



Tesco

SCR Report 2018

SDG Commitment
Media Reputation
Analyst Perception



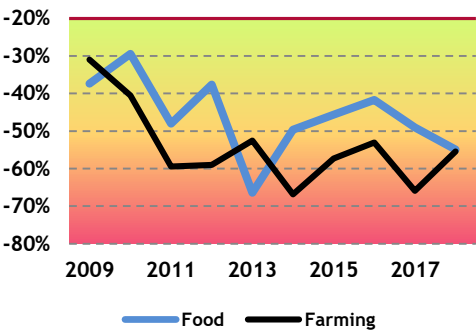
1. Corporate communication on the SDGs is increasing
2. The SDG brand is growing in visibility
3. Tesco has made a strong start on SDG visibility

- **Changing landscape requires action**
- **How Tesco can make use of the SDG trend**
- **SCR 500 results comparing 2018 with 2019**
- **Background**

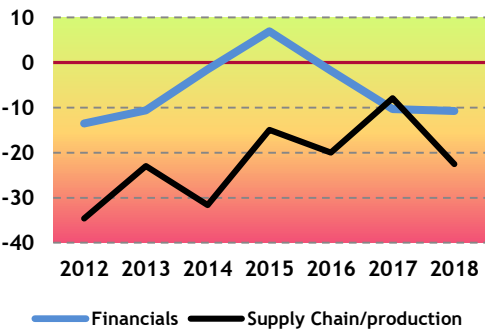
Embracing the “Coming Normal” to Stay Ahead of the Curve



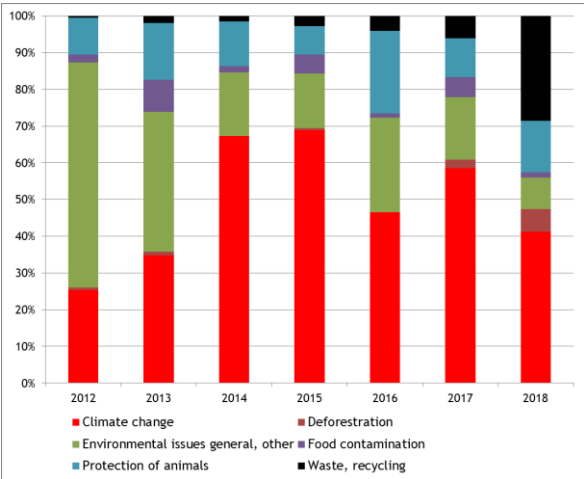
Trend 1: Food and farming industry under scrutiny



Trend 2: Media see retail sector under scrutiny on margins, reputation risks from supply chain linger



Trend 3: Plastic waste is emerging issue on the news radar



The **retail industry** is confronted with **significant and long-term perception changes**. Some of them are based in client areas, some in the supply chain, but most issues are directly linked with the industry.

In the supply chain, the **food industry** is experiencing the commoditization of organic food. This comes from increasing **negative coverage on scandals** in the food and farming industries including reports about health issues caused by processed food (e.g., obesity), controversy over labeling and fraud, and an increased focus on nutrition on popular consumer shows. This makes it more **difficult for farmers and food producers to operate within the old framework regarding the use of pesticides and genetically modified crops and food**. We also see a trend towards regional sourcing as a kind of backlash to the globalization of taste trends over several decades.

The retail industry is challenged by online giants like Amazon which are considered to be trend setters in all areas. However, the media is doubtful that Amazon and the logistics industry can deliver on sustainability.

Finally, with the UN Oceans conference in 2017 we saw a **global trend of negative news coverage on plastics** and micro plastics. This has had a direct impact on the chemical industry. Furthermore, we have seen an increase in negative coverage on water pollution by drugs.

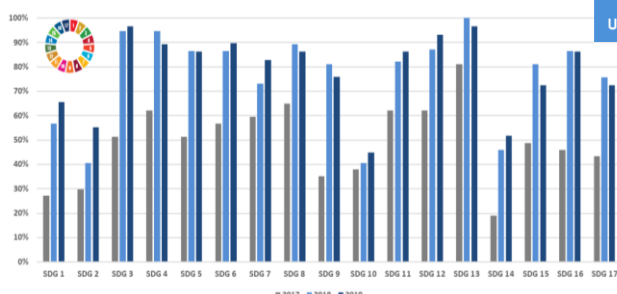
Evidence for a Large-Scale Shift in What Is Understood as Value Creation



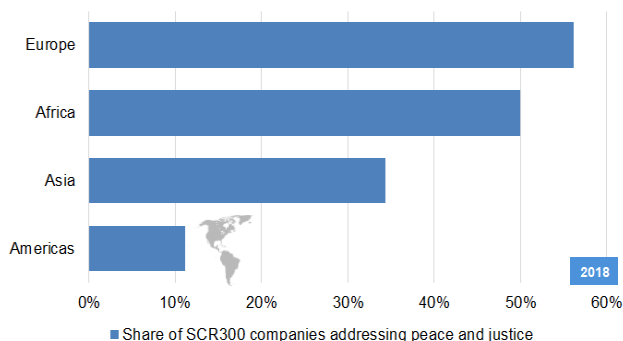
SUSTAINABLE DEVELOPMENT GOALS



Percentage of top companies discussing SDGs in their annual reports, 2017 - 2019



Share of SCR300 companies that address peace & justice



The United Nations' 17 Sustainable Development Goals (SDGs) provide a unique framework to map investment risks and opportunities on a global scale beyond culture, language, and political boundaries through 2030. It is the first time in history that targets and needs have been agreed on by a global community of more than 190 countries.

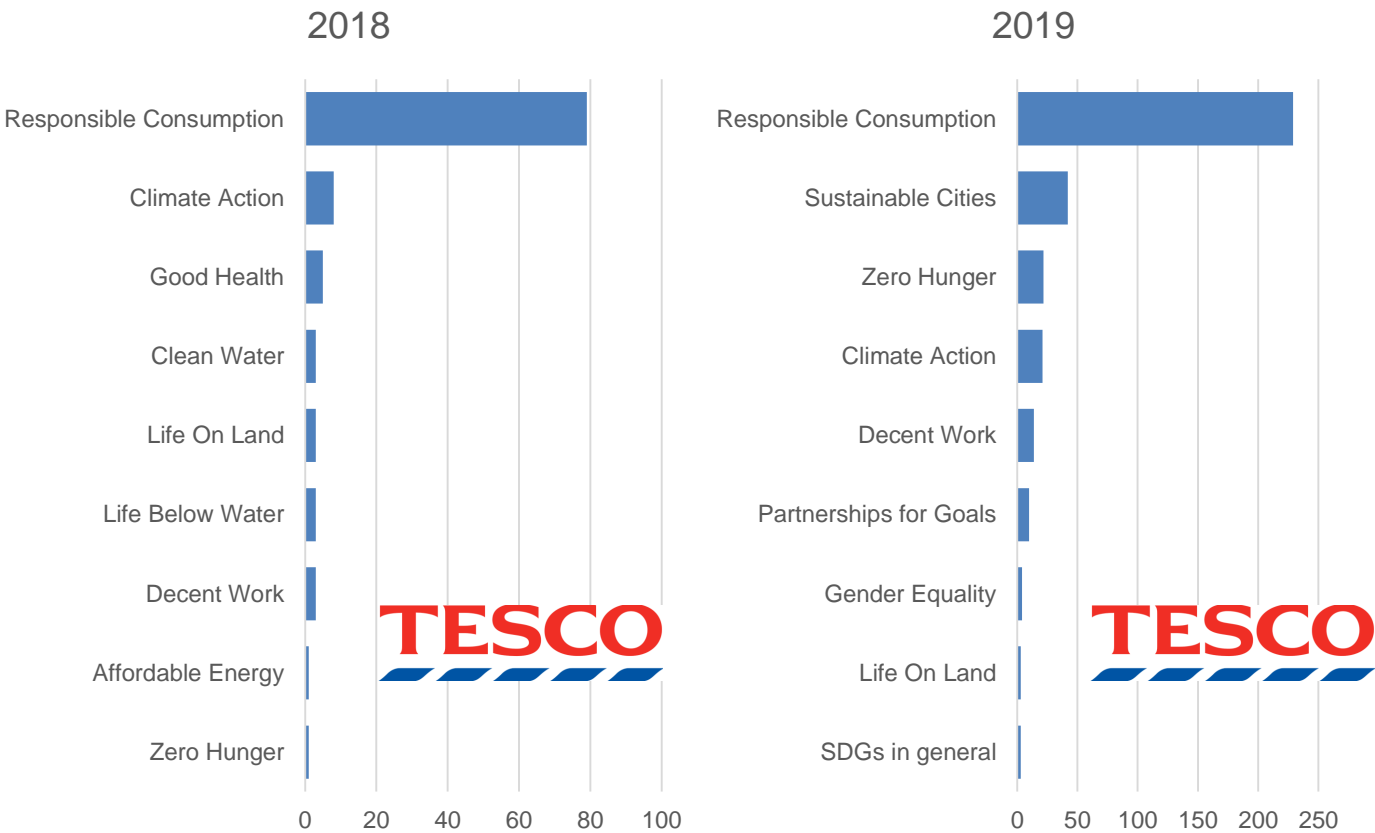
More than 85 percent of the largest global listed corporates on different continents have referred to sustainability issues in their recent annual financial reports, addressing one or more of the SDGs or its content. Mapping these strategic commitments in the financial reports provides investors and clients with a unique, additional layer to make better informed buying decisions, and investment allocations while gaining a "patience premium."*

Why does it make sense to align with the SDGs?

- Companies with better ESG scores on average have lower refinancing costs, higher product price margins, lower HR talent turnover, and more loyal customers.
- Asset managers that embrace the SDGs are increasingly seen as the better managers, especially with a younger and well-educated customer generation. Using the SDG agenda to promote change at clients and investments can help the financial industry become a catalyst of change.

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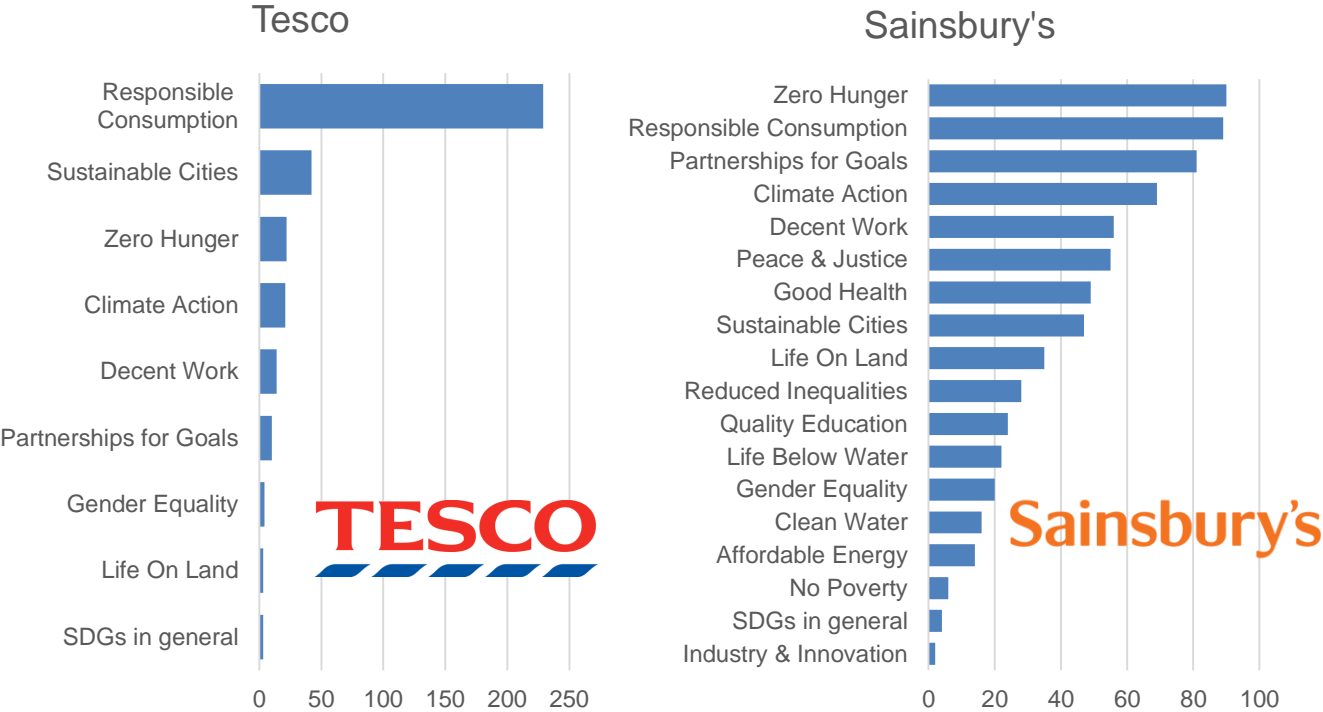
Tesco Has Boosted Its SDG Commitment Recently



Tesco more than tripled the volume of statements on the SDGs mentioned in its 2019 annual report compared to 2018. The number of different SDGs mentioned remained the same, although which SDGs were mentioned varied. Despite this, this overall performance places Tesco amongst those companies demonstrating a strong potential to be leaders on the SDGs in the future. While very few companies address all the SDGs in their annual reports, some do, so opportunities remain for Tesco to improve further.

Companies have quickly adopted the goals since their release in 2015. A prime reason for this is the growing demand of large institutional investors for impact investing. The SDGs are becoming a major global framework through which companies can demonstrate the importance of sustainability targets and measures to the financial community and all other stakeholders.

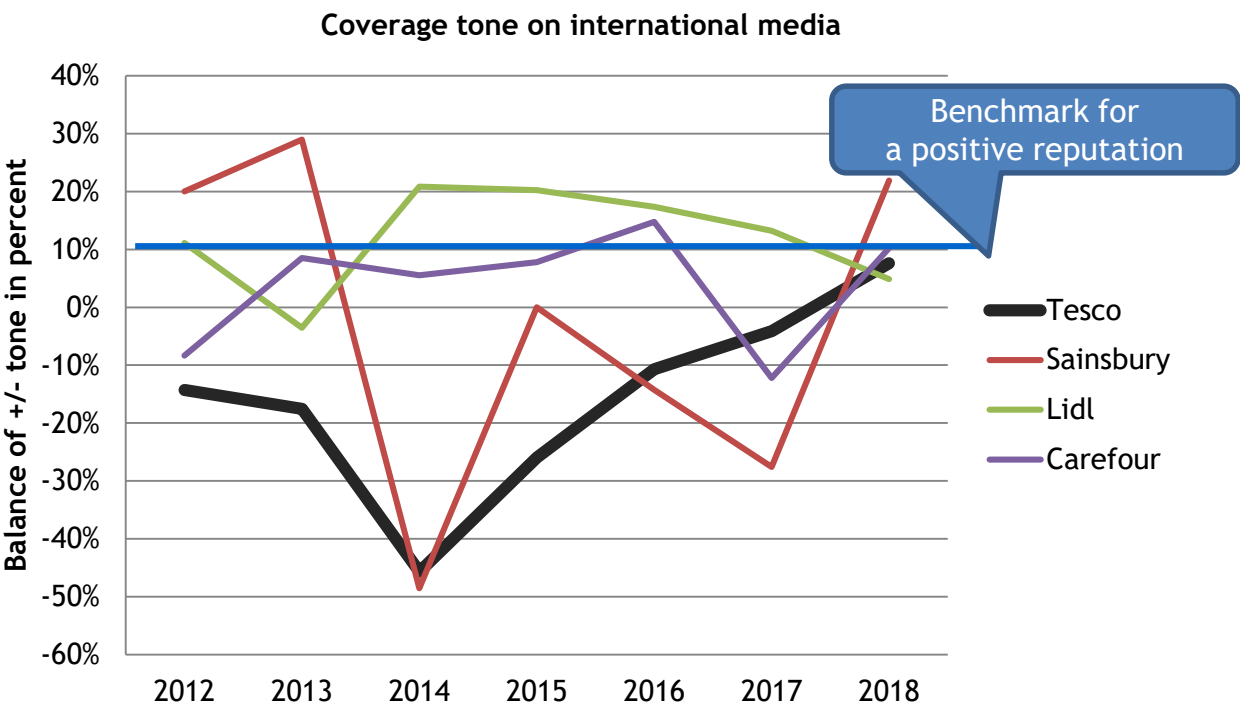
Sainsbury's Outpaces Tesco on SDGs Due to Topic Diversity



UNGSII's SDG commitment analysis displays how fast global blue chip companies have embraced the new framework. This allows for a common language with global stakeholders in reporting about strategic sustainability goals. Comparing Tesco and Sainsbury's on the SDGs shows that Sainsbury's outpaces Tesco on overall SDG visibility and on the diversity of SDGs addressed. However, Tesco's strong leadership on Responsible Consumption suggests the company has the potential to lead on a broader array of SDGs as well.

One of the promises of new technology is that the gaps between rich and poor, East and West, North and South can be overcome. Tesco could help address these gaps further by placing a strong emphasis on Zero Hunger, which is also in line with its business goals. Boosting its commitment to the other SDGs can also help reach a wider array of stakeholders and also attract the attention of those concerned about the ways corporations impact the life of communities and can help to promote equality.

