

CAP  
GEN

**Taskforce on Climate-Related  
Financial Disclosures (TCFD)  
Report**

2025

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# Editor's Letter

Today's global political landscape reflects a discontent among voters. Parties to the far left and right of centre are gaining momentum all over the world as voters demand a different future. A vote for the unknown has become more attractive than the status quo. The rise of populism is a stand against our traditional structures and institutions, as voters endorse those who promise something new. This is particularly evident in the United States, which saw the convincing re-election of a government who claimed to offer a different approach to politics. But plenty of other countries are seeing a move away from any traditional political centre ground.

A move towards the extremes can be associated with less support for climate change. Some vocal far-right politicians push the climate crisis to the back of their agenda, and others question whether it even exists. This will have difficult long-term consequences for our planet, as urgent structural change is needed.

However, as we try to look for positives, we realise we can now clearly see those firms who merely paid lip service to their sustainability efforts. Greenwashing is more evident in those firms which never committed with true sincerity, versus those firms who continue to have sustainability at the heart of their operations.

We are pleased to see that none of the fund managers we work with have fallen into this greenwashing category. All have maintained the highest ethical standards in their approach to managing money, and in the way they run their businesses.

As we reflect on the climate-related corporate landscape more widely, we continue to see positive action and exciting innovations. As some become more cynical of the climate crisis, many more become more engaged with it. Investment continues to flow into businesses which address the crisis in myriad ways. Where money flows, successful new ideas often follow. We watch this space with cautious optimism, and with firm belief in the ingenuity of humans.



Charlotte Thorne  
Founding Partner, Capital Generation Partners



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# 01 / Introduction

As investors, business owners and employers, we recognise our responsibility to actively engage in the environmental, social and governance (ESG) challenges faced by the world today. This document includes Capital Generation Partners (CapGen)'s formal policies for monitoring and managing the effects of climate change on the business and on client capital.

Although TCFD has officially been disbanded as of 2023 and its function incorporated into the work of the International Sustainability Standards Board (ISSB), CapGen still recognises the importance of the adoption of the principles and disclosure requirements and therefore, will continue to meet the recommendations as a reflection of our own corporate view on responsible investing.

## Our Responsible Capital Philosophy

Our primary responsibility as a business is to act as responsible stewards of capital on behalf of our clients. That ethos shapes the way that firm is structured – independent and owned by the partners – the way that we invest, and the way that we conduct ourselves in our day-to-day business practices. We also recognise that our influence in the world around us is nuanced and multifaceted; the conscientiousness with which we carry out our work on behalf of clients extends to our role as employers, as business owners and as members of our local community.

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**As investors, business owners and employers, we recognise our responsibility to actively engage in the ESG challenges faced by the world today.**

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## 02 / Governance

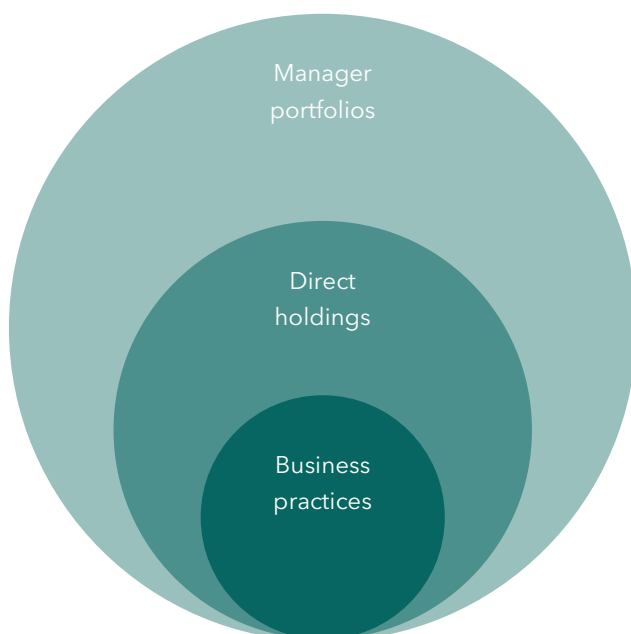
As we see it, the simplest way to organise the many complex ways in which our behaviours and practices have an influence on the world around us, is to think in terms of three spheres. These are detailed below. We have split these spheres out to reflect the fact that there are different ways in which climate change can impact our business, and ways in which we in turn can mitigate those risks as well as attempt to drive positive change.

