



S&P Dow Jones Indices
ESG Analysis

Environmental Footprint

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PORTFOLIO 21 - Global Equity Fund

Environmental footprints quantify the greenhouse gas (GHG) emissions; water; waste; land & water pollutants; air pollutants; and natural resource use associated with your portfolio. To enable comparison between different environmental impacts, Trucost assigns an environmental cost to each resource and pollutant.

The environmental footprint is an analysis of all the environmental costs embedded within the portfolio. Environmental footprints of each individual holding encapsulate both direct and indirect impacts from supply chains.

Direct environmental impacts result from a company's own operations and include emissions from fuel combustion (boilers,

emissions from company owned vehicles), pollution from water abstracted and waste generated from industrial production.

Indirect impacts from supply chains occur because of the goods or services a company procures. In this report, indirect impacts are broken down between those in the first tier of the supply chain and remaining tiers.

PORTFOLIO:	PORTFOLIO 21 - Global Equity Fund
BENCHMARK:	MSCI ACWI
DATE OF HOLDINGS:	December 29, 2017
DATE OF ANALYSIS:	January 23, 2018

Each holding's contribution to the environmental footprint of the portfolio is calculated based on environmental costs in proportion to equity owned. The environmental footprint of the fund is the sum of these costs, normalized by revenue apportioned to holdings.



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PORTFOLIO 21 - Global Equity Fund

Environmental footprint analysis measures the environmental risks and opportunities not captured by standard portfolio analysis and presents a systematic assessment of environmental impacts relative to your benchmark.

Environmental costs are set by Trucost's academic panel and are derived from environmental economics literature. They reflect the wider costs borne by society of resource usage or pollutants released. The environmental footprint is the proportion of revenue represented by environmental costs.

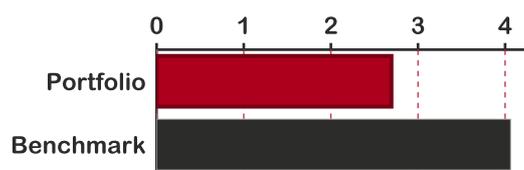
To give context to the size of its footprint, the portfolio has been compared to some key indices.

1 Summary Information

Environmental footprint analysis was carried out on 23 January 2018 for holdings data as at 29 December 2017. The benchmark used for this analysis was the MSCI ACWI.

	Number of companies	Value of holdings (\$ mn)	Environmental costs apportioned to holdings (\$ mn)	Total footprint (per \$mn)
Portfolio	118	495.30	6.062	2.69%
Benchmark	2,088	495.30	11.438	4.06%

The environmental footprint of the portfolio is 2.69% compared to the benchmark which is 4.06%.



