

# SCOTTISH WIDOWS AND HALIFAX OEIC AND ISA FUNDS

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Fund Climate Related Disclosures Report 2023

**SCOTTISH WIDOWS**



# BACKGROUND

From 1 July 2023 the Financial Conduct Authority (FCA) introduced new reporting requirements in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The aim is to improve the quality of governance and the level of action by asset managers, life insurers and FCA-regulated pension providers in identifying, assessing, and managing climate risk and opportunity.

The rules require in-scope firms to make disclosures on an annual basis at:

- **Entity-level** – an annual TCFD entity report published in a prominent place on the main website of the firm’s business setting out how they take climate-related matters into account in managing or administering investments on behalf of clients and consumers
- **Product-level** – disclosures (including a core set of climate-related metrics) on the firm’s products and portfolios made publicly in a prominent place on the main website of the firm’s business and included or cross-referenced in an appropriate client communication, or made upon request to certain eligible institutional clients

This document covers the core set of climate-related metrics for the Product-level disclosure. Further details of how our approach is managed against these elements can be found in the [Scottish Widows Unit Trust Managers Limited Entity TCFD Report](#) and [HBOS Investment Fund Managers Limited Entity TCFD Report](#).

Note that the FCA guidance outlines that as far as reasonably practicable, this report must include Climate Value at Risk (“CVAR”) for each product and metrics that show the climate warming scenario with which the product is aligned, such as an implied temperature rise metric. These latter two metrics (CVAR and an alignment metric) have not been published as we believe them to be misleading because there is no consensus on their definitions, and they rely on underlying models and assessments which are subject to a high degree of subjectivity. These issues could not be sufficiently addressed using proxy data or assumptions.

We believe in transparency and will continue to work with the industry and regulators in respect of developing an approach which results in CVAR and alignment metrics that are not misleading.

## Scope

This product level report covers funds within the Scottish Widows and Halifax OEIC and ISA product range and discloses key climate related disclosures (see page 3).

### Before you start, check your plan (or policy) brochure

– Depending on the type of policy (or plan) you have, you can only invest in certain funds with us. The best way to check is to look at your plan (or policy) brochure. Or you can [check this list](#) to see which plans allow you to invest in which funds. If you’re not sure which funds are right for you, call us.

For funds managed by third parties we are making these disclosures with reference to our own outlined methodology (see Appendix). A third party that manages the fund may also disclose similar information using their own methodology.

## Disclaimer

This document is provided for the purpose of information only and is intended for individuals who are familiar with investment terminology. Please contact your financial adviser if you need an explanation of the terms used. This material should not be relied upon as sufficient information to support an investment decision.

## Core elements of climate-related financial disclosures:

### Governance

The organisation’s governance around climate-related risks and opportunities.



### Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.



### Risk management

The processes used by the organisation to identify, assess and manage climate-related risks.



### Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.



# CARBON EMISSIONS IN CONTEXT

## IMPACTS OF GLOBAL WARMING\*



Food insecurity



Sea level rise



Extreme drought  
and flood hazard



Loss of wildlife  
and habitats



Climate and  
weather extremes

\*<https://www.ipcc.ch/sr15/>

## LIMITING GLOBAL WARMING

In an effort to combat climate change, 196 nations adopted the Paris Agreement in December 2015\*. Its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, by the end of the century.

# 1.5°C



aim to limit global warming by\*

\*[United Nations Climate Change website](https://www.un.org/development/desa/press/2015/12/20151215-paris-agreement.html)



## HOW MUCH CARBON BEFORE 1.5°C IS REACHED

Limiting global warming requires limiting the total cumulative global emissions of CO<sub>2</sub> from human activities, staying within what is referred to as a 'total carbon budget'\*.

The Intergovernmental Panel on Climate Change (IPCC) give an estimate of the remaining carbon budget of 580 GtCO<sub>2</sub> for a 50% probability of limiting warming to 1.5°C. This could be equated to 72.5 tCO<sub>2</sub> per person, assuming a global population of 8 billion.

