EVENLODE

INVESTMENTS FOR LIFE

Evenlode Investment
Annual Responsible Investment Report 2020

www.evenlodeinvestment.com

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Our purpose is to protect and enhance the value of our clients' assets whilst creating a positive social impact.

With a focus on long-term investment, we hold only the highest quality companies that have a strong economic moat, reliable cash flow and a healthy balance sheet. However, we are not just investors - we also understand the influence we can have on the companies we invest in on behalf of our clients. This is why we feel integrating environmental, social and governance factors into our investment process can help to sustain and improve returns for our clients, whilst creating a positive social impact.

EVENLODE'S YEAR IN STEWARDSHIP

By Ben Peters, Fund Manager and Director

The long-run success of our business relies on delivering positive long-term results for our clients, which means we must invest in an investment team that can deliver not just today, but in the years and decades to come.

Ben Peters, Fund Manager and Director

We are stewards of capital (in our case, invested into the equity of real-world businesses), we should always think about the long term whilst we are carrying out our work and building our business, and we should look to improve outcomes for as broad a range of stakeholders as we can (clients included of course but not at the expense of wider society). The long-run success of our business relies on delivering positive long-term results for our clients, which means we must invest in an investment team that can deliver not just today, but in the years and decades to come.
One of our key investment beliefs is that ownership of equities should be a long-term endeavour. As this is what we clearly state at the outset of a client relationship (and whenever else we get the opportunity), our belief is that our clients use our services with a long-time horizon in mind too. Of course 'long-term' is a vague term, and rightly so; we must take day-to-day decisions based on our analysis of the portfolios we manage and the opportunities available, and sometimes things happen that mean short term activity is warranted. Our clients' circumstances may change requiring them to redeem funds sooner than anticipated. Nonetheless, our rule-of-thumb interpretation of 'long-term' meaning '5 or more years' is borne out in the turnover statistics of the portfolios that we manage and the longevity of client holdings. The average holding period of a portfolio position is around six years[1], and the average client holding duration is 3-5 years[2].

As we are trying to get good outcomes over many years and will own holdings in companies for that long or longer, then it makes sense for us to engage with those companies in a collective effort to do better through time for all stakeholders. Businesses that can do this are, in our firmly held view, more likely to prosper. This becomes a virtuous circle; benefitting all stakeholders benefits our investee companies, which cements their market-leading position and enables them to invest further. This ultimately leads to good outcomes for our clients, and also our own business enabling us to invest further in our capabilities as well.

Our governance structure ensures that there is a clear line of responsibility to the board for delivery of our investment services, including stewardship as a core capability. Amongst my other directorial duties, I have specific responsibility for the development and delivery of the stewardship business plan, and report progress against it to the board. The delivery of the business are achieved through our 'objectives and key results' (OKR) management system, whereby all staff members' performance is measured against specified objectives aligned to the business plan. With the business plans co-created with relevant team members, there is clear ownership and accountability in the governance structure. For example, to better align incentives around integration and investment-decision making internally, the investment team in 2020 had an objective to support innovation, long-termism and stewardship across the economy and society. To ensure the goal was tracked, the Chief Investment Officer (CIO) would meet with the Head of Stewardship to discuss progress on goals such as 'developing our thinking on social impact analysis using the UNSDGs'.

"Using careful thought, stewardship and expertise, we invest consistently for the long-term, to maximise positive impact for all."

1 Since launch for the TB Evenlode Income fund and the TB Evenlode Global Income fund as measured by annual average AUM divided by annual sales within the fund.
2 As measured by average assets under management divided by gross client redemptions over the year to end-January 2021. The lower figure of three years is for the newer and smaller Evenlode Global Income fund, where the proportional impact of client flows is larger, and which celebrated its third anniversary in November 2020.

EVENLODE'S YEAR IN STEWARDSHIP

By Ben Peters, Fund Manager

We have always strived, and will always strive, to improve our processes and capabilities, an aim enshrined in our purpose and our business plan. Investment in our own resources is how we will deliver a high-quality investment service to our clients in the long run, managed via our continuous improvement framework - the Evenlode Process Upgrade Project (EPUP). Don't let the cutesy-sounding acronym EPUP fool you, this is a serious endeavour and the sort of project that is never finished. All aspects of improving our investment framework, including stewardship, are put through this process, which is designed to ensure that improvements are resourced, have project managers assigned, and are seen through to fruition. The process demonstrates the culture of delivery and accountability that runs through the Evenlode business. It has delivered, amongst many other things, the Engagement Tracker that has proven invaluable as a tool for managing delivery and accountability within the stewardship function. The Tracker allows us to better monitor ongoing engagements and as such has now been integrated into our voting and engagement policy. It helps stewardship analysts record engagements when either being contacted by company management proactively or after voting at an annual general meeting (AGM). This has led to an open, and meaningful dialogue with our investee companies and got us invited to many Chairperson's roundtable discussions over the years. This further highlights the importance of continual improvements in our processes with a more effective stewardship process as a result.

In this document we aim to show you, our co-investors and other interested readers, what we have done to turn these beliefs and aims into reality over the last year and to describe our plans for developing and improving in the future. Sawan our Head of Stewardship, will discuss how we approach protecting and enhancing the value of our clients' assets through our active approach to corporate engagement, facilitated by investment in our systems. He will also detail our activities and the results achieved in the year. Charlie our stewardship analyst and Bethan, our investment analyst will discuss two important additions to our analytical capabilities that we have been developing: measuring carbon impact and assessing alignment with the UN's Sustainable Development Goals (SDGs). These address the real-world activities and impact of our investee companies. Cristina, our investment analyst will examine progress on the circular economy, an important development as we move towards truly sustainable consumption and particularly relevant to SDG 12: Responsible consumption and production. The coronavirus pandemic has shone a particularly bright light on the role of business in providing jobs and economic prosperity, and Charli looks at this through the lens of corporate culture and how we approach its assessment in our investment process.

We hope you find this report to be interesting and informative, alongside our regular investment views, videos and podcasts in which we discuss stewardship alongside broader investment matters. Please feel free to contact us with any thoughts and feedback you might have on how we should approach the question of stewardship and how we communicate this to our investors. It is increasingly clear that if the world is to make the dramatic alterations to the economy needed to head off climate change and resource depletion then there will have to be positive, collaborative, and concerted action by companies, individuals and governments. We are actively collaborating with other investors and third sector organisations such as the Forest People's Programme to find solutions to the challenges, as well as donating our own resources to other organisations that are filling in the gaps left by business and government under our Evenlode Foundation programme. Our position as stewards of your capital has a positive role to play in the world, and we welcome input as to how you think we can do this better.

Ben Peters, Fund Manager and Director

"In this document we aim to show you, our co-investors and other interested readers, what we have done to turn these beliefs and aims into reality over the last year."

THE TEAM

By Sawan Kumar, Head of Stewardship

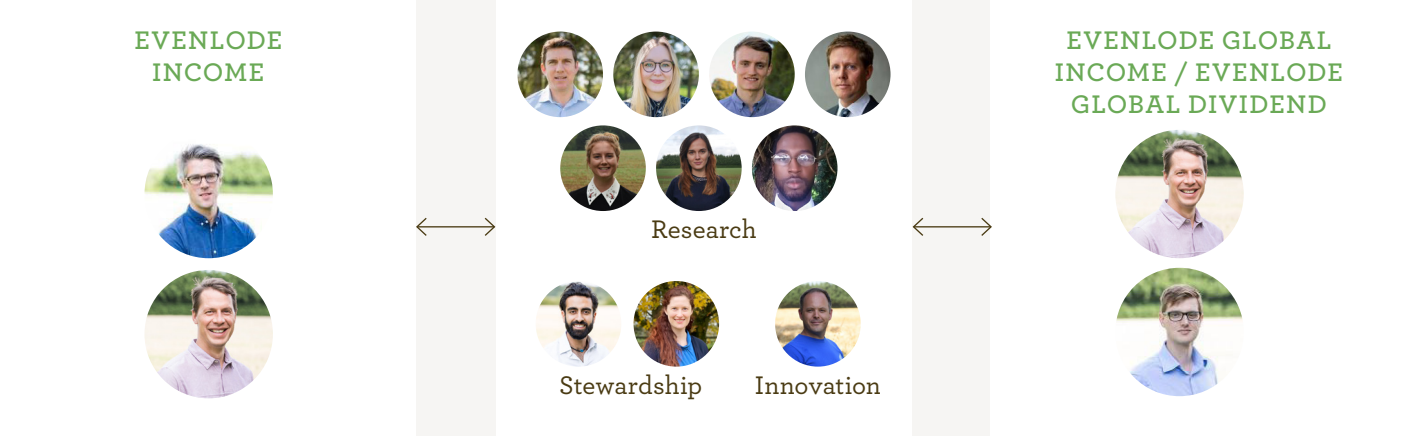
We are looking for strength in depth in our team and have hired individuals with experience from a range of backgrounds to ensure we address all of the elements of the Evenlode investment process as holistically as possible.

Sawan Kumar, Head of Stewardship

As an employee-owned business the aim is to build a multi-generational team within which, in due course, the business can be handed from one set of employee-owners to another whilst continuing to consistently apply our process to the portfolios we manage. For these reasons we have continued to hire during the last year despite the difficulties presented by the coronavirus-related lockdown situation here in the UK and abroad. The concept of delivering in the long run for all stakeholders means that the team is structured to take collective ownership for the decisions made on the portfolios we manage, whilst containing lines of individual responsibility to ensure that accountability is not dissolved.

Particularly relevant to delivering our stewardship activities, we have welcomed to the team an additional stewardship analyst, Charlie Freitag, who is also the co-author and editor of this responsible investment report. Charlie joined the Evenlode investment team in November 2020. As market wide and systemic risks, such as climate change, become even more realised in the economy, we wanted to get a better sense of how climate-related risks will impact the companies in our portfolios. Her expertise in carbon emission reporting has further expanded our knowledge through her deep dive on the portfolio's emissions and how climate change has the potential to affect the risk profile of companies we invest in on behalf of our clients. Prior to joining Evenlode, Charlie worked as a Sustainability Consultant for Mike Berners-Lee's Small World Consulting where she was one of the lead researchers for the book, 'How Bad are Bananas'. She has experience in developing ESG investment frameworks for a large asset manager and greenhouse gas emission accounting and reporting for the public and private sector. Along with her existing credentials, she is continuing her development, recently completing a voting and engagement course run by the International Corporate Governance Network (ICGN) and is currently studying for the new CFA ESG Certificate.

Investment Team



EVENLODE'S STEWARDSHIP STORY

By Sawan Kumar, Head of Stewardship

Evenlode is a signatory of the UK Stewardship Code which was first published by the Financial Reporting Council (FRC) in 2010. After being updated in January 2020, the code sets high stewardship standards for asset owners, managers and service providers that support them.

Consisting of twelve guiding principles for asset managers and owners and a separate set of six principles for service providers, the new code aims to encourage engagement between institutional investors and company management and promote a greater level of transparency. It is applicable to those firms who manage assets on behalf of institutional shareholders, including pension funds, insurance companies, investment trusts and other collective investment vehicles and should be applied on an "apply and explain" basis.

The Code increasingly helps us navigate around these complex risk mitigating themes and is increasingly recognising that environmental, social and governance (ESG) factors are becoming even more material to the long-term success of a company. We have welcomed the inclusion of environmental and social factors, particularly climate change as a systemic and material risk for investors to consider in their investment process. Along with the Code, to better help us identify key long-term risks and discuss megatrends we attended various webinars trainings in the year held by industry groups and organisations such as the ICGN, United Nations Principles for Responsible Investment (UNPRI), Investor Forum, Carbon Disclosure Project (CDP), and MSCI. These discussions further brought emerging business risks to our attention from a market risk point of view which helped us curate the themes for our bespoke analysis carried out in the year. For example, our portfolio emissions analysis (which we detail later in this report), is the first step to a longer piece of engagement which addresses transition and physical risks our investee companies face as we transition to a more sustainable economy.

Evenlode is a signatory to the UNPRI. The principles were developed in 2005 by an international group of investors who wanted to promote the increasing relevance of responsible investment. By becoming signatories, we have committed to implementing these principles and incorporating environmental, social and governance factors into our investment process to better manage risks for our clients. After signing up to the UNPRI in 2018, we are pleased to announce that we have continued to achieve the highest rating (A+) for both our overall strategy and governance and for integration of ESG considerations into our investment process. Out of all the respondents in our peer group (grouped by assets under management) that completed the most recent survey, approximately 32% received an A+ rating for strategy and governance and approximately 23% for integration, respectively.

TO ACCESS THE REPORT, PLEASE CLICK HERE

ESG INTEGRATION

By Sawan Kumar, Head of Stewardship

We measure companies in our investable universe on a range of financial and non-financial factors, divided into three different categories:

- **Business:** economic moat, pricing power, long-term industry outlook, economic sensitivity, diversification, management and cultural quality and ESG,
- **Financial:** balance sheet strength and cash generation, and
- **Investment:** liquidity risk and valuation risk.

We assign a score of between A to E for each risk factor for each company we follow and analyse. This kind of scoring methodology induces conversation within the investment team at our regular risk scoring meetings and when an investment case is reviewed, ensuring a collegiate decision is made taking into account a range of viewpoints. Companies that score badly on certain issues, or certain combinations of issues, are less likely to be included in our investable universe. For instance, an E for both Balance Sheet and/or Economic Sensitivity, a Moat score less than a C or an ESG risk score of E. The longer one holds the shares of a company with these kinds of risk, the more likely it is that a permanent loss of capital occurs.

