Sustainability Impact

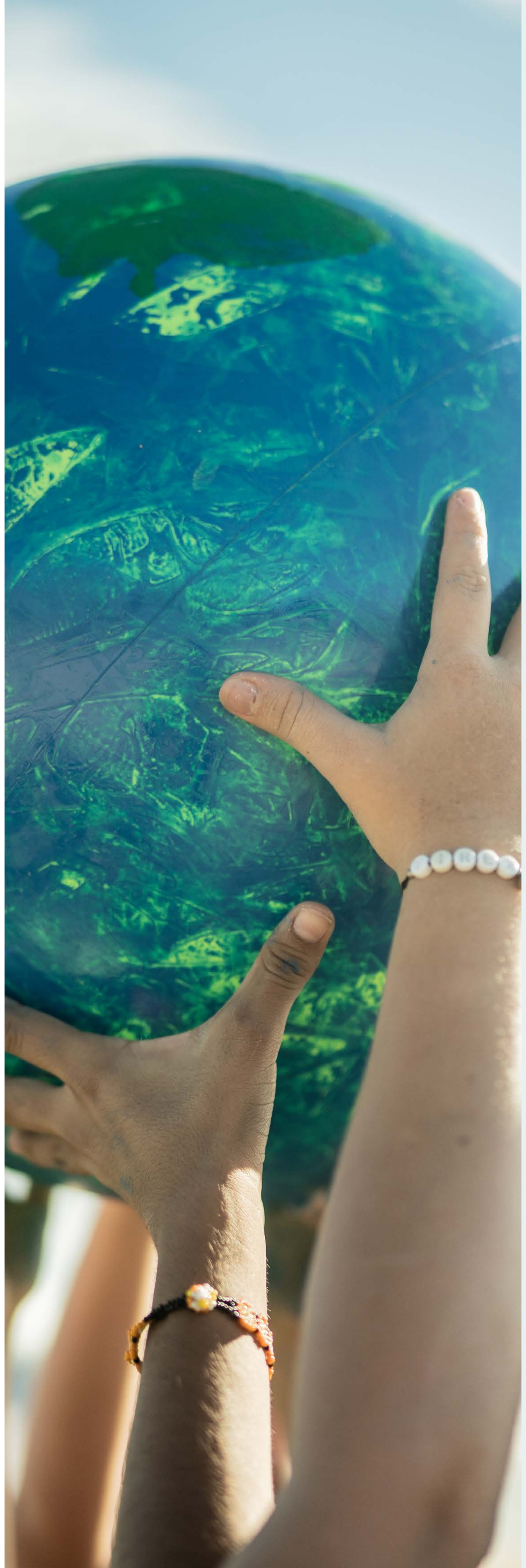
AXA IM has adopted the Sustainability Impact label for the AXA People & Planet Equity Fund.

AXA IM Listed Impact Equity

AXA People & Planet Equity Fund Impact Report 2023

March 2025

Contents



Introduction

Impact Investing

Impact investing has historically been associated with private markets, but in recent years the investment community has worked to develop listed equity strategies which aim to deliver positive, measurable social and environmental outcomes alongside a financial return. While private market impact investing has an important role to play at a local level, public companies can enact change on a global scale, and often enable other companies across industries and geographies to deliver positive impact themselves, creating a domino effect.

Impact investing goes further than other forms of responsible and sustainable investing. It focuses on investing in companies that are generating positive and measurable change alongside financial returns. Investors don't have to choose between positive impact or the potential for strong financial returns – financial sustainability underpins both goals. Having an **intentional, disciplined, and credible approach for measuring real-world change** as well as traditional financial analysis is therefore **essential to impact investing.**

Our Approach

Our approach to impact investing **seeks to align** with the **Global Impact Investing Network (GIIN's) guidance for pursuing impact in listed equities.**[1] Having been an active member of the GIIN's Working Group Advisory Committee, defining best practices of impact investing for listed equities, our definition of impact investing is based on the four key concepts it has defined to guide impact strategy design and implementation:

1 | Setting the strategy

Detailing what the strategy aims to achieve and how it aims to achieve this, through a Theory of Change. This starts by defining the specific challenges to be addressed along with targeted, measurable outcomes, then identifying the investable solutions which will achieve these outcomes and explaining how stewardship activities will contribute to enact real-world change.

2 | Portfolio design and selection

Following a replicable, consistent, and quantifiable methodology. Our methodology is based on quantitative UN SDG screening, a proprietary qualitative impact assessment framework designed by our dedicated Impact and ESG Research team, combined with structured financial analysis to identify companies that can generate outcomes aligned to the strategy's objectives and financial returns.

3 | Engagement

Driving investor contribution through long-term active ownership, engagement topics linked to the strategy's targeted outcomes, and advocating for transparency and impact KPI reporting.

4 | Use of impact performance data

Measuring progress in line with the Theory of Change by reporting and monitoring impact KPIs on both company and portfolio level.

AXA IM's listed impact equity impact strategies aim to generate positive measurable impact in two principal ways:

Asset contribution

Investing in listed companies which are making a net positive contribution to the strategy's targeted social and environmental outcomes, predominantly through the products and services they provide.

> *Asset contribution can be measured at a company and portfolio level using impact KPIs directly related to the strategy's targeted outcomes, such as 'number of people benefitting from healthcare solutions,' or 'millions of acres covered by sustainable agriculture technology'.*

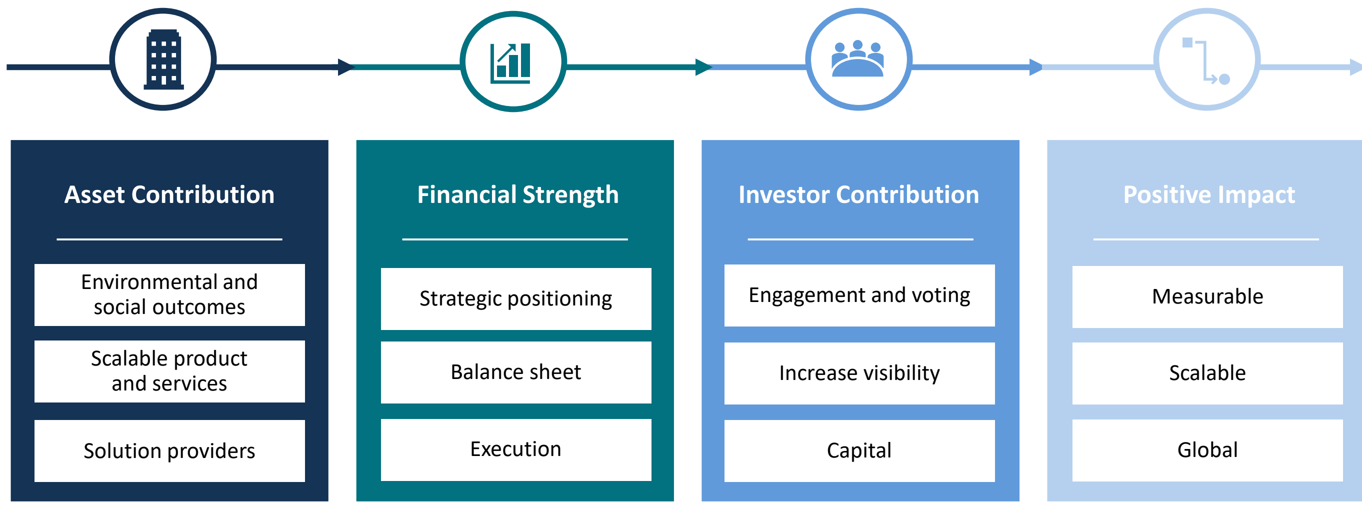
Investor contribution

Generating a positive contribution as a listed equity investor by using engagement and voting to encourage companies to increase their positive contribution to the strategy's targeted social and environmental outcomes, set impact targets, report impact KPIs and reduce negative externalities. In addition, where possible we aim to provide additional capital through follow-on offerings and IPOs, and improving visibility of companies through our reporting initiatives.

> *Investor contribution can be measured by, for example, '% of portfolio with an engagement target related to the strategy's targeted outcomes', or 'increase in the % of portfolio companies reporting impact KPIs'.*

Our Philosophy and Core Principles

We believe that in order to generate a long-term positive global impact, companies must be financially sound, well-managed, and have strong strategic positioning. Their financial strength allows them to leverage their superior R&D and execution capabilities to generate positive, scalable impact through innovative, commercially more viable solutions and broader distribution. In addition, these quality companies can generate strong financial returns over the long term helping us to meet our dual objective.



Our core investment principles are:

| Investing in solutions

Given the urgency to halt global warming, prevent biodiversity loss and drive social progress, we believe that investing in companies that are providing scalable, innovative products and services which help companies operating in high-impact sectors to achieve these outcomes has a wider, more powerful impact compared to investing in companies which are simply improving their own footprint or complying with best practices. We believe that the positive impact of solution providers is more significant and reaches beyond direct stakeholders and the locality of their operations.

| Seeking scalable, global impact

Compared to impact investment in private markets, which generates positive social or environmental change often on a local project-based level, we believe that leading listed companies can provide scalable and commercial solutions that have the potential to have a net positive impact on millions of people's lives, or improve the environmental outcome across millions of acres of land, enacting real-world change on a global level.

| Engaging to drive real-world change

We aim to engage with more than 70% of portfolio holdings. Our engagement topics are linked to our targeted social and environmental impact outcomes, and we follow up with management to monitor improvements.

| Measuring and reporting progress

We take a disciplined and transparent approach to measuring real-world change and continuously work to increase the visibility of our impact portfolios. By providing annual strategy impact reports which report on the contributions of the companies we invest in, and our own contribution towards the impact outcomes we are targeting, we can measure and report progress.

Our Impact Assessment Framework

AXA IM's proprietary Impact Assessment Framework was developed by our dedicated AXA IM's Impact and ESG Research team using guidance from the GIIN and from the Impact Management Project/Impact Frontiers "https://impactfrontiers.org/norms/" Impact Management Norms | Impact Frontiers). It focuses on how a company's products and services contribute to achieving the targeted impact outcomes. For each company, the impact analysts develop a theory of change and identify a range of key performance indicators ("KPIs") which allow them to measure the asset contribution of companies, and the progression of such contribution over time.

Companies' asset contribution to the targeted environmental and social outcomes is assessed and rated based on five key impact pillars:

1. Intentionality	2. Materiality	3. Additionality	4. Negative Externalities	5. Measurability
• Strategic commitment to generate impact • Impact targets and strong sustainability policies • Executive compensation includes sustainability criteria	• Materiality of the issues being addressed (severity, breadth) • Materiality of the solutions provided by the company (scale, depth)	• Leading solutions through superior technology or reliability • Increased access through broader distribution • Affordable pricing	• Negative impact on environment or society • Controversies • Mitigating policies and actions	• Transparent measurement and reporting on impact and sustainability

Companies are classified into five categories and only companies rated in the best categories ("impact leaders", "impact contributors" or "SDG–aligned") are eligible for our impact strategy. **Companies rated Neutral or Detractor are not eligible**.

Theory of Change

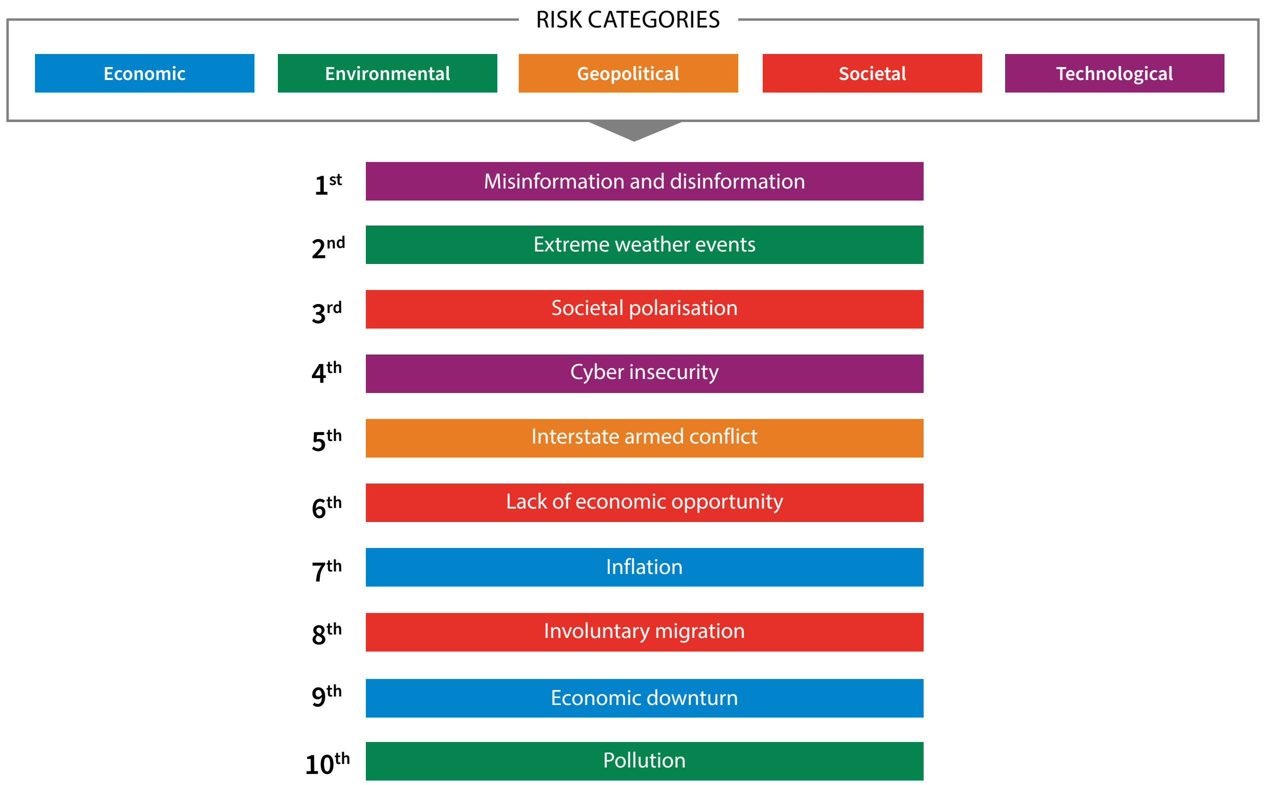
The latest World Economic Forum's (WEF) Global Risk Report maps global risks into five risk categories – economic, environmental, geopolitical, societal, and technological – and ranks these by severity over the next two and ten years. For example, extreme weather events, caused by climate change, is ranked as the second-most severe risk over the two-year time frame.[2] The WEF points to research which suggests that we are likely to pass the threshold for triggering long-term, potentially irreversible changes to select planetary systems by the early 2030s.[3] Looking further ahead, the WEF ranks biodiversity loss and ecosystem collapse as a top ten risk over the next ten years.[2] Our own belief is that biodiversity loss and climate change are intertwined, and we cannot stop one without stopping the other.

