edentree | investment management

Climate Stewardship Report

2022/23

Contents

Foreword Paul Simpson OBE

The science of climate change is unequivocal; we are already living in a climate emergency and must rapidly reduce greenhouse gas emissions. The Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C stated that global net anthropogenic CO2 emissions need to decline by about 45% from 2010 levels by 2030, reaching net-zero emissions by around 2050. Currently global emissions are still rising.

The 2023 World Meteorological Organization's annual assessment predicted that global temperatures are likely to exceed 1.5°C above pre-industrial levels for the first time in human history within the next five years. This is earlier than previously expected and adds impetus to the need for urgent action to reduce emissions.

Governments have a critical role to play by setting clear regulation and policy frameworks to accelerate the transition towards a net zero economy and provide incentives to ensure the transition is achieved. According to the Climate Action Tracker, as of November 2022 around 140 countries had announced or are considering net zero targets, covering close to 90% of global emissions.

The UK government has set a target to reach net zero emissions by 2050. To achieve that goal it has pledged to generate electricity from clean sources by 2035, phase out sales of new petrol and diesel cars by 2030 and scale up the installation of heat pumps, among other policies. However the UK government has been criticised by the Climate Change Committee and others for not going fast enough, needing to implement further policies including to restrict new fossil fuel exploration and production and insulate homes.

At the international level the Conference of the Parties (COP) process has served as an important platform for international cooperation and negotiation on climate change. The process has delivered the Paris Agreement and the Glasgow Climate Pact which provide important frameworks for action. Progress at COP27 in November 2022 was generally deemed to be insufficient. COP28 is being held in Dubai in November 2023 and will deliver the conclusion of the global stocktake, assessing progress since the Paris Agreement in 2015 and setting out what is needed going forward. COP28 needs to increase country level ambitions and actions to reduce emissions this decade and beyond and ensure that finance flows are adequate for mitigation and adaptation, especially to the global south.

Time is rapidly running out to limit warming to 1.5°C and we must accelerate action from governments, business, financial institutions, cities, states and regions, and citizens to ensure we meet this vital goal.

Paul Simpson OBE

About Us

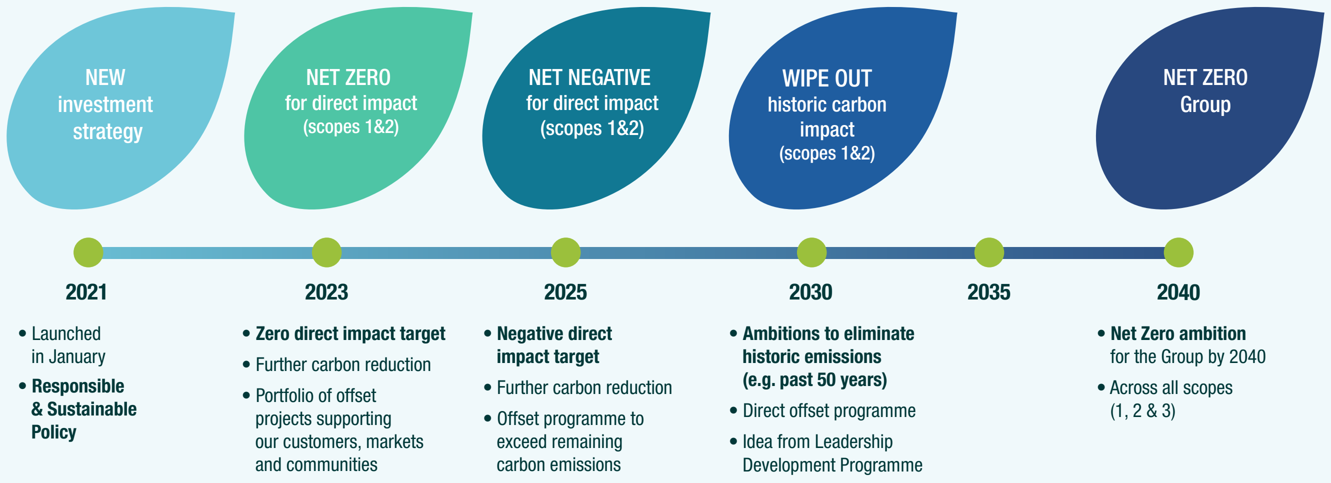
EdenTree Investment Management is the wholly owned investment subsidiary of the Benefact Group, which in turn is owned by a registered Charity, the Benefact Trust.

Benefact Group is a unique financial services company that exists to serve its clients and customers and serve the greater good by giving all of its distributable profits to good causes.

EdenTree launched its first ethical fund in 1988, and has a 35-year track record in this space. It is all we do.

At 31 December 2022, we managed £3.7bn of assets under management (AUM), with clients in the institutional, retail, advisory and charity markets. Approximately 30% of AUM constitute management of our Group's investments and those of our ultimate parent and our parent's defined benefits pension scheme. The remaining 70% of assets are external pooled and segregated client mandates.

In 2022, our parent, the Benefact Group set out its net zero ambitions.



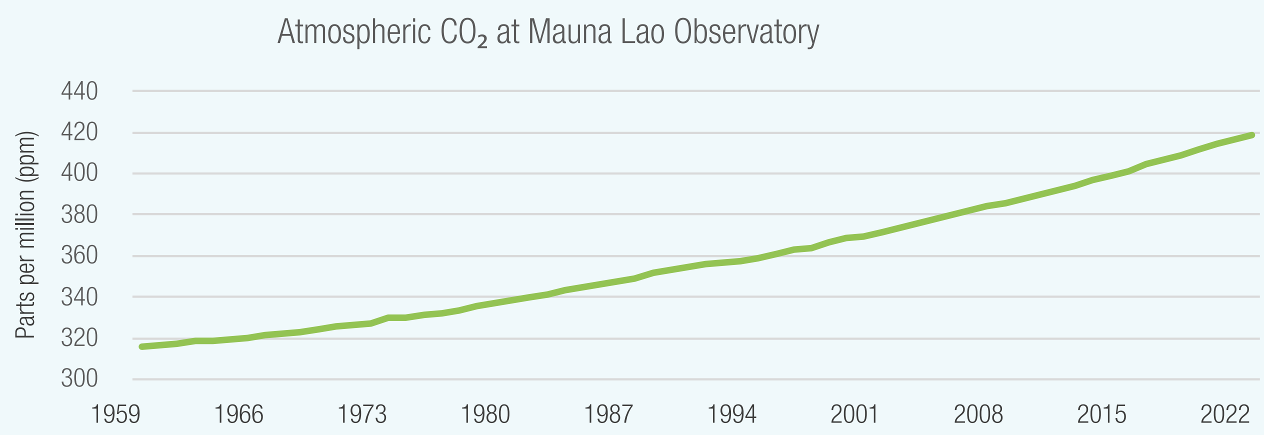
EdenTree's financed emissions fall under the Benefact Group's scope 3 target – for which it aims to achieve Net Zero emissions by 2040. EdenTree have a separate strategy and targets to reduce our financed emissions, which we outline in this report.

Background

Human-induced atmospheric warming has increased the average global temperature by 1.1°C since the pre-industrial era. This has spurred changes to the Earth's climate that are unprecedented in human history. Current concentrations of atmospheric carbon dioxide are unmatched in two million years, the level of glacial retreat is at its highest in over 2,000 years, and the last decade has been warmer than any period for 125,000 years.[1]

The adverse impacts of rising temperatures are already more widespread and severe than expected. Half the global population contends with water scarcity for at least part of the year, higher temperatures have increased the incidence of vector-borne diseases, and over 20m people have been forced from their homes every year since 2008 due to extreme events. These impacts are severe at 1.1°C – at any level of warming over 1.5°C they become unthinkable and as scientists have stated, potentially irreversible. Holding global warming to 1.5°C is therefore critical in ensuring a safe and liveable future for all. However, the window of opportunity is rapidly closing.

The Intergovernmental Panel on Climate Change (IPCC) has found that there is more than a 50% chance that global temperature rises will reach or surpass 1.5°C between 2021-2040. Overshooting 1.5°C heightens the possibility of reaching tipping points that, once crossed, can trigger self-amplifying feedbacks that will increase temperatures even further. Scientists have predicted that these tipping points will be breached when the atmospheric carbon concentration gets to 450ppm. As seen in the graph below, the current CO2 concentration is 421.4ppm and is continuing to rise.[2]



Changing course to limit global warming to 1.5°C requires immediate action. In 1.5°C aligned pathways, greenhouse gas emissions peak immediately and before 2025 at the latest. By 2035 (i.e. in just a decade), they need to fall by 60%.

As Responsible and Sustainable investors, we recognise the role we can play in reducing global warming. As stewards of capital, we have the ability to direct investment to businesses providing climate solutions, and to encourage our investee holdings to reduce their emissions and implement robust climate strategies. We also recognise that we cannot afford to push this action out to the long-term; the science is clear that change needs to happen now. Our Climate Change Strategy reflects this, and sets out actions in the near term (the next 5-10 years) as well as beyond.

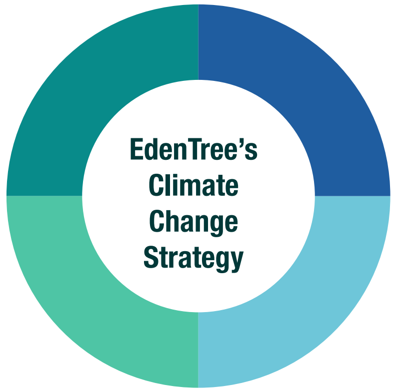
1 IPCC_AR6_SYR_SPM.pdf

2 Global Monitoring Laboratory - Carbon Cycle Greenhouse Gases (noaa.gov)

Our Climate Change Strategy

EdenTree's Climate Change Strategy is based on four pillars where we believe there is both a need for action and where we can make a difference. Each of the four pillars address different aspects of the low-carbon transition, targeting the areas where investors have the biggest role to play.

The four pillars are supported by distinct ambitions, a mix of quantitative and qualitative targets that define the change we would like to see, focus our efforts, and drive action in the areas of greatest importance. Under each ambition we have identified the levers we will utilise to achieve our aims. The strategy in whole is summarised below.



Vision	Decarbonise our Funds	Accelerate the Transition	Collaborate to drive change	Embody our Standards
Ambitions	Meet Fund decarbonisation targets Meet Fund alignment targets	Drive investment in climate solutions	Promote climate action by policy makers and makers and market participants	Reduce our operational emissions Support our local communities
Actions	Robust Screening Climate Stewardship Plan Active Engagement	Growth of the EdenTree Green Range	Participate in collaborative investor initiatives	Internal initiatives Charity partnerships

Amelia Gaston, RI Analyst and Climate Lead:

"I am delighted to introduce EdenTree's new Climate Change Strategy. It builds on a long-standing commitment within the company to tackle climate risk, and it's exciting to take this commitment to the next level. Within the strategy, we've launched a number of new ambitions and initiatives all designed to drive change, so as to contribute to the reduction of global greenhouse gas emissions.

