

Wales Pension Partnership Responsible Investment Update: December 2023

Introduction

This update has been prepared by Hymans Robertson LLP for the WPP. This quarterly WPP Responsible Investment (RI) Update sets out recent RI activity and information on the following Sub-Funds: Global Growth; Sustainable Active Equity; and Global Credit.

It should not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety. We accept no liability to any other party unless we have accepted such liability in writing.

Summary of quarterly RI activity

JGC RI activity

- **UK Stewardship Code:** WPP submitted its third annual Stewardship Code report at the end of October, where we can confirm WPP has retained its signatory status for a third successive year.
- **All-Wales Climate Report:** was presented to the JGC in December, with a public version for publication to be published by March.
- **Stewardship Themes:** WPP attended Robeco's annual client panel in November. The themes that WPP put forward – Ocean Biodiversity; Responsible Application of Generative Artificial Intelligence – both appeared in the short list. We're happy to advise that the ocean theme has been chosen to launch in 2024. Equally, WPP asked that another shortlisted theme – Hazardous Chemicals – be mentioned as a runner-up, given this is an area of concern WPP had previously flagged within its climate and ESG risk reports, having identified a handful of issuers in the US and emerging markets that present ESG risk here. This theme will also be launched in 2024.
- **Escalation Policy:** WPP has drafted a set of escalation principles, for instances of continued failed engagement, to feed into the review of the WPP Stewardship Policy in 2024.
- **Climate & ESG risk reports:** presented for the UK Opportunities and Emerging Markets Sub-Funds.

LAPFF alerts

The fourth quarter of 2023 saw one LAPFF alert issued:

- BHP

Securities lending

The Broadridge Proxy Recall service provided by Northern Trust is now live across the Global Growth, Global Opportunities, UK Opportunities and Emerging Market Equity Sub-Funds.

Simon Jones, Partner

Rachel Barrack, Senior RI Analyst

For and on behalf of Hymans Robertson LLP

March 2024

Stewardship Summary

Quarter ending 31 December 2023

WPP employs Robeco as its Voting and Engagement Provider, with Robeco voting on resolutions across four of the WPP's Active Equity Sub-Funds (the voting mandate for the Sustainable Active Equity Sub-Fund was launched at the end of the quarter, so will commence from Q1 24, with reporting to start in 2024), while also providing the engagement function with issuers across all active Sub-Funds, as well as the passive mandates.

One voting theme highlighted by Robeco this quarter is around corporate-governance practices in state-owned enterprises (SOEs). The number of such entities within the top-500 global companies has significantly increased over recent decades, but governance issues remain – around the rights of minority shareholders, the ability to hold SOEs to account and how to address recent scandals. Voting is a means by which shareholders can push for improved governance standards in these companies, for example by asking SOEs to adopt and implement the OECD Principles of Corporate Governance around shareholder protections.

A summary of activity is provided below, with voting broken down between Sub-Funds in subsequent pages. It should be noted that some stocks are common across multiple Sub-Funds and hence votes will be reported against each.

Overall voting summary

Breakdown of voting activity			
Number of meetings		134	
Votes cast		1,096	
Meetings with at least one vote against management		52 (39%)	
For	948	With management	950
Withhold	13	Against Management	146
Against	118		
Abstain	0		
Other	17		

Overall engagement summary

Number of engagement cases by topic		Number of engagement activities by contact type	
Environment	51	Meeting	15
Social	35	Conference call	116
Corporate Governance	24	Written correspondence	92
Voting Related	1	Shareholder resolution	1
UN SDGs	63	Analysis	88
Global Controversy	23	Other	1
Total	197	Total	313

Global Growth Sub-Fund:

Key Metrics as at 31 December 2023

Key characteristics

Fund value	£3.3bn
Underlying managers	Baillie Gifford, Pzena, Veritas

Source: Waystone/Russell

Top-10 holdings (by AUM)	
1. Amazon	6. Alphabet
2. Microsoft	7. Thermo Fisher
3. Mastercard	8. Airbus SE
4. Elevance Health	9. Charter Communications
5. Moody's Corporation	10. Diageo

Source: Waystone

Climate metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	64.1	>99%	128.7	>99%
WACI EVIC (tCO ₂ e/\$EVIC)	50.6	>99%	54.1	>99%
Carbon emissions (tCO ₂ e/£m invested)	86.6	>99%	109.9	>99%
Holdings with exposure to FF reserves	2.5%	Not applicable	6.8%	Not applicable
Approved Science-Based Targets (%)	35.5%	Not applicable	40.1%	Not applicable

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

ESG metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.6	>98%	5.5	>99%
E pillar	7.3	>98%	6.6	>99%
S pillar	4.9	>98%	5.1	>99%
G pillar	6.0	>98%	5.6	>99%
UNGC violators	0.0%	>99%	0.5%	>99%

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

Global Growth Sub-Fund:

Stewardship Summary

Voting Summary (Q4 2023)

Number of meetings		10	
Votes cast		157	
Meetings with at least one vote against management		7 (70%)	
For	128	With management	133
Withhold	5	Against Management	24
Against	18		
Abstain	0		
Other	6		

Key votes

Microsoft (US, 7 December 2023)

Robeco voted against the management proposal on executive compensation (so-called 'Say on Pay'), in line with previous years, given concerns around elevated CEO pay.

