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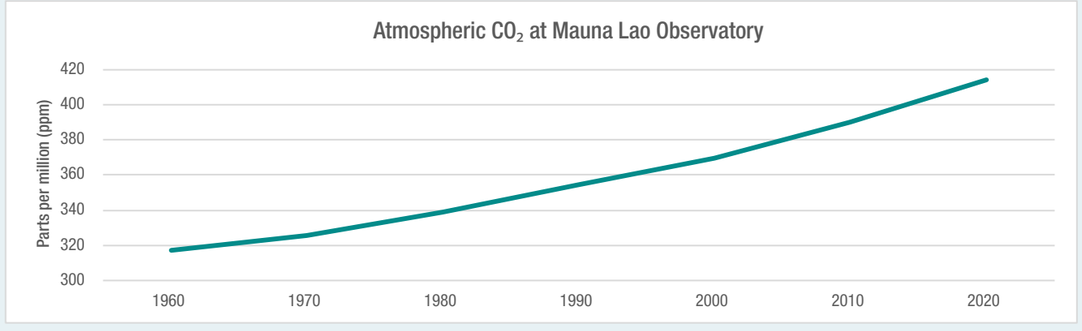
EDENTREE PORTFOLIO CLIMATE REPORTING 2022

ABOUT THIS REPORT

The purpose of this Climate Report is to communicate the results of EdenTree's 2022 carbon analysis, in line with our Montréal Carbon Pledge commitment. EdenTree became a signatory to the Montréal Carbon Pledge in June 2016, meaning we are voluntarily committed to measure and disclose the carbon footprint of our investments on an annual basis. We consider risk associated with climate change to have a material impact on our investments and therefore we monitor closely the emissions of our holdings.

THE URGENCY OF CLIMATE CHANGE

There is scientific consensus that the world is warming, and this is largely due to human activity, with global planetary temperatures already 1.2°C warmer than pre-industrial levels. The impacts of this are already evident, with environmental consequences such as rising sea levels, extreme weather, drought, flooding and ocean acidification, occurring across the world. The latest report from the Intergovernmental Panel on Climate Change (IPCC) indicates that we may reach an increase of 1.5°C as early as 2030. A temperature rise of 2.0°C would be catastrophic. This is the temperature scientists generally associate with an atmospheric carbon concentration of 450ppm, the level at which the earth reaches its tipping point and climate change becomes irreversible. The current CO_2 concentration is 418ppm.



In order to reduce the worst impacts of global warming, the IPCC recommends limiting temperature rise to 1.5°C. This requires immediate, rapid and large-scale reductions in emissions over the next two decades. Investors have a crucial role to play in this transition.

As stewards of capital and part-owners of companies, we have a responsibility to encourage businesses to reduce their emissions and implement robust climate strategies.

EDENTREE'S APPROACH TO CLIMATE CHANGE

At EdenTree we fully recognise the role we must play in advancing the low-carbon transition. The urgency of climate change is at the heart of our investment process and forms a central part of our screening process and engagement with companies.

EdenTree's responsible and sustainable investment process leans positively towards portfolios being carbon aware. Our Responsible & Sustainable Funds have not invested in fossil fuels or mining for many years, we eschew investment in high carbon emitters (automotive, aviation, heavy industry), direct capital to sustainable solutions, and climate change is a permanent pillar of our engagement strategy.

We have also supported various initiatives over the years:

- We supported the Paris Pledge for Action in 2015 and have regularly supported investor statements to governments calling for ambitious action on climate change
- We have a seven-year track record of carbon footprinting our equity portfolios and in 2021 we also started footprinting our fixed income and balanced portfolios
- We have contributed for six consecutive years to the CDP non-disclosure campaign, asking more businesses to report on climate change
- We have actively been encouraging companies to set Science Based Targets, led by in house engagement, as well as collaborative engagement through the CDP Science Based Target campaign and ShareAction's Investor Decarbonisation Initiative
- EdenTree publicly supports and is signatory to the TCFD framework

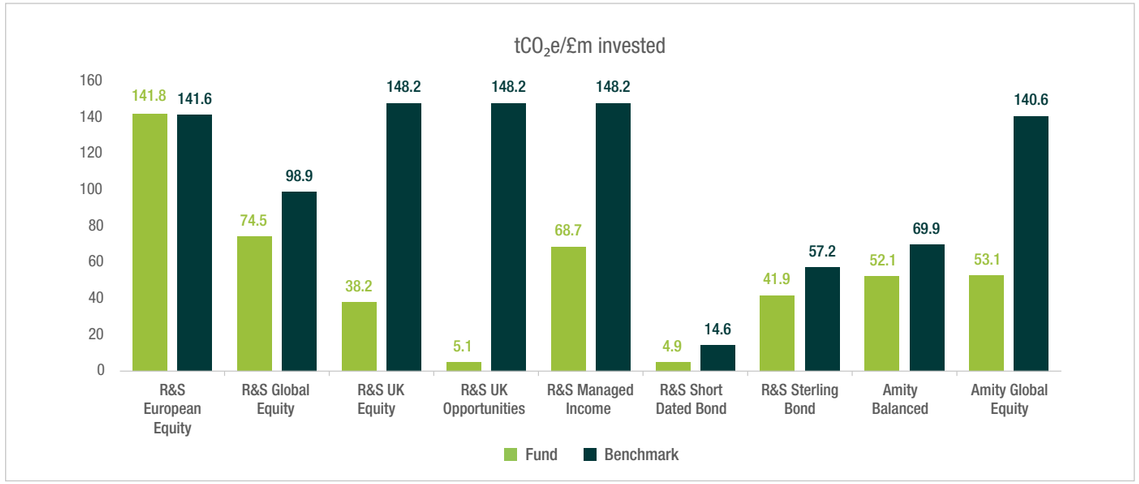
In this report, the data is at 31.12.2021 unless otherwise stated, and where we refer to a benchmark we have used the same benchmark as we use for the measurement of financial performance. We have used the ISS Climate Impact Reporting tool to do our analysis. The sources for historic carbon footprinting data are ISS (previously SouthPole) and the CDP. Please refer to page 26 for more information about our methodology.

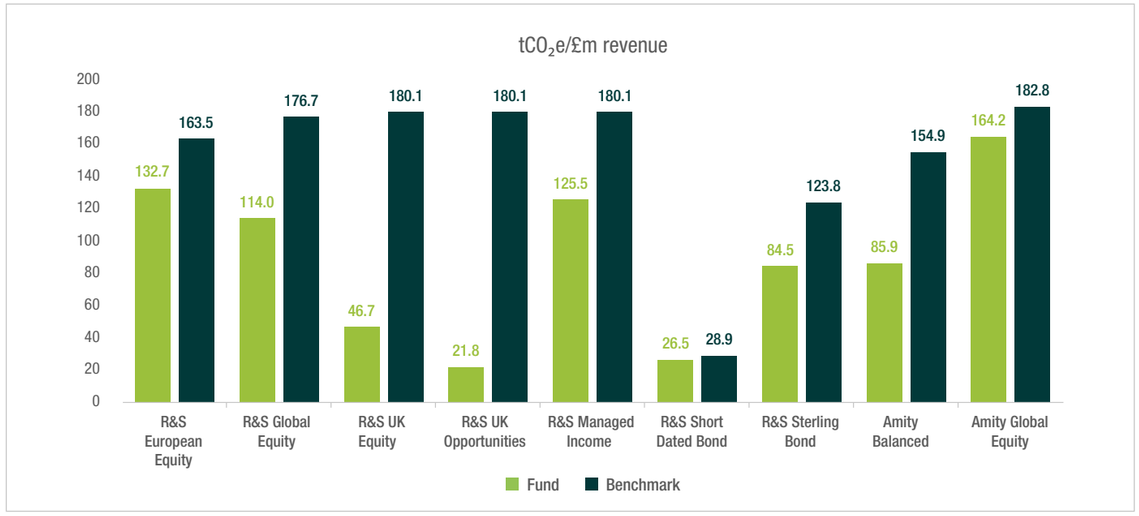
CARBON INTENSITY

We provide below the carbon intensity and weighted average carbon intensity for our Responsible & Sustainable retail and charity Funds vs their respective benchmarks.

This year, eight out of nine Funds present a lower carbon intensity per £m invested than the benchmark. Of particular note are the R&S UK Opportunities Fund, R&S Managed Income Fund, and R&S UK Equity Fund, which are respectively 96.6%, 92.1% and 74.2% more carbon efficient than their benchmarks.

A similar pattern is evident within the weighted average carbon intensity results, where all nine Funds are significantly more carbon efficient than their benchmarks. For example, the R&S UK Opportunities Fund, R&S UK Equity Fund and R&S Managed Income Fund, are respectively 87.9%, 74.1% and 66.8% more carbon efficient than their benchmarks.



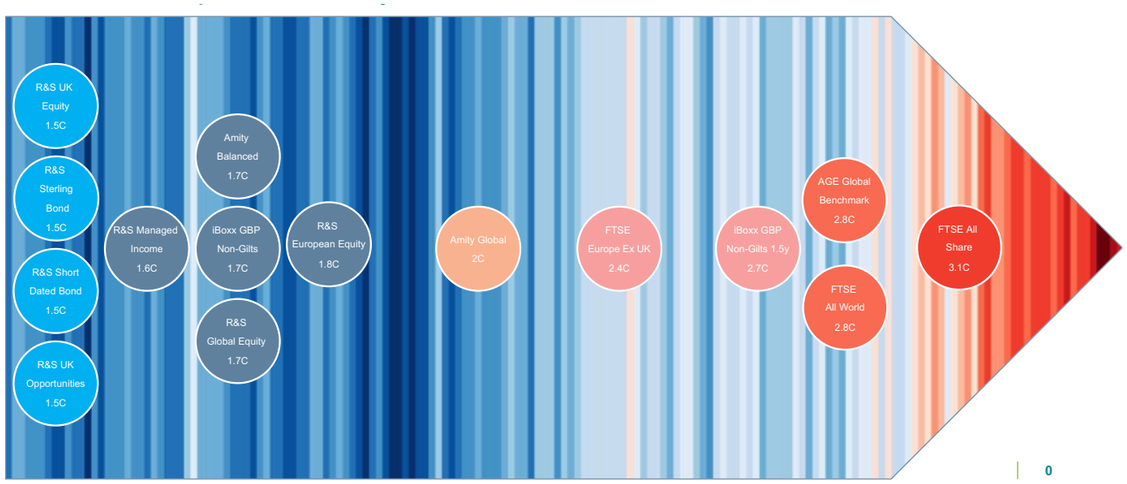


ALIGNMENT WITH THE PARIS AGREEMENT

The science tells us that we urgently need to decarbonise our economies and limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. In recognition of this, we present below the potential increase of our portfolios and benchmarks by 2050 in degrees Celsius. The results are based on issuers' emission reduction targets as well as decarbonisation trends so far.

