

Federated Hermes Global SMID Equity Engagement*



Hamish Galpin

Lead Manager

Federated Hermes Global SMID Equity Engagement

Will Pomroy

Lead Engager

Federated Hermes Global SMID Equity Engagement

2024 Annual Report

**Federated
Hermes**
Limited



www.hermes-investment.com
For professional investors only

* Formally called SDG Engagement Equity

Federated Hermes Global SMID Equity Engagement 2024 highlights

148 Engagement actions carried out in 2024 |  **98%** of portfolio companies were engaged

 **70%**
of companies made progress with objectives

“ Change worth seeking is worth waiting for; it typically requires capital expenditure, and results will not be immediate. **”**

In 2024, our engagements were focused proportionately:

34% towards environmental issues and objectives |  **13%** towards governance issues and objectives

 **47%** towards social issues and objectives

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



64% of engagement actions



41% of engagement actions



34% of engagement actions



30% of engagement actions

“ To re-orientate our economies, we believe it is necessary to work with a wide range of companies. **”**

54 total meetings voted



31% number of meetings voted against management on at least one resolution

Source: Federated Hermes, as at 31 December 2024

Please note the Federated Hermes Global SMID Equity Engagement Fund forms part of the SDG Engagement Equity composite Strategy. The SDG Engagement Equity Fund changed its name to the Global SMID Equity Engagement Fund on 24 April 2025.

Contents

Strategy overview	
Introduction	4
Philosophy and Strategy	5
Exclusions	7
Investment commentary	8
2024 Engagement headlines	10
Voting and corporate governance	12
Company commentaries	13
Giving due importance to mental wellbeing	17
Climate transition	20
Impact metrics	22
SDG alignment	23
Transformation chain	24

SECTION 1

Introduction



Will Pomroy,
Lead Engager

Promise of the SDGs in peril

Throughout 2024 we have been very aware that the ambitious agenda set forth by the UN Sustainable Development Goals (SDGs)¹ is one that the world remains off-track to meet. The UN's Sustainable Development Goals Report 2024,² as well as the annual *Goalkeepers Report* from the Gates Foundation,³ made for sobering reading.

- Just 17% of the SDG targets are on track.
- Progress towards more than one-third of the SDG targets has stalled or regressed.

Successive UN reports have sounded the alarm.

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 invariably needs to accelerate. We fully intend therefore to re-double our efforts during 2025. We will continue to prioritise human capital-related topics for dialogue, encouraging companies to provide for the financial, physical and mental wellbeing of their employees.

This also extends to equitably investing in the training and development of their people, helping to meet growing skills gaps emerging within companies and across industries. In addition, we will continue to encourage companies to prioritise the development of climate transition strategies – and allocate necessary capital expenditures towards such strategies – to ensure that they are managing this risk appropriately, and are appropriately positioned for the opportunities that lie ahead.



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; and in the sense of being actively engaged with those companies in which we do invest.

To re-orientate our economies, 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 we can collectively play our part.

We hope you enjoy reading our activity report for 2024 and welcome feedback as we seek to raise our own ambitions as well as those of the companies in which we invest.

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; and in the sense of being actively engaged with those companies in which we do invest.



¹ **Sustainable Development Goals (SDGs):** The SDGs are a set of 17 interconnected goals that were adopted by all UN member states in 2015.

They are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere, by 2030.

Learn more here: <https://www.undp.org/sustainable-development-goals>.

² The Sustainable Development Goals Report, 2024

³ <https://www.gatesfoundation.org/goalkeepers/report/2024-report/>

SECTION 2

Philosophy and Strategy

The Strategy has the twin aims of generating long-term investment returns, while also realising positive social and environmental outcomes.

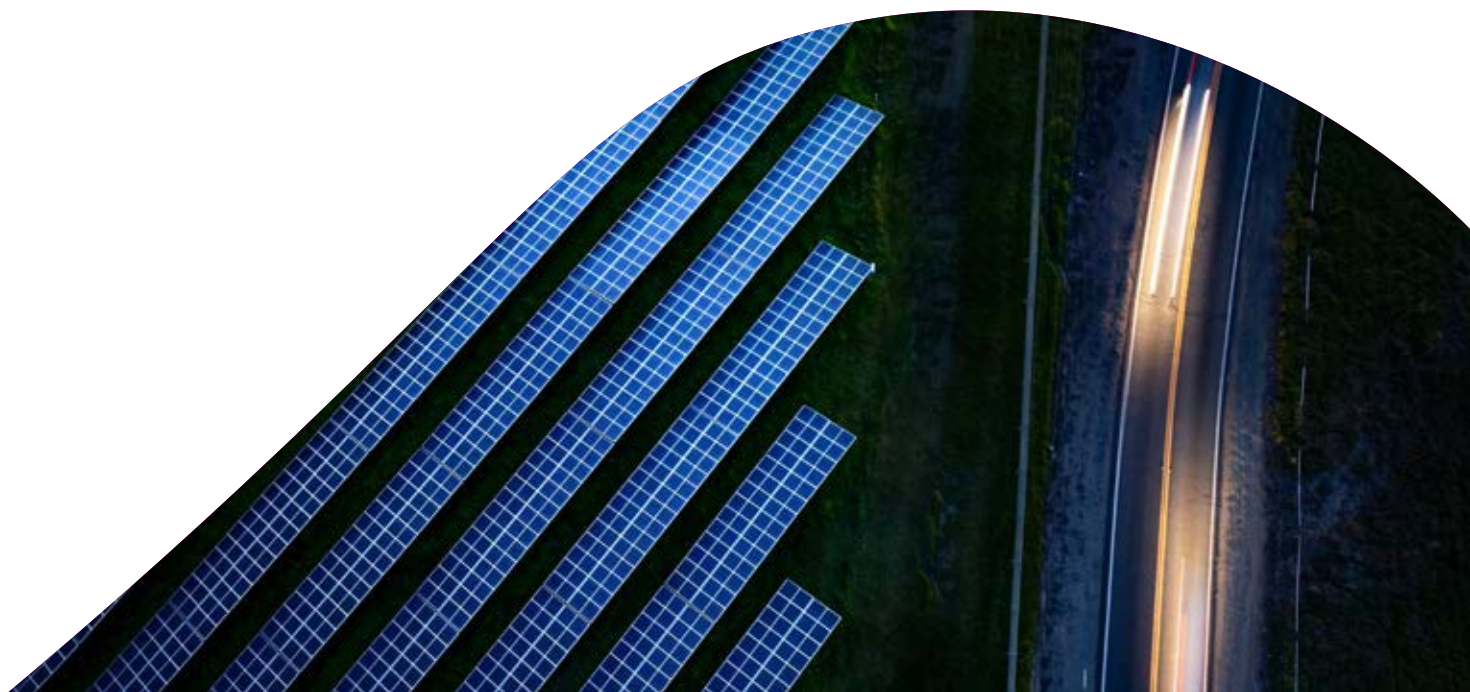
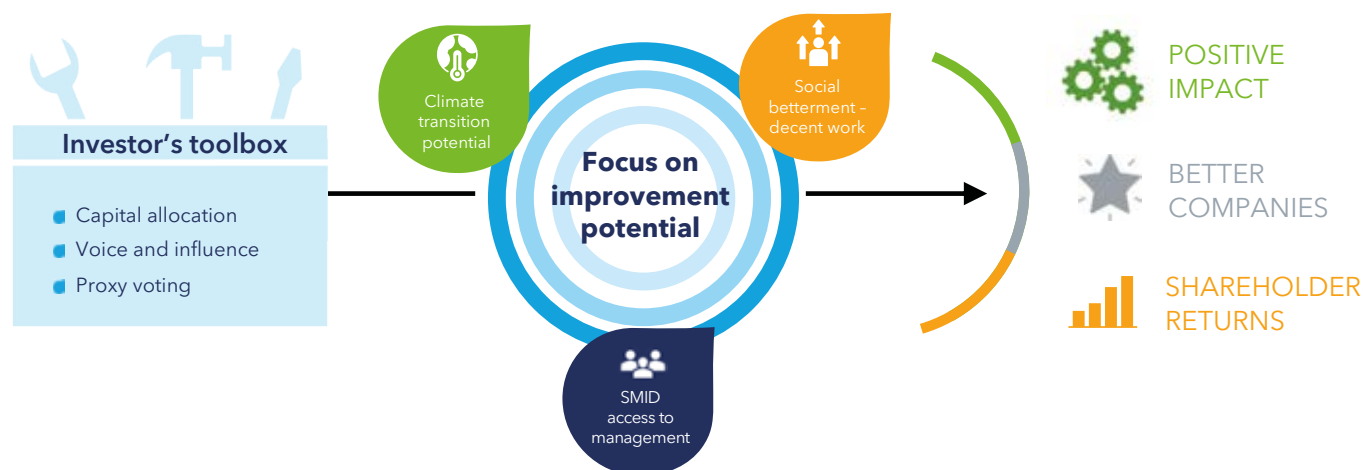
Our approach is a result of the growing awareness among investors of the role they have to play in supporting sustainable business practices. Our belief is that progress towards, and ultimately the attainment of, the SDGs is not a zero-sum game, but is instead a shareholder value creation opportunity.

We encourage our investee companies to focus on initiatives that are 'good for business,' and we wish to work with companies to encourage them to be bold and imaginative in considering which of the SDGs are most relevant to them, and in turn, establishing what they can do to contribute towards their attainment.

We recognise that this can often have short-term costs and resourcing implications, but as shareholders we are prepared to accept this obligation, in order that longer-term objectives can be achieved.

Core beliefs and philosophy

- **Companies are uniquely positioned to significantly impact lives** due to their integral position within communities, 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 driver of future economic growth, providing opportunities for firms to boost revenues and earnings.
- **The long-term 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 may be rewarded with greater brand loyalty, employee motivation and are likely to produce more innovative products and services.
- **Purposeful engagement with companies provides investors with a mechanism to realise 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 SDGs in effect provide a global sustainability roadmap.

- We consider approximately 40% of the 169 targets are relevant for dialogue between investors and corporates.

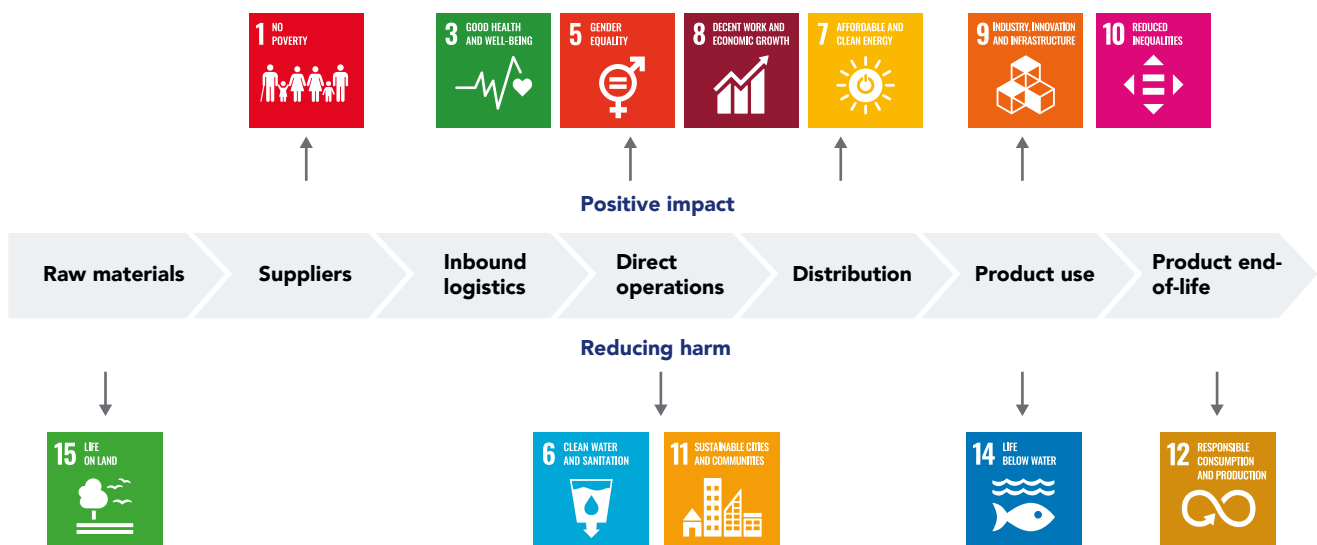
Every company is affected by, or can contribute to, at least some of these goals – often in doing so, benefiting society and their own business prospects.

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 specifically for corporates, they are relevant. Companies are positioned to have a significant 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.



Source: Federated Hermes

In considering a company's potential for generating an improved contribution towards the SDGs, we appraise:

- 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 towards its workforce.
- Its products and services – does the company have the potential to reach underserved markets or, for example, 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 it is they that need to deliver the change and embed the commitment to sustainable practices within the company's culture. Our role is to bring ideas to the table, share connections between companies and other parties, and provide management the necessary support to be bold and ambitious.



Role of engagement








By engaging as constructive and patient investors, we can play a critical role in bringing about positive changes through our investee companies. Our role is to catalyse new ideas, practices and activity and to support companies as they implement new approaches.

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

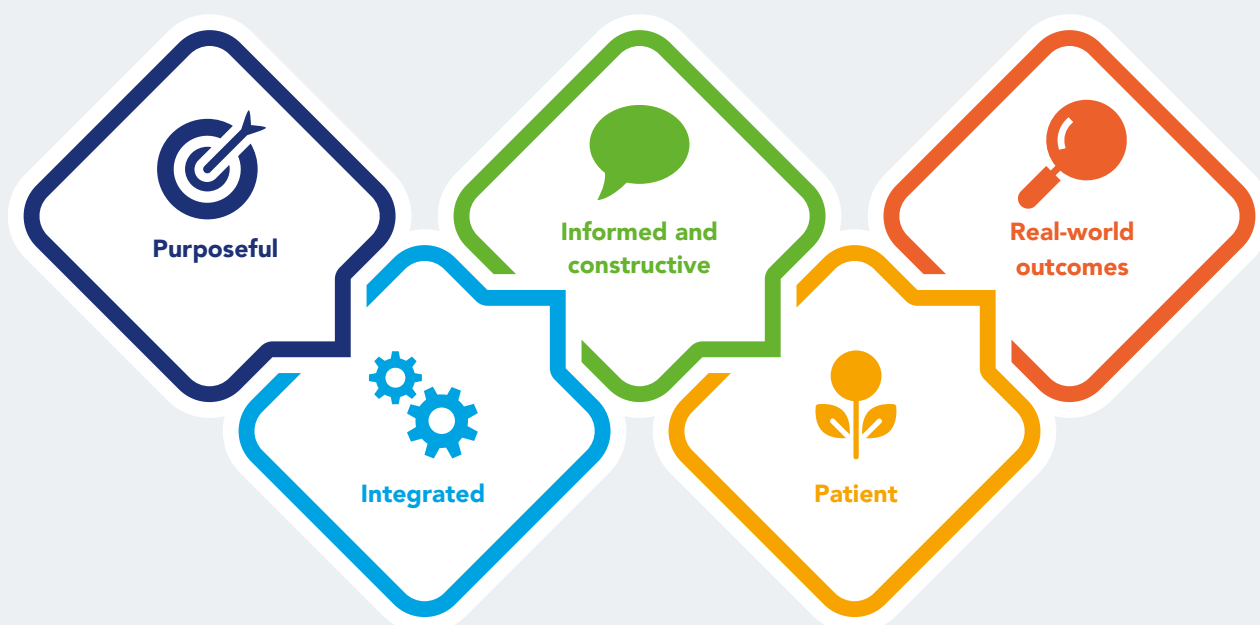
- 1 Impactful engagement needs to be purposeful and fully integrated into the investment process:** informing the decision to buy the stock and allowing active and ongoing portfolio manager involvement.
- 2 Achieving change means engaging as informed and constructive partners.** Dialogue should develop 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. More often than not this is a multi-year process.