As a services business, our carbon footprint overall is relatively small and inflexible, which is why we choose to offset our emissions. Our view is that while as investors, our influence is indirect, the potential for us to have a positive impact on tackling climate change is far greater in that sphere than within our own business practices. That is why the bulk of this report focuses on investment activity.

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### Our sphere of influence

We work to ensure that our principles as responsible investors and business owners are reflected across our business practices.



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#### Manager portfolios

Where we have influence, we wield it to drive positive change.

Where managers hold positions which we feel are not in line with our ESG requirements, we engage in discussion with the manager or divest.

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#### Direct holdings

Where we can help our clients make an impact, we do.

We have worked with our clients in buying and managing direct businesses, allowing for a major impact on individual companies.

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#### Business practices

Where we have full control, we seek to lead by example.

We are actively working with carbon monitoring groups to account for and reduce our carbon footprint.

## Responsible Business Ownership Framework: Internal

We think that good governance and clear accountability are the cornerstones of responsible business practices. Oversight of our business practices begins with the Founding Partners and runs through every level of the firm. CapGen's approach to climate change is integrated into our existing governance structure and management of risk processes and therefore ultimately overseen by the board.

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## **The Responsible Capital Committee**

### **Composition**

The Responsible Capital Committee is chaired by leading sustainability economist Dimitri Zenghelis. The permanent members of the Committee are Charlotte Thorne, Founding Partner and Ian Barnard, CEO & Founding Partner. At each meeting, the permanent members invite representatives from different areas of the business to present and discuss their approach, monitoring and management of issues pertaining to ESG.

### **Mandate**

The Committee agreed that its role is to set the tone and trajectory of the firm's approach to Responsible Capital. Its role is advisory in nature, but the Committee has the ability to make decisions when relevant to regulation, client demand, or the firm's overall approach to Responsible Capital. The Committee provides high level oversight of the firm's relevant risks, opportunities and activities relating to ESG. Dimitri Zenghelis's role as chair includes providing insights into the direction of climate change policy, providing thought leadership and acting as a bellwether for key topics for the Committee to cover.

### **Outcomes**

By having a central place for monitoring, management and discussion of ESG risks and opportunities, CapGen can stay vigilant and engaged with the risks and opportunities posed to the business and to client capital by the effects of climate change.

## Expertise

We know that meeting the environmental and social challenges faced by the world today is a complicated undertaking. That's why we partner with the experts, we hold ourselves to account both internally and externally, and we measure our success through our Responsible Capital Committee.

We are led and supported by a group of highly influential and experienced professionals, all of whom provide insight and guidance from different angles.

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**Dimitri Zenghelis**

Chair of the Responsible Capital Committee

Dimitri set up the Wealth Economy Project at the Bennett Institute at the University of Cambridge, is a Senior Visiting Fellow at the London School of Economics, and is also a Partner at consultancy firm Independent Economics. He was Head of Policy at the Grantham Research Institute at the LSE and Acting Chief Economist for the Global Commission on the Economy and Climate. Previously, he headed the Stern Review Team at the Office of Climate Change, London, and was a lead author on the Stern Review on the Economics of Climate Change.



**Sarah Fromson**

Chair of the Investment Committee

Sarah has over 35 years of experience in the investment management industry, including senior Chief Investment Risk Officer roles at Courts, RBS Asset Management and the Wellcome Trust. Sarah stepped down from her executive career in September 2019 and is currently a non-executive director at Arrowstreet Capital, Chair of Quilter Investors Ltd., a Trustee Director of the Wellcome Trust pension plan, Chair of Baronsmead Second Venture Trust, a member of the Investment Committee of the Gulbenkian Foundation and Chair of the Cambridge University Endowment Fund Investment Advisory Board.

