

WEGA Invest GmbH

Impact Policy

January 2024



WEGA and its investors are committed to responsible investing. This includes the following principles, which are based on the Wendeln Family Charter and the WEGA Investment Policy:

1. We adhere to ethical principles in all our investments. Our investment activities should not facilitate hunger, hardship, war or environmental destruction.
2. By targeting investments with a positive impact on social and environmental issues, we want to use our capital to make a significant contribution towards a better future.
3. All WEGA's business activities focus on fairness, a sense of responsibility and the careful use of resources.

Definition of ESG, impact and delta

ESG is a sustainability framework that brings together environmental, social and corporate governance aspects in a broader sense. The Principles of Responsible Investments (PRI) are a widely recognized framework hereto.

Impact in an investment context describes the effects of an investment on the environment and society. Specifically, impact relates to pressing problems in the world, such as those outlined by the UN Sustainability Goals. But they can also arise from other sources.

Delta (WEGA specific) is the concrete qualitative or quantitative positive or negative impact of an investment on the problems listed above. Delta takes into account not just the intention to generate positive effects but also the likelihood of success (generally dependent on the quality of the manager and the investment). It makes impact of different investments comparable.

I. Implementation within WEGA

1. When hiring, we ensure that all team members support and advance this impact policy.
2. We determine WEGA's CO₂ footprint annually and look for measures to reduce it.
3. We offset our CO₂ footprint every year through donations to credible and effective initiatives.
4. We aim to reduce emissions as much so possible and compensate the rest
5. WEGA's CO₂ footprint is largely attributable to long-haul air travel. To reduce our footprint to a minimum reasonable level, we limit the flight budget to two intercontinental trips per year per investment professional. Short-haul flights are reduced to the necessary minimum. Whenever possible, we prefer travel by public transport (e.g. Munich to Stuttgart, Frankfurt or Berlin). Where sensible, we prefer web conferences over physical meetings. We also do not wish to initiate unwarranted business travel by our guests and business partners.
6. as All company cars are CO₂-efficient. They have best in class environmental indicators or (preferably) are electric
7. WEGA conserves resources in its operations, e.g. by using electricity from renewable energy sources and avoiding waste(plastic packaging, disposable bottles, paperless administration wherever possible, etc.) IT equipment is only upgraded if this is technically warranted.
8. Each employee can lease two company bikes. WEGA contributes to the leasing rate.
9. WEGA has a sustainability officer who monitors compliance with this impact policy.

II Implementation in manager selection

We expect fund managers to have integrated ESG into their corporate culture and to take this into account in all their activities.

Generating **impact** is an additional, essential aspect in our manager selection process and is considered equally alongside return and risk for each investment proposal.

Impact generation is an important criterion, particularly in the **asset classes** private equity, venture capital, infrastructure and real estate. We generally expect hedge funds to not generate meaningful impact but to also not to behave in a harmful manner.

WEGA steers clear of investments with a negative delta. But we do not work with blanket **exclusions**. Instead, we may invest with managers who invest in problematic but not (yet) dispensable industries but show a credible path to improving them through their activities (best practice). Credible impact ambitions are a prerequisite for such investments.

We do not want to be invested in activities that violate human rights, abuse animals or harm the environment to a significant extent without this being unavoidable. Any WEGA Invest team or Investment Committee member can raise concerns about any form of negative impact throughout the fund selection process and effectively prevent the investment by assigning a poor rating.

All funds in the "WEGA Portfolio" is given an **impact rating**, which is included in the investment grid. The impact rating categorizes funds from A = Impact to E = Negative. E funds are not in the portfolio. We consider A and B funds to be impact funds.

We want to increase our commitments to A, B funds to at least 50% by 2027. Our focus is on a) climate transition, b) sustainability, waste and resource efficiency and c) health, education and social issues.

	A High Impact	B Impact Ambition	C Impact Awareness	D No Impact	E Negative Impact
Delta / invested \$	very high	high	uncertain	none, net neutral	negative
% positive impact investments	50-100%	30-50%	10-30%	little to none	little to none
Odds of delta accomplishment	very high	high	medium	not relevant	high, negative
Active impact generation	very high	high	medium	no	active negative
Relevant (impact) expertise	very high	high	medium	low	none
Impact credibility & ESG*	very high	high	medium	low	none

* Policy, other strategies, corporate identity, incentives, footprint, credibility key persons, greenwashing

The driving factor for how a fund is categorized is its **delta**, i.e. the concrete positive or negative impact of the investment on environmental and social factors, taking into account the likelihood of said delta occurring.

The **rating** is decided on by our IC and based on a recommendation from the PM. Determining the rating is part of our investment recommendation and is made transparent to the managers upon request.

III Implementation with consultants

We will encourage all our **partners and consultants** to promote ESG and impact measures. Alignment on impact considerations will be a key criterion when selecting and reviewing our partners and consultants.

IV. Charitable Engagement

We have set up WEGA Care - a charitable company – to help us realize impact outside of the investment universe. WEGA Care utilizes the resources of the Family Office to identify and donate to charitable projects around the world. The focus is on long-term donations to organizations & projects dedicated to environmental protection and children's education. Through our donations, we aim to make a significant and sustainable contribution to the success of these organizations and projects.

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