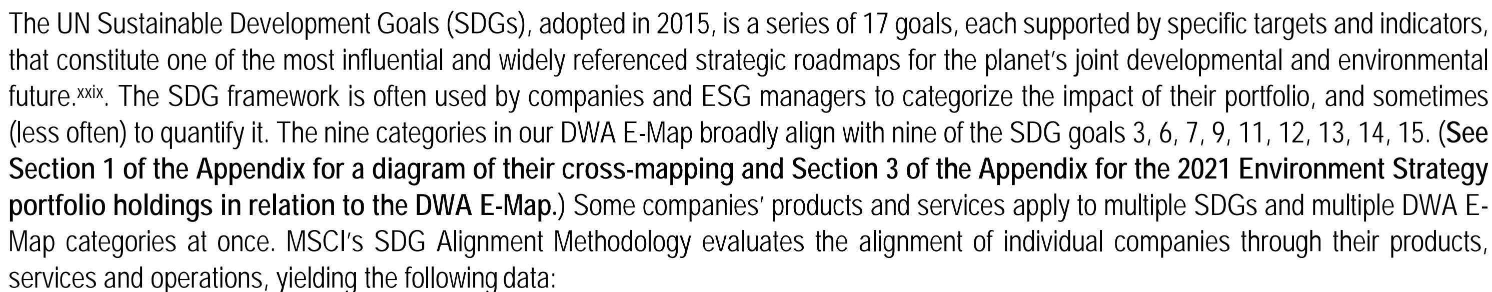

The UN Sustainable Development Goals (SDGs), adopted in 2015, is a series of 17 goals, each supported by specific targets and indicators, that constitute one of the most influential and widely referenced strategic roadmaps for the planet's joint developmental and environmental future.[xxix]. The SDG framework is often used by companies and ESG managers to categorize the impact of their portfolio, and sometimes (less often) to quantify it. The nine categories in our DWA E-Map broadly align with nine of the SDG goals 3, 6, 7, 9, 11, 12, 13, 14, 15. (**See Section 1 of the Appendix for a diagram of their cross-mapping and Section 3 of the Appendix for the 2021 Environment Strategy portfolio holdings in relation to the DWA E-Map.**) Some companies' products and services apply to multiple SDGs and multiple DWA E-Map categories at once. MSCI's SDG Alignment Methodology evaluates the alignment of individual companies through their products, services and operations, yielding the following data:

- Out of our 37 companies, 32 (**89%**) were aligned to at least one of the nine referenced SDGs;
- Our three highest exposures were to SDG 12 (**57%**), SDG 13 (**39%**), and SDG 7 (**37%**);
- We were relatively under-exposed to SDGs 3, 11, 14;
- None of our 37 companies were "Strongly Misaligned" with the nine referenced SDGs;
- Three of our companies were misaligned (not "Strongly Misaligned") with SDG 3 as follows:

    - **Nike** was implicated in a small number of controversies, including a Clean Clothes Campaign report that alleged non-provision of wages and unlawful termination of workers in supply chain amidst COVID-19 pandemic;
    - **Tesla** was implicated in a small number of controversies, including worker criticisms over alleged lack of safety measures against COVID-19 for employees at the Fremont factory; and
    - **Amazon** was implicated in a small number of controversies, including NGO criticism over allegations of poor working conditions and low wages at supplier Foxconn's Hengyang factory.

- Three of our companies misaligned (not "Strongly Misaligned") with SDG 9:

    - **Microsoft** was implicated in a small number of controversies, including European Commission antitrust investigation against Microsoft Teams;
    - **Amazon** was implicated in a small number of controversies including in Italy, where they incurred EUR 1.1 billion penalty over alleged abuse of dominant position in online commerce since 2016;
    - **Apple** was implicated in a small number of controversies including a U.S. Congressional information request and lawsuits over allegations of anti-competitive practices favoring its own apps sold through App Store; and
    - **Alphabet** was implicated in a small number of controversies, including 16 state filed lawsuits over alleged anti-competitive business practices.

