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Climate Stewardship Report

2023/24

Foreword

I am delighted to present our second annual Climate Stewardship Report, which comes a year after we updated our Climate Change Strategy in 2023.

Amid record-breaking heat, and equally troubling diminishing political ambition, it was a year for climate-focused investors, such as ourselves, to stand firm. 2023 witnessed the hottest year since records began in 1850, with global average temperatures climbing to an average of 1.46°C above pre-industrial times, according to Met Office estimates.[1] This figure was uncomfortably close to the "Paris 1.5°C" ambition and speaks volumes about the troubling pace of long-term temperature increases and the urgent need to tackle the causes of climate change.

As evidenced by the Global Stocktake released in November 2023 ahead of the COP28 summit in the UEA, and the outcome of the summit itself, political will is still far behind where it needs to be. The Stocktake estimated that current policy pledges will likely lead to a temperature rise of 2.5°C to 2.9°C. Added to this, we have witnessed a growing backlash against ESG in the US and against climate-friendly politics in the EU. Indeed, some of the investment industry's largest companies have muted their climate ambitions over the past year, with some presumably feeling the pressure to adopt a green hushing stance to avoid scrutiny.

This is certainly not the stance we are taking. Beneath the headlines, we continue to see real reasons for optimism. 2023 was a record-breaking in terms of global investment in renewable energy with a 50% increase in installed capacity. The uplift in investment and adoption of electric vehicles was similarly encouraging. Indeed, analysis from the Rocky Mountain Institute[2] in the US believe fossil fuel demand in relation to electricity has likely peaked in 2023, due to the rapid growth in lower cost alternative energy sources in recent years.

Against this backdrop, this report reflects the important role we have in helping to accelerate systemic change. Our work is focused on four fronts: using our influence as long-term investors to engage with the largest emitters in our portfolios to strengthen decarbonisation plans; steering capital towards businesses with climate solutions that are driving the green transition; working in collaboration with our peers and policymakers to tackle systemic impediments to change; and holding ourselves to the same standards we expect of others, managing our own carbon footprint and using our expertise to raise awareness and support efforts of our partners in the community.

Tackling climate change requires individual and collective efforts and we are as humble as we are driven, holding ourselves to account, reviewing our methodology, working to improve upon best-practice. We hope you enjoy reading through our updates, and as always, we welcome any comments and feedback.

Charlie Thomas
Chief Investment Officer

[1] https://www.metoffice.gov.uk/about-us/press-office/news/weather-and-climate/2024/2023-the-warmest-year-on-record-globally#:~:text=Dr%20Colin%20Morice%20is%20a,at%20record%20levels%20since%20June

[2] rmi.org/wp-content/uploads/dlm_uploads/2024/06/RMI-Cleantech-Revolution-pdf.pdf

About Us

EdenTree Investment Management began managing ethical – and latterly responsible, sustainable and impact – investments in 1988. Across our range of responsible, sustainable and thematic funds we seek to invest in companies operating as sustainable businesses, as well as those contributing to environmental and social solutions.

EdenTree is proud to be part of the Benefact Group, a diverse family of specialist financial services businesses, driven by our shared ambition to do right by our customers and clients, and united by a common purpose to give all available profits to charity and good causes. The Benefact Group is in turn owned by a registered charity, the Benefact Trust, one of the UK's largest grant-making charities.

BENEFACT GROUP

Our Climate Strategy

Building on a long-standing commitment to climate action and eight years of carbon footprinting, we launched our Climate Change Strategy in 2023. It is based on four pillars where we believe there is both a need for action and where we can make a difference. The four pillars – Decarbonise, Accelerate, Collaborate, and Embody – each address a different part of the low carbon transition, targeting the areas where investors have the biggest role to play.

Under each of our four pillars we have defined ambitions and actions. The ambitions are a combination of quantitative and qualitative targets that define the change we would like to see, and help us to focus our efforts in the areas of greatest importance. The actions set out the levers we will use to achieve our ambitions. We believe achieving these aims will help our organisation contribute to attaining the goals of the Paris Agreement.

Our Approach

Decarbonise

AMBITIONS

- We aim to decarbonise our Funds and position them onto a Paris-aligned trajectory. We have set a 2025 and a 2035 target for each of our Funds.

ACTIONS

- Allocate capital where it supports our climate ambitions and eschew investment in companies which do not support our aims.
- Monitor and influence the heaviest emitters in our Funds via our proprietary Climate Stewardship Plan.
- Engage broadly on climate change topics across our Funds.

Accelerate

AMBITIONS

- We aim to use our position as an asset manager to drive greater investment in climate solutions and provide more opportunities for our clients to invest in this way.

ACTIONS

- Utilise our thematic screen and thematic Funds to direct capital to companies whose products and services provide climate change solutions.
- Improve our data collection and monitoring of climate-related opportunity metrics.

Collaborate

AMBITIONS

- We aim to promote progressive climate action by collaborating with other investors to drive change at the corporate level and to encourage policymakers to set robust goals.

ACTIONS

- Participate in collaborative investor initiatives to increase the scope, reach and influence of our engagement activities, and thereby driving greater change at the public policy and corporate business level.

Embody

AMBITIONS

- We aim to hold ourselves to the same standards we expect of investee companies. We aim to reduce our operational impact and promote awareness and action.

ACTIONS

- Initiate and run internal initiatives via our Corporate Responsibility Committee to reduce our direct operational impact.
- Foster partnerships with communities, including charities, local networks and schools.

Our decarbonisation targets in figures:

60%-80%
of Fund financed emissions covered by an SBT by 2025

50%-78%
reduction in Fund carbon intensity by 2035

1.5°C
Implied temperature rise across our Funds by 2035

- **2016** – Carbon footprinted our equity funds for the first time
- **2020** – Introduced a negative screen for fossil fuel exploration and production
- **2021** – Carbon footprinted our fixed income funds for the first time
- **2022** – Launched our three Green Impact Funds
- **2023** – Introduced our new Climate Change Strategy
- **2025** – 60%-80% of our Funds financed emissions to be covered by an SBT
- **2035** – Fund emissions reduction of 50%-78% or alignment with a 1.5C scenario

Decarbonise

Our ambitions

All of our retail Funds are covered by two climate targets: a short-term 2025 target and a medium-term 2035 target. All Funds have the same 2025 target, and in addition we utilise two different types of targets for our medium-term aims: Funds have either a 2035 'decarbonisation' target or a 2035 'temperature alignment' target. This is because the risk profile, composition and nature of our Funds vary significantly, so in our view, a 'one-size fits all' approach would fail to drive meaningful change. Table 1 provides an overview of which targets apply to which of our Funds.

Fund	Short-Term 2025 Target	Medium-Term 2035 Target	
	SBT alignment	Decarbonisation	Implied Temperature Rise
R&S European Equity Fund	•	•	
R&S Global Equity Fund	•	•	
R&S UK Equity Fund	•	•	
R&S UK Opportunities Fund	•		•
R&S Managed Income Fund	•	•	•
R&S Sterling Bond Fund	•		•
R&S Short Dated Bond Fund	•		•
Green Future Fund	•	•	
Global Impact Bond Fund	•		•

Short-term target: 60-80% of a Fund's financed emissions to be covered by a Science Based Target by 2025

This target aims to ensure that the companies responsible for 60%-80% of the financed emissions within a Fund have set, or committed to set, a science-based target (SBT) by 2025. SBTs provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. Targets are considered 'science-based' if they are in line with what the latest 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.

Therefore, by ensuring that the bulk of our financed emissions are covered by SBTs, we can position our Funds onto a 1.5°C pathway. This target is set to 2025 to reflect the shifting emphasis from target-setting to emissions reduction, which should occur in the short- to medium-term.

