

sonen capital

Social & Environmental impact investment management

**GLOBAL EQUITY
IMPACT
REPORT**

**20
21**

sonen capital

This report was published in April 2022.

Sonen Capital
456 Montgomery Street, Suite GC1
San Francisco, CA 94104
415-534-4444



info@sonencapital.com



www.sonencapital.com



[@SonenCapital](https://twitter.com/SonenCapital)

PLEASE SEE IMPORTANT DISCLAIMERS IN
APPENDIX AT THE END OF THIS DOCUMENT.

LEAD AUTHOR
Will Morgan

EDITING & DESIGN
Amando Balbuena

REPORT CONTENT

3

LEADERSHIP PERSPECTIVE

4

EXECUTIVE SUMMARY

6

GLOBAL PUBLIC EQUITY

26

SHAREHOLDER ADVOCACY



LEADERSHIP PERSPECTIVE

WILL MORGAN

HEAD OF IMPACT

SONEN CAPITAL

Sonen is proud to share the social and environmental results of our global equity investment strategy in our ninth annual impact report.

In April 2022, we see glimpses of hope and a return to normal as the Covid-19 pandemic slowly loosens its grip on the global community. The hardship that Covid-19 caused around the planet has left an indelible impact, with millions of lives lost, lingering economic uncertainty and a transformed global economy. And as we emerge from this extraordinary pandemic with a sense of optimism, we are saddened by the tragic loss of life in Ukraine. We wish for a swift end to this senseless human conflict.

The pandemic has precipitated a renewed awareness and interest in sustainability: a study by McKinsey reveals that up to 75% of consumers consider sustainability when making a purchase; a separate study shows that more than 80% of consumers will abandon brands associated with issues that violate consumers' values. Last, in a study across 24 countries, 62% of adults surveyed want companies to behave in a more sustainable and eco-friendly way and that corporations bear as

much responsibility as governments do in driving positive social change. These phenomena are immutable – the world is awakening to the urgency of maintaining social and environmental sustainability.

At Sonen, this data amounts to a strong validation of our impact investment approach. Our investment portfolios are designed to deliver meaningful and measurable impact alongside financial returns. The impact that results from our investment strategies are borne from two primary investment approaches: first, through selecting companies that actively manage Environmental, Social or Governance issues and risks – such as carbon emissions, resource use, workforce well-being and diversity and inclusion across all levels of corporate activity. And second, our impact results from investing in companies that actively deliver goods and services that address social, economic and environmental needs – such as clean energy infrastructure, medical and health technology and financial services.

Sonen believes that investment capital has a critical role to play in advancing the global sustainability agenda. And as consumers continue to express greater interest

in issues of sustainability of all kinds, Sonen will continue to direct capital to the corporations that help manifest positive social, economic and environmental outcomes.

This year, as a result of the amount and quality of data we have, we will be producing separate impact reports for each strategy. This report, our ninth annual report covering our public equity strategy, reveals our consistently strong social and environmental performance. In the report, we highlight how our investment strategy outperforms its market benchmark across various environmental, social and governance indicators, and we showcase the constituents of our portfolio that are making demonstrable contributions to the global sustainability agenda. We evaluate these contributions using the UN Sustainable Development Goals as well as our own impact frameworks, which explain the specific social and environmental outcomes we seek across impact themes and asset classes.

We appreciate your interest in Sonen Capital and welcome any comments or questions on this report.



EXECUTIVE SUMMARY

Sonen Capital seeks to provide its clients competitive financial returns with meaningful, positive social and environmental impact. In this report, our ninth annual impact report that reviews our global equity impact investment strategy, Sonen highlights the various social and environmental impacts created by the investment strategy.

Impact is illustrated through multiple means: comparative performance across eight Environmental, Social and Governance (ESG) performance indicators, and through underlying securities' alignment with the United Nations Sustainable Development Goals (SDGs). Using the SDGs' measurement framework alongside Sonen's own impact frameworks, we readily illustrate how underlying equities provide specific solutions to some of the world's most pressing needs.

This report illustrates nine years of impact data, comparing our global equity strategy to a relevant market benchmark dating back to our first impact report in 2013. Comparative performance across eight ESG impact indicators includes:

- › Environmental performance: Sonen maintains weighted carbon emissions that are 78% lower than the benchmark. For every dollar of sales, Sonen's strategy emits one-quarter of the greenhouse gases that the benchmark releases. Sonen's equity strategy requires less than 10% of the water that the benchmark requires.
- › Social performance: Sonen's equity strategy in total maintains higher performance on worker health and safety, labor relations and controversial sourcing (conflict minerals) relative to the market benchmark.
- › Governance performance: Sonen's equity

strategy displays considerably greater gender diversity on corporate boards, has a higher percentage of independent board members, and maintains higher average ratings for business ethics compared to the benchmark.

Sonen's global equity strategy also maintains consistent focus on specific impact themes germane to global social, economic and environmental sustainability. Impact themes present in the global equity strategy include:

- › Economic Development: community infrastructure, financial services
- › Energy: clean power technology and production and related infrastructure
- › Environmental Services: large-scale infrastructure, efficiency for the built environment
- › Food and Agriculture: technologies that help

increase sustainable food production

- › Health: technology, diagnostics and medicines
- › Waste and Pollution: treatment and remediation, services and related infrastructure
- › Water: technology, utilities and infrastructure.

For each theme, Sonen articulates the intended impact outcomes that we seek, and uses the United Nations Sustainable Development Goals (SDGs) to evaluate specific contributions to the SDGs. In 2021, our global equity strategy makes contributions to 10 SDGs.

Sonen continues to participate in multiple industry-based campaigns that seek to build ever-greater sustainability practices across the corporate world, and we continue to share our thoughts and ideas publicly on creating impact as we invest across asset classes and impact themes.

The Russian War in Ukraine

In our wish to express solidarity with the Ukrainian people, and participate in worldwide collective economic action against Russia, we are closely monitoring the extent to which any underlying securities in our global equity strategy may have exposure to Russia and state-owned enterprises in the country. At the time of this publication, nearly 500 companies have elected to withdraw from Russia on principle. We will continue to ensure that our investment strategy is absolutely insulated from related risks and that no underlying securities are in any way involved in, or supportive of, the Russian regime.

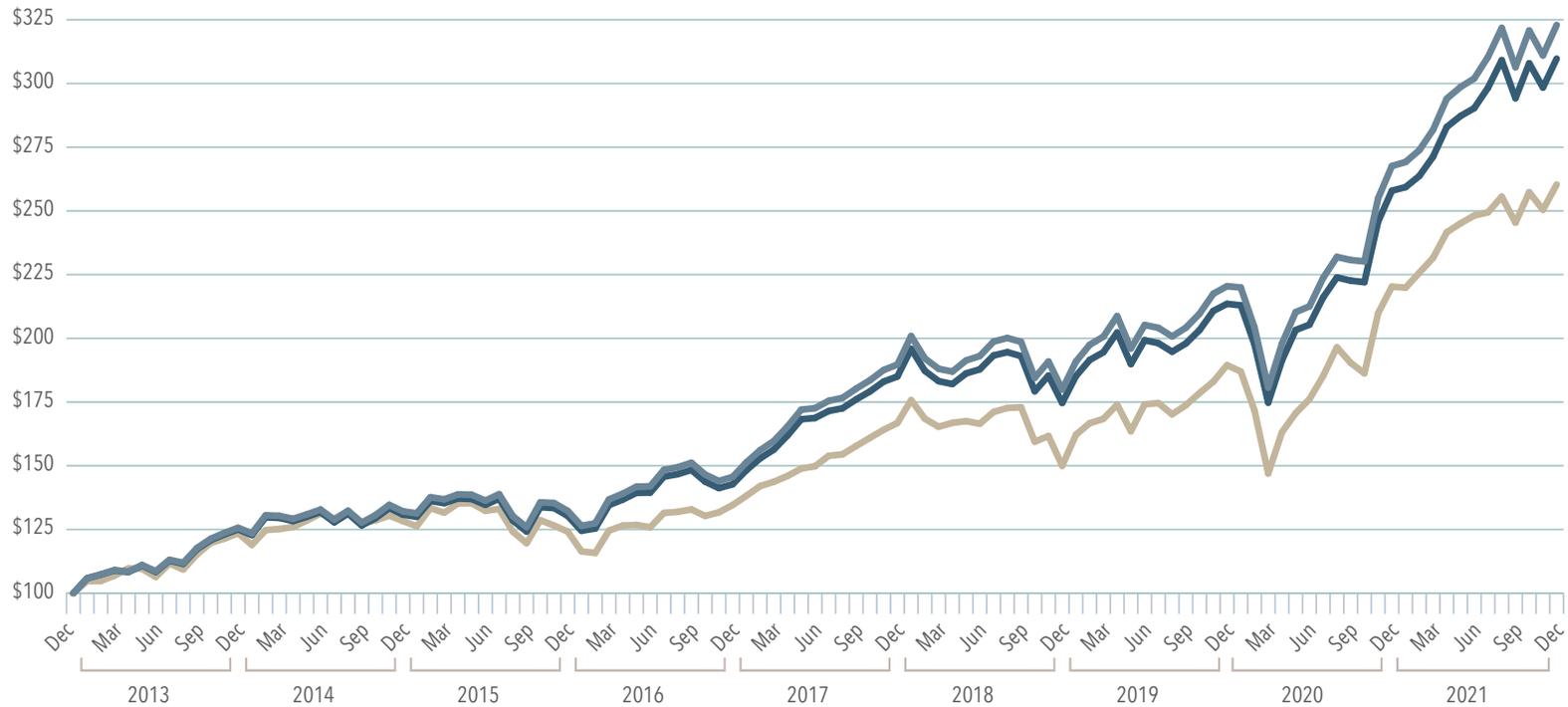
GLOBAL PUBLIC EQUITY

Sonen Global Equity strategy seeks to produce competitive risk-adjusted returns while providing clear, meaningful and measurable social and environmental impact. The strategy invests in both Sustainable securities (i.e., companies selected for various Environmental, Social or Governance characteristics and leadership) as well as Thematic securities (i.e., those companies whose goods or services relate squarely to a specific social or environmental challenge or need).

A growing availability and diversity of non-financial data is steadily enabling more detailed analysis of how publicly traded companies are creating positive social, economic and environmental impacts. This new information describes not only how companies are pursuing greater sustainability through operations (via ESG data), but also how products and services provide demonstrable and measurable contributions to the global sustainability agenda – evaluated primarily through the lens of the United Nations Sustainable Development Goals. Highlighting quantitative and qualitative characteristics of the strategy, across all underlying securities, illustrates what Sonen believes is the strong role that publicly traded companies have to play in advancing global social, economic and environmental sustainability.