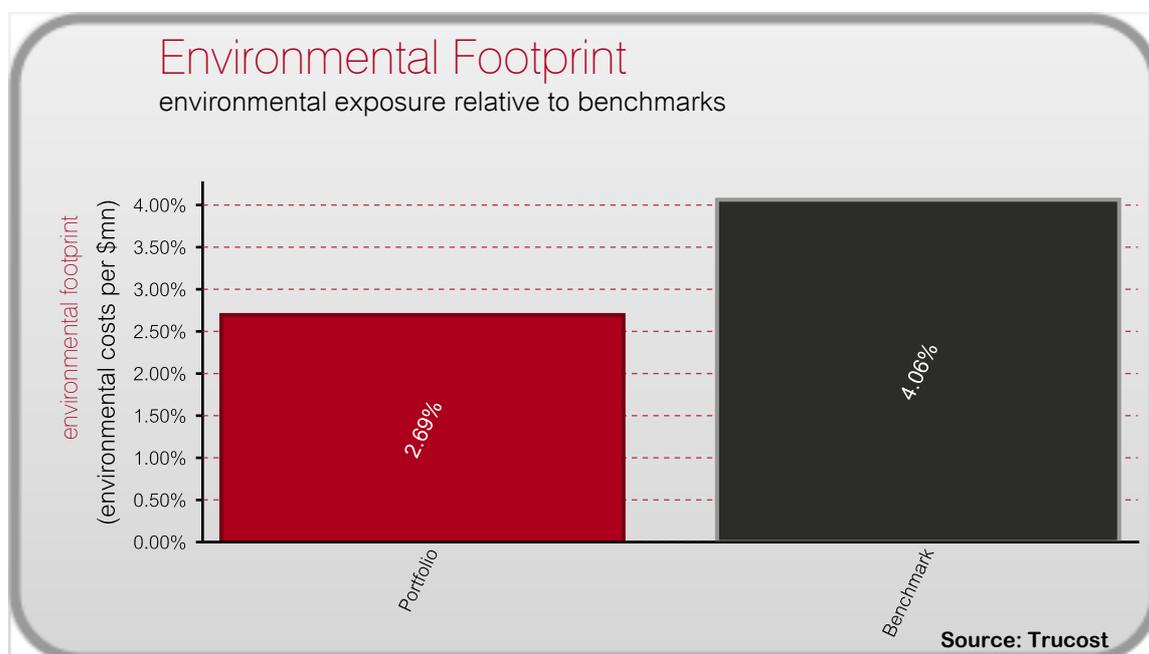
The portfolio is 33.67% less environmentally intensive than its benchmark, MSCI ACWI. This means that \$26,947 in environmental costs are linked to every \$ million generated by holdings.

KEY FINDINGS

The portfolio is 33.67% less environmentally intensive than MSCI ACWI benchmark.

This efficiency is due to a combination of 11.79% positive sector allocation effects and 21.88% positive stock selection effects.

In total the exposure of the fund to environmental costs is equivalent to 2.69% of the aggregate turnover of the fund.





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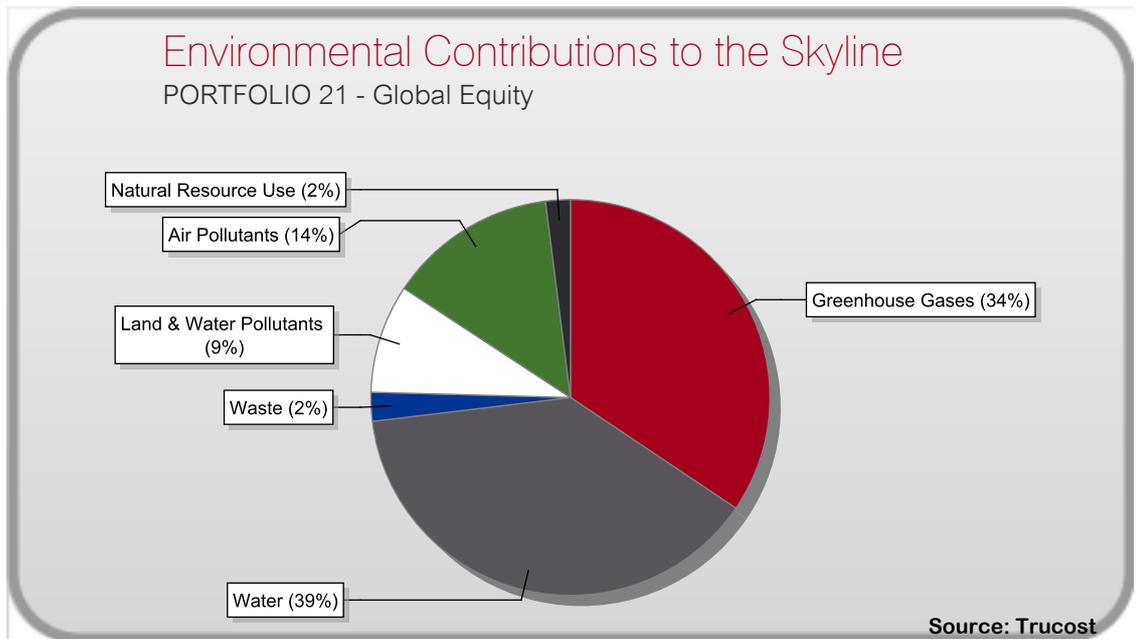
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2 Environmental Impact of Portfolio

