



Build back better: The UK's sustainable future

EQ Positive Impact Portfolios - 2021 Positive Impact Report launch



Introducing EQ Investors



Staff owned sustainable investment manager

- £1.7 billion AUM (Sept 2021)
- Founding UK B Corporation
- Focusing on sustainable and impact investing since 2008



This is a journey, our story so far

Our expertise in impact investing has built over time



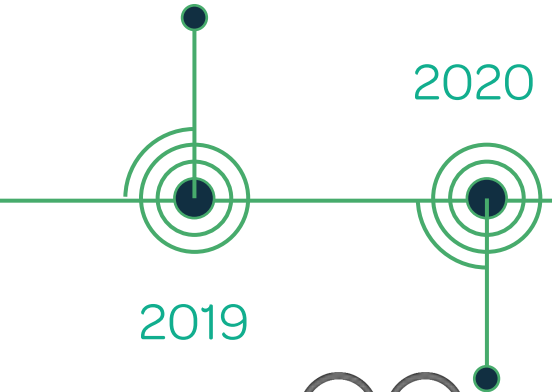
Signatory of:



Microfinance Institution
launched in Sierra Leone



First Impact
Report



Private Equity
Impact Fund launch

Founding UK
B Corporation

Online impact
calculator



Launch of the UN Goals



Ask for a copy!



Agenda



1	2021 Positive Impact Report: Key highlights – <i>Louisiana Salge (EQ)</i>
2	Q&A
3	Fund perspective: Sustainable investing in the UK – <i>Matt Evans (Ninety One)</i>
4	Investee case study: The Gym Group – <i>Richard Darwin (CEO)</i>
5	Investee case study: SMS – <i>Tim Mortlock (COO)</i>
6	Q&A

2021 Positive Impact Report: Key highlights



Louisiana Salge,
EQ Investors
Senior Sustainability
Specialist





EQ Positive Impact Portfolios

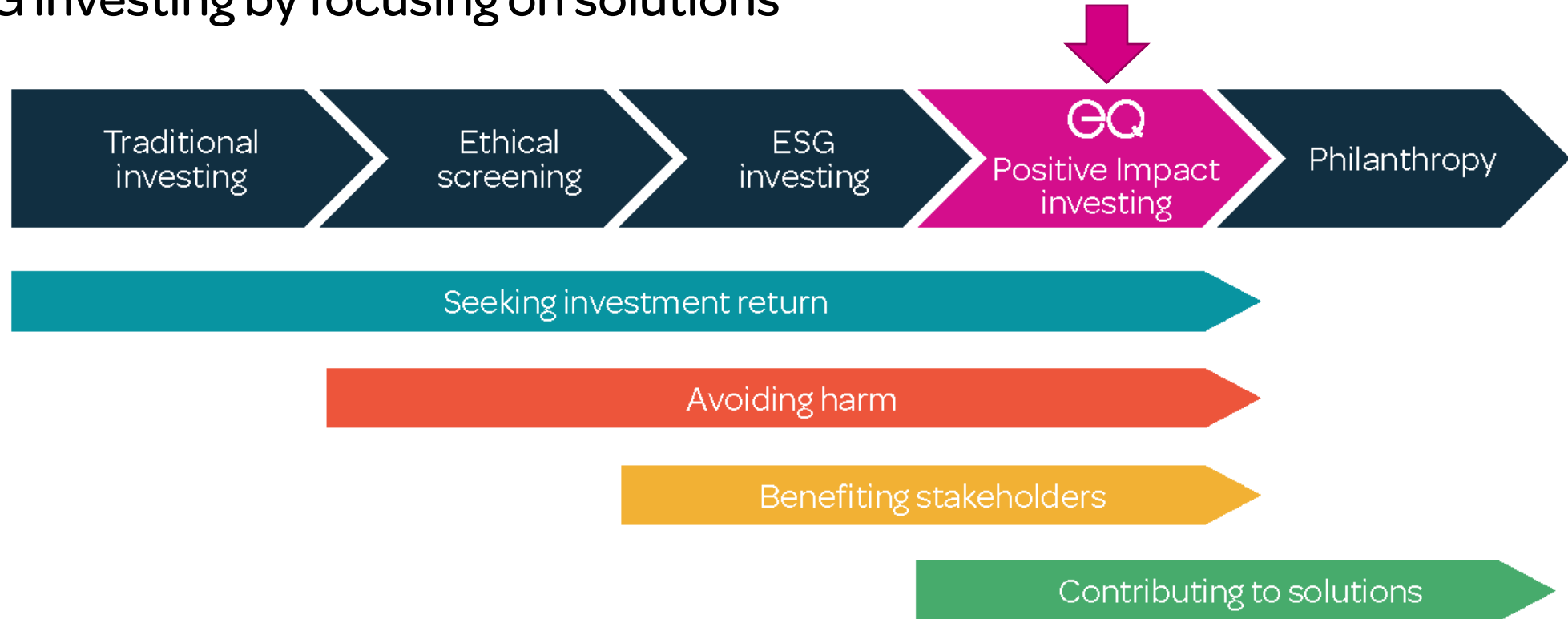
Maximise impact
Products and services that deliver a measurable social or environmental impact

Maximise returns
For each risk profile

Our approach to impact investing



Our Positive Impact approach goes beyond ethical screening and ESG investing by focusing on solutions

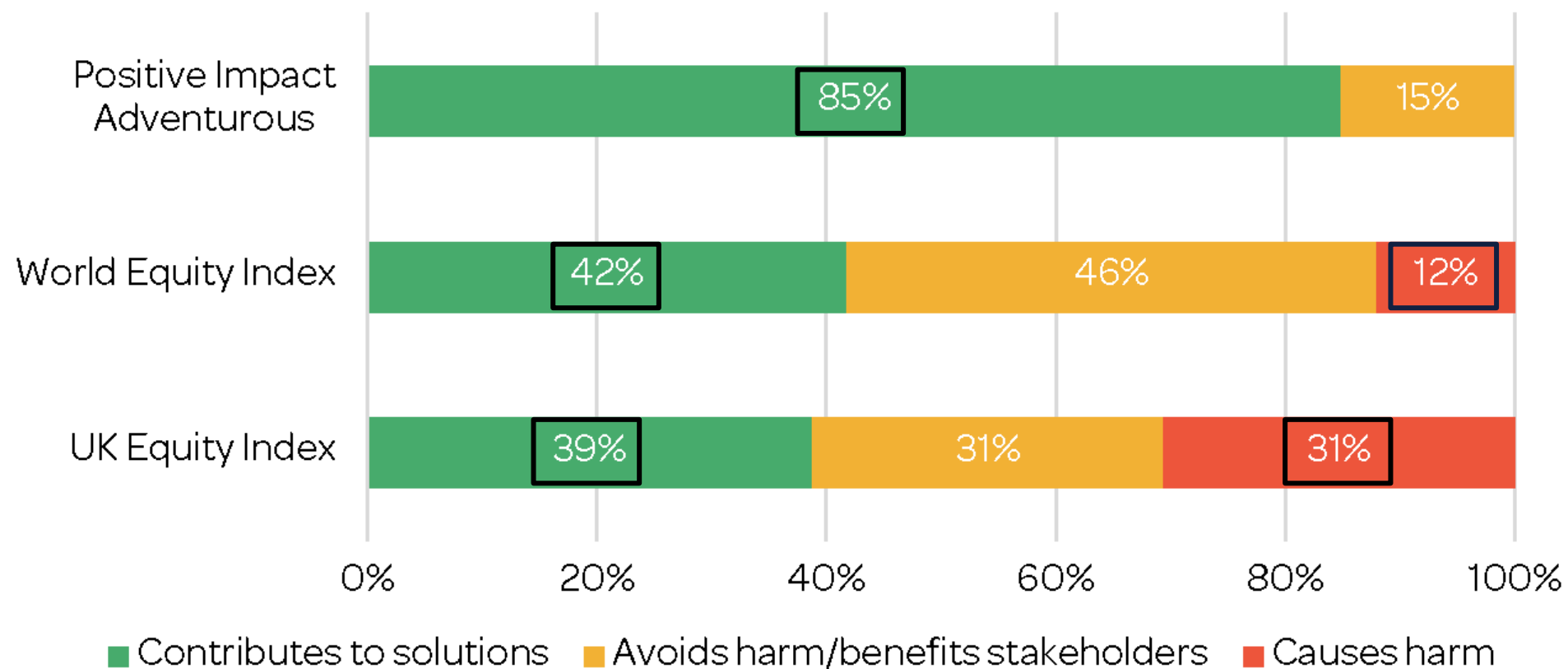


Adapted from: *The Bridges Spectrum of Capital*, Bridges Fund Management (2013) and the Impact Management Project



