Annual TCFD & GHG Emissions Report

City of London Investment Group PLC
77 Gracechurch Street, London, EC3V 0AS

Produced by ECO3 Partnership Ltd
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1. Introduction

This report responds to the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) and the listing requirement of LR 9.8.6, for the financial year ended 30 June 2026.

City of London Investment Group PLC (CLIG) is an established asset management group listed on the London Stock Exchange, consisting of two wholly owned subsidiaries that invest primarily in closed-end funds (CEFs) for the benefit of their respective clients. As a listed company, we disclose environmental initiatives at a Group level in our Annual Report and Accounts.

It sets out the extents to which CLIG PLC incorporates climate-related risks and opportunities into governance, strategy, risk management and metrics and targets, and reconfirms the expectations of our clients.

For simplicity we have also embedded our Streamlined Energy and Carbon Reporting (SECR) into this report, in line with the Companies (Directors' Report) and Limited Liability Partnerships (Amendment) Regulations 2018.

Our subsidiary, City of London Investment Management Company Limited (CLIM), which is regulated by the Financial Conduct Authority (FCA), has published a separate and voluntary TCFD entity report, pursuant to the ESG Sourcebook rules issued by the FCA.

Operational emissions development in period:

In terms of operational emissions reductions, with reference to scopes 1 & 2, the majority of our offices have now transitioned to renewable energy tariffs for electricity, resulting in market-based emissions benefits in period.

We have also progressed our greenhouse gas (GHG) offsetting strategy for scope 3 business travel emissions.

Key takeaways from our environmental summary this year include:

- **A minor increase in our scope 1 & 2 market-based emissions in year, which remains significantly below our baseline.**
- **Scope 3 emissions decreased by 18% year-on-year.** This was driven principally by a reduction in business travel emissions, which fell for the second consecutive year (41.7% reduction in year). Purchased goods and services decreased by 15.6% in year, reflecting a reduction in operational expenditure. As this category is estimated using a spend based methodology, reported emissions move broadly in line with expenditure, and the reduction should be read in that context rather than as a measure of supplier decarbonisation.

2. Governance

2.1. Board Oversight

Our Board remains committed to maintaining high standards of corporate governance throughout the group. The oversight and structure of our Governance committees remains unchanged in period. Key personnel changes have been defined in the Director's Report of the 2026 Annual Report and Accounts.

With respect to overseeing our approach to climate change, board oversight is structured as follows:

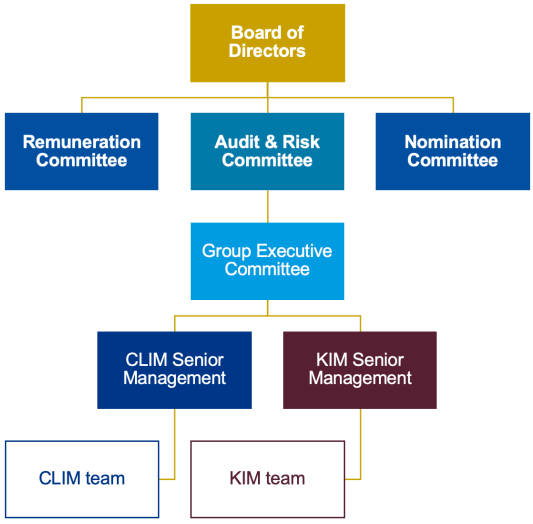


Figure 2-1 Corporate Governance Structure

The CLIG Board of Directors has the ultimate responsibility for identification and management of climate risk.

The Audit & Risk Committee (ARC) has oversight of the reporting of climate risk. The ARC is also responsible for monitoring the quality of internal control, ensuring that the financial performance of the company is properly measured and reported on, meeting with the auditors and reviewing reports from the auditors relating to accounting and internal controls.

Our approach to overseeing climate-related risks and reporting is summarised within our **Audit & Risk Committee Terms of Reference**, which was revised in February 2025.

For further details, please see: 20250219-ARC-TOR-Feb-2025.pdf

Our investment policies and objectives are reviewed annually to ensure that it meets our shareholder's needs. Performance is measured against a total return benchmark, based on an appropriate index for the investment policy. More information on our annual reviews and benchmarking strategy can be found in our Annual Stewardship Report 2025, published in March 2026. For further details, please see: CLIM Annual Stewardship Report, March 2026

2.2. Management oversight

The Group Executive Committee (GEC) oversees the daily responsibilities of the Group's two operating subsidiaries, CLIM and KIM, and this includes the environmental impact of the two businesses. The GEC has responsibility to bring climate matters to the A&R and Board of Directors.

Senior management in KIM and CLIM support the assessment of climate-related risks and opportunities. At CLIM, the oversight includes the portfolio managers who are responsible for implementing stewardship for their respective strategies, with the assistance of a UK based governance and ESG specialist. This ensures a coordinated response where a closed-end fund is held across multiple strategies within CLIM.

3. Strategy

3.1. Identification of Climate Risks & Opportunities

At investment management level

Our business model remains focused on exploiting discount volatility in CEFs on behalf of our clients to achieve capital growth and outperform relevant benchmark indices as necessary. The Group managed approximately US$12.3 billion of client assets at the year end, through investment teams in the United Kingdom, the United States and Singapore. Improving CEF governance has been a key objective since our business was founded, but neither CLIM nor KIM select securities solely based on their ESG characteristics. Their business models are to implement investment strategies that exploit discount volatility in CEFs.

With respect to CLIM, further details (for non-US persons) regarding our SFDR disclosure are detailed here:

https://citlon.com/sustainable-finance-disclosure-regulation-sfdr/

We note that the European Commission has proposed a substantial recasting of SFDR, replacing the current Article 8 and Article 9 approach with a categorisation regime. We are monitoring the passage of that proposal and will revise our disclosure when the final requirements and their application dates are known.

