

2008-2018

10
YEARS
OF AMITY INSIGHTS



AMITY INSIGHT THE WASTE PROBLEM

From “Take, Make & Dispose” to a Circular Approach



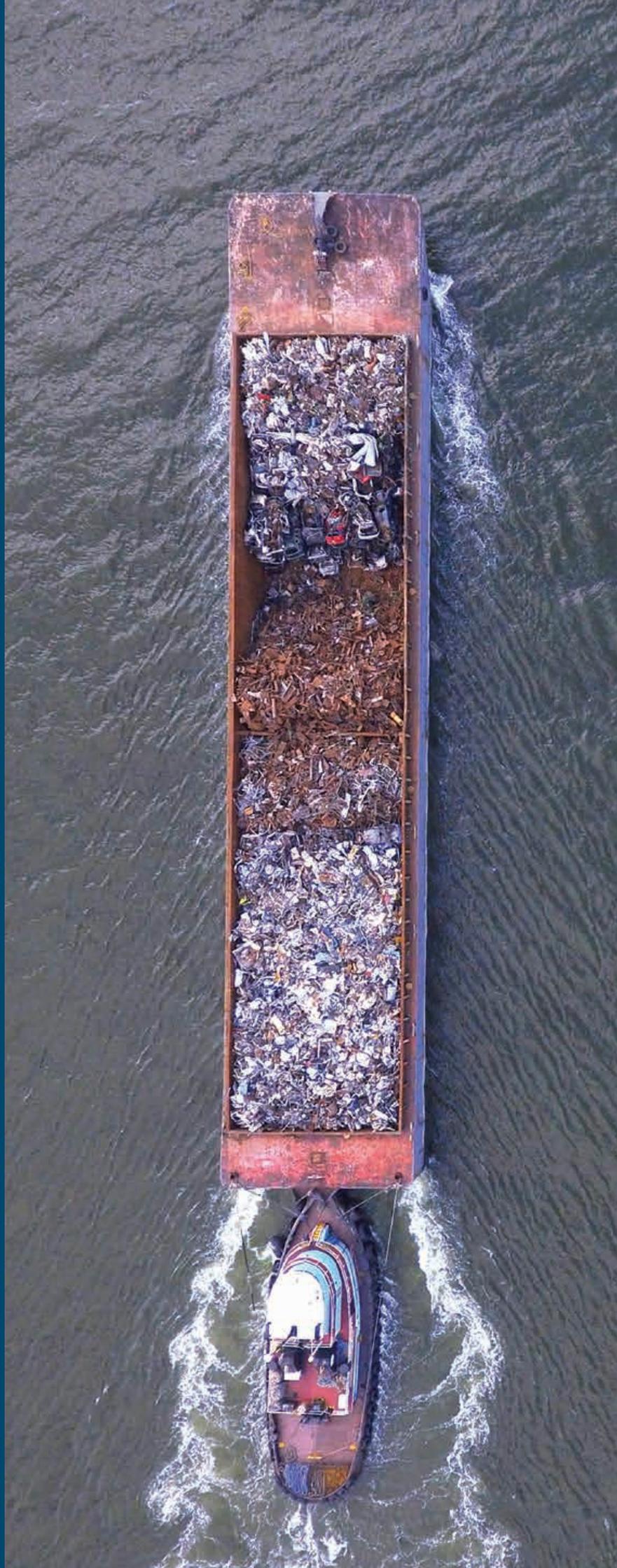
PROFIT WITH PRINCIPLES

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



CONTENTS

Introduction	3
Waste Economics	4
The Circular Economy	7
Focus on Plastic	10
Textile Waste	14
Electronic Waste	16
Construction Waste	18
Investment Opportunities	20
Take Action: Make the Change	21
What is EdenTree Doing?	22
Conclusion	22
View From the Top	24
Why EdenTree	25
Our People	26
Notes	27



INTRODUCTION

By Esmé van Herwijnen
Responsible Investment Analyst

The World generates about 3.5 million tonnes of solid waste a day, a significant amount that is now becoming a major challenge. According to the World Bank, around 10 times more waste is produced now than a hundred years ago and this is expected to triple by the end of the century, exceeding 11 million tonnes per day¹. The scale of the problem is huge and plastic pollution in particular has become a serious threat to the oceans and marine biology. Whales washing up on beaches with their stomachs filled with plastic and turtles trapped in floating plastic debris are just some of the iconic images of our destructive relationship with waste. The waste we produce does not just affect marine animals; it also affects our soil, drinking water and human health.

¹ World Bank

In this Amity Insight we explore the issue of waste and how our economic model has led to the depletion of resources and an exponential increase in waste production. Instead, a different approach is needed and we will look at companies that are innovating and are part of the solution.

Whilst every aspect of our economy generates waste, in this Insight we decided to have a close look at plastic waste and to examine three different sectors and their respective approaches to waste management: the textile industry, electronics and construction. To read about our research on food waste please refer to our previous Amity Insight “Hungry Planet Revisited”.

As always, we hope you enjoy reading this Insight, and welcome your feedback.

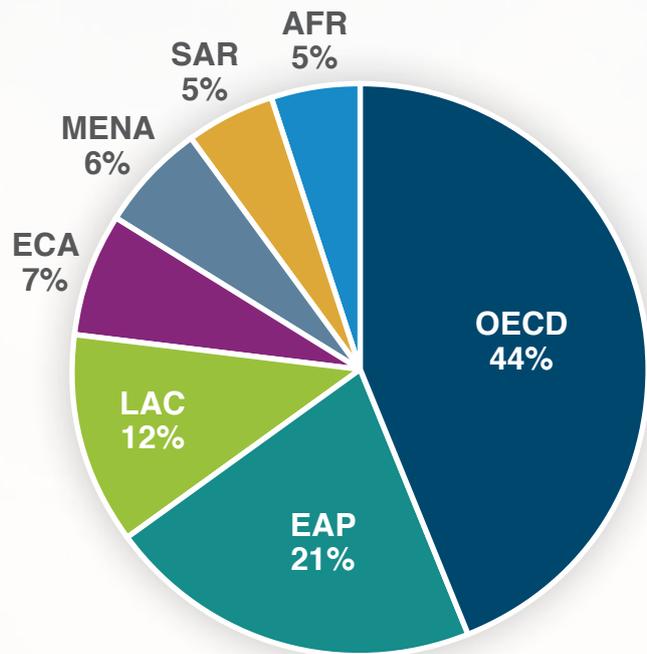
WASTE ECONOMICS

OECD countries produce almost half of the world's waste (572m tonnes of solid waste a year), whilst the developing economies of Africa and South Asia produce the least². In the UK, construction, demolition and excavation accounts for almost 60% of solid waste produced, with the remainder split fairly evenly between commercial, industrial and residential (domestic)³.