3. MSCI Sustainable Impact Metrics:

MSCI also uses a proprietary methodology for estimating the percentage of a company's products and services that map to its six categories of positive impact on the environment: (1) alternative energy; (2) energy efficiency; (3) green building; (4) sustainable water; (5) pollution prevention; and (6) sustainable agriculture.

- Overall, **10.5%** of revenue from DWA ES portfolio companies was contributing to one of MSCI's six categories, higher than all three of our reference benchmarks. When we consider only the DWA companies that fall into the E-Solutions side of our dual analytic framework, that figure rises to **17.3%** or **3-5x** higher than our benchmarks.

MSCI Environment Impact Exposure (% of revenue)

Metric	DWA ES*	S&P500**	MSCI SRI**	MSCI World***
Alternative Energy	2.5%	0.3%	0.6%	0.4%
Energy Efficiency	5.9%	2.7%	3.2%	1.9%
Green Building	0.0%	0.2%	0.5%	0.4%
Sustainable Water	1.7%	0.1%	0.2%	0.1%
Pollution Prevention	0.4%	0.2%	0.3%	0.1%
Sustainable Agriculture	0.0%	0.0%	0.1%	-0.1%
Total	**10.5%**	**3.5%**	**4.9%**	**3.1%**
E-Solution Only	**17.3%**	**3.5%**	**4.9%**	**3.1%**

**Weighted average holdings from 01.01.2021 to 12.31.2021*

***Holdings as of 12.31.2021*

****Holdings as of 03.08.2022*

Source: MSCI

- Standouts included:
  - **SolarEdge**, one of the world's largest sellers of inverters for residential and commercial solar systems, was 74% aligned
  - **NextEra** was **21%** aligned;
  - **Tesla** was scored as **94%** aligned;
  - **Schneider Electric**, a French multinational providing energy management and industrial automation solutions, was assessed as **27%** aligned. Electrification is a major decarbonization solution into which we are investing. Schneider estimates that the required CO2 emissions reductions by 2030 to meet a 1.5°C trajectory will require a 1.5x boost in electricity in buildings, industry and mobility systems – together constituting a major increase in the addressable market for their lineup of electrical components and systems. Schneider's sustainability business, which includes consulting, digital services, and energy performance contracting, will result in >800M tons of CO2 saved and avoided for customers between 2018-2025.

Again, recognizing that we often vary from the assessments provided by MSCI and other data providers, we applied our own proprietary framework to adjust the share of revenues we deem as aligned to MSCIs six categories, as well as adding "climate adaptation" as an eligible solution (in this, we align with the EU, which counts adaptation as one of the six categories in its EU Taxonomy for Sustainable Finance). The materiality threshold for inclusion in our E-Solution category is 15% of revenue, as of today or in the coming five years per our growth projections. The headline is that the environmental impact solutions revenue rose from 10.5% to **23.2%** for our Environment Strategy portfolio as a whole across 2021. For E-Solution providers only, this adjusted figure rose to **48.8%**, while for E-Advantaged companies only it remained at **6.8%** on a weighted basis, even after proprietary adjustments for two E-Advantaged companies. Within the E-Solutions group, we made proprietary upward adjustments to: **Beyond Meat**, **Danaher**, **Schneider Electric**, **Trane**, **Xylem**, **SolarEdge** as well as the following three, for which we offer brief rationales:

- **Generac** was added to our portfolio originally as primarily an E-Solution provider based on use of its standby generators to cope with power outages that have been rising in frequency and severity due to climate change. However, Generac has moved strategically into residential batteries and solar micro-inverters, two categories that are counted in traditional definitions of "alternative energy", including MSCI's. However we adjust its revenue upward from MSCI's 15.8% to **60.3%** to include the

residential segment of Generac's core standby generator revenue is counted as a climate adaptation solution in line with our E-Solutions thesis for this holding.

- **Hannon Armstrong:** We also adjusted the revenue exposure for Hannon Armstrong, the first U.S. publicly traded company that provides financing to sustainable infrastructure projects. Over the course of 2021, HASI invested $1.7bn in climate solutions in behind the meter, grid connected, and sustainable infrastructure solutions. Their managed assets support >16 GW of renewables and >290 energy efficiency investments that span the country, resulting in 800mt of incremental annual reductions in carbon emissions and 228mg of water savings[xxx]. With a growing pipeline of projects and stable project yield, it is clear to us that HASI's revenue exposure to climate solutions should not be 0, as assessed by MSCI, but **100%**.

- **Siemens** was deemed by MSCI to have **9.5%** of its sales as contributing to Sustainable Impact. However, our adjustment followed Siemens own rigorous quantitative methodology for allocating its products and services to its "Environmental Portfolio". By its own measure, it considers **31%** of revenue in fiscal 2021 to meet its standard. Note that Siemens counts products and services that enable customers to reduce their carbon footprint and lifecycle environmental costs by specific amounts. For example, energy efficiency products must offer an improvement in energy efficiency of 20% or more during the customer use-phase compared to the applicable baseline, or a reduction of at least 100,000 metric tons of carbon dioxide equivalents per reporting period compared to the applicable baseline"[xxxi]. An example in Siemens portfolio is smart building technology systems that meet the absolute reduction criteria. In fiscal 2021, the 31% of revenues from the Environmental Portfolio reduced customer CO2 emissions by 88 million metric tons.

As for the ***E-Advantaged*** side of our dual analytical filter, we use **15%** as a general, not strict, figure of merit to validate that an E-Advantage meets a minimum materiality threshold across at least one of our five traditional DWA economic filters. Examples include:

- **Higher brand value: L'Oréal** was named the world's most valuable beauty brand, with a value of $10.2 billion, more than **15%** higher than second place Gillette[xxxii]. While precisely attributing valuation to environmental performance is not possible, we have studied L'Oreal's proprietary SPOT tool for conducting life-cycle sustainability assessments on new and renovated products and believe this contributes to customer loyalty, based on customer appreciation for reduced environmental impact but for the company's concerns about the environmental safety of products that they put on their skin. We've also noted L'Oreal's strong performance relative to peers on sustainably sourcing commodities like palm oil that are known drivers of tropical deforestation. However, it still has room to improve and we intend to engage them to prioritize this.[xxxiii]

- **Higher willingness-to-pay: Nike**'s robust efforts to reduce the environmental impact of its manufacturing process are cited in a study by RunRepeat, which also found that of the 2,556 shoes in its database from 34 brands, the 89 shoes from Nike and others that it qualified as eco-sneakers commanded a **69%** price premium.[xxxiv]

- **Higher pricing power than peers: ASML**'s gross margins were 52.7% in 2021, more than **15%** higher than its competitors Nikon and Cannon.

- **High R&D as % of sales: Autodesk** reinvested **18%** of sales into R&D in 2021, dedicated to delivering additional automation and insight into increasing efficiency and sustainability for customers from upfront design through to the "make" process in buildings and product manufacturing.[xxxv]

- **Lower cost of capital:** In May of 2021, **Equinix** issued $1bn of senior green notes due 2031 at 2.50%. Compared to other BBB rated, non-green issuances in that quarter with a similar duration, the coupon on the Equinix notes were 115 bps (**30%**) lower, giving Equinix an advantaged cost of capital to support sustainability activities like its co-formation of the Climate Neutral Data Centre Operator Pact to help Europe transition to a climate neutral economy.[xxxvi]

4. MSCI Climate Value at Risk (cVAR):

As defined by the Task Force on Climate-related Financial Disclosures (TCFD), climate risk can be categorized into two categories:

1. Transition risk: how the transition towards a low carbon economy will impact a company's performance, through extensive policy, legal, technology and market changes; and

2. Physical risks: the risks associated with the direct impact of climate change on a company's operations, such as extreme temperatures, water availability, food security

MSCI's Climate VAR framework is a method for quantifying the % impact on a portfolio's valuation from each type of risk under various transition and physical scenarios. MSCI's Low Carbon Transition Risk figures below include the aggregate policy costs and risks faced by our portfolio companies due to their emissions profile, and nets out positive green revenue and patent opportunities associated the companies' technologies. MSCI's scenarios vary by temperature targets and the "pathways" to achieve such temperature targets, and reflect assumptions and approaches employed in different Integrated Assessment Models (IAMs). For the figures reported below for the DWA Environment Strategy portfolio, we use a 2°C scenario produced by the AIM/CGE 2.0 Integrated Assessment Model that is characterized by mitigation action starting in 2020. MSCI ESG Research's physical risk analysis assesses changes in global temperatures, precipitation levels as well as flooding and cyclones due to climate change by relying on the past 35 years of observed extreme weather to set a historical baseline. The numbers in the table illustrate the change in the physical risk exposure from today's climate until 2100. All figures below are for the Environment Strategy's Weighted Average 2021 portfolio holdings.