Spot the difference

Investing this way means that the EQ Positive Impact portfolios look quite different to traditional investments



Holdings as of August 2021

Our solutions



- ✓ Telecommunications
- ✓ Power networks
- ✓ Efficiency enablers

- ✓ Healthcare
- ✓ Medical research

- ✓ Wind, solar and hydro
- ✓ Green electric utilities



- ✓ Building societies
- ✓ Financial services in emerging markets

- ✓ Green buildings
- ✓ Affordable housing

- ✓ Charity sector bonds

**SUSTAINABLE
DEVELOPMENT
GOALS**

- ✓ Circular economy
- ✓ Waste & recycling
- ✓ Pollution control

- ✓ Water treatment
- ✓ Water utilities

- ✓ Plant and animal health
- ✓ Farming equipment

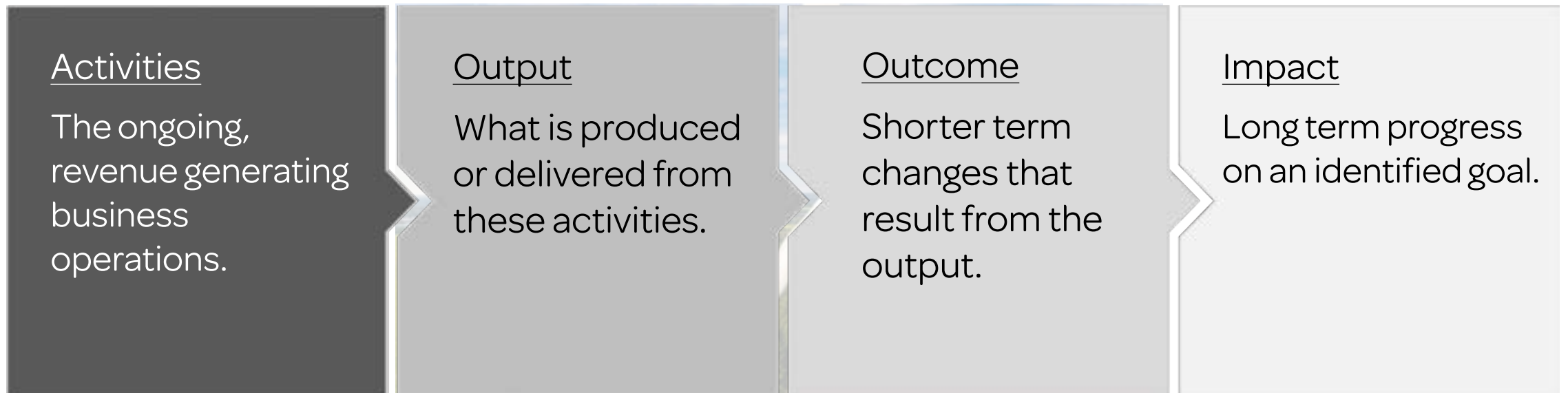
- ✓ Universities
- ✓ Education tech



Theory of change: reporting on solution impact

Example: How we measure impact on the green recovery

Vestas. (Example)



Full Portfolio Impact (Environment)

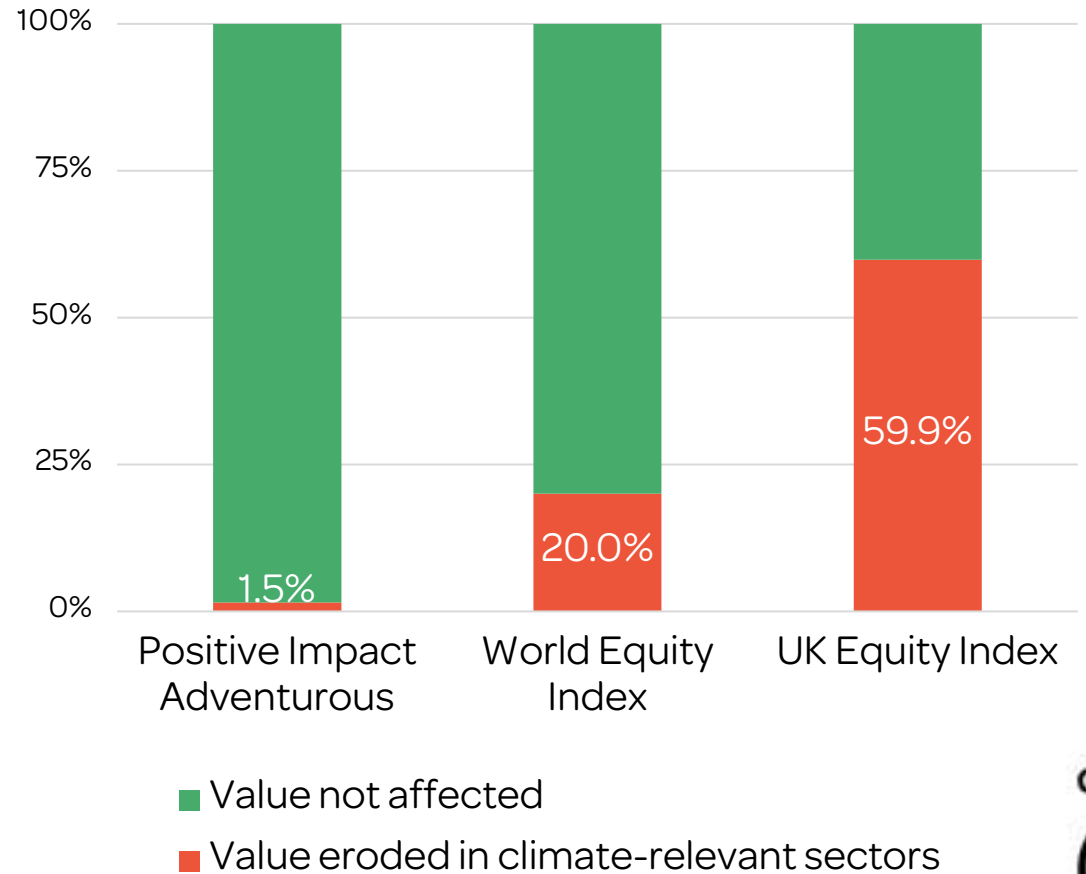
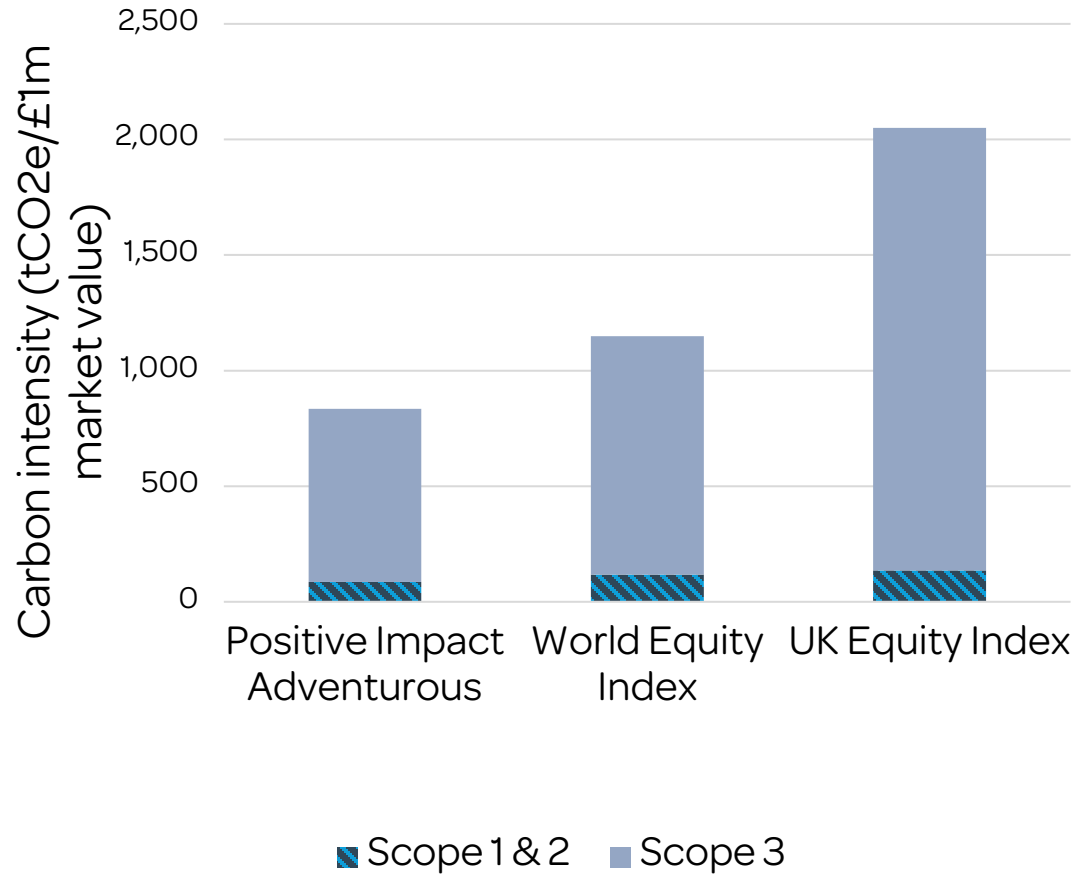
We measure how much our invested businesses have delivered on the green recovery.
Impact associated with £1m invested in EQ Positive Impact Adventurous in 2020:



Investing (e.g. buying shares in a company) does not create these outputs and outcomes: they are generated by the activities of our underlying portfolio holdings. An investment can be associated with these measures based on company disclosures and share of ownership. Portfolio weightings as at 31 August 2021. For an in-depth explanation of our impact methodology see: eqinvestors.co.uk/advisers/blog/positive-impact-methodology/

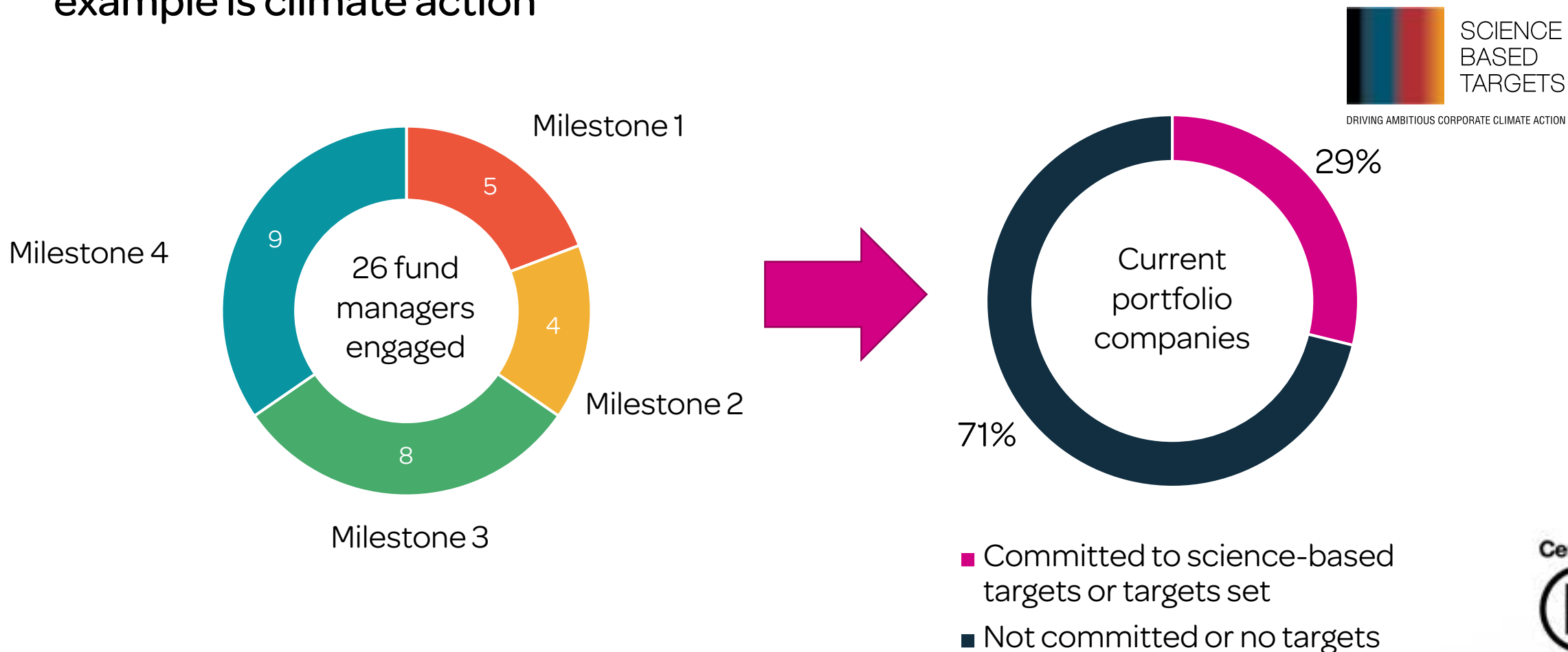
Investing for a low carbon world

Managing carbon risk and climate change contribution



Engaging for change: carbon targets

We engage for change across a number of strategic themes, one example is climate action



Q&A



Fund perspective: Sustainable investing in the UK



Matt Evans,
Ninety One
Fund manager for UK
Sustainable Equity



—
Investing for a
world of change





Target audience

Audience

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Nothing herein should be construed as an offer to enter into any contract, investment advice, a recommendation of any kind, a solicitation of clients, or an offer to invest in any particular fund, product, investment vehicle or derivative.

General risks

The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth.

Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations.

Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made.