SONEN GLOBAL PUBLIC EQUITY

■ SONEN GLOBAL EQUITY STRATEGY (NET) ■ SONEN GLOBAL EQUITY STRATEGY (GROSS)
 VS. ■ MSCI ACWI IMI ND INDEX (SINCE INCEPTION 1/3/2013)



SOURCE: Bloomberg as of 12/31/21. Past performance is no indication of future results. Index returns are presented for comparative purposes only. The returns are unmanaged and do not reflect the deduction of any fees or expenses. You cannot invest directly in an index. Foreign and emerging market securities involve certain risks such as currency volatility, political and social instability and reduced market liquidity. This performance is included for informational purposes only, to demonstrate that impact investing does not necessarily sacrifice strong investment performance. The performance shown does not necessarily reflect the portfolio's current performance, which may be higher or lower than the performance shown. For the most current performance, contact Sonen.

2021 FINANCIAL PERFORMANCE

2021 was an exceptional year in both absolute and relative terms. Sonen's Global Public Equity Fund finished strong, up 5.28% for the fourth quarter and

20.08% for the year, net of all fees and expenses. The MSCI ACWI IMI (the "Benchmark") posted modestly higher quarterly returns of 6.10%, but finished the year at 18.22%, down -186 bps. relative to GPE. GPE has outperformed the Benchmark in four of the past five years, annualizing at 16.76% versus the Benchmark's 14.12%, for an annualized spread of over +260 bps.

Since the financial crisis of 2008, monetary policies have been historically accommodative, holding interest rates near zero. In 2020, these policies were expanded and paired with generous fiscal policies. The result has been massive capital flows into financial assets, particularly those with higher risk, higher growth and return profiles. These conditions greatly benefited our positioning.

SONEN'S APPROACH IMPACT EVALUATION

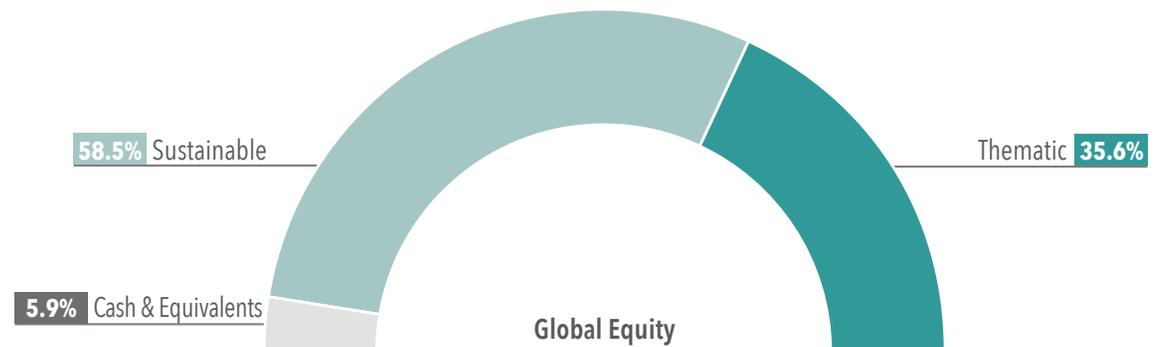
Sonen illustrates the social and environmental impacts within its global equity strategy through four specific approaches:

1. Classifying underlying securities as either Sustainable or Thematic;
2. Comparing the strategy's relative performance with its market benchmark (the MSCI ACWI) on specific Environmental, Social and Governance (ESG) key performance indicators;
3. Detailing the key impact themes across the strategy and how those themes relate to sustainability issues of global importance; and
4. Evaluating key contributions to the United Nations Sustainable Development Goals by specific contributions made to underlying targets and indicators.

IMPACT CLASSIFICATION

The chart below illustrates the proportion of **Sustainable** and **Thematic** holdings in Sonen Global Public Equity strategy as of 12/31/2021. Proportions of each respective impact category are roughly consistent from year to year. Note that cash and equivalents are held for liquidity purposes. At the end of 2021, 59% of the strategy is classified

as Sustainable: global companies with Environmental, Social and Governance (ESG) leadership qualities. 35% of the strategy is classified as Thematic: companies that provide specific impacts along defined social and environmental themes. The balance, 6%, is held in cash or cash equivalents.



SUSTAINABLE INVESTMENT ANALYSIS

As noted previously, the growing availability and detail of non-financial data allows for direct comparisons between companies, portfolios and market benchmarks along specific Environmental, Social and Governance dimensions. 2021's impact report is the ninth consecutive year that Sonen aggregates and compares such performance data across its public equity strategy, and its market benchmark, the MSCI All Country World Investable Market Index (MSCI ACWI). With few exceptions, Sonen's strategy has outperformed on all key impact indicators that we measure since we began publishing our results in 2013.

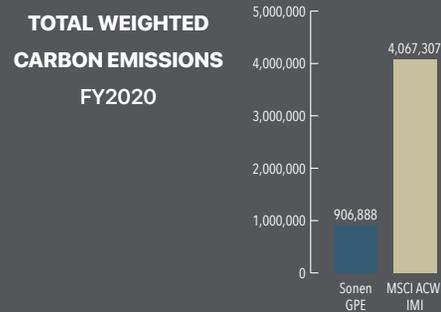
We believe that companies that exhibit better performance on various ESG dimensions are simply better investments, reflecting strong management quality and an active embrace of proactive business practices that can enhance overall corporate performance and specifically sustainability performance. Company sustainability performance, when evaluated and reported through various ESG characteristics, is often the result of policy choices and intentionality in corporate boardrooms. And such policies, when viewed collectively across the strategy, clearly indicate long-term and durable positive

impact: companies in Sonen's public equity strategy consistently exhibit far lower carbon emissions and water use than the market benchmark. Sonen's strategy also exhibits consistently higher performance rankings for worker health and safety, managing controversial minerals in supply chains, and corporate board diversity among other dimensions of corporate sustainability performance.

The following ESG analysis compares the sustainability performance of Sonen's global equity strategy to that of the MSCI ACWI benchmark along eight separate ESG indicators. Sonen includes performance analysis from previous years in order to illustrate longitudinal sustainability performance.

TOTAL WEIGHTED CARBON EMISSIONS

In FY 2020, Sonen's strategy released only 22% of total carbon emissions, on a weighted basis, emitted by the companies in the MSCI ACWI (906,888 tons vs 4,067,307 tons).



For reference – the MSCI ACWI's total weighted emissions (4.1M tons) are roughly equivalent to the annual emissions of an average coal-fired power plant (4.6M tons), or the annual energy use of 489,000 homes in the U.S. (EPA)

SONEN GLOBAL EQUITY STRATEGY MSCI ACWI IMI INDEX

TOTAL WEIGHTED CARBON EMISSIONS FY2012 - FY2020

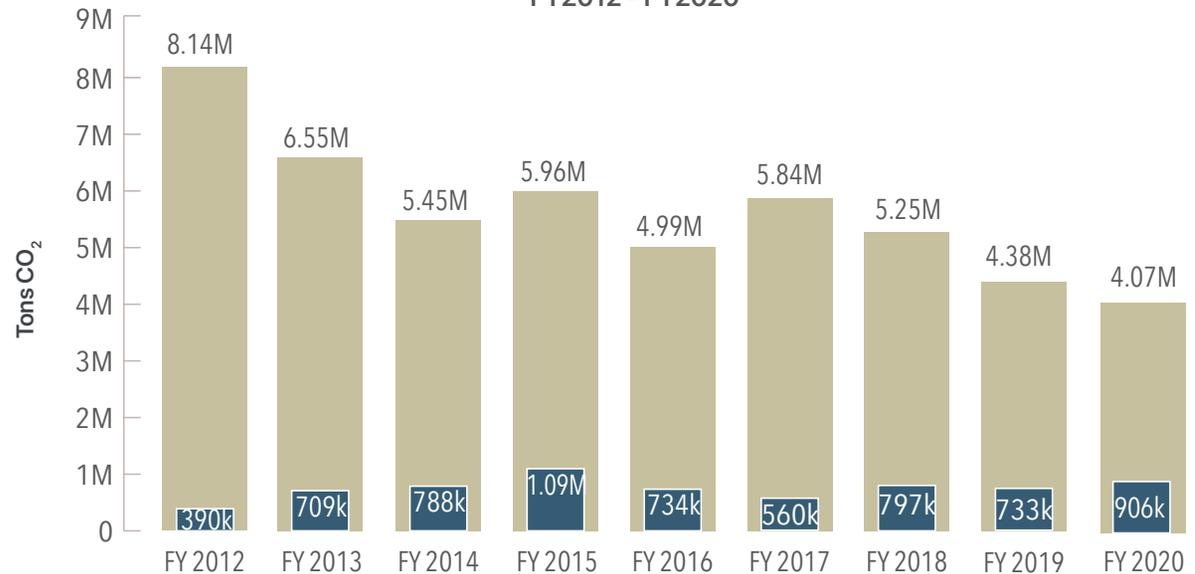


CHART DATA: MSCI ESG Research 12/31/2021. Measuring and comparing intensity allows for a comparison between companies with significantly different scales of operations and/or market capitalizations. At the time of publishing FY2020 represents the latest available year of data from MSCI ESG Research. Not every company included in these indices reports on carbon emissions, toxic emissions, water withdrawal or other ESG data. Each of these charts reflects available data for the portfolio and its respective benchmark.

ESG PERFORMANCE ENVIRONMENT HIGHLIGHTS

Sonen evaluates environmental performance through two indicators most closely related to climate change and natural resource use. In both cases, Sonen's investment strategy outperforms the market benchmark by a large margin, with consistent outperformance since measurement began in 2013.

Sonen evaluates climate performance using two key performance indicators: **Total Weighted Carbon Emissions (tons of CO₂)** and **Average Carbon Intensity (tons of CO₂/\$M sales)**. The charts on the right illustrates both indicators' performance for Sonen's GPE and the MSCI ACWI since our first annual impact report in 2013.

AVERAGE CARBON INTENSITY

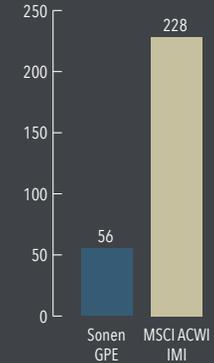
Carbon intensity compares the relative carbon efficiency between companies, communicated as the amount of carbon released per unit of sales.

