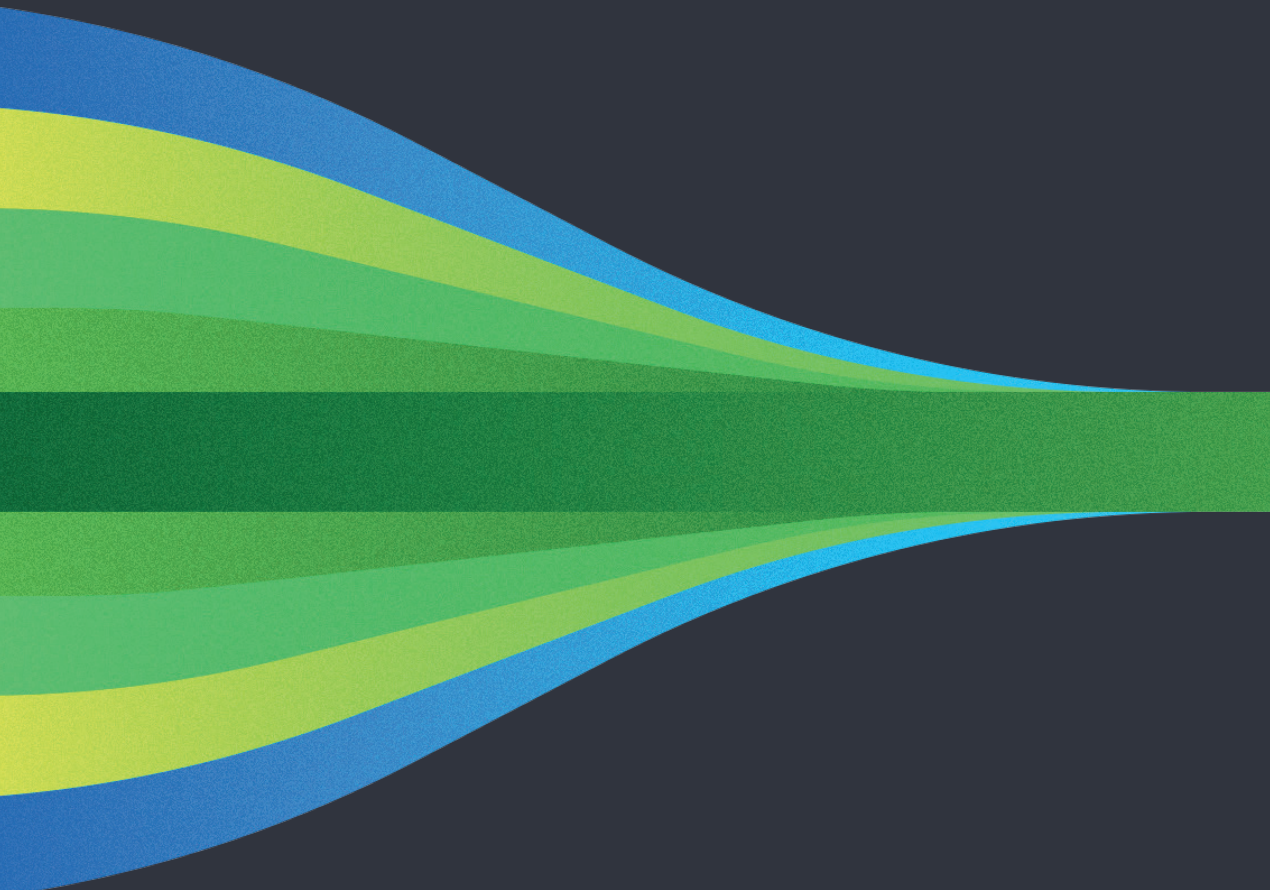




Task Force on Climate-related Financial Disclosures (TCFD) Report

**AT ENTITY LEVEL, AS DEFINED BY THE
FINANCIAL CONDUCT AUTHORITY (FCA) RULES**



FOR THE 12 MONTHS ENDING 31 DECEMBER 2025

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About Ruffer

Ruffer provides investment management services for institutions such as pension funds, charities, financial planners and individual investors, in the UK and internationally.

Preserving our clients' capital has been the core purpose of Ruffer since the business was founded in 1994.

Our investment process is designed to protect and then grow the value of our investors' portfolios – avoiding large losses and harnessing the power of compounding over time.

Our twin aims are

- not to lose money in any 12 month period
- to generate returns meaningfully ahead of the return on cash

The business is committed to delivering investment performance that puts clients first. The spirit of service informs everything we do.

For more on what we do and how we do it, please visit ruffer.co.uk

COMPLIANCE STATEMENT

The disclosures from Ruffer LLP, including third party or group disclosures cross-referenced, comply with the requirements of the FCA's Policy Statement PS21/24.

A handwritten signature in white ink that reads "Miranda Best".

MIRANDA BEST

Deputy CEO

Chief Executive's statement

OUR VISION IS TO BE A WORLD-LEADING ALL-WEATHER ASSET MANAGER

Our investment approach is geared towards long-term outcomes, assessed over full market cycles. Our objectives are to protect capital and generate growth over time. This perspective informs how we interpret the evolving macroeconomic forces affecting markets. These include climate change and the energy transition, where the transmission channels are often complex and non-linear, with increasingly material financial implications.

In 2025, the combination of political and regulatory uncertainty, shifting investor expectations and a tighter capital market backdrop created a more challenging environment for sustainability commitments and disclosure. Yet this period of retrenchment has not made climate risk any less relevant; rather, it has reinforced the importance of focusing on substance over signaling. As we noted in our Q4 2025 Responsible Investment Report, the principles that underpin responsible investment – resilience, stewardship, transparency and long-term value creation – are no less pertinent. In fact, they are becoming more deeply embedded in how companies allocate capital, manage risk and communicate strategy.

Our approach is reflected in our investment process. At the portfolio level, our macro framework seeks resilience to structural and cyclical shocks, including climate-related disruption. This is complemented by bottom-up analysis and active stewardship (through engagement and voting). We seek to assess how companies are positioned to navigate evolving climate pathways, policy uncertainty and changes in energy systems, while maintaining capital discipline and operational resilience.

During 2025, we continued to broaden and deepen our climate-related analysis. This included integrating wider external research into our assessment processes, responding to growing client demand for tailored climate reporting and further developing the metrics presented in this report, in line with the FCA ESG sourcebook and Ruffer's commitment to ongoing refinement.

As our climate approach evolves, it remains anchored to our investment philosophy, seeking to separate enduring signals from short-term noise and allocating our clients' capital in a way that reflects both current realities and our long-term objectives.

CHRIS BACON

Chief Executive



Ruffer's alignment with the TCFD recommendations

	Recommended disclosures	Ruffer response
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	Page 6
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Page 10
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Page 24
	b. Describe the organisation's processes for managing climate-related risks.	
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 40
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

1. Governance

Ruffer is a Limited Liability Partnership (LLP). The partners hold an equity interest in the company and retain limited liability for its financial performance. They have delegated the day-to-day management of the LLP to the Board, which comprises three independent non-executive members, one of whom acts as deputy chair, and four executive members. The Board in turn sub-delegates the day-to-day management of the business to the Chief Executive, Chris Bacon. He is supported by the Executive Team, which consists of five Ruffer partners, representing the different functions of the business.

DESCRIBE THE BOARD'S OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Executive Team helps the Chief Executive to implement and monitor the business strategy approved by the Board. This includes the development and implementation of the Responsible Investment (RI) strategy. Miranda Best – who is both a member of the Board and as Deputy Chief Executive, a member of the Executive Team – is the named senior manager responsible for oversight of RI.

Ruffer defines RI as both the integration of environmental, social and corporate governance (ESG) issues into the research process – including consideration of climate-related risk, opportunity and energy pathways – and stewardship activities, which encompasses engagement and proxy voting.

The Board has an established Risk Committee, composed solely of independent non-executive members. Its purpose is to assist the Board in maintaining sound risk management systems and internal controls. It advises the Board on setting the firm's current and future risk appetite and strategy, and it oversees the implementation of risk management policies and the monitoring of the firm's risk exposure. The Risk Committee considers investment risks every quarter. The content information is drawn from management-level reporting which flows through the Oversight and Control Committee (OCC), as discussed below.

The Board reviews the TCFD Report and approves it for publication.

DESCRIBE MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Chief Executive, supported by the Executive Team, is responsible for ensuring the Investment team, which includes the RI team, and the Risk team collectively maintain adequate systems and procedures for assessing and managing climate-related risks and opportunities. Assessing climate-related risk and opportunities relies upon internal research, analysis and stewardship, complemented by tools

and research provided by external parties. Managing climate-related risk and opportunity links to investment decisions, which may include overall asset allocation, portfolio construction, security selection and position sizing.

Ruffer's **RI Policy** codifies our approach. This policy sits within our active, unconstrained and global investment strategy, which it supports and complements.

The Co-Chief Investment Officers, Henry Maxey and Neil McLeish, hold overall oversight for the firm's investment strategy and execution. Miranda Best holds the **senior management function**¹ for first line investment risk, including its investment risk management approach and scenario analysis, which are delegated day to day to the Co-CIOs.

Climate-related risks and opportunities are assessed and managed on two levels

- 1 Ruffer's investments on behalf of its clients and investors, where risks and opportunities are integrated into relevant investment decisions, consistent with Ruffer's investment philosophy and objectives
- 2 Ruffer LLP, the partnership and management entity which creates a carbon footprint through its business operations and is exposed to some of the physical and transition opportunities and risks linked to climate

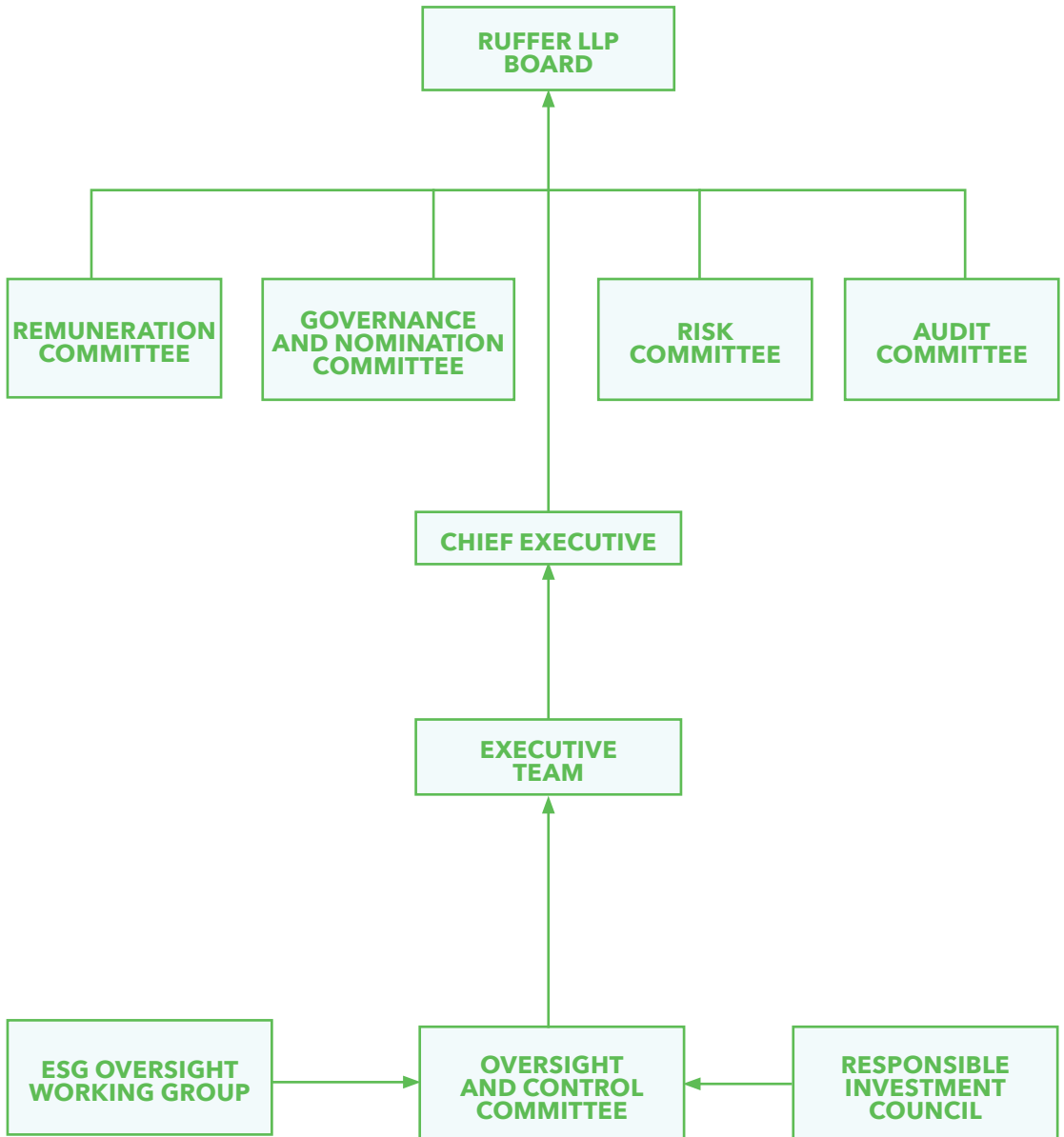
RUFFER LLP AIMS TO REDUCE GREENHOUSE GAS (GHG) EMISSIONS INTENSITY ANNUALLY BY 2030

To estimate our carbon footprint, Ruffer's Workplace team collects carbon data, such as through supplier due diligence (what actions our suppliers are taking to reduce their carbon footprint) and an employee questionnaire (mode of transport to work). In accordance with number 9 of our NZAM targets, we seek to reduce emissions intensity from operations by 50% by 2030.

Alongside the overall management of the portfolio, the effective assessment of key investment risks and opportunities (including climate-related) contributes to the delivery of our investment objectives and is fundamental to achieving successful client outcomes.

¹ Senior management functions are controlled functions held by a firm's most senior decision makers, who are allocated key responsibilities and play a critical role in running the business, protecting its consumers and safeguarding the integrity of the market in which the firm operates.

OVERSIGHT AND GOVERNANCE AT RUFFER LLP



As an asset manager, Ruffer has determined that its exposure to climate-related risks and opportunities comes primarily through the investment of client funds.

The financed emissions of our portfolio which represent the majority of Ruffer's carbon footprint.

Ruffer's Executive Team has established the OCC, which is a formal sub-committee. The Responsible Investment Council (RIC), which is a partner-level body and is not a formal sub-committee of the Executive Team, was formed as a strategy oversight body and reports regularly to the OCC. The Executive Team, via the OCC, formally reviews the TCFD entity-level report and, if satisfied, recommends that the Board approves its publication.

The OCC comprises members of the Executive Team, who attend to matters across the business, including those related to RI. For example, amendments or changes to the RI Policy will be considered and approved by the OCC. Every quarter, the OCC considers performance against the Net Zero Asset Management* (NZAM) initiative targets and other select reporting metrics.

The RIC consists of partners from across the business. Depending on the circumstances, the RIC may draw on broader management input. Its purpose is to consider – from legal, compliance, investment or relationship perspectives – whether Ruffer should undertake certain RI or climate-related activities. These may include joining collaborative engagements, agreeing to sign a public letter, escalating a proxy vote or attending and making a statement at a portfolio company's annual general meeting (AGM).