Most Funds will seek to have 80% coverage, whilst we have set a lower target of 60% for the UK Equity and UK Opportunities Funds due their mid- to small-cap bias. For more information on the methodology underlying these targets, please see Appendix I.

Medium-term target: Reduce the carbon intensity of our Funds by 50%-78% by 2035

This target aims to reduce the carbon intensity of our Funds. It covers our Funds which do not currently have a 1.5°C alignment rating and, relative to our Funds which do achieve 1.5°C alignment, have a higher carbon intensity. Both factors suggest that further decarbonisation is needed. We believe that aiming for a 78% reduction by 2035 is appropriate and, given it mirrors the UK Government's legally binding target, aligned with the likely rate of decarbonisation in the UK economy. For all Funds, the baseline will be 2016, with only two exceptions in the Managed Income Fund and Green Future Fund owing to fewer years of available carbon footprint data and a more recent Fund inception date, respectively. For more information on the methodology underlying these targets, please see Appendix I.

Medium-term target: Maintain an implied temperature rise aligned with 1.5°C by 2035

This target aims to ensure that our Funds which are already aligned with a 1.5°C scenario[3] remain on a Paris-aligned decarbonisation trajectory. Temperature ratings are dependent on companies remaining committed to their stated targets and will increase if companies fail to achieve their goals. Monitoring the alignment of our Funds with a 1.5°C alignment rating therefore provides a means to assess whether companies are successfully enacting their decarbonisation pledges.

[3] As per ISS-ESG methodology

In partnership with the Benefact Group, we are exploring the possibility of setting a Science-Based Target for our scope 1, 2 and 3 emissions. We view SBT verification as a natural extension of the targets listed on page 6, putting us in a good place to achieve this. With this pursuit in mind, our targets will evolve further over the next 12-24 months and as part of this, we also intend to set a long-term climate target.

We strive to be transparent and therefore we disclose the progress of our Funds against our climate targets on an annual basis. For further information on the carbon footprint results for 2024, please see Appendix II.

Spotlight: Progress against 2025 SBT alignment target

The table below discloses the progress against our 2025 SBT alignment target as of 31/03/2024.

Company	Target	Performance	Status
R&S European Equity Fund	80%	60%	On Track
R&S Global Equity Fund	80%	80%	Achieved
R&S UK Equity Fund	60%	57%	On Track
R&S UK Equity Opp Fund	60%	75%	Achieved
R&S Short Dated Bond Fund	60%	34%	On Track
R&S Sterling Bond Fund	80%	73%	On Track
R&S Managed Income Fund	80%	99%	Achieved
Global Impact Bond Fund	80%	77%	On Track
Green Future Fund	80%	70%	On Track

We are pleased that three of our Funds – the R&S Global Equity Fund, the R&S UK Equity Opportunity Fund and the R&S Managed Income Fund – have already achieved their goals. The rest of our Funds are on track, with all at least halfway towards achieving their target. The R&S UK Equity Fund, R&S Sterling Bond Fund, Global Impact Bond Fund and Green Future Fund are all 10% or less away. Further distance is observed in the R&S European Equity Fund and the R&S Short Dated Bond Fund, however in both instances it is just a handful of companies where improved targets are needed. For example, in the R&S European Equity Fund, Yara International is responsible for 28% of the Fund's financed emissions and is yet to set an SBT. Our engagement work will focus heavily on this in 2024.

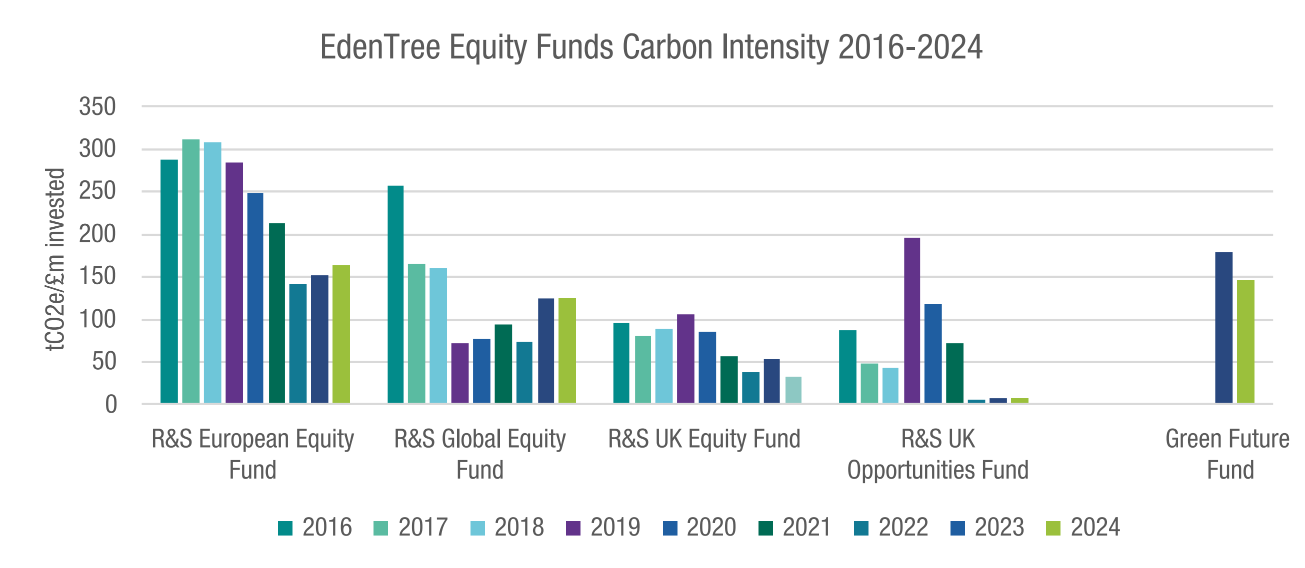
Spotlight: Progress against 2035 Decarbonisation Target

The table below discloses the progress against our 2035 decarbonisation target as of 31/03/2024. We share both the target (i.e., the amount by which we intend to reduce the carbon intensity vs the baseline year) and the performance (the carbon intensity reduction which has been achieved to date vs the baseline year).

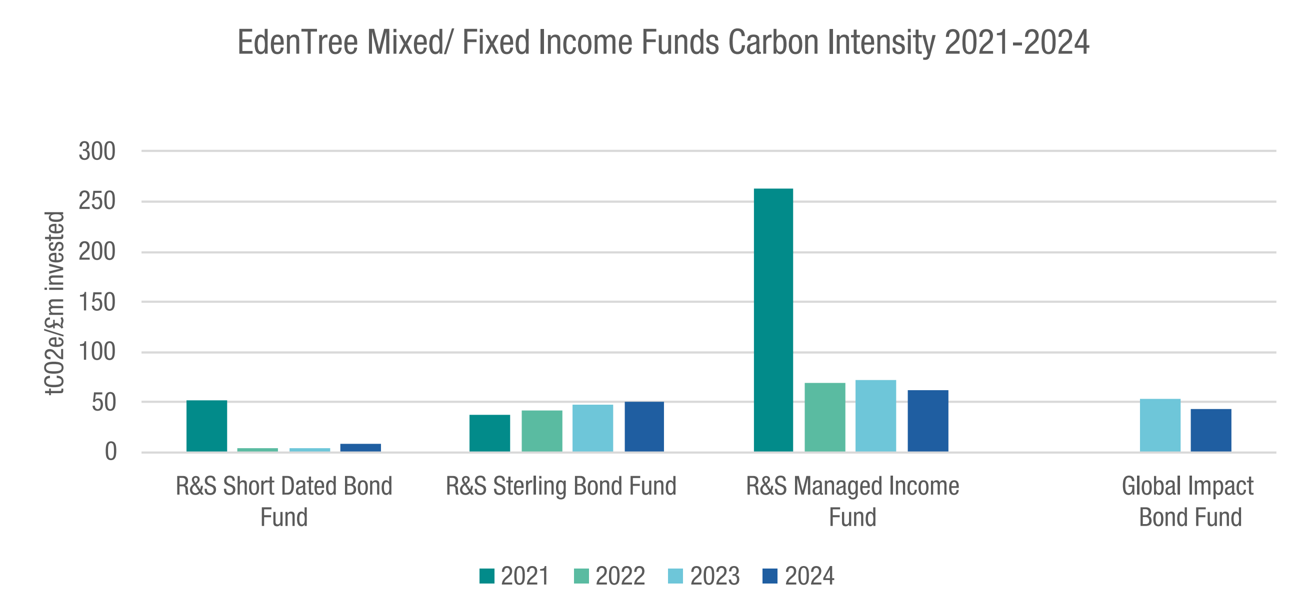
Company	Target	Performance	Status
R&S European Equity Fund	-78%	-43%	On Track
R&S Global Equity Fund	-78%	-51%	On Track
R&S UK Equity Fund	-78%	-65%	On Track
R&S Managed Income Fund	-78%	-77%	On Track
Green Future Fund	-50%	-18%	On Track