At the highest level our aim is to decarbonise our funds, accelerate the transition, collaborate to drive change, and embody the standards to which we hold others. These four visions are the guiding pillars of our strategy, and each cascades down into more explicit ambitions and actions, designed to ensure accountability and transparency.

Across each ambition, a common theme is an emphasis on near-term action. We have deliberately taken this stance rather than pursuing a long-term net zero by 2050 goal, which we believe in some cases can serve to delay action. We believe that climate change is not a future problem – the science is clear that change needs to happen in the short-term, which is why our ambitions target change within the next decade.

The scale of the climate change challenge is significant. It requires action and collaboration from all parts of society, and at EdenTree we are both determined and excited to play our part."

Our Ambitions

We have introduced several ambitions which aim to reduce GHG emissions and better align our organisation with the goals of the Paris Agreement.

Meet fund decarbonisation targets

We have set a top-down decarbonisation target for each of our Funds. We utilise two different types of targets as our Funds vary in both nature and climate-related risk so, in our view, a one-size fits all approach would fail to drive meaningful change.

Reduce the carbon intensity by 50%-78% by 2035

This target aims significantly to reduce the carbon intensity of our Funds. We believe that aiming for a 78% reduction by 2035 is ambitious and will help to position our Funds onto a Paris-aligned trajectory. The target is also consistent with the UK Government's legally binding target. For the Green Future Fund, we have set a slightly lower target of a 50% reduction by 2035, to reflect the Fund's current carbon positioning. For all Funds, the baseline will be 2016, with only two exceptions in the Managed Income Fund and Green Future Fund due to differing inception dates.[3]

Maintain an implied temperature rise aligned with 1.5°C

This target covers our Funds which have already reduced their carbon footprint, have a low carbon intensity, and are already aligned with a 1.5°C scenario (as per ISS methodology). For these Funds, we seek to ensure the Fund trajectory remains aligned to 1.5°C.

Meet fund alignment targets

As a complement to the top-down decarbonisation target, we have also set a bottom-up target for each of our Funds. We will seek to ensure that a material proportion of our Fund's emissions are covered by a Science Based Target.

60%-80% of a Fund's financed emissions to be covered by a science-based target by 2025.

We view science based targets as the gold-standard for target setting. They provide credible, scientific assurance that a company's decarbonisation trajectory is aligned with the goals of the Paris Agreement. 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. Most Funds will seek to have 80% coverage, whilst we have set a lower target of 60% for the UK Equity and UK Opportunities Funds due their mid to small-cap bias.

[3] The Managed Income Fund and Green Future Fund have different baselines, respectively 2020 and 2022, reflecting the Funds' differing inception dates.

Drive investment in climate solutions

We recognise that decarbonisation alone is not enough to meet the goals of the Paris Agreement. The low carbon transition also requires a significant increase in the amount of capital being re-directed towards climate change mitigation and adaptation solutions. Estimates suggest around $3.5tn a year will be needed by 2050. 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.

Promote climate action

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. To reflect this, EdenTree is committed to promoting progressive climate action, by collaborating with other investors to drive change at the corporate level whilst encouraging policy makers to establish comprehensive and robust climate frameworks.

Reduce our operational emissions

In addition to our activities as investors, we are acutely aware of the need to hold ourselves to the same high standards we expect of investee companies. We therefore aim to reduce our operational scope 1&2 emissions in line with our Group's target to achieve Net Zero for direct impact by the end of 2023.

Support our local communities

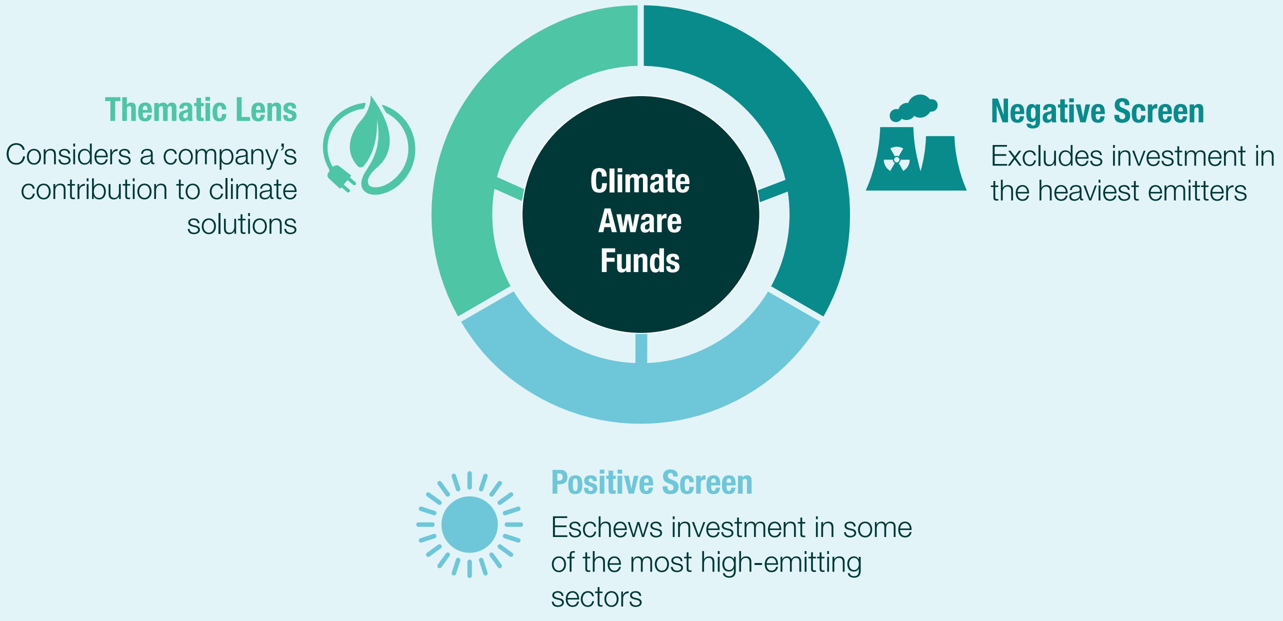
We aim to champion environmental initiatives and promote awareness and action through the partnerships we foster with communities, including charities, local networks and schools.

Our Actions

Robust Screening

How does this support our climate ambitions? Climate change forms part of our screening process. A lot of detail is captured in this assessment, which helps us to gain an understanding of how a particular investment decision can impact the emissions profile of a Fund. We can then act accordingly, choosing to allocate capital where it supports our climate ambitions, or choosing to eschew that which does not support our climate ambitions.

EdenTree's investment process considers climate change in detail, with a three-stage process that captures different climate-related elements.



Fossil fuel exploration and production is negatively screened, meaning our Funds do not invest in companies that derive more than 10% of their revenue from oil and gas exploration and production, and thermal coal extraction and production. This prevents exposure to the highest emitting fossil fuel companies.

Investment ideas in our R&S Fund Range are assessed against our positive environment and climate change screen, where we analyse how well a company is managing its climate-related risks. As part of this we consider the credibility of a company's transition plan, assessing their governance of climate risk, emissions reduction targets, decarbonisation goals and performance, and climate-related disclosure. This screen enables us to gain exposure to companies with robust transition plans and eschew investment in high emitting sectors such as automotives and aviation.

Finally, we look at companies through a thematic lens which helps us to determine if a company is making a positive contribution to the low carbon transition. Through our Green Fund range, we are actively directing more capital to companies whose core business activities address environmental challenges, including climate change. Themes where climate solutions may be apparent include renewable energy, water, waste, sustainable transport, green buildings, pollution prevention and energy efficiency. If a company makes a positive contribution to the low carbon transition it can further our conviction in a stock. A thematic contribution is not required for inclusion in our R&S range.

Climate Stewardship Plan

How does this support our climate ambitions? EdenTree's financed emissions are highly concentrated meaning just a handful of companies have a disproportionate impact on the carbon profile of our Funds. Encouraging these high-impact companies to reduce their emissions is therefore an important part of decarbonising our Funds. We have created a proprietary Climate Stewardship Plan (CSP) which will allow us to track and report on the climate-related performance of these high-impact companies and conduct engagement to drive improvement. We can utilise the Fund to encourage investee decarbonisation and to promote the adoption of Science-Based Targets, thus progressing both our top-down and bottom-up climate targets.

How does it work?

The CSP contains the companies which are responsible for the majority of EdenTree's scope 1&2 financed emissions. At present, it includes 22 names which account for 77% of our financed emissions.

The CSP sets out 13 climate-related expectations which we view as best practice, and assesses the performance of the 22 high-impact companies against these expectations. Companies receive a score per expectation as well as a total climate transition score. Based on the scores, we have identified areas for improvement and translated these into engagement objectives.

Climate Stewardship Expectations:

Targets	1. Short term SBT that includes scope 1, 2 and 3 emissions 2. Medium-term target that includes scope 1, 2 and 3 emissions 3. Net Zero/ Long Term SBT that includes scope 1, 2 and 3 emissions
Emissions Performance	4. Reduction in absolute emissions 5. Emissions reduction aligned to target trajectory 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

Over the next three years, EdenTree will conduct focused engagements with the 22 companies, aiming to improve performance and meet the engagement objectives. Performance against the 13 expectations will be reassessed annually, with the final assessments occurring in 2026, allowing us to track progress. We will conduct a broader assessment of the success of the Plan in 2026, using the results to plan our next steps, including formulating a divestment strategy – where one is deemed to be necessary.

Climate Stewardship Plan Process:

What about companies not covered in the Plan?

We have taken a materiality-based approach to determine which companies should feature in the CSP. It includes those which are most relevant to EdenTree's climate risk, based on their contribution to our financed scope 1&2 emissions. This does not mean that names excluded from the CSP will receive no engagement. Rather, EdenTree will continue to engage with these companies as part of our broader engagement strategy, including on climate-related matters.

What about scope 3 financed emissions?

At present, the Climate Stewardship Plan captures the majority of our scope 1&2 financed emissions. We have not yet analysed which companies contribute the most to our scope 3 financed emissions or formalised our engagement strategy for these names. We intend to do this in the future, and it will form part of our thinking for 2023/4.[4]

Active Engagement

How does this support our climate ambitions? We believe that the way we engage enables us to act as a catalyst for change. By encouraging our investee companies to improve their management of climate-related risks we aim to drive reductions in GHG emissions and thereby facilitate the decarbonisation of our Funds.

Outside of our Climate Stewardship Plan, we will continue to engage with companies across our Funds on the topic of climate change. The primary aims of our engagement activity will be to improve corporate disclosure on climate change, encourage the setting of science-based targets, and to support the development of robust transition plans.