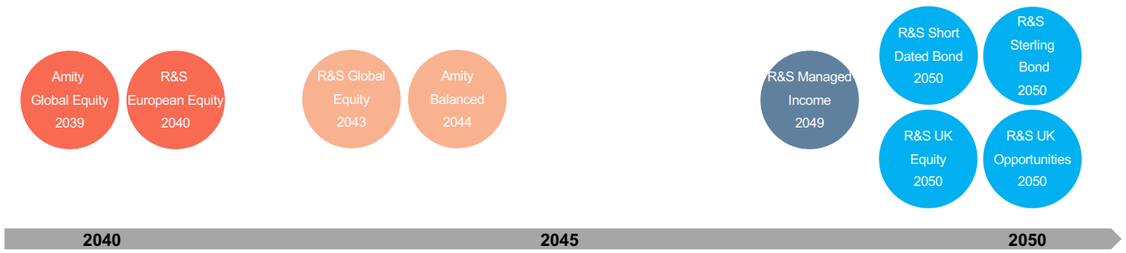
We acknowledge that this metric is highly dependent on assumptions and so we do not view it as an exact forecast of future Fund performance. Rather, we find value in the relative assessment between the portfolio and benchmark, and believe it provides a forward-looking complement to our carbon footprint metrics.

We are pleased that all of our Funds have a lower temperature rise trajectory than their respective benchmarks. The majority of our Funds are aligned with the Paris goal of limiting the temperature increase to 1.5°C, whilst none of our Funds have a projected temperature rise higher than 2°C.



To limit temperature rise to 1.5°C, the world needs to remain within an allocated carbon budget. The International Energy Agency's Sustainable Development Scenario (SDS) maps the trajectory by which global emissions need to fall in order to remain within this budget. The SDS recognises the need for sustained emissions reductions over time, as opposed to a sharp decline in the middle of the century.

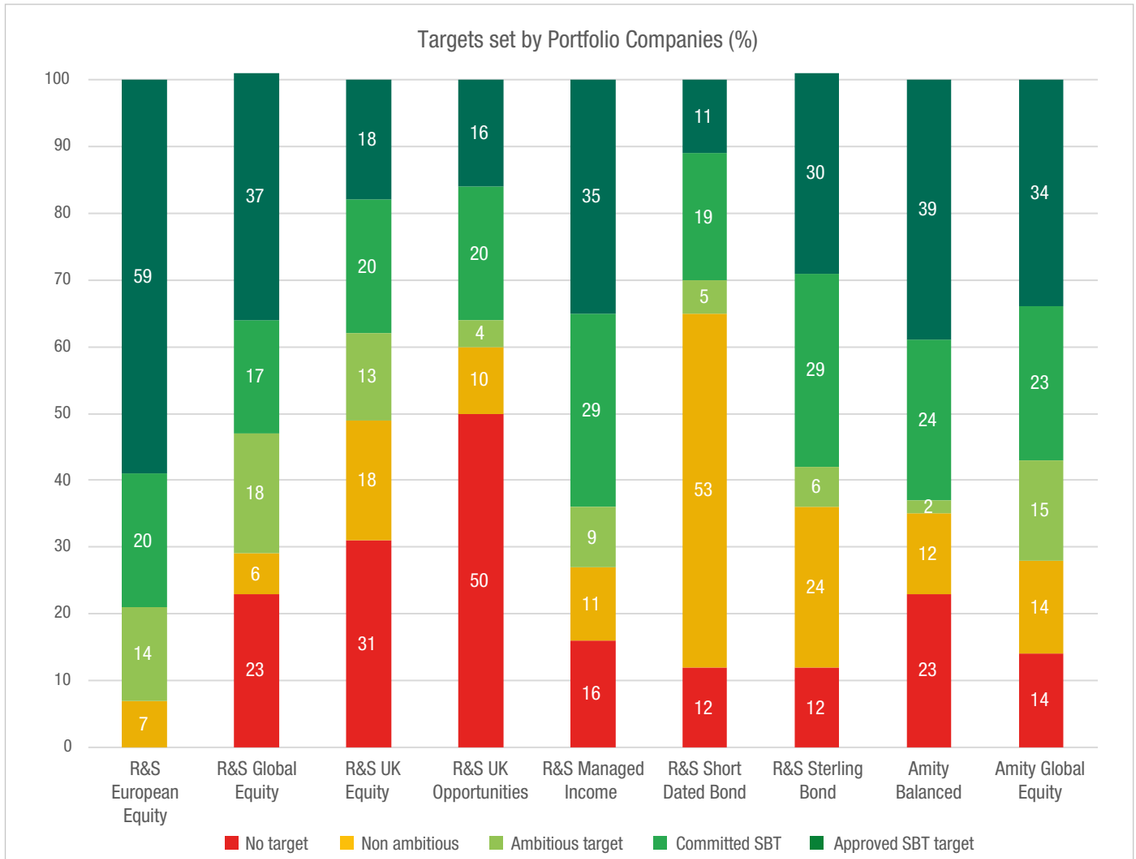
The timeline below shows the year the emissions of our portfolios exceed the allocated carbon budget of the SDS. Four of our Funds have trajectories aligned to the SDS, whilst none exceed the budget earlier than 2039.



SCIENCE BASED TARGETS

To achieve the year-on-year improvements required to remain within the SDS and limit warming to 1.5°C, companies must set – and meet – reduction targets. At EdenTree, we place a strong emphasis on Science Based Targets (SBTs) through our engagement activities. SBTs provide companies with a clearly defined path to achieve 1.5°C alignment, mandate absolute emissions reductions rather than carbon offsetting, and require companies to tackle the full scope of their emissions (including scope 3).

Over the years, we have been encouraged to see that the number of companies in our Funds that have set or committed to set SBTs has increased. The results of our latest assessment are shown below. We are particularly pleased that all of our Funds have at least 30% of their holdings with either approved or committed SBTs. Of particular note is the R&S European Fund, with 80% of its holdings having either set or committed to set SBTs. Even our small cap R&S UK Opportunities Fund where such disclosure is rarer, has 36% of portfolio holdings having set or committed to set a Science Based Target.

