



Green Investment Partners

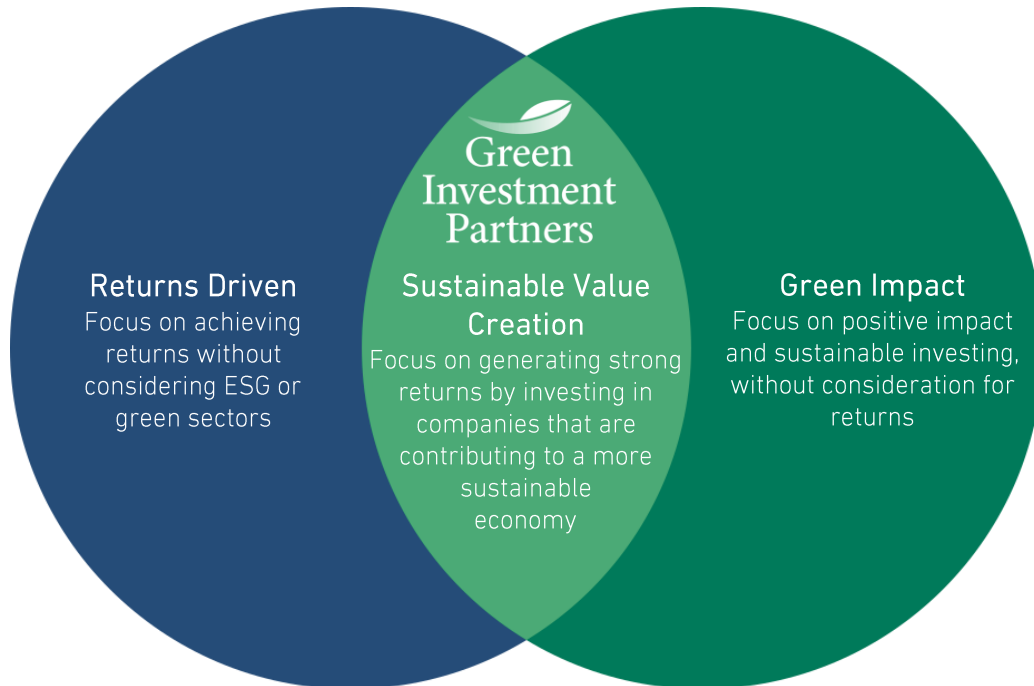
Responsible Investing Policy

November 2020

Fund Managers
Fabian Leonhardt
Joshua Cole

Mission Statement

We are focused on generating strong returns by investing in companies that are contributing to a more sustainable economy. We aim to make a positive impact for our investors, the communities in which we invest and the environment.



Our Approach

- Our first and foremost principle is to treat our investors as our long-term partners.
- Responsible investing is an integral aspect of our philosophy and business. We include ESG (Environmental, Social, Governance) criteria at both a strategy and organization level, while primarily integrating sustainability into all aspects of our decision making.
- By combining both financial and non-financial aspects when evaluating companies, we believe this leads to improved performance and sustainable profits over the time, ultimately enhancing our investors returns.
- ESG is an important component of our bottom-up research process. We look to understand how sustainable a company's business model is and which external factors have the greatest effect. Countries, sectors, specific issues, or themes are also assessed using a top-down approach when relevant.
- Our aim is to invest in companies resilient to climate change, with strong corporate governance and sustainable business models. In our view a good ESG company should create a positive impact with their products or services and further exhibit robust financial performance over an extended period.
- The companies we invest in must contribute towards the reduction in carbon emissions or be transitioning to a lower carbon world. Our power generation revenue threshold for legacy thermal coal is 10% on a company level. We currently have no direct thermal coal power generation exposure within the portfolio (as of 31-Oct-20).

ESG Guidelines

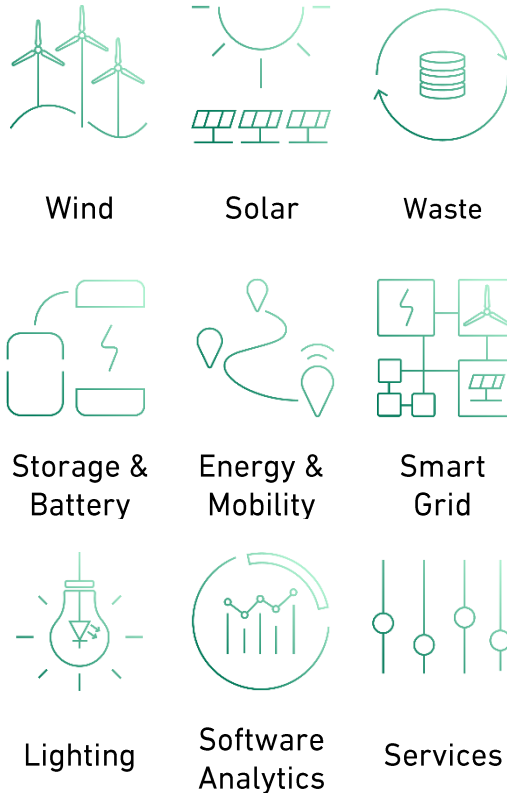
For our bottom-up analysis, we can broadly categorise the ESG factors we use to evaluate a company as:

Environmental	Social	Governance
Emissions reduction	Fair labour practices	Board diversity & independence
Biodiversity	Health & safety	
Clean energy production	Employee ownership & incentives	Transparent reporting
Energy efficiency		Fraud and scandal risk
Resource efficiency	Human rights along supply chain	Shareholder rights
	Community impact	Accounting controversies

Inclusion Criteria

Due to our emphasis on environmental considerations, we look for companies which are resilient to climate change and creating a positive environmental impact. Additional considerations include, but are not limited to, how companies are treating their staff, health and safety practices, fair labour practices, and governance standards. We look favourably to those companies that are in line with the Paris Agreement and publicly disclose their plans to reduce GHG emissions, along with credible and measurable science-based targets.

- We aim to invest in companies that generate > 50% revenues from green sector activities
- On a weighted portfolio level, we aim for > 90% compliance with our green revenue threshold
- We do not invest in companies outside of our sectors as defined below:



ESG Procedure

Top-Down Approach

- **Initial review:** Annual review and definition of sectors based on the latest green (and renewables) research and technological developments.
- **Define investment universe:** For companies to be included into our investment universe they must be in sectors defined previously and contributing to a more sustainable economy directly via their products or services.
- **Sector research:** We aim to constantly update our sector research and expand our green universe over time as new sectors might become essential for the development of a sustainable economy.

Bottom-Up Approach

Pre-Investment Due Diligence

Our ESG analysis is based on a best-in-class approach with the purpose of identifying key risks and opportunities. The methodology consists of our due diligence questionnaire coupled with quantitative data. Each company is assessed individually and against sector specific material factors, using a variety of sources.

Exclusion Criteria

We do not invest in companies that are making negative contributions towards a sustainable future. We avoid investing in fossils fuels, chemicals, nuclear weapons, tobacco, alcohol, coal plants, gambling, oil exploration and other environmentally damaging companies. We may exclude a particular company, sector or country on sustainability grounds if needed.

Additional Exclusion Criteria

Our strategies comply with the exclusion lists of Nordea, Norges Bank, The Council on Ethics Swedish National Pension Funds, and where applicable IFC exclusion performance standards guidance.

Engagement

To promote long-term shareholder value and minimize further risk we directly engage with the companies in our portfolio. We believe that active engagement can bring substantial improvements, a better understanding of corporate culture and long-lasting results. During engagement with the management teams we discuss any issues and encourage constructive changes where required. Additionally, we hold regular discussions with our investors and stakeholders to ensure the identification and alignment on key ESG factors. As a business, we will continue to develop and improve our ESG approach based on the latest research, methodologies and frameworks.

Impact Investing

GIP are impact investors, but we are not impact-first investors. We consider and prioritise returns, while aligning to impact second. On the scale of returns-driven investing to philanthropy, we sit within the thematic impact investing space. We have three mechanisms of impact:

- **Shareholder Engagement:** We engage in companies and we take our responsibility as an impact investor seriously. We will continue to hold companies to account and try to engage with them on areas of improvement, based on our ESG Guidelines
- **Market signals:** Screening out companies which do not meet our ESG Guidelines
- **Non-market signals:** Public visibility of signals on various platforms such as conferences and social media

Investor Reporting

On an annual basis we will report the following:

- ESG performance of the portfolio companies
- Our practise, approach and outcomes of engagement with our portfolio companies
- Relevant changes in disclosures of the portfolio companies
- Alignment of the portfolio companies with the Responsible Investing Policy
- Updates to the Responsible Investing Policy

- Company sustainability report of our activities and overall impact
- Report the tCO₂/€m on a portfolio level when such data is available
- Outline in a clear and transparent manner our methodology - we aim to improve our methodology and data collection over time

Long Term Goals

We are committed to developing and improving the way we deploy capital to ensure it is contributing to a sustainable future and privileging companies with positive ESG outcomes.

Green Investment Partners adheres with United Nations Sustainable Development Goals (UNSDGs). Our portfolio currently aligns and contributes to the following UNSDG goals:

