edentree



2025/26

Climate Stewardship Report

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Foreword

I am pleased to introduce EdenTree's fourth Climate Stewardship Report.

This report's publication comes at a significant time for us, as we mark ten years of measuring and reporting the carbon footprint of our funds. This long-standing commitment reflects our conviction that climate change is a financially material risk, one that fundamentally shapes how we protect and grow long-term value for our clients.

The latest climate science leaves no room for doubt. Global warming has accelerated over the past decade, underscoring the urgent need for rapid emissions reductions and a transition to a more resilient, low-carbon economy.

Here in the UK, the summer of 2026 was provisionally recorded as the hottest since records began in 1884[1], exposing our lack of preparation for extreme heat, while a spate of wildfires wrought widespread devastation across Europe. We continue to see the effects of climate change in our daily lives, with the impact on businesses, supply chains, communities and economic productivity becoming both increasingly visible and financially material.

This year, the conflict in the Middle East has made these risks harder to ignore. Disruption to global oil and gas markets has once again exposed the economic consequences of dependence on volatile fossil-fuel supplies. While some economies have responded to energy security concerns by reconsidering their phase-out of coal or adopting other conventional fuels in their energy mix, we believe the crisis ultimately strengthens the case for the transition. Renewable energy and battery storage are becoming increasingly dependable and cost-effective solutions, offering the prospect of greater energy security through domestic energy systems that are less vulnerable to geopolitical disruption and commodity price shocks.

Efforts to address climate change continue to take place against a particularly challenging political and economic backdrop. This environment of uncertainty and the increasing politicisation of the concept of net zero have prompted some institutions to weaken climate commitments, reduce disclosure and place greater emphasis on shorter-term priorities. Yet the long-term financial risks associated with climate change remain unchanged.

Despite this resistance, we continue to see encouraging signs of progress. As I noted last year, clean energy investment continues to grow, creating compelling investment prospects that not only support and accelerate the transition to net zero, but also deliver affordable, practical energy solutions in response to rising global energy demand.

During the year, we completed a comprehensive review of our climate strategy to ensure it remains both credible and ambitious. At its heart, our new Climate Stewardship Plan concentrates our stewardship efforts on our highest-emitting holdings, which contribute most significantly to our financed emissions. As key milestones draw closer, we are increasingly placing emphasis not only on whether companies have climate targets and disclosures in place, but also on the credibility of their transition plans and the progress they are making in delivering against their stated aims.

At a point when others may be stepping back, we believe sustainable investors have an important opportunity, indeed a responsibility, to step forward. While the rhetoric around climate change may have altered for now, the underlying science has not. We believe the transition to a lower-carbon economy is one of the defining investment themes of our time, presenting both material risks and significant opportunities. The careful management of climate risk therefore remains a strategic imperative and a fundamental component of how we seek to protect and enhance long-term value for our clients.

I hope you find this report informative, and we welcome your comments and feedback.



Charlie Thomas
Chief Investment Officer

[1] Source: Met Office. Summer 2026 provisionally hottest on record for the UK.

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About us

EdenTree is an active investment management house dedicated to sustainable and impact investing. It is all we do. We have more than 35 years' experience in this area, having launched our first ethical fund in 1988.

Our experienced fund managers work collaboratively with our sustainable investment analysts to identify and support high-quality businesses contributing to positive, long-term structural change. We believe consistent, long-term returns are more likely to be achieved by investing in sustainable businesses, and we integrate sustainability considerations throughout our investment process.

EdenTree is proudly part of Benefact Group, a charity-owned, international family of specialist financial services companies that gives all available profits to charity and good causes.

Our Climate Strategy 2026–2030

Building on our long-standing commitment to climate action and ten years of carbon footprinting, we are pleased to share our updated Climate Change Strategy for the period from 2026-2030. The Strategy builds on our first Climate Strategy, launched in 2023, and provides a clear framework for our climate-related investment and stewardship activity through to 2030.

Much has changed since the launch of our first Climate Strategy in 2023. The transition to a low-carbon economy has become increasingly complex, shaped by political headwinds, competing economic priorities and discouraging policy setbacks. This has translated into differing levels of corporate ambition, with many organisations adopting a more cautious or non-committal stance. These developments have undoubtedly influenced the pace and nature of change in several areas. However, the underlying science and the implications of inaction remain unchanged. Against this backdrop, we remain firm in our stance on climate change, recognising the material risks it poses to long-term value for our clients.

Our updated Strategy retains the ambition that has long underpinned our approach: combining pragmatism with conviction and focusing on the areas where we believe we can make the greatest contribution as long-term investors.

Our Climate Strategy is comprised of four pillars: **Decarbonise, Accelerate, Collaborate** and **Embody**. Together, they capture the principal ways in which we seek to contribute to the low-carbon transition through our investments, stewardship activities, collaboration and business practices.

Under each pillar, we have defined ambitions and actions. The ambitions articulate what we seek to achieve, while the actions set out how we will support their delivery, drawing on tools including investment selection, climate analysis, engagement and voting.

This report provides an overview of the targets contained within our Climate Strategy and the actions we have taken during 2025/26 to deliver against them.



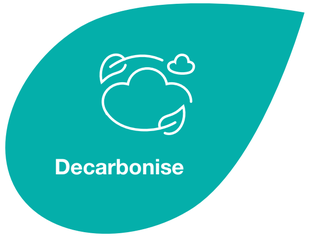
Ross Albany-Ward
Sustainable Investment Analyst and Climate Lead



Carlota Esguevillas
Head of Sustainable Investment

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Our approach



Ambitions:

We aim to decarbonise our funds. We have set a 2035 and a 2050 target for each of our funds.

Actions:

1. Allocate capital where it supports our climate ambitions and avoid investment in companies that are misaligned with our aims.
2. Monitor the heaviest emitters in our funds through our Climate Stewardship Plan to influence them onto a net-zero pathway.
3. Utilise our core stewardship tools (voting and engagement) to escalate concerns and drive change.



Ambitions:

We aim to increase the amount of capital being directed towards climate mitigation and adaptation solutions.

Actions:

1. Grow our range of sustainable, thematic and impact funds.
2. Develop impact disclosures.

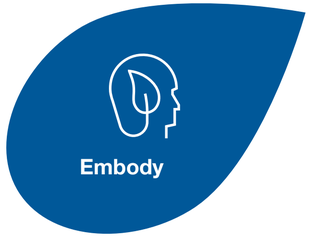


Ambitions:

We collaborate with other investors to advance progressive climate action at both the corporate and policy level.

Actions:

1. Participate in and lead collaborative investor initiatives to drive change at the corporate level.
2. Encourage policymakers to establish supportive regulatory environments.



Ambitions:

We hold ourselves to the standards we expect of investee companies and extend our impact beyond simply reducing our operational footprint.

Actions:

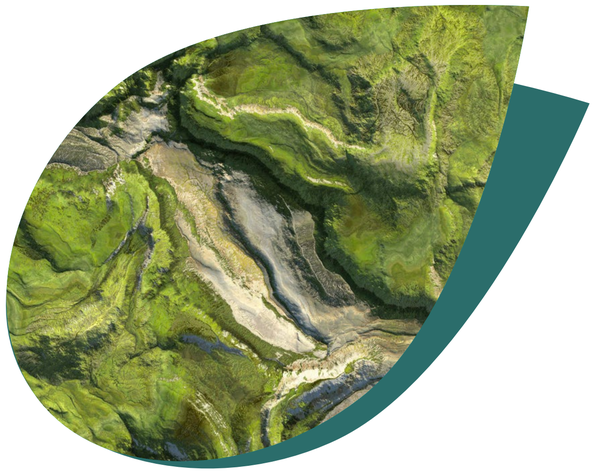
1. Run creative initiatives via our Corporate Responsibility Committee to reduce our direct operational impact.
2. Extend our impact by supporting local charities, community groups and schools to champion climate-related initiatives.

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Decarbonise

Decarbonise is the core pillar of our Climate Strategy and encompasses the ways in which we seek to manage and reduce the carbon intensity of our funds.

Our fund-level climate targets define what we seek to achieve under this pillar. To support their delivery, we integrate climate considerations throughout the investment lifecycle, from the companies we select for investment and the way we allocate capital to our stewardship activities as owners. This includes monitoring our highest-emitting holdings through our Climate Stewardship Plan, engaging companies on material climate issues and, where necessary, using our voting rights to support our ambition. This section sets out our targets and progress against them before considering each of these actions in turn.