Global Media: Tesco Finally Seen As Back On Track



Source: Media Tenor. Basis: reports on selected international companies in 47 international media. Total number of reports analyzed: 1,414,968

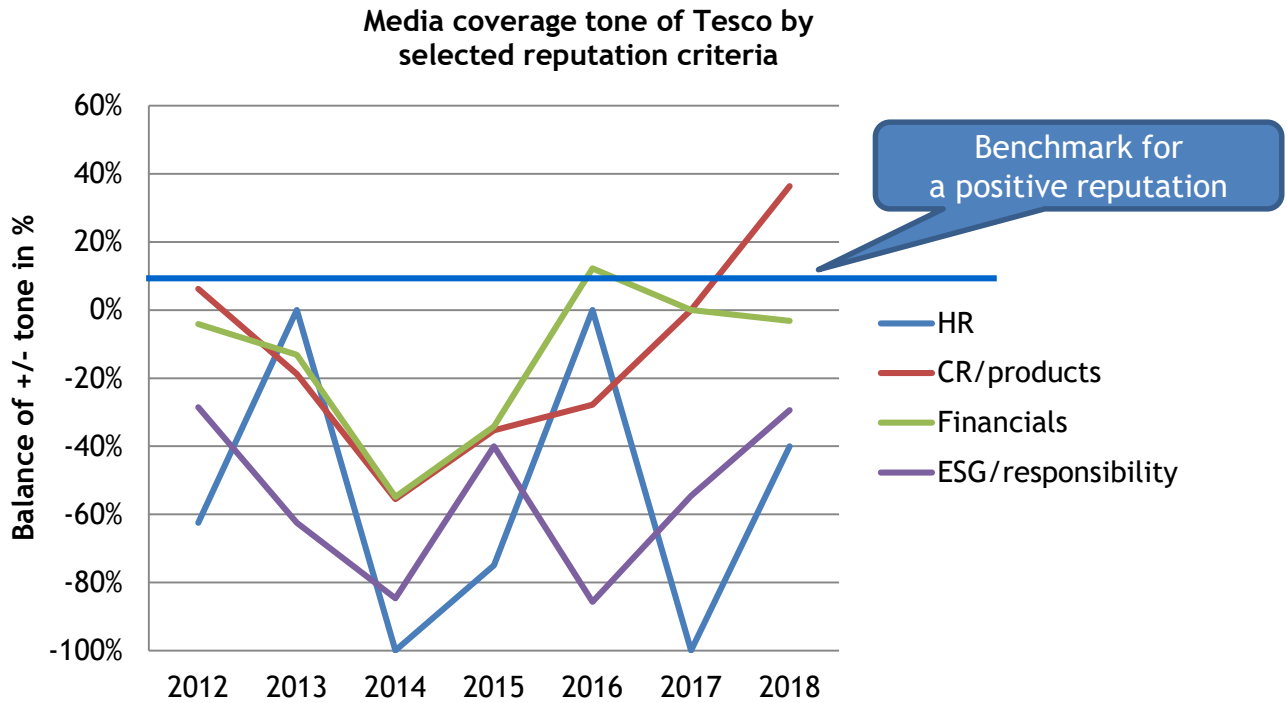
Opinion-leading global media set the frame for stakeholder perceptions of businesses. The benchmark for a favorable reputation is a minimum of +10 according to Media Tenor's research with Harvard professor Bob Eccles (Reputation and its risks, HBR 2007).

Tesco has seen significant adverse publicity since 2012 based on different issues. Rising competition from international discounters such as Aldi and Lidl, negativity linked with restructuring and job cuts, cyber attacks, and supply chain risks all dented Tesco's reputation. After the change at the helm

Tesco has been seen as taking the right steps in order to effectively compete with foreign discounters and increasingly take ESG requirements into consideration. The cuts in some Asian countries were linked with less negativities as Tesco was seen as in line with other global retailers that cut back in China due to distorted competition and other issues.

In terms of sustainability, Tesco is recognized as among the first large movers to foster electro mobility and put more emphasis on health requirements in its product portfolio.

Key Reputation Factors For Tesco On the Rise, but High Volatility Visible



Source: Media Tenor. Basis: 1,084 reports on Tesco in 47 international media

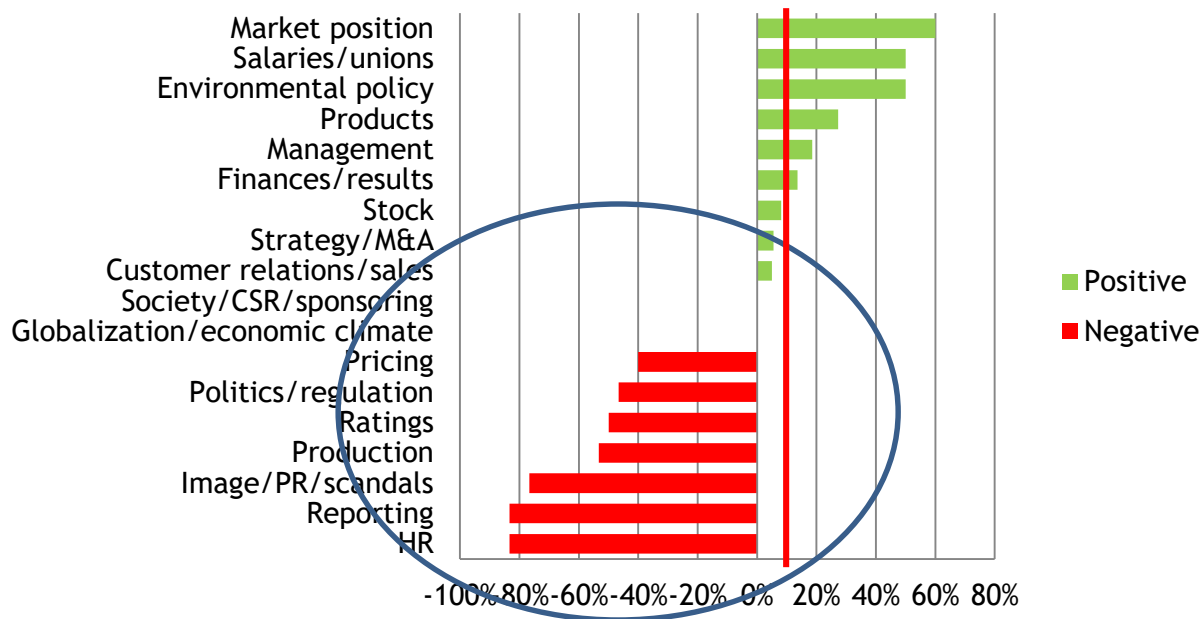
Reputation is the good name of a person or an organization that is built on experience. The experience, however, can be first-hand or picked up from media reports. The key reputation factors for Tesco have improved recently. However, the development has been rather volatile. The perception of a market leader in crisis in 2013/14 sent the media into alert mode, questioning to what extent certain measures would help to create more accounting transparency, more competitive offers to customers, and more sustainable products.

The perception of financial progress has recovered in a way that the media no longer sees a strong risk of Tesco being forced out of the market or taken over. The image regarding product and service delivery, including pricing, has improved as well. In terms of HR, news about job cuts have, as expected, attracted negativity. However, with new projects and a larger footprint in the digital world, Tesco can communicate job opportunities for specific skill sets. Regarding Environmental, Social and Governance (ESG) issues, the picture is still volatile but showing progress.

Efforts To Become More Sustainable Have Been Recognized



Media coverage tone Tesco 2016-2018
by reputation criteria



Source: Media Tenor. Basis: 350 reports on Tesco (incl. management and subsidiaries) in 47 international media

A balance of more than 10 percent of positive over negative tonality marks a good reputation. Everything below indicates untapped potential or the potential for persistent risk. The analysis of 350 stories on Tesco in opinion-leading international media in 2016-2018 displays strengths and highlights areas for improvement.

The media recognizes progress on ESG issues like environmental policy. Journalists have noted that Tesco finally is fighting back where aggressive discounters like Aldi and Lidl

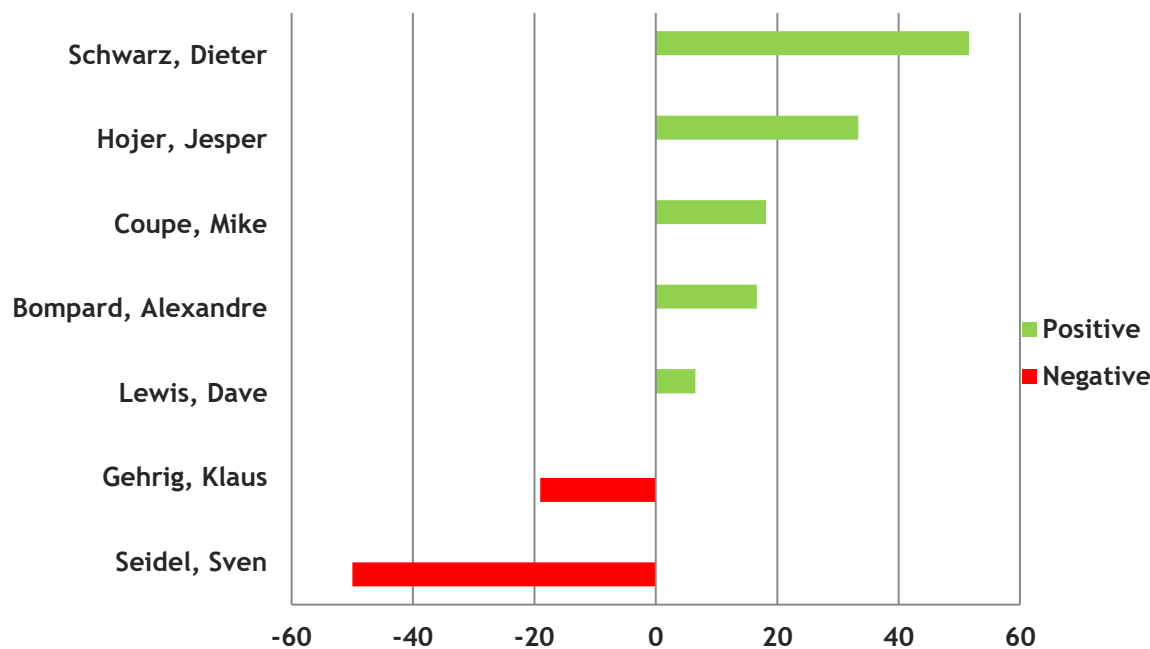
have taken away market share from Tesco. Despite hard cost-cutting measures, management has won credit for being effective and finding a recipe to stop the financial and market share drain. Introduction of new services has been lauded as well and the media have more often found reason to report favorably on stock price development than otherwise.

A number of challenges are still visible as well, including supply chain, pricing competition, regulation, data security, and future jobs.

Lidl Said To Be a Revolving Door For Leaders



Media coverage tone Retail CEOs 2014-2018



Source: Media Tenor. Basis: 193 reports on selected CEOs in 47 international media

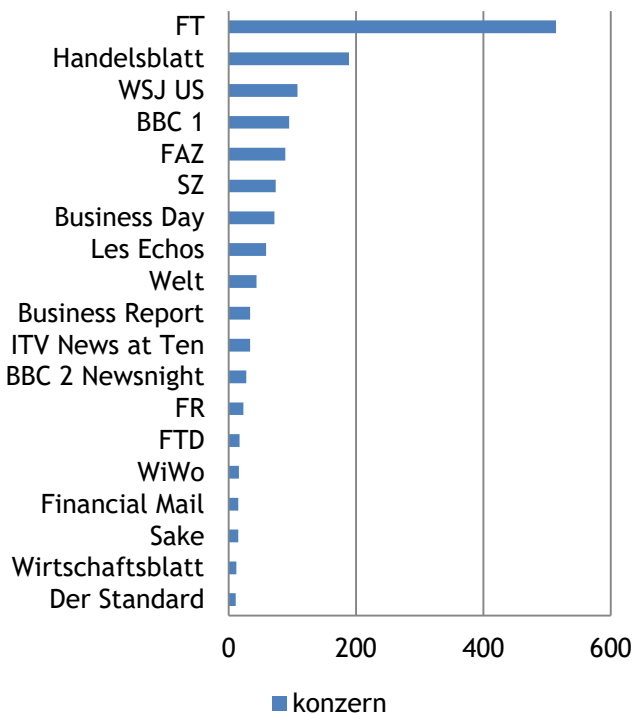
Senior management reputation has become an integral part of corporate reputation and vice versa. Despite aggressive cost cutting and turnaround management efforts by Dave Lewis, his media image is positively balanced. So the media acknowledges his progress where his predecessors were said to be slow or ineffective in responding to challenges like low-cost competition from Europe, digitalization, e-commerce, logistics and supply chain, and regulation.

Despite its success in terms of growth and global market share, Lidl from Germany is said to be a revolving door for top managers. The owner, Dieter Schwarz, is credited with the group's success. The top managers have been facing criticism from various issues. However, none of the CEOs and chairmen listed above – so far – is recognized as a leader on sustainable consumption and retailing.

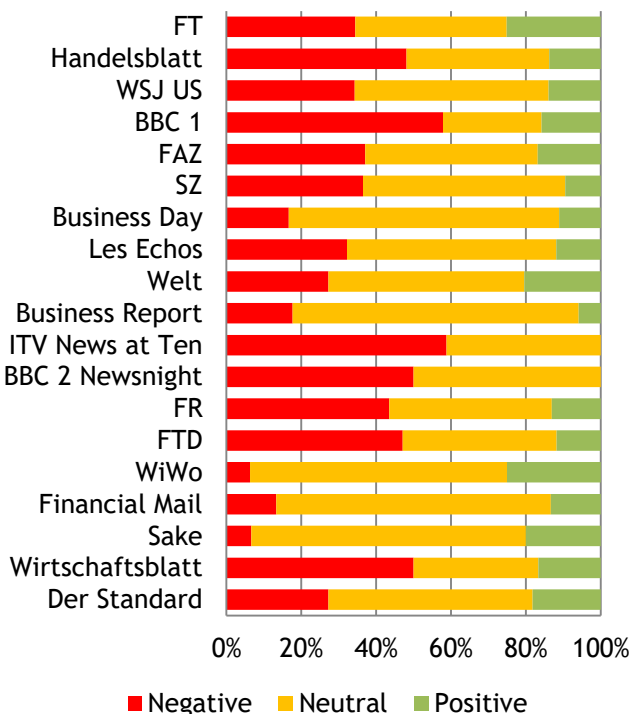
Scandals and Past Crisis Have Left Their Marks On Tesco's Image In Various Media



Share of media coverage
2012-2018



Tone of media coverage on Tesco
2012-2018



Source: Media Tenor. Basis: 100% = 1,543 reports on Tesco in 60+ international media;
not all media were completely analyzed

About five years ago opinion-leading global media were asking whether Tesco would face the same destiny as many other traditional corporate leaders that forgot to adapt to changing parameters. This came at a time of significant losses in market share against German competitors Aldi and Lidl and increasing visibility of difficulties in some Asian markets. On top of this, the accounting scandal and later on a hacking attack against Tesco Bank exposed the group to significant adverse publicity and dented trust in the

former industry leader. The long-term analysis of opinion-leading media shows that the share of negative coverage has reached or exceeded 50 percent in a number of outlets. The image profile has improved in recent year along with successful turnaround efforts. However, the main driver so far has been the financial recovery. This leaves room for a more distinguished profile on ESG issues. The UN SDG framework has been embraced by Tesco already and can be used to guide stakeholders on the progress.

Identifying Journalists That Shape the Industry's Perception



Important Journalists Retail Industry Coverage (selection 2016-18)

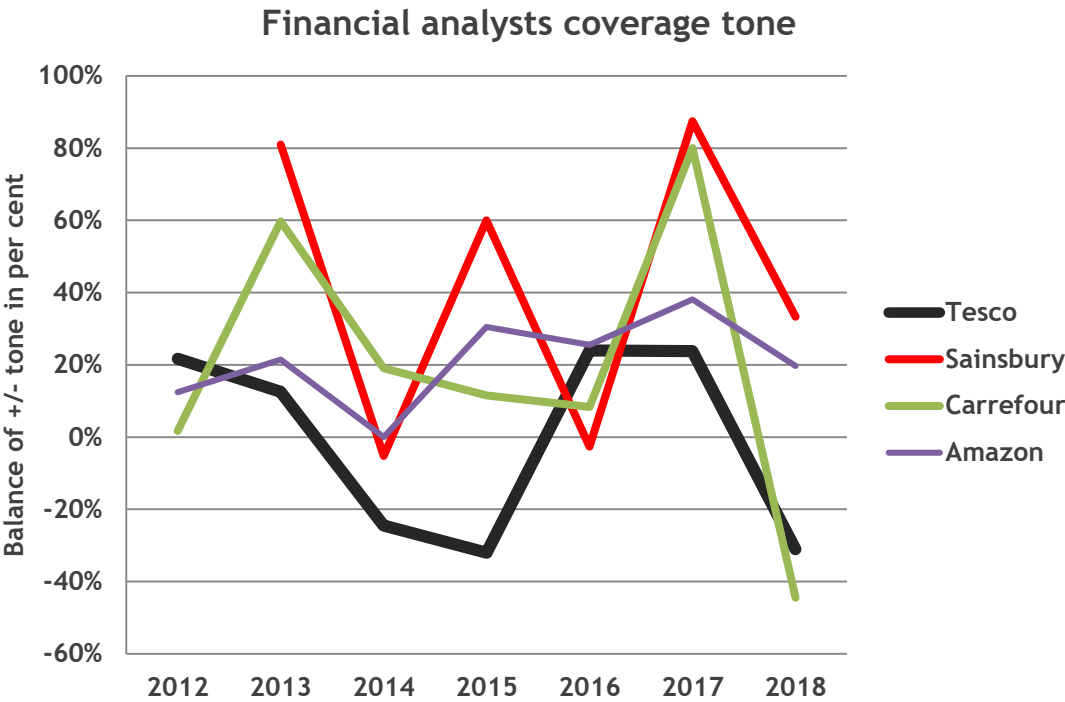
autor	Medium	Number_of_reports	AverageRating
Kolf, Florian	Handelsblatt	557	-1,26
Kläsgen, Michael	SZ	517	-21,86
Gassmann, Michael	Welt	334	-8,08
Hielscher, Henryk	WiWo	225	-24
Kapner, Suzanne	Wall Street Journal US	186	-25,27
Stevens, Laura	Wall Street Journal US	173	48,55
Weishaupt, Georg	Handelsblatt	147	12,24
Koch, Brigitte	FAZ	145	11,72
Lindner, Roland	FAZ	141	34,75
Nassauer, Sarah	Wall Street Journal US	141	15,6
Kapalschinski, Chrtistoph	Handelsblatt	139	-1,44
Elder, Bryce	FT	133	15,79
Dierig, Carsten	Welt	126	-3,17
Holt, Lester	NBC Nightly News	122	-22,13
Jansen, Jonas	FAZ	122	42,62
Edwards, Hugh	BBC One Ten o' Clock News	99	-51,52
Badkar, Mamta	FT	98	0
Haddon, Heather	Wall Street Journal US	97	10,31
Safdar, Khadeeja	Wall Street Journal US	92	1,09
Gassmann, Michael	WamS	81	-17,28
Hohensee, Matthias	WiWo	78	11,54
Kainrath, Verena	Der Standard	78	1,28
Doll, Frank	WiWo	75	46,67
Blanco, Ana	TVE 1 Telediario-2	75	17,33
Scharrenbroch, Christine	FAZ	74	27,03
Martin-Jung, Helmut	SZ	71	12,68
Gottfried, Miriam	Wall Street Journal US	69	-56,52
Mueller, Benedikt	SZ	69	-42,03
Busse, Caspar	SZ	69	11,59
Werner, Kathrin	SZ	68	4,41

Source: Media Tenor. Basis:29,653 reports on the retail industry in 47 international media

Media Tenor helps to identify opinion-leading journalists that shape the perception of a company or even an entire sector. Influence comprises not only the volume of coverage, but other aspects such as the tone of coverage, key issues and their relationship with broader business, societal, and political contexts. Understanding the perspective of key

journalists and their views is pivotal to shape the narrative on companies. Who is writing and broadcasting on gender equality, wages, autonomous driving, big data, reducing carbon emissions, e-mobility, corporate culture and values...? Media Tenor's data base gives answers to many of these questions and helps companies to connect.

