

DE PURY PICTET TURRETTINI

WHITE FLEET IV
ENETIA Energy
Infrastructure Fund

BUY & CARE®
INVESTMENT PHILOSOPHY



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PROPRIETARY INVESTMENT PHILOSOPHY: BUY & CARE®

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DE PURY PICTET TURRETTINI

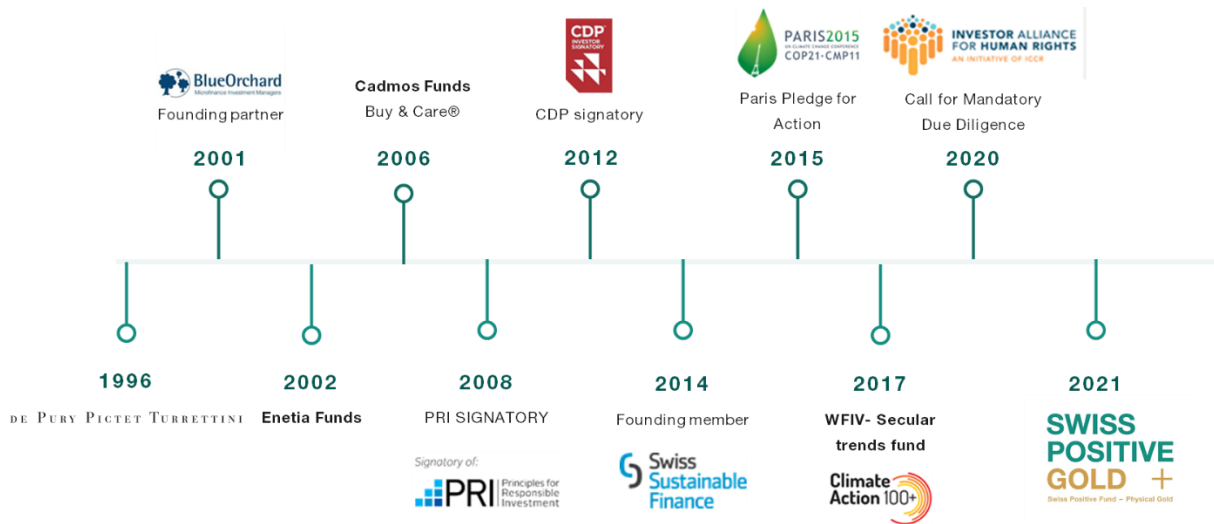
DE PURY PICTET TURRETTINI is an independent asset manager founded in 1996 in Geneva with over CHF 6 billion in assets under management. The company has been managing equity funds with a Buy & Care® active ownership approach since 2006 and has been a PRI signatory since 2008, making it a pioneer in responsible investment. The investment philosophy, common to all the funds, is to invest in companies exposed to long-term growth themes (around digitalization, demographics and the energy transition) and benefiting from sustainable competitive advantages.



A Pioneer in Sustainable Finance

De Pury Pictet Turrettini (PPT) is an independent asset manager founded in 1996 in Geneva. Since inception, PPT has always demonstrated a great capacity for innovation, notably as a pioneer of responsible and sustainable investments.

In 2001 PPT initiated impact investing as a founding partner of Blue Orchard Microfinance. The year-after it created a dedicated private equity and listed equity investment platform (EIC now ENETIA) focused on the energy transition. PPT also launched the first engagement funds in continental Europe in 2006 with the Cadmos Engagement Funds and the underlying Buy & Care philosophy.



PPT is founding or early signatory of many key sustainable finance initiatives. We are signatory the UN Principle for Responsible Investments since 2008 and are scoring A+ in “Strategy and Governance”, “ESG Incorporation” and “Active Ownership”. We are founding member of Sustainable Finance Geneva and Swiss Sustainable Finance and Climate Actions 100+ among others.

Investment Policy

Energy infrastructure companies are at the core of the energy transition which will unfold over the coming thirty years. The transformation of our fossil energy-based economies towards a clean and renewable energy system offers a unique, long-term investment opportunity. Infrastructure companies hold the key to enabling net zero emissions by 2050 in accordance with climate Targets of the Paris Agreement.

White Fleet IV – ENETIA Energy Infrastructure Fund

The White Fleet IV – ENETIA Energy Infrastructure Fund, a global equity UCITS V approved under **Art. 9 SFDR invests in infrastructure companies that transform our energy landscape.**

Investment Case

The fund invests in energy infrastructure companies that enable the transition to a sustainable energy system. The objective is to achieve CO₂ emission reductions and achieve net zero by 2050 in line with the global warming objective of the Paris Agreement. The sources of power generation of the portfolio are aligned with the targets of the International Energy Agency for 2025, 2030 and 2050 enabling a limitation of the global increase in temperature to 2 degrees Celsius. The fund has a particular focus on the Sustainable Development Goal Nr. 13 Climate Action. As a result, investors do not only benefit from the long-term energy transition opportunity, but also get a unique positive exposure to rising CO₂ prices.








and perspective to our analysis. It helps our portfolio managers to focus on longer-term material issues influencing our investments and opening our minds to innovative solutions the companies are developing to solve the global climate challenge. Positive impacts influence our quality/risk profiling as well as our growth/performance expectations for our investments. Through 3D Finance we integrate ESG/Sustainability and positive impacts directly within our financial analysis.

3D Finance – Return, Risk and Impact

Adding the third impact dimension of positive externalities to the traditional risk-return models provides more depth

Buy & Care®

Since 2006, the Buy & Care philosophy has successfully delivered strong financial performance combined with tangible impacts. We were among the pioneer shareholders integrating active portfolio management and active ownership in our investment funds. We invest (Buy) in sustainable and impactful companies which will benefit from major paradigm shifts and engage (Care) directly to help them generate further progress

Investment Case Energy Transition to net zero by 2050	Strategic investments	 Electrification: Power becomes the new oil  Decentralization: Power is everywhere  Climate change: Clean power to decarbonize our economies
Our Values More depth and perspective in your portfolio	3D Finance	
The Solution Select, vote and engage is mutually beneficial	Buy & Care®	 Active Portfolio Management – Select tomorrow's winners  Active Voting & Stewardship – Vote shares responsibly  Active Engagement & Impact – Engage for impact

“As active owners we can influence the behavior of companies and accelerate the transition to more sustainable business models.”

Buy & Care[®] Implementation

We have demonstrated since 2006 that our Buy & Care[®] philosophy allows to better select tomorrow's winners and improve our portfolio's **risk-reward-impact** profile. Its three founding principles have proven their reliability through changing economic cycles.