Exclusions

We recognise that engagement needs to be feasible and not used to justify holdings in companies and sectors which are in practice unlikely to meaningfully change, as a result of investor engagement and/or irrespective of any change achieved not be able to contribute positively towards the SDGs. For that reason the Strategy operates with a series of formal exclusions as set out below:

-  Companies that generate more than 5% of their revenues from the extraction or exploration of fossil fuels.
-  Companies that generate more than 5% of their revenues from nuclear power.
-  Companies that generate revenue from the production of controversial weapons or that generate more than 5% of their revenues from the production of conventional weapons.
-  Companies that generate revenues from the production of tobacco products or that receive more than 5% of their revenues from tobacco distribution.
-  Companies that generate more than 5% of their revenues from adult entertainment products.
-  Companies that generate more than 2% of their revenues from gambling products.
-  Companies that are in contravention of the principles of the UN Global Compact.⁴

In addition to these formal exclusions, each potential investment is subject to detailed analysis as to the feasibility of engagement with the entity – i.e. the willingness of management to engage with us, not just what to engage on. 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 once the investment has been made.



⁴ The United Nations Global Compact is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labour, the environment, and corruption.

SECTION 3

Investment commentary



Hamish Galpin,
Lead Manager

The performance of equities in 2024 was similar to the 2023 experience, in that the so-called 'Magnificent Seven' stocks created a high headline return figure for the market whereas the performance of the median stock was rather lower.

SMID stocks did better than the main equivalent index on an equally weighted basis in 2024, despite having a greater weighting to cyclical sectors. The benchmark for the Strategy – the MSCI ACWI SMID index, which is a developed and emerging market index (a roughly 90:10 split) – produced a decent price return⁵ for the year of 6.9%, which compares with only 3.1% for the all-cap equivalent (and 5.5% for the developed only all-cap equivalent).⁶

As we have highlighted in the past, the Strategy is structurally overweight parts of the market that are capital intensive, be that physical capital or human capital, as that is where the most engagement work is to be done. It results in it being overweight cyclical parts of the market such as Industrials and Materials and underweight Information Technology and Communication Services, and, to a lesser extent, Financials.

Cyclicals had a strong first quarter in 2024, driven by the prospect of falling rates, but suffered thereafter as expectations shifted to a 'higher for longer' outlook. This persisted through the year despite the rate cuts by the US Federal Reserve in September, and a pro-growth outcome to the US election. Partly as a result of this, the Strategy generated a total return of 2.5%⁷, underperforming the benchmark by 570bps on a gross basis.

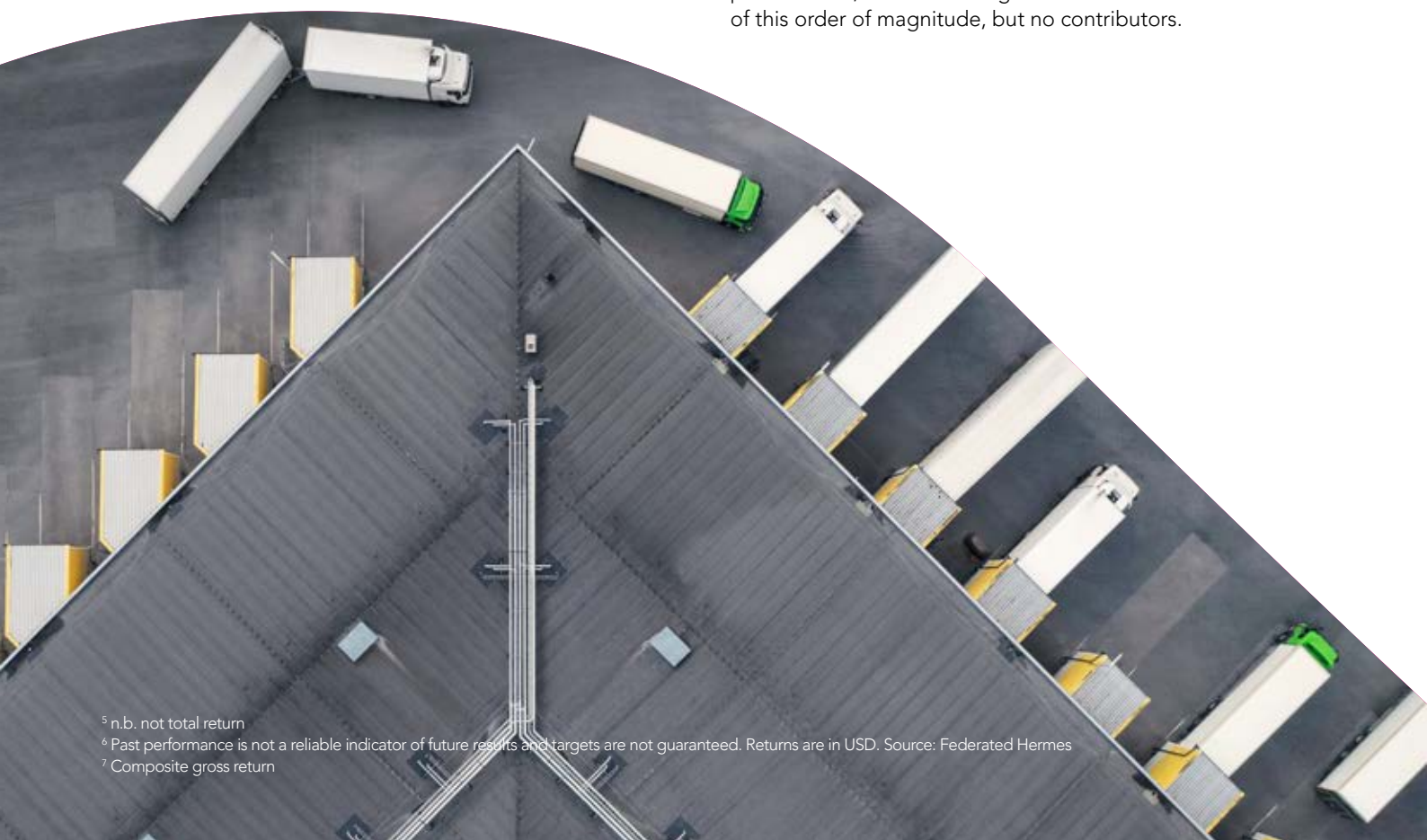
So, 2024 was another great year for growth stocks which did far better, despite high rates, than the other main factors that are typically used to explain market dynamics. Growth stocks did particularly well in two phases which corresponded approximately to the second and fourth quarters. Industrials were relatively weak in the same phases, and the Strategy underperformed in both periods. Performance was, therefore, similar to our experience in the aftermath of initial Covid-19 outbreak in 2020 when the performance of growth stocks was also very strong. Under such circumstances, it can at least be said that it was performing as might be expected.

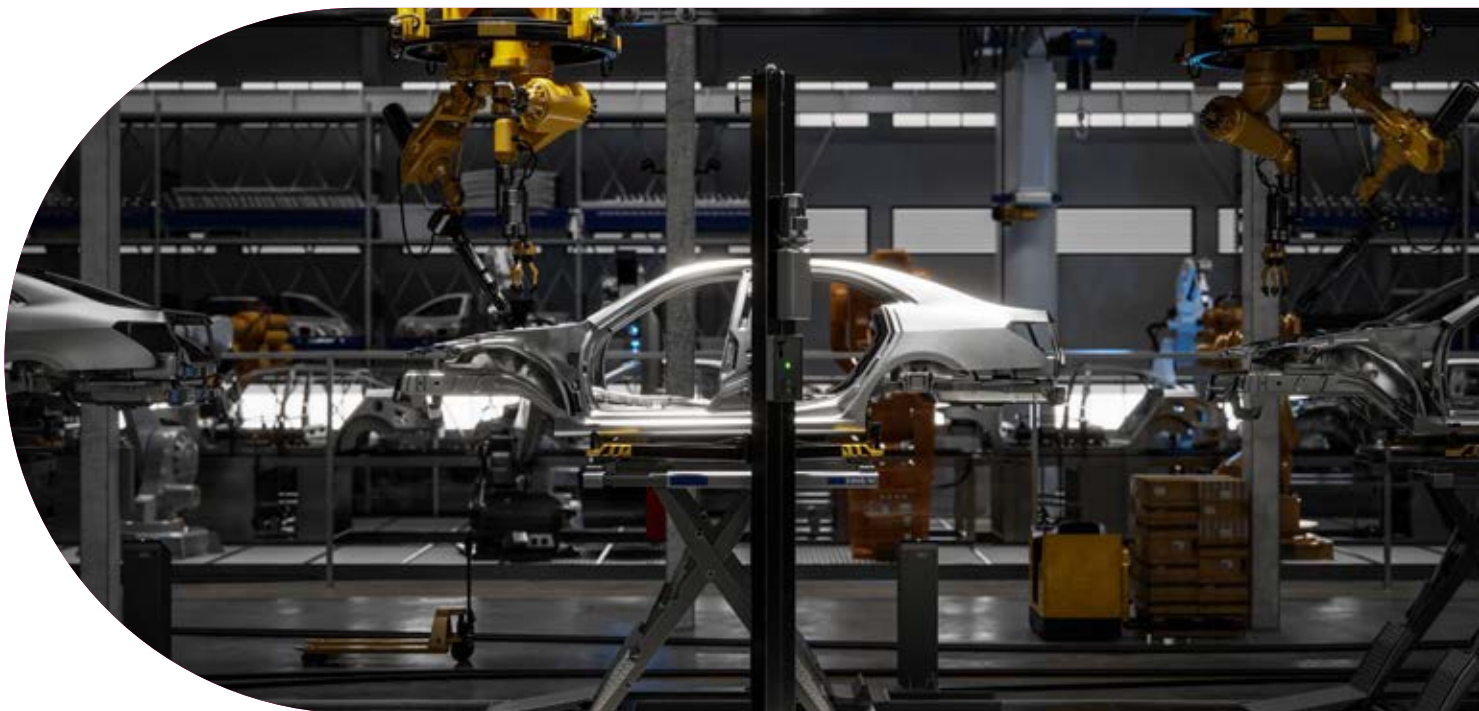
Also contributing to performance was the fact that the top outperformers did not contribute as much as the biggest underperformers detracted; normally there are one or two stocks adding and detracting more than 100bps of relative performance, whereas during 2024 there were two detractors of this order of magnitude, but no contributors.

⁵ n.b. not total return

⁶ Past performance is not a reliable indicator of future results and targets are not guaranteed. Returns are in USD. Source: Federated Hermes

⁷ Composite gross return





Putting performance into context, we had a record year in 2023 when cyclicals did well, and had a poor year relatively in 2024 when the reverse was the case. Looked at over three years, the Strategy was broadly in line with the benchmark in gross terms.

We sold out of five stocks and added five over the year. We bought nVent, an electrical connectors business that also has a liquid cooling capability used in data centre applications; Core and Main which is an acquisitive distributor of water infrastructure equipment (think pipes and storm drainage), and Maximus which administers benefit programmes in the US. Each of these holdings should benefit from current trends in the US. We sold out of Trelleborg and Alliant, both mature holdings; Vistry on governance concerns, and AMN Healthcare due to increased competition (it had been the largest contributor in 2022, but was the largest detractor in 2024).

The Strategy should benefit from falling rates, if they come, and, in particular, from a revival in semiconductors, the tech sub-sector where we do have a number of holdings. We do not believe that falls are, however, necessary, as the impact of higher-for-longer rates is now hopefully priced into stocks (as evidenced by a number of consumer discretionary-related holdings trading on P/E ratios of around 10), in which case the fundamental performance of stocks should gain greater prominence. Higher rates on the other hand would likely spook the market and lead to a flight to quality. In this scenario, the tilt to quality of the Strategy should stand it in good stead.

Altogether, the Strategy should be positioned for recovery and has some built in protection if the economic environment deteriorates. 2025 is also likely to be a year in which we see more M&A activity and the Strategy would hopefully have some holdings that prove to be attractive to acquirers.

Small-and mid-cap stocks as a whole are cheap after a phase where earnings growth has not been as good as that of large caps, and sentiment has been against them in an environment of weak growth and rising rates.

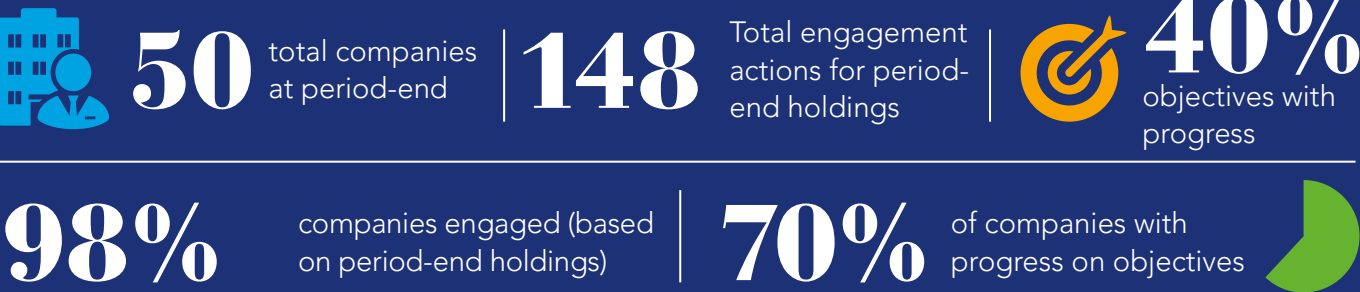
In the long run, however, SMID stocks tend to have superior growth and returns, so we remain happy to be invested in this part of the market where engagement is most effective.

Small-and mid-cap stocks as a whole are cheap after a phase where earnings growth has not been as good as that of large caps, and sentiment has been against them in an environment of weak growth and rising rates.

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.

SECTION 4

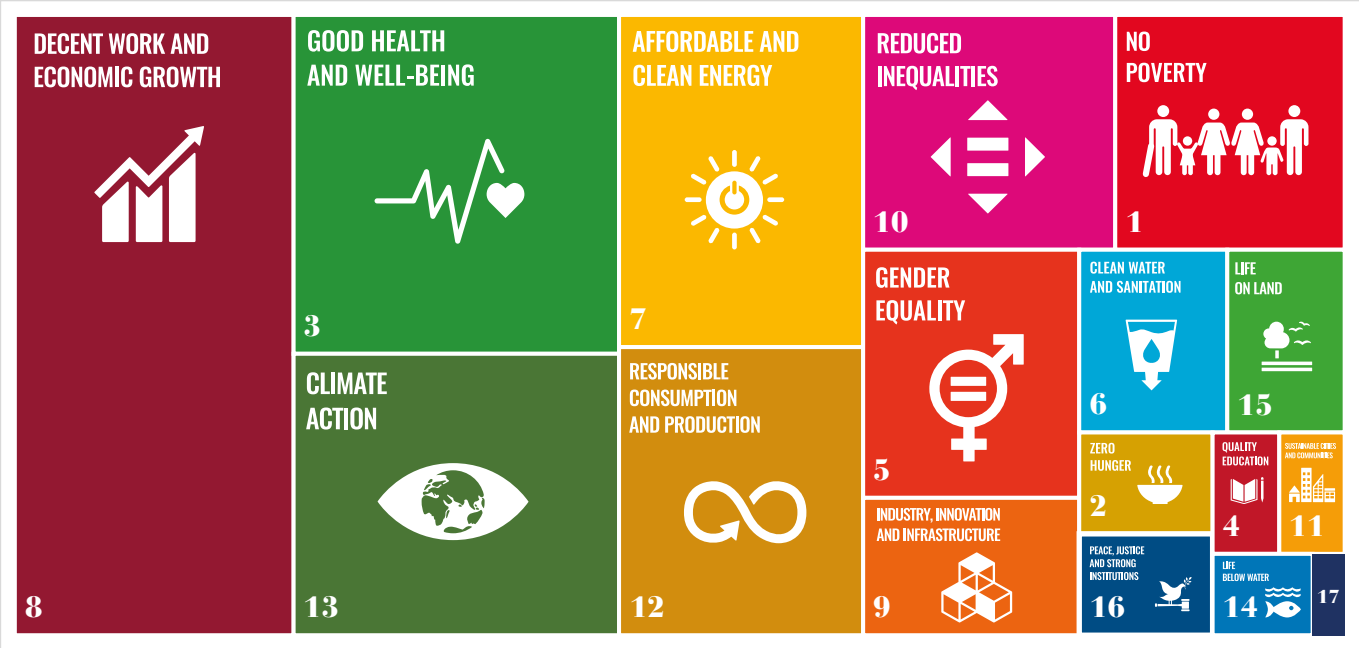
2024 Engagement headlines



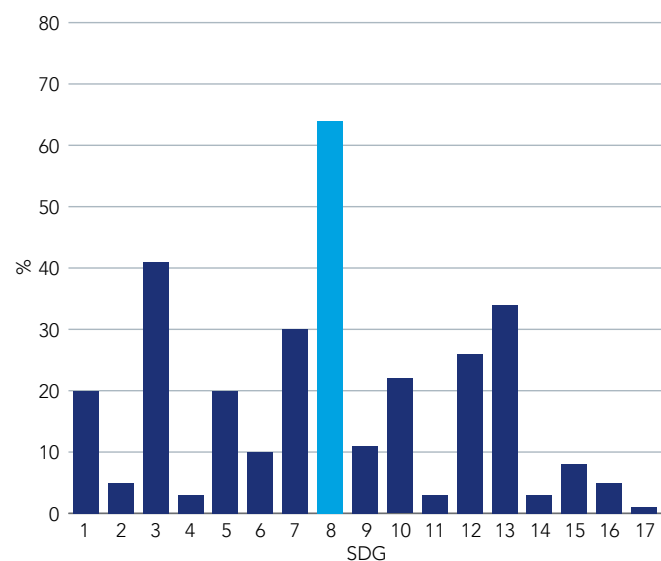
As can be seen from the charts below, our engagement activity during 2024 was heavily skewed towards the ‘S’ and people-orientated SDGs – as it has been consistently for several years.

