



**M&G (Lux) Diversity and Inclusion Fund**  
Annual Sustainability  
and Impact Report 2023



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# Introduction



**Ben Constable-Maxwell**  
Head of Impact Investing

Welcome to the second edition of the Annual Sustainability and Impact Report for the M&G (Lux) Diversity and Inclusion Fund.

Since we published our first report, barriers to social inclusion and equal opportunities continue to be witnessed across the globe. In many areas, these have been made worse by the COVID-19 pandemic and more recent cost of living crisis, with the most vulnerable groups being hit hardest.

Diversity in the corporate world is improving, but there is still a long way to go. Women make up 33% and 41% of board members at S&P 500 and FTSE 100 companies respectively, while ethnic minority representation stands at 24% and 18% respectively.

More widely, social exclusion continues to be driven by women and other under-represented populations not fully participating in the economies in which they reside. Globally, 76% of adolescent girls are in education, employment or training, compared to 87% of boys. Furthermore, only 44% of disabled people are likely to be employed, compared to 75% of people without disabilities.

Tackling these issues makes financial sense. Gender inequality alone is estimated to have caused \$160 trillion of human capital losses. In the US, the racial wealth gap is expected to cost the economy \$1-1.5 trillion between 2019 and 2028 – equivalent to a 4-6% GDP hit in 2028 – through its dampening effect on consumption and investment.



**Thembeke Stemela Dagbo**  
Fund Manager

Looking at individual companies, research from Refinitiv and the World Economic Forum has shown that companies with culturally diverse boards tend to outperform those with low levels of diversity, while companies with no gender pay gap tend to outperform those with a pay gap.

Investors can play an important role in promoting a society where people are represented and treated equally regardless of gender, race, sexuality and any other facet of identity. Over the following pages, we provide an overview of how we aim to do this in the M&G (Lux) Diversity and Inclusion Fund.

We explore our investment process and philosophy on pages 6-11, followed by an update on how our investee companies have progressed in their diversity and inclusion efforts over the past year on page 14. As before, we have also included in-depth case studies on two companies, explaining how we believe they are championing diversity or promoting social inclusion, on pages 21-25.

In the past year, we have sent follow-up diversity and inclusion questionnaires to all investee companies. We review the results on page 13. The questionnaires give greater clarity on companies' efforts to create inclusive work environments, and we will use the responses to identify areas where we can engage with investees to encourage improvements.

We hope you enjoy reading about the fund, and our investee companies, in this report.

A handwritten signature in black ink, appearing to read 'B. Constable-Maxwell'.

A handwritten signature in black ink, appearing to read 'Thembeke Stemela Dagbo'.



M&G's increasingly diverse and inclusive culture is the foundation of our business success. It is not enough to simply have diversity targets – it is as important to measure our progress on building an inclusive and welcoming workplace. With this in mind, in June 2023, we were proud to announce that M&G plc successfully achieved re-accreditation for the National Equality Standard (NES). This is the UK's highest benchmark for equality, diversity and inclusion.

The NES acknowledged M&G as setting the benchmark within our industry and in cross-sectional organisations of a similar size (5,000 to 10,000 employees). With a score of 145 out of 175, this re-accreditation demonstrates our commitment to driving diversity, inclusion and equality within our workplace and across our industry. It also reflects the incredible efforts and strides we have made in the past three years, and the collective team effort that has gone into defining our working environment and culture.

Through our NES re-accreditation, we are demonstrating our commitment to celebrating and championing the diversity of our organisation and creating an inclusive workplace that reflects our communities, clients and external stakeholders. As we seek to simplify and grow our organisation, external recognition like this helps us retain and attract the best talent, allowing us to drive innovation, creativity and success from within.

**Mark McLane**  
Head of Diversity,  
Inclusion and Well-being, M&G plc



# Approach and objectives

In the M&G (Lux) Diversity and Inclusion Fund, we take a hybrid approach of sustainable investing and impact investing, seeking both ‘diversity’ companies and ‘inclusion’ companies. While there are differences between the two, the investment approach is broadly consistent across the fund.

## A combined approach

We believe that diversity cannot be attained without inclusion, and that one essentially aids the other. This is why our investment process combines both.

The majority of the fund is run with a sustainable investment approach, focusing on sustainability companies demonstrating high levels of diversity and inclusive work environments. At least 15% of the fund is run with an impact investment strategy, where we select companies making intentional, measurable efforts to improve social inclusion through their products and services.

We look for both types of companies across all geographies and sectors. We also ensure that all potential companies have strong overall sustainability credentials, regardless of which part of the fund they would fall into. Their good work in one area should not be offset by causing harm in another.



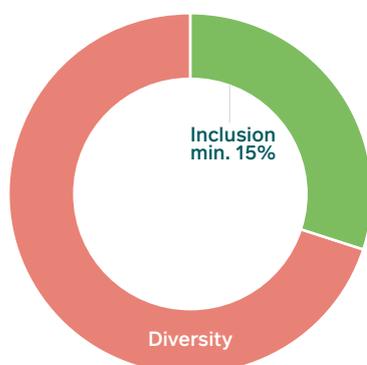
## What are diversity companies?

