



2022 Sustainability & Impact Report

ecofin

Sustainable Water Strategy

Ecofin has a long history of sustainable investments. Thematic-focused opportunities and risk factors have been integrated into the investment teams' processes with roots dating back to the 1990's, well before ESG became a focus for most investors. Our investment professionals have always been our subject matter experts and continue to integrate financial and non-financial factors into their evaluation criteria to drive returns and thematic impact for investors.

Where our philosophy stands apart from other managers is our conviction that impact and responsible investing should not focus on those companies that have already completed a transformation. We believe real change happens when companies undertake a path of improvement and we stand ready to support and encourage those paths. It was based on our philosophy of impact investing, that we created our Sustainability & Impact (S&I) Policy. By developing a set of guiding principles for our sustainable and impact investing practices, we have outlined a systematic process that allows for consistency and accountability. We endeavor to demonstrate how our commitment to positively impacting clients and communities will continue to optimise investor returns, while maximising the measurable impact of their investments.

The goal of this report is to show the societal and environmental impacts that result from having an investment driven, thematically focused and sustainable strategy. We want to create a repeatable framework for reporting that includes both quantitative and qualitative components. The firm's Guiding Principles for Sustainability and Impact reflect our desire to maximise the measurable impact of our investments, with accountability, transparency and integrity. Those guiding principles are:

- 1. Investment Driven:** We seek to provide strong, long-term risk-adjusted returns and differentiated sources of income for our clients
- 2. Thematic Focused:** A proven track record and expertise of investing in essential assets and companies with long-term growth profiles
- 3. Sustainability Minded:** A systematic approach that incorporates ESG into assessing the sustainability of business models to limit downside risk and capture forward-looking opportunities
- 4. Actively Engaged:** Utilize our long-standing market reputation to engage with portfolio companies and investments in an effort to drive continuous improvement in their sustainability practices and metrics
- 5. Impact Oriented:** Strive to make positive societal and environmental impacts by aligning definitive goals with measurable outcomes, and accountability with transparency reporting

The Sustainability & Impact Team works closely with the investment teams and across the firm to carry out the key goals and five guiding principles with an authentic, credible and systematic approach. We work to identify data and reporting gaps, areas for on-going training, and to assist with the implementation of the S&I Policy.

We are excited to publish these reports to further conversations with investors around our intentionality, implementation, and outcomes. With the rapidly changing environment surrounding sustainability, ESG and impact, we have worked to implement best practices in reporting but embrace a culture of continuous improvement and are excited to see future reports continue to evolve. We envision each future report will be more comprehensive, data driven, and informative than the last and we welcome feedback from investors and peers on ways to enhance our reporting.

Warm regards,
The Sustainability & Impact Team

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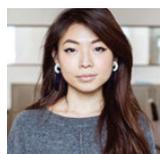
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Section One

Report Overview

The world needs investments that provide solutions for global challenges, especially in times of crisis. For the first time we are creating sustainability & impact reports for each of the thematic strategies to tell the stories of how the investments in each of our thematic strategies are providing critical solutions and furthering the objectives of the United Nations Sustainable Development Goals (SDGs).

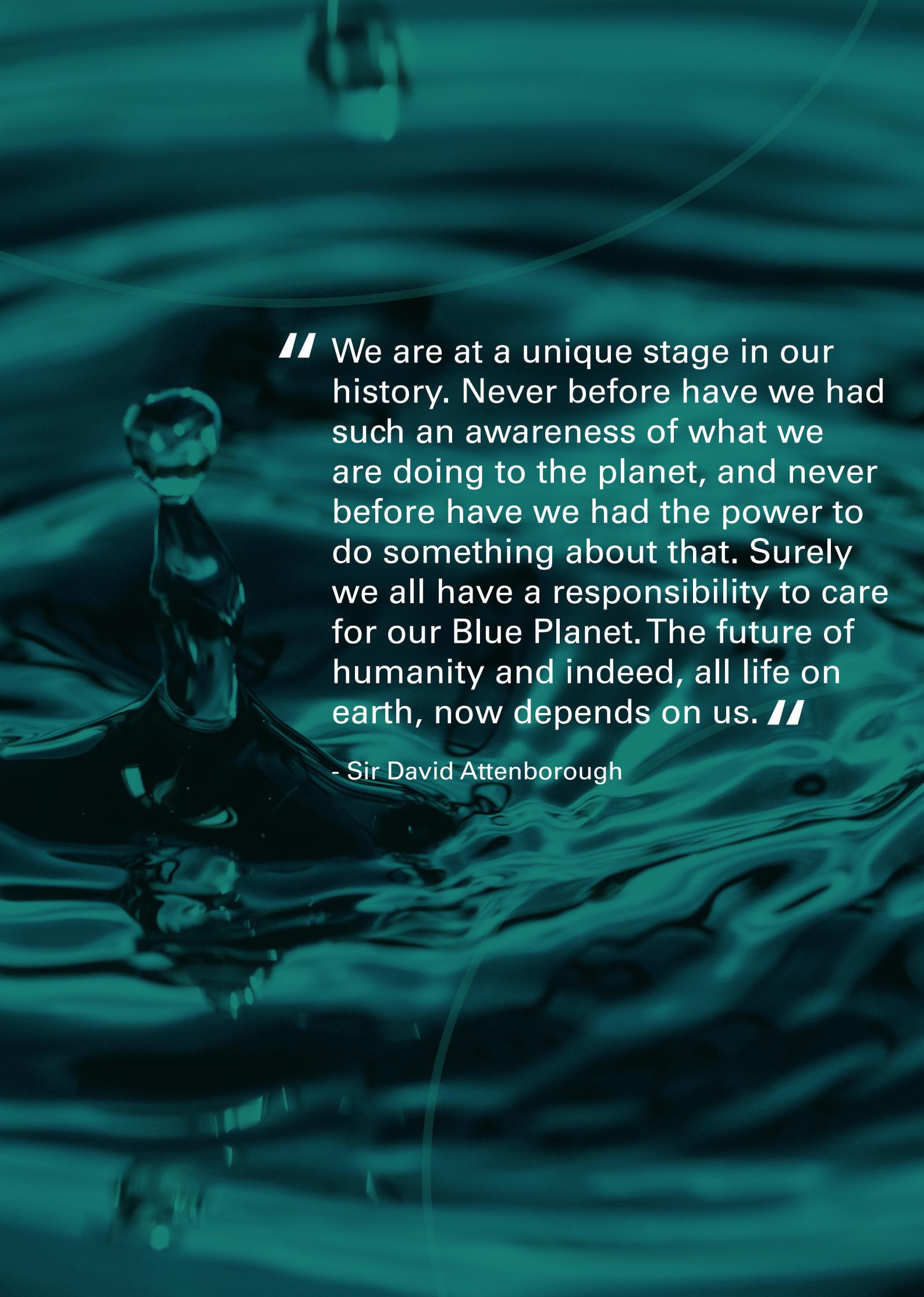
The first section of the report discusses our approach and the reasons why reporting on these topics is essential.

The body of the report introduces the investment themes that underpin our Sustainable Water strategy. We believe the transition to a more circular and resource-aware economy is creating significant investment opportunities. We highlight how our investment themes are positioned both to enable and benefit from these changes. We also map the investment themes against the SDGs.

Mapping positive impact is only the first step. Active ownership is fundamental to the investment philosophy and process and is a key part of the sustainable proposition delivered to investors. Active ownership can take various forms such as engagement and proxy voting, as summarized in section six.

The last section of the report attempts to provide a wider assessment of the environmental, social and governance (ESG) factors we evaluate when making investments. Where possible, we have sought to provide quantitative and qualitative discussions, as well as examples of the impacts and progress made by our investments.

The world is in a period of enormous change. Investors like you and asset managers like us have important roles to play in providing solutions that support positive social and environmental outcomes. We work hard to win your trust and support in the investments that we make. We hope you find this report helpful as you evaluate your goals.

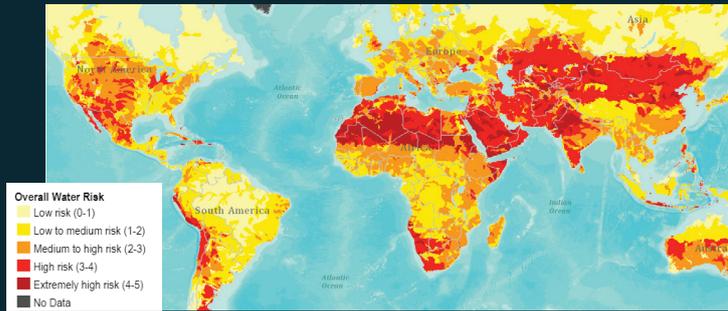


// We are at a unique stage in our history. Never before have we had such an awareness of what we are doing to the planet, and never before have we had the power to do something about that. Surely we all have a responsibility to care for our Blue Planet. The future of humanity and indeed, all life on earth, now depends on us. //

- Sir David Attenborough

Key drivers of water infrastructure & technology growth

Increased investment in **resiliency** as climate change drives more frequent water-related events, such as droughts, floods, and hurricanes



Government supported **infrastructure packages** and **heightened regulations**



Corporations investing in infrastructure and technology to **reduce water footprints** and meet stricter regulations

Need for improved infrastructure efficiency and water quality, as well as alternative sources, driving **technology adoption**



Pledged to become net water positive by 2030 by reducing water intensity and replenishing water in the water-stressed regions in which they operate



Leading provider of integrated water management solutions and technology that improve water efficiency and enable water reuse at data centers, including those operated by Microsoft



Achieve net positive water use by conserving 60 billion gallons of water and funding water projects that restore more fresh water than consumed to local watersheds



Differentiated technology to supply ultra-pure water and recycle / reuse systems to semiconductor market, including Intel, improving water efficiency



Goal to become net water positive by 2030 through water reuse and best-in-class water-use efficiency at manufacturing facilities, aiming to save more than 11 billion liters of water per year and replenish >100% of water in high-risk watersheds



Market-leading supplier of water equipment and treatment solutions to PepsiCo and other industrial end users of water that lower water costs, improve regulatory compliance, and enhance environmental sustainability

Source: Ecofin Advisors, LLC, company materials, McKinsey. This publication is provided for information only and shall not constitute an offer to sell or a solicitation of an offer to buy any securities. The corporations listed do not support or endorse any strategy or broker-dealer named.