CLIM's investment process is driven predominately by capitalising on CEF discount inefficiencies. The ESG characteristics of the underlying CEF portfolios are not the primary reason for selection. However, we appreciate that ESG ratings require consideration, and we therefore encourage CEFs to be more explicit regarding the integration of ESG factors into their investment process.

CLIM's Research Team conducts annual due diligence on the investment manager of each CEF investment. ESG issues, including climate change, are considered as part of this process, with the assistance of Sustainalytics' ESG Risk Ratings. This work is undertaken to better understand the sustainability performance of the underlying CEF portfolios. CLIM selects securities predominantly based on their discount to NAV, but investment managers are encouraged to disclose ESG characteristics of their strategies, such as ESG ratings and carbon emissions. Coverage of the underlying holdings of CEF portfolios remains incomplete, particularly for emerging market and specialist mandates, and we treat the data as an input to engagement rather than as a portfolio constraint.

CLIM's standard annual due diligence on CEF investment managers includes their processes for incorporating ESG and for mitigating climate change risks. CLIM believes that effective management of ESG risks results in better long-term shareholder returns. CEF investment managers are encouraged to be more transparent regarding the ESG aspects of their portfolios. CLIM uses Sustainalytics' data to monitor ESG characteristics of the underlying CEF portfolios, where available, during the holding period. This data provides the basis to challenge CEF investment managers directly on their ESG activities, including specific portfolio holdings that exhibit high ESG risks.

We appreciate that climate risk may materialise over the short and medium term, and at the Group level, we continue to monitor the landscape of climate-related risk drivers, which may cause us to consider possible future downside risks to our balance sheet and conversely alternative opportunities. During the year under review, this monitoring has placed particular emphasis on the increasing divergence of climate policy across the jurisdictions in which we operate, as discussed in Section 3.3.

Further details regarding CLIM's Stewardship & Corporate Governance, Voting Record & Press Releases are available within the 'ESG for Clients' section of our website, as well as our Annual Stewardship Report located at:
https://citlon.com/esg-clients/

At CLIG corporate level

Recognising that climate risk manifests through the physical effects of changing weather patterns and by efforts to reduce and eliminate the GHG emissions that drive those physical risks, we have identified a series of risks, and their associated drivers, across three-time horizons- 1) Short Term, which is 0-5 years, 2) Medium Term, which is 5-10 years, and 3) Long Term, which is 10+ years.

We have reviewed our assessment of potential climate risk exposure, including risk drivers and how they could translate to CLIG across the three-time horizons. Given that our business model and investment strategy are unchanged, the profile of key risks, their drivers and potential transmission routes remain consistent with the prior year and is illustrated below. We have undertaken a review of potential climate risk exposure, including risk drivers and how they could translate to CLIG across three initial time horizons. A summary of key risks, their drivers and potential transmission routes are illustrated overleaf.

Risk Category	Financial risks				Business risks				
Sub-category	Market	Interest Rates	Credit	Liquidity	Strategic	Operational	Technology & resilience	Regulatory compliance & divergence	Reputational
Short Term (0-5yrs)									
Medium Term (5-10 yrs)									
Long Term (10+ yrs)									

High impact Medium Impact Low Impact

Table 3-1 Climate risk exposure over time

Risk Category	Sub-category	Risk Drivers	Risk Driver Description	Potential method of transmission to CLIG
Financial Risks	Market	Physical and Transitional risks	• Adjustment to federal tax credits, subsidies, or grants for clean energy. • Particular market/asset sectoral decline • Market adjustments to pricing of climate risks • Climate event impacts on clients	• Reduced capital inflows into cleans energy and green tech indexes • Investment product supply and Demand shift • Climate risks & opportunities that could impact the value of assets • Reduced revenue from decreased demand for goods/services
	Interest Rates	Physical and Transitional risks	• Inflationary pressure could be created by increasing carbon prices & increasing investment demand from climate change	• Potential to increase differentials between geogaphic zones, and or general interest rate environment • Policy uncertainty could lead to higher investment premiums
	Credit	Physical and Transitional risks	• More stringent criteria resultant from climate drivers	• Climate risk could impact client creditworthiness or collateral/assets held by CLIG
	Liquidity	Physical and Transitional risks	• Market condition changes impacting access to stable sources of funding • Drop in deposits from Climate impact to BAU models	• Climate disruption could impact client access to capital, creating potentially constaints to access capital and/or resulting in declines in their wider asset bases and lower investment. • Early exit potential could increase
Business Risks	Strategic	Physical and Transitional risks	• Future sustainability drivers or concerns of our clients • Pace of development of green products	• Potential for client sentiment to change over time • Focus on discount volatility may not leverage new investor profiles (consumer generational preference/product shift)
	Operational	Physical and Transitional risks	• Climate resilience of operations • Physical climate exposure of premises and staff across the UK, US and Singapore (extreme weather events, grid-stressed geographies)	• Increasing frequency or magnitude of climate events may disrupt our operations, increasing potential for operational loss or error • Abrupt and unexpected shifts in energy costs
	Technology & resilience	Physical and Transitional risks	• Acute and Chronic physical risks	• Costs to adopt/deploy new practices and processes • The increasing severity of climate events could disrupt operations, our assets and supporting infrastructure. • R&D expenditure in new technologies
	Regulatory compliance & divergence	Physical and Transitional risks	• Concerns around own or products GHG footprint, or compliance disclosures • Policy changes and compliance with international climate cooperation • Divergent direction of climate policy across operating jurisdictions: the UK is tightening (legally binding net zero 2050; development of ISSB-based UK Sustainability Reporting Standards), whilst US federal policy retreats (withdrawal from the Paris Agreement, January 2026; rollback of federal clean energy incentives) and fragments at state level	• Increasing legal and regulatory compliance risks associated with climate-sensitive investments and businesses • Potential legal liabilities or litigation increase related to product based disclosures • Increased compliance complexity and cost from divergent, potentially conflicting reporting and disclosure obligations across our UK listing and US/Singapore operations
	Reputational	Physical and Transitional risks	• Defining and meeting climate commitments • Green product disclosures & labelling • Climate strategy variance across geogrpahical regions	• Changing Customer or employee perceptions of our contribution to or detraction from the transition to a lower-carbon economy

Table 3-2 Climate risk drivers and potential transmission routes

3.2. Impact of Climate Risks & Opportunities

We acknowledge that the gradual change potential in physical risks is happening now and will only increase over the coming decades.

