2022 Sustainability & Impact Report

ecofin

Sustainable Listed Infrastructure Strategy

> Ecofin has a long history of sustainable investments. Thematic-focused opportunities and risk factors have been integrated into the investment teams' processes since the founding of the firm in the 1990s, 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 superior, 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**: Utilise 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

Who we are

STRATEGY INVESTMENT TEAM

Jean-Hugues de Lamaze
Managing Director, Senior Portfolio Manager

Matteo Rodolfo, CFA
Investment Analyst

LISTED EQUITIES INVESTMENT TEAM

Matthew Breidert
Senior Portfolio Manager and Managing Director

Michel Sznajer, CFA
Portfolio Manager and Director

Max Slee
Portfolio Manager and Director

Michael Perry, CFA
Director and Investment Analyst

Ethan Zhang, CFA
Investment Analyst

Anny Giavelli
Sustainable Investment Strategist

Elspeth Dick, CFA
Director – Product Specialist & Investor Relations

RISK

Gilles Schlutig, CFA
Director, Head of risk – Listed Ecofin Strategies

TRADING

Michaël Vollant
Head of International Trading

SUSTAINABILITY & IMPACT TEAM

Greg Murphy
Managing Director - Head of Impact

Ben Bor
Senior Analyst

Emma Kurtz
Analyst

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Section One

Executive summary

The world needs investments that provide solutions for global challenges, especially in times of crisis. For the first time we are creating sustainability or 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 so essential.

The body of the report introduces the investment themes that underpin our Sustainable Listed Infrastructure ("SLI") strategy. The global transition to a more circular, lower carbon economy requires new and significantly upgraded infrastructure. These new or reimagined infrastructure projects are significant investment opportunities. We describe how our thematic investments are positioned both to enable and benefit from these projects. We also map each investment theme against the UN Sustainable Development Goals.

Mapping positive impact is only the first step. Where possible, we have sought to provide quantitative and qualitative discussions, as well as examples of the impacts being made by our investments.

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.

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.

> The transformation of the global economy needed to achieve net zero emissions by 2050 would be universal and significant, requiring $9.2 trillion in annual average spending on physical assets, $3.5 trillion more than today.

"The net-zero transition: What it would cost, what it could bring"
McKinsey Sustainability

Section Two

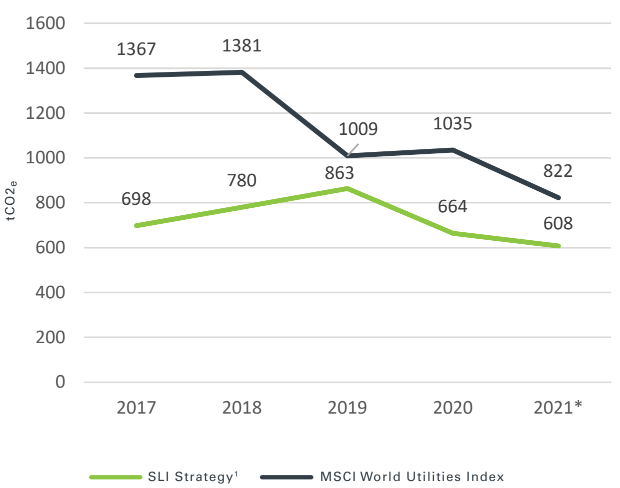
Our approach

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 SLI strategy invests in companies whose core assets respond to essential needs, operate within solid regulatory frameworks, and have predictable and sustainable cash flows. These include electric and gas utilities and renewable energies, environmental services, and transportation infrastructure. The businesses we select for our portfolios are growing as they invest to accomplish vital infrastructure upgrades and sustainability objectives. We leverage our expertise as sector-specialists to identify companies transitioning from legacy structures to cleaner business models in the early stages of their transformation, in order to capture the full value creation associated with it.

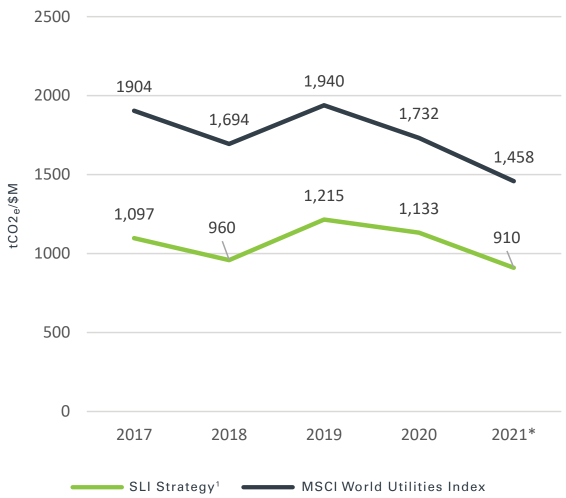
Over the past five years, the SLI strategy has achieved a net reduction in its carbon intensity by investing in companies, especially utilities, at the forefront of the energy transition and which have been accelerating their decarbonisation plans over this period. In fact, the combination of dramatically improved renewables economics and revamped investment programs has resulted in a steep decline in electricity production from coal, which has been largely substituted by wind and solar. Between 2017 and 2019 carbon intensity increased, mainly due to an intentional repositioning in the portfolios towards utilities in transition to cleaner business models. Positions added or increased during that period included companies like RWE and Drax, whose emission profiles were higher initially but expected to dramatically improve subsequently.

Carbon Emissions



Source: MSCI, Bloomberg

Carbon Intensity



Source: MSCI, Bloomberg

1. SLI Strategy as represented by the Ecofin Global Utilities and Infrastructure Trust's portfolio. SLI strategy holdings as of 30 September each year.

Regarding electricity generators in the strategy's portfolios, CO_2 emissions are significantly below the average emissions of their relevant electricity grid and the companies sitting in the global utilities index.

As of 30 September, 2021 the strategy's electricity generators had CO_2 emissions which were 25% below the average emissions of the electricity grids in which the companies operate, largely because of a relatively small reliance on coal (only about 10% of the mix), and 21% lower than those of companies in the global utilities index (as measured in $tCO_{2\,v}$/$million invested). On a forward-looking basis, specifically due to our focus on companies in transition, the strategy's emissions profile looks even better, with almost all companies having committed to both a full phase-out of fossil fuels in the medium term and a net zero emissions target in the long run.

	Share of electricity generation from coal	Share of electricity generation from renewables[1]	CO_2 emissions compared to relevant grid[2]	tCO2 per $mn invested
Strategy*	10%	31%	-25%	581
MSCI World Utilities Index	18%	20%	-12%	733

Source: Ecofin, CarbonAnalytics. [1]Renewables = Wind, Solar, Hydro, Biomass. [2]Computation of CO2 emissions of the grid in which the companies operate
*Data is for the Ecofin Global Utilities and Infrastructure Trust's portfolio as of 30/9/2021.

For more than a decade, the analysis of ESG factors has been an integral part of our 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.

Today, our SLI 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.

Section Three

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.