Section Two

Our approach

Our investment proposition to investors is borne from the belief that societies need to accelerate the transformation to a greener, decarbonised and more sustainable economy. We firmly believe that addressing climate change through decarbonisation and circularization of the economy is not only a necessary condition for the preservation of global living standards for the future, but also represents a once in a generation investment opportunity that will deliver compelling risk-adjusted investment opportunities over the medium and long term on the back of growing investments and shifting consumption patterns.

Our Sustainable Water strategy seeks to invest in companies across the globe and throughout the water value chain that we believe are in a position to benefit from the pursuit of solving the water supply/demand imbalance. There is an urgent need for investment because water demand is expected to exceed water supply by ~40% by 2030¹. It focuses on companies doing three things. Maximizing water supply through water loss prevention technologies, water reuse and desalination. Improving water efficiency through adoption of advanced irrigation methods, growth in process control systems and advances in household water technology. Finally, upgrading legacy water infrastructure in developed countries, as well as building out water infrastructure in emerging markets. These tactics will help address global challenges such as water shortages, water quality concerns, deteriorating water infrastructure in developed countries and the need for water infrastructure in emerging markets.

For more than a decade, the analysis of ESG factors has been an integral part Ecofin's investment analysis and decision-making process. In 2009, Ecofin was awarded its first environmental mandate from the largest sovereign wealth fund in Europe, helping us further integrate ESG, but also building our understanding of sustainability as a source of durable wealth creation and organising our engagement to deliver impact as a key commitment to investors. Since our strategy launched in 2015, its priority remains solving the global water crisis, which by nature integrates ESG risk factors into the investment process. We believe in technological advancements and industry innovations to push us toward water quality, water security and a cleaner world.

Today, our Sustainable Water strategy approaches ESG in a way which is both flexible and in-depth, and predominantly focuses on positive selection rather than negative screening. This means that our investment decisions are at all times informed by a forward-looking view on each company's ESG profile, which reaches beyond the (often limited) insight that sustainability metrics and ESG ratings can provide, by relying on our proprietary assessment of the company's strategic priorities and capital allocation.

This report also provides a look at our ESG assessments for the ten largest holdings in the strategy's portfolios as a way to illustrate what these companies do and the factors we consider when making investments.

The strategy invests in companies across the globe and throughout the water cycle that we believe are positioned to benefit from the pursuit to solve the water supply/demand imbalance.

¹Water: The Most Critical Asset in Your Production Strategy | HuffPost Impact

Our affiliations

Signatory of:



- Our parent company is a signatory to the United Nations Principles for Responsible Investment (UNPRI), the leading global network for financial industry participants and investors who are committed to integrating ESG considerations into their investment practices and ownership policies.
- Ceres Foundation's Investor Network (Ceres), which is designed for organisations focused on sustainability and climate action to work together to share best practices and research. From our Ceres affiliation, we were able to join the Net Zero Asset Managers Initiative which is a group of global investment managers who have pledged to support the goal of net zero emissions by 2050.
- We are a member of CDP (formerly known as the Carbon Disclosure Project) which is a not-for-profit that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. We are also active in the CDP Non-Disclosure Campaign which actively engages companies that have received the CDP disclosure request on behalf of investors but have not provided a response.
- Task Force on Climate-Related Financial Disclosure (TCFD). The TCFD is committed to market transparency and stability. We believe that better, more transparent and comparable, information will allow companies to incorporate climate-related risks and opportunities into their risk management and strategic planning processes. As this occurs, companies' and investors' understanding of the financial implications associated with climate change will grow, empowering the markets to channel investment to sustainable and resilient solutions, opportunities, and business models.
- Our stewardship policies statements were designed to be in-line with the ICGN Global Stewardship Principles, which is an internationally recognised framework for investors to implement their fiduciary obligations on behalf of clients and beneficiaries.
- Global Impact Investors Network (GIIN) is a champion of impact investing, dedicated to increasing the scale and effectiveness of impacting investing around the world. The GIIN seeks to further the impact investing industry by providing measuring and reporting infrastructure, education, and research.



Section Three THE WATER CRISIS IN NUMBERS

According to the United Nations, 2 billion people lack access to safely managed drinking water and 3.5 billion people lack safely managed sanitation. Ensuring availability and sustainable management of clean sanitation by 2030 is SDG 6.

Based on recent estimates, there is approximately a \$1T gap between our current rate of investment and the investment needed to achieve SDG 6.

Water Investment Gap



- Investment needed to meet UN's Sustainable Development Goals
- Projected investment based on current trend

BILLIONS OF PEOPLE STILL LACK ACCESS TO SAFE DRINKING WATER, SANITATION AND HYGIENE

IN 2020



2 BILLION PEOPLE

26%

LACK SAFELY MANAGED DRINKING WATER



3.6 BILLION PEOPLE

46%

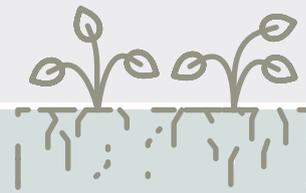
LACK SAFELY MANAGED SANITATION



2.3 BILLION PEOPLE

29%

LACK BASIC HYGIENE



2.3 BILLION PEOPLE LIVE IN WATER-STRESSED COUNTRIES (2018)



BETWEEN 1970 AND 2015, NATURAL WETLANDS SHRANK BY 35%

3 x THE RATE OF FOREST LOSS



129 COUNTRIES ARE NOT ON TRACK TO HAVE

SUSTAINABLE MANAGED WATER RESOURCES BY 2030

CURRENT RATE OF PROGRESS NEEDS TO DOUBLE

// Every \$1 invested in water generates \$4 economic return by improving health, increasing productivity and creating opportunities for education, employment and livelihoods* //

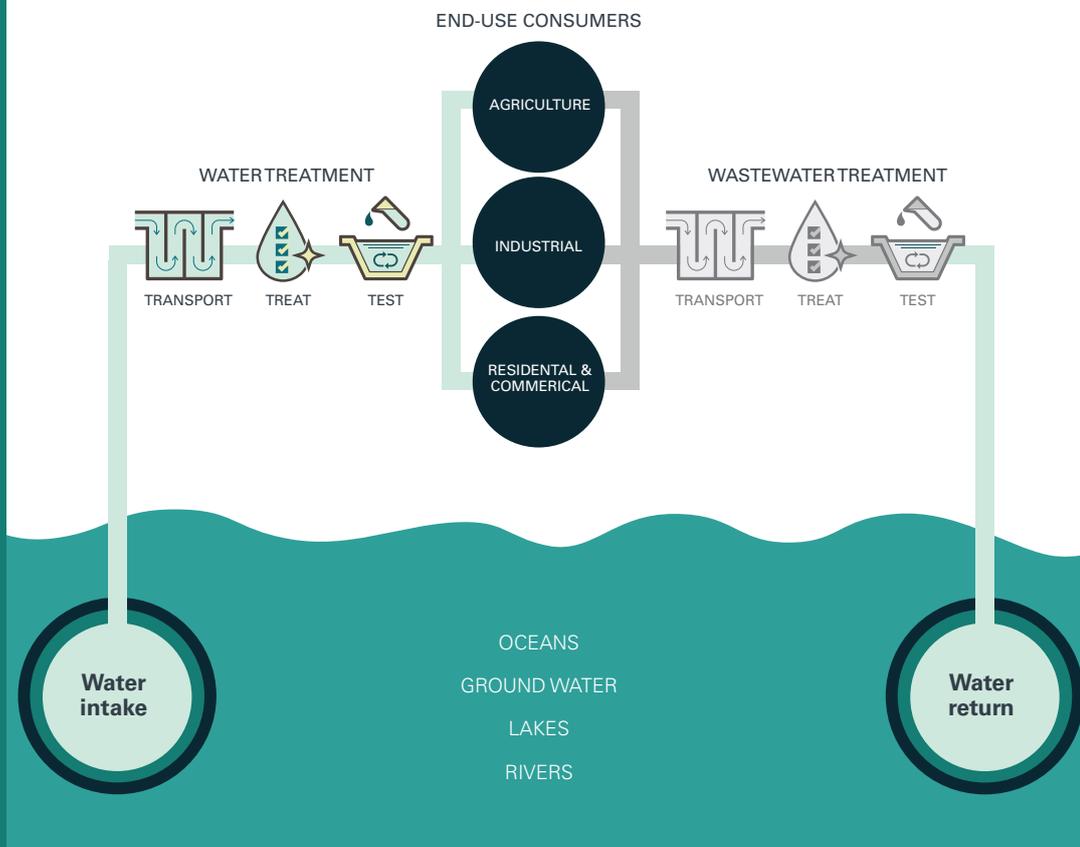
Section Four

Introduction to the investment themes

Picture earth as seen from space. There is certainly the greenish brown of land and stark white of our clouds, but the dominant color is the piercing blue of our oceans. In fact, the oceans make up over 70% of the earth's surface and the oceans hold over 96% of all earth's water.

