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Investing for a  
world of change

# Global Sustainable Equity

Impact Report 2025

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# Welcome

It is a pleasure to share with you the Global Sustainable Equity Impact Report.

This report aims to show you how we are investing in companies delivering solutions to some of the world's most pressing challenges, and why we believe doing so can create value for shareholders.

Over three years ago, we set out to approach sustainable equity investing differently. By focusing on solution providers tackling sustainability challenges – and that are growing as a result – we aim to make sustainability a driver of alpha. Our conviction in our approach has only strengthened since strategy inception. Despite shifting sentiment and a volatile market backdrop, the structural growth drivers behind decarbonisation, climate adaptation, healthcare impact, financial and digital inclusion, and access to education persist.

By investing in companies with durable competitive advantages that are aligned with these powerful long-term growth themes, we aim to deliver resilient and differentiated returns. In our view, part of this resilience stems from sustainability itself. We allocate capital to businesses aligned with sustainability-linked structural growth, underpinned by strong competitive positions and corporate cultures that engage and empower employees. In doing so, we aim to build a portfolio capable of compounding value through different market conditions.

We believe our focus on culture is a differentiator that enables us to better identify the durability of competitive advantages. It has led to a portfolio of companies with highly engaged workforces, evidenced by best-in-class engagement scores of c.80%. We believe this better enables them to innovate and deliver on their strategic goals.

The portfolio has demonstrated encouraging progress on the delivery of sustainable solutions, which we track via impact key performance indicators (KPIs). Given the importance of these KPIs in putting impact at the heart of our investment thesis, our engagements with companies have again been very focused on the quality of KPI disclosure and the growth of KPIs over time.

As investors, we remain committed to combining rigorous financial analysis with deep sustainability and workforce-culture insights. We hope this report offers you a clear view of how these principles are applied in practice.

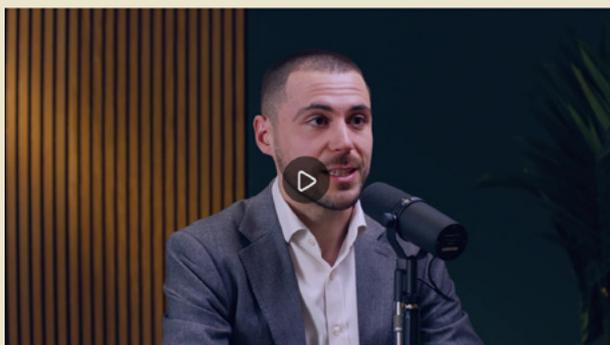
**Stephanie Niven**  
Portfolio Manager,  
Ninety One Global  
Sustainable Equity

**Miles Hamilton**  
Portfolio Manager,  
Ninety One Global  
Sustainable Equity



# Insights and analysis

Highlights from Ninety One's Sustainable Equity team.



## Insurance reimaged: an emerging sustainable investment opportunity

As extreme weather events grow more frequent, insurance is emerging as a new sustainable investment opportunity. The large insurance-protection gap is giving innovative insurers a chance to reimagine their offering and capture market share.



## Powering the AI revolution: a superscale clean-tech opportunity?

Artificial intelligence is accelerating demand for clean and efficient energy. As a result, the growth opportunity across the clean-tech value chain is multiplying.



## Power up for AI

AI is dramatically changing trends in electricity demand, creating exciting opportunities for equity investors.



## Big Bill, small print: the real impact on investing in decarbonisation

Deirdre Cooper, Head of Sustainable Equity, explores the implications for investors in decarbonisation of President Trump's 'One Big Beautiful Bill' Act.



### Making nature count: an investor’s perspective

The way that companies impact nature is becoming increasingly recognised as an investment risk and opportunity. Portfolio Manager Stephanie Niven discusses a new way of managing nature risks from the earliest stages of construction and infrastructure projects.



### Notes from the road: What hyper-competition means for China clean-tech

Analyst Yunli Liu returns to his home country to see for himself what business conditions are like and try to separate sentiment from fundamentals.



### Investing in decarbonisation under Trump 2.0

How will Trump 2.0 affect clean-tech sectors, including renewable energy and electric vehicles? Deirdre Cooper considers what lies ahead for investors in global decarbonisation.

# A guide to the dashboard

The ‘Sustainability dashboard’ provides aggregated data covering the various aspects of sustainability addressed by portfolio companies. It includes some of the key performance indicators (KPIs) that we use to track the impact made by portfolio holdings. KPIs are selected on a case-by-case basis for each company.



## Natural capital

The metrics in this section measure how portfolio companies impact natural capital, which comprises soil, air, water and all living things.

They focus on how companies are reducing their own emissions and/or contributing to the transition to a low-carbon economy via their products and services.

We monitor companies’ progress on reducing emissions via:

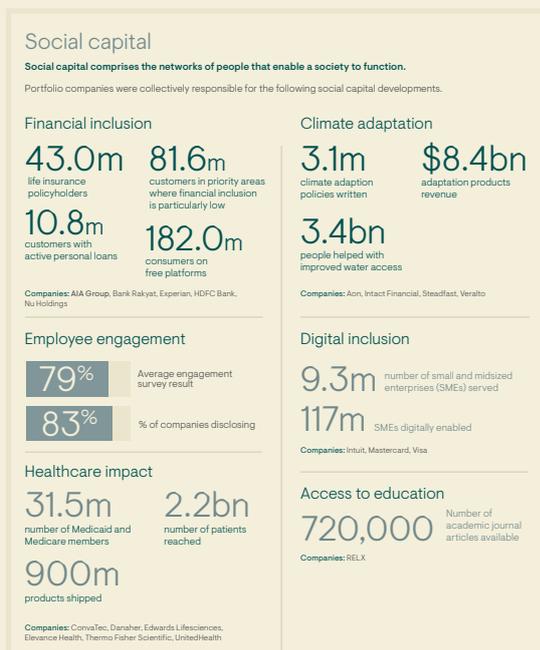
### Carbon intensity

A measure of emissions per unit of revenue (or sales), which helps to track progress in reducing emissions over time and to compare companies of different sizes.

### Carbon footprint

A measure of the total volume of greenhouse gases emitted by a company. See the glossary for an explanation of the types of emissions we track (Scope 1, 2 and 3).

We also report **carbon avoided** by portfolio companies, a measure of the extent to which their products or services avoid emissions relative to the status quo products or services. Finally, we report the percentage of companies’ revenues that are aligned with the **EU Taxonomy**. This classification system aims to identify environmentally sustainable economic activities.



## Social capital

The metrics reported in this section measure how companies impact social capital, which comprises the networks of people that enable a society to function.

The datapoints cover how companies contribute to **financial inclusion**, **digital inclusion** and **healthcare impact** (see ‘Governance and oversight’ for a description of these areas).

They include how many customers companies serve in ‘priority areas’ with useful and affordable financial products and services that meet their needs – transactions, payments, credit, and insurance – and that are delivered in a responsible manner.

# Sustainability dashboard

Portfolio-level sustainability metrics for the Global Sustainable Equity strategy at year end 2024.

## Natural capital

Natural capital comprises the world's stock of natural assets: soil, air, water and all living things.

### Net-zero alignment

We monitor progress on carbon-emissions reductions, and engage to encourage all companies to set credible targets.

End-2024

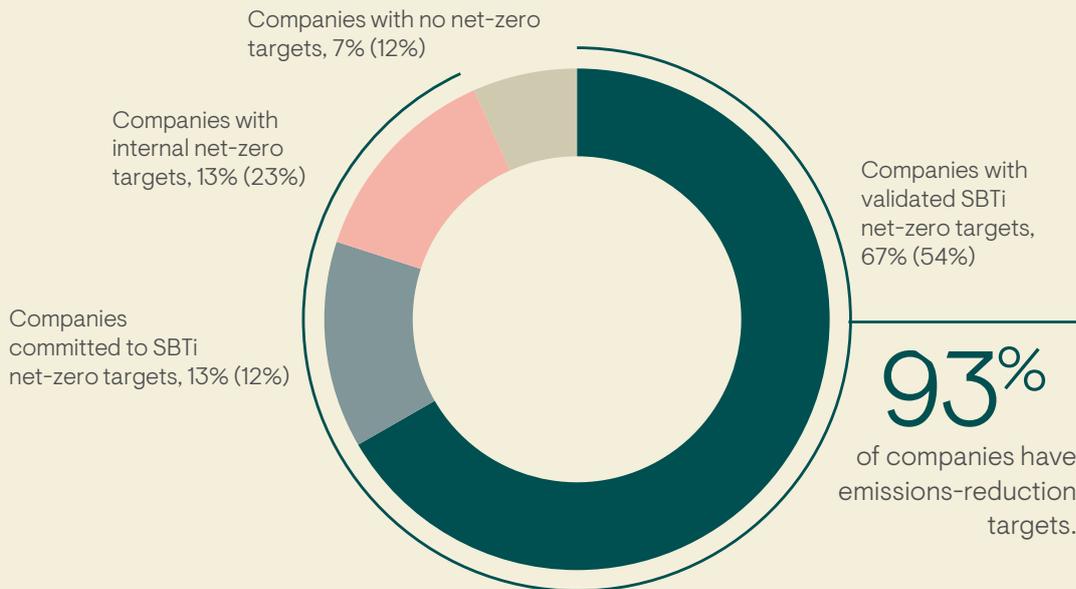
80% (66%)<sup>1</sup>

of portfolio companies committed to **science-based targets for emissions reduction**

2030 ambition

100%

of portfolio companies to have **credible targets set by 2030 or sooner**



The portfolio companies were collectively responsible for the following carbon avoided impact:

### Portfolio carbon avoided (carbon impact) - absolute

634m (414m tCO<sub>2</sub>e)

**Companies included:** AECOM, Autodesk, KLA, NextEra Energy, Schneider Electric, Spectris, Tetra Tech, Texas Instruments, TSMC, Waste Management, Yadea

All investments carry the risk of capital loss and past performance does not predict future returns.

Based on a related portfolio with substantially similar objectives as those of the services being reported on.

1. Equivalent figures from last year's Sustainability report are shown in brackets.

## Carbon assessment

### Scope 1 & 2

**Weighted-average carbon intensity**  
(tCO<sub>2</sub>e/US\$m sales)



**Carbon footprint**  
(tCO<sub>2</sub>e/US\$m invested)



### Scope 1, 2 & 3

**Weighted-average carbon intensity**  
(tCO<sub>2</sub>e/US\$m sales)



**Carbon footprint**  
(tCO<sub>2</sub>e/US\$m invested)



**3.6%\*** (5%)

EU taxonomy  
alignment

**40%\*** (29%)

EU taxonomy  
eligibility

\*Calculated as a percentage of total sub-fund value. Taxonomy-aligned investments weighted by taxonomy-aligned revenue. Underlying entity revenue that can be matched to eligible economic activities as defined under the Commission Delegated Regulation (EU) 2022/1214 meeting all requirements to be deemed Taxonomy aligned.

The sources of the carbon data include company reports and estimates calculated in conjunction with our two carbon-data providers, CDP and MSCI. Sources for other data include company reports and third-party data sources.

## Social capital

**Social capital comprises the networks of people that enable a society to function.**

Portfolio companies were collectively responsible for the following social capital developments.

### Financial inclusion

43.0m

life insurance  
policyholders

81.6m

customers in priority areas  
where financial inclusion  
is particularly low

10.8m

customers with  
active personal loans

182.0m

consumers on  
free platforms

**Companies:** AIA Group, Bank Rakyat, Experian, HDFC Bank, Nu Holdings

### Employee engagement

79%

Average engagement  
survey result

83%

% of companies disclosing

### Healthcare impact

31.5m

number of Medicaid and  
Medicare members

2.2bn

number of patients  
reached

900m

products shipped

**Companies:** ConvaTec, Danaher, Edwards Lifesciences, Elevance Health, Thermo Fisher Scientific, UnitedHealth

### Climate adaptation

3.1m

climate adaption  
policies written

\$8.4bn

adaption products  
revenue

3.4bn

people helped with  
improved water access

**Companies:** Aon, Intact Financial, Steadfast, Veralto

### Digital inclusion

9.3m

number of small and midsized  
enterprises (SMEs) served

117m

SMEs digitally enabled

**Companies:** Intuit, Mastercard, Visa

### Access to education

720,000

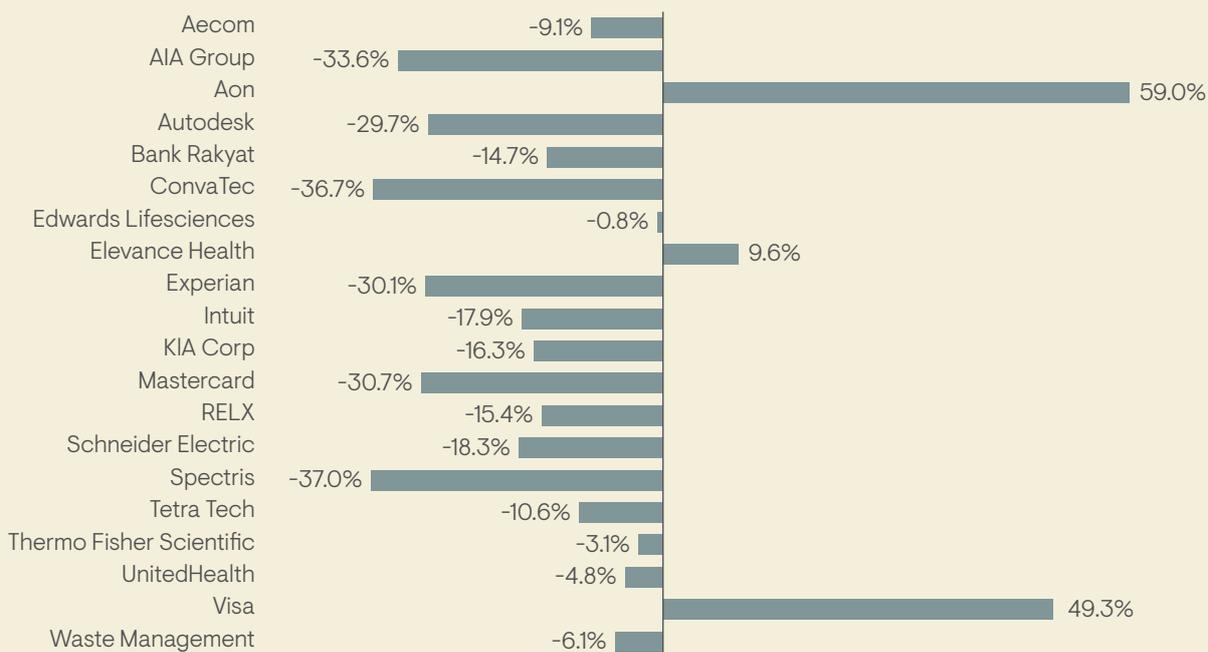
Number of  
academic journal  
articles available

**Companies:** RELX

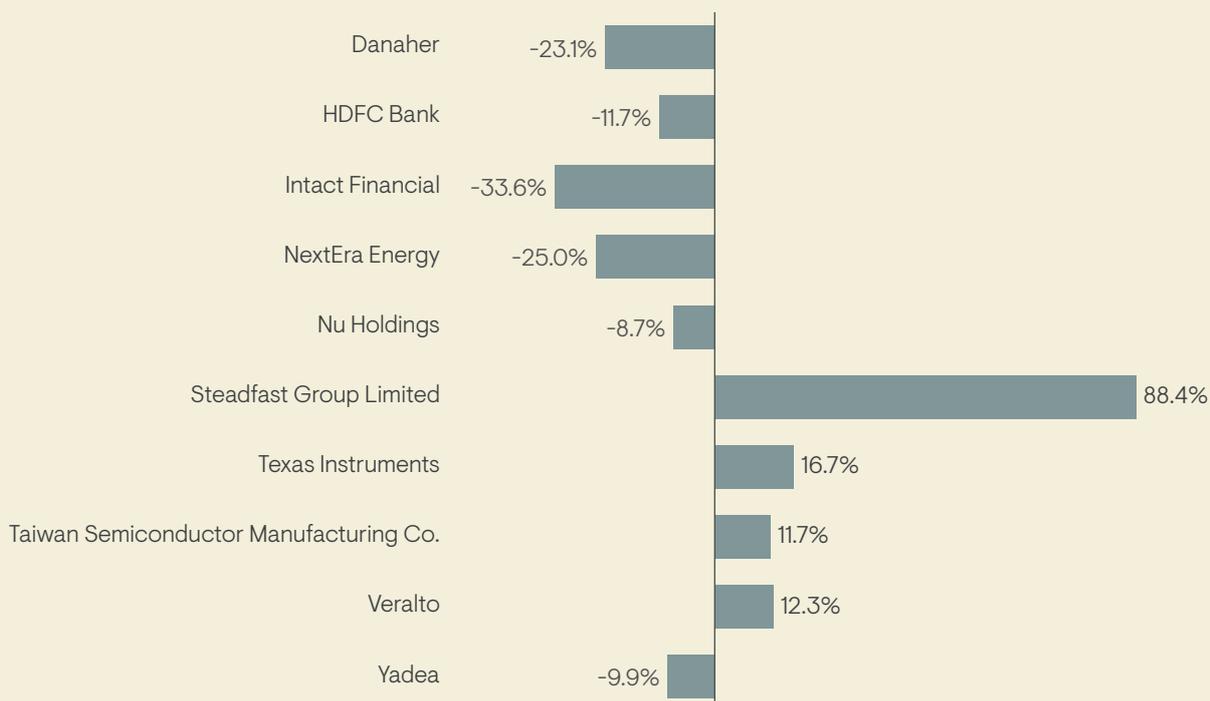
# Change in emissions intensity

The charts show the annual change in Scope 1 and 2 emissions. A negative percentage change is an improvement; i.e., lower emissions intensity.

## Portfolio companies with SBTi validated science-based targets, year-on-year change

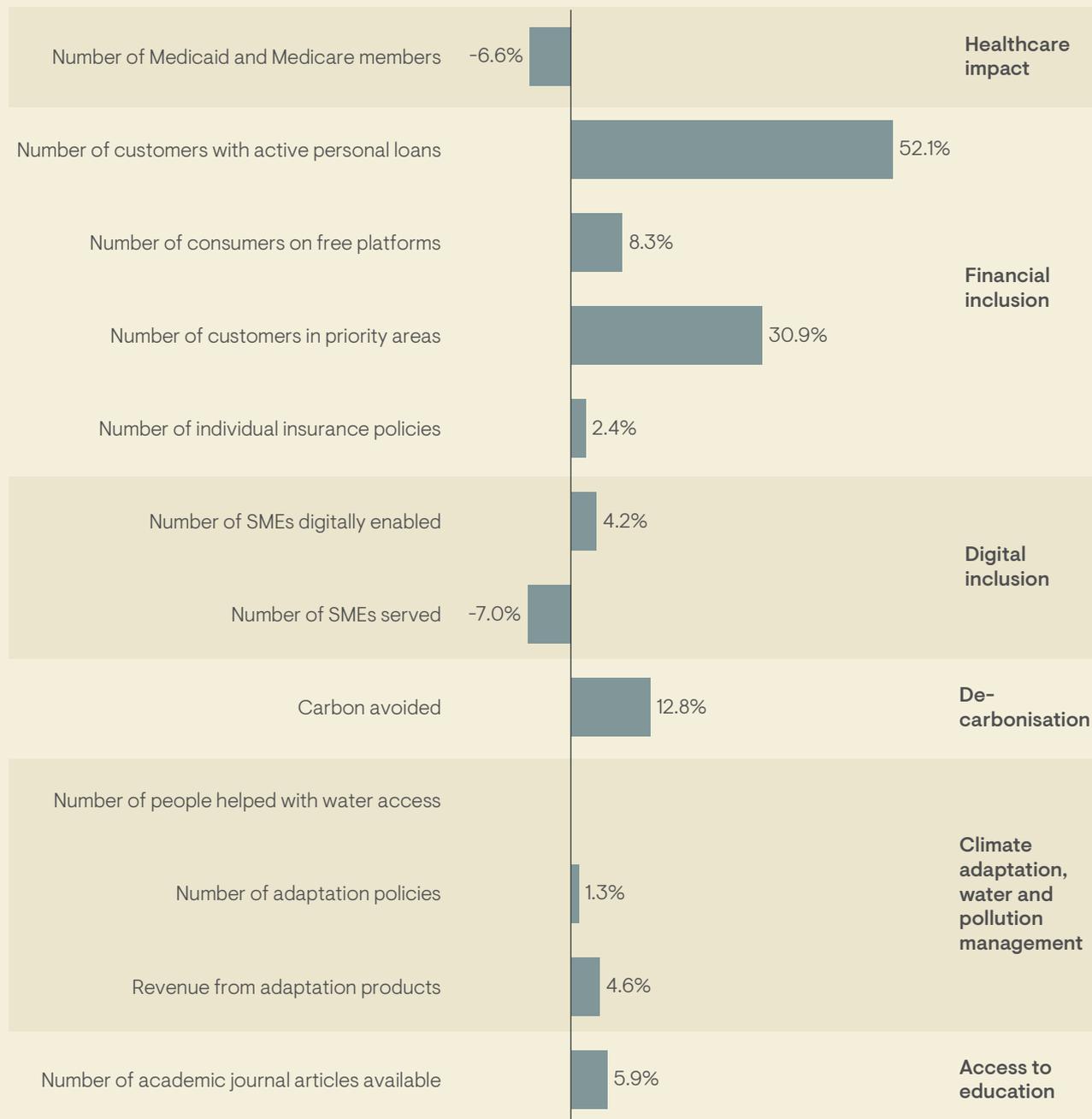


## Portfolio companies without SBTi validated science-based targets, year-on-year change



## Sustainable solutions

### Improvement in KPIs, year-on-year percentage change\*



\*This table is based on the latest KPI data available.

# Engagement and voting

In the Sustainable Equity capability, we believe in the value of engagement, recognising its potential to nudge companies towards a more sustainable value-creating path.

This aligns with our investment philosophy, which asserts that externalities will become internalised and priced by the market over time. By actively engaging with companies to reduce negative externalities and enhance positive ones, we aim to contribute to fostering long-term value creation.

Central to our engagement is our practice of determining distinct goals for each company within the Global Sustainable Equity portfolio. Progress towards them is documented in the company reports.

**We believe that one-on-one and collective engagements are powerful tools to effect positive change. For instance:**

Our engagements emphasise the adoption of net-zero commitments, science-based targets and the resolution of any material sustainability or financial matters.

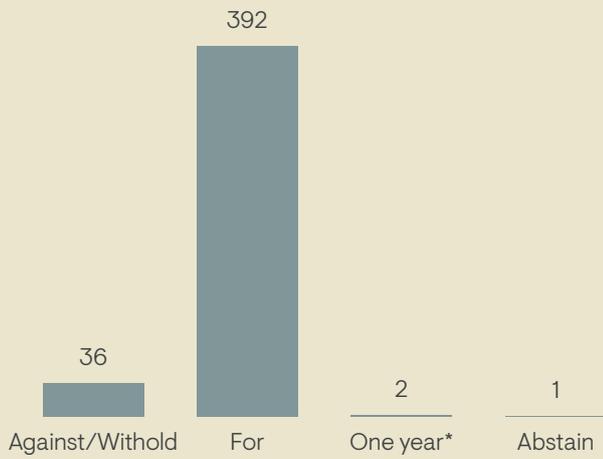
We set engagement and advocacy goals and will report on these in our Annual Sustainability Report for Global Sustainable Equity.

Our methodology for projecting net-zero progress across the portfolio takes a bottom-up approach that employs science-based targets and modelled company revenue growth.

