Responsible Ownership Activity Report | For professional investors only

Shropshire County Council

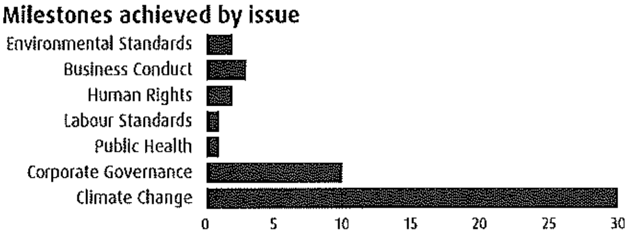
Q1 2018

The purpose of the ***reo®*** (responsible engagement overlay)* service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The ***reo®*** approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities. Through a combination of constructive dialogue and active share voting, ***reo®*** works to drive behavioural change with companies, and records successful outcomes as 'milestones' – changes in corporate policies or behaviour following intervention.

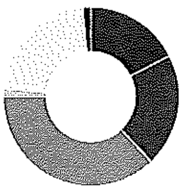
Companies engaged this quarter

Companies engaged	200
Milestones achieved	49
Countries covered	20

Milestones achieved by issue

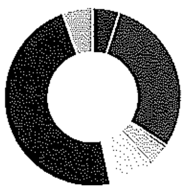


Companies engaged by country



United Kingdom	35
Continental Europe	41
North America	74
Asia (ex Japan)	3
Japan	44
Other	3

Companies engaged by issue ***



Environmental Standards	18
Business Conduct	106
Human Rights	2
Labour Standards	14
Public Health	29
Corporate Governance	174
Climate Change	20

BMO Global Asset Management

* ***reo®*** is currently applied to £144.2bn ($195billion / €162.3billion) of assets as at 31st December 2017. ** Companies may have been engaged on more than one issue. *** This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots with zero shares and re-registration meetings. Meetings/ballots/proposals are not considered voted if: ballots have been rejected by voting intermediaries (e.g. where necessary documentation (such as Powers of Attorney, beneficial owner confirmation, etc.) was not in place); instructed as "Do not vote" (e.g. in share-blocking markets); or left uninstructed. This document is for professional advisors only and should not be circulated to other investors. Past performance should not be seen as an indication of future performance. Stock market and currency movements mean the value of, and income from, investments in the Fund are not guaranteed. They can go down as well as up and you may not get back the amount you invest. BMO Global Asset Management is a trading name of F&C Management Limited, which is authorised and regulated by the Financial Conduct Authority.

ESG Viewpoint

February 2018

Is the Circular Economy treading water?

Goal: Identify and promote best practice of natural resource management in the textile sector

Liat Piazza
Analyst
Associate
Governance and Sustainable Investment

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The information, opinions, estimates or forecasts contained in this document were obtained from sources reasonably believed to be reliable and are subject to change at any time.

Summary

- Demand growth in the textile sector has led to increasing stress on natural resources used in textile production.
- Apparel companies are under pressure to drive innovation in their manufacturing processes and life-cycle management to mitigate the risk of raw material shortages and rising sourcing and production costs.
- In 2017 we reached out to 19 companies in the sector including fast fashion, luxury and outdoor and sportswear companies to discuss their approaches to managing this risk.
- Companies are aware that they cannot ignore this issue and are starting to implement initiatives in this area, however most initiatives are still working on a pilot scheme basis.

Background

The apparel industry is well known for its linear economic model i.e. make, use and dispose. A circular economy model is an alternative to this whereby attempts are made to keep resources in circulation for as long as possible and yield the maximum value out of each resource. The creation of long lasting garments with recyclable qualities, and having the supporting manufacturing systems in place is key to implementing a successful circular economy model.

Extensive research has shown that natural resources used in textile production such as land and water are coming under increasing stress. According to the Pulse of The Fashion Industry Report written by the Boston Consulting Group (BCG) and the Global Fashion Agenda (GFA), apparel and footwear consumption will rise from 62 million tons in 2015 to 102 million tons in 2030. The report predicts a 50% increase in water consumption, 63% increase in energy emissions and 63% increase in waste creation from the apparel sector between 2015 and 2030.

Contact Us

Telephone calls may be recorded.

bmogam.com/responsible-investing

Institutional business

+44 (0)20 7011 4444

institutional.enquiries@bmogam.com

Discretionary Sales

+44 (0)20 7011 4444

client.service@bmogam.com

UK Adviser Sales

0800 085 0383

sales.support@bmogam.com

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With the continued growth in consumption and demand for products it is likely that textile manufacturers will face increasing raw material shortages and rising sourcing and production costs. These stresses will require innovation in manufacturing processes and life-cycle management. The implementation of a comprehensive circular economy business model will allow brands to maximise the use of raw materials and natural resources in the manufacturing processes; and importantly, reduce their reliance on new raw materials.

Key raw materials for the sector include cotton, which according to the World Resources Institute (WRI) is the most widely used material in the sector accounting for 33% of all fibres used. Leather is widely used in the luxury and footwear segments of the sector, and polyester is used in the outdoor-wear and sportswear industries. Rubber is also an important raw material for the footwear industry. All these have different environmental impacts and consequently create challenges that brands need to consider.

Resource requirements and reuse challenges for raw materials and manufacturing

Cotton	• Around 3% of water used in agriculture is for growing cotton • Cotton accounts for around 48% of textile production • 1kg of cotton requires 20,000 litres of water; this makes roughly one t-shirt and a pair of jeans • Cotton does not retain its quality well when recycled therefore it is currently not possible to create products from 100% recycled cotton[1]
Leather	• The leather industry is one of the top 10 most toxic polluters • In China the leather industry is one of the top 20 wastewater dischargers • 400 tanneries are within the Ganges river basin in India, and the industry is one of the most polluting with around two thirds of the wastewater not being treated before returning to the river • Cattle farming is a key driver of deforestation • Leather can be recycled into lower quality leather however it is difficult for leather to retain its quality during the recycling process[2]
Polyester	• Five times more energy intensive to produce than cotton • Made from petroleum which has a negative environmental impact during the extraction process • Has a long useful life - retains quality when recycled and can be recycled a number of times
Rubber	• 90% of rubber comes from India, Vietnam, Southern China and Indonesia in some of the most biodiverse forest habitats, home to many endangered species • Growing demand for rubber drives deforestation to serve production of this crop. • Rubber can be produced without clearing natural forests, a process that should be encouraged • Rubber is a recyclable material[3]
Garment manufact-uring	• Water heavily used in production process e.g. during fabric dyeing • Water pollution from garment manufacturing comprises 20% of industrial water pollution • Five trillion litres of water used in fabric dyeing a year[4]

Innovative solutions for apparel companies exist, and there are new technologies and businesses emerging to support apparel companies on their journeys to implementing a circular economy business model. For example, Lenzing is an Austrian, man-made fibre producer that is working on a range of "specialty fibres", such as Refibra, which is made out of cotton scraps from factories. In addition, Dyecoo has developed and supplied water and chemical free textile dyeing systems to garment manufacturers.

