



EVENLODE

INVESTMENTS FOR LIFE



**Evenlode Portfolio
Emissions Report 2023**
Lily Postlethwaite
Summary Report



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

Planet Earth span through 2023 at more than 1.5°C above pre-industrial temperature levels for 11 out of the year's 12 months. Temperature records are being broken continuously; every month between June and December was the hottest of its kind¹ and global warming is occurring at an ever-accelerated rate.

Sea levels and water temperatures continue to rise, with our oceans bearing 90% of the impacts of excess greenhouse gas (GHG) emissions. For context, the entire global economy uses about a half of a zettajoule (ZJ) of energy per year to run and in 2023 oceans absorbed in the region of 287 ZJ worth of heat, which represents a staggering 15 ZJ more than in 2022². The natural climate warming weather pattern, El Niño, exacerbated the situation in the latter half of the year but it is undeniable that human activity is behind the long-term warming trend which is causing extreme and adverse impacts on people and nature around the globe³. Across emerging and developed markets alike there is a desperate need to dramatically reduce our GHG emissions if we are to avoid the most severe and catastrophic impacts of climate change.

It is our view that by assessing the financed emissions of our funds annually and reporting our findings publicly, we stand a better chance of understanding the climate impacts of our companies as well as the transition risks they are likely to face. The analysis enables us to engage with the most emission-intensive businesses in a targeted manner, consequently making progress towards our net-zero emission intensity targets. Evenlode have been publicly disclosing our findings since 2019. This year, we are continuing to align 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 29 December 2023. Our analysis covers scope 1 and scope 2 emissions, and all categories across 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 2023, we achieved an overall reduction of 32.2% in our emissions per £10k invested across our investment portfolios – a decrease from 2.16 to 1.47 tCO₂e. This substantial reduction in our funds' financed emissions has been in part driven by the structural improvement of the global energy mix and the ever-increasing quality and availability of data. The International Energy Agency (IEA) reported that in 2023 the global supply of renewable energy grew by almost 50%, the 22nd consecutive year to set new clean energy capacity records⁴. Companies are more effectively engaging with suppliers, both up and down their value chains, ensuring that they are best placed to report their own emissions.

The emissions associated with investing £10k in any one of our funds was between 0.54 and 1.57 tCO₂e in 2023. For context, the average UK resident was responsible for 4.7 tCO₂e and the average US resident was responsible for 14.9 tCO₂e in 2022.⁵ Mike Berners-Lee advocates for a 'five-tonne lifestyle' as a per capita emissions budget in his book, *How Bad Are Bananas?*⁶.

The emissions footprint associated with investing £10k in any of the Evenlode funds is substantially lower than an equivalent allocation to a strategy which tracks the MSCI World or the FTSE All-Share indices. The difference can be largely explained by looking at sector allocation; the Evenlode funds have low exposure to energy-intensive industries, such as the Oil & Gas, Materials, Real Estate, and Utilities sectors. Evenlode favours investments in asset light businesses and our approach has a bias towards quality, these factors also play a role in the difference in intensity between our funds and the indices. The FTSE All-Share Index comprises fewer, smaller businesses than the MSCI World Index and it also has a much higher weighting towards the Energy, Materials and Consumer Staples sectors. For these reasons the FTSE represents a more intensive benchmark than the MSCI.

Fund	2022	2023	% change	% of AUM
Evenlode Income (EI)	1.75	1.51	-14.1	58.9
Evenlode Global Income (EGI)	2.96	1.56	-47.5	32.6
Evenlode Global Dividend (EGD)	2.98	1.57	-47.2	2.4
Evenlode Global Equity (EGE)	1.00	0.54	-45.9	5.9
Evenlode Global Opportunities (EGO)	1.01	0.54	-46.5	0.2
Evenlode Total	2.16	1.47	-32.2	100.0

Tonnes of CO₂e/£10k invested across scopes 1, 2 and 3. Source: CDP and Evenlode. Evenlode portfolios as at 30 December 2022 and 29 December 2023, using data from the CDP 2022 and 2023 Full GHG Emissions Datasets.

1 EU's Copernicus Climate Change Service. [View here](#).

2 Cheng, L., Abraham, J., Trenberth, K.E. et al. New Record Ocean Temperatures and Related Climate Indicators in 2023. *Adv. Atmos. Sci.* (2024). [View here](#).