[4] It should be noted that we do analyse and assess the scope 3 emissions of the companies included within our Climate Stewardship Plan. We also have several engagement initiatives focused on our scope 3 financed emissions, most notably our active involvement in the IIGCC Bank's Workstream.

Growth of the EdenTree Green Fund Range

How does this support our climate ambitions? Through the Green Fund range, we seek to direct capital to companies whose core business activities address environmental challenges, including climate change. We aim to promote and grow these Funds and thereby facilitate greater flows of capital towards climate solutions.

EdenTree has built out its product offering with the launch of three new thematic funds.

Global Impact Bond Fund

The Fund aims to deliver positive social and environmental impact by investing in fixed interest securities issued by companies that make a positive contribution to society and the environment through sustainable and socially responsible practices.

Green Future Fund

The Fund aims to capture the long-term opportunities at the heart of the Global Green Revolution. It does this by seeking out innovative companies that are providing solutions to the planet's many environmental challenges.

Green Infrastructure Fund

The Fund invests in listed infrastructure-related equities and investment companies that demonstrate positive environmental outcomes by addressing some of the challenges around climate change, sustainable water use, pollution prevention and control, and the transition to a circular economy.

Participate in collaborative investor initiatives

How does this support our climate ambitions? The collective reputation and size of investor alliances adds extra weight and legitimacy to our engagement activities. It also 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. By participating in collaborative initiatives, we can therefore 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 collaborative investor initiatives through which we aim to influence corporate action and promote progressive climate policy. We provide an overview of our key climate-related partnerships below.

International Investors Group on Climate Change (IIGCC)

We have been active members of the IIGCC since 2015. Through the IIGCC's public policy programme, we have supported engagement around finance and climate policy at the global, EU and national level across Europe. In addition, we have regularly supported investor statements to governments calling for ambitious action on climate change.

Furthermore, as a House which does not invest in oil and gas, our main (indirect) exposure to fossil fuels comes from the banking sector's financing of fossil fuels. As a result, we are active members of the IIGCC's Banks Working Group and we engage with banks collaboratively, encouraging them to withdraw from projects that do not align with the Paris Agreement goals.

CDP

EdenTree are signatories to the CDP, a not-for-profit charity that runs a global environmental disclosure system. Each year the CDP supports thousands of companies to measure, manage and report their risks and opportunities on climate change, water security and deforestation. Every year the CDP run a non-disclosure campaign, which targets companies that have failed to respond to the CDP and uses the combined influence of investors to boost transparency and increase the rates of corporate disclosure. EdenTree have been long-standing supporters of the non-disclosure campaign.

ShareAction

EdenTree are members of ShareAction's Investor Decarbonisation Initiative, which aims to accelerate corporate climate action across multiple sectors, including banking.

Internal Initiatives

How does this support our climate ambitions? EdenTree have established a colleague-led Corporate Responsibility Committee, which has oversight of our key environmental impacts. The Committee aim to run initiatives to reduce our operational impact and make our office more environmentally friendly.

In January 2023, the Corporate Responsibility Committee formalised its strategy into three focus areas of People, Community and Environment. Under the final pillar, the Committee aim to develop internal initiatives to ensure our office is suitable for a low-carbon world. All of our electricity is renewable, but we still seek to minimise our use where possible. Current environmental initiatives being pursued by the Committee include ensuring PCs are switched off every evening, reducing paper use, encouraging employees to be mindful when printing and avoiding it where possible, seeking to reduce all single-use plastic and pursuing greener catering options with our hospitality team.

Support Local Communities

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

The EdenTree Community Fund

The Walworth Community Gardening Network is one of three beneficiaries of the EdenTree Community Fund. The charity supports and encourages neighbourhood gardening groups in South East London to protect pockets of biodiversity, whilst creating a space for communities to connect with a shared purpose.

The EdenTree Force for Good Prize

In September 2023 we are launching the EdenTree Force for Good Prize, offering schools in the London Schools Eco Network the opportunity to receive a grant of up to £1,000 to support local initiatives. The two winning project teams will also have the opportunity to meet colleagues at EdenTree and gain an insight into a career in responsible and sustainable investing.

Climate Education with Greener and Cleaner

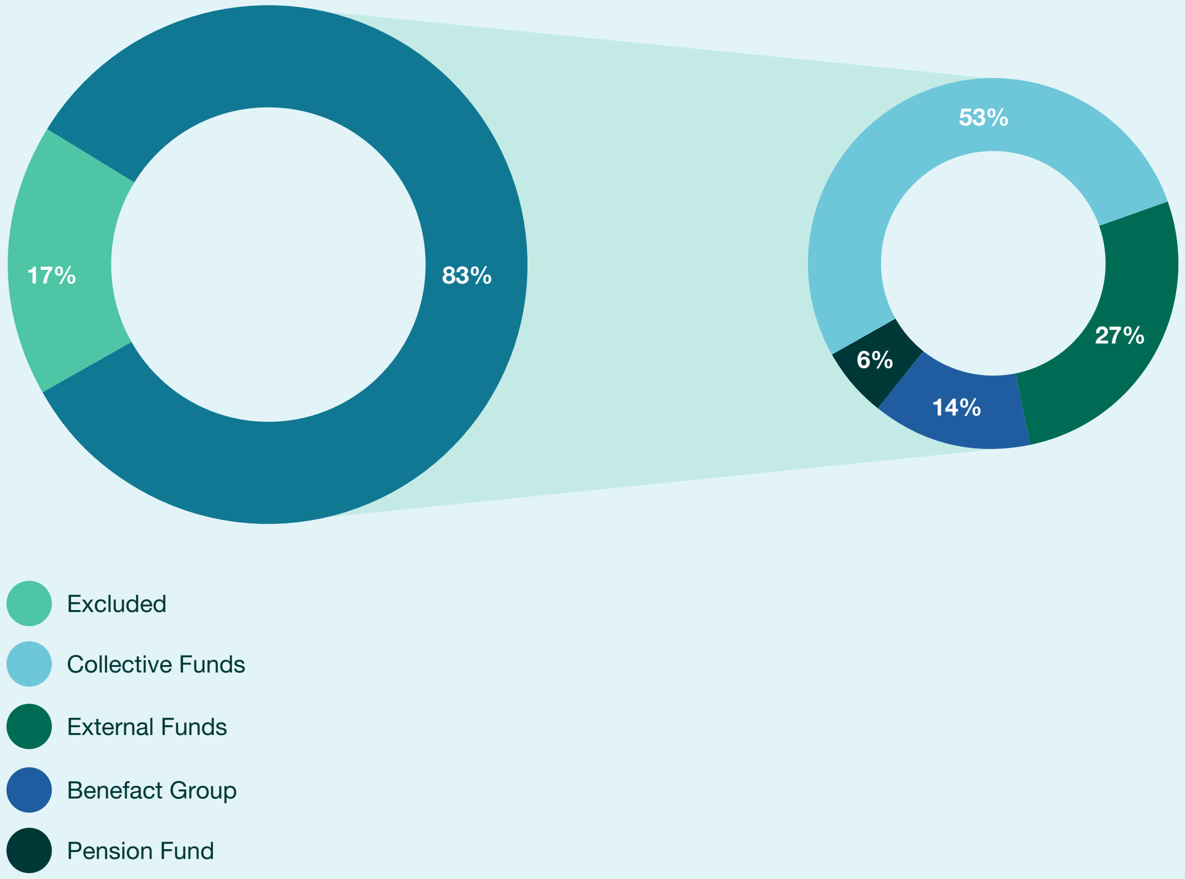
One of the beneficiaries of the Benefact Group's Movement for Good awards, 'Greener and Cleaner' works to normalise a greener, cleaner, more sustainable way of life for people in South East London and beyond, providing education about the benefits of the personal day-to-day measures an individual can take to reduce the carbon footprint of their household and local community. EdenTree are delighted to be co-hosting an educational roundtable towards the end of 2023, where we will invite peers in the City to share ideas and hear how we can all embed sustainability into our culture and processes.

Our Performance

Fund Decarbonisation

We have set a top-down decarbonisation target and bottom-up alignment target for each of our Funds. At present, 83% of our total AUM is covered by a climate target, whilst 17% is currently out of scope. The Funds covered by targets include most of our collective funds, several of our external funds and the investments of our Group and our direct defined benefits pension scheme.

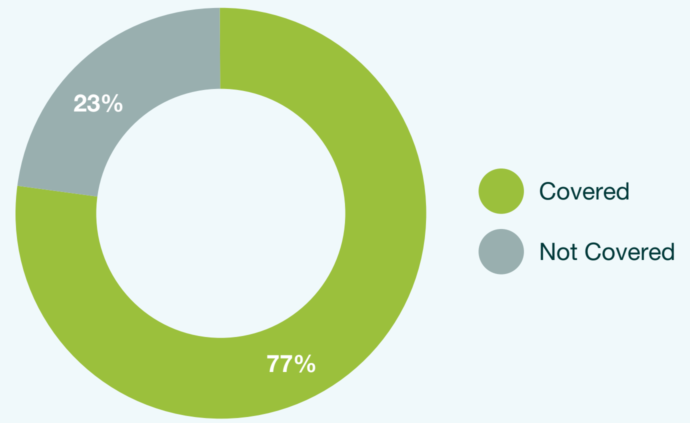
Coverage of EdenTree's Decarbonisation Targets as a % of AUM



The 17% of AUM which is out of scope is predominately due to investments in alternative assets classes such as infrastructure, property and sovereign debt which we are unable to measure in the same way as equities and fixed interest due to data limitations.

To provide a holistic view of EdenTree's current climate positioning, we provide below the aggregated carbon risk metrics for the 83% of AUM currently covered by our climate targets.

% of EdenTree Financed Emissions Covered by the Climate Stewardship Plan



Carbon Risk Metrics

Metric	EdenTree
Carbon Intensity (tCO2e/£m invested)	57.71
Weighted Average Carbon Intensity (tCO2e/revenue)	88.79
Implied Temperature Rise	1.5°C
Approved SBTs (% portfolio weight)	40%

Largest Contributors to Carbon Intensity

Company	Contribution (%)	Included in CSP?
Yara International	13.50%	✔
DS Smith	11.36%	✔
Enel SpA	9.76%	✔
Veolia Environnement	8.50%	✔
Imerys	6.54%	✔

We provide below the performance of our Funds against our decarbonisation and alignment targets. We disclose the results for our Collective Funds, Benefact Group and the Pension Fund. The targets for our External Mandates are internal.

We utilise two different types of decarbonisation target as our Funds vary in both nature and climate-related risk so, in our view, a one size fits all approach would fail to drive the level of change we wish to see. We have set a carbon reduction target for the Funds where we believe further decarbonisation is needed. For the Funds which have already achieved significant decarbonisation and have an implied temperature rise aligned with the goals of the Paris Agreement, we have set a target seeking continuation of that status. All of our Funds are covered by the SBT alignment target.

