



TARENO
Global Water Solutions Fund

SUSTAINABILITY REPORT

as of 31.12.2023






■ ■ ■ RÉPUBLIQUE FRANÇAISE

SUSTAINABILITY APPROACH

Sustainable Investment Goal

The Tareno Global Water Solutions Fund invests in companies that develop and commercialize solutions for a more sustainable and efficient use of water. Thus, the fund addresses the **United Nations SDG 6** (Clean Water and Sanitation) as well as **Goal 3 of the EU Taxonomy** (Sustainable Use and Protection of Water and Marine Resources).

Sustainability Approach

 SUSTAINABILITY FILTER	 ESG INTEGRATION	 PORTFOLIO MONITORING
<ul style="list-style-type: none">▪ ESG Data▪ Business Involvement▪ Controversies	<ul style="list-style-type: none">▪ ESG Score▪ ESG Momentum Score▪ Climate Score▪ Water Score	<ul style="list-style-type: none">▪ Controversies Monitoring▪ Voting Rights▪ Collaborative Engagement▪ Direct Dialogue

Sustainability Filter

While engagement is the fund manager's preferred approach to dealing with companies that lag in their sustainability performance, some minimum criteria regarding sector involvement and corporate practices are required to qualify for the investment universe.

ESG Integration

In close collaboration with EGS Book, a proprietary sustainability scoring model tailored to the water universe was developed. The resulting Tareno Sustainability Rating includes a traditional ESG score based on the "SASB Materiality Map", an ESG momentum score which tracks the development of the ESG score, a climate score and a water score.

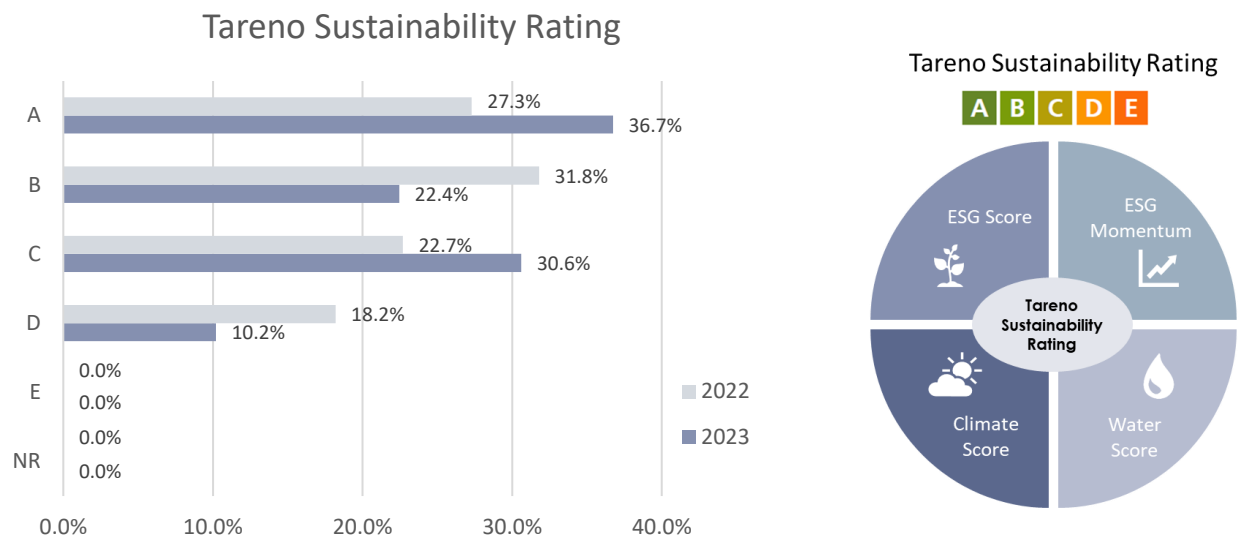
Portfolio Monitoring

Voting rights for all portfolio holdings are regularly exercised by ISS Governance in accordance with their international [sustainability guidelines](#). Fund management reviews all voting intentions and has the authority to overrule them at any time. Direct dialogues with company representatives are held at least once a year. More intensive engagement is conducted with companies with low ESG scores, with a particular focus on environmental practices and reporting standards. Direct engagement tends to focus on smaller companies, while engagement with larger companies preferably takes the form of collaborative engagements coordinated by the UNPRI. Additionally, the ESG Book platform is used to directly request companies to disclose specific ESG data points.