# 580 GtCO<sub>2</sub>



carbon budget remaining before 1.5°C temperature increase is reached\*

# 72.5 tCO<sub>2</sub>

equivalent carbon budget per person\*\*

\* [Intergovernmental Panel on Climate Change, Special Report: Global Warming of 1.5°C](https://www.ipcc.ch/sr15/)

\*\* assuming a global population of 8 billion.

## 1 tCO<sub>2</sub> IS EQUIVALENT TO



0.197 homes' electricity use for one year\*



Driving 2,558 miles in a gasoline car\*



66,017 smartphones charged\*



The average emissions of one passenger on a return flight from London to New York\*\*



46 BBQ propane tanks\*

\* <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results>

\*\* [http://www.aef.org.uk/downloads/Carbon\\_Footprint\\_Calculator\\_including\\_flights.pdf](http://www.aef.org.uk/downloads/Carbon_Footprint_Calculator_including_flights.pdf)

# HOW TO INTERPRET THE DATA

Fund name

Fund Size £m

% Coverage Carbon Footprint

Scope 1 and 2 Financed Carbon Emissions (tCO<sub>2</sub>e)

Scope 3 Financed Carbon Emissions (tCO<sub>2</sub>e)

Total Financed Carbon Emissions (tCO<sub>2</sub>e)

Carbon Footprint (tCO<sub>2</sub>e per £m market value)

Weighted Average Carbon Intensity (tCO<sub>2</sub>e per £m revenue)

% Coverage Sovereign Bonds

Sovereign Bonds Intensity

% of fund invested in carbon sensitive sectors

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## 1 Fund size £m

This is the total fund size across all customer investments.

## 2 % Coverage Carbon Footprint

This is derived from the following:

- First, we identify the % of assets included in the fund that have a valid PCAF methodology (this is primarily publicly listed equities and corporate bonds). Refer to items 8 and 9 for further information on sovereign bonds
- Of those assets in scope, we identify assets where data for the metrics is published by the organisation that issued the asset
- % coverage = a × b. For example, if a fund is 80% invested in Equities and Bonds, and for those assets we have data on 75% of the investee companies the coverage would be 75% of 80% = 60% coverage

If a fund has less than 30% coverage, we don't consider the data to be credible enough, and no carbon metrics are published. We hope that as coverage of assets increase and more organisations publicly report emissions, these coverages will increase.

## 3 Scope 1 and 2 Financed Carbon Emissions (tCO<sub>2</sub>e)

- a measure of absolute emissions associated with the investments in the fund – where data is available.

Carbon Emissions are calculated as the sum of the fund's share of each investee company's total Scope 1 & 2 emissions, based on the proportional ownership of the company's equity and debt.

Each fund is a collection of assets, such as equities, bonds, or real estate that is invested in for financial returns. The carbon footprint of a fund is the sum of the emissions caused by each asset in the fund, weighted by how much money is invested in each asset.

For example, let's say we invest £1,000 in a company that is valued at £10,000. If that company reports that it emits 30 tonnes of carbon dioxide per year, the carbon footprint attributable to that investment would be  $(1000/10000) \times 30 = 3$  tonnes of carbon dioxide. This is then repeated for each investment in the fund and aggregated.

## 4 Scope 3 Financed Carbon Emissions (tCO<sub>2</sub>e)

These carbon emissions are calculated as the sum of the fund's share of each investee company's total Scope 3 emissions for the following sectors: transportation; construction; buildings; materials; industrial activities; oil and gas; and mining. They are based on the proportional ownership of the company's equity and debt. This follows PCAF guidance for financial institutions which allows for a phasing in of disclosure for Scope 3 emissions.

