



EDINBURGH INVESTMENT TRUST ("the Company")

Taskforce for Climate-Related Financial Disclosures (TCFD) Product Report
Covering 1 January 2023 to 31 December 2023

Purpose of this report

Under the rules of the Financial Conduct Authority (FCA), the Company is required to publish information annually on its carbon disclosures in order that investors may have a better understanding of the climate-related risks and opportunities associated with the Company and its underlying holdings.

This report is published in line with the requirements of FCA and TCFD. To understand the governance, strategy and risk management that the Company has in place to manage the risks and opportunities related to climate change, please refer to the Company's interim and annual reports. Where there are any material deviations in this report from the TCFD recommendations, they shall be clearly explained in the Company's annual report.

The following report has been prepared using data from MSCI. In order to ensure that the data provided is representative of the Company, Liontrust has only reported on data points where there is a minimum data coverage of 60%. Liontrust will review this minimum threshold and will look to increase its disclosures as MSCI data coverage levels improve.

Key Information

Company Name	Company Management Team	ISIN	Company Size*	Company Base Currency	Benchmark
Edinburgh Investment Trust	Liontrust Global Fundamental Team ("the Team")	GB0003052338	1.2bn	GBP	FTSE All-Share Index

*as at 31 December 2023

Company Objective & Policy

The Company invests primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the market value of the Company's investment portfolio, measured at the time of any acquisition, in securities listed on stock exchanges outside the UK. The portfolio is selected by the Portfolio Manager on the basis of its assessment of the fundamental value available in individual securities. Whilst the Company's overall exposure to individual securities is monitored carefully by the Board, the portfolio is not primarily structured on the basis of industry weightings. No acquisition may be made which would result in a holding being greater than 10% of the market value of the Company's investment portfolio, nor will the Company invest more than 15% of the market value of its investment portfolio in any other UK-listed investment trusts or investment companies. Further, the Company may not hold more than 5% of the issued share capital (or voting shares) of any one company. Investment in convertibles is subject to normal security limits. Should these or any other limit be exceeded by subsequent market movement, each resulting position is specifically reviewed by the Board. The Company may borrow money to provide gearing to the equity portfolio of up to 25% of net assets.

Use of derivative instruments is monitored carefully by the Board and permitted within the following constraints: the writing of covered calls against securities which in aggregate amount to no more than 10% of the value of the portfolio and the investment in FTSE 100 futures which when exercised would equate to no more than 15% of the value of the portfolio. Other derivative instruments may be employed, subject to prior Board approval, provided that the cost (and potential liability) of exercise of all outstanding derivative positions at any time should not exceed 25% of the value of the portfolio at that time. The Company may hedge exposure to changes in foreign currency rates in respect of its overseas investments.

Company Information

Climate-related commitments

The Company does not have any formal climate-related commitments.

Governance of climate-related risks and opportunities

- Liontrust, the Company's Alternative Investment Fund Manager, has a strong governance structure in place around its Responsible Capitalism ("RC") platform and approach to ESG integration. For details on this, please see the dedicated TCFD section on Liontrust's website (www.liontrust.co.uk/TCFD)
- The Team is one of Liontrust's seven investment teams. Each of Liontrust's investment teams follows its own investment process; each is overseen by Liontrust's Portfolio Risk Committee (PRC) and is required to demonstrate how it is adhering to its processes. The PRC is responsible for monitoring portfolio risk for each of Liontrust's funds/investment trusts.
- Liontrust's RC team leads the strategy, policies, and activities for its overall RC approach as well as supports, as needed, Liontrust's investment teams in their ESG integration and engagement with holdings. The RC team assists the Company with engaging its holdings on climate-related risks and opportunities.

This document provides you with climate-related information for the Company. It is not marketing material. The information is required by law. The greenhouse gas (GHG) emissions and carbon metrics represent an aggregation of issuer level data across the Company that should not be considered as performance indicators within the Company and may not be taken into account in the management of the portfolio.



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Strategy for managing climate-related risks and opportunities

The Team recognises that climate-related risks and opportunities may be material issues for the portfolio's holdings over the investable time horizon of the Company. Where risks and opportunities are material, the Team undertakes engagement with the underlying holdings.

Management of climate-related risks and opportunities

The Team undertakes bottom-up assessment of its holdings to identify and prioritise key risks and opportunities for each holding, which may include those that are climate-related. These assessments are updated at least annually.

As part of the Team's investment process, the Team engages each holding on its key, material issues (as identified and prioritised by the Team). These engagements may impact the conviction score that the Team assigns to a holding. A rise or fall in conviction score may, in turn, impact the size of the holding in the Company.

