

EQ Foundation Scotland Portfolio

Introduction to the sustainable strategy



Our approach

We are delighted to be partnering with Foundation Scotland to create an investment strategy that generates long term capital growth and creates sustainable outcomes.

1 Invest to avoid harm, and promote sustainable outcomes

The Foundation Scotland EQ X portfolio aims to invest across the spectrum of capital to promote sustainable outcomes. Across all funds, we aim to avoid harm (through excluding harmful sectors and companies with controversial behaviour).

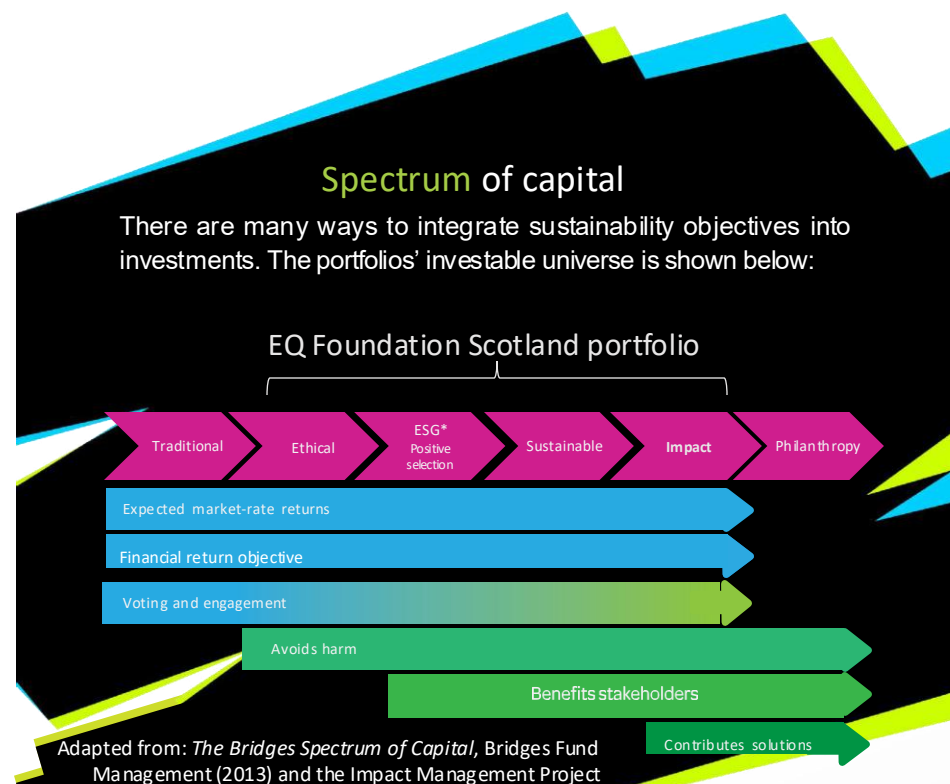
For the great majority of selected funds, we then require an additional sustainable objective that targets at least one of the three pillars of sustainability shown below:



This introductory brochure describes these pillars in detail and provides example holdings.

2 Stewards of sustainability

We actively engage for change, acknowledging the fact that there is no perfect company or asset manager. This way we continuously improve the positive impact of investments over time. We recognise that shareholders have power, and we put this to work in our stewardship strategy.



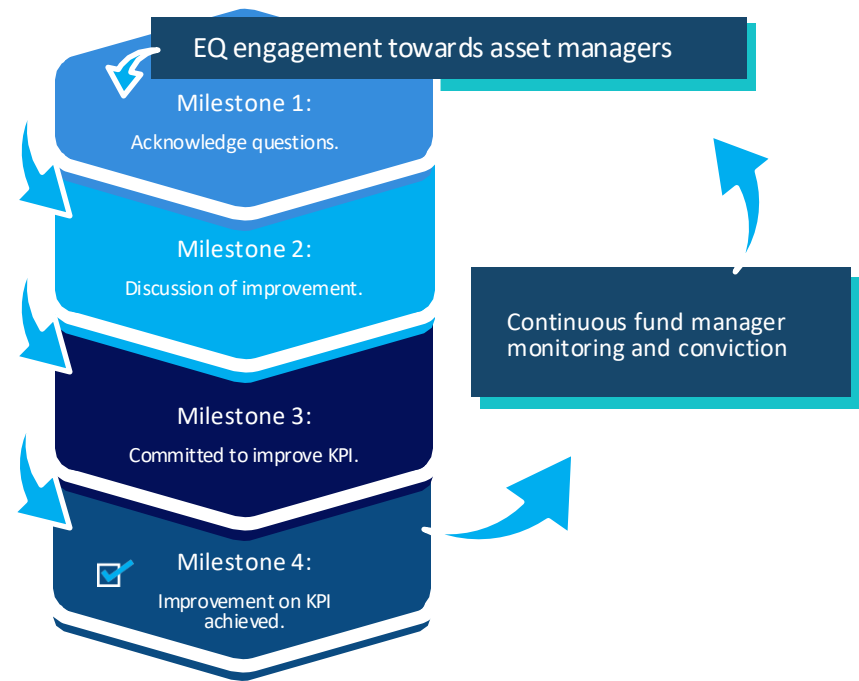
How EQ reports on engagement progress

EQ's stewardship strategy contributes to impact directly, but measuring engagement impact can be challenging.