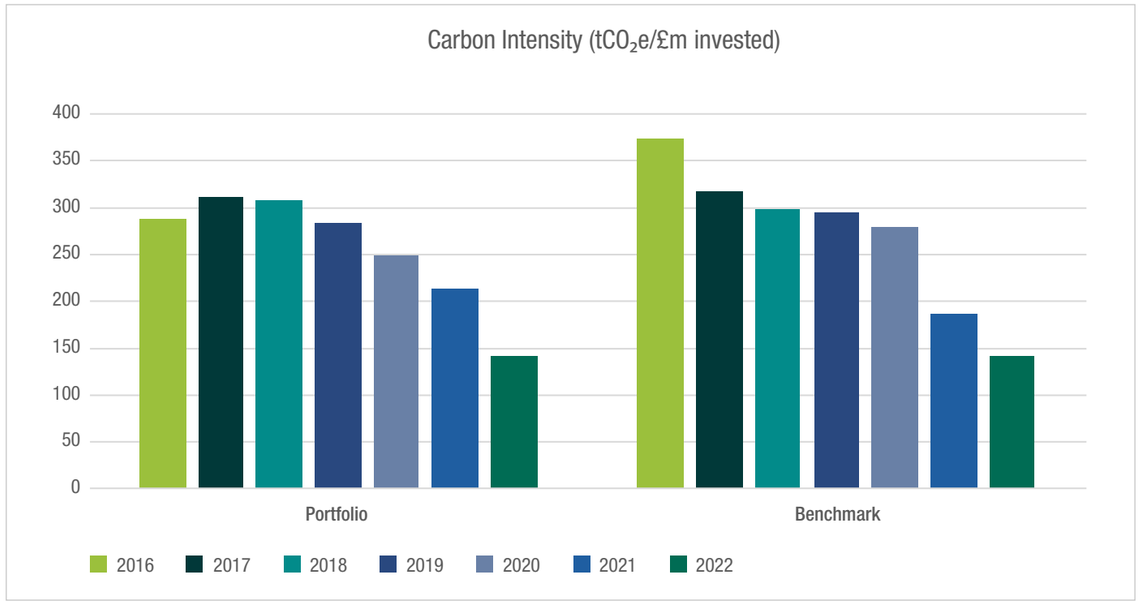


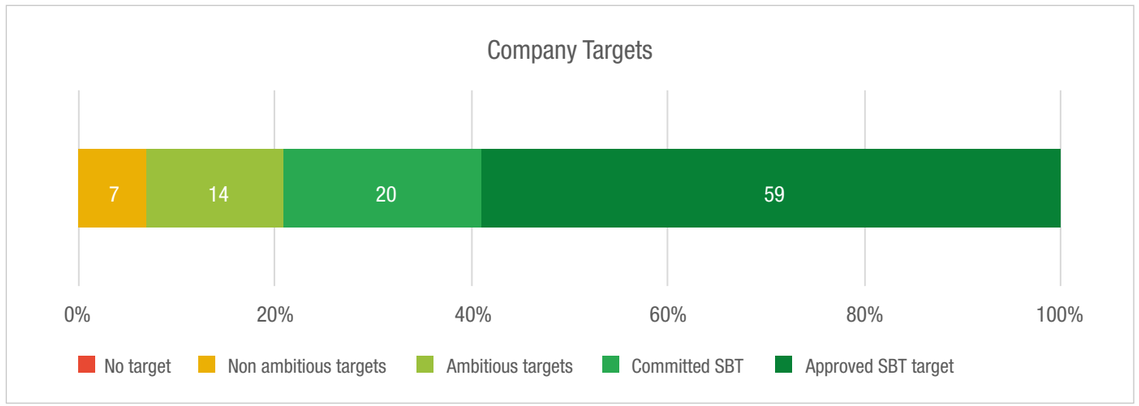
R&S RETAIL EQUITY FUNDS
R&S EUROPEAN EQUITY FUND

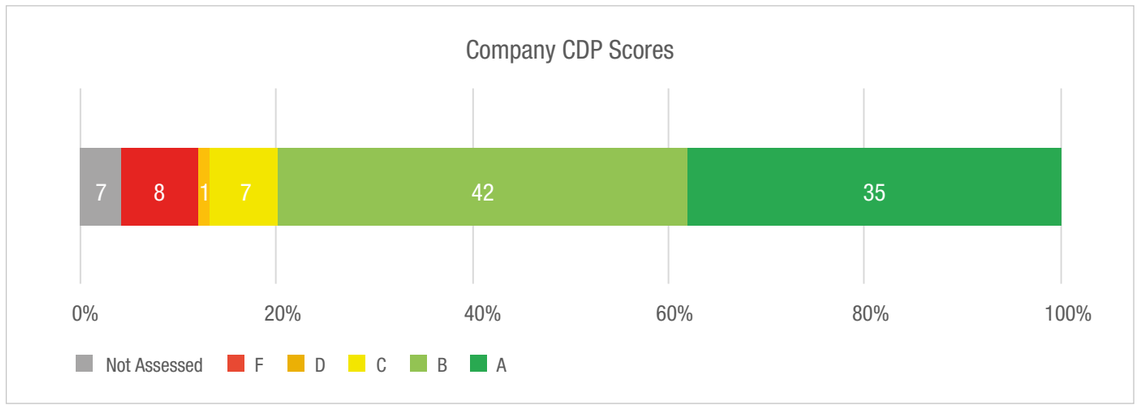
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	141.8	141.6	+0.1%
WACI (tCO_2e/$M REVENUE)	132.7	163.5	-18.8%

KEY RESULTS

- The portfolio's carbon intensity has decreased by 50.8% since 2016
- 97.5% of the Fund is covered in this climate analysis, of which 98.0% of companies disclose their emissions
- 35.5% of companies received a A/A- score in the CDP climate questionnaire
- 79.0% of companies have either set an SBT or committed to doing so
- The top five contributors account for 70.0% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to exceed the Sustainable Development Scenario by 2040, representing a potential temperature increase of 1.8°C by 2050







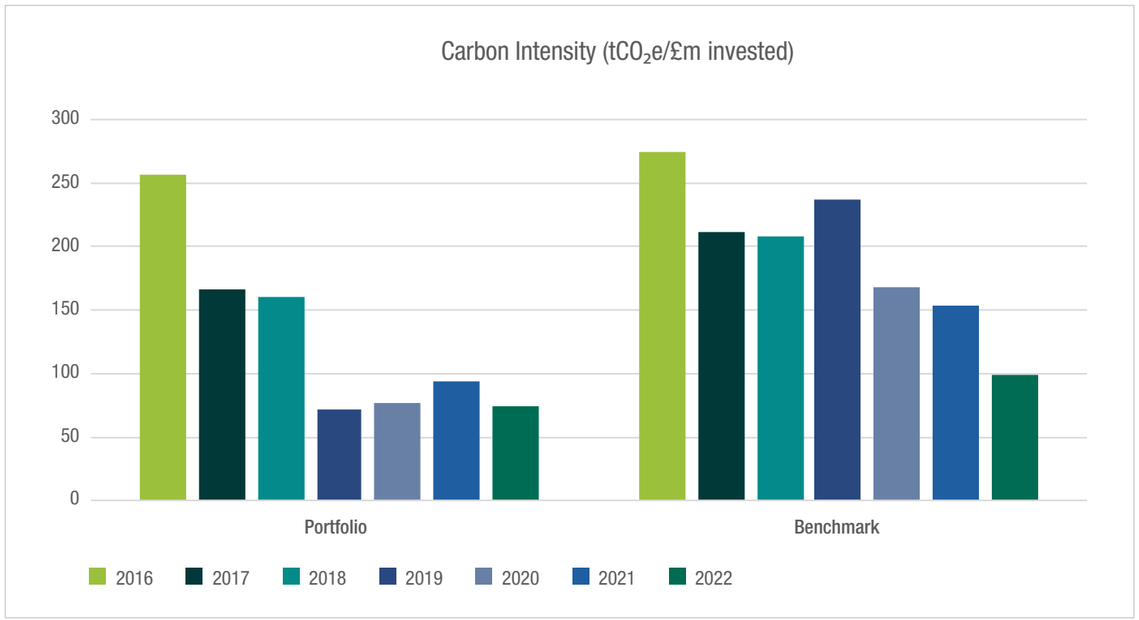
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
VEOLIA ENVIRONMENT	17.71%	1.56%	B	APPROVED SBT
YARA INTERNATIONAL	17.30%	1.32%	B	COMMITTED SBT
ENEL SPA	14.21%	2.28%	A	APPROVED SBT
IMERYS SA	14.02%	2.07%	B	APPROVED SBT
COMPAGNIE DE SAINT GOBAIN	6.72%	2.51%	A	APPROVED SBT

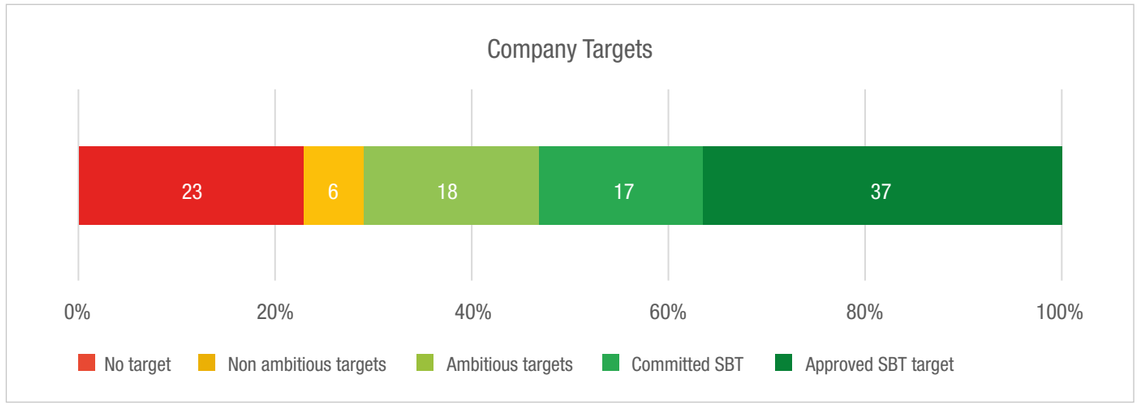
R&S GLOBAL EQUITY FUND

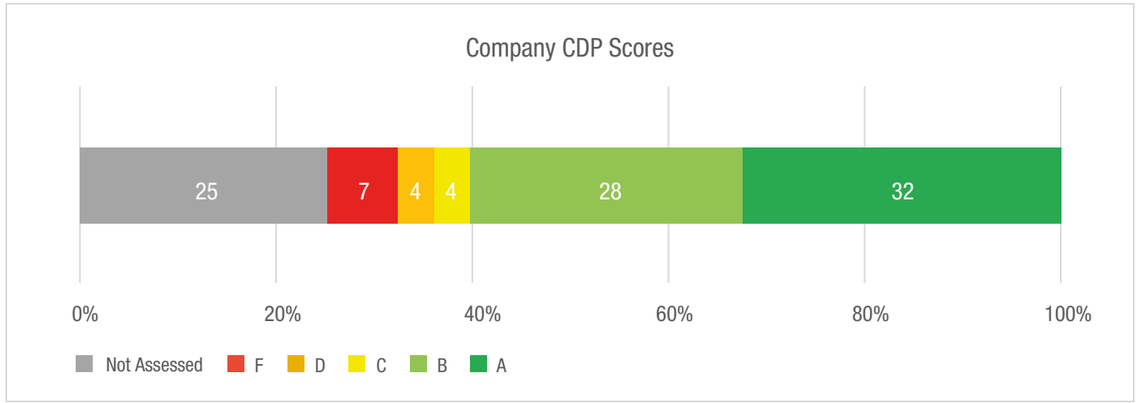
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	74.5	98.9	-47.1%
WACI (tCO_2e/$M REVENUE)	114.0	176.7	-35.5%

KEY RESULTS

- The portfolio's carbon intensity has decreased by 71% since 2016
- 92.4% of the Fund is covered in this climate analysis, of which 81.4% of companies disclose their emissions
- 32.4% of companies received a A/A- score in the CDP climate questionnaire
- 54.0% of companies have either set an SBT or committed to doing so
- The top five contributors account for 70.2% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to exceed the Sustainable Development Scenario by 2043, representing a potential temperature increase of 1.7°C by 2050







