# Environmental impact report 2020

Rathbone Brothers Plc

Rathbones
Look forward

# About this report

This environmental impact report has been prepared by Rathbones in association with Avieco. It provides a detailed account of our carbon footprint arising from all operations. It was compiled following interviews with key Rathbones personnel, a review of internal and external documentation and analysis of source data, including a comparison against previous years' data.

We provide a comprehensive breakdown of our total carbon emissions arising from all activities 'in scope' in 2020 as well as comparative analysis of our performance in relation to previous years, dating back to our baseline year of 2013.

All data collected and analysed within this report has followed the World Resources Institute (WRI) GHG Protocol principles of relevance, completeness, consistency, transparency and accuracy.

We hope that you find this report useful.

## Contents

# Our environmental impact

## Our approach

The world's response to COVID-19 only served to underscore the impact that can be had if people, nations and businesses work together. Despite the inevitable postponement of COP26, 2020 did not see a decrease in effort towards slowing and reversing the climate crisis. Businesses came together to call on the UK Government to drive a green recovery. Recognising the part Rathbones can play in the transition to a net zero economy, we have continued to track and reduce our operational footprint and are working to understand the impact of climate change on our investment portfolios. This report includes our continued commitment to climate disclosure at Rathbones, key insights from our operational footprint as well as a look forward to next steps regarding our approach to taking responsibility for our environmental impact.

## Total emissions

1,123 $tCO_2e$

-46%
Vs 2019

-76%
Vs baseline

"In 2020 our carbon footprint decreased by 46% with total emissions down to 1,123 $tCO_2e$."

# Highlights from 2020

**Rathbones continued to reduce our environmental impact delivering several key initiatives.**

- Reduction in both absolute annual emissions from our operational footprint by 46% and emissions intensity ($tCO_2e$/FUM £bn) by 51%
- Increased procurement of renewable energy at our offices resulted in ~486 $tCO_2e$ of avoided emissions reflected in our market-based emissions breakdown
- Improved our score to a B in CDP and expanded our climate disclosure in line with the recommendations for the Task Force for Climate-related Financial Disclosure (TCFD)
- We are evaluating the environmental impact in our wider supply chain and across our investment portfolios

**20.5 $tCO_2e$**
Carbon intensity ($tCO_2e$/FUMA £bn)

## Climate disclosure

As a business we continued to support CDP (formerly the Carbon Disclosure Project), both as an investor and as a responding business. With CDP's move to align its framework to the Task Force on Climate-related Financial Disclosures (TCFD), additional financial services questions were introduced in 2020. Our score of B reflected our willingness to respond to this new methodology and we are confident that delivering on a number of existing projects, such as the setting of targets and integration of ESG factors into the decision-making for our investment portfolios, will continue to improve our score. We support the work of the TCFD and in 2020 produced our first response in alignment with its recommendations (see pages 70-74 in annual report). Allied to the work being undertaken by our business to integrate environmental, social and governance data into our investment decisions and engagement process (see page 57-58 annual report) we have created a cross-functional team to oversee our approach. The responsible business committee has oversight of both our responsible investment programme and our environmental programme and supports their interaction as well as approving our TCFD, PRI and CDP disclosures.

**CDP score**

**B**
(2019: B-)

## Key energy efficiency initiatives

Given the challenges faced throughout 2020, we are pleased that we were able to accelerate several important initiatives, reflecting our continued commitment to reducing our environmental impact. In 2019, we initiated a review and upgrade of desktop IT and, due to the prolonged period of time for which our employees were remote working, this programme was completed early. Following discussions in an environmental focus group, we gathered suggestions for further improvements, such as updated waste management systems and a reduction in printed material, which we will look to implement in the near future.

In 2020 we confirmed that our London and Liverpool offices were covered with green utility contracts and although not an owner-occupier at any of our sites, we will collaborate with other tenants and our building management firms on the sourcing of green energy for our other sites. The measurement of our data was also increased in 2019 to quarterly and is now reported to the responsible business committee twice a year. This regular oversight has allowed the management team to monitor the impact of COVID-19 and focus capital investment where required.

