



PUBLIC TRANSPARENCY REPORT

2023

EVENLODE INVESTMENT

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Since the last submission to the UNPRI, we at Evenlode Investment have been working on our strategy which has led to further evolving our purpose statement. Our objective as a team is to preserve and enhance the value of our client's assets through long-term engagement and analysis. We will continue to employ careful thought, stewardship, and expertise in our investment approach, focusing on consistent long-term performance. However, we have now explicitly emphasised the importance of both preserving and enhancing value, which we believe can be achieved through a comprehensive lens of managing long-term risk through engagement and rigorous ESG analysis. Engaging with companies directly addresses the "enhancing value" component of this process.

To address the "preserving value" element, we meticulously consider environmental, social, and governance (ESG) factors as potential risks within our investment and risk management frameworks. Although we use the term "ESG" to distinguish these factors from other investment considerations, we firmly believe that they form an integral part of a comprehensive investment case for any business.

Our investment philosophy at Evenlode Investment centres on a holistic risk management framework, ensuring sustainable returns for our clients over the long-term. We are highly selective in holding companies that we perceive to be of high quality, characterised by factors such as low capital intensity, a robust economic moat, recurring cash flows, a healthy balance sheet and strong governance. We recognise the profound influence we can wield on the companies we invest in on behalf of our clients. As highlighted through our purpose statement, active engagement is at the core of our stewardship strategy. We place significant emphasis on this approach as it allows us to encourage sustainable practices and drive positive change in the companies we invest in. Through meaningful dialogue and collaboration, we aim to foster improvements in their ESG practices and contribute to the overall growth and stability of their businesses. As we hold company holdings for extended periods, sometimes spanning years, we recognise the value of engaging with these companies in a collective effort to drive continuous improvement for all stakeholders.

We firmly believe that businesses demonstrating this commitment to progress are more likely to prosper, creating a virtuous circle that benefits everyone involved.

Our second pillar is characterised by a robust risk management framework. We aim to avoid companies that carry undue risk to their business, which could potentially impact our clients' capital. However, we acknowledge that all businesses face risks, and through active long-term engagement, we seek to improve outcomes and reduce risks over the long run.

This holistic approach, combining engagement and risk management, sets us apart and defines the core differentiator of our approach to responsible investment. In line with our dedication to responsible investing,

Evenlode Investment has made a significant commitment by signing up to the Net Zero Asset Managers Initiative. This underscores our proactive efforts to address climate-related challenges, work towards a net-zero emissions future, and contribute positively to society and the environment. For all our investment funds which are invested solely in listed equities, across a 100% of our AUM, we are aiming for:

- a. 100% of financed emissions in material sectors to be aligned, achieving net zero or under direct or collective engagement by the end of 2022 (target met).
- b. 50% of our assets under management (AUM) in material sectors to be aligning, aligned or achieving net zero by 2025, and 100% by 2030.
- c. 51.6% reduction in emissions per £10k invested across scopes 1,2 and 3 by 2030.
- d. 100% of AUM in material sectors to be net zero or aligned by 2040.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

During the reporting year we made significant progress on the responsible investment issues we consider most material to our stewardship team and investment process. We have highlighted a few below:

a. **Engagement Analysis:** We hired a new Governance Analyst, Rebekah Nash, whose role was to actively vote on all our holdings using a bespoke analysis framework and engage with companies on identified concerns. One of her first projects was to conduct an in-depth analysis of all the engagements our ESG team had conducted over the last five years.

This data was scraped from our proprietary dashboard, EDDIE, which captures crucial information about each engagement, such as objectives, milestones, key stakeholders involved, engagement methods utilised, and the outcomes of these interactions. The results of Rebekah's analysis proved invaluable in refining our engagement strategies and identifying the most effective approaches for communicating with investee companies. The analysis highlighted several key findings:

- **Improved Methods of Engagement:** Through careful examination of past engagements, we identified the most successful methods of communication with investee companies. Contacting the Investor Relations (IR) team, combining ESG-related themes into a comprehensive letter, and involving fund managers (particularly for multiyear engagements) significantly improved the outcomes of our engagements.

- **Focused on Governance Issues:** The analysis also revealed that initial letters focusing on governance issues had a higher likelihood of generating positive outcomes during engagements.

This finding emphasised the importance of addressing governance concerns upfront to establish a productive dialogue with investee companies.

- **Stakeholder Identification:** By analysing the engagements and their outcomes, we gained insights into which stakeholders within investee companies were best placed to respond to our queries effectively. This knowledge enabled us to direct our engagement efforts more strategically, optimising the chances of achieving favourable results.

b.

In 2022, we continued to measure and disclose our financed emissions for several important reasons. We were able to assess companies on their net zero targets, climate transition plans, emissions disclosure, and progress on emissions reductions. Identify and prioritise the top emitters and companies with poor emissions disclosure for engagement. And assess companies on their climate risks. In 2022, we achieved an overall reduction of 7.2% in our emissions per £10,000 invested across our investment portfolios – a decrease from 2.33 to 2.16 tCO₂e.

This reduction was solely driven by a 25.2% decrease in emissions per £10,000 invested for Evenlode Income (EI), our largest fund, which accounted for 64.6% of total asset under management. The reduction in emissions within EI can be attributed to the significant emissions decrease reported by the fund's top three emitters in 2021 –Smiths Group, Procter & Gamble, and Reckitt Benckiser. Additionally, we are pleased to note a steady increase in emissions disclosure by our portfolio companies, particularly in scope 3 reporting. The accuracy of the data from our emissions analysis is crucial for a robust net-zero assessments and this growing trend in disclosure enhances our confidence in the evaluation process.

c.

Net Zero Assessment: In June 2022, we successfully approved our net zero targets, which were aligned with the NZAM Initiative. We prioritised a set of portfolio companies for engagement in 2022. Our engagement goal was to align 100% of financed emissions in material sectors with net zero or under direct or collective engagement. We are proud to share that we achieved this target in September 2022, engaging with 63 companies across our investable universe regarding their net zero (or lack of) targets. In terms of our net zero assessment, we intentionally set ambitious targets based on scientific evidence.

Our goal to have 50% of our assets under management (AUM) in material sectors to be “aligning”, “aligned”, or “achieving net zero” by 2025 is bold. By the end of 2021, we had reached 24% of this target, and by the end of 2022, we made further progress, reaching 32%. While we acknowledge that there is still a long way to go, we are pleased with the progress we have made so far.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We have committed to several issues that we think are important for the team to work on over the next couple of years. We have highlighted a few below:

1. TCFD aligned/Net Zero report: Rather than waiting for the TCFD reporting requirements in June 2024, we are staying ahead of the game. In the latter half of 2023, we will be completing the first round of reporting, focusing on the four pillars of TCFD. This comprehensive report will delve into climate-related governance and detail our long-term strategy for identifying risks and opportunities related to climate.

Moreover, our commitment to net zero assessments remains strong, and we have now completed our second year of assessments. In our upcoming report, we will keep our clients informed about the progress our portfolio companies have made in their climate transition plans. We'll share positive outcomes resulting from our dedicated engagements with these companies.

2. Last year we started to look at the importance of carbon pricing and the effect that mechanisms already in use have on the companies we invest in.

As a result, throughout the year we began to look at the carbon pricing mechanisms our investee companies are exposed to and what they are doing to manage this regulatory risk and combat change. As a result of this initial scoping activity, we decided to focus on the top 12 emitters in terms of carbon intensity (CO₂e/£m revenue) across the Evenlode portfolios. These are also the investee companies that are classified as 'High Impact' under the Net Zero Asset Managers Initiative (NZAMI). The analysis will look at both the financial effect of a carbon price on the company as well as the potential effect on the consumer, as companies could look to pass through carbon related costs.

We'll then use this as engagement tool alongside our engagement on Net Zero to understand and encourage companies to take both the issue of carbon emissions and the resulting carbon pricing mechanisms even more seriously. As the market struggles with unreliable and often unverified ESG data, our annual emissions analysis continues to prove to be an invaluable tool, helping to cut through the noise and bringing advantages to our net zero assessments and carbon pricing analysis.

3.