Reduce the carbon intensity of our Funds by 50%-78% by 2035 against a 2016 base year[5]

Company	Target	Performance	Status
R&S European Equity Fund	-78%	-47%	On Track
R&S Global Equity Fund	-78%	-52%	On Track
R&S UK Equity Fund	-78%	-44%	On Track
R&S Managed Income Fund	-78%	-73%	On Track
Green Future Fund	-50%	-	-

Maintain an Implied Temperature Rise of 1.5°C

Company	Target	Performance	Status
R&S Short Dated Bond Fund	1.5°C	1.5°C	Aligned
R&S Sterling Bond Fund	1.5°C	1.5°C	Aligned
R&S UK Opportunities Fund	1.5°C	1.5°C	Aligned
Global Impact Bond Fund	1.5°C	1.5°C	Aligned
Ecclesiastical Insurance Office Pension Fund	1.5°C	1.5°C	Aligned
Benefact Group General Fund	1.5°C	1.5°C	Aligned

[5] The Managed Income Fund and Green Future Fund have different baselines, respectively 2020 and 2022, reflecting the Funds' differing inception dates.

60%-80% of a Fund's financed emissions to be covered by a science-based target by 2025

Company	Target	Performance	Status
R&S European Equity Fund	80%	69%	On Track
R&S Global Equity Fund	80%	82%	Achieved
R&S UK Equity Fund	60%	23%	Off Track
R&S UK Opportunities Fund	60%	56%	On Track
R&S Managed Income Fund	80%	40%	On Track
R&S Short Dated Bond Fund	80%	49%	On Track
R&S Sterling Bond Fund	80%	51%	On Track
Global Impact Bond Fund	80%	82%	Achieved
Green Future Fund	80%	65%	On Track
Ecclesiastical Insurance Office Pension Fund	80%	89%	Achieved
Benefact Group General Fund	80%	75%	On Track

In the following section we disclose the carbon footprint results our Collective Funds, Benefact Group and the Pension Fund, which fulfils our commitment under the Montréal Carbon Pledge. EdenTree became a signatory to the Montréal Pledge in June 2016, meaning we are voluntarily committed to measure and disclose the carbon footprint of our investments on an annual basis.

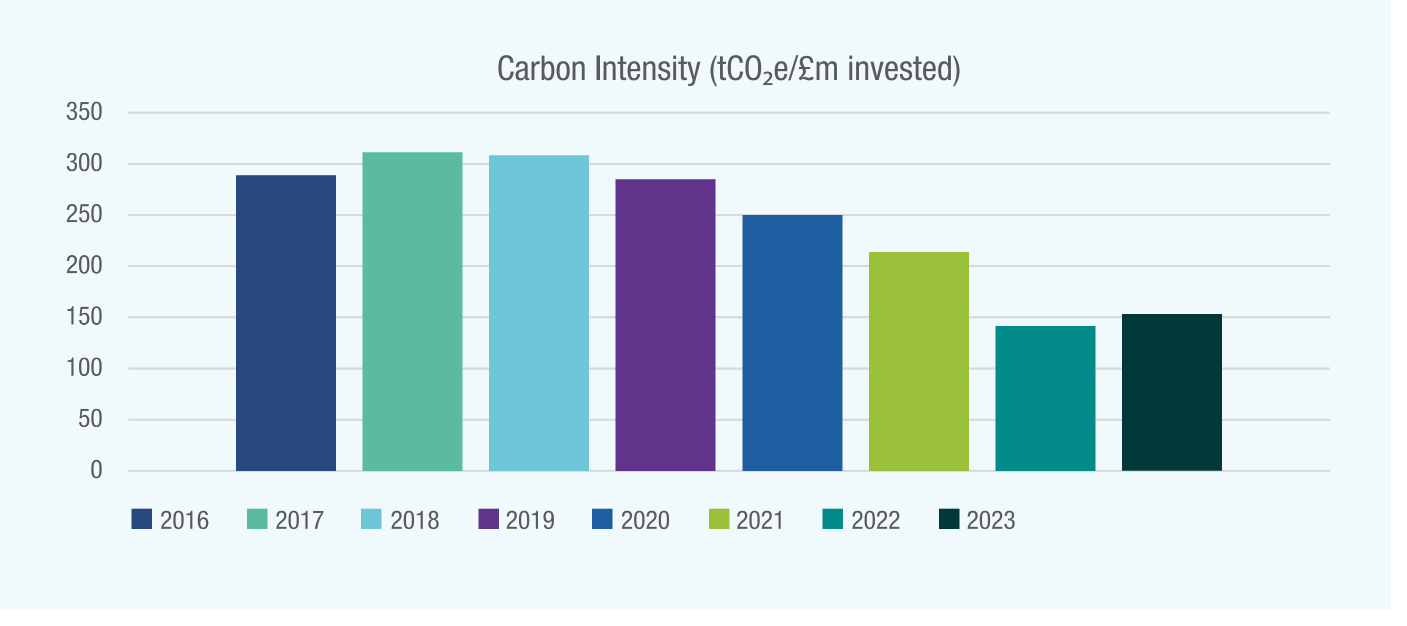
R&S European Equity Fund

Climate Ambitions

Target	Target	Performance	Status
Reduce the carbon intensity by 78% by 2035 vs 2016	-78%	-47%	On Track
80% of financed emissions to have an SBT	80%	69%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
79%	8	74%



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	151.78	161.38
Weighted Average Carbon Intensity (tCO2e/revenue)	107.08	158.2
Implied Temperature Rise	1.7°C	2.2°C
Approved SBTs (% portfolio weight)	56%	57%
Coverage (% portfolio weight)	98%	-

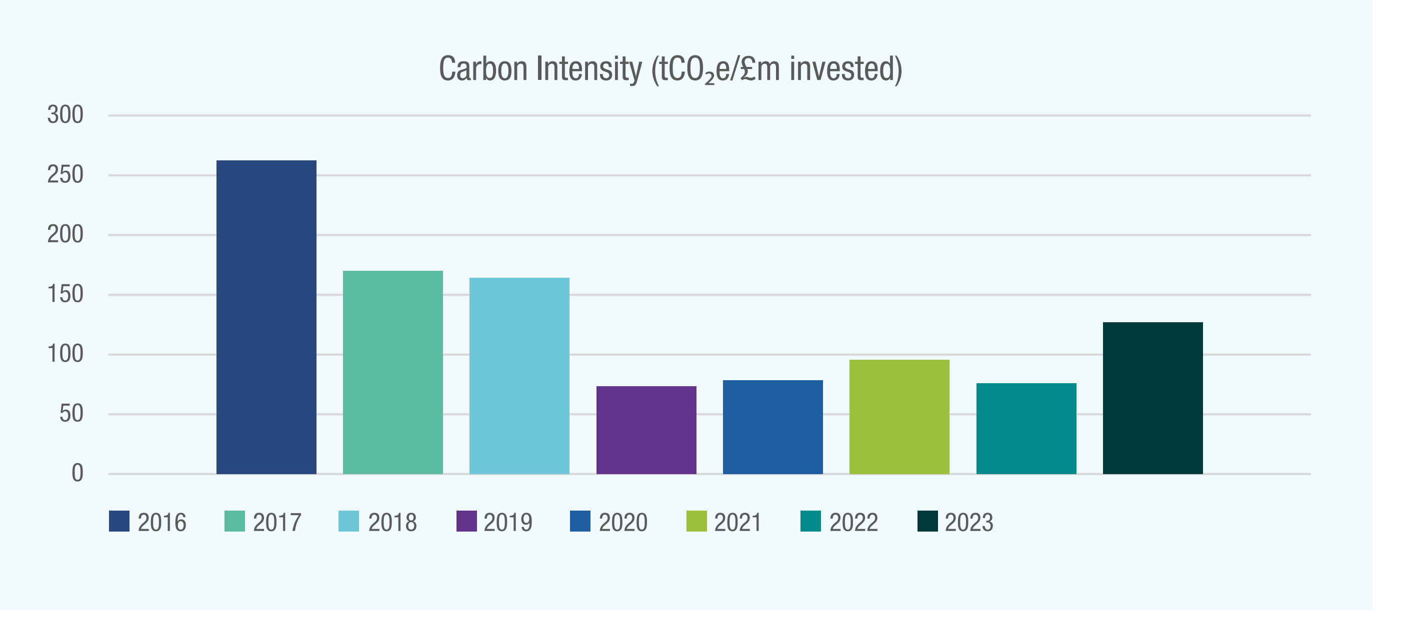
R&S Global Equity Fund

Climate Ambitions

Target	Target	Performance	Status
Reduce the carbon intensity by 78% by 2035 vs 2016	-78%	-52%	On Track
80% of financed emissions to have an SBT	80%	82%	Achieved

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
85%	5	70%



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	123.85	112.76
Weighted Average Carbon Intensity (tCO2e/revenue)	102.5	190.78
Implied Temperature Rise	1.8°C	2.7°C
Approved SBTs (% portfolio weight)	46%	38%
Coverage (% portfolio weight)	89.6%	-

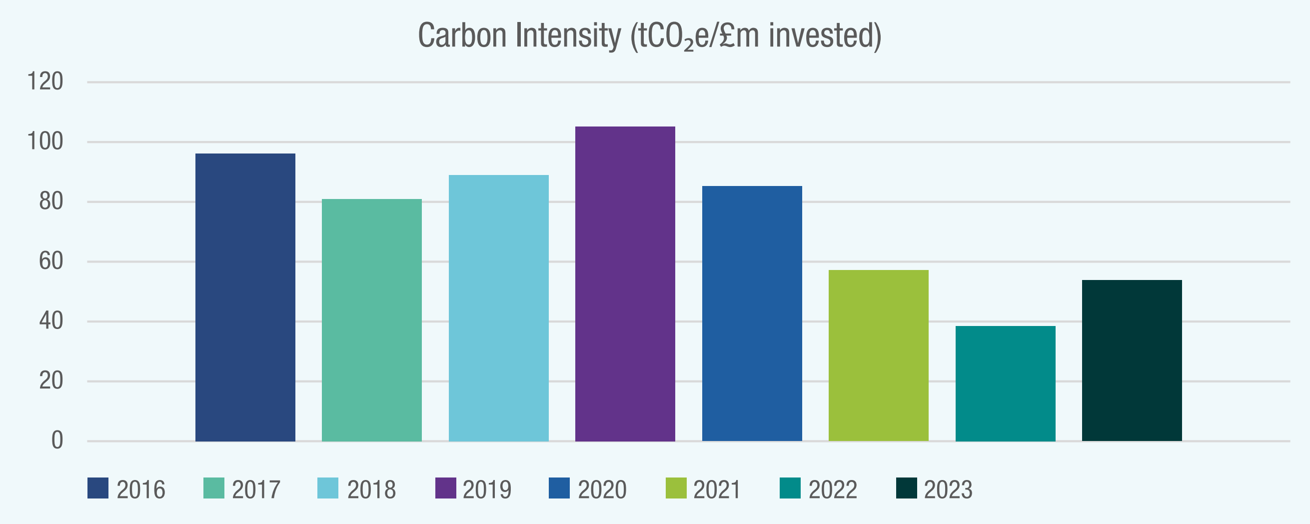
R&S UK Equity Fund

Climate Ambitions

Target	Target	Performance	Status
Reduce the carbon intensity by 78% by 2035 vs 2016	-78%	-44%	On Track
60% of financed emissions to have an SBT	60%	23%	Off Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
62%	**4**	**61%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	53.42	145.36
Weighted Average Carbon Intensity (tCO2e/revenue)	43.18	158.9
Implied Temperature Rise	1.5°C	3.1°C
Approved SBTs (% portfolio weight)	22%	47%
Coverage (% portfolio weight)	88.3%	-