In 2024, we focused on five themes to support the financial and sustainability objectives of the portfolios. To communicate engagement progress:

- For each theme we establish a checklist with key performance indicators (KPIs), highlighting best practice.
- Display successes in pushing for KPI improvements via progress milestones.

The diagram illustrates the reinforcing cycle: Our fund monitoring creates the initial assessment of a fund across the checklist of KPIs, and any weaknesses become engagement objectives. If our engagement is successful (Milestone 4), this is reflected in an updated checklist strengthening our conviction in the fund.



Dissecting sustainability outcomes

Avoid harm



Product involvement screens

We use data to apply sector or product involvement screens to remove exposures to:

- Adult entertainment
- Alcohol
- Armaments
- Fossil fuel extraction & production
- Gambling
- Thermal coal
- Tobacco



Avoid harm

Impact
solutions

ESG leaders

Climate focus

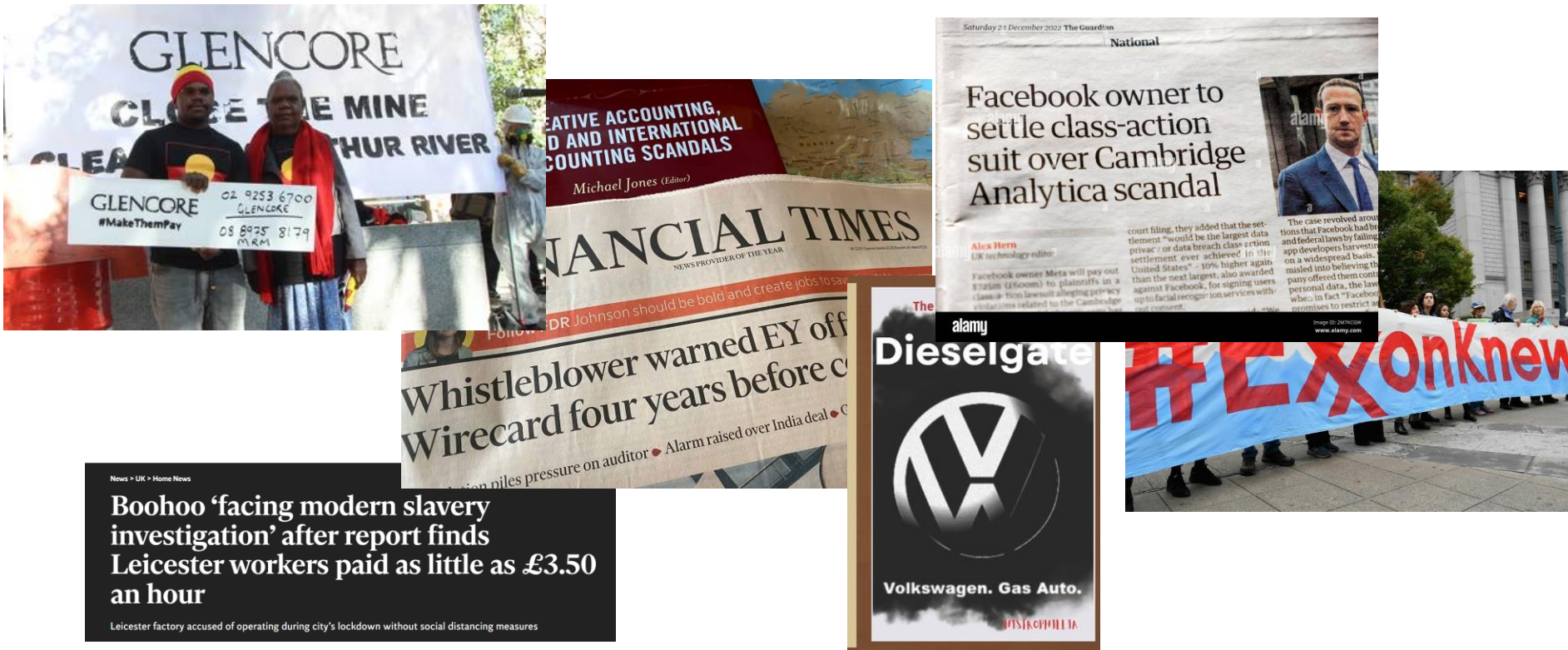
Certified



Corporation

Business conduct controversy

All funds are assed to provide a baseline avoidance of irresponsible business conduct and controversy