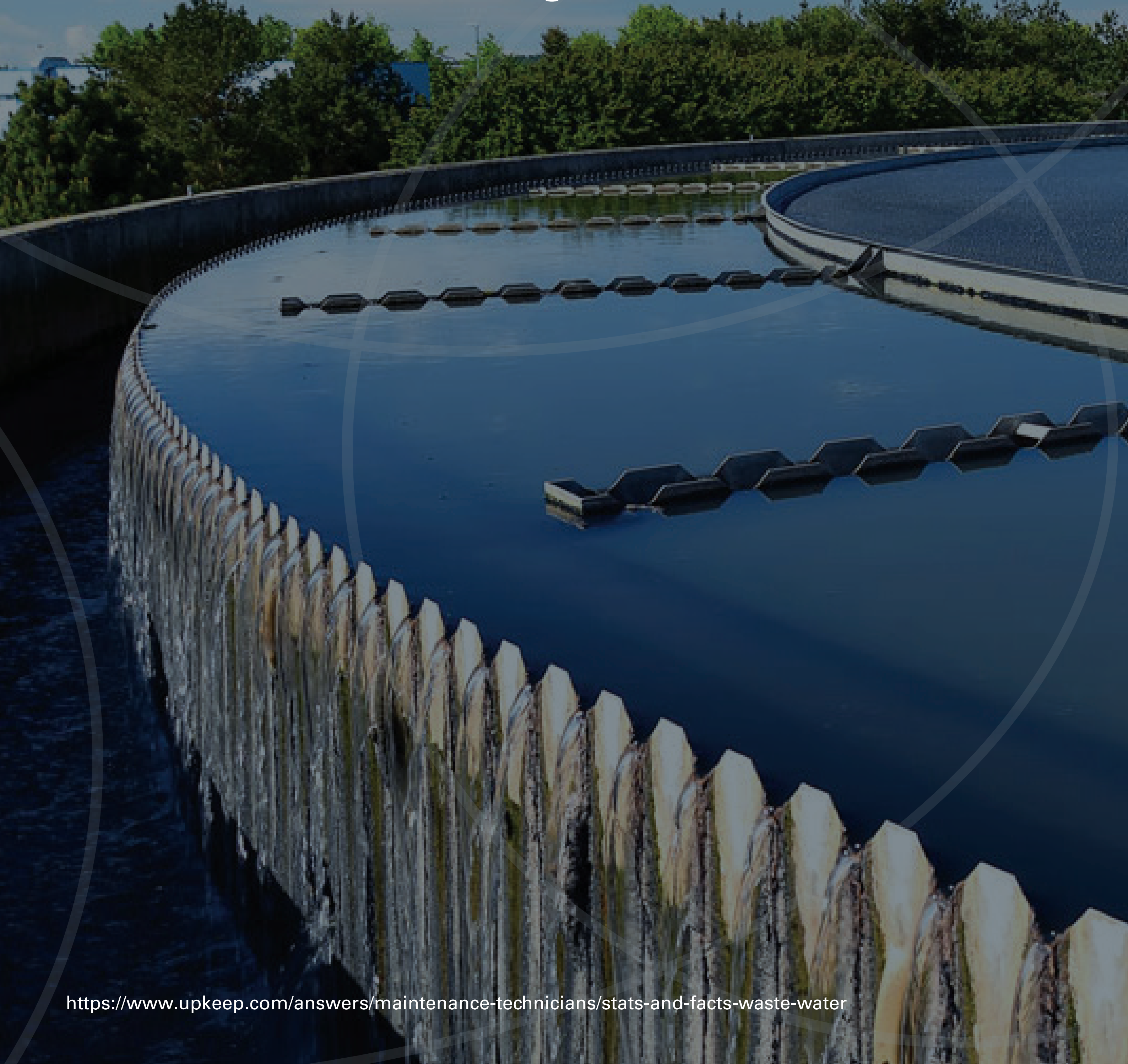
- We are a member of Carbon Disclosure Project (CDP) which is a not-for-profit that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. We are also active in the CDP Non-Disclosure Campaign which actively engages companies that have 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.

"About 80% of wastewater worldwide flows back into the ecosystem without being treated or reused. That means 1.8 billion people use a contaminated source of drinking water."



https://www.upkeep.com/answers/maintenance-technicians/stats-and-facts-waste-water

Section Four

Introduction to themes

Our Sustainable Listed Infrastructure strategy invests globally in growth-oriented economic infrastructure companies which are committed to the energy transition and have fundamentally strong ESG credentials. For the purposes of investment, economic infrastructure companies are those that own and operate assets which are essential to the functioning of economies and to economic development and growth, notably utilities and transportation-related assets such as roads, railways, ports, and airports. We attempt to identify and invest in the infrastructure supporting growth and sustainability objectives, and do so through three main investment themes:

Electrification: The power sector is undergoing a profound transformation driven by the decarbonisation and electrification of energy demand. Utilities are at the forefront of this multi-decade transition. By adapting and, in many cases, substantially overhauling their business models to accommodate new greener technologies and decentralised power sources, utilities are bound to be major beneficiaries of secular growth and attractive returns on significant capital investments.

Environmental Services: Companies involved in the abstraction, treatment and supply of water and the treatment of waste-water, and the provision of environmental services such as recycling and waste management. These businesses are critical to the conservation of energy and water resources and an overall reduction in waste and emissions.

Transporation Infrastructure: Transportation infrastructure and services are essential to developed societies and economic growth. These business models have growth potential due to the urgent need to build out and/or replace outdated infrastructure to accommodate economic growth and to modernise infrastructure to cope with the energy transition. This includes the buildout of electric vehicle charging infrastructure along toll roads, the upgrading of refueling infrastructure to accommodate sustainable aviation fuels and potentially hydrogen at airports, and the repurposing of land area adjacent to the infrastructure for sustainable uses such as the production of renewable energy or afforestation. According to most calculations, the annual level of global infrastructure investment must increase two-fold by 2035 to keep pace with projected GDP growth, the disruption caused by the energy transition and the adoption of renewables, and to meet the UN's SDGs.

Section Five

Themes tied to SDGs

Electrification:

The electric power sector is undergoing a profound transformation driven by the decarbonisation of the global economy and the electrification of energy demand. Traditional energy sources like natural gas and oil are being phased out in favour of cleaner and renewable energy, and electricity is taking a greater share within global energy markets. Of the energy market globally, electricity has around a 20% market share today, and we believe this will double over the next 20 years.

The electricity market will double because there are four big verticals pulling on electricity that are ultimately tied to renewable energy. These factors include the decarbonisation of supply chains; the emerging prevalence of electric vehicles; green hydrogen, which we believe will become the precursor to decarbonising heavy industry; and utilities which are decarbonising rapidly, as quickly as technology and infrastructure permits.

Utilities are at the forefront of this multi-decade transition. By adapting and substantially overhauling their business models to accommodate greener technologies and decentralised power sources, utilities are likely to be major beneficiaries of secular growth and attractive returns on significant capital investments.

