



# ESG POLICY

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## 1. Introduction

This document describes Capricorn Partners' global approach to responsible investment and to implementing environmental, social and governance (ESG) considerations in the investment businesses of the managed funds and in its own operations. Capricorn has chosen the integrated approach which concentrates on systematically combining environmental, social and governance information with traditional financial considerations to guide its investment decisions. In addition to the traditional and mechanical exclusion approach, the integrated approach is holistic, pro-active and involves a higher level of expertise and data availability and reporting.

Beyond Capricorn's commitment to integrate ESG factors and responsible investment risks and opportunities into the selection of the investment areas of the different funds, they are also embedded into the investment processes, the due diligence of the target portfolio companies and in the active ownership and coaching of the portfolio companies. In its due diligence process Capricorn considers both positive and principal adverse impacts of its investment decision on sustainability factors of the investee company. All funds managed by Capricorn are classified into (i) funds promoting environmental or social characteristics, (ii) funds with a sustainable investment objective or (iii) mainstream products. This classification affects the information provided for in the prospectuses or ppm's and in the periodic reporting of the concerned funds. The classification is also available on the website of the relevant fund.

We also strive to implement those principles within our own company.

In addition, Capricorn commits to report in the yearly annual reports of the funds it manages on the integration of ESG factors in the investment business as set forth in the governing documents of the concerned funds, in the Sustainable Finance Disclosure Regulation and, in general, in accordance with the standard practices of a fully licenced AIFM manager.



## **2. The Standards we follow.**

We adhere to (i) the Ten Principles of the UN Global Compact, (ii) the UN Principles for Responsible Investment (the “PRI Principles”) and, more specifically for the private equity industry, we use (iii) the ESG Due Diligence Guidance for Private Equity Investment Teams and their Portfolio Companies of Invest Europe. Furthermore, we support (ii) the UN Sustainable Development Goals (the “UN SDGs”).

### ***2.1. The Ten Principles of the United Nations Global Compact.***

By incorporating the Ten Principles of the UN Global Compact into its own policies and procedures and establishing a culture of integrity based on the same principles into its portfolio companies, Capricorn not only upholds its basic responsibilities to people and planet but also sets the stage for long-term success. Capricorn itself and its portfolio companies will at least meet the following fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption.

#### ***Human Rights***

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

#### ***Labour***

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

#### ***Environment***

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### ***Anti-Corruption***

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

### ***2.2. The Six Principles for Responsible Investment***

In 2020 Capricorn became a signatory to the UN PRI and promised to adhere as well to the following six principles of PRI Investing (the “Principles”):



1. **We will incorporate ESG issues and risk factors into our investment analysis, due diligence and decision-making process.** We are committed to ensure that in our investment policies, in the due diligence, in our investment decision process and in the monitoring of the investments of our funds, ESG factors are taken into account.
2. **We will be active owners and incorporate ESG issues into our ownership policies and practices.** We develop a responsible ownership by taking, where we can, a board seat in the private portfolio companies and by exercising voting rights in accordance with our Voting Policy which is part of our Code of Conduct. Good corporate governance is key to creating lasting value and we promote and protect shareholder rights consistent with long-term ESG considerations of good governance.
3. **We will seek appropriate disclosure and reporting on ESG issues by the companies in which we invest.** We will report annually on the ESG issues and our ESG engagement towards our investors and, where relevant, taking into account the size and business stage of the portfolio companies and the requirements of the Fund documentation, report on qualitative and quantitative progress of the ESG factors in the portfolio companies.
4. **We will promote acceptance and implementation of the Principles within the investment industry.** Capricorn is an active member of Professional Standards Committee of Invest Europe promoting ESG investment principles by its members via different ways, such as the development of standard documents (for example the ESG due diligence questionnaire) or tools for benchmarking ESG integration. Being represented in the board of directors of Invest Europe and of the Belgian Venture Capital and Private Equity Association, Capricorn supports regulatory or policy developments that enable implementation of the Principles.
5. **We will work together to enhance our effectiveness in implementing the Principles.** We support and participate in conferences, networks and information platforms to share tools, pool resources and information as a source of learning.
6. **We will report on our activities and progress towards implementing the Principles.** As of the financial year 2018 Capricorn discloses in the annual reports of all its funds under management the implementation of the ESG factors and how ESG issues are integrated within the investment practices of the concerned fund. For Quest for Growth and Quest Management SICAV (with sub-funds Quest Cleantech Fund and Quest+), an ESG report is included in the annual report. For the Capricorn Sustainable Chemistry Fund a dedicated ESG (Sustainability) Report is produced in addition to the financial annual report. For the other venture & growth funds, ESG reporting is incorporated in the annual report. As of 2022 (or the entrance into force of the reporting EU legislation) we will add in our reports the required disclosures of the EU Sustainable Finance Disclosure Regulation (2019/2088), hereafter the "SFDR".

