



# **Ecofin Sustainability & Impact Policy**

# Purpose & Principles

Ecofin Advisors Limited (the “firm”) has a long history in sustainable investing. Sustainability-focused opportunities and risk factors have been integrated into our investment process for over a decade. Where we believe our sustainability philosophy stands apart from others is our conviction that focusing on companies facilitating decarbonisation, and not just those that have already completed their own sustainable transformation, optimises investor returns while furthering the measurable impact of their investments.

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Our objective is to provide strong investment performance while continually improving the magnitude, measurement, and relevance of our strategies’ impact.

Here are the core features of the firm’s structure supporting that objective:

- **Sustainability is at the epicenter of the investment process and led by Ecofin’s investment team**
  - Our approach enhances the effectiveness of company-level engagements on sustainability issues
- **Our Sustainability & Responsible Investing Team works cohesively with the investment team and across our business units**
- **Governance framework responsible for oversight, accountability, and constant modernisation**
  - Ensures consistency in integrating sustainability and ESG factors, engagement, measurement and reporting, and training
- **Advisory Board with leaders in sustainable investing**
  - Independent layer of oversight and access to industry best practices

Further, each of the firm’s strategies integrates the Principles for Responsible Investment (“PRI”) and the United Nations Sustainable Development Goals (“SDGs”). For further detail please see our Sustainability & Impact Report on our [website](#).

# Ecofin Guiding Principles for Sustainability & Impact

## Sustainability & Responsible Investing Team

The Sustainability & Responsible Investing Team is responsible for the firm's sustainability and ESG policies and procedures, regulatory and governance framework, and impact reporting, and it also assists with the implementation of the Sustainability & Impact Policy.

The team strives to deepen Ecofin's focus on sustainability and impact with an authentic, credible, and systematic approach.

### Key goals include:

- Document and better articulate our current policies, practices, and procedures
- Create cohesive processes and reporting across the firm
- Document and standardise how sustainability and ESG plays a role in our investment processes
- Identify gaps where we could either enhance or better articulate our sustainability framework efforts
- Create a repeatable framework for measurement and reporting that includes both quantitative and qualitative components
- Oversee communications and training with employees, clients, and stakeholders with respect to sustainability, impact, and ESG matters
- Staying ahead of developments in the sustainability and ESG areas and continually improving our understanding of such matters

# Mission Statement

As a steward of our clients' capital, we strive to optimise investor returns, while furthering the measurable impact of their investments, with accountability, transparency, and integrity.

This policy highlights a set of Guiding Principles that we developed for our sustainable investing practices. These principles outline a systematic process that allows for consistency and accountability.



### Investment Driven

We seek to provide strong risk-adjusted returns and differentiated sources of income.



### Thematic Focused

Demonstrate expertise investing in the world's most pressing challenges related to climate action and water sustainability.



### Sustainability Minded

Make sustainable investments with an ESG integrated investment process that considers long-term risks to enhance returns.



### Actively Engaged

Outcome-driven engagements consistent with shareholder interests that also promote corporate longevity. Engagements may also encourage advancements within sustainability practices.



### Impact Oriented

Strive to make a positive impact on our society and the environment by aligning investment goals with measurable outcomes and transparent reporting.

# Ecofin Guiding Principles for Sustainability & Impact

We believe Ecofin offers investors opportunities to profitably invest in sustainability and impact-oriented strategies that are grounded in this Sustainability & Impact Policy. The firm has worked to provide appropriate resources to assess, enact, and execute on each principle.



### Principle #1: Investment Driven

Whatever goal an investor is trying to achieve, focusing on attractive long-term returns underlines our first priority. We believe that each of the following four other principles supports our efforts to drive performance for our investors.



### Principle #2: Thematic Focused

Ecofin is a thematic sustainable asset manager. As detailed in the chart below, our offerings are thematic in nature. Thematic investing involves identifying significant, secular trends that are expected to have multi-year, if not multi-decade, impacts on our world. Our mission is to identify investments that stand to benefit from the materialisation of those trends.

We believe that thematic investments provide several advantages for investors including exposure to secular drivers of long-term growth which should lead to above average long-term returns. We further recognise that our thematic investment offerings may allow investors to directly invest in companies driving change and profitably solving what we believe are some of the biggest issues facing our planet and society today.

### Core Themes





### Principle #3: Sustainability Minded

Thematic sustainable investing means mobilising our investments to help tackle global issues such as climate change and water scarcity.