Avoid harm

Impact solutions

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Corporation

Dissecting sustainability outcomes

Lens one: Impact solutions



Impact solutions – investing for the goals

Positive solutions to unmet needs are organised within our four impact themes

Climate



Energy efficiency

Green bonds

Renewables

Sustainable transport

Sustainable infrastructure

Natural capital



Clean water

Restoration

Circular economy

Sustainable agriculture

Waste management

Health & well-being



Pharmaceuticals

Biotechnology

Managed care

Medical equipment

Healthy foods

Healthy lifestyles

Social inclusion



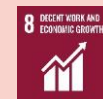
Financial empowerment

Education

Housing

Digital inclusion

Example UN Sustainable Development Goal alignments and representative associated impact metrics for each impact theme



Avoided

X tonnes

of CO2 emissions,
equivalent to taking X cars off the road

Recycled

X tonnes

of waste emissions,
equivalent to X homes' annual waste

Made

X medical interventions,

covering diagnostics, screens and treatments.

Gave

X people

in developing markets access to mobile
networks

Company case study



Extending the life of cystic fibrosis sufferers

Vertex Pharmaceuticals is a biotechnology company focused on developing innovative therapies for serious diseases, particularly CF and other genetic disorders. Through cutting-edge research and drug development efforts, Vertex aims to improve patient outcomes and quality of life by addressing unmet medical needs in underserved areas.

- Average lifespan for cystic fibrosis (CF) sufferers is 56 years
- Vertex's drug Trikafta has helped improved quality of life for CF patients
- Trikafta could increase the average lifespan of CF patients to 82.5 years



Avoid harm

Impact solutions

ESG leaders

Climate focus

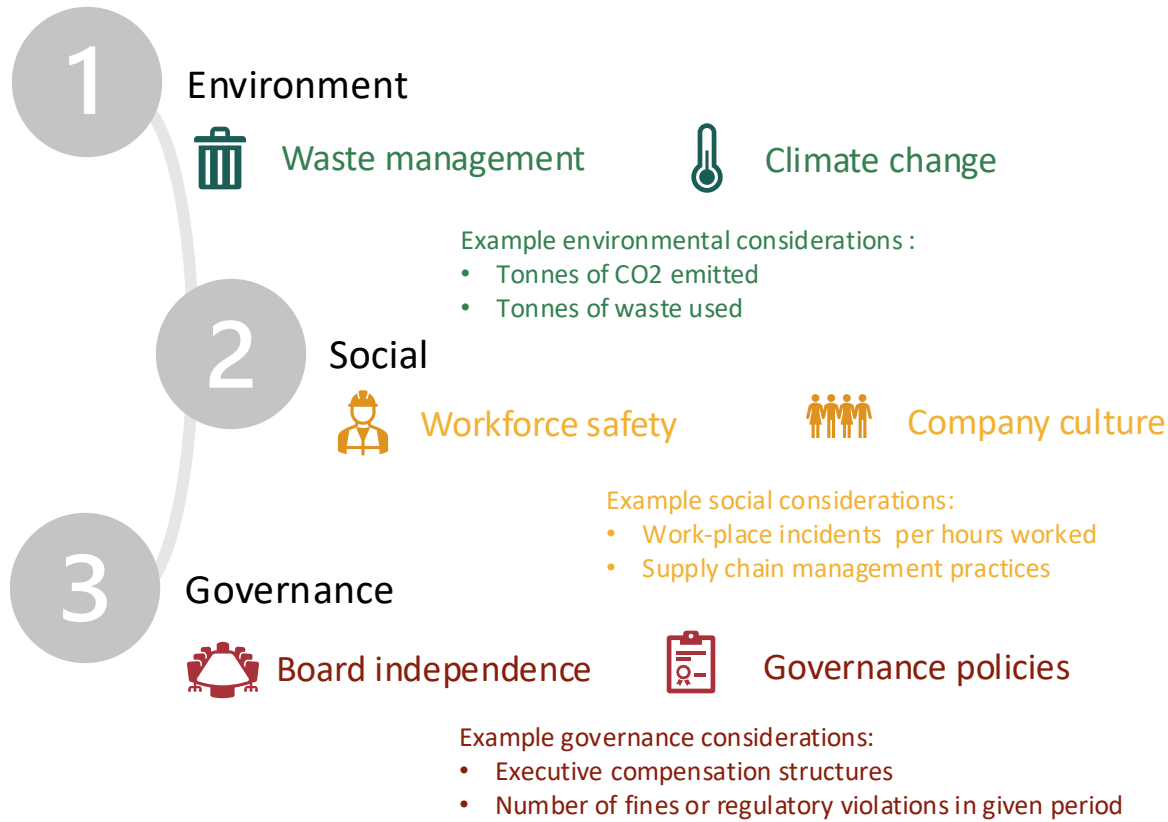
Dissecting sustainability outcomes

Lens two: ESG leaders



ESG leaders

Operational sustainability is summarised through environmental, social and governance ratings – ESG leaders are the top ranked companies



