

CAUTIONARY NOTE ABOUT CLIMATE RELATED DATA, METRICS AND INFORMATION

Any environmental, social and governance (ESG) related data and information, whether historic, current or of a forward- looking nature, published by Coutts & Co (“ ESG Information”) is for information and reference purposes only. It is intended to provide non-exhaustive, indicative, and general information only and does not purport to be comprehensive, or provide any legal, tax, investment, accounting, financial, ESG or other advice, nor is it intended as a personal recommendation.

In compiling ESG Information, we rely on data obtained in good faith from third parties however, climate and certain other ESG related data and statements are inherently subject to a number of factors and challenges which may adversely affect their reliability.

These factors and challenges, include, but are not limited to, lack of reliable emissions and other important data; quality of historical data; lack of recent data (some of which is typically many months old); lack of common definitions, comparability, and standards for ESG related data; lack of transparency and comparability of forward-looking methodologies; reliance on assumptions and uncertainty around future ESG related public policy.

When ESG and climate Information is published by Coutts & Co, it will include necessary estimates and assumptions. These estimates and assumptions will be based on data available to Coutts at the time. However, for the reasons set out above, this data may subsequently change, or prove to be inaccurate. In this case, Coutts’ own estimates and assumptions, and therefore our plans, targets, and projections, would also be subject to change.

Any ESG Information both of a current and forward-looking nature is provided as of its published date and Coutts & Co assumes no obligation to publicly update or revise it whether as a result of new information, events, changes in expectations, or for any other reason.

We have set out below some issues particularly relevant to our asset management business. In other respects, this cautionary note on climate related data and metrics is intended as a summary only of the salient issues. More detail is set out in Section 7.1 (Caution about climate metrics and data required for climate reporting) and Section 7.2 (Climate-related and other forward-looking statements and metrics) of the 2023 NatWest Group Climate-related Disclosures Report¹.

¹ Available at [2023 climate related disclosure report](#)

Risks relating to investing in third party funds and other external factors

When managing investments on behalf of clients Coutts invests in funds managed by third parties. This raises the following risks:

- The third-party fund manager is responsible for the selection of underlying assets (such as equities, corporate fixed income and sovereign bonds), and therefore the determination of the ESG related characteristics of the overall fund (for example, the carbon intensity of the fund is determined by the underlying assets held within the fund);
- Regarding voting and engagement activity, whilst Coutts is able to communicate its expectations to fund managers, fund managers have the discretion to exercise voting rights. This could lead to inconsistencies between Coutts' own voting and engagement policy and those of the funds we invest in;
- The availability of fund-level ESG related data relies on fund managers disclosing their fund holdings to data providers. This data might lag, causing our ESG reporting to reflect data that is potentially no longer accurate (for example, the carbon intensity of a Coutts portfolio might have changed due to a change in underlying fund holdings that is not yet reflected in the data used by third-party data providers);
- We rely on third-party fund managers to accurately disclose their holdings, and on data providers to accurately aggregate equity and fixed income data up to the fund level. Any misrepresentations/errors in this can impact Coutts' own reporting to clients.

Coutts' investment in funds managed by third parties therefore means that any targets set on a Coutts level are highly dependent on selected fund managers delivering on their own targets and making all relevant information available.

As an asset manager of diversified multi-asset funds and portfolios, Coutts allocates capital across different asset classes, sectors and geographies. Given the global exposure within the investments we manage, our ability to deliver on the climate related targets set will depend on there being sufficient attractive investment opportunities that simultaneously achieve the desired climate related outcomes. For example, a reduction in the carbon intensity of Coutts AUM is achieved through a reduction in the carbon intensity of the underlying investments. This in turn depends on the availability of suitable investment opportunities that have lower carbon intensities while providing the desired investment characteristics (such as risk, return, liquidity, etc.).

Coutts ability to source investments which meet our ESG criteria will depend to a large extent on many factors and uncertainties beyond Coutts and the wider asset management industry's control. These include the macroeconomic environment, the extent and pace of climate change, including the timing and manifestation of physical and transition risks, the effectiveness of actions of governments, legislators, regulators, businesses, investors, consumers and other stakeholders to adapt and/or mitigate the impact of climate related risks, changes in consumer behaviour and demand, the challenges related with the implementation and integration of adoption policy tools, changes in the available

technology for mitigation and adaptation, the availability of accurate, verifiable, reliable, consistent and comparable data.

We expect product availability to differ across asset classes, sectors, geographies and thematic opportunities, and these assumptions have been built into our targets. Where product availability does not meet our expectations or does not satisfy our investment requirements (e.g. size, liquidity, etc.) this can hinder the ability for Coutts to achieve any such targets, ambitions or commitments.

Risk relating to setting targets, ambitions and commitment

Where Coutts has set ambitions to align its funds and discretionary portfolios to Net Zero, these ambitions are based on Coutts' own assessment, judgments, estimates and assumptions and rely on third-party information that is both qualitative and quantitative, as well as public and private. Due to the current absence of global consensus around fund and company net zero alignment, Coutts' assessment of Net Zero alignment is based on industry accepted frameworks (e.g. Paris Aligned Investment Initiative Net Zero Investment Framework, Carbon Disclosure Project) and aim to reflect current industry best practice, as well as the recognition that certain net zero-related definitions and requirements are likely to evolve over the coming years. In this event we may revise any such ambitions, targets, and commitments.

As Coutts invests in funds managed by third parties it is also dependent on the asset management industry developing suitable investment opportunities and global progress made against the ambitions set out in the Paris Agreement.

NO WARRANTY; LIMITATION OF LIABILITY

To the extent permitted by law, Coutts & Co makes no representation, warranty, or assurance of any kind, express or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness of any of the opinions or conclusions expressed in this document.

To the extent permitted by law neither Coutts & Co nor any connected company accepts responsibility for any direct or indirect or consequential loss, damage, liability, or expense incurred or suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon this document even if Coutts & Co has been advised of the possibility of such damages.

FINANCIAL PROMOTION

Before investing in any investment fund or other investment product or service, you should review the relevant literature such as the prospectus and the key investor information document. Copies of these are available to clients of Coutts & Co from their Wealth Managers or online at www.coutts.com. Not all products and services offered by Coutts & Co are available in all jurisdictions and some products and services may be made available, performed through, or with the support of, different members of NatWest Group, of which Coutts & Co is a member.

FINANCIAL SERVICES COMPENSATION SCHEME

Coutts is a member of the Financial Services Compensation Scheme (FSCS) (the “Scheme”). Investment business undertaken with Coutts in the UK may be covered by the FSCS. In respect of investment business, the Scheme covers a claim up to a maximum of £85,000 per person. More details on the types of person and other entities who are or are not covered, and how eligible claims are calculated, can be found on the FSCS website at www.fscs.org.uk.

INVESTMENTS

The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. In the case of some investments, they may be illiquid and there may be no recognised market for them, and it may therefore be difficult for you to deal in them or obtain reliable information about their value or the extent of the risks to which they are exposed. Investments in emerging markets are subject to certain special risks, which include, for example, a certain degree of political instability, relatively unpredictable financial market trends and economic growth patterns, a financial market that is still in the development stage and a weak economy. Coutts & Co. Registered in England No. 36695. Registered office 440 Strand, London WC2R 0QS. Authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. Calls may be recorded. coutts.com.

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