

Socially Responsible Investment Policy

November 2019



About CapitalatWork



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Job: Asset Management



3

Countries: Luxembourg, Belgium, Netherland



130

experts at work



1990

Company founded in 1990



2009

100% Luxembourgish shareholder: Foyer S.A.



7.600.000.000

7,6 Bn EUR under management in september 2018

Our Investment Philosophy

Long Term Vision

For our investments, we've always believed that past performances, both on financial reports and the stock market, cannot forecast the future. It has historically happened that companies that used to be the leader of their market have found themselves at the bottom of the pit although it seemed they had everything to succeed. More often than not, this happened because the company was not able to perceive the new trends and adapt its business accordingly. Of course we don't deny that a company's history can provide helpful insights from which assumptions can be based on and the future can be interpreted. This is the reason why our investment approach is derived from a bottom-up analysis in which we carefully examine the fundamentals of a business and its opportunities. Our main point of focus is therefore how a company will adapt and evolve in its own environment.

Value Creation

As our core business is to maximize risk-adjusted returns for our clients, we always invest in companies that we consider being under-valued by the market. Our philosophy entails that those companies retain a positive potential that has not yet been realized by the market in the larger sense. Indeed, the most stable businesses theoretically have the most foreseeable operations and therefore bear the least risks. Through our analysis, we build a financial model that forecasts a company's activities for the coming years and, in the process, evaluate the impact of future threats and opportunities under different scenarios. We therefore only invest in companies when our model suggests there exists positive potential looking-forward. For that purpose, our team of analysts scrutinizes the news and companies' reports every day and keeps our financial models up-to-date by constantly reflecting on our investments' perceived value.

Risk Management

To ensure the stability of our investments and client's portfolio, we are always seeking companies with strong business models that are capable of generating cash flows in a sustainable way. With our bottom-up approach, we seek to mitigate risk as we dig into a company's fundamentals and differentiate what is likely to contribute to its growth and what would most likely hold the company back.

Sustainable Finance

In a world where the awareness about environmental protection and societal inequality has significantly grown, the financial industry has not been spared. It has indeed been noted over the past decade that investors have exhibited their desire to allocate their capital in products considering such criteria. As such, SRI investment funds (Socially Responsible Investment), corporate and sovereign green bonds and numerous rating systems based on ESG factors (Environment, Social, corporate Governance) have emerged rapidly. It is becoming clear that beyond the fundamentals of traditional finance, investors have been paying attention to the way a company engages in the fight against global warming or to the general quality of its work environment before investing in it. While these products have exhibited similar performances to the more common investment vehicles, they add an ethical aspect and offer a highly sought-after diversification.

At CapitalatWork, we have the duty to be part of this large perspective and recently started offering our clients the possibility to opt for socially responsible investments. Although our initial philosophy already promotes our investments to be made exclusively in companies exhibiting superior business models and capable of generating sustainable cash flows, we formalized a methodology incorporating ESG criteria, known as the "CapitalatWork Responsible Investment Methodology". Our first and main goal has always been to put the interests of our clients first, through a coherent diversification of their capital. Our alternative responsible management solution provides a methodical and transparent way to put into practice our own but also our client's moral principles.



