Rathbone Brothers Plc

Environmental impact report 2018

Rathbones
Look forward

About this report

This environmental impact report has been prepared by Rathbones in association with Carbon Smart. 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 2018 (see pages 2 and 8) 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.

Environmental impacts

Rathbones has been reporting its environmental impacts since 2007. As a responsible investor, we aim to lead by example in our approach to environmental matters, striving to understand the environmental impacts of our business activities and, wherever possible, act to reduce them. Since 2017, we have produced internal reporting of environmental impacts and emissions on a quarterly basis in order to improve our ability to manage year on year performance.

Our 2018 carbon footprint

2,214 tCO_2e
total emissions

-13.4%
vs. 2017

-22.1%
vs. baseline

In 2018, we are pleased to report a 13.4% reduction in total emissions, primarily due to:

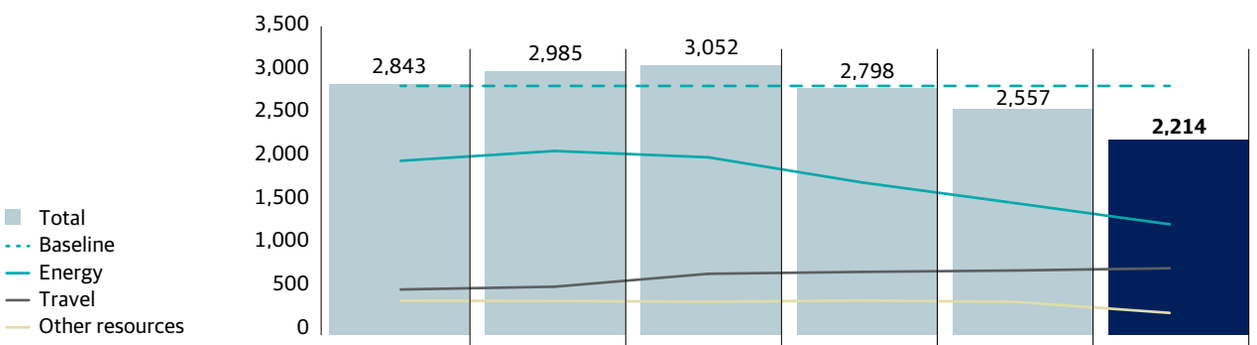
- reduced energy consumption across our offices, with our BREEAM excellent-rated head office in Finsbury Circus using almost 30% less energy than our previous Curzon Street location
- significantly-reduced emissions from paper consumption and waste
- the continued decarbonisation of UK electricity, where emissions intensity fell by 19.5%

As well as reducing overall emissions, we also reduced our emissions intensity by around 20% following continued growth in headcount, funds under management and operating income.

Scope

Our reporting period covers the 12 months from 1 January to 31 December 2018, with our baseline year set as 2013. We report on all relevant and material emissions sources across the group, primarily relating to buildings energy and resource consumption, as well as group business travel.

Total emissions (tCO_2e) since baseline year



Operational indicators	2013	2014	2015	2016	2017	**2018**	Vs. 2017
FTE	829	867	965	1,045	1,227	**1,329**	+8.3%
FUM (£bn)	22.0	27.2	29.2	33.2	39.1	**44.1**	+12.8%
Operating income (£m)	176.4	209.3	230.1	243.8	291.6	**312.0**	+7.0%
Carbon intensity							
tCO_2e per FTE	3.43	3.44	3.16	2.68	2.08	**1.67**	-19.7%
tCO_2e per FUM (£bn)	129.12	109.75	104.51	84.27	65.40	**50.21**	-23.2%
tCO_2e per £m revenue	16.12	14.26	13.26	11.48	8.77	**7.10**	-19.0%

Location-based and market-based emissions

Our 2017 carbon footprint

2,214 tCO_2e
location-based emissions

2,377 tCO_2e
market-based emissions

+7.3%
difference

In line with established best practice, since 2015 we have reported two emissions totals:

- a **'location-based'** figure that reflects the average emissions intensity of the UK national grid
- an alternative, **'market-based'** figure that reflects the emissions intensities of Rathbones' electricity suppliers and tariffs.

For sites where Rathbones have direct contracts with our electricity suppliers (Aberdeen, Chichester, Kendal, Newcastle and Winchester), we are pleased to report a 46% reduction in our market-based electricity emissions when compared to the location-based UK grid average.

