

NET ZERO REPORT 2022

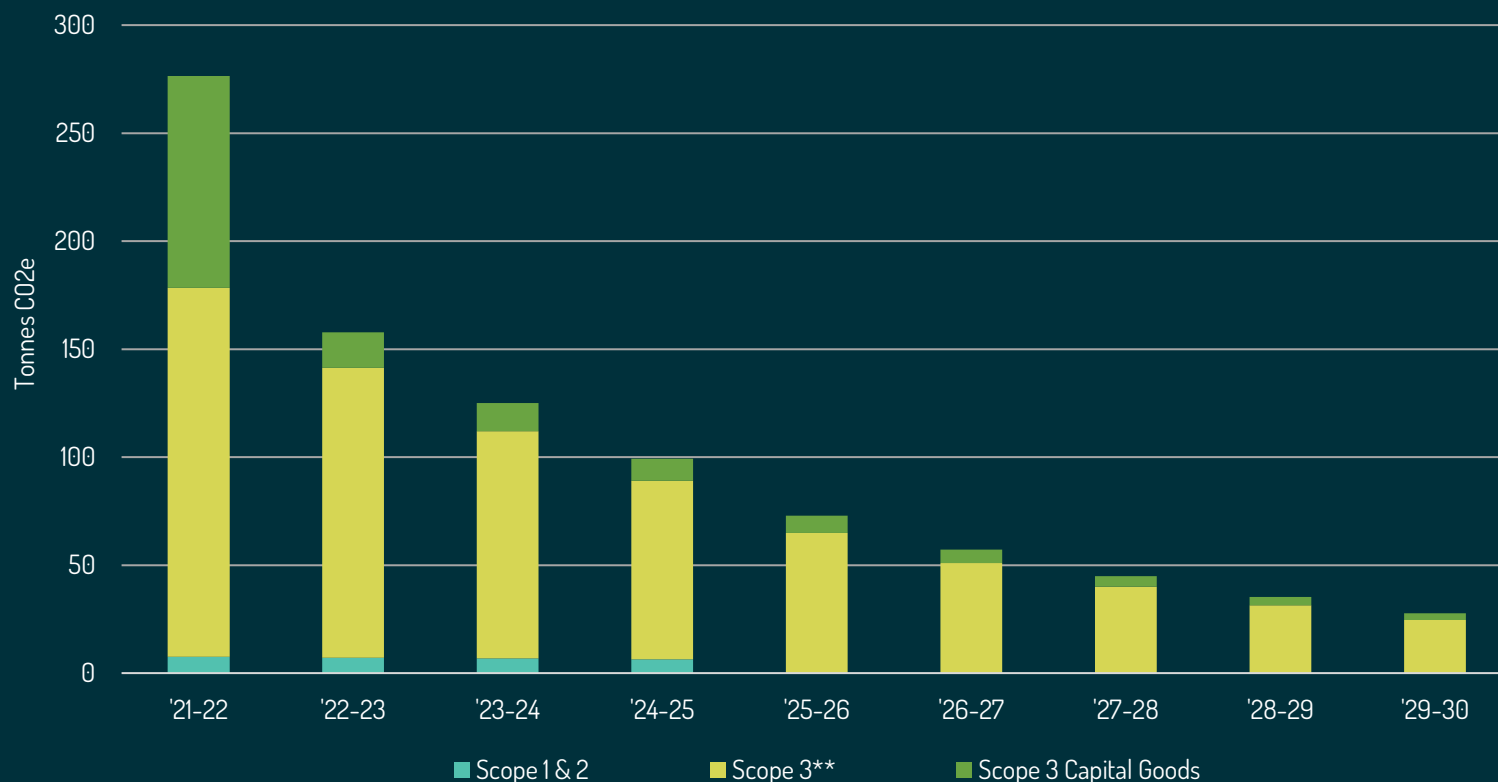
In partnership with **positive
planet**



THE THOUGHTFUL INVESTOR

EXECUTIVE SUMMARY

Total* Carbon Reduction Targets for measured emissions to 2030



Current footprint:

- 276.5 tCO2e*
- Our highest emitting categories in 2021-22 were:
 - Purchase of laptops
 - Fund-related expenses
 - Office service charge (including heating)

We intend to:

- Eliminate scope 1 & 2 emissions by 2026
- Reduce scope 3* emissions by 50% by 2026
- Reach net zero by 2030
- Have our managed investment portfolio reach net zero by 2040

Carbon Dioxide Equivalent (CDE)

*excluding managed investments

**excluding capital goods and managed investments

Definitions and examples for Scope 1, 2 & 3 can be found on page 10

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A landscape photograph of a wetland area. A winding stream flows through a field of green grass and white flowers. The stream is shallow and reflects the surrounding greenery. In the foreground, there is a rocky bank. A blue rectangular box is overlaid on the left side of the image, containing white text.

WHY WE'RE TAKING ACTION

WHY WE'RE TAKING ACTION

At Castlefield, we adopt a unique approach to looking after money, using it to make a positive difference to the world around us. We sometimes shorten this to 'gathering assets to do good'.

As specialists in responsible investment, it's important to acknowledge the climate crisis and use our influence as shareholders to try and prevent the catastrophic impacts on our planet and its people. The urgency of this isn't lessening. We aim to convey that urgency by engaging with the management teams of the companies that we invest in, to emphasise its importance on the corporate agenda.

Last year, we set out our intention to intensify our engagement with companies over their Net Zero plans – details of this can be found in our Annual Stewardship Report.

Not only do we aspire to reduce our own emissions to Net Zero by 2030, and our managed investment portfolio by 2040, but we also hope to inspire our team, partners, supporters and communities to take action.



There is now overwhelming scientific evidence of climate change.

Greenhouse gas emissions have climbed to their highest levels in human history. We are not doing enough to respond to this crisis and limit warming to 1.5°C (the Paris Agreement's threshold to avoid the most catastrophic impacts for people and nature).

The latest climate report from the UN's Intergovernmental Panel on Climate Change (IPCC) offers a message of hope, a warning and a challenge – and businesses have a crucial role to play in changing the course of our planet's future. The report shows that we already have solutions, in every sector, to halve emissions by 2030, in line with a 1.5°C pathway.

RISKS & OPPORTUNITIES

It is important that we acknowledge both the climate risks to business, and the opportunities presented by embracing environmental sustainability.

Risks

- Supply chain disruptions (due to extreme weather)
- Becoming irrelevant to our current clients
- Human health risks (due to extreme weather and pollution)
- Rapidly changing regulations
- Increased insurance costs
- Increased heating and cooling costs