Specific fund risks – UK Sustainable Equity

Geographic / Sector: Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

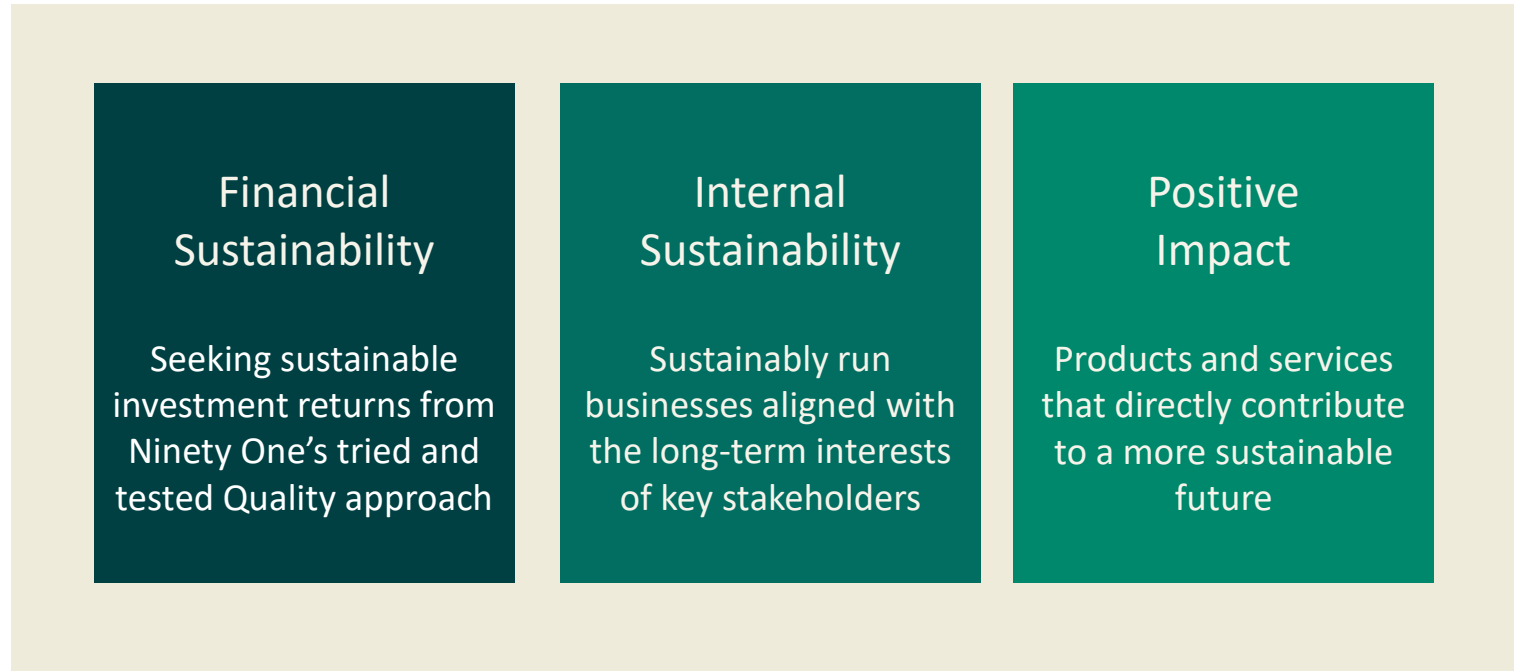
Derivatives: The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

Equity investment: The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

Sustainable Strategies: Sustainable, impact or other sustainability-focused portfolios consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market.



Our three pillars of sustainability





Annual Impact Report





Impact highlights

Post Pandemic

170

countries supported
with vaccines and
treatments through
the pandemic by
portfolio companies

27m+

products worth in
excess of £150m
donated (including
soap, sanitiser,
bleach and Horlicks)

>£50m

contribution from community and
COVID funds set up (delivering
ventilators, PPE, sanitiser, food
parcels, education products and
volunteers to aid communities)

