

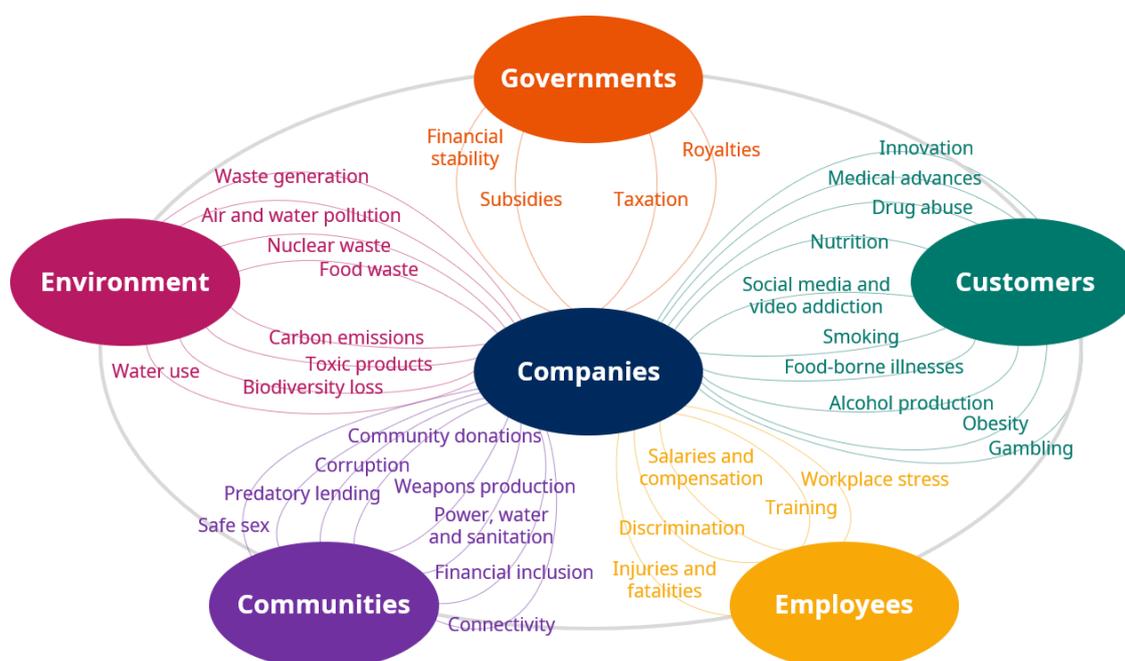
How can companies' impact on society be measured?

Schroders' award-winning SustainEx tool

Growing scrutiny of companies' effects on the wider environment and society mean governments and regulators are starting to clamp down. At the same time, people's expectations are changing. This raises the question of how we can measure these impacts and what they might look like on company balance sheets. Schroders' award-winning SustainEx tool is designed to answer this question.

What is SustainEx?

Companies have both positive and negative impacts on society. For example, positive impacts could be connectivity and innovation, while some of the biggest costs to society are tobacco, carbon emissions and financial instability. SustainEx puts a financial value on all the impacts that companies have on society and allows portfolio managers to integrate these risks and considerations into their investment decision-making process. It tracks 40 different criteria that are each quantifiable, attributable, disclosed and transparent, shown in the diagram below:



How does SustainEx work?

SustainEx looks at the stakeholders a company interacts with – governments, the environment, customers, employees, and communities – and the activities that impact them. It then analyses 70 data points for every company and translates the social costs into “dollar” terms. The output of SustainEx then tells us a company's “social value” as a percentage of sales, so if a company has a score of +5%, it means that for every \$100 of sales the company is making, it is generating an overall positive impact on society equivalent to \$5. This tool therefore allows fund managers and their clients to understand the impact that their investments are having on different sustainability risks. The ability to look at the outputs through different lenses allows people with different priorities to see the data in the way that's most valuable to them and align their investments accordingly.

What does this mean for investors?

Each impact measured by SustainEx is assigned to a relevant United Nations Sustainable Development Goal Category (people, planet, prosperity or peace). Quarterly reporting provides a clear, simple and easy to understand document showing how investments are helping to achieve these UN SDGs by investing in companies that are aligned to a better world.

How can investors access this tool?

Aspect8 partners with Schroders to access SustainEx through the A8 Responsible Portfolios, allowing investors a clear line of sight from their portfolio to understanding how their investments affect the environment and society.

Where can I get more information?

Please contact your Financial Adviser with questions.

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