Although we disclose some Scope 3 emissions of the companies we invest in, for specific sectors, at this time we do not feel the data is robust enough or has wide enough coverage for us to be able to set targets using it or to disclose further information. We will continue to watch the developments in data quality and will consider extending our portfolio targets to cover Scope 3 of our underlying holdings and disclosing further information when there is market consensus on the appropriateness of available data.

Explainer

## SCOPE 1,2 & 3 EMISSIONS

Emissions are classified into three distinct 'scopes', as defined by the GHG Protocol Corporate Standard, which covers the different kinds of carbon emissions a company creates in its own operations and in its wider value chain.

### SCOPE 1

relates to emissions that a company makes directly from owned or controlled sources, for example, while running its boilers and vehicles.

### SCOPE 2

relates to emissions that a company makes indirectly, for example when the electricity or energy it buys for heating and cooling buildings is being produced on its behalf.

### SCOPE 3

relates to emissions that are more external to a specific organisation, such as from buying products from its suppliers and from its products when customers use them.

Scope 1 and 2 emissions are a mandatory part of reporting for many organisations across the world. Our carbon footprint and weighted average carbon intensity metrics are based on Scottish Widows' Scope 3 financed emissions which is calculated from Scope 1 and 2 emissions generated from our investment or lending. Due to concerns on data quality and robustness, we do not currently include Scope 3 emissions in our targets and key metrics. This will be kept under review.

## How to interpret the data continued



### Example of how we calculate emissions financed by our investment

$$\text{SW Investment} \div \text{Total enterprise value*} \times \text{Total company emissions**} = \text{Financed emissions}$$

Example company

$$£160\text{m} \div £4,000\text{m} \times 2.8 \text{ MtCO}_2\text{e} = 0.112 \text{ MtCO}_2\text{e}$$

\*Market cap + book value of debt

\*\*Scope 1 + Scope 2

### 5 Total Financed Carbon Emissions (tCO<sub>2</sub>e)

This total column is a regulatory requirement and is derived from adding Scopes 1, 2 and 3 from the previous two columns together. This total should be treated with caution, due to the limitations described above in relation to Scope 3 data, the fact that Scope 3 is only disclosed in relation to certain sectors, and the possibility of double-counting of emissions. It should also be noted that our carbon footprint and weighted average carbon intensity metrics are not derived from this number, but only from Scopes 1 and 2.

### 6 Carbon footprint

Carbon footprint is the principal metric for measuring our investment portfolio's financed emissions and monitoring progress towards our 2030 and 2050 targets. The footprint is the tonnes of GHG emissions 'owned' by the fund. This is measured as carbon dioxide equivalents (CO<sub>2</sub>e) 'owned' per £1 million invested. This represents Scope 1 & 2 emissions. Due to the nature of the calculations, we would expect short-term variation of the carbon footprint generated by the Partnership for Carbon Accounting Financials (PCAF) standard. In any given year the metric is impacted by:

- changes in reported emissions,
- changes in enterprise value, and
- our own investment activity.

In the example where equity markets are strong and the value of our investment increases in line with the enterprise value, this would drive a material reduction in carbon intensity even in the absence of any underlying change in the reported emissions of the company in which we are invested. Therefore, it is important to study the medium-term trend from future reporting.

Some of the limitations of carbon footprint as an indicator of environmental sustainability are:

- It does not capture other environmental impacts, such as chemical pollution, resource depletion, biodiversity loss, or water use.
- It may not reflect future emission reduction plans or potential low-carbon innovations by companies.
- It does not yet fully account for indirect emissions from upstream and downstream activities (Scope 3 emissions), which can be significant for certain sectors.
- Comparability across different firms' disclosures may be difficult due to difference in data sources, methods, standards, and assumptions used to calculate it.

### 7 Weighted average carbon intensity (WACI)

This uses the same emissions as footprint but is expressed in terms of revenue of the investee company rather than the amount invested. It therefore reflects the intensity based on the revenue generated from the organisation, rather than its market value.