Over the past decade, utilities groups have moved out of commodity-driven businesses to focus on a combination of regulated and fully contracted asset-backed services. Growth drivers include the acceleration of development of renewables and the necessity to upgrade power grid infrastructures to accommodate increasingly intermittent and distributed generation and to accomplish efficiencies. Valuations do not generally reflect increasingly more predictable and sustainable cash flows, secure and above market average dividend yields, and generally solid regulatory frameworks.

Environmental services:

Our current culture of one-time-use consumption is unsustainable. The U.S. EPA has estimated that roughly 42% of all greenhouse gas (GHG) emissions are caused by the production and use of goods, including food, products and packaging. Reducing, reusing and recycling will conserve that energy and dramatically reduce our carbon emissions.

Extracting raw materials requires large amounts of energy and causes pollution, whether it is logging a forest, mining for minerals or drilling for oil. Processing these materials requires more energy and causes more pollution. Once they're used, the goods are often simply dumped in a landfill.

In contrast, a circular or zero-waste approach conserves natural resources and reduces pollution from extraction, manufacturing and disposal. Reducing and reusing means fewer products are made, as people buy less and as products are made to last. Recycling keeps waste out of landfills and incinerators and provides manufacturers with recycled instead of raw materials to make new goods.

Within environmental services, the SLI strategy focuses on investing in two key areas: waste management and water utilities. In the waste management sector, the strategy invests in companies which are contributing to global resource efficiency by investing in waste treatment plants, and which are helping the reduction of emissions and water contamination associated with landfill usage by investing in waste-to-energy facilities to process non-recoverable and hazardous waste materials. In the water sector, the strategy invests in regulated utilities operating in solid regulatory frameworks with attractive growth trajectories linked to the upgrading of aging water infrastructure, contributing to greater resource efficiency, and the development of new wastewater treatment infrastructure, thereby reducing its impact on the environment.

Transportation infrastructure:

The SLI strategy invests in companies providing vital transportation infrastructure (currently predominantly airports and roads) and working to minimise the environmental impact of their assets/services. Ferrovial, for example, the largest shareholder in London's Heathrow Airport, has ambitions to become one of the world's first major aviation hubs to become carbon-neutral by the mid-2030s. The companies in the portfolio with exposure to road infrastructure are owners and/or operators of toll roads. Most of these toll road assets operate through demand-driven pricing mechanisms, which generally work towards alleviating road traffic and increasing the average journey time which, in turn, reduces the emissions generated for a comparable journey. These companies also predominantly own and compete for existing toll road concessions, such that their impact on the natural environment through the construction of new greenfield assets is very limited.

Themes tied to SDGs

Themes	Portfolio Examples	Thematic Focus	Thematic Outcomes	Thematic Impact
Electrification (Electric & gas utilities and renewable energies; generation, transmission & distribution)	• Drax • EDP • Enel • Exelon • Iberdrola • NextEra • RWE • SSE	• Captures the growing electricity market as a piece of the broader energy market • Renewable growth within electricity generation; good for the environment – good for the company	• Measurable reduction in GHG and other pollutants • Continued replacement of coal and other fossil fuel generating plants with renewables • Economic growth	3 GOOD HEALTH AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Environmental Services (Water supply, water treatment, wastewater, and waste management)	• Veolia	• Improving waste, water and energy management • Turn waste to energy • Improve water usage efficiency	• Keeps biomass out of landfills • Helps protect groundwater • Encourages reuse and recycling	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Transportation infrastructure (Roads, railways, airports and ports)	• Atlantia • Atlas Arteria • Ferrovial	• Upgrading outdated infrastructure for current needs to support growth and minimise risks • Companies building franchises with dedication to minimising the environmental impact of their services	• Carbon neutrality and sustainability objectives	3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION

> "It's takes 20x less energy to make an aluminum can from recycled materials than raw materials."

Toronto Environmental Alliance, Benefits of Zero Waste

Section Six

Top ten holdings profiles

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 top holdings of the strategy and reports on a wider assessment of the environmental, social and governance factors we evaluate within our investment framework.

Contents

All MSCI data as of 21/3/2022. Top ten SLI strategy holdings as of 30/9/2021.
Covanta and Spark excluded due to acquisition before report date.

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

Atlas Arteria

atlasArteria

Themes:

TRANSPORTATION INFRASTRUCTURE

MSCI ESG Ratings

CCC	B	BB	BBB	A	AA	AAA

ESG Rating Distribution

MSCI ACWI Index constituents, transporation infrastructure

As of 21/3/2022

Company overview

Atlas Arteria is an Australian operator of toll roads globally. The company's portfolio includes four key assets: the APRR motorway in Eastern France, the ADELAC commuter road connecting Annecy in France and Geneva in Switzerland, the Warnow tunnel in Germany, and the Dulles Greenway commuter highway near Washington, DC.

Ecofin sustainability thesis

As an owner of key transport infrastructure assets, we expect Atlas Arteria to increasingly benefit from investment opportunities arising the from the need to reduce the environmental impact of both its assets and its users. This will include the roll-out of charging infrastructure for electric vehicles as well as greening/reforestation of areas surrounding its assets.

Company's SDG commitment

Atlas Arteria recognises the important role and long-term impact of infrastructure assets on local communities in the regions in which they operate. The United Nations Sustainable Development Goals (UN SDGs) identify resilient and sustainable transport infrastructure as crucial in achieving sustainable development and empowering communities.

The company seeks to ensure its portfolio companies endeavour to pay attention and respond to local communities' needs, and support and build strong relationships with them. Moreover, it supports them through donations, sponsorships and partnerships.

Atlas Arteria

Sustainability profile

Atlas Arteria is strongly committed to play a positive role in society and views sustainability as one of its growth drivers. It has developed its Sustainability Framework incorporating materiality assessment. The company continues to focus on its four priority areas to manage ESG risks and opportunities: safety, customers and community, people, and environmental stewardship.

Through their environmental stewardship, the company has taken important steps towards reducing its carbon footprint across all scopes through initiatives such as the roll-out of full coverage of electric vehicle charging infrastructure across the whole length of the APRR in France by 2022 and by sourcing 100% of the Warnow tunnel's electricity needs from renewables. Enabling customers to reduce their footprint and mitigate climate impacts also remains a key priority. Moreover, the company implements extensive programs to manage risks related to natural environment around its project sites.