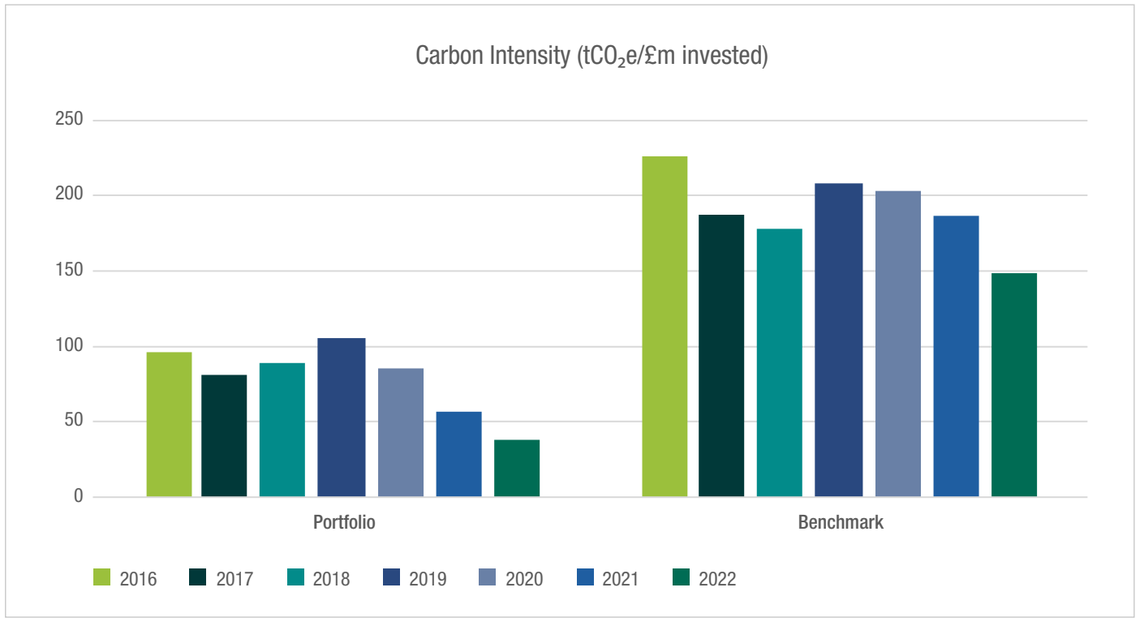
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
ENEL SPA	23.35%	1.97%	A	APPROVED SBT
BIFFA	15.24%	2.34%	B	COMMITTED SBT
HOP FUNG GROUP	12.60%	0.26%	NOT ASSESSED	NO TARGET
DS SMITH	11.31%	1.46%	A	APPROVED SBT
SSE	7.68%	1.31%	A	APPROVED SBT

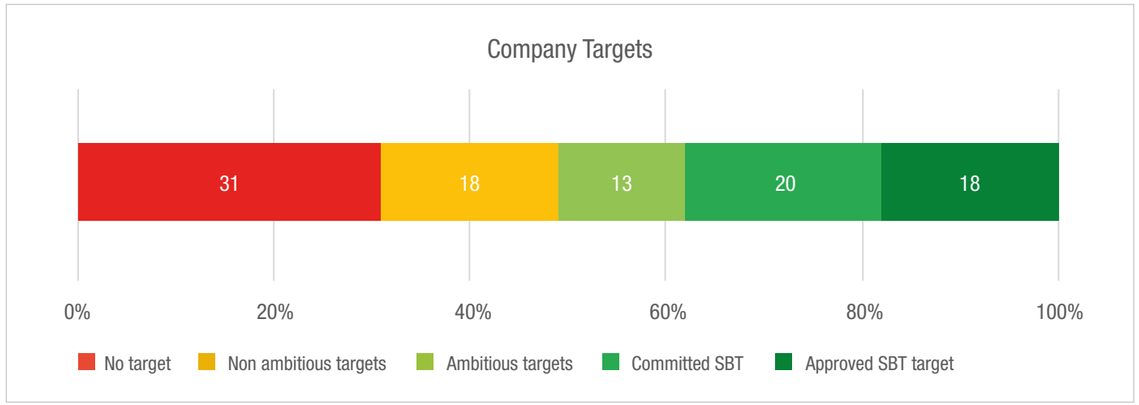
R&S UK EQUITY FUND

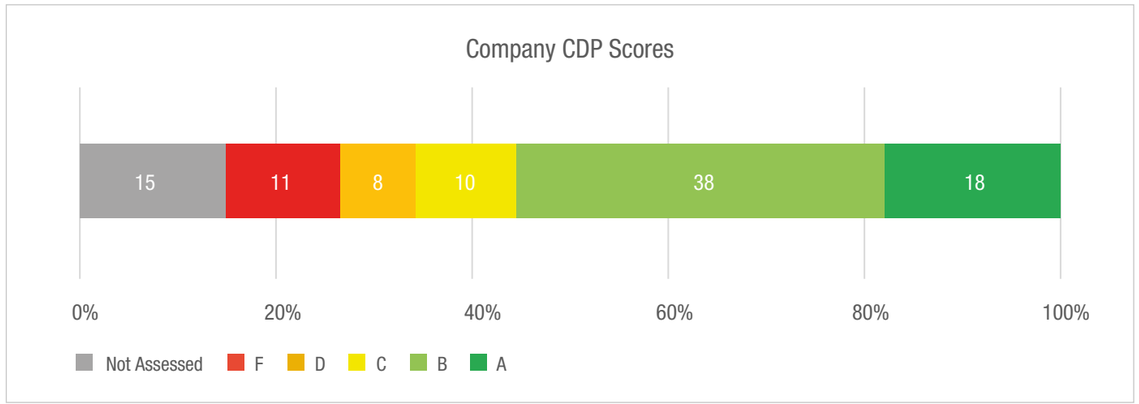
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	38.2	148.2	-74.2%
WACI (tCO_2e/$M REVENUE)	46.7	180.1	-74.1%

KEY RESULTS

- The portfolio's carbon intensity has decreased by 60.2% since 2016
- 93.4% of the Fund is covered in this climate analysis, of which 87.5% of companies disclose their emissions
- 17.8% of companies received a A/A- score in the CDP climate questionnaire
- 38.0% of companies have either set an SBT or committed to doing so
- The top five contributors account for 78.1% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5°C by 2050







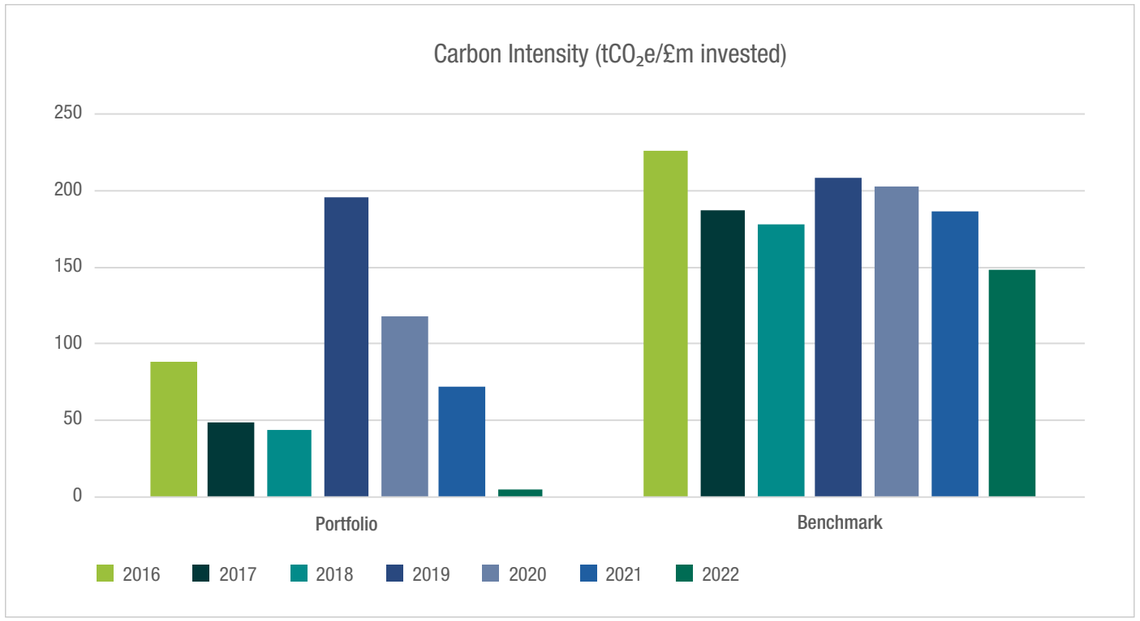
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
DS SMITH	27.15%	1.81%	A	APPROVED SBT
NATIONAL EXPRESS	21.12%	2.28%	B	AMBITIOUS
KELLER GROUP	11.34%	1.75%	B	AMBITIOUS
JOHN MENZIES	9.66%	1.12%	D	COMMITTED SBT
JAMES FISHER & SONS	8.81%	0.77%	D	NO TARGET

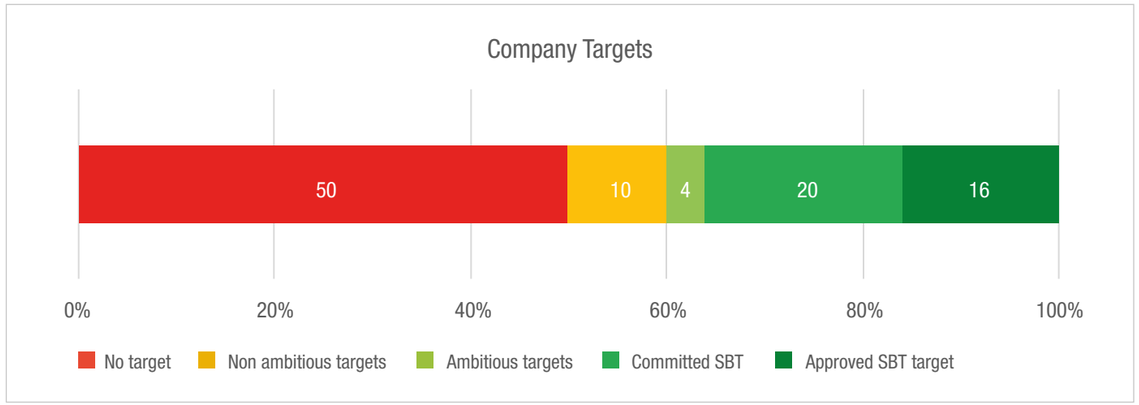
R&S UK OPPORTUNITIES FUND

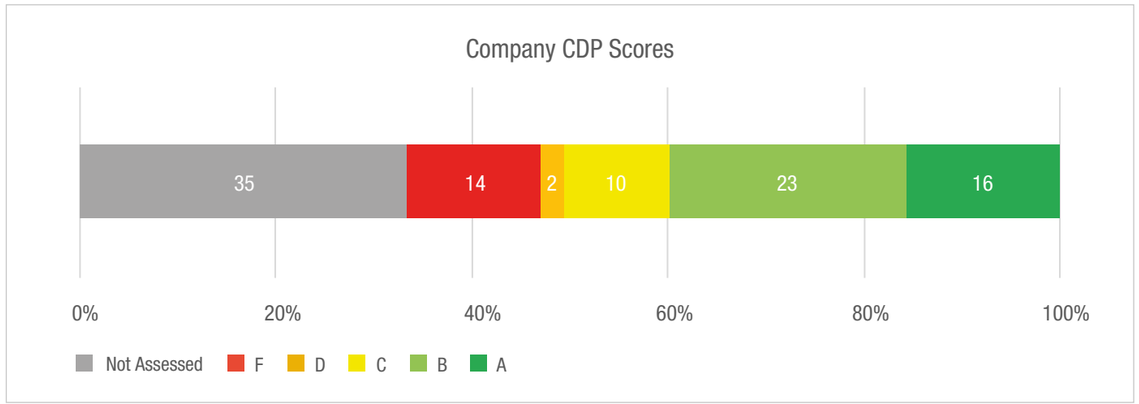
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	5.1	148.2	-96.6%
WACI (tCO_2e/$M REVENUE)	21.8	180.1	-87.9%