Our ESG Oversight working group was formed in 2025 to convene periodically and provide strategic oversight of Ruffer's ESG initiatives. Agenda items include updates on our NZAM commitment, the regulatory landscape and our diversity, equity and inclusion (DEI) efforts. From 2026 onwards, the working group will meet twice a year and will report to the OCC.

* In January 2025, NZAM announced a review of the initiative, suspending activities to track signatory implementation and reporting, removing the commitment statement and list of signatories from its website. In late 2025, NZAM returned with a new framing and, in January 2026, Ruffer elected to remain a signatory.

2. Strategy

Ruffer actively manages unconstrained multi-asset-class portfolios with two aims: not to lose money in any 12 month period; and to generate returns meaningfully ahead of the return on cash.

Ruffer's investment philosophy is based upon positioning the portfolio to be resilient to regime changes and systematic risks, looking to achieve the firm's investment aims in all market conditions. Climate change and the energy system transition may represent just such a regime change for investors.

Ruffer has a simple business model: we offer a single investment strategy, through a variety of vehicles. This strategy follows a global, actively managed, absolute return, multi-asset-class approach and is unbenchmarked.

Ruffer's investment strategy seeks to position the portfolio to perform whatever the market conditions, by combining our appreciation of macro risks with bottom-up research to create a portfolio of offsetting assets which deliver our investment aims. Capital is allocated to asset classes such as listed equities, sovereign bonds, derivatives, gold and precious metals (including critical minerals and transition metals) and corporate fixed income.

To that end, we look for a portfolio of assets that we expect to maintain their value or, in the case of select derivatives, to contribute positively to returns, in chronic or acute market-wide shocks, offset against assets we expect to grow over time or capture upside, mainly equities and some derivatives.

Climate-related risk is often construed as systematic or even systemic – that is, difficult or even impossible to diversify away. However, **climate risk is not always financial risk**. We believe an effective (systemic) stewardship approach may help to lower undiversifiable risk over time and that climate-related opportunities are more idiosyncratic. Identifying them in our approach allows for a combination of fundamental and factor-based analysis.

CLIMATE STRATEGY AND COMPETITIVE ADVANTAGE

Our fundamental and factor-based approaches to equity selection and portfolio construction allow us to qualify and, where possible, quantify climate-related risks and to identify potential climate-related investment opportunities. We assess companies on their management of transition and physical risks through their business strategy, human capital, capital allocation or profitable investment in green alternatives or technologies which contribute to a lower-carbon economy. However, this does not mean we ignore the incumbents on an energy transition pathway

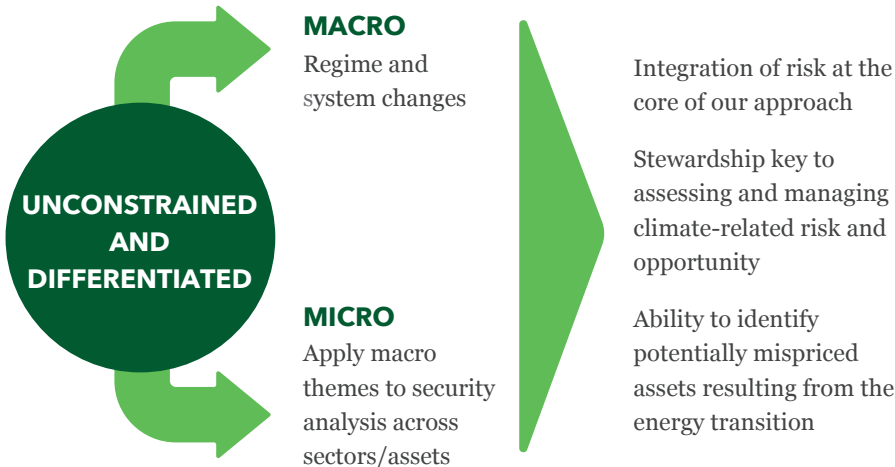
or only focus on potential disruptor technologies in clean technologies, products or services. We form an opinion on the credibility, ambition and potential for (shareholder) value creation of a company’s climate transition plan.

Our approach to investing in sovereign bonds is driven by our macroeconomic views.

These views determine our allocation to sovereign issuers (and, by default, currency exposure) and positioning across the yield curve. Ruffer has developed a proprietary sovereign issuer ESG rating framework, as an input to country selection. This model includes indicators such as emissions, energy source and exposure to sea-level rise. In a scenario of severe climate-related shocks (akin to other economy-wide shocks such as the global financial crisis or the recession caused by the covid-19 pandemic), we would expect the safe-haven assets of sovereign bonds, particularly US issuance, and our positioning in derivatives and gold bullion to provide capital protection.

We acknowledge that significant uncertainty and many assumptions are embedded in this statement. Capital markets have never witnessed or responded to a global, economy-wide (systemic) climate-related shock. Hence, we look to past economy-wide shocks which have impacted investment markets at this scale for historical asset-class performance, asset allocation guidance and risk modelling.

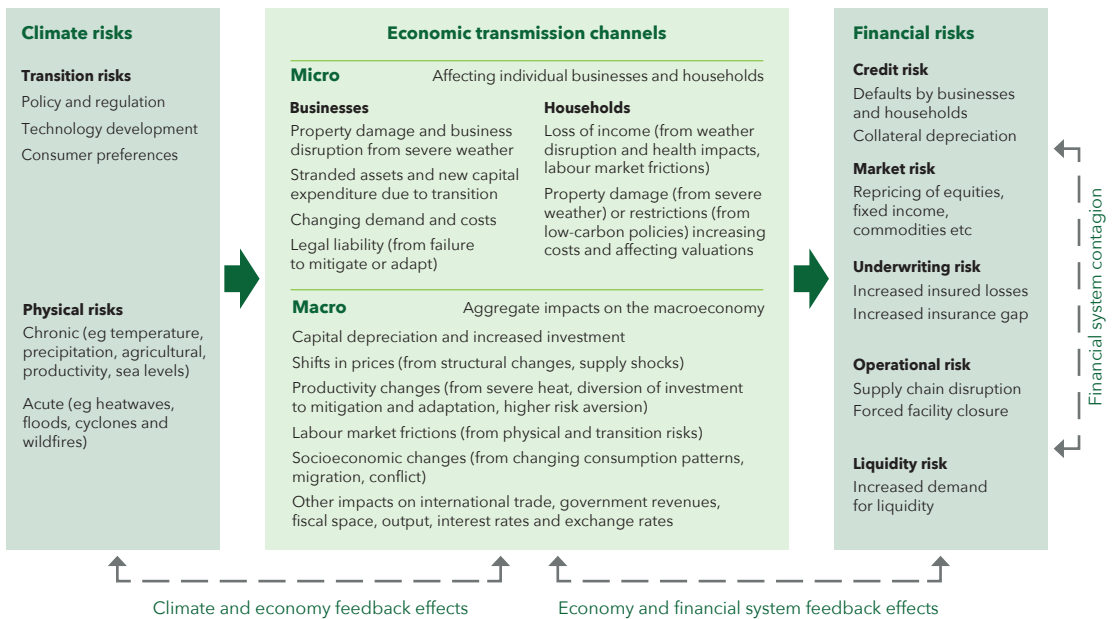
COMBINING MACRO AND MICRO ANALYSES IS KEY TO OUR INVESTMENT STRATEGY



CLIMATE RISKS TO FINANCIAL RISKS

There is an imperfect relationship between observable climate-related risks and opportunities, financial materiality and asset class performance. The key reason for this discontinuity is that carbon (GHG) emissions are priced either inadequately or not at all by the market, so there is insufficient (financial) incentive to materially reduce emissions at source or remove emissions from the atmosphere. Yet the cost of increased climate-related catastrophes has to be borne by the financial system. This cost, whether capitalised or expensed, so far appears to have had a limited systemic (or systematic) impact on asset class risk, return or correlation.

CLIMATE RISKS (AND OPPORTUNITIES) COULD AFFECT THE ECONOMY AND FINANCIAL SYSTEM THROUGH A RANGE OF TRANSMISSION CHANNELS



Climate-related risks and opportunities may be observed in the risk categories typical of and well understood by financial markets: credit, market, liquidity, currency, interest rate, operational and reputational risk. However, climate risks are complex and interconnected, driving four systemic risks: extreme heat stress; food system security; water security; and emerging infectious diseases.

These systemic risks’ impact on traditional risk categories and investment returns may be indirect, inter-related or uncertain and may trigger irreversible tipping points.

Regulation and the policy environment represent a transition risk. Examples of policies or regulations that are either already in force, being implemented or under review include the US **Inflation Reduction Act (IRA)**, the EU **Clean Industrial Deal**, the EU Carbon Border Adjustment Mechanism, the UK’s Climate Change Act 2008

(2050 Target Amendment) Order 2019 and its 2023 Powering Up Britain: The Net Zero Growth Plan and Japan's Green Transformation (GX) scheme. These impose both incentives in the form of subsidies and penalties in the form of potential carbon taxes or tightening regulatory standards.

These regulations may have significant implications for sovereign competitiveness and flows of capital (both financial, in the form of public subsidies and private investment, and human or intellectual). And this may distort segments of the economy or create macro-level consequences, such as adding to inflationary pressure or contributing to slowing growth. These regulatory responses highlight where sovereign-level (or macro) policy, which seeks to address the market failure associated with climate change, may have economy-wide implications. We are watchful for these shifts.

OUR FOSSIL FUEL POLICY

Ruffer's approach to investing in fossil fuels is aligned with our unconstrained, multi-asset macro investment philosophy. The fossil fuel policy prioritises achieving our investment objectives, whilst remaining mindful of the need to reduce anthropogenic GHG emissions.

The pathway of society's transition to renewable energy sources is uncertain. It is also likely to be non-linear. But we believe the energy transition will create investment opportunities, as well as risks. We may invest in companies involved in the exploration, production, extraction, marketing, trading or sale of fossil fuels and related products. But, like companies in any other sector, they will need to meet our criteria for risk and return.

However, we may extend our due diligence to assess companies' transition plans, particularly where they operate in sectors which are energy intensive or where it is hard to reduce emissions. We will analyse these plans for gaps or weaknesses, evidence of insufficient ambition, a lack of credibility (including financial capability) and their scope for value creation. This analysis can help inform our stewardship activities, including voting, engagement and potential escalation.

As these regulations affect both the real economy and the sovereigns and companies in which we invest, we focus our efforts on fundamental or factor-based analysis (which may include an ESG or sustainability factor) analysis in our investment process. At times, our macro insights and analysis may identify attractive sectors, assets classes or individual securities. However, it is our fundamental research process which identifies the companies or securities we invest in.

RESPONSIBLE INVESTMENT AND CLIMATE-RELATED STRATEGY

Ruffer's strategy for integration and stewardship of climate-related factors references external frameworks and guidance documents, industry initiatives and proprietary analysis. The table below shows where we may be able to credibly deploy our stewardship activities, which asset classes are in scope for Net Zero, where we have climate-related metrics and which asset classes are covered by the Net Zero Investment Framework (NZIF) developed by the Institutional Investors Group on Climate Change (IIGCC).

In 2024, we published [climate strategy and competitive advantage](#), a position paper on our analysis and expectations of listed equities. This paper also informs our stewardship activities.

CLIMATE STRATEGY AND COMPETITIVE ADVANTAGE

We politely request companies to provide

- 1 a full emissions inventory (across Scopes 1, 2 and 3)
- 2 a verified 1.5°C-aligned science-based target, with near-term milestones and a long-term Net Zero ambition
- 3 a coherent carbon emissions reduction strategy and congruent capital allocation plan

In addition, we would welcome

- 4 a framework for thinking through adaptation and clear communication on how physical risk might affect the business model

Joining NZAM was a key step in our evolving analysis of climate risk and opportunity. In January 2025, after several asset managers withdrew, NZAM announced a formal review of the initiative and issued a notice to signatories. As part of this process, sections of the NZAM website, including the list of signatories, were temporarily removed. During this period, we engaged actively with the initiative, participating in the consultation survey and contributing to working groups.

Although NZAM was suspended in early 2025, the targets we had established remained in place. These targets continue to apply across the relevant asset classes and provide an overarching framework for our approach to assessing the transition to Net Zero. Further detail on our Net Zero strategy is available at ruffer.co.uk/responsible-investing, and our performance against the targets is disclosed in the metrics and targets section of this report.

In late 2025, NZAM returned with a new framing and, in January 2026, Ruffer elected to remain a signatory. In doing so, we acknowledge that the ability of signatories – and the industry as a whole – to implement Net Zero ambitions is influenced by a range of external factors. These include client objectives and perspectives on climate change, the broader enabling environment (particularly government policy and regulation) and the actions taken by investee companies and other market participants.

Ruffer continues to monitor industry developments and relevant initiatives, contributing to their evolution where appropriate. Before adopting or amending our approach to climate integration and stewardship, we assess whether such developments are consistent with our fiduciary duties, evaluate the potential implications for our investment process and consider whether we have the necessary resources to implement any changes effectively.

RESPONSIBLE INVESTMENT, NZAM ALIGNMENT, CLIMATE DATA AND METRICS ACROSS ASSET CLASSES

Asset class*	Responsible investment					
	Proxy voting	Engagement	Integration	In scope [†]	Metrics	Coverage
Equities	Yes	Yes	Yes	Yes	Yes	Yes
Sovereign bonds	Not applicable	Limited	Limited	Not yet	Limited	Yes
Commodities [‡]	Limited	Limited	Limited	No	Limited	No
Derivatives	Not applicable	No	Limited	No	No	Yes [§]

* As defined by the NZIF

† Ruffer includes listed equity and corporate bonds (credit) as its Net Zero in-scope asset classes

‡ Ruffer includes within the commodities asset class gold bullion and precious metals, with exposure gained through the equities of companies involved in mining and processing, as well as financial instruments such as futures and exchange-traded commodities (ETCs) which hold as their underlying metals and minerals, such as gold, copper and oil

Engagement activities are primarily limited to listed equity securities

§ IIGCC Derivatives and Hedge Funds Guidance (January 2024) applies to select equity, credit and ETFs and futures, forwards, options and swaps

The NZIF, published by the IIGCC Paris Aligned Investment Initiative (PAII), provides a common set of recommended actions, metrics and methodologies through which investors may maximise their contribution to achieving Net Zero global emissions by 2050 or sooner. The NZIF is the dominant industry guidance for investors seeking to maximise their impact in driving real world decarbonisation. Launched in 2021 and initially covering the major asset classes (sovereign bonds, listed equity, corporate fixed income and real estate), the framework is updated and amended from time to time with additional or revised guidance.

Whilst we believe climate change is the major contributor to systemic risk, climate risk and opportunity is only one of many ESG factors investors (including Ruffer) need to consider from a macro and micro perspective. Our overall framework for responsible investment is outlined on the following pages.

OUR FRAMEWORK



This depicts the circularity of our investment process. As Ruffer is a macro-driven asset manager, our main consideration is deciding our allocations to different asset classes. Our positioning within these asset classes follows on from that. Our micro or fundamental analysis, including integration of ESG and climate factors, forms the basis of security selection (decisions to buy, sell or hold individual securities). Stewardship is captured within our [RI Policy](#).

In this context, stewardship refers to voting and engagement (independent or collaborative) specifically on climate-related risk and opportunity. Finally, there are our stakeholders, such as our clients, regulators and industry associations. We recognise our duty to deliver our investment strategy consistent with regulations and to contribute to policy development.

