300 analyzed blue chips disclose their implementation of the Sustainable Development Goals in their 2016 Annual Reports but with varying levels of detail.

Inditex offers the most SDG information, but other factors put Total on top for overall SDG commitment performance.

Corporates focus on Climate Action (13), Responsible Consumption (12), Decent Work (8)
Allianz Global Corporate & Specialty

Allianz
Reputation
Protect

Protecting your company’s reputation in a crisis
This Sustainable Development Goals Commitment Report (SCR) is based on

400 of the world’s largest companies with a combined market cap of more than 25 trillion USD out of which 300 disclose commitment to the SDGs

All 376,663 statements in 400 annual reports issued by these large corporations in 2016 were categorized by human analysts.

All 2,088,092 reports on these 400 companies from 2001 - 2016 in international business print media (e.g., FT, WSJ, Les Echos, Handelsblatt, etc.) were analyzed by human analysts.

All 1,097,967 quotes from 2001 – 2016 by financial analysts in international finance & business print media on these 400 stocks and more were analyzed by human analysts.
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
UNGSII & OEKOM rankings and indices help move markets by empowering profits

The Problem until 2017:
Only 30-60% of a company’s value is disclosed in its annual report according to Professor Eccles of Harvard Business School and PWC. On top of this, the inability to 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 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 global corporates commitments to the SDGs with due diligence upon their ESG performance, executed by OEKOM, 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.

Source: Oekom research 2017, Media Tenor 2017, Strategy & manager magazin
The UNGSII SCR300 Investment Fund’s rate of return was 27.63%, more than three points higher than its closest competitor. This highlights that responsible, socially conscious business is also profitable business, providing unique opportunities for investors to move away from negative screening to SDG impact investment.

Because transparent responsibility and sustainability improvements are always possible for all companies, the multiple data sources and regularly updated nature of the UNGSII SCR300 means its companies are always at the forefront of the business and investing advantage offered by supporting the SDGs.
Creating a Methodology for Investing in a Portfolio of Socially Responsible Assets
by Joseph A. Cajigal, Conor Platt and Alfred R. Berkeley

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

Establishing the value of this new initiative begins with the signing of the Sustainable Development Goals (SDGs) in September 2015 at the United Nations. The SDGs have unprecedented ambitions, as the successors of the Millennium Development Goals (MDGs) established in the year 2000.

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

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

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

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 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 incentivise 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.
The level of visibility for CSR/ESG topics in annual reports has grown steadily since 2001. This shows that companies are aware of the importance of these issues to stakeholders and profitability. Now with the SDGs in place, companies have a clear way of discussing key responsibility issues using a framework that is consistent across industries and businesses. This allows investors to make direct comparisons and for all stakeholders to track progress. Prior to the SDGs, it was easy for companies to only address CSR issues that they felt had a direct relationship to their business, but the SDGs send a message that overall societal well-being matters.

**Share of visibility on CSR/ESG-related topics in corporate annual reports of the DAX 30**
Quoted financial analysts have also been increasingly visible on CSR issues. This reflects both analyst commentary and the selection of quotations from them by journalists. This increase sends a clear message however – how a company performs on CSR activities is an appropriate investment criteria for the market to consider.

Because financial analysts are usually speaking with a clear agenda about a company's stock and whether investors should buy, hold, or sell they are more prone to focusing only on the extremes of CSR news – very positive actives or very negative actions. The opinion of quoted financial analysts is a key part of the picture.
TV and business media have long reported strongly on CSR issues, but this reporting has mostly been focused on scandalization. Without the present of a “constructive news” ethos, media do not necessarily cover corporate initiatives about reducing in equality, improving cleanliness of water, or eradicating poverty. Instead, coverage focuses entirely on where companies have failed – such as in the recent emissions scandal. This data is essential, but the full picture of performance can only be achieved through combining both corporate self-reporting on the SDGs in the legal document that is an annual report and media coverage. Where a discrepancy in tonality exists, the SCR300 score is weakened, and stakeholders are advised to further investigate.
DAX 30 Performance in the SCR 300 varies

When each DAX 30 company was scored for SCR inclusion based on 2016 results, scores varied, with Adidas and Continental being rated excellent with a 75 and 80 respectively out of a possible 100 points. Eleven other companies were rated good, and seven others were rated fair. Some companies in the SCR 300 faced risks around specific areas (e.g., VW and the emissions scandal), but performance on other, unrelated areas allowed them some level of achievement even as opportunity for improvement remained. Discussion of multiple SDGs was key to companies reaching the Good or Excellent score category. The Excellent category could not be reached without positive media support the SDGs.