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### **Quintin Price**

Chair of the Asset Allocation Committee

Quintin was Global Head of Alpha Strategies at Blackrock, where he was also a member of the Global Executive Committee and was responsible for approximately \$1 trillion in assets under management covering all active and passive fixed income as well as all active (fundamental & quantitative) equity strategies globally.

Quintin now works in the capacity of independent director, board trustee and Senior Advisor for multiple trusts and investment firms.



### **Michel de Carvalho**

Chairman

Michel is Chair of the Heineken Supervisory Board and has been a key driver in the firm's sustainability transformation project "Brew a Better World." Previously he served as Vice Chairman of Citi Investment Bank and Global Chairman of Citi Private Bank. Previously Michel was MD at Credit Suisse First Boston (CSFB).



### **Khaled Said**

Managing Partner

Khaled is the voice of the client within CapGen. He chairs the Client Portfolio Committee which is tasked with making the final decisions on the content of client portfolios and sits on the Asset Allocation, Investment and Risk Committees.



### **Charlotte Thorne**

Founding Partner

Charlotte established and leads CapGen's Responsible Capital Committee. Charlotte began her career at HM Treasury where she advised both Conservative and Labour ministers on a range of policies including corporation tax, pensions and state aids. She also spent a year in Brussels working as a diplomat in the UK's embassy to the European Commission and worked in policy at the then FSA.

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## 03 / Sustainable Investment Policy

Beyond governance, our commitment to responsible stewardship of assets is to be found in our rigorous investment policy.

As investors of long-term capital on behalf of families and their associated endowments, the responsible stewardship of assets sits at the core of our approach. In order to protect and enhance the value of our clients' assets in a rapidly changing global economy, we incorporate sustainable investing principles into our investment analysis, decision-making processes and ownership practices.

We also believe that consideration and careful management of material ESG factors has the potential to positively impact investment returns and better manage risks. Alongside this, we believe it is crucial for CapGen to have the resources, skills, expertise, policies and processes to invest in assets that we believe to be future proof. As advisers to portfolios of direct assets and managers of commercial real estate projects, we also require the skills and resources to structure investments that reflect each individual client's values and ESG preferences.

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**As investors of long-term capital on behalf of families and their associated endowments, the responsible stewardship of assets sits at the core of our approach.**

There are five key pillars on which our sustainable investing approach rests:

01

## ESG Integration

### Portfolio Management

ESG factors are an important part of our investment analysis and strategic decision-making processes. We are focussed on the ESG factors that may have a material impact on investment risk or return. The processes we use are aligned to the applicable asset class and strategy. We include ESG considerations in our manager selection process. Alongside the ESG integration at the core of our process, each client is unique and can have different ESG guidelines and objectives.

For fund investments we seek to integrate and manage ESG issues throughout the investment process. As part of our due diligence framework, we assess the ESG capability of the manager including the philosophy, approach, processes and resources of the manager, how they have implemented this approach, and the quality of their reporting. The factors in our ESG framework to assess funds are; Policy, Integration, Active ownership, Reporting, Portfolio, Capability (ESG resources and commitment). The ESG due diligence findings are documented within the research and due diligence reports produced for our Investment Committee, with potential concerns flagged for consideration.

All investments by CapGen are subject to ongoing monitoring commensurate with the nature of the underlying investment strategies/holdings. ESG factors, as outlined above, will form a part of all ongoing monitoring assessments. After making an investment we continue to monitor identified ESG risks and maintain a dialogue with external managers to ensure effective oversight. The aim is to continually enhance and improve our ESG risk management over time.