All of our Funds are making progress towards their 2035 decarbonisation aims. Four of our Funds – the R&S European Equity Fund, R&S Global Equity Fund, R&S UK Equity Fund and R&S Managed Income Fund – have all achieved at least 40% decarbonisation. The latter two are particularly close to fulfilling their targets, with additional decarbonisation of only 1% and 13% needed for the R&S Managed Income Fund and R&S UK Equity Fund respectively. The Green Future Fund has also made good progress, decarbonising 18% in the last year alone.

For complete transparency we also disclose below the carbon intensity of all of our Equity and Fixed Income Funds. We started carbon footprinting our equity Funds in 2016 and our fixed income Funds in 2021, as prior to this point methodologies for fixed income footprinting were not yet fully established.



Spotlight: Progress against 2035 Decarbonisation Target (continued)



As shown in the graphs above, all of our Funds demonstrate a decreasing or stable carbon intensity trend.

Spotlight: Progress against 2035 Implied Temperature Rise Target

The table below discloses the progress against our 2035 implied temperature rise target as of 31/03/2024.

Fund	Target	Performance	Status
R&S UK Opportunities Fund	1.5°C	1.5°C	On Track
R&S Sterling Bond Fund	1.5°C	1.5°C	On Track
R&S Short Dated Bond Fund	1.5°C	1.5°C	On Track
Global Impact Bond Fund	1.5°C	1.5°C	On Track

This target covers our Funds which have already achieved sufficient decarbonisation, and we are pleased that all four Funds remain aligned with a 1.5°C scenario. We will continue to engage with the heaviest emitters within the Funds to ensure the companies remain aligned to their target trajectories, and thus the Funds remain on track to align with the goals of the Paris Agreement by 2035.

Spotlight: Progress against 2035 Implied Temperature Rise Target

We also disclose below the implied temperature rise of all of our Funds as of 31/03/2024.

Fund	Implied Temperature Rise
R&S European Equity Fund	1.6°C
R&S Global Equity Fund	2.3°C
R&S UK Equity Fund	1.6°C
R&S UK Opportunities Fund	1.5°C
R&S Managed Income Fund	1.5°C
R&S Sterling Bond Fund	1.5°C
R&S Short Dated Bond Fund	1.8°C
Green Future Fund	1.5°C
Global Impact Bond Fund	2.3°C

As shown in the table above, the majority of our Funds achieve an implied temperature rise aligned with the goals of the Paris Agreement (i.e., well-below 2°C). The two outliers are the R&S Global Equity Fund and Global Impact Bond Fund. In both cases, it is a handful of companies with less ambitious targets driving up the temperature scores. These companies will be a focus of our engagement in 2024.

Our Actions

Climate-Integrated Screens

We apply a range of screened approaches across specific mandates and strategies. Our screening process includes three elements, all of which integrate climate considerations:

1. Our **negative screens** exclude companies whose products and services are harmful to the planet or society. This includes companies who derive more than 10% of their revenue from fossil fuel exploration and production.
2. Our **positive screens** evaluate the quality and strength of a company's approach as a sustainable business. It allows us to gain exposure to companies with robust climate transition plans.
3. Our **thematic screens** assess a company's contribution to several sustainability themes, including climate solutions.

Different Funds utilise different screen combinations, but as climate change has been embedded across all three, it means climate considerations are never siloed from the investment decision. This enables us to gain an understanding of how a particular investment decision can impact the climate profile of a Fund. We can then act accordingly, choosing to allocate capital where it supports our climate ambitions, or choosing to eschew that which does not support our climate ambitions.

Case Study: Ashtead Technology Screening

Ashtead Technology

Ashtead Technologies provides equipment rental services, advanced underwater technologies and support services to the global offshore energy sector. It offers one of the largest independent equipment rental fleets in the industry with over 17,000 assets.

Their equipment is integral to the exploration of oil and gas. At the time of screening, services provided to the oil and gas industry accounted for 67% of their revenue, with the remaining 33% coming from services to renewables.

The company has set a target to increase revenue from renewables to 50%, but at the same time have expressed an expectation that revenue from oil & gas will increase in the medium-short term due to 'energy security' concerns. The company also failed to quantify 'medium-term', which called into question their overall commitment to the low-carbon transition.

Therefore, whilst Ashtead Technologies was suitable under our negative screens – our fossil fuel screen is focused on revenue derived from exploration and production – the company failed under our positive climate change screen. The company was deemed to be too integral to the fossil fuel industry, with their transition plan lacking definition, credibility and commitment. Ashtead Technologies was rated 'unsuitable' for inclusion in our Funds and the investment did not progress.

This example demonstrates how climate considerations play an important part in our investment decision making process and have real ramifications on the allocation of capital. In turn, this allows us to manage the carbon profile of our Funds, working towards our decarbonisation goals.

