

Our quarterly update focuses on specific investments made by the funds within the Positive Impact Portfolios. As well as avoiding harmful investments, we continually seek to find funds which aim to make a positive contribution to society or the environment, alongside an attractive financial return.

We assess every fund in the portfolio against 41 criteria for impact. This update will concentrate on three of them; clean fuels, social change and water.

1 CLEAN FUELS

Powering electric vehicles

In Europe, vehicles including cars, trucks and buses are responsible for 21% of total CO₂ emissions.¹ According to the World Meteorological Organization global temperatures for January to September 2016 have been approximately 1.2°C above those of the pre-industrial period, a 0.1°C increase since 2015.² The target set at the Paris Climate Summit in 2015 to limit the temperature increase well below 2°C to 1.5°C³ is looking more and more compromised. That's why, the transportation sector has an important role to play and some countries like Norway are aiming at all new car sales to go electric by 2025, and with 28.8% of the new car sales going electric, the country is already committed to dramatically reduce its emissions.⁴



FUND IN FOCUS:

Henderson Global Care Growth



Panasonic received investments from the Henderson Global Care Growth fund which favours companies providing solutions to the challenges of sustainability. Cleaner energy and fuels is a relatively small allocation to the fund but the fund allocates significantly to companies providing energy efficient solutions or technologies which is another way to reduce our carbon footprint.

Find out more about Henderson Global Care Growth and see where it fits into the Positive Impact Portfolios in the Rated Funds section of our website:

eqinvestors.co.uk/eq-rated-funds/

EXAMPLE HOLDING:

Panasonic



Panasonic is a multinational electronics corporation headquartered in Japan which stands to play a central role in both the mass adoption of electric vehicles and power storage solutions that will enable increased penetration of renewable energy generation. The company has a leading franchise in lithium-ion batteries and partnered with Tesla to build what is likely to become the world largest battery factory for electric vehicles.⁵ The company also recently partnered with Tesla to produce high-efficiency photovoltaic cells for Tesla's revolutionary solar roof tiles.⁶

Panasonic shows its leadership by the way of example and since 2010 has embarked on an ambitious project to provide environmental education to more than 2 million children in the world by 2018. For example in Myanmar, following the massive flood in 2015, the company raised awareness among children about the impact of climate change and provided tips on how they can do their own parts to save energy.⁷

2 SOCIAL CHANGE

Tackling high re-offending rates

In Scotland, there are more than 7,000 people currently in jail,⁸ and the prison population has increased by more than 25% over the last 10 years.⁹ More than a quarter of the offenders who leave prison every year are convicted again within 12 months of release and this reconviction rate rises to 60% for those released from a custodial sentence of 6 months or less.¹⁰ According to the Scottish Government, the reoffending by all recent ex-prisoners cost the economy and the society around £3 billion per year.¹¹ Unemployment has been identified as one of the main factors alongside the lack of support, mental illness, alcohol and homelessness.

FUND IN FOCUS:

Rathbone Ethical Bond

Rathbones
Look forward

Glasgow Together received investments from the Rathbone Ethical Bond fund which invest in companies or institutions helping to tackle social and environmental issues mainly in the UK. Social change is one of their main themes where for example they look to help ex-offenders to find jobs as well as provide financing to charities.

Find out more about Rathbone Ethical Bond and see where it fits into the Positive Impact Portfolios at:

eqinvestors.co.uk/eq-rated-funds/

EXAMPLE HOLDING:

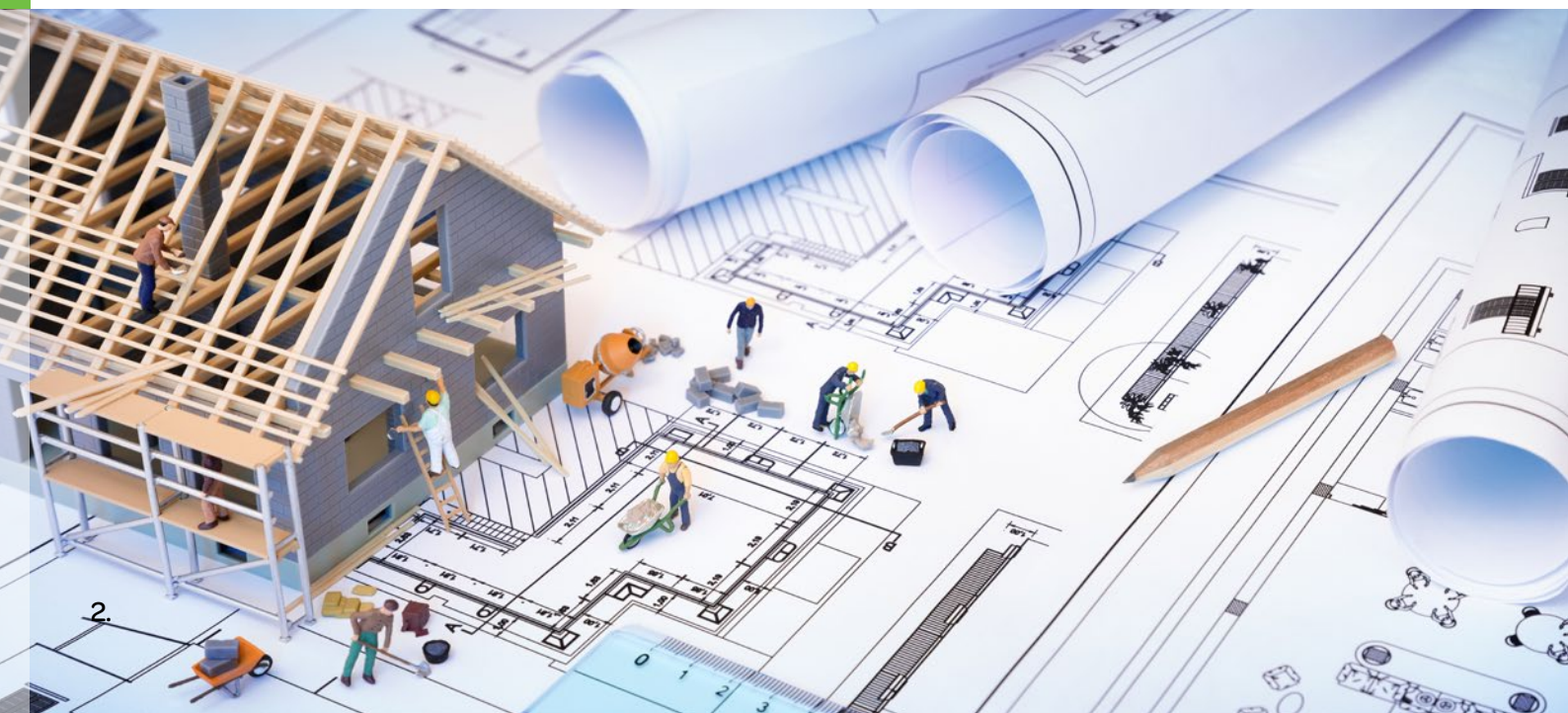
Glasgow Together



Glasgow Together is a social business launched in 2015 by The Together Group CIC which raised £2 million to buy old properties in Glasgow and refurbish them with the help of ex-prisoners. To reduce the risk of reoffending, the Together model aims at creating jobs for these prisoners for whom employers are reluctant to give a new chance. They will provide training and support through mentors dedicated to seeing these ex-prisoners succeed. In 2016, Glasgow Together started their first two major projects, one of which being the conversion of an old Sikh Temple into 3 residential flats, with the help of more than 5 ex-offenders.¹²

NOTES

1. European Commission, 2016, https://ec.europa.eu/clima/policies/transport/vehicles_en
2. WMO provisional Statement on the Status of the Global Climate in 2016, World Meteorological Organization, 14 November 2016
3. http://unfccc.int/paris_agreement/items/9485.php
4. <http://www.natureworldnews.com/articles/31516/20161110/ev-electric-vehicle-norway.htm>
5. <https://www.bloomberg.com/news/articles/2016-07-26/tesla-opens-gigafactory-to-expand-battery-production-sales>
6. <http://arstechnica.com/business/2016/12/panasonic-will-spend-256-million-on-tesla-solar-panel-factory-in-buffalo-ny/>
7. <http://www.panasonic.com/global/corporate/sustainability/files/archive/case07.html>
8. <http://www.sps.gov.uk/Corporate/Information/SPSPopulation.aspx>
9. Statistical Bulletin, Prison Statistics Scotland 2009-10, 20 December 2010, <http://www.gov.scot/Resource/Doc/335315/0109678.pdf>
10. <http://www.gov.scot/Resource/0050/00500469.pdf>, Reconviction Rates in Scotland: 2013-14, The Scottish Government
11. http://www.audit-scotland.gov.uk/uploads/docs/report/2012/nr_121107_reducing_reoffending.pdf, Audit



3 WATER

Addressing an increasing shortage

According to the United Nation, the world population is expected to reach 8.5 billion by 2030 which means an increase of more than 15% particularly in Africa and Asia.¹³ However, with less than 1% of the world fresh water readily accessible for human use, the current water crisis seeing already 10% of the world population without access to safe water is likely to worsen.¹⁴ A few years ago, an analysis suggested that the gap between freshwater demand and supply could be about 40% globally by 2030 if business as usual water management approaches continue.¹⁵ That's the reason why water use efficiency improvements are considered essential to address this gap.