In setting our targets we leaned on the Net Zero Investment Framework (NZIF) set out by the Net Zero Asset Managers Initiative (NZAMI), one of several industry organisations of which we are a member. Constructively collaborating with the financial sector is core to our approach. We have found this industry participation vital in helping us to formulate the next steps in our sustainability strategy, and a clear emergent theme is the risks and opportunities surrounding biodiversity and natural capital. We will be developing this element of our work in 2023 with an eye on how best to engage with companies on this issue.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Ben Peters

Position

Co Founder, Fund Manager, Director of Stewardship

Organisation's Name

EVENLODE INVESTMENT

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 6,464,076,104.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>75%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental >75%

(D) Other strategies 0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity (1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

(1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

(1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active

(12) 100%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental



ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone 0%

(B) Thematic alone 0%

(C) Integration alone >75%

(D) Screening and integration 0%

(E) Thematic and integration 0%

(F) Screening and thematic 0%

(G) All three approaches combined 0%

(H) None 0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

We don't label any of our funds as ESG or sustainable however, our two Global Irish domiciled mirror funds were approved as Art 8 funds in November 2022. We have set a minimum threshold of 10% within the funds which we attribute to the companies that are either aligning or aligned to net zero under the Net Zero Investment Framework.

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(C) Listed equity – active –
fundamental



SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here

Specify:

Net Zero targets, Emissions Analysis, Thematic Pieces on Carbon Pricing, Water Scarcity and Hydrogen. On the question of asset classes, we only hold one asset class, listed equity. Our investment process and risk management is consistent across all our strategies.

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

We conduct an internal ESG risk score assessment for all companies within our invested universe and those on the verge of entering it. During this analysis, our ESG team takes into account a range of environmental, social, and governance factors as part of the overall investment evaluation. If we identify significant risks related to climate change, human rights, or other social issues within the supply chain, we will communicate these concerns to the fund managers and/or analysts responsible for presenting the stock to the investment team. Should we find that the ESG risk associated with a particular company is too high and remains unaddressed, we will refrain from including the stock in our investable universe.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

- (B) Guidelines on environmental factors

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

- (C) Guidelines on social factors

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

- (D) Guidelines on governance factors

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(E) Guidelines on sustainability outcomes

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(H) Specific guidelines on other systematic sustainability issues

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(J) Guidelines on exclusions

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(M) Stewardship: Guidelines on overall political engagement

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(O) Stewardship: Guidelines on (proxy) voting

Add link:

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

(P) Other responsible investment aspects not listed here

Add link:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

Evenlode's ultimate stewardship goal centers around preserving and enhancing the value of our clients' assets through long-term engagement and robust analysis. Our belief is that it is our fiduciary duty to protect and grow the value of our clients' assets by incorporating rigorous ESG analysis and engaging with companies over the long-term. Our ESG analysis identifies the best-in-class companies, while The Engagement Tracker helps us pinpoint companies with room for improvement in ESG-related matters. This data is invaluable for constantly refining our engagement approach. Stewardship plays a vital role in our investment philosophy, and we have been diligently crafting an engagement framework with the companies we invest in.

As part of our fiduciary responsibility, we are committed to safeguarding and enhancing the value of our clients' assets while responsibly minimizing non-financial risks. Monitoring investee companies is an integral part of sound investment practice, and we diligently conduct thorough due diligence before making investment decisions on behalf of our clients.

Regarding proxy voting, we do not rely on external proxy research providers. Instead, we firmly believe that it is our fiduciary duty to vote shares in alignment with the investment philosophy we communicate to our clients. This ensures that our proxy voting decisions are in the best interest of our clients and consistent with our overall approach.

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment
 (B) Guidelines on environmental factors (7) 100%
 (C) Guidelines on social factors
 (D) Guidelines on governance factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change (1) for all of our AUM

(B) Specific guidelines on human rights (1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues (1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

Ben Peters, Co-Founder, Director and Fund Manager continues to be the director responsible for stewardship and ESG at board level.

- (C) Investment committee, or equivalent
- (D) Head of department, or equivalent

Specify department:

Sawan Kumar, Head of Stewardship is responsible for setting and implementing the overall stewardship strategy. He is responsible for creating one-year and three-year business plans.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(1) Board members, trustees, or equivalent

(2) Senior executive-level staff, investment committee, head of department, or equivalent

(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input type="checkbox"/>	<input type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(M) Stewardship: Guidelines on (proxy) voting

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

Sawan Kumar, Head of Stewardship is responsible for the overall implementation of the stewardship strategy.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Explain why: (Voluntary)

We gauge the effectiveness of our responsible investment approach by assessing the integration of the ESG team and its research within the overall investment decision-making process. We have deliberately refrained from labeling any of our funds as sustainable or ESG-focused for any of our OEIC funds. Consequently, we find it impractical to establish responsible investment Key Performance Indicators (KPIs) for fund managers whose primary mandate is income and growth, rather than sustainability. As responsible investment is an integral part of our overall investment philosophy, we prioritize the integration of ESG factors into the decision-making process to achieve our long-term goals. Additionally, although board members are not incentivised on responsible investment KPIs, an assessment of business performance across all strategic areas of the business plan is included in performance assessments. This includes stewardship and ESG integration and the associated development of analytical and engagement frameworks.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Explain why: (Voluntary)

We gauge the effectiveness of our responsible investment approach by assessing the integration of the ESG team and its research within the overall investment decision-making process. We have deliberately refrained from labeling any of our funds as sustainable or ESG-focused for any of our OEIC funds. Consequently, we find it impractical to establish responsible investment Key Performance Indicators (KPIs) for fund managers whose primary mandate is income and growth, rather than sustainability. As responsible investment is an integral part of our overall investment philosophy, we prioritize the integration of ESG factors into the decision-making process to achieve our long-term goals. Additionally, although board members are not incentivised on responsible investment KPIs, an assessment of business performance across all strategic areas of the business plan is included in performance assessments. This includes stewardship and ESG integration and the associated development of analytical and engagement frameworks.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="radio"/>	<input type="radio"/>

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

<https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf>

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Global-Dividend-Fund-Article-8-Disclosures.pdf>

(B) Disclosures against the European Union's Taxonomy

(C) Disclosures against the CFA's ESG Disclosures Standard

(D) Disclosures against other international standards, frameworks or regulations

Specify:

The Net Zero Asset Manager's Initiative, Engagement & Voting Policy

Link to example of public disclosures

<https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf>

(E) Disclosures against other international standards, frameworks or regulations

(F) Disclosures against other international standards, frameworks or regulations

(G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

(B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

(C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation

Specify: (Voluntary)

- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(1) Listed equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

We assess companies on a range of both financial and non-financial risk factors, including pricing power, net debt ratios, long-term industry outlook, and ESG risk. For each company we analyse, we assign a score from A to E based on each risk factor. In order to prioritize our engagement efforts, we use these scores as guidelines. If a company receives an E score on ESG risk due to severe and inadequately managed ESG concerns, it will be excluded from our portfolio or investment universe. On the other hand, if a company receives a D score for not meeting our minimum ESG standards, it triggers active engagement to address the identified issues. Our engagement approach involves direct communication with the company to address these concerns. If necessary, we escalate the engagement process to collective action through one of the investor initiatives we are members of. This enables us to collaborate with other like-minded investors to drive positive change and influence companies to improve their ESG practices.

When looking at climate risk specifically, we focus on the most emission intensive holdings to do follow-up analysis and engagements with. We have chosen to focus on the top 12 most emission intensive holdings for our carbon price work as an example.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

We are active participants in various groups, such as the Corporate Reporting Users Forum (CRUF), International Corporate Governance Network (ICGN), Financial Reporting Lab's (FRC) Climate Change and Steering Committees, and the Farm Animal Investment Risk and Return (FAIRR) Initiative, established by the Jeremy Collier Foundation. The FAIRR Initiative, founded in 2016, aims to provide insightful and impactful data on risks associated with intensive animal agriculture. They work with investors to equip them with tools to address material issues, including climate change, deforestation, and water scarcity, particularly in the food sector—an area of significance for Evenlode and the global market.

In February, we participated in a collaborative engagement facilitated by FAIRR.

They gathered 84 investors with almost \$23 trillion of assets under management (AUM) to actively engage with 23 target companies, 3 of which were Evenlode holdings. The objectives of this engagement were as follows:

- Encourage companies to set time-bound commitments to increase the share of nutritious plant-based and alternative proteins in their product portfolios, promoting sustainable and healthy diets that reduce reliance on animal-based products.
- Support and enable a dietary transition towards fewer and higher-quality animal-based products while building food security and sustainable food systems.
- Ensure this approach is part of a comprehensive, global, evidence-based strategy for protein diversification and report progress publicly each year.

During the engagement, Nestlé did not disclose the percentage of total research and development (R&D) spent on plant-based innovation or metrics to track its plant-based sales.

Unilever had no commitments related to portfolio diversification and did not seek to reformulate existing product ranges to reduce animal protein content. However, as a result of the six-year collaborative effort, Nestlé's plant-based sales increased to 0.92% in 2021, with the company dedicating 10% of its R&D resources to plant-based product innovation and making significant capex investments for scaling production.

