

ETHICAL MPS
EXAMPLE UNDERLYING
HOLDINGS

Environmental

Asian Development Bank (Regional Development Bank)

Electrification Case Study: Since 2005, the Asian Development Bank (ADB) has played a key role in strengthening Armenia's power sector. The landlocked country is now 100% electrified, which is a huge achievement for a country that had a very unstable energy sector in the 1990s, and was reliant on Soviet-era infrastructure in poor condition. Through a \$25 million loan, ADB helped to modernise four hydropower plants, which is an important source of energy for the country, and increased the share of renewables in the energy mix. ADB also helped modernise transmission and distribution networks through an \$80 million loan. This helped Armenia rehabilitate 900km of distribution lines, 1300 transformers and substations, and install 380,000 automatic metering devices. These reduced electricity losses by 2% from 2016 to 2021.

Eurofima (Electrification)

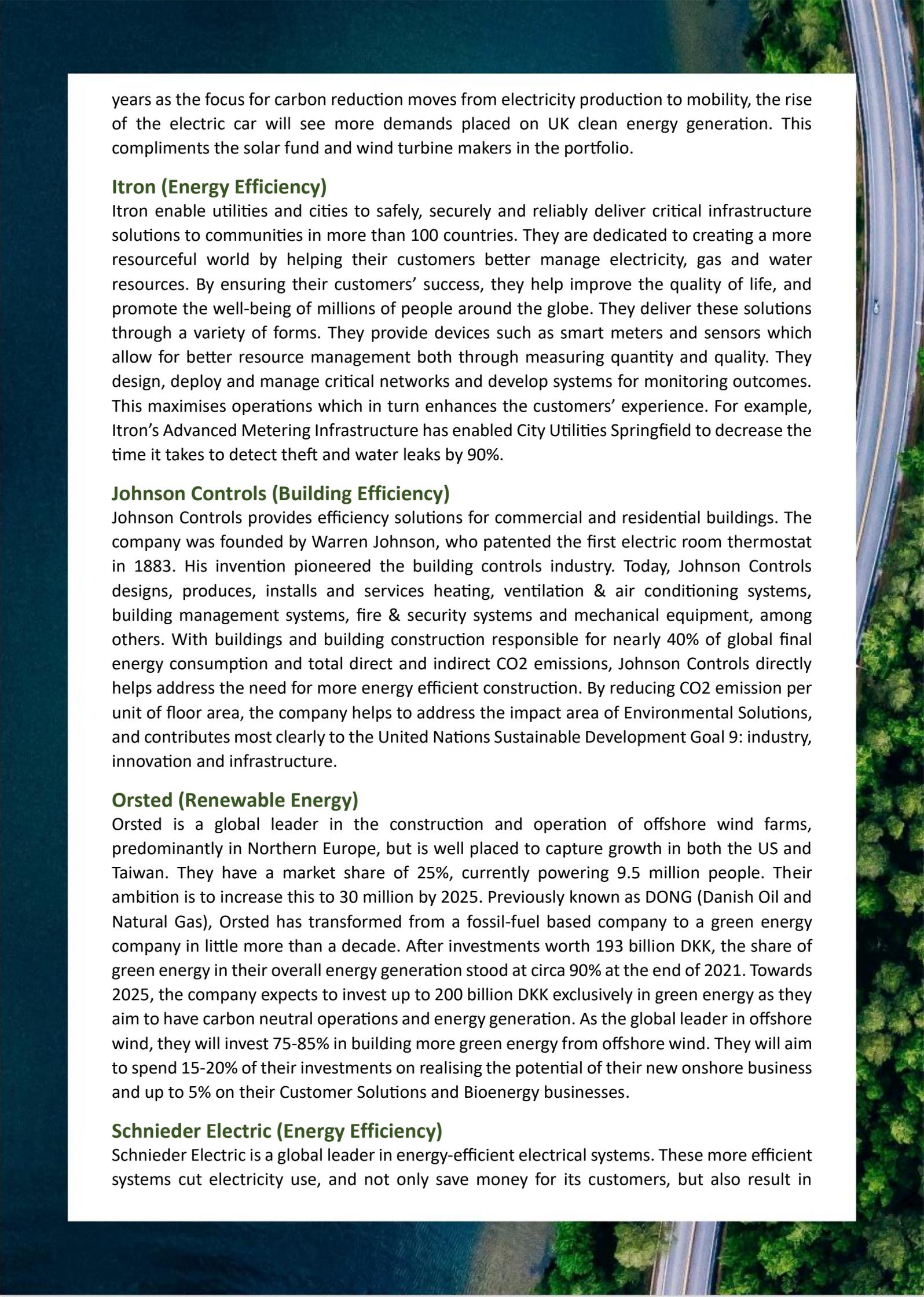
Eurofima is a supranational organisation that provides financing to European railway companies to electrify their networks. Eurofima is comprised of 26 shareholders (railway companies), from 25 member states, who are eligible to borrow at low rates. The use of this cheaper financing must only be used to purchase, modernise and refurbish Eligible Green Assets which include; electrical multiple units, electrical locomotives and passenger coaches when combined with electrical locomotives. Eurofima is therefore focused on climate change mitigation and the "greening" of the transport sector, with their bond issuances being 100% climate aligned with a green framework.

