



futureleaders

Future Leaders Portfolios

Q2 2024 update

The EQ Future Leaders Portfolios invest in the sustainability leaders of tomorrow. The core of the portfolios invests in businesses that are strong performers when measured on environmental, social and governance (ESG) criteria. This is complemented by satellite investments in sustainable sectors, such as clean energy, healthcare, and green bonds. In these quarterly updates we showcase three examples of companies to which investors gain exposure.



ESG Leader: Texas Instruments



Texas Instruments (TI) designs and manufactures semiconductor products, including integrated circuits and microchips. From smartphones to industrial machinery, its chips power various applications, enabling functions like computing, communication, and control. TI holds a AAA rating from MSCI ESG.

FUND IN FOCUS

Amundi MSCI USA SRI PAB Index



Texas Instruments receives investment through the Amundi MSCI USA SRI PAB Index, which holds large and midcap stocks in the US equity market with strong ESG performance and are not involved in any controversial activities. Examples of some other holdings in the fund are [Amgen](#) and [Idex Group](#).



Environment

The **environmental** pillar focuses on how a business performs as a steward of our natural environment.

The semiconductor industry faces environmental risks due to chemical usage, energy consumption, and electronic waste generation, which contribute to pollution and resource depletion. TI employs proactive environmental management practices backed up by company targets to mitigate these risks. The company has made great progress in conserving energy and water and reducing energy consumption per chip produced. Since 2010 the company has 53% less GHG emissions per chip produced, and reduced the waste per chip by 63%.



Social

The **social** pillar focuses on how a company treats people, such as its employees, its customers, and its local community.

The Semiconductor Industry often faces social risks across its supply chain. TI evaluate suppliers on a yearly basis to make sure they are working in a responsible manner. In 2022, 98% of its suppliers met its rigorous performance expectations with the remaining 2% required to take corrective actions, such as more training and policy strengthening. TI will watch these suppliers to ensure they do not fail in future assessments.



Governance

The **governance** pillar focuses on how the business polices itself by integrating policies to prevent corruption and ensure a high governing standard.

33% of the TI's board is female and roughly 25% come from ethnic minorities. Out of the 12 board members, 10 are independent directors. Instead of having a separate ESG Committee, ESG issues are integrated into all committees. For example, the audit committee will review company practices with respect to risk assessment and management, including ESG risks deemed material to the business.



ESG Leader: Brambles **Brambles**

Brambles Ltd is a global supply chain logistics company that specialises in pallet and container pooling services. It provides reusable pallets, crates, and containers to businesses across various industries, helping streamline transportation and reduce packaging waste. Brambles holds a AAA rating from MSCI ESG.

FUND IN FOCUS

Placeholder

Amundi ASSET MANAGEMENT

Brambles receives investment through the Amundi MSCI Pacific Ex-Japan SRI PAB Index, which holds large and midcap stocks in the Pacific equity markets (excluding Japan) with strong ESG performance and are not involved in any controversial activities. Examples of some other holdings in the fund are [Suncorp Group](#) and [Cochlear](#).



Environment

Environmental sustainability is central to Brambles' business model. The company focuses on minimising waste, conserving resources, and reducing carbon emissions throughout its operations. Its pooling model promotes reuse and recycling of pallets and containers, minimising the environmental impact of transport and optimising supply chain efficiency. The company has goals to become planet positive by restoring forests, going beyond zero waste, and drawing more carbon than it produces. The company sources 100% of its timber from sustainable forestry operations, all certified by the [Forest Stewardship Council](#) and the [Programme for the Endorsement of Forest Certification](#).



Social

Brambles has used its expertise in supply chain logistics to support food distribution initiatives to those in need. [The company has set a target to collaborate with food banks to help serve rescued food to at least 10 million people a year.](#) They have partnered with [CHEP](#) to move surplus food to those who are in need. They have partnered with Global Food Banking Network to prevent food wastage across 50 countries worldwide. [In 2023 alone, Brambles helped provide rescued food to 19.7 million people.](#)



Governance

[45% of the Brambles board are female](#), considerably higher than the [average Australian company \(35.6%\)](#). Economic, environmental, and social sustainability risks are incorporated into the Group's risk management framework, which includes a Sustainability Risk Committee (SRC). The SRC reviews and approves on a bi-annual basis a sustainability risk matrix for the Group.



Sustainable theme: Green Bonds

According to the Global Infrastructure Hub, [\\$3.5 trillion is needed in infrastructure investment to meet the Sustainable Development Goals](#). The financing gap is [expected to reach \\$18 trillion in 2040](#), with the emerging markets accounting for nearly two-thirds of that gap. The BRICS countries (Brazil, Russia, India, China, South Africa) require ongoing investment in sustainable infrastructure to address pressing development challenges while mitigating environmental impact. [Sustainable infrastructure, such as water or renewable infrastructure can enhance economic growth, improve living standards, and promote environmental sustainability](#). Green bonds are an effective way to raise capital from public markets that help finance such projects.

COMPANY

New Development Bank



[The New Development Bank \(NDB\)](#) is a multilateral development bank established by the BRICS countries to mobilise resources for infrastructure and sustainable development projects in emerging economies. It aims to provide an alternative source of financing for infrastructure and sustainable development projects, supplementing existing institutions like the World Bank and International Monetary Fund.

The proceeds of the green bond issued by the bank have been used for a variety of sustainable infrastructure projects such as clean transportation, renewable energy and sustainable water management. One of the largest is the [Guangdong Yudean Yangjiang Shaba Offshore Wind Power Project](#). The Project aims to enhance Guangdong Province's energy mix by constructing an offshore wind farm. Developing 300 MW of offshore wind capacity (enough to power 137,000 homes annually) in Yangjiang's shallow water area. The project supports the government's priority to accelerate offshore wind power development and increase clean energy supply, [potentially saving 247,200 tonnes of coal consumption annually](#) as it replaces coal-fired power plants being shut down in the region.

FUND IN FOCUS

NT Global Green Bond Index Fund



The New Development Bank received investment in its bond issue via the NT Global Green Bond Index Fund which looks to invest in bond issuances that use proceeds to tackle environmental issues. Other green bonds supported by the index fund, include the ones issued by [Ford](#) and [Veolia Environment](#).



Want to learn more about the UN Goals, and invest in the sustainability leaders of tomorrow? Please do not hesitate to get in touch with your financial adviser.

We're always happy to hear from you.

SUSTAINABLE DEVELOPMENT GOALS



Risk warning

Past performance is not a guide to future performance. The value of investments and the income derived from them may go down as well as up and investors may get back less than they originally invested. The Future Leaders Portfolios are available in seven different risk profiles.

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