The management proposal passed with over 93% support (up from last year's >88%)

In line with this, Robeco voted against the re-election of the chair of the remuneration committee.

The management proposal passed with over 97% support (down from last year's >99%)

There were nine shareholder proposals (SHP) at the meeting, with Robeco voting in favour of four of these.

The first SHP was a request for a tax-transparency report. Robeco supported this proposal, particularly given Microsoft's ongoing dispute with the Inland Revenue Service over tax.

There was 21% support for the SHP

Transparency reports were also requested in two further SHPs:

The first requested a report on data operations in areas of significant human-rights concerns, including Saudi Arabia. The company has committed to the 'Trusted Cloud Principles', which require signatories to allow governments to request data through transparent processes that are in keeping with human-rights standards and the rule of law. However, shareholders are concerned that domestic laws in Saudi Arabia are not aligned with this, which may empower Saudi government agencies to gain access to data enabling unchecked state surveillance. Indeed, no human-rights impact assessment had been undertaken prior to the decision to locate the datacentre here. Shareholders therefore requested a report that considers the company's human-rights due diligence, including any mitigating actions and the tracking of outcomes.

There was 34% support for the SHP

The second requested a report on the risk of facilitating artificial-intelligence-generated misinformation and disinformation.

There was 21% support for the SHP

Oracle (US, 15 November 2023)

There has been significant scrutiny over US technology company Oracle’s remuneration practices over recent years. While Robeco notes that practices have improved recently, including an expansion of the company’s clawback policy, this was not enough to support the Say on Pay proposal. Among Robeco’s concerns was the discretionary nature of the long-term incentive awards for certain executives. This was coupled with pay/performance alignment, and the performance-based stock-option awards for Oracle’s CEO and CTO. To escalate concerns, Robeco chose to vote against the re-election of all members of the remuneration committee.

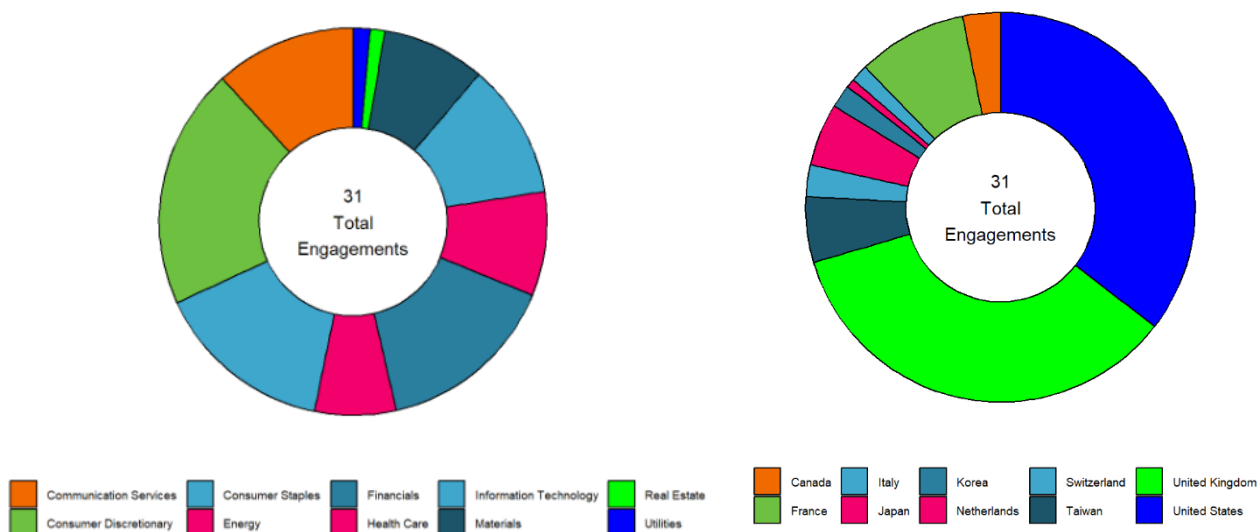
The remuneration-committee elections held at least 76% support

The Say on Pay proposal passed with 73% of the vote (up from 67% in 2022)

Engagement Summary (Q4 2023)

Robeco engaged with 30 companies, with assets totalling £1.03 billion, 31.9% of the Sub-Fund. Companies within the Sub-Fund may be engaged more than once. For example, Thermo Fisher was engaged under both the Diversity and Inclusion and Tax Transparency themes.

