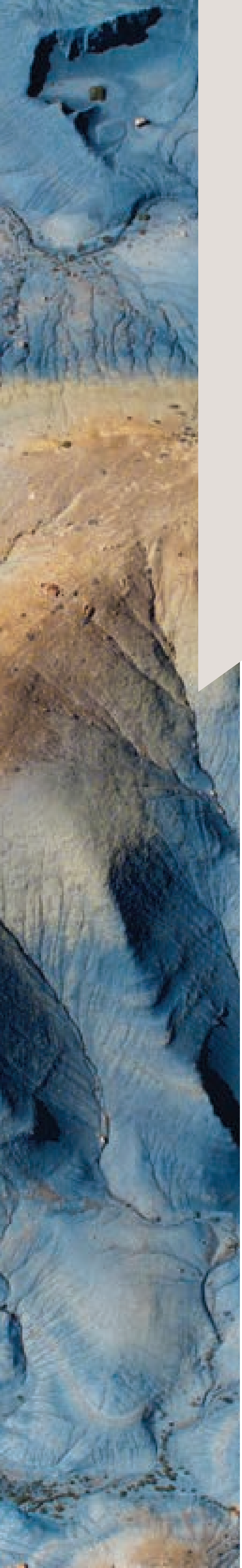
Rothschild & Co
Wealth Management

REPORT FOR THE YEAR ENDING 31 DECEMBER 2023

Task Force on Climate-related Financial Disclosures



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Introduction

Rothschild & Co Wealth Management UK ("WMUK") is proud of its commitment to sustainability. Sustainability runs through our investment philosophy, our approach to entrepreneurship and how we act as an organisation.

At Rothschild & Co Wealth Management UK, we focus on discretionary portfolio management and our proposition is to help successful families, entrepreneurs and individuals retain and grow their wealth over the long-term. We believe in investing for the long-term and doing so in a way that is sustainable, sensible, focused and patient. Investing in companies which we believe are well prepared for sustainability risks and opportunities is central to this approach, as it is our commitment to being active and engaged shareholders, building a sense of partnership with these companies.

In addition to investment management services, Rothschild & Co Wealth Management UK also provides lending services to clients and originates, structures and monitors commercial real estate loans on behalf of other financial institutions through our Real Estate Debt Management business.

This Taskforce on Climate-related Financial Disclosures ("TCFD") report sets out how Rothschild & Co Wealth Management UK, as an entity within the Rothschild & Co Group ("Group"), manages material climate related risks and opportunities. The report is consistent with the TCFD Recommendations and Recommended Disclosures and covers governance arrangements, strategy, risk management and metrics and targets.

The wider Rothschild & Co Group recognises that climate-related physical and transition risks have the potential to destabilise the global economy and is committed to supporting and contributing to the transition to a low-carbon economy. Considering the role of improved climate risk disclosure as a basis for better informed decisions by all market participants, the Group supports the recommendations of the TCFD.

The Group's strategic sustainability priorities go beyond addressing climate-change induced risks and opportunities. We refer the reader to Rothschild & Co's 2023 Sustainability Report[1], which aims to provide a more comprehensive picture of our strategy, actions and progress to address risks, impacts and opportunities across the most material Environmental, Social and Governance ("ESG") areas for our businesses.

[1] https://www.rothschildandco.com/siteassets/publications/rothschildandco/group/2023/en_randco_sustainability_report_2023.pdf

Helen Watson
CEO, Rothschild & Co Wealth Management UK

1. Governance

1.1 Disclose the organisation's governance around climate-related risks and opportunities

The Group's long-term ambition to use its influence and expertise to help facilitate the sustainability transition of the global economy is a key pillar of Group strategy and as such a fundamental part of delivering its business model and creating value in the long term.

As of the end of 2023, the governance of sustainability follows the Group's governance framework with clearly defined roles and responsibilities, including:

- the Supervisory Board in its oversight function;
- the Statutory Manager who sets the direction;
- the Group Executive Committee and its specialist committees and Group functions providing advice on the strategic direction;
- implementation responsibility in Divisional Management Committees.

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

The **Rothschild & Co Supervisory Board** carries out the ongoing supervision of the Group's management by the Statutory Manager, including in particular the company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audits, and shall otherwise comply with legal and regulatory requirements applicable to it, notably as a result of its status as a financial holding company. The Supervisory Board considers sustainability issues at the initiation of senior management unless the Supervisory Board itself identifies an opportunity to discuss.

Dedicated committees of the Supervisory Board assist its members with regards to sustainability matters:

- **Sustainability Committee:** monitoring issues relating to the businesses strategy and position with regards to social, societal and environmental issues ("Sustainability") so that Rothschild & Co can best anticipate the opportunities, impacts and risks associated therewith, and in particular assist the Supervisory Board in reviewing the policies in place in the aforementioned areas and the objectives set, and the work of the operating committees in charge of Sustainability issues within the Group; the Committee received dedicated training on climate related risks and impacts in 2023.
- **Audit Committee:** reviewing the process of drawing up financial and non-financial information; the statutory audit of the individual annual accounts and the consolidated accounts by the Statutory Auditors and the independence and objectivity of the Statutory Auditors; giving a recommendation regarding the appointment and the renewal of the Statutory Auditors proposed to the Ordinary General Meeting of Shareholders; reviewing the effectiveness of the Group's internal control systems and Internal Audit, in particular regarding risk exposure, including sustainability matters; and approving the supply of the non-audit services as defined by Article L.822-11 of the French Commercial Code.
- **Risk Committee:** advising the Supervisory Board on the overall current and future risk appetite and strategy of the Group, assisting the Supervisory Board in overseeing the implementation of that strategy and reviewing the effectiveness and the coherence of the risk management systems deployed in the Group, so that said systems ensure as far as

possible the prevention, detection and/or management of the potential and/or identified risks, which should include for the avoidance of doubt reputational and conduct risk, as well as risks arising from social, societal and environmental issues.

Within Rothschild & Co Wealth Management UK, the **WMUK Board** is responsible for ensuring material sustainability risks and opportunities, including but not limited to those related to climate, are monitored by the WMUK Executive Committee. The WMUK Board receives key information on a quarterly basis to perform this function.

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

In his role as Executive Chairman of Rothschild & Co Gestion, Alexandre de Rothschild, is responsible for the overall **management of Rothschild & Co**, the Group operational holding company. He relies on the **Management Board** (called 'Rothschild & Co Gestion' until 31 Dec 2023) which he chairs and whose other members are the three Managing Partners: Javed Khan, Robert Leitão and François Pérol. In its role of setting the strategic direction for the Group, the Management Board is responsible for defining the Group's sustainability ambition and priorities.

- At the time of publication of this report: the **governing bodies of each of the three business lines** of the Group including the Global Advisory Management Committee, the **Wealth and Asset Management Committee ("WAMCO")** and the Five Arrows Management Committee report to and act under the supervision of the Management Board, and continue to be responsible for the integration of group-wide ESG priorities in business line strategy, and rely on the advice of specialists teams and committees in their divisions.
- Alongside other operating committees reporting directly to the Management Board of the Group a **newly formed Group Sustainability Committee** has been established which advises the Management Board on strategic sustainability matters, including sustainability related risks, impacts and opportunities and is co-chaired by one of the Managing Partners and the Group Head of Sustainability.