Unilever, on the other hand, announced a target to generate \$1.2 billion from plant-based foods by 2027 and reported strong double-figure growth. The company also reformulates products to reduce animal-derived ingredients, such as replacing milk powder with alternative milk.

Our approach to direct vs.

collaborative engagements is straightforward. We recognise the importance of collaboration in strengthening our collective influence in addressing ESG issues and learning from like-minded investors. As illustrated by this example, collaboration can increase the likelihood of positive outcomes. However, as long-term investors, we also value and cultivate long-term relationships with our investee companies through direct engagements. We believe that such relationships are key in effecting change that benefits both our companies and clients.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff

Select from the list:

1

- (B) External investment managers, third-party operators and/or external property managers, if applicable

Select from the list:

5

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

Select from the list:

3

(D) Informal or unstructured collaborations with investors or other entities

Select from the list:

4

(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar

Select from the list:

2

(F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

Evenlode uses a quantitative and qualitative checklist to assess if companies are investable:

1. High profitability
2. Low capital intensity
3. Prudent leverage
4. Structural market growth
5. Durable competitive advantage
6. Continuous reinvestment in growth
7. Effective management of ESG-related risks

The first three (quantitative) parameters provide historic evidence of a quality business with high returns on invested capital.

The latter three four (qualitative) parameters explain why these returns are likely to persist into the future. The seven parameters are explained in more detail below:

1. High profitability – businesses that generate high cash flows relative to their asset base. This cash generation allows the businesses to reinvest and self-fund growth.

This is evidenced by high ROIC, ROE, ROA.

2. Low capital intensity – businesses that require relatively little ongoing capital replacement to maintain operations. This provides excess cash flow that can be reinvested or returned to shareholders.
3. Prudent leverage – businesses that have high leverage are prone to disruption, as cyclical or economic shocks are likely to require prioritisation of debt holders over shareholders. The prudent level of leverage is dependent on the stability of a company's cash generation and the economic and operational sensitivity of the business.
4. Structural market growth – businesses that operate in markets with structural growth drivers (e.g.

- demographics, technology, consolidation/fragmentation) have higher demand for their products/services, which helps sustain high returns on invested capital.
5. Competitive advantage – businesses with a competitive advantage have higher barriers to entry and face less direct competition from peers. This helps sustain pricing power and allows the companies to over participate in market growth.
 6. Continuous reinvestment in growth – businesses that invest to maintain and improve their competitive advantage at the margin are less likely to see the competitive advantage decline over time.
 7. Effective management of ESG-related risks – businesses that regard the management of environmental, social and governance (ESG) risks as crucial to their long-term success.

We believe active risk management is crucial to ensuring long-term investment returns. These includes, liquidity, valuation, behavioural and fundamental business risks. Fundamental risk management relates to the idiosyncratic risks faced by each company. We have a defined risk framework, focused on 10 risk factors that affect a company's ability to withstand uncertainty. These risk factors include ESG risk, which is owned independently by the Stewardship team.

This assesses the risk and impact of potential disruption from environmental, social and governance factors. It is not an ethical judgement on the company's activities. The initial risk scores are set with consideration of the relative risks faced by the business. If a company scores an E for ESG risk due to significant concerns that it is not adequately managing, it will not be included in the portfolio/universe. Additionally, if included, each fund sets a maximum position for every company that is either in the portfolio or has watchlist status.

This is the largest position that a fund would be willing to take in the company, irrespective of valuation metrics (including dividend yield). The maximum position will be adjusted upwards or downwards if the ESG risk score improves/worsenes because of an inherent or bespoke risk which has come into fruition.

Investment decisions are made within the individual fund teams, both at the weekly fund ("nudge") meetings and ad-hoc (usually required by flows into and out of the funds).

These decisions should consider the relative risk adjusted returns available within the investable universe and the portfolio's resilience to the wider economic environment. The following aggregate portfolio characteristics are considered when making investment decisions:

1. Diversification by sector, geography, and underlying business risk exposures (including cyclicality)
2. Stability and visibility of cash flow generation
3. Aggregate leverage
4. Aggregate valuation (using the FER metric)
5. Carbon emissions exposure and intensity
6. Overall liquidity of the portfolio

The investment decision is owned by the senior fund manager/s on the fund, but considers the research undertaken by all Evenlode analysts (including risk scores).

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

- (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes
- (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

- (C) We ensure consistency with our voting policy by reviewing external service providers' voting recommendations only after voting has been executed
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes
Add link(s):
<https://evenlodeinvestment.com/resources/stewardship-assets/Voting-Records-Q2-2023.pdf>
- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(1) for all votes	(1) for all votes
(B) Yes, we privately communicated the rationale to the company		
(C) We did not publicly or privately communicate the rationale, or we did not track this information	○	○
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	○	○

(A) Yes, we publicly disclosed the rationale - Add link(s):

<https://evenlodeinvestment.com/resources/stewardship-assets/Voting-Records-Q2-2023.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

We use Proxyedge to cast and confirm our electronic votes.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

(1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one	<input checked="" type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input type="checkbox"/>
(C) Publicly engaging the entity, e.g. signing an open letter	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	<input checked="" type="checkbox"/>
(F) Divesting	<input type="checkbox"/>
(G) Litigation	<input type="checkbox"/>
(H) Other	<input type="checkbox"/>

(l) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

o

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups
- (D) We engaged policy makers on our own initiative
- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers

Add link(s):

<https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf>
<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

CDP's Science-Based Targets Campaign

- (1) Led by
 - (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
 - (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
 - (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

This campaign drives the world's highest-impact companies to set science-based targets (SBTs) in line with 1.5°C of warming. By supporting the campaign, global financial institutions can more easily align investment and lending portfolios with the Paris agreement, and multinational companies can decarbonise their supply chains. The 1,610 companies targeted by the 22 CDP SBT Campaign was based on the CDP Climate Change High Impact Sample – 2,237 companies representing the most impactful in market value and/or GHG emissions terms.

Following the campaign launch, CDP informed, educated and supported target companies to commit to setting science-based target; 213 companies joined the SBTi, 38 companies have had their near-term targets approved, 96 companies committed to net-zero.

Along with CDP's 26 Supply Chain members and 220 financial institutions, Evenlode Investments signed the campaign. This work was complementary to the internal engagements Evenlode Investments have had with investee companies on setting science-based targets.

(B) Example 2:

Title of stewardship activity:

ICGN's Biodiversity Viewpoint

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We have been a member of the International Corporate Governance Network (ICGN) for many years and in 2021/22 also became members of the Natural Capital Committee (NCC) whose focus is on governance relating to the natural environment, ecology and biodiversity including climate change and the United Nation's Sustainable Development Goals (UNSDGs).

We were involved in its first Viewpoint on Biodiversity which acknowledged the fiduciary duty to address material risks related to the loss of biodiversity, the impairment of ecosystem services and damage to the natural systems upon which our economy is based.

We contributed to the questions around how to engage with companies on biodiversity such as:

- Does the board as constituted possess or have access to sufficient skills and expertise in this area?
- Has the board discussed — or does it plan to discuss — developments at COP 15?
- Is the company benchmarking its reporting and performance against an appropriate peer group?

(C) Example 3:

Title of stewardship activity:

FRC Lab ESG Data Project

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

As explained by the FRC's in the past, high-quality data is important for both boards' and investors' decision-making. However, the systems to produce, distribute and consume ESG data are significantly less mature than those for financial information. In this context, the FRC Lab (Lab) launched a project about the production, distribution and consumption of ESG data, with the first phase focusing on the production of ESG data.

The report focused on the company's perspective on ESG data production (beyond what is produced for external reporting).

It identified three elements of ESG data production, Motivation, Method and Meaning. The elements are to explore the current landscape, challenges and positive actions to address them.

We spoke to the FRC and wanted the report to emphasise the 'Method' (incorporated into the report), who in the organisation is responsible for ESG reporting is crucial and describing the process around materiality for ESG reporting.

The report concluded that rather than being a steady series of steps, the ESG data journey is an iterative process that needs a joined-up approach across the organisation to be ready to face a rapidly changing landscape and expanding remit. Alongside the undisputed challenges the FRC also heard many stories of how the collection and embedding of ESG data is driving change within companies, both at a strategic and operational level.

(D) Example 4:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

(E) Example 5:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland

(9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Climate-related risks and opportunities are embedded within Evenlode's strategy, risk management, and business activities. All ESG and stewardship activities are led by the ESG director, who is supported in these tasks by the investment team, the operations team and the technology team. The ESG director is responsible for ensuring that climate-related risks and opportunities are considered by the board and addressed within the firm's business plan. The director must consider current industry practice and emerging trends, and encourage innovative thinking and ESG-related activities within the company. As climate change presents risks and opportunities, the ESG director should ensure that material climate-related matters are reflected in business planning, risk management structures, and ultimately, business activities.