Companies under engagement (by AUM)



Source: Robeco, Hymans Robertson

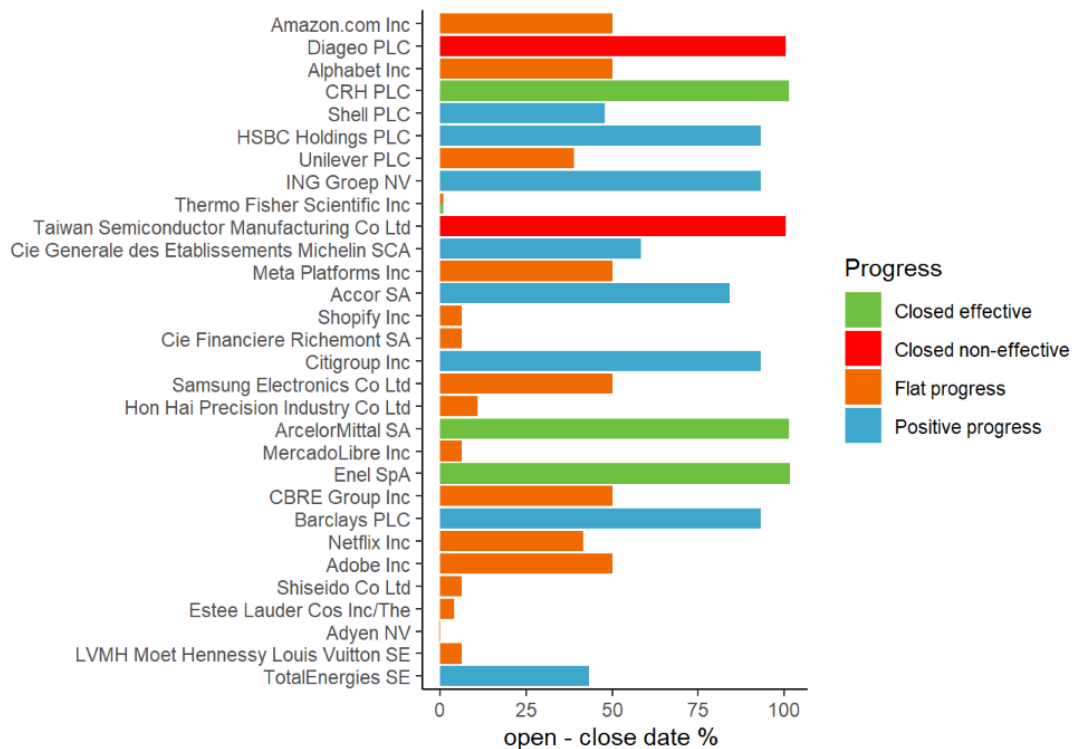
Of the issuers held in the Sub-Fund that are currently under engagement, the vast majority of AUM comes from companies domiciled in the US or UK. A list of companies by engagement theme is set out below.

Theme	Companies
Biodiversity	Cie Generale, Unilever
Climate Transition of Financial Institutions	Barclays, Citigroup, HSBC, ING Groep
Diversity and Inclusion	Netflix, Thermo Fisher, TSMC
Fashion Transition	Cie Financiere, Estee Lauder, LVMH, MercadoLibre, Shiseido, Shopify
Good Governance	Adyen
Human Rights Due Diligence	Hon Hai Precision Industry
Labour Practices in a Post Covid-19 World	Accor SA
Natural Resource Management	Diageo
Net Zero Carbon Emissions	ArcelorMittal, CRH, Enel, Shell
SDG Engagement	Adobe, Alphabet, Amazon.com, CBRE, Meta, Samsung, Total
Tax Transparency	Thermo Fisher

Source: Robeco, Hymans Robertson

Progress by company

Engagements are typically for a period of three years, although Robeco will close an engagement if the objectives are achieved early or if attempts to engage the company are unsuccessful. The following chart illustrates progress on various engagements as at 31 December 2023, noting that positive progress had been made with eight companies over the course of the quarter, with three companies' engagement also closing successfully.



Source: Robeco, Hymans Robertson

Case Study

Responsible Executive Remuneration

Since 2020, Robeco has been engaging with a number of US and European companies on responsible executive remuneration. Part of the objective of the engagement was to review remuneration policies and disclosures, as well as any key performance indicators and incentive structures. While the engagement theme has now come to a close, Robeco will continue to engage issuers on this subject, including by asking companies to incorporate environmental, social and governance (ESG) targets into variable pay.

Under this theme, Robeco engaged with food retailer Tesco to include ESG metrics within executive remuneration. This engagement has now been closed as successful, with Tesco now including ESG metrics that link executive pay to three sustainability areas assessed as being more financially material. Last year, those areas were: carbon reduction, food-waste reduction, and enhancements to diversity & inclusion.

