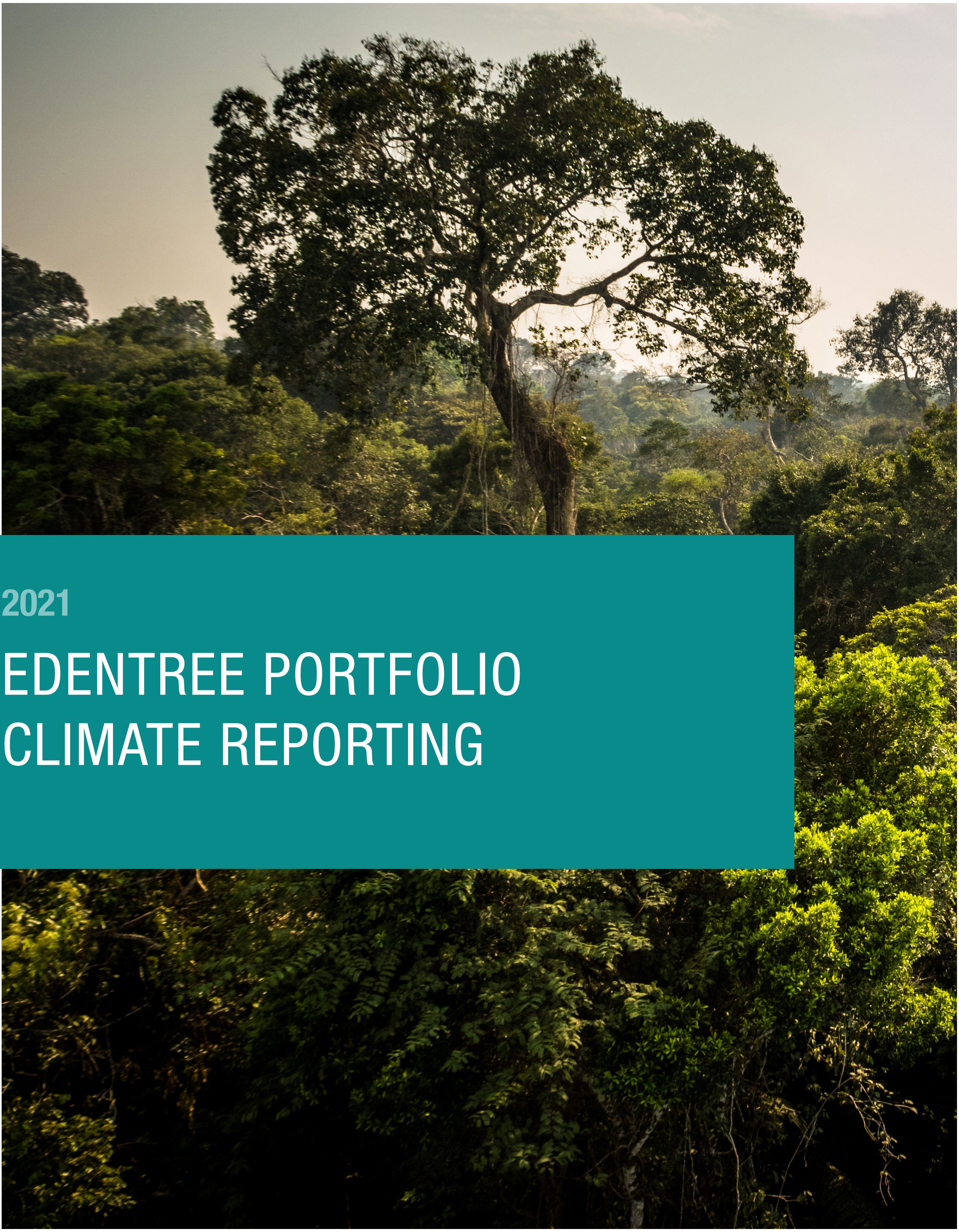
PERFORMANCE WITH PRINCIPLES

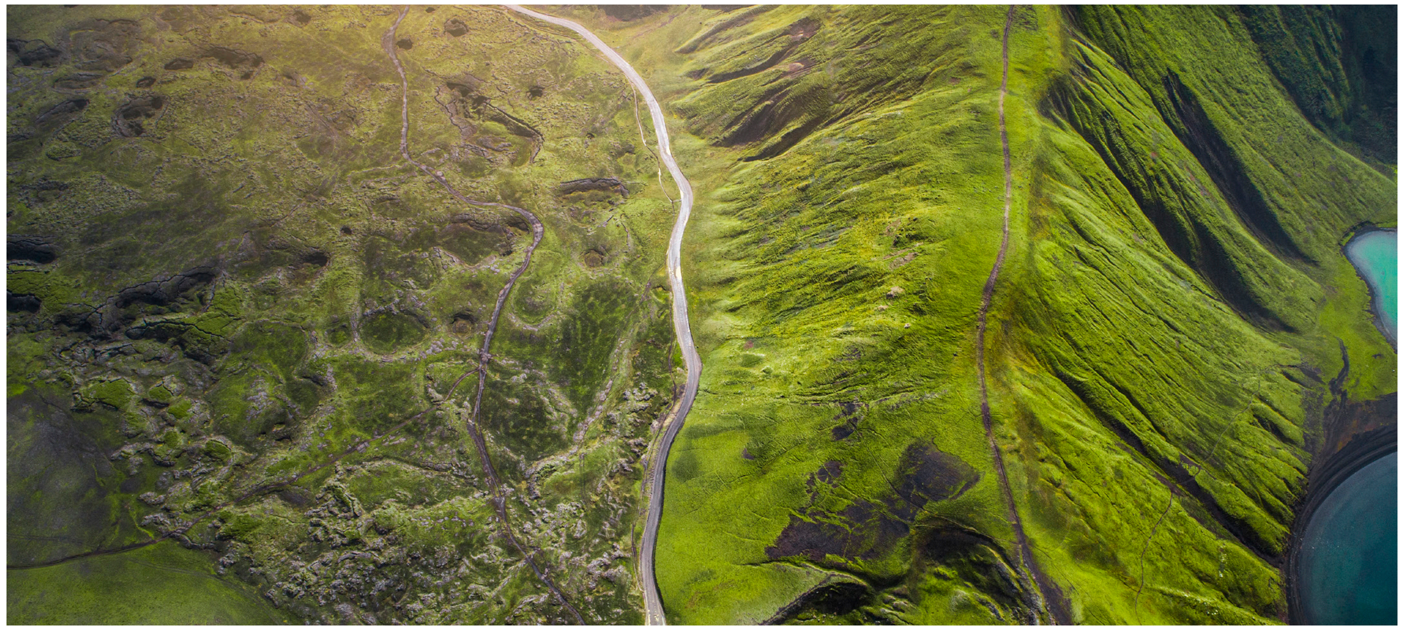
edentree
investment management



2021

# EDENTREE PORTFOLIO CLIMATE REPORTING

# BACKGROUND



EdenTree's responsible and sustainable investment process leans positively towards portfolios being carbon aware. We have a highly robust position as an asset manager on how we allocate capital and engage with companies to tackle climate change, seeking alignment with Paris. 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.

**Over the years EdenTree has supported various initiatives:**

- We supported the Paris pledge for Action in 2015 and have annually supported investor statements to governments calling for ambitious action on climate change
- We have a six 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 five 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

