



2024/25

Climate Stewardship Report

Foreword

I'm delighted to share EdenTree's third Climate Stewardship Report, a milestone that reflects our continued commitment to sustainable investing and our proactive approach to climate responsibility.

We remain firm in our stance on climate change. The scientific evidence is unequivocal – we are living in a climate emergency and must reduce greenhouse gas (GHG) emissions. In our last Climate Stewardship Report, I noted that 2023 was the hottest year on record since 1850. Now, 2024 has surpassed it, being the first calendar year that breached 1.5°C above pre-industrial levels, which speaks volumes about the pace of long-term temperature rise.¹

This rise in temperatures came during a year when political support for climate action became increasingly polarised, driven largely by developments in the United States. Spearheaded by Trump, the US withdrew from the Paris Agreement, a move that prompted

several banks and asset managers to scale back their climate targets and step away from high-profile climate organisations.²

But this isn't the first time there has been a backlash against climate action, and it probably won't be the last.³ Regardless of the noise or bouts of cyclical criticism, we remain resolute. We recognise that climate change poses a growing threat to both people and planet, and we view it as a financially material risk. It is, therefore, our fiduciary duty to address this risk in order to protect and grow long-term value for our clients. In line with our investment approach, we also see these risks as opportunities. Across our funds, we continue to identify compelling investment prospects that not only support and accelerate the transition to net zero, but also deliver affordable, rapid energy solutions in response to growing global demand.

In February, we redeclared our support for net zero in our [Climate Commitment](#).

This follows the release of our Climate Change Strategy in 2023 where we set short, mid and long-term targets that guide our approach. By the end of 2025, we anticipate 60-80% of our funds' financed emissions will be covered by a science-based target (SBT), which will be a clear commitment from our holdings to reduce their emissions in line with the goals of the Paris Agreement. We are pleased that six of our funds have already achieved this goal. By 2035, we aim to achieve a 50-78% reduction in fund carbon intensity and alignment with a 1.5°C scenario across all our funds. In the long term, by 2050, we aim for our funds to be net zero across all scope 1, 2 and 3 emissions.

During 2024, active engagement with portfolio companies and prospective investments remained a vital part of our approach. Despite a challenging global backdrop, many of the companies we hold have continued to press ahead with ambitious climate commitments. Our engagement efforts have played a

key role in supporting and reinforcing this momentum, encouraging alignment with net-zero strategies and driving meaningful progress. We track our engagement outcomes annually, allowing us to evaluate the effectiveness of our efforts in driving tangible outcomes.

In this environment and with the continuing transition to net zero in mind, we see climate stewardship not just as a responsibility, but a strategic imperative that enables investors to safeguard long-term value.

I hope you enjoy this report, and as always, we welcome any comments or feedback.



Charlie Thomas
Chief Investment
Officer

¹ [Copernicus: 2024 is the first year to exceed 1.5°C above pre-industrial level | Copernicus](#)

² [ESG Watch: New SEC rules under Trump turn up the heat for sustainable investors | Reuters](#)

³ [European and UK pension funds drive transatlantic split on sustainable investing](#)

About us

EdenTree is an active investment management house dedicated to sustainable and impact investing – it's all we do. We have a 35+ year track record in this space, 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 the Benefact Group – a charity-owned, international family of specialist financial services companies that give all available profits to charity and good causes.

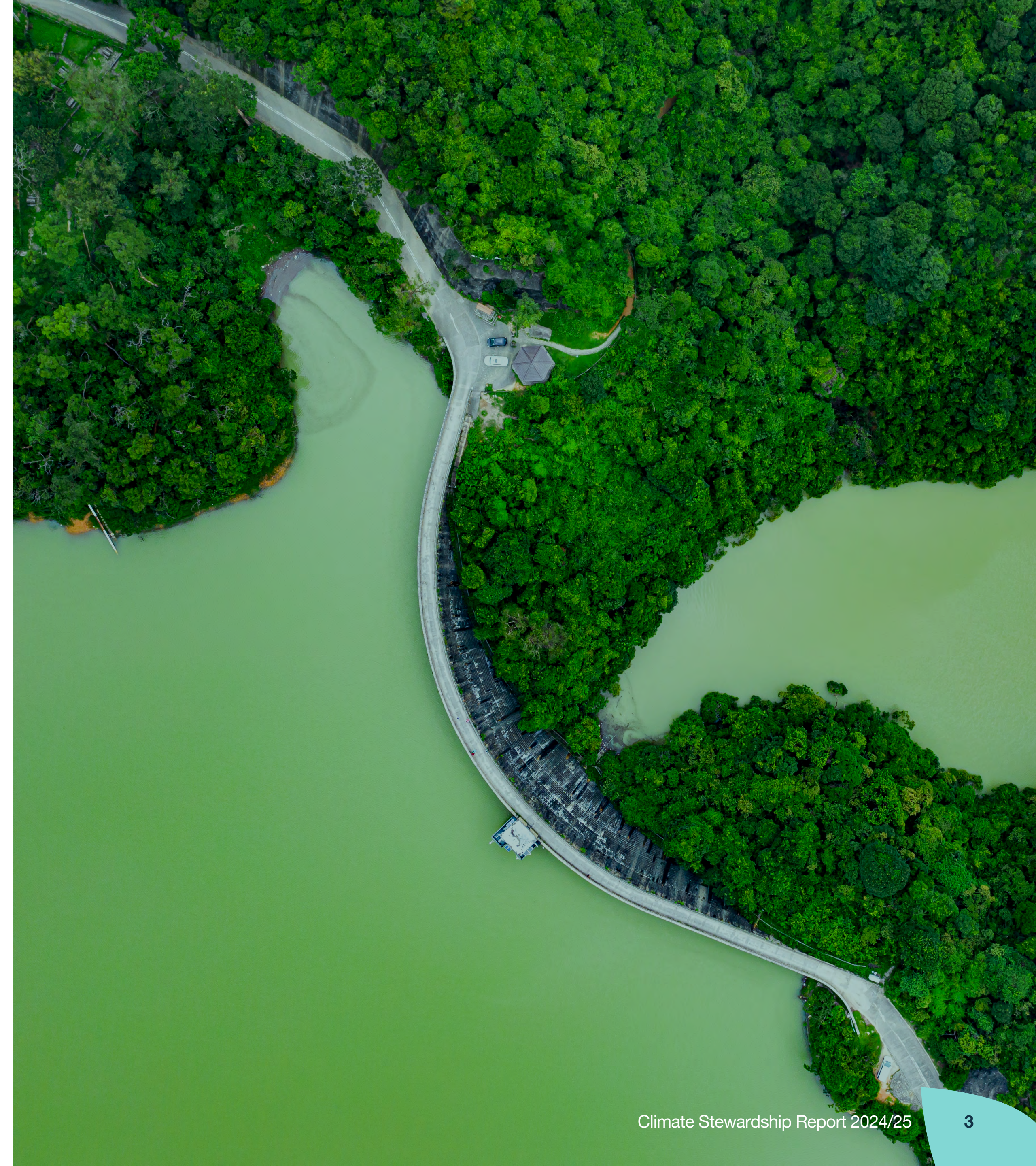
Our climate strategy

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 and target the areas where investors have the biggest role to play.