Stated another way, for every million dollars of sales across the companies within Sonen’s public equity strategy, only 56 tons of carbon were emitted compared to 228 tons emitted by the companies in the ACWI benchmark. Since inception, Sonen GPE has beaten the benchmark.



AVERAGE CARBON INTENSITY FY2020

In FY 2020, Sonen’s average carbon intensity was just 25% of the benchmark’s average carbon intensity (56 tons of CO₂ emissions/\$M in sales, vs 228 tons of CO₂ emissions/\$M in sales).



■ SONEN GLOBAL EQUITY STRATEGY
■ MSCI ACWI IMI INDEX

AVERAGE CARBON INTENSITY FY2012 - FY2020

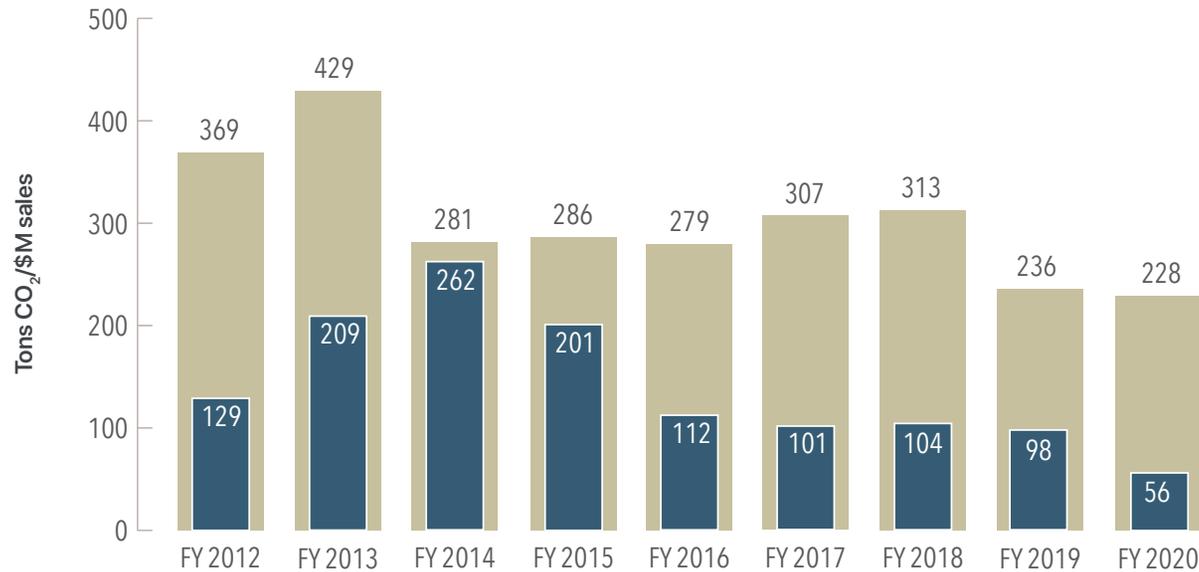


CHART DATA: MSCI ESG Research 12/31/2021. Measuring and comparing intensity allows for a comparison between companies with significantly different scales of operations and/or market capitalizations. At the time of publishing FY2020 represents the latest available year of data from MSCI ESG Research. Not every company included in these indices reports on carbon emissions, toxic emissions, water withdrawal or other ESG data. Each of these charts reflects available data for the portfolio and its respective benchmark.

WATER

Beyond climate emissions, Sonen also evaluates the strategy's collective use of water and the strategy's relative water efficiency compared to the benchmark.

Sonen evaluates water sustainability by measuring Average Weighted Water Withdrawals (in cubic meters) and Average Water Withdrawal Intensity (cubic meters per unit of sales).

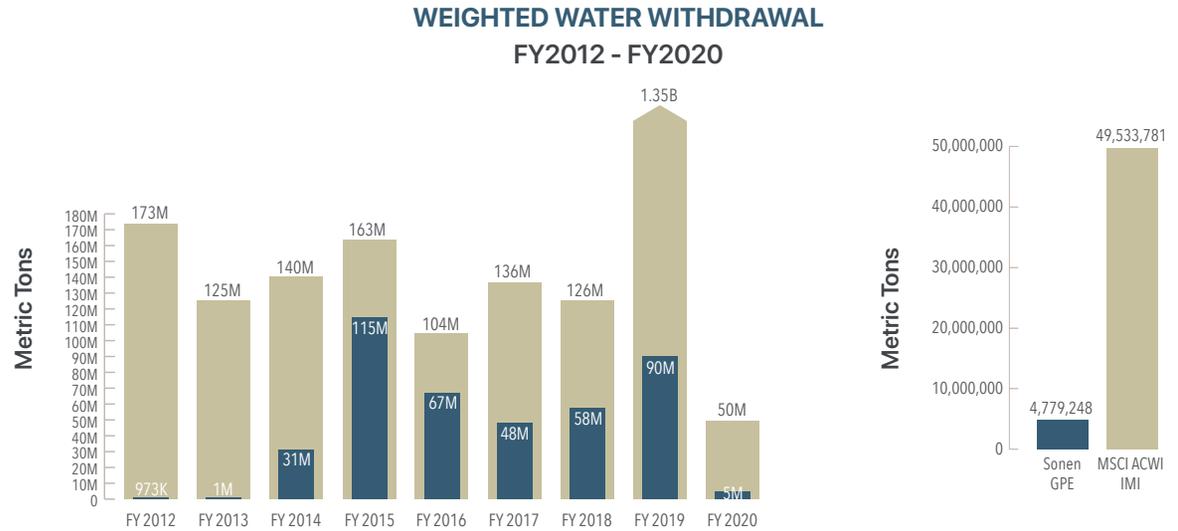
The charts on the right compares relative performance for both indicators between Sonen's Global Equity strategy and the MSCI ACWI Index. In both cases, Sonen's strategy reflects lower total water use and lower rates of water use intensity every year since 2012 (except for water withdrawal intensity for FY2016). Large fluctuations in water usage from year to year, such as in 2019 for the MSCI ACWI Index, are attributable to variations in underlying securities, particularly if some securities are in water-intensive industries, such as utilities or power producers. Other variations may be attributable to the timing of data availability.

■ **SONEN GLOBAL EQUITY STRATEGY**
■ **MSCI ACWI IMI INDEX**

CHART DATA: MSCI ESG Research 12/31/2021. Measuring and comparing intensity allows for a comparison between companies with significantly different scales of operations and/or market capitalizations. At the time of publishing FY2020 represents the latest available year of data from MSCI ESG Research. Not every company included in these indices reports on carbon emissions, toxic emissions, water withdrawal or other ESG data. Each of these charts reflects available data for the portfolio and its respective benchmark.

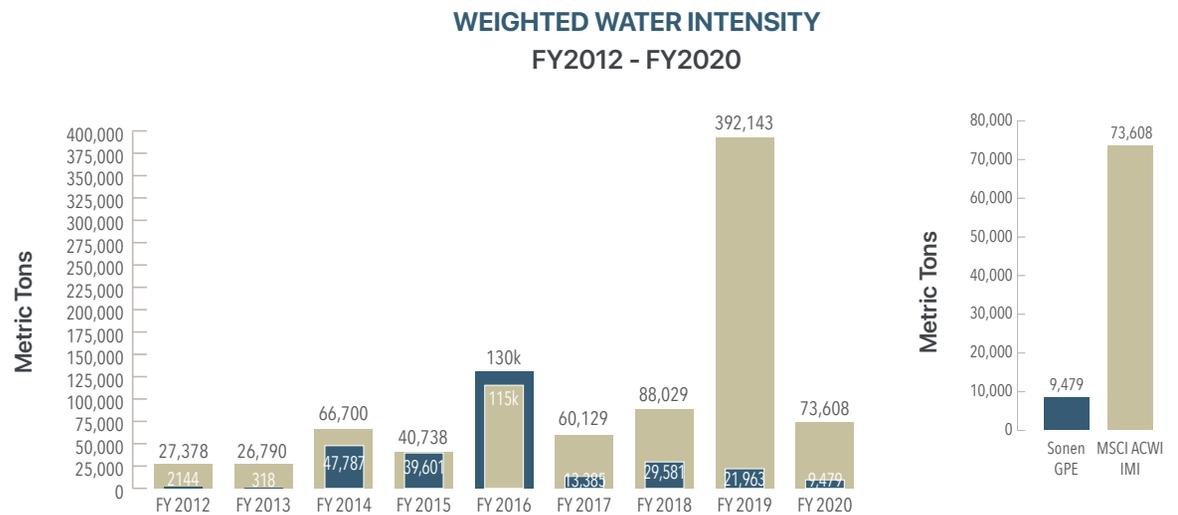
TOTAL WEIGHTED WATER WITHDRAWAL

Total weighted water withdrawals illustrate the total amount of annual water consumption by companies on a weighted basis.



AVERAGE WEIGHTED WATER INTENSITY

Average water withdrawal intensity illustrates water withdrawals relative to total sales, which allows for water use efficiency comparisons between companies regardless of their size, scale of operations or industry.



ESG PERFORMANCE

SOCIAL HIGHLIGHTS

Sonen evaluates social performance along three key performance indicators:

- › **Workforce Health and Safety** (i.e., managing workplace safety and injury at the workplace);
- › **Labor Management** (including issues such as workforce satisfaction, opportunities for professional development and benefits); and
- › **Controversial Sourcing** (the degree to which companies rely on raw materials that originate from regions with human rights or labor abuses, or whose extraction may inadvertently encourage such conflicts).

Taken together, we believe these dimensions of corporate performance relate how well a company is managing its workforce and related risks, as well as how it manages related risks in faraway and often complex supply chains.

The charts in this section illustrate the percentage of companies in Sonen's Global Equity strategy that earn higher ratings than the average benchmark rating for 2021 for Health and Safety, Labor Management and Controversial Sourcing. Previous years' scores from prior impact reports are also included.

For 2021, and consistent with historical performance, a larger proportion of securities in Sonen's Global Equity strategy earn scores that exceed the average benchmark score for each social key performance indicator. For each social indicator, Sonen provides a qualitative example from within the strategy that we believe typifies the outperformance of the larger strategy.

HEALTH & SAFETY

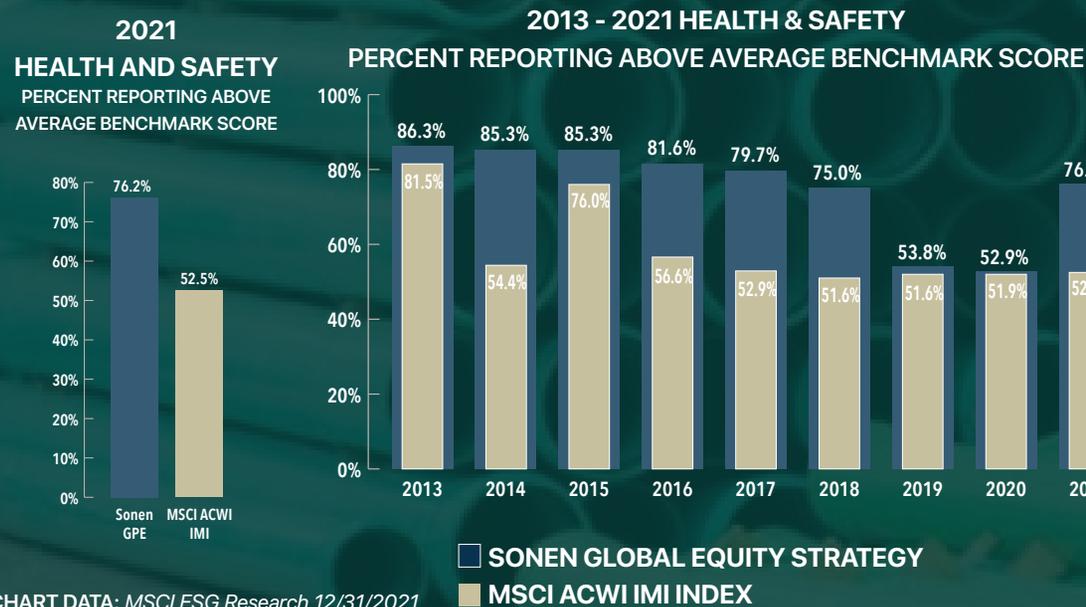
Higher rankings for this indicator are attributable to comprehensive policies to mitigate safety risks, related training, operational audits, improvement targets and boardroom oversight.

EXAMPLE: FERGUSON

Ferguson is a product distributor of heating and plumbing solutions based in the UK. They operate through seven business units providing HVAC installation and industrial maintenance and repairs. The company is a top five industry leader in health and safety standards.

- › In FY 2020, the company's total recordable lost time rate and injury rates improved by 32% and 35%, respectively

- › Health and safety training is an annual requirement for all employees, and in 2021 the company established a field safety organization to ensure relevant education is provided across all levels of the organization.
- › Ferguson's recently opened facility in North America was outfitted with automated inventory pickup and replenishing which decreased employee handling of materials by 50%, significantly decreasing the potential for workplace injuries.
- › Health and safety policies extend to contractors as well as all employees. (MSCI, Ferguson)



LABOR MANAGEMENT

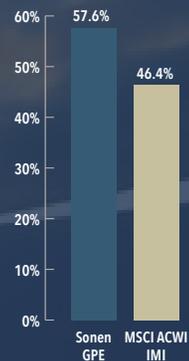
Higher rankings for this indicator are attributable to providing competitive compensation, benefits or performance incentives; professional development opportunities; and efforts to develop formal communications channels with employees.

EXAMPLE: ORSTED

Orsted A/S is an energy company specializing in wind, bioenergy and thermal energy production. It is an industry leader in labor management with a variety of employee development programs and benefits.

- › The company partners with educational institutions to offer training and development programs for staff and runs a graduate traineeship and apprenticeship program
- › Its programs focus on internal mobility, with job specific educational and development programs offered to employees
- › Employees are eligible for employee stock ownership plans or employee stock purchase plans. (MSCI)

2021
LABOR MANAGEMENT
PERCENT REPORTING ABOVE
AVERAGE BENCHMARK SCORE



2013 - 2021 LABOR MANAGEMENT
PERCENT REPORTING ABOVE AVERAGE BENCHMARK SCORE

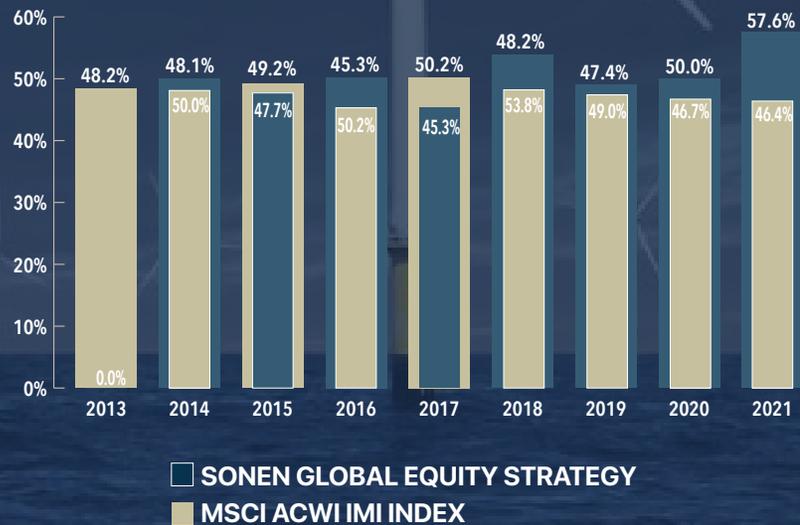


CHART DATA: MSCI ESG Research 12/31/2021

CONTROVERSIAL SOURCING

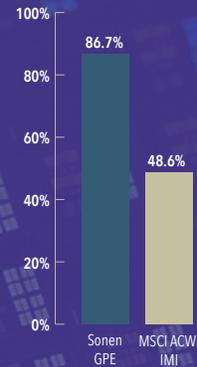
Higher rankings for this indicator are attributable to companies that are able to trace the origin of their raw materials and certify that they were obtained in a way that minimizes potential social harm (e.g., forced labor, human rights violations of any sort, or instances where materials may be indirectly fueling human conflict).

EXAMPLE: TAIWAN SEMICONDUCTOR MANUFACTURING

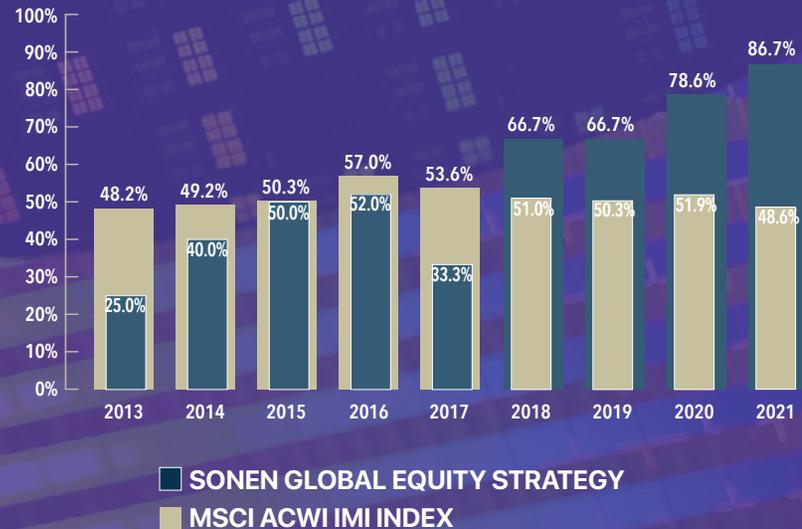
Taiwan Semiconductor Manufacturing is a company focused on the manufacture and sale of integrated circuits and semiconductor products. Because their products often require precious metals and minerals associated with conflicts and human rights violations, the company is especially careful about transparent and ethical sourcing methods.

- › All of the company's products are certified by a third-party company using stringent criteria to ensure safe sourcing, with a specific focus on tantalum, tin, tungsten and gold
- › Each of the company's suppliers is independently audited to make sure that they follow company sourcing policies
- › As a member of the Responsible Business Alliance (RBA), the company is a part of the Responsible Minerals Initiative, which aims to increase transparency and safety in mineral sourcing (MSCI, [TSMC Annual Report 2020, Page 141](#))

2021
CONTROVERSIAL
SOURCING
PERCENT REPORTING ABOVE
AVERAGE BENCHMARK SCORE



2013 - 2021 CONTROVERSIAL SOURCING
PERCENT REPORTING ABOVE AVERAGE BENCHMARK SCORE



ESG PERFORMANCE

GOVERNANCE HIGHLIGHTS

Sonen evaluates three indicators on corporate-level governance that we believe reflect best practices. These indicators include:

- › **Gender Diversity on Corporate Boards**
- › **Incidence of Board Ethics and Fraud**
- › **Board Independence**

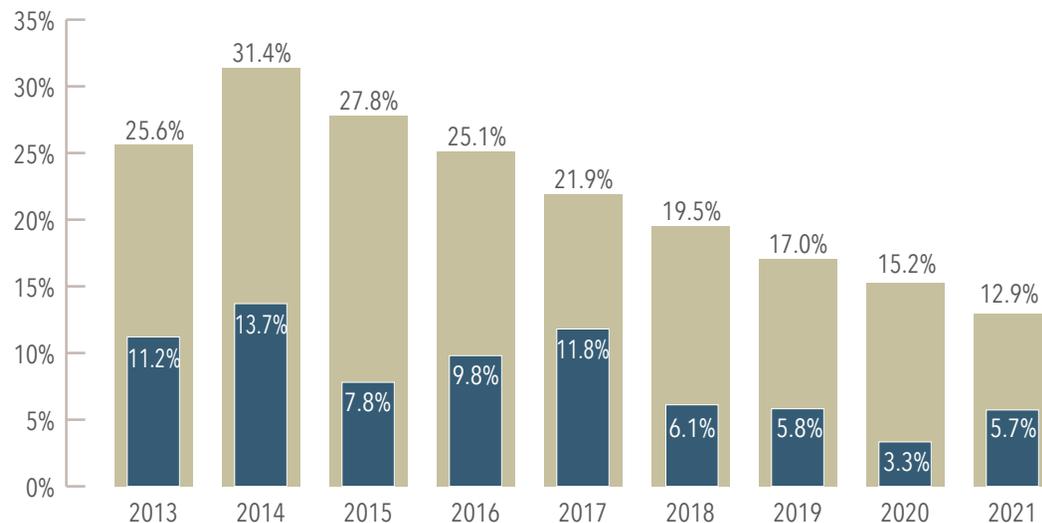
GENDER DIVERSITY ON CORPORATE BOARDS

Apart from the principle of corporate boards that should better reflect the population at large, Sonen believes that corporations with more gender diverse boards are likely to exhibit improved financial performance. In a 2020 study of more than 1,000 companies in 15 countries, McKinsey found that organizations in the top quartile of gender diversity were more likely to outperform on profitability — 28% more likely for gender-diverse boards. ([McKinsey](#)) The charts on the right illustrate the average percentage of women on corporate boards as well as the percentage of each portfolio that reports zero women on corporate boards. Since we began tracking this indicator in 2013, Sonen's Global Equity strategy has maintained a higher average representation of women on corporate boards as compared to its benchmark.