Amazon Nowadays Often Used As Benchmark



Source: Media Tenor. Basis: 461,636 statements by cited analysts in total

The citations of financial experts in opinion-leading global media are an integral part of forming the narratives on blue chip companies that inform future expectations.

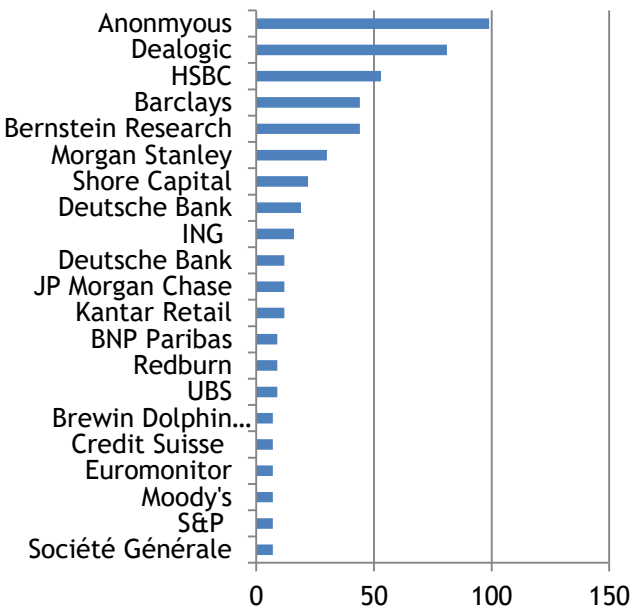
Media Tenor's examination of the analyst narrative on leading retail companies demonstrates the progress Tesco has been making in rebuilding trust between 2015 and 2017. Brexit-related uncertainty, however, has added to new woes in 2018.

The biggest current challenge for retailers at present is the Amazon frame. The U.S. online retailer has become the most frequently reported on company in the industry in a number of global media markets. As a consequence, journalists compare the steps of traditional players like Tesco or Otto Group from Germany with moves from Amazon. Often, this comes with a negative bias against traditional players. The challenge today is to prove what they can do better.

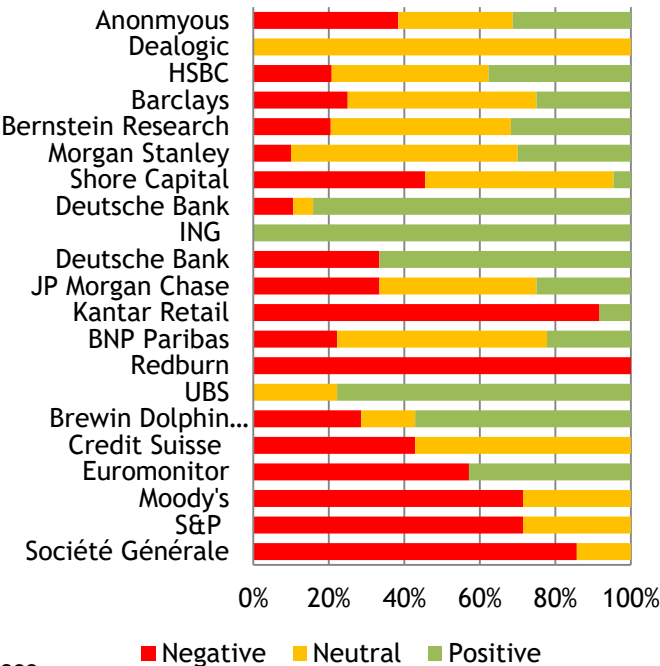
Financial Analysts – Deutsche, ING, UBS Laud Progress



Volume of analysts' citations on
Tesco 2012-2018



Tone of coverage 2012 - 2018



Source: Media Tenor. Basis: 602 analyst citations on Tesco

Financial analyst quotations usually have a positive bias. Their opinion informs the markets and when they are quoted in opinion-leading financial media like the Financial Times and The Wall Street Journal, they can trigger a broader perception change. A prominent example in history was the negative analyst coverage on Mercedes-Benz after the newly launched A-Class failed in a driving stability test. Even though Mercedes fixed the issue with the help of an innovative assistance tool not previously seen in compact cars, the markets were hesitant to give Mercedes a thumbs-up for the stock.

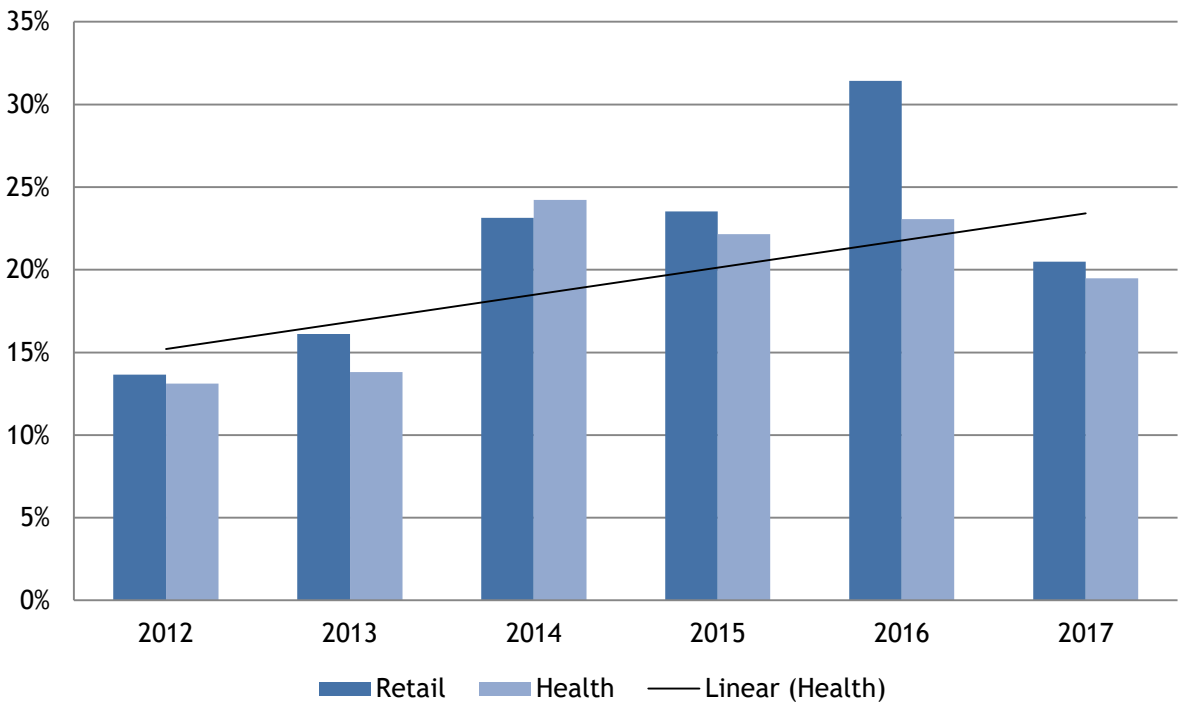
An analyst study containing a number of arguments that stressed the innovative character of the solution and the market potential of the car was featured by German Handelsblatt and paved the way for a larger turnaround in analyst quotes that drove the stock price up.

Tesco has seen some support from analysts in recent years, highlighting the turnaround efforts. However, it needs to broaden awareness of its SDG efforts to make clear it creates more customer value than Amazon with its narrow focus on costs and speed.

ESG Issues Considered to be of Rising Importance by Analysts



Share of ESG-related coverage in analysts' statements

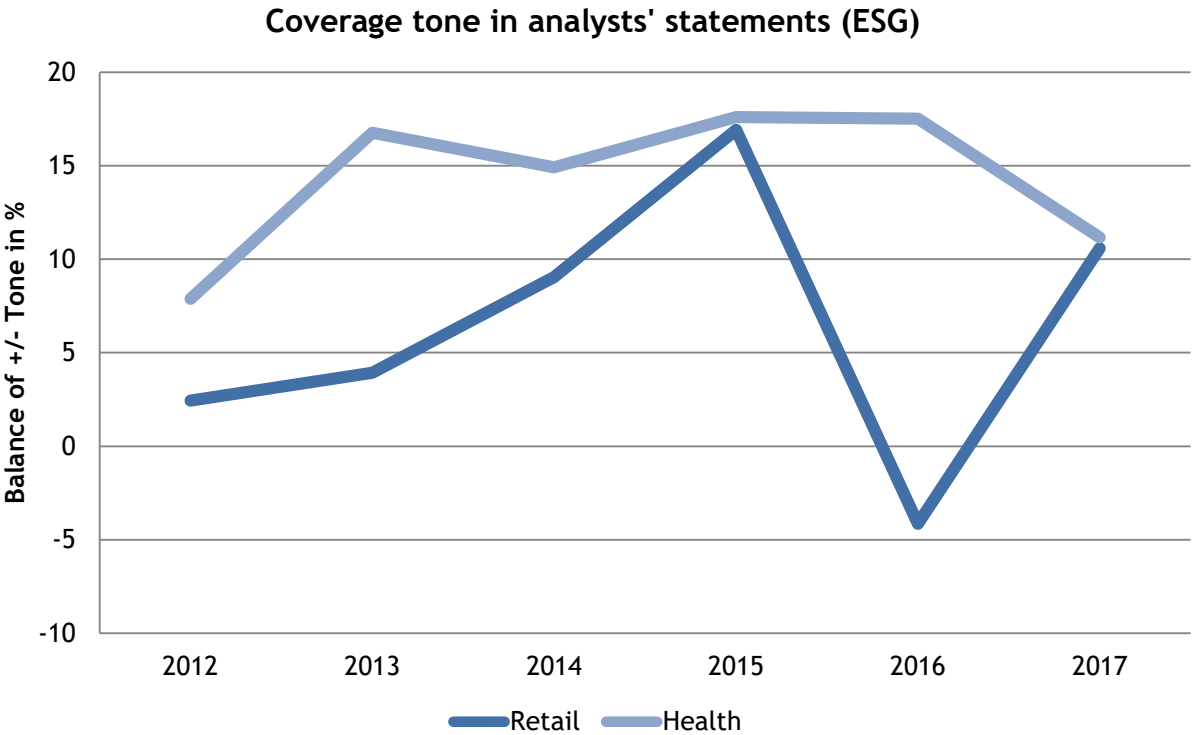


Source: Media Tenor. Basis: 490,548 statements by cited analysts in total

Until the global financial crisis, financial analyst statements on most industries didn't emphasize the role of Environmental, Social, and Governance issues. The energy sector was one of the view exceptions. In recent years, analysts have become more aware of the value-creating potential of ESG factors. Empirical studies from academics like Prof. Bassen (Hamburg) and Eccles (Boston) have clearly documented the role of ESG in creating extra value for investors and lowering risks.

The analysis of statements on the retail sector shows a clear rise in the share of ESG-related statements since 2012. ESG issues comprise numerous individual efforts and topics. Material ESG factors in the retail industry are product quality and product safety (see: e.g. Cornerstone Capital Group, Global Markets Strategy, research). But climate protection and rising controversy over plastics, minimum wages, human rights issues in the supply chain and the hunt for digitalization specialists are framed as challenges.

ESG-Related Coverage Tone Indicates Analysts Unclear on ESG Progress

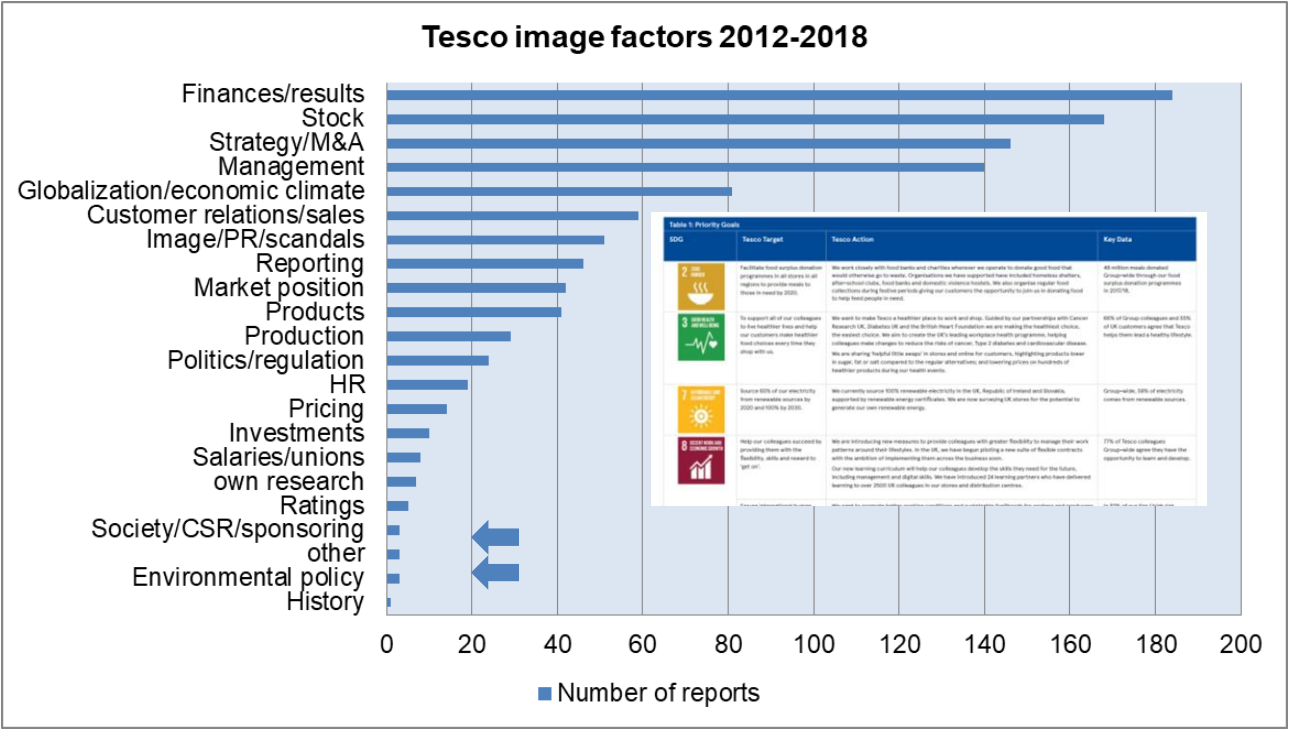


Source: Media Tenor. Basis: 490,548 statements by cited analysts in total

There is a rising amount of academic and non-academic evidence that proper ESG strategies help to create additional value. The ESG-related tone in analyst citations on the retail sector has been mostly favorable in recent years. However, the tone is far from enthusiastic about what is going on in the industry. Food scandals

have taken a toll on the perception of the industry and controversies over health risks have been visible. This could be an indicator that analysts are unclear on the ESG progress that is necessary to ensure the license to operate remains intact for an industry that is so close to daily life.

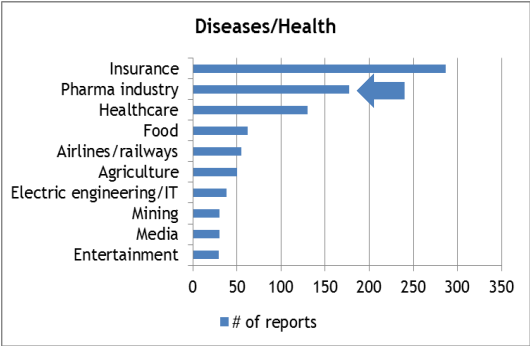
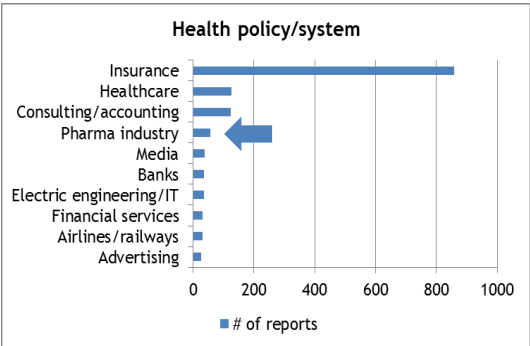
Helping Tesco to Increase Acceptance With the Help of the SDGs



Source: Media Tenor, Tesco website

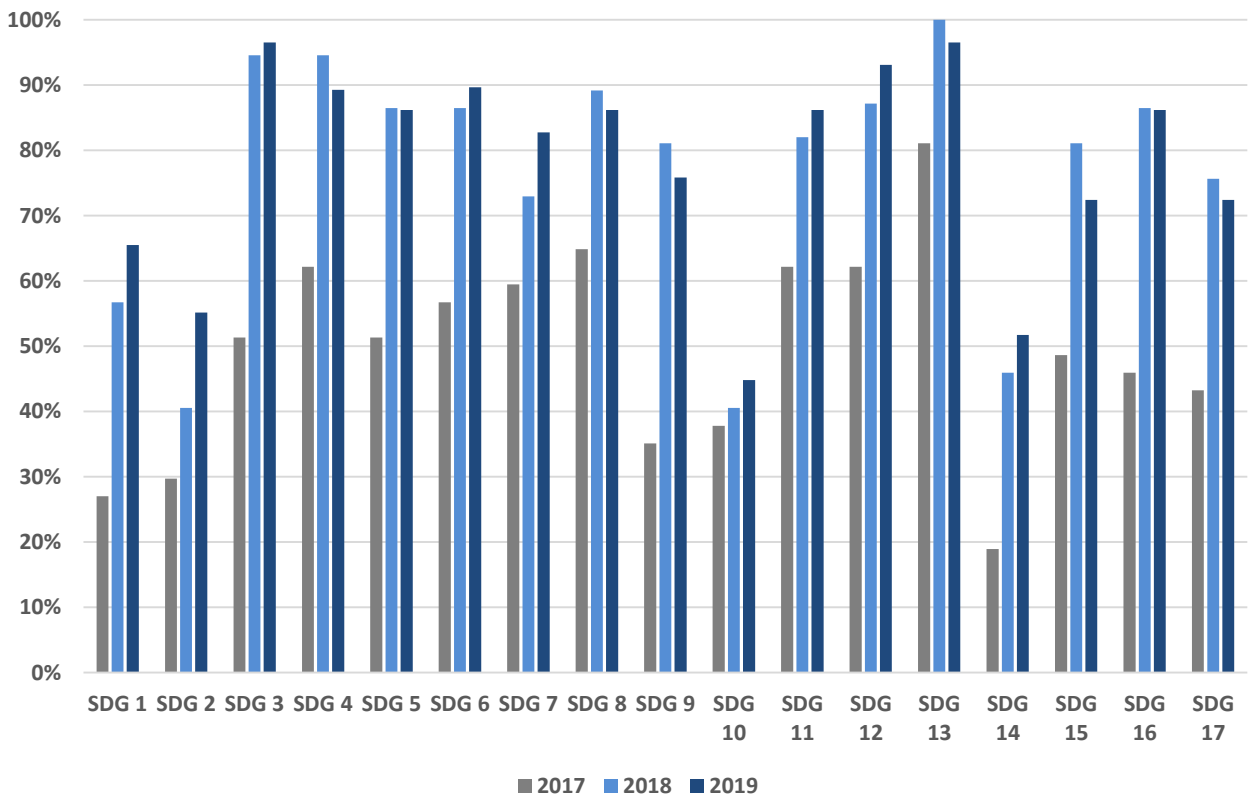
Various developments have contributed to the puzzling result that the insurance sector is the one primarily quoted on health policy / systems, diseases, and treatments in international media. This centers the discussion around costs and who pays for care, not the benefits for care itself.