More detailed information about the fund's sustainability approach can be found in the [sustainability guidelines](#).

SUSTAINABILITY PROFILE as of 31.12.2023

Portfolio Rating Distribution



Sector-Based Exclusions

Exclusion Criteria	Revenue Threshold	Portfolio % as of 31.12.2023
Adult Entertainment	0%	0%
Alcohol	0%	0%
Coal Mining	0%	0%
Coal Power	5%	0%
Conventional Weapons	0%	0%
Controversial Weapons	0%	0%
Fracking	0%	0%
Gambling	0%	0%
GMO	0%	0%
Nuclear Power	0%	0%
Oil Sands	0%	0%
Tobacco	0%	0%
Uranium Mining	0%	0%

SUSTAINABILITY PROFILE as of 31.12.2023

ESG Leaders

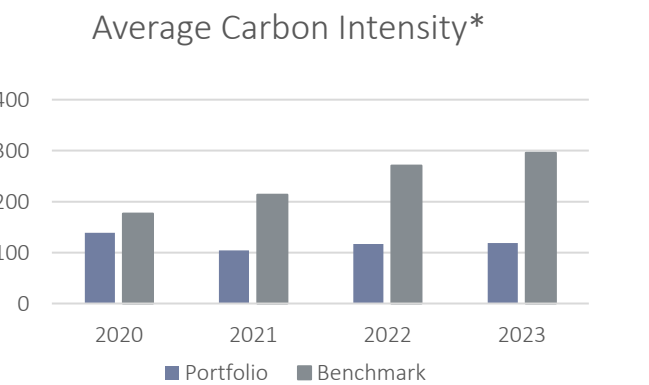
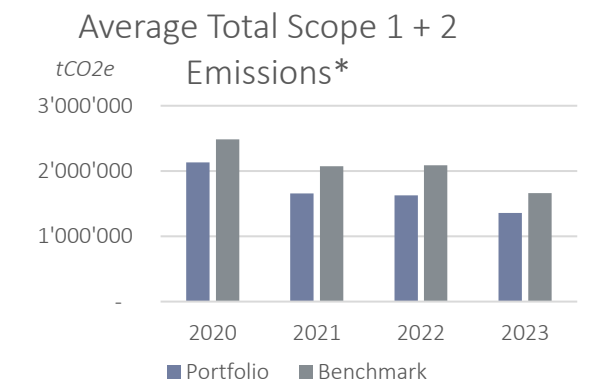
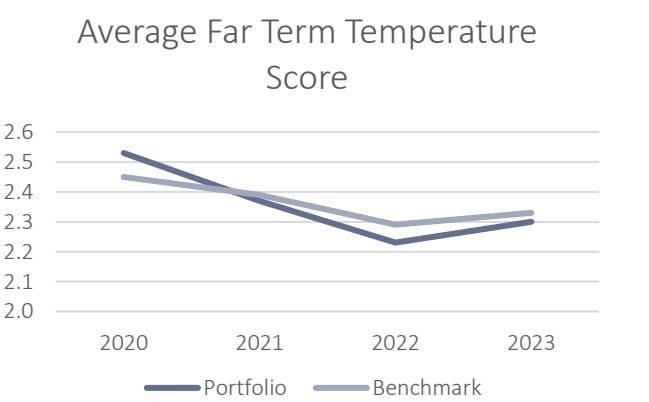
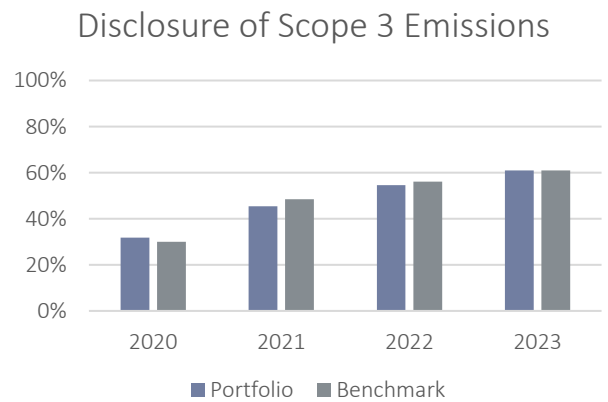