Engagement action

Following research on the challenges associated with key raw materials, we looked to understand what sustainable and innovative materials and processes are being developed. This allowed us to identify a best-practice framework for a circular economy:

Risk management

- Mapping emerging natural resource scarcity in manufacturing processes and the supply chain.
    - Raw material scarcity mapping is an important risk assessment for apparel companies in addition to conventional cost mapping exercises.
    - Risk mapping is key for companies to have a clear understanding of long-term risks and cost impacts, which in turn can incentivise the development of circular economy solutions.

Design phase

- Re-designing garments to increase their potential for recyclability, such as creating garments from single materials as these are easier to recycle than garments made from a mix of materials and/or focusing on the research, development and innovation of fabrics.

[1] WWF
[2] China Water Risk, WWF, CDP
[3] WWF
[4] WRI

- Ensuring minimal fabric waste at factories.

Post sales

- Take-back schemes that re-use and recycle material from garments that have been brought back, into new products.
- Repair services aimed at extending the useful life of garments whilst giving brands the image of quality and durability.

We reached out to 19 apparel companies requesting a dialogue on their approach to developing circular economy models that use the best practice elements we had identified.

Findings

Of the 19 companies, we had discussions with 12, written responses from two companies and no response from the remaining five. We classified responsive companies as either front-runners, followers or laggards.

Seven of the 14 companies that responded were classified as front-runners. These companies are already actively working on circular economy initiatives such as pilot schemes using recycled materials to make garments, launching sustainable clothing lines, small scale recycling of waste at manufacturing sites, and research projects. Many companies have also launched or are piloting garment takeback schemes where consumers can bring old and unwanted garments back to the store and these are either re-sold, donated to charity, recycled or disposed of. Nevertheless, these companies are not yet in a position to clearly map-out the scalability of these initiatives. We have specifically chosen to classify these companies as "front-runners" and not "leaders", as despite being the most advanced of the companies we engaged with in developing circular economy strategies, they still have a long way to go in implementing comprehensive circular business models that would reduce their reliance on natural resources and increase control of volatile raw material prices.

Although the "front runners" showed an understanding of the need to implement circular economy models, we have seen little indication as to the eventual objectives and scope of their efforts to inject circular models into their overall business. Our engagement found that the main driver for companies to implement circular models is due to the customer demand for more sustainable products. Our conversations further revealed that many companies are aware of increasing raw material scarcity but have not developed a risk-assessment for sustainable, long-term material sourcing. Only three of the companies we engaged with have implemented leading risk management practices, including identification of key raw materials, development of a sustainable sourcing policy for these, targets and implementation programmes on sustainable sourcing.

As a result, we found that companies were satisfied with small projects such as a sustainable fashion line, as opposed to working on scalable projects to convert business models from a linear one to a circular one.

Three of the companies that responded were classified as "followers". These companies have started to work on circular economy initiatives but these are still in an early design phase.

And lastly we classified four of the companies that responded as laggards. These companies are either unwilling to engage on the topic and/or do not show any evidence on working on this through their disclosures.

Case Study – Hennes and Mauritz

Background

The Swedish clothing brand is considered an industry leader for implementing sustainable business practices, and particularly for implementing a circular economy business model.

The company has a take-back system whereby consumers have the opportunity to dispose of their old garments from any brand. Whilst the garments that are still in a good condition are either donated to charity or re-sold as vintage products, other garments are turned into scraps to be used in the manufacturing process, or used for fibre to fibre recycling. We were, however, disappointed to discover that a small percentage of these clothes along with some unsold garments are incinerated. We encouraged the company to work on initiatives in order to reduce this, such as designing clothing with a higher recyclable life to make better use of the fibres in unsold garments as well as those brought back through take-back schemes.

Despite its robust commitment on sustainability issues, the company, like most of its peers, has a long way to go to implement circular economy processes that would reduce its own supply chain waste, capitalise on its own waste to produce garments from recycled materials, and innovate its products to scale up the use of recycled content.

Continued

Conclusion and next steps

The textile sector shows a range of approaches to implementing circular economy business models. The majority of companies have started to work on and trial circular economy opportunities, however the scalability of these initiatives is still unclear. In addition, it became clear during our engagement that companies have not fully considered and understood the rate at which their businesses could begin to be affected by increasing scarcity and price volatility of raw materials, as well as scarcity of natural resources used in the manufacturing process. Developing enhanced risk mapping will be key for the industry to wake up to this eventual challenge, however the company approaches we have seen to date still fall short in making significant headway in this area.

Circular economy in the apparel industry is a concept being widely spoken about. Investor engagement on this issue is slowly ramping up. In addition, there are a number of organisations addressing circularity questions, including the Sustainable Apparel Coalition, Wrap, Circular Fashion, The Ellen McArthur Foundation, and it was a big topic on the agenda for the Copenhagen Fashion Summit in 2017. More needs to be done, however, to build momentum and encourage apparel companies to develop effective risk mapping tools in order to inform circular business models.

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ESG Viewpoint

March 2018

General Data Protection Regulation (GDPR) – What does it mean for companies?

David Sneyd
Senior Associate, Analyst

Governance and Sustainable Investment

Contact Us
Telephone calls may be recorded.
bmogam.com/responsible-investing

Institutional business
+44 (0)20 7011 4444
institutional.enquiries@bmogam.com

Discretionary Sales
+44 (0)20 7011 4444
client.service@bmogam.com

UK Adviser Sales
0800 085 0383
sales.support@bmogam.com

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Summary

- The General Data Protection Regulation (GDPR) comes into effect on 25 May 2018 with the aim of strengthening cybersecurity, increasing privacy for EU citizens and unifying data legislation from across the European Union. It replaces the Data Protection Directive (1995). Unlike its predecessor, it has extra territorial reach, which effectively makes it the first global data law.
- Since that time there have been vast technological advances impacting all parts of our lives, affecting the way that personal data is collected, processed and stored. In parallel, modern day businesses have never been more reliant on using data in all aspects of what they do.
- Within this context, GDPR aims to enshrine EU citizens' right to privacy by giving them back control of who holds their personal data, how it is used and how well it is protected. This is alongside a backdrop of escalating threats of cyber-attacks, as personal information is valuable for criminals.
- Although GDPR will benefit companies through streamlining the data regulatory landscape, we foresee it capturing a broader range of global companies than present, increasing the cost of compliance and requiring widespread governance and cultural reform to ensure that data protection and privacy is a priority. Few businesses are fully prepared, but we think that an initial period of grace from regulators will reduce compliance risk.