1. Active Portfolio Management

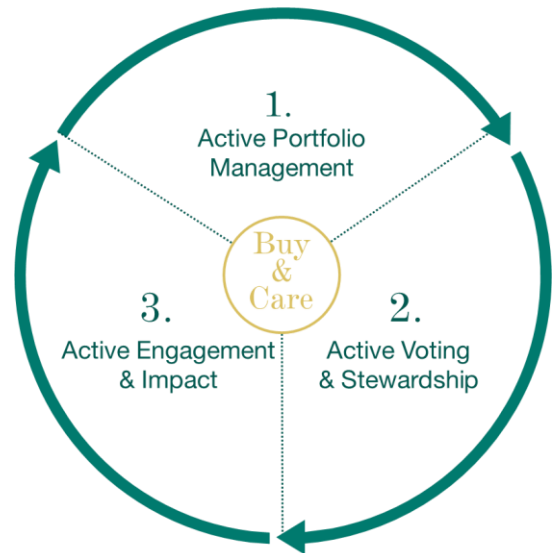
PPT's fundamental analysis starts with a holistic SWOT analysis to assess the sustainable competitive advantage of companies. We perform so called "double materiality" analysis, assessing how companies are affected by sustainability risks (ESG analysis) and how companies affect society as a whole (Impact analysis). We know the limits of data, so every effort will be made to visit and engage with our companies and increase our understanding of their sustainable competitive advantage. We invest in companies, not in stocks.

2. Active Voting & Stewardship

We are proud to have integrated active stewardship since 2006 within our Buy & Care[®] strategy. It starts by exercising our voting rights and deepening our knowledge of the companies' governance, management, and financial structure. PPT's portfolio managers exercise their voting rights directly and actively fulfill the rights and duties as a responsible shareholder.

3. Active Engagement & Impact

Through direct, expert-driven engagement meetings with portfolio companies, PPT portfolio managers directly promote further integration of sustainability into business models. We conduct face to face engagement meetings, formulating clear gaps and recommendations stimulating year on year progress. In order to generate even more measurable and additional impacts, PPT also fosters partnerships between companies and various impact-oriented organisations to make the SDGs a source of business value.



Governance

This section clarifies the roles and responsibilities of our governing bodies for an effective development and implementation of the Buy & Care philosophy. It ranges from the alignment of PPT's sustainable finance objective with its core values to the effective execution at the operational level.

Board Level

Our Board of Directors oversees the coherent integration of the Buy & Care approach into PPT's strategy. It defines our ambitions and objectives in line with PPT's core values into a sustainable finance charter and strategy. The Board is also responsible for monitoring the implementation and effectiveness of the strategy.

Executive Committee Level

The Executive Committee oversees the implementation of the Buy & Care strategy within PPT's operations through a

validated action plan. It approves the necessary budgets and controls the implementation of the action plan.

Chief Sustainability Officer

The Chief Sustainability Officer develops the Buy & Care philosophy and coordinates with all of PPT's portfolio managers to ensure its integration into PPT's investment processes. The CSO provides the necessary support to our investment decisions and committees (Buy). Similarly, the CSO provides the required infrastructure facilitating direct proxy voting and qualitative engagement meetings (Care).

A person in a white shirt is looking at a laptop displaying financial charts. The laptop screen shows a line graph with a prominent peak and the number '1065.69'. The background is a dimly lit office with other monitors and blurred lights.

1. ACTIVE PORTFOLIO MANAGEMENT

Fund Management Team

The White Fleet IV ENETIA Energy Infrastructure Fund has been managed since inception in 2003 by Andreas Schneller and by co-Portfolio Manager Daniel Steger since 2003. They are supported by investment Analyst David Stuber.

Andreas Schneller – Fund Manager



Andreas Schneller has been co-managing the ENETIA Funds since 2003. He is leading the Zurich office of de Pury Pictet Turretini.

Before joining PPT in 2017, he was a partner at the energy investment boutique EIC Partners AG for 16 years. He worked for ABB Financial Services AB in Stockholm, where he helped to build up power trading operations.

He holds a Master's degree in finance from the University of St. Gallen and a Master from CEMS in Bergen, Norway. He is also a CFA charter holder.

Prior to joining PPT, he was a partner with EIC Partners AG, an energy focused investment firm, where he worked as an analyst and portfolio manager. Moreover, he was a lecturer at the School of Business FHNW.

Daniel holds a Master's degree and PhD in economics from the University of Basel.



David Stuber – Investment Analyst

David joined PPT in 2020 for our Zurich-based Energy Infrastructure and Energy Transition Funds where he focuses on sector and company analysis.

Prior to joining PPT, he gained significant experience in the automotive industry, where he worked in corporate finance for more than five years.

He holds a master's degree in Business and Economics from the University of Basel, where he studied the impact of ESG information on stock price movements.

Daniel Steger – Fund Manager



With over ten years of investment management experience in the energy, energy infrastructure and energy technology sectors, Daniel joined PPT in 2017 as a portfolio manager and deputy head of PPT's Zurich-based asset management activities.

Experienced Investment Specialists

The portfolio management team is backed by experienced and complementary investment specialists providing macro-economic, sectorial and ESG support.

INVESTMENT SPECIALISTS



Christopher Quast
Chief Investment Officer

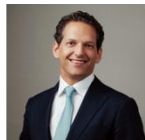


Anne Henry Aeschlimann, CFA
Portfolio Manager



Jean-Pierre Banzet
Portfolio Manager, SFAF

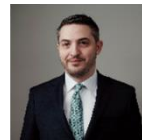
SECULAR TRENDS SPECIALISTS



Paolo Bozzo, CFA
Fund Manager



Souleymane Diallo
Senior Analyst



Richard Haughton
Senior Quantitative Analyst

SUSTAINABILITY & ENGAGEMENT



Dominique Habegger
Chief Sustainability Officer



Françoise Favre
Risk & Compliance Officer



Christophe Kuntz
Chief Risk Officer

Investment Process

The White Fleet IV ENETIA Energy Infrastructure Fund follows a structured and disciplined top-down investment process. Key parameters in the investment decision are governmental energy policies, commodity prices and technological developments. The fund selects around 40 companies out of a universe of more than 500. The fund's core holdings are companies active in renewable power generation, power transmission and power distribution, as well as in the transport and distribution of natural gas, renewable natural gas and hydrogen.

Semi-annual Sector Outlook

The investment process starts with a thorough global review of the main drivers of the energy infrastructure sector: (1) Energy price development (2) Regulatory developments and (3) Technological progress. The Investment Committee then determines the fund's exposures to different geographies with a particular focus on the ponderations along the value chain from production to supply of power. This top-down analysis is updated every six months and provides a consistent compass for the actions of the portfolio managers.

Monthly Investment Committee

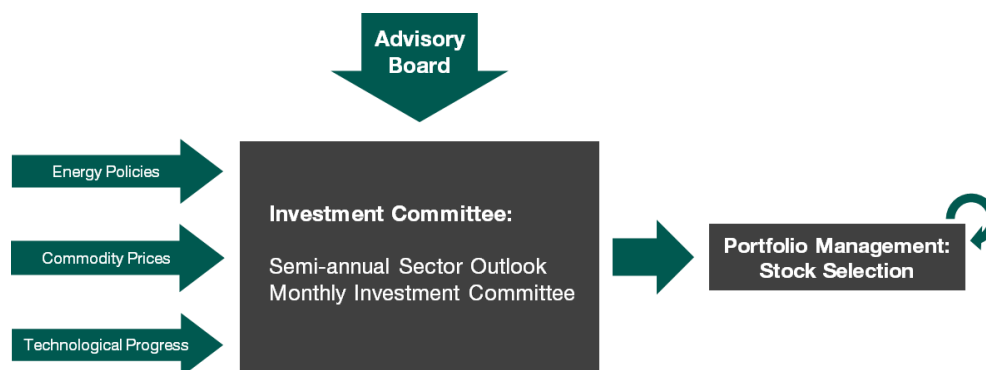
Adjustments to the portfolio allocation are discussed and decided on a monthly basis by the Investment Committee. These are minor usually unless events have substantially changed our fundamental assessment. .