Sustainable Active Equity Sub-Fund:

Key Metrics as at 31 December 2023

Key characteristics

Fund value	£1.3bn
Underlying managers	Artemis, Mirova, Neuberger Berman, Sparinvest, Wellington

Source: Waystone/Russell

Top-10 holdings (by AUM)	
1. Microsoft	6. TSMC
2. Visa	7. Thermo Fisher
3. ASML Holdings	8. Danaher
4. Recruit Holdings	9. Adobe
5. Mastercard	10. ING Groep

Source: Waystone/Russell

Climate metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	67.8	>96%	128.7	>99%
WACI EVIC (tCO ₂ e/\$EVIC)	43.1	>96%	54.1	>99%
Carbon emissions (tCO ₂ e/£m invested)	86.4	>96%	109.9	>99%
Holdings with exposure to FF reserves	1.4%	Not applicable	6.8%	Not applicable
Approved Science-Based Targets (%)	51.9%	Not applicable	40.1%	Not applicable

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

ESG metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.9	>96%	5.5	>99%
E pillar	7.1	>96%	6.6	>99%
S pillar	5.5	>96%	5.1	>99%
G pillar	6.1	>96%	5.6	>99%
UNGC violators	0.0%	>96%	0.5%	>99%

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

Stewardship Summary

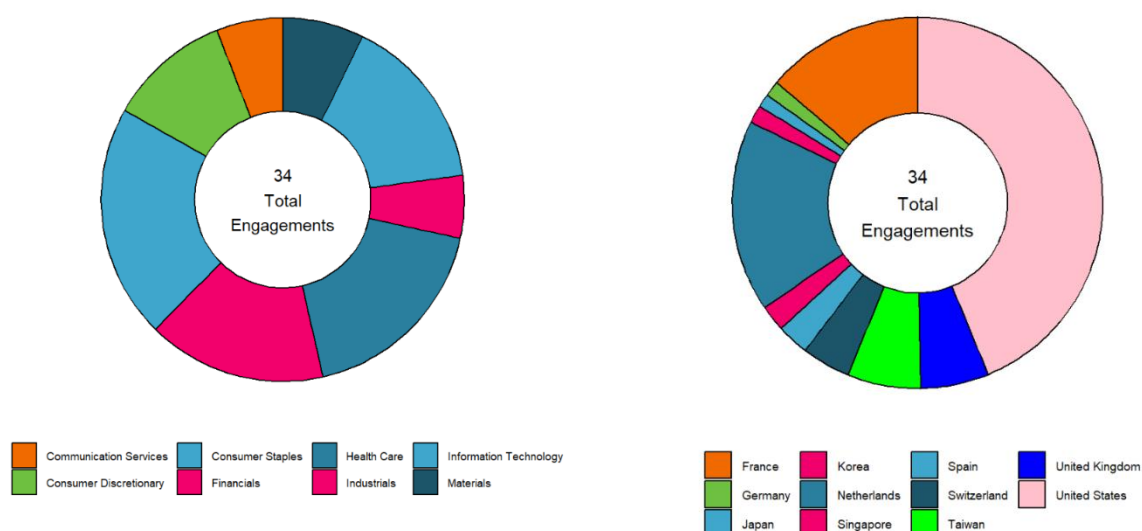
Voting Summary (Q4 2023)

To note, voting for this Sub-Fund will commence in the first quarter of 2024.

Engagement Summary (Q4 2023)

Robeco engaged with 32 companies, with assets totalling £335.5 million, 25% of the Sub-Fund.

Companies under engagement (by AUM)



Source: Robeco, Hymans Robertson

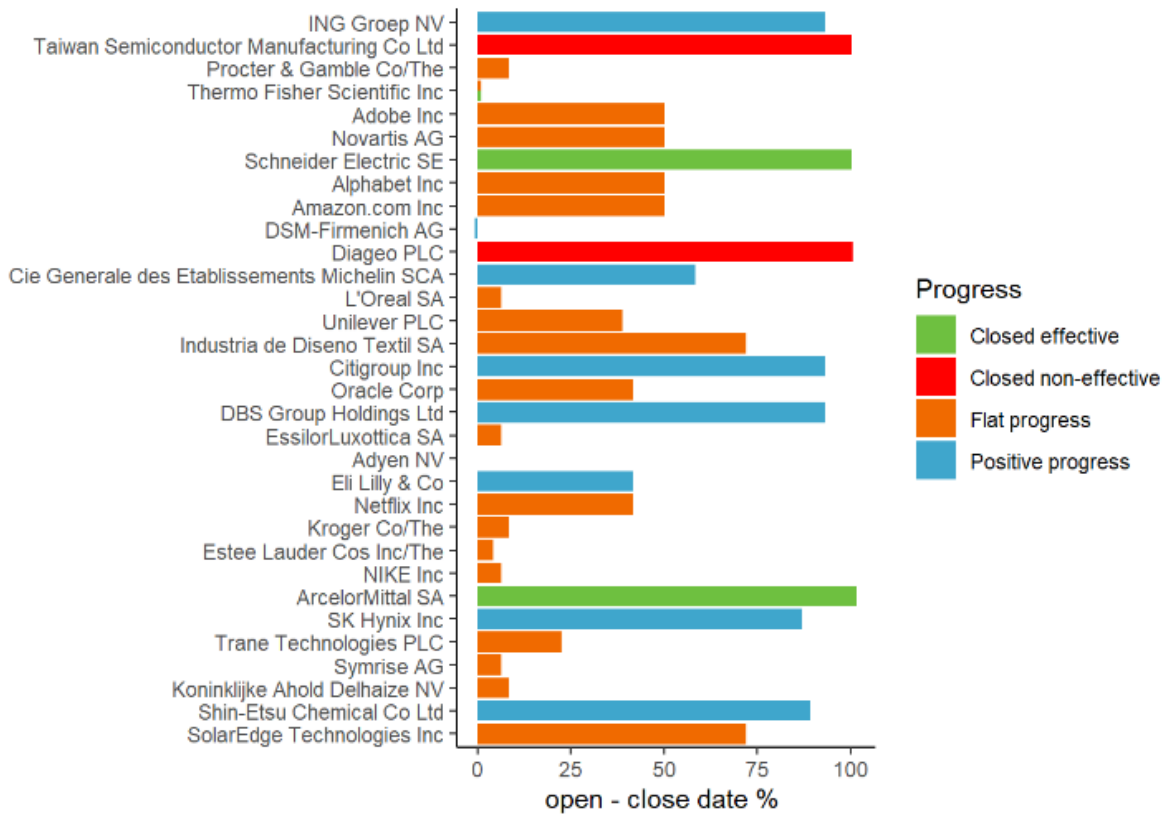
Of the issuers held in the Sub-Fund that are currently under engagement, the vast majority of AUM comes from companies domiciled in the US. A list of companies by engagement theme is set out below.