In 2020,
149
electric charging points along APRR's network

Dedicated lane for car poolers, taxis and
"zero-emission" vehicles
opened on the A48

APRR greenhouse gas emissions decreased by over
2,800 tonnes
since 2011

10,300
hectares of green space maintained

50% gender balance across Board, senior management and the border corporate team

Atlas Arteria

Company's ESG targets

ENVIRONMENT

- The Warnow Tunnel shift to a **100% renewable electricity**
- The introduction of **electric vans** is expected by 2023
- **Investing €46.5 million** by 2022 on water protection and restoration projects along APRR and AREA
- Constructing **19 large wildlife crossings** by 2023, at an **investment of €96 million**

GOVERNANCE

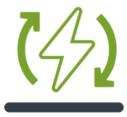
- Pursue a broader approach to **candidate diversity** that challenges current assumptions around fit and better **explores diversity of perspective and experience**
- Invest in development for managers that includes a focus on **inclusive leadership and team effectiveness**
- Promote greater **inclusion for employees** as part of the return to the workplace by exploring flexible approaches to work

Source: AtlasArteria

Top ten holdings profile

Drax

Themes



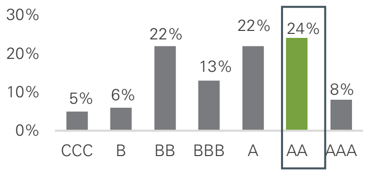
ELECTRIFICATION

MSCI ESG Ratings

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

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

Formerly the operator of Europe's largest coal power plant, Drax is now Europe's largest generator of electricity from biomass. In recent years, the company has been significantly expanding its biomass supply business, with a focus on self-sufficiency, to become the world's second-largest player in biomass pellets. During 2021, the company sold down its remaining gas power plants and ceased commercial operations at the remaining coal-fired units of Drax Power Plant.

Ecofin sustainability thesis

Drax is arguably Europe's fastest evolving utility. With the sale of its gas plants in 2021 and the end of coal firing in 2022, Drax will have eliminated all direct carbon emissions from its portfolio. The company is leveraging its position as Europe's largest biomass power generator to consolidate and expand the global pelleting market, bringing the benefits of increased availability and cost reduction to UK energy consumers as well as global biomass power plant operators. Additionally, the company is taking a step further by progressing its plans to become the world's first carbon negative utility through the pioneering installation of carbon capture at its biomass units. This project, which is expected to make substantial progress in 2022, is set to make a significant contribution to the UK's net zero emissions targets as well as materially improve the company's financial outlook beyond the next decade.

Company's SDG commitment

UN Global Compact Participant

Drax has identified non-financial goals that benefit its stakeholders and align with the UN Sustainable Development Goals (SDGs). As a participant of the UN Global Compact, Drax prioritises SDGs and hopes to continue to align with them as its business evolves.

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

Drax

Sustainability profile

To maintain a sustainable business, Drax has three priorities; carbon negative, forest positive, and people positive. Each priority has its own non-financial ambition to improve Drax as a company and the world as a whole. Drax aligns the purpose of its products and technology to tackling climate change. The company's ambition to reach net zero by 2030 will help push the UK and the rest of the world toward their climate change targets. Through its transition away from fossil fuels and into biomass, Drax has already reduced its carbon footprint by >85% compared to 2012.

Between 2012 and 2020, Drax's generation carbon intensity fell by more than
80%

Announced in February 2020 an
end to commercial coal generation
effective in March 2021

In 2020
99%
of the woody biomass sourced was SBP (Sustainable Biomass Program) compliant

In 2020
77%
of the power generated by Drax was renewable

In 2020, Drax invested in significant upgrades to its
turbines and associated equipment

Drax

Company's ESG targets

ENVIRONMENT

- **Science Based Target initiative (SBTi)** committed (due to set a science-based target aligned with the SBTi's target setting criteria within 24 months from the announcement) member of the Business Ambition for 1.5 campaign.
- Drax's ambition is to become **carbon negative** by 2030
- **Fossil fuel phase-out** by 2023
- **World first biomass carbon capture project** expected by 2027
- **World first negative emission utility** with 8mt of negative CO_2 emissions by 2030, satisfying >15% of the UK's negative emissions needs to achieve net zero by 2050

SOCIAL

- Drax's ambition is to **improve skills, education, employability and opportunity** for 1 million people by 2025

Source: Drax

Top ten holdings profile

EDP

Themes

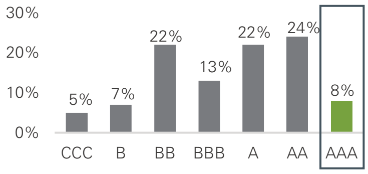
ELECTRIFICATION

MSCI ESG Ratings

CCC	B	BB	BBB	A	AA	AAA

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

EDP is Portugal's largest utility and one of the largest wind power developers in the world. It operates in 16 countries and produces nearly 70% of its output with renewable resources. EDP was an early mover into renewable energies and since 2006 has invested over €20 billion in renewables, of which 75% has been in onshore wind and 40% in the U.S., through its listed renewables subsidiary EDPR. As a fully integrated utility, EDP is also heavily involved in the distribution and transmission of electricity, both in Europe (across Portugal and Spain) and in Brazil, where it owns Energias do Brasil. Through a partnership with Engie, EDP is also present as a key player in the offshore wind arena.

Ecofin sustainability thesis

EDP is a leader in renewable energy deployment and climate change mitigating efforts from utilities companies, therefore contributing significantly to the global decarbonisation process. The company has been focusing on low carbon intensity operations as growth opportunities. Furthermore, its carbon neutrality targets are among the most ambitious ones set by integrated utility companies.

Company's SDG commitment

UN Global Compact Participant

With its strong ambitions to reduce emissions and promote renewable energies, several environmental SDGs are embedded in EDP's business growth strategy. Through different programmes and policies, EDP is committed to contributing to a significant number of other SDGs.

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

HUMAN RIGHTS | LABOUR | ENVIRONMENT | ANTI-CORRUPTION

EDP

Sustainability profile

EDP intends to grow through a business model adapted to the challenges of sustainable development. The company's sustainability strategy is based on two pillars: to lead the Energy Transition and to commit to the Environment and Society. EDP has already achieved some significant decarbonisation milestones. It is also engaged in different initiatives to enhance the company's societal commitments.

Carbon neutrality by
2030

Avoided CO_2 emissions by customers:
1.4 $MtCo_2$

Energy efficiency
3.6 TWh
saved energy by customers since 2015

Progress: total scope 1, 2 and 3 emissions
scope 1: -35% vs 2019
scope 2: -30% vs 2019
scope 3: -1.3% vs 2019

Renewables installed capacity (as % of company's total)
79% in 2020 vs
74% in 2019, exceeding the target set for 2022

Electricity production from renewable sources
74% in 2020 vs
67% in 2019

Top ten holdings profile

EDP

Company's ESG targets

ENVIRONMENT

- **Science Based Target initiative (SBTi) approved** – 1.5°C: **reduction of 98%** of Scope 1 and 2 emissions and **reduction of 50%** of Scope 3 emissions by 2030 vs 2015.
- 78% renewable installed capacity by 2022. **100% renewable generation** by 2030
- >1,000 MW of solar installed capacity (centralised and distributed) by 2022
- Internalise the TCFD **recommendations 100%** by 2022
- By 2022, **100% carbon neutral** EDP office buildings
- **Coal-free** by 2025
- **>80% of revenues** to align with EU taxonomy by 2030

SOCIAL

- **Female workforce** overall to reach **30%** in 2025 and **35%** in 2030
- **SDGs social investment** to reach EUR **50 million** in 2025 and EUR **100 million** in 2030

