

Sustainability-related Disclosures

under the EU Sustainable Finance Disclosure Regulation (the SFDR)

Osmosis ICAV (the ICAV)

Osmosis Developed Core Equity Fossil Fuel Transition Fund (the Fund)

Legal Entity Identifier: 635400ASBJORAHVSTO41

1 SUMMARY

The ICAV is authorised by the Central Bank of Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and as an open-ended umbrella fund with segregated liability between sub-funds.

The Fund promotes environmental characteristics and as such is a financial product referred to in Article 8 of Regulation (EU) 2019/2088. The Fund does not have as its objective sustainable investment.

The Fund promotes the environmental characteristics including carbon emission reduction, water consumption reduction and waste creation reduction.

The Fund's investment manager, Osmosis Investment Management UK Limited (the **Investment Manager**) invests in equity securities of resource efficient public companies. Resource efficient public companies are those companies which use less fossil-fuel based energy per unit of revenue than their sector peers, use less water per unit of revenue than their sector peers and create less landfill, incinerated and recycled waste per unit of revenue than their sector peers (as determined by the Osmosis Model of Resource Efficiency (the **MoRE Model**)).

The Fund commits to a minimum proportion of 95% of investments to attain the characteristics promoted by the Fund. The remaining portion of the investment of the Fund consists of cash or ancillary liquid assets and FDI for efficient portfolio management purposes or for investment purposes related to achieving the Fund's investment objective.

The Investment Manager applies the exclusions referred to in Article 12(1)(a) to (c) of Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks (the "**Climate Transition Benchmark Exclusions**").

The Investment Manager has established an ESG Advisory Council that is responsible for keeping ESG criteria under review to assess the applicability and/or relevance of exclusions in the context of the developing economy and how companies are approaching their transition towards zero carbon production.

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund include: carbon (in tCO₂e) / revenue (in million dollars) for carbon emission reduction, water usage (in m³) / revenue (in million dollars) for water consumption reduction and waste generated (in metric tonne) / revenue (in million dollars) for waste generation reduction.

The primary limitations to methodologies and data are the lack of corporate disclosure by issuers, and a lack of standardised disclosure frameworks applicable to issuers. The Investment Manager seeks to overcome these limitations by relying on the environmental database created by its in-house research team.

The Investment Manager has in place a policy to assess the good governance practices of the investee companies of the Fund whereby prospective investee companies are screened and assessed and removed from the investment universe where their practices fail to meet the standards of the policy.

Prescient Fund Services (Ireland) Limited (the **Manager**) delegates its portfolio management activities in respect of the Fund to the Investment Manager. The Investment Manager has developed a clear expertise in resource efficiency, corporate environmental reporting and the correct understanding, interpretation and integration of environmental data into investment theory. The Investment Manager's active engagement as detailed in its engagement policy is centred around this expertise, sharing best reporting practice with companies, explaining the importance of the requested data, learning from companies how to best use the data and explaining any changes in the resource consumption data.

2 NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

3 ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes the following environmental characteristics:

- Carbon emission reduction
- Water consumption reduction
- Waste creation reduction

The Fund does not promote any social characteristics.

4 INVESTMENT STRATEGY

The Investment Manager utilises its MoRE Model to arrive at a Resource Efficiency Factor Score (as defined in the supplement of the Fund) for each company. The Resource Efficiency Factor Score is used to select companies in order to build a portfolio of those companies which have improved sustainability characteristics focused on carbon emission, water consumption and waste creation and which target an excess performance derived from the tilts to such sustainability factors. Companies who derive their revenue from oil and gas activities (>5%) are also excluded. Thereby, the Investment Manager, through its MoRE Model, maximises the Fund's sustainability exposure within the risk tolerance of investors, notwithstanding the broad nature of the Benchmark. In this way, the Fund seeks to achieve its sustainability objectives.

In tandem, the Investment Manager also has ethical exclusions such that companies that are in breach of the UN Global Compact principles (the "**UNGC Principles**") are automatically excluded from any investment, in addition to companies in the tobacco sector. In the context of the UNGC Principles, the Investment Manager relies upon its own proprietary approach to the environmental principles. Whilst there is much debate with regards to the fossil fuel divestment vs transition, mandates which include fossil fuels naturally target the most efficient within the sector.

