

For professional investors/qualified investors only.

# CT Responsible Global Equity Strategy

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ESG Profile and  
Impact Report 2022

The CT Responsible Global Equity Strategy is an actively managed strategy aiming to achieve long-term capital growth by investing in equities in any market. It is part of a wider range of sustainability-focused global equity products that follow our Avoid, Invest, Improve framework.

## Investment Philosophy

**✗ Avoid**  
Exclusions

Comprehensive exclusion criteria, setting threshold standards to avoid investment in socially or environmentally damaging products or unsustainable business practices

**✓ Invest**  
Sustainability-focused

Invest in companies providing sustainable solutions and/or companies making a positive contribution to society and/or the environment

**📈 Improve**  
Driving change

Engage to encourage companies to improve both their product and conduct, including supporting the ambitious UN Sustainable Development Goals



Active ownership – engagement and voting  
ESG integration  
Impact reporting

### Key Facts

- Committed to achieve net zero emissions by 2050 or sooner.
- The benchmark is the MSCI World Index.

### Key risks

- The value of investments and any income from them can go down as well as up and investors may not get back the original amount invested.
- Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

# 25 years of responsible investing

As we mark the 25th anniversary of the Responsible Global Equity Strategy, there are two natural urges: to look back at the journey so far, and to look forward to the future with renewed purpose.

Over the last quarter century, our sense of what it means to be a leading responsible Strategy has evolved enormously.

In the early days, our emphasis was firmly on screening, safeguarding client’s ethics and assets by excluding companies that breached certain screens. Over time, the Strategy has broadened its responsible approach, proactively seeking out companies that are providing sustainable solutions to the most profound social and environmental challenges, and then engaging extensively with these companies to upgrade their ESG profiles.

Our emphasis is now evenly distributed across these 3 pillars – avoiding, investing, improving.

But investing is not about nostalgia. The past is useful because it teaches, and 2022 has doled out lessons that were often harsh, but always instructive. We saw the spectre of runaway inflation return, CPI peaking at levels not seen since the 80s. This dramatic inflation was triggered by unique circumstances: supply-chain disruptions rooted in lockdowns without precedent, energy prices stoked by European war, and covid stimulus programmes that were the largest in recorded history.

Such extraordinary circumstances triggered correspondingly radical action from central banks, the Fed engaging in one of the fastest hiking cycles ever, going from near zero rates in March 2022 to 500bps a little over a year later.

These macro events drove markets, often swamping company fundamentals. Rising discount rates drove a rotation out of growth and into value; the Energy sector led all others as oil ripped through \$100 per barrel; weapons companies bounced, ominously benefitting from a geo-political chill that pushed up global military expenditure to record levels. And in 2023, Silicon Valley Bank, which we owned, mismanaged its duration

risk as rates soared, and fell victim to a bank run that led to its closure.

We are not a team given to complacency, but these factors created severe performance headwinds and have been a humbling experience, making us hungrier than ever to drive performance for clients.

2022 may have been challenging, but one of the salutary lessons from the past is the remarkable ability of humans and corporations to innovate out of challenges. As 2022 came to an end, we saw a striking example of this, the surfacing of one of the most potentially transformative technologies in decades: language generative AI.

Exploding into the public consciousness via OpenAI’s ChatGPT, AI offers awesome possibilities, and will create enormous economic value, but it is something which will require responsible shepherding, both by regulators and by shareholders. It is exactly the sort of space where our Strategy can add value.

The English playwright John Heywood is credited with the famous epigram, Rome was not built in a day. Less well known is the second half of the epigram: but they were laying bricks every hour. Over the next quarter century, we can’t guarantee success on any one day, but we can promise hour by hour to continue to take the small steps; the search for companies, the analysis, the engagement work, all necessary in the long-term to build a successful Strategy that innovates and leads from the front.



**Jamie Jenkins**  
Managing Director,  
Head of Global  
ESG Equities



**Nick Henderson**  
Director, Portfolio  
Manager, Global  
Equities



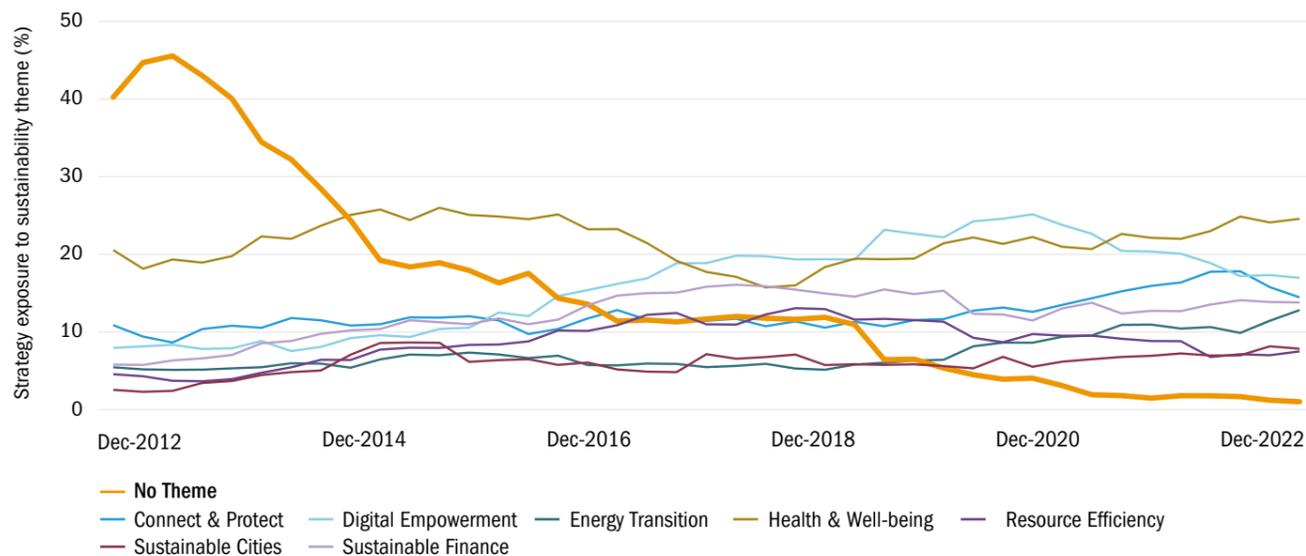
**Harry Waight**  
Portfolio Manager,  
Global Equities

# Investing in companies that are solving the world's most vital sustainability challenges

**25%** of the Strategy was exposed to our **Health and Well-being** theme at the end of 2022

Over the course of the last 25 years, our Strategy has dialled up its emphasis on investing in businesses whose products and services are providing sustainable solutions to the most important social and environmental challenges in the world.

**Sustainability themes over time**



Source: Columbia Threadneedle Investments, Factset, 31 December 2012 - 30 December 2022

This is part of the philosophical shift we have undergone, moving from a primary emphasis on screening out harmful businesses, to a broader focus that proactively seeks out sustainability winners.

We do this both because we believe our clients want their money to be invested in businesses doing meaningful, important things in the world, but also because it makes sound financial sense. Companies that are solving the most profound and enduring challenges should see correspondingly durable and large demand for their products and services, allowing them to swim in larger economic pools, which can be translated into greater profits, greater free cash flows, and ultimately stronger share price performance.

The share of the Strategy not aligned with a theme has shrunk from **over 40% a decade ago to near zero now**

For example, the global burden of cardiovascular diseases (CVDs) is expected to increase by 25% between 2017 and 2040, and the total cost of CVDs will rise from \$555 billion to over \$1.1 trillion by 2035. These are shocking numbers, and companies providing solutions to this spiralling health crisis, like AstraZeneca, should see correspondingly powerful increases in demand for their product.

The chart shows the percentage of our Strategy invested into the seven key sustainability themes that we focus on, and it's noticeable that the share of the Strategy not aligned with a theme has shrunk from over 40% a decade ago to near zero now. For example, the Strategy used to own PepsiCo and ASOS, solid businesses which cleared the screens laid across the Strategy.

But are sugary drinks or fast fashion really solving any particular social or environmental challenge in a sustainable manner? We would argue not, and companies of this ilk have been progressively sold out of our Strategy in favour of sustainability leaders. We are committed to this emphasis on sustainability, and believe that ethics and financial returns can and do co-exist.

# The transformative themes of the next 25 years

Investing involves an attempt, however imperfectly, to understand the future – both in terms of the themes that will define it, and the companies that will thrive in it. The chart on page 4 shows weights allocated to our major sustainability themes over time, and the increased importance that we have placed on investing in companies proactively driving sustainability solutions. But within those broad thematics, what are the sub-themes that we believe could be instrumental in driving social and environmental change over the next 25 years, creating economic value for shareholders in the process?

We have picked seven sub-themes that we believe are providing sustainable, positive impact, and rich investment opportunities.

## Connect & Protect Factory automation

**KEYENCE** Keyence  
Around half the world's population live in countries with below replacement levels of fertility, and countries like Korea and Japan are seeing some of the lowest levels of fertility in human history. We believe these trends will drive enormous investment in automation, and companies like Keyence, a world leader in machine vision, and our longest-held holding, will be vital in driving productivity and growth in a world of fewer working people.

## Digital Empowerment Artificial intelligence

**NVIDIA** Nvidia and TSMC  
Over the next decade or so, human beings may cease to be the preeminent intelligence on the planet, as AI masters and takes on various cognitive tasks. This could have huge ramifications, from the acceleration of drug discovery to the creation of personal digital assistants. We are invested in Nvidia and TSMC, companies creating the electronic building blocks for this new frontier of intelligence.

## Health and Well-being

### Personalised medicine

**ThermoFisher SCIENTIFIC** Thermo Fisher Scientific  
Global life expectancies have doubled during the last hundred years, but the coming decades should see a new revolution in targeted, precision medicine, tailored to an individual's unique molecular and lifestyle information. We own Thermo Fisher Scientific, whose products enable molecular profiling and targeted therapy development, driving the next wave of personalised medicine.

## Resource Efficiency

### Circular economy

**xylem** Xylem  
The ability to extract more output from finite materials is one of the great achievements of the human story, but we must reuse and regenerate to avoid depleting our environment. Xylem, the world's leading pure play water business, aims to treat over 13bn cubic metres of water for re-use by 2025, recycling a resource that over 1bn people have precarious access to.

## Sustainable Cities

### Net zero cities

**SHIMANO** Shimano  
Cities are hubs of cultural and economic dynamism, but they are responsible for over 70% of global emissions. More than 240 cities globally have set net zero targets, with Copenhagen and Adelaide having the world's most ambitious, aiming to become carbon-neutral by 2025. We own Shimano, the dominant manufacturer of gears and brakes for bicycles, and a leading enabler of cleaner, healthier urban transportation.

## Sustainable Finance

### Financial inclusion

**HDFC BANK** HDFC  
Globally, a staggering 1.4bn people remain unbanked. One of the great financial tasks of the next several decades will be to bring these people onto the financial grid, enabling them to save, invest and manage their lives more effectively. HDFC is spearheading this in India, and even has a Bank on Wheels, taking ATMs, deposit services and loan products to the most rural, under-banked parts of India.

## Energy Transition

### Renewable energy

**Vestas** Vestas Wind Systems  
If global warming is to be kept under 1.5 degrees, the world will have to wean itself off fossil fuels. Total global wind power capacity is now up to 837 GW, helping the world avoid over 1.2 billion tonnes of CO<sub>2</sub> annually – equivalent to the annual carbon emissions of South America – but vastly more capacity will need to be installed over the coming decades. We own Vestas, a leading manufacturer of turbines for on and offshore wind, which is at the forefront of renewable energy.

Our sub-themes reflect concepts we believe could be instrumental in driving social and environment change, **while creating economic value for shareholders.**

# Our impact approach

Time is running out to halt and reverse the damage that has been inflicted on our environment and societies, and by extension our future economy.

One very effective and powerful way to drive positive change is to mobilise capital with intent and purpose. There is an urgent need for our economic model to evolve and embrace impact as a key input into capital allocation decisions and ultimately, as

a key determinant of future investment returns. With the right framework, investments in listed equities can generate real world impact. With this in mind, we have crafted a framework around 4 fundamental building blocks:



## > Additionality

we make the distinction between the impact generated and delivered by the underlying investment, i.e. by an investee company's activities, and the impact generated and delivered by ourselves, the investor, primarily through our stewardship activities.



## > Intentionality

we identify at the outset an environmental or social sustainability challenge that the investment would help to solve.



## > Materiality

we seek to assess the scale of the investee company's impact. We take into consideration how important these impact-linked activities are to its own revenues.



## > Measurability

we track, measure and report on improvements our investee companies make against our stewardship objectives.

## Our companies' impact

Examples of investee companies' impact-related outputs and outcomes:

>11 billion

diagnostic tests enabled  
[Thermo Fisher Scientific](#)

-32% reduction

in food waste since 2017  
[Kerry Group](#)

2.8 million metric tonnes

of client emissions saved since 2019, equivalent to 623k cars driven for an entire year  
[Xylem](#)

Every 16.8 seconds

a surgeon starts a procedure using a da Vinci system  
[Intuitive Surgical](#)

57.2 million people insured

in Africa, Asia and Latin America in 2022  
[Allianz](#)

44 million people

helped cumulatively through Access to Healthcare programme  
[AstraZeneca](#)

> 96 billion

pounds of food preserved and protected in 2022, with less than 0.00002% of that food wasted  
[Americold Realty Trust](#)

2.5 million tonnes of waste

redirected from landfill by suppliers since 2015  
[Apple](#)

100 million tonnes

of emissions saved through the use of Aptiv products on vehicles sold since 2015  
[Aptiv](#)

8 million tonnes

of post-consumer recovered paper handled each year  
[Smurfit Kappa](#)

19,800 tonnes

of CO<sub>2</sub> emissions avoided through refurbished smartphone sales, equal to taking 3,900 cars off the road for a year  
[eBay](#)

88 million metric tonnes

of CO<sub>2</sub> avoided through the use of Linde's technologies  
[Linde](#)

10 million mental health

virtual visits across Aetna members and retail patients in 2022  
[CVS Health](#)

### Measuring real-world impact

We have selected examples from companies in the Strategy that report impact-related outputs or outcomes to illustrate the real-world effect of their operations, products or services on the environment or on the lives of stakeholders, such as workers, suppliers and customers.

Expectations of companies' measuring and reporting on the environmental and social impacts of their businesses continue to grow. While significant progress has been made, challenges remain, and we have been engaging with companies in the Strategy to discuss these challenges and offer support in identifying best practice. Currently, companies focus on their

own actions as a proxy for impact (e.g. 5,000 new microloans disbursed), rather than diving deeper and using metrics to demonstrate that these actions have had a positive effect (e.g. new microloans improved borrowers' income by x%).

Ideally, we would like companies to consider not just what type of impact they have but also how much – i.e. quantifying where possible the materiality of impact, its scale, depth and duration; who is affected (e.g. marginalised groups, low-income countries); the contribution their actions have beyond what would have happened anyway; and, where they are forecasting future impacts, the risk that these may not materialise as planned.

# Our climate commitment

During 2022, we continued to implement our net zero by 2050 commitment for the Strategy. Engagement lies at the heart of our approach and we saw progress at many companies.

## Assessing emissions in 2022

As part of our net zero commitment, we are shifting our focus to considering the Strategy's carbon intensity in terms of financed emissions intensity, expressed as tCO<sub>2</sub>e/\$mn. The main advantage of this metric is that it is an ownership-based metric, allowing measurement of an investor's share of emissions proportional to its exposure to the investee's total value.

As the chart below indicates, the Strategy is already ahead of its 2030 target. However, it has risen from 15.4 in 2021. This was largely as a result

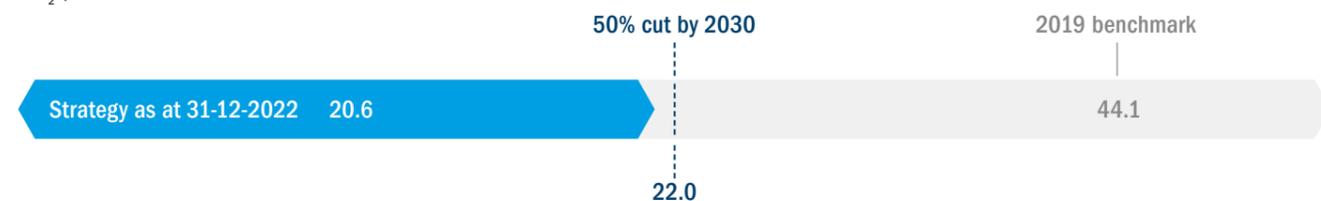
of market fluctuation and inflation, as this measure is expressed on a per-\$m invested basis. We also added utility **SSE** to the Strategy, which is now the most carbon-intensive holding in the portfolio. Overall, SSE meets our expectations on ambition, interim targets, strategy and disclosure around net zero. In our view, it is probably the leading European utility company on Just Transition, having run a detailed strategy since 2020, and its international renewable project development is likely to come to fruition in the late 2020s. During engagement with SSE during the year, we encouraged the company to

provide additional quantitative details to its decarbonisation strategy and to link each decarbonisation lever to an associated CapEx plan.

We rated 8 out of the top 10 most carbon intensive holdings as 'Aligning', meaning they meet our expectations on ambition, interim targets, strategy and disclosure around net zero. The exceptions are **Umicore**, which has a net zero ambition, but lacks sufficient implementation, and **Americold Realty Trust**, as our methodology does not yet extend to REITs. Both companies were engaged on net zero during the year.

## Financed emissions intensity

tCO<sub>2</sub>e/\$mn invested



Source: Columbia Threadneedle Investments and MSCI ESG, as at 31/12/2022. The Strategy's financed emissions intensity figure reflected here for end-2022 uses our company-wide Task Force on Climate-related Financial Disclosures (TCFD) system data.

Flooding in Bangladesh

## Assessing net zero alignment

The methodology we use to implement our net zero commitment is based on the Net Zero Investment Framework, developed by the Paris Aligned Investment Initiative.



The focus of our approach is on real-world change, using stewardship to encourage our Strategy companies to improve their own alignment to a net zero emissions future.



We use a selection of data sources to rate companies on their alignment to a net zero pathway, enabling us to analyse portfolios, and identify companies in need of engagement. We aim to have companies representing at least 70% of portfolio emissions either rated as Aligned or under engagement, as recommended by the Framework.



We compare the Strategy's overall carbon intensity with a net zero aligned trajectory, based on taking emissions intensity for the Strategy's benchmark<sup>1</sup> in 2019, and applying a 50% reduction by 2030. We use this as a reference pathway to track and monitor progress, but not as a binding target.

Our approach to net zero investing will need to be nimble to adapt as this area of investing rapidly evolves.

<sup>1</sup>The MSCI World Index

**Companies' net zero alignment in 2022**

Our analysis of the alignment status of our holdings shows:

**ALIGNED: 7 COMPANIES**

**1% of financed emissions**

Aligned companies meet our expectations on a core net zero strategy. For example, **eBay** committed to reduce its scope 1 and scope 2 emissions by 90% by 2030 from a 2019 base line, which was approved by the Science Based Targets Initiative (SBTi) in October 2021. Other examples are **AstraZeneca** and **Apple**.

**ALIGNING: 15 COMPANIES**

**85% of financed emissions**

These companies meet expectations on ambition, interim targets, strategy and disclosure. Examples include **Linde**, **Smurfit Kappa** and **CVS Health**.

**COMMITTED: 6 COMPANIES**

**5% of financed emissions**

This defines companies with a net zero ambition, but lacking sufficient implementation, such as **Xylem** and **Thermo Fisher Scientific**.

**NOT ALIGNED: 11 COMPANIES**

**4% of financed emissions**

Japanese lens manufacturer **Hoya** remains in this category. During engagement, we learned that Hoya – because it is a company listed on the Tokyo Stock Exchange – must comply with mandatory climate risk disclosure requirements aligned with the Task Force on Climate-

related Financial Disclosures (TCFD). We also discussed the company's plans to publish an emissions reduction target approved by the SBTi, and stressed our support.

10 companies, representing 5% of the Strategy's financed emissions, are currently not assessed. This largely comprises financial holdings, such as **HDFC Bank** in India and **London Stock Exchange**. This sector is not yet assessed in our net zero model due to a lack of sufficient data or standardisation of commitments across the sector. This is slowly improving, and we are actively investigating frameworks.

**SBTi-approved targets**

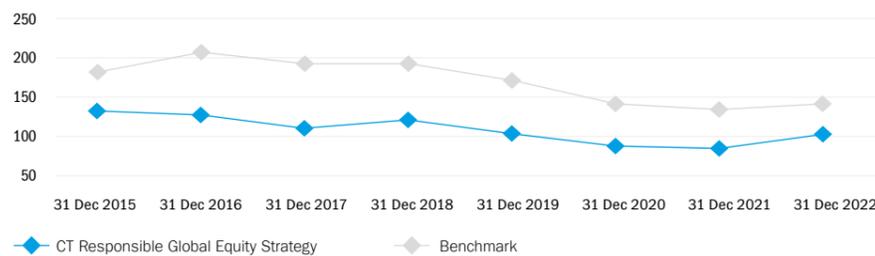
By end-2022, 14 portfolio companies have an SBTi-approved target, compared with 15 last year. We sold out of **Illumina** and **SAP**, while **eBay** had its target approved.

**Engaging on net zero**

During 2022, we used targeted engagement to drive further improvements in our investee companies' climate strategies. Companies representing 89% of strategy financed emissions were rated 'Aligned' or were engaged on climate change. We engaged 18 companies during the year, including **Linde**, **Smurfit Kappa** and **Kerry Group**. We also recorded 4 milestones in relation to climate change. For example, **Thermo Fisher Scientific** committed to become net zero by 2050, while **NetApp** set scope 3 emissions reductions targets.

We still report the Strategy's carbon intensity in terms of its weighted average carbon intensity (WACI) as a reference – see the chart below.

Scope 1 + 2 Intensity (tCO<sub>2</sub>e/USD million sales)



Source: MSCI ESG, as at 31 December 2022. Strategy and benchmark figures for 31/12/2022 are based on our company-wide Task Force on Climate-related Financial (TCFD) disclosures, which we transitioned to during 2023. All previous figures are derived from our previous Responsible Investment impact reporting system.

We have a broad climate change engagement programme, with objectives aligned to those of Climate Action 100+, as well as our own sector-specific expectations that draw on organisations such as the Institutional Investors Group on Climate Change.

# Strategy alignment with the SDGs

The UN Sustainable Development Goals (SDGs) are 17 goals and 169 underlying targets that set out a roadmap for a more sustainable world by 2030, covering issues such as poverty, climate change and health and well-being.



We map the Strategy against the SDGs, based on an analysis of the main sources of revenue for each of the investee companies.

Specifically, we measure how the individual sources of revenue for each company correspond to the 169 targets that underlie the goals – so that one company, depending on its mix of goods and services, may have links to more than one goal. The results of this analysis are summarised here, with a full breakdown of each company and its relevant SDG links provided later in this report.

### Assessing our alignment

During 2022, our strongest connection to the SDGs remained SDG 8 – Decent Work and Economic Growth. A number of our technology holdings, such as **Accenture**, **Autodesk**, **Keyence** and **Roper Technologies**, align with target 8.2, which calls for technological innovation to support increased productivity and economic growth. This includes the provision of software designed to boost business efficiency, and the production of equipment that improves the efficiency and resilience of manufacturing and research. Holdings in financial companies such as **Mastercard** and **PayPal**, as well as **HDFC Bank** in India, align with SDG target 8.10: strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

**90%**

of the aggregate revenue of the companies we invest in is linked to one of the Sustainable Development Goals

**1%**

increase from last year

**30%**

alignment with **SDG 8: Decent Work and Economic Growth**

### Revenue alignment breakdown

<b>SDG 2: Zero Hunger</b>	<b>3.0%</b>	<b>SDG 12: Responsible Consumption and Production</b>	<b>4.0%</b>
2.1 End hunger and ensure access to safe and nutritious food	2.0%	12.3 Halve global food waste at the production and consumer level	1.3%
2.4 Implement climate-resilient and sustainable food production	0.7%	12.5 Reduce waste through prevention, reduction, recycling and reuse	2.0%
<b>SDG 3: Good Health and Well-being</b>	<b>25.0%</b>	<b>SDG 17: Partnerships for the Goals</b>	<b>3.0%</b>
3.4 Reduce mortality from non-communicable diseases and promote mental health	4.2%	17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation	1.3%
3.8 Access to medicines and health-care	20.1%	17.16 Leverage multi-stakeholder partnerships to share resources	1.9%
<b>SDG 4: Quality Education</b>	<b>2.0%</b>		
4.4 Increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship	2.0%		
<b>SDG 6: Clean Water &amp; Sanitation</b>	<b>3.0%</b>		
6.4 Increase water-use efficiency to address water scarcity	2.8%		
<b>SDG 7: Affordable and Clean Energy</b>	<b>5.0%</b>		
7.2 Substantially increase the global share of renewable energy	2.8%		
7.3 Double the global rate of improvement in energy efficiency	1.9%		
<b>SDG 8: Decent Work and Economic Growth</b>	<b>30.0%</b>		
8.2 Achieve greater productivity through innovation	21.9%		
8.3 Promote development-oriented policies	1.3%		
8.10 Increase access to finance	7.1%		
<b>SDG 9: Industry, Innovation and Infrastructure</b>	<b>15.0%</b>		
9.1 Develop resilient and sustainable infrastructure	3.4%		
9.3 Increase access to finance for SMEs	2.2%		
9.4 Upgrade and retrofit industries to increase sustainability	8.3%		
9.c Ensure universal and affordable access to ICT	1.2%		
		<b>Total positive</b>	<b>90.0%</b>
		Neutral	8.0%
		<b>Negative</b>	<b>1.0%</b>
		<b>SDG 9: Industry, Innovation and Infrastructure</b>	<b>1.0%</b>
		9.1 Develop resilient and sustainable infrastructure	0.5%
		Cash	1.0%

Source: Columbia Threadneedle Investments, as at 31st December 2022, designed for illustrative purposes, subject to change.

Only SDG targets that are more than 0.5% aligned are shown on the table

The Strategy's alignment to SDG 3: Good Health and Well-being is up by 5% from last year, to 25%. During the year we initiated a holding in **Intuitive Surgical**, which develops and manufactures robotic products to assist with minimally invasive surgeries, and aligns with target 3.8, which sets an ambition of access to affordable healthcare for all. Other health care companies aligned with target 3.8 include **Mettler-Toledo International**, which manufactures laboratory equipment; **Humana**, a leading US health insurer providing senior citizens with quality medical coverage, as well as various care programmes to support both mental and physical well-being; and **CVS Health**, an integrated health insurer and retail pharmacy, providing services which are core to day-to-day life for millions of Americans. Pharmaceutical company **Astrazeneca** and biotechnology company **CSL** both align with target 3.4, which calls for a reduction of mortality from non-communicable diseases (NCDs), through its production of biopharmaceuticals aimed at the treatment of such diseases, such as cancers, respiratory conditions and diabetes.

# 25%

alignment with **SDG 3: Good Health and Well-being**.

Our analysis also identifies companies' negative contributions to the SDGs. That is, those products or services that companies in our Strategy offer which might hinder the achievement of some of the SDGs. Whilst the Strategy screens remove many such companies (such as tobacco or weapons producers), we did still identify two remaining negative links, albeit accounting for just 1% of the Strategy's total SDG alignment. **Linde's** process plant construction tracks negatively against SDG target 9.1, which calls for the development of quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being. **SSE's** use of natural gas within its flexible thermal generation business aligns negatively to target 13.2, which calls for the integration of climate change measures into national policies, strategies and planning. This negative mapping to 13.2 doesn't appear on the chart as it totals 0.1% and we only show targets more than 0.5% aligned. Overall, however, we remain compelled by Linde's exposure to the hydrogen opportunity, while SSE has a strong Just Transition strategy.

Since our methodology is based on the analysis of revenue streams, it does not reflect all the ways that companies in the Strategy contribute to the SDGs. Companies also have an impact – either positive or negative – on the SDGs through their conduct: the way they treat their staff and wider stakeholders, and how they manage their own environmental footprint. We aim to capture this through the sustainability-oriented metrics on p18-21 as well as through our engagement on p22-27.



## Developing our SDG alignment methodology

**2016** – began measuring SDG alignment, reporting company-level links to the goals.

**2018** – developed methodology to measure how individual sources of revenue for each company correspond to the underlying targets.

**2019** – identified companies' negative contributions to the SDGs.

**2022** – refined methodology to ensure continuous improvement in accuracy and transparency.

# Sustainability metrics

Over the following pages we show how the Strategy ranks versus its benchmark and the previous year relative to various sustainability-oriented metrics. These relate to environmental stewardship, fairness and equality, and economic development.

Key: ■ Better than benchmark ■ Neutral ■ Worse than benchmark

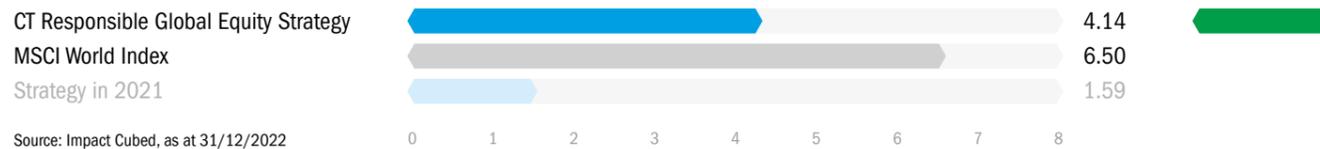
## Environmental stewardship

We consider the Strategy's environmental performance versus its benchmark, by focusing on water and waste intensity metrics.



### Water intensity

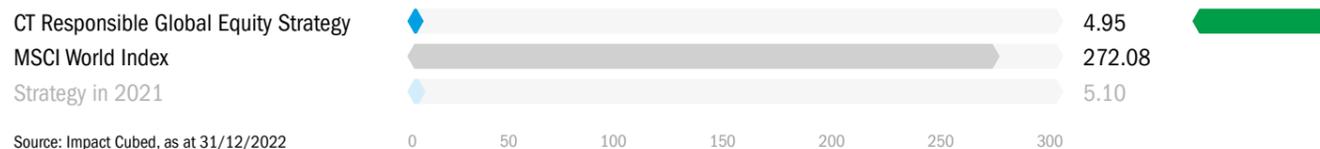
Thousands of cubic metres of fresh water used per \$1 million revenue



Source: Impact Cubed, as at 31/12/2022

### Waste intensity

Tonnes of solid waste generated to create \$1 million revenue



Source: Impact Cubed, as at 31/12/2022

The water and waste profile of the Strategy remains low compared with the benchmark. This is largely due to the sector composition, which itself is a product both of the exclusion of resource-intensive sectors such as oil & gas, as well as the focus on sustainability solution providers.

The Strategy's water intensity has increased this year. Utility company **SSE** is a new holding and also the most water intensive. The majority of water extracted is used for hydroelectric generation operations, and none of its thermal or hydroelectric generation assets impact on water-stressed areas. Other relatively water-intensive holdings include **Linde** and **Hoya**. Turning to waste

intensity, **Smurfit Kappa** remains the most waste-intensive holding per unit of revenue. While the company's packaging solutions actually help prevent waste generation, its involvement in the paper recycling business impacts its overall waste metrics. Recovered paper bales sent to Smurfit Kappa by companies often contain un-usable materials such as plastic, metals and glass, and 49% has to be sent to landfill. Specialist ingredient provider **Kerry Group** is our second most waste-intensive holding. The company has committed to a 50% reduction in food waste within its operations by 2030, from a 2017 base line. In 2022, the company continued to make progress against this goal, with a 32% reduction achieved.

Lofoten Islands, Norway

Excluding resource-intensive sectors such as oil & gas, while focusing on sustainable solutions providers, contributes to our environmental outperformance versus the benchmark.



We voted against Shimano's proposal for the election of two male Board members at its 2022 AGM, and wrote to the company to cite that the Board lacks sufficient diversity to meet our expectations.

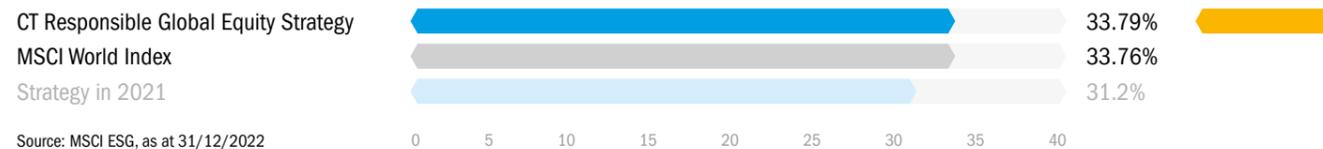
## Fairness and equality

Here we provide two metrics to give an indication of the portfolio's performance in relation to aspects of fairness and equality versus its benchmark: gender equality at Board level, and the ratio of top executive pay to the average employee's salary.



### Gender

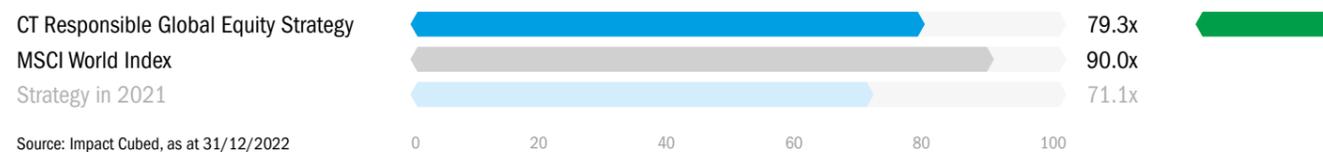
% female directors on company board



Source: MSCI ESG, as at 31/12/2022

### Executive pay

CEO pay relative to average employee compensation



Source: Impact Cubed, as at 31/12/2022

The Strategy performs largely in line with the benchmark on board-level gender equality. Financial exchange **Intercontinental Exchange Group** and publishing company **Wolters Kluwer** both have more than 50% female representation on their Boards, while **Schneider Electric**, **DNB** and **Accenture** sit at 50% exactly. A variety of our Japanese holdings continue to be laggards here. **Shimano**, a manufacturer of cycling components based in Japan, has no female Board members. While we report on gender (where data is currently more readily available), our lens on diversity, equity and inclusion is more comprehensive. For example, during engagement with **Zebra Technologies** we encouraged setting quantitative diversity and inclusion metrics and robust disclosure of individual executive achievement of the metric. A variety of healthcare and technology companies feature relatively high executive to average employee pay ratios,

including **Apple** and **CVS Health**. **eBay**, **PayPal** and **Wolters Kluwer** are also among those with the highest ratios, and the latter – as noted in our report last year – remains open to engagement here, as we continue to encourage the company to limit the scale of executive pay.

Executive pay and board diversity are fully integrated into our voting policy. We will vote against management where companies fail to meet our standards, and we engage to achieve improvements in practice. We voted against **Shimano's** proposal for the election of two male Board members at its 2022 AGM, and wrote to the company to cite that the Board lacks sufficient diversity to meet our expectations.

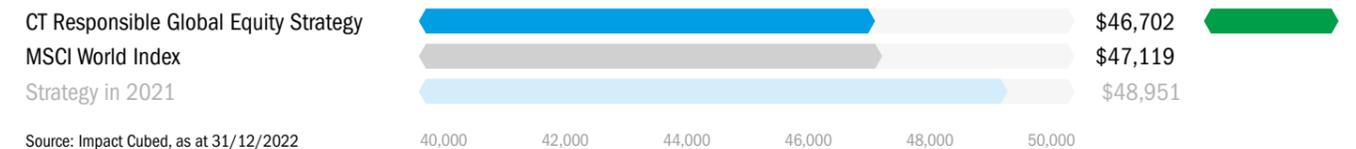
## Economic development

To gain a fuller understanding of impact, we consider here the effect of our investments on global inequality, by looking at how companies support economic growth in parts of the world with the greatest needs. Both metrics are compared with the benchmark.



### Economic development

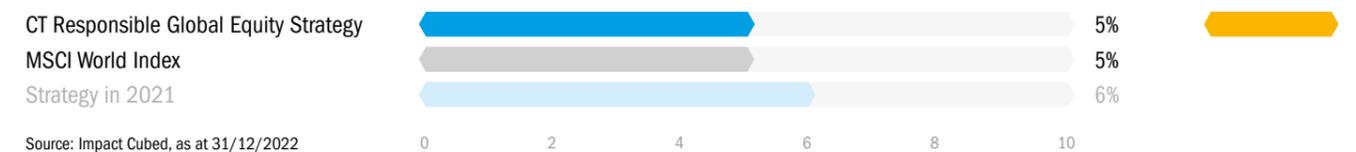
Company geographical spread of operations matched against GDP per capita\*



Source: Impact Cubed, as at 31/12/2022

### Employment

Company geographical spread of employment against unemployment rates provided by the ILO\*\*



Source: Impact Cubed, as at 31/12/2022

\* A higher figure indicates that the companies in the portfolio register less economic activity in low GDP/capita countries, in aggregate, than the benchmark, and hence has a lower impact on development  
 \*\* A higher figure indicates that the companies in the portfolio register more activity in high unemployment countries, in aggregate, than the benchmark, and hence has a higher impact on employment.

To gain a fuller understanding of impact, we consider here the effect of our investments on global inequality, by looking at how companies support economic growth in parts of the world with the greatest needs. The two metrics compare the location of companies' operations and employment with local GDP and unemployment rates, respectively.

The Strategy has a very similar profile to the benchmark for both metrics, very slightly outperforming on economic development. Although both the Strategy and benchmark focus on developed markets, we do hold some multinational firms that operate in

both emerging markets and countries with low employment rates. Examples include **Accenture** and **Mastercard**. We also remain invested in the off-benchmark holding **HDFC Bank**, an Indian bank which provides finance to rural and low-income communities. Our data only covers direct operations, and does not cover companies' supply chains or contractors – meaning that the total economic contribution is an understatement of the full impact.

# Impact through our engagement

Through engagement and voting, we seek to drive targeted improvement in how companies address ESG risks, opportunities and impacts.

Our aim is to enhance long-term performance, reduce risk and encourage a positive contribution to broader environmental and social issues.



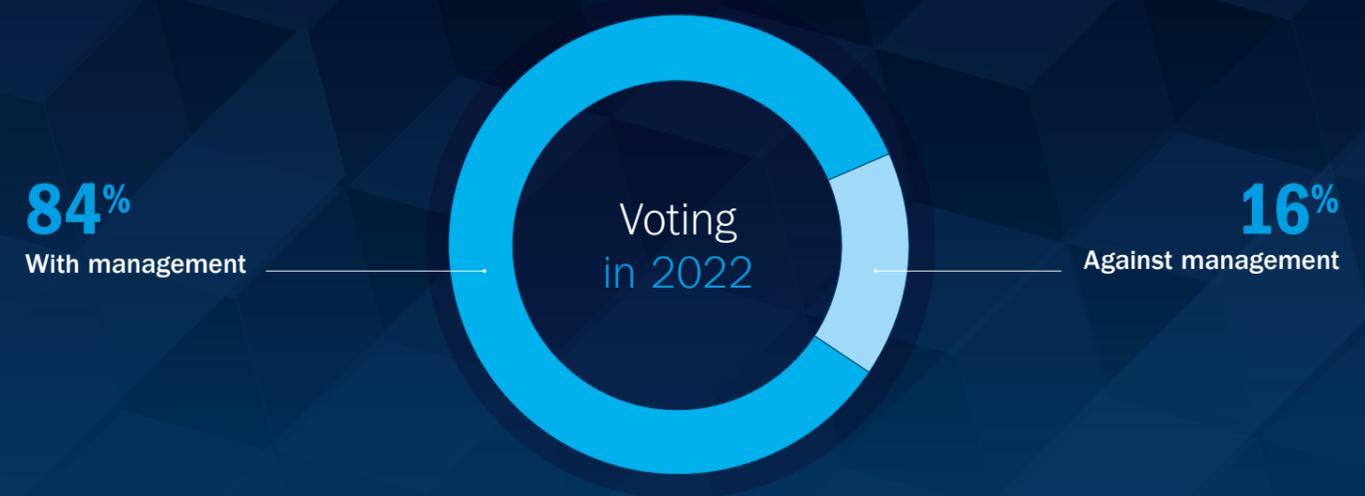
Labour standards remained an important engagement focus in 2022. Topics of engagement included the payment of a living wage, supply chains and forced labour risks, and participation in the Workforce Disclosure Initiative. Corporate governance engagement covered a range of topics such as board diversity and executive remuneration, while on climate change we

discussed companies' decarbonisation strategies, among other topics. We recorded 14 milestones<sup>2</sup> – improvements in companies, ESG policy, management systems or practices against our engagement objectives. This included **Thermo Fisher Scientific** committing to net zero by 2050, and **Keyence Corp** achieving one-third board independence.

<sup>2</sup> To record milestones we use a three-star rating system, with three stars indicating the most significant impact of the milestone on investor value, and one star reflecting smaller changes that nevertheless will contribute to investor value over the long-term. A one-star milestone tends to be a commitment to do something, whereas a three star milestone tends to be an action being implemented.

Source: Columbia Threadneedle Investments, as at 31/12/2022

We believe that voting is an important tool for driving improvement in company practices and market standards, and re-enforcing objectives set in ESG engagement.