FUND IN FOCUS: FP WHEB Sustainability



Ecolab received investments from FP WHEB Sustainability fund which favours companies providing solutions to the challenges of sustainability. Water is one of Wheb's main themes and the fund also invests in other companies, like Suez and China Water Affairs, involved in wastewater treatment.

Find out more about FP WHEB Sustainability and see where it fits into the Positive Impact Portfolios:

eqinvestors.co.uk/eq-rated-funds/

NOTES (CONT.)

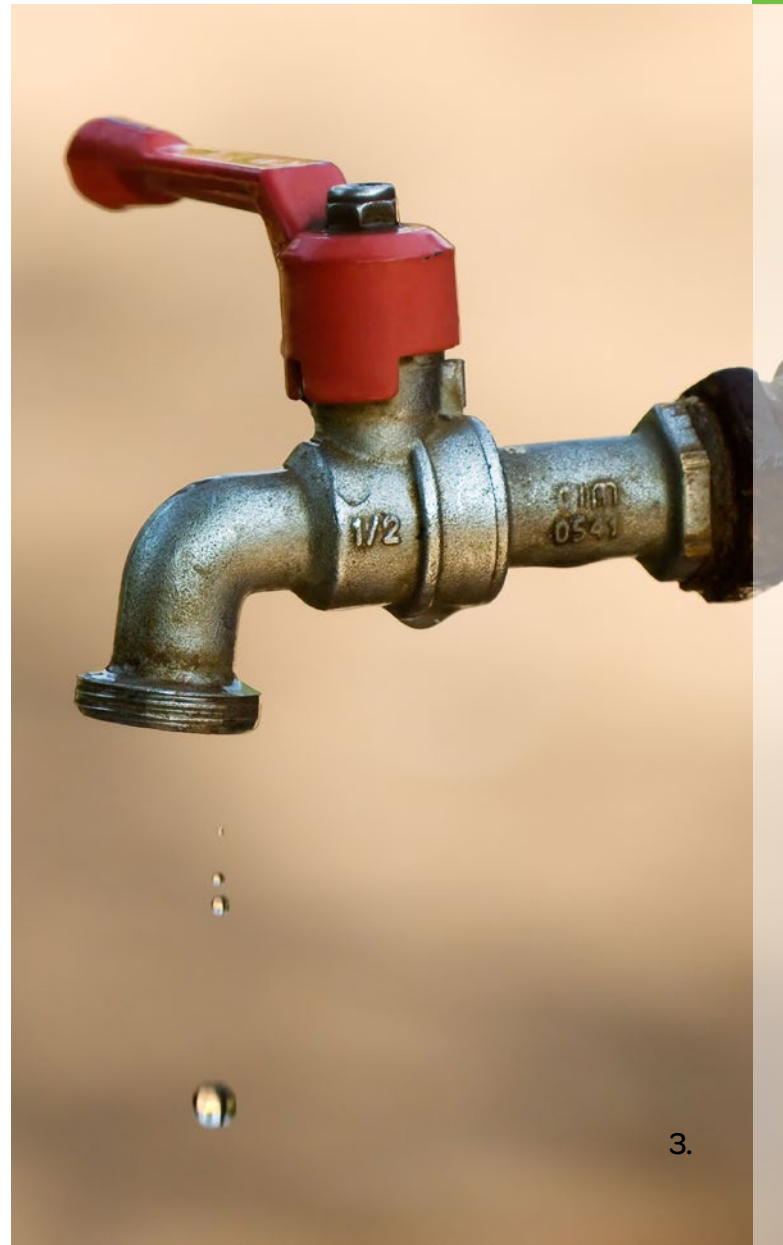
- Scotland, Reducing reoffending in Scotland, November 2012
12. Glasgow Together Year End Update 2016
13. <http://www.un.org/sustainabledevelopment/blog/2015/07/un-projects-world-population-to-reach-8-5-billion-by-2030-driven-by-growth-in-developing-countries/>
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15. Water Resources Group, Charting our water future, 2009
16. <http://en-uk.ecolab.com/sustainability/commitment-to-sustainability/product-responsibility>
17. Linen Supplier Case Study, Sustainability Report 2015, <http://en-uk.ecolab.com/~media/Ecolab/Ecolab%20Home/Documents/DocumentLibrary/Reports/Sustainability/Ecolab2015CSR.pdf>
18. 2020 Corporate Sustainability Goals (2015 baseline), <http://en-uk.ecolab.com/sustainability/commitment-to-sustainability/goals-and-performance>