Opportunities

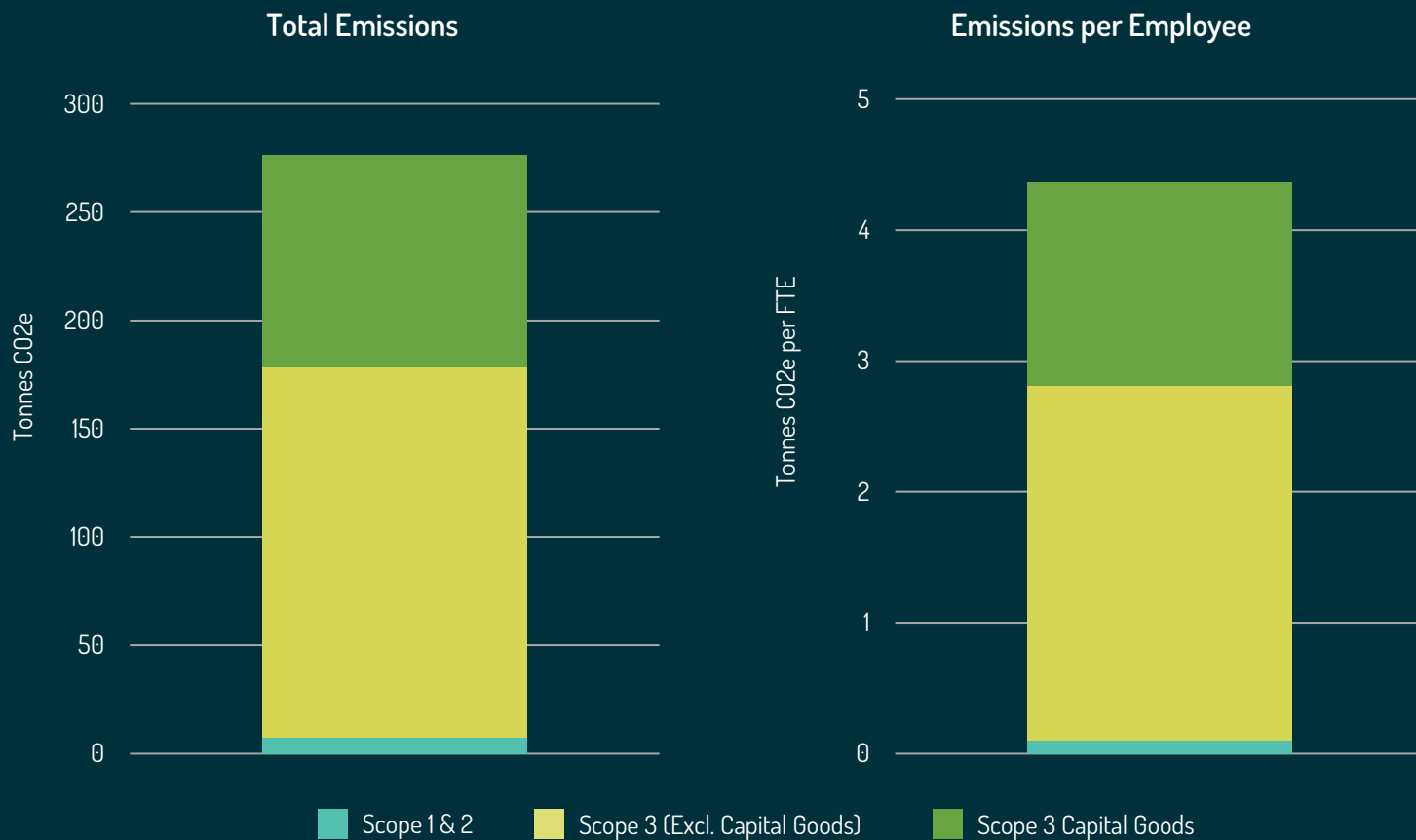
- Attract and retain talent and customers
- Develop new offerings
- Reduce insurance costs
- Optimise efficiencies, reduce costs
- Increased resilience to change
- Brand enhancement
- Embrace our purpose to do even more good



A close-up, top-down photograph of a blue leather shoe with brown laces stepping into a muddy puddle. The shoe is positioned in the lower center of the frame, and a large splash of brown mud is erupting from the sole, spreading outwards. The ground is dark brown and textured with small stones and pebbles. In the upper left corner, there is a semi-transparent blue rectangular box containing white text.

OUR CARBON FOOTPRINT

OUR BASELINE & CURRENT YEAR 2022



Emission Levels

Total Emissions*
276.5 tCO₂e

Scope 1 & 2
7.5 tCO₂e

Scope 3*
268.9 tCO₂e

Managed investment emissions
Not yet measured

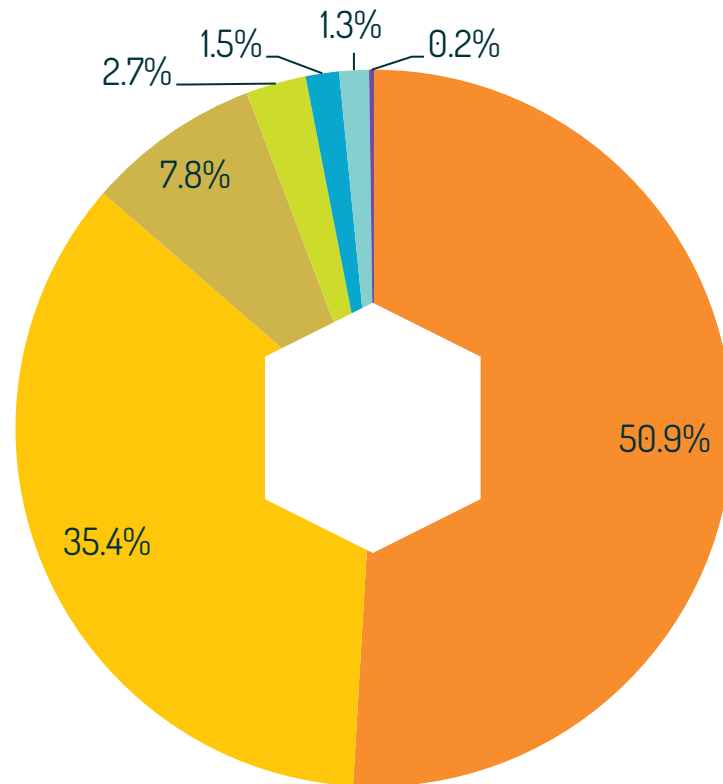
*Excluding managed investment emissions

Notes: Our reporting year ran from 1 September 2021 to 31 August 2022.

BREAKDOWN OF ALL EMISSIONS 2022

An easier way to view our emissions is by category instead of scopes. We have measured all emissions, excluding managed investments, and the following categories appear in our footprint:

- Goods & services
- Capital goods
- Homeworking
- Purchased electricity
- Commuting
- Business travel
- Fuel & energy related activities

