

SFDR WEBSITE DISCLOSURE - article 8 fund

Summary/Samenvatting

Quest for Growth promotes environmental and social characteristics in accordance with article 8 of the EU Regulation 2019/2088, but does not have as its objective sustainable investment. Environmental and social characteristics are taken into account in the investment strategy of Quest for Growth, and are monitored on an ongoing basis. However, the fund does not use benchmarks to assess its environmental or social performance but uses different indicators to assess such performance of its investee companies.

Quest for Growth bevordert ecologische en sociale kenmerken overeenkomstig artikel 8 van de EU-verordening 2019/2088, maar heeft niet tot doel duurzaam te investeren. In de beleggingsstrategie van Quest for Growth wordt rekening gehouden met verschillende ecologische en sociale kenmerken, die voortdurend worden gemonitord. Het fonds gebruikt evenwel geen benchmarks om zijn ecologische of sociale prestaties te beoordelen, maar gebruikt verschillende indicatoren om dergelijke prestaties van ondernemingen waarin wordt geïnvesteerd, te beoordelen.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The promoted environmental and social characteristics are the following:

- investing growth companies addressing future oriented themes that have a positive contribution to people and planet. Investment areas include clean energy and resource efficiency, water treatment, waste management, pollution control and advanced materials, healthcare, healthy living, human development, smart industries and digitalisation.
- the screening of all investment opportunities against an exclusion policy;
- an annual ESG review for all investments made by the Fund, which constitutes a section of the annual report;
- the assessment of potential adverse ESG impacts on the investments made by the Fund;
- actively voting in portfolio companies considering ESG related matters, in accordance with our Voting Policy.

Investment strategy

Quest for Growth has a diversified portfolio and invests in quoted equities, in private growth innovative companies and in venture & growth funds. Preference lies in long-term investments. Investments in venture & growth companies are made via or together with venture and growth capital funds of Capricorn Partners, creating unique synergies.

Environmental and social characteristics are in general integrated in the investment strategy through the thematic approach focused on digital, cleantech and health and in the analysis of nonfinancial criteria such as sustainability factors and material sustainability risks. In addition, exclusion factors are applied to sectors and activities with major sustainability risks.

Quest for Growth does not use derivatives to attain environmental and social characteristics promoted by the fund.

The portfolio is not aligned with EU Taxonomy and identified no eligible investments.

More information on the investment strategy of the fund can be found in the Annual Report. Also, reference is made to the [ESG Policy](#) of the management company Capricorn Partners for a more detailed description of the way sustainable factors and sustainable risks are considered and integrated into the investment decisions process.

Regarding governance factors, each direct investment in venture & growth companies by Quest for Growth is accompanied by a set of transparent rules and principles defining the rights, responsibilities and expectations of management, board and shareholders 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 external independent auditor in order to verify the correct and transparent reporting by the portfolio company.



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We encourage the appointment of an independent chairman of the board of directors. Through our representation in the board of directors and our engagement to actively vote on governance related matters, we endeavour that all necessary permits are in place for proper and legitimate company operations as well as good corporate and social governance, such as sound management structures, fair treatment of employees and other stakeholders, appropriate remuneration and tax compliance.

Regarding quoted equities, we regularly analyse governance practices of the portfolio companies, such as: sound management structures, employee relations, remuneration, tax compliance.

Proportion of investments

Quest for Growth will invest at least 70% of its assets in quoted stocks with a market capitalization of less than €1.5 billion or in venture and growth capital. A minimum of 25% of the portfolio will be invested in venture and growth capital securities. Quest for Growth seeks to ensure that the total of venture and growth capital (directly and indirectly through venture and growth capital funds) represents 45-55% of the statutory capital. Investments are made primarily through equity and convertible loans.

Quest for Growth invests at least 51% of its NAV in portfolio companies activities that promote social and/or environmental characteristics.

Monitoring of environmental or social characteristics

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

Potential negative impact indicators as such are being selected and monitored on an ongoing basis. Extreme negative outliers will be analysed more into detail and actions will be taken on a case by case basis (e.g. engagement with the respective companies to reduce the negative impacts or even exclusion of the respective asset).

Reference is made to the ESG Policy of Capricorn Partners for a more detailed description of the way how sustainable factors and sustainable risks are considered and integrated into the monitoring of the environmental or social characteristics.