Portfolio Management

The allocations determined by the Investment Committee are filled with for investments that match the sector view as defined in the outlook meetings. The single investments need to fit the objective of the fund to become carbon neutral by 2050. In-depth bottom-up analysis is conducted on the portfolio holdings and watchlist of around 150 companies is maintained. Positions are sized with a particular view on the risk/reward profile the investment and conviction by the investment team. The portfolio management team conducts more than 200 company meetings annually and maintains proper track of ESG and other company-related information. The team can draw on significant long-term experience with interacting with managements of our invested companies.

Advisory Board

The Advisory Board consists of experts in the fields of energy infrastructure and related technologies. Current market conditions and recent technological developments determine the pre-defined focus topics discussed together with the industry experts. The outcomes of the Advisory Board meetings are an important factor in the overall strategic positioning of the fund.



Investment Process (cont.)

We distinguish between three types of exclusions. We do not compromise with them and in particular with norms-based exclusion. Values-based exclusion are generally based on current turnover limits set at 5%. Last but not least, we also exclude companies whose business conduct violate international norms.

General Exclusions

<p>Norms-based exclusions</p>	<p>Categorical exclusion of firms that violate international treaties on controversial weapons, such as</p> <ul style="list-style-type: none"> – The Convention on Cluster Munitions – The Chemical Weapons Convention – The Biological Weapons Convention – The Treaty on the Non-Proliferation of Nuclear Weapons
<p>Values-based exclusions</p>	<p>We exclude companies that derive a significant portion of their revenue from controversial business activities or do not share our values:</p> <ul style="list-style-type: none"> – Conventional weapons, tobacco, animal testing, alcohol, gambling, adult entertainment, palm oil – Manufacturers of conventional weapons, civil firearms, and nuclear weapons support systems – Energy sector specific exclusions (See separate list)
<p>Business conduct exclusions</p>	<p>We exclude companies that:</p> <ol style="list-style-type: none"> 1. systematically violate international norms, 2. where the breaches are particularly severe, or 3. where management is not open to implementing the necessary reforms

Energy Specific Exclusions

Exclusion Criteria	Description
<p>Nuclear power</p>	<p>The fund may not invest in companies that have taken the decision to invest in a new nuclear power plant after 2018. The fund may invest in companies with existing nuclear power plants and there is no limit on this exposure. We view existing plants as a positive contributor to limit climate change and actively accompany and engage with these companies in their transition away from nuclear power over time.</p>
<p>Coal-fired power</p>	<p>The fund only invests in companies with coal-fired power generation and/or coal mining if: (1) A governmental policy exists for an exit from coal-fired power generation by a given date or (2) a company has a stated policy for an exit from coal by a given date or the company strives to become net carbon neutral by a certain date. If (1) or (2) are not met, then the exposure to coal is limited to 10% of the fund's NAV. We actively engage with companies that are in the 10% category.</p>
<p>Oil and Gas Exploration and Production</p>	<p>The fund does not invest in pure play oil and gas exploration and production companies.</p>
<p>Oil and natural gas pipelines</p>	<p>The fund does not invest in companies carrying mainly oil produced via oil sands or companies that operate in environmentally sensitive areas. We do not limit our investment in natural gas infrastructures as we view these as key enabler of the energy transition and a future green hydrogen economy.</p>
<p>Natural gas-fired power</p>	<p>The fund does not apply a limit on natural gas-fired power. Natural gas is needed as a bridge technology for our energy system until renewable gases (including hydrogen) are commercially available.</p>

Fundamental Analysis

Our stock selection process relies primarily on bottom-up fundamental analysis. We use a methodology based on five criteria to derive a fundamental score. This process allows us to get a better understanding of the sustainable competitive advantage of companies, their long-term growth prospects, the quality of their management, their profitability and potential for economic value creation. Finally, we also get a solid view on the strength of the company's balance-sheet and cash-flow generation capacity.

I. Sustainable Competitive Advantage

A business model is only sustainable if it appropriately integrates sustainability issues and effectively drives the transitions to a sustainable energy system. Our SWOT analysis is backed by a "double materiality" analysis, assessing how companies are affected by sustainability risks (ESG analysis) and how companies affect society as a whole (Impact analysis). Moreover, our companies should score well on SDG 13 (Climate Action) and have either a low CO₂/kWh metric or a stated strategy of reducing its CO₂-footprint significantly over time in line with the Paris Agreement. More information on the ESG and Impact analysis is provided in the following page.

II. Growth Prospects

We look at the long-term growth prospects of the underlying markets in which the company is active and how they translate into medium term revenue and earnings growth potential for the company.

III. Management Track-Record

Quality of management is key. We analyze how efficiently

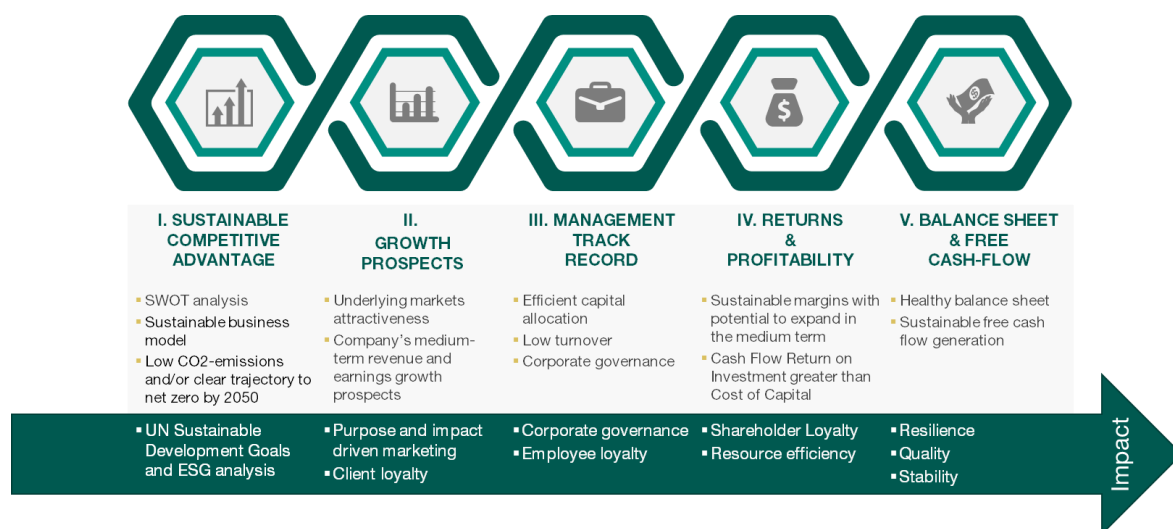
management quality is made easier by our visits and discussions, which enhance our ability to evaluate the consistency between a company's statements and its concrete actions. By going beyond the company's reporting and meeting its management we sharpen our investment convictions.

