EVENLODE
INVESTMENTS FOR LIFE

Evenlode Portfolio Emissions Report 2022

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PCAF Partnership for Carbon Accounting Financials

evenlodeinvestment.com

EXECUTIVE SUMMARY

This year saw record temperatures in the UK and across the globe. This, coupled with extreme weather and climate events, led to adverse impacts and losses to nature and people. Limiting global warming to 1.5°C – as called for in the Paris agreement – requires deep, rapid, and sustained reduction in greenhouse gas (GHG) emissions across all sectors.

Every year, Evenlode assesses the financed emissions associated with our investments to better understand the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face. This, in turn, allows us to proactively engage with the top emitters in our investment portfolios and better manage climate risks in our investment processes.

We have been measuring and disclosing our financed emissions since 2019. This year, we are aligning this report with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) regarding climate-related metrics and targets.

METHODOLOGY

We report the financed emissions of our investments across all of the Evenlode funds, based on the portfolios as at 30 December 2022. Our analysis covers scope 1, scope 2, and scope 3 emissions. For our analysis, we utilise the Full GHG Emissions Dataset provided by the Carbon Disclosure Project (CDP). This dataset collates companies' own reports of their emissions and fills in the gaps with modelled estimates.

RESULTS

In 2022, we achieved an overall reduction of 7.2% in our emissions per £10k invested across our investment portfolios – a decrease from 2.33 to 2.16 tCO_2e. This reduction was solely driven by a 25.2% decrease in emissions per £10k invested for Evenlode Income (EI), our largest fund, which accounted for 64.6% of total assets under management.

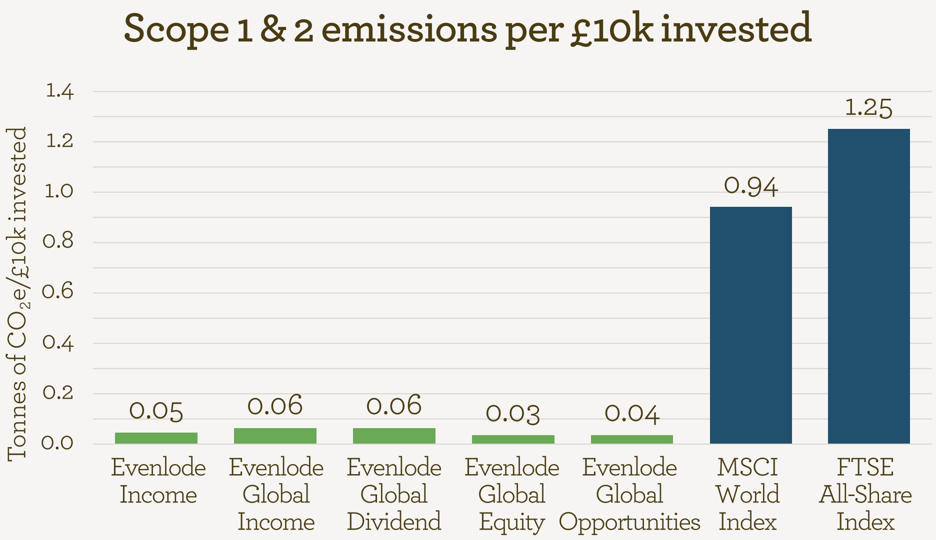
The emissions associated with investing £10k in one of our funds was between 1.00 and 2.98 tCO_2e. For context, the average UK resident was responsible for 5.15 tCO_2e in 2021.[1]

Fund	**2021**	**2022**	***% change***	**% of AUM**
Evenlode Income (EI)	2.35	1.75	*-25.2*	64.6
Evenlode Global Income (EGI)	2.33	2.96	*27.0*	32.4
Evenlode Global Dividend (EGD)	2.34	2.98	*27.2*	2.0
Evenlode Global Equity (EGE)	0.58	1.00	*71.7*	1.0
Evenlode Global Opportunities (EGO)	0.60	1.01	*67.6*	0.0
Evenlode Total	**2.33**	**2.16**	***-7.2***	**100.0**

Tonnes of CO_2e/£10k invested across scopes 1, 2 and 3 as at 31 December 2021 and 30 December 2022. Source: CDP and Evenlode. Evenlode portfolios as at 31 December 2021 and 30 December 2022, using data from the CDP 2021 Full GHG Emissions Dataset and the CDP 2022 Full GHG Emissions Dataset. AUM as at 30 December 2022.

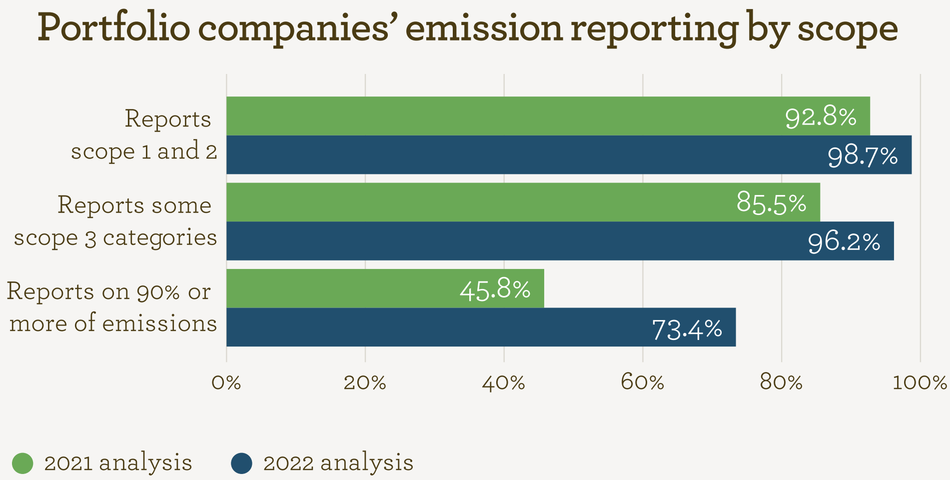
1 Our World In Data based on the Global Carbon Project, November 2022. View here.

Our emissions footprints were significantly lower than the emissions associated with an equivalent £10k investment in a fund tracking the MSCI World Index and the FTSE All-Share Index.[2] The difference mostly came from the Evenlode funds' low exposure to energy-intensive industries, such as the energy, materials, real estate, and utilities sectors.



Scope 1 and 2 emissions per £10k invested as at 30 December 2022. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode, MSCI and FTSE Russell. Evenlode as at 30 December 2022. MSCI World and FTSE All-Share portfolios as at 30 December 2022. Index data converted from weighted average emission intensity into emissions per £10k invested based on portfolio revenue and asset value as at 30 December 2022.

We are seeing a steady increase in emissions disclosure by our portfolio companies. Overall, 91.6% of Evenlode's financed emissions were reported by our portfolio companies, up from 83.0% in 2021.