Scenario	DWA ES	S&P500**	MSCI SRI**	MSCI World***
Low Carbon Transition Risk	-1.1%	-2.4%	-1.5%	-3.3%
Physical Climate Risk	-4.9%	-7.5%	-8.5%	-10.8%
Aggregate Climate VaR	**-6.0%**	**-9.9%**	**-10.0%**	**-14.0%**

**Weighted average holdings from 01.01.2021 to 12.31.2021*

***Holdings as of 12.31.2021*

****Holdings as of 03.08.2022*

Source: MSCI

Per MSCI's methodology, the total impact on our portfolio from climate transition risk (policy risk offset by technology opportunities) is **-1.1%.** The largest contributor on a weighted basis was **Waste Management** (WM**)**. The net transition VaR for WM was -30%, caused by their high Scope 1 emissions of 16.08mt CO2/year in 2020. To align with a 2ºC global emissions scenario, MSCI estimates that WM needs to reduce their scope one emissions by 15.69 CO2/year (or 99.63%) by 2036, incurring a cost of 7.9mn/year by 2036.

The total impact on our portfolio from physical risk was -4.9%. On a weighted basis, the biggest driver was **Costco**, which had a physical climate VaR of -22.27% due to high exposure to extreme heat (-12.39%) and Precipitation (-9.66%). Several of their facilities and locations are in regions considered to have high heat exposure (such as Taipei City, Ottawa and Issaquah) and precipitation risk (Naucalpan de Juárez, Taipei City, Issaquah).

As noted in the table above, our Aggregate Climate VaR is **-6.0%,** lower than all three of our reference indexes, meaning that, per MSCI's methodology, our 2021 portfolio was less exposed to climate risk than the constituents of those indexes as a whole, which range from **-9.9%** to **-14.0%** depending on the index.

5. Science Based Targets and Net Zero Commitments:

The Science Based Targets Initiative (SBTi) — a partnership between CDP, the United Nations Global Compact, World Resources Institute and the Worldwide Fund for Nature — serves as a third-party assessor for validating whether a company's emissions reduction targets align with the Paris Agreement, meaning they are consistent with a pathway to maintaining warming below 2°C. In October 2021, SBTi further initiated the more stringent Net-Zero Standard. Findings on the target status of our portfolio companies follow:

Metric	DWA ES*	DW ES by % of portfolio	S&P500**
% of companies with approved SBT	32.4%	26%	19.0%
% of companies with committed SBT	37.8%	40%	10.0%
% of companies with Net Zero Commitments as defined by SBTi	37.8%	33%	NA

** Holdings from 1.01.2021 to 12.31.2021*
*** as of October 2021*

Source: https://sciencebasedtargets.org/ ; Morgan Stanley Research

- Across 2021, 28 (**70%)** of the companies in the Environment Strategy portfolio fulfilled at least one of the SBTi categories.

- 12 of our companies (**32.4%)** had "approved targets" (or 26% by weighting), meaning their targets were independently validated by the SBTi; this was substantially higher than the 19% of S&P 500 companies that met a comparable standard, even though over two-thirds of S&P 500 companies were considered to have some form of emissions reduction targets. Adjusted by weighting, 26% of our portfolio had approved targets.

- 14 (**37.8%)** of our portfolio companies had "committed targets" (or 40% by weighting), meaning they had committed to setting a SBT within 24 months. This was ~4x the number of companies in the S&P 500 that met a comparable standard.