First Solar (Solar Modules)

First Solar produce solar modules using advanced thin film PV which represents the next generation of solar technologies, providing a competitive, high performance and lower carbon alternative to conventional crystalline silicon PV panels. The Solar module industry has always been of concern due to the dominance of China and the exposure of Chinese supply chains to forced labour of Uyghurs. First Solar have zero exposure to this issue, and have been benefitting from the significant increase in legislation that focuses on tackling it. At the end of 2022, they had a manufacturing capacity of 9.8 GW and are on track to have capacity of 16 GW by the end of 2023 as they look to benefit from industrial policies such as the Inflation Reduction Act in the US.

Greencoat UK Wind PLC (Wind Farms)

This company is invested in 38 onshore and offshore wind farms around the UK. These assets have generated about 11.3TWh of energy for the UK market since IPO in March 2013. With their stakes the company itself generates 980 MW of renewable electricity. The portfolio produces enough renewable electricity to power 940,000 homes, meaning over 1m tonnes of CO2 per annum avoided compared to thermal generation. The portfolio predominantly invests in onshore wind farms (95%), but has the ability to invest up to 40% of the fund's portfolio offshore. Over the last decade, we have seen wind has become a significant source of electricity in the UK, often one of the largest sources of electricity generation, and has therefore already played a key role in reducing the UK's carbon emissions. Over the coming

An aerial photograph showing a paved road curving through a lush green landscape. The road is on the right side of the frame, and the surrounding area is filled with dense trees and vegetation. The sky is a clear, bright blue.

years as the focus for carbon reduction moves from electricity production to mobility, the rise of the electric car will see more demands placed on UK clean energy generation. This compliments the solar fund and wind turbine makers in the portfolio.

Itron (Energy Efficiency)

Itron enable utilities and cities to safely, securely and reliably deliver critical infrastructure solutions to communities in more than 100 countries. They are dedicated to creating a more resourceful world by helping their customers better manage electricity, gas and water resources. By ensuring their customers' success, they help improve the quality of life, and promote the well-being of millions of people around the globe. They deliver these solutions through a variety of forms. They provide devices such as smart meters and sensors which allow for better resource management both through measuring quantity and quality. They design, deploy and manage critical networks and develop systems for monitoring outcomes. This maximises operations which in turn enhances the customers' experience. For example, Itron's Advanced Metering Infrastructure has enabled City Utilities Springfield to decrease the time it takes to detect theft and water leaks by 90%.

Johnson Controls (Building Efficiency)