<table>
<thead>
<tr>
<th>Fair</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linde</td>
<td>Deutsche Bank</td>
<td>Adidas</td>
</tr>
<tr>
<td>Siemens</td>
<td>Deutsche Lufthansa</td>
<td>Continental</td>
</tr>
<tr>
<td>Daimler</td>
<td>Henkel</td>
<td>80</td>
</tr>
<tr>
<td>Allianz</td>
<td>Deutsche Post</td>
<td></td>
</tr>
<tr>
<td>Deutsche Börse</td>
<td>Merck</td>
<td></td>
</tr>
<tr>
<td>Bayer</td>
<td>Fresenius Medical Care</td>
<td></td>
</tr>
<tr>
<td>Bilfinger</td>
<td>E.ON</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BMW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deutsche Telekom</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BASF</td>
<td></td>
</tr>
</tbody>
</table>

2016 SCR300 Scores for DAX 30 Companies (max. 100 points)
Many companies are already driven by the SDGs

The 300 top companies analyzed already talk about their commitment to the SDGs in their annual reports. This presents multiple opportunities. Impact investors have the opportunity to make solid profits while also helping the best performers in the categories they are most committed to stay best in class.

6% of companies are demonstrating exceptional commitment. Not only are they committed to the SDGs, they refer to them by name and address all of most of them in their annual reports. This helps to spread awareness and enlist others in helping to improve the planet. Focus on the SDGs and companies that contribute positively to the world will only continue to grow.

European companies perform the best in regard to the visibility of the SDGs in the annual reports of their companies with over 50% of European companies commenting on the SDGs at a level of good or excellent. This is ahead of other regions where discussion of the SDGs is less frequent. In particular this is markedly different than in the U.S. where the majority of companies do not reference the SDGs at a significant level. This is due to a number of factors, including a trend towards only producting a 10-K and not a magazine-style annual report in the U.S., as well as public sentiment about both the U.N. and some of the key SDGs (e.g., Climate Action).
Climate action was by far the most visible of the SDGs. This was due to a combination of factors, including legal requirements in some regions to report on greenhouse gas production and control. The visibility of climate action also showcased the urgency of this topic and reflected consumer expectations that companies behave responsibly when it comes to their impact on the environment. Regional differences related to the acceptance of climate change as a crisis were, however, a factor. While some industries necessarily addressed this topic more than others – i.e., automakers, energy producers, and oil, and gas companies – concern on this topic was visible across all industries. Decent work and responsible consumption are ranked second and third, closely followed by sustainable cities and good health. A few SDGs have extremely limited visibility, showcasing opportunity for companies that step forward.
European companies lead on the most visible SDGs – Decent Work, Responsible Consumption, and Climate Action

As previously noted, the SDGs focusing on Decent Work (8), Responsible Consumption (12), and Climate Action (13) were most visible across all annual reports.

Samsung Heavy Industries dominated on Decent Work, but was also strongly visible on Responsible Consumption.

Meanwhile, Inditex focused on responsible consumption in the textile industry, focusing on reducing waste at in their supply and consumption chain.

American companies were absent from the top ten on all three of these topics and performed particularly poorly on Climate Action.

This was due to a range of issues, including a growing trend in the U.S. to only file a Form 10-K and not a magazine-style annual report and political controversy about the reality of climate change.

U.S. companies were more likely to focus on SDGs like Good Health (3), Education (4), and Gender Equality (5).
The relationship between visibility of the SDGs and media tone

Media Tenor’s media sentiment data can serve 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 deeply committed to the SDGs but are 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 positivity in the media. If companies stress SDGs in their annual reports and the media sees a gap between promise and reality, companies are likely to attract adverse publicity with subsequent negative reaction from stakeholders such as investors dropping the share and consumers walking away. Visibility and tonality – 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 a range of time intervals. Companies with a consistent high reputation on social development issues tend to benefit from lower borrowing costs and better scores in employee rankings. We have given each analyzed company a core from 1 – 100, which showcases not just the visibility of the SDGs, but the diversity of SDGs mentioned and the media image of companies related to these topics.
Similar to the impact of overall media tone, Media Tenor media sentiment data can also look exclusively at the tone of statements from financial analysts quoted by the media. This does not capture overall analyst sentiment, but it does capture the overall analyst sentiment as portrayed in the media. This expert opinion also has the ability to move the market and thus allows investors to anticipate stock market activity. Additionally, it can help companies ascertain which analysts can help them achieve media visibility based on quotation frequency and themes.
Less than 14% of quoted financial analyst statement on SCR300 companies focus on issues related to SDG/CSR activities in general.