Diversity companies are those which demonstrate a commitment to diversity leadership through their diversity representation, policies and processes.

These companies show a high degree of gender or ethnic representation at the board and management level, and they empower employees from all backgrounds. They tend to have set diversity targets, and report on their progress towards these, while reporting on and taking steps to reduce gender and ethnic pay gaps where possible. Finally, they have adequate approaches to key workplace policies, such as, but not limited to, anti-harassment, flexible working and parental leave.

See page 8 for more information on how we select diversity companies.

Fund's diversity and inclusion split



## What are inclusion companies?

Inclusion companies aim to make an intentional, measurable positive impact, by providing solutions to combat social inequality and improve the reach of underserved or underrepresented groups.

They operate across many different industries, and their products or services could provide access to:

- housing, infrastructure and technology
- employment and education
- healthcare
- financial products.

See pages 10-11 for more information on how we select inclusion companies.

## Categorising companies

When examining the business case for a potential holding, we will look at its structure and maturity. Companies are split broadly into one of two categories:

**Stable growth** companies are those with established business models and a proven track record of stable earnings. Individual weightings tend to be 3-5% of the fund.

**Opportunities** companies are those with newer business models and less cashflow predictability, where there is significant upside potential, and we believe risks are overstated or potential change is not appreciated by the markets. Individual weightings tend to be 1-3% of the fund.

## The importance of valuation

Before investing, we carry out scenario-based valuations of stocks, using change analysis to understand what is built into today's share price, and the sensitivity to change. This focuses on the potential upside, as well as the potential downside risks, of holding the stock, placing probabilities on these different scenarios. This allows us to determine what we believe to be a company's intrinsic value.

We will invest when the margin of safety between the current share price and what we believe is the company's intrinsic value is sufficiently large, compared to alternative opportunities and considering portfolio risks.

## Active engagement

We actively engage with both diversity and inclusion companies, to keep track of their progress over time and to fill any gaps in their publicly available data. Engagement also helps us to encourage positive changes, or address any potential negative impacts. After all, even the most diverse or impactful companies can find room for improvement.

For example, we may encourage companies to improve the diversity of their wider workforce, or to implement new policies around flexible working. We may also ask a company to improve its disclosures, for example in reporting its ethnicity pay gap, or tracking the positive impact its products are making on society. We will also engage with diversity companies if they fall below our 30% minimum requirement for board-level diversity (at the time of purchase), to find out what measures will be taken to improve this in the quickest and smoothest fashion possible.

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The value of the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise and you may get back less than you originally invested.

The views expressed in this document should not be taken as a recommendation, advice or forecast.

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# How we invest in diversity companies

Diversity companies make up the majority of the M&G (Lux) Diversity and Inclusion Fund. When selecting diversity companies, we look for sustainability companies with high levels of diversity at board and management level, and with progressive workplace policies and processes to encourage an inclusive workplace environment.

## Minimum requirements

The first stage of the investment process is to screen potential companies for gender and ethnic diversity representation. Investee companies must have at least 30% female or ethnic minority representation on their boards at the time of purchase. If a company is chosen for its ethnic diversity representation, no single ethnicity must represent more than 70% of the board at the time of purchase.

However, we don't just examine the numbers. We also look at the company's policies and processes, its targets and external accreditations, and any other evidence that diversity is a strong strategic or cultural priority for the company.

## EQL framework

Before a company can be added to the fund, it must pass through our EQL framework. This involves an in-depth analysis of the company's diversity and investment quality, focused around three criteria:

- **ESG credentials** – environmental and social responsibility characteristics, evidenced by strong governance and sustainable business practices.
- **Quality** – the quality and durability of the company's business model, and its ability to produce sustainable economic returns.
- **Leadership** – the company's commitment towards diversity leadership, demonstrated by diversity in the workforce and through its processes.

If a company scores at least five out of 10 in each of the three areas, it can then be added to the watchlist and purchased if the time and price are right.

### ESG

- Environmental and social responsibility
- Strong governance and culture
- Sustainable practices

0-10

### Quality

- Business model
- Competitive position
- Capital allocation
- Business risk
- Liquidity

0-10

### Leadership

- Representation
- Intention and empowerment
- Diversity and inclusion statements, targets and pledges

0-10



# How we invest in inclusion companies

Inclusion companies make up at least 15% of the fund. These companies deliver intentional, measurable positive impacts against societal challenges, often providing solutions for underrepresented groups to improve their access to the likes of healthcare, technology, financial products or education.



## Different types of company

The fund invests in three different types of company, which we have called 'pioneers', 'enablers' and 'leaders', providing additional diversification across industries, end markets, and maturity of business models.



### Pioneers

Pioneers tend to be young companies whose innovative products/services are likely to disrupt and revolutionise a given area. They tend to spend large amounts of capital as a percentage of revenues on research and development and are not mature in their development.



### Enablers

Enablers are those that provide tools for other companies to deliver the impact.