Climate targets

Most of our funds have a target to reduce their carbon intensity by 2035[2]. These interim targets form part of our longer-term ambition for our funds to achieve net zero by 2050, providing a measurable milestone against which we can assess progress over time.

Our funds have either a 78% or 50% carbon intensity reduction target, whichever is most appropriate based on baseline year and the type of assets the fund invests in.

The table below details each fund's climate target and its current level of progress:

Fund	Carbon intensity reduction target	Performance to date	Baseline year*	Target year	Status
Sustainable European Equity Fund	-78%	-58%	2016	2035	On track
Sustainable Global Equity Fund	-78%	-81%	2016	2035	Exceeding
Sustainable UK Equity Fund	-78%	-67%	2016	2035	On track
Sustainable UK Equity Opportunities Fund	-78%	-89%	2016	2035	Exceeding
Global Impact Bond Fund	-78%	-59%	2023	2035	On track
Green Impact Equity Fund	-50%	-46%	2023	2035	On track
Sustainable Sterling Bond Fund	-78%	-67%	2021	2035	On track
Sustainable Managed Income Fund	-78%	-87%	2021	2035	Exceeding
Sustainable Short Dated Bond Fund	-78%	-82%	2022	2035	Exceeding

* Baseline year refers to the first year for which each Fund was carbon footprinted, reflecting the Fund's inception date and availability of suitable data. The Sustainable Short Dated Bond Fund is the exception, following a mapping error in the data generated by our data provider in 2021.

As the table above shows, most funds have a 78% reduction target, which was selected to align with the UK Government's 2035 emissions reduction commitment and serves as a credible reference point against which we can assess progress towards our long-term net-zero goal. Our Green Impact Equity Fund has a 50% carbon-intensity reduction target, reflecting both its later inception date, which provides a shorter timeframe for achieving reductions, and its focus on climate-solutions companies. This results in greater structural exposure to the industrials and materials sectors, which are typically more carbon-intensive but play an important role in supporting the transition to a low-carbon economy. The target reflects these characteristics while maintaining the expectation that the Fund's carbon intensity will decline over time.

[2] Carbon intensity reduction targets apply to all open-ended funds except the Global Sustainable Government Bond Fund and Green Impact Infrastructure Fund. These funds invest primarily in sovereign debt and listed infrastructure, asset classes where carbon footprinting methodologies and data coverage remain at a much more nascent stage.

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Progress against climate targets

We are pleased with the progress made across the fund range. All funds with 2035 targets are on track to achieve them. The Sustainable Global Equity Fund, Sustainable UK Equity Opportunities Fund, Sustainable Managed Income Fund and Sustainable Short Dated Bond Fund are currently exceeding the level of reduction required by their 2035 targets. While this represents strong progress, carbon intensity may vary over time as portfolio composition and markets change. We have considered whether further interim targets would be appropriate for these funds. However, the reductions achieved to date mean they remain comfortably aligned with their long-term net-zero pathways, and the existing target framework continues to provide a meaningful measure of progress.

The remaining five funds have also made substantial progress, with each having achieved reductions of at least 46% to date, positioning them comfortably on track to achieve their target. Collectively, these results demonstrate significant progress towards our ultimate ambition to decarbonise our funds and position them onto a net-zero pathway.

Revising our climate targets

In our 2023-2025 Climate Strategy, our target framework applied a combination of carbon-intensity, implied temperature rise (ITR) and science-based target (SBT) alignment targets. For the 2026-2030 Climate Strategy, we have adopted carbon intensity as the common fund-level target metric, creating a more consistent basis for measuring and reporting progress across the fund range and better reflecting current market practice.

Although our SBT alignment targets expired in 2025, we will continue to monitor both SBT alignment and implied temperature rise – alongside a broader range of climate-related metrics – as part of our annual climate risk assessment. These measures remain important in helping us assess fund climate characteristics, monitor transition progress and identify stewardship priorities. We recognise that no single measure captures all aspects of climate performance, therefore the results of this broader assessment continue to be disclosed in Appendix I.

Future actions

Our climate targets provide a consistent basis for monitoring decarbonisation progress across our fund range. We will continue to assess performance annually and review the framework as market practice, regulatory expectations and portfolio characteristics evolve, ensuring our targets remain credible and appropriately ambitious in support of our broader net-zero ambition.

Other considerations

Currently, our climate targets are based on scope 1 and 2 financed emissions, excluding scope 3. This decision reflects the significant limitations associated with scope 3 emissions data, which is often incomplete, inconsistent or unavailable. Where data is reported, it frequently relies on estimates or self-disclosed figures that lack independent verification, reducing its reliability for target-setting.

Moreover, scope 3 emissions are inherently complex and interconnected across value chains, increasing the risk of double counting. For instance, emissions from a single supplier may be attributed to multiple downstream companies, complicating fund-level aggregation and analysis. These challenges hinder our ability to set accurate, credible and trackable climate targets.

Nonetheless, in the interest of transparency, we disclose the financed emissions of our funds—including scope 3 data—within Appendix I, recognising its importance in understanding the broader climate impact of our investments.



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Integrating climate change into our investment process

The EdenTree Standard – our proprietary framework for assessing corporate sustainability – integrates climate-related considerations as a core component of the investment decision-making process. Companies are assessed across a broad range of sustainability topics, including climate change, where we evaluate the strength of their climate-risk management and the credibility of their transition plans. To be eligible for inclusion in our funds, companies must demonstrate sufficiently strong climate practices to achieve a positive rating under the Standard.

As the physical impacts of climate change become more pronounced, we are also placing greater emphasis on companies' adaptation and resilience strategies. This includes considering their exposure to material physical climate risks and the measures they have put in place to manage these risks over time.

We also apply exclusionary screens to avoid investing in companies that derive more than 10% of their revenue from fossil-fuel exploration and production.

By embedding climate change into our investment process in this way, we ensure that climate considerations are fully integrated rather than treated as a separate or secondary issue. This enables us to understand how each investment decision influences the overall climate profile of a fund, allowing us to allocate capital in a way that supports our climate objectives and avoid investments that do not.

To learn more about the EdenTree Standard, please click here.



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Climate Stewardship Plan

Our Climate Stewardship Plan is a targeted monitoring and engagement programme focused on the companies that contribute most significantly to EdenTree's financed emissions. As the majority of these emissions are concentrated across a relatively small number of holdings, focusing our stewardship activity on the highest emitters is an important part of our approach to supporting the decarbonisation of our funds.

How the Plan works

The Climate Stewardship Plan subjects our 20 highest-emitting companies, which collectively account for 82% of EdenTree's financed emissions, to enhanced monitoring and stewardship.

Each year, we assess the quality of each company's climate transition plan, together with the progress made to date, to determine its alignment with a net-zero pathway. A key function of the Plan is to track performance over time, so companies are assigned to a band, with each successive band representing a higher level of confidence that the company is aligned with a net-zero pathway.

Over time, we seek to increase the proportion of companies we consider to be aligning or aligned to a net-zero pathway.



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How are companies assessed?

Our assessment considers whether the company has made a long-term net-zero commitment, has set appropriate near-term science-based targets, reports absolute emissions across all scopes and has translated its principal decarbonisation measures into a clear and sufficiently comprehensive transition plan. These criteria allow us to distinguish between companies that have simply articulated a long-term ambition for net zero and those that have established a credible pathway for achieving it.

At the higher end of the framework, a key differentiator between companies assessed as 'Aligned to Net Zero' and those still 'Aligning' is the degree to which the transition plan has been quantified. In our view, a quantified transition plan is an important indicator that a company is actively planning for implementation. This means providing clarity not only on what will drive decarbonisation, but also on when and how elements of the plan will be delivered.The strongest transition plans quantify the emissions reductions expected from key decarbonisation levers, map when those measures will be implemented, including when the corresponding reductions are expected to materialise, and estimate the investment required to fund delivery.

