



FIN41920 - ENVIRONMENTAL FINANCE
AND IMPACT INVESTING

ESG in Practice

Listed Equities Active Investment Strategy

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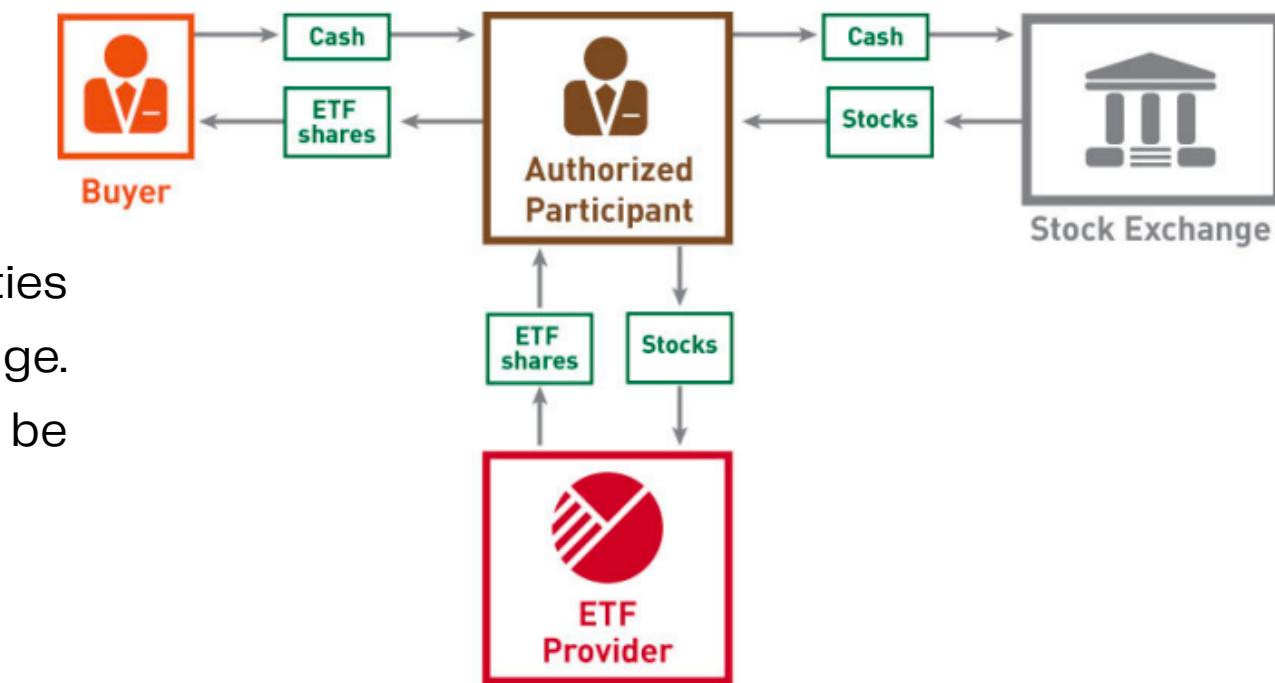


Actively Managed Listed Equity Fund



Exchange-Traded Fund (ETF)

ETFs are a type of investment that involves pooling securities together, that then can be sold and purchased on the stock exchange. Unlike mutual funds, their price fluctuates all day as they can be bought and sold throughout.



Fundamentals of Actively Managed Funds (AMFs)

The fundamental concept of an AMF is that a fund team can utilise their expertise to select strategy-specific assets to generate alpha. In this way it is a contrast to a passive fund, as they merely follow a market index. Finally, there has been considerable growth in the application of this investment vehicle in the last 10 years.

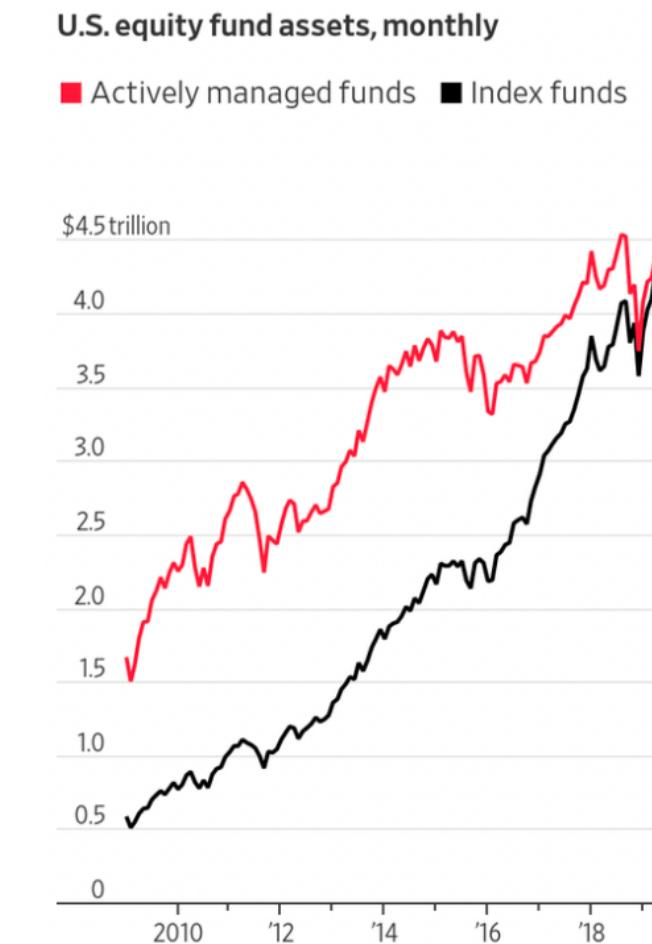


Advantages:

- Opportunity for significantly higher returns
- Tax advantages
- Intraday liquidity

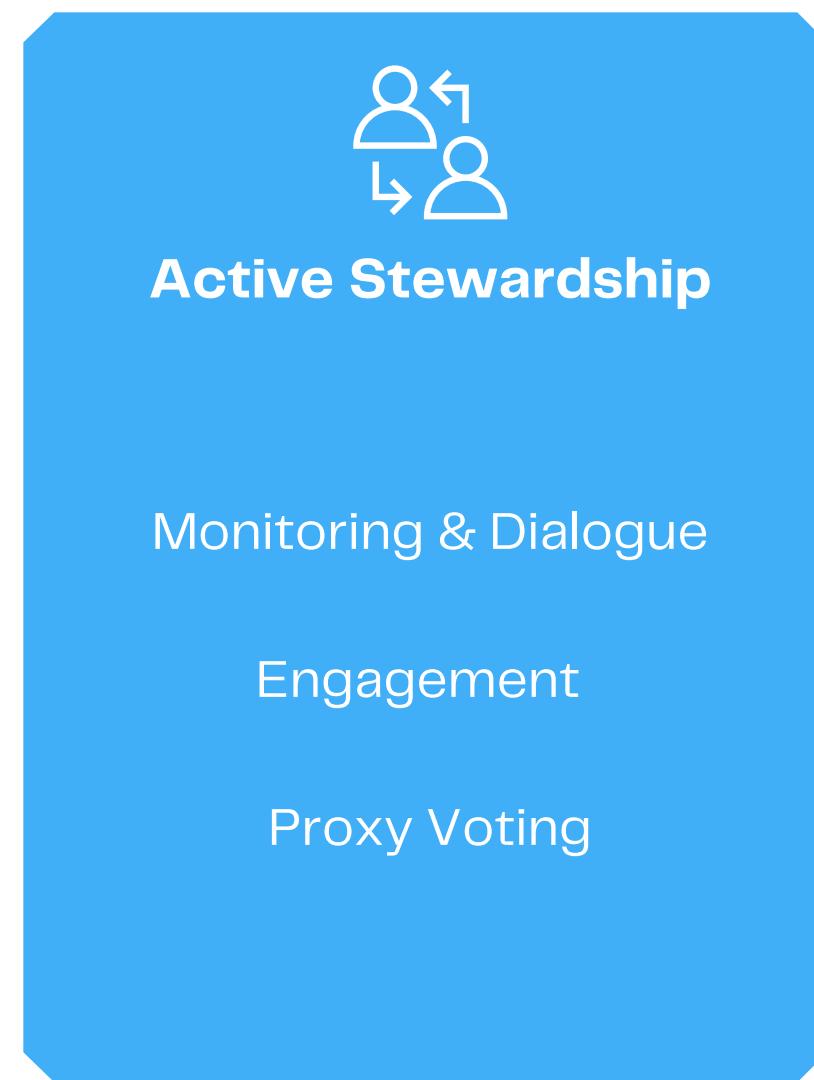
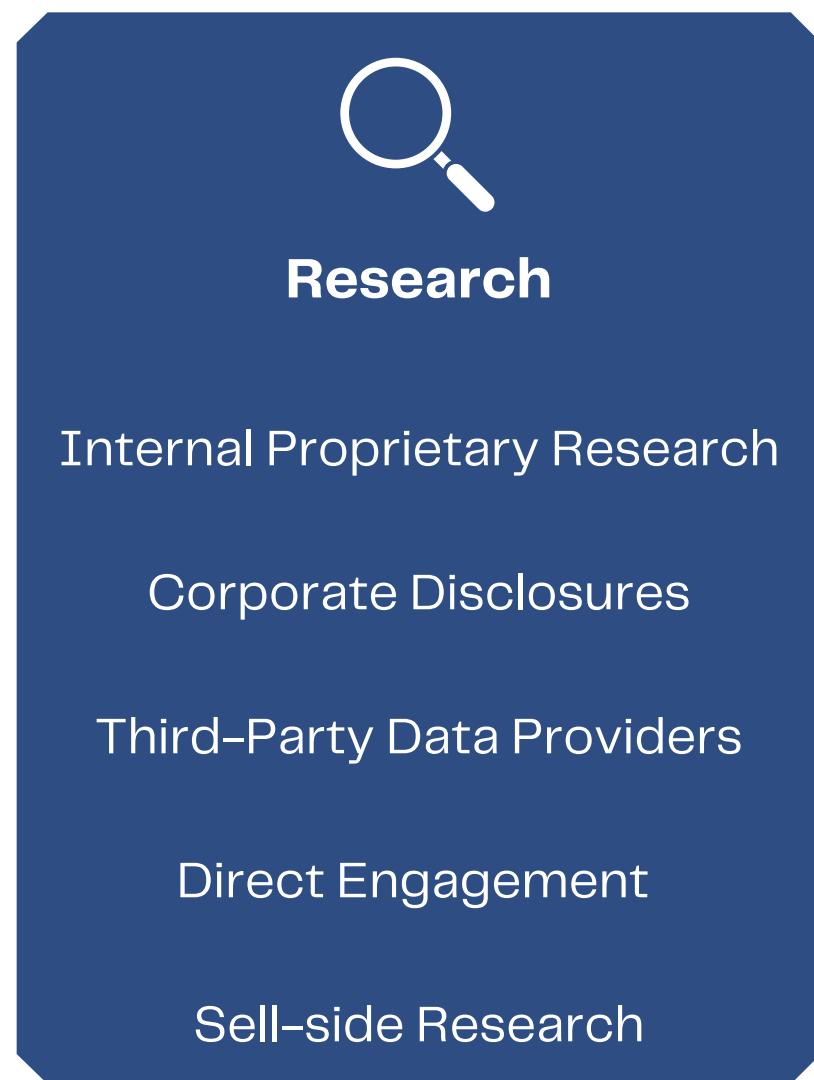
Disadvantages:

- Riskier than passively managed funds
- Higher cost incurred
- Scope for principal agent theory; e.g., churning of accounts



Managing ESG throughout the Investment Cycle

Pre-investment → ← Post-investment



Including ESG when building a portfolio



Exclusionary Screening

The exclusion of companies, sectors or industries that fail to meet pre-defined criteria; also known as 'sin stocks' (alcohol, fossil fuels, military).

Caveat: This method introduces scope for an impacted performance, as one often sees that 'sin stocks' tend to give higher returns (Fabozzi et al. 2008).



Positive Screening

This form of ESG-based strategy tilts a portfolio towards companies that demonstrate positive ESG behaviour; an overweight position is taken in companies that perform well, and vice versa. Some common positive screening ideologies are: best-in-class and ESG momentum.

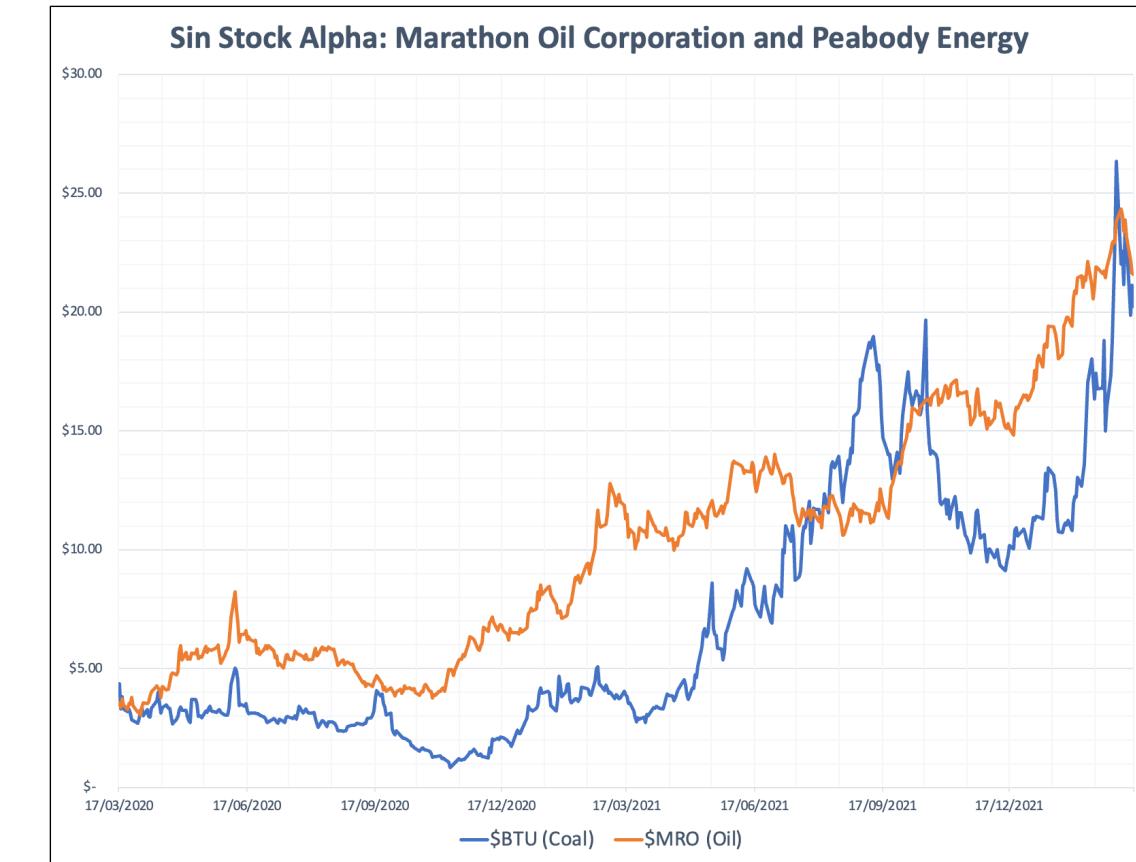
Caveat: Security selection in this instance is predominantly based on ESG ratings, however, a challenge presents itself in regard to the consistencies across these ratings.



Active Ownership

The active engagement with companies (actively voting) to ensure that the company attempts to improve their stewardship.

Caveat: A significant ownership stake is required in order to exert any influence; substantial resources are needed to effectively engage with companies.



Including ESG when building a portfolio



Thematic Investing

This strategy refers to investing based on trends, a number of which are ESG issues, e.g., clean technology, sustainable forestry and clean water.

Caveat: As elegantly phrased by Lazard Asset Management, investors are susceptible to several pitfalls here: narrative fallacies, cognitive dissonance on the relativity of stocks, and the failure of effective integration (Lazard 2021).



Impact Investing

This strategy involves investing with a disclosed intention to obtain a measurable positive, social or environmental impact - these investments often tend to be project-specific, such as BlueOrchard's Microfinance Fund which promotes the financing of low-income communities.



Caveat: In certain cases, investments may be subject due to issues surrounding the project-specific nature of the fund.

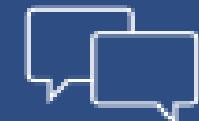
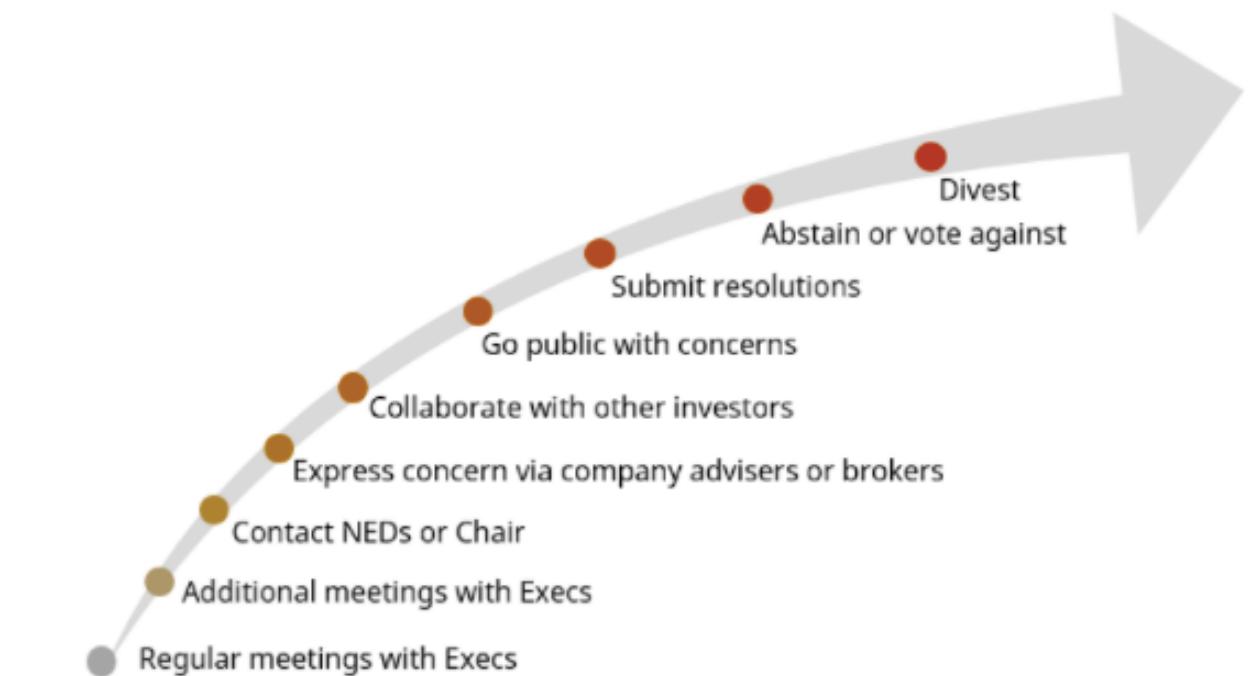
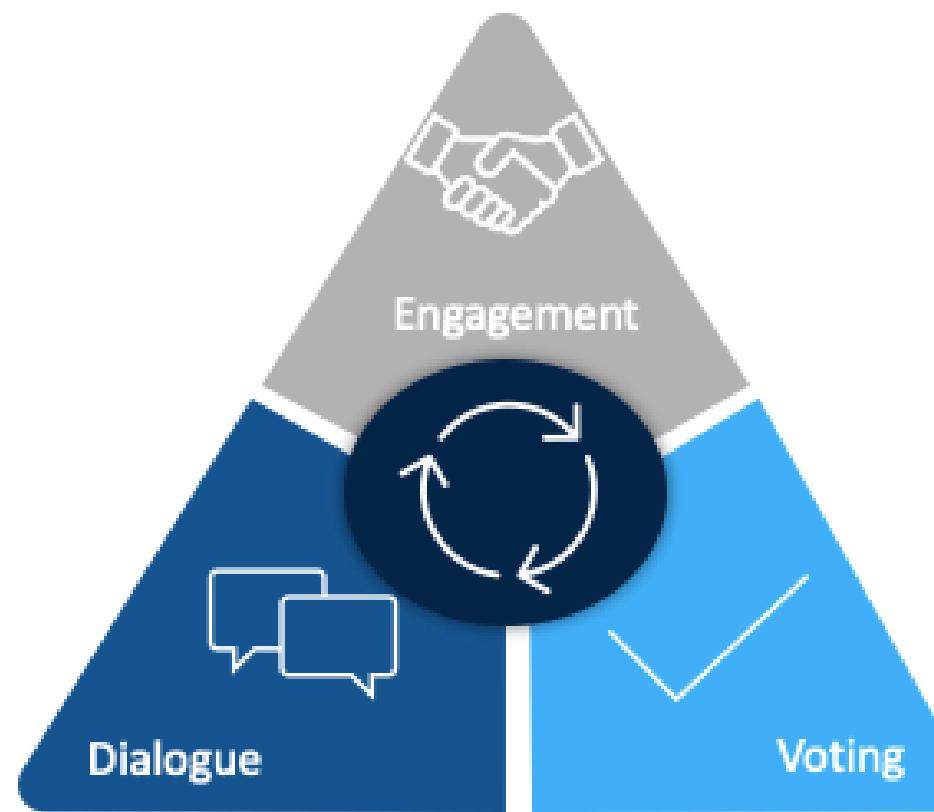