Avoid harm

Impact solutions

ESG leaders

Climate focus

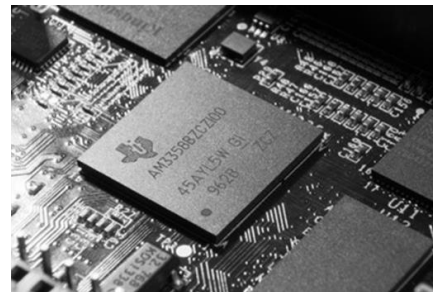
Here we show examples of ESG factors but the specific criteria assessed will depend on the company's industry, in order to be most material to the business model and most helpful in assessing their operational sustainability

Company case study

Energy efficient chips, responsibly manufactured

Texas Instruments (TI) designs and manufactures semiconductor products, including microchips. From electric cars to industrial machinery, its chips efficiently power various applications, enabling functions like computing, communication, and control. TI holds a AAA rating from MSCI ESG for its responsible business practices.

- Environment: Leader in managing water, energy and waste externalities from semiconductors
- Social: Responsible supply chain management, supporting human welfare & safety
- Governance: ESG is integrated in all board committees, which is independent and diverse members



Avoid harm

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Climate focus

Certified



Corporation

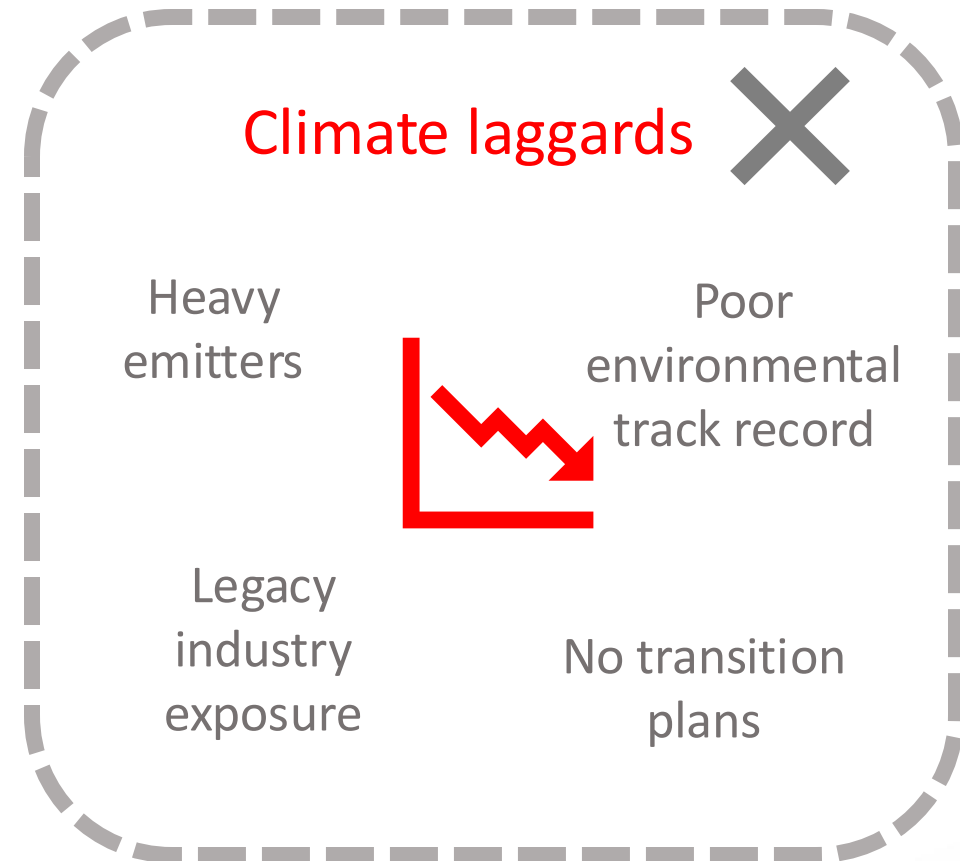
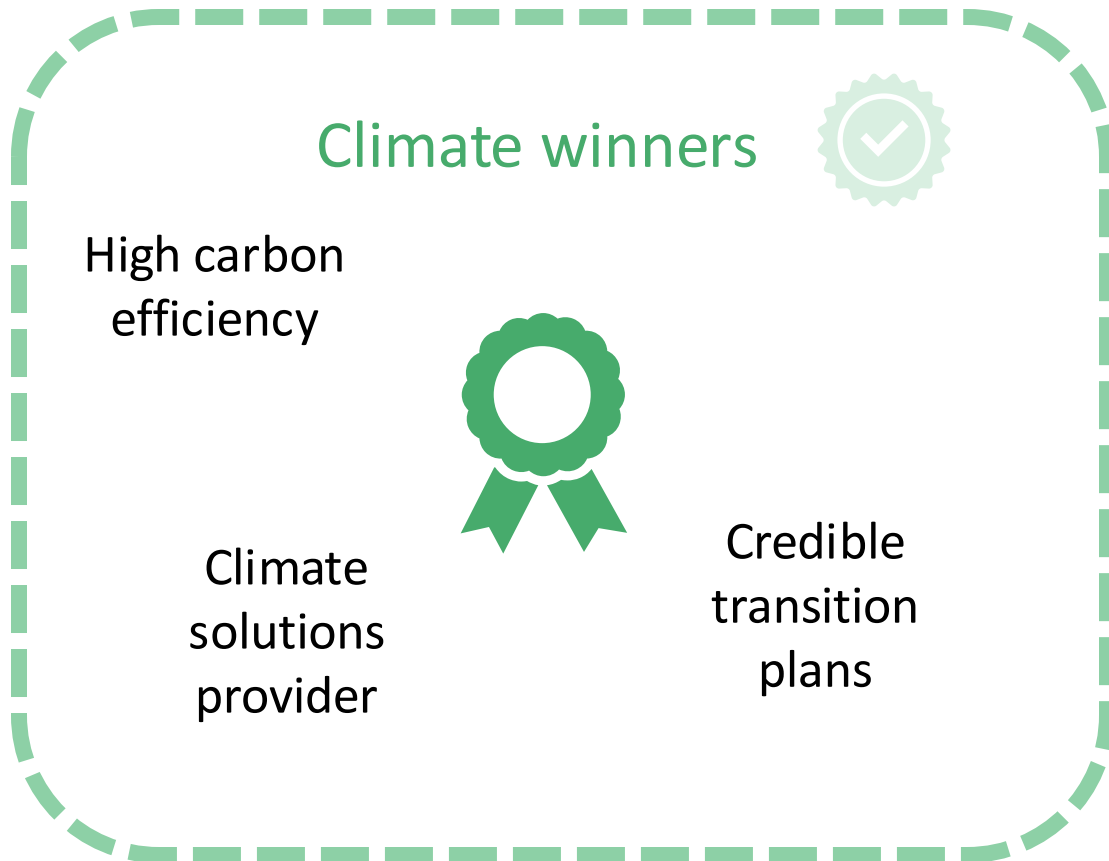
Dissecting sustainability outcomes