Theme	Companies
Biodiversity	Cie Generale, Procter and Gamble, Unilever
Climate Transition of Financial Institutions	DBS Group, Citigroup, ING Groep
Corporate Governance Standards in Asia	Hynix Semiconductors
Diversity and Inclusion	Eli Lilly, Oracle, Netflix, TSMC, Thermo Fisher
Fashion Transition	EssilorLuxottica, Estee Lauder, L'Oreal SA, Nike, Symrise
Good Governance	Ayden, DSM-Firmenich, Koninklijke Ahold Delhaize
Human Rights Due Diligence	Industria de Diseno Textil, SolarEdge Technologies
Modern Slavery in Supply Chains	Kroger
Natural Resource Management	Diageo
Nature Action 100	Koninklijke Ahold Delhaize
Net Zero Carbon Emissions	ArcelorMittal
Responsible Executive Remuneration	Schneider Electric
SDG Engagement	Adobe, Alphabet, Amazon, Novartis, Trane Technologies
Tax Transparency	Thermo Fisher

Source: Robeco, Hymans Robertson

Progress by company

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Source: Robeco, Hymans Robertson

Case Study

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Under this theme, Robeco engaged with Nike on the sport retailer's decision to implement a 'more flexible' short-term incentive structure, a fall-out of the Covid-19 pandemic. Rather than these incentive structures being based on year-long targets, as had previously been the case, they were instead based on two equally weighted six-month performance periods. Robeco flagged this as opaque, particularly certain adjusted-performance goals. Following the engagement, Nike has since reverted to the year-long targets and Robeco were happy to close the engagement as successful.

Global Credit Sub-Fund:

Key Metrics as at 31 December 2023

Key characteristics

Fund value	£1.0bn
Underlying managers	Fidelity, MetLife, Robeco, Western

Source: Waystone/Russell

Climate metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	215.4	>75%	208.3	>85%
WACI EVIC (tCO ₂ e/\$EVIC)	84.1	>67%	66.4	>68%
Carbon emissions (tCO ₂ e/£m invested)	167.2	>75%	152.2	>85%
Holdings with exposure to FF reserves	6.8%	Not applicable	6.0%	Not applicable
Approved Science-Based Targets (%)	24.1%	Not applicable	24.1%	Not applicable

Source: MSCI; Hymans Robertson

Benchmark: Barclays Global Agg

ESG metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.5	>74%	5.6	>83%
E pillar	7.4	>74%	7.0	>83%
S pillar	5.0	>74%	5.1	>83%
G pillar	5.6	>74%	5.8	>83%
UNGC violators	0.4%	>75%	0.3%	>84%