Due to the time horizon of our investments and the nature of ESG-related risks materialising usually over a long period of time, we classify ESG risk to be a 'business risk'. Imagine a company that doesn't align its remuneration policy to the long-term strategy of the business, doesn't invest properly in its long-term future, makes big acquisitions for short-term earnings accretion but takes on too much debt, doesn't keep staff happy, or doesn't manage its environmental and social risks in its supply chain properly. This company might get away with such an approach over the short-term but is highly unlikely to prosper over a period of a couple of decades.

We use several checklists at Evenlode which we hope that if used properly, will add significant value for our clients over the long-term. Over the course of the year, in order to create more structure to how we score companies on ESG, we highlighted market wide ESG issues that present long-term risks, if not addressed:

- **Environmental risks:** climate-related risks, plastics pollution, deforestation,
- **Social risks:** lack of transparency within the supply chain, diversity and inclusion,
- **Risks arising from a poor governance framework:** misalignment between pay and performance, inadequate independence of board members.

We wanted to ensure we had clear systems in place in order to eliminate any preconceived notions and biases and have created a checklist which looks to ask companies 28 ESG related questions. Environmental, social, and governance considerations are weighted differently, with governance having the highest weighting of the three due to its over-arching nature.

Example questions include:

- 'Is there board-level oversight and management of climate-related risks'?
- 'Does the company provide a positive social impact to society through its business activities'?
- 'Is there is a combination of financial as well as non-financial factors being measured to incentive executive management'?

Once the score is calculated, an independent judgement and discretion is applied by the stewardship department as a common-sense overlay. Discussion is had around the resulting score which is presented at the weekly investment meeting, and this ultimately acts as one of the key inputs into the maximum position size of the company. Independent discretion is useful as it eliminates a mechanical decision-making process and instead creates a more collegiate discussion driven by the team. It also helps us to highlight which E, S or G factors are most material to the company's industry and/or business model. The idea is for this framework to evolve over time and capture more bespoke thematic analysis being carried out.

"We wanted to ensure we had clear systems in place in order to eliminate any preconceived notions and biases and have created a checklist which looks to ask companies 28 ESG related questions."

THE ENGAGEMENT TRACKER

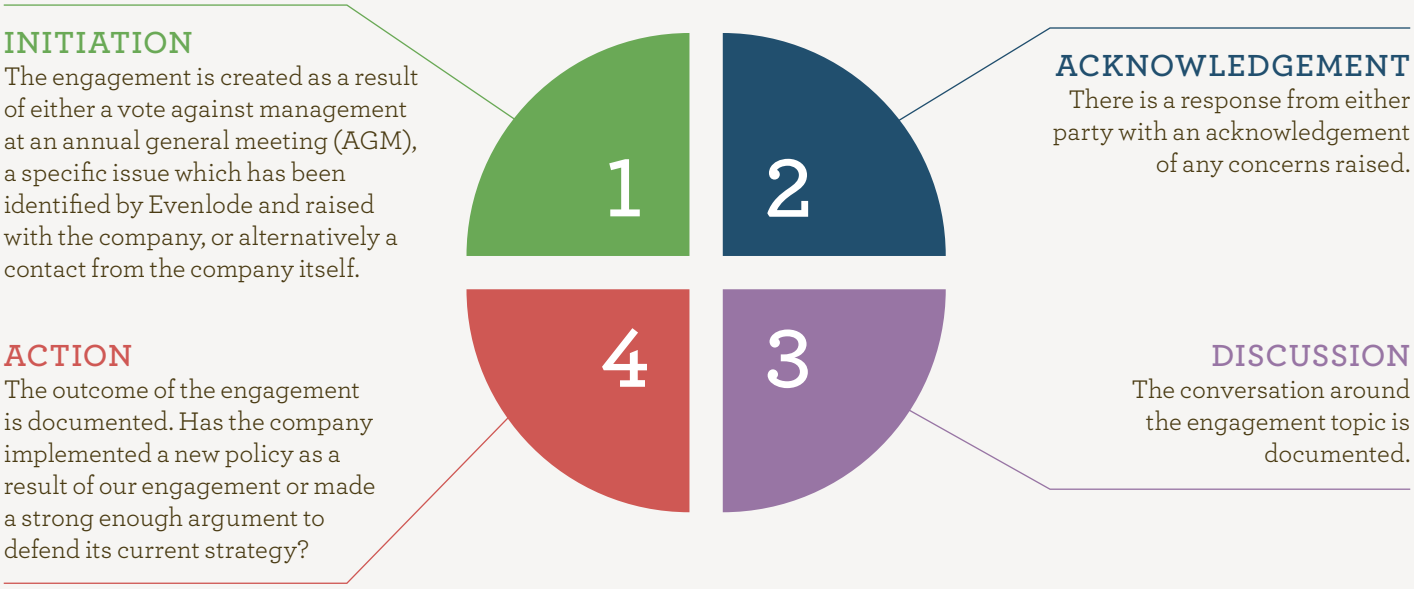
By Sawan Kumar, Head of Stewardship

On behalf of our investors, we look to invest in high-quality businesses over the long-term. Constructive engagement is one of the most important tools we can use in affecting positive outcomes for our clients. This is why, to gain a deeper understanding of the businesses we invest in, we measure the level of accessibility and transparency companies offer to their stakeholders. We've observed over the years that there is a good correlation between companies that are willing to engage with investors proactively and those that have a strong and open culture throughout the organisation. A good example of this is Unilever which scores an 'A' for Management and Cultural Quality in our risk framework. The company has been exemplary in (proactively) engaging with their stakeholders especially on their long-term strategy on sustainability. They were the first company in our universe to host an annual sustainability event in 2019 for their shareholders where they identified their main areas of focus; climate change and inequality. Management are focused on actively managing the portfolio to help drive growth and seem focused on embedding sustainability into strategy and business practices.

We consider stewardship to be an important part of our investment philosophy, and have over the past few years been developing a framework for engagement with the companies we invest in. We feel it is our fiduciary duty to protect and enhance the value of our clients' assets, whilst responsibly minimizing broad non-financial risks. Monitoring of investee companies is good investment practice and we would never invest on behalf of our investors without undertaking sufficient due diligence.

In 2019, we updated our proprietary investment research software system (EDDIE) which now includes new 'Engagement Tracker' functionality. The 4-step process for documenting engagement activity in EDDIE is shown below:

Engagement Tracker



Year	By Evenlode	By Company	2020
Initiate Dialogue	24	12	36
Acknowledgement	15	12	27
Discussion	23	12	35
Action	19	6	25
Total:	**81**	**42**	**123**

THE ENGAGEMENT TRACKER

By Sawan Kumar, Head of Stewardship

Examples of cases that lead us to prioritise an engagement are:

- After concluding the emission analysis, a list of the most emissions-intensive companies is curated, for each fund. Next steps will be to create an engagement strategy where we will look to ask the investee companies about setting more ambitious emission reduction targets.

- As part of our ongoing Sustainable Development Goals analysis, we identified companies that we felt should be leading the way to a more sustainable business model or that we felt had the most material ESG risks if left unmanaged. The outcome of the analysis led to a series of engagements where we were able to address some of these issues. More information on this in the SDG analysis section of the report.

- We have voted against the company at the AGM because we have had concerns about their remuneration policy, board independence or over-boarding. Leading to us writing to the company after the AGM and initiating dialogue for the upcoming meeting. Although we may not see change over a 12–24-month period, planting that seed and repeating the process i.e. writing a letter after a vote against in the following year(s), might.

In adherence to our voting policy, we initiate dialogue with company management before we action a vote (if we need additional information) and also after actioning a vote (if we vote against management) via a letter.

Due to the nature of some governance frameworks, and the complexity of remuneration policies, it can be useful to speak with management before inputting the vote. If voting against management, our policy states that we must write to the company stating the reasons why. This induces a healthy conversation post the AGM about the changes we want to see in the company and allows us (as investors) to better understand the company's point of view. Although the topics may differ between various geographies, the engagement strategy remains the same for the funds. Recording each step of the engagement process allows us to record, analyse, monitor and measure the success of our engagements. As the information is now kept in a centralised database, it further enhances transparency and spreads the knowledge in the team, whilst eliminating the risk of sending conflicting messages. Ongoing maintenance of the tracker also has the ability to provide useful data which we can then use to create a more robust engagement framework.

FOR OUR FULL ENGAGEMENT POLICY, PLEASE CLICK HERE

ESCALATION

Evenlode does not have a formal escalation strategy. However, in the past we have collaborated with other investors and voted against the re-election of the relevant directors/committee chairperson. We have in the past had multi-year engagements in order to effect change and have worked with the Investor Forum to collaboratively engage with other investors.

Although escalation can sometimes have negative connotations, we have had various positive engagements with a non-food consumable business in our Evenlode UK Income fund. We understand that showing discontent is important to effect change however we also welcome and encourage companies when we notice positive and ambitious sustainability targets. For example, over the past 12 months we have had healthy discussions on a company's new sustainability assessment framework. The engagement led to us better understand that human rights and safe labour, science-based targets and responsible production of materials were key areas of focus for the business in the coming 3 years and that it was a leader amongst its peers due to identifying these areas as material to the long-term profitability of the business. This ultimately led us to making a more informed decision to the company's ESG risk score and upgrading it as part of our risk management framework.

ENGAGEMENT THEMES

By Sawan Kumar, Head of Stewardship

Over the past few years, the rationale for voting against management had centred around remuneration policies being overly reliant on share price appreciation and earnings per share. And although these kinds of metrics being used in isolation haven't completely been eliminated from the portfolios, there have been some clear improvements. As new policies have been enacted in the year, company management teams have been listening to shareholders and have added additional performance metrics to long-term incentive plans that give a more rounded view of the company's financial and strategic progress. Measures based on return on invested capital, growth in organic revenue and operating profit have been welcomed. The decline in votes against management in the year is further proof of the effectiveness of exercising our voting rights and follow-up engagements with investee companies.

COLLABORATION

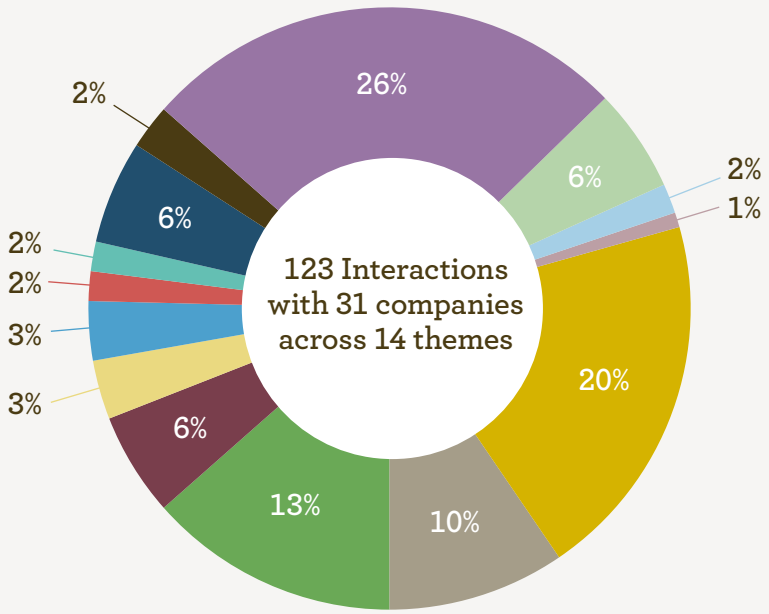
We are active participants in the Corporate Reporting Users Forum (CRUF). CRUF participants contribute to corporate reporting debates with a wide variety of standard setters and regulators to ensure the investor voice is heard. We attend quarterly CRUF meetings and prepare, review and sign/endorse CRUF letters to standard setters. To enhance integration within Evenlode and to get the most value from the meetings, the Research Manager, Chris Moore who is also a qualified accountant, regularly attends CRUF meetings and works closely with the stewardship department to achieve the desired objectives of various CRUF initiatives.

For example, in 2020 we were signatories to the CRUF comment letter to the International Accounting Standards Board (IASB) supporting a proposed amendment to IFRS 16. The subsequent implementation of the amendment helped to simplify and clarify the accounting treatment for COVID-19 related rent concessions, aiding preparers and users of financial accounts. The change has the potential to further enhance disclosure and better stewardship across financial markets.

Our overall approach around direct vs collaborative engagements is simple. We believe collaboration is important to strengthen our collective influence in addressing ESG issues and learn from like-minded investors. However as long-term investors we have developed long-term relationships with our investee companies through direct engagements. And we believe that is a key ingredient in effecting change that will benefit both our clients and the overall market more broadly.

* Please refer to 'Ground-truthing' for a useful example of a collaborative industry initiative.

