

Sustainability-related disclosure for Capricorn Partners

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, Capricorn Partners herewith discloses the way Sustainability Factors and Risks (as defined below) are integrated into the investment decision process and the results of the assessment of the likely impacts of Sustainability Risks on the returns of this Company.

Capricorn promotes Sustainability Factors in all but one of its managed funds (Art. 8 Regulation (EU) 2019/2088, Disclosure Regulation). Under “Sustainable Factors” is understood environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The promotion of the sustainable factors is mainly achieved through the thematic approach of the investment strategy of each fund. In addition, each investee company must follow good governance practises and all the investments that take into account the EU criteria for environmentally sustainable investments may not significantly harm any environmental or social objective.

Nevertheless, each fund remains also exposed to Sustainability Risks. Under Sustainability Risk is understood an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the funds managed by Capricorn. Sustainability Risks are also integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risk or identify an opportunity to put in place remedial actions to mitigate these risks. The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class (quoted or non-quoted equities). In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

We refer to the Capricorn Partners ESG Policy for a more detailed description of the way Sustainability Factors and Risks are integrated into the due diligence procedure, the investment decisions process and the follow-up of the investment business. Integration of Sustainable Factors in our remuneration policy is described in the last chapter of the ESG Policy and in our Human Resources Policy. Moreover, each member of staff is bound by a Code of Conduct setting forth a conflicts of interest procedure, a voting rights policy for the portfolio companies and a market abuse policy which must be strictly followed.

Without prejudice to the above, Capricorn does not yet document the adverse impacts of its investment decisions on sustainability factors, as there are for the moment no sufficient satisfactory quality data available to allow Capricorn to adequately assess the potential adverse impact of its investment decisions on sustainability factors. Capricorn will reconsider this requirement each year and aims to fulfil this assessment as soon as sufficient quality data are available.