EdenTree became a signatory to the Montréal Carbon Pledge in June 2016.

This means we are voluntarily committed to measure and disclose the carbon footprint of our investments on an annual basis. We believe that it is the responsibility of all businesses to have a clear strategy to tackle greenhouse gas (GHG) emissions. 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. This report acts as our disclosure in line with our Montréal pledge commitment.

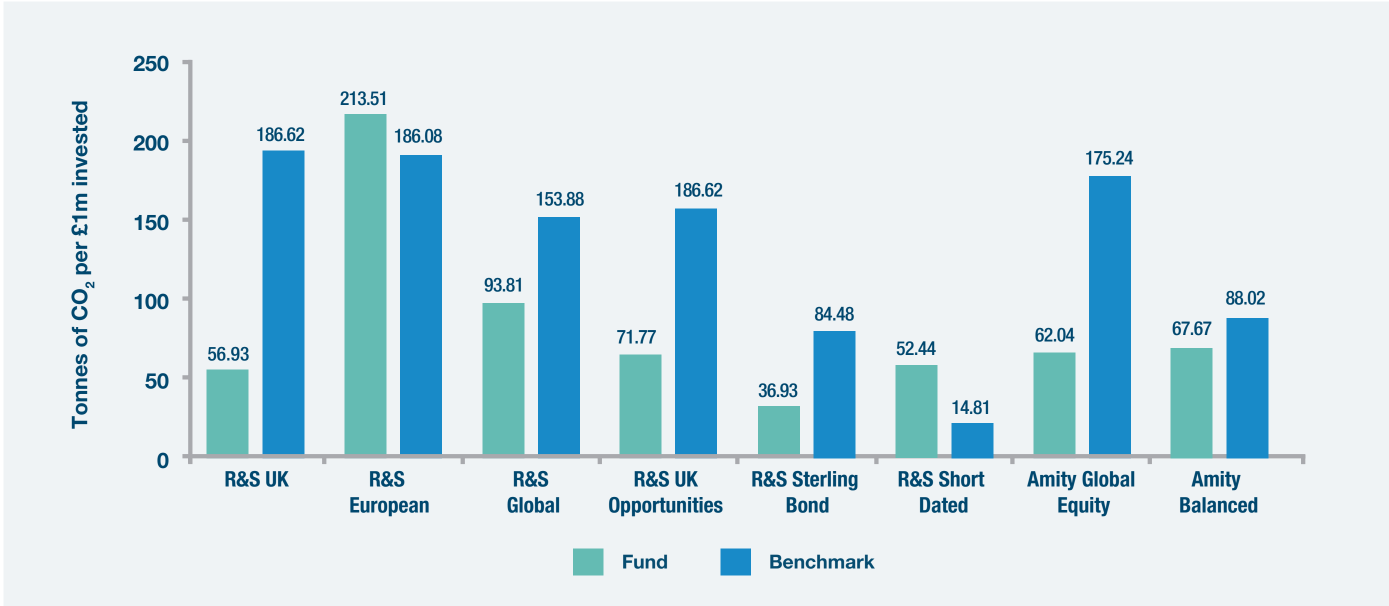
In this report, the data is at 31.12.2020 unless otherwise stated, and where we refer to a benchmark we have used the same benchmark as we use for the measurement of financial performance. We have used the ISS Climate impact reporting tool to do our analysis. The sources for historic carbon footprinting data are ISS (previously SouthPole) and the CDP.

