osmosis
INVESTMENT MANAGEMENT

ESG Policy

Environmental: Investment Philosophy and Approach

1. Action over intent

At Osmosis, environmental considerations are central to our investment approach. We target excess returns by identifying Resource Efficiency in listed companies—measured by the carbon emitted, waste generated, and water consumed relative to value creation.

We see the global climate and environmental crises as both challenges and opportunities. Companies that effectively manage these risks are better positioned for growth, while those that fail to adapt face mounting threats. Osmosis invests in leaders of this transition, capitalising on trends that reward sustainable and efficient business practices.

Our focus is on measurable sustainable actions, not just intentions. We believe that more resource efficient companies will outperform their peers over the long term. All our portfolios aim for superior risk-adjusted returns and a reduced environmental footprint compared to benchmarks, mitigating both portfolio performance and planetary risks.

2. Whole Economy Solution

We believe all sectors must transition to facilitate a greener economy. In support of this, our strategies maintain responsible exposure across sectors (ex-tobacco) and promote environmental best practices by rewarding environmental leaders and penalising laggards across the broader economy. This approach addresses both supply and demand challenges in natural resource use while serving as a proxy for strong financial management. We recognise that completely excluding heavy industries, vital to our socioeconomic systems, will not facilitate a smooth transition to a more sustainable economy.

Additionally, we believe a global approach and including emerging markets is key to this strategy, driving the global shift to a low-carbon economy. Developed economies are increasingly outsourcing their emissions to less developed regions. As Osmosis aims to promote well-functioning markets within the context of climate change, we believe it is crucial to consider the environmental performance of companies in regions now burdened with these emission increases from manufacturing activities. The firm replicates its developed markets investment model, where we aim to facilitate the flow of capital towards companies with good environmental performance away from their resource inefficient peers, within the emerging markets index.

3. Exclusion strategies

Osmosis partners with clients who wish to apply their own exclusion policies within segregated accounts. In these cases, Osmosis' in-house exclusions, which cover companies involved in tobacco production and those that violate the UN Global Compact Principles, remain in effect.

Osmosis recognises that for some investors an all economy approach poses challenges. To this end, we have also set up a range of funds that actively encourage a transition away from fossil fuels through exclusionary screens. As a starting point, our products exclude all companies that have any involvement in oil sands and thermal coal, in particular reserve ownership and production, and in the case of thermal coal also power generation.

The universe is then screened for companies that have more than 5% of their revenues derived from fossil fuel-related activities as well as companies with any revenues from nuclear and controversial weapons and civilian firearms. This includes distribution, retail, equipment and services, extraction and production, pipelines and transportation and refining, but excludes petrochemicals. We believe that the 5% rule and petrochemicals exception allows our products to take a reasonable approach to the central role that fossil fuels play in our lives and economy.

Osmosis' fossil fuel transition solutions also allow for the re-inclusion of certain utility companies that are in the process of transitioning away from fossil fuels, measured by their renewable energy generation capacity. We recognise that decarbonisation can be a long and difficult process, and want to allow companies that have shown commitment and past action back into the selection universe.

4. Stewardship and contribution to well-functioning markets

At Osmosis, we are committed to contributing to well-functioning markets through active ownership. We prioritise promoting corporate climate-related and ESG disclosure and addressing broader ESG issues. Companies that better measure their environmental impacts are better positioned to manage them effectively. We also hold the companies in which we invest accountable through targeted proxy voting. For more details, please refer to our stewardship policy document.

Additionally, we aim to raise awareness through our environmentally focused thought leadership. Our research team publish a range of environmental and economic insights and thought leadership articles, including innovative measures companies are piloting to reduce emissions, the green transition, and the importance of robust risk management. These publications are available on the Osmosis website.

Social: Investment and firm-specific considerations

1. Social considerations in funds

It is important to note that whilst Osmosis is an environmentally focused firm, even environmental leaders and resource-efficient firms will face exclusion from our portfolios if they breach certain social or governance minimum safeguards. To assess this, we exclude companies if they breach the United Nations Global Compact (UNGC) Principles, which cover a range of environmental, social, and governance topics. We also seek to avoid companies involved in significant controversies that violate global norms related to human rights, labour, environment and corruption. Similarly, Osmosis has a blanket exclusion of tobacco companies.

2. Social considerations in proxy voting

We also endorse social initiatives through our proxy voting practices as they align the company's interests and with those of society broadly. We are particularly supportive of those proposals seeking more information on pertinent topics like diversity and those that would encourage adherence to the internationally recognised standards and principles. In addition our proxy voting strategies consist of a custom climate policy to ensure issues like board diversity factors into director election vote recommendations.