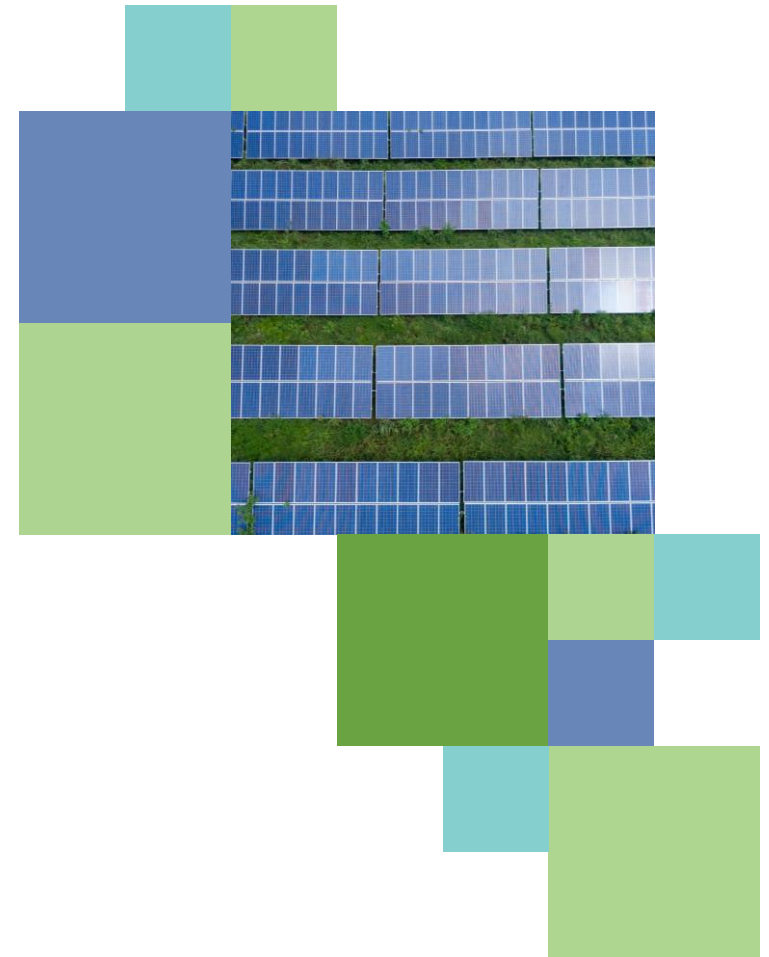
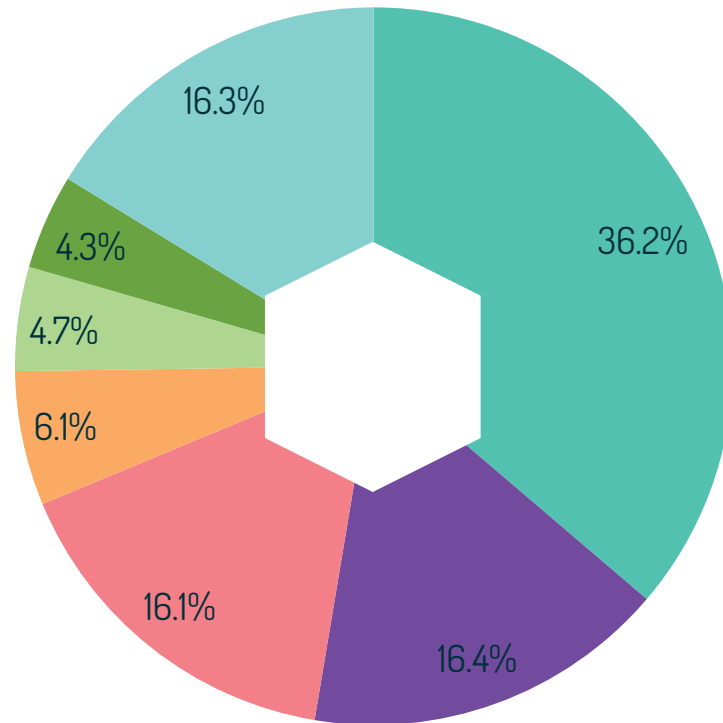


BREAKDOWN OF PROCUREMENT EMISSIONS 2022

Because the majority of our currently measured emissions are from procurement, we've broken this down into subcategories:

- Purchase of laptops*
- Auxiliary financial services (fund-related expenses)
- Office service charge (including heating)
- Regulatory fees
- Purchase of telephones
- IT maintenance (including support & licences)
- Other

*Laptops were a one-off purchase to run business operations remotely during COVID-19, and therefore will not happen to such an extent in future years.



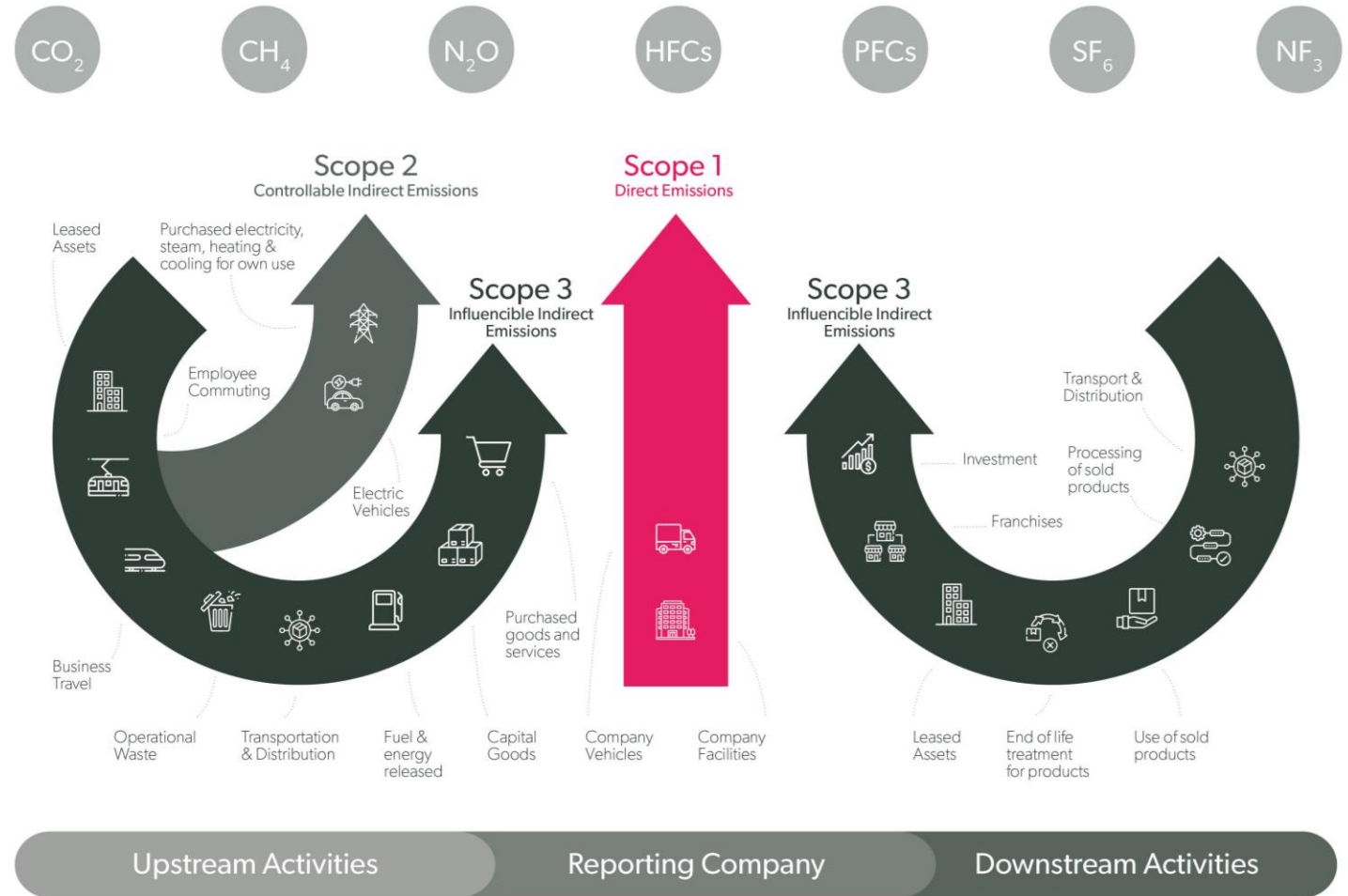
HOW WE MEASURE OUR FOOTPRINT

In devising a carbon reduction plan with the goal of achieving net zero it is critical that we first understand where our emissions come from. To support this, we have partnered with Positive Planet to measure our emissions.

How our carbon footprint is calculated:

Using the GHG Emissions Protocol Standard, business emissions are identified using three scopes of emissions.

Six Greenhouse Gases are calculated as part this emissions report, known as the six Kyoto Protocol GHGs. These gases occur the most often as a result of business activities, with the highest Global Warming Potential. For the purposes of emissions reporting, these gases are simplified and measured in the unit of tonnes of carbon dioxide equivalent (tCO₂e).