# Carbon offsetting programme

Whilst our footprint has evidently reduced this year, we recognise that this level is unlikely to be sustained. Our commitment to reducing our footprinting our operations in parallel with offsetting of our residual emissions remains and we purchased and retired 1,171 tonnes of $CO_2e$ credits in 2020 to compensate for our 2020 residual emissions and the additional emissions from our restatement of 2019 scope 3. Having reviewed our approach to offsetting we are furthering our partnership with ClimateCare to identify high-impact projects which reduce carbon emissions and enable community development. Each of these exciting projects was selected in line with our support of the UN's Sustainable Development Goals and is certified by internationally accredited bodies. As we set long-term targets we will continue to assess the role of offsetting, including the source of our credits. To find out about our 2020 offsetting projects please visit our website.

# The impact of our investments

As a provider of investment and wealth management services we recognise the need to improve our understanding of the climate related risks which will impact our clients' investment portfolios, as this is the material proportion of our footprint. In 2020, a cross-functional team from our investment, risk, stewardship, research and responsibility divisions collaborated to expand our understanding of the impact of climate on our investments. Whilst we currently footprint our specialist funds and those offered through Rathbone Greenbank Investments, 2021 will see us expand our current portfolio footprinting to cover more of our core offerings. The introduction of our climate statement formalised our commitment to engaging with investee companies on their approach to climate change and the associated risks and opportunities that face them as we transition to a zero-carbon economy.

## Carbon footprinting the Greenbank portfolio

The transition to the low-carbon economy has already begun: aligning a portfolio to both support and benefit from this transition should help to insulate it from medium- and long-term risks and position it to capitalise on long-term opportunities. In order to limit warming to 1.5°C above pre-industrial levels, global carbon emissions will need to fall dramatically by 2030 and achieve net zero by 2050. At Greenbank, the team works with clients to provide practical ways to align to a 1.5°C pathway:

- assess the exposure of investment portfolio holdings to climate risk
- reduce the exposure to industries whose activities are misaligned with a low-carbon pathway
- increase exposure to 'climate-sustainable assets'
- engage with companies and policy-makers to encourage actions consistent with a low-carbon transition.

Each year, Greenbank confirms its commitment to the Montreal Pledge by publishing a footprint of the equity holdings within the investment portfolios it manages.

# Our operational footprint

> In 2020, our carbon footprint reduced by 46.3% with total emissions of 1,123 $tCO_2e$ (2019: 2,091 $tCO_2e$). Our total funds under management increased by 8.6% to £54.7 billion, however our emissions intensity ($tCO_2e$/£bn FUMA) has decreased by 50.6%.

