



## TCFD product report

### Trust Objective

The investment objective of Temple Bar Investment Trust Plc<sup>1</sup> is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK-listed securities. The Company's policy is to invest in a broad spread of securities with the majority of the portfolio typically selected from the constituents of the FTSE 350 Index.

### Trust Purpose

The purpose of the Company is to deliver long-term returns for shareholders from a diversified portfolio of investments. Think value investing, think Temple Bar.

### The purpose of this report

This report aims to provide insight into the climate-related risks associated with the fund and its benchmark. We align where possible with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and comply with the sustainability disclosure rules of the FCA. [Redwheel's entity report](#) explains how the firm assesses and manages climate-related risks and opportunities. Analysis is based on the holdings of the Fund and the constituents of the Benchmark at the date shown above, using data relevant at that date.

Fund size	£891.7m
Benchmark	FTSE All Share
Date of analysis	31 December 2024

<sup>1</sup> "Temple Bar", the "Trust" or the "Company"

## Carbon Metrics

The following carbon metrics are reported in line with the TCFD recommendations. Below the table is a description of the key metrics we use as part of our assessment of risks and opportunities across the Fund, and further analysis by country and sector.

Benchmark metrics have been provided for comparison purposes and assume an investment of equivalent value in a basket of securities representing the constituents of the benchmark and at the same weight.

	Fund	Benchmark
<b>Carbon Metrics – based on Scope 1 &amp; 2 emissions only</b>		
Scope 1 Emissions (t CO <sub>2</sub> e)	69,883.06	43,327.20
Scope 2 Emissions (t CO <sub>2</sub> e)	13,037.95	12,222.01
Total Scope 1 & 2 Emissions (t CO <sub>2</sub> e)	82,921.01	55,549.21
Carbon Footprint (Scope 1 & 2) (t CO <sub>2</sub> e/USDm Invested)	75.01	52.87
WACI* (Scope 1 & 2) (t CO <sub>2</sub> e/USDm Revenue)	88.81	78.74
<b>Carbon Metrics – extended to include Scope 3 emissions</b>		
Scope 3 Emissions (t CO <sub>2</sub> e)	1,606,408.73	1,035,429.83
Total Scope 1, 2 & 3 Emissions (t CO <sub>2</sub> e)	1,689,329.74	1,090,979.04
Carbon Footprint (Scope 1, 2 & 3) (t CO <sub>2</sub> e/USDm Invested)	1,528.06	1,038.36
WACI* (Scope 1, 2 & 3) (t CO <sub>2</sub> e/USDm Revenue)	1,426.69	1,448.40

\* Weighted Average Carbon Intensity



<b>Data Source - Scope 1 &amp; 2 Emissions</b>	<b>% of AUM</b>	<b>Number of companies</b>	<b>% of AUM</b>	<b>Number of companies</b>
Reported by issuer	100.0%	33	91.7%	297
Estimated	0.0%	0	2.2%	40
Emissions not reported and no estimate available	0.0%	1	6.1%	217
<b>Data Source - Scope 3 Emissions</b>				
Reported by issuer	91.5%	31	80.3%	271
Estimated	8.5%	2	13.6%	67
Emissions not reported and no estimate available	0.0%	1	6.1%	216

Source: Sustainalytics, reported emissions sourced directly from the reporting company by Sustainalytics. Estimated emissions are from Sustainalytics proprietary model or other appropriate sources, not validated by the reporting company. For metrics where apportionment of ownership is required this is based on equity ownership (market capitalization) rather than Enterprise Value including cash (EVIC). Market capitalization apportionment can result in an over apportionment of the share of financed emissions when compared to EVIC apportionment. A change of approach to EVIC will be implemented from next year's report. Coverage is the percentage of a fund's total holdings where carbon data was available from the external data provider.



