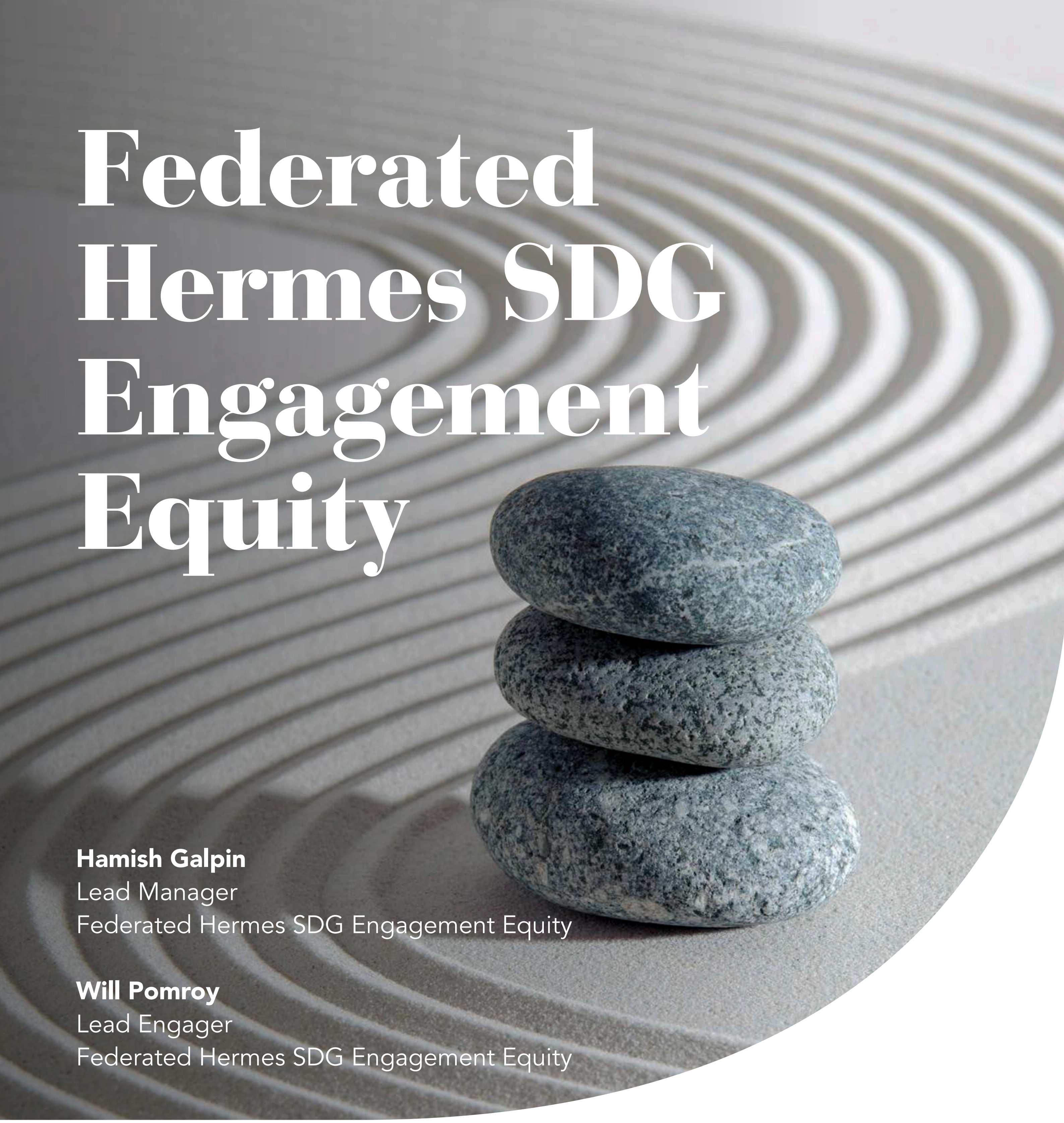

Federated Hermes SDG Engagement Equity

Hamish Galpin
Lead Manager
Federated Hermes SDG Engagement Equity

Will Pomroy
Lead Engager
Federated Hermes SDG Engagement Equity

2023 Annual Report

Federated Hermes
Limited

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Federated Hermes SDG Engagement Equity 2023 highlights

169 Engagement actions carried out in 2023

100% of portfolio companies were engaged

62% of companies made progress with objectives

26.3% average improvement in carbon intensity for companies engaged with for three years

6.5% improvement in employee satisfaction for companies engaged with for three years

> **We go into 2024 with the comfort of knowing that we have a group of holdings that have a relatively high return on equity and relatively low gearing which should offer protection in difficult market conditions.**

In 2023, our engagements were focused proportionately:

26% environmental issues and objectives

20% governance issues and objectives

43% social issues and objectives

10% strategic issues and objectives

The most intensively engaged Sustainable Development Goals (SDGs) were:

1 NO POVERTY — **42%** of engagement actions

5 GENDER EQUALITY — **32%** of engagement actions

8 DECENT WORK AND ECONOMIC GROWTH — **53%** of engagement actions

10 REDUCED INEQUALITIES — **50%** of engagement actions

13 CLIMATE ACTION — **25%** of engagement actions

> **We have long considered that the most effective topics for shareholder engagement were those which pertained to a company's direct and indirect workforce.**

60 total meetings voted

40% number of meetings voted against management on at least one resolution

Source: Federated Hermes, as at 31 December 2023

Contents

SECTION 1

Introduction

Promise of the SDGs in peril

In 2023, the United Nations' Sustainable Development Goals progress report[1] as well as the Gates Foundation's annual Goalkeepers report[2] made for sobering reading. Together, they highlight how far we are from meeting the ambitious agenda set out by the United Nations Sustainable Development Goals (SDGs).

In its report, the UN describes progress on more than 50% of the SDG targets as weak and insufficient and that on 30% progress has stalled or gone into reverse[3].

At the halfway stage, just 12% of the SDG targets are on track.

The UN progress report sounds the alarm – and it's one we should hear and respond to. The report describes how the SDGs are disappearing in the rearview mirror, along with the hopes and rights of current and future generations. These are powerful words and sentiments that we share.

In this report, we provide colour on the ongoing, mostly constructive, dialogues we are having with our investee companies. In many cases, the direction of travel is positive. However, as the above context illustrates, the pace of change needs to accelerate. We fully intend, therefore, to re-double our efforts during 2024.

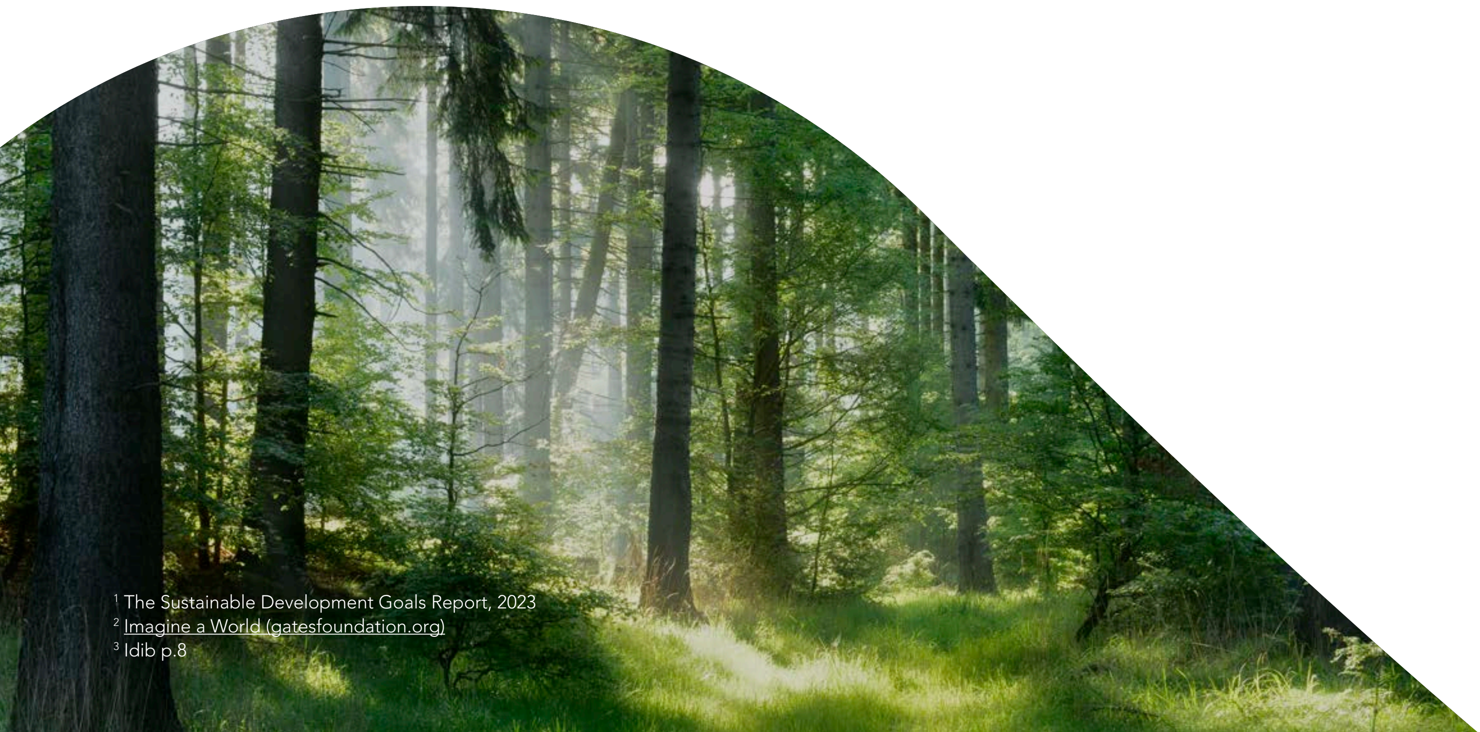
> **To re-orientate our economies towards attaining the SDGs, we believe it is necessary to work with a wide range of companies. Change is not straightforward; it takes time, and it is rarely linear.**

Building on progress

We thank our investors for entrusting us with their capital. We strongly believe in the benefits of active investment, both in the sense of actively choosing where to invest but also in the sense of being actively engaged with those companies in which we invest.

To re-orientate our economies towards attaining the SDGs, we believe it is necessary to work with a wide range of companies. Change is not straightforward; it takes time, and it is rarely linear. However, through ambition and perseverance, we are confident that we can collectively play our part.

We hope you enjoy reading our activity report for 2023 and welcome feedback as we seek to raise our own ambitions as well as those of the companies in which we invest.



[1] The Sustainable Development Goals Report, 2023
[2] Imagine a World (gatesfoundation.org)
[3] Idib p.8

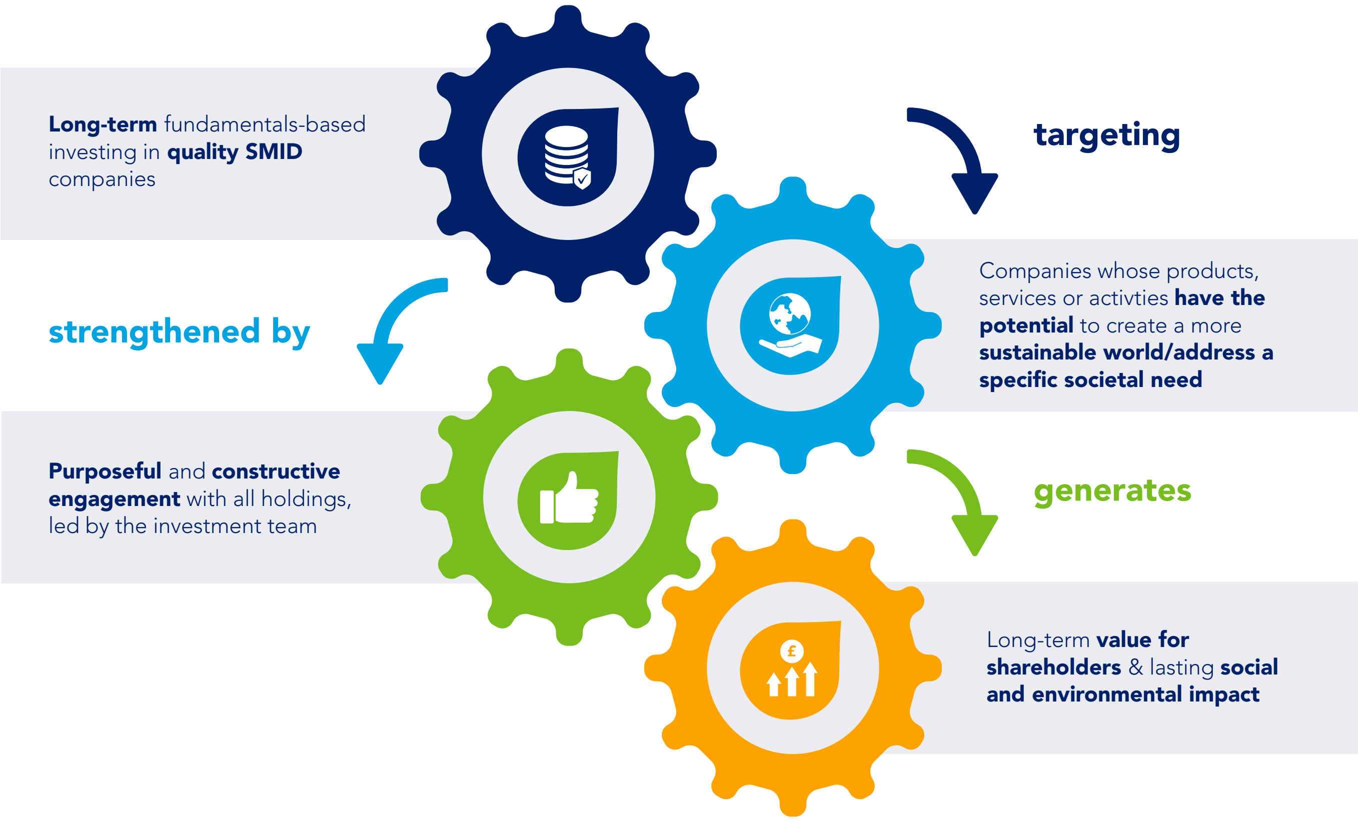
SECTION 2

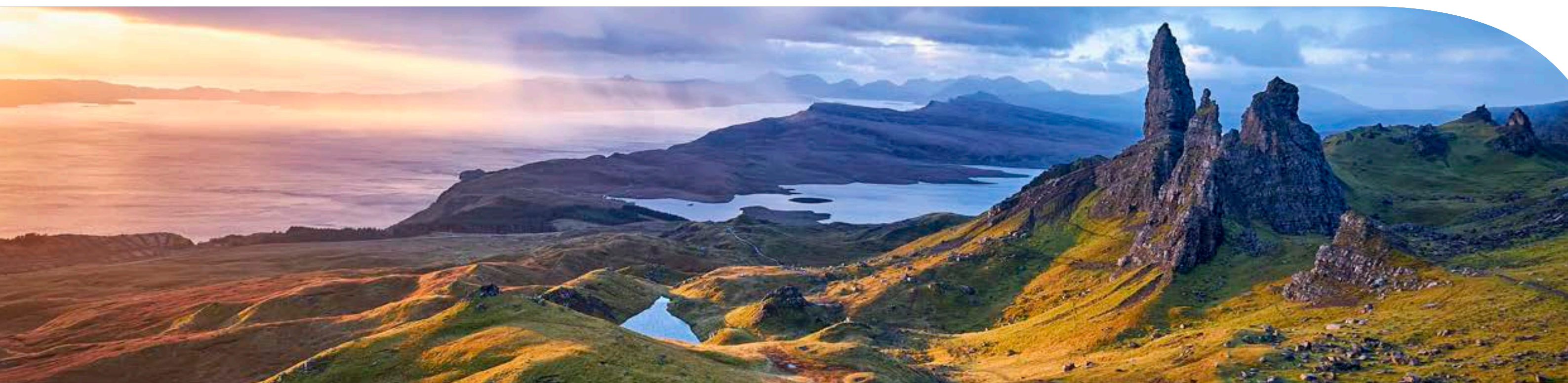
Philosophy and Strategy

Core beliefs and philosophy

A number of core beliefs underpin our Strategy, including that:

- **Companies are uniquely positioned to impact lives.** They often occupy integral positions within communities, and have direct relationships with employees, and connections with suppliers.
- **Public companies can contribute to, and benefit from, efforts to achieve the SDGs.** Meeting the SDGs will be a primary driver of future economic growth, providing opportunities for firms to boost revenues and earnings.
- **The long-term commercial performance of companies is connected with the health of the environments in which they operate** and in which their employees and customers live. Firms that fulfil their responsibilities towards society will be rewarded with greater brand loyalty, employee motivation and likely produce more innovative products and services.
- **Investors can influence companies** to improve their operations in support of the attainment of the SDGs, creating a virtuous cycle of change, benefitting shareholders, employees, communities, supply chains and other stakeholders.
- **Purposeful engagement with companies provides investors with the mechanism to bring about change** as well as offering valuable insights into current levels of sustainability performance and longer-term commercial risks and opportunities.





What are the SDGs?