The Investment Manager has established an ESG Advisory Council that is responsible for keeping ESG criteria under review to assess the applicability and/or relevance of exclusions in the context of the developing economy and how companies are approaching their transition towards zero carbon production. The ESG Advisory Council includes employees of the Investment Manager as well as external parties with expertise in and a working knowledge of Environmental, Social and Governance principles.

The investment universe of the Fund comprises the world's largest public companies in developed global markets. The Resource Efficiency Factor Score is generated through the Investment Manager's MoRE Model which calculates scores on a systematic basis using a proprietary resource efficiency valuation metric derived from observed amounts of energy consumed, water use, and waste created relative to revenue generated for each company in the global large cap universe. The Resource Efficiency Factor Score is used to maximise the Fund's exposure to resource efficient public companies. The Fund maximises its exposure to resource efficient public companies which have significant reduction in its environmental footprint across carbon emissions, water consumption and waste creation. The level of environmental footprint reduction is linked to the risk tolerance of the Fund.

The MoRE Model will analyse the disclosing universe of public companies contained within the Benchmark that disclose sufficiently on their GHG Equivalent Emissions, waste creation and water consumption, in the public domain through their annual reports and sustainability reports; this data is checked for completeness and accuracy and then entered into the MoRE Model database making it part of the disclosing universe of stocks). The specialist research team at the Investment Manager assesses, corrects, normalises and collates resource efficiency data from large corporates as its core function. Data runs through a statistical check on both absolute quantities and intensities. Significant data variations and anomalies with respect to previous years are automatically selected for manual analysis: annual and semi-annual sustainability reports are then researched to validate or correct the original source information.

Only companies which disclose on GHG Equivalent Emissions, water consumption and waste generation will be scored. These factors are combined and calculated into a Resource Efficiency Factor Score, i.e. for each stock within the universe of companies disclosing environmental and resource efficiency data a unique multi-factor score is calculated. The multi-factor score is generated by combining the individual factors of greenhouse gas emissions, water use, and waste generated which are used to quantify a company's resource efficiency. The Fund's investment portfolio is deliberately biased towards companies with higher scores thereby increasing the portfolio weights towards public companies exhibiting greater resource efficiency.

The Resource Efficiency Factor Scores are analysed within their sector and re-calculated in respect of each company upon publication of its annual financials (including its environmental report). When new data is released for a company, then the Resource Efficiency Factor Score will change for that company. A company that either does not disclose sufficiently on the three resource consumption factors (energy, water and waste) receives a zero-factor score.

Investments to attain the environmental characteristics need to be made using the process outlined above, incorporating MoRE and its multi-factor score ranking.

The specific binding elements are:

- Investments must be based on the Resource Efficiency Factor Score based on carbon, water and waste disclosure, where available;
- The Investment Manager will apply the Climate Transition Benchmark Exclusions;
- No investments may be made in companies flagged by the UNGC exclusion list; and
- No investments in tobacco companies.

5 PROPORTION OF INVESTMENTS

The Fund commits to a minimum proportion of 95% of investments to attain the characteristics promoted by the Fund. The remaining portion of the investment of the Fund consists of cash or ancillary liquid assets and FDI for efficient portfolio management purposes or for investment purposes related to achieving the Fund's investment objective.

6 MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Investment Manager has established an ESG Advisory Council that is responsible for keeping ESG criteria under review to assess the applicability and/or relevance of exclusions in the context of the developing economy and how companies are approaching their transition towards zero carbon production. The ESG Advisory Council will include employees of the Investment Manager as well as external parties who have expertise in and working knowledge of Environmental, Social and Governance principles. Appointments will be made by invite only and the ESG Advisory Council will be run and controlled by the Investment Manager. The ESG Advisory Council will not have any power to dictate the decisions of the Investment Manager, who will at all times retain full discretion over the assets of the Fund, however the Investment Manager will review the opinions expressed by the ESG Advisory Council.

7 METHODOLOGIES

The following are the sustainability indicators used to measure the attainment of the environmental characteristics promoted by the Fund are as follows:

- Carbon (in tCO₂e) / revenue (in million dollars) for carbon emission reduction;
- Water usage (in m³) / revenue (in million dollars) for water consumption reduction; and
- Waste generated (in metric tonne) / revenue (in million dollars) for waste generation reduction.