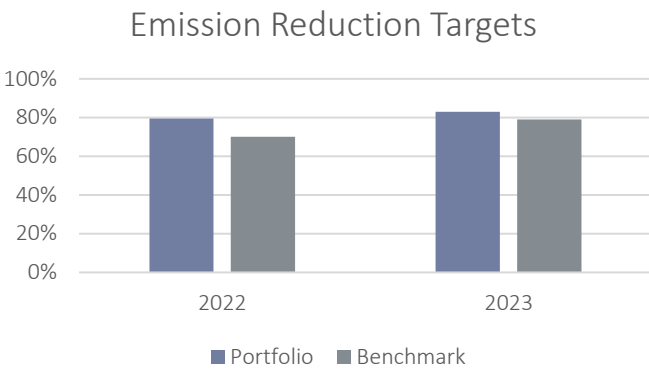
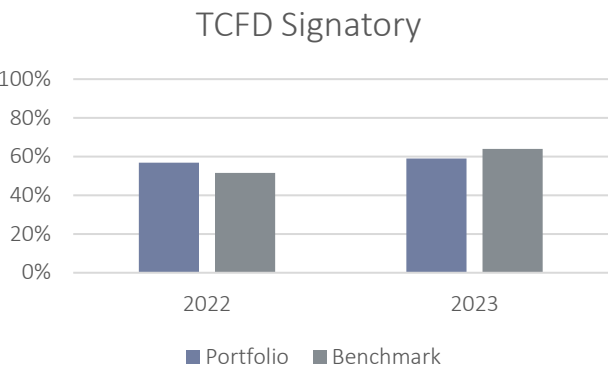
Company	Domicile	Sust. Rating	Comment
Geberit	CH	A	<ul style="list-style-type: none">▪ Exemplary policies on employee health and safety as well as labor practices▪ Ambitious targets regarding emission reductions and water management
Tetra Tech	US	A	<ul style="list-style-type: none">▪ Pure play water and environmental company with detailed disclosures on their footprint▪ Initiatives to support local communities through volunteer work and partnerships
Xylem	US	A	<ul style="list-style-type: none">▪ Strong performance and disclosures on all key governance practices▪ Initiatives to reduce pollutant emissions and waste include ambitious targets