**Electricity and gas consumption**

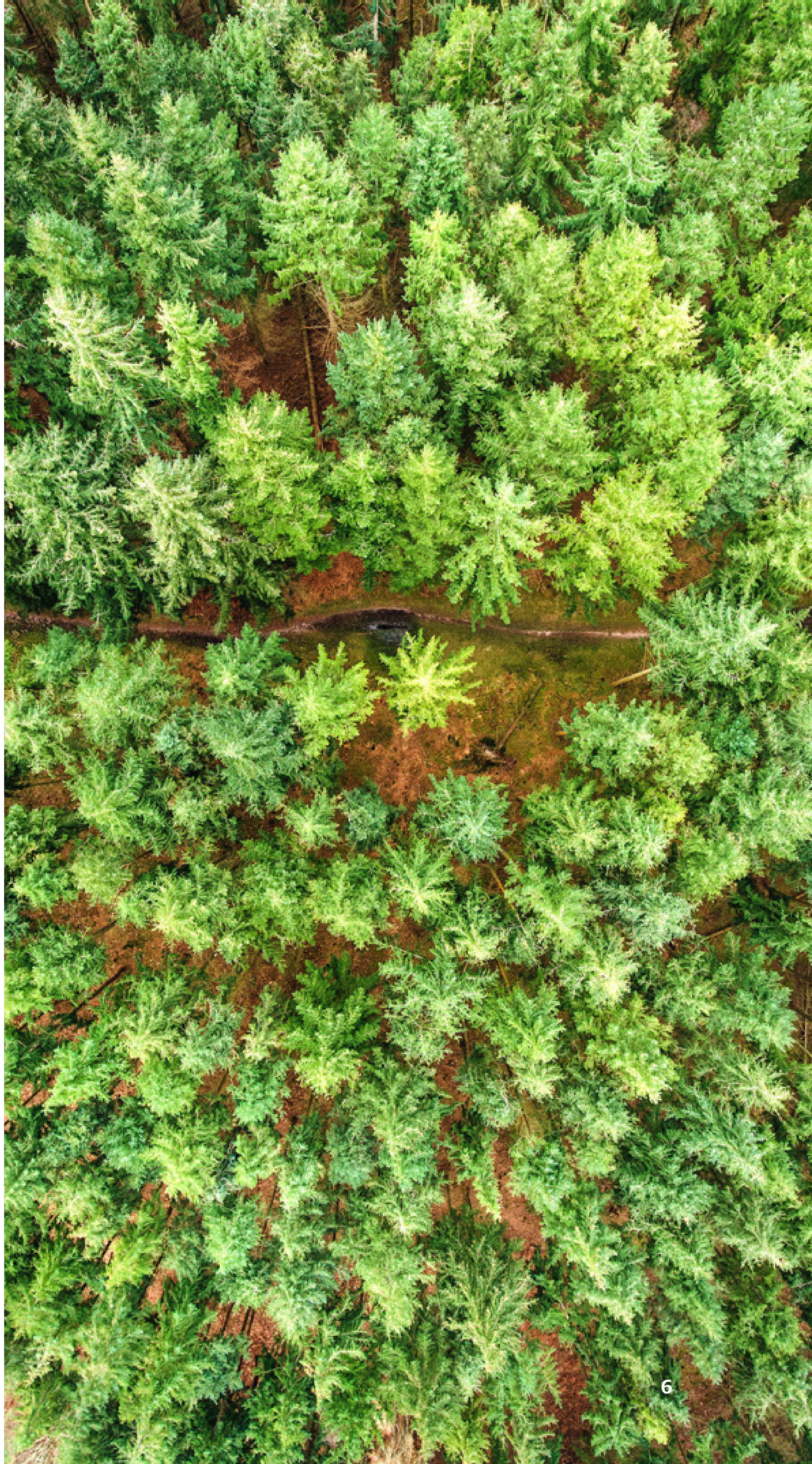
3.03 MWh

-30%
Vs 2019 (4.32 MWh)

**Location-based emissions due to buildings energy**

653 $tCO_2e$

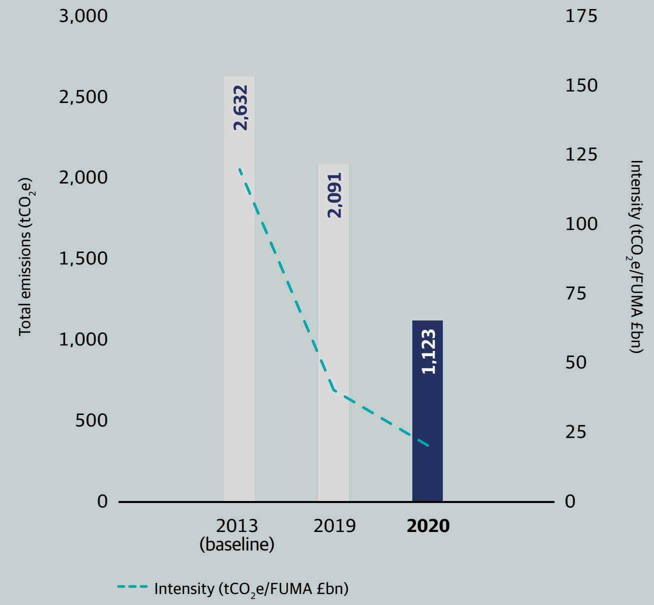
-33%
Vs. 2019 (979 $tCO_2e$)



There are a number of different ways we can report our carbon intensity. In the table opposite we share three different methodologies.