Norms-Based Screening

This type of investment strategy judges companies based on how they adhere to international norms and agreements, such as the Kyoto Protocol, UN Convention against Corruption, and the OECD Guidelines for Multinational Enterprises.

Caveat: Similar to Exclusionary Screening, one is being deprived of possible high-earning assets due to their involvement in un-investable areas.

Managing ESG Risk *Ex-Post*: Voting & Engagement



Dialogue

Asset owners need to determine which ESG issues are material to their portfolio. Objectives and KPI's should be selected to track how the existing holdings manage relevant ESG issues. During the monitoring process, if these existing companies underperform based on these objectives, the investment manager should start to engage with the company.



Engagement

The process involves discussing ESG issues with companies to improve their handling, including disclosure, of such issues. Can be a proactive attempt to address something that has been identified by the asset owner, or a reactive move, such as in response to a controversial event. Investors can engage individually, or in collaboration with other investors who share the same concerns.



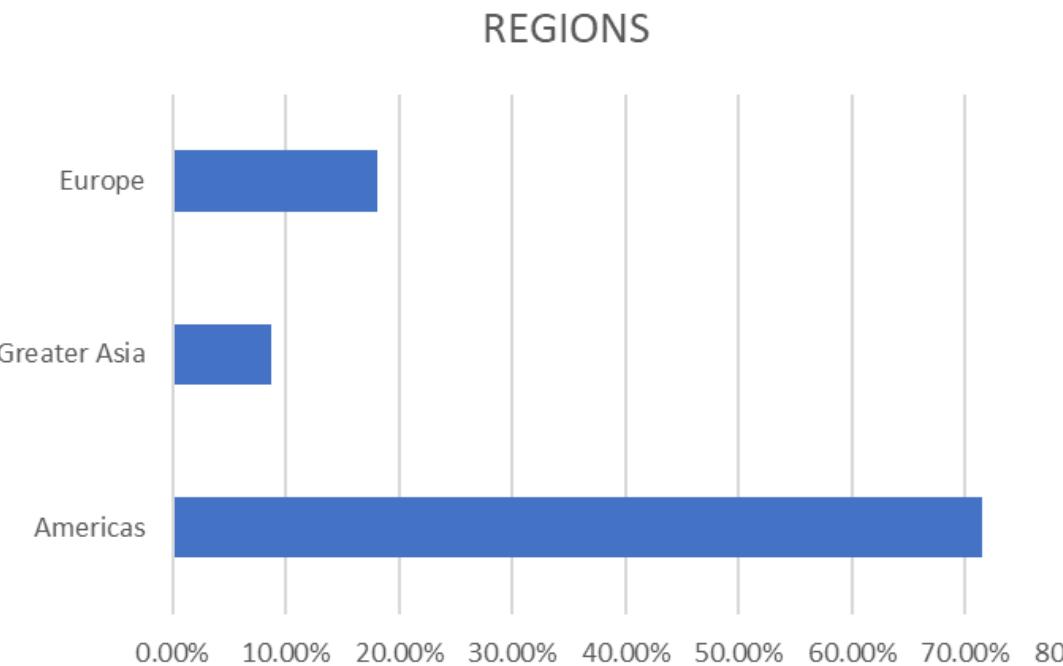
Voting

Formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues. Transparency during this process is increasing, whereby investment managers tend to publish their reasons for any votes against management or voting abstentions.

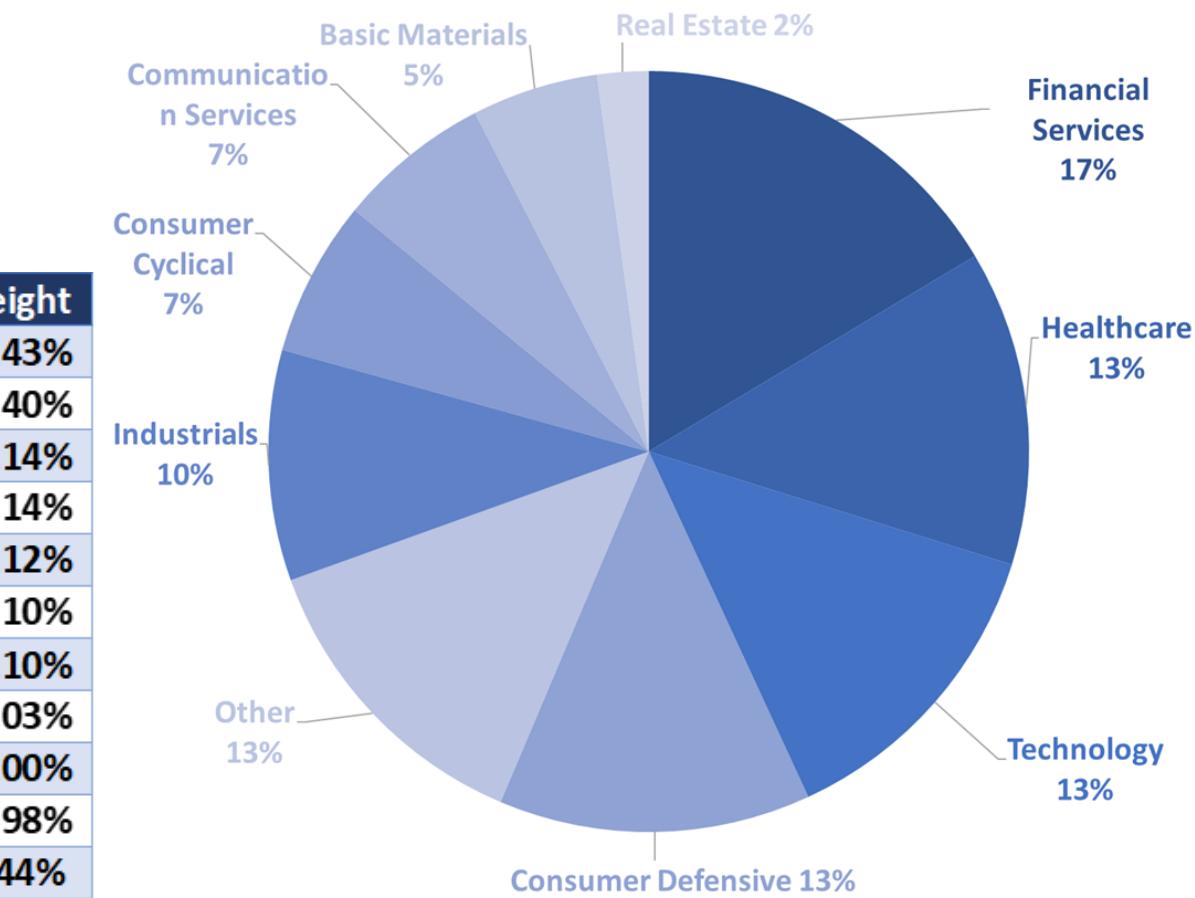
KBIGI Integris Global Equity

Investment Philosophy

- The aim of the fund is to find companies with the financial strength and discipline to maintain and outgrow their dividend commitments and is benchmarked against the MSCI World Index.
- The fund's investment process utilises an ESG-rating provided by a third-party firm to assess whether a security will be traded.
- They provide high returns through "looking where others don't".
- Fund registered a rise of 32.8% during the 12 months to end August 2021, outperforming the MSCI World Index, which increased by 31.5%