Using the SDGs as a strategic roadmap can help the retail industry to become a leading voice on health living and contributing to the preservation of natural resources. That will also allow for a more informed discourse in society about the resources that are needed to achieve progress.



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2019 results show ongoing increase in visibility of the SDGs



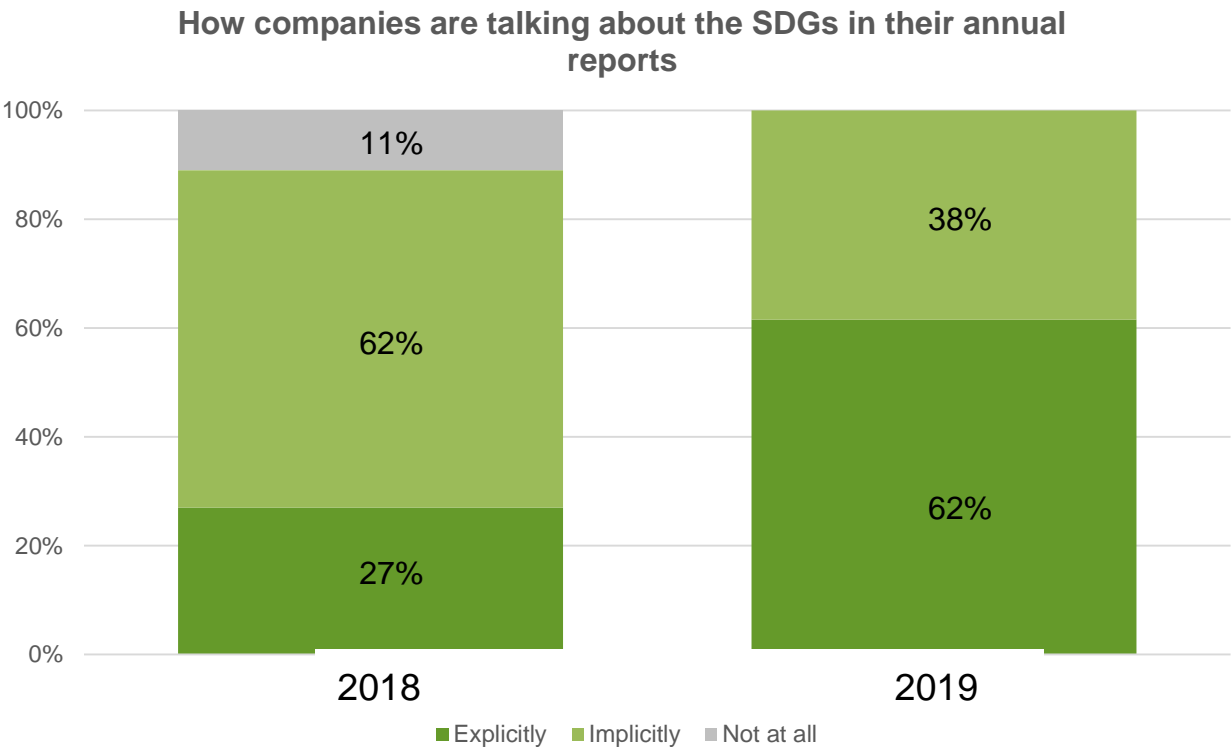
Over 85% of the largest 500 global corporations now disclose non-financial information on the United Nations Sustainable Development Goals as part of their legally-binding annual financial report. Thus, it seems fair to conclude that the SDGs will become the globally accepted strategic roadmap by listed companies. A curated analysis of these data allows for specific, high-scale SDG impact investment.

The trend seems clear: Companies are increasingly vocal on the SDGs in their annual reports due to the positive benefits to company performance and in

response to stakeholder interest in corporate responsibility and socially positive behavior.

This increase in visibility for the SDGs was not, however, consistent across all companies examined or all SDGs. In some areas growth was greater than others. This reflected both the individual circumstances of companies as well as trends related to how each of the SDGs (and its urgency) has been framed by society at large (including media and academics). This helps us further understand CSR choices.

More companies are discussing the SDGs



More companies are recognizing the value of discussing the SDGs. Of the companies analyzed in 2018 and 2019, there has been a clear decrease in companies not addressing the SDGs at all, and an increase in the quality of SDG-related information

As more companies use the phrase “Sustainable Development Goals,” a steady increase in brand recognition helps to boost overall support from all stakeholders.

Companies that don’t discuss the SDGs are often companies that only release a Form 10-K and not a magazine style report.

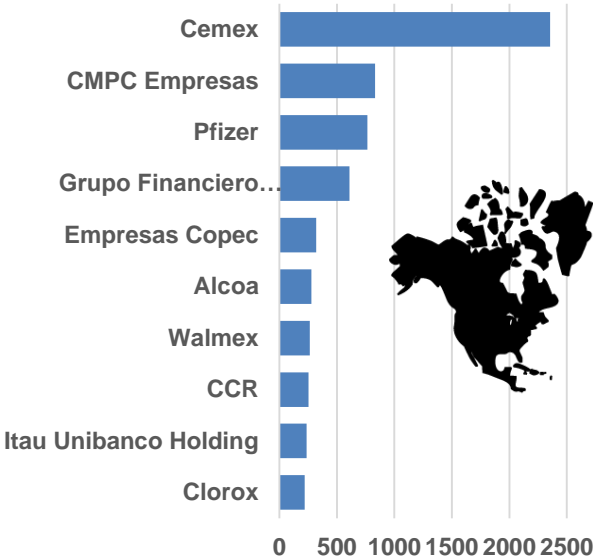
It is important to remain aware of the way that regional regulations can impact the visibility of the SDGs as some companies face more significant requirements to address CSR and related issues in their annual reports.

Note: All data for 2019 not yet available. Some companies will likely still not be talking about the SDGs when analysis is complete. However, the strong increase in companies explicitly mentioning the SDGs is indicative of the positive trend.

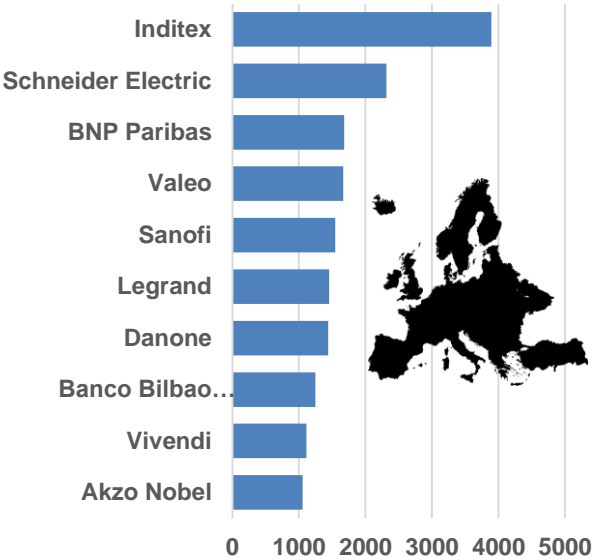
There are companies communicating effectively on the SDGs in all regions



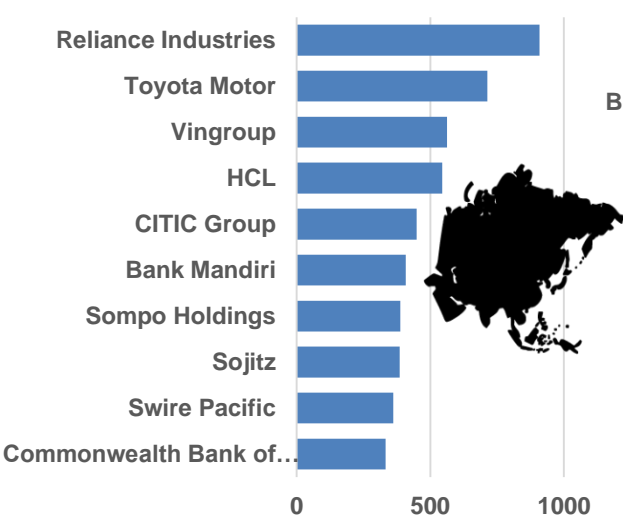
Americas



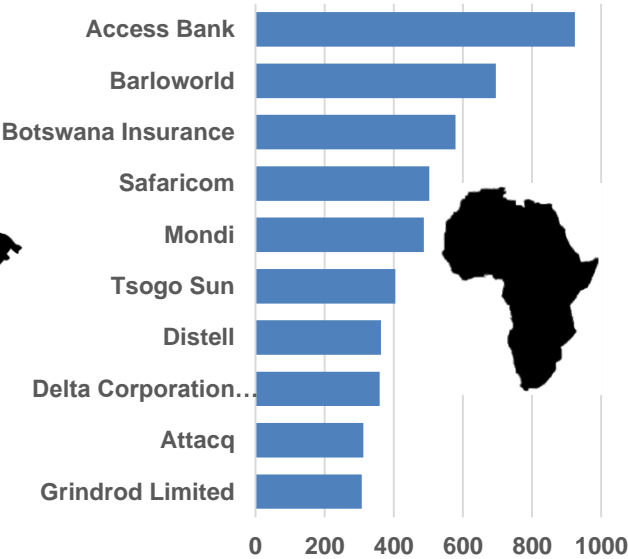
Europe



Asia Pacific



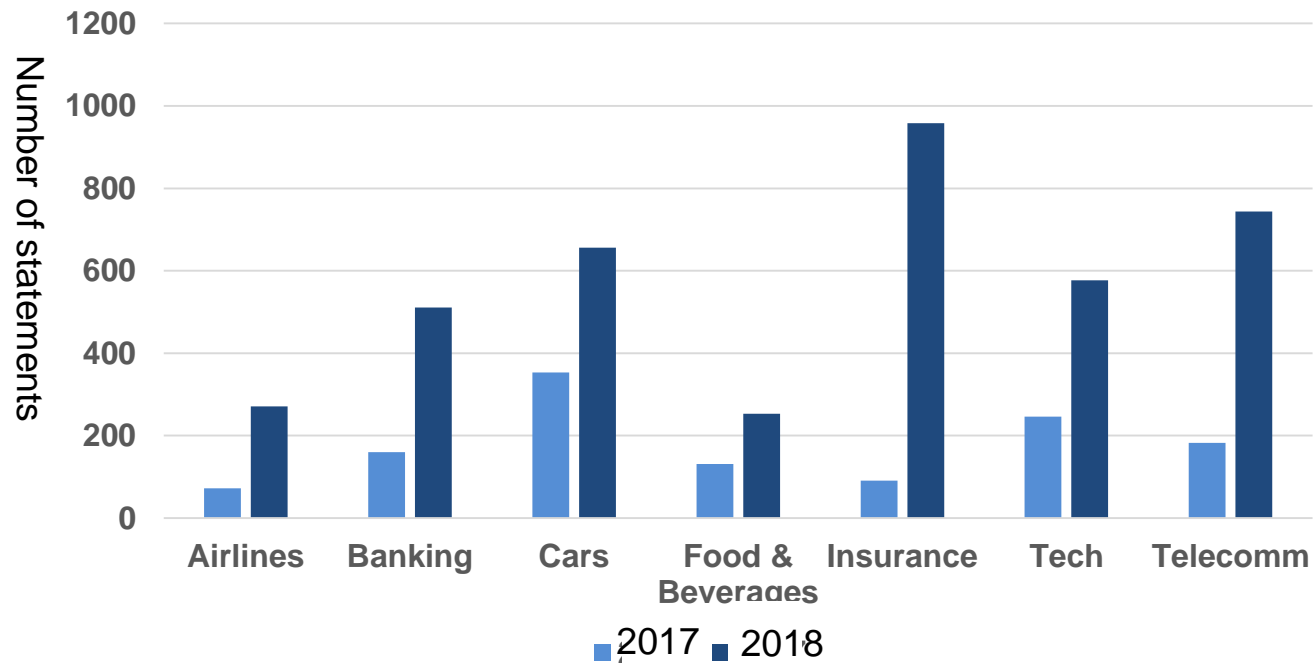
Africa



Climate change has insurers discussing the SDGs



Industry performance on the SDGs 2017 compared to 2018



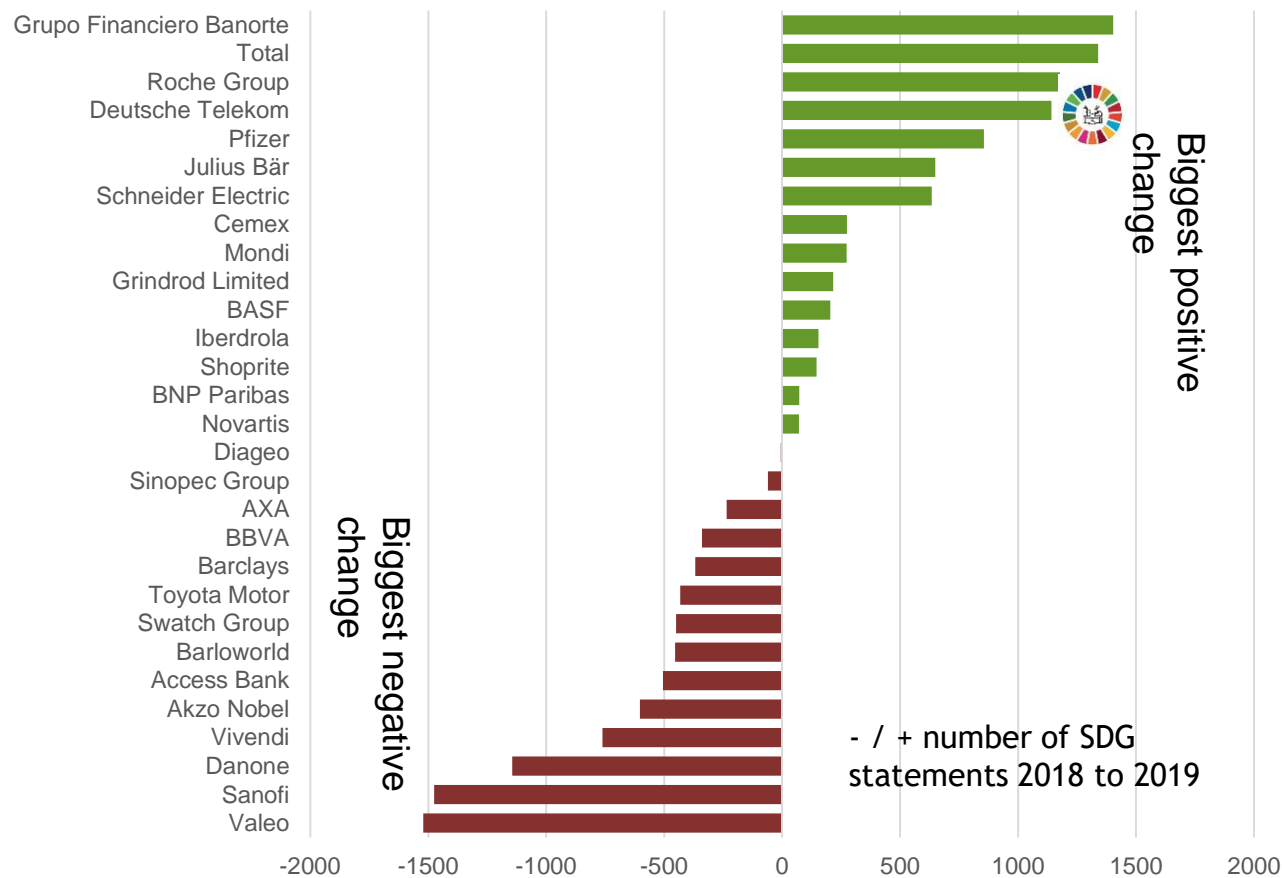
Each of the major analyzed industries was more visible on the SDGs in 2018 as compared to 2017. However, some industries – like insurance – had far more improvement than others. Food and Beverages were relatively consistent on the volume of SDG coverage. Whereas the Insurance industry leapt into the lead. The telecomm industry also showed significant improvement.

The significant increase for insurers was largely related to a focus on climate and the impact climate change may have on their business going forward. Airlines similarly discussed the relationship between their business and the climate – and how they must take care to not worsen environmental change. Other industries focused on other SDGs as their main narrative, but still included climate in their story.