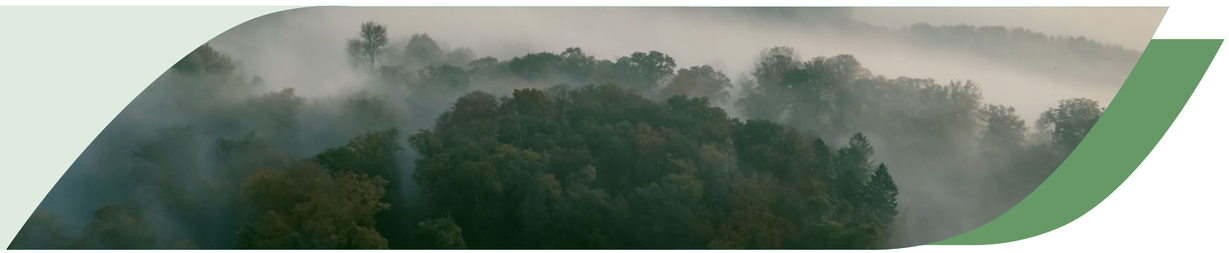
Where possible, we also look for evidence that capital has been specifically allocated to fund the relevant initiatives.

Taken together, these elements allow us to assess whether a company's transition plan is sufficiently developed, sequenced and funded to support achievement of its climate objectives. While these features cannot guarantee successful implementation, they significantly strengthen our confidence that the practical and financial requirements of the transition have been considered.

Achieving net zero	
Aligned to net zero	enel, Borregaard, BILLERUD, Carrefour, VATTENFALL, VEOLIA, Iberdrola
Aligned but to be monitored	sse
Aligning to net zero	TATE & LYLE, nationalgrid, mondi
Committed to net zero	CLEANAWAY, BEFESA, siltronic, YARA
Evolving Strategy	kemira, IHG HOTELS & RESORTS, International Paper, IMERYS, Waste Connections, Inc.

82%
of EdenTree's financed emissions

Collectively, these 20 companies represent 82% of EdenTree's financed emissions.



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Turning assessment into action

The Climate Stewardship Plan provides the foundation for our climate engagement activity by helping us identify the material gaps in transition readiness across our highest-emitting companies, enabling us to focus engagement where it can have the greatest impact.

Above all, the Plan is intended to support real-world decarbonisation outcomes. The findings from each assessment are therefore used to guide our stewardship priorities, ensuring our engagement is focused on the issues most material to a company's decarbonisation pathway. This also means that our engagement extends beyond operational emissions (Scopes 1 and 2) to include value chain emissions (Scope 3) where these are significant or represent a material source of a company's overall carbon footprint.

In our view, meaningful progress towards net zero requires addressing all significant sources of emissions, including those that are inherently difficult to measure, track and manage. By taking this approach, we seek to ensure that reported improvements reflect real-world decarbonisation, rather than changes in portfolio metrics alone.

We disclose to the right examples of the engagement activity we have conducted as part of the Climate Stewardship Plan during 2025/26.

Case Study: Vattenfall

Issue: Vattenfall is a focus company within our Climate Stewardship Plan due to its material contribution to the financed emissions of our funds. As an electric utility, its decarbonisation trajectory is important if we are to meet our fund-level climate objectives. Our core objectives for this engagement included the total phase-out of its fossil-fuel-based generation assets and the expansion of its renewable energy generation assets.

Action: Following on from our last meeting with the company in November 2023, we re-engaged with Vattenfall in 2025 to review progress against our engagement priorities. We discussed the timetable for exiting remaining fossil assets, how climate targets continue to be embedded within the climate strategy, and the actions being taken to enable a resilient fossil-free system, particularly through renewables growth.

Outcome: Vattenfall continues to demonstrate leading practice among companies within our Climate Stewardship Plan. Positively, it has now completed the phase-out of all coal assets and achieved full alignment of its targets with the Science Based Targets initiative, meeting both of our engagement objectives. The company remains committed to net zero by 2040, with remaining oil and gas assets expected to play an increasingly limited, peak-balancing role and to be phased out by that date.

Case Study: Veolia

Issue: Veolia is included within our Climate Stewardship Plan due to the material emissions associated with its activities as a global environmental services company. While the company has historically demonstrated an awareness of climate-related risks and opportunities, it had further progress to make in establishing a credible climate transition plan and setting ambitious near-term emissions reduction targets. We also experienced limited opportunities for direct dialogue with the company, which constrained our ability to engage on these issues in greater depth.

Action: In 2025, we joined the Net Zero Investor Engagement Intiative from the Institutional Investors Group on Climate Change (IIGCC) for Veolia in the hope that a collaborative approach would offer a chance for a more constructive dialogue. In November, we supported an investor statement encouraging Veolia to develop a more comprehensive net zero transition plan, including a clear long-term commitment to net zero, targets aligned with relevant climate pathways, and a quantified transition strategy demonstrating how key decarbonisation levers would support its transition over time.

Outcome: We have been encouraged by the progress Veolia has subsequently made, particularly through the quality of its most recent climate transition plan. The company now has a long-term net-zero commitment, near-term Science Based Targets and a decarbonisation roadmap linked to those targets, providing more confidence in the credibility of the company's transition planning. Given the scale of the company's operations and its continued contribution to financed emissions within our portfolios, Veolia remains one of the largest contributors in the Climate Stewardship Plan. We therefore continue to monitor performance against its commitments and decarbonisation objectives closely. More recently in 2026, we engaged Veolia on its adoption of alternative fuels and the status of the planned phase-out of its coal assets in Asia.

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Case Study: Cleanaway

Issue: Cleanaway is captured under our Climate Stewardship Plan due to its material operational emissions as a waste management and resource recovery company. The company has significant Scope 1 and 2 emissions, and we identified opportunities to further develop its climate approach, including through a standalone transition plan, alignment with the Science Based Targets initiative (SBTi), and more comprehensive consideration of Scope 3 emissions. While Cleanaway has been receptive to our engagement, it has indicated that change may take time.

Action: We met with Cleanaway in November 2025 to reiterate our expectations under the Climate Stewardship Plan and discuss progress since previous engagements. Our discussions focused on enhancing emissions disclosure and target coverage, and on bringing together existing decarbonisation initiatives within a more structured transition plan supported by clear milestones and delivery pathways.

Outcome: We welcomed the company's disclosure of Scope 3 emissions for the first time in 2025, achieving a key engagement objective and improving transparency. However, opportunities remain to further embed Scope 3 emissions within the company's wider climate strategy, including through the development of associated targets and decarbonisation measures. The company's current climate focus remains centred on Scope 1 and 2 emissions, supported by intensity-based targets. We will continue to engage with Cleanaway on the development of a formal transition plan and progress towards setting absolute and verified targets.

Engagement beyond the climate stewardship plan

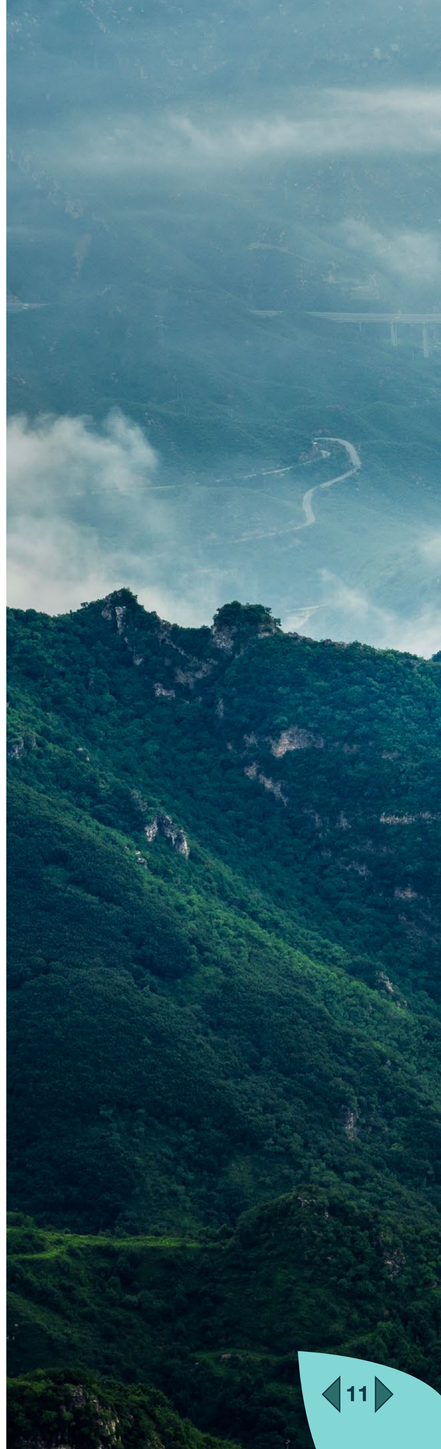
The Climate Stewardship Plan is a central pillar of our engagement work, but it is not the sole avenue through which we engage on climate-related issues. We maintain ongoing dialogue with companies on a range of climate topics, including:

Fossil fuel financing. As an asset manager with a fossil fuel exclusion applied across our fund range, our primary indirect exposure to coal, oil and gas is through financial institutions. Encouraging banks to maintain robust fossil fuel financing policies therefore remains an important stewardship priority. This has become increasingly pertinent as parts of the sector have weakened previously stronger climate commitments and targets. We continue to engage banks where standards appear to be slipping, while encouraging those with stronger frameworks to maintain their approach and continue setting a positive example for the sector.