IV. Returns & Profitability

The next step in our analysis focuses on the company's track record in terms of profitability, we look at the evolution of profit margins and the potential for them to expand in the long run. Key metrics include margin trajectory and sustainability.

V. Balance Sheet & Free Cash-Flow

The last step of our fundamental research looks at the company's financial leverage, where we assess whether the company can finance growth independently or whether its balance sheet prevents it from doing so. Finally, we assess the companies' ability to generate strong free cash flow.

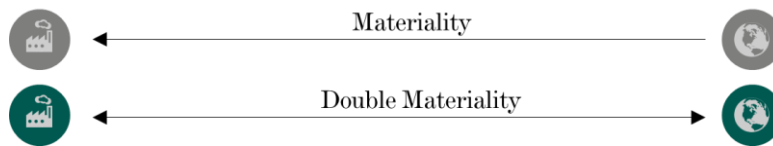


corporate executives allocate capital and how strong corporate governance is. The delicate task of analyzing

Sustainable Competitive Advantage

The first step of our fundamental analysis is the most important one as it drives the integration of our sustainability analysis into all the other steps and ultimately in our stock selection.

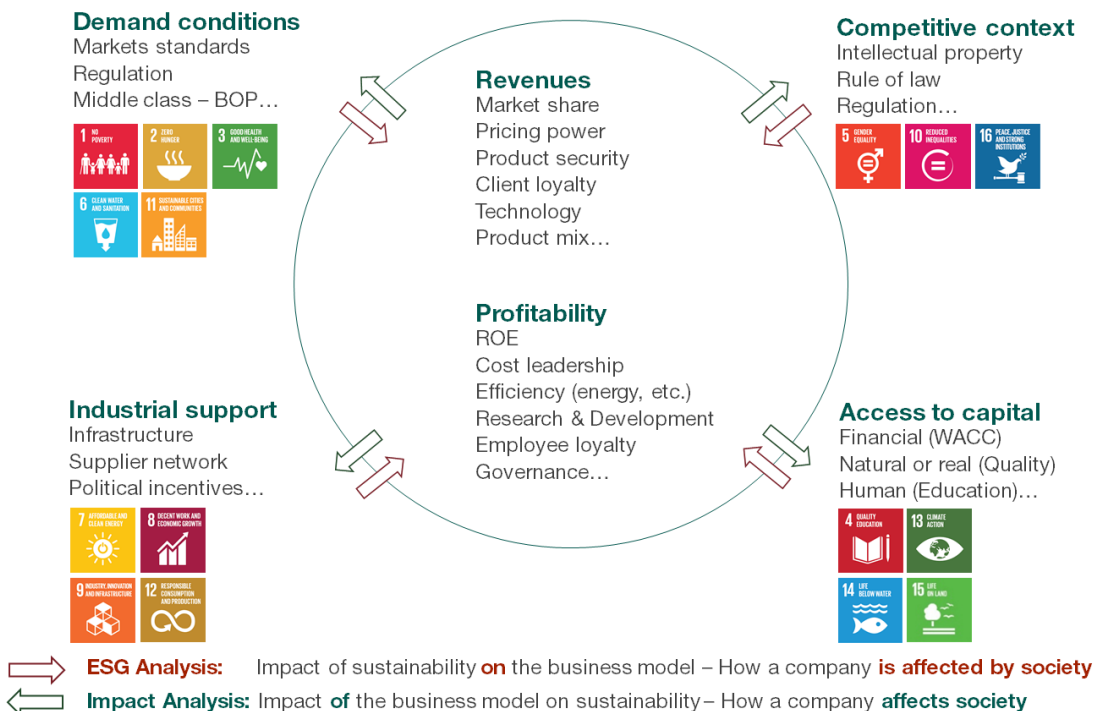
Double Materiality



PPT embraces the concept of double materiality, which distinguishes between the impact of sustainability on the business model and the impact of the business model on sustainability. Many of the disagreements between rating agencies stem from the fact that these two components are diversely integrated and weighted.

We believe the financial and sustainability consequences of the two dimensions diverge. The ESG Analysis is more risk oriented and tends to focus on the margins of companies, whereas the Impact Analysis is a more opportunity driven approach providing visibility and additionality to top line growth. The expected financial consequences of Impact Analysis tend to be more long-term oriented than the ESG Analysis.

The model below was first applied at PPT in 2013 and has evolved since to integrate the UN Sustainable Development Goals. It is inspired from Michael Porter and Mark Kramer (2006): “The Link Between Competitive Advantage and Corporate Social Responsibility.



Sustainable Competitive Advantage (cont.)

Sustainability data is increasingly available and now often integrated in traditional financial information platforms. In a few years we moved from data scarcity to data overflow. We manage this challenge by selecting specific data providers for selected data points as described below. Moreover, we have always considered face-to-face meetings with management representatives as strategic.

Data Sources

We collect both qualitative and quantitative data relating to financial, ESG and impact data from various sources. Supported by our network of brokers who increasingly integrate financial and ESG data, we however conduct our own primary research. Similarly, Bloomberg is expanding its ESG data capacity and is providing linkages to their extensive financial data. We also use HOLT Lens from Credit Suisse which is bridging financial and ESG data within their online platform.

We source detailed ESG data through three dedicated sources. ISS ESG, Trucost S&P Global, Glass Lewis, CDP, YourSRI and Impaakt. ISS provides a broad coverage of all relevant ESG and Impact oriented data including climate scenarios. We are CDP signatory since 2012 and appreciate this environmental database for its in-depth quantitative and qualitative perspective. Glass Lewis together with its ESG partners provide in-depth governance and proxy voting research coupled with specific ESG data. Impaakt is an innovative crowdsourced impact-oriented database providing a unique perspective on the companies' externalities.

Finally our most precious data source stems from our regular company visits and engagement meetings which also contribute to our ESG and Impact Analysis.



Sustainable Competitive Advantage (cont.)

ESG Analysis

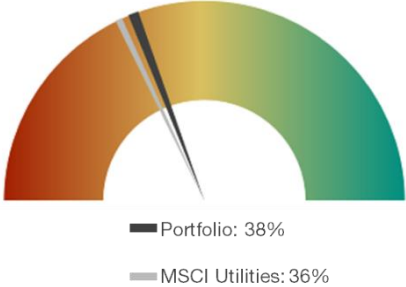
ESG Score

The ESG Score is computed with highly relevant, material and forward-looking ESG data and performance assessments. We use our sector knowledge to ensure that all relevant ESG factors are considered and provide a comprehensive and rounded perspective.

ESG factors include management processes, characteristics of the business model such as exposure to supply chain risks and geographic breakdown of operations, the impact of the product portfolio on sustainable development, and the company's exposure to ESG controversies.

For every company and for the fund, we normalize the scores to absolute best practices in all areas which we score at a theoretical 100%. This standardized best-in-class threshold is valid across all sectors and allows for cross-sector comparisons. Moreover, we expressly expect our ESG Score to provide an unbiased global assessment of ESG risks and opportunities.

For engagement purposes, we also derive a specific transparency score. This score does not consider the ESG performance of companies but only assesses the extent to which they transparently disclose ESG information relative to their material and sector exposure



Impact Analysis

The Impact analysis contains a SDG Score and a Portfolio Temperature Score to assess the impact of the business model on society as a whole.