Transition risk is more time pressing and will likely have a higher impact on CLIG's operations in the short and medium term. We continue to enhance our processes linking the impact of climate related risks and opportunities, presented in Table 3.3 below, to our strategy and financial planning.

Risk Category	Financial Impacts	Financial Opportunities
Market	• Reduced demand for services due to a shift in client preferences • Further abrupt and unexpected shifts in energy costs • Change in revenue mix and sources, resulting in decreased revenues • Re-pricing of underlying assets (e.g. land and fund valuations) • Concentration of client portfolios in emerging market CEFs, where physical risk exposure and transition policy uncertainty are higher than in developed markets • Fallout from market tariffs • Political instability • Geopolitical changes and environmental deregulation	• Increased revenues through access to new markets • Increased market resilience due to diversified investment opportunities • Heightened market volatility has provided opportunities to benefit from discount volatility
Operational	• Increased operating costs (e.g. from higher compliance costs, or increased insurance premiums and costs to reduce our emissions trajectory) • Write-offs, asset impairment, or early retirement of assets due to policy changes • Increased complexity and cost of complying with divergent climate-related regulatory and disclosure regimes across jurisdictions	• Reduced operating costs (e.g. payback through energy efficiency measures and reduced operational demand and consumption) • Benefits from optimised workforce management and planning (e.g. improved health and safety, employee satisfaction) resulting in lower costs • Convergence of disclosure standards on the ISSB baseline, which over time reduces the cost of reporting in multiple jurisdictions
Reputational	• Potential reduction in revenue from decreased demand for services • Potential Reduction in revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention) • Reduction in capital availability	• Reputational benefits resulting in increased demand for our services
Regulatory & legal	• Divergent and in places contradictory climate disclosure and ESG regulation across the United Kingdom, the United States and Singapore • Cost of transition to the UK's ISSB-based sustainability reporting standards once endorsed	• Early preparation for ISSB-aligned reporting positions the Group to meet client and regulatory requests without a step change in cost

Table 3-3 Financial impacts and opportunities from climate risk

Climate related transitional opportunities are summarised in Table 3.4.

Opportunity category	Climate related opportunities
Market & offering	• Potential medium to long term access to new markets • Ability to diversify business activities • Shift in consumer preferences • Heightened market volatility has provided opportunities to benefit from discount volatility
Resilience	• Participation in renewable energy programmes (market-based) and adoption of energy efficiency measures • On-site renewable energy generation
Stewardship & engagement	• Use of our established engagement with CEF boards to press for improved climate disclosure by the underlying investment manager • Exercise of voting rights where engagement on governance and disclosure does not achieve a response

Opportunity category	Climate related opportunities
Reputational	• Reputational benefits resulting in increased demand for goods and services, and from our own approach towards GHG mitigation
Operational efficiency	• Move to more efficient buildings, or refurbishment of existing premises • Reduced operational usage and consumption- water, materials and waste • Transportation policy changes and humanitarian offsetting of necessary flights for business travel

Table 3-4 Climate opportunities

3.3. Scenario Analysis

As noted previously, neither CLIM nor KIM select securities solely based on their ESG characteristics. Their business models are to implement investment strategies that exploit discount volatility in CEFs.

We monitor climate scenarios and the latest publications where possible. The most recent annual updates from the scientific community, *'Forster, P.M. et al. (2025). 'Indicators of Global Climate Change 2024: annual update of key indicators of the state of the climate system and human influence'* & the '*United Nations Environment Programme (2026). Limiting Overshoot: Navigating exceedance of 1.5°C and pathways towards return'* confirm that human-induced warming has continued to rise at an unprecedented rate and that the remaining carbon budget consistent with limiting warming to 1.5°C, is close to exhaustion. 2024 was the first calendar year in which the global average surface temperature exceeded 1.5°C above pre-industrial levels, and observed temperatures have remained close to this level since. Whilst a single year above 1.5°C does not of itself constitute a breach of the Paris Agreement goal, which is assessed against longer term averages, the direction of travel is clear. The UN's report notes that the world must deliver rapid and deep cuts to CO_2, methane and other greenhouse gases immediately, working towards net-zero, with governments sending the right policy signals to financial institutions and the private sector.

Against this backdrop, scenario providers, regulators and market participants are progressively placing less emphasis on orderly 1.5°C-aligned pathways (such as 'Net Zero 2050') as a central planning case. With observed annual temperatures already touching 1.5°C and underlying human induced warming approaching that level, the assumptions underpinning such scenarios, in particular those considering immediate, coordinated and ambitious global policy action, could be considered as having less plausibility. Scenario frameworks are consequently shifting weight towards delayed, divergent and fragmented transition pathways and higher warming outcomes, together with a greater focus on near-term physical and policy shocks.

In terms of NGFS (Network for Greening the Financial System) scenarios, we note some developments. First, the NGFS published its first short-term (3-5 year) scenarios in May 2025. The scenarios still consider the immediate effects of climate change and climate related policies on economic resilience and financial stability. Secondly, the NGFS long-term scenarios published in November 2024, introduced materially higher estimates of the economic damage associated with rising temperatures. The data underpinning those revised damage estimates has since been retracted pending re-review, following methodological challenge from academic and industry commentators. The NGFS has acknowledged that this affects the physical damage outputs of its long-term scenarios, and a future revision will consider appropriate changes.