The global waste management market was estimated to be worth USD 475 billion dollars in 2015, and is expected to increase to USD 562 billion by 2020⁴. However, there are many different ways to deal with and treat waste. One solution that has been adopted by many countries has been to export waste to other countries, thereby simply transferring the problem somewhere else.

Other environmentally harmful options have been dumps and landfills which release high levels of methane and can also leach pollutants into the soil or water. In Europe, the preferred option in the past few decades has been incineration: the thermal treatment of waste to turn it into ash, gas or heat. Increasingly, for organic and biodegradable waste, anaerobic digestion or biological reprocessing are used, either breaking down the materials without oxygen or turning them into compost or mulch. Another innovative way of treating waste is to turn it into energy, producing electricity or heat through combustion. In spite of this, the preferred alternative should be to recycle and reprocess valuable materials.

WASTE GENERATED BY REGION

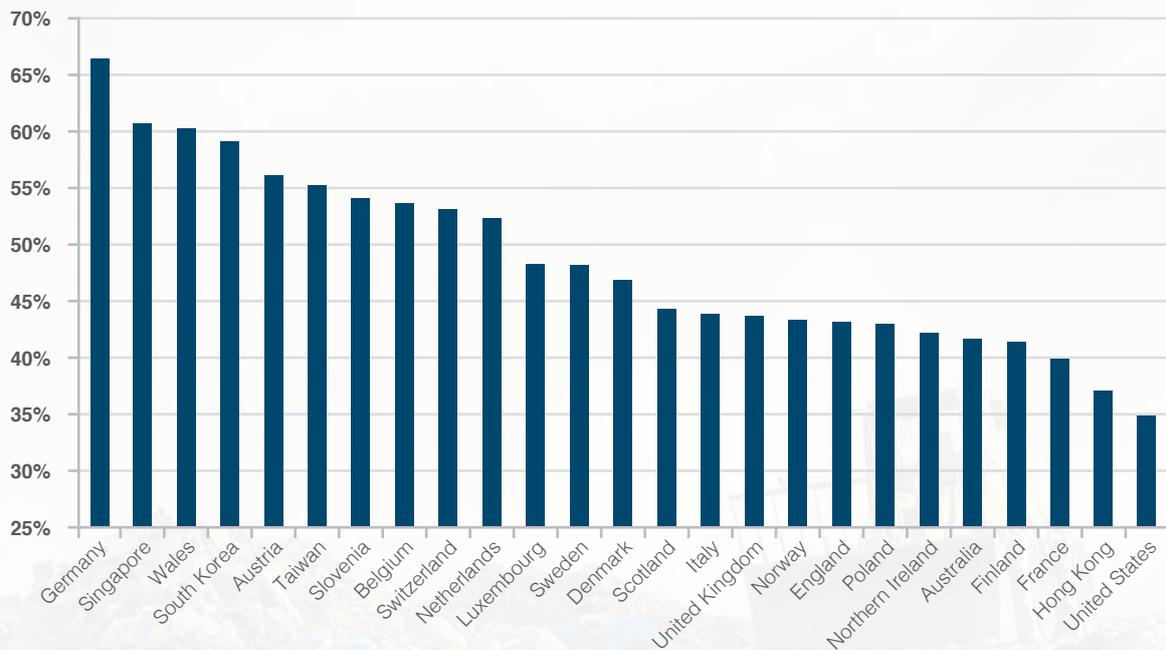


- OECD – Organisation for Economic Co-operation & Development
- EAP – East Asia Pacific
- LAC – Latin America & Caribbean
- ECA – Eastern & Central Asia
- MENA – Middle East & North Africa
- SAR – South Asia (Region)
- AFR – (Sub Saharan) Africa

Source: World Bank

²World Bank, ³Defra, ⁴Statista

TOP 25 MUNICIPAL SOLID WASTE RECYCLERS – REPORTED RECYCLING RATE



Source: World Economic Forum

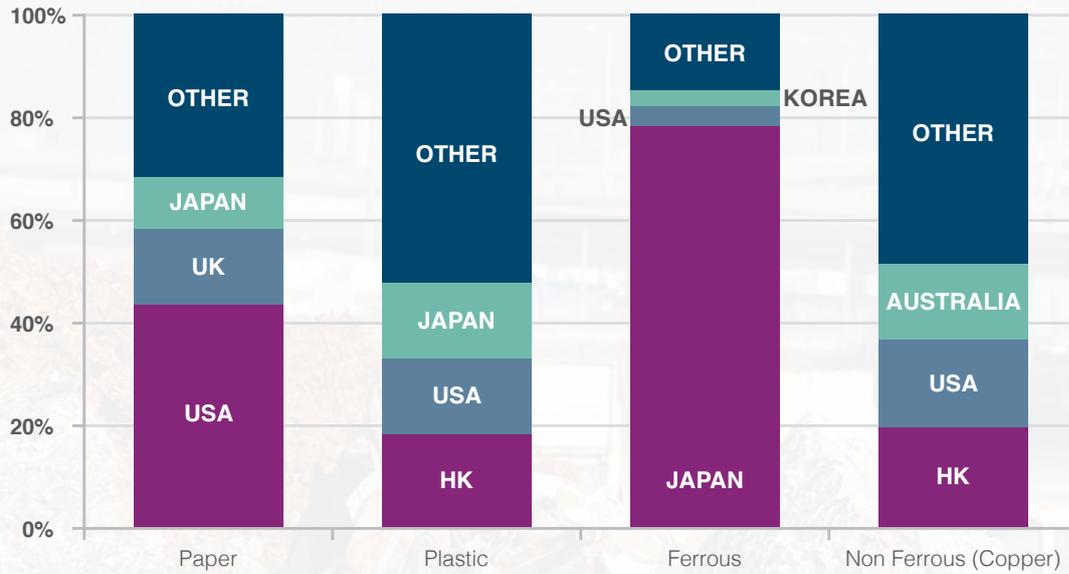
The problem is that recycling rates are still very low. Germany has the world's highest recycling rate of municipal solid waste (MSW) at just over 65%, which means it has already met the EU target to recycle at least 50% of household waste by 2020. The UK however is still behind this target with less than 45% being recycled, despite Wales having the third highest recycling rate globally⁵. The US lags behind with recycling rates of just 35%.

Many developed countries, including the UK, are heavy waste exporters, especially to China and Hong Kong. The UK exports approximately 15 million tonnes of materials for recycling⁶. Cost, and poorly developed infrastructure to manage waste in the UK, are two of the compelling reasons why waste is being exported.

However, one of the largest importers of waste, China, has recently announced a significant policy change and banned the import of 24 types of solid waste including plastic bottles, in a campaign against yang laji or 'foreign garbage'. The country used to import over 40 million tonnes of waste each year to be reprocessed in the country, which means countries including the UK, where nearly 3 million tonnes of plastic waste has been exported since 2012⁷, will need to find alternative solutions to export.