SDG Score

The SDG Score is measured following the SDG framework by integrating information at the product/service level, the operational management level and also by integrating exposure to controversies.

Depending on the companies' theme and trend exposure, we specifically assess specific SDG's which are more relevant. For the WFIV ENETIA Energy Infrastructure Fund a particular focus is placed on SDG 13 Climate Action.

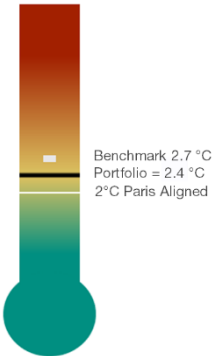
Impact and externalities can obviously be negative. In order to provide a net evaluation at a company and fund level, which also can be benchmarked, we do combine the negative and positive externalities together within a single SDG.



Portfolio Temperature Score

The Portfolio Temperature Score is derived from a climate scenario analysis based on the International Energy Agency (IEA) Sustainable Development Scenario (SDS) which is fully aligned with the Paris Agreement.

Each sector is first allocated a carbon budget. A carbon budget is then allocated to a company based on its market share and compared to the company specific emission trajectory until 2050 which integrates historic emissions trend, science-based targets (SBT) and other corporate



A person is shown in silhouette from the side, looking through binoculars. The background is a warm, golden sunset over a city skyline with a body of water in the foreground. The text '2. ACTIVE VOTING AND STEWARDSHIP' is overlaid in white, serif font.

2. ACTIVE VOTING AND STEWARDSHIP

Active Voting & Stewardship

We are proud to have integrated active voting and stewardship since 2006 within our Buy & Care strategy. Starting in 2022, we will be adding a specific climate impact component to our voting guidelines and systematically exercising our voting rights. By doing so, we build in-depth knowledge of the companies' governance, management, and financial structure.

Voting provides our portfolio managers with valuable information about the quality of a company's governance. It is also a necessary first step before engaging with the management. When we feel it can accelerate a company's transition, we do not hesitate to collaborate closely with other investors to co-file a shareholder resolution. Few professionals would deny that the skills, independence and availability of a board of directors are critical to a company's future. The effects of a capital increase, for example, will be felt immediately. For PPT, exercising the right to vote is first and foremost a financial responsibility.

The portfolio managers define their voting positions by studying the analyses of annual general meetings (AGMs) and the voting recommendations supplied by various proxy advisory firms. They have the rights and the duty to deviate from the proxy's recommendations, should they find that these do not take full account of the companies' business models and particularities or do not correspond to their respective internal voting guidelines, which are available on request. For all funds managed by PPT, we use the proxy advisor Glass Lewis. This independent agency is a leading provider of governance assessment and voting advice and covers more than 23,000 companies in more than a hundred countries. It supplies consistent assessments throughout all the countries represented in the Funds.

It is undeniable that investors have led to improved corporate governance, particularly among companies with a more mixed shareholder base. But much can still be done to ensure the independence and appropriate mix of attributes and expertise of some companies' boards. We will exercise our voting rights for all topics and support or co-file shareholder resolutions which are in the best interest of long-term shareholders and congruent with the best interests of the company, its employees and its stakeholders.

VOTING GUIDELINES

STRUCTURE OF THE BOARD OF DIRECTORS

1. Election of individual board members
2. Functioning and independence of the various committees
3. Separation of CEO function and chairman of the board of directors
4. Granting of the discharge

TRANSPARENCY AND COHERENCE OF THE REMUNERATION STRUCTURE

5. Appropriate structure of the remuneration system for the executive committee
6. Appropriate structure of the remuneration system for the board members

STRUCTURE AND OWNERSHIP OF SHARE CAPITAL

7. Approval of accounts and allocation of profits/dividends
8. Appropriate capital structure
9. Appointment of the auditors

SHAREHOLDERS' RIGHTS

10. Amendments to articles of association, equal treatment of shareholders and anti-takeover measures

“In 2020 we co-filed a shareholder resolution at Alphabet regarding the establishment of a human rights risk oversight committee. The Christchurch shootings led NZ Super to initiate this engagement.

The resolution was supported by a significant 16.2% of votes.

Following the AGM, Alphabet changed the mandate of its Audit committee to include oversight of civil and human rights-related risks and created a Human rights Executive Council to provide oversight and guidance to the company's Human Rights Program.”

An aerial photograph of a city at sunset. The sky is a mix of orange, pink, and blue. The city lights are visible, and a large fountain is in the foreground. The text '3. ACTIVE ENGAGEMENT AND IMPACT' is overlaid in white, serif font.

3. ACTIVE ENGAGEMENT AND IMPACT

Engagement Policy

Through direct, expert-driven and regular engagement meetings with our companies, PPT promotes change and progress and spurs them onto enhancing **positive impacts**. This in-depth analysis strengthens our convictions and reduces portfolio turnover.

The engagement process is twofold and aims to achieve two objectives:

Engagement for the Integration of Sustainability

All our dialogues and engagement meetings are designed to motivate companies not only to give greater consideration to the tangible financial risks of inaction, negligence or even unlawful behavior but essentially to increase the integration of the key material environmental, social and governance topics into their strategy and communication.

We view this true integration of sustainability factors into the heart of a company's strategy and daily operations as the next major milestone. To reach it, our engagement goes well beyond simple dialogue with the company's management. We formulate progress recommendations based on an assessment of each company's identified gaps.

The companies are often aware of their challenges or ready to consent to certain adjustments, particularly as these are proposed by a loyal investor and come with expert advice.

Engagement for Tangible SDG Impacts

Our dialogue with the portfolio companies together with external experts is also geared to achieving additional social impact and making the SDGs a source of business value.

For selected companies, our specialized social impact specialists at Kois, Kite Insights, PeaceNexus, Earthworm, BHP as well as other selected organizations, initiate this more opportunity-driven engagement approach. Altogether we can provide support and foster the development of tangible social impact projects including targeted blended finance instruments such as social impact bonds, partnerships with social enterprises, improved SDG linked communication, capacity building, executive training, and many more.

The objective of these specific engagements is to support portfolio companies to harness partnerships (SDG 17) to advance the SDG's at a greater pace and with greater effectiveness than they could alone.

These recommended projects are always linked to the companies' core business and aim to strengthen their sustainable competitive advantage.

Peace (SDG-16) and Partnership (SDG-17):



Engagement for Tangible SDG Impacts: selected and relevant portfolio companies are introduced to the PeaceNexus Foundation. Established in Switzerland in 2009, it has built a unique expertise in business and peace. Together with NexusVesting, Covalence and its network of experts, they provide capacity-building services to organizations allowing them to increase their effectiveness and contribution to building more inclusive and peaceful societies through peace promoting business practices.



Engagement for Tangible SDG Impacts: selected and relevant portfolio companies benefit from specific advice related to all relevant SDG's. This broad expertise is mainly provided by our engagement partners Kois and Kite Insights, BHP – Bruggler & Partners and Earthworm. They are advising companies to create additional social impact through global partnerships and strategic approaches to the global goals.

“As a long-term investor, we value additional social impact and in particular more resilient companies as a potential means to strengthen our portfolio companies' competitive advantage while contributing to the SDG's.”