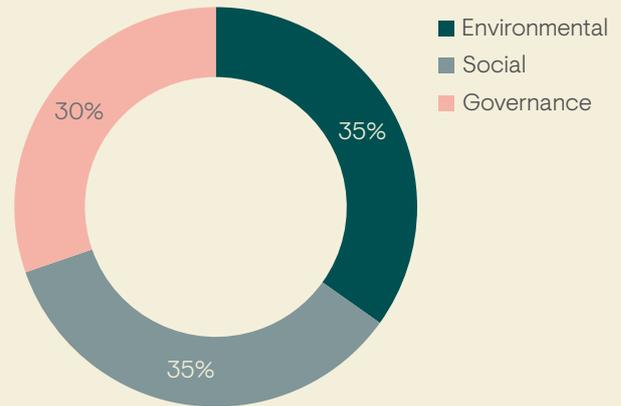
Ninety One is a signatory of the Net Zero Asset Managers Initiative.

We assess carbon-emissions avoided, which is a measure of contribution to decarbonisation.

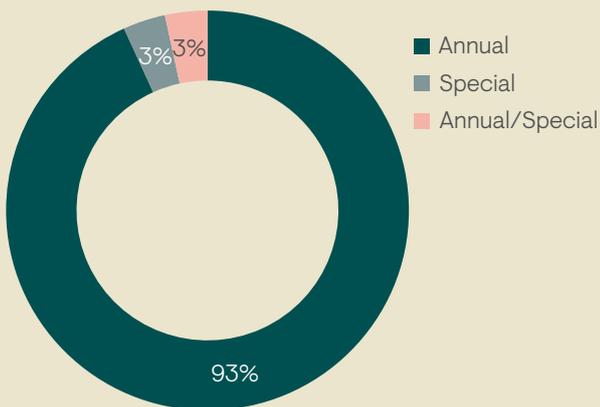
Number of votes cast



Engagement activities by category



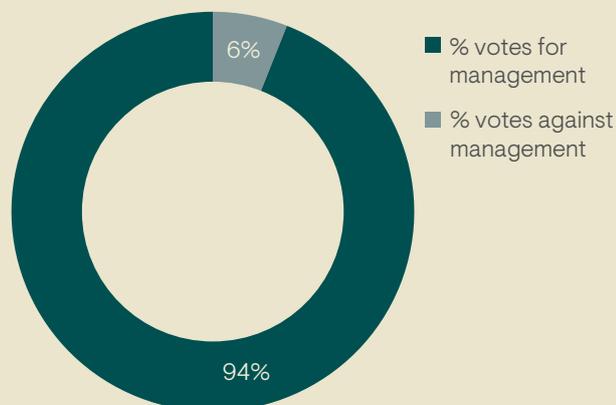
Vote resolutions by type for all votes made



Engagement activities by sub-category 2024

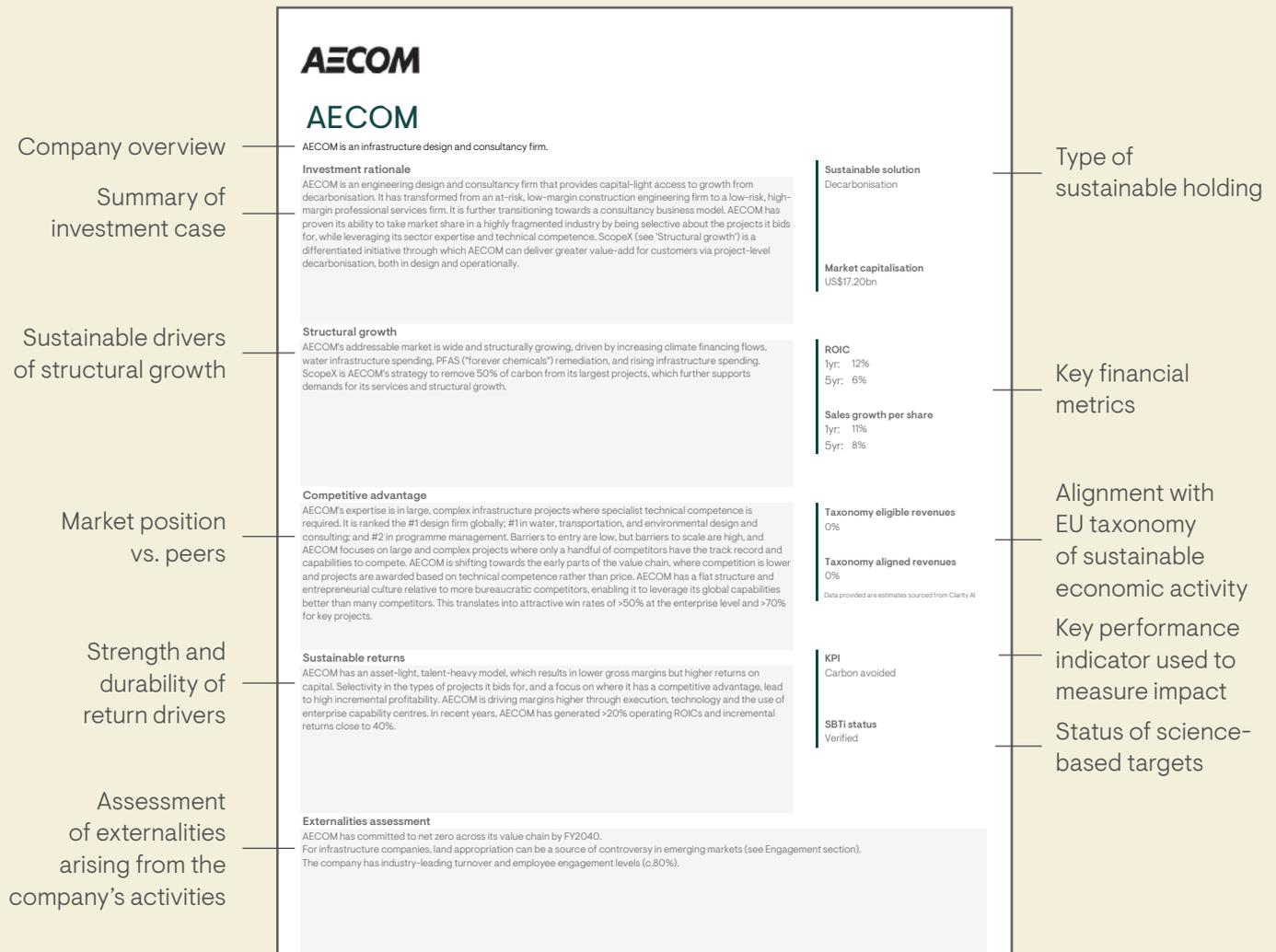


Votes cast (% of meetings)



\*Refers to 'say on pay' votes where we voted for annual frequency.

# How to read the company reports



## Abbreviations

Space permitting, we have generally spelled out abbreviations on first reference within each company assessment. The following terms are commonly used in the reports:

- Return on equity (ROE)
- Return on invested capital (ROIC)

# How to read the company reports continued

Change over time in key performance indicator

KPI progression and emissions data														
	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change		FY 2022 (2023 reporting)		YoY% change		FY 2023 (2024 reporting)		YoY% change	
Carbon avoided (tCO2e)											84,000,000			
	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity		FY 2022 (2023 reporting)		YoY% change to intensity		FY 2023 (2024 reporting)		YoY% change to intensity	
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
Scope 1 & 2	-	-	-	-	-	-	53,706	4	-	-	53,403	4	-9%	-
Scope 3	-	-	-	-	-	-	2,860,407	218	-	-	2,554,397	178	-18%	-
Reported or modelled data	Comments													
Carbon avoided	Reported	AECOM reports that ScopeX has the capability to design out at least 84m tCO2e from the built environment. The next step will be for it to measure and report the carbon savings annually.												
Scope 1 & 2 intensity	Reported	The slight increase in emissions reflected a busier year, operationally.												
Scope 3 intensity	Reported	AECOM continues to work with its top-emitting suppliers to reduce their carbon emissions.												
Engagement														
Topic	Objective	Milestone	Outcome details											
Bribery & Corruption	Information gathering	Completed	We engaged on human rights and land appropriation. Management reiterated its risk management approach and belief that AECOM can have a positive impact building infrastructure, including in terms of social impact. We closed the engagement as we were comfortable with the views expressed.											
Corporate Strategy	KPI growth	Entity has shared its plans/strategy to address the engagement topic	We discussed how AECOM messages its role in decarbonisation, the significance of its project portfolio and current work. We were involved in a stakeholder outreach exercise to help shape this. We will continue to monitor how its strategy progresses.											
Biodiversity - Land Use & Deforestation	Information gathering	Entity has demonstrated that the engagement topic has been addressed	We discussed the Nature Risk Tool AECOM has developed with the Sustainable Markets Initiative (SMI). This increased our understanding of the tool. We do not see it as a material growth driver for the KPI in isolation.											
Carbon avoided	KPI disclosure	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We again discussed reporting carbon avoided. The company has disclosed the capacity for carbon avoided in its sustainability report. We are satisfied with progress and will continue to monitor the reporting of carbon avoided.											
Proxy voting														
We voted in line with management, recognising strong governance practices.														
Engagement goals														
KPI disclosure.														

Change in emissions over time

Change in intensity and explanation of drivers.

The sources of the data are CDP and, for modelled data, MSCI

Engagement goals, progress and outcomes

Voting record during the year

Current engagement goals

**General risks.** The value of investments, and any income generated from them, can fall as well as rise. Costs and charges will reduce the current and future value of investments. Past performance does not predict future returns. Investment objectives may not necessarily be achieved; losses may be made. Target returns are hypothetical returns and do not represent actual performance. Actual returns may differ significantly. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

**Specific risks.** **Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income. **Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss. **Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company. **Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios. **Sustainable Strategies:** Sustainable, impact or other sustainability-focused portfolios consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market. **Emerging and Frontier market (inc. China):** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

# Company reports

AECOM

NextEra Energy

AIA Group

Nu Holdings

Aon

RELX

Autodesk

Schneider Electric

Bank Rakyat Indonesia

Spectris

ConvaTec

Steadfast Group

Danaher

Taiwan Semiconductor Manufacturing Co.

Edwards Lifesciences

Tetra Tech

Elevance Health

Texas Instruments

Experian

Thermo Fisher Scientific

HDFC Bank

UnitedHealth Group

Intact Financial

Veralto

Intuit

Visa

KLA Corp

Waste Management

Mastercard

Yadea

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No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided.

This is not a buy, sell or hold recommendation for any particular security. Company Market capitalisation, Profitability metrics, Sales growth and Taxonomy revenues data are based on latest information available from our vendors. For further information on specific portfolio names, please see the Important information section.



# AECOM

AECOM is an infrastructure design and consultancy firm.

## Investment rationale

AECOM is an engineering design and consultancy firm that provides capital-light access to growth from decarbonisation. It has transformed from an at-risk, low-margin construction engineering firm to a low-risk, high-margin professional services firm. It is further transitioning towards a consultancy business model. AECOM has proven its ability to take market share in a highly fragmented industry by being selective about the projects it bids for, while leveraging its sector expertise and technical competence. ScopeX (see 'Structural growth') is a differentiated initiative through which AECOM can deliver greater value-add for customers via project-level decarbonisation, both in design and operationally.

## Structural growth

AECOM's addressable market is wide and structurally growing, driven by increasing climate financing flows, water infrastructure spending, PFAS ("forever chemicals") remediation, and rising infrastructure spending. ScopeX is AECOM's strategy to remove 50% of carbon from its largest projects, which further supports demands for its services and structural growth.

## Competitive advantage

AECOM's expertise is in large, complex infrastructure projects where specialist technical competence is required. It is ranked the #1 design firm globally; #1 in water, transportation, and environmental design and consulting; and #2 in programme management. Barriers to entry are low, but barriers to scale are high, and AECOM focuses on large and complex projects where only a handful of competitors have the track record and capabilities to compete. AECOM is shifting towards the early parts of the value chain, where competition is lower and projects are awarded based on technical competence rather than price. AECOM has a flat structure and entrepreneurial culture relative to more bureaucratic competitors, enabling it to leverage its global capabilities better than many competitors. This translates into attractive win rates of >50% at the enterprise level and >70% for key projects.

## Sustainable returns

AECOM has an asset-light, talent-heavy model, which results in lower gross margins but higher returns on capital. Selectivity in the types of projects it bids for, and a focus on where it has a competitive advantage, lead to high incremental profitability. AECOM is driving margins higher through execution, technology and the use of enterprise capability centres. In recent years, AECOM has generated >20% operating ROICs and incremental returns close to 40%.

## Externalities assessment

AECOM has committed to net zero across its value chain by FY2040. For infrastructure companies, land appropriation can be a source of controversy in emerging markets (see Engagement section). The company has industry-leading turnover and employee engagement levels (c.80%).

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$17.20bn

## ROIC

1yr: 12%

5yr: 6%

## Sales growth per share

1yr: 11%

5yr: 8%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	-	-	-	-	-	84,000,000	-

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	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	-	-	-	-	-	53,706	4	-	53,403	4	-9%
Scope 3	-	-	-	-	-	2,860,407	218	-	2,554,397	178	-18%

	Reported or modelled data	Comments
Carbon avoided	Reported	AECOM reports that ScopeX has the capability to design out at least 84m tCO2e from the built environment. The next step will be for it to measure and report the carbon savings annually.
Scope 1 & 2 intensity	Reported	The slight increase in emissions reflected a busier year, operationally.
Scope 3 intensity	Reported	AECOM continues to work with its top-emitting suppliers to reduce their carbon emissions.

## Engagement

Topic	Objective	Milestone	Outcome details
Bribery & Corruption	Information gathering	Completed	We engaged on human rights and land appropriation. Management reiterated its risk management approach and belief that AECOM can have a positive impact building infrastructure, including in terms of social impact. We closed the engagement as we were comfortable with the views expressed.
Corporate Strategy	KPI growth	Entity has shared its plans/strategy to address the engagement topic	We discussed how AECOM messages its role in decarbonisation, the significance of its project portfolio and current work. We were involved in a stakeholder outreach exercise to help shape this. We will continue to monitor how its strategy progresses.
Biodiversity - Land Use & Deforestation	Information gathering	Entity has demonstrated that the engagement topic has been addressed	We discussed the Nature Risk Tool AECOM has developed with the Sustainable Markets Initiative (SMI). This increased our understanding of the tool. We do not see it as a material growth driver for the KPI in isolation.
Carbon avoided	KPI disclosure	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We again discussed reporting carbon avoided. The company has disclosed the capacity for carbon avoided in its sustainability report. We are satisfied with progress and will continue to monitor the reporting of carbon avoided.

## Proxy voting

We voted in line with management, recognising strong governance practices.

## Engagement goals

KPI disclosure.



# AIA Group

AIA is the leading pan-Asian life and health insurer.

## Investment rationale

AIA operates across 18 Asia-Pacific markets, many of which are underserved. Its core strength lies in its premier agency channel, delivering high-quality, consultation-based insurance through well-trained agents, supported by leading underwriting and digital tools. China is now AIA's largest and most promising market, benefiting from the liberalisation of its insurance sector. Yet AIA's current footprint reaches just 3% of its addressable market (4m of an estimated 226m people by 2030), offering substantial room for growth. AIA combines a trusted brand, prudent reserving and capital self-sufficiency, creating resilience and enabling reinvestment.

## Structural growth

The Asian life and health insurance market presents a compelling long-term structural growth opportunity, underpinned by persistently low insurance penetration, rising middle-income populations and limited social-welfare provision. Life insurance premiums as a percentage of GDP in Indonesia, China and India are far below levels in more mature Asian markets such as Japan and South Korea. The gap highlights the size of the opportunity as financial systems formalise and consumer awareness grows. At the same time, Asia's middle class is expanding rapidly. Rising disposable incomes among these cohorts are fuelling demand for financial protection, and savings and health products. Further supporting demand is the limited coverage offered by public welfare systems across much of Asia.

## Competitive advantage

AIA's competitive moat is built on its proprietary distribution network, scale and trusted brand. This is a powerful combination in life and health insurance, where customer trust and long-term engagement are critical. AIA's premier agency strategy, with over 250,000 tied agents, enables personalised, consultation-based sales across diverse markets. This controlled, high-quality distribution supports a superior customer experience and high-quality policy book. AIA's scale provides leverage across training, marketing, digital platforms and product development. In markets with high fixed costs and fragmented regulation, operational scale is a clear advantage. Strategic positioning in health and wellness enhances relevance and trust among customers. Finally, AIA's strong corporate culture underpins its ability to attract and retain top agency and leadership talent. Together, these attributes establish a competitive position that is difficult for peers to replicate at scale.

## Sustainable returns

Historically, AIA has sought to dampen the volatility of its ROE via a policy of matching the duration of assets and liabilities. With a consequent strong preference for fixed-income securities (>80% of assets), its profitability relies more on underwriting than (more volatile) investment returns. This model has produced consistently high-quality earnings, with AIA generating a value of new business (VONB) margin of c.60% and an operating ROE of c.15%, underpinned by prudent reserving, capital self-sufficiency and a high-persistence policy book. With improving policy volumes and agency productivity, we expect ROE to rise, reflecting operating leverage and margin expansion. In parallel, AIA is taking steps to improve capital efficiency. The company has committed to returning excess capital to shareholders, extending its share buyback programme. Over time, this should enhance shareholder returns and support a rising ROE.

## Externalities assessment

AIA has a small direct environmental footprint but, given the size of the investment book, indirect emissions exist. Disclosure on financed emissions and net-zero targets remains limited.

AIA contributes to financial inclusion by providing life and health cover in underpenetrated markets and extending preventative health services through platforms such as Vitality and WeDoctor.

Internally, it ranks in the top quartile for employee engagement globally with a 98% participation rate, moderate turnover and 57% female representation. Board diversity remains limited with only three women among 13 directors.

No major ESG controversies have been reported.

## Sustainable solution

Financial Inclusion

## Market capitalisation

US\$100.50bn

## ROE

1yr: 17%

5yr: 11%

## Sales growth per share

1yr: 20%

5yr: -6%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of individual life insurance policyholders

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of individual life insurance policyholders (million)	39	41	5%	42	2%	43	2%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	29,290	1	46,716	2	233%	45,254	1	-35%
Scope 3	3,961,841	85	2,312,622	97	14%	1,672,635	48	-50%

	Reported or modelled data	Comments
Number of individual life insurance policyholders	Reported	We take the number of individual policyholders as our primary KPI. AIA increased the number of policyholders from 39m in FY2020 to 43m in the most recent reporting period.
Scope 1 & 2 intensity	Reported	AIA has seen good progress on emissions reduction in absolute and intensity terms. Gains have come from a mix of operational improvements, energy sourcing, digitalisation, and fleet / real estate management.
Scope 3 intensity	Estimated	The increase primarily reflects an increase in business travel.

## Engagement

Topic	Objective	Milestone	Outcome details
Financial Inclusion	KPI Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	AIA provided useful information on customer income and protection mix, though further disclosure on country-level policyholder data is encouraged.
Board diversity	Board / Mgmt Oversight	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	AIA has increased the representation of women on its board, with two female appointments.

## Proxy voting

We voted against the re-election of a director.

## Engagement goals

Continue to engage on KPI disclosure and KPI growth.



# Aon

Aon is a global professional services firm providing risk, retirement and health solutions.

## Investment rationale

Aon is an enabler of global climate adaptation and a beneficiary of rising physical and transition climate risks, providing risk advisory, reinsurance and human-capital services. Its capabilities in risk modelling, protection structuring and capital mobilisation are becoming increasingly important to its customers, underpinning a high-quality, sustainable growth opportunity.

## Structural growth

Aon's growth potential is linked to the increasing frequency, severity and complexity of climate-related risks, which is driving demand for sophisticated risk solutions. In 2024, natural disasters caused US\$368bn in economic losses, of which only US\$145bn were insured. Aon's core capabilities in risk quantification, structuring, reinsurance and advisory services enable it to address this gap with bespoke solutions that improve the financial resilience of its customers. As the largest global reinsurance broker and a leading commercial insurance intermediary, Aon brings scale, data and technical depth to its markets. It assists carriers in modelling and managing climate-affected portfolios, accessing alternative capital through catastrophe bonds and insurance-linked securities, and structuring parametric solutions that pay out based on measurable climate events. Aon also supports corporates in building climate risk into capital planning, supply-chain strategy and human capital resilience. Altogether, this positions Aon as a key enabler of climate adaptation at scale.

## Competitive advantage

Aon connects risk and capital in complex areas such as climate, cyber and human capital. Its scale, distribution reach and client relationships create high barriers to entry, particularly in the large-corporate and reinsurance markets, where industry expertise and advisory trust are critical. Evidenced in client retention rates of >95%, Aon benefits from its positioning as a high-value, outcomes-driven advisor rather than a transactional broker. Its access to vast proprietary and partner data sets also gives it an advantage in structuring solutions and advising clients. Aon's competitive edge is further enhanced by its 'Aon United' strategy, which encourages cross-functional collaboration and brings multidisciplinary solutions to clients. Aon United also supports operating leverage and margin scalability.

## Sustainable returns

Aon has a track record of delivering sustainable operating margin expansion, underpinned by its relatively large fixed-cost base, which enables operating leverage, and its ability to cross-sell. We see further margin upside driven by: accelerating revenue growth, a shift in business mix towards higher-margin offerings, and ongoing productivity gains, partly through the Aon United strategy. We expect this attractive margin profile, combined with the firm's low capital intensity, to continue to support stable and robust returns on capital.

## Externalities assessment

Aon has relatively low direct environmental impacts but demonstrates leadership on climate initiatives as a founding member of ClimateWise, leading work on physical risk and adaptation.

Its broader influence comes through advisory and reinsurance, where it helps insurers and corporates integrate climate risk into underwriting, capital planning and resilience strategies.

The company also delivers positive social externalities through its health, workforce and retirement services, improving long-term outcomes while managing industry cost-value challenges via outcome-based advice and data-driven insights.

On governance, Aon is enhancing transparency by developing a materiality framework aligned with TCFD and emerging ISSB standards.

## Sustainable solution

Climate Adaptation, Water & Pollution Management

## Market capitalisation

US\$77.80bn

## ROIC

1yr: 19%

5yr: 22%

## Sales growth per share

1yr: 13%

5yr: 10%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Revenue from adaptation products

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Revenue from adaptation products (US\$million)	3,200	3,300	3%	3,577	8%	4,065	14%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	28,109	2	28,731	2	-	48,978	4	61%
Scope 3	442,214	36	424,501	34	-6%	45,060	34	-1%

	Reported or modelled data	Comments
Revenue from adaptation products	Estimated	Revenue linked to climate-adaptation impact continues to grow as Aon delivers products to clients looking to mitigate and protect against the impacts of climate change on businesses and communities.
Scope 1 & 2 intensity	Reported	Aon has re-baselined its carbon emissions inventory to FY2023, driven by structural changes and new business activities that have impacted the company's emissions profile. Aon's acquisition of NFP in April 2024 resulted in a 5% change in the company's emissions inventory, which meets the threshold for recalculation. This approach allows for more accurate tracking of progress towards emissions reduction goals and provides stakeholders with a clearer understanding of the company's environmental impact.
Scope 3 intensity	Reported	As above, Scope 3 emissions have been re-baselined to ensure better tracking of carbon reduction.

## Engagement

Topic	Objective	Milestone	Outcome details
Climate adaptation	KPI Disclosure	Initiation of engagement	Aon recognises the opportunity to drive company growth through the provision of climate-adaptation-related solutions. Currently, we estimate a KPI for climate-adaptation solutions. We would like to see Aon reporting a metric that management tracks and monitors.
Board diversity	Board / Mgmt Oversight	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We have seen encouraging improvements in the board, with Aon focused on building management depth.

## Proxy voting

We voted against the election of directors, reflecting our preference for board refreshment.

## Engagement goals

Continue to engage on KPI disclosure and growth.

# Autodesk

Autodesk provides computer-aided design (CAD) software for the construction and manufacturing industries.

## Investment rationale

To decarbonise construction, which accounts for almost 40% of global energy-related emissions, the very low level of digitisation in the sector needs to be addressed. Autodesk is driving the adoption of building information modelling (BIM), which enables the creation and management of digital information throughout the construction lifecycle. Autodesk’s BIM tools can support low-carbon design and greater resource efficiency by reducing embodied emissions and buildings’ operational emissions. Its manufacturing tools also contribute to lower carbon-intensity design.