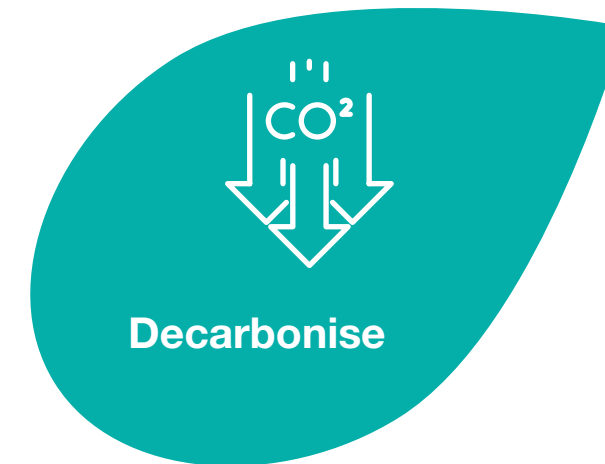
Under each of our four pillars we have defined ambitions and actions. The ambitions are a combination of quantitative and qualitative targets that define the change we would like to see and help us to focus our efforts in the areas of greatest importance. The actions list the steps we will take to realise our ambitions, drawing on the tools we have available to us as investors, such as stewardship and company selection.

This report provides an overview of the targets contained within our Climate Strategy, and the actions we have taken during 2024/5⁴ to deliver against our aims.

⁴ Reference year is the financial year from April 2024 to March 2025.



Our approach

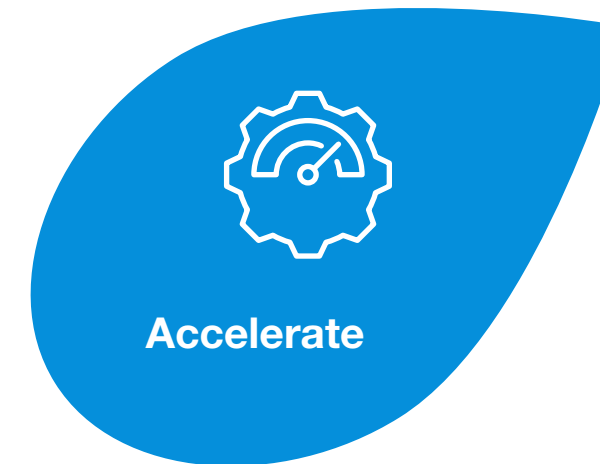


Ambitions:

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

Actions:

1. Allocate capital where it supports our climate ambitions and eschew investment in companies that are misaligned with our aims.
2. Monitor and influence the heaviest emitters in our funds via our proprietary Climate Stewardship Plan.
3. Engage broadly on climate change across our funds.

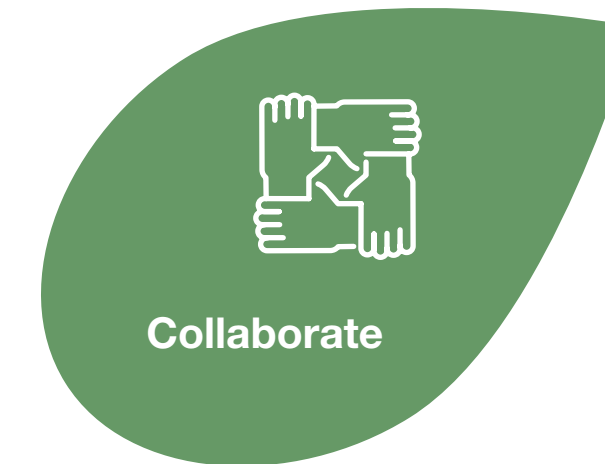


Ambitions:

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. Improve our data collection and monitoring of climate-related opportunity metrics.

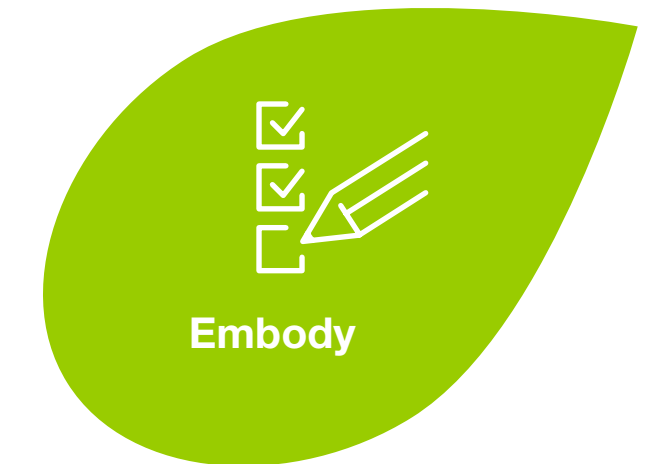


Ambitions:

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:

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



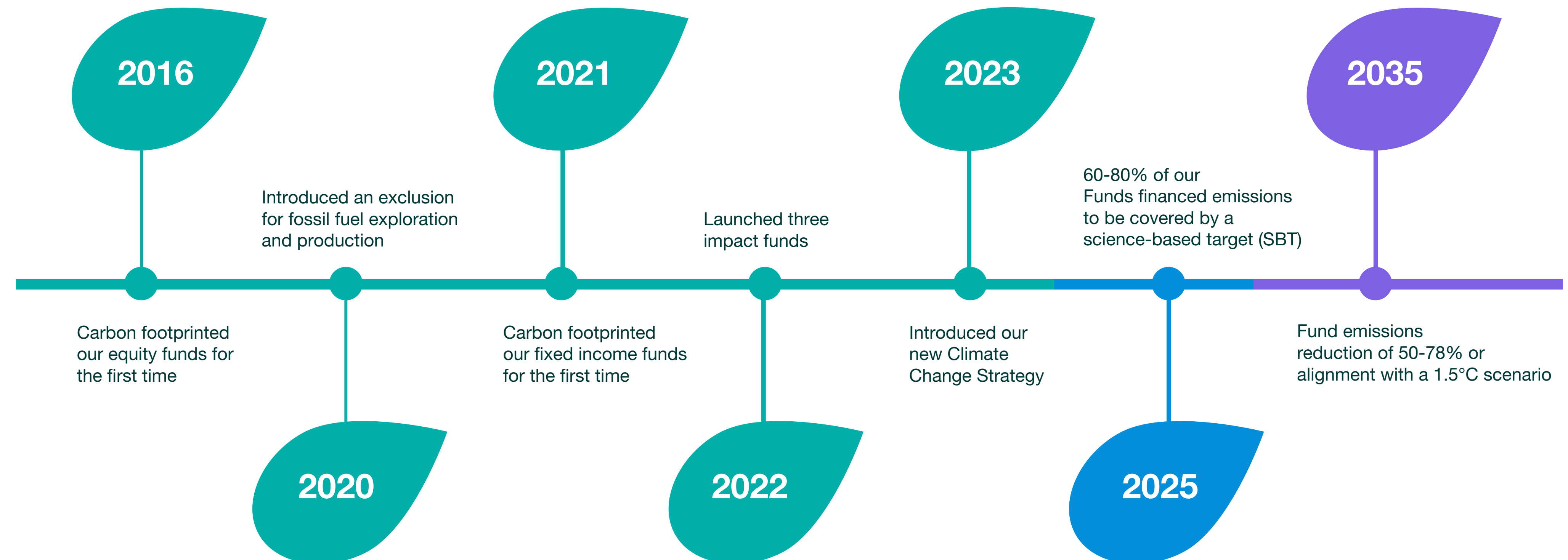
Ambitions:

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:

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

Our progress and decarbonisation targets



Decarbonise

Our ambitions

Climate targets

Most of our retail funds are covered by two climate targets: a short-term 2025 target and a medium-term 2035 target⁵. All of our 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. For further information on the methodology underlying our targets, please see Appendix I.