71

medicines
in trials

40

approvals
in 2020

1bn

COVID
vaccines
shipped

580m

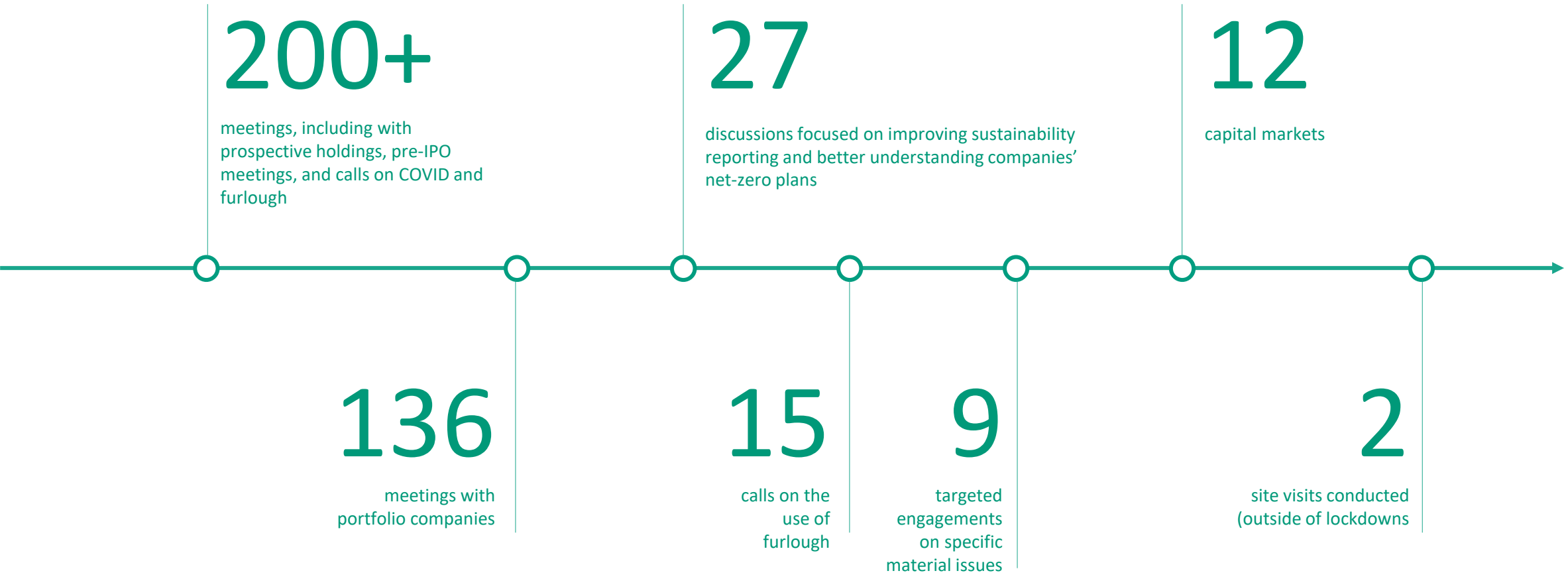
vaccines
administered

100m+

face mask
donations



Real impact of engagements





BIFFA Impact Assessment

A leading UK waste management company

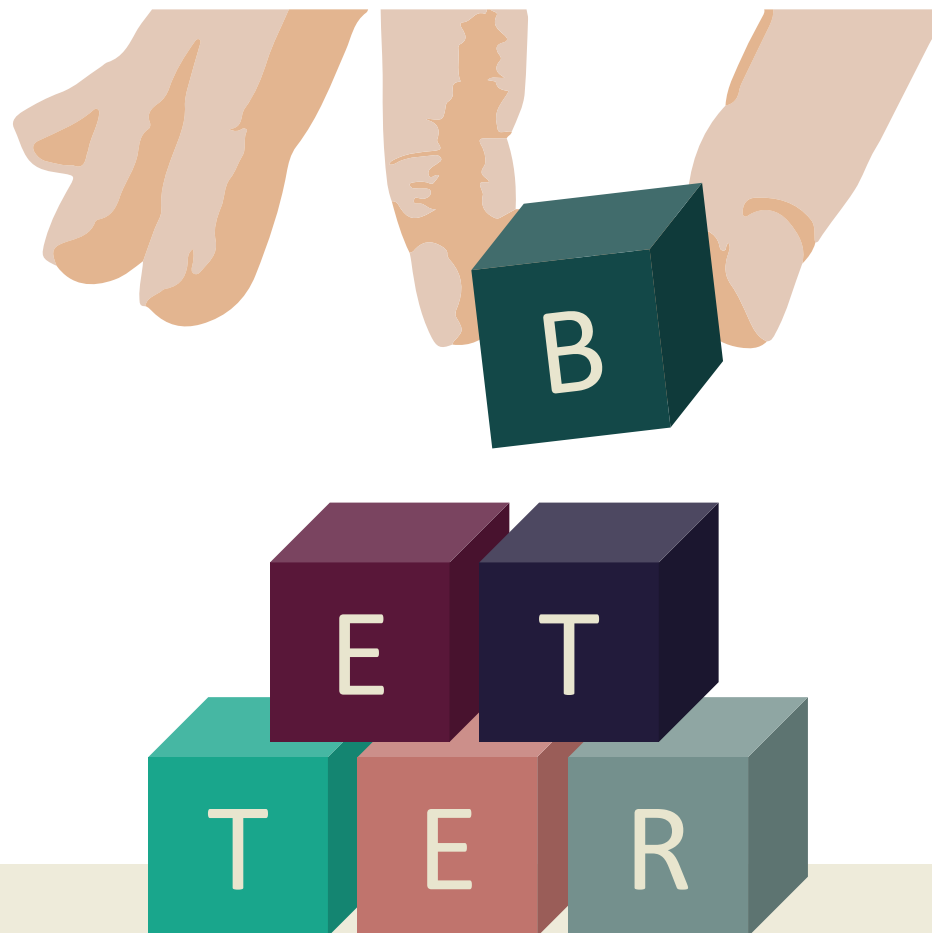


Impact Highlights

- Offering solutions towards a circular economy
- Collection, recycling, treatment, surplus redistribution and energy generation
- Doubled plastic recycling capacity with goal to quadruple by 2030, two new-energy-from waste facilities
- Ambition to become carbon neutral by 2050 with a roadmap to reduce emissions by 50% by 2030



Building Back Better





Gym Group Impact Assessment





Important information

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Investment Team

There is no assurance that the persons referenced herein will continue to be involved with investing for this Fund, or that other persons not identified herein will become involved with investing assets for the Manager or assets of the Fund at any time without notice. References to specific and periodic team meetings are not guaranteed to be held or fully attended due to reasonable priority driven circumstances and holidays.

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Performance Target

The target is based on Manager's good faith estimate of the likelihood of the performance of the asset class under current market conditions. There can be no assurances that any Fund will generate such returns, that any client or investor will achieve comparable results or that the manager will be able to implement its investment strategy. Actual performance of Fund investments and the Fund overall may be adversely affected by a variety of factors, beyond the manager's control, such as, political and socio-economic events, adverse changes in the interest rate environment, changes to investment expenses, and a lack of suitable investment opportunities. Accordingly, target returns may be expected to change over time and may differ from previous reports.

Specific Portfolio Names

References to particular investments or strategies are for illustrative purposes only and should not be seen as a buy, sell or hold recommendation. Unless stated otherwise, the specific companies listed or discussed are included as representative of the Fund. Such references are not a complete list and other positions, strategies, or vehicles may experience results which differ, perhaps materially, from those presented herein due to different investment objectives, guidelines or market conditions. The securities or investment products mentioned in this document may not have been registered in any jurisdiction. More information is available upon request.

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Indices are shown for illustrative purposes only, are unmanaged and do not take into account market conditions or the costs associated with investing. Further, the manager's strategy may deploy investment techniques and instruments not used to generate Index performance. For this reason, the performance of the manager and the Indices are not directly comparable.

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Yield

The yield reflects the amount that may be distributed over the next 12 months as a percentage of the Fund's net asset value per share, as at the date shown, based on a snapshot of the portfolio on that day. Where there is a yield number in brackets, it is calculated in the same way. However, as the charges of the share class are deducted from capital rather than income, it shows the level of yield had these charges been deducted from income. This has the effect of increasing the income payable whilst reducing capital to an equivalent extent. Yields do not include any preliminary charge and investors may be subject to tax on their distributions.

Investee case study: The Gym Group



Richard Darwin,
The Gym Group
CEO

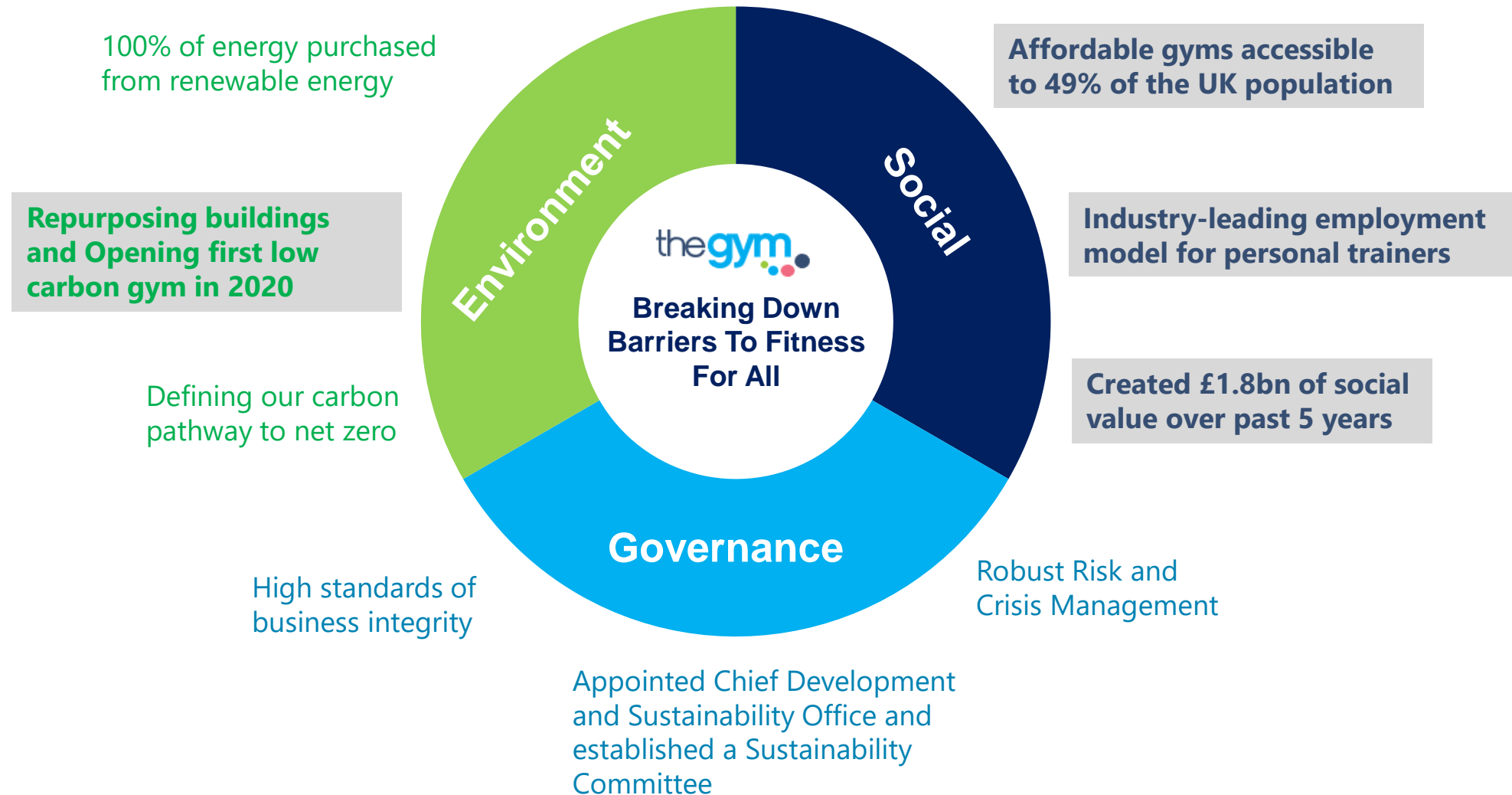
The background of the slide is a photograph of a large, modern gym interior. The space is filled with various exercise machines, including treadmills, ellipticals, and weight racks. The ceiling is high with exposed steel beams and numerous bright lights. A red sign with the word 'move' is visible in the background. In the foreground, there are several weight racks with colorful weight plates (red, yellow, green, blue) and a bench. A large, semi-transparent white circle is overlaid on the right side of the image, containing the title text.