GOVERNANCE

- **Female leadership** to reach **30%** in 2025 and **35%** in 2030
- Maintain top management compensation to ESG matrices

Source: EDP

Top ten holdings profile

Enel

Themes

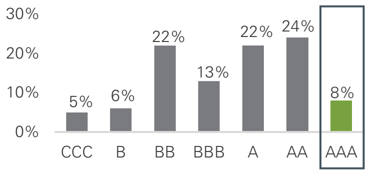
ELECTRIFICATION

MSCI ESG Ratings

CCC	B	BB	BBB	A	AA	AAA

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

Since the early 2000s, Enel, Italy's largest producer, distributor and supplier of power, has pioneered the development of renewable energy technology, focusing on wind and solar. With the acquisition of Endesa in 2007, Enel entered the Spanish market as the largest utility in the Iberian Peninsula and gained significant exposure to Latin American markets which now constitute an important region for growth. Today, Enel is the world's largest utility by customer base (over 70 million clients), the world's largest renewable energy operator (circa 50GW of capacity) and the world's largest electricity network operator (over 70 million end-users). Approximately 75% of Enel's EBITDA is regulated or quasi-regulated, with a strong focus on renewables, electricity network infrastructure and customer services.

Ecofin sustainability thesis

Since the current management team took over in 2014, Enel has been consistently growing its efforts in renewable energy to become the now single largest renewable developer in the world. More broadly, these efforts will lead the company's modernisation and decarbonisation of its power generation fleet, which will see the full phase out of coal by 2027 globally. Further down the electricity value chain, Enel is the world's largest and among the most efficient electric utilities, enabling clients to progressively reduce their carbon footprint through electrification of mobility, heating and industrial processes. It is accelerating its infrastructure digitalisation to increases resource efficiency and affordability.

Company's SDG commitment

UN Global Compact Participant

Enel's strategy is centered on sustainability and contributing to the United Nations Sustainable Development Goals (SDGs). Enel will continue its involvement in the UN's Global Investors for Sustainable Development (GISD) and the UN Global Compact's CFO Taskforce for the SDGs. Enel believes in taking action and promoting innovative solutions to environmental and social issues. It aims to help its customers, local communities and employees to embrace the challenges that the energy transition process presents.

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

Enel

Sustainability profile

From as early as 1996, Enel adopted a Group environmental policy. This supports the company's structure of protecting the environment and natural resources. The company uses oversight and monitoring to maintain its sustainable economic development guidelines in their community and organisation. Enel targets full decarbonisation by 2040 across scope 1, 2 and 3. The reduction in fossil fuel usage will also have significant positive externalities. The company has worked to achieve its 2020 environmental sustainability targets while setting the 2023 targets competitively.

There was an
88%
reduction in SO_2 emissions
in 2020 (2017 baseline)

Achieved a
54%
reduction in NOx emissions
in 2020

Reduced
96%
of dust emissions
in 2020

A solid waste reduction of
87%
in 2020

55% **reduction in specific water extraction in 2020**

Enel

Company ESG targets

ENVIRONMENT

- **Science Based Target initiative (SBTi) approved** – 1.5°C. Enel commits to reduce **scope 1 GHG emissions by 80% per kWh** by 2030 from a 2017 base year, limiting them to 82gCO2/kWheq, and achieve full decarbonisation by 2050. Enel also commits to reduce absolute **scope 3 GHG emissions** for the **use of sold products by 16%** by 2030 from a 2017 base year.
- **Net zero** by 2050
- Enel plans to **exit from coal** by 2027 and from gas by 2040. Further, it aims to have **100% renewables capacity** by 2040

SOCIAL

Over the period of 2021-2023 Enel is working towards:

- **Inclusive and equitable quality education** to **5.0 million beneficiaries**
- **20 million beneficiaries** of affordable, reliable, sustainable and modern energy by 2030
- **8.0 million beneficiaries** of sustained, inclusive and sustainable economic growth by 2030

GOVERNANCE

- Starting from the selection process, working to ensure a **50% involvement of women** up to the highest positions by 2023
- Adopt a structured and systematic approach to **disability inclusion** by 2023
- Provide **390 scholarships** to Enel people over the period 2021-2023

Source: Enel

Top ten holdings profile

Exelon

Themes

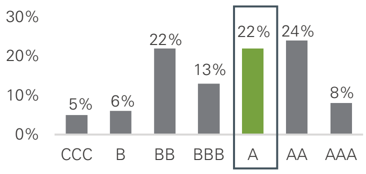
ELECTRIFICATION

MSCI ESG Ratings

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

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

Exelon is a utility services company involved in every part of the energy value chain: power generation, from nuclear, natural gas to wind and solar, energy sales, as well as rate-regulated transmission and distribution network. Its six utilities serve 10 million electric and gas customers in 48 states. It is strongly committed to provide green and innovative energy products. As the owner of nearly 19,000 MW of zero-carbon generation capacity at 23 nuclear units, Exelon has the cleanest generation fleet of the largest investor-owned power producers in the U.S. Currently it produces 11.1% of U.S. zero carbon electricity supply. Its subsidiaries are involved in grid modernisation projects and the electrification of transportation to help the U.S. to reach the Paris Agreement goals.

Ecofin sustainability thesis

As the pre-eminent leader in nuclear power generation, Exelon contributes significantly to the pathway towards decarbonisation. Beyond the nuclear portfolio, the company's utility business is investing in its transmission and distribution infrastructure to enable additional growth in renewable power generation. Furthermore, Exelon is investing in research and development partnerships that fund clean energy technology development including hydrogen, biofuels, battery storage, and carbon capture.

Exelon drives the energy transition as the largest producer of zero carbon electricity in the U.S. and with the lowest carbon intensity among major power producers.

Company's SDG commitment

Exelon's business is focused on addressing three SDGs as a priority: SDG 7, 9 and 13. As an energy company, the main contribution comes from new technologies and systems to enable clean and efficient energy use. By modernising electric and gas infrastructure, Exelon aims to ensure universal access to affordable and reliable energy services.

Exelon's operations and internal policies are also aligned with secondary SDGs. For example, Exelon is strictly connected to the local communities through engagement and partnerships and it provides growth and workforce development opportunities. The stakeholder engagement strategy has been key in building dialogues with different groups of stakeholders.

Exelon

Sustainability profile

Exelon strives to conduct business in a way that is sustainable for employees, customers, and the communities in which they work and live. Exelon achieved its carbon reduction goals years ahead of schedule and is now working to electrify 30% of its utility vehicle fleet by 2025 and 50% by 2030. This strong sustainability focus has led Exelon to be the largest producer of carbon-free energy in the U.S.

The company has also joined global calls to address inequality by creating different initiatives including the Racial Equity Task Force (RETF) with executive leadership.