Under normal circumstances energy from our built estate accounts for nearly half of our annual emissions. This increased to over 60% of our operational footprint in 2020. Given the proportion of the year in which our employees were based remotely, this year's footprint has evidently been impacted by COVID-19. Much of our workforce has been based at home since March. Offices were made COVID-safe, which not only meant reducing capacity and creating one-way systems but also ensuring safe ventilation. At some sites this could be done by simply opening windows; however, at our larger offices, it required the running of air circulation systems to ensure fresh air was pulled into the building rather than recirculated. All emission categories, business travel, water and waste were also reduced as we moved systems online and continued to operate remotely.

## Total emissions ($tCO_2e$)




| Intensity metric | 2013 | 2019 | 2020 |
|---|---|---|---|
| Carbon intensity ($tCO_2e$/FUMA £bn) | 129.1 | 41.5 | **20.5** |
| Carbon intensity ($tCO_2e$/£m operating income) | 14.92 | 6.01 | **3.07** |
| Carbon intensity ($tCO_2e$/FTE) | 3.4 | 1.38 | **0.71** |

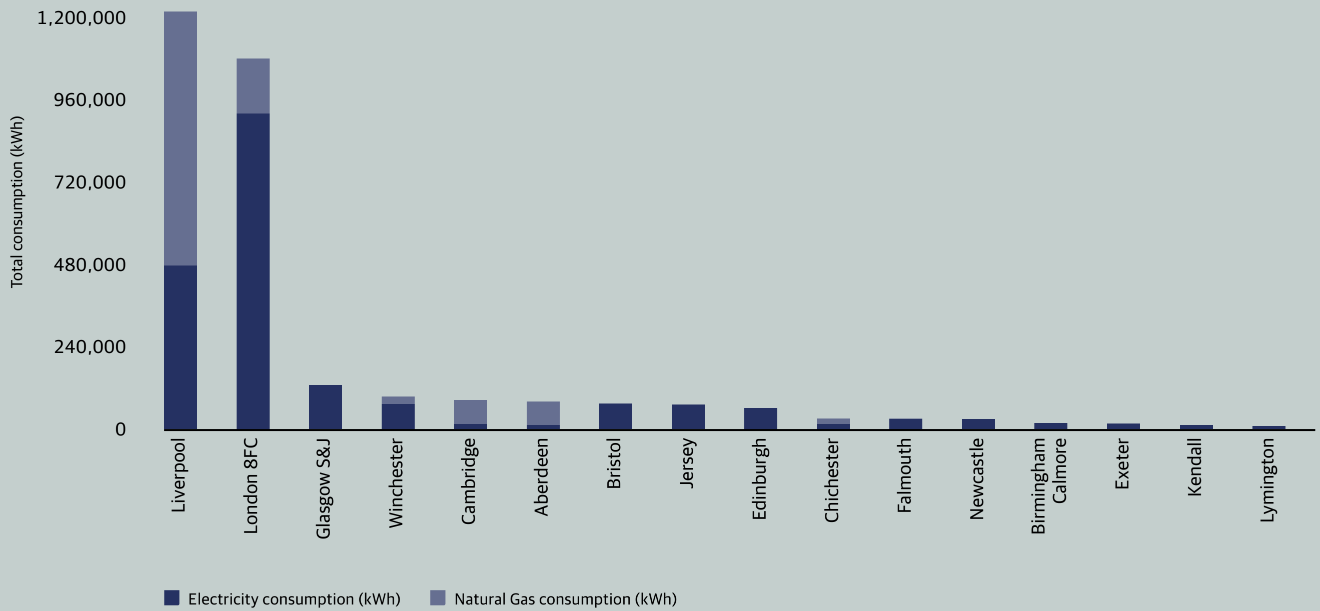
## 2020 emissions breakdown by source


| | |
|---|---|
| Energy | **692** |
| Travel | **259** |
| Other | **172** |

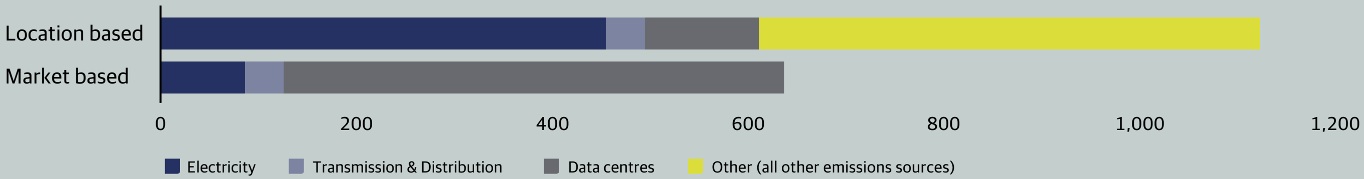