### **Commercial Real Estate**

The built environment contributes to 40% of the UK's carbon emissions, and by 2030 the UK government expects all commercial buildings to meet new energy standards. We work to ensure that our clients' commercial property investments are built to the highest possible environmental standards, this can include:

- Electrification of buildings, purchasing green energy sources, removing diesel backup generators and installing solar panels
- Retrofitting LED lighting and passive infrared motion sensors
- Reusing office or hotel furniture, and existing concrete sub/super-structures
- Creating green roofs and green walls
- Creating dedicated spaces for cyclists, including extended shower rooms, storage and cycle lifts

### **Direct Investments**

We support our clients through entire lifecycle of direct holdings, from due diligence to management and/or exit. This is an area in which we can help our clients drive real positive impact as investors. Our work in this respect has included:

- Investing in an oncology platform that helps patients generate a better understanding of their cancer, treatments and connects them to medical trials.
- Investing in a company which helps consumers attain the best price for their home, car and personal insurance.
- Investing in a venture fund that backs seven environmental technology companies

02

## Stewardship & Engagement

Good stewardship sits at the heart of our service; we exist to protect and enhance the value of our clients' assets in the long term.

We aim to exercise good stewardship of our clients' assets, including through engagement with external asset managers. We seek to understand their approaches, policies and their performance and delivery and, where relevant, voting practices and records, to share information and to encourage improvements and adoption of best practices.

03

## Collaboration

We seek to collaborate with peers to share experience and knowledge to better understand the key issues we face as investors and business owners.

CapGen became a UN PRI signatory in 2020. This is a network of global investors who are committed to integrating ESG issues into their investment practices. The PRI's voluntary six principles are consistent with our approach to sustainable investment and help to guide our approach:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

In 2025, the firm also worked with STEP (the Society of Trustees and Estate Practitioners) and other private client practitioners to develop the ground-breaking STEP Responsible Stewardship Toolkit. This aims to bridge the understanding gap around responsible stewardship of assets that can arise between trustees, lawyers, investment managers and their clients. Professionals had observed that they and their clients faced legal, historical and other barriers when trying to develop responsible stewardship policies and particularly responsible investment policies. We worked with the group to develop questionnaires for advisers to use with clients to help each side clarify what clients were looking for, template wording for professionals to use when drafting investment policy statements with responsible stewardship at the heart, and case studies to help illustrate how this can work in practice. This toolkit provides practical and actionable resources to help advisers and clients overcome the barriers to responsible stewardship in investing.

We also conduct a biennial managers survey which offers detailed insights into their progress in terms of ESG integration, resourcing, external affiliations (e.g. TCFD and its successors) and more.

### **Results from our latest Responsible Capital Fund Manager survey**

In 2024, our annual Responsible Capital Fund Manager survey showed that ESG practices were largely similar to the previous year's responses across CapGen's buylist managers, with some ongoing gradual changes across the funds. Some US managers caveated their responses that SEC guidelines around language on Sustainability are fluid at the moment and requirements are subject to change. However, despite changes in the US political environment, the managers we work with are largely steering a steady course with regard to their ESG objectives.

With respect to the private capital asset class we have seen several managers introduce Diversity, Equality & Inclusion (DEI) policies, set firm-level sustainability goals and increase the number of ESG initiatives which are all encouraging developments.

04

## Reporting

We seek to provide regular transparent, material and meaningful information to our clients to demonstrate the ESG risks and opportunities faced by their portfolios, and the measures we have taken to manage those risks, and results of our engagement activities.

In respect of fund investments, we aim to be constructive and engaged in our interactions with managers, and we will continue to advocate for steady enhancements to their sustainability reporting.

Whilst we readily accept that data consistency and frequency remains a challenging practical factor, especially across the many asset classes and strategies that we cover, our objective is to regularly report on sustainability matters, and to seek continuous improvements to our analytical resources in this area.

The representative carbon footprint and carbon exposure data on the following page is based upon CapGen's Partners Portfolio RAIF\* as a representative 'average' portfolio. Subject to our clients' needs every CapGen portfolio is bespoke, but we have selected Partners Portfolio as it represents a co-mingled version of the strategy that we have been running for clients since our launch in 2008.

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### **\*What is Partners Portfolio?**

The Partners Portfolio RAIF fund is an unconstrained, multi asset total return strategy designed to deliver annualised returns in excess of 4% above US CPI, over 5-year rolling periods. We make use of a broad toolkit of asset classes and strategies to create a globally diversified and carefully risk-managed portfolio.