Climate Stewardship Plan

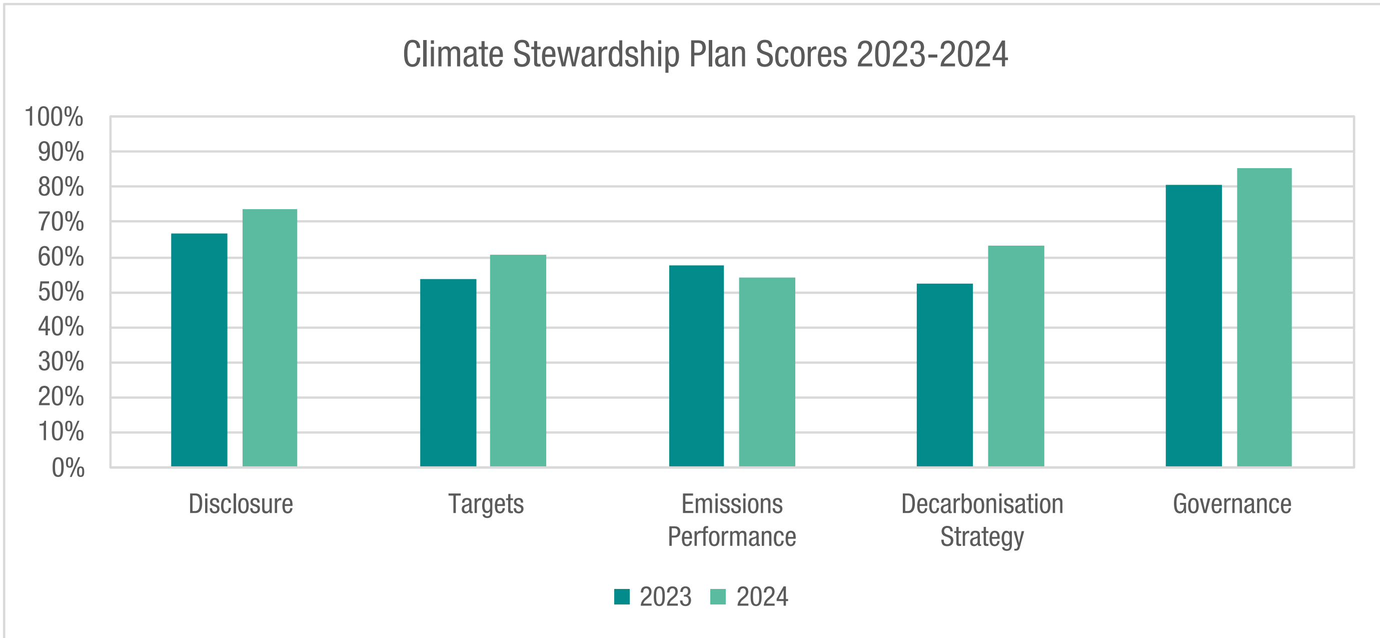
In 2023, EdenTree launched our proprietary Climate Stewardship Plan. It contains the companies which are responsible for the majority of EdenTree's scope 1&2 financed emissions. As of 31/03/2024, it includes 19 names, reflecting three new company additions and six company removals compared with the previous year. This reflects changes in Fund allocations, with the six holdings either reduced or exited. 16 companies have remained in the Climate Stewardship Plan.

The Plan sets out 13 climate-related expectations[4] which we view as best practice and assesses the performance of the selected companies against them. Companies receive a score per expectation as well as a total climate transition score. Based on the scores, we have identified areas for improvement and translated these into engagement objectives.

Between 2023-2026, EdenTree will conduct focused engagements with the selected companies, aiming to improve performance and meet the engagement objectives. Performance against the 13 expectations will be reassessed annually, allowing us to track progress and evidence whether our engagement has had an impact.

The first set of assessments were completed in early 2023. Based on the results of these assessments, we conducted company engagements in the second half of 2023. In early 2024, we utilised company disclosures and information gathered during our engagements to complete the second set of company assessments.

We disclose below the average scores of the companies captured in the Climate Stewardship Plan, based on the first assessments done in 2023 and the second assessments done in 2024. A score of 100% means all of the targeted companies are fulfilling every expectation. Where the score is less than 100%, it means there are companies which do not meet all of our expectations. A higher score indicates stronger company performance.



4 Please see Appendix III for more information on our Climate Stewardship Plan expectations

As per the table on page 12, most indicators have slightly improved year-on-year. We have observed improving disclosure from companies, particularly within scope 3 reporting. Several companies that previously were not disclosing their scope 3 emissions – such as Ashtead Group and Mobico – disclosed them for the first time in the past year. A similar trend was visible within target-setting. For example, Keller Group set scope 1&2 emissions reduction targets in 2023, having previously not had targets. Whilst this is a promising step, these targets are not yet SBT-compliant, so this will be a focus for our engagement in the future.

Emissions performance was generally stable, though we did observe rising emissions across a handful of companies. For example, Enel's scope 1 emissions increased in 2022, representing a deviation from their target trajectory. The company disclosed this was due to an increase in coal-fired electricity generation in Europe of about 7THw as a result of the geopolitical environment and various weather factors which limited hydroelectric generation. Enel confirmed that deviations from the target trajectory are not expected in the long-term. We welcomed the company's transparency on this issue, and will continue to monitor their emissions performance moving forward to ensure it regains momentum.

Across our decarbonisation strategy expectations, we observed a handful of companies releasing more detailed climate transition plans, and several increasing their contribution to the low-carbon economy. For example, one of the new additions to our Climate Stewardship Plan, Billerud, has a business model centred entirely around renewable packaging solutions. Their paper products are responsibly sourced and production units are resource efficient, which helps to reduce food and material waste, and raise the level of recycling.

Performance against the governance pillar has remained fairly stable, with a slight increase reflecting more companies introducing variable-remuneration linked to climate targets. For example, Keller Group's scope 1&2 reduction target are to be included in management's corporate objectives for the first time in 2024. Board oversight of climate-related risk remains strong, with most companies having a C-suite executive member responsible for climate change, a CEO with responsibility for climate risk, or a committee responsible for climate change that reports into the Board.

Renewi

Encouraging ambitious climate targets

Area	2023 Performance	2024 Performance
Disclosure	33%	67%
Targets	17%	33%
Emissions Performance	83%	83%
Decarbonisation Strategy	50%	50%
Governance	50%	50%

Issue

Renewi is a European waste management company, and is a material contributor to the financed emissions of several of our Funds. Due to its carbon-intensive business model, the company faces significant transition risks, particularly if it fails to decarbonise at a rate consistent with the broader economy. The company is captured within our Climate Stewardship Plan, and our assessment identified an excellent enabling contribution to the low carbon transition (Renewi has a clear plan for amplifying its recycling offering), however other aspects of its decarbonisation plan are less well-developed. We identified three objectives for the engagement, for Renewi to: 1) set approved science-based targets, 2) disclose its scope 3 emissions, and 3) independently verify its scope 1, 2 & 3 emissions.

Actions

We engaged directly with the company and used the conversion to discuss the company's transition plan in detail. In particular, we shared our three expectations with the company, using them to guide our discussion. Under each objective, we asked for an explanation of the action the company was taking, pushing for more progress where necessary.

Outcome

The engagement was very constructive. Renewi confirmed that it intends to submit near-term targets to the SBTi for approval by mid-2024. The company also met one of our key objectives by disclosing its scope 3 emissions for the first time in 2023. However, it has yet to put in place any verification process for these emissions and has only achieved 'limited' disclosure for its scope 1&2 emissions. The company agreed to look into raising the level of assurance in future years. Overall, there are clear signs of progress and we intend to re-engage in 2024 to follow-up on several areas, namely the SBTi approval process and their emissions verification.

DS Smith

Implementing a robust transition plan

CSP Area	2023 Performance	2024 Performance
Disclosure	83%	83%
Targets	83%	83%
Emissions Performance	83%	83%
Decarbonisation Strategy	75%	75%
Governance	100%	100%

Issue

DS Smith is another company covered by our Climate Stewardship Plan. It is widely held across our Funds, making it a major contributor to EdenTree's overall financed emissions. Despite this, it is currently one of the best performers within our Stewardship Plan, scoring highly across the majority of the 13 climate-related indicators. However, this is not to say the company scores perfectly, and therefore our engagement targeted the areas where we felt further improvements were needed. We set three objectives; for DS Smith to 1) commit to setting a net zero SBT, 2) improve progress towards its 2030 emissions reduction target, and 3) disclose a decarbonisation roadmap.

Actions

We reached out to the company and requested a meeting, which we subsequently held with the Firm's Senior Sustainability Manager. The meeting covered our objectives, alongside several other aspects of DS Smith's Climate Strategy. The company were able to go into considerable detail, which gave us confidence that they are genuinely committed to the transition.

Outcome

The company are making progress against all three of our objectives. Firstly, they are in the process of seeking validation of their net zero target, which is expected from the SBTi by July 2024. Secondly, they have outlined a number of near-near steps they intend to take to improve their emissions performance; this includes reducing their consumption of natural gas. Finally, they intend to disclose a full decarbonisation roadmap, which will include actions to reduce their scope 3 emissions. All three are very encouraging updates, and affirm our view of DS Smith as a transition leader. We intend to follow up with the company in late-2024, once their SBT has been assessed and their climate action plan has been released.

