

Policy	<b>ESG</b>
Scope	<b>Patrimonium Asset Management AG</b>
Effective from	<b>1 January 2020</b>
Version	<b>1.0</b>
No. of appendices	<b>0</b>

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## 1. Purpose and objective

Patrimonium Asset Management AG (Patrimonium) is committed to implementing a responsible investment approach incorporating Environmental, Social and Governance (ESG) factors. We believe that including ESG criteria in our investment decisions is beneficial to generate sustainable long-term returns. This policy describes the ESG factors relevant to our investments, outlines the principles for managing our assets so as to promote ESG responsibility and specifies our ESG-related objectives, benchmarks, restrictions and duties. This policy is intended to serve as guidance on an ongoing basis as we implement ESG criteria and continuously improve our processes and may be updated from time to time.

## 2. Scope of application

This policy applies to the Patrimonium board of directors and all Patrimonium employees, including management and the members of our investment and other committees.

## 3. Reason for this policy

We at Patrimonium adhere to ESG principles as we have a moral and ethical code of conduct that prevents us from engaging in activities that are illicit, socially abusive or environmentally harmful. We are convinced of the merits of incorporating sustainability factors into investment decisions. This approach also underpins our fiduciary duty as an asset management company. We manage portfolios prudently and with a farsighted view – which includes taking ESG factors into account. We adopt responsible, sustainable business practices because we believe that they ultimately help us identify better investment opportunities. We also believe that promoting responsible business practices makes economic sense in the long run.

## 4. ESG issues

We believe that including ESG criteria in our investment decisions improves the performance of our portfolios, enabling us to seize promising long-term opportunities while mitigating the attendant risks. As a responsible asset

management company, we realise that our business decisions have the potential to impact our society and the environment. We therefore encourage responsible, sustainable business practices through our investment strategies in order to both enhance our investment performance and help build a more stable, sustainable and inclusive global economy. Some of the ESG issues we take into account are:

- Environmental – issues related to the quality and functioning of our natural environment and ecosystems; these include climate change, renewable energy, waste management and the depletion or pollution of our air, water and other natural resources.
- Social – issues related to human rights, the well-being and interests of people and communities, labour standards, activities in conflict zones, consumer protection and controversial weapons.
- Governance – issues related to the governance of the companies and other entities we invest in. For listed companies, these include: board structure, diversity, skills and independence; executive pay; shareholder rights; stakeholder interaction; disclosure of information; business ethics; bribery and corruption; internal controls and risk management; and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues and how the strategy is to be implemented.

## 5. UN Principles for Responsible Investment

We signed the United Nations Principles for Responsible Investment (PRI) on 13 November 2018. As an institutional investor, we have a duty to act in the best long-term interests of our clients. And to that end, we believe that ESG factors can enhance the performance of investment portfolios (to varying degrees across companies, sectors, regions and asset classes, and over time). We also feel that applying these Principles can better align our investment activities with the broader societal interest.

We have therefore committed to the six Principles for Responsible Investment:

Principle 1. We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2. We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4. We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5. We will work together to enhance our effectiveness in implementing the Principles.

Principle 6. We will report on our activities and progress towards implementing the Principles.

## 6. Implementation

This policy applies to all the asset classes in which we invest (real estate, private debt, private equity and infrastructure) and covers all the industries and jurisdictions of our investments. Our portfolio management is guided by our desire to anticipate future societal, human and environmental needs. When considering whether to invest in a given company or asset, we carry out an ESG assessment based on this policy. We may also conduct specific additional assessments covering other ESG factors.

This policy is implemented across our organisation by:

- Using ESG factors as a risk filter – we view sustainability as an additional criterion for assessing investment opportunities and risks;
- Performing ESG-based analyses – we analyse ESG factors within our investment decisions, with a view to continuously improving the ESG footprint of our investment portfolios;
- Taking an active role in promoting ESG – we strive to influence the companies in which we invest whenever possible, in order to encourage sustainable governance and ESG awareness;
- Performing positive and negative screening – as an active asset manager, we put the findings of our ESG analyses into practice. In extreme cases, this can lead us to exclude a company or asset from our investment universe.

In addition, we aim to promote ESG issues more broadly by:

- Incorporating ESG factors into our investment decisions;
- Ensuring our portfolios adhere to ESG principles;
- Implementing responsible investment processes;
- Reporting on ESG issues transparently;
- Analysing ESG factors as an integral part of our investment processes;
- Excluding specific controversial industries from our investments;
- Actively promoting acceptance and implementation of ESG issues.

## **7. Governance**

We have established processes for implementing ESG factors at the relevant levels of our organisation, under the oversight of our board of directors in coordination with the respective portfolio managers of each asset class we are investing in.

## **8. Reporting**

We have an incident reporting system that also signals ESG related incidents. As a signatory of the UNPRI, we are subject to ESG reporting obligations which might include reporting any ESG incidents identified through our internal incident-reporting process.

## **9. Implementation date**

This policy will enter into force on 1 January 2020 and will replace all previous versions of Patrimonium's corporate ESG policy.

Baar, 1 January 2020

Christoph Syz, CEO

Daniel Heine, Managing Director