Engagement Process

The table below provides an overview of the engagement process. Engagement meetings are prepared and organised whenever relevant for our portfolio managers or whenever there is a need to improve the company's ESG transparency, performance or impacts.



1- Company publication and data

After collecting each company's sustainability data, our engagement team studies all the company disclosures, as well as media publications and specific databases (CDP, PRI, Bloomberg, SASB etc.). For media controversies and stories, they use the RepRisk database.

COMPANY DISCLOSURE



EXTERNAL PUBLICATIONS



Engagement Process (cont.)

2- Selection of key sustainability topics

Our engagement team has condensed all the material issues affecting the companies into nine topics. Together these topics encompass all the issues identified by traditional sustainability frameworks such as the UN Global Compact, the Global Reporting Initiative, the UN Guiding Principles and the Sustainable Development Goals.

Unlike those frameworks, we have allowed the topics to overlap rather than making them mutually exclusive. Human rights do not appear as a single topic, as they are overarching and integrated into all nine topics.

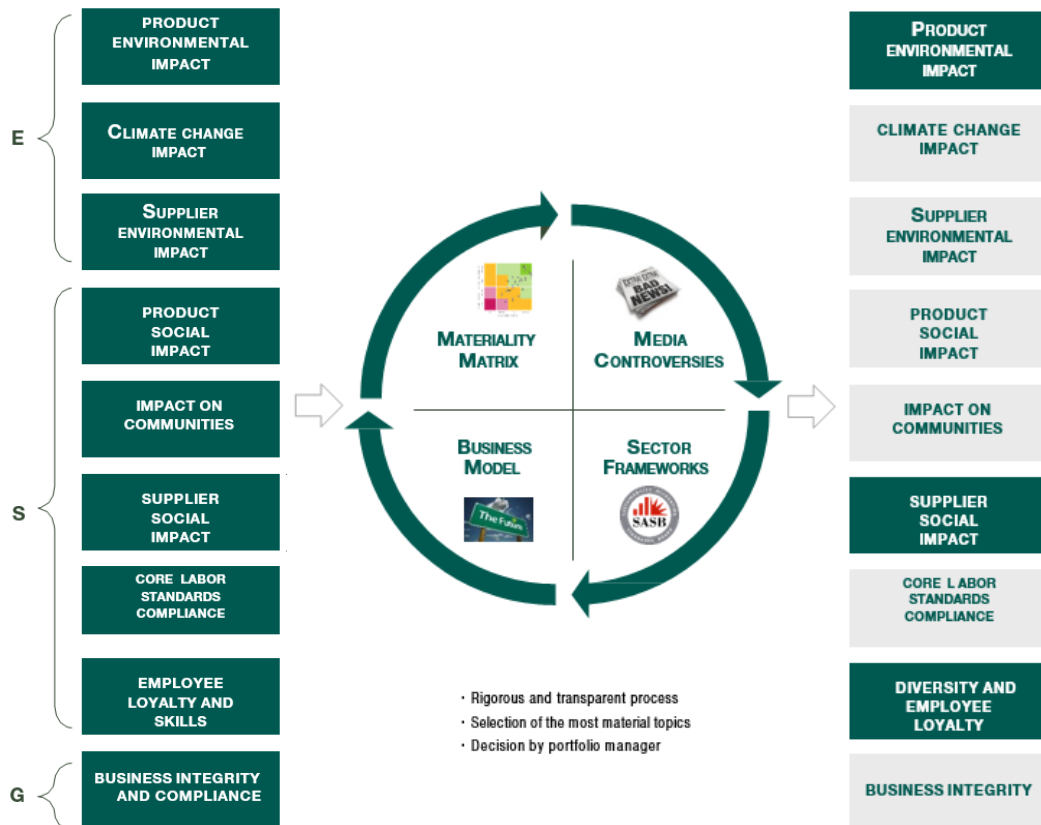


The nine topics correspond to specific SDG's as shown below.



Engagement Process (cont.)

We select the most material topics out of this framework of 9 items. Our topic selection will be guided by the company’s materiality matrix by recent or recurring media controversies, sector frameworks such as the SASB Materiality Map™ and by considering the company’s business model and its development strategy.



“The final decision as to the most material topics is made by the portfolio manager, considering the company’s business model and its development strategy. We encourage companies to better integrate these topics into their strategy and report on them in relation to their financial materiality.”

Engagement Process (cont.)

3- Assessment and assessment report

The assessments of all our criteria are based on a simple four-grade scoring system from 0 to 3. Every score comes with a detailed commentary. These assessments are not primarily used to select the best-in-class companies but essentially to make them progress on their identified gaps to best practices.

Preparedness

The engagement process is a robust, comprehensive methodology designed to assess and benchmark a company's preparedness to address its most material sustainability topics. Preparedness is assessed according to five criteria that draw heavily on the UN Guiding Principles, particularly the operational principles of policy commitment and human rights due diligence. The five criteria are: materiality; commitment and strategy; objectives and actions; indicators and monitoring; and achievements. These criteria are used to identify gaps in the company's preparedness to address its most material issues.

Reporting Quality

The assessment of reporting quality comprises six criteria: accessibility, clarity, comparability, accuracy, reliability and integration, to determine how well the company's publications address the most material topics. We want to make sure in particular that the reported sustainability data are linked to financial reports or metrics (essentially top line, bottom line and risks).

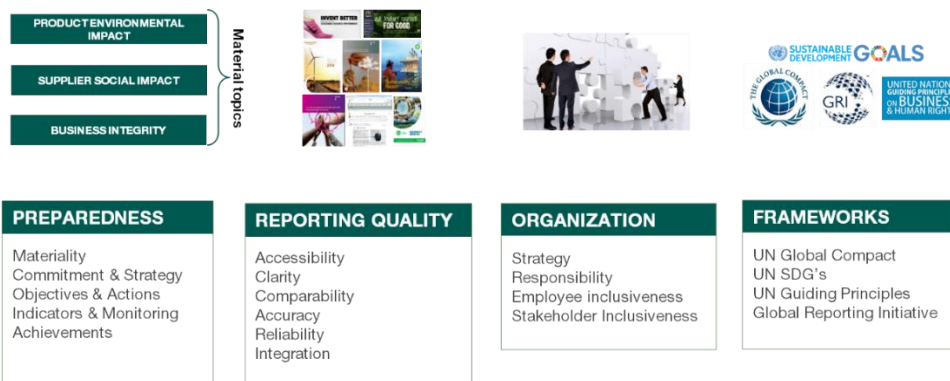
Sustainability Organization

We also assess each company's sustainability organization and governance. Four criteria measure the extent to which sustainability is integrated into the company's overall strategy. The level in the organization with ultimate responsibility for sustainability management, the extent which the company involves and engages its employees and the extent to which it engages its shareholders and other stakeholders.

Fourth, we assess quantitatively how closely companies adhere to specific sustainability frameworks, such as the UN Guiding Principles, the UN Global Compact, the Global Reporting Initiative and the Sustainable Development Goals. In the case of the UNGPs for instance, a company would receive the highest score if it had adopted the reporting framework, established a human rights policy, performed due diligence and implemented a remediation process.

Sustainability Frameworks

The assessments of all these individual criteria are based on a simple four-grade scoring system from 0 to 3. Every score comes with a detailed commentary. These assessments are not primarily used to select the best companies but essentially to make them progress on their identified gaps to best practices.



An assessment summary report is sent to each company's highest executive and operational bodies. It aims to redirect their attention to their company's strengths and weaknesses and not on abstract scores or ratings. We focus on the main sustainability gaps and improvement suggestions that we want to address directly with the company. The assessment report thus stimulates key company representatives to participate in a constructive dialogue with the engagement team and the portfolio manager.

Engagement Process (cont.)

4- Engagement for the integration of sustainability

At meetings with the companies, we insist on including representatives of both the investor relations and corporate social responsibility departments. By providing pragmatic help and advice and emphasizing the business case for sustainability including peacebuilding embeddedness, we first encourage the companies to better integrate their most material topics into their strategy and operations.

Our assessments and gap analysis give credibility to our recommendations, which are specific, tangible and easily implemented. According to the companies' feedback, we are among the few asset managers to conduct meetings that bring together the financial expertise of the portfolio managers and the sustainability expertise offered by the senior consultants of our external engagement team from BHP – Brugger & Partners. Apparently we are among the very few to go in detail through the company reporting.

Shareholder Dialogue

- Led by PPT's advisor: BHP – Brugger & Partners
- Participation of PPT portfolio managers
- On-site visits or web-conferences
- Company C-level or board member participation

Objective

- Focus on financial materiality: Push for integration
- Gap analysis: Increase awareness to progress
- Progress recommendations: Stimulate best-practices
- Raise interest on SDG impacts: Provide support

Engagement Partner

PPT and BHP – Brugger & Partners collaborated closely on developing the assessment and engagement process, which represents many years of combined engagement expertise. Since 2006, BHP's engagement team conducts the company assessments, and its senior consultants organize, coordinate and lead the engagement meetings. The 8 senior consultants below all have extensive expertise in advising companies on sustainability issues.

Senior Consultants – Engagement Team

Thomas Streiff (Head Engagement Team)



Ph.D. in Technical Sciences,
M. Sc. Agricultural Sciences ETH
Partner, BHP
CSR experience since 1996

Andrea Gäumann



Lic. phil. in Sociology & Business
University Zurich
Senior Consultant, BHP
CSR experience since 2009

Rahel Meyer



M.A. in International Affairs
University of St. Gall
Senior Consultant, BHP
CSR experience since 2014

Nicole Sauner



M.S. in International Business and Politics,
Copenhagen Business School
Senior Consultant, BHP
CSR experience since 2016

Kathrin Brugger



MBA/Sustainability Management
University Lüneburg
Senior Consultant, BHP
CSR experience since 2008.

Pascal Lüthi



Lic. phil. in Int. Relations & Media
University Zurich
CAS in Crisis Communication
Senior Consultant, BHP
CSR experience since 2005

Chiara Rinaldi



MBA / Sustainability strategy
Bocconi, Milan
Senior Independent Consultant
CSR experience since 2004

Marisa Hürlimann



CSR experience since 2016
B.A. in Political Economics,
University of Lucerne
Senior Consultant, BHP
CSR experience since 2016

“During our engagement for the strategic integration of sustainability, we formulate clear recommendations supporting companies to progress and better integrate financially material sustainability topics into their business model.”

Engagement Process (cont.)

5- Engagement for tangible SDG impacts

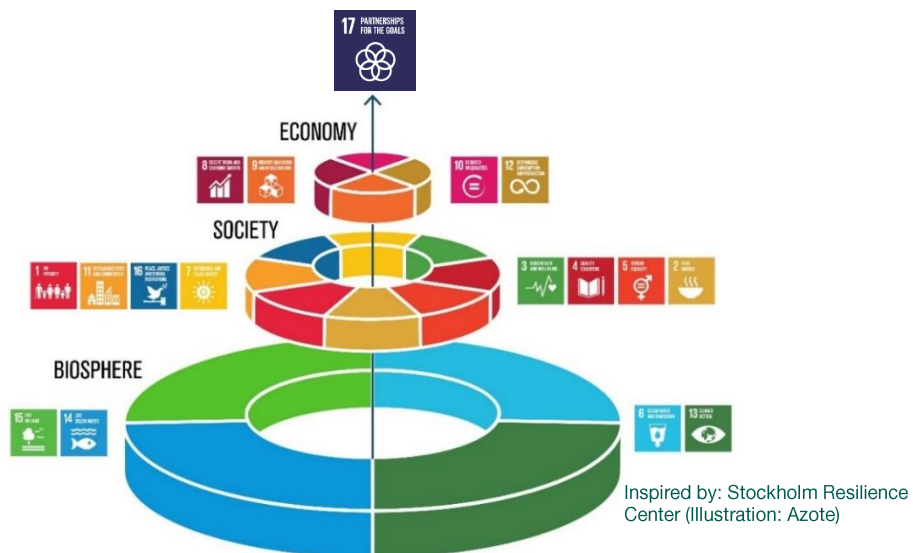
Social impact and the SDG's are penetrating discussions at board level, and some companies have begun to make it a core element of their business strategy for exploring new market opportunities and addressing millennials' expectations. Yet, most companies are still struggling on how to scale, integrate and report on social impact or the SDG's.

The SDG's are too large for any one party to tackle alone. A growing body of evidence shows that partnerships between social enterprises, NGO's, foundations, development agencies together with corporates can achieve far more than anyone can alone. Partnerships (SDG-17) make business sense, as well as being the right thing for our environment, economies and societies.

During most engagement meeting, we urge selected companies to follow up with an exclusive meeting with our social impact experts.

EXAMPLE OF RECOMMENDATIONS

- Blended financing instruments
- Partnerships with development agencies
- Structuring of social impact bonds
- Matchmaking with social enterprises
- Executive or employee training
- Knowledge sharing of past success/failures
- Capacity building for future partnering
- Regenerative agriculture projects
- Review anti-corruption policies and procedures
- Conflict-sensitive management
- Product stewardship in fragile countries
- Oversight on private or public security
- Support on peacebuilding (SDG 16) reporting
- Etc.



Engagement Partners

Our impact partners have developed their own specific methodology to conduct tailored in-depth assessments of the willing portfolio companies.

PEACENEXUS FOUNDATION

Recognized pioneer in connecting businesses and peacebuilding
Catriona Gourlay (Executive Director) & Team

KOIS

Specialized in impact investing, blended finance and bridging businesses with social projects
Charles-Antoine Janssen & François de Borchgrave (Managing Directors) & Team

KITE INSIGHTS

Unique capacity to build fruitful collaborations through its extensive network of expertise
Sophie Lambin (Chief Executive & Team)

EARTHWORM

Recognized expertise in soil fertility and regeneration by putting nature back into agriculture
Bastien Sachet (CEO) & Team

BHP – BRUGGER & PARTNERS

Specialist in the conception, implementation, and evaluation of impact management
Thomas Streiff (Partner and Member of the Executive Committee) & Team



Engagement Process (cont.)

6- Engagement & Impact level assessment

With a high level of transparency, we report the successes as well as the non-achievements of our engagement activities. To evaluate our portfolio, we measure the engagement level of each company.