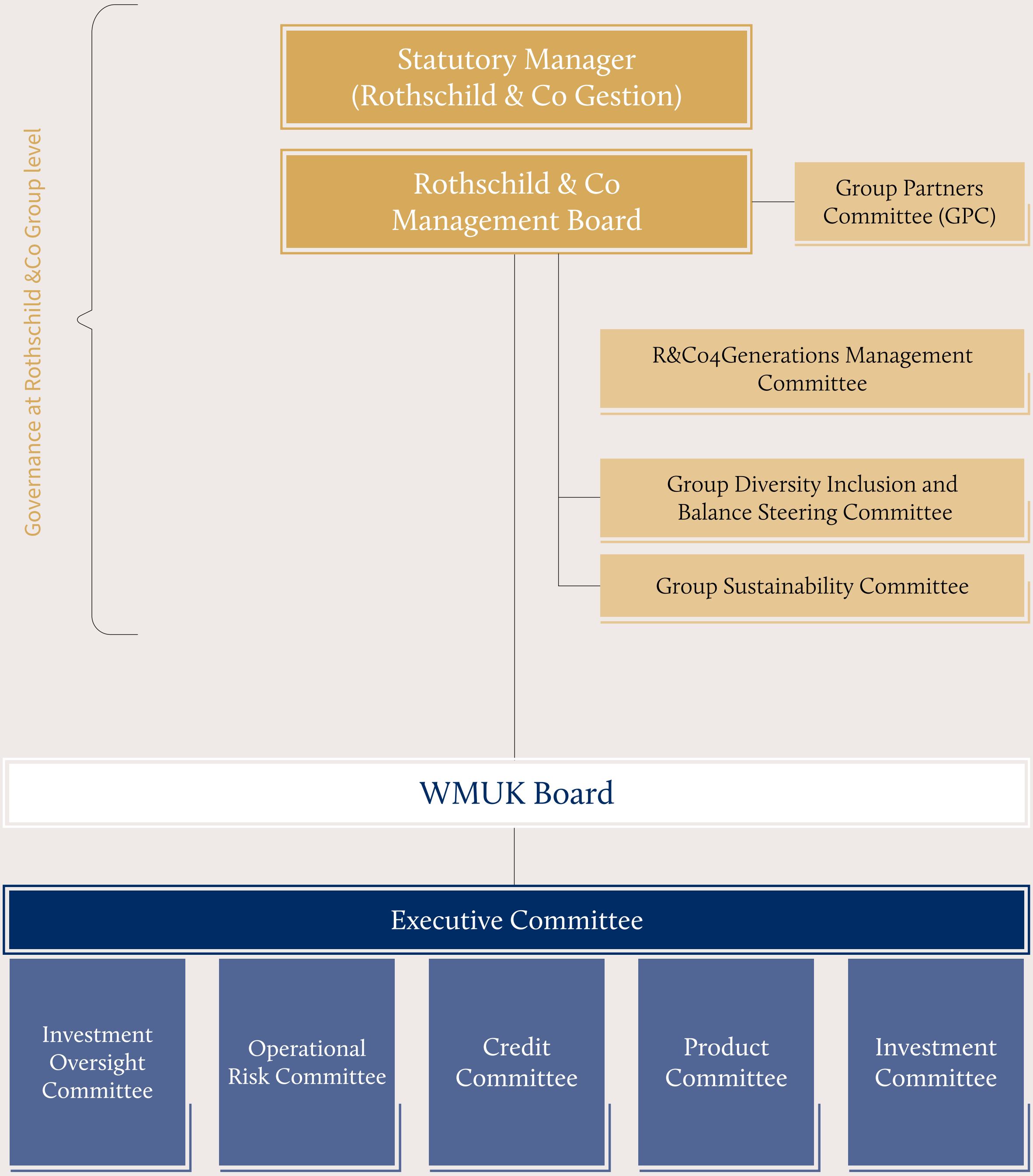
The Group Sustainability team and the Group Responsible Investment team support the Group entities with advice and coordination of transversal sustainability matters.

Within WMUK, the **WMUK Executive Committee** and CEO are responsible for ensuring material sustainability risks and opportunities are embedded into our business strategy. Day-to-day responsibility for this sits with the following committees:

- **Investment Oversight Committee:** responsible for reviewing the semi-annual sustainability risk reports for the internally selected equities within our core strategies. Providing challenge to the Investment Team where an indicator compares less favourably to an internally devised benchmark of global equities.
- **Operational Risk Committee:** responsible for ensuring sustainability-related operational risks have been appropriately considered and assessed by the business.
- **Credit Committee:** responsible for WMUK credit policy which includes a lending-related ESG policy and sustainability oversight. WMUK is the lender of record although loans are ultimately funded by R&CoBI.
- **Product Committee:** responsible for ensuring that the sustainability profile and applicable regulations are considered and embedded for new services and products.
- **Investment Committee:** responsible for ensuring sustainability factors are incorporated into investment policies and processes and that these are periodically reviewed.

The WMUK Executive Committee is responsible for ensuring formal updates received from these committees are consistent with our business's strategy.

The Rothschild & Co Wealth Management UK Executive Committee



2. Strategy

Rothschild & Co is a family-controlled group of three established and highly complementary market-leading businesses. With 4,200 financial services specialists in over 40 countries across the world, we provide independent advice on M&A, strategy and financing, as well as investment and wealth management solutions to large and mid-size institutions, families, individuals and governments, worldwide.

In Global Advisory, we are helping our clients reach their goals through the design and execution of strategic M&A and financing solutions.

Five Arrows is the alternative assets business of Rothschild & Co, deploying the firm's capital alongside that of a select set of leading institutional and private investors.

Our Wealth and Asset Management business provides an independent long-term perspective on investing, structuring, and safeguarding assets, creating innovative investment solutions to preserve and grow our clients' wealth. Sitting within this division, our proposition in WMUK is to help successful families, entrepreneurs and individuals retain and grow their wealth over the long-term. We focus on discretionary portfolio management with the goal of preserving and growing wealth in real terms through inflation-beating returns.

The contribution of these businesses to the Group's long-term sustainability ambition are guided by the Group's ESG priority framework which provides a joined long-term roadmap for consideration across the Group's business model, including its:

- direct operational impact;
- investment approaches in the Wealth and Asset Management, and Five Arrows businesses;
- transaction advice in the Global Advisory business, including dedicated ESG advisory expertise;
- onboarding decisions and engagement with business partners along the value chain; and
- approach for support of charities and social enterprises.

Supporting and contributing to the low-carbon transition is one of the objectives in the Group's ESG priority framework, and the sustainability efforts of WMUK have in recent years focused on the identification and management of investment related impacts, risks, and opportunities.

2.1 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

2.1.1 DESCRIBE THE CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT-, MEDIUM-, AND LONG-TERM AT A GROUP-LEVEL AND FOR WMUK

The Group provides advisory services to and invests in businesses in several sectors which are exposed to a wide variety of environmental-related risks and opportunities. Given the portfolio of business activities, the Group's analysis conducted in 2022 shows that climate change-related physical risks are unlikely to have a material impact on credit, liquidity and market risk relating to the Group's balance sheet activities. The same is true of WMUK's lending activities. The operational exposure of individual offices to the effects of extreme weather and water stress continues to be considered as part of the Group's Business Continuity assessment and planning programme.