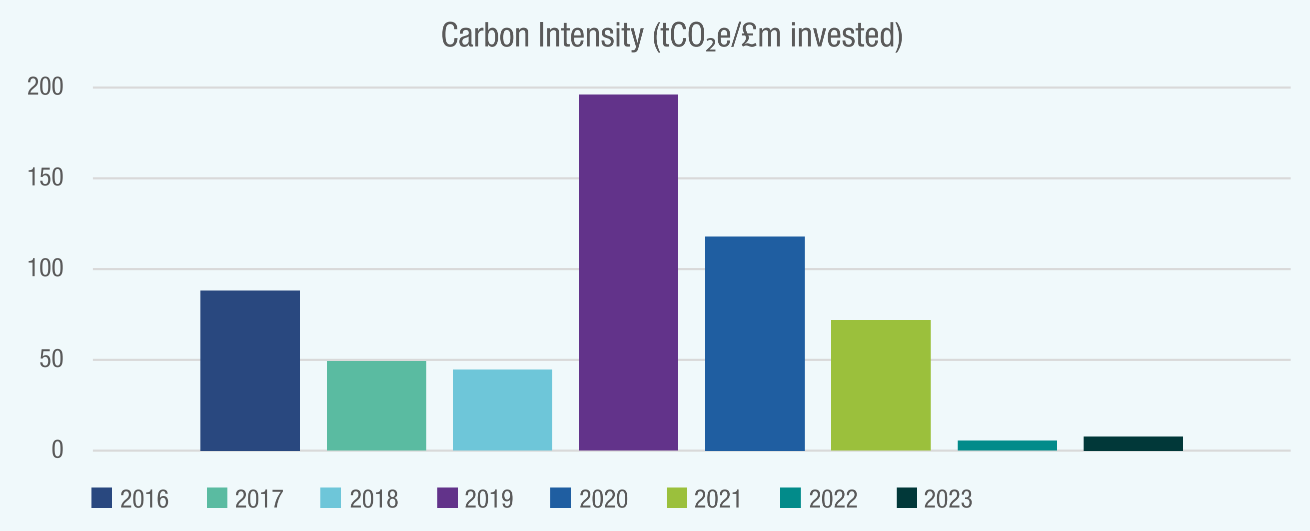
R&S UK Opportunities Fund

Climate Ambitions

Target	Target	Performance	Status
Maintain alignment with a 1.5°C scenario	1.5°C	1.5°C	Aligned
60% of financed emissions to have an SBT	60%	56%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
11%	**1**	**46%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	7.61	145.36
Weighted Average Carbon Intensity (tCO2e/revenue)	25.36	158.9
Implied Temperature Rise	1.5°C	3.1°C
Approved SBTs (% portfolio weight)	18%	47%
Coverage (% portfolio weight)	88.6%	-

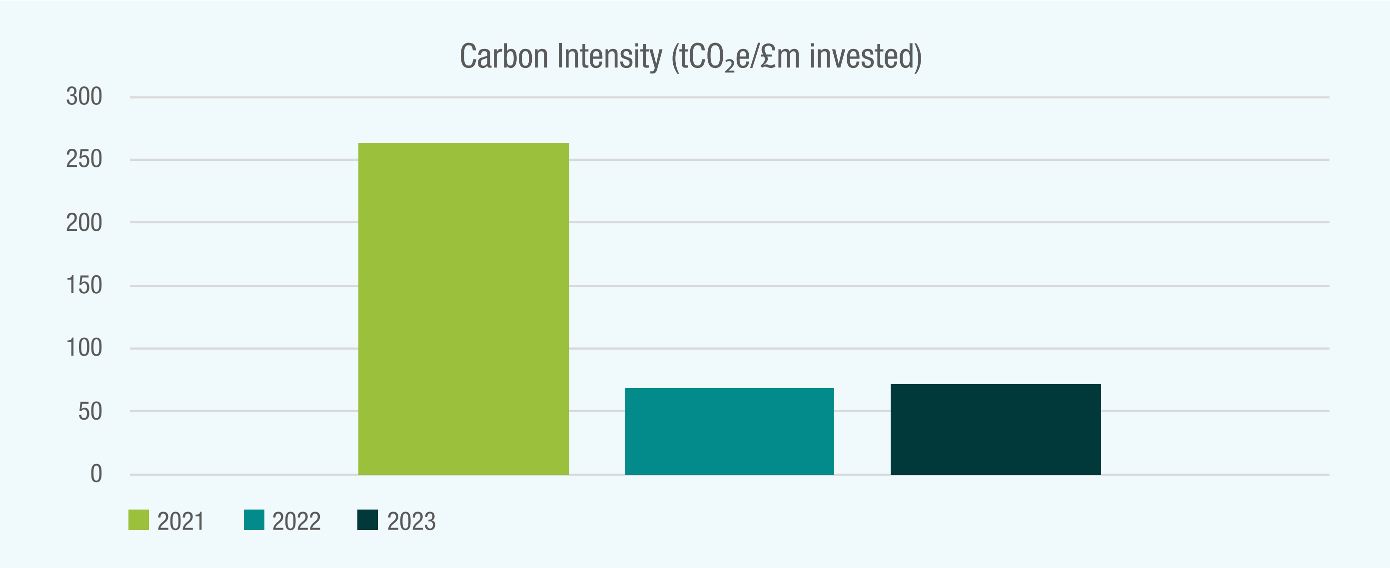
R&S Managed Income Fund

Climate Ambitions

Target	Target	Performance	Status
Reduce the carbon intensity by 78% by 2035 vs 2020	-78%	-73%	On Track
80% of financed emissions to have an SBT	80%	40%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
72%	**7**	**75%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	72.2	145.36
Weighted Average Carbon Intensity (tCO2e/revenue)	101.53	158.9
Implied Temperature Rise	1.5°C	3.1
Approved SBTs (% portfolio weight)	39%	47%
Coverage (% portfolio weight)	81.7%	-

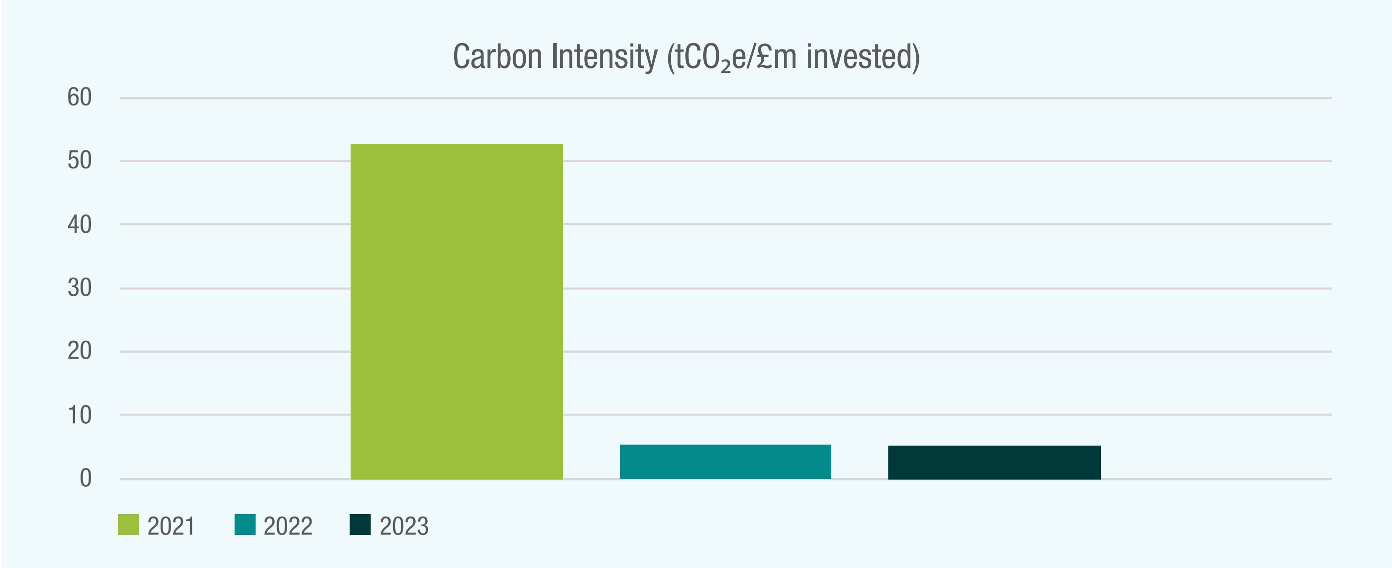
R&S Short Dated Bond Fund[6]

Climate Ambitions

Target	Target	Performance	Status
Maintain alignment with a 1.5°C Scenario	1.5°C	1.5°C	Aligned
80% of financed emissions to have an SBT	80%	49%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
32%	**2**	**88%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	4.76	9.55
Weighted Average Carbon Intensity (tCO2e/revenue)	23.88	16.45
Implied Temperature Rise	1.5°C	2.2°C
Approved SBTs (% portfolio weight)	12%	10%
Coverage (% portfolio weight)	84.7%	-

[6] The high carbon footprint in 2021 in the 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.