In 2015, 193 world leaders agreed to 17 ambitious goals to end poverty, fight inequality and stop climate change by 2030. Underpinning these goals lie 169 targets and 230 indicators. The Sustainable Development Goals (SDGs) in effect provide a sustainability roadmap for the world.

We have assessed that approximately 40% of the 169 targets are relevant for dialogue between investors and corporates.

Every company is affected by, or can contribute to, at least some of these goals – often in so doing, benefiting society and their own business prospects. Companies should therefore be integrating and adapting these goals into specific actions, that are appropriate to them, to make progress and advance society.

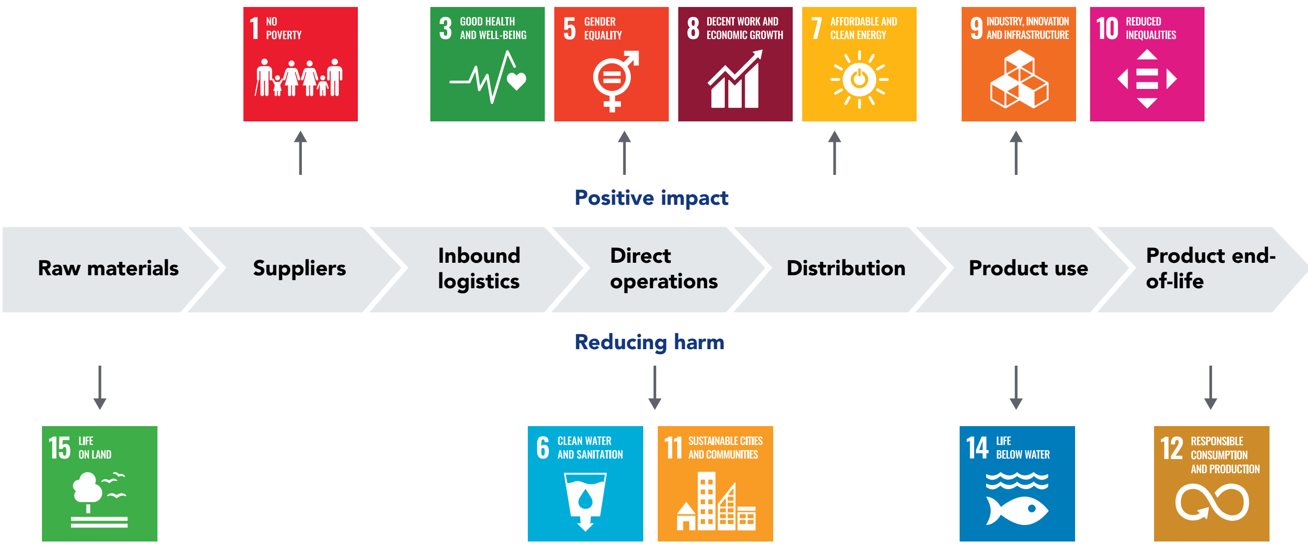
Attaining these goals means reducing harm and finding ways to generate positive impacts. It requires company boards and management teams to be bold and ambitious.

Identifying impact potential

Although the SDGs were not written for specifically corporates, they are hugely relevant. Companies are uniquely positioned to have an impact on real lives, due to their position within communities, their direct relationships with employees, and their connections with suppliers. No company is an island.

Importantly, we, as investors, can influence companies with regard to what business they do, and how they do business.

Figure 1: Illustrative company impact opportunities towards the UN SDGs



Source: Federated Hermes

In considering the potential for that improved contribution, we look at:

- A company's supply chain, including its relationships with and influence over its supply partners.
- The company's direct operations, including its resource efficiency and approach to its workforce.
- The products and services – do they have the potential to reach under-served markets or to develop product offerings supportive of a more circular economy?

While we have to be confident in our engagement thesis before deciding to invest, the reality is that these assessments become more fully formed the more we interact with a company. What we hope to create is a meeting of minds.

Management know their business better than we ever can, and they need to deliver the change and embed the commitment to sustainable practices within the company's culture.

Role of engagement

By engaging as constructive and patient investors, we can play a critical role in bringing about positive changes within corporates. Our role is to catalyse new ideas, practices and activity; to cajole where necessary and to support companies in their implementation of new approaches.

We believe there are three characteristics for meaningful and impactful investor engagement:

1. **Impactful engagement needs to be purposeful** and fully integrated into the investment process: informing the decision to buy the stock and allowing active and ongoing portfolio manager involvement.
2. **Achieving change means engaging as informed and constructive partners.** Requests should develop from a real understanding of a company's particular business model and geographic footprint, rather than being derived from a one-size-fits-all framework.
3. **Successful engagement takes time and requires perseverance.** Substantive, meaningful and sustainable change requires deep corporate buy-in and resource deployment. Given this, the meaningful results worth pursuing are also those worth waiting for.

Exclusions

We recognise that engagement needs to be feasible and not used as a smokescreen to justify holdings in companies and sectors which are in practice unlikely to meaningfully change as a result of investor engagement. The same holds true for companies that are able to change but whose change will not contribute positively towards the SDGs.

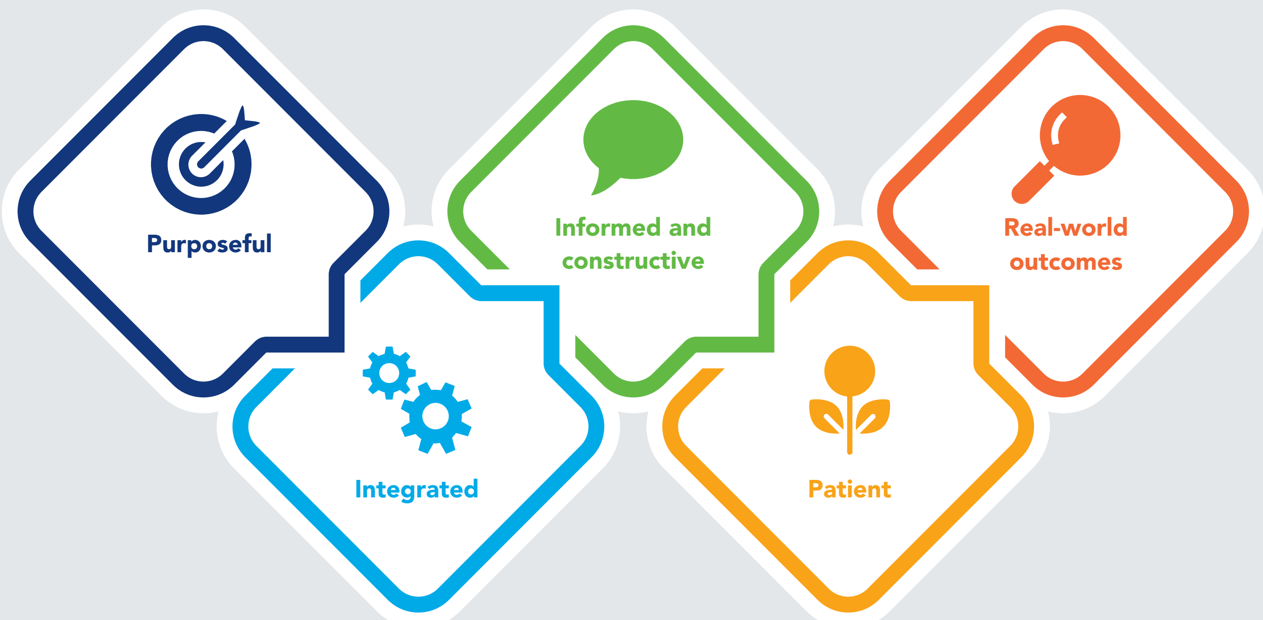
For that reason, the Strategy operates with a series of formal exclusions as set out below.

In addition to these formal exclusions, each potential investment is subject to detailed analysis as to the feasibility of engagement with the entity. This analysis considers the governance arrangements of the company as well as our previous experience of interacting with management. This engagement feasibility is subject to a regular reappraisal.

- Companies that generate over 5% of their revenues from the extraction or exploration of fossil fuels.
- Electricity utility companies with a carbon intensity not aligned with a below-1.5°C scenario[4].
- Companies that generate revenue from the production of controversial weapons or that generate over 5% of their revenues from the production of conventional weapons.
- Companies that generate revenues from the production of tobacco products or that receive over 5% of their revenues from tobacco distribution.
- Companies that generate over 2% of their revenues from gambling products.
- Companies in contravention of the principles of the UN Global Compact.

Successful engagement takes time

Substantive, meaningful and sustainable change requires deep corporate buy-in and resource deployment.



[4] **Paris Agreement:** The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C

SECTION 3

Ongoing concerted focus on decent work – the route towards closing inequalities

Will Pomroy,
Lead Engager

We are regularly asked how recent events – a global pandemic, the Russian invasion of Ukraine, the period of high inflation and greater politicisation of ESG – have influenced our prioritisation of topics for engagement. The truthful answer is not much.

We have long considered that the most effective topics for shareholder engagement were those affecting a company's direct and indirect workforce.

It is through employment (including work provided by supply-chain relationships) that a company most directly influences many of the SDGs.

The events of the past few years have exacerbated and set back progress on a multitude of societal inequalities – including economic, health and gender inequality. Given this context, rather than change focus, we are emphasising further our existing focus on these issues and the role companies can play in redressing them.

In January 2023, we wrote to many of our holdings on the topic of their approach to supporting their lowest-paid employees. This was a central theme of many dialogues this past year and will continue to be so even as we broaden our focus to other themes such as mental health and physical and economic wellbeing.

For many employees, the period of lockdowns, workplace restrictions and the subsequent 'new normal' of more flexible working arrangements, means the distance between the lived experience of those on the front line and those in managerial positions is greater than ever.

Meanwhile, although inflation has moderated over the course of the year the cost of living is set to be structurally higher for some time.

It is no surprise that reported employee stress is at record levels[5] and worker quit rates continue to remain high. Worse still, suicide rates are on the increase[6], especially in certain industries.

We are keenly aware of the tension between requests for improved wages and a company's profitability. While raised salaries mean an immediate upturn in operating expenses, the hidden cost of higher employee turnover and lower productivity are difficult to predict and manifest themselves over a time period beyond that of financial reporting. Long-term success, however, is predicated on viewing the workforce as a strategic asset which needs safeguarding, maintaining and developing.

We believe all businesses have a responsibility, as far as feasible, to provide their employees (and those working on their behalf through their supply chains) with a decent income. This should afford them a dignified standard of living, and reflect a fair degree of compensation for the level of skill and the working conditions that a job entails. This view has consistently been mirrored in public surveys and, unsurprisingly, has grown in importance of late.

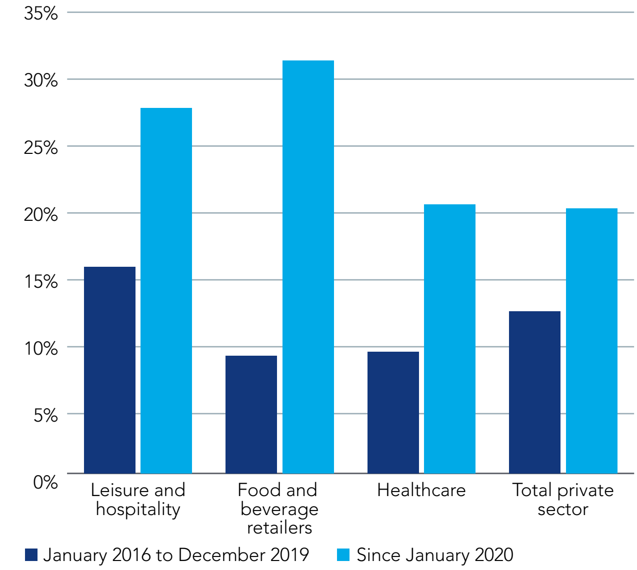
As one investee company explained to us, their approach to recruitment and managing their workforce may cost more but they believe it has significant pay back "because everyone is pulling in the same direction". We share this view.

- **RPM:** Undertook a living wage pay analysis using the MIT Living Wage calculator following our request earlier in the year. The company identified a small percentage of employees with base pay below the calculated living wage and addressed these shortfalls The company is committed to repeating the analysis.
- **AptarGroup:** In early 2023 the company renewed its living wage analysis and has narrowed its living-wage gap year-on-year.
- **Clean Harbors:** Undertook analysis to determine the number of employees earning at least or above an independent living wage figure.
- **Eagle Materials:** Undertook a living wage gap analysis in 2023 and concluded that its average hourly pay is nearly 20% above aggregate living wage (using the MIT Living Wage calculator).
- **Wintrust:** Raised its minimum wage to US$18 per hour (up from US$15 per hour)

From a societal perspective it has been positive to observe the rates of wage inflation rise for those working in front-line roles – since the Covid-19 pandemic, many employees working in retail and hospitality have seen substantial pay rises over and above those for the wider private sector.

[5] CCA | State of the Global Workplace: 2022 Report (cca-global.com)
[6] CDC – overall, the number of deaths by suicide increased 2.6% from 2021 to 2022; OECD data
[7] Living Wage Calculator (mit.edu)

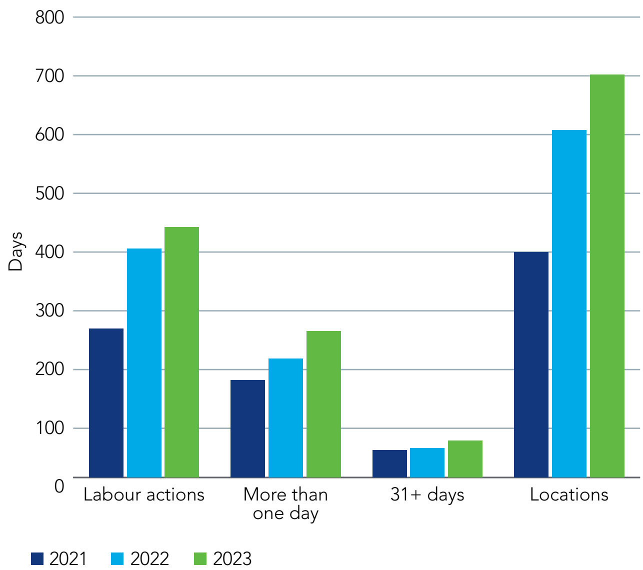
Figure 2: Pay rises by sector post-pandemic



Source: US Bureau of Labor Statistics

Nonetheless, in the context of tight labour markets, cost of living challenges and significant inequalities it is no surprise to also observe that worker discontent and strike action have increased during 2023. The total number of strikes in 2023 in the US was up year-on-year with 438 strike actions across 704 locations, according to the Cornell-ILR Labor Action Tracker[8].

Figure 3: Strike action in the US (year-on-year)



Source: Cornell-ILR Labor Action Tracker

In the UK, the inflation-matching increases to the National Living Wage (read 'minimum wage') have narrowed income inequality since the pandemic[9] and the median gender pay gap has returned to a downward trajectory too[10].

As we look ahead to 2024, we will be continuing to engage with our investee companies to ensure that management teams (and boards) are effectively engaging with their workforces. By engaging effectively and constructively, management teams can head off discontent. We also intend to broaden our conversations during 2024 as inflationary pressures continue to recede. While decent and fair pay is a pre-requisite to decent work, there is much more to it. By investing in their people, companies can ensure their workers are free from undue stress and instead are present and motivated. They can also grow the skills they have available to deploy, enhancing productivity as well as customer service and overall wellbeing.

Better work engagement

Enabling career paths, growth and promotion	**Providing satisfying work in a good enviroment**	**Bringing people into emplyment**	**Re-skilling employees and filling skills gaps**

[8] ILR Labor Action Tracker (cornell.edu)
[9] Office National Statistics – low and high pay in the UK 2023
[10] Ibid

SECTION 4

Gender Equality

Sustainable development goal: 5 Gender Equality

Lucy Revill,
Engagement Manager

Gender equality was set back by Covid-19. Amid a tight labour market, women are now back to pre-pandemic levels of employment – but there are still barriers to long-term equality.

There is little doubt that the involvement of women is vital to ensuring the development of a robust and sustainable economy for everyone. As we enter 2024 with a higher rate of women going back to work than men, labour force participation has returned to pre-Covid-19 levels[11].

Such developments bode well, one might conclude. Since 2015, for instance, female representation in the US C-suite has increased from 17% to 28%[12]. Do these trends mean the battle for gender equality is being won?

Unfortunately not. The gap between men and women in the workplace remains wide[13]. While the number of female directors has grown, female representation at manager level grew only 3-4% between 2015-2023 in the US. It means that, in real terms, for every 100 men promoted from entry level to manager, just 87 women were promoted[14]. The issue is highly pertinent for other geographies, such as Japan where middle management representation is even worse (see our 2020 note: Japanese employment: engaging for greater equality[15] and our 2021 update[16]).

The trend is reflected at the companies in our Strategy; while approximately 75% of holdings have 30% or more women at board level (which is positive) only 25% of holdings have 30% or more female executives (which is less positive).

Many companies want women to succeed, but there remains a missing piece preventing them from aligning the aims of leadership with the realities of employees. What more can be done?

Mind the gap

Evidence suggests that slow progress for women in middle-level management has created a limited pipeline for more women to move up into the executive levels at many companies.