For CLIG, the episode underlines that climate scenario modelling is hugely complex, remains subject to significant revision, and continues to evolve; the outputs of any single scenario set are a tool for exploring uncertainty rather than forecasts. Accordingly, we will review alternative and updated scenarios over time, as part of normal business, and will keep the range of scenarios we monitor under review as the analytical landscape matures.

Whilst scenario analysis remains a useful input to decision making and planning, the political and policy environment has continued to shift over the year under review, and the divergence between the jurisdictions within which the Group operates, has become more pronounced. In the US, withdrawal from the Paris Agreement took effect in January 2026, accompanied by the rollback of federal clean energy tax credits and incentives and a broader programme of environmental deregulation. By contrast, the UK remains committed to its legally binding net zero 2050 target and strengthened interim commitments (an 81% reduction in emissions by 2035 against 1990 levels), and continues to develop its corporate sustainability disclosure regime, including UK Sustainability Reporting Standards based on the ISSB framework. Singapore, where the Group maintains a satellite office, is likewise phasing in ISSB aligned climate reporting requirements. Divergent disclosure regimes and reporting expectations across jurisdictions may increase compliance complexity and cost over time. We continue to monitor developments accordingly.

More broadly, inconsistent climate policies and geopolitical challenges continue to slow the pace of global decarbonisation, notwithstanding continued technological momentum in renewables, electric vehicles, battery storage and electrification. We will continue to monitor these developments and their potential implications for the Group at a level proportionate to our business model.

4. Risk Management

4.1. Materiality

A critical focus within CLIG is listening to our stakeholders, particularly our clients, to meet their investment requirements.

Materiality considers the threshold at which issues become sufficiently important to our investors and stakeholders, which should be reported publicly. When assessing materiality, we consider how the Group is affected by climate change, as well as the Group's own impact on the climate. We appreciate that the needs of our stakeholders, and indeed the developing sustainability reporting frameworks, will evolve over time. We will continue to assess our approach to materiality so that we continue to report on what is of relevance to our clients and stakeholders. The impact from climate change, at present, relates primarily to our operational impact.

Our focus remains on relative investment performance. We manage client assets relative to a benchmark, but do not screen out investments based on sustainability risks.

4.2. Identifying & assessing climate risks

We have reviewed key risks outlined within the Carbon Disclosure Project (CDP) and within the TCFD documentation. We continue to develop our materiality determination processes.

A list of applicable risks to CLIG have been defined and codified to support further assessment on an ongoing basis. Our process has not changed since our previous report. Where appropriate, selected climate risks will be embedded into our risk framework.

4.3. Managing climate related risk

We continue to develop our approach to help integrate climate-related risk into our decision process at the Group level. Climate risk remains an emerging risk, but it is not currently considered a significant risk for the Group.

4.4. Integration into risk management processes

We will consider reviewing the manner in which we have introduced the management of climate risk into our Group level risk management framework.

Consideration will be given as to whether we could enhance our risk management processes with the integration of specific climate risk training, strategic planning or processes and controls. Any material climate risks and opportunities identified will be actioned as necessary on an ongoing basis. We have a fiduciary duty to oversee our client's assets which they have entrusted us to manage.

ESG is considered at the level of both the CEF corporate and the underlying CEF portfolio. CLIM is a large investor in CEFs and at the corporate level prioritises governance factors over underlying portfolio ESG issues when assessing a potential holding prior to purchase.

In 2025, 65 CEF portfolios were analysed (63 in 2024) using Sustainalytics data, representing 71% of CLIM's AuM at the calendar year end. In those CEF portfolios that were analysed, Sustainalytics covers 94% of the underlying securities on a size weighted basis.

Sustainalytics does not cover unlisted companies and has limited small cap coverage. Small cap securities tend to score poorly which, in CLIM's view, often reflects their weaker disclosure and a relative lack of resources available to develop relevant policies as opposed to poor ESG practices. Lower scores for smaller companies are not necessarily indicative of higher ESG risk. Given the fixed capital structure, CEF investment strategies generally have longer investment horizons, and a majority employ active, fundamental, bottom-up processes that favour opportunities in smaller companies. Accordingly, CLIM's CEF portfolios are typically overweight smaller and mid cap securities.

Overall ESG risk for all CLIM portfolios as at end December 2025, using Sustainalytics, was 5% lower than their respective benchmarks. Weighted average carbon intensity in those CEF investments which made the relevant disclosures was 49% lower than their respective benchmarks. CLIM does not set targets for these measures.

Figure 4-1 illustrates the distribution of securities (number of funds) held in client portfolios as at end 2025, according to their overall ESG risk compared to their specific benchmark.

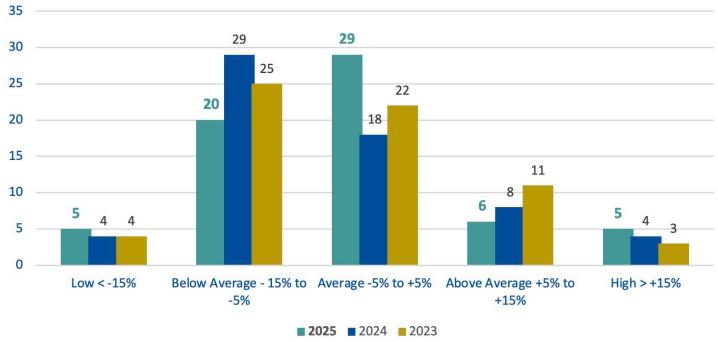


Figure 4-1 CLIM's CEF investments overall sustainability risk vs benchmark.

Please also refer to our Responsible Investment Statement and further detail of our own risk management approach on our website. Further information is also provided in our Annual Stewardship Report.

CLIM Annual Stewardship Report, March 2026

5. Metrics & Targets

The following section relates to our own operational emissions footprint.