We have specified carbon emissions as an important metric to monitor for our investee companies. As a result, we have been measuring and disclosing our financed emissions since 2019. In 2020, we became the first UK asset manager to disclose our financed emissions in alignment with the Global GHG Accounting and Reporting Standard for the Financial Industry launched by the Partnership for Carbon Accounting Financials (PCAF). By measuring our financed emissions annually, we are able to better understand the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face. This, in turn, allows us to proactively engage with the top emitters in our investment portfolios and better manage climate risk in our investment processes.

Over the past 18-24 months, the emphasis has been on carbon emission reduction in our portfolios and our participation in the Net Zero Asset Managers Initiative (NZAMI). We approached this with a strong commitment to establishing a robust emissions reduction strategy and conducting a thorough analysis of carbon emissions. We have now achieved a high level of confidence in the depth of our analysis.

As we move forward, our attention shifts to another critical area that poses both risks if not properly managed and opportunities if effectively executed. This approach is being repeated in our study of risks associated with natural capital and with our initial focus on biodiversity-related risks. Our aim is to address the potential hazards posed by deforestation, water scarcity, and the complex social issues stemming from these areas.

Guided by our Head of Stewardship, our stewardship team devises an annual and three-year business plan that outlines our focal points. This plan undergoes approval by the ESG director before being presented to the board.

(B) Yes, beyond our standard planning horizon

(C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

We consider climate change and the transition to a low carbon economy to be one of the biggest systemic risks and challenges facing society, the global economy and our investee companies today. It is clear that rapid global decarbonisation in line with 1.5°C is needed to avoid the worst effects of climate change. To manage climate-related risk in our portfolios and contribute to this global imperative, Evenlode joined the Net Zero Asset Managers (NZAM) Initiative in June 2021 and committed to reaching net zero across our investment portfolios by 2050 or sooner, across 100% of our investments.

For all our funds, solely invested in listed equity, we target 50% of our assets under management (AUM) in material sectors (75% of portfolio) to be aligning, aligned or achieving net zero by 2025, and 100% by 2030. And a 100% of AUM to be net zero or aligned by 2040.

More importantly, we have set an emissions intensity target of a reduction of 51.6% in emissions per £10k invested across all scopes by 2030. We have chosen an emission intensity target rather than an absolute target for our financed emissions as we are expecting AUM to increase in the coming years. To balance this with the potential for absolute emission increases, we have chosen a more stringent reduction target of 7% per annum in line with the SBTi Net Zero Standard as opposed to a minimum 4.2% reduction per annum for scope 1 and 2 and 2.5% for scope 3 in the near-term for absolute emission reduction targets. This leads to a 51.6% reduction overall from 2020 to 2030.

This is in line with the Standard's requirement to halve emissions before 2030 and 90% reduction by 2050.

Every year, Evenlode assesses the financed emissions associated with our investments to better understand the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face. This, in turn, allows us to proactively engage with the top emitters in our investment portfolios and better manage climate risks in our investment processes. We have been measuring and disclosing our financed emissions since 2019. Last year, we started aligning our emissions analysis report with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) regarding climate-related metrics and targets.

In 2022, we achieved an overall reduction of 7.2% in our emissions per £10k invested across our investment portfolios – a decrease from 2.33 to 2.16 tCO₂e. This reduction was solely driven by a 25.2% decrease in emissions per £10k invested for Evenlode Income (EI), our largest fund, which accounted for 64.6% of total assets under management.

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

1. Absolute financed emissions: The absolute emissions associated with our share of our portfolio companies' emissions. This helps us understand the overall climate impact of our investments.
2. Emissions per £10k invested: The emissions footprint resulting from investing £10k in our funds. This allows us to put our financed emissions in a more meaningful context for clients and aids comparison with other funds and benchmark indexes.
3. Weighted average emissions intensity: The emissions intensity of our funds based on our portfolio composition and our portfolio companies' emissions intensity. This helps us understand the fund's exposure to emissions intensive companies.

With continuous improvement in the availability and quality of emissions data from our portfolio companies, our analysis will continue to improve and provide a more representative view of our financed emissions.

Though it is not perfect, our analysis provides valuable insights to steer our investment processes and stewardship efforts toward our net zero targets. Evenlode will continue to engage with our portfolio companies to improve reporting and drive action to cut emissions.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

- (A) Coal
- (B) Gas
- (C) Oil
- (D) Utilities
- (E) Cement
- (F) Steel
- (G) Aviation
- (H) Heavy duty road
- (I) Light duty road
- (J) Shipping
- (K) Aluminium
- (L) Agriculture, forestry, fishery
- (M) Chemicals
- (N) Construction and buildings
- (O) Textile and leather
- (P) Water
- (Q) Other

Specify:

Consumer staples is the most emission intensive sector.

Describe your strategy:

Our investment process precludes us from investing in high emitting sectors. Mining, oil, gas, utilities, banks etc are sectors that would not be investable as we invest in asset-light businesses. The most emission intensive sector we invest in is consumer staples, due to the disproportionately high scope 3 emissions. In particular the use of sold products.

- (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios

● (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

To effectively channel our efforts towards the most material risks on behalf of our clients, we use a series of checklists. These checklists serve as focal points, directing our attention towards the most significant issues. Throughout the year, we established a structured approach to evaluating companies in terms of ESG risks, particularly emphasising overarching ESG issues that can potentially yield long-term risks if left unattended. Notably, these encompass climate-related risks. Our examination of climate-related risks extends across the dimensions of physical and transition risks, encompassing short-, medium-, and long-term time horizons.

To ensure a methodical and unbiased evaluation, we created a checklist specifically tailored to probe climate-related aspects within each company. This checklist incorporates a set of queries that delve into climate-related considerations. Some examples include:

- Is there board-level oversight of climate-related issues?
- Does the company publish its total greenhouse gas emissions (scope 1, 2 & 3)?
- Does the company have emissions reduction targets?
- Does the company use climate-related scenario analysis to inform their business strategy?
- Does the company integrate sustainability-related metrics into its remuneration policy?

We prioritise environmental and governance-related themes in determining the ESG risk score due to the value we have attributed to climate-related risks and consequently the governance needed from portfolio companies to achieve emissions reduction targets. Once the score is calculated, an independent judgement and discretion is applied by the stewardship department as a common-sense overlay. The resulting ESG risk score is presented and discussed at our weekly investment meeting.

(2) Describe how this process is integrated into your overall risk management

As mentioned above, we assess companies in our investable universe on a range of financial and non-financial factors, divided into three different categories: Business, Financial and Investment Risks. These include looking at diversification, economic sensitivity and ESG. For each company, we assign a risk score ranging from A to E across various risk factors. The resulting score is presented and discussed at our weekly investment meeting, and this ultimately acts as one of the key inputs into the maximum position size of the company. Independent discussion, discretion and calibration is useful as it brings in a consideration of the nuances of each potential issue and eliminates a mechanical approach to decision-making. The process is collegiate and seeks to bring in the views of the whole investment team, having rigorously sought out the most material matters through the initial use of a thorough checklist. 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 and improve over time, including thematic analysis carried out as a result of our company-specific work. The number of questions has increased to 36 this year as we wanted to spend more time looking at pay gaps and historical tax controversies.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

Our process for managing climate-related risks allows us to judge each business on its own merits when deciding on its ESG risk score. It is our belief that every company faces both climate-related risks and opportunities, and we should critically assess those as part of our analysis of the company's ESG risk score before drawing conclusions. If a company scores an E on ESG risk because there are severe ESG concerns that the company is not managing adequately, it will be excluded from the portfolio/investible universe. This is fundamentally a risk control mechanism; it is our belief that companies that do not adequately manage their own business risks, including climate-related risks, face potential liabilities through fines and regulatory censure, reputational damage, and subsequent lost revenues, profitability and cash flow.

Such companies present heightened risks for owners of that business's equity. We therefore look elsewhere to achieve good risk-adjusted returns for our clients.

Where a company scores a D, this leads to active engagement on the identified issues that, if necessary, are escalated from direct engagement with the company to collective engagement through one of the investor initiatives we are members of. We consider engagement with companies as an opportunity. Discussing challenges with companies enables us to understand their business context and obtain more information about their mitigation of and resilience to the risks that we perceive.

(2) Describe how this process is integrated into your overall risk management

We assess companies in our investable universe on a range of financial and non-financial factors, divided into three categories: business, financial, and investment risks. These include diversification, economic sensitivity, and environmental, social, and governance (ESG) factors. For each company, we assign a risk score ranging from A to E across various risk factors. The resulting score is presented and discussed at our weekly investment meeting, and this ultimately acts as one of the key inputs into the maximum position size of the company. Companies with lower scores will, all other things being equal, have lower maximum position sizes.