Engagement Themes

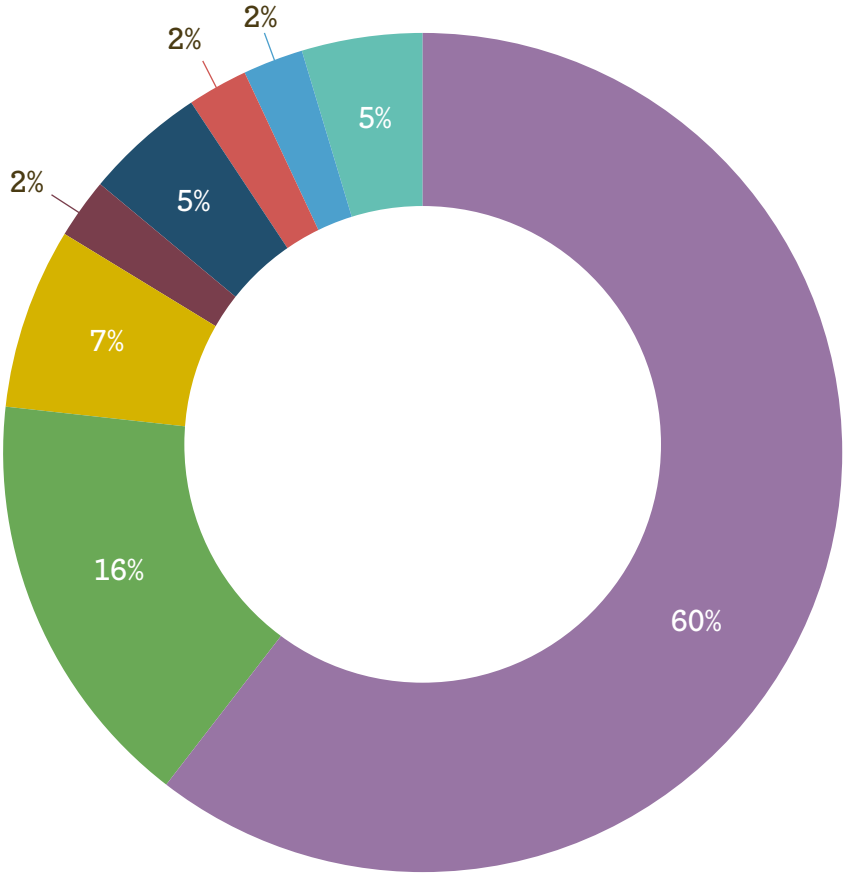


2020 Themes	
Climate Change	17
Use Of Plastics	7
Deforestation	4
Use Of Water	4
Human Rights	2
Human Capital Management	2
Supply Chain	7
Labour Conditions	3
Remuneration	33
Board Structure	7
Succession Planning	2
Audit Issues	1
Company Strategy	25
Company Culture	12
Themes	**126**
Interactions	**123**
Companies	**31**
Engagements	**43**

ENGAGEMENT THEMES

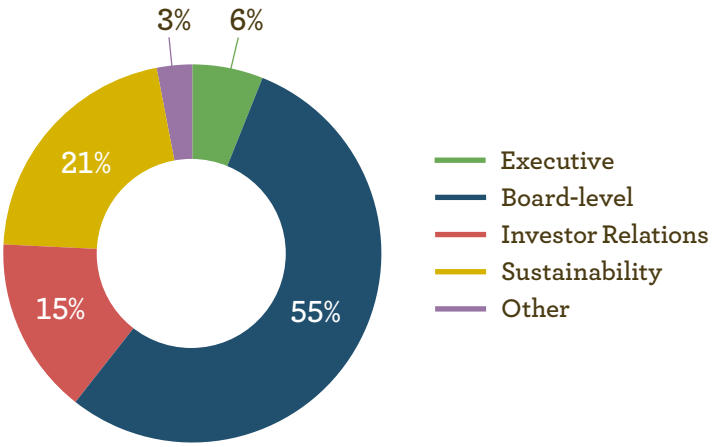
By Sawan Kumar, Head of Stewardship

Engagements by Region

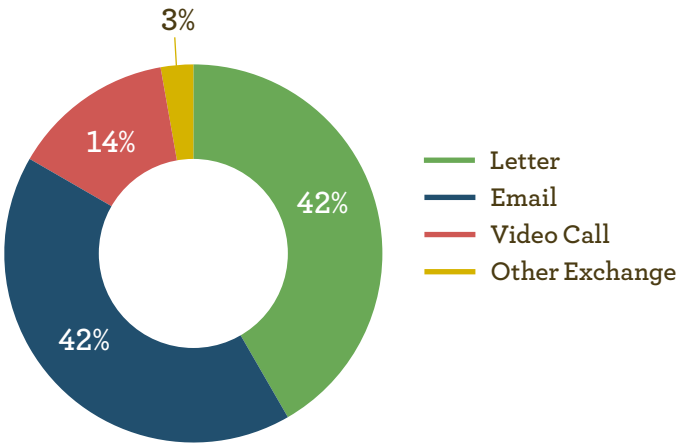


Engagement by Region	Total
United Kingdom	26
United States	7
Switzerland	3
France	1
Denmark	2
Sweden	1
Finland	1
Netherlands	2
Engagements	**43**

Who we engaged



How we engaged



STEWARDSHIP IN PRACTICE

By Sawan Kumar, Head of Stewardship

By carrying out sufficient due diligence we invest in companies that are being managed according to a strategy and principles with which we fundamentally agree. With this in mind, Evenlode's policy is to usually vote with management on resolutions put forward unless we have initiated an engagement in the previous year showing our discontent and asking for change which has not materialised. As a firm we do not engage in stock lending and vote all our shares using the proxy voting service provider, Proxyedge. We have a close relationship with their representatives where we can use their platform to check for upcoming meetings (helping us to plan for AGM seasons), monitor voting rights and, finally, action our votes. Voting with the board is not automatic and in cases where we disagree with a specific issue we will vote against. Where possible this will happen after dialogue with the officers of the company has taken place.

We do not use external proxy research providers as we believe it to be our fiduciary duty to vote shares in accordance with the investment philosophy that we set out to our clients. All of our research is carried out in-house by our stewardship analysts, using both publicly available information and internal research carried out by our Fund Managers and Investment Analysts. Due to the size and nature of our business and potential added costs to the business and our investors, we do not seek independent assurance of our proxy voting and stewardship activities. Instead we undertake an annual review of all of our stewardship activities (voting and engagement) at the end of the proxy voting season to better understand the market and how we can structure our engagement style going forward. This involves extracting data from our internal engagement platform and searching for themes and trends in our voting activity which can further help us in our engagements for the following voting season.

We consider the UK corporate governance model as best-in-class. However, we do understand that other jurisdictions and geographies have different requirements and take these into consideration when making our voting decisions. For example, we initiated an engagement with a country based in Northern Europe which did not have such high standards around disclosure of performance targets for their long-term incentive plan. We believe shareholders should have the ability to gauge whether executives' interests are in alignment with their own and are being challenged appropriately. As we feel this is a key part of our fiduciary duty to our investors/unitholders, we were unable to support their policy.

We disclose all our voting activity in the Stewardship section of our company website. In the interests of best practice, transparency and investor information, we also provide details of when we have voted against management and the reasons for this.

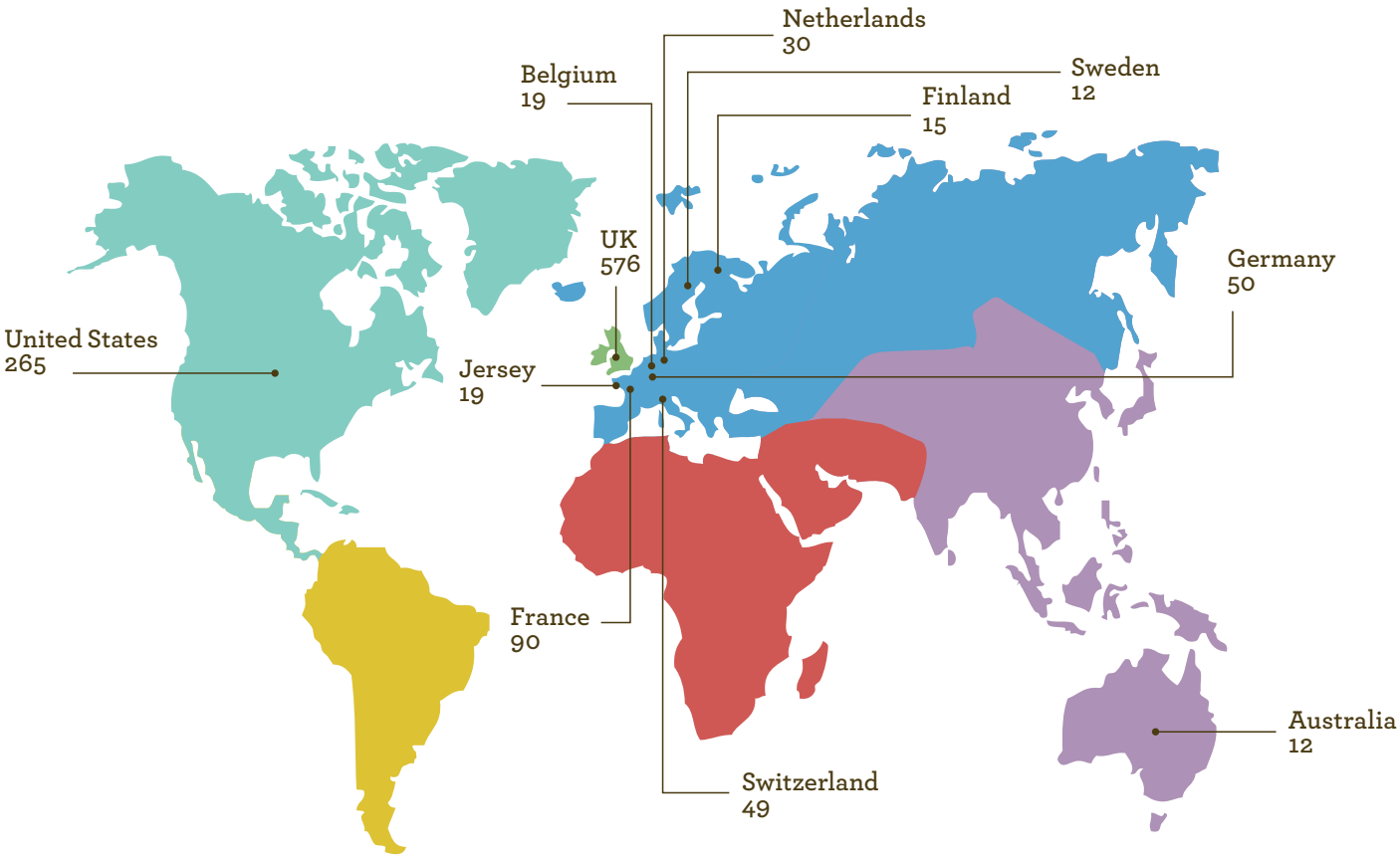
To access our voting records and full stewardship policy, please click the below buttons:

VOTING RECORDS

COMPLIANCE STATEMENT

"By carrying out sufficient due diligence we invest in companies that are being managed according to a strategy and principles with which we fundamentally agree."

Voted resolutions by region

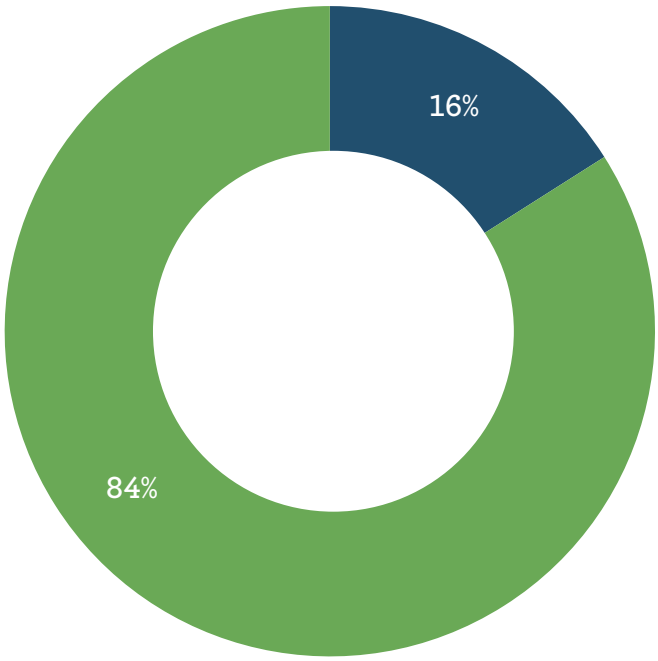


VOTING STATISTICS FOR 2020

Meetings	70
Resolutions	1137
For	1108
Against	29
Against Management	13
Unvoted	0
Abstain	0

1% of the total votes cast were against management

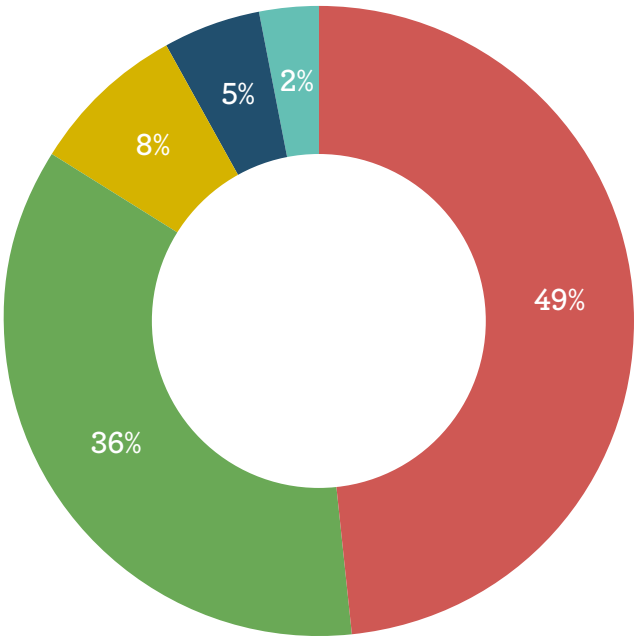
Votes Against Management (per meeting)



Votes with management
Votes against management

In 2020, we voted a total of 70 meetings, voting 100% of the time on all resolutions. We voted against management at 16% of the meetings on at least one resolution'.