8 DATA SOURCES AND PROCESSING

The MoRE Model will analyse the disclosing universe of public companies in the Selection Pool (i.e. those constituents of the Selection Pool that disclose sufficiently on their energy consumption, waste creation and water consumption, in the public domain through their annual reports and sustainability reports; this data is checked for completeness and accuracy and then entered into the Model of Resource Efficiency database making it part of the disclosing universe of stocks). This data is checked by the specialist research team at the Investment Manager for completeness and accuracy and then entered into the Model of Resource Efficiency database making it part of the disclosing universe of stocks. The specialist research team at the Investment Manager assesses, corrects, normalises and collates resource efficiency data from large corporates as its core function. Data runs through a statistical check on both absolute quantities and intensities. Significant data variations and anomalies with respect to previous years are automatically selected for manual analysis: annual and semi-annual sustainability reports are then researched to validate or correct the original source information.

Only companies which disclose on GHG Equivalent Emissions, water consumption and waste generation will be scored. These factors are combined and calculated into a Resource Efficiency Factor Score, i.e. for each stock within the universe of companies disclosing environmental and resource efficiency data a unique multi-factor score is calculated. The multi-factor score is generated by combining the individual factors of greenhouse gas emissions, water use, and waste generated which are used to quantify a company's resource efficiency. The Fund's investment portfolio is deliberately biased towards companies with higher scores thereby increasing the portfolio weights towards greater resource efficiency.

The Resource Efficiency Factor Scores are analysed within their sector and re-calculated in respect of each company upon publication of its annual financials (including its environmental report). When new data is released for a company, then the Resource Efficiency Factor Score will change for that company. A company that does not disclose sufficiently on the three resource consumption factors (energy, water and waste) receives a zero factor score. The Fund's portfolio is rebalanced quarterly to take into account both the Resource Efficiency Factor Score and ex-ante active risk constraint, (which is a forward looking, forecasted active risk sensitivity which shows the potential divergence of a portfolio from its stated Benchmark).

Investments are selected using the Investment Manager's proprietary resource efficiency metrics, upon which the MoRE Model is based. In addition the Investment Manager applies a discretionary exclusionary policy for the Fund that accords with the Fund's investment philosophy; these exclusions and the Investment Manager's policies underpinning them will evolve as the wider ESG landscape evolves. In the event that any material changes to the above exclusions are proposed then, subject to the approval of the Central Bank, the Supplement will be updated appropriately. The ESG Advisory Council provides external views to assist the Investment Manager in the development of its ESG policies.

9 LIMITATIONS TO METHODOLOGIES AND DATA

The primary limitations to the methodologies or data sources employed by the Investment Manager are the lack of corporate disclosure by issuers, and a lack of standardised disclosure frameworks applicable to issuers. Consistent with the experience of other financial market participants, the Investment Manager can find it a challenge to obtain adequate information on the principle adverse indicators. Where the Investment Manager does find that adequate information is made available by issuers, it is often in a format that is difficult to correctly interpret and integrate into

the Investment Manager's investment models. While the Investment Manager perceives an ongoing steady increase in the level of corporate environmental disclosure being made available, and in the data quality, the Investment Manager does not foresee this issue being completely resolved in the near future.

In order to seek to overcome these limitations, the Investment Manager heavily invests in its in-house research team specialising in extracting, cleaning, interrogating and standardising corporate environmental disclosures. The Investment Manager believes that by keeping this process in-house, rather than relying on data vendors to supply it with environmental data, the Investment Manager has developed a deeper understanding of its datasets, enabling the Investment Manager to create a superior environmental database leading to higher confidence in the Investment Manager's ability to deliver the environmental characteristics promoted by the Fund.

10 DUE DILIGENCE

The investment universe comprises the world's largest public companies in developed global markets and the Resource Efficiency Factor Score is generated through the MoRE Model which calculates scores on a systematic basis using a proprietary resource efficiency valuation metric derived from observed amounts of energy consumed, water use, and waste created relative to revenue generated for each company in the global large cap universe. The Resource Efficiency Factor Score is entered into an optimization program as an "alpha score" and third party risk models are used as the risk function. The optimizer is programmed to maximize the Resource Efficiency Factor score whilst controlling to the constraints set within the third party risk models (an optimiser in this context is a financial tool used by the Investment Manager to generate investment portfolios subject to multiple risk constraints such as turnover and industry and country exposure). The third party risk models used are multi-factor risk models and are used to generate a portfolio with a similar risk profile to that of the Benchmark. Typical examples of the common factors controlled for are industry, country and style (growth, value, momentum, etc.). Such risk models do not provide discretionary investment management authority to third parties in respect of the assets of the Fund.