### Leaders

Companies that have spearheaded sustainability and impact in their own area of expertise. They maintain their leadership by continuing to invest in research and development, but this cost represents a smaller percentage of revenues compared with pioneers, as their profitability is more established.

## What does it mean to be underserved or underrepresented?

When analysing inclusion companies, we consider whether they are providing solutions for underserved or underrepresented populations. These could include:

- women (in developed or underdeveloped markets)
- racially or ethnically diverse, or minority groups (in developed or underdeveloped markets)
- other disadvantaged or vulnerable individuals, such as those with special needs based on disabilities, language barriers or age (in developed or underdeveloped markets)
- populations with limited access to affordable education, healthcare, financial services, information, technology and infrastructure (in underdeveloped markets)
- low- to middle-income groups with limited access to the above (in developed and underdeveloped markets).

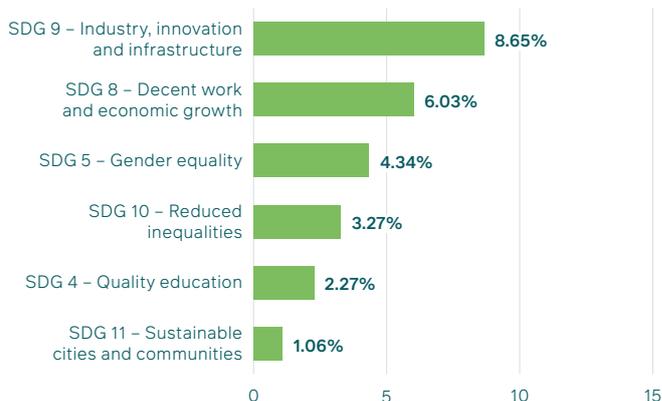
## The UN's Sustainable Development Goals

Each inclusion company is assigned a primary UN Sustainable Development Goal\* (SDG) that we believe the company is addressing. We assign specific, SDG-aligned key performance indicators (KPIs) to each company, against which we measure the materiality of the impacts they are achieving.

Companies in the fund tend to contribute towards a range of SDGs, focused around reducing inequalities, promoting education and work, and improving access to healthcare and infrastructure.

While we support the UN SDGs, we are not associated with the UN and our funds are not endorsed by the organisation.

### Fund exposure to the UN SDGs



Source: M&G, as at December 2023.

## ‘Triple I’ or III methodology

Before a company can be added to the watchlist and held in the M&G (Lux) Diversity and Inclusion Fund, it must be analysed through our III framework. This is split into three areas – Investment, Intention and Impact.

The investment and impact case in the company will be debated by M&G’s internal impact committee and must be approved unanimously, while scoring a minimum of five out of 10 in each area, before the company can be added to the watchlist. The team will then use scenario-based valuation modelling to determine the company’s intrinsic value. Only if the price and timing are right will the company be added to the fund.

Investment	Intention	Impact
<ul style="list-style-type: none"> <li>Business model</li> <li>Competitive position</li> <li>Capital allocation</li> <li>Business risk</li> <li>ESG</li> <li>Liquidity</li> </ul>	<ul style="list-style-type: none"> <li>Mission statement and purpose</li> <li>Management and strategic alignment</li> <li>Management transparency</li> <li>Culture</li> </ul>	<ul style="list-style-type: none"> <li>Impact balance</li> <li>Measurability</li> <li>Materiality/ revenues to SDGs</li> <li>Additionality</li> <li>Impact risk</li> </ul>

# Diversity and inclusion questionnaires

Every year, we send diversity and inclusion questionnaires to all fund holdings. The responses provide a deeper insight into how they approach diversity and inclusion, beyond the data that they may disclose in their public reports, and can help us to prioritise future engagements with investee companies.

## What are diversity and inclusion questionnaires?

Questionnaires are sent to all companies in the fund, whether they are considered to be diversity companies or inclusion companies. The responses can provide an insight into the diversity of each company's workforce, plus their targets, policies and procedures, and the steps they take to maintain an inclusive workplace.

We will be sending questionnaires to every company in the fund on an annual basis, helping us to track their progress over time and identify areas where we can engage with management to encourage improvements.

## What is included in the questionnaire?

The questionnaires ask for statistics or contextual information on elements such as:

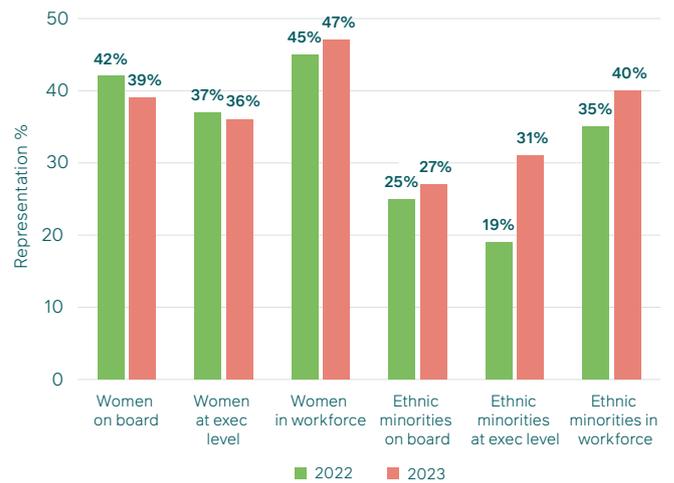
- female and ethnic diversity representation at the board, senior leadership and the wider workforce levels
- representation of LGBTQ+ and people with disabilities in the workforce, and the company's policies or employee networks to support these groups
- gender and ethnic minority pay gaps, and any contextual information around the figures
- the company's diversity targets for the wider workforce, new hires and promotions
- details of policies around parental leave, flexible working, harassment and discrimination
- whether the company produces diversity reports, and how it measures inclusion
- any external accreditations, recognition or pledges the company holds.

## The results

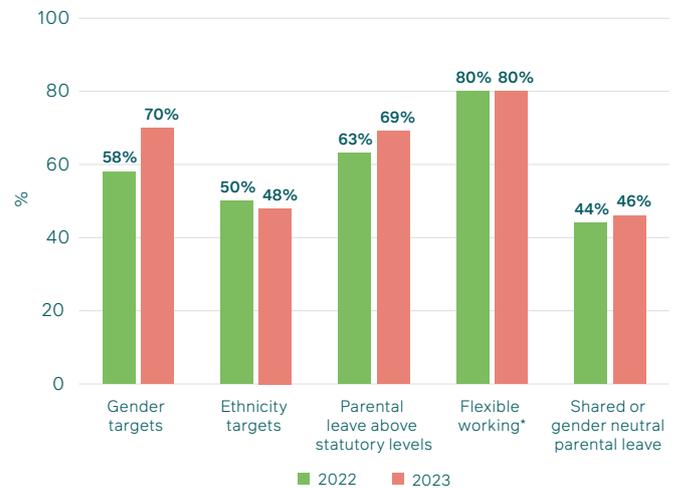
In 2023, we received a 65.7% response rate to our questionnaire, down from 73.5% in 2022. Of those companies that responded, female representation at the board level was shown to be 39% on average. At executive level and in the wider workforce, these figures were 36% and 47% respectively. These are broadly in line with those reported in last year's report. Ethnic minority representation stood at 27%, 31% and 40% at board, executive and total workforce level. Encouragingly, these are all small increases on the numbers shown last year.

Companies are also backing up their diversity representation with policies and procedures. More than half of responding companies offer parental leave above statutory requirements, while 46% offer shared or gender-neutral parental leave. When it comes to diversity targets, 70% of companies had set formal gender representation targets, and 48% had implemented targets for ethnic minority representation.

Gender and ethnic minority representation at investee companies



Policies, procedures and governance at investee companies



Source: Results collated from questionnaires sent by M&G to investee companies, 2023. \*For half or more employees.

# Portfolio measurement

Here we have provided a complete list of portfolio companies, and the metrics we use to help us measure their contributions towards diversity or inclusion.

For diversity companies, we have listed the percentages of female and/or ethnic minority representation on the board, in leadership roles and in the wider workforce.

For inclusion companies, we have listed the specific KPIs that we believe align most closely to the nature of the company's social impact, alongside the materiality of the company's business activities towards their primary SDG.

This data is taken from the latest available company literature, or from responses to the diversity questionnaires sent to all portfolio companies (see pages 12-13)

## Commentary

Encouragingly, we have noted improvements at a number of gender diversity companies since last year's report. For example, at UK retailer WHSmith, the percentage of women on the board rose from 38% to 55%, while women now comprise 36% of senior management (up from 32% previously).

Similarly, at Pets at Home, female representation at the board and senior management levels has increased to 50% and 52% respectively, up from 37% and 44% at the last time of reporting. Notably, there was a slight decline in female representation in the wider workforce, but this remains high at 73%. We review Pets at Home's diversity credentials in more detail in the case study on pages 22-23.

Bidvest has reported an increase in the proportion of women in its workforce (47% from 44% last year). The company has also partnered with the Black Management Forum to implement the Women's Empowerment Desk; this initiative facilitates the development and progress of female leaders in South Africa.

HP has also made encouraging strides in the gender sphere. The proportion of women in executive positions has increased from 25% to 30%, and it has maintained good levels of gender diversity at both board and senior management level. HP has a number of targets in place to increase female representation in its workforce. For example, it aims to achieve complete gender parity at leadership level by 2030, and has also implemented women leadership initiatives internationally, such as Disha in India, and the Talent Development Programme and Women in Leadership Lab in Mexico.

Visa's gender diversity statistics paint a more nuanced picture. Female representation at board level has fallen slightly to 33% (from 36%), while the proportion of women in senior management positions has increased to 37% (from 34%). It is worth highlighting that Visa University runs a number of programmes to support employees, including its Amplify programme, which helps female leaders 'find and enhance their authentic voice'.

Ansys's ethnic minority statistics have slightly deteriorated. Ethnic diversity at board level has fallen to 40% (from 44%) while ethnic diversity in the workforce now stands at 30% (from 33% last year).

