



Global Environmental Opportunities Strategy

Listed equity thematic investment solutions

Essex Global Environmental Opportunities Strategy: Impact White Paper Executive Summary

The Essex Global Environmental Opportunities Strategy (GEOS) intentionally invests to solve environmental challenges, focusing on climate change, by investing in impactful clean technologies. Our **listed equity** approach that explicitly aims to address environmental challenges makes GEOS unique and distinguishes us from traditional ESG approaches. Our approach demonstrates that listed equity investments can have **high social impact**, alongside the potential for strong financial returns. Recent ambitious government and corporate commitments to address climate change have catalyzed the growth of clean technology and creates a long-term investment opportunity within clean technology for investors going forward. The COVID-19 pandemic has also accelerated the adoption of clean technologies by demonstrating that human health is inherently linked to the environment, magnifying the importance of transitioning to a sustainable society.

Our white paper is about impact solutions: both describing the GEOS social impact reporting methodology while providing examples of how GEOS solves environmental challenges. We provide insights into the GEOS investment approach while expanding on how GEOS enables the UN Sustainable Development Goals (SDGs) and helps establish a more sustainable and inclusive low-carbon society.

High Impact in Listed Equities

GEOS enables investors to have high impact through listed equity investments, providing investors with a more liquid alternative to direct investing. GEOS deliberately solves environmental challenges by focusing on *output-oriented companies*, meaning companies that enable sustainability when their technologies or services are deployed. Our focus on output makes GEOS more impactful than traditional ESG investment approaches by **intentionally solving environmental challenges**, instead of merely seeking to invest in companies that operate sustainably. GEOS achieves high impact using a thematic investment strategy based on nine themes: Agricultural Productivity and Clean Fuels, Renewable Energy, Clean Water, Environmental Finance, Power Merchants and Generation, Power Technology, Clean Tech and Efficiency, Efficient Transport, and Low-Carbon Commerce. In the white paper we explain our thematic approach and demonstrate how technologies within the themes support a sustainable society.

Investing in Environmental Megatrends

GEOS invests to solve long-term environmental megatrends such as climate change, water access, and air pollution. The global average temperature in 2019 was *1.1 degrees Celsius higher* than during the pre-industrial period, and time is running out to limit global warming to 1.5 degrees Celsius.¹ Worldwide, *four billion people experience extreme water scarcity* at least one month per year, a life-threatening situation that will deteriorate as rapidly rising temperatures due to climate change exacerbate existing water scarcity issues.² Finally, air pollution leads to more than *five million premature deaths annually*, creating a tremendous burden for health systems and economic productivity.³ Our approach contains the most impactful commercial clean technologies available today to solve these megatrends and establish a more sustainable society. These megatrends also provide a significant long-term investment opportunity for

¹ World Meteorological Organization. *WMO Confirms 2019 as Second Hottest Year on Record*, 2020

² United Nations. *The Sustainable Development Goals Report*, 2019

³ Environmental Defense Fund. Health Impacts of Air Pollution. <https://www.edf.org/health/health-impacts-air-pollution>

investors as commitments from governments and corporations to achieve a more sustainable society continue to catalyze clean technology.

Solving the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are 17 goals adopted by United Nations member states in 2015 to solve the current global environmental, social, and economic challenges. The objective of the SDGs is to create a more sustainable, resilient, and inclusive society by 2030. GEOS solves for nine of the seventeen SDGs, with black boxes distinguishing the goals that GEOS solves for within Figure 1. Our unique impact management approach utilizes the SDGs to ensure we enact positive impact and articulate our broad range of social impact solutions.

Figure 1: GEOS Solves for Nine SDGs



Figure 2 displays two impact examples within our Clean Water and Agricultural Productivity and Clean Fuels themes, as well as thematic alignment to the SDGs. Within the white paper we discuss these examples in further detail, in addition to multiple other impact examples.

Figure 2: SDG Alignment and Impact Example for Two GEOS Themes

 GEOS <i>How impactful is your portfolio?™</i>		Impact Example
 <p>Clean Water</p> <ul style="list-style-type: none"> • Energy recovery • Water filtration 	  	<p>One company in the GEOS Clean Water theme treats 121 million cubic meters of drinking water annually through their decentralized and customized water treatment solutions, providing clean drinking water in developing countries and high water-stressed areas.</p>
 <p>Agricultural Prod & Clean Fuels</p> <ul style="list-style-type: none"> • Precision agriculture • Field computing 	   	<p>One precision agriculture company avoids 362,000 metric tons of carbon emissions annually, while improving crop yields, through their autonomous guidance and steering solutions for farm machinery.</p>

Differentiated Impact Process

GEOS applies an entirely proprietary impact reporting process using both quantitative and qualitative data, including the SDGs, to demonstrate and track our social impact performance. Our differentiated impact approach allows us to articulate where our investments have high impact, and how much impact they have, so we can provide our investors a holistic view of our impact performance. The main quantitative metrics we utilize across our portfolio are carbon emissions avoided and water saved and provided, since these metrics represent two crucial megatrends: climate change and clean water access.

GEOS Enables Sustainability

GEOS helps solve the Sustainable Development Goals and accelerate the transition to a more sustainable global society. The COVID-19 pandemic has magnified the important link between the environment and human health, making the adoption of clean technologies crucial. Our approach to harnessing clean technology solutions to environmental megatrends makes GEOS timely in the era of the COVID-19 pandemic. As Nelson A. Rockefeller once said, “the opportunities take shape within the problems.” We see major investment opportunities within climate change and other environmental megatrends, and GEOS enables investors to enact positive social impact while seeking financial returns. Our impact white paper explains how GEOS different and our unique impact reporting process, the catalyzing forces for clean technology, and examples of how GEOS themes enable a sustainable society.

Disclosures:

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