On the social side, a lack of economic opportunities, caused by barriers to economic mobility – the ability to improve economic status and related outcomes - is stalling human development and prosperity and may recede living standards for many.[4] The United Nations Development Programme's Human Development Index (HDI) shows that after 20 years of progress, inequalities in health, education and standard of living are growing between countries at the bottom and countries at the top of the index and that the path of human development progress is now below the pre-2019 trend.[5]

Our own research is consistent with the WEF's and UNDP's findings and as such our People and Planet Equity strategy aims to protect and support the global population ("People") and the environment ("Planet") by addressing several of the social and environmental risks outlined above including lack of economic opportunity, extreme weather events, biodiversity loss and ecosystem collapse. We believe it is necessary to address each of these risks concurrently because they are interconnected, potentially triggering and perpetuating one another. For example, pollution is driving extreme weather events, and both are in turn expected to lead to increased involuntary migration. In addition, the increase in societal polarisation in recent years has partly been driven by rising inflation and lack of economic opportunity.

WEF Global Risks Report 2024

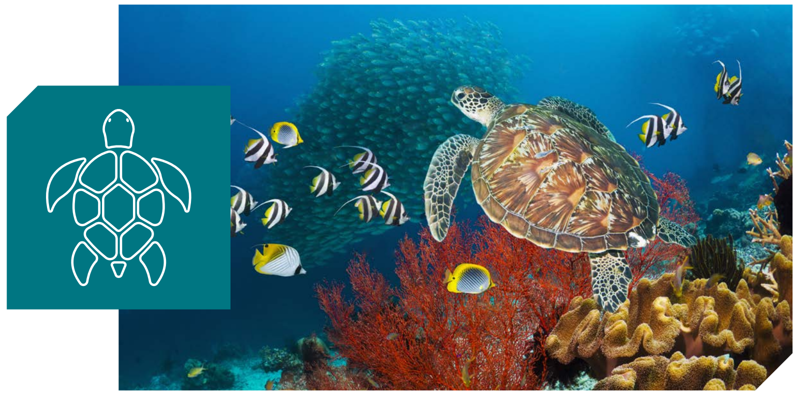
Global risks ranked by severity over next 2 years



Based on our analysis we have identified three target outcomes that aim to address these challenges

Energy Transition

Decarbonise the global economy and reach net zero global emissions by 2050 or earlier.



Biodiversity Protection

Protect biodiversity in line with the Global Biodiversity Framework. Stop biodiversity loss by 2030 and generate a positive impact on biodiversity by 2050.

Social Progress

Improve living standards for all in line with the UN's 2030 Agenda for Sustainable Development Goals on People, Prosperity and Peace.

Targeted Environmental And Social Outcomes

Targeted Outcomes	**Energy Transition** in line with the Paris Agreement *Limit global temperature rises to 1.5°C and reach net zero emissions by 2050*	**Biodiversity Protection** in line with the Global Biodiversity Framework *Stop biodiversity loss by 2030 Positive impact on biodiversity by 2050*	**Social Progress** towards the UN's 2030 Agenda *Target the UN's goals for 'People', 'Prosperity' and 'Peace'*
Solutions	Low Carbon Transport	Sustainable Food and Agriculture	Inclusion
	Renewables and Grid	Responsible Production and Consumption	Healthcare Solutions
	Energy Efficiency	Resilient Infrastructure	Protection
Example KPIs	Renewable energy generated during the year	Waste materials collected and processed	Number of patients treated

Our strategy seeks to achieve these outcomes by investing in companies offering innovative, scalable solutions as outlined in the above table.

Pages 14-43 of this report further detail the challenges our strategy is aiming to address to achieve the targeted outcomes, and the solution providers we have invested in to help contribute towards those outcomes.

In order to measure, report and monitor progress in line with the theory of change, we have identified portfolio impact KPIs for each of these targeted outcomes, in addition to a range of company-specific impact KPIs.

AXA People & Planet Equity Fund Impact Report / AXA IM

Asset Contribution: Key Performance Indicators (2023)

Asset Contribution KPIs

We use impact performance indicators, positive and negative, to measure and report on the portfolio's contribution to our strategy's targeted outcomes. These KPIs are directly related to the investee companies' products and services. Currently there are still gaps in impact data and a lack of standardisation in some areas. This can make it challenging to aggregate KPIs at sector or fund level.

These numbers were calculated using portfolio holdings as of 31/03/2024 and using the most recent full year KPI numbers that were available at the time of the calculations (in the majority of cases, these are KPI numbers for the year ending on 31/12/2023). KPIs are collected in reports published by companies.

To obtain the fund-level KPIs, we divide the company KPI by the EVIC (Enterprise Value Including Cash) of the company, then multiply it by the weight of that company in the portfolio. This provides the KPI per £1M invested in portfolio for each company. The company level contribution to "KPI per £1m invested in portfolio" is then aggregated for each KPI to create the portfolio level "KPI per £1M invested in portfolio".

R&D investment

We also measure the R&D investment by companies that provide the technology required to address the three targeted Outcomes, per £1m invested by the fund.

R&D investments £ per £1m invested by the Fund End 2023: **3,770**

ENERGY TRANSITION

	Impact per £1m invested by the Fund
LOW CARBON TRANSPORT	
Avoided CO2 emissions (Tonnes) during the 12-month period from electrified vehicles fleet	1.2
ENERGY EFFICIENCY	
Avoided GHG emissions (Tonnes CO2), from services sold during the year, or products sold during the year (over their lifecycle)	95
RENEWABLE ENERGY	
Renewable Generation Capacity installed and operated at the end of the year (Gigawatts)	17

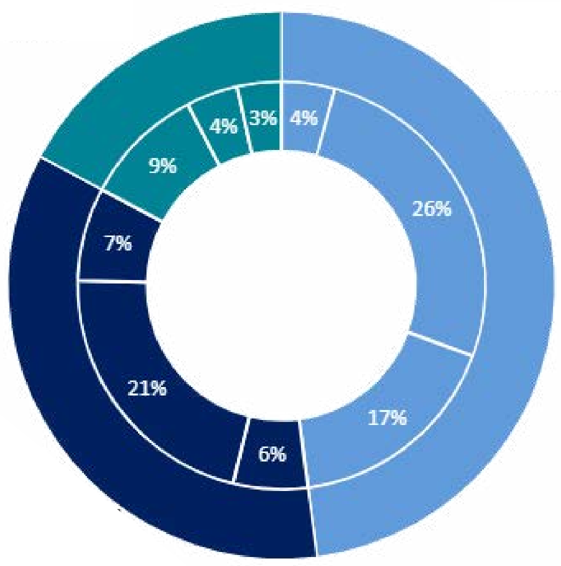
BIODIVERSITY

	Impact per £1m invested by the Fund
RESILIENT INFRASTRUCTURE	
People benefitting from water infrastructure services	9
RESPONSIBLE PRODUCTION & CONSUMPTION	
Waste materials collected and processed for recycling and reuse during the year (Tonnes)	1.4
SUSTAINABLE AGRICULTURE	
Acres covered by sustainable agriculture technology during the year	23

SOCIAL PROGRESS

	Impact per £1m invested by the Fund
INCLUSION	
People benefiting from Inclusion solutions through access to financial products & services	15
People benefiting from Inclusion solutions through access to essential infrastructure and resources	4
People benefiting from Inclusion solutions through access to products & services that help support entrepreneurship and career development	3
HEALTHCARE SOLUTIONS	
People benefiting from Healthcare solutions through access to medical products & services	130
People benefiting from Healthcare solutions through access to wellbeing through diet, exercise or hygiene	0.35
PROTECTION	
People benefiting from Protection through access to personal safety	137
People benefiting from Protection through access to insurance	0.99
Enterprise customers benefiting from Protection through access to cybersecurity solutions	0.02

Portfolio Exposure to Targeted Outcomes and Solutions

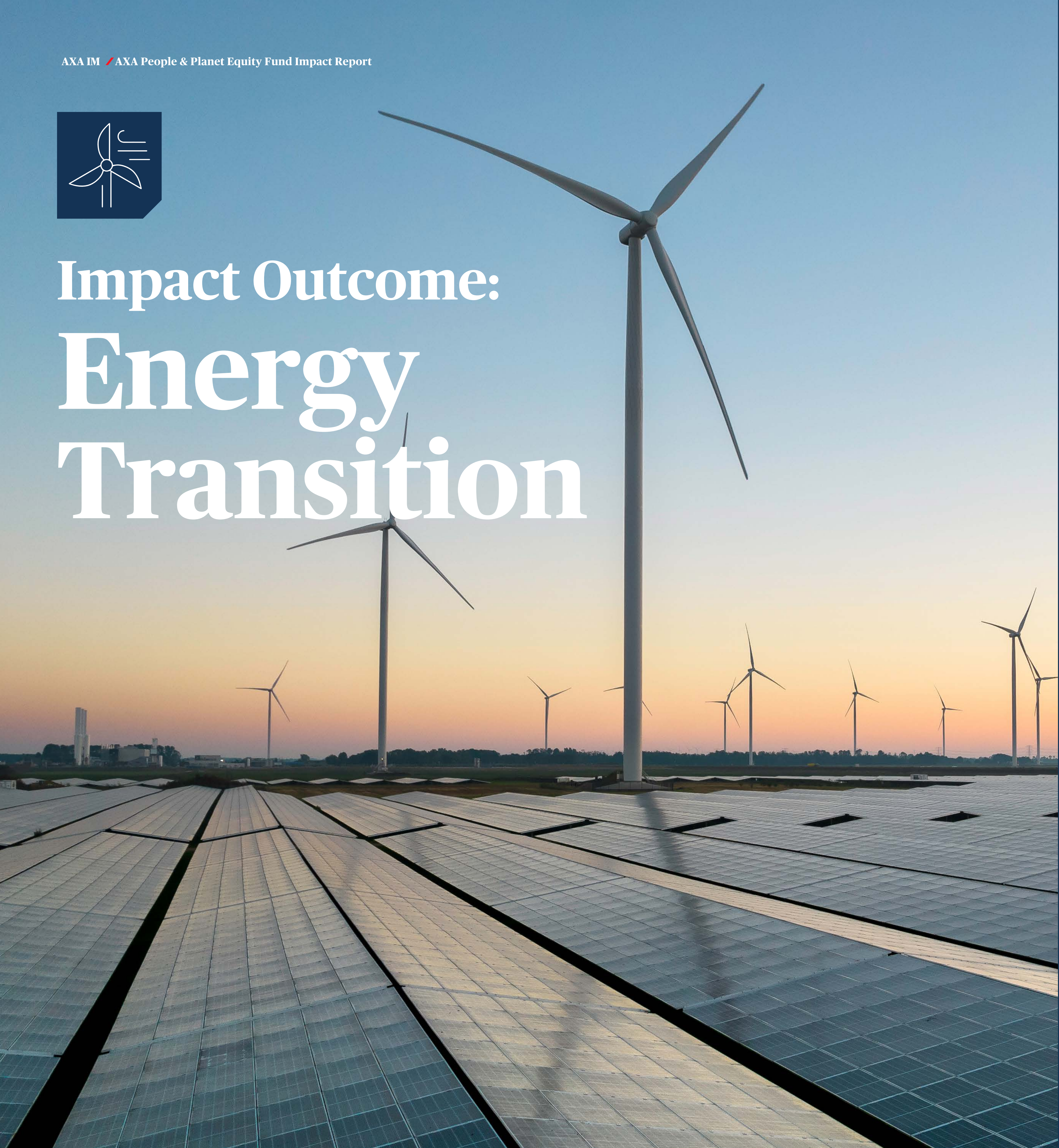


Energy Transition 34%

Biodiversity Protection 16%

Social Progress 47%

Low Carbon Transport	6%
Energy Efficiency	21%
Renewables and Grid	7%
Resilient Infrastructure	9%
Responsible Production and Consumption	4%
Sustainable Food and Agriculture	3%
Protection	4%
Healthcare Solutions	26%
Inclusion	17%



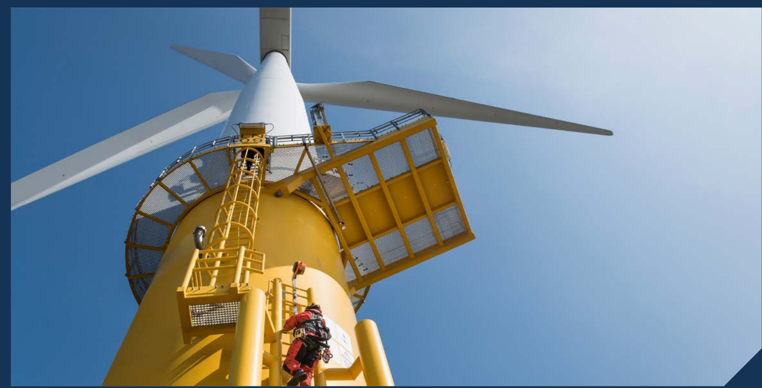
Impact Outcome: Energy Transition

Solutions

Low-Carbon Transport

Energy Efficiency

Renewables and Grid



Challenges to be addressed

Scientific research shows that the current climate has changed more rapidly in recent decades driven by anthropogenic atmospheric concentration of greenhouse gases (GHG). The global average concentration of CO_2 in the atmosphere has been measured at 419.3 parts per million in 2023, an increase of 50% compared to pre-industrial levels, and higher than at any time in at least 3 million years[6]. This is mainly driven by the burning of fossil fuels, and to a lesser extent by agriculture and land use change. According to the Intergovernmental Panel on Climate Change, average temperatures have increased by about +1.1 °C since 1850.[7]

While greenhouse gases, most notably water vapour, are crucial to keeping our planet at a suitable temperature for life, the increased CO_2 is accumulating as an insulating blanket around the earth, trapping more of the sun's heat in our atmosphere, and causing global warming. If current climate policies and commitments by countries are implemented, temperatures are expected to increase by 2.5 °C compared to pre-industrial levels.[8]

Rising temperatures are causing extremes in weather conditions such as heatwaves, more frequent heavier rainfalls and stronger storms which are impacting climate, sea levels, biodiversity, and increasingly society. In addition, a quarter of the c. 40bn tonnes CO_2[9] sent annually into the atmosphere is being absorbed by the oceans, causing the surface waters to acidify.