Even more concerning, these statements account for less than 40% of the SCR300. Most companies on the SCR300 have not been the subject of quoted financial analyst statements on their SDG and CSR activities. This mismatch has important implications for investors. For some SCR300 companies a lack of visibility on SDG/CSR activity in statements from quoted financial analysts may indicate a weakness in corporate communications. For others, it may indicate skepticism or market events that contrast with company statements on the SDGs.

However, those companies which are visible in quoted financial analyst statements on these activities – and receive positive tonality – clearly rise above their peers in SCR300 scoring.
31 SCR300 companies are strongly recognized on the SDGs/CSR by quoted financial analysts

The 31 companies below are members of the SCR300 that received only positive and neutral coverage on their SDGs/CSR activities.

These companies have been effective in spreading their message on the SDGs beyond their annual reports and are capable of reaching new audiences regarding their sustainability commitment. These companies represent a range of locations and industries; those in Europe were the most successful in this regard.

This European focus on the SDGs/CSR and analyst positivity about them relates to Europe most buying into the message that responsible, sustainable corporate activities aren’t just better for society, but are ultimately the most profitable.

The US, for example, lags behind because of skepticism on widely accepted issues like climate change. This has resulted in lower analyst attention for SDGs and CSR topics.

Coverage tone for SCR300 companies with positivity on SDGs/CSR from quoted financial analysts
Fund Concept: SDG 1 best performers - No Poverty

Overall:
- JP Morgan
- Electricité de France
- Samsung Heavy Industries
- ZFS
- Whirlpool
- State Bank Of India
- Shire

Americas:
- JP Morgan
- Whirlpool
- Kroger
- Citigroup
- Banco Bilbao

Europe:
- Intesa Sanpaolo
- BNP Paribas
- Electricité de France
- ZFS
- Shire

Asia Pacific:
- Sinopec
- Samsung Heavy Industries
- State Bank Of India
- ITC
- Alibaba

Africa:
- Naspers
- Bidvest
Fund concept: SDG 2 best performers - Zero Hunger

Overall
- Unilever
- Danone
- Unicredit
- BNP Paribas
- Tesco

Americas
- Coca Cola
- Hormel Foods
- Publix
- Ecolab
- Femsa

Europe
- Unilever
- Danone
- Unicredit
- BNP Paribas
- Tesco

Asia Pacific
- Billabong
- Wilmar International
- State Bank Of India
- Tata Motors
- ACS

Africa
- Vodacom
Fund concept: SDG 3 best performers – Good Health

Overall

- Novartis
- Astrazeneca
- Medtronic
- Takeda
- Telenor

Americas

- BCE
- Cigna
- Firstgroup
- Johnson & Johnson
- CVS Caremark

Europe

- Novartis
- Astrazeneca
- Medtronic
- Telenor
- Shire

Asia Pacific

- Takeda
- AIA Group
- Japan Post
- Tata Motors
- Singapore

Africa

- Vodacom
- Sasol
- Standard Bank
- Naspers
- Bidvest
Fund concept: SDG 4 best performers – Quality Education
Fund concept: SDG 5 best performers – Gender Equality

### Overall
- **Inditex**: 250
- **Randstad**: 150
- **Telenor**: 100
- **BNP Paribas**: 80
- **Valeo**: 60

### Americas
- **Citigroup**: 10
- **Goldman Sachs**: 8
- **Wells Fargo**: 6
- **PepsiCo**: 4
- **ITC**: 2

### Europe
- **Inditex**: 250
- **Randstad**: 150
- **Telenor**: 100
- **BNP Paribas**: 80
- **Valeo**: 60

### Asia Pacific
- **Kddi**: 10
- **Japan Tobacco**: 8
- **NEC**: 6
- **Marubeni**: 4
- **Singapore Telecommunications**: 2