KEY RESULTS

- The portfolio's carbon intensity has decreased by 94.2% since 2016
- 87.3% of the Fund is covered in this climate analysis, of which 78.8% of companies disclose their emissions
- 15.6% of companies received a A/A- score in the CDP climate questionnaire
- 36.0% of companies have either set an SBT or committed to doing so
- The top five contributors account for 65.4% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5°C by 2050







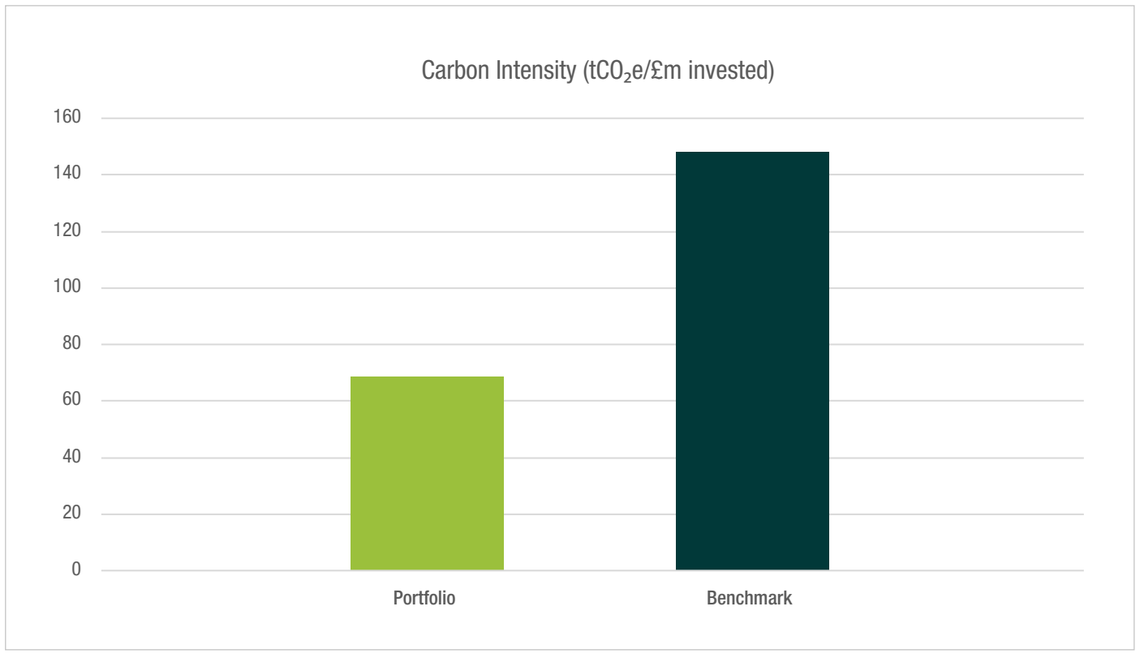
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
INTERCONTINENTAL HOTELS	34.32%	0.80%	A	APPROVED SBT
ASHTEAD GROUP	11.23%	4.74%	B	NON-AMBITIOUS
SSP	7.95%	0.99%	F	NO TARGET
B&M EUROPEAN VALUE RETAIL	6.97%	1.92%	NOT ASSESSED	COMMITTED SBT
GLAXOSMITHKLINE	4.88%	2.02%	A	APPROVED SBT

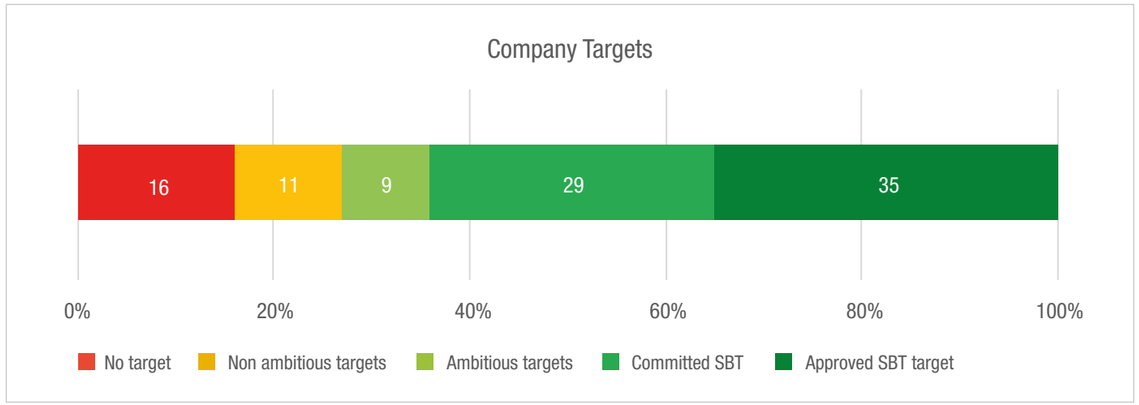
R&S RETAIL MULTI ASSET & FIXED INTEREST FUNDS
R&S MANAGED INCOME FUND

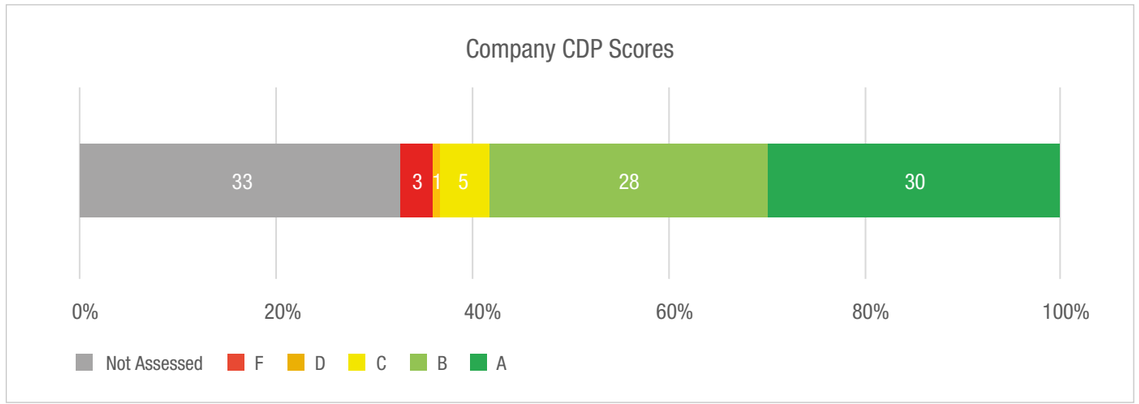
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	68.7	148.2	-53.7
WACI (tCO_2e/$M REVENUE)	125.5	180.1	-30.3

KEY RESULTS

- The portfolio's carbon intensity is 53.7% lower than the benchmark
- 80.7% of the Fund is covered in this climate analysis, of which 89.5% of companies disclose their emissions
- 30.1% of companies received a A/A- score in the CDP climate questionnaire
- 64% of companies have either set an SBT or committed to doing so
- The top five contributors account for 62.6% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to exceed the Sustainable Development Scenario by 2049, representing a potential temperature increase of 1.6°C by 2050







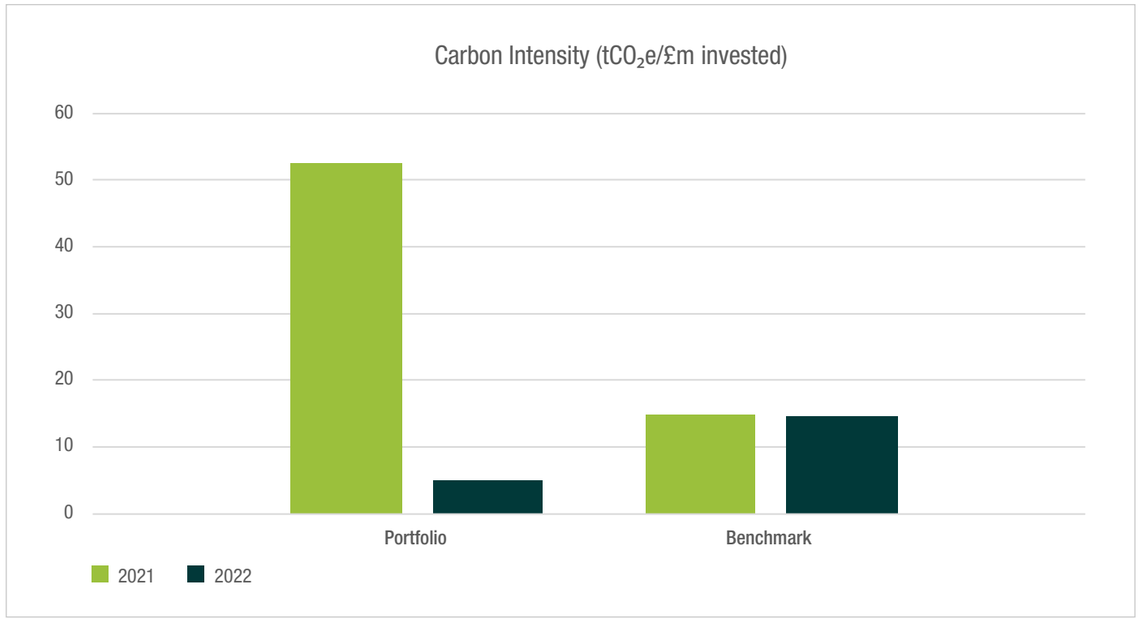
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
YARA INTERNATIONAL	28.15%	1.39%	B	COMMITTED SBT
DS SMITH	13.95%	2.44%	A	APPROVED SBT
ENEL SPA	7.69%	1.30%	A	APPROVED SBT
SSE	7.52%	1.80%	A	APPROVED SBT
GREATVIEW ASEPTIC PACKAGING COMPANY	5.30%	1.81%	NOT ASSESSED	AMBITIOUS