Our risk management process encourages independent discussion, discretion, and calibration to allow for a consideration of the nuances of each potential issue and eliminates a mechanical approach to decision-making. The process is collegiate and seeks to bring in the views of the whole investment team, having rigorously sought out the most material matters through the initial use of a thorough checklist. This process also helps us to highlight which ESG factors are most material to the company's industry and/or business model. The idea is for this framework to evolve and improve over time, including thematic analysis carried out as a result of our company-specific work. This year, we have increased the number of questions in our checklist to 36, as we wanted to spend more time looking at pay gaps and historical tax controversies.

Overall, our risk management process allows us to protect and enhance the value of our clients' assets, while responsibly minimizing broad climate-related risks.

Additionally, we believe active risk management of climate-related risks is crucial to ensuring long-term investment returns. This includes climate-related risks as well as fundamental business, liquidity and valuation risk. Fundamental risk management relates to the idiosyncratic risks faced by each company. Evenlode has a defined risk framework, focused on 10 risk factors that affect a company's ability to withstand uncertainty.

These risk factors include ESG risk, which is owned independently by the Stewardship team. Liquidity risk management relates to the liquidity of the shares in the company. Illiquidity affects fund managers' ability to enter and exit positions without significantly disturbing the share price and ensures that any client redemptions can be met. Liquidity risk is included in the 10 risk factors and is set independently by the Dealing team. And valuation risk management is used alongside the framework above to set position sizes. Evenlode has a proprietary reverse discounted cash flow model that is applied consistently across all companies.

This allows Evenlode to bias the portfolio to companies which are deemed better value. Traditional valuation spot metrics are used as a sense check for internal valuations.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed**
 - (3) Metric or variable used and disclosed, including methodology
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Investment-Annual-Responsible-Investment-Report-2022.pdf>

- (D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

- (E) Weighted average carbon intensity**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities

(J) Other metrics or variables

Specify:

Emissions per £10k invested which are the emissions footprint resulting from investing £10k in our funds. This allows us to put our financed emissions in a more meaningful context for clients and aids comparison with other funds and benchmark indexes.

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

https://evenlodeinvestment.com/resources/stewardship-assets/Evenlode-Portfolio-Emissions-Report-2022_2023-08-08-144725_quly.pdf

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
Specify:

Evenlode joined the Net Zero Asset Managers (NZAM) Initiative in June 2021 and committed to reaching net zero across our investment portfolio by 2050 or sooner, across 100% of our investments. We decided to follow the Paris Aligned Investment Initiative's (PAII) Net Zero Investment Framework (NZIF), one of the three methodologies endorsed by NZAM, and therefore have set net zero-aligned engagement, portfolio alignment and decarbonisation targets.

- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries

- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

(3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	o

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors ○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

(3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process, but it does not include scenario analyses (1) for all of our AUM

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion ○

(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies ○

(B) Yes, we have a formal process but it does not include scenario analysis - Specify: (Voluntary)

At the end of each year, the stewardship team conducts review that of notable achievements and areas that need improving for the following year. Within this session, we delve into the array of ESG-related questions we companies in our ESG risk scoring matrix. This analysis aims to ensure our capacity to encapsulate the most material ESG-related concerns for companies. As an example, to illustrate, we increased the number of ESG-related questions to 36 as we wanted to spend more time looking pay disparity and historical tax controversies.

Embedded within this matrix is also the implementation of climate-related scenario analyses by the companies under assessment. If a company abstains from conducting such analyses—particularly when climate-risk is material to the business or the company is a notable emitter—the score is marked down. However, scenario analysis is not currently analysed at a portfolio level. This is something we will be looking at in Q3 this year, with a view to publish a final report at the end of 2023.

Additionally, at the end of our reporting year, as part of our submission to the Stewardship Code, we complete an Annual Responsible Investment Report.

Within this report our analysts choose to write a thematic peice on an important issue for the team or a topical ESG trend for the industry. Last year, we wrote about Hydrogen, Carbon Pricing and Water Scarcity.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

(2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process	(1) in all cases
(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process	(1) in all cases
(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process	(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

(3) Active - fundamental

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors

(1) in all cases

(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors

(3) in a minority of cases

(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability

(3) in a minority of cases

(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

o

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

Each fund at Evenlode has an investable universe of 70-100 companies that meet the seven quality criteria and are considered eligible for investment. The decision on inclusion in the investable universe is made independently of current valuation and yield. This is a deliberate process choice, designed to ensure that the quality of the investable universe companies remains high. We use a quantitative and qualitative checklist to evaluate companies:

1. High profitability
2. Low capital intensity
3. Prudent leverage
4. Structural market growth
5. Durable competitive advantage
6. Continuous reinvestment in growth
7. Effective management of ESG-related risks

The first three (quantitative) parameters provide historic evidence of a quality business with high returns on invested capital.

The latter three four (qualitative) parameters explain why these returns are likely to persist into the future.

Management of ESG-related risks is considered to be effective for businesses that regard the management of environmental, social and governance (ESG) risks as crucial to their long-term success. The ESG risk score matrix is filled out for each company which is looking to be added into the investable universe. If a company scores a D, an active engagement approach will need to be initiated. If a company scores an E, the company will not be included into the universe.

As an example of how we have incorporated ESG factors, a stewardship analyst identified a holding in the Evenlode Global Income fund, in our semi-annual maximum position size meeting.

The analyst realised that since we had started documenting ESG-related engagements in our internal dashboard, EDDIE, the company had never responded to our queries when they related to ESG--related themes such as carbon emissions, remuneration, labour conditions, and board structure. This was a problem for the investment team. After careful consideration in the meeting, the team decided to reduce the holding's maximum position size in the portfolio by 100 basis points. This is a simple and clear example of how governance-related factors had a direct impact on our investment decision making process.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

(3) Active - fundamental

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Active - fundamental

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

Evenlode use a proprietary, reverse discounted cash flow model (DCF) to value all companies within the investable universes. This model has a long-term horizon (aligned with the investment philosophy) and is informed by the qualitative and quantitative research undertaken by the investment team. We incorporate ESG factors by using our proprietary ESG risk scoring matrix and although they are considered before inclusion into the universe, they are not one of the input parameters for the valuation model. It is possible that ESG factors could lead to a change in the delay parameters, although they are one of the many considerations. However, a more direct consequence of the ESG risk score is in position size management of a holding in the portfolios.

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

(1) Widely recognised frameworks used to guide action on this sustainability outcome

(1) The UN Sustainable Development Goals (SDGs) and targets

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

NZAM AUM Commitment

(4) Number of targets set for this outcome

(1) No target

(2) One target

(3) Two or more targets

(B) Sustainability outcome #2

- (1) Widely recognised frameworks used to guide action on this sustainability outcome
 - (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental**
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

NZAM portfolio emissions

(4) Number of targets set for this outcome

- (1) No target
- (2) One target**
- (3) Two or more targets

(C) Sustainability outcome #3

- (1) Widely recognised frameworks used to guide action on this sustainability outcome
 - (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental**
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

NZAM climate engagement

(4) Number of targets set for this outcome

- (1) No target
- (2) One target**
- (3) Two or more targets

- (D) Sustainability outcome #4
- (E) Sustainability outcome #5
- (F) Sustainability outcome #6
- (G) Sustainability outcome #7
- (H) Sustainability outcome #8
- (I) Sustainability outcome #9

□ (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	NZAM AUM Commitment
(1) Target name	Net Zero Asset Management
(2) Baseline year	2021
(3) Target to be met by	2025
(4) Methodology	Net Zero Investment Framework (NZIF): https://www.parisalignedassetowners.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf Net Zero Engagement & Voting Policy: https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf
(5) Metric used (if relevant)	% of AUM in material sectors to be aligning, aligned or achieving net zero
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	24.4% of AUM in material sectors to be aligning, aligned or achieving net zero
(8) Target level or amount (if relevant)	50% of AUM in material sectors to be aligning, aligned or achieving net zero
(9) Percentage of total AUM covered in your baseline year for target setting	100%

(10) Do you also have a longer-term target for this?