THE GYM GROUP PROPOSITION

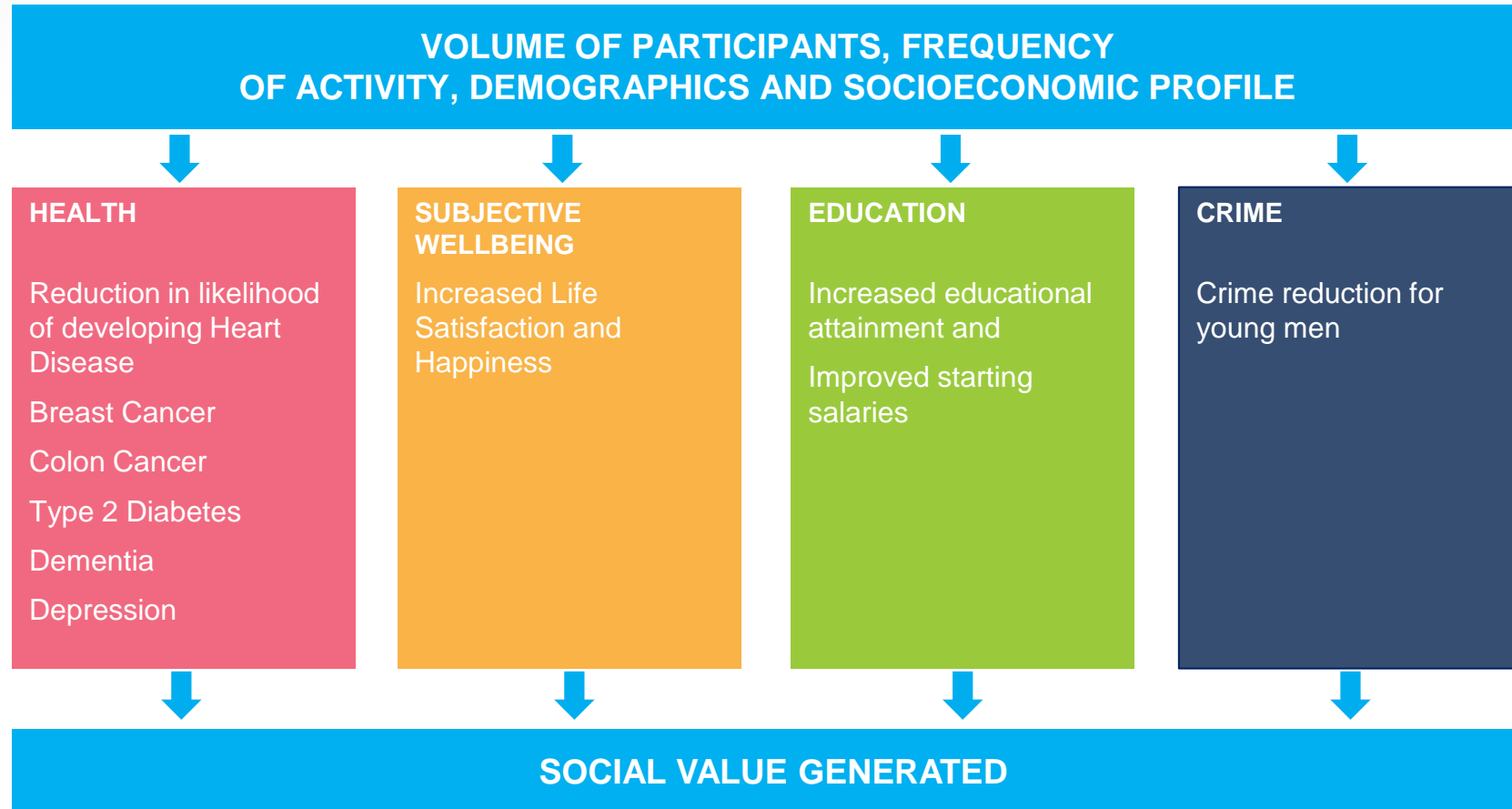
SUSTAINABILITY AT THE CORE OF OUR BUSINESS



During the pandemic and afterwards we continued to focus on our people, our members and the environment



THE SOCIAL VALUE CALCULATOR MODEL



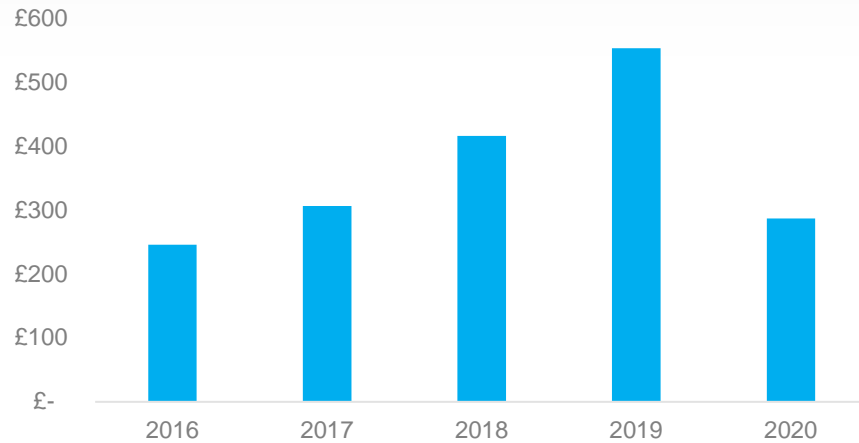
Sheffield
Hallam
University



**FACTORS DRIVING SOCIAL VALUE ALIGNED WITH COMMERCIAL VALUE:
EXPANSION, MEMBERSHIP LEVELS, VISIT FREQUENCY AND TENURE**

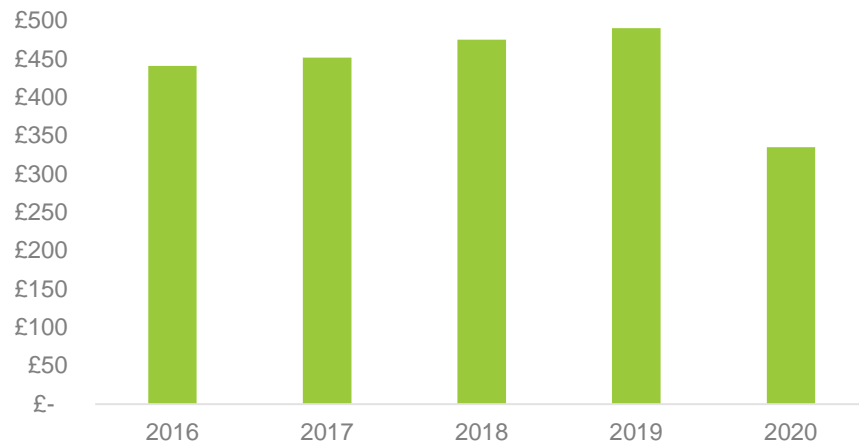
IMPORTANCE OF REGULAR EXERCISE AND THE SOCIAL VALUE IT CREATES

Social Value generated by Gym Group in £mil



- £3m in Social Value generated per site in 2019
- Social value per member grew consistently
- Social value lost in 2020 due to closure of our gyms – £294m