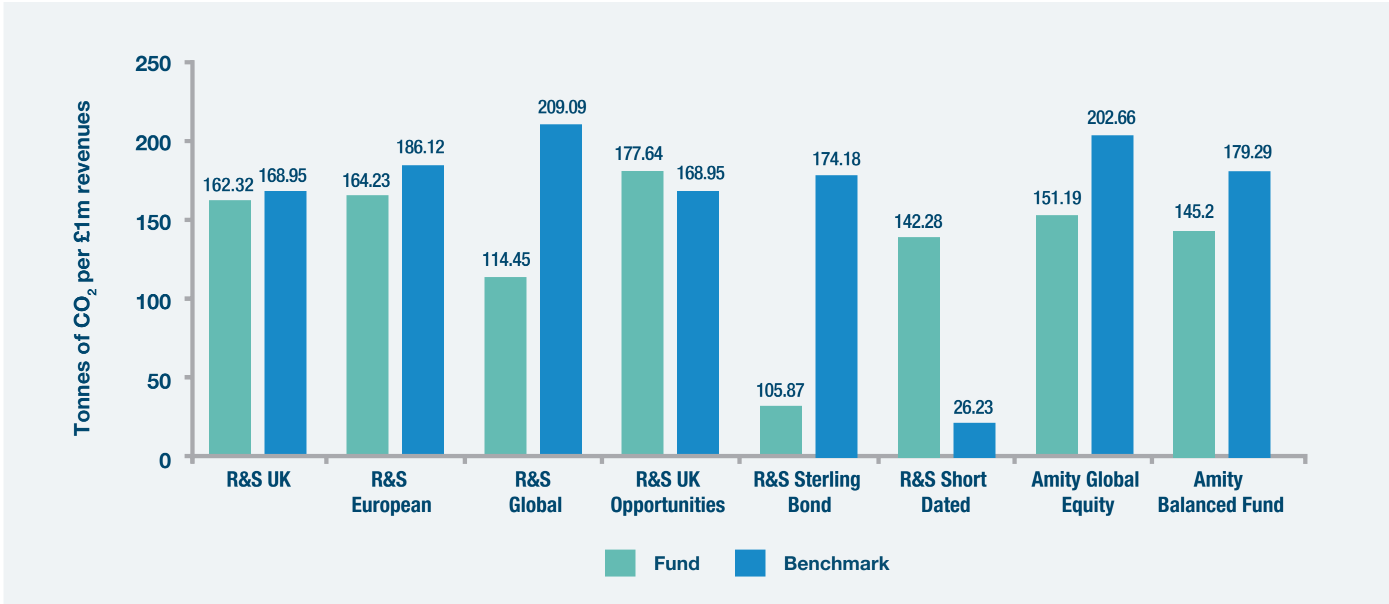




# **CARBON** INTENSITY SUMMARY

The below tables show the carbon intensity and weighted average carbon intensity for our responsible and sustainable retail and charity funds vs their respective benchmarks.



# **ALIGNMENT WITH** THE PARIS AGREEMENT AND THE IMPORTANCE OF ENGAGEMENT

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. As investors we have a range of tools that we can use to encourage companies to go in the right direction. Engagement with companies is an important part of our responsible investment approach and in parallel with our carbon footprinting work we have engaged with the heaviest emitting companies in our portfolios to encourage science-based emission reduction targets that are aligned with the goals of the Paris agreement. Our engagement focusses on transparent disclosure, emission trends and emission reduction targets.

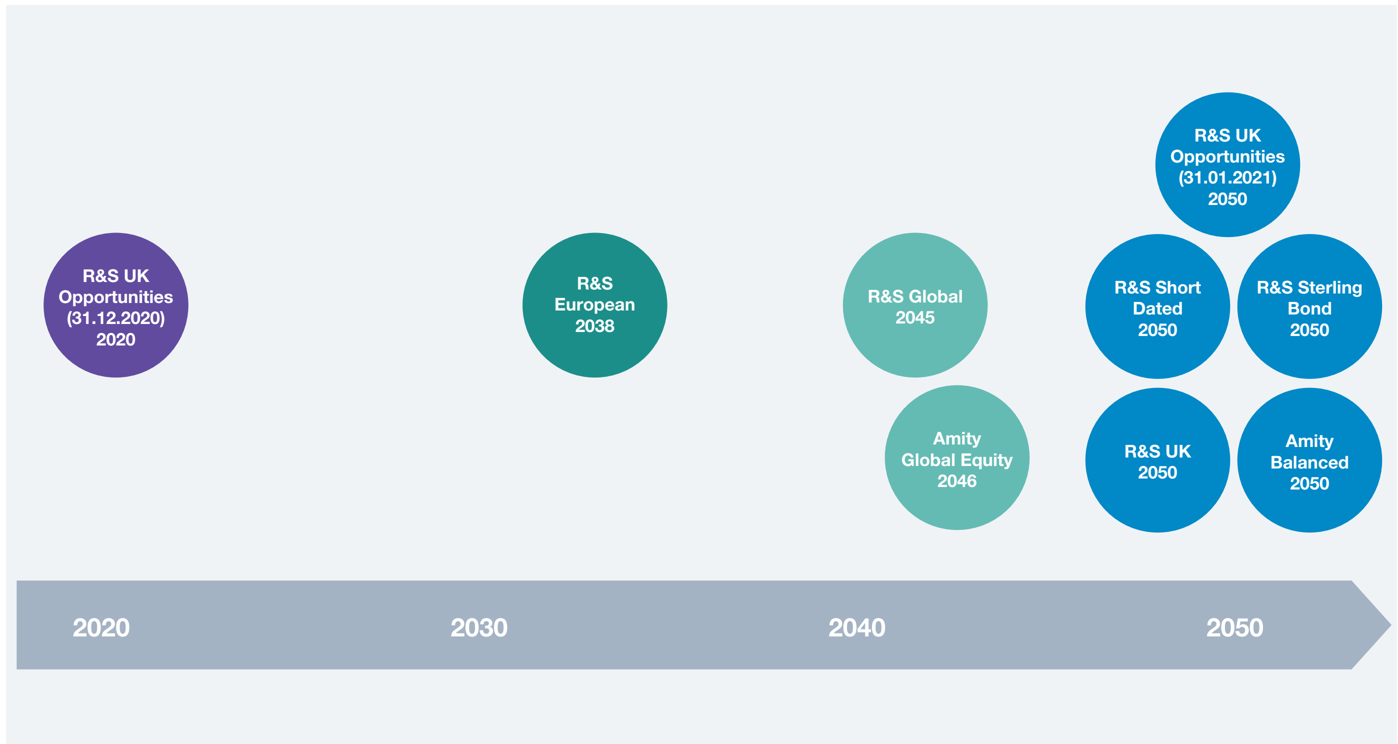
The graph below shows the portfolio and benchmarks potential temperature increase by 2050 in degree Celsius. This is based on issuer's emission reduction targets as well as decarbonisation trends so far.