In terms of reducing our GHG emissions, note the following:

1. Regarding Scope 2 market-based emissions, the electricity procured for our London office is underpinned by Renewable Energy Guarantees of Origin. At Rochester, the office is supplemented by renewable energy credits for wind power generated in New York State. The West Chester office is supported by renewable energy credits, purchased from solar and wind resources.
2. We continue to offset our business travel emissions, which have reduced again in year. Further information is provided within section 5-4.

The benefits and emissions reductions from these programmes can be seen within our Scope 2 market-based emissions, whilst the net effect of our offset programme (set against business travel, and some elements of scope 1 & 2 where procurement constraints exist) is noted.

5.1. Streamlined Energy & Carbon Reporting

The following sections summarise our Streamlined Emissions Carbon Report (SECR) for City of London Investment Group PLC (CLIG), required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Scopes 1-3 emissions have been assessed for the year ended 30/06/2026.

The methodology used is the Greenhouse Gas Protocol, using the latest UK Government conversion factors produced by the Department for Business, Energy & Industrial Strategy, US Cornerstone & eGRID factors, and available Singaporean EMA data. Our methodology and the extension of our Scope 3 emissions assessment is presented in sections 5.3 & 5.5.

The market-based method for calculating Scope 2 electricity emissions was used within this assessment. A location-based factor has also been calculated for comparison. This is effectively the grid 'average emission' factor for electricity in the UK, comprised of natural gas, renewables, nuclear, coal, oil, pumped storage, biomass, interconnectors etc.

With respect to Scope 1 fugitive emissions, there were no leakage/maintenance reports which highlighted the purchase, disposal, topping up or discovery of refrigerant leaks in period.

5.1.1. Energy consumption summary

We have used a financial control boundary. The energy consumption used to calculate emissions for Scopes 1 & 2 was 438,005 kWh which has increased in the reporting period (395,139 kWh last year).

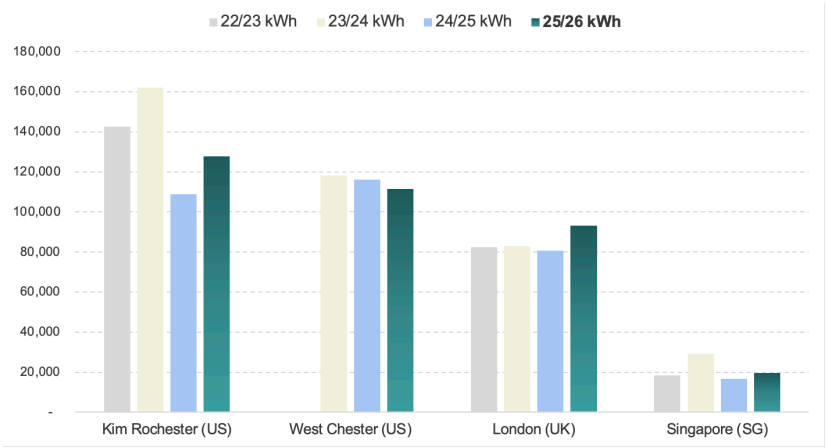


Figure 5-1 Year-on-year comparison of electricity consumption

5.1.2. Scopes 1 & 2 emissions comparison

Our Scope 1 & 2 market-based emissions have increased slightly in period from the minor consumption increase in energy, with electricity consumption illustrated above. We continue to procure a green electricity contract for our London office and renewable energy credits for our Rochester and West Chester offices in the US.

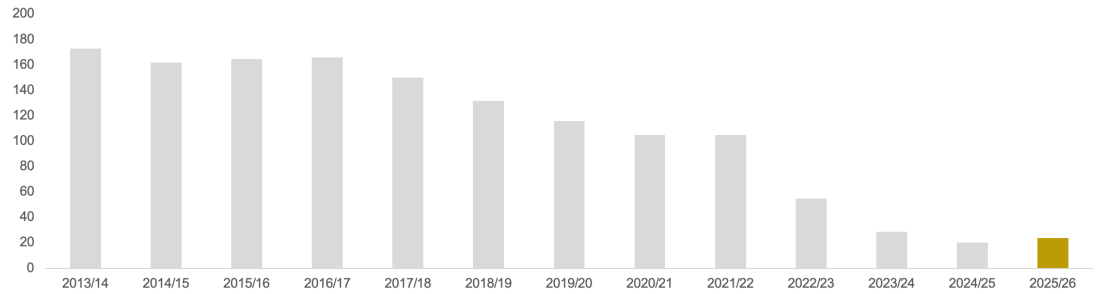


Figure 5-2 CLIG YoY comparison of Scopes 1 & 2 emissions combined (tCO_2e)

Our associated scope 1 & 2 intensity ratio has reduced from **0.91 tonnes CO_2e/FTE** in our revised base year (y/e 2022), to **0.22 tonnes CO_2e/FTE** this year, with a reference value of 107 FTE in period. Energy consumption has increased slightly across our offices this year.