## Structural growth

Regulation and rising demand for low-carbon construction are driving greater adoption of products like those Autodesk makes, in particular its BIM tools. BIM penetration globally is low; even in developed markets, it is not used by most of the industry. And where penetration is higher, more sophisticated BIM software is required. Autodesk has been developing a platform of solutions for all stages of the construction lifecycle, increasing productivity and customer convenience, and thereby creating the opportunity to increase pricing as well as sales volumes. The company also has a rapidly growing manufacturing design segment, and makes tools such as Fusion 360, which supports CAD, manufacturing and engineering.

## Competitive advantage

Autodesk is a global leader in design software, with a market share we estimate at c.30%. Few companies can compete with the breadth of its offering. In recent years, Autodesk has focused on integrating its tools into a platform to provide a one-stop solution covering the design, construction and manufacturing phases. This will enable the unification of workflows across construction and manufacturing lifecycles. We also believe the company’s focus on evolving its culture supports talent retention and continuous innovation.

## Sustainable returns

Autodesk’s returns have been highly variable in recent years as it has been transitioning to a cloud/subscription service. It has also been implementing a new transaction model, which increases its direct relationship with customers (vs. distributor relationships). These evolutions have the potential to support an improvement in margins and returns in the long-term.

## Externalities assessment

We believe the company is effectively managing its externalities.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$68.30bn

## ROIC

1yr: 25%

5yr: 29%

## Sales growth per share

1yr: 15%

5yr: 14%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	86,057,400	80,883,000	-6%	81,526,500	1%	79,315,500	-3%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	969	0	686	0	-	1,156	0	-	927	0	-
Scope 3	124,884	38	101,913	27	-29%	114,060	26	-4%	154,166	31	19%

	Reported or modelled data	Comments
Carbon avoided	Estimated	The lower figure is a result of lower estimated US construction emissions. We continue to engage with Autodesk to report carbon avoided.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 remain very small, with emissions representing less than 1 tonne per US\$m of revenue.
Scope 3 intensity	Reported	Scope 3 rose with a change to the purchased goods and services emissions methodology. Also, business travel emissions rose.

## Engagement

Topic	Objective	Milestone	Outcome details
Carbon Avoided	KPI Disclosure	Entity has shared its plans/strategy to address the engagement topic	Autodesk is continuing to develop its carbon avoided calculation but the required data is challenging to source. In the meantime, it is working on a case study.
Board Effectiveness	Board / Mgmt Oversight	Entity has demonstrated that the engagement topic has been addressed	The company has continued to strengthen its board with new members, most recently in 2025. Given the continued refreshment, this goal will be removed.

## Proxy voting

The proxy included a shareholder proposal to provide the right to call a special meeting with a 15% ownership threshold. Given this enhances shareholder rights, we supported the proposal. We supported all other items.

## Engagement goals

Disclosing carbon avoided.  
Disclosing the unadjusted gender pay gap.



# Bank Rakyat Indonesia

Bank Rakyat is one of the world's largest microfinance banks, providing financial services in Indonesia.

## Investment rationale

With a history of >120 years, Bank Rakyat is Indonesia's oldest bank, with c.70% market share in microfinance in the country. Indonesia has a large underbanked population, which presents a long growth runway for Bank Rakyat. In our view, the bank has the expertise, experience and geographic footprint to address barriers to financial inclusion.

## Structural growth

In Indonesia, which is home to c.280m people scattered across thousands of islands, nearly half of all adults are unbanked or underbanked. This presents a structural growth opportunity for Bank Rakyat, a trusted financial institution serving individuals, corporations, micro, small and medium enterprises and ultra-micro borrowers. Microfinance and small loans comprise c.50% of its loan book. Loan growth is currently slowing as the bank adjusts its credit risk appetite. However, loan growth is expected to resume as macro conditions improve.

## Competitive advantage

Bank Rakyat is the largest and one of the longest-operating microfinance franchises in the world. It has built trust in Indonesia over several decades and now operates with a wide network of branches, e-channel networks and BRILink agents to service customers. The bank has consistently generated a high ROE due to its unparalleled experience in underwriting small-ticket, high-yielding micro loans while maintaining relatively low nonperforming-loan ratios even in challenging environments. This is partly thanks to its on-the-ground distribution model, which is adapted to the Indonesian archipelago via small, low-cost and mobile outlets and having bank officers travel around on scooters to maintain close relationships with microfinance clients. We view these advantages as enduring.

## Sustainable returns

Bank Rakyat has been a consistently high-returning bank over many years, with a median ROE over the last 10 years of 17-18%. This return profile has been built on a solid core return on assets, rather than excessive use of leverage. The bank also offers a dividend yield of c.9%, owing to its well-capitalised balance sheet.

## Externalities assessment

The bank has shown market-leading practices in terms of transparency and disclosures on material topics.

Indonesia accounts for around half of global palm-oil supply and c.6% of Bank Rakyat's loan book relates to palm oil plantations. The bank has implemented specific financing policies for four sensitive subsectors. Borrowers in the palm oil sector must hold either Indonesian Sustainable Palm Oil (ISPO) certification or the Roundtable on Sustainable Palm Oil (RSPO) certification. Out of all of Rakyat's borrowers, 80% are certified and 20% are working towards certification. Borrowers must also comply with sustainability and regulatory standards, such as protecting priority biodiversity areas.

## Sustainable solution

Financial Inclusion

## Market capitalisation

US\$33.50bn

## ROE

1yr: 18%

5yr: 16%

## Sales growth per share

1yr: 3%

5yr: 7%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of customers in priority areas

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of customers in priority areas (million)	-	-	-	-	-	36	-

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	-	-	492,370	41	-	476,963	35	-15%
Scope 3	-	-	12,403,505	1,020	-	11,059,267	801	-21%

	Reported or modelled data	Comments
Number of customers in priority areas	Reported	The number of customers in priority areas of micro and ultra-micro loans declined slightly owing to a reduction in micro borrowers as the bank continues its asset-quality improvement.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 intensity declined during the year, in line with the bank's plan to achieve its near-term targets of a 42% reduction by 2032 vs. 2022. The bank undertook actions to optimise electricity use, institute energy audits, adopt energy-efficient technologies across its operations, minimise electronic waste, and reduce fuel consumption by enforcing vehicle age restrictions and regular maintenance.
Scope 3 intensity	Reported	The bank has been enhancing its measurement of Scope 3 based on the PCAF (Partnership for Carbon Accounting Financials) methodology. The increase in FY2024 largely reflected an increase in financed emissions.

## Engagement

Topic	Objective	Milestone	Outcome details
Governance	Board/Mgmt Oversight & Risk Assessment	Entity has acknowledged that the engagement topic is an area that should be addressed	We engaged to understand the priorities and potential changes to governance of the bank by Danantara, the Indonesian sovereign wealth fund. Indonesia announced the creation of Danantara in February 2025 to manage state-owned enterprises (SOEs) including Bank Rakyat.
Capital Allocation & Strategy	Information Gathering & Risk Assessment	Entity has shared its plans/strategy to address the engagement topic	We discussed progress in the asset-quality improvement of the micro-loan book. We understand the bank is mid-cycle and is consciously moderating its micro loan growth and strengthening its credit risk models and funding franchise to resume micro-loan growth next year.
Climate Change - GHG emissions/transition risk	Information Gathering	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	Bank Rakyat has comprehensive disclosure of its climate-risk assessment. It is the first institution in Indonesia to join the Partnership of Carbon Accounting Financials (PCAF) and use its methodology to measure and disclose financed emissions. Bank Rakyat has complied with the SBTi requirements for the measurement of financed emissions. In October 2024, its near-term net-zero target was validated by SBTi.

## Proxy voting

We voted for all items except amending articles of association and approving changes in the board.

## Engagement goals

Monitoring strategic priorities and the operational involvement of Danantara.

# ConvaTec

ConvaTec is a global medical equipment and supplies company.

## Investment rationale

ConvaTec makes medical products for the management of multiple conditions. Over 90% of revenues are from chronic care, and the business has a presence in advanced wound care (AWC), ostomy care (OC), continence care (CC) and infusion care (IC). These are large markets with requirements for hundreds of millions of reliably-manufactured products. ConvaTec has undergone an extensive transformation over the last four years via its Focus-Innovate-Simplify-Build-Execute (FISBE) strategy. Now in its second phase, the strategy has seen the company commit to competitive R&D spending, implement new leadership and simplify operations. R&D strategy is focused on new product innovation to meet unmet patient needs. We see a huge opportunity for product performance improvements to address the healthcare burden, which is aligned with a shift towards value-based healthcare. Success in this sector is derived from product breadth and quality, commercial excellence, distribution and customer service.

## Structural growth

Chronic care is a resilient market with an addressable-market size of US\$14bn and recurring revenue characteristics, which underpins 4-5% defensive growth. Structural drivers include demographics, rising prevalence of chronic conditions, increasing diabetes and obesity, and widening access to healthcare in emerging markets, which means the patient pool is expected to grow. ConvaTec treats unmet medical needs arising from chronic underlying conditions, including cardiovascular disease, diabetes, multiple sclerosis and spinal cord injury, bowel cancer, bladder cancer, and Crohn's and Parkinson's diseases. ConvaTec has delivered six years of accelerating organic revenue growth by providing innovative new products into these large and growing markets.

## Competitive advantage

ConvaTec's competitive advantage stems from its customers' low tolerance for failure. This is reinforced by high switching costs and the company's scale and distribution advantages. Regarding the latter, ConvaTec has built a high-quality distribution business in the US through its Home Service Group, with a leading distribution and manufacturing market share of 40%. It also boasts leading customer service, reflected in net promoter scores of 80%, which supports high customer retention and cross-segment expansion. ConvaTec has achieved one of the largest turnarounds in employee engagement on the McKinsey Organisational Health Index, and it has been rolling out employee net promoter scores (achieving a top-decile engagement score in 2024). This bolsters the company's efforts to establish a winning culture in key markets and categories.

## Sustainable returns

ConvaTec is showing evidence of margin improvement, with adjusted operating profit margins improving to 21.2% in 2024 from a low of 17.7% in 2020. With sustained mid-single-digit revenue growth in percentage terms, operating leverage alone will drive gradual margin improvement into the 'mid-20s'. We believe that returns will continue to improve with the successful execution of the company's FISBE strategy, which focuses on continual improvement and product innovation.

## Externalities assessment

The company tracks complaints per million as a key KPI to monitor manufacturing quality. This was 22.8 in 2024. ConvaTec manages employee-safety risks in a preventative way and targets an annual operations hazard observation rate above 200 per 200,000 hours worked, achieving 291 in 2024. It targets a lost-time-injury rate below 0.22, achieving 0.16 in 2024. The company is managing human rights risks in the supply chain well, in our view. It has a cross-functional human rights committee under executive level oversight; 94% of key suppliers have been independently analysed by EcoVadis, with the aim of improving their sustainability ratings. At end-2024, women held 45% of senior management positions, exceeding the 40% target.

## Sustainable solution

Healthcare Impact

## Market capitalisation

US\$6.40bn

## ROIC

1yr: 9%

5yr: 6%

## Sales growth per share

1yr: 4%

5yr: 4%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of products shipped

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of products shipped (million)	-	850	-	870	2%	900	3%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	36,186	18	24,653	12	-33%	16,142	8	-37%
Scope 3	451,995	222	491,162	237	7%	459,590	215	-9%

	Reported or modelled data	Comments
Number of products shipped	Reported	The company discloses the number of products shipped. Given the chronic nature of the conditions in wound care and continence care and the demonstrable link to products helping to improve patient outcomes, this is a good KPI of healthcare impact. The KPI metric is not comparable prior to 2022 because of business divestments.
Scope 1 & 2 intensity	Reported	ConvaTec reduced Scope 1 and 2 in 2023 by >35%. Manufacturing sites now use 100% renewable energy.
Scope 3 intensity	Reported	Scope 3 declined as the company made efforts to improve product sustainability and encourage suppliers to commit to science-based targets.

## Engagement

Topic	Objective	Milestone	Outcome details
Healthcare Impact (SE Only)	KPI Disclosure (SE only)	Entity has acknowledged that the engagement topic is an area that should be addressed	We had a good discussion on reimbursement, clinical outcomes and quality-adjusted life years, which the company said it would follow up on. ConvaTec is in the process of rolling out customer net promoter scores across the company, and will look to disclose these in the future.

## Proxy voting

We voted in line with management.

## Engagement goals

Discussing remuneration and capital allocation.

# Danaher

Danaher is an equipment provider for life sciences, diagnostics and biotech.

## Investment rationale

Danaher provides essential tools across life sciences, bioprocessing and molecular diagnostics. Its solutions are embedded in critical healthcare workflows, supporting earlier diagnosis, improved treatment and enhanced public health outcomes. The company benefits from a resilient, high-quality business model, with approximately 80% recurring revenues generated through a razor/razor-blade model (low-cost core product/more profitable consumables). An extensive installed base drives demand for consumables and services. Danaher is structurally aligned with key healthcare trends, including the rise of biologics, decentralised diagnostics and increased investment in life sciences. Its decentralised operating model, the Danaher Business System, fosters continuous innovation and operational excellence.

## Structural growth

A core challenge in healthcare is delivering the right treatment to patients at the right time, amid rising system complexity, ageing populations and growing cost pressure. Danaher addresses this through its bioprocessing and molecular diagnostics platforms, which enable faster, more precise and more accessible care. As demand grows for biologics, personalised medicine and point-of-care solutions, Danaher's technologies play a central role in accelerating drug development, improving diagnostic accuracy and decentralising care delivery. These capabilities not only support better clinical outcomes but also enhance efficiency and health-system resilience, particularly in under-resourced settings. Danaher's strategic positioning across life sciences, diagnostics and healthcare infrastructure aligns it with long-term structural growth drivers. Its scale, innovation and disciplined operating model enable both financial outperformance and positive societal impact, supporting more sustainable and equitable healthcare globally.

## Competitive advantage

Danaher's competitive advantage is built on its broad, integrated portfolio, operating scale and culture of executional excellence. It is a critical supplier to the life sciences, biotechnology and diagnostics industries, which positions it as a trusted partner. As Danaher's solutions are embedded in customer workflows, switching costs are significant. Danaher holds leading market positions in segments including bioprocessing, molecular diagnostics and point-of-care testing, and its scale and integration, combined with strong relationships, form a durable moat. It has high levels of recurring revenue (>90% of diagnostics revenue are from consumables and services). Its ability to cross-sell, invest in innovation, and provide technical and service support enhances customer retention and margin durability. At the core of this competitive edge is the Danaher Business System (DBS), a proprietary management philosophy that instils continuous improvement, lean operations and innovation discipline. It also underpins Danaher's M&A strategy, enabling the company to integrate, scale and optimise newly acquired businesses with speed and consistency.

## Sustainable returns

Danaher is well positioned to deliver sustainable growth and long-term returns, due to its strong market positions and disciplined capital allocation. The company generates high returns on capital, particularly in bioprocessing – a structurally attractive market underpinned by rising demand for biologics and cell and gene therapies. This segment benefits from high barriers to entry, recurring revenue streams and strong pricing power. Danaher's focus on specialised, high-margin product niches within this space enhances its profitability and resilience. Combined with Danaher's innovation and operational excellence, in our view the company can compound value through both organic growth and targeted M&A.

## Externalities assessment

Danaher has committed to science-based targets and net-zero by 2050. It is embedding eco-design principles to cut energy use, waste and water intensity, supporting customers' ESG goals and strengthening its positioning in procurement. The company's strategy is shaped by extensive stakeholder engagement, including a wide-ranging materiality assessment, which has improved alignment with external expectations and disclosure. Danaher reports on diversity and has pledged to improve representation, while governance includes board-level ESG oversight and sustainability considerations in executive pay, though integration of explicit ESG metrics remains limited.

## Sustainable solution

Healthcare Impact

## Market capitalisation

US\$150.60bn

## ROIC

1yr: 6%

5yr: 8%

## Sales growth per share

1yr: 21%

5yr: 6%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of patients reached

## SBTi status

Committed

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of patients reached (million)	-	-	-	-	-	1,200	-

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	340,944	12	340,989	13	10%	235,195	10	-23%
Scope 3	-	-	10,903,575	409	-	9,776,917	409	-

	Reported or modelled data	Comments
Number of patients reached	Reported	Danaher has begun reporting number of patients reached (million) which is not comparable to prior year KPIs.
Scope 1 & 2 intensity	Reported	Danaher has developed a decarbonisation roadmap for Scope 1 and 2 and is working on identifying, prioritising and implementing measures that improve energy efficiency and reduce emissions.
Scope 3 intensity	Estimated	Danaher does not report all Scope 3 categories, but recently completed its first Scope 3 inventory. This will help it to focus on the most relevant categories as it develops a net-zero target.

## Engagement

Topic	Objective	Milestone	Outcome details
Board Effectiveness	Board / Mgmt Oversight	Entity has acknowledged that the engagement topic is an area that should be addressed	We voted against the lead independent director for a second year running and have communicated on this directly to the company. Our request was noted and some comfort was given on the structure of the board allowing for the lead independent to continue to function independently. We also engaged on the diversity of the board and discussed talent progression, which looks strong.
Healthcare Impact	KPI Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	We discussed KPIs relevant to driving impact in healthcare. Danaher has eight core KPIs, but is aware of the need to provide more information on its operating impact. We will seek clarity on the 90% of biologics products that touch Danaher products and the number of diagnostics tests Danaher facilitates.
Climate Change - GHG emissions/transition risk	Targets	Entity has demonstrated progress towards delivering their plans/strategy related to the engagement topic	Following investor feedback, Danaher has submitted net-zero aligned plans to SBTi. It expects validation to take 1-1.5 years.

## Proxy voting

We voted against the lead independent director for a second year running and communicated on this directly to the company.

## Engagement goals

We continue to engage on KPI Disclosure and KPI Growth.



Edwards

# Edwards Lifesciences

The company offers products that treat cardiovascular disease.

## Investment rationale

Edwards Lifesciences focuses on cardiovascular medical devices, providing patients with valves and services to treat life-threatening heart disease. Its products, which include tissue replacement heart valves, heart-valve repair and hemodynamic monitoring devices, are non-invasive and aim to deliver superior clinical outcomes at a lower total cost. Patients using them typically only stay in hospital one to two days, compared to two weeks for open heart surgery. The procedure for transcatheter aortic valve replacement (TAVR) results in improved recovery time and reduced infection risk, while also significantly lowering the risk of stroke, death and rehospitalisation for all surgical risk levels.

## Structural growth

We expect Edwards Lifesciences to continue to innovate and deliver superior clinical outcomes, generating substantial revenues linked to positive healthcare impact. The company had treated >1m patients with TAVR therapies by the end of 2024, up from 800,000 the previous year. We track these numbers as one of our healthcare impact KPIs for the firm. TAVR therapies are core to Edwards Lifesciences' business and we expect them to remain a substantial growth driver over our likely investment horizon. We are also optimistic on the long-term potential of transcatheter mitral and tricuspid therapies (TMFT). Both cardiovascular therapies remain severely underpenetrated, hence with the potential for many years of robust growth ahead.

## Competitive advantage

The company's competitive advantage is underpinned by the low tolerance for failure of its customers and its proven success in R&D, which is a function of specialisation and Edwards Lifesciences' long-term therapeutic focus. This long-term mindset extends to how it develops talent and its capital allocation. Incumbency is also an important source of competitive advantage, given the lengthy training required to use a particular brand of medical device. As the market leader, the company can hire the best R&D talent and has deep market intelligence to identify bolt-on deals at the pre-clinical stage. The lengthy clinical trial process acts as another barrier to entry – typically trials last for five year before new products are approved. Taken together, these factors create a strong moat around the business.

## Sustainable returns

The therapeutic specialisation drives a strong financial model built around the self-reinforcing benefits of innovation: roughly 20% of sales are reinvested into R&D, which delivers further clinical advances, supporting further revenue growth and a strong margin profile. This investment in R&D is highly focused on transcatheter heart-valve technologies. Edwards Lifesciences has delivered cash returns on investment of 15% over the last five years while still making significant investments and expanding the business.

## Externalities assessment

Edwards Lifesciences delivers substantial positive externalities to many heart patients, having opened new therapeutic areas in TAVR and TMFT, thereby addressing significant unmet clinical needs.

The company has a multi-faceted emissions reduction strategy, including reducing energy demand at existing facilities, constructing state-of-the-art net-zero facilities and a transition to renewable energy globally. Its 1.5°C aligned targets were approved by the SBTi in 2021.

The company has a 'patient first' culture. While it measures employee engagement, it does not disclose it. It also has a good safety record, with a >35% reduction in recordable workplace injury rates vs. a 2020 base year.

## Sustainable solution

Healthcare Impact

## Market capitalisation

US\$45.00bn

## ROIC

1yr: 47%

5yr: 27%

## Sales growth per share

1yr: 7%

5yr: 7%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of patients reached

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of patients reached (thousand)	600	800	33%	1,000	25%	1,000	-

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	45,873	9	43,200	8	-8%	39,903	8	-1%
Scope 3	421,278	81	510,388	95	18%	571,915	114	20%

	Reported or modelled data	Comments
Number of patients reached	Reported	Edwards Lifesciences reports the cumulative number of total TAVR patients reached. However, it could improve disclosure as it last reported a vague number of 'over one million' patients reached. We will continue to engage to improve this.
Scope 1 & 2 intensity	Reported	The company has made good progress on reducing Scope 1 and 2 intensity over time.
Scope 3 intensity	Reported	The rise in Scope 3 intensity comes from an increase in purchased goods and service. These are 72% of total Scope 3 emissions and grew 16% year-on-year. We will engage to better understand this.

## Engagement

Topic	Objective	Milestone	Outcome details
Corporate Culture	Disclosure	Engagement initiated	We engaged with the head of investor relations on disclosing employee engagement results. We see this as key to achieving best practice in this area.
Healthcare Impact	KPI Disclosure	Engagement initiated	We have pushed the company for greater detail on the number of patients that it reaches in both TAVR and TMTT. By improving disclosure on this, we believe management and investors can more accurately monitor the growth of sustainable solutions over time.

## Proxy voting

We voted in favour of the proxy items as we view Edwards Lifesciences' governance structures and practices as robust. Although one director's tenure has just passed the 10-year threshold we use for assessing independence, he sits on an otherwise fully independent board which has been regularly refreshed over the years. We are not concerned that his tenure will impact his ability to hold management to account.

## Engagement goals

Disclosing employee engagement results and number of patients reached.  
Better understanding the increase in Scope 3 intensity over time.

# Elevance Health

Elevance Health is a managed care operator.

## Investment rationale

Elevance Health is a healthcare platform with trusted brands (Blue Cross Blue Shield; BCBS), strong government exposure and growing leadership in value-based care. It has a structural profitability advantage stemming from its vertical integration, scale and brand. Its insurance and services businesses are self-reinforcing, driving superior financial outcomes. The company is a leading provider of Medicaid insurance, with government business accounting for the majority of revenues. Through its leadership in value-based care and partnerships with states, Elevance Health helps to address the inefficiencies of the US healthcare system. Its integrated model and community-based BCBS networks position it to improve whole-health outcomes, particularly in under-resourced populations. Elevance Health is differentiated by its localised BCBS presence, which creates deep provider relationships and member trust, enabling it to drive system-wide change and close the operational performance gap to leader UnitedHealth over time.

## Structural growth

Elevance Health's structural growth is driven by its leadership in Medicaid and expanding position in Medicare, two of the fastest-growing segments in US healthcare that are central to efforts to expand access, improve outcomes and control costs. The company is well positioned to capture this growth, which is aligned with the healthcare system's shift toward value-based, impact-driven care. For Medicaid, Elevance Health's integration of insurance and care delivery improves coordination and reduces costs, while its local BCBS presence builds provider trust and enhances engagement with high-need populations. While smaller today, Medicare offers significant upside. In Medicare Advantage, Elevance Health is scaling in response to demographic and policy tailwinds: an ageing population and bipartisan support for the programme are driving enrolment growth. The company is investing in care innovation and home-based services to improve outcomes and secure higher CMS (Centers for Medicare & Medicaid Services) ratings.