⁵ World Economic Forum, ⁶ DEFRA, ⁷ Greenpeace

CHINA IMPORTS AND PROCESSES THE SOLID WASTE OF MANY COUNTRIES



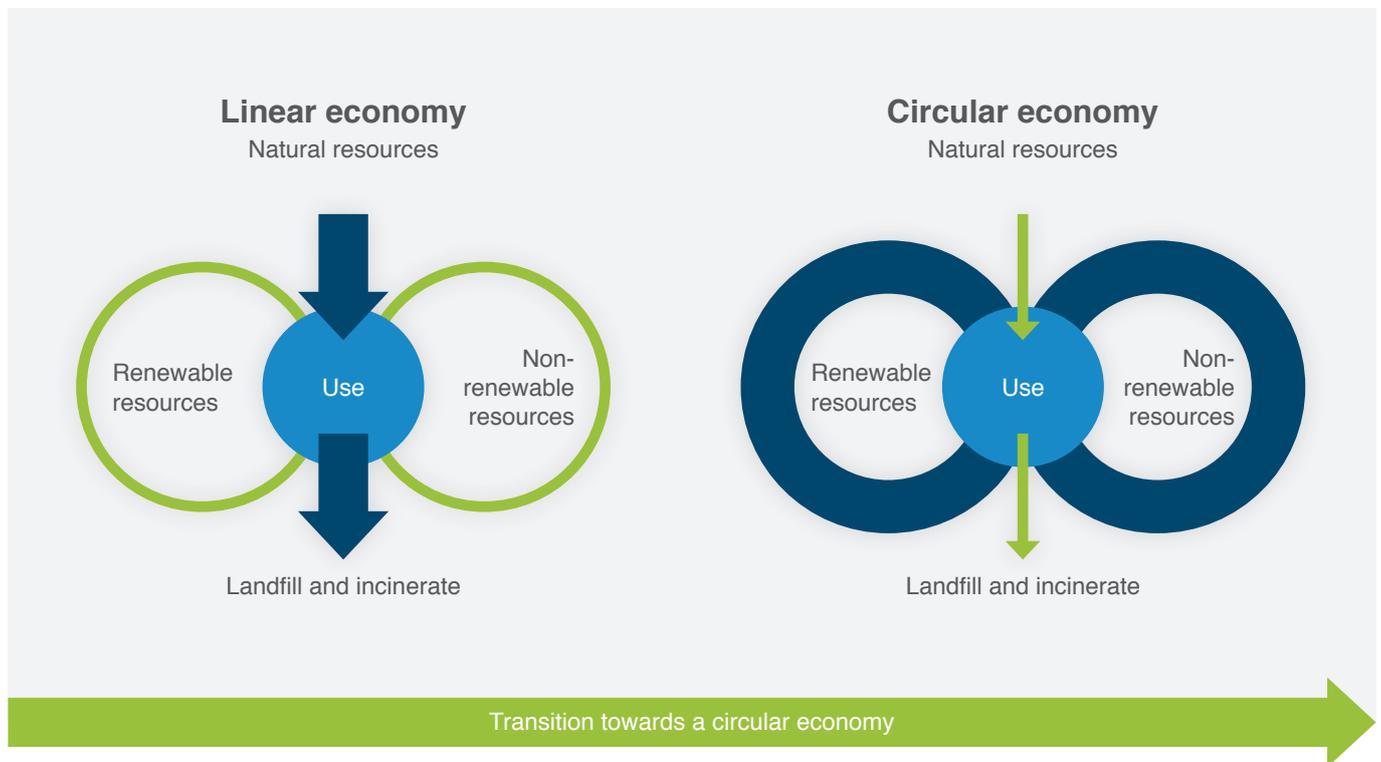
Source: Institute of Scrap Recycling Industries Inc. (ISRI)

China's decision to ban certain types of waste can be explained in part because it has enough raw materials domestically. It does not currently process enough of its own waste and it has set a target to recycle 350 million tonnes of its own waste by 2020.

Whilst recycling and waste management are necessary, the UN has also added responsible consumption and production to its sustainability agenda through the Sustainable Development Goals. Goal 12 specifically looks at resource use and whilst increasing national recycling rates is one of the underlying targets, the UN also aims to increase efficient use of resources and reduce the material footprint per GDP, i.e. the amount of materials extracted and imported.



THE CIRCULAR ECONOMY



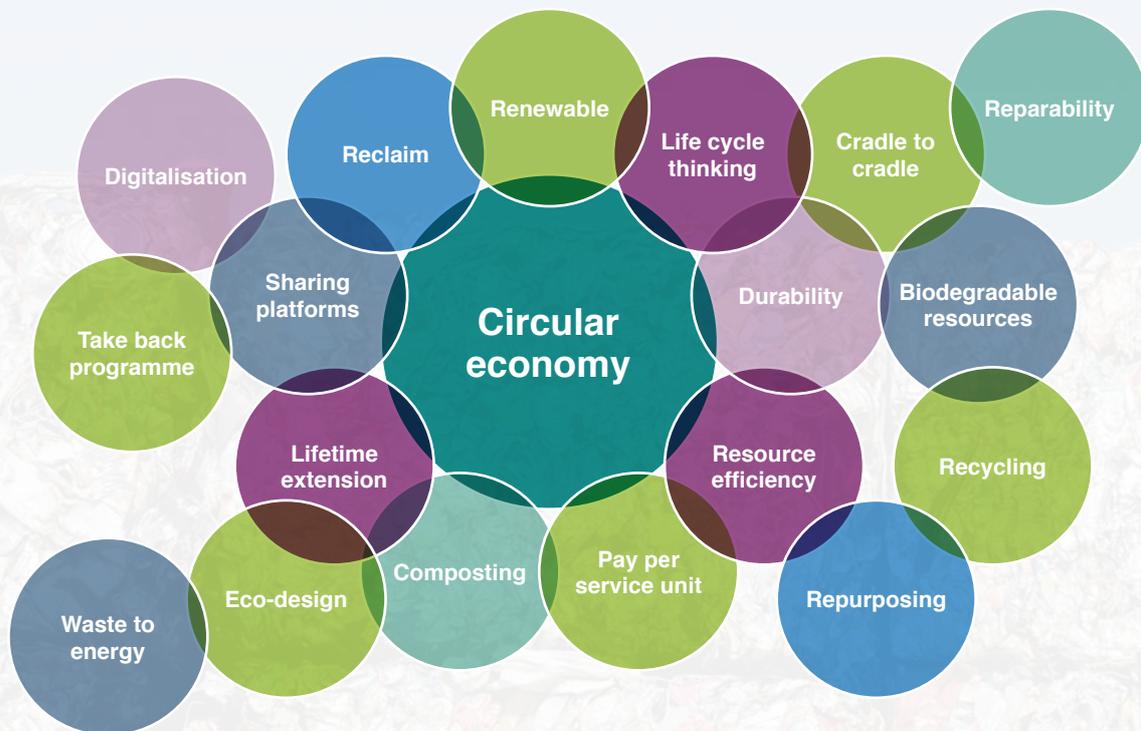
A linear economy, one where we take materials and make and dispose of products, is no longer viable in a world with a growing population and fast depleting resources. In a circular economy instead, business models design waste out of the system and a closed loop approach is adopted where materials and products are maintained, repaired, reused, recovered and recycled with as little as possible sent to landfill.