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

⁵The deadline for both targets is year-end, meaning end of 2025 and end of 2035.

⁶As per ISS-ESG methodology.

Short-term target: 60-80% of a Fund’s financed emissions to be covered by a science-based target (SBT)

This short-term 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 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 Fund, UK Equity Opportunities Fund and Short Dated Bond Fund due to their mid to small-cap bias and/or allocation to sovereign bonds.

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 that do not currently have a 1.5°C alignment rating and, relative to our funds that 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 our funds, the baseline will be 2016, with only two exceptions being 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.

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

This target aims to ensure that our funds that are already aligned with a 1.5°C scenario⁶ 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.

Progress against targets

We strive to be transparent, so we disclose the progress of our funds against our climate targets on an annual basis.

Progress against 2025 SBT alignment target

The table below discloses the progress of our funds against the 2025 SBT alignment target.

Fund	Target	Performance	Status
European Equity Fund	80%	61%	Off Track
Global Equity Fund	80%	84%	Achieved
UK Equity Fund	60%	63%	Achieved
UK Equity Opportunities Fund	60%	79%	Achieved
Short Dated Bond Fund	60%	64%	Achieved
Sterling Bond Fund	80%	76%	On Track
Managed Income Fund	80%	99%	Achieved
Global Impact Bond Fund	80%	90%	Achieved
Green Future Fund	80%	74%	On Track

We are pleased that six of our funds have already achieved their goals. This number has increased from last year, when only three of our funds had achieved their aims. Of the rest of our funds, two are on track – the Sterling Bond Fund and the Green Future Fund – with less than 10% of the goal remaining in both cases.

Only one of our funds – the European Equity Fund – is off track. This is primarily due to its position in Yara International, an agrochemical business, which is responsible for 29.4% of the financed emissions of the fund. The company has yet to set a Science Based Target despite committing to do so several years ago. Due to the company’s lack of progress, we took escalation action in both 2024 and 2025. We intend to await the outcomes of our most recent action before deciding what steps to pursue next.

Progress against 2035 Decarbonisation Target

The table below discloses the progress of our Funds against the 2035 decarbonisation target. We disclose both the target (i.e., the amount by which we intend to reduce the carbon intensity versus the baseline year) and the performance (the carbon intensity reduction that has been achieved to date versus the baseline year).

Fund	Target	Performance	Status
European Equity Fund	-78%	-38%	On Track
Global Equity Fund	-78%	-59%	On Track
UK Equity Fund	-78%	-69%	On Track
Managed Income Fund	-78%	-89%	Achieved
Green Future Fund	-50%	-13%	On Track

All of our funds are making progress towards their 2035 decarbonisation aims. We are particularly pleased that one of our funds, the Managed Income Fund, has achieved its goal ahead of schedule. Our other funds are all making progress, with three – the European Equity Fund, Global Equity Fund and UK Equity Fund – having achieved at least 35% decarbonisation. The Green Future Fund is also on track, achieving 13% decarbonisation since it was launched in 2022.

Progress against 2035 Implied Temperature Rise Target

The table below discloses the progress of our funds against the implied temperature rise target.

Fund	Target	Performance	Status
UK Equity Opportunities Fund	1.5°C	1.5°C	On Track
Sterling Bond Fund	1.5°C	1.5°C	On Track
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 that 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.

Carbon risk metrics analysis

The figures presented above illustrate the progress of our funds in relation to our established climate targets. In addition to this, we conduct an annual climate risk assessment that evaluates the performance of our funds against a broader set of climate-related metrics. Datapoints assessed include financed emissions, carbon intensity, weighted average carbon intensity, implied temperature rise and alignment with SBTs. We disclose the performance of our funds against these metrics in full in Appendix II.

Future actions

We are continuing to explore the possibility of setting SBTs for our scope 1, 2 and 3 emissions. We view SBT verification as a natural extension of the targets listed above, putting us in a good place to achieve this. We are also approaching the first review cycle for our Climate Strategy, with 2026 marking three years since the Strategy was first launched. With both pursuits in mind, we expect to announce refreshed climate targets in 2026. As part of this, we also intend to set a long-term climate target.

Our actions

Climate-integrated investment

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.

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, 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 eschewing that which does not.

Case Study: Nexans Sustainability Assessment



Nexans is a multinational company focused on the manufacturing of cables and optical fibres. It is a dominating player in the industry and is the world's second largest cable manufacturer behind Prysmian, operating manufacturing sites in 40 countries and employing just under 30,000 individuals.

Climate considerations were central to our sustainability analysis of Nexans, as its carbon footprint, particularly from a scope 3 perspective, is significant. Before proceeding with the investment, we sought confirmation that the company has a robust plan for managing and reducing these emissions.

Our due diligence revealed that Nexans has committed to net zero and has implemented ambitious scope 1, 2 and 3 targets, which are aligned with the SBTs standard. It has also outlined a clear strategy and connected levers to achieve those targets. We also noted the company's decision to recentre its strategy on the electrification value chain, positioning itself as a key enabler of the energy transition. The company report that 75% of sales are “generated from products and services that contribute to energy transition and efficiency” and expected this to reach close to 100% in 2025. Ultimately, the company's strong climate risk management was a core reason for a positive sustainability rating being awarded, and the investment progressing forward. Had Nexans not demonstrated a robust transition plan, the opposite would have occurred.

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 and work towards our decarbonisation goals.

Climate Stewardship Plan

In 2023, EdenTree launched its proprietary Climate Stewardship Plan, a targeted initiative designed to drive meaningful climate action through active ownership. The Plan identifies the companies that contribute the most to EdenTree’s scope 1 and 2 financed emissions and assesses them against 13 expectations that reflect best practice in corporate climate strategy development. As of 31 March 2025, the Plan includes 18 companies.

Each company receives a score per expectation as well as an overall climate transition score. These assessments inform the development of tailored engagement objectives, highlighting specific areas for improvement.