For the analysis below, we have conducted this twice for the R&S UK Opportunities Equity fund, once before it transitioned to our responsible and sustainable screening approach and once the transition had occurred.




PARIS AGREEMENT

The timeline below shows the year the emissions of the portfolio exceed the allocated carbon budget in order to stay within the sustainable development scenario.



# EDENTREE RESPONSIBLE AND SUSTAINABLE UK EQUITY FUND

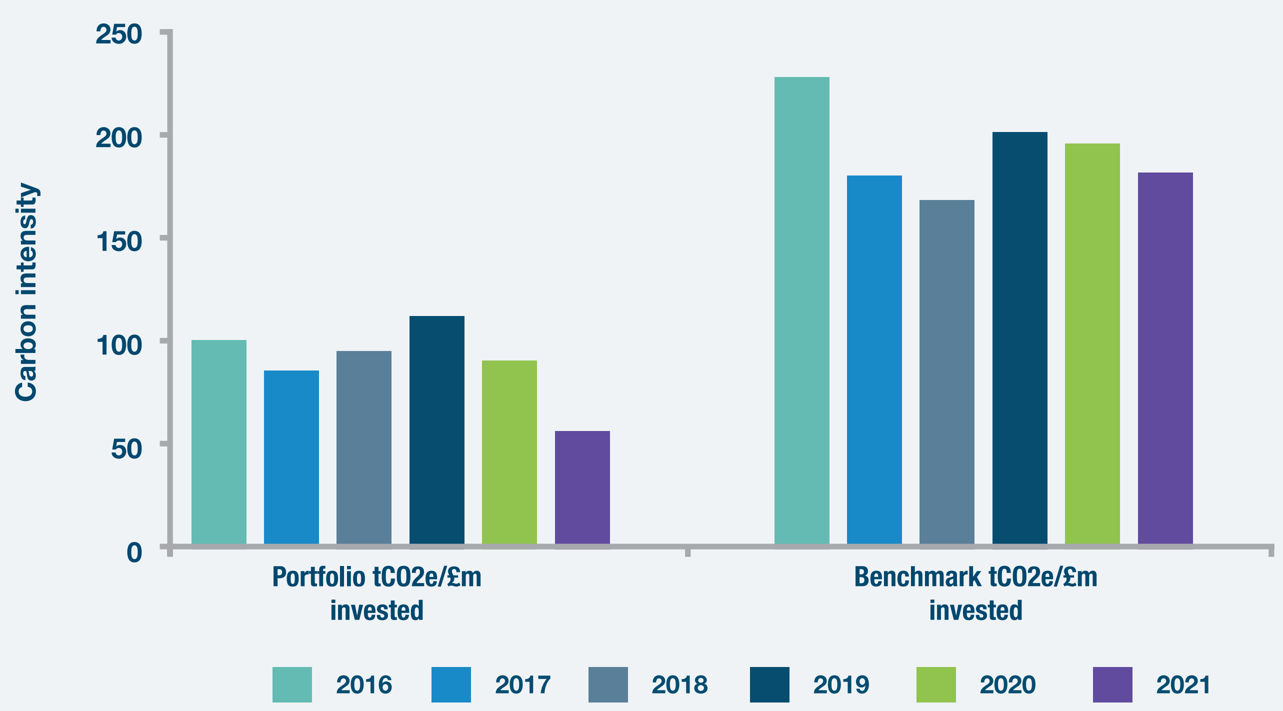
The fund's carbon footprint is 56.93 $tCO_2e$/£m invested, 40.6% lower than in 2016 and 69.5% less emission intense than the FTSE All Share benchmark in 2020

The weighted average carbon intensity (WACI) of the fund is 162.32 $tCO_2e$/£m revenue, 3.9% more efficient than the FTSE All Share benchmark in 2020.

85.2% of companies disclose their emissions. 20% of companies received an A/A- score in the CDP climate questionnaire and 27% of companies have either set a SBT or have committed to doing so.

DS Smith is the largest contributor to the fund's carbon footprint, representing 21.85% of emissions, followed by Pennon Group (10.85%) and SSE (8.20%).

Based on current targets the fund is expected to align with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5C by 2050 compared to 4.5C for the FTSE All Share benchmark.




