ESG process

**Process**

The ESG model uses a weighting system to aggregate scores across both ESG and financial metrics. Each potential stock is evaluated and metrics are benchmarked against industry averages (see criteria in table below). Output can take the form of a 1 or 0 where 1 is positive and 0 negative. Where there is no disclosure on a metric and we cannot estimate the value ourselves, the company is penalized and receives a negative score. Theses scores are aggregated and a percentage is calculated based on the total number of positive outputs.

Controversies related to human rights, working conditions and animal abuse, business ethics, and environmental practices are compiled via information either from a third-party service provider or from public search tools. We then assess the severity of the issue and maintain a list of the ongoing controversies for monitoring.

When companies do not meet our expectations in regard to either ESG scores or controversies a review is undertaken with the manager responsible for the portfolio. Depending on the potential risk composition and whether company management is taking appropriate action to resolve the matter the stock can be down-weighted or excluded as a result.

Booster ESG Integration Matrix:
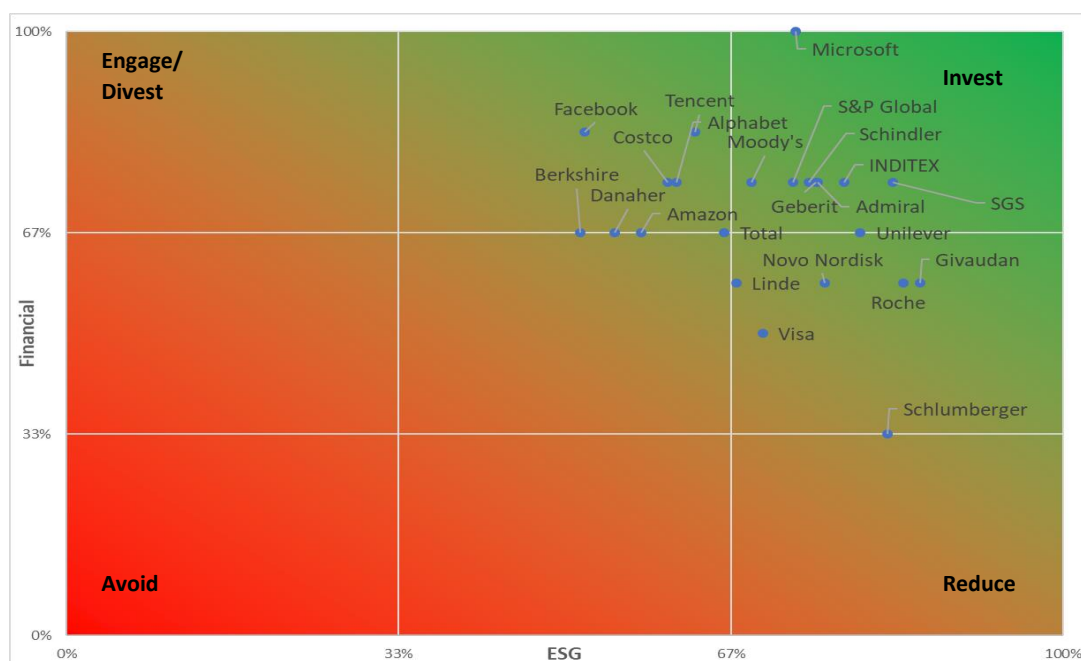
The specific metrics used to evaluate our targeted ESG considerations can differ across portfolios, depending on the relevance of the data available. Australian and particularly New Zealand stocks are generally much smaller in comparison to global peers. Their smaller size means that reporting standards differ and the level of ESG data available is not as extensive. For example, several companies in New Zealand do not declare their water use. In such cases we aim to use comparable information where relevant, contacting the companies directly for the information where possible.

Appendix

Factors for Global Shares:

Category	Polarity	Factor	Note
Environment	Negative	CO2 emissions (T) by unit sales	<Sector average
	Negative	Water use (m3) by unit sales	<Sector average
	Negative	Energy use (gj) by unit sales	<Sector average
	Negative	Waste production (T) by unit sales	<Sector average
	Positive	Use of renewable energy	Uses renewable energy
	Positive	Waste reduction	Reports on waste reduction
	Positive	Environmental Partnerships	With NGOs, government etc.
	Negative	Environmental Controversies	Subjective
	Positive	Materials Sourcing	Use of life cycle assessment etc
	Positive	Renewable Products	Supply renewables industry
	Positive	Sustainable Packaging	Subjective
Social	Negative	CEO Salary/Average Salary	<Sector Average
	Positive	Donations/Revenue	>0.07%
	Negative	Consumer Complaints	Presence in media
	Negative	Strikes that led to lost working days	Occurrence of factor
	Negative	Product Recall	Occurrence of factor
	Negative	Products causing social harm	Occurrence of factor
	Negative	Animal testing	Occurrence of factor
	Negative	Human rights, child labour, ethics, bribery controversies	Occurrence of factor
	Positive	CSR Awards	Award for CSR activities
Governance	Positive	Board independence	70% (MSCI median)
	Positive	Board experience	Avg. of 7 yrs (MSCI median)
	Positive	Board skill	60% (MSCI median)
	Positive	Succession planning	Presence of plan
	Positive	%Women Employees	35% (MSCI median)
	Positive	%Women Managers	25% (MSCI median)
	Positive	Skin in the game	CEO has skin in the game
	Positive	CSR disclosure	Publication of CSR report
	Negative	Voting Caps	Absence of factor
	Negative	Profit Warnings	Absence of factor
	Positive	Shareholder Return (5y TR)	>10%
Financials	Positive	Payout ratio	> Sector average
	Positive	ROE	> Sector average
	Positive	ROIC	>WACC
	Positive	ROA	> Sector average
	Positive	Current Ratio	> Sector average
	Negative	Net Debt/EBITDA	< Sector average
	Negative	Net Debt/Total Assets	< Sector average
	Positive	FCF margin	> Sector average
	Negative	Cash cycle/Combined Ratio/NIM	Relative to sector average
	Positive	Critical size (Market Cap)	Rothschild thresholds
	Positive	Sales growth	> Sector average
	Positive	EPS growth	> Sector average

		Environment			Social			Governance		Financial	Score
		Climate Change	Resource Use	Industry Specific	Product Externalities	Employee Wellbeing	Ethics	Board/Management & Diversity	Alignment of Interest		
		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	10.0%	10.0%	50.0%	

Column headers (left to right): Greenhouse Gas Emissions, Renewable Energy Use, Water Use, Energy Use, Total Waste, Waste Reduction Total, Environmental Partnerships, Environmental Controversies, Environmental Materials Sourcing, Renewable/Clean Energy Products, Sustainable Packaging (subjective), Consumer Complaints, Product Recall, SRI, Salary Gap, Strikes, Fundamental Human Rights ILO UN, Human Rights Controversies, Child Labor Controversies, Bribery, Corruption and Fraud Controversies, Business Ethics Controversies, Animal Testing, Animal Testing Reduction, Independence, Skill, Experience, Succession plan, %Women Employees, %Women Managers, Skin in the game, Voting Cap, Profit Warnings, CSR Disclosure, Cash Cycle, Critical Size (Mkt Cap.), Sales Growth, 1Y EPS Growth, Payout Ratio, ROE, ROIC, ROA, Current Ratio, Net Debt/EBITDA, Net Debt/Assets, FCF Margin, ESG Score, Financials, Total Score

Company	Sector	ESG Score	Financials	Total Score
Admiral Group PLC	Financials	38%		
Amazon.com Inc	Consumer Discretionary	29%	33%	62%
Berkshire Hathaway Inc	Financials	27%	33%	60%
Facebook Inc	Communication Services	26%	42%	68%
Total SA	Energy	34%	33%	67%
Geberit AG	Industrials	38%	38%	75%
Givaudan SA	Consumer Staples	43%	29%	72%
Alphabet Inc	Communication Services	31%	38%	68%
Industria de Diseno Textil SA	Consumer Discretionary	39%	38%	77%
Linde PLC	Materials	35%	29%	64%
Moody's Corp	Financials	35%	38%	73%
Microsoft Corp	Information Technology	38%	50%	88%
Novo Nordisk A/S	Health Care	38%	29%	67%
Roche Holding AG	Health Care	42%	29%	71%
Schindler Holding AG	Industrials	37%	38%	75%
SGS SA	Industrials	42%	38%	80%
Schlumberger NV	Energy	42%	17%	59%
S&P Global Inc	Financials	37%	38%	75%
Tencent Holdings Ltd	Communication Services	32%	42%	73%
Unilever NV	Consumer Staples	40%	33%	73%
Visa Inc	Information Technology	35%	25%	60%
Costco	Consumer Staples	31%	42%	73%
Danaher	Health Care	29%	33%	62%