Individual companies still adjusting how they discuss their SDG commitment



Change in number of statements SDGs by company, 2018 to 2019



Companies are still in flux in regard to the level of visibility they are offering on the SDGs. Grupo Financiero Banorte, Total, Roche Group, Deutsche Telekom, Pfizer, Inditex, and Schneider Electric were standouts in this regard with a increase of more than 500 statements each.

Many companies also remained relatively constant in how they addressed the SDGs with changes of less than - / + 50 statements.

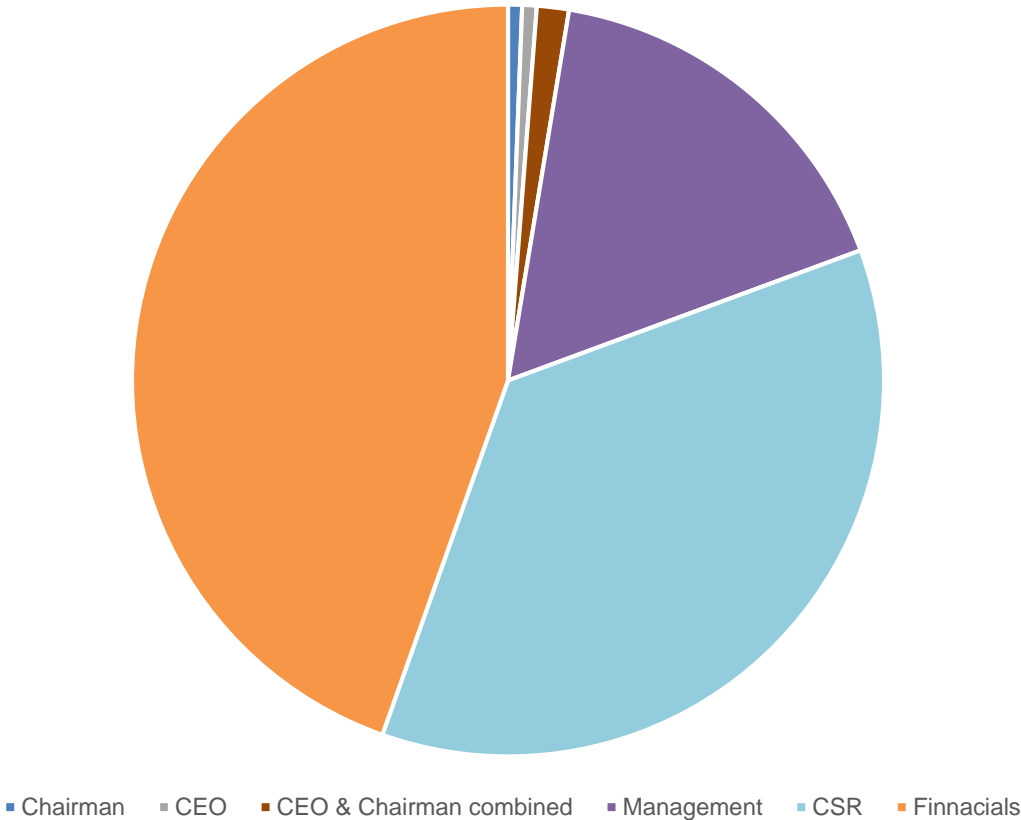
For companies that showed a drop in the visibility of the SDGs, this was at times related to format choices in their annual report – with some companies electing to provide more sustainability information in separate documents.

However, these declines also demonstrate that some companies have not yet been convinced about the importance to stakeholders of the SDGs.

Content from C-level executives not yet the main source of SDG mentions



Section of Annual Report Featuring SDG Content



The bulk of content on the SDGs does not appear in letters and other content from CEO-level executives in the annual report, but as part of the overall financial report, management report, or specialized CSR section.

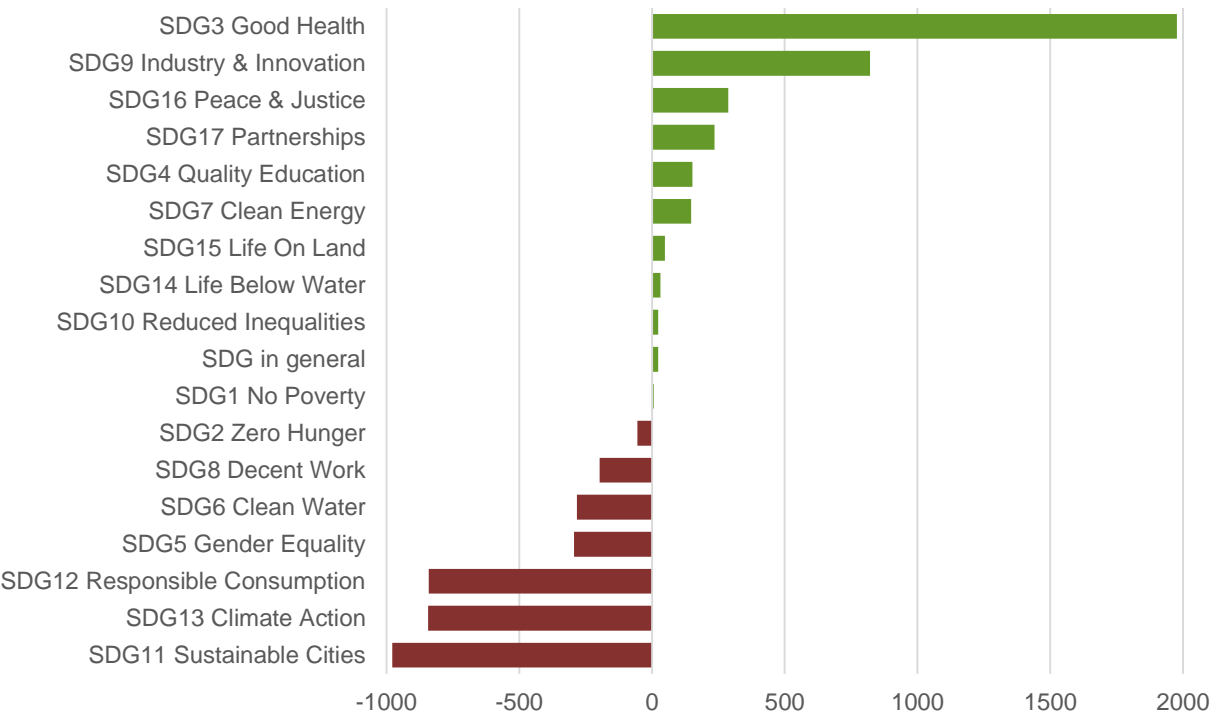
This is partly because the number of pages allotted to these communications from C-level executives tends to be more limited.

Despite this, it is important for C-level executives to weigh in on the SDGs. Showing that the C-suite is directly, personally committed to corporate SDG focus in a key indicator of a company’s desire to actively contribute to their community and demonstrates an awareness of how all stakeholders – including investors – benefit from SDG engagement.

As companies diversify their SDG commitment, room for improvement is visible



Change in number of statements on specific SDGs 2018 to 2019



Good Health received the biggest increase in visibility in the analyzed corporate annual reports. Meanwhile, despite the urgency of climate concerns, visibility for this SDG declined as companies diversified their focus. Environmental concerns were, however, also reflected in increased visibility for Clean Energy (7), Life on Land (15), and Life Below Water (14).

Strong increases were also visible for Industry & Innovation (9) and Peace & Justice (16), a category which notably includes fighting corruption.

A year after the intense media focus on the #MeToo movement, SDG visibility related to Gender Equality declined.

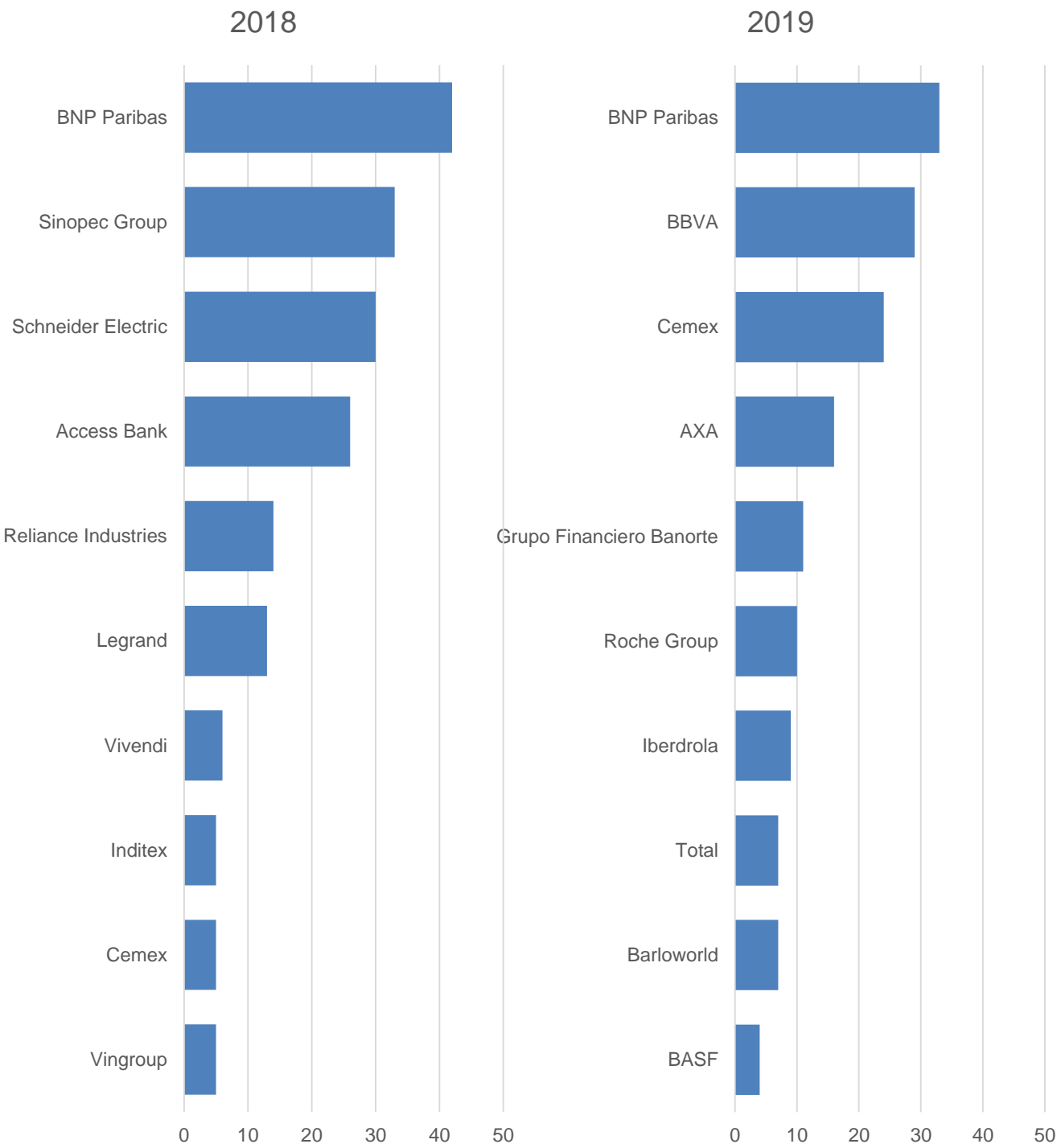
Some of the SDGs that most impact the poorest of the poor – Zero Hunger (2), No Poverty (1) – saw a decline, which raises overall concerns about corporate willingness to address the needs of those without consumer power.

These trends may change when the analysis group broadens.



SDG 5: Gender equality

Concern across industries



Note: data for Inditex not yet available for 2019. Levels of commitment are expected to remain similar, however.

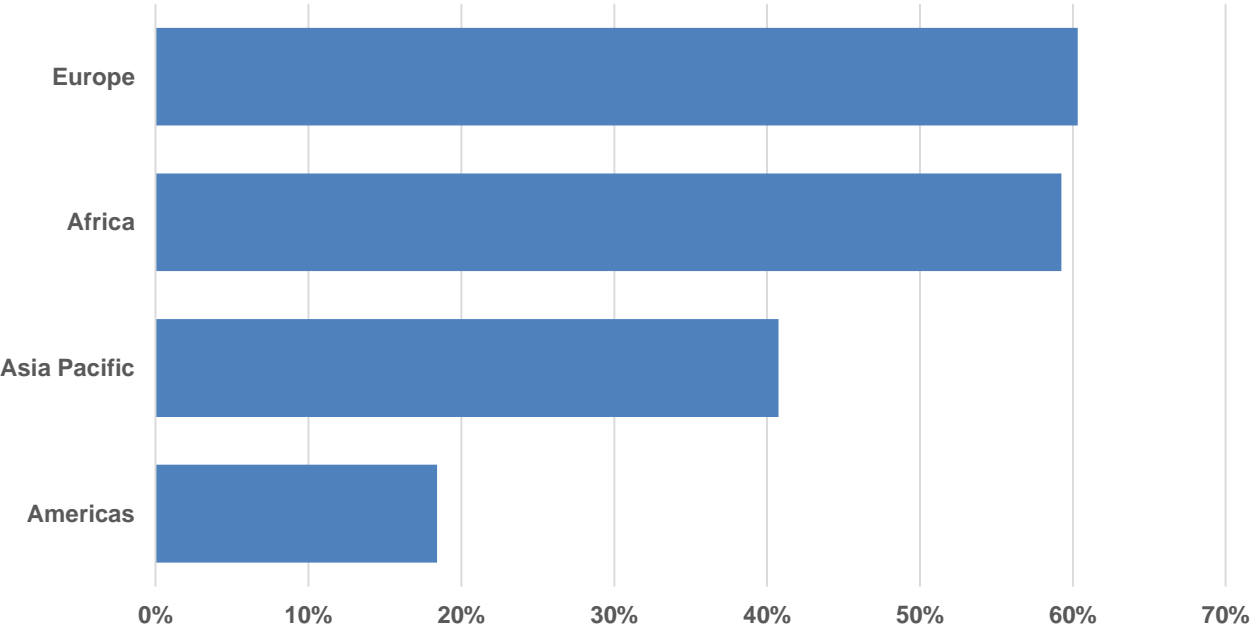
SCR500 Companies vary widely on gender equality by region

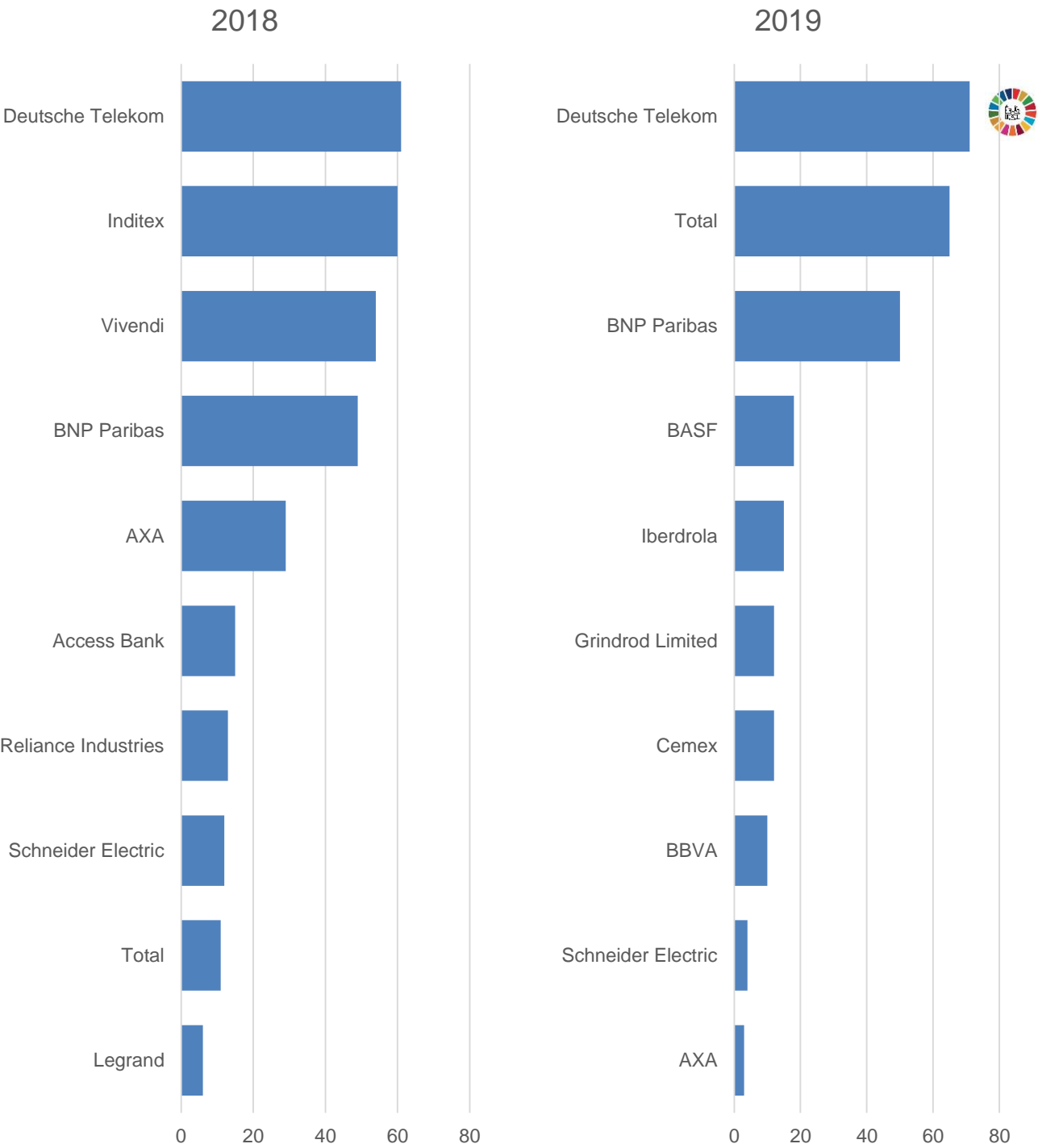


The majority of European and African companies address gender equality in their annual reports. This is, in part, due to regulations that require active gender equality efforts vs. more passive non-discrimination regulations. 40% of companies in Asia Pacific show active comment on gender equality. In the Americas, however, the visibility of gender equality lags behind in both North and South America.

Since women are half the population, they also represent half the potential work force and half of any company’s potential customers. Working towards gender equality therefore has clear benefits to all stakeholders. As such, equality can improve efficiency, the corporate environment, demand for products, and society at large. Many companies still have room to make progress on this issue.