E NVIRONMENT

S OCIAL

G OVERNANCE

Socially Responsible Investing: CapitalatWork's policy

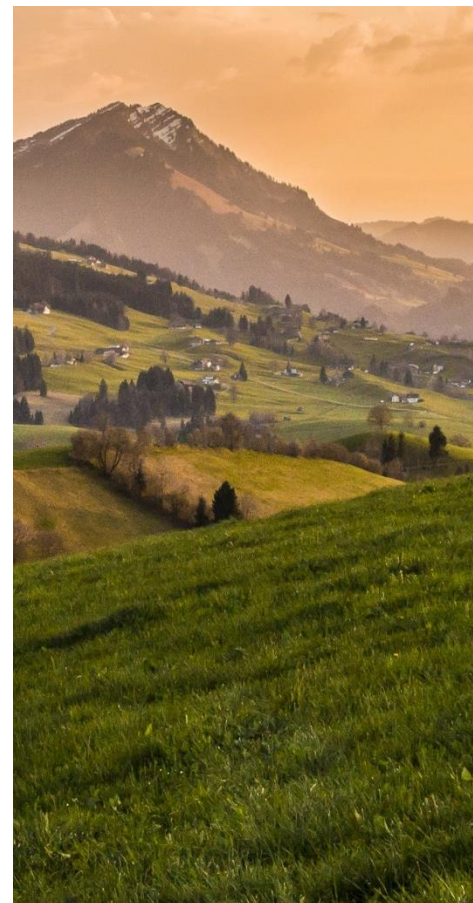
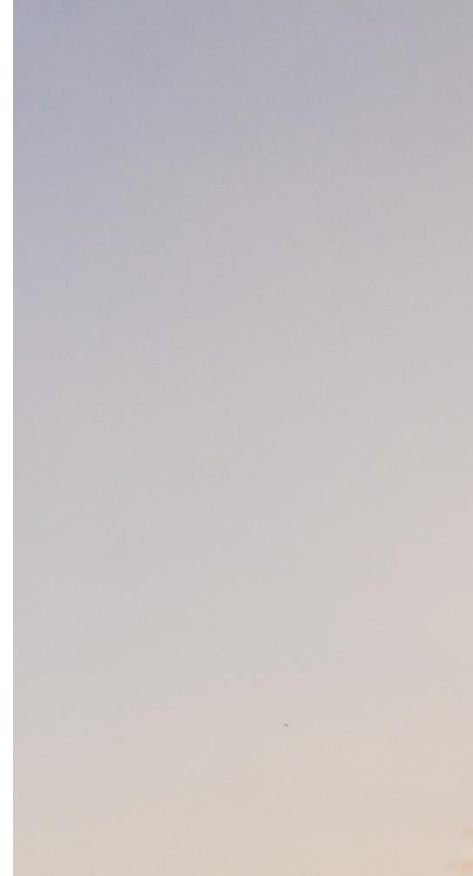
As of today, a universal and standardized definition of a Socially Responsible Investing does not formally exist. To fill that gap, the European Commission has adopted in 2018 an action plan in order to build a common language, aka a taxonomy or standard classification system, to label the products, benchmarks and projects incorporating a responsible ideology. Until an agreement is reached, we have decided at CapitalatWork to use our own language and define what a Socially Responsible Investment means to us and how it is integrated in our management.

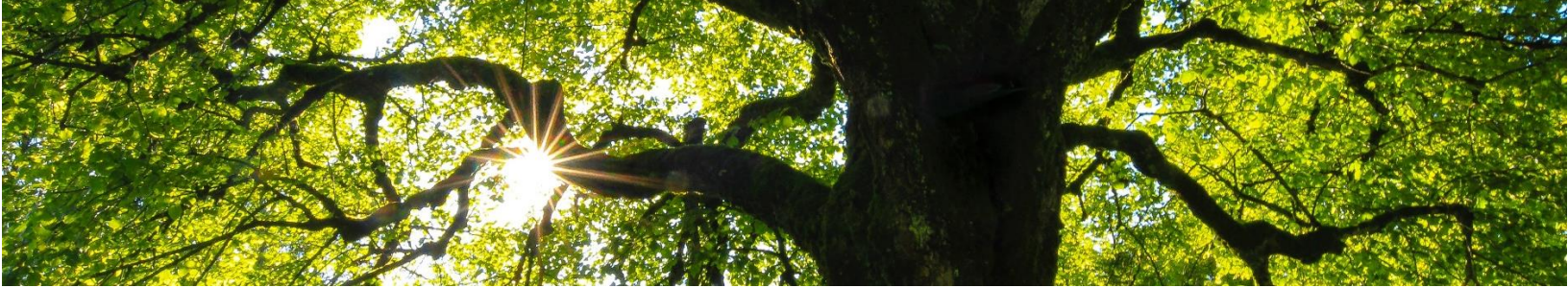
Socially Responsible Investing (SRI)

“Offer quality asset management resulting from a strict and responsible methodology approved by specialized and professional associations”

This definition lays the foundations of the way we envision the future of investing and from where we will keep evolving. Harmonizing our interpretations makes it easier to move forward and provides a common understanding of our philosophy. In order to do so, we have developed a framework, or policy, that defines the boundaries of our investments. Among others, our Socially Responsible Investment policy incorporates controversies leading to severe abuse, the general and common sustainable development goals and the effort to report and encourage best practices. It goes along the following four guidelines:

- ∞ 3 pillars to Socially Responsible Investing
- ∞ CapitalatWork approvals list
- ∞ Activity exclusion
- ∞ Best-in-Class selection





The 3 pillars to Socially Responsible Investing

Integration

Make ESG a growing part of our investment criteria in order to positively influence a more global transition.

Transparency

Provide full transparency on each part of our investments through a sustained and healthy dialogue.