## Allocation of sectors

All Holdings (excl cash)				Intensive sub-sectors		
Sector	# of Hold	% of AUM	% WACI	# of Hold	% of AUM	% WACI
Communication Services	4	12.6%	1.5%	0	0.0%	0.0%
Consumer Discretionary	6	15.0%	2.4%	3	5.0%	1.5%
Consumer Staples	2	4.8%	1.9%	1	0.8%	0.8%
Energy	3	14.5%	28.8%	3	14.5%	28.8%
Financials	8	33.3%	0.6%	8	33.3%	0.6%
Health Care	1	2.8%	0.7%	0	0.0%	0.0%
Industrials	3	3.9%	21.9%	2	3.1%	21.8%
Information Technology	1	3.0%	0.2%	0	0.0%	0.0%
Materials	4	7.6%	40.5%	4	7.6%	40.5%
Real Estate	0	0.0%	0.0%	0	0.0%	0.0%
Utilities	1	2.5%	1.5%	1	2.5%	1.5%
Other / Not applicable	0	0.0%	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>33</b>	<b>100.0%</b>	<b>100.0%</b>	<b>22</b>	<b>66.8%</b>	<b>95.5%</b>



Carbon Intensive Sectors are specific sectors/ industries/industry groups of the MSCI General Industry Classification System that are considered to represent groups of companies that are typically carbon intensive. Relevant groupings comprise: Energy; Chemicals; Construction Materials; Metals & Mining; Paper & Forest Products; Capital Goods; Transportation; Automobiles & Components; Homebuilding; Beverages; Food Products; Financials; Electric Utilities; Real Estate.

The value style of investing tends to focus on old economy sectors and these sectors typically have higher greenhouse gas (GHG) emissions. These sectors remain very important to the national and global economy. As part of the mitigation of climate change, these sectors will need to decarbonise, and much progress has already been made in that effort, while short of what is ultimately required to limit global warming to the ambition set by the Paris Agreement and by the UK's 2019 Net Zero Law.

Financial companies typically have lower scope 1 and scope 2 emissions. However, they are defined as carbon intensive under the TCFD definition. The main exposure to GHG emissions is from scope 3 emissions, through the direct financing and facilitation of financing for carbon intensive companies. This means that financials are in a pivotal position to influence the speed of the transition and are exposed to both risks and opportunities of the transition.

Many other sectors are demonstrating serious intent to transition their businesses to a low carbon world and to reducing their own emissions. Auto manufacturers are launching many more EV models, mining companies are switching to renewable electricity to power their operations and transitioning to biofuels and hydrogen for large trucks, while putting a greater focus on the metals in greater demand for a move to a low carbon economy.

Oil and gas companies are decarbonising their own operations, often through divestment of particularly carbon intensive operations, such as refineries, and through the reduction of methane leaks and other operational efficiencies. They are also focusing on the opportunities arising from the transition, with the greater demand for electricity driving investment across the value chain, from solar and wind to EV charging and energy storage. They are also investigating the conversion of existing assets to produce biofuels such as sustainable aviation fuel and green hydrogen.

While companies can do more in their efforts to decarbonise, factors outside their control remain the biggest barrier to do so, these include policy and regulation, technology, and client demand. To address these issues value chain alliances, corporate and investor collaborations and advocating and lobbying for supporting policies and regulation, are a means to increase the speed of the transition.



## Allocation of Country

Country	% of AUM	% of Sc1&2	WACI	% WACI
United Kingdom	77.9%	67.7%	67.21	75.7%
France	4.0%	17.1%	6.69	7.5%
Canada	1.0%	3.5%	6.36	7.2%
Hong Kong	1.2%	5.0%	3.61	4.1%
United States of America	4.9%	2.0%	3.53	4.0%
<b>Total</b>	<b>89.1%</b>	<b>95.3%</b>	<b>87.40</b>	<b>98.4%</b>

## Carbon Footprint contribution by company

Company name	Sector	Country	% of AUM	% Footprint
International Consolidated Airlines Group SA	Industrials	United Kingdom	1.9%	21.9%
Shell Plc	Energy	United Kingdom	5.8%	16.0%
Anglo American plc	Materials	United Kingdom	4.1%	13.6%
BP p.l.c.	Energy	United Kingdom	4.6%	11.9%
Forterra Plc	Materials	United Kingdom	1.5%	9.1%

The top five contributors are International Consolidated Airlines Group SA, Shell, Anglo American, bp and Forterra.