Deployed
$6.6 billion
in capital to enhance resilience, reliability and infrastructure modemisation, with plans to invest a further
$27 billion
in the next 3 years

Achieved
95.4%
capacity factor at its nuclear fleet, avoiding approximately 78 million metric tons of GHG emissions

In 2020, owned-generation intensity rate was 93.9 pounds of CO_2/MWh, which is
89% lower
than the national average emission rate

Helped utility customers save
22.3 million MWh
and avoid
8.1 million metric tons
of CO_2e through energy efficiency programs

In 2020, returned
98% of water used by its facilities directly to its source

Clear GHG emissions reduction trends:

Total Exelon GHG Emissions

	2018	2019	2020
Scope 1	9,526	9,395	8,493
Scope 2 (location-based: As delivered)	6,120	6,103	5,228
Total Scope 1 & 2	**15,646**	**15,498**	**13,720**
Relevant Scope 3	197,376	180,732	178,659

Exelon

ENVIRONMENT

Company ESG targets

- Exelon's utilities will electrify **30%** of their vehicle fleet by 2025, increasing to **50%** by 2030
- Exelon's utilities announced on April 14, 2021 that they will **reduce their collective GHG emissions** by at least **50% below** 2015 levels by 2030
- Reduce emissions in direct control by **15%** by 2022 vs 2015

Source: Exelon

Top ten holdings profile

Ferrovial

ferrovial

Themes

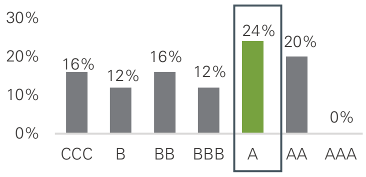
ELECTRIFICATION AND GLOBAL UTILITIES

MSCI ESG Ratings

CCC	B	BB	BBB	**A**	AA	AAA

ESG Rating Distribution

MSCI ACWI Index constituents, construction & engineering



As of 21/3/2022

Company overview

Ferrovial is a Madrid-based multinational involved in the development and operations of transportation infrastructure, urban services, and engineering and construction for public and private infrastructure projects. The company's businesses date back to the 1950s and it was floated on the stock exchange in 1999. Ferrovial operates motorways in nine countries, manages four airports in the UK, which have all achieved carbon neutrality. In addition, it is an international leader in construction of civil, industrial and transport works including expressways around the world, and buildings.

Ecofin sustainability thesis

Through its ownership of key infrastructure assets such as toll roads and airports, Ferrovial will play a key role in the decarbonisation of transport. While this will inevitably be slower than the decarbonisation of the energy sector due to the slower adoption of consumer-led clean technologies such as electric vehicles and hydrogen-fueled planes, we expect investments by infrastructure owners to be a key enabling factor of the transition. Ferrovial is contributing to this in novel ways, such as a project to develop an infrastructure network for electric vertical take-off aircraft with more than 20 sustainable Vertiports in Spain.

Company's SDG commitment

UN Global Compact Participant

Ferrovial announced its Horizon 24 plan for sustainability. This sustainability plan established a commitment to the UN SDGs and includes targets for carbon reduction while also building a business for a sustainable economy. Ferrovial has also been recognised by AENOR (Spanish Standards and Certification Association) as the first company to certify its Sustainability strategy with the SDGs.

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

HUMAN RIGHTS | LABOUR | ENVIRONMENT | ANTI-CORRUPTION

ferrovial

Sustainability profile

Ferrovial has the vision to improve the future through the development and operation of sustainable infrastructure and cities. In 2021, the company was selected by SEAL (Sustainability, Environmental Achievement & Leadership) Awards as one of the 50 most sustainable companies in the world. Ferrovial has already achieved a reduction of GHG emissions by 56% compared to 2009. Overall, the company works actively to minimise its environmental impact while offering products and services that stimulate the development of a sustainable economy.

Beneficiaries of community projects
238,869
beneficiaries of the Stronger Together Social Infrastructure and other programs

Reduced 2020 water consumption by
12.4%
vs. 2019

-15.1%
serious and fatal accidents frequency rate

CO_2 emissions scope 1&2 tCO_2 eq/M€
-58.4%
in relative terms compared to 2009

In 2020, its innovative water footprint calculation methodology was recognised by the
European Environmental Awards

Ferrovial

ENVIRONMENT

Company ESG targets

- **Science Based Target initiative (SBTi)** Approved – 2° C by 2030. Ferrovial commits to **reduce scope 1 and 2 absolute emissions by 32%** by 2030 from a 2009 base-year, equivalent to **reducing emissions by 42.9%** per million € of turnover. They also commit to **reduce scope 3 emissions** (excluding capital goods and purchased goods & services) by **20%** by 2030 from a 2012 base-year.
- Ferrovial is committed to becoming a **carbon neutral business** by 2050
- Electricity consumed from renewable sources: **68%,** with a target of 100% by 2025
- Ferrovial has set a target to **reduce its Business Water Index by 20%** by 2030, considering 2017 as the base year, as well as an annual target to offset its water footprint
- Target of reaching a **33% zero-emission** fleet by 2030

Source: Ferrovial

Iberdrola

IBERDROLA

Themes

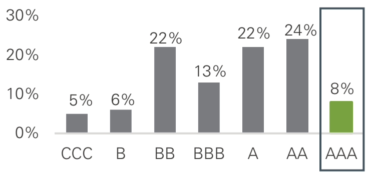
ELECTRIFICATION

MSCI ESG Ratings

CCC	B	BB	BBB	A	AA	**AAA**

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

Iberdrola is an integrated utility operating across generation, distribution and commercialisation of electricity in the Eurozone, the U.S., UK, Mexico and Brazil. In Europe, Iberdrola is the second largest generator in Spain (its home market) with a portfolio largely focused on zero-carbon fuels (wind, hydro and nuclear). In the UK, Iberdrola owns Scottish Power, one of the country's largest players in offshore wind and the operator of electricity transmission and distribution networks for the southern half of Scotland. In the U.S., Iberdrola holds an 81% stake in Avangrid, making it the third largest wind energy producer in the U.S. and a distributor of electricity and gas in several northeastern states. Its Brazilian operation, Neoenergia, provides electricity to over 34 million people from 85% renewable sources.

Ecofin sustainability thesis

Iberdrola's strategy is overwhelmingly focused on growing renewable generation across offshore and onshore wind as well as solar PV, and the company recently undertook acquisitions in France, Australia, Japan and Sweden to increase its global footprint. This, coupled with recent auction wins, is turning Iberdrola into the world's largest player in offshore wind once the company's full project pipeline is taken into account. A potential separation of the offshore wind business into a separate listed entity in the near term, as recently discussed by the company, could consolidate and support a further expansion of these growth ambitions.

Company's SDG commitment

UN Global Compact Participant

Iberdrola's actions and priorities align with all 17 Sustainable Development Goals (SDGs). They company believes that the integration of the SDGs will provide access to new markets and new innovations. Iberdrola identifies the new risks and opportunity costs but will strengthen its strategy alignment to its employees, customers, suppliers, investors and the local communities.