Juggling family obligations with tight pay, childcare costs, inflexible work, lack of training, and slow career progression may lead some women to lag behind or fall out of the workforce altogether.

We ask companies for evidence they are working hard to accommodate and create opportunities for female staff at every level of the organisation and, in particular, are promoting women into management.

For example, the female manager ratio at Japanese supermarket **Yaoko** was just 6.9% at the time of our investment, we therefore set an objective for the company to achieve 10% by 2023, in line with the Japanese government's aim for 30% representation by 2030.

In 2021, the company established a target to increase the percentage of female managers to 10% or more by 2026. In FY 2022 a further target was set for FY 2025 to have 90 women in management positions (this figure has been flat for the past few years and 90 would represent a 50% increase). In addition, the company has established a diversity development division to promote the advancement of women.

Yaoko's commitment to this issue has clearly evolved positively, however, progress remains slow with their female manager ratio actually dropping to 6.6% last year. This engagement is a focus for 2024.

Flexibility for all

Another way to help female staff is by improving scheduling and increasing workplace flexibility. A Deloitte survey found that more women left their jobs in 2023 than in 2020 and 2021 combined, citing a lack of flexibility[17]. Women continue to value flexibility more than men, likely because they still carry out a disproportionate amount of childcare and household work[18].

On analysis, we found that as of November 2023, approximately 60% of our holdings do not have a formal position on flexible work.

Without this clarity, employees may have very different and conflicting interpretations of what's expected of them, and whether it is appropriate to ask for support. Crystalising the company's position on work flexibility could help improve retention of women by establishing clear expectations and norms.

That is why in 2024 we will ask these companies to set out their formal position in respect of flexible working as more and more of their peers complete the post-pandemic 'back-to-the-office' transition.

[11] The World Bank, Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate) | Data (worldbank.org)
[12] Gender Diversity in the C-Suite (harvard.edu)
[13] The World Economic Forum, Global Gender Gap report 2023
[14] Ibid
[15] Japanese employment: engaging for greater equality | Federated Hermes Limited (hermes-investment.com)
[16] Japanese employment: engaging for greater equality – an update | Federated Hermes Limited (hermes-investment.com)
[17] Deloitte, Women at Work Global Outlook Survey
[18] Ibid

Technology, AI and pay

Getting women into high-paying tech jobs narrows the gender pay gap. However, women remain under-represented in STEM (Science, Technology, Engineering and Maths) and the situation is getting worse[19]. Furthermore, artificial intelligence (AI) tools like ChatGPT will likely have the largest impact on frontline, HR and administrative jobs (71%) – those disproportionately held by women. Therefore, women in particular may need to pivot and require upskilling[20].

We are engaging with tech-based companies in the portfolio such as **PTC** and **Silicon Labs**, pressing these companies to push diversity via their own channels and wider STEM communities. After several years, Silicon Labs executives now have diversity, equity, and inclusion (DEI) targets integrated as part of their bonus plan. We will be exploring new angles for these themes with PTC in 2024.

Finally, we continue to engage on the living wage. Front line, part time and lower-wage service jobs are frequently held by women. While 68% of the companies in our portfolio support the principles of good work by having a formal commitment to fair pay and financial wellbeing, companies must review this at regular intervals to keep up with inflation and increased cost of living. Without fair – rather than competitive or market rate – pay, giving women the ability to provide for themselves and families with dignity, other benefits will be ineffective[21].

> **Many companies want women to succeed, but there remains a missing piece preventing them from aligning the aims of leadership with the realities of employees. What more can be done?**

Asks

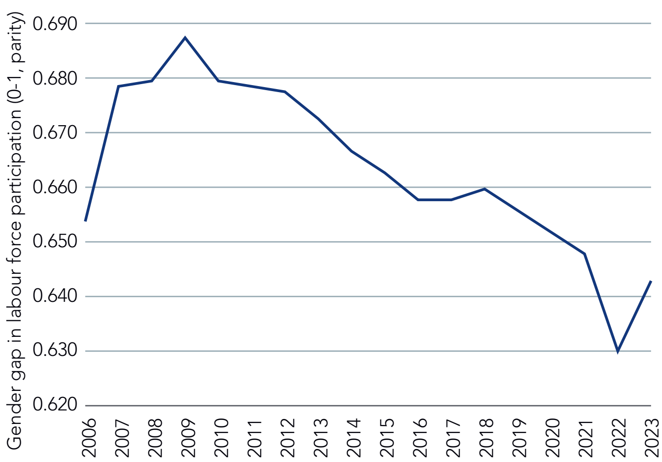
As with our aforementioned focus on gender equality in Japan, we would like to see greater reporting (disaggregated by gender) – and ambition – on the following issues from companies, in particular those operating in sectors and regions in which there remains significant disparities between male and female senior representation rates:

- Female representation by pay quartile and contract type (permanent and temporary)
- Employee turnover rates
- Annual employee hires (distinguishing between entry level and management level)
- Return-to-work rates, including the proportion of eligible males and females who take parental leave
- Investment in training and development
- Descriptions of initiatives to resolve pipeline challenges.

Conclusion

Elevating and retaining women delivers a win-win-win for any company. Internal promotion has a ripple effect. It helps companies reduce staff turnover, demonstrates visible staff career progression among peers, AND creates long-term value for shareholders. Walking the walk helps companies create future leaders of tomorrow – a tomorrow with true gender equality.

Figure 4: Gender gap in labour-force participation (2006-2023)



Source: World Economic Forum, Global Gender Gap Report 2006-2023

[19] Revelio Labs, Is the talent pipeline for women in stem broken?
[20] Revelio Labs, AI Exposed Jobs Employ More Women
[21] Ton, Zeynep, The Case for Good Jobs, Harvard Business Review Press, 2023, p46

SECTION 5

Investment commentary

Hamish Galpin,
Lead Manager

I'm pleased to say that in 2023, the Strategy had its second-best year in terms of overall return, and its best year of relative performance, in its six-year history. It produced a total return of over 21%[22] before fees, which, compared with the benchmark[23] return of 16%, resulted in an outperformance of 461 basis points[24].

Small and mid-cap (SMID) stocks, in which the Strategy predominantly invests, were at first glance well behind their large-cap peers – the MSCI World index was up 22% for 2023 versus just under 14% for the MSCI World Small Cap Index and World SMID Cap indices. However, the equally weighted equivalent for the MSCI World index was up just over 14%[25].

Not much difference, then, and in fact a pretty good showing from small caps given they (as an asset class) normally get penalised for their greater volatility and higher levels of debt.

The Strategy had its second-best year in terms of overall return, and its best year of relative performance, in its six-year history.

The Strategy has a quality tilt, a necessity given its long investment horizon and for engagement success, and quality as a factor did well in 2023. Most of the outperformance was generated in the earlier part of the year and was triggered by a flight to quality following the failure of Silicon Valley Bank. Not surprisingly, the US contributed most of the outperformance in this period given that was where, Credit Suisse notwithstanding, the crisis was centred.

One of the big surprises of 2023, given the direction of interest rates, was how well housebuilders did in the US. Not being able to 'port' mortgages[26] when selling homes meant people were disincentivised to move homes as they would have to take on a mortgage at a much higher rate. This reduced the supply of houses in the secondary market and in turn attached a premium to new builds. While the Strategy had no direct exposure in the US (it had UK exposure via Vistry), it has a large holding in supplier Simpson Manufacturing which doubled over the year. This made an outsized contribution of 196bps, another record for the Strategy. Interestingly, Simpson Manufacturing was the sixth largest detractor in 2022, so keeping the faith paid off here.

Overall, the top-ten holdings contributed 773bps of relative performance, not the highest level on record, but the 467bps detraction by the 10 worst performers was nearly 100bps lower than any prior year, hence supporting the strong overall relative performance. Industrials, which included Simpson Manufacturing, was our best performing sector and Information Technology was the greatest contractor, an equal mix of stock selection and asset allocation.

We go into

2024 with the comfort of knowing that we have a group of holdings with a high return on equity.

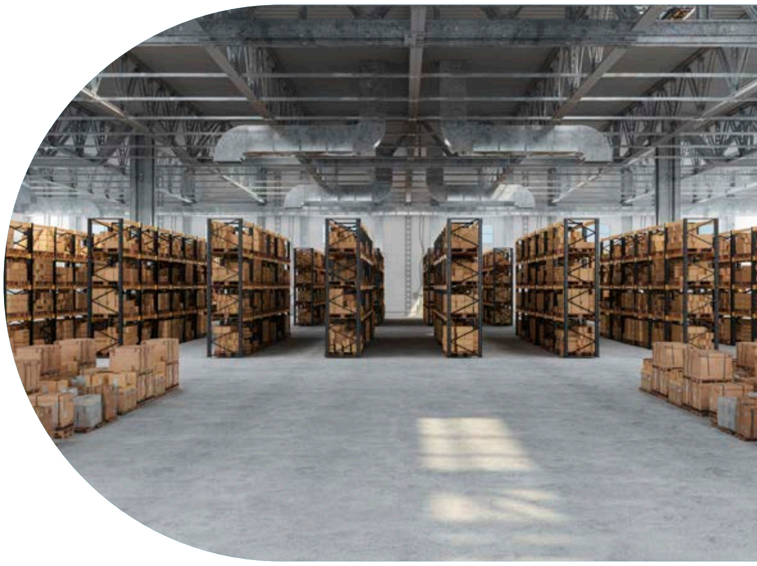
Attributing return, stock selection (as opposed to asset allocation and currency effects), contributed 294bps of return, or 64% of the total. This is relatively low for the Strategy compared with history, and an 80:20 anticipated split in any year, but it is in line with the stock-specific proportion of total risk of 60% suggested by our risk models (by risk, in this case, we mean tracking error versus the benchmark as opposed to an absolute measure).

While we aim to concentrate risk as much as possible on stock outcomes, and do not seek to generate outperformance from market timing (ie taking sector and country positions), we do have a structural sector bias towards more capital intensive and labour-intensive sectors of the market so will always see an asset allocation element to returns. However, the low asset allocation risk results in a relatively low risk profile overall for the Strategy (something which we are very happy with given the risk profile of the asset class).

Portfolio management activity centred around adding to holdings purchased in 2022 and curtailing the increased weight of stocks with strong share price rises; stocks are generally not permitted to become more than 3% of the Strategy in order to limit drawdown risk.

New buys and outright sales were limited. We swapped Woodward for Chart Industries. We liked Woodward as an investment, but engagement progress had been poor, and our wait for an improved share price ended mid-year. Chart Industries is particularly well placed to facilitate the energy transition and has good engagement prospects across its extensive manufacturing footprint. We also swapped IMCD for Littelfuse. Again, we liked IMCD for its long-term growth opportunity in the US and Asia, and had enjoyed good share price performance, but the engagement was mature. Littelfuse, with auto and semiconductor exposure, had seen a lull in its earnings reflected in its share price which gives us an entry point into the shares. Like Chart Industries, it has an extensive global manufacturing base. We also had to part company with Wiley (and began to do similarly with Marr) on the grounds of disappointing investment performance.

We go into 2024 with the comfort of knowing that we have a group of holdings with a relatively high return on equity and relatively low gearing which, we believe, should offer protection in difficult market conditions. The sharp improvement in performance at the end of 2023 also shows that the portfolio can rise with the market in more favourable conditions. With elevated geopolitical tensions and many elections coming up in 2024 it's not going to be a quiet year, that's for sure.



The value of investments and income from them may go down as well as up, and you may not get the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable guide to future performance.

[22] Performance is in USD gross of fees. The current benchmark is the MSCI All Country World SMID Cap Index. Inception date is of 1 January 2018. Data is supplemental to the GIPS® compliant report (see appendix)
[23] MSCI ACWI AMID Cap Index
[24] Source: Performance is in USD gross of fees. The current benchmark is the ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged. Inception date is of 1 October 2021. Data is supplemental to the GIPS® compliant report (see appendix). The value of investments and income from them may go down as well as up, and you may not get the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable guide to future performance
[25] Bloomberg as at 31 December 2023
[26] Porting a mortgage takes place when a purchaser buys a new home, but keeps their existing mortgage deal or rate. As a result, they 'port' the deal on their current home to their new one

SECTION 6

2023 in numbers: Engagment

50 total companies at period-end

169 Total engagement actions for period-end holdings

112 total objectives engaged

100% companies engaged (based on period-end holdings)

62% of companies with progress on objectives

As can be seen from the below charts, the engagement intensity was heavily skewed towards the 'S' and people-orientated SDGs during 2023. This is for the reasons we have set out earlier in the report. That is not to say however, that we have not been engaging on other matters.

As the table below illustrates, our engagement objectives have been diverse and climate-orientated engagements remain particularly intense for those more climate-exposed or carbon-intensive holdings within the portfolio – see page 21 for more information on the progress of some of these engagements.

Figure 5: Intensity of engagement actions per SDG (2023)

Source: Federated Hermes

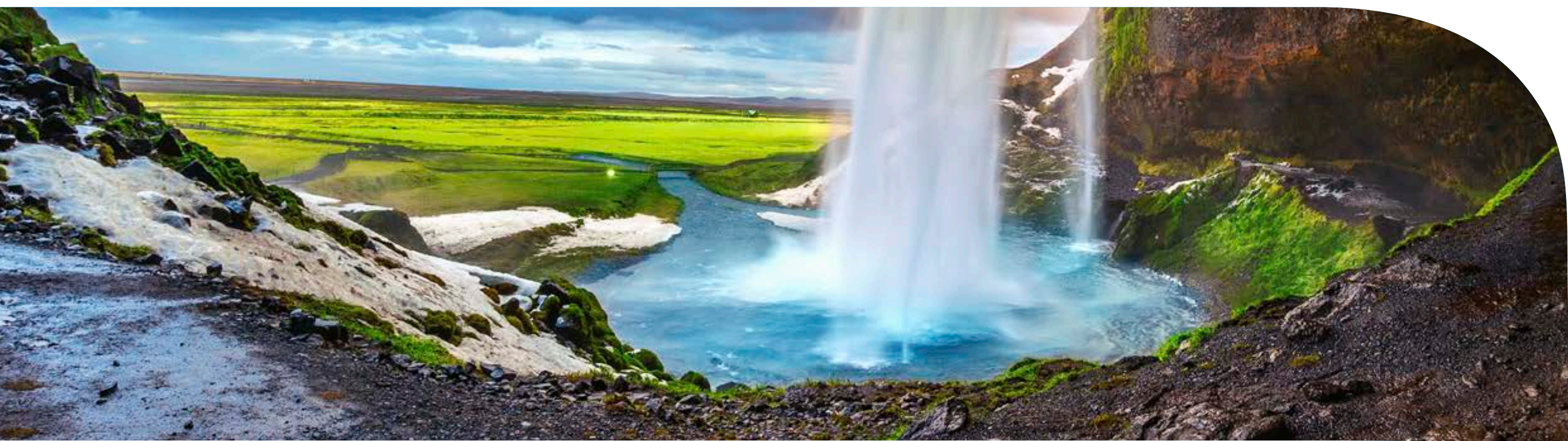
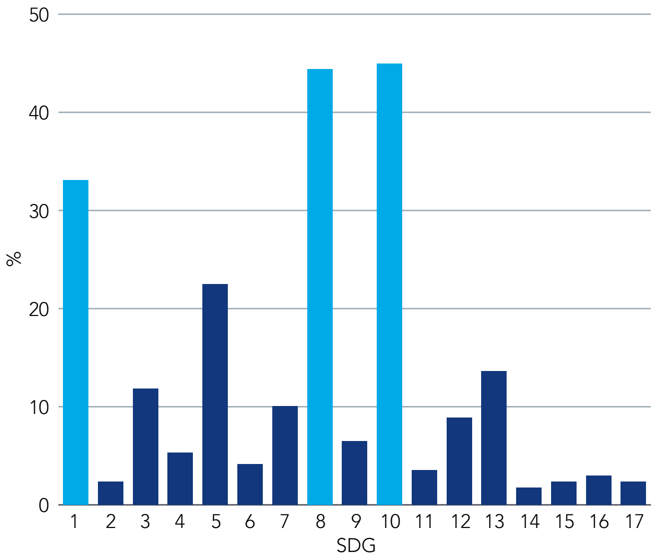
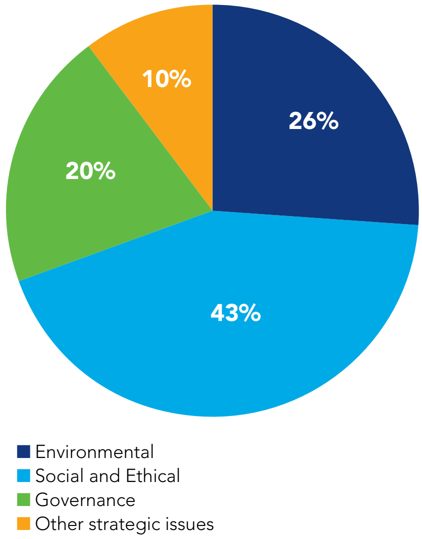


Figure 6: Percentage of actions touching each SDG in 2023



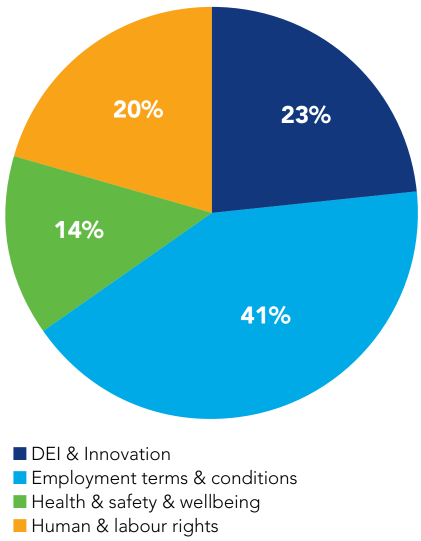
Source: Federated Hermes as at 31 December 2023

Figure 7: Proportion of engaged issues and objectives in 2023



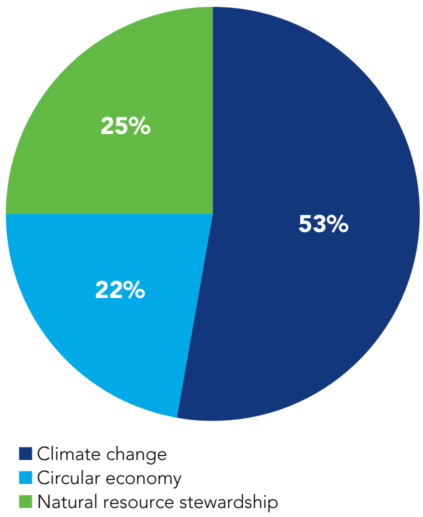
Source: Federated Hermes as at 31 December 2023

Figure 8: Proportion of social objectives and issues engaged



Source: Federated Hermes as at 31 December 2023

Figure 9: Proportion of environmental objectives and issues engaged



Source: Federated Hermes as at 31 December 2023

Voting in 2023

60 Total meetings

39 votes against management

24 meetings voted against management

708 Total resolutions

40% meetings voted against management

6% resolutions voted against management

Source: Federated Hermes as at 31 December 2023

Voting season story – Vistry Group

- Vote against remuneration

Following the acquisition of Countryside plc at the end of 2022, the Vistry shareholder register changed to include a group of US activist investors and hedge funds which sought – and gained – board representation.