Our saltwater seas and oceans hold so much of our water that less than 3% of all water on earth is considered fresh and, of that, less than half can be used as drinking water as the rest is locked up in ice as glaciers, ice caps, and permafrost, or buried deep in the ground.

Despite this relative scarcity of life-giving freshwater, the water value chain has been little more than an afterthought in the global economy.



Water is often cited as a prime example of the “Tragedy of the Commons” concept where individual short-term interests - to use, take, and/or pollute as much of resource as possible – is in opposition to societal good.¹

¹<https://earth.org/what-is-tragedy-of-the-commons>

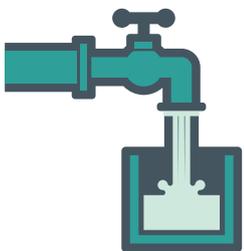


As the world pushes towards a more circular and resource-aware economy, it appears obvious that the efforts will have significant ramifications across every part of our economy and society. We believe that these economic and societal changes will have massive impacts on many areas of the economy, including water and sanitation. We see this new awareness of the water value chain having positive long-term structural changes that will encourage investment to solve water scarcity and quality issues.

Solving problems has always been the basis for building good businesses and solving the problems around water and sanitation will be no different. Like the technology boom spawned by the internet over the last 25-30 years, we expect the next 30 years will be dominated by new investment, advances, and technology around reducing emissions and pollution while making our planet and our place on that planet more sustainable.

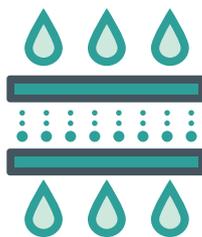
Our Sustainable Water strategy attempts to identify and invest in these opportunities, and it does so primarily through three investment themes:

Strategy Master Themes



IMPROVING WATER INFRASTRUCTURE

- Upgrading developed market infrastructure
- Building out infrastructure in emerging markets
- Water and wastewater infrastructure resiliency



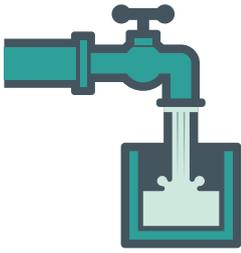
TECHNOLOGY AND PROCESS INNOVATIONS

- Enhancing efficiency
- Improving water quality
- Enabling water reuse and desalination



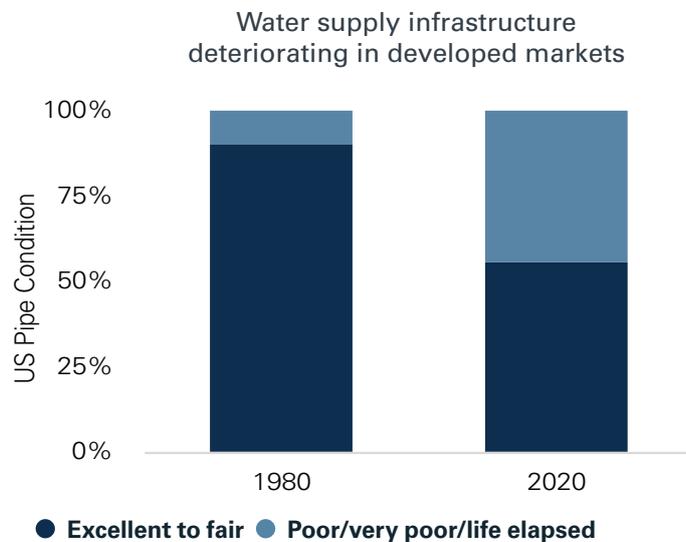
ENVIRONMENTAL

- Environmental engineering & consulting
- Environmental protection and remediation
- Biodiversity



Improving water infrastructure: Our strategy invests primarily in water companies that design, build, own and operate water infrastructure, as well as companies that provide the necessary equipment and services to transport, treat and test water. These companies are essential in connecting water supply with areas of demand.

In the developed world, countries utilize significantly over-aged infrastructure. For example, in the United States 44% of water pipelines are considered poor, very poor, or life elapsed and an estimated 25% of all drinkable water is lost through pipeline leakage. It is estimated that remediating this aged infrastructure will cost more than \$3 trillion over the next 20 years². Similar examples of needed infrastructure replacement and improvement can be found across the OECD countries.

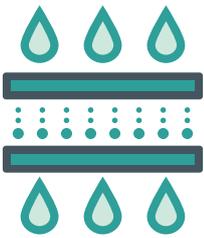


While modernizing the OECD infrastructure is impactful and worthwhile in its own right, the greatest needs around SDG 6 and thus opportunities for impact fall outside the OECD. Many emerging and developing economies provide little or no access to clean water and proper sanitation to large portions of their population.

Sources: McKinsey; Irena, June 2020, Renewable Power Generation Costs in 2019. This page contains projections, there is no guarantee these projections will be met.

Ecofin believes universal access to clean water and sanitation is a fundamental human right. In demonstration of this belief in 2020, the Ecofin Water strategy began donating 5% of net revenues annually in support of Water.org and its initiatives.

²Infrastructure Needs \$3.3 Trillion Over Next Decade: ASCE | Engineering360 (globalspec.com)



Technology and Process Innovations: The strategy also emphasizes the use of technology in the water sector, which presents higher growth opportunities than traditional water infrastructure as the industry is transforming via innovative solutions.

With increasing water scarcity, intensifying regulations, and growing ESG mandates, industrial users of water are adopting technologies to both lower water footprints and reuse wastewater. Many of these industrial users are favoring outsourced solutions to water companies and Water-as-a-Service business model.

Agriculture represents 70%³ of global water demand and remains very inefficient. Advancements in irrigation technologies, including pivot systems, drip irrigation and smart/remote systems, are increasing water efficiency.

Smart water technologies (smart meters, real-time remote monitoring and control, and predictive analytics) are helping combat non-revenue water (i.e. lost water) and utilities achieve their goal of delivering clean water at an affordable cost.



Environmental: Complementing the focus on infrastructure and technology, the strategy has flexibility to invest in attractive and impactful services that reinforce environmental and biodiversity health, conservation, and remediation. Specifically, the strategy seeks companies offering products and services that preserve or enhance environmental resources, ensure resiliency against climate events and/or advance the concept of the circular economy that conserves natural resources and reduces pollution.

According to the United Nations⁴, wetlands are disappearing three times faster than forests, with over a third of all global wetlands disappearing between 1970 and 2015. Since 2015, the rate of wetland losses has continued to increase. The world's remaining wetlands remain under threat due to water drainage, pollution, disrupted water flows and sediment build-up from deforestation and soil erosion. Wetlands are critical to the environment. In addition to supplying humans virtually all our available fresh water, 40%⁴ of the world's species live and breed in wetlands. Unfortunately, a quarter of all wetlands plants and animals are at risk of extinction. Companies providing products and services needed to preserve and restore wetlands are one example of the investments that fall under the environmental theme.

³<https://www.fao.org/3/i7959e/i7959e.pdf> i7959e.pdf (fao.org)

⁴<https://unfccc.int/news/wetlands-disappearing-three-times-faster-than-forests>



When we launched this strategy in 2015, we believed technological advancements were the key to solving the global water crisis. Since that time, we have seen ongoing water challenges including increases in water scarcity, headlines about water quality, and the on-going impacts from climate change, however our conviction that technology will be the solution has only grown.

The basic building blocks of digital water involve sensors, remote sensing and imaging (i.e. satellites and drones), geographic information systems, and visualization tools. These capabilities enable mapping water resources, real-time measurement of water transmission and quality, and remote infrastructure management. Think Google Maps for water. The benefits include detecting, diagnosing, and proactively preventing detrimental events, such as water main breaks, sewage overflows, and water contamination. They also provide useful information for infrastructure repairs and replacements. More recently, machine learning and artificial intelligence, as well as augmented and virtual reality, have provided holographic representation of pipes, cables, and other assets. The most advanced technology merges these applications to generate digital twins that offer real-time data that provide the ability to visualize and monitor current asset conditions, predict real-world events, and allow for scenario-based training.

Bottom line, these technologies drive improved operations, increased resiliency, and capital efficiency as these projects can increase revenue by reducing water loss for utilities and maximize uptime for the industrial sector, as well as decrease costs by predicting and prioritizing repairs and reducing expensive large-scale replacements.