### Africa
- **Telefonica**: 10
- **Vodacom**: 8
- **Bidvest**: 6
- **Sasol**: 4
- **Eskom**: 2
Slightly more than one third of the SCR300 address gender equality. While 100% of the African companies in the SCR300 have offered statements about gender equality (SDG 5), only slightly more than 20% of the companies in the Americas have, suggesting major cultural differences and opportunities for companies to gain an edge over peers that are not yet engaged on this topic. 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.
Technology companies conspicuously absent on gender equality

There has been wide-spread publicity on sexism in tech companies. This media coverage has included accounts of pay disparities, lack of promotions, and sexual harassment at specific companies, as well as industry-wide concern that women are not interested in working in technology environments because of workplace culture. In addition, the ongoing “GamerGate” controversy has served to drive women out of video game-related spaces as both employees and hobbyists. In light of these problems, technology companies with a strong commitment to the SDGs have an opportunity to differentiate themselves from the pack, highlight how they are addressing these industry-wide concerns, and make it clear to all stakeholders that they are committed to being able to select from a large and diverse talent pool. However, only two tech companies – SAP and Intel -- were visible on gender equality at all. Those companies that have not yet addressed gender equality in their annual reports, may wish to prioritize this in order to acknowledge concerns and boost investor confidence.

![Technology company visibility on gender equality](image)
Lack of gender equality marks a key reputational threat to tech sector

The analysis of opinion-leading global media in 2016 and 2017 demonstrates the level of reputational risks linked with the technology sector when it comes to gender equality. Electronics and IT companies account for nearly one fifth of all stories on gender equality with strongly negative coverage. Negativity among the top industries is only topped by the media sector in light of recent unveilings of sex crimes committed by prominent news anchors and movie producers. While the banking and consulting sector have already taken and communicated first steps to address the issue, the tech industry so far is behind. Looking at individual media tone scores of some of the largest technology companies underpins the problem: Google had a rating of -43 (balance of positive/negative coverage tone in per cent), Amazon of -67, Apple of -50 to name just a few. Twitter and Uber had similar negative scores. The significant decline in company value following the controversy about Uber’s founding CEO Kalanick and his subsequent ousting might act as a warning to all investors.

Reports regarding gender equality and discrimination by industry 2016/17

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share of coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics/IT</td>
<td>20%</td>
</tr>
<tr>
<td>Banks</td>
<td>10%</td>
</tr>
<tr>
<td>Consulting/accounting</td>
<td>5%</td>
</tr>
<tr>
<td>Media</td>
<td>5%</td>
</tr>
<tr>
<td>Financial services</td>
<td>0%</td>
</tr>
</tbody>
</table>

Media coverage tone on gender equality and discrimination 2016/17

<table>
<thead>
<tr>
<th>Industry</th>
<th>Negative</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics/IT</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Banks</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Consulting/accounting</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Media</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Share of coverage

Negative

Positive
Drilling deeper into the global media coverage data on gender equality regarding 2016 and 2017, we find a number of companies that were negatively framed on a variety of issues. The Weinstein scandal that caused the #metoo campaign to trend on Twitter in late 2017 was the most visible issue. However, rape and sexual harassment are maybe extreme results of inequality, especially when it comes to power and influence. Important earlier discussions comprised a lack of efforts in companies to create equal opportunities for men and women to reach top positions and to reduce the pay gap which still exists in many organizations. The media analysis also revealed some companies and organizations that achieved favorable acknowledgement of their activities on gender equality, like Siemens, BHP, Erste Bank, Deutsche Telekom, BPN Paribas and General Motors. However, the issue seems to be still an emerging one as the number of positive reports has been rather low.
Fund concept: SDG 6 best performers – Clean Water

Overall

- Diageo
- Electricité de France
- JBS
- Hermes
- Heineken

Americas

- JBS
- Femsa
- Home Depot
- Pepsico
- Colgate-Palmolive

Europe

- Diageo
- Electricité de France
- Hermes
- Heineken
- Total

Asia Pacific

- Kao
- Shandong Weiqiao
- Taiwan Semiconductor
- Hindustan Unilever
- Panasonic

Africa

- Bidvest
- Sasol
- Telefonica
- Vodacom
Fund concept: SDG 7 best performers – Affordable Energy

