

ECOFIN SUSTAINABLE GLOBAL WATER UCITS FUND

Dated 1 December 2022

ANNEX II

Product name: Ecofin Sustainable Global Water UCITS Fund

Legal entity identifier: 635400NNNG39GQHQBZ54

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

● ● Yes

● ○ No

It will make a minimum of **sustainable investments with an environmental objective: ___%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: ___%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 70% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The portfolio construction process restricts investments to companies that align with certain of the Sub-Investment Manager's Sustainable Investment Themes. Specifically this Fund invests across three Sustainable Investment Themes, "**Improving Water Infrastructure**", "**Technology and Process Innovations**", and "**Environmental**".

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.

These investments promote:

Availability and efficiency of water and wastewater infrastructure

Techonology 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. 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.

These investments promote:

Adoption of technological and other innovations to promote efficient use of water

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.

These investments promote:

Protecting groundwater

Encouraging water reuse and recycling

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Water: The investment due diligence process considers water usage and recycling and emissions to water.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the Fund partially intends to make, are to contribute to one or several of the UN SDGs. Sustainable investments contribute to the objectives through the Fund's investments in companies that align to one or more of the three Sustainable Investment Themes, "Improving Water Infrastructure", "Technology and Process Innovations", and "Environmental" and have revenue or capital expenditures that pass a minimum threshold as determined by the Sub-Investment Manager for alignment with UN SDGs.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

All sustainable investments need to meet minimum sustainability criteria, as determined by the investment due diligence process, completed during the investment process and reviewed on an ongoing basis. This review includes:

Principal Adverse Impact (“PAI”): The negative impact of investments on sustainability factors is taken into consideration as an integrated part of the Sub-Investment Manager’s investment process.

Norms-based Screening: Exclusion filters are applied to the portfolio construction process to restrict investments in companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption.

Firm-level Exclusions (including the Sub-Investment Manager’s Fossil Fuel Policy): Exclusion filters are applied in the construction process to restrict investments in companies that may be involved in the production of fossil fuels and controversial weapons.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Sub-Investment Manager uses a variety of financial and non-financial factors during the initial investment process and on-going diligence of its investments. Where reliable data is available, the process seeks to incorporate mandatory indicators for adverse impacts on sustainability factors as described in the Joint Committee draft Regulatory Technical Standards (RTS) on ESG disclosures as part of the ESG dataset reviewed for each investment. Depending on determinations of materiality to the individual investments and availability of reliable data, the Sub-Investment Manager may also seek to incorporate one or more additional indicators as described in the RTS into the ESG data evaluated.

Greenhouse Gas Emissions: Consistent with the stated ESG focus of the Fund, the Sub-Investment Manager is particularly interested in Greenhouse Gas Emissions of portfolio investments. The investment due diligence process considers GHG emissions, Carbon footprint, GHG intensity, Exposure to fossil fuels, Share of non-renewable energy, Emissions of inorganic & air pollutants, and investments in companies without carbon emission reduction initiatives.

Biodiversity: The investment due diligence process considers potential impacts on biodiversity-sensitive areas and where appropriate engages

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

with investments and potential investments to understand policies related to protecting biodiversity.

Water: The investment due diligence process considers water usage and recycling and emissions to water.

Waste: The investment due diligence process considers hazardous and radioactive waste production.

Social and employee matters: The investment due diligence process reviews investments for violations of UN Global Compact and OECD Guidelines, policies related to monitoring compliance with UN Global Compact and OECD Guidelines, and exposure to controversial weapons.

Human Rights: The Sub-Investment Manager cares deeply about human rights and reviews policies and procedures around human rights, human, trafficking, child labour, and forced or compulsory labour.

Anti-corruption and anti-bribery: The investment due diligence process considers anti-corruption and anti-bribery policies.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Included in the Sub-Investment Manager's due diligence process are the social considerations of people, communities, and relationships, as well as standards for operating, managing, and sustaining a company. The Sub-Investment Manager strives to ensure that the portfolio companies are against any form of slavery and forced labour and are committed to ethical business practices. The Sub-Investment Manager seeks to mitigate the Fund's exposure to corruption and modern slavery through due diligence on all portfolio companies.

As part of the Sub-Investment Manager's internal due diligence process, all existing and potential investments are routinely screened through one or more specialized ESG research providers to assess any violations of acceptable business practices including alignment with OECD Guidelines and UN Guiding Principles.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

No

The Sub-Investment Manager uses the same rigorous due diligence and monitoring process described for sustainable investments above for all investments made in the Fund when considering principal adverse impacts on sustainability factors.

Information on PAI on sustainability factors will be made available in the annual report to be disclosed pursuant to SFDR Article 11(2).



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What investment strategy does this financial product follow?

The Sub-Investment Manager of the Fund believes that societies need to accelerate the transformation to a greener, decarbonized and more sustainable economy. Due to this belief, the Fund is primarily focused on investing in companies that are positioned to benefit from the pursuit of solving the water supply/demand imbalance.