ESG Laggards

Company	Domicile	Sust. Rating	Comment
China Water Affairs	HK	C	<ul style="list-style-type: none">▪ Lags behind competitors, especially in terms of environmental management and responsibility▪ Lack of or limited disclosures across all dimensions
Mueller Industries	US	D	<ul style="list-style-type: none">▪ Lack of or limited policies regarding social and corporate governance▪ Potential areas of concern in connection with the legal and regulatory environment
Franklin Electric	US	D	<ul style="list-style-type: none">▪ Lack of specific targets regarding emission reduction and water management▪ Limited disclosures across all dimensions

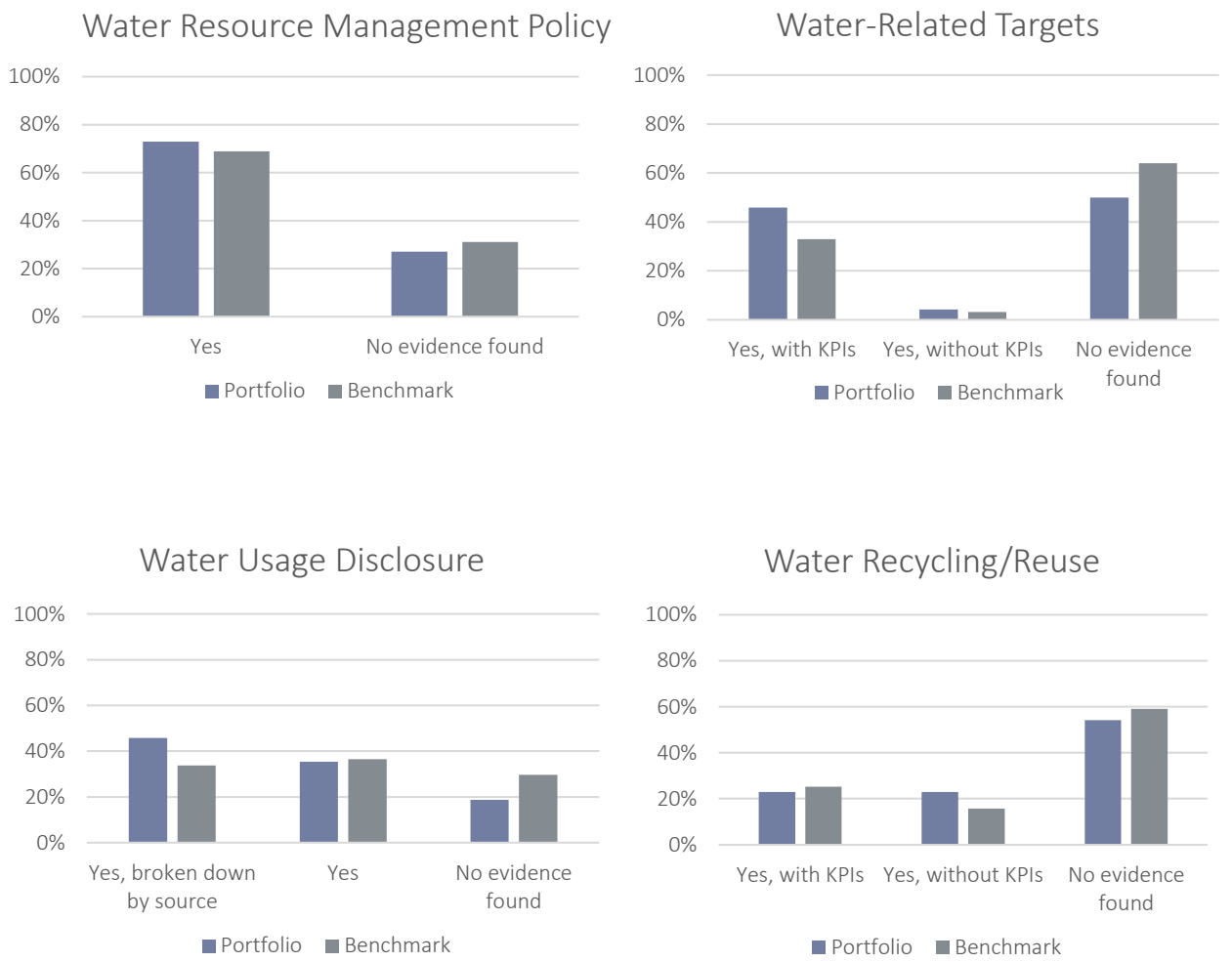
SUSTAINABILITY PROFILE as of 31.12.2023

Climate-Related KPIs



Sources: Tareno AG, ESG Book
Coverage: *50-80%, 100% for all other data points
Benchmark: Tareno Water Universe. The definition of the universe can be found in the [sustainability guidelines](#).