Other Direct Climate Engagement

The Climate Stewardship Plan is a core part of our climate engagement work, but it is not the only part. We also engage more broadly, including on the topics of fossil fuel financing and climate-related disclosure.

As a house with a fossil fuel exclusion screen, our primary, indirect exposure to coal, oil and gas comes from our investment in Banks. Our engagement work is focused on encouraging the withdrawal of financing from projects that are misaligned with the Goals of the Paris Agreement. We believe that if Banks can achieve this, they can become important enablers of the low carbon transition due to their lending to the renewable and green energy sector.

Barclays

Fossil Fuel Financing Withdrawal

Issue

At the time of engagement, Barclays was lagging other European banks on its several elements of its policy including no commitment to no new oil and gas infrastructure, a lack of restrictions around corporate financing, and their coal policy in non-OECD countries.

Actions

We had a call with Barclays to discuss fossil fuel financing. The company has made some positive progress since our last meeting, including a new restriction on oil sands, tightening up of their coal policy, and increased coverage of sectoral targets. Nevertheless, some weaknesses remain including the need for restrictions around fracking and new O&G infrastructure, and unclear requirements for client transition plans. Our conversation pressed them on these topics.

Outcome

In February 2024, Barclay's published a new energy policy statement which included a sector-leading commitment to cease direct financing for new oil and gas fields and associated infrastructure at the project level. It also introduced initial requirements that clients will need to meet to continue receiving financing from the bank from 2026 onwards, and stated that financing pure play companies engaged in long-lead expansion would only be "by exception". However, the bank has still not included flacking within these restrictions, and that will be a point for engagement over 2024.

We also recognise that it's not just the heavy-emitting companies that have an impact on global environmental goals. We believe that all our holdings need to take this issue seriously and implement a robust plan to manage climate risk.

As such, in 2023, we ran an engagement with our small- to medium-cap companies, encouraging improved climate disclosure.

Bruker

Encouraging better climate disclosure

Issue
We believe it is important for all companies to manage their climate risk, not just those that have carbon-intensive business operations. All companies face physical and transition risks to some extent, and therefore must manage these risks in order to preserve shareholder value. With this in mind, we sought to engage with the small-cap companies held in our Funds, particularly those with a history of poor disclosure on the subject. Bruker, was one of the companies we targeted, and the primary objective was for the company to disclose its scope 1, 2 and 3 emissions.

Actions
We engaged directly with Bruker, holding a call with a representative from investor relations. Whilst the call initially focused on its emissions disclosures, we also used it as an opportunity to assess its overall ESG priorities, and to understand how its processes around ESG were being formalised. Towards the end of the call, we highlighted the SBTi, and explained how we view it as the gold standard for target setting, should Bruker seek to elevate their climate risk management to the next level.

Outcome
We were pleased to learn that Bruker intend to publish their first ESG report, which will include disclosure of its scope 1&2 emissions. They have yet to fully measure their scope 3 emissions, but acknowledged the importance of doing so, and said it would likely feature in future versions of the report. Similarly, they welcomed the feedback on SBTs, and said they were under consideration and could be incorporated in years to come. While Bruker is, by its own admission, currently behind its peer group, we were encouraged by its direction of travel. We intend to re-engage in the future, to assess progress and revisit any areas which are still under development.

Accelerate

Our Ambitions

This pillar is focused on expanding our contribution to the low-carbon transition via investment in opportunities and climate solutions. Decarbonisation alone is not enough to meet the goals of the Paris Agreement. It also requires a significant increase in the volume of capital being directed towards climate mitigation and adaptation solutions, with some estimates suggesting around $3.5tn a year will be needed by 2050[5]. We aim to use our position as an asset manager to drive greater investment in climate solutions and to provide more opportunities for our clients to invest in this way.

Our Actions

Thematic Investing

EdenTree's thematic screens assess a company's contribution to several sustainability themes, including several linked to climate solutions – such as renewable energy, energy efficiency, green buildings, green finance, and the circular economy. Across our Funds we seek to increase the capital we direct towards companies that offer such solutions. As part of this, we recently launched three dedicated thematic funds – Global Impact Bond Fund, Green Infrastructure Fund, and Green Future Fund - which at their core seek to direct capital to companies whose products and services provide climate solutions. Example holdings which contribute climate solutions are shown below:

Greencoat Renewables

Indigenous land rights

About
Greencoat Renewables operates and manages a portfolio of renewable energy generation assets. The company currently manages 39 renewable assets across Europe, and is the largest owner of operational wind farms in Ireland.

How the company addresses climate change
Renewable energy infrastructure plays a vital role in driving decarbonisation efforts and mitigating global greenhouse gas emissions. As renewable energy does not release carbon dioxide into the atmosphere when generated it provides a means to generate electricity without adding to global warming. Further, the greater the reliance on renewable energy, the lower the dependence on fossil fuel derived energy sources, which reduces their use and thus the carbon dioxide emitted.

Climate impact
Across Ireland and targeted jurisdictions in continental Europe, Greencoat Renewables expect over 400GW of renewable energy generation capacity to be in operation by 2028. In 2023 alone, the company supplied 3,422 GWh of renewable energy and achieved total carbon avoidance of 1.3 million tonnes. This represents carbon that would otherwise have been emitted.

[5] https://www.bbc.co.uk/news/business-6013583

National Grid

About
National Grid owns, develops, maintains and operates the high voltage electricity network in England, Wales and parts of the US.

How the company addresses climate change
The buildout of grid infrastructure is essential to enable more renewable power on the grid, and National Grid is playing a key role by investing in interconnectors and connecting low-carbon project to the grid. In addition, the National Grid Ventures (NGV) business unit operates a portfolio of low-carbon and renewable energy businesses around the UK, Europe, and the US, including subsea electricity interconnectors, enabling excess power generated by wind and solar to be traded and shared between countries.

Improving Data Collection and Monitoring
Through these activities, in 2023 National Grid connected 686 MW of renewable energy capacity to its networks. With the completion of the Viking Link interconnector which connects the UK and Denmark, National Grid's total interconnection capacity will be 7.8GW. This will prevent 22 million tonnes of carbon emissions over the next 10 years. In addition, through National Grid renewables they own 929 MW of onshore wind and solar generation projects, with a further 823 MW in construction.

Improving Data Collection and Monitoring

Methodologies for measuring carbon risk metrics within investment portfolios are reasonably well-defined and understood. Standards such as the Greenhouse Gas Protocol and Partnership for Carbon Accounting Financials (PCAF) have brought consistency, and a standardised way to measure a Fund's financed emissions or weighted average carbon intensity. However, metrics for the opportunity side are considerably less well-defined, lacking universal measurement frameworks. This makes it challenging for investors to measure their contribution to such opportunities, which in turn makes it difficult to track progress over time, impeding global climate goals. As such, part of our work towards enhancing flows of capital towards climate solutions also involves improving our data collection.

Case Study: Improving data collection within the Global Impact Bond Fund

In 2023 we underwent an exercise to record the impact associated with our Global Impact Bond Fund for the first time. We collected data on the positive impact associated with the products and services provided by the issuers in the strategy. Typically, this was from labelled bond impact reports, or where unavailable, impact bond frameworks. Having determined the positive impact of each issuer, we then used the information to calculate the positive impact associated with the Fund's specific share of financing in each issuer, allowing us to generate Fund-level impact metrics for the first time.

We present below the impact associated with the Global Impact Bond Fund for 2023:

- Carbon emissions avoided: 9,070 tCO2e
- Renewable energy generated: 8,320 MWh
- Renewable energy installed capacity: 14.12 MW
- Green buildings: 14,706 square feet

One of our priorities for 2024, is applying the same methodology to our Green Future Fund and Green Infrastructure Fund to enable us to start tracking opportunity contribution on a wider level.