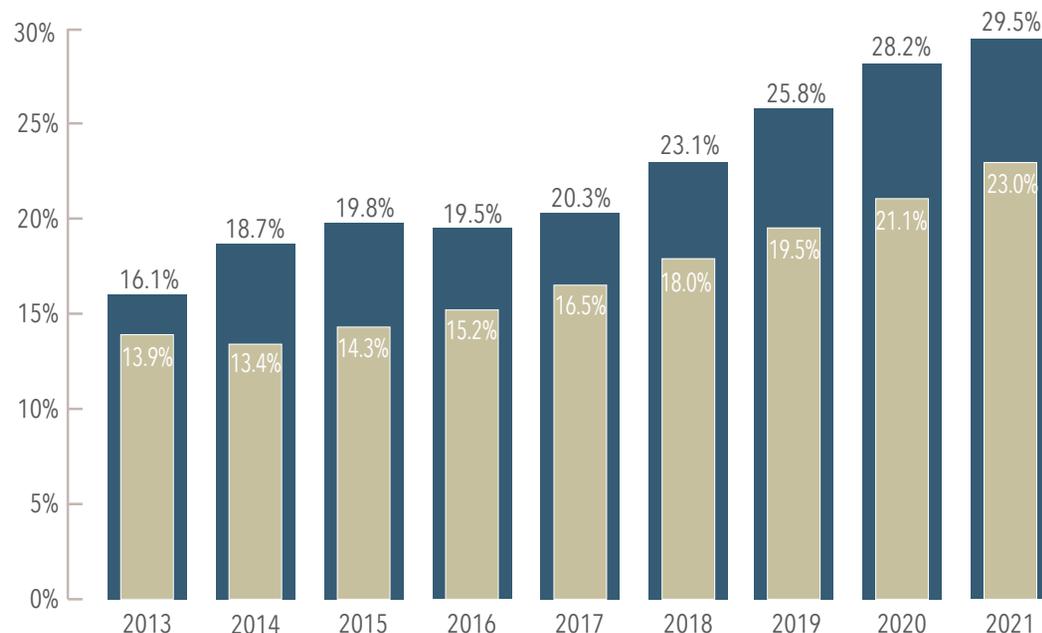
■ **SONEN GLOBAL EQUITY STRATEGY**
 ■ **MSCI ACWI IMI INDEX**

CHART DATA: MSCI ESG Research 12/31/2021

COMPANIES REPORTING ZERO WOMEN ON CORPORATE BOARDS
GENDER DIVERSITY ON CORPORATE BOARDS



2013 - 2021 AVERAGE PERCENTAGE OF WOMEN ON CORPORATE BOARDS
GENDER DIVERSITY ON CORPORATE BOARDS



BUSINESS ETHICS AND FRAUD RANKINGS

Board ethics and fraud rankings reflect a company's exposure to insider trading or ongoing litigation that may reflect poor judgement and corporate leadership. With the exception of 2016 and 2017, Sonen's global equity strategy has consistently maintained a higher proportion of companies with better ratings for managing risks related to business ethics and fraud.

■ SONEN GLOBAL EQUITY STRATEGY
■ MSCI ACWI IMI INDEX

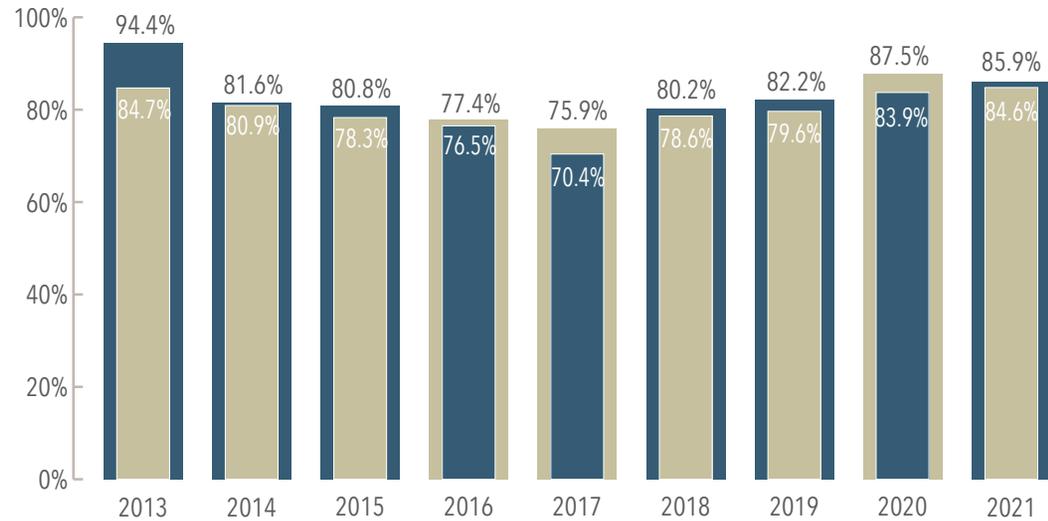
INDEPENDENT CORPORATE BOARD MEMBERS

Board Independence evaluates the proportion of board members that are independent of corporate management, which we consider to be a best practice. For this indicator, Sonen reflects a consistently higher percentage of independent board members (i.e., those members not a part of a company's management) which we believe exhibits corporate governance best practices.

CHART DATA: MSCI ESG Research 12/31/2021

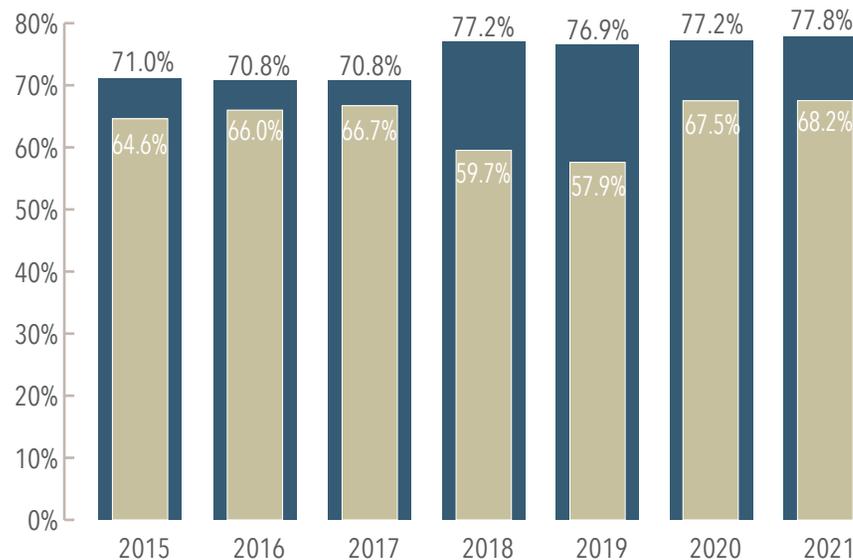
BUSINESS ETHICS AND FRAUD RATINGS

PERCENT COMPANIES REPORTING SCORES HIGHER THAN AVERAGE BENCHMARK SCORE



BOARD INDEPENDENCE

PERCENT COMPANIES REPORTING SCORES HIGHER THAN AVERAGE BENCHMARK SCORE



OVERALL ESG PROFILE OF SONEN'S GLOBAL EQUITY STRATEGY

The chart below illustrates the distribution of overall ESG rankings for Sonen's global equity strategy compared to the ACWI benchmark. Such rankings are a composite score that reflects a comprehensive view of overall ESG performance and related risks. The data demonstrates a greater proportion of higher-rated companies (AAA) among Sonen's global equity strategy as compared to the benchmark, which is consistent with our focus and process to hold what we believe are the best-in-class ESG performers among global equities.

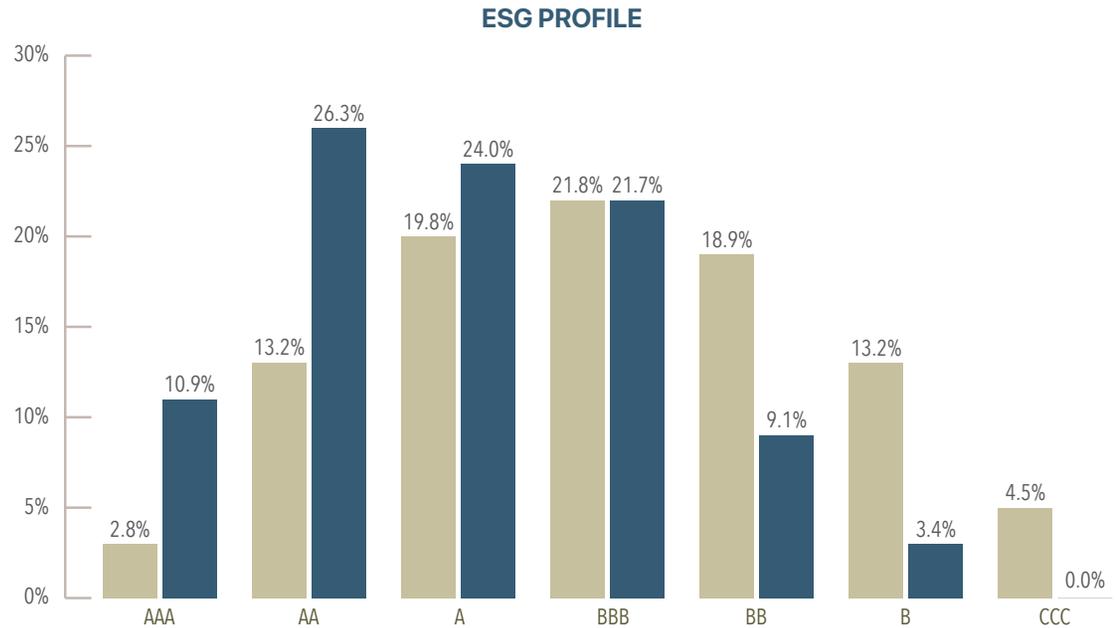


CHART DATA: MSCI ESG Research 12/31/2021

SONEN CAPITAL TEAM



SONEN GLOBAL EQUITY THEMATIC INVESTMENTS

Thematic investments offer investors a more direct connection to the products, services or business activities that relate to a specific social or environmental challenge and solution. Sonen's Thematic global equity investments provide diverse and targeted impact exposures that address key sustainability issues, such as climate change, resource scarcity and economic development through infrastructure.