What was previously considered waste becomes a resource and an opportunity, and resource efficiency is at the heart of the circular economy model.

This new model is based on the idea that waste itself becomes a resource with innovative practices such as life cycle thinking, and eco-design built in. It also relies on repurposing and reclaiming materials as well as take-back programmes.

Sharing resources rather than a sole ownership model is another enabler of the circular economy. Leasing models or pay per service allow for better maintenance of products and also allows for more efficient end of life management.

A linear economy is no longer viable in a world with a growing population and fast depleting resources.



Transitioning to a circular economy does not only allow waste generation reduction, it also presents opportunities for companies, such as cost savings on materials and energy input costs, as well as reducing exposure to price volatility.

According to a study conducted by the Ellen MacArthur Foundation and McKinsey, transitioning to circular economy models could unleash \$1 trillion worth of new business into the global economy as embracing circularity also drives future business growth through new R&D and innovation. Research by Accenture indicated that as much as \$4.5 trillion in economic value could be created by 2030 by 'going circular'. The good news is that some companies are already adopting such a circular approach to business.

Research by Accenture indicated that as much as \$4.5 trillion in economic value could be created by 2030 by 'going circular'.

Circularity case studies:

Mohawk Industries Inc. (Amity International)

Headquartered in the US, the company designs, manufactures, sources, distributes, and markets flooring products. Mohawk is one of the largest recyclers of PET bottles in the US, recycling more than 5.5 billion bottles in 2017 to turn them into fibres for carpets. It also reused 25 million pounds of automotive tyres to produce decorative crumb rubber mats and in the US it introduced a take-back programme to recycle used carpets and integrate them in the production.



Steelcase

Steelcase is a US based company which designs and makes furniture for workplace, education and healthcare environments. Circular thinking is at the heart of the company's product design by avoiding and eliminating materials of concern, and to design for remaking, recovery and end of life strategies. In 2004 its ThinkChair was the first product in the world to gain the Cradle to Cradle certification. Today it has more than 50 products covered under the circular certification scheme (Cradle to Cradle Certified Products Program). The company also provides leasing models for its clients and operates a zero landfill goal, working together with charities to find a second life for used furniture.



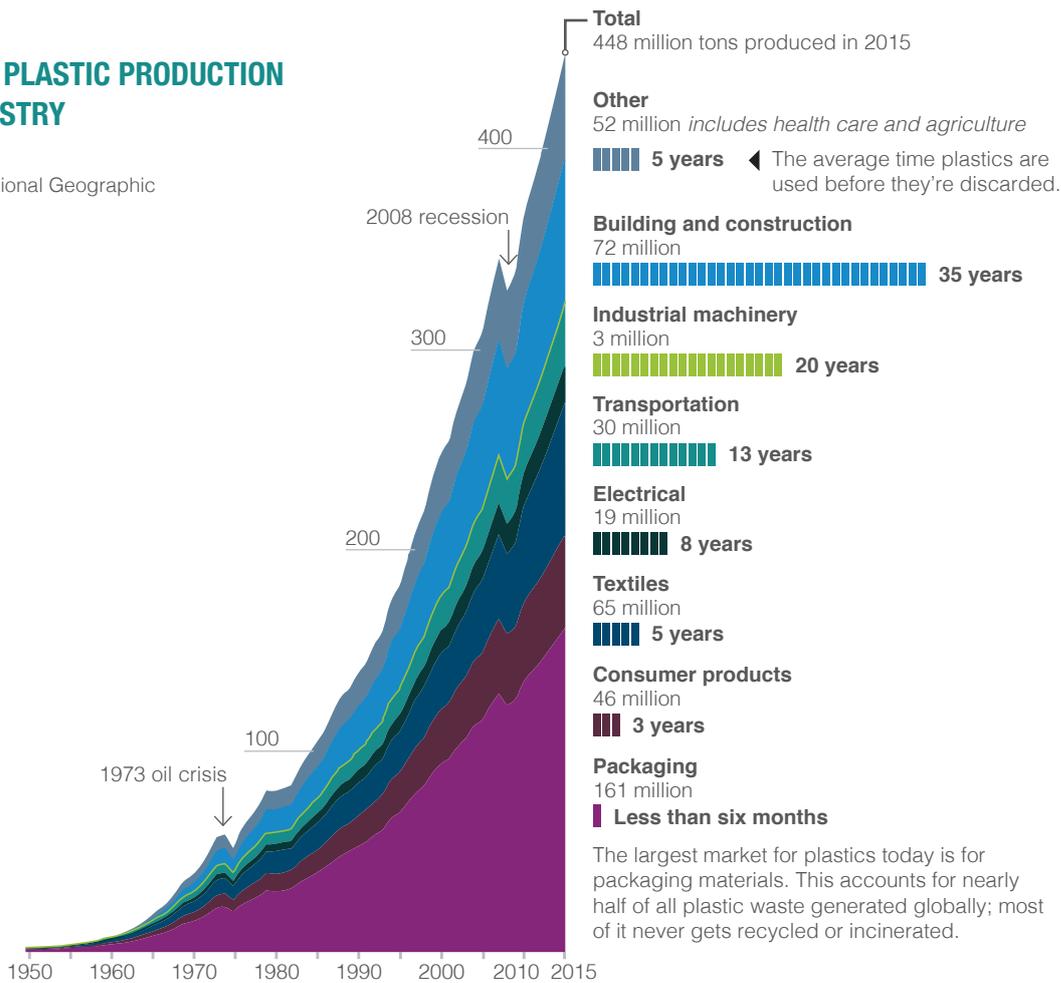
FOCUS ON PLASTIC

Materials innovation to find a new 'wonder' material started in the 19th century, with the first man-made plastic made from cellulose patented in Birmingham, UK as long ago as 1856. However, it was only in 1930 that BASF, the German chemical company, produced the first polystyrene, with expanded polystyrene invented by Dow Chemicals in 1954 (used for building insulation, packaging and the eponymous single use cup).

Since the invention of plastic the world has produced over 9 billion tonnes of plastic and almost 7 billion tonnes have become waste. Our consumption of plastic has increased exponentially and we have truly developed an addiction to this versatile, yet environmentally destructive material, a third of which we now use for packaging. In addition, plastic production continues to rise steadily and is expected to double again in the next two decades according to the European Commission. China is still the largest producer of plastic, accounting for over 25% of global production⁸.