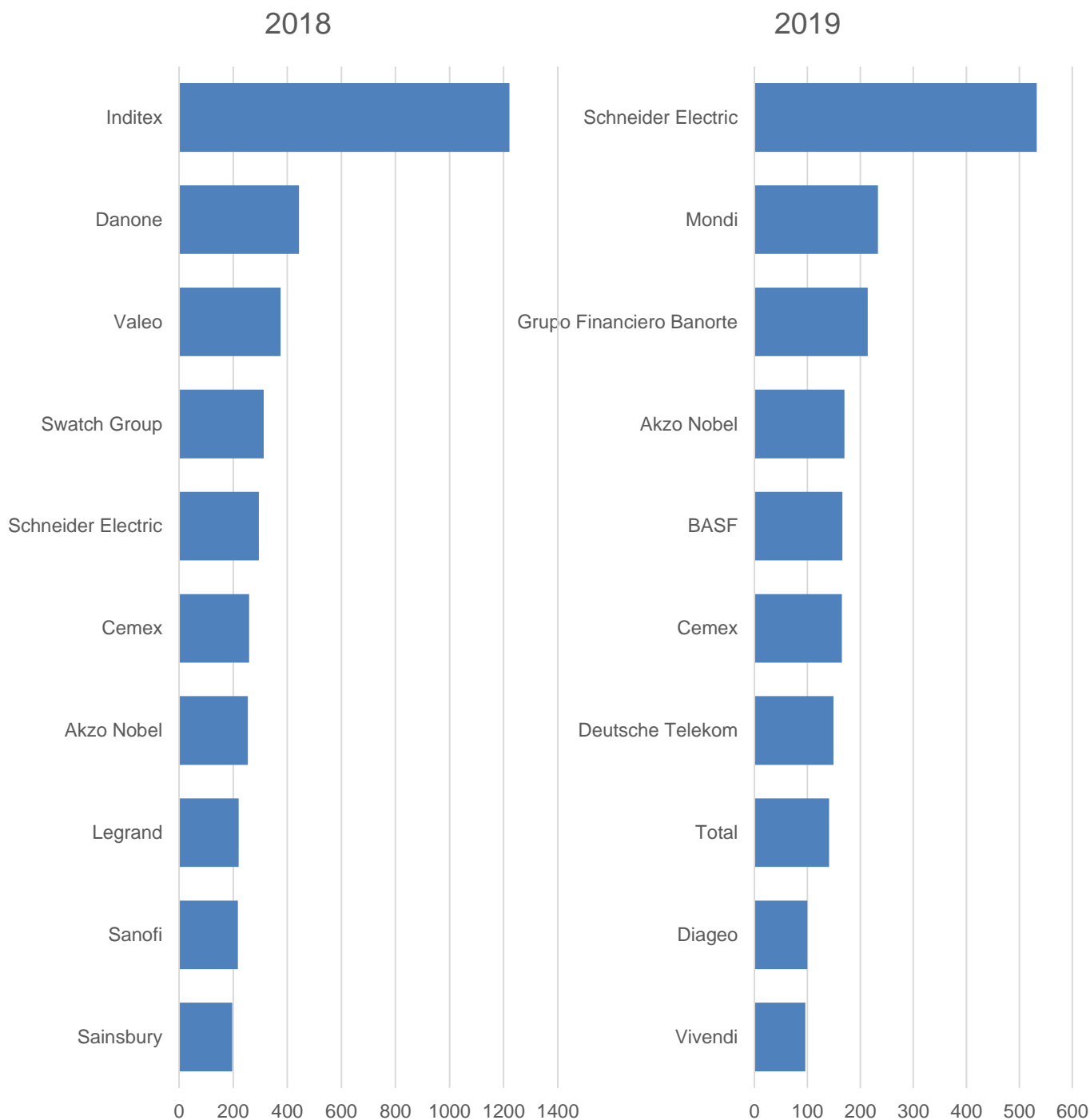
Share of SCR500 companies addressing gender equality in 2018 annual report





SDG 12: Responsible Consumption

A new way of framing capitalism

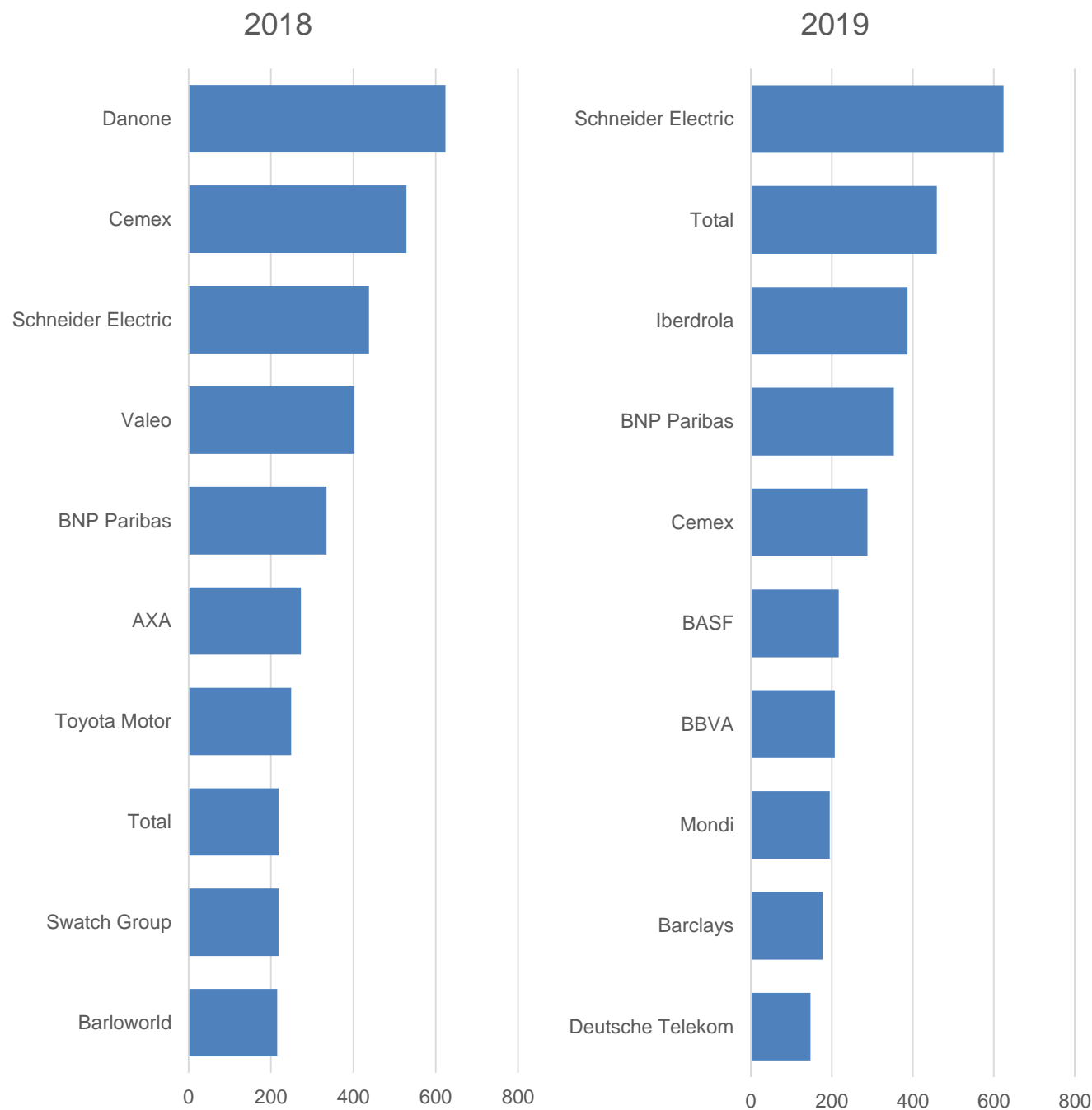


Note: data for Inditex not yet available for 2019. Levels of commitment are expected to remain similar, however.



SDG13: Climate Action

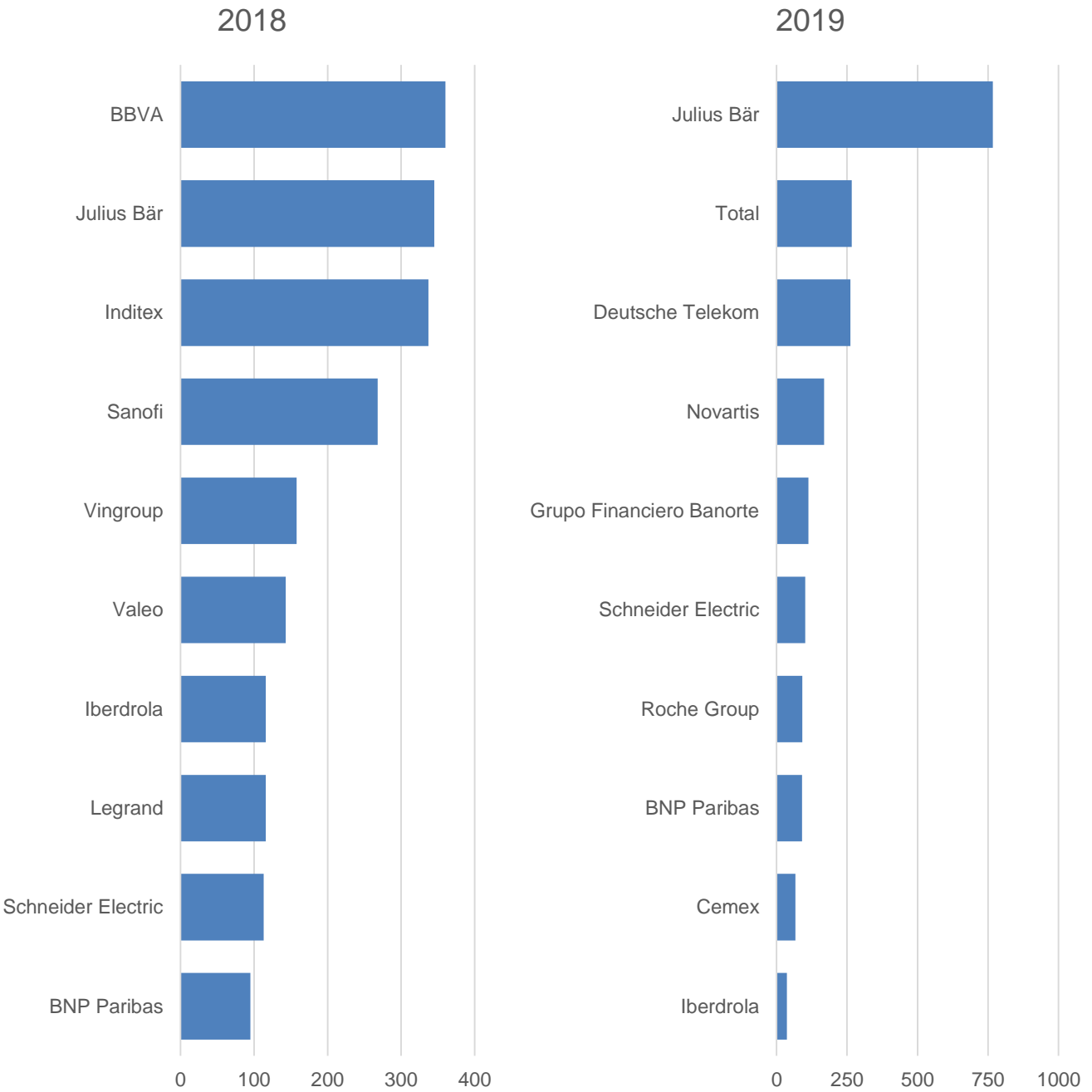
Companies recognize urgency



Note: data for Inditex not yet available for 2019. Levels of commitment are expected to remain similar, however.

SDG16: Peace & Justice

Julius Baer takes the lead



Note: data for Inditex not yet available for 2019. Levels of commitment are expected to remain similar, however.

- **Changing Landscape Requires Action**
- **How Tesco can make use of the SDG trend**
- **SCR 500 results comparing 2018 with 2019**
- **Background**

Methodology & Benefits of UNGSII

Rankings: Creating transparency on the

SDG-related disclosures of companies



SDG/ESG

- UNGSII analysts read and categorize the annual reports of companies and central banks according to direct and indirect references to the SDGs

Media Impact

- Analysis of business media and how they report on these companies
- Direct/indirect references
- Compare journalists/other stakeholders vs. analysts

Analysts Impact

- Analysis of analyst quotations in key financial publications (WSJ, FT, etc.).
- Perception of financial and non-financial value drivers

Performance

- Stock prices
- Bond prices
- Sales
- Net Pro Score™
- Employer rankings



THE WALL STREET JOURNAL



UNGSII
Accelerating
the financial
impact of the
SDGs

Creating
transparency
for investors,
customers,
and
civil society

Supporting
informed
decisions

Enhancing
the
relevance of
corporate
reporting

Helping
businesses
to manage
their
reputation

This Sustainable Development Goals Commitment Report (SCR) is based on



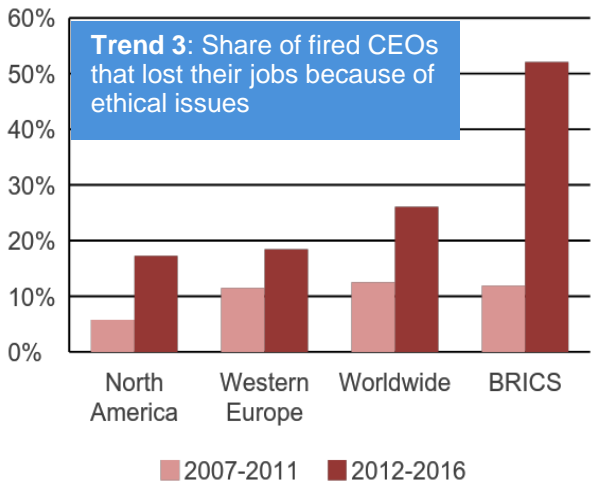
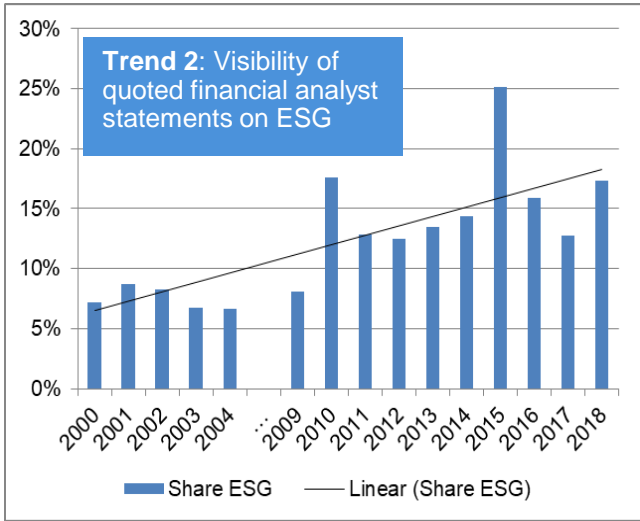
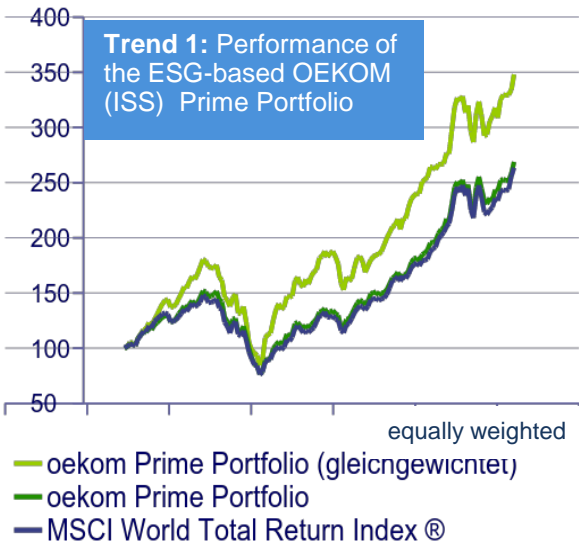
500 of the world's largest companies with a combined market cap of more than 25 trillion USD

All 443,398 statements in 500 annual reports issued by these large corporations in 2017 and 2018 were categorized by human analysts.

All 2,088,092 reports on these 500 companies from 2001 - 2018 in international business print media (e.g., FT, WSJ, Handelsblatt, etc.) were analyzed.

All 1,097,967 quotes from 2001 – 2018 by financial analysts in international business print media on these 500 stocks and more were analyzed.

UNGSII & OEKOM (ISS) rankings and indices help move markets by empowering profits



The Problem until 2017:

Only 30-60% of a company's value is disclosed in their annual report according to Professor Eccles of Harvard Business School and PWC. On top of this, the inability to also compare non-financial performance as part of a consistent analysis framework is also missing for global investors. Over time, this has led to poor investment decisions that have repeatedly resulted in financial crises. The last one, in 2008, caused a major trust meltdown due to poor governance and a lack of standards.

The Solution:

193 heads of state signed the SDGs on behalf of all stakeholders in September 2015. The UNGSII Foundation creates unique transparency on the progress of both countries and companies. Leading rating agencies like OEKOM (ISS) prove that investing in companies with a track record in sustainable behavior (ESG) creates added value (see Trend 1). Combining UNGSII's curated analysis of the global corporate commitments to the SDGs with due diligence on their ESG performance executed by OEKOM (ISS) helps investors make better informed decisions about the financial and social impact of their investments. Trend 2 indicates that financial markets embrace this concept. Trend 3's review of today's management being fired for lack of ethical commitment could transition to a review of tomorrow's CEOs being fired for their lack of commitment to the SDGs.