Turning to our inclusion companies, and we have seen encouraging increases in the impact achieved by a number of investees. For example, Bank of Georgia has increased the number of people it serves from low-income groups or the mass retail market by 300,000. Indian financial services company HDFC Bank also opened an additional 300,000 accounts for previously unbanked individuals through India's PMJDY financial inclusion programme.

African telecommunications-tower business Helios Towers also expanded its impact in the past year. The company reached two million more people and added an additional 4,000 tower sites, helping to improve mobile coverage in some of the world's most remote areas. By improving connectivity, Helios also allows more people to access essential services such as healthcare, banking and education.



## Gender diversity companies

Company	Women on the board	Women on the executive committee	Women in senior management	Women in the workforce
<b>Accenture</b>	50%	32%	29%*	47%
Accenture aims to achieve gender parity by 2025. It also targets 30% female representation at managing director level by the same year. As part of its goal to foster a diverse working environment, the company offers flexible working, training programmes and targeted support. Accenture has been included in Bloomberg's Gender Equality Index for multiple years.				
<b>AIB Group</b>	40%	42%	37%	55%
AIB Group is a signatory to the HM Treasury Women in Finance Charter, which seeks to create more gender balance in the workplace. The company also promotes diversity through its family-friendly policies. AIB implemented an Inclusion and Diversity strategy in early 2022; it hopes this will help it close its gender pay gap.				
<b>American Water Works</b>	60%	63%	28%	25%
American Water Works produces a diversity report, providing an overview of its progress on an annual basis. The AWWA Diversity Center helps engender a diverse and inclusive environment. The company has been named Champion of Board Diversity by The Forum of Executive Women for the seventh year in a row. It was also included in the 2023 Bloomberg Gender-Equality Index for the fifth consecutive year.				
<b>Booking Holdings</b>	33%	11%	31%	47%
Booking Holdings offers its employees flexible working and has instituted mandatory anti-harassment training. The company reviews pay equity every other year and has a Women in Leadership programme to hone and develop the skills of emerging female leaders. It produces an annual sustainability report in which it provides an update on diversity, inclusion and belonging.				
<b>Brambles</b>	45%	39%	36%	26%
Brambles has established a global Diversity, Equity and Inclusion Team. The company reached its goal of 40% female representation on its board two years ahead of schedule, and was included in the 2023 Bloomberg Gender Equality Index for the first time.				
<b>Cisco</b>	42%	38%	25%	29%
Cisco has established the Women of Cisco Inclusive Community; this grapples with a range of issues, including the difficulties involved in parenting in a hybrid work environment. The company offers a range of benefits for parents and carers encompassing flexible working and critical time off. Female representation across its workforce has increased over the past three years. Cisco has won a number of accolades for its success in the gender arena; for example, Fortune has ranked the company the third-best large workplace for women in the US.				
<b>Colgate-Palmolive</b>	36%	36%	43%	53%
Colgate-Palmolive carries out a US-based pay analysis on an annual basis. Female representation at executive level increased significantly between 2018 and 2022. The company has a number of initiatives in place to further women's career development such as the Colgate Women's Network in Brazil. Colgate-Palmolive produces an annual report, providing statistics on workforce diversity, alongside a detailed overview of the company's strategy for improving diversity and inclusion.				
<b>Intact Financial Corporation</b>	46%	31%	42%	58%
IFC met its Women in Finance Charter target of 34% female representation in the management group one year early. The company's gender pay gap in the UK has improved and it has a number of strategies in place to further close the gap. It has established several networks to assist women with their career progression. IFC's policies cover hybrid and flexible working.				
<b>Legrand</b>	42%	33%	24%	38%
Legrand targets complete gender parity across its workforce by 2030. By 2024, it aims for women to hold 30% of management positions. Its network, ellewlegrand, seeks to foster an environment in which men and women are treated equally. The company has a diversity and inclusion policy in place.				
<b>Lululemon</b>	55%	56%	47%	76%
Lululemon's initiative 'Women Of' aims to facilitate female career progression, with a particular focus on helping women from ethnic minority backgrounds. The company's US benefits plan provides employees with access to reproductive healthcare.				