Within the first few months of 2023, three independent non-executive directors resigned from the Vistry board and at the May AGM nearly half of investors (47%) – including us – voted against the remuneration report. This vote against was for three reasons: i) changes to in-flight incentive awards, ii) concerns about – at the time – mooted radical changes to the pay policy, and, iii) more significant concerns about deteriorating board independence.

The board subsequently brought forward a new pay policy later in the year. While much more modest than that originally mooted, we nonetheless voted against the policy at the General Meeting in late August. We explained to the board that we believed the proposed increase in pay opportunity for the CEO and the rationale for the urgency of the change was not justified. The new pay policy passed with just 55% shareholder support.

During the year we conveyed our concerns about deteriorating governance standards to the chair and other board members. We also raised our concerns to the Investor Forum (a UK collective-engagement body) which also wrote to and met with the chair to outline the range of investor anxieties.

While we support the change in strategy announced by the company in Q4 2023 we have growing concerns about governance. These concerns were further heightened by the announcement in early 2024 that the chair is to retire at the May 2024 AGM with the current CEO stepping into the role of Executive Chair. A further independent non-executive director has also stepped down. As such we are continuing to engage individually and collectively.

Company commentaries

During the year, we published various company commentaries that illustrate the progress of our engagements and the changes they have helped facilitate.

An overview of each holding in the Strategy can be found at the back of this report. Below is a series of engagement progress highlights from across the regions:

North America

1. Equifax

This consumer credit reporting agency was the most-engaged-with holding in the region during the period with eight engagement actions.

Our engagement focus with Equifax is centred on its ability to support greater access to credit among the approximately 50 million US consumers who are invisible to the credit rating agencies or currently unscorable[27]. On this matter the company has made real progress, having launched three products geared towards expanding access to credit in 2023. The company believes it is now well placed to provide solutions to address 20-30% of the unscorable US consumer population.

- Mortgage 36 – launched in early 2023 – provides alternative data alongside traditional credit data to mortgage lenders.
- OneScore – is the first single score to combine traditional credit history with telecommunications, pay TV and utility payment data on over 191 million consumers, as well as Equifax's specialty finance data on 80 million consumers. The score is able to score 21% of the currently unscorable US population and moves 15% of those currently subprime consumers to near prime or prime.
- Insight Score for Auto – launched in November 2023. This product uses telecommunications, pay TV and utility history data alongside traditional credit history and should enable 16% of the currently unscorable to be scored.

During this year, we also had extensive engagement with the company on governance matters. Of concern was a US$25m one-off 'compensatory' award granted to the CEO last year alongside 30-40% increases in pay for other senior executives. We conveyed our opposition and voted against the resolution at the company's AGM. This resolution ultimately received opposition from a majority of shareholders.

In further discussions with the company later in the year, we welcomed commitments from the board to not make further one-time equity awards and to provide additional disclosures in future. We also encouraged the board to consider the merits of adding a financial inclusion and employee engagement metric to the CEO's annual bonus scorecard.

2. RPM

We engaged four times with this US specialty chemicals company during 2024.

RPM is primarily a provider of speciality paints, protective coatings and roofing systems and we have been engaging with the company for several years.

Our focus has primarily been directed towards two topics: i) the sustainability credentials of its product portfolio, and ii) its ability to provide meaningful training and career opportunities. In the last couple of years the company has begun to make progress on these topics.

Early this year, the company undertook a living-wage pay analysis utilising the MIT Living Wage calculator following our encouragement to do so. It identified a small percentage of individuals with base pay below the calculated living wage and has addressed these. The analysis will be repeated early in 2024.

Furthermore, through its Tremco business, RPM has continued to expand training and employment initiatives, for example: i) its Rising Stars programme is providing opportunities for sustainable construction careers to younger individuals, and ii) its RISE program is working with Departments of Correction to train offenders and upon release to provide employment opportunities.

The company established its Building a Better World programme in 2022 with a target to improve its carbon intensity by 20% vs. 2021 by 2025. The company delivered a 16% improvement in FY 2022. More importantly, the company this year has embarked on a project to eliminate 20 chemical compounds from existing products (by 2030), has kicked off the measurement of its upstream Scope 3 emissions and begun the extensive job of product mapping (vis-à-vis the sustainability credentials) of its extensive portfolio.

[27] https://www.experianplc.com/newsroom/press-releases/2022/experian-and-oliver-wyman-find-expanded-data-and-advanced-analytics-can-improve-access-to-credit-for-nearly-50-million-credit-invisible-and-unscoreable-americans

Europe

1. Glanbia

Once again, this global sports nutrition and food ingredients company was among our most-engaged holdings with seven engagement actions this past year.

Our engagement focus with Glanbia has for some time been directed towards its upstream dairy supply chain and its ability to work with its suppliers to reduce emissions in this part of its business. We view this as an important objective given that these emissions represent approximately 90% of the company's total emissions footprint.

The company set science-based targets[28] in 2021 which include a 31% absolute reduction in Scope 1 and 2 emissions by 2030 as well as a 25% reduction in Scope 3 greenhouse gas (GHG) emissions[29] from purchased goods and services of 25% per tonne of dairy product produced.

We have continued to engage with the team at Glanbia on this topic as well as engaging with the wider industry given the need for all parties in the value chain to move in lockstep in order for progress to be realised.

To this end, we were invited to speak at the International Dairy Federation Global Summit in October 2023. We took this opportunity to emphasise how the pace of emissions reduction technology adoption needs to accelerate and public commitments and transparency around progress towards such targets needs to be provided across the value chain. This presentation was well received and, pleasingly, Glanbia confirmed to us that it has mapped 100% of its supplier farms and has developed a roadmap with its suppliers to realise the necessary reductions in emissions.

2. Huhtamaki

During 2023 we had four engagement interactions with the Finnish consumer packaging company.

Our engagement focus with Huhtamaki has for several years been focused primarily on the recyclability of its packaging propositions as well as touching on various other topics, spanning the pay and conditions of the workforce through to its operational emissions generation.

Having launched its sustainability strategy in 2020 which entailed several targets looking out to 2030 – including for carbon neutral production – it has been pleasing to observe the progress that has been made since. The company has delivered a 35% improvement in GHG intensity, a 28% improvement in water intensity and an 11% improvement in waste intensity over the period FY 2017-2022.

The company is committed to designing all products to be recyclable, compostable or reusable by 2030. As of last year, 72% of products met this criterion – up 1 percentage point year-on-year.

Excitingly, the company's Smooth Molded Fiber technology made big strides in 2023. Its fiber lids (for coffee cups) production is accelerating – with producing 1 billion units produced in 2023. The company expects this to grow 10x by 2030.

[28] **Science-based targets:** Provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth

[29] **Scope emissions:** Scope 1, Scope 2, and Scope 3 is a classification system for greenhouse gas (GHG) emissions a firm creates through its operations, energy usage, and the wider value chain

Scope 1 emissions – All direct emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks

Scope 2 emissions – Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation

Scope 3 emissions – All other indirect emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water

APAC

1. Techtronic Industries

The Hong Kong-listed power tools company was our most-engaged holding during 2023, clocking up nine engagement actions. Indeed, we were pleased to once again have the opportunity to go and visit its innovation centre in Milwaukee where we spent the day with its long-serving management team.

Our engagement focus in the early years of the Strategy was on its cobalt supply chain. The company responded positively and swiftly to establish a detailed and granular cobalt sourcing policy and process. As a result, our focus pivoted towards its wider production processes and its ability to expand its remanufactured product offering.

During the year, the company was the subject of allegations of forced labour within its protective gloves supply chain which reached the attention of US congress in summer 2023. The company was able to confirm to us that both the company and its primary customer Home Depot investigated these allegations immediately. The company visited its supplier factories and tested the cotton in its products in order to identify the region of origination. Both the company and Home Depot reached the conclusion that the products which were the cause of the allegations were most likely counterfeit products. Nonetheless, the focus on this aspect of its supply chain has encouraged the company to adopt a more prudent approach and it has, in turn, changed its supplier and shifted production out of China.

On the topic of product circularity, it's clear that Techtronic's approach to enabling one battery to be used across multiple products in a range is avoiding unnecessary product obsolescence and waste generation. Nonetheless, with tens of millions of its products and batteries being sold, our estimate of 500,000 to 600,000 batteries recycled and products remanufactured per annum[30] is a small percentage of that total.

Positively, the vast majority of the battery packs on the company's tools are already recyclable and it has confirmed that it expects the size of the remanufactured business to continue growing. Furthermore, engagement on this theme is expected through 2024 as the company also looks to establish targets for its Scope 3 emissions.

Ansell has now moved all its own employees onto a living wage

2. Ansell

We engaged four times with this Australian manufacturer of protective rubber gloves during 2023.

Since inception, our primary engagement focus has been the labour conditions in the company's Malaysian supply chain. On this matter, the company has been leading the charge in redressing the problems which blighted the industry in the past and which came to widespread attention during the Covid-19 pandemic.

During FY 2023, the company moved from 20 to just six suppliers of single-use examination gloves. At the same time, it moved in-house production up from just 20% to 43% and expects this to increase further to 50% in 2024. These six suppliers score highly against the more rigorous Suppler Management Framework established in FY 2021. The company confirmed these ratings translate into higher or lower order volumes, incentivising the suppliers to sustain better practices.

The company was able to confirm to us that all current migrant workers in its supply chain that incurred agency fees have now been compensated. It has also worked with a third party to contact former workers and managed to reach and compensate almost half.

Finally, in terms of basic labour conditions, Ansell has now moved all its own employees onto a living wage (with the exception of its Sri Lankan facility where inflation has been high. Here, Ansell has provided additional direct payments to workers to support them and are re-benchmarking the living wage figure for that country). Additionally, eight of 14 sites have now moved to a 60-hour maximum working week with the remaining sites to follow in the near future.

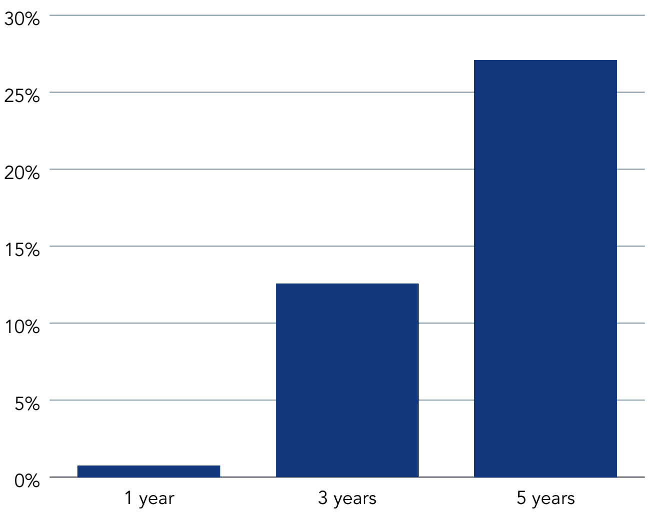
Beyond labour matters, the company is to establish a new framework to detail the sustainability characteristics of its individual products in early 2024. As a producer of disposable products, in particular single-use products, the company has a significant end-of-life impact to address.

Ansell has longer-term research projects into more reusable synthetic compounds and also genetic engineering of allergen-free natural rubber. At the very least, this would reduce fossil fuel use. In 2023 it partnered with recycling company, Recnorec, and successfully trialled the processing of gloves, including nitrile gloves into second life material for use.

[30] Techtronic Industries 2022 annual reports and accounts

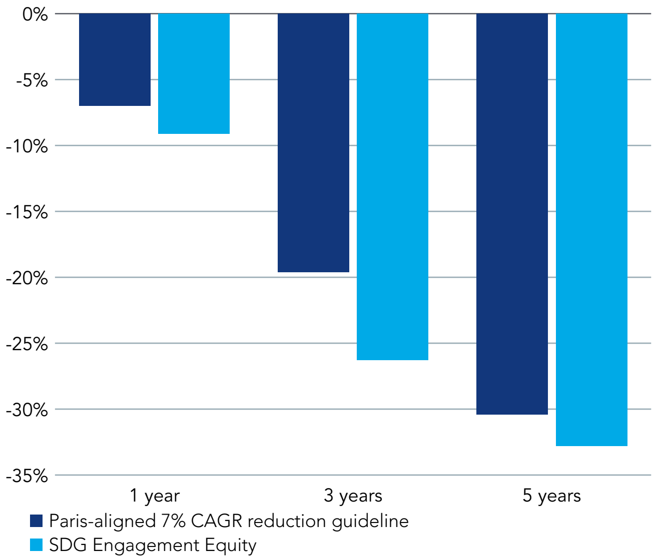
Change over time

Figure 10: Average % change in Bloomberg ESG disclosure score over time



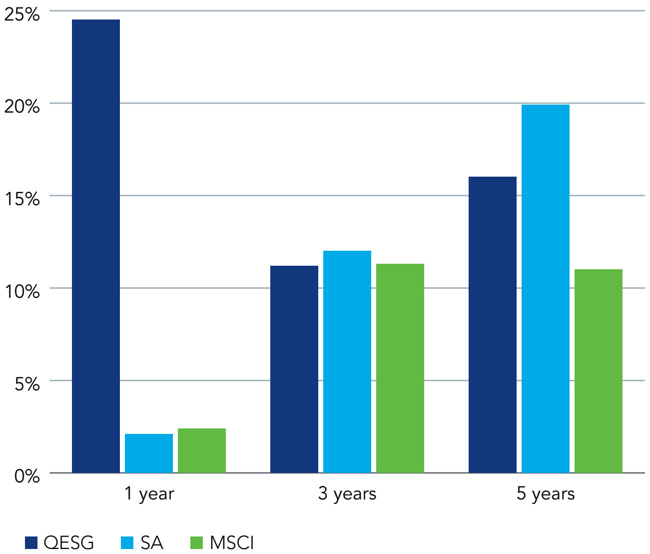
Source: Bloomberg

Figure 12: For companies held through respective periods[31]: Average % change in carbon intensity (based on reported emissions) vs. Paris-aligned required 7% per annum reduction