Source: MSCI; Hymans Robertson

Benchmark: Barclays Global Agg

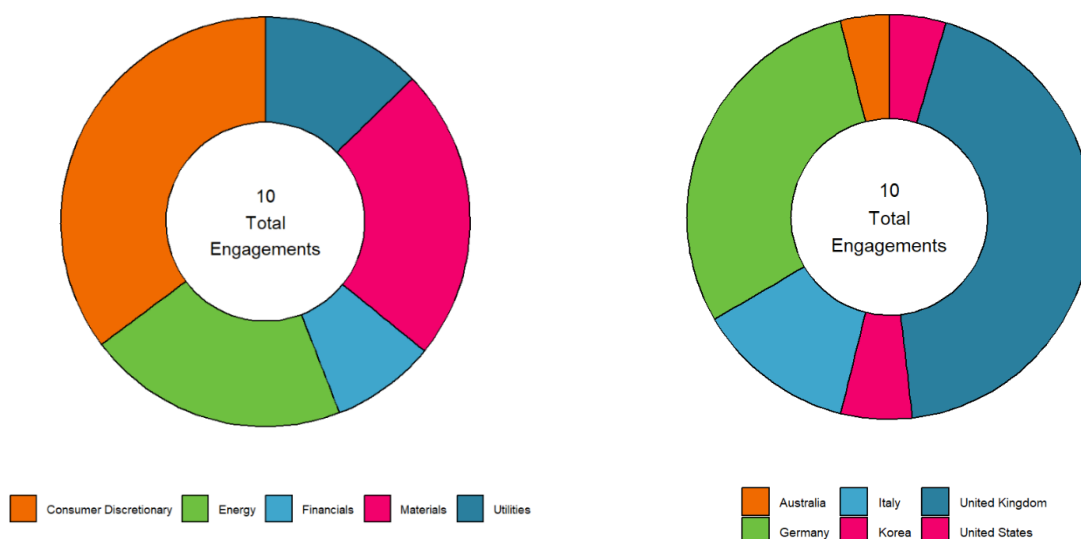
Global Credit Sub-Fund:

Stewardship Summary

Engagement Summary (Q4 2023)

Robeco engaged with 10 companies, with assets totalling £38 million, 2.7% of the Sub-Fund.

Companies under engagement (by AUM)



Source: Robeco, Hymans Robertson

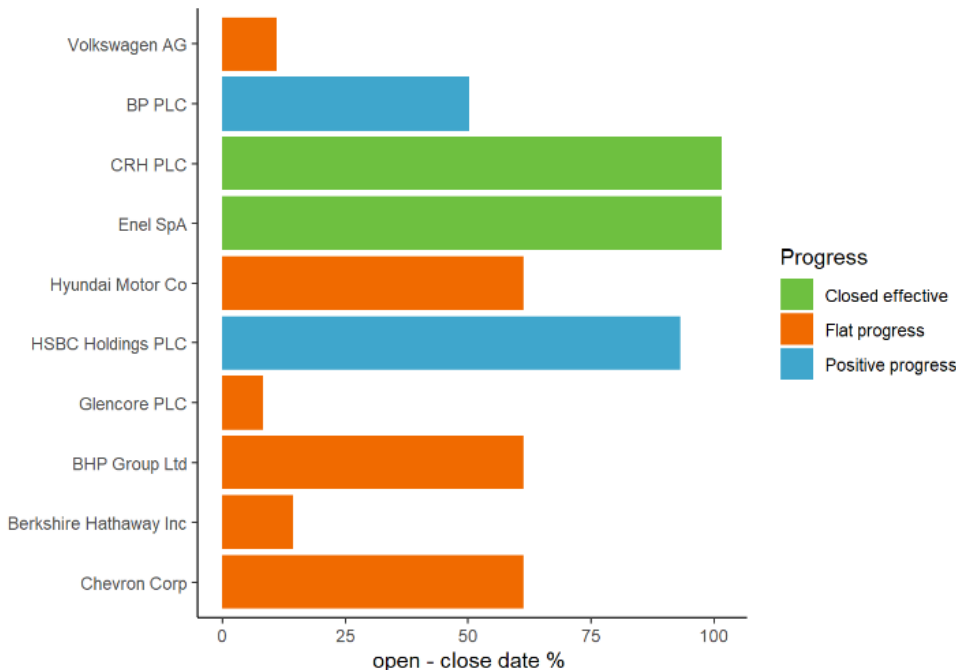
Of the issuers held in the Sub-Fund that are currently under engagement, the vast majority of AUM comes from companies domiciled in the UK. A list of companies by engagement theme is set out below.

Theme	Companies
Acceleration to Paris	Berkshire Hathaway
Climate Transition of Financial Institutions	HSBC
Human Rights Due Diligence	Volkswagen
Modern Slavery in Supply Chains	Glencore
Net Zero Carbon Emissions	BHP, BP, Chevron, CRH, Enel, Hyundai

Source: Robeco, Hymans Robertson

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Source: Robeco, Hymans Robertson

Case Study

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Under this theme, Robeco engaged with food retailer Tesco to include ESG metrics within executive remuneration. This engagement has now been closed as successful, with Tesco now including ESG metrics that link executive pay to three sustainability areas assessed as being more financially material. Last year, those areas were: carbon reduction, food-waste reduction, and enhancements to diversity & inclusion.

Appendix 1: WPP stewardship themes (2023/24)



Focusing on net zero

Organisations, particularly those in materially affected sectors, should be developing and implementing transition plans to ensure that the long-term migration to a low-carbon economy is orderly. Companies should ensure that plans are published, and climate management disclosures are comprehensive and available for investor scrutiny.