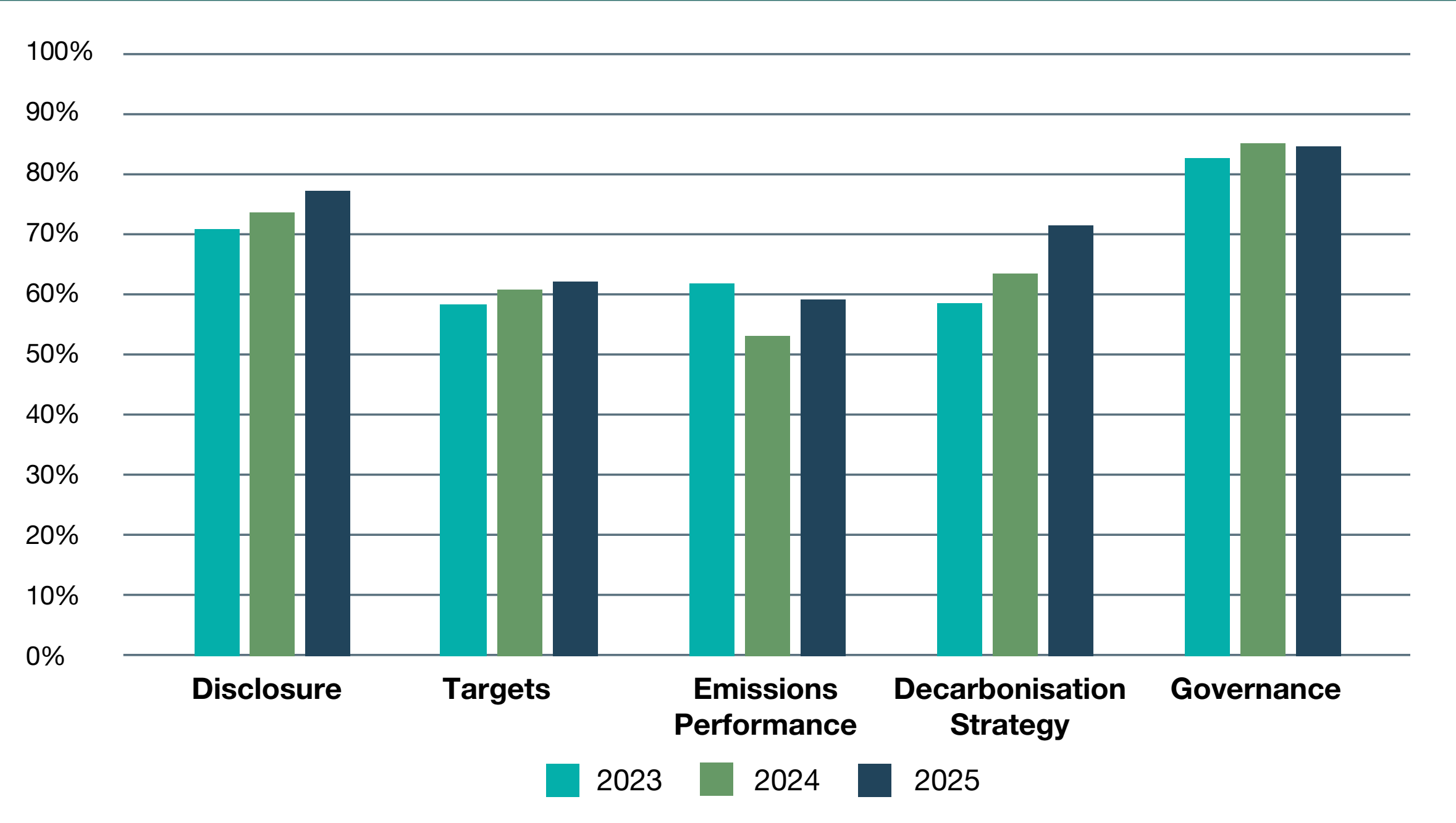
Table 2: Climate Stewardship Plan expectations

Area	Expectation
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

Since the Plan’s launch in 2023, EdenTree has undertaken focused and sustained engagements with the selected companies, aiming to influence their climate strategies and improve alignment with our expectations. Progress is reassessed annually, enabling us to monitor developments and evaluate the effectiveness of our engagement efforts in driving tangible outcomes.

We disclose below the average scores of the companies captured in the Climate Stewardship Plan, based on the first assessments done in 2023, the second assessments done in 2024 and the third assessments done in 2025. 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 that do not meet all of our expectations. A higher score indicates stronger company performance.

Climate stewardship plan scores 2023-2025



We are pleased that nearly all indicators have improved both year-on-year and versus the 2023 baseline. We provide further detail below on the trends observed within the Climate Stewardship Plan.

Disclosure	
What is assessed	This area examines how transparently companies disclose core climate metrics, such as scope 1, 2 and 3 emissions. It considers the breakdown of scopes, the breakdown within scopes and the level of independent verification.
Overall performance	We continue to observe improvements in climate-related disclosure from companies. All firms within the Plan now report their scope 1 and 2 emissions, and the majority report their scope 3 emissions. Of the firms that don't yet report the latter, all have published timelines for when they expect this information to be available. We have also observed an improvement in the level of independent verification sought by companies.
Notable examples	• Mohawk Industries. The company was able to disclose scope 3 emissions in significantly more detail in 2024, after previously only reporting a limited number of categories within the scope 3 bucket. The company now discloses 10 of the 15 categories, with the remaining 5 all considered unapplicable to Mohawk.

Targets	
What is assessed	This area considers the ambition of investee climate targets. We consider the emission scopes covered by targets, the level of ambition sought, whether they are intensity-based or absolute and if they are aligned with the Science-Based Targets initiative (SBTi).
Overall performance	We have observed improvements within this area, although the magnitude of change has been lower compared to other indicators. This is largely because many companies already had ambitious climate targets in place, and for those that didn't, the pace of target setting tends to be done over a longer period of several years. Despite this, we have observed several companies increase the ambition of their targets over the last two years, which is welcome.
Notable examples	• Ashtead Group. We were pleased to see Ashtead Group introduce a Net Zero Commitment for the first time in 2025. This is an objective we had been pursuing via engagement for a number of years. • Clean Harbors. In 2024, Clean Harbors developed its first climate-related targets, seeking a scope 1 and 2 emissions intensity of 0.25 by 2030 down from its current level of 0.32. Whilst this is a welcome development, we believe the company could go further by making this target absolute and seeking alignment with the SBTi. This is the focus of our engagement moving forward. • Veolia Environnement. Veolia were one of the first companies within the Stewardship Plan to have its net zero target validated by the SBTi. The company has a series of comprehensive long-term targets, utilising both intensity and absolute metrics across scope 1, 2 and 3 emissions.