Climate disclosure and target-setting. We recognise that it is not just the heavy-emitting companies that have an impact on global environmental goals. We believe that all our holdings should implement a robust plan to manage climate risk. As such, we also engage with our small to medium-cap companies, encouraging improved climate disclosure.

Climate risks in financial accounting. This year, we engaged regulators on the recognition of climate-related risks within financial reporting and accounting frameworks. Although climate risks are increasingly acknowledged by companies and financial institutions, they are often viewed solely through a long-term lens and are not always reflected in financial reporting. In our view, physical climate risks can have both near and long-term financial implications, making transparency around assumptions and risk assessments increasingly important. Improved disclosure would help investors better understand financiers' exposure to climate-related risks and whether these considerations are being incorporated into financial decision-making.

We provide examples of our other climate engagements in 2025/26 overleaf.



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Case Study: ING Groep

Issue: Fossil fuel financing

Issue: As part of our continued involvement in the IIGCC's collaborative banks engagement, we joined the focus group for ING Groep in 2025. The Bank is one of the strongest performers in the European banking sector but still has improvements to make in order to align with the goals of the Paris Agreement.

Action: We met with ING in April 2025 to discuss recent developments in the bank's climate strategy and assess whether its level of ambition had changed amid a broader softening of climate commitments and weakening of fossil fuel financing policies across the banking sector. We sought updates on its latest climate targets, approach to fossil fuel financing and progress towards disclosing facilitated emissions, a long-term engagement objective of the group.

Outcome: Overall, the meeting was highly constructive, and we were encouraged that ING had maintained its climate ambition despite the more challenging backdrop. During the year, the bank secured approval of its science-based targets and committed to both disclosing and setting targets for facilitated emissions, cementing its leadership position in the sector. Notwithstanding this progress, we identified opportunities for further improvement, including the bank's approach to assessing client transition plans which relied primarily on a sector-agnostic questionnaire. In our view, robust client assessment and engagement mechanisms are essential for banks to ratchet-down exposure to companies unwilling or unable to transition. While ING's fossil exposure is comparatively limited, we will continue to encourage greater ambition in this area. Overall, we were reassured that ING had continued to strengthen its climate approach at a time when many peers were stepping back.

Case Study: Keller Group

Topic: Climate disclosure and target-setting

Issue: Due to its role as a geotechnical engineering and ground improvement specialist, Keller has a material emissions profile driven by heavy construction equipment and the use of carbon-intensive materials, particularly cement and steel. While the company has made progress enhancing its climate-related reporting in recent years, we believe there is an opportunity to strengthen its climate framework through the introduction of interim emissions reduction targets.

Action: We met with Keller in October 2025 to discuss progress against our previous engagement objectives, the company's willingness to set climate targets and its broader decarbonisation roadmap. We encouraged Keller to establish robust interim emissions reduction targets and ideally pursue Science Based Targets initiative (SBTi) validation. We also explored progress on Scope 3 measurement and reporting, the role of electrification and alternative fuels in reducing operational emissions.

Outcome: Positively, Keller has made real progress since our previous engagement in 2023, significantly expanding its Scope 3 disclosures, developing a more comprehensive climate transition plan and linking executive remuneration to elements of its climate strategy. While we welcomed the progress made, Keller remained reluctant to commit to SBTi validation or to establish broader near-term absolute Scope 1, 2 and 3 targets, citing challenges associated with data quality and its fragmented supply chain. The key test will be whether operational initiatives translate into a sustained reduction in absolute emissions over time without interim targets to increase accountability in the near term. We will continue monitoring the company's progress and will consider reiterating our expectations around target-setting should momentum begin to stall.



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Case Study: HSBC

Topic: Climate risk in financial accounting

Issue: Regulators and standard setters are increasingly stressing the need for banks to meaningfully assess, manage and disclose climate financial risks. Even where banks have assessed climate related risks, many continue to assert that risks are immaterial in the short and medium-term.

Action: Concerned by HSBC's conclusion of climate immateriality in its latest financial statements, we signed an investor letter to the HSBC Audit Committee Chair in October 2025. Coordinated by Sarasin & Partners, the letter calls on HSBC to review its methodology for assessing the materiality of climate risks, ensure climate risks are incorporated into critical accounting assumptions and estimates and publish a sensitivity analysis in the financial statements reflecting more severe climate pathways. An engagement meeting was convened to go through the concerns raised in the letter.

Outcome: Overall, while the discussion was constructive and informative, much of the discussion centred on HSBC's sustainable financing activities rather than the climate-related assumptions underpinning its financial statements. We continue to encourage greater transparency around how climate considerations are incorporated into expected credit loss assumptions and the climate models and stress-testing methodologies used in capital adequacy assessments. More recently, in 2026, we wrote to major banks and regulators to challenge the exclusion of climate risk from ECL assumptions and called for improved reporting of methodologies, assumptions and scenario analyses across bank disclosures.



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Climate and voting

Voting is a core responsibility of shareholders and an important complement to our wider stewardship activities. While engagement remains our preferred means of influencing company behaviour, voting provides a clear mechanism through which we can communicate support for positive climate action and hold boards accountable where climate-related issues remain unresolved.

This has become increasingly important as key climate milestones draw nearer, and the focus shifts from ambition and target-setting to implementation and delivery. While political and market sentiment towards climate issues has fragmented in recent years, the underlying science remains unchanged. In our view, effective oversight of climate-related risks remains a core governance responsibility and an important component of long-term value creation.

Voting has long formed part of our approach to climate stewardship and remains an important means of reinforcing the expectations established through our engagement activities. Where companies fail to make sufficient progress, we may use voting as an escalation tool, including holding directors accountable for the oversight of climate-related risks and opportunities. We also support climate-related shareholder proposals where we believe they will strengthen the management of material climate risks and support long-term shareholder value. During 2025/26, we used our voting rights in both ways, supporting stronger climate oversight and, where appropriate, escalating concerns through votes against directors. We provide examples of this activity on the right and below.

Supporting climate proposals

Case Study: SSE

Issue: As in previous years, SSE sought shareholder approval on its updated Net Zero Transition Plan. A key change this year was that the resolution also bundled a vote on future frequency, proposing a move from an annual advisory vote to a triennial vote. We noted that SSE's transition plan sets out a clear pathway to deliver its climate objectives and reports reasonable progress over the period. We also appreciate the company's delivery against its supplier engagement goal, with the company meeting its 50% target and proactively increasing this ambition to 90% by 2030. We noted that performance was mixed across other metrics, including moderate increases in Scope 1 and 2 emissions during 2024/25. Nevertheless, SSE appears committed to its targets and continues to demonstrate elements of leading practice, including ongoing actions to reduce emissions across the business.

How we voted: We supported the resolution in recognition of the quality and clarity of the transition plan and the evidence of continued progress. However, we do not consider it best practice to combine approval of the transition plan with a separate decision on voting frequency, as this limits shareholders' ability to express distinct views on each request. We communicated this concern and will review SSE's approach in future engagement, including how the company responds to shareholder feedback and whether governance arrangements remain aligned with evolving expectations.