### ***2.3. The ESG Due Diligence Guidance for Private Equity Investment Teams and their Portfolio Companies***

This Guidance provides a recommendation of good practises available for LP's, GP's and portfolio company management teams to support them in identifying material ESG risks and opportunities



during pre-investment screening and in addressing these during the ownership period. This Guidance also refers to the Invest Europe's Professional Standards Handbook which may be consulted on the website of Invest Europe. Capricorn is an active member of Invest Europe.

## 2.4. The UN Sustainable Development Goals

Taking into account the investment scope of each specific fund, Capricorn strives for each of its investments to contribute to one or more of the Sustainable Development Goals which were developed by the United Nations to end poverty, protect the planet and bring prosperity to all by 2030:



## 3. How do we approach and implement ESG Factors in our investment practise?

### 3.1. Thematic approach and Investment Scope of the Funds under Management

In choosing the investment scopes of its different funds under management Capricorn has chosen areas that promote or have a positive contribution to people and planet and serve several UN SDG Goals.

- Quest for Growth, considered to promote ESG characteristics, invests in the 3 following themes:
  - a) “Digital”, through digital technology companies in areas such as data processing, connectivity and automation.
  - b) “Cleantech” through cleantech companies which deliver products or services for a cleaner or more efficient use of earth’s natural resources.



- c) “Health”, through healthcare companies that provide solutions to solve health problems.
- Capricorn Cleantech Fund, considered to promote ESG characteristics, invested in technology-based growth companies that are active in the cleantech category, in, among others, the field of renewable energy and energy efficiency, water, renewable resources and bio-refineries, clean air, CO2 reduction, climate change prevention, green chemistry and advanced materials and this at the stage of applied search, product and process development or production and/or commercialisation.
  - Capricorn Health-tech Fund invested in innovative companies that focus on the prevention, diagnosis and treatment of diseases or can contribute to a better human health. Though this fund is not in fundraising modus anymore, we may label this fund as promoting ESG characteristics.
  - Capricorn ICT Arkiv invested in innovative companies active in the ICT sector with a particular focus on digital healthcare, Big Data and related technologies. Its successor fund, Capricorn Digital Growth fund invests in data driven companies, focussing on the growing number of opportunities emerging from the conversion of data to actionable insights. Both funds aim to promote ESG characteristics and Capricorn Digital Growth Fund is an article 8 fund in accordance with the SFDR.
  - Capricorn Sustainable Chemistry Fund invests in enabling technology-based growth companies active in the business of bio-based and/or sustainable chemistry including the development of alternative feedstock, such as biomass, carbon dioxide, and waste as feedstock for the chemicals industry, using conversion technology based on catalytic chemistry, biochemistry or electro-chemistry, into novel functional materials for food, feed, fibres and jet fuel. As the fundraising of this fund was closed before the introduction of the SFDR legislation, we do not formally associate it with an SFDR label. However, we consider it to promote ESG characteristics close to having a sustainable investment objective.
  - Quest Cleantech Fund (sub-fund of Quest Management SICAV, for which Capricorn Partners is the investment manager) invests in quoted companies that deliver products or services for a cleaner or more efficient use of earth’s natural resources. At least one third of each of the portfolio companies’ activities, measured by revenues, profits or sum-of-the-parts, must correspond to the investment areas of the fund (as described in the prospectus). The portfolio’s weighted average of activities, measured by revenues, profits or sum-of-the-parts of the portfolio companies, corresponding to the investment areas of the fund is targeted to be more than 75%. The reduction rate (by number of issuers) resulting from the application of its different sustainability strategies is more than 90%: the initial investment universe (“investable universe”) of stocks listed in developed markets of more than 10,000 stocks is reduced to a thematic investment universe (“ESG screened universe”) for the sub-fund of approximately 400 stocks. Quest Cleantech Fund promotes ESG characteristics and is considered an article 8 fund under the SFDR.