Lens three: Climate focus



Climate focus

Climate change will shape risks and opportunities across sectors and geographies.
Climate focus funds invest in climate winners and avoid climate laggards



- Avoid harm
- Impact solutions
- ESG leaders
- Climate focus

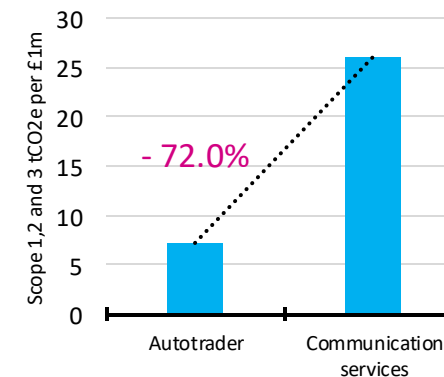
Company case study



Putting the brakes on carbon

Autotrader is an American online marketplace for buyers and sellers of new and used vehicles. Most of Autotrader's emissions come from downstream scope 3 emissions resulting from the use of sold products. In 2020, emissions from use of sold products equated to 302,267 tonnes of CO₂ equivalent.

- Company leads against its peer group on carbon footprint
- Emissions from sold cars now are 80% lower than in 2020 (achieved through EV and hybrid push)
- In its operations, 99% of electricity is sourced from renewables
- Science-based targets approved