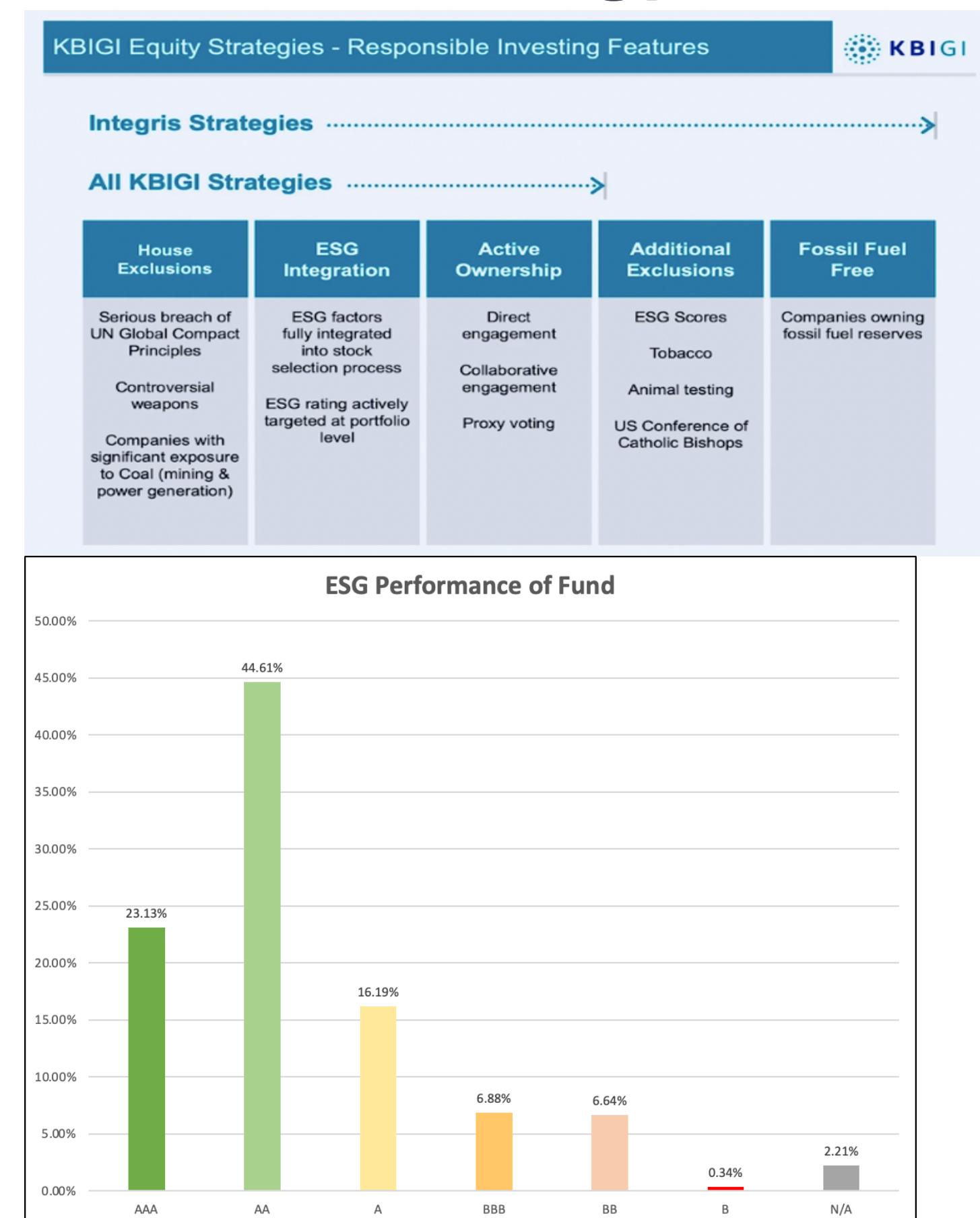


Holdings	1 year change	Portfolio weight
Accenture PLC Class A	21.98%	2.43%
Cisco Systems Inc	11.98%	2.40%
Newmont Corp	26.91%	2.14%
Automatic Data Processing Inc	15.48%	2.14%
Cigna Corp	2.13%	2.12%
Bank of Nova Scotia	18.96%	2.10%
Autonomous Region of Xinjiang Uyghur China	--	2.10%
HP Inc	26.91%	2.03%
Omnicon Group Inc	11.02%	2.00%
Tractor Supply Co	34.15%	1.98%
% of Portfolio in the top 10 holdings:		21.44%



ESG Processes of KBIGI Integris Global Strategy

- KBI's Integris-themed funds aim to have an enhanced ESG rating in relation to their non-Integris counterparts.
- While ESG is present in their data processing and asset selection, there is no deliberate impact strategy – it is merely an ESG Integration Fund.
- This team uses MSCI Ratings to justify the inclusion of assets into the fund via positive screening. Furthermore, they use an exclusion strategy based on the **United States Conference of Catholic Bishops (USCCB) Index** to screen several asset categories:
 - Fossil Fuel Reserves
 - Alcohol and Tobacco
 - Stem-cell research
- **Carbon Intensity:** this fund also monitors the carbon intensity (emission per revenue unit) of companies in which the Fund invests, and endeavours to construct a portfolio whose carbon intensity is lower than the Index.
- KBI have evolved to use new methods such as direct and collaborative engagement. This is reflected in this fund's assets (they often hold the class of stock with voting rights):
 - Quebecor Inc. Class B Subordinate Voting Shares
 - Carlsberg AS Class B



Our Insights on the Fund

A Quasi-Impactful ESG Fund

- From this group's analysis, one sees that this fund does not actually give much consideration for ESG processes. A report published by Invesco (2018) explains this trend:

"... it is time to consider the possibility that many approaches to ESG integration might [become] box-ticking exercises that contribute little genuine insight or worth to asset managers and asset owners alike."

- This is illustrated in the Investment Strategy; the dividend yield takes precedence over the ESG Rating.

Scope for Divergence in ESG Ratings

- The second step of the Investment Process is to eliminate stocks with a low ESG score, but this indirectly presents an issue.
- This fund only relies on one ESG rating provider, MSCI.
- Thus, as indicated, their attempts to invest in companies with a high ESG score may not actually be happening. Compared on the right hand side is the divergence between MSCI Ratings and Sustainalytics Ratings.

Opponents of the exclusion approach argue that this strategy merely transfers ownership from an unwilling investor to a more willing one (Blitz and Swinkels 2020).

Investment Process

We summarise our process into three steps

Step 1

- Create regional industry group segments from MSCI Index.
- Eliminate stocks below segment average yield.
- Lower yield stocks, countries, industries will qualify.

Step 2

- Eliminate stocks and segments that fail sustainability, quality and growth criteria.
- Eliminate stocks with lowest ESG score.
- Rank remaining stocks.

Step 3

- Create portfolio targeting preferred financial criteria, ESG criteria and highest ranked stocks.

Company	% of Fund	MSCI Rating	Sustainalytics Rating
Newmont Corporation	2.66%	AA	Medium Risk (23.2/40)
Texas Instruments Inc.	1.98%	AAA	Medium Risk (20.3/40)

KBIGI Water Strategy

Investment Philosophy

- The strategy focuses on companies involved in the water sector. Benchmarked against MSCI World Index.
- Invests in circa 40–70 internationally diversified companies, all of which are active across the water cycle e.g., Water Treatment, Water Testing, Filtration, Engineering Services and Pumps/Valves.
- The fund primarily focuses on companies that are listed in recognised stock exchanges of developed nations and will not invest more than 30% of net assets in Emerging Markets.
- Tends to allocate to companies with high margins with backlogs that provide good viability into the future.

Financial Performance



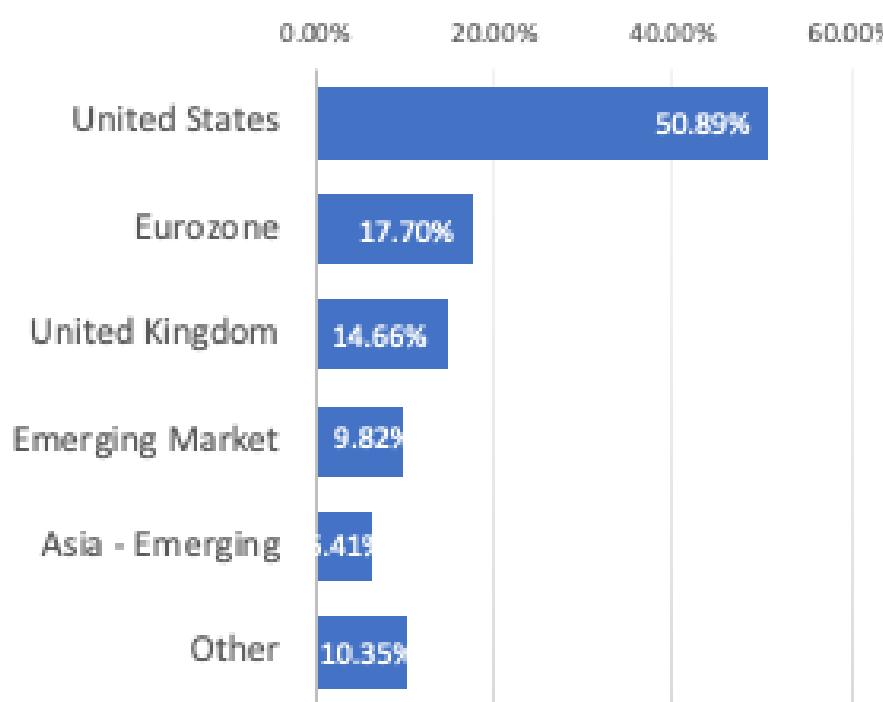
Rolling performance at 10/03/2022

	YTD	1 week	1 Month	1 Year	3 Years	5 Years
Fund	-12,02	-1,95	-3,09	10,44	35,76	50,09
Benchmark	-8,00	-2,38	-3,66	10,40	43,73	59,45
Relative performance	-4,02	0,43	0,57	0,04	-7,97	-9,36

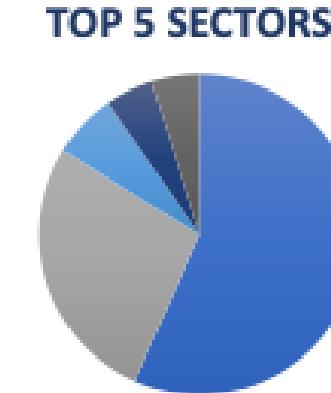
Top 10 Holdings

Holdings	1 year change	Portfolio Weight
Veolia Environnement SA	23.98%	7.78%
United Utilities Group PLC	18.74%	5.61%
Danaher Corp	24.01%	4.54%
Essential Utilities Inc	6.87%	4.30%
Roper Technologies Inc	11.98%	3.47%
Suez SA	--	3.46%
AECOM	20.39%	3.16%
Ecolab Inc	-23.03%	3.08%
HomeServe PLC	-40.78%	2.87%
Masco Corp	-5.05%	2.86%
% of portfolio in top 10 holdings: 41.13%		

TOP 5 REGIONS



Diversification

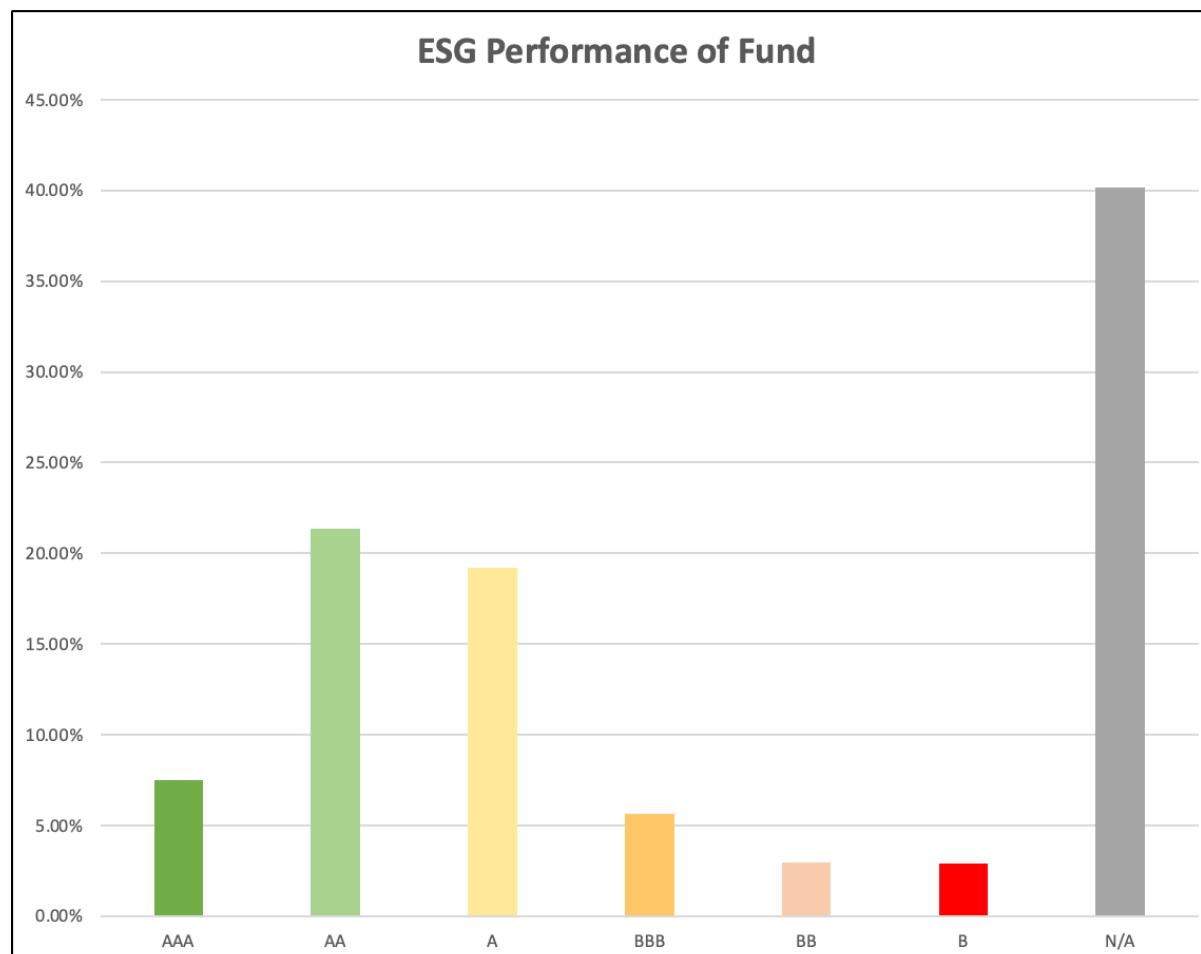


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ESG Processes of KBIGI Water Strategy

- While the former fund was based on exclusionary and positive screening, this fund can be seen to be more of an impact fund or a thematic investment strategy.
- There has been a global transition toward understanding the importance of clean water. Up until 2011, clean water was not mentioned once on the World Economic Forum's list of top global risks, but recently, in 2017, it was present in 4 of the top 5.
- ESG is present in both their data processing and asset selection again – this time however there is an additional metric required: industry of operation.
- KBI invest in four categories of companies that provide solutions to both ESG-based and water-based problems:
 1. Increasing supply and access to water, e.g., desalination, utility building connection
 2. Decreasing demand or reducing waste, e.g., efficient irrigation, plumbing
 3. Treating water or quality control
 4. Building and fixing water infrastructure that already exist
- Deep-dive on companies to ensure their applicability for inclusion

2010	2017
Financial Collapse	Water Crisis
Oil Price Spikes	Extreme Weather Events
Chronic Disease	Failure of Climate Change Adaption
Fiscal Crisis	Weapons of Mass Destruction
Retrenchment from Globalisation	Major Natural Disaster



Our Insights on the Fund

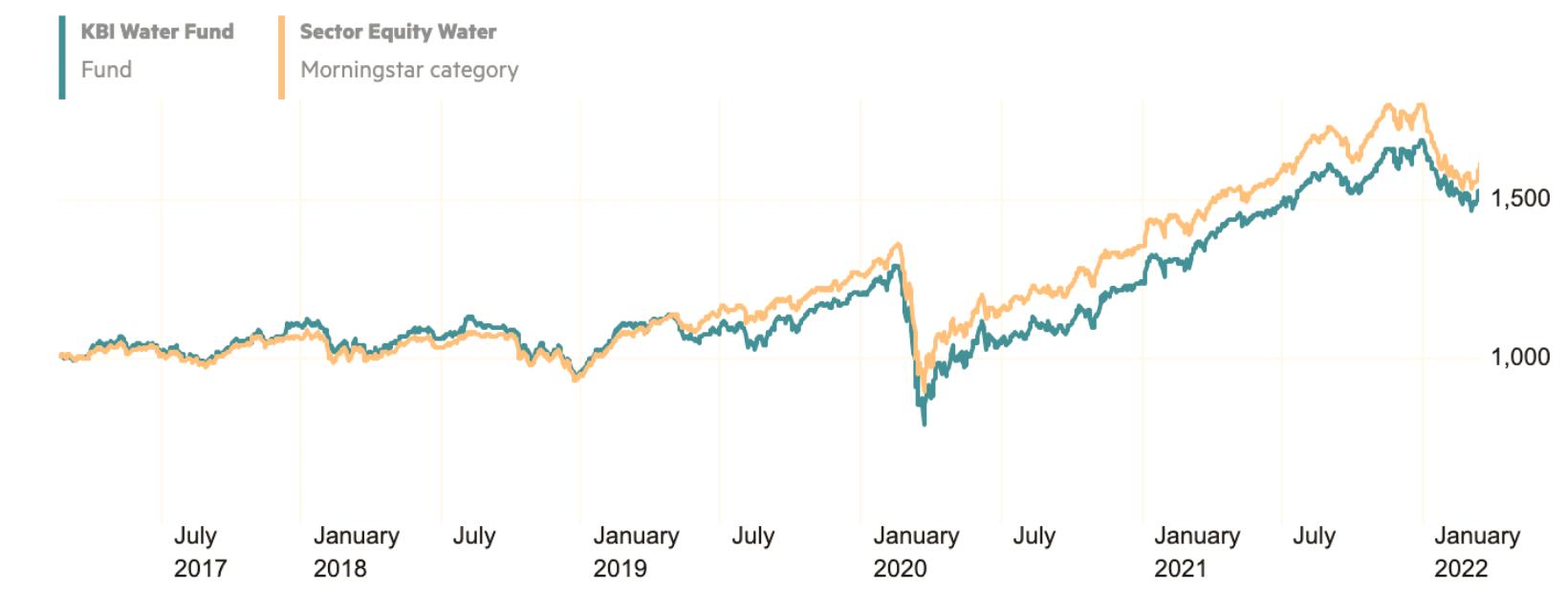
An Impactful ESG Fund

In contrast, this fund plays a far more pivotal role in regard to ESG investing; they are front-running the boom in the water industry. Investing in water provides diversification to a global portfolio as it tends to be uncorrelated. Finally, as many of these stocks are mid and small-cap, alpha can also be provided as they are under-owned, as per fund manager Matt Sheldon.