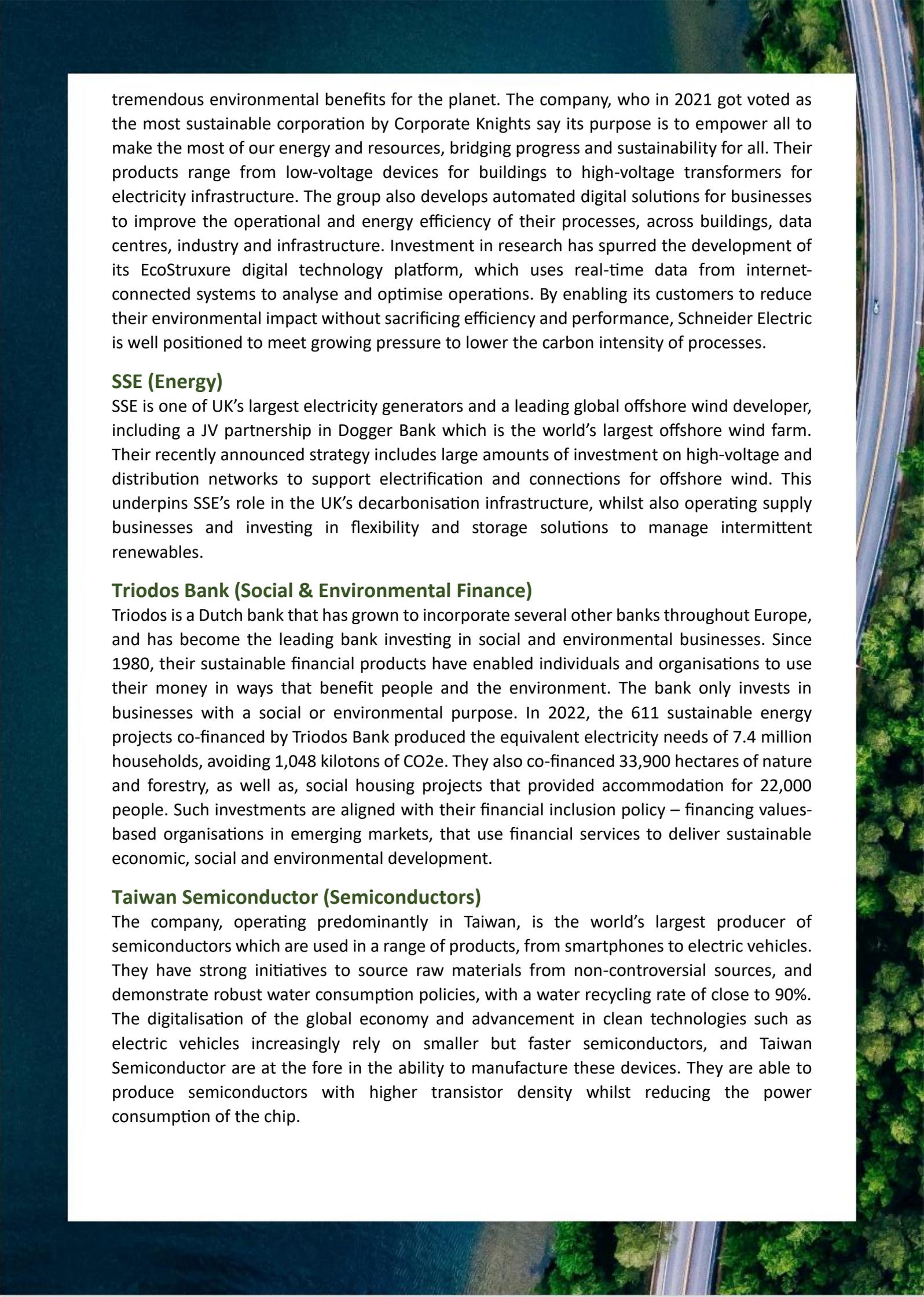
Johnson Controls provides efficiency solutions for commercial and residential buildings. The company was founded by Warren Johnson, who patented the first electric room thermostat in 1883. His invention pioneered the building controls industry. Today, Johnson Controls designs, produces, installs and services heating, ventilation & air conditioning systems, building management systems, fire & security systems and mechanical equipment, among others. With buildings and building construction responsible for nearly 40% of global final energy consumption and total direct and indirect CO2 emissions, Johnson Controls directly helps address the need for more energy efficient construction. By reducing CO2 emission per unit of floor area, the company helps to address the impact area of Environmental Solutions, and contributes most clearly to the United Nations Sustainable Development Goal 9: industry, innovation and infrastructure.