Emissions performance	
What is assessed	This area scrutinises the historical emissions trajectory of companies. We examine the direction and magnitude of emissions reductions achieved to date and consider whether it is aligned with target projections.
Overall performance	Emissions performance remains the most variable area assessed under the Climate Stewardship Plan. While many companies demonstrate credible long-term emissions trajectories, several have demonstrated year-on-year fluctuations. These variations are not uncommon and can often be influenced by external factors, including shifts in the geopolitical landscape and macroeconomic conditions. This volatility underscores the importance of engaging broadly on climate-related issues, rather than relying solely on targets as indicators of effective climate risk management. As we approach 2030 – a milestone year for many companies within the Plan – the need to translate ambition into measurable progress becomes increasingly critical.
Notable examples	• Enel SpA. In 2022, Enel's scope 1 emissions increased, representing a deviation from their target trajectory. This was due to an increase in coal-fired electricity generation in Europe of about 7 TWh due to geopolitical challenges and poor weather that limited hydroelectric generation. With Enel recently reporting its 2023 figures, we are pleased that the company's scope 1 trajectory is back on track, confirming Enel's assertions that long-term deviations were not expected.

Decarbonisation strategy	
What is assessed	This area considers whether companies have a credible Climate Transition Plan. We identify whether companies have developed a clear set of actions for reducing greenhouse gas (GHG) emissions and whether these actions are mapped to a specific level of GHG reduction.
Overall performance	Of the five areas, performance within the ‘decarbonisation strategy’ pillar has improved the most. During the first round of assessments in 2023, many companies had yet to release credible climate transition plans, with only three companies scoring full marks within this category. As of 2025, seven companies now achieve full marks in this area, and many others have made improvements. This has been fuelled both by investor engagement and increased regulatory pressure (the UK Transition Taskforce, for example, published its framework for corporate transition plans at the end of 2023).
Notable examples	• DS Smith. Towards the end of 2024, DS Smith released its first fully fledged transition plan, aligned with the UK Transition Plan Taskforce Framework. The plan includes three levers under which DS Smith will reduce their emissions: reduce, switch and adopt. Clear actions have been outlined under each. • Electricity Supply Board (ESB). ESB was another company that strengthened its transition plan in 2025, releasing a new net zero roadmap with a clear set of initiatives designed to reduce emissions in line with its short-term and long-term targets.

Governance	
What is assessed	This area assesses a company’s oversight and governance of climate-related risks. We examine who has ultimate responsibility for climate change, and whether climate metrics are embedded within incentive plans.
Overall performance	This indicator has remained the most stable year-on-year since 2023. This reflects the fact that performance within this area was already high, with almost all companies in the Plan having a Board-level Committee with responsibility for the climate strategy and a C-suite individual responsible for climate oversight. Many companies also have climate metrics embedded within their executive remuneration, although performance on topic is generally weaker.
Notable examples	• Keller. In 2024, Keller included performance against its scope 1+2 emissions reduction target within the CEO’s long-term incentive plan. Progress against this target was transparently disclosed within the company’s remuneration report, of which we voted in favour of at the company’s 2025 AGM.



Case Study: Ashtead Group



Area	2023 Performance	2025 Performance
Disclosure	33%	67%
Targets	33%	50%
Emissions performance	50%	33%
Decarbonisation strategy	50%	50%
Governance	75%	75%

Issue: Ashtead is an international equipment rental company with national networks in the US, UK and Canada. It is captured within our Climate Stewardship Plan as it contributes materially to the financed emissions of several of our funds. When it was first added to the Stewardship Plan in 2023, it was one of the weaker performing companies, lacking concrete emissions reduction targets, a defined net zero goal or published scope 3 emissions.

Action: We engaged with the company for the first time in 2023 and had a second follow-up meeting in 2024. In both meetings, we were clear about our expectations for the company and used the latter as a chance to discuss progress made over the preceding 12 months.

Outcome: We were pleased that the company made progress against two of our engagement objectives in 2024. In particular, Ashtead set a net zero by 2050 target and disclosed its scope 3 emissions for the first time. This subsequently improved its performance against several areas within our Stewardship Plan. Moving forward, the focus will be on the company’s near-term targets, which remain weaker than peers. The company is hesitant to set absolute emissions reduction targets, preferring instead to stick with intensity targets. In tandem, Ashtead is yet to fully commit to the SBTs despite not ruling it out entirely. We intend to meet with the company again in 2025, and we will focus heavily on the area of near-term target-setting.

Case Study: Yara International



Area	2023 Performance	2025 Performance
Disclosure	100%	100%
Targets	50%	17%
Emissions performance	33%	50%
Decarbonisation strategy	50%	50%
Governance	100%	100%

Issue: Yara International is a Norwegian chemical company. 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 demonstrates weak performance against several indicators within our Climate Stewardship Plan, stemming from the absence of a clearly articulated transition plan and the lack of approved SBTs despite a public commitment made in 2021.

Action: We met with the company in May 2024 to discuss its performance against these two objectives. During the call, we were disappointed to learn that Yara has regressed against our second objective, having removed its commitment to set a near-term SBT. We also observed deteriorating performance against several other indicators within our Climate Stewardship Plan. We therefore decided to take escalation action.

To do so, we supported a shareholder resolution at Yara’s 2024 AGM, calling on the company to commit to publishing a science-based target to reduce its scope 3 emissions over the short, medium and long-term. We also escalated our voting action by publicly pre-declaring our voting intentions through the PRI’s Shareholder Resolution Database.

Outcome: The shareholder resolution received reasonable support at the AGM, with 8% of shareholders voting in favour. As the company is yet to reaffirm its commitment to set science-based targets, we intend to take further escalation action in 2025 if we don’t observe progress against our objectives.

Other direct climate engagement

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:

- 1. **Fossil fuel financing.** As a firm with a fossil fuel exclusion applied across all our funds, our primary indirect exposure to coal, oil and gas comes from our investment in banks. Therefore, an engagement priority for us is encouraging our bank holdings to withdraw from financing projects that are misaligned with the goals of the Paris Agreement. We formalised this engagement in 2024, setting clear and measurable targets for each of the banks we engage in.
- 2. **Climate disclosure.** We 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, we also engage with our small to medium-cap companies, encouraging improved climate disclosure.

We provide further examples opposite of our direct engagement work in 2024/5.

Case Study: BBVA

BBVA

Issue: Our engagement with BBVA centres on the topic of fossil fuel financing. In 2023, BBVA provided \$75bn to fossil fuel companies, which serves to obstruct global climate goals. However, we also recognise that banks can play an important role in enabling the transition through financing climate solutions. As such, it is important that banks implement credible transition plans.

Action: We met with BBVA in 2024 and discussed several aspects of its climate change risk management. We focused heavily on its fossil fuel financing policies and its client engagement and escalation processes, as we view these to be fundamentally important to ensuring overall alignment with the Paris Agreement.

Outcome: BBVA’s sectoral decarbonisation approach has significantly improved over the past few years. The bank now has targets across all of its high-risk sectors and discloses progress transparently in its reports. We were also pleased to learn that despite short-term target underperformance within a few sectors, BBVA views this as a temporary fluctuation only, and BBVA remains confident in its ability to meet its targets in the medium-term. The bank has also made progress on its client engagement work, which now appears to link relatively robustly into its transaction decision-making process. An area of weakness remains its lending policies. Despite encouraging BBVA to set more stringent restrictions around financing companies with fossil fuel expansion plans, the bank was reluctant to do so. This is something we intend to push further in future meetings.