Section Five

Master theme SDG alignment of top ten holdings

Master Theme	Portfolio Example	Thematic Focus	Thematic Outcomes	Thematic Impact
Improving Water Infrastructure	<ul style="list-style-type: none"> Advanced Drainage Systems Essential Utilities American Water Works Veolia 	<ul style="list-style-type: none"> Upgrading developed market infrastructure Building out emerging market infrastructure Water and wastewater infrastructure resiliency 	<ul style="list-style-type: none"> People served by water and wastewater Gallons of water and wastewater treated and distributed Dollars invested in infrastructure 	     
Technology & Process Innovations	<ul style="list-style-type: none"> Ecolab Pentair PLC Danaher Corp Xylem Kurita Water Industries Ltd 	<ul style="list-style-type: none"> Enhancing efficiency Improving water quality Enabling water reuse and desalination 	<ul style="list-style-type: none"> Gallons of water saved or reused Dollars invested in technology 	    
Environmental	<ul style="list-style-type: none"> Advanced Drainage Systems Tetra Tech Veolia 	<ul style="list-style-type: none"> Environmental engineering & consulting Environmental protection and remediation Biodiversity 	<ul style="list-style-type: none"> Gallons of water/waste saved or reused Water quality Advancement of biodiversity 	     

Our investments contribute positively to the environment, society and economy by investing in companies that supply water and treat wastewater, as well as investing in water/wastewater infrastructure and technology

>2.5 BILLION
PEOPLE SERVED BY
WATER AND
WASTEWATER SERVICES

>16 TRILLION
GALLONS OF WATER AND
WASTEWATER TREATED
AND DISTRIBUTED

\$6.5 BILLION
INVESTED IN WATER
INFRASTRUCTURE
AND TECHNOLOGY

>2.6 TRILLION
GALLONS OF
WATER SAVED OR REUSED
(EQUIVALENT TO 7 NEW YORK CITIES)

As of 12/31/2021. Source: company filings and Water.org



Section Six

Active ownership

Active ownership is fundamental to the investment philosophy and process and is a key part of the sustainable proposition delivered to investors. Active ownership can take various forms such as engagement and proxy voting. Our overall philosophy is to promote better ESG practices and seek positive change on many levels, fostering long-term value creation for our investors.



“ In a world where demands for freshwater are continuously growing, and where limited water resources are increasingly stressed by over-abstraction, pollution and climate change, neglecting the opportunities arising from improved wastewater management is nothing less than unthinkable in the context of a circular economy. ”

Section Seven

Top ten Strategy holdings profile

We believe that companies with a thorough understanding of ESG issues are more capable of mitigating risks and enhancing their performance over the long term. Knowledge of ESG factors and risks and active ownership are integral to Ecofin's investment philosophy and process.

The following section examines the 10 largest holdings of the strategy and reports on a wider assessment of the environmental, social and governance factors we evaluate within our investment framework.

- 21** Advanced Drainage Systems
- 24** American Water Works Co. Inc.
- 27** Danaher Corp.
- 30** Ecolab
- 33** Essential Utilities
- 36** Pentair PLC
- 39** Kurita Water Industries Ltd.
- 42** Tetra Tech
- 45** Veolia Environmental SA
- 48** Xylem Inc.

All MSCI data as of 3/22/2022. Top ten holdings as of 12/31/2021.

The top ten holdings provided should not be considered a recommendation to purchase or sell any particular security. The top ten holdings may vary and are subject to change without notice. It should not be assumed that any holdings discussed were or will be profitable.

Top ten holdings profile

Advanced Drainage Systems



Master Themes:



ENVIRONMENTAL



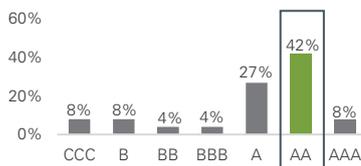
IMPROVING WATER INFRASTRUCTURE

MSCI ESG Ratings

CCC | B | BB | BBB | A | **AA** | AAA

ESG Rating Distribution

MSCI ACWI constituents, Building Products



Company overview

Advanced Drainage Systems, Inc. designs, manufacturers, and markets thermoplastic corrugated pipes and related water management products, and drainage solutions for use in the underground construction and infrastructure marketplace in the United States, Canada, Mexico, and internationally. The company purchases and distributes construction fabrics and geosynthetic products for soil stabilization, reinforcement, filtration, separation, erosion control, and sub-surface drainage, as well as drainage grates and other products. Advanced Drainage Systems, Inc. was incorporated in 1966 and is headquartered in Hilliard, Ohio. The company offers its products for non-residential, residential, agriculture, and infrastructure applications through a network of approximately 38 distribution centers.

Ecofin sustainability thesis

Advanced Drainage Systems provides water management solutions focused on the responsible handling of stormwater and residential wastewater. The company's products manage water flow from capture through treatment before it is reintroduced into the water ecosystem. In addition to providing useful infrastructure for water management, the company has a determined focus to manufacture its products using sustainable materials. Advanced Drainage's pipeline products primarily consist of remanufactured products, making them the 2nd largest plastic recycling company in the United States. The company continues to integrate sustainably sourced manufacturing processes into a broader effort of proper management of stormwater run-off and on-site residential wastewater treatment.

SDG commitment

Advanced Drainage Systems has aligned their sustainable goals with the SDGs.



Top ten holdings profile

Advanced Drainage Systems



Sustainability profile

ADS is committed to operating in a socially and environmentally responsible manner. They have outlined their 10 year goals as part of their “REASON” program. This program highlights sustainable goals related to Recycling, Environmental impact reduction, Accountability, Social purpose, Operational excellence, and News. The 10 year goals emphasize their commitment to people, planet, and product and address the where ADS can make the biggest impact.



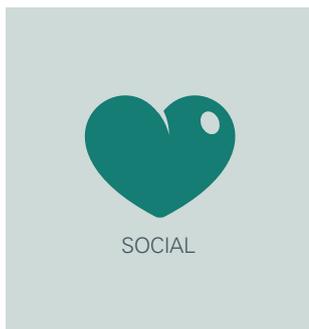
Top ten holdings profile

Advanced Drainage Systems



Company ESG targets

- **1 billion pounds recycled** material used annually by 2032
- Implement closed loop water usage **at 100% of manufacturing locations**
- Develop and approve **1.5°C science based target for 42% reduction in GHG emissions from 2020 levels**



- Continued **good work** through their **ADS Foundation, community partnerships, and an increased focus on Diversity, Equity & Inclusion**
 - The ADS foundation will provide **assistance and education** to causes that **align with their Environmental, Social and Governance priorities, water, recycling and community**
 - Their community partnerships include **The Recycling Partnership (TRP) and The United Way, a program that supports veterans**

Source: Advanced Drainage Systems

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Top ten holdings profile

American Water Works Co. Inc.



Master Theme:



IMPROVING WATER INFRASTRUCTURE

MSCI ESG Ratings

CCC | B | BB | BBB | **A** | AA | AAA

ESG Rating Distribution

MSCI ACWI Index constituents, Utilities



Company overview

American Water Works is the largest, most geographically diverse publicly-traded water and wastewater utility with operations across multiples states in the US and Ontario, Canada. American Water is actively involved in the replacement and upgrade of aging water infrastructure, which leads to reductions in water loss and more efficient use of water resources.

Ecofin sustainability thesis

American Water is the largest water and wastewater investor owned utility in the United States serving over 14 million people in 24 states. The company is expected to spend \$28 - \$32 billion over the next 10 years on operated water and wastewater infrastructure in its jurisdictions to improve service reliability and water quality delivered to customers. Additionally, American Water is expected to continue to be acquisitive in the municipal water space supporting underlying regulated capital growth. American Water is also a leader in ESG in the water space with plans to meet customer needs while saving 15% in water delivered per customer by 2035 and reducing scope 1 and 2 greenhouse gas emissions by more than 40% by 2025.

SDG commitment

American Water has found multiple SDGs that align with their business model. They take the SDG's into consideration through their commitment to ESG transparency.



Top ten holdings profile

American Water Works Co. Inc.



Sustainability profile

American Water prioritizes their stakeholders by making an impact through ESG principles. They do this by providing clean, safe, reliable and affordable water and wastewater services to their customers. Safe and healthy water is vital to the sustainability of a community. By limiting their impact on the environment and supporting a sustainable future, American hopes to improve the communities around them. They continue to focus on long-term sustainability by investing in their infrastructure. Through leak detection and efficient water use, they are able to pump less water and reduce energy costs and therefore lower their GHG emissions. American understands the evolving ESG space and will continue to set goals for themselves.

44% overall
diverse employee base

72.7% overall
board diversity

-36% lowered
GHG emissions in 2020 vs
base year 2007

Ranked #15
on Barron's 2021 100 most
sustainable companies, the
highest ranked utility

67% reduction
in workplace injuries since 2015

3.5 billion
gallons of water saved annually
through efficiency measures

Top ten holdings profile

American Water Works Co. Inc.



AMERICAN WATER



ENVIRONMENT

Company ESG targets

- **Reduce absolute scope 1 and scope 2 greenhouse gas emissions by more than 40%** by 2025 from 2007 levels
- By 2035, they strive to **meet customer needs while saving 15% in water delivered per customer** compared to 2015 levels
- By 2030, **increase Utility Resilience Index (URI)** weighted average by **10%** from 2020 baseline
- Set goals to **increase representation of females and racial minorities** across our workforce and **in leadership roles**

Source: American Water Works Co. Inc.