## Competitive advantage

Elevance Health's competitive advantage stems from its scale, vertical integration and access to the trusted BCBS brand. Its diversified portfolio, spans Medicaid, Medicare and Commercial arms. The company's integrated services platform, Carelon, is a key differentiator. As Carelon scales, it is enhancing margin expansion and earnings diversification while positioning Elevance Health as a provider of solutions to systemic inefficiencies in US healthcare. A combination of insurance and data-driven services strengthens the company's ability to manage risk, improve outcomes and reduce costs, which is core to the transition toward value-based care. Elevance Health's competitive moat is expanding as healthcare digitises. The ability to own, process and analyse data at scale is becoming central, and Elevance Health is well-positioned to lead this shift. Its evolving corporate culture is increasingly aligned with its strategic trajectory.

## Sustainable returns

Elevance Health has delivered strong returns historically, with further improvement expected from the insourcing of its pharmacy benefit manager, growth in government business and the shift toward value-based care. These initiatives enhance cost control, operational efficiency and visibility, supporting more predictable and resilient cashflow generation. While margins, sales growth and asset turns currently lag UnitedHealth, the gap is narrowing under the current CEO's strategic focus on return improvement. Scaling Carelon, driving core efficiencies, and investing in data and technology are key levers. Elevance Health's government-heavy mix also supports revenue visibility and cashflow stability.

## Externalities assessment

Elevance Health faces scrutiny around risk adjustment, prior authorisation and network adequacy but has so far avoided major investigations. It is investing in digital tools and care-model redesign to improve member experience, with a focus on behavioural and maternal health, though service transparency and customer satisfaction still trail peers. Governance clarity will be important as Carelon expands. The company has made the following climate commitments: reduce absolute Scope 1 46.2% by 2030 vs. 2019; source 100% renewable electricity through 2030; achieve 75% of its suppliers by spending, covering purchased goods and services, having science-based targets by 2028. Human capital performance is strong, with low turnover and credible efforts in development and wellbeing, while governance includes board-level ESG oversight; further linking environmental and access-to-care metrics to executive pay would strengthen alignment with long-term sustainability goals.

## Sustainable solution

Healthcare Impact

## Market capitalisation

US\$76.60bn

## ROIC

1yr: 10%

5yr: 11%

## Sales growth per share

1yr: 12%

5yr: 12%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of Medicaid and Medicare members

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of Medicaid and Medicare members (million)	13	14	8%	13	-7%	12	-12%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	11,800	0	15,725	0	-	18,854	0	-
Scope 3	14,409,485	104	9,575,091	61	-41%	7,101,712	41	-32%

	Reported or modelled data	Comments
Number of Medicaid and Medicare members	Reported	For FY2024, the combined Medicaid and Medicare figures accounted for 27% of medical membership. Segment revenues are not provided to split for Medicaid / Medicare. Health Benefits accounts for 82% of segment revenues.
Scope 1 & 2 intensity	Reported	Efficiency measures and reduced fuel use contributed to the reduction in Scope 1 and 2. The company already uses 100% renewable electricity.
Scope 3 intensity	Reported	In 2023, Elevance broadened its Scope 3 measurement to include far more of its supply chain, resulting in a notable increase in these emissions.

## Engagement

Topic	Objective	Milestone	Outcome details
Board Effectiveness	Board / Mgmt Oversight	Entity has acknowledged that the engagement topic is an area that should be addressed	We raised concerns regarding Ramiro G. Peru's 19-year tenure and his role as compensation committee chair, and voted against his re-election. The company responded that director evaluations are facilitated by an external party and that the governance committee considers tenure, diversity, past performance and strategic needs when nominating directors.

## Proxy voting

We voted against the election of one director, owing to independence considerations given long board tenure (19 years; see 'Engagement'). This is particularly important given this director is chair of the compensation committee.

## Engagement goals

Board independence / tenure and diversity.



# Experian

Experian is a global credit bureau, offering credit and marketing services.

## Investment rationale

Experian provides specialist analytical solutions for credit scoring and risk management, and offers consumer credit reports and scores. The company aims to broaden financial inclusion by providing objective assessments of creditworthiness. The company's solutions enable individual consumers to gain and improve their access to credit, while reducing the cost of doing business for lenders. Experian's Social Innovation programme seeks to develop new solutions to address historically marginalised groups, partly using alternative data.

## Structural growth

Experian's growth is directly linked to providing underserved populations with access to credit, which it does via tools and partnerships with microfinance institutions. Experian's Consumer Services business provides credit-monitoring services to customers with inadequate access to credit and financial products. This business accounts for about one-quarter of sales and one-third of group growth. The company's products include Boost, a free tool that allows consumers to improve their credit score by sharing some of their utility, rent and telecoms bills.

## Competitive advantage

Experian has unique and hard-to-recreate data assets. Generally, institutions gain access to the credit bureau's database by contributing accurate data regularly. For example, a bank contributes loan data on its customers and in return can access the credit bureau's dataset, establishing a mutually beneficial arrangement that is difficult for rivals to disrupt. As more customers join a credit bureau, the quality of its data improves, creating a network effect. New customers are therefore inclined to choose the credit bureau with the most data. Establishing a credit bureau without data to offer is a daunting task, and it would take many years to develop a competitive product. Set-up costs would also be substantial, raising the barrier to entry. Experian's consumer business bolsters its competitive advantage by integrating additional data sources, strengthening its B2B operations, and serving as a key driver of future growth.

## Sustainable returns

Benefiting from powerful network effects and high customer switching costs, Experian's business model has delivered strong recurring revenues (c.80% of revenues are subscription-based) and high margins (c.30% EBIT margin). Supporting its ability to sustain returns, the company is well-positioned in both mature and emerging markets, and continues to innovate in digital credit scoring and identity services.

## Externalities assessment

Experian's environmental impact is relatively small. Nevertheless, it has an SBTi-approved carbon reduction plan. Its biodiversity impact is also low. Experian acknowledges some of the historical biases in its legacy credit scoring systems. Through innovations like Experian Boost, it has developed products to actively mitigate these biases. Employee engagement has been strongly positive over the years and has shown an improving trend since 2016. This general improvement is also evidenced in voluntary attrition rates. Cyber security is a standing priority for Experian. It is regularly reviewed by the audit committee, and the full board is kept updated by the Global Chief Information Security Officer.

## Sustainable solution

Financial Inclusion

## Market capitalisation

US\$43.30bn

## ROIC

1yr: 14%

5yr: 14%

## Sales growth per share

1yr: 4%

5yr: 8%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of consumers on free platforms

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of consumers on free platforms (million)	110	134	22%	168	25%	182	8%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	16,335	3	10,129	16	433%	7,457	1	-94%
Scope 3	179,827	34	178,055	28	-16%	206,800	31	10%

	Reported or modelled data	Comments
Number of consumers on free platforms	Reported	To measure financial inclusion impact, we monitor the number of members of the Consumer Services business as the primary KPI. We also track the number of total credit profiles maintained by Experian, which currently includes >1bn consumers. Growing the number of free customers served is central to Experian's strategy and value creation, so the progression since 2020 is encouraging.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 intensity was reduced by using renewable electricity in US data centres.
Scope 3 intensity	Reported	Experian only includes the categories of 'purchased goods & services', 'business travel' and 'fuel-and-energy-related activities' in its Scope 3 disclosures. 2023 Scope 3 CDP data had not been released at the time of report compilation.

## Engagement

Topic	Objective	Milestone	Outcome details
Customer Welfare	KPI Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	We engaged with Experian to better show the various mixes of its free consumer group and how it adds value to them over time. The company is able to show very good data on how it tracks financial inclusion, and we will continue to work with them to improve this disclosure to the most material groups.

## Proxy voting

We voted for all proxy items. The board is experienced and well structured, with no over-long tenures or excessive over-boarding. Compensation is sensible and aligned with the interests of long-term shareholders.

## Engagement goals

Improving KPI disclosures

# HDFC Bank

HDFC Bank is the largest private-sector bank in India by assets.

## Investment rationale

India is the fastest-growing major economy in the world, yet millions of Indians remain unbanked or under-banked. Banking has a multiplier effect on the economy and HDFC Bank, with its wide reach and distribution, is a driver of financial inclusion in India. The bank, which serves c.93m customers, provides loans to priority sectors, including agriculture and related areas, small and midsize enterprises (SMEs) and housing. It is well positioned to capture growth in financial services demand from a rising Indian middle class, as well as from financially under-served rural areas in India. The bank's credit cost is among the lowest in the world, supported by its strong credit underwriting model.

## Structural growth

According to the World Bank, c.22% of the Indian population (c.300m people) are unbanked. Addressing this will drive structural growth for HDFC Bank. Over the years, the bank has demonstrated an ability to grow sustainably faster than the banking system. The credit gap in India's crucial SME sector (sized at c.US\$400m), coupled with the growth of the Indian home mortgage market (c.US\$500bn), substantially expands growth opportunities for the bank.

## Competitive advantage

HDFC Bank has the leading market share among India's private-sector banks, bolstered by prudent risk management, a customer-centric approach and solid reputation. The bank has a strong deposit franchise and a low cost of funds vs. its peers, a key competitive advantage that affords the bank discretion to grow sustainably while maintaining best-in-class asset quality. This is supported by an efficient, wide distribution network.

## Sustainable returns

With strong risk governance and a prudent approach to growing sustainably, HDFC Bank has maintained stable net interest margins, a best-in-class cost-to-income ratio and best-in-class asset quality, as well as solid growth and returns. The bank has achieved solid ROEs and has a well-capitalised balance sheet. Following the 2023 merger with HDFC Ltd. (Housing Development Finance Corp.), we think the long-duration and sticky nature of the home-loan book will enhance customer retention and cross-selling opportunities, furthering supporting the bank's return outlook.

## Externalities assessment

HDFC Bank is targeting carbon neutrality for Scope 1 and 2 by 2032 and is currently formalising its emissions roadmap. As a financial institution, the bank faces risks associated with data privacy and security; we understand that they are well managed.

Employee turnover, which had increased in 2023, has been normalising over the past year.

## Sustainable solution

Financial Inclusion

## Market capitalisation

US\$158.43bn

## ROE

1yr: 14%

5yr: 16%

## Sales growth per share

1yr: 4%

5yr: 18%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of customers in priority areas

## SBTi status

No Commitment

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of customers in priority areas (million)	17	23	40%	32	36%	46	45%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	308,544	15	336,669	15	2%	336,669	13	-12%
Scope 3	4,132,461	192	13,106,111	582	203%	13,064,821	513	-12%

	Reported or modelled data	Comments
Number of customers in priority areas	Estimated	We scale the number of customers every year by the percentage of advances in priority areas to derive an annualised number of customers in priority areas. In 2023, HDFC Bank merged with HDFC Ltd, which has a large affordable-mortgage lending book. This explains the significant KPI progression in 2024.
Scope 1 & 2 intensity	Reported	Emissions intensity declined due to carbon-reduction initiatives both on the demand side (e.g., automated energy management systems and management of emissions from operations) and supply side (e.g., installing solar panels in office buildings). The banks aims to achieve carbon neutrality for its operations by FY2032.
Scope 3 intensity	Reported	While the bank continues to enhance Scope 3 disclosures, they are still not meaningful. The biggest driver of Scope 3 is financed emissions, disclosure of which remains an area of engagement.

## Engagement

Topic	Objective	Milestone	Outcome details
Financial Inclusion	KPI Disclosure	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	Disclosure by number of customers in each lending/insurance area has not been done traditionally, but the total number of customers is disclosed at the aggregate level.
Climate Change - GHG emissions/transition risk	Disclosure	Entity has shared its plans/strategy to address the engagement topic	We are monitoring HDFC Bank's progress on financed emissions reporting ahead of its planned SBTi validation; TCFD reporting is available for HDFC Ltd but not yet for the bank.
Corporate Culture	Information Gathering	Entity has acknowledged that the engagement topic is an area that should be addressed	We discussed strategies to build and maintain a strong corporate culture with good employee engagement and low turnover.

## Proxy voting

We voted for all items, while noting the need to improve the gender diversity of the board.

## Engagement goals

Enhancing disclosure of priority area KPI (number of borrowers in each priority area).

Disclosing full Scope 3, notably financed emissions which are key to HDFC's Scope 3 footprint.

Increasing gender diversity across the business, including on the board.



# Intact Financial

Intact Financial is the largest provider of property and casualty insurance in Canada.

## Investment rationale

With US\$24 billion of premiums written, Intact is the largest property and casualty (P&C) insurer in Canada and is becoming a leading global insurance provider. Alongside its domestic business, it has a strong global speciality business and a UK and US commercial business. Intact has an excellent track record of underwriting discipline, reflected in a track record of strong combined ratios and ROE. Climate change is increasing the frequency and severity of natural disasters, particularly in Canada which is seeing warming at twice the global average, underpinning a structural growth opportunity for good underwriters in the Canadian property market. Intact has vertically integrated, more than any other insurance company, which underpins better customer outcomes.

## Structural growth

Climate change is an opportunity for climate-adaptation solution providers. Intact's role in climate adaptation is to deliver best-in-class customer service through its ownership of the value chain and via pioneering loss-prevention solutions through its Climate Adaptation centre. Examples of prevention include a programme involving wildfire defence systems, the acquisition of home-maintenance app Jiffy, and wetland preservation for flood management. Intact's strategy includes achieving steady mid-single-digit organic premium growth, accelerated by acquisitions. A central part of its strategy is to consolidate the domestic Canadian P&C industry to increase scale and market share, lower costs and improve the customer experience.

## Competitive advantage

Intact has a strong competitive advantage underpinned by a scale advantage in the Canadian market, where it has c.20% share, twice as large as the next biggest competitor. Its competitive advantages span underwriting, claims handling, supply-chain vertical integration and distribution. The company owns the restoration value chain with On Side Restoration with 50 locations, and via its Rely Network which includes auto service shops. Intact has 500 data science experts, 600 lawyers and a claims team of 3,000 adjusters. This vertical integration and scale underpin a durable competitive advantage.

## Sustainable returns

Intact has a strong track record of generating high and sustainable returns (6.5% higher than the industry over the last decade). This performance stems from disciplined management of the underwriting cycle, with management willing to exit areas seeing margin pressure and seeking growth only when prospective risk-adjusted returns are attractive. Intact's excellent track record of underwriting is built on superior risk segmentation and selection, data modelling and analysis, and claims integration. Finally, its track record of M&A integration is impressive, with the recent RSA Insurance deal achieving an IRR of 20%.

## Externalities assessment

Intact has reduced operational emissions by 23% vs. 2019.

From a social perspective, Canada is a regionally regulated insurance market, so government relations are material from a stakeholder perspective.

Regulatory risk is currently benign, but as Intact increases pricing it needs to do so without risking future policy intervention.

Fair treatment of customers is important. In our view, Intact is a highly customer-oriented organisation, with a target for 75% of customers to be advocates of the company. In 2024 Intact was ranked the #1 most trusted brand in both auto and home insurance.

Intact is a diverse and inclusive place to work, in our assessment, with 52% of senior management positions held by women. We also believe Intact has a strong culture, with an employee engagement score of 75% globally, 76% internal promotion rate and 25% of employees changing roles.

## Sustainable solution

Climate Adaptation, Water & Pollution Management

## Market capitalisation

US\$34.20bn

## ROE

1yr: 14%

5yr: 14%

## Sales growth per share

1yr: 1%

5yr: 12%

## Taxonomy eligible revenues

100%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of Canadian property written insured risks

## SBTi status

No Commitment

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of Canadian property written insured risks (million)	3	3	8%	3	1%	3	1%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	27,313	2	28,076	1	-37%	17,005	1	-33%
Scope 3	1,139,555	80	1,250,768	54	-33%	1,547,532	73	36%

	Reported or modelled data	Comments
Number of Canadian property written insured risks	Reported	The KPI for monitoring and measuring Intact's impact focuses on the number of Canadian personal property insured risks. This KPI directly links to the group of people grappling with climate adaptation in Canada, many of whom are encountering the impacts of climate change at twice the global rate. Intact discloses the number of direct written premiums per segment.
Scope 1 & 2 intensity	Reported	Intact has reduced operational emissions, with reductions vs. 2019 of 33% from its fleet, 15% from travel and 28% from buildings.
Scope 3 intensity	Estimated	Scope 3 is estimated using MSCI data.

## Engagement

Topic	Objective	Milestone	Outcome details
Capital allocation	Ambition & commitments	Entity has shared its plans/strategy to address the engagement topic	We engaged on whether the investment book reflected the global nature of the business. Intact is looking to slowly increase the breadth of the investment book. We acknowledge that it will take time to see change.
Climate adaptation	KPI disclosure	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We engaged on KPI disclosure regarding climate adaptation. A number of KPIs were released in the new sustainability report, including the 'climate resilience barometer'. Intact is evidencing how it helps customers impacted by climate events. We continue to reiterate that we would like to see KPI disclosure consistency and KPI growth over time aligned with company growth.
Corporate culture	Ambition & commitments	Entity has acknowledged that the engagement topic is an area that should be addressed	Intact's UK engagement level is meaningfully below Canada and US levels. Management has a plan to improve this that starts with leadership principles. We will continue to monitor for improvement.

## Proxy voting

We voted in line with management on proxy items, viewing Intact's governance as best in class.

## Engagement goals

Disclosing and growing KPI.  
Addressing UK employee engagement.  
Discussing science-based targets.

## Intuit

Intuit provides business management and tax preparation software for small and mid-sized businesses.

### Investment rationale

Primarily serving small businesses and consumers, Intuit provides solutions across accounting, online marketing, payment processing, HR/payroll, and tax preparation and filing. The company is expanding its offerings to serve the small- and mid-sized enterprise (SME) segment more comprehensively. Its Global Business Solutions group's software helps to remove the barriers to success that many small businesses and entrepreneurs face. Our research suggests that small businesses worldwide face a structural lack of access to technology infrastructure and services.

### Structural growth

One of Intuit's five 'Big Bets' is to 'be the centre of small business growth'. We view the SME sector as a vastly underpenetrated market. The Global Business Solutions Group (previously known as the Small Business & Self-Employed division), which serves SME customers, is growing faster than the rest of the business and contributes most of Intuit's growth overall. The division is both increasing the number of SMEs it serves and developing its suite of products, enabling its customers to grow faster. Intuit's goal is to improve the success rate of its SME customers by >20% vs. industry standards.

### Competitive advantage

Intuit's competitive advantage is rooted in the critical role its software plays in SME operations. Effective cashflow management is mission-critical for any business, but particularly small businesses that may face challenges in accessing affordable financing when cashflow issues arise. Intuit's accounting product, QuickBooks, is the market-leading SME accounting platform in the US with c.80% market share, and has 6.5m subscribers worldwide. Accountants frequently recommend QuickBooks to their clients, creating a positive feedback loop which reinforces customer stickiness. Intuit extends its advantage through a developer-friendly API platform, enabling seamless integration with essential business functions like payroll and payments. This integrated ecosystem contributes to high retention rates and pricing power.

### Sustainable returns

Intuit has historically generated attractive returns, with cashflow return on investment (CFROI) of >20% for the past eight years. The company generates sustainable returns by embedding itself at the core of small business operations via the QuickBooks platform, which is both a financial system of record and a workflow hub. Intuit invests heavily in sales and marketing to drive brand trust, as well as in the development and acquisition of new products. Intuit has adopted a value-based pricing strategy. As SMEs grow, Intuit scales with them, expanding average revenue per customer through upselling and cross-selling, creating a durable, compounding revenue base that supports its long-term profitability.

### Externalities assessment

Intuit's Climate Positive programme has a True North Goal to reduce 2m tCO<sub>2</sub>e of emissions outside of Intuit's own operations by 2030. This includes initiatives like the Climate Action Accelerator, which helps small businesses begin their climate-action journey, and the Beyond the Value Chain programme of community-based projects which had a cumulative impact of >610,000 tCO<sub>2</sub>e carbon avoided as of FY2024. Through education outreach, Intuit helped 4.7m students in FY2024 feel better prepared for jobs. Over 550,000 users engaged with Intuit for education content.

Intuit is committed to building leading cybersecurity and data-protection capabilities. This will be critical given the amount of sensitive data Intuit warehouses.

### Sustainable solution

Digital Inclusion

### Market capitalisation

US\$190.10bn

### ROIC

1yr: 13%

5yr: 17%

### Sales growth per share

1yr: 12%

5yr: 17%

### Taxonomy eligible revenues

0%

### Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

### KPI

Number of SMEs served

### SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of SMEs served (million)	7	8	21%	10	23%	9	-7%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	1,304	0	4,680	0	300%	4,340	0	-25%
Scope 3	6,279	1	492,483	39	5429%	496,618	35	-11%

	Reported or modelled data	Comments
Number of SMEs served	Reported	Intuit tracks and discloses the number of paying SME customers in millions. This metric has increased over the longer term as Intuit has grown its customer base.
Scope 1 & 2 intensity	Reported	The decrease in emissions since the new base year was set was driven by operational efficiency measures.
Scope 3 intensity	Reported	The increase in Scope 3 was driven by expanded operations to support business growth and higher value-chain emissions related to purchased goods and services. On a per million of USD value added basis, Scope 3 reduced 10% in FY2024 vs. the base year.

## Engagement

Topic	Objective	Milestone	Outcome details
Digital Inclusion	Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	We encouraged Intuit to expand disclosure of positive economic impact and/or jobs created using its software. The company was interested to work on this internally.
Climate Change - GHG emissions/transition risk	Targets	Entity has acknowledged that the engagement topic is an area that should be addressed	We encouraged early disclosure on whether adoption of AI is likely to have a material bearing on the SBTi-approved 2040 net-zero target. The company is in conversation with suppliers regarding AI and related energy use. However, it does not see an immediate risk. This remains a topic for discussion.
Cultural Work Practices	Disclosure	Entity has demonstrated that the engagement topic has been addressed	The FY2024 employee engagement score was 82, vs. 83 in FY2023.
Diversity, Equity & Inclusion	Targets	Entity has shared its plans/strategy to address the engagement topic	The company reiterated its commitment to the target of 35% female representation in technical roles. There was no progress towards this in FY2024 (34.1%, unchanged vs. FY2023).
Remuneration	Remuneration link	Entity has demonstrated that the engagement topic has been addressed	We discussed the peer group for executive compensation purposes, feeding back that the board should ensure that peer companies are from comparable industries. The FY2024 peer group composition was amended to companies within Intuit's GICS code and five other similar GICS codes.

## Proxy voting

We voted with management on all proxy voting items.

## Engagement goals

Disclosing more detailed data on how QuickBooks positively impacts small businesses' resilience and growth.



# KLA Corp

KLA is a semiconductor equipment company with a leading position in semiconductor process control.

## Investment rationale

KLA is a global leader in process control equipment for semiconductor manufacturing. Its tools are essential for detecting process variations and maximising yields and efficiency, particularly in advanced technology nodes with high manufacturing complexity. KLA's sizeable global market share and installed base drive a steady stream of recurring service revenue. By leveraging big data and ongoing product innovation, KLA maintains industry-leading margins. The company's customer-focused approach, including strategic R&D investment, strengthens client relationships and enhances product effectiveness, ensuring strong customer loyalty and return on investment.

## Structural growth

KLA's testing and inspection tools are vital for foundry customers like TSMC, Samsung and Intel to achieve rapid, high-volume manufacturing and maximise production yields. At the leading edge, where manufacturing tolerances are incredibly tight, KLA's machinery can detect defects as small as 5-10 nanometers with unmatched throughput (a measure of the rate of processing). With >2,000 process steps at the leading edge, each posing a potential defect risk, KLA is benefiting from rising semiconductor capital intensity and the growing share of testing and inspection in the wafer fab equipment (WFE) market. Furthermore, with the significant increase in 2nm design starts (new chip design projects), TSMC's 2nm wafer fabs are becoming increasingly high mix (more product lines), with increasing requirement for customised processes, which requires increasing process control. KLA's technology not only detects process variations but also helps engineers maximise yield, reduce waste and avoid carbon emissions.