Avoid harm

Impact solutions

ESG leaders

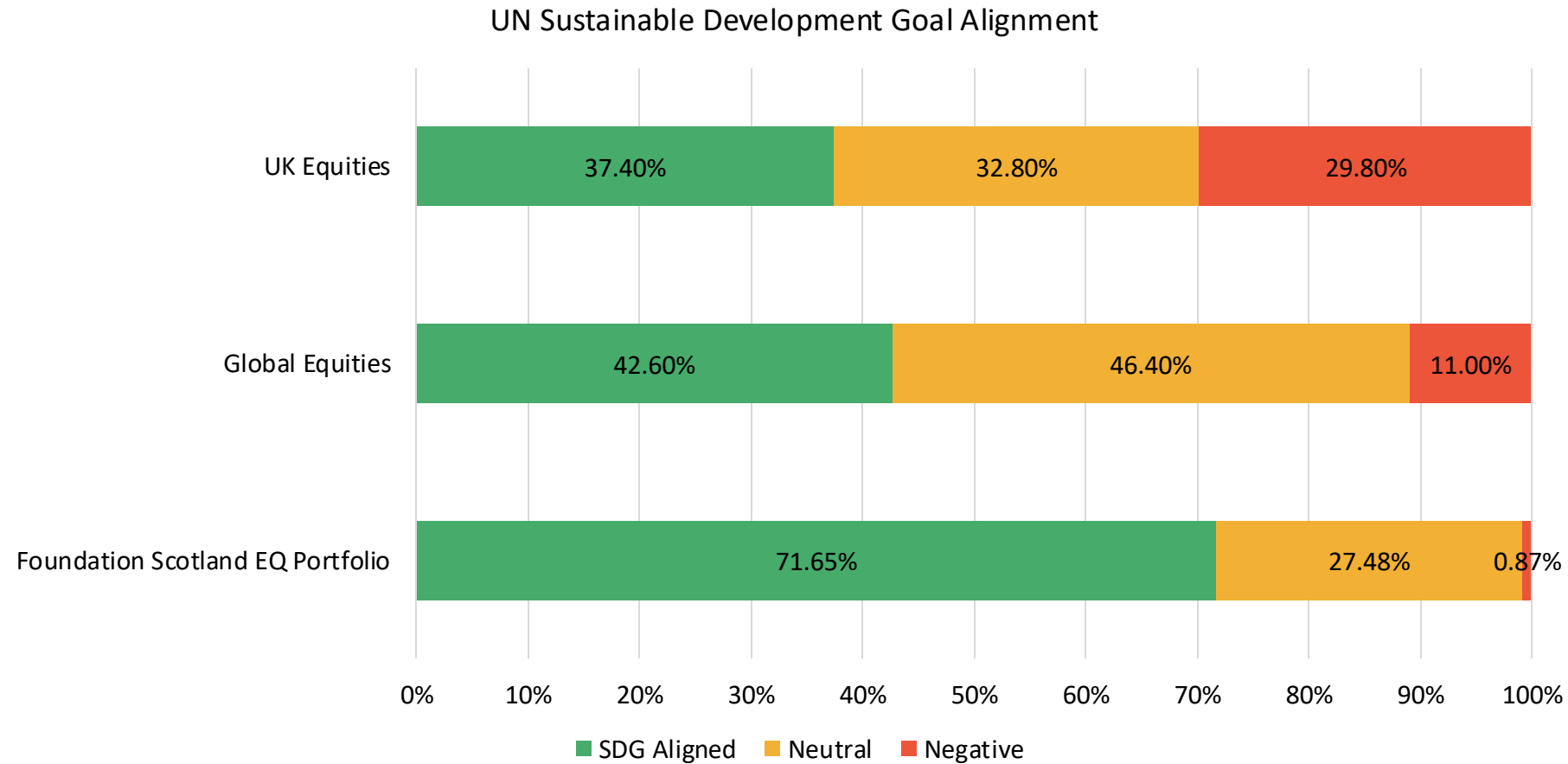
Climate focus



Sustainability reporting



UN Sustainable Development Goal Alignment

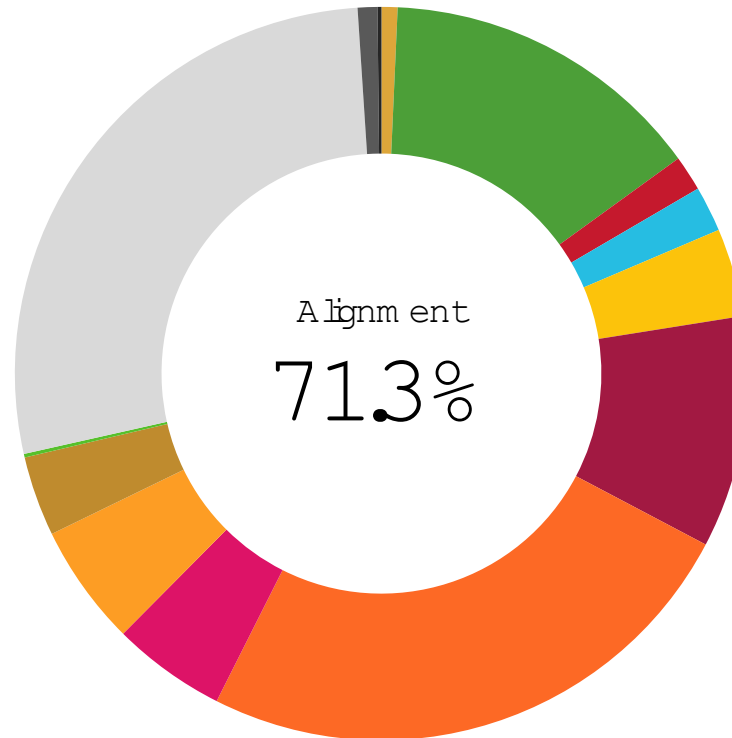


Alignment to UN Goals

Portfolio alignment with the UN Sustainable Development Goals

1	NO POVERTY	
2	ZERO HUNGER	0.7%
3	GOOD HEALTH & WELL-BEING	14.3%
4	QUALITY EDUCATION	1.6%
5	GENDER EQUALITY	
6	CLEAN WATER & SANITATION	2.0%
7	AFFORDABLE & CLEAN ENERGY	3.9%
8	DECENT WORK & ECONOMIC GROWTH	10.2%
9	INDUSTRY, INNOVATION & INFRASTRUCTURE	24.7%
10	REDUCED INEQUALITIES	5.0%

SUSTAINABLE DEVELOPMENT GOALS



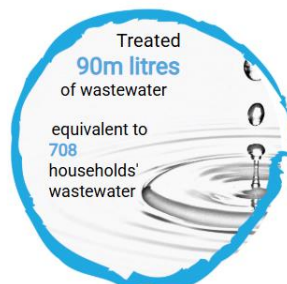
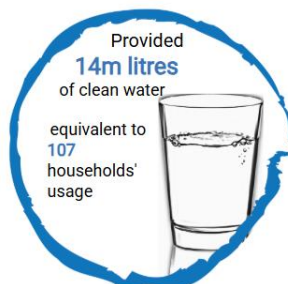
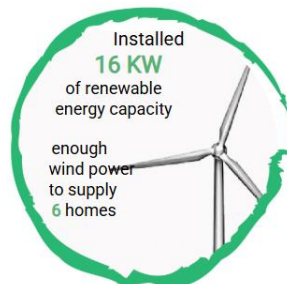
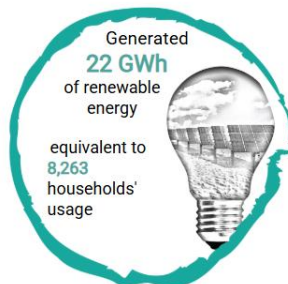
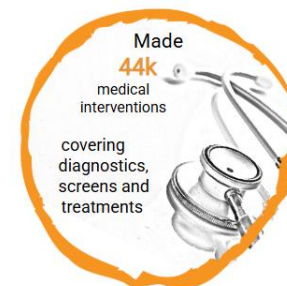
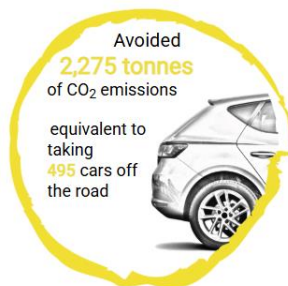
11	SUSTAINABLE CITIES & COMMUNITIES	5.4%
12	RESPONSIBLE CONSUMPTION & PRODUCTION	3.5%
13	CLIMATE ACTION*	
14	LIFE BELOW WATER	
15	LIFE ON LAND	
16	PEACE, JUSTICE & STRONG INSTITUTIONS	
17	PARTNERSHIP FOR THE GOALS	
	AVOID SHARM	27.5%
	CAUSE SHARM	0.9%
	UNMAPPED	

UN Sustainable Development Goals with no figure indicate that the portfolio has a 0% exposure; this is because either the Sustainable Development Goal presents very few investable opportunities, or that companies within the portfolio may give exposure to multiple goals and the more relevant goal has been selected.

Percentages may not add up to 100% as they are rounded to the nearest decimal.

*The Climate Action goal overlaps with some of our specific goals, so we have instead mapped our exposure to these.