(1) Yes

(A2) Sustainability Outcome #1: Target details

(A2) Sustainability Outcome #1: NZAM AUM Commitment

(1) Target name Net Zero Asset Management

(2) Baseline year 2021

(3) Target to be met by 2030

(4) Methodology
Net Zero Investment Framework (NZIF):
https://www.parisalignedassetowners.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf
Net Zero Engagement & Voting Policy:
<https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf>

(5) Metric used (if relevant) % of AUM in material sectors to be aligning, aligned or achieving net zero

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant): 24.4% of AUM in material sectors to be aligning, aligned or achieving net zero

(8) Target level or amount (if relevant) 100% of AUM in material sectors to be aligning, aligned or achieving net zero

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

(1) Yes

(B1) Sustainability Outcome #2: Target details

(B1) Sustainability Outcome #2:	NZAM portfolio emissions
(1) Target name	NZAM portfolio emissions
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	<p>We report the financed emissions of our investments across all of the Evenlode funds, based on the portfolios as at 30 December 2022. Our analysis covers scope 1, scope 2, and scope 3 emissions. For our analysis, we utilise the Full GHG Emissions Dataset provided by the Carbon Disclosure Project (CDP). This dataset collates companies' own reports of their emissions and fills in the gaps with modelled estimates.</p> <p>Net Zero Investment Framework (NZIF): https://www.parisalignedassetowners.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf Net Zero Engagement & Voting Policy: https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf</p>
(5) Metric used (if relevant)	tCO2e/Mn USD invested
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	5.27 (scope 1 & 2) and 163.14 (scope 3) = 168.41 (total financed emissions)
(8) Target level or amount (if relevant)	51.6% reduction
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) Do you also have a longer-term target for this?	(1) Yes

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3:	NZAM climate engagement
(1) Target name	NZAM climate engagement
(2) Baseline year	2021
(3) Target to be met by	2023
(4) Methodology	Net Zero Investment Framework (NZIF): https://www.parisalignedassetowners.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf Net Zero Engagement & Voting Policy: https://evenlodeinvestment.com/resources/stewardship-assets/Net-Zero-Engagement-and-Voting-Policy-2022.pdf
(5) Metric used (if relevant)	financed emissions in material sectors to be aligned, achieving net zero or under direct or collective engagement by the end of 2022.
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	2.6% of financed emissions were aligned and 0% achieving
(8) Target level or amount (if relevant)	100% of financed emissions in material sectors to be under direct or collective engagement by end of 2022 - target was achieved in September 2022.
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) Do you also have a longer-term target for this?	(2) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2.1	PLUS	SO 1, SO 2	N/A	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your long-term targets.

	(1) Target name	(2) Long-term target to be met by	(3) Long-term target level or amount (if relevant)
(A1) Sustainability Outcome #1: NZAM AUM Commitment	Net Zero Asset Management	2040	100% of AUM in material sectors to be net zero or aligned by 2040
(A2) Sustainability Outcome #1: NZAM AUM Commitment	Net Zero Asset Management	2050	100% of AUM in material sectors to be net zero by 2050
(B1) Sustainability Outcome #2: NZAM portfolio emissions	NZAM portfolio emissions	2050	51.6% reduction by 2030 with at least and a 90% reduction in emissions by 2050 (if not sooner). Residual emissions that cannot be avoided may be offset.

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets

- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1:	NZAM AUM Commitment
Target name:	Net Zero Asset Management
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes

(A2) Sustainability outcome #1:

(A2) Sustainability outcome #1:	NZAM AUM Commitment
Target name:	Net Zero Asset Management
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes

(B1) Sustainability outcome #2:

(B1) Sustainability outcome #2: NZAM portfolio emissions

Target name: NZAM portfolio emissions

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(C1) Sustainability outcome #3:

(C1) Sustainability outcome #3: NZAM climate engagement

Target name: NZAM climate engagement

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1: NZAM AUM Commitment

(1) Target name: Net Zero Asset Management

(2) Target to be met by: 2025

(3) Metric used (if relevant)	% of AUM in material sectors to be aligning, aligned or achieving net zero
(4) Current level or amount (if relevant)	The target was for 50% of our assets under management (AUM) in material sectors to be aligning, aligned or achieving net zero by 2025, and 100% by 2030. At the end of 2021, we were at 24%.
(5) Other qualitative or quantitative progress	As at the end of 2022, we were sitting at 32%. We have been pleased with the progress so far.
(6) Methodology for tracking progress	We decided to follow the Paris Aligned Investment Initiative's (PAII) Net Zero Investment Framework (NZIF), one of the three methodologies endorsed by NZAM, and therefore have set net zero-aligned engagement, portfolio alignment and decarbonisation targets. The first step in the net zero assessment is to split the companies into either immaterial (unassessed) sector, material sector (low impact) or high impact. We did this through mapping each company's GICS subindustry sector with the appropriate NACE code.

(A2) Sustainability outcome #1: Target details

(A2) Sustainability outcome #1:	NZAM AUM Commitment
(1) Target name	Net Zero Asset Management
(2) Target to be met by	2030
(3) Metric used (if relevant)	% of AUM in material sectors to be aligning, aligned or achieving net zero
(4) Current level or amount (if relevant)	The target was for 50% of our assets under management (AUM) in material sectors to be aligning, aligned or achieving net zero by 2025, and 100% by 2030. At the end of 2021, we were at 24%.
(5) Other qualitative or quantitative progress	As at the end of 2022, we were sitting at 32%. We have been pleased with the progress so far.
(6) Methodology for tracking progress	We decided to follow the Paris Aligned Investment Initiative's (PAII) Net Zero Investment Framework (NZIF), one of the three methodologies endorsed by NZAM, and therefore have set net zero-aligned engagement, portfolio alignment and decarbonisation targets. The first step in the net zero assessment is to split the companies into either immaterial (unassessed) sector, material sector (low impact) or high impact. We did this through mapping each company's GICS subindustry sector with the appropriate NACE code.

(B1) Sustainability Outcome #2: Target details

(B1) Sustainability Outcome #2:	NZAM portfolio emissions
(1) Target name	NZAM portfolio emissions
(2) Target to be met by	2030
(3) Metric used (if relevant)	tCO2e/Mn USD invested
(4) Current level or amount (if relevant)	5.27 (scope 1 & 2) and 163.14 (scope 3) = 168.41 (total financed emissions)
(5) Other qualitative or quantitative progress	4.27 (scope 1 & 2) and 175.42 (scope 3) = 179.69 (total financed emissions)
(6) Methodology for tracking progress	The 2022 Full GHG Emissions Dataset, covering company emissions for reporting years ending between 30 June 2021 and 30 June 2022, is obtained from the CDP. Company financial data for the emissions reporting period is obtained using FactSet.

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3:	NZAM climate engagement
(1) Target name	NZAM climate engagement
(2) Target to be met by	2023
(3) Metric used (if relevant)	financed emissions in material sectors to be aligned, achieving net zero or under direct or collective engagement by the end of 2022.
(4) Current level or amount (if relevant)	Met
(5) Other qualitative or quantitative progress	Met
(6) Methodology for tracking progress	Engagement tracker in Evenlode's EDDIE system

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers
- (C) Stewardship: engagement with policy makers
- (D) Stewardship: engagement with other key stakeholders
Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (E) Capital allocation
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach	<p>We followed the Paris Aligned Investment Initiative's (PAII) Net Zero Investment Framework (NZIF), one of the three methodologies endorsed by NZAM, we are setting net zero-aligned engagement, portfolio alignment and decarbonisation targets. To achieve these targets, we will need all the tools available to us as asset managers. This includes using direct and collective engagement with investee companies, regulators and policy makers, and using our voting rights to vote on resolutions at company meetings to encourage more action on climate change.</p> <p>We published a policy on our website which is intended to help us structure our voting, engagement and escalation measures in the most effective way, in support of our net zero stewardship and engagement strategy. It covers all companies in our portfolios. Beyond the NZIF, the policy draws on further guidance such as the Net Zero Stewardship Toolkit by the Institutional Investors Group on Climate Change (IIGCC), a global investor membership body largely focused on climate change and one of the founding partners of NZAM, that Evenlode Investment is a member of. The policy was specified as the basis for individual engagements with approximately 65 companies (100% of material invested AUM) on climate and decarbonisation.</p>
(2) Stewardship tools or activities used	(1) Engagement (2) (Proxy) voting at shareholder meetings
(3) Example	

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: NZAM AUM Commitment

(1) Describe your approach	<p>The first step in the net zero assessment is to split the companies into either immaterial (unassessed) sector, material sector (low impact) or high impact. We did this through mapping each company's GICS subindustry sector with the appropriate NACE code. The Net Zero Framework defines material sectors as those with NACE code categories A-H and J-L.</p> <p>These sectors include Agriculture Forestry and Fishing; Mining and Quarrying; Manufacturing; Electricity, Gas, Steam and Air Conditioning Supply; Water supply; sewerage; waste management and remediation activities; Construction; Wholesale and retail trade; repair of motor vehicles and motorcycles; Transporting and Storage; Information and Communication; Financial and insurance activities and Real Estate. From there we have to define which of the companies in the material sectors are high impact.</p>
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High impact is defined as:

- companies on the Climate Action 100+ focus list;
- companies in high impact sectors consistent with Transition Pathway Initiative sectors
- banks; and real estate is considered high impact for the purposes of this assessment

We followed the Paris Aligned Investment Initiative's Net Zero Investment Framework. The framework asks investors to assess alignment with net zero across five categories; Not Aligned, Committed to Aligning, Aligning, Aligned and Achieving Net Zero. Companies that are classed as in non-material sectors such as HR services, research and consulting services, advertising are not currently assessed. Companies classed as high impact such as manufacturing of food, household products, chemicals and brewers re assessed against two additional criteria: decarbonisation strategy and capital allocation, and there is a higher bar for falling into the aligned or achieving net zero categories.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example

In keeping with our engagement goal of 100% of financed emissions in material sectors to be aligned, achieving net zero or under direct or collect engagement, we achieved our target in September. We engaged with 63 companies on their net zero (or lack of) targets across our investable universe. We categorised companies on where they currently were on their net zero journey and explained what they were being classified as under the NZIF, i.e., committed, aligning, aligned or achieving net zero. We felt it would be more beneficial for our investee companies to receive bespoke feedback of where they currently were and what they needed to do to be promoted to a higher net zero category. The reason behind the urgency of our 2022 engagement plan was because we wanted to start the conversation early. Generally, we are expecting companies in material sectors to move up one alignment category within 12 months of engagement. If they do not achieve the engagement objectives set within this time frame, we would escalate via voting and collective action on a case-by-case basis.

An example of a successful engagement. We wrote to a holding in the Evenlode Income fund regarding our assessment of their net zero strategy. According to our analysis at the time, the company was only committed to aligning to net zero, thus we wrote to request the company set science-based short and medium-term targets in line with 1.5°C, covering at least 95% of scope 1 and 2 and 67% of scope 3, and disclose at least 90% of scope 1, 2 and 3 emissions annually within the next 12 months, in order to work towards full alignment with 1.5°C.

We received a positive response from investor relations; they felt a science-based climate strategy is necessary to drive sustained emission reductions and recognised the need to help mitigate the impact of the climate crisis, acknowledging the growing scientific consensus that the window to tackle climate change is diminishing. To demonstrate the commitment to a science-based climate strategy, the company signed a commitment letter to the Science Based Targets initiative (SBTi) in November 2021, committing to set science-based emissions reduction targets across all scopes, in line with 1.5°C emissions scenarios and the criteria and recommendations of the SBTi. They are in the process of developing science-based short and medium-term targets in line with 1.5°C and are on schedule to have these approved by SBTi before Evenlode's deadline of November 2023. Once approved, they will communicate their targets to us.

They are making good progress on their year-on-year carbon emissions reductions, and for the emissions that they haven't yet been able to eliminate, they will look to partner with a third party to offset 150% of their emissions. They also choose to report their environmental impacts via the Carbon Disclosure Project (CDP).

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: NZAM portfolio emissions

(1) Describe your approach

To support global decarbonisation efforts, Evenlode has committed to reaching net zero by 2050 or sooner across 100% of our investment portfolios. As an asset manager, our financed emissions constitute the majority of our emissions. By measuring our financed emissions annually, we can better understand the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face.

This, in turn, allows us to proactively engage with the top emitters in our investment portfolios and better manage climate risks in our investment processes. We have been measuring and disclosing our financed emissions since 2019. In 2020, we became the first UK asset manager to disclose our financed emissions in alignment with the Global GHG Accounting and Reporting Standard for the Financial Industry launched by the Partnership for Carbon Accounting Financials (PCAF).

We are committed to measuring, disclosing, and reducing our financed emissions to achieve our net zero targets.

We have chosen an emission intensity target rather than an absolute target for our financed emissions as we are expecting AUM to increase in the coming years. To balance this with the potential for absolute emission increases, we have chosen a more stringent reduction target of 7% per annum in line with the SBTi Net Zero Standard as opposed to a minimum 4.2% reduction per annum for scope 1 and 2 and 2.5% for scope 3 in the near-term for absolute emission reduction targets. This leads to a 51.6% reduction overall from 2020 to 2030. This is in line with the Standard's requirement to halve emissions before 2030 and 90% reduction by 2050.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example

We have committed to reaching net zero by 2050 or sooner, across 100% of our investment portfolios. As part of our net zero commitment, we have chosen an emissions per £10,000 invested reduction target of 7% per annum in line with the SBTi Net Zero Standard, leading to a 51.6% reduction from 2020 to 2030. This is in line with the standard's requirement to halve emissions before 2030 and achieve 90% reduction by 2050.

In 2022, we achieved an overall reduction of 7.2% in our emissions per £10,000 invested across our investment portfolios – a decrease from 2.33 to 2.16 tCO_{2e}. This reduction was solely driven by a 25.2% decrease in emissions per £10,000 invested for Evenlode Income (EI), our largest fund, which accounted for 64.6% of total asset under management. This can be explained by a significant emissions reduction reported by the fund's top three emitters from 2021, namely Smiths Group, Procter & Gamble, and Reckitt Benckiser.

Other Evenlode funds, which include Evenlode Global Income (EGI), Evenlode Global Dividend (EGD), Evenlode Global Equity (EGE), and Evenlode Global Opportunities (EGO) experienced an increase in emissions per £10,000 invested. EGE and EGO, in particular, experienced a sizeable increase in emissions per £10,000 invested due to the funds' higher exposure to the consumer staples sector, which expanded from 15.1% to 25.1% during the year.

Similarly, the increase in emissions per £10,000 invested for EGI and EGE can be partly explained by the funds' higher exposure to the industrials and consumer staples sectors compared to last year as well as a higher emissions footprint per investment for the funds' top three emitters, namely Henkel, CH Robinson, and Quest Diagnostics.

Fund name, 2021, 2022, % change
Evenlode Income (EI), 2.35, 1.75, -25.2%

Evenlode Global Income (EGI), 2.33, 2.96, 27.0%
 Evenlode Global Dividend (EGD), 2.34, 2.98, 27.2%
 Evenlode Global Equity (EGE), 0.58, 1.00, 71.7%
 Evenlode Global Opportunities (EGO), 0.60, 1.01, 67.6%
 Evenlode Total, 2.33, 2.16, -7.2%

(Tonnes of CO₂e/£10k invested across scopes 1, 2 and 3 as at 31 December 2021 and 31 December 2022)

For completeness and transparency, starting from 2022, we started reporting the progress against our net zero target in both sterling and dollar terms. In 2022, our emissions per \$10,000 invested across our investment portfolios increased by 4.4% from 1.72 to 1.80 tCO₂e. The difference in the trends of emissions per investment in dollar and sterling terms can be explained by the strengthening of the dollar against sterling by 12.6% during the year.

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: NZAM climate engagement

(1) Describe your approach

It is our belief that improvements are best achieved through constructive dialogue with the company in question. When we vote against a management recommendation, we write to the company explaining why we have done so and offer ourselves for consultation on the subject at hand. We may also contact the company where our analysis has uncovered a matter for engagement, even if we are not voting against a resolution, being aware that voting is a powerful but blunt instrument.

Voting our proxy is therefore a potential starting point for engagements whatever the nature of the voting decision.

Engagement is a core component of our approach to integrating sustainability. We engage with all investee companies to gather information on the firm's approach to a range of environmental, social and governance (ESG) matters, which inform our view on the risks and opportunities that the company faces.

We consider engagement with companies as an opportunity. Discussing challenges with companies enables us to understand their business context and obtain more information about their mitigation of and resilience to the risks that we perceive. We understand that all this takes times and a measured approach. We use active engagement and voting to move portfolio companies along their net zero journey. This is where we can have the biggest impact and can contribute to real decarbonisation in the economy. Ultimately though, we are seeking to create long-term value for our clients through improving the sustainability characteristics of a company. Should a company's lack of net zero alignment present a severe, unmanaged risk, we would escalate our engagement which could include a collaborative engagement, voting to effect change at board level, making a change to the maximum position size or in some cases complete exclusion from our portfolios.

It is important to us that engagements involve active dialogue with the company, that it is clear what the intention of an engagement is at the outset, and what the outcomes were once it is complete. We monitor all engagements within our proprietary research management system (known as EDDIE), alongside all other analysis carried out on a company. This means that engagements can be actively managed from start to finish and that they are also visible to the entire investment team, so that duplication of engagement effort by different members of the team can be avoided.