- 14 (**37.8%)** of our companies had committed to the more stringent Net Zero Standard (or 33% by weighting), which means that they had committed to reducing all their GHG emissions at a rate consistent with reaching net-zero emissions at the global or sector level in alignment with a 1.5°C pathway. This standard also covered Scope 3 emissions, which is often omitted from headline carbon neutral pledges. Scope 3 covers emissions in a company's full value chain, from its supplier base down to the post-sale phase when customers use their products. Many companies have resisted this extended responsibility for emissions reduction, which leads us to be especially appreciative that 14 of our companies have committed to this challenging standard.

6. Implied Temperature Rise:

MSCI has not yet provided client use of their Implied Temperature Rise Calculator[xxxvii] for portfolio assessment, but we asked them to run the Environment Strategy portfolio for us, and the results were as follows:

- To limit global warming to 2°C, the emissions budget allocated to our portfolio is 3998.34 tCO_2e. Based on the current emissions trajectory and respective reduction targets of our companies, our portfolio is overshooting that budget by 1137.06 tCO_2e (**28%**).

- Using a Transient Response to Cumulative CO2 Emissions (TCRE) factor of 0.000545 °C/GtCO2e, which is the per unit increase in temperature over 2°C caused by each additional unit of additional emissions, our portfolio is associated with an Implied Temperature Rise of **2.23°C**.

- A fund's Implied Temperature Rise measures, in aggregate, a fund's temperature alignment (in °C) to keeping the world's temperature rise to 2°C by 2100. Our Strategy's ITR of 2.23°C indicates that, based on MSCI's tool, our portfolio is exceeding its proportional share of the global carbon budget, and if everyone exceeded their fair shares by a similar proportion, the result would be a global temperature increase of ~2.23°C by 2100.

- When all the formal national commitments for emissions reductions through 2030 were tallied as of the Glasgow climate talks in December of 2021, estimates put the world on a trajectory of a 2.4°C temperature increase, lower than the 2.7°C projected based on commitments beforehand, but still well into the danger zone.[xxxviii] In other words, our Environment Strategy, while still consistent with a problematic overshoot of the 2C target, may nonetheless be an improvement when compared to the worldwide trajectory. We are also still assessing the extent to which MSCI's ITR tool captures our portfolio's full mitigation impact through its provision of solutions, for example. Nonetheless, we look forward to using this and other emerging tools to help inform our investment decision-making as well as prioritization of engagement targets and asks within our active ownership program.

7. EU Sustainable Finance Regulations: The EU Taxonomy, NFRD/CSRD, SFDR and PAIs:

The EU's Sustainable Finance Regulations have been advancing rapidly in recent years and implementation of its complementary parts are rolling out in stages. They are complex and voluminous so the following is only a brief overview:

1. **The EU Taxonomy:** a classification system for translating the EU's environmental goals, including 2050 carbon neutrality, into detailed sector-specific screening criteria that validate whether an activity is making a "substantial contribution" to one of six key objectives (including climate change mitigation and adaptation) while doing "no significant harm" to the others. The Taxonomy criteria are being cross-referenced by a set of rules being rolled out in stages to govern sustainability disclosures by both companies and asset managers as noted below;[xxxix]

2. **Non-Financial Reporting Directive (NFRD) and Corporate Sustainability Reporting Directive (CSRD):** The NFRD and its more stringent successor, the CSRD (which is still in "proposed" status) require companies to disclose which of their activities are eligible for classification under the EU Taxonomy and furthermore what proportion of their sales and expenditures (operational and capital)[xl] meet the relevant quantitative criteria; and

3. **Sustainable Finance Disclosure Regulation (SFDR):** This multi-faceted rule that is rolling out in stages beginning March 2021 and mandates that asset managers offering financial products make certain disclosures, including what portion of their underlying corporate holdings are Taxonomy compliant, thereby enabling clients to make more informed sustainable investing choices. However, the ability of asset managers to comply with the SFDR depends on whether companies they hold in their portfolio comply with the NFRD and emerging CSRD, specifically whether they are disclosing their taxonomy-alignment. EU domiciled companies are still in the process of assessing and reporting their taxonomy aligned revenue, therefore many EU-based asset managers have stated there is insufficient data to report taxonomy alignment.