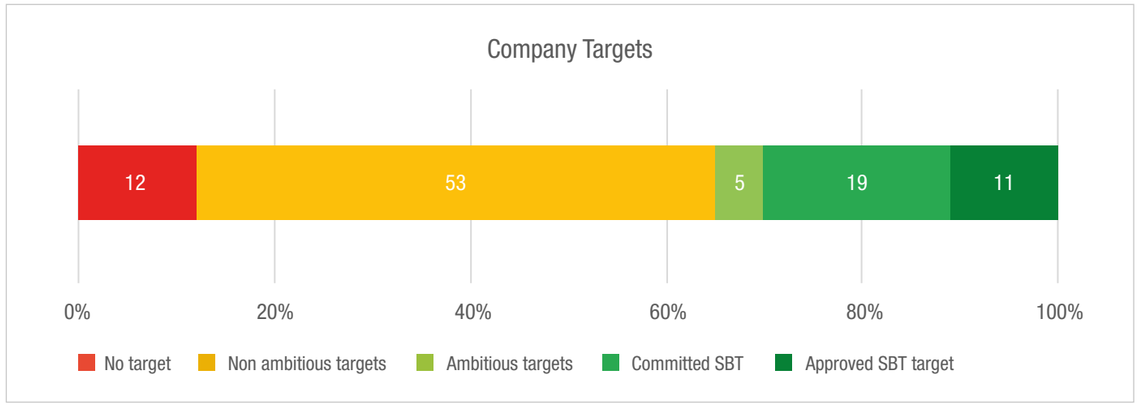
R&S SHORT DATED BOND FUND

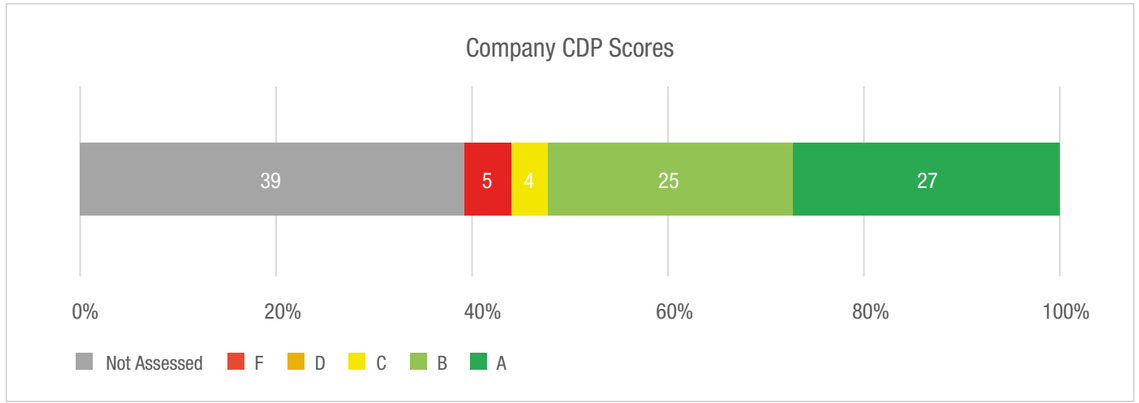
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	4.9	14.6	-66.1%
WACI (tCO_2e/$M REVENUE)	26.5	28.9	-8.1%

KEY RESULTS

- The portfolio's carbon intensity has decreased by 90.6 % since 2021
- 79.8% of the Fund is covered in this climate analysis, of which 88.9% of companies disclose their emissions
- 27.3% of companies received a A/A- score in the CDP climate questionnaire
- 30.0% of companies have either set an SBT or committed to doing so
- The top five contributors account for 83.6% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5°C by 2050







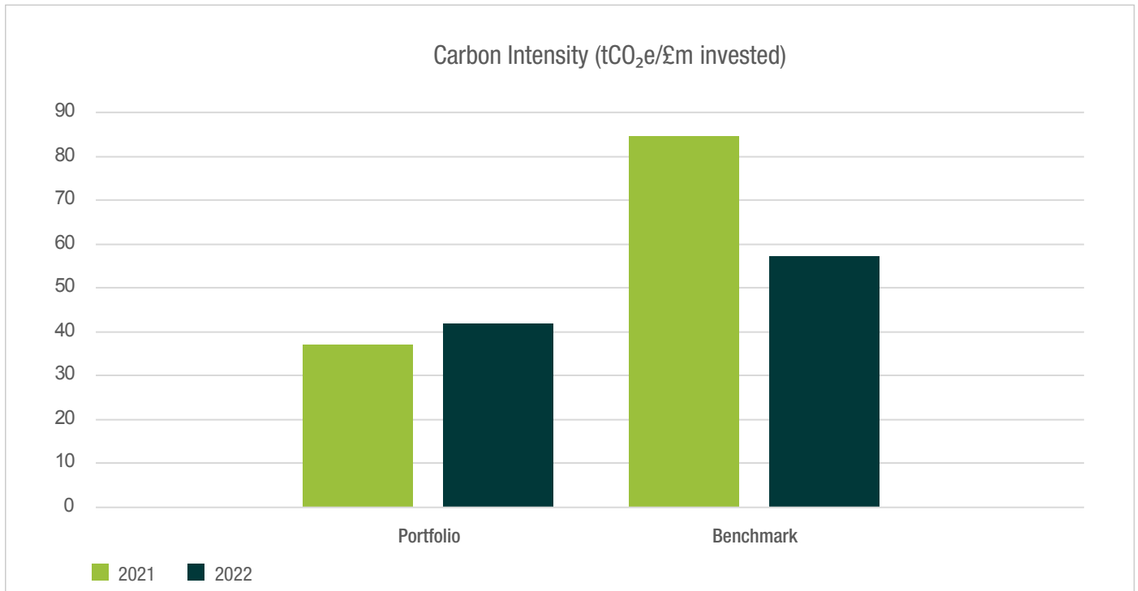
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
ENEL SPA	35.69%	0.44%	A	APPROVED SBT
NATIONAL GRID	23.73%	1.40%	A	APPROVED SBT
ANGLIAN WATER	13.63%	2.04%	A	AMBITIOUS
SCENTRE GROUP	7.51%	2.71%	A	AMBITIOUS
UNITED UTILITIES	3.00%	1.62%	B	APPROVED SBT

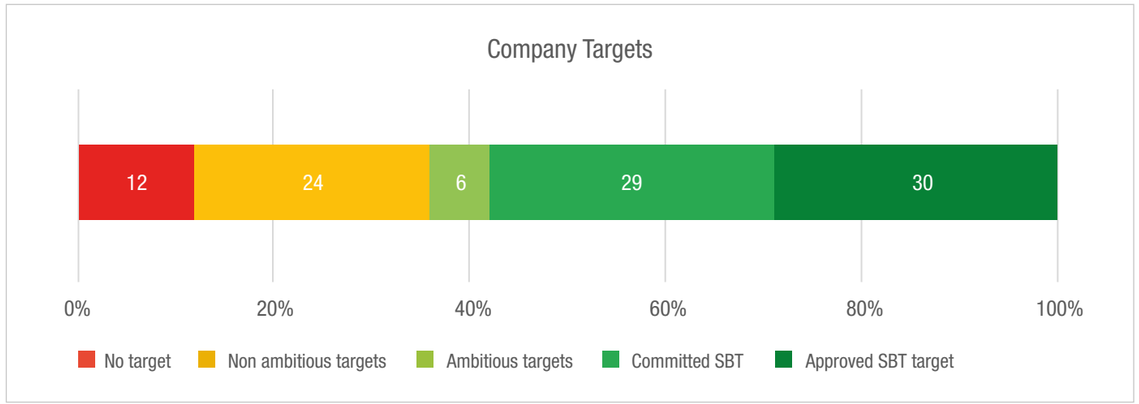
R&S STERLING BOND FUND

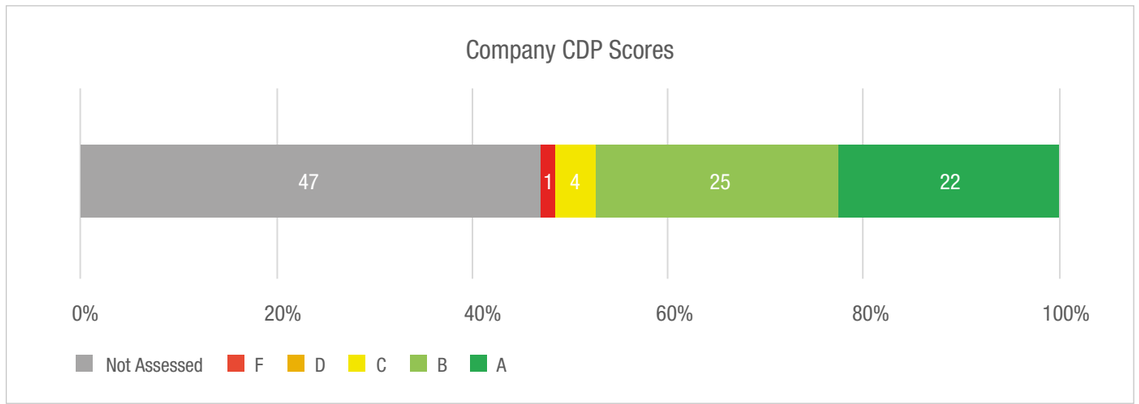
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	41.9	57.2	-26.7%
WACI (tCO_2e/$M REVENUE)	84.5	123.8	-31.7%