An aerial photograph of a large-scale solar farm. The image shows multiple long, parallel rows of solar panels stretching across a landscape. The panels are dark blue or black with a white grid pattern. The rows are separated by dark, narrow paths or roads. In the bottom left corner, there are some circular structures, possibly water tanks or access points. The overall perspective is from a high angle, looking down at the solar array.

OUR NET ZERO TARGETS

WHAT DOES NET ZERO MEAN?

To achieve Net Zero, we will be aiming to reduce emissions in line with the latest science-based targets (SBTs). SBTs are greenhouse gas reduction goals set by organisations. They are defined as “science-based” when they align with the scale of reductions required to keep global temperature increases well-below 2°C, and ideally below the 1.5°C agreed in the Paris Agreement, compared to pre-industrial temperatures. SBTs provide organisations with pathways to sustainable transformational change to accelerate the transition to a low carbon economy.

Current guidance from the Science Based Targets Initiative (SBTi) states that for most businesses, this means a **total reduction in emissions across all scopes by 90% by 2050** at the latest. Carbon removals should then be used to neutralise the residual emissions.

Net Zero targets must include Scopes 1, 2 and 3.

Scope 1 emissions

Direct greenhouse gas emissions that occur from sources owned or controlled by a company, such as emissions from combustion of fuels in on-site boilers, furnaces, or vehicles.

Scope 2 emissions

Indirect greenhouse gas emissions that result from the generation of purchased electricity, steam or other forms of energy consumed by a company.

Scope 3 emissions

All other indirect greenhouse gas emissions that occur in an organisation’s value chain, including emissions from upstream and downstream activities.

What’s the difference?

Net zero

When a business has reduced its Scope 1, 2 and 3 emissions by as much as possible, leaving only ‘residual’ emissions, which cannot be removed. Current guidance from the SBTi states that for most businesses, this means a total reduction in emissions across all scopes by ~90%. Carbon removals should then be used to neutralise the residual emissions.

Carbon neutral

A carbon neutral business has committed to reducing emissions, and in the meantime balances its remaining emissions through carbon removal/ offsetting schemes.

Zero emissions

When no carbon is produced directly from a particular activity, product or service (such as the running of an electric van or an electric cooker on electricity produced through solar power).

OUR NET ZERO TARGETS

1. Reduce our Scope 1 & 2 emissions to zero by 2025.
2. Reduce our Scope 3* emissions by 50% by 2026.
3. Measure 100% of portfolio emissions annually by 2026.
4. Reduce our Scope 3* emissions by -90%** by 2030, becoming net zero.
5. Have our managed investment portfolio reach net zero by 2040.

We are aligning to the SBTi's Net Zero targets where possible.

*excluding emissions from our investment portfolio companies.

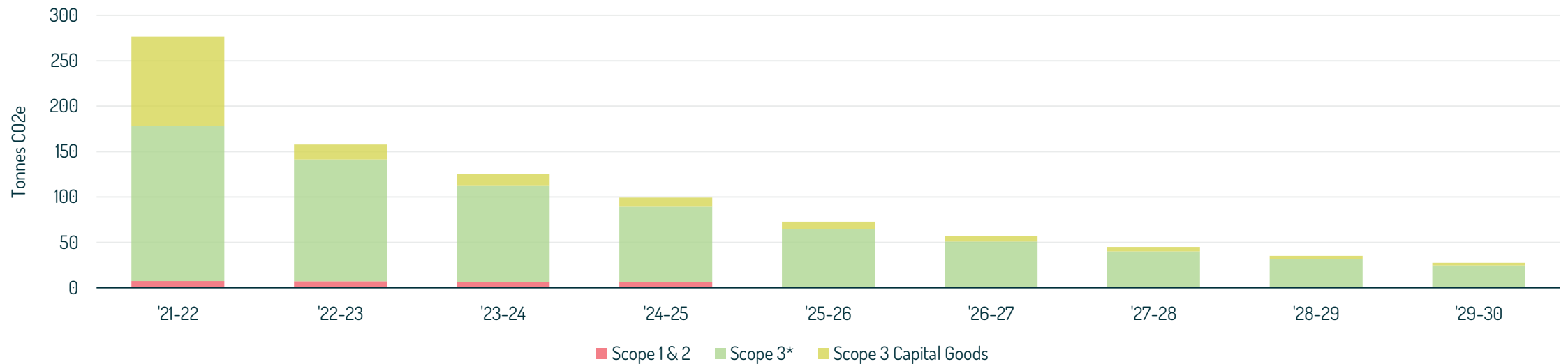
** from our baseline year of 1 September 2021 to 31 August 2022.



TARGETED ANNUAL REDUCTION ABSOLUTE EMISSIONS

We will be reporting our annual footprint both as absolute emissions and using a carbon intensity metric (emissions per employee). It is important that we measure both since we are a growing organisation. This will allow us to align with the latest Net Zero guidance more effectively as it evolves over time.

Absolute Carbon Emissions Reduction Targets to 2030



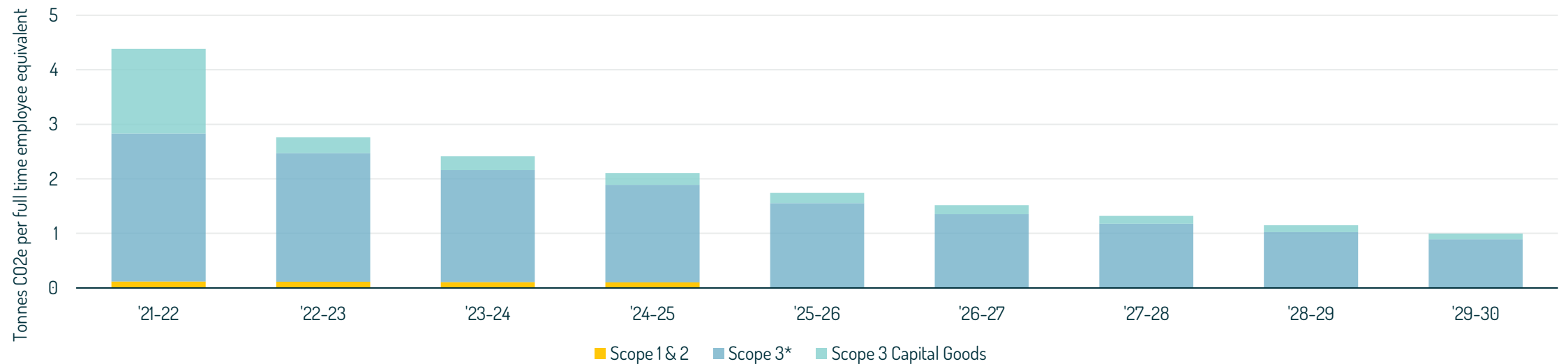
*Excluding emissions from capital goods purchases and managed investment portfolio.

Our targets represent a reduction of 90% of measured 2021-22 carbon emissions by 2030, achieved by a 22% year-on-year decrease (after accounting for the one-off laptop purchases in year 1).

TARGETED ANNUAL REDUCTION CARBON INTENSITY

The SBTi allows growing organisations to set carbon intensity reduction targets instead of absolute emissions to account for growth in employee headcount or output. Whilst a 1 tonne per employee residual emissions target does not align to a 90% reduction from our baseline year, Positive Planet has advised this as an ambitious yet feasible Net Zero carbon intensity metric**. First and foremost, we will work towards our absolute reduction target.