ESG and sustainability analysis is fully integrated into Ecofin’s investment process. The investment team reviews the sustainability and ESG attributes of each listed company prior to inclusion in a portfolio and works closely with the firm’s dedicated Sustainability & Responsible Investing team to assist with this and to implement firm-level policies and procedures.



### Principle #4: Actively Engaged

Ecofin believes that being a good steward of our clients’ capital carries the responsibility of actively engaging portfolio companies in a range of discussions, including those issues related to sustainability practices.

Portfolio companies are strongly encouraged to take positive and effective actions that are consistent with shareholder interests and promote corporate longevity. Ecofin leverages long-standing relationships as a stakeholder by encouraging management teams to improve transparency, implement operational best practices, enhance environmental disclosures, and improve upon shareholder and management alignment through strengthened corporate governance. Ecofin may also undertake engagement activities with investee companies in order to encourage advancements within their sustainability practices where Ecofin has determined it may have a positive effect on the sustainability credentials of portfolio companies and / or the long-term asset value of the investment.

Ecofin’s active ownership tools primarily include engagement with portfolio company management or relevant stakeholders and proxy voting. Resolutions are considered on a case-by-case basis. If engagement fails or is deemed ineffective, it may trigger further discussion with the investment team and the Sustainability & Impact Committee (SIC), and potentially trigger escalation mechanisms.

For further detail, please see Ecofin’s Engagement Policy listed on our [website](#).



### Principle #5: Impact Oriented

Where we believe our sustainability philosophy stands apart from others is our conviction that focusing on companies facilitating decarbonisation, and not just those that have already completed their own sustainable transformation, optimises investor returns while furthering the measurable impact of their investments.

For further detail on our impact orientation please see our Sustainability & Impact Report on our [website](#).



*Ecofin's parent company\* has been a signatory to the Principles for Responsible Investment (PRI), since 2019. Signatories commit to six principles that focus on incorporating ESG issues into their investment practice where consistent with their fiduciary responsibility.*

\*Direct and/or indirect parent from 2019

Signatory of:



# Ecofin Stewardship for Success

As a steward of our clients' capital, we strive to optimise investor returns, while furthering the measurable impact of their investments, with accountability, transparency, and integrity.

## Engagement

### Actively Engaged

Outcome-driven engagements consistent with shareholder interests also promote corporate longevity. Engagements may also encourage advancements within sustainability practices, where Ecofin has determined it may have a positive effect on the sustainability credentials of portfolio companies and / or the long-term value of the investment.

The firm's Engagement Policy was created in alignment with Guiding Principle 4. For further detail, please see Ecofin's Engagement Policy listed on our [website](#).

### Proxy Voting

Ecofin is committed to evaluating and voting proxy issues in-line with the best interests of its clients as an integral part of our stewardship and portfolio management processes. We believe sound corporate governance is paramount to enhancing long-term value creation for companies.

For further detail, please see Ecofin's Engagement Policy listed on our [website](#).

### Firm Exclusionary Guidelines

As part of our stewardship efforts, an investment exclusionary list is applied to all discretionary assets under management.

This exclusionary list includes the following:

- Controversial weapons
- Generation of significant revenues from coal

For additional details please also see [Ecofin's Fossil Fuel Policy](#).

Additionally, there may be exclusions based on those required by client guidelines and law, and those that do not meet the investment team's minimum standards of business practice which would include upholding human rights.

It should be noted that the firm has only adopted formal exclusions to industries that are or may be thematically relevant to our investments.



# Ecofin Stewardship for Success

## **Approach to Conflicts of Interest**

We acknowledge our position as a fiduciary for our clients and always seek to act in their best interests. Accordingly, we take all reasonable steps to identify actual or potential conflicts of interest and maintain and operate arrangements to minimise the possibility of such conflicts giving rise to a material risk of damage to the interests of our clients.

## **Corporate Social Responsibility**

As part of the firm's overall stewardship efforts, we believe that we must expect of ourselves the same level of sustainable responsiveness that we expect of our investments, our peers, and our service providers. The firm seeks to promote a culture of diversity & inclusion, environmental betterment, social awareness, volunteerism, and philanthropy.

We believe Corporate Social Responsibility is an essential principle we expect of our corporate culture and employees at Ecofin.

We believe our Guiding Principles combined with our differentiated thematic investment capabilities and expertise creates an opportunity for investors to invest for both financial as well as non-financial returns.

## **Disclaimer**

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