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Top ten holdings profile

Danaher Corp.



Master Theme



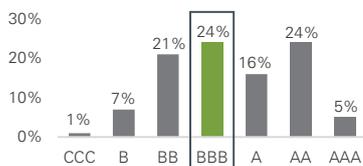
TECHNOLOGY AND
PROCESS INNOVATION

MSCI ESG Ratings

CCC | B | BB | **BBB** | A | AA | AAA

ESG Rating Distribution

MSCI ACWI Index constituents,
Health Care Equipment & Supplies



Company overview

Danaher Corporation (DHR) designs, manufacturers, and markets professional, medical, industrial, and commercial products and services worldwide. The company operates through three segments: Life Sciences, Diagnostics, and Environmental & Applied Solutions. Danaher was founded in 1969 and is headquartered in Washington, D.C.

Ecofin sustainability thesis

Danaher is a global provider of instrument, consumable and service solutions in the life sciences, diagnostics and environmental markets. The company's water quality business is a market leader in high-end water technologies. Water quality is the #1 market leader in test and analytics through its Hach brand and ultraviolet (UV) disinfection through its Trojan Technologies brand, #3 in chemical disinfection through ChemTreat brand and a leader in membrane filtration through its Pall Water brand. Danaher's leading position in water technologies and analytics is helping the end user of water in the industrial and municipal end-markets operate more efficiently, ensuring greater water quality and improve water reuse. Long-term growth secular growth drivers (water scarcity, water quality regulations and investments in sustainability) are expected to sustain demand for Danaher's products over the long-term.

SDG commitment

UN Global Compact Participant

Danaher recognizes the SDGs and directly uses them to tie to the company's material issues. They use them to enhance their transparency and accountability around their sustainability ambitions. Danaher is an active participant in the UN Global Compact and their next communication on progress (CoP) is due in November 2022.

Principles and Global Goals Addressed in their most recent Communication on Progress



Top ten holdings profile

Danaher Corp.



Sustainability profile

Danaher believes by setting strict goals to provide transparency and accountability will push themselves and others towards meaningful change. They hope to make measureable progress across their business to fulfill environmental stewardship. To ensure their positive impacts, Danaher finds opportunities across their three pillars of sustainability: innovation, people and the environment. Danaher's sustainability commitment stemmed from their core values and formed a foundation of integrity, compliance and sound governance.

Danaher Scholarship Program
has provided
\$3 million in
awards since 2009

In 2020, the total recordable
incident rate
decreased **19%**
since 2019

\$4.3 billion
in Environmental & Applied
Solutions Revenue

In 2020
97%
of associates who participated
in the P4G process received a
performance review

In 2021, they required all people leaders to
set D+I-related personal objectives

Top ten holdings profile

Danaher Corp.



Company's ESG targets

- **Reduce energy consumption** by **15% by 2024** compared to 2020
- **Reduce GHG emissions** by **15% by 2024** compared to 2020
- **Reduce non-hazardous waste** sent to landfill or incineration **by 15% by 2024** compared to 2020



- By 2025, **have 40% women representation and 38% people of color** in the U.S. representation

Source: Danaher Corp.

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Ecolab



Master Theme



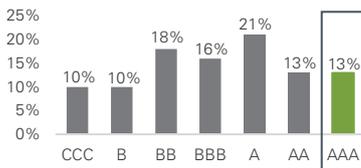
TECHNOLOGY AND PROCESS INNOVATION

MSCI ESG Ratings



ESG Rating Distribution

MSCI ACWI Index constituents, Specialty Chemicals



Company overview

Ecolab Inc. provides water, hygiene, and infection prevention solutions and services worldwide. The company operates through Global Industrial, Global Institutional & Specialty, and Global Healthcare & Life Sciences segments. The Global Industrial segment offers water treatment and process applications and cleaning and sanitizing solutions. The Global Institutional and Specialty segment provides specialized cleaning and sanitizing services. The Global Healthcare & Life Sciences segment offers specialized cleaning and sanitizing products to the healthcare, personal care, and pharmaceutical industries. The company also offers pest elimination services, colloidal silica for binding and polishing components in manufacturing, and products and services that manage wash process. The company was founded in 1923 and is headquartered in Saint Paul, MN.

Ecofin sustainability thesis

Ecolab is the global leader in water solutions, hygiene and infection prevention services that protect people and vital resources at nearly 3 million customer locations. The company’s data driven insights and customized services optimizes water and energy use, maintains clean and safe environments, improves operational efficiencies, and advances their customer’s sustainability initiatives, including the trend of Net Zero Water by 2030.

SDG commitment

UN Global Compact Participant

Ecolab is committed to partnerships and programs that align the SDGs. While Ecolab supports several goals, their efforts are primarily devoted to SDG 6 – to ensure the availability and sustainable management of water and sanitation for all. In addition to environmental goals, Ecolab also introduced a new set of goals focused on an inclusive, diverse, just and safe community for our associates, aligned with the UN SDGs.

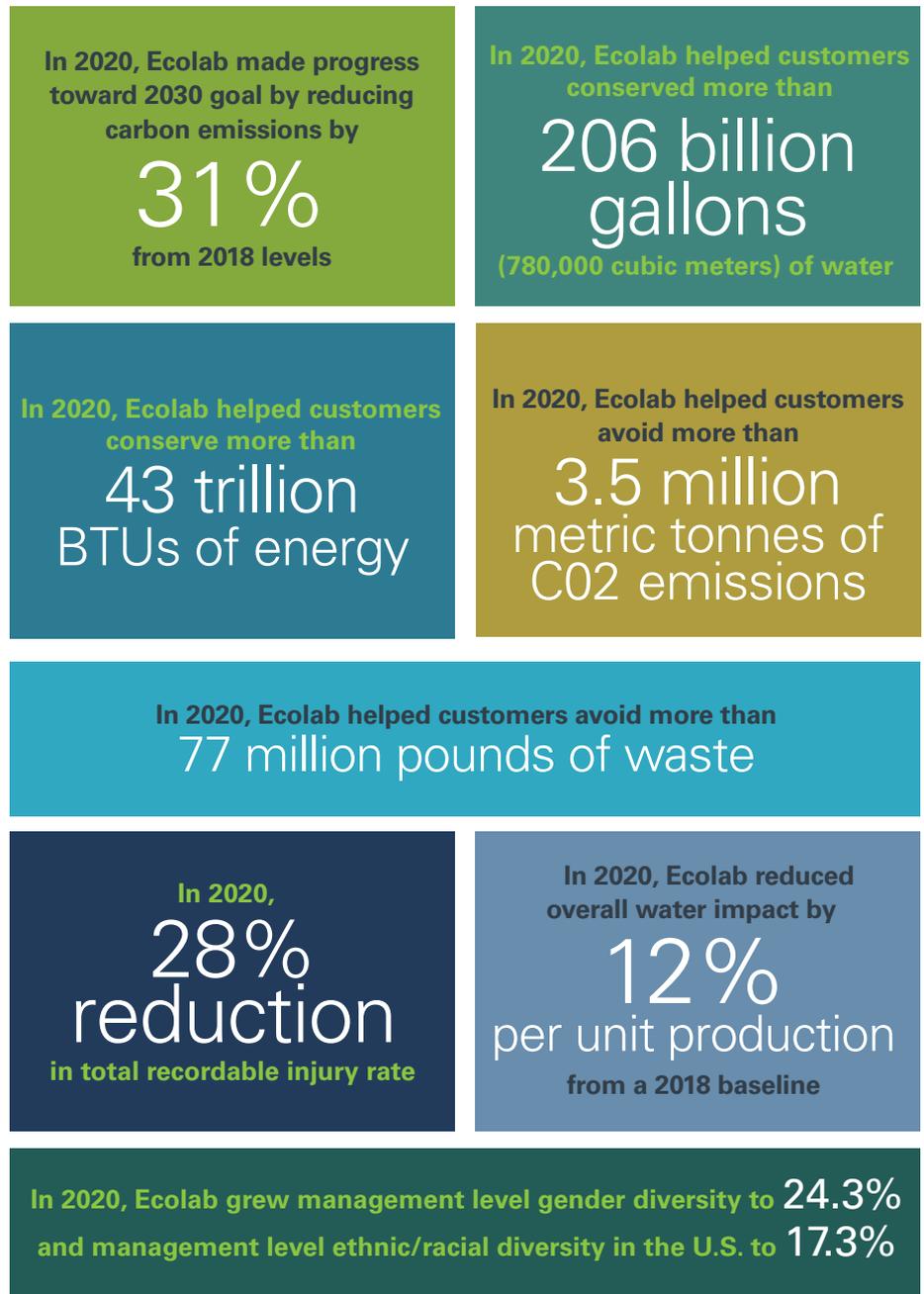
Principles and Global Goals Addressed in their most recent Communication on Progress





Sustainability profile

Sustainability is at the core of Ecolab and central to their purpose and business strategy. Ecolab delivers sustainable solutions that help companies around the world achieve business results, protect the environment and enhance the well-being of people and communities. Ecolab has established a safety, health, and environment committee of which the CEO is a member, which oversees all sustainability initiatives. Stewardship of natural resources is an integral part of Ecolab’s operational and business strategy. Ecolab is harnessing the power of their technology to gain insights into operations to ensure sustainable growth. All of Ecolab’s sustainability efforts are underpinned by their 2030 impact goals which track and target measure outcomes related to their sustainability efforts.