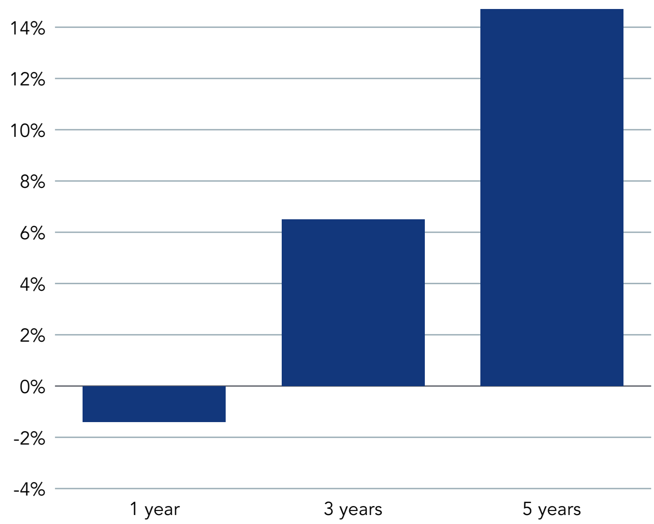
Source: Federated Hermes

Figure 11: Average % change in ESG rating



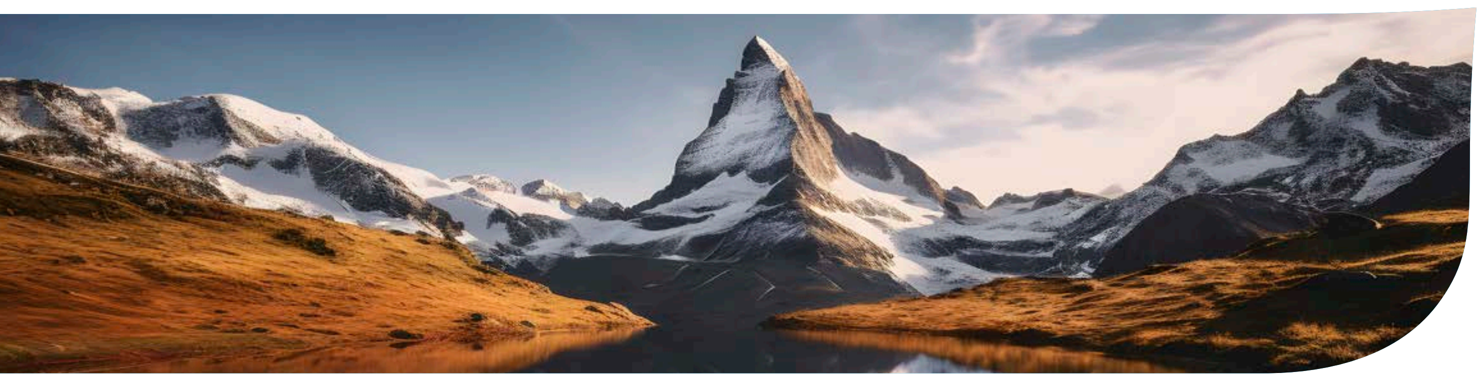
Source: Responsibility Office/MSCI/SA

Figure 13: Average % change in Glassdoor score for holdings held across periods



Source: Glassdoor ratings via Revelio Labs

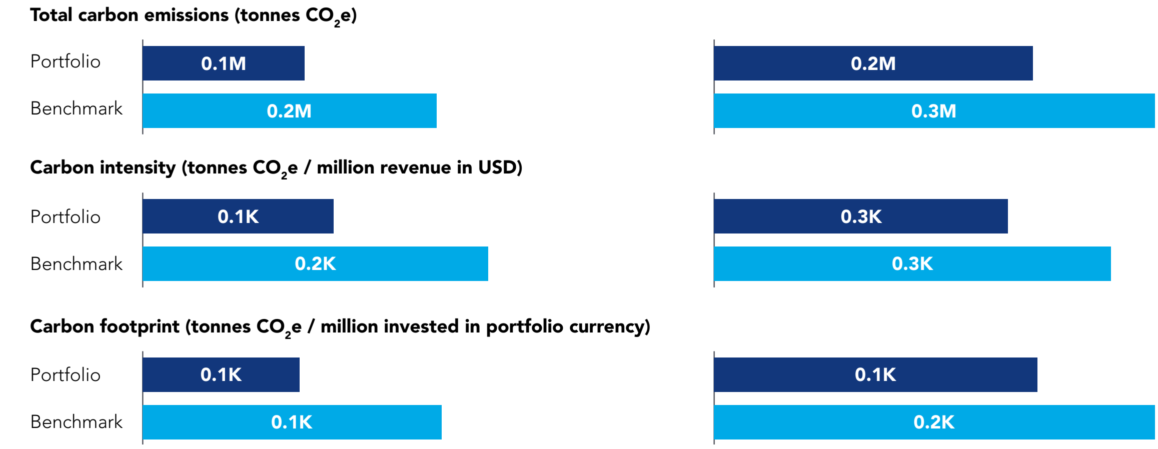
[31] The analysis only speaks to those companies held through the respective periods (rather than the Strategy itself through those periods)



SECTION 7

Enterprise impact

Carbon footprint



Strategy carbon footprint as at December 2023, via Federated Hermes Carbon Tool, data sourced from Trucost

Top three emitters[32]: Scope 1 and 2

1. Alliant Energy: US electric utility

- 13,234 thousand MT[33] GHG emissions, nearly half of the Strategy aggregated total absolute Scope 1 and 2 emissions. Constitutes a little over 21% of the Strategy's owned emissions and 32% of the Weighted Average Carbon Intensity (WACI).
- Company is targeting a 50% reduction in CO_2 equivalent emissions by 2030 vs. 2005, ex-coal by 2040 and an 80% reduction in emissions from its utility operations and finally net zero by 2050.
- It is now the third-largest regulated owner of wind power in US and on course to be fourth-largest regulated owner operator of solar by 2024. On course for 51% renewables in 2030.

2. Eagle Materials: US cement and wallboard producer

- 5,801 thousand MT GHG emissions, over 20% of the Strategy's total aggregated absolute Scope 1 and 2 emissions. Constitutes approx. 34% of the Strategy's owned emissions and 42% of its Weighted Average Carbon Intensity (WACI).
- Company is targeting net zero by 2050 and a 20% intensity reduction by 2030 vs 2011.
- We're confident the company will commit to establishing Science-Based Targets in the not-too-distant future.

3. Breedon Group: UK and Ireland cement and aggregates producer

- 1,749 thousand MT GHG emissions, over 6% of the Strategy's total aggregated absolute Scope 1 and 2 emissions. Constitutes approx. 11% of the Strategy's owned emissions and 3.6% of the its Weighted Average Carbon Intensity (WACI).
- Targeting a 30% reduction in gross carbon intensity per tonne of cement by 2030 vs. 2015 and 50% of concrete and asphalt sales from products with enhanced sustainability attributes by 2030
- The company's Kinnegad cement plant in Ireland is utilising nearly 80% alternative fuels and its Hope plant (the oldest cement plant in the UK) is using approx. 35% alternative fuels. Both represent impressive performance.

Top three emitters: Scope 1 + 2 + 3

1. DCC: Fuel, electronics and healthcare distributor

- 43,158 thousand MT GHG emissions, approx. 38% of the Strategy's total aggregated absolute Scope 1-3 emissions. Constitutes approx. 36% of the Strategy's total owned Scope 1+2+3 emissions.
- New energy transition strategy outlined in May 2022 and expanded upon in September 2023. Target is to halve emissions from its energy business while doubling profit in period 2022-30, reducing emissions intensity by 75%.

2. Alliant Energy: US electric utility

- 18,054 thousand MT GHG emissions, approximately 16% of the Strategy's total aggregated absolute Scope 1-3 emissions. Constitutes approx. 6% of owned Scope 1+2+3 emissions.

3. Glanbia: Global sports nutrition and good ingredients business

- 13,008 thousand MT GHG emissions, c.11% of the Strategy's total aggregated absolute Scope 1-3 emissions. Constitutes approx. 13% of the Strategy's owned scope 1+2+3 emissions.
- Targeting a 50% reduction absolute Scope 1 + 3 emissions by 2030 vs. 2018 and a 25% GHG intensity reduction in its dairy supply chain
- The company has mapped 100% of its supplier farms and has developed a detailed Scope 3 reduction roadmap.

[32] Investment team analysis at December 2023 utilising FY22 data from company filings and estimates from Bloomberg and/or the investment team where reported data is not available

[33] Million tonnes (MT)

SECTION 8

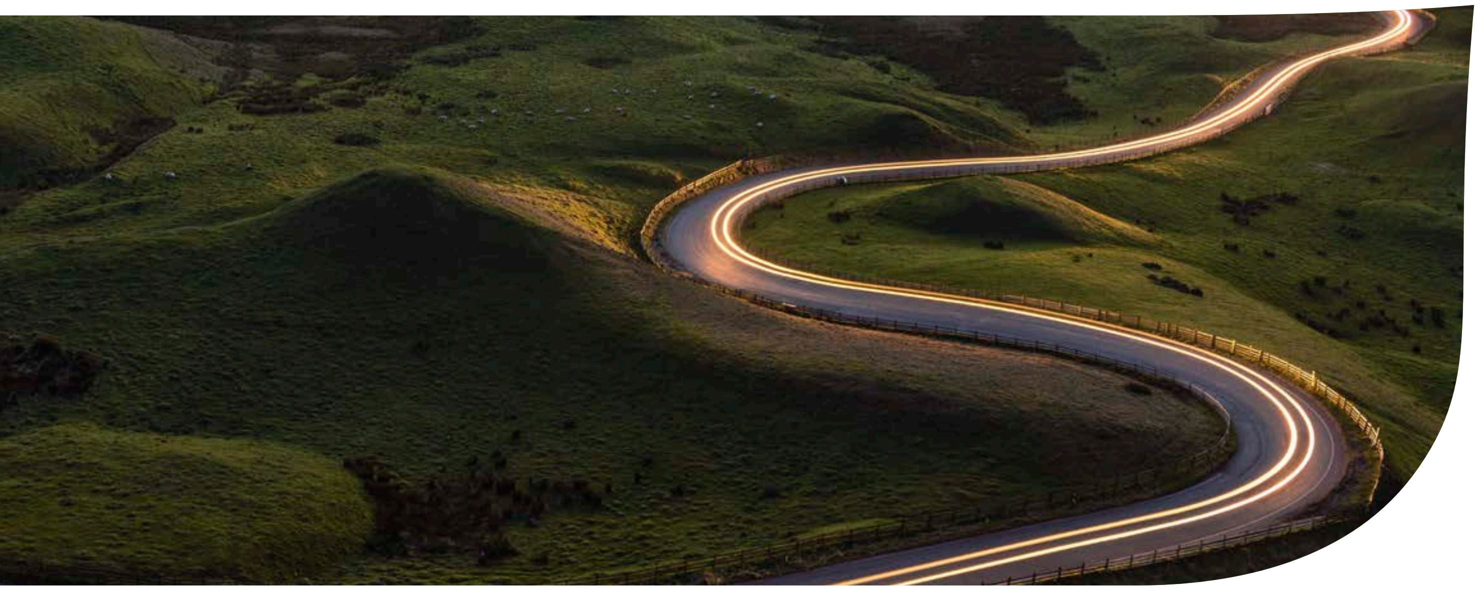
Impact metrics

In collaboration with Net Purpose, a leading London-based impact measurement company, we present the following impact data on an aggregated portfolio basis. These figures are our estimates of the total impact that the companies in which we were invested at year-end 2023 delivered in FY 2022. In parallel, and more saliently, we present the change in the aggregated calculated impact for those holdings that we have held for three or more years (thus the change in the metrics during the period FY 2020-2022). The impact calculations[34] draw on data from company, sector and industry reports combined with analysis of academic research and other credible sources.

The impact calculations draw on data from company, sector and industry reports combined with analysis of academic research and other credible sources.

	Metric	Total aggregated impact	3-year holds: % 3-year change
Climate change	Total GHG emissions emitted (MT Scopes 1 + 2)	21,274,646	-4.3%
	CO_2e avoided (MT)	14,274,908	27.4%
	% of energy or electricity consumed, renewable	32.55%	28.4%
Water	Total water consumed or withdrawn (m3)	188,458,090	22.5%
	Water saved (m3)	468,367,444	
Waste	Operational waste recycled or re-used (MT)	995,378	60.8%
	Conventional material production avoided (MT)	641,930	7.2%
Decent work	Employee turnover	17.29%	-25.0%
Gender equality	% female board representation	34.40%	38.9%
	% female senior manager representation	31.62%	34.9%
	% female employees	36.45%	8.0%
Health & wellbeing	Number of patients treated	53,112,127	
	Number of lives extended	499,196	33.7%
Financial inclusion	Number of underserved people provided bank accounts	97,739	90.0%

Latest available data as at year-end 2023



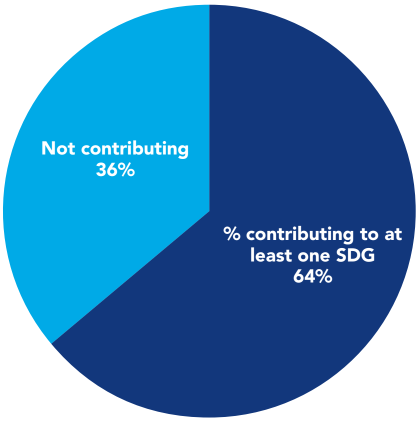
[34] Net Purpose

SECTION 9

SDG alignment

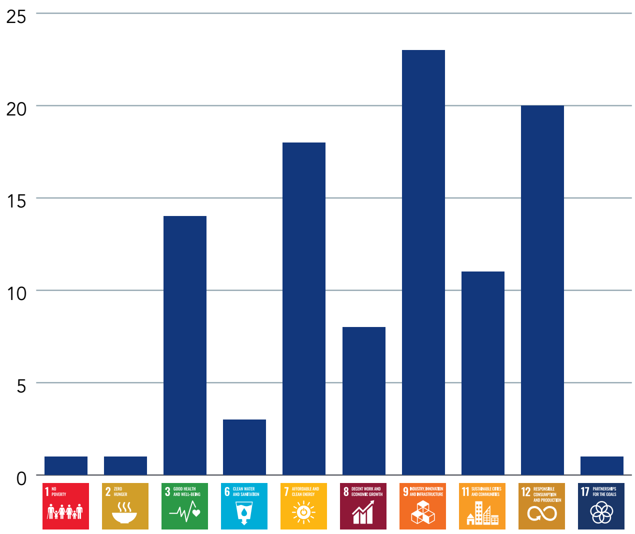
Below is the balance of the portfolio contributing to the SDGs based on products and services outcomes only[35].

Figure 14: SDG contribution based on products and services outcomes only



Source: Net Purpose

Figure 15: Alignment with individual SDGs



Source: Net Purpose

Alliant Energy

Alliant Energy is a North American electric utility company, headquartered in Wisconsin. Alliant provides power to its customers in Iowa and Wisconsin from its owned energy generation assets as well as energy purchased from other power producers. Alliant's portfolio of energy generation assets includes coal, natural gas, hydroelectric, solar, and wind power plants with a rapidly increasing shift towards renewables and away from fossil fuels, in particular away from coal over the last few years.

Alliant: Impacts created via clean energy generation

By owning and operating wind and solar photovoltaic (PV) plants, Alliant creates positive environmental and social impacts. Environmentally, Alliant's clean energy generation significantly reduces CO_2, PM2.5, NOx, and SOx, and other GHG emissions. It is, therefore, helping to slow down the rate of climate change, contributing to meeting the 1.5°C goal. Socially, research finds fossil fuel air pollution is responsible for more than eight million deaths annually.

Clean energy generation reduces energy-related air pollution which, in turn, leads to increased lifespan, healthier lives, and more productive workers.

FY 2022	Wind power (own generation)
Output	1,782 MW
Outcome (MWh produced)	6,424,652 MWh
CO_2e avoided (MT)	2,138,188 MT
SO_2 avoided (MT)	2,012 MT
NOx avoided (MT)	1,478 MT
PM2.5 avoided (MT)	76.53 MT
Sick days avoided	12,263
Lives extended	123

Source: Net Purpose

Clean Harbors

Clean Harbors is a hazardous waste management company operating in North America. The company controls roughly 75% of the hazardous incineration capacity in North America and is the largest re-refiner of motor oil in North America.

Impacts created via waste oil re-refining

As a product of oil refining, primary base oil is associated with high CO_2-equivalent emissions and significant risks to the environment and human health. Used base oil can be re-refined into lubricants, processed into fuel oils and used as a raw material. Collection and recycling of waste oil therefore helps preserve natural resources, prevent unsafe hazardous waste disposal, and reduce air and water pollution.

