

Insight Greed isn't good: the climate challenges posed by feeding the planet

Traditional livestock farming faces a sustainability crisis

30% Global consumption of beef, veal, poultry and pork is estimated to have risen by 30% in the last 15 years and the trend is expected to continue

2050 Unless this trend is decreased, agriculture could use up the whole world's carbon "budget" by 2050

It currently accounts for **14.5%** of global greenhouse gas (GHG) emissions and is increasing



But recent trends give cause for hope



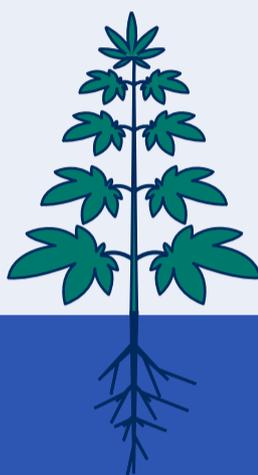
- Innovation is advancing the availability of animal-free proteins
- Growing trend of 'flexitarian' and meat-free diets
- Governments are recommending lower meat and dairy intake

Interpret Initiating on cannabis: how sustainable is this "high"?

Value of the global legal cannabis market

\$10.8 bn 2018
and could reach \$50bn 2029

Source: Owen Bennett and Ryan Tomkins, 25 February 2019, "Initiating on Cannabis: Long-term highs expected but not all at the party", Jefferies Equity Research.



This potential growth is due to:

- Changes in social attitudes
- Recognition of the medical benefits
- Benefit of revenue and regulatory oversight for governments

This means that some industries will be at risk of disruption:

- Pharma
- Alcohol
- Beauty and wellness
- Food
- Tobacco

Key challenges for producers:

- High environmental costs of sourcing & manufacturing
- Uncertainties related to long-term health impacts of use

Influence Sugar in 2019: current state of play

Sugar is a key strategic issue for the food and beverage industry



- Why?**
- Increasing consumer and public health awareness is impacting volumes
 - Increasing regulation due to rising healthcare burden
 - Increased possibility of large scale litigation

How is the industry responding?

- Product reformulation to mitigate the threat of sugar taxes
- Increases in advertising spend
- M&A opportunities with smaller challenger brands

How can investors mitigate sugar risk?

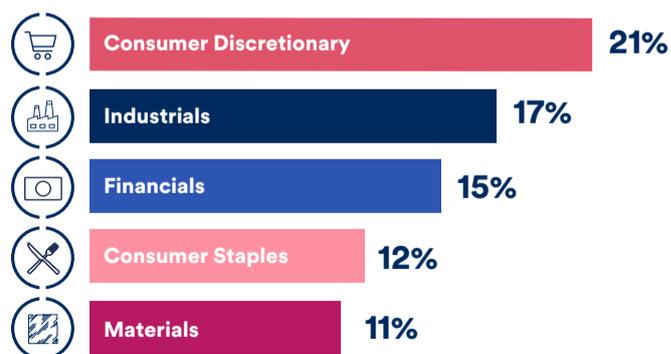


- Engage with companies to improve disclosure
- Factor sugar risk into research and investment decisions

Influence

Our engagement with companies

Top 5 sectors in Q1 2019

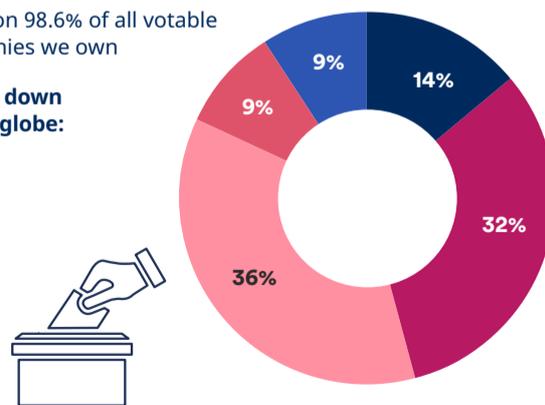


Active ownership

In Q1 2019 we voted on 98.6% of all votable resolutions at companies we own

How the votes break down by region across the globe:

- UK
- Europe ex-UK
- Asia
- North America
- Rest of world



Source: Schroders as at 31 March 2019.

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