Energy usage including electricity and gas consumed in our offices accounts for the majority of our carbon footprint and is a driving factor behind our continued focus to reduce our energy consumption where possible. In 2020 energy accounted for over 60% of our total emissions. This was despite a significant decrease in energy consumption to 3.0 million kWh (down from 5.4 million kWh in 2019). This was largely due to the reduction in occupancy in our offices due to the pandemic. Our Liverpool and London offices account for over 75% of our energy consumption.

Due to increased efforts to reduce our consumption and our emissions Rathbones have increased the portion of renewable energy procured at our offices resulting in ~486 $tCO_2e$ of avoided emissions reflected in our market-based emissions breakdown opposite.

## Energy consumption (kWh) by site




## Emissions breakdown



# Travel

## Total distance

2 million km

-64%
Vs 2019

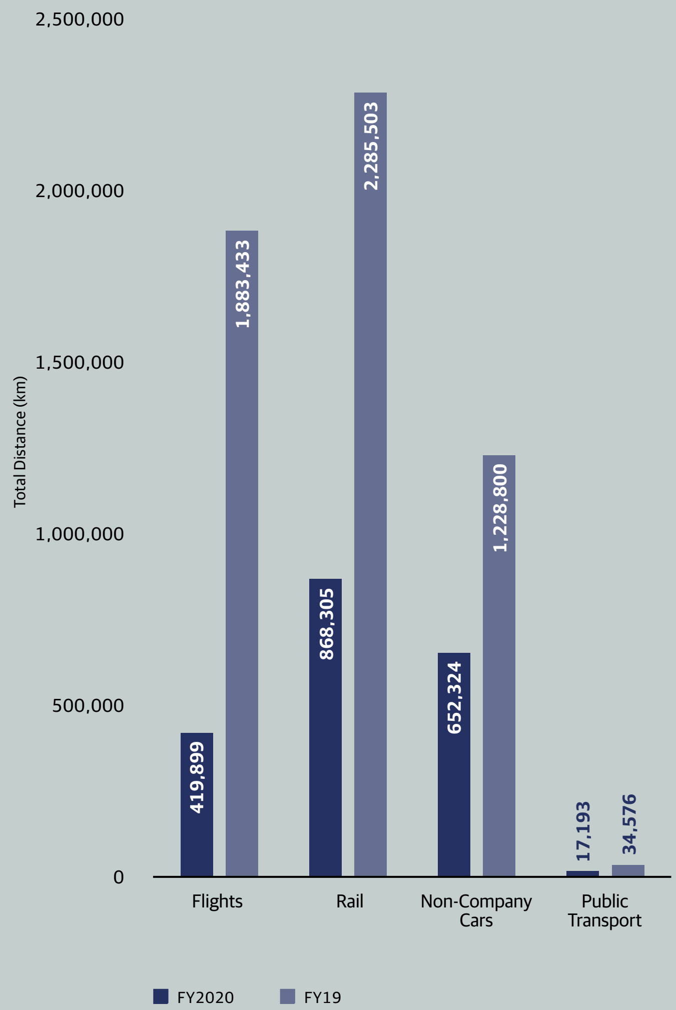
## Location-based emissions due to travel

259 $tCO_2e$

+69%
Vs. 2019

Business travel accounts for 23% of our total emissions (down from 40% of total emissions in 2019). Due to COVID-19, various travel restrictions as well as many of our employees working from home and making use of virtual technologies for meetings, the total distance travelled in 2020 was down 64% vs 2019 to 2.0 million km (down from 5.4 million km in 2019). This was driven significantly by a decrease in all aspects of business travel. Flights, rail, employee expensed mileage, public transport all saw decreases in distances of over 50%.