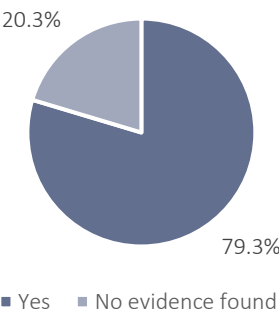
Water-Related KPIs



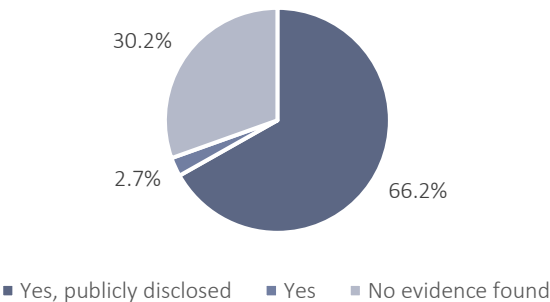
SUSTAINABILITY PROFILE as of 31.12.2023

Social KPIs

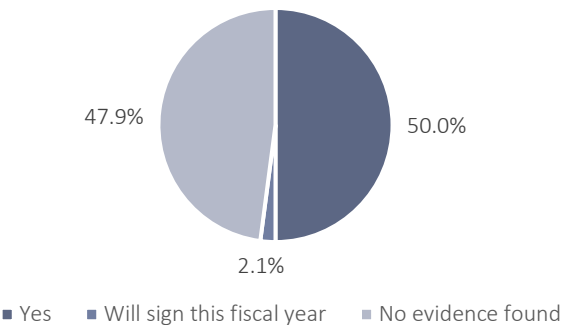
Human Rights Policy



Supplier Code of Conduct



UN Global Compact Signatory

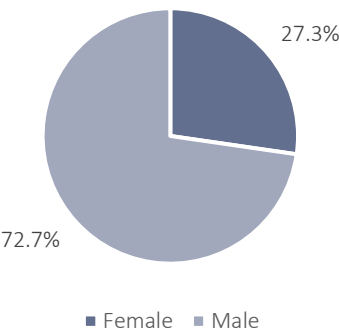


Violations of UN Global Compact

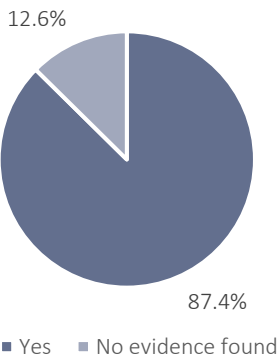
	Portfolio	Benchmark
No	100%	98%
Watchlist	0%	2%
Yes	0%	0%

Governance KPIs

Average Percentage of Females on Board



Anti-Bribery/Corruption Policy



Contribution to the UN Sustainable Development Goals (SDGs)



Selected Companies Contributing to SDGs

Company	SDGA Score	Description
Kurita Water Industries	+10	Kurita Water Industries provides innovative water treatment technologies and services that address water scarcity and pollution. Through its environmental management solutions, the company also helps industries reduce their carbon footprint and improve energy efficiency.
Alfa Laval	+10	Through the integration of digital technologies in areas such as treatment, water loss and water reuse, Xylem advances holistic watershed management and creates water, energy and cost efficiencies.
United Utilities	+10	United Utilities aims to provide safe, resilient and affordable water and wastewater services to communities and ensure that the region where they operate has reliable and sustainable infrastructure.

Contribution is measured on the basis of [ISS ESG's SDG Solutions Assessment \(SDGA\)](#) which measures the positive and negative sustainability impacts of companies' products and services using 15 distinct sustainability objectives. Each SDG has been mapped to one or several of those objectives. Scores range from -10.0 (100% of revenues from products/services with significant obstructing impact) to 10.0 (100% of revenues from products/services with significant contributing impact). The color shading is for illustrative purposes only and does not represent the exact percentages.

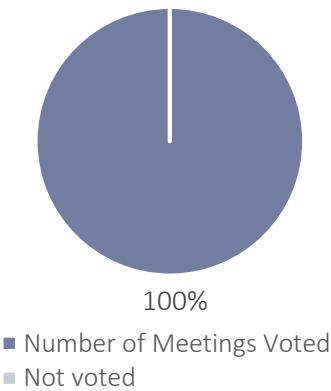
Sources: Tareno AG, ISS ESG

ACTIVE OWNERSHIP – VOTING RIGHTS

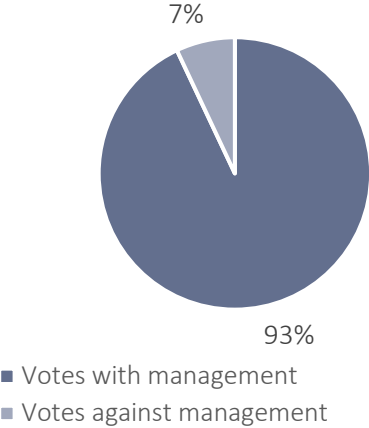
Voting rights are regularly exercised and used to promote sustainable practice at the companies the fund invests in. Execution follows the [international sustainability guidelines by ISS](#), which advocate for stewardship of environment, fair labor practices, non-discrimination, and the protection of human rights.

Voting Summary 2023		Total	in %
Votable Meetings		53	
Meetings Voted		53	100%
Number of Meetings with Votes Against Management		23	43%
Votable Proposals		665	
Voted FOR		589	92%
Voted AGAINST		54	8%