At other sites, we are constrained in our ability to influence landlord electricity procurement choices, including in our largest offices in London and Liverpool. Consequently, market-based emissions for these sites have been calculated using the 'residual mix' factor. This is more carbon intensive than the national grid average since it excludes renewables supply that has been accounted for by other organisations. Our total market-based emissions are therefore 7.3% higher than our reported location-based emissions.

We are continuing to engage with our landlords to encourage a move to tariffs that contain a greater proportion of renewable energy. We therefore hope to benefit from a reduction in our market-based carbon footprint in future years.

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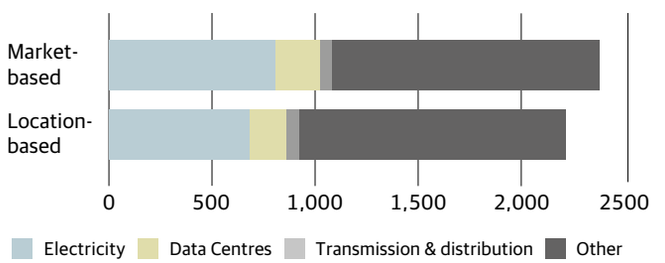
Location- and market-based emissions (tCO_2e)



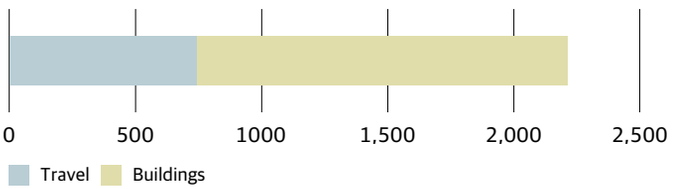
Emissions source breakdown

The majority of our emissions (67%) are from buildings sources, such as energy. Paper and waste with business travel emissions from flights, rail and car usage account for the remaining third.

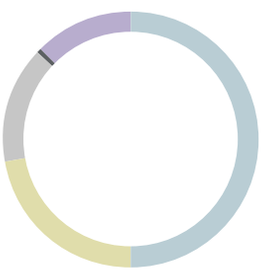
Electricity is our single largest emissions source, at 42% of our total carbon footprint, whilst natural gas and paper contribute a further 25%.

Emissions from waste and refrigerants and public transport account for less than 0.5%.

Breakdown of location based emissions



Breakdown of building emissions by source



	tCO_2e
Electricity	**738**
Natural Gas	**328**
Paper	**219**
Waste	**7**
Refrigerant	**0**
Data Centre	**182**

Breakdown of travel emissions by source

	tCO_2e
Flights	**400**
Non-company cars	**237**
Taxis	**7**
Rail	**97**

Focus on buildings

Buildings

4,710 MWh
total energy consumption

-0.4%
vs. 2017

1,248 tCO_2e
location-based emissions due to buildings

-16.2%
vs. 2017

Energy usage in our offices and data centres accounts for the majority of our carbon footprint and is a driving factor behind our continued focus on reducing our energy consumption.

London Head Office

Rathbones completed its move from Curzon Street to a new, BREEAM[1] excellent-rated building at 8 Finsbury Circus in February 2017. This year therefore marks our first full reporting year at our new head office location, enabling a more direct comparison of its energy performance. By comparing against the average energy consumption over the last three years at Curzon Street, we are pleased to report that Finsbury Circus is consuming 27% less energy, despite significantly higher occupancy.

Electricity

Reported electricity consumption in 2018, excluding data centres, decreased by 3.8%, primarily due to:

- the improved energy efficiency of the new head office in Finsbury Circus
- sub-letting our previous Curzon Street head office from June 2018

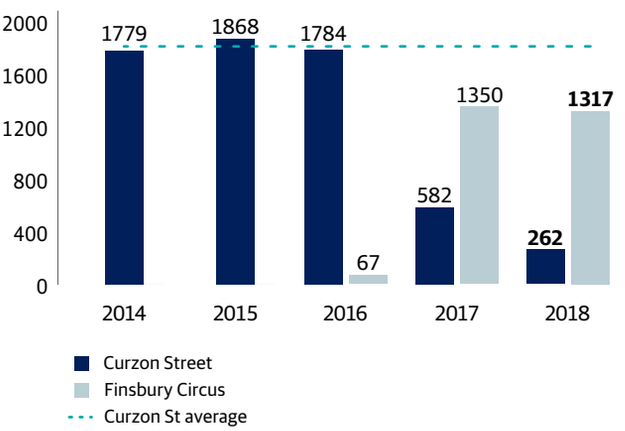
Gas

Our total gas consumption increased by 8.8% in 2018, primarily due to increased consumption at our largest offices in Liverpool and Finsbury Circus, London. This was offset by reduced consumption at Curzon Street from June 2018 and a combined 12.2% reduction across all other offices.