Methodologies

On the one hand, for venture and growth companies, no systematic approach with one single methodology is established in advance. Nevertheless, similar investment principles are a recurring theme in each of the three sectors we are active in (cleantech, digital and health). Quest for Growth hereby pursues a “targeted approach”, focusing on material issues. Firstly, we look to the social environment and having a plan to improve this moving forward. Also, we review data practices to ensure the technologies used will not lead to any human rights violations. In addition, we use a questionnaire to identify and prioritise key ESG and ethical risk areas specific to our sector. We may also discuss these in more depth with founders. Fourthly, we screen companies for responsible use of technology, use a third party to assess team culture and founder leadership potential. Lastly, we review each investment against the UN SDGs.

On the other hand, for quoted equities, the following ESG factors are integrated in the portfolio construction and stock selection process next to financial criteria such as growth, financial strength and valuation: i) Environmental and social characteristics of the company linked to a relevant United Nations SDG; ii) Exclusion factors; and iii) Good governance practices, such as sound management structures, employee relations, remuneration of staff and tax compliance.

Data sources and processing

For quoted companies, Capricorn Partners uses Bloomberg as external data provider, financial reporting from the investee companies, research reports from brokers and publicly available data to perform the necessary ESG assessment. To ensure data quality, Capricorn Partners has the license to obtain ESG data from the mentioned external data provider.



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Capricorn Partners has no insight in the exact proportion of data which is estimated by third party data providers. It is complex to calculate and may vary depending on the data provider, but it is expected to be decreasing over time.

For venture and growth companies, Capricorn Partners relies mainly on their own inquiries (as we are mostly represented in the board of directors) and on information it receives from the company itself or is available on the world wide net.

Limitations to methodologies and data

Due to the nature of (relatively early stage and small) private portfolio companies and venture and growth funds, there is often a lack of available data and very limited resources to collect such data, and to develop a strict methodology. Hence Capricorn Partners cannot commit to always measure and monitor its ESG actions through quantitative key performance. To mitigate these possible limitations, Capricorn Partners continuously encourages and investigates together with the portfolio companies how, where possible, to quantify and measure ESG benefits and contributions to the UN Sustainability Goals.

Furthermore, Quest for Growth cannot take any liability for the correctness of the assessment by an external data provider and the correctness including the completeness of the analyses prepared by third party providers. Quest for Growth has no influence on any disruptions or limitations (e.g. because of estimations) in the analysis and research preparation by third-party providers.

Due diligence

In its due diligence process, Capricorn Partners analyses both positive and significant adverse ESG and sustainability factors as these might have a deciding impact on its investment decision. Also, the Ten Principles of the UN Global Compact, the UN Principles for Responsible Investment (the “PRI Principles”) and the UN Sustainable Development Goals play a significant role in the due diligence process.

Concerning unquoted companies, Capricorn Partners takes into account the particular transaction and investment circumstances, such as the geographical location, the size and stage of the target company. Capricorn Partners derives the relevant topics from best practices including the ESG_VC Measurement Framework and the ESG Due Diligence Questionnaire of Invest Europe, and include these in our diligence of the target companies. Rather than using such questionnaires as a ‘tick-the-box’ exercise taking stock of which policies, stakeholder surveys, trainings etc. the company already has in place or not, our due diligence typically takes place as a dialogue with the company’s management, thereby building on the opportunity to help these relatively early-stage companies increase their awareness of ESG matters and gauge management’s dedication to ‘good business practices.’ This is part of how Capricorn Partners interprets its role to promote and advance ESG factors in its investment activities.

For quoted companies, Capricorn Partners mainly relies on internal analysis of **financial reporting from the investee companies, research reports from brokers and publicly available data**. Capricorn Partners analyses regularly the financial and non-financial performance of the portfolio companies, including the environmental, social and governance related risks and/or opportunities based on the mentioned external data provider and additional documentation of the underlying portfolio companies.

Reference is made to the ESG Policy of Capricorn Partners for a more detailed description of the way sustainable factors and sustainable risks are considered and integrated into the due diligence procedure.

Engagement policies

The management company implements an active engagement policy and interacts with the portfolio companies. The engagement and personal contact with the portfolio companies are especially used with regards to exclusions and related thresholds and the overall alignment of the portfolio companies with the environmental or social characteristics promoted by this product.



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Capricorn Partners is a signatory to the PRI Principles. This entails amongst others that Capricorn Partners reports to investors on the ESG engagement, within the ESG section of its annual report.

Also, Capricorn Partners has a policy for unquoted entities of exercising 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 environmental and social characteristics of Quest for Growth.

Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

Last updated on 17 March 2023.