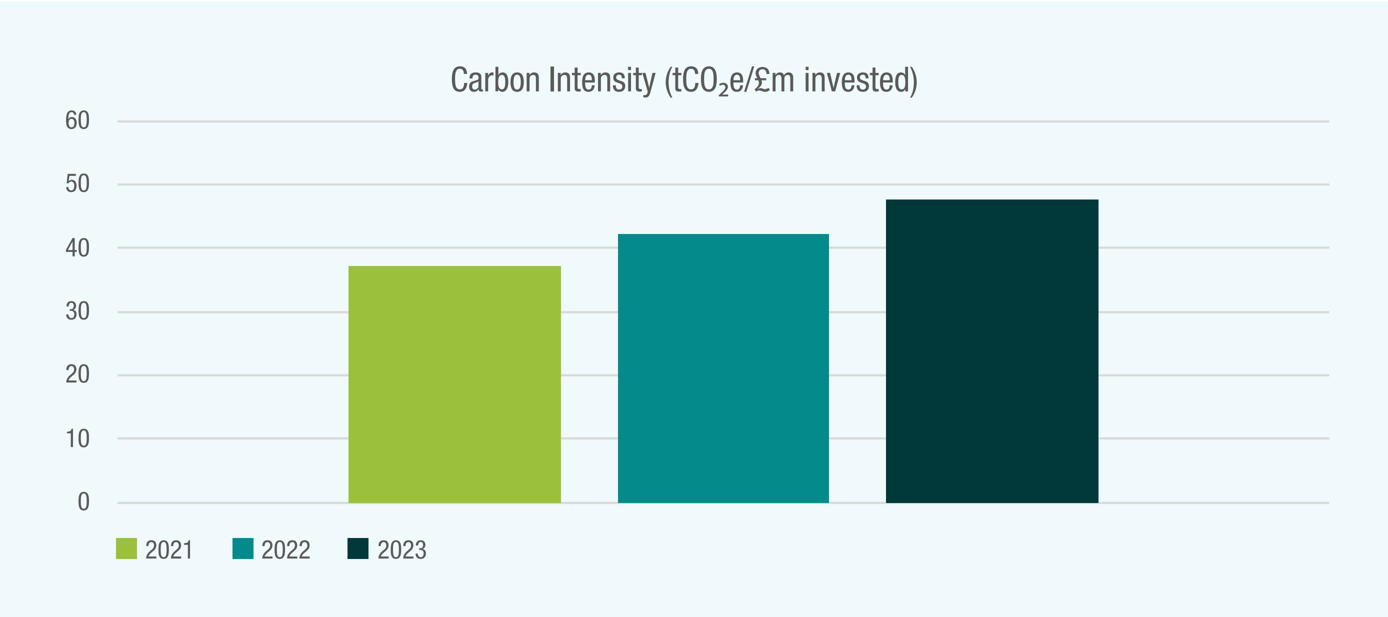
R&S Sterling Bond Fund

Climate Ambitions

Target	Target	Performance	Status
Maintain alignment with a 1.5°C Scenario	1.5°C	1.5°C	Aligned
80% of financed emissions to have an SBT	80%	51%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
76%	**5**	**78%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	47.77	43.84
Weighted Average Carbon Intensity (tCO2e/revenue)	64.91	86.79
Implied Temperature Rise	1.5°C	1.7°C
Approved SBTs (% portfolio weight)	36%	30%
Coverage (% portfolio weight)	68.0%	-

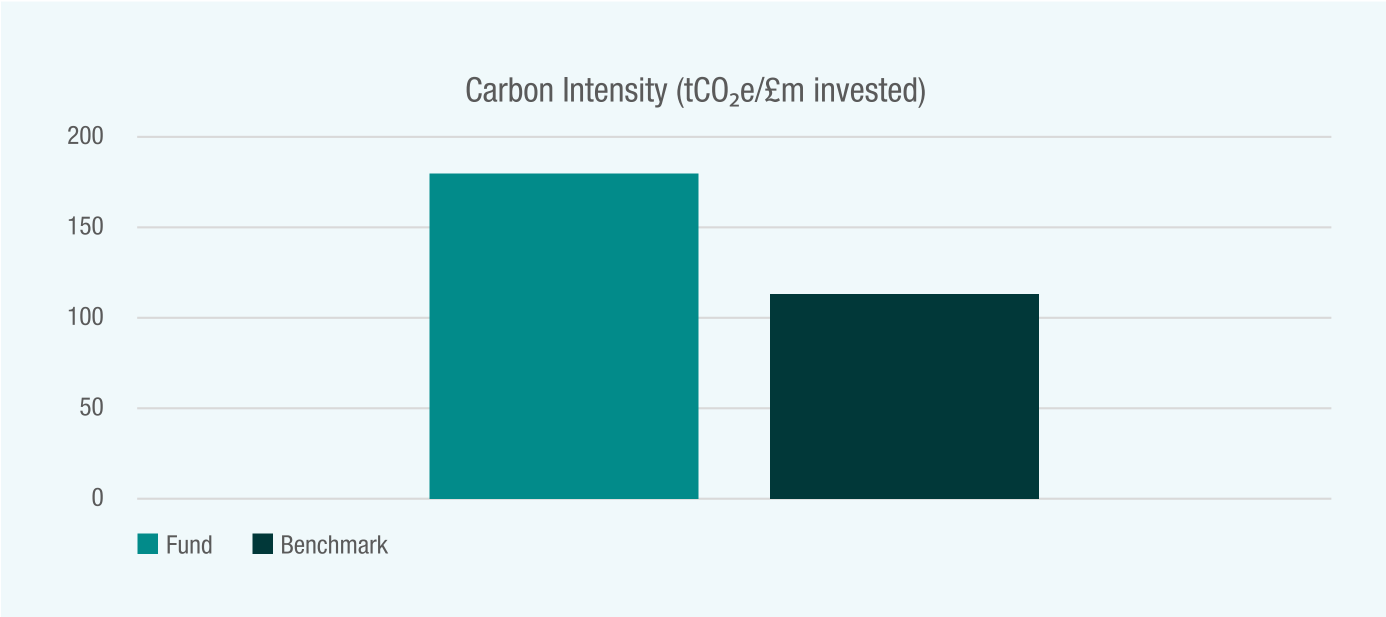
EdenTree Green Future Fund

Climate Ambitions

Target	Target	Performance	Status
Reduce the carbon intensity by 50% by 2035 vs 2022	50%	-	-
80% of financed emissions to have an SBT	80%	65%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
78%	**6**	**75%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	179.08	112.76
Weighted Average Carbon Intensity (tCO2e/revenue)	172.29	190.78
Implied Temperature Rise	1.5°C	2.7°C
Approved SBTs (% portfolio weight)	38%	38%
Coverage (% portfolio weight)	84.1%	-

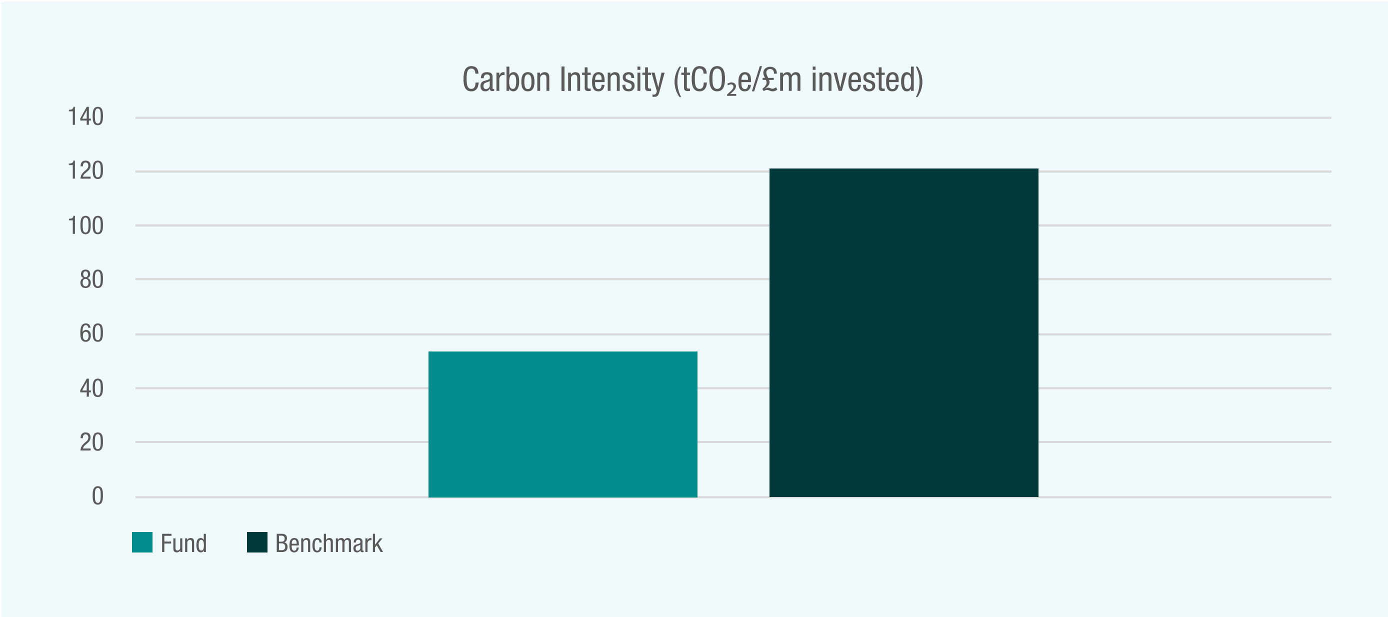
EdenTree Global Impact Bond Fund

Climate Ambitions

Target	Target	Performance	Status
Maintain alignment with a 1.5°C scenario	1.5°C	1.5°C	Aligned
80% of financed emissions to have an SBT	80%	82%	Achieved

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
71%	**3**	**62%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	53.55	121.18
Weighted Average Carbon Intensity (tCO2e/revenue)	91.74	320.55
Implied Temperature Rise	1.5°C	2.2°C
Approved SBTs (% portfolio weight)	39%	26%
Coverage (% portfolio weight)	87.1%	-