We continue to believe that those matters associated with whom a company employs – directly and indirectly – as well as how they treat and develop their people exhibit the greatest convergence of interest between what is good for the business and what is good for society. Topics spanning an employer’s responsibility towards their employees’ mental wellbeing as well as those pertaining to their physical and financial wellbeing have found a receptive audience.

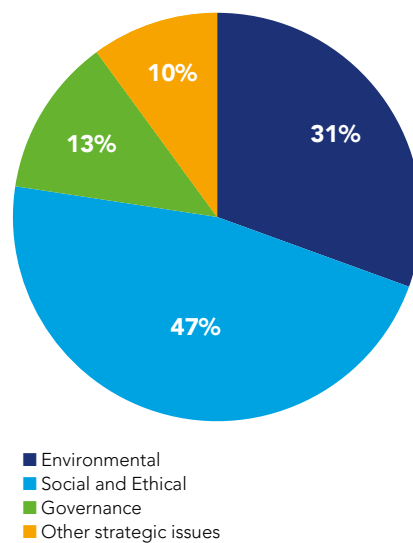
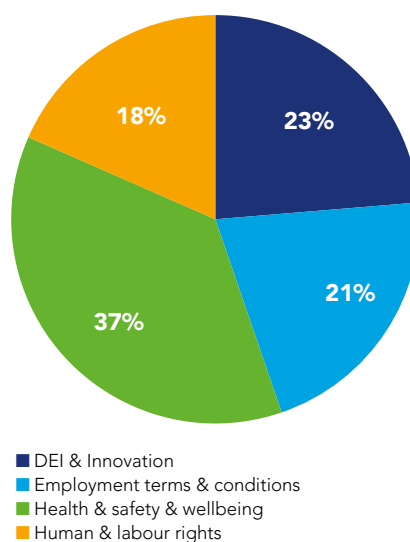
Our focus on ‘S’ is not to suggest, however, that we have limited engagement on other matters. For most companies in the portfolio we will typically be engaging with the business on a range of both Social and Environmental topics. As the below illustrates our engagement objectives during 2024 have been diverse. Climate-orientated engagements remain particularly intense in relation to the more climate-exposed or carbon-intensive holdings in the portfolio.



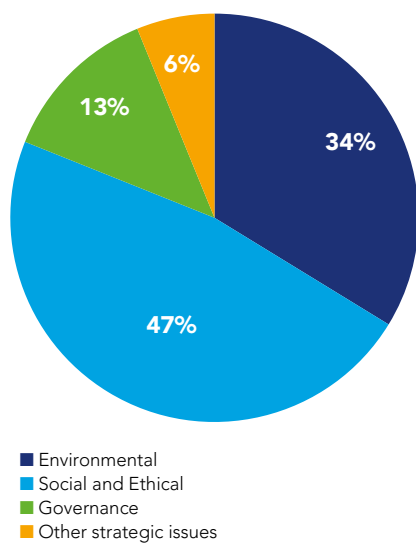
Source: Federated Hermes

Figure 1: Percentage of actions touching each SDG in 2024

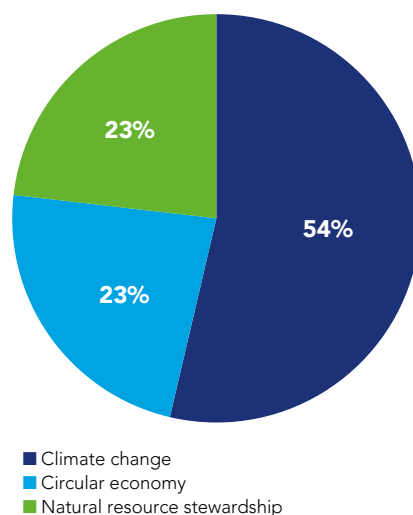
Source: Federated Hermes

Figure 2: Proportion of engagement actions in 2024**Figure 4:** Split of social objectives and issues engaged

Source: Federated Hermes

Figure 3: Proportion of engaged issues and objectives in 2024

Source: Federated Hermes

Figure 5: Split of environmental objectives and issues engaged

Source: Federated Hermes



Voting and corporate governance

54 Total meetings |  **28** votes against management

 **17** meetings voted against management | **672** Total resolutions

31% meetings voted against management | **4%** resolutions voted against management

Source: Federated Hermes as at 31 December 2024

Vistry Group – exit amid corporate governance concerns

The dual-objective of the Strategy requires that we must have both an investment and engagement thesis for each investee company. Where one or other of these no longer stands, we will – in a manner consistent with our fiduciary duty – exit that position. The case of UK housebuilder Vistry illustrates that often these two perspectives are interconnected.

Following Vistry's acquisition of fellow UK housebuilder Countryside at the end of 2022 we began to see increased corporate governance risk at the combined group.

During the first few months of 2023, three independent non-executive directors resigned from Vistry's board. At its May AGM almost half of investors (47%) – including us – voted against the remuneration report.

During 2023 we conveyed concerns about deteriorating governance standards to Vistry's Chair and other board members. We also raised our concerns to the Investor Forum (a UK collective-engagement body).

During 2024, our concerns around corporate governance continued. Early in the year the Chair indicated his intention to retire at the May 2024 AGM with the current CEO stepping into the role of joint CEO-Chair. A further independent non-executive director also stepped down.

We conveyed concerns about these changes through our proxy voting at Vistry's 2024 AGM.

We conducted several engagements with the now CEO-Chair, as well as the new Senior Independent Director appointed during the year. We appreciated the candour of these conversations and acknowledged that positive improvements were being made. Nonetheless, we continued to believe there was a significant governance risk during a period of substantial change for the business and we reduced the size of the holding in the Strategy.

In Q4 2024, the company announced the first of three profit warnings associated with understatement of building costs on some of its projects. Therefore, while we continued to be supportive of the company's strategy we reached the decision to fully exit our position given indications that our concerns around governance risk were indeed manifesting.



Company commentaries

During the year, we published several detailed company commentaries illustrating the progress of, and impacts being realised through, our company engagements.



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

Clean Harbors: improving climate impact while broadening employee hiring and enhancing wellbeing

Our long-running engagement with Clean Harbors, a leading North American hazardous waste management company, has three components:

- developing the energy efficiency of its operations;
- improving human capital management – broadening its recruitment net and improving provision of economic, physical and mental wellbeing;
- Scaling product-related emissions avoidance impact.

We note developments across each of these three components:

- 40% reduction in greenhouse gas (GHG) intensity in the period since 2020 (emissions per unit of revenue, per company filings)
- Named for the fourth successive year as the Top Company for Women in Transportation. Voluntary turnover among their driver population has improved markedly and has driven a 53% improvement in accident rates since FY 2018.
- Multi-year agreement signed with Castrol in 2024 as part of its MoreCircular programme. Clean Harbor's Safety Kleen business will collect and re-refine oil from Castrol customers and in turn Castrol will be responsible for marketing the more sustainable product offering. This new partnership is a positive development in developing the market for the more environmentally friendly product.

We continue to engage across these topics, building on the positive momentum.

DCC: supporting the energy transition

Dublin-headquartered DCC, with the majority of profits derived from its Energy business, has long been the Strategy's primary emitter of GHG emissions (once Scope 3 emissions are included). Indeed, 90% of the company's Scope 3 emissions emanate from either: i) the electricity and fuels sold by its energy division, or, ii) the emissions generated when the fuel products it sells are used by their customers.⁸

For several years, therefore, our principal engagement dialogue with DCC has focused on how it can best pivot its Energy business towards a business model that is enabling of – and aligned with – the energy transition that is accelerating across its commercial customer base.

In 2022, the company announced a new energy transition strategy which was expanded in 2023. DCC aims to double its Energy division's profits while halving its emissions between 2022-2030. To achieve this, the company intends to lead in the sales, marketing and distribution of biofuel products, increase the percentage of renewable liquid gases sold and consolidate the highly fragmented pan-European solar installation market.

- During FY 2024, the proportion of DCC Energy's earnings derived from services and renewables (such as the sale and installation of solar panels and energy efficiency offerings) increased to 35%, compared to 28% in the prior year.
- Installed 150 MWp of solar systems, distributed 1.9 TWh of renewable power in 2024 and has 505 EV chargers available across its network.⁹

We continue to engage with DCC on the energy transition agenda, including the company's role in supporting residential off-grid customers. In addition, we are giving more time to encouraging a group-wide push on supporting its employees' mental wellbeing.



⁸ Company reporting

⁹ Company's 2024 Sustainability report

Samsonite: enhancing product circularity and environmental impact

Since the Strategy's inception we have had several concurrent engagement objectives related to global luggage producer Samsonite. These cover: a) the circularity of its products, b) the manufacturing process of the luggage, and, c) overall corporate governance standards.

Traditional luggage production is inherently resource intensive. Most modern lightweight suitcases are made of polypropylene (PP). On average the recycling rate for PP in the United States is just 21%¹⁰ with the bulk of the remainder going to landfill. The recycling rate of suitcases and luggage will certainly be markedly lower. Lastly, the manufacturing process of luggage is labour intensive, and the majority of production is situated in geographies that are considered higher risk for labour rights abuses.

- In October 2024, Science Based Targets were established, which include a target for a 52% reduction in upstream purchased goods emissions by 2030 (vs. 2022) on an intensity basis.
- Good progress is being made on the incorporation of recycled content into its products. In FY 2023, 34% of products contained recycled materials (up approx. 50% YoY).
- Achieved 100% renewable electricity usage by end of FY 2023 (two years early).

We continue to engage with the company on this agenda as well as exploring options for scaling product end-of-life recycling and raising due diligence with respect to labour and human rights standards for outsourced production workers.

Varun Beverages: improving workers' rights, reducing water intensity, and reducing health-related product impacts

In 2023, Varun Beverages, an Indian beverage company and bottler for PepsiCo in India, sold 21.9 billion bottles¹¹ of soft drinks – 70% of which are carbonated soft drinks (CSDs), in this context our engagement focus with Varun for several years has covered:

- Recycling and the informal economy: within India, the largest generator of PET¹² plastic waste is the beverage sector.¹³ While recycling rates are high by international comparison, recycling usually starts with waste collectors (locally known as 'ragpickers'). We have been encouraging Varun to support improvements in this informal sector, particularly related to workers' rights and safety and the need to ensure these 'workers' are adequately compensated.
- Waste usage: the beverage industry is self-evidently water-intensive and India is among the most water-stressed countries in the world.¹⁴ In 2023, 16% of Varun's production came from seven plants situated in 'critical' or 'over-exploited' zones.¹⁵
- Obesity: Globally one in eight people worldwide were living with obesity in 2022.¹⁶ While the figures for India pale in comparison to countries such as the United States, the trend is nonetheless a worrying one and there is a strong evidential relationship between sugary drink consumption and obesity and Type II diabetes.

In 2023, Varun Beverages, an Indian beverage company and bottler for PepsiCo in India, sold

21.9 billion bottles

¹⁰ Association of Plastic Recyclers, 2024

¹¹ Company reports/Presentation (calendar year 2023)

¹² Polyethylene terephthalate (PET) is the most common thermoplastic polymer resin of the polyester family and is used in fibres for clothing, containers for liquids and foods, and thermoforming for manufacturing, and in combination with glass fibre for engineering resins.

¹³ Break Free From Plastic Brand-Audit 2023

¹⁴ 25 Countries Face Extremely High Water Stress | World Resources Institute

¹⁵ Company reports

¹⁶ Obesity and overweight



Pleasingly the company is making strong progress across these topics. Varun has:

- Committed to achieving 100% recycling of used PET bottles and established a target to incorporate 30% recycled-PET into its packaging by 2025. 86% recycled in 2023.
- Launched a 'Ragpickers Awareness Programme' intended to improve the livelihoods of the ragpickers, providing for healthy working conditions and a fair price for the waste collected.
- Reduced its dependency on water-stressed sites year-on-year.
- Introduced healthier and zero-sugar variants of products. In 2024, 53% of its products were 'low or no-sugar'.

We continue to engage with the company on each of these three topics as well as overall corporate governance practices.

Ansell: enhancing labour rights and reducing product environmental impacts

Australia-headquartered Ansell employs more than 15,000 people across 58 countries. The company's personal protective equipment (PPE) products – primarily protective rubber gloves for use in healthcare and industrial settings – are sold across 100 countries. Our engagement with Ansell has had two principal areas of focus over the last few years. Namely:

- Labour rights and decent work: Ansell's single-use healthcare PPE is primarily produced in Malaysia and Sri Lanka. The manufacturing process is labour intensive and its Malaysian operations are heavily reliant on migrant workers. As a leading player in the industry, Ansell has the ability to level-up labour standards through its own manufacturing operations and through the standards it expects of its outsourced suppliers.

- Carbon footprint: Ansell sells approximately 10 billion latex and rubber gloves every year;¹⁷ a significant proportion are single-use only. The company has the potential to further transition its own operations and value chain through product innovation and expanding recyclability.

We have been pleased with the progress that the company has made across both of these dimensions.

- Ansell has in-sourced more production, moving from 20% to 50% of single-use gloves being produced in-house.
- It is progressing towards a maximum 60-hour working week (in nine out of 14 factories at end of FY 2024) and 11 plants are paying at least a living wage.
- The company has formally committed to the SBTi¹⁸ and has a mid-term target for a 42% emissions reduction by 2030.
- As part of its 2024 Kimberley Clark PPE acquisition, Ansell acquired RightCycle, the world's only well-established single-use PPE recycling programme.

We continue to engage with Ansell on these and other matters, including the scaling of RightCycle and sustaining adherence to and raising of labour rights.

Ansell has in-sourced more production, moving from

20% to 50%

of single-use gloves being produced in-house.

¹⁷ Company reports

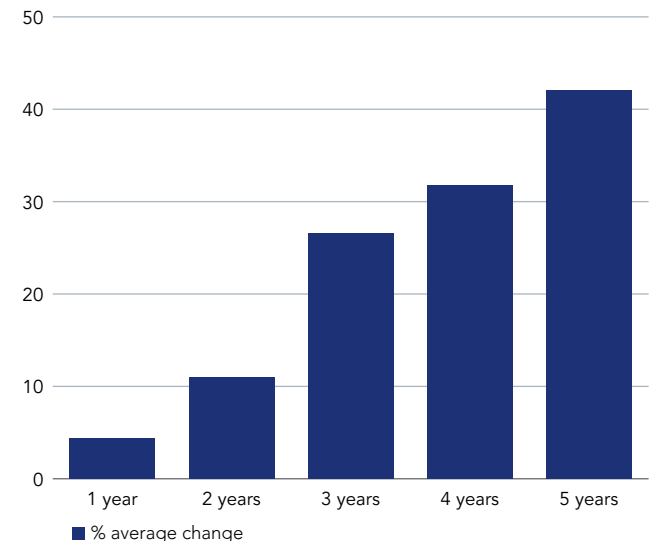
¹⁸ Science Based Targets initiative

Change over time

We recognise that changes sought through engagement take time to materialise. In this chapter of the report, we look at the companies held within the Strategy for a period of at least three years – equating to approximately three quarters of the portfolio as at year-end 2024.