## How to interpret the data continued

### 8 % Coverage Sovereign Bonds

We are reporting emissions data on sovereign bonds for the first time in this report for the purposes of transparency, following the issuance by PCAF of methodology on sovereign debt in December 2022. For further details of the methodology used, refer to pages 11 to 12 of the [Scottish Widows Unit Trust Managers Limited Entity TCFD Report](#) and [HBOS Investment Fund Managers Limited Entity TCFD Report](#).

The % coverage is the amount of government bonds in the fund for which we have data, and has been used to calculate the next metric, Sovereign Bonds Intensity.

### 9 Sovereign Bonds Intensity

Sovereign bonds intensity is calculated as attributed emissions divided by £m invested amount. Attributed emissions are calculated by multiplying sovereign emissions by an attribution factor, calculated as the sovereign bond exposure divided by Purchase Power Parity (PPP)-adjusted Gross Domestic Product (GDP).

PCAF note that there is a divergence of views regarding the accounting of land use, land-use change, and forestry (LULUCF). In order to avoid distorting the overall trends of the key sectors (energy, industrial processes) that contribute to global warming, PCAF states that Scope 1 emissions should be reported including and excluding LULUCF.

PCAF notes that double counting of emissions of non-sovereign sectors (eg corporates) can occur due to accounting of emissions at sovereign territorial level, and that this therefore represents a challenge for an entity with multiple asset classes. PCAF go on to note that this is not necessarily problematic as long as emission results of the different asset classes are clearly reported separately. Given these challenges, we will consider if and how we integrate sovereign bond emissions metrics into our targets.

### 10 % of fund invested in carbon sensitive sectors

This is the proportion of the fund that we have identified is invested in carbon intensive sectors – defined as “Coal Mining & Gas” (including Gas Utilities) and “Oil & manufacture of Petroleum Products”. See page 18 of the [Scottish Widows Unit Trust Managers Limited Entity TCFD Report](#) and [HBOS Investment Fund Managers Limited Entity TCFD Report](#) – “Sectoral sensitivity to climate risks” for an analysis of how climate change is likely to impact the underlying assets under different future climate scenarios – namely Orderly and Divergent (these are defined in the same report). Note that where this figure displays as 0% this may be rounding and the actual percentage may be less than 0.5%.

### Data Limitations

Only asset types where a PCAF-aligned methodology exists, and for which we have access to the data required to meet the PCAF standard, have been included within the above emissions baseline. For listed equities and corporate bonds, we have followed PCAF methodology 5.1 ‘Listed equity and corporate bonds’ to calculate emissions. For emissions data associated with loan investments, we have followed PCAF methodology 5.2. ‘Business loans and unlisted equity’. The exception to this is our infrastructure loans where PCAF methodology 5.3 ‘Project Finance’ has been followed. There are some assets where, despite a PCAF methodology being available, we do not currently have access to the data to meet the PCAF standard. Emissions per £1 million invested has been calculated with reference to Equity market values and Bond nominal values, in line with PCAF methodology. Where there is no current PCAF method for calculating emissions those asset types have been excluded from the scope of the calculations at this time. Asset types excluded on this basis are derivatives and cash.