- Quest+ (sub-fund of Quest Management SICAV, for which Capricorn Partners is the investment manager) invests in future oriented themes with a positive contribution to people and the planet. At least 50% of each of the portfolio companies' activities, measured by revenues, profits or sum-of-the-parts, must correspond to one or more of the following investment areas of the fund:
  - a) "Digital", through digital technology companies in areas such as data processing, connectivity and automation.
  - b) "Cleantech" through cleantech companies which deliver products or services for a cleaner or more efficient use of earth's natural resources.
  - c) "Health", through healthcare companies that provide solutions to solve health problems.
  - d) "Well-being", through companies providing products and services related to safety and comfort, leisure and human development.

The portfolio's weighted average of activities, measured by revenues, profits or sum-of-the-parts of the portfolio companies, corresponding to the investment areas of the fund is targeted to be more than 75%. The reduction rate (by number of issuers) resulting from the application of its different sustainability strategies is more than two thirds: the initial investment universe ("investable universe") of stocks listed in Europe of more than 5,000 stocks is reduced to a thematic investment universe ("ESG screened universe") for the sub-fund of approximately 1,500 stocks. Quest+ promotes ESG characteristics and is considered an article 8 fund under the SFDR.

- Capricorn Fusion China Fund, investing in companies with an Asian link, is a mainstream fund and does not claim to promote environmental or social characteristics. Nevertheless, ESG risk factors are considered in the due diligence process and all the decisions and reporting are made in accordance with this ESG policy.

We select all portfolio companies carefully in accordance with the investment scope of each investment fund and in accordance with the principles and investment guidelines agreed with our investors and set forth (i) in the binding Shareholders' agreements of the private investment funds or (ii) in the prospectuses of the Quoted funds. The risk management department of the management company of each fund controls whether Capricorn Partners invests in the appropriate companies fulfilling the investment scope of the concerned fund and reports any shortcomings to the executive committee immediately.

For funds fully consisting of quoted equities (Quest Cleantech Fund and Quest+), in order to avoid conflicts with the ESG character of the product, no derivatives or structured products are used, no investments are made in government issued assets, fixed income assets issued by an SPV or fixed income assets issued by a financial institution except for cash. Cash positions are held for liquidity purposes only, are not held structurally or for investment purposes and will typically not exceed 10% of the net asset value of the fund. Investments in other UCITS will only be done after formal commitments of underlying managers or look-through analysis regarding the sustainable character of the UCITS. In any case the total of investments in other UCITS will be limited to maximum 10% of the net asset value of the fund. The funds are fully actively managed and do not replicate the composition of any indices.



### **3.2. Due Diligence, Selection Process and Decision-making**

#### **3.2.a. ESG integration for Private portfolio companies/venture & growth funds**

We conduct an in-depth due diligence on the target companies. In addition to traditional due diligence topics such as market, technology/IP, financial, legal and business due diligence it also includes a due diligence on relevant ESG factors. Taking into account the particular transaction and investment circumstances, such as the geographical location, the size and stage of the target company, we derive the relevant topics from the ESG Due Diligence Questionnaire of Invest Europe and include these in our diligence of the target companies. While a standard 'checklist' may be used, this due diligence typically takes place as a dialogue with the company's management, as with relatively early stage companies increasing the awareness and gauging management's dedication to 'good business practices' are more relevant indicators of good future ESG performance, rather than a 'tick-the-box' exercise taking stock of which policies, stakeholder surveys, trainings etc. the company already has in place or not.