Data as at 31/12/2020





# EDENTREE RESPONSIBLE AND SUSTAINABLE EUROPEAN EQUITY FUND

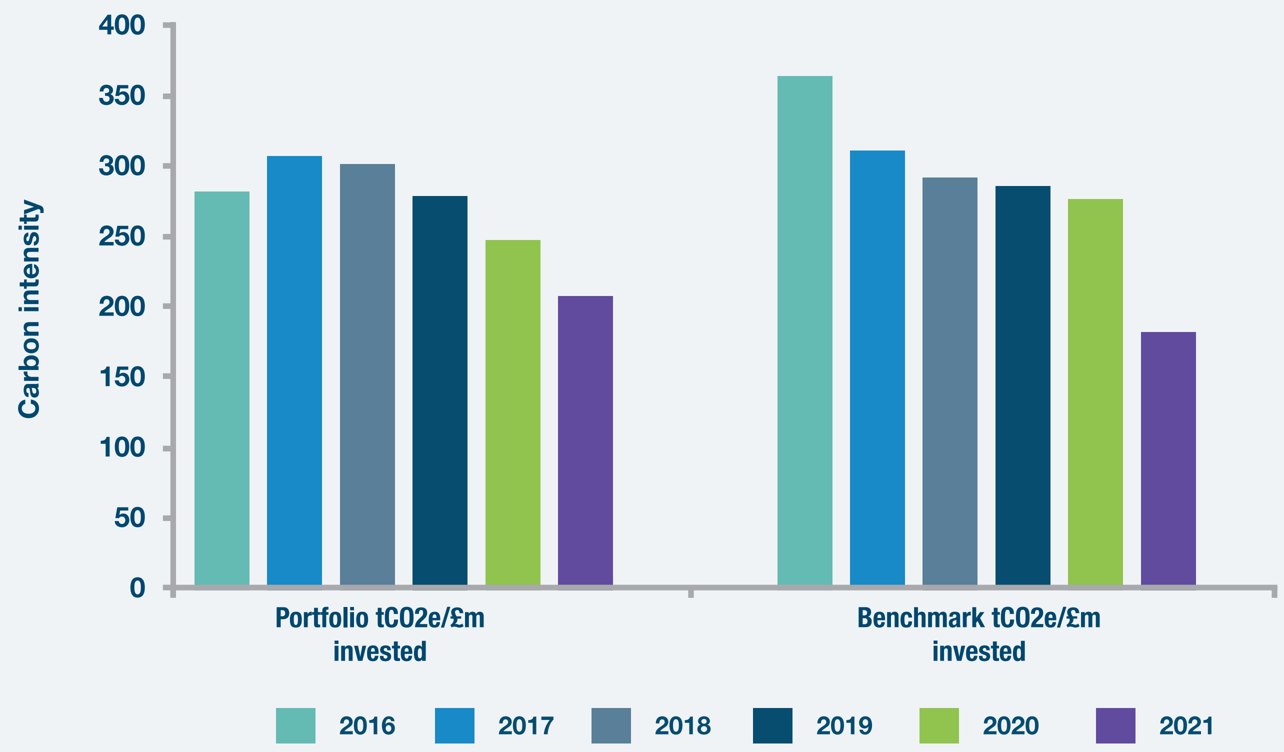
The fund's carbon footprint is 213.51 $tCO_2e$/£m invested, 26% lower than in 2016 and 14.7% more emission intense than the FTSE Europe ex-UK benchmark in 2020.

The weighted average carbon intensity (WACI) of the fund is 164.23 $tCO_2e$/£m revenue, 11.8% more efficient than the FTSE Europe ex-UK benchmark in 2020.

95.9% of companies disclose their emissions. 48% of companies received an A/A- score in the CDP climate questionnaire and 68% of companies have either set a SBT or have committed to doing so.

Yara is the largest contributor to the fund's carbon footprint, representing 17.25% of emissions, followed by Veolia (17.05%) and Enel (11.33%).

Based on current targets the fund is expected to exceed the Sustainable Development Scenario by 2038, representing a potential temperature increase of 1.8C by 2050 compared to 2.4C for the FTSE Europe ex-UK benchmark.




Data as at 31/12/2020

# EDENTREE RESPONSIBLE AND SUSTAINABLE GLOBAL EQUITY FUND

The fund's carbon footprint is 93.81 $tCO_2e$/£m invested, 63.4% lower than in 2016 and 39.0% less emission intense than the FTSE All World benchmark in 2020.

The weighted average carbon intensity (WACI) of the fund is 114.45 $tCO_2e$/£m revenue, 45.3% more efficient than the FTSE All World benchmark in 2020.

73.3% of companies disclose their emissions. 29% of companies received an A/A- score in the CDP climate questionnaire and 47% of companies have either set a SBT or have committed to doing so.

Enel is the largest contributor to the fund's carbon footprint, representing 18.32% of emissions, followed by Hop Fung Group (17.41% ) and Biffa (16.80%).

Based on current targets the fund is expected to exceed the Sustainable Development Scenario by 2045, representing a potential temperature increase of 1.6C by 2050 compared to 3C for the FTSE All World benchmark.


