RATHBONES

# RATHBONE HIGH QUALITY BOND FUND

## Task Force on Climate-Related Financial Disclosures Product Report

June 2025

Rathbones Asset Management

# YOUR PORTFOLIO'S IMPACT ON CLIMATE CHANGE

The purpose of this report is to provide you with a summary of the possible impact of climate change, both the risks and opportunities, on the securities held within the fund. Reporting period 1st January 2024 to 31st December 2024. Calculation date 31st December 2024.

Rathbones' approach to governance, strategy, risk management and Group / Entity level metrics can be found in the Group / Entity TCFD report. A glossary of terms used in this document can be found here - https://www.rathbones.com/ri-glossary. The value of investments may increase or decrease due to the impact of climate change. Rathbones believes that there is sufficient data coverage to rely on these figures.

## WEIGHTED AVERAGE CARBON INTENSITY (WACI)

The carbon intensinchmarkty of the fund weighted by the amount invested in each company, which serve as a measurement of emissions performance of the fund (for Scope 1+ Scope 2). This is calculated in tonnes $CO_2e$ divided by £M sales.

| 2023 | | 2024 | |
|---|---|---|---|
| **24.1** tonnes $CO_2e$/£M sales | | **11.3** tonnes CO2e/£M sales | **17.3** tonnes $CO_2e$/£M sales<br>Benchmark name: iBoxx GBP non-Gilt[1] |
| Data coverage 88% | | Data coverage 92% | Data coverage 92% |

## TOTAL CARBON FOOTPRINT

The total carbon emissions of the fund divided by the total value of the fund. This is calculated in tonnes $CO_2e$ divided per £M invested.

| 2023 | | 2024 | |
|---|---|---|---|
| **4.7** tonnes $CO_2e$/£M sales | | **3.2** tonnes CO2e/£M sales | **6.0** tonnes $CO_2e$/£M sales<br>Benchmark name: iBoxx GBP non-Gilt[1] |
| Data coverage[2]: 49% | | Data coverage 92% | Data coverage 90% |

Fund Manager's Commentary :- Carbon intensity and the total carbon footprint for the fund decreased in 2024. This was mainly due to the sale of an asset in the power/utilities sector which was a high emitter when compared to the rest of the portfolio. There was also a slight increase in the coverage of data available on the portfolio (now 92% from 88% last year) which means the figure is slightly more accurate.

1 Benchmark data scaled to match AUM of fund

2 If a datapoint has less than 50% coverage, we don't consider the data to be credible enough but have published the metric for consideration only.

# YOUR PORTFOLIO'S IMPACT ON CLIMATE CHANGE (CONT'D)

The purpose of this report is to provide you with a summary of the possible impact of climate change, both the risks and opportunities, on the securities held within the fund. Reporting period 1st January 2024 to 31st December 2024. Calculation date 31st December 2024.

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## SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

The sum of the total operational emissions from securities within the fund. This is calculated in tonnes $CO_2e$.

| 2023 | | 2024 | |
|---|---|---|---|
| **978*** tonnes $CO_2e$ | | **476** tonnes $CO_2e$/£M sales | **892** tonnes $CO_2e$/£M sales<br>Benchmark name: iBoxx GBP non-Gilt[1] |
| Data coverage 49% | | Data coverage 92% | Data coverage 90% |

## SCOPE 3 GREENHOUSE GAS EMISSIONS

The total indirect emissions that the fund is responsible for, within its value chain, including: employee travel, waste disposal, leased assets and franchises.

| 2023 | | 2024 | |
|---|---|---|---|
| **72,093** tonnes $CO_2e$ | | **20,747** tonnes $CO_2e$/£M sales | **17,994** tonnes $CO_2e$/£M sales<br>Benchmark name: iBoxx GBP non-Gilt[1] |
| Data coverage[2]: 49% | | Data coverage 92% | Data coverage 90% |

Fund Manager's Commentary :- Scope 1 and 2 greenhouse gas emissions were down in 2024, this again was mainly due to the increase in coverage (now 92% compared to 49% last year) which now includes companies with lower greenhouse gas emissions than the funds average last year. There was also the sale out of the portfolio of a high emitting company.