Supporting people

An organisation's workforce is one of its most valuable assets, and it is incumbent on the organisation to ensure that its people are properly managed and rewarded. This includes the consideration of people within supply chains, which can often be areas of lower scrutiny.



Delivering sustainable outcomes (governance)

Organisations should be managed with a longer-term horizon so as to ensure that practices become more sustainable. This can ensure that executive remuneration is better linked to longer-term goals, including incorporating ESG criteria.

Appendix 2: issuers under engagement (Q4 2023)

ENVIRONMENT

Biodiversity

Arcadis
Archer-Daniels-Midland Co
Axfood
Bunge
Cie Generale des Etablissements Michelin
Cranwick
Kimberley-Clark
Leroy Seafood
Procter & Gamble
Ryohin Keikaku
Sappi
Signify
Unilever
VF Corp

Climate Transition of Financial Institutions

Bank of America
Barclays
BNP Paribas
Citigroup
DBS Group Holdings
HSBC Holdings
ICICI Bank
ING Groep
JPMorgan Chase
Sumitomo Mitsui Financial Group

Lifecycle Management of Mining

Barrick Gold

Natural Resource Management

Barrick Gold
Ambev
Callon Petroleum
CF Industries Holdings
Diageo
OCI
PepsiCo
Sappi
Tronox Holdings

Nature Action 100

Ahold
Archer Daniels Midland
Sociedad Quimica y Minera

Net Zero Carbon Emissions

Anglo American
ArcelorMittal
Berkshire Hathaway
BHP Billiton
BlueScope Steel
BP
CEZ
Chevron
China National Building Material Co
CRH
Ecopetrol
Enel
Exxon Mobil
HeidelbergCement
Hyundai Motor Co
JFE Holdings
LyondellBasell Industries
Marathon Petroleum
Petroleo Brasileiro
Phillips 66
PTT Exploration & Production
Repsol
Rio Tinto
Royal Dutch Shell
Saudi Arabian Oil Co
Shell
Valero Energy
Vistra Energy
WEC Energy Group

Sound Environmental Management

Alexandria Real Estate Equities

SOCIAL

Diversity and Inclusion

Eli Lilly
Netflix
Oracle
TSMC
Thermo Fisher Scientific

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas

Booking Holdings
Cemex
Fast Retailing Co
HeidelbergCement
Hon Hai Precision Industry
Inditex

International Paper Co
IPG Photonics
PTT Exploration & Production
Sinotruk Hong Kong
SolarEdge Technologies
Volkswagen
Wacker Chemie

Just Transition in Emerging Markets

Ganfeng Lithium Group
Impala Platinum Holdings
Reliance Industries
SK Innovation
Tenaga Nasional

Labour Practices in a Post Covid-19 World

Accor
Delivery Hero
InterContinental Hotels Group
Marriott International
Meituan Dianping
Uber Technologies
Walmart

Modern Slavery in Supply Chains

Glencore
Kia Motors
The Kroger
Walmart

Social Impact of Gaming

Activision Blizzard
NCSoft Corp
NetEase.com
Take-Two Interactive Software
Tencent Holdings

Sound Social Management

Baidu
Post Holdings
Tencent Holdings
Tesco
Weibo Corp

GOVERNANCE

Corporate Governance in Emerging Markets

CCR
Cosan
CPFL Energia
ENN Energy Holdings
Haier Smart Home
Hyundai Motor
Samsung Electronics
Woongjin Coway

Corporate Governance Standards in Asia

Hynix Semiconductor
Inpex
Panasonic
Resonac Holdings
Rohm
Shin-Etsu Chemical

Good Governance

Adyen
Ahold
Arcadis
DSM-Firmenich
Heineken Holding
Signify
Unilever

Responsible Executive Remuneration

Aspen Technology
Booking Holdings
Henkel
Nike
Schneider Electric
Tesco
Walt Disney
Wolters Kluwer

**VOTING
RELATED
ENGAGEMENTS**

**AGM Engagement
2023**

Aegon
Agilent Technologies
Airbus
BAWAG Group
BFF Bank
Boeing
CBRE
The Boeing Co
CB Richard Ellis
Group
Cheniere Energy
Deutsche Bank
Hana Financial
Group
Irish Residential
Properties
Johnson & Johnson
Masco
Monex Group
Morgan Stanley
NextEra Energy
Ovintiv
Plug Power
Prosus
Prysmian
Semen Indonesia
Persero
Sendas Distribuidora
Sociedad Quimica y
Minera de Chile
Wells Fargo & Co
Xylem

SDGs

Fashion Transition

Beiersdorf
Brunello Cucinelli
Bureau Veritas
Cintas
Compagnie
Financiere
Richemont
Crocs
Deckers Outdoor
Eclat Textile
EssilorLuxottica
Estee Lauder
Etsy
Hermes International
Hugo Boss
JD Sports Fashion
Kering
L'Oreal
Levi Strauss
L'Occitane
International
Lojas Renner
Lululemon Athletica
LVMH Moet
Hennessy Louis
Vuitton
Marimekko Oyj
MercadoLibre
Moncler
Nike
Pandora A/S
Prada
Puma
Ross Stores
Shiseido
Shopify
Silgan Holdings
Symrise
Watches of
Switzerland
Zebra Technologies