Emissions Per Employee Reduction Targets to 2030



*Excluding emissions from capital goods purchases and managed investment portfolio.

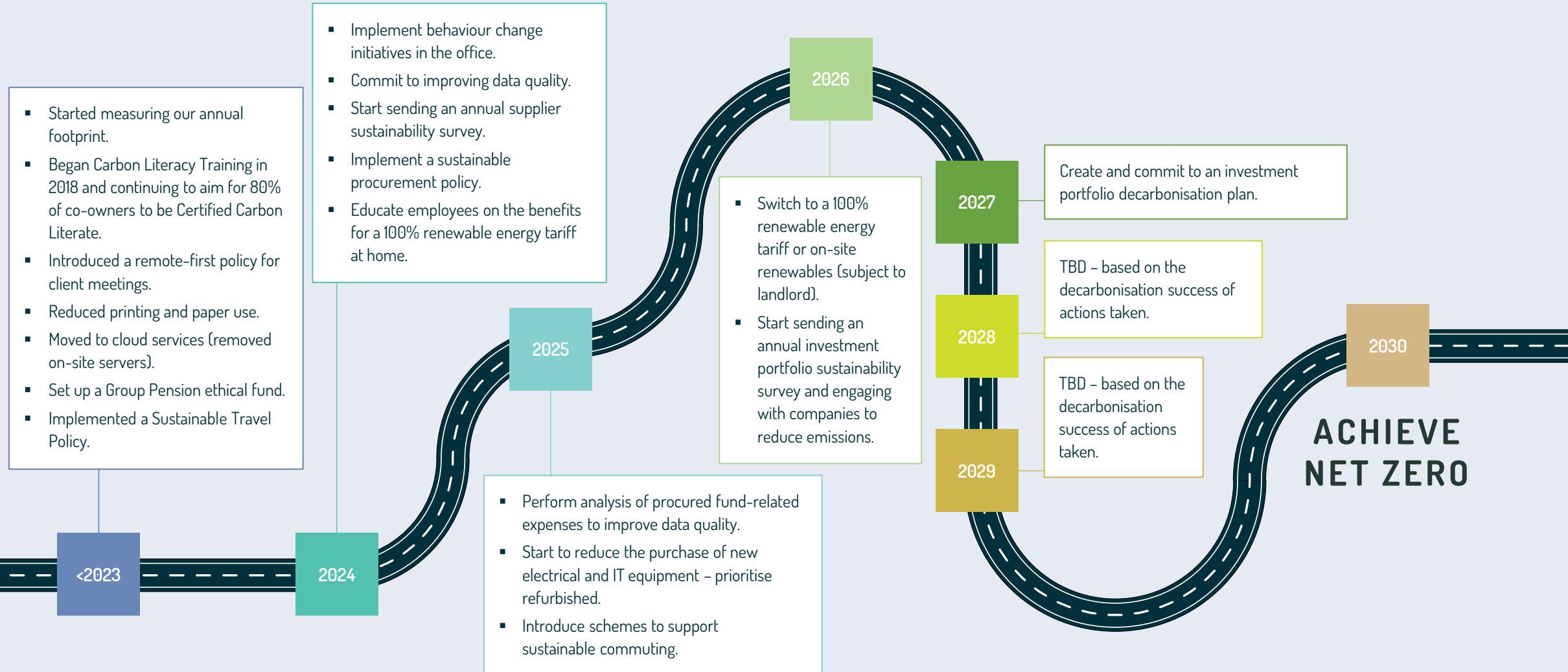
**Advice is based on industry insight and the assumption that Net Zero guidance will evolve over time (may be subject to adjustment in future years).

Our targets represent a reduction in carbon intensity emissions (emissions per full time employee equivalent) to less than 1 tCO₂e by 2030, achieved by a 13% year-on-year decrease in intensity (after accounting for the one-off laptop purchases in year 1).

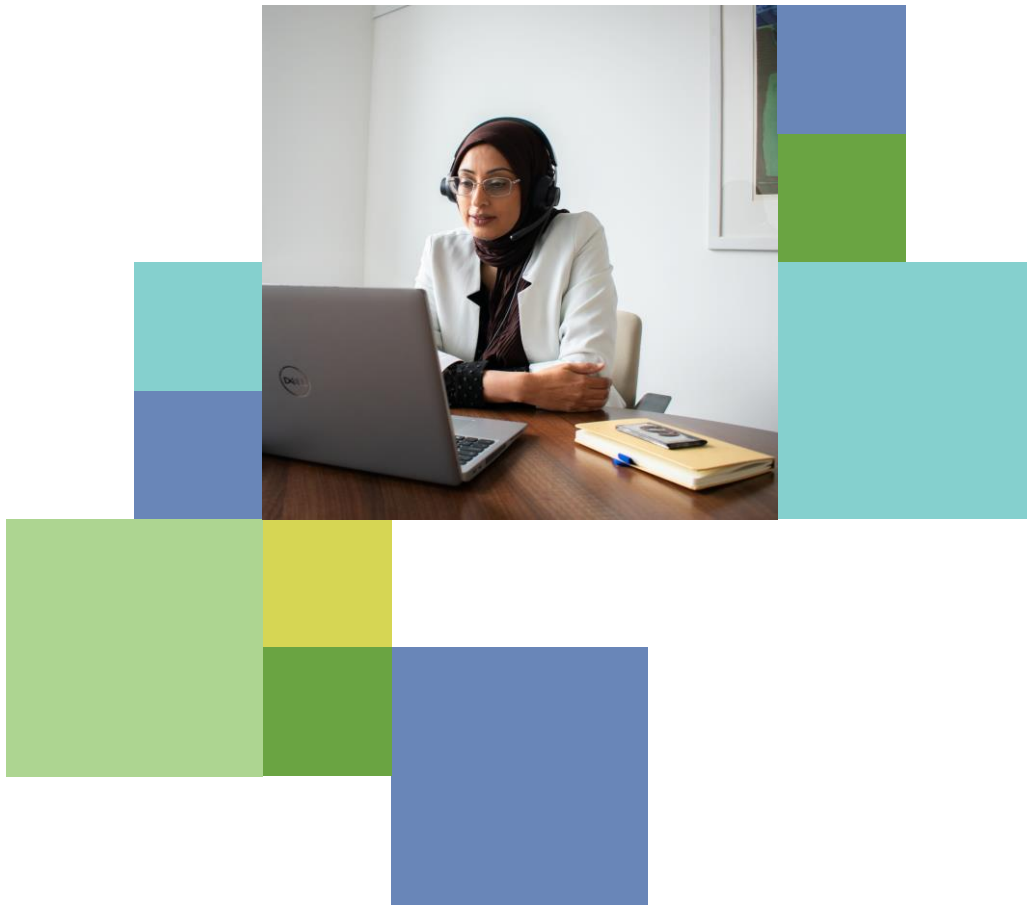
NET ZERO ROADMAP



OUR ROADMAP



STEPS WE'VE TAKEN TO REDUCE EMISSIONS



Measuring our carbon footprint

In 2023 we committed to measuring and reporting our business' carbon footprint annually, allowing us to understand where our emissions come from and take action to reduce them. We appointed experts Positive Planet to support.

Employee engagement

We started delivering certified Carbon Literacy training to our employees in 2018, receiving both Bronze and Silver Awards. We also conducted refresher and new joiner training in 2022/23.