The Paris Agreement aims to keep temperature change well below +2 °C, and countries with net zero targets together now represent around 90% of global GDP.[10] Governments have committed to substantial cuts in anthropogenic greenhouse gas emissions by the middle of the 21st century through large-scale changes in energy systems, transportation, and infrastructure. Over $40 trillion of investment in clean energy is needed to reach net zero emissions by 2050.[11]

Changes or contributions that will come from solutions provided by companies

Utilities and developers that are replacing fossil fuel-reliant power stations with renewable energy sources, such as wind and solar, or integrating renewable assets into grid infrastructure to distribute clean energy are directly reducing CO_2 emissions. Companies providing energy management and automation solutions that are digitalising and electrifying buildings and industrial processes help to reduce energy consumption and improve production efficiency in high-impact industries to avoid GHG emissions. Electric vehicles and manufacturers as well as low-carbon fuel and railway companies are

Impact KPI

Renewable energy generated during the year (GWh), avoided GHG emissions (m tonnes CO_2) from products and services sold during the year, or products sold during the year (over their lifecycle), avoided CO_2 emissions (m tonnes) from electrified vehicles sold in the year.

Solution: Low-Carbon Transport

Case Study: Toyota Motors

The transport of people and goods account for c. 23% of energy-related greenhouse gas emissions globally[12] making this sector pivotal in meeting the global net-zero emissions target. Oil products account for nearly 91% of final transport energy, down only 3.5 percentage points from the early 1970s[13], with cars and buses making up 45% of transport GHG emissions[14]. Consequently, the electrification of transportation and the development of low-carbon fuels are key to limiting the environmental impact of the transportation sector. It is estimated that by 2030, 42–58% of global car sales will be electric vehicles vs. 4% in 2020[15]. In addition, plug-in hybrids can offer significant emissions savings too, as much as 46% compared with gas-powered vehicles in the US, and provide an option to consumers in areas with limited charging infrastructure or consumers concerned about range[16].

Inputs

375,000 employees, US$ 6.7bn spent in battery-related CAPEX and R&D since 1995, a further $US 33bn earmarked for EV-related investments for 2023–30.

Activities

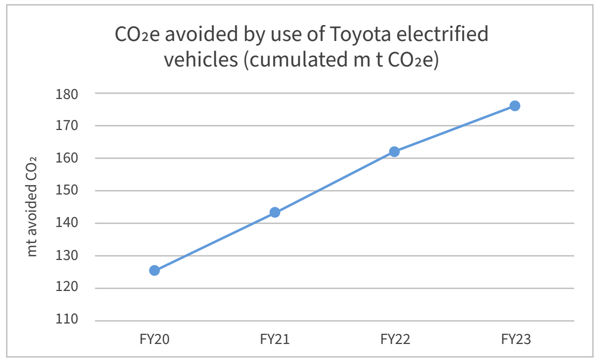
Toyota is the largest global auto manufacturer by units sold and offers passenger vehicles, minivans, commercial vehicles, trucks and buses through various brands at different price points. It has been an early promoter of hybrid electric vehicles (HEVs) and intends to expand its offering of plug-in hybrids and battery electric vehicles. Its next generation of EVs will double the driving range of its current range. The company is planning to launch 10 new models and targets to produce 1.6m units per year by 2026, rising to 3.5m by 2030. The long-term vision of Toyota is to create "mobility ecosystems", wherein autonomous vehicles integrate within cities and communities to work as parts of energy, logistics and transportation systems.

Outputs

As of March 2023, Toyota had sold 23.15m electrified vehicles.

Impact KPI

Contributing to reducing CO_2 emissions: Toyota estimates that its hybrid/PHEV/EV offering has helped avoid over 176m tCO_2 since 1997.



Impact

Mitigating climate change by facilitating the Energy Transition through the design, production and broad distribution of plug-in hybrids and electric vehicles, Toyota is committing substantial resources to the long-term development of low-carbon transport solutions.

Portfolio Weight: 2.5%

Solution: Energy Efficiency

Case study: Schneider Electric

Grid operations are becoming increasingly complex due to decentralisation, volatile power generation, and multi-directional power flows.[17] Smart grid technologies help to integrate distributed energy resources, such as renewable energy, into the grid. Grid automation also allows for greater efficiencies and reliability. In the IEA's Central Scenario, electricity use in buildings is set to nearly double from 11 petawatt hours (PWh) in 2014 to around 20 PWh in 2040, requiring large increases in power generation and network capacity. Energy efficiency represents more than 40% of the emissions abatement needed by 2040 according to the IEA's Sustainable Development Scenario[18] and digital solutions could cut total energy use in residential and commercial buildings between 2017 and 2040 by as much as 10% compared with the Central Scenario (IEA). Simultaneously, the annual renovation rate of buildings should double by 2030 according to the EU Commission, to meet the EU's energy and climate goals.[19]

Inputs

149,819 employees, annual R&D spending amounting to EUR 2.01bn, reaching 5.6% of sales in 2023.

Activities

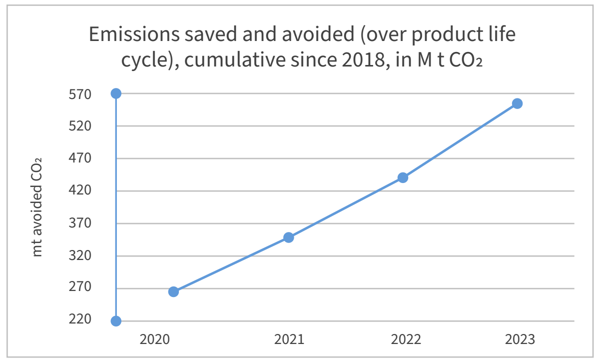
Schneider Electric is a French industrial group that engages in the digital transformation of energy management and automation for homes, buildings, datacenters, infrastructure, and industries. Schneider provides its customers with hardware and software products that directly enable them to manage and reduce their energy use through digitalisation and electrification.

Outputs

74% of the company's revenue was categorised as 'impact revenues' in 2023, which it defines as revenues derived from solutions bringing environmental efficiency to customers, without causing significant harm to the environment. Schneider's EcoStruxure platform uses a cloud-based software as a service (SaaS) model to enable the transformation of energy management and automation. According to the company, the solution can help save up to 80% of engineering costs and time, save up to 75% of maintenance costs, and reduce a customer's carbon footprint by up to 50%. Another solution that brings substantial climate added-value is the SF6-free switchgear for medium-voltage applications used in the electrical value chain for insulation. Sulphur hexafluoride (SF6) is a greenhouse gas and has a very high radiative forcing effect making SF6-free alternatives contribute to substantial emissions avoidances for customers.

Impact KPI

Contributing to reducing CO_2 emissions. Schneider's solutions sold to customers between 2018 and 2023 will help avoid and save 553m tonnes of CO_2 over their life cycle. Solutions sold in 2023 alone will help customers save and avoid approx. 113m tonnes of CO_2 emissions across their useful lives.



Impact

Mitigating climate change by facilitating the Energy Transition through Schneider Electric's digitalisation, electrification, and smart grid solutions, notably in buildings, built environment and industry. Innovation priorities have a true and substantial impact, such as Schneider's SF6-free switchgear solution for medium-voltage applications, contributing to very significant emissions saving.

Portfolio Weight: 2.7%

Solution: Renewables and Grid

Case Study: Brookfield Renewable Corp

Renewables are projected to supply 70% to 85% of global electricity by 2050 to limit global warming to 1.5 °C above pre-industrial levels.[20] To achieve net-zero emissions by 2050, the share of renewables in the electricity capacity mix must shift from 29% in 2021, to 60% by 2030.[21] Investments to modernise global energy systems, through shifts to renewable and cleaner energy, are some of the most critical steps needed to limit climate change. At the same time, energy demand from data centres could double by 2026, according to the IEA's Electricity 2024 Report.[22]

Inputs

4,770 Employees
US$ 2bn of CAPEX dedicated to renewable energy sources

Activities

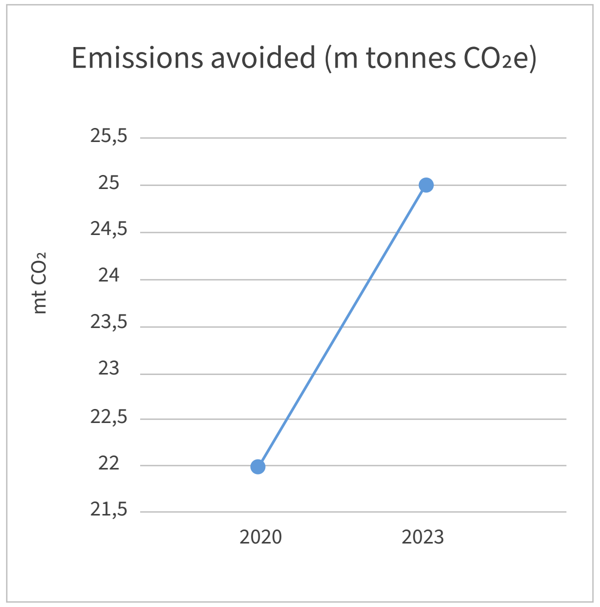
Brookfield Renewable is one of the largest developers of renewables and other sustainable energy solutions with a portfolio of 31.4GW of operational green generation capacity in 2023. Wind made up 41% of its installed renewable capacity in 2023, followed by hydroelectricity (32%), and solar (27%). The company offers clean power purchase agreements (PPA) to corporates, helping them to meet their net-zero commitments. In early 2024, the company expanded its renewable capacity development pipeline to approximately 24GW and in Q2 2024, it signed the largest ever single PPA with Microsoft to deliver 10.5 GW of renewable power capacity to the US and Europe between 2026 and 2030.[23]

Outputs

Brookfield Energies renewables portfolio generated over 29 TWh of electricity in 2023 with a carbon intensity of c. 3 grams per KWh which is significantly lower than the global average emissions factor of 450 grams of CO_2 per KWh in 2023.

Impact KPI

Contributing to reducing CO_2 emissions. Brookfield Renewable Corp avoided over 25m tonnes of GHG emissions by providing renewable energy to corporates and governments.



Impact

Mitigating climate change by facilitating the Energy Transition. Increasing the total renewable energy capacity installed globally. Providing large green energy PPA agreements to companies, helping them meet their net-zero commitments.

Portfolio Weight: 2.5%

Low-Carbon Transport	
Infineon Technologies AG, Germany, IT Services Portfolio Weight: **2.0%**	Infineon designs, develops, manufactures, and markets semiconductor and system solutions, with a significant exposure to automotive applications (over 50% of its revenue). It has a special focus on certain semiconductor materials (Silicon Carbide and Gallium Nitride) that enable faster switching speeds and much higher power density, making them particularly suitable to EV applications. 14% of Infineon's revenue was from solutions dedicated to EVs. We also note that Infineon's manufacturing footprint is significantly lower than the industry average, as it consumes 30% less water, 53% less electricity and generates 69% less waste per unit of wafer produced than the World Semiconductor Council average for front end manufacturing in 2021.
NXP Semiconductors NV Netherlands, IT Services Portfolio Weight: **1.3%**	NXP contributes positively to sustainable development by advancing technological innovation in the field of semiconductors and enabling the retrofitting of infrastructure and factories to make them more energy and resource efficient. NXP also positively contributes to ensuring clean water and sanitation and reducing world hunger as its solutions are used in water management and smart livestock and crop farming. Scope 1 and 2 GHG emissions intensity per unit of wafer produced fell to 15.6 tCO_2e per m2 in 2023, down from 17.8 in 2020.
Renewables and Grid	
National Gird, UK, Utilities Portfolio Weight: **2.1%**	National Grid contributes to the energy transition and facilitates the development of clean energy by ensuring reliable access to power, improving grid efficiency, and integrating renewables into the grid. The recent strategic repositioning of the company will result in a stronger focus on electricity, and a reduction in gas-related activities. National Grid supports the transition through a thorough green capital expenditure programme, as well as through demand-side initiatives and measures to enable a just transition. National Grid's net-zero plan has repercussions throughout its corporate strategy, especially as the company's climate transition pathway directly feeds into its investment and resource allocation priorities. Over 85% of an earmarked GBP 60bn investment plan for the coming 5 years was identified as being fully aligned with the requirements of the EU Taxonomy.
Energy Efficiency	
Cadence Design Systems, US, IT Services Portfolio Weight: **3.1%**	Cadence Design Systems provides software for the design, verification, and analysis of integrated circuits (ICs) and electronic systems. Cadence's offering enables chip designers to develop increasingly complex products with shorter time to market, lower development costs, and improved "performance, power, and area" profiles (meaning better computing speed, energy efficiency, and smaller size). It reports that 95% of its revenue is from what would qualify as "low-power design" solutions. Thanks to its focus on innovation (R&D spend stood at 35% of sales in 2023), Cadence is able to provide cutting-edge solutions used to design the most advanced and energy-efficient chips.