Case Study: Bruker

BRUKER

Issue: We 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, we have also been engaging with our small to medium-cap companies to encourage improved climate disclosure.

Action: We have been engaging with Bruker Corp for several years on its climate change strategy – specifically encouraging the company to set emission reduction targets and ideally science-based targets. We reached out to Bruker over the past quarter to continue the conversation on the importance of climate targets.

Outcome: In our most recent exchange, the company confirmed it is looking at setting science-based targets and that these will likely feature as part of Bruker’s 2025 report. We will continue to engage on this topic.

“We continued to engage actively with our holdings in 2024, pushing for high standards — something that’s become even more critical in a year marked by greenhushing and ESG backlash. We’ve seen a number of companies roll back their climate commitments, which only reinforces the importance of persistent and thoughtful engagement. Whether it’s encouraging companies to set science-based targets, urging banks to align their financing with the Paris Agreement or advocating for robust transition plans across sectors, we’re staying the course and raising the bar.”



Amelia Gaston
Senior Sustainable Investment
Analyst and Climate Lead

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 2050⁷. 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 and impact investing

As part of our investment process, we assess a company's contribution to sustainability themes, including several linked to climate solutions – such as clean energy, energy efficiency, the circular economy and sustainable transportation. Across our funds, we seek to increase the capital we direct towards companies that offer such solutions.

We also have a range of impact funds – including the [Green Future Fund](#), the [Global Impact Bond Fund](#) and the [Green Infrastructure Fund](#) – all specifically designed to channel capital toward companies whose products and services contribute to climate solutions. Throughout 2024, we dedicated time to enhancing and refining our approach to impact investing, ensuring that we maximise the positive climate outcomes these funds can deliver.

The following case studies provide a snapshot of our impact assessment approach and some of the ways holdings in the funds contribute to our ambition to expand our contribution to the low carbon transition.

⁷ www.bbc.co.uk/news/business-60135833

Case Study: Our approach to impact investing

Our impact investment approach starts with an assessment of an asset and how its product, service or project supports the Thematic Impact Framework of each fund. A company's contribution must be intentional and material.

- **Intentionality** – the company's commitment to providing climate solutions i.e., whether those solutions are part of the company's long-term strategy and growth plans.
- **Materiality** – whether the company's product and services – its provision of 'climate solutions' – are a material part of the company's business as measured by 50% or more of the company's total revenue, capital expenditure or asset base. Typically, this rate is much higher.

For example, for a company offering climate mitigation solutions, this means that the climate solutions must be a credible long-term part of the company's strategy, and this contribution must represent at least 50% of the company's revenue.

After investment, we seek to enhance the asset's impact through our stewardship activities, where our engagement and voting seek to increase positive impacts and decrease potential negative impacts.

Our industry-leading impact approach has been recognised by the FCA, with each fund achieving the "Sustainability Impact" label.

Case Study: Greencoat Renewables



About: Greencoat Renewables is a long-standing impact holding in the Green 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 Infrastructure Fund's Alternative Energy theme and theory of change.

Asset contribution in 2024:

Avoided emissions:
1,400,000 tCO₂e

Renewable energy generated:
3,922,000 MWh

Renewable energy installed capacity:
1,493 MW

Case Study: Schneider Electric AB

Schneider Electric

About: Schneider Electric is a global technology company that specialises in energy efficiency solutions. Its products are used in areas such as electric vehicle (EV) charging infrastructure, smart industries, intelligent buildings, renewable energy (e.g. battery energy storage) and data centres. It is held within our Green Future Fund.

Intentionality: Scheider Electric has positioned impact at the centre of its purpose statement: “Schneider Electric’s purpose is to create Impact by empowering all to make the most of our energy and resources, bridging progress and sustainability for all.” It has clear goals to grow its impact revenues (80% by 2025), help customers avoid tCO₂e (800MTCO₂e by 2025 from a 2020 baseline) and to reduce emissions at its top suppliers (50% by 2025 from a 2020 baseline).

Materiality: In 2024, 74% of Scheider Electric’s revenues were sourced from products that have a positive impact, helping their customers avoid harmful GHG emissions.

Asset Contribution in 2024:

Avoided emissions: 126,100,000 tCO₂e

“We manage the Green Infrastructure Fund as a finance-first impact strategy – so we’re aiming for strong, competitive returns while also delivering meaningful environmental impact. For us, that means investing in assets that directly reduce reliance on fossil fuels and support the transition to a net zero global economy. It’s a different approach from impact-first strategies that might compromise on returns to achieve their goals. We were pleased to receive the SDR Impact Label this year; it is a strong endorsement of the robust process and intentional approach we’ve built into the Fund from day one”



Tommy Kristoffersen
Green Infrastructure
Fund Manager

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 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

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

Each of these funds invests with the explicit aim of helping to tackle the causes of climate change, with fund holdings supporting a reduction in the release of harmful GHG emissions, as measured by the rate of avoided emissions. The EdenTree Global Impact Bond Fund has an additional impact goal which seeks to support the provision of basic services for underserved communities.

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 Infrastructure and Green Future 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 portfolio-level impact metrics. LGX brings greater consistency to our approach to measuring and reporting the impact KPIs of the EdenTree 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 2024.

Area	Avoided Emissions (tCO ₂ e)	Renewable Energy Produced (MWh)	Renewable Energy Installed Capacity (MW)
Green Future Fund	17,391	12,055	2.8
Green Infrastructure Fund	23,550	37,355	22
Global Impact Bond	2,893	3,986	3.8

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 opposite.

	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.
	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.
	EdenTree is a member of ShareAction’s Investor Decarbonisation Initiative, which aims to accelerate corporate climate action across multiple sectors, including banking.

In 2024/5, we publicly endorsed the power of collaborative climate initiatives in our Climate Position Statement. In the face of a challenging geopolitical backdrop, we firmly believe that collective communication of investor expectations can lead to their realisation in a more efficient and impactful manner. With this in mind, we sought opportunities to further increase our involvement in collaborative initiatives.

Case Study: Increasing our participation within the IIGCC Banks Working Group

IIGCC

Issue: We have been engaging directly with our bank holdings for a number of years. In light of recent global events, including numerous banks pulling out of the net zero banking alliance (NZBA) and several banks rolling back climate targets, we felt it was appropriate to expand the scope of our engagement.

Actions: We have expanded the number of collaborative engagements we are part of within the Institutional Investors Group on Climate Change (IIGCC) Banking Workstream. We have taken up a leading role in the engagements for Crédit Agricole and Toronto Dominion (previously a supporting investor), alongside joining the engagement groups for HSBC, ING Groep and Barclays. We remain members of the ScotiaBank engagement group.

Outcome: Collaborative engagement is an increasingly important means for encouraging ambitious climate action, and we believe this action will allow us to exert the necessary pressure on banks to align with the goals of the Paris Agreement.