Data as at 31/12/2020



EDENTREE RESPONSIBLE AND SUSTAINABLE FUNDS

# EDENTREE RESPONSIBLE AND SUSTAINABLE UK EQUITY OPPORTUNITIES FUND

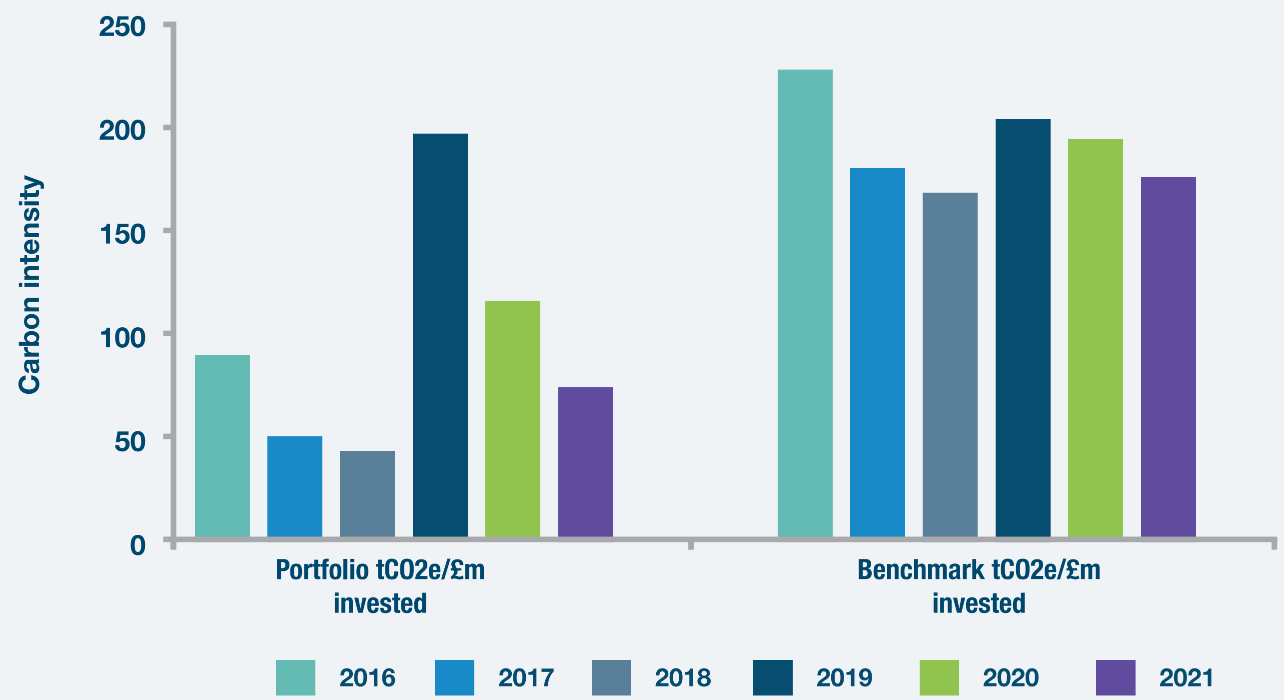
The fund's carbon footprint is 71.77 $tCO_2e$/£m invested, 18.4% lower than in 2016 and 61.5% less emission intense than the FTSE All Share benchmark in 2020.

The weighted average carbon intensity (WACI) of the fund is 177.64 $tCO_2e$/£m revenue, 5.1% less efficient than the FTSE All Share benchmark in 2020. 74.1% of companies disclose their emissions. 10% of companies received an A/A- score in the CDP climate questionnaire and 17% of companies have either set a SBT or have committed to doing so.

BP is the largest contributor to the fund's carbon footprint, representing 50.63% of emissions, followed by Royal Dutch Shell (35.27%) and InterContinental Hotels Group (4.09%).

Based on current targets the fund is expected to exceed the Sustainable Development Scenario by 2020, representing a potential temperature increase of 4.4C by 2050 compared to 4.5C for the FTSE All Share benchmark.

This data refers to the fund at 31.12.2020. Subsequently the fund adopted a responsible and sustainable screening approach, and following the transition the carbon intensity dropped to 10.78 $tCO_2e$/£m invested at 31.01.2021, whilst the WACI was reduced to 75.52 $tCO_2e$/£m revenue. Based on the portfolio at 31.01.2021 the fund is expected to align with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5C by 2050.




Data as at 31/12/2020

# EDENTREE RESPONSIBLE AND SUSTAINABLE STERLING BOND FUND

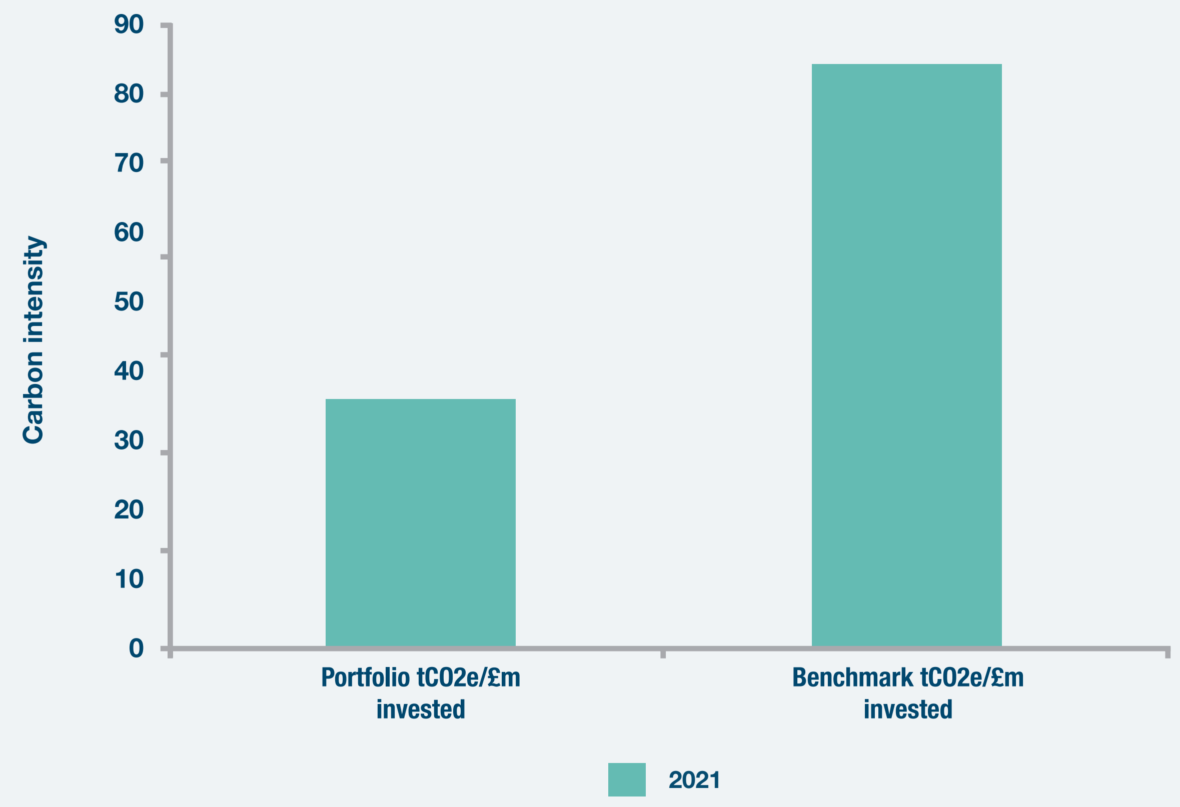
The fund's carbon footprint is 36.93 $tCO_2e$/£m invested, 56.36% less emission intense than the iBoxx GBP Non-Gilts index in 2020.