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The carbon metrics below are reported using a set of TCFD aligned metrics. These include the Weighted Average Carbon Intensity (WACI), Carbon Footprints evaluating Scope 1+2 & Scope 1+2+3 emissions and Carbon Intensity, the definitions and unit measures of which are included below.

In calculating the carbon metrics of the portfolio, we exclude any assets for which we do not have revenue or emissions data.

Where possible we engage with the active managers cited here, and the managers who are not yet able to provide this level of information, to deepen our understanding of the data and the barriers to data provision.

#### Underlying Manager Bloomberg ESG Scores (as at 31/12/2024)

Metric	AKO Global UCITS Fund	Change Global Frontier Markets Strategy	DFA Global Targeted Value Fund	MW Tops World Equities Fund	Pzena Global Value Fund	Xtrackers MSCI World Information Technology UCITS ETF	Xtrackers MSCI World Value UCITS ETF	iShares Core MSCI Japan IMI UCITS ETF	iShares Core MSCI Emerging Markets ETF	iShares MSCI Emerging Markets ex- China ETF	Average weighted scores - Partners Portfolio
PAI 3 WACI [Scope 1+2]	48.33	672.43	137.06	90.92	92.40	13.05	94.17	73.28	2135.28	510.93	262.52
PAI 2 Carbon Footprint (Scope 1+2+3)	73.04	1557.37	917.90	366.59	695.37	26.26	785.05	1131.28	1769.60	571.98	666.43
PAI 2 Carbon Footprint [Scope 1+2]	11.56	858.74	96.89	44.05	93.94	2.11	71.40	60.11	1299.36	125.22	146.03
3 Carbon Intensity*	329.71	1657.05	1637.41	623.08	582.09	158.97	769.99	1413.40	2951.33	1345.10	970.46

\*Carbon intensity calculated as a weighted average of metric tonnes of greenhouse gasses ("GHG") or CO2 emitted per million of sales revenue in the company's reporting currency.

PAI 3 WACI [Scope 1+2] Represent GHG emissions per million generated in revenue, for scope 1 and 2. Units: MT of CO2e / MM Portfolio Base Currency. Weighted average.

2 Carbon Footprint Represent GHG emissions financed per million invested, for scope 1, 2 and 3. Units: MT of CO2e / MM Portfolio Base Currency. Weighted average.

3 Carbon Intensity Represent GHG emissions per million generated in revenue, for scope 1, 2 and 3. Units: MT of CO2e / MM Portfolio Base Currency. Weighted average.

% Fossil Fuel Exposure Represents share of the portfolio invested in companies with any fossil fuel revenue exposure. Units: % of portfolio. Weighted average.



05

## Resources

We believe it is crucial for CapGen to have the resources, skills, expertise, policies and processes to reflect the full range of unique values and desired outcomes that our clients would like to see reflected in their investment portfolios. We have committed to ensuring that every member of the Portfolio Management team takes the CFA Certificate in ESG Investing.

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## 04 / Corporate Responsibility

In terms of individual responsibilities, Khaled Said, the Managing Partner of the Firm, has overall responsibility for risk management at the Firm but these responsibilities are delegated among the three Principals of the Firm. Responsibilities for individual risks are set out in the risk report but as a general rule, Charlotte Thorne is responsible for regulatory risk, Khaled Said and Ian Barnard are responsible for risks related to individual funds, investments and to client servicing, and the three Principals of the Firm together share the responsibility for other risks including commercial risks, financial risks and so forth.

Risks are logged at a high level on the CapGen risk register which is also presented to the board in its entirety every quarter along with the minutes from any Business Risk Committee meetings held since the last board meeting. Climate related risks are also included on this register and have individual entries under the following classifications: market impact, reputational risk, staff knowledge, insurance, policy & legal, technology, market resources, reporting requirements and business continuity.

The Compliance function also presents an annual risk report to the board which assesses the firm's systems and controls for risk mitigation, inc. climate related risks as well as material events or changes over the previous 12 months.