# LIST OF FUNDS AND DATA

Fund name	31 December 2023											31 December 2022		
	Fund Size £m	% Coverage Carbon Footprint	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Scope 3 Financed Carbon Emissions (tCO <sub>2</sub> e)	Total Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)	% Coverage Sovereign Bonds	Sovereign Bonds Intensity without LULUCF (tCO <sub>2</sub> e per £m invested)	Sovereign Bonds Intensity with LULUCF (tCO <sub>2</sub> e per £m invested)	% of fund invested in carbon sensitive sectors	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)
<b>Scottish Widows Income and Growth Funds ICVC</b>														
Adventurous Growth Fund	12.4	88%	1,036	15,541	16,577	94.8	163.2	0%			7%	1,229	121.1	252.2
Balanced Growth Fund	835.3	76%	52,342	677,820	730,162	81.2	151.7	6%			5%	63,656	95.7	225.4
Cautious Growth Fund	592.1	71%	24,905	226,504	251,409	56.5	113.3	8%			3%	30,487	62.4	160.3
Corporate Bond 1 Fund	1,370.4	87%	136,100	623,967	760,067	108.1	174.6	1%			9%	99,789	72.8	218.3
Corporate Bond PPF Fund	1,181.1	82%	54,837	67,860	122,697	52.4	91.2	1%			1%	54,865	62.3	145.7
ESG Sterling Corporate Bond Tracker Fund	5,063.9	89%	98,970	356,616	455,586	21.0	55.4	0%			1%	113,853	27.3	74.7
Global Tactical Asset Allocation 1 Fund	931.5	80%	209	0	209	0.3	5.2	3%			0%	202	0.3	5.3
Progressive Growth Fund	186.5	87%	14,161	206,795	220,957	86.2	156.2	3%			6%	17,398	107.1	237.0
UK Index Linked Gilt Fund	223.0	2%						98%	163.4	163.8		0	0.0	0.0
<b>Scottish Widows Investment Solutions Funds ICVC</b>														
Corporate Bond Fund	2,405.0	88%	89,737	299,392	389,129	40.3	80.6	2%			1%	101,784	43.2	119.4
Developed Asia Pacific (Ex Japan Ex Korea) Equity Tracker Fund	345.7	99%	39,010	217,778	256,788	114.2	226.2	0%			5%	37,964	109.2	304.0
Developed Europe (Ex UK) Equity Tracker Fund	909.1	99%	74,137	596,887	671,024	82.1	116.9	0%			4%	84,550	89.3	149.2
Developed World Paris-aligned Index Equity Tracker Fund	585.7	100%	12,439	80,156	92,595	21.3	99.7	0%			0%	51,032	93.5	246.2
Emerging Markets Paris-aligned Index Equity Tracker Fund	225.6	99%	17,725	57,180	74,905	79.6	219.0	0%			1%	108,012	507.5	1,259.2
Fundamental Index Emerging Markets Equity Fund	884.5	99%	283,292	617,616	900,908	324.0	540.3	0%			13%	320,914	364.6	735.2
Fundamental Index Global Equity Fund	2,144.3	100%	221,148	1,625,146	1,846,294	103.6	186.6	0%			7%	259,904	119.9	285.8
Gilt Fund	1,735.3	5%						94%	163.4	163.8		0	0.0	0.0