1 MACRO

- a Climate-related risks, at a portfolio level, are considered in a formal quarterly scenario meeting.
- b Climate-related scenarios are drawn from a third party.
 - i For our equity holdings, Ruffer has selected the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Regional Model of Investment and Development Model of Agricultural Production and its Impacts on the Environment (REMIND-MAgPIE) model, developed by the Potsdam Institute for Climate Impact Research.
 - ii Inputs are sourced from MSCI ESG Research and Bloomberg, with calculations completed internally based upon Partnership for Carbon Accounting Financials (PCAF) methodology.
- c Performance against Ruffer's NZAM targets is considered monthly at our internal risk meeting.
 - i Inputs are sourced from a proprietary workflow which links to MSCI ESG Research, SBTi, our engagement tracker (record of engagement activities) and our micro analysis.

2 MICRO (FUNDAMENTAL OR FACTOR-BASED)

- a The identification of climate-related opportunities (such as those which support the Net Zero transition) is shared between the research analyst (security level analysis) and the Responsible Investment team.
- b Climate-related risks (transition, physical or market risks) and Net Zero transition analysis for listed equities are the responsibility of the analyst, with support from the RI team.
 - Quantifying the climate exposure of equities is enhanced through footprint data and company strategy (sourced from the company or the CDP) and metrics such as equity climate VaR (sourced from MSCI ESG Research).
 - Quantifying the climate exposure of Ruffer's sovereign bond allocation and other asset classes is a challenge, given the asset class fundamentals, data availability, applicable methodology and lesser ability to influence change.

3 STEWARDSHIP

- a Proxy voting: Ruffer takes active proxy voting decisions climate-related resolutions proposed by management and shareholders.
- b Independent engagement: we engage directly with companies on climate-related disclosure, risks and opportunities, transitioning of businesses and target setting.
 - Idiosyncratic engagement: we focus our engagement efforts on large holdings, high-emitting companies, longer-term investments and situations where a bottom-up perspective is most effective. These engagements typically comprise targeted one-to-one dialogue with company management and participation in collaborative initiatives with other investors.
 - Systematic engagement: a structured process is applied to identify gaps in extra financial disclosure and areas of underperformance in economic profit. Our proprietary quantitative model, the resource usage and productivity indicator (RUPI), assesses resource utilisation, productivity and environmental impact. These insights are systematically integrated into the screening process for our equity strategy baskets, embedding sustainability considerations consistently across portfolios.
- c Collaborative engagement: Ruffer is a founding investor signatory of Climate Action 100+ and engages with companies to progress the initiative's goals for climate-related governance, reduction of GHG emissions and disclosure.
- d Collaborative policy advocacy: we call for policy action through the industry bodies we support, such as the IIGCC, the Investment Association and the Personal Investment Management and Financial Advice Association (PIMFA).
- e Systemic stewardship: whilst we formalise our approach, Ruffer may from time to time co-sign letters (or take similar action) seeking regulatory or policy change or responses that aim to address climate risk through a market-wide solution.

4 STAKEHOLDERS

- a Our clients and investors are our primary stakeholders and the parties to whom we owe our fiduciary duty.
- b Internally, the RIC provides selection and oversight of climate-related data and data providers and their metrics and analyses, using resources from our Clients and Distribution, Investment and Business Enablers teams.
- c External stakeholders include regulatory bodies, MSCI ESG Research, Institutional Shareholder Services, SBTi, IIGCC, the IFRS Foundation, trade associations and non-governmental organisations (NGOs).

RUFFER PRODUCTS WHICH DIFFER IN STRATEGY FROM OVERALL ENTITY APPROACH

Ruffer offers investors a range of core funds. Two of these have distinct characteristics relative to the broader range: Ruffer LLP's daily-dealt, Article 8 fund and Ruffer AIFM Ltd's UK charity fund.

We do not consider these products to be materially different (as defined by clause 2.2.1(2) of the FCA ESG 2: Disclosure of climate related financial information sourcebook) from our overall entity level approach to governance, strategy, risk management or targets. By nature of the portfolio holdings, climate-related metrics may differ. For transparency reasons, we outline below the key differences.

UK CHARITY FUND

The fund's responsible investment policy has been shaped by the concerns of many charities. It imposes strict restrictions on investment in alcohol, armaments, gambling, pornography, tobacco, oil sands and thermal coal. The fund is monitored against the United Nations Global Compact principles and MSCI ESG Research metrics, and the managers also monitor the fund's carbon metrics.

For clarity, this fund is not considered a product within the Ruffer LLP entity as defined by the FCA sourcebook.

DAILY DEALT, ARTICLE 8 FUND

The fund is structured as an undertaking for collective investment in transferable securities (UCITS) and is compliant with the European Union's Sustainable Finance Disclosure Regulation (SFDR), being classified as an Article 8 financial product. It was developed to meet the needs of investors seeking a UCITS fund that promotes environmental or social characteristics, provided investee companies follow good governance practices, while offering daily liquidity. The fund promotes environmental and social characteristics but does not make any "sustainable investments" as defined in Article 2(17) of the SFDR.

CONSIDERATION OF THE UK'S COMMITMENT IN THE CLIMATE CHANGE ACT 2008 (2050 TARGET AMENDMENT) ORDER 2019

Ruffer LLP is authorised and regulated by the UK Financial Conduct Authority. Ruffer is aware of the UK government's Net Zero target and policy settings.

For Ruffer LLP, we disclose in our annual report and consolidated financial statements an estimate of our carbon emissions under the Streamlined Energy and Carbon Reporting (SECR) legislation. We continue to review our transition plan. Given number 9 of our NZAM targets and the criticism of voluntary carbon markets, we are trying to collect better data to estimate our carbon footprint and develop a strategy to reduce and offset these emissions.

With respect to Ruffer funds, we are a signatory to the NZAM initiative, and climate transition analysis (of equities) is a key part of our RI strategy. NZAM does not override our fiduciary duty to investors and is only one factor which may influence an investment decision, and our framework deliberately considers scope for shareholder value creation in our analyses. Ruffer holds fiduciary duties to our investors, and our investment strategy is based upon an actively managed, unconstrained approach, so placing any restrictions on the investment universe would run counter to our investment philosophy.

DESCRIBE THE CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT, MEDIUM AND LONG TERM

Ruffer acknowledges anthropogenic climate change is happening now, witnessed in physical effects such as excessive regional heat, rising sea surface temperatures, wildfires and floods. But we argue that these events do not easily translate directly or symmetrically into investment risk (or returns). The historical trends are indisputable, in terms of rising concentration of carbon dioxide in the atmosphere and increasing ocean and atmospheric temperatures.

The Copernicus Climate Change Service confirmed that 2025 was the third warmest year on record – only marginally (0.01°C) cooler than 2023 and 0.13°C cooler than 2024, the warmest year on record. This is the first time a three year period has exceeded the 1.5°C threshold. Using several methodologies, the climate monitoring service estimates that long term global warming is currently around 1.4°C above pre industrial levels. While this does not indicate that the Paris Agreement goals have been breached, it underscores the growing need to prepare for the physical and transition risks associated with a disorderly transition. A breach of the Paris goals would occur only if the average global temperature increase exceeded 1.5°C over a 20 year period, measured relative to pre industrial levels.

In November 2025, **Climate Action Tracker (CAT)** forecast a temperature increase of 2.1°C to 3.3°C, with a mid-point of 2.6°C, by 2100, assuming government policies and actions – as codified in nationally determined contributions (NDCs) – are delivered. The Paris Agreement requires countries to submit new NDCs every five years, and **updates were published throughout 2025** outlining climate actions through 2035. With the US withdrawing from the Paris Agreement and **only 14% of countries** that submitted updated NDCs strengthening their 2030 pledges, society is not on track to meet the Paris Goals.

Ruffer implements its investment strategy on a tactical (short-term) view, seeking to position the portfolio to avoid permanent loss of capital, and on a strategic (medium to long-term) view, to grow assets over time. In the metrics and targets section, we provide an estimate for equity climate VaR. Equity climate VaR is a single figure estimate of possible loss, representing the summation of forecast transition risks and opportunities (from policy and technology) and physical risks. As it is represented in estimated loss terms, it may be relevant to considerations of permanent loss of capital.

The long-term physical and transition risks depend on the actions taken to reduce, or remove from the atmosphere, GHG emissions in the short and medium term. Public and private investments in adaptation and mitigation are tangible signs of actions taken to manage climate-related risk and opportunity. Science is warning us that carbon emissions are not falling fast enough to avoid the worst effects of climate change.

The short and medium-term opportunity is in the incentives (such as the subsidies within the now more limited US IRA) and regulatory settings (the EU's Fit for 55) which facilitate capital allocation to and actual investment in, mitigation and adaptation products, technologies and services. The short and medium-term risk is that GHG emissions cross the planetary boundary, causing non-linear changes to climate and weather patterns. Such changes may impact the economic system as it is today, from disrupting agricultural supply chains through to increased mortality and higher insurance, property and infrastructure costs.

DESCRIBE THE IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANISATION'S BUSINESSES, STRATEGY AND FINANCIAL PLANNING

We believe structuring Ruffer as an LLP and offering a single investment strategy best aligns our interests with those of our clients. Because our senior staff share in the long-term profitability of Ruffer, there is alignment between them and our clients through delivering upon our investment aims. We offer clients and investors an absolute return strategy which seeks to achieve our two investment aims: not losing money in any 12 month period; and generating returns meaningfully ahead of the return on cash.

BUSINESS: we have invested in systems, human capital and third party provision of data, metrics and information to assist in identifying and managing risk and opportunity for our client funds, which we view as a material risk to Ruffer. Ruffer LLP undertakes corporate social responsibility (CSR) activities.

STRATEGY: our investment philosophy and investment objectives have remained unchanged since the firm's inception. As climate risk becomes more pressing, we seek ways to execute a coherent strategy which integrates climate risk and opportunity consistent with our investment philosophy. Ruffer's RI Policy articulates how we, as a firm, consider ESG integration and stewardship activity as part of our investment strategy.

FINANCIAL PLANNING: the financial performance of Ruffer LLP is inherently related to the performance of the client assets we are privileged to manage. Effectively managing risks and opportunities, including those presented directly or indirectly by climate, across our clients' assets is critical.

DESCRIBE THE RESILIENCE OF THE ORGANISATION'S STRATEGY, TAKING INTO CONSIDERATION DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO

We define resilience in this context as Ruffer's ability to deliver upon our investment objectives, whatever happens in financial markets, under any climate-related scenario and any changes in economic conditions. Resilience has two interlinked strands: Ruffer's organisational skills, knowledge and capabilities (systems, people and culture); and how the portfolio is structured and re-structured in order to deliver our investment objectives.

Organisational strategy, which we interpret as investment strategy, refers to our implementation of an actively managed, unconstrained multi-asset-class investment approach to deliver upon our investment objectives.

Even if we leave aside limitations on data availability (and carbon metrics) across sovereign bonds, commodities and derivatives, and the uncertainty over how climate change will play out in the long run (2035 and beyond), the dynamic nature of our portfolio presents a challenge when modelling climate scenarios. We model 3°C (hothouse world), 2°C (disorderly and orderly) and 1.5°C (orderly) temperature pathways for the equity portfolio (using MSCI ESG Research data, NGFS scenarios and proprietary software). That gives us some insight into how the equity component of the portfolio might behave. We do not have the benefit of confidence limits around these estimates, so we cannot assign a probability to any possible outcome.

These scenarios are theoretical but important in estimating a range of outcomes. As an unconstrained active manager with an absolute return target, we are not bound to own the market like a universal owner (a sovereign wealth or pension fund). Our approach seeks to anticipate (idiosyncratic and systematic) investment risks, including climate risk, and change our asset allocation or portfolio construction to mitigate potential adverse impacts on portfolio outcomes.

Given the mechanisms through which climate-related events may translate into financial market performance, we believe our use of derivatives should offer protection from unanticipated shocks whilst our position in the sovereign bonds of the largest developed economies should provide a level of stability with respect to long-term and less volatile events.

We use the MSCI ESG Research methodology to estimate equity climate VaR. However, we don't use it for sovereign bond climate VaR as we think the model outputs do not fairly reflect the sovereign bond portfolio or Ruffer's approach to managing sovereign bonds. A climate VaR methodology is not available for cash, derivatives and commodities or at a consolidated portfolio level. Whilst we will further investigate the solution for sovereign bonds, other asset classes may require a different approach, and Ruffer will monitor and where possible contribute to the development of solutions.

As we cannot duplicate the climate VaR process for all asset classes at entity level, it's currently not possible to quantify entity-level portfolio resilience in these terms.

3. Risk management

AT RUFFER, RISK MANAGEMENT IS MORE THAN A SECOND LINE OF DEFENCE; IT IS CENTRAL TO THE WAY WE INVEST

Our approach focuses on seeking to understand – both quantitatively and qualitatively, as appropriate – the risk exposures associated with the current portfolio, when and how risks are likely to appear over the investment horizon and what their impact on the strategy’s ability to meet its investment aims could be. This requires data, judgement, an investment thesis and a willingness to act on new information.

Our primary risk management technique is scenario analysis. We are students of economic history, with a database extending back to the beginning of the 20th century. This allows us to identify historical market shocks such as oil price spikes, inflationary periods or other events which led to significant market losses. We apply these scenarios to the current portfolio and economic conditions, giving an indication of how the portfolio might behave were those prior conditions repeated.

We use a similar approach to test the portfolio against a number of prospective market scenarios, principally our view of potential threats to which the portfolio is exposed. We test the portfolio against changes in correlations between and within the asset classes we use to build a portfolio of offsetting assets. The different scenarios can be either actual historical events or stress tests designed by our Macro and Risk teams. Scenarios may or may not be climate-related –they will reflect the Macro team’s observation of the market cycle and over-the-horizon or nearer-term risks.

Increasingly, given the rarity of market crises, we are using technology to model sub-asset-class performance based upon current fundamentals, such as price relative to history, to predict possible future outcomes. For example, if copper is trading at 2 standard deviations above its trailing 12 month price, what do we observe about potential price moves based upon past trajectories? Quantifying a range of outcomes adds to or detracts from our conviction in asset class or security positions.

Ruffer supplements its scenario analysis with climate and energy transition analysis of selected equity securities, generally those considered energy intensive or operating in hard to abate sectors (that is, where it is difficult to reduce emissions). This analysis focuses on disclosure in annual financial, sustainability and CDP reports.

It considers financial metrics, such as gearing, margins, capital allocation, hurdle rates, research and development spending and, where relevant, proven reserves. It also looks at non-financial metrics, such as human capital, business strategy, published carbon emissions targets and climate transition plans.

This approach guides our understanding of the array of risks to which the portfolio is exposed, helping us to position the portfolio to best withstand vulnerabilities whilst informing our stewardship activities, which may include climate-related voting and engagement.

DESCRIBE THE ORGANISATION'S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Ruffer manages a multi-asset-class portfolio. At any time, we may invest in or hold on behalf of our investors cash and sovereign bonds (which may include our view on foreign exchange rates), listed equities and derivatives, and may have exposure to commodities, gold bullion and precious metals.

Carbon footprint metrics are backward-looking by definition and not a measure of climate risk (or opportunity) in financial terms (risk of capital loss). Whilst forward-looking metrics like implied temperature rise (ITR) and climate VaR are available, we consider these insufficient as an investment decision tool, given issues with data reliability, model assumptions and estimation.