## Competitive advantage

KLA dominates the testing and inspection market with a 56% market share, over 6.5x that of its nearest competitor. KLA's process-control equipment is crucial for semiconductor foundries to maintain repeatability and reliable manufacturing, giving it a strong competitive edge. Innovating at twice the speed of competitors, KLA's product cadence sustains its market leadership. With an installed base of over 50,000 systems, KLA has the largest dataset for automated defect and yield analysis, widening its competitive moat. KLA's engineering-led culture fosters autonomy and problem-solving aligned with customer needs, resulting in 81% employee engagement and a turnover rate below 4%.

## Sustainable returns

Semiconductor equipment manufacturers are high-margin, high-return businesses, benefitting from consolidated end-markets with high barriers to entry and mission-critical products. KLA's process-control segment boasts the highest margins in the WFE market, with a best-in-class profile: 62% gross margins, >40% operating profit margins, and >30% free cashflow margins. KLA employs value-based pricing; i.e., pricing products based on the value they create for customers. This approach, combined with leading-edge product development, enables KLA to command prices >4x higher than less advanced inspection tools. Its large installed base also generates recurring service revenue, supporting a defensive growth profile.

## Externalities assessment

From a natural capital perspective, KLA's large installed base of equipment drives increasing use-of-sold-products Scope 3 emissions. While the installed base is a key part of the competitive advantage, KLA needs to drive product efficiency. In 2024, the company's Scope 3 reduction target was validated by SBTi.

In our assessment, KLA has good stakeholder relations, including with customers and suppliers.

Diversity and inclusion requires further progress, with 19% female representation globally and in leadership. We note that KLA is working to create an inclusive culture and diversify its talent pipeline.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$150.00bn

## ROIC

1yr: 42%

5yr: 39%

## Sales growth per share

1yr: 20%

5yr: 19%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO <sub>2</sub> e)	480,000	530,000	10%	560,000	6%	591,848	6%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	32,934	6	48,321	7	23%	44,919	5	-30%	42,814	4	-16%
Scope 3	4,861,342	837	3,853,056	557	-33%	4,268,420	463	-17%	3,480,000	332	-28%

	Reported or modelled data	Comments
Carbon avoided	Estimated	KLA's carbon avoided is estimated. The key driver of this metric is the size of the installed base. KLA has over 50,000 tools, a number that is growing in the low-single-digits annually. As the installed base increases, carbon avoided grows as fab yield is positively correlated with process control.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 declined, with KLA reaching 64% renewables mix in 2023. It is on track to reach the 2030 target of 100%.
Scope 3 intensity	Reported	Use-of-sold-products is 75% of Scope 3. KLA has been shifting tools to the rigorous SEMI S23 measurement for total energy use across the lifecycle of each product family. 58% of tools were covered by SEMI 23 in 2023. KLA has also started an initiative to push key suppliers to report climate data to CDP.

## Engagement

Topic	Objective	Milestone	Outcome details
Decarbonisation	KPI disclosure	Entity has shared its plans to address this topic.	KLA is working on carbon avoided data-gathering and is now focusing on yield maximisation.
Climate Change - GHG emissions/transition risk	Targets	Entity has demonstrated that the engagement topic has been addressed.	KLA has a validated near-term science-based target. We recognise the challenge in achieving Scope 3 net zero given the size of the installed base.
Board Effectiveness	Information gathering	Entity has recognised the need to address this topic.	Board refreshment is being prioritised but will be done gradually to seek strategic continuity. One tenured director has left the board and one has reached retirement age, so we expect them to be replaced soon.
Culture	Information gathering	Entity has demonstrated that the engagement topic has been addressed.	KLA employee engagement is best-in-class, with very high engagement metrics. We are looking for more disclosure to better show engagement across the business.

## Proxy voting

We voted against three directors, consistent with our historical voting stance. We believe KLA should replace tenured directors and continue to engage on this topic.

## Engagement goals

Disclosing carbon avoided.  
Refreshing the board of directors.



# Mastercard

Mastercard is the world's second-largest card network.

## Investment rationale

Mastercard is well positioned to capture structural growth from the digital inclusion of small and mid-sized enterprises (SMEs), particularly in emerging markets where cash dominates and financial access is limited. Globally, over 200m SMEs lack access to essential financial tools such as digital payments, credit and identity verification, restricting their growth. Mastercard addresses this through scalable, low-cost solutions. Tools like QR codes and SoftPOS (turning smartphones into payment terminals) enable informal businesses to accept digital payments inexpensively. The company's Community Pass platform allows smallholder farmers and rural entrepreneurs to transact securely, build credit histories and access markets and services. Mastercard also partners with local banks, fintechs and governments to deliver financial education, working capital solutions and digital onboarding at scale. As SMEs grow and their financial needs deepen, Mastercard's SME-focused strategy drives volumes and strengthens its positioning in fast-growing, underpenetrated markets.

## Structural growth

Mastercard's structural growth is underpinned by the central role it plays in enabling powerful secular trends: the ongoing digitisation of commerce, the global shift away from cash, rising e-commerce penetration, and the inclusion of underbanked populations and SMEs into formal financial systems. SMEs are the backbone of most economies yet have historically faced barriers to digital participation. Mastercard addresses this through solutions such as Tap on Phone, low-cost acceptance technologies, and partnerships with banks and fintechs to offer embedded payments, working capital access, and financial education. With over 50m SMEs digitally enabled since 2020, Mastercard is scaling its presence in fast-growing segments of the digital economy. This supports a long-term structural growth outlook that is both commercially scalable and socially inclusive.

## Competitive advantage

Mastercard's competitive advantage is grounded in its global network effect and trusted brand. With over 3.2 billion cardholders, Mastercard is used by consumers because it is accepted nearly everywhere (210 countries and 150 currencies), while merchants adopt it to access a large base of potential customers. Establishing and sustaining such a network requires substantial investment, creating a high barrier to entry. Mastercard reinforces its moat through technology innovations and partnerships with fintechs and governments to extend digital access. These initiatives align Mastercard's commercial interests with broader development goals while expanding its merchant network. Mastercard's model enables it to serve the world's largest financial institutions and the smallest businesses.

## Sustainable returns

Mastercard delivers strong profitability and return stability. With operating margins consistently around 60%, it is among the most cash-generative businesses globally. The capital intensity of its core transaction-processing model is low, allowing revenue growth to translate directly into operating profit. This is a key driver of Mastercard's superior returns on invested capital. The company maintains a flexible cost base, enabling it to scale investment or moderate spending as needed. This enhances margin resilience during downturns without compromising long-term growth potential. Mastercard passes a portion of its scale benefits back to customers, particularly banks and merchants, through volume-based incentives and co-marketing support. This deepens customer relationships, creating a self-reinforcing loop of growth and value creation. In summary, Mastercard's pricing power, capital efficiency, cost management and reinvestment support returns through the cycle, making it a compounder with downside protection and upside optionality.

## Externalities assessment

Mastercard was the first major payments company with SBTi-validated climate targets and is aiming for net zero by 2040, including Scope 3. Sustainability targets are tied to executive pay, reinforcing accountability. The company has also launched its Sustainable Cards initiative, now adopted by 300+ issuers worldwide.

Mastercard ranks highly as an employer, with 90% of US staff rating it a Great Place to Work (TM) (vs. 57% national average). Recognition on Fortune's Most Admired Companies and the Bloomberg Gender-Equality Index reflects its focus on wellbeing, diversity and development.

Mastercard's core mission supports access to finance and digital participation. By 2025 it aims to integrate 1bn people, including 25m women-led businesses, into the digital economy. It met a target to digitally enable 50m SMEs in 2024.

## Sustainable solution

Digital Inclusion

## Market capitalisation

US\$521.90bn

## ROIC

1yr: 57%

5yr: 49%

## Sales growth per share

1yr: 13%

5yr: 16%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of SMEs digitally enabled

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of SMEs digitally enabled (million)	10	35	250%	48	37%	50	4%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	5,393	0	5,136	0	-23%	4,019	0	-31%
Scope 3	494,564	26	506,581	23	-13%	505,491	20	-12%

	Reported or modelled data	Comments
Number of SMEs digitally enabled	Estimated	Mastercard had digitally enabled over 50m SMEs as of 2024, up from 48m previously. This KPI underpins our investment case, as SME penetration drives payment volumes and strengthens Mastercard's long-term growth potential.
Scope 1 & 2 intensity	Reported	The Scope 1 and 2 improvement reflected ongoing efficiency improvements and green energy use.
Scope 3 intensity	Reported	Supply chain and customer-related emissions were little changed.

## Engagement

Topic	Objective	Milestone	Outcome details
Digital inclusion	KPI Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	We engaged on the importance of not just reporting an impact KPI but also on detailing how the impact KPI links to revenue/profitability materiality. We explained that new regulations mean an increasing number of investors will need this data.

## Proxy voting

We voted against the re-election of one board member due to tenure. We also voted against a number of shareholder proposals as we believe they introduced unnecessary additional reporting requirements and were in areas that Mastercard is already delivering well in.

## Engagement goals

Continue to engage on KPI disclosure.



# NextEra Energy

NextEra Energy is a leading generator of electricity from wind and solar, and the North American leader in renewable energy.

## Investment rationale

Sustainable decarbonisation requires a rapid shift away from fossil fuels towards renewable energy, mainly wind and solar. It also requires significant investment in electricity networks to reduce losses and better integrate renewables. NextEra Energy operates 30GW of wind energy, 14GW of solar and 4GW of battery storage across the US and Canada. It also operates 89,180 miles of transmission and distribution lines.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$161.00bn

## Structural growth

NextEra Energy is the market leader in owning renewable-generating and battery-storage capacity in the US. There has been a significant increase in forecasted power demand in the US, with BNEF now expecting an additional 450GW of power-generating capacity to be required by 2030, the vast majority of which is likely to be met by renewables because of economics and faster build times. Forecasted capacity additions required are significantly higher in a net-zero scenario. This is evidenced by NextEra Energy's current expected build-out of 22.4-29.4GW in 2026/2027, significantly above the build rate in 2024/2025 of 14.1-17.1GW. GAAP revenues are not a particularly informative metric for regulated utilities because fuel is a pass-through, but NextEra Energy expects to grow earnings-per-share at c.8% through 2027, which we believe is backed by highly visible capital-expenditure plans and is in line with historical growth rates.

## ROE

1yr: 12%

5yr: 12%

## Sales growth per share

1yr: -2%

5yr: 7%

## Competitive advantage

We believe NextEra Energy's market-leading position and first-mover status in developing wind, solar and battery storage capacity in the US gives it several competitive advantages, including access to the best sites (access to interconnection is critical and wind resource especially can vary significantly by location), more competitive equipment pricing (NextEra Energy is one of the largest capital spenders in the US across all industries), better financing terms and proprietary data. NextEra's distinctive culture appears to deepen the competitive advantage, with a strong employee ownership mindset continuing to drive innovation from the bottom up.

## Taxonomy eligible revenues

99%

## Taxonomy aligned revenues

29%

Data provided are estimates sourced from Clarity AI

## Sustainable returns

NextEra Energy has consistently generated market-leading returns, with an ROE c.2% above the sector average. We expect this trend to continue. We also believe the significant increase in power demand from AI datacentres and re-shoring will support longer-term power demand and ultimately prices, and therefore renewable-project returns.

## KPI

Carbon avoided

## SBTi status

No Commitment

## Externalities assessment

NextEra Energy continues to own significant fossil-fuel generating capacity. However, having invested heavily in decarbonisation, the company's emissions are 51% lower than the industry average, which gives us comfort that positive carbon externalities outweigh negative ones. We monitored allegations of incorrectly channelled political donations in Florida and were pleased to see the Federal Election Commission dismiss the case. A positive solution to the upcoming rate case at the end of the year will give further comfort that there are no significant issues with the important regulatory stakeholder.

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO <sub>2</sub> e)	39,382,821	39,395,709	0%	34,286,018	-13%	44,000,000	28%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	43,326,682	2,407	43,064,606	2,523	5%	42,016,462	2,005	-21%	42,303,675	1,505	-25%
Scope 3	19,666,464	1,093	21,224,706	1,243	14%	18,637,810	889	-28%	18,637,809	663	-25%

	Reported or modelled data	Comments
Carbon avoided	Reported	The growth in the KPI is driven by the inclusion of nuclear power. Longer term we expect the KPI to grow as renewables development accelerates.
Scope 1 & 2 intensity	Reported	The significant decline in Scope 1 and 2 intensity was driven by an unusual increase in revenues because of higher prices, which will likely reverse. Longer term, we would expect a gradual decline in Scope 1 and 2 intensity as renewables development accelerates.
Scope 3 intensity	Estimated	The company does not report all Scope 3 categories, making it challenging to monitor progress. Reporting, and ultimately setting an emissions-reduction plan for Scope 3, is a key engagement target.

## Engagement

Topic	Objective	Milestone	Outcome details
Board Effectiveness	Board / Mgmt Oversight	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	NextEra's board continues to develop well. There are now four directors with less than two years' tenure. A director we voted against last year has retired and Amy Lane has been made Lead Independent Director (LID). She is approaching the retirement age of 72 so this will be a short appointment. We will engage on the next LID.
Climate Change - GHG emissions/transition risk	Targets	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We continue to discuss Scope 3 reporting and are pleased to see progress. Targeting emissions reductions on purchased goods and services will rely on the development of a scaled green steel industry.
Climate Change - GHG emissions/transition risk	Targets	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	For Scope 1 and 2, NextEra is targeting zero emissions with no use of offsets by 2030. It recently announced a JV to develop new gas-fired power plants in the US. Our engagement focused on ensuring that renewables would continue to dominate the investment programme and that gas would be built to allow either hydrogen or carbon capture in future. We collaborated with a US asset owner on this engagement.

## Proxy voting

We voted for all resolutions, including casting two votes against management supporting shareholder proposals on further disclosure of board skills and diversity and climate-lobbying reporting.

## Engagement goals

Corporate governance.

Scope 3 reporting.

Science-based emissions reduction targets and adherence to existing net-zero target on Scope 1 and 2.



# Nu Holdings

Nu Holdings is the largest digital challenger bank in Latin America.

## Investment rationale

The mission of Nu Holdings (owner of consumer-facing brand Nubank) is to “fight complexity to empower people in their daily lives by reinventing financial services”. The bank drives financial inclusion in Brazil, Mexico and Colombia by offering affordable financial products to a deeply underserved region.

## Structural growth

More than 30m Brazilian adults are unbanked or underbanked, c.20% of the adult population, vs. c.4% in high-income countries. In Mexico and Colombia, an even larger share of the population is unbanked. Small and mid-sized enterprises (SMEs) are also underserved in financial services, of which there are >9m in Brazil, generating almost 27% of GDP and presenting another significant growth opportunity. We believe Nu Holdings is in a strong position to drive financial-services adoption in Latin America.

## Competitive advantage

The pioneering digital challenger bank in Brazil, Nu Holdings began operations in 2013, offering credit cards to individuals ignored by the large incumbent banks, which were known for high fees and an unsatisfactory service. Its digital business model gives it a cost advantage in three of the four main cost components of a bank. It has an 85% lower cost of serving its clients, partly as it employs 8,700 people vs. 100,000 for the leading bank in Brazil; a lower cost of customer acquisition driven by free customer referrals (responsible for more than 80% of the c.85m customers onboarded since its inception); and c.20% lower cost of risk vs. the overall Brazilian market, supported by its careful 'slow and grow' method of providing credit to clients, who can start with a credit card limit as low as US\$10. Nu Holdings also has a distinctive culture of creativity in an industry marked by low levels of innovation and technology use.

## Sustainable returns

After reaching breakeven at the net income level in 2022, Nu Holdings' ROE increased from 0% in 2022 to 28% in 2024, despite heavily investing in expanding its footprint in Mexico and Colombia, which are still loss-making businesses. Its digital business model allows the company to operate at much higher profitability levels, as the bank is running at an estimated ROE of >40% in Brazil, compared to 22.5% and 22.2%, respectively, for Banco do Brasil and Itau Unibanco, two long-established incumbent banks.

## Externalities assessment

Nu Holdings reports Scope 1, 2 and 3, but has not set science-based net-zero targets. Nu Holdings' large scale in Brazil positions it to contribute substantially to driving financial services adoption. It measures customer satisfaction through a net promoter score, which it says is 2-3x higher than incumbent banks. As with any bank, data security is a risk: Nu Holdings does not follow the ISO 27001 international information security standard, though it has adopted the required practices for managing this risk in line with Brazilian regulation. David Velez, founder, Chairman and CEO, owns c.75% of the voting rights (and close to 21% of the total capital) of Nubank, through a dual-share voting structure. This is not best practice, yet common among US-listed technology and fintech companies. We still believe there is alignment of interest with minority shareholders through David Velez's significant ownership of the capital. There are eight board members, of whom seven are independent and two are female. Gender is more balanced at the analyst level (c.46% female) and among managers (c.43%). The company is aiming for 50% of leadership positions to be held by women in 2025. Annual employee turnover marginally increased from 2021 to 2023.

## Sustainable solution

Financial Inclusion

## Market capitalisation

US\$73.50bn

## ROE

1yr: 28%

5yr: -1%

## Sales growth per share

1yr: 17%

5yr: 78%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of customers with active personal loans

## SBTi status

No Commitment

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of customers with active personal loans (million)	2	5	126%	7	37%	11	52%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	182	0	160	0	-70%	244	0	-
Scope 3	5,171	3	12,702	3	-10%	12,346	2	-44%

	Reported or modelled data	Comments
Number of customers with active personal loans	Reported	Nu Holdings continues to progress on increasing the penetration of personal and payroll loans across its customer base, aiming for these two types of loans to be the main growth engines for the total loan book
Scope 1 & 2 intensity	Reported	Nu Holdings reports Scope 1 and 2, but has not set science-based net-zero targets.
Scope 3 intensity	Reported	Nu Holdings reports Scope 3, but has not set science-based net-zero targets.

## Engagement

Topic	Objective	Milestone	Outcome details
Climate Change - GHG emissions/transition risk	Ambition & Commitments	Entity has shared its plans/strategy to address the engagement topic	The company committed in 2021 to carbon neutrality; it is currently revising its emissions methodology to better reflect growth since 2021 in order to finalise SBTi net-zero targets.
Corporate Culture	Board / Mgmt Oversight	Entity has acknowledged that the engagement topic is an area that should be addressed	25% of the board is female, but no formal targets have been set; diversity is monitored by the People and Compensation Committee at the company level.
Privacy, Data, and Cybersecurity	Accountability Mechanisms	Entity has acknowledged that the engagement topic is an area that should be addressed	Nu Holdings does not have the ISO 27001 certification but follows its framework and other standards; our engagement centres on adopting full certification.
Financial Inclusion	KPI Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	The company discloses payroll loan originations only. There is potential for more detailed KPI disclosure on personal loans if the business segment becomes more relevant.

## Proxy voting

We supported all items, including Item 2a (Elect Director David Velez Osorno). Although David Velez would act as CEO and Chairman, we believe his interests are aligned with those of shareholders as a relevant portion of his wealth is in Nu Holdings shares. However, we would like to see more female board members.

## Engagement goals

Setting science-based net-zero targets.  
Adopting ISO 27001 international information security standard.  
Increasing board-level gender diversity.

# RELX

RELX is a global information and analytics company.

## Investment rationale

Through its Elsevier division, RELX provides access to high-quality scientific, technical and medical knowledge. In 2024, Elsevier published >720,000 articles across >3,000 journals. Titles such as The Lancet and Cell are widely regarded as authoritative in their fields. RELX's Scientific, Technical & Medical (STM) division is a core driver of the company's contribution to knowledge equity. The company's solutions allow even resource-constrained institutions to participate in the knowledge economy, via platforms like ScienceDirect and Scopus. ScienceDirect hosts over 22m publications and serves more than 20m monthly users, while Scopus helps >24,500 institutions benchmark and improve research output. RELX's commercial growth is aligned with the structural need for more accessible, high-quality knowledge (see Structural growth). By investing in new content formats, open access models, AI-enabled research tools and partnerships with academic institutions worldwide, RELX supports more inclusive innovation globally and addresses systemic challenges such as gaps in research infrastructure, unequal access to scientific literature and the digital divide.

## Structural growth

RELX's strategy and growth potential is closely aligned with global efforts to improve access to high-quality education and research. In both developed and emerging markets, demand for scientific and medical content is rising, driven by the expansion of higher education, healthcare research and digital learning. Innovation also supports RELX's growth and impact, with the company's transition from print to digital enabling broader, more affordable and more equitable distribution of research outputs. Investments in AI and advanced analytics have enhanced content discovery, accessibility and personalisation, helping users navigate vast volumes of information effectively. The company's growing support for open-access publishing extends its impact by inverting the traditional paywall model: shifting payment responsibility from readers to authors and their institutions. This evolution improves content accessibility across income levels and geographies, reinforcing RELX's role in democratising knowledge. Through this model, RELX generates both commercial value and positive societal impact.

## Competitive advantage

RELX's competitive advantage is built on an intellectual property moat comprising proprietary datasets, long-standing content collection networks, and world-renowned scientific and medical publications. These assets are highly curated, difficult to replicate and deeply embedded in the workflows of academic, clinical and research institutions. Elsevier is the clear leader in peer-reviewed academic publishing. Its journals are considered essential reading in science, medicine and engineering. In 2024, Elsevier accounted for c.17% of global research articles but generated 27% of all citations, reflecting the influence of its intellectual output. This concentration of high-impact content attracts top researchers, who compete for visibility in leading journals. The result is a self-reinforcing cycle: rigorous editorial standards and citation influence attract better submissions, which in turn enhance journals' prestige. RELX's strong market position and high-margin cashflows enable reinvestment in content platforms, AI-powered discovery tools and data integrity. Overall, RELX has a high-barrier, scalable and resilient business model with pricing power and limited vulnerability to competitive disruption.

## Sustainable returns

RELX consistently delivers high-quality, sustainable returns, driven by its asset-light model, recurring revenue base and disciplined capital allocation. With operating margins >30% and ROIC approaching that level, the business converts a large share of profit into free cashflow, supporting reinvestment and shareholder returns. Over 50% of RELX's revenue is subscription-based, providing a stable and highly visible cashflow profile. This is reinforced by deep integration into customer workflows. The company applies a value-based pricing strategy: rather than pricing per unit, RELX aligns pricing with the value customers derive from efficiency gains, compliance, decision accuracy and research outcomes, supporting pricing power without volume dependence. While the risk of digital disintermediation exists, particularly in the publishing industry, RELX has actively mitigated this by evolving from a content provider to a technology- and analytics-driven platform business. Ongoing investment in AI, machine learning and user-centric platform enhancements deepens customer reliance and enhances pricing defensibility.

## Externalities assessment

RELX has significant societal impact across science, healthcare, legal systems and risk management. The STM division contributes to open knowledge through the transition to the open-access model, improving the affordability and reach of scientific literature across regions and income levels. RELX's SDG Resource Centre offers free access to content linked to the UN Sustainable Development Goals, including select peer-reviewed journals. The company has a target to increase users, signalling an intent to continue scaling its societal contribution via open digital platforms. RELX takes a structured approach to measuring and managing its external impact. It is currently undertaking a double materiality assessment to evaluate both the impact of environmental and social factors on the business and the business' own impacts on society. RELX's ability to generate positive externalities at scale strengthens both its commercial model and its alignment with long-term global development goals.