The analysis shows that the Group is more exposed in the short- to medium-term to climate-related transition risks, which have the potential to amplify existing strategic risks of the firm, primarily in the area of regulation, the need to adapt internal control frameworks in an uncertain environment, and changing client, stakeholder, and market expectations. The Group aims to continue to develop its risk assessment with regards to the potential impact of climate change on its business, and its businesses' impact on a changing climate.

For WMUK, as an entity in the Wealth and Asset Management division and investor in a broad range of companies and other investments for our clients, the business is inherently exposed to physical and transition risks via the investment portfolios held on behalf of our clients, which – if not mitigated – could have the potential to create material financial effects for our business in the medium- to long-term, as well as transition-related regulatory and reputational risks. This extends to our Lombard lending activities.

At the time of the publication of this report, the Group is revising its analysis and conclusions on the most material sustainability issues as per the definitions in the European Sustainability Reporting Standards ("ESRS") from a risk, opportunity, and impact perspective. The results will provide relevant insights into strategic priorities and form the foundation for the preparation of the Full Year 2024 Sustainability Statement in line with the requirements outlined in the Corporate Sustainability Reporting Directive ("CSRD") to be published in 2025.

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

Climate-related risks are inherent in the core of our business which is managing investment portfolios. If these are not properly managed, they may affect investment performance and client retention, as well as wider reputational risks. These risks are primarily managed through our investment process as described in the next section. In addition, we have identified transition-related regulatory risks and established a steering committee in August 2023 to focus on this. With the WMUK Chief Operating Officer sponsoring, this group is tasked with understanding the regulatory horizon and ensuring that WMUK is in a position to comply with the upcoming changes to the regulation, impacting WMUK directly (UK regulations) and indirectly (EU regulations).

Beyond climate-related risk mitigation, the Group's investment businesses aim to offer clients the opportunity to contribute to the sustainability transition of the global economy and **capture investment opportunities related to the low-carbon transition** through a product offering targeting environmental objectives. This includes specific investment products targeting environmental impacts, which have seen continued interest from clients in 2023. In WMUK, our Exbury strategy has a long-term ambition to maximise its allocation to investments that are providing solutions for the transition to a low carbon economy, while maintaining the financial objective of returns ahead of inflation over the long term. Two Co-Heads of Sustainable Capital for WMUK were appointed in October 2023 with a remit to focus on the opportunities of sustainability.

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

To our business, resilience is the ability to continue offering our services to clients. This is largely determined by our ability to continue meeting the objectives of our investment offerings.

Sustainability is a key long-term investment issue for us. We believe sustainability issues can affect a company's intrinsic value if not properly managed and thus, the returns we can expect over the long term. Therefore, we place huge importance on assessing how companies can adapt to the sustainability risks presented by an everchanging world and how firms play a role in shaping the world around us.

Our investment philosophy is built on preserving and growing our clients' wealth in real terms for generations. We seek to deliver strong risk-adjusted returns over the long-term while aiming to avoid large losses during periods of market weakness.

We build portfolios with two distinct parts: Return Assets which we expect to generate inflation beating returns over time, and Diversifying Assets which help us avoid large losses. The appropriate split between Return and Diversifying Assets is determined by clients' individual return objectives and tolerance for risk.

Our approach is benchmark agnostic, and rather than a market index determining how we construct portfolios, we look globally for the best investments to meet our clients' investment objectives, regardless of asset class, sector, or geography. This is 'bottom-up' investing, whereby the asset, sector, and geographical mix of our portfolios is an output of our investment decisions, rather than the starting point.

This approach gives us the flexibility to effectively manage our exposure to risks at a portfolio and asset level. Climate scenario analysis, using tools provided by MSCI ESG Manager, is one of the many aspects to this and will be described in the next section of this report.

3. Risk Management

3.1 Disclose how the Group identifies, assesses, and manages climate-related risks

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

The guiding philosophy of risk management in the Rothschild & Co Group is to adopt a prudent and conservative approach to the taking and management of risk. Rothschild & Co seeks to identify and manage the Group's top and emerging risks on an ongoing basis. Each year, the Group completes a **Strategic Risk Assessment ("SRA")**, which is independently reviewed and challenged. ESG concerns, including climate change, are considered sources of structural change that can affect economic activity and, in turn, the financial system. These factors have the potential to amplify the inherent probability or impact of these strategic risks, in particular credit risk, operational risk, market, and liquidity risk.

At the time of publication of this report, Rothschild & Co is finalising a group-level climate risk assessment as part of the Group's overall **materiality assessment of financial risks, impacts and opportunities** in line with the expectations of the Corporate Sustainability Reporting Directive ("CSRD") affecting the Group's disclosure for Full Year 2024.

This process assesses inherent and residual risk exposure for a range of risk scenarios that could potentially impact the Group and its activities. For each scenario that could potentially lead to a financial impact, an assessment is performed to determine the nature of material financial effects that could be derived from the scenario identified. For example, in the case of investment activities whether the investments are inherently exposed to physical and/or transition risk, and whether this is likely to affect the business financially in the short-, medium- and long-term. The financial materiality assessment is conducted in parallel with the SRA process using a top-down and bottom-up approach to be able to assess and integrate the potential magnitude of short- (financial year +1) to medium-term (2-5 years) financially-material risk and opportunity scenarios into the considerations of drivers behind the Group's identified strategic risks.

The following climate-related risk scenarios have been considered in the 2023 assessment for the Wealth and Asset Management business for two different climate scenarios:

INHERENT CLIMATE CHANGE-RELATED RISK SCENARIOS THAT COULD POTENTIALLY IMPACT THE WAM BUSINESS FINANCIALLY	NATURE OF POTENTIAL FINANCIAL EFFECTS
Operational risks: assets exposed to physical risk; reputational risk related to greenwashing accusation / mandate / investment, Litigation risk related to overclaim or over-consideration of climate credentials; climate-change related supply-chain disruption; unforeseen climate-related transition costs	▪ Operating costs ▪ Revenue loss ▪ Litigation costs
Investment risks: Invested assets under management exposed to physical and/or transition risk	▪ Revenue loss
Credit risks: Size of loan book exposed to transition	▪ Revenue loss ▪ Balance sheet
Climate related market risk (balance sheet)	▪ Balance sheet
Climate related liquidity risk	▪ Cash flow
Litigation risk: related to non-compliance with regulation	▪ Regulator fines, cost of remediation, higher cost of capital

Assessing climate-related investment risks in WMUK

Within WMUK, the extensive nature of our research provides a solid foundation for investment decisions. We invest our clients' capital in a select number of investments in which we have a high degree of confidence and have conducted thorough due diligence on. We do not invest in a very large number of assets where we have little conviction, or have conducted limited research, or 'speculate' on assets we don't fully understand.

To support the efforts of our research analysts and Portfolio Managers, we have a dedicated Sustainability and Stewardship Team who inject expertise and data insights into the process. This includes highlighting material sustainability factors, collecting and interpreting key performance indicators of individual companies and highlighting areas for engagement.