The outcome of the due diligence on ESG factors may lead to acceptance of the identified risks, with improvement actions that are agreed upon in partnership with the new portfolio company and followed up post-investment, where relevant and based on considerations of materiality. If the identified risks are deemed unacceptable and non-curable, they will lead to rejection of the investment.

We work with exclusion factors, which will, based on the due diligence findings and taking into account the specific investment focus of the concerned fund, exclude for instance investing in companies that do not respect the Ten Principles of the UN Global Compact or companies that have unacceptable ESG risks. Some examples of considerations are:

- **Regarding environmental factors:** we will not invest if the company does not actively contribute to a cleaner world, or does not put efforts in reducing or minimising its environmental impact, energy and water usage and CO<sub>2</sub> emissions; it should not produce products that lead to an irresponsible burden on the environment or conduct its activities in such a way.
- **Regarding social factors:** we will not invest in companies that do not respect or give no fair compensation to their employees, or do not respect the diversity of the social environment or diversity in age, gender, religious believe or race. We aim to invest in companies that comply with all regulatory standards and ask them to ensure the safety and well-being of their employees and consumers when developing, producing, testing or selling their products or we will help them in developing an action plan therefore. We promote management and employee stock ownership as a means of sharing the gains when the company becomes successful. We have zero tolerance for companies that do not respect human rights. Capricorn mainly invests in technology-based growth companies in "developed" countries that respect human rights and have protective laws for employees and children.
- **Regarding governance factors:** each investment by a Venture or growth fund is accompanied with a set of transparent rules and principles defining the rights, responsibilities and expectations between all different stakeholders and boards of the portfolio company. We always aim to be represented at the board level and we ask that the financial audit is done by an independent outside auditor in order to ensure independent and transparent reporting by



the portfolio company. We encourage the appointment of an independent Chairman of the Board. Through our representation in the Board of Directors, we ensure and bear joint responsibility that all necessary permits are in place for proper and legitimate company operations and good corporate governance, such as sound management structures, employee relations and remuneration.

In addition to the screening and due diligence for ESG factors as described above, for Capricorn Sustainable Chemistry Fund and Capricorn Digital Growth Fund from their beginning, and for Capricorn Fusion China Fund from 2022 onwards, with every new investment we assess which is (or are) the most relevant UN SDG(s) being addressed through the new portfolio company's activities. The UN SDG(s) identified is (are) documented, as well as the qualitative explanation how the portfolio company addresses this (these) Goal(s). Whilst the transition to quantification of these key UN SDGs is being experimented in the Capricorn Sustainable Chemistry Fund, all three mentioned funds review at least annually the continued relevance of the UN SDGs identified at the time of the initial investment.

### 3.2.b. ESG integration for quoted equities

Capricorn integrates ESG factors in the portfolio construction and stock selection process for quoted equities. Next to financial criteria such as growth, financial strength and valuation, Capricorn looks at non-financial and ESG criteria during the stock selection process. The ESG criteria include:

- Environmental
  - o Environmental / green products & services
  - o CO2 / energy footprint
  - o Water footprint
  - o Waste reduction / pollution control
  - o Circularity
- Social
  - o Development of employees
  - o Remuneration of employees
  - o Labour standards / health & safety
  - o Staff turnover
  - o Social handprint products & services
- Governance
  - o Diversity
  - o Independency
  - o Management remuneration
  - o Equity participation / alignment
  - o Shareholder rights

The ESG analysis is mainly based on internal analysis done through multiple methods including analysis of publications, contacts with analysts and contacts with the company. The analysis can be supported by external sources such as ESG broker research and ESG analysis and ratings from data providers (mainly Bloomberg). The criteria listed above will be reviewed from time to time.



### **3.3. Exclusion Factors – Negative Screening**

Generally, for all our funds we exclude investments in sectors and activities with major ESG risks. Exclusion factors refer to product-based exclusions, conduct-based exclusions and to specific exclusion lists published for the quoted funds. Venture & growth funds may have specific exclusions set forth in the concerned shareholders' agreements as well.