Percentage of companies in Evenlode portfolios reporting across the different scopes. Source: CDP and Evenlode. 2022 analysis based on Evenlode portfolios as at 30 December 2022, using data from the CDP 2022 Full GHG Emissions Dataset. 2021 analysis based on Evenlode portfolios as at 31 December 2021, using data from the CDP 2021 Full GHG Emissions Dataset.

OUTCOME

With continuous improvement in the availability and quality of emissions data from our portfolio companies, our analysis will continue to improve and provide a more representative view of our financed emissions. Though it is not perfect, our analysis provides valuable insights to steer our investment processes and stewardship efforts toward our net zero targets. Evenlode will continue to engage with our portfolio companies to improve reporting and drive action to cut emissions.

You can find all our portfolio emission reports on the Stewardship section of our website.

2 This comparison is only for scope 1 and scope 2. Scope 3 estimates are still not reported for the indexes.

INTRODUCTION

The synthesis report of the sixth assessment cycle by the Intergovernmental Panel on Climate Change (IPCC) emphasises that human activities have unequivocally caused global warming – global surface temperature has increased by 1.1°C since the pre-industrial era. Global warming has resulted in extreme weather and climate events across the globe, leading to adverse impacts and losses to nature and people.[3] Limiting global warming to 1.5°C – as called for in the Paris agreement – requires deep, rapid, and sustained reduction in GHG emissions across all sectors.

To support global decarbonisation efforts, Evenlode has committed to reaching net zero by 2050 or sooner across 100% of our investment portfolios. As an asset manager, our financed emissions constitute the majority of our emissions. By measuring our financed emissions annually, we are able to better understand the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face. This, in turn, allows us to proactively engage with the top emitters in our investment portfolios and better manage climate risk in our investment processes.

We have been measuring and disclosing our financed emissions since 2019. In 2020, we became the first UK asset manager to disclose our financed emissions in alignment with the Global GHG Accounting and Reporting Standard for the Financial Industry launched by the Partnership for Carbon Accounting Financials (PCAF).[4] This year, we are also aligning this report with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) regarding climate-related metrics and targets.[5]

This report is intended to provide further details on our financed emissions for interested readers; for a summary, please see our Responsible Investment Report 2022. All our previous portfolio emissions reports and responsible investment reports can be found on our Stewardship page.

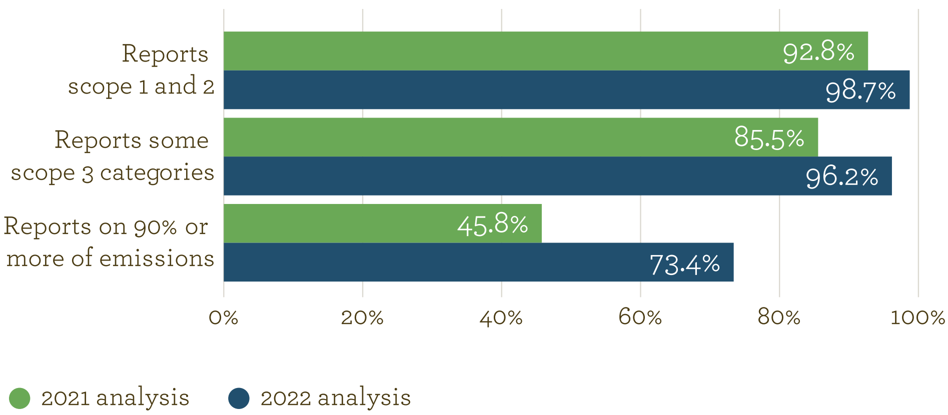
3 IPCC, March 2023. Climate Change 2023: Synthesis Report. View here.
4 PCAF, December 2022. The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. View here.
5 TCFD, June 2017. Recommendations of the Task Force on Climate-related Financial Disclosures: Final Report. View here.

RESULTS –
EMISSIONS DISCLOSURE OF OUR PORTFOLIO COMPANIES

We are seeing a steady increase in emissions disclosure by our portfolio companies across scope 1, scope 2, and scope 3. This is particularly true for scope 3 reporting – an additional five companies now report some scope 3 emissions, a 12.5% increase relative to last year. In addition, a further 20 companies now report 90% or more of their total emissions, a 60.4% increase from last year. Even better, 25 more companies are now reporting all their emissions, a 136.4% increase from last year.

Overall, 91.6% of Evenlode's financed emissions are now reported by our portfolio companies, up from 83.0% last year. This helps improve the accuracy and robustness of our own analysis, as we rely primarily on the emissions reported by our portfolio companies to measure our financed emissions. We welcome this improvement in emissions disclosure.

Portfolio companies' emission reporting by scope



Percentage of companies in Evenlode portfolios reporting across the different scopes. Source: CDP and Evenlode. 2022 analysis based on Evenlode portfolios as at 30 December 2022, using data from the CDP 2022 Full GHG Emissions Dataset. 2021 analysis based on Evenlode portfolios as at 31 December 2021, using data from the CDP 2021 Full GHG Emissions Dataset.

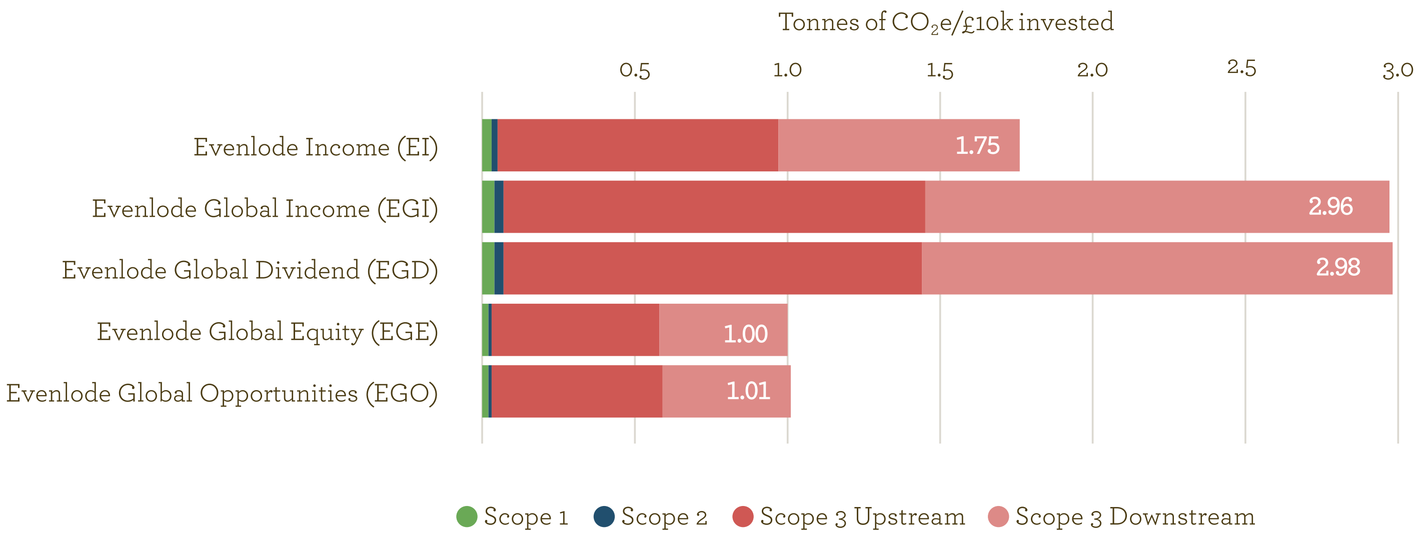
Fund	**Evenlode Income (EI)**	**Evenlode Global Income (EGI)**	**Evenlode Global Dividend (EGD)**	**Evenlode Global Equity (EGE)**	**Evenlode Global Opportunities (EGO)**	**Invested Universe**
Scope 1 (%)	100.0	99.0	99.0	100.0	100.0	99.5
Scope 2 (%)	100.0	90.8	90.8	100.0	100.0	95.7
Scope 3 (%)	89.6	93.4	93.5	97.3	97.3	91.4
Total (%)	**89.8**	**93.4**	**93.5**	**97.4**	**97.4**	**91.6**