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Escalating our concerns

Case Study: National Grid

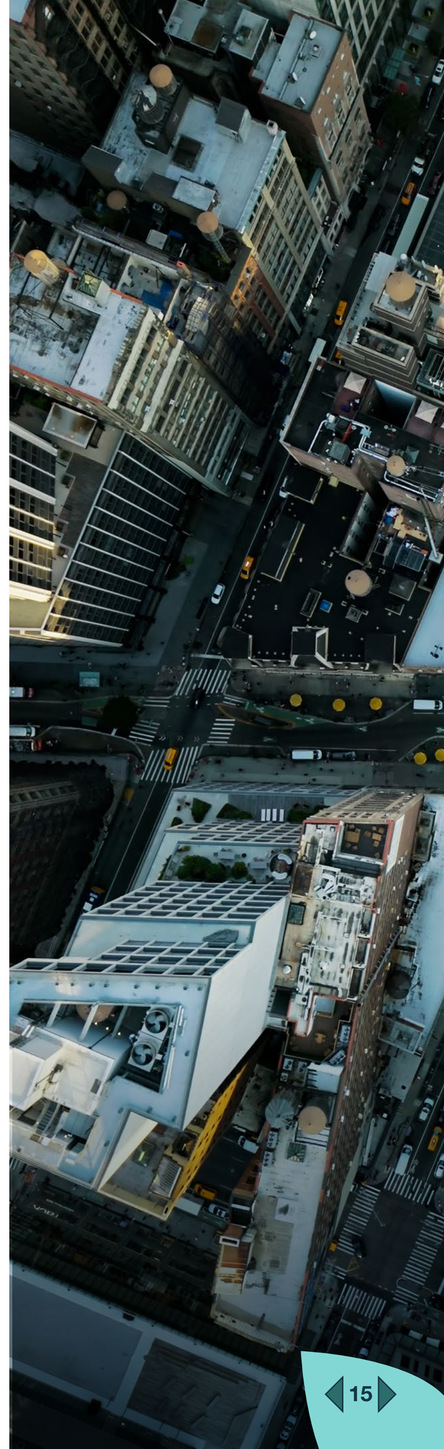
Issue: National Grid is a company captured in our Climate Stewardship Plan due to its carbon intensity. The company links a portion of long-term executive remuneration to emissions reduction performance, which we generally welcome. However, we noted that the Scope 1 emissions reductions targets underpinning these awards had been lowered for a third consecutive year, despite the company acknowledging that emissions performance is behind the pathway set out in its Climate Transition Plan, with Scope 1 emissions having increased, rather than decreased in each of the last three years.

How we voted: We chose to vote against the Remuneration Report given that these climate-related performance thresholds were weakened at a time when the company remains off track against its stated decarbonisation ambitions. We expect executive remuneration to support delivery of climate commitments rather than reduce accountability when progress is challenging. We will continue to monitor progress and may consider further escalation should climate performance fail to improve, or if executive payouts remain inconsistent with underlying emissions performance.

Case Study: Banco Santander

Issue: In 2025, Santander revised its fossil fuel financing policies, removing key coal and oil and gas restrictions and reopening financing channels to new upstream and ultra-deepwater clients. In February 2026, the bank announced further changes to its climate strategy, including moving its oil and gas targets from absolute to intensity-based metrics, removing Scope 3 emissions from its targets and suspending certain sector-specific targets, including aviation. Over the same period, Santander continued to increase financing to fossil fuel companies, including expansion-related activities.

How we voted: Given our concerns about the scale and pace of these policy rollbacks, we pre-declared our intention to vote against the Chair and two relevant members of the Responsible Banking, Sustainability and Culture Committee. These directors are specifically responsible for overseeing the bank's climate strategy and we continue to observe an increase in cumulative fossil fuel financing and revisions to key fossil fuel policies. We view these developments as inconsistent with both the Committee's responsibilities and the bank's Net Zero 2050 objective.



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Accelerate

This pillar is focused on expanding our contribution to the low-carbon transition by increasing investment in companies and projects that provide climate solutions or finance activities that reduce reliance on fossil fuels. Achieving the goals of the Paris Agreement will require not only emissions reductions, but also a substantial increase in the capital allocated to climate mitigation and adaptation solutions; some estimates suggest that annual investment of around $3.5 trillion will be required through to 2050[3].

Through our climate-focused impact funds, we seek to channel capital towards companies and projects delivering these solutions. As our funds grow, they mobilise additional investor capital into climate solutions, increasing the resources available to support and accelerate the transition to a low-carbon economy. In doing so, we aim to use our position as an asset manager to expand both the availability of capital for climate solutions and the opportunities available to clients who wish to invest in the transition.

Impact investing

A core way we seek to contribute to the low-carbon transition is through our impact investing approach. Across our impact fund range, we invest in companies and bonds whose activities make a meaningful contribution to climate mitigation, climate adaptation and other sustainability outcomes.

Our impact fund range includes the Green Impact Equity Fund, the Global Impact Bond Fund and the Green Impact Infrastructure Fund. Each fund is designed to invest in assets that contribute positively to impact objectives while delivering competitive long-term financial returns. Our approach has been recognised by the FCA, with each fund adopting the Sustainability Impact label.

Throughout 2025, we continued to refine our impact investing framework following the Sustainability Impact labels. This included the development of enhanced impact-focused stewardship approaches designed to strengthen our contribution to positive environmental and social outcomes and support investors' own impact contribution.

Our approach to impact investing

Investing in public markets, each fund seeks to achieve competitive financial returns alongside positive environmental and social outcomes. Before investment, prospective holdings are assessed for their contribution to a fund's impact objectives and must meet the requirements of the EdenTree Standard.

Our assessment begins with an evaluation of impact intentionality and materiality.

- **Intentionality** – the company's commitment to providing products and services that contribute to positive environmental or social outcomes. We seek evidence that these activities form an enduring part of the company's long-term strategy and future growth plans.
- **Materiality** – The extent to which those products and services contribute to the business. We typically require impact-aligned activities to represent at least 50% of the company's revenue, capital expenditure or asset base.

For example, where a company provides climate mitigation solutions, we seek evidence that these solutions form a credible long-term strategic focus and that they represent a material component of the business.

For the Global Impact Bond Fund, which has both climate and social impact goals, these assessments are typically conducted at the bond level. The Fund primarily invests in labelled Green, Social and Sustainability bonds, and we evaluate both the issuer's use-of-proceeds framework and the objectives of each bond. This helps us determine whether the financed activities demonstrate a clear intention to deliver positive environmental or social outcomes and represent a meaningful contribution to those objectives.

Following investment, we seek to enhance positive outcomes through active stewardship. Through engagement and voting activities, we aim both to strengthen the positive impacts associated with our holdings and to reduce potential adverse environmental and social impacts.

The following case studies provide examples of how our impact assessment framework is applied in practice and illustrate the ways in which holdings across our impact fund range contribute to climate mitigation, climate adaptation and the broader low-carbon transition. Further information can be found in the individual fund impact reports available at www.edentreeim.com.

"We continue to believe that public markets have a vital role to play in delivering real-world impact, both through the allocation of capital to companies providing climate solutions and through active, long-term engagement to enhance those outcomes."



Charlie Thomas
Chief Investment Officer

[3] BBC. Road to net zero will cost trillions a year, report says

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Case Study: Greencoat Renewables Plc.

Issue: Greencoat Renewables is a long-standing impact holding in the Green Impact Infrastructure Fund. The company invests in, develops and operates renewable energy infrastructure assets in Ireland and continental Europe with a clear purpose to mitigate the causes of climate change.

Intentionality: Greencoat Renewables has a 1.5 GW portfolio of renewable energy assets, comprising 35 onshore and 2 offshore wind farms, 2 solar farms and 1 battery storage facility. It has a clear purpose to invest in and operate renewable energy with the aim of helping to fulfil its environmental objective of climate mitigation.

Materiality: 100% of Greencoat Renewables' revenues, tangible assets and capital expenditure are aligned with the Green Impact Infrastructure Fund's Alternative Energy theme and theory of change.

Asset contribution in 2025:

Avoided emissions:	Renewable energy generated:	Renewable energy generated:
2,241 tCO_2e	5,513 MWh	2.4 MW

Source: Net Purpose based on 2024 reported data (due to data availability) for Greencoat Renewables, calculated on the basis of the Green Impact Infrastructures weighted ownership share of the company's equity at the end of 2025.