Background

Over the past two decades there has been a dramatic gear-change in how society uses technology, with your average business now more reliant on the processing of data than ever before. This applies to not only how their business operates, but for some of today's most highly valued companies it sits at the core of their product offering. Meanwhile, consumers in both developed and emerging markets are integrating digital services into their lives at an unprecedented rate, with the resulting data being both personal and increasingly valuable in nature.

Somewhat inevitably this has led to a similar increase in cybercrime, as hackers look to take advantage of personal information being inadvertently accessible through company systems being put online without the required security provisions to keep them out. In addition to this, with companies so reliant upon technology for their day-to-day operations, there are increased disruption risks as criminals look to profit by holding companies for ransom. Finally, the use of hacking by nation states means that those companies that can be considered as part of a country's critical infrastructure or of strategic importance, such as utilities, banks and telecommunications being at particular risk.

"Cybersecurity risks are growing, both in their prevalence and in their disruptive potential. Attacks against businesses have almost doubled in five years, and incidents that would once have been considered extraordinary are becoming more and more commonplace."

The Global Risks Report 2018, World Economic Forum

Within this context, the European Union has updated its rules on data protection that were first introduced in 1995. Originally this process focused on looking to enshrine the right to privacy as a universal human right for its citizens; however during the drafting process this remit was broadened to also include the security of data as the threat level increased over that time.

Although the new data rules are much more far reaching and demanding than those that came before them, the EU has put forward GDPR as more beneficial to business than burdensome. This is primarily due to it streamlining the compliance process by putting an end to the patchwork of overlapping data protection rules that currently exist within individual member states, as well as introducing a "one stop shop" principle where companies can work with one local data authority, with the understanding that any agreements will passport to all others. Given its expanded territorial reach (detailed below), it will also offer a more balanced treatment between EU and non-EU companies on how they handle personal data.

"These new pan-European rules are good for citizens and good for businesses. Citizens and businesses will profit from clear rules that are fit for the digital age, that give strong protection and at the same time create opportunities and encourage innovation in a European Digital Single Market"

Věra Jourová, Commissioner for Justice, Consumers and Gender Equality

That being said, despite these advantages there are still substantial challenges for companies to comply with GDPR. In this viewpoint we will examine what is new under this legislation and what the implications will be for companies.

How is GDPR different from existing data regulation?

- **Potentially applies to all companies globally:** Unlike the rather ambiguous regulation that went before it, the scope of GDPR is not defined by where companies that use personal data are located, but rather where their current or potential customers are based. The new regulation will apply to any company that handles personal data of a European Union citizen, irrespective of whether this activity takes place inside the EU, making it the first global data protection law.

- **Widens the definition of personal data:** Whilst the definition of personal data is pretty broad under existing data laws, it will be further extended under GDPR to include any data that can be used to identify an individual. This includes information that might seem quite generic or mundane in isolation, but could become unique and personal when viewed in combination. New types of information will include the geographical, physiological, genetic, economic, cultural or social identity of someone. In addition to this, under certain

Continued

circumstances, personal data now includes online identifiers such as IP addresses and mobile device IDs.

- **More significant penalties:** The most severe breach of GDPR, such as having insufficient consent to process customer data or a data leak resulting from inadequate security provisions, can be fined by up to 4% of annual global turnover or €20 million (whichever is higher). This is substantially higher than what is possible under current legislation, i.e. £500,000 in the UK or €900,000 in the Netherlands. Overall, there is a tiered approach for fines, with a fine of up to 2% of annual global revenue possible for minor breaches such as not having records in order or not notifying a data subject about a breach.

- **Gives less control to companies and more rights to data subjects:** Unlike the current consent regime for companies to use customers' personal data (which is implicit and opt-out in nature), individual customers will need to explicitly opt-in for how their data will be used going forward. Companies will no longer be able to use long illegible terms and conditions full of legalese to attain consent. In addition it introduces the right to be forgotten, for data subjects to see what data is held on them in an easy and free manner, alongside an overall restriction on using personal data for anything other than what it is originally collected for.

- **Mandates the appointment of a Data Protection Officer (DPO):** Companies that either systematically "monitor data subjects on a large scale" or "process on a large scale specific categories of data" will have to appoint a DPO. The DPO must have expert knowledge of data protection laws, must report to the highest level of management and can either be a staff member or outsourced to an external service provider.

- **Introduces a common data breach notification requirement:** Companies can no longer hide data breaches and inform customers or the market when they are ready to do so, but rather will be required to notify both supervisory bodies and the individual who is the subject of the data within 72 hours of any breach that is likely to 'result in a risk for the rights and freedoms of individuals'. This is more specifically defined as where a breach could (rather than has) lead to, amongst other things, an individual being subject to discrimination, identify theft or fraud, financial loss or reputational damage.

- **Extends liability beyond companies to third-party providers:** Under current regulations the responsibility for keeping data safe and private sits with the "data controller", which is the company that wishes to use the data somehow and decides how it is processed. By comparison, "data processors" are those that actually process the data on behalf of the company, such as third-party software vendors or a cloud-computing provider. Responsibility for data protection currently sits wholly with these "data controllers", but under GDPR this liability will also be extended to all third-party organisations that touch personal data.

- **Allows any European data authority to take action:** By means of example, Ireland is currently popular with US corporations as a residence for their data controllers because it has a relatively lenient local data protection authority, but under GDPR any European authority can take action against an organisation. The benefit for companies is that they will have to deal with only one supervisory body as compliance/agreements with them passports to all others, but at the same time there is a stronger enforcement regime, as data subjects in any member state can approach their locally based regulator with any concerns.