The Douglass Winthrop Environment Strategy is not an EU-based asset manager and is not under legal mandate to comply with the SFDR. However, we intend to monitor the EU's evolving program and to consider voluntary disclosures aligned with it over time. Based on MSCI's

tools for estimating EU Taxonomy alignment at this preliminary stage, **10.9%** of the revenue of the DWA Environment Strategy's 2021 holdings were EU Taxonomy aligned.

The SFDR also required managers self-categorize as one of the following:

- Article 6 strategies: no sustainability objective
- Article 8 "light green" strategies "promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices"
- Article 9 "dark green" strategies: "have sustainable investment as its objective or a reduction in carbon emissions as its objective"

Since there is not yet clear policy guidance for strategy classification, current reporting is self-defined. At the end of December 2021, Morningstar estimates that 5,862 (25.2%) funds are classified as Article 8 and 797 (3.4%)[xli] as Article 9. While DWA is not a European investment manager and thus not under the regulation of SFDR, we will explore whether to characterize our offering as an Article 8 or 9 strategy.

The SFDR also requires specific entity-level and product-level level disclosures from qualified Financial Market Participants called *Sustainability Risks and Principal Adverse Impact Metrics (PAIs).* To address Sustainability Risks, asset managers must establish a policy on the integration of sustainability risks. For PAIs, managers must consider their impact on investment decisions and report related indices. Further clarification of the regulation as well as the timelines for implementation are ongoing.

Douglass Winthrop Advisors is not subject to this or other aspects of SFDR. On a voluntary basis, we have internally calculated estimates of Principal Adverse Impact Indicators for DWA Environment Strategy based on our understanding of the PAI formulas and the data reported for our companies by MSCI. Please see the Appendix for these PAI figures.

Appendix

1. DWA E-MAP vs SDGs

	1. Sustainable Transport	2. Renewables, Storage & Grid 2.0	3. Food, Fisheries & Sustainable Ag	4. Smart Buildings & Cities	5.Water Quality and Efficiency	6. Waste, Materials Circularity & Industrial Decarbonization	7. Environmentally Related Human Health	8. Sustainable Finance	9. Sustainable Data
SDG 3	√		√		√		√	√	√
SDG 6					√		√	√	√
SDG 7		√						√	√
SDG 9		√		√		√		√	√
SDG 11				√				√	√
SDG 12			√			√		√	√
SDG 13	√	√		√				√	√
SDG 14			√					√	√
SDG 15			√	√		√	√	√	√

2. Principal Adverse Impact (PAI) Indicators for DWA ES

Below are the estimates of Principal Adverse Impact Indicators that we have estimated for the DWA ES.

Environmental EU SFDR Adverse Impact Indicators and reporting metrics		DWA ES	Coverage Ratio
1. GHG Emissions	Scope 1 GHG emissions (tCO2e): Measures the carbon emissions for which an investor is responsible by their equity ownership	2,671	99%
	Scope 2 GHG emissions (tCO2e):Measures the carbon emissions for which an investor is responsible by their equity ownership	508	99%
	Scope 3 GHG emissions (tCO2e):Measures the carbon emissions for which an investor is responsible by their equity ownership	13,966	99%
	Total GHG emissions (tCO2e)	17,144	99%
2. Carbon Footprint	Carbon footprint (t/EUR million invested): Measures the carbon emissions, for which an investor is responsible, per EUR million invested, by their total overall financing	99	99%
3. GHG Intensity of investee companies	GHG Intensity of investee companies (t/EUR million sales): Measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity	592	99%
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6.0%	99%

Environmental continued EU SFDR Adverse Impact Indicators and reporting metrics		DWA ES	Coverage Ratio
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources, expressed as a percentage	63.4%	87%
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	See last table below	99%
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	99%
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	2.58	12%
9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0.03	34%