Trucost has carried out environmental analysis for each stock in the portfolio. Individual stocks have been analyzed according to the types of business activities engaged in with any environmental disclosures validated and incorporated. To help isolate potential environmental risk, Trucost has aggregated the hundreds of environmental impacts assessed for each stock into six broad groups: GHGs; water; waste; land & water pollutants; air pollutants; and natural resource use.

The pie chart opposite highlights the relative contribution of each of these six impacts to the environmental footprint of the portfolio.

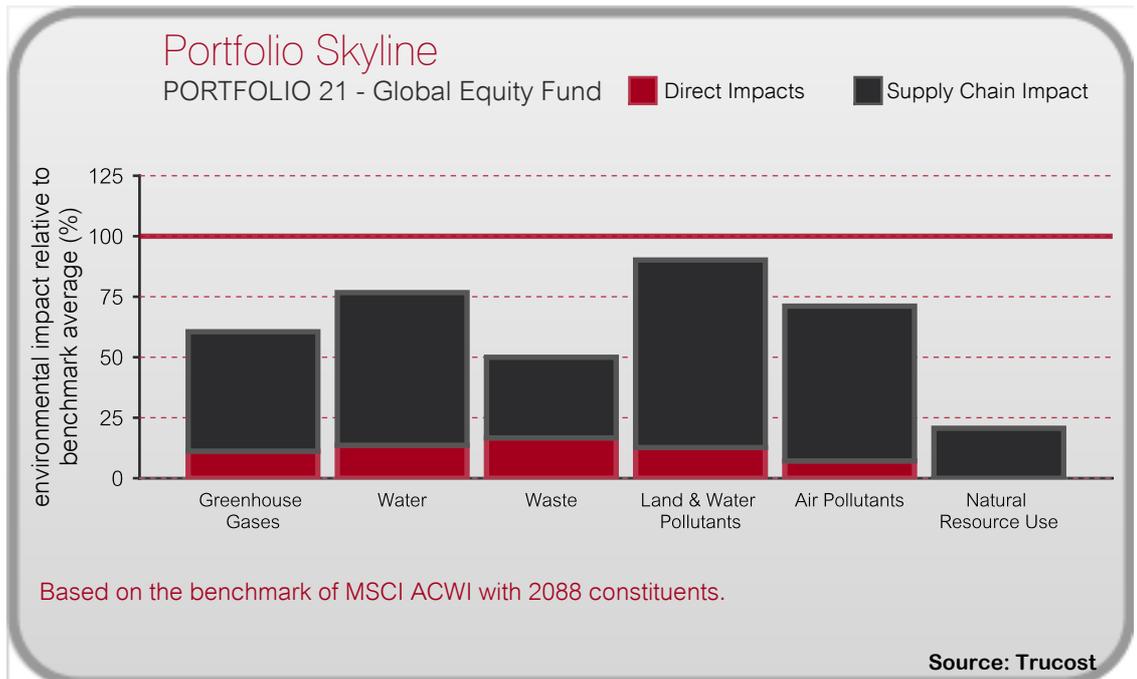
The portfolio is most exposed to greenhouse gases and water. Further detail on the specific sectors responsible, can be found in section 10 towards the back of this report.



The portfolio Skyline looks at the contribution of these six environmental issues to the portfolio footprint relative to the MSCI ACWI.

The portfolio environmental costs are the total of direct (red) and supply chain (grey) impacts for each stock held in the portfolio.

Bars below the red benchmark line show environmental performance for the portfolio is better than the benchmark.