Impact calculator: environmental and social



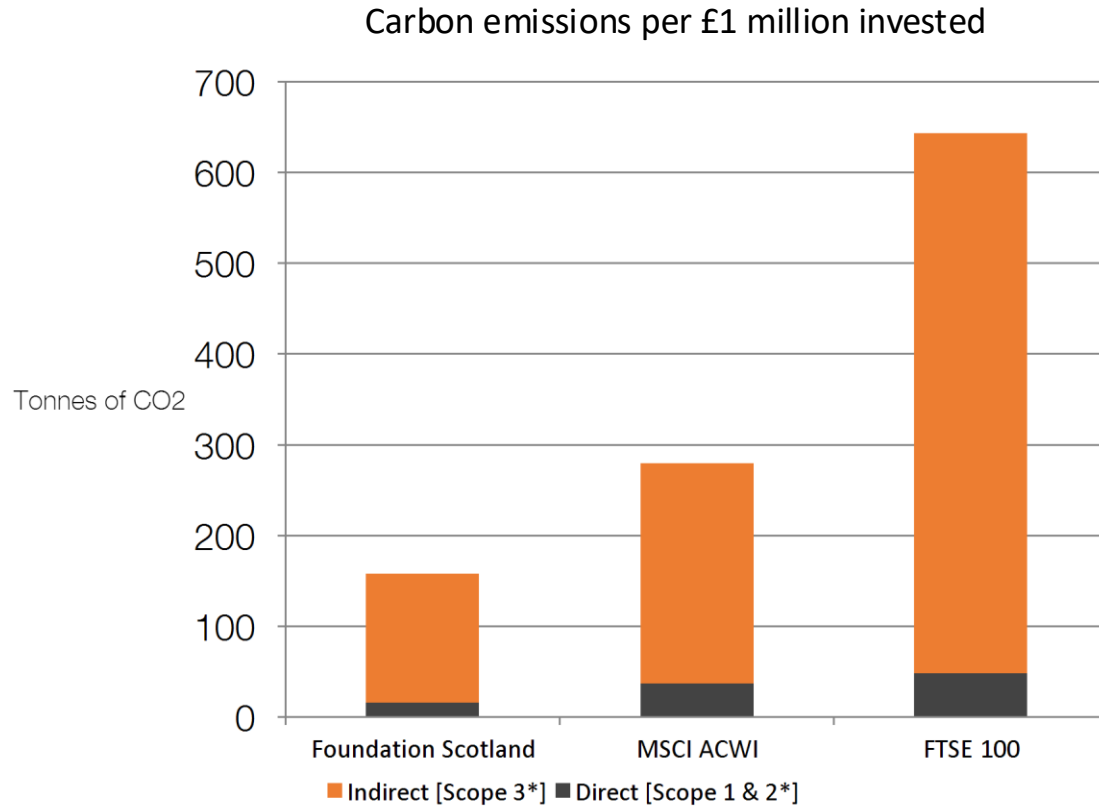
Investing (e.g. buying shares in a company) does not create these outputs and outcomes: they are instead generated by the activities of our underlying portfolio holdings. An investment can be associated with these measures based on company disclosures and share of ownership. The measures shown will differ depending on the amount invested and portfolio invested in. For an in-depth explanation of our methodology, please visit [Impact Calculator Methodology](#).

Top 20 holdings



#	Holding	Goal	Sector	Allocation
1	Microsoft Corp	9	Industry, Innovation and Infrastructure	3.54%
2	NVIDIA Corp	9	Industry, Innovation and Infrastructure	2.05%
3	TSMC	9	Industry, Innovation and Infrastructure	1.70%
4	Mastercard Inc	Avoids Harm		1.32%
5	Broadcom Inc	9	Industry, Innovation and Infrastructure	1.12%
6	Schneider Electric SE	9	Industry, Innovation and Infrastructure	0.90%
7	eBay Inc	9	Industry, Innovation and Infrastructure	0.81%
8	Eli Lilly and Co	3	Good Health and Well-being	0.81%
9	Linde PLC	12	Responsible Consumption and Production	0.80%
10	Apple Inc	Avoids Harm		0.80%
11	Intuit Inc	8	Decent Work and Economic Growth	0.70%
12	TE Connectivity Ltd	9	Industry, Innovation and Infrastructure	0.66%
13	Visa Inc	Avoids Harm		0.66%
14	Autodesk Inc	9	Industry, Innovation and Infrastructure	0.66%
15	Anthem Inc	3	Good Health and Well-being	0.63%
16	Gilead Sciences Inc	3	Good Health and Well-being	0.59%
17	Alphabet Inc	Avoids Harm		0.59%
18	Waste Management Inc	12	Responsible Consumption and Production	0.56%
19	McKesson Corp	3	Good Health and Well-being	0.54%
20	T-Mobile US Inc	9	Industry, Innovation and Infrastructure	0.52%






Carbon footprint



The carbon footprint of your portfolio is:

- 75.55% lower than the FTSE 100 index

That's equivalent to...

-  taking 106 passenger cars off the road or
-  saving 120 UK household's total energy usage or
-  823 flights from London to New York or
-  eating 121,464 beef cheeseburgers or
-  driving from London to Glasgow by car 5,398 times or
-  boiling the kettle 69,408 times

*Scope 1 & 2 represents direct emissions as well indirect emissions from electricity usage, Scope 3 shows other indirect generation.