Social value per member



**£490
Social
Value per
member in
2019**

OUR PEOPLE ARE KEY TO OUR SUCCESS



- Supporting staff during the pandemic was top priority
- Ongoing investment in people during recovery period
- Engaged and loyal team delivering great member service



MEMBER
SATISFACTION

+6ppt



KICKSTART APPLICATIONS APPROVED

250

REPURPOSING EXISTING BUILDINGS AND REDUCING ENVIRONMENTAL IMPACT

OUR FIRST LOW CARBON GYM OPENED IN BEVERLEY IN 2019 AND FEATURED

- High efficiency heat pump system
- Led lighting
- Air condition and ventilation systems with weather and occupancy control
- Ventilation system with low energy fans and heat exchanger
- Use of grey water reduces water consumption

REPURPOSING RETAIL, OFFICE AND BASEMENT SPACE

- Wide range of building types
- Regenerating neighbourhoods



LEADING THE SECTOR IN BUILDING A HIGHLY SUSTAINABLE BUSINESS

- Building on foundations put in place
- Identifying and addressing barriers to fitness for minority groups
- Defining our pathway to net zero
- Establishing new KPI's that are linking executive pay to sustainability
- Reporting against our expanded list of material topics





Smart Metering Systems PLC (SMS)

Smart Metering Systems offers end-to-end metering and energy-management systems for utilities, consumers and other customers. The business has seen stellar growth over the last few years and we expect this to continue due to: 1) UK zero-carbon initiatives; 2) a contracted-revenue book for installations; and 3) the potential wider application for its solutions in the energy transition through areas such as electric-vehicle (EV) charging points and battery storage.

+57.93%

Total return:
01/20 – 06/21

Impact rationale

- The smart meters SMS provides and installs help monitor and reduce carbon emitted, as well as ensuring the grid is prepared for more distributed power.
- SMS is increasing its impact by expanding into other areas that support the energy transition, such as EV charging points and battery storage.
- SMS' energy management systems are crucial for making the energy system more sustainable, including integrating renewables, powering EVs and accommodating decentralised generation.

Positive impact

1.0 (1.0)

Sustainability developments

- In 2020, SMS mitigated more than 15,000 tonnes of carbon emissions (tCO2e) through the installation of smart meters for energy suppliers, as well as via the net-zero strategy and energy-efficiency services it carries out for industrial, commercial and public sector clients.
- SMS launched its Carbon Reduction (Cafel) Asset Funding & Delivery model to enable UK businesses to deploy Cafel assets – including renewable generation, battery storage and EV charging infrastructure – at no upfront cost.
- The company recently entered the grid-scale energy storage market with two projects to develop a combined 90MW of capacity by the end of 2021.

Key engagements

- We engaged on SMS' COVID-19 response. We were satisfied that it implemented effective actions to protect employees and the business.
- We engaged on use of furlough. After a review of its financial position, the board decided to return furlough money to the UK government. In our view, this socially responsible step avoids a risk of future criticism of / challenge to its dividend policy.

Internal sustainability

2.0 (2.0)

Sustainability developments

- SMS has launched a net-zero carbon roadmap with an ambitious aim to achieve carbon neutrality by 2030, 10 years ahead of the UK government's 2050 goal. This includes using more green renewable energy, battery storage and transition of the fleet to EVs.
- SMS has supported staff with continued training opportunities to promote health and safety and also career development as it looks to expand its offer from meter installations to a broader range of services.

Impact risks and development areas

Key risks centre on SMS' ability to deliver reliable meters and install them efficiently. Its long experience and strong industry relationships give comfort on this point. Focus areas for development include extending into related areas of the energy transition such as EV charging and battery storage. We will focus more on understanding SMS' net carbon footprint over the coming years.

Investee case study: SMS



Tim Mortlock
SMS Plc
Chief Operating
Officer

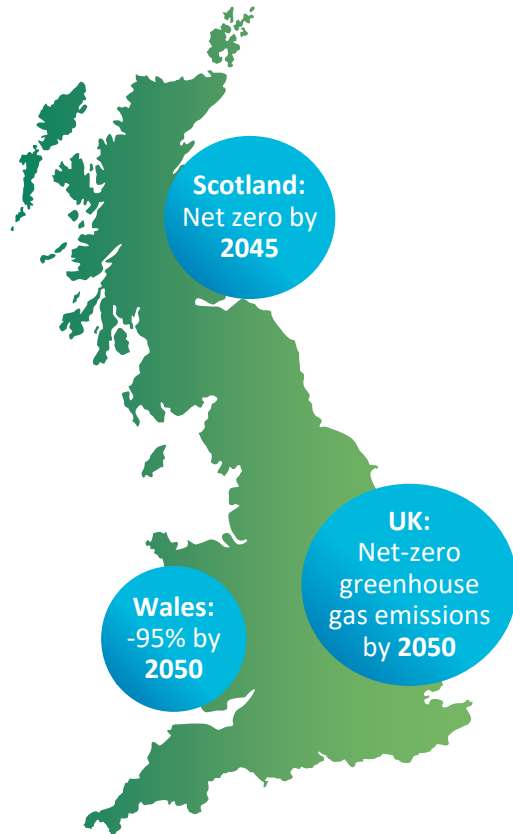


EQ webinar

14 October 2021

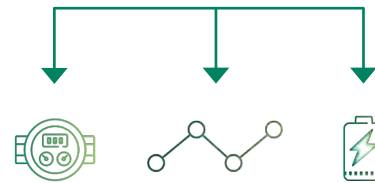
UK's Net Zero ambition is accelerating demand for CaRe (Carbon Reduction) assets

UK at the forefront of decarbonisation



SMS METIS platform is at the heart of enabling and integrating CaRe assets and energy data solutions