For details on the breakdown of each of these environmental issues by sector, please refer to section 10.



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3 Detailed Findings

The exposure of the portfolio to environmental costs may differ from the benchmark due to sector allocation decisions and stock allocation decisions. Sectors have been defined using the Global Industry Classification Standard (GICS) taxonomy.

Sector allocation decisions may cause the environmental intensity of the portfolio to diverge from the benchmark. If the portfolio is overweight in environmentally intensive sectors, the portfolio is likely to have a larger footprint than the benchmark.

However, if the stocks held are companies with the lowest environmental intensities within their sectors, the portfolio may have a smaller footprint than the benchmark. An overweight position in companies with lower environmental intensities than sector peers could significantly reduce exposure to environmental costs.

Trucost has developed an optimisation product that can help minimise the environmental footprint associated with a portfolio. For more information, please go to <http://www.trucost.com/investments>

Summary of Stock and Sector Allocation Effects

Portfolio

	Weighting %		Environmental Footprint %		Footprint Attribution *		
	Portfolio	Benchmark	Portfolio	Benchmark	Sector Allocation	Stock Selection	Total Effect
Consumer Discretionary	11.00 %	12.23 %	2.07 %	2.08 %	-1.13 %	0.04 %	-1.10 %
Consumer Staples	9.05 %	8.78 %	6.44 %	8.30 %	-6.36 %	7.77 %	1.40 %
Energy		6.40 %		5.90 %	3.66 %	0.00 %	3.66 %
Financials	17.78 %	18.83 %	0.28 %	0.44 %	-1.65 %	0.77 %	-0.88 %
Health Care	12.10 %	10.44 %	1.23 %	1.10 %	-1.31 %	-0.19 %	-1.50 %
Industrials	15.84 %	10.85 %	2.83 %	2.68 %	2.80 %	-0.79 %	2.01 %
Information Technology	19.52 %	18.06 %	1.10 %	1.31 %	-0.81 %	0.39 %	-0.42 %
Materials	5.91 %	5.46 %	5.07 %	12.82 %	-0.90 %	12.35 %	11.45 %
Real Estate	3.69 %	2.98 %	1.21 %	1.64 %	2.11 %	0.49 %	2.60 %
Telecommunication Services	3.45 %	3.06 %	0.78 %	0.81 %	0.24 %	0.02 %	0.27 %
Utilities	1.66 %	2.91 %	16.66 %	22.69 %	15.15 %	1.03 %	16.18 %
Total	100.00 %	100.00 %			11.79 %	21.88 %	33.67 %

The percentage contribution to the environmental footprint of the portfolio relative to the benchmark.

The portfolio is 33.67% less environmentally intensive than the benchmark.

- The sector allocation of the portfolio is responsible for 11.79% of the higher environmental efficiency.
- The stock selection is responsible for 21.88% of the higher environmental efficiency.
- In aggregate, the two sectors that have the greatest positive effect on environmentally efficiency are Utilities and Materials, which together contribute 27.63% of the increased environmental efficiency. The two worst performing sectors in the portfolio are Health Care and Consumer Discretionary, which contribute to 2.6% of reduced environmental efficiency.