## Sustainable solution

Access to Education

## Market capitalisation

US\$85.10bn

## ROIC

1yr: 22%

5yr: 18%

## Sales growth per share

1yr: 4%

5yr: 6%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of academic journal articles available

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of academic journal articles available (thousand)	610	650	7%	680	5%	720	6%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	13,965	1	14,163	1	-7%	12,915	1	-15%
Scope 3	1,924,874	193	1,995,737	189	-2%	2,311,462	203	7%

	Reported or modelled data	Comments
Number of academic journal articles available	Reported	RELX's total number of articles published each year, which has been growing healthily driven by open-access article volume growth, continues to expand, contributing to delivering impact through access to education.
Scope 1 & 2 intensity	Reported	RELX reduced its energy consumption, resulting in a reduction of Scope 1 and 2, and has been delivering on its emissions-reduction goals.
Scope 3 intensity	Reported	RELX continued to advance its understanding of Scope 3 beyond business flights, identifying key areas and refining its methodology and engagement with suppliers. It used an internal analytics platform to help quantify Scope 3.

## Engagement

Topic	Objective	Milestone	Outcome details
Corporate Strategy	Information Gathering	Entity has acknowledged that the engagement topic is an area that should be addressed	RELX invited input into its double-materiality assessment, which aims to identify sustainability-related impacts, risks and opportunities across the value chain, in preparation for regulatory compliance and to strengthen strategic ESG integration.
Corporate Culture	Information Gathering	Entity has demonstrated progress towards delivering their plans/strategy related to the engagement topic	In a follow-up call on company culture, we reassessed previous concerns and concluded that ownership and talent rotation practices are stronger than initially perceived.

## Proxy voting

We voted for all items.

## Engagement goals

Continue to engage on KPI disclosure and KPI growth.



# Schneider Electric

Schneider Electric is a global specialist in energy management and industrial automation.

## Investment rationale

Schneider Electric provides energy-management and industrial-automation solutions. The company serves the major transitions towards a more electrified, decentralised, decarbonised and digitised world. It combines world-leading energy technologies, real-time automation, software and services, leveraging its digital platform EcoStruxure to accelerate customers' and partners' transitions towards a sustainable future.

## Structural growth

The electrification of fossil-fuel processes supports demand for Schneider Electric's low- and medium-voltage products, given that many more appliances need to be electrified to progress towards net zero. Sales of many products from the company's energy-management segment are driven by the need for better energy efficiency, particularly in Schneider's key end-markets such as data centres (partly led by AI-driven power consumption), buildings and utilities. This should help Schneider Electric meet its target of 80% of revenues from green solutions by 2025. With a significant installed base worldwide, Schneider Electric can focus on growing its software and service businesses.

## Competitive advantage

Continued innovation and a high-quality offering have enabled Schneider Electric to maintain a sizeable market share across many parts of its energy-management segment. The company also has a large global distribution channel, which has been key to the success of its low-voltage products (it is the global #1 in this segment). A 'multi-hub' operating model puts a strong focus on building local teams, which allows for more efficient decision-making. Other advantages include the mission-critical nature of Schneider Electric's products and services, and the company's strong brand and reputation for reliability. Schneider Electric also benefits from cross-selling opportunities across energy management and industrial automation, and from having the most complete offering among its peers. The firm has a distinctive culture which reflects its decentralised business structure and gives autonomy to employees at the point of customer interaction. This bolsters nimbleness, differentiates the company from peers, and drives employee engagement and motivation.

## Sustainable returns

In addition to innovation and product/service quality, positioning around mega-trends has helped Schneider Electric build significant market share in most business lines. The company has expanded its margins over the past few years and shown strong pricing power. We believe this can continue over the medium term thanks to Schneider Electric's leadership, focus on cost control, and growth in higher-margin segments such as software and services.

## Externalities assessment

We continue to monitor progress towards SBTi targets and the company's own carbon avoided targets.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$165.50bn

## ROIC

1yr: 10%

5yr: 9%

## Sales growth per share

1yr: 6%

5yr: 8%

## Taxonomy eligible revenues

89%

## Taxonomy aligned revenues

28%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	134,000,000	84,000,000	-37%	113,000,000	35%	126,000,000	12%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	287,356	10	294,051	9	-10%	229,347	6	-33%	202,232	5	-17%
Scope 3	66,144,376	2,303	68,874,865	2,015	-13%	60,952,497	1,693	-16%	59,777,964	1,540	-9%

	Reported or modelled data	Comments
Carbon avoided	Reported	The increase in carbon avoided reflected the ongoing development of the business.
Scope 1 & 2 intensity	Reported	Absolute and intensity reduced due to measures including energy conservation, avoiding SF6 leakages, switching from gas or petrol/diesel to electricity, and using renewable energy.
Scope 3 intensity	Reported	Upstream emissions decreased by 10%, due to a reduction in commodities purchased and decarbonisation efforts in the supply chain. Downstream emissions, most of which are from use of sold products, decreased by 6% from 2022-2023. This was due to grid decarbonisation and higher growth in regions where electricity is becoming less carbon-intensive.

## Engagement

Topic	Objective	Milestone	Outcome details
Management remuneration	KPI Growth	Entity has acknowledged that the engagement topic is an area that should be addressed	We met the chairman to discuss the structure of management's long-term incentive plan, which is partially based on Scope 1 and 2 emissions. We reiterated the importance of carbon avoided as a metric. The company acknowledged our request that it should be strongly considered in the upcoming corporate sustainability plan.
Corporate governance	Board / Mgmt Oversight	Entity has demonstrated that the engagement topic has been addressed	We met with Schneider's vice chairman to better understand the CEO change. The key takeaway was that multiple senior executives considered the previous CEO's management style unsuitable, with a lack of transparency to the management team and board.
Biodiversity - Land Use & Deforestation	Suppliers / Procurement	Entity has acknowledged that the engagement topic is an area that should be addressed	Schneider has little direct biodiversity risk exposure. Potential improvement it could make to manage this risk include via engagement with suppliers.

## Proxy voting

We supported all items.

## Engagement goals

Monitoring progress towards SBTi targets.

Monitoring progress on carbon avoided.

# Spectris

Spectris provides high-precision measurement and testing equipment.

## Investment rationale

Spectris provides test and measurement systems that help scientists and engineers monitor the environment, accelerate climate adaptation and build resilience. After five years of significant streamlining, the company is now focused on its strong competitive positions, which should lead to an improved growth and returns profile.

## Structural growth

The company's products are mostly used in R&D settings and enable the development of key decarbonising technologies. Spectris' simulator business helps industrial customers avoid carbon by deploying virtual testing, which replaces real-world prototyping and testing. To test new EV models, Spectris' VI-grade simulator runs hundreds of tests daily, with millions of kilometres driven virtually saving 1.7m tCO<sub>2</sub>e annually. Despite industry headwinds in the auto sector, the virtual test business continues to grow strongly and take market share. Spectris' instruments and advanced sensors are used in the development of green cement, battery testing, weight-saving in container transportation, and air testing in semiconductor clean rooms. Over the cycle, decarbonising-product innovation has produced 6% organic growth, which we would expect to accelerate in the coming years. The historical 5-year growth calculation includes some large divestments, and the company has experienced a cyclical downturn in the last year.

## Competitive advantage

Spectris' moat derives from the well-regarded accuracy and reliability of its instruments. Its Malvern instruments (c.75% of the Scientific division's sales) are considered the gold standard for laboratory measurements of particle size and shape. In the Dynamics division, Spectris' full range of advanced sensors and virtual testing gives it an unrivalled market position.

## Sustainable returns

Spectris has delivered stable 55% gross margins through challenging markets. It generates a 15% cashflow return on investment and a 20% incremental ROIC, showing a sustainable returns profile. With an asset-light model, it generates healthy free cashflow that is reinvested in further growth.

## Externalities assessment

Spectris manages its externalities well, in our view. It has been effective at reducing Scope 1 and 2 emissions, and is working to reduce Scope 3 emissions.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$5.50bn

## ROIC

1yr: 14%

5yr: 16%

## Sales growth per share

1yr: -1%

5yr: 1%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	-	-	-	1,680,000	-	1,930,000	15%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	-	-	31,703	20	-	17,546	11	-46%	12,144	7	-37%
Scope 3	-	-	458,646	287	-	506,289	309	8%	458,192	254	-18%

	Reported or modelled data	Comments
Carbon avoided	Reported	We take a conservative approach and use the carbon avoided figure for the virtual testing business, even though 45% of revenues relate to decarbonising products. We expect greater disclosure in the 2024 sustainability report (to be published in the coming months) and hope to expand the scope of revenue directly aligned to the carbon avoided KPI over time.
Scope 1 & 2 intensity	Reported	Spectris is targeting an 85% reduction in Scope 1 and 2 and a 42% reduction in Scope 3 by 2030 (vs. 2020). As of 2023 reporting, it had reduced Scope 1 and 2 by 54% on a like-for-like basis vs. 2020. 81% of the company is now powered by renewable electricity and energy efficiency has improved by 10%.
Scope 3 intensity	Reported	For Scope 3, Spectris is working to get its supply chain certified by Ecovadis. It is conducting a detailed lifecycle analysis of its products (e.g., Servomex, Malvern Panalytical) to further examine potential emissions savings for its supply chain and customers.

## Engagement

Topic	Objective	Milestone	Outcome details
Climate Change - GHG emissions/transition risk	KPI Disclosure	Entity has shared its plans/strategy to address the engagement topic	We engaged on the need to expand carbon avoided reporting beyond virtual testing, having a productive conversation with the Head of Sustainability on this topic. We also discussed how Spectris is working on reducing Scope 3. It recognises that it needs a ramp up by 2030.
Capital Allocation	Board/ Mgmt Oversight	Entity has acknowledged that the engagement topic is an area that should be addressed	Management gave assurances that it continues to evaluate the value of the various businesses. We will revisit this once Spectris' end-markets recover.

## Proxy voting

We voted in line with management recommendations. We believe Spectris has a sensible compensation plan driven by a mix of growth, returns, cash generation and sustainable objectives. The board is well structured with no signs of over-boarding.

## Engagement goals

We continue to engage on reporting carbon avoided. While we commend the company for reporting carbon avoided for the virtual test business, this is a small percentage of the group (c.10% of sales). We know from Spectris' case studies that its products can help reduce customers' carbon emissions. We look forward to seeing more of the lifecycle analysis as it is completed over the next two years.



# Steadfast Group

Steadfast is the leading insurance broker in Australia.

## Investment rationale

As the leading insurance broker in Australia, Steadfast helps its small and mid-sized enterprise (SME) clients become financially resilient against climate change. It has grown revenues and profits per share by a 15% CAGR over the last decade, taking market share as insurance carriers pull coverage in many areas. The company has built an important business in underwriting agents, giving its customers better access to wholesale markets and hard-to-price policies. Steadfast operates in a high-margin, asset-light industry and it has a high customer-retention rate. Its decentralised network generates strong financial returns, due to its negotiating power with insurers and ability to layer on additional services to network members. At the time of writing, the company's valuation indicates a low-double-digit internal rate of return (IRR), even under conservative assumptions.

## Structural growth

Steadfast enables climate adaptation by offering products and services to those impacted by climate change. Some 59% of its gross written premiums (GWPs) relate to hard assets that are affected by climate change. Business Pack Insurance (16% of GWP) is a comprehensive policy for SMEs that mostly covers property damage. Steadfast's offering includes Retail (cover for retail operations); Strata (covers common property and areas shared by the owners); Industrial Special Risks (designed to protect against a broad range of physical loss or damage, typically covering property, machinery and stock); Rural & Farm (cover for agricultural businesses and rural properties); and Construction & Engineering (covers works damage, machinery breakdown, third-party liability and certain delays). The value of premiums that Steadfast has helped write has risen from A\$3.4bn (US\$2.2bn) in FY2019 to A\$7.0bn (US\$5.0bn) in FY2024, an 18% CAGR. These GWPs relate to Steadfast's broking business and equate to 43% of its sales.

## Competitive advantage

Steadfast's competitive advantage stems from the breadth of its network and the depth of its relationships. Scale benefits allow it to deliver a suite of services, whether through compliance services or a quoting platform, while its leadership position strengthens its purchasing power. Steadfast's scale and long-standing reputation have also allowed it to build dominant positions upstream in the appointed-representative market for brokers, and downstream as the leading managing general agent (MGA). The company has a 33% share of the broker channel in Australia, which has been growing over time. Steadfast's network is hard to replicate given that it owns 485 brokers across 2,000 domestic offices. The company runs a decentralised model whereby each of its brokers has a separate P&L, but it is also a supportive parent that offers unique services and stands ready should the broker wish to sell down further equity. Steadfast's competitive position is reinforced by sticky customer relationships (>90% retention rate).

## Sustainable returns

As the market leader in a high-margin, capital-light industry, Steadfast makes attractive cash returns on capital of 30%. In addition, cash generation has been consistently strong and reliable, and the company has a clean balance sheet with low leverage.

## Externalities assessment

We reviewed the potential conflict of interest in strata management and engaged on providing further disclosure in this area. After a full review, we are comfortable that Steadfast is managing this risk proactively and sensibly.

As an asset-light business, the company has very low carbon intensity. Despite this, it has committed to reducing absolute operating emissions (Scope 1 and 2), with a target for its Australian-controlled businesses to be carbon neutral by 2030.

## Sustainable solution

Climate Adaptation, Water & Pollution Management

## Market capitalisation

US\$4.50bn

## ROIC

1yr: 9%

5yr: 8%

## Sales growth per share

1yr: 9%

5yr: 12%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Revenue from adaptation products

## SBTi status

No Commitment

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Revenue from adaptation products (A\$million)	-	-	-	6,612	-	6,962	5%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	-	-	928	3	-	2,062	3	15%
Scope 3	-	-	121,203	211	-	142,942	211	0%

	Reported or modelled data	Comments
Revenue from adaptation products	Estimated	Steadfast has expanded its share of Australia's brokered insurance market from 26-33% as the intermediated channel has grown. With around 70% of its premiums coming from insuring physical assets such as buildings, farms and infrastructure, the business is benefiting from rising demand for protection and resilience against climate-related risks.
Scope 1 & 2 intensity	Reported	Steadfast does not complete a CDP report. As a network of many insurance brokerages, the company does not manage every part of the business directly, making it difficult to collect emissions data across all operations. Its data currently captures about 86% of the group's revenues. Steadfast only began reporting Scope 1 and 2 from FY2023.
Scope 3 intensity	Estimated	Steadfast is yet to disclose Scope 3 as it is still collecting the data. We will engage on this.

## Engagement

Topic	Objective	Milestone	Outcome details
Climate adaptation	Board / Mgmt Oversight	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic.	The engagement related to a potential conflict of interest in strata management. After a full independent review, we are comfortable that Steadfast is managing this risk proactively and sensibly.
Climate adaptation	Board / Mgmt Oversight	Entity does not acknowledge that the engagement topic is an area that should be addressed.	We engaged about the long tenure of one director. Management responded that the experienced director offers valuable insights into the industry and acts as an independent spokesman for brokers on the network. We also engaged on the return-on-capital KPI threshold for the CEO's short-term incentive plan, which we view as a low bar.

## Proxy voting

Following prior engagement, we voted against the re-appointment of a director who had been on the board for 26 years. We also note that the Chairman has held the role for 12 years and is up for re-election at the next annual general meeting.

## Engagement goals

Disclosing Scope 3 and SBTi validation.



# Taiwan Semiconductor Manufacturing Co.

TSMC is the world's largest independent semiconductor foundry.

## Investment rationale

TSMC is a contract manufacturer for chip-design companies, with over 34% foundry market share (including advanced packaging) and offering over 12,000 products to more than 500 customers. TSMC plays a key role in decarbonising the semiconductor industry and is the only company in the world producing the most advanced, power-efficient semiconductors at scale. TSMC's Open Innovation Platform brings together chip-design firms, design software and manufacturing into an ecosystem that can foster innovation. TSMC offers customers the broadest technology platform spanning leading-edge, mature, speciality technology nodes and advanced packaging capabilities.

## Structural growth

TSMC plays a central role in enabling energy-efficient computing, delivering best-in-class power efficiency to end-use cases such as high-performance computing, artificial intelligence, cloud computing, 5G, the Internet of Things and transport electrification, all of which require more semiconductor content. Structural growth from decarbonisation is driven from the most advanced nodes (5nm and below), which deliver significant energy-efficiency gains and now account for 60% of revenues. TSMC is at the forefront of semiconductor manufacturing innovations (gate all around, back-side power delivery, high-NA EUV, and advanced packaging), which will drive a step-change in semiconductor power efficiency.

## Competitive advantage

TSMC has a scale competitive advantage that helps it maintain, and is derived from, its technological leadership, manufacturing excellence and customer trust. Its leadership in process control results in reliable capacity at leading-edge nodes, where TSMC holds a near monopoly position. TSMC's culture of engineering excellence supports its competitive advantage. Its 2,000 process engineers are world-leading at driving operational efficiency in the fabs, with best-in-class cycle times and manufacturing yields. Barriers to entry are extremely high as semiconductor manufacturing is complex, R&D-heavy and capital intensive. TSMC's independent-foundry model means it does not compete with its customers, instead working in close partnership with them. This increases switching costs for customers.

## Sustainable returns

TSMC has consistently generated returns above its cost of capital, strong top-line growth, and high margins. TSMC has pricing power, given its strong market position that it leverages cautiously based on customer value, which means its margin position is sustainable. We expect this to persist, underpinning our view that TSMC will generate high and sustainable returns in the future. Furthermore, we expect TSMC's capital-expenditure intensity to fall, driving attractive free cashflow growth.

## Externalities assessment

TSMC is targeting net zero by 2050 and has committed to achieving SBTi-aligned absolute reduction targets (vs. 2025) for Scope 1, 2 and 3 within the next decade. It has joined RE100, with a target to reach 100% renewable energy by 2040. It contributes to decarbonisation by providing more power-efficient semiconductors and by enabling solutions that help to decarbonise energy, construction, transport and other sectors. Semiconductor manufacturing is water intensive. TSMC has 2030 targets to increase water-replacement rates to >60% and reduce unit water consumption by 30% vs. 2010. TSMC has 2030 targets for suppliers for energy and water consumption, and waste production; performance is tracked and disclosed annually. It aims for 100% of the minerals it uses to be sourced responsibly.

Employee turnover improved materially from 7% in 2022 to 4% in 2023. In an employee engagement survey, employee satisfaction was 83%.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$1162.50bn

## ROIC

1yr: 24%

5yr: 25%

## Sales growth per share

1yr: 28%

5yr: 20%

## Taxonomy eligible revenues

100%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Committed

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	-	-	-	17,518,159	-	18,211,127	4%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	9,470,548	208	10,304,434	181	-13%	11,558,554	152	-16%	11,783,418	170	12%
Scope 3	5,571,946	123	6,127,157	108	-12%	7,429,158	98	-9%	7,616,655	110	12%

	Reported or modelled data	Comments
Carbon avoided	Estimated	TSMC does not disclose carbon avoided. However, it estimates electricity saved by its products in 2020 and 2030 using research from the Taiwan Industrial Technology Research Institute (ITRI). This is the basis of our carbon avoided calculation.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 increased in absolute and intensity terms due to the build-out of TSMC's global semiconductor manufacturing footprint. TSMC is a best-in-class semiconductor manufacturer in terms of efficiency. Regarding Scope 2, TSMC's energy mix was 12% renewable in 2023, requiring a significant step-up to achieve its '100% by 2040' target.
Scope 3 intensity	Reported	TSMC's Scope 3 has increased, mainly from upstream activities related to raw-materials production, energy and transport. TSMC is an active steward with its supply-chain partners, encouraging them to implement best practices for carbon reduction. It is implementing five approaches: creating transparency, optimising for CO2, engaging suppliers, pushing ecosystems and enabling the low-carbon transition.

## Engagement

Topic	Objective	Milestone	Outcome details
Climate Change - GHG emissions/transition risk	Targets	Entity has acknowledged that the engagement topic is an area that should be addressed	We have been engaging on climate change since 2022, given its status as one of the highest-emitting companies in our portfolio. In 2024, we co-led the IIGCC's Net Zero Engagement Initiative (NZEI) collective dialogue with the company. A core objective has been to encourage adoption of SBTi-aligned targets and to provide greater clarity on how it plans to deliver against its climate commitments.

## Proxy voting

We voted in line with management.

## Engagement goals

Reducing carbon emissions and setting science-based net-zero targets.

# Tetra Tech

Tetra Tech is a specialised technical consulting and engineering services firm.

## Investment rationale

Tetra Tech is a leading global provider of high-end consulting and engineering services that focuses on water, environment, sustainable infrastructure and resource management. Building on domain expertise and technical experience built over nearly six decades, the company is involved in creating solutions to mitigate emissions, save and treat water, and protect ecosystems. Tetra Tech has a culture of innovation and meritocracy, which helps attract talent.

## Structural growth

Tetra Tech has a large and growing opportunity set. The company is poised to benefit from steadily growing spending to address stresses on water and the environment, and on decarbonising buildings. Additional growth areas include: the need to tackle emerging contaminants (e.g., PFAS and microplastics); nature-based solutions; and liquid-cooled AI data centres. The market for environmental consulting remains fragmented, and we expect relatively small, niche M&A to support organic growth. The company guides towards steady high single-digit growth.

## Competitive advantage

Tetra Tech operates in an industry where the client value proposition is driven by experience and expertise, and delivered by people. It enjoys market leadership and a strong reputation in water and environmental management. It derives its competitive moat from its demonstrated expertise, problem-solving experience and long track record, which is hard to replicate. This is evidenced by thought leadership and client retention and acquisition, especially for first-of-kind projects. It is further supported by best-in-class talent retention.

## Sustainable returns

Tetra Tech's growth profile is value accretive as it generates a healthy 'mid-teens' ROIC, which is well above its weighted-average cost of capital. The business is asset light with low working-capital intensity, which allows it to generate healthy cashflows. With inherently minimal capital-expenditure needs, the company has been disciplined in capital allocation, with dividends and share buybacks making up the dominant use of cash, while making a series of tuck-in acquisitions at reasonable valuations, which preserves and grows returns over time.

## Externalities assessment

Tetra Tech is effectively managing its externalities, based on our analysis. It has now settled a long-standing civil litigation in relation to Hunter's Point Naval Shipyard to avoid a protracted legal action.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$8.90bn

## ROIC

1yr: 15%

5yr: 17%

## Sales growth per share

1yr: 8%

5yr: 15%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	-	20,600,000	-	80,600,000	291%	52,400,000	-35%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	-	-	29,348	11	-	24,622	9	-24%	34,729	9	7%
Scope 3	-	-	15,395	6	-	23,566	8	38%	41,168	11	32%

	Reported or modelled data	Comments
Carbon avoided	Reported	Tetra Tech's carbon avoided impact depends on projects completed during the year. Annual figures for carbon avoided or captured include client projects that are complete or substantially complete in the reporting year. As projects in this category can be large, multi-year contracts, the yearly addition varies based on timing, scope and types of projects.
Scope 1 & 2 intensity	Reported	As this is an asset-light business, Scope 1 and 2 emissions are minimal. The company has a target for a 50% reduction in emissions vs. 2021. Scope 1 and 2 intensity increased in 2023 vs. 2022 because of the inclusion of data from the RPS acquisition in January 2023. The company reduced its footprint per employee by 17% and decreased Scope 1 and 2 per employee by 7% vs. 2021.
Scope 3 intensity	Reported	Tetra Tech does not do any construction/ implementation work; it provides only technical advisory services. Furthermore, Tetra Tech's Scope 3 today largely includes upstream Scope 3 categories (1, 2, 3, 4, 5, 6, 7 and 15). The company is looking to expand its data sets for 2024 Scope 3 estimation.

## Engagement

Topic	Objective	Milestone	Outcome details
Carbon Avoided	KPI Disclosure	Entity has shared its plans/strategy to address the engagement topic	We engaged to understand carbon avoided disclosure. The company explained that the carbon avoided disclosed is project driven, process oriented and not anecdotal. We continue to seek to better contextualise the attribution of carbon avoided to different business segments.
Corporate Culture	Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	Tetra Tech has an entrepreneurial set-up and very low employee turnover. It remains cautious about disclosing high-level employee engagement, given the fairly high heterogeneity of the company. We have encouraged it to consider selective disclosures like employee engagement scores for representative parts of the business to better articulate its differentiated culture.
Board Effectiveness	Accountability mechanisms	Entity has demonstrated that the engagement topic has been addressed	We spoke to Tetra Tech about its dual chair/CEO structure. We were reassured by the robust governance mechanisms in place to achieve board independence and refreshment, including refreshment of independent directors every four years.