KEY RESULTS

- The portfolio's carbon intensity has increased by 13.4% since 2021
- 64.6% of the Fund is covered in this climate analysis, of which 91.1% of companies disclose their emissions
- 22.5% of companies received a A/A- score in the CDP climate questionnaire
- 59.0% of companies have either set an SBT or committed to doing so
- The top five contributors account for 82.7% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5°C by 2050







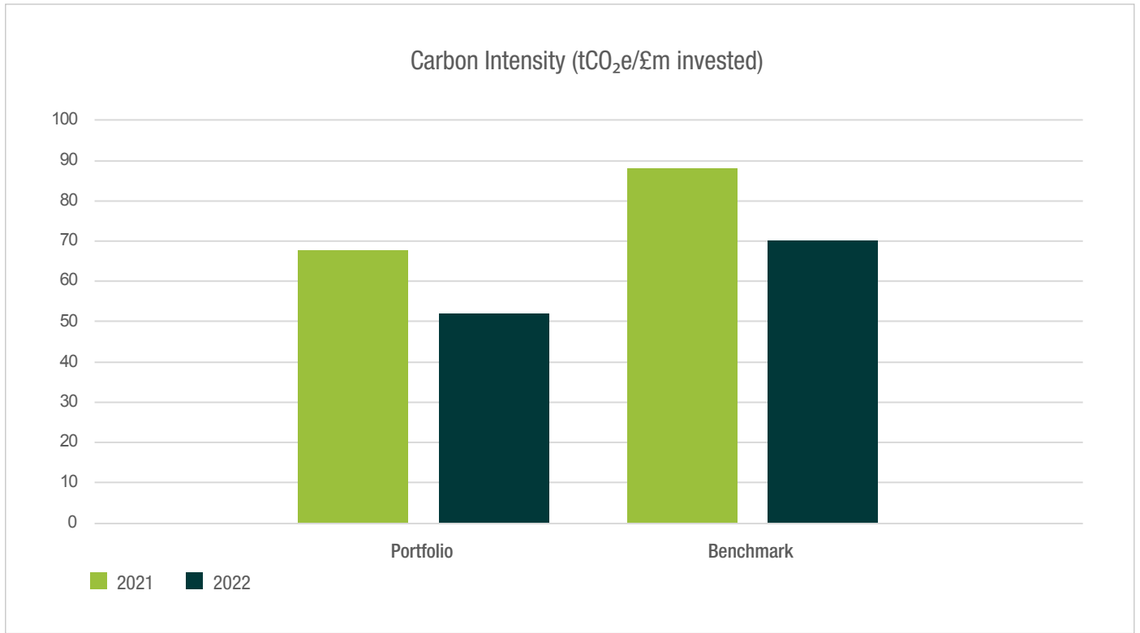
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
NI ELECTRICITY SUPPLY BOARD	23.17%	0.73%	NOT ASSESSED	COMMITTED SBT
SSE	21.87%	3.19%	A	APPROVED SBT
DS SMITH	18.26%	1.95%	A	APPROVED SBT
NATIONAL EXPRESS	13.05%	3.15%	B	AMBITIOUS
CO-OPERATIVE GROUP	6.31%	2.93%	NOT ASSESSED	APPROVED SBT

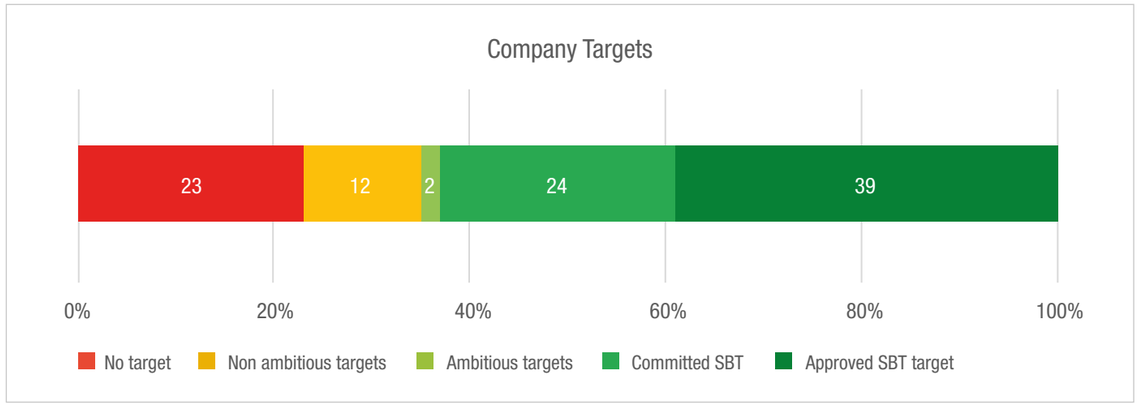
AMITY CHARITY FUNDS
AMITY BALANCED FUND FOR CHARITIES

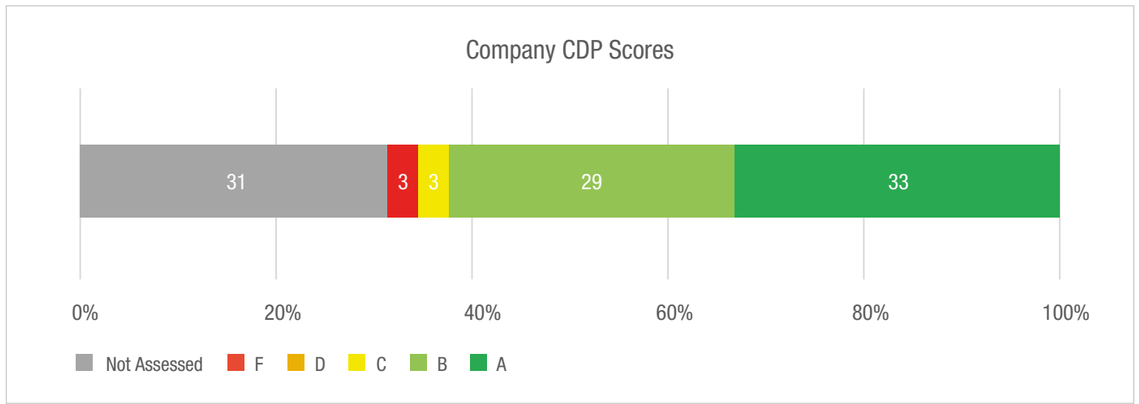
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	52.06	69.93	-25.6
WACI (tCO_2e/$M REVENUE)	85.92	154.91	-44.5

KEY RESULTS

- The portfolio's carbon decreased has increased by 23% since 2021
- 84.1% of the Fund is covered in this climate analysis, of which 88.0% of companies disclose their emissions
- 33.2% of companies received a A/A- score in the CDP climate questionnaire
- 63% of companies have either set an SBT or committed to doing so
- The top five contributors account for 77.3% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to exceed the Sustainable Development Scenario by 2044, representing a potential temperature increase of 1.7°C by 2050







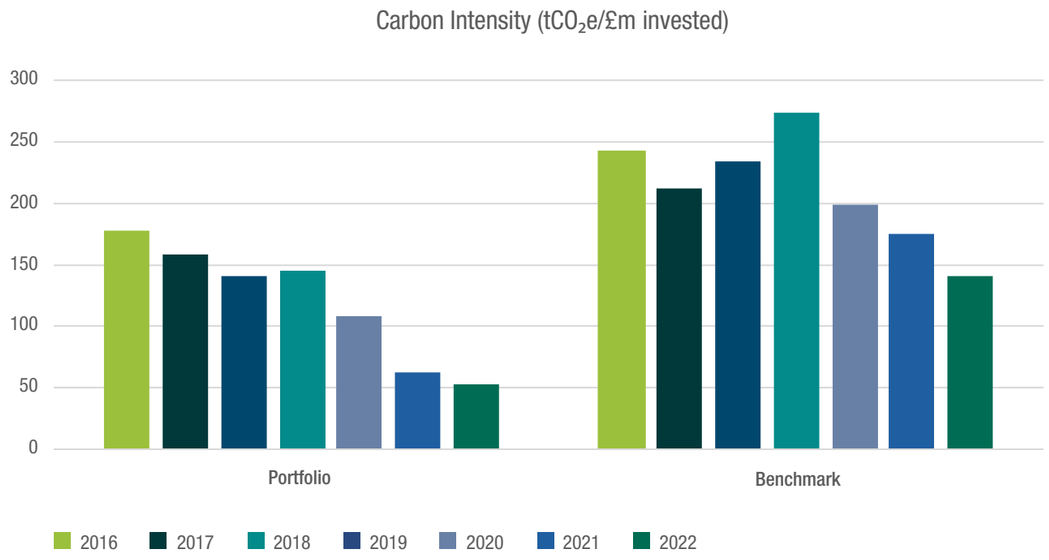
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
TATE & LYLE	19.90%	1.59%	B	APPROVED SBT
IMERYS	19.25%	1.75%	B	APPROVED SBT
DS SMITH	19.25%	2.55%	A	APPROVED SBT
ELEMENTIS	11.17%	2.50%	B	NON-AMBITIOUS
GREATVIEW ASEPTIC PACKAGING COMPANY	7.68%	1.96%	NOT ASSESSED	AMBITIOUS