Percentage of emissions reported by the company to the CDP or in their own reports rather than modelled by the CDP or Evenlode, by scope and fund. Calculated based on each fund's percentage of Evenlode's total financed emissions. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode. Evenlode portfolios as at 30 December 2022.

RESULTS –
THE IMPACT OF YOUR INVESTMENT

The chart and table below summarise the emissions associated with a £10k investment in each of the Evenlode funds for 2022. For context, the average UK resident was responsible for 5.15 tCO_2e in 2021.[6]

Emissions per £10k invested



Fund	Scope 1	Scope 2	Scope 3 Upstream	Scope 3 Downstream	Total
Evenlode Income (EI)	0.03	0.02	0.92	0.79	*1.75*
Evenlode Global Income (EGI)	0.04	0.03	1.38	1.52	*2.96*
Evenlode Global Dividend (EGD)	0.04	0.03	1.37	1.54	*2.98*
Evenlode Global Equity (EGE)	0.02	0.01	0.55	0.42	*1.00*
Evenlode Global Opportunities (EGO)	0.02	0.01	0.56	0.42	*1.01*

Tonnes of CO_2e/£10k invested across scopes 1, 2 and 3 as at 30 December 2022. Source: CDP and Evenlode. Evenlode portfolios as at 30 December 2022, using data from the CDP 2022 Full GHG Emissions Dataset, which collates annual corporate emission data for emission accounting years ending between June 2021 and June 2022.

6 Our World In Data based on the Global Carbon Project, November 2022. View here.

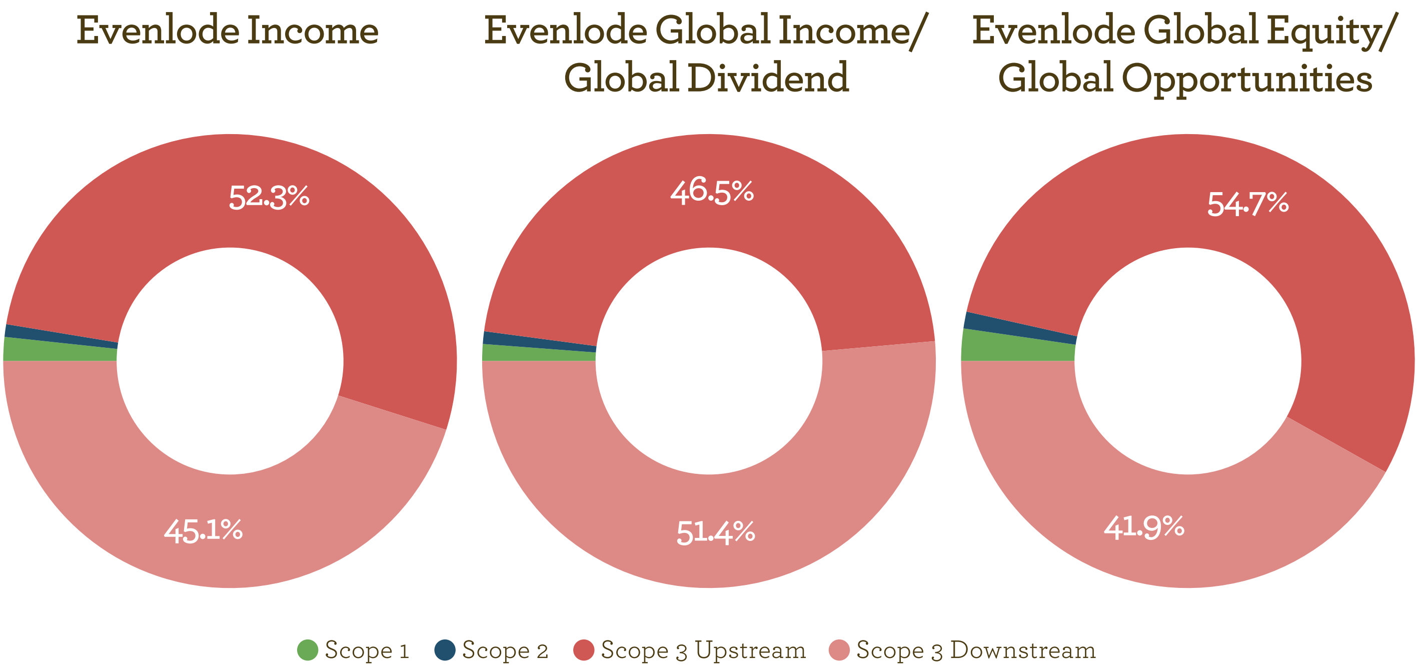
RESULTS – THE IMPACT OF YOUR INVESTMENT

EGI and EGD had the highest emissions per £10k invested compared to the other Evenlode funds. This can be partly explained by company exposure. EGI and EGD had a higher exposure to companies with a high emissions footprint per investment – the top three emitters were Henkel, CH Robinson, and Quest Diagnostics at 18.5, 16.0, and 13.4 tCO_2e per £10k invested respectively. For comparison, the average emissions footprint per investment across all our portfolio companies is 1.7 tCO_2e per £10k invested.

Similar to EGI and EGD, EI had a high exposure to emissions intensive sectors such as consumer staples and industrials. However, compared to EGI and EGD, EI had a lower exposure to companies with a high emissions footprint per investment – the fund's top 3 emitters were Procter & Gamble, Bunzl, and Halma at 6.1, 5.8, 5.4 tCO_2e per £10k invested respectively.

EGE and EGO had the lowest emissions per £10k invested compared to the income funds. This can be largely explained by sector exposure. EGE and EGO had a higher exposure to the information technology and financial sectors, which are generally emissions light. The two funds also had a lower exposure to the consumer staples and healthcare sectors, which have larger emissions footprints.