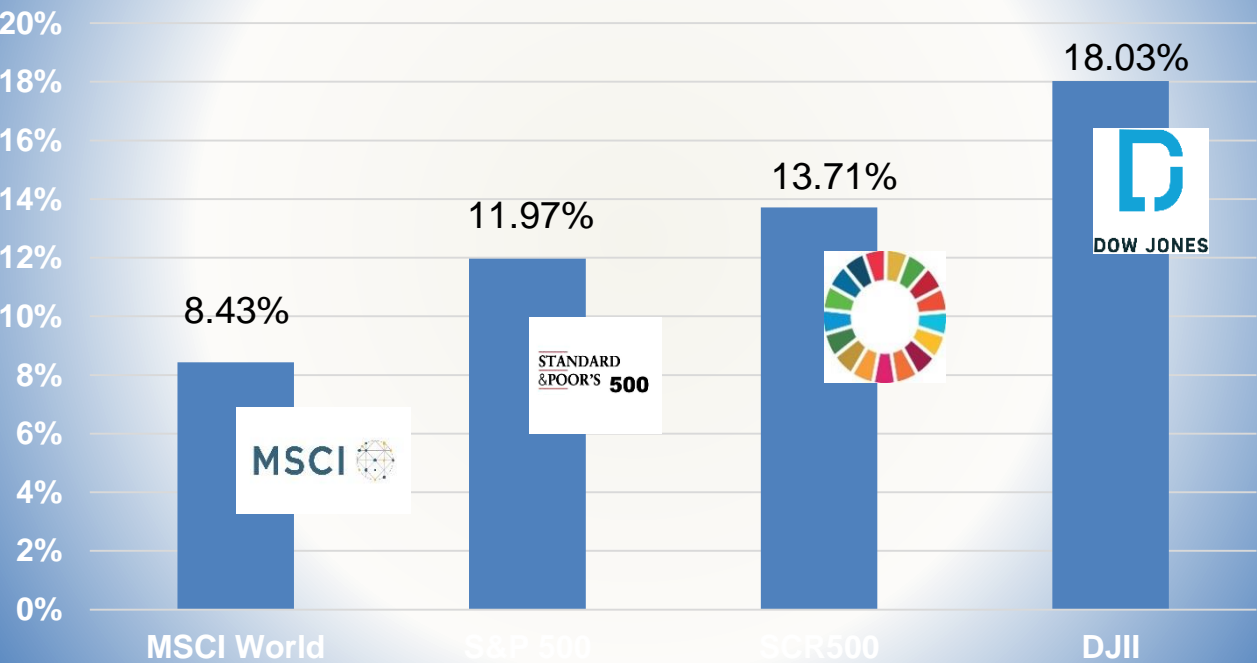
UNGSII SCR300 Continues Solid Performance in Bearish 2018 Landscape



The UNGSII SCR300 has thus far shown a rate of return of 13.71% over two years. This is after a return of 27.63% in 2017 alone. This performance demonstrates a solid challenge to competitors and highlights that responsible, socially conscious business is also profitable business, providing unique opportunities to support progress on the SDGs while also

making an investment profit. Because responsibility and sustainability improvements are always possible for all companies, the multiple data sources and regularly updated nature of the UNGSII SCR500 means its companies are always at the forefront of the business and investing advantage offered by supporting the SDGs.

UNGSII SCR300 Global Sustainability Funds
After performing in first place in bullish 2017, the SCR300 remained solid in bearish 2018 finishing second
Total Return 2 Years: Jan 1, 2017 - Dec 31, 2018



Creating a Methodology for Investing in a Portfolio of Socially Responsible Assets

by Joseph A. Cajigal, Conor Platt and Alfred R. Berkeley



Overview

There are numerous philanthropic financial initiatives. Many fail or become slowly ineffective. So why is this one worth your participation?

This new SCR initiative is global and particularly difficult; but is also unique in its approach. This initiative is a follow on to a failed initiative: specifically, the Millennium Development Goals promulgated by the United Nations in the year 2000. This new initiative is called the United Nation’s Sustainable Development Goals for 2030.

The SDG’s are the result of serious soul searching by senior United Nations officials, heads of states and their advisers. The Millennium Development Goals (“MDGs”) were an initial set of goals that in some part have succeeded, but in many other areas were inadequate or poorly defined. Some of the goals were greatly affected by the financial recession of 2008, but the recession is not the only reason that the MDGs’ were unsuccessful. The Millennium Goals failed because there was little to no accountability. Furthermore, there was close to no transparency into what was accomplished and what was not accomplished. Additionally, companies were able to claim compliance by purchasing the use of a United Nations logo without effectively moving toward sustainability.

There was plenty of blame to go around. Specifically, this new initiative is designed to fix those roots of failure.

The SCR brings accountability and transparency to the United Nations’ ambitious Sustainable Development Goals for 2030 (“SDGs”). Understanding the complexities of operating within the United Nations bureaucracy, senior United Nations officers and advisors established a non-profit foundation outside the United Nations. Its charter is to bring positive attention to companies and countries that are genuinely moving toward more sustainable businesses, and to create financial instruments that enable investors to support these companies. Here is our approach:

SUSTAINABLE DEVELOPMENT GOALS



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Socially Responsible Investing Analysis

We analyze a global universe of stocks looking for high quality sustainable companies across all sectors and industries. The global universe that we utilize covers about 2500 issuers, and is updated on a quarterly basis. We use third-party sources as well as our own proprietary analysis to make investments decisions.

The assessment of the social and

governance as well as the environmental performance of a company as part of the investment decision is carried out with the aid of over 100 social and environmental criteria, selected specifically for each industry.

We continually adjust the criteria to keep up with the latest developments and findings. As a leader in this type of analysis we are often trying to use quantitative measures of what are essentially qualitative topics.



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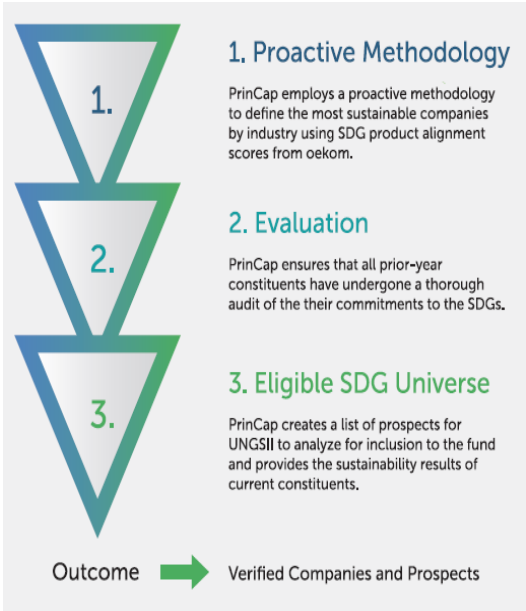


Proactive Industry Metrics

We specifically take a “best in practice” approach to ensure that all sectors and industry are represented, with higher thresholds for high carbon and controversial industries. On an annual basis, we analyze the quarterly and year over year changes of key sustainability & governance metrics by industry. We want to ensure that a current constituent is worthy of further inclusion. For prospects, we are looking for the leaders within an industry. One of our data partners has recently created an addition ratings system to assess a company’s product portfolios to calibrate their alignment to the UN SDG goals. We have incorporated this metric into our analysis and will be assisting in its expansion going forward.

In line with our goal of being an agent of change, we accept companies with average overall sustainability ratings, but with above average SDG scores relative to their industry peers. At the same time, we exclude any companies with severe violations against the UN Global Compact Principles or a low score regarding SDG compatibility of their product portfolio.

The resulting buying universe is a broadly diversified, global universe against which to apply our deeper SDG investment methodology. Importantly, fostering SDG goals in large multinationals should have a two pronged effect.



First to enable scaling sustainable strategies, and second to bolster the efforts of private companies to develop the next stage solutions.

Corporate Commitment Analysis

The corporate commitment factor is provided by UNGSII using leading media analyst Media Tenor's media sentiment data as a control system. It allows investors to see if companies are accurately representing their commitments to the SDGs.

Additionally, media sentiment data can help identify companies that are committed to the SDGs but not yet able to

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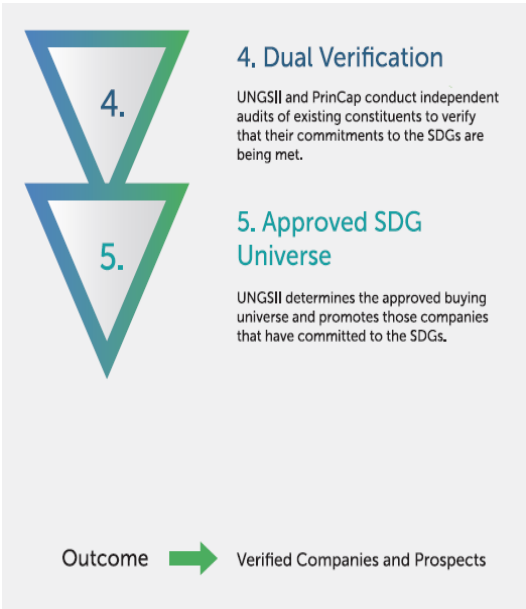


convey this information effectively to the media. Companies that are strongly visible on the SDGs in their annual reports tend to receive high shares of support in the media. If companies stress SDGs in their annual reports and the media sees a gap in reality, companies are likely to attract adverse publicity and subsequent negative reactions from stakeholders such as investors selling and consumers walking away.

The visibility and tonality of their statements and reports– in general and associated with the SDGs specifically – can help drive share prices up and down. This can be an important tool in predicting price fluctuations over time intervals.

It has been reported that a company with a consistently strong reputation on social development issues tend to benefit from lower borrowing costs and better scores in employee rankings.

UNGSII conducts a detailed audit of legally binding statements by the company incorporating SDG goals into their business practices, and hold them to account year over year. UNGSII analysts read and categorize the annual reports of companies and central banks according to direct and indirect references to the SDGs. A media Impact study is conducted analyzing the business media and how they report on these companies. Journalists and other corporate stakeholders’ views are compared to the views of financial analysts and their perception of financial and non-financial value drivers. A corporate assessment ranking is made.



Financial and Investment Analysis

Financials represents the largest volume of data, combining publicly available financial forecast and historical data. We break financials down into the following Fundamental components: Growth, Earnings Revisions and Valuation. We also employ technical analysis focusing on Relative Strength, Trend and Momentum analysis.

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We specifically look at the following criteria:

- 1) Fundamental prospects for growth – (i.e., measuring returns on invested capital, sales, and earnings)
- 2) Incremental changes in earnings prospects (i.e., observing earnings revisions)
- 3) Valuation – (i.e., using a variety of measures such as earnings, sales, enterprise value, book value, and free cash flow)
- 4) Price Momentum – (i.e., focusing on fundamentally-driven price momentum— isolating for the effects of size (i.e. large or small/mid cap-bias), style (growth or value), and risk (beta), and secondarily focusing on near-term mean reversion in price)
- 5) Relative Strength – (i.e., evaluating each stock versus its peers within a specific industry based on intermediate price movements)
- 6) Technical Trend – (i.e., evaluating each stock based on its intermediate to longer-term technical trends in price, liquidity and volatility factors)

Portfolio Construction

Using a proprietary factor weighted approach, we rank each company against the overall universe by Financials, Environmental, Social, and Governance data in order to ensure that portfolio constituents are truly committed to sustainable growth. In constructing the

portfolio, we are guided by the work of Henry Markowitz's thesis "Portfolio Solution" (1952), William Sharpe's Capital Asset Pricing Model (1964), subsequent work by A.G. Becker and the paper produced by Gary Brinson et al "Determinant of Portfolio Performance" (1986). We employ current versions of Modern portfolio Theory which provided a framework for seeking to maximize returns at a given level of volatility.



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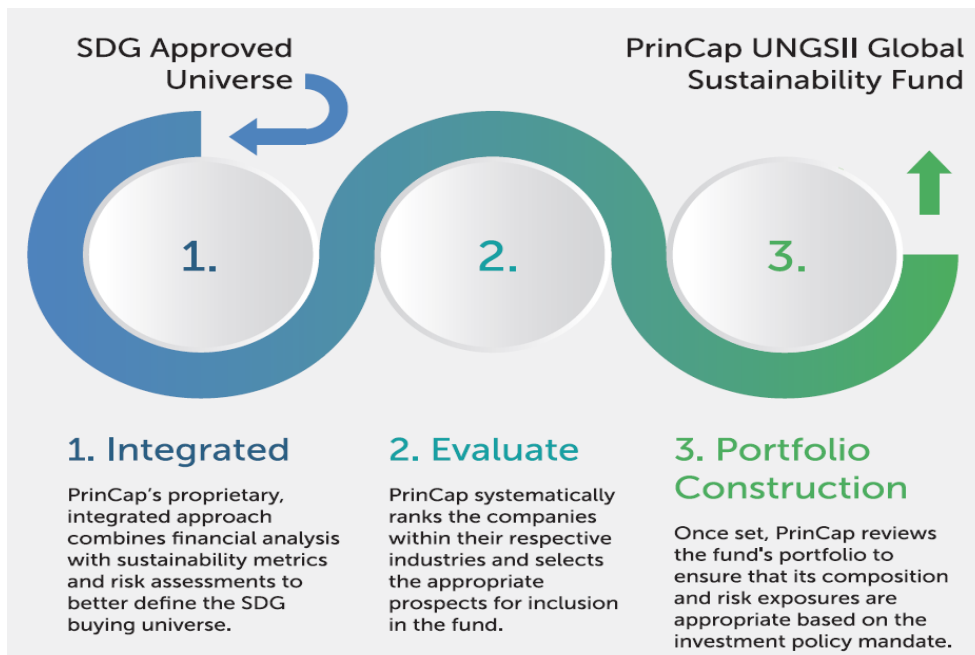


The focus of this analysis is on the historical relative and absolute risk in the portfolio - across multiple time frames and diverse market environments. When constructing the portfolio, the following key Modern Portfolio Theory statistics are analyzed and considered:

- Diversification - considering the number of holdings, security and sector weightings and country weightings
- Standard Deviation - measuring volatility or risk
- Upside and Downside Capture Ratios - measuring the portfolio's performance relative to a market index during specific periods
- Beta - measuring an asset's risk in relation to the market

- Alpha - predicting incremental return from the portfolio when the market is stationary
- R-Squared - calculating the statistical measure representing the percentage of the portfolio's or security's movements
- Tracking Error - measuring of the standard deviation of the difference between a selected market index and a portfolio's quarterly returns
- Information Ratio - measuring of the risk adjusted return of the portfolio

Our portfolio will usually be comprised of between 250 – 300 constituents with a broad exposure to companies classified by varying style and market capitalization.



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Final Thoughts

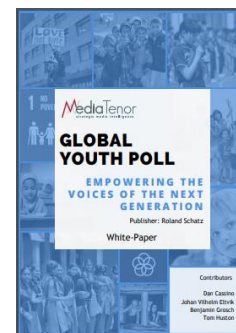
In summary, we are seeking your participation in this new UNGSII initiative because it is designed to incent companies to commit to Sustainable Development while it earns you a solid return on your investment. There are, of course no guarantees of good financial performance. Our approach is straight forward: we apply traditional investment rules to a select universe of companies that have committed to sustainability and implement their commitment in their business.

By pooling the resources of many investors, we mean to send a clear message to companies and governments that major corporations and world leaders must commit to sustainable activities and that the institutional investment community will invest in companies that commit to doing the right thing.

Sustainable development is on the cusp of taking off. We need your help in sending a clear, loud message. Join us.

Taking the next generation seriously – implementing the first Global Youth Poll

Roland Schatz

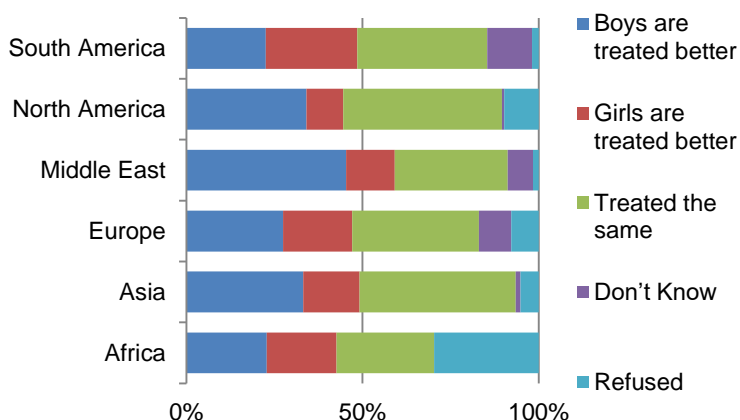
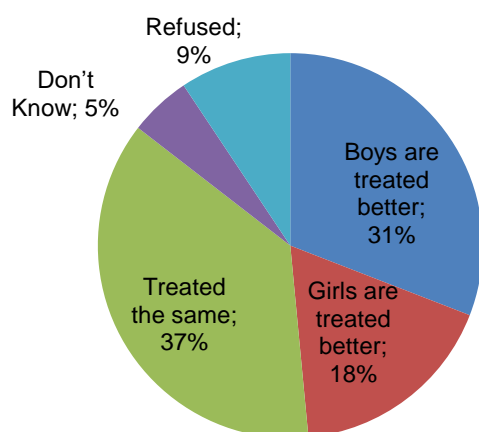


The September 2015 agreement on Sustainable Development Goals requires all states to implement the 17 SDGs by 2030. By then, the next generation will be starting to take over from today's leaders – but no one yet knows how the next generation is thinking about these “global goals.” Therefore, the General Director of the UN in Geneva, Michael Moller, has invited leaders from the largest youth organizations to meet at the Palais des Nations with the head of the International Parliamentary Union, the representatives of the United Indigenous Nations, experts from the World Association of Public Opinion Scholars and the Global Sustainability Index Institute Foundation to develop a feasible concept reaching out to the next generation on a regular basis to ensure that their opinion and experience become transparent and are heard by the current leaders of the world.

reliable data updated quarterly. In the time of the largest migration since World War II, it makes sense to understand what the next generation thinks about the quality of their lives in their countries, how satisfied they are with their education, their job prospects and the ability of their region to deal with environmental challenges. 70 years after the YMCA was awarded the Nobel Peace Prize for their global footprint among the next generation, they are partnering with their 60 million members with the Foundation for Global Community Health and their school program “Brain-Breaks” reaching 3 million Children in 72 countries daily. In support of the UN, the IPU and the United Indigenous Nations the Big 6 Youth organizations and the UNGSII are building on the experience of existing polls among young people in order to create a scientific database to understand what youth

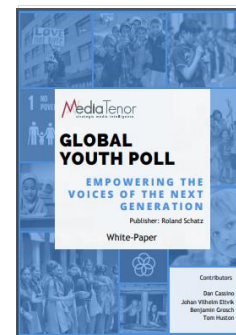
The Global Youth Poll, providing

. Global Youth Poll: Do you think boys or girls are treated better or the same?