Carbon Literacy training is designed to increase awareness and understanding of climate change and its associated impacts. The goal of this training is to empower individuals and organisations to take action and make more informed decisions, both at home and work, to protect our planet. On average, certified learners reduce their footprints by 5-15%, of which ~50% are work-related

Paper reduction

We have adapted our working practices to minimise printing and paper use internally. We provide documents to clients in digital format where possible.

STEPS WE'VE TAKEN TO REDUCE EMISSIONS (CONT.)



Remote-first

Since the Covid pandemic, we have substantially reduced face-to-face client meetings by switching to remote conferencing. We now operate a remote-first policy and provide support and training to support remote working. Additionally, we have added a public transport clause to our Expenses Policy to encourage reductions in emissions from essential business travel.



Cloud services

We have moved from an offsite server to a 100% cloud-based service, which is more energy efficient and reduces procurement and maintenance of physical equipment.



Green pensions

With £1 in £5 from the average pension supporting fossil fuels we set up our Group Pension to be invested in ethical funds. This avoids our employee's hard-earned money being invested in fossil fuels and deforestation activities and aligns much better with our company values. We now know that our money is being invested in projects that are likely to have a positive impact on our planet and wider society.

REDUCING SCOPES 1 & 2

Our scope 1 and 2 emissions are relatively small, accounting for only 2.7% of our total carbon footprint. Our electricity and gas supply is controlled by the landlord of our building. As a result, we have little control over which supplier they choose, however we are determined to reduce these emissions.

We are working with the landlord and other tenants in the building to influence a switch to renewable energy and remove dependency on gas for heating and hot water. If we are unable to achieve our goals in our current office building, we will ultimately seek premises aligned with our net zero goal.



Our goal is to remove 100% of scopes 1 and 2 (market-based) emissions by 2026, removing 7.5 tonnes of CO2e from our current footprint.

REDUCING EMISSIONS FROM PROCUREMENT

The goods and services we purchase are a large contributor of carbon emissions in our company. In fact, 79% of our annual footprint (excluding capital goods) comes from purchases required to operate our business.

Due to the Covid-19 pandemic in the 2021/22 reporting year, we also had abnormally high capital goods expenditure for the purchase of laptops. We emitted an additional 98 tonnes CO₂e (35% of our total footprint including capital goods). However, this will not be the case in future reporting years.

Ultimately, our supply chain emissions are responsible for over three quarters of our total business emissions. It is therefore imperative to focus on reducing these emissions as a priority.

Starting in 2023, we will implement a sustainable procurement policy and send out an annual supply chain survey to begin engagement with our suppliers and improve data quality for procurement.

We'll be collaborating to find ways to purchase more sustainably, and when that isn't possible with our current partners, we'll be seeking out greener alternatives. This may mean buying refurbished goods or choosing products with the lowest environmental impact.



We're targeting a 90% reduction in capital goods emissions and 60% reduction in remaining supply chain emissions by 2026 to keep us on track to Net Zero by 2030. This is approximately a 22% reduction in procurement emissions year-on-year.

REDUCING FURTHER EMISSIONS THROUGH ENGAGEMENT

We are responsible for maintaining positive relationships with our stakeholders – whether that’s our team members, clients, partners, or our local community. We are proud to be surrounded by so many brilliant and committed individuals, all focused on tackling the climate crisis and ensuring a better future for us all. As an organisation, we aim to inspire positive change in every area of our work.



Enabling our teams to make change

We plan to have 100% of employees certified as Carbon Literate by the end of 2024 and embed the training in new employee onboarding. In 2024, we will create a Sustainable Commuting Policy and consider options to further enable and incentivise low carbon choices.

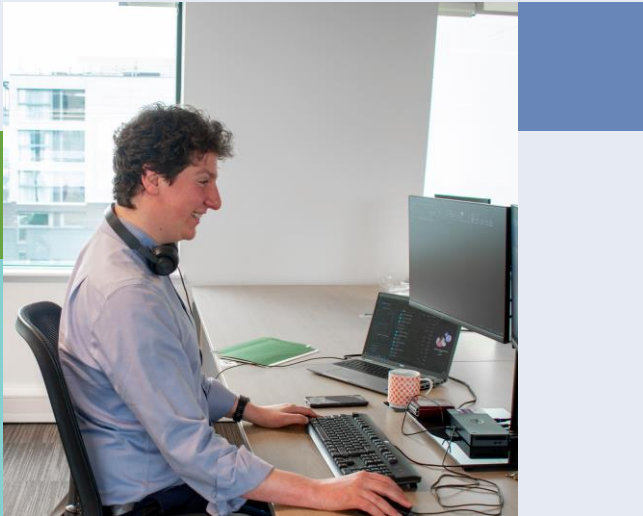
Educating and inspiring clients

We are committed to engaging with our clients to help them understand climate risks and opportunities, and their own impact, in a non-judgemental and supportive way. We commit to offering a low carbon service.

Measuring portfolio emissions

Starting in 2026, we will start sending an annual investment portfolio sustainability survey and engage with organisations to reduce emissions. We will develop a portfolio decarbonisation plan with the target of Net Zero by 2040.

SUMMARY



We are proud of our progress to date and our ambitious decarbonisation targets as we aim to become Net Zero by 2030.

Making a positive impact is part of our company culture and our roadmap provides feasible steps to help us protect our planet at pace. Engagement is an extremely vital piece of our climate puzzle, and we remain committed to engaging, educating, and inspiring change amongst our colleagues, suppliers, clients, and wider networks.

Whilst we reflect on our accomplishments to date, we look to the future and are excited by further opportunities to instigate change that will benefit our planet and people for generations to come.

APPENDIX



ACTIONS PLANNED SCOPE 1 & 2

We are committing to action the following emissions reduction measures and projects in line with our Net Zero targets.

Scopes 1 & 2 (scope 1 emissions are 0, so all activities relate to scope 2)