LISTED EQUITIES

Our processes include

- 1 Company (or security) level carbon data and transition analysis, which may inform security selection, position size and stewardship activities.
- 2 Scenario analyses (REMIND NGFS 1.5°C, 2°C, 3°C) to identify climate-related exposure on different temperature and policy pathways. These scenarios were chosen as they meet the requirements of the FCA ESG sourcebook and are available from MSCI ESG Research.
- 3 Portfolio carbon footprint data to identify assets with a potentially greater financed emission contribution relative to their weight in the portfolio.

SOVEREIGN BONDS

Our processes include

- 1 Portfolio carbon footprint data expressed in terms of production, imported and consumption emission estimates.
- 2 For sovereign issuers, Ruffer has developed a proprietary ESG model, incorporating several climate-related metrics, to rank sovereign issuers systematically based upon an array of ESG factors. The ranking informs whether the issuer, rather than the specific issue, potentially presents an ESG risk. As at 31 December 2025, Ruffer held bonds issued by some of the world's largest developed market economies – namely, Japan, the US and the UK.

CASH (INCLUDING FOREIGN EXCHANGE), COMMODITIES, GOLD BULLION AND PRECIOUS METALS, DERIVATIVES, CORPORATE DEBT

Due to data and model limitations, Ruffer is currently unable to generate carbon footprint metrics or run scenario-based climate risk analyses – as we do for the equity portfolio – for these asset classes.

Cash is the risk-free rate of return and is the basis upon which returns from other asset classes are estimated. One may posit that, in the event of a major climate-related shock which results in recession, central banks will cut interest rates to stimulate the economy (assuming interest rates are above zero), so the return on cash investments will decline. A methodology for estimating the carbon emissions of cash as a standalone asset class is yet to be developed. However, per PCAF guidance for equity securities, enterprise value including cash (EVIC) is used as the denominator for estimating ownership of an entity's emissions.

Futures are financial instruments allowing participants to gain exposure to the price movement of a particular commodity or group of commodities. They do not confer ownership. Certain metals and minerals are essential to facilitate the energy transition (given their use in magnets, solar photo-voltaic panels and electric vehicles) and pricing may benefit from tighter climate-related policies or higher carbon prices. We look to guidance from the International Energy Agency, such as their 'critical minerals data explorer', for the metals and minerals considered essential to the energy transition.

Derivatives are an array of instruments and securities used to manage or mitigate specific risks or to capture returns. We do not hold derivative instruments specifically to manage exposure to climate-related risks or opportunities.

Gold bullion is a physical asset. Depending on where the gold is stored, the facility may potentially be exposed to weather-related risks. As a store of value, gold tends to appreciate in value at times of geopolitical stress.

Given the historical correlation between corporate debt and listed equities, one may expect corporate debt to be exposed to similar risks to equity securities. At present, Ruffer does not hold any corporate debt securities.

Ruffer is unaware of an agreed and robust methodology for estimating carbon metrics or value at risk which provides adequate coverage across all securities Ruffer invests in.

DESCRIBE THE ORGANISATION'S PROCESSES FOR MANAGING CLIMATE-RELATED RISKS

Climate related risks are managed through a combination of firm level oversight and detailed security level analysis. Internally generated climate metrics, including progress against our NZAM targets, have been reported to the OCC quarterly since the start of 2023, providing governance level oversight of key climate related risks and transition progress.

Most climate related risk management occurs at the security level, with a particular focus on equity investments. The process involves the completion of investment due diligence including a high level assessment of each company's climate transition plan. Our due diligence also looks to highlight key material ESG risks, including climate risk and transition opportunities.

For holdings within our quantitative equity baskets, we apply a broad set of sentiment, technical and fundamental signals to identify market factors – such as value, growth, quality or momentum – that offer attractive risk adjusted returns. This constructs a portfolio of companies exhibiting the characteristics we aim to capture. Our analysis is deliberately agnostic to individual company names or economic sectors; instead, emphasis is placed on factor exposures identified through a data driven, analytical process. This results in a concentrated portfolio of approximately 40 holdings, designed to balance idiosyncratic and systematic risks.

We developed our resource usage and productivity indicator for integration within this quantitative framework. The model enables comparison both within and across sectors, supporting stewardship activity where performance gaps or weaknesses are identified and, where appropriate, informing security selection. RUPI incorporates metrics covering waste, energy and water use, GHG emissions and employee footprint.

We may also undertake additional enhanced ESG research and analysis, supported by a deep dive on the company or sector if climate risk is a material issue. That will be for larger positions in terms of absolute invested capital or percentage ownership of the company, for top contributors to the portfolio's carbon footprint (financed emissions) and for companies we deem potentially controversial but where climate risk is not or may not be material to the investment case. This enhanced due diligence is completed collaboratively by a member of the RI team, alongside the security owner, ensuring a 'four eyes' independent review of issues which may be material to the investment case.

In both cases, stewardship – voting and engagement – activities are central to our process for identifying, managing and potentially mitigating climate-related risks. Our 2025 Stewardship Report provides greater detail on our process and examples.

Climate-related stewardship examples

As at 31 December 2025, the three case studies below represent the three highest financed emissions within the Ruffer entity-level equity portfolio.

SUMMARY OF OUR FIVE POINT ENERGY TRANSITION FRAMEWORK APPLIED TO THE TOP THREE FINANCED EMITTERS

Framework	ArcelorMittal	BP	Smurfit WestRock
Industry	Integrated steel mills and products manufacturing	Integrated oil and gas exploration and production	Paper and paper products manufacturing
1. Assured GHG footprint	Limited assurance – Scope 1, Scope 2 Reported but not assured – Scope 3	Limited assurance – Comprehensive across Scope 1/ Scope 2 Reported but not assured – Scope 3	Full Scope 1, 2 and 3 disclosure aligned to GHG Protocol (limited assurance covers Scopes 1 and 2) Reported but not assured – Scope 3 Aims to move to reasonable assurance
2. SBTi-aligned, contingent 2050 targets	Group target of a 25% reduction in CO ₂ e emissions intensity by 2030 and in its European operations by 35% by 2030 (Scopes 1 and 2) Net Zero by 2050	Reduction of operational emissions to 45–50% against the 2019 baseline by 2030 Net Zero by 2050	Legacy scope 1 and 2 targets (2030) Smurfit Kappa -55% (2005 baseline) -37.7% (SBTi 2019 baseline) WestRock -27.5% (SBTi 2019 baseline) Post merger, the company is working to set new GHG emissions targets as a combined company
3. Marginal abatement cost curve	No	No	No

4. Internal carbon price	ArcelorMittal does not publicly disclose that it uses a defined internal carbon price and, if it does consider carbon costs internally, it appears to be through external price assumptions, rather than a fixed internal metric.	Yes, \$50-200 per metric ton CO ₂ e. Carbon prices for the period to 2050 include prices of \$50/tCO ₂ in 2025, \$135/tCO ₂ in 2030, \$175/tCO ₂ in 2040 and \$200/tCO ₂ in 2050 (2023 \$ real). The minimum and maximum prices provided here correspond to the 2025 and 2050 prices, respectively.	No evidence
5. Pay including carbon targets/metrics	Component of LTIP: achieve decarbonisation (weighted at 10%)	Component of LTIP: Net zero across entire BP operations by 2050 (Scopes 1 and 2), which is weighted at 15%	Component of the Annual Incentive Plan (10% weighting): classed among other strategic priorities, which included issuing the first Smurfit Westrock TCFD disclosures and publishing key sustainability key performance indicators (KPIs)

Source: Company reporting

ARCELORMITTAL

ArcelorMittal operates in a high-emitting, hard-to-abate sector where the pace and credibility of the transition have a material bearing on financial risk and opportunity. Our engagement with the company focused on transition plan credibility, the external factors that shape delivery (policy and market conditions and risk management) and the transparency of progress through metrics and targets.

Our objectives were to improve the usefulness of ArcelorMittal's climate disclosure for its European business, including clearer assumptions and an updated Climate Action Report, and to strengthen transparency on the decarbonisation pathway and its underlying levers. We asked the company to consider whether it could provide more quantitative insight into the drivers of emissions reduction (for example, the relative contributions of portfolio change, electric arc furnace capacity, renewable electricity and efficiency measures) and whether tools such as a marginal abatement cost curve (MACC) could help investors understand sequencing, costs and dependencies. Alongside this, we tested the resilience of the transition plan under policy and market uncertainty, encouraged scenario analysis as a way to communicate progress despite a moving policy backdrop, sought to understand how policy advocacy aligns with stated climate ambitions, and monitored capital allocation and transition-enabling actions such as renewable electricity sourcing for its European assets.

TRANSITION PLAN CREDIBILITY AND DISCLOSURE EXPECTATIONS

We engaged with the company several times in 2025. In February, before the AGM, we requested an updated European Climate Action Report and additional disclosure on targets and R&D, and asked whether the company could provide a MACC-type view of its decarbonisation options. We also raised external commentary on the alignment of ArcelorMittal's policy engagement with its decarbonisation narrative. In May, we followed up on whether targets might change given policy uncertainty, encouraged scenario analysis to improve the usefulness of disclosure and sought clarification on claims about hydrogen-related lobbying and the role of hydrogen within the direct reduced iron/electric arc furnace (DRI/EAF) pathway. We also discussed transition-enabling steps such as renewable energy sourcing for European assets, including progress towards an EDF supply agreement linked to Dunkirk. In December, we revisited the EU policy and trade landscape, including CBAM and competitiveness considerations, and again asked for greater transparency on the drivers of emissions reductions and the decarbonisation roadmap, including more quantitative attribution where possible and the feasibility of MACC-style analysis.

In response, ArcelorMittal confirmed it had heard investor requests for more useful, Europe-specific transition-plan disclosure, including clearer articulation of assumptions, sequencing and dependencies. The company said it intended to update its European climate reporting but did not publish an updated European Climate Action Report before the 2025 AGM, citing an unsettled policy and market environment and the need to reflect an evolving policy backdrop in a way that remains credible over time. Management encouraged investors to assess progress using information provided in its annual report, sustainability reporting and periodic announcements, rather than relying on a single consolidated European report.

The company acknowledged our suggestion that scenario analysis could help communicate progress given the uncertainty (including how targets, project sequencing and interim milestones might differ under alternative policy/market outcomes), while reiterating that supportive industrial policy is central to enabling industrial decarbonisation in Europe. On policy advocacy, ArcelorMittal said its engagement was focused on designing a framework that protects competitiveness while enabling transition, highlighting trade and carbon-leakage safeguards, Carbon Border Adjustment Mechanism (CBAM) design and implementation, demand creation mechanisms for lower-carbon steel and access to affordable, reliable renewable electricity. On technology pathways, management did not confirm specific external claims about lobbying on hydrogen definitions, but described hydrogen as likely to be adopted in stages, with timing and scale dependent on cost, availability and infrastructure; it positioned this as complementary to a broader DRI/EAF-led transition narrative for European assets.

We reiterated our request for more quantitative disclosure on the drivers of emissions reductions (for example, clearer attribution by lever and a MACC-style

view of abatement options, costs and dependencies). ArcelorMittal was not in a position to provide this level of quantified detail at the time and requested examples of peer practice that investors find most useful. The company also highlighted ongoing work to secure renewable electricity supply for European operations and pointed to continued progress on transition-enabling actions and investments, including steps linked to Dunkirk (and discussions around an EDF-related supply arrangement), while noting that delivery remains dependent on external conditions such as power pricing, permitting and policy support.

Through repeated engagement during 2025, we sought improved transition-plan disclosure and clarity on the key dependencies for delivery in Europe (policy settings, renewable power availability and economics of low-carbon production routes). While ArcelorMittal reiterated its strategic framing of decarbonising without deindustrialising and pointed to ongoing transition-enabling actions, gaps remained in publishing a consolidated European Climate Action Report ahead of the AGM and in providing the quantitative, useful analysis (such as scenario analysis detail and MACC-style transparency) that investors requested.

NEXT STEPS

We will review any updated European climate reporting, including an updated Climate Action Report if published, and assess whether it provides clearer targets and assumptions and a more credible and useful articulation of the transition pathway. We will continue to encourage disclosure that explains how the plan performs under different policy and market outcomes, and we will seek improved quantification of the decarbonisation roadmap, including (where feasible) MACC-style transparency and clearer attribution of emissions reductions by lever. We will also monitor transition-enabling milestones, such as renewable power contracting and key European investment decisions, and will reflect progress and remaining gaps in our stewardship approach, including voting and escalation where relevant.

BP

BP has been a long-term holding for Ruffer, and we have engaged with the company for many years on its approach to climate risk, the energy transition and associated governance issues. In recent years, however, concerns about strategy execution and capital allocation have intensified, amid prolonged share price underperformance, leadership turnover and increased scrutiny from investors. These pressures culminated in a strategic reset announced at BP's Capital Markets Day in February 2025. Investor scepticism reflected uncertainty over BP's ability to deliver a credible and value-accretive transition plan, driven by unclear strategic communication, inconsistent capital allocation between low carbon activities and the core oil and gas business and ongoing questions around its long-term direction.

During 2025, we engaged with BP on its climate strategy, governance and accountability, focusing on the credibility of transition planning, alignment between strategy, capital allocation and emissions ambitions and the effectiveness of board oversight during a period of strategic reset. The engagement aimed to support transparent disclosure and robust governance consistent with long-term value creation in a transitioning energy system.

BOARD OVERSIGHT AND ACCOUNTABILITY

In April 2025, we discussed our expectations for board accountability given BP's challenges in persuading the market of the value and deliverability of its prior strategy. We also raised board effectiveness in the context of refreshment, including the appointment of Ian Tyler (whom we supported) and the prospect of further additions. We questioned whether a board of 12–13 directors was necessary, particularly if its strategic focus were narrowed. BP stated that it views 12 as an appropriate long-term board size and considers 13 or fewer non-executive directors broadly appropriate in the UK. We reiterated that a smaller board can support clearer accountability and delegation, with the optimal size dependent on strategy and operating model.

We also explained our AGM voting decisions, including voting against the re-election of the longest serving non-executive directors. While we considered these directors remained independent under tenure-based guidelines, we sought to signal dissatisfaction with board oversight during a period of material strategic change and reduced investor confidence. BP queried why we opposed three directors with fewer than ten years' service and cited its succession planning approach; we confirmed our concerns related to board accountability in the relevant period and the chair's role as first among equals. The resolutions passed; however, two of the three directors subsequently left the board, with Mr Lund and Ms Daley stepping down in September 2025.

TRANSITION PLANNING, TARGETS AND DISCLOSURE

In November 2025, we held a further discussion with BP to encourage greater transparency on transition planning and to test how strategic and capital allocation choices interact with delivery of emissions targets. We also sought clearer disclosure on the governance indicators used to evidence capital discipline and operational resilience through the transition.

We encouraged BP to publish an updated climate action and transition plan, particularly after the softening of interim targets, to clarify the pathway to its 2050 ambition. BP noted it has not provided detailed targets beyond 2027 and that its approach reflects current market conditions, including slower-than-expected oil demand decline. BP said capital has been reallocated towards higher-yielding opportunities and reiterated that its Net Zero ambition for 2050 remains intact. It also indicated it will continue reporting progress and updating transition planning through annual and sustainability reporting.