Votes Against Management Themes



Themes	Total	%
Remuneration	6	46%
Director related	4	31%
Sustainability-related	2	15%
Pay inequality	1	8%
Votes against management	**13**	**100%**

STEWARDSHIP IN PRACTICE

By Sawan Kumar, Head of Stewardship

Below are some examples of situations of where we have voted against management (with company names removed)

COMPANY A

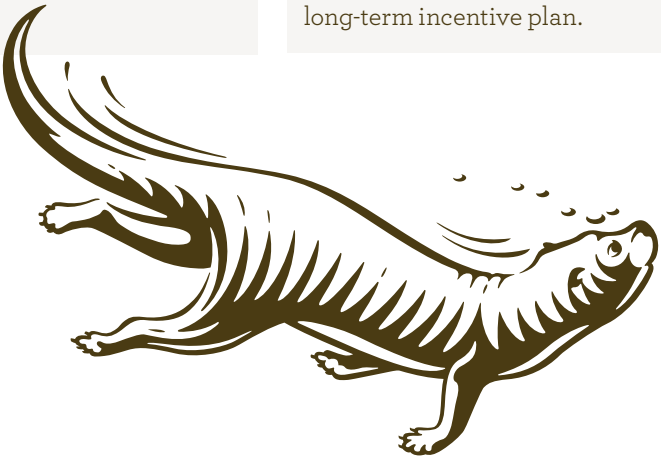
Evenlode chose to vote with management on all resolutions posed by management however we voted AGAINST management for a shareholder proposal on the creation of a pay equity report (i.e. we supported the shareholder proposal). A vote against management was warranted as we felt the proposed report wouldn't just enhance disclosure and create accountability but also spread awareness of a systemic issue (especially in the industry the company operates in). Other companies in its peer group have already started reporting on pay equality with the UK making Gender Pay Gap reporting a mandatory requirement in 2017 for companies with over 250 employees. Founder of the company, who also has over 35% of the voting rights, said the report would be a 'waste of time and money'. This was the fourth consecutive year this shareholder called on the company to produce such a report and in 2018/19, almost two-thirds of the shareholders who weren't senior executives or directors - including funds managed by BlackRock Inc. and State Street Corp. - supported the shareholder's request that the company publishes the figures.

COMPANY B

Evenlode chose to vote AGAINST management on the company's compensation report due to a misalignment between pay and performance as well as a lack of disclosure on the performance targets in their long-term incentive plan. The annual incentive plan measures Enterprise Adjusted Pre-Tax Income (APTI) growth and other metrics relevant to the business. The enterprise APTI is the measure the company uses to determine the annual incentive pay-out for six of their non-executive directors as well as their CEO. This metric reported a decline of -16%, however the CEO still received a pay out of 42% of target, with the target for 100% of the pay-out being a growth in enterprise APTI of 7% for the year. The CFO and CCO also received a similar pay-out. Although the amount was not excessive, we still voted on principle and felt a vote against management was still warranted especially as there remains a lack of disclosure around the threshold targets. Although the company emphasises its approach to rewarding and assessing directors over a longer-term period compared to the normal 3-year period seen in the market, the compensation committee is still only assessing executives solely on earnings per share growth for its long-term incentive plan.

COMPANY C

Evenlode chose to vote WITH management in this year's AGM following a positive response from the Head of Investor Relations to a letter we sent to the company after voting against management the previous year on the same issue. The company's long-term incentive plan for 2019 (which we voted against) was solely based on relative total shareholder return. The company has now chosen to integrate Net Promoter Score (NPS) and Great Place to Work into their incentive plan policy (which we advised) and have also said they will look to integrate additional metrics, including sustainability-related metrics into their plan for the coming year. We felt that a vote against management after a strong, positive engagement was not warranted. This engagement further proved that our decision to not use external research providers and instead to rely on our own internal analysis, discretion and engagement strategy to inform our voting continues to be successful.



CARBON EMISSIONS ANALYSIS

By Charlie Freitag, Stewardship Analyst

Climate change is one of the most important systemic risks we face. It has the potential to affect livelihoods everywhere, and it will also change the risk profile of companies we invest in on behalf of our clients.

Charlie Freitag, Stewardship Analyst

Global emissions might have seen a dip in 2020 due to the Covid-19 pandemic but we are still a long way off from achieving net zero emissions and thus slowing down the causes of climate change. The most recent estimate by the UN's Emissions Gap Report 2020[3] puts global emissions at 59.1 billion tonnes of CO_2-equivalents in 2019, up from 55.3 billion tonnes in 2018[4]. Here, we take a look at emissions financed through the investments that are managed by Evenlode.

In our current high-carbon society, everything we do has a carbon footprint – the amount of greenhouse gas emissions expressed as carbon dioxide equivalents (CO_2e) that were released as a result of our activities. So do the companies that we invest in on behalf of our clients. This footprint as a proxy both for a firm's impact on the climate, and its exposure to regulatory and reputational risks from the transition to a low-carbon economy.

In 2020, we built on the carbon analysis we started in 2019 and further refined our methodology by aligning it to guidance by the Partnership for Carbon Accounting Financials (PCAF) in order to better assess the emissions Evenlode finances through its investments. This analysis allows us to get a sense for the climate impact our holdings have and the risks they face from the transition to a low carbon economy. It also plays an important role in our engagement with companies, as it tells us which companies disclose their emissions and where most of their climate impact lies.

The insights from this analysis has allowed us to better target our research and engagements around climate risk, focusing on the biggest emitters and those companies that fail to report their full emissions.

The analysis allows us to identify the top emitters for each fund by emission intensity and absolute contribution to the fund's footprint. We prioritise these companies for our more in-depth climate risk assessment, in which we review their physical and transition risks and their climate risk management, such as setting emission targets, among other things. We started this Climate-Related 'At-Risk' Analysis in 2020 and will continue to extend it to a wider range of companies in 2021. Companies' emission intensity and the results of our further analysis and engagement feed into companies' ESG risk score, which is integral to the investment process and influences the maximum position size for each holding. The analysis also provides us with data on which companies report their emissions, and across which scopes. In the coming year, we will use this data to engage with companies that do not report scope 3 emissions yet.

"In 2020, we built on the carbon analysis we started in 2019 and further refined our methodology by aligning it to guidance by the Partnership for Carbon Accounting Financials (PCAF) in order to better assess the emissions Evenlode finances through its investments."

3 United Nations Environment Programme, December 2020: Emissions Gap Report 2020. View here
4 United Nations Environment Programme, November 2019: Emissions Gap Report 2019. View here

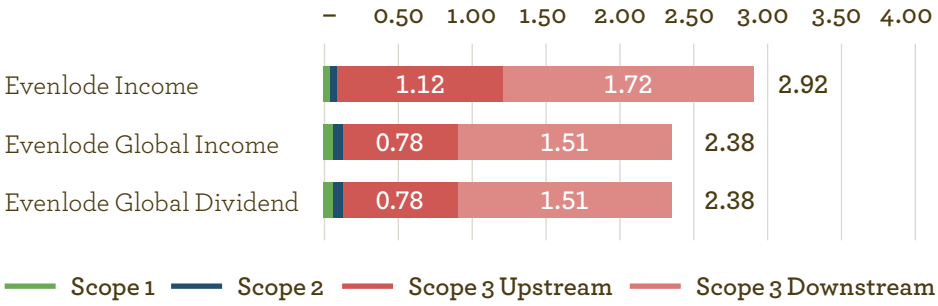
CARBON EMISSIONS ANALYSIS

By Charlie Freitag, Stewardship Analyst

The chart and table opposite summarise the emissions associated with an investment of £10,000 in each of the Evenlode funds. For context, according to Our World In Data, the average UK resident was responsible for 5.5 tonnes of CO_2e in 2019.[5] This is based on emissions produced in the UK; if you take into account imported and exported goods, the per-capita emissions are 13 tonnes.[6]

The Evenlode Income fund has slightly higher emission per £10,000 invested than the other two funds, but overall the figures are remarkably similar. This is partly because there is an overlap of fifteen companies between Evenlode Income and Evenlode Global Income/Evenlode Global Dividend. The Evenlode Global Dividend fund is a mirror of the Evenlode Global Income fund, so although it is smaller overall, it has the same proportions of scopes and the same emissions per £10,000 invested.

Tonnes of CO_2e per £10k invested



Fund	Scope 1	Scope 2	Scope 3 Upstream	Scope 3 Downstream	Total
Evenlode Income	0.04	0.04	1.12	1.72	2.92
Evenlode Global Income	0.04	0.05	0.78	1.51	2.38
Evenlode Global Dividend	0.04	0.05	0.78	1.51	2.38

Tonnes of CO2e/£10k invested as at 31st December 2020. Source: CDP 2019 Full GHG Emissions Dataset, Evenlode Investment.

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). Some funds only report emissions from scope 1 and 2, so we have broken them down to make comparison with other funds easier.

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	**Downstream**
		Emissions in the supply chain associated with purchased goods and services; transportation of these goods to the company; capital goods; waste; use of leased assets such as offices or data centres; the supply chain of energy used by the company; business travel; and employee commuting	Emissions that occur as a consequence of using the organisation's products and services, that is emissions from transportation of products to the consumers; processing, use and end of life treatment of sold products; investments, franchises and leased assets.

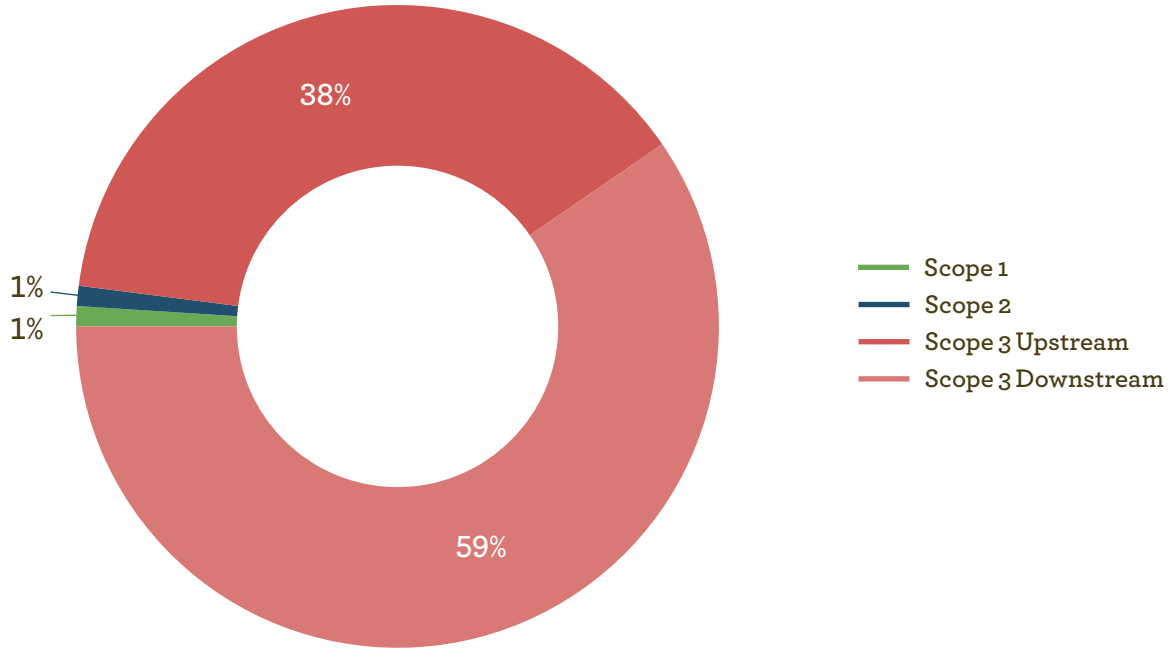
Our estimates include all greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Source: Greenhouse Gas Protocol[7]

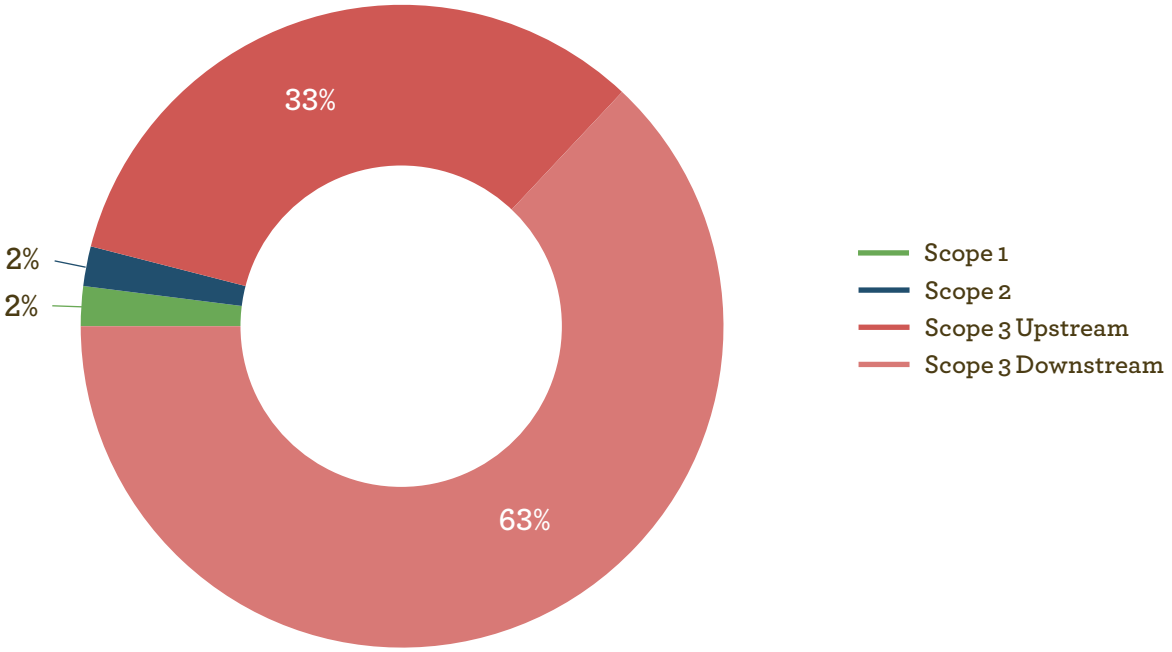
5 Our World In Data, January 2021: View here
6 Mike Berners-Lee, 2020. How Bad Are Bananas. Profile Books.
7 Greenhouse Gas Protocol, 2013: View here

For all three funds, the emissions from scope 3 vastly outstrip emissions from scope 1 and 2, reflecting the low exposure to industrial firms within the funds.