Case Study: National Grid North America (NGNA): maturity 2036 (Green Bond)

Issue: National Grid's US regulated electricity networks play an enabling role in the energy transition by maintaining and upgrading the infrastructure required to connect and integrate increasing volumes of renewable power. The company emphasises that network investment is essential to enable low-carbon generation connections and accommodate rising electrification demand. During 2024/25, National Grid reported connecting 772 MW of renewable generation capacity across New York and New England, illustrating the role of its networks in supporting the expansion of clean energy.

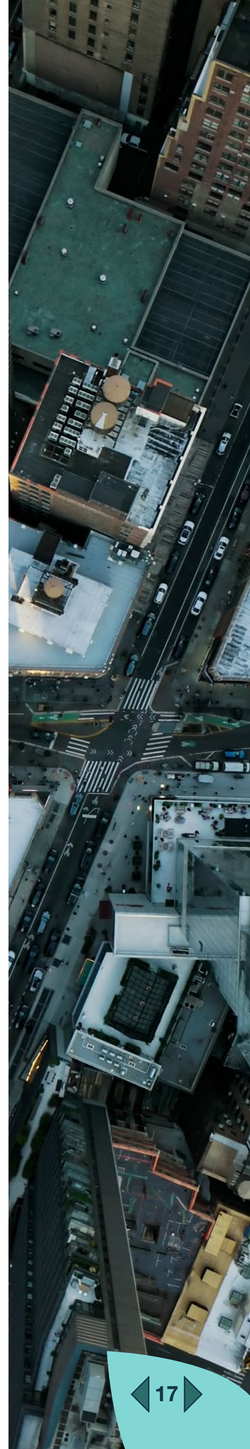
Intentionality: National Grid's Green Financing Framework directs bond proceeds towards eligible environmental projects. National Grid North America's (NGNA) green bonds allocate financing across US operating companies to support investments in electricity transmission and distribution infrastructure that facilitate the integration of renewable energy and strengthen network resilience. This provides a clear and intentional pathway linking bond proceeds to climate-related outcomes.

Materiality: Electricity networks are a critical enabler of power sector decarbonisation. By maintaining, upgrading and expanding transmission and distribution infrastructure, National Grid helps accommodate increasing volumes of renewable electricity while supporting reliability and network flexibility. National Grid's green financing reporting uses a defined "Green Ratio" methodology to estimate the share of network expenditure attributable to renewable energy integration. Avoided emissions are then estimated using electricity volumes and US EPA eGRID carbon intensity factors. While this provides a reasonable approach for assessing enabling impacts, reported avoided emissions remain model-based and dependent on methodological assumptions.

Asset contribution in 2025:

Avoided emissions:
3,085.84 tCO_2e

National Grid North America Inc. Green Bond (2036 maturity) contributed an estimated **3,085.84 tCO_2e** of avoided emissions to the Fund's avoided emissions KPI in 2025. This figure reflects EdenTree's pro-rated exposure to issuer-reported impact data and should not be interpreted as sole attribution of the environmental outcome to the Fund's investment.



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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 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.

In 2024, we onboarded market-leading data providers Net Purpose and Luxembourg Green Exchange (LGX) to augment our ability to measure the climate and social impacts of our three Sustainability Impact funds – EdenTree Green Impact Infrastructure, EdenTree Green Impact Equity and EdenTree Global Impact Bond.

Combining the power of AI with a highly qualified team of impact analysts, Net Purpose supports our impact investment process and has enabled us to track the climate-related impacts of our Green Impact Infrastructure and Green Impact Equity Funds for the first time. The company-level reports produced by Net Purpose are particularly valuable for testing our own analysis and supporting the impact engagement agenda for these funds.

LGX, meanwhile, has one of the world's largest databases of Green Social and Sustainable (GSS) bonds, monitoring issuance data, storing labelled bond frameworks and impact reports, and compiling fund-level impact metrics. LGX brings greater consistency to our approach to measuring and reporting the impact KPIs of the EdenTree Global Impact Bond Fund and provides a valuable tool for supporting our investment analysis and engagement processes.

We present below the impact associated with our Impact Funds for 2025.

Area	Avoided Emissions (tCO_2e)	Renewable Energy Produced (MWh)	Renewable Energy Installed Capacity (MW)
Green Impact Equity Fund	21,562.5	14,253.4	4.8
Green Impact Infrastructure Fund	19,704.7	34,860.6	20.7
Global Impact Bond Fund	5,745.3	2,834.4	4.6



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Collaborate

We cannot drive the low carbon transition alone. The level of change required to limit warming and reduce the worst outcomes of climate change 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 both the corporate and policy level.

Participation in collaborative initiatives

The collective reputation and size of investor alliances add 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 systemic change. EdenTree participates in several climate-related collaborative initiatives, some of which are listed below:

IIGCC	We have been active members of the Institutional Investors Group on Climate Change (IIGCC) since 2015. We participate regularly in their public policy programme and in their corporate engagement working groups, particularly their IIGCC Banks Engagement and Research Initiative (BERI).
CDP DISCLOSURE INSIGHT ACTION	EdenTree is a signatory 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 is a long-standing supporter.
ShareAction»	EdenTree is a member of ShareAction's Investor Decarbonisation Initiative, which aims to accelerate corporate climate action across multiple sectors, including banking.

Case Study: Collaboration within the IIGCC Banks Engagement and Research Initiative

Issue: We have been engaging directly with our bank holdings for a number of years on their climate strategies and approach to fossil fuel financing. Against an increasingly challenging backdrop in recent years, several banks have reduced the ambition of their climate commitments or weakened elements of their fossil fuel financing policies. In this context, we felt it necessary to maintain our engagement with banks within IIGCC's working group.

Actions: In 2025, we continued to play a leadership role in collaborative engagements with Crédit Agricole and Toronto-Dominion Bank (having previously participated as a supporting investor), while remaining an active participant in engagement groups with HSBC, ING Groep and Barclays.

Outcome: Collaborative engagement is becoming increasingly important where many banks are revisiting or weakening aspects of their climate commitments. By working collectively with other investors, we believe we can exert greater influence on banks' approaches to transition planning, climate targets and fossil fuel financing, helping to encourage alignment with global decarbonisation objectives and the transition to a low-carbon economy. Despite a challenging backdrop, we have observed some encouraging progress and remain committed to encouraging banks to hold the line.

Case Study: Crédit Agricole

Issue: As part of the IIGCC Banks Engagement Initiative, we identified Crédit Agricole's latest medium-term plan as an important opportunity to influence the bank's climate strategy, financing commitments and sector policies ahead of key decision-making milestones.

Actions: In April 2025, we took on a leading role within the investor engagement group and organised a meeting with Crédit Agricole during the development of its medium-term plan. We used this window of opportunity to communicate investor expectations on transition finance, climate lobbying, fossil fuel financing restrictions and transparency around the bank's client transition assessment process.

Outcome: Positively, in November 2025, Crédit Agricole reaffirmed its net zero pathway and 2030 decarbonisation targets, retained its sustainable finance commitments and introduced a new €240 billion transition finance target. This was a key objective of the investor group, having been raised through both engagement meetings and an investor statement submitted at the bank's 2025 AGM. We welcomed this as a positive step towards scaling financing for the transition and retaining ambitious climate targets where many peers have been rolling back.

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Embody

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 we foster with communities, including charities, local networks and schools.



Jay Husbands-Alexander
Co-Chair of the Corporate Responsibility (CR) Committee

"Climate stewardship is an ongoing commitment, one that requires consistent action, collaboration and a willingness to keep learning. Through the work of the Corporate Responsibility (CR) Committee, we aim to turn ambition into meaningful action by creating opportunities for colleagues to contribute and drive positive change across the business. While no single initiative will address the challenges we face, collective effort and continuous improvement can help deliver lasting impact over time"

Internal initiatives

Supporting our environmental objectives forms a key component of our corporate responsibility (CR) strategy. Under this pillar, the CR 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 2025.