This is driven by the related concepts of adapting and shaping; the fact that no company exists in a vacuum and are both impacted by external factors, as well as having an impact on them.

This double-materiality perspective underlies our belief that companies that adapt quickly to the shifting sands of the world around us are the ones most likely to survive and thrive. Companies can also play a crucial role in shaping our world. Businesses produce most of what we use or consume each day, from the clothes we wear and the food on our tables to the technologies that make our lives easier. Every company has an impact on the planet and society.

A key part of this work is our 'Decarbonisation Dashboard' for our internally selected equity holdings. We use this to track the carbon emissions of our holdings as well as any associated reduction targets and participation in relevant initiatives such as the Science Based Targets Initiative ("SBTI") or CDP (formerly the Carbon Disclosure Project). Companies where we have meaningful concerns about either the level of climate-related risks, or how they were being managed, will not be considered for inclusion in our relatively concentrated portfolios. However, this can help us identify the scope for improvement.

In our view, knowing where a company stands today in terms of carbon emissions and their plan for addressing them is an important factor for understanding the level of climate risk an investment may present. However, it doesn't answer the more important question of where it is going from a climate perspective. This is why we have taken a keen interest in two metrics developed by one of our research providers, MSCI. These are:

Implied temperature rise – a company's impact on the transition

The implied temperature rise ("ITR") provides an indication of how companies and investment portfolios align to global climate goals, such as the Paris Agreement goal of limiting the global mean temperature increase in the year 2100 to below 2°C, compared with pre-industrial levels.

This model is based on the concept of a global carbon budget. This budget describes how many more carbon emissions the world can emit such that global warming doesn't exceed 2°C by 2100 – and what percentage of that budget an individual company is allowed to emit. The ITR model describes what the global temperature rise would be in 2100 if the whole world overshot or undershot the emissions budget in the same way as a company's current path would imply.

Clearly, the future is impossible to predict, and no model is a crystal ball however, there are additional limitations of this model that are behind our reluctance to use it as a driver of investment decisions or as a prominent feature in our stakeholder communications. The biggest of these is that the metric focuses solely on the business itself rather than any impact, good or bad, the business may have in the broader value chain. Although these interconnections would be extremely difficult to estimate, especially at portfolio level, we believe they are too important to ignore, restricting the current emphasis we put on the output of this tool.

Climate value-at-risk – the impact of the transition on a company

Climate value-at-risk ("CVaR") estimates the impact of the transition to a 'net zero' global economy on a business. It can be thought of as a climate stress test. CVaR is calculated as the theoretical costs of a climate change scenario divided by the current enterprise value of a company. By reporting values in this manner, the output can be used to compare firms in terms of the magnitude of potential transition risk, controlling for the size of each company.

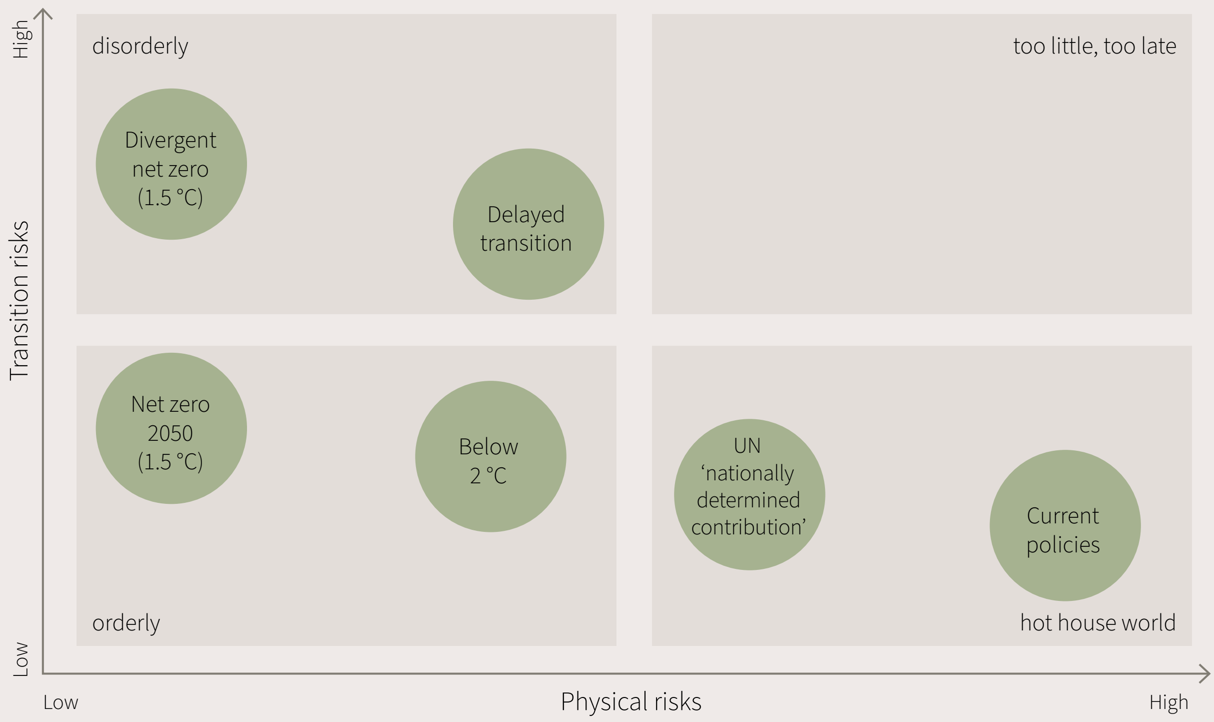
To understand the output, it is valuable to also understand the underlying features of the metric. First, the types of climate risk, which is generally categorised into one of two areas:

- **Physical risk –** the risk and costs associated with increasing extreme weather events and chronic weather changes (e.g., heatwaves, droughts, flooding).
- **Transition risk –** the costs associated with current and forthcoming climate policies on a company (e.g., carbon taxation/emissions trading scheme, phasing out of fossil fuels).

CVaR is based on understanding future climate scenarios and how under these scenarios, what different policies would look like, and the potential physical risks associated with action or inaction. The model is based on the Network for Greening the Financial System ("NGFS") climate scenarios. Conceptually, physical and transition risk can be thought of on two axes, whereby if you have aggressive change in policy soon, global temperatures are less likely to increase, leading to a scenario of lower physical risk.

Conversely, if you were to do nothing now and rely on current policy, there would be low transition risk (as no policy is changing) but face higher potential physical risks because of increase global mean temperatures. This is illustrated in the graphic below. Although the value is reported as a percentage of current company valuation, that forecast is not based on a specific time window. CVaR could instead be thought of as a way to model the potential maximum loss to a company's valuation due to climate change. This is a worst-case scenario estimate, so actual future returns or losses will likely be smaller.

Like ITR, this forward-looking metric is not without limitations. Both physical and transition risks have very long horizons and as with any predictions, introduce a level of uncertainty. This analysis is highly sensitive to its inputs and perhaps therefore it is easier to compare values with peer companies in the same sector to avoid something looking more 'drastic', which could be the case when compared against companies from a range of different sectors and sizes. We are continuing to engage with MSCI to better understand the tools and challenging some of the assumptions, as well as giving thought to how we may use the output.