NVIDIA Corporation, US, IT Services Portfolio Weight: **2.9%**	NVIDIA designs and develops computer graphics processors, chipsets, and ancillary software. Its offering includes some of the most advanced computing solutions, equipping the most powerful supercomputers. It invests heavily in innovation (over US$ 45bn invested in R&D since 1997) and is credited for the invention of the Graphic Processing Unit (GPU) in 1999. The introduction of GPU, and "parallel computing", was a key driver in energy efficiency improvements in computing and this architecture makes it possible to keep up with Koomey's Law (which states that computing's energy efficiency should double every 18 months) as traditional CPU architectures show their limit. NVIDIA continues to offer some of the most energy efficient computing platforms, powering 24 out of the 30 most energy efficient supercomputers worldwide.
ASML Holding NV, US, IT Services Portfolio Weight: **2.8%**	ASML manufactures semiconductor equipment, mainly lithography systems used to print circuits, as well as metrology and inspection systems, used by chipmakers to test the performance and quality of their products. Its extreme ultraviolet (EUV) lithography systems are the most advanced in the world, capable of printing the smallest and densest patterns, thus enabling chip miniaturization and improving energy efficiency in finished electronic products. We also note an attention to improving the energy efficiency of its own systems: between 2018 and 2023, it has reduced the energy consumption per wafer pass of its NXE EUV platform by 40%. This is thanks to significant investments in innovation (R&D spend stood at 14.5% of sales in 2023).
Eaton Corp., US, Industrials Portfolio Weight: **2.6%**	Eaton is a provider of power management solutions which enable electrification, facilitate the adoption of renewables, and reduce energy- and transport-related GHG emissions. Its solutions for aerospace and vehicles contribute to improving energy efficiency, through lightweighting and improved fuel economy. We also note efforts to reduce its own environmental footprint, notably through better energy efficiency. Between 2018 and 2023, its energy consumption declined by 16%.
Linde plc, UK, Materials Portfolio Weight: **2.3%**	Linde is a leader in industrial gases, offering a diverse range of gas solutions to customers, a substantial share of which are specifically designed to enhance industrial processes and make them more resource-efficient and sustainable. Linde is notably a leading player in the production of hydrogen, and the company showcases substantial R&D efforts around decarbonizing hydrogen production. The company is therefore partially responsible for the industry's direction towards green and blue hydrogen (using renewable sources of electricity and water, and using natural gas with carbon capture, respectively). Linde's development plans in carbon capture and sequestration (CCS) solutions for customers also contribute positively to the energy transition as the group is currently developing some of the most promising CCS initiatives. Linde aims to invest over US$1bn cumulatively into decarbonization initiatives by 2028, and triple clean hydrogen production by 2028.
Capgemini SE, France, IT Services Portfolio Weight: **1.9%**	Capgemini is a strategic partner in the digital transformation and innovation processes of a myriad of companies across multiples industries. Capgemini contributes to driving innovation, which for the majority of its clients means aligning with the secular trends of digital transformation towards decarbonisation, as well as more efficient and secure IT systems. Capgemini formally set up a Sustainability Business Division in 2021, whose sole purpose is to provide climate- and carbon-related solutions, with a goal to help customers save 10m tons of CO_2 equivalents by 2030.

ANSYS, Inc. US, IT Services Portfolio Weight: **1.9%**	Ansys develops and markets engineering simulation software and services used by designers, engineers and researchers in a wide range of industries, such as semiconductors, energy, and automotive. Several solutions contribute to improving energy efficiency, such as its electromagnetic field simulation solutions, used for example in integrated circuits and electric motor design. Customers report these solutions enabled them to improve GPU power efficiency of key design blocks by 10%. Simulations solutions are also used to design more energy efficient turbines, contributing to energy efficiency improvements in aerospace and power generation.
Equinix, Inc. US, Real Estate Portfolio Weight: **1.9%**	Equinix is a datacentre and interconnection real estate investment trust, with 248 datacentres operated across 32 countries globally for over 10k customers. Equinix provides this infrastructure in a sustainable way. For example, it is focused on areas such as driving down PUE (power usage effectiveness) and building green buildings to house the datacentre infrastructure. Since 2019, it has reduced its average global PUE from 1.54 to 1.46, which is lower than the reported industry average for colocation datacentres of 1.55 in 2022 and even lower when compared to on-premises enterprise datacentres. It reports that most of its newer datacentres have exceeded this with design average PUEs of 1.2 or better. 71% of its global portfolio had green building certifications, with 31% of its global portfolio of datacentres having LEED certification and it has committed to obtaining this certification or an equivalent green building standard for all new construction.
Taiwan Semiconductor Manufacturing Co., Ltd. Taiwan, IT Services Portfolio Weight: **1.8%**	TSMC is the biggest semiconductor manufacturer in the world and a pioneer of the pure-play foundry business model, producing 28% of the world's semiconductor output value (excluding memory) in 2023. Thanks to significant investments in R&D (c. 8.4% of net sales in 2023) and capacity expansion (44% of net sales), TSMC offers the most advanced manufacturing capabilities, consistently pioneering production of the most advanced nodes, and thus the most energy efficiency chips. The Industrial Technology Research Institue (a Taiwan-based research institution) estimates that for each kWh consumed in production, TSMC helps the world conserve 4kWh.

Impact Outcome: Biodiversity Protection

Solutions

Sustainable Food and Agriculture

Responsible Production and Consumption

Resilient Infrastructure

Challenges to be addressed

Biodiversity loss caused by human driven pollution, deforestation, land use from overexploitation of natural resources and urbanisation, climate change, and invasive species are fundamentally eroding the natural capital upon which our societies and economies depend – including our water, clean air, fertile soils, and pollinators. The latest Living Planet Report reveals global wildlife populations have plummeted by 73% on average over the past 50 years with freshwater populations suffering the heaviest declines, falling by 85%, followed by terrestrial (69%) and marine populations (56%)[24], more than half of global gross domestic product (GDP) is dependent on nature and its services[25], such as water, clean air, pollination and food, and the degradation of natural assets such as forests and soils poses a significant long-term threat to the global economy, society, and financial institutions. It is estimated that the cost related to biodiversity loss and ecosystem damage could be around US$ 5tn[26]. To address the urgent need to halt biodiversity loss, governments have adopted the Kunming-Montreal Global Biodiversity Framework (GBF) - the equivalent of the Paris Agreement for climate change - to protect and restore 30% of nature, reduce food waste and the use of harmful pesticides by 50% by 2030[27], setting an ambitious pathway toward the global vision of a world living in harmony with nature by 2050.

Changes or contributions that will come from solutions provided by companies

Innovative water technologies such as leakage detection in aging infrastructure help to save not only thousands of cubic metres of water, but also the energy needed to pump and treat all this water. Waste management solutions contribute to lower pollution and more circular economies. Developing sustainable materials such as bio based, biodegradable or long-lasting alternatives (e.g., aluminium, glass, bio-composite concrete, rammed earth, wood, or glass) reduce the impact on the environment. Precision agriculture, new ingredients and alternative protein are new sustainable opportunities to meet the growing demand for food whilst reducing the use of pesticides and water.

Impact KPI

People benefitting from water infrastructure services (million people). Million acres covered by sustainable agriculture technology (1 acre = c. 0.4 hectare) during the year. Waste materials collected and processed for reuse during the year, in million tonnes.

Solution: Resilient Infrastructure

Case Study: Xylem

Most of the water on Earth is saline (i.e. seas and oceans), with freshwater making up under 3% of total water.[28] Rising global population and climate change are increasing water scarcity and insecurity, especially in low-income countries.[29] Moreover, water scarcity is increasingly affecting developed countries too because aging water infrastructure leads to significant water loss.[30] The global volume of non-revenue water (water that has been produced and lost before it reached the customer) has been estimated to be 346m cubic metres per day[31] amounting to 30% of water system input volumes across the world. Non-revenue water increases pressure on natural water resources, as more water is produced and processed than is actually needed. In addition, water utilities produce GHG emissions indirectly through energy use and chemicals, and directly through gases that have a high global warming potential such as nitrous oxide and methane.

Inputs

17,300 Employees
US$ 232m spent in R&D in 2023, US$ 10bn CAPEX planned for 2023-27.

Activities

Xylem is a leading global water technology company with a portfolio of products and services which provide solutions for the management and modernisation of scarce water resources and water networks, including water recycling, supporting emerging water technologies or providing environmental analysis technologies that facilitate water and contaminant monitoring. Xylem aims to "accelerate localization and expand coverage" in emerging countries and underserved regions to enhance access to clean water and facilitate wastewater management.

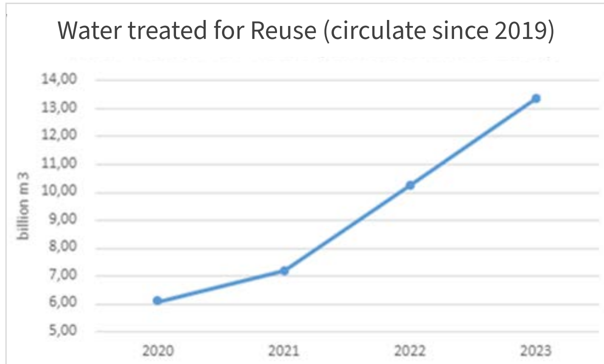
Outputs

Xylem's solutions help to save water and prevent pollution through wastewater treatment and leakage prevention, reducing the pollution of waterways, and to build resilience to climate change by enabling the optimised management of scarce water resources reducing sewer overflow caused by extreme weather events.

Impact KPI

Contributing to reducing water leakages and ground water pollution and access to water and sanitation to underserved populations.

In 2023, it treated 3.11bn m3 of water for reuse, prevented 1.9bn m3 of polluted water from flooding communities or entering waterways, reduced 800m m3 of non-revenue water and helped avoid 1.15mt CO_2 emissions.



Source: Company reports

In 2023, 16% of Xylem's revenue was generated in emerging markets, and it provided access to clean water and sanitation solutions to 3.8m people "living at the base of the global economic pyramid", and to 12.7m people since 2019 (mostly through philanthropic initiatives).

Impact

Protecting and preserving biodiversity through resilient infrastructure is saving scarce freshwater resources and reducing the contamination of ground water, lakes, rivers, and oceans. Providing underserved regions with drinking and wastewater solutions is also generating social impact.

Portfolio Weight: 2.7%

Solution: Sustainable Food and Agriculture

Case study: Deere & Co

Agriculture is responsible for up to 90% of global deforestation.[32] It also uses 50% of all habitable land[33] and accounts for 70% of all freshwater usage, with over half of this water being wasted due to leaky irrigation systems or inefficient application.[34] The sector is also a major source of water pollution from livestock effluents, fertilizer, and pesticide run-off, and contributes to nearly 30% of global CO_2 emissions.[35] With global food demand expected to increase by 50% by 2050[36], it is essential that the entire food system becomes more sustainable by addressing food waste and consumption habits, improving water-efficiency and crop yields, developing dairy and meat alternatives, and reducing the use of pesticides.

Inputs

82,200 Employees
US$ 2.2bn spent in R&D and US$ 1.5bn in CAPEX in 2023, c. 40% of CAPEX and R&D spend is dedicated to smart/precision agriculture technologies.

Activities

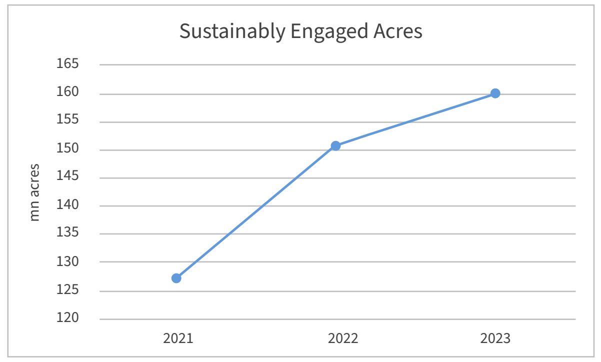
Deere & Co specialises in the manufacturing of agricultural and forestry equipment and is a leader in Agritech solutions. Its Production and Precision Agriculture divisions provide crop farmers with tractors, combines, seeding, tillage, and precision agriculture solutions based on connected, smart machines that deliver both economic value and sustainability benefits.

Outputs

We estimate that 50-70% of revenue is derived from activities that contribute materially to sustainable agriculture. Deere enables farmers, as well as forestry and construction customers, to optimise their operations, increase their productivity and minimise the number of passes. Connected machines enable farmers to more easily certify their production, monetise sustainable practices, and participate in sustainability programs such as the US Cotton Trust Protocol and carbon markets. It offers "smart" features which leverage data, machine learning and computer vision, such as See & Spray which identifies weeds so to spray only them, reducing pesticide use by up to two thirds. Other examples include ExactShot, which reduces fertilizer inputs by up to 60%, and SmartApply, that reduces crop protection and water input by up to 50%, chemical runoffs by 93%, and airborne drift by 87%, enabling farmers to reduce pollution and water usage whilst increasing yield.

Impact KPI

As of FY23, there were 650,000 connected Deere machines in use for a total of 288m engaged acres during the year, including 92m highly engaged acres, and 160m acres sustainably engaged (acres treated with at least 2 precision agriculture tools or sustainable practices during the year). See & Spray was used on 1m acres, saving over 30m L of pesticides. Deere estimates these solutions enabled farmers to reduce their carbon footprint by 9% in 2022 from 2021.



Impact

Protecting biodiversity and helping to increase sustainable agriculture by providing solutions that enable farmers to improve their productivity and reduce their environmental impact. Deere & Co's innovative solutions make farming more resource-efficient and technology-enabled.

Portfolio Weight: 2.0%

Solution: Responsible Production and Consumption

Case Study: Republic Services

Poor waste management, and in particular inadequate landfill operations, leads to water, soil and air pollution and is a significant source of GHG emissions. Indeed, according to the US Environmental Protection Agency (EPA), landfills are responsible for 15% of methane emissions in the US, with methane accounting for over 12% of US GHG emissions from human activities.[37] Only 32% of municipal solid waste is recycled and/or composted in the US[38], compared to other developed economies such as the EU which has a recycling rate of nearly 50%[39], and policies aimed at developing more local and federal recycling/reuse programmes. Landfill operators often capture landfill gases, which are produced from decomposing waste and contain a high content of methane with a high global warming potential. They do this to prevent methane leakage by either burning it off (flaring) or utilising it for energy production, such as generating electricity, thermal energy, or producing renewable natural gas (RNG).