The weighted average carbon intensity (WACI) of the fund is 105.87 $tCO_2e$/£m revenue, 39.2% more efficient than the iBoxx GBP Non-Gilts index in 2020.

89.1% of companies disclose their emissions. 26% of companies received an A/A- score in the CDP climate questionnaire and 45% of companies have either set a SBT or have committed to doing so.

Electricity Supply Board is the largest contributor to the fund's carbon footprint, representing 29.55% of emissions, followed by SSE (28.82%) and National Express Group (9.17%).

Based on current targets the fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5C by 2050 compared to 1.9C for the iBoxx GBP Non-Gilts index.




Data as at 31/12/2020





# EDENTREE RESPONSIBLE AND SUSTAINABLE SHORT DATED BOND FUND

The fund's carbon footprint is 52.44 $tCO_2e$/£m invested, 254.1% more emission intense than the iBoxx GBP Non-Gilts 1-5 yrs ex BBB index in 2020.

The weighted average carbon intensity (WACI) of the fund is 142.28 $tCO_2e$/£m revenue, 442.4% less efficient than the iBoxx GBP Non-Gilts 1-5 yrs ex BBB index in 2020.

85.0% of companies disclose their emissions. 43% of companies received an A/A- score in the CDP climate questionnaire and 29% of companies have either set a SBT or have committed to doing so.

Berkshire Hathaway Energy is the largest contributor to the fund's carbon footprint, representing 65.44% of emissions, followed by Enel (14.44%) and Berkshire Hathaway (7.71%).

Based on current targets the fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5C by 2050 compared to 2.3C for the iBoxx GBP Non-Gilts 1-5 yrs ex BBB index.


Data as at 31/12/2020

# AMITY GLOBAL EQUITY FUND FOR CHARITIES

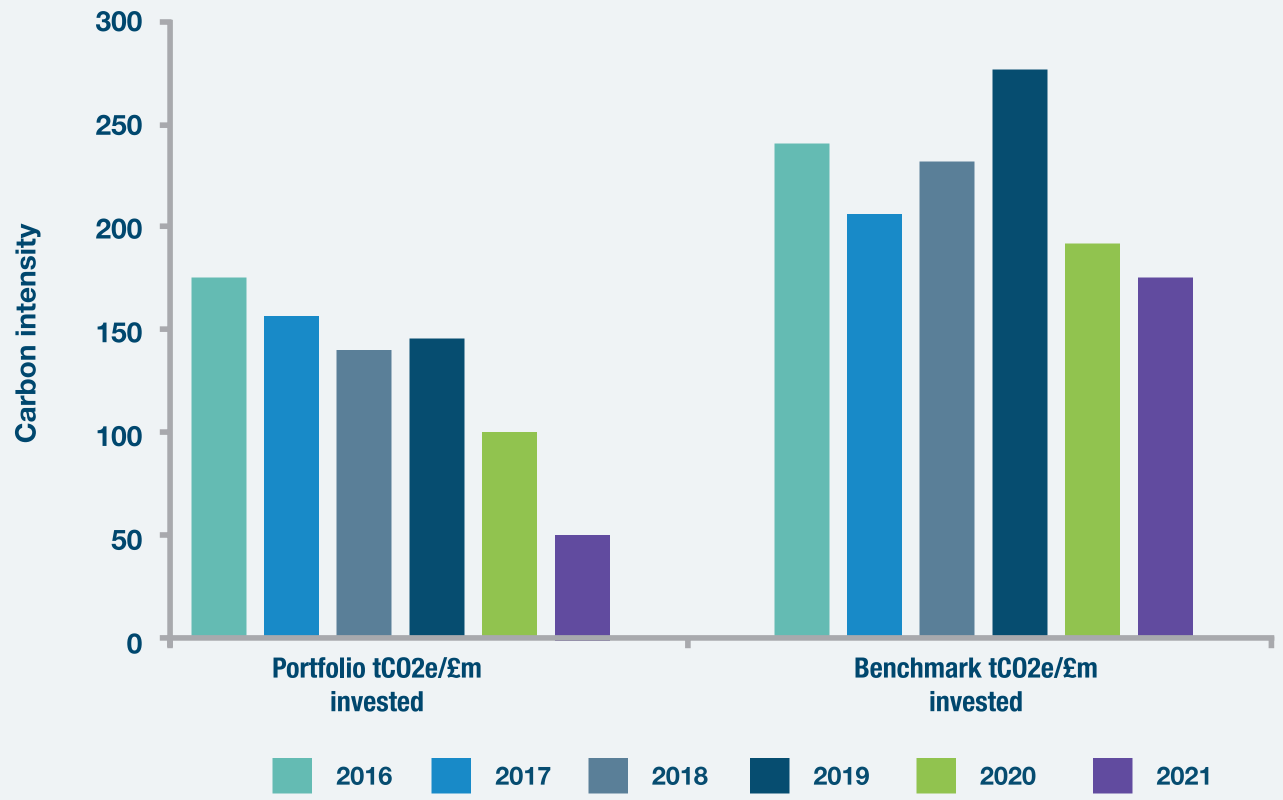
The fund's carbon footprint is 62.04 tCO2e/£m invested, 65.1% lower than in 2016 and 64.6% less emission intense than its Global benchmark in 2020.