Our decisions as professional investors can make a real difference. What we choose to include in portfolios decides the risks and opportunities we are exposed to, as well as determining the outcomes we can have some influence over.

As active owners of our investments, we can be agents for change – influencing the ways companies and fund managers manage their sustainability risks and opportunities, both those that are specific to their organisation and those that are systemic in nature.

If we can encourage companies to operate more sustainably, this will not only lead to better investment outcomes, but will also ultimately create more positive outcomes for society and the environment, as we believe these factors are all interconnected over the long-term.

This view applies to all direct investments we make in companies on a discretionary basis. We anticipate the nature of this work will be encouraging 'good to great' changes rather than responses to controversies, although we are also prepared to address the latter if they arise.

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

When managing investments for WMUK clients, climate-related risks are primarily managed though our asset level analysis.

One of our core investment beliefs is that sustainability is a fundamental investment issue that cannot be separated from economic investment factors. We embed sustainability factors into the investment process, across relevant asset classes and all client portfolios.

We believe in doing our own fundamental investment research and the depth and breadth of our research is one of our distinguishing features. We have a highly experienced investment team who – given our low staff turnover – have worked together for many years. Our Portfolio Managers and research analysts all have specific sector and regional market experience with most of their work being driven by our own in-house proprietary research.

Although the possible impacts of climate change are broad in nature, location and timeframe; our focus on building relatively concentrated portfolios of assets that we have extensively researched, means we can avoid entire industries if we felt the associated risks of investment were too high.

In certain cases, we have investment guidelines applying across Wealth and Asset Management and Five Arrows. For instance, we have guidelines that prohibit direct investments in new thermal coal capacity and requires us to engage with the operators of existing capacity to support an exit strategy in line with the international phase-out schedule.

Click here to view full details[2]

Where we believe an individual company's climate-related performance could be better, we will utilise our position as active and engaged shareholders to discuss this with them. During 2023, our Sustainability and Stewardship Team grew from two members to five, including the addition of a Stewardship Manager.

We can influence companies and how they behave through active ownership. Our research and monitoring mean we can identify areas of improvement for companies and use our long-term relationships with management teams to provide constructive feedback. Given the high-quality nature of the businesses we own, we are focused on getting our companies from 'good' to 'great'. We believe active ownership, through collaborative or direct engagement, is the most meaningful way in which we – as investors – can influence real world outcomes on behalf of our clients.

We publish an annual report of WMUK's key activities of this nature on our website here.

Sustainability and Stewardship Report 2023 (rothschildandco.com)

[2] Microsoft Word - C24-02-028_en_2021_randco_investment_guidelines_thermal_coal (rothschildandco.com)

[3] https://www.rothschildandco.com/siteassets/publications/rothschildandco/wealth_management/wmuk/rothschild-co-wealth-management-sustainability-and-stewardship-report-2023.pdf

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

Business level

Risk management supports the consistent and robust identification and management of risks within the appetite set by the Group Board.

The Group performs a SRA on an annual basis across all entities, including WMUK which provides senior management with an assessment of the risks to which the Group is exposed, and the measures being taken to control them. ESG concerns, including climate change, are considered sources of structural change that can affect economic activity and, in turn, the financial system. They are drivers of a number of the Group's material risks, in particular credit risk, operational risk, market risk and liquidity risk, and are considered as part of these risks.

Investment level

In addition to the asset level analysis conducted within our investment team, a process for evaluating sustainability risks is being embedded at Wealth and Asset Management division-level. The initial priority is identifying a minimum consistent set of performance indicators and minimum frequency of analysis, with each entity retaining the ability to add additional aspects based on business requirements.

For WMUK, this involves a bi-annual evaluation of the internally selected equity component of each of our investment strategies against an internally devised benchmark of global equities. This will be conducted by our Investment Risk and Oversight Committee. The performance indicators will include both current carbon emissions and forward-looking Climate Value at Risk and Implied Temperature Rise figures, amongst others. Given the limitations of such metrics, we are not intending to introduce binding criteria on these numbers, but the Committee will ask the investment team to explain any indicators where the portfolio performing below the benchmark.

4. Metrics and targets

4.1 Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

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

Climate-related risks and opportunities are monitored at different levels across WMUK and the Group.

At Group level, the carbon footprint of our operations is monitored alongside our energy consumption, use of materials and waste. Each have associated targets as disclosed below.

Within WMUK, we monitor the below in relation to our investments:

Internally selected equities

- Scope 1+2 emissions
- Scope 1+2 emissions five-year trend
- Scope 3 emissions
- Whether emissions are reported or estimates from our data provider
- Whether disclosures are aligned with TCFD recommendations
- Disclosures to CDP
- Carbon reduction targets
- SBTi commitment or approval
- Implied Temperature Rise
- Climate Value at Risk (Physical and transition risk using the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) 2°C disorderly transition scenario)

'Return assets' of core strategies – We aggregate our internally selected equities and the underlying holdings of our third-party managers to calculate the below:

- Carbon footprint (Scope 1+2)
- Weighted average carbon intensity (Scope 1+2)
- Percentage of the portfolio reporting carbon emissions
- Percentage of the portfolio with a carbon emissions reduction

Both data sets above are reviewed on a quarterly basis. For the internally selected equity data we utilise company reporting, CDP data and MSCI ESG Manager. For the analysis of the Return assets, we utilise MSCI ESG Manager.

Our implementation of EU Sustainable Finance Disclosure Regulations ("SFDR") has resulted in the following environmental metrics being monitored for all corporate exposure, whether equity or debt:

- Whether companies had carbon emissions reduction targets aligned with a global warming of 2°C or less
- Principle Adverse Indicator (PAI) 1 – GHG emissions
- PAI 2 – carbon footprint
- PAI 4 – exposure to companies active in the fossil fuel sector
- PAI 5 – share of non-renewable energy consumption and production
- PAI 6 – energy consumption intensity

As mentioned in the Risk Management section above, a process for evaluating sustainability risks is being embedded at WAM division level. This is likely to involve a subset of the metrics above being monitored for the most representative investment strategies from each entity, including WMUK.

4.1.2 DISCLOSE SCOPE 1, SCOPE 2 AND, IF APPROPRIATE, SCOPE 3 GREENHOUSE GAS (GHG) EMISSIONS AND THE RELATED RISKS.

GHG emissions related to our operations[1] – not considered a source of material climate-related financial risks

Operational scope 1, 2, 3 emission data is collected at office level, and consolidated and presented at the level of the Group.

