

RESOURCE EFFICIENCY
ENABLES HIGH QUALITY
COMPANIES WITH
STRONG MANAGEMENT
TEAMS TO GENERATE
A COMPETITIVE
ADVANTAGE.

RESOURCE EFFICIENCY
CAPTURES THE
INTANGIBLE VALUE
OF ENVIRONMENTAL
RESILIENCE AND
MITIGATES LONG-TERM
CLIMATE CHANGE RISK.

RESOURCE EFFICIENCY
IDENTIFIES COMPANIES
THAT ARE TRANSITIONING
TO A GREENER ECONOMY
AND HAVE LOWER
ENVIRONMENTAL RISKS.

Our Principles of Sustainability:

- We have a clear definition of sustainable investing based on the concept of Resource Efficiency—measuring carbon emissions, water usage, and waste generation
- We specialise in the environmental dimension—the E—using in-house expertise and proprietary data to evaluate corporate environmental performance. We also implement social and governance safeguards to ensure adherence to universal principles
- Our objectives are to deliver higher risk-adjusted returns and substantial reductions in the environmental footprints of our portfolios
- To achieve this, we use a best-in-class approach selecting companies in every economic sector that most efficiently use limited resources to create economic value
- We directly engage with companies on corporate environmental performance measurement and disclosure
- Our data is key. We developed and maintain a proprietary environmental database allowing us to derive our unique investment signal
- We keep an edge through significant and continued investments into the environmental expertise of our human capital
- Our Resource Efficiency metric values action over intent. The companies that we invest in are those that are leading the way in managing the resources at their disposal in order to create economic value

ESG Policy

Corporate climate change data, including carbon emissions, water consumption and waste generation, is explicitly integrated into our investment decision-making process. At the heart of our philosophy is the belief that those companies that are already identifying operational efficiencies are likely to outperform their peers in the long term. Quite simply, doing more with less will be rewarded.

Throughout all our investment programs we seek to achieve three levels of impact:

- ✓ Targeting better risk adjusted returns for our clients
- ✓ Delivering an objective and measurable environmental impact through the reduction in ownership of Carbon, Water & Waste relative to respective benchmarks
- ✓ Leading an active engagement program to promote the disclosure of environmental data. We believe that a company that discloses its environmental footprint is more likely to manage, measure and reduce its impact.

A Summary

The Environment. We will only take long positions in companies whose resource efficiency (energy, water and waste) scores as derived by the Osmosis Model of Resource Efficiency (MoRE) are in the top half of their respective sectors. We actively underweight or take short positions in those companies around the world who are in the bottom half of their respective sectors. We construct portfolios that have an objective and measurable environmental impact through the reduction of carbon, water and waste relative to their respective benchmarks.

We will not use Estimated or Modeled Data. We rely on our proprietary research to inform our investment decisions. We will not buy third party data unless it has been vetted and meets our internal quality standards, and only if we can link the data directly back to corporate disclosures.

Responsible Ownership. We operate a climate orientated voting policy across all of our pooled funds. The policy utilises independent proxy advisory firm ISS to promote our sustainable climate ambitions and support best practices in regard of all environmental, social and governance issues.

ISS' specialty Climate Voting Policy is based on principles consistent with good stewardship that incorporate specific climate change relevant information, flags, and voting recommendations, which institutional investors can use to apply their views on a portfolio company's climate performance and disclosure. In the case of individual mandates Osmosis works with investors, where desired, to ensure that their own individual proxy voting strategies are enacted.

We have an Active Corporate Outreach Program. We engage with companies within and outside our portfolios to stress the importance of corporate environmental data and urge companies to disclose this data. We reach out to companies who have provided partial or unclear data to seek clarification or completion. We also value companies' input into our fundamental research, using their corporate expertise in understanding and using the reported data. We believe that exclusion is the engagement option of last resort to be adopted only after we can demonstrate that all other approaches have failed.

Collaboration. We are advocates for industry collaboration on ESG issues. We are active partners of the CDP, PRI, GRI, Climate Action 100+, and aim to use our expertise in advancing the responsible investment community.

Social and Governance Factors All our portfolios adhere to the UN Global Compact Principles for social and governance safeguards. For Principles relating to Human Rights, Labour, and Anti-Corruption issues, we rely on an external specialist to ensure adherence to the principles. Regarding the Environment Principles we rely on our own in-house expertise to measure the environmental performance of our holdings based on Osmosis' proprietary Model of Resource Efficiency.

In case of a reported breach of one of the Principles, Osmosis follows a review process giving the holding in question a chance to improve its performance in the relevant area. If no improvement is being reported, the holding will be removed.

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