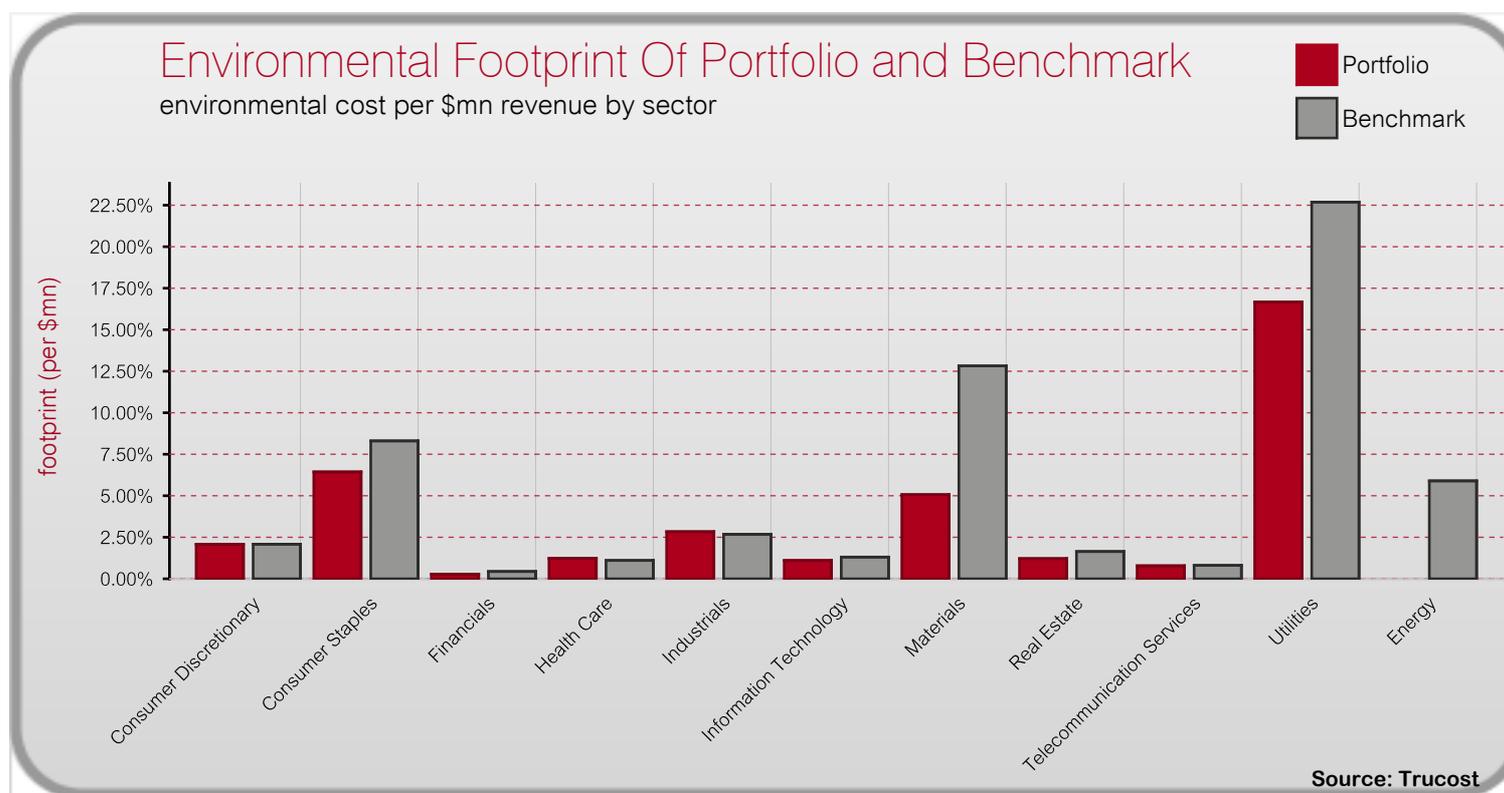