Airline International Consolidated Airlines Group (IAG) is highly carbon intensive due to the nature of their business; the risk from GHG emissions comes from increasing regulations and how it might disrupt the company's business model. IAG was the first airline group in the world to commit to net zero emissions and has a clear road map with new aircraft and sustainable aviation fuel (SAF) accounting for over 80% of emission reductions by 2050.

BP and Shell are integrated oil companies. At its most recent capital markets day, BP confirmed an anticipated shift back towards oil and gas, acknowledging it had tried to move too fast on low carbon. Both are exposed to the risk of stranded assets if customers, particularly in transport and in gas powered electricity generation, decarbonise faster than expected.

Anglo American is a global mining company. Due to the nature of their business, Anglo American has been identified as one of the world's largest GHG emitters by the Climate Action 100+ investor coalition. Anglo American are targeting net zero in Scope 1 and Scope 2 emissions by 2040, and a 50% reduction in Scope 3 emissions by 2040 (against a 2020 baseline). The energy transition will be metals and minerals intensive, and Anglo American has a diversified portfolio of future-enabling products.

Forterra is a manufacturer of building products. Forterra manufacture two broad categories of products: those made from clay, where most emissions are scope 1, and those made from concrete, where most emissions are scope 3. Forterra have set various emissions intensity targets.

## Assessment of current portfolio against different climate scenarios'

Leveraging the Network for Greening the Financial System (NGFS) Scenarios (Phase III) applied to the REMIND model, ISS ESG has provided Redwheel with the following assessment for Temple Bar Investment Trust portfolio and its respective benchmark, against three different scenarios.

**Implied Temperature Rise (ITR)** – Implied Temperature Rise models have emerged to offer an indication of the degree of end-of-century warming associated with the emissions trajectory of an investment portfolio. Related tools are still in relative infancy and continue to face challenges including complexity and opaqueness regarding key assumptions, variation in approach, and limited data and scenario fidelity and availability. Whilst Redwheel has begun to use these tools, we are being cautious about interpreting outputs, not least given that the weighting to individual portfolio constituents should be expected to vary through time as an outcome of portfolio management. We continue to monitor the development of methodologies in this space.

**Cumulative Portfolio Emissions vs Carbon Budgets to 2050** – ISS project cumulative emissions for portfolio companies to 2050 and compares these cumulative emissions to the carbon budgets associated with different scenarios. They do this assuming current policy

conditions remain largely stable ('Baseline'), and if the emissions targets set by portfolio companies are achieved. It repeats the same process for companies in the relevant benchmark. The table below shows the proportion of the carbon budgets associated with three different scenarios are expended under each projection.

According to ISS, the Implied Temperature Rise of the fund would be within the range set by the Paris Agreement under Target (current targets) conditions. Were companies in the fund to meet their respective targets (as currently set) the fund overall would have an associated Implied Temperature Rise below 2 degrees.

While the portfolio underperforms its benchmark, they will have both exceeded their carbon budgets by 2050, according to an orderly and disorderly transition pathways. Under a hothouse scenario, where the carbon budgets are more generous, the benchmark will be within its budget when targets are factored in, while the portfolio remains above.

While the above assessment provides investors with an indication of potential transition risk associated with current holding in the portfolio the results are subject to a number of assumptions and uncertainties. For example, assumptions around baseline conditions and target credibility and the most likely transition scenario.

	Baseline <sup>1</sup>	Fund Target <sup>2</sup>	Baseline <sup>1</sup>	Fund Target <sup>2</sup>
Implied Temperature Rise <sup>3</sup>	1.8	1.7	2.0	1.8
<b>Scenario Comparison (100% = on budget)</b>				
'Orderly transition' scenario (1.5 Degrees) <sup>4</sup>	187%	114%	246%	167%
'Disorderly transition' scenario <sup>4</sup>	193%	118%	278%	189%
'Hothouse world' scenario <sup>4</sup>	82%	50%	117%	79%

1 'Baseline' is referred to as 'Benchmark' in the ISS report and comprises a forward-looking view of the issuer's own emissions to 2050 under current conditions.

2 'Target' comprises a forward-looking view of the issuer's own emissions to 2050 considering emission reduction targets set by issuers.

3 The ITR is based solely on the emissions budget under the Net Zero by 2050 (Orderly Transition) NGFS scenario produced by the REMIND-MAGPIE model.

4 Orderly Transition (Net Zero, 1.5 degrees), Disorderly Transition (Divergent Net Zero) and Hothouse World (Current Policies) provides the percentage of the budget for that scenario used by 2050, for each column.

## Greenhouse Gas Reduction Targets

	Fund	Benchmark
Approved SBT	49.6%	51.0%
Committed SBT	0.0%	2.9%
Ambitious Target	37.7%	21.4%
Non-Ambitious Target	7.8%	11.7%
No Target	4.9%	13.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Science-based targets ('SBT') are targets set by investee companies that are considered in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement; to pursue limiting global warming to 1.5°C above pre-industrial levels.

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Just under a half of the companies in the portfolio have Science Based Target initiative ('SBTi') approved targets. However, SBTi guidance is not available for all sectors, such as the oil and gas sector, diversified mining sector and land transport. Where no SBTi target is available, companies can be assessed using other recognised frameworks, for example the IIGCC Net Zero for Oil and Gas standard.

The 'No Target' refers to Standard Chartered. This data is provided by ISS and does not reflect Redwheel's view of the company. Standard Chartered has a net zero target for operational emissions and financed emissions.

## Climate Value at Risk

Whilst Value-at-Risk ('VaR') measures the size of the loss a portfolio may experience within a given time horizon at a particular probability, Climate Value-at-Risk ('CVaR') is defined as the probability distribution of the present market value of losses on global financial assets due to

climate change<sup>5</sup>. It includes only the effect on asset values of climate impacts (i.e. adaptation costs and residual damages). It does not include mitigation costs.

As a proxy for CVaR, we have used the ISS-ESG Climate Transition Value-at-Risk ('TVaR') solution to assess the exposure (in a quantitative sense) of Redwheel portfolios to climate-related risks and opportunities. This solution identifies assets which may be most at risk from carbon pricing and demand changes, as well as those which may be better positioned to harness future climate opportunities, drawing on the 'Net Zero Emissions by 2050' scenario from the IEA World Energy Outlook 2022 and the 'SDS scenario' from the World Energy Outlook 2021.

Work continues to assess the robustness of outputs, to understand how data is treated, how models are developed, and how the tool protects against spurious accuracy. It is for these reasons that, for 2025, Redwheel has decided not to publish quantitative analysis of CVaR metrics.

A qualitative assessment of the largest transition and physical risks to which the Fund is exposed follows below.

The portfolio faces both transition risks and physical risks.

Transition risks and opportunities include the speed of the transition, regulation and policy change, legal risk, changing consumer trends and carbon pricing.



The transition to a low carbon economy necessitated by global warming, is one of the most important non-financial company risks faced by companies held in the portfolio. The transition is happening now, and few companies are immune to it. The biggest unknown with regards to the transition is the pace of the transition, including the speed of technological development.

Other risks include the additional policies, laws, and regulations that will be introduced to support the transition. However, the pace of implementation is not clear, and the direction is not always one way. On his first day in office, President Trump announced the US would withdraw from the Paris climate agreement. In the UK, a ban on the sale of new petrol and diesel cars was originally set for 2030, this was pushed back to 2035 by the last Conservative government before being brought back to 2030 by the current government.

Oil and gas companies are facing a greater level of climate litigation. In 2023, the State of California filed a case against five oil majors, including portfolio holding Shell, alleging that the firms caused billions of dollars in damages and misled the public by minimising the risks from fossil fuels. The companies concerned believe the outcome of these matters should be resolved in a favourable manner, but there remains a high degree of uncertainty regarding the ultimate outcome of these lawsuits.

In Europe, the EU's Emissions Trading System ('ETS') will impose higher carbon costs on companies in a wider number of sectors as the scheme is widened and free allowances are removed over the coming decade. In conjunction with the EU ETS development, the EU Carbon Border Adjustment Mechanism, designed to stop carbon leakage (the situation that may occur if, for reasons of costs related to climate policies, businesses were to transfer production to other countries with laxer emission constraints) came into force on October 1st, 2023. This is a transition phase which is expected to end in December 2025.

The rising cost of carbon will have varying effects on companies within the portfolio, some will be able to decarbonise to minimise the costs, others will be able to pass on the costs to customers. It is estimated that the cost per airline ticket will be in the order of 2% to 4% and that this will be passed on to customers (source: Redwheel research). Those that cannot decarbonise or pass on the cost of carbon, will have to absorb the cost and this may impact profitability.

Financial companies face both risks and opportunities. Lending to fossil fuel companies may lead to impairments due to stranded assets if fossil fuel demand reduces faster than expected. They may also face asset impairments on renewable energy assets if demand for low carbon energy doesn't materialise as fast as expected. Banks may be subject to legal, reputational and brand risks for their involvement with carbon intensive sectors. Banks may lose customers due to their association with fossil fuel companies and may also lose customers for refusing to do business with fossil fuel companies. Meanwhile, banks are also seeing opportunities to lend or facilitate financing to low carbon sectors as the transition proceeds.

Mining companies focused on transition metals, such as Anglo American's valuable copper assets, will benefit as copper demand increases with the expected rise in EVs and electrification.

Physical climate risk may affect the value of a company held in the portfolio. Changing weather patterns resulting in droughts, flooding, wildfires, more severe storms, and heat stress increase the risk of damage to property and plant, or curtailed production. They also increase supply chain risks and risks to employees and communities in which companies operate.

## Glossary

Carbon Footprint	<p>An indicator of the absolute Scope 1 and Scope 2 carbon emissions attributable to a fund from its investments, based on equity ownership and the current portfolio value to enable comparison with other funds. Carbon Footprint is expressed in tons CO<sub>2</sub>e/\$M invested.</p> <p><i>Formula</i></p> $\sum_i \left( \frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$ <p style="text-align: right;"><i>current portfolio value (\$M)</i></p>
GHG Scope 1 Emissions	Scope 1 emissions are direct greenhouse gas (“GHG”) emissions that occur from sources owned or controlled by the reporting company.
GHG Scope 2 Emissions	Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.
GHG Scope 3 Emissions	Scope 3 emissions are all indirect emissions (excluding Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Implied Temperature Rise (“ITR”)	The ITR metric introduces the concept of a carbon budget and assesses how much a company or a portfolio can emit without projected global warming exceeding the Paris Agreement goal of limiting the end of century global temperature rise to well-below 2°C.
ISS-ESG Climate Transition Value at Risk (“TVaR”)	<p>"The ISS Climate Transition Value at Risk (“TVaR”) solution measures the potential change in share price considering the financial impact of the transition risks and opportunities under the Net Zero Emissions by 2050 scenario from the IEA World Energy Outlook 2022 and the SDS scenario from the World Energy Outlook 2021. The estimation involves a two-step process. First, a valuation model calibrates the company's financials based on historical data and growth assumptions. Then, the model is run again, considering the impact of transition risks and opportunities on projected financials, such as adjusting sales trajectories and accounting for increased costs due to carbon prices.</p> <p>The difference in equity value between the two runs is the Climate Transition Value at Risk. Positive TVaR indicates an expected increase in share price performance, while negative TVaR suggests a potential decrease."</p>
Network for Greening the Financial System (“NGFS”)	A network of central banks and supervisors. The group shares best practices and has developed a set of consistent climate scenarios that can be used by the financial sector for scenario analysis.
Paris Agreement	A legal binding international treaty adopted at the UN Climate Change Conference (COP21), to hold the end of century increase in global temperatures to well below 2°C above pre-industrial levels.
Physical risks	Climate related risks to physical assets e.g. extreme weather phenomena such as wildfires, cyclones and floods.

Scenario analysis	The process of assessing a range of potential outcomes of future events under conditions of uncertainty. For climate change, scenarios can identify potentially how physical and transition risks may impact a portfolio and its performance over time.
Transition risks	Climate related risks relating to non-physical factors e.g. regulatory risk, technology risk and market preference changes.
Weighted average carbon intensity ("WACI")	<p>An indicator of the carbon efficiency of a fund calculated by summing the product of the weight of each company (issuer) in the portfolio with that company's carbon to revenue intensity. WACI is expressed in tons CO2e/\$M revenue.</p> <p>Formula <math display="block">\sum_n \left( \frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \\$M revenue}_i} \right)</math></p>

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2025 TCFD Report



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