Company	Women on the board	Women on the executive committee	Women in senior management	Women in the workforce
<b>Pets at Home</b>	50%	71%	52%	73%
In recognition of its high level of female representation at executive level, Pets at Home came seventh in the FTSE Women Leaders Review 2023. The company encourages hybrid working and offers shared parental leave. Its anti-harassment stance is set out within its diversity and inclusion policy.				
<b>Quest Diagnostics</b>	40%	29%	60%	77%
Quest's Inclusion and Diversity Council and training modules help engender an inclusive work environment. The company has set a goal to take part in more programmes and initiatives to increase diversity. By 2025, it also aims for employees from underrepresented backgrounds to constitute more of its workforce at director level and above.				
<b>RELX</b>	40%	40%	31%	50%
RELX is a signatory to the Women's Empowerment Principles. This is a UN initiative and aims to enhance gender equality. The company has a Women in Technology mentoring programme which helps high-potential women in the tech field further their careers. Relx is seeking to implement minimum global standards for flexible working. In the US, it offers a Modern Family Leave benefit to eligible employees. This provides up to 14 weeks of paid leave post birth or adoption.				
<b>S&amp;P Global</b>	38%	33%	30%	38%
S&P Global has published a Diversity, Equity and Inclusion report for the first time. The company aims to increase the proportion of women in its global workforce. S&P has a number of initiatives in place to facilitate female leadership, including its PILOT Coaching Program. Some of the benefits on offer include 26 weeks of paid parental leave for all parents, fertility coverage and flexible working arrangements for those caring for a family.				
<b>Schneider Electric</b>	45%	41%	28%	33%
Schneider Electric has won a number of accolades for diversity and inclusion; for example, it was named a Financial Times Top 50 Diversity Leader in 2022 and consistently appears in the Bloomberg Gender Equality Index. By 2025, the company aims for women to constitute 50% of all new hires, 40% of frontline managers and 30% of senior leadership. The Schneider Women Leaders' Program helps women cultivate the skills necessary to become effective leaders.				
<b>Visa</b>	33%	31%	37%	42%
Male and female employees earn the same pay for the same work globally. Some of the benefits on offer at Visa include paid new child bonding leave and childcare services. Visa University runs a number of programmes to support employees, including its 'Amplify' programme which helps female leaders 'find and enhance their authentic voice'.				
<b>WHSmith</b>	55%	18%	36%	62%
WHSmith has a flexible return to work policy for the first three months after maternity leave. Shortlists for senior management roles must now demonstrate an equal split between male and female candidates, and must also include at least one candidate from an ethnic minority background. The company works with Everywoman which offers a variety of personal development tools to women.				

\*Managing directors.

## Ethnic minority diversity companies

Company	Ethnic diversity on the board	Ethnic diversity in leadership roles	Ethnic diversity in the workforce
<b>Ansys</b>	40%	Not available	30%
Ansys's employees can join a wide range of diversity-friendly groups. These include the Black Employee Network, Women in Tech and Latino Connection. The company has strengthened its relationships with Black colleges and universities to ensure it has access to diverse talent.			

## Gender and ethnic-minority diversity companies

Company	Women on the board	Women on the executive committee	Women in senior management	Women in the workforce	Ethnic diversity on the board	Ethnic diversity in leadership roles	Ethnic diversity in the workforce
<b>Bidvest</b>	75%	42%	42%	47%	83%	50%	78%
Bidvest aims for women to constitute 45% and Africans 50% of South African management by 2025. It is a signatory to the UN Global Compact and nominates employees to take part in the UN Gender Diversity Accelerator programme.							
<b>HP</b>	46%	40%	33%	38%	46%*	27%*	33%*
HP has a number of targets in place to increase female representation in its workforce; for example, it targets complete gender parity at leadership level by 2030. It also aims to double the number of Black/African American executives by 2025 (from a 2020 baseline).							
<b>Illumina</b>	33%	38%	41%	45%	33%	28%	52%
Illumina aspires to increase minority representation in its US executive leadership team by 2030. It also targets further gender equality in global leadership by the same year. The company is a signatory to the UN Women Empowerment Principles. Its Equal Opportunity and Non-discrimination policies help combat prejudice in the workplace.							
<b>Microsoft</b>	42%	26%	23%	31%	33%	34%	53%
Microsoft has been a signatory to the UN Global Compact Women's Empowerment Principles for over a decade. The company offers parental leave to all employees; it also provides family planning, fertility and adoption support. Microsoft implemented the Racial Equity Initiative in June 2020; the company has set aside \$150 million towards enhancing inclusion and increasing ethnic minority representation in the US across its people managers, senior individual contributors and senior leaders.							
<b>Unilever</b>	38%	23%	36%	35%	31%	46%	Not available
Unilever offers coaching to help parents manage the return to work after parental leave. The company's Global Maternal Well-being Standard provides mothers with access to various facilities, including nursing and crèches. Employees are given a minimum 16 weeks of paid maternity leave. The company is a signatory to the Race at Work Charter.							

\*US only.