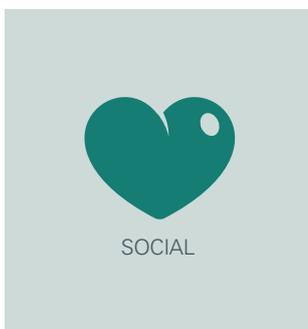
Top ten holdings profile

Ecolab



Company ESG targets

- **Science Based Target initiative (SBTi) approved** – Committed to Net Zero. 1.5 degrees by 2030, supplier targets by 2024
- Ecolab **commits to reduce absolute scope 1 and scope 2 GHG emissions 50% by 2030** compared to 2018
- Ecolab also **commits that 70%** of its suppliers by emissions covering purchased goods and services, capital goods, upstream transportation and distribution, business travel, and downstream transportation and distribution **will set science-based targets by 2024**
- By 2030, **restore greater than 50% of water withdrawal** and **achieve Alliance for Water Stewardship Standard (AWS) certification** in high-risk watersheds in which they operate
- By 2030, **meet a positive water impact** (combination of water efficiency and replenishment) **goal of 40% per unit of production across their enterprise**
- Ecolab **will halve carbon emissions by 2030** and **achieve net-zero carbon emissions by 2050**, and **will achieve 100% renewable electricity by 2030**
- Working with supply chain partners **looking to adopt similarly ambitious climate goals by 2024**



- By 2030, Ecolab **aims to train and educate 100% of their associates** to work safely 100% of the time
- By 2030, **increasing management level gender diversity to 35%** - a ~50% increase in representation – with the ultimate goal of gender parity
- By 2030, **increasing management level ethnic/racial diversity to 25%** - a ~50% increase in representation

Source: Ecolab

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Top ten holdings profile

Essential Utilities



Master Theme:



IMPROVING WATER INFRASTRUCTURE

MSCI ESG Ratings

CCC | B | BB | BBB | **A** | AA | AAA

ESG Rating Distribution

MSCI ACWI Index constituents, Utilities



Company overview

Essential Utilities, Inc. operates regulated utilities that provide water, wastewater, or natural gas services in the United States. They have operating and maintenance contracts with municipal authorities and other parties to provide multiple states with water services. The company also provides non-utility raw water supply services for firms in the natural gas drilling industry, and water and sewer line protection solutions, and repair services to households through a third-party. It serves approximately 7.5 million residential water, commercial water, fire protection, industrial water, wastewater, and other water and utility customers. The company was formerly known as Aqua America, Inc. and changed its name to Essential Utilities, Inc. in February 2020.

Ecofin sustainability thesis

Essential Utilities embodies a unique footprint of sustainable best practice through its water and natural gas distribution utilities. The company's water utility is focused on upgrading existing water and wastewater infrastructure to improve efficiency of its water distribution, as well as improve its wastewater treatment operations for better overall water quality through the removal of water contaminants. Additionally, Essential's natural gas distribution aids in the reduction of overall GHG emissions through the replacement of aging gas distribution pipelines that are more prone to methane leaks. The company's efforts increase the efficiency of current infrastructure and result in a reduced environmental impact of vital services provided by its underlying utilities.

SDG commitment

Essential is committed to contributing to the achievement of the SDGs, which aim to address global challenges and achieve peace and prosperity for all. They have highlighted eight SDGs that they believe their business can most significantly positively impact.





Sustainability profile

Essential’s commitment to sustainability is deeply engrained in the way they do business and have a legacy of doing so for over 135 years. They are pushing themselves and others towards a sustainable, safe and healthy environment for all. Environmental requirements are present in all stages of business at Essential, including planning, decision-making, construction, operating and maintenance activities. Their sustainability framework is built around their core values to achieve the best water quality and resiliency, energy efficiency, and transparency. They will continue to evaluate the potential opportunities and technologies to recycle water and reuse wastewater.

In 2020, Essential recycled **526.6 million gallons** approximately of treated wastewater. This is **5%** of the total wastewater treated in 2020

In 2020, Essential performed **6.8 times better** than community water systems nationwide

In 2021, they opened a new testing lab for their microbiologists and chemists to ensure Essential is advancing in water quality science

85.4 billion gallons of drinking water produced

Essential replaced more than **170 miles of water pipes** in 2020 to prevent water loss

At the board of director’s level, more than **55%** of the board is diverse, including **33%** female directors

Top ten holdings profile

Essential Utilities



Company ESG targets

- **Reduce scope 1 and 2 GHG emissions by 60% by 2035** from 2019 levels
- By 2022, their operations in Illinois, New Jersey, Ohio and Pennsylvania **will source 100% renewable electricity**, via certified wind power credits, for water and wastewater operations
- Essential's water and wastewater operations **will increase its energy derived from renewables from 8% in 2020 to 59% in 2022**



- Multiyear plan **to increase diverse supplier spending to 15%**, and **increase employee diversity by 20%**

Source: Essential Utilities

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Top ten holdings profile

Pentair PLC



Master Theme



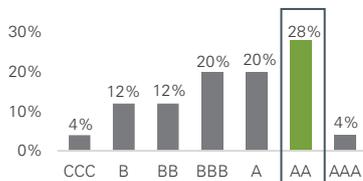
TECHNOLOGY AND
PROCESS INNOVATION

MSCI ESG Ratings

CCC | B | BB | BBB | A | **AA** | AAA

ESG Rating Distribution

MSCI ACWI Index constituents, Industrial Machinery



Company overview

Pentair plc provides various water solutions worldwide. It operates through Consumer Solutions and Industrial & Flow Technologies segments. The Consumer Solutions segment designs, manufactures, and sells residential and commercial pool equipment and accessories. It offers its products under the Everpure, Ken's Beverage, Kreepy Krauly, Pentair Water Solutions, Pleatco, RainSoft, and Sta-Rite brands. Pentair plc was founded in 1966 and is headquartered in London, the United Kingdom.

Ecofin sustainability thesis

Pentair is a global water company that delivers a range of smart, sustainable water solutions for residential, commercial, industrial, infrastructure, and agriculture applications. The company's solutions filter, clean, and sanitize water to its purest state and provide flow solutions to transport water efficiently. Their applications enable people, businesses, and industries to access clean and safe water, reduce water consumption, recover and reuse it, and improve environmental sustainability.

SDG commitment

Pentair recognizes the United Nations 17 Sustainable Development Goals that set a global agenda for equitable, socially inclusive, and environmentally sustainable economic development.





Sustainability profile

In 2020 Pentair set a foundation for their commitment to social responsibility and ESG materiality. They have identified key ESG areas to prioritize with the help of their stakeholders. The priority areas include; reducing greenhouse gas emissions, advancing in water stewardship, innovating water and energy efficient solutions, building a sustainable supply chain and creating an inclusive and diverse workforce. With the help of these areas of focus and their Social Responsibility Strategic Targets, Pentair will see positive business results.

66%

of their solutions support water efficiency, helping to reduce, reuse, or recover water, directly or indirectly

64%

of their solutions help improve water quality

79%

of Pentair solutions support energy efficiency

Pentair's biogas installation portfolio has the capacity to capture

289,000 metric tons
of CO₂ per year

In 2020, Pentair's Italy facility solar roof installation produced

1,121,556 kWh of electricity

Top ten holdings profile

Pentair PLC

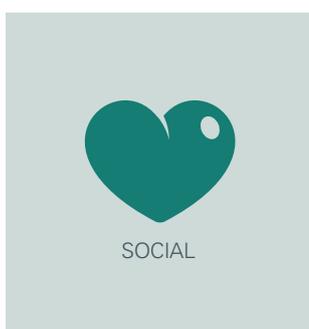


Company ESG targets

- By 2030, **reduce Scope 1 and 2 GHG emissions by 50%** from a 2019 baseline
- Aim to achieve **carbon neutrality** by 2050
- By 2035, reduce overall **water withdrawal by 30%** from a 2019 baseline
- **Launch enhanced innovation process** in 2022 where they plan to:
 - Include a product sustainability rating as an equally weighted factor in commercialization decisions



- **Assess 100%** of new suppliers with projected spend of greater than **\$1M** to ESG maturity by 2025
- Assess **top 80%** of existing suppliers by spend to **ESG maturity** by 2030



- Embrace the communities where they live, work, and serve, with a specific focus on **increasing women in leadership positions** globally and **persons of color representation** in U.S. leadership positions

Source: Evoqua Water Technologies Corp

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Top ten holdings profile

Kurita Water Industries Ltd.