For more detail on perimeter and methodology and targets to manage the Group's operational impact, please refer to the 2023 Rothschild & Co Sustainability Report.[4]

[4] https://www.rothschildandco.com/siteassets/publications/rothschildandco/group/2023/en_randco_sustainability_report_2023.pdf

GREENHOUSE GAS EMISSIONS IN tCO_2EQ[2] AS REPORTED			2021	2022	2023 (2022 EF FOR AIR TRAVEL)[3]	2023 (2023 EF FOR AIR TRAVEL)[4]
Direct emissions (Scope 1)	Natural gas		157.1	89.8	**261.3**	261.3
	Bioenergy		0.7	1.0	**1.2**	1.2
	Other fuel		55.7	48.3	**119.3**	119.3
	Company cars[5]		204.1	549.5	**628.8**	628.8
	Refrigerant gas loss/ other fugitive emissions[6]		3.6	11.1	**40.9**	40.9
TOTAL SCOPE 1			421.2	669.7	**1,051.5**	1,051.5
Indirect emissions (Scope 2)	Electricity consumption	Location-based	2,251.6	2,550.6	**2,614.6**	2,614.6
		Market-based	635.0	577.6	**604.8**	604.8
	Heat and steam consumption		284.7	307.3	**314.5**	314.5
	District cooling[7]		9.7	15.6	**23.0**	23.0
	Company cars (electric cars)[8]		1.0	2.1	**3.2**	3.2
TOTAL SCOPE 2		Location-based	2,547.0	2876.0	**2,955.2**	2,955.2
		Market-based	930.4	902.6	**945.4**	945.4
Scope 3 Category 6 – Business Travel	Business travel – Flights		2,391.8	10,633.7	**13,628.1**	**18,146.9**
	Business travel – Rail		51.9	148.8	**195.2**	195.2
	Business travel – Taxis		259.0	373.4	**711.4**	711.4
	Hotel stays		97.3	416.0	**327.6**	327.6
	Car rentals and reimbursed vehicle trips[9]		353.5	261.5	**217.8**	217.8
	SAF (Sustainable Aviation Fuels) purchases				**-1,012.3[10]**	-1,012.3[10]
GROSS TOTAL SCOPE 3 TRAVEL EMISSIONS (BEFORE SAF PURCHASE)			3,153.5	11,833.0	**15,080.0**	**15,080.0**
GROSS TOTAL SCOPE 3 TRAVEL EMISSIONS (AFTER SAF PURCHASE)			n/a	n/a	**14,067.7**	**18,586.5**
Scope 3 other categories Total emissions – Other	Materials (category 1)		94.0	136.9	**107.8**	107.8
	Recycling and disposal (category 5)		17.8	53.5	**52.4**	52.4
	Employee commuting[11] (category 7)		-	1,449.0	**1,670.0**	1,670.0
	Remote working[11] (category 7)		1,594.9	154.2	**157.8**	157.8
	Water supply (category 1)		5.3	5.7	**7.6**	7.6
	Water treatment (category 5)		9.7	12.0	**10.0**	10.0
	IT equipment and server use (category 1)	Location-based	1,528.6	1,578.0	**1,072.7**	1,072.7
		Market-based	1,531.2	1,578.0	**1,072.7**	1,072.7
	Electricity Transmission and Distribution Losses (category 3)	Location-based	179.6	215.5	**219.9**	219.9
		Market-based	179.6	215.5	**219.9**	219.9
	Upstream emissions (WTT)[12] (category 3)	Location-based	814.6	990.8	**1,079.8**	1,079.8
		Market-based	814.6	990.8	**1,079.8**	1,079.8
TOTAL OTHER SCOPE 3 EMISSIONS		Location-based	4,244.5	4,595.0	**4,377.9**	4,377.9
		Market-based	4,247.1	4,595.0	**4,377.9**	4,377.9
TOTAL SCOPE 3		Location-based	7,397.9	16,428.3	**18,445.6**	**22,964.4**
		Market-based	7,400.6	16,428.8	**18,445.6**	**22,964.4**
TOTAL SCOPES 1, 2 AND 3		Location-based	10,366.1	20,003.8	**22,452.3**	**26,971.1**
		Market-based	8,752.2	18,031.2	**20,442.5**	**24,961.3**
TOTAL EMISSIONS PER FTE[13]		Location-based[14]	2.8	4.9	**4.8**	**5.8**
		Market-based[14]	2.3	4.4	**4.4**	**5.4**

(1) Total emissions, including both collected and extrapolated data. In 2023, Rothschild & Co collected data for approximately 95% of the Group's FTE and estimated for the remaining 5%.

(2) Rothschild & Co's GHG emissions are calculated as tonnes of carbon dioxide equivalent (tCO2eq), a universal unit of measurement expressing the impact of each of the Kyoto GHGs in terms of the amount of CO2 that would create the same amount of warming. The Group calculates tCO2eq by multiplying its activity data by the UK BEIS approved conversion factors or other sources of emissions factors.

(3) Source: UK BEIS 2022 GHG emission factors. Please see methodology notes in Appendix on dual reporting approach related to the use of air travel emission factors in 2023.

(4) Source: UK BEIS 2023 GHG emission factors (applying pandemic load factors). Please see methodology notes in Appendix on dual reporting approach related to the use of air travel emission factors in 2023.

(5) "Company cars" category was renamed in 2022 to include both previously named "company-owned cars" and "company-leased cars" into one same category in Scope 1.

(6) "Refrigerant gas loss / other fugitive emissions" has been added since 2021.

(7) District cooling has been added to the reporting scope for the first time in 2021.

(8) Company cars (electric cars) has been added to the reporting scope for the first time in 2021.

(9) "Employee-owned cars" has been added to the reporting scope for the first time in 2021. This category was re-named "Car rentals and reimbursed vehicle trips" in 2022, to start including car rentals as well.

(10) Please see methodological notes on the calculation of GHG emissions reductions from SAF purchases in section 4.9.

(11) The methodology used for estimating emissions from employee commuting and remote working has changed in 2022. Instead of relying of an internal employee survey (to which response rates were limited), in 2022 average country- and city-level data on homeworking / commuting habits and distances (applied on FTE per country) was used, from the database Numbeo Traffic. This database uses surveys of people across the globe on their commuting habits and distances, including working from home habits – and provides estimates at country and town level. For the five big countries of operation, average remote working data and commute distances per person per day were assigned for each mode of transport (Car, Rail, Bus/Metro, Walking, Cycling, Motorbike, Tram). Emission factors are then assigned for each mode of transport and for remote working. This was then multiplied by the FTE for each of these countries and by the average number of working days per year. The data obtained was then extrapolated to the remaining part of the FTEs across the Group, to get a full account of GHG emissions related to employee commuting and homeworking.

(12) From 2023, WTT emissions include WTT from Scope 1 and Scope 2 activities only. Both the direct emissions and the WTT emissions from Scope 3 activities are reported within those individual categories.

(13) Full-time equivalent (FTE) data is provided from Workday per 31 December 2023 (Redburn Atlantic FTE as of 30 September 2023), with third party service providers or contractor employee headcount not captured. A ratio is applied to the total Group FTE headcount based on the offices included in the reporting scope. The result is used to calculate the impact per FTE (impact/FTE). Impact per FTE is used to normalise the total impact against headcount, and to identify true fluctuations across the three scopes on a per FTE basis.

(14) In line with best practice, the Group produces a "dual report", reporting both location- and market-based reporting instruments for scope 2. The locations-based methodology uses energy grid average emission factors in location specific geographies and over specific timeframes.

For methodologies and sources please refer to the Rothschild & Co Sustainability Report 2023 Rothschild & Co Sustainability Report 2023 (rothschildandco.com)

GHG emissions related to our investment activities

The figures in this section use MSCI data. Descriptions of the metrics and methodologies are an appendix to this report,

At the end of 2023, approximately 90% of our Assets under Management were invested on a discretionary basis.