- **Requires companies to be pro-active and intentional on data protection:** The new legislation will mandate the principle of 'privacy by design', which requires that data protection be an integrated part of how systems are designed, rather than an additional feature or afterthought. Before projects are even started, companies will also be required to conduct a privacy impact assessment (PIA), which sets out what data points will be collected, how it is maintained, how it will be protected and how this data will be shared. The DPO will be responsible for ensuring that the PIA is complied with throughout the build and use of such systems.

What are the consequences for companies?

With modern day businesses having never been more reliant on processing personal data, few will escape the implications of GDPR requirements. We think that the main consequences of this new data legislation can be summarised into three different areas:

- **Wider scope of data compliance**

At present those companies who are based outside of the EU and process data of its citizens in their home territory are not required to comply with EU data protection laws. GDPR extends its qualifying criteria to also include not just how data is processed, but who the data concerns, meaning that a wide variety of companies based outside the EU will now be subject to this new standard that is much more stringent than what is seen in some other regions. For example, a Chinese flower delivery company allowing EU citizens to make orders for fulfilment only in China is currently not in scope, but under GDPR it will be.

Scope has also been increased to include a wider range of data uses through either direct reference, such as profiling through big data algorithms, or through the broadening of the definition of personal data to include location data or online identifiers. Any business that is reliant upon profiling its customers will now be subject to further procedural checks, which will reduce the efficiency of these processes. In addition, individuals will have the right to refuse to be subject to these processes all together, meaning that companies need to have a contingency operation in place to accommodate these requests.

Finally the new data regulation extends responsibility from just data controllers (i.e. the company who uses the data for its business) to those who only process data. Given the recent move towards 'cloud computing' and the out-sourcing of technology infrastructures provided to third parties, those companies that provide such services will now be exposed to high regulatory risk across their client base. In addition, data controllers will need to ensure that everyone who interacts their customers' data on their behalf, be that transferring, storing or processing, handles the data appropriately and securely. This introduces the concept of data supply chain management, which similar to conventional supply chain management, sets in place due diligence procedures to ensure that all those involved are robust and do not expose them to undue compliance risks.

- **Increase in cost of data compliance**

The most obvious potential cost from GDPR is the substantially increased penalties for non-compliance, where companies can be fined by up to 4% of annual global turnover or €20 million (whichever is higher). Given GDPR's extended territorial reach, it is also foreseen that EU data authorities will be able to enforce penalties through local authorities, including many regions where it already has history of co-operation.

This was seen when the UK telecommunications company TalkTalk was fined just £400,000 in 2016 for a poor cybersecurity controls that allowed the leaking of personal data on 21,000 customers the year before, being near the maximum permissible under current UK data laws. By comparison, this fine could have been up to £72 million (4% of its global annual turnover for that year) under GDPR. The risk here is only made worse by the increased difficulty in complying with GDPR and the large penalties for not doing so.

"If a business can't show that good data protection is a cornerstone of their practices, they're leaving themselves open to a fine or other enforcement action that could damage bank balance or business reputation."

Elizabeth Denham, UK Information Commissioner

Alongside this, there is the substantial compliance costs that will be associated with the new requirements of GDPR. The systems and procedures that companies use to process data will need to be upgraded to be able to meet new requirements, including audit procedures that prove proper consent or facilitating requests by data subjects to see what data is held or exercise their right to be forgotten. For those companies that have not already invested in good data governance or robust processing procedures, there will be a substantial amount of capital investment required to catch up with the standards now expected of them. In addition, there will be a slowing down of productivity as resource is allocated to dealing with these requests as part of business-as-usual processes.

- **Revenue impact on data-reliant products and services**

The other main cost will come in the form of loss of revenue from existing business practices either being frustrated through new provisions or prohibited together. For years, companies have used customer data in an unrestricted way through obtaining implicit consent from users on an opt-out basis.

"More than 8 in 10 firms falling under the scope of GDPR say they'll need to adapt products to comply"

IAPP-EY Annual Privacy Governance Report 2017

Continued

Some sectors, such as retail, have become dependent upon this to curate the online experience of their customers based on personal data and their purchase history. Under GDPR individuals will not only have to opt-in for their data to be collected, but also what it can specifically be used for. Given that consumers are becoming more aware of keeping their personal data private and protected, the expectation is that many will not provide the consent needed for retailers to maximise customer spend under their current established business practices. By further means of example, a 2017 survey by PageFair discovered that only a very small proportion (3%) of those asked believed that the average user would explicitly consent to "web-wide" tracking for the purposes of advertising (tracking by any party, anywhere on the web). By comparison, under current legislation this practice is permissible without consent and widely adopted.

- **Cultural/governance reform on data compliance**

An underlying principle of the new legislation is that companies should work to create a culture of privacy within their organisations. Like any successful effort to shape corporate culture, it needs to be led by those in a position of authority by 'setting the tone from the top'. However, anecdotal evidence has suggested that senior ranks getting a proper grasp of the issue has proven to be a challenge for companies, as data privacy and security has historically been viewed more of an operational issue rather than of strategic importance for consideration at board level.

"The survey of almost 900 members of the Institute of Directors... shows that nearly a third of company directors have not heard of GDPR, while four in 10 don't know if their company will be affected by the new regulations."

UK Institute of Directors, October 2017

In addition to this, there is the requirement for certain companies that are data processing intensive to appoint a Data Protection Officer (DPO) who must report to the highest level of management. For those companies that do not already have governance procedures in place for considering data privacy and security issues, work will be needed to fully establish this new role and ensure that it has the internal authority and correct reporting-line to be effective.

The same is true for having procedures in place for reporting data breaches, which under GDPR companies will need to do within 72 hours of discovery. Those companies that already have reporting lines establishing and procedures in place for doing so will be at an advantage, such as banks who go as far as playing 'cyber war games' to rehearse the process. However, recent incidents at Equifax and Uber have demonstrated that in practice some companies prefer to conduct a full investigation that can take several months before informing those outside the company. Such action will be impermissible under GDPR. For those companies for which this is a new concept will have to face a steep learning curve.

Finally, this cultural shift will need to manifest in GDPR's privacy by design principle. In practice, this will require companies to take such considerations into account early on within their strategic planning or product development process rather than as a factor to take into account after the fact.

Conclusions and next steps

Although GDPR provides an opportunity for global companies to have a simpler and more productive relationship with data regulators in Europe, in an area that is increasingly relevant for all businesses, it does pose challenges. EU lawmakers have established a high watermark for global data protection regulation, the cost of which getting to a point of full compliance and ensuring that they stay there will be substantial. At the same time, for those companies that embrace the challenge and implement the requirements effectively, we consider that they will be more secure, have a better understanding of the cyber-risk exposure and be able to leverage brand loyalty through taking customer privacy seriously giving them a competitive advantage.