Established CaRe products

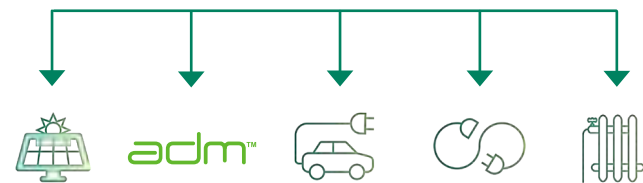


Meters

Energy data

Grid scale batteries

Developing CaRe products



Behind-the-meter

ADM Australia

EV charging

Energy efficiency

Heat

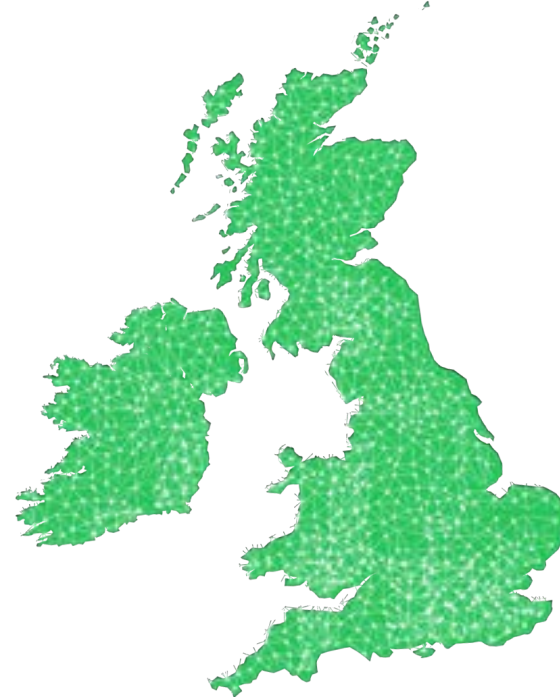


UK's changing energy landscape

The *old* way

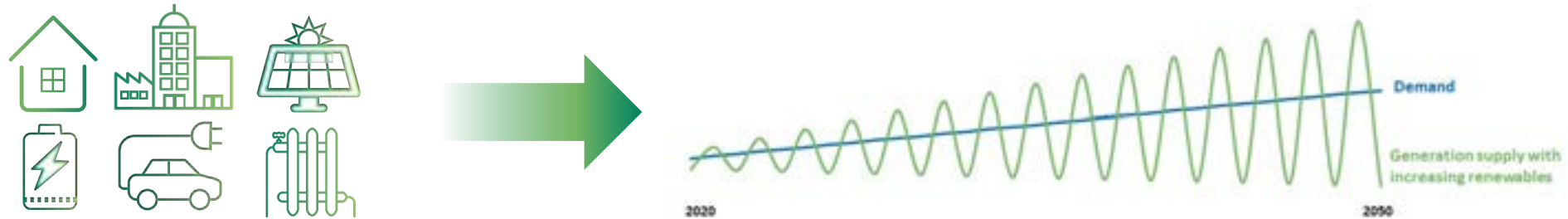


The *new* way

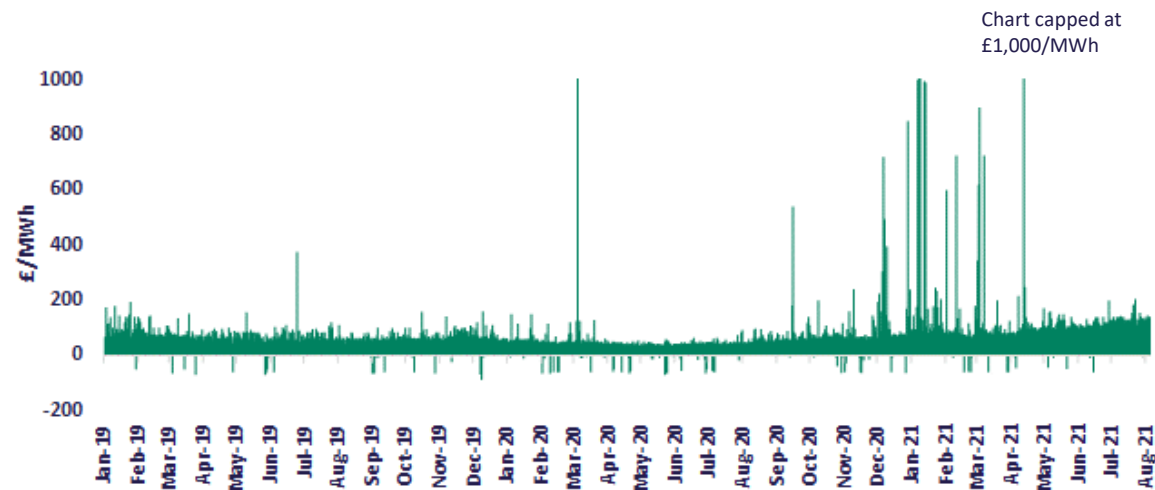


Increasing intermittent generation requires increasing flexibility

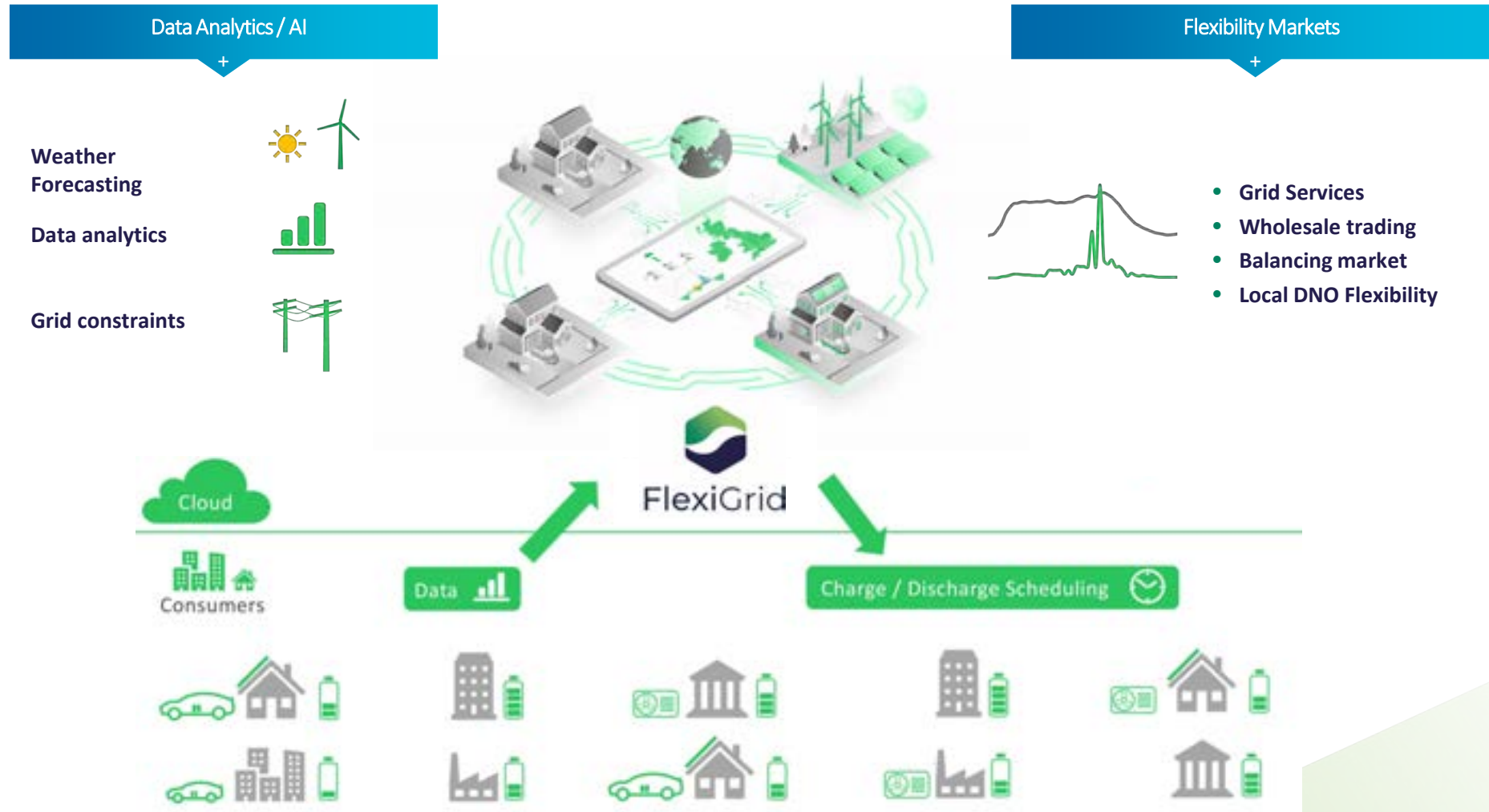
Increasing demand versus increasing intermittent supply



Rising volatility in power prices



Dynamic flow of energy and data



Case study 1: Smart meters provides substantial value for consumer and future energy ecosystem



Case Study 2: SMS Solo Power product



Reduce carbon emissions

By installing and managing **solar and batteries**

Up to 90%, with self-consumption up to 70%



Improve the efficiency of homes

Improve SAP at properties resulting in

Potentially enhancing mortgage rates



Savings consumer energy bill

Reduce cost of electricity

Up to 25%



Availability of CAPEX

Third party **funded**

PPA based returns



Energy supplier agnostic

Customer retains

Scalable

Q&A



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