EdenTree's 2020-2025 Operational Emissions[4]

	2020	2021	2022	2023	2024	2025
Scope 1 (gas)	0.65	0.00	0.00	0.00	0.00	0.00
Scope 2 (market-based electricity)	0.00	0.00	0.00	0.00	0.00	0.00
Scope 3[5]	**0.14**	**0.49**	**27.70**	**23.70**	**47.08**	**46.50**
Air Travel	0.12	0.34	2.19	9.10	13.17	12.70
Rail Travel	0.02	0.05	0.47	1.60	1.94	1.20
Business Mileage (own car travel)	0.00	0.00	23.14	12.30	11.76	9.10
Car Rental	0.00	0.10	1.19	0.00	0.00	0.00
Waste	0.00	0.00	0.57	0.20	0.06	0.06
Water Supplied	0.00	0.00	0.14	0.50	0.15	0.04
Employee Commuting	N/A	N/A	N/A	N/A	20.00	23.40[6]
Total Scope 1, 2 & 3	**0.79**	**0.49**	**27.7**	**23.7**[7]	**47.08**	**46.50**

Given the nature of our business, 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 (excluding investments) 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.

[4] All figures reported in tCO_2e

[5] Scope 3 emissions as reported here do not include Scope 3, Category 15 emissions. These emissions can be found in Appendix I on a fund-by-fund basis.

[6] Emissions values referenced in other EdenTree publications may differ where Employee Commuting data was not available at the time of writing.

[7] Corrected figure. This value updates the previously published figure in the 2024/25 report due to a reporting error.

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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 sustainable 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 often best support and promote climate action and we are delighted to fund and champion a number of climate-related initiatives.



Case Study: Environmental volunteering in 2025

Habitat Restoration Day with Thames21

As part of our commitment to supporting environmental charities, EdenTree colleagues swapped desks for wellies and joined Thames21 for a Habitat Restoration Day on Chiswick Eyot. The Eyot is a Local Nature Reserve and a rare island habitat, but its fragile banks are vulnerable to erosion, invasive species and the effects of rising water levels. Working with the Old Chiswick Protection Society, Thames21 is helping to restore and protect the island through carefully managed conservation days, ensuring volunteers can support the habitat without causing further damage to this sensitive site.

Our volunteering focused on practical work to improve river health and biodiversity. This included supporting vegetation management, helping stabilise the island's banks through traditional willow spiling and tackling invasive plants such as Himalayan balsam, which can crowd out native species and contribute to habitat degradation. It was a hands-on reminder that even small, muddy interventions can make a real difference, helping to protect Chiswick Eyot's wildlife, strengthen its natural defences and preserve a unique part of the Thames for the future.





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Extending impact through the Benefact Group

We are proud to be part of the Benefact Group, an international family of specialist financial services businesses. We are united by a shared ambition to do right by our customers and clients, and by a common purpose to give all available profits to charities and good causes. The Benefact Group sustains the work of the Benefact Trust which, since 1972, has awarded over £330 million to organisations across the UK and Ireland, supporting initiatives that strengthen communities and address a range of social and environmental challenges.

Case Study: English Heritage

Issue: Understanding climate impacts on the historic environment

Climate change presents a growing challenge for the heritage sector, increasing risks to historic buildings, landscapes and cultural assets. To help address this challenge, Benefact Group has partnered with English Heritage on a four-year research programme exploring the long-term impacts of climate change on heritage sites and the measures needed to improve resilience. Through this collaboration, Benefact Group is helping to support the development of practical guidance, tools and resources for the sector, enabling organisations and property owners to better understand climate-related risks and adapt to the changing environment.

This work aims to strengthen climate resilience across the heritage sector through shared research, collaboration and knowledge exchange.

Learn more here.

Case Study: Greener and Cleaner

Topic: Supporting charities to become more resilient

Benefact Group's charity support programme provides training and resources to non-profits across the UK and Ireland. From webinars to online toolkits and in-person events, our charity support is completely free and easy to access. Over 1,200 charities received support via the programme in 2025, and independent research from the Directory of Social Change highlights its value: 88% of charities accessed training they couldn't otherwise afford, and 87% said the programme helped them write stronger fundraising bids.

Greener and Cleaner are just one of the charities that has benefitted from Benefact Group's charity support programme. Their work focuses on climate action and in particular helping their local community in South London to make greener, healthier and more affordable choices – from setting up a local Library of Things to advising residents on how they can save energy. Parisa Wright is the charity's founder, and a regular attendee to the Benefact Group's Founder Forum events, which bring charity founders together to network and learn. Parisa says "It's fantastic to be inspired by other people's stories, to talk through common challenges and to come away with some great ideas of where we can focus our energy and who we can connect with next."

Learn more here.

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Governance

Oversight

This Strategy has independent oversight from EdenTree's Sustainable Investment Advisory Panel. The Panel played a key role in guiding and reviewing the development of the Climate Change Strategy during its design phase in 2025/26 and has continued to oversee its implementation from then onwards. 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 EdenTree's Sustainability Specialists and is supported and implemented by the wider EdenTree Sustainable Investment Team.

Review

This strategy reflects our current assessment of the most effective way for EdenTree to support the transition to a low-carbon economy over the period 2026 to 2030. However, we recognise that climate science, policy, market practice and investor expectations continue to evolve. We will therefore review the strategy regularly to ensure it remains aligned with the latest evidence and guidance. Where we identify opportunities to improve our approach and make a more meaningful contribution to global decarbonisation goals, we will update the strategy accordingly.

Disclosure

EdenTree commits to transparently disclosing progress against our climate strategy in our annual Climate Stewardship Report publication.

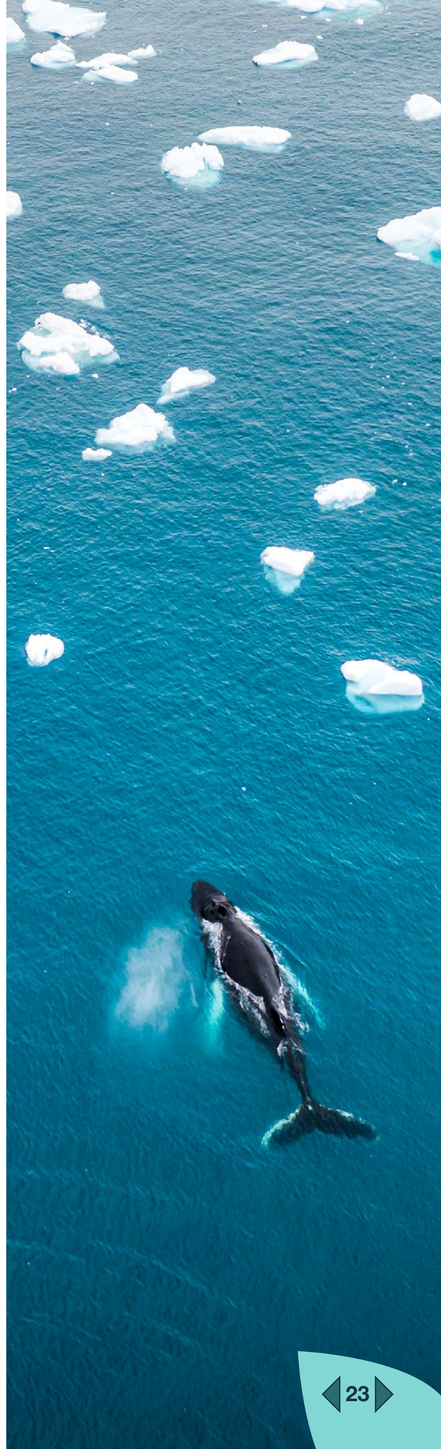
Looking ahead

With our new Climate Strategy now in place, our focus turns to the opportunities and challenges that lie ahead. The strategy reflects our latest thinking on where we can most effectively support the transition to a lower-carbon economy, but it also recognises how much the climate backdrop has evolved in recent years. Importantly, the question is no longer whether companies have made climate commitments, but whether they are delivering on them. As a result, our stewardship efforts will place greater emphasis on implementation, accountability and progress against stated objectives. We believe this evolution is a natural and necessary step in supporting meaningful real-world decarbonisation.

In addition, we will be paying close attention to several themes that we expect will shape the climate landscape over the coming years:

Climate adaptation and resilience. As climate impacts become more visible across the global economy, we are increasingly focused on how companies are adapting to and managing physical climate risks. Events such as flooding, wildfires, storms, droughts and rising heat stress are already creating operational and financial challenges across many sectors, highlighting the importance of effective climate resilience planning. Through our investment analysis and stewardship activities, we are paying more attention to how companies are assessing their climate vulnerabilities, strengthening operational resilience and preparing for a changing physical environment. We are also closely monitoring advances in climate-risk data and modelling capabilities, which we believe will become increasingly important in helping investors better understand and quantify physical climate exposure across funds over time.