Initially, the primary winners of GDPR will be consumers rather than business, but in the long-run there is an opportunity that it will incentivise increased transparency and competition in the market. Those companies that operate across several different jurisdictions will also benefit for the streamlined compliance process. By fully embracing such a high standard of practice on data governance, international companies can be confident that their compliance will passport to all of their global operations, thereby avoiding the headache of patchwork regulatory requirements that are currently in place.

It has been reported that a minority of companies will be ready for GDPR on 25 May 2018, but similarly data regulators have said that they will not be conducting a witch-hunt come "G-day", but rather giving an initial grace period

Continued

to accommodate for this. At the same time, given the scale of change that may be required for those companies that have not taken data protection seriously up until now, the time it will take to reform practices and become fully compliant may extend beyond this grace period.

Top engagement questions for companies:

- Will you be fully GDPR compliant by 25 May 2018?
- If not, where is there still work to do? When will this work be completed?

Governance/Oversight

- How does the Board monitor data privacy / cybersecurity issues?
- Is there to be sufficient Board expertise on data issues to be able to provide effective oversight?
- Have you appointed a Data Protection Officer? Who do they report to?
- Do you have a breach notification procedure established? Have you rehearsed it?

Products/Operations

- Do you foresee any product lines being adversely affected by new restrictions on data use?
- Are you able to meet potential demands to report on data use to customers or delete data altogether?
- Do you have a policy of 'privacy by design'?

Cybersecurity

- Who is responsible for cybersecurity? Is it included within your Enterprise Risk Management system?
- Have you adopted any industry standards for cyber risk management, i.e. ISO 27001?
- Do you stress-test your data security systems?

What due diligence do you undertake on third-party data processors / technology vendors?

Given the stakes involved, a key question as far as we are concerned is how companies, and in particular their boards, will effectively oversee their GDPR compliance and data protection procedures. In particular, explicit provisions regarding the introduction of a DPO role need to be tailored by each company into its existing management reporting lines. Other requirements, such as injecting data privacy into company culture and the 72 hour breach reporting requirement, also have immediate corporate governance implications on its cyber-risk management.

Cyber risk is an important and emerging consideration across all sectors, with GDPR drawing a clear line in the sand on what is expected from companies to navigate these waters. Therefore, we will continue engaging with both leading and lagging companies to help drive stronger practices across in this area.

Continued

How BMO Global Asset Management can help you

BMO Global Asset Management incorporates material ESG issues into its investment processes across asset classes. We also offer our Responsible Funds range, which invests in companies operating sustainably and excludes those not meeting our ethical and ESG criteria, and our *reo*® engagement service, through which we provide engagement and voting services covering global equities and credit.

Contact us to find out more.

Sustainable Investment Awards

Best Ethical Investment Fund Management Group 2016	Best Ethical Investment Fund Management Group 2016
INVESTMENT WEEK SUSTAINABLE INVESTMENT AWARDS 2016 WINNER Best Ethical Investment Fund Management Group	INVESTMENT WEEK SUSTAINABLE INVESTMENT AWARDS 2016 WINNER Best Ethical Investment Fund Management Group

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Past performance should not be seen as an indication of future performance. The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

The screening out of sectors or companies on ethical grounds may mean a fund is more sensitive to price swings than an equivalent unscreened fund.

Priority Companies and Your Fund

The table below highlights the companies on BMO's annual priority engagement list with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. Priority companies are selected through a detailed analysis of client holdings, proprietary ESG risk scores, engagement history and the BMO Governance and Sustainable Investment team's judgement and expertise. Each priority company has defined engagement objectives set at the beginning of each year. Engagement activity levels for priority companies are more intensive than for companies where we engage more reactively. We provide reporting on our engagement with priority companies in the form of case studies which follows the table below. For full list of priority companies please refer to the Appendix at the end of this report. For full details of our engagements with companies please refer to the online *reo*® client portal.

				Themes engaged						
Name	Sector	ESG Rating	Response to engagement	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
Albemarle Corp	Materials	ORANGE	Good	●	●		●			●
Amazon.com Inc	Consumer Discretionary	RED	Poor						●	
Andritz AG	Industrials	YELLOW	Poor						●	
Anglo American PLC	Materials	YELLOW	Good		●					
AutoZone Inc	Consumer Discretionary	RED					●			
Bayer AG	Health Care	YELLOW	Adequate		●			●	●	
BP PLC	Energy	YELLOW	Good		●					
British American Tobacco PLC	Consumer Staples	YELLOW	Good	●	●		●	●	●	●
General Electric Co	Industrials	GREEN	Poor						●	
GlaxoSmithKline PLC	Health Care	YELLOW	Good		●			●	●	
HSBC Holdings PLC	Financials	ORANGE	Good		●				●	
International Consolidated Airlines Group SA	Industrials	RED	Adequate		●					
Johnson & Johnson	Health Care	YELLOW	Adequate					●	●	
Keyence Corp	Information Technology	ORANGE	Poor						●	
L Brands Inc	Consumer Discretionary	RED	Good	●			●			
Martin Marietta Materials Inc	Materials	ORANGE	Adequate	●					●	●
McDonald's Corp	Consumer Discretionary	ORANGE	Adequate		●				●	
Mylan NV	Health Care	RED	Adequate					●		
Novartis AG	Health Care	ORANGE	Good	●	●			●		
Roche Holding AG	Health Care	GREEN	Adequate		●			●	●	
Ryanair Holdings PLC	Industrials	ORANGE	Good		●		●		●	
Sage Group PLC/The	Information Technology	YELLOW	Adequate		●				●	
SAP SE	Information Technology	GREEN	Good		●				●	
Solvay SA	Materials	GREEN	Good							●
Toray Industries Inc	Materials	GREEN	Adequate		●				●	
UniCredit SpA	Financials	YELLOW	Good		●				●	
US Bancorp	Financials	ORANGE	Adequate						●	
Walmart Inc	Consumer Staples	RED	Adequate						●	
Wells Fargo & Co	Financials	RED	Adequate		●				●	
Western Union Co/The	Information Technology	YELLOW	Good		●				●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Red rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online ***reo***® client portal.

