



Case study

GLOBAL IMPACT EQUITY STRATEGY



MSA Safety

The following case study is a selected example of a recent engagement with a company held in or considered for the portfolio. The example is not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

ENHANCING QUALITY OF LIFE

MSA Safety

Pressure Points

Approximately 2 million people die each year because of occupational accidents or work-related diseases globally, with around 360 million work-related injuries.¹ The economic burden of poor occupational safety and health practices is estimated to cost around 4% of global gross domestic product each year.¹ Providing a safe working environment has positive implications for employee safety and improved mental and physical health. This can feed through into better organizational performance due to higher employee satisfaction and a safer work environment.

Impact Thesis

MSA Safety is a leading global manufacturer of safety equipment committed to developing, manufacturing, and supplying safety products. Core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection instruments, fire and rescue helmets, and fall protection devices. MSA Safety literally saves lives. We report the impact of MSA Safety by estimating the number of incidents avoided due to its industrial helmets and fall protection equipment.

KPI: Revenue from protection equipment and research and development spent

Five Dimensions of Impact

What: Protecting workers from injuries and life- and health-threatening incidents.

Who: Workers in hazardous industries and life-threatening environments.

How much: In financial year 2020, total revenues decreased by 3% from 2019, mainly driven by weakness in its end markets due to the pandemic.²

Contribution: MSA Safety has developed a reusable respirator for frontline health care workers. It also developed a smart fall protection device, designed specifically to help protect warehouse order pickers as the pandemic increased online orders.

Risks: Product reliability is critical, while external risks come from a lack of strong social and regulatory frameworks supporting occupational health and safety.

Progress Monitoring

Further academic research in the field of health and safety is needed to help quantify the impact of firefighting equipment (helmet, protective gear, and breathing apparatus) and gas detection equipment, which represents 36% and 32%, respectively, of MSA Safety's total financial year 2020 revenue.²

PRIMARY UN SDG



IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Enhancing Quality of Life

IMPACT JOURNEY

Input

USD 229 million revenue from industrial helmets and protection equipment²

Output

2.3 million units sold in 2020 financial year³

Outcome

1.3 million workers protected³

Impact

1,059 incidents avoided³

¹ International Labor Organization

² Source: 2020 annual report

³ Net Purpose estimates

GLOBAL IMPACT EQUITY STRATEGY Objective

In pursuit of long-term growth of capital, the Global Impact Equity Strategy seeks positive environmental or social impact and to outperform the MSCI All Country World Net Index. In targeting this objective, the strategy primarily invests in a diversified portfolio of equity-related securities of larger-cap companies listed on the world's stock markets. The strategy has a particular focus on companies where the durability and persistence of earnings and cash flow is underappreciated and may include investments in the securities of companies listed on the stock exchange of developed and developing countries.

Risks—the following risk is materially relevant to the portfolio:

Style risk—different investment styles typically go in and out of favor depending on market conditions and investor sentiment. We apply a high-conviction, positive impact-oriented, and long-term approach to investing. While we believe this is beneficial to returns, and specifically the compounding of returns over time, there will be times where markets are driven by factors not related to long-term earnings and cash flow fundamentals. Our bottom-up focus may mean that periods of intense macro or top-down focus create headwinds to returns, but these tend to be transient as a driver of stock prices.

General Portfolio Risks

Capital risk—the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.

ESG and sustainability risk—may result in a material negative impact on the value of an investment and performance of the portfolio.

Equity risk—in general, equities involve higher risks than bonds or money market instruments.

Geographic concentration risk—to the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

Hedging risk—a portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended.

Investment portfolio risk—investing in portfolios involves certain risks an investor would not face if investing in markets directly.

Management risk—the investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).

Operational risk—operational failures could lead to disruptions of portfolio operations or financial losses.

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