FY 2022	Waste oil refining
Material recovered (m3)	741,940 m3
Virgin motor oil production avoided	741,940 m3
CO_2e avoided (MT)	1,900,000 MT

Source: Net Purpose

[35] Net Purpose

SECTION 10

Transformation chain

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-23 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement: Supply chain focus	Direct operations focus	Products and services focus	Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
AALBERTS	Dutch supplier of piping, valves, fitting and other hydronic flow control equipment for building technology end-markets, as well as surface coating, specialised heat treatment services and advanced mechatronics for niche industrial end-markets **Employees:** 14,597 **Sales (US$m):** 3,595	Products are on the whole closely tied to supporting 'green' buildings (buildings account for c.30% of global final energy consumption, according to IEA) and cleaner transportation, if combined with carbon neutral production then it could contend to be carbon positive. In addition, as a global business, it can generate a significant social impact through its employment practices.	26		✓	✓	• The company has established a target for 70% of positively SDG contributing revenues by 2026 – 68% as of FY 2023. • Established a target for a 30% reduction in greenhouse gas (GHG) intensity by 2026 (vs. 2018) and net zero before 2050. Since FY 2017 it has achieved a 34% reduction in emissions intensity and a 26% reduction in absolute emissions. • It has achieved a 38% improvement in employee accident rates during the period FY 2017 to 2023. A living wage assessment was undertaken and partnerships established with the Dutch employee insurance agency and others to provide employment opportunities to disadvantaged.	1 No poverty; 5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities; 13 Climate action
ALLIANT ENERGY	An integrated utility company supplying electricity and natural gas to retail (residential, commercial and industrial) and wholesale customers in the US. Serves customers in the States of Illinois, Iowa, Minnesota, and Wisconsin **Employees:** 3,129 **Sales (US$m):** $4,207	Investment in renewables generating capacity should result in reduced carbon and particulates emissions (and reduced operating expenses), a greener economy in Wisconsin and Iowa and in time more affordable energy for local residents too.	18		✓	✓	• Published first energy transition targets in 2018, updated these targets in 2020 and expanded further in 2023. Aiming for 50% reduction in GHG emissions from utility operation by 2030, 80% by 2040 and net zero by 2050. • Has announced the building of 1GW of solar capacity in Wisconsin and 400MW of solar in Iowa. More than five-fold increase in installed renewable generation during period 2017-24. • Arrears management initiative to support customers in arrears – wrote off 25% of debt for participating customers and further 25% if bills paid on time for 12 million customers.	1 No poverty; 7 Affordable and clean energy; 10 Reduced inequalities
AMN HEALTHCARE SERVICES	Leading US healthcare staffing company. Places nurses and allied health professionals on temporary assignments at hospitals and healthcare facilities throughout the US **Employees:** 4,320 **Sales (US$m):** 3,789	Occupying healthcare's frontline, physicians and nurses play a pivotal role in delivering good quality health care. However, there is a significant and growing staffing shortfall in North America – a projected shortage of 124,000 physicians by 2034. The staffing shortage is exacerbated by low levels of diversity – just 11% of physicians are Black, Hispanic, or Native American and under 20% of nurses are from underrepresented backgrounds. Furthermore, there exists a gender pay gap – 50% among physicians and 10% among nursing which understandably contributes to a high turnover of female physicians and early nursing retirement. AMN is well positioned to help redress these issues and in so doing improve equality and US healthcare outcomes.	23		✓	✓	• AMN Healthcare Services cited Federated Hermes in its 2019 sustainability report as the catalyst for committing to take an industry leadership role regarding diversity and the gender pay gap. Held a diversity, equity, and inclusion (DEI) consortium with clients in 2023. • AMN subsidiary Merritt Hawkins continues to shine a spotlight on the scale of the problem. • Committed to setting science-based targets by 2024 and operational neutrality by same date.	3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities; 17 Partnerships for the goals
ANSELL	Leading global provider of personal protective equipment, in particular rubber gloves to healthcare and industrial settings. **Employees:** 14,000 **Sales (US$m):** 1,655	With c.90% of its manufacturing footprint in Asia including a large footprint in Malaysia and Sri Lanka, the company is well placed to ensure that employees – both direct and indirect – are provided with safe working conditions, are free from abuse and afforded a decent income.	18	✓	✓	✓	• Adopting a more proactive approach to higher-risk suppliers (including use of forced labour assessments). Shifting to more strategic relationships with highest-risk suppliers cut from >20 to 6 as of September 2023. • Became a founding member of the newly formed Responsible Glove Alliance in Q1 2022 and UN Global Compact in 2023. • Committed in July 2022 to being net zero by 2040 with an interim target of a 42% reduction in Scope 1 and 2 GHG emissions by 2030 (vs. 2020) with Scope 3 targets to come. • By 2026, 80% of products are to be designed with reduced environmental impact – 70% as at end of FY 2023. In early FY 2024, plan to launch a new framework to detail the sustainability characteristics of individual products.	1 No poverty; 8 Decent work and economic growth; 10 Reduced inequalities; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action; 15 Life on land

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-23 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement: Supply chain focus	Direct operations focus	Products and services focus	Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
APTARGROUP	Global manufacturer of pumps, dispensing closures and aerosol valves serving consumer goods and pharmaceutical end markets. **Employees:** 13,800 **Sales (US$m):** 3,487	For both food and beverage and its beauty business, Aptar is well positioned to develop more recyclable solutions (bottle caps are among the top five most littered items on beaches) while at the same time making greater usage of recycled content to improve the environmental performance of its packaging solutions.	21	✓	✓	✓	• In 2020 committed to science-based targets for emissions reductions – these were surpassed in 2021 and recalibrated in 2023. Now targeting an 82% reduction in operational emissions by 2030 and a 14% reduction in Scope 3 emissions. • Company committed to 100% recyclable, reusable or compostable products in its non-pharma business by 2025. Moved from 35% in 2019 to 65% in 2020, but has dropped back to 54.6% in FY 2022 due to product mix shift. • Targeting incorporation of 10% post-consumer resin (PCR) content within its beauty and home and food and beverage segments by 2025. While still modest, the company has increased recycled material sales year-on-year during 2023. • Accident rates have seen marked fall during period 2018-2022, down over 70%. • Living wage assessment undertaken in 2022 with Fair Wage Network (which we signposted) and repeated in 2023. Identified gaps in three markets (US, Mexico and Brazil) and the gaps narrowed in 2023 vs. 2022. • During 2023, developed a specific Nature Positive Road Map 2030 on which it has defined key steps to assess the main pressures generated by its direct operations and value chain to the natural environment.	1 No poverty 4 Quality education 5 Gender equality 8 Decent work and economic growth 9 Industry, innovation and infrastructure 10 Reduced inequalities 12 Responsible consumption and production 14 Life below water 17 Partnerships for the goals
ASSURANT	Serving customers worldwide offering mobile device solutions, extended service contracts and vehicle protection, as well as lender-placed homeowners insurance. **Employees:** 13,600 **Sales (US$m):** 11,132	A relatively large employer of hourly workers in North America with base salaries at or below a Living Wage. There is an opportunity to improve the livelihoods of these individuals through a commitment to living wages. By doing this, the company can help improve the economic and mental wellbeing of its workforce. In addition, Assurant have refurbished more than 100 million mobile phones and have an opportunity to expand this e-waste avoidance impact still further.	5		✓	✓	• In FY 2022 repurposed and extended the useful life of over 22 million mobile devices, this is the equivalent of 4,000 MT of e-waste diverted from landfill and 1.2 million MT of CO_2e avoided. • The company has established a target for a 40% emissions reduction across Scopes 1 and 2 emissions by 2030 . • The company in 2024 will be focusing on the emotional and financial wellbeing pillars under its Living Well initiative.	1 No poverty 5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities
BREEDON GROUP	UK & Ireland manufacturer of construction materials. Offers asphalt, ready-mixed concrete, surfacing and contracting, cement, and concrete products. **Employees:** 3,700 **Sales (US$m):** 1,726	Cement manufacturing is inherently carbon intensive, however, there are opportunities to improve the environmental efficiency of production. This could be through the use of alternative fuels, reducing clinker content and collaboration around carbon capture and storage development. By taking these steps there is an opportunity to reduce aggregate emissions generated.	10		✓	✓	• Has committed to net zero by 2050 and is targeting a 30% reduction in gross carbon intensity per tonne of cement by 2030 vs. 2015. The group delivered a 22% reduction in carbon intensity between 2020 to 2022. • Company is a key partner of the Peak Cluster initiative – an innovative collaboration to capture, transport and permanently store CO_2 emissions from the regional cement and lime industry. This is expected to remove more than 3m tonnes of CO_2 each year by 2030, a move that will reduce UK emissions from these industries by 40%. • Continued progress on usage of alternative fuels in its cement kilns, achieving a combined rate of 50% fossil fuel replacement across its two plants in 2023. Its Hope cement plant – the oldest in England is at c.35% and Kinnegad has moved up to >80%. • Targeting 50% of concrete and asphalt sales from products with enhanced sustainability attributes by 2030. Its Hope cement plant is undertaking trials in conjunction with First Graphene and the University of Manchester on graphene-enhanced cement and concrete. • It has achieved an 11% reduction in employee accident rates during period FY 2019-2022.	7 Affordable and clean energy 8 Decent work and economic growth 9 Industry, innovation and infrastructure 10 Reduced inequalities 11 Sustainable cities and communities 12 Responsible consumption and production 13 Climate action 15 Life on land

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BRUNSWICK CORP	Leading manufacturer of marine engines, boats and parts and accessories. Principal operations are in the US. **Employees:** 19,000 **Sales (US$m):** 6,401	As the undisputed global leader in its field, the company has the opportunity to continue to raise standards across the recreational boating industry, including through electrification. In addition, given the end-of-life challenges with fiberglass vessels, there is the opportunity to take a leadership role in identifying a viable and scalable solution to this problem. By doing this, Brunswick can reduce instances of discarded vessels and improve material resource efficiency.	23		✓	✓	• Having committed in 2021 to Scope 2 net zero by 2035, ambitions were raised further in 2023, now targeting a 30% Scope 1 and 2 emissions reduction by 2025. Has realised a 32% improvement in its operational carbon intensity over the period FY 2018-2022. • In 2021 committed to launching five electric engines across four boat segments across 2022/23. The Avator electric engine concept launched in February 2022 and 4,000 units have been manufacturered as of Q3 2023. • In early 2022 announced plans to develop a fully recyclable fiberglass boat. The first prototype was displayed at the Fort Lauderdale International Boat Show in October 2022. • Has reduced employee accident rates by nearly 50% over period FY 2018-2022.	5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 17 PARTNERSHIPS FOR THE GOALS
BURKCHARDT COMPRESSION	Manufacturer of reciprocating processors for chemical, industries and transportation markets. **Employees:** 2,973 **Sales (US$m):** 869	As a compressor manufacturer, the company can support and enable an acceleration of cleaner energy adoption, including hydrogen. In addition, through its servicing capability, it has the ability to repurpose, repair and optimise existing assets, improving energy efficiency and the lifetime emissions impact of compressor systems.	12		✓	✓	• In FY 2022, 40% of the company's order intake for new compressors were for 'new energy' or 'transitional' energy projects. While this was elevated demand from the previous year (16% in 2021) it demonstrates the feasibility of its 2027 target for 40% energy-transition-supportive projects. • Has established a target for a 50% reduction in GHG intensity by 2027 and net zero by 2035.	3 GOOD HEALTH AND WELL-BEING, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
CHART INDUSTRIES	Global manufacturer of equipment used in the production, storage and end-use of industrial gases. **Employees:** 5,178 **Sales (US$m):** 1,612	An integrated approach to providing green hydrogen and water could assist public health, as well as decarbonisation objectives in many regions of the world, and Chart Industries is well placed to support such efforts. In the nearer-term the company's operations are large and resource intensive and there is much scope to improve practices to reduce its emissions generation.	3		✓	✓	• Uplifting of its group emissions intensity reduction target following the acquisition of industry peer Howden. • Focus has been on Howden integration in 2023, including cultural integration.	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
CLEAN HARBORS	Provides a variety of environmental remediation and industrial waste management services. Operates c70% of North America's incineration capacity and is the largest re-refiner and recycler of used oil in North America. **Employees:** 19,755 **Sales (US$m):** 5,409	Investment in pay, benefits and training of trucking employees has the potential to improve their physical, economic and mental wellbeing while reducing unnecessary and costly turnover. Additionally, as a large fleet operator in North America, there is a significant opportunity and need to upgrade vehicles to reduce direct emissions. Finally, in the US there is a relative under-utilisation of re-refined motor oil vs. other comparable nations. Clean Harbors is well placed to address this, and in so doing could reduce virgin oil demand.	19		✓	✓	• Has invested significantly in its workforce and restructured hiring and onboarding function which resulted in turnover reduction in period before pandemic. During 2023, voluntary turnover among its drivers has improved over 500bps. • Employee accident rate on course to be down 45% over period FY 2018-2022. • 2021 goal was to increase annual investment in training to US$5m by 2030. This goal was surpassed in FY 2022 • Targeting 10% alternative fuels in fleet by 2030. While this target is modest it has nonetheless achieved a near 40% improvement in operational GHG intensity over period 2022-23. • Proven that kilns can destroy as much as 99.9999% of hazardous constituents such as PFAS. • Is committed to growing the percentage of management incentive plan goals that are tied to ESG from 20% to 30% by 2030	1 NO POVERTY, 5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 13 CLIMATE ACTION

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COOPER COMPANIES	Leading provider of speciality healthcare products including contact lenses for the vision market and diagnostic products, surgical instruments and accessories for gynaecologists and obstetricians **Employees:** 15,000 **Sales (US$m):** 3,593	While the adoption of long-acting reversible contraceptive usage in North America has been steadily increasing, there remains clear potential to expand awareness and utilisation. This could help reduce the rates of unplanned pregnancies and support gender equality. Separately, as a global contact lens producer, there is a need and opportunity for Cooper Companies to develop alternative packaging solutions to reduce waste generation.	24		✓	✓	• Partnered with Plastic Bank to launch first net plastic neutral contact lens in 2021. Initiative expanded to 27 countries in 2022 and in 2023 expanded initiative to cover broader family of products – company calculates that it has now prevented more than 260 million plastic bottles entering oceans. • GHG emissions down 13% FY 2020-2022. Still in the process of collecting and understanding Scope 3 emissions and exploring emissions reduction goals. • Cooper has invested in sales and marketing for the ParaGard intrauterine device, however, volume growth now expected to be flat to down in near-term.	3 Good health and well-being; 5 Gender equality; 10 Reduced inequalities; 12 Responsible consumption and production; 14 Life below water
CREDICORP	Largest bank in Peru, also operates in nearby countries such as Colombia and Ecuador. Provides a full range of financial services including commercial banking, corporate finance, brokerage services, asset management, trust and insurance **Employees:** 36,968 **Sales (US$m):** 6,933	Given disproportionately high rates of unbanked people within Peru – the rates are higher in rural areas and among the female population – Credicorp as the largest bank in the country and operator of the largest microfinance business in the region is well placed to increase access to finance and financial inclusion, in turn supporting economic development and reducing inequalities.	28			✓	• Developed digital wallet 'Yapa' as way to reach the c.46% of unbanked Peruvians. As a result of Yape, c.3.5 million people have now been included in the financial system (according to May 2023 report) 49% of financially included were women in 2022. • During FY 2022, 9,273 women were banked through its 'Crédito Mujer' initiative and more than 31,000 women accessed a loan through 'Crédito Mujer'. • Company committed to carbon neutrality by 2032. During FY 2023, the board was expected to approve a plan and a budget to develop a pathway to reduce financed emissions.	1 No poverty; 3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities; 13 Climate action; 16 Peace, justice and strong institutions
DCC	International sales, marketing and support services group operating across three divisions: energy, healthcare and technology – the former comprises 72% of profit as of FY23. **Employees:** 16,100 **Sales (US$m):** 26,768	As a large distributor of fuel, the group is well positioned to support industry, off-grid retail consumers and fleet operators to switch towards cleaner fuels and, over time, to cleaner fuels, thereby reducing aggregate carbon and particulate emissions.	14	✓	✓	✓	• New energy transition strategy outlined in May 2022 and expanded upon in September 2023. The strategy looks to double both group and DCC energy profits during period to 2030 while halving emissions and reducing emissions intensity (per earnings before interest and taxes [EBIT]) by 75%. • In FY 2023 installed 525 solar facilities capable of generating 61MWH of electricity. • HVO operations expanded to cover five nations: Sweden, UK, Ireland, Denmark and Austria. • Of its 1,150 retail fuel stations, 30% are being targeted for EV charging etc. • Targeting a 20% reduction in Scope 1 + 2 emissions by 2025 and 50% by 2030 and net zero by 2050 – extended to include Scope 3 emissions in May 2022. Company has realised a 48% reduction in operational emissions intensity FY 2018-2023.	1 No poverty; 3 Good health and well-being; 7 Affordable and clean energy; 8 Decent work and economic growth; 13 Climate action
EAGLE MATERIALS	Domestic US producer of cement, gypsum wallboard and recycled paperboard. **Employees:** 2,400 **Sales (US$m):** 2,148	Cement manufacturing is inherently carbon intensive, however, there are opportunities to improve the environmental efficiency of production including through usage of alternative fuels, reducing clinker content and collaboration around carbon capture and storage development. By doing this, Eagle Materials can reduce aggregate emissions generated.	21		✓	✓	• Plans underway to establish science-based emissions reduction targets. This builds on its existing modest target of a 20% carbon intensity reduction by 2030 (vs. 2011). • ESG disclosures provided in May 2021 (first such disclosures in a decade – updated Feb 2023). They include a high-level strategy to achieve net zero by 2050 as well as evidencing improving environmental and social performance over the past decade. • Established partnership with Chart Industries (also held in the Strategy) in Oct 2021 to test its Carbon Capture technology. • New lower clinker content cement launched in 2020 – will be 100% of production by 2025.	7 Affordable and clean energy; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action
EQUIFAX	One of the 'big three' consumer credit reporting agencies. **Employees:** 14,000 **Sales (US$m):** 5,265	With c.60 million US consumers un- or underbanked and c.50 million 'invisible' or 'unscorable' to credit raters, there is a real need for credit ratings firms to develop and deploy solutions, making use of alternative data, to facilitate access to credit for populations. By doing this they can look to reduce societal inequalities.	10			✓	• Equifax has launched three relevant products during 2023 geared towards financial inclusion/expanding access. The company feels it is well placed to provide solutions to address 20-30% of the current unscorable US consumer population.	1 No poverty; 8 Decent work and economic growth; 10 Reduced inequalities