Across all Evenlode's funds, scope 3 emissions vastly outstripped scope 1 and scope 2 emissions. This highlights the importance of value chain emissions across the life cycle of a product or service.

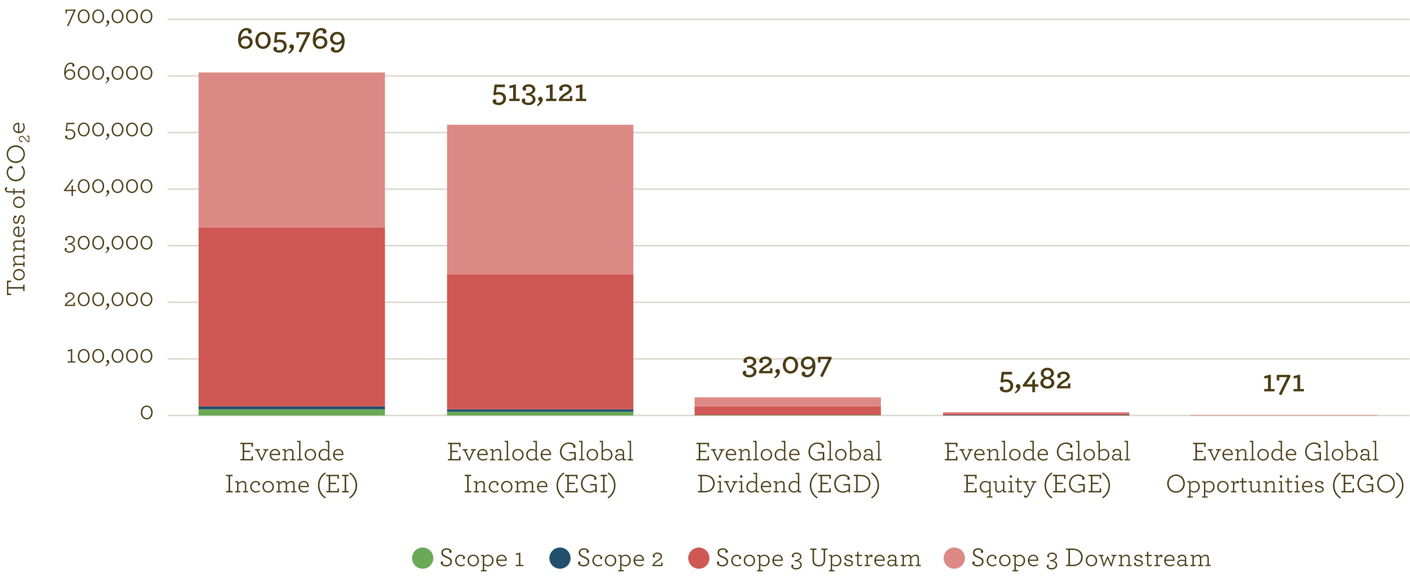


Breakdown of fund emissions by scope. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode. Evenlode portfolios as at 30 December 2022.

RESULTS – THE IMPACT OF OUR FUNDS

We now turn to the total financed emissions of Evenlode's funds, summarised in the chart and table below. EI and EGI contributed 52.4% and 44.4% of Evenlode's financed emissions because of their size, accounting for 64.6% and 32.4% of total assets under management respectively. EGD, EGE, and EGO collectively contributed 3.3% of total financed emissions. Again, scope 3 emissions constituted the largest share of Evenlode's financed emissions by a significant margin.

Total financed emissions per fund

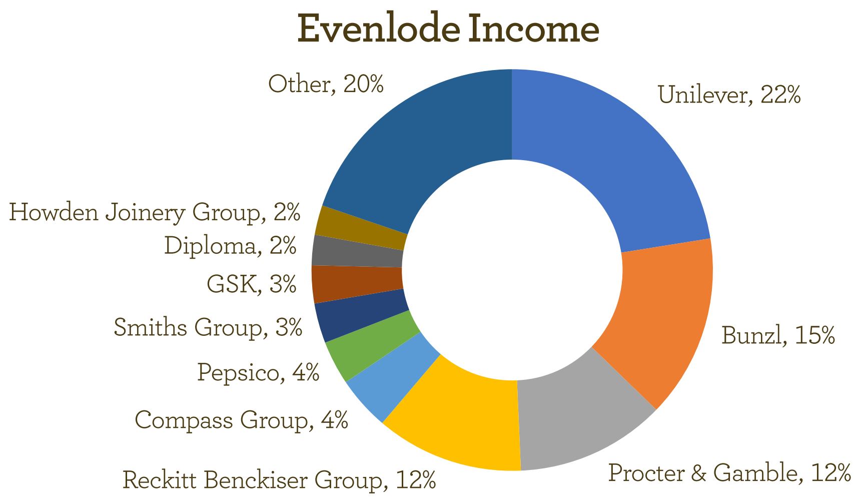


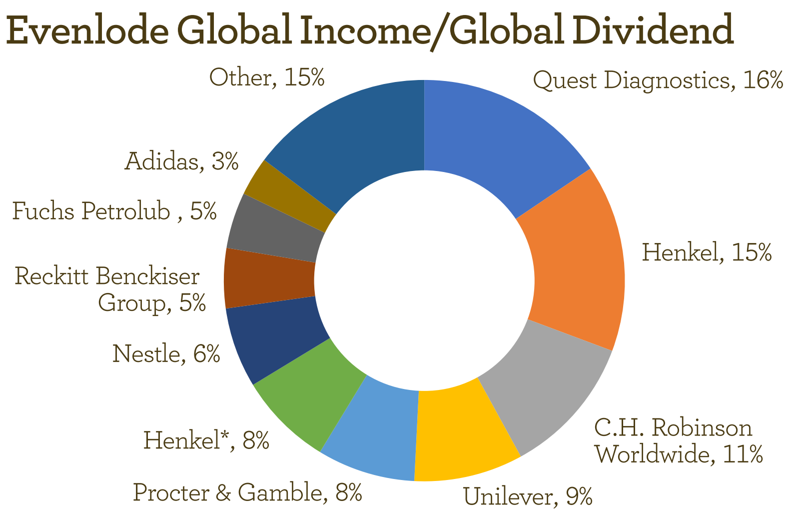
Fund	Scope 1	Scope 2	Scope 3 Upstream	Scope 3 Downstream	Total
Evenlode Income (EI)	10,564.4	5,255.7	316,627.2	273,322.1	*605,769.4*
Evenlode Global Income (EGI)	6,256.0	4,569.2	238,510.3	263,785.2	*513,120.6*
Evenlode Global Dividend (EGD)	391.0	285.1	14,934.7	16,485.9	*32,096.7*
Evenlode Global Equity (EGE)	124.4	64.6	2,999.0	2,294.4	*5,482.5*
Evenlode Global Opportunities (EGO)	3.9	2.0	94.0	71.0	*171.0*
Evenlode Total	**17,339.8**	**10,176.7**	**573,165.1**	**555,958.6**	***1,156,640.2***