Exclusion factors may change over time and Capricorn is monitoring and analysing evolutions and practices related to exclusion categories and can update its opinions to include newer categories.

#### 3.3.a. Product-based exclusions

Companies involved in harmful activities that could lead to adverse impacts on sustainability factors, are excluded. These activities are:

- Controversial weapons: This includes the manufacturing of weapons, manufacturing of tailor-made components, using, repairing, selling, distributing, importing or exporting, storing or transporting weapons that are either illegal -as their production and use is prohibited by international legal instruments- or deemed particularly controversial because of their indiscriminate effects and the disproportionate harm they cause. This includes weapons such as cluster munitions, anti-personnel mines, submunitions, inert ammunition and armour containing depleted uranium or any other industrial uranium and weapons of mass destruction such as biological, chemical or nuclear weapons.
- Production of weapons: Weapons are defined as products or tailor-made components of products that have been designed to injure/kill.. Components are considered as part of weapon systems if they are tailor-made components that are developed primarily in order to be integrated into a weapon system. In addition to military weapons, civilian firearms, including manufacturing, wholesale or retail sales of guns, rifles and ammunition, are included in the definition of weapons.
- Coal or coal-based energy production. This includes companies involved in the exploration, mining, extraction, transportation, distribution or refining of thermal coal and power companies active in coal-based power production.
- Nuclear energy production.
- Non-conventional oil & gas production. This includes the extraction of oil shales, oil sands-based synthetic crudes and derivative products, shale gas and arctic oil & gas extraction.
- Production and trade of tobacco. This includes production of tobacco, products that contain tobacco, e-cigarettes and wholesale or retail sales of these products.

Direct involvement: for the quoted equities, a tolerance threshold of 5% of revenues is accepted for any direct involvement (in general defined as production and wholesale trade of these products) in the above-mentioned activities except for controversial weapons for which there is a zero tolerance or threshold level for exclusion.

Indirect involvement: Maximum 25% of the activities of a company can be in products or services dedicated to activities listed in the product-based exclusions, such as the delivery of components, delivery of dedicated services or distribution of products.



Companies shall have a strategy to reduce the adverse impact of their activities and to increase their activities with a positive contribution.

### 3.3.b. Conventional oil & gas extraction and electricity generation (quoted equities)

Companies with a significant activity in conventional oil extraction and electricity generation based on fossil fuels will be avoided. Practically, the funds will not invest in quoted equities classified in:

- GICS Sector 10 “Energy” except for companies with at least one third of their activities coming from renewable energy;
- GICS Industries 551010 “Electric Utilities”, 551020 “Gas Utilities”, 551030 “Multi-Utilities” and 551050 “Independent Power and Renewable Electricity Producers” except for Sub-Industry 55105020 “Renewable Electricity” or other companies with at least one third of their activities from renewable energy or water utility services.

Without prejudice to the foregoing, the funds will not invest in quoted companies with in aggregate more than 50% of their activities in energy extraction and/or electricity generation based on fossil fuels. For fossil fuels no distinction is made between oil and gas.

### 3.3.c. Conduct-based exclusions – Normative screening

Capricorn expects all its portfolio companies to adhere to the United Nations Global Compact and other standards and frameworks on business and human rights. Consequently, it excludes companies with undesirable behaviour related to the areas of human rights, labour rights, environmental challenges and responsibilities and anti-corruption. These exclusions (also) include undesirable behaviour related to areas such as public morals and/or public order, taxation, financial speculation on agricultural commodities, severe environmental damages, biodiversity and water use.

Capricorn shall verify, based on available information, whether companies are not involved in such controversies or violations of these frameworks. Additionally, there shall be no clear indications of companies’ involvement in manufacturing doubt about the principal adverse impacts on sustainability factors of their activities (e.g. actively spreading misinformation).

Capricorn funds will not hold financial instruments issued by government debt or state-owned companies of countries violating the UN Global Compact, or subject to international sanctions, or in countries that are under embargo by the European Union. Although this is not an exclusion criteria per se, countries applying death penalty are closely monitored. Most of such regimes are being found in the list of international sanctions and are therefore excluded.