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FORTUNE BRANDS INNOVATIONS	Company most well known for its home plumbing products also offers composite decking, doors and security devices. **Employees:** 11,200 **Sales (US$m):** 4,626	As a leading manufacturer of home plumbing offerings, the company is well placed to support significant residential water savings by providing more water-efficient products and leak detection devices. (Water leaks in the average US household account for nearly 10,000 gallons of wasted every year, according to the EPA.)	20		✓	✓	• Plumbing brand Moen's 2020's stated mission included a commitment to preserving 1 trillion gallons of water over the decade 2020-30 – annual water savings up c.25% vs. 2018 and 178b gallons of water saved as of 2023. • From 2021 near 100% of all Moen and House of Rohl lavatory faucets are WaterSense labelled as are c.80% of HoR showers. • Climate strategy developed in 2021. Targeting a 30% absolute reduction in Scope 1 and 2 GHG emissions by 2030 (vs. 2020). Achieved a 35% reduction in carbon intensity FY 2020-2021.	
GLANBIA	An international dairy, consumer foods, and nutritional products company. Conducts operations primarily in Ireland, the UK and US. **Employees:** 6,163 **Sales (US$m):** 5,943	With the vast majority (c.90%) of the group's total emissions footprint associated with its dairy farm suppliers, the company is well placed to work collaboratively with the US dairy industry and its suppliers to bring about lower emissions and more environmentally resilient farming practices and in so doing reducing aggregate GHG emissions.	46	✓	✓	✓	• Has established science-based targets and moved its targeted reduction in Scope 1 + 2 emissions from 30% to 50% by 2030 and 100% renewables by 2028. Has realised a 27% improvement in GHG intensity over period FY 2018-2022. • The above supplements the company's targeted 25% GHG intensity reduction in its dairy supply chain – on this aspect it has now mapped 100% of its supplier farms and is developing a detailed roadmap. • Undertook a Living Wage gap analysis for US hourly production staff in October 2022.	
HARWORTH	Engaged in brownfield land regeneration and subsequent development of employment and residential areas. **Employees:** 93 **Sales (US$m):** 206	As a dedicated brownfield large-scale redeveloper the company has the capability to dramatically improve economic growth in relatively deprived regions, creating jobs and providing affordable housing and sustainable communities	19	✓		✓	• In 2022, Harworth committed to becoming operationally net zero by 2030 and net zero for all emissions by 2040. • In 2023 it committed to delivering 400 affordable home units to be built across six sites with a further pipeline for 300 more over three sites. • Also committed in 2023 to building 100 net zero homes across two sites.	
HORIBA	Manufacturer of measuring instruments and analysers for scientific, medical, environmental and auto engine analysis. **Employees:** 8,432 **Sales (US$m):** 2,072	Market leader in auto emissions testing provides ability to keep raising cross-industry performance. Has the potential to foster greater gender diversity within talent its pipeline and enhance its own reputation in the process.	20		✓	✓	• Pushed back target year for 20% female decision makers by 2021 to 2023 due to slow progress (currently 11.4%; it was 7.5% when the target was set); trying to build a pipeline; mid-career hire and new grad hire are part of the strategy. • Established a target for a 40% reduction in CO_2 emissions from 2019, by 2030.	
HUHTAMAKI	Produces disposable food service and tableware products as well as containers for fresh meats, fruits, among others; and makes the containers of paper, molded fibres, and plastics. Manufactures in many countries and sells worldwide. **Employees:** 18,927 **Sales (US$m):** 4,509	As a manufacturer of flexible and fibre-based packaging for food and beverage items, the company is well positioned to develop solutions which are more recyclable, have a reduced material intensity (i.e. greater usage of recycled, renewable and sustainable content) and in so doing reducing the environmental impact of single-use plastics.	29	✓	✓	✓	• Science-based targets were approved in 2021. Now the company is targeting a reduction in Scope 1 + 2 emissions of 27.5% and reducing Scope 3 emissions from end-of-life treatment of sold products by 13.5%. • Has delivered a 35% improvement in GHG intensity; a 28% improvement in water intensity and an 11% reduction in waste intensity over period FY 2017-2022. • Committed to designing all products to be recyclable, compostable or reusable by 2030 – 72% of products meet those criteria as of end of 2022 (71% in FY 2021). • Smooth Molded Fiber technology saw big strides in 2023. Fiber lids penetration is accelerating with scale production coming on stream, estimate at currently 1 billion units in 2023 and expected to grow 10x by 2030. • The company has improved employee accident rates by 43% in period FY 2020-2022. • Living wage assessment undertaken during FY 2022.	

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LITTELFUSE	Leader in manufacturing and selling of fuses and other circuit protection devices along with sensors and power control products for use in the automotive, electronic and general industrial markets. **Employees:** 17,000 **Sales (US$m):** 2,363	Well positioned to support expansion of renewables deployment and electrification. The company's manufacturing process, however, is energy and water intensive and existing targets are insufficiently stretching – therefore raising ambition and focusing on its upstream emissions should enable resource efficiency savings to be realised.	1	✓	✓		• Investment only initiated in December 2023	4, 7, 8, 9, 13
LKQ	Provider of alternative collision replacement parts, recycled engines, components and parts for the repair of automobiles. **Employees:** 45,000 **Sales (US$m):** 13,866	A global business with a large, relatively modestly paid workforce. Real opportunity to support economic, physical and mental wellbeing through investment in its people. Additionally, upgrading the company's fleet could reduce operational emissions while investments in battery recycling technology can ensure they are positioned to continue to support auto-vehicle material recycling.	16		✓	✓	• Committed in June 2022 to a 30% emissions intensity reduction by 2030 vs. 2021 and net zero by 2050 – FY 2022 saw a 10% increase year-on-year. • In 2021, acquired Green Bean Battery and BumbleBee in 2022, hybrid battery reconditioners. MoU also signed with Korea Zinc in 2023 regarding EV battery recycling – LKQ are in effect the supplier of materials to Korea Zinc to support development of their recycling capability. • Outgoing CEO has expressed commitment to breaking cycle of poverty. Tuition reimbursement fund (for children of employees) now US$1m annual offering supporting 400 beneficiaries per annum = 1% of global workforce per annum (was supporting less than 10 beneficiaries per annum a few years back).	1, 3, 4, 7, 8, 10, 12
MAPLETREE INDUSTRIAL TRUST	Singapore-focused real-estate investment trust with a large and diversified portfolio of industrial properties and more recently US data centres. **Employees:** 186 **Sales (US$m):** 499	Potential via refurbishment requirements and tenant contracts to drive improved environmental performance of commercial properties and US data centres (data centres to comprise two-thirds of assets by 2025). Data centres account for about 1-1.5% of global electricity usage (IEA) and while energy efficiency improvements have been realised, to align with a net zero scenario emissions must half by 2030 (IEA).	21			✓	• Energy and water reduction metrics are included within management incentives and the company has set 2030 targets for building electricity and emissions intensity reductions vs 2020 (15% and 17% respectively). • Green clauses are from 2023 being introduced into hi-tech and business park leases and the company is accelerating its build out of solar panels on its flat factory roofs. This should enable further improvements in the coming years.	5, 7, 9, 11, 13
MARR	Italian food distributor supplying hotels, restaurants and canteens. **Employees:** 957 **Sales (US$m):** 1,979	Opportunities for reducing Scope 3 emissions through an enhanced focus on local producers and collaborating with outsourced distribution partners to upgrade fleet.	8	✓	✓		• In 2020, the company embarked on a process of strengthening its approach to sustainability. Inaugural sustainability report published in Q4 2021. • Committed in 2021 to 100% renewables usage by 2025. • Committed to zero palm oil in its own-brand products and cocoa and coffee with Rainforest Alliance or Fairtrade certificates or equivalent certification by the end of 2025.	2, 7, 12, 13, 14
MERLIN PROPERTIES	Spanish real estate trust managing office, logistics, retail assets. **Employees:** 260 **Sales (US$m):** 465	Given the scope of its assets, the company has a significant opportunity to improve the resource and energy efficiency of properties (buildings account for c.30% of global final energy consumption) while expanding its own-generation of clean energy.	6		✓	✓	• Pathway to net zero established in 2022, targeting an 85% reduction in Scope 1 + 2 emissions by 2028. Embodied carbon assessed in all new developments. • Merlin was the first company to reduce lease prices (50bps) if net-zero operations are duly credited and certified by tenants. • Realised a 23% reduction in absolute emissions FY 2019-2022 and 18% reduction in water withdrawal in same period. • 93.6% of its Gross Leasable Area sustainability certified in FY 2022 (vs. 61% in 2018) – goal is 96% of the portfolio certified. • Building four ultra-efficient (triple net-zero) data centres – three delivered in 2023.	7, 9, 11

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MOLTEN VENTURES	UK listed venture capital firm investing in high-growth technology companies. **Employees:** 58 **Sales (US$m):** N/A	An indirect opportunity to engage with multiple early-stage technology companies to press for operational excellence while also supporting provision of capital towards impactful and disruptive companies.	6		✓	✓	• In 2022 joined as a signatory to the Investing in Women Code. As part of commitment to this initiative, in 2022 Molten collected and reported diversity data and inclusion data relating to its own operations and pipeline of deals. Executive directors have an ESG component as 10% of their maximum bonus opportunity. • Committed to 10-15 investee company ESG engagements in FY 2022 – in the end the company engaged 27 holdings. • For FY 2023, the company is targeting engagement with 50% of primary investments to establish GHG Scope 1 and 2 baseline and to assist with reduction plans. • For FY 2023, the company is targeting implementation by 80-100% of directly held companies of i) parental leave policy, ii) health and well-being policy.	5 Gender Equality; 12 Responsible Consumption and Production
NIFCO	Japanese manufacturer of plastic components for automobiles, serving Original Equipment Manufacturers (OEMs) globally. **Employees:** 10,169 **Sales (US$m):** 2,380	As a large manufacturer, Nifco has the capability to invest in its workforce to provide decent work and in so doing improve the wellbeing of its global employees.	19	✓	✓		• ESG reporting scope remains domestic only, however, the company has indicated it is working on gathering group-wide ESG data with a view to including full scope of coverage in reporting in near future. Similarly, group emissions reductions targets are expected in FY 2024. • Has appointed an outside female director. • Female manager ratio target is 10% by 2027: as of 2022 it's at 6.3%.	5 Gender Equality; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 13 Climate Action
NISSAN CHEMICAL	Japanese manufacturer of chemical products, mainly producing and selling melamine, sulfuric acid, nitric acid and more. **Employees:** 3,317 **Sales (US$m):** 1,687	Given low levels of gender diversity, the company can take a leadership role in addressing the significant gender gap in Japan and in particular within STEM industries through pipeline initiatives, signalling and other targeted initiatives.	15		✓	✓	• Significant ESG disclosure advances in FY 2022 - includes emissions reporting across Scopes 1-3. It is targeting a 30% reduction in GHG emissions by 2027 and net zero by 2050. • Has realised a 12% reduction in absolute Scope 1 + 2 emissions during period FY 2019-2023. • Appointed first female director in FY 2021 and second in 2023. Targeting 13% women in 'professional' category by 2027 (pushed back from 2025) – still at 11% in FY 2022 which is flat year-on-year. Also targeting 18% women in researcher roles (14.8% in FY 2022). • Targeting ratio of taking annual leave take up of 80%. While this figure declined for three years from 2018-2020, the 80% target was exceeded in FY 2022.	5 Gender Equality; 7 Affordable and Clean Energy; 13 Climate Action
OPEN HOUSE	Japanese homebuilder. Engages in brokerage of single-family homes and land, planning and development and sales of condominiums. **Employees:** 4,904 **Sales (US$m):** 8,283	The building use-phase accounts for more than 80% of a Japanese residential building's life cycle GHG emissions (MLIT 2021 report). There is, therefore, the opportunity to support the Japanese government's declared target of achieving virtually zero greenhouse gas emissions by 2050, rapidly accelerating decarbonisation efforts in Japan.	21	✓	✓	✓	• Two female directors appointed in December 2020. • Published new target to increase female manager ratio to 10% (vs. 6.3% in 2020) by September 2025 – at 7% as of FY 2022. • Female workforce ratio now (FY 2022) 24.3% vs. 16% in FY 2018 and women were 24% of new graduate hires vs. 15% in 2018. • Annual paid leave take up in FY 2022 up to 61.7% vs. 14.6% in FY 2018. • Targeting a 46% reduction in Scopes 1 + 2 + 3 emissions by 2030 and net zero by 2050. • Despite targeting 50% net zero homes by 2020, as of 2022 delivery is 2% (1% in FY 2021) and the target shifted back to 2025.	5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 13 Climate Action
PTC	US technology company helping industrial companies to accelerate digital transformations, establishing a digital thread that spans a product lifecycle. **Employees:** 7,231 **Sales (US$m):** 2,097	There is persistent under-representation of women and ethnic minorities within the technology sector. While PTC's own representation levels are in line with industry averages, we believe there is an opportunity for the company to take a leadership role, raising its ambitions, investing in pipeline initiatives to raise diversity and ultimately within and through its organisation.	5		✓		• Inaugural Impact report published in December 2023. • Science-based targets submitted in 2023, targeting a 50% reduction in Scope 1 + 2 emissions by 2030 and net zero by 2050. Additionally targeting a 25% reduction in purchased-goods-related Scope 3 emissions over the same period. • Employees 30% female with a target to increase this 10% by 2025.	5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production