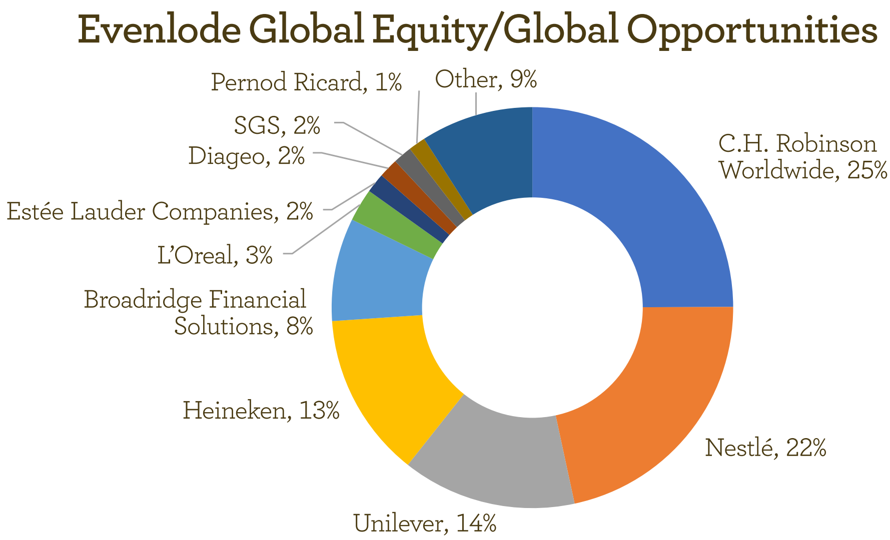
Total financed emissions by scope in tonnes of CO_2e. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode. Evenlode portfolios as at 30 December 2022. Totals subject to rounding differences.

RESULTS – OUR TOP EMITTERS

A handful of companies contributed disproportionately to each fund's emissions because of their position size in the portfolio and their relatively higher emission intensity. The charts below show the percentage breakdown of total fund emissions by company, with the top ten contributors being named.







*Emissions due to EGI/EGD's ownership of Henkel's preference shares

Total fund emissions across scopes 1,2 and 3 broken down by each company's contribution. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode. Evenlode portfolios as at 30 December 2022. Totals subject to rounding differences.

RESULTS – OUR TOP EMITTERS

We focus our engagement efforts on the most emissions intensive companies, measured by emissions per revenue. This indicates how climate-friendly companies are independent of their overall size and position size in our investment portfolios. The top ten most emissions intensive companies for each fund are listed below. Due to data licensing restrictions, we are not able to disclose individual companies' emission intensities in this report.

Rank	Evenlode Income	Evenlode Global Income/ Global Dividend	Evenlode Global Equity/ Global Opportunities
1	Procter & Gamble	Procter & Gamble	Nestlé
2	Halma	Quest Diagnostics	Unilever
3	Diploma	Hexagon	Broadridge
4	Unilever	Henkel	C.H. Robinson Worldwide
5	Victrex	Nestlé	Heineken
6	PepsiCo	Unilever	L'Oréal
7	Reckitt Benckiser Group	Broadridge	Diageo
8	Rotork	PepsiCo	Pernod Ricard
9	Bunzl	C.H. Robinson Worldwide	Nintendo
10	Cisco Systems	Reckitt Benckiser Group	Estée Lauder Companies

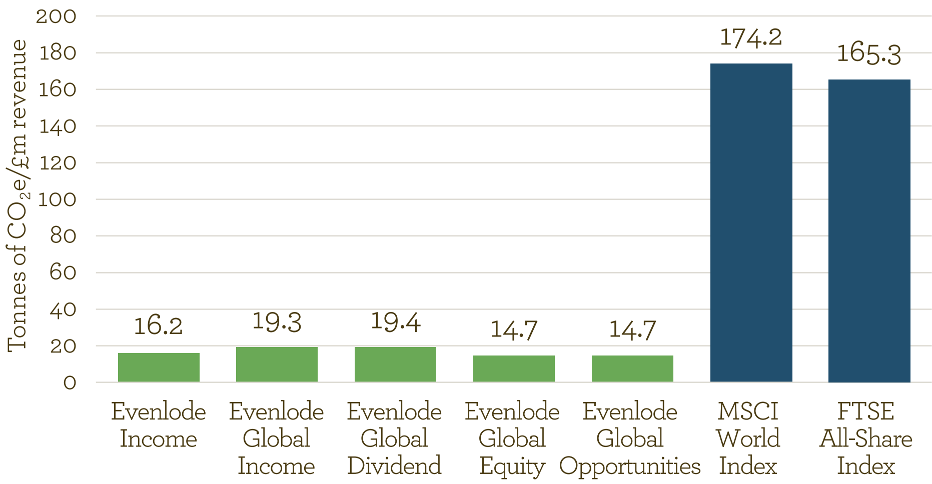
The ten companies with the highest tonnes of CO_2e/£m revenue across scopes 1, 2 and 3 per portfolio. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode. Evenlode portfolios as at 30 December 2022.

RESULTS – HOW OUR FUNDS COMPARE TO THE BENCHMARKS

Evenlode's investment approach prioritises businesses with few physical assets. Due to the nature of our investment processes, all of our funds have low exposure to the energy, materials, real estate, and utilities sectors, which are emissions intensive. This largely explains why the funds have a substantially lower emissions intensity across scope 1 and scope 2 compared to the MSCI World Index and the FTSE All-Share Index.

The energy, materials, real estate, and utilities sectors collectively accounted for 15.6% and 19.2% of the MSCI World Index and the FTSE All-Share Index respectively. In contrast, EI had only a 2.2% exposure to the materials and real estate sectors. The other Evenlode funds did not have any exposure to any of these sectors. Instead, the majority of holdings in our investment portfolios were from the consumer staples and industrials sectors, which have lower scope 1 and scope 2 emissions intensity.[7]

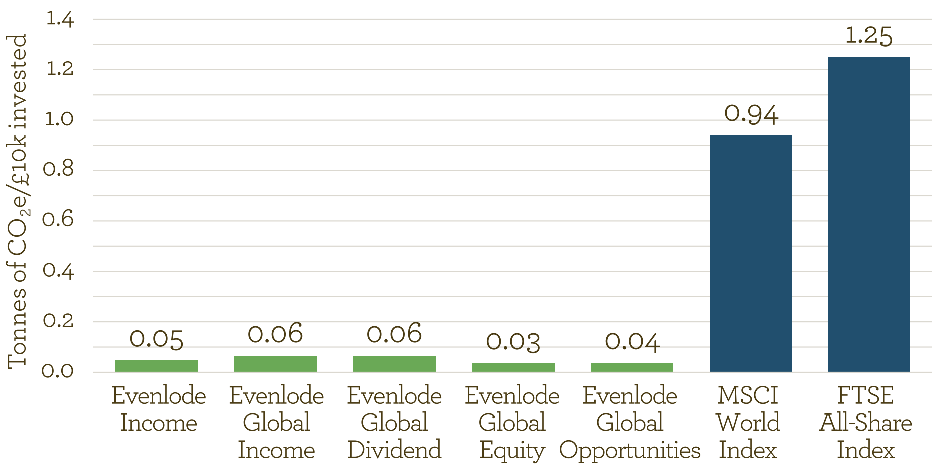
Scope 1 & 2 emissions per £1M of revenue



Weighted average emission intensity across scopes 1 and 2 as at 30 December 2022. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode, MSCI and FTSE Russell. Evenlode as at 30 December 2022. MSCI World Index and FTSE All-Share Index as at 30 December 2022 and converted to GBP using that day's exchange rate.