Current emissions: 7.5 tCO2e

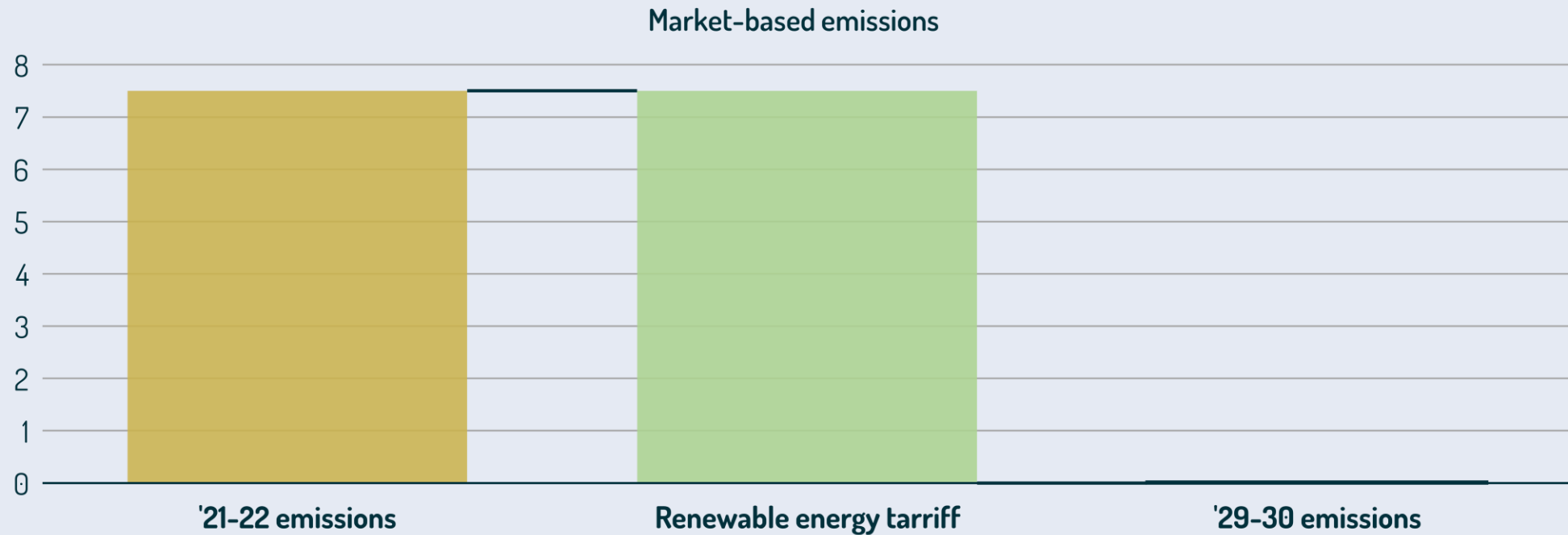
| ACTIVITY | TARGET YEAR | COST | POTENTIAL REDUCTION |
|--|-------------|--------|----------------------------|
| Encourage the office landlord to procure a 100% renewable electricity tariff. This change will reduce market-based emissions (from chosen tariff) from the office (common areas) to 0 tCO2e. We will consider a change in location if the landlord refuses. | 2026 | Free | 7.5 tCO2e (market-based) |
| To reduce our location-based electricity emissions ¹ (7.5 tCO2e), which are dependent on the National Grid energy mix, we will implement behaviour change initiatives within the workplace , including clear messaging for turning off lights, monitors, computers, and other electrical appliances where appropriate. | 2024 | Free | 0.5 tCO2e |
| We will discuss the possibility of self-generated electricity with the landlord e.g. solar panels, and gauge if there is potential to reduce location-based emissions to 0 tCO2e. | 2026 | Medium | 7.5 tCO2e (location-based) |
| Commit to a year-on-year improvement in the accuracy of the data submitted for carbon footprint measurement. Because spend-based measurements only reflect an industry average, and not Castlefield's choices, we will work throughout the year to collect the best possible quality data, using guidance from Positive Planet to ensure a second-year measurement that better highlights emissions hotspots. | 2024 | Low | - |

*Purchased electricity can be measured in two ways. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). A market-based method therefore considers the purchase of electricity via a verified renewable energy tariff. We have chosen to base our Net Zero target on a market-based methodology.

ACTIONS PLANNED SCOPE 1 & 2

Scope 1 & 2: Procurement emissions

Current emissions: 7.5 tCO2e



*Purchased electricity can be measured in two ways. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). A market-based method therefore considers the purchase of electricity via a verified renewable energy tariff. We have chosen to base our Net Zero target on a market-based methodology.

This chart is indicative of the emissions reductions we hope to achieve and should not be taken to mean we will achieve them.

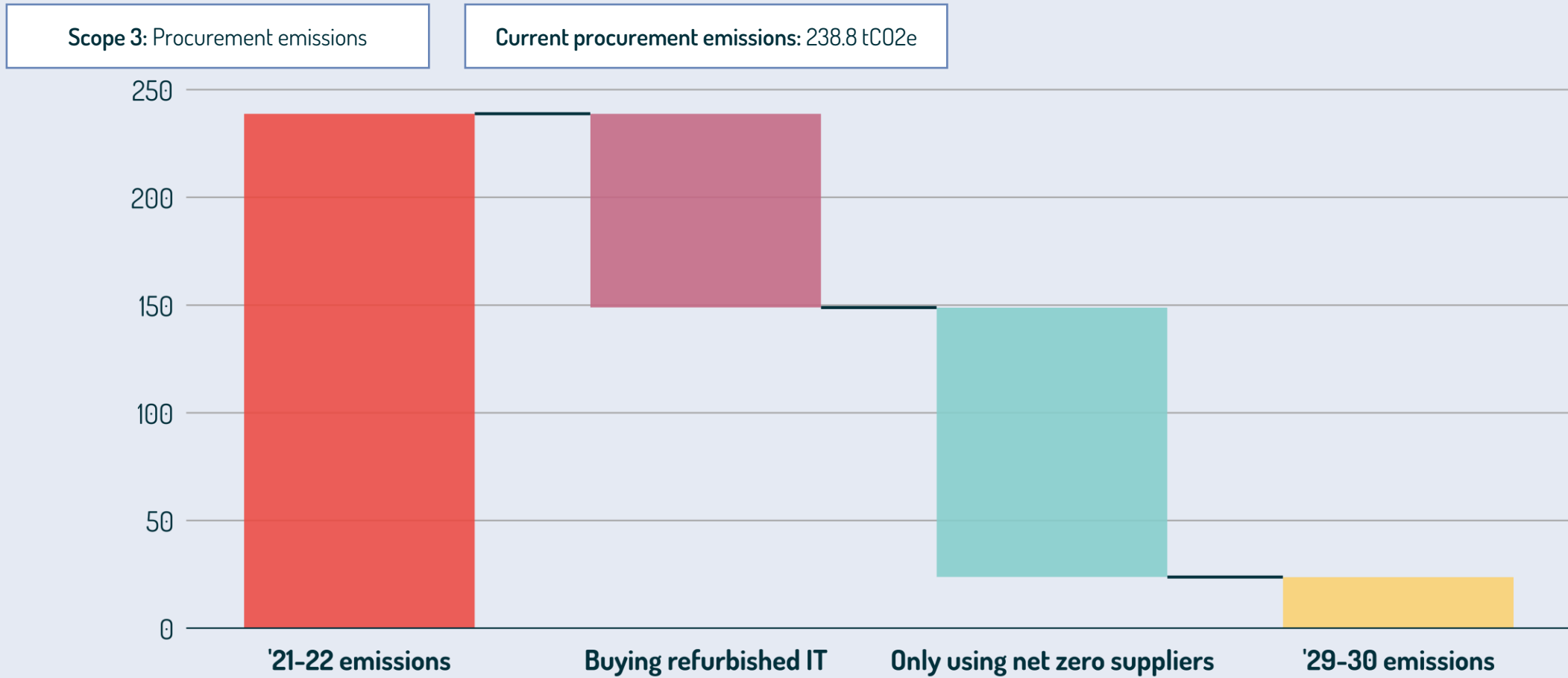
ACTIONS PLANNED SCOPE 3

Scope 3: Procurement emissions

Current procurement emissions: 238.8 tCO2e

| ACTIVITY | TARGET YEAR | COST | POTENTIAL REDUCTION |
|---|-------------|--------|---------------------|
| Procure refurbished electrical and IT equipment (particularly laptops and telephones) instead of purchasing new where feasible. This does not necessarily mean a sacrifice in quality or even speed but will mean we do not contribute to the product's manufacturing emissions. We will also commit to sending electrical equipment to be reused (for example by charities), refurbished or recycled when no longer needed or functioning properly. | 2025 | Free | 90 tCO2e |
| Perform analysis into fund related expenses. Although this is known to include client compensation and fund administrative expenses, the next step is to determine the root service suppliers, the extent to which we may be able to influence them to net zero, and their sustainable alternatives if they do not wish to comply. | 2025 | Low | - |
| Complete a supply chain sustainability audit and communicate net zero targets with suppliers. We will find out if our suppliers have begun their net zero journey and making them aware that we have started ours. We will also ask suppliers already measuring their emissions to supply us with this data, to increase the accuracy of our year 2 supply chain measurements. | 2024 | Low | - |
| Create and commit to a supplier decarbonisation plan/sustainable procurement policy, including clear goals for suppliers to align with our sustainability goals, and a future intent to switch suppliers where their goals are not achieved. This will include a longer-term plan that suppliers can work towards. It will give key dates by which suppliers will be required to have: set a Net Zero target; reported carbon emissions to Castlefield; set annual reduction targets. | 2024 | Low | |
| Where possible, use net zero suppliers. Ultimately, through influencing existing suppliers and switching to sustainable alternatives, we intend the culmination of our supplier decarbonisation plan to ultimately reduce our procurement emissions by 90% (and our total emissions by 78%). | 2030 | Medium | 215 tCO2e |

ACTIONS PLANNED SCOPE 3



This chart is indicative of the emissions reductions we hope to achieve and should not be taken to mean we will achieve them.

