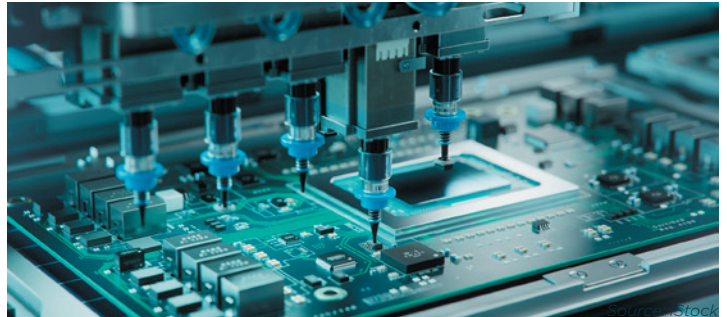




QUILTER CHEVIOT SUSTAINABLE INVESTMENT THEME RESOURCE EFFICIENCY



“ The global economy is now only 7.2% circular, down from 9.1% in 2018! ”

Circle Economy

WHAT

We invest in companies that provide efficiency solutions, helping to use resources in a smarter and more effective way. This includes a focus on companies with activity that contributes to a number of the UN Sustainable Development Goals (SDG) from SDG 9 - Industry, Innovation & Infrastructure, and SDG 11 - Sustainable Cities & Communities, to SDG 12 - Responsible Consumption & Production, and SDG 8 Decent Work & Economic Growth.

WHY

Resource efficiency has become an increasingly important sustainability theme as the world's population continues to grow and consume ever more materials and, in many cases, finite resources are becoming increasingly scarce. This contributes to multiple interrelated challenges including climate change, biodiversity loss and pollution. As set out by the Ellen MacArthur Foundation, our current model of production is predominantly linear and, as such, consumption is fundamentally unsustainable. There is an urgent need to transition to a circular economy designed around three tenets of i) waste and pollution elimination, ii) keeping products and materials in use, and iii) regenerating natural systems. 'Circle Economy' is a global impact organisation that produces an annual report on the world's circularity. Alarmingly, the 2023 report shows that we are moving in the wrong direction with only 7.2% of the global economy now circular, down from 9.1% in 2018¹.

Take plastics for example, global plastic production has been rising exponentially from around two million tonnes a year in 1950 to well over 400 million tonnes today. As plastics are not biodegradable (a plastic bottle takes over 450 years to degrade), and recycling rates remain low, an enormous volume of plastics are sent to landfill - or worse - the sea. As 98% of single-use plastics are made from fossil fuels, the urgent need to rectify this inefficiency is intertwined with the need to reduce greenhouse gas emissions.

This broad investment theme includes other forms of efficiency too. Such as efficient solutions for transport, an area that is responsible for over 15% of global emissions, or companies that promote energy efficiency, a critical area if reliance on fossil fuels is to be effectively reduced and the use of renewable energy optimised.

¹ [Circular Gap Report 2023](#)



HOW

The breadth of challenges related to our current use of resources presents a diverse range of attractive investment opportunities. A regulatory push towards higher environmental standards and a focus on ending plastic pollution underpin a wealth of investment opportunities within the waste management and recycling industries. Whilst the transportation sector as a whole is one of the largest contributors to greenhouse gas emissions, railway transportation accounts for only a fraction of these emissions and we embrace rail companies that play a role in reducing global transport emissions.

Electrification is an important trend for both managing resources more efficiently and supporting global decarbonisation efforts. We look for companies that support electrification through the manufacture of electrical components, such as semiconductors. Automation is another important trend that can lead to greater business productivity and efficiency. Investment opportunities include industrials that manufacture machinery which facilitates the automation of production processes.

COMPANY EXAMPLES



Daiseki

Japanese Waste Disposal Service Provider

The company provides sustainable industrial waste treatment and recycling solutions. These include processing waste oil, which helps to reduce demand for fossil fuels. It also provides wastewater treatment services, playing an important role in helping to improve water safety and quality.



SDG 12: It makes an impact by ensuring sustainable consumption and production patterns.



Fanuc

Japanese Automation Products and Services Provider

The company is a leading global factory automation and industrial robot manufacturer. Its products drive improved work safety, productivity enhancement, and energy efficiency across a range of industries. Its technology has contributed to a worldwide manufacturing revolution, evolving from the automation of a single piece of machinery to the automation of entire factory production lines.



SDG 8: It makes an impact by achieving higher levels of economic productivity through diversification, technological upgrading and innovation, all of which help with improving global resource efficiency.



Taiwan Semiconductor Manufacturing (TSMC)

Taiwanese Semiconductor Manufacturer

The company is the world's largest independent manufacturer of semiconductor wafers and chips for use in electronic applications. It leads in using the most advanced technology, producing the most efficient chips. Its products are used in a range of electrical appliances and play an important role in global electrification.



SDG 8: It makes an impact by achieving higher levels of economic productivity through diversification, technological upgrading and innovation, all of which help with improving global resource efficiency.



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