Fund Manager's Commentary :- Scope 3 greenhouse gas emissions were down in 2024, again this is down to the increased coverage as the companies now with available data had lower scope 3 emissions than the average last year. As scope 3 emission reporting isn't yet an exact science scope 3 emission data will continue to be potentially volatile in the coming years.

1 Benchmark data scaled to match AUM of fund

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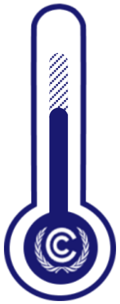
# IMPLIED TEMPERATURE RISE

## IMPLIED TEMPERATURE RISE

The Implied Temperature Rise (ITR) is a forward-looking metric which provides an indication of how well the fund aligns with the ambitions of the Paris Agreement calculated in degrees Celsius.



**1.9°C ITR Figure**

**High Quality Bond Fund**

1.5 - 2°C

Paris agreement target

## HOW DO THESE SCENARIOS ALIGN TO PARIS AGREEMENT COMMITMENTS?

The Paris Agreement’s central aim is to strengthen the global response to the threat of climate change by keeping the global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels

# SCENARIO ANALYSIS

Climate value at risk (CVaR) attempts to assess the potential financial loss or gain from the portfolio as a result of climate change, including the impact of: Climate policy; New technology opportunities; Physical risks.

The 3 scenarios of climate change which we have assessed shows how a global temperature increase of between 1.5C and 3C by 2100 may impact your portfolio. We calculate these using MSCI's Climate Value-at-Risk (Climate VaR) methodology.

| | ORDERLY TRANSITION | | DISORDERLY TRANSITION | | HOT HOUSE WORLD | |
|---|---|---|---|---|---|---|
| Global temperature rise | + 1.5C | | + 1.5C | | + 3.0C | |
| Application of climate policies | Climate policies are introduced and gradually become more stringent | | Climate policies are delayed or inconsistent across countries | | Global efforts are insufficient to halt significant global warming | |
| **Your portfolio** | **2023** | **2024** | **2023** | **2024** | **2023** | **2024** |
| Climate value at risk (Data coverage: 93%) | -1.7% | -0.8% | -2.5% | -1.0% | -1.3% | -1.2% |
| **Benchmark (iBoxx GBP non-Gilt)** Climate value at risk (Data coverage: 92%) | N/A | -1.6% | N/A | -1.6% | N/A | -0.9% |
| **Climate scenarios** Climate scenario analysis helps us understand the implications of possible climate scenarios on our investment portfolio, and the resilience of our investment strategies in the transition to a net zero economy. Our approach to scenario analysis involves assessing the exposure of our equity and corporate bonds holdings by applying MSCI's Climate Value-at-Risk (Climate VaR) methodology. | Orderly transition scenarios assume climate scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued | | Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. Carbon prices are typically higher for a given temperature outcome | | Hot house world scenarios assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise. | |

Fund Manager's Commentary:- For all three scenarios the climate value-at-risk is low as many of the companies the fund is invested in are well positioned to benefit from the climate transition given the products and services they sell. Companies held within the fund are also unlikely to be unduly impacted in the orderly and disorderly transition scenarios due to the funds low exposure in sectors such as Oil and Gas which have higher climate transition risks. In terms of the sector allocation the fund has a low exposure to high energy sectors. The fund also can invest in companies that have exposure to low carbon technologies, products and services that form part of the climate transition. All of this helps the fund manage its climate value-at-risk.

# ADDITIONAL INFORMATION

The information in this report is provided for information only and should not be taken as financial advice or a recommendation.

**The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance.**

**Use of MSCI data to calculate our investment metrics:** This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Rathbones Group Plc's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose.

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