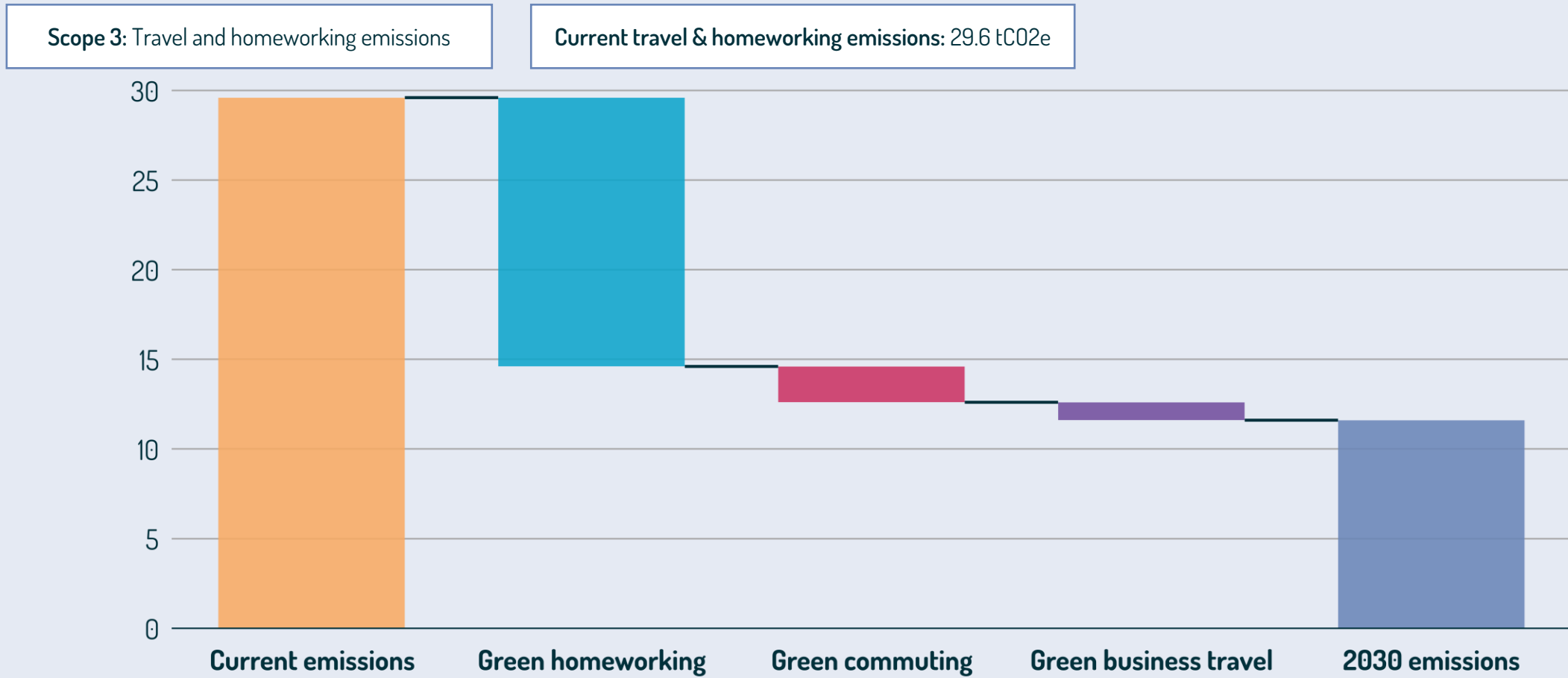
ACTIONS PLANNED SCOPE 3

Scope 3: Travel and homeworking emissions

Current travel & homeworking emissions: 29.6 tCO2e

| ACTIVITY | TARGET YEAR | COST | POTENTIAL REDUCTION |
|--|-------------|------------|---|
| <p>Encourage colleagues and co-owners to switch their homes to renewable energy. To reduce homeworking emissions, we will educate and raise awareness about the benefits of switching to 100% renewable energy at home.</p> <p>This will not only reduce our homeworking emissions, but the emissions of colleagues' and co-owners' families and housemates.</p> | 2024 | Free | 15 tCO2e (plus non-Castlefield emissions) |
| <p>Introduce suitable systems and schemes designed to reduce commuting emissions. This will first involve researching opportunities and assessing suitability for Castlefield, prior to implementation. We will engage with colleagues and collect data to determine what solutions would be the most useful and impactful.</p> <p>Could include: a rideshare coordination system; flexible hours so colleagues can fit their schedule around train/bus times; a cycle-to-work scheme; an EV salary sacrifice scheme; and bus/tube/train season ticket loan scheme.</p> | 2025 | Low | 2 tCO2e |
| <p>Implement a sustainable commuting policy. We will encourage colleagues and co-owners to either work from home, or commute using the lowest carbon travel option for the journey.</p> <p>The sustainable travel hierarchy is as follows (lowest emissions first): videoconferencing; active travel; public transport; electric car use (from car hire/car club/car sharing/own car); fossil fuel car use; ferry; air travel.</p> | 2024 | Low-Medium | 1 tCO2e |

ACTIONS PLANNED SCOPE 3



This chart is indicative of the emissions reductions we hope to achieve and should not be taken to mean we will achieve them.

ACTIONS PLANNED SCOPE 3

Scope 3: Managed investment portfolio emissions

Current managed investment emissions: unmeasured

| ACTIVITY | TARGET YEAR | COST | POTENTIAL REDUCTION |
|--|-------------|------------|---------------------|
| <p>Complete a managed investment portfolio sustainability audit and communicate net zero targets with portfolio companies. Because of the principally investment-focused nature of our business, we expect most of our unmeasured emissions to come from our managed investment portfolio.</p> <p>This entails finding out if our portfolio companies have begun their net zero journey and making them aware that we have started ours. We will also ask our portfolio companies already measuring their emissions to supply us with this data, to be used to increase the accuracy of our year 2 measurement.</p> <p>Once we complete this audit, we will be able to target our influence towards our highest emitting portfolio companies to net zero. We may even be able to make better informed decisions about which investment sectors tend to be more environmentally sustainable.</p> | 2026 | Low-medium | (unmeasured) |
| <p>Create and commit to an investment portfolio decarbonisation plan, including clear goals for portfolio companies to align with our sustainability goals, and a future intent to divest in those companies where their goals are not achieved.</p> <p>This will follow on from the activity above and include a longer-term plan that portfolio companies can work towards. It will give key dates, by which portfolio companies will be required to have: set a Net Zero 2040 (or earlier) target; reported carbon emissions to Castlefield; and a yearly baseline reduction target.</p> | 2027 | Low | (unmeasured) |