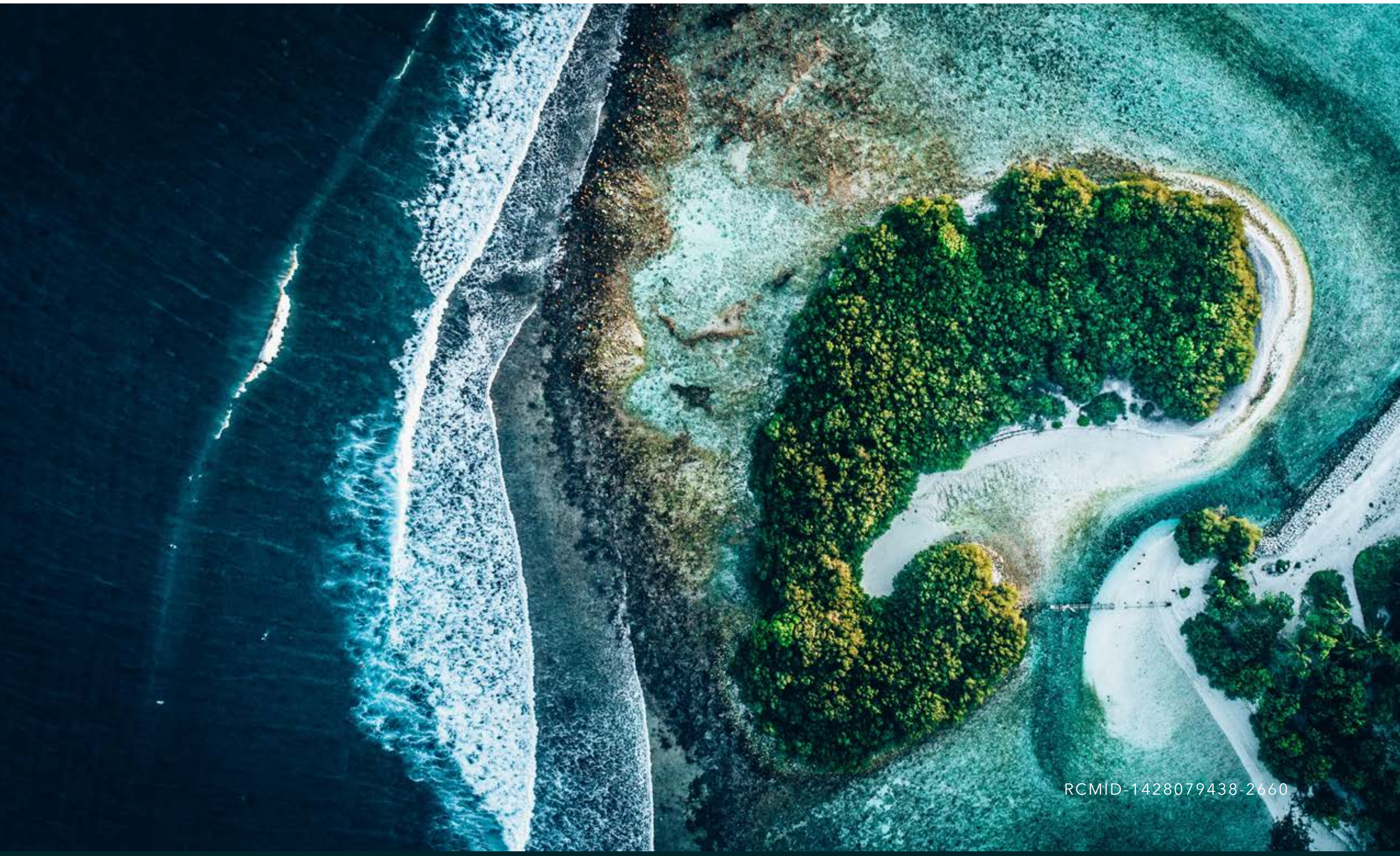
ROCKEFELLER
ASSET MANAGEMENT

2022 Sustainable Investing Annual Report

Contents



Foreword

Casey C. Clark, CFA©
President and Chief Investment Officer, Rockefeller Asset Management

We called 2019 *The Inflection Point* for Sustainable Investing. 2020 and 2021 were *Breakout Years*. We'll nickname 2022 *The Blip*. It was a turbulent year with equity and bond market selloffs driven by the war between Russia and Ukraine, rising inflation, tightening central bank policy, continuing supply chain challenges, Europe's ongoing energy crisis, and COVID lockdowns in China. For sustainable investors, this was compounded by anti-Environmental, Social, and Governance (ESG) sentiment, increased regulatory scrutiny, and mixed returns. Let's review each of these incremental challenges in greater detail:

Anti-ESG sentiment

Nearly 20 U.S. states proposed anti-ESG bills that would limit their ability to do business with investors that "boycott" certain industries or consider ESG factors in an investment process.[1] For example, in August 2022 Florida passed a resolution declaring investment decisions for the state's pension plan must be based on pecuniary factors that "do not include the consideration of the furtherance of social, political, or ideological interests." One day later, Texas announced 10 financial companies and hundreds of funds that are considered to boycott energy companies. This follows a 2021 statute preventing state investments in financial companies that boycott energy companies.

Regulatory scrutiny

In the U.S., the Securities and Exchange Commission (SEC) fined several prominent asset managers for misrepresenting ESG integration approaches in investment funds. The regulatory body also proposed to amend the "Names Rule" in a manner directionally aligned with Europe's Sustainable Finance Disclosure Regulation (SFDR) and its Articles 6, 8, and 9 classifications. If the rule is finalized, funds may need to remove ESG or similar terms from the name or provide more extensive disclosures. In Europe, numerous ESG funds downgraded from SFDR Article 9 to Article 8 as regulation became clearer. The European Securities and Markets Authority (ESMA) published draft guidelines in November 2022 requiring funds with "ESG" or "Sustainable" in its name to have a minimum percent exposure to securities fitting those descriptions. Meanwhile, the Financial Conduct Authority (FCA) in the UK took similar steps to mitigate greenwashing. They released a consultative paper in October 2022 on Sustainability Disclosure Requirements (SDR), which is equivalent to the European Union's SFDR. It outlines guidelines for sustainable investment fund labels, naming and marketing rules, and a general anti-greenwashing rule.

Mixed returns

While it is challenging to appropriately benchmark ESG strategies given their complexity and varying approaches, it appears ESG Leaders underperformed, while select ESG Improvers approaches outperformed. MSCI World and USA ESG Focused Indices, which maximize ESG exposure with similar beta and low tracking error to traditional indices, underperformed their non-ESG counterparts by 1.0% and 0.9%,

1 Ma, Zhihan. "Global ESG 2023 Outlook: Time to Redefine ESG? Not so Soon..." AllianceBernstein Global ESG Research, January 2023.

respectively, in 2022. Using Rockefeller's ESG Improvers Score (REIS) as a benchmark for ESG Improvers approaches, we observed that generally the top 3000 U.S. companies by market capitalization with a tilt towards REIS outperformed the Bloomberg 3000 Index by 0.4% in 2022 while large and mid-cap companies in developed markets with a REIS tilt underperformed by 0.2% over the same period. Meanwhile, the S&P Global Clean Energy Index underperformed the global energy sector by approximately 38% in 2022.*

Despite the market challenges and negative ESG sentiment, sustainable fund flows dramatically outpaced their conventional peers. Morningstar's global sustainable fund universe—which encompasses open-end funds and exchange-traded funds that claim ESG factors as a central focus to the investment process and excludes money market funds, feeder funds, and fund of funds—observed approximately $150 billion of net inflows in 2022. This compares to roughly $300 billion of net outflows from conventional funds. This encouraging signal reinforces our opinion of a "blip" in a multi-decade, secular trend driven by increased evidence of risk and return benefits, an emerging generation of investors and consumer preferences for sustainability, and regulation that provides clarity and minimizes greenwashing.

Against that backdrop, we outline the top five sustainable investing trends that we believe will unfold in the years ahead. The sophistication, depth, and breadth of sustainable investment solutions continues to increase, led by European institutional investors. We see asset allocations of the future combining ESG Leaders, ESG Improvers, and thematic strategies across equities, alternatives, and fixed income.

ESG Improvers value strategies will proliferate.

Many ESG Leader and thematic strategies tilt toward companies categorized as "growth." This benefited the category during the five-year period from 2017–2021, as the ACWI Growth Index outperformed the ACWI Value Index by approximately 11% annualized. The trend abruptly reversed course in 2022, as ACWI Growth underperformed ACWI Value by -21%. We believe ESG value strategies emphasizing improvers will proliferate as allocators seek to balance growth exposure while hoping to capture the risk and return benefits of ESG investing. Assets invested in transition or improver strategies have grown by 8 times over the past three years yet still only account for approximately 2% of overall ESG assets.[2] While the vast majority of those strategies are focused on the climate transition, we believe the improvers philosophy will become more widespread across thematic and traditional investment strategies.

Thematic strategies focused on ocean health will rise in prominence.

We see the ocean being the single most unifying issue that resonates throughout the world. Referred to as the blue economy, the estimated economic value from activities such as fisheries, waste management, shipping, and renewable energy is $3 trillion per year.[3] The ocean encompasses over 70% of the earth's surface and is directly linked to biodiversity and food and agriculture, two of the most topical sustainability themes. Furthermore, much of the world's trash finds its way to the ocean. That's particularly concerning since waste is expected to increase 70% by 2050 compared to 2016 levels.[4] As the linkages between risk and return, waste, natural resources, climate ambitions, and "circularity" become more apparent, we believe demand for strategies seeking to improve ocean health and generate returns will grow materially.

Green Capex growth will support companies delivering climate mitigation and adaption solutions.

We believe Green Capex will continue to expand as governments and companies meet decarbonization and infrastructure goals. Research from Goldman Sachs estimates that the world would require an incremental $2.8 trillion in run rate of annual investment this decade versus the 2016–2020 annual average. This includes spending across these three categories:

- **Decarbonization:** Including renewables, energy efficiency, electrification, low emission fuels, nuclear generation, battery storage, and hydrogen infrastructure
- **Clean water:** Encompassing transmission, treatment, and storage of water
- **Infrastructure:** Including road, rail, airport, port, and telecom projects

2 Singer, Brian, et al. "10 Predictions for Sustainable Investing in 2023." GS Sustain: From Aspiration to Action, January 2023.
3 "Making Waves for a Blue Economy." *United Nations*, May 2022, www.un.org/en/desa/making-waves-blue-economy.
4 "Global Waste to Grow by 70 Percent by 2050 Unless Urgent Action Is Taken: World Bank Report." *The World Bank*, September 2018, www.worldbank.org/en/news/press-release/2018/09/20/global-waste-to-grow-by-70-percent-by-2050-unless-urgent-action-is-taken-world-bank-report

*See disclosure at the end of the report for a description on the construction of REIS

Further supporting Green Capex is the passage of the U.S. Inflation Reduction Act (IRA) in August 2022, which should provide $391 billion in federal support for climate and energy initiatives over 10 years, according to the U.S. Congressional Budget Office. From speaking directly with companies, we expect IRA-related stimulus will impact revenues noticeably in 2024.

Increasing demand for ESG long-short equity strategies.

We see it firsthand in Europe: the need for long-short strategies that provide meaningful downside protection, low correlations with global markets, and Article 8 compliance. This is a natural segue for the sustainable strategies, as data, tools, and products become more sophisticated. We intend to help address this market need in 2023.

The drawbacks of divesting will receive increased media attention.

I wrote about this exact point in last year's annual report. Divestment has the potential to drive change and raise awareness of major issues. On the other hand, it runs the risk of unintended consequences leading to worse outcomes for society and investors. In George Serafeim's paper *ESG: Hyperboles and Reality*, he notes that markets have a correction mechanism for when a company's valuation falls significantly below its cash flow generating capacity: at some point, a buyer steps in, often from the private markets. This hurts transparency and limits investors' ability to affect changes via engagement. It also results in near-term deviations of performance compared to traditional benchmarks for ESG strategies. It's not to say divestment has no value. It just needs to be balanced with risk, return, and investor goals.

At Rockefeller Asset Management (RAM), ESG-integrated research emphasizing improvers, coupled with in-depth shareholder engagement, is core to our philosophy of delivering alpha and positive outcomes. We are committed to constructing investment strategies that seek outperformance across fundamental, systematic, and thematic investment approaches. Furthermore, we are proud of the partnerships forged with institutions and intermediaries most notably throughout Europe who are at the forefront of sustainable investing. We will continue to build partnerships and expand RAM's product lineup in a manner that leverages our over 30 years of ESG-integrated investing experience, decades of effective shareholder engagement, and Rockefeller's scientific and industry networks.