Collaborate

Our Ambitions

We cannot drive the low carbon transition alone. The level of change required to meet the goals of the Paris Agreement requires action from all parts of society including governments, policy makers and other market participants. National and international climate policies play a particularly important role in steering and enabling the low carbon transition, therefore it is imperative that investors use their voice to push for ambitious action.

EdenTree is committed to promoting progressive climate action by collaborating with other investors to drive change at the corporate level and to encourage policy makers to set robust climate goals.

Our Actions

Participate in collaborative initiatives

The collective reputation and size of investor alliances adds extra weight and legitimacy to our engagement activities. It allows us to target stakeholders and market participants that we might not be able to reach through direct engagement, such as those responsible for setting policy. Therefore, by participating in collaborative initiatives we can increase the scope, reach and influence of our engagement activities, driving greater change at both the public policy and corporate business level. EdenTree participates in several climate-related collaborative initiatives, some of which are listed below.

IIGCC	We have been active members of the IIGCC since 2015. We participate regularly in their public policy programme and in their corporate engagement working groups, in particularly their IIGCC Bank's Working Group.
CDP DISCLOSURE INSIGHT ACTION	EdenTree are signatories to the CDP, a not-for-profit charity that runs a global environmental disclosure system. Each year the CDP supports thousands of companies to measure, manage and report their risks and opportunities on climate change. EdenTree are long-standing supporters.
ShareAction»	EdenTree are member of ShareAction's Investor Decarbonisation Initiative, which aims to accelerate corporate climate action across multiple sectors, including banking.

In 2023/4, we contributed to several collaborative initiatives, focused on change at both the corporate and the policy level.

UK Government

Advocating for ambitious climate policy

Issue

During the summer of 2023, we grew concerned with the UK Government's public statements and policy signals around green energy and the net zero transition. They intimated that the Government sought to rollback existing targets, which, in our view, would undermine the UK's leadership in the clarity, certainty, and confidence of policy making toward meeting net zero. A shift in position blurs regulatory visibility for investors, eroding trust and the ability of the financial sector to make the large-scale transformative investments required to accelerate net zero delivery.

Actions

Our engagement with the UK government was part of a collaborative initiative, led by the UK Sustainable Investment and Finance Association. Collectively, a group of 36 investment managers, banks, asset owners and other financial institutions representing £1.5tn in assets under management, signed a letter to the UK Prime Minister calling for greater consistency in the government's messaging about the net zero economy and its policy plans. The letter not only reinforced the industry's concerns about the government's recent policy signals, but also clearly outlined why an ambitious approach to sustainable finance and long-term policy certainty would be a huge economic benefit and help the UK maintain its position as a global leader in green investment.

Outcome

We believe our involvement in the initiative signalled our support for stronger policy around green finance and the net zero transition. We are seeking to become more involved in policy engagement in 2024 and will explore further options.

ScotiaBank

Fossil fuel financing withdrawal

Issue

Banks continue to be dominant players in providing loan capital for fossil fuel projects which hinders the transition to a low carbon economy. This is particularly prevalent within the Canadian banking sector which lags European peers when it comes to climate ambition. ScotiaBank (Canada's 4th largest Bank) is no exception: between 2016-22 the Bank has provided $182.3bn in fossil fuel financing, and its fossil fuel lending policies remain weak and littered with loopholes. We strongly believe this needs to change, and therefore our engagement objectives are for ScotiaBank to 1) materially reduce its level of fossil fuel financing, 2) implement robust lending criteria that exclude projects misaligned with the goals of the Paris Agreement, and 3) implement a plan to phase-out existing fossil fuel clients.

Actions

We have been engaging collaboratively with ScotiaBank via the IIGCC's Banks' Working Group. In 2023, the Group undertook several engagement activities. Firstly, we wrote a letter asking the Bank to consider bolder action to align its financing with a 1.5C aligned pathway. The letter called for the Bank to: extend its oil & gas and power & utility targets to cover all lending, project financing, investment banking and advisory activity; expand sector targets to include all carbon-intensive activities; and to improve its quantitative disclosures of climate risk in its annual report. We subsequently held a call with Chair and Audit Committee Chair, to follow-up on the asks of the letter. Within the call, we challenged the Bank to set clear red lines and escalation pathways.

Outcome

The Bank were able to point to some interesting pilots, especially around their client relationships, but ultimately, they remain laggards compared to European peers. We challenged the bank to increase their level of ambition, and intend to continue our engagement into 2024. We will consider escalating the engagement if the bank doesn't progress on its climate ambitions.

Royal Bank of Canada (RBC)

Engagement escalation

Issue

As the largest of the five Canadian Banks, RBC has considerable financing power, and yet, has failed to noticeably shift its levels of fossil fuel financing, despite coming under increasing investor pressure. Between 2016 and 2022, RBC provided $252bn in fossil fuel financing, and $31.7bn in tar sands financing. In 2022 alone, RBC was the largest financer of fossil fuels globally. RBC also lags considerably behind European peers when it comes to fossil fuel financing policies. For example, there is no policy to exclude unconventional sectors, such as fracking, tar sands, or ultra-deep-water financing, or to exclude oil and gas companies with expansion plans. The Bank also has no timeline on when it will phase out its existing fossil fuel clients.

Actions

We have been engaging with RBC for several years, as part of the IIGCC Banks' Working Group. Our focus has been on encouraging withdrawal of financing from projects misaligned with the goals of the Paris Agreement. Whilst our conversations have always been constructive, we observed that accompanying action was failing to materialise.

Outcome

We have not been able to gain comfort through our engagement that these practices will improve sufficiently in the future. The Bank appears unwilling to escalate their transition plan, and with the climate crisis becoming ever more urgent, we did not view this to be in keeping with the standards required by our responsible & sustainable screens. We therefore recommended RBC for divestment. Working in collaboration with our Fixed Income Team, we have placed a hold on RBC. Proceeds from maturing bonds will be redirected towards alternative opportunities, while longer-dated bonds will be actively reduced across the Funds in which they are currently held.

Prudential Regulation Authority

Climate capital adequacy

Issue

Climate change poses risks to financial stability, something made clear by the Financial Stability Board and member banks. In response, central banks are increasingly conducting climate stress tests, but bank-specific results are rarely shared with investors. We believe improved climate risk disclosures would benefit both investors and financial stability.

Actions

Along with 21 other investors, we signed a letter to the Prudential Regulation Authority (PRA), coordinated by Sarasin & Partners. The letter seeks the support of the PRA in delivering better climate disclosures. In particular, it seeks improved disclosure around how material climate risks have been factored into banks' financial statements, auditor reports and capital adequacy reporting. The full letter can be read here.

Outcome

The letter has been publicised in several media outlets, raising awareness of the issue. We have also received acknowledgment of their receipt from the Bank of England and are planning next steps in response.

Embody

Our Ambitions

In addition to our activities as investors, we are committed to driving progress in our three priority areas of people, community and the environment. Under the latter, we aim to reduce our operational impact to minimise any environmental harm, and to champion environmental initiatives and promote awareness and action through the partnerships with foster with communities, including charities, local networks and schools.

Our Actions

Internal Initiatives

Our corporate responsibility strategy focuses on supporting our People, Community and the Environment. Under the final pillar, the Committee is tasked with developing innovative ways to reduce our direct impact, and thereby our operational emissions. This includes working with the building management and catering teams to ensure our office is suitable for a low-carbon world. We provide below our operational emissions for 2023.