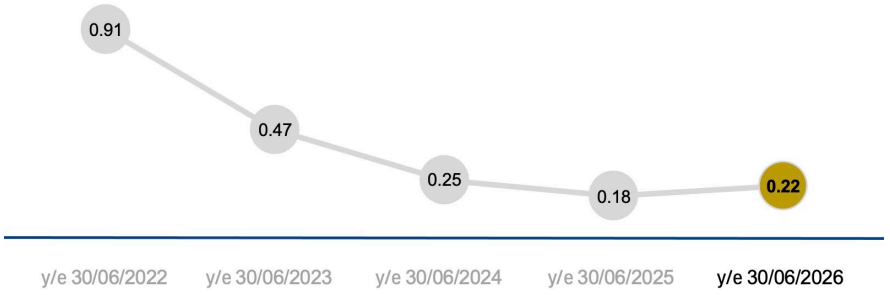
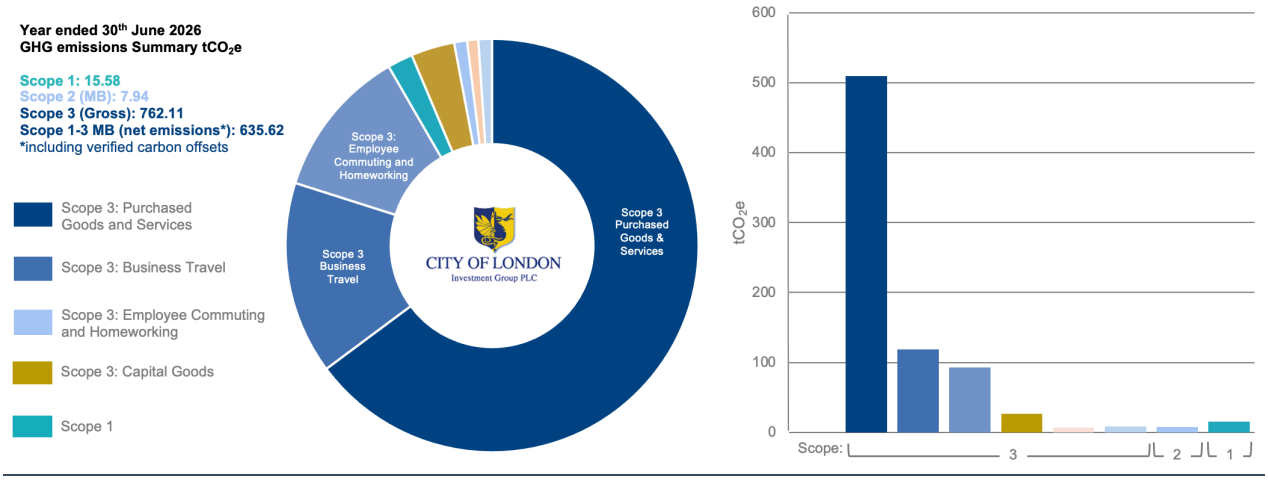


Figure 5-3 CLIG YoY Scopes 1&2 intensity ratios (tCO_2e/FTE)

5.2. Scopes 1-3 emissions summary

A summary of our emissions is presented below. Further detail regarding our methodology is presented in section 5-5.



Scope	Emissions type	Scope 3 category	Indicator name	Year ended 30/06/2026	Year ended 30/06/2025	Year ended 30/06/2024	Year ende 30/06/202
Scope 1- Total direct GHG emissions			**Scope 1 Total (tCO_2e Global)**	**15.58**	13.21	13.06	6.9
Scope 1	Direct	N/A	Company facilities- Stationary Combustion (gas) (Non-UK only)	15.58	13.21	13.06	6.9
	Direct	N/A	Company vehicles	-	-	-	
	Direct	N/A	Fugitive Emissions	-	-	-	
Scope 2- Indirect energy related emissions			**Scope 2 (market-based) total (tCO_2e Global)**	**7.94**	6.91	16.32	48.1
Scope 2	Indirect	N/A	Purchased electricity for own use (location-based) (UK)	14.49	15.45	17.15	16.5
	Indirect	N/A	Purchased electricity for own use (location-based) (Non-UK)	55.13	52.54	72.02	55.9
	Indirect	N/A	Purchased electricity for own use (market-based) (UK)	0.00	0.00	0.00	0.0
	Indirect	N/A	Purchased electricity for own use (market-based) (Non-UK)	7.94	6.91	16.32	48.1
Scopes 1 & 2 Total			**Scopes 1 & 2 (market-based) (tCO_2e Global)**	**23.52**	20.12	29.38	55.1
Scope 3- Indirect emissions			**Scope 3 total (tCO_2e Global Gross)**	**762.11**	929.09	1,131.03	1,039.5
	Upstream	1	Purchased goods and services	509.28	603.07	428.59	533.2
	Upstream	2	Capital goods	26.80	10.81	100.11	134.6
	Upstream	3	Fuel & energy related activities (not included in scope 1 and scope 2)	6.82	5.79	6.57	3.8
	Upstream	5	Water & Waste generated in operations	8.41	6.29	6.25	6.2
	Upstream	6	Business travel	118.40	203.12	437.86	183.0
	Upstream	7	Employee commuting & homeworking	92.39	100.01	151.65	178.6
	Carbon Offsets	Sc 3.6 Sc 1 & 2	Verified carbon offsets purchased and retired in period (offset against Scope 3 business travel, Scope 1 natural gas, Scope 2 thermal generation, plus contingency)	(150.00)	(235.00)	(460.00)	

Figure 5-4 CLIG Scopes 1-3 GHG emissions summary

5.3. Scope 3 emissions methodology

The Scope 3 Standard divides scope 3 emissions into upstream and downstream emissions.

Where relevant to our organisation, we report estimated scope 3 emissions for our business according to the 15 categories defined in the GHG Protocol.

The most significant contribution to our scope 3 emissions in our value chain is from upstream emissions.

Our scope 3 emissions estimates, and inventory are summarised in the following sections, with further detail on the calculation boundaries methodologies, materiality, assumptions, and references used to calculate the scope 3 emissions estimates for each relevant category for year-end 30/06/2026.

Our scope 3 estimates will be reviewed annually, supported by supply chain data improvement and engagement over time, where practicable.

Figure 5-5 compares scope 3 emissions with the previous reporting year. **Scope 3 emissions decreased by 18% year-on-year.** This was driven principally by a reduction in business travel emissions, which fell for the second consecutive year (41.7% reduction in year). Purchased goods and services decreased by 15.6% in year, reflecting a reduction in operational expenditure. There were small increases in capital goods, water and waste, and fuel and energy related activities were immaterial in absolute terms.