Issue with Benchmark

One issue we had with this funds setup is its selection of Benchmark - it should be more aligned with the granularity of the strategy. KBI themselves state the Index is not used as a performance target, and that the constituents of the fund may not even be present in the Index. Thus, this group proposes that it is more appropriate to use an Index such as the Calvert Global Water Fund.



Still Subject to the same Rating Divergence

As seen in the KBIGI Global Integris Strategy, the same exposure to inconsistent ESG Ratings is present in the KBIGI Water Strategy.

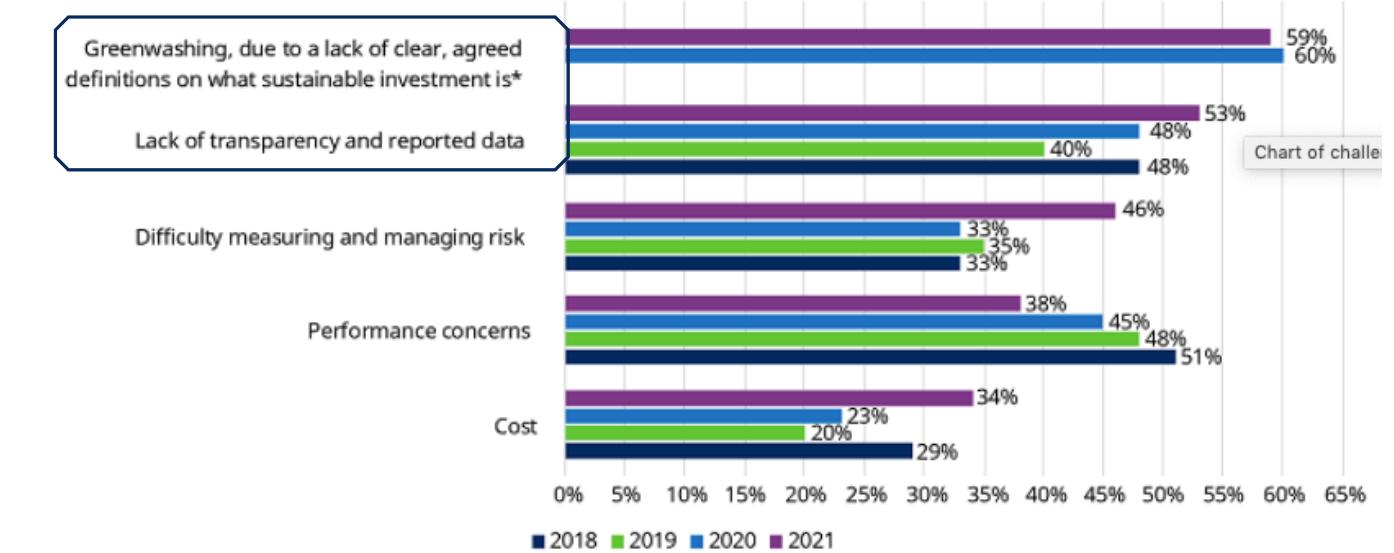
Company	% of Fund	MSCI Rating	Sustainalytics Rating
Danaher Corporation	4.54%	BBB	Low Risk (17.7/40)
Ecolab Inc.	3.08%	AAA	Medium Risk (24.1/40)

Lack of ESG transparency and reported data

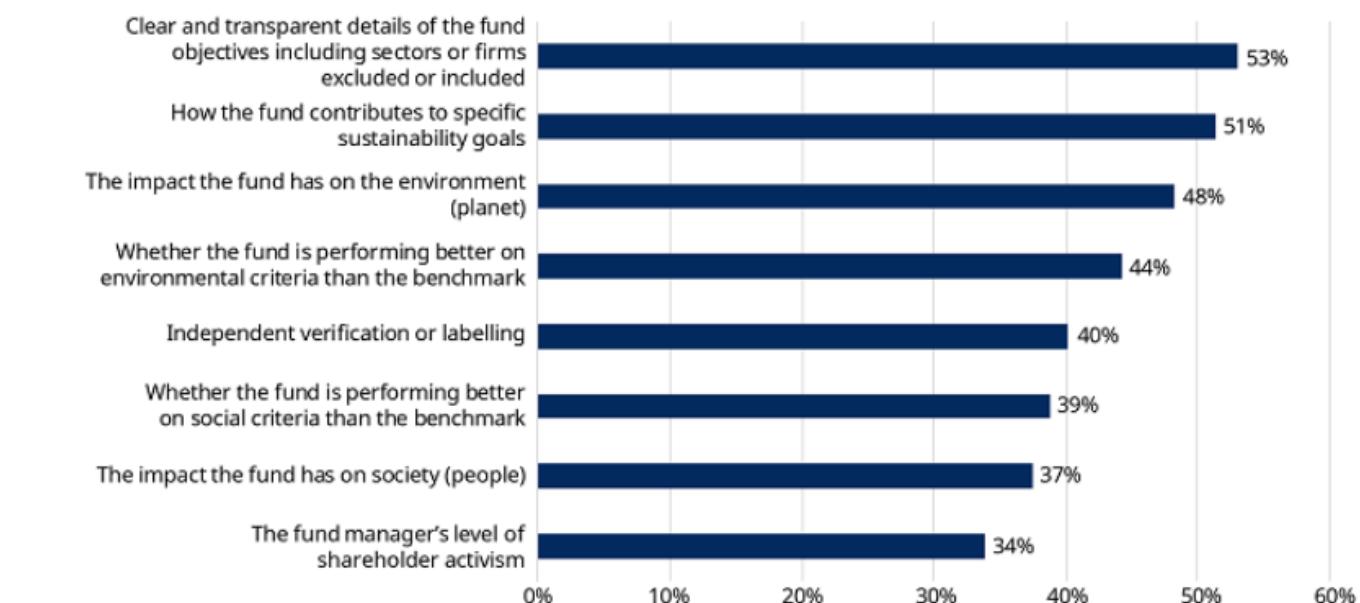
KBIGI Integris Global Equity Strategy		
Summary Details		
Assets under Mgmt.	€106.8m	
Inception Date	30 Jun 2004	
Benchmark	MSCI World Net Return Index	
Number of Stocks	173	
Risk Characteristics		
Beta (10 Yrs)	1.05	
Information Ratio (10 Yrs)	-0.50	
Volatility	13.22	
Portfolio Statistics		
Dividend Yield	3.1%	1.8%
Dividend Payout	58.4%	44.2%
Dividend Growth	8.9%	5.7%
Total Payout Yield	3.7%	0.0%
Price to Earnings (trailing)	22.0x	28.4x
Price to Book	5.6x	7.0x
Weighted Avg Mkt Cap	\$207.8bn	\$295.5bn
ESG Score	7.2	6.1
Wtd Avg Carbon Intensity	72.1	139.3

- ESG marketing messages should be backed up by disclosed fund data which is concrete and measurable, however;
- KBI only discloses the overall ESG score and Carbon Intensity score on fund documents
- Lack of transparency and ESG data makes it harder to determine if the funds are ESG authentic
- The lack of ESG reporting is also a major concern for investors who, according to studies, demand greater levels of transparency

Greenwashing, lack of transparency and reported data considered major challenges to sustainable investing
Which, if any, of the following specific factors do you consider a challenge of investing in sustainable investments?



Fund objectives, sustainable goals and environmental impact are key for better understanding
On a sustainable investment report, what information would help you better understand / invest in that particular sustainable fund?



Quick Toolbox: Is a Fund ESG Authentic?

Is the factsheet or other public report tracking ESG objectives?

What percentage of the firm's total assets under management (AUM) are ESG assets?

Does the clarity of the mission align with the products?

What is the ESG track record in recent years?

Does ESG fit with the organizational culture?

Schroders

A greater level of transparency from competitors

Schneider Electric

Environmental thesis

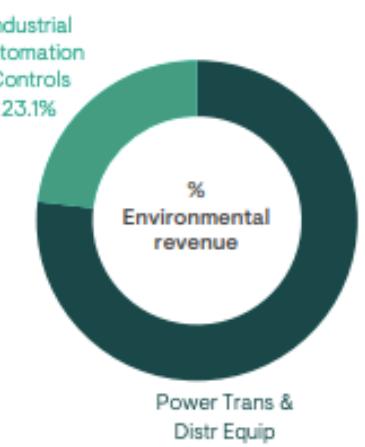
Schneider Electric provides energy and automation digital solutions. The company therefore serves the major transitions towards a more electric, decentralised, decarbonised and digitised world. It combines world-leading energy technologies, real-time automation, software and services, leveraging its digital platform EcoStruxure to accelerate its customers' and partners' journeys towards a sustainable future. The business has a strong sustainability strategy, including a target to increase its already-high green revenues to 80% (currently 70%), and deliver 800 million tons of saved and avoided CO₂ emissions to its customers. It is also aiming for a carbon-neutral supply chain.

EU Taxonomy assessment

The specific products and services Schneider offers within each of its segments span a number of the EU taxonomy technical-screening criteria categories, which means that a technology-centric approach is the most appropriate methodology for calculating compliance. 'Green revenues' derive from 'Energy efficiency architectures' (20% of group revenues), 'Grid reinforcement and smart grid architectures' (30%), 'Green premium program products' (10%), and (4) 'Services that bring benefits for circularity and energy efficiency' (10%). 90% of the company's new investments are either green or neutral technologies. With Schneider being a leader in decarbonisation, we can be confident that this innovative approach of defining 'green revenues' offers a fair reflection of taxonomy alignment.