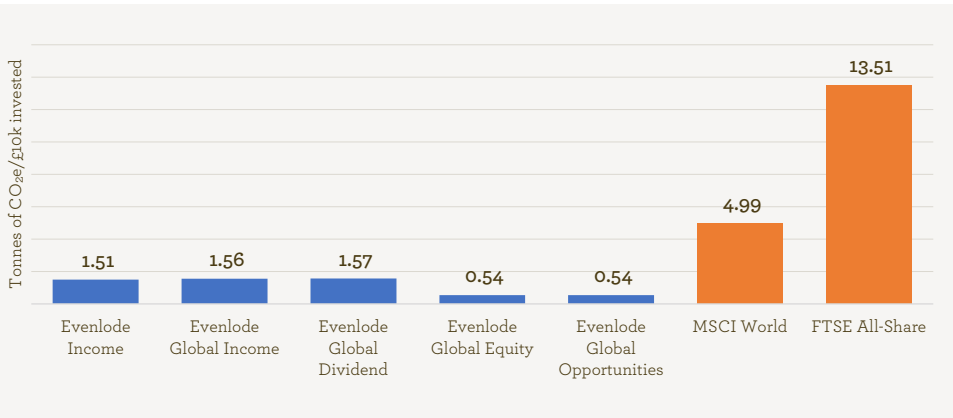
3 Synthesis Report of the Sixth Assessment Report, Synthesis Report of the Sixth Assessment Report A Report of the Intergovernmental Panel on Climate Change. [View here](#).

4 IEA (2024), CO₂ Emissions in 2023, IEA, Paris. [View Here](#).

5 Our World in Data based on the Global Carbon Project, 2023. [View here](#).

6 Berners-Lee, Mike. *How Bad Are Bananas?: The Carbon Footprint of Everything*. London: Profile, 2010.

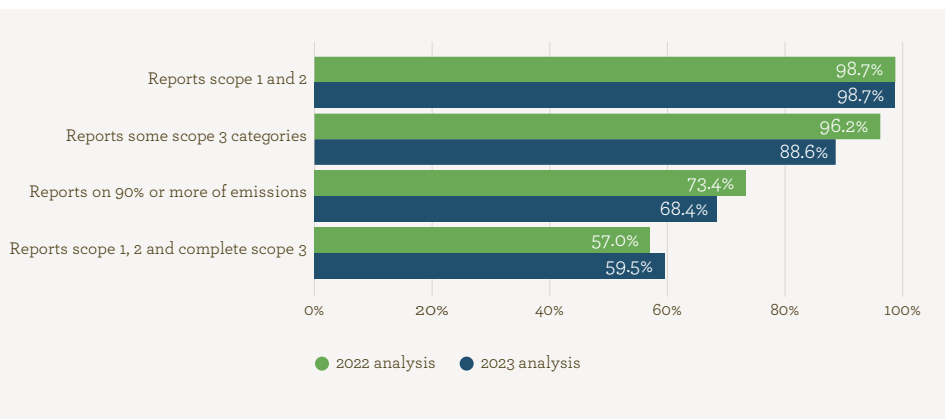
Scope 1, 2 and 3 emissions per £10k invested



Scope 1, 2 and 3 emissions per £10k invested as at 29 December 2023. Source: CDP 2023 Full GHG Emissions Dataset, Evenlode, MSCI and FTSE Russell. Evenlode as at 29 December 2023. MSCI World and FTSE All-Share portfolios as at 29 December 2023. Index data converted from weighted average emission intensity into emissions per £10k invested based on portfolio revenue and asset value as at 29 December 2023.

Since we began conducting this analysis, we have witnessed a gradual increase in total emissions disclosure at the portfolio level; this year however we note a slight decline in the percentage of companies reporting on scope 3 emissions. There has been a rotation away from companies such as Clorox, Estée Lauder, Money Supermarket, AstraZeneca and eBay, into the likes of Clarkson, Spirax Sarco and Snap-on, principally as a result of our valuation discipline. However, where the former set of businesses were reporting 100% of their total emissions, the latter cohort calculate and disclose just 5% or less. The Stewardship team view this shift as an opportunity to engage in a meaningful way with companies who have not yet developed their emissions reduction strategies sufficiently.

Holding companies' emission reporting by scope



Percentage of companies in Evenlode portfolios reporting across the different scopes. Source: CDP and Evenlode. 2023 analysis based on Evenlode portfolios as at 29 December 2023, using data from the CDP 2023 Full GHG Emissions Dataset. 2022 analysis based on Evenlode portfolios as at 30 December 2022, using data from the CDP 2022 Full GHG Emissions Dataset.

OUTCOME

As is the nature of measuring financed emissions, our analysis is far from perfect, but this process provides valuable insights to steer our investment discussions and stewardship efforts toward our net zero targets. Having seen a plateauing out of disclosure at a portfolio level, it is still the case that on an individual level companies continue to increase or maintain their disclosure and the quality of the data being

reported continues to improve year-on-year. Our analysis and subsequent engagements with our portfolio companies are becoming more impactful and as a result we can provide a clearer representation of our financed emissions to our clients. Evenlode will continue to engage with our portfolio companies to improve reporting and drive action to cut emissions.

To access the Portfolio Emissions Reports, please use this link: <https://evenlodeinvestment.com/stewardship/assets>