Ownership Capital B.V. (“Ownership Capital” or the “Investment Manager”)

Disclosure of Principal Adverse Impacts Policies (the “PAI Statement”)

Introduction

Ownership Capital acknowledges that all investments have real-world impacts, including potentially adverse impact on sustainability factors. “Adverse impacts” are the negative effects that investment decisions might have on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters (together, “Sustainability Factors”).

As at the date of this Statement, the final Level 2 regulatory technical standards (“RTS”) of the Sustainable Finance Disclosure Regulation (“SFDR”[1]), which include the detailed disclosure requirements, are not yet effective. The regulatory environment in which the Investment Manager is operating is evolving and the expectations of competent regulatory authorities regarding how Sustainability Factors and their adverse impacts should be defined and evaluated are not yet clear. As a result of these circumstances, the Investment Manager has decided to comply with the consideration of adverse impacts on Sustainability Factors requirements in accordance with a principles-based approach.

The Investment Manager manages a single investment strategy, which is applied across all investment products. “Investment products” includes funds and managed accounts. This PAI Statement describes how the Investment Manager considers the principal adverse impacts of investment decisions on Sustainability Factors as of the date of this statement, taking into account of the nature of its activities and the type of fund or managed account under management.

For the purposes of this PAI Statement, ‘financial market participant’ means the Investment Manager in respect of its role as the Investment Manager delivering services for funds and managed accounts.

Consideration of Principal Adverse Impacts of Investment Decisions on Sustainability Factors

Ownership Capital assesses material impacts of investee company operations and products/services on Sustainability Factors through analysis conducted during the investment due diligence process, and regular monitoring throughout the holding period. The Investment Manager assesses the company through its own environmental, social and governance (“ESG”) analysis tool, which is an extensive questionnaire based on different ESG factors. ESG factors are defined as measures used to evaluate the company across Management, Environmental, Social and Governance categories. Examples of these criteria include:

- Management - Succession Plan and Managerial Strength.
- Environmental - Formal Environmental Policy, Climate Change and Greenhouse Gas Emissions, Pollution, Waste Management and Energy and Water Usage.
- Social - Health and Safety Certifications and Human Capital Management.
- Governance - Board Independence, Ethics and Compliance.

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

The questionnaire is completed based on quantitative and qualitative data available through its internal research, information made available by the issuer through company reporting and publicly available data sources, as well as direct interactions with the company. The Investment Manager uses its own assessments of ESG issues and may also consider standards as set forth by recognized global organizations.

Included in the Investment Manager's ESG analysis tool are criteria related to the impact of the investee company's business on Sustainability Factors, including but not limited to:

GHG Emissions	*Climate and other environment-related indicators*
Board Diversity	*Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters*
Exposure to controversial weapons	*Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters*

Amongst other things, the assessment enables members of the investment team to identify principal adverse sustainability impacts for each company. Ownership Capital considers "principal adverse sustainability impacts" to be characterized by the high likelihood of a severe adverse impact on Sustainability Factors. Since Ownership Capital identifies principal adverse sustainability impacts for each company in the portfolio individually, the material principal adverse impacts may differ per company depending on factors such as industry, geography and size.

The Investment Manager typically does not invest in companies with a high likelihood of generating severe principal adverse impacts on Sustainability Factors, as the Investment Manager believes that companies with business strategies that are executed in a sustainable, and well-governed manner are most likely to deliver strong investment results over the long term.

However, in certain cases where material principal adverse impacts are identified, the Investment Manager may still choose to invest and engage with the company to improve their business from a sustainability perspective. If the Investment Manager determines there is an openness from the company management team to reduce the principal adverse impact through engagement, they may choose to invest and engage with the company, rather than exclude or divest. If the Investment Manager determines there is no openness from the company management team to reduce the principal adverse impact through engagement, they will not invest, or will divest the company.

Following selection, the Investment Manager actively engages with all investee companies on a continuous basis to mitigate the likelihood and severity of potential principal adverse impacts on Sustainability Factors. This engagement includes addressing key areas such as carbon emissions, board diversity or policies related to human rights. Working together with management, the Investment Manager encourages investee companies to manage the impact of their business on material Sustainability Factors in order to achieve sustainable growth and business durability that is the foundation of long-term success.

Engagement Policies

Engagement is undertaken by our investment team and is seen as vital to our investment process. We believe engagement is useful in assessing the performance and suitability of investee companies' management teams and is key in influencing these teams, including in the potential mitigation of principal adverse impacts of their business on Sustainability Factors.

In accordance with the Shareholder Rights Directive II, the Investment Manager has put in place a shareholder engagement policy which addresses the Investment Manager's approach to stewardship as referred to in article 5:87c sub 1,2 and 6 of the Dutch Financial Supervision Act ("Wet op het financiëel toezicht"), as transposed into Dutch legislation from the Shareholder Rights Directive II (SRD II).

The SRD II is part of EU-wide measures intended to promote effective stewardship and long-term investment decision making. SRD II aims to achieve this by enhancing transparency on engagement policies and investment strategies across the institutional investment community.

A full copy of the Investment Manager's shareholder engagement policy is available on their website here.

Responsible Business Codes

Ownership Capital seeks to comply with the United Nations Principles for Responsible Investment (UNPRI) and reports annually on our adherence to the standards. As signatories to the Montreal Carbon Pledge, Ownership Capital discloses the carbon footprint of the investment portfolio annually within regular reports to clients. Furthermore, Ownership Capital is a supporter of the Task Force on Climate-Related Financial Disclosures ("TCFD").

Review

This PAI Statement is effective from 10 March 2021 and will be reviewed in advance of 1 January 2023.