

# ESG Company & Investment Policy

February 2021



**WEGA INVEST**

WEGA and its investors feel committed to the concept of responsible investing. This includes the following aspects stemming from the charter of the Wendeln family and the WEGA Investment Policy:

1. We consider ethical principles for all investments. Our investment activities should not promote starvation, poverty, war or environmental destruction.
2. We want to generate a significant positive impact towards a better future. We target investments with a positive impact in the social and ecological field.
3. In all business aspects WEGA emphasises fairness, a sense of responsibility as well as the careful use of resources.

#### I. Implementation within WEGA

1. In selecting team members we ensure that all team members believe in, support and promote this ESG policy.
2. We measure WEGA's CO2 footprint annually and develop measures for continuous reduction.
3. We compensate our CO2 footprint through investments in reforestation.
4. Without compromising on the quality of WEGA's portfolio quality we are aiming for a reduction of our CO2 footprint - starting from 2019 - by 10% annually. This will be achieved primarily by reduced travel activity. We are also engaging with our guests and business partner to abstain from unnecessary business travel. Variable compensation of WEGA's management team will be tied to the achievement of this goal.
5. Company cars will have to be CO2 efficient going forward. They will either have to show best in class environmental indicators or (preferably) will be electric.
6. WEGA will run a resource-efficient operation, e.g. by using electricity from renewable sources, avoiding unnecessary waste by dispensing with plastic packaging and disposable bottles, running a paperless office, etc. Hardware will only be replaced when warranted.
7. Introduction of a company bike policy for every employee.

## II. Implementation for manager selection

1. We expect fund managers (managers) to:
  - a) develop a meaningful ESG policy as part of their investment strategy and substantiate this with tangible, verifiable examples,
  - b) see ESG not as a marketing tool but rather as an opportunity for value creation,
  - c) consider ESG aspects for their own operations, by e.g. measuring and improving their own CO2 footprint.
2. We put each manager or fund in portfolios advised by us one of the below categories:

### Positive Delta

- A High Positive Impact
- B High Net Positive Impact
- C ESG Themes or Integration

### Neutral Delta

- D Negative Screening
- X ESG Ignorance without (negative) Impact

### Negative Delta

- Y ESG Ignorance with (negative) Impact
- Z ESG Negative

The primary business activities of portfolio companies are less relevant in determining the categorization than the impact of each individual investment and the manager's activities on the UN sustainability goals – what we define as the **delta**. Our thesis is that a manager who invests into problematic industries to help improve them, generates a higher net positive impact than a manager who excludes those industries outright.

WEGA works with very few exclusions (NoGos). However, the above ranking does take into account whether a manager has made investments into problematic industries, whether these are needed and/or best practice and what their role is in shaping practices. Only then do we decide whether these investments constitute NoGos or acceptable.

The categorisation is determined by the Investment Committee based on a recommendation by the advisor. We will communicate the categorisation to our managers. We will make a recommendation to remove Z-Funds from the portfolio.

Starting from the initial ESG ranking of advised portfolio in 2020, we will set annual improvement targets. These will be achieved through a recommendation of accretive new investments, substitution or material improvements on ESG metrics of current funds

3. We will hire an independent advisor to help us in assessing the sustainability of public companies. Based on this assessment we will review any public holding in the manager's equity funds as well as any public equity funds under advisement. In cases of clear incompatibility we will recommend a portfolio adjustment.

### **III. Implementation with consultants**

We will encourage all our partners and consultants to promote these ESG measures. This will also be an important criterion in the selection and review of our partners and consultants going forward.

We have appointed a sustainability officer within WEGA to monitor compliance. The successful implementation of the measures brought forward in this policy is part of the management team's target objectives and thus tied to variable compensation.