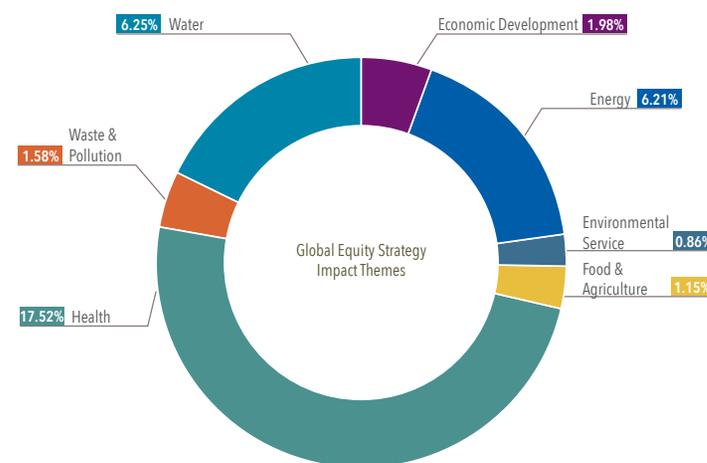
At the end of 2021, Sonen's Global Equity investment strategy maintained Thematic exposures across seven impact areas: Health, Food and Agriculture, Energy, Economic Development, Water and Waste and Pollution. Each theme, as well as the strategy's total exposure to each theme, is described in general terms in the table on the right.

THEMATIC AND SDG ANALYSIS

In the following section, Sonen illustrates the impact contribution of its Thematic public equities through the United Nations Sustainable Development Goals (SDGs) framework. Introduced in 2015, the SDGs include 17 goals, each with several underlying and quantitative targets that aim to bring the planet to social, economic and environmental sustainability by the year 2030.

In this analysis, Sonen also includes relevant impact objectives from its own impact frameworks. [Sonen's Impact Frameworks](#) (now covering water, energy, sustainable infrastructure, green real estate, sustainable agriculture, financial inclusion and health) serve as road maps for Sonen's investment process, identifying specific outcomes that Sonen seeks as well as investment strategies that help achieve those outcomes.

KEY IMPACT THEMES IN SONEN GLOBAL EQUITY THEMATIC TOTAL 35.5%



KEY IMPACT THEMES AND INVESTMENT EXAMPLES

| IMPACT THEME | THEME DESCRIPTION | WEIGHT |
|------------------------|---|--------------|
| Economic Development | Activities that support financial services, small businesses, or infrastructure that benefits communities at large. | 1.98% |
| Energy | Business activities that relate to clean power production, related technologies or infrastructure. The strategy does not have any exposure to fossil fuels or exploration. | 6.21% |
| Environmental Services | Large-scale infrastructure development, land and water resources or technologies that enhance the sustainability performance of the built environment. | 0.86% |
| Food and Agriculture | Technologies or infrastructure that support sustainable agricultural production or related distribution. | 1.15% |
| Health | Goods and services or technology that relate to human health, diagnostics or human well-being. | 17.52% |
| Waste and Pollution | Includes goods, services or technologies that relate to waste treatment or remediation, services or infrastructure. | 1.58% |
| Water | Water-related technologies for efficiency, treatment, utilities or infrastructure. | 6.25% |
| TOTAL | | 35.5% |

ECONOMIC DEVELOPMENT

WEIGHT:

1.98%

NUMBER OF INVESTMENTS:

6

UN SDG:



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

- ▶ [Sustainable Infrastructure](#)
- ▶ [Financial Inclusion](#)

- › Expand access and improve affordability of basic financial services
- › Increase products and services that cater specifically to the underserved
- › Improved social equity through access to modern infrastructure.

IMPACT OBJECTIVES FROM UN SDGS

- ▶ SDG 1: End Poverty
- ▶ SDG 8: Decent Work for All
- ▶ SDG 9: Infrastructure and Inclusive Industrialization
- ▶ SDG 11: Sustainable Cities
- › Ensure that the most vulnerable have access to economic resources and financial services
- › Encourage growth of small enterprises through access to financial services
- › Provide access to safe, accessible and sustainable transport

ECONOMIC DEVELOPMENT IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › Focus on large-scale infrastructure development including roadways and transportation.
- › Financial services through retail banking with specific efforts to reach underserved and underbanked populations.

EXAMPLE: HDFC

HDFC is a company that provides affordable housing finance in India. Over the past 46 years, HDFC has helped nine million people in India afford homes through loans with a focus on first time homeowners, who comprise 48% of all loan recipients. 75% of all loans are to low- and middle-income borrowers, and 70% of all loans (by value) are made to women borrowers. ([HDFC](#))

PHOTO: HDFC Bank branch in Mumbai, India
CREDIT: Kingspan



ENERGY

WEIGHT:

6.21%

NUMBER OF INVESTMENTS: UN SDG:

15



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

► [Energy](#)

- › Increase energy efficiency and conservation
- › Support low-carbon infrastructure
- › Invest in energy efficiency innovation
- › Increase energy equity through expanded global supply of renewable, affordable energy

IMPACT OBJECTIVES FROM UN SDGS

► SDG 7: Affordable and Clean Energy

- › Universal access to affordable, reliable and modern energy services
- › Increase the share of renewable energy in the global energy mix
- › Double the rate of global energy efficiency
- › Expand renewable energy infrastructure in developing economies

ENERGY IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › Renewable power generation and technology
- › Clean power transmission and distribution
- › Energy efficiency technologies (e.g., lighting, heating and building materials, information networks)

EXAMPLE: KINGSPAN GROUP

The Kingspan Group provides high-performance insulation and building envelope solutions and is dedicated to accelerating a net zero emissions future. The company's insulation systems sold in 2020 are expected to reduce 164 million tons of CO2 emissions through energy savings. Kingspan's 'daylighting' building solutions allow penetration of more natural light, producing the equivalent of 9 billion lumens of natural light annually, enough to light one million homes for a year. ([Kingspan](#))

PHOTO: Geelong Library & Heritage Center,
Geelong, Australia
SOURCE: Kingspan



ENVIRONMENTAL SERVICES

WEIGHT:

0.86%

NUMBER OF INVESTMENTS:

4

UNSDG:



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

► [Sustainable Infrastructure](#)

- › Expand efficient waste management practices
- › Improve sustainability performance of infrastructure in the urban environment, where growth will be greatest
- › Increase conservation of natural resources and lower-cost infrastructure development
- › Harness ecological benefits of natural infrastructure

IMPACT OBJECTIVES FROM UN SDGS

► SDG 11: Sustainable Cities and Communities ► SDG 15: Life on Land

- › Reduce the adverse environmental impact of cities, particularly from municipal and other waste
- › Upgrade infrastructure for increased resource-use efficiency, clean and environmentally sound technologies
- › Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems

ENVIRONMENTAL SERVICES IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › Ecosystem restoration and natural resource preservation; sustainable infrastructure development in urban environments (e.g., low carbon transportation); waste reduction and recycling.

EXAMPLE: STANTEC

Stantec is an infrastructure and civil engineering consulting firm operating primarily out of North America and the UK. Stantec specializes in large-scale planning, engineering, landscape architecture and environmental sciences for cities and municipalities. Stantec's largest source of revenue is in infrastructure projects, which can include river restoration and dam removal, habitat restoration in wetland ecosystems, and environmental assessments. Through 2020, Stantec had restored over 40,000 acres of land, rehabilitated over 10,000 miles of streams and rivers and installed or delivered over 152 GW of renewable energy. [The company](#) was ranked the most sustainable corporation in North America by Corporate Knights in 2021.

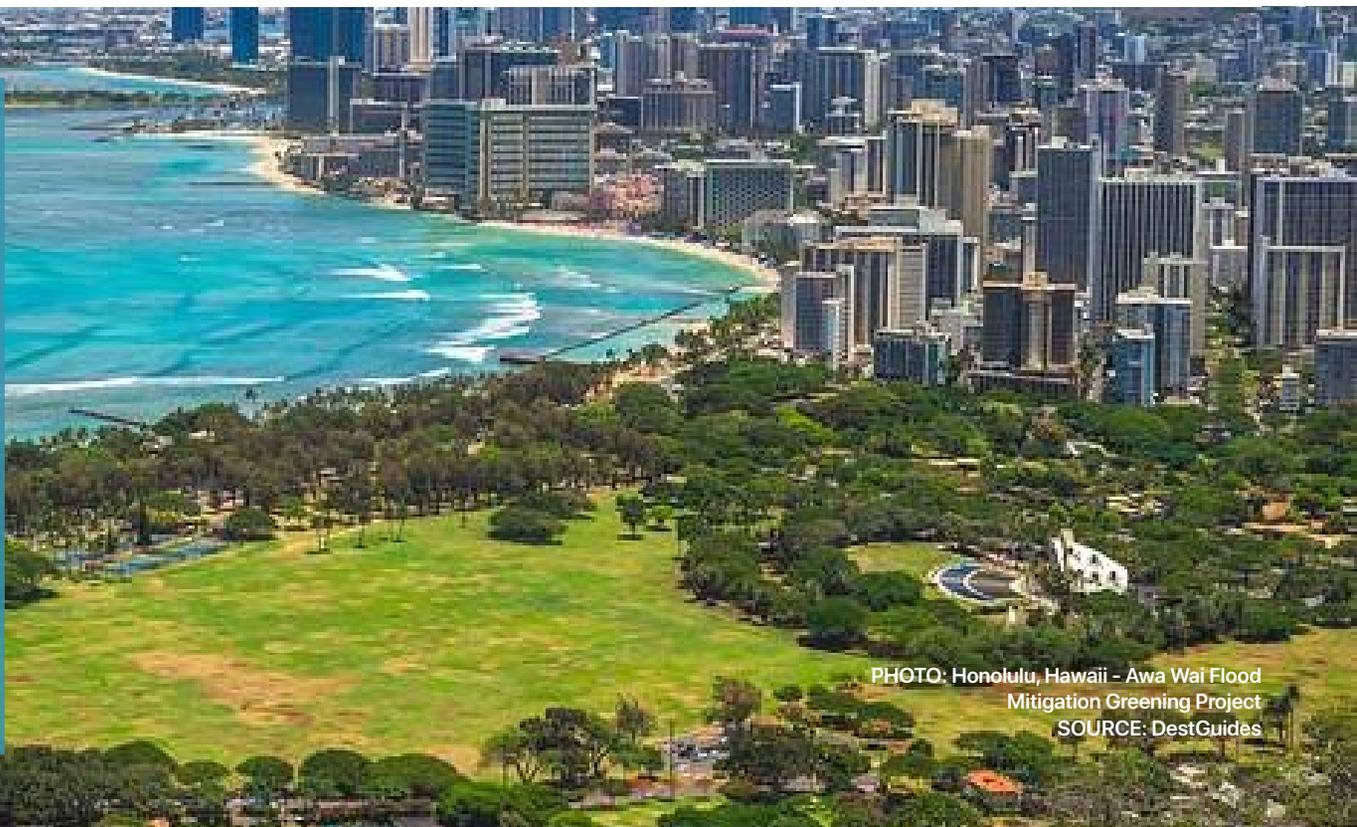


PHOTO: Honolulu, Hawaii - Awa Wai Flood Mitigation Greening Project
SOURCE: DestGuides