3. Firm specific social policy

As a growing investment manager, we are proud to be building a diverse team of individually minded people who embrace different perspectives and viewpoints. Our goal is to foster, develop and promote a culture of inclusion across the company. We are committed to treating everyone fairly and respectfully regardless of age, gender, ethnicity, sexual orientation, disability, religious beliefs or other characteristics. We recognise that a diverse and inclusive workplace provides real benefits to our employees, our clients and other stakeholders and supports stronger long-term business performance.

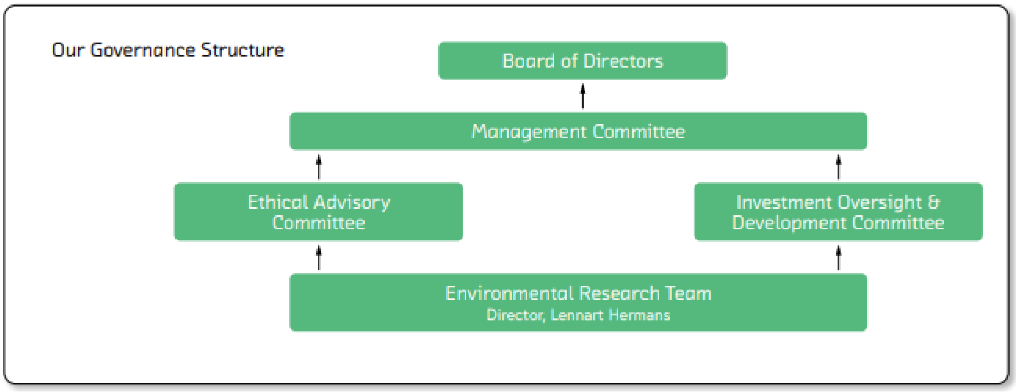
Governance: Review and Assurance

1. *Governance Oversight*

Adopting good governance ensures business sustainability and profitability as well as helps build a reputable image and a healthy culture. We have chosen and developed a governance structure that is both appropriate and effective for a firm of our size and focus.

Osmosis' Management Committee (ManCo) bears responsibility for the governance structure, and is overseen by the Board of Directors. It is ManCo's role to oversee where improvements in the governance structure can be made both by mitigating foreseen risks and reacting to identified issues.

The activities of the Investment Research Team are supervised by the Investment Oversight & Development Committee which is chaired by the CIO, and the Ethical Committee which is chaired by the Director of Environmental Research. These committees scrutinise and monitor investment and stewardship activities.



2. *Risk Management*

The Osmosis board regularly engages with senior leaders across departments to identify and address systemic and systematic risks. Senior leaders assess market-related risks and opportunities, reporting them to the board, which, alongside the Investment Oversight and Development Committee (IODC), ensures appropriate risk management measures are implemented. The IODC allocates resources (staff, training, and budget) to support the assessment, execution, and monitoring of these risks and opportunities.

The IODC oversees the research and investment processes, driving continuous improvement in stewardship policies under an established change control framework. The Investment Risk Review Committee (IRRC) approves material changes to investment strategies and processes and reviews resource efficiency data analysis. It also meets monthly to assess investment, operational, and broader risk and compliance issues within the firm's funds and Separately Managed Accounts (SMAs).

Formal decision-making rests with the Management Committee, which includes two directors and reports to the Board. An Enterprise Risk Committee maintains a risk register, assessing, monitoring, and managing material risks. Significant events are escalated to the relevant committee, and if board action is required, appropriate measures are taken. The IODC and IRRC also convene ad hoc to address urgent issues between scheduled meetings.

3. Monitoring Managers and Service Providers

Osmosis relies on certain service providers within our investment process, including proxy voting agents, data providers and trading platforms. Osmosis conducts an annual review of all service providers, ensuring their services have been delivered and continue to meet the needs of the business. The research team continually monitors the service our providers deliver and are in frequent contact with them.

4. Conflicts of interest

We ensure our clients' interests remain at the heart of our business. Osmosis has established, implemented, and maintains an effective conflict of interest policy that is appropriate for our size and organisation.

Our conflicts of interest policy describes how we place our clients' interests ahead of our own and undertake activities in a manner consistent with the best interests of all clients. Due to the nature of our business, the main types of conflict we are likely to encounter are those between the interests of Osmosis or its employees and the interests of clients (firm and client) and conflicts between clients (client and client). Our policy on conflicts may be best understood by considering its impact in practice.

Important Information

This document was prepared and issued by Osmosis Investment Research Solutions Limited ("OIRS"). OIRS is an affiliate of Osmosis Investment Management US LLC (regulated in the US by the SEC) and Osmosis Investment Management UK Limited (regulated in the UK by the FCA with FRN 765056). OIRS and these affiliated companies are wholly owned by Osmosis (Holdings) Limited ("Osmosis"), a UK-based financial services group. Osmosis has been operating its Model of Resource Efficiency since 2011.