Casey C. Clark

Casey C. Clark, CFA©
President and Chief Investment Officer,
Rockefeller Asset Management

History and 2022 accomplishments

Sustainable Investing History

1970s

1977 "Mission-Related" Odyssey Fund launched

1990s

1996 ICCR (Interfaith Center on Corporate Responsibility)

- Ceres Investor Network on Climate Risk and Sustainability (current Carbon Asset Risk Working Group member)

2000s

2001 International Corporate Governance Network (ICGN)

2002 One of 35 original investors to launch the Carbon Disclosure Project (CDP) questionnaire

2010s

2012 Became UN Principles for Responsible Investment (PRI) signatory

2013 Began work with the Sustainability Accounting Standards Board, participating in several Industry Working Groups that informed the draft Standards

2017 Invited to be a founding member of United Nations Environment Programme Finance Initiative's (UNEP FI) TCFD Working Group as the *only* U.S. Asset Manager

- Climate Action 100+

2018
- Became members of PRI Plastics Working Group
- Council for Institutional Investors (CII)
- Became SASB Alliance members
- Sustainable Blue Economy Finance Principles Signatory
- Joined Seafood Business for Ocean Stewardship (SeaBOS)

2019
- One of five founding members of UNEP FI's Climate Resilience Risks and Opportunities Coalition
- Advisor for World Resources Institute (WRI) High Level Panel for a Sustainable Ocean Economy
- Won PRI's ESG Research Report of the Year Award for work with the UN assessing the impact of climate change on investment portfolios**

2020s

2020
- Received 6th A+ on UN PRI Assessment Report for Strategy & Governance and A+ for Listed Equity – Incorporation**
- Launched Rockefeller's ESG Improvers Score™ (REIS)
- Established relationship with Bloomberg to create systematic ESG improvers strategies.

2021
- Joined FAIRR Aquaculture Collaborative Engagement to enhance sustainability of feed supply chains
- NYU Stern Center for Sustainable Business and RAM publish research paper examining the relationship between ESG and financial performance
- SASB Sector Advisory Group on Consumer: Advisor to help enhance disclosure of material ESG issues
- Net Zero Asset Managers Initiative Signatories
- Joined HRH Prince of Wales Sustainable Markets Initiative (SMI) Asset Manager Task Force. Led and wrote Investor Expectations for Shipping Transition to Net Zero Emissions
- Won PRI's ESG Incorporation Initiative of the Year Award for our submissions titled *ESG Improvers: An Alpha Enhancing Factor***
- Avery Sheffield featured as one of "50 Leading Women in Hedge Funds."

2022
- Chaired the Sustainable Markets Initiative (SMI)
- Investor Expectations for Shipping Transition to Net-Zero
- Formalized Net Zero Asset Managers Initiative commitment
- Signed the United Nations Environmental Assembly (UNEA) statement in support of a global treaty to reduce plastic pollution
- Endorsed the Business Coalition for a Global Plastics Treaty
- Contributed to Minderoo Foundation's WasteMakers Index

Strategy launches

1991 Rockefeller Global Equity ESG Improvers UCITS (Formerly known as "Global ESG Equity")

2011 U.S. Small Cap ESG

2012
- Climate Solutions (Formerly known as "Ocean Strategy")
- Core Taxable ESG Fixed Income

2013 Short Term Taxable ESG Fixed Income

2014 Intermediate Tax-Exempt ESG Fixed Income

2016
- Global ESG Fossil Fuel Free
- Non-U.S. Fossil Fuel Free

2018
- Rockefeller U.S. Equity ESG Improvers UCITS (Formerly known as "U.S. Equity ESG")
- Non-U.S. Equity ESG

2020
- Ocean Engagement
- VantageRock Long-Short Equity

2021 Bloomberg Rockefeller U.S. All Cap Multi-Factor ESG Improvers

2022
- Rockefeller US Equity Concentrated UCITS
- Global Value ESG
- U.S. Small Cap Core Equity

**Refer to the end of the report for disclosures related to PRI awards

2022 Accomplishments

The Rockefeller heritage in sustainable investing dates back to the 1970s, when the family office began public and private investment programs that incorporated environmental and social factors into the investment process. Rockefeller family members have long held the view that investment decisions have imperative moral, social, and financial dimensions. Drawing on the intellectual capital built over the decades, RAM has won two headline PRI Awards in the past four years and offers equity, alternative, and fixed income strategies that seek to deliver alpha and positive outcomes. We do so by leveraging our more than 30 years of ESG investing experience, nearly 40 years of effective shareholder engagement, and a legacy that has the ability to convene global networks to generate insights not commonly found in the investment community.

VantageRock: Female-led long-short equity strategy

VantageRock, RAM's female-led, long-short equity strategy, has performed well and will reach its three-year anniversary in 2023. With over $650 million in assets, the strategy deploys a fundamental, low-net exposure, bottom-up approach that emphasizes independent thinking that we believe has resulted in a highly differentiated strategy.

Nordea Asset Management's Global Value ESG Equity Strategy

In September 2022, RAM was named sub-advisor for Nordea Asset Management's Global Value ESG equity strategy, supporting the growing need for ESG investment opportunities across the value investing style. Utilizing a fundamental, bottom-up research approach and Rockefeller's ESG Improvers Score (REIS), we seek to identify and tilt toward firms showing ESG improvement and greater potential for generating uncorrelated alpha over the long term in our opinion.

Increased commitment to Europe and Asia

We established an office in London to better service clients across the UK, continental Europe, and Asia. RAM solidified partnerships with world-leading allocators and launched a UCITS ICAV, an Ireland-domiciled UCITS structure, and two ESG Improvers and engagement-driven funds registered for distribution in 15 countries. The firm subsequently launched its third equity UCITS fund focused on climate change in December 2020 and its latest sub-fund, U.S. Concentrated, in December 2022. Today, RAM has institutional asset allocator relationships in nine European countries and Japan.

Sustainable Finance Disclosure Regulation (SFDR)

We have successfully completed Level 2 technical filings pursuant to SFDR regulation. Acceptance by the Central Bank of Ireland formalized the upgrade of several existing or new strategies, including:

- **Climate Solutions:** Filed according to the guidelines pursuant to Article 9 of SFDR, thereby making a commitment to sustainable investments. This has been reclassified from the prior designation of Article 8.
- **Global Equity ESG Improvers and US Equity ESG Improvers:** These funds promote environmental and social characteristics pursuant to Article 8 of SFDR and commit to invest partially in sustainable investments.
- **US Equity Concentrated:** This strategy promotes environmental and social characteristics pursuant to Article 8 of SFDR but does not commit to invest in sustainable investments.

Net zero commitments

We believe that climate change is transforming markets and recognize the risks and opportunities for our clients when constructing investment portfolios. In 2021, RAM joined the Net Zero Asset Managers Initiative and committed to managing select investments in line with achieving net zero greenhouse gas (GHG) emissions by 2050 or sooner. This is consistent with the goals of the Paris Agreement and the Intergovernmental Panel on Climate Change's (IPCC) Special Report on Global Warming of 1.5°C.[5] In adopting an investment philosophy aligned with these commitments, we hope to increase the probability of generating investment performance and shareholder engagement objectives.

5 Net Zero Policy." Rockefeller Capital Management, October 2022, rcm.rockco.com/insights_item/net-zero-policy-2022/.

Our sustainable investing process seeks to deliver alpha and outcomes by executing across three pillars. The following pages provide a glimpse into each pillar.

1.

Research:

Enhance alpha via ESG-integrated and thematic research

2.

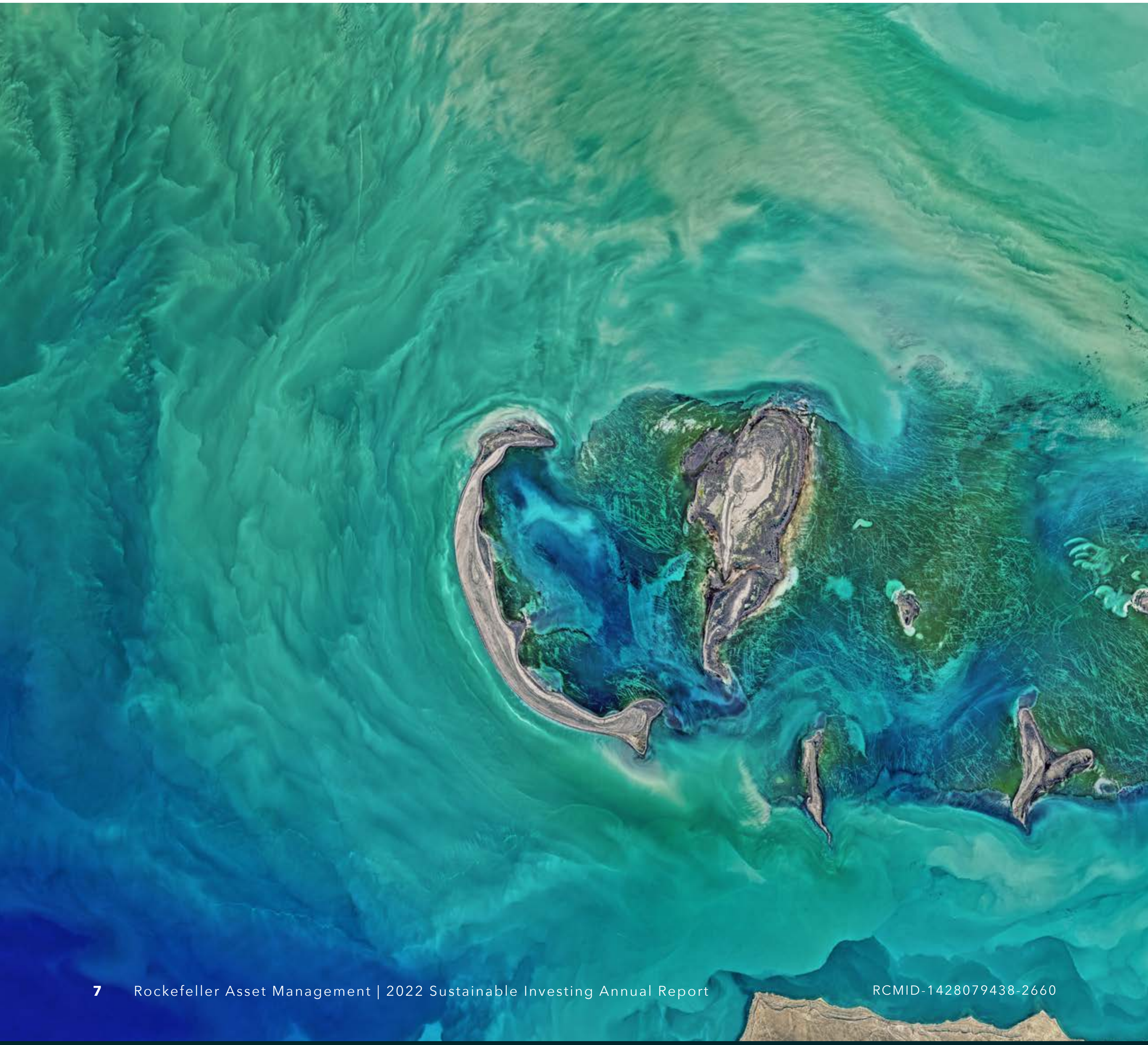
Engagement:

Create long-term shareholder value and catalyze positive change

3.

Thought leadership:

Inform our research and engagement process



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Research

ESG integration research: Seeks to generate alpha

Rockefeller's Proprietary Materiality Map identifies ESG issues that are material to the risk and return profile of companies across 77 Sustainable Industry Classification System (SICS®) industries. It serves as the foundation for our investment research and engagement process. In the years ahead, we believe that investors will increasingly differentiate between ESG Improvers and ESG Leaders, and that the former may offer greater potential for generating alpha over the long run.

Casey C. Clark, CFA©
President and Chief Investment Officer

Sheryl Tierney, CFA©
Director of ESG Research & Engagement

Vittoria Bufalari
Quantitative Analyst

Nikhil Cherukupalli
Quantitative Analyst

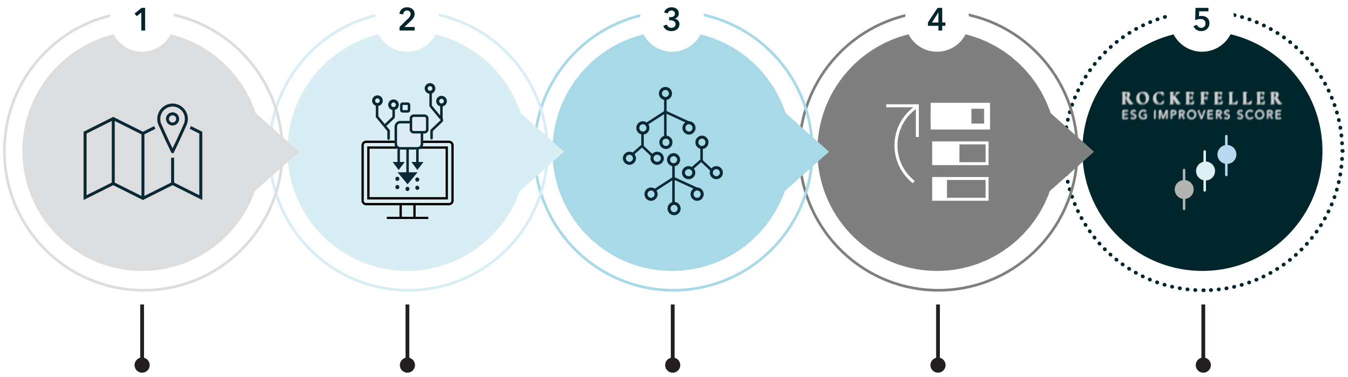
ESG Improvers: An alpha enhancing factor

We specialize in ESG integrated fundamental, systematic, and thematic strategies that seek to generate excess returns. We believe investors will increasingly differentiate between ESG Leaders and Improvers, and that the latter offers greater potential for generating uncorrelated alpha over the long run.

Our economic and market rationale for ESG Improvers is based on:

- The market overemphasizes ESG Leaders, while undervaluing Improvers
- Improving ESG practices have the potential to increase brand value, enhance customer and employee loyalty, reduce costs, and create long-term competitive advantages
- Improvers provide another lens into management quality, a key attribute of future business success
- Active engagement accelerates ESG improvement

In 2020, we built the award-winning Rockefeller's ESG Improvers Score (REIS) to rank a company's change in performance on material ESG issues relative to industry peers. The five-step process that seeks to measure uncorrelated improvement on material ESG issues is illustrated below and is utilized in RAM's (1) systematic strategies, (2) fundamental bottom-up research process, and (3) portfolio management and client reporting.



Rockefeller Materiality Map
Identify ESG issues that are material to the risk and return profile of companies across 77 Sustainable Industry Classification System industries

Data Selection and Metric Mapping
Determine which metrics best quantify each material ESG issue and correlate with financial performance

Imputation
Use best-in-class imputation techniques to estimate missing values across metrics, companies, and time

Scoring and Relevance Ranking
Create material issue weights using a quantitative process investigating their relationship with financial performance

REIS Computation
Isolate the component of a firm's ESG traditional financial variables and other potentially correlated sources of risk

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We continued to enhance the REIS methodology and expanded coverage to all developed markets. Backtested, hypothetical data shows the risk and return benefits of:

- Tilting toward ESG Improvers
- The alpha potential for equity long-short market neutral strategies
- The correlation benefits of integrating REIS with traditional investment factors, such as quality, low volatility, value, and momentum.

Backtested hypothetical results covering U.S. stocks, including integration with Bloomberg's U.S. Fundamental Factor Models, can be found in our paper titled *ESG Improvers: An Alpha Enhancing Factor*. Data covering global developed markets equities can be found in our forthcoming *ESG Improvers: An Alpha Enhancing Factor (Part II)* paper. Looking ahead, we intend to further explore the implications for long-short investors and expand coverage to emerging markets as the scale and quality of data improves.

We are particularly excited about the potential for long-short investors. Upcoming research showcases the downside protection and alpha generating potential for a hypothetical market-neutral strategy integrating REIS with earnings quality, capital deployment, valuation, market reaction, and machine learning super factors.

The future of ESG reporting

As demand for reporting portfolio-level ESG characteristics grows and regulation becomes more stringent, we've explored approaches to visualize over and underweights relative to benchmarks. Traditional ESG reporting shows one-dimensional bar charts of a portfolio's weight toward leaders and laggards, or improvers and decliners. In the future, we believe a two-dimensional grid, with risks (ESG Industry Relevance) on the y-axis and opportunities (REIS Improvement Signal) on the x-axis, will gain wider acceptance. The primary driver of the investment thesis is not ESG issues when ESG risks are low. We intend to leverage this reporting framework as we gain more comfort with the data and inputs.

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Relative Weights: Rockefeller's Global ESG Improvers Strategy vs MSCI ACWI

Underweight high ESG relevance decliners

ESG Industry Relevance	Weak	Medium	Strong
High	-3.9	-0.7	-1.3
Medium	-4.0	-4.1	1.0
Low	-2.4	8.6	6.9
	REIS Improvement Signal		

Overweight low industry relevance improvers

As of 1/31/2023

Our approach to net zero alignment

We believe that by committing to these standards, we can potentially increase the probability of exceeding investment performance and shareholder engagement objectives. In 2021, RAM joined the Net Zero Asset Managers Initiative and committed to manage select investments in line with achieving net zero GHG emissions by 2050 or sooner.

Leveraging guidance from the Institutional Investors Group on Climate Change (IIGCC), we intend to align portfolio and asset level targets for committed strategies with sectoral science-based pathways that are consistent with achieving net zero global emissions by 2050. The targets below apply to the total share of committed equity assets under management. We aim to review and update targets at least every five years to account for scientific, regulatory, market, and firm-specific developments.

Reduce scope 1, 2, and material scope 3 GHG emissions by 2030* *Baseline year: 2019	Increase exposure to climate solutions by 2030	Increase share of aligned, aligning or committed assets to deliver on portfolio emission reduction targets	Utilize engagement to create shareholder value and catalyze positive change
Portfolio emission metrics (absolute emission, WACI, implied temperature) may vary depending on the investment approach.	Likely measured by green revenues or capital expenditures. This target depends on asset growth in Rockefeller's Climate Solutions strategy and may be refined with updated guidance from the IIGCC.	We assume a linear year-on-year increase in aligned, aligning, and committed asset exposure from baseline to reach 100% of committed AUm by 2040.	Engagement efforts prioritize net zero material sectors, finaced emissions concentration, and lack of science-based targets to achieve asset alignment and portfolio emissions targets.

The targets are based on an assessment of our strategies as of June 2022. While we are confident in our commitments, successful implementation is conditional on several factors, including but not limited to:

- Collaboration and coordination between investors and clients to decarbonize portfolios through real-world emission reductions and support climate solutions innovation
- Governments and policy makers delivering on ambitious 1.5°C temperature goals
- Relative positive performance of net zero managed strategies and other economic and market dynamics that might impact asset flows, the timeline, or scope of targets
- Corporations setting science-based targets and executing, especially in hard-to- abate sectors such as transportation, cement, and steel

The goal is for net zero alignment to result in portfolio GHG emission reductions across Scope 1, 2, and material Scope 3. If a company is not part of the pre-identified universe or identified as "not aligned" or "not collected", research analysts can leverage additional third-party data and research, engage in a direct dialogue with the company, or produce de novo research to explore a case for its inclusion in a committed strategy.

Net zero investing in practice: Assessing net zero alignment of companies

We believe that the decarbonization of our portfolios should be primarily driven by emission reductions across Scope 1, 2, and material Scope 3 GHG emissions in the companies in which we invest. To inform our choice of third-party climate data and analytics, as well as guiding principles for investment research, we leverage the extensive work of industry initiatives on climate action and net zero alignment. This includes IIGCC's Paris Alignment Investment Framework and the Climate Action 100+ Net Zero Company Benchmark. We have mapped key expectations on firm characteristics and performance across a maturity scale to help us assess the net zero alignment of companies. The table below provides a summary of our net zero alignment assessment methodology.

Net Zero Criteria	Alignment Maturity Scale				
	Not Aligned	Committed	Aligning	Aligned	Net Zero
Ambition		Clear goal to achieve net zero emissions by 2050	Clear goal to achieve net zero emissions by 2050	Ambition to achieve net zero by 2050 for 95% Scope 1&2 and material Scope 3	Ambition to continue achieve net zero through 2050 for 95% Scope 1&2 and material Scope 3
Targets			Short or medium term target in line with sector and regional science-based net zero pathways	• 1.5°C-aligned reduction targets covering at least 95% of Scope 1&2 and material Scope 3 • Timelines: LT, 2036 and 2050 / MT, 2026-2035 / ST, up to 2025	• 1.5°C-aligned reduction targets covering at least 95% of Scope 1&2 and material Scope 3 • Timelines: LT, 2036 and 2050 / MT, 2026-2035 / ST, up to 2025
Emissions Performance				Adequate performance over time in relation to targets set in line with sector and regional science-based net zero pathways	Currently matching levels of emission intensity required by the sector and regional pathway by 2050
Disclosure			Disclosure of Scope 1&2 and material Scope 3 emissions data	Disclosure of Scope 1&2 and material Scope 3 emissions data	Disclosure of Scope 1&2 and material Scope 3 emissions data
Decarbonization Strategy			Qualitative plan relating to how the company will achieve stated reduction targets	Quantified plan relating to how the company will achieve stated reduction targets	Quantified plan relating to how investments plan or business model is expected to continue to achieve net zero over time
Capital Allocation Alignment				Explicit commitment to align or phase out planned CAPEX in line with net zero reduction targets	Explicit commitment to continue direct CAPEX in line with net zero

Consistent with our broader investment research approach, we aim to provide a compelling rationale for including a stock in a net zero committed strategy with data and research as supporting evidence. As the goal of net zero strategies is to reduce portfolio emissions by increasing exposure to net zero aligning, we wish to have strong conviction over a not-aligned company's potential for net zero transition.

Given the rapidly evolving landscape, we will continue to evaluate the approach and quality of data and other resources available for net zero assessments. As new climate data and analytics become available, our net zero approach will evolve to reflect improved market insights. By following this approach, we hope to construct and manage net zero committed portfolios that deliver real-world emission reductions, increase the probability of outperformance, and exceed client objectives and expectations.

ESG fixed income update

Overall global ESG bond issuance totaled $635 billion in 2022, according to Bloomberg, a notable decline from $910 billion in 2021. This was partially driven by lower corporate bond supply due to rising rates and increased volatility. We anticipate the pace of global ESG bond issuance will increase to as much as $1 trillion in 2023.

Meanwhile, U.S. high grade corporate ESG issuance declined 22% year-over-year to $55 billion, whereas U.S. municipal bond ESG issuance was similar to that of 2021 at approximately $40 billion. We anticipate ESG bond issuance in the U.S. credit markets to increase in 2023, topping $80 billion, and municipal ESG issuance to reach $55 billion, as the pace of issuance resumes. The 2022 Inflation Reduction Act, which included $370 billion in funds allocated toward climate and energy, might lead to additional ESG bond supply in future years.

According to EPFR data, fixed income ESG funds saw year-to-date inflows of 2.2% through December 1, 2022, versus market outflows for the broader fixed income market. We continue to see the flows largely focused on Europe, while U.S. growth in ESG fund flows was down 4.4% in 2022 versus the prior year.

Despite the proposal of anti-ESG bills across nearly 20 states, we do not anticipate a meaningful shift in supply or demand dynamics. Approximately 25% of U.S. state and pension permanent fund AUM is affected by laws passed to date. Those states comprise a small percentage of overall pension and permanent fund assets at approximately 2% on average. Further, this is only a small portion of overall AUM. While the headlines risk remains for ESG adoption in certain states, we do not expect it to change investor demand and behavior over the long-term.

In our view, the ESG industry will continue to evolve, particularly for fixed income, as issuer reporting across corporate and municipal credit further improves. For example, fixed income strategies can be measured to quantify outcomes that are aligned with the UN Sustainable Development Goals (SDGs).

Our ESG fixed income strategies participated in bond offerings in 2022 that financed:

- Improvements to water infrastructure that enhanced efficiency, drinking water access and quality, as well as access to wastewater and sanitation facilities
- Infrastructure upgrades and renovations to make buildings more resource efficient, improve transportation systems, and promote access to Internet and mobile network systems
- Access to safe and affordable housing for low-income populations, along with upgrades and renovations to make community infrastructure more resilient to climate change
- Improvements to educational and research institutions that enhance the productivity, quality, and access to education and research
- Projects that support the development of renewable energy production and/or access to clean energy
- Improvements to healthcare institutions that ensure healthy lives and promote well-being for all

Alex Petrone
Director of Fixed Income

Intermediate Tax Exempt Fixed Income ESG Strategy SDG Mapping

As of 12/31/22

Portfolio characteristics for a particular strategy may vary from time to time from the portfolio construction shown above

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Engagement

Create shareholder value and catalyze positive change

Our goal is to accelerate improvement, create long-term shareholder value, and catalyze positive change. For certain strategies, shareholder engagement is a core part of our investment process before purchasing a stock and throughout the holding period. Our engagement approach strengthens our investment process by identifying material ESG issues and constructively engaging with companies to create long-term shareholder value and catalyze positive ESG improvement. Our shareholder engagement "escalation process" also helps increase the probability of an outcome. The escalation process follows four stages: (1) constructive dialogue, (2) official letters, (3) collaborative action, and (4) shareholder resolutions.

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Director of ESG Research and Engagement

Abby Frank
ESG Engagement Analyst

Emily Claire Mackey
ESG Engagement Analyst

In 2022, our direct discussions with companies increased in depth and ambition, as we forged relationships with new investments and established longer track records with ongoing holdings. For improvers, we identified the most material issues and discussed them in detail with companies to ensure a mutual understanding of the business case for improvement and action plans to achieve specific targets. With leaders, we were able to encourage continued leadership and share learnings from these holdings as best practices with other companies, in an effort to raise the bar across sectors.

Our exposure to companies throughout various sector value chains provides a unique opportunity to address material issues and encourage positive and cohesive sustainability progress up and downstream. For example, exposure to the automotive industry does not start and end at the car manufacturer. Having exposure to tire manufacturers, EV battery companies, information technology, 3D modelling, waste management and recycling, allows us to address material issues for the industry from different angles. We believe value chain engagement is a powerful tool to accomplish our engagement goals of increasing shareholder value and catalyzing change.

Tracking engagement activity and outcomes

As the investment industry continues to evolve, so does the way our investment professionals approach stewardship practices: by differentiating for more high impact engagements from less tailored, campaign style efforts. We believe that both serve a purpose, but tailored conversations and correspondence are more likely to effect change. We've experienced that campaign style engagements are most effective when addressing unattended and overlooked structural risks. While climate may still be unattended in practice, it is top of the engagement agenda for many investors and companies. On the other hand, our cyber security campaign was particularly powerful, driven by the research and expertise supporting the campaign and minimal emphasis on the topic from other investors.

What follows is a summary of RAM's engagement activity and outcomes.

Summary of Rockefeller Asset Management 2022 engagements:

221 Total engagements

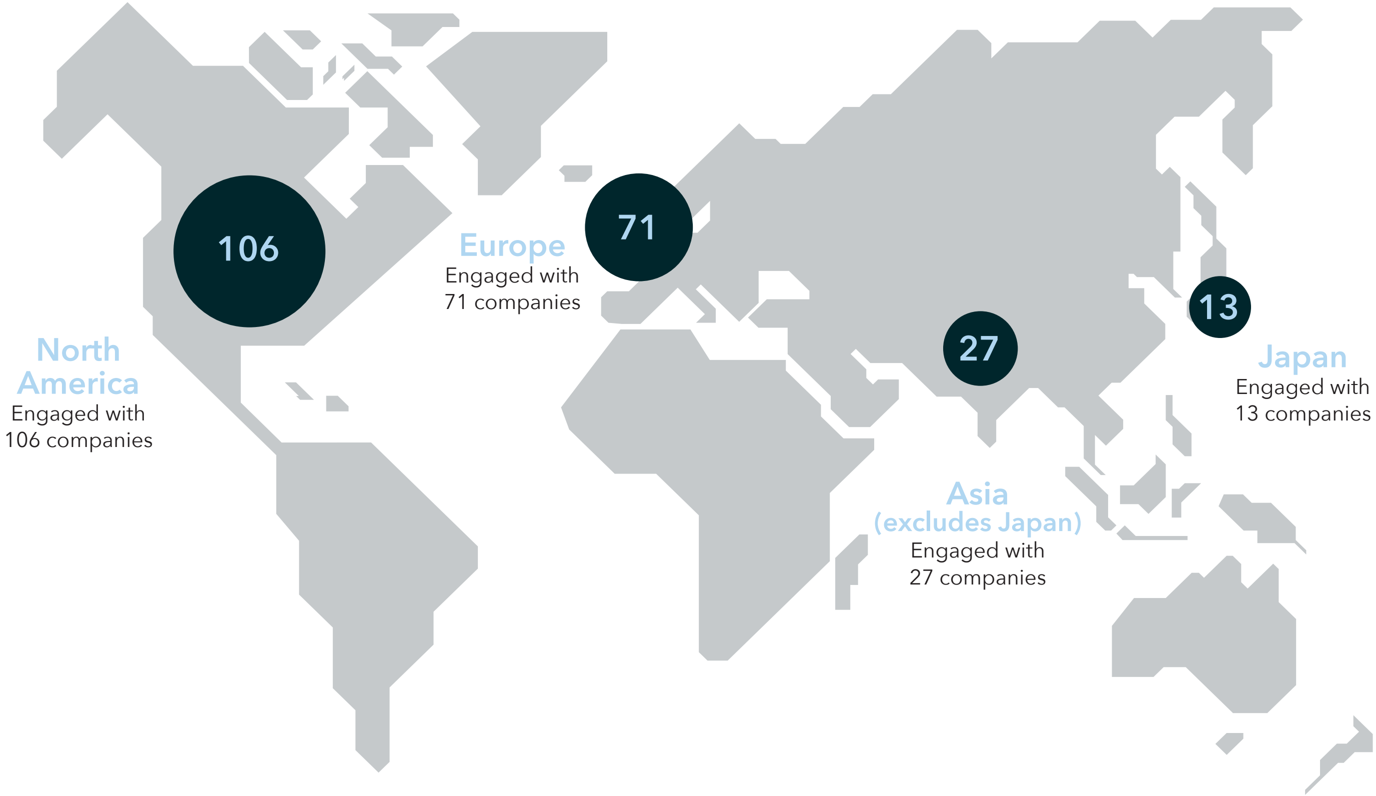
128 Total companies engaged

46% of companies across all strategies engaged

43% of engagements involved a member of the C-suite

81% of engagements involved a member of the RAM Equity Team

Geography of 2022 company engagements



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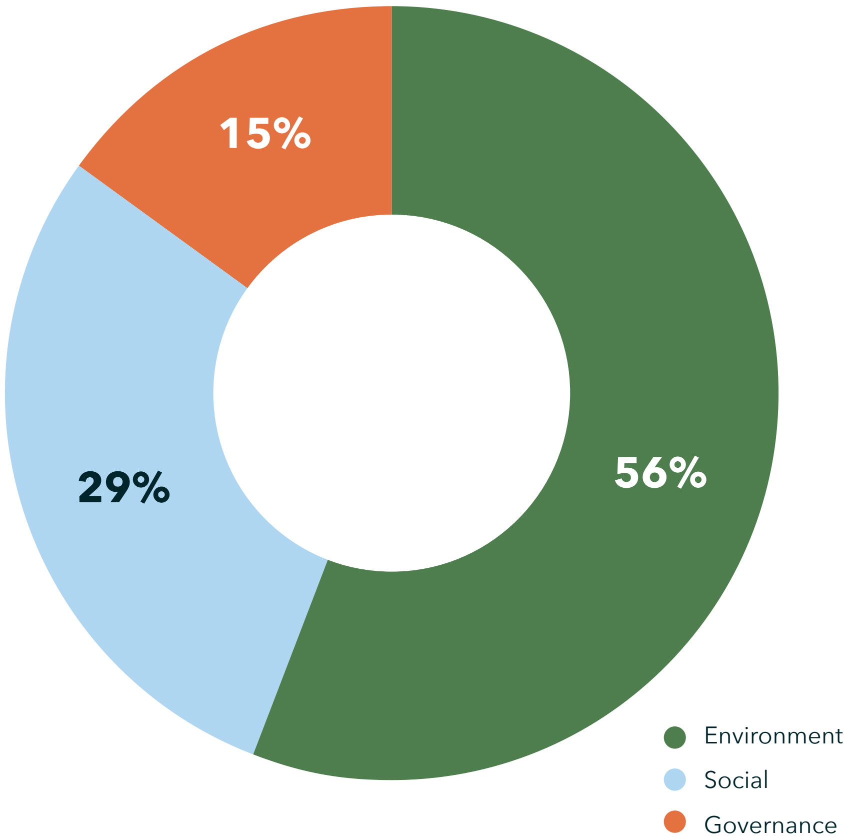
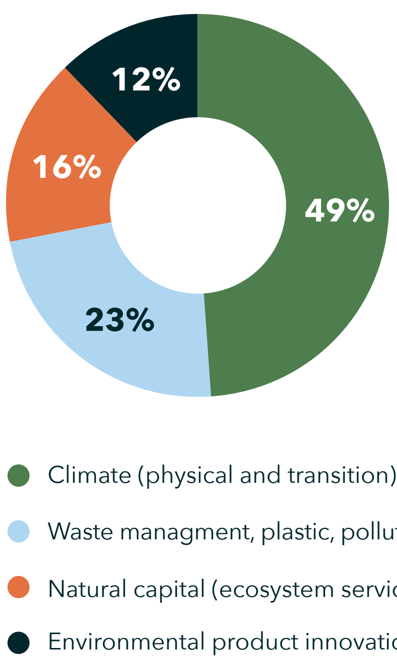
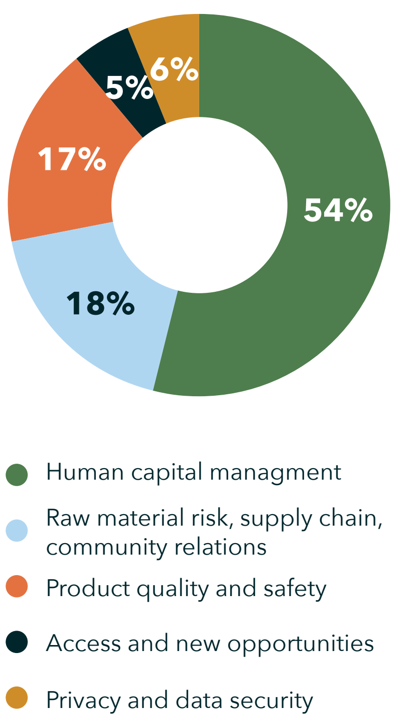
Thematic Focus of Engagement



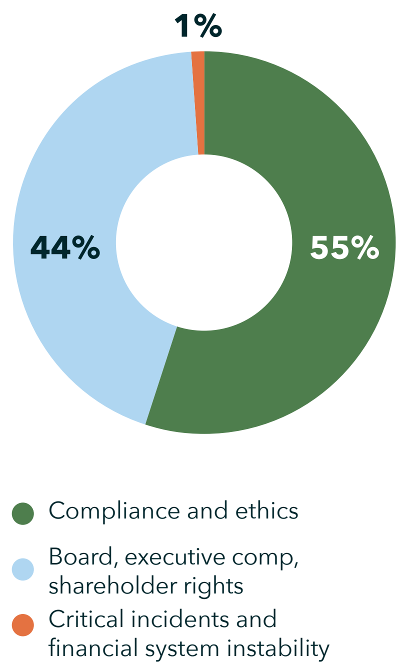
Environmental Focus of Engagement



Social Focus of Engagement



Governmental Focus of Engagement



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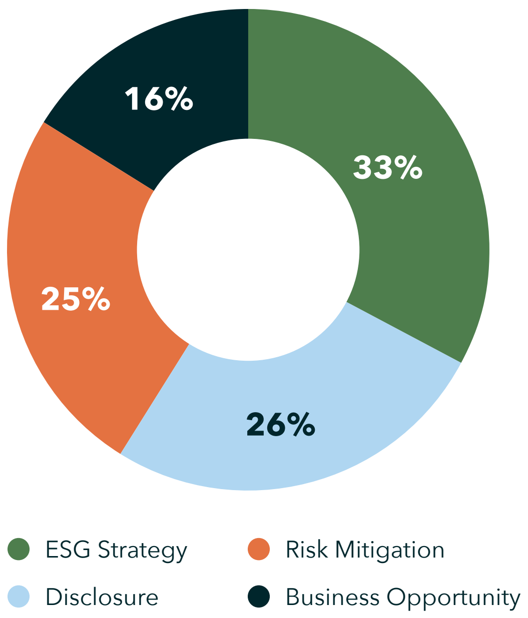
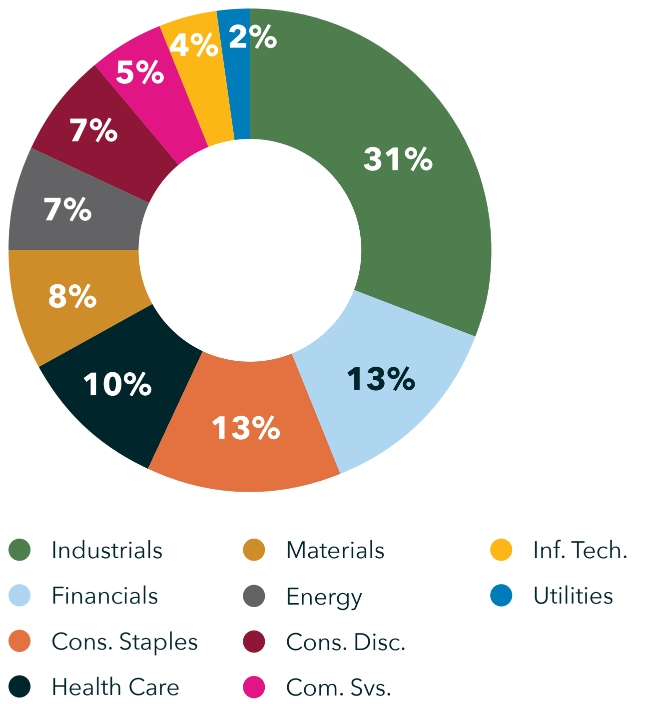
Nature of Engagement Target



Sector of Companies Engaged

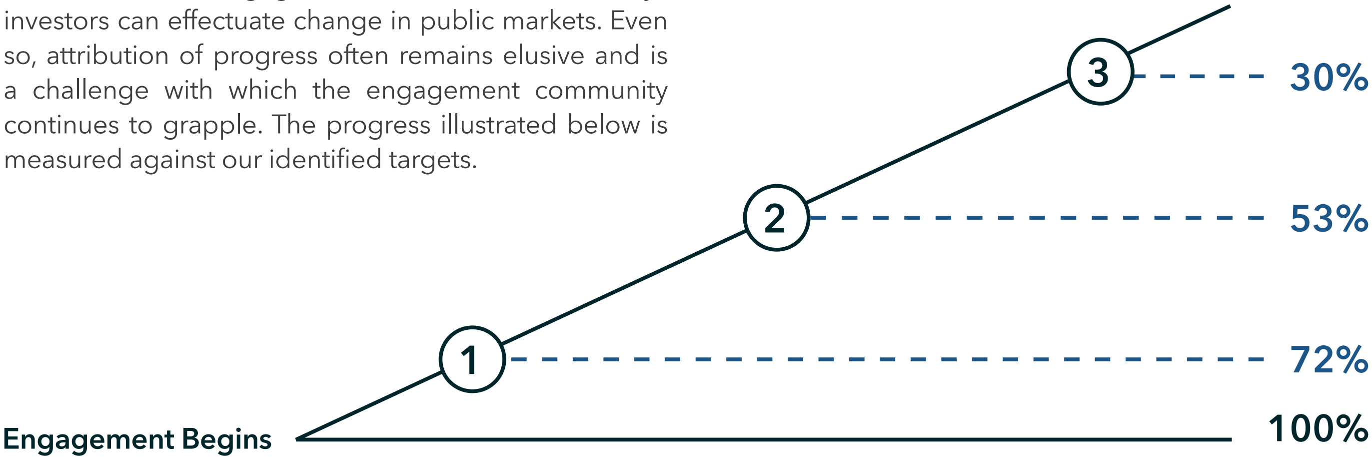


Engagement Alignment with Sustainable Development Goals

Progress Tracking

We believe that engagement is one of the few ways investors can effectuate change in public markets. Even so, attribution of progress often remains elusive and is a challenge with which the engagement community continues to grapple. The progress illustrated below is measured against our identified targets.

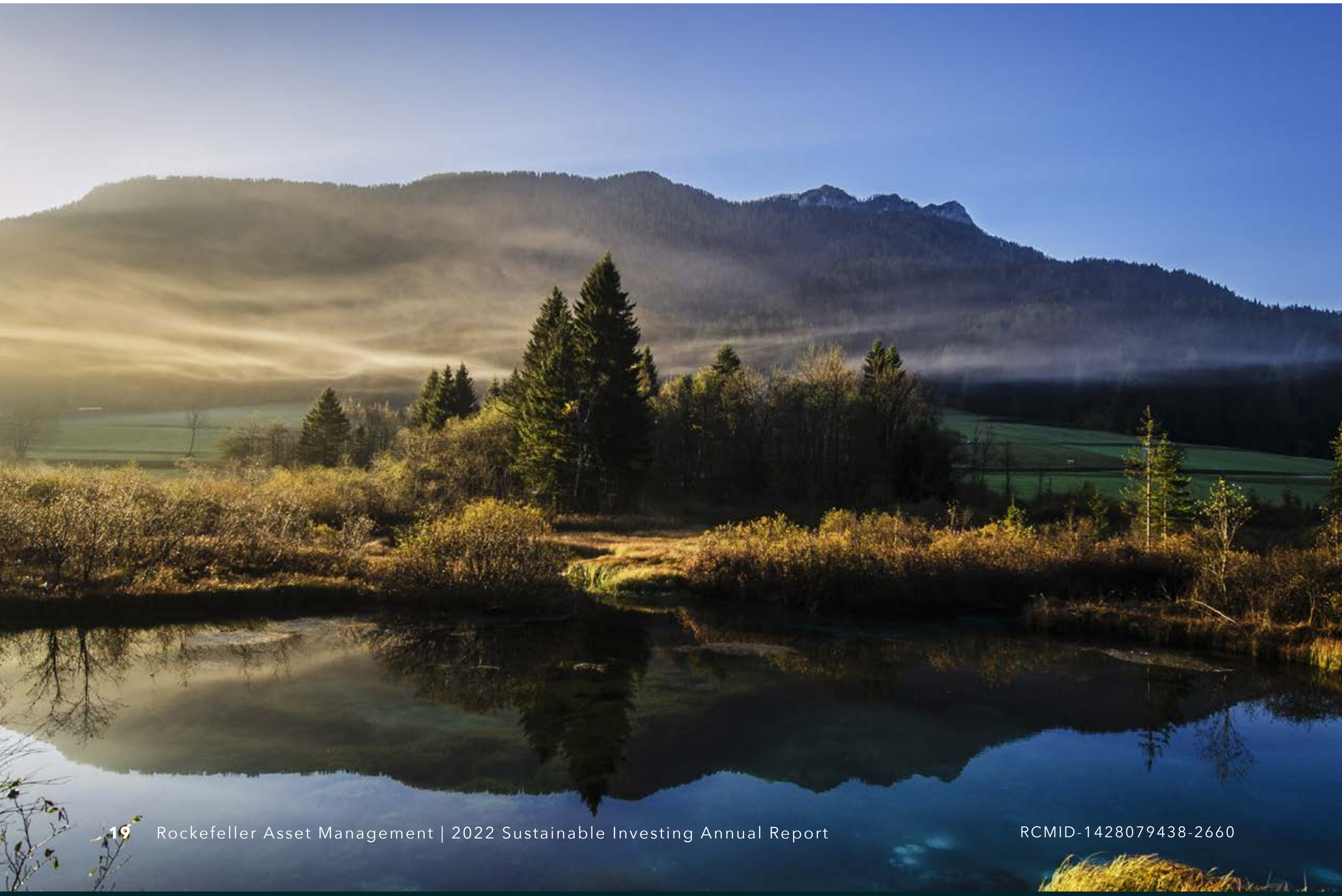
Flagship Strategy Holdings 2022 Engagement Progress



Engagement Begins — Companies contacted and dialogue under way

Milestones

1. Companies that have acknowledged the issue
2. Companies that are addressing the issue
3. Companies that achieved the engagement target



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Proxy voting: A longstanding commitment to thoughtful voting

While proxy voting is a crucial aspect of our fiduciary duty to clients, it's also an important aspect of delivering value and change. We've maintained and continuously refined a custom proxy voting policy for over a decade and have integrated Principles for Responsible Investment considerations into our overall proxy voting process since 2013. The custom policy reinforces our objectives of creating shareholder value, encouraging ESG improvement, and enhancing the long-term interests of our clients.

Effective for the 2022 proxy season, we updated our policy to:

- Outline our expectations of company climate transition plans
- Enhance our analysis of executive compensation plans' alignment of pay to performance
- Better reflect our expectations of gender, racial, and ethnic minority representation on boards of directors

We review each proposal to assess all proxy research through our custom policy lens. Our Rockefeller Proxy Voting Policy and voting records are available online.

Shareholder proposals supported in 2022

Historically held as a metric for firms' overall support of ESG issues, support of shareholder proposals is becoming a more nuanced exercise. During a season that saw an unprecedented number of shareholder proposals, including newly dubbed "anti-ESG" proposals, it has been more important than ever to carefully analyze which proposals we give our support. Below is a snapshot, by category, of the proposals we backed in 2022:

Environmental issues

Report on Climate Change	68%
GHG Emissions	100%
Establish a board committee to enhance oversight of environmental issues	100%

Social issues

Requests for third party audits of labor rights & discrimination	100%
Improve human rights standards or conduct human rights risk assessments	94%

Governance issues

One Share One Vote	100%
Require independent board chairman	100%
Political lobbying and contributions disclosure	94%
Enhance minority shareholder rights via expanded access to call special meetings, act by written consent, and/or reduce supermajority vote requirements	100%

Key engagement themes for 2022

Our ESG Improvers Score facilitates careful consideration of ESG Improvers versus Leaders. The process allows us to identify and prioritize companies for engagement based on improvement trajectory. The prioritization process is also shaped by our annual thematic engagement priorities and issues tailored to each company's unique business model.

Engagement prioritization process

While our engagements with each company are tailored to their unique business models, we intend to apply a particular focus on these five areas.

Climate action	Executive compensation	Board oversight of sustainability	Plastic pollution	Talent attraction and retention

2022 Engagement Priorities

1	Engaging with companies with "High" and "Medium" ESG Industry Relevance, and "Weak" Improvement Signal.	**With additional considerations to:** Key material issues Potential impact of engagement to shareholder value and/or positive change Probability of generating an outcome
2	Engaging with companies with "High" and "Medium" ESG Industry Relevance and "Medium" and "Strong" Improvement Signal.	
3	Engaging with companies with "Low" ESG Industry Relevance and "Weak", "Medium" and "Strong" Improvment Signal.	

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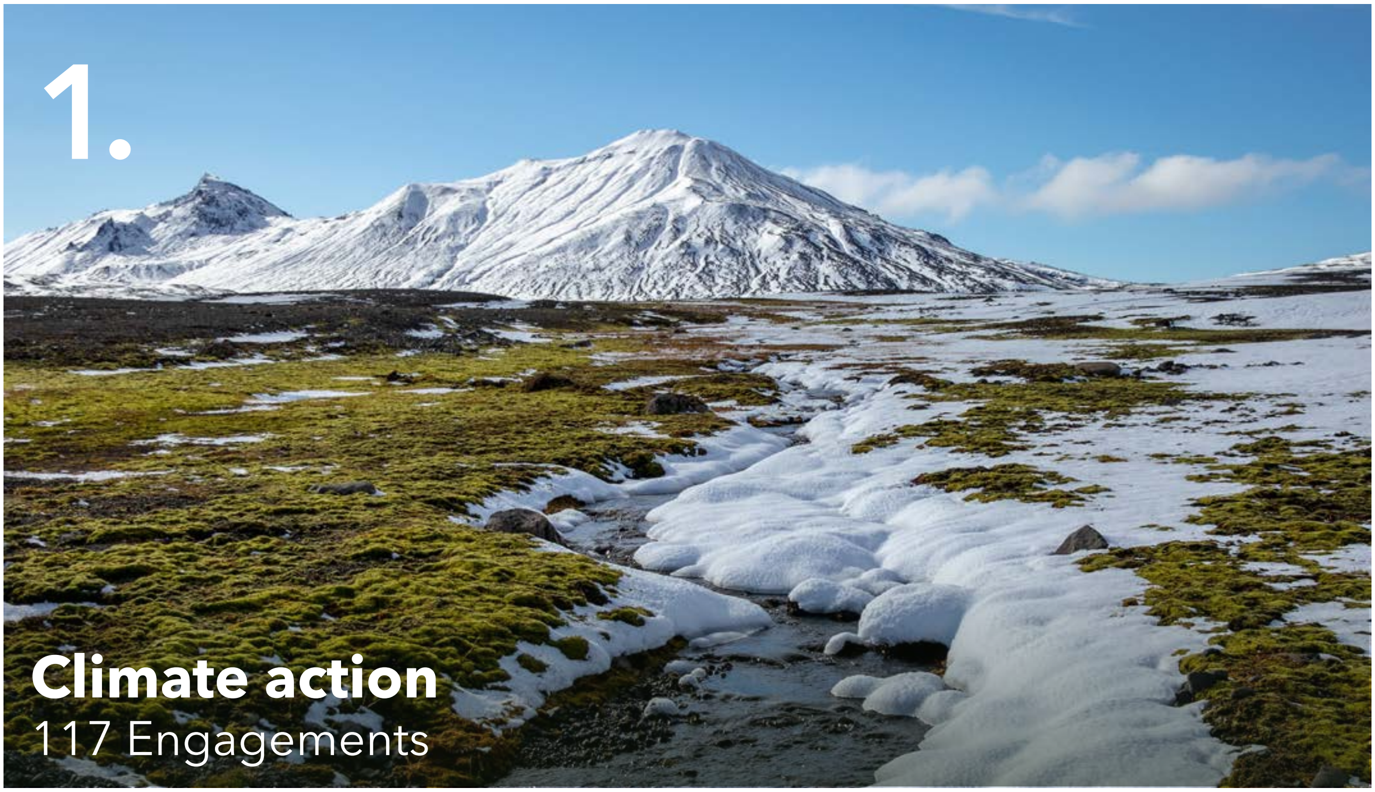
Key engagement themes for 2022



Engagement focus

We believe companies preparing for the energy transition are better positioned for longevity, resiliency, and relative outperformance compared to peers. With many public commitments for net zero ambitions, energy efficiency, waste and water management already made, we focused our engagements on the implementation and action plans for these objectives.

Engagement activity

Expanding on the conversations started in 2021's "Seizing the Moment for Climate Action," we continued our engagement on climate action plans for many companies. For example:

- In the financial sector, we focused on scenario analysis for lending and credit business lines.
- For companies providing climate solutions products and services, we encouraged calculating and marketing energy savings and efficiencies to strengthen the value proposition for customers.
- In many instances, we encouraged companies to include environmental considerations in capital expenditure plans and to leverage environmental experts to better offer long-term solutions.
- For companies exposed to economic interests in non-operated joint ventures, we encouraged transparency around their approaches to non-operated assets' Scope 1 and 2 emissions. This included due diligence and efforts to help reduce these emissions despite not operating the assets.

Outcomes to date

In 2022, we saw notable progress for many companies in terms of climate commitments. For example, Albertsons and Enel released Science-Based Targets Initiative (SBTi) approved targets and, for Enel, this included increasing existing ambitions and absolute Scope 3 targets. Elsewhere, SSE founded "Powering the Pact" in which the company and other members of the group commit to creating a net zero target and plan by 2025 in line with a 1.5-degree scenario. With our smaller-cap names, we also noted the initiation of emissions footprint mapping and disclosures as positive first steps.

Key engagement themes for 2022

Engagement focus

We are proactively addressing this theme as incentives are crucial to creating shareholder value. Complementing the proxy voting policy updates enacted for the 2022 voting season, our engagement focus on executive compensation has been multifaceted and has coincided with the United States SEC's August adoption of new "Pay Versus Performance" rules. Also informing our approach were dynamic market data from the 2022 proxy season, in which average support for executive compensation plans at companies in the S&P 500 and Russell 3000 was the lowest since the vote was introduced.[6]

Engagement activity

We have increasingly discussed executive compensation and remuneration packages with companies across sectors, speaking with board members and compensation committee members when possible and appropriate, and we anchor all discussions in the shared understanding that pay should correspond to performance. For those companies where third-party research suggests outsized pay and/or perquisites as compared to peers, we work with compensation committee members to better understand:

- Which outcomes the board is looking to incentivize
- How well they're communicating that objective to shareholders
- Where any unintended incentives might arise

Examples of our activities included:

- Integrating set targets related to the sustainability of plastic packaging into long- term incentive pay to increase accountability, including quantitative performance thresholds and transparency for all related modifiers
- Increasing transparency around and justification for corporate aircraft perquisite included in CEO pay packages
- Disallowing committee discretion for altering vesting periods in compensation plans without shareholder approval
- Creating an explicit link between strategic human capital management and the company's executive compensation plan

Outcomes to date

We have increasingly communicated engagement targets for integration of material ESG matters into compensation plans. Progress against our 2022 focus will likely be observed in the coming year's proxy season and disclosure of pay plans and associated changes. Some companies who have yet to incorporate ESG considerations have been open to the suggestion, including Konecranes. Others, like Sealed Air, have a degree of existing integration but this remains unclear in disclosures, where we've noted room for improvement.

6 Moats, Maria , et al. "Boardroom Recap: The 2022 Proxy Season." Harvard Law School Forum on Corporate Governance, October 2022, corpgov.law.harvard.edu/2022/10/27/boardroom-recap-the-2022-proxy-season/.

Key engagement themes for 2022

3.

Board oversight of ESG

20 Engagements

Engagement focus

We have seen a notable increase in the number of boards whose remits have expanded to include the oversight of ESG matters. We hope to see an expansion of relevant skillsets to oversee material ESG risks and opportunities. RAM engaged with companies to better understand how ESG oversight is being implemented, including reinforcement mechanisms to ensure management is keeping the board accountable and vice versa.

Engagement activity

We have long believed ESG improvement requires integration of ESG risks and opportunities into business strategy. Key to that integration is oversight and involvement from the board of directors. We conducted engagements that encouraged companies to quantify and qualify what board involvement in ESG oversight looks like in practice. Examples include:

- Building and publishing detailed board skills matrices that include assessment of skills gaps, plans to upskill board members on strategic issues, and implications for succession planning
- Creating accountability systems to track progress on achieving the board's stated ESG integration and oversight goals
- Establishing clear and specific charter language for subcommittees charged with oversight of ESG issues
- Improving governance policies and practices related to board effectiveness

Outcomes to date

We have witnessed the formalization of board level oversight of compliance and ethics at KT Corp. Sealed Air has improved practices by appointing a new Chair of the Board's Compensation Committee, which should establish renewed oversight of pay arrangements. We've also seen an increase in the integration of climate considerations into board level management. For example, Danaher Corp.'s board has explicit oversight of climate action initiatives. At Comerica, board oversight on human capital matters now extends beyond executive remuneration to include diversity, equity and inclusion (DEI); retention data; and engagement survey results.

Key engagement themes for 2022

Engagement focus

We have long been concerned with pollution and its effects on ocean health and the marine environment. Plastic pollution plays a major role in downstream pollution in marine environments. It also has implications for greenhouse gas emissions given its reliance on fossil fuel-based raw materials. Solving for plastic pollution requires a range of solutions, including greater uptake of circularity initiatives like reuse of products or on-par recycling (versus downcycling), reduction of single use plastics, improvements in packaging design, alternative materials, and an overall increase in infrastructure to facilitate the circular economy.

Engagement activity

Stemming from our stated 2021 priority related to Ocean Health, our more granular focus on plastic pollution for 2022 continued to be of high relevance given our exposure across the plastics value chain. Within our engagements on plastic pollution, we have focused on:

- Increasing circularity initiatives
- Investments in recycling infrastructure
- The setting of ambitious recycled content targets
- Positive lobbying on regulation related to waste and recycling, such as Extended Producer Responsibility (EPR) legislation

Plastics are a complex issue, and our value chain exposure provides many synergies for an engagement approach. This is based on our ability to gain insights from as far down the value chain as waste management, as well as the upstream petrochemical producers, plastics converters, and consumer packaged goods brands and retailers.

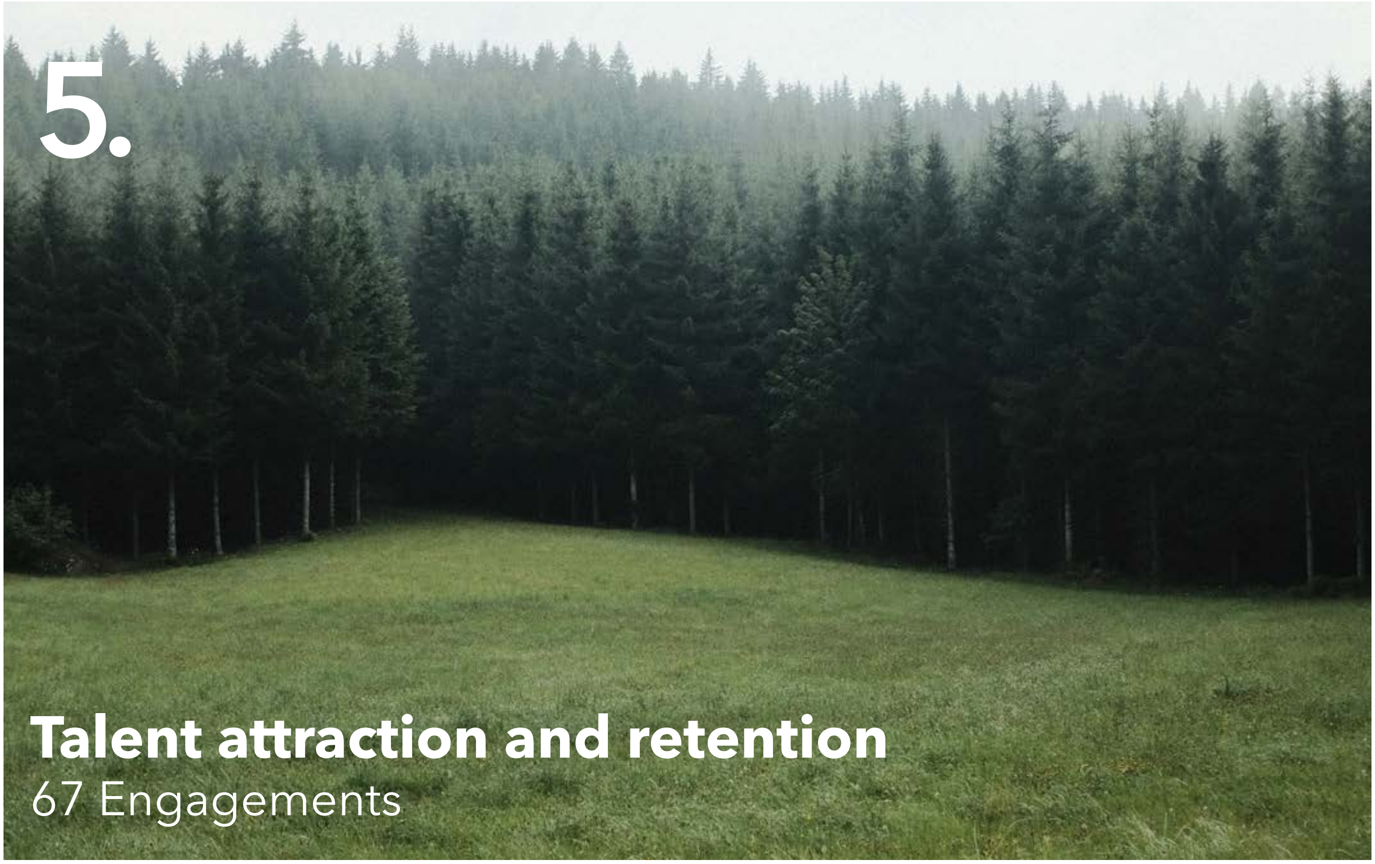
Collaborative Action: Our approach has also taken the form of collaborative engagement via the UNPRI Working Group on Plastics. As such, we have engaged with several plastic converters companies on increasing ambitions related to recycled content targets and packaging design. In one example, we were able to leverage our partner relationships in the collaborative engagement program to join us as signatories to a letter RAM authored to a company requesting the inclusion of key performance indicators in executive compensation. This would better incentivize the management of recycled content and GHG emissions reduction targets.

Engaging with Policymakers: We also sought connectivity in the policy environment by signing the pre-United Nations Environmental Assembly (UNEA) statement in support of a Global Plastics Treaty. Following the outcomes at the UNEA in Nairobi in 2022, we have remained involved in the space through our official support of the Business Coalition for a Global Plastics Treaty, convened by WWF and the Ellen Macarthur Foundation.

Outcomes to date

Companies along the plastics value chain have made commitments to increase the recycled content in products and to increase the recyclability of products. While some progress is evident, the pace remains slow due to limited supplies of recycled raw materials. We continue to monitor progress at our plastics converter, consumer packaged goods, and retail portfolio holdings companies. Down the value chain, Waste Management, Inc. has made material capital expenditure commitments to increase their material recovery facilities and has made ambitious commitments for material recovered. Indorama Ventures has also announced increased capital expenditure investments in advanced recycling and bio feedstocks aligned with our requests. The company is actively considering steps to mitigate the unintended risks of certain advanced recycling technologies.

Key engagement themes for 2022



Engagement focus

Our 2022 priority to focus on talent attraction and retention followed our prior year's focus on labor relations, crucial given market dynamics and competition for talent. Compounding these market dynamics has been the post-COVID shift to new working models. Against this backdrop, companies are struggling to strike the right balance to remain attractive, pragmatic, productive, and at a reasonable cost. Through our engagement, we sought to understand the specifics of these challenges and to encourage greater management of risks to promote effective execution of business strategy.

Engagement activity

During 2022, the engagement team set out to create a formalized research and engagement document for human capital management, with an emphasis on talent attraction and retention. We leveraged insights from Rockefeller's talent acquisition and human resources team. Additionally, our brand and reputation enabled access to several Chief Human Resources Officers at investee companies to have detailed conversations about existing practices and areas for improvement. We encouraged enhanced board oversight, qualitative and quantitative data management, and the establishment of feedback loops that can help companies improve on attracting and retaining key talent.

Outcomes to date

Attraction and retention continues to be one of the single most difficult challenges that companies face today. At the intersection of workplace culture and talent attraction and retention, we learned that Hitachi is actively working to shift work culture norms in Japan. After facing workplace culture challenges in the past, we were pleased to learn that the company is finding unique ways to solve this issue. This includes disclosing descriptions for Japan-based roles, something not commonly done in Japan. We have also seen companies think more rigorously about attraction and retention. For example, Alnylam Pharmaceuticals has established new targets for attrition levels and formalized processes for identification of talent gaps. Elanco has also set employee engagement goals.

Looking forward: Engagement priorities for 2023

Our 2023 priorities are based on industry trends and key material issues that can help position companies to thrive in the decades ahead. We continue to view governance and oversight of ESG issues as critical and believe these to be key elements of each of the themes listed below, rather than standalone items for 2023. Our engagement with companies on each theme will emphasize oversight at both the management and board levels.

Biodiversity

In 2022, we witnessed a notable shift in investor focus toward biodiversity. A survey conducted by Alliance Bernstein cited biodiversity as the top ESG thematic topic in the year ahead. This is understandable, as it's estimated that more than half of the world's GDP was moderately to highly dependent on nature and its services in 2020[7]. Beyond the direct impact of nature-related risks on food, agriculture, and construction, we see effects related to 'hidden dependencies' within the value chain for many sectors. The World Economic Forum highlights three ways in which biodiversity loss creates risks to businesses: (1) dependency of business on nature; (2) fallout of business impacts on nature; and (3) impacts of nature loss on society.

Overcoming these overarching risks, both portfolio-level and systemic, is supported by the Kunming-Montreal Global Biodiversity Framework (GBF), agreed to in late 2022 at the 15th Convention of the Parties on Biological Diversity (COP15). Examples of potential engagement targets aligned with the GBF's stated targets are:

- The monitoring and measurement of nature-related impacts of operations, products and/or supply chains and efforts to reduce negative impacts
- How companies are contributing to global targets to ensure 30% of terrestrial, inland water, and coastal and marine areas important to ecosystem services are conserved and managed by 2030—known as "30x30"
- How companies are or are planning to engage with the policy to create a more enabling framework for the monitoring and assessment of risks, and disclosure of this, in addition to providing the information needed to consumers to promote sustainable consumption patterns

Collaborative efforts on nature and biodiversity will kick off in 2023, including Nature Action 100+, as well as disclosure regimes such as the Taskforce for Nature-related Financial Disclosures (TNFD), a final version of which is expected in September 2023.

Implementing climate action ambitions

Climate action has long been a focus of RAM, and we will continue to make it a priority for 2023. We see portfolio risk in the near- and medium-term related to climate change physical and transition risks. We also recognize climate change as a system-level risk that requires urgent action to support long term commitments, and has clear implications for investors with diversified portfolios.

In 2022, we made net zero commitments as part of the Net Zero Asset Managers' Initiative and continued to actively engage with companies on climate physical and transition risks and opportunities. Crucial to our efforts is ensuring our investee companies implement consequential climate action plans with tangible progress that support longer term net zero commitments.

7 "Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy." *World Economic Forum*, January 2020, https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

Circular economy and waste reduction

As the world continues to seek reductions in pollution, waste, GHG emissions, and biodiversity loss, there is an ever-increasing focus on *circularity*. This poses growth opportunities for companies and investors, as consumers increasingly demand products with smaller footprints. Risks related to waste also continue to increase, as heightening regulation could have broad implications for companies across sectors. Examples of regulation include requirements under the EU taxonomy, the EU's Circular Economy Action Plan, other national action plans (e.g., single-use plastic bans), and an increase in Extended Producer Responsibility legislation in many jurisdictions. Additionally, 2023 will continue to see negotiations take place for the establishment of the UN Global Plastics Treaty. This is likely to have implications for the ways governments address plastics—circularity being a core pillar.

As companies increase the amount of recycled content in products and establish targets to incentivize these efforts, little progress has been made in reducing reliance on virgin materials in the real economy. In fact, more virgin materials are being used today than ever before.[8] While plastic pollution and ocean health continue to be core areas of focus for RAM, an emphasis on circularity enables us to think holistically about other materials beyond plastics. We will continue to leverage our exposure to the circularity value chain, from waste management to upstream raw materials suppliers, for a differentiated approach to engagement.

Human rights

The investor community continues to pay attention to human rights across value chains. For example, there have been ongoing and severe allegations involving the Uighur community in XinJiang resulting in negative publicity for companies operating in the region. In addition, First Nations' rights have come to the fore following Rio Tinto's destruction of Juukan Gorge in 2020, which led to the ousting of the CEO and other key executives.[9] A major financial institution also received a material fine related to anti-money laundering breaches linked to child trafficking.[10] Furthermore, industrial action related to employee well-being has been increasingly on the rise, with the potential to result in operational disruptions and increased costs if left unmanaged. As the impact on risk and return becomes clearer, the UN Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises are coming into focus. Increased regulatory requirements are likely, and can already be seen in the SFDR, EU Taxonomy, and the EU's Corporate Sustainability Due Diligence Directive, in addition to the UK and Australian Modern Slavery Acts of 2015 and 2018, respectively.

We believe that 2023 will see continued heightened attention on the subject, given an: 1) increase in regulation, 2) expansion of renewable energy sectors and the implications this has for human rights, 3) increased reliance on mining and metals due to the low carbon transition, and 4) the unintended consequences that managing climate, biodiversity and waste reduction have on community stakeholders.

Strategic management of human capital

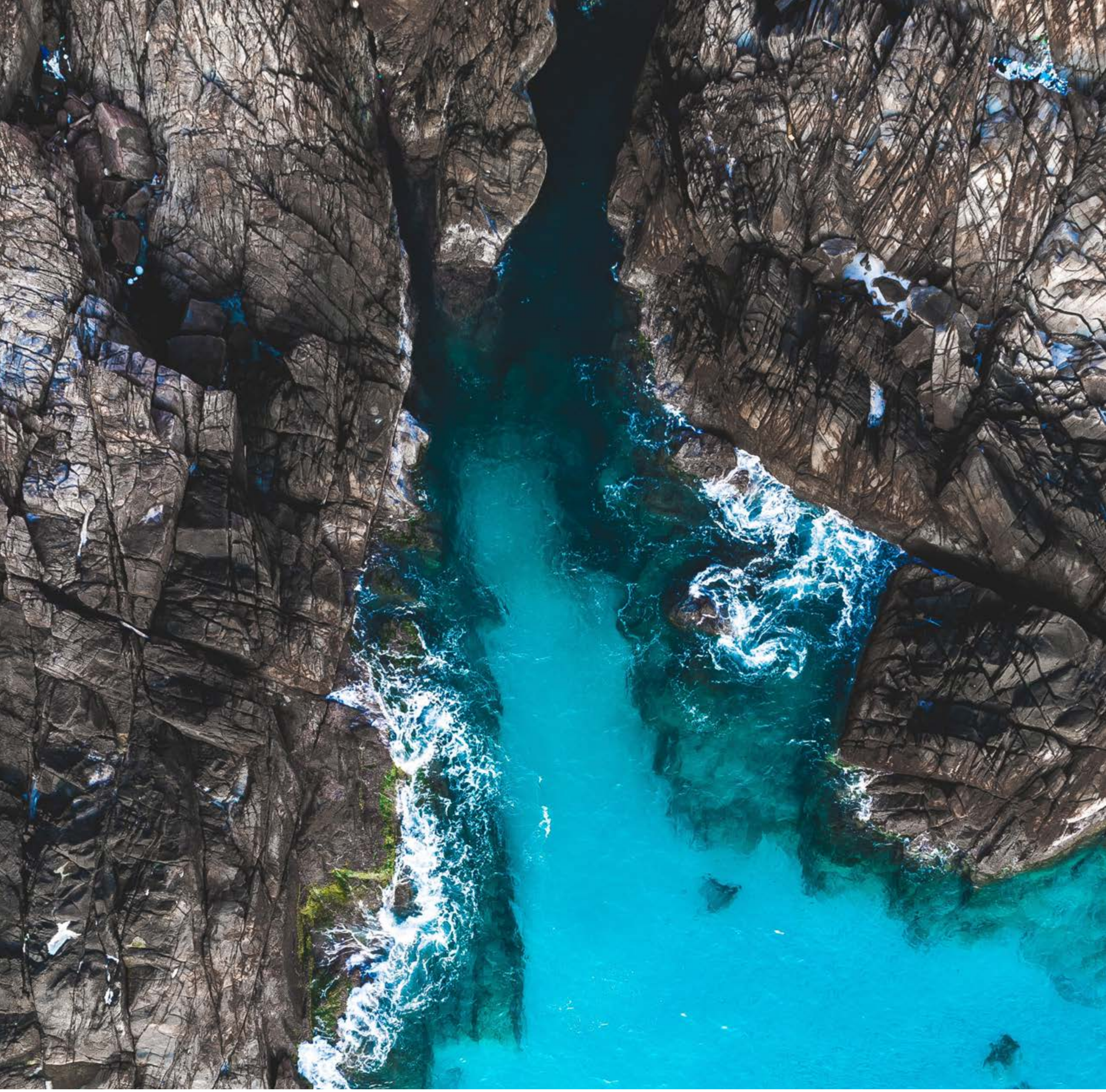
Our focus has expanded from talent attraction and retention to strategic management of human capital. People are central to an organization's ability to execute on business strategy and increase productivity. Human capital and company culture are also meaningful contributors to intangible value. A growing body of research seeks to quantify these benefits. For example, a recent paper titled *Employee Satisfaction and long-run Stock Returns* concluded that "an equal-weighted portfolio of companies that treat their employees the best earns an excess return of 2% to 2.7% per year."[11] The authors acknowledge the need for additional data to better understand the risk and return implications and increase awareness of the topic's importance. The SEC appears to be heading in this direction and in 2022, they included human capital disclosure in its near-term agenda. Through our engagement efforts, we intend to understand optimal approaches to human capital management, encourage strategic thinking, and enhance disclosures.

8 Circle Economy Foundation. *The circularity gap report 2023*. Circle Economy, 2023. https://www.circularity-gap.world/2023, PDF download

9 Hall, Matthew. "Rio Tinto CEO Resigns following Juukan Gorge Destruction." *Mining Technology*, September 2020, www.mining-technology.com/news/rio-tinto-ceo/.

10 Barber, Michael. "Australia Westpac Bank to Pay $1.3B Fine for Money Laundering Connected to Child Exploitation, Terrorism." Jurist, September 2020, www.jurist.org/news/2020/09/australia-westpac-bank-to-pay-1-3b-fine-for-money-laundering-connected-to-child-exploitation-terrorism/.

11 Boustanifar, Hamid and Young Dae Kang. "Employee satisfaction and long-run stock returns 1984-2020. Financial Analysts Journal, 78:3, 2021, 129-151. Last revised July 2022. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3933687



Thought leadership

Thought leadership: Informs our research and engagement process

We continue to collaborate with scientific experts and embark on thought leadership initiatives to inform our research and engagement efforts. We believe that our networks and partnerships generate investment insights and engagement outcomes not commonly found in the investment community.

1.

Leverage scientific experts and non-profits:

THE OCEAN FOUNDATION

The Ocean Foundation (TOF)

We leverage scientific advisors to help bridge the gap between science and investing. For example, our decade-long work with The Ocean Foundation (TOF) has been an invaluable component of the investment process for our thematic equity strategies, Climate Solutions and Ocean Engagement. Led by Mark J. Spalding, TOF brings its deep climate and ocean expertise to provide scientific and policy validation. They also support our idea generation, research, and engagement process.

2022 marked the 10-year anniversary of our partnership with TOF, an occasion recognized at NYC Climate Week. Hosting a plenary discussion of TOF board members, we were proud to welcome industry leaders, asset owners, and top research minds from across the Climate Week landscape into our offices.

Separately, in June, we had the opportunity to co-host a World Ocean Day roundtable with Mark Spalding; Vipul Prasad, Head of Marine Services at Maxar Technologies; and RAM Portfolio Manager, Rolando Morillo. This event, titled "Exploring Climate Change, Ocean Health and Investment Opportunities," was a conversation on the intersection of climate change, ocean health, and investment returns.

WORLD RESOURCES INSTITUTE

World Resources Institute (WRI)

Given the success of our longstanding collaboration with TOF, we established a partnership with the World Resources Institute (WRI) to support research and engagement efforts. WRI is a global research organization that spans more than 60 countries, with offices in the U.S., China, India, Brazil, Indonesia, and more. WRI has over 1,000 experts and staff who work closely with leaders to turn ideas into actions to sustain our natural resources. Their work focuses on seven crucial issues at the intersection of environment and development: climate, energy, food, forests, water, cities, and the ocean. In 2022, we held numerous discussions with teams at WRI on various topics to further bolster our understanding of key environmental issues, in turn helping to inform our ESG investment research and engagement.