Engagement for the Integration of Sustainability Level (0-5)

Only when a company reaches level 5, signifying that it has acted on one of our recommendations, we consider that we have achieved a desired impact. In any case, we continue to engage with the companies to foster new progresses and tangible impacts. The first target is to create a dialogue (level 2) with each portfolio company within three years. Our long-term (five-year) impact objective is to generate positive additional impacts at a majority of our engaged portfolio companies.

ENGAGEMENT FOR THE INTEGRATION OF SUSTAINABILITY LEVEL	
5	Shows improvement on recommendations
4	Acknowledges recommendations
3	Accepts the principle of a regular dialogue
2	Agrees to discuss assessment results
1	Acknowledges receipt of our assessment
0	Assessment completed but no meeting was conducted

Engagement for Tangible SDG Impacts Level (0-5)

Since 2017, we also assess the progress we make with individual companies on our specific engagement for additional social impact. We use a similar scale from 0 to 5 to monitor the progress companies are making based on the suggestion of our social impact partners. Whenever a discussed additional social impact is being implemented, we consider it having reached level 5.

ENGAGEMENT FOR TANGIBLE SDG IMPACTS LEVEL	
5	Implementation of tangible SDG impact project
4	SDG related impact project in development
3	In-depth SDG impact or partnership assessment
2	Follow-up meetings dedicated to impact and the SDG's
1	Expressed interest for a dedicated SDG follow-up meeting
0	No meeting or no interest to follow-up on SDG impacts

“Engagement for Tangible SDG Impacts, is based on the expertise of our social impact partners. We assess companies and suggest projects or recommendation to create additional tangible social impacts related to the SDG’s.”

Key Differentiating Characteristics

The Buy & Care philosophy is attractive to both investors who are mainly pursuing financial returns as well as to the most demanding ESG and impact investors.

Our portfolio managers are not subject to possibly dogmatic exclusion rules or ESG ratings. Ratings and exclusions can be useful as they stimulate companies to improve but they tend to be backward looking, often take insufficient account of the companies' business models and are rarely factored into the share price. As a result, they can lead to sub-optimal investment decisions.

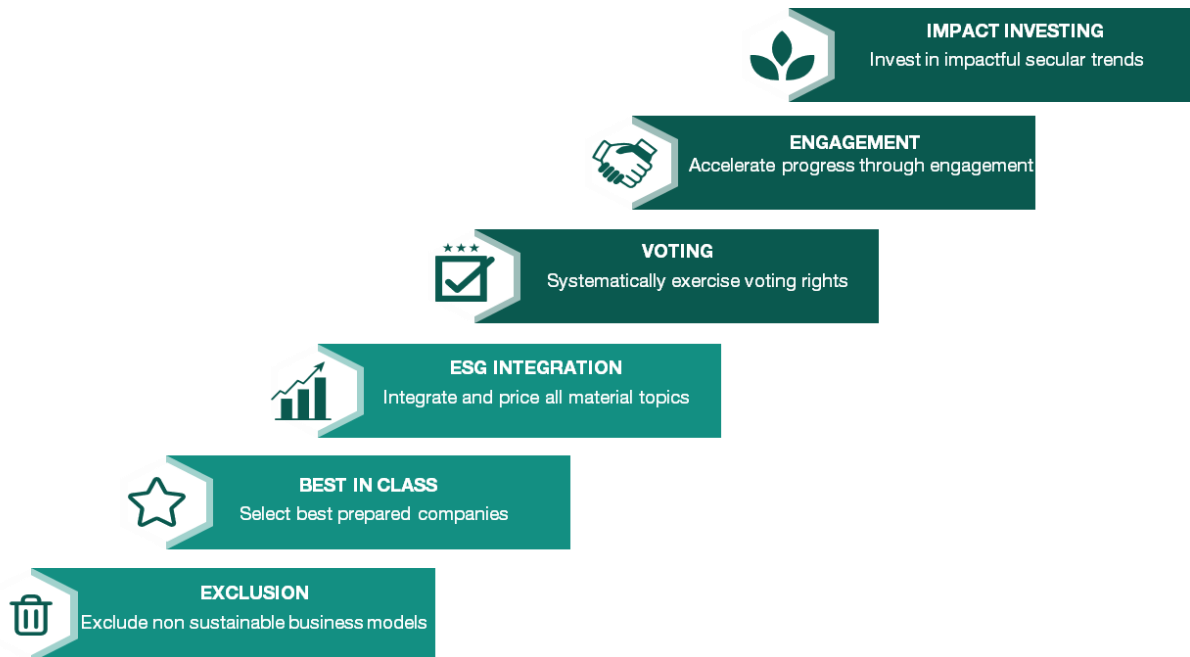
The Funds' portfolio managers are fully responsible for the Funds' financial and impact performance. They carefully select a limited number of portfolio companies leading the markets and shaping the competitive landscape and strengthen their convictions by directly engaging with the management and operational teams of these companies to foster continuous progress.

We believe that in all but a few exceptional cases, active ownership and dialogue is preferable to exclusion.

Sometimes the Funds remain the only responsible investor still maintaining the dialogue with companies. The expertise of PPT and its engagement partners have won the companies' respect and trust as competent, demanding but pragmatic shareholders.

Active ownership starts in the pre-investing phase by analyzing the governance and communication of a company and by voting in our interest as a long-term shareholder at general meetings. Each year we undertake a rigorous and comprehensive assessment of their reporting. We identify the gaps and engage with our investee companies by making progress recommendations to more coherently integrate ESG. PPT is also setting a new standard for creating additional impacts within listed equities by connecting our portfolio companies with the expertise of our social impact partners.

The White Fleet IV – Secular Trends fund therefore relies on the key sustainable finance strategies such as exclusions, best-in-class, ESG Integration, Voting & Engagement and Impact/Thematic investing.



Testimonials

Over the years, we received many testimonials from companies.

“The engagement of PeaceNexus with SAP was instrumental in raising our awareness about our contribution to peacebuilding and SDG 16. Their solid peacebuilding assessment on SAP provided us with concrete recommendations to further strengthen our contribution.”

Will Ritzrau, Director of Sustainability, SAP

“In the name of all of us, we highly appreciate the dialogue with you. There is no other organization which gets the amount of attention from our senior leaders as yours. You earned it. In particular, the depth of your analysis, the understanding of the business and the relevance of your feedback is second to none.”

Philip Sauer, Co-Head Finance & Development/ IR, Partners Group

Sika aims to be well positioned for the future, especially as sustainability has been a crucial aspect of our business practices. The assessment results and the discussion with PPT provide an important impulse for the further development of strategical and operational sustainability-related topics and initiatives.”

Dominik Slappnig, Head of Corporate Communication & IR, Sika AG

“...We further discussed the assessment points that you raised and how to implement them. We are looking forward to continuing our engagement together... Our discussion on peacebuilding arrived at a moment when we also started to think of the connections between sustainability and peace. I continue to think it's a very relevant angle for both action and communication, that requires a structured and long-term approach vs one-shot studies...”

Emilienne Lepoutre, Sustainability Manager, Schneider Electric

“We greatly appreciate these testimonials, which bear witness to the results that can be obtained by maintaining an influential dialogue conducted professionally and courteously.”







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