1. Corporate communication on the SDGs is increasing in 2018
2. Cisco is partly taking advantage of the growing visibility of the SDGs
3. Safeguarding society’s data is a new frontier for promoting sustainable development
Agenda

- Cisco and sector profile:
  - SCR Commitment
  - Media Reputation
  - Analyst Sentiment

- SCR 500 results

- Background
Global blue-chip companies have embraced the United Nations Sustainable Development Goals quickly since their release in 2015. Cisco moved with the current as the visibility of the SDGs increased in their 2019 annual financial report compared to 2018. The topic focus has shifted to prioritize Peace & Justice alongside Climate Action, which has increasingly been framed as an urgent cause. Statements from the CEO Charles H. Robbins in the annual financial report contributed to this SDG visibility.

Room for further expansion of visibility on commitment to the SDGs remains in the financial report. Cisco is well-equipped to highlight how SDG commitment is relevant to corporations as it already demonstrates in the sustainability report. Sustainable cities will depend on resilient and fast IT infra-structure. By increasing the number of SDGs addressed, Cisco can underscore the importance of how addressing all 17 SDGs can improve our world.
Cisco Still Has Room For Improvement on SDG Visibility

A direct comparison reveals that Cisco, like Nokia, has centered its SDG commitment on Peace & Justice as this SDG has become of increased importance for telcos and IT companies in the wake of data privacy and security woes. Both companies address a range of SDGs, but Nokia does so at a higher volume in its financial report, demonstrating the room for further SDG visibility Cisco has. Environmental fears remain key as reporting on the climate as a crisis has intensified. Nokia uses a range of SDGs to address stakeholder concerns, including those of investors, employees, and communities it operates in. To some degree, the increased visibility of SDGs at Nokia may reflect cultural values and regulatory requirements. For Cisco, competitive SDG visibility will require visibility beyond what is currently expected in its home market.
Reputation of Telco Network Providers Under Scrutiny Due to Trade Conflict

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).

Cisco has exceeded this benchmark clearly in 2017/2018. The media see the company back on track after a long transition period where Cisco had to cut its headcount and shift business to software and services. Prior to 2014, the fallout from the NSA scandal put its mark on Cisco’s reputation. The current global rush into 5G networks is said to be a main driver of business in the foreseeable future. However, coverage tone on Cisco has declined since 2017 amid woes over the impact of a trade war, data privacy, and internet regulation.

The sharp decrease in media tonality on Huawei indicates the rising role of geopolitical risk that can weigh on a company's reputation. Building and enhancing trust in the integrity of a corporation has become as important as a sound perception of technological capability. Cisco is at risk, image wise, of being overtaken by Ericsson and Nokia.

Source: Media Tenor. Basis: reports on selected international companies in 47 international media. Total number of reports analyzed: 1,240,645
A balance of more than 10 percent of positive over negative tonality marks a good reputation. Everything below indicates untapped potential or potential or persistent risk. The analysis of 1,185 stories on Cisco in opinion-leading international media in 2012-2018 displays strengths and addresses areas for improvement.

Cisco has won applause for delivering on growth and financial targets. While some competitors have seen eroding market share due to obstacles in the 5G policy framework in a number of countries, Cisco is said to be doing well business-wise. However, a number of risks have been visible in recent years as well. (1) The NSA scandal has revealed that governments’ attempts to get a hold of global data streams provide tremendous reputation risks for network providers. (2) The large-scale job cuts have underpinned risks that Cisco is not capable of educating its workforce to keep pace with technology shifts in the industry. (3) Coverage tone on ESG/Responsibility has declined due to repeated allegations that Cisco technology is used for surveillance operations of the Chinese government.
Cisco’s Shareholder Value Lauded; Customer Value Less Visible

A balance of more than 10 percent of positive over negative tonality marks a good reputation. Everything below indicates untapped potential or potential or persistent risk. The analysis of 480 stories on Cisco in opinion-leading international media in 2016-2018 displays strengths and addresses areas for improvement.

Cisco has achieved a significant share price increase over the past three years, which has been lauded in the press and has prompted more optimistic ratings. Cisco’s CSR/ESG engagement has garnered some positive media attention. A number of reputation factors haven’t reached the +10 per cent threshold and could be investigated more closely: product coverage tone is only balanced – a risk in times where competitors claim they are more advanced and/or provide better value for money and more experience. Customer relations issues have drawn some negativity. Negative coverage on HR has also been visible.

Source: Media Tenor. Basis: 480 reports on Cisco (incl. management and subsidiaries) in 47 international media
Senior management reputation has become an integral part of corporate reputation and vice versa. In many areas, negative coverage on a company has started to dent the reputation of CEOs and in some cases, attacks against CEOs (e.g., from activist funds) have hurt the reputation of corporates. The CEOs of Nokia, Huawei, and Cisco have attracted largely favorable media coverage between 2012 and 2017 as they were seen to cope with changes in the market like the rising demand for cloud services and declining demand for traditional consumer products like routers. But risks have increased recently leading to a decline in reputation for Ren Zhengfei as he is trying to counter spying allegations from the U.S. against Huawei. Also, Rajeev Suri’s image has declined on concerns that Nokia might not be as advanced on technology as Huawei. Chuck Robbins, Cisco’s new CEO, has been praised for results and leadership based on a successful transition towards new services.
The financial press plays a pivotal role when it comes to the question of meeting earnings expectations and comments on strategy. Cisco’s image over the past years has been mostly balanced as papers like The Wall Street Journal and Handelsblatt closely followed Cisco’s advances into software and services like cyber defense. Outside of the business press, Cisco’s image has been more volatile and negative news, such as job cuts, sales results that didn’t meet expectations, and the NSA scandal, have taken a larger toll on Cisco’s reputation. Another challenge for Cisco in terms of global brand building is the moderate awareness it receives in opinion-leading foreign media – unlike Google, Apple and Amazon.