Inputs

42,000 Employees
US$ 1.6bn in CAPEX in 2023

Activities

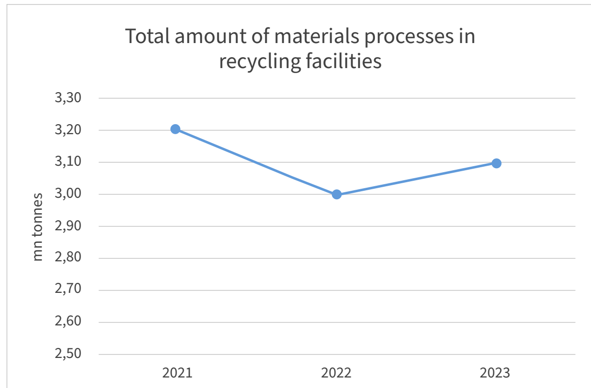
Republic Services is one of the leading providers of essential waste management services and other environmental services in the US and operates 73 landfill gas reuse projects, 206 landfills, 71 recycling centres, 6 active hazardous waste landfills, 9 active energy waste landfills, 3 treatment, recovery and disposal facilities, 20 treatment, storage and disposal facilities, 6 saltwater disposal wells and 7 deep injection wells to recycle, treat and dispose hazardous waste from petrochemical and industrial customers (it recovers oil and metal bearing catalysts for resale to third parties). The company is responsible for 128 closed landfills.

Outputs

Its collection business accounted for 69% of revenues and served over 13m customers through 364 collection stations and an average of 5m pick-ups per day in 2023. During the 2017-23 period, it invested over US$ 500m in recycling infrastructure and technologies, such as optical sorters, automation, AI-powered scanners which achieve 99% success rate at identifying aluminum, 30% faster than human sorters-, and a network of “Polymer Centers”, the first integrated plastics recycling facilities in the US, which enable the production of food-grade drop-in substitutes for virgin plastics. Republic expects that its 4 currently planned centres will produce c. 50k tons of recycled plastic annually. In 2023, it also beneficially reused 20.3bn M3 of landfill gas.

Impact KPI

waste management services that increase recycling rates and reduce pollution. In 2023, Republic processed 3.1m tons of waste materials for recycling.



Note: volume of materials processed for recycling was lower in 2022 and 2023 than in 2021, in part due to renovations and developments at several recycling facilities.
Source: Company reports

Impact

Halting biodiversity loss by protecting and preserving natural resources through recycling and waste processing, adequate landfill management, and the beneficial reuse of landfill gas.

Portfolio Weight: 2.0%

Sustainable Food and Agriculture	
Symrise AG, Germany, Materials Portfolio Weight: **1.4%**	Symrise is a global leader in fragrances, flavours, and ingredients. Symrise puts great emphasis on sustainable sourcing and green chemistry. Indeed, it works with suppliers to promote regenerative agricultural practices (it employs over 70 agronomists that help farmers with soil analysis, water use, and fertilization), with the aim of improving their yield, reducing their environmental impact, and ensuring long-term partnerships for the supply of high-quality raw materials. It focuses on natural feedstock (95% of its strategic biomaterial sourcing) and will not be launching any new projects based on artificial feedstock. It applies green chemistry principles for several of its processes, including its flagship product, synthetic menthol (with a carbon footprint only 10% of that of natural menthol), and announced that all new processes would follow these principles.
Responsible Production and Consumption	
SIG Group AG, Switzerland, Materials Portfolio Weight: **1.5%**	SIG Group provides aseptic packaging solutions for food and beverages, contributing to reducing global food waste, extending the shelf-life of products without the need for refrigeration and preservatives. Most importantly, SIG’s packaging solutions feature high renewable and biodegradable content (75-85% on average), which reduces biodiversity loss associated with marine and land pollution. Finally, life-cycle assessments revealed that SIG’s aseptic cartons have a significantly lower carbon footprint compared to alternative packaging. SIG’s aseptic cartons have a 28-70% lower carbon footprint compared to alternative packaging such as plastic and glass bottles and aluminum cans. Bag-in-box solutions allow an 86% reduction in plastic use compared to premium PET bottles, meanwhile mono-material spouted pouches for baby food offer an 11% reduction in carbon footprint compared with plastic tubs and a 59% reduction compared with glass jars.
Resilient Infrastructure	
AECOM, US, Industrials Portfolio Weight: **2.2%**	AECOM contributes substantially to building critical infrastructure in a rapidly changing world. AECOM is a leader in services to build critical water infrastructure across the entire water value chain (from producing drinking water, to services relating to wastewater treatment). The company contributes to increasing key waste management and treatment and recycling infrastructure. AECOM has moreover built a leading position in PFAS-related services, and is poised to both benefit from, and contribute to, accelerating efforts to eliminate these ‘forever chemicals’. AECOM benefits from both deep technical skills and a very large scale, to attract customers with large and pressing infrastructure needs. AECOM’s coverage across entire value chains (such as water) makes it a partner of choice for customers, notably those which have needs in green infrastructure, for those that seek to respond to and mitigate, but also better adapt to climate change.

American Water Works Company, Inc. US, Utilities Portfolio Weight: **1.9%**	American Water Works (AWW) is the largest publicly-traded water utility company in North America. It provides drinking water and wastewater services to c. 14m people through over 86k km of pipes. AWW is making significant capital investments, to make its assets more resilient against extreme weather events and to deploy technology that will increase its system efficiency and overall water quality, with around US$ 30bn earmarked for the 2022-31 period (around 10% of which will be dedicated to resiliency). As of 2023, its average pipe renewal rate was 21% better than the industry average (146-year cycle vs. 185-year cycle for the industry). It is also transitioning to advanced metering infrastructure (around 33% of meters as of 2023), a key lever to reduce non-revenue water.
Autodesk, Inc. US, Software Portfolio Weight: **2.7%**	Autodesk's software design solutions help improve resource use efficiency across a range of resource-intensive sectors such as construction and manufacturing. Autodesk supports and enables sustainable planning and management, yet also contributes to water and renewable energy infrastructure. The group's architecture, engineering and construction solutions notably help reducing embodied carbon, operational carbon emissions, encourage renovation and materials reuse, and help manage water resources.

Impact Outcome: Social Progress

Solutions

Inclusion

Healthcare Solutions

Protection

Challenges to be addressed

Following 2020 and 2021 declines in the global Human Development Index (HDI) value - which measures health, education and standard of living - the latest report from the UNDP shows that the path of human development progress has shifted downwards and is now below the pre-2019 trend, threatening to entrench permanent losses in human development. Further, while progress is slowing overall, the gap between different populations is widening. After 20 years of improvements, inequalities in HDI values are growing between countries at the bottom and countries at the top of the index.[40]

A key aspect of improving living standards for all is increasing access to high quality healthcare. Several factors including the COVID 19 pandemic, an ageing population and an increase in chronic health conditions are weighing on already fragile public healthcare systems. People are turning to the private sector but this is increasingly out of reach. The UN has reported that 381 million people were pushed or further pushed into extreme poverty in 2019 due to out-of-pocket payments for health.[41]

In addition, new and widening risks to safety have emerged as the critical functioning of society increasingly relies on technology. According to the World Economic Forum, cyber insecurity is ranked at number four of the most severe risks we face over the next two years.[42]

Changes or contributions that will come from solutions provided by companies

Inclusion is a key lever to reduce inequality and poverty, address vulnerabilities and enable investment in human development. We have identified several types of products and services which have historically been less available to certain populations, which excludes them from opportunities and leads to unequal living standards. Examples include financial services, telecommunications/the internet, software and access to clean water. Therefore, widening access to such products and services, particularly to underserved populations, can help increase social inclusion, and ultimately improve living standards for all. To drive improvement in health we look to invest in companies supporting medical innovation (which generates more effective and sometimes less costly diagnostics and treatments) with a competitive edge that meaningfully improves patient outcomes. To support widening access to healthcare, we look for companies which are committed to lowering barriers to access, for example through lowering price. We also believe that widening access to products and services which promote wellbeing can help lower the burden to the healthcare system. Examples include companies providing more nutritious, healthier food, access to gyms, and personal care/hygiene products. To protect safety, we may invest in manufacturers of personal safety wear and equipment or automotive safety products. To promote cyber security we invest in companies that provide innovative software and applications globally that protect against cyber crime.

Impact KPI

People benefitting from Inclusion, Healthcare and Protection solutions.

Solution: Inclusion

Case Study: Bank Rakyat

Indonesia has the fourth-largest population of unbanked in the word, with 100 million underserved individuals.[43] This is due to challenges such as the country's geographical characteristics as an archipelago with over 17,000 islands, and low financial literacy and awareness (50% according to the Indonesian Financial Services Authority).[44] Micro, Small and Medium Enterprises employ 97% of the workforce and contribute over 60% to Indonesia's GDP[45] but have limited access to formal banking services, holding back their growth potential. The Indonesian government aims to achieve 90% financial inclusion by 2024[46], with a strong focus on supporting ultra-small businesses, having progressed from the percentage of individuals with bank accounts from under 20% in 2011 to just over 50% in 2021.[47]

Inputs

79,000 Employees
More than 627,000 banking agents (reaching 80% of villages in Indonesia). 10% of agents are located in the "Frontier, Outermost and Disadvantaged" areas which are regions most affected by income disparities.

Activities

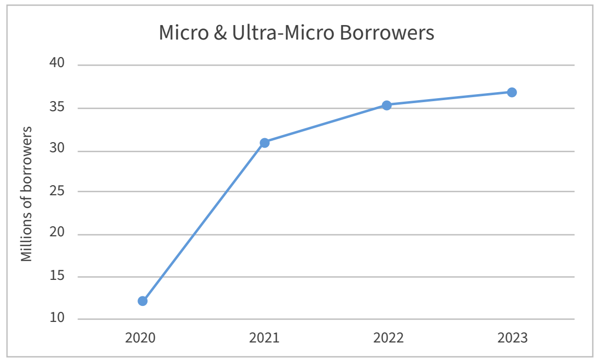
Bank Rakyat is one of the largest Indonesian banks with a focus on expanding financial inclusion through its large banking agents' network, covering areas with otherwise limited access to financial institutions, and innovative mobile banking solutions. It has a market share in the micro and ultra-micro borrowers segment exceeding 55%, and offers dedicated lending services for women through its subsidiary PNM. Micro and ultra-micro loans typically finance the growth of small businesses (average loan size = US$ 4,000). For micro-borrowers with low levels of financial literacy it has developed a specific approach that allows for a sustainable transition to the formal financial system.

Outputs

Financial products and services for 166 million individuals and businesses, including MSMEs. Products and services include checking and savings accounts, consumer, commercial and mortgage loans, credit and debit cards, Internet banking services, and the distribution of insurance products. US$ 82bn in loans, including 48% to micro and ultra-micro businesses.

Impact KPI

Increased access to capital and financial services for MSMEs and underserved individuals. 37 million micro and ultra-micro companies benefiting from loans, many of whom would not have access to financial services without Bank Rakyat.



Source: Company reports

Impact

Increased access to capital and financial services for underserved MSMEs supports economic growth and financial inclusion, thereby contributing to social progress. Additionality notably comes from the company's large banking agents' network, covering areas with otherwise limited access to financial institutions, and comprehensive offering supporting micro-business transition towards the formal financial system, and innovative mobile banking solutions.

Portfolio Weight: 2.2%

Solution: Healthcare Solutions

Case study: AstraZeneca

The most common causes of death globally are 'non-communicable diseases' including cardiovascular diseases, cancer, and chronic respiratory diseases.[48] They tend to develop gradually over time and are not infectious themselves. Heart diseases were the most common cause, responsible for a third of all deaths globally with over 75% of cardiovascular disease related deaths taking place in low and middle-income countries.[49] Cancers were in second, causing almost one-in-five deaths.[50] Taken together, heart diseases and cancers are the cause of every second death. In addition, more than 6,000 identified rare diseases are estimated to affect 300 million people globally[51], and around 95% have no approved treatment.[52]

Inputs

89,900 Employees
R&D costs of US$ 10.9bn, amounting to 24% of revenue in 2023.

Activities

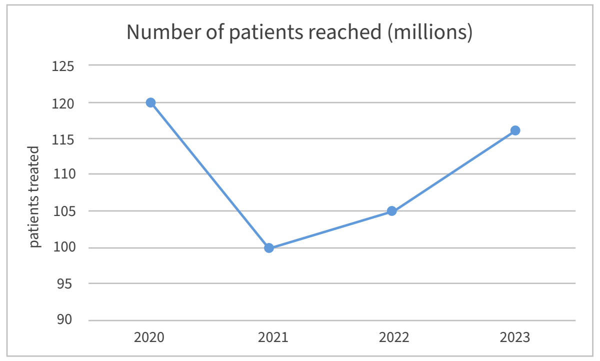
AstraZeneca is a leading pharmaceutical company focused on discovering, developing, and commercializing prescription medicines in oncology, cardiovascular, renal and metabolism, respiratory diseases, immunology, vaccines, immune therapies, and rare diseases. It engages in the research, development, and manufacture of pharmaceutical products with a focus on the discovery, development, and commercialisation of prescription medicines. It focuses particularly on advancing treatment in the early stages of disease, specifically cancer, where the greatest opportunity for cure exists. Increasing patients access to medicine, specifically that of rare diseases, through assistance programmes is another priority.

Outputs

AstraZeneca is a recognized leader in all its therapeutic areas with an estimated global market share as high as 10% in areas such as oncology, vaccines and immune therapies. AstraZeneca is among the largest multinational pharmaceutical companies in emerging markets, accounting for 21% of total revenue. The Access to Medicine Index recognizes AstraZeneca's leadership in product delivery in emerging markets, where the company has shared the highest number of intellectual property assets to third-party researchers.

Impact KPI

In 2023 only, AstraZeneca reached 116 million patients affected by life-threatening communicable and non-communicable diseases. Furthermore, as part of AstraZeneca's patient assistance programmes, the company has realised product donations for around US$ 4.7bn, contributed to the activation of 4,200 healthcare facilities and the training of 580,000 healthcare workers in underserved communities, and overachieved its own target to reach 50 million people by 2025 through a range of access programmes.



Note: Beginning in 2021, only patients within AstraZeneca's primary 'Therapy Areas' (Oncology, Biopharmaceuticals, and Rare Disease) are included in the scope of KPI, resulting in limited comparability with data reported in 2020 and earlier. **Source:** Company Reports

Impact

Decreasing social inequalities between emerging market and developed countries and driving social progress through providing a range of medical treatments for life-threatening communicable and non-communicable diseases, while holding a profound commitment to advance medical research in critical areas.