EXAMPLE HOLDING: Ecolab



Ecolab is a global leader in water management and technology use developing new, effective solutions that help their customers to improve product quality, environment safety while minimising water consumption and environmental impact.¹⁶ For example, Ecolab recently helped a US provider of white linens to hotels to assess its operations for water savings opportunities. Through the use of high-frequency sound waves to read water flow, they diagnosed that some tunnel washers were using excessive amount of water. Immediate settings corrections and repair helped to save an estimated 37 million litres of water per year.¹⁷

Beyond the products it offers, Ecolab is committed to further reduce their own environmental footprint. Over the coming 5 years, they are aiming at reducing water consumption in their facilities by 25% and greenhouse gas emissions by 10%.¹⁸



Next steps:

You can download a Positive Impact Portfolio brochure, view factsheets and invest online via the EQ website. Please get in touch for further information:



eqinvestors.co.uk

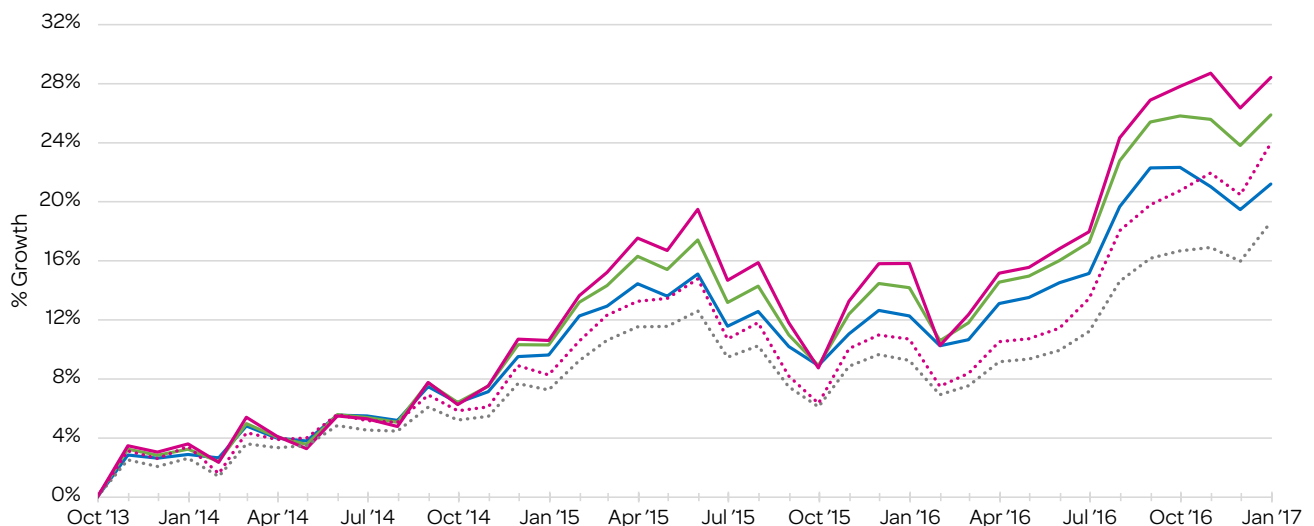







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Cumulative performance since inception 01/10/2013 to 31/12/2016



Annual performance		Jan 14 - Dec 14	Jan 15 - Dec 15	Jan 16 - Dec 16
Positive Impact Cautious		6.55%	2.40%	7.96%
Positive Impact Balanced		6.84%	3.51%	10.25%
ARC Balanced Benchmark		4.51%	1.87%	8.59%
Positive Impact Adventurous		6.77%	4.72%	10.87%
ARC Steady Growth Benchmark		4.68%	2.26%	11.99%

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 Positive Impact Portfolios are available in **seven** different risk profiles, of which **three** are shown here. Inception dates may vary: please see factsheets for full details.



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