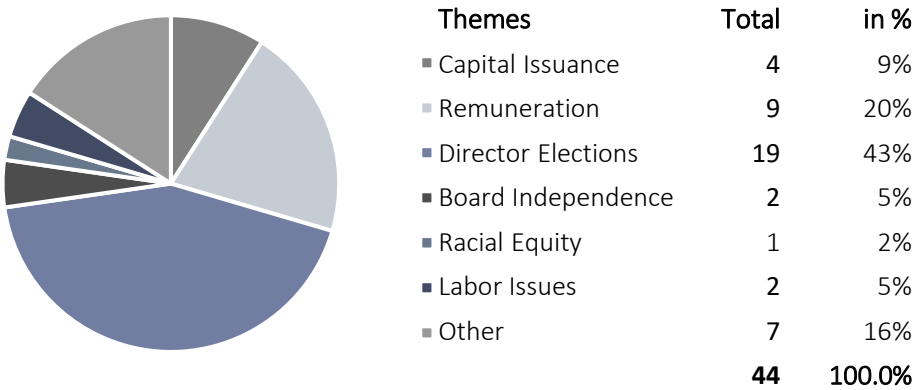
Voting Rights Exercised 2023



Votes Against Management



Votes Against Management - Themes

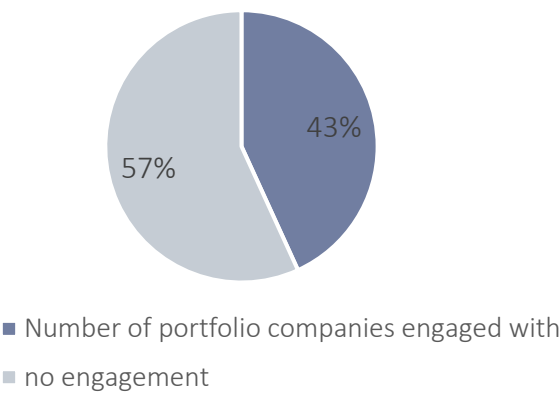


Sources: Tareno AG, ISS ESG
More detailed information on all voting rights exercised in the past year can be found [here](#) .

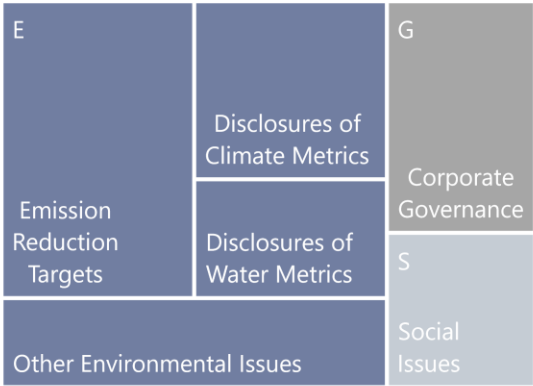
ACTIVE OWNERSHIP – ENGAGEMENT

Engagement Overview

Engagement Activities 2023



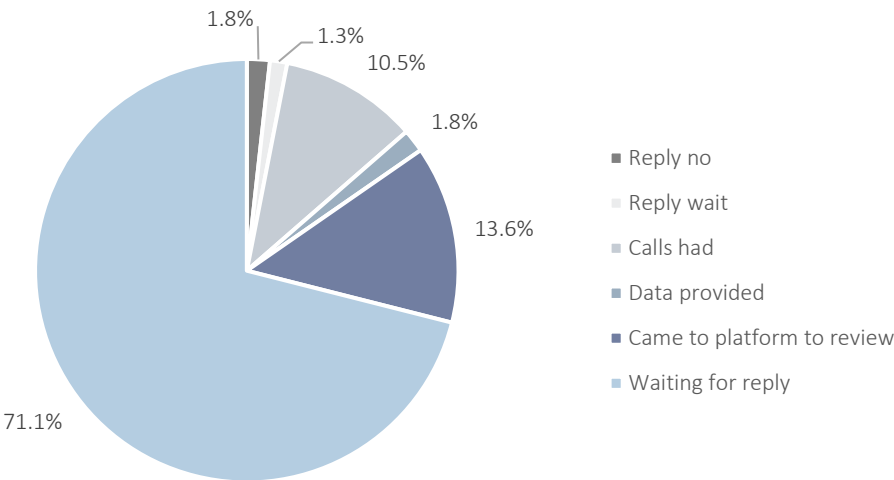
Engagement Themes



Engagement via ESG Book

In addition to direct engagement through company dialogues, the fund uses the [ESG Book engagement platform](#) to directly requests specific ESG disclosures from companies. In 2023, a total of 228 companies from the Tareno water universe were requested to disclose their SFDR PAI data as well as specific water metrics. Shared disclosures are publicly available to anyone which helps to increase transparency.

Overview Disclosures Request



ACTIVE OWNERSHIP – ENGAGEMENT

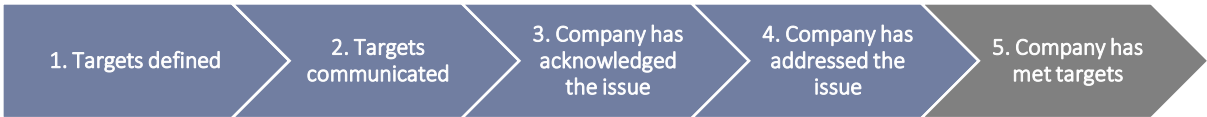
Selected Engagement Cases

China Water Affairs

China Water Affairs, headquartered in Hong Kong, is one of the largest water utilities in China. The company's focus is on tap water and direct piped drinking water supply. Drinking water from pipelines not only has a positive effect on people's quality of life, but also reduces emissions that occur during the production of bottled water. As the majority of China's 1.4 billion people still do not have access to direct drinking water, China Water Affairs sees great growth opportunities for this business segment in particular.

In order to take advantage of this growth opportunity and to exploit the potential in terms of sustainability, a position in China Water Affairs was initiated in 2022. During a personal meeting with the company on site in Hong Kong, an extensive dialogue was held on the topic of sustainability. The lack of disclosure of sustainability data was primarily justified by the lower significance of this data for investors from the Asian region. However, it was reiterated that the priority of this issue at the company has increased significantly in recent years. It was jointly agreed that the next step will be to request specific disclosures on climate and water-related metrics from the company, with the goal of better transparency and an increased coverage for the fund's sustainability reporting.

The requests were sent out in the beginning of 2023 and all requested data points were disclosed. While this has helped to get more insights as well as increase coverage for the fund's sustainability reporting, it would still be desirable that those data points are publicly disclosed within the company's sustainability report. This has been pointed out at the most recent meeting in December 2023. The development will be further followed in 2024.

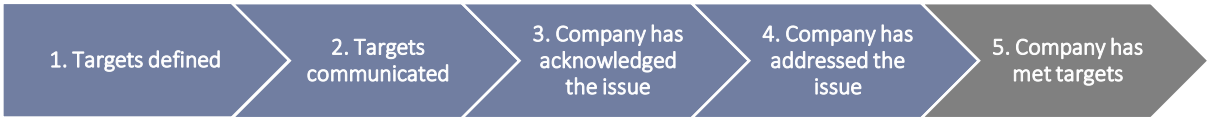


Mueller Industries

Mueller Industries is an American industrial company that manufactures, among other things, copper and plastic fittings, line sets, plastic pipes, valves and related components for use in water distribution systems. As Mueller has historically been one of the laggards in the portfolio in terms of ESG, the opportunity of meeting in early 2021 was taken to start an ongoing dialogue with the company about its sustainability performance.

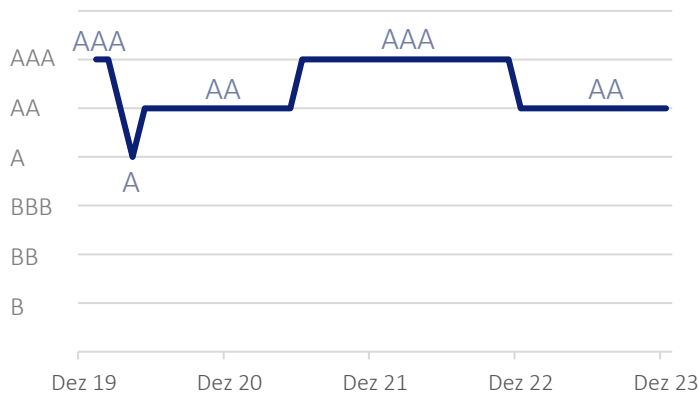
On a positive note, most of the copper Mueller uses in its processes is recycled. Copper is the main ingredient in products that account for 82% of the company's total net sales. The company also has sound corporate governance practices and relatively strong labor management initiatives. In terms of sustainability reporting however, Mueller clearly lags behind its competitors. While the company started to publish an annual sustainability report in 2021, information was not very detailed and lacking specific environmental targets.

The company has since taken steps to reduce its emissions and discloses more detailed information on emissions, energy consumption, water consumption and waste generation. In their most recent sustainability report, they added disclosures on Scope 3 emissions – this was one of the initial objectives of our engagement. While specific targets are still not available, they have clearly stated that they are working on a decarbonization roadmap and targets. The dialogue with Mueller will be continued in 2024 with the aim that the company sets and publishes specific environmental targets.