Refrigerants

This is the sixth year of reporting on refrigerants and we are pleased to report zero fugitive emissions from refrigerants in 2018 (down from 25 tCO_2e last year) with no reported system top-ups required following our regular maintenance activities.

Head office energy consumption (MWh): Finsbury Circus and Curzon Street compared



1. BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings and communities. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance. 'Excellent' is the second highest rating

Focus on travel

Travel

4.90m km
total distance

-0.2%
vs. 2017

741 tCO_2e
location-based emissions due to travel

+3.7%
vs. 2017

Business travel accounts for one-third of our total emissions and although we try to minimise emissions from travel wherever possible, the nature of our business will always mean that some travel is unavoidable. In 2018, our total business travel emissions increased by 3.7% primarily due to a 12.6% increase in emissions from flights offset by reduced emissions from journeys by car and rail. This rise in overall business travel emissions is to be expected following the 8.3% increase in headcount in 2018. Although total travel emissions have increased by almost 50% since our baseline year in 2013, linked to a 60% increase in headcount over the same period, our travel emissions per FTE have decreased by around 7% to 0.56 tCO_2e/FTE.

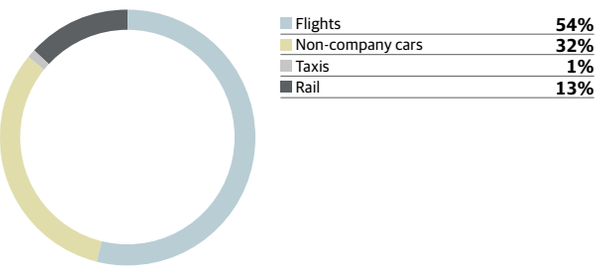
Flights

Emissions from flights rose by 12.6% on last year as the total number of flights increased by 5% from 2,220 to 2,324. The percentage of domestic flights was reduced by around 20% (from 89% in 2017 to 69% this year) as the proportion of short haul flights increased from 9%, to 21%, suggesting a reduction in flights for travelling shorter distances. The proportion of longer haul and international flights increased from 1% to 3% and the overall distance travelled by air increased by 7.4% to 1.45 million km, up from 1.35 million km last year.

Non-company cars

The increase in flights emissions last year was partially offset by a 3.5% decrease in emissions from non-company cars, where the distance travelled fell by 3% to 1.2 million km. Emissions from taxi use also fell by 5.7%, despite the increase in headcount.

Emissions from business travel



Focus on paper and waste

Paper

28,172 reams
of A4 paper used

-29%
vs. 2017

219 tCO_2e
location-based emissions due to paper

-31%
vs. 2017

Waste

317,245 kg
of waste generated

-22%
vs. 2017

7 tCO_2e
location-based emissions due to waste

-24%
vs. 2017

Focus on paper

In 2018, our paper-related emissions significantly decreased by 31% to 219 tCO_2e from 319 tCO_2e in 2017. This decrease was primarily attributable to a reduction in paper consumption across our offices and also the completion of work linked to our rebranding and head office move that contributed towards higher consumption in previous years.

Focus on waste

We are pleased to report a significant reduction in waste volumes this year, largely driven by the reduction in paper consumption. Given the 8.3% increase in headcount, the amount of waste generated per FTE also fell to 238 kg, a reduction of 28% compared the 333 kg per FTE reported in 2017.

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. We are pleased to report that 82% of our waste is recycled, with the remaining waste sent for incineration.

Carbon offsetting and compliance

Carbon offsetting

Since forming a partnership with ClimateCare in 2011, Rathbones has purchased nearly 40,000 tonnes of carbon offsets, supporting multiple projects globally across Bolivia, Brazil, Cambodia, Ghana, Kenya, India, Indonesia and Uganda. Our carbon offsets have enabled projects to deliver a range of benefits to local communities around the world such as fuel efficiency and the provision of fuel efficient stoves, rainforest protection, renewable energy via wind power and hydroelectric technologies, and safe water initiatives.

To offset our residual emissions in 2018, Rathbones purchased 2,214 tonnes of carbon through ClimateCare to support the Orb Energy project.