Affordable and Clean Energy

Overall

Vivendi
Inditex
Hermes
BNP Paribas
JBS

Americas

JBS
Whirlpool
Fifth Third Bancorp
Home Depot
Electrolux

Europe

Vivendi
Inditex
Hermes
BNP Paribas
Enel

Asia Pacific

Taiwan Semiconductor
Hindustan Unilever
State Bank Of India
Shandong Weiqiao
Samsung Heavy Industries

Africa

Telefonica
Bidvest
Vodacom
Sasol
Fund concept: SDG 8 best performers – Decent Work

Overall

- Samsung Heavy Industries
- Randstad
- Enel
- Astrazeneca
- Intesa Sanpaolo

Americas

- JP Morgan
- Goldman Sachs
- Citigroup
- Firstgroup
- Hewlett-Packard

Europe

- Randstad
- Enel
- Astrazeneca
- Intesa Sanpaolo
- Valeo

Asia Pacific

- Samsung Heavy Industries
- Toyota
- Daikin Industries
- Singapore Telecommunications
- Tata Motors

Africa

- Naspers
- Standard Bank
- Sasol
- Vodacom
- Bidvest
Fund concept: SDG 9 best performers – Industry and Innovation

**Overall**
- Samsung Heavy Industries
- BNP Paribas
- Intesa Sanpaolo
- Continental
- Compagnie de St Gobain

**Americas**
- JP Morgan
- General Motors
- NEC Corporation
- Goldman Sachs
- Ford

**Europe**
- BNP Paribas
- Intesa Sanpaolo
- Continental
- Compagnie de St Gobain
- VW

**Asia Pacific**
- Samsung Heavy Industries
- Aditya Birla
- Panasonic
- Hitachi
- Wilmar International

**Africa**
- Vodacom
- Standard Bank
- Sasol
Fund concept: SDG 10 best performers – Reduced Inequalities

Overall

- Metro
- Barclays
- Vodacom
- Lloyds Banking
- Hitachi

Americas

- Wells Fargo
- Whirlpool
- Verizon
- Goldman Sachs
- Freddie Mac
- Fannie Mae

Europe

- Metro
- Barclays
- Lloyds Banking
- SAP
- E.ON
- Aviva

Asia Pacific

- Hitachi
- Panasonic
- Marubeni
- Japan Post
- Sinopec

Africa

- Vodacom
- Bidvest
- Eskom
- Sasol
- Telefonica
Fund concept: SDG 11 best performers – Sustainable Communities

Overall

Inditex
Telenor
Vivendi
BNP Paribas
Heineken

Americas

Firstgroup
Citigroup
Fifth Third Bancorp
Norfolk Southern
Cigna Corp.

Europe

Inditex
Telenor
Vivendi
BNP Paribas
Heineken

Asia Pacific

East Japan Railway
NEC
MTR
Toyota Motor
Daikin Industries

Africa

Standard Bank
Sasol
Naspers
Bidvest
Fund concept: SDG 12 best performers – Responsible Consumption

### Overall
- Inditex
- Samsung Heavy Industries
- Electricite de France
- Atlas Copco
- JBS

### Americas
- JBS
- Home Depot
- Dell
- Electrolux
- Kroger

### Europe
- Inditex
- Electricite de France
- Atlas Copco
- Medtronic
- Heineken

### Asia Pacific
- Taiwan Semiconductor
- Toyota
- Aditya Birla
- Marubeni
- Singapore Telecommunications

### Africa
- Sasol
- Telefonica
- Bidvest
Fund concept: SDG 13 best performers – Climate Action

Overall

- Valeo
- Electricite de France
- BNP Paribas
- Total
- Inditex

Americas

- JBS
- Firstgroup
- Citigroup
- Kroger
- International Paper

Europe

- Valeo
- Electricite de France
- BNP Paribas
- Total
- Inditex

Asia Pacific

- Samsung Heavy Industries
- Taiwan Semiconductor
- Honda Motor
- Mitsubishi Electric
- National Australia Bank

Africa

- Sasol
- Telefonica
- Eskom
- Bidvest
- Vodacom
Fund concept: SDG 14 best performers – Life Below Water

Overall

- Aditya Birla
- Adidas
- Arcelormittal
- American Airlines
- China Citic
- BNP Paribas
- Sainsbury