Our voting policies take account of local practices and are applied in a pragmatic fashion that reflect an integrated understanding of local and international good practice. In all cases, we aim to achieve the same result: the preservation

and enhancement of long-term shareholder value through management accountability and transparency. During 2022, we opposed management on 16% of proposals voted, including on audit, remuneration and director elections.



**In 2022, we engaged with 36 companies, representing 70% of our Strategy by value.**

Source: Columbia Threadneedle Investments, as at 31/12/2022

# Engagement case studies

Discover examples of where we worked in partnership with companies to drive improvements in their approach to sustainability and outcomes.



## Keyence: A study in perseverance.

### A long journey of engagement

Fruitful engagement can often take a long time, requiring persistence, tact and nuance. So it has been with Keyence. Keyence is the longest held single stock in this strategy, owned on the desk since the late 1990s. Our ownership journey, spanning 25 years, and around a 20x'ing in market cap, has been a highly profitable one. But productive engagement with Keyence has been more challenging. Keyence has a proud, occasionally insular culture, and a strong founder family presence both on the board and in terms of share ownership. This has in the past sometimes manifested itself in a wariness of outside influence and a reluctance to act on shareholder engagement around issues like governance, supply chain management or environmental stewardship.

### 2022 - The turning over of a new leaf

As a team we have persevered in our engagement with Keyence, engaging with them on over thirty occasions over the years, emphasising important themes, and building trust with the business. In 2022 we made significant progress and saw a marked increase in openness to engagement.

In summer 2022, Keyence announced the appointment of another external board member; something we had been encouraging

for some time. Keyence's board now comprises one-third independent members, which is the minimum level of outside oversight that we consider acceptable at Japanese corporates, which have historically lagged some of the best practices in governance that we see in other developed markets. We gave this milestone a 3-star rating, the weightiest score that can be ascribed to a milestone.

Keyence made other governance strides, appointing a female independent board member, Kumiko Suenaga – the sole female representation on the board. Openness to diverse talent, including female talent, has been another area of persistent engagement for us with Keyence, and so again it

is highly gratifying to see the company respond to this, and we hope that this openness can ripple through the broader culture of the company. We registered a 2-star milestone with Keyence for Kumiko's appointment.

The chart above shows each instance of engagement with Keyence over the decades. As you can see, our ownership journey has witnessed both an intensification of engagement volume with Keyence, and, even more importantly, a ratcheting up of the effectiveness of this engagement, as evidenced by an increased number of milestones accomplished. This is a pattern we expect to see, and it is one of the reasons we own companies for meaningfully long periods of time – once a company becomes receptive to engagement, it can be like the breaking of a dam, with a cascade of positive ESG reform resulting.

### 2023 and beyond

We will continue to engage with Keyence across a range of topics. Our most recent engagement meeting included conversations around both human rights and supply chain management, and Keyence was very receptive to both topics. We believe we have built engagement momentum with this excellent business, and that is an exciting place to be.

Fruitful engagement can often take a long time, requiring persistence, tact and nuance.



**Mettler Toledo: Meaningful moves towards sustainable packaging.**

**Background:**

Mettler Toledo is a leading global provider of precision and weighing instruments and services, for laboratory, industrial, and retail applications. Its products are vital for improving healthcare outcomes and ensuring meticulous accuracy, quality and safety in products across industries. Mettler's reputation for exceptional quality and strong after-market support helps build a moat around the

business, drives pricing power, and improves longevity of customer relationship.

**Treading more lightly**

Globally, around 140mn tonnes of plastic packaging are produced each year, with the vast majority ending up in landfill or incinerated, and huge amounts leaking into our environment. The world is producing twice as much plastic waste as two decades ago, driven by economic growth in emerging markets. In 2019, 6.1mn tonnes of plastic waste leaked into aquatic environments, and 1.7mn tonnes flowed into oceans.

This plastic waste has a myriad of potential harms. It can pollute and damage natural eco-systems. Toxic chemicals from plastics can contaminate food and drinking water. Microplastics can accumulate in the very air we breathe, impacting human health in ways that are still being researched and understood.

These are all reasons why it is so vital that we as investors work closely with companies we invest in to encourage them to sell, move and package their products in ways that generate the smallest possible amount of environmentally damaging waste. This has been one of the key themes that

we've engaged with Mettler Toledo on, both in 2022 and over the years, asking them to reduce their plastic usage, and to swap out to recyclable or environmentally friendly packaging materials.

Back in 2019, we had detailed discussions with the company about the importance of lightweight packaging as a mechanism for driving down fuel usage during transportation, as well as ways in which the company can embed sustainability into every product design. Again in 2021, we spoke to the company about challenges in reducing

**We must encourage investee companies to sell, move and package their products in ways that generate the smallest possible amount of environmentally damaging waste.**

waste volumes, particularly given the high pandemic era output of certain products like pipettes, and encouraged them to continue to innovate towards product sustainability.

**2022 – meaningful milestone achieved**

In 2022, Mettler Toledo took a meaningful step in this direction, laying out new, ambitious targets for sustainable packaging materials, including ensuring that over 80% of packaging comes from recycled or certified sustainable sources, and more than 95% of it is easily recyclable or compostable by 2025. Mettler aims to achieve these mainly by moving away from the use of virgin plastics (in particular, foams) and towards the use of either recycled plastics, or to materials like cardboard or other natural-fibre based materials. This is great news, and a meaningful 2-star milestone for the business.

**2023 and beyond**

Mettler Toledo is a great example of a company with a profoundly sustainable product range, that we have now been able to work productively with to ensure that they are packaging, moving and distributing these products in a more environmentally sustainable way. We will continue to engage with them both on this topic, and others that are meaningful for the business.

# Our Strategy in detail

Over the following pages, discover how the companies held in the Strategy correspond to our seven sustainability themes, as well as details such as SDG alignment, any engagement conducted during the year and any positive outcomes (milestones) achieved.

## Connect & Protect

Technological advances create huge opportunities to accelerate our collective connectivity, as well as bringing in a swathe of technologies to progress social well-being, supply chain efficiencies and sustainable cities. We look for those companies that are promoting public 'good' and doing so in a safe, secure, and customer-centric way.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Apple</b> Information Technology United States	<b>2008</b> buy date, 5.4% weighting Apple aims to have a carbon-neutral supply chain by 2030 by constantly improving its manufacturing supply chain and products lifecycle. We also welcome their strong line on data privacy.	+ <b>70% - 8.2</b> - Enables gains in economic productivity through the use of technology and payment services + <b>10% - 3.8</b> - Enables users to take more control of their health by making it easier to track, record and share health information, such as heart rate - <b>20% - Neutral</b>	6: Environmental stewardship; Business conduct; Human rights; Labour standards	0
<b>Crown Castle International</b> Real Estate United States	<b>2006</b> buy date, 1.7% weighting Provider of critical telecommunications infrastructure, from macro towers to local small cells, enabling greater connectivity including 5G, IoT and connected vehicles	+ <b>100% - 9.1</b> - Provides digital infrastructure through the installation of fibre networks	0	0
<b>Keyence Corp</b> Information Technology Japan	<b>pre-2000*</b> buy date, 1.6% weighting With a proven ability to remain highly profitable even in a downturn, Keyence fits into our Connect & protect theme in making production lines safer, and more efficient.	+ <b>100% - 8.2</b> - Supports economic efficiency by producing sensors, lasers and measuring equipment to make manufacturing and research processes more effective	4: Human rights; Labour standards; Corporate governance	2: Improved board gender diversity; Achieved one-third independence of Board
<b>Murata Manufacturing</b> Information Technology Japan	<b>2021</b> buy date, 1.5% weighting The world leader in the manufacturer of multilayer ceramic capacitors, making high performance, durable components that are essential to the running of everything from smartphones to electric vehicles. They are a play on the increased digital, electronic density of the future.	+ <b>69% - 8.2</b> - Supports higher levels of economic productivity through technological upgrading and innovation through its capacitors and other components + <b>31% - 9.c</b> - Increasing access to information and communications technology	2: Human rights; Labour standards	0
<b>Roper Technologies</b> Industrials United States	<b>2013</b> buy date, 2.9% weighting Diversified technology business providing innovative engineering solutions ranging from industrial (water efficiency) to healthcare (diagnostics) end markets.	+ <b>64% - 8.2</b> - Enables greater economic productivity by providing communications and software solutions + <b>36% - 9.1</b> - Supports more resilient infrastructure by providing water meters and related technologies	1: Climate change; Environmental stewardship	1: Submitted first response to CDP
<b>Zebra Technologies</b> Information Technology United States	<b>2022</b> buy date, 1.3% weighting Zebra Technologies is a global leader in design and manufacture of enterprise mobile computers, advanced data capture systems and specialty printers. Its products enable businesses in ecommerce /retail, logistics, manufacturing and health care to achieve greater accuracy and efficiency of both human capital and natural resource usage. The increasing shift to digitise the global economy plays right into Zebra Technologies' strengths.	+ <b>100% - 8.2</b> - Enables gains in economic productivity through automating and protecting supply chains and logistics	4: Environmental stewardship; Labour standards; Corporate governance	0

\* Factset data only goes back to 2000.  
Where company revenues do not add to 100%, then there is no SDG link for the remainder of the business revenues.

# Digital Empowerment

The explosion of data in recent years has been nothing short of mind-blowing, especially when we consider that data interactions went up by 5000% between 2010 and 2020. There is a huge opportunity for this data to be harnessed for good; better informing our climate change efforts, enabling better healthcare, and empowering smaller businesses, leading to broader competition and employment opportunities.



Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Accenture</b> Information Technology United States	2009 buy date, 3.2% weighting High quality global consultancy, with incredible brand strength, helping drive enterprise level efficiency. Sustainable consultancy also a growing part of the business.	+ <b>82% - 8.2</b> - technology consultancy drives potential for technological upgrading and innovation - <b>18%</b> - Neutral	0	0
<b>ASML Holding</b> Information Technology The Netherlands	2022 buy date, 2.2% weighting ASML is a global leader in the semi-conductor supply chain, with a dominant global market share of EUV machines used to pattern leading edge chips, which are used everywhere from phones to medical equipment, as well as in emergent technologies like AI, robotics, and electrified cars.	+ <b>100% - 8.2</b> - Enables gains in economic and technological productivity by enabling the manufacture of high-end chips and pushing electrification	4: Climate change; Environmental stewardship; Human rights; Labour standards; Corporate governance	0
<b>eBay</b> Consumer Discretionary United States	2010 buy date, 1.3% weighting Enabling entrepreneurs and small-medium sized companies to grow their businesses and reach a global audience through the eBay ecosystem, now reinforced by their managed payments service.	+ <b>100% - 8.3</b> - Encouraging small and medium-sized enterprises through access to financial services	2: Business conduct; Human rights; Labour standards	0
<b>Mastercard</b> Information Technology United States	2014 buy date, 3.6% weighting Strong market position and brand strength; growth underpinned by accelerating cashless and mobile transactions. Provides access to finance for under-developed markets and communities whilst also providing education to boost financial literacy.	+ <b>100% - 8.10</b> - Improving access to banking and financial services through the provision of payment services	1: Business conduct; Labour standards; Corporate governance	0
<b>NetApp</b> Information Technology United States	2021 buy date, 1.9% weighting Provider of storage and data management solutions, serving enterprises, government agencies and universities worldwide.	+ <b>100% - 8.2</b> - Enables gains in economic productivity through cloud-based solutions and data storage providing technological upgrading and innovation	4: Climate change; Environmental stewardship; Labour standards	1: Set scope 3 emissions reduction target

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>PayPal Holdings</b> Information Technology United States	2015 buy date, 1.2% weighting Leading provider of safe and secure payment services as e-commerce accelerates. PayPal also places a strong emphasis on financial inclusion around the globe with a strong environmental commitment.	+ <b>100% - 8.10</b> - helping to expand and improve access to financial services through the provision of payment services	3: Climate change; Business conduct; Human rights; Labour standards; Corporate governance	0
<b>TSMC</b> Information Technology Taiwan	2016 buy date, 1.6% weighting TSMC is the world's leading semiconductor manufacturer. Its leading edge technology enables their clients to create innovative products using more powerful processors that consume less energy.	+ <b>52% - 8.2</b> - Supports greater energy efficiency in a wide range of technologies through the production of semiconductors + <b>44% - 9.c</b> - Increasing access to information and communications technology through its smartphone platform + <b>4% - 3.6</b> - Reducing death and injury from road traffic accidents via automotive technology	0	0
<b>Wolters Kluwer Industrials</b> Netherlands	2017 buy date, 2.0% weighting Wolters Kluwer provide their clients in the health, tax & accounting, governance, risk & compliance and legal & regulatory with expert solutions and productivity tools, which empower customers to make better decisions when it matters most.	+ <b>77% - 4.4</b> - Supports access to health, governmental and legal education through the provision of consulting services and educational materials + <b>9% - 8.2</b> - Enables gains in economic productivity through its software offerings + <b>8% - 16.3</b> - Promote the rule of law at the national and international levels through its legal services and data + <b>3% - 4.6</b> - Improves access to education and literacy through its print books - <b>3%</b> - Neutral	3: Business conduct; Human rights; Labour standards; Public health; Corporate governance	2: Enhanced disclosure on the positive impact of its product portfolio; Launched inclusive leadership program

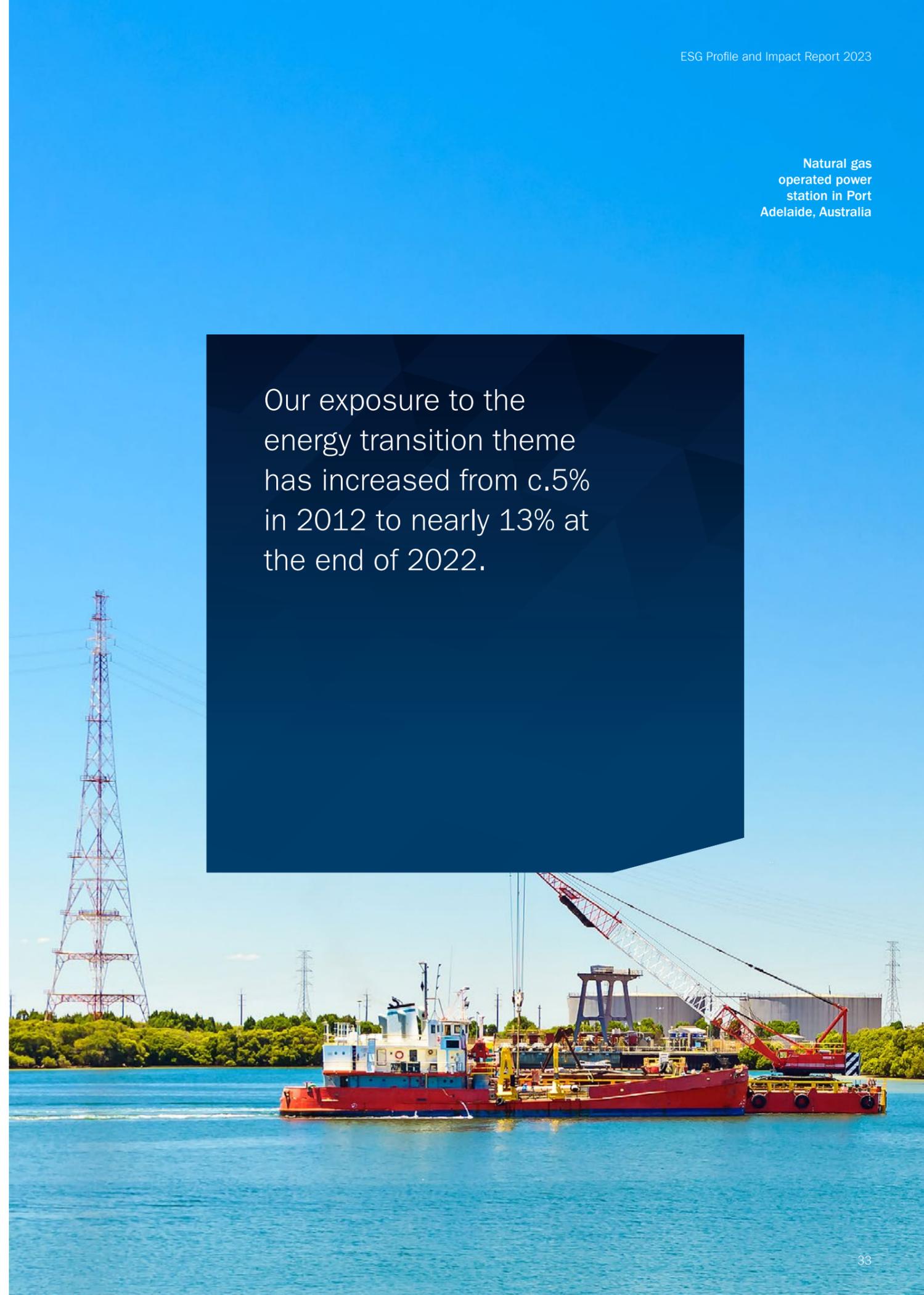
# Energy Transition

The energy transition is the pathway towards transforming the global energy sector from one dominated by fossil fuel-based systems of energy production and consumption – including oil, natural gas, and coal – to a system of zero-carbon and renewable energy sources, such as solar, wind and hydropower.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Aptiv</b> Consumer Discretionary United States	2015 buy date, 1.3% weighting With a mission of Safe, Green and Connected, Aptiv provide sustainable mobility solutions globally including automated driving hardware and software, as well as EV architecture.	+ <b>74% - 9.4</b> – Manufactures a range of vehicle powertrain solutions which can help improve transport energy efficiency + <b>26% - 3.6</b> – Reducing death and injury from road traffic accidents via autonomous driving technology"	3: Climate change; Environmental stewards; Human rights; Corporate governance	0
<b>Linde</b> Materials Germany	2010 buy date, 4.9% weighting High-quality industrial gases business operating in consolidated sector with strong moat. Provides gases allowing customers to reduce carbon emissions and has boosted hydrogen investments as part of its decarbonisation focus.	+ <b>84% - 9.4</b> – Produces a range of industrial gases which are used to make industrial processes more efficient - <b>9% - 9.1 (negative)</b> – Provides solutions to nuclear and fossil energy and process plant construction - <b>7% - Neutral</b>	3: Climate change; Environmental stewardship; Public health	0
<b>Schneider Electric</b> Industrials France	2020 buy date, 2.8% weighting Schneider Electric is a global leader in energy management and automation solution, selling into end markets like Buildings, Industrials, and Data Centers. They are at the heart of the transition to a more energy efficient world.	+ <b>77% - 9.4</b> – Provides energy management products and services that enable companies to improve their energy efficiency + <b>23% - 8.2</b> – Supports economic productivity through the provision of industrial automation and software solutions.	1: Labour standards; Corporate governance	0
<b>SSE</b> Utilities United Kingdom	2022 buy date, 1.5% weighting A UK energy business generating, transmitting and distributing electricity, and a key player in UK net-zero plans, with its target of increasing its renewables output fivefold by 2030.	+ <b>91% - 7.2</b> – contributing to substantially increase the share of renewable energy in the global energy mix through their on and offshore wind capabilities - <b>1% - Neutral</b> - <b>8% - 13.2 (negative)</b> provision of energy from more carbon intensive sources	3: Climate change; Environmental stewardship; Labour standards; Corporate governance	0
<b>Umicore</b> Materials Belgium / Luxembourg	2011 buy date, 1.0% weighting From manufacturing automotive catalysts that deliver emission reductions, to the complex recycling of precious metals and the chemistry behind cathode materials required for EV batteries, Umicore is a sustainability leader.	+ <b>52% - 12.5</b> – Recycles precious metals, supporting a circular economy + <b>48% - 9.4</b> – Produces catalysts and filters to reduce local air pollution from transportation, and electric vehicle batteries which support the transition towards electrified transport systems	2: Environmental stewardship; Public health	0
<b>Vestas Wind Systems</b> Industrials Denmark	2021 buy date, 1.4% weighting Danish wind turbine manufacturer and service company, focused on the provision of sustainable energy solutions to address climate change.	+ <b>100% - 7.2</b> – contributing to substantially increase the share of renewable energy in the global energy mix through their turbine products and servicing	0	0

Natural gas operated power station in Port Adelaide, Australia

Our exposure to the energy transition theme has increased from c.5% in 2012 to nearly 13% at the end of 2022.



# Health & Well-being

The Covid-19 pandemic caused major disruptions to health systems globally. Now more than ever, we appreciate the requirement for robust and efficient healthcare systems around the world. The demand for health and healthcare access equality is rising – and opportunities created from the change must not be ignored.



Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>AstraZeneca</b> Health Care United Kingdom	2021 buy date, 2.6% weighting One of the world's major pharmaceutical firms, researching, manufacturing and selling pharmaceutical and medical products, improving the health of its consumers.	<ul style="list-style-type: none"> <li>⊕ <b>53% - 3.4</b> - Produces a range of biopharmaceuticals aimed at the treatment of noncommunicable diseases</li> <li>⊕ <b>45% - 3.8</b> - Provides access to healthcare through the production of essential medicines</li> <li>⊕ <b>2% - 3.3</b> - Prevention and treatment of non-communicable diseases through vaccines and antivirals</li> </ul>	3: Labour standards; Public health; Corporate governance	0
<b>Becton Dickinson &amp; Co</b> Health Care United States	2019 buy date, 2.9% weighting A global provider of medical equipment, devices and consumable supplies to various healthcare facilities, serving more than 90% of healthcare patients worldwide.	⊕ <b>100% - 3.8</b> - Provides access to healthcare through the production of essential medical supplies such as needles, syringes and surgical products	0	0
<b>CSL</b> Health Care Australia	2015 buy date, 2.3% weighting The science of CSL saves lives. They develop and deliver innovative medicines that help people with serious and life-threatening conditions live full lives, and protect communities around the world.	<ul style="list-style-type: none"> <li>⊕ <b>73% - 3.4</b> - Supports the treatment of non-communicable diseases through the development of a range of innovative bioteraphy treatments</li> <li>⊕ <b>17% - 3.3</b> - Produces vaccines for influenza and other communicable diseases</li> <li>⊕ <b>10% - 3.8</b> - Provides access to healthcare through its treatments for serious medical conditions</li> </ul>	1: Climate change; Environmental stewardship; Public health	0
<b>CVS Health</b> Health Care United States	2005 buy date, 2.2% weighting An integrated health insurer, pharmacy benefit manager and retail pharmacy, providing services which are core to day-to-day life for millions of Americans.	<ul style="list-style-type: none"> <li>⊕ <b>99% - 3.8</b> - Provides access to healthcare through its retail pharmacy stores and clinics</li> <li>⊖ <b>1% - Neutral</b></li> </ul>	2: Climate change; Business conduct; Labour standards; Public health; Corporate governance	0
<b>Hoya Corp</b> Health Care Japan	2018 buy date, 1.5% weighting Supporting vision globally through production of eyeglass lenses, contact lenses and intraocular lenses used for cataract operations, combatting the leading cause of blindness worldwide. Leading player in the equipment supply-chain for miniaturising semi-conductors, driving technological innovation.	<ul style="list-style-type: none"> <li>⊕ <b>61% - 3.8</b> - Provides access to healthcare through the production of eyeglass and lens products, and of medical endoscopes</li> <li>⊕ <b>38% - 8.2</b> - Enables gains in economic productivity through technologies used in a range of digital products such as phones</li> <li>⊖ <b>1% - Neutral</b></li> </ul>	2: Climate change; Environmental stewardship; Labour standards; Public health; Corporate governance	3: Appointed a Chief Sustainability Officer; Committed to 100% renewable energy; Entered into partnership to prevent, treat and manage myopia

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Humana</b> Health Care United States	2019 buy date, 2.3% weighting A leading US health insurer providing senior citizens with quality medical coverage, as well as various value-based care programmes to support both mental and physical well-being.	⊕ <b>100% - 3.8</b> - Provides access to healthcare through its medical insurance products	0	0
<b>International Flavors &amp; Fragrances</b> Health Care United States	2020 buy date, 1.2% weighting Following the merger with Dow Dupont's Nutrition & Biosciences business, IFF is now the largest specialist ingredient provider to the food, beverage, home care and personal care end markets with unparalleled portfolio breadth.	<ul style="list-style-type: none"> <li>⊕ <b>74% - 2.1</b> - Delivers innovative ingredients formulations to enable better nutritional profiles.</li> <li>⊖ <b>19% - Neutral</b></li> <li>⊕ <b>7% - 3.8</b> - Enables better healthcare outcomes through its pharma products</li> </ul>	3: Climate change; Environmental stewardship; Labour standards	0
<b>Intuitive Surgical</b> Health Care United States	2022 buy date, 1.2% weighting The world number one designer and manufacturer of surgical robots, with an 80% market share in a rapidly growing industry. Intuitive Surgical's robots lead to fewer surgical errors and faster operating times, driving better patient outcomes and protecting healthcare budgets.	⊕ <b>100% - 3.8</b> - Protects patient health through its surgical robots that enable safer, faster more automated surgical procedures	3: Climate change; Business conduct; Public health; Corporate governance	1: Increased performance linked element of equity grants
<b>Kerry Group</b> Consumer Staples Ireland	2016 buy date, 1.3% weighting Kerry Group is a specialist ingredient provider to the food and beverage markets, where clients depend on their innovative solutions to drive better nutrition, clean up labels and lower their ingredients' environmental footprint.	<ul style="list-style-type: none"> <li>⊕ <b>84% - 2.1</b> - Produces ingredients which contribute to the provision of safe, nutritious food</li> <li>⊖ <b>16% - Neutral</b></li> </ul>	5: Public health; Corporate governance	0
<b>Mettler-Toledo International</b> Health Care United States	2011 buy date, 3.0% weighting Laboratory and industrial equipment driving better healthcare and enabling precision manufacturing. Good sustainability practices, including a recent commitment to reduce water intensity by 20%, and achieve zero waste to landfill.	<ul style="list-style-type: none"> <li>⊕ <b>56% - 3.8</b> - Helps access to safe and high-quality medicines through its laboratory testing services and analytical instruments</li> <li>⊕ <b>39% - 8.2</b> - Contributes to economic efficiency through its range of testing products and services</li> <li>⊖ <b>5% - Neutral</b></li> </ul>	1: Environmental stewardship; Labour standards	1: New targets for sustainable packaging materials
<b>Thermo Fisher Scientific</b> Health Care United States	2018 buy date, 4.1% weighting Global provider of high-quality, innovative life sciences equipment and services which enhance accuracy and safety in clinical research, drug development, and diagnostics testing.	⊕ <b>100% - 3.8</b> - Supports access to healthcare via its range of analytical and data tools	0	1: Committed to become net zero by 2050