EXTERNAL SUSTAINABILITY ASSESSMENT

MSCI ESG Fund Rating History



Source: yourSRI.com



- Awarded with the French sustainability label «ISR» since 2023



- FNG label since 2019
- 3 out of 3 stars



- ESG Investing Award winner 2023 in the category «natural ressources»



- Classified according to SFDR Article 9

IMPACT SHARE CLASS - OVERVIEW

Direct and Measurable Impact

6

CLEAN WATER AND SANITATION

In the Impact share class of the Tareno Global Water Solutions Fund, 25% of the management fee* goes to charitable projects that give people in developing countries access to clean drinking water.

In addition to the financial return, investors can thus make a direct and measurable contribution to Goal 6 of the UN Sustainable Development Goals.

Key Performance Indicators as of 31.12.2023

6

Financed projects

5'700

People with access to clean water

48'600

CHF

Total of accrued donations

34'500

Litres of water treated per day

Project Locations



* The management fee for the share class is 0.9% (instead of 0.825% as for the regular I share classes), the investor donates 0.075%. Tareno donates twice the amount, i.e. 0.15%. Together this results in 0.225% p.a. with which the investor and fund manager make a valuable contribution to the fight against the global water shortage.

IMPACT SHARE CLASS – PROJECTS

Project Child Support Tanzania

Project partner: Waterkiosk Foundation

Location: Mbeya, Tanzania

Goal: Installation of a solar-powered water treatment plant at Child Support Tanzania, a school for children with special needs

Implemented: November 2022

Number of beneficiaries: 200

Litres of water: ca. 400l per day



IMPACT SHARE CLASS – PROJECTS

Project Wash Koutaba

Project partner: Antenna Foundation

Location: Koutaba, Kamerum

Goal: Installation of a chlorine-based drinking water treatment solution at Makatet Health Center

Implemented: March 2023

Number of beneficiaries: 500 households

Litres of water: ca. 10'000l per day



IMPACT SHARE CLASS – PROJECTS

Project ECCA Safe Drinking Water Program

Project partner: ECCA

Location: Kathmandu, Nepal

Goal: Improvement of the hygienic conditions at 5 schools, through installation of water filters as well as training of the beneficiaries

Implemented: October 2023

Number of beneficiaries: 1'600

Litres of water: ca. 850l per day



IMPACT SHARE CLASS – PROJECTS

Project Drinking Water System in Chiquim Guaxcux

- Project partner: Verein Tamahú Guatemala
- Location: Chiquim Guaxcux, Tamahú, Guatemala
- Goal: Establish a direct connection to the drinking water supply for families by installing a gravity drinking water system
- Implemented: November 2023
- Number of beneficiaries: 250
- Litres of water: ca. 22'000l per day

Verein Tamahú
Guatemala



DISCLAIMER

This document was created by Tareno Ltd purely for information purposes and does not constitute an invitation, offer or recommendation by or on behalf of Tareno Ltd to purchase or sell investment instruments or to engage in any other type of transaction. Tareno Ltd does not accept any liability for the content, correctness, accuracy or completeness of the opinions expressed or of the information contained in this document or for any transactions conducted on the basis thereof. The past performance presented here does not constitute any guarantee for the future returns of a security investment. The value of each security investment (including investment funds) and any income generated by it may rise or fall, subject to market fluctuations. Investments in foreign currencies are also subject to an exchange rate risk. Security investments are subject to investment risks and value fluctuations, including a possible loss of the investment sum. Short-term, sharp price changes and unforeseeable economic and political events and developments may occur at any time and are unpredictable.

This document is aimed exclusively at the intended recipient but does not take the place of a personal discussion with an advisor or an in-depth personal risk analysis. The opinions expressed therein reflect those of Tareno Ltd at the time of going to press and are subject to change at any time.

Neither this document nor copies thereof may be sent or taken to the United States or handed out to US persons. In certain other countries, sale may be restricted by local laws or regulations. This document and the information it contains may not be forwarded, published or reproduced, either in part or in full, without the written consent of Tareno Ltd.

Publishing Information

Tareno AG
Gartenstrasse 56
CH-4052 Basel
+41 (0)61 282 28 00

Tareno AG
Claridenstrasse 34
CH-8002 Zürich
+41 (0)44 283 28 00

info@tareno.ch
www.tareno.ch

Responsible

Katja Von Krannichfeldt
ESG Analyst / Fund Manager
k.vonkrannichfeldt@tareno.ch

Sybille Wyss
CEO / Partner
s.wyss@tareno.ch