Climate metrics				
Metric	Data coverage (%)	2023	2024	2025
Scope 1 and 2 greenhouse gas emissions (tCO ₂ e)	98.6%	111,934.4		
Scope 3 greenhouse gas emissions (tCO ₂ e)	98.6%	1,034,678.2		
Total carbon emissions (1+2+3) (tCO₂e)		1,146,612.6		
Total carbon footprint (tCO ₂ e/\$m invested)	98.6%	71.4		
Weighted average carbon intensity (“WACI”) (tCO ₂ e/\$m sales)*	98.6%	74.0		

* WACI figure provided does not include sovereigns

Data for the climate-related information in this table is from MSCI.

For further information on these metrics, including how they are defined and associated limitations, please refer to the Glossary at the end of this report.



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Climate Metrics (continued)

Exposure to carbon intensive sectors

The Company is determined to have high exposure to carbon intensive sectors.

Liontrust defines having ‘high exposures to carbon intensive sectors’ as those funds/investment trusts which have greater than 60% of investments, by portfolio weight, in the following sectors*: Agriculture, Forestry and Fishing; Mining and Quarrying; Manufacturing; Electricity, Gas, Steam and Air Conditioning Supply; Water Supply; Sewerage, Waste Management and Remediation Activities; Construction; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; Transportation and Storage; and Real Estate Activities.

Climate Scenarios

Metric	Data coverage (%)	Orderly transition	Disorderly transition	Hothouse World
Policy Climate VaR (Scope 1,2,3)	98.6%	-20.5%	-25.6%	-4.3%
Technology Opportunities Climate VaR	98.6%	2.1%	3.9%	0.5%
Physical Climate VaR**	95.9%	-5.9%	-5.9%	-11.8%
Aggregated Climate VaR		-24.3%	-27.5%	-15.7%

**Selected Scenario: Aggressive

Data for the climate-related information in this table is from MSCI. For further information on these metrics, including how they are defined and associated limitations, please refer to the Glossary at the end of this report.

Commentary

In both the orderly and disorderly transition scenarios, Policy Climate VaR is the most significant driver of impact. This is due to the anticipated costs borne by holdings to adhere to policy requirements to achieve a 1.5°C world eroding more capital. This trend is more pronounced in the disorderly transition as it is assumed that policy response is delayed and would therefore need to be more aggressive to achieve a 1.5°C world. Physical Climate VaR is the most significant driver of impact in the hothouse world scenario. This is due to increased physical risks from extreme weather events.

Implied temperature rise (“ITR”)



The ITR for the Company is 1.8°C. It can therefore be categorised as 2°C aligned with regard to the Paris Agreement.
Data coverage for the Company is 98.6%

Data for this climate-related information is from MSCI. For further information on these metrics, including how they are defined and associated limitations, please refer to the Glossary at the end of this report.

*NACE codes are one of the commonly used classification systems to categorise the economic activities of firms and have been used to determine whether a holding within the portfolio falls within one of the ‘carbon intensive’ sectors noted above. This document provides you with climate-related information for the Company. It is not marketing material. The information is required by law. MSCI Climate VaR and ITR metrics provided in this report may not fully reflect future economic reality and are subject to measurement uncertainties resulting from limitations inherent in nature and should not be construed to represent any belief regarding materiality or financial impact. Climate VaR and ITR are being provided in this report for the purposes of complying with applicable ESG reporting requirements.