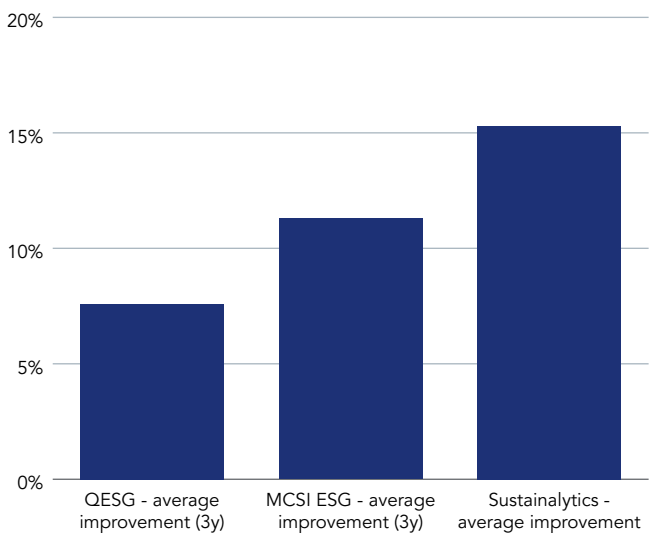
The charts below illustrate the changes seen across a range of metrics for these holdings.

Figure 6: Improvement in ESG disclosures



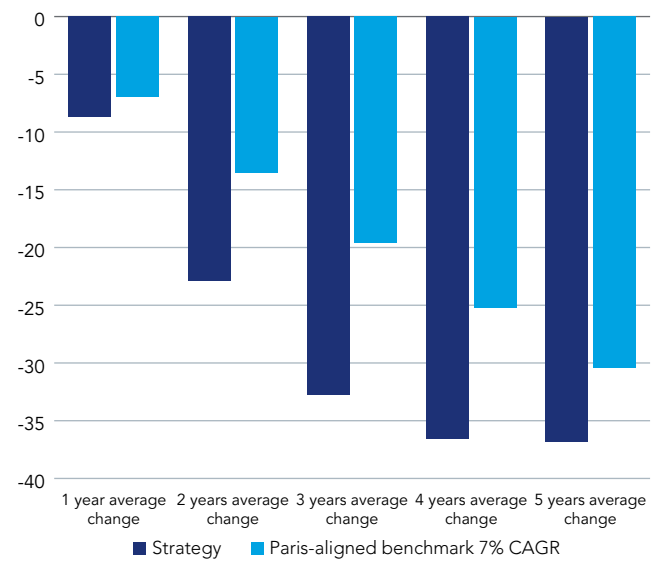
Source: Bloomberg ESG Disclosure Score data December 2024

Figure 7: Average ESG rating improvement (2021 vs. 2024)



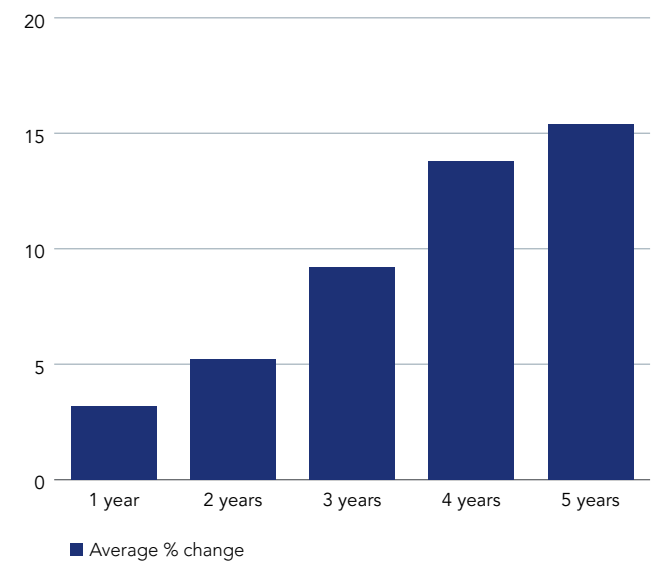
Source: Bloomberg ESG Disclosure Score data December 2024

Figure 8: Average % change in GHG intensity (MT GHG per \$m sales – market based GHG Scope 2 given priority over location based)¹⁹



Source: Company reports/Bloomberg

Figure 9: Average % change in Glassdoor score for holdings held across periods



Source: Glassdoor

¹⁹ Utilising company reported data only (thus analysis only includes company with reported data across the periods, sourced via Bloomberg, 2024)

SECTION 5

Giving due importance to mental wellbeing


**Sustainable development goal:
3 Good Health and Well-being**


Lucy Revill,
Engagement Manager

Many people are affected – directly and indirectly – by the issue of mental health, and this has been particularly apparent over the last few years amid the pandemic and the cost-of-living crisis. Against this backdrop, we engaged with about 60% of the portfolio during 2024 on this topic.

The case for caring

The economic case for caring is a compelling one. There is plenty of evidence to suggest that businesses with a cohesive culture and satisfied employees outperform those that do not, and that company performance and individual wellbeing are inextricably linked.²⁰

This thesis has been borne out by the receptive response we have had from companies to our engagement on the issue.

Many companies asserted that they viewed their employees as their most valuable asset – and yet reporting on mental health can be limited and tricky to validate.

Since engagement, a number of investee companies have expanded their disclosures with one noting: “We recognise that mental health is a critical factor to overall employee wellbeing and have dedicated resources accordingly.”

As another company in our Strategy explained, its approach to recruitment and managing its workforce “may cost more” but they believe it has significant payback “because everyone is pulling in the same direction”. We agree. There are several reasons why employers should proactively invest in their employees’ mental health:

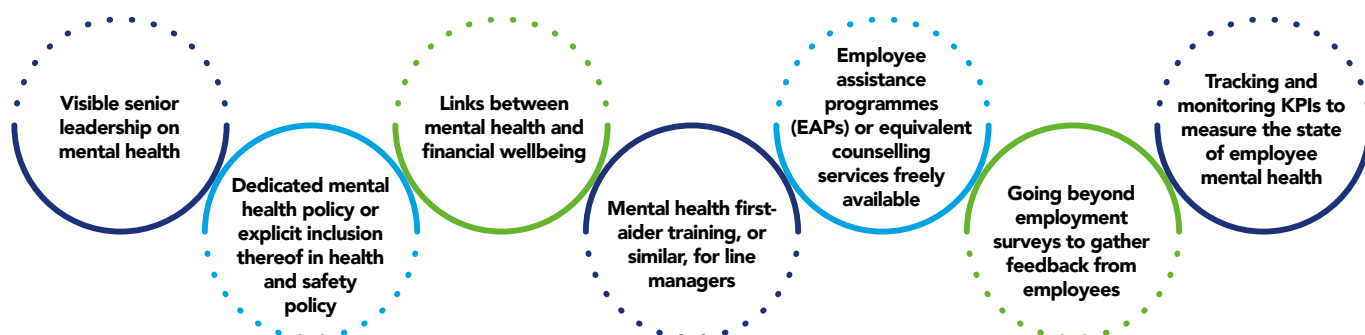
- **Reduced productivity:** An estimated 12 billion productive working days are lost globally every year to depression and anxiety alone, at a cost of nearly US\$1tn.²¹
- **Enhanced retention:** In the UK, employees with poor mental health are almost twice as likely to leave work following the onset of illness than those who report good mental health.²²
- **Better return on investment in human capital:** For every US\$1 invested in scaled-up treatment for depression and anxiety, there is a US\$5 return in better health and productivity.²³

Benchmarking success: seven metrics to watch

At the beginning of 2024, having reviewed the literature and related initiatives, we assembled seven wellbeing indicators and developed our own benchmark against which we assessed portfolio companies. We awarded points based on a company’s ability to demonstrate meaningful work-related mental health initiatives.

An estimated

12 billion productive working days
are lost globally every year to
depression and anxiety alone



²⁰ Bellet et al, Centre for Economic Performance, Does Employee Happiness Have an Impact on Productivity, 2020; Edmans, A, The link between job satisfaction and firm value, 2012

²¹ [The Lancet Global H Mental health matters](#), also cited [here](#) in a journal article about burnout in Singapore

²² Lancaster University, Work Foundation, December 2024, Stemming the tide: Healthier jobs to tackle economic inactivity

²³ Deloitte, 2024, Mental health ad employers report

We awarded a point for every indicator fulfilled and a half point if the indicator was partially fulfilled. While the maximum score a company could achieve was seven, the best score achieved was six points, with the lowest scoring 0.5.

Having appraised each company and established a baseline score, we wrote to investee company CEOs to lay out the case for supporting employee wellbeing and outlined those practices which we considered to be important. We received an 80% response rate and engaged to find out more. Over the year, we monitored and adjusted company scores based on improved disclosures, adding insights gleaned from interactions factoring in new initiatives.

Subsequent to our engagement, the average portfolio company's mental health score improved one full point.²⁴ In addition, the number of high-performing companies grew significantly while the number of low-scoring companies halved.

What have we learned

We were impressed by the number of companies which responded positively and with whom we subsequently engaged directly with the CEO on this agenda. At many companies, we met with Chief Human Resources Officers (CHRO) – a channel of engagement we have increasingly found of value in recent years. The willingness to engage on topics that are difficult to measure was welcome and in most cases informed our view on corporate culture more broadly.

Visible leadership was the indicator that saw the greatest uplift in scoring over the year. During the Covid-19 pandemic many companies introduced initiatives to support employees' mental health. A few years on, reported mental health issues remain prevalent. In 2021 and 2022 almost a quarter of adults in the US reportedly experienced symptoms of mental illness – equivalent to nearly 60 million Americans and more than 5% of US adults reported seriously contemplating suicide.²⁵ During our engagements, we encouraged company management to prioritise this issue.

A mental health policy underpins a sustained commitment.

The need to adopt a more explicit mental health policy – giving equivalency to mental health and physical health – was well received by many senior managers, even if adoption has been understandably slower. Fundamentally, companies need to 'walk the talk' and this requires an overarching strategy with adequate and sustained investment in mental health resources. Many companies have some way to go to embed caring cultures and gather sufficient data to support evidence-led initiatives.

- DCC – UK and Irish fuel distributor: Moved from a score of 2 to a score of 3 (out of 7). We were pleased that the company acknowledged mental health is an area where it can and should do more. At present, there are pockets of good practice across the firm, but no overarching policy.

Access to Employee Assistance Programmes (EAPs) is the minimum requirement. For many, cost remains a significant barrier to accessing mental health care.²⁶ With approximately three quarters of companies providing an EAP benefit – typically offering free short-term counselling and advice, the provision of such benefits should be considered the bare minimum.

We also need to look at the surrounding corporate culture and the extent to which companies encourage employees to use these services when the need arrives.

- PTC – US industrial software company: Moved from a score of 1.5 to 5.5. The new CEO has taken a keen interest in learning about the overall employee experience. While the company does not currently possess an overarching mental health strategy, it was receptive to such ideas, and is open to formalising line manager training. Its subsequent 2024 impact report devoted significant space to highlighting the mental health resources PTC makes available to its employees.



²⁴ Average mean score - 2023 score 1.79, 2024 score 3.05. Of the 29 companies included in the engagement, the average improvement was approx. 1.25 points. Also note, we expect no company to score full points unless they are exceptional.

²⁵ The State of Mental Health in America, 2024, Mental Health America

²⁶ The State of Mental Health in America: <https://mhanational.org/issues/state-mental-health-america>



During our investigation into mental health and the workplace, we noted how popular approaches – such as the providing wellbeing apps, hosting internal webinars and celebrating World Mental Health Day – contrast with a 2024 study,²⁷ which suggested such initiatives have little or no long-term impact on employee wellbeing (however, this study does not include EAPs).

All too often, the issue of mental health is ‘individualised’ – ignoring the role that work (and the workplace) can play in incubating stress, burnout and anxiety.

Within our portfolio companies, mental health first-aid training increased by approximately 60% during the year. This development was encouraging to see, although, in practice, many companies are providing such training on a sporadic basis without a strategy or sustained commitment to underpin it.

The involvement of line managers – who manage people – is crucial to ensure that companies maintain a culture of prioritising employee wellbeing. It is vital that line managers are able to identify issues and respond in a sensitive and supportive manner.

- Equifax – US credit ratings bureau: Moved from a 2.5 score to a score of 4. The provision of EAP services has been supplemented by additional support services (with digital tools enhancing accessibility). During 2024, Equifax piloted mental health training for line managers, and it intends to roll out this training across the firm in 2025.
- Burckhardt Compression – industrial compressor manufacturer: Moved from a score of 1 to a score of 2.5: We had constructive conversations with both the CEO and CHRO on this issue. The company is reviewing its wellbeing programme and we encouraged it to formalise a wellbeing strategy; provide access to EAPs for all employees; and introduce line manager training. We look forward to seeing progress in these areas during 2025.

2025

We will continue with various dialogues – both positive and difficult – during 2025, while also evolving our expectations (to accommodate the differing perceptions of mental health across various geographies).

More pertinently, we will seek to ensure that companies appreciate the business risks that worker mental health represents. We believe the issue should be given equivalent importance to the physical safety of employees.

Our goal is to increase the number of companies delivering line manager training on mental health during 2025, and for those firms already delivering such training, to encourage them to monitor and measure the outcomes of their wellbeing initiatives.

Critically, we want to see companies commit to creating and sustaining corporate cultures that enable their employees to thrive – which is in the interests of their shareholders and wider society.

Our goal is to increase the number of companies delivering line manager training on mental health during 2025, and for those firms already delivering such training, to encourage them to monitor and measure the outcomes of their wellbeing initiatives.

²⁷ Fleming, W. Employee well-being outcomes from individual-level mental health interventions. *Industrial Relations Journal*, 2024

SECTION 6

Climate transition

2024 was the first calendar year that the average global temperature exceeded 1.5°C above its pre-industrial level – surpassing the 2015 Paris Accord target – and fuelling fears that climate change is accelerating faster than expected.²⁸

While greenhouse gas (GHG) emissions and economic activity normally rise in tandem, there are indications that this link may be fragmenting.

Our approach – higher emissions today for lower emissions tomorrow

By selecting companies that are higher emitters today, but which can improve, we seek to not only achieve emission reductions in the Strategy over time, but also to facilitate change in the real world.

While we observed progress on energy transition across the Strategy, the increase in extreme weather events and the rise in global temperatures only serve to demonstrate the further need for action. Purposeful engagement is an important mechanism for investors to utilise in this endeavour. However, there are two caveats:

a) Change worth seeking is worth waiting for; it typically requires capital expenditure, and results will not be immediate. Patience and support from investors towards corporates is needed and success requires a combination of pragmatism, patience and perseverance.

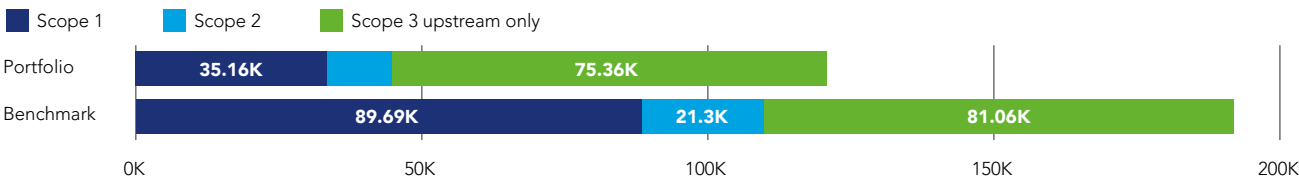
b) Actual emission reductions matter far more than policies and targets. Targets can frame a climate transition strategy and enable accountability, however, we believe it is important to avoid focusing disproportionately on form over substance.

As an engagement Strategy with a mandate to identify companies with the potential to make a greater positive contribution towards the SDGs, we continue to seek out investment opportunities in carbon-intensive industries.