Evenlode Income



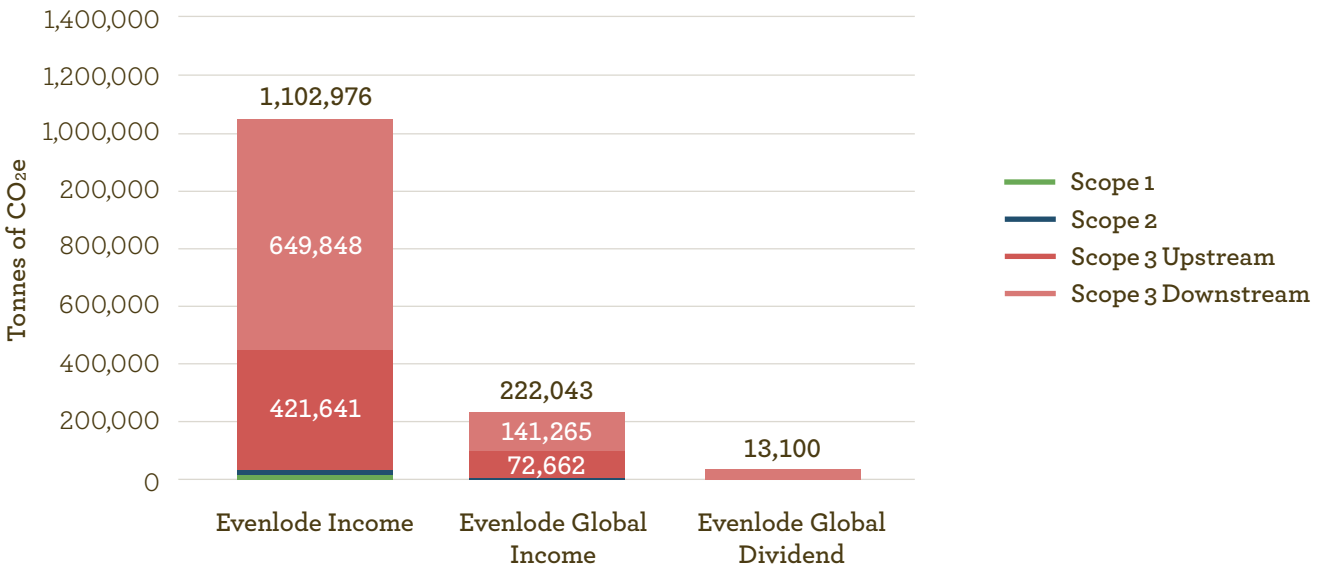
Global Income/Global Dividend



Breakdown of fund emissions by scope. Source: CDP and Evenlode Investment.

We now turn to the bigger picture; the total emissions financed through Evenlode's funds. They are summarised in the figure and table below. The Evenlode Income fund contributes the most because of its bigger size and slightly higher emission intensity per invested amount. Again, the disproportionate contribution of scope 3 emissions is visible.

Total financed emissions per fund



Tonnes of CO_2e

Fund	Scope 1	Scope 2	Scope 3 Upstream	Scope 3 Downstream	Total
Evenlode Income	15,773	15,715	421,641	649,848	**1,102,976**
Evenlode Global Income	3,603	4,513	72,662	141,265	**222,043**
Evenlode Global Dividend	213	266	4,287	8,334	**13,100**
Total	**19,596**	**20,501**	**498,740**	**799,583**	**1,338,420**

Source: CDP and Evenlode Investment. Evenlode portfolios as at 31st December 2020, using data from the CDP 2019 Full GHG Emissions Dataset, which collates annual corporate emission data for emission accounting years ending between June 2018 and June 2019.

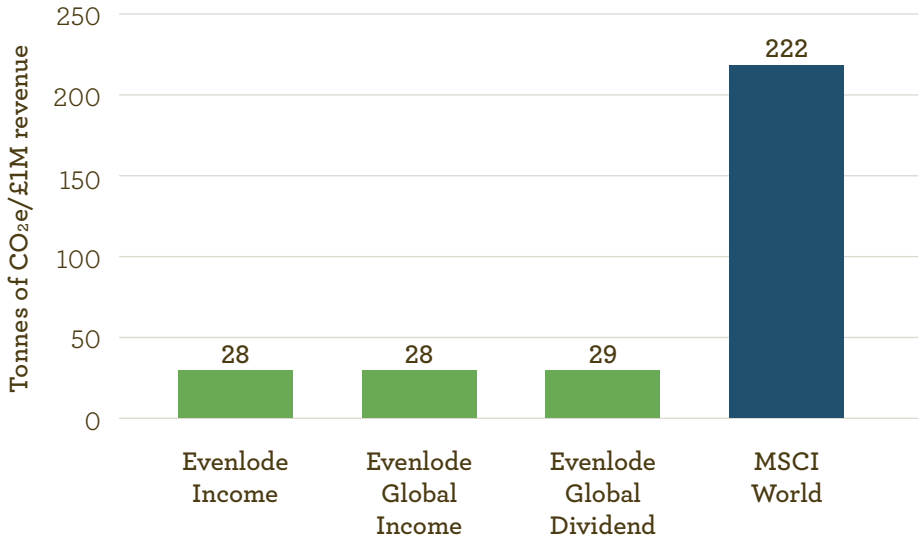
CARBON EMISSIONS ANALYSIS

By Charlie Freitag, Stewardship Analyst

Due to the nature of our investment process, the funds naturally have low exposure to energy-intensive industries such as the energy industry itself, utilities, materials and real estate. This explains why the funds have a lower weighted emission intensity across scope 1 and 2 compared to the MSCI World index, Evenlode Global Income's formal benchmark, which contains a much broad coverage of sectors (see chart opposite).

Ca. 24% of the MSCI World index was comprised of energy, materials, industrials, utilities and real estate at the end of 2020, sectors that have high scope 1 and 2 emissions. In contrast, only 1.4% of the Evenlode funds investments are in these sectors as at end of 2020. Instead, the majority of holdings are consumer goods, media, technology, healthcare and services, which have lower scope 1 and 2 emissions relative to their revenue.

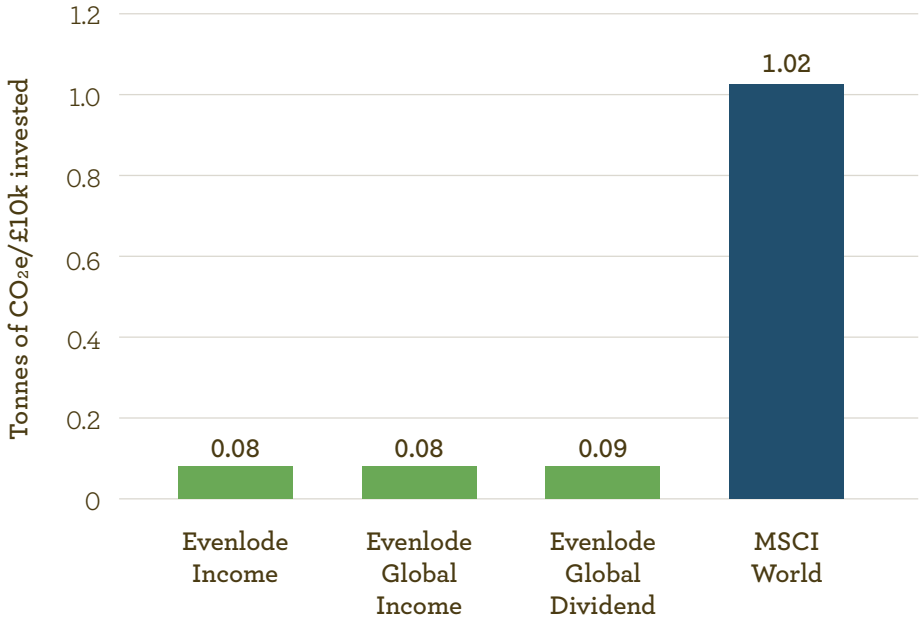
Scope 1 & 2 emissions per £1M of revenue



Source: CDP, Evenlode Investment, MSCI[8]. MSCI World portfolio as at 30th April 2020 and converted to GBP, Evenlode data as above.

In addition to emissions per unit of revenue, which is often reported by fund managers, we also show emissions per £10,000 invested for a better sense of the footprint your investments might have if invested in a fund tracking the MSCI world compared to an investment in one of the Evenlode funds.

Scope 1 & 2 emissions per £10k invested



Source: CDP, Evenlode Investment, MSCI[9]. MSCI World portfolio as at 30th April 2020, converted into emissions per £10,000 invested based on portfolio revenue and asset value as at 31st December 2020. Evenlode data as above.

8 MSCI, 2020. View here
9 MSCI, 2020. View here

This can also be converted to emissions per million dollars invested to aid comparison with international funds.

Tonnes of CO_2e per $1M invested

Fund	Scope 1	Scope 2	Scope 3 Upstream	Scope 3 Downstream	Total
Evenlode Income	3.1	3.0	81.6	125.8	213.6
Evenlode Global Income	2.8	3.5	57.0	110.8	174.1
Evenlode Global Dividend	2.8	3.5	57.0	110.8	174.1
MSCI World	74.5		-	-	-

Data as above, converted into USD based on the exchange rate on 31st December 2020.

Despite the focus on lower-carbon sectors, some of Evenlode's holding companies have substantial emissions from the inputs from their supply chains and, especially in the case of consumer goods and technology, high downstream emissions from products with a significant contribution from the energy consumed when the products are used ('use phase emissions'). These lead to substantially larger scope 3 than scope 1 and 2 emissions. Both Unilever, the top contributor to Evenlode Income's emissions, and Henkel, top contributor for Evenlode Global Income's and Evenlode Global Dividend's footprint, for example make products such as shampoos and laundry detergents that require heating water and running washing machines, with the associated emissions. Other high emitters like Siemens Healthineers manufacture MRI, CT and X-Ray scanners which require a huge amount of electricity to run in hospitals, explaining their high downstream scope 3 footprint.
MSCI does not provide scope 3 emission intensities for their indices, so we are not able to make a meaningful comparison for Evenlode's scope 3 emission intensities. However, it is clear that scope 3 accounts for the vast majority of the emissions in our portfolios (see the figures above). The companies in the Evenlode portfolios need to grapple with their supply chains if total carbon emissions are to be reduced, which in many ways is harder than reducing operational emissions over which companies have more direct influence (see box below).

WHY SCOPE 3 IS IMPORTANT

Scope 3 emissions are harder to control and measure for companies but make up the vast majority of Evenlode portfolio companies' emissions. They do not technically form part of Evenlode's investment emissions according to the Greenhouse Gas Protocol, which form part of Evenlode's downstream scope 3 emissions, but we include them here because we feel that it is important to be aware of the full climate impact of our holdings. That is because companies can make a difference by choosing more climate-friendly products and services, lower-carbon ways to transport supplies to their sites, optimising operations to minimise waste and redesigning their products so they use less energy during their lifetime for example. Understanding one's scope 3 footprint also forms the basis for setting emission reduction targets, which cover companies' full footprint, including scopes 1, 2 and 3. Setting such targets can have a snowball effect down the supply chain because it incentivises companies to engage with their suppliers to reduce their emissions, and it means that when a company outsources certain operations, they do not disappear from the carbon picture. By understanding the scope 3 emissions of our holdings, we can meaningfully engage with them to report their scope 3 emissions and set ambitious scope 3 emission reduction targets.