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Glossary – Climate-related metrics			
Term used	Definition	Interpretation	Limitations
Scope 1 greenhouse gas (GHG) emissions*	Scope 1 emissions are direct emissions from owned or controlled sources. Emissions are measured in tonnes of carbon dioxide equivalent (tCO ₂ e)	The higher the emissions of the Company, the greater the extent of the Company’s underlying holdings’ contribution to GHG emissions.	Data used may include estimates.
Scope 2 greenhouse gas (GHG) emissions*	Scope 2 emissions are indirect emissions from the generation of purchased energy. Emissions are measured in tonnes of carbon dioxide equivalent (tCO ₂ e)	The higher the emissions of the Company, the greater the extent of the Company’s underlying holdings’ contribution to GHG emissions.	Data used may include estimates.
Scope 3 greenhouse gas (GHG) emissions*	Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Emissions are measured in tonnes of carbon dioxide equivalent (tCO ₂ e)	The higher the emissions of the Company, the greater the extent of the Company’s underlying holdings’ indirect contribution to GHG emissions.	Data used may be modelled.
Total carbon emissions	Total carbon emissions are the sum of Scope 1, Scope 2 and Scope 3 emissions.	The higher the emissions of the Company, the greater the extent of the Company’s underlying holdings’ contribution to GHG emissions.	Data used may include estimates or may be modelled.
Total carbon footprint	Total carbon footprint is total Scope 1 and 2 carbon emissions for a portfolio normalized by the market value of the portfolio. Total carbon footprint is measured in tonnes of carbon dioxide equivalent per million USD invested (tCO ₂ e/\$m invested)	The higher the carbon footprint, the greater the extent of the Company’s underlying holdings’ contribution to GHG emissions. Total carbon footprint allows for comparison across portfolios.	Data used may include estimates or may be modelled. Total carbon footprint does not include Scope 3 GHG emissions.
Weighted average carbon intensity (WACI)	WACI is a measurement of a portfolio’s exposure to the carbon intensity of its holdings. WACI is calculated by multiplying the carbon intensity of each holding by the weight of each holding in a portfolio. It is measured in tonnes of carbon dioxide equivalent per million USD of sales (tCO ₂ e/\$m sales). WACI figures provided do not include sovereigns	The larger the WACI, the higher the Company’s exposure to the carbon intensity of its holdings. WACI allows for comparison across portfolios.	Data used may include estimates or may be modelled. WACI does not include Scope 3 GHG emissions.
Climate Value at Risk (CVaR)	CVaR is a forward-looking quantitative model that forecasts the present value of future costs and benefits under different potential climate scenarios. Aggregated CVaR is made up of: Policy Climate VaR - The value of underlying holdings at risk of being lost due to climate change policies being enacted by countries. These policies will lead to higher carbon prices, which will then impact the business operations of different sectors. Technology Opportunities VaR - The profit opportunity available to underlying holdings who can take advantage of the costs that companies will face from ‘policy risk’. MSCI measures companies’ profit opportunity by assessing the quality of their low-carbon technology patent library. Physical Climate VaR - The costs of damage or loss of productivity to underlying holdings from increased incidence and severity of weather events because of climate change: e.g., wildfires, extreme heat, and flooding.	The more negative the CVaR, the higher the potential negative impact on the value of the Company’s underlying holdings.	CVaR values reflect costs out to a horizon of 2100, which is not in line with investment horizons. Data used is modelled.
Implied Temperature Rise (ITR)	ITR estimates the global temperature increase contribution from a portfolio’s current GHG trajectory. It can show the estimated temperature alignment of funds/investment trusts with global climate targets.	The ambitions of the Paris Agreement are to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature even further to 1.5°C. In this context, the ITR of the Company can be interpreted according to the following Paris-alignment categories: 1.5°C aligned - ITR of ≤ 1.5°C 2°C aligned - ITR of >1.5°C- 2°C Misaligned - ITR of >2.0-3.2°C Strongly Misaligned - ITR of >3.2°C	Underlying GHG emissions data used may include estimates.

*The allocation base is Enterprise Value Including Cash (EVIC).

All of the metrics listed above are sourced from MSCI.

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Scenario used	Definition
Orderly Transition	<p>Climate scenario which assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO2 emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre-industrial averages.</p> <p>The figure provided relates to the 1.5°C Regional Model of Investment and Development (REMIND) Network for Greening the Financial System (NGFS) Orderly scenario as provided by MSCI.</p>
Disorderly Transition	<p>Climate scenario which assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on preindustrial averages.</p> <p>The figure provided relates to the 1.5°C REMIND NGFS Disorderly scenario as provided by MSCI.</p>
Hothouse World	<p>Climate scenario which assumes only currently implemented policies are preserved, current commitments are not met, and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.</p> <p>The figure provided relates to the 3°C REMIND NGFS Nationally Determined Contributions (NDC) scenario as provided by MSCI.</p>
Aggressive Scenario for Physical Climate VaR	<p>A scenario which explores the severe downside risk of costs from weather extremes, using a probabilistic modelling framework from MSCI. This scenario was selected to provide a worst-case scenario view from a physical CVaR perspective.</p>



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Past performance does not predict future returns. You may get back less than you originally invested.

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Important information

Investors should not purchase shares in the Company referred to in this document except on the basis of information contained in the Trust's Articles of Association. We recommend that investors who are not professional investors should contact their professional adviser. The Trust's Articles of Association and Key Information Document (KID) are available from <https://www.edinburgh-investment-trust.co.uk/> or direct from Edinburgh Investment Trust.