We look for companies that have an ongoing role in a low-carbon economy, but which could benefit from engagement – to embolden and accelerate their green transition and enhance their efforts to communicate their strategy and the execution thereof to the market.

We believe that – with our engagement (which we adjust in different jurisdictions to take account of local law and regulations)– emissions reductions can be expedited, while the resilience and sustained future success of the companies, can be enhanced.

In 2025, we will continue to engage with our more carbon intensive holdings (in line with local law and regulation), encouraging capital allocation to mitigate business risks and capitalise on commercial opportunities.



Total carbon emissions (tonnes CO₂e)



Carbon intensity (tonnes CO₂e / million revenue in USD)



Carbon footprint (tonnes CO₂e / million invested in portfolio currency)



²⁸ Europe's Copernicus observation agency

Burckhardt Compression

According to its latest report, 33% of Burckhardt Compression's systems sales were for 'new energy' or 'transitional energy' projects.

Demand for such products remains strong and suggests Burckhardt's 2027 target for 40% energy transition-supportive projects remains feasible.

Beyond new systems, the Switzerland-headquartered company is also aiming to extend the lifetime and efficiency of existing compressor assets. Its BC Activate programme – launched in 2023 – supports its goal of doubling revamp and repair service sales. With 99% of compressors' GHG emissions occurring in their use-phase, the programme should help the company's customers achieve their own sustainability targets and reduce carbon emissions.

While Burckhardt's industrial compressors support the clean energy transition, it is also focused on decarbonising its own operations. The business is targeting a 50% reduction in GHG intensity by 2027 and is aiming to achieve net zero by 2035. Over the past two years alone, more than 30% emissions intensity reduction has been realised.



Top three contributors to Strategy's carbon footprint

The top three contributors to the Strategy's carbon footprint constitute approximately 60% of its overall carbon footprint (on a Scope 1 + 2 basis).²⁹

These companies are:

1. Eagle Materials – US cement and wallboard manufacturer

- The company is targeting net zero by 2050 and a 20% intensity reduction by 2030 vs. 2011.
- In May 2024, Eagle Materials announced US\$430m of capital expenditure to modernise its cement plant in Laramie, Wyoming. It will increase the plant's capacity by 50%, lower manufacturing costs by 25% and reduce the carbon intensity of production by 20%.
- The company has an exclusive agreement with Terra CO2 – a producer of scalable low-carbon supplementary cementitious material.
- In collaboration with Chart Industries (another holding in the Strategy) Eagle Materials is piloting carbon capture and storage (CCS) technology at its facility in Sugar Creek, Missouri – a facility we visited during 2024.

In May 2024, Eagle Materials announced

US\$430m

of capital expenditure to modernise its cement plant in Laramie, Wyoming.

2. Breedon Group – UK building materials producer

- Breedon is committed to net zero by 2050 and has set a target to reduce absolute gross Scope 1, 2 and Scope 3 GHG emissions from purchased clinker and cement by 23.3% by 2030 (from 2022 as base year).
- The company is also committed to reducing gross Scope 1 GHG emissions from cementitious product production by 18.6% per tonne within the same timeframe.
- Breedon has made good progress on the use of alternative fuels in its cement kilns, achieving a combined rate of approx. 50% fossil fuel replacement across its two plants in FY 2023.
- The company's cement plant in Hope, Derbyshire – the oldest in England – uses approx. 35% alternative fuels. Meanwhile, its plant in Kinnegad, County Westmeath uses more than 80% and at times exceeds 90%.

3. Viscofan Group – Spanish sausage casings producer

- Viscofan achieved its 2030 emissions intensity target early (we had previously contended it was too modest). The company is working on establishing new targets – based on the SBTi – to achieve climate neutrality by 2050.
- The company is in the process of diversifying away from gas for its own energy needs; it is building electric boilers to complement an existing biomass generator.
- As part of its plan, Viscofan has installed energy equipment with green hydrogen capability – it has also performed tests with this renewable fuel source to validate the feasibility of usage while producing casings.
- Viscofan has increased the percentage of renewable electricity consumed to 58% in FY 2023.

²⁹ Investment team analysis of Bloomberg data (Scope 1 + 2 emissions)








SECTION 7

Impact metrics

In collaboration with Net Purpose, a leading London-based impact measurement company, we present the below impact data on an aggregated portfolio basis. These figures are our estimates of the total impact delivered by companies in which we were invested at year-end 2024.

More saliently, we also present the change in the aggregated calculated impact for those holdings that we have held for three or more years through to December 2024. The impact calculations³⁰ draw on data from company, sector and industry reports combined with analysis of academic research and other credible sources.



	Metric	Total aggregated impact	Three-year change (%)
 Climate change	Total GHG emissions emitted (MT Scopes 1 + 2)	7,906,204	-2.2%
	CO ₂ e avoided (MT)	10,963,384	-1.3%
	% of energy or electricity consumed, renewable	24.78%	51.5%
 Water	Total water consumed or withdrawn (m3)	152,793,591	-3.3%
	Water saved (m3)	393,841,443	258%
 Waste	Operational waste recycled or re-used (MT)	2,294,978	325%
	Conventional material production avoided (MT)	993,087	-3.6%
 Decent work	Employee turnover	16.5%	-8%
 Gender equality	% female board representation	35.1%	19.4%
	% female senior manager representation	29.0%	21.2%
	% female employees	34.9%	-5.2%
 Financial inclusion	Customers, previously excluded	9,200,025	15.8%
 Health & wellbeing	Number of patients treated	105,011,446	14.2%
	Number of lives extended	380,491	7.1%

Latest available data as at year-end 2024

CO₂ avoided equivalent to **2.56m** cars driven for one year*

*<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

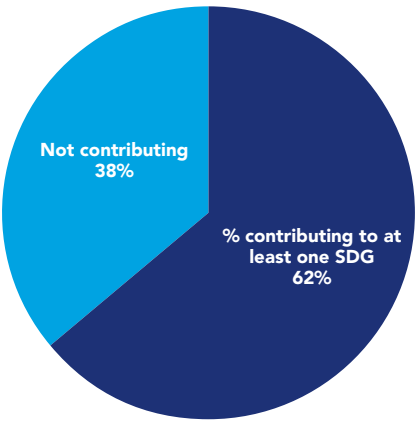
³⁰ Source: Net Purpose

SECTION 8

SDG alignment

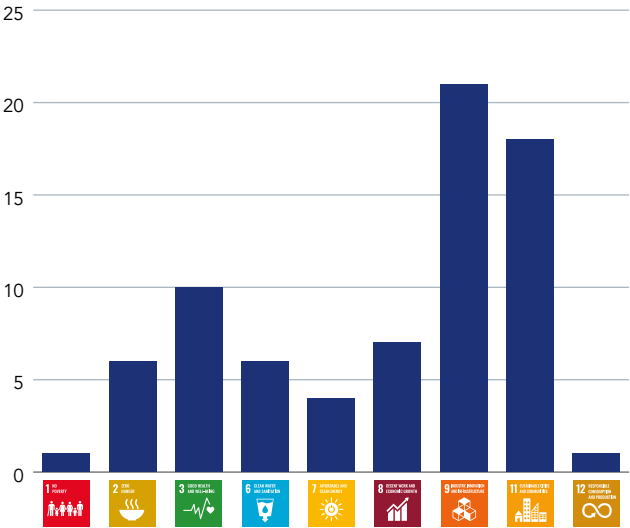
Below is the balance of the portfolio contributing to the SDGs based on products and services outcomes only.³¹

Figure 10: SDG contribution based on products and services outcomes only



Source: Net Purpose







































Figure 11: Alignment with individual goals





































































Source: Net Purpose

³¹ Source: Net Purpose

SECTION 9
Transformation chain

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
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: 14,055 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 the 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.	 29		  	 	<ul style="list-style-type: none">The company has established a target for >70% of positively SDG contributing revenues by 2026 – it has achieved 70% as of 2024.Committed to be net zero carbon by 2050, or earlier. Had established a target for a 30% reduction in greenhouse gas (GHG) intensity by 2026 (vs. 2018) – exceeded as of 2024. New target for a 50% intensity reduction by 2030 (also vs. 2018).Company has achieved a 47% improvement in employee accident rates during the period FY 2017 to FY 2023. A living wage assessment was undertaken and partnerships established with Dutch employee insurance agency and others to provide employment opportunities to disadvantaged people. Positively, the new CEO hired a 'people and culture officer' in 2024.	
ANSELL	 Leading global provider of personal protective equipment, in particular rubber gloves to healthcare and industrial settings. Employees: 15,951 Sales (US\$m): 1,619	 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. Additionally, through innovation, its products can help create safer workplace environments in addition to having a reduced environmental impact.	 25		 	 	<ul style="list-style-type: none">Adopting a more proactive approach to higher-risk suppliers (including use of forced labour assessments). Shifting to fewer more strategic relationships with suppliers.Progressing towards a maximum 60-hour working week – nine out of 14 factories adhering to this requirement at end of FY 2024 – and cascading expectation to suppliers. Eleven of 14 plants paying at least a living wage.Committed 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. Commitment to 50% of energy use from renewable sources.By 2026, 80% of products are to be designed with reduced environmental impact – 60% as at end of FY 2024. As part of its 2024 Kimberley Clark PPE acquisition the company has acquired RightCycle, the world's only well-established single-use PPE recycling program.	
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 the 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. Within pharmaceuticals the company is well positioned to enable the reduced environmental impact of inhaler drug delivery devices.	 25		  	 	<ul style="list-style-type: none">Established science-based targets for emissions reductions – targeting an 82% reduction in operational emissions by 2030 and a 14% reduction in Scope 3 emissions. >80% emissions reduction FY17-23Committed to 100% recyclable, reusable or compostable products in its non-pharma business by 2025. Moved from 35% in 2019 to 69% at end of FY23.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 FY 2023.Accident rates down 82% during period 2017-2023Living wage assessment undertaken in 2022 with Fair Wage Network and repeated in 2023.New propellants for multi-dose inhalers will reduce carbon footprint of device by 90-99%	
ASSURANT	 Assurant is a leading global provider of comprehensive risk management solutions for the auto, banking, telecommunications and retail sectors. Employees: 13,600 Sales (US\$m): 11,132	 There is an opportunity to improve the livelihoods of its large hourly workforce through a commitment to living wages, in so doing realising an improvement in economic and mental wellbeing of the workforce. In addition Assurant refurbish more than 1.8 million mobile phones per annum and have an opportunity to expand this e-waste avoidance impact still further.	 5		 	 	<ul style="list-style-type: none">Employee turnover reduced in FY 2023 to 15% – down 6 percentage points YoY. Among hourly workers it reduced 8 percentage points to 19%. Additionally, employee net promoter score similarly improved 7 points YoY.Introduced several enhancements to benefits programme starting in 2024, such as increased health savings account employer funding, expanded plan offerings, and more affordable virtual care and mental health access. Focus on emotional and financial well-being pillars in FY 2024 – CEO has shown visible leadership on mental health by speaking about topic to workforce.Targeting a 40% emissions reduction across Scopes 1 and 2 by 2030 vs. 2021 – 17% reduction in carbon intensity YoY.4,200 MT of E-waste landfill avoidance and 1.16m MT of CO2 via mobile device repurposing in FY 2023	












































































Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
AZELIS GROUP	<div>Azelis Group wholesales and distributes chemicals. Employees: 4,206 Sales (US\$m): 4,491</div>	<div>As a relatively fast-growing speciality chemicals distributor, the company is well positioned, through its relationship with suppliers and customers, to enable the growth of more sustainable solutions bringing healthier and more environmentally friendly products to the market.</div>	<div>2</div>	<div></div>	<div></div>	<div></div>	<div></div> <ul style="list-style-type: none">• We initiated our engagement with Azelis in December 2024	<div></div>
BREEDON GROUP	<div>UK & Ireland manufacturer of construction materials. Offers asphalt, ready-mixed concrete, surfacing and contracting, cement, and concrete products. Employees: 3,900 Sales (US\$m): 1,850</div>	<div>Cement manufacturing is inherently carbon intensive, however, there are opportunities to improve the environmental efficiency of production including through the usage of alternative fuels, reducing clinker content and collaboration around carbon capture and storage development.</div>	<div>14</div>	<div></div>	<div></div>	<div></div>	<div></div> <ul style="list-style-type: none">• Science-based Target established – committed to net zero by 2050 and targeting to reduce absolute gross Scope 1, 2 and Scope 3 GHG emissions from purchased clinker and cement 23.3% by 2030 from a 2022 base year.• Realised a 35% reduction in emissions (per revenue) between 2020 and 2023.• 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 its Irish plant is at over 80%• Are a key partner of the Peak Cluster initiative – an innovative collaboration to capture, transport and permanently store CO2 emissions from the regional cement and lime industry. This is expected to remove more than 3 million tonnes of CO2 each year by 2030, a move that will reduce UK emissions from these industries by 40%.	<div></div>
BRUNSWICK CORP	<div>Leading manufacturer of marine engines, boats and parts and accessories. Employees: 17,300 Sales (US\$m): 6,401</div>	<div>As the undisputed global leader, it has the opportunity to continue to raise standards across the recreational boating industry, including through electrification. In addition, given end-of-life challenges with fiberglass vessels there is the opportunity to take a leadership role in identifying a viable and scalable end-of-life solution to improve material resource efficiency.</div>	<div>25</div>	<div></div>	<div></div>	<div></div>	<div></div> <ul style="list-style-type: none">• Having committed in 2021 to Scope 2 net zero by 2035, in 2023, the company set out a target of 30% Scope 1 and 2 emissions reduction by 2025. The company has realised a 26% improvement in its operational carbon intensity over the period FY 2018-2023.• Five electric engines launched since 2023• In early 2022, it 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 45% over period FY 2018-2023	<div></div>
BURKCHARDT COMPRESSION	<div>Manufacturer of reciprocating processors for chemical, industries and transportation markets. Employees: 3,243 Sales (US\$m): 1,109</div>	<div>The company can support and enable an acceleration of cleaner energy adoption, including of 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.</div>	<div>15</div>	<div></div>	<div></div>	<div></div>	<div></div> <ul style="list-style-type: none">• In FY 2023, 33% of systems sales were for 'new energy' or 'transitional' energy projects – continue to demonstrates the feasibility of its 2027 target for 40% energy transition supportive projects.• Targeting a 50% reduction in GHG intensity by 2027 vs. 2021 and net zero by 2035. FY 2024 down 20% on 2022 and 2023 but still above 2020.• Targeting doubling its revamp and repair services activity by 2027 vs 2021. In 2023, BC Activate launched – a tailored programme to enhance sustainability and reliability in all compressor systems, including other brand compressors.• Renewed focus on employee well-being and mental health into 2025 based on engagement with CEO and CHRO	<div></div>
CHART INDUSTRIES	<div>Global manufacturer of equipment used in the production, storage and end-use of industrial gases. Employees: 11,637 Sales (US\$m): 3,353</div>	<div>An integrated approach to providing green hydrogen and water could assist public health, as well as governmental climate transition objectives in many regions of the world. 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 while supporting employee wellbeing.</div>	<div>6</div>	<div></div>	<div></div>	<div></div>	<div></div> <ul style="list-style-type: none">• Committed to reducing greenhouse gas (GHG) intensity by 50% before 2030 and achieving carbon neutrality by 2050 – achieved the former seven years ahead of target.• 21% reduction in emissions intensity FY 2023 vs. 2022• 2023 safety performance the best in the company's history• Targeting 40% female representation on executive management team by 2030 (38% at end of 2023) and 35% representation of women in senior roles	<div></div>
































Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
CLEAN HARBORS	<p>North America's leading provider of environmental and industrial services. Through its Safety-Kleen subsidiary, Clean Harbors also is North America's largest re-refiner and recycler of used oil.</p> <p>Employees: 21,549 Sales (US\$m): 5,409</p>	<p>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, 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 for which Clean Harbors is well placed to provide for, in so doing reducing virgin oil demand.</p>	22				<ul style="list-style-type: none">Has invested significantly in its workforce and restructured hiring and onboarding function resulting in turnover reductionEmployee accident rate down 53% 2017-232021 goal was to increase annual investment in training to US\$5m by 2030. This goal was surpassed in FY 2022Targeting 10% alternative fuels in fleet by 2030. The company achieved a near 40% reduction in operational GHG intensity over period 2020-23Proven that kilns can destroy as much as 99.9999% of hazardous constituents such as PFAS.Multi-year agreement signed with Castrol in Q1 2024 in relation to MoreCircular program.	
COOPER COMPANIES	<p>Leading provider of speciality healthcare products including contact lenses for the vision market and diagnostic products, surgical instruments and accessories for gynaecologists and obstetricians</p> <p>Employees: 16,000 Sales (US\$m): 3,895</p>	<p>As a leading global contact lens producer, there is a need and opportunity to develop alternative packaging solutions to reduce waste generation impact while supporting access to lenses, spectacles and in particular myopia management for more disadvantaged populations.</p>	26				<ul style="list-style-type: none">Partnered with Plastic Bank to launch first net plastic neutral contact lens in 2021. now prevented more than 100 million plastic bottles entering oceansIn March 2024, Cooper launched an initiative that bridges myopia management access disparities among under-resourced children in the US. Generation Sight is a collaboration with three optometry schools – the Illinois College of Optometry, the New England College of Optometry and the Massachusetts College of Pharmacy and Health Sciences.GHG emissions down 23% FY 2019-2023. Still in the process of collecting and understanding Scope 3 emissions and exploring emissions reduction goals.	
CORE & MAIN	<p>Core & Main is a distributor of water, wastewater, storm drainage and fire protection products, and related services.</p> <p>Employees: 37,074 Sales (US\$m): 6,702</p>	<p>While supporting the advancement of reliable and more sustainable infrastructure, the company is enabling the provision of clean water and greater climate resilience as well as facilitating water conservation. As the company continues to grow, primarily via acquisitions, there is the potential to ensure that pay, benefits and conditions enable physical, mental and financial wellbeing for its thousands of workers.</p>	1				<ul style="list-style-type: none">We initiated our engagement with Core & Main in December 2024	
CREDICORP	<p>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</p> <p>Employees: 37,074 Sales (US\$m): 6,860</p>	<p>Given disproportionately high rates of unbanked people within Peru, Credicorp – as the largest bank in the country – is well placed to increase access to finance and financial inclusion, in turn supporting economic development and reducing inequalities.</p>	32				<ul style="list-style-type: none">Developed digital wallet 'Yape' as way to reach the c.48% of unbanked Peruvians which now has 10.5 users, including improved female uptake. Credicorp have now included approx. 4.1 million people in the financial system primarily through Yape.During 2023, Mibanco – its microfinance arm – banked more than 63,000 people and entrepreneurs through microloans – 56% of which were made to women.Progress also made with democratising access to insurance – more than 2.3 million Peruvians gained access through low-cost insurance.Company committed to carbon neutrality by 2032. In 2023 carried out our first emissions measurement using the Partnerships for Carbon Accounting Financials (PCAF) methodology.	

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
DCC	<div>International sales, marketing and support services group operating across three divisions: energy, healthcare and technology.</div> <div>Employees: 16,600 Sales (US\$m): 24,962</div>	<div>As a large distributor of fuel, the group is well positioned to support industry, retail off-grid consumers and fleet operators to switch towards cleaner fuels and in time to clean fuels, thereby reducing aggregate carbon and particulate emissions.</div>	16	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div>Reached 2025 Scope 1 and Scope 2 emissions reduction target, so have new 50% reduction target by 2030 which covers Scope 3 emissions. Also committed to net zero across Scopes 1,2 and 3 by 2050. Have realised a 50% reduction in operational emissions intensity FY 2018-2024</div> <div>New energy transition strategy outlined in May 2022 and expanded upon in 2023. The company has subsequently significantly expanded offerings of renewable energy solutions. During FY 2024 the proportion of DCC Energy's earnings derived from services and renewables (such as the sale and installation of solar panels and energy efficiency offerings) increased to 35%, compared to 28% in the prior year.</div>	<div>1 NO POVERTY</div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>13 CLIMATE ACTION</div>
EAGLE MATERIALS	<div>Domestic US producer of cement, gypsum wallboard and recycled paperboard.</div> <div>Employees: 2,500 Sales (US\$m): 2,259</div>	<div>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.</div>	24	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div>ESG disclosures provided in May 2021 (first such disclosures in a decade – updated Feb 2023) – covers high-level strategy to achieve net zero by 2050 as well as evidencing improving environmental and social performance over past decade</div> <div>Established partnership with Chart Industries (also held in the Strategy) in Oct 2021 to test its carbon capture technology.</div> <div>May 2024, the company announced \$430m of capital expenditure to modernise its Laramie, Wyoming cement plant. This investment will increase the plant's capacity by 50% – and 25% lower manufacturing costs and a 20% lower carbon intensity of production.</div> <div>December 2023 confirmation of Eagle's exclusive agreement with Terra CO2. Terra CO2 are a producer of a scalable low-carbon supplementary cementitious material. Eagle have rights to build and operate three plants with capacity of c.240,000 tonnes p.a. each.</div> <div>New lower clinker content cement launched in 2020 – will be 100% of production by 2025.</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>
EQUIFAX	<div>One of the big three consumer credit reporting agencies.</div> <div>Employees: 14,900 Sales (US\$m): 5,265</div>	<div>With about 60 million US consumers un- or underbanked and 50 million 'invisible' or 'unscorable' to credit raters, Equifax can develop and deploy solutions, making use of alternative data, to facilitate access to credit for populations and in so doing reducing inequalities.</div>	14	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div>EFX research suggests alternative data enables an additional 21% of thin/invisible consumers to become scorable. Its alternative data would improve the traditional credit score for c.30% of 225 million US consumers.</div> <div>EFX have launched three relevant products during 2023 geared towards financial inclusion / expanding access. The company feels it is well placed to provide solutions which will address 20-30% of the current unscorable US consumer population.</div> <div>Piloted line manager mental health first aider training during 2024</div>	<div>1 NO POVERTY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div>
FORTUNE BRANDS INNOVATIONS	<div>Company most well known for its home plumbing products also offers composite decking, doors and security devices.</div> <div>Employees: 11,700 Sales (US\$m): 4,626</div>	<div>The company is well placed to support the realisation of significant residential water savings via more water-efficient product and leaks detection devices – water leaks in the average US household account for nearly 10,000 gallons wasted every year (EPA).</div>	25	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div>Plumbing brand Moen's 2020's stated mission included commitment to preserving 1 trillion gallons of water over the decade 2020-2030 – 290 billion gallons saved so far.</div> <div>Targeting US\$1bn of smart product sales by 2030. Leak detection device, Flo by Moen key to this and water savings targets (EPA estimates 1 trillion gallons of water lost annually due to leaks in homes). Agreements with seven insurers as of Q3 2024 to incentivise installation of such devices.</div> <div>Climate strategy developed in 2021. Targeting a 30% absolute reduction in Scope 1 and 2 GHG emissions by 2030 (vs. 2020) – 10% reduction realised across FY 2021-2023.</div>	<div>6 CLEAN WATER AND SANITATION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div> <div>15 LIFE ON LAND</div>

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
GLANBIA	<div>An international dairy, consumer foods, and nutritional products company – primary brand is Optimum Nutrition.</div> <div>Employees: 5,534 Sales (US\$m): 5,425</div>	<div>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.</div>	48	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div><ul style="list-style-type: none">The company 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. New SBTs to be established during FY 2024.It has realised a 37% improvement in GHG intensity over period FY 2018-2023.The above supplements targeted 25% GHG intensity reduction in its dairy supply chain – on this aspect it has now mapped 100% of its supplier farms and its developing a detailed roadmap.Undertook a Living Wage gap analysis for US hourly production staff in October 2022. 26% improvement in employee accident rates FY 2018-2023.</div>	<div></div>
HARWORTH	<div>Engaged in brownfield land regeneration and subsequent development of employment and residential areas.</div> <div>Employees: 120 Sales (US\$m): 90</div>	<div>The company has the capability to dramatically improve economic growth in more relatively deprived regions, creating jobs and providing affordable housing and sustainable communities</div>	20	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div><ul style="list-style-type: none">In 2022, Harworth committed to becoming operationally net zero by 2030 and net zero for all emissions by 2040. Detail of strategy laid out in 2023. Will only use carbon sequestration from 2028 onwards for Scopes 1 and 2 net-zero target. In 2023 it reported a 24% reduction in emissions related to the 2030 target. Reporting Scope 3 emissions from all major construction contracts, and for 98% of managed assets.In 2023 it committed to delivering 550 affordable home units to be built across six sitesAlso committed in 2023 to directly building 100 net zero carbon homes across two sites to be sold under new own brand.</div>	<div></div>
HORIBA	<div>Manufacturer of measuring instruments and analysers for scientific, medical, environmental and auto engine analysis.</div> <div>Employees: 8,665 Sales (US\$m): 2,072</div>	<div>Horiba has the ability to keep raising cross-industry performance. It has the potential to broaden its talent pipeline and hiring practices – in the process enhancing its own reputation.</div>	23	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div><ul style="list-style-type: none">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 hires and new graduate hires are part of the strategyEstablished a target for a 42% reduction in CO2 emissions by 2032 vs. 2022 – 33% reduction realised YoY.Continuing to invest in EV battery and fuel-cell testing despite market lull.</div>	<div></div>
HUHTAMAKI	<div>Produces flexible and fibre-based packaging for food and beverage items. Manufactures in many countries and sells worldwide</div> <div>Employees: 17,910 Sales (USD): \$4,509</div>	<div>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</div>	31	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div><ul style="list-style-type: none">Science-based targets set – 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%It has realised a 30% improvement in GHG intensity, 29% improvement in water intensity and 18% reduction in waste intensity over period FY 2017-2023.Committed to designing all products to be recyclable, compostable or reusable by 2030 – 72.9% of products 'recyclable, compostable or reusable' as of end of 2023Smooth Moulded Fiber technology saw big strides in 2023 and into 2024. Fiber lids penetration is accelerating with scale production coming on stream, estimated at currently 1 billion units in 2023 and expected to grow 10x by 2030. New capacity expanded for production to Lurgan, Northern Ireland in October 2024, complementing existing SMF production sites in Germany, Holland, and the USA, and the USA, as well as capacity created together with strategic partners in Asia.The company has improved employee accident rates by 44% in period FY 2020-2023Living wage assessment undertaken during FY 2022 and 2023</div>	<div></div>
LITTELFUSE	<div>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.</div> <div>Employees: 17,000 Sales (US\$m): 2,363</div>	<div>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.</div>	4	<div>✓</div>	<div>✓</div>	<div>✓</div>	<div><ul style="list-style-type: none">The company is looking to revisit and recalibrate its existing emissions reduction goals and in so doing will address its Scope 3 emissions (80% of total). The company is making rapid progress towards its existing Scope 1 and 2 GHG targetOn water use, while recycling rates remain relatively low, uptick in FY 2023 as their Chinese fabrication facility increased its water recycling rate by 37%.</div>	<div></div>

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
LKQ	<p>Provider of alternative collision replacement parts, recycled engines, components and parts for the repair of automobiles.</p> <p>Employees: 49,000 Sales (USD): 13,866</p>	<p>Real opportunity to support economic, physical and mental wellbeing of employees through investments in their people. Additionally upgrading its fleet could reduce operational emissions while investments in battery remanufacturing and recycling capability can ensure support EV transition.</p>	22		✓	✓	<ul style="list-style-type: none">Committed in 2022 to a 30% emissions intensity reduction by 2030 vs. 2021 and net zero by 2050 – 15% improvement realised FY 2021-2023Increasingly well positioned vis a vis EVs. 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.Former CEO expressed commitment to breaking cycle of poverty – tuition reimbursement fund (for children of employees) now US\$1m annual offering supporting 400 beneficiaries per annum.Several initiatives implemented to drive higher engagement and retention rates – 15% improvement in employee turnover and 11% improvement in accident rates since 2020.	
MAPLETREE INDUSTRIAL TRUST	<p>Singapore-focused real-estate investment trust with a large and diversified portfolio of industrial properties and more recently US data centers.</p> <p>Employees: 186 Sales (US\$m): 519</p>	<p>Potential to drive improved environmental performance of Singaporean commercial properties and US data centres.</p>	27		✓	✓	<ul style="list-style-type: none">Energy and water reduction metrics are included within management STI and the company has set 2030 targets for building electricity and emissions intensity reductions vs. 2020 (15% and 17% respectively). Net zero roadmap under development.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 roof so improvements should be seen in coming years.	
MAXIMUS	<p>Maximus provides program management and consulting services to state and local governments throughout the United States.</p> <p>Employees: 41,100 Sales (US\$m): 5,306</p>	<p>As a large employer however, the company is well situated to ensure that it provides for physical, mental and financial wellbeing for its thousands of employees</p>	6		✓		<ul style="list-style-type: none">In advance of initiating a position within the Strategy we had been engaging with the company on human capital management matters.The company commissioned an independent audit of its compliance with US laws and regulations with respect to freedom of association, including unionisation.2023 employee engagement 79% favourable – up 5% YoY.Impressed by its fulsome response to our mental health engagement.	
MERLIN PROPERTIES	<p>Spanish real estate trust managing office, logistics, retail assets.</p> <p>Employees: 266 Sales (US\$m): 508</p>	<p>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.</p>	7		✓	✓	<ul style="list-style-type: none">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 and 87% reduction in absolute Scope 1 and 2 emissions realised FY 2019-2023.Merlin was the first company to reduce lease price (50bps) if net zero operations are duly credited and certified by tenants.94.2% of its GLA certified in FY 2023 (vs. 61% in 2018) – goal is 96% of the portfolio certified.Project Sun – targeting 100% renewable, including onsite generation at 100% of suitable assets by 2030 (vs. 0% in 2018) – installed capacity to be nearly 40Mwp (largest self-generator of renewable energy in sector)Partnering with Edged Energy to build four ultra-efficient (triple net-zero) data centres (zero water consumption, vs. low energy consumption) – three delivered in 2023 as 5-year plan is being accelerated.	