Evenlode prioritised a set of portfolio companies for engagement in 2022 and beyond. Within this group, we prioritised engagements with the companies that had the lowest level of alignment and the largest position size in our portfolios, since this increases the impact and likelihood of a successful engagement. We also considered which companies were already subject to collective engagements that we are part of. At the end of 2022, 66 companies or 84% of our portfolio companies across funds were considered material and 16 of those were considered high impact, compared to 67 companies or 81% of our portfolio companies defined as material at the end of 2021. The number of companies defined as high impact remained unchanged.

Over time, as we collect data on companies' alignment journey, we will also consider the speed of companies' progress to date and target those that have improved least since we started engagement.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example

In keeping with our engagement goal of 100% of financed emissions in material sectors to be aligned, achieving net zero or under direct or collect engagement, we achieved our target in September. We engaged with 63 companies on their net zero (or lack of) targets across our investable universe. We categorised companies on where they currently were on their net zero journey and explained what they were being classified as under the NZIF, i.e., committed, aligning, aligned or achieving net zero. We felt it would be more beneficial for our investee companies to receive bespoke feedback of where they currently were and what they needed to do to be promoted to a higher net zero category. The reason behind the urgency of our 2022 engagement plan was because we wanted to start the conversation early. Generally, we are expecting companies in material sectors to move up one alignment category within 12 months of engagement. If they do not achieve the engagement objectives set within this time frame, we would escalate via voting and collective action on a case-by-case basis.

An example of a successful engagement. We reached out to Jennifer Como, Head of IR for Visa, to communicate that the company is currently 'Not Aligned' according to our baseline assessment and to request that the company set a long-term net zero by 2050 commitment covering at least 95% of scope 1 and 2 and 90% of scope 3 and all greenhouse gas (GHG) emissions within the next 12 months, and work towards full alignment with 1.5°C as set out above over the coming years. We understand they have set a net zero to 2040 commitment however, at the time of measurement we struggled to find science based short- and medium-term targets to support this commitment.

Jennifer Como thanked us for our feedback and mentioned that she will share it with the team. Rachel Glascock, IR further discussed with us some areas of Visa's climate strategy. She thanked us for our letter and mentioned that they appreciate opportunities to hear from investors regarding expectations around environmental, social and governance topics. They also let us know that since our analysis Visa received formal approval in May 2022 from SBTi for two targets aligned with the 1.5 degree pathway. One target is on Scope 1 and 2 and one is on Scope 3. They also encouraged us to read their most recent ESG Report and 2022 CDP submission. We thanked Rachel for her response and congratulated them on setting targets within their climate strategy.

At the time of doing the assessment the following year, the company had improved their net zero classification from 'Not Aligned' to being 'Committed to Aligning'.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

- (A) We prioritise the most strategically important companies in our portfolio.

Describe how you do this:

We prioritise the highest impact companies, which include those with greatest emissions up and down their supply chains. As large multinational companies these businesses have the ability to influence a broad range of actors that service other firms or use the goods and services of other companies. Additionally, although we don't explicitly prioritise the most strategically important companies in our portfolio, when engaging with an investee company on their net zero targets, we make reference to some of their largest peers who currently have a robust net zero transition plan.

Select from the list:

- 2

- (B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.

Describe how you do this:

Our emissions analysis highlights holdings with the highest emissions as well as those lacking transparency within our portfolios. This, in turn, enables us to focus our engagements for the upcoming year. Furthermore, during the previous reporting year, our net zero engagements were directed towards firms that were on the cusp of achieving the next net zero classification. These companies were at a juncture where they could either initiate reporting on a scope 3 category to enhance their disclosure or establish targets approved by the SBTi.

Select from the list:

1

(C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.

Describe how you do this:

We engage with 100% of our AUM in material sectors. Prioritising companies that are at the lowest net zero investment classification.

Select from the list:

3

(D) Other

Describe:

Select from the list:

4

STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with other key stakeholders	2, 5

Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?

(A) Across all sustainability outcomes

(1) Key stakeholders engaged	(1) Standard setters (2) Reporting bodies (5) Auditors (6) External service providers (e.g. proxy advisers, investment consultants, data providers) (9) Other key stakeholders
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(2) Provide further detail on your engagement

In order to achieve our goal of 50% of our AUM in material sectors to be aligning, aligned or achieving net zero by 2025, we must consider and improve the quality of data from our portfolio companies. We have noticed that there has been a steady increase in emission reporting by our portfolio companies. While progress on scope 1 and 2 reporting has stalled and is very high at 93% of portfolio companies as of 2021, scope 3 reporting has increased from 2020 to 2021.

Overall, as at end of 2022, 83% of Evenlode's financed emissions were being reported by the company, up from 77% in 2021 and almost 75% of companies in the portfolio now report on at least 90% of their emissions. In 2021, we engaged with all portfolio companies disclosing less than 90% of scope 1, 2 and 3 emissions, and continued this engagement programme in 2022.

To escalate our engagement with the non-responders, we participated in the CDP's 2022 Non-Disclosure Campaign.

Our overall approach around direct vs collaborative engagements is simple. We believe that as long-term investors we have developed long-term relationships with our investee companies and that relationship can act as a key ingredient in effecting change that will benefit our companies, our clients and society more broadly. However, combining Evenlode's voice and direct ownership with those of other like-minded investors is important to strengthen our collective influence in addressing gaps in climate transition plans. We will therefore continue to actively take part in collective investor engagements with companies on climate change, such as the CDP's Science-Based Targets and Non-Disclosure Campaign, and FAIRR's Sustainable Protein Engagement. In addition, we are engaging with governments and regulators on public climate policy, such as supporting the Investor Agenda's Global Investor Statement to Governments on Climate Change, FAIRR's Where's The Beef Statement to governments, the IIGCC's Investor Statement on Net Zero Transition Plans, and taking part in consultations by the FRC and ICGN on climate-related disclosure rules in the UK and US, corporate net zero targets and Say on Climate votes. We endeavour to ensure that our policy advocacy and engagement with regulators is in line with our climate commitments, such as supporting increased disclosure of climate material risks and mitigation, government action on climate change and regulation targeted at enabling the private sector transition to net zero.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: NZAM AUM Commitment

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: NZAM portfolio emissions

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: NZAM climate engagement

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

(1) Name of the initiative	CDP's Science-based Target Campaign
(2) Indicate how your organisation contributed to this collaborative initiative	(C) We publicly endorsed the initiative
(3) Provide further detail on your participation in this collaborative initiative	We signed up to CDP's Science-Based Targets (SBT) Campaign which was launched in October of 2022. 318 financial institutions and multinational firms with \$37 trillion in assets and spending power took part in the 2022-23 SBT Campaign – the campaign called on over 1,060 of the world's highest-impact businesses to set emissions goals in line with the Paris agreement's 1.5°C goal. This marked a growth of 30% from the previous campaign, both in terms of the number of supporting organizations and their collective assets and purchasing power. The over 1,060 companies targeted in the campaign were critical for global efforts to limit global warming to 1.5°C.

(B) Initiative #2

(1) Name of the initiative	Non-Disclosure Campaign
(2) Indicate how your organisation contributed to this collaborative initiative	(C) We publicly endorsed the initiative
(3) Provide further detail on your participation in this collaborative initiative	We also signed up to the Non-Disclosure Campaign (NDC) by the CDP. The NDC is a parallel campaign to the overall disclosure request, aimed at further encouraging companies to disclose. The campaign focuses on companies that failed to disclose in previous years.

(C) Initiative #3

(1) Name of the initiative	FRC's Net Zero Disclosure Report
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies) (C) We publicly endorsed the initiative (D) We provided pro bono advice, research or training

(3) Provide further detail on your participation in this collaborative initiative

The engagement highlighted three elements of reporting on net zero and other GHG emission reduction targets that investors wanted to understand better:

- Commitments: the level of ambition, scope, nature, and timing of the commitment, and what is included and excluded;
- Impacts: how the commitment impacts strategy and business model, including information on transition plans, assumptions, uncertainties, and risks and opportunities; and
- Performance: how performance is being measured in the short, medium, and long term. How high-quality data and account ability will be ensured, and actions management is taking in response to changes.

We provided guidance to the FRC on our experience of using the Net Zero Investment Framework and the level of detail we have seen in climate transition plans.

(D) Initiative #4

(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year

- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy
 - Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (C) Listed equity
 - Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

The UNPRI report was completed by the Stewardship Team including the Head of the Department. Additionally, the director on the board responsible for ESG, Ben Peters, completed the Senior Leadership Statement, along with auditing the final version of the report before submission.

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

(A) Board, trustees, or equivalent

Sections of PRI report reviewed

- (1) the entire report**
- (2) selected sections of the report

(B) Senior executive-level staff, investment committee, head of department, or equivalent

Sections of PRI report reviewed

- (1) the entire report**
- (2) selected sections of the report

(C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year