Commitment

We always act in the best interest of our clients for whom responsible investing has become a priority

Capital**at**Work aims at contributing to the *Sustainable Development Goals* as set by the *United Nations* in 2015 for the year 2030. Those 17 goals provide a blueprint to promote peace and prosperity for all people on the planet, now and into the future. They call for urgent actions by all members of every industry in order to preserve the health, education, and economic growth of every country while battling the climate change issue. Capital**at**Work is proud to be particularly involved in 8 of them through our investments.



CapitalatWork approves

The 10 Principles of the United Nation Global Compact



We believe certain business practices should not find their way into today's corporations. As such, several aspects touching upon Human Rights, Labor Rights, the Environment and Anti-Corruption should be a standard and commonly accepted among business. In order to promote exemplary corporate practices, we approve of the United Nation initiative and their principles.

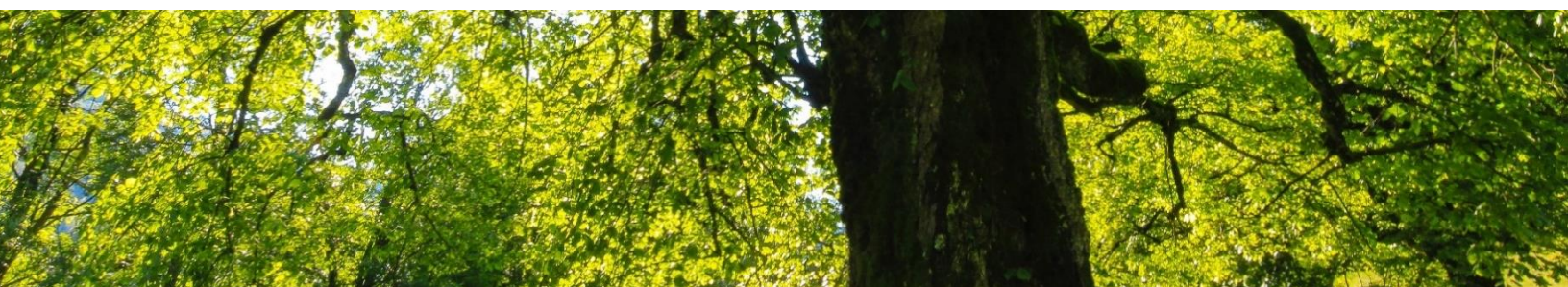
1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

The 6 Principles for Responsible Investment (UN PRI)



As a wealth manager, we have the duty to act in the best and long-term interests of our clients. We believe environmental, social, and corporate governance issues can affect the performance of investment portfolios and recognize that applying the following principles help us align investors with broader objectives of society. We therefore approve of them.

1. *We will incorporate ESG issues into investment analysis and decision-making processes.*
2. *We will be active owners and incorporate ESG issues into our ownership policies and practices.*
3. *We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
4. *We will promote acceptance and implementation of the Principles within the investment industry.*
5. *We will work together to enhance our effectiveness in implementing the Principles.*
6. *We will each report on our activities and progress towards implementing the Principles.*



Activity exclusions

CapitalatWork does not wish to invest in activities that operate or are involved in industries that we consider inadequate. Several sectors are especially notorious for the harm they have caused to individuals or the environment and supporting them would not make sense. However, we realize that some nations and populations are dependent on those activities and we encourage the establishment of policies as a necessary way to prevent further physical or moral damages.

We consider the following activities to be especially of high controversy due to their negative implications and choose to disregard them to some extent.



Nuclear power



Arctic Oil



Military Contracting



Oil Sand



Controversial Weapons



Tobacco



Alcoholic Beverages



Pornography



Thermal Coal



Gambling



Conventional Oil & Gas



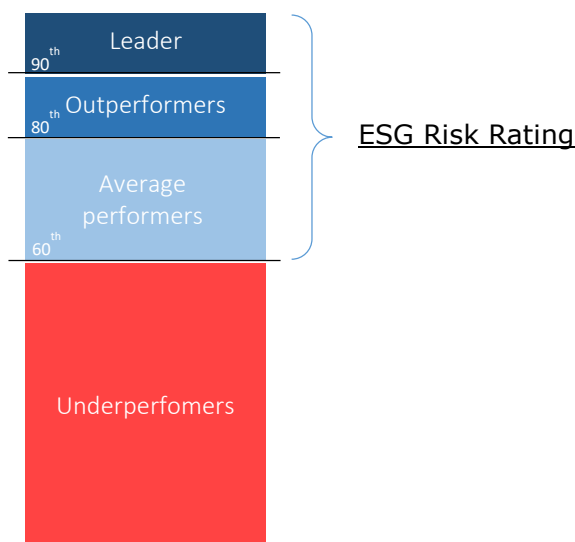
Electricity Generation

We believe limiting our exposure to those industries will not only lessen the intrinsic risks linked to our portfolio, it will also allow us to focus on entities that promote sustainable development. Of course, we encourage companies of the aforementioned industries to implement forward-looking policies that support good practices.

