Charter, with the aim of tackling ethnic disparities in the workplace.



We disclose to the CDP, an organisation that assesses cities and companies on their climate impact and disclosures.



We are a signatory of Insuring Women's Futures' Financial Flexible Working Pledge; the pledge addresses the monetary inequalities resulting from women typically acting as the primary carers for children or other family members.

Memberships and affiliations

Memberships and affiliations continued

2020



As an influencer member of Pensions for Purpose, we share and have access to relevant ESG, sustainable and impact investment information through their knowledge platform.



We are a supporter of and report in line with TCFD recommendations to assess climate risks and opportunities.

2018



Principles for Responsible Investment

We have committed to adopting and implementing the United Nations Principles for Responsible Investment, aimed at aligning investment practices with ESG factors.



As members of Swiss Sustainable Finance, we aim to promote sustainability in the Swiss financial market.



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

2014



We are members of Investment 2020, an organisation that helps individuals learn about and enter a career in the investment management industry, helping to diversify the talent pool.

2007



Since 2007 we have been certified as CarbonNeutral® in accordance with the CarbonNeutral® Protocol, the leading framework for carbon neutrality.

Record plc

Morgan House
Madeira Walk
Windsor
Berkshire SL4 1EP
T: +44 (0)1753 852 222

marketing@recordcm.com
www.recordfg.com