Environmental data progression

	FY 2017 (2019 reporting)	FY 2018 (2020 reporting)	FY 2019 (2021 reporting)
Carbon data	Absolute (tCO ₂ e) Intensity (tCO ₂ e/US\$m revenue)	Absolute (tCO ₂ e) Intensity (tCO ₂ e/US\$m revenue)	Absolute (tCO ₂ e) Intensity (tCO ₂ e/US\$m revenue)
Scope 1 & 2	471,325 17	555,266 18	436,376 14
Scope 3	15,357,597 549	71,666,747 2,359	73,538,946 2,419
Carbon Avoided	51,000,000 1,825	51,000,000 1,679	89,000,000 2,927



100%
Taxonomy eligible revenues
70%
Taxonomy aligned revenues



Global Sustain is a high-conviction, ESG-integrated global equity portfolio that is strong on engagement, light on carbon and built on quality. We use bottom-up fundamental analysis and actively engage with company management to identify material ESG risks to the sustainability of long-term returns. We also seek well-governed companies that lead the way on social and environmental matters to drive consumer and stakeholder engagement. The Fund has a robust carbon-related screening policy and filtering process to exclude carbon-intensive sectors. It also excludes contentious sectors including Adult Entertainment, Alcohol, Civilian Firearms, Gambling, Tobacco and Weapons.



Sustainability Rating™
The Morningstar Sustainability Rating as of 30 November 2021 is not based on fund performance and is not equivalent to the Morningstar Rating. The Morningstar® Low Carbon Designation™ helps investors identify low-carbon funds.



The Climetrics Rating is as of 31 January 2022.

Article 8 Fund (EU SFDR)

Morgan Stanley
INVESTMENT MANAGEMENT

CARBON INTENSITY

Carbon intensity is a metric used to compare company emissions across industries. The absolute emissions is divided by total earnings with the figure expressed in tonnes of carbon dioxide equivalent per million USD of total earnings.

FOSSIL FUEL

Fossil Fuel Involvement measures the percentage of earnings that companies get from thermal coal extraction, coal-based power generation, oil and gas production, oil and gas based power generation, and oil and gas related products and services.

tCO₂/MII USD
Fund 104.7
Market Benchmark 170.8

Weighted Average %
Fund 7.3
Market Benchmark 9.5

Note: ESG risk scores and carbon metrics are currently calculated for Shares and Corporate Bonds only.

ACTIVE OWNERSHIP

We recognise and adhere to the principle of active ownership and exercise the right to vote on issues submitted for shareholder vote.

Our active engagement policy promotes constructive engagement with investee companies to promote strong corporate governance and effect positive change relating identified environmental, social and governance issues

2020 VOTING HIGHLIGHTS
MEETINGS VOTED 4,938
MEETINGS VOTED 94%
VOTES AGAINST MANAGEMENT 12%

2020 ENGAGEMENT HIGHLIGHTS
TOTAL COMPANIES ▶ 63
TOTAL ENGAGEMENTS ▶ 69
ENVIRONMENTAL ▶ 43%
SOCIAL ▶ 32%
GOVERNANCE ▶ 25%

Light on Carbon^{2,3}

Global Sustain is a low carbon intensity portfolio given its focus on capital light businesses and exclusion of carbon-intensive sectors. The portfolio has a carbon footprint 81% lower (Scope 1 and 2 emissions) than MSCI ACWI per \$1m sales, and 95% lower per \$1m invested.

Category	Tons CO ₂ e / \$m Sales Scope 1 + 2 emissions
Global Sustain	31
ESG Peers ⁴	91
MSCI ACWI	164

Category	Tons CO ₂ e / \$m Invested Scope 1 + 2 emissions
Global Sustain	5
ESG Peers ⁴	33
MSCI ACWI	89

Active Engagement

The team has engaged directly with management on material issues of sustainability and governance for over 20 years.

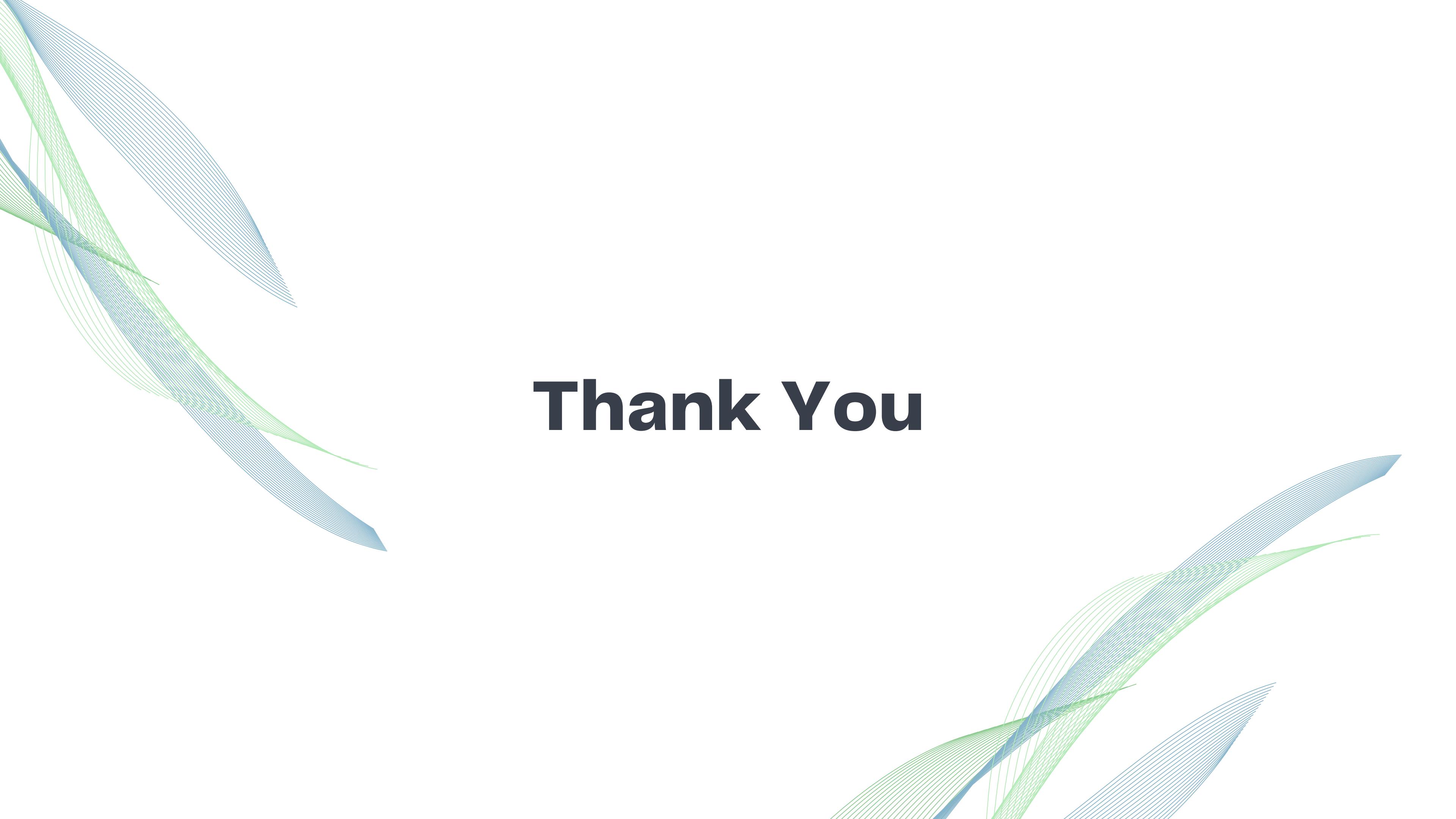
Category	Engagements across Team Strategies	Number of management engagements on ESG-related topics ⁵
Management Meetings	280	102
ESG Engagements	143	77
Environmental		64
Social		
Governance		

The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

Activity	Materiality	Scope 1 (metric tonnes CO ₂ e) (2019)	Scope 2 (metric tonnes CO ₂ e) (2019)	Scope 1 & 2 (metric tonnes CO ₂ e) (2019)	KPI (2019)	Avoided / saved emissions (metric tonnes CO ₂ e) (2019)	Net CO ₂ avoided / saved (metric tonnes CO ₂ e) (2019)	
AES Tiete	Renewable energy	100%	49,092	359	49,451	# CO ₂ emissions saved	1,000,000	950,549
Atlantica Sustainable Infrastructure	Renewable energy: solar and wind	75%	1,533,000	123,000	1,656,000	# CO ₂ emissions avoided	4,700,000	3,044,000
Boralex*	Renewable energy: portfolio of green energy sources	95%		246,652	246,652	# CO ₂ emissions avoided	290,557	43,905
Brookfield Renewable Corp	Renewable energy: hydroelectric, wind, solar and storage	100%	65,765	160,687	226,452	# CO ₂ emissions avoided	27,000,000	26,773,548
EDP Renovaveis*	Renewable energy: wind	100%		28,807	28,807	# CO ₂ emissions avoided	19,000,000	18,971,193
Ørsted	Renewable energy: wind	75%	1,846,000	111,000	1,957,000	# CO ₂ emissions avoided	8,100,000	6,143,000
SolarEdge Technologies	Renewable energy: solar and wind	100%	1,197	9,182	10,379	# CO ₂ emissions saved	9,000,000	8,989,621