CARBON EMISSIONS ANALYSIS

By Charlie Freitag, Stewardship Analyst

A note on methodology

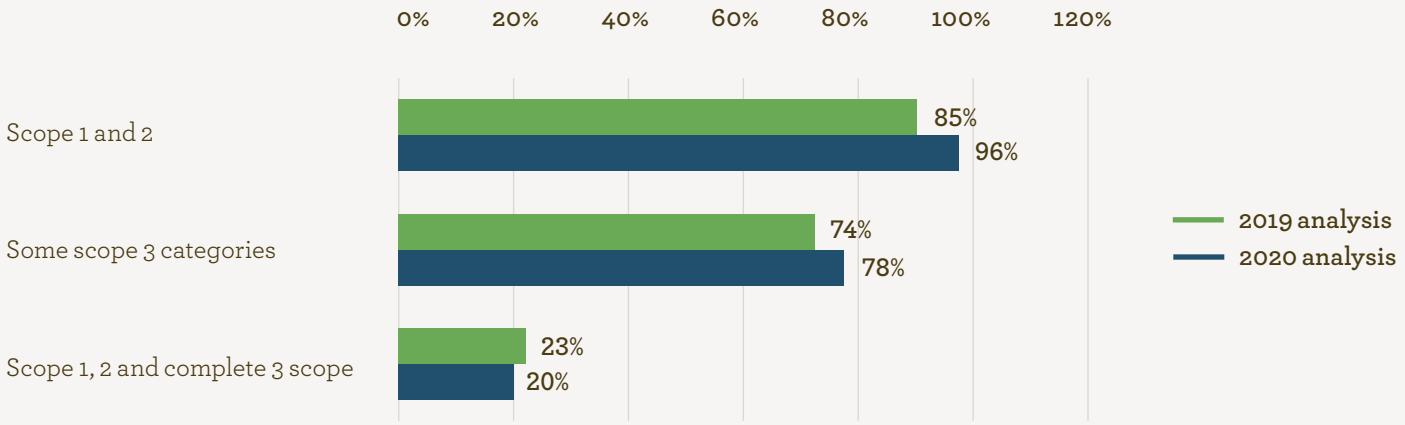
For last year's analysis, we followed the guidance set out by the Task Force on Climate-related Financial Disclosures (TCFD[10]). Since then, PCAF, an industry-led initiative that aims to standardise the way financial institutions measure and disclose GHG emissions from their loans and investment, has released a standard for calculating portfolio emissions.[11] Evenlode joined PCAF in February 2021. We have aligned to the new guidance, which includes a different way of allocating investee companies' emissions to the fund. The new methodology is based on enterprise value including cash (including non-traded shares) rather than market capitalisation. Due to the changes in the way the attribution factor is calculated, financed emissions for 2020 are ca. 10% lower than if had we used last year's methodology.

We are again using the CDP Full GHG Emissions dataset, which collates and validates annual emissions reported by companies and fills in the blanks with its own regression model based on revenue and industry activity. For our 2020 financed emissions, we used the 2019 dataset, the most recent dataset available at the time of the analysis, which covers reporting years ending between 30/06/2018 and 30/06/2019. For companies which are not included in the CDP dataset, we collected information from company reports and, in the absence of reported data, modelled emissions based on peers and revenue. In addition, we did validation checks on the top and bottom 20 companies in terms of emission intensity per revenue across the funds that we manage, with a particular eye on the data that was modelled rather than reported. We looked at each individual data point, comparing it against the explanations companies give on their methodology and weighing it against our understanding of the company and the associated industry.

Our analysis of cases where the CDP made an estimate because a company did not respond to the CDP's data request but disclosed (some) emissions on its website suggests that the CDP estimates tend to be higher more often than lower compared to company-reported emissions. That's why it is so critical for companies to do their own analysis and report emissions publicly, such as through the CDP.

Our emission analysis has become somewhat easier, as more companies report on their emissions and more of their scope 3 emissions. For this year's analysis, 64% of emissions were reported by the companies themselves, compared to 47% last year. That makes our analysis more robust, as emission estimates reported by the company are much more tailored than modelled emissions and therefore carry less uncertainty. However, there is still some way to go before all companies report their full emissions. Most companies now report their scope 1 and 2 emissions but only a fifth report their complete emissions. In 2021, we will continue to engage with companies on their climate action, including public reporting of their emissions. This will hopefully allow us to get a clearer picture of the emission footprint of our portfolio over time.

Holding companies' emission reporting by scope



Percentage of companies in Evenlode portfolios reporting across the different scopes.
Source: CDP 2019 Full GHG Emissions Dataset, Evenlode portfolios as at 31st December 2020

10 TCFD, June 2017. Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, pp 43-44. View here
11 PCAF, November 2020. The Global GHG Accounting & Reporting Standard for the Financial Industry. View here

This is probably a good point to stress that emission footprints are only estimates which try to approximate the 'true' emissions. They are never perfect but provide a good-enough indicator that we can work with. We can be fairly confident in scope 1 and 2 estimates. Upstream scope 3 is more difficult to estimate, but uncertainty is biggest for downstream scope 3; in particular use phase estimates as they rely on many assumptions about exactly how products are used. This is why we report scope 3 emissions segregated into upstream and downstream. Despite the uncertainty about the exact figure, these estimates still give us an important indication of what companies should focus on to improve their climate impact. A company for which the majority of emissions lies in the use phase of their products (i.e. downstream scope 3) could for example focus on designing detergents that work at lower temperatures or making machines more energy efficient.

By their very nature, one company's scope 3 are the scope 1 and 2 emissions of their suppliers and customers, and their suppliers' supplier and customers' customers. Unlike the MSCI World index, Evenlode's portfolios are sufficiently small that there is minimal overlap between companies, thereby avoiding double-counting of emissions, but there might be a small element of overestimation due to double counting.

These are just the highlight of this year's carbon analysis. We provide more detailed findings and a summary of our methodology in our longer Carbon Analysis report.

CONCLUSION

In 2020, we started measuring and reporting our financed emissions for the first time. Since then, the guidance on how to do this in the most robust way has evolved, and so we have continued to refine our methodology. Data quality has improved too, with more companies now reporting their emissions. Our best estimate of the portfolio footprint is at around 3 tonnes of CO_2e per £10k invested for scope 1, 2 and 3, or around 100 kilogrammes for scope 1 and 2 alone – lower than the MSCI World benchmark at ca. 1 tonne per £10k invested. Going forward, we believe that these emissions will decrease as companies set and realise ambitious emission reduction targets.

"Evenlode's portfolios are sufficiently small that there is minimal overlap between companies, thereby avoiding double-counting of emissions."

UNSDG ANALYSIS

By Bethan Rose, Investment Analyst

The Sustainable Development Goals (SDGs) were formulated by the United Nations (UN) and adopted by all the member states in 2015. The aim is to highlight and progress the universal call to action over ending poverty, protecting the planet, and ensuring all people across the world can enjoy peace and prosperity by 2030.

Bethan Rose, Investment Analyst

Overall, the SDGs act as a blueprint to address the global challenges we face today and due to their integrated nature, help balance development through social, economic, and environmental sustainability. Over the past twelve months we have focused on how to better measure and assess if an investee company is having a positive or negative impact on society through its business activities. Having engaged with several companies, charities and academics on the usefulness of the SDGs for ESG risk analysis, we came to the conclusion that the SDGs effectively capture the most material systemic risks to society.

Due to the overarching nature of the themes covered, we decided to use the SDGs as a framework to guide us through the disclosures made by our investee companies. Overall, the SDGs themselves are positive however, it is important to note that they are broad, which is why we use them as a guide to our ESG analysis for the businesses we invest in, rather than as a concrete structure. This helps allow for flexibility across both companies and industries. For our process, we are using each company's SDG framework - provided there is one available - to better understand their individual goals and what they are working towards as a business. This helps guide our own understanding in how we analyse the environmental and social impact our investee companies are having on society. It is important to note that although it is positive for a company to align themselves to the SDG framework and the respective sub-targets, they wouldn't necessarily be downgraded if they are choosing to set their own internal targets that better align to their business model and/or industry.
As a starting point for the project, we highlighted companies within the Evenlode portfolios that we felt had the most material issues, as well as how these related to the SDGs. An example of this is PepsiCo, whereby the most material issues highlighted were water, agriculture, and packaging. From there we analysed PepsiCo's SDG framework and the associated alignment to the goals, as well as the objectives they have surrounding these issues going up to 2025. In PepsiCo's case, the company has chosen to align itself to what it believes are the ten most important goals relative to its business activities and from this has bundled them further into six categories which include, agriculture, water, packaging, products, climate, and people.

Following a review of PepsiCo's goals and the alignment to the SDGs we highlighted both risks and opportunities that presented themselves. On the risk side we highlighted that some of PepsiCo's goals could be classified as 'overly ambitious', whereas others may be easier to reach before the goal due date. This is important as it signals that the company may need to focus on setting more appropriate goals, or on working harder to reach the goals set. In turn this raises the question on how PepsiCo would then progress going forward. The example here is PepsiCo's goal on the 35% reduction of virgin plastic content across the beverage portfolio by 2025. In 2019 PepsiCo reported this reduction figure to be running at only 1%, significantly below the 35% target and a reputational risk given the global push towards the reduction of packaging and plastics at an industry level as well as the overall role PepsiCo has to play in reaching those targets. Conversely, PepsiCo has goals over delivering safe water access to 25 million people by 2025, a goal which in 2019 was already reached, with the

number of people reached totalling 44 million. This is positive for PepsiCo given the importance of water as a resource, as well as the importance of providing safe water access to as many people as possible. However, the company may not have set an ambitious enough goal to start with, and now they have surpassed the goal there may also be a temptation to dial back the efforts in this area.

We also noted significant opportunities for PepsiCo which presented themselves throughout the analysis. There was strong alignment and progress towards the company targets on product, climate (Scope 1 & 2) and people. In the product category, the company are on track to achieve their 2025 targets on reducing calories from added sugars, reducing sodium per calorie, and reducing saturated fats per 100 calories. The company has good Scope 1 and 2 goals on reducing absolute greenhouse gas (GHG) emissions by at least 20% by 2030, with PepsiCo reporting a 9% reduction in 2019. PepsiCo also has an additional goal on Scope 3 GHG emissions, with the aim to reduce absolute GHG emissions by at least 20% by 2030. It is important to note goals surrounding Scope 3, as it shows the company recognises and acknowledges the result of activities that the organisation indirectly impacts in its value chain. Finally, on people, PepsiCo has actively been engaging with stakeholders on human rights within the supply chain and has key goals on achieving gender pay parity by 2025 in management roles, all of which are key positive points in terms of opportunity. One of the most important outcomes of the analysis is the ability to further engage on key issues surrounding business activities and goal setting. In the case of PepsiCo, the company appears to have made a solid effort in setting sufficient goals relating to its business as well as outlining how these align with the SDGs. However, we saw the importance of further engaging to help understand some of the other material points that arose from the analysis.

From the engagement it was clear that the company is making incremental improvements year-on-year on all of its goals, but it did highlight that reaching the goals in some cases may be extremely challenging. It was also noted that goals around packaging are of high importance given PepsiCo's business model and the company did mention that the goal surrounding the reduction in virgin plastics is inevitably a tough one. Further, the levers required to reduce virgin plastics require different capabilities over using more recycled content. However, PepsiCo emphasised its strength as a company that is pushing hard in this area. Overall, it is clear from the analysis that for companies and industries setting goals and aligning to SDGs, this is still very much a learning process. As a result of this, we note the importance of continuing to both highlight and monitor ongoing opportunities and risks across companies and industries going forward.

The real question for us is how does the analysis integrate into and further strengthen our current investment process? Following the analysis, we wanted to engage with companies on the risks/opportunities we identified in the analysis and create a plan of mitigation and/or implementation if any of those factors materialised. These include systemic risks such as climate change, water scarcity or plastic pollution. In the case of PepsiCo and the Fast-Moving Consumer Goods (FMCG) industry as a whole, there were several key issues that stood out. These issues predominately place emphasis on the environmental pillar surrounding the areas of packaging, food waste, water usage and the carbon intensity of supply chains. All of these areas are of high importance to FMCG business models and need to be consistently addressed by the companies operating within the sector. Because of this, these areas of focus have been flagged for companies like PepsiCo, explained in risk score commentary and in turn filtered into our ESG risk score. Points surrounding the potential inability to meet virgin plastic reduction goals can be monitored as an ongoing risk and will in turn contribute to PepsiCo's overall score.

We currently have this system in place to keep track of any environmental, social or governance topics in relation to the business. This then helps drive the A to E scoring system for each company with each score varying based on the outcome of key issues relating to a company's specific individual business model. Overall, this not only helps us drive positive change with the companies we engage with by highlighting to them key areas for focus and improvement, but also increases the qualitative input and contribution to both risk scoring and decision making within the Evenlode investment process.

"The real question for us is how does the analysis integrate into and further strengthen our current investment process?"

CLOSING THE LOOP: RETHINKING THE SUPPLY CHAIN

By Cristina Dumitru, Investment Analyst

There has been much discussion about what individuals can do to reuse and recycle, yet individuals can only do so much. Most products are designed to only last for a limited time and it is often cheaper to buy a new product than to repair the original.

Cristina Dumitru, Investment Analyst

Moreover, most recycling is actually downcycling, as the process leads to inferior products which are eventually incinerated or landfilled. Thus, a huge amount of responsibility lies in the hands of businesses to redesign their products with better reuse and recovery value in mind.

In their 2002 book Cradle to Cradle, Michael Braungart and William McDonough present a biomimetic approach to product design, where materials become nutrients designed for continuous recovery and reutilisation just like nature's biologic metabolism. This is not just about saving energy or reducing consumption - instead under this new approach waste does not exist, and the output of one system becomes the input for another system. This is one of the ideas behind the circular economy which, as defined by the Ellen MacArthur Foundation, is an economic system that is "restorative or regenerative by intention and design".

The circular economy focuses on the efficient use of materials by creating products that are designed to be maintained and reused until they are ultimately degraded, at which point they are turned into new goods. This is also known as a closed-loop system. In contrast, much of today's economic activity can be characterised as a linear or opened system: we extract materials, manufacture goods, use them once and throw them away.

A circular economy is very dependent upon the effectiveness of return supply chains. Whilst companies have focused for years on optimising their forward supply chains for product delivery, the return supply chains for product recovery are severely lagging behind. Pursuing a circular economy means creating an infrastructure that supports "reverse logistics" to allow for products to be recovered from end-users and dismantled into components which can then be reintegrated into a new manufacturing and supply chain. Bunzl, a distribution, and outsourcing company acting as a 'one-stop-shop' for business consumables, and Capgemini, a consultancy specialising in technology services, are two of the companies in the Evenlode portfolios exploring ways to create reverse logistics. This can involve arranging for waste generated by their customers to be collected, consolidated, and transported to selected partners for processing and manufacturing into new products. These products will subsequently be sold to other customers, thereby creating a 'closed loop solution'.