### Total distance by business travel type (km)



# Emissions breakdown: other

**Total paper purchased**

57 tonnes
(2019: 92 tonnes)

**Total waste**

189 tonnes
(2019: 342 tonnes)

**Energy consumed by data centres**

463,879 kWh
(2019: 522 kWh)

**Location-based emissions from other building activities**

172 $tCO_2e$
(2019: 229 $tCO_2e$)

In line with reduced capabilities at our offices and more of our employees therefore working from home, there were associated reductions in other emission categories including, waste production and paper purchased.

## Paper

Total paper purchased in 2020 was 57 tonnes (decrease of 38% from 2019) due to the increased use of technology and a large portion of our employees working from home. On returning to offices we will look to continue to evaluate and prioritise methods to reduce our paper consumption and take the lessons learnt from working online.

## Waste

Waste consumption has decreased by 45% to 189 tonnes (from 342 tonnes in 2019). This again, largely linked to reduced occupancy in our offices. Our waste protocol implemented in 2015 has continued to improve the granularity of the data available from our London and Liverpool offices, which produce the majority of our waste.

## Data centres

Emissions from energy consumed by our data centres continues to decrease with decarbonisation of the UK grid, falling by 13% vs 2019 to 117 $tCO_2e$.

## Refrigerants

This is the eighth year of reporting on refrigerants and we are pleased to report zero fugitive emissions from refrigerants in 2020 with no reported system top-ups required following our regular maintenance activities.

# Compliance with regulations

We continue to meet the greenhouse gas (GHG) emissions reporting requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 and our obligations under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have prepared this report in accordance with the requirements for quoted companies under these regulations by including our specific energy usage and energy-efficiency initiatives and have split out our global and UK emissions. Rathbones continues to report all material GHG emissions across our direct operations. The methodology used to compile this disclosure is in accordance with Defra's, Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019), and the World Resources Institute Greenhouse Gas (WRI GHG) Protocol Corporate Standard. Rathbones uses an operational control approach and has included GHG emissions arising from business activities in the reporting year 1 January 2020 to 31 December 2020.

It has not been practical to gather data on energy use at our Lymington office and we have used typical energy consumption benchmarks to calculate the energy use at this site based on floor area.

## Carbon footprint by scope ($tCO_2e$)

Rathbones' reporting period for greenhouse gas emissions is 1 January to 31 December 2020, aligned to our financial year.

| Location-based emissions ($tco_2e$)[1] | 2013 (baseline) | 2019 | 2020 | % change (vs. 2019) |
|---|---|---|---|---|
| **Scope 1** | 306 | 322 | **198** | -39% |
| UK-based[2] scope 1 emissions | 306 | 322 | **198** | -39% |
| Global[2] scope 1 emissions | – | – | **–** | – |
| Natural gas | 276 | 322 | **198** | -39% |
| Refrigerants | 30 | – | **–** | – |
| Company cars | 0 | – | **–** | – |
| **Scope 2** | 1,424 | 657 | **455** | -31% |
| UK-based[2] scope 2 emissions | 1,401 | 638 | **437** | -32% |
| Global[2] scope 2 emissions | 23 | 19 | **18** | -5% |
| Purchased electricity | 1,424 | 657 | **455** | -31% |
| **Scope 3** | 902 | 1,112 | **470** | -58% |
| Business travel | 496 | 827 | **259** | -69% |
| Data centres[3] | 150 | 135 | **117** | -13% |
| Paper | 117 | 87 | **51** | -41% |
| Waste | 9 | 7 | **4** | -43% |
| Electricity transmission and distribution[4] | 130 | 56 | **39** | -30% |
| **Total location-based[5]** | 2,632 | 2,091 | **1,123** | -46% |
| UK emissions | 2,609 | 2,072 | **1,105** | -47% |
| Global emissions (excl. UK) | 23 | 19 | **18** | -5% |
| **Total energy consumption (kWh)[6]** | 4,748,931 | 4,320,690 | **3,494,079** | -19% |
| UK consumption (kWh) | 4,678,559 | 4,247,556 | **3,423,288** | -19% |
| Global consumption (excl. UK) (kWh) | 70,372 | 73,134 | **70,791** | -3% |
| **Intensity ratio** | | | | |
| FUMA (£bn) | 22.0 | 50.4 | **54.7** | +9% |
| Emissions intensity ($tCO_2e$/FUMA £bn) | 120 | 41.5 | **20.5** | -51% |