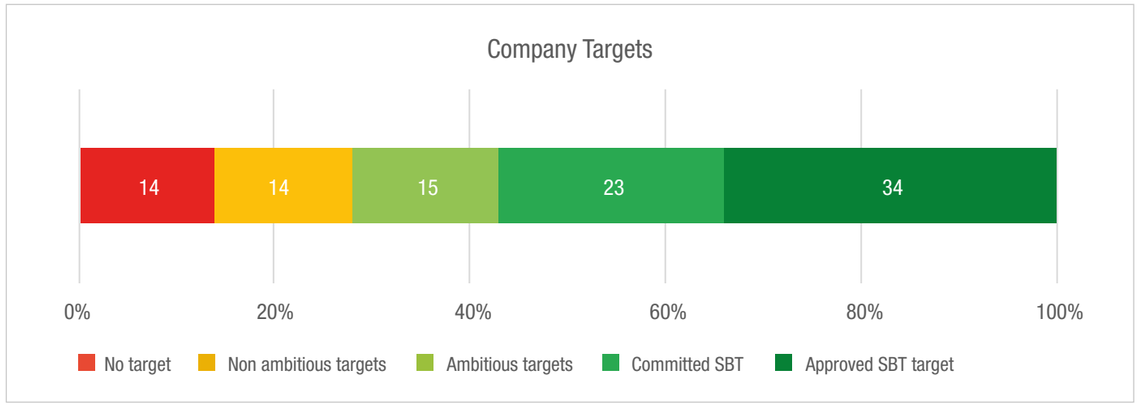
AMITY GLOBAL EQUITY FUND FOR CHARITIES

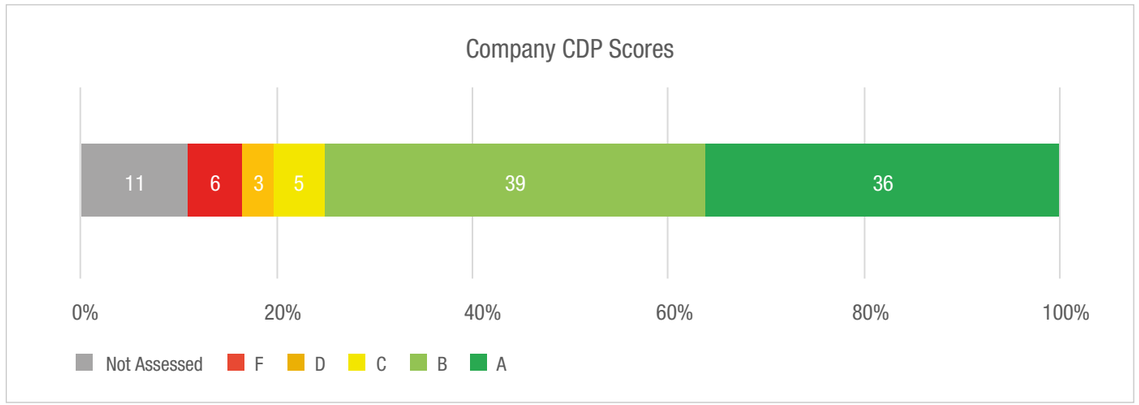
	PORTFOLIO	BENCHMARK	% DIFF
CARBON INTENSITY (tCO_2e/$M INVESTED)	53.1	140.6	-46.4
WACI (tCO_2e/$M REVENUE)	164.2	182.8	-10.2

KEY RESULTS

- The portfolio's carbon intensity has decreased by 70.2% since 2016
- 97.4% of the Fund is covered in this climate analysis, of which 94.3% of companies disclose their emissions
- 36.1% of companies received a A/A- score in the CDP climate questionnaire
- 57% of companies have either set an SBT or committed to doing so
- The top five contributors account for 85.4% of the portfolio carbon footprint
- Based on current targets, the Fund is expected to exceed the Sustainable Development Scenario by 2039, representing a potential temperature increase of 2.0°C by 2050







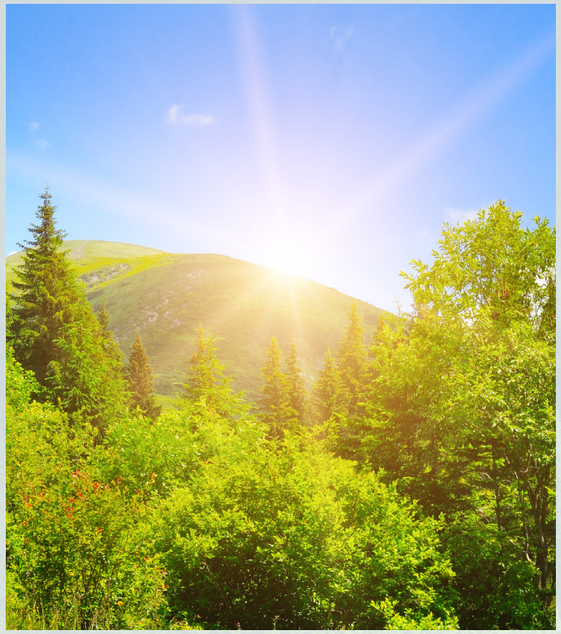
COMPANY	CONTRIBUTION TO PORTFOLIO CARBON INTENSITY (%)	PORTFOLIO WEIGHT (%)	CDP SCORE	TARGETS
HAWAIIAN ELECTRIC	46.39%	1.36%	F	COMMITTED SBT
AIR PRODUCTS AND CHEMICALS	18.28%	2.00%	B	NON-AMBITIOUS
GREATVIEW ASEPTIC PACKAGING	8.85%	2.09%	NOT ASSESSED	AMBITIOUS
DS SMITH	8.29%	0.76%	A	APPROVED SBT
UNION PACIFIC CORPORATION	3.61%	2.47%	B	AMBITIOUS

MONTRÉAL PLEDGE

NEXT STEPS

EdenTree's approach to climate change is one of continual improvement. We intend to develop and enhance our strategy as new thinking, initiatives and commitments emerge. However, as this report shows we are in a good place to meet the challenges around Fund decarbonisation. Two steps we intend to take in the upcoming months include:

1. Launching our 2022 'heaviest emitters' engagement. It will target the companies listed above as the greatest contributors to our portfolio carbon footprints, and focus on transparent disclosure, emissions trends and overall emission reduction targets including the setting of SBTs.
2. Releasing an updated Climate Change Position Statement. In March 2022, we disclosed our latest thinking on climate change (available here). We intend to update this statement with the next steps in our climate journey as we develop our view around Net Zero. This will be available later this year.



METHODOLOGY

Emission scopes: Scope 1 emissions refer to direct GHG emissions, emissions from sources that are owned or controlled by the operating company. Scope 2 emissions refer to indirect GHG emissions stemming from the consumption of purchases electricity, heat or steam. Scope 3 emissions are all indirect emissions not covered in Scope 2. This includes both upstream and downstream supply chains, such as the extraction and production of purchased materials and fuels, flight emissions, waste disposal, investments, etc.

Carbon intensity: Emissions per GBP invested. This metric displays how many tonnes of CO_2e an investor would finance in relation to the respective ownership in a certain company or portfolio. The metric describes the carbon intensity of an investment amount. A company's share of emissions is determined by the value of shares held / the company's market cap. For this to be accurate, it is important to control for the date of measurement and financial information used. In this report this metric covers scope 1 and 2 emissions.

Weighted Average Carbon Intensity: This is a metric derived directly from the TCFD recommendations, who cite it as a key metric for companies to use in their disclosure. The metric calculates a portfolio's exposure to carbon-intensive companies, expressed in $tCO_2e/\$m$ revenue. As stated by the TCFD, "this metric measures exposure to carbon-intensive companies. In this report this metric covers scope 1 and 2 emissions."

Temperature score: The ISS ESG temperature score examines the issuer's and portfolio´s emissions over/undershoot in the Sustainable Development Scenario (SDS) scenario by year 2050. The score includes the relationship between increase in emissions vs increase in temperature for the scenarios available in the IEA World Energy Report (WEO). The SDS pathway is fully aligned with the Paris Agreement by holding the rise in global temperatures to "well below 2°C … and pursuing efforts to limit [it] to 1.5°C",and meets Sustainable Development Goals (SDGs) objectives related to achieve universal access to energy (SDG 7), to reduce the severe health impacts of air pollution (part of SDG 3) and to tackle climate change (SDG 13).

Science-based target (SBT): Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals. More than 1,000 businesses around the world are already working with the Science Based Targets initiative (SBTi). Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

CDP score: The CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Based on company responses provided to the CDP, companies are assessed (from A to F) on the level of detail and comprehensiveness of the content, as well as the company's awareness of climate change issues, management methods and progress towards action taken on climate change as reported in the response. In 2020, 277 companies globally made the CDP climate change A list.

Benchmarks:

In this report the following benchmarks have been used for each of the Funds:

Responsible & Sustainable European Equity vs FTSE Europe ex UK

Responsible & Sustainable Global Equity vs FTSE All World

Responsible & Sustainable UK Equity vs FTSE All Share

Responsible & Sustainable UK Opportunities vs FTSE All Share

Responsible & Sustainable Managed Income Fund vs FTSE All Share

Responsible & Sustainable Short Dated Bond vs iBoxx GBP Non-Gilts 1-5 yrs ex BBB

Responsible & Sustainable Sterling Bond vs iBoxx GBP Non-Gilts

Amity Balanced Fund for charities vs custom blended benchmark (iBoxx Sterling Non-Gilt Overall Total Return (50%), FTSE All-Share Total Return (25%), FTSE World ex UK GBP Total Return (25%))

Amity Global Equity Fund (for charities) vs custom global equity benchmark (FTSE All-Share TR (25%), FTSE World Europe ex UK GBP TR (25%), FTSE World N. America GBP TR (25%) and FTSE World Asia Pacific inc Japan GBP TR (25%))

FEEDBACK

If you have any questions about the information contained in this report, please email:

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edentree Performance with principles®

FSC

CONTACT US

For additional information on EdenTree and to find out more about what our range of funds can deliver for you and your clients, please get in touch with us at:

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BENEFACT GROUP

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations, you may not get back the amount originally invested. Past performance should not be seen as a guide to future performance. If you are unsure which investment is most suited for you, the advice of a qualified financial adviser should be sought. EdenTree Investment Management Limited (EdenTree) Reg. No. 2519319. Registered in England at Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom. EdenTree is authorised and regulated by the Financial Conduct Authority and is a member of the Investment Association. Firm Reference Number 527473.