Aggregated footprint metrics

		VALUE	COVERAGE
Financed Carbon Emissions tons CO_2e / £1M invested	Scope 1+2	66.8	44.6%
	Scope 3 – upstream	62.4	44.6%
	Scope 3 – downstream	47.8	44.6%
Total Financed Carbon Emissions tons CO_2e	Scope 1+2	52,340.9	44.6%
	Scope 3 – upstream	48,889.2	44.6%
	Scope 3 – downstream	37,463.9	44.6%
Financed Carbon Intensity tons CO_2e / £1m sales	Scope 1+2	319.3	44.6%
	Scope 3 – upstream	298.2	44.6%
	Scope 3 – downstream	228.5	44.6%

Weighted average carbon intensity

		VALUE	COVERAGE
Corporate constituents tons CO2e / £1m sales	Scope 1+2	306	47.1%
	Scope 3 – upstream	273	47.1%
	Scope 3 – downstream	359.9	47.1%
Sovereign constituents tons CO2e / £1m GDP	GHG intensity	217.8	13.1%

MSCI Climate VaR in 2°C NGFS Disorderly scenario

	VALUE	COVERAGE
Aggregate	-6.4%	
Transition – Policy risk	-5.1%	46.2%
Transition – Technology opportunities	0.0%	39.4%
Physical risk	-1.3%	46.2%

MSCI Implied Temperature Rise

	VALUE	COVERAGE
ITR	2.2°C	46.4%

Our allocations to cash and alternatives funds such as trend followers and tail risk strategies results in the low data coverage levels above and makes it more challenging to determine appropriate context for the figure. Therefore, below we present the equity component of our core strategies alongside an internally developed comparator. This comparator is comprised of the largest 2,000 free-float market-capitalisation-weighted global equities subject to a minimum market cap of USD5.5 billion and a free float of at least 50%, using Bloomberg data. The figures below also incorporate analysis of the underlying holdings within the third-party equity funds held, and as a result is representative of circa two thirds of a typical balanced risk client portfolio.

Carbon footprint

		NEW COURT		EXBURY		HALTON		*COMPARATOR*	
		VALUE	COVERAGE	VALUE	COVERAGE	VALUE	COVERAGE	*VALUE*	*COVERAGE*
Financed Carbon Emissions tons CO_2e / £1M invested	Scope 1+2	60.9	98.7%	22.0	96.6%	56.1	97.5%	*28.5*	*100.0%*
	Scope 3 – upstream	57.7	98.7%	48.7	96.6%	68.5	97.5%	*71.4*	*100.0%*
	Scope 3 – downstream	41.0	98.7%	50.8	96.6%	134.0	97.5%	*217.2*	*100.0%*

Weighted average carbon intensity

		NEW COURT		EXBURY		HALTON		*COMPARATOR*	
		VALUE	COVERAGE	VALUE	COVERAGE	VALUE	COVERAGE	*VALUE*	*COVERAGE*
Corporate constituents tons CO_2e / £1M sales	Scope 1+2	308.9	98.7%	147.2	96.6%	231.1	97.5%	*60.8*	*100.0%*
	Scope 3 – upstream	272.5	98.7%	236.5	96.6%	256.0	97.5%	*290.8*	*100.0%*
	Scope 3 – downstream	216.0	98.7%	261.2	96.6%	363.3	97.5%	*319.7*	*100.0%*

MSCI Climate VaR in 2°C NGFS Disorderly scenario

	NEW COURT		EXBURY		HALTON		*COMPARATOR*	
	VALUE	COVERAGE	VALUE	COVERAGE	VALUE	COVERAGE	*VALUE*	*COVERAGE*
Aggregate	-5.9%		-2.3%		-6.5%		*-5.4%*	
Transition – Policy risk	-4.9%	98.7%	-1.4%	96.6%	-5.3%	97.5%	*-3.5%*	*100.0%*
Transition – Technology opportunities	0.0%	84.2%	0.0%	89.7%	0.0%	83.6%	*0.1%*	*100.0%*
Physical risk	-1.0%	98.7%	-1.0%	96.6%	-1.2%	97.5%	*-2.0%*	*100.0%*

MSCI Implied Temperature Rise

	NEW COURT		EXBURY		HALTON		*COMPARATOR*	
	VALUE	COVERAGE	VALUE	COVERAGE	VALUE	COVERAGE	*VALUE*	*COVERAGE*
ITR	2.2°C	98.7%	2.1°C	96.6%	3.0°C	97.5%	*3.2°C*	*100.0%*

Definitions of the metrics are in the appendix.

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

Environmental targets for our Group operations

TOPIC	TARGETS	2023 PERFORMANCE
Greenhouse gas (GHG) emissions	Reduction of operational GHG emissions by 30% (2018-2030) More than 80% reduction of absolute Scope 1+2 emissions (2018-2030) Reduction of operational scope 3 emissions per FTE by 24% by 2030	▪ Decrease of total GHG emissions by 31%[1] (16%[2]) from baseline year, 43% for scope 1+2 emissions, 30%[1] (12%[2]) for scope 3 emissions ▪ In 2023, Scope 3 emissions have increased by 12%[1] compared to FY 2022 (40%[2]). This is due to the rebound of business travel in a post-pandemic context, overall decarbonisation trajectory since 2018 is still in line with 2030 targets
Compensation	Compensation credit portfolio covered 100% by carbon removal solutions by 2030	In 2023, 39% of the compensation portfolio is from credits generated by carbon removal projects, compared to 33% in 2022.
Energy consumption	10% reduction in energy consumption in offices per FTE by 2025	10% reduction in energy consumption per FTE in 2023, reflective of reduction and energy efficiency efforts across offices
	100% electricity from Renewable Energy sources by 2025	91% of electricity (MWh) sourced from renewable sources in 2023
Use of materials	25% reduction in paper use per FTE by 2025	Decrease of total paper use per FTE by 68% from the baseline year[3], exceeding the -25% target
	All printing paper from sustainable sources	69% of printing paper from sustainable sources in 2023 (due to purchasing orders required to fulfil different business needs).
Waste	Group recycling rate of 80% by 2025	45% of material disposed was recycled, compared to 47% in 2022
	Zero waste to landfil by 2030	While efforts still need to be made to reduce waste, landfilled waste was reduced by 35% compared to 2018

* Extrapolated data
[1] Source UK BEIS 2023 GHG emission factors. Please see textbox below and methodology notes in Appendix
[2] Source UK BEIS 2023 GHG emission factors (applying pandemic load factors). Please see textbox below and methodology notes in Appendix
[3] 2018 baseline number accounts for all materials use. It is assumed paper consumptions accounted for approximately 90% of total materials use at that time

Ambitions in relation to our investing activities in WMUK

Setting climate-related targets for our investment portfolios is complex due to their multi-asset class nature and their mix of internally selected securities and third-party funds. We are also of the view that activities in pursuit of real-world emission reductions are more impactful than the more straightforward optimisation of portfolio emissions.

To-date our primary focus has been on our internally selected equity holdings. This is where we have the most control over the companies we are exposed to and the greatest ability to influence them through active ownership. Here we have outlined an expectation that all companies should report on their environmental impact and have an appropriate emission reduction strategy. We have seen meaningful progress on this in recent years and continue to engage with the few companies lacking these important strategies.