## List of funds and data continued

Fund name	31 December 2023											31 December 2022		
	Fund Size £m	% Coverage Carbon Footprint	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Scope 3 Financed Carbon Emissions (tCO <sub>2</sub> e)	Total Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)	% Coverage Sovereign Bonds	Sovereign Bonds Intensity without LULUCF (tCO <sub>2</sub> e per £m invested)	Sovereign Bonds Intensity with LULUCF (tCO <sub>2</sub> e per £m invested)	% of fund invested in carbon sensitive sectors	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)
<b>Scottish Widows Investment Solutions Funds ICVC continued</b>														
Global Environmental Solutions Fund	516.3	95%	71,840	1,298,253	1,370,093	145.9	180.7	0%			2%	11,930	58.8	101.1
High Income Bond Fund	806.2	56%	35,003	257,084	292,087	69.9	196.7	0%			8%	63,905	115.4	327.3
International Bond Fund	540.8	14%						77%	301.1	273.8		0	0.0	0.0
Japan Equity Fund	527.2	99%	49,383	583,206	632,588	94.3	120.3	0%			2%	47,061	89.6	120.3
Managed Growth Fund 2	60.8	73%	4,017	24,380	28,397	86.3	157.6	10%			6%	4,442	88.7	228.7
Managed Growth Fund 3	1.1	21%						0%				0	0.0	0.0
Managed Growth Fund 4	198.0	83%	15,043	111,352	126,395	89.4	168.7	1%			7%	15,640	103.6	249.7
Managed Growth Fund 5	1.1	36%	20	216	236	50.8	123.7	0%			4%	0	0.0	0.0
Managed Growth Fund 6	191.3	91%	14,577	131,977	146,554	83.2	161.2	0%			7%	14,510	108.8	248.0
Strategic Income Fund	132.0	80%	4,955	18,376	23,331	43.0	81.0	0%			2%	7,400	67.4	145.7
UK Climate Transition Index Equity Tracker Fund	405.5	100%	21,744	6,400,251	6,421,995	53.8	111.5	0%			5%	56,083	138.6	207.2
US Equity Fund	1,051.4	100%	39,050	307,407	346,457	37.3	122.8	0%			3%	39,828	45.7	206.6
<b>Scottish Widows Managed Investment Funds ICVC</b>														
Balanced Growth Portfolio	1,047.4	78%	73,332	719,402	792,734	87.1	156.7	6%			7%	85,751	95.9	226.3
Balanced Income Portfolio	266.6	75%	14,762	84,048	98,810	71.2	131.6	8%			5%	17,472	77.4	186.2
Cash Fund	161.5	87%	41	0	41	0.3	5.2	0%			0%	27	0.3	5.2
Cautious Income Portfolio 1	105.2	72%	4,352	22,395	26,747	55.3	109.2	10%			4%	5,164	57.5	151.3
Cautious Income Portfolio 2	438.1	71%	22,251	103,906	126,157	68.3	130.8	9%			5%	25,165	68.6	179.7
International Equity Tracker Fund	173.3	100%	11,327	73,872	85,199	65.6	169.4	0%			4%	11,159	71.8	228.5
Progressive Growth Portfolio 1	513.2	89%	42,328	432,164	474,492	92.2	165.5	2%			7%	49,520	111.2	253.7
Progressive Growth Portfolio 2	160.3	88%	14,428	161,154	175,582	101.2	170.7	2%			9%	17,363	121.2	257.1



## List of funds and data continued

Fund name	31 December 2023											31 December 2022		
	Fund Size £m	% Coverage Carbon Footprint	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Scope 3 Financed Carbon Emissions (tCO <sub>2</sub> e)	Total Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)	% Coverage Sovereign Bonds	Sovereign Bonds Intensity without LULUCF (tCO <sub>2</sub> e per £m invested)	Sovereign Bonds Intensity with LULUCF (tCO <sub>2</sub> e per £m invested)	% of fund invested in carbon sensitive sectors	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)
<b>Scottish Widows Overseas Growth Investment Funds ICVC</b>														
American Growth Fund	469.2	100%	18,705	135,612	154,317	40.0	83.4	0%			6%	30,538	71.2	271.4
European Growth Fund	726.2	99%	62,202	363,670	425,872	86.4	103.7	0%			6%	77,464	111.2	170.5
European Select Growth Fund	234.8	93%	12,064	234,089	246,152	55.0	95.3	0%			3%	42,630	190.9	130.6
Global Growth Fund	1,041.1	99%	88,352	554,564	642,916	85.5	145.3	0%			8%	84,109	91.4	201.6
Global Select Growth Fund	96.3	99%	1,886	35,742	37,628	19.8	41.4	0%			5%	2,240	26.0	75.7
Japan Growth Fund	117.1	99%	16,378	106,365	122,743	140.7	167.2	0%			2%	10,242	93.1	130.5
Pacific Growth Fund	76.3	99%	17,422	51,631	69,053	230.0	361.8	0%			6%	19,221	266.1	547.5
<b>Scottish Widows Tracker and Specialist Investment Funds ICVC</b>														
Emerging Markets Fund	1,157.7	100%	282,152	1,047,567	1,329,718	244.0	408.0	0%			9%	423,782	385.3	739.0
UK Equity Tracker Fund	3,686.2	97%	260,257	5,630,799	5,891,056	73.0	113.3	0%			12%	362,234	100.1	173.8
UK Fixed Interest Tracker	178.1	0%						100%	163.4	163.8		0	0.0	0.0
UK Index LinkedTracker Fund	49.8	0%						100%	163.4	163.8		0	0.0	0.0
UK Smaller Companies Fund	41.1	93%	1,420	23,982	25,401	37.3	43.9	0%			4%	1,631	43.4	66.6
UK Tracker Fund	378.2	99%	27,475	323,184	350,659	73.1	113.5	0%			14%	38,543	104.5	177.8
<b>Scottish Widows UK and Income Investment Funds ICVC</b>														
Environmental Investor Fund	341.6	89%	11,352	102,483	113,835	37.5	60.0	0%			1%	11,631	42.5	73.1
Ethical Fund	136.9	98%	4,189	9,017	13,206	31.3	75.7	0%			0%	4,551	36.0	96.0
Regular Income Fund	189.6	95%	11,765	111,681	123,446	64.6	100.1	1%			9%	15,883	84.2	156.9
UK Equity Income Fund	274.3	99%	19,615	210,346	229,961	72.5	105.2	0%			11%	28,179	97.5	167.9