FOOD AND AGRICULTURE

WEIGHT:

1.15%

NUMBER OF INVESTMENTS:

5

UN SDG:



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

► [Agriculture](#)

- › Improve environmental sustainability of agricultural production
- › Reduce water use
- › Proper use of agricultural nutrients

IMPACT OBJECTIVES FROM UN SDGS

- SDG 2: Zero Hunger and Promote Sustainable Agriculture
 - SDG 6: Clean Water and Sanitation
- › Target sustainable food production systems and agricultural practices that increase productivity and soil quality
- › Increase water-use efficiency across all sectors

FOOD AND AGRICULTURE IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › On-farm technology for agricultural production (irrigation)
- › Agricultural technologies (irrigation, communication)
- › Aquaculture
- › Probiotics and enzymes production, natural food colors and nutrients

EXAMPLE: MOWI ASA

Mowi ASA is the world's largest supplier of farm-raised salmon and was recently rated the top sustainable protein producer (for the third year in a row) in The Collier FAIRR Protein Producer Index (Sonen is a member of Farm Animal Investment Risk and Return (FAIRR) – please see Shareholder Advocacy and Engagement to learn more). The company scored 81/100 against many of the criteria aligned to the UN SDGs including greenhouse gas emissions, biodiversity, use of antibiotics, animal welfare, working conditions, food safety and governance.

(FAIRR)

PHOTO: Salmon farm at Discovery Islands, British Columbia, Canada
SOURCE: MOWI



HEALTH

WEIGHT:

17.52

NUMBER OF INVESTMENTS:

25

UN SDG:



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

► [Health](#)

- › Increase access to and affordability of healthcare systems
- › Reduce incidence of chronic illness and treatable diseases, particularly in developing economies
- › Reduce incidence of diseases caused by harmful environmental conditions (e.g., water/sanitation, nutrition, clean energy, safe housing)

IMPACT OBJECTIVES FROM UN SDGS

► SDG 3: Good Health and Well-Being

- › End AIDS, tuberculosis, malaria and neglected tropical diseases, and water-borne diseases
- › Ensure access to essential healthcare services, medicines, and vaccines
- › Reduce deaths due to hazardous chemicals, and reduce air, water and soil pollution and contamination

HEALTH IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › Healthcare diagnostics, pharmaceutical and vaccine development, healthcare equipment, imaging and diagnostics, eyecare, advanced therapies for disease, and female reproductive health.
- › Three companies (Merck, Roche, and Novo Nordisk) are numbers 8, 9 and 10 in the [Access to Medicines Index](#), reflecting corporate efforts to expand availability of critical medicines in low- and middle-income countries.

EXAMPLE: COOPER COMPANIES

Cooper Companies is a global medical device company dedicated to advancing vision care and women's health through CooperVision and CooperSurgical. CooperVision designs its products to solve vision challenges, and recently received approval of the first and only FDA-approved one-day lens that helps slow the progression of myopia in children. Myopia is expected to negatively affect the vision of nearly five billion people by 2050. (Cooper) CooperSurgical provides various health technologies and services for women, particularly fertility and reproductive health. Data estimates suggest that almost 200 million women are challenged with infertility around the world. ([WHO](#))

PHOTO: CooperSurgical Costa Rica work environment
SOURCE: COOPERSURGICAL



WASTE AND POLLUTION

WEIGHT:

1.58%

NUMBER OF INVESTMENTS:

4

UN SDG:



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

► [Sustainable Infrastructure](#)

- › Expand efficient waste management practices
- › Improve the sustainability performance of infrastructure in the urban environment, where growth will be greatest
- › Expand availability of low-carbon transport
- › Transform waste into resources

IMPACT OBJECTIVES FROM UN SDGS

- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production
- › Reduce the adverse environmental impact of cities, particularly municipal and other waste
- › Reduce waste generation through prevention, reduction, recycling and reuse

WASTE AND POLLUTION IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › Municipal and industrial waste management
- › Recycling technologies
- › Resource recovery
- › Energy recovery from waste
- › Emissions treatment technologies

EXAMPLE: SUEZ GROUP

Suez Group is a water and waste management company that works with cities and industries around the world to provide essential infrastructure and conserve environmental resources. Suez maintains several business lines in waste management, including urban waste collection; sorting and processing waste; recycling; hazardous waste management and waste recovery (i.e., waste to energy and gathering secondary raw materials from waste). Suez reports that in North America in 2020, the company recycled more than 160,000 tons of waste. ([Suez 2020 Annual Report](#))

PHOTO: Water reclamation facility serving 500,000 residents in Eastern Nassau, New York.
SOURCE: SUEZ



WATER

WEIGHT:

6.25%

NUMBER OF INVESTMENTS:

29

UNSDG:



RELEVANT OBJECTIVES FROM SONEN IMPACT FRAMEWORKS

► [Water](#)

- › Increase water efficiency, water quality, and rates of re-use
- › Reduce water poverty
- › Resource water resources through natural ecological function

IMPACT OBJECTIVES FROM UN SDGS

► SDG 6: Water and Sanitation

- › Increase access to water and sanitation services
- › Improve water use efficiency
- › Improve water quality
- › Increase wastewater treatment, water recycling and water re-use

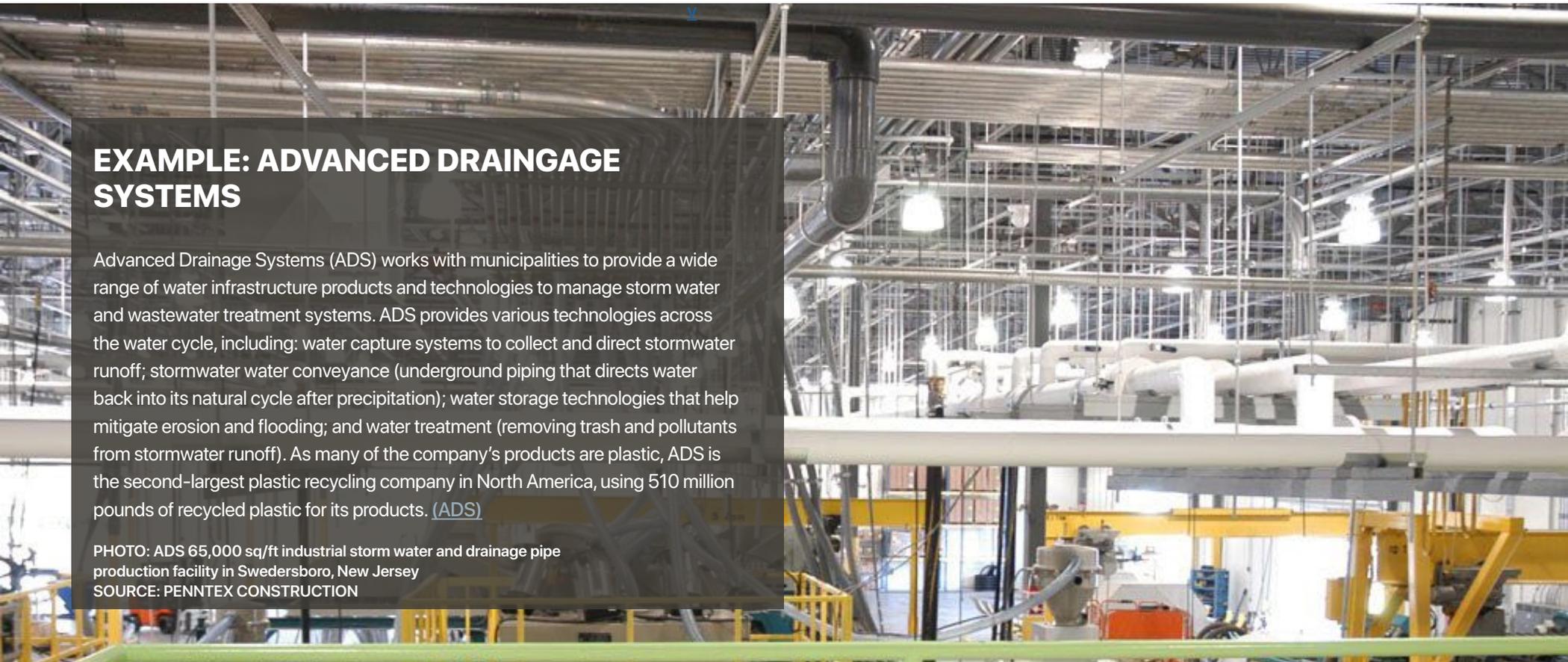
WATER IMPACT EXPOSURES IN SONEN GLOBAL PUBLIC EQUITY

- › Focus on water utilities (municipal distribution and wastewater treatment)
- › Water infrastructure (large-scale distribution and treatment)
- › Water technologies (metering, leak detection, treatment and sanitation)

EXAMPLE: ADVANCED DRAINAGE SYSTEMS

Advanced Drainage Systems (ADS) works with municipalities to provide a wide range of water infrastructure products and technologies to manage storm water and wastewater treatment systems. ADS provides various technologies across the water cycle, including: water capture systems to collect and direct stormwater runoff; stormwater water conveyance (underground piping that directs water back into its natural cycle after precipitation); water storage technologies that help mitigate erosion and flooding; and water treatment (removing trash and pollutants from stormwater runoff). As many of the company's products are plastic, ADS is the second-largest plastic recycling company in North America, using 510 million pounds of recycled plastic for its products. ([ADS](#))

PHOTO: ADS 65,000 sq/ft industrial storm water and drainage pipe production facility in Swedersboro, New Jersey
SOURCE: PENNTEX CONSTRUCTION



SHAREHOLDER ADVOCACY

Sonen has noted in previous impact reports the central role that corporations play in creating greater social, economic and environmental sustainability. Corporations can provide critical goods and services that are important contributors to sustainability. And corporate policies and practices can embody ideals that advance sustainability through multiple means: improved environmental performance, greater workplace equity and worker welfare, or governance incentives that align with sustainability objectives. Apart from investing in the companies that provide critical services or who implement sound policies, Sonen also supports improving corporate leadership through shareholder advocacy and engagement.