1. In accordance with best practice introduced in 2015, we report two numbers to reflect emissions from electricity. Location-based emissions are based on average emissions intensity of the UK grid and market-based emissions to reflect emissions from our specific suppliers and tariffs. Total market-based emissions from 2020 are 637 $tCO_2e$ (2019: 2,553[5])
2. Under SECR regulation we are required to split our global and UK emissions. Our global emissions (excl. UK) and global consumption (excl. UK) reflect electricity emissions and consumption (respectively) from our Jersey office. It is not possible to split out travel and allocate to our Jersey office at this stage
3. Data centre emissions are reported as Scope 3, as per the WRI GHG Protocol
4. Electricity transmission and distribution (T&D) reflects emissions from line losses associated with electricity transmission and distribution
5. Total emissions reported in 2019 has been restated from 2,043 to 2,091 $tCO_2e$ due to a processing error of electricity T&D which was previously reported as 8 instead of 56 $tCO_2e$
6. Total energy consumption (kWh) of our Scope 1 and Scope 2 emissions (electricity and natural gas)

# Avieco opinion statement

This statement provides Rathbones and its stakeholders with a third-party assessment of the quality and reliability of Rathbones' carbon footprint data for the reporting period 1 January 2020 to 31 December 2020. It does not represent an independent third-party assurance of Rathbones' management approach to sustainability.

Avieco has been commissioned by Rathbones for the twelfth consecutive year to calculate Rathbones' carbon footprint for all offices in its 2020 annual report. Through this engagement, Avieco has assured Rathbones that the reported carbon footprint is representative of the business and that the data presented is credible and compliant with the appropriate standards and industry practices. Data has been collected and calculated following Defra's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' and the WRI GHG Protocol Corporate Standard principles of relevance, completeness, consistency, transparency and accuracy. Avieco's work has included interviews with key Rathbones personnel, a review of internal and external documentation and interrogation of source data and data collection systems, including comparison with the previous years' data. Avieco has concluded the following:

## Relevance

We have ensured the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users, both internal and external to the company.

## Completeness

Rathbones continues to use the operational control approach to define its organisational boundary. Rathbones calculates total direct Scope 1, 2 and major Scope 3 emissions. Reported environmental data covers all employees and all entities that meet the criteria of being subject to control or significant influence of the reporting organisation.