Source: Media Tenor. Basis: 100% = 1,185 reports on Cisco in 47 international media; not all media were completely analyzed.
Identifying Journalists That Shape the Industry’s Perception

Important Journalists Electronics/IT Industry Coverage (selection)

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Source: Media Tenor. Basis: 94,242 reports on electronics/IT companies 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.
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 Cisco demonstrates confidence that it has successfully made the transition from a hardware supplier to a software and services deliverer. After a slump in 2014, Cisco has managed to rebuild trust within the financial world.

Nokia, on the other hand, was believed to have found a new business model after selling the once-famous mobile phone business to Microsoft and focusing on networks. However, analysts were afraid that Asian competitors and Ericsson from Sweden would keep their edge. The negative tonality in 2018 in analyst comments on Nokia is a clear reminder that Nokia has to undertake more efforts to convince the financial experts of its ability to create lasting value.
Financial analyst quotations usually have a positive bias. Their opinion informs the markets and if 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 previously not 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.

Cisco has seen favorable comments from analysts in recent years. But in light of key sustainability challenges it needs more backing from those analysts that have a proven track record on identifying the “patience premium” that comes from sustainable behavior.
Analyst statements in opinion-leading global business media like The Wall Street Journal have long been centered on financial performance versus expectations and forward-looking share price guesses. However, in recent years, the content of analyst quotes has changed, and ESG issues now play an increasing role in what journalists want to know from financial experts. The share of ESG-related coverage on technology companies has moved up from 18 percent in 2012 to 20 percent in 2017. In the meantime, the share has peaked at 31 percent in 2015. What are the consequences for companies?

(1) Cisco and its peers need to put increasing emphasis on the role of ESG factors in their communication on which issues are material to drive future growth, earnings and reputation.

(2) It also means delivering industry-specific benchmarks for material sustainability factors.

(3) And, last but not least, they need to relate their drive for sustainability in financial communication with global road maps like the UN SDGs in order to empower institutional investors for large-scale impact investing. Cisco has already started on this.
There is a rising amount of academic and non-academic evidence that proper ESG strategies help to create additional share price value. Analysts recently emphasized the opportunities that come with excellent ESG practices in the logistics industry.

One of the most comprehensive studies on the relationship between ESG and performance (Bassen et al, 2017) shows a non-negative relation in about 90 percent of all studies analyzed, with a majority of high-profile studies demonstrating a positive relation between ESG performance and financial value.

ESG performance has been identified as a driver of lower borrowing costs and lower bond price spreads. Finally, ESG is an important factor when it comes to communicating about the purpose of a business – a factor that plays an important role for (potential) employees. The oil & gas sector has been seen under scrutiny by analysts in recent years. The term “stranded assets” has been used in the market to stress the risks related to inadequate strategies regarding climate change. But recently, the sector has been said to advance in key areas like green fuels and CO2 reduction.
Cisco has centered its sustainability efforts on some of the most important SDGs. However, the media profile so far just partly reflects the outstanding importance of these issues for the brand. Cisco has been able to connect with a global movement against poverty (CSR/sponsoring and Society). But these types of issues so far make up for less than 2 percent of the total coverage. The IT sector is a key consumer of energy and accused of contributing to global warming. The sector is asked to support strong institutions in order to prevent technology abuse. The enabling role of technology in health so far is not recognized by a number of media.
Agenda

- Cisco and sector profile:
  - SCR Commitment
  - Media Reputation
  - Analyst Sentiment

- SCR 500 results

- Background
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.
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

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 an 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

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, of 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

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.
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 workforce 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.
SDG 10: Reduced Inequalities
Creating a more balanced world

2018

- Deutsche Telekom
- Inditex
- Vivendi
- BNP Paribas
- AXA
- Access Bank
- Reliance Industries
- Schneider Electric
- Total
- Legrand

2019

- Deutsche Telekom
- Total
- BNP Paribas
- BASF
- Iberdrola
- Grindrod Limited
- Cemex
- BBVA
- Schneider Electric
- AXA

2018 vs 2019
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.
Agenda

- Cisco and sector profile:
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  - Analyst Sentiment
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- 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

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.
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.
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.
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 Nations’ Sustainable Development Goals for 2030 (“SDGs”). The SDGs 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:
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.
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
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.
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.
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 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.
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 straightforward: 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.

The Global Youth Poll, providing 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 think.

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

- Boys are treated better; 31%
- Girls are treated better; 37%
- Treated the same; 9%
- Don’t Know; 5%
- Refused; 9%

Boys are treated better
Girls are treated better
Treated the same
Don’t Know
Refused

South America
North America
Middle East
Europe
Asia
Africa

0% 50% 100%
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.
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.
How to work with UNSGII

Opportunities for impactful collaboration:

1) Contract the UNSGII 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 UNSGII Best Practice Annual Global Goals Conference and Award Shows

4) Collaborate with UNSGII 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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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 Sciences, 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 Malteste 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

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

**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

**Middle East**
- Emirates Airlines
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 Generali
Associated British Foods
Astra Zeneca
Atlas Copco
Audi AG
Aviva
Avon Products
AXA
Banco Bilbao Vizcaya Argentaria
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
Electricité 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
Intesa Sanpaolo
KBC Group
Kering
LafargeHolcim
Legrand
Linde
Lloyds Banking Group
LM Ericsson
London Stock Exchange
Lufthansa Group
L'Oreal
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
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
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 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.