We consider such engagement a critical lever as a means of expressing investor **Intentionality** (actively seeking specific outcomes or changes) and investor **Additionality** (an incremental change in social or environmental performance as a result of such advocacy that may not have happened otherwise) in public markets investing. Corporate adoption of forward-looking sustainability policies also expresses Intentionality at the company level. Please see [Sonen's AIMS framework](#) for reference.

Sonen works to influence corporate ESG performance through a number of activities – specifically industry-wide advocacy efforts on specific sustainability issues, and direct engagement with corporations, industries or policymakers.



SONEN AFFILIATIONS AND ADVOCACY

Sonen regularly participates in initiatives aimed at elevating issues of sustainability into corporate policies and practices. We work alongside other like-minded asset managers, investors and organizations on a wide range of issues to increase social, economic and environmental sustainability within the corporate world. Typically, we combine our assets under management with other institutional investors, lending a powerful collective voice to issues such as reducing the corporation's contributions to climate change; revealing hazardous chemicals across supply chains; animal welfare; gender and racial diversity in corporate boardrooms; and greater corporate transparency and disclosure about other issues of sustainability. A summary of the organizations with whom we regularly collaborate is below.



B-CORP

B Corp are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of social

and environmental performance, accountability, and transparency. [See Sonen's 2017 score here.](#) Sonen is awaiting its 2021 B Corp score. Sonen received B Corp awards in 2016, 2017, 2018, and 2021.



INVESTOR NETWORK ON CLIMATE RISK

CERES coordinates a wide array of investor actions, including proxy voting, climate emissions and water use.



CDP is a not-for-profit organization that manages a global disclosure system on carbon emissions, helping investors, companies, and municipalities manage their environmental impacts.



CHEMICAL FOOTPRINT PROJECT

Encourages manufacturers and brands to reveal chemicals of concern that exist within supply chains or products.



FARM ANIMAL INVESTMENT RISK AND RETURN

An investor initiative to reveal sustainability risks and opportunities from intensive livestock farming and poor animal welfare standards.



The GIIRS Rating measures the overall impact of a business on all of its stakeholders. Sonen received the highest possible GIIRS Rating in its last assessment. See this [Link to Sonen GIIRS rating](#) for more details and to access the actual ratings report.



BUSINESS BENCHMARK ON FARM ANIMAL WELFARE

A global measure of corporate performance on animal welfare and a catalyst to change corporate practices on animal welfare management and reporting.



Provides peer support for members to share impact investing approaches, experiences and portfolios.

Signatory of:



The world's leading proponent of greater ESG disclosure to inform investment decision-making. Sonen is a signatory to the UNPRI.



A community of foundation leaders and funders that learn and inspire one another to make an impact.



A multi-stakeholder initiative to mobilize institutional investors to decarbonize their investment portfolios.

SONEN ADVOCACY AND ISSUE PARTICIPATION

During 2021, Sonen continued its regular participation with industry initiatives that advocate for social, economic and environmental sustainability. Using the collective voice of hundreds of billions of dollars of invested assets, Sonen advocated alongside colleagues on a wide range of issues, such as conflict minerals, workplace diversity, legislation supporting ESG disclosures, and environmental conservation at the federal level. A summary of such engagements through 2021 is below.

1 Reducing Incidence of Conflict Minerals: With 160 investors and combined assets of \$6.6 trillion, investors asked industry companies to take a leadership position in the development of best practices around the sourcing of minerals in the semiconductor supply chain, through better reporting, sanctions and increased materials recycling.

2 Corporate Workplace Equity Transparency: Investors with nearly \$2 trillion under management sent an investor statement to more than 3,000 companies requesting greater transparency on racial and ethnic diversity goals, including rates of recruitment, retention and promotion. The disclosures of Russell 1000 members will be tracked in a public database.

3 Chemical Ingredient Disclosure: A coalition of over 100 businesses, governments, health care organizations, investors, and non-governmental organizations (NGOs) to endorse the Principles for Chemical Ingredient Disclosure. The six Principles frame the necessary steps for increasing access to information about hazardous chemicals in products.

4 Corporate Climate Disclosure: Confluence Philanthropy, an investor network representing over \$92 billion in philanthropic assets, supported the SEC's effort to seek mandatory climate and ESG disclosures from corporations.

5 Farm Animal Welfare: Sonen wrote more than 100 letters to corporations engaged in any kind of animal production to participate in the annual Business Benchmark on Farm Animal Welfare (BBFAW) – a key industry benchmark that evaluates company practices and performance on farm animal welfare. Sonen does not own any holdings in any affected companies, and our investing avoids animal production altogether.

6 Ceasing Finance for Private Prisons: Alongside hundreds of signatories including activists, business leaders, and other investors, Sonen opposed Barclays being a lead underwriter for a bond issue to develop and build two privately operated prisons in Alabama and discouraged bond-buyers from purchasing the issuance.

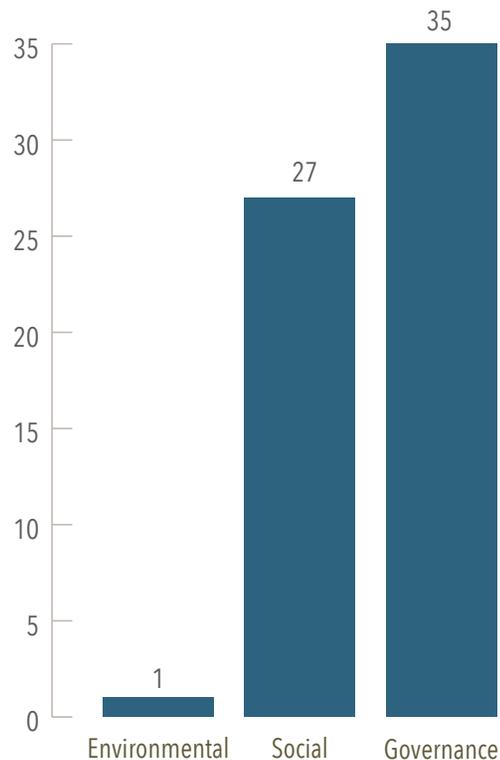
7 Protect Bristol Bay from the Pebble Mine: Sonen was among 50 investors representing \$105 billion asking the U.S. EPA and Congress to permanently protect Alaska's Bristol Bay, and the world's largest wild salmon fishery, against large-scale mining.

8 Forest Conservation Advocacy at the White House: Sonen signed a letter with the Forest Conservation Working Group asking for greater efforts at forestry conservation and sustainable landscape use to Gina McCarthy, the White House National Climate Advisor.

PROXY VOTING SHAREHOLDER PROPOSAL

During 2021, companies in Sonen's public equity strategy were subject to 63 shareholder proposals, dominated by governance-related themes (35 total proposals), various social issues (27 total proposals) and only one environment-focused proposal.

2021 SHAREHOLDER PROPOSALS



ESG Issue Areas Proposals in 2021

| Environment | Social | Governance |
|---|---|---|
| Report on impact of plastic packaging for online retailer and distributor | Prepare annual report on diversity and inclusion efforts, including recruitment, retention and promotion | One share/one vote policies |
| | Provide annual report on potential human rights violations through company technology and data collection | Provide report on political and lobbying expenditures - corporate charitable spending |
| | Report on pay gap based on gender and race | Require an independent board chair and separation from CEO |
| | Supporting consumer privacy | Reduce ownership threshold to call a shareholders' special meeting |
| | | Allowing for non-executive employees to serve as Directors |

APPENDICES

MSCI ACWI - The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging markets country indices.

The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging markets country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.

DISCLOSURES

Limited Purpose of the Report: This document is provided for informational and educational purposes only. Any reference to a particular investment, portfolio does not constitute a recommendation or an offer by Sonen Capital to buy, sell or hold such investment or security. This report does not constitute a solicitation or offer to provide any advice or services in any jurisdiction, including without limitation, any jurisdiction in which such a solicitation or offer is unlawful or to any person to whom it is unlawful.

No Financial, Investment, Tax or Legal Advice: The information herein is not intended to provide, and should not be construed as, financial, investment, tax or legal advice. The information contained herein does not take into account the particular investment objectives or financial circumstances of any particular recipient,

or whether or not any recommendation, investment, security or strategy described herein is suitable or appropriate for the reader's investment objectives and financial situation. Recipients of this report are strongly urged to consult with their own advisers regarding any potential strategy, investment or transaction. Past performance is not an indicator of future results.

THIRD-PARTY SOURCES

Sonen Capital has obtained certain information in this report from third-party sources that it believes to be reliable, but such information has not been independently verified and makes no representation as to its accuracy or completeness is made. Except as otherwise indicated, the information provided herein is based on matters as they exist as of fiscal year 2021 and not as of any future date. This presentation will not be updated or otherwise revised to reflect information that may become available, or based upon any change in circumstance occurring after the date that appears on the cover of this presentation.

MSCI SOURCE DATA

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third-party involved in or related to compiling, computing or creating the data have the liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of

the MSCI data is permitted without MSCI's express written consent.

ASSUMPTIONS

Certain analyses contained in this report are based on a number of assumptions which, if altered, could materially affect the conclusions reached in this report. Sonen Capital reserves the right to change any opinions expressed, or assumptions made, herein without notice.

COPYRIGHT NOTIFICATIONS

No part of this report may be reproduced except as authorized by written permission from Sonen Capital.

Copyright © 2022 Sonen Capital LLC. All rights reserved.

sonen CAPITAL

Social & Environmental impact investment management

Sonen Capital
456 Montgomery Street, Suite GC1
San Francisco, CA 94104
415-534-4444
info@sonencapital.com
www.sonencapital.com
[@SonenCapital](https://twitter.com/SonenCapital)