## Proxy voting

We voted for all items.

## Engagement goals

Understanding carbon avoided disclosure in more detail.  
Seeking additional disclosure on employee engagement.

# Texas Instruments

Texas Instruments is the global leader in designing, manufacturing and distributing analog semiconductors.

## Investment rationale

Texas Instruments is the global leader in analog semiconductors, selling energy-efficient chips for auto and industrial applications, enabling carbon reduction. An integrated design manufacturing business, it manufactures over 40bn chips annually. Texas Instruments has a portfolio of 80,000 products and sells to 100,000 customers. Customers are sticky and products are long-life, with product lifecycles typically 10-15 years. The company has a scaled cost position in an industry which has seen consolidation over time, underpinning a durable competitive advantage. It has a decentralised organisational structure with 65 product lines. Its structure incentivises new product development, which is key for the high-mix product portfolio that differentiates Texas Instruments from smaller competitors. The company has a long history of cultivating analog design talent and developing manufacturing and technology superiority over peers.

## Structural growth

Texas Instruments has a diverse portfolio of products which enable customers to use less power and save energy. The core markets of automotive and industrial make up over two-thirds of revenues; here, we believe power products help customers manage voltage and current levels to drive efficiency. Texas Instruments is placing strategic emphasis on the industrial and automotive segments, and we expect these to be the main growth drivers, outgrowing the other four product segments. Customers are increasingly turning to analog chips to make end-products smarter and more efficient, resulting in structurally higher analog content value.

## Competitive advantage

Texas Instruments is the largest analog semiconductor company globally, with current manufacturing capacity for tens of billions of chips annually. Compared to competitors, it has significantly larger internal manufacturing capacity, amounting to 27m square feet. The company is on a path to manufacture 90% of its chips internally, which gives it sufficient volumes to justify investments that smaller competitors are unlikely to make. A prime example is investment in 300mm manufacturing. A 300mm fab costs US\$6bn to build and equip. Texas Instruments has the largest 300mm manufacturing capacity, accounting for >50% of the total. Competitors' capacity is lower by orders of magnitude. 300mm gives Texas Instruments a die-size advantage, allowing more chips on the wafer which means greater cost efficiency; 300mm is 40% lower cost than 200mm, underpinning Texas Instruments' low-cost competitive position. The company has a decentralised culture focused on creating high levels of autonomy and cultivating talent internally. This helps with talent retention, which is another important competitive advantage.

## Sustainable returns

Texas Instruments has a strong ROIC track record and best-in-class free cashflow generation. The company has demonstrated effective capital management through the cycle historically and, given the long duration of its products, it is able to leverage efficiently manufacturing and R&D investments over the long-term. The company is going through a capacity build-out during a period of cyclical weakness, which has pressured margins and returns. However, management is confident in incremental cash gross margins above 75%, which gives confidence in strong operating leverage into a recovery.

## Externalities assessment

Texas Instruments committed in November 2024 to set an SBTi target. This is an ongoing engagement item. PFCs (perfluorinated chemicals) are one of the major components of Scope 1. The company has been installing abatement systems which incinerate exhaust gases, so is managing this well. Water, along with electricity, is one of the biggest input feedstocks into semiconductor manufacturing. Texas Instruments reused 31% of water in 2024 and is reducing water withdrawals from water-stressed areas to 10.9%. Management has set annual reduction targets for water consumption. Texas Instruments employs >34,000 employees and has a 7.7% turnover rate, which is good in the industry.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$165.80bn

## ROIC

1yr: 18%

5yr: 33%

## Sales growth per share

1yr: -4%

5yr: 3%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Committed

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	-	-	-	145,236,550	-	175,337,004	21%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	1,916,743	133	2,083,324	114	-14%	2,169,232	108	-5%	2,213,668	126	17%
Scope 3	8,599,674	595	9,380,519	511	-14%	9,374,640	468	-8%	8,240,903	470	0%

	Reported or modelled data	Comments
Carbon avoided	Estimated	Texas Instruments does not disclose carbon avoided, which remains an engagement item. The company's stance is that its wide variety of stock-keeping units and lack of visibility into end-product use make carbon avoided estimation too challenging. Close peer Infineon Technologies does disclose; applying the same methodology to Texas Instruments enables a path to estimation.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 decreased marginally, but emissions intensity increased more materially as revenues decreased during the period. Texas Instruments reached a 19.3% renewable mix in 2023, which increased through 2024 as its high efficiency, fully renewable new fabs launched.
Scope 3 intensity	Estimated	We use estimated Scope 3 from MSCI for consistency. Texas Instruments has started reporting Scope 3 data but it does not include use-of-sold-products, which means its reported metric of 3.15mt is significantly lower than it would be vs. a full Scope 3 reported number.

## Engagement

Topic	Objective	Milestone	Outcome details
Decarbonisation	Disclosure	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We recognise improved disclosures on products aligned with decarbonisation in auto and industrial end-markets.
Climate Change - GHG emissions/transition risk	Information gathering	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We engaged on the renewables roadmap. The company has committed to 100% renewables by 2027, which is a significant step forward because there were no targets previously.
Responsible sourcing	Information gathering	Engagement closed	We engaged on product traceability. For the second year, there was a shareholder proposal requesting a third-party audit on this issue. We received more detail on the global trade programme and resources put into controlling the supply chain.

## Proxy voting

We voted in line with management on all proposals, which included voting against two shareholder proposals.

## Engagement goals

Disclosing carbon avoided.

# Thermo Fisher Scientific

Thermo Fisher Scientific is the world's largest life science tools manufacturer.

## Investment rationale

Thermo Fisher Scientific manufactures and distributes instruments, reagents and products, as well as third-party products. It also provides a range of contract development and manufacturing (CDMO) services to biotech and pharmaceutical clients. The company is a one-stop-shop and trusted partner for its customers, allowing them to focus on R&D, driving productivity and efficiency and improving customer outcomes. Management quality and culture reinforce the investment case, which is based on the company's status as a proven M&A integrator, strategically adaptive, operationally disciplined, and with industry-leading retention in critical services. Success in M&A is supported by a well-established operating system.

## Structural growth

The primary driver of structural growth is ultimately aging populations, which necessitate drug development and R&D spending, underpinning above-GDP growth for life sciences over the long term. Also, the shift towards biologics and large molecule drugs is driving higher spending on biopharma tools as these are more complex than traditional drugs. Third, Thermo Fisher is benefiting from outsourcing trends. Fourth, the company has consistently achieved a market-share gain of 2-3%, thanks to its competitive positioning. Finally, it has a strong track record of successful M&A led-growth, selectively acquiring companies that deepen its value proposition.

## Competitive advantage

Thermo Fisher's dominant competitive advantage is scale, which is unmatched in its industry and increasing. Its size allows the company to offer a one-stop solution from initial research, to running clinical trials, to outsourced manufacturing, to support and distribution. Switching costs deepen the competitive moat. Also, customers view Thermo Fisher as a trusted partner, and many scientists have long experience using its platforms. Given the mission-critical nature of its products, a strong distribution capability and the fact that Thermo Fisher maintains the broadest assortment of stock-keeping units add to its competitive advantage. Finally, the integration of Thermo Fisher's businesses supports the sharing of insights across units and the development of differentiated solutions.

## Sustainable returns

Thermo Fisher has very attractive operating returns, with a cashflow return on investment of 26%. Much of its revenues are high-margin recurring consumables revenues. The company's 'Practical Process Improvement' (PPI) business system also drives efficiency and progress towards management's target of 40-50bps margin expansion annually.

## Externalities assessment

Thermo Fisher is reducing its emissions as it increases its allocation to renewables, in line with its science-based target. In FY2023, 18% of its suppliers had science-based targets.

Board gender diversity increased from 33% to 42% at the company's latest annual general meeting.

## Sustainable solution

Healthcare Impact

## Market capitalisation

US\$198.20bn

## ROIC

1yr: 9%

5yr: 11%

## Sales growth per share

1yr: 3%

5yr: 10%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of clinical trials supported

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Number of clinical trials supported (million)	-	-	-	2,800	-

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	661,365	17	606,229	14	-20%	560,573	13	-3%
Scope 3	12,791,744	326	12,568,652	280	-14%	11,320,352	264	-6%

	Reported or modelled data	Comments
Number of clinical trials supported	Reported	Thermo Fisher has provided a variety of data points in previous years to help us understand its healthcare impact. But there has been a lack of consistency in the metrics, which has been a focus of our engagements. This year, we have concentrated on the clinical trials supported by Thermo Fisher (2,800 in 2023). We hope to see this consistently reported in future.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 declined as the company increased its allocation to renewable energy.
Scope 3 intensity	Reported	The decline in Scope 3 was due to lower purchased goods and services spending, freight volumes transported and electricity consumer equipment units sold.

## Engagement

Topic	Objective	Milestone	Outcome details
Healthcare Impact	KPI disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed.	While Thermo Fisher is focused on ensuring high data integrity, the suggestion for more consistent disclosure of metrics was taken positively. We are awaiting metric disclosure in the company's upcoming sustainability reporting.
Board Composition	Boards / Mgmt Oversight	Entity has demonstrated progress towards delivering its plans/strategy.	See proxy comments. Given board gender diversity has improved, we are removing this component of the engagement. We continue to discuss the overall independence of the board.
Climate Change - GHG emissions/transition risk	Ambition & Commitments	Entity has shared its plans/strategy to address the engagement topic.	The company has had success in getting large suppliers to adopt science-based targets (in line with its Scope 3 goals). The challenge is now to address other suppliers.

## Proxy voting

In the 2024 proxy, we again voted against one director considered non-independent given long tenure. While independent members represent 83% of the board, the CEO continues to hold the chair role, so we continue to target improved independence in other areas.

## Engagement goals

Disclosing key performance indicators.

Strengthening board independence.

Monitoring progress on science-based emissions target.

# UnitedHealth Group

UnitedHealth is a vertically integrated, managed care operating platform.

## Investment rationale

UnitedHealth Group is the leader in US healthcare, operating a fully integrated platform across insurance (UnitedHealthcare) and high-margin services (Optum, a care-delivery business) that enables it to control both the cost and delivery of care. Its scale, data advantage and self-reinforcing insurance and services businesses create a structural profitability edge and position it at the forefront of sustainable, value-based care. UnitedHealth addresses inefficiencies in the US healthcare system, where costs are higher as a percentage of GDP but outcomes lag vs. some other major advanced nations. It does so through its leadership in Medicare Advantage, growing Medicaid presence and population health management. Its integrated model allows for proactive, cost-effective care delivery, driving superior financial outcomes, defensive growth and long-term social impact.

## Structural growth

UnitedHealth's structural growth is underpinned by its market leadership in Medicare Advantage and expanding presence in Medicaid, two of the fastest-growing and most strategically important segments in US healthcare. These government programmes are central to efforts to broaden healthcare access, improve outcomes and manage costs. In Medicare Advantage, UnitedHealth is the clear leader, benefiting from demographic tailwinds, bipartisan policy support, and its scale advantage and ability to deliver coordinated, value-based care. In Medicaid, UnitedHealth is expanding its footprint, leveraging Optum's data and care-management capabilities to improve outcomes in high-need populations. Across its businesses, UnitedHealth's ability to integrate insurance with care delivery drives efficiency, enhances patient engagement and supports higher CMS (Centers for Medicare & Medicaid Services) quality ratings. Together, these programmes form a resilient, long-term growth platform aligned with the transition toward value-based, sustainable healthcare.

## Competitive advantage

UnitedHealth's competitive advantage lies in its unmatched scale, vertical integration and industry-leading execution, which have cemented its position as the superior operator in the US managed care organisation (MCO) space. Its diversified portfolio, spanning Medicare Advantage, Medicaid and Commercial, provides earnings resilience and strategic flexibility, while its integration of insurance (UnitedHealthcare) with data-rich services (Optum) enables proactive, cost-effective care delivery. Optum is a core engine of margin expansion and strategic differentiation, positioning UnitedHealth not just as an insurer but as a healthcare solutions platform. The company's ability to integrate and analyse vast datasets across its businesses enhances risk management, drives better outcomes and supports the shift toward value-based care. As the healthcare system digitises, UnitedHealth's end-to-end data capabilities and aligned incentive structure give it a defensible edge.

## Sustainable returns

UnitedHealth's returns are underpinned by its integrated model, disciplined execution and leadership in high-growth government programmes. Its scale and vertical integration, particularly through Optum, enhance cost control, operational efficiency and visibility, supporting resilient, predictable cashflow generation. As the market leader in Medicare Advantage and a growing force in Medicaid, UnitedHealth benefits from strong revenue visibility and defensive growth, while its ongoing shift toward value-based care and population health further improves margins and returns on capital. Relative to peers, UnitedHealth leads on margins, sales growth and asset efficiency, with continued upside driven by Optum's expansion, technological investment and a tightly aligned, data-enabled platform. This return profile reinforces UnitedHealth's position as the benchmark operator in US healthcare.

## Externalities assessment

UnitedHealth is the largest US healthcare company, with influence across insurance and care delivery but facing sustained scrutiny on risk adjustment, authorisation practices and vertical integration. In 2024, 79% of its Medicare Advantage members were enrolled in 4-star or higher-rated plans, ahead of peers, though recent allegations around risk-adjustment coding have reinforced regulatory attention. UnitedHealth strongly disputes these claims, noting it has passed prior CMS audits and maintains compliance, but Department of Justice inquiries mean the issue remains sensitive. The company has committed to the SBTi and begun emissions reporting, though disclosure beyond carbon remains limited. Culturally, employee turnover has moderated and investment in workforce development has strengthened retention.

## Sustainable solution

Healthcare Impact

## Market capitalisation

US\$320.40bn

## ROIC

1yr: 10%

5yr: 15%

## Sales growth per share

1yr: 9%

5yr: 12%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of Medicaid and Medicare members

## SBTi status

Committed

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of Medicaid and Medicare members (million)	19	20	6%	20	1%	20	-2%

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	455,849	2	506,252	2	-	552,462	2	-6%
Scope 3	12,491,631	43	13,811,453	43	-2%	18,454,142	50	17%

	Reported or modelled data	Comments
Number of Medicaid and Medicare members	Reported	Over time we have seen growth in the number of Medicaid and Medicare members, underpinned by UnitedHealth's market leadership in Medicare Advantage and expanding presence in Medicaid.
Scope 1 & 2 intensity	Reported	Higher use of renewable energy contributed to the drop in Scope 1 and 2.
Scope 3 intensity	Reported	The Scope 3 increase was largely driven by an increase in emissions from investments (e.g., corporate bonds). The company has plans to reduce Scope 3, and expects 77% of suppliers by emissions to have set science-based targets by 2030. This is key for reducing Scope 3 and achieving net zero.

## Engagement

Topic	Objective	Milestone	Outcome details
Privacy, Data, and Cybersecurity	Risk Assessment	Entity has acknowledged that the engagement topic is an area that should be addressed	We engaged with the CEO following the Change Healthcare cyber-attack. While the impact was limited, the incident attracted significant political scrutiny. Discussion centred on risk management, governance and reputational implications.
Healthcare Impact	KPI Growth	Entity has acknowledged that the engagement topic is an area that should be addressed	We discussed Medicare Advantage dynamics, with competitors retreating from non-medical benefits (a positive for UnitedHealth and Elevance). The CEO also highlighted growth opportunities in dual eligibles via Optum and UnitedHealthcare, and shared views on GLP-1 drugs, noting affordability constraints and weak real-world adherence beyond one year.

## Proxy voting

We voted in alignment with management on all proposals.

## Engagement goals

Continuing to engage on KPI disclosure and KPI growth.  
Validating science-based net zero targets.  
Disclosing all Scope 3 carbon emission categories.



# Veralto

Veralto manufactures tools and equipment for managing, testing, protecting and treating water supplies.

## Investment rationale

Veralto is a leader in water analytics and treatment (representing 64% of the company's earnings before interest and taxes (EBIT) in FY2024), with respected industry brands including Hach, ChemTreat and Trojan Technologies. Its products and solutions help protect, treat and assess clean drinking water for multiple end-uses in countries worldwide. The company contributes to addressing water scarcity by helping industrials and municipalities recycle wastewater and by measuring contamination. We expect demand for such products to increase as populations grow and environmental pressures increase. Veralto's products include a high proportion of consumables (60% of sales are recurring) and the company benefits from sticky customer relationships (its products are bought as part of customers' operational expenditure, not capital expenditure). The water segment generated a 26% EBIT margin in FY2024, displaying the characteristics of a high-quality business. Veralto was spun out of Danaher in Q2 2023 with a reinvigorated management team that is applying a form of the 'Danaher Business System' to this once unloved business.

## Structural growth

Veralto's water business will be the main driver of growth. As the supply of drinking water comes under increasing threat, we expect Veralto to be supported by structurally growing demand for solutions that address water scarcity. The water business grew 7% from 2021-2024, outperforming peers (low-single digit growth) and the 5% growth of Veralto's Product Quality & Innovation (PQI) segment. Within this business, 0.7% of annual growth came from new products. Veralto is seeing growing software adoption, with a two-fold increase in customers using software and digitally enabled products, which we regard as another growth driver. PFAS ("forever chemicals") regulation should also be a helpful tailwind for the company.

## Competitive advantage

Within the niches of water treatment and packaging software, Veralto is the recognised market leader. It enjoys a strong recurring revenue base and provides mission-critical products that have a high cost of failure. Its business model is built on supplying consumables and software that position it within customers' sticky operational-expenditure budgets.

## Sustainable returns

Veralto generates a 27% cash ROIC, driven by strong margins and a capital-light business model. These impressive financial returns are supported by strong competitive positioning, an attractive customer value proposition and high switching costs.

## Externalities assessment

As an asset-light company, Veralto has low emissions intensity.

Across the company's portfolio of brands in 2024, Hach ensured safe water for 3.4bn people every day; ChemTreat solutions helped customers save over 84bn gallons of water (vs. 81bn in 2023); and Trojan Technologies' ultra-violet systems treated and supported the recycling of 14tn gallons of water, improving access to clean water for more than 300m people every day (vs. 275m in 2023).

In our view, workforce diversity could be further improved, given global female representation is only 33%. The company has scored well on voluntary staff turnover and employee engagement metrics over time.

## Sustainable solution

Climate Adaptation, Water & Pollution Management

## Market capitalisation

US\$26.40bn

## ROIC

1yr: 21%

5yr: 0%

## Sales growth per share

1yr: 4%

5yr: 0%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of people helped with water access

## SBTi status

Committed

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of people helped with water access (million)	-	-	-	-	-	3,400	-

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	50,526	10	50,247	10	0%	58,496	12	14%
Scope 3	-	-	-	-	-	825,749	165	-

	Reported or modelled data	Comments
Number of people helped with water access	Reported	We track the number of people helped per year with water management (3.4bn in 2024). Veralto discloses other impact KPIs relating to water (see Structural growth).
Scope 1 & 2 intensity	Reported	Scope 1 and 2 intensity improved through greater use of renewables.
Scope 3 intensity	Reported	Scope 3 intensity improved by addressing emissions from 'purchased goods and services' and 'upstream transportation'.

## Engagement

Topic	Objective	Milestone	Outcome details
Climate Change - GHG emissions/transition risk	Disclosure	Entity has shared its plans/strategy to address the engagement topic.	Veralto continues to work on its SBTi approval plan and emissions disclosures. We continue to engage on this matter.
Capital Allocation	Board / management oversight	Entity has shared its plans/strategy to address the engagement topic.	We reiterated our view of the importance of M&A discipline. We continue to engage on this matter.

## Proxy voting

We voted for all items.

## Engagement goals

Disclosing impact KPIs for water scarcity and treatment.

Submitting net-zero plans for SBTi validation; submitting an annual emissions report and disclosing Scope 3 to CDP.



# Visa

Visa is a global payments technology company.

## Investment rationale

Visa is positioned to benefit from the structural trend of digital financial inclusion, particularly among small and medium-sized enterprises (SMEs) in emerging markets. Over 200m small businesses globally lack access to financial tools such as secure payment acceptance, working capital and digital identity, limiting their growth potential. Visa addresses this through scalable, mobile-first solutions. Visa's Tap to Phone technology enables even informal street vendors to accept digital payments. Visa also supports QR-code acceptance and low-code merchant onboarding, allowing businesses to formalise operations and begin building credit histories and data footprints. In 2020, Visa committed to digitally enabling 50m SMEs by the end of 2023, a target it has met and continues to build on. Visa's inclusion strategy not only delivers positive social externalities but also expands Visa's global acceptance network, driving transaction flows from previously unmonetised segments. As SMEs scale, Visa is well positioned to deepen its commercial relationships.

## Structural growth

Visa's structural growth is increasingly driven by its focus on digitally enabling SMEs. Its tailored, scalable payment solutions lower entry barriers to the formal financial system and bring informal businesses into the digital economy. By enabling micro and small merchants to accept contactless payments using a smartphone, Visa eliminates the cost and complexity of traditional point-of-sale infrastructure. It also promotes QR-based acceptance, mobile wallets and low-friction onboarding tools developed in partnership with banks, fintechs and telecoms businesses, particularly in emerging markets where cash use remains high and digital infrastructure is limited. Visa runs financial literacy and digital education programmes, partners with governments and NGOs to provide working capital support, and targets inclusion for women- and minority-led businesses via its Visa Foundation. As SMEs formalise and scale, Visa benefits from higher transaction volumes, deeper commercial relationships and broader use of its product suite, from core payments to embedded finance, cross-border settlements and risk services.

## Competitive advantage

Visa's competitive moat is anchored in network effects, scale and embedded infrastructure. The company benefits from a reinforcing loop: consumers choose Visa because it is widely accepted; merchants adopt Visa to serve a global base of cardholders. This creates high switching costs and structural barriers to entry. In terms of scale, Visa operates one of the largest payment networks globally, connecting >7 billion endpoints, including 3.5bn cards, 2m bank accounts and 1.5m digital wallets. The company's moat is further strengthened by technological complexity, including proprietary routing algorithms, global data centres, tokenisation layers, fraud detection systems and interfaces that are deeply integrated into banks and fintechs. These require heavy fixed investment and ongoing regulatory compliance, making it difficult for new entrants to replicate. Visa also benefits from brand trust and ubiquity. Together, Visa's scale, trust, embedded infrastructure and data-rich platform form a wide and defensible moat that is difficult to dislodge.

## Sustainable returns

Visa delivers consistently high profitability and cash generation, underpinned by its asset-light, transaction-based model and strong operating leverage. With operating margins exceeding 60%, the company ranks among the most efficient and profitable businesses globally. Its business model benefits from minimal marginal cost per transaction, enabling scale without proportional increases in cost. The company also maintains a flexible cost base, allowing it to adjust investment and operational spending in line with revenue growth, helping to preserve margin stability across economic cycles. By returning a portion of its scale benefits to ecosystem participants, through incentives to banks, fintechs and merchants, Visa deepens network loyalty and drives incremental transaction volume, while maintaining strong unit economics. Together, these characteristics support durable, high-return growth, with consistent free cashflow conversion and strong capital discipline.

## Externalities assessment

Visa seeks to balance commercial success with long-term stakeholder value, mitigating policy risk through shared scale benefits and investment in mobile-first acceptance infrastructure that lowers barriers for SMEs. It leverages technical capabilities in risk analytics, tokenisation and fraud prevention to provide value beyond processing, while investing internally in compliance and regulatory engagement. Through partnerships with governments, fintechs and NGOs, Visa advances digital inclusion in cash-heavy markets and supports underrepresented SMEs with financial literacy and training programmes. Its direct environmental footprint is limited, but digitising cash-based economies reduces the resource intensity of physical payments and positions Visa as a systemic enabler of digital commerce and financial access.