We queried whether BP's emissions targets remain achievable given continued growth in parts of its oil and gas business and reduced allocation to low-carbon activities. BP stated that targets have evolved alongside strategy and referred to adjustments to its Net Zero operations target over time. It said emissions considerations are integrated into strategy and capital allocation, with investment decisions supported by materials that include emissions implications alongside other environmental and social impacts. BP also referenced February 2025 revisions to its sustainability framework, which streamlined aims while retaining Net Zero operations targets, and described the transition as capital-intensive and sensitive to global context and market conditions.

We sought to understand BP's engagement with Elliott and how far shareholder perspectives were influencing strategic decisions. BP reiterated its policy of not commenting on discussions with other shareholders. It stated that, after its Capital Markets Day, it engaged with approximately 80% of institutional shareholders to reinforce priorities it described as enhancing returns through growing cash flow and reducing net debt. BP noted a range of investor views on capital allocation and observed that media coverage has moderated relative to prior periods.

On performance metrics, we discussed BP's use of return on average capital employed (ROACE) and suggested that considering ROACE volatility as a potential long-term incentive plan (LTIP) indicator could help investors assess the resilience of returns across cycles as capital allocation evolves. BP confirmed ROACE as a primary metric and described its focus on capital discipline, including return expectations (and an internal rate of return threshold for oil and gas projects) embedded in investment decision materials. The company said hurdle rates are set with resilience in mind and tested across scenarios, including different oil price outcomes, using integrated modelling and long-term project evaluation. BP emphasised a focus on growth and diversification rather than explicitly targeting ROACE volatility.

We asked how BP intends to maintain operational excellence while pursuing cost reduction and disciplined capital allocation. It said operational excellence remains a top priority, citing upstream plant reliability of around 97%, with a sustained track record above 96%. It stressed that safety standards remain non-negotiable and described increasing use of technology to support efficiency and risk reduction, including remote operations and predictive systems. BP also referenced cost savings achieved through streamlining downstream services and said it aims to balance efficiency objectives with robust processes and leadership attention to safety.

We explored whether the scaling back of low-carbon investment reflected returns, strategic fit or both. BP characterised the changes as driven primarily by weaker returns and a changed external environment, rather than a loss of strategic relevance. It reiterated commitment to biofuels, biogas, hydrogen and renewables, while describing a shift towards more capital-light delivery models. BP cited offshore

wind being managed through a standalone joint venture with JERA and noted further actions, including increasing stakes in certain renewable joint ventures and advancing four hydrogen projects to final investment decision, consistent with its ambition to progress five to seven hydrogen projects this decade.

ONGOING MONITORING

We will continue to monitor BP's disclosures and engagement responsiveness, focusing on the decision-usefulness of transition planning beyond the near term, consistency between emissions targets and capital allocation and the effectiveness of board oversight following leadership and board changes. In addition, we will monitor how the CEO transition is reflected in strategic priorities and external reporting, noting that BP appointed Meg O'Neil as its next chief executive officer, effective 1 April 2026, with Carol Howle serving as interim CEO from 18 December 2025. We will also continue dialogue on performance metrics that evidence resilient value creation through the cycle as the company navigates the energy transition.

SMURFIT WESTROCK

In the fourth quarter of 2025, we engaged with Smurfit Westrock, an Ireland-headquartered corrugated and paper-based packaging manufacturer, to discuss multiple themes, from climate strategy to reporting disclosure. The primary focus was on how the enlarged group is identifying, managing and reporting climate-related risks and opportunities after the July 2024 merger of Smurfit Kappa and WestRock.

Our engagement prioritised three areas: the resilience of the business model as the packaging sector decarbonise; the company's approach to setting and delivering emissions targets (including Scope 3); and the quality and assurance of the underlying climate data that supports public reporting and financing-linked commitments.

CIRCULARITY, FIBRE SOURCING AND EMISSIONS TRADE

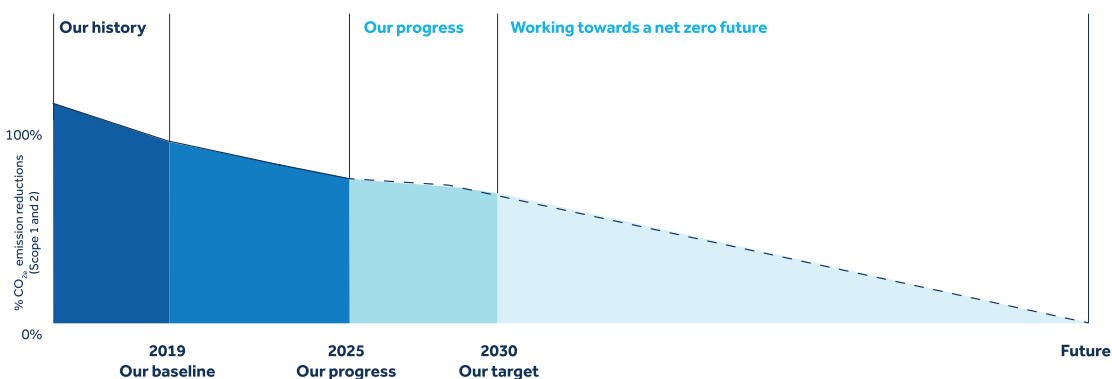
We explored Smurfit Westrock's recycling capabilities and regional differences in waste collection and consumer demand, with a view to understanding how circularity considerations interact with the company's climate strategy. Smurfit explained that the recyclability of wood fibres varies across the industry but is typically cited as around eight cycles. It referenced an [Austrian study](#) suggesting fibres could be recycled up to 25 times, while not presenting this as a definitive claim.

The company highlighted that recycling practices are more advanced in Europe, where fibres are often reused more than in the US, where the average remains around six to eight cycles. Importantly for our assessment of transition dynamics, Smurfit did not position recycled material as inherently superior to virgin fibre. Instead, it emphasised managing customer requirements and environmental impacts

across both inputs, supported by third-party certifications, including full FSC certification across its forestry operations, covering biodiversity, water stewardship and social factors.

Smurfit said customer preferences increasingly reflect carbon-footprint considerations. In some cases, customers favour virgin fibre – for example, where reliance on bioenergy rather than fossil fuels can reduce overall emissions compared with certain recycled alternatives. While only a small number of customers have explored moving to recycled-only packaging, Smurfit described engaging with them to explain trade-offs and focusing on quality improvements that can reduce waste and rejection rates. The company also noted collection and infrastructure conditions differ by region: Europe's systems are comparatively advanced but fragmented, the UK lags, and the US remains highly variable. These regional dynamics influence the pace and economics of circularity and therefore the shape of decarbonisation pathways across the group's footprint.

TRANSITION PLANNING, TARGETS AND CAPITAL ALLOCATION



Source: Smurfit Westrock Sustainability Report 2025

We sought an update on the post-merger integration and encouraged clearer articulation of transition planning, including the eventual publication of a MACC. Smurfit reported that integration of WestRock assets is nearing completion, with internal alignment expected by year-end. The company said sustainability targets should be embedded in its green revolving credit facility during the first half of 2026, complementing public commitments that it expects to disclose in its next sustainability report.

The company noted that Smurfit Kappa and WestRock had had similar sustainability priorities, including water, Scope 1 and 2 emissions, forestry, community engagement and landfill reduction, although some targets remain under discussion pending clarity on the EU's Corporate Sustainability Reporting Directive (CSRD) requirements. Scope 3 emissions were described as particularly complex, given the challenge of combining spend-based, volume-based and supplier-based methodologies across the merged group. Smurfit expects to disclose its Scope 3 inventory in its next sustainability report

and indicated that it intends to be transparent about baseline limitations and the likelihood of inventory changes as data quality improves.

On value-chain decarbonisation, Smurfit said it is considering science-based targets for the value chain but raised concerns about the rigidity of current SBTi standards and their limited ability to reflect historical progress. While both legacy companies previously held SBTi approval, the new entity faces hurdles in achieving validation under updated criteria. Smurfit described exploring complementary approaches, such as tracking the percentage of strategic suppliers using renewable energy and setting improvement goals to drive change through procurement. The company also indicated that publishing a MACC is unlikely before 2026, because it needs to consolidate facility-level data, and reiterated that targets are being developed bottom-up from mill-level strategic plans to strengthen accountability for water, emissions and energy impacts across regions.

METRICS, INCENTIVES AND ASSURANCE

We explored how Smurfit balances financial performance with climate and wider sustainability objectives and encouraged the company to increase the level of assurance over sustainability data to support higher-confidence reporting. Smurfit described financial and sustainability targets as closely integrated within its strategic planning process. While adjusted EBITDA and free cash flow remain key metrics in annual incentive plans, the company said sustainability objectives are embedded at both corporate and operational levels through a bottom-up approach that reflects local regulation and site-level priorities. It gave the example of European electrification projects that were previously less attractive commercially but have become viable due to government compensation schemes, which position certain decarbonisation investments as strategically and financially compelling.

On operational decarbonisation, Smurfit pointed to progress in Europe and described planned changes in the US, including converting major sites and from coal to natural gas, which it expects will materially reduce emissions by 2027.

On assurance, Smurfit reiterated its commitment to achieving reasonable assurance over sustainability data, while acknowledging that merger integration has extended timelines. The company is rolling out a new data collection system across mills and converting facilities to improve consistency and alignment with CSRD requirements. Reasonable assurance remains an objective of senior management and should be achieved well before 2030. Health and safety metrics were also discussed; Smurfit noted it is open to exploring leading indicators, while reflecting investor feedback that some metrics can appear misaligned with impact-focused financing.

This engagement strengthened our understanding of Smurfit Westrock's post-merger approach to climate-related risk management, target-setting and disclosure readiness. It also highlighted where we expect further transparency over the next reporting cycle, including Scope 3 methodology choices, the integration of sustainability targets into financing arrangements, and the timeline for enhanced assurance as data systems mature across the combined footprint.

DESCRIBE HOW PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS ARE INTEGRATED INTO THE ORGANISATION'S OVERALL RISK MANAGEMENT

- 1 IDENTIFY:** the TCFD framework provides guidance on the broad categories of climate-related risk and opportunity. We use MSCI ESG Research to estimate the physical and transition risk elements of climate-related risk. We supplement this with fundamental analysis and proprietary research, which includes a review of company disclosures on climate-related risk and the energy transition.
- 2 ASSESS:** we disclose metrics and targets as required by the FCA ESG sourcebook (with exceptions documented), as recommended by TCFD guidance and to align with our NZAM targets.
- 3 MANAGE:** Ruffer LLP is an active manager and is not constrained by benchmarks. Regarding our climate risk management, we seek to understand the climate data, and the climate risks we are exposed to via our security holdings, on a mostly fundamental basis. In essence, we are seeking to satisfy ourselves that clients will be adequately compensated for holding these risks. For equities in hard to abate or high-emitting sectors, we assess whether, in our opinion, company boards and executive management have the skills, experience and knowledge to execute strategies we believe will generate value, ideally whilst lowering their carbon footprint, despite the anticipated or unanticipated risks to which they are exposed.

4. Metrics and targets

Carbon and climate related metrics can be represented in

- 1 Absolute terms, such as Scope 1, Scope 2 and Scope 3 GHG emissions in tons
- 2 Relative (or efficiency) terms, where tons of GHG are reported as a ratio of tons of carbon dioxide equivalent (tCO_{2e}) per unit of revenue (sales), market capitalisation or EVIC
- 3 Forward-looking metrics, such as implied temperature rise, portfolio warming potential or equity climate VaR

Whether backward-looking or forecasting, all emissions metrics have limitations (model errors or unreliable input data) and assumptions (such as the organisational carbon boundary for carbon accounting). And it is crucial not to conflate metrics with investment risk.

Over 2022, we selected climate-related targets under the NZAM initiative which are applicable to an unconstrained, multi-asset-class, actively managed strategy. Our guiding philosophy: we prioritise real world emissions reduction over portfolio emissions optimisation.

Against a backdrop of technological innovation, regulatory change and shifting societal attitudes, as well as increasing physical disruption, climate risk merits consideration by investors alongside other material systemic and idiosyncratic risks. NZAM helps to provide structure to this risk assessment. Climate risk therefore remains an area of focus. Taking account of changes to the initiative, we will continue to monitor developments and periodically reassess our approach under the revised framework, updating it as our views and the broader landscape develop.

At its core, the goal of NZAM is reducing emissions in the sectors its signatories invest in. Only through achieving this goal will it be possible – though it currently looks unlikely – for real world emissions to be lowered in line with the goals of the Paris Agreement.

This approach is very different to building a green portfolio. Investing in a portfolio of low emission stocks and avoiding carbon intensive sectors may well achieve superficial decarbonisation within a portfolio. But it may have little or no impact on reducing real world emissions. We argue that naively lowering direct portfolio emissions is not the best approach to protect the portfolio from climate-related risks – or, importantly, to capture opportunities. And certainly not to reduce carbon emissions in the real world.

All elements of the economy, including both the consumers and the producers of carbon intensive goods and services, have a role to play in reducing emissions.

In Ruffer's view, real progress can be achieved only by acknowledging this and working with all sectors, even those that are hard to abate. Divestment is not the answer. We must engage with companies, issuers and other stakeholders in order to understand the challenges, opportunities and risks which may enable decarbonising the economy through releasing innovation, capital flows and economic growth.

The metrics and targets below refer to Ruffer LLP entity-level reporting, as defined by the FCA ESG sourcebook. This includes assets in UK funds managed by Ruffer LLP and its segregated mandates. Product level reports are available upon request.

Unless otherwise stated, the metrics and data for the year ending 31 December 2025 were estimated for 31 December 2025 and calculated on 5 May 2026. For the year ending 31 December 2024, they were estimated for 31 December 2024 and calculated on 1 May 2025. For the year ending 31 December 2023, metrics and data were estimated for 29 December 2023 and calculated on 17 May 2024. For comparability year on year (given the entity-level technology was not in place for 2022), for the year ending 31 December 2022, metrics and data were estimated for 30 December 2022 and calculated on 17 May 2024. For estimates of equity implied temperature rise, calculations for all years are as at 6 May 2026. For estimates of sovereign warming potential, country weights were calculated as at 31 December 2025, 31 December 2024, 31 December 2023 and 31 December 2022, and figures for country warming potential were extracted from [Berkeley Earth](#) as at 14 April 2026. [ASCOR](#) data was assessed as at 18 August 2025.

NZAM targets and metrics were calculated as at 12 May 2026.