The increasing politicisation of net zero. While the language surrounding net zero has become increasingly politicised in some markets, we remain confident in the underlying objective of aligning economic activity with a low-carbon future. We recognise that terminology, disclosures and corporate communications may evolve in response to changing political and regulatory dynamics. However, our assessment framework will remain focused on the issues that ultimately matter: emissions performance, transition-plan credibility, capital allocation and preparedness for a lower-carbon economy.



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Glossary

Scope 1: Scope 1 emissions refer to direct greenhouse gas (GHG) emissions from sources that are owned or controlled by 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 measure the absolute tonnes of CO_2e (Scope 1 and 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 (WACI): The weighted average carbon intensity (WACI) measures a portfolio's exposure to carbon-intensive companies. Since companies with higher carbon intensity are likely to face greater 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 and 2 emissions per $m revenue) for each portfolio company and calculating the weighted average by portfolio weight. Unlike 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 an issuer's and fund's emissions over- or undershoot against the Sustainable Development Scenario (SDS) pathway through to 2050. The score incorporates the relationship between increases in emissions and increases in temperature using scenarios published in the International Energy Agency (IEA) World Energy Outlook. 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 warming to 1.5°C, while also supporting Sustainable Development Goals related to universal access to energy (SDG 7), reducing the health impacts of air pollution (SDG 3) and tackling climate change (SDG 13).

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



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Table 1: Carbon Intensity 2026-2021 (tCO_2e/£m invested) (Source: ISS ESG)

Fund	2026	2025	2024	2023	2022	2021
Sustainable European Equity Fund	120.97	178.22	163.08	151.78	141.79	213.51
Sustainable Global Equity Fund	75.32	104.27	124.41	123.85	74.45	93.81
Sustainable UK Equity Fund	31.69	30.13	33.84	53.42	38.21	56.93
Sustainable UK Equity Opportunities Fund	10.11	9.99	7.91	7.61	5.10	71.77
Sustainable Short Dated Bond Fund	0.90	4.06	8.74	4.76	4.94	52.44[8]
Sustainable Sterling Bond Fund	12.34	34.46	50.32	47.77	41.89	36.93
Sustainable Managed Income Fund	34.35	59.38	61.76	72.20	68.70	263.12
Green Impact Equity Fund	97.04	155.37	146.10	179.08	_	_
Global Impact Bond Fund	22.11	36.96	42.80	53.55	_	_

Table 2: Weighted Average Carbon Intensity 2026-2021 (tCO_2e/£m revenue) (Source: ISS ESG)

Fund	2026	2025	2024	2023	2022	2021
Sustainable European Equity Fund	96.00	98.54	84.09	107.08	132.69	164.23
Sustainable Global Equity Fund	112.32	107.75	99.35	102.50	113.98	114.45
Sustainable UK Equity Fund	63.11	46.43	47.41	43.18	46.66	162.32
Sustainable UK Equity Opportunities Fund	26.62	26.05	25.93	25.36	21.76	177.64
Sustainable Short Dated Bond Fund	5.09	17.06	21.87	23.88	26.53	142.28[7]
Sustainable Sterling Bond Fund	36.80	41.01	57.78	64.91	84.49	105.87
Sustainable Managed Income Fund	76.49	83.18	89.45	101.53	125.49	167.51
Green Impact Equity Fund	138.48	136.47	126.53	172.29	_	_
Global Impact Bond Fund	79.22	72.05	85.07	91.74	_	_

[8] The high carbon footprint in 2021 in the Sustainable Short Dated Bond Fund was due to a mapping error in the data generated by our provider. During this year, one of the holdings was mapped to its parent company, which was significantly more carbon intensive. In 2022, our provider was able to remedy this error and all stocks in the Fund are now mapped correctly. As a result, despite its launch in 2021, 2022 has been adopted as the Fund's baseline year to ensure target tracking and performance reporting are based on accurate and comparable data.

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Table 3: Financed Emissions scope 1,2,3 2024-2026 (tCO_2e) (Source: ISS ESG)

Fund	2026	2025	2024
Sustainable European Equity Fund	1,043,548	486,754	507,815
Sustainable Global Equity Fund	313,812	281,438	361,512
Sustainable UK Equity Fund	57,114	67,920	80,830
Sustainable UK Equity Opportunities Fund	34,894	42,787	38,308
Sustainable Short Dated Bond Fund	127,199	111,434	244,903
Sustainable Sterling Bond Fund	144,071	167,262	148,399
Sustainable Managed Income Fund	158,196	169,873	167,582
Green Impact Equity Fund	58,047	67,226	76,078
Global Impact Bond Fund	12,257	13,450	9,106

Interpretation of trends: Reported Scope 3 emissions may have increased over time without a corresponding increase in real-world emissions. This reflects ongoing improvements in corporate disclosure practices, emissions accounting methodologies and data availability, with an increasing number of companies reporting a more comprehensive greenhouse gas inventory. As a result, changes in reported emissions should be interpreted alongside developments in data quality and coverage, as well as underlying company decarbonisation performance.

Table 4: Investee company science-based target (SBT) coverage 2026 (weight in fund, rounded to nearest whole number) (Source: ISS ESG)

Fund	No target	Non-ambitious target	Ambitious target	Committed SBT	Approved SBT
Sustainable European Equity Fund	1%	3%	15%	8%	73%
Sustainable Global Equity Fund	7%	9%	17%	2%	64%
Sustainable UK Equity Fund	3%	15%	13%	3%	64%
Sustainable UK Equity Opportunities Fund	9%	16%	14%	10%	51%
Sustainable Short Dated Bond Fund	13%	29%	26%	16%	15%
Sustainable Sterling Bond Fund	14%	10%	24%	16%	36%
Sustainable Managed Income Fund	5%	11%	19%	8%	56%
Green Impact Equity Fund	0%	18%	14%	0%	68%
Global Impact Bond Fund	13%	12%	16%	11%	48%

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Table 5: Investee company science-based target (SBT) coverage 2026 (by financed emissions in fund, rounded to nearest whole number) (Source: ISS ESG and EdenTree)

	No target	Non-ambitious target	Ambitious target	Committed SBT	Approved SBT
Sustainable European Equity Fund	0%	0%	8%	29%	63%
Sustainable Global Equity Fund	3%	0%	26%	0%	71%
Sustainable UK Equity Fund	15%	26%	0%	0%	59%
Sustainable UK Equity Opportunities Fund	2%	7%	1%	5%	86%
Sustainable Short Dated Bond Fund	33%	20%	4%	3%	40%
Sustainable Sterling Bond Fund	6%	0%	5%	0%	89%
Sustainable Managed Income Fund	0%	0%	0%	0%	100%
Green Impact Equity Fund	0%	3%	19%	0%	78%
Global Impact Bond Fund	5%	1%	39%	0%	56%

Table 6: Implied Temperature Rise 2026 (Source: ISS ESG)

Fund	Result (°C)
Sustainable European Equity Fund	1.6
Sustainable Global Equity Fund	1.8
Sustainable UK Equity Fund	1.7
Sustainable UK Equity Opportunities Fund	1.5
Sustainable Short Dated Bond Fund	1.5
Sustainable Sterling Bond Fund	1.5
Sustainable Managed Income Fund	1.7
Green Impact Equity Fund	2.0
Global Impact Bond Fund	1.6

Table 7: Analysis Coverage 2026 (Source: ISS ESG)

Fund	Result
Sustainable European Equity Fund	97.31%
Sustainable Global Equity Fund	94.88%
Sustainable UK Equity Fund	96.15%
Sustainable UK Equity Opportunities Fund	86.67%
Sustainable Short Dated Bond Fund	92.21%
Sustainable Sterling Bond Fund	75.25%
Sustainable Managed Income Fund	90.08%
Green Impact Equity Fund	97.07%
Global Impact Bond Fund	86.04%

Note - Where coverage falls below 100%, this is primarily due to investments in alternative asset classes—such as infrastructure, property and sovereign debt—which cannot be measured using the same methodologies as equities and fixed income, owing to current data limitations.

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