Because of this, Evenlode's funds also had lower scope 1 and scope 2 emissions per £10k invested compared to the MSCI World Index and the FTSE All-Share Index.

Scope 1 & 2 emissions per £10k invested



Scope 1 and 2 emissions per £10k invested as at 30 December 2022. Source: CDP 2022 Full GHG Emissions Dataset, Evenlode, MSCI, and FTSE Russell. Evenlode as at 30 December 2022. MSCI World Index and FTSE All-Share Index as at 30 December 2022. Index data converted from weighted average emission intensity into emissions per £10k invested based on portfolio revenue and asset value as at 30 December 2022.

7 Based on GICS sector classification for MSCI World Index, FTSE All-Share Index, and Evenlode portfolios as at 30 December 2022.

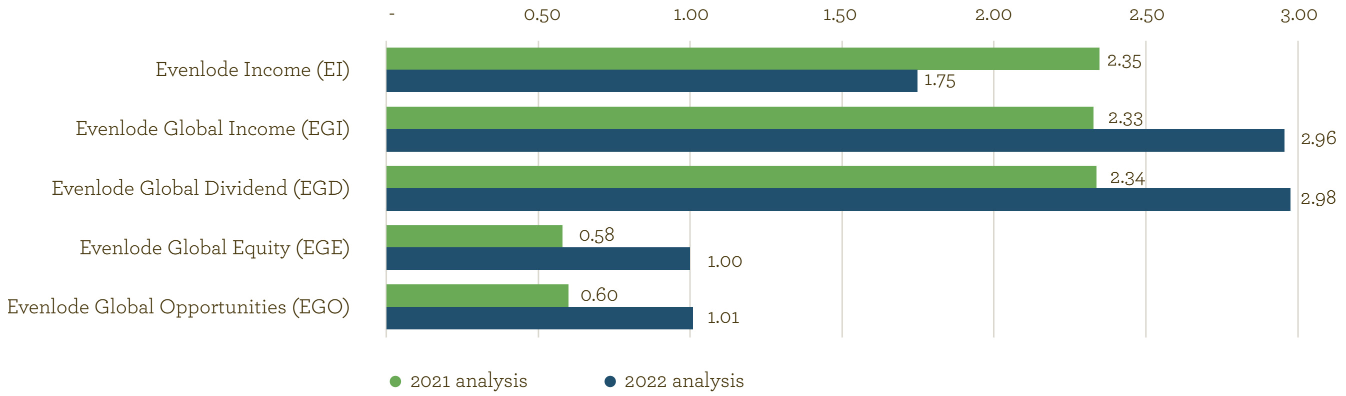
RESULTS – HOW WE ARE PROGRESSING AGAINST OUR NET ZERO TARGETS

In 2022, we achieved an overall reduction of 7.2% in our emissions per £10k invested across our investment portfolios – a decrease from 2.33 to 2.16 tCO_2e. This reduction was solely driven by a 25.2% decrease in emissions per £10k invested for EI, our largest fund. This can be explained by a significant emissions reduction reported by the fund's top three emitters from 2021, namely Smiths Group, Procter & Gamble, and Reckitt Benckiser.

Other Evenlode funds experienced an increase in emissions per £10k invested. EGE and EGO, in particular, experienced a sizeable increase in emissions per £10k invested due to the funds' higher exposure to the consumer staples sector, which expanded from 15.1% to 25.1% during the year.

Similarly, the increase in emissions per £10k invested for EGI and EGD can be partly explained by the funds' higher exposure to the industrials and consumer staples sectors compared to last year as well as a higher emissions footprint per investment for the funds' top three emitters, namely Henkel, CH Robinson, and Quest Diagnostics.

Tonnes of CO_2e per £10k invested in 2021 and 2022



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Evenlode Global Equity (EGE)	0.58	1.00	*71.7*	1.0
Evenlode Global Opportunities (EGO)	0.60	1.01	*67.6*	0.0
Evenlode Total	**2.33**	**2.16**	***-7.2***	**100.0**

Tonnes of CO_2e/£10k invested across scopes 1, 2 and 3 as at 31 December 2021 and 30 December 2022. Source: CDP and Evenlode. Evenlode portfolios as at 31 December 2021 and 30 December 2022, using data from the CDP 2021 Full GHG Emissions Dataset and the CDP 2022 Full GHG Emissions Dataset. AUM as at 30 December 2022.

For completeness and transparency, starting from this year, we will begin reporting the progress against our net zero target in both sterling and dollar terms. In 2022, our emissions per $10k invested across our investment portfolios increased by 4.4% from 1.72 to 1.80 tCO_2e. The difference in the trends of emissions per investment in dollar and sterling terms can be explained by the strengthening of the dollar against the sterling by 12.6% during the year.