Orsted (Renewable Energy)

Orsted is a global leader in the construction and operation of offshore wind farms, predominantly in Northern Europe, but is well placed to capture growth in both the US and Taiwan. They have a market share of 25%, currently powering 9.5 million people. Their ambition is to increase this to 30 million by 2025. Previously known as DONG (Danish Oil and Natural Gas), Orsted has transformed from a fossil-fuel based company to a green energy company in little more than a decade. After investments worth 193 billion DKK, the share of green energy in their overall energy generation stood at circa 90% at the end of 2021. Towards 2025, the company expects to invest up to 200 billion DKK exclusively in green energy as they aim to have carbon neutral operations and energy generation. As the global leader in offshore wind, they will invest 75-85% in building more green energy from offshore wind. They will aim to spend 15-20% of their investments on realising the potential of their new onshore business and up to 5% on their Customer Solutions and Bioenergy businesses.

Schnieder Electric (Energy Efficiency)

Schnieder Electric is a global leader in energy-efficient electrical systems. These more efficient systems cut electricity use, and not only save money for its customers, but also result in

An aerial photograph showing a paved road curving through a dense green forest. The road is on the right side of the frame, and the forest covers most of the area. The sky is a deep blue, suggesting a clear day.

tremendous environmental benefits for the planet. The company, who in 2021 got voted as the most sustainable corporation by Corporate Knights say its purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. Their products range from low-voltage devices for buildings to high-voltage transformers for electricity infrastructure. The group also develops automated digital solutions for businesses to improve the operational and energy efficiency of their processes, across buildings, data centres, industry and infrastructure. Investment in research has spurred the development of its EcoStruxure digital technology platform, which uses real-time data from internet-connected systems to analyse and optimise operations. By enabling its customers to reduce their environmental impact without sacrificing efficiency and performance, Schneider Electric is well positioned to meet growing pressure to lower the carbon intensity of processes.

SSE (Energy)

SSE is one of UK's largest electricity generators and a leading global offshore wind developer, including a JV partnership in Dogger Bank which is the world's largest offshore wind farm. Their recently announced strategy includes large amounts of investment on high-voltage and distribution networks to support electrification and connections for offshore wind. This underpins SSE's role in the UK's decarbonisation infrastructure, whilst also operating supply businesses and investing in flexibility and storage solutions to manage intermittent renewables.

Triodos Bank (Social & Environmental Finance)

Triodos is a Dutch bank that has grown to incorporate several other banks throughout Europe, and has become the leading bank investing in social and environmental businesses. Since 1980, their sustainable financial products have enabled individuals and organisations to use their money in ways that benefit people and the environment. The bank only invests in businesses with a social or environmental purpose. In 2022, the 611 sustainable energy projects co-financed by Triodos Bank produced the equivalent electricity needs of 7.4 million households, avoiding 1,048 kilotons of CO₂e. They also co-financed 33,900 hectares of nature and forestry, as well as, social housing projects that provided accommodation for 22,000 people. Such investments are aligned with their financial inclusion policy – financing values-based organisations in emerging markets, that use financial services to deliver sustainable economic, social and environmental development.

Taiwan Semiconductor (Semiconductors)

The company, operating predominantly in Taiwan, is the world's largest producer of semiconductors which are used in a range of products, from smartphones to electric vehicles. They have strong initiatives to source raw materials from non-controversial sources, and demonstrate robust water consumption policies, with a water recycling rate of close to 90%. The digitalisation of the global economy and advancement in clean technologies such as electric vehicles increasingly rely on smaller but faster semiconductors, and Taiwan Semiconductor are at the fore in the ability to manufacture these devices. They are able to produce semiconductors with higher transistor density whilst reducing the power consumption of the chip.

Vestas Wind Systems (Wind Turbines)

Vestas is one of the four leading wind turbine producers in the world and has recently been joint venturing with Siemens in this area. Wind has moved from being a marginal technology to a core one and this is very much an established technology. Vestas is the only global energy company dedicated exclusively to wind energy. Wind is their business and passion. Founded in 1898 as a blacksmith shop in western Denmark, they started producing wind turbines in 1979, and have since gained a market-leading position with 83 GW of installed wind power and more than 71 GW under service across the globe, including close to 7 GW of non-Vesta's turbines.

Waste Management (Water & Waste)

Waste Management, Inc. is a heavyweight in sustainable infrastructure, offering a compelling ESG-aligned investment opportunity for retail investors. The company has committed to reducing absolute Scope 1 and 2 emissions by 42% by 2032 from a 2021 baseline, backed by a Science-Based Target. Key to its climate strategy is converting landfill methane into renewable natural gas (RNG) — WM plans to power its entire natural-gas fleet with RNG by 2026. It's also scaling up recycling: in 2024 it recovered 16 million tons of materials, targeting 25 million tons annually by 2030. WM's business actually avoids more greenhouse emissions through its recycling and energy-reuse services than it produces.

Environmental & Social

International Development Association (IDA) (Development Bank)

The IDA is a part of the World Bank that helps the world's poorest countries by providing zero to low-interest loans and grants to boost economic growth, reduce inequality and improve living conditions. Financing is replenished every 3 years and is made up of donations from wealthy countries, bonds issued on capital markets, early repayments and the World Bank itself. The most recent replenishment, IDA20, saw a record \$93 billion package with a theme of: "Building Back Better from the Crisis: Towards a Green, Resilient and Inclusive Future." The IDA's focus areas are: Climate Change; Fragility, Conflict and Violence; Gender; Jobs and Economic Transformation; and Human Capital.

The Wildlife Conservation Bond (Development Bank Bond)

The Wildlife Conservation Bond (the 'rhino bond') is issued by the International Bank of Reconstruction and Development (IBRD) arm of the World Bank. This is a high-quality rated bond from a credit point of view, rated AAA- by rating agencies. The bond offers an innovative use-of-proceeds issuance which is tied to targets for conservation success of the South African black rhino population. The proceeds will finance eligible sustainable development projects and programmes globally. Environmental co-benefits of the program relate to broader ecosystems and other species within them. Social co-benefits for local communities include increasing conservation and tourism employment opportunities in the poorest province of South Africa and share in revenues as they are part-owners of the rhino sites. Rhinos are threatened by poaching, habitat loss, conflict and corruption. This bond helps the conservation of over 150,000 hectares of ecosystems of high biodiversity where rhinos represent an 'umbrella' species. Outcomes of the bond will be verified by the Zoological Society of London (ZSL).

Social

African Development Bank (Regional Development bank)

Gender Equality Case Study: in June the African Development Bank (ADB) approved a EUR 1.2 million investment to support youth and women entrepreneurs engaged in agricultural value chains in Kenya. This was provided by the EU under its partnership with the ADB. The agricultural sector employs the largest share of the population, especially in rural areas, and accounts for 60% of Kenya's export. However, banks often perceive women-led businesses as risky due to the low quality or amount of collateral, alongside the generally smaller business sizes. Therefore, supporting women entrepreneurs and catalysing private investment is crucial to foster inclusive economic growth in Kenya.

Bank Rakyat Indonesia (Banking and Microfinance)

Established in 1954 and listed on the Indonesia Stock Exchange in 2003, Bank Rakyat Indonesia (BRI) is the largest and one of the longest operating microfinance franchises in the world. 1.7 billion adults worldwide lack access to a bank account, half of which are in just seven countries. BRI broadens access to banking services by targeting low-income groups, providing subsidised loans and improving the availability of banking services in remote locations. BRI proactively reaches people lacking access to financial services in rural areas and across Indonesia's islands, with over 75,000 villages spread across thousands of archipelagos. It has been innovating and leading suburban and rural banking through a mobile unit of vans and boats called Teras BBRI. In 2015 it launched boat-based services for potential customers in remote coastal and island regions, effectively 'taking banking to the people'. Over 200 million Indonesians live on less than \$4.50 per day, and 96 million Indonesians live on less than \$1.90 a day. Without salaries or collateral, these individuals are considered too risky for loans or live in locations too remote for the reach of traditional financial services providers. Despite this, over 56 million Micro Small Medium Enterprises (MSME) contribute more than 50% of GDP. However, only about 25% of SMEs in Indonesia have access to lending. Access to financial services enables firms to smooth cash flows, accumulate assets, make productive investments and promote better use of resources. Yet many small enterprises worldwide, formal and informal, lack the financing they need. Bank Rakyat is helping fill this gap in the Indonesian market.