## Inclusion companies

Company	Impact	KPI explanation	KPI measurement	Previous measurement	Year-on-year change	Revenue to primary SDG*	Primary SDG
<b>Bank of Georgia</b>	Provides financial services, aiding financial inclusion in a society left with little infrastructure following the end of communism.	# of people served in low-income groups or mass retail market	2.9m	2.6m	+300k	80%	
<b>Bank Rakyat Indonesia</b>	Provides microfinance services to underserved small and medium-sized companies.	# of customers	34.2m people served	New holding	n/a	60%	
<b>Bright Horizons</b>	Supplies educational and family support services, providing a viable option for women to have their children cared for, while still participating in the workplace.	# of women supported	~32k women at full service centres, serving 10m children in back-up centres (2.6m women benefit)	~30k women at full service centres, serving 10m children in back-up centres (2.6m women benefit)	+2k No change	100%	
<b>Cochlear</b>	Provides cochlear implants, helping to restore hearing and improve the well-being of those with hearing problems.	# of implants provided	44k people in 2023, and >700k implants cumulatively	40k people in 2022, and >700k implants cumulatively	+4k	100%	
<b>Etsy</b>	Provides an online platform for selling goods, enabling greater economic participation for entrepreneurs and those needing to supplement their income.	# of women empowered	4.2m active sellers who are women working from their homes	3.9m active sellers who are women working from their homes	+300k	100%	
<b>HDFC Bank</b>	Helps to improve access to banking, insurance and financial services for all.	# of accounts opened to economically weakened sections/low-income groups	2.9m accounts in India's PMJDY financial inclusion programme (underbanked sections)	2.6m accounts in India's PMJDY financial inclusion programme (underbanked sections)	+300k	38%	
<b>Helios Towers</b>	Operates mobile telecommunications infrastructure, enabling greater access to mobile and communication services in areas with some of the lowest mobile penetration.	# of people covered	141m	>139m	+2m	100%	

Company	Impact	KPI explanation	KPI measurement	Previous measurement	Year-on-year change	Revenue to primary SDG*	Primary SDG
<b>Katitas</b>	Purchases and renovates homes, to provide affordable housing in Japan.	# of homes sold and estimated people reached	76k homes (includes Reprice homes) and reaches ~8-12k people per annum, based on the 3-5k homes the company tends to sell in a year	>70k homes (includes Reprice homes) and reaches ~8-12k people per annum, based on the 3-5k homes the company tends to sell in a year	+6k homes	100%	
<b>MSA Safety</b>	Helps to ensure worker safety and protect infrastructure by providing safety equipment.	# of hardhats and products sold	9-10m hardhats	7-8m hardhats	+2m hardhats	100%	
<b>Pearson</b>	Provides learning and educational services for school pupils and working professionals.	# of people benefiting from affordable education and upskilling learning	9.9m	New holding	n/a	58%	
<b>Progyny</b>	Provides high-quality maternity benefits, helping to create a path to parenthood for non-traditional couples or those who choose to start a family later in life.	# of people covered	5.4m	4m	+1.4m	100%	
<b>Safaricom</b>	Provides telecommunication services, allowing greater mobile connectivity and financial inclusion for underserved communities.	# of customers reached (underserved)	43.8m customers in Kenya (32.1m considered underserved), 3m in Ethiopia	42.4m customers (30.5m considered underserved)	+1.4m +1.6m +3m	100%	

\*SDG = UN Sustainable Development Goal. Figures are based on latest information available from company literature.

While we support the UN SDGs, we are not associated with the UN and our funds are not endorsed by the organisation. The information provided should not be considered a recommendation to purchase or sell any particular security.

# Case studies

Over the following pages, we have highlighted one diversity company and one inclusion company. We explore how each company is demonstrating a commitment to diversity leadership or enabling greater social inclusion, and summarise the EQL or Triple I analysis.



# Pets at Home



## A leading provider of pet care products and services

Pets at Home (Pets) is one of the leading pet care businesses in the UK: its versatile offering spans pet food, accessories, toys and bedding, as well as grooming and veterinary services. The business benefits from an omnichannel structure, attracting and retaining customers by selling products both in-store and online. Its one-stop-shop proposition and the affordability of its products and services help to amplify its competitive edge.

The company operates across two main segments – retail and veterinary. Health and hygiene products, pet insurance and dog treats capture just a slice of its retail offering. The veterinary division covers the full spectrum of care, including preventative health checks, vaccinations and digital X-rays.

Pets' gender diversity statistics are particularly striking. Women make up the majority of its workforce (73%). 52% of the senior management team, including the CEO, are women, while the latest data from the company indicates that female representation at executive level has risen significantly to 71%.

The business's apprenticeship schemes, mental health training programme and participation in the Prince's Trust Kickstart Scheme all exemplify its positive approach to diversity and inclusion. From 2022 to 2023, the company supported over 385 apprentices across several areas, including nursing, leadership and dog grooming. It also trained over 200 mental health first aiders who are now able to effectively support colleagues with their mental well-being. The Kickstart Scheme enables young people on benefits and at risk of long-term unemployment to carry out six-month placements at businesses. Encouragingly, 40% of the 'Kickstarters' who joined Pets during COVID-19 have since secured roles at the company.

Pets has identified ethnic diversity as an area for improvement: at the moment, its ethnic minority representation is below the national average. It has set targets in response to this deficit and by 2028 aims to achieve 12% ethnic minority representation.

Pets encourages its workforce to link inclusion to their performance objectives. Its diversity and inclusion policy demonstrates its intention to celebrate individual differences, and its anti-harassment stance is laid out within this policy. Pets does not have a flexible working policy but encourages its employees to work in a hybrid way. It has been recognised by Personnel Today for its supportive approach to colleagues with caring responsibilities. The company offers shared parental leave.