SCOPING OUT THE PROBLEM

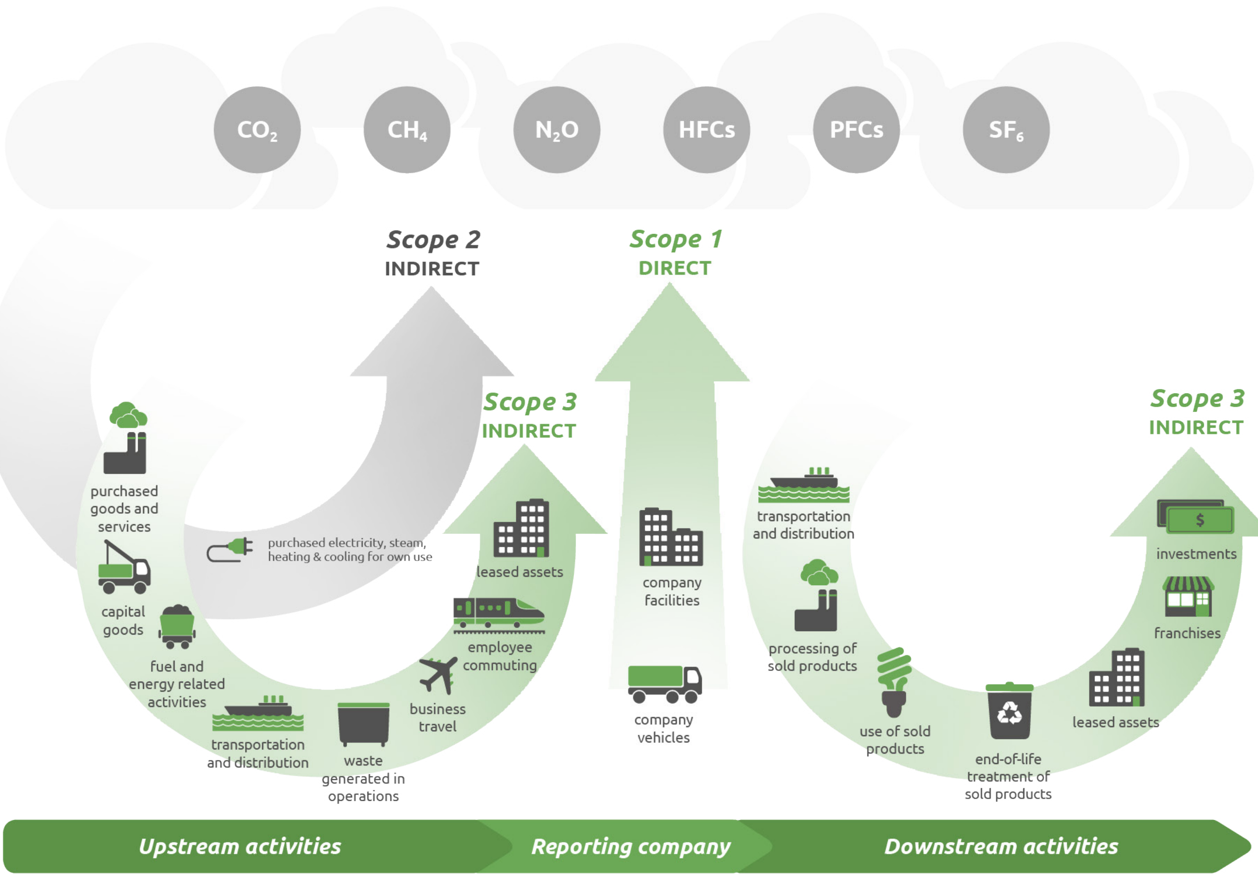
Emissions are defined as being from three different 'scopes', depending on where they are actually emitted from. Scope 1 and 2 refer to emissions occurring in companies' operations while scope 3 are indirect emissions occurring in the value chain, both upstream and downstream of its operations (see table below).

SCOPE 1	SCOPE 2	SCOPE 3	
Emissions generated directly in a company's operations from sources owned or controlled by the company. For example, burning gas or coal in a power plant or diesel or petrol in a company car.	Indirect emissions from electricity, steam, heat or cooling purchased by the company. For example, the emissions associated with the electricity that is running your computer.	Basically everything else, up and down the company's value chain, including: **Upstream** Emissions in the supply chain.	**Downstream** Emissions that occur as a consequence of using the organisation's products and services.

Our estimates include all greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Source: Greenhouse Gas Protocol

The Greenhouse Gas Protocol, which defines these scopes, further breaks scope 3 down into 15 categories:



Source: World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD)

OUR DATA SOURCES

To measure our financed emissions, we rely on the Full GHG Emissions Dataset provided by the Carbon Disclosure Project (CDP) as well as publicly reported emissions data by our portfolio companies.

We prefer the CDP dataset for several reasons. First, it requires companies to report emissions segregated into scope 1, scope 2, and the 15 scope 3 categories, rather than in aggregated form. This gives us a better understanding of the sources of emissions. Second, it provides data quality assurance. The CDP data teams check reported emissions, flagging those that deviate from their own estimates of the company's likely emissions, and comparing reported emissions against emissions disclosed in company reports. Third, it provides emissions estimates for all the categories that companies have failed to report on.

Nevertheless, our analysis suggests that the estimates provided by the CDP tend to be higher more often than lower compared to emissions disclosed by the company. It is critical for companies to measure and report their emissions as they have a better understanding of their operations and supply chains.

This is also the reason we validate the CDP dataset to ensure the consistency and accuracy of our analysis and to understand where weaknesses in the data occur. We complement the CDP dataset with the emissions data reported by our portfolio companies on their websites or in their annual or sustainability reports.

We prefer reported emissions over the emissions estimates provided by the CDP. However, we acknowledge that, in some cases, reported emissions are often estimated by companies and, therefore, may contain errors. We minimise data errors by implementing systematic cross-validation of the emissions data from the CDP dataset and our portfolio companies' reported sources.

CDP
DISCLOSURE INSIGHT ACTION

OUR METHODOLOGY

DATA SOURCE

The 2022 Full GHG Emissions Dataset, covering company emissions for reporting years ending between 30 June 2021 and 30 June 2022, is obtained from the CDP. Company financial data for the emissions reporting period is obtained using FactSet.

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DATA EXTRACTION

Emissions data for Evenlode's portfolio companies are extracted from the CDP dataset.

↓

DATA SELECTION

Company reported emissions are preferred over CDP estimates unless the CDP provided good reasons for using its estimates. For scope 2 emissions, market-based emissions are preferred over location-based emissions because they consider a company's energy sources.

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VALIDATION

Systematic cross-validation of the emissions data from the CDP dataset and our portfolio companies' reported sources is conducted.

- Where emissions data is not reported to the CDP but the company publicly reports its emissions, available data points are used.
- Where emissions data is not available from both sources, emissions are modelled based on peers or last year's estimates, scaled by revenue. This assumes that the emissions intensity remains constant.

↓

OUR METHODOLOGY

DOUBLE COUNTING

Potential overlaps in the value chain that might result in double counting of emissions, particularly scope 3 emissions, are examined and removed if necessary.

DATA QUALITY CHECK

Emissions are broken down by data source and quality, and the percentage of emissions reported by portfolio companies is calculated.

ANALYSIS

Evenlode's outstanding ownership of a company and the company's enterprise value including cash (EVIC) as at 30 December 2022 are obtained using FactSet to calculate the attribution factor. The attribution factor along with company emissions and financial data are used to calculate financed emissions metrics, which include absolute financed emissions, emissions per £10k invested, and weighted average emissions intensity.

BENCHMARKING

The Evenlode funds' emissions per £10k invested and weighted average emission intensity are compared to those of the MSCI World Index and the FTSE All-Share Index.

CHANGES TO THE METHODOLOGY

We are committed to improving the way we measure and report our financed emissions. Last year, we began disclosing the financed emissions of EGE and EGO. Furthermore, as recommended by the PCAF standard, we also closed the time lag between financial and emissions data by using the most recent emissions data in our analysis.