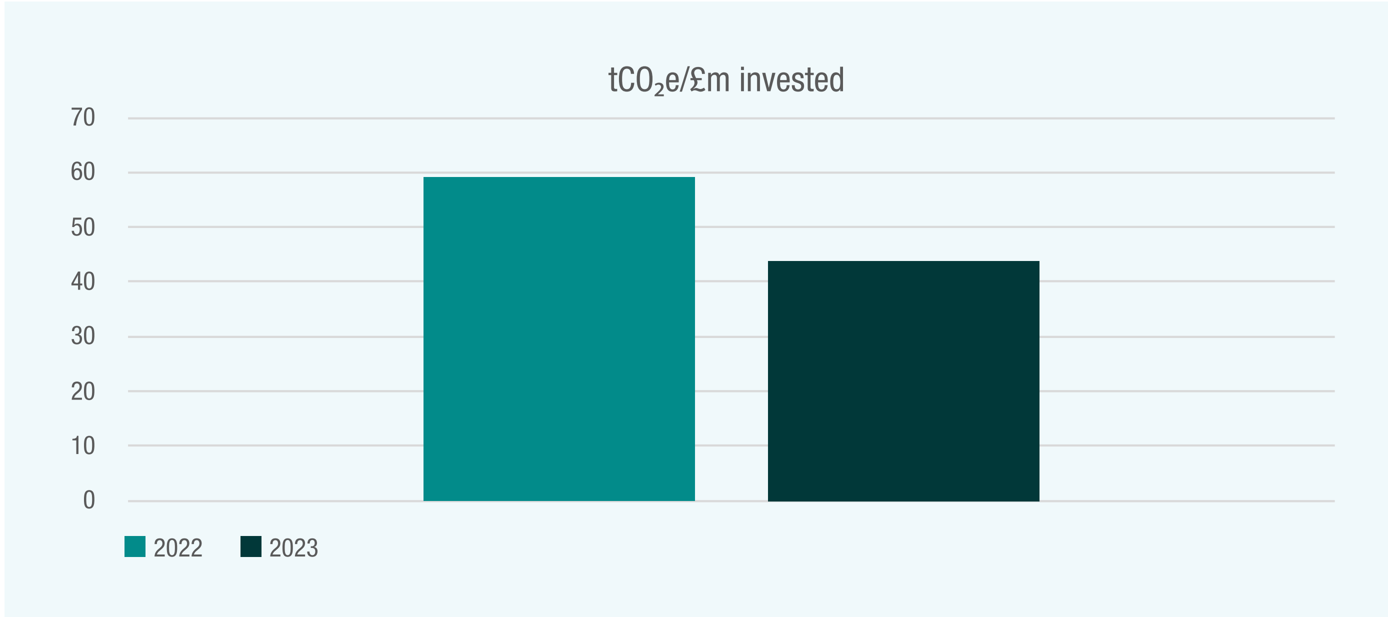
Ecclesiastical Insurance Office Pension Fund

Climate Ambitions

Target	Target	Performance	Status
Maintain alignment with a 1.5°C scenario	1.5°C	1.5°C	Aligned
80% of financed emissions to have an SBT	80%	89%	Achieved

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
68%	**5**	**84%**



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	43.7	66.11
Weighted Average Carbon Intensity (tCO2e/revenue)	62.65	143
Implied Temperature Rise	1.5°C	2.7°C
Approved SBTs (% portfolio weight)	49%	36%
Coverage (% portfolio weight)	53.1%	-

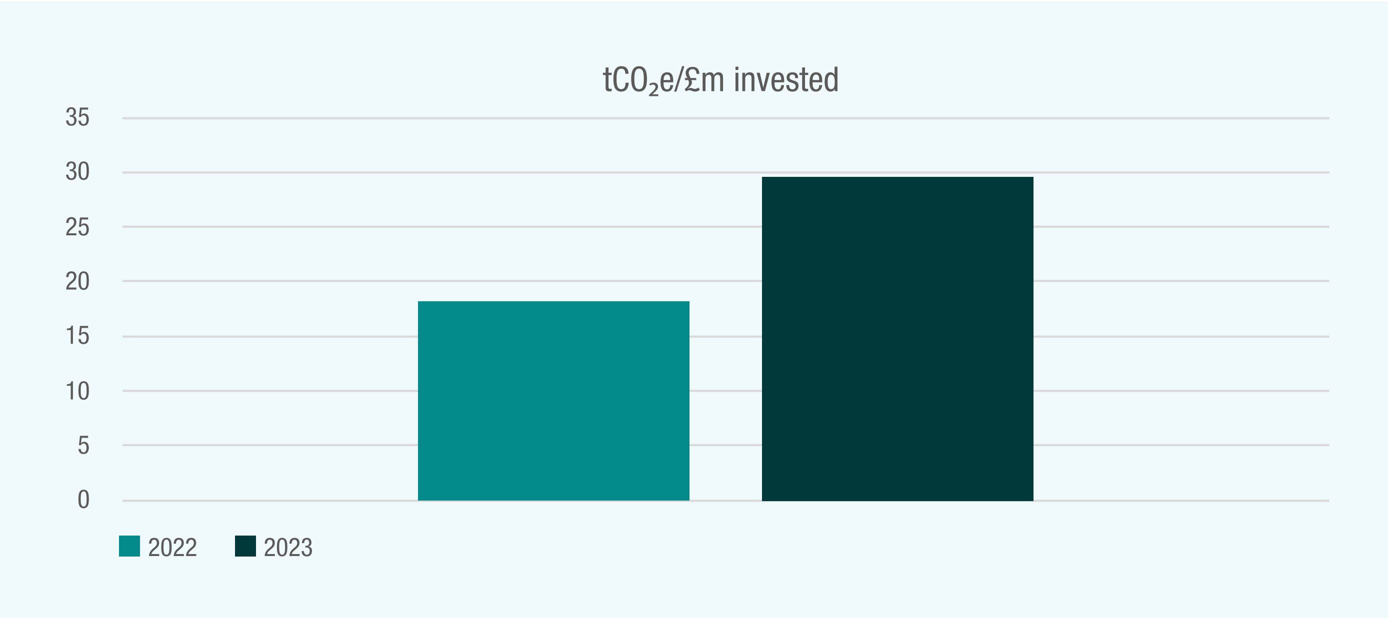
Benefact Group General Fund

Climate Ambitions

Target	Target	Performance	Status
Maintain alignment with a 1.5°C scenario	1.5°C	1.5°C	Aligned
80% of financed emissions to have an SBT	80%	75%	On Track

Climate Stewardship Plan

Financed Emissions Covered	Companies Included	Average Score
69%	21	66%



Carbon Risk Metrics

Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	29.5	87.75
Weighted Average Carbon Intensity (tCO2e/revenue)	61.17	163.06
Implied Temperature Rise	1.5°C	2.9°C
Approved SBTs (% portfolio weight)	26%	45%
Coverage (% portfolio weight)	51.5%	-

Chris Pitt, Benefact Group Impact Director:

"The Benefact Group recognises the huge opportunity and responsibility the financial services sector has to tackle the climate crisis. We're in a unique position to drive change through how we invest, who we insure and how we donate our profits to good causes.

We've committed to a Net Zero target by 2040 which means working to understand and reduce our direct and wider impact and supporting our employees, customers and communities to do the same.

We're making small changes every day to reduce the direct impact of our businesses – moving into more sustainable offices and promoting our electric car scheme for example. We're being ambitious by offsetting our direct residual emissions today whilst continuing to focus on decarbonisation.

We're also working with a number of climate charities including Heal Rewilding and the InterClimate Network to support their efforts to build biodiversity and educate future climate leaders.

We believe better businesses can play an important role in understanding and addressing the climate crisis."

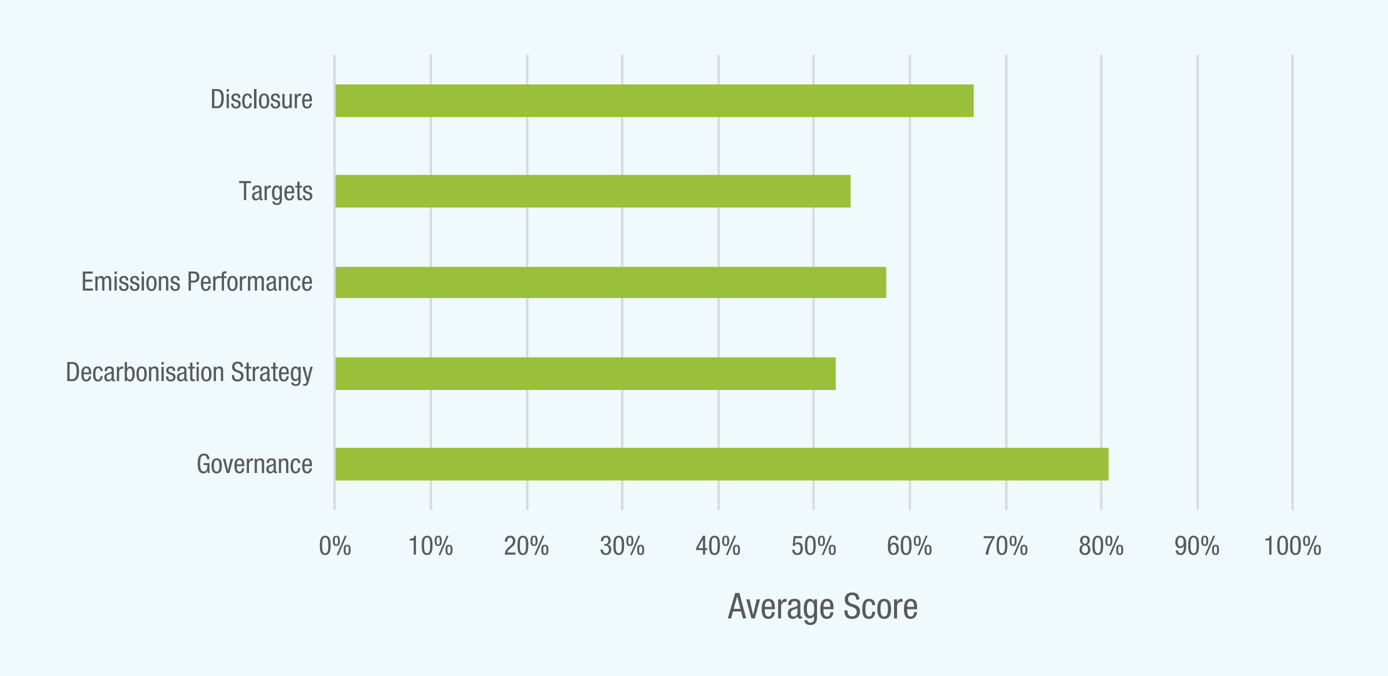
Engagement Activity

Climate Stewardship Plan

The CSP contains the companies which are responsible for the majority of EdenTree's scope 1&2 financed emissions. At present, it includes 22 names which account for 77% of our financed emissions.