Americas

- American Airlines
- Gildan
- Danaher
- Citigroup
- Restaurant Brands

Europe

- Adidas
- Sainsbury
- Compass
- Danone
- Akzo Nobel

Asia Pacific

- Aditya Birla
- Arcelormittal
- China Citic Bank
- Samsung Heavy Industries
- Toyota

No visibility for SDG 14 in analyzed African companies
Fund concept: SDG 15 best performers – Life on Land

Overall
- Electricité de France
- Inditex
- Total
- Samsung Heavy Industries
- BNP Paribas

Americas
- International Paper
- JBS
- Kroger
- ITC
- Bank Of Nova Scotia

Europe
- Electricité de France
- Inditex
- Total
- Samsung Heavy Industries
- BNP Paribas

Asia Pacific
- Japan Post
- Taiwan Semiconductor
- Daikin Industries
- NTT Docomo
- Wilmar International

Africa
- Sasol
Fund concept: SDG 16 best performers – Peace and Justice and strong institutions

**Overall**

- Telenor
- Samsung Heavy Industries
- BNP Paribas
- RELX Group
- Atlas Copco

**Americas**

- American Express
- Firstgroup
- Cigna
- Goldman Sachs
- Citigroup

**Europe**

- Telenor
- BNP Paribas
- RELX Group
- Atlas Copco
- Statoil

**Asia Pacific**

- Samsung Heavy Industries
- Taiwan Semiconductor
- Hitachi
- Japan Tobacco
- NEC

**Africa**

- Telefonica
- Sasol
While concerns about peace, justice, and the rule of law are global, SCR300 companies evidence different levels of commitment on this topic in their annual report communications. While nearly half of the European companies in the SCR300 discuss this issue, barely more than 10% of the companies in the Americas do, suggesting very different attitudes about global crises in general and the most common global corporate crisis – corruption – in particular.

As is true throughout the SCR300, a lack of visibility for an SDG does not mean a company is not working on addressing it. However, without communications, those efforts do not benefit the company and do not encourage other companies to join in. Companies in the Americas need to look to their global peers on this issue and also be willing to take leadership in their own region. Current anti-regulatory sentiment may make addressing these topics challenging.

**European focus on SDG16 is almost four times that of the Americas**

<table>
<thead>
<tr>
<th>Share of SCR300 companies that address peace &amp; justice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>Africa</td>
</tr>
<tr>
<td>Asia</td>
</tr>
<tr>
<td>Americas</td>
</tr>
</tbody>
</table>

Share of SCR300 companies addressing peace and justice

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%
Some companies in the industries most impacted by charges of fraud and corruption were extremely active in communicating on peace & justice. BNP Paribas was a standout in the banking industry. However, many of its peers only offered limited visibility on this SDG, if they offered any at all. US and Australian banks, in particular, were disinclined to discuss the issue offering only a handful of statements on the subject and leaving a significant image opportunity on the table.

Car companies, which have suffered recently on emissions-related scandals, also avoided discussing justice issues. Of the car companies in the SCR300, only VW addressed this SDG at all, and then only with a single statement. This was not enough to counter the over 100 reports on fraud issues in the industry. Opportunities remain for car companies to address stakeholder concerns and seek leadership on these issues both within the industry and compared to other industries that also face risk.
Over the last five years, coverage of fraud and corruption has been strongly visible across multiple industries. The banking industry was strongly affected as the trust meltdown was ongoing and sales scandals were strongly visible in the media. The car industry also suffered amid the emissions scandal. But no industry was truly immune. Companies in the SCR300 have the opportunity to frame themselves as responsible members of their industry. This image can help them boost their position with both investors and customers and can also help redeem the overall attitude towards their industry. For investors, the SCR300 data on SDG16 can offer a way to avoid investing in companies prone to corruption scandals and fraud.
The media multiplies information and structures awareness of stakeholder groups. The company most mentioned with regard to fraud and corruption in international business media in recent years has been Petrobras from Brazil. In light of the stark consequences of the corruption scandal the company writes in its 2016 20-F financial report: “Our management has identified material weaknesses in our internal control over financial reporting, and has concluded that our internal control over financial reporting was not effective at December 31, 2016, which may have a material adverse result on our results of operation and financial condition.” Volkswagen lacked in addressing SDG 16 in its annual report (see page 39).
Senior management exposed to massive reputational risks on fraud / corruption claims