					Themes engaged						
Name	Country	Sector	Priority company	ESG Rating	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
Abbott Laboratories	United States	Health Care		RED						●	
Allergan PLC	United States	Health Care		RED					●		
Altria Group Inc	United States	Consumer Staples		RED						●	
Amazon.com Inc	United States	Consumer Discretionary	✔	RED						●	
Auto Trader Group PLC	United Kingdom	Information Technology		RED		●					
AutoZone Inc	United States	Consumer Discretionary	✔	RED				●			
Berkshire Hathaway Inc	United States	Financials		RED						●	
Cigna Corp	United States	Health Care		RED						●	
Comcast Corp	United States	Consumer Discretionary		RED						●	
eBay Inc	United States	Information Technology		RED		●				●	
Facebook Inc	United States	Information Technology		RED		●				●	
Fresenius SE & Co KGaA	Germany	Health Care		RED	●	●		●	●	●	
International Consolidated Airlines Group SA	United Kingdom	Industrials	✔	RED		●					
Japan Real Estate Investment Corp	Japan	Real Estate		RED						●	
Kose Corp	Japan	Consumer Staples		RED						●	
L Brands Inc	United States	Consumer Discretionary	✔	RED	●			●			
Mylan NV	United States	Health Care	✔	RED					●		
Nomura Real Estate Master Fund Inc	Japan	Real Estate		RED						●	
Pfizer Inc	United States	Health Care		RED					●	●	
Philip Morris International Inc	United States	Consumer Staples		RED						●	
Shimano Inc	Japan	Consumer Discretionary		RED						●	
Suzuki Motor Corp	Japan	Consumer Discretionary		RED						●	
Teva Pharmaceutical Industries Ltd	Israel	Health Care		RED					●		
United Urban Investment Corp	Japan	Real Estate		RED						●	
UnitedHealth Group Inc	United States	Health Care		RED						●	
Valeant Pharmaceuticals International Inc	United States	Health Care		RED					●		
Walmart Inc	United States	Consumer Staples	✔	RED						●	
Wells Fargo & Co	United States	Financials	✔	RED		●				●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Orange rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online *reo*® client portal.

					Themes engaged						
Name	Country	Sector	Priority company	ESG Rating	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
Albemarle Corp	United States	Materials	✔	ORANGE	●	●		●			●
AT&T Inc	United States	Telecommunication Services		ORANGE						●	
Barclays PLC	United Kingdom	Financials		ORANGE		●					
BHP Billiton PLC	Australia	Materials		ORANGE	●	●		●		●	●
Chevron Corp	United States	Energy		ORANGE						●	
Chubu Electric Power Co Inc	Japan	Utilities		ORANGE						●	
Daiichi Sankyo Co Ltd	Japan	Health Care		ORANGE					●	●	
Daiwa House REIT Investment Corp	Japan	Real Estate		ORANGE						●	
HSBC Holdings PLC	United Kingdom	Financials	✔	ORANGE		●				●	
Japan Prime Realty Investment Corp	Japan	Real Estate		ORANGE						●	
JPMorgan Chase & Co	United States	Financials		ORANGE		●				●	
Keyence Corp	Japan	Information Technology	✔	ORANGE						●	
Kinder Morgan Inc/DE	United States	Energy		ORANGE						●	
Lloyds Banking Group PLC	United Kingdom	Financials		ORANGE		●				●	
Martin Marietta Materials Inc	United States	Materials	✔	ORANGE	●					●	●
Marubeni Corp	Japan	Industrials		ORANGE						●	
Mazda Motor Corp	Japan	Consumer Discretionary		ORANGE						●	
McDonald's Corp	United States	Consumer Discretionary	✔	ORANGE		●				●	
Mitsubishi Corp	Japan	Industrials		ORANGE	●					●	●
Netflix Inc	United States	Consumer Discretionary		ORANGE						●	
Novartis AG	Switzerland	Health Care	✔	ORANGE	●	●			●		
Ono Pharmaceutical Co Ltd	Japan	Health Care		ORANGE					●		
Ryanair Holdings PLC	Ireland	Industrials	✔	ORANGE		●		●		●	
Secom Co Ltd	Japan	Industrials		ORANGE						●	
Smith & Nephew PLC	United Kingdom	Health Care		ORANGE		●				●	
Taisei Corp	Japan	Industrials		ORANGE						●	
Toppan Printing Co Ltd	Japan	Industrials		ORANGE						●	
Toyota Motor Corp	Japan	Consumer Discretionary		ORANGE	●			●		●	●
Unicharm Corp	Japan	Consumer Staples		ORANGE						●	
US Bancorp	United States	Financials	✔	ORANGE						●	
Verizon Communications Inc	United States	Telecommunication Services		ORANGE						●	
Walt Disney Co/The	United States	Consumer Discretionary		ORANGE						●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Yellow rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online ***reo***® client portal.

					Themes engaged						
Name	Country	Sector	Priority company	ESG Rating	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
ABN AMRO Group NV	Netherlands	Financials		YELLOW	●						●
AIA Group Ltd	Hong Kong	Financials		YELLOW		●				●	
Aisin Seiki Co Ltd	Japan	Consumer Discretionary		YELLOW						●	
Andritz AG	Austria	Industrials	✔	YELLOW						●	
Anglo American PLC	United Kingdom	Materials	✔	YELLOW		●					
AP Moller - Maersk A/S	Denmark	Industrials		YELLOW		●					
Bank of America Corp	United States	Financials		YELLOW		●				●	
Bayer AG	Germany	Health Care	✔	YELLOW		●			●	●	
BB&T Corp	United States	Financials		YELLOW						●	
Booking Holdings Inc	United States	Consumer Discretionary		YELLOW		●				●	
BP PLC	United Kingdom	Energy	✔	YELLOW		●					
British American Tobacco PLC	United Kingdom	Consumer Staples	✔	YELLOW	●	●		●	●	●	●
Charles Schwab Corp/The	United States	Financials		YELLOW						●	
Citigroup Inc	United States	Financials		YELLOW						●	
Coca-Cola Co/The	United States	Consumer Staples		YELLOW						●	
Deutsche Bank AG	Germany	Financials		YELLOW		●					
Disco Corp	Japan	Information Technology		YELLOW						●	
DNB ASA	Norway	Financials		YELLOW		●				●	
DowDuPont Inc	United States	Materials		YELLOW						●	
Eni SpA	Italy	Energy		YELLOW							●
Experian PLC	United Kingdom	Industrials		YELLOW		●				●	
Exxon Mobil Corp	United States	Energy		YELLOW						●	
GlaxoSmithKline PLC	United Kingdom	Health Care	✔	YELLOW		●			●	●	
ITOCHU Corp	Japan	Industrials		YELLOW						●	
Japan Retail Fund Investment Corp	Japan	Real Estate		YELLOW						●	
Johnson & Johnson	United States	Health Care	✔	YELLOW					●	●	
Kajima Corp	Japan	Industrials		YELLOW						●	
Mastercard Inc	United States	Information Technology		YELLOW		●				●	
Mitsubishi Chemical Holdings Corp	Japan	Materials		YELLOW						●	
Mitsubishi UFJ Lease & Finance Co Ltd	Japan	Financials		YELLOW						●	
Nikon Corp	Japan	Consumer Discretionary		YELLOW						●	
Nordea Bank AB	Sweden	Financials		YELLOW	●	●		●		●	●
Resona Holdings Inc	Japan	Financials		YELLOW						●	
Royal Bank of Scotland Group PLC	United Kingdom	Financials		YELLOW		●					