Fresenius Medical Care (Healthcare)

Fresenius Medical Care provides dialysis products and services on a global scale. Kidney failure is a global problem, and whilst research continues into trying to detect the early onset of the disease, over 3.5 million people are dependent on dialysis treatment. Fresenius, through their 3994 dialysis centres, treat 345,000 patients each year making them the number one healthcare solutions provider for patients with chronic kidney failure. To break that down further, every 0.6 seconds they provide dialysis treatment! Their innovative research since 1996 has allowed them to build a corporate culture that gives patients with kidney disease 'a future worth living'. Because of their activities, the company positively contributes to a number of the United Nations Sustainable Development goals, including goal 3, 'Good Health and Well-being'.

GlaxoSmithKline (Pharmaceuticals)

GlaxoSmithKline plc (GSK) is a global healthcare company headquartered in London, United Kingdom. The company was formed in 2000 through the merger of Glaxo Wellcome and SmithKline Beecham, and it is one of the largest pharmaceutical companies in the world. GSK focuses on the research, development, and manufacturing of pharmaceutical medicines, vaccines, and consumer healthcare products. The company adheres to strict ethical standards in clinical trials, marketing, and partnerships, ensuring that its business practices do not compromise public health or safety. GSK's transparency in pricing and its efforts to address the global challenge of antimicrobial resistance (AMR) further solidify its position as a socially responsible company.

International Bank for Reconstruction & Development (Development Bank)

The IBRD is a branch of the world bank that is dedicated to reducing poverty and promoting sustainable development through financial and technical assistance. The IBRD is one of the largest issuers of sustainable development bonds, using funds raised from capital markets to support development activities. They were also one of the pioneers of the green bond market, helping countries reach their climate and environmental goals. Development bank bonds are low-risk instruments, with a AAA credit rating, that enables positive environmental and societal development in emerging markets.

IFFIM Bonds (Immunisation Funding)

The International Finance Facility for Immunisation was set up in 2006 to rapidly accelerate the availability and predictability of funds for Gavi's immunisation programmes. IFFIM uses long-term pledges from donor governments to sell 'vaccine bonds' in the capital markets, making large volumes of funds immediately available for GAVI programmes. IFFIM benefits from US\$6.5 billion in donor contributions over more than 30 years from the governments of Australia, Brazil, France, Italy, the Netherlands, Norway, South Africa, Spain, Sweden and the UK.

Nationwide (Building Society)

Nationwide is the largest remaining mutual building society having acquired the Portman, Dunfermline, Derbyshire & Cheshire building societies. It has since made a virtue out of its mutuality and is first amongst its peer group in terms of customer satisfaction. The Nationwide is also bound by the Building Society Act to apply most of its assets to residential property lending rather than lending to businesses and the attendant ethical connotations that this holds. In fact, it lends 91% of assets on residential property – more than the 75% required by the Building Societies Act. Levels of arrears are very low at 0.45% versus an industry average of 1%, which is indicative of its prudent lending policies. Levels of customer satisfaction are very high and are better than its peers by some margin. With a UK housing crisis where not enough homes are being built and buyers are struggling to get a mortgage, Nationwide has enabled 950,000 people to own their home and has increased its lending by over 40% at a time when mortgage lending as a whole has stood still. This includes annual lending of around £7.5 billion in respect of affordable housing. The society gives away at least 1% of its pre-tax profits. In 2018, they provided 77,000 mortgages for first time buyers and were ranked number one for customer satisfaction versus their peers. In 2022, they maintained a 12.4% market share as their total gross mortgage lending grew by £1.5bn to £19.7bn, with net

lending of £5.4bn. They also helped over 27,500 first time buyers into new homes whilst remaining committed to achieving net zero by 2050.

Places for People (Social Property)

Places for People is one of the UK's leading place makers, providing a wide range of property and asset management services – from market rent and affordable housing, to student and leasehold management. PFP also provides all the facilities and services a community needs to thrive, including shops, schools, leisure facilities, good transport links and opportunities for people to work or set up a business. PFP seeks to create communities, so it provides affordable childcare, care and support for the elderly, support for social enterprises, green spaces, loans and training. The company is committed to reducing the impact of their business operations on the environment. The organisation is accredited to environmental standard ISO14001 and has undertaken two of the UK's largest eco developments. It has also retrofitted many of its homes to make them more energy-efficient and is advising tenants on how to save energy. PFP has good levels of satisfaction amongst both staff and customers. It is listed on the Social Stock Exchange and demonstrates excellence in its social impact reporting.

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