Social EU SFDR Adverse Impact Indicators and reporting Metrics		DWA ES	Coverage Ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of Investments in investee companies that have been involved in violations of the UNGC principles for OECD Guidelines for Multinational Enterprises	0	99%
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handing mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	46.0%	99%
12. Unadjusted gender pay gap	The difference between the average gross hourly earnings of male and female employees as a percentage of male gross earnings	17.6%	34%
13. Board gender diversity	Average ratio of female to male board members in investee companies	52.6%	99%
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	99%

Sovereign EU SFDR Adverse Impact Indicators and reporting Metrics			
15. GHG intensity	GHG Intensity of investee countries	No data	NA
16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	No data	NA

Real Estate EU SFDR Adverse Impact Indicators and reporting Metrics			
17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	No data	NA
18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	No data	NA

Source: MSCI

6. Energy consumption intensity per high impact climate sector

A - Agriculture, forestry and fishing	0
B - Mining and quarrying	0
C - Manufacturing	0.038
D - Electricity, gas, steam and air conditioning supply	0.030
E - Water supply; sewerage; waste management and remediation activities	0.040
F - Construction	0.030
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.026
H - Transporting and storage	0
L - Real estate activities	0

3. The DWA E-Map and 2021 Holdings in the Environment Strategy

	1. Sustainable Transport	2. Renewables, Storage & Grid 2.0	3. Food, Fisheries & Sustainable Ag	4. Smart Buildings & Cities	5.Water Quality and Efficiency	6. Waste, Materials Circularity & Industrial Decarbonization	7. Environmentally Related Human Health	8. Sustainable Finance	9. Sustainable Data
Amazon	√	√							
ASML									√
Aptiv PLC	√			√					
Nike						√			
Starbucks			√	√		√			
Costco			√						
L'Oreal			√			√	√		
Alphabet	√	√	√	√			√		√
New York Times									√
Danaher			√		√		√		
Thermo Fisher			√		√		√		
Generac		√							
Trane Technologies			√	√					
Schneider Electric		√		√		√			
Siemens	√			√		√			
Waste Management	√	√				√			
Xylem					√		√		
Apple						√	√		
Autodesk				√	√	√			
Salesforce		√							√
Microsoft		√	√						√
SolarEdge		√							
Taiwan Semi									√
Trimble	√		√	√	√				
AON Plc								√	
Moody's								√	
S&P Global								√	
NextEra Energy		√							
Hannon Armstrong		√		√					
Veolia					√	√	√		
Novozymes			√		√		√		
Tesla	√	√							
MSCI								√	
Equinix		√							√
Unilever			√			√	√		
Ecolab					√		√		
Beyond Meat			√				√		

4. MSCI EU Taxonomy Methodology

Exhibit 1: EU Taxonomy Environmental Objectives v. MSCI Sustainable Impact Metrics Environmental Impact Themes

EU Taxonomy Environmental Objectives	MSCI Sustainable Impact Metrics: Environmental Impact Solutions
Climate Change Mitigation	• Alternative Energy • Carbon Energy and Efficiency • Green Building • Sustainable Agriculture (e.g. forest management, no-deforestation provisions)
Climate Change Adaptation	• Alternative Energy • Carbon Energy and Efficiency • Green Building • Sustainable Water (e.g. drought resistant seeds)
Sustainable Use and Protection of Water and Marine Resources	• Sustainable Water • Pollution Prevention & Control
Transition to a Circular Economy	• Sustainable Water • Pollution Prevention & Control (e.g. recycling)
Pollution Prevention and Control	• Pollution Prevention & Control • Sustainable Water
Protection and Restoration of Biodiversity and Ecosystems	• Sustainable Water • Sustainable Agriculture • Pollution Prevention & Control

**Source: MSCI*

[i] https://www.bloomberg.com/graphics/2021-what-is-esg-investing-msci-ratings-focus-on-corporate-bottom-line/
[ii] The Wall Street Journal, citing Morningstar data, noted that a record 25 existing funds were re-branded as "sustainable" last year as a way to cash in on the record inflows to ESG funds last year. See: https://www.wsj.com/articles/funds-go-green-but-sometimes-in-name-only-11631179801
[iii] https://www.douglasswinthrop.com/DWA-Environment-Strategy-Q2-2021-Letter-to-Clients-and-Friends_final.pdf
[iv] https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_1806

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