List of funds and data continued

Fund name	31 December 2023											31 December 2022		
	Fund Size £m	% Coverage Carbon Footprint	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Scope 3 Financed Carbon Emissions (tCO <sub>2</sub> e)	Total Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)	% Coverage Sovereign Bonds	Sovereign Bonds Intensity without LULUCF (tCO <sub>2</sub> e per £m invested)	Sovereign Bonds Intensity with LULUCF (tCO <sub>2</sub> e per £m invested)	% of fund invested in carbon sensitive sectors	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)
<b>Scottish Widows UK and Income Investment Funds ICVC continued</b>														
UK Growth Fund	1,867.6	99%	137,625	1,241,237	1,378,862	74.4	105.0	0%		11%	175,562	100.3	172.6	
UK Select Growth Fund	23.9	100%	1,958	1,488	3,447	82.3	151.8	0%		0%	767	32.1	97.2	
<b>Scottish Widows Property Authorised Contractual Scheme</b>														
Pooled Property ACS Fund 1	775.1	0%						0%			0	0.0	0.0	
Pooled Property ACS Fund 2	1,575.8	14%						0%			0	0.0	0.0	
<b>HBOS International Investment Funds ICVC</b>														
European	331.9	99%	28,388	166,113	194,501	86.4	103.6	0%		6%	34,525	111.6	171.1	
Far Eastern	155.0	99%	35,225	104,678	139,902	228.6	357.8	0%		6%	40,538	266.1	547.1	
International Growth	1,978.2	99%	167,932	1,050,603	1,218,535	85.4	144.9	0%		8%	165,463	90.9	200.7	
Japanese	65.4	100%	9,158	59,509	68,667	140.4	167.1	0%		2%	6,123	93.2	130.5	
North American	502.0	99%	19,879	144,442	164,322	39.9	83.1	0%		6%	31,302	71.2	271.7	
<b>HBOS Specialised Investment Funds ICVC</b>														
Cautious Managed	2,060.0	88%	87,404	1,136,773	1,224,177	46.8	87.2	4%		5%	113,938	60.0	133.2	
Ethical	191.5	100%	5,797	102,137	107,933	30.3	62.0	0%		0%	6,324	35.6	74.9	
Fund of Investment Trusts	340.7	86%	14,328	311,176	325,503	49.0	107.5	0%		4%	0	0.0	0.0	
Smaller Companies	110.6	93%	3,833	64,021	67,854	37.4	44.7	0%		4%	3,950	42.4	65.7	
Special Situations	111.6	100%	9,234	7,027	16,262	82.9	151.9	0%		0%	3,394	31.6	95.7	
<b>HBOS Property Investment Funds ICVC</b>														
Corporate Bond	1,140.7	90%	46,750	136,343	183,093	44.0	92.8	2%		0%	54,237	47.5	136.6	
UK Equity Income	1,773.9	99%	126,229	1,356,496	1,482,725	72.0	104.5	0%		11%	161,185	96.9	166.9	