Compliance

Rathbones complies with the regulations for reporting greenhouse gas emissions. Following an operational control approach to defining our organisational boundary, our 2018 greenhouse gas emissions from business activities amounted to:

- 328 tCO_2e resulting from the combustion of fuel and the operation of any facilities (classified as Scope 1 in this report); and
- 680 tCO_2e from the purchase of electricity by the company for its own use (classified as Scope 2 in this report).

In June 2018, we sublet our previous head office location in Curzon Street and vacated our old Birmingham office, thereby reducing our reporting boundary. 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.

Please note that our reported 2018 emissions do not include any data for the newly acquired Spiers & Jeffrey business. In our 2019 report, we will include full year performance data for the newly acquired business and will rebaseline historic emissions to support consistency of comparison.

The methodology used is in accordance with the requirements of the following standards: The World Resources Institute Greenhouse Gas Protocol (revised version). This includes best-practice Scope 2 guidance using the market-based method; 'Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance' (Defra, October 2013) and ISO 14064-part 1.

Orb Energy, India case study

Orb Energy delivers transformational outcomes for households and businesses across India with its solar lighting and heating solutions.

With the support of carbon finance from Rathbones and others, Orb has sold over 130,000 solar units and employs over 500 people across the country.

Carbon offsetting and compliance continued

Carbon footprint by scope / tCO_2e

Location-based emissions[1]	**2018**	2017	2016	2015	2014	2013 (baseline)
Scope 1	**328**	327	404	317	310	306
Natural gas	**328**	302	404	315	272	276
Refrigerant	**0**	25	–	2	39	30
Company cars	**–**	–	–	0.02	0.01	
Scope 2	**680**	852	947	1,282	1,443	1,424
Purchased electricity	**680**	852	947	1,282	1,443	1,424
Scope 3	**1,206**	1,378	1,447	1,453	1,232	1,113
Data centres[2]	**182**	257	294	317	252	150
Business travel	**741**	715	699	677	528	496
Paper	**219**	319	342	328	310	328
Waste	**7**	9	27	26	15	9
Electricity T&D[3]	**58**	80	86	106	126	130
Total location-based	**2,214**	2,558	2,798	3,052	2,985	2,843

Market-based emissions	**2018**	2017	2016	2015
Purchased electricity	**807**	909	1,061	1,282
Data centres	**217**	285	294	317

1. In accordance with best practice introduced in 2015, we report two numbers to reflect emissions from electricity. Location-based emissions based on average emissions intensity of the UK grid and market-based emissions to reflect emissions from our specific suppliers and tariffs
2. Data centre emissions are reported as Scope 3, as per the Greenhouse Gas Protocol. However, where figures are stated in this report for overall buildings electricity consumption, we have included data centres to ensure transparency of electricity use
3. Emissions from line losses associated with electricity transmission and distribution

Carbon intensity

	Operational indicators						Carbon intensity					
	2018	2017	2016	2015	2014	2013	**2018**	2017	2016	2015	2014	2013
Staff (FTE)	**1,329**	1,227	1,045	965	867	829	**1.7**	2.1	2.7	3.2	3.4	3.4
Net internal area of offices (m^2)	**19,460**	22,924	15,369	14,518	14,430	14,430	**0.11**	0.11	0.18	0.21	0.20	0.20
Operating income (£m)	**312**	291.6	243.8	230.1	209.3	176.4	**7.10**	8.8	11.54	13.39	13.89	16.34
FUM (£bn)	**44.1**	39.1	33.2	29.2	27.2	22.0	**50.2**	64.4	84.3	104.5	109.8	129.2

Carbon Smart opinion statement

Carbon Smart's 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 2018 to 31 December 2018. It does not represent an independent third-party assurance of Rathbones' management approach to sustainability.

Carbon Smart has been commissioned by Rathbones for the eleventh consecutive year to calculate Rathbones' carbon footprint for all offices for its 2018 corporate responsibility report. Through this engagement, Carbon Smart 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 the ISO 14064 - part 1 standard and verified against the WRI GHG Protocol principles of completeness, consistency and accuracy.

Carbon Smart's work has included interviews with key Rathbones personnel, a review of internal and external documentation, analysis of source data and a comparison against previous years' data.

Carbon Smart has concluded the points listed below:

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 defining its organisational boundary. Rathbones calculate 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

In order to ensure comparability, we have used the same calculation methodologies and assumptions as for the previous year.

Transparency

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

Accuracy

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

carbon smart

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Rathbones
Look forward

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