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

Iberdrola

Sustainability profile

Iberdrola is the world's largest producer and among the global pioneers of wind power. In recent years the company has worked to better integrate sustainability into its business model. Iberdrola wants to meet the current needs of stakeholders and also ensure that future generations can meet theirs. The company's sustainable business model is upheld by three main pillars: first, providing leadership in the fight against climate change; next, developing clean energy that helps decarbonise the economy; and finally, developing competitive products with the lowest possible environmental impact.

Iberdrola had approximately
35,000 MW
installed renewables capacity at year-end 2020, an increase of close to
9%
for the year

97.2%
of energy production is carried out using local sources of energy available in the country where the electricity is generated

Iberdrola chosen once again as one of the
most sustainable companies
according to the new edition of the Global 100

Added
3,500 MW
of new renewable capacity in 2020 in cutting edge facilitie

Startup of the
largest green hydrogen plant in Europe

Top ten holdings profile

Iberdrola

IBERDROLA

ENVIRONMENT

Company ESG targets

- **Science Based Target initiative (SBTi)** Approved – 1.5° C by 2030. Iberdrola commits to **reduce absolute scope 1, 2 and 3 GHG emissions by 43%** by 2030 from a 2017 base year.
- **Net zero** in Europe by 2030 and globally by 2050
- **Reduce absolute scope 1,2 and 3 GHG emissions by 43%** by 2030 from a 2017 base year
- Reducing its emissions intensity to **50g CO2/kWh** globally by 2030.
- Promote biodiversity through reforestation by **planting 2.5 million trees** by 2022 and reaching 20 million by 2030
- 115GW of renewable capacity by 2030
- Installation of **150,000 recharging stations** for electric vehicles by 2025 through the Sustainable Mobility Plan, with initiatives aimed at employees, companies, customers and suppliers
- By 2025, the company aims to deploy **€75bn in capital investments**, almost exclusively focused on renewables and electricity networks

SOCIAL

- Goal for the "Electricity for All" programme: **bring electricity to 16 million** people by 2030 who today lack access to this energy source in emerging or developing countries

GOVERNANCE

- The company raises its objective to **increase the percentage of women in executive positions** by 2025 to **30%** and maintain equal pay.

Source: Iberdrola

Top ten holdings profile

NextEra Energy

Themes

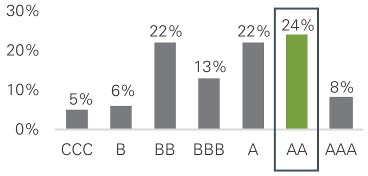
ELECTRIFICATION

MSCI ESG Ratings

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

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

NextEra Energy provides sustainable energy generation and distribution services. The Company generates electricity through wind, solar, and natural gas. Its principal subsidiaries are Florida Power & Light ("FPL"), a rate-regulated electric utility serving approximately 5 million customers in Florida, and NextEra Energy Resources which, with its affiliated entities, is the largest generator of energy from wind and sun in the world. NextEra also develops and builds battery storage projects and is involved in pipeline infrastructure management.

Ecofin sustainability thesis

NextEra management continuously emphasizes the company's vision of being the largest and cleanest energy provider in the world and its position to lead the decarbonisation of the U.S. economy. The company's ownership of both a regulated utility in a forward-thinking state and its competitive renewable development platform uniquely positions it to solve customer needs and reliability concerns while advancing technologies that can ultimately be used at scale to reduce emissions around the world. NextEra's development of a decarbonised electric grid will also benefit the industrial and transportation sectors. Management's recent discussions around green hydrogen opportunities in industrial processes illustrate how the company can continue to expand its sustainability efforts beyond renewable power generation.

Company's SDG commitment

With its strong ambitions to reduce emissions and promoting renewable energies, several environmental SDGs are embedded in the company's business growth strategy. NextEra is directly aligned with 3 SDGs as priority but all other SDGs are indirectly aligned with various aspects of its corporate strategies.

NextEra Energy

Sustainability profile

NextEra's approach to sustainability engages all levels of the company, from the board of directors to employees, and it is underscored by a commitment to sustainable business practices. The company believes that a combination of low-cost renewables and energy storage technologies will lead to a net zero path for energy sector. These practices allowed NextEra to produce nearly 98% of its power through clean or renewable sources in 2020. Climate related risks and opportunities are deeply embedded in the capital expenditures, acquisitions and revenues and have also influenced the renewable energy deployment and grid hardening initiatives.

At FPL, the operational strategy has incorporated all the environmental factors by modernising the generation fleet and reducing the use of oil by approximately 99% since 2001. The company is also phasing out coal rapidly in the upcoming years. With the new installation plan of solar panels, more focus will be on deploying solar in the next stage.

NextEra Energy Resources, on the other hand, is specialised in low-cost wind and solar generation assets, increasingly paired with battery storage.

The company has conducted an extensive scenario analysis to model the U.S. energy grid with the purpose to determine concrete actions to achieve net zero goals by 2050.

In 2020, NextEra's sulfur dioxide, nitrogen oxides and CO_2 emission rates were

97%, 79% and 47%

lower, respectively, than the U.S. electric power sector average

56.6%

of reduction in CO_2 emissions rate in 2020 from 2005

24.2%

reduction in absolute CO_2 tons emitted in 2020 from 2005

In 2020 NextEra added

4,672 MW

of wind and solar generation which represented

over 13%

of all solar and wind capacity added in the US for the year.

FPL's generation fleet has saved customers

$11.3 billion

in fuel costs and avoided more than

165 million tons

of CO_2 emissions since 2001

74.6%

increase in clean electricity generation in 2020 from 2005

$14.7 billion

invested in American energy infrastructure in 2020

98%

of the power was generated by renewables in 2020

NextEra Energy

ENVIRONMENT

Company ESG targets

- NextEra's goal is to reduce its CO_2 emissions rate by **67%** by 2025 from an adjusted 2005 baseline, equivalent to a nearly **40% reduction** in absolute CO_2 emissions despite nearly doubling expected electricity generation in the same period.
- From 2019-2022, NextEra Energy Resources expects to bring online an additional **3,800 to 7,300 megawatts** of clean, **emissions-free solar energy**
- Commitment to **convert 60%** of its light-duty vehicle fleet to electric or plug-in hybrid by 2030
- FPL: **increase in battery storage** deployment with approximately **700 MW** of additional battery storage, for a total of **1,200 MW of battery storage** by 2030
- '30-by-30' plan to **install 30 million solar panels** in Florida by 2030, representing one of the largest solar expansions in the world

Source: NextEra Energy

Top ten holdings profile

RWE

RWE

Themes

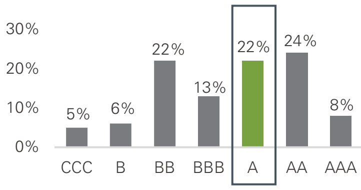
ELECTRIFICATION AND GLOBAL UTILITIES

MSCI ESG Ratings

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

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

RWE, Germany's largest electricity producer, has through a recent acquisition dramatically reshaped its portfolio to become one of the world's largest renewable energy producers and the second largest player in offshore wind. Through innovation, the company is building strong foundations for a carbon neutral future. It owns major utilities based in the UK, Netherlands and Germany.