GLOBAL PLASTIC PRODUCTION BY INDUSTRY

Source: National Geographic



⁸National Geographic

Not all plastic is equal, and since 1988 plastic has been classified in seven different categories in order to facilitate identification, and thus recycling, of plastic.

A common type of plastic used in consumer goods is Polyethylene Terephthalate, also called PET, it's coded as type 1 and is widely recyclable. It's the plastic that is used to make water bottles and has become a symbol of the single use plastic waste problem. However PET only represents 11% of all plastic and the other types are not as easy to recycle or reuse⁹.

Different types of plastics have different uses:

1. PET/PETE: Polyethylene Terephthalate – used for fizzy drink and water bottles;
2. HDPE: High Density Polyethylene – used for milk bottles, bleach, cleaners and most shampoo bottles;
3. V/PVC: Polyvinyl Chloride – used for pipes, fittings, window and door frames;
4. LDPE: Low Density Polyethylene – used for carrier bags and packaging films;
5. PP: Polypropylene – used for margarine tubs, microwaveable meal trays, and fibres in carpets or upholstery;
6. PS: Polystyrene – used for yoghurt pots, foam hamburger boxes and plastic cutlery;
7. Other includes mixed plastics as well as BPA, bio-based polymers, polycarbonate and more.



⁹National Geographic

Plastic also has many benefits, including being lightweight, strong and durable, recyclable and versatile. It also allows food to be kept for longer or to provide safe and clean drinking water. However, one of the challenges is that much of it ends up in our oceans and therefore presents a risk to biodiversity as well as animal and human health. It is estimated that between 5 and 13 million tonnes of plastic enter our oceans each year, mainly via rivers from China, Indonesia, Vietnam, Thailand and the Philippines¹⁰.

According to a study by the World Economic Forum, by 2050, there will be more plastic in the ocean than there will be fish. The presence of plastic in our oceans causes what the UN has labelled as “irreparable damage”. It threatens wildlife as it strangles turtles, poisons dolphins, sickens birds and ultimately enters the food chain. Scientists estimate that there are at least 5.25 trillion plastic particles weighing nearly 270,000 tonnes floating in the oceans at the present time¹¹. This affects us all and has been found in the most remote places on earth. Because of ocean currents and the Pacific Gyre in particular, a lot of floating plastic gathers in one place called the “plastic soup”. In the North Pacific Gyre, 334,271 pieces of plastic have been found per square kilometre¹². In severe storm conditions, plastic also makes its way back to land as has been seen recently with the wave of plastic pollution overwhelming the coast of the Dominican Republic.

Public policy is slowly catching up. In December 2017, almost 200 nations signed a UN Resolution to eliminate plastic ocean waste. Countries around the world have taken different approaches, such as implementing a 5p levy on plastic bags in the UK, banning the use of plastics bags or banning the import of foreign waste such as in China.

Businesses are also working together to find a solution to the plastic waste problem. In the UK over 40 companies and organisations came together for the UK Plastic Pact. Led by the Ellen MacArthur Foundation and WRAP (The Waste and Resources Action Programme), the parties which include supermarkets and consumer goods companies, have agreed ambitious targets to ensure that by 2025, 100% of plastic packaging is reusable, recyclable or compostable.

In addition, by 2025 70% of plastic packaging will be effectively recycled or composted and all plastic packaging will contain 30% average recycled content. By 2025 the UK Plastics Pact aspires to have taken action to eliminate problematic single-use packaging through re-design, innovation or alternative materials. A new investor coalition, The Plastic Solutions Investor Alliance, was also launched to encourage companies to disclose annual plastic packaging use and set plastic packaging use reduction goals. An Investor Statement has been published, with EdenTree among the early signatories.

It is estimated that between 5 and 13 million tonnes of plastic enter our oceans each year.

¹⁰Ocean Conservancy, ¹¹Eriksen M, Lebreton LCM, Carson HS, Thiel M, Moore CJ, Borerro JC, et al. (2014) Plastic Pollution in the World's Oceans, ¹²Plastic Soup Foundation, ¹³Defra



Did you Know?

The 5p plastic bag levy introduced in the UK in 2015 has already reduced single-use plastic bags by 85% – down from 140 to 25 bags per person on average each year!¹³

The European Parliament has passed a Directive to reduce plastic bag use by 80% by 2019.

TEXTILE WASTE

The textile industry is the perfect example of the linear model we currently have.

97% of materials which go into the making of clothes are virgin materials, mostly a plastic and cotton mix. However, after use, 73% of clothes are landfilled or incinerated; this amounts to 500,000 tonnes or 1 billion items of clothing sent to landfill annually (114,000 items per hour)¹⁴. Less than 1% of material flows operate in a closed loop¹⁵.

The industry relies on large amounts of resources and two thirds of the fibres used for the manufacturing of clothes are synthetic fibres such as polyester or acrylic.

The industry is responsible for 2.1 billion tonnes of waste annually and recycling rates are still very low¹⁷. This is partly due to consumption patterns since global consumption of clothes doubled between 2000 and 2014. Today, the average person buys 5kg of clothes per year, but in Europe and the United States the figure is as high as 16kg per person per year. In addition, the number of times a garment is worn continues to decline – by 36% compared to 15 years ago¹⁸ – and fast fashion trends only aggravate this problem.

The sector is also responsible for invisible pollution, each year, around half a million tonnes of plastic micro-fibres – equivalent to 50 billion plastic bottles – are estimated to be released into the ocean as a result of washing synthetic fibres¹⁹. According to a study of drinking water globally, this results – together with other sources of pollution – in 83% of drinking water samples worldwide being tested positive for microscopic plastic fibres, which is unsurprising given that between 600,000 and 17,000,000 clothing fibres are released in every 5-kilo wash!²⁰

Keeping clothes in use, using renewable and safe materials and reducing fast fashion cycles are some of the options for businesses in the sector, in addition to the need for changing consumption behaviours – i.e. buying fewer clothes.

Some businesses are already at the forefront of innovation to use more recycled materials or by working in partnership with NGOs to find solutions to textile waste.

Some of the resources needed for the textile industry¹⁶:

98 million tonnes
in non-renewable resources per year

200,000 tonnes
of pesticides and 8 million
tonnes of fertilisers annually
for cotton production

342 million barrels
of oil for plastic-based fibres

**93 billion
cubic meters**
of water annually for
textile production

43 million tonnes
of chemicals per year



H&M, for instance, despite having a business model based on fast fashion trends, has launched various new materials, including one made from shoreline waste and another made from recycled nylon fibres. It has also set a target to use 100% recycled or other sustainably sourced materials in its products by 2030, one of the ways it wants to achieve this is by collecting more used garments.

“We are approaching this ambition holistically by building circularity into every stage of our value chain, including the products we design and make, the materials and processes we use and how our customers care for and dispose of our products.

