EVENLODE

INVESTMENTS FOR LIFE

Evenlode Investment

Taskforce on Climate-related Financial Disclosures (TCFD) Product Report
IFSL Evenlode Global Income

June 2024

Introductory Material

About this report

At Evenlode Investment Management Limited ('EIML' or 'Evenlode'), we recognise that climate change poses significant financial challenges and opportunities, in the near term and the future. To preserve and enhance the value of our clients' assets, it is important for us to assess the climate-related risks and opportunities faced by our investee companies, as well as how they are preparing for a low-carbon economy.

Evenlode Investment supports the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) and commends the FCA's integration of these recommendations into its listing rules and the ESG Sourcebook's reporting requirements for financial services companies. The following product-level report is written in accordance with the TCFD framework and from the perspective of Evenlode Investment Management Limited. The disclosures and calculations in the report are based on a calendar year schedule (12 months) ending 31 December 2023, using the most up-to-date information.

In accordance with the FCA's ESG Sourcebook, EIML has made these disclosures consistent with the TCFD Recommendations and Recommended Disclosures, including Sections C and D of the TCFD 2021 Annex. The disclosures in this report, including any third-party or Group disclosures cross-referenced in it, comply with the requirements under Chapter 2.2. in the FCA's ESG Sourcebook.

Our commitment to regulatory compliance underscores our dedication to operating with transparency and integrity. Should you require further clarification or have any questions regarding the report's contents, please feel free to reach out to us.

Ben Peters
Co-Founder and Fund Manager

June 2024

Name of Product: IFSL Evenlode Global Income[1]
Name of Managers: Ben Peters and Chris Elliot
Reporting Period: 1 January 2023 – 31 December 2023.
Calculation Date: 31 December 2023

This TCFD Product Report refers to the Evenlode Global Income portfolio and is consistent with Chapter 2.3 of the FCA's Environmental, Social and Governance Sourcebook (the "ESG Sourcebook").

Evenlode's approach to climate-related risks and opportunities in relation to our assets under management is disclosed in our Entity Level Climate Report in line with the TCFD's Recommendations and Recommended Disclosures. Our approach to climate-related risks and opportunities in relation to the above portfolio is the same, in all material respects, as our general approach set out in the Entity Level Climate Report which is available on our website.

Carbon Metrics

Metric			2020	2021	2022	2023
Absolute Financed Emissions (tonnes of CO_2e)	Scope 1		3,603	4,998	6,256	5,639
	Scope 2		4,513	4,242	4,569	3,539
	Scope 3	Upstream	72,662	128,537	238,510	119,126
		Downstream	141,265	247,045	263,785	160,813
	Total		222,043	384,823	513,121	289,118
WACI* (tonnes of CO_2e / million £ revenue)	Scopes 1 and 2		25.60	20.12	19.33	14.77
	Scope 3		759.45	827.18	789.65	372.17
Carbon Footprint (tonnes of CO_2e / 10k £ invested)			0.08	0.06	2.96	1.56

** Weighted Average Carbon Intensity*

For more detailed discussion of portfolio emissions, please see our latest Portfolio Emissions report (https://evenlodeinvestment.com/stewardship).

Climate Value at Risk / Carbon Liability

Value-at-Risk (VaR) metrics are forward looking metrics which estimate the risk of loss for investments by assessing the amount of a potential loss and the probability of occurrence for loss. Climate VaR (CVaR) performs this process with reference to climate-related risks.

[1] The Authorised Corporate Director of the fund changed from Waystone Fund Services Limited to Investment Fund Services Limited on 9 March 2024. As at 31 December 2023 the fund was called WS Evenlode Global Income

We have opted not to provide a CVaR value for the portfolio at this time. This is because it would necessitate substantial additional resources and costs that we do not deem reasonably practicable. We will re-evaluate our approach to this periodically.

Temperature Alignment:

Companies that have set targets can have done so in alignment with different temperature objectives. We have chosen not to provide a temperature alignment analysis of our portfolio, as this does not factor into our investment decision-making, at this stage. However, we are working with our data team to understand investee companies' transition plans and classifications under the Net Zero Investment Framework. We shall review our approach to disclosures on temperature alignment as our understanding of the data develops.

Scenario Analysis

Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Its purpose is not to offer a comprehensive view of the future but rather to emphasise key elements of a potential future and draw attention to the essential factors that will influence further developments.

The NGFS[2] scenarios explore a set of seven scenarios covering the following dimensions: orderly scenarios, disorderly scenarios, hot house world scenarios, and too-little-too-late scenarios. The NGFS database models the performance of different variables in these scenarios, based on projected levels of transition and physical risk.

Below, we project potential impact of three different scenarios on the portfolio. The below explains the assumptions underlying each scenario:

- *Net Zero 2050 (Orderly Transition):* Global warming is limited to 1.5°C compared to pre-industrial averages through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. While physical risks remain low, transition risks will be material.
- *Delayed Transition (Disorderly Transition):* Annual emissions do not decrease until 2030 and strong policies are needed to limit warming to below 2°C compared to pre-industrial averages. This leads to both higher transition and physical risks than the Net Zero 2050 and below 2°C scenarios.
- *Hot House World (Current Policies):* Only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, leading to high physical risks and severe social and economic disruption and failure to limit temperature rise.

Our scenario analysis methodology maps portfolio assets to the most relevant model variable available under the NGFS scenario analysis model. This is in line with academic

[2] NGFS - Network for Greening the Financial System (https://www.ngfs.net/ngfs-scenarios-portal/)

best practice as presented on the NGFS website. For further detail on our methodology, please get in touch.

Our analysis identified that the majority of our holdings were not aligned with industries or business activities determined to be highly affected (in isolation) by climate change by the NGFS in its modelling. This is largely because our investment strategy tends away from asset-intensive industries, leading us not to have high exposures to carbon-intensive sectors.

Due to the nature of the assets in our portfolio, only 33% of the portfolio could be mapped to an Integrated Assessment Model (IAM) variable using NGFS mapping. Of these, the transition risks associated with the lower-warming scenarios (e.g. Delayed Transition and Net Zero 2050) appear to be potentially more impactful, with the Net Zero 2050 scenario presenting the greatest risk in the near-term.

We are taking the findings of our quantitative analysis forward internally and shall consider more comprehensive quantitative disclosures in future reports.