Planet Tracker

Planet Tracker is a non-profit organization working to inform, enable, and mobilize the transformative power of capital markets to deliver a financial system that is fully aligned with a net zero, nature-positive economy. RAM has leveraged ocean, plastic, and net zero research produced by the Planet Tracker team and included their experts directly into our engagement efforts. We also hosted Planet Tracker in our offices during New York Climate Week as the team unveiled new research, "Toxic Fog: Unknown Unknowns." This was a quantitative exploration of the regulatory weaknesses around toxic releases that are currently hidden from both investors and the public.

Minderoo Foundation

The Minderoo Foundation is a philanthropic organization focusing on a range of different causes from improving early childhood education, ending modern slavery and driving accountability in and responsibility for global overfishing, plastic pollution, and global warming. In 2022, RAM participated in the Minderoo Foundation's latest iteration of their Plastic Waste Maker's Index, by providing suggestions and feedback on the methodology employed for the 2023 version of the report. We were also invited to author a foreword to the report.

2.

Working with industry experts and networks:

Sustainable Markets Initiative (2020):

SMI Investor Expectations for Shipping Transition to Net-Zero Emissions
At the invitation of His Royal Highness, The Prince of Wales, now King Charles III, executives from several of the world's largest asset managers and asset owners came together as members of the Sustainable Markets Initiative's (SMI) Asset Managers and Asset Owners Taskforce (AMAO). Their goal has been to develop meaningful and actionable plans to help accelerate the world's transition to a sustainable future. The Taskforce aims to find scalable ways for institutional investors to facilitate the reallocation of capital toward sustainable solutions, using the two most powerful levers at their disposal:

- Capital already invested in companies; and
- Fresh capital investments directed at climate mitigation and adaptation projects

The SMI's Stewardship and Engagement Working Group has been developing industry- specific guidance for the transition to net-zero emissions. The group chose shipping as the first industry of focus. RAM chaired this workstream and drafted Investor Expectations for Shipping – Transition to Net Zero Emissions. It was published in March 2022 and supported by nearly 30 asset managers and asset owners, including Bank of America Merrill Lynch Asset Management, BlackRock, CalPERS, CalSTRS, Fidelity International, HSBC, JP Morgan Asset Management, Morgan Stanley, PIMCO, TIAA/Nuveen, and Vanguard, among others. We believe the actions articulated across governance, net-zero strategy, and disclosures will help create long-term shareholder value and position companies to thrive in a sustainable future.

Business Coalition for a Global Plastics Treaty (2022): Following the outcomes at the UNEA in Nairobi in 2022, we supported the establishment of a Business Coalition for a Global Plastics Treaty, convened by WWF and the Ellen Macarthur Foundation, and officially endorsed the initiative in the year. In this, we commit to supporting clear and consistent policy insights and recommendations for an ambitious treaty and advocating for the coalition's key messages.

Net Zero Asset Managers Initiative (2021): RAM joined the Initiative in September 2021 and committed to managing select investments in line with achieving net zero GHG emissions by 2050 or sooner. We believe these commitments will increase the probability of exceeding investment performance and shareholder engagement objectives.

FAIRR Initiative (2021): We participated in a collaborative engagement for aquaculture companies called Managing Biodiversity & Climate Risk in Feed Supply Chains.

SASB Sector Advisory Group on Consumer (2021): We were accepted to be an advisor to help create a consistent, comparable, and reliable disclosure of material ESG information for the consumer. We are actively involved with SASB and have been an Alliance member since 2019.

For informational purposes only. The organizations listed herein are not affiliates or clients of Rockefeller Asset Management and this information should not be construed as an endorsement of Rockefeller Asset Management by any of the listed organizations.

High Level Panel for a Sustainable Ocean Economy (2019): We were invited to join the Advisory Network to the Ocean Panel, which includes representatives from nations that account for approximately 45% of the world's coastlines, 25% of the world's fisheries, and 20% of the world's shipping fleet..

United Nations Environment Programme Finance Initiative (UNEP FI) Climate Resilience Risks and Opportunities Coalition (2019): We accepted an invitation to be one of five organizations to join the leadership group which commits to disclosing physical risks and building support for public policies to encourage climate-related physical risk disclosure across the financial sector.

Council of Institutional Investors (CII) (2018): We joined CII given its expansive network of institutional investors, educational programs and conferences, and strengths in all things corporate governance related. The association allows us to keep a pulse on governance issues and trends, with benefits for our stewardship processes, including both engagement and proxy voting.

Seafood Business for Ocean Stewardship (SeaBOS) (2018): We joined SeaBOS engagement initiative to explore whether a small number of "keystone actors" have the potential to transform the global seafood system.

United Nations Environmental Program's Finance Initiative TCFD Working Group (2017): RAM was the only U.S. asset manager invited to join the project. The goal was to apply state-of-the-art approaches to measure the impacts of climate change on investment portfolios. This was a 2.5-year project that culminated in RAM winning PRI's ESG Research Report of the Year award in 2019.

Carbon Disclosure Project (CDP) questionnaire (2001): We were one of 35 original investors to launch the questionnaire. In 2022, we participated in a CDP sponsored panel discussion during New York Climate Week on the importance of solving the plastic pollution crisis. CDP intends to launch its first plastics disclosure questionnaire in 2023.

Ceres (1999): RAM actively participates in several Ceres' working groups, including engagement topics for Banking, Water, Policy Action, Climate Action 100+, Net Zero, and Shareholder Initiative of Climate & Sustainability.

Interfaith Center on Corporate Social Responsibility (1996): We joined the organization after recognizing the importance of collaborative engagement opportunities to create value and catalyze change.

Internal initiatives

Diversity, equity, and inclusion (DEI) at Rockefeller Capital Management

At Rockefeller Capital Management (RCM), our focus is on cultivating and supporting diversity. We appreciate of our individual employees, recognize diversity across all dimensions, and extend our approach to diversity, equity, and inclusion to our clients and communities.

Our DEI strategy

RCM has a strategy for DEI for our people, clients, and communities that is led by senior management. We are passionate about continuously improving, measuring, and sharing share broad outcomes. Our multi-faceted plan to carry out our strategy includes a commitment to:

Our people: Cultivating and sustaining a business model and corresponding culture that values all employee perspectives, ideas, and contributions. This includes employees of all backgrounds, in all dimensions of race, gender, ethnicity, cultural and socioeconomic background, religion, sexual orientation, gender identity, military status, physical ability, generation, and cognitive diversity.

Our clients: Listening to and serving the differentiated needs and values of our multidimensional current and future clients.

Our communities: Embracing and engaging with the communities where we live and serve.

Why we prioritize DEI

Recruiting the best: We believe that firms that prioritize diversity, equity, and inclusion field the best teams and sustain a competitive advantage.

Generating value for clients: We fundamentally believe that teams with diverse life experiences and perspectives outperform less diverse teams. We strive for a culture of innovation, in which the best ideas win regardless of where they originated.

Creating a sense of belonging: We recognize and respect the multiple dimensions employees bring to our team, creating a sense of belonging that drives extraordinary discretionary effort toward achieving our mission.

Being a part of the solution: We aspire to contribute to the societal solution to systemic inequities through our philanthropic work to serve our communities with a focus on partnerships that catalyze change.

Actions we are taking

Community Engagement

RCM launched a Community Champions program through the firm's Inclusion Coalition to engage with the communities where we live and serve. The program's impact has reached multiple cities across the country where our employees have volunteered their time, expertise, and resources. The volunteer events range from packing bags of essential items for those in need, park cleanups, and building projects for the less fortunate.

Inclusion Index

We launched our second annual Inclusion Index in 2022, which was developed to help gauge each employee's sense of community and belonging at RCM. The results are helping to pave a path forward in implementing, sustaining, and strengthening our culture of inclusion.

Spotlight Speaker Series

Our Spotlight Speaker Series features informal leadership roundtables focused on specific business areas, current events, and industry topics and trends. The sessions provide employees an intimate opportunity to connect with leaders across the firm.

Employee resource groups (ERG's)

Women's Initiative Network (WIN@Rockefeller)

WIN@Rockefeller is focused on cultivating a gender diverse, innovative, and inclusive workplace fostering a collaborative culture that values and celebrates differences as well as similarities. We work to create transformative change focused on our commitment to our clients and people by investing in and developing women and attracting future talent to the firm. Our goal is to help pave a path for women at Rockefeller Capital Management, as well as women in the communities where we work and live, and to prepare the next generation of female leaders.

Pride

Rockefeller Pride commenced in January 2022 and provides day-to-day support to LBGBTQ+ employees and allies and acts as a liaison between Rockefeller Pride and the firm's Management Committee. Our geographically diverse core committee members have established our vision and meet monthly to progress our mission, "To promote and provide a nurturing and inclusive environment for our LGBTQ+ employees and their allies and to foster and develop a culture where employees, recruits, and clients feel seen, supported, and heard. We work to attract the top talent of today, develop the leaders of tomorrow, and showcase the firm's commitment to our LGBTQ+ and ally employees and clients."

Rockefeller's DEI at a glance

As of December 31, 2022, women and people of color represent 55% of RCM and 37% of its senior leaders. Additionally, 58% of RAM employees and 58% of RAM's investment teams are comprised of women and people of color.

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*To test the strength of the signal value while controlling for factor, sector, and geographic exposures, we ran an optimization on the Bloomberg US 3000 and Bloomberg Developed Market Indices while excluding companies that violate Rockefeller's Risk Exclusion Policy and which maximized REIS while constraining turnover to 40%, tracking error to 1%, active factor risk to 0.25%, sector deviations to +/- 1%, and region deviations to +/- 2% along with rules for minimum and maximum weights and number of securities. The process was designed to isolate returns generated from REIS with minimal tracking error and other risks derived from factor, sector, or geographic exposures. At any time, RAM may review and modify the materiality map, data inputs, imputation process, and other aspects of the process to calculate REIS. Any such changes to the model may positively or negatively affect a company's REIS throughout the history of the dataset. Additional disclosures are at the end of this report.

**PRI's ESG Research Report of the Year Award: Award given September 2019. The 2019 awards were open to both ongoing and completed projects. Ongoing projects had to have been initiated, and completed projects had to have been completed, no earlier than 1 May 2017. PRI created and presented the award. Winners were decided by a PRI-convened panel of independent industry judges. No compensation has been provided by Rockefeller in connection with obtaining or using this award. The Principles for Responsible Investment (PRI) is an international network of investors (supported by, but not part of, the United Nations) working to understand the investment implications of ESG factors and to support its international network of investor "signatories" in incorporating these factors into their investment and ownership decisions. The PRI Awards recognize signatories in four ESG-related categories. Signatories are invited to nominate projects and entries are assessed by an independent panel of judges who score them against category-specific criteria. These awards are subjective and do not reflect an endorsement of Rockefeller by PRI or any of the judges or signatories.

**Received 6th A+ on UN PRI Assessment Report for Strategy & Governance and A+ for Listed Equity – Incorporation: The 2020 assessment rating was released on 07/30/2020. The rating covers year end date for reporting - 12/31/2019. PRI created and tabulated the rating. The methodology for determining the awards is as follows: Core assessed: all signatories will be assessed on these indicators and they will make up the majority (~75%) of their overall assessment score for each module. These indicators will frequently, but not always, be mandatory to disclose. Additional assessed: signatories can generally complete these indicators if they wish (i.e. they will usually be 'voluntary to report') and they will provide an opportunity to demonstrate more advanced stages of implementation or reflect alternative practices. Scores from these indicators can only add to the final score for each module, and when combined with their scores on Core assessed indicators, have the potential to push signatories into a higher performance band. No compensation has been provided by Rockefeller in connection with obtaining or using this award. These awards are subjective and do not reflect on the future performance or ESG capabilities of Rockefeller. Furthermore, these awards do not reflect an endorsement of Rockefeller by PRI or any of the judges or signatories.

**PRI's ESG Incorporation Initiative of the Year Award: Award presented October 2021. The 2021 awards were open to both ongoing and completed projects. To be eligible, completed projects had to have been completed no earlier than 1 May 2020. PRI created and presented the award. Winners were decided by a PRI-convened panel of independent industry judges. No compensation has been provided by Rockefeller in connection with obtaining or using this award. The Principles for Responsible Investment (PRI) is an international network of investors (supported by, but not part of, the United Nations) working to understand the investment implications of ESG factors and to support its international network of investor "signatories" in incorporating these factors into their investment and ownership decisions. The PRI Awards recognize signatories in four ESG-related categories. Signatories are invited to nominate projects and entries are assessed by an independent panel of judges who score them against category-specific criteria. These awards are subjective and do not reflect on the future performance or ESG capabilities of Rockefeller. Furthermore, these awards do not reflect an endorsement of Rockefeller by PRI or any of the judges or signatories.

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