Master Theme



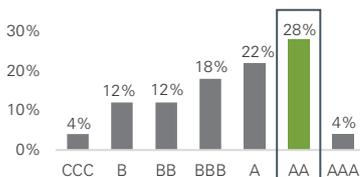
TECHNOLOGY AND PROCESS INNOVATION

MSCI ESG Ratings

CCC | B | BB | BBB | A | **AA** | AAA

ESG Rating Distribution

MSCI ACWI Index constituents, Industrial Machinery



Company overview

Kurita Water Industries Ltd. provides various water treatment solutions in Asia, North America, Europe, the Middle East, Africa, and Internationally. Company services include the water treatment chemicals segment, the water treatment facilities segment, soil and groundwater contamination remediation, plant facilities cleaning, and precision tool cleaning services, as well as water treatment equipment. Kurita Water Industries Ltd. Was founded in 1949 and is headquartered in Tokyo, Japan.

Ecofin sustainability thesis

Kurita is a leading global water treatment company specializing in treatment facilities and chemicals. The company provides various equipment, technology and services to industrial and municipal (water / wastewater) customers. The company's ultrapure water supply business is a key driver of the company and expected to be a significant driver of growth over the coming years. Ultrapure water is essential for the manufacturing of electronic devices, such as semiconductors and liquid crystals. Throughout Kurita's history, the company has worked to address water and environmental issue through its development of treatment equipment and technologies. Currently, the company's treatment solutions help customers increase water-savings (efficient use / maximizing reuse) and reduce emissions and waste. More specifically to water, Kurita applies technologies for saving, purifying and reusing water in customer operations.

SDG commitment

UN Global Compact Participant

The Kurita Group has set out the definitions, objectives, priority themes, and activity targets that tie their initiatives to the SDGs. They have environmental, social and governance priority themes that create growth opportunities as well as conform with the sustainable development goals (SDGs).

Principles and Global Goals Addressed in their most recent Communication on Progress

=		✳		🌊		📐		
HUMAN RIGHTS		LABOUR		ENVIRONMENT		ANTI-CORRUPTION		
1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	



Sustainability profile

Kurita has established an Environmental and Social committee to oversee environmental improvement activities. This is one way that the Kurita Group drives and maintains action plans that achieve an environmental impact. Their environmental improvement activities are being transparent around the initiatives solving international issues related to the sustainability of water and the environment through business activities. They are also taking steps to solve social issues outlined in the SDGs by providing customers with solutions on the themes of “water-savings,” “CO2 emissions reduction,” and “waste reduction.” They are diligent in reporting their progress on long term ESG targets.



Top ten holdings profile

Kurita Water Industries Ltd.



Company ESG targets

- **Reduce scope 1 and 2 emissions by 27.5% by 2031 and 100% by 2051** (baseline 2019)
- **Reduce scope 3 emissions by 27.5% by 2031** from a 2019 baseline
- **Reduce waste generated** from business activities **to 300,000 t*3 by 2023**
- By 2023, have **240 million m³ of water savings** at customer **by reducing water intake in business activities**



- By 2023 **have 100% rate of human rights training** among officers and employees
- By 2023 **have 100% rate of front-line employee participation** in safety training related to products and services

Source: Kurita Water Industries Ltd.

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Top ten holdings profile

Tetra Tech



TETRA TECH

Master Theme:



ENVIRONMENTAL

MSCI ESG Ratings

CCC | B | BB | **BBB** | A | AA | AAA

ESG Rating Distribution

MSCI ACWI Index constituents, Commercial Services & Supplies



Company overview

Tetra Tech, Inc. provides consulting and engineering services worldwide. They offer early data collection and monitoring, data analysis and information management, science and engineering applied research, engineering design, project management, and operations and maintenance services. They serve federal, state, and local governments, and development agencies. They also serve natural resources, energy, and utilities markets, as well as sustainable infrastructure master planning and engineering design markets. Tetra Tech, Inc. was founded in 1966 and is headquartered in Pasadena, California.

Ecofin sustainability thesis

Tetra Tech is a high-end consulting, engineering, and technology services firm that provides solutions to complex problems in water, environmental and biodiversity management, sustainable infrastructure, renewable energy, and international development. Engineering News-Record (“ENR”), the engineering industry’s leading magazine, has ranked Tetra Tech #1 in Water for 18 years in a row. In 2021, the company was also ranked #1 in environmental management, hydro plants, water treatment/desalination, water treatment/supply, and wind power. Their expertise is led by a highly connected network of scientists, engineers, and technical specialists that are supported by advanced analytics, artificial intelligence, machine learning, and digital technology solutions.

SDG commitment

UN Global Compact Participant

Tetra Tech is committed to sustainable efforts that are highly aligned with the SDGs by providing reliable water supplies, improving sanitation, increasing the adoption of renewable energy, designing more efficient buildings, and restoring and protecting land and water ecosystems.

Principles and Global Goals Addressed in their most recent Communication on Progress





Sustainability profile

Tetra Tech is focused on helping its clients address water, environment, infrastructure, resource management, energy, and international development needs. To underscore its sustainability efforts Tetra Tech has implemented a sustainability program framed around sustainability in projects, procurement, processes, and people—their “4P” approach. This approach is incorporated into their Sustainability Program through organization analysis and reporting. Their vision of the future is to incorporate the concepts of sustainability more fully into daily operations and to follow the United Nations World Commission on Environment and Development goal to “meet the needs of the present without compromising the ability of future generations to meet their own needs.” The focus of Tetra Tech’s Sustainability Program is to sustain the growth of its business, to reduce greenhouse gas emissions, and to provide a safe work environment for its associates, while providing better solutions for its clients.

From 2015 to 2020,
41.17%
decrease
in CO2e emissions

Newsweek Names Tetra Tech
**One of
America’s Most
Responsible
Companies 2021**

In 2020, Tetra reaffirmed their
commitment to diversity,
equity, and inclusion
with the establishment
of global
Employee Resource Group
(ERG) Program

In 2020,
90% of
operating unites
achieved perfect safety record

In 2020,
100%
of marketing materials used
recycled-content paper

In 2020, reduced the amount of
paper purchased by
52% saving more
than 758 trees

Tetra Tech



TETRA TECH



ENVIRONMENT

Company ESG targets

- **Science Based Target initiative (SBTi) approved** – Committed in the near term
- By 2030, Tetra Tech wants to **treat, save or reuse 770,000 ML/year of water** compared to 2021
- They have a **2025 interim target of 20% reduction in GHG emissions** from 2021 levels
- They have a **2030 goal of 50% reduction in GHG emissions** from 2021 baseline
- 2025 interim **target to have 75% of operations use renewable sources of energy for electricity**
- 2030 goal to have **100% of operations use renewable sources of energy for electricity**



SOCIAL

- Racial and ethnic diversity 2025 interim **target is to have 42%** non-white employees to reach a **goal of 50%** by 2030
- By 2025 have **gender balance of 40% women, 40% men, and 20% any gender**



GOVERNANCE

- From a 2021 baseline of **improving 35 million lives** improved/year from social and governance programs, have a **20% increase** from baseline by 2030
- By 2030, **have 15,000 employees participate** in Tetra Tech-sponsored professional development training

Source: Tetra Tech

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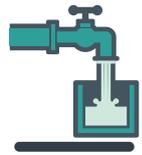
Veolia Environmental SA



Master Themes:



ENVIRONMENTAL



IMPROVING WATER INFRASTRUCTURE

MSCI ESG Ratings

CCC | B | BB | BBB | **A** | AA | AAA

ESG Rating Distribution

MSCI ACWI Index constituents, Utilities



Company overview

Veolia Environnement S.A. designs and provides water, waste, and energy management solutions worldwide. The company is involved in the resource management, production, and delivery of drinking water and industrial process water; collection, treatment, and recycling of wastewater; and design and construction of treatment and network infrastructure. It also provides waste collection, waste material recovery, waste-to-energy, organic waste material recovery, hazardous waste treatment, dismantling and remediation, urban cleaning, and industrial maintenance and cleaning services. In addition, the company engages in the operation and maintenance of heating and cooling networks; development of energy services to reduce the energy consumption and CO2 emissions of buildings; optimization of industrial utilities; and energy use related to processes and industrial buildings, as well as produces electricity from biomass.

Ecofin sustainability thesis

Veolia is a global leader in Environmental services with operations in water, waste and energy. Veolia offers water treatment and quality infrastructure products and services across the water value chain from extraction to treatment to discharge back into the environment. In the company's waste business they manage liquid, solid and hazardous waste covering the waste life cycle from collection to recycling and on to final recovery as materials or energy. Lastly, in the company's energy business they help municipal and industrial customers reduce their ecological footprint in energy efficiency, management of heating and cooling networks and green energy production. Over the last several years Veolia has transformed the company to focus on the circular economy with efforts to improve water quality and waste management.

SDG commitment

UN Global Compact Participant

Veolia's strategic program Impact 2023 aims to contribute to the SDGs through developing new business activities based on six themes: health and new pollutants, adaptation to climate change, new loops for materials, food chain, new energy services and new digital offers. Overall, Veolia strives to contribute to all the SDGs but maintain an emphasis to SDG 13 that specifically relate to solutions aimed at ensuring access for all to essential services, reducing the company's and its clients' ecological footprint, and contributing to the world's transitions.

