

Partners Capital Sustainable Investing Policy

This Sustainable Investing Policy describes our principles-based approach to Sustainable Investing and the integration of sustainability risk factors into our investment decision making. It explains why we believe that assessing the ESG integration approaches of those third-party asset managers with whom we invest, engagement with them to improve their practices and the deployment of capital into impactful opportunities help us generate better investment outcomes for our clients while at the same time having a positive impact on society and the environment.

Our policy is closely linked to our own core beliefs, which we set out in our *Sustainability Charter*¹. Those beliefs guide us in our mission to deliver the best long-term investment outcomes for our clients.

Our policy includes five pillars:

- 1. Assessment:** We assess the ESG integration and stewardship approaches of those third-party asset managers with whom we invest through our ongoing communications and monitoring which is augmented by our annual Asset Manager ESG Integration Survey.
- 2. Engagement:** We seek to constructively engage with those third-party asset managers with whom we invest to ensure they are deploying best practice integration and stewardship approaches.
- 3. Capital Allocation:** We seek to generate additional returns and impact by allocating capital to those managers who have gained investment insights through integrating material ESG considerations and through allocating to companies and sectors who are contributing to and benefiting from sustainability trends.
- 4. Exclusions:** We prefer engagement over blanket exclusionary approaches, and therefore we only deploy a minimal firm-wide exclusions policy.
- 5. Advocacy and Social Responsibility:** We collaborate with our clients, third-party asset managers with whom we invest and leading capital owning institutions to support the acceptance and implementation of Sustainable Investing practices across the financial services industry.

These five pillars help us to deliver impact as a business by: contributing to financial outperformance for our clients, encouraging adoption of best practice ESG integration in financial markets through our relationships with those third-party asset managers with whom we invest, and through the allocation of capital to those companies and sectors contributing to sustainability trends.

1. Assessment

We believe that the integration of financially material ESG factors and stewardship insights into investment decision making, as well as having best-in-class “DEI” policies in place, help asset managers to make better long term investment decisions for their, and ultimately our, clients. As such, the integration of financially

¹ https://partners-cap.com/wp-content/uploads/Sustainability-Charter_vWebsite-FINAL.pdf

material ESG factors *alongside* traditional fundamental analysis provides asset managers with a more comprehensive assessment of an investee company or asset.

Our assessment of manager's ESG integration and stewardship approaches begins with our initial due diligence on third-party asset managers before we formally approve them for investment. Thereafter, that assessment is ongoing through the life of the relationship including during our formal 3-yearly due diligence updates in respect of each third-party asset manager with whom we have invested, our quarterly risk reporting and in our periodic interactions.

The most formal assessment comes from our annual asset-class specific Asset Manager ESG Integration Survey which attempts to assess the quality and sophistication of the ESG integration and stewardship approaches, including approaches to DEI, of those third-party asset managers with whom we have invested.

Based on the information gathered in the survey, we assign one of our four Partners Capital ESG classifications to every surveyed manager. For asset managers to receive the highest classification, we expect them to consequentially integrate financially material ESG factors and insights from their engagements with investee companies into their investment processes whilst appreciating that the methodology will vary according to asset class and investment philosophy.

2. Engagement

We aim to constructively engage with those third-party asset managers with whom we invest to assist them in improving their ESG integration and stewardship practices, as well as their DEI approaches, especially in cases where our Survey has identified that their practices are lagging our expectations. The goal of our engagements is to establish best practice integration and engagement approaches in the asset management industry.

We believe that collaboratively engaging with asset managers on improving their ESG integration approaches will ultimately lead to better long-term financial outcomes for our clients and create a greater impact for society and the environment, rather than constraining our investment options through blanket exclusions of asset managers because of manager-specific ESG concerns.

We aim to approach our engagements with the asset managers with whom we invest in a pragmatic, but structured way. We seek to propose measurable, achievable, and time-bound objectives focused on improvements to such managers' ESG integration practices. We also set the expectation that the managers' processes should improve over time.

3. Capital Allocation

Alongside investing in asset managers with highly developed ESG integration and stewardship practices, Partners Capital also aims to selectively deploy capital into companies and sectors that have a positive impact on the environment and society whilst generating a competitive financial return. We remain particularly interested in investments which will benefit from and contribute to the sustainability

megatrend given our expectation of both the capital requirement to finance these transitions and the associated disruption which we believe will leave few industries unaffected.

We rely on the expertise of our dedicated asset class research teams to pursue the most attractive investments in each asset class. For example, in public equities, we have been exploring energy transition long/short strategies that seek to back the future winners of the energy transition whilst simultaneously taking short positions in those companies deemed to be poorly prepared for the transition. Within private markets, we are similarly focused on identifying opportunities relating to climate change, recognising that many of the technologies required to meet global climate goals and net zero targets do not yet exist and funding the development and commercialisation of these technologies presents an opportunity to have meaningful impact whilst generating attractive financial returns.

