

What is Corporate Stewardship?

At Haverford, our *Quality Investing* philosophy is at the core of every investment decision we make. A key element of *Quality* is responsibility, or whether a business is socially and environmentally sustainable over the long term. We look at several factors to determine corporate responsibility: does the company treat its workers well? Does it manage its environmental impact? Is it creating value for all its stakeholders? This review is a collection of recent goals, projects, and achievements that highlights exemplary corporations and how they are using their businesses as a force for good. Haverford also actively engages with companies and votes on proxies to further promote sustainability among portfolio companies. We are encouraged by the active role our portfolio companies are taking to improve society—and reminded that *Quality Investing* goes hand-in-hand with *Responsible Investing*.

REDUCING WASTE



ASML, the world's leading supplier for the semiconductor industry, embeds a circular economy approach in its everyday work to ensure materials across its value chain are used sustainably. The circular economy is a model of production that focuses on reusing or repurposing materials to extend their life cycle. The strategy has yielded impressive results for ASML. For example, the company reduced the amount of waste they produce per \$1 million in revenue by nearly 25%. Initiatives to re-use materials have **saved the company over \$860 million**.



Home Depot (HD) recently redesigned over 350 private label packages to reduce their size and the amount of plastic packaging. By designing smaller packaging sizes and being more efficient with materials, Home Depot has successfully eliminated more than 81 million square feet of PVC film – **enough to cover central park twice**. Not only will the change help keep more plastic out of landfills, but it also carries the additional benefit of reducing the company's costs. As part of Home Depot's broader strategic focus on reducing waste, the company aims to convert 200 million pounds of virgin plastic to recycled or alternative material by 2028.

SUPPLY CHAIN MANAGEMENT



TE Connectivity (TEL) is committed to ensuring its supply chain is sustainable on range of metrics. First, the company allocated over **\$100 million to diverse suppliers** in 2022, an increase of more than 50% from 2021. Additionally, with the aim of reducing its own scope 3 carbon emissions, TEL engages with its suppliers to identify opportunities to lower their environmental footprint. The company also monitors suppliers' environmental and social impacts on an ongoing basis through its responsible sourcing due diligence program.



McCormick (MKC) has a comprehensive plan to source ingredients sustainably, starting with its most iconic ingredients. The company's "Grown for Good" framework is the first sustainability certification program in the herb and spice industry. Thus far, the framework has shown incredible progress. Vanilla, for example, is now **100% sustainably sourced**, up from 7% just four years ago. MKC is also focusing on products with significant agricultural impact, such as palm oil.

(Continued)

HEALTH & SAFETY

MASCO



Masco (MAS) has worked to cultivate a culture where the safety of employees is integral. To that end, they assess safety performance indicators each year and aim to improve metrics by at least 10% annually. Masco's focus on training and communication has clearly paid off: the company currently boasts a **workplace safety incident rate less than half of the industry average**. In addition, there have been zero work-related fatalities in the last three years.

GENERAL DYNAMICS



General Dynamics (GD) has certified 57 of its manufacturing sites to the world's highest occupational health and safety standard, and more are in the process of achieving certification. These efforts, combined with a focus on communication and continual improvement, has helped to **reduce injuries by 23%** since 2013. Improving the safety of working conditions is also good for business: the number of lost work days due to injury have gone down by 40% over the last decade.

ENERGY USE

ORACLE®



Oracle (ORCL), a leading cloud provider, is helping businesses operate at lower cost by using less energy. Deutsche Bank, for example, has been able to operate 10,000 databases with **50% less energy use** thanks to Oracle's cloud applications. But ORCL isn't just helping customers, they're also setting goals for their own business. The company aims to use 100% renewable energy in their global operations by 2025 and achieve net-zero by 2050.

Pfizer



Following Pfizer's (PFE) success in reducing its scope 1 & 2 emissions by 60% between 2000 and 2020, the company continues to set goals to reduce its environmental impact. PFE recently announced its target to achieve Net-Zero by 2040, **ten years ahead of the standard timeline**. They plan to get there by transitioning toward renewable sources of energy and engaging with their suppliers to do the same. In the past, the company has also issued sustainability bonds to help manage its environmental impact.

This material is provided for informational purposes only. The implications and risks of a securities transaction may be different for each client based upon unique financial circumstances and risk tolerances.

(Continued)



The Sustainable Development Goals, developed by the United Nations, are a set of global goals designed to promote economic development that creates “a better and more sustainable future for all.” In other words, the pursuit of these goals will help to ensure that a rising tide does indeed lift all boats. As such, the SDG’s provide a reliable framework for evaluating how a company’s actions support the broader goals of society.

- Goal 1:** End poverty in all its forms everywhere
- Goal 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3:** Ensure healthy lives and promote well-being for all at all ages
- Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5:** Achieve gender equality and empower all women and girls
- Goal 6:** Ensure availability and sustainable management of water and sanitation for all
- Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10:** Reduce inequality within and among countries
- Goal 11:** Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12:** Ensure sustainable consumption and production patterns
- Goal 13:** Take urgent action to combat climate change and its impacts
- Goal 14:** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17:** Strengthen the means of implementation and revitalize the global partnership for sustainable development

