Ninety One TCFD Report

Global Environment

As at 31 December 2023

Climate Related Financial Disclosures

This report discloses the Ninety One Funds' exposure to, and management of, climate risk consistent with the Taskforce for Climate-Related Disclosures (TCFD) framework and recommended disclosures.

These disclosures should be read alongside Ninety One's Integrated Annual Report and Sustainability and Stewardship Report where we explain how Ninety One at a firm-level aligns to the recommended TCFD requirements.

While the firm's approach is broadly consistent with how Ninety One's investment teams consider climate related risk, each investment team independently analyses climate-related risks and opportunities within the portfolios it manages. The TCFD product related report provides specific information on climate-related metrics and scenario analysis. Different products will have varying degrees of exposure to the effects of climate change and the financial risks of the transition to a lower-carbon economy, depending on their underlying issuers' geographical focus and sector allocation. Exposure to climate risks and opportunities should be considered alongside the underlying issuers' ability to manage those risks and adapt their existing business operations and products to remain competitive and profitable in a lower-carbon economy.

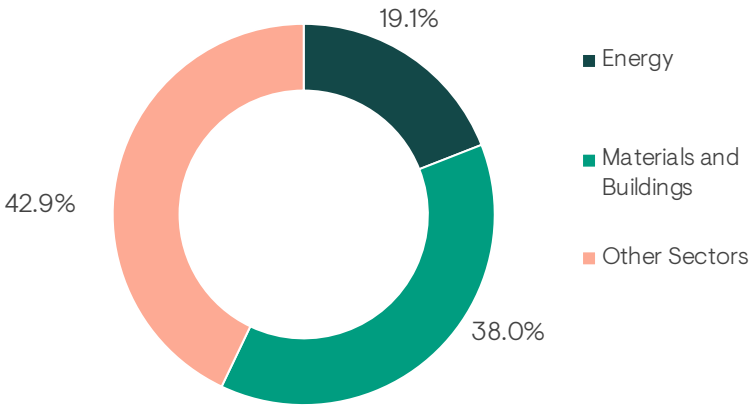
Most significant drivers of climate impact

Portfolio managers, supported by their investment teams, are responsible for analysing climate risks and opportunities within their portfolios and determining whether it may impact portfolio holdings. Given that the impact of climate related physical and transition risk varies considerably depending on a range of factors such as sector, location, vulnerability, risk management, competitiveness, political context, price elasticity, pass through costs, and technological development over time, in general we do not consider mechanistic outputs of scenario modelling to give a full and dynamic picture of the potential impacts over relevant time horizons for different investment strategies. Therefore, we consider the optimal approach for individual companies with potential climate related exposure to manage their risks and future development through forward-looking plans for transitioning to a net zero economy.

Exposure to Climate Related Assets[1]

Certain sectors may be more vulnerable to the direct and indirect impacts of climate change, these sectors however remain crucial to the functioning of the global economy. We therefore consider exposure to these sectors as only one part of the picture, as the opportunities and degree of management of climate risk vary by individual company across geographies and industries.

Exposure to TCFD Climate related sectors



Climate Metrics

The carbon metrics calculated according to the TCFD methodology may be subject to fluctuations in the underlying security weight, enterprise value, revenue, not only by changes to the absolute carbon emissions of companies. Variations in carbon metrics from year to year should therefore be considered with caution.

The fund's carbon metrics differ to its benchmark driven by its underlying sector allocations. Considering forward looking metrics 50% of the fund's underlying issuers have set net-zero targets which have been approved by SBTi, which means the fund's underlying issuers are well positioned for a net zero future.

Climate Metric	Fund	Benchmark
Scope 1 & 2 emissions (tCO2e)	136,257	127,855
Scope 3 emissions (tCO2e)	701,312	797,891
Scope 1 & 2 footprint (tCO2e/mGBP invested)	71	65
Scope 1 & 2 weight average carbon intensity (tCO2e/mGBP revenue)	317	168
% of corporate emissions data coverage (including estimates):	99.14%	99.00%
of which are estimates	0.00%	-
% Fund with SBTi commitment/approved target	50.00%	-