RUFFER ASSET ALLOCATION AT ENTITY LEVEL

	2025		2024		2023		2022	
	£m	%	£m	%	£m	%	£m	%
Market value at 31 Dec								
Equities*	6,260.4	33.9	6,047.5	33.4	4,938.8	21.5	3,884.6	15.2
Sovereign bonds	9,894.2	53.6	8,812.7	48.6	13,491.8	58.7	15,226.2	59.4
Commodity exposure	225.6	1.2	498.4	2.8	1,416.4	6.2	785.4	3.1
Gold and precious metals exposure	17.7	0.1	210.1	1.2	12.4	0.1	513.1	2.0
Derivatives†	764.1	4.1	1,047.5	5.8	576.2	2.5	1,484.5	5.8
Cash	788.3	4.3	1,490.6	8.2	1,727.6	7.5	2,943.4	11.5
Other‡	493.7	2.7	7.7	§0.0	817.0	3.6	788.2	3.1
Total	18,444.1	100.0	18,114.5	100.0	25,625.3	100.0	25,625.3	100.0

Source: Ruffer LLP; due to rounding, percentage totals may not equal 100

* Includes listed companies involved in the extraction of minerals and metals (eg gold)

† Derivatives are backed by cash

‡ Includes multi asset class and convertible securities

§ <0.1%

DISCLOSE THE METRICS USED BY THE ORGANISATION TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH ITS STRATEGY AND RISK MANAGEMENT PROCESS

The climate-related metrics Ruffer currently measures and monitors are aligned with the recommendations of the TCFD and the FCA ESG sourcebook. We monitor

- 1 The possible impact on the equity portfolio of several climate scenarios: hothouse world, disorderly transition and orderly transition
- 2 The carbon footprint and carbon exposure metrics of our listed equity and sovereign bond portfolio, using a set of TCFD-aligned metrics to analyse portfolio carbon footprint, including weighted average carbon intensity (WACI), total carbon emissions, carbon intensity or production, consumption and imported emissions
- 3 A variety of country-level factors that may impact a sovereign bond issuer's credit quality
- 4 Performance against NZAM targets

DISCLOSE SCOPE 1, SCOPE 2 AND, IF APPROPRIATE, SCOPE 3 GHG EMISSIONS AND THE RELATED RISKS

EQUITIES

The equity component accounted for 33.9% of the total Ruffer portfolio on 31 December 2025. That compares with 33.4% of the total portfolio on 31 December 2024, 21.5% on 31 December 2023 and 15.2% on 31 December 2022.

In calculating the below carbon metrics, we exclude holdings for which we do not have either revenue, EVIC or Scopes 1 and 2 emissions data. This approach results in metrics based on 89.1% of the equity portfolio as at 31 December 2025, an increase from 84.7% of the equity portfolio on 31 December 2024, 81.1% of the equity portfolio on 31 December 2023 and 85.3% of the equity portfolio on 31 December 2022. We review the omitted holdings as part of our data quality control checks. Over time, we plan to develop a methodology for filling in data gaps, such as using sector averages to enhance these metrics, whilst encouraging companies to disclose them.

CARBON FOOTPRINT METRICS

Metric	Units	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Scope 1 emissions*	Tons of CO ₂ e [†]	782,090.8	751,498.5	470,971.3	618,473.3
Scope 2 emissions*	Tons of CO ₂ e	108,916.5	126,085.8	109,059.2	104,127.3
Total carbon emissions (Scopes 1 and 2)*	Tons of CO ₂ e	891,007.4	877,584.3	580,030.5	722,600.6
Scope 3 emissions*	Tons of CO ₂ e	3,068,327.0	3,393,576.1	1,964,011.2	2,670,855.7
Carbon footprint	Tons CO ₂ e per £m invested	160.1	171.8	144.8	218.0
Carbon intensity*	Tons CO ₂ e per £m revenue	253.8	216.1	164.3	293.4
Weighted average carbon intensity	Tons CO ₂ e per £m revenue	201.3	315.6	204.1	353.8

Source: Ruffer LLP, MSCI ESG Research

* Calculated on an EVIC basis

† Tons of CO₂e = tons of carbon dioxide equivalent

Estimates are based on PCAF methodology, using data sourced from Ruffer LLP, Bloomberg and MSCI ESG Research.

PCAF DATA QUALITY SCORE*

Metric	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Scope 1	1.5	2.0	2.1	2.0
Scope 2	1.5	2.1	2.1	2.0
Scope 3	2.4	2.2	2.3	2.3

Source: Ruffer LLP, MSCI ESG Research, see glossary for definition of PCAF data quality score

* For the subsection of the portfolio used to calculate carbon metrics. 2025 PCAF data quality scores based on 92.2% of in scope holdings for which we have data quality scores.

DATA COVERAGE

Metric %	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Scope 1 emissions	90.4	86.8	83.0	88.0
Scope 2 emissions	90.4	86.8	83.0	88.0
Scope 3 emissions	78.7	81.9	74.8	76.8
EVIC†	92.7	86.4	83.0	88.2
Revenue	93.0	86.9	84.6	92.9
Market capitalisation	88.8	79.3	72.8	84.1
Scope 1 quality score	83.4	83.8	82.6	86.5
Scope 2 quality score	83.4	83.8	82.6	86.5
Scope 3 quality score	83.5	83.8	82.6	86.5

Source: Ruffer LLP, MSCI ESG Research; data coverage calculated as a proportion of portfolio market value

† Enterprise value including cash

EMISSIONS DATA SOURCE

Source %	31 Dec 2025		31 Dec 2024		31 Dec 2023		31 Dec 2022	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Reported	82.7	82.3	84.7	81.1	79.3	76.9	83.6	82.5
Estimated	7.7	8.1	2.1	5.7	3.7	6.1	4.4	5.5
No data	9.6	9.6	13.2	13.2	17.0	17.0	12.0	12.0

Source: Ruffer LLP, MSCI ESG Research; Scope 1 and Scope 2 estimated as a proportion of portfolio market value

EQUITY CLIMATE VALUE AT RISK

If we scale the 1.5°C (orderly, average) scenario estimate by the proportion of the portfolio that is equities (ignoring any portfolio correlation or covariance relationships or the behaviour of protection strategies), we estimate a -9.0% equity climate VaR contribution at portfolio level for 31 December 2025. That compares with -9.8% for 31 December 2024, -6.0% for 31 December 2023 and -5.2% for 31 December 2022. This climate VaR estimate is a theoretical and assumption-heavy calculation and has questionable relevance to an unconstrained active strategy which can mitigate risk through changes to its asset allocation.

Ruffer is cautious in its interpretation of equity climate VaR for several reasons. Firstly, it is a rules-based methodology which, amongst other factors, may ignore the possibility the market has already priced carbon risk into the company’s valuation. Secondly, the climate model itself may be limited in that it does not allow for climate tipping points (or worst case scenario physical risks), so the climate VaR metric would be highly misleading.

Ruffer has calculated this metric using the MSCI ESG Research equity climate VaR methodology, with one adjustment documented below.

CLIMATE VAR

Temperature pathway	Climate model	Transition risk	Physical risk	Aggregated climate VaR			
				31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
1.5°C	REMIND NGFS	Orderly	Average	-26.4	-29.4	-28.1	-34.2
2°C	REMIND NGFS	Orderly	Average	-7.7	-12.5	-10.2	-13.3
2°C	REMIND NGFS	Disorderly	Average	-15.6	-20.2	-16.3	-20.8
3°C	REMIND NGFS	Current policies	Aggressive	-15.4	-19.1	-16.7	-20.0

Source: Ruffer, MSCI ESG Research

Equity climate VaR is estimated by applying the weighted average climate VaR for the proportion of the portfolio which has available data (estimated physical risk, transition risk) to the proportion of the portfolio which does not have data. For the year ending 31 December 2025, the coverage ratio by market value is 83.1%, meaning 16.9% by market value is calculated using the weighted average climate VaR estimate.

For the year ending 31 December 2024, the coverage ratio by market value is 83.6%, meaning 16.4% by market value is calculated using the weighted average climate VaR estimate. For the year ending 31 December 2023, the coverage ratio by market value is 83.1%, meaning 16.9% by market value is calculated using the weighted average climate VaR estimate. For the year ending 31 December 2022, the coverage ratio by market value is 87.5%, meaning 12.5% by market value is calculated using the weighted average climate VaR estimate. Equity climate VaR at security level is capped at a value of -100% (implying 100% of market value is at risk)

EQUITY IMPLIED TEMPERATURE RISE

ITR is a forward-looking metric designed to show the temperature alignment of companies, portfolios or funds with global temperature goals. The key to understanding ITR is the concept of a carbon budget – that is, how much GHG the world can theoretically emit whilst keeping global warming below 1.5°C by 2100 and, by extension, how much a company can emit to make a fair contribution to global decarbonisation. The methodology has four key steps.

- 1 Compute and roll over Net Zero 2050 carbon budgets: this relies upon science-based scenario models from the NGFS, where company-specific 1.5°C-aligned carbon budgets over the period 2020-2050 are derived.
- 2 Project company emissions with target credibility assessment: involves forecasting carbon emissions, based on actual or estimated carbon data and targets, to 2050.
- 3 Calculate Net Zero 2050 budget over- or undershoot: companies whose projected emissions are cumulatively below the remaining (company) carbon budget are said to undershoot (detracting from warming) whilst those with projected emissions exceeding the remaining budget are said to overshoot, contributing to warming.
- 4 Convert into ITR: the percentage of company budget over- or undershoot is applied to the remaining global carbon budget and converted to a degree of temperature rise using the science-based **transient climate response** to cumulative emissions of carbon dioxide (TCRE) factor.

Ruffer remains cautious on ITR for several reasons. First, the assumption related to attaining Net Zero by 2050 is increasingly unlikely and **may not be possible**; Second, ITR is based on estimates, projections and assumptions for company-level carbon emissions and emission reduction targets (which may not be science-based or Paris-aligned) well into the future. Third, the carbon budget is theoretical in terms of converting carbon emissions (tCO_{2e}) into temperature rise. Lastly, the base assumption of 1.55°C of warming (given current levels of warming) probably understates warming by 2050.

WHAT IS THE NGFS NET ZERO 2050 SCENARIO?

Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global Net Zero CO₂ emissions around 2050. This scenario assumes ambitious climate policies are introduced immediately. Carbon dioxide removal (such as CCUS) is used to accelerate decarbonisation but kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO₂ emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.4°C by the end of this century, with limited overshoot (<0.2°C) of 1.5°C in earlier years. Physical risks are relatively low, but transition risks are high.

Source: NGFS

EQUITY ITR

	Unit	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
ITR with target credibility assessment*	°C	2.8	2.3	2.0	2.3
ITR with targets at face value†	°C	3.0	2.3	2.1	2.3
ITR with no targets‡	°C	3.1	2.8	2.5	2.9

Source: Ruffer, MSCI ESG Research

DATA COVERAGE

% of portfolio covered	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
ITR with target credibility assessment	82.8	83.3	89.6	84.7
ITR with targets at face value	67.5	76.7	79.7	71.7
ITR with no targets	82.8	83.3	89.6	84.7

Source: Ruffer, MSCI ESG Research

* ITR with target credibility assessment: based on companies' emissions projections, taking pledged climate targets with target credibility weights into account. MSCI takes a company's past performance against its targets, to assign a probability of achieving stated future targets.

† ITR with targets at face value: based on companies' emissions projections, taking pledged climate targets at face value into account. Assuming companies have 2030 and 2050 carbon reduction or Net Zero targets, MSCI takes these as given and projects company emissions according to this pathway.

‡ ITR with no targets: based on companies' emissions projections, assuming no climate targets. MSCI projects forward disclosed carbon emissions out to 2050.

Target credibility assessment is based upon weighting the outcome of three questions.

1 Does the company have any short-term targets? (20% for targets beyond 2030; 40% for at least one target between 2020 and 2030)

2 Does the company have a good track record of achieving targets (30% of targets hit for all years)? Companies without a track record will not be able to demonstrate successful decarbonisation planning and so will not obtain 100% credibility weights.

3 Is the company progressing towards achieving targets? (30% if on track)

TOP TEN EQUITIES BY FINANCED EMISSIONS

The FCA ESG sourcebook doesn't provide prescriptive definitions for concentrated exposures or high exposures to carbon intensive sectors. These would traditionally include steel, aluminium, concrete, chemicals, aviation, marine shipping and heavy trucking. A concentrated or high exposure could be measured in terms of either absolute weight in the portfolio or estimated contribution to total portfolio financed emissions. Ruffer reports financed emissions according to the NZIF definition, which considers sectors covered by *Nomenclature statistique des activités économiques dans la Communauté européenne* (NACE) codes A-H and J-L as material. Financed emissions include Scope 1 and Scope 2 emissions only.

Company	NACE sector	Engagement status	Financed emissions %	Instrument weight %
ArcelorMittal	Manufacturing	Engaged	41.3	2.4
BP	Manufacturing	Engaged	9.8	6.0
Smurfit Westrock	Manufacturing	Engaged	5.5	2.2
Jet2	Transportation and storage	Engaged	4.6	0.9
Ryanair	Transportation and storage	Engaged	4.4	0.8
Glencore	Mining and quarrying	Not engaged	4.2	1.9
Suncor Energy	Manufacturing	Not engaged	2.4	0.5
Alcoa	Manufacturing	Not engaged	1.9	0.2
EasyJet	Transportation and storage	Not engaged	1.8	0.2
Alkane Resources	Mining and quarrying	Not engaged	1.8	1.1

Source: Ruffer LLP, MSCI ESG Research; the data above represents the companies' share of portfolio financed emissions and our respective position sizes as a percentage of holdings for which we have a complete set of data

The weight of the market value of the security as a % of the market value of the TCFD in-scope equities

The table above implies 16.3% of the equity portfolio by market value is responsible for 77.6% of portfolio financed emissions. By focusing on the top 10 contributors to financed emissions, we have engaged with five companies, which make up 65.5% of the portfolio's financed emissions. We consider a company engaged if we have met with it in the prior 12 months and specifically discussed climate-related issues (including targets, disclosure, strategy, financial strength, risk and transition plans).

SOVEREIGN BONDS

Sovereign bonds (bonds issued by countries) accounted for 53.6% of the total Ruffer portfolio as at 31 December 2025, compared with 48.6% as at 31 December 2024, 58.7% as at 31 December 2023 and 59.4% as at 31 December 2022

For sovereign bonds, we provide portfolio-level carbon footprint data. We treat its efficacy with caution, as the boundaries between company-level emissions and sovereign-level emissions are somewhat blurred, posing a real risk of double-counting. We have not yet implemented a scenario analysis for the sovereign bond portion of the portfolio.

We are presently not calculating a climate VaR metric for sovereign bonds using MSCI ESG Research methodology. We believe the limitations and assumptions of the methodology for climate VaR (summary provided below) mean disclosing a metric would be potentially misleading, unfair and unclear.

CARBON FOOTPRINT METRICS

Metric	Units	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Production emissions (excluding LULUCF*)	Tons of CO2e	2,183,705.8	2,296,459.2	3,241,608.9	3,672,991.8
Production emissions (including LULUCF)	Tons of CO2e	1,983,153.2	2,100,392.8	3,007,750.7	3,411,970.2
Imported emissions	Tons of CO2e	531,354.0	763,005.7	1,235,952.3	1,328,070.1
Consumption emissions (excluding LULUCF)	Tons of CO2e	1,135,366.2	2,594,766.3	3,783,899.2	4,182,017.4
Consumption emissions (including LULUCF)	Tons of CO2e	1,122,048.9	2,398,699.9	3,550,041.0	3,920,995.8

Source: Ruffer LLP, MSCI ESG Research; production emissions is equivalent to Scope 1 emissions, imported emissions is the sum of Scope 2 and 3 emissions, and consumption emissions is equal to production emissions plus imported emissions minus exported emissions

*Land use, land use change and forestry (LULUCF) is defined as GHG emissions and removals resulting from direct human-induced land use such as settlements and commercial uses, land-use change and forestry activities. 2025 emissions understated due to limited access to US sovereign bond emissions data.