SDG Engagement

AbbVie
Adobe
Alphabet
Amazon.com
Amgen
Apple
AutoZone
Banco BTG Pactual
Bank of Montreal
Capital One
CBRE Group
CCR
Deutsche Boerse
eBay
Elanco Animal Health
Electronic Arts
Elevance Health
F5 Networks
Grupo Bimbo
Hitachi
Jeronimo Martins
L'Oreal
LyondellBasell
Meta Platforms
Mr Price Group
Nasdaq
Neste Oil
Novartis
OTP Bank
Rio Tinto
Salesforce
Salmar
Samsung Electronics
Sandvik
Sony Group
STMicroelectronics
TotalEnergies
Trane Technologies
Union Pacific

United Parcel
Service
Volvo

**Acceleration to
Paris**

African Rainbow
Minerals
Anhui Conch Cement
Caterpillar
Formosa Plastics
ITOCHU
Marubeni
Mitsubishi
Mitsui & Co
Nippon Steel
POSCO
SAIC Motor
Sumitomo
Toyota Industries
WH Group

**Global Controversy
Engagement**

During the quarter, 8
companies were
under engagement
based on potential
breaches of the UN
Global Compact
and/or the OECD
Guidelines for
Multinational
Enterprises.

Palm Oil

MP Evans Group
REA Holdings
Wilmar International

Appendix 3: metrics definitions

MSCI ESG Research LLC data coverage:

Climate change metrics have broad coverage, with data available on the ACWI Investable Market Index, and selected equity indices and non-listed fixed-income issuers. Coverage represents 19,000+ entities including subsidiaries, with ~12,150 entities directly covered (as at April 2023). For ESG ratings, more than 17,220 issuers are covered, including 10,800 that are directly rated.

To note, the metrics used in this report cover corporate issuers, but do not currently cover sovereign issuers. This means that coverage across the fixed-income funds will be lower than among listed-equity funds. In addition, certain products (for example, securitised products) will not return data from the parent issuer, resulting in reduced coverage. The above may result in much lower coverage for the MAC and ARB Sub-Funds in particular. This may also result in marked fluctuations in data output from quarter to quarter.

Metric	Description/Methodology
ESG Rating	A final ESG Rating. At a company level, this represents the weighted average of individual 'E', 'S' and 'G' pillars. The weight given to each pillar is dictated by MSCI's process, which determines the relevance of each pillar to a given company and sector. At a portfolio level, this is the weighted average of individual company scores by the weight in the portfolio.
Environmental Score	The Environmental Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Environment Pillar.
Social Score	The Social Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Social Pillar.
Governance Score	The Governance Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Governance Pillar.
UNGC Violators	This factor indicates the percentage of the portfolio exposed to companies that violate the United Nations Global Compact principles.
Weighted Average Carbon Intensity (WACI)	A measure of a portfolio's exposure to carbon-intense companies. This is expressed in terms of tons of CO ₂ equivalent emitted per million dollars of revenue, weighted by the size of the allocation to each company. This is measured using Scope 1 + Scope 2 emissions.
Weighted Average Carbon Intensity (EVIC)	A measure of a portfolio's exposure to carbon-intense companies. This represents companies' most recently reported or estimated Scope 1 & Scope 2 greenhouse gas emissions, normalised by enterprise value including cash (USD). This ratio facilitates portfolio analysis by allocating emissions across equity and debt.
Total Carbon Emissions	This represents the portfolios estimated Scope 1 + Scope 2 greenhouse gas emissions. This is expressed in terms of thousand tons of CO ₂ equivalent emitted by the companies invested in by the portfolio, weighted by the size of the allocation to each company.

Metric	Description/Methodology
% of Portfolio with Ties to Fossil Fuels	The percentage of the portfolio invested in companies with evidence of owning fossil fuel reserves regardless of their industries, including companies that own less than 50% of a reserves field. Fossil reserves are defined as proved and probable reserves for coal or proved reserves for oil and natural gas. Evidence of owning reserves includes companies providing the exact volume of reserves and companies making a statement about their ownership of reserves.
% of Portfolio with SBT Approved Target	The percentage of the portfolio invested in companies with one or more active carbon-emissions-reduction target(s) approved by the Science-Based Targets initiative (SBTi).
Scope 1 emissions	Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle.
Scope 2 emissions	Scope 2 emissions are those caused by the generation of electricity purchased by the company.

Appendix 4: General Risk Warning and Disclaimer

Risk warning

Please note the value of investments, and income from them, may fall as well as rise. You should not make any assumptions about the future performance of your investments based on information contained in this document. This includes equities, government or corporate bonds, currency, derivatives, property, and other alternative investments, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the full amount originally invested. Past performance is not necessarily a guide to future performance.

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