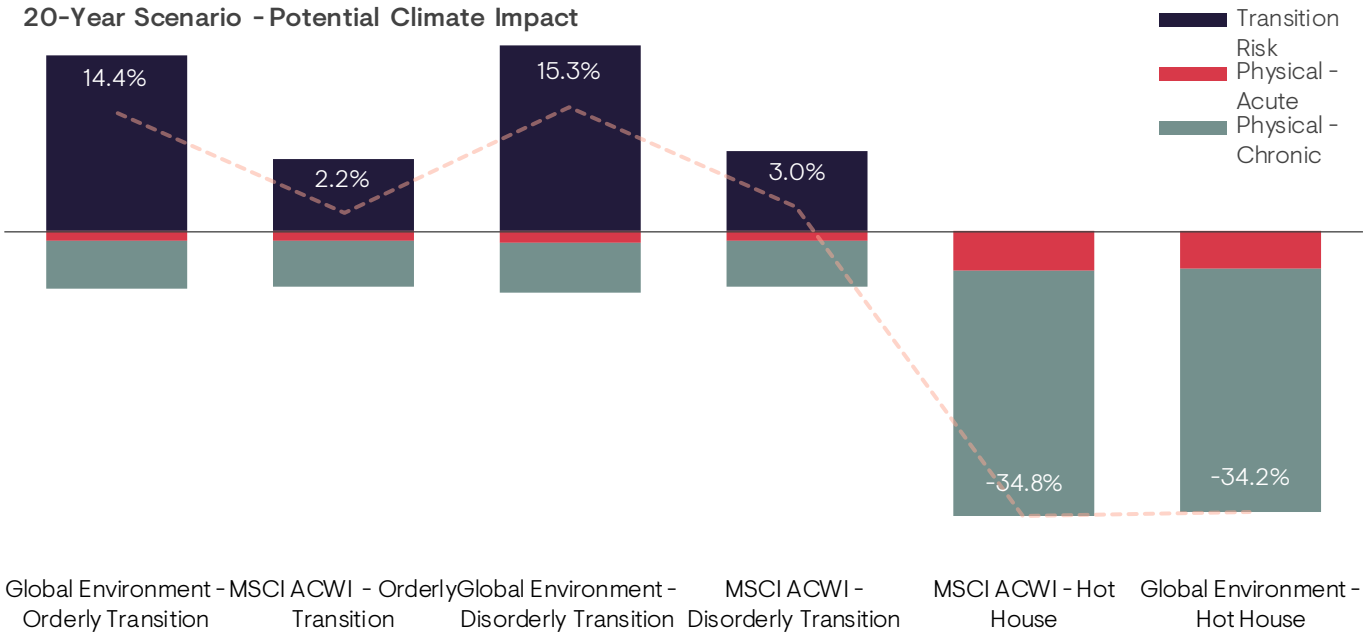
[1]Based on the TCFD guidance on "carbon intensive-sectors" in the non-financial sector i.e., Energy, Transportation, Materials and Buildings and Agriculture, Food and Forest Products.

Climate Scenario Analysis

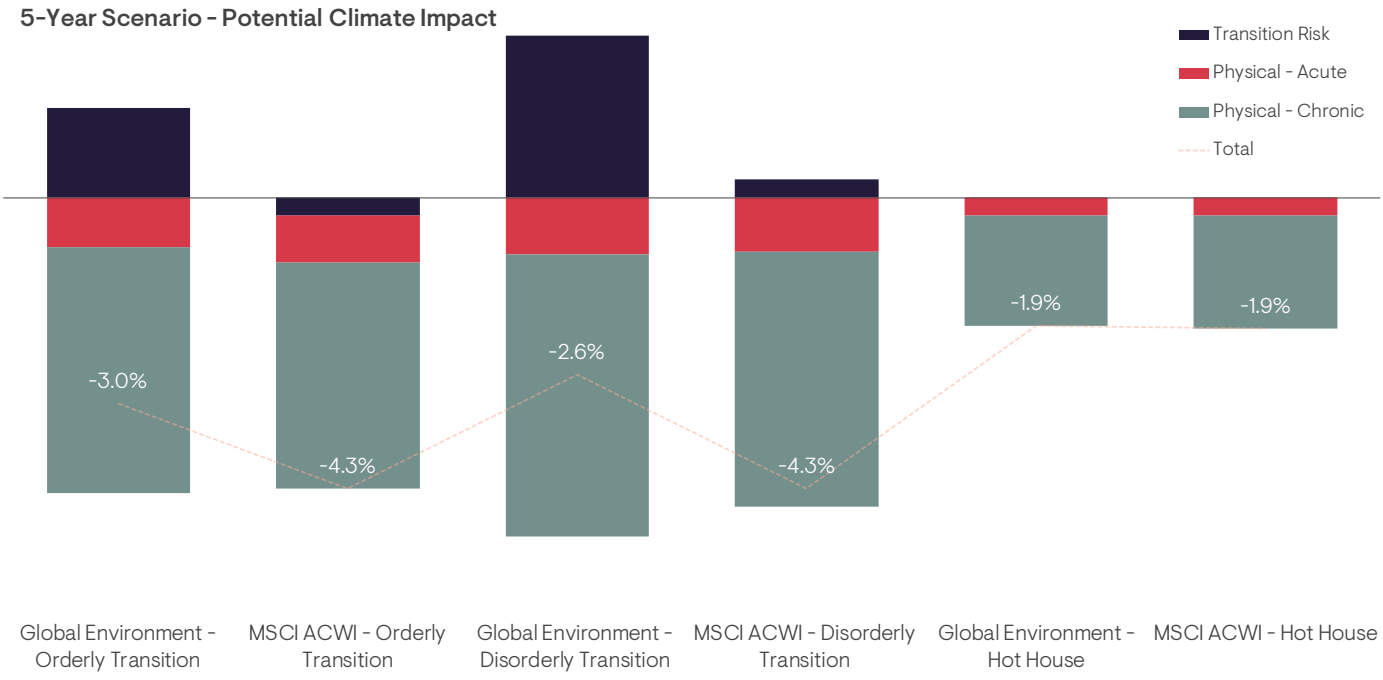
Transition risks arise from the shift to a low carbon-economy as a result of climate related policies, regulations and technological advancements which may impact the profitability of companies through direct financial costs such as increased carbon prices or indirect losses such as decreased market share as customers choose equivalent products with lower carbon emissions. Physical risks are the direct impact of climate change in the form of acute climate related events such as heat waves, floods and prolonged droughts that can reduce working hours, damage fixed operations such as production plants and offices or have longer term chronic effects that may impact migration patterns and the long-term agricultural output of regions.