### 3.3.d. Additional exclusion lists for quoted equities

Capricorn compiled its own proprietary exclusion list by aggregating the exclusion lists of quoted companies from publicly available external sources, such as the Norges Bank Investment Management, PGGM, NN, Stockholm International Peace Research Institute (SIPRI) Arms Industry Database, and others. Capricorn uses multiple sources of exclusion lists (often with large overlap between excluded companies). As such, Capricorn will have enough sources available if one or more of the current sources would cease to be publicly available.

Capricorn can additionally exclude companies where its own internal analysis shows shortcomings on the level of undesired activities or behaviour. The same philosophy applies for smaller companies



which may not have been screened by external sources. In the screening of companies, activities of the company itself and its controlled entities (i.e. more than 50% shareholding) are considered.

### **3.4. Active Ownership**

#### 3.4.a. Venture & growth funds

The portfolios of all the funds management by Capricorn are actively managed. Capricorn considers the personal contact with the management of the portfolio companies to be of utmost importance.

For the Venture & growth funds, in principle, it is a condition of initial investment to be represented on the board of directors of the target portfolio company. The venture funds mostly invest in companies in their early stages which requires coaching and active guidance starting from the product-market-fit, to developing a profitable business model and successful go-to-market, and then extends with further emphasis on corporate responsibility and good governance as the company matures. As members of the board of a portfolio company and during the personal contacts with its management, we will work in partnership to the effect of implementing a company's corporate responsibility policy, taking ESG-related issues into account and adopting a corporate governance which promotes good governance and ESG practices at all levels of the company's business.

As managing director of the funds under management, Capricorn exercises the voting rights attached to the shares in the portfolio companies in accordance with the principles and procedures laid down in its "Voting Rights Policy". Our exercise of voting rights is a substantive way of declaring shareholders' intentions and fulfilling our fiduciary responsibilities and to ensure that corporate governance is exercised in an active way in accordance with the investment objectives and policy of the concerned fund. Therefore, Capricorn has set forth a voting rights procedure which must be followed by all investment managers. We consistently report in our annual reports of the funds on the exercise of the voting rights: how many times, in which way and whether these decisions had a specific influence on ESG aspects.

#### 3.4.b. Quoted equities

Capricorn is an active shareholder investing a major part of its assets under management in small to medium-sized growth companies in Europe. As such, the investment managers of Capricorn engage with portfolio companies during personal contacts with the management to discuss and promote ESG-related issues.

Capricorn will exercise the voting rights attached to the quoted equities in accordance with the Voting Rights Policy as set forth in Capricorn's Code of Conduct.

Specifically for companies with activities in oil & gas extraction and electricity generation derived from fossil fuels (as defined in 3.3.b.), Capricorn's efforts in engagement with the company or exercise of voting rights will encourage companies to (further) reduce exposure to these activities.

If goals or expectations of Capricorn's efforts in engagement with the company or exercise of voting rights do not meet its expectations, divestment and exclusion will be considered.



### **3.5. Monitoring and Reporting**

We monitor financial and non-financial performance of our portfolio companies, including the environmental, social and governance related risks and/or opportunities. We report to our investors at least annually (and whenever there is a substantial issue) on ESG matters relating to our funds and underlying investments in compliance with the European Sustainable Finance Disclosure Regulation, the shareholders' agreement of each fund and the standards set by the industry or market authorities, such as Invest Europe, the IPEV guidelines or other applicable legislation. This annual reporting is submitted to and reviewed by the board of directors.

The executive task of monitoring and reporting the ESG commitments is assigned to the investment managers dedicated to the specific portfolio companies. Whenever the investment manager deems necessary, ESG is discussed during the regular investment team meetings and at least annually for the preparation of the annual ESG report.

## **4. Capricorn Partners as a responsible company**

### **ESG strategy**

Capricorn believes that acting as a responsible company is strongly correlated with being a responsible investor. By operating as a responsible company, Capricorn can also guide its portfolio companies in responsible entrepreneurship, contributing in this way to sustainable value creation.