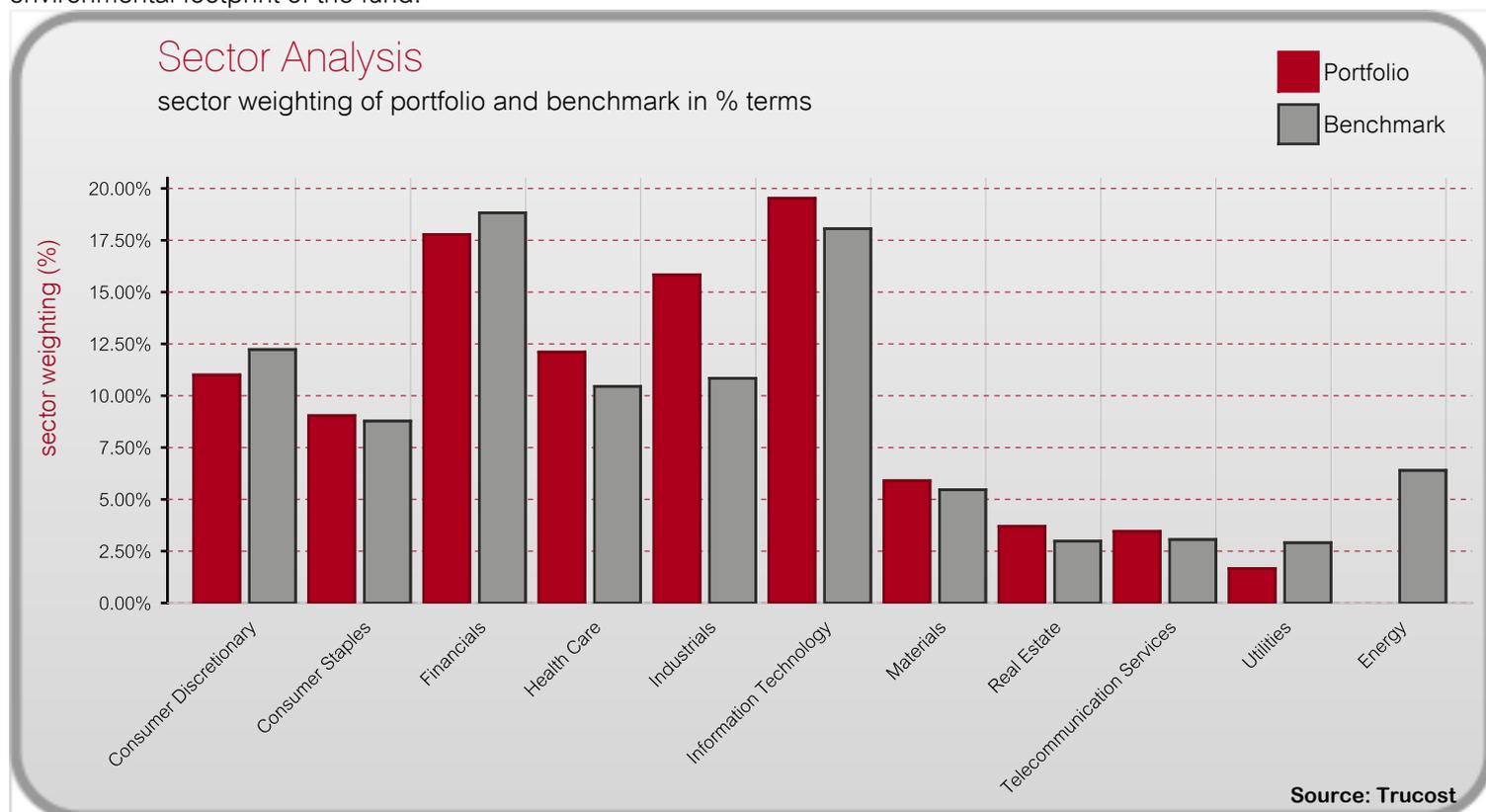