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Yellow rated

Name	Country	Sector	Priority company	ESG Rating	Themes engaged: Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
Royal Mail PLC	United Kingdom	Industrials		YELLOW		●					
Sage Group PLC/The	United Kingdom	Information Technology	✓	YELLOW		●				●	
Shire PLC	United States	Health Care		YELLOW					●		
Societe Generale SA	France	Financials		YELLOW		●					
Sumitomo Corp	Japan	Industrials		YELLOW						●	
UniCredit SpA	Italy	Financials	✓	YELLOW		●				●	
Western Union Co/The	United States	Information Technology	✓	YELLOW		●				●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Green rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online ***reo***® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged: Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
3M Co	United States	Industrials		GREEN						●	
AbbVie Inc	United States	Health Care		GREEN					●	●	
Aeon Co Ltd	Japan	Consumer Staples		GREEN						●	
Allianz SE	Germany	Financials		GREEN		●				●	
Alphabet Inc	United States	Information Technology		GREEN						●	
Amadeus IT Group SA	Spain	Information Technology		GREEN		●				●	
American Express Co	United States	Financials		GREEN		●					
Amgen Inc	United States	Health Care		GREEN					●	●	
Apple Inc	United States	Information Technology		GREEN	●	●				●	
Assicurazioni Generali SpA	Italy	Financials		GREEN	●	●		●		●	●
Astellas Pharma Inc	Japan	Health Care		GREEN					●	●	
AstraZeneca PLC	United Kingdom	Health Care		GREEN		●			●	●	
AXA SA	France	Financials		GREEN		●					
Banco Santander SA	Spain	Financials		GREEN		●					
Bayerische Motoren Werke AG	Germany	Consumer Discretionary		GREEN							●
Berkeley Group Holdings PLC	United Kingdom	Consumer Discretionary		GREEN		●					
BlackRock Inc	United States	Financials		GREEN		●					
BNP Paribas SA	France	Financials		GREEN		●				●	
Boeing Co/The	United States	Industrials		GREEN						●	
Brambles Ltd	Australia	Industrials		GREEN		●					
Bristol-Myers Squibb Co	United States	Health Care		GREEN					●	●	
Burberry Group PLC	United Kingdom	Consumer Discretionary		GREEN		●					
Canadian Imperial Bank of Commerce	Canada	Financials		GREEN		●				●	
Capita PLC	United Kingdom	Industrials		GREEN		●					
CBRE Group Inc	United States	Real Estate		GREEN		●					
Cisco Systems Inc	United States	Information Technology		GREEN						●	
Commonwealth Bank of Australia	Australia	Financials		GREEN		●					
Compass Group PLC	United Kingdom	Consumer Discretionary		GREEN						●	
Credit Suisse Group AG	Switzerland	Financials		GREEN	●	●					●
Daifuku Co Ltd	Japan	Industrials		GREEN						●	
Daiwa House Industry Co Ltd	Japan	Real Estate		GREEN						●	
Direct Line Insurance Group PLC	United Kingdom	Financials		GREEN		●					
easyJet PLC	United Kingdom	Industrials		GREEN		●		●		●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Green rated

Name	Country	Sector	Priority company	ESG Rating	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
					Themes engaged						
Eisai Co Ltd	Japan	Health Care		GREEN					●		
Eli Lilly & Co	United States	Health Care		GREEN					●		
Enagas SA	Spain	Energy		GREEN	●	●				●	●
Ferguson PLC	Switzerland	Industrials		GREEN		●				●	
Ferrovial SA	Spain	Industrials		GREEN			●				
Fujitsu Ltd	Japan	Information Technology		GREEN						●	
General Electric Co	United States	Industrials	✔	GREEN						●	
Gilead Sciences Inc	United States	Health Care		GREEN					●		
Henkel AG & Co KGaA	Germany	Consumer Staples		GREEN		●				●	
Home Depot Inc/The	United States	Consumer Discretionary		GREEN						●	
Honeywell International Inc	United States	Industrials		GREEN						●	
ING Groep NV	Netherlands	Financials		GREEN		●				●	
Intel Corp	United States	Information Technology		GREEN						●	
InterContinental Hotels Group PLC	United Kingdom	Consumer Discretionary		GREEN	●						
International Business Machines Corp	United States	Information Technology		GREEN						●	
ITV PLC	United Kingdom	Consumer Discretionary		GREEN		●					
J Sainsbury PLC	United Kingdom	Consumer Staples		GREEN		●		●		●	
Julius Baer Group Ltd	Switzerland	Financials		GREEN		●				●	
JXTG Holdings Inc	Japan	Energy		GREEN						●	
Kansai Paint Co Ltd	Japan	Materials		GREEN						●	
Land Securities Group PLC	United Kingdom	Real Estate		GREEN		●					
Legal & General Group PLC	United Kingdom	Financials		GREEN		●				●	
Merck & Co Inc	United States	Health Care		GREEN					●	●	
Merck KGaA	Germany	Health Care		GREEN		●			●	●	
Microsoft Corp	United States	Information Technology		GREEN		●				●	
National Grid PLC	United Kingdom	Utilities		GREEN		●				●	
Nokia OYJ	Finland	Information Technology		GREEN		●				●	
Nomura Real Estate Holdings Inc	Japan	Real Estate		GREEN						●	
Novo Nordisk A/S	Denmark	Health Care		GREEN		●			●	●	
NVIDIA Corp	United States	Information Technology		GREEN						●	
Oracle Corp	United States	Information Technology		GREEN						●	
Osaka Gas Co Ltd	Japan	Utilities		GREEN						●	
Otsuka Holdings Co Ltd	Japan	Health Care		GREEN					●		
PepsiCo Inc	United States	Consumer Staples		GREEN						●	
Procter & Gamble Co/The	United States	Consumer Staples		GREEN						●	
Prudential PLC	United Kingdom	Financials		GREEN		●				●	
QIAGEN NV	Netherlands	Health Care		GREEN		●				●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Green rated