When the cost of reclaiming products from end-users is higher than the cost of the component materials to be recovered there may not be an economic incentive to reclaim, recycle and reuse. Some businesses have thus turned to other solutions like refillable containers for cleaning or beauty products. Unilever and Procter & Gamble, major consumer goods companies forming part of the Evenlode portfolios, are trialling in-store dispensing machines for laundry detergents or body care products to see how shoppers react to the concept. Procter & Gamble is also collaborating with Loop, a circular e-commerce platform, to offer consumers the option to have used goods collected from their doorsteps, washed, refilled, and restocked – just like the milkman but for shampoo. At the moment these are only pilot programmes, and many elements will need to be refined before they are rolled out as commercially viable solutions at scale.

In 2019 Unilever announced its sustainable brands are growing c70% faster than the rest of the business and delivering 75% of the company's growth. Moreover, research by NYU Stern Centre for Sustainable Business revealed that 50% of growth in consumer-packaged goods from 2013 to 2018 came from sustainable products, signalling a clear shift that consumer preferences are changing. Companies are also starting to notice that linear economics increase their exposure to risks and to higher resource prices [MacArthur Foundation, 2013]. In contrast, circular economics can be a 'better hedge' for businesses looking to decouple revenues from material input. Thus, companies that are willing to pivot to closed-loop solutions will thrive by strengthening their relationship with consumers and competitive position in the market. Investors interested in long-term value creation should view the circular economy as a great opportunity and support companies in making the shift.

CORPORATE CULTURE AND ITS IMPACT ON WIDER SOCIETY

By Charli Lamb, Investment Analyst

The culture of a business is paramount to its success, but what exactly is culture and why should we care to explore it? Venture Capitalist Ben Horowitz explains it well in his 2019 book 'What You Do, Is Who You Are' as he lays out the intricacies of culture and how it can permeate through an organisation based on the actions of its leaders.

Charli Lamb, Investment Analyst

In essence, culture isn't as simple as a mission statement or corporate values, it is how employees act when their superiors aren't around. Culture is the company's character and it ultimately effects how each employee deals with all of their stakeholders.

Culture can sometimes feel like a second-tier checkpoint on investors' minds, possibly due to its intangible nature or the fact that you can't immediately see results by increasing or decreasing investment in it.

Nonetheless, we at Evenlode consider it closely and have actively integrated it into our risk factor methodology as we believe in its importance in the long-term value potential of a company. Our risk framework consists of 10 risk factors and allows us to consistently highlight and monitor any opportunities or threats on a company's horizon and we recently adjusted our framework to fully encompass and assess Culture in an organisation. Previously we concentrated solely on 'Management Quality' but over time we found ourselves considering the tenure, experience and attitude of management to be only a part of our analysis on how leadership affects long-term success. Hence, we tweaked the risk factor title to 'Management Quality and Culture' and now we actively spend time discussing whether the culture of a company might be a risk. As discussed earlier in the report, we score our risk factors on a scale from A to E. This approach is deliberately non-numeric to avoid the tendency of grouping analysts' scores and taking the average. Instead it provokes discussions around the company in question, relative to all listed companies, and reaches a more collegiate decision.

A strong culture can manifest itself in a few ways and the culture that helps one company be successful is not guaranteed to work for another – for example, a company's competitive advantage may lie in its branding of luxury goods. Therefore, an internal focus on frugality may not be the best fit and could even lead to an unintended divergence in the product quality that their customers look for.

A part of culture is captured well by the classic phrase 'lead by example' and the sense that an organisation is modelled off how top executives behave. More acutely though, it can be seen through internal promotions, supplier and customer retention rates and the ownership structure across the business. In order to assess the culture and leadership quality, we tend to ask ourselves a series of questions such as: Is product and service excellence at the core of their strategy? Do they consider multiple stakeholders in their approach? Are management realistic in their evaluation of risks and opportunities facing the business? All of these have a common underlying theme: long-termism.

A great example of a shift in tone towards a more long-term focused strategy can be seen from the global pharmaceutical giant, GlaxoSmithKline. In 2018, GSK announced a shift in their R&D process to move from 'progress-seeking' to

"A strong culture can manifest itself in a few ways and the culture that helps one company be successful is not guaranteed to work for another."

'truth-seeking'. Previously, their culture had been to reward progression along the R&D pipeline, which made their Phase-II or Phase-III prospects look attractive but was leading to resources being pumped into drugs with weak economics and efficacies. Ultimately, those resources and focus could have been put to better use and should have for the long-term prospect of the company. A multi-stakeholder approach highlights why the former plan was not sustainable as it was too focused on delivering on short-term metrics in an attempt to impress the market only. The new 'truth-seeking' culture looks to reward smart decisions and even, in instances where it makes sense, the termination of a project that could progress further but really shouldn't. This approach to success will be welcomed and should lead to better outcomes for patients, employees and long-term investors.

The global pandemic has provided us with an opportunity to assess different company approaches to dealing with different stakeholders during a time of crisis. We have seen an interesting dynamic where companies were faced with tough decisions around their short-term profitability and longer-term sustainability. The actions that management take during these times can often clarify the priorities of the business which can then set the tone of the culture for the whole organisation which will stick with the company long after the crisis is over.

Encouragingly, we have felt that companies in our portfolios have acted as good stewards of capital through this time. The cessation of activity across many sectors left a handful of our companies in a 'walking wounded' state as exposures to industrials, retail and some areas of business services were significantly impacted. Our portfolio companies in this position tended to lean on Government support packages but at the same time, took the appropriate steps with regard to all stakeholders by also reducing Managing Directors' salaries and postponing or cancelling dividends. Although it is clearly a difficult trading period for companies with this end market exposure, it is reassuring that they are considering all parties involved and aren't just prioritising one. Another element we have seen through the pandemic is businesses with a strong culture faring better, demonstrating how these periods can accentuate leadership positions. For example, the international recruiter, Page Group has been able to acquire over 300, experienced, fee-earning employees which from estimates of their earnings in 2019 would add around 5% immediately to gross profits. This is testament to their handling of the pandemic, showing the benefits achievable when a company has a transparent and team-based culture.

Encouragingly, we have felt that companies in our portfolios have acted as good stewards of capital through this challenging period. The cessation of activity across many sectors left a handful of our companies in a 'walking wounded' state as exposures to industrials, retail and business services were significantly impacted. Bunzl is a good example, with around 40% of revenues exposed to a B2B food service segment and retail (think food packaging, disposal tables, catering equipment). Initially in April 2020, with an uncertain trading outlook, they accessed government support for employee costs, cancelled their final dividend and redirected 20% of Managing Directors' salaries to charities. The long-term focus is key in this example, with management setting the tone with their own pay cuts, indicating a healthy top-down culture. Later, following unexpected outperformance from other segments, Bunzl decided it was appropriate to pay back the Government support packages and returned to being a dividend paying company, showing consideration for all stakeholders throughout the cycle.

To conclude, it is important to consider our position as a steward of capital for our investors and evaluate all the possible risks a company faces. The traditional role of capitalism is shifting and the single-minded focus on short-term profitability is no longer sustainable. Rather, a multi-stakeholder approach is becoming ever more appropriate and a business needs to not only consider shareholders, but all parties it interacts with, including suppliers, customers, communities, employees, and governments. The salience of those stakeholders can depend on the business, but the core theme is the meaningful shift away from the focus on just one and an emphasis on how internal culture will directly impact how the management and employees of any business will treat these different groups. In times of crisis it can become increasingly clear what is important to different management teams and this period helps us to analyse the different cultural positives and negatives of each company in our universe.

"The traditional role of capitalism is shifting and the single-minded focus on short-term profitability is no longer sustainable."

GROUND-TRUTHING ON DEFORESTATION

By Sawan Kumar, Head of Stewardship

A key area of focus for us in the year was adding more colour and depth to our ESG risk score analysis. As an example, we felt there was a real need to create more awareness and initiate debate on what practical steps can be taken to better understand and respond to the real situations on the ground in terms of land conflict and rights abuse in high deforestation risk sectors.

Sawan Kumar, Head of Stewardship

Due to the impacts of industrial agriculture, indigenous communities are facing threats to land, livelihoods and lives and we were concerned about the societal consequences of these threats, as well as the risks they may pose to the companies in our portfolios, financial institutions and the market more generally. At present, we feel there is a gap between what is happening on the ground and companies' sustainability policies. Ground-truthing (defined as the use of information about the actual situation on the ground, gathered from primary or secondary sources that are independent of companies in the supply chain, as opposed to relying on paper-based compliance indicators and company self-reporting) can be the first step to a wider solution. In conducting our ground-truthing exercise, we are trying to hopefully bridge the information gap and look to better manage the reputational risk of some of the largest holdings in the Evenlode portfolios.

Deforestation is an environmental, social and governance issue. The environmental and social side are intertwined – deforestation causes the loss of a valuable carbon sink and accelerates climate change, whilst destroying biodiversity and increasing the chances of soil erosion and coastal flooding. It is often directly linked to land conflict and human rights abuses too. As large amounts of forests are destroyed, the indigenous peoples and local communities who live there and depend on the forest to sustain their way of life face threats and violence. Local communities claim or use more than half of the world's land and forests but have recognised rights to own or use only 18%.[12] Research shows that legally recognised community lands store more carbon, have lower emissions and have significantly lower deforestation rates than land owned by other actors. From a governance perspective, board oversight of deforestation risks, more robust controls and greater transparency are required to address these complex issues, including for the shadow companies that are often involved in more egregious human rights and environmental abuses.

In October this year, we organised a virtual roundtable with a diverse group comprising of investors, data providers, consumer goods companies, academics, specialist NGOs, UNPRI and the FRC to discuss the intersection of industrial agriculture, deforestation, human rights and indigenous peoples in local communities. The conversation was rich and informative, and there was broad consensus that further collective steps are needed. Next steps involve a series of engagements. We are looking to escalate and further engage with a target list of companies that the participants in the roundtable and Evenlode have highlighted as most exposed to deforestation risk in their supply chains. In these engagements we will be trying to answer the following question: What practical steps can be taken to better understand and respond to the real situations on the ground in terms of land conflict and rights abuse in high deforestation risk sectors?

We realise that investors play a crucial role but that investee companies also need to be actively involved to help achieve solutions. A representative present at the discussion had experienced first-hand violence against indigenous communities and the expropriation and destruction of community property. They commented that human rights abuses are often overlooked by existing due diligence and monitoring processes in place, and that ground-truthing can help companies downstream and investors to identify issues. Clearly collaboration is key to taking action on human rights abuses.

We look forward to reporting on the progress of this initiative in the coming year(s).

12 Rights and Resources Initiative. Who Own's the World's Land? September 2015. View here

PHILANTHROPIC ACTIVITIES

By Rebecca Eastmond, Greenwood Place Director & Sawan Kumar, Head of Stewardship

Under our Foundation Programme, we have an internal remit to allocate a percentage of our profits (each year) towards charitable activities. At the start of this year, we wanted to create a more structured approach towards our philanthropic endeavours and that is why we started working with Greenwood Place.

Rebecca Eastmond,
Greenwood Place Director

Sawan Kumar,
Head of Stewardship

Known as a 'Philanthropic Accelerator' they provide excellent strategic advice and support to individuals, families, charitable organisations and businesses. They help clients connect with charities whose values and long-term ambitions align. After surveying the whole of the Evenlode team, they helped us create our philanthropic mission statement of 'Empowering communities to address global problems in a sustainable and a scalable way'. In our philanthropic activities we therefore look to focus on organisations that focus on improving the climate and nature and reducing poverty and inequality.

Due to the overarching nature of the themes from our charitable endeavours and sectors in our investable universe, we are able to triangulate information and further increase our understanding of the positive impact companies are having to society, adding more colour to their social impact analysis. For example, Johnson & Johnson, Novartis, Pfizer, GlaxoSmithKline, and the Bill & Melinda Gates Foundation started working with Last Mile Health and its partner Living Goods in 2020 to increase access to community-based primary healthcare for nearly 1.7 million people in up to six African countries. An initiative which will last three years and cost approximately USD $18 million.

Rebecca, the Director of Greenwood Place has written a short piece on Last Mile Health, their purpose and long-term ambition.

"If we learned one thing from the Ebola crisis in Liberia, it's that humans are not defined by the conditions we face but how we respond to them." Dr. Raj Panjabi, CEO, Last Mile Health.

"Because I am paid, I feel proud and my family and community see the importance of my work and how I am saving for my daughter's education. I am saving for my education too." Ruth Tarr Community Health Worker in Liberia

Despite decades of medical and technological progress, half the world's 7.3 billion people—including a billion people in remote communities—live without access to essential health services. Compounding this crisis is a massive shortage of health workers, which is forecast to grow to a gap of 18 million by 2030. If these gaps are not addressed, more than 8.9 million people could continue to die each year from diseases that can be prevented or treated. Today, this need has been further exacerbated by the COVID-19 pandemic. In countries that are already facing shortages of health workers and supplies, COVID-19 and the associated lockdowns and equipment shortages have overwhelmed health systems, disproportionately affecting the most vulnerable.

However, there is growing recognition amongst governments and leaders that integrated primary health care at the community level can address these gaps and bring us closer to achieving universal health coverage, even in the face of a pandemic. Analysis by the John Hopkins School of Public Health suggests that a global movement to hire, train, and equip high-performing teams of community health workers to deliver 30 primary health services in the 73 low- and middle-income countries with the highest burden of preventable deaths could save at least 30 million additional lives by 2030. In addition, community health workers are proving essential to many countries' COVID-19 response efforts.