4. Exclusions

As an overarching principle, when integrating sustainability risks into our investment decision making, Partners Capital prefers engagement over exclusionary investment approaches. We believe that investors can have a greater impact on management behaviour through active engagement and exercising voting rights.

However, Partners Capital has decided to not invest directly in companies operating in a few sub-sectors. Unless specifically mandated by our clients to do otherwise, we aim to exclude direct exposure to companies operating in the thermal coal sector, manufacturers of controversial weapons (including cluster munitions and anti-personnel landmines), tobacco producers and companies engaging in “payday lending” practices from our directly held public equities portfolios. Our view is that companies in these sectors have little scope for improving their ESG profile in the years ahead and have limited scope for contributing to a more sustainable world, unlike some oil and gas producers who may have the potential to contribute meaningfully to the transition to a low carbon economy. This is also why Partners Capital’s policy does not follow a blanket exclusionary approach to companies operating in the oil and gas sector.

We aim to also apply our exclusions policy on a best-efforts basis to our discretionary pooled vehicles and client portfolios. While we seek to minimise look-through exposure to these sectors via underlying funds managed by one of our third-party managers where practically possible, there may be instances where there is indirect exposure to the excluded sectors mentioned above. In instances where we become aware of exposure to these sectors, we will engage with these managers to discuss the merits of reducing or eliminating this exposure over time. On a case-by-case basis, we may consider whether redemption from such funds is necessary where we feel the exposure is too large and unlikely to be reduced.

We understand that certain clients, regardless of our firm-wide approach to exclusions, may also seek to exclude additional sectors and/or companies from the investible universe. In those instances, we will work closely with our clients to design client-specific portfolios in line with those expectations where possible.

Proxy voting

Where Partners Capital has authority to vote client proxies, we will vote each proxy in accordance with our fiduciary duty to our clients, subject to any operational constraints. Partners Capital has retained Institutional Shareholders Services Inc. (“ISS”) to assist in the proxy voting process, using its Sustainability

Policy recommendations, which is the voting policy that most closely aligns with our firmwide Sustainable Investing Policy. Its recommendations are underpinned by internationally recognized sustainability-related initiatives, such as the 'PRI', (to which Partners Capital is a signatory) which act as the policy's frame of reference.

5. Advocacy and social responsibility

We collaborate with our clients, asset managers and leading institutional investors across the investment industry to support the acceptance and implementation of Sustainable Investing practices. We actively seek meaningful partnerships and opportunities to grow our network to deepen our knowledge and broaden our impact in this rapidly evolving space.

Our clients often have their own purpose and an array of social or environmental causes that they support. Accordingly, we cannot recommend a specific sustainable investment policy that would be common to all clients. Whilst our investment program will always be governed by our own core beliefs, where our clients have additional sustainable investment preferences, we commit to assisting them in the ongoing development of their bespoke Sustainable Investing policies which reflect their specific values and to build portfolios which adhere to those policies.

As part of our advocacy work, Partners Capital became a signatory to the PRI, publicly demonstrating our commitment to Responsible Investing. As a signatory, Partners Capital pledges to pursue the PRI's six principles for responsible investment. Additionally, Partners Capital actively engages in the IIGCC, furthering our commitment to examine the impact of climate change on investments and to collaborate with like-minded investors on environmental impact.

Partners Capital is committed to encouraging DEI. We believe that workplace diversity results in improved decision making which leads to better investment outcomes for our clients. Our DEI policy is guided by equality, fairness, inclusiveness and respect for all our employees and our aim is to create a true meritocracy, meaning that there is no discrimination on the basis of gender, race, religion, age, disability, pregnancy and maternity, and sexual orientation. Our ambition to cultivate and preserve a culture of diversity, equity and inclusion are executed through several global initiatives including our DEI council, dedicated learning and teaching, and DEI partnerships. The Partners Capital DEI Council includes team members from our seven offices worldwide who are tasked with increasing awareness about DEI in the workplace. This includes educating our global team through events and newsletters to celebrate commemorative observances (i.e., Black History Month, Pride Month, Women's History Month) and championing DEI day-to-day. In addition, our Women's Network seeks to build community and develop female talent through a global speaker series, other internal events and external conference attendance. With regards to learning, we offer a number of DEI-focused trainings and resources to our global team. Every team member completes unconscious bias and inclusion training and has access to an internal DEI portal that contains resources including a DEI glossary and inclusion best practices. Mental Health Awareness training is offered to raise awareness and promote the importance of mental health. Finally, we partner with several organizations to further our DEI ambitions including: Seizing Every Opportunity (SEO); Girls Who Invest (GWI); 30% Club; 10,000 Black Interns; Girls Are Investors (GAIN); and Toigo.



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