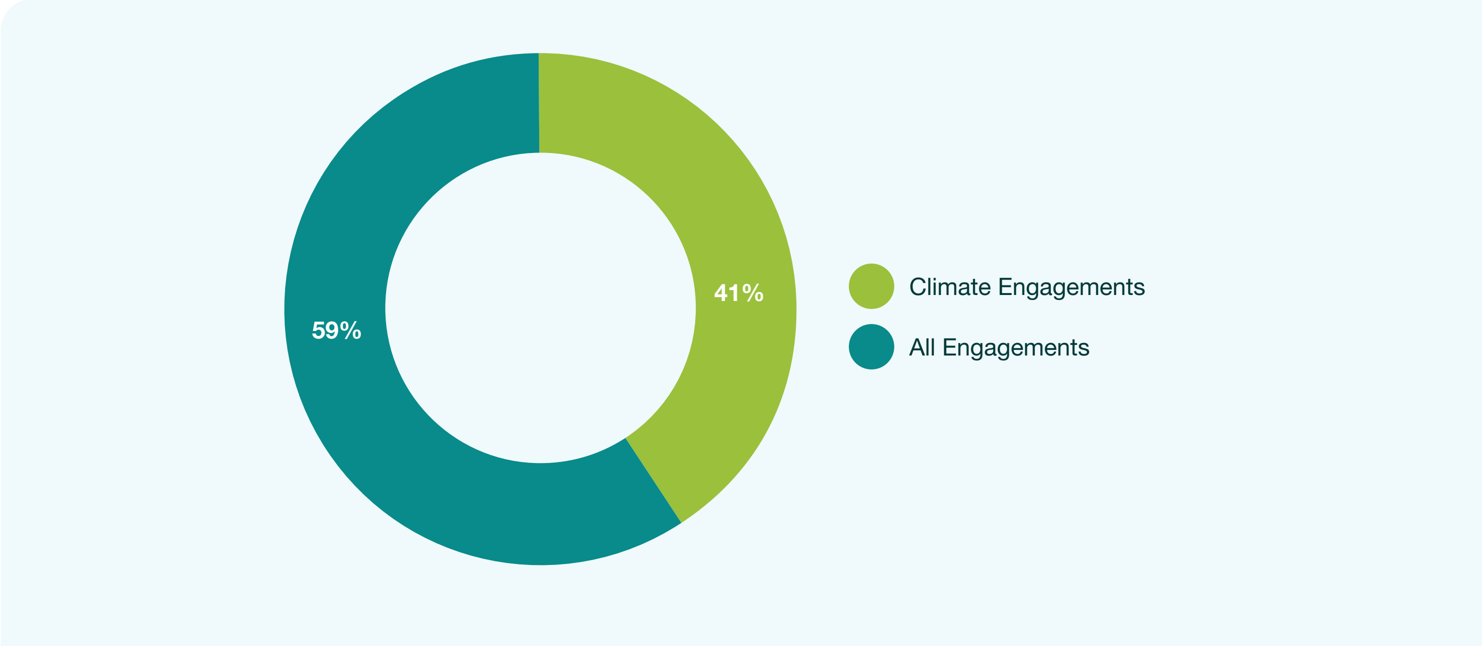
The CSP sets out 13 climate-related expectations which we view as best practice, and assesses the performance of the 22 high-impact companies against these expectations. Companies receive a score per expectation as well as a total climate transition score. Based on the scores we have identified areas for improvement and translated these into engagement objectives.

Climate Stewardship Plan Average Scores for 2023



Climate Change Engagement

We provide below an overview of the climate-related engagement activity that took place in 2022. Overall, we engaged on climate change 95 times – representing 41% of our overall engagements.



Following the seventh iteration of our portfolio carbon footprints we continued our engagement with the heaviest emitting companies in our funds. We met with **Elementis** and **Kemira** during the year to ask them to set science-based targets (SBTs). Elementis has intensity targets in place currently with scope 1 and 2 emissions disclosed. Kemira discloses scopes 1, 2 and 3 emissions; however it only has absolute emission reduction targets for scopes 1 and 2. With both, we discussed challenges in decarbonising the chemicals sector, the difficulties in collecting scope 3 data, and the problems in setting SBTs without sectoral guidance from the SBTi. We were pleased that both companies are looking to set an SBT – although not until 2024.

Banks' Fossil Fuel Financing

Last year we met with Dutch bank, **ING Groep**, to discuss their decarbonisation strategy, and we remain convinced that they are a leader in this space. We asked questions around their alignment targets for the shipping sector, which is one of the few they have yet to map a net zero pathway for. We also met with **Barclays** following their 2022 AGM to discuss their 'Say on Climate' vote. Barclays has made significant progress in recent years and is now ahead of many banks in terms of the ambition of its strategy. We therefore voted to support the resolution, but met with the Bank to discuss the areas where we would like to see greater progress, particularly around coal and oil & gas loan financing. Following this, we signed letters to both **Barclays** and **Credit Agricole** calling for the banks to end direct financing of new oil and gas fields. The letters called on the banks to match HSBC's latest commitment to "no longer provide new lending or capital markets finance for the specific purpose of projects pertaining to new oil and gas fields and related infrastructure when the primary use is in conjunction with new fields". Over the year we also met with **Standard Chartered, BBVA** and **HSBC** on the topic of fossil fuel financing.

Case Study: Engaging with the Canadian Banking Sector

During the year we continued to take an active role in the IIGCC's Banks Working Group. We wanted to increase our engagement with our Canadian Bank holdings, so joined the focus groups for both TD Bank and Scotiabank, whilst continuing our engagement with Royal Bank of Canada (RBC).

Our engagement over the year included a call with **RBC** in which we challenged their financing of new fossil fuel infrastructure, encouraged them to align their oil and gas targets with the IEA's net zero scenario and called on them to ensure that their public policy work is 'Paris aligned'. We also met with the Chair of **Scotia Bank** in which we asked them to extend their oil & gas targets to cover all lending, project finance, investment bank and advisory activity, expand sector targets to include all carbon-intensive activities, and improve the disclosure of climate risk in their annual report. Lastly, we met with **TD Bank** to discuss physical climate risk mapping, as well as what 'red-lines' they have in place whilst supporting their clients to transition.

Over the coming year, we will continue to engage with TD Bank, Scotiabank, and RBC, with a particular focus on encouraging them to set commitments for no new fossil fuel infrastructure. In addition, and recognising the need for broader policy change, we intend to engage with the Canadian Banks regulator, OSFI, to encourage faster action at the macro level.

CDP

CDP Non-Disclosure Campaign

For the sixth successive year, EdenTree participated as a lead investor in the CDP Non-Disclosure Campaign. In 2022, we led the engagement with eight companies, including Mears Group, Indus Holding, Hawaiian Electric Industries, IP Group, Rayonier and Exact Sciences. As part of our engagement, we held meetings with a number of these companies to discuss their challenges around participating in the questionnaire. The majority were eager to improve their reporting and a number indicated that they planned to disclose in future years, including both IP Group and Rayonier. Hawaiian Electric Industries revealed that they disclosed for the first time in 2022, which we viewed as a very positive step after 5+ years of engagement with the company.

THE INVESTOR AGENDA
ACCELERATING ACTION FOR A NET-ZERO EMISSIONS ECONOMY

Policy Engagement

In 2022, we signed the Global Investor Statement to Governments on the Climate Crisis. The Statement was submitted to governments before COP27 and had 602 investor signatures representing US$42trillion in assets under management. The Statement represented a unified investor call to governments to implement the policy actions needed to address the climate crisis and accelerate the transition to a net zero emissions economy. Key asks of the letter included for governments to: Ensure that their 2030 targets align with a 1.5C pathway; to implement domestic policies and take early action to ensure their 2030 emissions align with a 1.5C scenario; to contribute to the reduction of non-carbon dioxide greenhouse gas emissions; to scale up the provision of climate finance; and to strengthen climate disclosures across the financial system.

Corporate Responsibility

Operational Emissions

EdenTree's direct carbon footprint is very small. We have no scope 1 emissions as we do not own any company cars, and do not directly burn any coal, oil or gas. Our scope 2 market-based emissions are zero as 100% of our energy is sourced from renewable origins. Our scope 3 emissions have increased slightly since 2021 due to an increased scope of reporting which now covers most material scope 3 categories.

EdenTree's 2022 operational emissions (tCO_2e)

	2020	2021	2022
Scope 1	0.65	0	0
Scope 2 Market based	0	0	0
Total Scope 3	0.14	0.40	27.72
Air Travel	0.12	0.34	2.19
Rail Travel	0.02	0.05	0.47
Business Mileage (Own Car Travel)	0	0.00	23.14
Car Rental	0	0.01	1.19
Waste	0	0.00	0.57
Water supplied	0	0.00	0.14

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 is recycled responsibly as part of our end-of life due diligence program.

Charity Partnerships

Charity partnerships have always been of great importance to us at EdenTree, as both a charity-owned investment manager and as a responsible business. In 2022, we were fortunate to partner with both charity investors, co-hosting events and publishing thought leadership pieces, and beneficiaries of our giving, through volunteering and grant making.

In July we were pleased to co-host an educational roundtable 'taking action on climate change' in Bristol in partnership with Quartet Community Foundation. A number of local charities came together to discuss climate change in relation to grant-making and investing. Given the nature of their work, community foundations are particularly well placed to support local community groups and other charities and are leading the way in the adoption of responsible investing. Following the event we were pleased to launch a special expert brief 'Climate Action for Community Foundations' for community foundations and the charities they support.

In June, following the release of our report 'The Condition of our Rivers', several members of the EdenTree team spent an afternoon clearing waste from the riverbanks of the Thames in Battersea. Colleagues were joined by EdenTree's partner and Olympic open water swimmer Alice Dearing and used the opportunity not only to clear a section of the riverbank, but also raise the profile of river pollution. Many of the volunteering team feature along with Alice in a short video about why clean water is not only important to her sport, but to communities as a whole, which is available online.

At the end of 2022, we were pleased to reflect on the first year of our three-year partnership with the Walworth Community Gardening Network, one of three beneficiaries of the EdenTree Community Fund. So far, 102 beneficiaries have been supported by the £30,000 grant. We look forward to continuing our support of this great local charity.

Governance

Oversight

This Strategy has independent oversight from EdenTree's Responsible Investment Advisory Panel. The Panel approved the Climate Strategy in March 2023 and will continue to oversee its implementation moving forward. The Panel meets three times a year to provide advice on cases, issues and ethical dilemmas. The Panel may advise, but not mandate a course of action; at 31st March 2023, the panel comprised eight persons, and is 63% independent of any connection to either EdenTree or Benefact.

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

Review

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

Disclosure

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

Afterword Andy Clark

We know how important climate change is to our clients; no other issue dominates our postbag or discussions with clients in quite the same way as how we are responding to climate change. Building on eight years of Fund carbon footprinting experience, we are proud that this Report sets out how we are now seeking to escalate action to deliver our new Climate Change Strategy.

Under a clear and rigorous strategy, we have four 'visions' for the future: to decarbonise our activities; to accelerate the climate transition; to collaborate so as to drive change; and to embody the same standards to which we hold others. Each pillar is complemented by distinct ambitions and actions that will drive these aims. Highlights include the introduction of near-term decarbonisation and Paris alignment targets, and the creation of a 'Climate Stewardship Plan' which we will use to engage with our heaviest emitting companies.

This year we are focusing on implementing the strategy. One aspect we are particularly excited about is launching the first round of engagements targeted under the Plan. As the Plan runs its course, it will be tracked over time and progress will be reported in our new annual 'Climate Stewardship Report.

I am enthused by the challenge of what we are seeking to do, and look forward to seeing the strategy in action over the next few years.

Andy Clark
Chief Executive Officer

edentree | investment management

Contact us

For additional information on EdenTree and to find out more about what our range of funds can deliver for you and your clients, please get in touch with us at:

0800 0321 893

ifa@edentreeim.com

edentreeim.com

The value of an investment and the income from it may go down as well as up and the investor may not get back the amount invested.

BENEFACT GROUP

FSC®