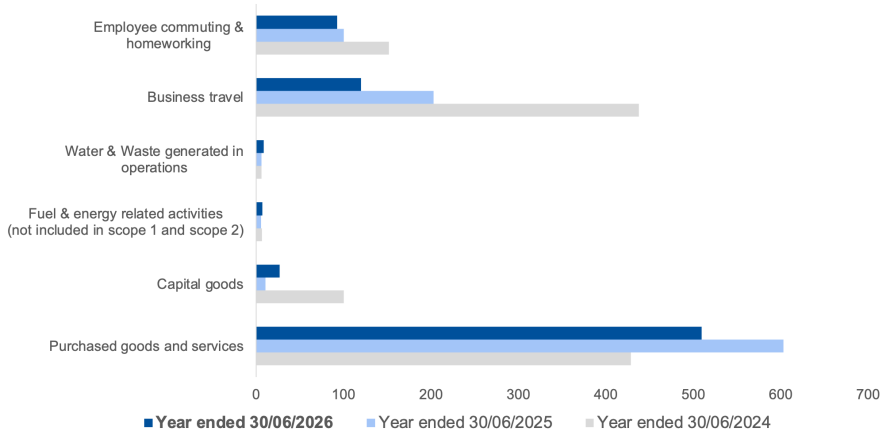


Figure 5-5 Scope 3 emissions comparison (tCO_2e)

5.4. Verified carbon offsets

CLIG PLC recognises the importance of minimising our environmental impact where possible. Business travel remains an essential part of our operations. We have chosen to mitigate our emissions from business travel by purchasing carbon offsets.

For year 25/26 we purchased 150 credits to offset our business travel, as well as Singapore office emissions from electricity (supply contract constrained), US office gas consumption, with a 5% contingency included.

Our purchased offset projects demonstrate additionality and permanence, ensuring that they are impactful and sustainable over time. Each carbon project used in our offsetting strategy meets at multiple UN Sustainable Development Goals. The SDGs we have considered within our programme are shown below.

Figure 5-6 Key Sustainable Development Goals (SDGs) relevant to our carbon offset programme

Gold Standard Verified Emission Reduction (VER) Offsets purchased and retired	
50 VER	Las Tapias Renewable Energy Project
50 VER	Solar Water Filtration Units for Rural Areas in Coastal Bangladesh
50 VER	300 MW Solar PV Plant at Bhadla, Rajasthan

Table 5-1 Details of our Gold Standard carbon offsetting projects

5.5. Scope 3 methodology

The following sections provide details on our methodology regarding scope 3 emissions.

5.5.1. Category 1 Purchased goods & services

Category 1: Purchased goods and services			
GHG Protocol Category description:	Upstream (i.e., cradle-to-gate) emissions from the extraction, production and transportation of goods and services purchased or acquired by the reporting company in the reporting year, where not otherwise included in categories 2 to 8.		
Estimation methodology, estimated value & materiality:	Spend-based Industry Classification GHG factors	509.28 tCO_2e	**Material**
Notes	Scope 3 category 1, purchased goods and services, is an estimate determined through analysing spend on goods and services and categorising them into relevant UK & US industry classification codes. These values are then applied, and adjusted, to calculate overall emissions estimates for this category. Exclusions: human resources, premises, regulatory payments, depreciation & expenditure related to other scope items across scope 1-3 categories.		
Data sources	Annual spend data is extracted from our internal systems. Emissions factors are sourced from US & UK national databases, classified by economic & emissions activities.		

Table 5-2 Scope 3 category 1 summary

5.5.2. Category 2 Capital Goods

Category 2: Capital Goods			
GHG Protocol Category description:	Upstream (i.e., cradle-to-gate) emissions from the extraction, production and transportation of capital goods purchased or acquired by the reporting company in the reporting year, where not otherwise included in categories 1 to 8.		
Estimation methodology, estimated value & materiality:	Spend-based Industry Classification GHG factors	26.80 tCO_2e	**Material**
Notes	Scope 3 category 2, capital goods, is an estimate determined through analysing spend on capital goods and categorising them into relevant UK & US industry classification codes. These values are then applied to calculate overall emissions estimates for this category. Exclusions: no exclusions		
Data sources	Annual spend data is extracted from our internal systems. Emissions factors are sourced from US & UK emissions data, classified by economic & emissions activities.		

Table 5-3 Scope 3 category 2 summary

5.5.3. Category 3 Fuel & energy related activities

Category 3: Fuel & energy related activities	
GHG Protocol Category description	Emissions related to the extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in scope 1 or scope 2.

Category 3: Fuel & energy related activities			
Estimation methodology, estimated value & materiality	Hybrid	6.82 tCO_2e	**Not material**
Notes	Our methodology only includes Transmission & Distribution losses. We will further extend to consider well to tank (WTT) losses for electricity and natural gas moving forward. Industry- average scope 3 emissions factors for each fuel type (including well to tank losses) or natural gas/electricity source (i.e., grid) are applied to the relevant consumption volumes to calculate overall emissions estimate for this category.		
Data sources	Fuel and energy consumption data is sourced by ECO3 Partnership Ltd from supplier invoices.		

Table 5-4 Scope 3 category 3 summary

5.5.4. Category 5 Water and Waste generated in operations

Category 5: Waste generated in operations			
GHG Protocol Category description	Emissions from third-party disposal and treatment (in facilities not owned or controlled by the reporting company) of waste generated in the reporting company's operations in the reporting year.		
Estimation methodology, estimated value & materiality	Average data and waste-type specific	8.41 tCO_2e	**Not material**
Notes	This also includes emissions from water supply in addition to wastewater and office waste.		
Data sources	Water and wastewater data is sourced from available supplier invoices. Where certain offices did not have access to this information, waste, water & wastewater volumes were benchmarked from other offices in our portfolio. Relevant government scope 3 emissions factors for each waste type, category, and method of recycling, as well as emission factors for wastewater and water consumption volumes to calculate the overall emissions estimate for this category.		

