

Engagement process for the TARENO Sustainable Healthcare Fund:

This document outlines the methodology and process for conducting and evaluating corporate engagements of the TARENO Healthcare team.

Introduction

Having an active dialogue between investors and companies regarding sustainability risks and opportunities can be mutually beneficial, but society as a whole can also gain from this. It provides investors with valuable insights into corporate behaviour and expectations while encouraging companies to adopt more sustainable practices. Companies that prioritise sustainability can gain a competitive advantage and increase their chances of long-term success.

Engagement at TARENO

At TARENO, engagement goes beyond having a clarification on a specific sustainability topic. We define engagement as an open dialogue with a company with the aims of influencing its activities or behaviour in order to improve ESG practices or its impact on key sustainability topics. This implies having defined objectives and targets to achieve tangible outcomes set in a predetermined timeframe.

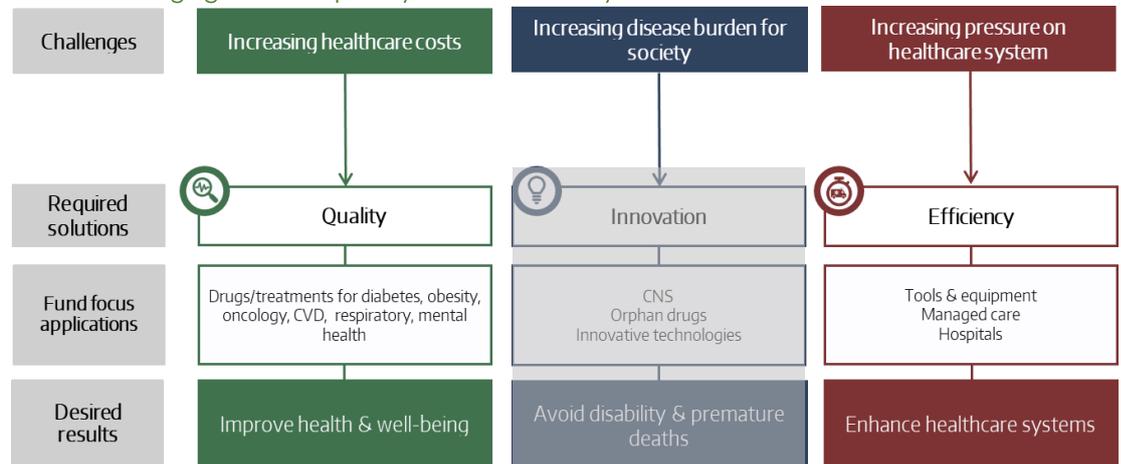
While many large asset managers usually have dedicated engagement specialists, we believe that it is beneficial that the investment analyst responsible for covering the company together with the support and oversight of the Sustainable Business Strategy team drive the engagement (holistic view of the company). The engagement should be targeted and aligned with the fund's specific sustainability goals.

Engagement lifecycle

1) Determine the types of engagement & topics (identify)

- Social objective: seek change that will improve the value to society and align firms to identifiable sustainable outcomes.

Areas of engagement: quality and efficiency



- ESG due diligence and monitoring: flag issues or stress new opportunities identified by our sustainability screen.

Target companies that have failed our proprietary ESG screen

Areas of engagement: as identified by the screen

2) Define objectives, set targets and a timeframe

- Engage for transparency (critical for smaller companies)
e.g. publication of a sustainability report
Advocate for positive impact e.g. link remuneration to ESG metrics
- Mitigate negative impact
e.g. less aggressive sales process of pharma firms, reduction of plastics and chemical use

3) Initiate dialogue with company

- Advise / provide feedback to companies on an informal basis on the improvement, and/or communication of their sustainability efforts.
- Collaboration: We work with other investors and NGOs to help advance issues when independent engagement would be less effective.
- Importantly, objective/target and timeline should be communicated to company to set expectations

4) Measuring engagement effectiveness

- Ongoing (eventually including milestones)
- Successful
- Partially successful
- Unsuccessful

If unsuccessful, the analyst can use the following escalation mechanisms: join collaborative engagement, vote against the re-election of one or more board members, vote against the chair of the board of director or equivalent and divestment

5) Tracking progress / reporting

- We track all our contacts and responses from the companies and measure the outcome of our engagement
- We also track those firms who are not willing to engage