The MoRE Model will analyse the disclosing universe of public companies in the Selection Pool (i.e. those constituents of the Selection Pool that disclose sufficiently on their energy consumption, waste creation and water consumption, in the public domain through their annual reports and sustainability reports; this data is checked for completeness and accuracy and then entered into the Model of Resource Efficiency database making it part of the disclosing universe of stocks). This data is checked by the specialist research team at the Investment Manager for completeness and accuracy and then entered into the Model of Resource Efficiency database making it part of the disclosing universe of stocks. The specialist research team at the Investment Manager assesses, corrects, normalises and collates resource efficiency data from large corporates as its core function. Data runs through a statistical check on both absolute quantities and intensities. Significant data variations and anomalies with respect to previous years are automatically selected for manual analysis: annual and semi-annual sustainability reports are then researched to validate or correct the original source information.

Only companies which disclose on GHG Equivalent Emissions, water consumption and waste generation will be scored. These factors are combined and calculated into a Resource Efficiency Factor Score, i.e. for each stock within the universe of companies disclosing environmental and resource efficiency data a unique multi-factor score is calculated. The multi-factor score is generated by combining the individual factors of greenhouse gas emissions, water use, and waste generated which are used to quantify a company's resource efficiency. The Fund's investment portfolio is deliberately biased towards companies with higher scores thereby increasing the portfolio weights towards greater resource efficiency.

The Resource Efficiency Factor Scores are analysed within their sector and re-calculated in respect of each company upon publication of its annual financials (including its environmental report). When new data is released for a company, then the Resource Efficiency Factor Score will change for that company. A company that either does not disclose sufficiently on the three resource consumption factors (energy, water and waste) receives a zero factor score. The Fund's portfolio is rebalanced quarterly to take into account both the Resource Efficiency Factor Score and ex-ante active risk constraint, (which is a forward looking, forecasted active risk sensitivity which shows the potential divergence of a portfolio from its stated Benchmark).

The Investment Manager has in place a policy to assess the good governance practices of the investee companies of the Fund whereby prospective investee companies are screened and assessed and removed from the investment

universe where their practices fail to meet the standards of the policy. In particular, companies flagged by the UNGC exclusion list will be excluded entirely from the Fund.

The Fund applies fossil fuel exclusions in accordance with the Investment Manager's exclusion policy. These exclusions currently apply to companies that the Investment Manager deems to have material involvement (i.e. greater than 5%) in thermal coal, oil sands, fossil fuel reserves, oil & gas equipment and services and oil & gas extraction and production (though re-inclusion is considered for transitioning companies, i.e. a utility company generating more than 50% of its electricity from renewable energy (including hydropower) could be returned back into the selection pool). In addition to the application of the foregoing Fossil Fuel Screening Policy, the Investment Manager applies the Climate Transition Benchmark Exclusions. The Investment Manager also seeks to apply wider principles-based exclusions on companies where the Investment Manager in its discretion determines, based on information provided by a third party data provider as outlined above, the company to have a material involvement in any of the below activities:

- Environmental, Social and Governance ("ESG") controversies;
- Controversial weapons;
- Nuclear weapons;
- Civilian firearms; and
- Tobacco.

11 ENGAGEMENT POLICIES

The Investment Manager operates an active ownership policy in respect of the Fund, which includes engagement with investee companies as well as exercising its voting rights. The engagement with investee companies relates to sustainability characteristics, focusing on carbon emissions, water consumption and waste generation, such as disclosure by investee companies of these metrics or their performance on these metrics.

The Investment Manager's engagement can be divided into 4 key categories:

- 11.1 Promoting improved disclosure and transparency on environmental issues;
- 11.2 Company/sector specific monitoring and research;
- 11.3 Collaborative Engagement;
- 11.4 Active Ownership and Stewardship.

This active ownership policy promotes the environmental characteristics for this Fund with investee companies by encouraging reductions in carbon emissions, water consumption and waste generation by those investee companies.

12 DESIGNATED REFERENCE BENCHMARK

No reference benchmark has been designated for the purpose of attaining the environmental characteristics promoted by the financial product.