The five- and ten-year scenarios have been chosen as these time frames are more typical holding periods of these funds and give a view of the potential outcomes over a longer ten-year period. The figures below rely on a combination of climate and economic data to estimate how physical and transition risks may impact the valuation of the portfolios underlying investments. The graphs provide an estimate of the cumulative climate impact on total returns (which considers future physical and transition risks) vs a baseline scenario that does not take any future physical or transition risks into account. The financial impact of climate risk may in some cases be positive as some companies operate sectors that may benefit from the transition to a net-zero economy.

In the **20 year** scenario the portfolio's maximum expected losses given the three scenarios is above 10%, based on the current positioning of the fund and therefore has estimated higher long term financial exposure to the impact of climate change in a "business-as-usual" scenario. In both the orderly and disorderly net-zero scenarios the portfolio stands to gain from the transition to a lower carbon economy.



In the **5 year** scenario the portfolio's maximum expected losses given the three scenarios is below 5%. Based on the current positioning the fund therefore has estimated minimal short term financial exposure to the impact of climate change.



The above estimates rely on modelled output powered by Ortec Finance & ClarityAI

Data Reliability

The data coverage for a specific fund determines whether the data can be deemed sufficiently reliable. A lack of coverage is likely due to reported/estimated climate or financial data not being available. In the case of government bonds, we currently have very little data coverage, data quality will also generally be lower for Emerging Market and non-corporate instruments.

Glossary

Carbon footprint

This figure is derived by taking the sum of the 'financed emissions' based on the percentage held of each assessable security's enterprise value. This is normalised by dividing by the total amount of dollars invested in the securities to give a comparable footprint.
Carbon 'scope': Scope 1 & 2 emissions are a proxy for how efficiently a company is managing its carbon emissions; the upstream part of Scope 3 provides an indicator of the carbon emissions in a company's supply chain; and the downstream part of Scope 3 is representative of the carbon emissions of a company's products as they are used during their life-cycle.

- Scope 1 relates to the direct emissions from owned or controlled sources, for example fuel burned on site and company owned vehicles.
- Scope 2 relates to the indirect emissions from the generation of purchased energy, steam, heating and cooling for the company's own use.
- Scope 3 There are 15 separate categories of Scope 3 emissions including eight that relate to the supply chain and seven that relate to the emissions of the products once they are sold/used.

Carbon intensity

This measures the carbon emissions of a given entity per US$ million of products or services sold (revenue). At the portfolio or index level, the figure takes the weighted average carbon intensity of each assessable security in the portfolio/index to determine an overall carbon intensity.

SBTi

Science Based Targets initiative defines and promotes best practices in emissions reductions and net-zero targets in line with climate science. Provides target setting methods and guidance to companies to set science-based targets in line with the latest climate science.

IPCC

Intergovernmental Panel on Climate Change climatic pathways.

SSP

The Shared Socio-economic Pathways (SSP) reflect broad narratives about how GDP, population and urbanization could evolve in the future.

Orderly net zero transition scenario

Emissions are reduced in a measured way to meet global climate goals through strict climate policies and via innovation. The outcome includes the impacts of both climate related risk and opportunities. Assumes an average global temperature increase of 1.5°C in 2100. Model is based on Very low emissions' IPCC scenario (SSP1-RCP1.9).

Disorderly transition scenario

Minimal progress is made to reduce emissions by 2030 which results in a delayed knee-jerk reaction from governments, regulators and companies to reduce emissions in the period thereafter. Higher transition risks pervade with policies diverging across countries and sectors creating disorderly characteristics companies will need to deal with. The need for innovation and large capital investments albeit at a later stage could impact the profitability of carbon-intensive companies. Assumes an average global temperature increase of 1.5°C in 2100. Model is based on Very low emissions' IPCC scenario (SSP1-RCP1.9).

Hothouse-world scenario

The hothouse-world scenario will materialise if the world continues on its current path over a long-term trajectory. Extreme weather events are more frequent, weather pattern changes will harm food supply leading to vast human migration. Assumes an average temperature increase of 4.3°C by 2100, high emissions' IPCC scenario (SSP3-RCP7.0).

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Telephone calls may be recorded for training, monitoring and regulatory purposes and to confirm investors' instructions. For more details please visit www.ninetyone.com/contactus

Important information

All investments carry the risk of capital loss. Past performance is not indicative of future performance.

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