Taking the next generation seriously – implementing the first Global Youth Poll

Roland Schatz



across the world have in common, and what differentiates them, across boundaries of religion, race and region. The survey will gauge how satisfied they are already with the implementation of the SDGs and where they see room for improvement. In order to make sure that the opinion of the next generation is taken serious, UN, IPU and UIN offer that representatives of the youth will have the opportunity to present the results together with the national experts from academia on both national and international platforms. Media Partnerships will make sure, that the world is permanently informed about the results.

The deliverables:

- A publicly available questionnaire, 15 minutes long, with a sample size of 1,000 split into 4 representative age groups: 10-14, 15-19, 20-24 and 25-29. The sample and each sub-sample of 250 young people will be selected according to academic standards ensuring a solid mix of urban-rural, diverse educational, gender, religious, and wealth backgrounds. The samples will be partially refreshed each quarter, ensuring the continued
- representativeness of the sample and allowing for over-time comparisons of the same respondents.
- The pollsters will be trained to run the interviews amongst their age-groups and equipped with tablet computers to ensure fast analysis and aid in the collection of high quality data. While the interviews will only take 15 minutes, each pollster will take another 15 minutes in order to explain the purpose of the Global Youth Poll, show previous results and educate in a 1:1 situation the value & risks of polling.
- An academic advisory board under the leadership of Professor Dan Cassino (FDU and AAPOR Board Member) will supervise all stages of the polls, including the interpretations and presentations of the results to the national parliaments and others.
- UNGSII will ensure that teaching material to empower all involved to understand the advantages and shortcomings of polling will become part of the education program
- First results presented Q1 2018
- WAPOR is accompanying the publishing and debate amongst the global experts on opinion polling.

Supporting 25 Cities and 5 Indigenous Communities already working to implement the SDGs by 2025



OiER and UNGSII partner with world leaders representing best practices in ALL 17 SDGs to create a realistic implementation by working hand-in-hand with the 25+5 City and Indigenous Community leaders to accelerate progress already by 2025.



Opportunities for impactful collaboration:

- 1) Contract the UNGSII Foundation to give access to additional data, or to have your portfolio analyzed with the same standards.
- 2) Send your asset managers to the Senior Executive Masterclass and become a certified SDG Expert
- 3) Join the UNGSII Best Practice Annual Global Goals Conference and Award Shows
- 4) Collaborate with UNGSII and the GCH Foundations to expand the SDG School Network platform reaching millions of kids per week in 70 countries and aspiring to reach 100 million kids per week across 193 countries by 2020.



For more information please contact:

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<http://ungsii.org>



ALFRED R. BERKELEY, III

Al resumed the Chairmanship of the Firm in January 2013, a position previously held from 1996 to 2006. Al was President of NASDAQ Stock Market, Inc. from 1996 until 2000 and was Vice-Chairman until 2003. Prior to returning to Princeton Capital Management, Al was Chairman of Pipeline Financial Group, Inc. Earlier in his career, as a General Partner of Alex. Brown & Sons, Al served as a software analyst where he was designated a First Team All American analyst. He has served as a Director of a number of companies, institutions and non-profit organizations including Safeguard Scientifics, Comshare, Cognos, Webex Communications, ACI Worldwide, Realpage, Edgar Online, The Nature Conservancy, The World Economic Forum USA and Johns Hopkins University among others. Al has also served on a number of government advisory panels: The President's National Infrastructure Advisory Council, U.S. Department of Homeland Security Committee on Homeland Advisory System, Committees on Scientific Communications and National Security, Monetary Authority of Singapore's International Advisory Council, among others. He has testified before Congressional committees (Joint Economic Committee, House Homeland Security Committee, and House Permanent Select Committee on Intelligence). Al took his bachelor's degree from the University of Virginia and his MBA from the Wharton School and served as an officer in the US Air Force and the US Air Force Reserve.



JOSEPH A. CAJIGAL

Joe is the Chief Executive Officer of Princeton Capital Management' and is responsible for managing equity and balanced portfolios for clients. Previously, Joe was founder of Hudson Canyon Investment Counselors. Previously he was the Executive Officer responsible for the management of Fiduciary Trust Company International's ("Fiduciary") domestic mutual fund company, its non-U.S. mutual fund company and its registered broker dealer. During his tenure, he served as a member of Fiduciary's Management committee, Fiduciary's Executive committee, Division Executive for the Investors Services Division, President of its tax planning and compliance subsidiary and President of its New York Stock Exchange registered broker-dealer. Joe holds a BA degree in Mathematical Economics from St. Peter's College.



RACHELINE MALTESE

Racheline Maltese works as a researcher at Media Tenor International focusing on the media portrayal of economic and political issues; she has been with the company since 2002. Her academic and professional background includes a journalism degree from The George Washington University and a stint in the Computer Assisted Reporting unit of the Associated Press. In addition to her work with MTI, she is widely published on pop-culture topics, and her work has appeared in media outlets like Salon as well as in academic texts from McFarland. She is based in New York City.



CONOR PLATT

Conor is the founder and CIO of Confluence Capital Management, which runs a private all-weather investment partnership, Confluence Capital, LP. Confluence has been advising Princeton Capital on the development of their sustainable strategies and portfolio construction. Previously, Conor was the co-founding CEO and CIO of Etho Capital, a sustainable asset manager with ETF and Index solutions. Etho Capital was recognized as a FAST Company Innovative Company in 2016, and its US Focused ETF(ETHO) has been one of the top performing sustainable ETFs since inception. Previously, he worked at Brown Brothers Harriman on the Portfolio Strategy team upon earning his MBA from the Tepper School of Business at Carnegie Mellon University. He was an analyst at Morgan Stanley in New York after receiving his B.S. in Finance with honors at Carnegie Mellon University.



ROLAND SCHATZ

Roland Schatz is the Founder and CEO of InnoVatio Publishing and Media Tenor International in Zurich/Switzerland. He is the founder of the UNGSII foundation in support of the United Nation's Sustainable Development Goals. For the last 30 years he has been devoted to implementing social change. In 2008 he launched, together with Prince Ghazi of Jordan, the C1 One World Dialogue foundation to improve Inter-Faith-Dialogue. The InnoVatio network of academics, entrepreneurs and media leaders initiated the Global Sustainability Index. Schatz teaches Perception Change and hosts masterclasses on 'Unlearning Intolerance' together with UN Academic Impact.



MATTHIAS VOLLBRACHT

Matthias Vollbracht is the Director of Business Research at Media Tenor International in Vienna/Austria, Managing Director of Awareness Metrics, a platform for reputation risk and investment signal solutions and Head of Research of UNGSII foundation. His research focuses on the impact of media on public opinion, stakeholder groups and the reputation of institutions and individuals. Furthermore, he explores the influence of media on asset prices and economic behavior, like investor and consumer confidence. Matthias Vollbracht has been working for major international clients with focus on reputation management, agenda-setting, target systems, crisis communication, management reputation, financial communication, and CSR. He has developed reputation insurance solutions based on empirical risk assessment. He holds degree in economics from the University of Mainz and has worked as a business journalist.

Companies Analyzed for the SCR500



Asia

UltraTech
Aditya Birla Group
Advanced Card
Systems
Aeon
AIA Group
Air India
Alibaba
Asahi Glass
Bank Mandiri
Banpu
BHP Billiton
Canon
Cebu Air
Central Pattana
China Electronics
China Mobile
Communications
China Vanke
Chunghwa Telecom
Ciputra Development
CITIC Group
Compal Electronics
CPC
Daikin
Delta Corporation
(India)
Denso
Dongfeng Motor Group
East Japan Railway
Flextronics International
Formosa
Genting Malaysia
Berhad
Hankook Tire
Haseko
HCL
HDFC

Hindustan Petroleum
Hindustan Unilever
Hitachi
Genting Malaysia Berhad
Hankook Tire
Haseko
HCL
HDFC
Hindustan Petroleum
Hindustan Unilever
Hitachi
Honda Motor
Hyflux
Infosys
Innolux
Inpex
ITC
Itochu
Japan Post Holdings
Japan Tobacco
Jardine Matheson
Jollibee Foods
Kao
KDDI
Kikkoman
Kirin
Macquarie
Mahindra and Mahindra
Marubeni
Midea Group
Mitsubishi Electric
Mizuho Financial Group
MTR Corp
Nan Ya Plastics
NEC
Nichirei
Nintendo
Nissan Motor
Noble Group
NTT DoCoMo
Panasonic

Pegatron
PLDT
Quanta Computer
Reliance Industries
Samsung
Shandong Weiqiao Pioneering Group
Singapore Telecommunications
Sinopec Group
Sojitz
Sompo Holdings
Sompo Japan Nipponkoa
Sony
State Bank of India
Swire Pacific
Taiwan Semiconductor Manufacturing
Takeda Pharmaceutical
Tata Motors
Tata Steel
Teijin
Telstra
Tenaga Nasional
Terumo
Tokai Carbon
Top Glove
Toyota Motor
Vietnam Dairy Products
Vingroup
WH Group
Wilmar International
Xiaomi

Companies Analyzed for the SCR500



Africa

Access Bank
Aspen Pharmacare
Astral Foods
Attacq
Barloworld
Bidvest
BMCI
Botswana Insurance
Brait
Capevin Holdings
Cashbuild
Dangote
Delta Corporation (Zimbabwe)
Distell
Ecobank Ghana
Eskom
Foschini
Greenbay Properties
Grindrod Limited
Liberty Two Degrees
Mondi
MTN Group
Naspers
Remgro
Safaricom
Sasol
Stanbic
Standard Bank Group
Steinhoff International
Tanzania Breweries
Tsogo Sun
Vodacom
Zeder Investments
Shoprite

Oceania

Air New Zealand
Australia & New
Zealand Banking
Group
Billabong
Commonwealth
Bank of Australia
National Australia
Bank
Qantas
Wesfarmers
Westpac Bank
Woolworths

Middle East

Emirates Airlines

South America

Asenav
Avnet
Banco Bradesco
Banco Security
Capricorn
Investment Group
CCR
Cemex
Cencosud
Cielo
CMPC Empresas
Compañía de
Minas
Buenaventura
Credicoop
Credicorp
Empresas Copec
Enel Americas
Gerdau
Itau Unibanco
Holding
LATAM Airlines
Petrobras
Ultrapar
Participacoes
Vale

Companies Analyzed for the SCR500



Europe

Ab Inbev
ABB
ABN Amro
Accenture
Adidas
Aegon
Air France
Air Liquide
Airbus Group
Akzo Nobel
Allianz
Andritz AG
ArcelorMittal
ASML
Assicurazioni Inditex
Associated British Foods
Astra Zeneca
Atlas Copco
Audi AG
Aviva
Avon Products
AXA
Banco Bilbao Vizcaya Argenaria
Banco Santander
Barclays
BASF
Bayer
Beiersdorf AG
Berkeley Group Holdings
Bilfinger
BMW
BNP Paribas
British Airways
British American Tobacco
British Land
BT Group
Caixa Bank
Carlsberg
Christian Dior
Coloplast

Compass Group
Continental
Credit Suisse Group
CRH
Daimler
Danone
Deutsche Bank
Deutsche Boerse
Deutsche Post
Deutsche Telekom
Diageo
DNB
E.ON
Electricite de France
Electrolux
Enel
ENI
Erste Group Bank
Evonik Industries
First Group (Greyhound)
Fresenius
Geberit
GlaxoSmithKline
Glencore
H&M Hennes & Mauritz
Hannover Re
Heineken Holding
Henkel
Hermes
HSBC Holdings
Iberdrola
Iceland Air
Ikea
Imperial Brands
Inditex
Infineon
ING Group
Ingersoll Rand
Inditex
KBC Group
Kering

LafargeHolcim
Legrand
Linde
Lloyds Banking Group
LM Ericsson
London Stock Exchange
Lufthansa Group
LvOreal
Maersk Group
Medtronic
Merck
Metro
Michelin
Munich Re Group
National Grid
Nestle
Nokia
Nordea
Novartis
Novo Nordisk
Novozymes
NXP Semiconductors
OMV AG
Orascom
Otto Group
Parmalat
Pernod Ricard
Peugeot
Porr AG
Prudential
Raiffeisen
Randstad Holding
RBS
Reckitt Benckiser
RELX Group
Roche Group
Royal Dutch Shell
Royal Philips
RWE
Sainsbury
Saint-Gobain

Companies Analyzed for the SCR500



Europe (cont.)

Sampo
Sanofi
SAP
Sberbank
Scania
Schneider Electric
Shire
Siemens
Sonova
Standard Chartered
Standard Life
Statoil
STMicroelectronics
Strabag SE
Svenska
Swatch Group
Swedbank
Swiss Re
Talanx
Telefonica
Telekom Austria AG
Telenor
Tenaris
Tesco
Total
Trafigura Group
UBS Group
UniCredit Group
Unilever
Valeo
Verbund AG
Vinci
Vivendi
Vodafone Group
Voestalpine AG
Volkswagen
Volvo
Wacker Chemie
Wienerberger AG
Wolseley
WPP
Zurich Insurance Group

North America

3M
Abbott Laboratories
AbbVie
Adobe
Aetna
Agilent Technologies
AIG
Air Canada
Akamai
Alcoa
Allstate
Alphabet (Google)
Amazon
AMD
America Movil
American Airlines Group
American Express
AmerisourceBergen
Amgen
Apple
Applied Materials
Arconic
Arrow Electronics
AT&T
Bank of America
Bank of Montreal
Bank of Nova Scotia
Baxter
BB&T
BCE
Beckton Dickinson
Berkshire Hathaway
Best Buy
Biogen
Blackrock
Blackstone
Boeing
Bristol-Myers Squibb
Canadian National Railway
Capital One Financial
Cardinal Health
Cargill

Carnival
Centene
Chipotle
CIBC
Cigna
Cisco Systems
Citigroup
Clorox
Coach
Coca-Cola
Cognizant
Colgate-Palmolive
Comcast
Conagra
Costco
CSL
CVS Health
Danaher
Deere
Dell
Delta Air Lines
Disney
Dole Food
Ebay
Ecolab
Electronic Arts
Emerson Electric
Enbridge
Energizer Holdings
Equinix
Expedia
Express Scripts Holding
Facebook
Fannie Mae
FedEx
Femsa
Fifth Third
Ford Motor
Freddie Mac
Fuel Tech
General Electric
General Mills

Companies Analyzed for the SCR500



North America (cont)

General Motors
George Weston
Gildan
Goldman Sachs
Green Mountain
Grupo Bimbo
Grupo Financiero Banorte
Grupo Televisa
Herbalife
Hershey
Home Depot
Honeywell International
Hormel
HP
Humana
IBM
Intel
Intercontinental Exchange
International Paper
Intuit
JBS
Jet Blue
JM Smucker
Johnson & Johnson
JP Morgan Chase
Keurig
Kimberly-Clark
Kraft-Heinz
Kroger
Liberty Mutual Insurance Group
Live Nation
Lockheed Martin
Macy's
Mattel
McKesson
Microsoft
Molina Healthcare
Mondelez International
Monsanto
NASDAQ

Nationwide
Netflix
Nike
Norfolk & Southern
Northrop Gruman
Nvidia Corp.
Oracle
PepsiCo
Pfizer
Philip Morris
PNC Financial
Praxair
Procter & Gamble
Prologis
Publix Super Markets
Ralph Lauren
Restaurant Brands
Royal Bank of Canada
Salesforce
Sands
Sprint
Staples
Starbucks
State Street
Symantec
Sysco
Target
Tesla
Texas Instruments
Time Warner
TJX
Toronto-Dominion Bank
Twenty-First Century Fox
Tyson Foods
United Continental Holdings
United Technologies
UnitedHealth Group
UPS
US Bancorp
US Foods Holding
Verizon
Visa

VMWare
Walgreens Boots Alliance
Walmart
Walmex
Wells Fargo
Whirlpool
Williams
Yum! Brands

Warnings Regarding Financial Returns

The purpose of this booklet is to solicit your commitment to and involvement in the United Nations Sustainable Development Goals. We believe that humanity must create a large community of interest dedicated to changing human behavior to live in harmony with this small planet.

One of the ways you can show your commitment is to invest in companies that are themselves operating in sustainable ways. We believe investment is a powerful tool that can send a powerful positive message to the corporations the shares of which we include in our index and a powerful negative message to the corporations the shares of which we do not include.

We have developed a unique approach that guides which shares we include in our index and which shares we do not include. It is NOT the approach that investors typically take. Specifically, we require that the company commitments in its legally binding regulatory reports to pursuing one of more of the Sustainable Development Goals. This limits the universe of available candidates. For example, in the litigious United States, some good companies, with strong commitments to the SDG's, do not discuss their commitment in their regulatory filings. They are excluded from our index.

The conventional wisdom in investing is that restricting the universe of available investments will reduce the returns available to investors. That wisdom may be true, but we believe it is not. We are making a bet, with your money, that companies that are committed to sustainable business practices will produce larger returns than companies that are not so committed.

Additionally, we have had one year of strong results in the performance of the index that we constructed during the year. Please do not assume that we will have strong results again. Our investment team is very experienced and wise from being humbled by the market again and again. Past results are no assurance of future results. This index is relatively new and unproven. It is therefore risky.

Some of this material has been prepared by Princeton Capital Management, LLC ("PrinCap"). This document is for information and illustrative purposes only and does not purport to show actual results. It is not, and should not be regarded as investment advice or as a recommendation regarding any particular security or course of action, nor any attempt to solicit investment services in any jurisdiction where such offering has not been registered.

The UNGSII strategy performance figures set forth are hypothetical or simulated. As such, such figures do not represent actual trading, are not necessarily indicative of future results, have certain limitations and may not reflect the impact that material economic and market factors might have had on UNGSII results if PrinCap were actually managing clients' money. For example, such results may have under- or over-compensated for the impact, if any, of material economic and market factors, such as lack of liquidity.

In addition, such figures are time-weighted and annualized, include realized and unrealized gains and losses and are gross and not net of management fees or commission charges.

No guarantee is made that the UNGSII Strategy will be successful; no representation is made that the UNGSII Strategy will or is likely to achieve the results set forth above; and investors should be aware that past performance, and simulated performance in particular, is no guarantee of future results. An investment based upon the UNGSII is speculative and involves risk, actual performance may be lower or higher than the performance data quoted, and investors may lose capital.