				Three pillars of SDG-aligned engagement:				
Name	**Who**	**Why – primary engagement thesis**	**What – number of engagement interactions 2018-23 (or since inception if subsequent to 2018)**	**Supply chain focus**	**Direct operations focus**	**Products and services focus**	**Headline progress**	**Long-term impact** Long-term corporate outputs that are aligned with delivery of the SDGs
REINSURANCE GROUP OF AMERICA	US based life reinsurer serving customers globally. **Employees:** 3,800 **Sales (US$m):** 18,567	While a life reinsurer, the company is well positioned to work with partners to bring products to market which redress the sizable savings and protection gap in growing Asian markets and in so doing providing greater financial protection.	20			✓	• Inaugural sustainability report published in 2022. • Reinsurance Group of America plans to increase investment allocation to assets that align with six SDGs that the company believes most closely reflect its corporate mission. Has achieved a 16% reduction in investment-related carbon intensity to date. • Company purpose is to 'make financial protection accessible to all' – incoming CEO acknowledges that increasing access to insurance in Asia is important from both a social, financial inclusion and business growth perspective.	1 No Poverty; 3 Good Health and Well-being; 5 Gender Equality; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production
RETAIL OPPORTUNITIES INVESTMENT CORPORATION	US West-coast real estate investment trust managing necessity-based community and neighbourhood shopping centres. **Employees:** 71 **Sales (US$m):** 328	With c.50% of its footprint residing in areas of extreme water-stress, the company has the opportunity to invest in water-savings measures to reduce the water usage of its shopping centres. Similarly, there is significant potential to drive energy improvements, reducing the absolute emissions profile of its shopping centres.	22		✓	✓	• Inaugural sustainability policy established in 2020. A more developed ESG report and KPIs published in 2021. • Significant progress made against inaugural 2025 targets, more aspirational targets under review in 2023. • ESG milestones incorporated into annual bonus scorecard since 2020 with meaningful 25% weighting. • In 2022 saw 7.2% like-for-like energy consumption reduction and 3.5% GHG emissions reduction. Also saw a 46% reduction in water usage (prior year saw a spike but 2022 a big drop irrespective). • By 2023 year-end expect to have installed 88 EV charging stations across 11 properties (vs. 14 across four properties in 2020).	6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action
RPM	Manufactures, markets, and sells various specialty chemical product lines. These include specialty paints, protective coatings and roofing systems, sealants and adhesives, focusing on the maintenance needs of both the industrial and consumer markets. **Employees:** 17,274 **Sales (US$m):** 7,256	Given the breadth of its product portfolio, the company has the potential to allocate greater capital towards the development and promotion of products with beneficial sustainability attributes. This could improve the lifecycle impacts of its products while expanding the positive impacts of those products associated with material lifetime extension. Elsewhere, the company is well positioned to expand employment and training initiatives, providing decent work and reducing inequalities.	24	✓	✓	✓	• Building a Better World programme established in 2022 with remit across products, people and processes and includes an oversight committee formed by management. • Targeting a 20% improvement in emissions intensity by 2025. Has reduced GHG intensity by 16% in 2022. • Has embarked on a project to eliminate 20 chemical compounds from existing products (by 2030) and has kicked off the measurement of its upstream Scope 3 emissions and product categorisation (vis à vis sustainability credentials) mapping. • As per our request, the company reviewed US wages vs. MIT Living Wage calculator in 2023 and found a very small percentage below a living wage. It has since addressed those shortfalls and will repeat analysis in Q1 2024.	1 No Poverty; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 13 Climate Action; 14 Life Below Water; 15 Life on Land
SAMSONITE	Designer and manufacturer of suitcases, bags and accessories. **Employees:** 10,700 **Sales (US$m):** 2,880	With a large majority of the group's manufacturing outsourced, predominantly to China, Southeast Asia and India, the company has the ability to work with supply chain partners to improve the livelihoods of those producing its goods. In addition, by incorporating greater usage of recycled materials it has the potential to improve aggregate resource efficiency.	29	✓	✓	✓	• Committed to being carbon neutral across operations by 2025 – the company has achieved a 44% reduction in emissions intensity over period FY 2017-2022 and a 55% reduction in absolute emissions. • Samsonite is also targeting the gender balance across senior leadership – target is for 20% women in management and 45% in middle management as of end of FY 2022. • Scope 3 emissions measured in 2022 and new targets imminent with respect to product sustainability, human rights and science-based climate targets. • 2x more products sold with recycled material vs. 2019: 23% of sales in FY 2022 vs. 5% in FY 2019.	1 No Poverty; 5 Gender Equality; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions
SILICON LABORATORIES	Designs, develops and markets mixed-signal integrated circuits, microcontrollers, wireless connectivity devices and sensor products. **Employees:** 1,964 **Sales (US$m):** 782	As a progressive technology, the company has the potential to take a leadership role and collaborate with peers and partners to improve upon the persistent under-representation of women and ethnic minorities within the technology industry.	20		✓		• First ESG materiality assessment in 2022 and released its first Task Force on Climate-related Financial Disclosures (TCFD) report. • Included 10% weighting to diversity, equity and inclusion metrics within management bonus in FY22. • 42% reduction in operational emissions in 2022 vs. 2018 – adopting science-based targets in 2023.	5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-23 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement: Supply chain focus	Direct operations focus	Products and services focus	Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
SIMPSON MANUFACTURING	Through its 'Simpson Strong-Tie' company designs, engineers and manufactures wood-to-wood, wood-to-concrete and wood-to-masonry connectors. **Employees:** 5,158 **Sales (US$m):** 2,214	As the clear industry leader, Simpson has the opportunity to advocate for more robust building standards. In addition, the company has opportunities to improve the economic, physical and mental well-being of its hourly production staff.	21	✓	✓	✓	• Inaugural sustainability report published in 2020 and improved upon each year since. • It has realised a 30% improvement in emissions intensity FY 2021-2022. • Achieved a 57% improvement in employee accident rates between FY 2017-2022.	SDGs 3, 5, 7, 8, 9, 11, 12, 13
SOITEC	Manufactures microelectronic and speciality electronics used in the production of semiconductors. Its Smart Cut process modifies silicon to allow for more speed and less consumption power. **Employees:** 2,157 **Sales (US$m):** 1,134	The company has approximately one-third female representation across its workforce but is expanding significantly its own fabrication in both France and Singapore and, therefore, has the opportunity to aim for 50% representation across the group. In addition, there are opportunities to reduce the energy and in particular water intensity of its manufacturing process.	12	✓	✓		• In Jan 2021, the company committed to science-based targets. These were updated in 2023 – now targeting a 37% reduction in Scopes 1 + 2 emissions and a 51% intensity reduction in Scope 3 emissions by 2030. • Targeting 40% women in its workforce by 2025 (35% in FY 2022 and 23% in management - both up year-on-year) and, in 2023, upped its targets for gender diversity in executive management and among senior execs to 40% and 30% by 2030 respectively.	SDGs 5, 8, 12
SSP GROUP	Global concessions caterer. Offers food, beverage and other offerings at airports and railways stations within the UK, Europe, Asia and North America. **Employees:** 36,943 **Sales (US$m):** 3,694	The group has a multitude of opportunities to create a more positive impact, including via the provision of decent work opportunities including the paying of a living wage to individuals towards the 'bottom-of-the-pyramid', in so doing providing the potential to improve economic and mental wellbeing for thousands of people. Additional opportunities pertain to redirecting food-waste and replacing single-use packaging.	33	✓	✓	✓	• Had science-based targets validated during 2023, targeting a 60% reduction in Scope 1 + 2 emissions by 2032 and 35% reduction in purchased goods Scope 3 emissions over same timeframe. • SSP has achieved a 26% reduction in emissions intensity during the period FY 2017-2023. • Committed to removing all unnecessary Single-Use Plastic Packaging (SUP) and move all packaging of own-brand products to be recyclable, reusable or compostable by 2025: 84% of SUP eliminated by end of 2023 and 85% of own brand packaging now recyclable, reusable or compostable. • Having targeted 33% of women in senior leadership positions by 2025, this target was exceeded in 2023 and reset, now targeting 40% women in senior leadership roles by 2025. • Approx. 1,200 tonnes of food waste now saved via partnership with Too Good To Go since 2016.	SDGs 1, 2, 3, 5, 8, 10, 12, 15
STERIS	Provider of sterilisers, washers and other procedural products and services to healthcare and pharmaceutical settings. **Employees:** 17,664 **Sales (US$m):** 4,958	As a global leader in sterilisation there is the potential to help redress the challenges of hospital-acquired infections as well as supporting hospitals in reducing their water usage.	19		✓	✓	• The company is taking a number of steps to reduce the environmental impact of its products and we have encouraged the setting of targets for reducing its products water and energy use. • Employee accident rate has halved in period FY 2019-2022 - jumped back up in FY2023 but still a 41% reduction vs. FY 2019.	SDGs 3, 5, 6, 8, 11, 12, 17
TECHNOGYM	Designs, manufactures and sells premium fitness equipment worldwide. **Employees:** 2,143 **Sales (US$m):** 757	As a company with a strong commitment to wellness and responsible business there is an opportunity to work collaboratively with management to scale up and accelerate efforts, including with respect to its refurbished product offering – in so doing improving resource efficiency.	9			✓	• Company acknowledged in 2020 the potential to grow its 'Still Novo' (refurbished product ramge). Having been c.5% of sales pre-pandemic, this dropped back to 2% of sales in FY 2021. Expect to pick back up to 4-5% of sales through 2024/25 and expand incrementally from there. As of 2023,is back to 50% of eligible machines being refurbished. • Expect increased focus on sustainability strategy in 2024 with focus across: 1) supplier assessments, ii) new lower-impact products (e.g. user-generated energy), iii) circular economy (Still Novo range), and iv) decarbonisation (investments in own generation solar arrays).	SDGs 3, 7, 8, 12, 17

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-23 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement: Supply chain focus	Direct operations focus	Products and services focus	Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
TECHTRONIC INDUSTRIES	Designs, manufactures and markets power tools, hand tools, outdoor power equipment and floorcare products. **Employees:** 44,900 **Sales (US$m):** 13,254	The company has the potential to further improve its industry-leading reputation by addressing its procurement practices. This could ensure human rights abuses are avoided but also market share gains could generate a positive environmental impact through the electrification of the power tools market.	31	✓	✓	✓	• In 2022 committed to a 60% absolute reduction in Scope 1 + 2 emissions by 2030. Formally committed to the Science Based Targets initiative (SBTi) in 2023. Has achieved to date a c.16% improvement in emissions intensity FY 2019-2022. • Adopted a new cobalt specific sourcing policy as per our engagement with granularity to smelter level. • The company has established a board level committee to develop targets and ambitions around climate change • In 2021, introduced first female board member and a second in 2022.	
TRELLEBORG	Manufactures and distributes industrial products. Primarily produces noise suppression and anti-vibration systems and agricultural tyres. **Employees:** 20,973 **Sales (US$m):** 3,234	There are many environmental and social challenges associated with natural rubber sourcing. By collaborating with larger peers and focusing limited resources where most effective there is the opportunity to mitigate the risk of deforestation and ensure a dignified life for those millions of small holders at the bottom of the value chain.	23	✓	✓		• Submitted new emissions reduction targets to SBTi in 2023, targeting a 50% reduction in GHG intensity by 2030 and 25% reduction in Scope 3 too. Absolute emissions down 15% in period FY 2019-2022. With tyres business divestiture in 2023 the company's emissions footprint will have decreased significantly. • Employee accident rates down 50% FY 2018-2022. • Joined Global Platform for Sustainable Natural Rubber in 2021.	
VARUN BEVERAGES	Produces and distributes beverages through India and nearby countries, primarily on behalf of PepsiCo. **Employees:** 8,636 **Sales (US$m):** 1,943	As a large distributor of carbonated drinks throughout India, the company has the need and opportunity to reduce its significant water footprint and reduce the impact from its plastic products by enhancing product recyclability.	12	✓	✓	✓	• In FY 2021 committed to 100% recycling of PET bottles by 2025 via direct collection from end-users. In 2022 saw 80% recycled vs. 70% in 2021 and 36% in 2019. • Has seen an 11% improvement in its water use ratio 2020-22. Targeting further reduction in its water use ratio by 2025. • Launched a Ragpickers Awareness Program as per our ask to improve the livelihoods of ragpickers. • Targeting a 50% emissions intensity reduction by 2025. During 2020-22 have realised a 4% reduction in emissions intensity per litre of production. • As of FY 2022 all employees (direct and indirect) paid minimum wage (vs. 90% in FY 2021).	
VISCOFAN	Global manufacturer of sausage casings from cellulose, collagen and plastic. **Employees:** 5,317 **Sales (US$m):** 1,265	The company exhibits above-peer average energy, waste and water intensities, illustrating an opportunity to realise significant environmental efficiencies. New sustainability targets, however, while positive, are modest and do not result in absolute reductions and, therefore, do not stack up to the scale of change needed.	3		✓	✓	• In FY 2022 saw a 9% reduction in total Scope 1 and 2 emissions and an 18% reduction in emissions intensity. • FY 2022 saw a continuation of the decoupling of waste generation and waste intensity – i.e. becoming more efficient. This is aided by the building of a biomass facility at its largest production facility.	
VISTRY GROUP	A top UK housebuilder and leader in partnership housing. **Employees:** 5,213 **Sales (US$m):** 3,375	As a leading UK housebuilder, the company has the potential to deliver, at scale, affordable homes (at high quality) and successfully adapt and transition to net-zero home delivery while providing meaningful training and employment opportunities.	21	✓	✓	✓	• Strategic shift announced in September 2023 to focus its operations entirely on its Partnership business – addressing the UK's acute need for affordable, social rent, rent to buy and shared-ownership housing. • Living Wage accreditation achieved in 2021. • Science-based targets approved in 2023: targeting a 42% reduction in Scope 1 and 2 emissions by 2030 and a 48% reduction in Scope 3 emissions per sq. metre of complete housing. • 54 net zero carbon homes delivered in Warwickshire in 2021 – illustrative of know-how to deliver. • Launched academies in 2019 and targeting 550 'learners' passing through academies per annum by 2025.	

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-23 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement: Supply chain focus	Direct operations focus	Products and services focus	Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
WEST PHARMACEUTICALS	Applies value-added services to the process of bringing new drug therapies and healthcare products to the market primarily through manufacture of packaging components. **Employees:** 10,700 **Sales (US$m):** 2,950	As a global leading contract manufacturer for drug packaging and dispensing, the company is involved in the early stages of the design process and is, therefore, well positioned to support and drive innovation around drug delivery mechanisms.	18		✓	✓	• ESG reporting began in FY 2017 and set modest targets for period 2019-2023. • Has achieved a 50% improvement in carbon intensity over period FY 2017-2022 and a 9% absolute reduction in emissions. Similarly realised a 43% reduction in water intensity over the same period. • Employee accident rates down 33% FY 2017-2022.	3, 5, 7, 8, 12, 13, 17
WEX	Payments processing and information company, in particular offers fuel cards to commercial fleet operators. **Employees:** 6,100 **Sales (US$m):** 2,548	As a large fleet cards operator the company has the potential to play a role in supporting aggregate fleet emissions reductions through telematics and supporting fleet operators in their transition to electric vehicles (EVs).	19		✓	✓	• In 2021 announced partnership with Charge Point to ease integration of EVs into commercial fleets. In 2023 the company tested an at-home reimbursement product in the United States and expect to roll out a depot functionality in 2024. • Has achieved a 50% reduction in Scope 1 +2 + 3 emissions intensity during period 2019-22 and a 32% reduction in absolute emissions - driven by 64% reduction in internal data centre energy use 2019-2022. • Targeting gender parity in leadership roles and a 50% increase in employees of colour in the US in leadership roles by 2025. Has increased representation of minorities in workforce by 42% in period 2020-2022.	5, 7, 8, 13
WINTRUST FINANCIAL	Provider of community-based banking services in various suburbs of Chicago, Illinois and nearby regions. **Employees:** 5,275 **Sales (US$m):** 3,327	Large Chicago bank has the potential to support access to credit among the region's SMEs and access to savings among the lower-income populations (7% of Chicagoans remain unbanked).	14		✓	✓	• 50% of branch locations opened in past five years in lower-income communities. • All overdraft fees eradicated as of H1 2023. • Moved to US$18 minimum wage in 2022 (up from US$15). • Goal to advance diversity YOY at VP and above level. The company has purposefully put women in line to inherit senior roles across a number of functions over the next few years.	1, 5, 8, 9, 10, 13
YAOKO	Operates local supermarkets and drugstores in Saitama Prefecture, Japan. Handles fresh food products, daily-use sundry products and other various goods in local area. **Employees:** 17,292 **Sales (US$m):** 4,008	A breadth of issues to grapple with and take a leadership position on including gender equality, the company's agricultural supply and the packaging usage associated with its food and beverage offerings.	19	✓	✓		• Created Women's Empowerment Stores where store manager and senior staff are all women. • As of FY22 female managers still just 6.6% – actually down on FY17 (6.9%). Targeting 90 women in management positions by 2025 vs. 60 in FY 2020 (59 in FY 2022). • Targeting a 60% emissions intensity reduction by 2030 vs. 2013 (2020 was already a 37.3% reduction on 2013). • Paid leave rate up to 37.5% in FY22 vs. 18.1% in FY18 – still very low but near 2x improvement.	2, 5, 7, 8, 12, 13, 14, 15

Rolling year performance (%)

Composite rolling year performance

	31/12/2022 to 31/12/2023	31/12/2021 to 31/12/2022	31/12/2020 to 31/12/2021	31/12/2019 to 31/12/2020	31/12/2018 to 31/12/2019
Federated Hermes SDG Engagement Equity (%)	21.26	-18.12	18.82	8.39	27.40

Source: Federated Hermes as at 31 December 2023. Composite inception date: 1 January 2018. Returns are in USD gross of fees. The information shown is supplemental to the GIPS® compliant composite report provided in the Appendix.

Past performance is not a reliable indicator of future results.

Schedule of Rates of Return and Statistics

Composite: **Federated Hermes SDG Engagement Equity**

Index: **MSCI AC World SMID (net)**

Periods ending: **31-Dec-23**

	Returns (%)		
	Composite Gross Return	Benchmark	Composite Net Return
Q4 23	12.69	11.63	12.48
1 Year	21.26	16.02	20.35
3 Years (Annlzd)	5.66	3.10	4.83
5 Years (Annlzd)	10.25	9.71	9.31
Jan-18 – Dec-23 (Annlzd)^^	6.27	5.39	5.35

Annual Returns (%)									
Year	Composite Gross Return	Composite Net Return	Benchmark Return	*Composite 3-Yr Std Dev	*Benchmark 3-Yr Std Dev	Number of Portfolios	**Dispersion	Composite Assets (mil)	Firm Assets (bil)
2018	(11.56)	(12.40)	(13.80)	N/A	N/A	<5	N/A	308.7	32.0
2019	27.40	26.19	25.37	N/A	N/A	<5	N/A	605.3	40.2
2020	8.39	7.36	15.67	20.93	21.44	<5	N/A	1,389.4	585.7
2021	18.82	17.81	16.24	19.99	20.14	<5	N/A	2,259.4	634.2
2022	(18.12)	(18.74)	(18.72)	22.79	22.89	<5	N/A	1,501.8	627.4
2023	21.26	20.35	16.02	18.83	17.80	<5	N/A	1,551.9	720.0

^^Represents composite inception period. See below for additional notes to the schedule of rates of return and statistics.

*Represents the 3-year annualized standard deviation for both the gross composite and the index returns. Statistic is used to measure the volatility of composite returns.

**Standard deviation is calculated using gross returns. Dispersion is not applicable ("N/A") for any period if fewer than five accounts are in the composite for that period.

The composite includes all discretionary portfolios following the SDG Engagement Equity strategy run by the Federated Hermes Small & Mid Cap Equity team (London Office) and has an inception date of 1 January 2018. The objective of the strategy is to provide long-term capital appreciation alongside delivering positive societal impact aligned to the United Nations Sustainable Development Goals (the "UN SDGs"). The benchmark is the MSCI AC World SMID (net) Index, which is designed to measure the equity market performance of all countries and covers all large and mid-market capitalization securities. The benchmark is market-cap weighted and rebalanced on a quarterly basis. The return is calculated on a total return basis net of withholding tax. This composite was created in February 2018. Federated Hermes claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS® standards. Federated Hermes has been independently verified for the period of January 1, 1992, through September 30, 2023. The verification report is available upon request. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The management fee schedule for this strategy is 0.95% per annum. Gross of fees returns have been calculated gross of management/custodial fees and net of reclaimable withholding taxes, but after all trading commissions.

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