

## **Westbeck Sustainability Policy**

### **EU Sustainable Finance Disclosure Regulation**

The Sustainable Finance Disclosure Regulation (“SFDR” or “the Regulation”) entered into force on 10 March 2021. The Regulation requires fund managers like Westbeck Capital Partners LLP (“Westbeck”) as an authorised AIFM to provide information to investors with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment.

This document specifically addresses Article 3 of the Regulation:

*“Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.”*

More information related to the SFDR, and Westbeck’s approach to ESG (Environmental, Social, Governance factors) and Responsible Investment in general, can be found on Westbeck’s website, [www.westbeckcapital.com](http://www.westbeckcapital.com), including:

- Remuneration policy in relation to the integration of sustainability risks
- Principal adverse impact statement opt out
- ESG Policy

### **Sustainability risk**

Westbeck uses the definition of sustainability risk as described in Article 2 (22) of the Regulation: *“an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment”*. Westbeck believes that integration of sustainability risk considerations in the investment decision-making process is an important part of risk management for its SFDR funds.

Sustainability risks include (but are not limited to) the following:

- Operational risk such as impacts of environmental events on operations.
- Governance risk such as inadequate management oversight of sustainability risk.
- Regulatory risk such as violation of ESG-related laws and regulations.

This information shall be published on Westbeck's website and will be periodically reviewed and revised. Records will be maintained to ensure version history is clear. As such, Westbeck will indicate the dates of publication, where applicable, identify which content has been updated.

### **Initial Screening**

Westbeck conducts a pre-due diligence screening with the aim to identify and exclude investment in any company which is currently, or likely to in the future, generate a significant share of its revenue connected to the following harmful activities/products.

1. deny human rights;
2. engage child or forced labour directly or within their supply chain;
3. manufacture weapons that are designed primarily for destructive purposes e.g. anti-personnel mines, cluster weapons;
4. produce products that are illegal under UK or local law;
5. has, as its primary business activity, the production, promotion or distribution of the following: i) adult entertainment, ii) tobacco, iii) distilled alcoholic beverages, iv) gambling products, services or platforms;
6. provide research, development or technical applications relating to electronic data programs or solutions which support the above exclusions list.

Through this negative screening exercise, Westbeck aims to filter out potential investments that are likely to have significant adverse impacts on sustainability factors.

### **Due diligence**

Westbeck conducts a comprehensive ESG due diligence for each potential investment in the SFDR fund(s). Within the ESG due diligence, Westbeck assesses whether there are any red flags (e.g. unmanageable sustainability risks) that should prevent Westbeck from proceeding with the potential transaction. Through this process Westbeck identifies key sustainability risks (and opportunities) and defines appropriate mitigating activities.

Examples of sustainability risks assessed include, where relevant, inter alia risks related to environment, health and safety, people, suppliers and customers, community and charity, and governance.

Within the proprietary ESG due diligence framework, Westbeck derives the likely impacts of sustainability risks on the financial returns in a qualitative manner from the allocated risk grading on low, medium, high scale.

## **Reporting**

Investors in Westbeck SFDR funds are provided with an annual Environmental, Social and Governance Report (ESG Report).

The ESG framework and approach used to create the Environmental, Social and Governance Reports covers key sustainability risks. Sustainability risks are often interconnected and evolve and change over time. As such, Westbeck monitors the landscape to ensure sustainability risks are being managed appropriately, ensuring that any emerging risks are taken into consideration.