Pets has made positive strides in the diversity arena this year. More than 90% of Pets' support office and retail workers have completed its diversity and inclusion foundation training. The business is also making progress on its diversity data capture. This will enable it to gain an even clearer picture of its colleague mix.

## **EQL in brief**

### **ESG**

- Pets at Home targets a 42% reduction in absolute Scope 1, 2 and 3 emissions (the latter covers emissions from purchased goods and services and upstream transportation and distribution) by 2030. It also aims to reach net-zero emissions by 2040. Both targets have been validated by the Science Based Targets initiative.
- Over the course of its most recent financial year, the business supported 385 apprentices across a range of areas, including nursing, leadership and dog grooming. It also participates in the Prince's Trust Kickstart scheme, with 40% of 'Kickstarters' who joined during COVID-19 securing a role at the business.

### **Quality**

- It is one of the largest pet-care providers in the UK, operating across two key segments: retail and veterinary. Its omnichannel structure and one-stop-shop proposition confer a competitive advantage. This is compounded by the affordability of its products and services.

### **Leadership**

- Women constitute the majority of the workforce (73%). 52% of the senior management team, including the CEO, are women while female representation at executive level now stands at 71%.
- The company has a diversity and inclusion policy which details its anti-harassment stance. It also encourages staff to work flexibly and offers shared parental leave.

# Bank Rakyat Indonesia



## Helping to improve financial inclusion in Indonesia

Bank Rakyat Indonesia (BRI) is one of Indonesia's largest commercial banks. With a history of over 120 years, it is also the oldest bank in the country. BRI specialises in the provision of financial services to micro-, small and medium-sized enterprises (MSMEs). Indeed, over the years it has become a pioneer in the field of microfinancing, offering loans, insurance and savings facilities to its customers. BRI's focus on MSMEs enables it to reach typically underserved markets; it is therefore a key proponent of financial inclusion in the country, supporting the nation's drive for economic prosperity.

BRI's largest business segment is microloans. These are small loans disbursed to customers at the lower end of the income spectrum; such customers sometimes exist at or below the poverty line. In recent years, BRI's micro business has expanded: in 2021, it acquired both Pegadaian, a pawn shop, and PNM, a microlending company. This allowed it to broaden its micro offering and enter the 'ultra micro' space. As the name suggests, ultra-micro financing targets those businesses too small to be classified as micro.

Many of BRI's customers are based in villages and small communities in which locals act as loan officers. This offers a dual benefit. Not only is the bank facilitating social inclusion, but customers are also more easily trackable: personal relationships mean customers are much more likely to repay their loan.

As well as providing much-needed financing, BRI has taken an innovative approach to improving financial inclusion in remote areas. For example, in 2016 it launched a dedicated satellite to improve digital communications across the country. BRI also launched the world's first floating bank to improve access to its products for people living across Indonesia's islands and coastal areas.

Outside of its core offering, BRI has delivered financial literacy programmes to students, helping to deepen understanding of financial products. The bank also conducts training sessions for MSMEs so that they understand the risks involved in taking out loans.

With other Indonesian banks focusing on larger corporate businesses, BRI plays an important role in fostering financial inclusion among small and medium-sized businesses. It remains committed to this work, and is planning to release an impact report in 2024. We have encouraged BRI to report on its progress in this area annually, so that we can better track its positive impact.



## III in brief

### Investment

- BRI is the market leader in microfinancing. The bank's satellite technology has enabled it to extend its reach to remote areas of the country, establishing a barrier to entry for competitors.
- Customers in remote regions of the country are more likely to repay debt: tracking capabilities are better in these communities, and customers are reluctant to tarnish their reputation before debt collectors who are frequently members of their community.

### Intention

- BRI's mission is 'to conduct the best banking practices with a priority to serve micro, small, and medium enterprises in order to support the economy of the people'. This demonstrates its commitment to improving financial inclusion for the underserved.

### Impact

- BRI facilitates inclusion by offering financial products to MSMEs. Customers in the micro area often exist at or below the poverty line.
- The bank delivers financial literacy programmes to students, deepening knowledge of financial services. It also conducts training for MSMEs, educating them on the risks involved in borrowing money.

## Five dimensions of impact in brief

### □ What

BRI is one of Indonesia's largest commercial banks, specialising in the provision of financial services to MSMEs.

### ○ Who

BRI enables MSMEs, a typically underserved market, to participate in the economy through its loans, insurance products and savings facilities.

### ≡ How much

The bank provided 34.2 million customers with financial services through its ultra-micro segment.

### + Contribution

BRI facilitates financial inclusion by providing financial services to MSMEs. It is a leader in the field of microfinancing, disbursing small loans to low-income customers. The bank's focus on technology and innovation has expanded its reach to remote areas of the country.

### △ Risk

As a partially state-owned entity, BRI is sensitive to policy fluctuations. Any significant shift in government strategy could result in the bank turning its attention to less impactful areas. As many of BRI's customers belong to typically underserved communities, they have little understanding of the financial world. It is important that BRI does not create indebtedness, a risk it attempts to mitigate through the delivery of financial literacy programmes.