Climate-related risks and opportunities are also factored into our selection and monitoring of external managers. As of the end of 2023, four of the twelve active equity managers used across our offerings were signatories of the Net Zero Asset Managers initiative, with the majority of those who were not signatories being smaller boutiques with specific regional focus.

Furthermore, within our Exbury strategy we have an additional focus on investing in assets contributing to the transition to a lower carbon world. We call these 'Enablers'.

Our ambition is to maximise the allocation to Enablers with the strategy, with all other relevant holdings demonstrating other sustainability related characteristics. Relevant holdings excludes cash, sovereign and supranational bonds, and derivative based holdings.

Carbon emissions disclosures and targets

Directly held equities, as at 31 December 2023

Company	Total emissions (Scope 1+2)	Disclose carbon emissions?	Disclose to CDP?[1]	Report in line with TCFD[2]	Has reduction target?	Net zero target	Reduction interim target?	Interim target year	Target reduction %	SBTi commitment or approval[3]
Admiral	3,047	Yes	Yes	✓	✓	2040	✓	2030	50	×
American Express	116,156	Yes	Yes	✓	✓	2035	×			✓
Ashtead	329,820	Yes	Yes	✓	×		✓	2030	35	×
Berkshire Hathaway[4]	75,492,236	No	No	×	×		×			×
Booking Holdings	5,045	Yes	Yes	×	✓	2040	✓	2030	95	✓
Cable One	28,492	No	No	×	×		×			×
Charter Communication	1,632,176	Yes	No	✓	✓	2035	×			×
Comcast	2,071,035	Yes	Yes	✓	✓	2035	✓	2030	50	✓
Constellation Software	40,112	No	No	×	×		×			×
CPKC	3,050,198	Yes	Yes	✓	✓	2050	✓	2030	37	✓
Deere[5]	1,081,400	Yes	Yes	✓	✓		✓	2030	50	✓
Eurofins[6]	202,387	Yes	Yes	✓	✓	2025	×			×
Linde	37,716,000	Yes	Yes	✓	✓	2050	✓	2035	35	✓
Mastercard	56,002	Yes	Yes	✓	✓	2040	✓	2025	38	✓
Microsoft	5,520,663	Yes	Yes	✓	✓	2030	×			✓
Moody's	8,506	Yes	Yes	✓	✓	2050	✓	2030	50	✓
Ryanair	14,269,535	Yes	Yes	✓	✓	2050	✓	2030	10	✓
S&P Global	26,503	Yes	Yes	✓	✓	2050	✓	2025	25	✓

Changes since last quarter in red

Source: Rothschild & Co, MSCI ESG Manager, company data

[1] CDP: the Carbon Disclosure Project, a central body that systematically looks at a company's carbon disclosures thus indicating a certain level of reliability of said emissions disclosure.

[2] TCFD: The Task Force on Climate-Related Financial Disclosures, created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

[3] SBTi: The Science Based Targets Initiative defines and promotes best practice in defining emissions reductions and net zero targets in line with climate science. An SBTi approved target indicates a level of scrutiny of a company's targets.

Whilst Berkshire Hathaway (BH) has no interim target at the overall Group level, two of its subsidiaries accounting for 90% of overall carbon emissions, BNSF Railway and BH Energy, have targets to reduce GHG emissions by 46% by 2030.

We are classifying Deere as having a net zero target, which we believe is implicit through its commitment to the SBTi. We will monitor the company's progress on target setting.

Eurofins partially discloses to the CDP and has internal look-through on the majority of the emissions profile of the business. This internal look-through has informed the setting of the company's carbon neutrality target. Eurofins partially reports in line with TCFD in their annual ESG report.

The above holdings illustrate investments made within the portfolio at the discretion of Rothschild & Co Wealth Management UK Limited. They are not shown as a solicitation, recommendation or promotion of any security or fund on a standalone basis. Holdings are subject to change without notice.

Appendix

Climate metric definitions

Footprint metrics on Investor Allocation Definitions

EVIC: Enterprise Value Including Cash	Enterprise Value Including Cash (EVIC) is an alternate measure to Enterprise Value (EV) to estimate the value of a company by adding back cask equivalent to Ev. *EVIS = Market capitalization at fiscal year-end date + preferred stock + minority interest + total debt + cash and cash equivalents* The underlying data used for EVIC calculation is sourced from a companys' accounting year-end annual filings. EVIC is updated and reflected once a year as the data is sourced annually.
Financed Carbon Emission tons CO2e / GBP M invested	Allocated emissions to all financiers (EVIC) normalised by $m invested. Measures the carbon emssions, for which an investor is responsible, per GBP million invested, by their equiry ownership. Emissions are apportioned based on equity ownership (% market capitalization). $\dfrac{\sum_n^i \left(\dfrac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \text{ x issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (\$M)}}$
Total Financed Carbon Emissions tons C02	Allocated emissions to all financiers (EVIC). Measures the total carbon emissions for which an investor is responsible by their equiry ownership. Emissions are apportioned based on equity ownership (% market capitalization). $\sum_n^i \left(\dfrac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \text{ x issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$
Financed Carbon Intensity tons CO2e / GBP M sales	Allocated emissions per allocated sales. Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalization). $\dfrac{\sum_n^i \left(\dfrac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \text{ x issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\sum_n^i \left(\dfrac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \text{ x issuer's \$M revenue}_i \right)}$

Weighted Average Carbon Intensity Definitions

Corporate constituents tons CO2e / GBP M sales	Measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies Carbon Intensity (emissions/sales) $\sum_n^i \left(\dfrac{\text{current value of investment}_i}{\text{current portfolio value}} \text{ X } \dfrac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$
Sovereign constituents tons CO2e / GDP M nominal	Measures a portfolio's exposure to carbon-intensive economies, defined as the portfolio weighted average of sovereigns GHG Intensity (emissions/GDP) $\sum_n^i \left(\dfrac{\text{current value of investment}_i}{\text{current portfolio value}} \text{ X } \dfrac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{sovereign issuer's \$M GDP}_i} \right)$

Source: MSCI ESG Manager

MSCI IMPLIED TEMPERATURE RISE

The Implied Temperature Rise (ITR) metric provides an indication of how well public companies align with global temperature goals. Expressed in degrees Celsius, it is an intuitive, forward-looking metric that shows how a company aligns with the ambitions of the Paris Agreement — which is to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

The portfolio-level Implied Temperature Rise uses an aggregated budget approach: it compares the sum of "owned" projected GHG emissions against the sum of "owned" carbon budgets for the underlying fund holdings. The portfolio's total estimated carbon budget over- /undershoot is then converted to a degree of temperature rise (°C) using science based TCRE (Transient Climate Response to Cumulative Emissions). The allocation base used to define ownership is Enterprise Value including Cash (EVIC) in order to enable the analysis of equity and corporate bond portfolios.

MSCI CLIMATE VALUE-AT-RISK

MSCI ESG Research's Climate VaR financial metric helps investors to better assess potential future costs and/or profits relating to their portfolio's exposure to future climate change impacts. MSCI ESG Research supports clients when they want to understand company and portfolio wide risk exposure, and what that might mean towards the current valuation of security holdings. Climate VaR provides a stressed market valuation of a security in relation to aggregated transition and physical cost and profit projections until the end of the century.

Important information

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