Risk must be clearly apportioned within the firm. Individual department heads, who are members of the Partners Forum, have direct ownership of risk within their business area on a day-to-day basis. Compliance with the Senior Managers and Certification Regime ("SMCR") results in the annual update of the Senior Management Functions (SMFs) Statements of Responsibilities and Responsibility Map. These further embed ownership and responsibilities for specific areas with the CEO, Board and Senior Managers. Two of those SMFs are also members of the firm's Business Risk Committee (BRC) whose sole purpose is to review existing and potential risks and consider preventative or mitigating solutions to manage those risks effectively.

The BRC, supported by the sub-committee Risk Focus Group (RFG), completes a detailed analysis of the inherent risks in each business line, reporting its findings to the Board, and also considers risks regarding specific matters as they arise, including climate-related risks. Department staff represent their respective business areas to provide valuable perspectives and insight into specific risks and risk mitigation within their teams as well as giving the other members the opportunity to evaluate the effectiveness of those controls and discuss enhancements or suggestions to mitigate risk further or eliminate completely where possible.

Having representatives from across the business in group discussion also allows for oversight of the climate related risks on the firm as a whole, as well as individual teams, to prevent a siloed mentality.

## Environmental Responsibility

**Focus areas:** reducing carbon footprint, reducing waste, increasing energy efficiency.

### Carbon Emissions

In 2020 we initiated a partnership with Carbon Footprint to measure and offset our Carbon Emissions as a business. The data for 2023 is below. Subsequent years data are currently being calculated.

From 2022, we expanded our scope to include, commuting and home working, computing, waste, water and paper. Despite this expansion, our market -based emissions have reduced by 12% compared to the baseline year assessment in 2019.

### CapGen's benchmarked GHG emissions

Element	Location based	Market based
Total number of employees	50	
Turnover in £ million	11.36	
Tonnes of CO <sub>2</sub> e	144.84	134.66
Tonnes of CO <sub>2</sub> e per employee	2.90	2.69
Tonnes of CO <sub>2</sub> e per £ million turnover	12.75	11.85
Scope 1 & 2 emissions		
Tonnes of CO <sub>2</sub> e	7.67	0.00
Tonnes of CO <sub>2</sub> e per employee	0.15	0.00
Tonnes of CO <sub>2</sub> e per £ million turnover	0.68	0.00

Source: Carbon Footprint Appraisal Capital Generation Partners LLP. Assessment Period 1  
January to December 2023

## Environmental Principles

- We are committed to reducing our impact on the environment. This includes monitoring and actively reducing our carbon impact through carbon offsetting.
  - We have switched our business to an entirely Cloud based system, replacing over 20 internal servers with a remote system that uses considerably less hardware.
  - We take active steps to minimise waste in our office, including installing filtered water taps instead of using bottled water, and minimising the use of single use plastics.
  - We have switched to a green energy supplier.
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## Responsible Business Practices: External

As a financial services business we operate within the bounds of the Financial Conduct Authority (FCA) and the Securities and Exchange Commission (SEC).

We have also opted to become signatories of a range of initiatives designed to meet social and environmental challenges.

We are signatories of, or qualified as:



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# Final Word

We acknowledge the many risks associated with climate change across society and the commercial landscape. But human ingenuity gives us plenty of cause for hope; artificial intelligence and automation offer amazing potential for future productivity and growth.

We also recognise the role we can play in directing capital towards managers and investment solutions that try to reduce the effects of climate change through innovation and technology. We consider risks and opportunities to gain an accurate picture of the ways in which we can position our business for an ever-changing world.

September 2025

The background of the entire page is a photograph of a calm body of water with a single drop having just fallen, creating a series of concentric ripples that expand outwards from the center. The water is a deep teal or slate blue color. In the center of the image, the words "CAP GEN" are written in a large, white, serif typeface. The letters are spaced out, with "CAP" on the top line and "GEN" on the bottom line. The text is centered horizontally and vertically within the upper half of the image.

# CAP GEN

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