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4 Sector Analysis

The graphs below show how the sector allocation in the portfolio differs from that in the benchmark and the effect on the environmental footprint of the fund.





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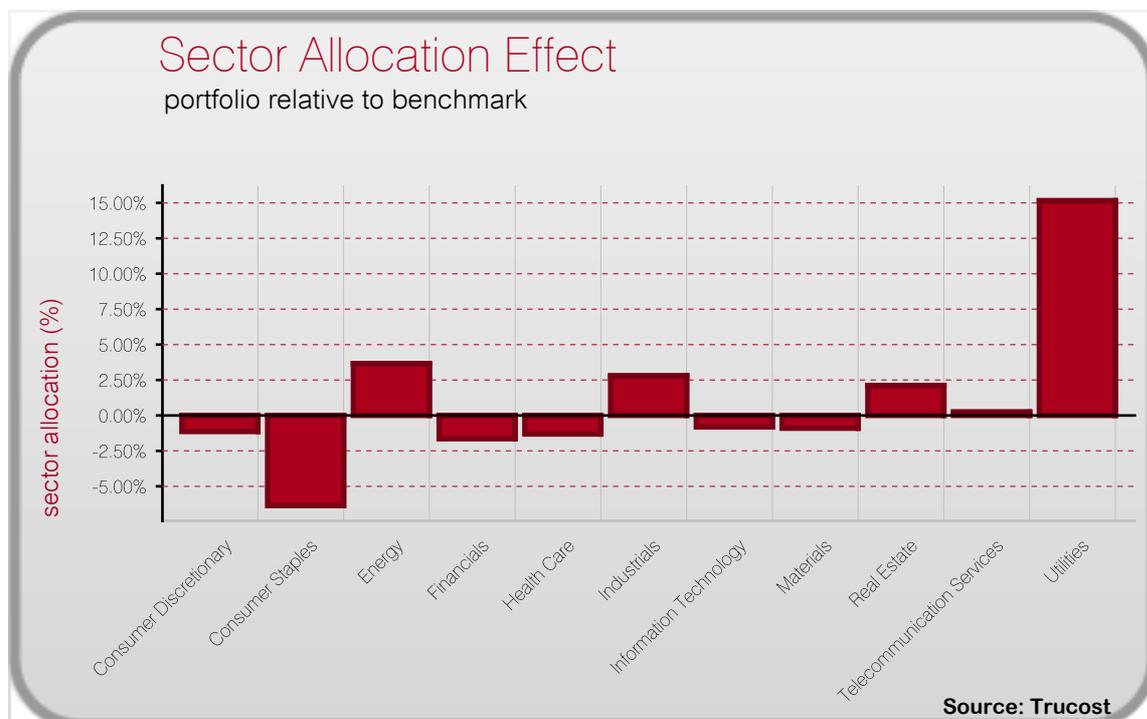
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5 Sector Allocation and Stock Selection Effect

This graph analyzes the sector allocation effect on the environmental footprint of the portfolio.

If the bar is negative, you are more heavily invested in an environmentally intensive sector than the benchmark, or you are underweight in an environmentally “light” sector.