EdenTree's 2023 Operational Emissions (tCO2e)

	2020	2021	2022	2023
Scope 1 (gas)	0.65	0.00	0.00	0.00
Scope 2 (market-based electricity)	0.00	0.00	0.00	0.00
Scope 3	0.14	0.49	27.7	23.7
Air Travel	0.12	0.34	2.19	9.10
Rail Travel	0.02	0.05	0.47	1.60
Business Mileage (own car travel)	0.00	0.00	23.14	12.3
Car Rental	0.00	0.10	1.19	0.00
Waste	0.00	0.00	0.57	0.20
Water Supplied	0.00	0.00	0.14	0.50
Total Scope 1, 2 & 3	0.79	0.49	27.7	23.7

EdenTree's direct carbon footprint is very small. We have no scope 1 emissions as we do not own any company cars, and do not directly burn any coal, oil or gas. Our scope 2 market-based emissions are zero as 100% of our energy is sourced from renewable origins.

Our scope 3 emissions have risen since 2020 due to an increased scope of reporting which now covers the most material scope 3 categories. We have taken a more granular approach to assigning travel data, which explains why business mileage has decreased but air travel and rail travel have both increased. The sharp increase in travel emissions after 2021 was due to the post-pandemic bounce-back.

In terms of our energy use, our building at London Bridge has achieved an Energy Performance (EPC) rating of 'B' out of a range of 'A' to 'G' with a score of 30, placing it towards the higher end of the band, and is BREEAM-rated as 'Excellent'. In addition, our office equipment is low energy and recycled responsibly as part of our end-of-life due diligence programme.

Looking ahead, the Committee have ambitions to run a workplace awareness day in 2024 to spotlight key environmental issues, and increase awareness amongst EdenTree staff.

Charity Partnerships

At EdenTree, driving positive action and decarbonising in absolute terms means more to us than setting future targets. It goes beyond our work as a responsible investment manager to supporting our local communities and peers. We understand it is those that are deeply embedded in the community, including charities, community groups and schools, that can best support and promote climate action and we are delighted to fund and champion a number of climate-related initiatives.

The EdenTree Community Fund

The Walworth Community Gardening Network is one of three beneficiaries of the EdenTree Community Fund. In 2023, WCGN gardening groups continued to grow and sustain community gardens, working mostly on council estates where poor soils, antisocial behaviour and low levels of trust between residents and council provide a challenging environment. Despite the challenges, the dedication of the network members has offered a way for neighbours to connect with each other and build trust and companionship through mutual endeavour.

At the end of 2023 we were pleased to reflect on the second year of our three-year partnership, and the 194 beneficiaries that have been supported by the £30,000 grant so far. We look forward to continuing our support of this great local charity.

EdenTree Force for Good Prize

In September 2023 we launched the EdenTree Force for Good prize, an opportunity for schools in the UK Schools Sustainability Network (UKSSN) to apply for funding for an environmental initiative and gain valuable insight into careers in responsible and sustainable investing. We are delighted to have awarded the prize to two worthy school projects, and to host a week's work experience placement for the winning student.

1st prize (£1,000)

City of London School 'Eco-School Committee' and their rooftop garden project

> We are immensely grateful to have this incredible opportunity from EdenTree to receive support and funding for our environmental initiative of creating a school garden which challenges the difficulties of being located in an urban site and thus having minimal soil while also tackling the rising air pollution in London. The support for our project enables our school to continue our work in protecting the environment and adds to our contribution in reaching the sustainable development goals, with a specific focus on SDG 11: creating a city which is resilient, inclusive, and sustainable.

Rainier
Junior Sixth Former at the City of London School

2nd prize (£500)

Corbridge Middle School and their project 'Go Green Gorillas', encouraging other schools to start gardening & promote biodiversity

> Gaining this additional funding from EdenTree made the Go Green Gorillas team so happy because it means 5 other schools will get help to start gardening. We're so glad that our 'social action for good' idea will benefit so many young people.
>
> We really want more children in our area to improve biodiversity and grow their own food. The £500 prize from EdenTree is really generous and we will put it to the best use possible.

Sofia and Lucy (age 12)
Corbridge Middle School

Sustainability Stories from Across the City

In October we hosted 12 financial services peers in ESG, Sustainability and Corporate Responsibility roles to discuss ways of embedding sustainability into business practices. Hosted by environmental charity and Movement for Good winner, Greener & Cleaner, topics included personal staff connections to sustainability and net zero targets, legal and regulatory reporting and waste and cost reduction.

Governance

Oversight

This Strategy has independent oversight from EdenTree's Responsible Investment Advisory Panel. The Panel had oversight of the development of the Climate Change Strategy throughout 2022 and 2023, and will continue to oversee its implementation moving forward. The Panel meets three times a year to provide advice on cases, issues and ethical dilemmas.

Day-to-day implementation and management of the Climate Strategy is led by the EdenTree Responsible Investment Team, which comprises four members, and supported and implemented by the wider EdenTree Investment Team.

Review

We will review this strategy on a regular basis to ensure it remains aligned with industry and scientific guidance. If we identify a better way to contribute to global decarbonisation goals, we will update the strategy accordingly.

Disclosure

EdenTree commit to disclosing progress against our climate strategy in its annual Climate Stewardship Report.

Looking Ahead

Our priorities for the year ahead and beyond include:

- In partnership with the Benefact Group, we are exploring the possibility of setting a Science-Based Target for our scope 1, 2 and 3 emissions. We believe we are in a good place to achieve this, with SBT verification viewed as a natural evolution of our existing goals.
- As part of our SBT pursuit we intend to set a long-term climate target and set out our position on Net Zero.
- We aim to expand our impact assessments to include both the Green Future Fund and the Green Infrastructure Fund. This will enable greater insight into the contribution of both Funds to the low carbon transition.
- We will run the second round of engagements under the Climate Stewardship Plan in the second half of this year and complete our third stock-take in early 2025.
- We will continue to engage on other climate-related issues, focusing in particular on our Banks engagement. Climate policy engagement will also be a key focus for us.

Glossary

Scope 1: Scope 1 emissions refer to direct GHG emissions, emissions from sources that are owned or controlled from the operating company.

Scope 2: Scope 2 emissions refer to indirect GHG emissions stemming from the consumption of purchased electricity, heat or steam.

Scope 3: 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.

Financed Emissions: Financed emissions measures the absolute tones of CO_2e (scope 1&2) for which an investor is responsible. It is apportioned to the investor based on an equity ownership perspective. For example, if an investor's position in a company is equal to 1% of the company's total market capitalisation, then the investor owns 1% of the company, and is consequently responsible for 1% of the company's carbon emissions (tCO_2e). For our equity portfolios, ownership is based on market capitalisation. For our mixed and fixed income portfolios, ownership is based on enterprise value.

Carbon Intensity: This is emissions per GBP invested. It is identical to financed emissions, except that rather than providing the financed emissions for the portfolio it normalises the financed emissions for every £1,000,000 of market value. It is a normalised metric and can be used to accurately compare portfolios of any size.

Weighted Average Carbon Intensity: The weighted average carbon intensity measures a portfolio's exposure to carbon intensive companies. Since companies with higher carbon intensity are likely to face more exposure to carbon-related and regulatory risks, this metric can serve as a proxy for a portfolio's exposure to potential climate change-related risks relative to other portfolios. It is measured by taking the carbon intensity (scope 1&2 emissions/ $m revenue) for each portfolio company and calculating the weighted average by portfolio weight. Unlike the carbon intensity, carbon emissions are apportioned based on portfolio weights (exposure), rather than the investor's ownership share of emissions or sales.

Implied Temperature Rise: 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: 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.