– H&M

M&S

EST. 1884

M&S is another example of a company looking for solutions as part of its pioneering ‘Plan A’. Through its partnership with Oxfam, the M&S ‘Shwopping Scheme’ has made a guarantee that nothing goes to landfill and donations of clothes made in M&S shops are processed by Oxfam for charitable purposes; the clothes are either resold, reused or recycled. Since 2008, over 28m garments with an estimated value of £19m have ‘escaped’ being sent to landfill because of the ‘Shwopping Scheme’²¹.

“We have set a simple but bold goal – to be a zero waste business across all that we do. For our clothing business we’re building on our work through Shwopping to make it much more circular.

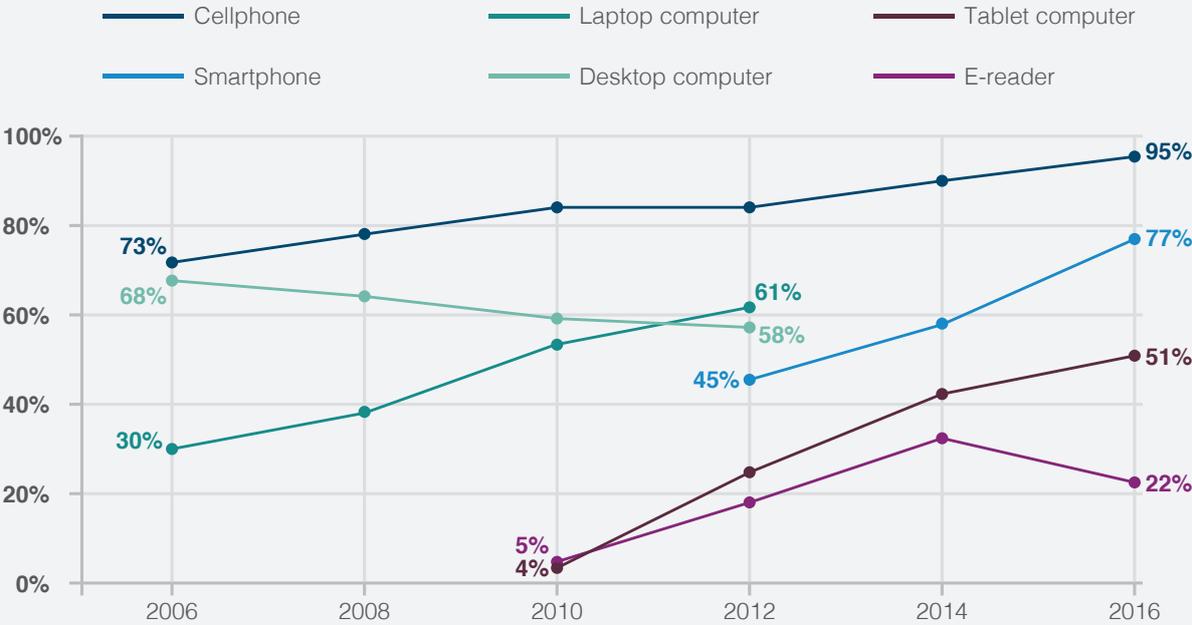
– M&S

¹⁴ WWF – Changing fashion, the clothing and textile industry at the brink of radical transformation, ¹⁵ Ellen MacArthur Foundation – New Textile’s Economy Report, ¹⁶ Ellen MacArthur Foundation – New Textile’s Economy Report, ¹⁷ WWF – Changing fashion Report, ¹⁸ Ellen MacArthur Foundation – New Textile’s Economy Report, ¹⁹ Plastic Soup Foundation, ²⁰ Plastic Pollution Coalition, ²¹ M&S

ELECTRONIC WASTE

Another sector which is responsible for large amounts of waste is electronics. People now expect to own multiple devices and there is a tendency to electrify and digitise equipment with replacement cycles shortening. The average American now keeps their mobile phone for only 18 months.

PERCENTAGE OF AMERICAN ADULTS WHO OWN DIFFERENT ICT DEVICES



Source: Pew Research Center 2016

²² ITU – International Telecommunication Union, ²³ The Guardian, 20 November 2017, ²⁴ Ellen MacArthur Foundation – Towards the circular economy, ²⁵ ITU – International Telecommunication Union, ²⁶ Ellen MacArthur Foundation – Towards the circular economy



Consumption patterns in this electronic age also lead to larger amounts of e-waste. In 2016, the world generated approximately 45 million tonnes of waste, or 6kg per inhabitant. The amount of e-waste varies by country and some of the largest generating countries are in Northern Europe and North America²². However, globally about 60% of e-waste ends up in landfill and the small portion that is being recycled is mostly sent overseas. In the UK, around 45% of waste electrical goods are recycled – much of it exported²³. Increasing recycling in this sector would not only reduce carbon emissions and harmful environmental pollution but also save valuable resources. The materials in electronic devices sent to waste are estimated to be worth USD 48 billion²⁴.

In volume, one of the materials that can be retrieved in the largest quantity from e-waste is plastic, with an estimated volume of 12.2 million tonnes, whilst the most valuable material to retrieve from e-waste is gold, with an estimated potential value of EUR 18.8 billion contained in e-waste materials in 2016²⁵.

A study by the Ellen MacArthur Foundation estimates that the cost of remanufacturing a mobile phone if all materials were collected and easy to reuse would be reduced by 50% per device²⁶.

E-waste is also a major environmental and health problem, especially because so much of it is sent to emerging countries. The world's largest e-waste site is in Ghana; the site in Agbogbloshie is a frightening hotspot of hazardous working conditions where children cook microchips, or search amidst the debris for scrap metal and women burn monitors to retrieve the valuable materials. The release of toxic fumes and land contamination poses severe health risks with high exposure to poisonous metals including lead, mercury, cadmium, arsenic and flame retardants.

The materials in electronic devices sent to waste are estimated to be worth USD 48 billion.

CONSTRUCTION WASTE

Construction waste is the largest portion of waste in the UK as it accounts for almost 60% of all waste generated according to Defra. At close to £90 per tonne, landfill is an expensive option for the sector, especially given the sector produces 100 million tonnes of waste per year²⁷.

Construction waste needs to be seen, as in other sectors, as a resource and an economic opportunity in order to improve environmental performance, reduce costs and reduce the use of primary resources.

Waste is generated across the sector where it could be more responsible. For demolition, dismantling is a more responsible option than destruction whilst for fit outs and refurbishments, existing materials should be reused. Finally, for new build, the use of primary resources should be reduced.

Recycling and reuse opportunities exist for all waste streams such as wood, metal, board, plastics and aggregates including concrete, brick and mixed rock.