Best in Class Selection

From our point of view, the exclusion of some precise industries alone will not be enough to promote sustainable economic development. As we wish to disregard non-essential and exceptionally controversial sectors, we also wish to encourage especially well performing entities in term of ESG. Our commitment to our clients is to maximize risk-adjusted returns and we believe strong responsible players will be more likely to have lower volatility in their revenue streams and balance sheets. Surely, this can have the potential to boost their financial performances and ultimately be reflected in their valuation.

For that reason, we established an ESG scoring system based on extra-financial criteria as one of the decisive factors of our investment selection.

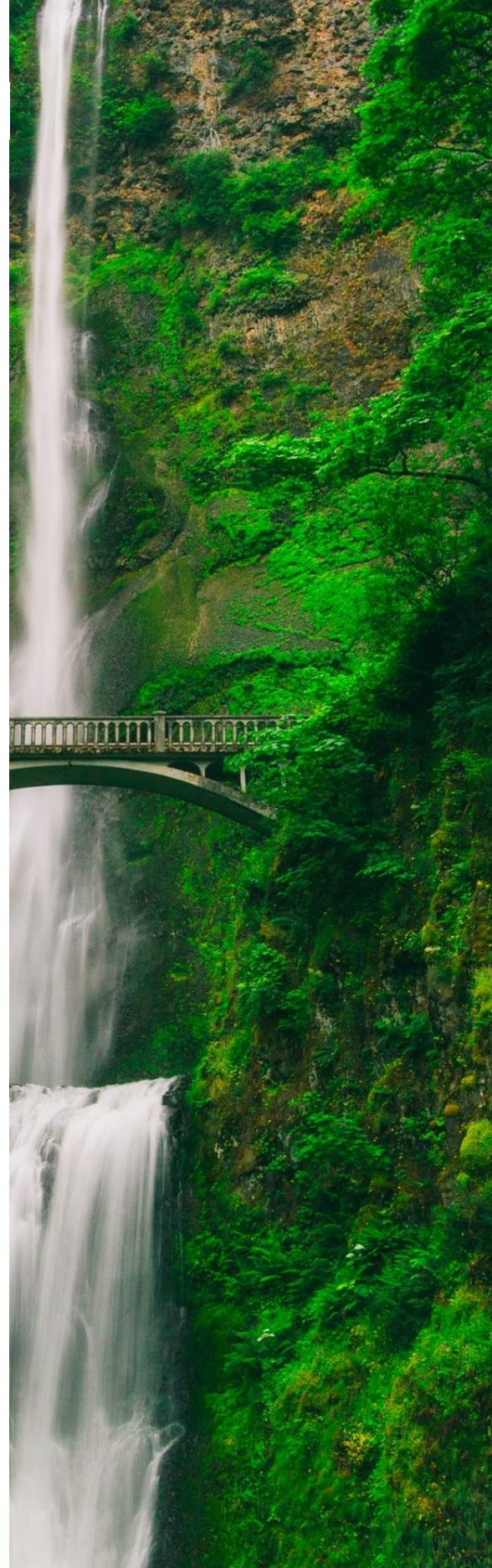


We attribute to each company a ESG score and a ESG Risk Rating. First, the **ESG score** is an aggregate of three separate scores, respectively an *Environment* score, a *Social* score, and a *Governance* score, each evaluating the company's attribute in that specific area. Second, the **ESG Risk Rating** evaluates a company's intrinsic ESG-related risks and the way they are managed. We then select companies ranking high on both scores.

This very specific method enables us to promote the best players in sustainable development through our investments.

This Socially Responsible Investment Policy is what we believe to be our way of promoting righteous corporate conduct while remaining within our primary focus of creating value. We will continuously improve our transparency through different monitoring and reporting processes in order to keep our clients informed about our developments and act as the supporter of sustainable investing. We acknowledge that the financial world is evolving and that our Socially Responsible Investment Policy will have to be updated over time to reflect our transforming views.

The management of CapitalatWork



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