In this context, Evenlode chose to support Last Mile Health, an organization that bridges the gap between rural communities and primary health care by partnering with governments to train and support community-based workers to deliver comprehensive home-based care. Last Mile Health and its government partners serve people living more than 5km from any health facility and often need to walk for hours to access essential services. Founded in Liberia, Last Mile Health is now part of a global effort to deliver universal health coverage through a combination of country programs - long-term partnerships with the governments of Liberia and Malawi to scale national community health workforces, even at the last mile--and global initiatives like the Community Health Academy--a digital, open-source platform dedicated to training community health workers and health systems leaders (29,400 learners had accessed Health Academy courses as of September 2020).

The impact of Last Mile Health's work is striking. As of July 2020, Last Mile Health had supported the Government of Liberia and its partners to deploy over 80% of the country's national community health workforce. These health workers have conducted over 3.6 million home visits and are providing community-based primary healthcare to the doorsteps of over 700,000 Liberians.

Last Mile Health moved early and quickly in response to the COVID-19 pandemic, using their experience in mobilising community health workers to prevent the spread of Ebola in Liberia to support government partners in Liberia, Malawi, Ethiopia, and Uganda to mobilise resources, and rapidly support and upskill community health workers to integrate prevention, detection and response interventions in their daily work. Evenlode chose to support Last Mile Health in the belief that a robust community health workforce will not only aid in the current response to COVID-19 but will also help prevent or lessen the impact of future health emergencies on remote, rural communities.

"Evenlode chose to support Last Mile Health, an organization that bridges the gap between rural communities and primary health care."

CONFLICTS OF INTEREST

By Nicole Harrington, Chief Compliance Officer and Richard Taylor, Compliance Manager

Investment firms operating under the EU 'Markets in Financial Instruments Directive' (MIFID) have long been required to consider and manage potential conflicts of interest that arise between the firm and its clients that results in 'material risk', to take steps to manage conflicts and where it is not possible to manage the conflicts, to disclose them to the clients.

Nicole Harrington,
Chief Compliance Officer

Richard Taylor,
Compliance Manager

With effect from 3 January 2018 MIFID II enhanced the requirements above with the directive stating that a firm must consider all risks rather than just material risks and that a firm should take steps to identify, manage and prevent conflicts of interest and only as a last resort disclose to the client if this is not possible.

Determination of a conflict-of-interest situation

The following situations are governed by the MIFID rules on conflicts of interests. A conflict of interest may exist where Evenlode:

- Is likely to make a financial gain or avoid a financial loss at the expense of a client.
- Has an interest in the outcome of a service provided or a transaction carried out on behalf of a client, which is different from the client's interest.
- Has a financial or other incentive to favour the interests of one client or group of clients over the interests of another client or group of clients.
- Carries on the same business as a client.
- Receives an inducement from a third party in relation to a service provided to a client, in the form of monies, goods or services, that is different from the standard commission or fee for that service.

Regulated activities carried out by Evenlode that may give rise to conflicts of Interest include:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Portfolio Management
- Included in the activity of Portfolio Management are both research activities and shareholder engagement activities.

Conflicts of Interest Policy

Evenlode Investment Managements' clients are the authorised funds it currently manages. However, we take our responsibilities to the investors in the funds very seriously and will always consider if our action adversely impacts the underlying investor as well as the funds. The MIFID rules around conflicts of interest apply regardless of the client type, be it Retail, Professional or Eligible counterparty.

In order to meet our obligations under MIFID II in relation to conflicts of interest, Evenlode will:

- Identify circumstances which may give rise to a conflict, material or otherwise to either the fund(s) or the underlying investors.
- Put in place appropriate and proportionate systems and controls to manage or prevent the conflict. Disclose to its clients when a conflict cannot be managed or prevented
- Review this policy at least annually or before should the conflicts of interest change.
- Provide a report to the board annually on the management of conflicts of interest.

CONFLICTS OF INTEREST

By Nicole Harrington, Chief Compliance Officer and Richard Taylor, Compliance Manager

Potential Conflicts of Interest

Taking into consideration all of the above, Evenlode has identified the following areas that may give rise to a conflict of interest, and has also identified mitigating controls:

Conflicts	Controls
Inducements – unsolicited research	We only accept research from agreed providers and pay for it from our P&L. Unsolicited research is rejected.
Inducements – Gifts and hospitality	Any gifts or hospitality above a certain threshold have to be approved by Compliance Officer.
Receipt of non-public information	Has to be reported to Compliance Officer. Trading ban put in place until information made public.
Personal account dealing	Personal Account dealing requires pre-trade approval from Compliance Officer.
Fee setting	Periodic reviews performed.
Allocation of orders between funds	Funds receive proportionate allocation.
Shareholder engagement	Voting guidelines are in place which are designed to advance our clients' interests over the long term. Engagement policies, voting history and annual Responsible Investment Report are also made public.

A practical example

When engaging with companies, we prefer not to be made an insider, as this restricts our ability to trade. However, sometimes in our discussions we are made aware of certain material non-public information and in such instances the company is immediately put on our Restricted Stock List.

EDDIE, our proprietary research and portfolio management system which has been built over the last 4-5 years, is used to capture quantitative and qualitative information on the companies in our investment universe and also tracks our engagement and voting activities. A recent enhancement to the system is to allow material non-public information to be specifically flagged in our research notes, which improves both our governance and record keeping. Any stocks that have been flagged are then excluded in the trade suggestion reports produced by EDDIE for the dealing team. Once flagged the Compliance Officer is also alerted and communicates a ban on trading within the firm and also to the funds' administrators.

Once the information is made public, the trading restriction is lifted. Staff are also provided annual compliance training and assistance by our Compliance team to help identify and understand what constitutes inside information.

TO ACCESS OUR FULL CONFLICTS OF INTEREST POLICY, PLEASE CLICK HERE

CLIENT BREAKDOWN

Evenlode Investments currently manages a number of open-ended UK OEIC funds which make up 98% of funds under management by value, and one Irish domiciled open ended ICAV fund. All these funds were launched with UCITS status and will continue to adhere to the post-BREXIT equivalent, so are broadly suitable for all client types as defined by MIFID. The register of investors is well diversified and the funds are marketed to and mainly held by intermediate investors such as wealth managers, private banks, fund of funds and platforms in the UK. Evenlode states that investors should be prepared to invest for the long term, as with any stock market investment. The investor profile stated in the UK OEIC prospectus is as follows:

The Sub-funds are marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Sub-funds may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with or understand products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Sub-funds may be suitable for investors who are looking to set aside the capital for at least five years. If you are uncertain whether these products are suitable for you, please contact a financial adviser.

Year end	2016	2017	2018	2019	2020
Total assets in Evenlode Funds (£mm)	1,155	2,045	2,519	4,200	4,768
Total assets in Evenlode Funds ($mm)	1,421	2,761	3,199	5,502	6,532
FX	1.23	1.35	1.27	1.31	1.37

Evenlode invests 100% in equities, mainly in large capitalisation firms. Currently, the geographical breakdown of assets under management is as follows:

Region	%
UK	70%
US	18%
Europe	10%
Asia	0.5%
Other	1.5%

We pride ourselves on our engagement, not just with investee companies, but also with investors. We use a third-party marketing company, Spring Capital Partners Ltd to provide sales and marketing support as well as tailored client communication. Both Spring Capital and Evenlode take their commitment to clients very seriously and ensure that investors' views are sought through face-to-face meetings, webinars and investor days (where these are allowed under the current restrictions). The portfolio managers and stewardship analysts are active and available to clients, and all meetings are a two-way process, where clients are encouraged to question and feedback to the team. As mentioned, all of Evenlode's current mandates are collective investment schemes with many thousands of underlying investors. For this reason it is our approach to ensure that our ESG policy is clearly articulated to clients, giving them full opportunity to understand our policies and their intended benefits. We believe that transparency is key.

We believe in full disclosure and alignment of clients' stewardship and investment policies, with our own. As collective investment schemes the Evenlode Funds aim to strike a balance between our long-term performance objectives and ESG criteria rather than to sacrifice one for the other. Our stewardship and ESG policies form part of our risk management framework which is a central priority for all our clients. Regardless of the diversity of our client base, it is all of our investors' wish that Evenlode makes informed decisions about where to invest, and proactively oversees the assets once invested.

CLIENT BREAKDOWN

We communicate very actively with clients about stewardship and investment activities. In addition to the face-to-face contact mentioned above, We produce a wealth of materials to keep our clients informed. Some examples of these are:

- Monthly factsheets with fund manager commentary and in-depth portfolio detail.
- Monthly investment views of the managers, looking at the investment landscape and discussing how the fund is positioned.
- Regular interactive webinars with clients which are recorded and published on the Spring Capital website.
- Annual Responsible Investment Report which is distributed to clients published online and made available on the Spring Capital website.
- Publication of full voting records for every company within the portfolio on a quarterly basis. Also disclosing rationales for when we have voted against management.
- Full disclosure of investment and stewardship policies through Spring Capital and/or the Evenlode website.
- Ad hoc videos by the portfolio managers or stewardship analysts, on a range of topics such as on our risk management framework, proxy voting season and how Evenlode engages with companies in its portfolio(s).

Evenlode and Spring Capital work together to analyse and respond to the requests for information we receive from clients. Our aim is then to include much of this type of requested detail in the materials we regularly provide. This has led to an expanded range of collateral presented to clients over different media as described above. The feedback we have received is that the breadth and depth of material produced is welcomed and encouraged by clients.

To better understand the needs of our clients we regularly review the content we post on our website and analyse this information to evaluate the usefulness of our communications with clients and make changes to the length and frequency and format of communications as a result. For example, last year, we decided to shorten the frequency of our videos as the analysis showed us the viewers closed the video after approximately two minutes. We regularly review and monitor the content we publish on our website by having quarterly 'Content Calendar' meetings with the investment team.

"In addition to the face-to-face contact mentioned above, we produce a wealth of materials to keep our clients informed."

LOOKING AHEAD

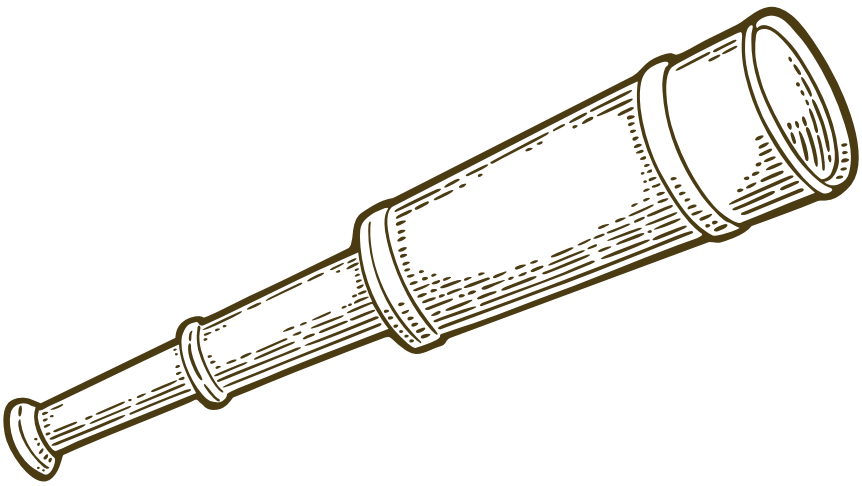
As stated at the beginning of this report, Evenlode's ultimate goal in stewardship is to 'preserve and enhance the value of our clients' assets whilst creating a positive social impact'. We believe preserving and enhancing value can best be achieved by becoming active owners and engaging effectively with our investee companies. Our stewardship analysis highlights the best-in-class companies and the Engagement Tracker allows us to highlight the companies which we feel can improve on governance matters, providing us with crucial data on how to constantly improve our engagement approach.

Our key area of focus for the year was to further review and strengthen our risk management framework. In particular, we wanted to create a more formalised and detailed approach in how to measure and monitor ESG risk. We feel our new framework does that. As alluded to earlier, this checklist and risk score has the ability to evolve and become stronger as more bespoke analysis is done. The analysis on the UNSDGs is a good example of this. This year we further refined our emission analysis that we started in 2019. Following on from this, we will engage with the companies with the highest emissions in our investment portfolio and those companies that have so far failed to report their full emissions publicly. This will allow us to better assess the risks companies will face from the transition to a low carbon economy. In 2021, we will continue to extend our Climate-Related 'At-Risk' Analysis, analysing companies' physical and transition risks from climate change and their climate risk management. We will also continue to engage companies to set ambitious emission reduction targets and orient their business models in a low-carbon direction to ensure that our portfolios' footprint and wider climate impact and resilience continues to improve over time.

We understand the need for all stakeholders to work together to address the imperfections in the global economy. It is not just up to companies but also us as individuals and investors to ensure that we are all working together to tackle the risks we face as responsible shareholders and citizens of the world. We hope this report has given you a sense of how we go about investing responsibly at Evenlode, and the actions we have taken on behalf of our clients during 2020. We look forward to updating you on our progress during 2021.

Should you wish to learn more in the meantime, please feel free to contact our Stewardship team, Sawan Kumar on sawan.kumar@evenlodeinvestment.com or Charlie Freitag on charlie.freitag@evenlodeinvestment.com

"Our key area of focus for the year was to further review and strengthen our risk management framework."



FURTHER INFORMATION

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

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Email evenlode@evenlodeinvestment.com

Visit evenlodeinvestment.com/funds/how-to-invest