We provide below examples of collaborative engagements we contributed to in 2024/5, both at the corporate and the policy level.

Case Study: Prudential Regulation Authority



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: In January 2024, along with 21 other investors, we signed a letter to the Prudential Regulation Authority (PRA), coordinated by Sarasin & Partners. The letter sought the support of the PRA in delivering better climate disclosures. In particular, it sought improved disclosure around how material climate risks have been factored into banks' financial statements, auditor reports and capital adequacy reporting.

Outcome: In January 2025, the PRA responded to our ask, stating its intention to “focus on disclosures that will help users understand the effect of climate risk on firms’ exposure to credit risk”. We additionally met with the PRA to discuss the letter in more detail, with the PRA keen to know precisely what disclosures investors would like to see.

Case Study: HSBC



Issue: In early 2025, HSBC rolled back its operational emissions targets, citing a new 2050 net zero deadline, replacing the previous aim of 2030. The bank also announced an upcoming review of its financed emissions targets and has started to soften the language used in its energy policy. These developments raised significant concerns.

Actions: We met with HSBC as part of a collaborative investor group, coordinated by ShareAction. The call provided the group an opportunity to meet Pam Kaur (the new CFO) and Julian Wentzel (the new CSO) who took up their roles in January 2025. During the meeting, the investor group raised concerns about the rollbacks and encouraged HSBC to remain committed to its existing targets.

Outcome: The meeting was successful in building the relationship between the group and the new HSBC representatives. However, we did not gain sufficient clarity regarding HSBC’s commitment to its existing climate targets. As such, we intend to escalate our concerns via further collaborative engagement.

Case Study: National Energy Storage Operator (NESO)



Issue: We believe that engagement with regulators and policymakers is important, as no one organisation can 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. Our policy engagement aims to encourage greater action at this level.

Action: We have signed an investor statement designed to draw government attention to policy and procedural weaknesses in the battery storage sector. The letter calls on the government to tackle uneconomic skipping of batteries in the dispatch process by transitioning more quickly to Open Balancing Platforms, accelerating energy updates and providing greater visibility on battery dispatch. These actions would generate early momentum in transforming the UK’s power system and can be delivered relatively quickly.

Outcome: We received a positive response from the National Energy System Operator (NESO) detailing the steps they are taking to tackle this issue. We also attended a site visit at NESO’s operations. Actions being taken by NESO to tackle this issue include the introduction of a skip rate roadmap, which NESO believe will reduce the level of assets being skipped, and the acceleration of GC166, which will allow NESO to better view the state of energy of an asset (e.g., how much energy is available in the battery for distribution) and use this information more effectively in dispatch. A solid relationship has been built, and the investor group intend to continue the dialogue with NESO.

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

“Environmental responsibility sits at the heart of the Corporate Responsibility Committee’s work. It goes beyond reducing our own footprint—it’s about supporting charities, raising awareness of wider environmental challenges and working towards a better future for people and planet. In line with our purpose of investing for a better tomorrow, we are committed to lasting change and to living the values we expect from others.”



Jay Husbands-Alexander
Co-Chair of the Corporate
Responsibility Committee

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 2024.

EdenTree’s 2020-2024 Operational Emissions (tCO₂e)

	2020	2021	2022	2023	2024
Scope 1 (gas)	0.65	0.00	0.00	0.00	0.00
Scope 2 (market-based electricity)	0.00	0.00	0.00	0.00	0.00
Scope 3 ⁸	0.14	0.49	27.7	23.7	47.08
Air Travel	0.12	0.34	2.19	8.10	13.17
Rail Travel	0.02	0.05	0.47	1.60	1.94
Business Mileage (own car travel)	0.00	0.00	23.14	11.3	11.76
Car Rental	0.00	0.10	1.19	0.00	0.00
Waste	0.00	0.00	0.57	0.20	0.06
Water Supplied	0.00	0.00	0.14	0.50	0.15
Employee Commuting	N/A	N/A	N/A	N/A	20.00
Total Scope 1, 2 & 3	0.79	0.49	27.7	21.7	47.08

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.

⁸ Scope 3 emissions as reported here does not include Scope 3, Category 15 emissions. These emissions can be found in Appendix II on a fund-by-fund basis.

Case Study: Environmental volunteering in 2024

As part of our commitment to team development and raising awareness of environmental challenges, we organised two volunteering initiatives that brought employees together to engage directly with nature and conservation efforts.

Brighton Beach Clean

In 2024, the EdenTree Investment Team participated in a volunteering initiative at Brighton Beach. Trading spreadsheets for litter pickers, the team dedicated a day to conducting a beach clean-up, focusing on the removal of litter and marine debris.

In just under an hour, the team successfully collected a total of 505 litter items, weighing approximately 8 kilograms. A breakdown of the findings revealed that:

- 57% of the litter consisted of plastic and polystyrene materials.
- 32% originated from the general public.
- 53% was classified as non-sourced.

Wetland Centre

Another volunteering day took place at the London Wetlands Centre reserve in Barnes. Wetlands are ecosystems whose groundcovers are saturated with water. They act as key nature-based solutions for protecting against climate change, as they can both absorb heavy rainfall and protect against drought.

Our volunteering activities consisted of clearing the overgrown areas behind the duck ponds and transforming the waste into woodchips to ensure the areas were safe and slightly for visitors. Our work helped to ensure the site was properly maintained, enabling the continued regulation of extreme weather events.

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

Case Study: 2024 Charity Heroes Awards



EdenTree was delighted to sponsor and host the Climate Action Award at the Benefact Charity Heroes Awards 2024. The Award seeks to support innovative projects that are tackling the climate crisis and promoting long-term sustainability. Our sponsorship included assessing and ranking charity applications from all over the UK, with a focus on charities that may not have large budgets or teams but are working to educate, support and raise awareness on the climate challenge.

We chose a top five and then worked in partnership with the Benefact Trust to choose the top three winners. These three charities were then invited to celebrated in the Tower of London, with the winner receiving a £5,000 donation and the two runners' up receiving a £1,000 donation.

In addition to this, we worked with our long-standing charity partner Greener and Cleaner to create commemorative banners for each category made out of recycled materials. This supports the mission of Greener and Cleaner to embrace sustainable living and create a greener, cleaner environment.

“The Charity Heroes Awards are all about celebrating the incredible work of charities making a real difference. Supporting the sector is at the heart of what we do — whether that’s through funding, volunteering or simply shining a light on inspiring stories. The 2024 ceremony at the Tower of London was our first, and the feedback from charities was fantastic — they told us it felt fresh and genuinely meaningful. Through the Climate Action Award, we’re proud to champion innovative projects tackling the climate crisis, from nature restoration to community education, and helping to build a more sustainable future.

Beyond the awards, our commitment to climate action continues year-round. In 2024, the Benefact Group donated £125,000 to environmental charities, provided climate education starter packs to 130 schools and connected 200 volunteers with charities taking practical steps to address the climate challenge.