PCAF DATA QUALITY SCORE

Metric, 31 Dec	2025	2024	2023	2022
Production emissions (excluding LULUCF)	4.0	4.0	4.0	4.0
Production emissions (including LULUCF)	3.7	4.0	4.0	4.0
Scope 2 emissions	4.0	4.0	4.0	4.0
Scope 3 emissions	4.0	4.0	4.0	4.0
Exported emissions	4.0	4.0	4.0	4.0

Source: Ruffer LLP, MSCI ESG Research. 2025 PCAF data quality scores based on 52% of the sovereign bond portfolio due to limited access to US sovereign bond emissions data.

SOVEREIGN BOND CLIMATE VaR

During 2023, MSCI ESG Research released a climate VaR methodology for sovereign bonds. Ruffer modelled the sovereign bond portfolio through the tool. We have not published the results in this report, for several reasons. MSCI uses NGFS economic scenarios. These scenarios are converted into a forecast yield curve change (from a baseline) which, from our observations, relies upon a 'normal' yield curve. Further, MSCI methodology employs '30 year projections for the one year and ten year interest rate for each sovereign issuer' for its scenario variables, and only for nominal bonds. It makes inflation assumptions. Ruffer holds both nominal bonds (currently across the curve) and inflation-linked bonds (at the long end).

On balance, we consider the estimates provided by the sovereign bond climate VaR model irrelevant to our investment decisions as the model does not extend to the tenor of the bonds we hold. Therefore, as a point estimate, we consider it potentially misleading as an estimate of value at risk to our clients and investors and not applicable to potential losses for the portfolio.

Source: MSCI Sovereign Bond Climate Value-at-Risk Methodology, March 2025, Ruffer LLP

CARBON PATHWAYS AND SOVEREIGN WARMING POTENTIAL

Carbon pathways and sovereign warming potential are related. If carbon emissions continue rising, using up the allowable carbon budget faster, then – all things being equal – sovereign warming potential (or a measure of temperature change) will also rise. Likewise, should carbon emissions rapidly fall, if we exclude issues such as tipping points and concentration of aerosols in the atmosphere, sovereign warming potential should also decline. However, both the carbon emissions pathway and the sovereign warming potential are uncertain, due to model error, assumptions and underinvestment in clean or renewable energy and other delays to the energy transition.

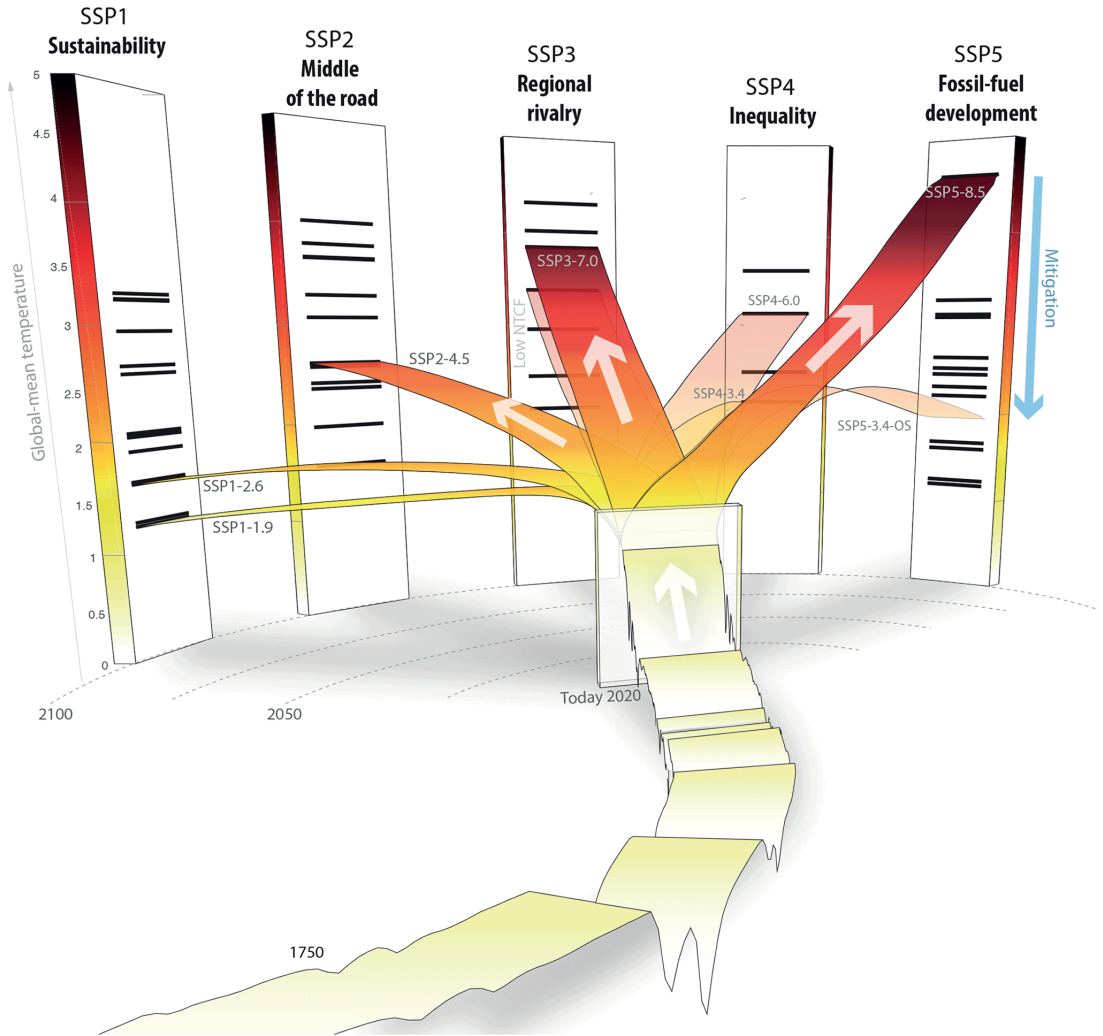
CARBON PATHWAYS

Carbon pathways are an approach to simplify and codify the infinite number of future potential emission pathways by grouping them into similar but distinct pathways

to enable modelling of a complex and uncertain system. Amongst others, Berkeley Earth suggests the most likely GHG emissions pathway is the Shared Socioeconomic Pathway 2 (SSP2) Representative Concentration Pathway (RCP) 4.5, which refers to an increase of 4.5 W/m² in **radiative forcing** from the year 1750 to 2100.

It is the ‘middle of the road’ scenario. CO₂ emissions are expected to stabilise around current levels (~38 billion tons of CO₂) before starting to fall around 2045, reaching roughly half of the 2050 levels by 2100 but not achieving Net Zero. RCP 4.5 is more likely than not to result in a global temperature rise of 2°C to 3°C. However, the **global mean sea level** is expected to rise by 0.44m to 0.76m and to keep rising, with the risk of storm surges twice as large as today. In comparison, CAT predicts a mid-point warming of 2.6°C by 2100, based on the currently observed policies and actions scenario.

SHARED SOCIOECONOMIC PATHWAYS



Source: European Geosciences Union

SSP2: MIDDLE OF THE ROAD (MEDIUM CHALLENGES TO MITIGATION AND ADAPTATION) SCENARIO

From CarbonBrief: “The world follows a path in which social, economic and technological trends do not shift markedly from historical patterns. Development and income growth proceeds unevenly, with some countries making relatively good progress whilst others fall short of expectations. Global and national institutions work towards – but make slow progress in achieving – the sustainable development goals. Environmental systems experience degradation, although there are some improvements and the intensity of resource and energy use declines overall.

Global population growth is moderate and levels off in the second half of the century. Income inequality persists or improves only slowly, and challenges to reducing vulnerability to societal and environmental changes remain.”

The carbon pathway is important as it links to the theory of the global carbon budget. This budget implies there is a limit to the quantum of anthropogenic GHG emissions that can be released into the atmosphere if global warming is to be kept below the Paris Goals. CAT and others use this theory to forecast the global temperature rise by 2100 under various scenarios.

PROJECTED GLOBAL TEMPERATURE INCREASE BY 2100

	Current warming	Policies and action	2030 targets only	Pledges and targets	Optimistic scenario
Upper		+3.3	+3.2	+2.8	+2.4
Observed/mid	+1.3 to +1.5	+2.6	+2.6	+2.2	+1.9
Lower		+2.1	+2.1	+1.8	+1.5

Source: Climate Action Tracker

SOVEREIGN WARMING POTENTIAL

As at 31 December 2025, Ruffer held sovereign bonds with tenors extending from a few months out to 2073, with an overall duration of 1.5 years, invested across three of the largest developed market countries (Japan, the UK and the US). These bonds are a critical component of our all-weather investment strategy. The inflation-linked bonds provide a positive long-term real rate of return, whilst the nominal bonds play a portfolio role through protecting capital in the event of an economic slowdown.

We estimate sovereign warming potential by taking the weighted average (by market value) of the country allocation multiplied by predicted country-level warming by 2100 (stabilised carbon emissions and slow decline scenario), sourced from Berkeley Earth. As at 31 December 2025, predicted warming by 2100 is 3.4°C, well above the mid-point estimate of CAT policies and action scenarios and slightly below the estimate for 31 December 2024.

Predicted warming by 2100	Unit	31 Dec 2025	31 Dec 2024	29 Dec 2023	30 Dec 2022
Sovereign warming potential	°C of warming	3.4	3.6	3.4	3.4

Source: Berkeley Earth, Ruffer LLP

This estimate deserves a warning and clarification. Climate modelling and predicting temperature rise are very difficult as they attempt to quantify a system which is complex, implying uncertainty. This uncertainty is partly explained by feedback loops and tipping points, in temporal and impact terms. Berkeley Earth estimates a model uncertainty range of 90% around its point estimate. The estimate above should not be interpreted as the warming potential of the sovereign bond portfolio, as individual securities held within the portfolio are not modelled in terms of contribution to potential portfolio warming.

Current methodologies for estimating sovereign-level warming do not consider factors such as the purpose of the bond (given the issuance of green or sustainability bonds), yield, tenor or duration, or more fundamental aspects such as the willingness and ability to pay (credit risk) – all of which are relevant to an actively managed bond portfolio. The IIGCC NZIF 2.0 does not reference sovereign warming potential as part of its guidance; it includes aligned or aligning with Net Zero pathway and engagement with relevant countries and territories. We address this below.

ASSESSING SOVEREIGN CLIMATE-RELATED OPPORTUNITIES AND RISKS (ASCOR)

To model how sovereigns are managing their transition, physical and social risks, ASCOR assesses **sovereign nations** across three pillars (emissions pathways, climate policies and climate finance). These encompass 13 areas, such as emissions trends (are sovereign emissions declining?), fossil fuel phase out (commitments to phase out fossil fuel subsidies and production) and international climate finance (proportional share of the US\$100 billion international climate finance goal). Each area may have quantitative and qualitative underlying indicators which, according to **ASCOR methodology**, result in a rating of yes, no, partial, exempt or not rated. ASCOR does not extend its analysis to how its findings may or may not influence the creditworthiness of sovereign nations or the credit spread between sovereign nations.

The results appear to be consistent with the prediction of sovereign warming. Emission pathways are partly aligned with Net Zero emissions. Climate policies – in particular, a commitment to phase out fossil fuels – are mixed: the US is lagging on climate legislation, Japan is lagging on a just transition, and carbon pricing remains incomplete across all markets. It's agreed that developed markets, which are largely responsible for historical emissions, should provide financial (and other assistance) to developing and emerging markets to enable clean growth, but disclosure, transparency and financial contributions are currently insufficient. Overall, ASCOR points towards a 'middle of the road' or perhaps a delayed transition scenario.

ASCOR RATING OF SOVEREIGN ISSUERS VERSUS DEVELOPED MARKET AVERAGE

Pillar/area	Japan	UK	US	Developed markets*
EP: Emissions pathways				
EP.1 Emissions trends	Partial	Partial	Partial	Partial
EP.2 2030 targets	Partial	Partial	No	Partial
EP.2 2035 targets	Partial	Partial	No	No
EP.3 Net Zero targets	Partial	Partial	No	Partial
CP: Climate policies				
CP.1 Climate legislation	Yes	Yes	No	Yes
CP.2 Carbon pricing	Partial	Partial	Partial	Partial
CP.3 Fossil fuels	No	No	No	Partial
CP.4 Sectoral transitions	Partial	Partial	Partial	Partial
CP.5 Adaptation	Yes	Yes	Partial	Yes
CP.6 Just transition	No	Partial	Partial	Partial
CF: Climate finance				
CF.1 International climate finance	Yes	No	No	No
CF.2 Transparency in climate costing	Exempt	Exempt	Exempt	Exempt
CF.3 Transparency in climate spending	Partial	Yes	Partial	Partial
CF.4 Renewable energy opportunities	Not applicable	Not applicable	Not applicable	Not applicable

* Most common response

Source: Transition Pathway Initiative, as at 18 August 2025; Ruffer LLP

ENGAGEMENT ACTIONS

In our view, sovereign bond (issuance or security) engagement is a misnomer, as bonds do not confer any ownership rights. Engaging with the sovereign bond asset class means seeking information from or to effect change through non-issuer (such as credit rating agencies or supranational organisations) or issuer stakeholders (central banks or securities regulators). From time to time, Ruffer may engage directly with one or more of these organisations or, more commonly, sign or co-sign a letter addressing a key systematic or systemic risk, trying to reduce the risk to investors from a policy or regulatory response. Based upon the ASCOR table above and the PCAF data quality score for sovereign bonds, a priority engagement target may be improving the quality, timeliness and efficacy of sovereign GHG emissions reporting.

CASE STUDY

ENGAGING WITH PUBLIC AUTHORITIES AND SUPPORTING ROBUST CLIMATE TRANSITION PLANNING

We co signed an open letter coordinated by the IIGCC and published by the Forum pour l'Investissement Responsable (FIR), calling for more rigorous, transparent and ambitious climate transition plans to support long term economic resilience. The statement was co signed alongside 40 other financial institutions, representing over €2.4 trillion in assets under management.

The letter highlights the financial risks associated with climate inaction, while pointing to the investment case for adaptation. It notes evidence that companies which assess climate risks comprehensively can generate significant returns from investment in adaptation and resilience. The statement also emphasises the importance of regular, constructive dialogue between companies and investors, and calls on public authorities to strengthen regulatory frameworks that support meaningful disclosure and accountability, including on executive remuneration.

In line with the CSRD, the letter sets out core expectations for climate transition plans, including comprehensive emissions disclosure, science based targets, clear capital allocation, governance arrangements and transparency around policy engagement.

We signed the letter as it aligns with our approach to climate risk management and disclosure, as set out in our climate strategy. Against a backdrop of evolving regulatory frameworks, the initiative reinforces investors' continued focus on managing climate risk and supporting long term financial resilience.

We wrote about why we signed this letter in our [Q2 2025 Responsible Investment Report](#).

COMMODITIES

These may include futures instruments and securities linked to the price of commodities such as gold, oil, silver or copper, as well as the equities of companies involved in gold mining and production (which are included in equity for carbon metrics and climate VaR). Currently, there are no agreed metrics or methodology to estimate, assess or analyse climate risk or opportunity for commodity futures.

OTHER ASSET CLASSES

In addition to conventional assets, we invest directly in securities and instruments designed to protect against falling equity markets, an increase in financial market volatility or a widening of credit spreads. The main instruments used to protect against a widening of credit market spreads are credit default swaps (CDS). To protect against other risks, such as adverse currency or interest rate movements, we use financial instruments, including index-linked forwards, futures and options.