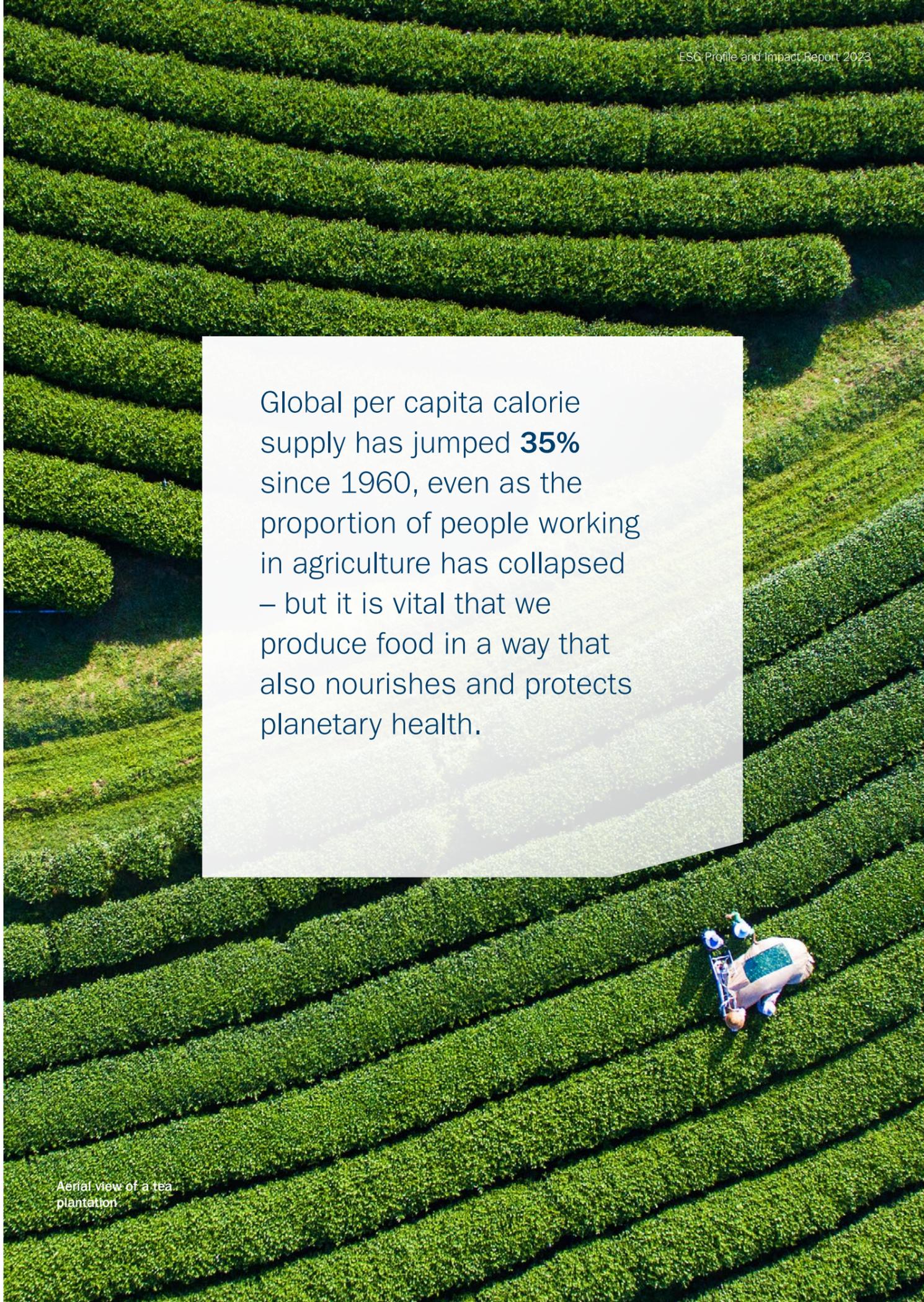
# Resource Efficiency

Resource efficiency is the art of using the Earth’s limited resources in a more sustainable way, whilst minimising the impact that we have on the environment – doing more with less. Resource inefficiency, as we are all too aware, is distressingly common.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>A.O. Smith</b> Industrials United States	2018 buy date, 1.1% weighting Water heaters and boilers play into energy efficiency and water conservation thematics. Water filtration systems replace the need for single-use plastic bottles. Also attractive linkage to rising Chinese middle class.	+ <b>100% - 6.4</b> - Enables greater water efficiency through the provision of water filtration products	1: Corporate governance	0
<b>Americold Realty Trust</b> Real Estate United States	2020 buy date, 1.5% weighting Largest listed cold and frozen food storage and logistics firm, structured as a REIT. Sustainability focused on reducing global food waste and switching facilities to use renewable power.	+ <b>88% - 12.3</b> - Provides cold storage and logistics infrastructure to help reduce food waste and spoilage - <b>12%</b> - Neutral	4: Climate change; Environmental stewardship; Business conduct; Human rights; Labour standards; Public health; Corporate governance	0
<b>Kubota</b> Industrials Japan	2011 buy date, 1.0% weighting Leading manufacturer of agricultural and industrial machinery, with a lead market share in sub 40hp tractors in the U.S. and a key player in the mechanisation of agriculture in South East Asia.	+ <b>67% - 2.4</b> - Supports sustainable food production through the sale of agricultural machinery + <b>26% - 9.1</b> - Promotes sustainable infrastructure, particularly in water where it has a range of engineering solutions and products + <b>6% - 6.4</b> - Enables greater water efficiency through the provision of water products and solutions - <b>1%</b> - Neutral	1: Climate change; Environmental stewardship; Labour standards	0
<b>Smurfit Kappa Group</b> Materials Ireland	2018 buy date, 1.5% weighting Smurfit is exposed to a number of megatrends, such as eCommerce, and is leading the way in the shift from plastic packaging to paper, with a management that is committed to sustainability.	+ <b>100% - 12.5</b> - Provides environmentally sustainable paper-based packaging, reducing waste generation	5: Climate change; Environmental stewardship; Human rights; Labour standards; Corporate governance	0
<b>Xylem</b> Industrials United States	2016 buy date, 2.5% weighting Strong and diverse portfolio addressing global water challenges, such as improving water efficiency and accessibility in local communities. Structural growth driven by the need to address scarcity by delivering operational efficiencies.	+ <b>1% - 6.4</b> - Enables greater water efficiency through its comprehensive range of water solutions + <b>26% - 9.4</b> - Supports greater water resource efficiency by producing measurement and control systems - <b>4%</b> - Neutral	3: Labour standards; Public health; Corporate governance	1: Utilisation of SDGs in reporting

Global per capita calorie supply has jumped **35%** since 1960, even as the proportion of people working in agriculture has collapsed – but it is vital that we produce food in a way that also nourishes and protects planetary health.

The average global household wastes **1.5 tonnes of food each year** – but companies like **Americold** combat food wastage through their world-leading food supply chain management.



Aerial view of a tea plantation

# Sustainable Cities

A growing global population coupled with urban migration is putting cities under increasing stress, from social issues such as the provision of reliable healthcare and education, to environmental challenges like global warming. This creates compelling opportunities for companies who can address these challenges head on and create sustainable urban environments for humanity to thrive in.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Acuty Brands</b> Industrials United States	2014 buy date, 2.0% weighting Distributor of energy-efficient indoor and outdoor lighting and control systems delivering energy savings through higher efficiencies, longer source life and smaller form factors.	<ul style="list-style-type: none"> <li>+ <b>95% - 7.3</b> - Supports improvements in energy efficiency by providing efficient lighting solutions</li> <li>+ <b>5% - 8.2</b> - Supports economic efficiency through the provision of payment services</li> </ul>	2: Climate change; Labour standards; Corporate governance	0
<b>Autodesk</b> Information Technology United States	2020 buy date, 2.3% weighting Autodesk is a global leader in software to improve efficiency in the Architectural, Engineering, Construction, Manufacturing and Media industries. The growing move to digital solutions should drive demand.	<ul style="list-style-type: none"> <li>+ <b>94% - 8.2</b> - Provides architects with the technological tools to improve energy and material efficiency within real estate</li> <li>- <b>6% - Neutral</b></li> </ul>	0	0
<b>Shimano</b> Consumer Discretionary Japan	2017 buy date, 1.3% weighting World leader in gears and brakes for bicycles, with expert metal-working skills, supporting sustainable cities and mobility, and facilitating healthy lifestyles.	<ul style="list-style-type: none"> <li>+ <b>81% - 3.4</b> - Produces bicycle components, contributing to good health and the reduction in non-communicable diseases</li> <li>- <b>19% - Neutral</b></li> </ul>	2: Climate change; Human rights; Labour standards; Corporate governance	0
<b>Tractor Supply Company</b> Consumer Discretionary United States	2012 buy date, 2.2% weighting US rural life retailer, with a clear focus on being a responsible operator, both for customers and employees alike, as evidenced by lower employee attrition rates.	<ul style="list-style-type: none"> <li>- <b>100% - Neutral</b></li> </ul>	2: Climate change; Labour standards; Corporate governance	0

Empowering people to design, collaborate, build and fabricate in ways that improve productivity – while also reducing waste, saving money and staying competitive – is the goal behind our sustainable design technology

**Autodesk**



Cities occupy just **3%** of the Earth's land but account for **60-80%** of energy consumption, and at least **70%** of carbon emissions.

The Shibuya zebra crossing in Tokyo, Japan

# Sustainable Finance

The financial sector is uniquely positioned to adapt and promote innovation to address global sustainability challenges – including climate change, population growth and resource scarcity. The provision of training to improve financial literacy can not only serve to improve standards of personal finances, but also has an important role in addressing the needs of the most vulnerable in society, including closing the gender gap and lifting people out of the poverty trap.



The modern skyline of Oslo, Norway

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Allianz Financials</b> Germany	2014 buy date, 1.5% weighting Provision of financial services to individuals and corporates, incorporating ESG and climate risks into sustainable solutions offerings.	<ul style="list-style-type: none"> <li>⊕ <b>42% - 8.10</b> - Promotes access to financial services for all through its retail banking operations</li> <li>⊕ <b>5% - 12.6</b> - Promotes responsible investment through providing asset management services with ESG integration, and specialist SRI funds</li> <li>⊕ <b>53% - 3.80</b> - Improves access to health-care through their health insurance products</li> </ul>	0	0
<b>DNB Financials</b> Norway	2014 buy date, 1.5% weighting Largest financial services provider in Norway, DNB is at the forefront of digital banking (Norway leads the world) making it one of the most efficient global banks. Low risk and highly capitalised.	<ul style="list-style-type: none"> <li>⊕ <b>56% - 9.3</b> - Promotes socioeconomic growth by enabling access to financial services for small, medium and large enterprises</li> <li>⊕ <b>30% - 8.10</b> - Promotes access to financial services for all through its retail banking operations</li> <li>⊖ <b>14%</b> - Neutral</li> </ul>	0	0
<b>HDFC Bank Financials</b> India	2017 buy date, 2.3% weighting High-quality Indian bank with strong market position; addressing the almost 190mn unbanked adults in India, providing financial education along the way.	<ul style="list-style-type: none"> <li>⊕ <b>46% - 8.10</b> - Promotes access to financial services for all through its retail banking operations, including a particular focus on rural customers</li> <li>⊕ <b>27% - 9.3</b> - Promotes socioeconomic growth by enabling access to financial services for small, medium and large enterprises, including affordable credit</li> <li>⊖ <b>27%</b> - Neutral</li> </ul>	1: Climate change; Labour standards	1: Improvement of gender diversity on board
<b>Intercontinental Exchange Group</b> Financials United States	2010 buy date, 2.4% weighting One of the world's leading financial exchanges allowing efficient capital raising and risk management for global businesses. Has been at forefront of development of environmental markets.	<ul style="list-style-type: none"> <li>⊕ <b>64% - 17.16</b> - Facilitates the sharing of financial knowledge and information through the operation of exchanges</li> <li>⊕ <b>21% - 17.6</b> - Provides data and technology services that support international information-sharing</li> <li>⊕ <b>15% - 9.1</b> - Contributing to development of resilient infrastructure through mortgage technology</li> </ul>	0	0
<b>London Stock Exchange Group</b> Financials United Kingdom	2021 buy date, 1.9% weighting The UK's primary stock exchange exchange, allowing efficient capital raising and risk management for businesses.	<ul style="list-style-type: none"> <li>⊕ <b>71% - 17.6</b> - Provides data and technology services that support international information-sharing</li> <li>⊕ <b>18% - 17.16</b> - Facilitates the sharing of financial knowledge and information through the operation of exchanges</li> <li>⊕ <b>11% - 8.10</b> - Improving access to financial services</li> </ul>	1: Labour standards	0

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>Principal Financial Group</b> Financials United States	2011 buy date, 1.2% weighting Provides broad range of financial services globally with focus on health and savings products to underserved small businesses in North America and pension products to Latin America. Developing suite of ESG offerings.	<ul style="list-style-type: none"> <li>⊕ <b>33% - 3.8</b> - Provides access to healthcare through its medical insurance products</li> <li>⊕ <b>13% - 12.6</b> Promotes responsible investment through providing asset management services with ESG integration</li> <li>⊕ <b>9% - 17.5</b> - Offers financial services products in emerging markets, including least developed markets</li> <li>⊖ <b>45%</b> - Neutral</li> </ul>	0	0
<b>Prudential</b> Financials United Kingdom	2011 buy date, 1.7% weighting Provision of health and savings products to increasingly affluent Asian market, but one with less social security programmes offering protection to meet requirements of the growing middle classes.	<ul style="list-style-type: none"> <li>⊕ <b>97% - 3.8</b> - Provides access to healthcare through its medical and health insurance products</li> <li>⊖ <b>3%</b> - Neutral</li> </ul>	0	0
<b>SVB Financial Group</b> Financials United States	2016 buy date, 1.3% weighting Specialist lender to the innovation economy is the key attraction whilst the company's impressive track record on delivering growth without meaningful loan losses speaks to its underwriting and relationship management skills.	<ul style="list-style-type: none"> <li>⊕ <b>62% - 9.3</b> - Promotes socioeconomic growth by enabling access to financial services for small, medium and large enterprises</li> <li>⊖ <b>38%</b> - Neutral</li> </ul>	1: Climate change; Labour standards; Corporate governance	0

No theme				
Company	Company description	SDG alignment	Number and subject of engagement(s) in 2022	2022 milestones
<b>V.F. Corporation</b> Consumer Discretionary United States	2016 buy date, 1.0% weighting Active lifestyle brand owner (Vans, The North Face) with a real focus on supply chain sustainability, from raw material procurement and resource efficiency, to labour standards.	<ul style="list-style-type: none"> <li>⊖ <b>90%</b> - Neutral</li> <li>⊕ <b>10% - 8.8</b> - Promoting safe and secure working environments through the provision of professional uniforms</li> </ul>	2: Human rights; Labour standards	0

## Contact us

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