The weighted average carbon intensity (WACI) of the fund is 151.19 tCO2e/£m revenue, 25.4% more efficient than its Global benchmark in 2020.

91.8% of companies disclose their emissions. 45% of companies received an A/A- score in the CDP climate questionnaire and 44% of companies have either set a SBT or have committed to doing so.

Hawaiian Electric Industries is the largest contributor to the fund's carbon footprint, representing 53.50% of emissions, followed by Air Products & Chemicals (10.13%) and DS Smith (8.41%).

Based on current targets the fund is expected to exceed the Sustainable Development Scenario by 2046, representing a potential temperature increase of 1.6C by 2050 compared to 2.9C for its Global benchmark.




Data as at 31/12/2020



AMITY FUNDS

# AMITY BALANCED FUND FOR CHARITIES

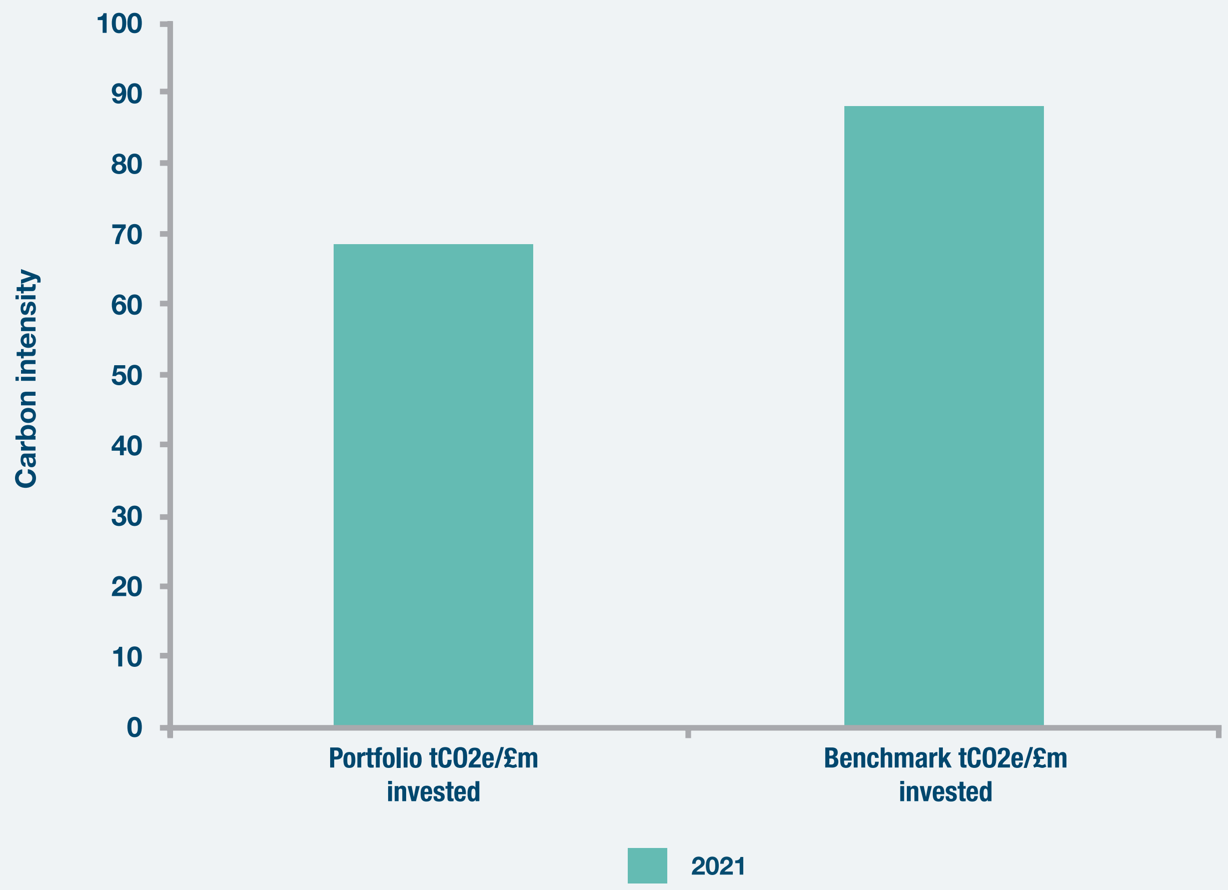
The fund's carbon footprint is 67.67 tCO2e/£m invested, 23.1% less emission intense than its benchmark in 2020.

The weighted average carbon intensity (WACI) of the fund is 145.2 tCO2e/£m revenue, 19.0% more efficient than the iBoxx GBP Non-Gilts index in 2020.

72.7% of companies disclose their emissions. 32% of companies received an A/A- score in the CDP climate questionnaire and 49% of companies have either set a SBT or have committed to doing so.

Imerys is the largest contributor to the fund's carbon footprint, representing 18.82% of emissions, followed by Tate & Lyle (18.63%) and DS Smith (14.01%).

Based on current targets the fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5C by 2050 compared to 2.7C for its benchmark.




Data as at 31/12/2020

# 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 CO2e 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 tCO2e/$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 UK Equity vs FTSE All Share

Responsible & Sustainable UK Equity Opportunities vs FTSE All Share

Responsible & Sustainable European Equity vs FTSE Europe ex UK

Responsible & Sustainable Global Equity vs FTSE All World

Responsible & Sustainable Sterling Bond vs iBoxx GBP Non-Gilts

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

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%)

* Source: CDP 31.12.2020

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