In January 2024, the IIGCC published its [Derivatives and Hedge Funds Guidance](#) paper as a component of its Net Zero Investment Framework. Whilst the guidance applies to equity, credit and exchange traded funds and other financial instruments that offer exposure to these underlying asset classes and covers various types of derivatives (futures, forwards, options and swaps), our review of the paper identified two issues. Firstly, the guidance largely applies to single-name derivatives rather than index-based derivatives (which Ruffer tends to use). Secondly, Ruffer holds derivatives linked to volatility and interest rates, which are not covered by the guidance. On balance, Ruffer considers applying the guidance to the derivatives portfolio would yield misleading results and an inaccurate picture of the overall portfolio's exposure to climate risk.

Currently, these securities are not covered by MSCI in its climate database, and the industry standard is not entirely applicable to Ruffer's derivative strategies.

DESCRIBE THE TARGETS USED BY THE ORGANISATION TO MANAGE CLIMATE-RELATED RISKS AND OPPORTUNITIES AND PERFORMANCE AGAINST TARGETS

For our NZAM target submission, Ruffer chose the PAII NZIF methodology. Selected targets are presented below. Our NZAM targets were established at the firm rather than the entity level, as defined by the FCA ESG sourcebook. Our progress against these targets is calculated at the firm level. As a result, the portfolio decarbonisation target metrics below and the entity-level data shown above are calculated on a different portfolio basis.

PORTFOLIO COVERAGE TARGET

By 2030, we seek to achieve 80% (by market weight) of assets under management in scope to be considered Net Zero, aligned with Net Zero or aligning with a Net Zero target.

Target 1 %	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Aligned	15.7	6.2	0.4	0.8
Aligning	17.1	21.0	19.5	17.6
Not aligned	7.0	13.6	10.1	14.2
Not covered	60.2	59.3	70.0	67.4

Source: Ruffer LLP, MSCI ESG Research, SBTi. The proportion of equities classified as 'not covered' is currently overstated due to SBTi not yet reflecting corporate actions in new ISINs. We have contacted SBTi to resolve this issue.

ENGAGEMENT TARGET

By 2025, we want at least 70% of financed emissions in material sectors to be either Net Zero, aligned with Net Zero or the subject of engagement. The below table shows that 65.7% in material sectors were either aligned or under engagement for the year ending 31 December 2025, up from 63.0% for the year ending 31 December 2024, 59.9% for the year ending 31 December 2023, and 27.5% for the year ending 31 December 2022.

Target 2 %	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Aligned	0.0	0.0	0.0	0.0
Not aligned but under engagement	51.3	41.4	24.1	22.2
Not covered but under engagement	14.4	21.6	35.8	5.3
Not aligned/covered and not under engagement	12.5	7.6	10.7	44.1

Source: Ruffer LLP, MSCI ESG Research, SBTi

PORTFOLIO DECARBONISATION REFERENCE TARGET

We want the portfolio's emissions intensity to be reduced by 50% by 2030 after adjusting the baseline to reflect shifts in asset allocation.

Target 3, tons CO ₂ e per £m revenue	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Carbon intensity of baseline portfolio					197.2
Carbon intensity of 2022 portfolio				290.3	352.6
Carbon intensity of 2023 portfolio			139.9	181.3	213.6
Carbon intensity of 2024 portfolio		234.4	216.7	255.4	284.3
Carbon intensity of 2025 portfolio	252.1	331.7	345.5	341.5	456.3
Rebased carbon intensity* %	55.3	82.4	65.5	82.3	100.0

Source: Ruffer LLP, MSCI ESG Research

*Indexed to 100 as at 31 December 2021; a value >100 implies the portfolio has a higher carbon intensity

We reach the estimates in this table by calculating the equity portfolio's carbon intensity at the end of the reporting period. We then re-calculate equity portfolio carbon intensity by applying the carbon (Scope 1 and Scope 2 emissions) data from the previous period (here, 31 December 2024) to the companies held in the portfolio at the most recent date (31 December 2025). Indexing to 100 as at 31 December 2021 allows us to rebase carbon intensity, which indicates whether the portfolio exhibits greater or lesser carbon intensity.

ABOUT OUR TARGETS

The prioritisation of the portfolio coverage target keeps the focus on whether the companies we hold are aligning with Net Zero emissions, rather than simply on reducing the emissions of the portfolio (which may change with asset allocation).

By complementing this with an engagement target, we ensure our stewardship activities hold companies accountable for progress on their real-world emissions reduction plans.

Rebasing our emissions reduction target to a normalised 100 baseline as of 31 December 2021 means that it assesses the emissions reduction performance of the portfolio we are holding at any moment in time. This is crucial to account for our active approach, to prevent portfolio optimisation through simply selling the highest emitting holdings and to enable us to invest in companies that are contributing to the energy transition, even if their emissions starting point is higher. As Ruffer is an active asset manager with the potential for significant asset allocation changes, this removes sector allocation as an option for meeting targets. We think this approach is essential in order to align our approach with the objective of real-world emissions reduction.

Our emissions reduction target is based on Scope 1 and 2 emissions only. Scope 3 emissions have not initially been included in the emissions reduction target, due to concerns about the quality and availability of data. Scope 3 emissions may be considered when assessing alignment and engagement objectives and may be factored into decision making where appropriate.

The complete list of targets, metrics, policies and limitations we will be monitoring as part of our NZAM commitment is available at ruffer.co.uk/responsible-investing

To help us measure performance against these targets, we have built a proprietary software tool which captures data points (from various organisations and data providers) associated with each of these targets and stores them in a time-stamped database. This allows us to create a time series linked to stewardship activities (engagement and voting), enabling Ruffer to objectively measure performance against these targets. These targets relate to measuring real world decarbonisation for equities and credit securities held by the portfolio, rather than directly quantifying climate-related risk and opportunity. Stewardship is a key component of our NZAM strategy.

Glossary

CARBON DIOXIDE EQUIVALENT (CO₂E)

A measure used to compare the emissions from various greenhouse gases – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride – on the basis of their global warming potential (GWP). It does so by converting amounts of other gases to the equivalent amount of carbon dioxide with the same GWP. For example, the GWP for methane is 25 and for nitrous oxide 298. So emissions of 1 million metric tons of methane and nitrous oxide would be equivalent to emissions of 25 million and 298 million metric tons of carbon dioxide, respectively.

CARBON FOOTPRINT

Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tons CO₂e/\$m invested. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach (for this methodology, see the definition for total carbon emissions).

CARBON INTENSITY

Volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons CO₂e/\$m revenue; Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach (for this methodology, see the definition for total carbon emissions). The company's (or issuer's) revenues are used to adjust for company size to provide a measurement of the efficiency of output.

EQUITY CLIMATE VALUE AT RISK (CLIMATE VAR)

Provides a forward-looking and returns-based impact metric for investors. The development of this metric by MSCI leveraged an integrated approach, considering the latest academic findings from climate science as well as inputs from the financial services industry.

Climate VaR can be used to inform actions, such as diversifying, divesting or engaging. MSCI assesses each individual impact in terms of the potential financial impact on the company's operation from a business interruption and corresponding loss in productivity and therefore revenue due to an acute extreme weather

event which damages assets and renders them inoperable. Costs from increasingly stringent legislation – to decarbonise and meet national targets in the countries of operation – are factored into this calculation process and model potential future revenues and profits arising from low-carbon innovation.

ENTERPRISE VALUE INCLUDING CASH (EVIC)

The sum of the market capitalisation of ordinary shares at fiscal year end, the market capitalisation of preferred shares at fiscal year end and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made, to avoid the possibility of negative enterprise values. EVIC is used as a base to allocate companies' emissions to investment portfolios and thus enable analysis of both equity and corporate bond portfolios.

FINANCED EMISSIONS

The GHG emissions linked to the investment and lending activities of financial institutions such as investment managers, banks and insurers.

IMPLIED TEMPERATURE RISE (ITR)

Attempts to estimate a global temperature rise associated with the GHG emissions of a single entity (eg a company) or a selection of entities (eg those in a given investment portfolio, fund or investment strategy). Whilst ITR can be used as an impact metric or communication and engagement tool, its disclosure could also provide insight on climate-related risks and opportunities associated with select assets to better inform capital allocation decisions. However, the ITR metric is new and still evolving. There are several technical and methodological challenges in calculating ITR, no commonly agreed terminology to refer to the metric and little understanding of advances that would be needed to improve the usefulness of ITR disclosures.

INTEGRATED ASSESSMENT MODEL (IAM)

Tools that bring together different types of information (eg knowledge about climate, economics, ecology) in a coherent framework for researchers and decision makers. For climate change, integrated assessment considers the social and economic factors that drive the emission of greenhouse gases, the biogeochemical cycles and atmospheric chemistry that determines the fate of those emissions and the resultant effect of GHG emissions on climate and human welfare.

IAMs can provide a framework for understanding the climate change problem and for informing judgments about the relative value of options for dealing with climate change.

NET ZERO ASSET MANAGERS INITIATIVE (NZAM)

The Net Zero Asset Managers initiative was launched in December 2020 to galvanise the asset management industry to commit to a goal of Net Zero emissions, in order to mitigate financial risk and maximise the long-term value of assets.

PHYSICAL RISK

Can be acute (driven by an event such as a flood or storm) or chronic (arising from longer-term shifts in climate patterns such as drought, reduced rainfall or heat), presenting increasing financial risks such as damage to assets, interruption of operations, lower productivity and disruption to supply chains. For example, the Rhine, an important supply route through Germany for manufactured goods, is largely fed by meltwater from the Alps. As snowfall patterns change, the reduction in run-off feeding the river system is placing this supply chain at risk.

PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS (PCAF) DATA

The PCAF data quality score facilitates data transparency and encourages improvements to data quality in the medium and long terms. Scores range from 1 (most reliable) to 5 (least reliable).

Data quality	Options to estimate the financed emissions	When to use each option
Score 1	Option 1: Reported emissions	1a Outstanding amount in the company and EVIC are known. Verified emissions of the company are available.
Score 2		1b Outstanding amount in the company and EVIC are known. Unverified emissions calculated by the company are available.
Score 3	Option 2: Physical activity-based emissions	2a Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the company's energy consumption and emission factors specific to that primary data. Relevant process emissions are added.
		2b Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the company's production and emission factors specific to that primary data.
Score 4	Option 3: Economic activity-based emissions	3a Outstanding amount in the company, EVIC and the company's revenue are known. Emission factors for the sector per unit of revenue are known (eg tCO ₂ e per euro or dollar of revenue earned in a sector).
Score 5		3b Outstanding amount in the company is known. Emission factors for the sector per unit of asset (eg tCO ₂ e per euro or dollar of asset in a sector) are known.
		3c Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (eg tCO ₂ e per euro or dollar of revenue earned in a sector) and asset turnover ratios for the sector are known.

REMIND-MAGPIE

Two IAMs developed at the Potsdam Institute for Climate Impact Research (PIK) over a decade ago and continually being improved to provide up-to-date scientific evidence.

Regional Model of Investment and Development (REMIND) generates projections for the future evolution of the world's economies, with a special focus on the development of the energy sector and the implications for the climate. The goal of REMIND is to find the optimal mix of investments in the economy and the energy sectors of each of the 12 model regions given a set of population, technology, policy and climate constraints. It also accounts for regional trade characteristics on goods, energy fuels and emissions allowances. The most relevant GHG emissions due to human activities are represented in the model.

Model of Agricultural Production and its Impacts on the Environment (MAGPIE) is a global land use allocation model, which is in turn connected to the grid-based dynamic vegetation model Lund-Potsdam-Jena managed Land (LPJmL) to simulate the interactions between the land surface and the atmosphere, as well as the impact of human activities on the environment. As a partial equilibrium model, the objective function of MAGPIE is the fulfilment of agricultural demand for each region at minimum global costs considering the biophysical and socioeconomic constraints. The MAGPIE results are consolidated to the 12 REMIND regions through a process called

spatial aggregation or regional harmonisation. This process involves grouping or merging the individual regions into larger, more manageable units for analysis and modelling. The specific method of consolidation can vary depending on the specific requirements of the modelling framework and the research objectives. Common approaches include geographical proximity, economic similarities, administrative boundaries and model requirements.

SCOPE 1, SCOPE 2 AND SCOPE 3 CARBON EMISSIONS

SCOPE 1: direct emissions coming directly from things such as company vehicles, buildings and facilities.

SCOPE 2: indirect emissions coming from purchased electricity (and steam, heating and cooling) for the firm's own use.

SCOPE 3: coming from two sources: upstream activities such as employee commuting, business travel and supply chain activities; and downstream activities such as investments and all activities relating to customers and products.

SHARED SOCIOECONOMIC PATHWAYS (SSPs)

Future carbon prices differ according to each IAM but can also differ within an IAM, depending on the SSP deployed during a model run. The key elements of an SSP aim to characterise a global socioeconomic future for the 21st century as a reference for climate change analysis. Five SSPs were designed, to represent different climate change mitigation and adaptation challenges. Their resulting storylines and quantifications span a wide range of different futures.

The narratives relate to sustainability, regional rivalry, inequality, fossil-fuel-based development and a middle of the road pathway.

TOTAL CARBON EMISSIONS

The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO₂e. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach, using either market capitalisation or EVIC. Under this approach, if an investor owns 5% of the company, then it 'owns' 5% of the company's GHG (or carbon) emissions.

TRANSITION RISKS

May occur when moving towards a less polluting or greener economy. Such transitions could mean that some sectors of the economy face big shifts in asset values or higher costs of doing business. For example, if economies were to internalise the social cost of carbon emissions, that could materially push up consumer prices for certain products, goods or services. So, all else being equal, consumers would either seek substitutes or consume less.

WEIGHTED AVERAGE CARBON INTENSITY

The absolute GHG emissions associated with a portfolio, expressed in tons CO₂e. Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value), rather than the equity ownership approach described under total carbon emissions above.

Contact us

**MIRANDA BEST***Deputy CEO*

Joined Ruffer in 2005 after graduating from Durham University with a first class honours degree in economics. She became a CFA charterholder in 2009. She began managing Ruffer's illiquid strategies in 2011 and became Head of Specialist Funds in 2016 and Head of Investments in 2020. Miranda is a member of the Board and Executive Team and became Deputy CEO in January 2022.

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Joined Ruffer in 2017, having graduated with a master's degree in physics from the University of Edinburgh. Previous roles have included Ruffer's Responsible Investment and UK Charities teams, and he is responsible for Ruffer's LGPS investors. He is a member of the CISI and a CFA charterholder.



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Joined Ruffer in 2012 as Risk and Attribution Manager, then worked on one of Ruffer's specialist funds for eight years before moving to the Middle Office and Responsible Investment teams. He holds a Master's in international financial analysis from Newcastle University and is a CFA charterholder.



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Joined Ruffer as a graduate in 2023. She graduated from the University of Oxford with a distinction in MSc economic and social history and has a BSc (first class) in economic history from the London School of Economics. She has completed the Investment Management Certificate and has passed Level 1 of the CFA programme.

FURTHER INFORMATION

The following documents are available at
ruffer.co.uk/responsible-investing

Quarterly Responsible Investment Reports

Responsible Investment Policy

Our response to the UK Stewardship Code

Our voting summary

A selection of articles on responsible investment topics

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