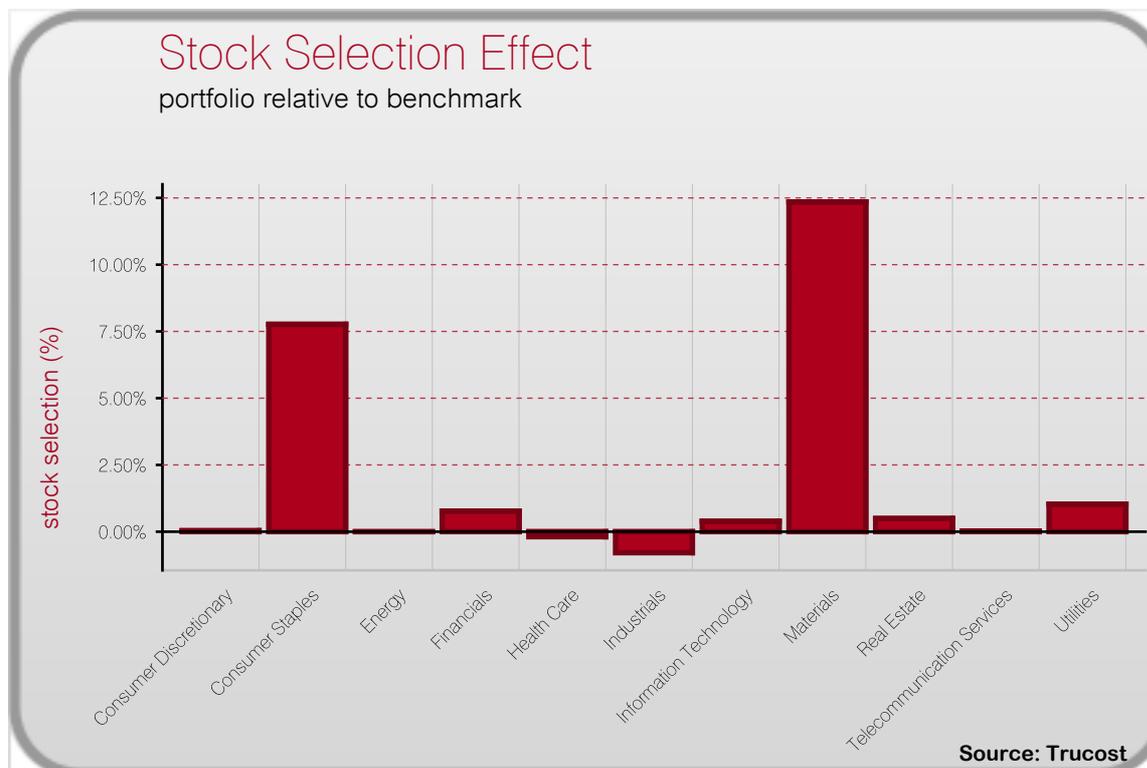
The reverse is true if the bar is positive.



This graph shows the effect of stock selection within sectors on the environmental footprint of the portfolio relative to the benchmark.

If the bar is positive, you are invested in companies that are less environmentally intensive relative to peers within their benchmark sector.

If the bar is negative, you are invested in more environmentally intensive companies within sectors.



Environmental efficiency can be used as a proxy for efficient management of a company. Therefore you may want to see how companies in your fund rank within their sectors from an environmental efficiency perspective. This “rank in sector” information is available in section 9 of this report.



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11 Next Steps

Make portfolio adjustments

- Reduce risk by rebalancing holdings to favour companies with greater carbon or environmental efficiency relative to sector peers.

Embed environmental analysis into your investment strategy

- Trucost provides standardized data on all companies across the investment universe to help identify carbon and environmental opportunities. We also have time series data and can customize research to meet your requirements.

Engage with companies

- The chart on page 8 shows companies with which you may choose to engage with to encourage them to disclose better environmental data, providing greater transparency for investors and setting them on the course to appropriate measurement and management of GHG emissions.

WHY CHOOSE TRUCOST DATA?

Standardized: company disclosed data is standardized to enable comparison between companies, funds, sectors and geographies.

Validated: company disclosed data is validated to resolve reporting errors.

Comprehensive: where companies do not measure or disclose data, Trucost 'fills the gaps' using its advanced environmental profiling model to provide complete data across the investment universe.

Proven: Trucost data has been used to analyze over \$2.7trillion AUM and drives \$583million in investment products that deliver financial performance with up to 50% reduced carbon intensity e.g. S&P US Carbon Efficient Index and the Legal and General Investment Management US Carbon Optimised Index Fund.

"Trucost's global environmental impact data has enabled us to truly integrate climate change analysis into our investment process. The quantitative data is fed into our mainstream investment decision making process enabling risk management, portfolio footprinting, sector and stock level analysis and the simulation of climate change strategies across asset classes."

AXA Investment Managers

Communicate your footprint to stakeholders

- You may choose to communicate your footprint to stakeholders to demonstrate that you actively consider carbon exposure in your investments and provide transparency about the risk exposure or benefits of the fund.

Invest in carbon optimised funds

- Trucost's carbon and natural capital investment metrics drive investment indices and products from leading institutions that deliver financial performance alongside reduced environmental risk. Find out more at www.trucost.com/capital-markets/investment-products

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