Principles and Global Goals Addressed in their most recent Communication on Progress





Sustainability profile

Veolia is committed to building more sustainable businesses by providing global sustainable solutions through resourcing industries, resourcing the regions Veolia operates, and resourcing people. Veolia has set multiple targets to promote and support a more circular economy, contribute to combating climate change, and conserve and restore biodiversity. In order to see these objectives are met, Veolia has set up an internal environmental management system which is under the Executive Committee's responsibility. Additionally, Veolia has their Impact 2023 program to become the benchmark company for ecological transformation. This program links Veolia's impact to their contributions to the UN SDGs.

Captured
60.7%
of methane
from landfills Veolia
operates in 2019

Impact 2023 program
launched in 2020

Achieved
33.2 million
metric tons of CO2 eq.
of avoided emissions in 2019

Achieved
78.2 million
metric tons of CO2 eq.
of reduced emissions in 2019

Carry out a diagnosis and deploy
an action plan at
71% of sites
with significant biodiversity issues

10.7 million people given access to drinking water and
4.5 million to sanitation in countries with an access deficit

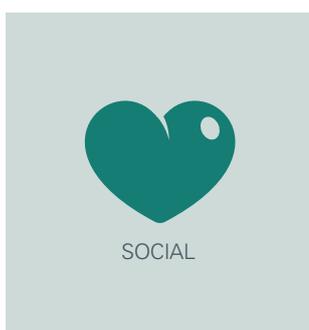
Top ten holdings profile

Veolia Environmental SA



Company ESG targets

- **Science Based Target initiative (SBTi) approved** – 1.5 C by 2034. Committed to Net Zero
- Veolia commits **to reduce absolute scope 1 and 2 GHG emissions 40% by 2034** compared to 2018
- Committed to **Net Zero by 2050**
- Capture **over 60% of methane** from landfills they operate in 2020
- Achieve **100 million metric tons of CO2 eq.** of reduced emissions in 2020
- Achieve **50 million metric tons of CO2 eq.** of avoided emissions in 2020
- Carry out a diagnosis and deploy an **action plan at 100% of sites** with significant biodiversity issues



- Achieve an injury frequency rate **of less than or equal to 6.5**
- Deliver training **to over 75% of employees annually** on professional development and commitment
- Ensure **over 95% of employees** have access to a social dialogue mechanism in 2020



- Target **50% from 2020 to 2023** for proportion of women appointed among the **top 500 Group executives**

Source: Veolia Environmental SA

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Top ten holdings profile

Xylem Inc.



Master Theme



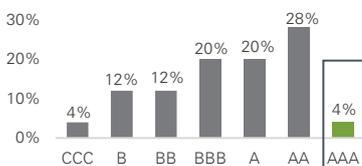
**TECHNOLOGY AND
PROCESS INNOVATION**

MSCI ESG Ratings

CCC | B | BB | BBB | A | AA | **AAA**

ESG Rating Distribution

MSCI ACWI Index constituents, Industrial Machinery



Company overview

Xylem (XYL) is a leading global water technology company that designs, manufactures and services products and solutions for a wide variety of critical applications in water sector. Xylem's broad portfolio of offerings address customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test and treatment of wastewater to the return of water to environment

Ecofin sustainability thesis

Xylem is the largest U.S. water equipment pure-play manufacturer, with over 90% of revenues derived from water end markets. The company manufactures highly engineered water and wastewater treatment systems and related technologies, analytical instruments and other water applications across utility, industrial, residential and commercial end markets. Xylem's products and services address the full cycle of water from collection, distribution and treatment. They are a leader in deploying new smart water solutions into the market, including smart metering, real-time leak detection and related data analytics. Xylem's technology portfolio helps end users of water operate more efficiently and aims to maximize water quality and solve water scarcity issues.

SDG commitment

UN Global Compact Participant

Xylem recognizes the SDGs and directly uses them to tie to the company's material issues. They are active participants in the UN Global Compact and their next communication on progress (CoP) is due in September 2022. They have identified six goals to be their focus SDGs but they believe their unique business helps achieve all seventeen of them.

Principles and Global Goals Addressed in their most recent Communication on Progress

=		✳		🌊		🔄		
HUMAN RIGHTS		LABOUR		ENVIRONMENT		ANTI-CORRUPTION		
1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELLBEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	



Sustainability profile

Xylem announced their expanded sustainability journey in 2019 and, with much success, they are now operationalizing sustainability across their business. While they continue to deliver on their sustainability commitments, they hope to inspire others around the world to do the same. Xylem prioritizes sustainability and specifically in their financing approach by launching \$1 billion in green bond offerings. Their approach to sustainability includes serving their customers, building a sustainable company and empowering communities. Through their leading global water technology and innovation, Xylem is able to solve critical water and infrastructure challenges. Improving the water cycle will increase efficiency and resilience to water challenges while solving one of the world's biggest problems. Xylem believes that by running their business with integrity and working to minimize their environmental footprint, they can do their part in building a more sustainable world.

Net zero
commitment

In 2020, 10 of their 22 major facilities are now operating on

100%
renewable energy

In 2020, total GHG Net Emissions intensity was

reduced 7%
versus 2019.

In 2020,
30% reduction
in overall facility water intensity compared to 2014

In 2020, they helped customers reduce their carbon footprint by
0.7 million metric tons of CO2

Provided access to clean water and sanitation solutions to
4.1 million people
living at the bottom of the global economic pyramid

Launched their
U.S. diverse supplier program
in 2020

Top ten holdings profile

Xylem Inc.



ENVIRONMENT

Company ESG targets

- **100% renewable energy** at major facilities **by 2025**
- **100% process water recycling** at major facilities **by 2025**
- Achieve **zero waste** to landfill from processes at major facilities **by 2025**
- Develop and approve **1.5°C science based targets for GHG reduction** (Scope 1, 2, 3)



GOVERNANCE

- Reduce injury frequency rate to an **incident rate of 0.5 or below by 2025**
- **Engage suppliers** in sustainability initiatives through **audit program** and **corrective action plans**
- By 2025, ensure **all employees** have **access to clean water and sanitation** at **work, home and during natural disasters**
- By 2025, **have 50% female representation** in leadership positions
- By 2025, **have 25% U.S. minority representation** in leadership positions
- By 2025, they **strive to give 1% of company profit** and **1% employee time** to water-related

Source: Xylem Inc.

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Important disclosures

The UN Sustainable Development Goals are a collection of 17 goals developed by the United Nations that are designed to be a framework in which countries aim to tackle a range of issues, from combating climate change to ending poverty and hunger.

The United Nations-supported Principles for Responsible Investment (PRI) initiative is recognised as the leading global network for investors and financial industry participants who are committed to integrating environmental, social and governance (ESG) considerations into their investment practices and ownership policies.

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All investing involves risk. Principal loss is possible. The risks of investing vary depending on an investor's particular situation.

Nothing contained in this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation and should carefully read specific fund documentation for particular situations.

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The MSCI ESG Fund Ratings is designed to assess the resilience of a fund's aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks.

- AAA, AA: Leader- The companies that the fund invests in tend to show strong and/or improving management of financially relevant environmental, social and governance issues. These companies may be more resilient to disruptions arising from ESG events.
- A, BB, BB: Average- The fund invests in companies that tend to show average management of ESG issues, or in a mix of companies with both above-average and below-average ESG risk management.
- B, CCC: Laggard- The fund is exposed to companies that do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These companies may be more vulnerable to disruptions arising from ESG events.

The Fund ESG Rating is calculated as a direct mapping of "Fund ESG Quality Score" to letter rating categories.

- 8.6- 10: AAA
- 7.1- 8.6: AA
- 5.7- 7.1: A
- 4.3- 5.7: BBB
- 2.9- 4.3: BB
- 1.4- 2.9: B
- 0.0- 1.4: CCC

The "Fund ESG Quality Score" assesses the resilience of a fund's aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks, based on a granular breakdown of each issuer's business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production. The "Fund ESG Quality Score" is provided on a 0-10 score, with 0 and 10 being the respective lowest and highest possible fund scores.

The "Fund ESG Quality Score" is assessed using the underlying holding's "Overall ESG Scores", "Overall ESG Ratings", and "Overall ESG Rating Trends". It is calculated in a series of 3 steps.

Step 1: Calculate the "Fund Weighted Average ESG Score" of the underlying holding's "Overall ESG Scores". The Overall ESG Scores represent either the ESG Ratings Final Industry-Adjusted Score or Government Adjusted ESG Score of the issuer. Methodology for the issuer level scores are available in the MSCI ESG Ratings Methodology document.

Step 2: Calculate adjustment % based on fund exposure to "Fund ESG Laggards (%)", "Fund ESG Trend Negative (%)", and "Fund ESG Trend Positive (%)".

Step 3: Multiply the "Fund Weighted Average ESG Score" by (1 + Adjustment %).

For more information please visit <https://www.msci.com/esg-fund-ratings>

Ecofin is a sustainable investment firm with roots dating to the 1990s and a global footprint with offices in the U.S. and UK. Our core belief is we can deliver strong risk-adjusted returns and create a healthier planet and society. Our strategies offer global solutions in private and public securities that address global challenges in climate action, water and social impact. Through these strategies we seek to achieve positive impacts that align with UN Sustainable Development Goals and are accessible through a variety of vehicles. Ecofin Investments, LLC is the parent of registered investment advisers Ecofin Advisors, LLC and Ecofin Advisors Limited (collectively "Ecofin").

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