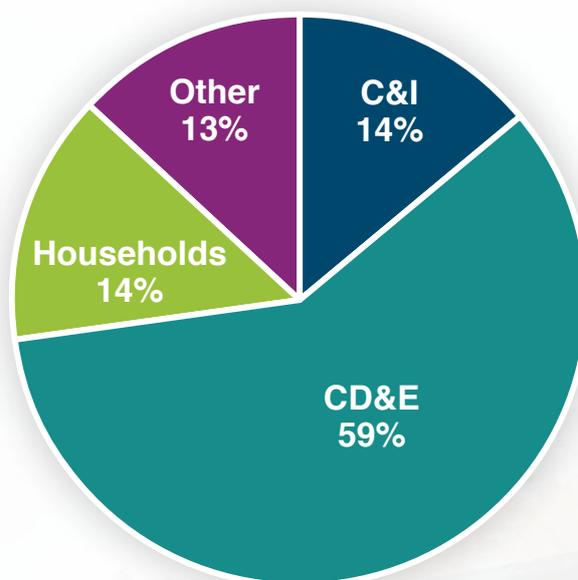
Despite being a large waste generator in which 25% goes to landfill, the sector currently discloses little information on the types of waste produced, and how this is being managed. Some real estate companies in the UK have set zero landfill targets including LandSec (target to recycle 75% of all waste by 2020), and British Land (a target to divert 100% waste from landfill by 2020 – the company states it has now achieved 99% diversion).

There are considerable opportunities for improvement with house-builders and construction companies setting targets for landfill diversion, but with very little supporting disclosure on the potential economic 'value-add' from waste. Among the best is Barratt Developments, a UK-based house-builder which discloses detailed data on waste reduction by type (plasterboard, decking, pallets etc.) which saved 3,478 tonnes of potential waste²⁸.

²⁷ WRAP, ²⁸ Barratt Developments

Managing construction and demolition waste and seeing it as a resource would help improve environmental performance and also reduce costs. Wood, metal, plastic, concrete and aggregates can be reused or recycled, yet little information is disclosed about recycled content across the construction sector.

WASTE GENERATION SPLIT BY SOURCE, UK 2014



- C&I – Commercial & Industrial
- CD&E – Construction Demolition & Excavation
- Households
- Other

Source: Defra Statistics



INVESTMENT OPPORTUNITIES

For investors, there are many opportunities to invest in companies that provide solutions to the waste problem or have adopted a circular approach to their business models. These are likely to benefit from the need to use resources more efficiently and to divert economically valuable waste streams. Opportunities include waste management companies such as Veolia or Suez which are held in our Amity Funds as well as more specialised waste companies, such as Bingo, which focuses on construction waste in Australia, and is held in our Amity International Fund.

Finally, there are innovative companies such as Tomra, a Norwegian company, which bases its business model on recycling and provides technology that is needed to enable recycling. Other companies set to benefit from environmental pressure and a switch to a more circular economy are Borregaard (Amity International) and BillerudKorsnas (Amity European, Amity International), both providing alternatives to synthetic, polymer based materials.

Waste diversion, processing and recycling is an area of the market in which we are already well invested. One such example is Renewi. Renewi (formerly Shanks Group) is held in our Amity UK Fund and has a vision to be 'the leading waste-to-product company'. The company is a leader in recycling and transforms more than 14 million tonnes of waste into raw materials or energy per year. The circular economy play recovers 90% of this waste and around 65% of it becomes a secondary raw material. The remainder is transformed into fuel to produce green heat or energy.

Waste collection and treatment



Specialist waste management



Solution providers



TAKE ACTION: MAKE THE CHANGE

The Chinese proverb 'a journey of a thousand miles begins with a single step' teaches us that even the most intractable or difficult situations begin with a single action. For decades, as consumers we have been freely using single-use plastic with little thought to the huge impact this has had for the world's ecology. Harnessing consumer action is as vital as engaging business if we are to alter behaviour and influence change. At EdenTree we like to encourage positive change, and so here are our top tips for 'making the change' to reduce plastic use.

We don't under-estimate the size of the challenge but we do believe change is urgent and achievable if we all begin that 'single step'. More information on going plastic free is available at www.plasticfreedeal.org.uk

Plastic straws have become one of the iconic examples of single-use plastic,

that ends up in the ocean and can easily be resisted. Major caterers such as McDonalds are beginning to convert their supplies to paper.

Wet wipes and baby wipes are made of plastic resins and are not easily disposable as they are one of the major causes of drain blockages;

think of alternatives or dispose responsibly.

Buy a reusable bag and avoid paying 5p for a bag that may end up in landfill.

Think carefully before you buy,

and avoid products predicated on single use such as plastic water bottles. Why not purchase a reusable water bottle instead? A fast-growing scheme called 'refill' aims to offer free water if you bring your own bottle. www.refill.org.uk

Micro plastics are present in synthetic materials such as polyester mix clothing.

Natural fibres such as cotton, wool and linen wear longer and without potential damage to the environment.

Food retailers rely heavily on plastic to package food,

with many types of plastic non-recyclable. Check before you buy whether all the plastic can be easily recycled and consider buying alternative products if the plastic has to go to landfill.

WHAT IS EDENTREE DOING?

We understand clients share our concern over the waste problem. We have identified several approaches to tackling waste as part of our engagement process. We routinely engage with retailers on a range of environmental, social and governance (ESG) issues and will ensure plastic and other waste issues forms part of those discussions. We have identified construction and house-building as sectors requiring more intensive engagement on their approaches to recycling and diversion from landfill.

The circular economy model which forms a key part of this Insight, will be considered as part of our discussions with companies. We have joined the Plastic Solutions Investor Alliance to facilitate conversations with companies on plastic and have signed the Investor Statement, which has been supported by over \$1 trillion of assets under management.

www.asyousow.org/our-work/waste/

CONCLUSION

EdenTree seeks to be a leader in responsible investment which is why we conduct in-depth research on pressing environmental, social and governance (ESG) issues that are material to investors. In this Insight we have delved into the problem of waste and explored why a more circular approach is needed to manage resources. Minimising waste is not only the right thing to do; instead, it is a necessity as resources become scarce.

Dealing with food waste, recycling textile fibres or recovering minerals from used electronics, all link back to the need to assess both the impact and dependency on natural capital. For investors, identifying those trends and understanding the risks of a linear model is likely to become even more important.



VIEW FROM THE TOP



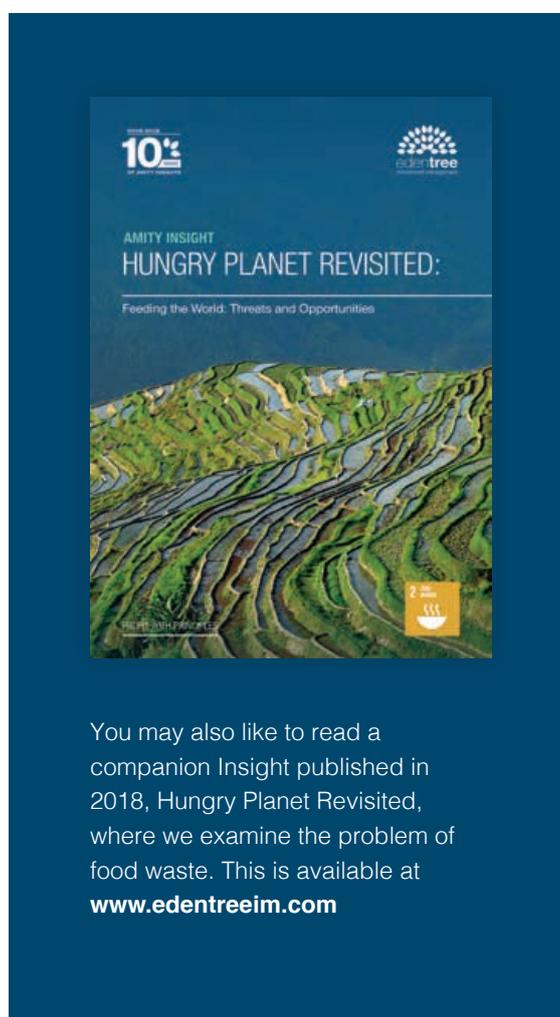
Chris Hiorns CFA
Senior Fund Manager

The ever increasing volume of waste generated by a rising global population, higher levels of consumption, more frequent product replacement cycles and greater adoption of disposable products and packaging has become one of the defining environmental problems facing modern society. It is a challenge that requires the engagement of Governments, policymakers, industry and ourselves as consumers, who are prolific generators of household, electronic, textile and plastic waste.

The development of a more 'circular' economy is an opportunity as well as a cost for businesses. We are invested in companies directly involved in waste management, which should benefit from growth opportunities driven by higher regulatory requirements such as Veolia, Suez and Renewi.

We are also invested in companies elsewhere in the value chain that are involved in the development of more environmentally friendly, recyclable alternatives to existing products, such as Corbion, BillerudKorsnas and Borregaard.

But it is important that even companies not directly engaged in this area consider their environmental impact and look for opportunities to raise recycling rates; from supermarkets, to the telecommunications and electronics industry. Consideration of recycling and the environmental impact of a business is therefore an integral part of good corporate governance and sustainable business practices and one we place at the heart of our stock selection and investment process.



You may also like to read a companion Insight published in 2018, Hungry Planet Revisited, where we examine the problem of food waste. This is available at www.edentreeim.com

WHY EDENTREE?

- Over 30 years of experience of socially responsible investing (SRI)
- Funds that are both positively and negatively screened
- An investment team with a wealth of experience spanning many years
- A comprehensive in-house SRI research function
- An independent panel that reviews investment decisions
- A robust socially responsible investment process
- A pride in our independent analysis. We're not afraid to adopt contrarian positions and are in favour of long-term investment horizons
- A consideration of the preservation of capital as our primary responsibility, preferring absolute returns over relative performance
- Fund Managers at EdenTree are unconstrained by rigid stock lists, permitting more flexibility to take advantage of good-value opportunities as they present themselves
- Decision-making for the long-term, as frequent trading increases costs and decreases returns
- Avoidance of companies materially involved in alcohol production, gambling operations, pornographic and violent material, tobacco production, testing animals for cosmetic or household products, supporting oppressive regimes or strategic weapon production
- Actively seeking out companies with a record of involvement and good performance in terms of business practices, community relations, corporate governance, education, environmental management, healthcare, human rights, labour relations and urban regeneration



OUR PEOPLE



Sue Round

Director of Group Investments and Senior Fund Manager

Sue is the UK's longest-serving retail SRI Fund Manager. She launched the Amity UK Fund 30 years ago – pioneering our Profit with Principles investment approach.



Neville White

Head of SRI Policy and Research

Neville is responsible for SRI policy and research and leads on global corporate governance proxy voting and engagement with business around environmental, social and governance issues. He previously managed socially responsible investments for a number of church and charity investment managers and joined EdenTree in 2010.



Rob Hepworth

Chief Investment Officer

Rob joined EdenTree as an Investment Analyst in 1988, became a Fund Manager in 1990 and CIO in 2011. Rob is responsible for forming the investment team's long-term strategy. He won the Fund Manager of the Year Award (Global Category) in 2010 and was nominated for Fund Manager of the Year in 2013 (Balanced Category). He has also been named FE Alpha Manager for nine consecutive years.



Esmé van Herwijnen

SRI Analyst

Esmé holds a Master's degree in Sustainable Business from Toulouse Business School and gained experience in ESG research from Sustainalytics and PIRC. She is the EdenTree lead on climate change and supports the SRI team with company screening, proxy voting and engagement.



Chris Hiorns CFA

Senior Fund Manager

Chris has worked at EdenTree since 1996 having gained an MSc in Economics from University College London. He started as an Investment Analyst before being appointed Fund Manager in 2007. He has managed the Amity Balanced Fund for Charities since launch in 2011 and the Amity Sterling Bond Fund since 2008. He has been a CFA Charterholder since 2004.



Ketan Patel CFA

Fund Manager

Ketan joined EdenTree in 2003. He began his career on the equity derivatives desk at JP Morgan, before moving to Insight Investment as a Global Healthcare Analyst. Ketan is a co-manager on the Amity UK and UK Equity Growth Fund. He has been a CFA Charterholder since 2009 and holds post-graduate degrees in both Geography and Economics from the University of London.



David Osfield CFA

Fund Manager

David joined EdenTree in July 2016 after beginning his career at sustainable investment specialist Alliance Trust in 2002. During his time there, David largely focussed on Asian equities, although he has also covered pan-European and Global equities. David has a 1st class BA (Hons) in Business Finance from Durham University and is a CFA Charterholder.



Phil Harris

Fund Manager

With over 25 years' experience in UK small and mid-cap company sectors, Phil joined EdenTree in 2015 to run the UK Equity Growth Fund. He focuses on growth small-caps and previously specialised in corporate activism.



David Katimbo-Mugwanya CFA

Fund Manager

David joined EdenTree in 2015 bringing almost a decade of fixed income experience to our portfolios. David is a CFA Charterholder and holds a BSc in Economics from the University of Essex. His previous experience at Epworth Investment Management saw him managing institutional client and charity portfolios.



Thomas Fitzgerald

Fund Manager

Tom joined EdenTree in 2011 as a Research Analyst. During his time at EdenTree Tom has supported the Investment Team in providing detailed company analysis and thematic research into a number of emerging sustainable trends. Tom continues to contribute investment ideas to other funds, as well as co-managing the Higher Income Fund. He is currently studying for the CFA.

NOTES

How to contact us

We hope you have found this Amity Insight interesting and useful. If you have any questions, or would like to know more about our responsible investment, in-house research and analysis, please get in touch.

Call: 0800 011 3821

Fax: 020 7528 7365

Email: information@edentreeim.com

Go to: www.edentreeim.com

Write to us or visit: 24 Monument Street, London, EC3R 8AJ