## Consistency

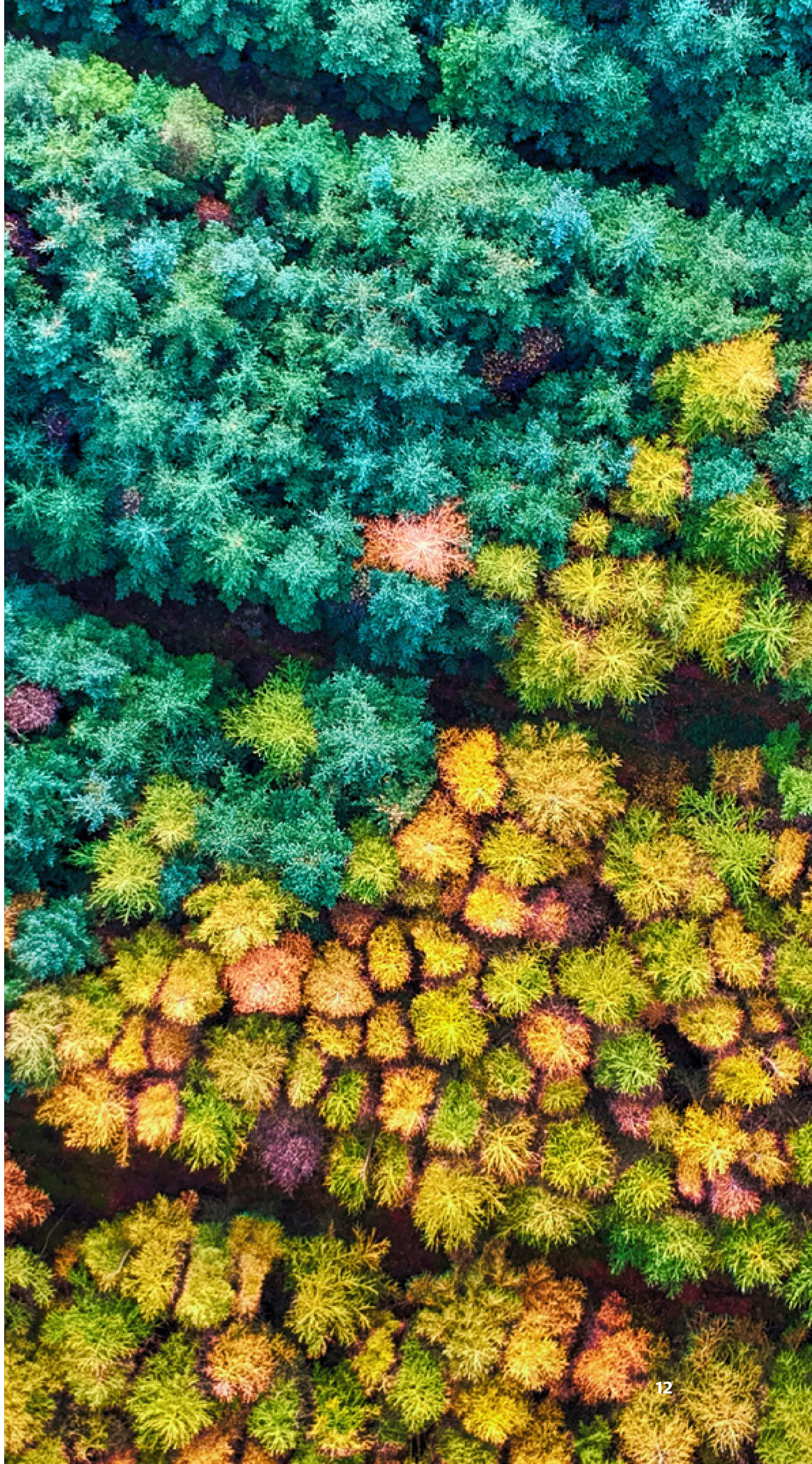
To ensure comparability, we have used the same calculation methodologies and assumptions as for the previous year, or stated any updates made across all years.

## Transparency

Where relevant, we have included appropriate references to the accounting and calculation methodologies, assumptions and recalculations performed.

## Accuracy

To our knowledge, data is considered accurate within the limits of the quality and completeness of the data provided.



# Looking forward

With the delayed climate talks in Glasgow now in 2021, and the strengthening commitment from government and regulators supporting the transition to a low-carbon economy, and the UK's aim to achieve net zero by 2050, the need for business to understand and act with regard to our climate impact will only grow. Aligning work across our operations and investments will help us play our part in the economy's transition. The focus of our environmental programme in 2021 will be:

- investigating our net zero transition pathway, including understanding the impact of climate on our investment portfolios
- setting targets across our operational footprint
- transitioning our offices to green energy
- expanding our external disclosures for example TCFD and CDP.

## Contact us

For further information see our Annual Report at www.rathbones.com/investor-relations/results-and-presentations

We welcome and any feedback or questions about our responsible business activities. If you would like to contact us please e-mail responsiblebusiness@rathbones.com.

Rathbones
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Rathbone Brothers Plc
8 Finsbury Circus, London, EC2M 7AZ

+44 (0)20 7399 0000
rathbones.com