Sustainable institutions making peace and justice a key priority on their agendas not only safeguards the reputation of companies but also the image of senior management. The global media play a pivotal role when it comes to unveiling fraud and corruption cases. Awareness for investigative journalism linked to tax withdrawal has been on the rise in recent years. For example the content of the “Panama Papers” and “Paradise Papers” was shared globally, exposing senior executives and owners of businesses to negative news on tax avoidance, fraud, money laundering, and other forms of misconduct. Executives are well advised to promote sustainable institutions and related ethics.
Fund concept: SDG 17 best performers – Partnerships for the Goals

Overall
- Inditex
- BNP Paribas
- Randstad
- Toyota
- Samsung Heavy Industries

Americas
- Whirlpool
- Intel
- Johnson & Johnson

Europe
- Inditex
- BNP Paribas
- Randstad
- RELX Group
- Airbus

Asia Pacific
- Aditya Birla
- Tata Motors
- Alibaba
- Kao

Africa
- Eskom
There are companies communicating effectively on the SDGs in all regions.
Fund concept: Industry leaders

**Airlines**
- Icelandair
- American Airlines
- Deutsche Lufthansa

**Banking**
- BNP Paribas
- Unicredit
- Banco Bradesco

**Cars**
- Valeo
- Volvo
- VW

**Food**
- JBS
- Danone
- Sainsbury

**Insurance**
- Cigna
- Aviva
- Standard Life

**Pharmaceuticals**
- Novozymes
- Roche
- Glaxosmithkline

**Tech**
- NEC
- Hitachi
- SAP

**Telecommunications**
- Deutsche Telekom
- Telstra
- Vodacom
CEOs and chairmen around the world recognize the importance of the SDGs

Not all companies mention their commitment to the SDGs in the parts of their annual report dedicated to direct communication from their leadership to stakeholders. Those companies that prioritized this type of communication were not always those with the highest volume of statement on the SDGs.

However, associating the SDGs with the C-suite shows a considerable commitment that has high value in communications and media activities. This suggests these companies are likely to continue to grow their SDG commitments and are worthy of particular attention from investors.
How to work with UNSGII

Opportunities for impactful collaboration:

1) Contract the UNGSII Foundation to give access to additional data, or to have your portfolio analyzed with the same standards.

2) Send your asset managers to the Senior Executive Masterclass and become a certified SDG Expert

3) Join the UNGSII Best Practice Annual Global Goals Conference and Award Shows
For more information please contact:

Roland Schatz  
Phone: +41 79 255 36 36  
roland.schatz@ungsii.org

Tom Huston  
Phone: +41 79 481 25 66  
tom.huston@ungsii.org

http://ungsii.org
Contributors

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

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.

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.
Warnings Regarding Financial Returns

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

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

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

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

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

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

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

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

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

MEDIA TENOR was founded in 1993 by eminent scholars within and outside of the area of communication science and public opinion research like Elisabeth Noelle-Neumann, Peter Glotz, Hans Mathias Kepplinger, Wolfgang Donsbach and Hartmut Schiedermaier. MEDIA TENOR was established as the first media research institute to focus on continuous one hundred percent media analysis of opinion-leading news outlets. Thanks to this unique approach the institute is able to define the awareness threshold. It expanded internationally serving universities, NGOs, governments, the media and the corporate sector.

As a strategic partner, MEDIA TENOR helps organizations understanding and leveraging the media. Through partnership with MEDIA TENOR, organizations are able to tailor messages to reach target audiences effectively, consequently reducing advertising cost and increasing the return on investment from an organization’s external communication.

Today MEDIA TENOR is the leading media institute in the field of applied Agenda-Setting research, serving partners in the scientific, government and corporate world with strategic media intelligence. Every year experts and practitioners from media, academia, governments and NGOs meet at the International Agenda Setting Conference to exchange latest trends and improvements in the field of applied media impact analysis. Because MEDIA TENOR analyzes every single report in opinion leading media from print to TV and online media, our partners know whether their media relations activity has been relevant or not. MEDIA TENOR empowers them to create and maintain an active and strategic media presence, strengthening both credibility and reputation. The database open to the public has grown up to 90 million analysed statements – growing every day. These are now open for academia around the World in the Global Media Impact Center in Boston.

www.mediatenor.com | www.agendasetting.com