



**EVENLODE**

INVESTMENTS FOR LIFE



**Evenlode Portfolio  
Emissions Report 2022**  
Charlie Freitag, May 2022

Summary Report



[evenlodeinvestment.com](https://evenlodeinvestment.com)

The message from the most recent United Nations Climate Change Conference, COP26, and the 6th IPCC<sup>1</sup> report is clear: the world is currently on a trajectory to fail the goals we set ourselves to limit global warming to 1.5°C, and doing so will have drastic consequences for human society and ecosystems. However, there is still a chance to prevent the worst outcomes through rapid action to cut greenhouse emissions.

Every year, Evenlode assesses the financed emissions embedded in its investments, to better understand the impact our investee companies have on the climate, and the risk they face from regulation and consumer pressure on climate transition. This in turn allows us to manage the systemic risk from climate change in our investment portfolios better and proactively engage with the highest emitting companies on their emission disclosure and progress in cutting their emissions.

With our [2021 report](#), we became the first UK asset manager to disclose our financed emissions in alignment with the PCAF standard for financial emission accounting.<sup>2</sup> For our 2022 report, we continued to improve our methodology and for the first time included two recently launched funds, Evenlode Global Equity and Evenlode Global Opportunities.

## METHODOLOGY

We report the financed emissions for 100% of our investments in all five funds, based on the portfolios as at 31 December 2021. Our analysis covers scope 1, 2 and 3 emissions of our holding companies, proportional to our stake in these companies. Scope 1 and 2 are emissions from the fuel and electricity used directly by our investee companies, for example to heat and light offices and run machines and company-owned vehicles. However, the vast majority of most companies' carbon footprint lies in their supply chain and their products and services. That is covered in scope 3. By including scope 3 in our emissions analysis, we can get a much better picture of the climate risk inherent in our investment portfolios. For our analysis, we used the Carbon Disclosure Project (CDP) Full Greenhouse Gas (GHG) Emissions Dataset, which collates companies' own reports of their emissions and fills in the gaps with modelled estimates.

## RESULTS

The emissions associated with investing £10k in one of our funds is between 0.6 and 2.4 tonnes of CO<sub>2</sub>-equivalents, or between 25 and 56 kilogrammes for scope 1 and 2 alone. For context, average per-capita emissions for UK residents are 4.8 tonnes per year,<sup>3</sup> or 13 tonnes per year if imports from other countries are included.<sup>4</sup>

This is many times lower than the emissions associated with an equivalent £10k investment in a fund tracking the MSCI World Index or the FTSE All-Share Index, Evenlode funds' formal comparator benchmarks (this is for scope 1 and 2; Scope 3 estimates are still not widely reported for funds and indices). The difference mostly comes from Evenlode funds' low exposure to energy-intensive industries, such as the energy industry itself, utilities, materials and real estate.

1 The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change.

2 Partnership for Carbon Accounting Financials (PCAF), November 2020. The Global GHG Accounting & Reporting Standard for the Financial Industry. [View here](#)

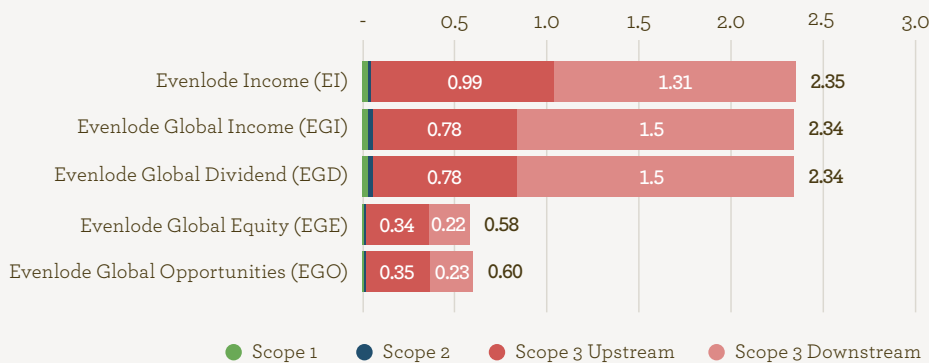
3 Our World In Data, January 2022: [View here](#)

4 Mike Berners-Lee, 2020. How Bad Are Bananas. Profile Books.

5 Provided directly by FTSE Russell, 2022.

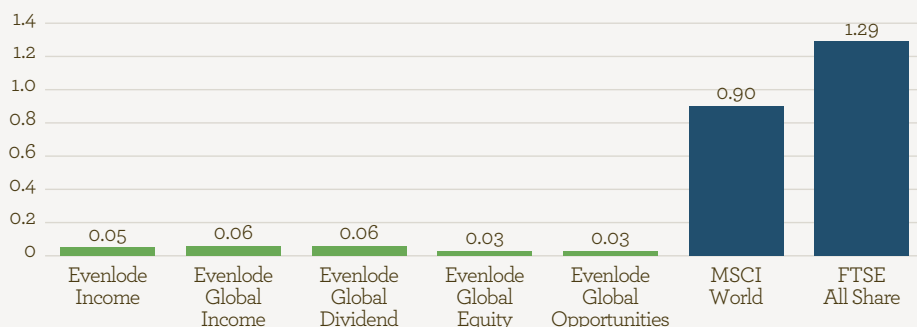
6 MSCI, 2021. [View here](#)

### Tonnes of CO<sub>2</sub>e per £10k invested



Tonnes of CO<sub>2</sub>e/£10k invested across scopes 1, 2 and 3 as at 31 December 2021. Source: CDP 2021 Full GHG Emissions Dataset, Evenlode Investment.

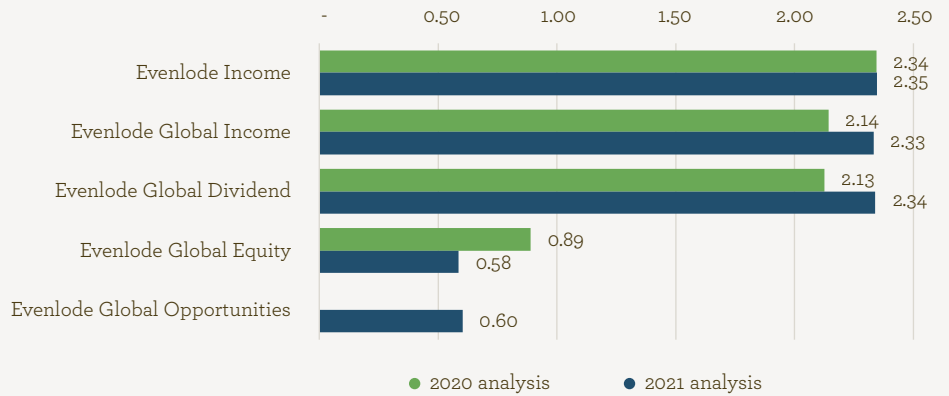
### Scope 1 & 2 emissions per £10k invested



Scope 1 and 2 emissions per £10k invested. Source: CDP, Evenlode Investment, FTSE Russell,<sup>5</sup> MSCI.<sup>6</sup> Evenlode and FTSE All-Share portfolios as at 31 December 2021. MSCI World portfolio as at 29 October 2021. Index data converted from weighted average emission intensity into emissions per £10k invested based on portfolio revenue and asset value as at 31 December 2021.

Compared to last year's analysis, emissions per £10k invested remained the same for the Evenlode Income fund, increased for the Evenlode Global Income and Global Dividend fund and decreased for the Evenlode Global Equity fund, due to a mix of pandemic effects, changes in sector exposure and to the underlying holding companies.

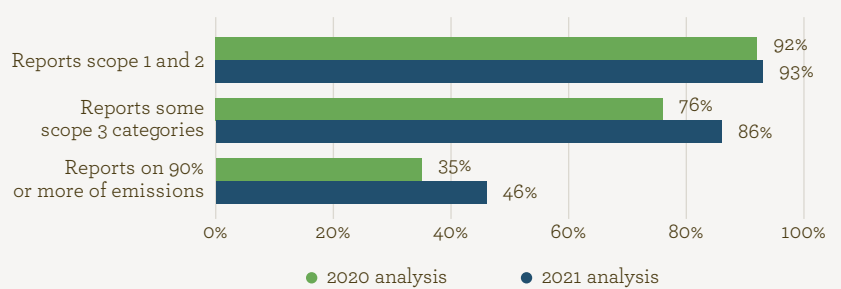
## Tonnes of CO<sub>2</sub>e per £10k invested in 2020 and 2021



Emissions per £10k invested across scopes 1, 2 and 3. Source: CDP, Evenlode Investment. 2021 analysis based on Evenlode portfolios as at 31 December 2021, using data from the CDP 2021 Full GHG Emissions Dataset. 2020 analysis based on Evenlode portfolios as at 31 December 2020, using data from the CDP 2020 Full GHG Emissions Dataset. Note: The Evenlode Global Opportunities fund was only launched in May 2021 and was therefore not included in the 2020 analysis.

There has been a steady increase in emission reporting by our portfolio companies. Most companies now report scope 1 and 2 and at least some scope 3. Overall, 83% of Evenlode's financed emissions are now reported by the company, up from 77% in 2020.

## Holding companies' emission reporting by scope



Percentage of companies in Evenlode portfolios reporting across the different scopes. Source: CDP and Evenlode Investment. 2021 data based on Evenlode portfolios as at 31 December 2021, using data from the CDP 2021 Full GHG Emissions Dataset. 2020 data based on Evenlode portfolios as at 31 December 2020, using data from the CDP 2020 Full GHG Emissions Dataset.

## OUTCOME

Our emissions analysis allows us to assess companies' management of climate-related risks. The outcome of the analysis is then integrated into our investment risk framework through the ESG risk score. The insights from this analysis allow us to better target our research and therefore engagements around climate risk, focusing on the biggest emitters and those companies that fail to report their full emissions. As members of the Net Zero Asset Manager (NZAM) Initiative and to fulfil our fiduciary duty, Evenlode will continue to engage proactively with portfolio companies to improve reporting and drive action to cut emissions, both through direct engagement and collective action. We believe that this will make our portfolios more resilient whilst contributing to tackling climate change.

You can find all our portfolio emission reports on the Stewardship section of our [website](#).