Capricorn's employees are key in this process. That is why Capricorn is fully committed to further ESG knowledge building, sharing and practicing to ensure proper implementation of the ESG strategy in the midterm. This is done under supervision of Capricorn's Executive Committee, which also reports on this to the Board of Directors. The Compliance Officer is responsible for the monitoring and updating of this Policy and for the awareness thereof by all staff members.

Coordination of the ESG strategy is entrusted to Capricorn's ESG Work Group, which is best placed to facilitate maximum interaction between all actors, both inside and outside Capricorn, and to ensure appropriate accountability. The ESG Work group consists of Sabine Vermassen (Member ExCo), Yvette Go, Steven Levecke, Marc Lambrechts, Fabian Koning and Leslie Totté.

Capricorn actively participates in consultations with sector peers via national or European sector associations such as BVA (BE) and Invest Europe, but also invests in maintaining good relations with the government and regulators.

The Capricorn ESG Work group has defined three building blocks of the ESG strategy (based on materiality). CP believes that its people are the foundation of the ESG strategy, while the ecological footprint and good governance are as much as key for being a responsible investment company.

### **People**

At Capricorn there is a good mix between talent, experience, expertise, professional backgrounds and age. Capricorn puts all efforts together to promote a culture and work environment that is respectful, sincere and open.



To offer the employees sufficient intellectual challenge and opportunities for self-development, Capricorn motivates its people to follow training. Capricorn issued a training framework (supported with best practices).

By offering internships, Capricorn decided to be a stopping place where talented and motivated students and recent graduates can get to know the world of venture capital and listed equity portfolio management. On top of this Capricorn supports initiatives that connect students with quoted equities team.

The Capricorn team is as said before diverse in gender, age and nationality, these are the areas on which Capricorn focuses for anti-discrimination support. The company strives to have an equal split of men and woman.

A sound work/life balance is looked after by allowing staff members the flexibility to work on flexible hours, from home, with a reduced time schedule etc. As good practice Capricorn drafted a Telework Policy. Digital working also positively impacts the environment.

A significant portion of the net profit of Capricorn is shared with all the staff on an equal basis. Capricorn proactively contributes to the satisfaction and the long-term engagement of staff via carried interest schemes that are broadly offered to the staff members and carefully follows the standards pertaining to risk alignment, the award process and the pay-out process as specified in the ESMA Guidelines on Sound Remuneration Policies. Reference is made to the Human Resources Policy.

### **Ecological footprint**

Capricorn as responsible consumer aims to minimize any burden to the environment caused by its own behaviour. Capricorn does this by small daily choices, such as, the use of digital conferencing instead of travelling to face-to-face meetings, the use of digital documentation, take sustainability into account in the procurement of our office supplies, actively reduce, sort and recycle office waste. With respect to the car fleet, all new cars are electric or plug-in-hybrid cars. Although the direct impact of these measures might be limited, the indirect impact may be much larger by developing a different mind-set for ourselves, and by inspiring others.

### **Corporate governance**

Capricorn conducts the business by good ethical principles and follows the industry best practices. Capricorn established corporate charters, policies and procedures that must be followed by all members of staff and more particularly a Code of Conduct which must be adhered to upon their onboarding with Capricorn.

Capricorn has three independent directors among its board members.

Compliance is put at the highest level of corporate governance as the compliance officer is member of the executive committee and board member of Capricorn. Capricorn provides extensively quarterly and annual reporting to its board members and to the investors of the managed funds in a transparent way. In each of the funds there is an alignment of interests between the investors and the management team.

Capricorn adheres to the compliance undertakings of the European alternative investment fund management directive, the Belgian Laws and Royal Decrees, the conditions put forward by the Belgian



Markets Authority, the Sustainable Finance Disclosure Regulations and the guidelines of Invest Europe.

**Action Plan for the future**

In 2022 Capricorn ESG Work Group will work out more concrete ESG goals in an ESG Action Plan which should ensure that Capricorn achieves the market standard practices of a sustainable company with ambitious ESG goals.

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