

## **Responsible Investment**

### **Environmental, Social, and Corporate Governance Policy**

European Capital Partners S.A. (hereafter ECP) believes responsible and sustainable investing to be a key component in achieving successful long-term investment results. We wish to contribute to the development of sustainable market practices to the benefit of society, investors and our industry. Only companies with sustainable business models have the possibility to provide value to society and investors over long periods of time. We seek to invest only in such companies.

ECP takes Environmental, Social and Governance (ESG) factors into consideration in the investment process. We follow the United Nations definition of responsible investment:

*“Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance factors, and of the long-term health and stability of the market as a whole. It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.”*

Expectations on company behavior are set out in global frameworks such as UN Global Compact, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. ECP expects investee companies to adhere to these initiatives, and also encourages companies to map risks and opportunities in line with the Sustainable Development Goals. As part of our commitment to be responsible investors ECP is also a signatory to the UN backed Principles for Responsible Investments (PRI).

### **ESG integration and processes**

ESG factors are integrated into our investment process at several layers. Investee companies must meet or exceed ECP’s ESG criteria to form part of our investment universe. As an active owner we systematically monitor and engage with our investee companies from both an ESG perspective and a fundamental perspective. Companies that fall short of our ESG criteria, and where we do not see a positive trend, will be excluded from the ECP investment universe.

ECP strives to obtain high-quality ESG and economic data on the risks and opportunities associated with our investments. Our understanding and management of those risks and opportunities are integral to our decision-making process.

All investments are systematically screened for potential involvement in reported allegations – or controversies – of adverse impacts on society and the environment in line with established expectations for Responsible Business Conduct. The investments are also screened for potential involvement in controversial weapons (anti-personnel mines, cluster munitions).

The screening of potential company involvement in breach of ECP criteria is conducted on a semi-annual basis.

### **We seek disclosure on ESG risks and opportunities**

ECP expects companies to treat ESG risks and opportunities with same importance as traditional financial considerations. We therefore encourage companies to report on their impact on societies and preferably to:

- Participate in the UN Global Compact.
- Report on selected Sustainable Development Goals.

We believe that company membership in the UN Global Compact, as well as companies reporting on Sustainable Development Goals lead to a higher level of disclosure, which is a prerequisite to foster a systematic approach to Responsible Business Conduct.

### **We are active owners**

ECP engages with investee companies with a long-term mindset and we advocate our preference for long-term solutions to ESG issues. On behalf of our clients we vote on selected companies' annual general meetings. We seek to use our voting rights as shareholders to promote transparency, high level of ethics, management accountability, and sustainable management of ESG issues. In addition, ECP also conducts dialogues with investee companies where we have identified an ESG issue, such as a need for better disclosure or a failure to respect established standards for Responsible Business Conduct.

### **Exclusion**

As part of ECP's commitment to ESG we monitor companies and have defined an investment exclusion list. We exclude companies that fails to respect international norms within the areas of Human Rights, Labour Rights, Environment and Anti-corruption, as set out in the frameworks mentioned above. We also exclude companies involved in controversial weapons namely anti-personnel mines and cluster munitions.

In addition to the above, for specific client mandates ECP takes into consideration a broader set of exclusion criteria.

### **Responsible for implementation of Responsible Investment Policy**

ECP Chief Investment Officer is responsible for the implementation of the Responsible Investment Policy. The policy is reviewed annually.