We’re proud to support organisations like Heal Rewilding, Forum for the Future, Thames 21 and Young Climate Warriors — each playing a vital role in driving grassroots change.”



Chris Pitt
Impact Director,
Benefact Group

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 2022 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

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.

We intend to undertake a full review of the Climate Strategy in 2026, as it will mark three years since the strategy was first implemented. This also aligns with our timelines to set Science Based Targets, in partnership with our parent the Benefact Group.

Disclosure

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

Looking ahead

Our Climate Strategy reaches its third year in 2025. We are proud of the progress we have made so far, but we also recognise that the landscape in which we operate is constantly evolving. To ensure our approach remains aligned with best practice, we plan to undertake a comprehensive review of the strategy in 2026. The review will incorporate the following aspects.

- **Target alignment with SBTi standards.** We will conduct a refresh of our climate targets to enable alignment with SBTi standards. This process is being conducted in partnership with our parent company, the Benefact Group, and where necessary, we will revise our financed emissions targets to ensure consistency with SBTi methodologies.
- **Climate Stewardship Plan.** As the Climate Stewardship Plan comes to the end of its first three-year cycle, we will complete a review of its effectiveness. We will look at the progress made by investee companies and how successfully we've been able to track outcomes.
- **Climate-related engagement.** We will review the sub-themes within our climate engagement strategy to identify those with the greatest impact. We also intend to further progress our engagement with the banking sector and continue to increase our involvement in climate policy advocacy.
- **Impact strategy and data quality.** We will continue to refine our approach to impact investing, with a focus on improving the accuracy and reliability of our impact data, particularly avoided emissions. Additionally, we will further develop our impact-related engagement activities to amplify positive climate outcomes.
- **Alignment with industry expectations.** We remain committed to responding to the evolving expectations of the asset owner and wealth management communities, particularly in light of statements issued in late 2024 and early 2025. Our strategy will continue to evolve in alignment with these recommendations.

Glossary

Scope 1: Scope 1 emissions refer to direct greenhouse gas (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 tonnes of CO₂e (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 (tCO₂e). 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 and 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

Target selection

The table below outlines which targets apply to each of our funds and the rationale behind the selection of certain targets.

Fund	2025 Target	2035 Target
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.
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.
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.
UK Equity Opportunities 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 UK Equity Opportunities Fund has already achieved decarbonisation of 91% vs a 2016 baseline and has a very low carbon footprint of 7.91 tCO ₂ e, 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
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 Short Dated Bond Fund has already achieved decarbonisation of 83% vs a 2021 baseline and has a very low carbon footprint of 8.74tCO ₂ e, suggesting further decarbonisation is not realistic. Instead, we seek to ensure the fund remains on its current Paris-aligned trajectory.
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 Sterling Bond Fund already has a relatively low carbon intensity of 50.32 tCO ₂ e and is already aligned with a 1.5°C scenario.
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 Global Impact Bond fund already has a relatively low carbon intensity of 42.8 tCO ₂ e and is already aligned with a 1.5°C 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.

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 portfolio-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 II, recognising its importance in understanding the broader climate impact of our investments.

Appendix II: Carbon Footprint Data

Table 1: Carbon Intensity 2025-2021 (tCO₂e/£m invested) (Source: ISS ESG)

Table 1: Carbon Intensity 2025-2021 (tCO₂e/£m invested) (Source: ISS ESG)

Fund	2025	2024	2023	2022	2021
European Equity Fund	178.22	163.08	151.78	141.79	213.51
Global Equity Fund	104.27	124.41	123.85	74.45	93.81
UK Equity Fund	30.13	33.84	53.42	38.21	56.93
UK Opportunities Fund	9.99	7.91	7.61	5.10	71.77
Short Dated Bond Fund	4.06	8.74	4.76	4.94	52.44
Sterling Bond Fund	34.46	50.32	47.77	41.89	36.93
Managed Income Fund	59.38	61.76	72.20	68.70	263.12
Green Future Fund	155.37	146.10	179.08	N/A	N/A
Global Impact Bond Fund	36.96	42.80	53.55	N/A	N/A

Table 2: Weighted Average Carbon Intensity 2025-2021 (tCO₂e/£m revenue) (Source: ISS ESG)

Fund	2025	2024	2023	2022	2021
European Equity Fund	98.54	84.09	107.08	132.69	164.23
Global Equity Fund	107.75	99.35	102.5	113.98	114.45
UK Equity Fund	46.43	47.41	43.18	46.66	162.32
UK Opportunities Fund	26.05	25.93	25.36	21.76	177.64
Short Dated Bond Fund	17.06	21.87	23.88	26.53	142.28
Sterling Bond Fund	41.01	57.78	64.91	84.49	105.87
Managed Income Fund	83.18	89.45	101.53	125.49	167.51
Green Future Fund	136.47	126.53	172.29	N/A	N/A
Global Impact Bond Fund	72.05	85.07	91.74	N/A	N/A

Table 3: Financed Emissions scope 1,2,3 2025-2024 (tCO₂e) (Source: ISS ESG)

Fund	2025	2024
European Equity Fund	486,754	507,815
Global Equity Fund	281,438	361,512
UK Equity Fund	67,920	80,830
UK Opportunities Fund	42,787	38,308
Short Dated Bond Fund	111,434	244,903
Sterling Bond Fund	167,262	148,399
Managed Income Fund	169,873	167,582
Green Future Fund	67,226	76,078
Global Impact Bond Fund	13,450	9,106

Table 5: Implied Temperature Rise 2025 (weight in portfolio) (Source: ISS ESG)

Fund	Result
European Equity Fund	1.7
Global Equity Fund	2
UK Equity Fund	1.6
UK Opportunities Fund	1.5
Short Dated Bond Fund	1.5
Sterling Bond Fund	1.5
Managed Income Fund	1.8
Green Future Fund	2.4
Global Impact Bond Fund	1.5

Table 4: Investee company target coverage 2025 (weight in portfolio) (Source: ISS ESG)

	No Target	Non-ambitious target	Ambitious Target	Committed SBT	Approved SBT
European Equity Fund	1%	10%	11%	15%	60%
Global Equity Fund	9%	10%	16%	13%	52%
UK Equity Fund	4%	17%	13%	4%	61%
UK Opportunities Fund	12%	20%	13%	9%	45%
Short Dated Bond Fund	13%	38%	19%	17%	13%
Sterling Bond Fund	15%	18%	13%	10%	45%
Managed Income Fund	10%	13%	12%	10%	54%
Green Future Fund	6%	18%	13%	4%	57%
Global Impact Bond Fund	10%	11%	12%	9%	58%

Table 6: Analysis Coverage 2025⁹ (Source: ISS ESG)

Fund	Result
European Equity Fund	100.0%
Global Equity Fund	95.2%
UK Equity Fund	98.2%
UK Opportunities Fund	87.4%
Short Dated Bond Fund	93.1%
Sterling Bond Fund	70.1%
Managed Income Fund	87.6%
Green Future Fund	99.0%
Global Impact Bond Fund	73.6%

⁹Where 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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