As of a result of the objective of solving the water supply/demand imbalance, the Sub-Investment Manager believes the investments in the Fund generate a more sustainable future as described by the United Nations Sustainable Development Goals 3, 6, 9, and 11, which, among other things, call for clean water and sanitation for all, responsible consumption and production, and to take action against climate change. According to the UN, a sustainable future is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

As discussed in the “Investment Strategy and Process”, “Sustainability Risks” and “Annex I” sections of this Supplement, ESG research is thoroughly incorporated into the investment process for the Fund. Each company has an assigned analyst who is responsible for all aspects of the research process and for engaging with company management. The Sub-Investment Manager primarily utilizes company filings and engagement with management teams in its ESG assessment for qualitative analysis. The Sub-Investment Manager has access to specialist research from third-party providers which can serve to augment and support its in-house research.

The Sub-Investment Manager believes that well-managed companies actively managing their ESG risks are more capable of generating superior long-term performance. A thorough understanding of ESG issues empowers companies to potentially mitigate risks and take advantage of the opportunities resulting from these issues.

The Sub-Investment Manager’s research process integrates both traditional fundamental analysis with ESG factors. The Sub-Investment Manager believes these analyses may impact and reflect into a company’s overall shareholder returns. Each company has an assigned analyst who is responsible for all aspects of the research process and for engaging with company management, including ESG-related

issues, in populating the risk-based model to seek to provide better risk-adjusted returns.

The principal area of market inefficiency the Sub-Investment Manager is looking to exploit relates to its proprietary views on how policy frameworks (and laws) around ESG matters, such as climate change and emission efficiency, together with technology innovations, can conspire to create substantial deviations in market expectations.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

ESG research is thoroughly incorporated into the investment process for the Fund. Each company that the Sub-Investment Manager follows in the Fund's investment universe has an assigned analyst who is responsible for all aspects of the research process and for engaging with company management. With the Sub-Investment Manager's tiering process in its risk model, the Fund's portfolio will own higher weights in companies that score well on the Sub-Investment Manager's ESG ratings process, therefore maximizing the ESG characteristics of the Fund.

Sustainability risk analysis is also a part of the Sub-Investment Manager's stock assessment process. The Sub-Investment Manager seeks to identify actual or potential ESG risks to a company or its business model and to ascertain the materiality of such sustainability risks. The primary goal is to understand the nature of potential risks and whether they could derail or materially impact the underlying investment case for a company's shares.

Investments in the Fund align with one or more of the Sub-Investment Manager's Sustainable Investment Themes of "Improving Water Infrastructure", "Technology and Process Innovations", or "Environmental".

The Fund is committed to a minimum portion of investments to be sustainable investments as defined by the Sub-Investment Manager's proprietary methodology that identifies sustainable investments based on contribution to UN SDGs and/or Taxonomy-aligned activities.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment***

strategy?

N/A-there is no commitment to reduce the scope of investments by a minimum rate.

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of investee companies is addressed in various layers of the security selection process. Governance safeguards exist at both the Norms-based screening as well as the PAI process. Among other items, these processes consider sound management structures, employee relations, remuneration of staff and tax compliance.