Name	Country	Sector	Priority company	ESG Rating	Themes engaged: Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
RELX PLC	United Kingdom	Industrials		GREEN		●				●	
Roche Holding AG	Switzerland	Health Care	✔	GREEN		●			●	●	
Royal Bank of Canada	Canada	Financials		GREEN						●	
Salesforce.com Inc	United States	Information Technology		GREEN						●	
Sanofi	France	Health Care		GREEN					●		
SAP SE	Germany	Information Technology	✔	GREEN		●				●	
Schroders PLC	United Kingdom	Financials		GREEN		●					
SGS SA	Switzerland	Industrials		GREEN						●	
Solvay SA	Belgium	Materials	✔	GREEN							●
Swire Properties Ltd	Hong Kong	Real Estate		GREEN	●					●	●
Swiss Re AG	Switzerland	Financials		GREEN		●				●	●
Takeda Pharmaceutical Co Ltd	Japan	Health Care		GREEN					●		
Teijin Ltd	Japan	Materials		GREEN						●	
Telefonica SA	Spain	Telecommunication Services		GREEN		●					
Tesco PLC	United Kingdom	Consumer Staples		GREEN		●				●	
Texas Instruments Inc	United States	Information Technology		GREEN						●	
Toray Industries Inc	Japan	Materials	✔	GREEN		●				●	
Toronto-Dominion Bank/The	Canada	Financials		GREEN						●	●
TOTAL SA	France	Energy		GREEN		●				●	●
Travelers Cos Inc/The	United States	Financials		GREEN	●	●		●		●	●
Travis Perkins PLC	United Kingdom	Industrials		GREEN		●					
UBS Group AG	Switzerland	Financials		GREEN		●				●	
Vertex Pharmaceuticals Inc	United States	Health Care		GREEN						●	
Visa Inc	United States	Information Technology		GREEN						●	
Vodafone Group PLC	United Kingdom	Telecommunication Services		GREEN		●				●	
Waters Corp	United States	Health Care		GREEN						●	
Whitbread PLC	United Kingdom	Consumer Discretionary		GREEN		●					
WPP PLC	United Kingdom	Consumer Discretionary		GREEN		●					
Zurich Insurance Group AG	Switzerland	Financials		GREEN		●					

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Milestones and Your Fund

The table below highlights the companies with which we have recorded milestones on your behalf in the past quarter and which you currently hold within your portfolio. Milestones are engagement outcomes which we have identified and is rated on the extent to which it protects investor value. For full details of our engagements which led to these milestones please refer to the online *reo*® client portal.

					Themes engaged						
Name	Country	Sector	Priority company	ESG Rating	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
★★★											
Duke Energy Corp	United States	Utilities		ORANGE							●
Kobe Steel Ltd	Japan	Materials		GREEN		●					
Ryanair Holdings PLC	Ireland	Industrials	✔	ORANGE				●			
SAP SE	Germany	Information Technology	✔	GREEN						●	
★★											
ABN AMRO Group NV	Netherlands	Financials		YELLOW							●
AGL Energy Ltd	Australia	Utilities		ORANGE							●
Akzo Nobel NV	Netherlands	Materials		GREEN							●
Apple Inc	United States	Information Technology		GREEN		●				●	
AXA SA	France	Financials		GREEN							●
Bank of America Corp	United States	Financials		YELLOW							●
Barclays PLC	United Kingdom	Financials		ORANGE							●
BNP Paribas SA	France	Financials		GREEN							●
Cigna Corp	United States	Health Care		RED						●	
Credit Agricole SA	France	Financials		YELLOW							●
Credit Suisse Group AG	Switzerland	Financials		GREEN							●
Daimler AG	Germany	Consumer Discretionary		YELLOW							●
DBS Group Holdings Ltd	Singapore	Financials		GREEN							●
Diageo PLC	United Kingdom	Consumer Staples		GREEN							●
Enagas SA	Spain	Energy		GREEN							●
Fresenius SE & Co KGaA	Germany	Health Care		RED						●	
Gas Natural SDG SA	Spain	Utilities		GREEN							●
Hermes International	France	Consumer Discretionary		ORANGE							●
Iberdrola SA	Spain	Utilities		GREEN							●
Kinder Morgan Inc/DE	United States	Energy		ORANGE						●	
Kobe Steel Ltd	Japan	Materials		GREEN						●	
LafargeHolcim Ltd	Switzerland	Materials		YELLOW							●
Lloyds Banking Group PLC	United Kingdom	Financials		ORANGE							●
Mitsubishi Corp	Japan	Industrials		ORANGE	●						
National Australia Bank Ltd	Australia	Financials		GREEN							●
National Grid PLC	United Kingdom	Utilities		GREEN							●
Newmont Mining Corp	United States	Materials		GREEN			●				

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Milestones and Your Fund

Name	Country	Sector	Priority company	ESG Rating	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Climate Change
					Themes engaged						
Nordea Bank AB	Sweden	Financials		YELLOW							●
Novartis AG	Switzerland	Health Care	✔	ORANGE						●	
Societe Generale SA	France	Financials		YELLOW							●
Solvay SA	Belgium	Materials	✔	GREEN							●
Statoil ASA	Norway	Energy		GREEN							●
Sumitomo Mitsui Financial Group Inc	Japan	Financials		GREEN							●
Swiss Re AG	Switzerland	Financials		GREEN							●
Tesco PLC	United Kingdom	Consumer Staples		GREEN							●
Textron Inc	United States	Industrials		ORANGE			●				
Toray Industries Inc	Japan	Materials	✔	GREEN		●					
TOTAL SA	France	Energy		GREEN							●
UniCredit SpA	Italy	Financials	✔	YELLOW						●	
Waters Corp	United States	Health Care		GREEN						●	
Westpac Banking Corp	Australia	Financials		GREEN							●
Kroger Co/The	United States	Consumer Staples		ORANGE	●						
Roche Holding AG	Switzerland	Health Care	✔	GREEN					●		

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED