

## **Responsible investment policy**

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## **1. Purpose and scope**

The Responsible Investment Policy (the "Policy") outlines the framework guiding Proventus Capital Partners' approach to investing. We recognize that sustainability factors can influence investment portfolio performance and that our investments have an impact on sustainable development. We have a fiduciary duty to act in the best long-term interests of our beneficiaries, which is why we incorporate Environmental, Social, and Governance (ESG) considerations into our investment process.

Our goal is to invest in companies that responsibly manage environmental, social, and governance issues. Through our investments, we aim to generate financial returns while contributing to sustainable development. We incorporate ESG issues into portfolio construction and seek to enhance the ESG performance of our investees through active ownership.

The Responsible Investment Policy applies to all current assets under management and future investments.

In 2021 Proventus Capital Partners became signatories of PRI principles which guide our approach to responsible investing. Investments and ownership are guided by the UN SDGs and Proventus Capital Partners' internal guidelines.

## **2. Governance**

Responsible investment policy is adopted by the CEO and managing partner, who is accountable for achieving the policy's commitments.

ESG director develops ESG strategy at PCP level and monitors portfolio compliance with Responsible Investment Policy and ESG strategy. ESG director is responsible for integrating ESG into the investment process and for the effective management of ESG risks. The ESG Director co-operates with all investment professionals and portfolio company representatives in order to ensure ESG issues are properly monitored pre- and post- investment, and all incidents are properly addressed. ESG director is responsible for annual ESG reporting at the Proventus Capital Partners level.

Investment Professionals are responsible for applying exclusion filter prior to making investments, ensuring that sustainability factors are taken into account in the investment process in line with the Responsible Investment Policy and that ESG factors are considered in the engagement with portfolio companies.

## **3. Commitments**

### Overall approach to sustainability

PCP incorporates ESG in all phases of the investment process and advocates responsible business conduct that minimizes ESG risks and generates positive sustainability outcomes that results in long term value creation for portfolio companies, Proventus Capital Partners and our investors.

PCP is committed to:

- Include ESG considerations into investment analysis and decision making.
- Encourage portfolio companies' board of directors and management teams to improve ESG performance during the ownership phase.
- Assist portfolio companies in development of ESG strategy, management system and reporting.

### Exclusions

Due to controversies related to these sectors, negative sustainability outcomes related to such business activities and misalignment with PCP values, PCP will not invest in:

- Illegal Economic Activities
- Tobacco and Distilled Alcoholic Beverages
- Production of and Trade in Weapons and Ammunition
- Gambling, casinos and equivalent enterprises
- IT Sector Restrictions
  - Research, development or technical applications relating to electronic data programs or solutions, which:*
    - *(i) aim specifically at:*
      - *(a) supporting any activity included in the EIF Restricted Sectors (Illegal economic activities, tobacco and distilled alcoholic beverages, production and trade in weapons and ammunition and casinos)*
      - *(b) internet gambling and online casinos; or*
      - *(c) pornography, or which*
    - *(ii) are intended to enable to illegally*
      - *(a) enter into electronic data networks; or*
      - *(b) download electronic data.*
- Life Science Sector Restrictions
  - When providing support to the financing of the research, development or technical applications relating to:*
    - *(i) human cloning for research or therapeutic purposes; or*
    - *(ii) Genetically Modified Organisms ("GMOs").*
  - PCP will require appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or Genetically Modified Organisms.*
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.

## **ESG strategy**

With our ESG strategy we strive to promote the achievement of Sustainable Development Goals (SDGs) set by the United Nations. Our portfolio specifically focuses on SDG 3 Health and Well-being, SDG 4 Quality education, SDG 8 Decent work and economic growth, SDG 10 Reduced inequalities, SDG 13 Climate action and SDG 17 Partnership for the goals.

### **Empower social impact**

- Contribute to the development of a healthier and more educated society
- Create new and sustainable jobs through the selection of sectors with potential for growth

### **Respect the environment**

- Contribute to mitigation of climate change

### **Enable sustainable growth**

- Contribute to the development of responsible business operations of companies
- Promote the principles of responsible investment
- Facilitate the exchange of best practices

## **4. Implementation in the investment process**

### **Selection**

In the entry phase we evaluate the company's profile and industry and identify whether the potential investment is in accordance with the PCP Responsible Investment Policy.

1. We exclude companies as per our exclusion list.
2. We conduct due diligence to assess ESG impacts and risks of potential portfolio company.
3. We assess the alignment of company's business model and strategy with PCP's ESG strategy.

PCP has fully internalised the ESG research and scoring process. We believe comprehensive understanding of a portfolio company is crucial for our investment strategy. However, where appropriate, we will seek external support in cases in which PCP determines it has limited ability to conduct diligence or to influence and control the integration of ESG considerations in the investment.

### **Ownership**

As an active owner, we are committed to guiding and developing our companies. We invest our time, resources and expertise in the stewardship of each company to improve the companies' resilience, to make them ready for the future and to deliver long term value. We aim to stay informed on ESG matters and timely respond to ESG risks.

1. We develop ESG plan for portfolio companies to be implemented during ownership phase.



2. We regularly monitor ESG indicators and discuss ESG matters at Board meetings.
3. We support companies on their ESG journey when needed.
4. We prepare annual ESG reports on the progress.

During the ownership phase we engage with portfolio companies to support them in generating positive environmental and social impact and achieving set goals. Engagement may take several forms, including, but not limited to Board discussions, direct dialogue with executive management or ESG teams and formal correspondence.

**Exit**

We aim to help companies advance in regards to ESG. At the exit phase we prepare conclusions on achieved ESG performance and assess how ESG has created value through the holding period.

**5. Monitoring and reporting**

In order to track sustainability outcomes we establish a set of indicators that portfolio companies need to report on regularly. Additionally, we prepare annual ESG reviews of portfolio companies.

Our reporting includes: regulatory reporting according to SFDR, PRI reporting and investor reporting. We prepare annual ESG reports that will be publically available and include information on the sustainability matters in our portfolio companies.

**6. Approach to conflicts of interest**

We understand that sustainability objectives might sometimes be conflicting with the traditional financial investment objectives. Conflicts of interest that may occur in portfolio construction and stewardship phases, such as those arising from competing business interests in terms of sustainability risks, sustainability goals and financial results, will be addressed by investment professionals and ESG director with the aim to find a balance between financial returns and responsible investment commitments.

**7. Policy reviews**

This Policy is reviewed and updated as required and at least annually.

	Date	Comment
Adopted	__.__.2024.	/
Reviewed		