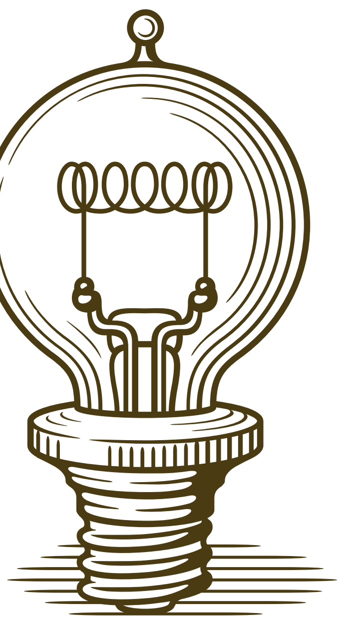
This year, upon consultation with the PCAF Secretariat, we have decided to exclude the financed emissions of the asset management companies in our investment portfolios from our analysis. To ensure our analysis provides an accurate approximation of our 'true' financed emissions, we strive to avoid double counting and rely on the highest quality data as much as possible. In the context of financed emissions, double counting occurs when emissions are accounted more than once in the financed emissions calculation of one or more financial institutions. We have also observed significant inconsistencies in the financed emissions data reported by the asset management companies in our investment portfolios.

This decision affected three portfolio companies: Ashmore, Hargreaves Lansdown, and Schroders. For these companies, financed emissions make up the significant majority of their emissions. For example, Schroders' financed emissions accounted for virtually all of its emissions. Without its financed emissions, Schroders' emissions per £10k invested would be 0.3 tCO_2e; with its financed emissions, it would be 686.4 tCO_2e – an increase of more than 2,450%.

For the rest of our portfolio companies, there was minimal overlap in their emissions. Therefore, overestimation due to double counting is likely to be immaterial. We will not be recalculating our baseline based on this year's changes, but we will continue to monitor the changing best practice guidance regarding this issue. We have established a baseline recalculation policy to set out clearly under what conditions we will recalculate our baseline (see below).

EVENLODE'S RECALCULATION POLICY

Evenlode will recalculate baseline emissions when we identify significant opportunities to improve our methodology, such as closing the time lag between financial and emissions data (as we did in our 2022 analysis), or if the changing best practice guidance requires methodological changes to the way we calculate financed emissions, such as a change to the recommended attribution factor (as in our 2021 analysis). The threshold for this shall be a potential change of at least 5% to our reported financed emissions or wherever we identify serious inconsistencies or errors.

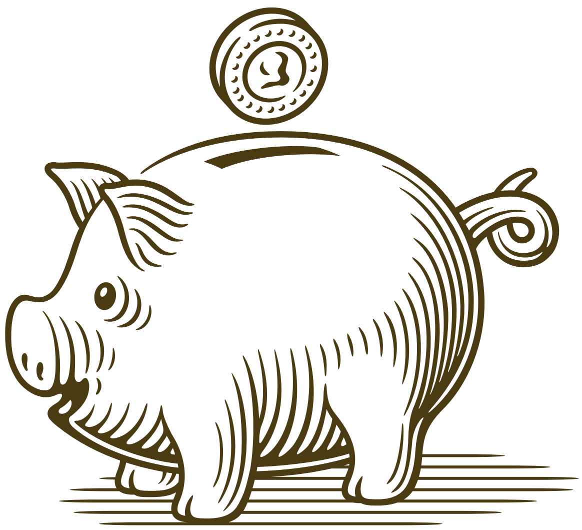


OUR FINANCED EMISSIONS METRICS AND TARGETS

The TCFD recommends organisations to provide the key metrics they use to measure and manage climate-related risks and opportunities. To effectively assess and track the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face over time, we rely on the following metrics:

Metric	What does it mean?	How do we measure it?
Absolute financed emissions	The absolute emissions associated with our share of our portfolio companies' emissions. This helps us understand the overall climate impact of our investments.	$\sum \frac{\text{outstanding amount}}{\text{EVIC}} \times \text{company emissions}$
Emissions per £10k invested	The emissions footprint resulting from investing £10k in our funds. This allows us to put our financed emissions in a more meaningful context for clients and aids comparison with other funds and benchmark indexes.	$\sum \frac{\text{outstanding amount}}{\text{total portfolio value}} \times \frac{\text{£10k}}{\text{EVIC}} \times \text{company emissions}$
Weighted average emissions intensity	The emissions intensity of our funds based on our portfolio composition and our portfolio companies' emissions intensity. This helps us understand the fund's exposure to emissions-intensive companies.	$\sum \frac{\text{outstanding amount}}{\text{total portfolio value}} \times \frac{\text{company emissions}}{\text{company revenue}}$

In June 2021, Evenlode joined the Net Zero Asset Managers (NZAM) Initiative, and we have committed to reaching net zero by 2050 or sooner across 100% of our investment portfolios. As part of our net zero commitment, we have chosen an emissions per £10k invested reduction target of 7% per annum in line with the SBTi Net Zero Standard, leading to a 51.6% reduction from 2020 to 2030. This aligns with the standard's requirement to halve emissions before 2030 and achieve 90% reduction by 2050.[8]



8 Science Based Targets Initiative, August 2022. Financial Sector Science-Based Targets Guidance. View here.

CONCLUSION

In measuring and reporting our financed emissions, we are committed to the principles of relevance, completeness, consistency, transparency, and accuracy, as recommended by the PCAF standard. In 2019, we started measuring and reporting our financed emissions for the first time. Since then, we have continued to refine our methodology to align with the evolving best practice guidance. We are seeing improved availability and quality of emissions disclosures among our portfolio companies, making our analysis more robust over time.

Our best estimate of the emissions footprint for the Evenlode funds for 2022 is 2.16 tCO_2e per £10k invested for scope 1, scope 2, and scope 3. Our scope 1 and scope 2 emissions footprint per investment was approximately 18 times lower than that of the MSCI World Index. In 2022, we achieved an overall reduction of 7.2% in our emissions per £10k invested across our investment portfolios – a decrease from 2.33 to 2.16 tCO_2e. Against our 2019 baseline emissions, we achieved an overall reduction of 6.1%.

Although we are making progress in reducing our financed emissions, there is still some way to go until our funds are fully aligned with the goals of the Paris agreement. Evenlode will continue to engage proactively with our portfolio companies to improve reporting and drive action to cut emissions.

FURTHER INFORMATION

EVENLODE

INVESTMENTS FOR LIFE

Interested in investing in the Evenlode funds? Get in touch:

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Important Information

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For full information on the Evenlode funds, including risks and costs, please refer to the Key Investor Information Documents, Annual & Interim Reports and the Prospectuses, which are available on the Evenlode Investment Management website (www.evenlodeinvestment.com). Recent performance information is shown on monthly factsheets, also available on the website.

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