Ecofin sustainability thesis

RWE is committed to a renewables-focused growth strategy, leveraging its existing solar and wind portfolio of nearly 10GW as well as its expanding pipeline of development projects which now totals 55GW. RWE's accelerating growth in renewables is being accompanied by a managed phase-out of its legacy fleet of coal power plants. The company has already agreed full compensation with the German government, and has started to negotiate an earlier phase-out (beginning in 2030 instead of 2038) through the potential ring-fencing of the coal assets into a foundation. If realised, this would significantly improve the company's ESG profile.

Company's SDG commitment

UN Global Compact Participant

RWE is a signatory of the ten principles of the Global Compact of the United Nations Global Compact. By implementing these ten principles RWE is contributing to the relevant objectives of the UN Sustainable Development Goals. RWE is aligned with SDGs 5,7,8,9,13,15, and 16. The company has tied each of these SDGs to specific measures and performance indicators which can be found in its annual sustainability report.

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

RWE

Sustainability profile

By 2030 RWE aims to triple the size of its renewables portfolio. The company additionally plans to make significant investments in battery and hydrogen storage solutions, which are set to advance the decarbonisation of energy consumption while also reducing the cost of renewables integration. RWE aims to maintain a leading role in offshore wind, one of the most promising renewable technologies, already having secured sufficient capacity to double its portfolio by 2027 and with ambitions to triple it by 2030. In addition to the evironmental sustainability efforts, RWE has impletmented a culture change as a key element of the "New Way of Working programme." The project is oriented at increasing employee motivation as well as collaboration and next generation employee development. Networks for identity groups have been developed to foster a more inclusive corporate culture and as of 2020, 25% of the board is made up of women.

21.8%
of reduction in CO2 emissions vs 2019

16.6%
of women in management positions

20.2%
of renewable energy in electricity generation

Around
100
employees engaged in social and community projects

Almost
50%
of Scope 2 GHG emissions vs 2019

23%
reduction of Scope 1 GHG emissions vs 2019

Biodiversity Policy since
2015

RWE

RWE

ENVIRONMENT

Company ESG targets

- **Science Based Target initiative (SBTi)** Approved – well below 2° C by 2030. RWE commits to **reduce scope 1 and 2 GHG emissions by 50% per kWh** by 2030 from a 2019 base year. They also commit to reduce absolute **scope 3 scopes GHG emissions by 30%** by 2030 from a 2019 base year.
- **Carbon neutral** by 2040

SOCIAL

- **30% women at the first management level** by 2022
- **20% women at the second management level** by 2022

Source: RWE

Top ten holdings profile

SSE

SSE

Themes

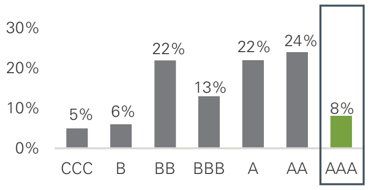
ELECTRIFICATION

MSCI ESG Ratings

CCC	B	BB	BBB	A	AA	AAA

ESG Rating Distribution

MSCI ACWI Index constituents, utilities



As of 21/3/2022

Company overview

SSE's business is focused on the generation and supply of (largely renewable) electricity in the UK and Ireland. The company also owns and operates the electricity transmission and distribution networks in northern Scotland. SSE is the UK's leading renewable electricity generator with a portfolio of circa 4GW. SSE's electricity networks in northern Scotland are among the fastest growing in Europe, as the UK prepares to accommodate a significant increase in offshore wind capacity under its target to install 40GW by 2030.

Ecofin sustainability thesis

Through several years of portfolio simplification and balance sheet repair, SSE has refocused its capital allocation exclusively on growth in renewables and electricity networks. Particularly through an increasing focus on offshore wind, SSE targets one of the most ambitious growth rates in the renewables sector in Europe with the aim of trebling its renewable electricity output within the next ten years. To further monetise its expertise in renewables, SSE is stepping up its international competitive efforts with the aim of securing incremental opportunities in offshore wind outside of its home market, with partnerships established to compete in the US, Japan, Spain, Poland and several other markets. This will allow the company to leverage its expertise towards accelerating the energy transition in countries outside of the UK.

Company's SDG commitment

UN Global Compact Participant

SSE works to align its business and social objectives with the framework of the UN Sustainable Development Goals. The company classifies its their SDGs into "highly material" to its business and "material" which recognise wider environmental and social challenges.

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

SSE

Sustainability profile

SSE wants to be a part of powering sustainable change in the world. Its policies and practices are continually improving to align with a sustainable business model and future. The company's goal of delivering profitable solutions to climate change will be valuable to shareholders and society. SSE's constant and creative innovation will spur long term environmental and social sustainability. Its accomplishments, improvement and ambitious goals will enable the company to achieve more than just a net zero future.

Absolute emissions (scope 1 and 2)
7.6 $MtCO_2e$

Closure of SSE's last remaining coal-fired power station in March 2020

Renewables connected to SSEN Transmission's network
6.7GW

Renewables in construction and operation
5.8GW

Number of safe days 271

SSE

ENVIRONMENT

Company ESG targets

- **Science Based Target initiative (SBTi)** Approved – 1.5° C by 2030. SSE commits to **reduce scope 1 GHG emissions by 80.2% per kWh** by 2030 from a 2018 base year. Aim to **reduce absolute scope 1 and 2 GHG emissions by 72.5%** by 2030 compared to 2018. They commit that **50%** of its suppliers by spend will have science-based targets by 2024. SSE also commits to **reduce absolute GHG emissions from use of products sold by 50%** by 2034 from a 2018 base year.
- **Net Zero** by 2035
- SSE will reduce the carbon intensity of **electricity generated by 60%** by 2030, compared to 2018 levels, to around 120g CO_2 /kWh
- **Build electricity network flexibility and infrastructure** that helps accommodate **10 million electric vehicles** in Great Britain by 2030
- Building the **world's largest offshore wind farm** and the UK's largest hydro power plant in 30 years which, upon completion, will double the country's hydro storage capacity from 1.5GW to 3GW
- **Delivering >25%** of the UK's offshore wind targets

SOCIAL

- Be the leading company in the UK and Ireland **championing Fair Tax and a real Living Wage**

Source: SSE

Important disclosures

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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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This report contains forward-looking statements. These forward-looking statements include all statements regarding the intent, belief or current expectations regarding matters covered and all statements which are not statements of historical fact. The forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond our control. Since these factors can cause results, performance and achievements to differ materially from those discussed in the report, you are cautioned not to place undue reliance on the forward-looking statements.

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.

Past performance is no guarantee of future results.

MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 31,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.

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

Important disclosures

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").

Learn more at www.ecofininvest.com

1. The Wall Street Journal-The Electrification of Everything: What You Need to Know

2. Automotive World, November 23, 2020 "Risky business: the hidden costs of EV battery raw materials

3. International Energy Agency, Transport: Improving the sustainability of passenger and freight transport

4. Environmental Defense Fund

5. Architecture 360