Table 5-5 Scope 3 category 5 summary

5.5.5. Category 6 Business travel

Category 6: Business travel			
GHG Protocol Category description	Emissions from the transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company).		
Estimation methodology, estimated value & materiality	Hybrid- primarily distance and some spend-based data, as well as no. of nights for hotels	118.4 tCO_2e	**Material**
Notes	For flights, the distance-based method as described in the Scope 3 Guidance is used to calculate these emissions, with industry average emissions factors applied based on whether the flight distance is categorised as being short, medium or long-haul. Radiative forces have been applied. For hotel accommodation, spend-based data, as well as the number of nights and location of the hotel are used to calculate these emissions.		

Category 6: Business travel	
	For grey fleet, mileage data was used. Exclusions: emissions from business travel activities for which spend data is not available are excluded.
Data sources	Data is sourced from CLIG's expenses system and uses UK BEIS factors to cater for Radiative Forcing. Data is segregated by flight type and haul classification.

Table 5-6 Scope 3 category 6 summary

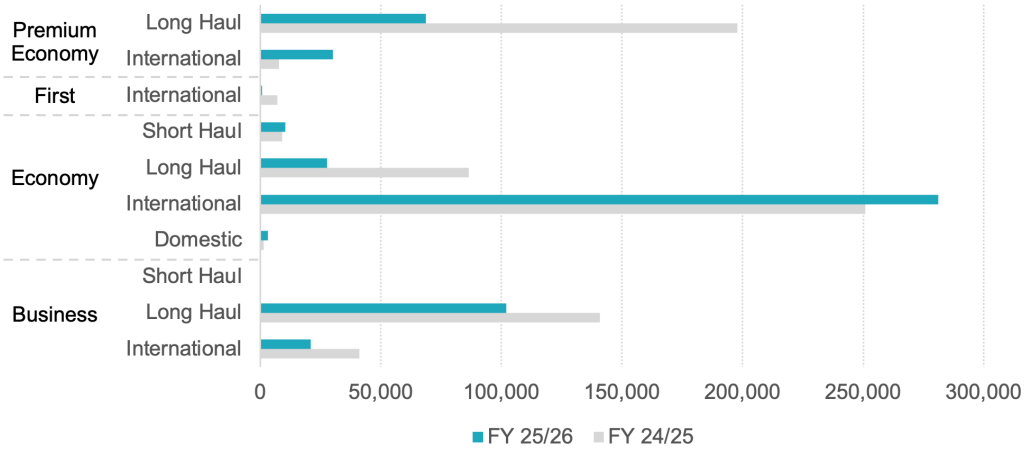


Figure 5-7 Flights by haul and class (km) - change in year

5.5.6. Category 7 Employee commuting & teleworking

Category 7: Employee commuting & teleworking			
GHG Protocol Category description	Emissions from the transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company).		
Estimation methodology, estimated value & materiality	Average data	92.39 tCO_2e	**Material**
Notes	This includes teleworking (i.e., working from home), headcount, commuting distances, vehicle types derived from databases, census data and government analysis. The methodology for working from home has been updated to reflect the new UK Government factors for homeworking emissions, due to the increased importance of estimating emissions from homeworking post the Covid pandemic. Exclusions: no exclusions noted		
Data sources	The information has been sourced from commuting trends by city, FTE data and governmental census/city/regional focused data.		

Table 5-7 Scope 3 category 7 summary

5.6. Proposed Targets & future actions

Limiting the average global temperature rise to 'well below 2°C above pre-industrial levels' and pursuing efforts to limit the rise to 1.5°C above pre-industrial levels (which is becoming considered close to exhaustion), in line with the Paris Agreement, is a critical challenge facing the global economy. Our net zero target considers alignment with the UK's legally binding requirement to reduce its greenhouse gas emissions by 100% from 1990 levels. The net zero target for the UK was defined in the Climate Change Act 2008 (2050 Target Amendment) Order 2019.

We are targeting operational net zero by 2050. We will be developing a Group climate strategy that will set out our near-term 2030 and long-term 2050 net zero targets. This will consider the actions we are taking across various climate pillars. Implementation of our operational decarbonisation strategy will be led by our Group Executive Committee and representatives from CLIM & KIM and overseen by the ARC.

Operational net zero targets, which remain under review, include:

- **Pillar 1-** Reduce absolute Scope 2 (market-based) GHG emissions to 0 by 2027.
- **Pillar 2-** Reduce absolute Scope 1 and 2 (location-based) greenhouse gas (GHG) emissions by 40-50% by 2030 from a 2022 baseline. We are actively considering the role of appropriate and practicable low and zero carbon technologies (LZCs) at our sites to support the reduction of our Scope 1 & 2 emissions, and associated energy consumption.
- **Pillar 3-** Reducing and offsetting business travel with additionality and permanence which is again reflected in the reduction (net, not gross) of our scope 3 emissions in period. Due to our geographical spread and client base, we are reviewing our policies. Our approach will consider reducing what we can in the first instance, and then offsetting necessary business travel through verified schemes, such as Gold Standard, as well as The Integrity Council for the Voluntary Carbon Market and their ongoing carbon-crediting programs that meet the high-integrity criteria set out in its Core Carbon Principles (CCPs). Gold Standard is amongst the programs to become CCP-eligible. The group remains open about documenting its emissions and documenting the steps we are taking to avoid, eliminate and reduce where we can, and to offset what we cannot. One of the perennial themes at CLIG is constant improvement, and so we look forward to seeing how carbon offset standards evolve and how we can best position ourselves to ensure any offsets we purchase are put towards robust emissions reduction projects.
- **Pillar 4-** We will consider implementing KPIs and annual reductions in our scope 3 emissions. This may consider the volume and quantity of our operational waste, material usage and water consumption. We appreciate that this will require a level of engagement with our supply/value chain to reduce these emissions. It will support our stewardship role in promoting sustainability throughout our business operations.