				Three pillars of SDG-aligned engagement:								
Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (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				
MOLTEN VENTURES	 UK-listed venture capital firm investing in high-growth technology companies. Employees: 55 Sales (US\$m): N/A	 An indirect opportunity to engage with multiple early-stage technology companies to realise operational excellence while also supporting provision of capital towards impactful and disruptive companies.	 8		 	 	 	 <ul style="list-style-type: none">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. In 2023, it collected for the first time the pipeline of deals and reported these in 2024 to IiWC.At end of FY 2024, 48% of portfolio companies are measuring their full carbon footprint and 75% of portfolio companies had at least one 1:1 ESG engagement with their ESG lead during FY 2024 and 72% have had ESG included in at least one board meeting.Presently integrating newly acquired Forward Partners into its carbon footprint and that of the portfolion of companies		 		
NIFCO	 Japanese manufacturer of plastic components for automobiles, serving original equipment manufacturers (OEMs) globally. Employees: 10,226 Sales (US\$m): 2,574	 Has the capability to invest in its workforce to provide decent work and in so doing improve the wellbeing of its global employees.	 22	 	 	 		 <ul style="list-style-type: none">The company has appointed two female independent outside directors.Paid leave target of 80% not achieved, 77.3% in 2021 – basically flat on 2019 – has improved modestly to 76% in FY 2023.Female manager ratio target is 10% by 2030 – pushed back from 2027: as of April 2024 progress remains slow with the ratio of female managers at just 6% for Japan (22% globally). Female employees domestically at 16.2%		    		
NISSAN CHEMICAL	 Japanese manufacturer of chemical products, mainly producing and selling melamine, sulfuric acid, nitric acid and more. Employees: 3,494 Sales (USD): 1,570	 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 initaitives.	 19		 	 	 	 <ul style="list-style-type: none">Targeting a 30% reduction in GHG emissions by 2027 vs. 2018 (and net zero by 2050). It has realised a 24% reduction in absolute Scope 1+2 emissions during the period FY 2019-2024.Conducted Women's Leadership programme in January 2024 to promote and train its employees and is targetting 13% women in 'professional' category by 2027 (pushed back from 2025) – at 11.8% in FY 2023. Also targeting 18% in researcher role.Targeting ratio of taking annual leave take up of 80% by 2027. With this figure having declined for three years from 2018-2020 the 80% target was exceeded in FY 2022 and now sites at over 85% in FY 2023.		  		
NVENT	 nVent Electric poperates as an electrical contractor. The company offers electronic packaging, concrete reinforcing steel connections, data centre and networking solutions, and other electric products. Employees: 11,300 Sales (US\$m): 3,264	 Many of the end markets which nVent serves are already or are becoming increasingly water intensive. Most notably, the growth of data centres, many of these vast computing facilities are located in water-stressed locations – nVent's liquid cooling capability, and further such innovations are important to limit water consumption.	 1		 	 	 	 <ul style="list-style-type: none">We initiated our engagement with nVent in H2 2024				
OPEN HOUSE	 Japanese homebuilder. Engages in brokerage of single-family homes and land, planning and development and sales of condominiums. Employees: 6,107 Sales (US\$m): 8,628	 The opportunity to support the Japanese government's declared a target of achieving virtually zero greenhouse gas emissions by 2050, rapidly accelerating climate transition efforts in Japan. Additionally, the ability to promote more meritocratic talent promotion practices within its workforce.	 24	 	 	 	 	 <ul style="list-style-type: none">Published new target to increase female manager ratio to 10% (from 6.3% in Sep 2020) by Sep 2025 – at 7.1% as of 2023Female workforce ratio now 33.3% (up 9 percentage points YoY) vs. 16% in FY 2018 and women were 24.5% of new graduate hires vs. 15% in 201832.2% of male employees now taking childcare leave as of 2023 (up from 17.7% in 2021) and the number of days of childcare leave being taken has moved up markedly too.Targeting a 46% reduction in Scopes 1 and 2 and 3 emissions by 2030 vs. 2018 and net zero by 2050. Despite targeting 50% net zero homes by 2020, as of 2023 delivery is 3% and the target shifted back to 2025		   		

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
PTC	US technology company helping industrial companies to accelerate digital transformations, establishing a digital thread that spans a product lifecycle. Employees: 7,501 Sales (US\$m): 2,298	There is persistent under-representation of women and ethnic minorities in the technology sector – there is an opportunity for the company to take a leadership role, raising its ambitions, investing in pipeline initiatives to expand the talent pool within and through its organisation.	9				<ul style="list-style-type: none"> SBTi targets verified during 2024 – targeting a 50% reduction in Scope 1 + 2 emissions by 2030 (vs. 2022) and net zero by 2050. Additionally it is targeting a 25% reduction in purchased goods-related Scope 3 emissions over the same period. The company realised a 9.5% Scope 1 + 2 emissions reduction YoY (2023-2024). New CEO and management team receptive to engagement on mental health talent development – and have increased disclosure significantly in EOY Impact Report for 2024, highlighting resources and culture. 	   
REINSURANCE GROUP OF AMERICA	US based life reinsurer serving customers globally. Employees: 3,900 Sales (US\$m): 18,567	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.	24				<ul style="list-style-type: none"> Inaugural sustainability report was published in 2022. Company purpose established as "to make financial protection accessible to all". The company has pledged to achieve net zero throughout its global operations by end of 2026 (including business travel Scope 3). It is also targeting a 20% reduction in carbon intensity in its public corporate bond portfolio (achieved over period 2021-23). During 2023, RGA surveyed life and health insurance companies around the world in an attempt to better understand global insurer's views on current mental health trends and how it is responding. 	     
RETAIL OPPORTUNITIES INVESTMENT CORPORATION	US west coast real estate investment trust managing necessity-based community and neighbourhood shopping centers. Employees: 71 Sales (US\$m): 328	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.	24				<ul style="list-style-type: none"> New targets were established in 2024. Targeting an 11% reduction in energy consumption and 43% reduction in scope 1 and 2 emissions across landlord-controlled areas by 2028 (vs. 2023). 34% reduction in Scope 1+2 emissions during period FY 2020-2023 and 36% reduction in emissions intensity over the same period. ESG milestones incorporated into annual bonus scorecard since 2020 with meaningful 25% weighting. As of 2024, 207 EV charging points installed across 16 properties and 45 agreements in place to install solar arrays on property roofs. 	     
RPM	Manufactures, markets, and sells various specialty chemical product lines. Product lines include specialty paints, protective coatings and roofing systems, sealants and adhesives. Employees: 17,207 Sales (US\$m): 7,335	Potential to allocate greater capital towards the development and promotion of products with beneficial sustainability attributes and in so doing improving the lifecycle impacts of its products and realising material lifetime extension. Elsewhere, the company is well positioned to expand employment and training initiatives, providing decent work and reducing inequalities.	26				<ul style="list-style-type: none"> 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. It has realised a 36% GHG intensity by 16% over the two years since FY 2021. The company 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, 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. 	        
SAMSONITE	Designer and manufacturer of suitcases, bags and accessories. Employees: 12,400 Sales (US\$m): 3,682	By incorporating greater usage of recycled materials and improving recyclability have the potential to improve aggregate resource efficiency and reduce associated emissions. In addition, the company has the ability to work with supply chain partners to improve the livelihoods of those producing its goods.	33				<ul style="list-style-type: none"> Science Based Targets established which includes a target for a 52% reduction in upstream purchased goods emissions by 2030 (vs. 2022) on an intensity basis. Committed to being carbon neutral across operations by 2025 – have realised an 85% decrease in operational GHG intensity over period FY17-23. They have made good progress on the incorporation of recycled content into product front. In 2023, 34% of products contained recycled materials (up ~50% yoy and for context 17% in FY21 and 5% in FY19). Expect in 2024 for a more granular product categorisation framework to be established Targeting gender balanced across senior leadership – 20% women in management and 46% in middle management as of end of FY 2023 	     

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
SILICON LABRATORIES	<p>Designs, develops and markets mixed-signal integrated circuits, microcontrollers, wireless connectivity devices and sensor products.</p> <p>Employees: 1,846 Sales (US\$m): 782</p>	<p>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.</p>	21		✓		<ul style="list-style-type: none">The company has set a science-based emissions reduction target for a 90% absolute reduction in Scope 1 and 2 emissions by 2030 vs. 2021. In addition, it will engage by the end of 2025 with major suppliers on science-based reduction targets for its Scope 3 emissions.It has realised a 60% reduction in operational emissions at its Austin HQ over 2018 to 2023 – it is now targeting 100% renewable energy usage across all facilities by the end of 2025.Employee engagement score high at approx. 86% in FY 2023 and continuing to target 90% by 2025.	
SIMPSON MANUFACTURING	<p>Through its 'Simpson Strong-Tie' company designs, engineers and manufactures wood-to-wood, wood-to-concrete and wood-to-masonry connectors.</p> <p>Employees: 5,497 Sales (US\$m): 2,214</p>	<p>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.</p>	23		✓		<ul style="list-style-type: none">Inaugural sustainability report published in 2020 and improved upon each year since.21% reduction in emissions intensity FY 2021-2023.59% improvement in the total recordable incident rate (TRIR) between FY 2017-23 and employee turnover in FY 2023 down to 12.7%, a 26% improvement vs 2021 and 12% improvement vs. 2017.	
SOITEC	<p>Manufactures microelectronic and specialty electronics used in the production of semiconductors. Its Smart Cut process modifies silicon to allow for more speed and less consumption power.</p> <p>Employees: 2,327 Sales (USD): \$1,061</p>	<p>The company has the opportunity broaden its talent pipeline and hiring practices across its global operation, and take an industry leadership role. In addition, there are opportunities to reduce the energy and in particular water intensity of its manufacturing process.</p>	13	✓		✓	<ul style="list-style-type: none">Committed to science-based targets and updated in 2023 – now targeting a 37% reduction in Scopes 1 + 2 emissions and a 51% intensity reduction in Scope 3 emissions by 2030.Realised a 34% reduction in emissions intensity (Scope 1+2) over period FY 2021 to FY 2024.Targeting 50% of water recycled and reused by 2030 having achieved previous 30% target in 2024 (6-years early) because of investments in its new water reuse facility in France.Targeting 40% women in its workforce by 2025 and upped in 2023 its targets for executive management and senior executives to 40% and 30% by 2030 respectively. During FY 2024 23% of women gained promotion vs. just 16% of men.	
SSP GROUP	<p>Global concessions caterer. Offers food, beverage and other offerings at airports and railways stations within the UK, Europe, Asia and North America</p> <p>Employees: 48,279 Sales (US\$m): 4,354</p>	<p>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 and shifting the nutritional profile of their food menus.</p>	38	✓		✓	<ul style="list-style-type: none">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 operational emissions intensity during the period FY 2017-2024.Committed to removing all unnecessary Single-Use Plastic Packaging and move all packaging of own-brand products to be recyclable, reusable or compostable by 2025: 95% of SUP eliminated by end of 2024 and 97% of own brand packaging now recyclable, reusable or compostableHaving targeted 33% of women in senior leadership positions by 2025, this targeted was exceeded in 2023 and reset, now targeting 40% women in senior leadership roles by 2025.Approx. 1,500 tonnes of food waste now saved via partnership with Too Good To Go since 2016Positive initial engagement with new CHRO on topic of opportunity/impact employment initiatives and extensive commentary given to their promotion of wellbeing at work within recent 2024 sustainability report.	

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
STERIS	<p>Provider of infection – primarily sterilisers and washers – and other procedural products and services to healthcare and pharmaceutical settings.</p> <p>Employees: 18,179 Sales (US\$m): 5,139</p>	<p>As a global leader in sterilisation there is the potential to help redress the challenges of hospital acquired infections and leading the industry to develop safer solutions to utilisation of ethylene oxide as well as supporting hospitals in reducing their water usage.</p>	22		✓	✓	<ul style="list-style-type: none">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. Its disclosures as of FY 2023 are catching up with expectations.The employee accident rate has reduced by 35% over the period FY 2019-2023.The company has invested significantly behind alternative sterilisation technologies (in particular X-ray and vaporised hydrogen-peroxide).We have had positive engagement on employee mental health with the CEO in 2024 – the company acknowledged there was room to make the issue more visible.	
TECHNOGYM	<p>Designs, manufactures and sells premium fitness equipment worldwide.</p> <p>Employees: 2,285 Sales (US\$m): 872</p>	<p>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</p>	10			✓	<ul style="list-style-type: none">Company acknowledged in 2020 the potential to grow its Still Novo (refurbished products). Having been approx. 5% of sales pre-pandemic, this dropped back to 2% of sales in FY 2021 – picked back up to 5%-6% of sales during 2024. As of 2023, it is back to 50% of eligible machines being refurbished and sold on through Still Novo having dropped to 30% in 2021.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) climate transition (investments in own generation solar arrays).Currently working with a consultant to set a net-zero target based on investor demand.	
TECHTRONIC INDUSTRIES	<p>Designs, manufactures and markets power tools, hand tools, outdoor power equipment and floodcare products.</p> <p>Employees: 47,224 Sales (US\$m): 13,731</p>	<p>The company has the potential to ensure its industry-leading reputation is reflected in its procurement practices and in so doing that human rights abuses are avoided with market share gains generating a positive environmental impact by dint of their electrification of the power tools market.</p>	36	✓	✓	✓	<ul style="list-style-type: none">Committed to a 60% absolute reduction in Scope 1 + 2 emissions by 2030. Formally committed to the Science Based Targets initiative in 2023 with targets to be established in 2025. It has realised a 9% reduction in emissions intensity FY 2021-2023, marking second consecutive year of decreasing emissions.Anticipate sharing SBTi targets in 2025.Adopted a new cobalt specific sourcing policy as per our engagement with granularity to smelter level.Subject to allegations around forced labour within its gloves supply chain which surfaced in late 2022 and reached 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 triggered the company to adopt a more prudent approach and it has in turn changed its supplier and shifted production out of China.	
TREX	<p>Trex manufactures non-wood decking alternative products. The company offers decking and railing, outdoor lighting, and accessory hardware products.</p> <p>Employees: 1,765 Sales (US\$m): 1,095</p>	<p>Leading player in composite decking industry and largest PE film recycler in the United States, potential for the company to establish emissions reduction targets pertaining to its own production operations while also enhancing practices to support the financial, economic and mental wellbeing of its employees.</p>	0		✓		<ul style="list-style-type: none">Investment initiated in December 2024 and engagement will commence during 2025	

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
VARUN BEVERAGES	<p>Producers and distributes beverages through India and nearby countries, primarily on behalf of PepsiCo.</p> <p>Employees: 26,818 Sales (US\$m): 1,892</p>	<p>Company has the need and opportunity to reduce its significant water footprint, reduce the impact from its plastic products by enhancing product recyclability and develop their product offering to avoid exacerbating the obesity and poor nutrition challenge.</p>	15				<ul style="list-style-type: none">Committed to 100% recycling of PET bottles by 2025 via direct collection from end-users. In 2023 saw 86% recycled vs. 70% in 2021 and 36% in 2019.The company has established a target to incorporate 30% recycled PET (rPET) into PET packaging by 2025It saw n an 9% improvement in its water use ratio 2022-23. The company is targeting further reduction in water use ratio to 1.6 by 2025 (vs. 1.7)Launched a 'ragpickers awareness programme' as per our ask to improve the livelihoods of ragpickers.Targeting a 50% total emissions intensity reduction by 2025 vs 2020 – as of FY 2023 it has achieved a 33% reduction.Varun's product mix of 'low and no-sugar' products has gradually risen to 53% as of late 2024 from 40% in 2023 and 36% in 2022.	
VISCOFAN	<p>Global manufacturer of sausage casings from cellulose, collagen and plastic.</p> <p>Employees: 5,346 Sales (US\$m): 1,326</p>	<p>With an energy and water intensive production the company has the potential to invest in new equipment and production processes to realise significant environmental efficiencies.</p>	7				<ul style="list-style-type: none">In 2023, the company met its emissions intensity reduction target set for 2030. It is working on the design of a plan, based on science-based targets, to achieve climate neutrality by 2050. It is investing to diversify away from gas for its own energy needs, building electric boilers to complement existing biomass generator.It is also making investments in energy equipment with the capacity to use green hydrogen as a renewable energy source – in 2022 and 2023, it carried out tests using green hydrogen in a cogeneration facility, testing the feasibility while producing casings.The company increased the percentage of renewable electricity consumed to 58% in FY 2023.Accident rates saw another meaningful decline in FY 2023 – still higher than desired but a 29% improvement YoY.The percentage of women in managerial positions rose to 22.4%, although it is still somewhat short of its 30% target for 2030.	
WEST PHARMACEUTICALS	<p>Applies value-added services to the process of bringing new drug therapies and healthcare products to the market primarily through manufacture of packaging components.</p> <p>Employees: 10,600 Sales (US\$m): 2,950</p>	<p>The company is involved in the early stages of the design process for most drugs and is, therefore, well positioned to support and drive innovation around drug delivery mechanisms, enhancing circularity and supporting access in lower-resource settings.</p>	19				<ul style="list-style-type: none">ESG reporting began in FY 2017 and has moved on significantly in the years since. The company has now concluded its inaugural five-year environmental goals and will be reassessing accordingly.It has set new emissions reduction targets based on SBTi – targeting a 40% absolute emissions reduction and aiming for 50% renewable electricity. New emissions reduction targets submitted in 2024 to the Science Based Targets initiative.Gathering additional Scope 3 emissions information from the supply chain and developing a plan to reduce those emissions.58% reduction in carbon intensity over period FY 2017-2023 with more than 31% of electricity now derived from renewable sources. Similarly a 16% reduction in water intensity over the same period.Accident rate down 24% FY 2017-2023	