## Sustainable solution

Digital Inclusion

## Market capitalisation

US\$666.50bn

## ROIC

1yr: 34%

5yr: 26%

## Sales growth per share

1yr: 10%

5yr: 14%

## Taxonomy eligible revenues

0%

## Taxonomy aligned revenues

0%

Data provided are estimates sourced from Clarity AI

## KPI

Number of SMEs digitally enabled

## SBTi status

Verified

## KPI progression and emissions data

	FY 2021 (2022 reporting)	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change	FY 2024 (2025 reporting)	YoY% change
Number of SMEs digitally enabled (million)	31	40	29%	67	68%	-	-

	FY 2021 (2022 reporting)		FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	4,018	0	6,400	0	-	10,644	0	50%
Scope 3	320,987	13	404,000	14	4%	409,500	13	-9%

	Reported or modelled data	Comments
Number of SMEs digitally enabled	Reported	There has been no update to Visa's KPI as it has not yet published its 2025 sustainability report. We have made this an engagement priority.
Scope 1 & 2 intensity	Reported	Higher data centre use partly contributed to the increase in Scope 1 and 2.
Scope 3 intensity	Reported	Scope 3 was little changed.

## Engagement

Topic	Objective	Milestone	Outcome details
Digital Inclusion	KPI disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	We have continued to discuss KPI disclosure with Visa. While we have not yet seen progress on providing greater granularity, the company understands our perspective and we will continue to engage.

## Proxy voting

We voted against the reelection of a director and against the ratification of the auditor both due to excessive tenure.

## Engagement goals

Continuing to engage on KPI disclosure.



# Waste Management

Waste Management is the largest waste-collection and processing company in the US.

## Investment rationale

Waste Management has an extensive landfill network that permanently sequesters carbon and other greenhouse gases. The company also employs methane-capture technology on an increasing portion of its landfill sites and uses this gas to produce and sell renewable natural gas (RNG). In addition, Waste Management is a significant player in the recycling industry, collecting and sorting materials such as metal, paper, plastic and glass, which reduces the requirement for virgin materials.

## Structural growth

We believe the company is exposed to multiple structural-growth drivers. They include the rising volume of US household and business waste, recycling and RNG. While the contribution from volume growth has remained small in recent times, pricing has remained strong. The ability to increase pricing above inflation supports resilient growth through the cycle. We also expect growing demand for recycled materials and RNG, towards which the company is deploying approximately US\$2.2bn of incremental capital expenditure.

## Competitive advantage

Waste Management has a large market share in the consolidated US waste industry. Its competitive advantages arise from its leading network: it has the largest number of landfill sites and recycling facilities in the US. The mission-critical nature of waste collection and disposal further strengthens its pricing power. Waste Management also has a leading capability to capture methane at its landfill sites (which is released as waste decomposes).

## Sustainable returns

Waste Management's return on capital has been improving with US waste-industry consolidation and landfill commissioning becoming harder. We expect this trend to continue, with the company's pricing power supported by increasing monetisation of its asset base through better utilisation of recycling facilities and sales of RNG.

## Externalities assessment

We would like additional disclosure on biodiversity.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$87.40bn

## ROIC

1yr: 12%

5yr: 11%

## Sales growth per share

1yr: 12%

5yr: 11%

## Taxonomy eligible revenues

100%

## Taxonomy aligned revenues

26%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

Verified

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	52,720,000	52,080,000	-1%	48,320,000	-7%	51,997,895	8%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	16,975,324	1,115	17,158,208	957	-14%	15,460,480	785	-18%	15,061,702	737	-6%
Scope 3	3,502,992	230	3,357,742	187	-19%	1,488,094	76	-59%	1,811,754	89	17%

	Reported or modelled data	Comments
Carbon avoided	Reported	Carbon avoided rose with improved material recovery and higher carbon sequestration from the landfill business.
Scope 1 & 2 intensity	Reported	The total volume of landfill gas captured and renewable energy generated increased.
Scope 3 intensity	Reported	While Scope 3 emissions are less material for Waste Management, they increased due to improved measurement in both upstream and downstream categories (e.g., collection-truck miles).

## Engagement

Topic	Objective	Milestone	Outcome details
Board Effectiveness	Ambition & Commitments	Entity does not acknowledge that the engagement topic is an area that should be addressed	The company sees the board as well balanced with the right mix of perspectives. We will continue to engage on this topic.
Remuneration	Remuneration Link	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	We engaged on the topic of sustainability targets in management compensation in collaboration with a significant US asset owner. While the company includes sustainability metrics in its short-term incentives, it is yet to include them in long-term measures. It is monitoring the success of short-term measures before considering doing so.
Pollution & Waste	Disclosure	Entity has demonstrated progress towards delivering its plans/strategy related to the engagement topic	The company reports toxic release inventory (TRI) for its hazardous waste facilities. TRI permitted releases to water are less than 1%. We continue to discuss pollution and waste beyond hazardous waste.
Biodiversity - Land Use & Deforestation	Disclosure	Entity has acknowledged that the engagement topic is an area that should be addressed	Waste Management has attempted to engage with a data provider to begin to understand its biodiversity footprint.

## Proxy voting

We supported all items in 2024.

## Engagement goals

Growing carbon avoided.  
Addressing board diversity.  
Discussing sustainability targets in management compensation.



# Yadea

Yadea is a world leader in electric micro-mobility solutions, enabling low-emission transport.

## Investment rationale

Headquartered in Jiangsu province, China, Yadea is a leading micro-mobility company that designs, develops and manufactures >15m electric scooters and bicycles annually and has served c.100 million users. The company has a leading market share of c.30% in the Chinese electric two-wheeler market, widening the reach and impact of its product portfolio. Growth is expected to be driven by market consolidation in China, alongside regional expansion to South East Asian markets with low electric vehicle (EV) penetration. This growth of micro-mobility EVs is a core enabler of low-emission urban mobility.

## Structural growth

As China continues to urbanise, motorisation is increasingly challenging the country's traffic system, affecting daily life through congestion, and air and noise pollution. In response, commuters and the government have favoured electric two-wheelers as a green, flexible personal mobility solution. However, battery-fire and road-safety incidents are gradually leading to greater emphasis on product safety, aided by a government push towards standardisation of quality parameters and manufacturing capability. As a leading market player in China with scale economies and a highly competitive product offering, in our view Yadea is poised to benefit from market share consolidation. Further, rising electrification in South Asian markets such as Vietnam, Indonesia and the Philippines present new growth opportunities for Yadea where we believe the company can enjoy higher gross margins.

## Competitive advantage

Yadea derives its competitive advantage from best-in-class economies of scale, given it has the highest electric two-wheeler sales in the world. This enables the company to re-invest in R&D to build high-quality products at competitive prices. Yadea's brand leadership and distribution network buttress this scale moat. The company has recently vertically integrated to acquire an electric two-wheeler battery capability, which will further enhance its ability to offer differentiated quality products at competitive prices.

## Sustainable returns

Possessing both scale and the highest gross profit per vehicle results in a virtuous cycle of investment in brand, R&D and distribution, which helps Yadea generate a healthy ROIC of c.30% with a strong net-cash balance sheet.

## Externalities assessment

Yadea effectively manages its externalities, based on our analysis.

From company disclosures, we understand that the group complies with all applicable labour standards and strictly prohibits illegal labour.

The biodiversity risk potential of lead-acid batteries remains high. To address this, Yadea is leading industry efforts in efficient recycling and innovating on product quality with graphene batteries that promote durability and longevity.

## Sustainable solution

Decarbonisation

## Market capitalisation

US\$5.60bn

## ROIC

1yr: 14%

5yr: 28%

## Sales growth per share

1yr: 1%

5yr: 15%

## Taxonomy eligible revenues

100%

## Taxonomy aligned revenues

28%

Data provided are estimates sourced from Clarity AI

## KPI

Carbon avoided

## SBTi status

No Commitment

## KPI progression and emissions data

	FY 2020 (2021 reporting)	FY 2021 (2022 reporting)	YoY% change	FY 2022 (2023 reporting)	YoY% change	FY 2023 (2024 reporting)	YoY% change
Carbon avoided (tCO2e)	-	-	-	41,867	-	54,840	31%

	FY 2020 (2021 reporting)		FY 2021 (2022 reporting)		YoY% change to intensity	FY 2022 (2023 reporting)		YoY% change to intensity	FY 2023 (2024 reporting)		YoY% change to intensity
	Absolute	Intensity	Absolute	Intensity		Absolute	Intensity		Absolute	Intensity	
Scope 1 & 2	-	-	-	-	-	156,937	34	-	150,187	31	-10%
Scope 3	-	-	-	-	-	-	-	-	6,830,478	1,391	-

	Reported or modelled data	Comments
Carbon avoided	Estimated	We estimate Yadea's carbon avoided based on its international electric two-wheeler units sold. The carbon avoided logic is based on replacement of petrol travel miles with electric two-wheelers miles. An increase in electric two-wheeler unit sales explains the increase in carbon avoided.
Scope 1 & 2 intensity	Reported	Scope 1 and 2 (absolute and intensity) from EV production increased during the year owing to a significant increase in overall EV production. However, absolute Scope 1 and 2 from battery manufacturing decreased on the back of energy efficiency measures. In aggregate, this resulted in a reduction of both absolute emissions and intensity.
Scope 3 intensity	Estimated	The company does not report Scope 3 emissions.

## Engagement

Topic	Objective	Milestone	Outcome details
Carbon Avoided	Information gathering	Entity has demonstrated that the engagement topic has been addressed	According to the company, it uses external consultants to estimate annual carbon avoided with a basic logic premised on replacement of petrol miles with electric two-wheeler miles driven.

## Proxy voting

We voted against items relating to share issuance and associated risks of dilution.

## Engagement goals

Disclosing Scope 3 and carbon avoided.

# Climate targets: details

Company	SBTi overall target	SBTi near target	SBTi long target
AECOM	Reach net-zero across its value chain by FY2040.	Reduce absolute Scope 1 and 2 60% by FY2030 vs. 2018; and absolute scope 3 from purchased goods & services, capital goods and business travel 50% by FY2030 vs. 2018.	Reduce absolute Scope 1 and 2 60% by FY2030 vs. 2018; and absolute scope 3 from purchased goods & services, capital goods and business travel 50% by FY2030 vs. 2018.
AIA Group	The group's climate transition plan commits to a 1.5°C pathway and net zero emissions. Its near term targets were validated by SBTi in 2023.	Cut Scope 1 and 2 by 60% and Scope 3 by 50% by 2030.	Cut Scope 1 and 2 by 60% and Scope 3 by 50% by 2030.
Aon	Aon intends to decarbonise its operations and influence its supply chain. The company has SBTi approved near term targets.	Reduce absolute Scope 1 and 2 by 55% by 2032 vs. 2019. The company expects 81% of its suppliers (by emissions) to have science based targets by 2027.	Reduce absolute Scope 1 and 2 by 55% by 2032 vs. 2019. The company expects 81% of its suppliers (by emissions) to have science based targets by 2027.
Autodesk	Achieve carbon neutrality across Scopes 1, 2, and 3 on an annual basis starting from FY2021.	Scope 1 and 2: Reduce absolute emissions by 50% by 2031 vs. FY2020.  Scope 3: Reduce emissions from purchased goods and services, fuel and energy-related activities, business travel, and employee commuting by 55% by 2031 per US dollar of gross profit over the same timeframe.	Scope 1 and 2: Reduce absolute emissions by 50% by 2031 vs. FY2020.  Scope 3: Reduce emissions from purchased goods and services, fuel and energy-related activities, business travel, and employee commuting by 55% by 2031 per US dollar of gross profit over the same timeframe.
Bank Rakyat Indonesia	Net zero by 2050 in accordance with SBTi methodology. It is first institution in Indonesia to have its near-term net-zero target validated by SBTi.	Decrease its Scope 1 and 2 by 42% vs. 2022.	Decrease its Scope 1 and 2 by 42% vs. 2022.
ConvaTec	SBTi-aligned 2030 targets and a net-zero target of 2045 (or earlier).	Reduce absolute Scope 1 and 2 by 70% by 2030 vs. 2021. Reduce Scope 3 from purchased goods and services, upstream transportation and distribution, and waste generated in operations by 52% per sold product within the same timeframe.	Reduce absolute Scope 1 and 2 by 70% by 2030 vs. 2021. Reduce Scope 3 from purchased goods and services, upstream transportation and distribution, and waste generated in operations by 52% per sold product within the same timeframe.
Danaher	Intends to set science based targets and submit them for SBTi validation.	Reduce absolute Scope 1 and 2 by 50.4% by 2032 vs. 2021.	Reduce absolute Scope 1 and 2 by 50.4% by 2032 vs. 2021.
Edwards Lifesciences	Carbon neutrality and net zero. Has SBTi-approved near-term targets.	Reduce absolute Scope 1 and 2 by 42% by 2030 and Scope 3 by 51.6% per USD value added by 2030.	Reduce absolute Scope 1 and 2 by 42% by 2030 and Scope 3 by 51.6% per USD value added by 2030.
Elevance Health	Elevance signed the US HHS health sector climate pledge and has SBTi validated near term targets.	Reduce operational emissions by 50% by 2030.	Reduce operational emissions by 50% by 2030.
Experian	Validated 1.5°C science based target for Scopes 1 and 2 and has a supplier engagement goal.	Reduce absolute Scope 1 and 2 by 50% by 2030 vs. 2019. Have suppliers covering 78% of spending with science-based targets by 2029.	Reduce absolute Scope 1 and 2 by 50% by 2030 vs. 2019. Have suppliers covering 78% of spending with science-based targets by 2029.
HDFC Bank	Carbon neutrality in its own operations by 2031 2032. Has not adopted SBTi targets.	No public SBTi near term target.	No public SBTi near term target.

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Company	SBTi overall target	SBTi near target	SBTi long target
Intact Financial	Intact has a target to achieve net zero by 2050, though this is not a science-based target.	By 2030, Intact aims to halve emissions vs. 2019, and reduce investment emissions by at least 40%.	By 2030, Intact aims to halve emissions vs. 2019, and reduce investment emissions by at least 40%.
Intuit	Net-zero across the value chain by 2040.	Reduce absolute Scope 1 and 2 by 42% by FY2030 vs. FY2022; have 80% of suppliers, measured by emissions covering purchased goods and services, with science-based targets by FY2027.	Reduce absolute Scope 1 and 2 by 42% by FY2030 vs. FY2022; have 80% of suppliers, measured by emissions covering purchased goods and services, with science-based targets by FY2027.
KLA Corp	Operational net zero by 2050; science-based target to reduce full Scope emissions by 50% by 2030.	Reduce absolute Scope 1 and 2 by 50% by 2030 vs. 2021. Reduce Scope 3 from use-of-sold-products by 52% per billion transistors inspected, measured or processed within the same timeframe.	Reduce absolute Scope 1 and 2 by 50% by 2030 vs. 2021. Reduce Scope 3 from use-of-sold-products by 52% per billion transistors inspected, measured or processed within the same timeframe.
Mastercard	Has SBTi approved targets and an ambition to reach net zero across its value chain.	38% reduction in Scope 1 and 2 and a 20% reduction in Scope 3 by 2025 vs. 2016. Has had carbon neutral operations since 2020.	38% reduction in Scope 1 and 2 and a 20% reduction in Scope 3 by 2025 vs. 2016. Has had carbon neutral operations since 2020.
NextEra Energy	"Real Zero" plan to eliminate Scope 1 and 2 but is not participating in the SBTi.	70% reduction in CO2 emissions by 2025 and 82% by 2030 vs. 2005.	70% reduction in CO2 emissions by 2025 and 82% by 2030 vs. 2005.
Nu Holdings	The company committed in 2021 to carbon neutrality.	The company has not set science-based net-zero targets.	The company has not set science-based net-zero targets.
RELX	Has science based target and is working toward a more ambitious SBTi submission.	Reduce Scope 1 and 2 by 46% by 2025. Develop a 2030 target covering Scope 1-3.	Reduce Scope 1 and 2 by 46% by 2025. Develop a 2030 target covering Scope 1-3.
Schneider Electric	Achieve net-zero across Scope 1, 2 and 3 by 2050, with SBTi validated targets.	Scope 1 and 2: Reduce absolute emissions by 25% by 2030 vs. 2021.  Scope 3: Reduce absolute emissions by 25% by 2030 vs. 2021.  Operational: Achieve "net-zero ready" operations by 2030.	Scope 1 and 2: Reduce absolute emissions by 25% by 2030 vs. 2021.  Scope 3: Reduce absolute emissions by 25% by 2030 vs. 2021.  Operational: Achieve "net-zero ready" operations by 2030.
Spectris	Spectris has committed to net zero for Scope 1 and 2 by 2030, with a supporting science-based target of 85% abatement by 2030.	The company is targeting an 85% reduction in Scope 1 and 2 (absolute) by 2030, and a 42% reduction in Scope 3 (absolute) by 2030 vs. 2020.	The company is targeting an 85% reduction in Scope 1 and 2 (absolute) by 2030, and a 42% reduction in Scope 3 (absolute) by 2030 vs. 2020.
Steadfast Group	Has a "Carbon-Neutral Transition Plan". Has not joined the SBTi.	Achieve carbon neutrality for its Australian controlled businesses by 2030. Use renewable electricity, fleet electrification and offsets to meet the 2030 carbon neutral goal.	Achieve carbon neutrality for its Australian controlled businesses by 2030. Use renewable electricity, fleet electrification and offsets to meet the 2030 carbon neutral goal.
Taiwan Semiconductor Manufacturing Co.	TSMC has absolute reduction targets for Scope 1, 2 and 3 vs. 2025 that are aligned with the SBTi within the next decade.	Key near-term milestones include peaking carbon emissions in 2025, reducing them to 2020 levels by 2030 with a target of using 60% renewable energy for global operations, and achieving 100% renewables by 2040.	Key near-term milestones include peaking carbon emissions in 2025, reducing them to 2020 levels by 2030 with a target of using 60% renewable energy for global operations, and achieving 100% renewables by 2040.

## Global Sustainable Equity Impact Report 2025

Company	SBTi overall target	SBTi near target	SBTi long target
Tetra Tech	50% reduction in Scope 1, 2 and 3 by 2030 vs. 2021.	Reduce absolute Scope 1 and 2 50% by 2030 from a 2021 base year. Reduce absolute Scope 3 50% within the same timeframe. 60% of suppliers by spending covering purchased goods and services to have science-based targets by 2027.	Reduce absolute Scope 1 and 2 50% by 2030 from a 2021 base year. Reduce absolute Scope 3 50% within the same timeframe. 60% of suppliers by spending covering purchased goods and services to have science-based targets by 2027.
Texas Instruments	The company is working towards a new company-wide SBTi commitment.	Reduce absolute Scope 1 and 2 by 50% by 2035 vs. 2015.	Reduce absolute Scope 1 and 2 by 50% by 2035 vs. 2015.
Thermo Fisher Scientific	Net-zero across the value chain by 2050.	Reduce absolute Scope 1 and 2 by 50.4% by 2030 vs. 2018. Achieve 90% of suppliers by spending (covering purchased goods and services, capital goods, and upstream transportation and distribution) having science-based targets by 2027.	Reduce absolute Scope 1 and 2 by 50.4% by 2030 vs. 2018. Achieve 90% of suppliers by spending (covering purchased goods and services, capital goods, and upstream transportation and distribution) having science-based targets by 2027.
UnitedHealth Group	Has pledged to set science based targets as part of its environmental sustainability programme; no validated targets yet.	Developing near term SBTi aligned targets covering its own operations; details not yet public.	Developing near term SBTi aligned targets covering its own operations; details not yet public.
Veralto	Working with the SBTi, Veralto is formalising previously communicated Scope 1 and 2 reduction targets, as well as Scope 3 targets. To this end, it has been working to inventory and assess Scope 3 emissions.	Veralto intends to reduce its combined Scope 1 and 2 by 54.6% by 2033 vs. 2023. This is aligned with a 1.5°C scenario and assumes continued growth of its operating companies.	Veralto intends to reduce its combined Scope 1 and 2 by 54.6% by 2033 vs. 2023. This is aligned with a 1.5°C scenario and assumes continued growth of its operating companies.
Visa	Visa maintains carbon neutral operations and seeks to catalyse sustainable commerce.	Has achieved carbon neutrality for its operations and uses 100% renewable electricity. The company has SBTi approved near term targets.	Has achieved carbon neutrality for its operations and uses 100% renewable electricity. The company has SBTi approved near term targets.
Waste Management	Has disclosed climate goals but has not announced SBTi participation.	Plans include reducing the intensity of emissions from its fleet and operations; exact SBTi aligned near term targets not published.	Plans include reducing the intensity of emissions from its fleet and operations; exact SBTi aligned near term targets not published.
Yadea	No publicly stated emissions targets.	None.	None.

# Glossary

Please note that the definitions in this glossary reflect the context in which the terms are used in this report.

## Board of directors

A governing body of a company. Board directors are elected by shareholders and typically include external individuals with relevant expertise and members of the management team. See 'Executive/non-executive' director.

## Carbon intensity

The amount of greenhouse gases generated by a company per unit of revenue generated.

## Carbon footprint

The total volume of greenhouse gases generated by a company. Usually reported as 'CO<sub>2</sub> equivalent'.

## Carbon avoided

The volume of greenhouse gas emissions avoided due to products, technologies and services that result in fewer emissions than the status quo products, technologies and services.

## Climate adaptation

Adapting to the present and future effects of climate change, such as the higher incidence of extreme weather events.

## Competitive advantage

A factor that may give a company an advantage over its peers, such as larger size or superior technology.

## Decarbonisation

The process of transitioning to a lower-carbon economy, including switching to renewable energy, increasing resource efficiency and electrifying transport and industrial processes (i.e., powering machines by electricity instead of higher-carbon power sources).

## Digital inclusion

Providing access to digital technologies, infrastructure and services to groups that have not previously been able to access them.

## Engagement

Interacting with companies as a shareholder, for example to encourage positive change with respect to sustainability.

## EU Taxonomy

A classification system to identify environmentally sustainable economic activities.

## Executive director/non-executive director

An executive director is a member of a board of a company who is also employed by the company and typically has management responsibilities. A non-executive director is a member of a board who is not employed by the company and can provide an external perspective.

## Externality

A cost a company imposes, or a benefit it confers, on people, society and the environment.

## Financial inclusion

Providing access to financial services, including bank accounts, loans and payment services, to groups that have not previously been able to access them.

## Greenhouse gases

Any gas (including carbon dioxide and methane) that contributes to the greenhouse effect (i.e., they trap heat in the atmosphere).

## Key performance indicator (KPI)

In this context, a metric used to track the impact a company has on the environment or society.

## Glossary continued

### Net Zero

Achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it.

### Proxy vote

In this context, a vote cast on behalf of a shareholder in a company. Shareholder votes typically take place at companies' annual general meetings.

### Return on equity (ROE)

A measure of company profitability focused on how effectively management is using shareholders' funds.

### Return on invested capital (ROIC)

A measure of company profitability focused on the return generated from capital investments made by management.

### Science Based Targets initiative (SBTi)

An organisation that seeks to assist companies to set science-based emissions reduction targets, and that validates whether companies' emissions targets have met its criteria.

### Science-based (emissions/net-zero) target

An emissions reduction target (and plan to achieve it) that is aligned with the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels – based on the latest climate science.

### Scope 1, 2 and 3 carbon emissions

Categories of greenhouse gas emissions:

Scope 1 - All direct emissions from activities of a business or under its control. This includes fuel combustion on site such as heating boilers and vehicles. Scope 2 - Indirect emissions from energy purchased and consumed by a business. Emissions are created during the production of the energy which is eventually used by the business. Scope 3 - All indirect emissions not in Scope 2 i.e., from a business's activities, but from sources that it does not own or control. Also known as value chain emissions, this is often the greatest proportion of the carbon footprint and covers emissions associated with business travel, procurement, waste and water.

### Structural growth

Economic growth resulting from changes in the structure of the economy – such as the transition to lower-carbon means of production and transportation – that is distinct from the cycle of economic expansion and contraction.

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