Appendix I: Target Methodology

Fund	2025 Target	2035 Target
R&S European Equity Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Reduce the carbon intensity of the Fund by 78% by 2035. A baseline of 2016 is used as it is the first year where carbon footprint data is available. A decarbonisation target was chosen as the Fund still has a relatively high carbon footprint, thus would benefit from further emissions reduction.
R&S Global Equity Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Reduce the carbon intensity of the Fund by 78% by 2035. A baseline of 2016 is used as it is the first year where carbon footprint data is available. A decarbonisation target was chosen as the Fund still has a relatively high carbon footprint, thus would benefit from further emissions reduction.
R&S UK Equity Fund	60% of the Fund's financed emissions to be covered by an SBT by the end of 2025. The ambition of 60% is lower than for our other Funds due to the Fund's mid- to small-cap bias.	Reduce the carbon intensity of the Fund by 78% by 2035. A baseline of 2016 is used as it is the first year where carbon footprint data is available. A decarbonisation target was chosen as the Fund still has a relatively high carbon footprint, thus would benefit from further emissions reduction.
R&S UK Equity Opportunity Fund	60% of the Fund's financed emissions to be covered by an SBT by the end of 2025. The ambition of 60% is lower than for our other Funds due to the Fund's mid- to small-cap bias.	Maintain an implied temperature rise aligned with 1.5°C by 2035. This was chosen instead of a decarbonisation target, as the R&S UK Opportunity Fund has already achieved decarbonisation of 91% vs a 2016 baseline and has a very low carbon footprint of 7.91 tCO_2e, suggesting further decarbonisation is not realistic. Instead, we seek to ensure the Fund remains on its current Paris-aligned trajectory.
R&S Short Dated Bond Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Maintain an implied temperature rise aligned with 1.5°C by 2035. This was chosen instead of a decarbonisation target, as the R&S UK Opportunity Fund has already achieved decarbonisation of 83% vs a 2021 baseline and has a very low carbon footprint of 8.74tCO_2e, suggesting further decarbonisation is not realistic. Instead, we seek to ensure the Fund remains on its current Paris-aligned trajectory.

Fund	2025 Target	2035 Target
R&S Sterling Bond Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Maintain an implied temperature rise aligned with 1.5°C by 2035. This was chosen instead of a decarbonisation target, as the R&S Sterling Bond Fund already has a relatively low carbon intensity of 50.32 tCO_2e and is already aligned with a 1.5C scenario.
R&S Managed Income Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Reduce the carbon intensity of the Fund by 78% by 2035. A baseline of 2020 is used as it is the first year where carbon footprint data is available. A decarbonisation target was chosen as the Fund still has a relatively high carbon footprint, thus would benefit from further emissions reduction.
Global Impact Bond Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Maintain an implied temperature rise aligned with 1.5°C by 2035. This was chosen instead of a decarbonisation target, as the R&S Sterling Bond Fund already has a relatively low carbon intensity of 42.8 tCO_2e and is already aligned with a 1.5C scenario.
Green Future Fund	80% of the Fund's financed emissions to be covered by an SBT by the end of 2025.	Reduce the carbon intensity of the Fund by 50% by 2035. A baseline of 2022 is used as it is the first year where carbon footprint data is available. The slightly lower ambition reflects the more recent baseline year compared to our other Funds which have a significantly longer carbon footprinting history. A decarbonisation target was chosen as the Fund still has a relatively high carbon footprint, thus would benefit from further emissions reduction.

Appendix II: Carbon Footprint Data

Table 1: Carbon Intensity 2024-2021 (tCO2e/£m invested) (Source: ISS ESG)

Fund	2024	2023	2022	2021
R&S European Equity Fund	163.08	151.78	141.79	213.51
R&S Global Equity Fund	124.41	123.85	74.45	93.81
R&S UK Equity Fund	33.84	53.42	38.21	56.93
R&S UK Opportunities Fund	7.91	7.61	5.10	71.77
R&S Short Dated Bond Fund	8.74	4.76	4.94	52.44
R&S Sterling Bond Fund	50.32	47.77	41.89	36.93
R&S Managed Income Fund	61.76	72.20	68.70	263.12
Green Future Fund	146.10	179.08	N/A	N/A
Global Impact Bond Fund	42.80	53.55	N/A	N/A

Table 2: Weighted Average Carbon Intensity 2024-2021 (tCO2e/£m revenue) (Source: ISS ESG)

Fund	2024	2023	2022	2021
R&S European Equity Fund	84.09	107.08	132.69	164.23
R&S Global Equity Fund	99.35	102.5	113.98	114.45
R&S UK Equity Fund	47.41	43.18	46.66	162.32
R&S UK Opportunities Fund	25.93	25.36	21.76	177.64
R&S Short Dated Bond Fund	21.87	23.88	26.53	142.28
R&S Sterling Bond Fund	57.78	64.91	84.49	105.87
R&S Managed Income Fund	89.45	101.53	125.49	167.51
Green Future Fund	126.53	172.29	N/A	N/A
Global Impact Bond Fund	85.07	91.74	N/A	N/A

Table 3: Financed Emissions 2024 (tCO2e) (Source: ISS ESG)

Fund	Scope 1&2	Scope 3
R&S European Equity Fund	33,155	507,815
R&S Global Equity Fund	31,973	361,512
R&S UK Equity Fund	3,407	80,830
R&S UK Opportunities Fund	723	38,308
R&S Short Dated Bond Fund	3,784	244,903
R&S Sterling Bond Fund	9,341	148,399
R&S Managed Income Fund	17,742	167,582
Green Future Fund	5,655	76,078
Global Impact Bond Fund	885	9,106

Table 4: Investee company target coverage 2024- 2021 (weight in portfolio) (Source: ISS ESG)

	No Target	Non-ambitious target	Ambitious Target	Committed SBT	Approved SBT
R&S European Equity Fund	2%	4%	16%	15%	62%
R&S Global Equity Fund	16%	7%	8%	19%	50%
R&S UK Equity Fund	7%	26%	11%	3%	53%
R&S UK Opportunities Fund	20%	27%	11%	8%	35%
R&S Short Dated Bond Fund	18%	43%	12%	16%	11%
R&S Sterling Bond Fund	15%	25%	7%	10%	42%
R&S Managed Income Fund	11%	13%	10%	15%	51%
Green Future Fund	14%	15%	7%	17%	47%
Global Impact Bond Fund	15%	19%	7%	15%	44%

Table 5: Analysis Coverage 2024-2022 (Source: ISS ESG)

Fund	2024	2023	2022
R&S European Equity Fund	97.3%	98.0%	97.5%
R&S Global Equity Fund	87.0%	89.6%	92.4%
R&S UK Equity Fund	95.4%	88.3%	93.4%
R&S UK Opportunities Fund	85.1%	88.6%	87.3%
R&S Short Dated Bond Fund	85.8%	84.7%	79.8%
R&S Sterling Bond Fund	70.0%	68.0%	64.6%
R&S Managed Income Fund	82.84%	81.69%	80.7%
Green Future Fund	92.8%	84.1%	N/A
Global Impact Bond Fund	79.2%	87.1%	N/A

Appendix III: CSP Expectations

Targets	1. Short term SBT that includes scope 1, 2 and 3 emissions 2. Medium-term target that includes scope 1, 2 and 3 emissions 3. Net Zero/ Long Term SBT that includes scope 1, 2 and 3 emissions
Emissions Performance	4. Reduction in absolute emissions (2019 taken as baseline) 5. Emissions reduction aligned to target trajectory (which is ambitious) 6. Increase in renewable energy as % of total energy consumed
Disclosure	7. Reports absolute scope 1, 2 and 3 emissions 8. Provides breakdown of emissions sources 9. Independently verified emissions
Decarbonisation Delivery	10. Clear set of actions designed to reduce GHG emissions 11. Strategy to scale up climate solutions
Governance	12. Board oversight of climate change 13. Climate targets linked to executive remuneration