



Climate Change

EdenTree Position Statement

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 long-term sustainable solutions and climate change is a permanent pillar of our engagement strategy.

This approach has facilitated significant decarbonisation across our Funds in the last seven years. Our 2022 carbon footprint results show that most of our Funds are associated with an implied temperature rise of 1.5°C, and five of our Funds have achieved over 50% decarbonisation since 2016. We are proud of our progress so far but are cognisant that there is always more to be done. We want to continue to drive change, and to do so in way that reflects the integrity at the heart of our process.

From 2023, we will introduce a series of new Fund-level decarbonisation targets which we believe embody our ambitions for further progress. They place emphasis on near-term action, pursuing change at both the company-level and Fund-level, to drive genuine GHG emissions reductions. Per Fund, we will seek to:

- Reduce the carbon intensity by 78% by 2035 against a 2016 baseline¹, in line with the UK Government's legally binding target
- Ensure that at least 80%² of each Fund's financed emissions are covered by a Science Based Target by 2025

We will also create a 'Climate Stewardship Plan', which will act as our primary mechanism for achieving these targets. The Climate Stewardship Plan will include those companies responsible for the majority of EdenTree's financed emissions and will track their performance against a series of decarbonisation objectives. We intend to link the Plan to a potential divestment strategy following a review in 2026 at the end of the Plan's first three-year strategic period.

We will disclose progress against our targets on an annual basis. Our first Climate Stewardship Report will be released towards the end of the second quarter of 2023, and will include our first progress update, as well as containing more detail on our Climate Stewardship Plan, including companies and objectives.

These targets are designed to support the ambition set by our parent, The Benefact Group, to achieve Net Zero emissions by 2040. Climate change policy is managed at financial services group level by Benefact Group. As a subsidiary business of the Benefact Group, EdenTree plays an active role in supporting and informing the process and we have been engaging with our Group for some time as part of their Climate Strategy Taskforce.

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¹ The baseline will differ for some Funds depending on when our carbon foot-printing records begin.

² This target will be 50% for our UK Equity Fund and UK Opportunities Fund due to the investment style which includes significant weighting to small and mid-cap companies which are less likely to set such targets given their overall carbon intensity is lower.



role in supporting and informing the process and we have been engaging with our Group for some time on this particular aspect as part of their Climate Strategy Taskforce.

As part of EdenTree's Climate Strategy, we will continue to support a number of 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 are a signatory to the Montréal Pledge and have a seven-year track record of carbon foot-printing our equity 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 encouraged 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.
- We are members of the IIGCC and participate in collaborative public policy on climate change through the coalition
- EdenTree publicly supports and is signatory to the TCFD framework, and has supported the Benefact Group's TCFD reporting
- EdenTree provides material support to the Benefact Group's submission under 'Climatewise' (the insurance industry's response to climate change).

At EdenTree we understand the urgency that climate change requires and believe that our chosen approach, complemented by our seven-year track record of decarbonising our Funds, is not only ambitious, but one we can confidently and clearly deliver.

----ENDS----

December 2022

Notes

The targets above do not apply to our newly launched Green Future Fund, Global Impact Bond Fund and Green Infrastructure Fund. We are currently conducting a baseline assessment of these Funds and will announce next steps once annual carbon data is available, and we can determine whether the targets above are appropriate, or if Fund specific targets are needed.