

Regnan

What makes Regnan special?



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Regnan Insights and Advisory Centre

Conceptualising Regnan approach

The nature of the problem

- Sustainability phenomena emerge from interactions within and between economics, socio-political and ecological spheres
- Interactions within and between these are interdependent, emergent patterns are non-linear and difficult to predict and systems and agents within it evolve together, i.e. co-evolve.



Interdisciplinary

- The team's capabilities and subject matter expertise is diverse
- Undertake analysis of the same problem from multiple different lenses, which will yield varied outcomes, the plurality of which enriches insights



Collaborative

- Collaboration between the center and the investment teams
- Collaborate with external stakeholders including investor groups, regulators and NGOs



Engagement-Research Nexus

- Engagement uniquely places the center to not just better understand agent and system level interactions but influence system level change

Sustainability is inherently a complex problem and requires systems-based thinking

Regnan approach

Regnan captures:



Market inefficiencies



Intangible value



Evolving ESG issues

The Regnan Centre analysis is forward looking and bottom-up, grounded in analysis of factors we consider to underpin value creation. Our in-depth research examines:

- The nature, probability and likely consequences of ESG exposures for financial value creation
- The mechanisms and triggers by which consequences might be realised
- The interconnections between ESG factors

Value Drivers

Environment	Social	Governance
<ul style="list-style-type: none"> • Climate transition • Physical impacts of climate change • Water security • Other environmental management 	<ul style="list-style-type: none"> • Human capital management • Workplace health and safety • Stakeholder 	<ul style="list-style-type: none"> • Ethical conduct • Board skills, structures and management • Audit • Remuneration • Other corporate governance

Regnan engagement

Identify target companies



Consideration given to propensity for change and whether the issue is being addressed by others ('additionality')



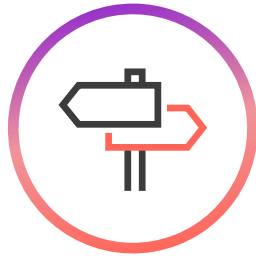
Set change objectives



Objectives set at thematic and stock level
 Informed by deep knowledge of the company and ESG issues
 Objectives address material risks



Constructive engagement



Two-way dialogue at board and/or senior management level
 Not a 'chat' – targeted and outcomes-focused
 Recognition of unique value drivers for that business supports constructive engagement



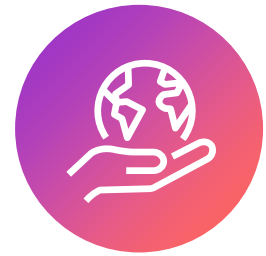
Track progress



Monitor for evidence of change
 Focus on public evidence such as corporate disclosures



Impact achieved



Risks mitigated
Opportunities realised
Ongoing monitoring that change is sustained

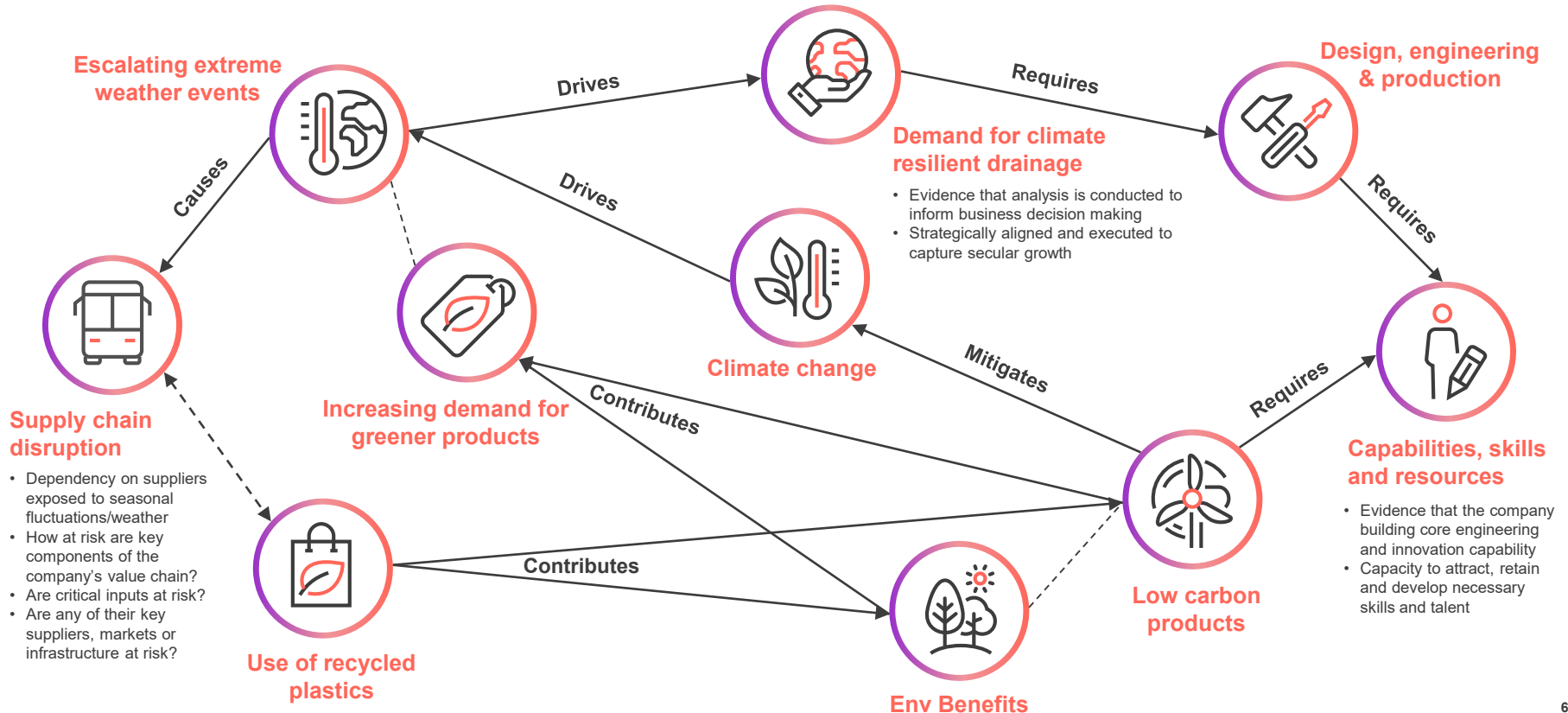
Research & Engagement in practice

Advanced Drainage Systems

ADS is a leading manufacturer of high performance thermoplastic corrugated pipe and ancillary products, providing a comprehensive suite of water management products and superior drainage solutions for use in the construction and infrastructure marketplace.



Multiple factors, one integrated story



Regnan thematic research

Catalysing Sustainable Agriculture and Food Production

Regnan thematic investment insights

December 2022

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This report cover features a background image of fresh red apples and a close-up of two young children smiling and eating an apple.

H₂ beyond CO₂

Filling the gaps in the environmental case for hydrogen

Regnan thematic research insights

Issued April 15 2021

www.regnan-johm.com

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Beyond diversity:

Equity and inclusion as an overlooked opportunity for investors

Regnan thematic research insights

Issued July 2021

www.regnan.com

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Waste not, warm not

Exploring opportunities for decarbonisation in waste management

Regnan thematic investment insights

December 2021

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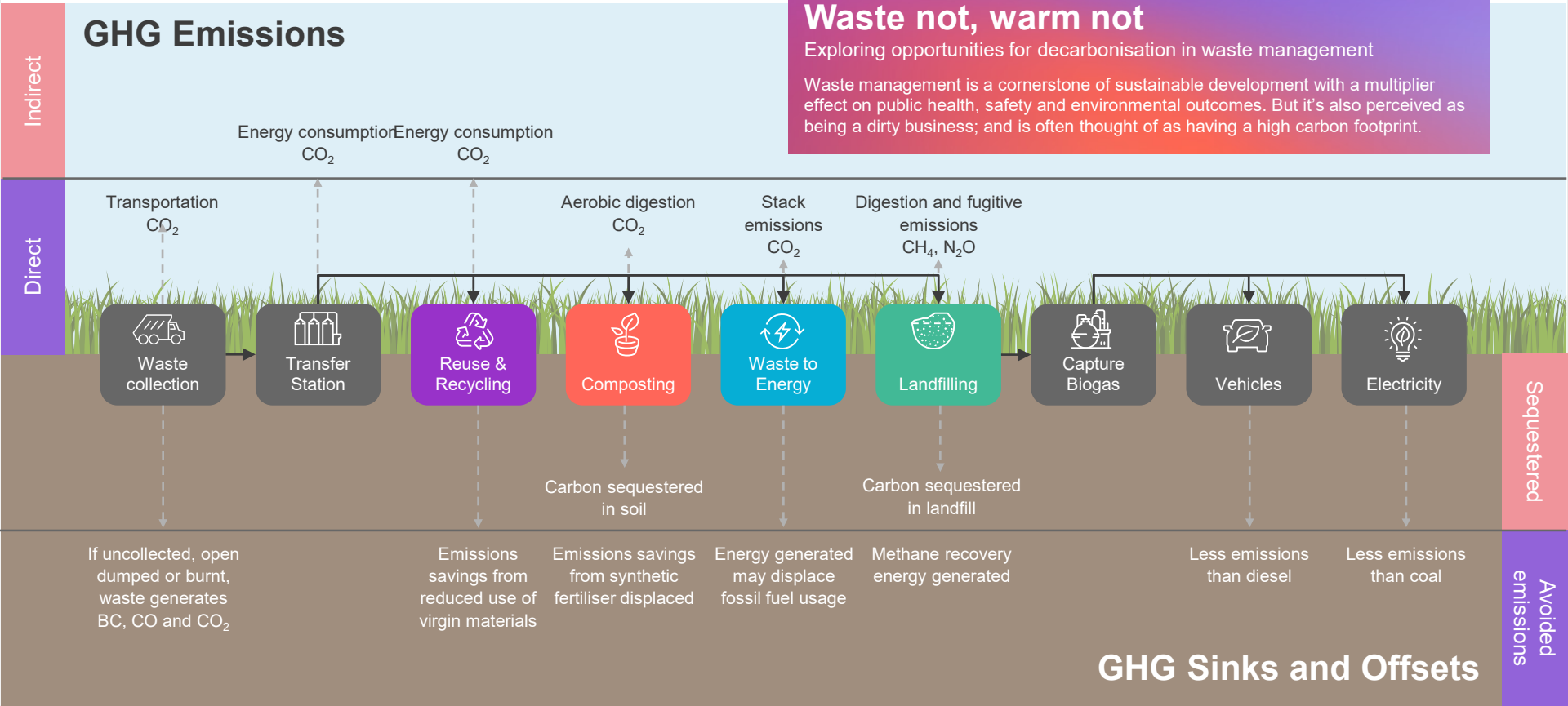
Thematic research in practice

GHG Emissions

Waste not, warm not

Exploring opportunities for decarbonisation in waste management

Waste management is a cornerstone of sustainable development with a multiplier effect on public health, safety and environmental outcomes. But it's also perceived as being a dirty business; and is often thought of as having a high carbon footprint.



Thematic research in practice

Engagement Objective	 Waste collection and sorting	 Reuse and recycling	 Energy recovery	 Landfilling
Appropriate expertise, remuneration structures, capital allocation and governance in place to support effective decarbonisation activities	✓	✓	✓	✓
Decarbonisation goals are well supported by disclosed plans and interim targets	✓	✓	✓	✓
Piloting of EVs to set up initiatives for success/maximise decarbonisation	✓			
Calculation and disclosure of avoided and sequestered emissions uses appropriate and recognised methodologies with sufficient granularity to allow investors to monitor progress	✓	✓	✓	✓
Ambitious recycling/reuse targets		✓		
Evidence of lifecycle or equivalent analysis for reuse and recycling initiatives for better decision making on most efficient use of resources/energy		✓		
Prioritisation of non-recyclable fossil-based waste for energy recovery		✓	✓	
Consideration of carbon capture for energy recovery plants			✓	
Landfill covers and vertical/horizontal well systems are in place to capture landfill gas efficiently				✓
Implementation of interim measures ahead of EV rollouts where appropriate (such increasing fuel efficiency, alternative fuel use, enhance route planning etc.)	✓			
Customer/stakeholder feedback (on emissions) is actively sought to support effective stakeholder response and management	✓	✓		
Advanced technology is being used, for example in sorting (optical/smart) and refuse collection (smart trucks), to improve recycling capabilities	✓	✓		
Transparent participation in public policy	✓	✓	✓	✓

Regnan Sustainable Water & Waste Fund

Regnan’s Sustainable Value Assessment (SVA) is a forward looking and bottom-up analysis of ESG matters designed to promote comprehensive evaluation of ESG issues, while also providing flexibility to incorporate company specific considerations.



Negative Exclusions apply to coal, conventional and unconventional oil and gas, nuclear power, tobacco, weapons and armaments and norms-based screens considering United Nations Global Compact principles

Engagement

Focus on engagement for change on defined engagement objectives – informed by Regnan’s sustainability research and drawing on internal expert views

Voting

Voting our shares drawing on expert advice inline with our private engagement

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