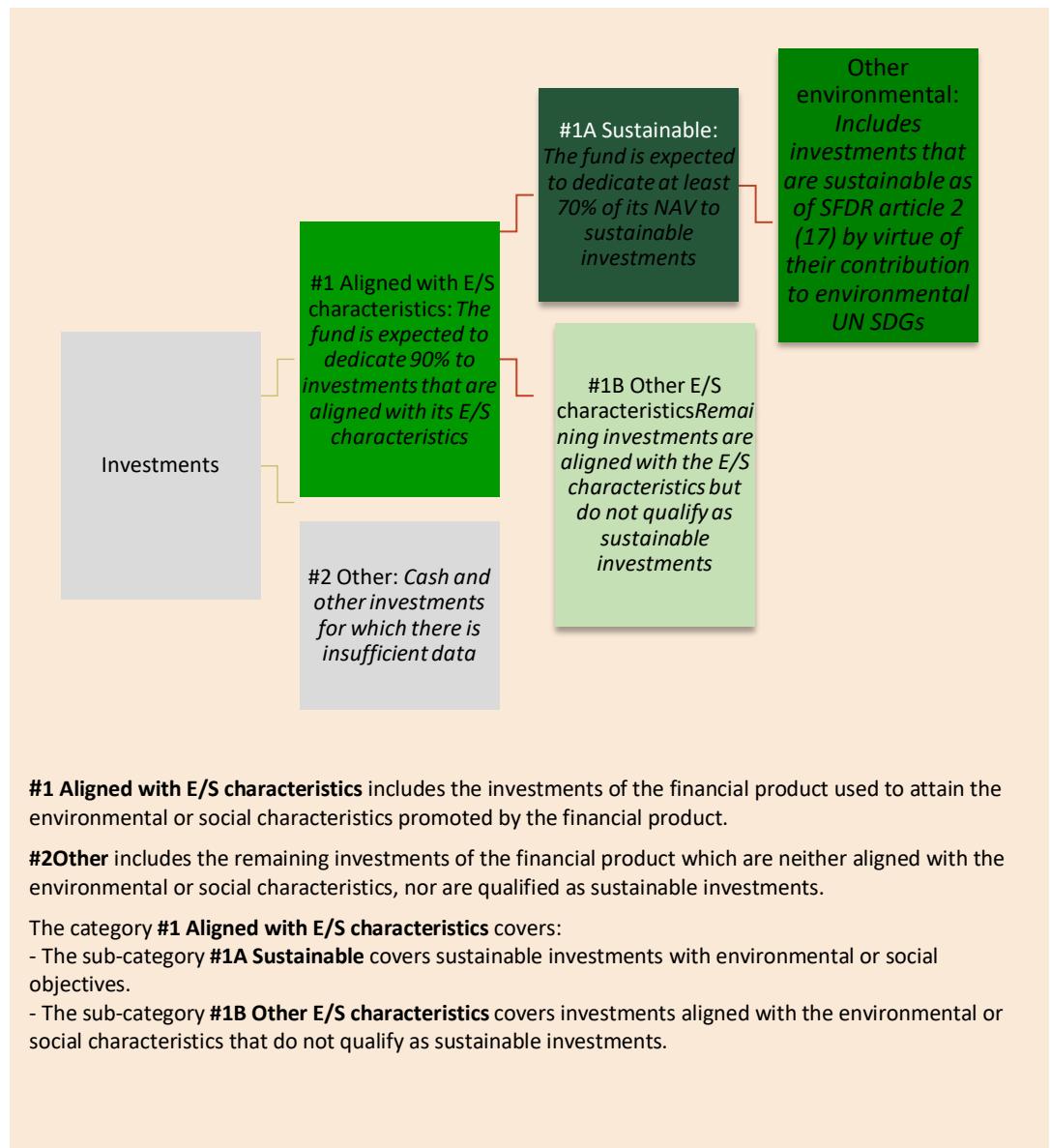


What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

A minimum of 90% of the investments of the Fund meet the environmental and social characteristics promoted by the Fund in accordance with Article 8 of Regulation (EU) 2019/2088 and the binding elements of the investment strategy.

While the Fund does not have sustainable investing as its objective, the Fund seeks to make the vast majority of those investments (at least 70% of its assets) in sustainable investments with an environmental objective.

The purpose of the remaining 10% proportion of the investments, if any, that are not used to meet the environmental and social characteristics promoted by the

product is cash held as ancillary liquidity or for risk balancing purposes. This category may also include securities for which relevant data is not available.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Fund does not intend to use financial derivative instruments for attainment of environmental or social characteristics.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



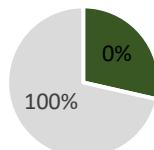
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the Fund's net assets

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

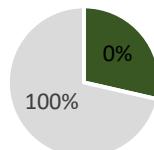
1. Taxonomy-alignment of investments including sovereign bonds*

- Taxonomy-aligned
- Other investments



2. Taxonomy-alignment of investments excluding sovereign bonds*

- Taxonomy-aligned
- Other investments



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● What is the minimum share of investments in transitional and enabling activities?

0% of the Fund's net assets



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

70% of the Fund's net assets

In assessing whether an investment is considered to be in environmentally sustainable economic activities (i.e. taxonomy aligned), the Sub-Investment Manager must be satisfied that the relevant economic activity (i) contributes substantially to the environmental objective of climate change mitigation or climate change adaptation, (ii) does not significantly harm any of the environmental objectives outlined in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "Taxonomy Regulation"); (iii) is carried out in compliance with the minimum safeguards laid down in the Taxonomy Regulation and (iv) complies, as of the date of this Supplement, with the technical screening criteria relating to climate change mitigation and climate change adaptation (as applicable) set down in Commission Delegated

Regulation 2021/2139 (EU).

The Sub-Investment Manager cannot currently satisfy itself that the investments within the portfolio meet the aforementioned criteria.

The Fund may invest in economic activities that are not yet eligible to be environmentally sustainable economic activities or for which the technical standards are not yet finalised (i.e. the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems)

What is the minimum share of socially sustainable investments?



0% of the Fund's net assets



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash may be held as ancillary liquidity or for risk balancing purposes. This category may also include securities for which relevant data is not available.

 are
sustainable
investments with an
environmental
objective that **do
not take into
account the criteria**
for environmentally
sustainable
economic activities
under the EU
Taxonomy.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?



More product-specific information can be found on the website:
<https://ucits.ecofininvest.com/funds/ecofin-sustainable-global-water-ucits-fund/>