List of funds and data continued

Fund name	31 December 2023											31 December 2022		
	Fund Size £m	% Coverage Carbon Footprint	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Scope 3 Financed Carbon Emissions (tCO <sub>2</sub> e)	Total Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)	% Coverage Sovereign Bonds	Sovereign Bonds Intensity without LULUCF (tCO <sub>2</sub> e per £m invested)	Sovereign Bonds Intensity with LULUCF (tCO <sub>2</sub> e per £m invested)	% of fund invested in carbon sensitive sectors	Scope 1 and 2 Financed Carbon Emissions (tCO <sub>2</sub> e)	Carbon Footprint (tCO <sub>2</sub> e per £m market value)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e per £m revenue)
<b>HBOS Property Investment Funds ICVC continued</b>														
UK Equity Tracker	1,437.2	96%	101,203	2,260,811	2,362,014	73.0	113.3	0%			12%	133,262	99.8	173.8
UK Growth	3,148.6	99%	231,847	2,101,261	2,333,108	74.3	105.0	0%			11%	314,279	100.3	172.4
UK Large Company Tracker	1,068.5	99%	77,696	916,066	993,763	73.1	113.5	0%			14%	114,521	104.7	178.0
<b>HBOS UK Investment Funds ICVC</b>														
UK Property Fund	302.9	19%						0%				0	0.0	0.0

# APPENDIX

## Financed emissions methodology

Our investments' carbon footprint is the principal metric for measuring our investment portfolio's financed emissions and monitoring progress towards our 2030 and 2050 targets. The footprint is the tonnes of GHG emissions 'owned' by the portfolio. This is measured as carbon dioxide equivalents (CO<sub>2</sub>e) 'owned' per £1 million invested.

To calculate a reduction of emissions produced by the companies in our investment portfolios, we've used the emerging industry standard for calculating financed emissions developed by the Partnership for Carbon Accounting Financials (PCAF).

PCAF is an international industry-led initiative to measure and disclose the GHG emissions financed by loans and investments. It's now recognised as the most widely adopted global standard for measuring financed emissions by the financial sector. Where possible, we have adopted the guidance afforded by the PCAF standard across all material asset classes where published methodologies have been made available.

To establish emissions data for corporate bonds and equities, we matched our investments against the published emissions data available on those companies from S&P Global Trucost's data and analytics tool. Trucost provides carbon and environmental data and risk analysis for more than 15,000 companies. However, there is a lack of published emissions data on loan investments. Therefore, we adopted an alternative PCAF-aligned approach to calculate emissions using estimates from the Office for National Statistics and Department for Energy Security and Net Zero sector averages.

Read the PCAF standard in [The Global GHG Accounting and Reporting Standard for the Financial Industry](#). Refer to our sustainability metrics basis of reporting, available on our [download centre](#), for details on how our financed emissions metrics are calculated.

The calculation date of the metrics and data published in this document is 31 December 2023. Underlying greenhouse gas (GHG) emissions reported by organisations will take time to be reported to our data supplier following publication – typically 12-18 months. Therefore, for the 2023 reporting period, emissions are typically (but not exclusively) based on those reported at the end of 2022.

In the prior year we published a Data Quality metric at fund level. We have decided not to publish it this year given it is not required for compliance. % Coverage Carbon Footprint gives an indication of the quality of metrics and the [Scottish Widows Unit Trust Managers Limited Entity TCFD Report](#) and [HBOS Investment Fund Managers Limited Entity TCFD Report](#) provides further information on Data Quality at entity level.

Note that emission reduction targets (Scottish Widows target is to be Net Zero by 2050 with a 50% reduction by 2030) are set at Scottish Widows Group level, not at individual entity, product, or fund level.



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