Portfolio Weight: 2.4%

Solution: Protection

Case Study: Palo Alto

Cyberattacks are on track to cause US$ 10.5tn a year in damage by 2025, increasing by 300% since 2015[53] and presenting significant threats to individuals, businesses, and governments. To protect against cybersecurity threats, organisations spent c. US$ 150bn globally in 2021, with the figure growing by 12.4% every year.[53] Artificial intelligence is one area that poses both opportunities and risks for the sector, creating new strains of ransomware on the one hand and enabling machine learning algorithms to mitigate against new threats on the other.

Inputs

13,948 Employees
R&D costs of US$ 1.6bn, amounting to 23% of revenue in 2023.

Activities

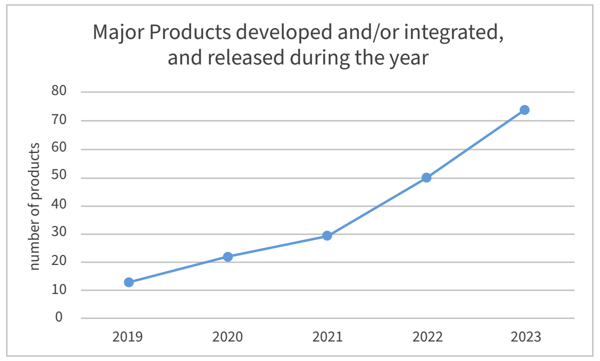
Palo Alto is one of the leading global cybersecurity providers, accounting for c. 7% market share of its total addressable market in 2023. Its cybersecurity platforms and services solutions for enterprise users, networks, clouds, and endpoints, cover network security, cloud security, security operations, threat intelligence and security consulting. The company produces hardware and software firewalls designed for different performance requirements throughout an organisation, ranging from small and micro-enterprises (SMEs) to large-scale data centres. Palo Alto invests heavily in innovation and delivers timely products and updates to help customers adapt to evolving cyber threats.

Outputs

The company served over 80,000 customers including almost all of the Fortune 100 companies and a majority of the Global 2000 companies. 'Subscription' revenue accounted for 48% of total revenue over FY23, followed by 29% in 'Support' which includes threat intelligence, incident response and security consulting. 'Product' revenue contributed 23%, which is derived primarily from sales of hardware appliances. Palo Alto's large R&D-related investments in recent years contributed to releasing 180 new major products between FY2019 and FY2023. In 2023 alone, Palo Alto unveiled 74 major new products.

Impact KPI

Contributing to social progress by ensuring the protection of critical digital infrastructure, sensitive data, and intellectual property necessary for the adoption of crucial digital services. The company is also accessible for smaller businesses through the machine learning-powered firewall designed for SMEs and is fostering innovation across key sectors such as healthcare, education, finance, commerce, governance, and agriculture.



Source: Company reports

Impact

Palo Alto's products and solutions help customers better protect themselves against ever evolving and increasingly complex cybersecurity crimes, enabling social progress.

Portfolio Weight: 2.0%

Inclusion	
SAP SE, Germany, IT Services Portfolio Weight: **3.0%**	SAP produces a diverse range of enterprise software solutions, including enterprise resource planning, customer relationship management, human capital management, business intelligence and analytics, supply chain management software, and cloud-based services. These solutions can lead to improve productivity, cost savings, better resource utilization, enhance customer engagement, support for sustainable business practices and overall business.
Intuit Inc. US, IT services Portfolio Weight: **2.9%**	Intuit provides competitively priced bookkeeping and tax filing technologies targeting small- to micro-entreprises and the self-employed, as well as credit management tools to individuals, helping businesses and individuals to efficiently manage their finances. Customers using QuickBooks online rose to 6.5 million in 2023 from 5.9 million in 2022, and 18 million US workers were paid using QuickBooks payroll in 2023, up from 17.6 million in 2022.
Microsoft Corporation, US, IT services Portfolio Weight: **2.5%**	Microsoft provides access to information and communication technologies worldwide. Microsoft's products and services allow enterprises to achieve higher levels of economic productivity and support individuals in acquiring technical skills for employment, where the Company's contributions are reinforced by dedicated initiatives in developing countries. Microsoft is also a leading innovator in areas such as cloud computing, cybersecurity, and AI, which are crucial to the modernization of businesses, government, and society at large.
RELX PLX, UK, Industrials Portfolio Weight: **2.3%**	RELX is a global provider of information-based analytics and tools for professional customers in a wide variety of sectors and a key source of knowledge, data, and analytics for a wide range of customers with various information needs. Most importantly, RELX provides a platform for scientific research which is widely used and well regarded as a trusted source of information, with its Scientific, Technical and Medical segment accounting for 18% of global research output and 28% of citations.
Visa Inc. Class A, US, Financials Portfolio Weight: **2.2%**	Visa operates one of the largest payment processing networks globally, counting 15,000 financial institutions globally and 100 million merchants and over 4.3 billion cards, and processing over 212.6 billion transactions in 2023. Visa's growing penetration across emerging markets, with its network and with digital payment solutions, have in part contributed to the digital transformation of financial flows in the Global South. In 2023, Visa integrated over 27 million new SMBs on its network, achieving its initial target of 50 million between 2020 and 2023, helping these types of customers get increased access to digital payments.
American Tower Corporation, US, Real Estate Portfolio Weight: **2.0%**	As one of the largest global providers of telecommunication network infrastructure, American Tower's efforts contribute to bridging the digital divide by expanding network infrastructure in underserved areas and improving network efficiency and resilience in covered areas. American Tower operates almost 150,000 telecommunication towers (67% of its portfolio) in Sub-Saharan Africa, Latin America and India, increasing mobile internet coverage and use globally, thereby enhancing the way people communicate, find information, earn a living and access education and healthcare services. In emergency or crisis situations, life-saving humanitarian assistance and information is increasingly delivered using mobile networks.

Healthcare Solutions	
Novo Nordisk. A/S Class B, DK, Pharmaceuticals Portfolio Weight: **2.1%**	Novo Nordisk provides treatments for life-threatening chronic conditions, with a focus on diabetes and obesity reaching 41.6 million patients in 2023 only. The Company is the market leader in diabetes medications with 34% of market share as of the end of 2023 and has an ambition to strengthen its position in other therapeutic areas such as rare blood and endocrine disorders, growth hormone deficiency and Alzheimer's disease. Novo Nordisk demonstrates a commitment to increase access and affordability of treatments through several initiatives.
Stryker Corporation, US, Healthcare Portfolio Weight: **2.6%**	Stryker produces innovative medical instruments and solutions for surgical procedures, which are all highly material as they permit medical professionals and caregivers to restore patients' health and reduce trauma rising from critical medical conditions. In 2023 only, Stryker's solutions contributed to enhance the health outcomes of over 150 million patients in surgical and emergency settings, up from 130 million in 2022.
Thermo Fisher Scientific Inc. US, Healthcare Portfolio Weight: **2.6%**	Thermo Fisher contributes to better health outcomes through diagnostic and life sciences research equipment and contract development and manufacturing organization services to pharmaceutical clients. Thermo Fisher estimates that it supports more than 8 thousand clinical trials and the development of more than 2 thousand molecules each year. Furthermore, Thermo Fisher positively impacts over 1 million patients every day through the manufacturing of medicines pharmaceutical and biotech clients.
Intuitive Surgical, Inc. Germany, IT services Portfolio Weight: **2.5%**	Intuitive Surgical provides medical professionals with innovative surgery and diagnostic technologies. These technologies enable minimally invasive surgery which reduces traumas, complications and decreases hospitalization and recovery times, thereby improving patient outcomes and minimizing costs for the healthcare system. In 2023 only, 2.2 million procedures were performed using Intuitive Surgical's robot-assisted minimally invasive surgery systems in 2023, up from 2 million procedures in 2022.
Dexcom, Inc. US, Healthcare Portfolio Weight: **2.2%**	DexCom focuses on the design, development and commercialization of continuous glucose monitoring (CGM). DexCom contributes to global health coverage and protection by supporting the treatment of a life-threatening chronic condition, diabetes. Its solutions are cost-effective and bring improvements in patients' health and wellbeing by removing obstacles traditionally associated with standard blood glucose monitoring tests. In 2023, DexCom served 2.3 million patients, up from 1.7 million in 2022.
Godrej Consumer Products Limited, India, Consumer Staples Portfolio Weight: **2.1%**	Godrej Consumer Products is an Indian manufacturer and distributor of insecticides in countries with high malaria and dengue incidence rates. It has a strong focus on facilitating access to affordable and effective solutions in rural India, where populations are most vulnerable to vector-borne diseases. Complementary prevention programmes also contribute to achieving disease control in urban and rural areas. These efforts largely align with India's goal to eliminate malaria cases by 2027-2030 and provide accessible and safer solutions to low-income households, replacing dangerous and often illegal incense sticks.
UnitedHealth Group Incorporated, US, Healthcare Portfolio Weight: **2.1%**	UnitedHealth provides fully integrates and cost-effective services to government-sponsored and commercial healthcare programs, while its data and analytics businesses improve overall health system performance by optimising care quality and delivery, reducing costs and improving consumer and provider experience. In FY23, UnitedHealth reported 152 million unique individuals were served, up from 149 million in FY22.
Veeva Systems Inc Class A, US, Healthcare Portfolio Weight: **2.0%**	Veeva offers a comprehensive suite of cloud-based solutions to enhance life sciences, pharmaceutical and medtech companies' operational efficiency, accelerate time-to-market for new therapies, and ultimately deliver better outcomes for patients. Veeva serves the largest global pharmaceutical players, as well as emerging growth pharmaceutical and biotechnology companies. It reports that its electronic data capture for advanced clinical trials is now used in more than 1,000 trials globally.
Regeneron Pharmaceuticals, Inc. US, Healthcare Portfolio Weight: **1.9%**	Regeneron Pharmaceuticals develops and manufactures antibody and protein-based therapeutics for people affected by eye diseases, allergic and inflammatory diseases, cancer, cardiovascular and metabolic diseases, infectious diseases, and rare diseases. Regeneron focuses its R&D efforts on addressing unmet clinical needs among diverse populations. Regeneron committed to responsible pricing and offers patient assistance programs and co-pay support for eligible individuals. In 2023, 1 million patients were receiving financial aid through patient support programmes, up from 900,000 in 2022.
CSL Limited, Australia, Healthcare Portfolio Weight: **1.8%**	CSL provides lifesaving therapies in the areas of immunology, hematology, cardiovascular and metabolic diseases, respiratory diseases, transplant and influenza vaccines. The company considers responsible pricing policies and has initiatives in place to increase product access and strengthen governments' pandemic response.
Hoya Corporation Japan, Healthcare Portfolio Weight: **1.7%**	Hoya Corp is a Japanese producer of vision, medical, and electronics solutions. It is the second largest manufacturer of eyeglass lenses globally, holds over 50% of the contact lens market (in the contact specialty store channel) and is the third largest producer of intraocular lenses and medical endoscopes. It estimates the number of people served by its vision solutions at 100m per year.

Protection	
MSA Safety, Inc. US, Industrials Portfolio Weight: **2.2%**	MSA Safety develops, manufactures and supplies safety products and equipment to its customers. MSA's products promote workers' and first responders' health and safety, notably in high-risk activities such as firefighting, construction or mining. The company's focus on connectivity and inclusive design increases the additionality of its solutions. MSA Safety protected more than 40 million workers in 2023.

Investor Contribution: Encouraging companies to improve their contribution to the targeted Outcomes

Our engagement activities are integral to the strategy's theory of change, directly driving our targeted impact outcomes: energy transition, biodiversity protection, and social progress. We aim to generate measurable real-world impact through active and sustained dialogue with our investee companies. We maintain an ongoing engagement program targeting a minimum of 70% of portfolio companies annually, prioritizing those companies that are rated Impact Leaders and Impact Contributors and where engagement has the potential for the most significant positive contribution to our targeted impact outcomes.

Our engagements focus on enhancing investee companies' ability to deliver positive impact. We seek to influence strategic and operational practices by encouraging companies to among other things:

- Increase the scale and scope of impactful products and services.
- Improve access to impactful offerings through expanded distribution and affordability strategies (e.g., differentiated pricing).
- Mitigate and address negative externalities associated with their products, services, and operations, aligning with our overarching impact objective.

A key mechanism for driving impact is through the promotion of robust impact measurement practices. By committing to quantifiable targets, companies demonstrate a clear commitment to integrating impact considerations into their core business strategy. We actively encourage investee companies to:

- Report on relevant impact KPIs.
- Enhance the transparency of their impact reporting.
- Establish quantified impact targets aligned with our targeted impact outcomes.

Our comprehensive impact assessments inform our engagement prioritization and target setting, ensuring alignment with our targeted outcomes. Prior to engagement, we establish a company's baseline impact performance, select specific impact KPIs aligned with our targeted outcomes to track progress, and engage with management teams throughout a typical 36-month engagement period. We establish clear engagement goals based on our targeted outcomes and continuously monitor progress. Where progress is insufficient, we will evaluate and implement appropriate next steps. We also exercise our voting rights in accordance with our corporate governance and voting policy.

Following a 36-month engagement period, we conduct a comprehensive evaluation of engagement success, which may include assessing increased awareness or enhanced understanding of critical issues. If an investee company fails to respond adequately to our engagement efforts or demonstrate progress in its impact performance, we will reassess its alignment with our targeted outcomes using the AXA IM Impact Framework.

Investor Contribution: Engagement

Investor contribution

41%
of portfolio holdings engaged

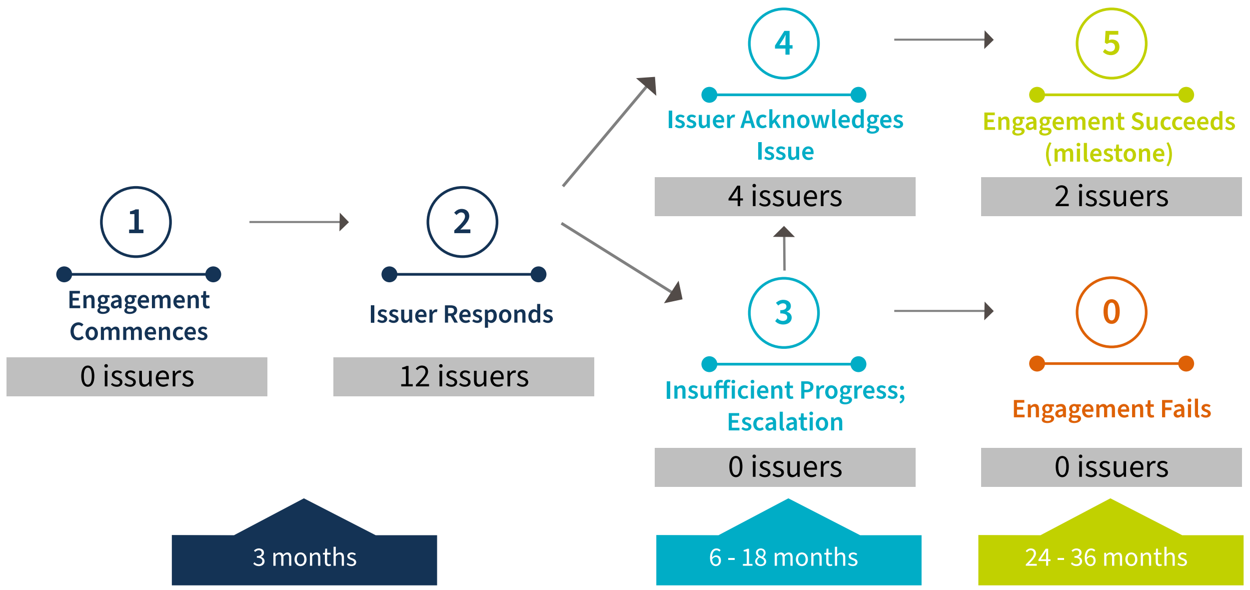
30%
of portfolio holdings engaged on targeted outcomes

75%
portfolio holdings reporting impact KPIs

25%
portfolio holdings on track to meet their impact KPI targets

27%
portfolio holdings with set impact KPI targets

Engagement Progress Tracker



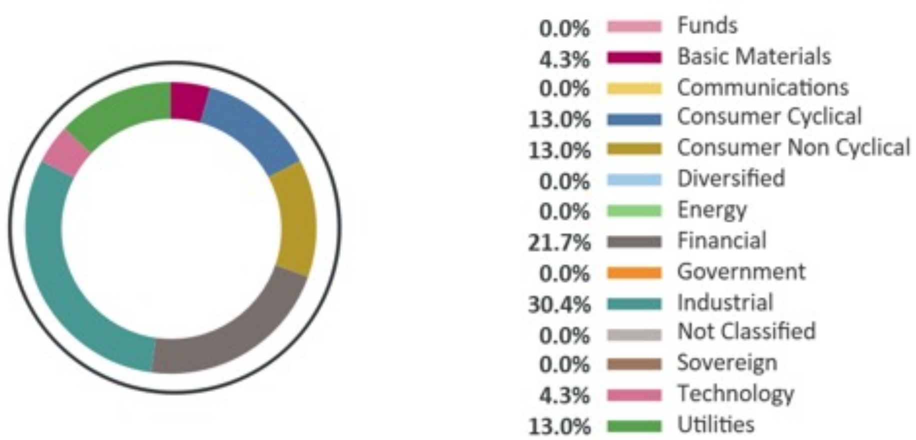
Change takes time and in most cases, several interactions are needed before reaching any concrete progress. As a result, at AXA IM we have rolled out a clear process for selecting priorities, defining egagement objectives and a system for tracking engagement progress.

1. The Engagement commences, often by requesting to discuss specific issues with an issuer's representatives.
2. Upon approving to meet with us, the issuer recognises the presence of the issue and accepts to discuss with us.
3. Where progress is insufficient, we will reassess its alignment with our targeted Outcomes using the AXA IM Impact Framework
4. We made tangible progress in our engangements, and we are seeing the issuer taking more decisive steps in addressing the issue we initially contacted them for.
5. A poitive milestone is reached as the issuer has effectively resolved our initial concern, while demonstrating full accountability.

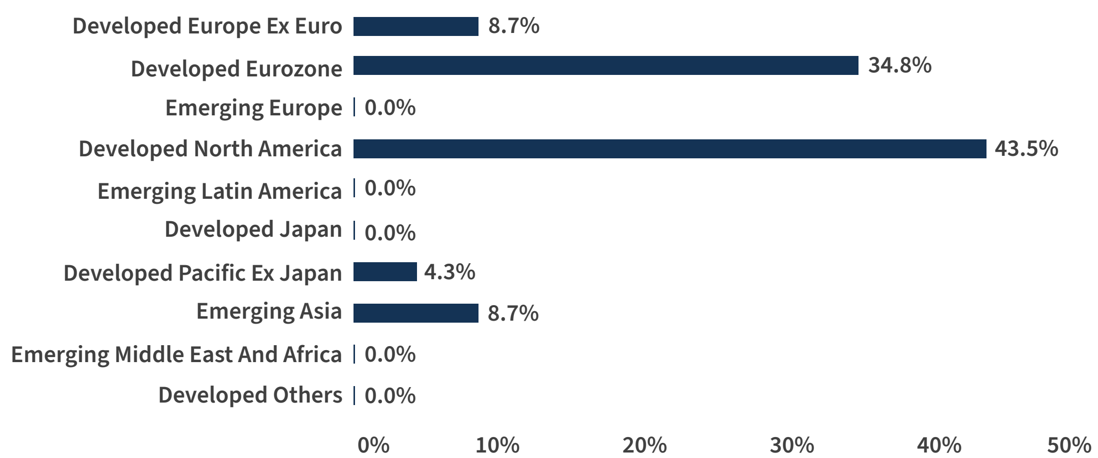
0. The Issuer fails to meet out engagement objectives. We will reassess its alignment with our targeted Outcomes using the AXA IM Impact Framework

The below graphs provide additional information regarding the engagements with investee companied that were conducted over this period.

Sectors



Region



Breakdown of UN Sustainable Development Goals targeted

Some of our Engagements with objectives aim to contribute to the Sustainable Development Goals, which is an agenda made up of 17 Sustainable Development Goals adopted by world leaders in 2015. The Goals encourage countries to establish national frameworks to end all forms of poverty, fight inequalities and tackle climate change. Each goal has specific targets to be achieved by 2030. Initially developed for Governments, the Sustainable Development Goals have been widely adopted by the private sector to identify opportunities in generating positive, sustainable impact. The data on the right shows the percentage of engagements which target each SDG. We consider the primary and secondary SDGs targeted by each engagement process with each issuer.

1
0.0%
NO POVERTY

2
0.0%
ZERO HUNGER

3
7.7%
GOOD HEALTH AND WELL-BEING

4
0.0%
QUALITY EDUCATION

5
0.0%
GENDER EQUALITY

6
3.8%
CLEAN WATER AND SANITATION

7
11.5%
AFFORDABLE AND CLEAN ENERGY

8
26.9%
DECENT WORK AND ECONOMIC GROWTH

9
3.8%
INDUSTRY, INNOVATION AND INFRASTRUCTURE

10
0.0%
REDUCED INEQUALITIES

11
0.0%
SUSTAINABLE CITIES AND COMMUNITIES

12
11.5%
RESPONSIBLE CONSUMPTION AND PRODUCTION

13
15.4%
CLIMATE ACTION

14
3.8%
LIFE BELOW WATER

15
15.4%
LIFE ON LAND

16
0.0%
PEACE, JUSTICE AND STRONG INSTITUTIONS

17
0.0%
PARTNERSHIPS FOR THE GOALS

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Engagement Case Studies

Schneider Electric

Impact Rating:
Impact Leader

Targeted Outcomes:
Energy Transition, Biodiversity Protection

Date of latest meeting:
06-03-2024

Engagement progress tracker:
Step 2, the company responded.

SDG(s) targeted by the engagement:

12 13

Objectives:

- Encourage disclosure of more impact KPIs to demonstrate the positive societal impact of the company.
- Integrate the recommendations of The Taskforce on Nature-related Financial Disclosures (TNFD) into reporting of impacts, dependencies, risks, and opportunities linked to biodiversity.

Engagement Summary:

- Schneider Electric is a French industrial group that engages in the digital transformation of energy management and automation for homes, buildings, data centres, infrastructure, and industries (see case study). Beyond being an industry leader, Schneider is also a leader when it comes to the integration of sustainability considerations across its overarching growth strategy. In this context, we met with Schneider to understand its approach on emerging topics across the sustainability landscape, notably its approach to integrating biodiversity topics, and its approach to impact reporting.
- We discussed Schneider's reporting work on their impact, dependencies, risks, and opportunities related to biodiversity. Schneider has been at the forefront of assessing its impact on biodiversity, integrating results from its study to its product development strategy. We appreciated this detailed response, and we encouraged the company to commit to adopt the recommendations of the TNFD. Representatives shared some encouraging feedback, mentioning that they would study the feasibility of adopting the TNFD.
- Schneider reports on its positive impact mostly using an externally verified KPI on emissions avoided thanks to its solutions. Schneider have obtained external verification for their methodology, which assesses the level of emissions avoided over the lifetime use of the products and solutions sold in each reporting year. Schneider is then able to aggregate this data to report a 'cumulative emissions avoided' impact KPI. Beyond simply measuring the positive impact, Schneider have also established a target, seeking to help its customers save and avoid 800 million tonnes of CO_2 emissions by 2025. We suggested to start measuring other impact metrics such as energy savings enabled, as well as discussing future impact reporting efforts beyond 2025.

American Water Works

Impact Rating:
Impact Contributor

Targeted Outcomes:
Biodiversity Protection, Energy Transition

Date of latest meeting:
12/03/2024

Engagement progress tracker:
2 Company responds

SDG(s) targeted by the engagement:

6 13

Objectives:

- Provide details on the strategy to realise savings in water delivered per customer and expand initiatives to incentivise water savings from customers.
- Disclose more KPIs related to the impact of its solutions.
- Provide details on the strategy to increase resilience and on the importance of climate-risk considerations in decision making.

Engagement Summary:

- American Water Works (AWW) is the largest publicly traded water utility company in North America, serving c. 14m people. Water and wastewater infrastructure are key issues in the United States, as the American Society of Civil Engineers estimates that c. 7.5 trillion litres of drinking water are lost every year due to water main breaks and leakages. Water can also be unsafe for drinking, due to pollution by contaminants or inadequate wastewater management (the EPA estimates that 23k-75k sanitary sewer overflow events occur each year in the United States). All in all, over 25m Americans lived in areas where water systems did not meet safety standards as of 2023 (EPA).
- The company has a target to achieve 15% savings in water delivered per customer by 2035 compared to 2015, with 6.6% achieved so far (about half coming from demand reduction on the consumer side and half from reduction of non-revenue water, or NRW). There are some local "educational" initiatives to promote water savings from customers, we encouraged the company to expand these and to consider financial incentives, a similar model to that of other electric utilities. Regarding network efficiency improvements, we encouraged the company to accelerate and provide more details on its transition to advanced metering infrastructure (AMI). Around 33% of its meters are now AMI, with the company intending to transition to 100% AMI, but only upgrades once previous generation meters reach the end of their useful life. We encouraged the company to commit to targets on NRW reduction, while understanding that the levels will fluctuate with M&A operations (especially since AWW tends to focus on distressed utilities).
- We asked for more details on AWW's investments in resilience. Around 10% of its 10-year CAPEX plan is dedicated to resilience, with capital projects such as raising floodwalls, building reservoirs, hardening assets (they are mainly preparing for floods, droughts, extreme temperatures). The main focus is avoiding impact to customers, or at least ensuring that service can be restored as quickly as possible. It mentioned its proprietary Utility Resilience Index, which measures preparedness of utilities (with indicators looking at continuity planning, training of employees, etc.). To the company's

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Engagement Case Studies

knowledge, there are no public equivalents to peers of comparable size, despite the fact that resiliency is an increasingly critical issue for the industry. We wanted to understand how important climate risk and resiliency were in business decisions. While it is a key factor for AWW and form part of their screening process, it doesn't appear to be a deal breaker at present. Finally, we encouraged the company to report more on KPIs that relate to the positive impact they generate, such as volumes of water treated and saved through efficiencies, or GHG emissions avoided. The company was receptive to the idea.

- We will measure the success of our engagement in the company's future sustainability reporting.

Verallia

Impact Rating:

Impact Contributor

Targeted Outcomes:
Energy Transition, Biodiversity Protection

Date of latest meeting:
03/07/2023

Engagement progress tracker:
Step 2, the company responded.

SDG(s) targeted by the engagement:

7 12

Objectives:

- Ensure annual emissions will follow the company's long-term target pathway
- Encourage the adoption of reuse as a viable model for value creation.
- Ensure premium-priced offerings integrate sustainability design and principles.

Engagement Summary:

- Verallia is a global leading producer of glass packaging for beverage and food products. It is the largest glass packaging manufacturer in Europe and the third largest globally. Annually, the company produces around 17 billion glass bottles and jars. Verallia is transforming its activities to embrace a more circular operating model, value chain, and to reduce the environmental footprint of its manufacturing capabilities. This is challenging for a company such as Verallia, which uses significant amounts of energy and heat to melt raw materials and manufacture its glass products. Nevertheless, Verallia has set up ambitious long-term targets, demonstrated intention, and delivered on multiple strategies aimed to make Verallia's products more environmentally friendly.
- Verallia has identified three principal ways it can achieve a reduction in its operational carbon footprint. These are through the continued increase in cullet use, the increase in sourcing renewable electricity and finally, the adoption of energy efficiency measures. Cullet is the name given to waste and broken glass sourced externally, recycled into new glass. Cullet replaces the need for 'raw' materials, and saves substantial amounts of energy, as it requires less heat to melt than needed to combine the virgin raw materials of glass. Verallia have set up targets to use 59% of external cullet by 2025, and 66% by 2030. In 2023, the group used 54% of cullet. We asked whether the company could use 100% of cullet. Although technically feasible, progress in glass collection rates lag these ambitions. Verallia is developing some initiatives to increase the collection of glass waste. Representatives shared initiatives in Brazil where Verallia installed collection points to curb lacking public infrastructure.
- During the meeting, we asked Verallia for some guidance on its 2023 emissions pathway. Representatives assured us that the company's emissions would follow a decrease pathway. We were pleased to see that in 2023, Verallia's scope 1 and 2 emissions decreased compared to 2022. This was in part due to the use of cullet rather than raw materials, but also to the upgrades in equipment, and progress in using low-carbon furnaces. The company aims for a 49% reduction in scope 1 and 2 emissions between 2019 and 2030, this target was validated by the SBTi as aligned with a 1.5-degree trajectory. Verallia notably plans to adopt more hybrid furnaces, fully electric furnaces, oxy-combustion furnaces that inject oxygen, and finally, by using heat recovery.
- In supplement to these initiatives to reduce carbon emissions, we encouraged the company to adopt a 'reuse' model, as this could also help reduce carbon emissions. Representatives shared the complexities of adopting such models, which are accompanied by several barriers to ensure feasibility. The most significant barrier remains collection, as the model relies on collection infrastructure to pick up bottles from end-customers, that remain in proper state to be reused. The model moreover implies infrastructure and costs related to glass cleaning and disinfection. We were pleased to hear that despite hurdles, the company was exploring this model and in 2023, it tested a reuse project in France with a collection partner company.
- Finally, we discussed the integration of sustainability considerations in the company's premium offerings. Verallia manufactures glass bottles for premium spirits. These bottles tend to be heavier, using translucent glass (rather than green or brown glass, which typically uses more crushed waste glass). Verallia shared that it was progressively integrating its sustainability initiatives for its premium product range, notably integrating light weighting and cullet into these products. Verallia moreover accelerates customer engagement to promote its sustainable product ranges.

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Engagement Case Studies

Novo Nordisk

Impact Rating:

Impact Contributor

Targeted Outcomes:
Social Progress

Date of latest meeting:
16/05/2023

Engagement progress tracker:
Step 4, Company acknowledges the issues

SDG(s) targeted by the engagement

3

Objectives:

- Improve access to insulin products
- Ensure patients are adequately informed on responsible use of weight loss medication

Engagement Summary:

- Novo Nordisk is the market leader in diabetes and obesity medications and the world's largest suppliers of insulin. Diabetes is a major cause of blindness, kidney failure, heart attacks, stroke and lower limb amputation. The number of people with diabetes rose from 108 million in 1980 to 422m in 2014. Prevalence has been rising more rapidly in low- and middle-income countries than in high-income countries. Nowadays, approximately 537m adults in the world live with diabetes and the figure is projected to rise to 783m by 2045 if no action is taken. Worldwide obesity has nearly tripled since 1975 and most of the world's population live in countries where overweight and obesity kills more people than underweight. In 2022, more than 2.5 billion adults were overweight, and over 890m of these were obese.
- We continued our engagements with Novo Nordisk following the Company's announcement to cut the list prices of several insulin products in the US. Effective in 2024, Novo Nordisk is lowering the list prices of insulin products by up to 75% for people living with type 1 and type 2 diabetes. Products include both pre-filled pens and vials of long-acting, short-acting and pre-mix insulins. The Company also reduced the list price of unbranded biologics to match the lowered price of each respective branded insulin. Novo Nordisk told us that it has been working on this price reduction plan for a long time, and engagements with stakeholders and investors have contributed to its successful implementation.
- Over the past years Novo Nordisk's semaglutide medications have gained increasing popularity as "diet drugs" used by celebrities for weight loss, with many people in the US starting to request prescriptions for off-label use. This has resulted in shortages for patients in need and exposed misusers to undesirable side-effects. We urged Novo Nordisk to reinforce its communication around responsible and informed use, and to take additional steps to prevent off-label use. We believe that our regular engagements with Novo Nordisk have pushed the Company to strengthen its responsible marketing activities.

Regeneron Pharmaceuticals

Impact Rating:

Impact Leader

Targeted Outcomes:
Social Progress

Date of latest meeting:
07/09/2023

Engagement progress tracker:
Step 2, Company responds

SDG(s) targeted by the engagement

3

Objectives:

- Integrate and expand access to medicine considerations in pricing and marketing decisions
- Improve disclosure relative to product impact

Engagement Summary:

- Regeneron is a leader in antibody and protein-based therapeutics for a wide range of diseases, including eye diseases, allergic and inflammatory diseases, cancer, cardiovascular and metabolic diseases, pain, hematologic conditions, infectious diseases, and rare diseases. Additionally, Regeneron operates a Genetics Center focused on using human genetics to discover and validate genetic factors that cause or influence various diseases with significant unmet medical needs.
- Regeneron claims to take a value-based approach to drug pricing decisions that reflects the benefits to patients, society and the healthcare system, considering the long-term investment and risk in science and technology innovation, which is required to bring novel medicines to patients. We asked Regeneron to provide tangible evidence of how this approach translates into actual prices for its most sold products. We were pleased to hear that Regeneron is keeping its commitment not to increase the price of its top selling product, despite significant ongoing R&D investments for new indications. With regards to access initiatives, Regeneron illustrated some of its Compassionate Use Programs to provide financial assistance to eligible patients, including co-pay support, free medicines, priority access to new drugs before they are commercially available.
- Regeneron has started to monitor and estimate the number of patients impacted by its products, with some estimates already available in 2022. However, the Company faces a challenge in not having control over the commercialization of all its products, particularly outside the US. As a result, Regeneron will make conservative estimates, while strategically working to regain control over the commercialization of some of its products, which will improve visibility for future impact reporting.

Engagement Case Studies

AstraZeneca Plc

Impact Rating:

Impact Leader

Targeted Outcomes:
Energy Transition, Biodiversity Protection and Social Progress

Date of latest meeting:
22-03-2024

Engagement progress tracker:
Step 2, Company Responds

SDG(s) targeted by the engagement:

3

Objectives:

- Provide updates on AstraZeneca's access to medicine commitments
- Report progresses and efforts to reduce the environmental footprint of operations

Engagement Summary:

- AstraZeneca is a leading pharmaceutical company focused on discovering, developing, and commercialising prescription medicines in oncology, cardiovascular, renal and metabolism, respiratory diseases, immunology, vaccines, immune therapies and rare diseases.
- AstraZeneca continued to deliver on its objective to train and upskill 170k healthcare professionals by 2025, having already reached over 127k professionals by 2023. The Company also exceeded its objective to reach 50 million people through philanthropic access to healthcare programs (Young Health Programme, Healthy Heart Africa, and Healthy Lung), reaching 66.4m people in 2023. In addressing clinical trial diversity, AstraZeneca stated it is implementing a systematic approach to embedding equity throughout research and development. The Company also developed an internal clinical trial diversity dashboard for phase 3 studies in the US, enabling clinical teams to track the diversity of participants being enrolled in real-time.
- In terms of environmental efforts, AstraZeneca has achieved a 68% absolute reduction in Scope 1 and 2 greenhouse gas emissions since 2015 and is on track to achieve its target of 98% absolute reduction by the end of 2026. In 2023, energy productivity increased by 103% since 2015, marking a significant reduction in energy use while nearly doubling revenues. The company also invested USD 33.7m in energy efficiency and on-site renewables, resulting in a 95% increase in renewable electricity consumption compared to 2015. While AstraZeneca saw an absolute increase of total Scope 3 emissions in 2023, it reduced intensity by 24% and is confident to be on track to reach its absolute Scope 3 reduction target, with over 60% of suppliers having committed to emissions reduction targets validated by the Science Based Targets Initiative. AstraZeneca is developing a risk-based approach to systematically assess biodiversity risks and dependencies across the value chain aligning with future reporting to the Taskforce on Nature-related Financial Disclosures' Recommendations, where the company has announced it will be an early adopter.

CSL

Impact Rating:

Impact Contributor

Targeted Outcomes:
Social Progress

Date of latest meeting:
17-05-2023

Engagement progress tracker:
Step 5, Engagement Success Milestone

SDG(s) targeted by the engagement:

3

Objectives:

- Reinforce existing access to medicine commitments
- Strengthen policies on plasma donations

Engagement Summary:

- CSL is a leading global provider of plasma therapies and influenza vaccines, offering life-saving treatments in immunology, haematology, cardiovascular and metabolic, respiratory, and transplant areas. The company's biologics are derived from blood plasma, which CSL manages through one of the world's largest plasma collection networks, rewarding donors for their contributions.
- We continued our engagement with CSL which started in 2020. CSL has a longstanding partnership with the World Federation of Hemophilia (WFH) to supply coagulation factor therapies in low and middle-income countries. Previously, CSL's donations had been ad-hoc, based on product availability and primarily involving products close to expiry. In our recent engagements, we had encouraged the company to adopt a more strategic and long-term approach to access initiatives.
- We also discussed CSL's plasma donation centres in the US, particularly focusing on donor management policies to ensure safety and eliminate the risk of donor exploitation. We examined key metrics, such as donor demographics, deferral rates, and training for plasma centre operators. Overall, CSL demonstrated satisfactory efforts to prioritize donor well-being, incorporating FDA-approved improvements in plasma collection technology and providing donors with influenza vaccines at no cost.
- Due to the varying dosage requirements for most of its therapies and the complexities of distribution channels, CSL continues to encounter challenges in reporting impact-related key performance indicators such as "number of persons benefiting from its products".

Engagement Success:

- We were pleased to hear that, as part of its 5 year commitment to the WFH to donate 500 million units of coagulation factor therapy to over 60 developing countries, CSL will now include products specifically manufactured for donation, marking a significant step forward, in line with our requests.

Engagement Case Studies

Hoya Corp

Impact Rating:

SDG-Aligned

Targeted Outcomes:
Social Progress, Energy Transition

Date of latest meeting:
19-01-2024

Engagement progress tracker:
Step 2, the company responded.

SDG(s) targeted by the engagement:

3 13

Objectives:

- Encourage Hoya's initiatives to promote access to healthcare, especially in emerging markets, and reporting on these initiatives.
- Improve climate related disclosures, commitments and actions.

Engagement Summary:

- Hoya Corp is a Japanese producer of vision, medical, and electronics solutions. It is the second largest manufacturer of eyeglass lenses globally, holding over 50% of the contact lens market (in the contact specialty store channel), and it is the third largest producer of intraocular lenses and medical endoscopes. It estimates that c. 100 million people are served with its vision solutions every year. The markets for Hoya's healthcare solutions are expected to experience long-term growth, supported by trends such as ageing populations, improving living standards (the global middle class expected to nearly double to 4.9 billion in the 2015-30 period according to the OECD), as well as the increasing demand for minimally invasive medical treatments that often rely on endoscopes.
- We asked Hoya to demonstrate initiatives to improve access to vision and other healthcare solutions in underserved markets. It presented several initiatives, such as a collaboration with Orbis International, an NGO with whom Hoya helps children in developing markets (especially India) access affordable eyeglasses. It also explained its strategy to offer affordable solutions, such as lower-end endoscopes targeting EMs (numbers are still low but growing especially in India). It recently established a joint venture with a Chinese company to produce eyeglass lenses at low cost, and it is expecting demand to pick up in India. We encouraged Hoya to continue its initiatives to improve access to healthcare in developing markets, whether through charitable activities or more affordable products. We also asked the company to report on these initiatives. We think that our engagement efforts will lead to an acceleration of Hoya's efforts in this area.
- We also asked Hoya about its strategy to achieve its climate targets and expressed our expectations for it to commit to science-based targets and report on scope 3 emissions. Hoya explained that regarding scope 3 emissions, it is still in the early stages and is currently focusing on transportation and procurement categories. It believes that within 2 years it will have a comprehensive scope 3 measurement, which will allow to set science-based targets. Regarding the existing scopes 1 and 2 targets (-100% targeted by 2040), the company explained that the majority of the reduction will come from increased renewable energy sourcing (the company joined the RE100 initiative), which is today quite low (3%). However, its production is mostly in Southeast Asia where access to renewable energy is limited, renewable energy credits are thus an option being considered.

- Finally, we asked Hoya to add more "impact KPIs" in their reporting, to which they answered that increasing the number of numerical data, including data related to their solutions, is one of their points of focus. We expect that our engagement efforts will contribute to improved disclosures and commitments.

Bank Rakyat

Impact Rating:

Impact Leader

Targeted Outcomes:
Social Progress, Energy Transition

Date of latest meeting:
13-02-2024

Engagement progress tracker:
Step 4, the company acknowledged the issue.

SDG(s) targeted by the engagement:

1 8 13

Objectives:

- Support inclusion in Indonesia by expanding micro-financing activities .
- Improve climate related disclosures, commitments and actions

Engagement Summary:

- Bank Rakyat is one of the largest banks in Indonesia, providing financial products and services to individuals and businesses. Indonesia has the 4th-largest population of unbanked in the world, with 100 million of underserved individuals. This is due to challenges such as the country's geographical characteristics as an archipelago with over 17,000 islands, and low financial literacy and awareness (50% according to the Indonesian Financial Services Authority). Micro, Small and Medium Enterprises employ 97% of the workforce and contribute over 61% to Indonesia's GDP (UN Development Programme) but have limited access to formal banking services, limiting their growth potential.
- Bank Rakyat has expanded its micro loan activity, providing loans to 36.9 million micro and ultra-micro borrowers as of the end of December 2023 (up +5% year-on-year). These loans typically finance the growth of small businesses (average loan size = US$ 4,000). Bank Rakyat has a market share exceeding 55% in this segment. Its subsidiary PNM offers a dedicated lending service for women (15 million female borrowers as of the end of December 2023, up +8% year-on-year). We think our regular engagement activities with Bank Rakyat since 2020 may have contributed to the growth in the number of beneficiaries of micro loans, and therefore inclusion in Indonesia.
- In 2023 Bank Rakyat announced a target of Net Zero emissions (scopes 1, 2 and 3 by 2050) and published a first TCFD report, as we had requested. It also submitted targets to the Science Based Targets Initiative (waiting for validation) and plans to publish a CDP reporting for 2024. We think our regular engagement activities with Bank Rakyat have contributed to their disclosures and commitments.

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