M&G Investments

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Thank You

Appendix 1

KBI Integris Global Strategy Deep-Dive

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Asset Name	% of Fund	MSCI ESG Rating	Asset Name	% of Fund	MSCI ESG Rating	Asset Name	% of Fund	MSCI ESG Rating	Asset Name	% of Fund	MSCI ESG Rating
Accenture PLC Class A	2.43	AA	Coloplast A/S Class B	1.04	AA	Skanska AB B Shares	0.37	AA	SITC International Holdings	0.14	BB
Cisco Systems Inc	2.4	AA	AT&T Inc	1.02	BB	Red Electrica Corp SA	0.37	AAA	Singapore Exchange Ltd	0.13	AA
Newmont Corp	2.14	AA	Advance Auto Parts Inc	0.94	BBB	IGM Financial	0.37	BBB	Sompo Holdings	0.13	AAA
Automatic Data Processing Inc	2.14	AAA	Adecco Group AG	0.9	AA	ACS Actividades de Construccion y Servicios SA	0.36	A	Knorr-Bremse AG	0.12	A
Cigna Corp	2.12	A	Iron Mountain Inc	0.8	A	Tyson Foods Inc Class A	0.36	BBB	Yamato Holdings	0.12	A
Bank of Nova Scotia	2.1	AAA	Expeditors International of Washington Inc	0.8	AAA	Kimberly-Clark Corp.	0.33	AA	Sumitomo Mitsui Financial Group	0.12	A
Autonomous Region of Xinjiang Uyghur China	2.1	N/A	Deutsche Post AG	0.78	A	Carlsberg AS Class B	0.33	AAA	NatWest Group PLC	0.12	AA
HP Inc	2.03	AA	Hewlett Packard Enterprise Co	0.76	AA	J Sainsbury PLC	0.33	AAA	Atlas Copco AB	0.12	AA
Omnicom Group Inc	2	BB	Publicis Groupe SA	0.74	AA	Taisei Corp	0.3	A	Schroders PLC	0.12	AAA
Tractor Supply Co	1.98	AA	Berkely Group Holdings PLC	0.73	AAA	Kajima Corp	0.3	A	Partners Group Holding AG	0.11	A
Texas Instruments Inc	1.98	AAA	3i Group PLC	0.72	AA	SAP SE	0.3	AAA	Telefonaktiebolaget LM Ericsson	0.11	AA
Trane Technologies PLC	1.94	AAA	Iberdrola SA	0.72	AAA	Lennox International Inc	0.29	AA	Nitto Denko Corp	0.11	AA
Prudential Financial Inc	1.91	AA	Fidelity National Information Services Inc	0.71	A	KDDI Corp	0.29	AAA	Porsche Automobil Holding SE Preference	0.11	B
Best Buy Co. Inc	1.87	AAA	Principal Financial Group Inc	0.71	BBB	Brother Industries Ltd	0.28	A	Proximus SADP	0.11	BBB
Applied Materials Inc	1.86	AA	Great-West Lifeco Inc	0.69	A	Electrolux AB Class B	0.27	AA	Tata Capital Financial Services	0.11	N/A
Robert Half International Inc	1.84	AA	Morgan Stanley	0.68	AA	Hargreaves Lansdown PLC	0.26	BB	Etablissements Franz Colruyt	0.1	A
The Interpublic Group of Cos	1.8	A	Diageo PLC	0.66	AAA	Lloyds Banking Group PLC	0.25	AA	Sumitomo Mitsui Financial Group	0.1	A
AGNC Investment Corp	1.79	BB	KBC Group NV	0.65	AAA	Softbank Corp.	0.24	AA	SCSK Corp	0.1	AA
T Rowe Price Group Inc	1.77	AA	Mastercard Inc Class A common stock	0.61	A	Obayashi Corp	0.23	AA	Kirin Holdings co	0.1	AA
Celanese Corp	1.69	A	Walgreens Boots Alliance Inc	0.59	BBB	Henkel AG	0.23	AA	Vestas Wind Systems A/S	0.1	AAA
Verizon Communications Inc	1.68	AA	DNB Bank ASA	0.57	AA	Ford Motors	0.23	B	WH Group Ltd. Otsuka Corp	0.1	BBB
Cummins Inc	1.57	AA	AXA SA	0.57	AAA	Honda Motors	0.22	A	Otsuka Corp	0.1	BBB
Canadian Imperial Bank of Commerce	1.57	AA	Cognizant Technology Solutions Corp	0.56	A	MS&AD insurance Group	0.22	AA	Oracle Corp Japan	0.1	BBB
Lam Research Corp	1.51	AA	The Toronto-Dominion Bank	0.54	AA	Molson Coors Beverage	0.22	AAA	Daiwa House Industry	0.09	A
The Western Union	1.51	AA	Yamaha Motor Co Ltd.	0.53	AAA	Booz Allen Hamilton	0.22	BBB	Sun Hung Kai Properties	0.09	A
3M	1.35	AAA	Gecina SA	0.52	AAA	Persimmon PLC	0.2	A	Itochu Techno-Solutions	0.09	A
Motorola Solutions	1.33	AA	Swisscom AG	0.51	AA	ORIX Corp	0.2	AA	Sekisui Chemical Co	0.09	AA
CH Robinson Worldwide	1.3	AAA	Tokyo Electron Ltd	0.51	AA	Kao Corp	0.2	AA	SG Holdings Co	0.09	AA
Recordati Industria Chimica e Farmaceutica SpA	1.21	A	Kellogg Co.	0.48	AAA	Daito Trust Construction	0.2	BB	Henderson Land Development	0.09	BB
The Kroger Co.	1.21	AA	Nintendo Co. Ltd.	0.47	AA	Mitsui Chemicals	0.18	A	Mitsubishi Electric Corp	0.08	BBB
Quebecor Inc Class B Suordinate Voting Shares	1.21	BBB	Legal & General Group PLC	0.47	AAA	ASML Holding NV	0.18	AAA	Vonovia SE Common	0	A
Bunge Ltd.	1.18	AAA	Archer-Daniels-Midland Co.	0.46	AA	Boliden AB	0.18	AAA	Telecom Italia Spa	0	A
Quest Diagnostics Inc	1.16	AA	Domino's Pizza Inc	0.45	BBB	ABB Ltd	0.17	AA	Anthem Inc	0	A
Paychex Inc	1.16	BBB	Logitech International SA	0.44	AA	Nomura Holdings Inc	0.17	AA	Home Depot Inc	0	AA
Rio Tinto PLC	1.15	A	BOC Hong Kong Holdings Ltd	0.43	AAA	BNP Paribas SA	0.16	AA	TC Energy Corp	0	BBB
Netapp Inc	1.15	A	Sekisui House Ltd	0.42	AA	Kingfisher PLC	0.16	AAA	Hikari Tsushin Inc	0	BBB
Darden Restaurants Inc	1.14	BB	NN Group NV	0.4	AA	SKF AB Class B	0.15	AA	Broadridge Financial Solutions	0	BBB
Regions Financial Corp	1.1	AA	Paramount Global XL	0.38	BBB	Cie de Saint-Gobain	0.14	A	Autoliv Inc	0	N/A

Appendix 2

KBI Water Strategy

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Asset Name	% of Fund	MSCI ESG Rating	Industry	Asset Name	% of Fund	MSCI ESG Rating	Industry
Veolia Environnement SA	8.03	A	1	Mueller Water Products Inc	1.69	N/A	4
United Utilities Group PLC	5.48	AA	3	Xylem Inc	1.64	AAA	4
Essential Utilities Inc	4.58	A	3	Stantec Inc	1.61	N/A	1
Danaher Corp	4.38	BBB	3	Granite Construction Inc	1.48	N/A	4
Roper Technologies Inc	3.71	A	1	SPX Corp	1.37	N/A	2
AECOM	3.31	N/A	1	Vidler Water Resources Inc	1.36	N/A	1
Suez SA	3.31	N/A	3	Alfa Laval AB	1.35	AA	3
Ecolab Inc	3.07	AAA	3	Arcadis NV	1.26	N/A	4
Masco Corp	2.87	A	2	Beijing Enterprises Water Group	1.25	BBB	1
Ferguson PLC	2.78	AAA	2	China Everbright Environment Group	1.21	BB	1
Fortune Brands Home and Security	2.76	AA	2	Advanced Drainage Systems Inc	1.21	N/A	3
Coway Co Ltd	2.72	AA	3	Cia de Saneamento Basico do Estado de Sao Paulo	1.11	B	3
HomeServe PLC	2.7	N/A	2	Tetra Tech Inc	1.08	N/A	4
Pentair PLC	2.46	AA	3	SJW Group	1	N/A	1
Kurita Water Industries Ltd	2.42	AA	3	California Water Service Group	0.94	N/A	1
Aalberts NV	2.26	N/A	1	Cia de Saneamento de minas Gerais	0.73	N/A	1
Pennon Group PLC	2.2	N/A	1	Lindsay Corp	0.7	N/A	4
IDEX Corp	2.18	AA	2	VA Tech Wabag Ltd	0.63	N/A	3
Core and Main Inc	2.06	N/A	2	Evoqua Water Technologies Corp	0.57	N/A	3
Agilent Technologies Inc	2	AA	3	The Toro Co	0.57	N/A	2
China Water Affairs Group Ltd	1.96	N/A	1	Consolidated Water Co	0.42	N/A	1
Valmont Industries inc	1.85	N/A	4	SIIC Environment Holdings	0.36	N/A	1
Tata Capital Financial Services	1.8	N/A	N/A	Severn Trent PLC	0	AA	4
Orbia Advance Corp SAB de CV	1.77	B	4	Costain Group PLC Ordinary Shares	0	N/A	2
Guangdong Investment	1.74	BB	4	The Weir Group PLC	0	N/A	2
Norma Group SE	1.73	N/A	4				

No.	Industry
1	Improving Access to Water
2	Increasing Efficiency or Reducing Waste
3	Treating Water or Quality Control
4	Building and Fixing Water Infrastructure

Appendix 3

References

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