Name	Who	Why – primary engagement thesis	What – number of engagement interactions 2018-24 (or since inception if subsequent to 2018)	Three pillars of SDG-aligned engagement:			Headline progress	Long-term impact Long-term corporate outputs that are aligned with delivery of the SDGs
				Supply chain focus	Direct operations focus	Products and services focus		
WEX	<div>Payments processing and information company, in particular offers fuel cards to commercial fleet operators. Employees: 7,200 Sales (US\$m): 2,548</div>	<div>The company has the potential to enable aggregate fleet emissions reductions through telematics and supporting fleet operators in their transition to electric vehicles.</div>	<div>21</div>				<div><ul style="list-style-type: none">In early 2025, WEX partnered with EV charger installation provider Qmerit to streamline the installation of chargers at the homes of commercial fleet drivers. This follows on from its partnership with Blink Charging in 2024, and 2021 partnership with Charge Point to ease integration of EVs into commercial fleets.The company is investing US\$100m in 2025 via its VC in companies focused on electric mobility, EV charging solutions and energy management. It is aiming to assist these companies focused on the critical back-end infrastructure necessary to achieve widespread commercial EV adoption, while also creating new value for WEX's global fleet customers navigating the evolving electric mobility ecosystem.It has achieved a 64% reduction in Scope 1 + 2 emissions intensity during period 2019-2023 and a 46% reduction in absolute emissions – driven by 73% reduction in internal data center energy use 2019-2023.The company is targeting gender parity in leadership roles and a 50% increase in employees of colour in the US in leadership roles by 2025. (It saw the increased representation of minorities in its workforce by 50% during period 2020-2023.)</div>	<div></div>
WINTRUST FINANCIAL	<div>Provider of community-based banking services in various suburbs of Chicago, Illinois and nearby regions. Employees: 5,521 Sales (US\$m): 3,327</div>	<div>Potential to support access to credit among the region's SMEs and access to savings among the lower-income populations.</div>	<div>15</div>				<div><ul style="list-style-type: none">In past five years, 40% of Wintrust's branch locations opened in lower-income communities. All overdraft fees eradicated as of H1 2023.Moved to US\$18 minimum wage in 2022 (up from US\$15) and the vast majority of staff are paid well above this rate.In recognition that 7% of Chicagoans are unbanked (25% of the city's Black households), Wintrust community banks offer Money Smart checking and savings accounts – which require just US\$10 to open an account and no overdraft or maintenance fees (1,000 such accounts opened in 2023).In 2023, the bank launched the 'Paired to Win' mentorship programme – in its inaugural year the scheme saw 25% of total employees enrol (1,300 people) leading to a career advancement rate of 46% among those employees who took part in the programme.</div>	<div></div>
YAKO	<div>Operates local supermarkets and drugstores in Saitama Prefecture. Handles fresh food products, daily-use sundry products and other various goods in local area. Employees: 17,747 Sales (US\$m): 4,123</div>	<div>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.</div>	<div>23</div>				<div><ul style="list-style-type: none">2024 saw positive progress in our long-running engagement with Yaoko with constructive dialogue and new targets established as part of its latest mid-term planThe company has created 'Women's Empowerment Stores' where store manager and senior staff are all women. This year it also upgraded its target for women in management positions to 20% female managers by 2030 – as of FY 2024 female managers represent 7.5% which is flat on 2020 so momentum needs to build.Positively, the ratio of childcare leave take-up among male employees is rising, now 29.5% in FY 2024, up from just 0.9% in FY 2018. The company is targeting 85% by 2030.Company now also targeting a 60% reduction in its Scope 1+2 emissions intensity by 2030 vs. 2013 (as of FY 2024 it had already realised a 55.7% reduction, illustrating the modesty of its 2030 target).It has seen an 80% reduction in plastic bag usage since introduction of fee in 2020.</div>	<div></div>

Rolling year performance (%)

Composite rolling year performance

	31/12/2023 to 31/12/2024	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
Federated Hermes SDG Engagement Equity (%)	2.51	21.26	-18.12	18.82	8.39

Source: Federated Hermes as at 31 December 2024. 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-24**

	Returns (%)		
	Composite Gross Return	Benchmark	Composite Net Return
Q4 24	-6.03	-3.37	-6.21
1 Year	2.51	8.68	1.75
3 Years (Annlzd)	0.59	0.82	-0.16
5 Years (Annlzd)	5.56	6.62	4.71
Jan-18 – Dec-24 (Annlzd)^	5.73	5.85	4.83

Year	Annual Returns (%)						**Dispersion	Composite Assets (mil)	Firm Assets (bil)
	Composite Gross Return	Composite Net Return	Benchmark Return	*Composite 3-Yr Std Dev	*Benchmark 3-Yr Std Dev	Number of Portfolios			
2018	-11.56	-12.4	-13.8	N/A	N/A	<5	N/A	308.7	32
2019	27.4	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	1,389.40	585.7
2021	18.82	17.81	16.24	19.99	20.14	<5	N/A	2,259.40	634.2
2022	-18.12	-18.74	-18.72	22.79	22.89	<5	N/A	1,501.80	627.4
2023	21.26	20.35	16.02	18.83	17.8	<5	N/A	1,551.90	720
2024	2.51	1.75	8.68	19.52	18.24	<5	N/A	1,337.80	792.2

^^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, 2024. 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.

Federated Hermes is a global, independent, multi-strategy investment management firm. For GIPS® purposes, Federated Hermes is defined to include the assets of registered investment companies that are advised or sub-advised by the various Federated Hermes advisory companies. Effective September 30, 2020, for GIPS® purposes the name of the firm was officially changed to Federated Hermes. Firm assets on this report exclude assets affiliated with Hermes GPE and the advisory-only, model-based assets that may be included in other reports providing total firm assets. Interest income and dividends are recognized on an accrual basis. Returns include the reinvestment of all income. All market values and performance information are valued in USD unless currency is denoted in composite description. Annual composite dispersion is measured and presented using the asset weighted standard deviation of the gross returns of all of the portfolios included in the composite over the entire year. See the composite description language for a discussion on appropriate fees currently applied to calculate composite performance. Net composite results are based off model fees using the stated fee schedule. In addition, further fee information can be obtained from the firm's respective Forms ADV Part 2 Brochure Item 5. Additional information regarding the policies for valuing investments, calculating performance, and preparing GIPS® reports, as well as a complete list and description of the firm's composites and pooled funds is available upon request. Past performance is not indicative of future results. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.

Please note that this Strategy's name changed to Federated Hermes Global SMID Equity Engagement (from SDG Engagement Equity) on 24 April 2025.

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

Investing in smaller/medium sized companies may carry higher risks than investing in larger companies.

The Strategy has environmental and/or social characteristics and so may perform differently to other strategies, as its exposures reflect its sustainability criteria.

For professional investors only. This is a marketing communication. It does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or financial products. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. Any opinions expressed may change. All figures, unless otherwise indicated, are sourced from Federated Hermes. Whilst Federated Hermes has attempted to ensure the accuracy of the data it is reporting, it makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information reported. The data contained in this document is for informational purposes only, and should not be relied upon to make investment decisions. Federated Hermes shall not be liable for any loss or damage resulting from the use of any information contained on these pages. All performance includes reinvestment of dividends and other earnings. Please consider all strategy characteristics when investing and not just ESG characteristics.

Federated Hermes refers to Federated Hermes Limited ("Federated Hermes"). The main entities operating under Federated Hermes are: Hermes Investment Management Limited ("HIML"); Hermes Fund Managers Ireland Limited ("HFML"); Hermes Alternative Investment Management Limited ("HAIML"); Hermes Real Estate Investment Management Limited ("HREIML"); Hermes Equity Ownership Services Limited ("EOS"); Hermes Stewardship North America Inc. ("HSNA"); Hermes GPE LLP ("Hermes GPE"); Hermes GPE (USA) Inc. ("Hermes GPE USA"), Hermes GPE (Singapore) Pte. Ltd. ("HGPE Singapore"), Federated Investors Australia Services Pty Ltd. ("FIAS"), Federated Hermes Japan Ltd ("FHJL") and Federated Hermes (UK) LLP ("FHUK"). FHUK, HIML, HAIML and Hermes GPE are each authorised and regulated by the Financial Conduct Authority. HAIML and HIML carry out regulated activities associated with HREIML. FHUK, HIML, Hermes GPE and Hermes GPE USA are each a registered investment adviser with the United States Securities and Exchange Commission ("SEC") and HAIML and HFML are each an exempt reporting adviser. HGPE Singapore is regulated by the Monetary Authority of Singapore. FHJL is regulated by Japan Financial Services Agency. FIAS holds an Australian Financial Services Licence. HFML is authorised and regulated by the Central Bank of Ireland. HREIML, EOS and HSNA are unregulated and do not engage in regulated activity.

In the European Economic Area ("EEA") this document is distributed by HFML. Contracts with potential investors based in the EEA for a segregated account will be contracted with HFML.

Issued and approved by Hermes Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls may be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Argentina: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

In Australia: This Strategy Document relates to potential offer of financial products or investment opportunities in Australia (Investment opportunities). Both Hermes Investment Management Ltd (HIML) and Federated Investors Australia Services Ltd. ACN 161 230 637 (FIAS) are the distributors of the Investment opportunities. HIML does not hold an Australian financial services licence (AFS licence) under the Corporations Act 2001 (Cth) ("Corporations Act"). HIML operates under the relevant class order relief from the Australian Securities and Investments Commission (ASIC) while FIAS holds an AFS licence (Licence Number - 433831).

The offer of Investment opportunities only made in circumstances under which no disclosure is required under Chapter 6D and Part 7.9 of the Corporations Act. Nothing in this Strategy Document is, or purports to be, an offer to a person to whom disclosure would be required under Chapter 6D or Part 7.9 of the Corporations Act.

This Strategy Document is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. This Strategy Document has not been and will not be lodged with ASIC and does not contain all the information that a disclosure document or a product disclosure statement is required to contain. The distribution of this Strategy Document in Australia has not been authorised by ASIC or any other regulatory authority in Australia. In addition, the Fund is not a registered managed investment scheme, as defined in the Corporations Act.

This Strategy Document is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation and must not be relied upon as such. This Strategy Document is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products.

This Strategy Document has been prepared without taking account of your objectives, financial situation or needs and you should obtain independent professional financial advice that considers your circumstances before making any financial or investment decisions.

In Bahrain: This document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In Brazil: The strategies may not be offered or sold to the public in Brazil. Accordingly, the strategies have not been nor will be registered with the Brazilian Securities Commission – CVM nor have they been submitted to the foregoing agency for approval. Documents relating to the strategies, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of strategies is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

In Brunei: This document is intended for distribution only to specific classes of investors as specified in the Order and must not, therefore, be delivered to, or relied on by, a retail client. The Autoriti Monetari Brunei Darussalam is not responsible for reviewing any documents in connection with these strategies. Prospective purchasers of the strategy should conduct their own due diligence.

In Canada: HIML is not registered in Canada as a dealer, adviser or investment fund manager under applicable Canadian securities laws. Except for the provinces of Alberta, British Columbia, Ontario, Quebec and Nova Scotia, HIML does not engage in the business of, and none of its activities should be

construed as holding itself out as engaging in the business of, advising anyone in any Canadian jurisdiction with respect to investing in, buying or selling securities. In the provinces of Alberta, British Columbia, Ontario, Quebec and Nova Scotia, HIML relies on the international adviser registration exemption pursuant to section 8.26 of National Instrument 31-103– Registration Requirements, Exemptions and Ongoing Registrant Obligations. Prior to carrying on any investment advisory or portfolio management services for a client located in a Canadian jurisdiction other than Alberta, British Columbia, Ontario, Quebec or Nova Scotia, HIML will first need to take certain steps to either obtain the appropriate registration or rely on an available exemption from registration.

In Chile: Federated Hermes is not registered or licensed in Chile to provide managed account services and is not subject to the supervision of the Comisión para el Mercado Financiero de Chile (“CMF”). The managed account services may not be publicly offered or sold in Chile.

In China: This document does not constitute a public offer of the strategies in the People’s Republic of China (the “PRC”). The strategies are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the strategies or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

In Colombia: This document does not have the purpose or the effect of initiating, directly or indirectly, the purchase of a product or the rendering of a service by Federated Hermes (“investment adviser”) to Colombian residents. The investment adviser’s products and/or services may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. The investment adviser has not received authorisation of licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell its financial products or services in Colombia. By receiving this document, each recipient resident in Colombia acknowledges and agrees that such recipient has contacted the investment adviser at its own initiative and not as a result of any promotion or publicity by the investment adviser or any of its representatives. Colombian residents acknowledge and represent that (1) the receipt of this presentation does not constitute a solicitation from the investment adviser for its financial products and/or services, and (2) they are not receiving from the investment adviser any direct or indirect promotion or marketing of financial products and/or services.

In Hong Kong: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The strategies are not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of this document, and the placement of interests in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

In Israel: This document has not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law”), as applicable. The strategies are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, (“Sophisticated Investors”) namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing strategies for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing strategies for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing strategies for themselves), members of the Tel-Aviv Stock Exchange (purchasing strategies for themselves or for clients who are Sophisticated Investors), underwriters (purchasing strategies for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, (other than formed for the specific purpose of an acquisition pursuant to an offer), with a shareholder’s equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases strategies is purchasing such strategies for its own benefit and account and not with the aim or intention of distributing or offering such strategies to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing strategies for another party which is a Sophisticated Investor). Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this document a recipient may be required by the Issuer to provide confirmation that it is a Sophisticated Investor purchasing strategies for its own account or, where applicable, for other Sophisticated Investors. This document does not constitute an offer to sell or solicitation of an offer to buy any securities other than the strategies offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

In Japan: Federated Hermes Japan Ltd is registered as a Financial Instruments Business Operator in Japan (Registration Number: Director General of the Kanto Local Finance Bureau (Kinsho) No. 3327), and conducting the Investment Advisory and Agency Business as defined in Article 28 (3) of the Financial Instruments and Exchange Act (“FIEA”). Federated Hermes Japan Ltd is acting as agent or intermediary between affiliated companies within the Federated Hermes group and Japanese licensed discretionary investment managers, trust banks and other Japanese financial institutions. Federated Hermes Japan Ltd is a member of Japan Investment Advisers Association (JIAA).

In Kuwait: This document is not for general circulation to the public in Kuwait. The strategies have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the strategies in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the strategies is being made in Kuwait, and no agreement relating to the sale of the strategies will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the strategies in Kuwait.

In The Sultanate of Oman: The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

In Peru: All content in this presentation is for information or general use only. The information contained in this presentation is referential and may not be construed as an offer, invitation or recommendation, nor should be taken as a basis to take (or stop taking) any decision. This presentation has been prepared on the basis of public information that is subject to change. This information may not be construed as services provided by Federated Hermes, Inc. within Peru without having the corresponding banking or similar license according to the applicable regulation.

In Saudi Arabia: The document is provided at your request. This document is only available to (i) Authorised Persons, (ii) Exempt Persons or (iii) institutions. The strategy is not registered in Saudi Arabia

In South Africa: This document is not intended and does not constitute an offer, invitation, or solicitation by any person to members of the public to invest. This document is not an offer in terms of Chapter 4 of the Companies Act, 2008. Accordingly this document does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

In South Korea: Hermes Investment Management Limited is not making any representation with respect to the eligibility of any recipients of this document to acquire the strategies therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The strategies have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the strategies may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

In Spain: This document is issued by Hermes Fund Managers Ireland Limited, Branch in Spain, with Fiscal Identity Number W0074815B, registered in the Mercantile Registry of Madrid, - Volume 40448, Book 0, Sheet 16, Section 8, Page M-718259, first registration, with domicile at Paseo de la Castellana 18, 7º planta, 28046 Madrid - Spain, and registered in the Comisión Nacional del Mercado de Valores with official registration number 36.

In Thailand: The document has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in Thailand and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In United Arab Emirates (Excluding Dubai International Financial Centre and Abu Dhabi Global Market): This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The strategies are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such strategies, and (b) upon their specific request. The strategies have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the strategies should be made to Hermes Investment Management Limited in London.

In Uruguay: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

BD015619 0018680 04/25.

Federated Hermes

Federated Hermes is a global leader in active, responsible investing.

Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

Our goals are to help people invest and retire better, to help clients achieve better risk-adjusted returns and, where possible, to contribute to positive outcomes that benefit the wider world.

Our investment and stewardship capabilities:

- **Active equities:** global and regional
- **Fixed income:** across regions, sectors and the yield curve
- **Liquidity:** solutions driven by five decades of experience
- **Private markets:** private equity, private credit, real estate, infrastructure and natural capital
- **Stewardship:** corporate engagement, proxy voting, policy advocacy

For more information, visit www.hermes-investment.com or connect with us on social media:

