PROVIDENCE CAPITAL

RESPONSIBLE INVESTMENT POLICY

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Providence Capital NV is registered as an investment firm with the Netherlands Authority for the financial markets (AFM) and is registered with the Trade Register under number 32108496.

CONTENT

1. VISION AND SUMMARY

1.1. Vision

This document describes the responsible investment policy of Providence Capital NV (PCNV), its view on sustainable investment and how the ESG factors (with respect to environment, social responsibility and corporate governance) are integrated into this policy. Our managed portfolios do not promote sustainability characteristics and sustainable investments are not an investment objective as indicated in articles 8 or 9 in the Sustainable Finance Disclosure Regulations (“SFDR”).

PCNV defines responsible investing as follows:

“Investing based on financial, social, governance and environmental considerations and/or the influencing of companies, governments and other actors on the basis of these considerations.”

We are convinced that the evaluation of opportunities and threats for companies, based on financial as well as non-financial (ESG) criteria can create additional benefits for investors.
For that reason, we take certain sustainability risks into account in our investment decisions.
PCNV understands the following by a sustainability risk:

“An event or circumstance on ecological, social or governance level that, if it occurs, could cause an actual or potentially material negative effect on the value of an investment”.

PCNV uses the UN Global Compact principles as starting point when screening companies on these sustainability risks.

Climate change, bio-diversity, food and water security are a major social challenge on a global level for both governments and companies. Based on the availability of sufficient reliable research and suitable investment solutions, PCNV will regularly evaluate its responsible investment policy as well as the way in which sustainability risks of investments as well as the negative effects from investments on sustainability factors are being considered.

Clients of PCNV have predominantly long-term investment objectives whereby capital preservation, transferring assets to a next generation (generational planning) or sustained support to charitable causes are important considerations. A responsible investment policy therefore coincides with the general mission of clients with a long-term investment horizon.

1.2. Summary

The responsible investment policy of PCNV has been developed for direct investments in government bonds and indirect investments through generally liquid investment funds and can be summarised as follows:

PCNV integrates for all asset classes, within practical limitations, costs, risk and fiscal factors and fundamental criteria to measure the ESG performances of fund managers and the companies in which they invest. For this purpose, we comply with the Global Compact principles of the United Nations (UN), the Principles for Responsible Investment (PRI), the UN Security Council sanction list and applicable laws and regulations.

This does not mean that PCNV takes all possible negative effects of sustainability factors (as meant in article 4 SFDR) into account nor that investment mandates are specifically designed to promote sustainability features and/or would have sustainable investment objectives (as in article 8 resp. 9 of the SFDR).

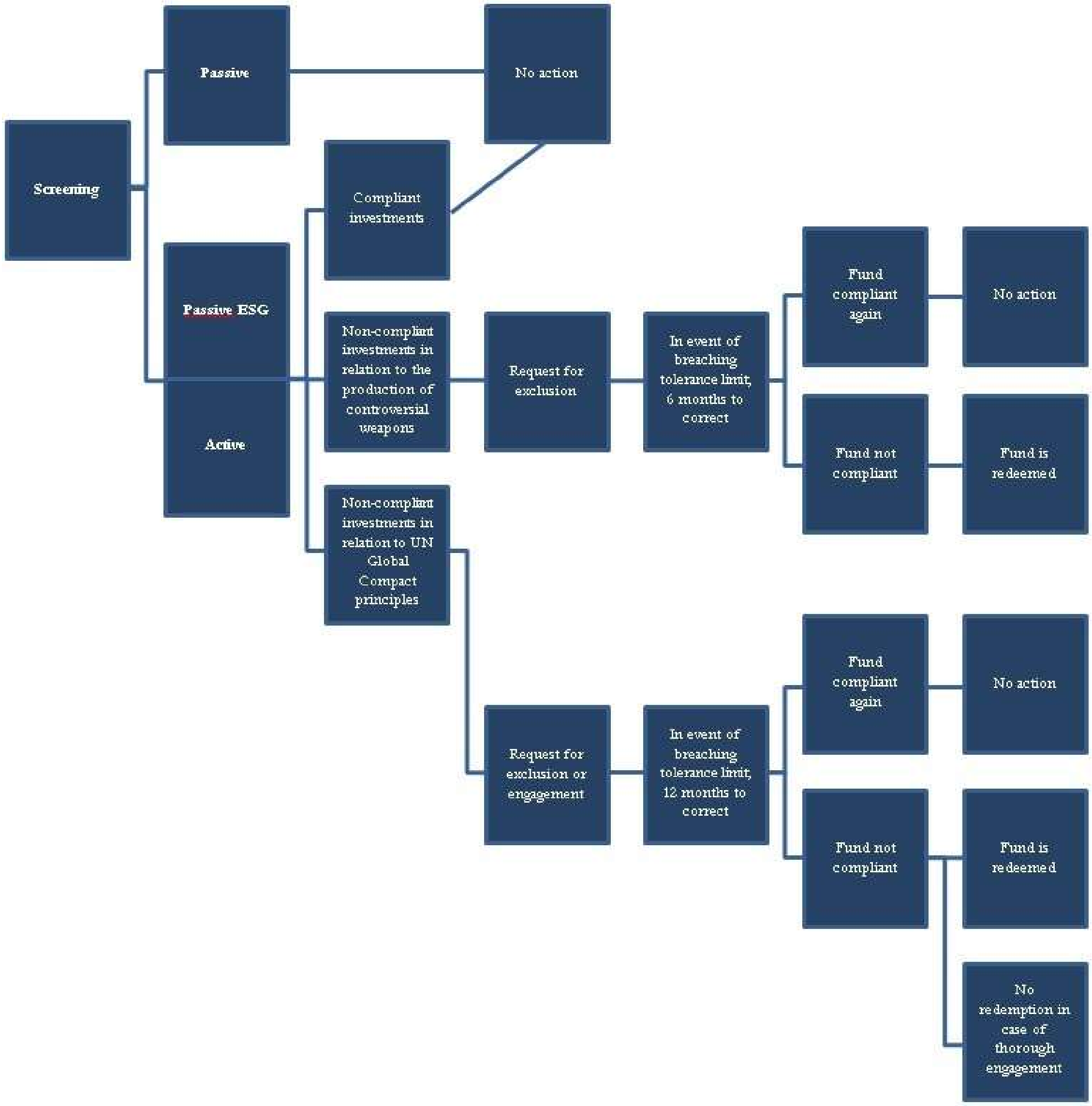
This policy has the two-fold objective of preventing fund managers from investing in companies considered by PCNV as non-compliant and to making fund managers aware of the ESG issues relevant to PCNV and to eventually start a dialogue on the subject.

PCNV uses ESG research by a specialized research company to monitor if the underlying investments in investment funds are compliant with its fundamental criteria and/or if its stated exclusion criteria are not exceeded. This is called ‘screening’.

To make its responsible investment policy practically enforceable, PCNV applies fixed tolerance limits that investment fund managers may not exceed.

If certain investment managers at any given moment do no longer meet these limits of tolerance, the relevant funds will be sold if after a fixed period of dialogue a desired solution has not been found.

The following ‘decision tree’ explains how we shape our ESG policy.


Screening
Passive
No action
Passive ESG
Active
Compliant investments
Non-compliant investments in relation to the production of controversial weapons
Request for exclusion
In event of breaching tolerance limit, 6 months to correct
Fund compliant again
No action
Fund not compliant
Fund is redeemed
Non-compliant investments in relation to UN Global Compact principles
Request for exclusion or engagement
In event of breaching tolerance limit, 12 months to correct
Fund compliant again
No action
Fund not compliant
Fund is redeemed
No redemption in case of thorough engagement

2. BASIC PRINCIPLES

2.1. Investment process/philosophy

As a fiduciary asset manager, PCNV primarily takes responsibility for the following:

- To manage the assets in the financial interest of its clients;
- To manage the assets freely and with competence in a way that secures safety, quality, liquidity and return on the entire portfolio;
- To treat clients (current as well as future clients) equally;
- To not accept restrictions that could have a negative impact on the risk return profile of the entire investment portfolio in the long term (without sufficient justification);
- To diversify the assets appropriately; and
- To be held accountable for the policy and the implementation thereof.

The implementation of the responsible investment policy is in line with the fiduciary responsibility of PCNV. In this context, PCNV also depends on the responsible investment policy of the external fund managers. The investment policy is primarily executed with collective investment funds both passively and actively managed.

Key values of PCNV's service are:
objectivity, independence, transparency, professionalism, loyalty and commitment.

2.2. Fundamental criteria

It is the aim of PCNV to directly and indirectly influence the managers of the investment funds and their underlying investments (companies). The objective is to improve the ESG performance of both.

For this purpose, PCNV has established fundamental criteria that are based on the Global Compact principles of the UN, the Principles for Responsible Investment (PRI), the sanction list of the UN and applicable laws and regulations.

2.2.1. The Global Compact principles

As an objective benchmark for determining the fundamental criteria, PCNV focuses on internationally recognised standards as incorporated in the Global Compact principles of the UN. These principles form an international, widely recognised framework of standards for companies, based on important declarations and conventions such as the Universal Declaration of Human Rights and the UN Convention against Corruption.

The 10 principles of the Global Compact conclude that businesses should comply with the following basic rules:

Human Rights

a) Businesses should support and respect the protection of internationally proclaimed human rights; and
b) Make sure that they are not complicit in human rights violations.

Labour

c) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; just as
d) the elimination of all forms of forced and compulsory labour;
e) the effective abolition of child labour; and
f) the elimination of discrimination with respect to employment and occupation.

Environment

g) Businesses should be precautious with impacting the environment;
h) undertake initiatives to promote environmental responsibility; and
i) encourage the development and distribution of environment-friendly technologies.

Anti-corruption

j) Companies should be against corruption of any type, including extortion and bribery.

2.2.2. The Principles for Responsible Investment (PRI)

The 6 principles of the PRI are directly related to our role as asset manager and are as follows:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active shareholders and incorporate ESG issues into our ‘ownership policies’ and practices.
3. We will pursue transparency with respect to the relevant ESG issues with the entities in which we invest.
4. We will stimulate acceptance and implementation of the Principles within the investment industry.
5. We will cooperate in order to improve our effectiveness with implementing the Principles.
6. We will report with respect to our business activities and development as to the compliancy with the Principles implementation.

2.2.3. Sanction list

PCNV does not invest in government bonds of countries to which sanctions are imposed by the UN Security Council.

2.2.4. Legislation

PCNV is committed to being compliant with applicable laws and regulations. With respect to The Netherlands, a law has been in effect since April 2013 that opposes investments in companies involved in the production of cluster munition. Financial institutions registered in The Netherlands are required by law to take measures to prevent such investments. Next, PCNV meets the transparency requirements as laid down in the SFDR.

3. POLICY

3.1. Objective

PCNV pursues an investment process in which fundamental criteria with respect to the environment, social responsibility and governance are gradually further integrated in its investment policy, taking into account the strategic and financial aspects of investing. This ambition applies to investments in all asset classes, within practical limitations and in accordance with the fiduciary responsibility of PCNV towards its clients.

3.2. ESG integration into asset allocation

The most important objectives for the integration of fundamental ESG criteria are:

- The strategic and tactical asset allocation has to be in line with the clients short and long term investment objectives;
- The investments are broadly allocated within and across various asset classes and investment styles; and
- The investment policy will be executed by PCNV through the selection of various, externally managed, investment funds.

3.3. Selecting and monitoring fund managers

3.3.1. Selecting and monitoring fund managers

The responsible investment policy of PCNV is to an extent part realised through the selection of fund managers who:

- Have signed the PRI;
- Have formulated a convincing responsible investment policy that is in line with PCNV's policy;
- Rank highest within the fund universe;
- Offer maximum transparency with regard to the underlying investments;
- Are active shareholders who exercise their voting rights and hold dialogues with the respective companies;
- Report in a clear and consistent manner with respect to their responsible investment policy, the selection and exclusion of companies and the results of their active ownership; and
- Are open to a dialogue with PCNV with respect to their responsible investment policy and respond constructively as to the conditions stipulated by PCNV in the context of the exclusion policy of the UN Global Compact principles.

In case of one or more consistent omissions, PCNV may decide to dismiss the relevant fund manager. In addition, the exclusion criteria as described in paragraph 3.4, may result in ceasing to invest in the relevant investment fund.

Screening most illiquid investment funds that allocate investments towards private debt and infrastructural investments is still hardly possible. Responsible investment policies are not applied on this category of funds.

3.3.2. ESG classification of fund managers

Fund managers differ in the extent and the way in which they take sustainability issues into account in their investment policies. For the implementation of their responsible investment policy, fund managers may apply the following methodology:

- Exclusion of companies (negative screening);
- Selection of best-in-class companies within the respective sectors (positive screening);
- Dialogue with companies (engagement);
- Exercising voting rights (voting on shareholder meetings); and
- Selection of companies based on sustainable investment themes.

On the basis of the SFDR laws and regulations, fund managers will have to classify their investment funds as ‘grey’, ‘light green’ (art. 8) or ‘dark green’ (art. 9). PCNV will use these classifications amongst others for selecting and monitoring fund managers.

3.3.3. ESG policy actively and passively managed investment funds

PCNV has set different objectives for the implementation of the responsible investment policy for managers of actively managed investment funds compared to managers of passively managed investment funds.

Managers of actively managed funds have a larger scope for integrating ESG factors. It is expected that they apply the sustainability criteria in selecting companies, initiate a dialogue if an undesired situation arises and divest if these conditions are of a structural nature and any improvement is insufficiently clear. The dialogue PCNV initiates with managers of actively managed funds will focus on all these elements.

Managers of passively managed funds are by definition limited to replicating a benchmark. They have little to no means to exclude companies (involved with any inappropriate activities). A dialogue with this type of fund manager is often ineffective and adds little value. The exception thereto are managers of passively managed investment funds with a sustainable benchmark. Selecting the latter could take place if these funds meet the requirements of yield, risk, costs and ESG criteria.

3.4. Exclusion criteria

PCNV does not wish to invest in companies active in the controversial weapon industry as mentioned below, or companies that are not compliant with the UN Global Compact principles. PCNV will, after a process of dialogue, redeem from investment funds if a specified tolerance limit for this type of investment is breached.

3.4.1. Controversial weapons

PCNV applies an exclusion policy with regard to companies active in the following weapons:

- Antipersonnel mines;
- Biological weapons;
- Chemical weapons; and
- Cluster munition.

These weapons are regarded as controversial, as they are banned by international treaties. Nuclear weapons are not excluded if businesses are pursued for countries that have undersigned the non-proliferation treaty.

A company is deemed to be involved in the following cases:

- A company is directly involved in the development, production, maintenance or trade in controversial weapon systems or provides essential and specifically adapted components or services for such weapons; and
- A company owns (>20%) or is owned by (>20%) a company that is directly involved.

The criteria for exclusion with respect to controversial weapons are applicable to all investments of PCNV. If an investment fund is no longer in compliance and the situation is not rectified by the fund manager after a dialogue with PCNV, the investment fund will be sold when a tolerance limit as applied by PCNV is breached.

Specifically, the following steps will be taken in implementing the exclusion policy regarding controversial weapons:

1. Supported by specialised research firms, we identify within investment funds, companies involved in the development, production, maintenance or trade in controversial weapon systems according to the criteria defined by PCNV; and
2. PCNV informs the fund manager as to the criteria and tolerance limits and requests the fund manager to stop investing in the relevant company within 6 months.

3.4.2. Violations of the Global Compact principles

PCNV has also defined criteria for exclusion with respect to companies that are acting in breach of the Global Compact principles (see section 2.2). If an investment fund does not (or no longer) meet these principles and, after a dialogue with PCNV, the fund manager does not take steps to rectify, the investment fund will be sold when a tolerance limit (on fund or portfolio level) is breached.

The tolerance limits for investments in non-compliant companies are broader on fund level than on portfolio level, in order to maintain the ability to invest in passively managed index funds with a low tracking error and to select best-in-class, actively managed investment funds from the broadest possible fund universe. The stricter tolerance limits on portfolio level are completely in line with the overall defined ESG investment policy and with the condition to prevent or restrict non-compliant investments.

Specifically with the implementation of the exclusion policy regarding companies violating the Global Compact principles, the following steps will be taken:

1. Companies in an investment fund in breach of the Global Compact principles, will be identified with the support of a specialised research firm;
2. PCNV informs the fund manager as to its criteria and tolerance limits and requests the fund manager to commence a dialogue with the companies involved, or to cease investing in the companies;
3. In the event of breaching the tolerance limit, the fund manager will be given a maximum of 12 months to meet PCNV's criteria by excluding companies or through engagement with these companies; and
4. If, after a 12-month period, the investment fund still does not act in accordance with the criteria as defined by PCNV, the fund manager will be dismissed. An exception could be made for fund managers who have started a thorough engagement process with the companies involved and report on this in a transparent way.

3.4.3. Applying tolerance limits

The responsible investment policy of PCNV is not restricted to direct investments (in government bonds and investment funds), but also applies to the underlying investments of investment funds. This requires a procedure with tolerance limits that does not interfere with the practical implementation of the investment strategy.

PCNV strives for long-term relationships with best-in-class fund managers and wishes to restrict, as much as possible, a high turnover in buying and selling investment funds (in part due to a responsible investment policy).

Investment funds will be sold if a predetermined percentage of the investments in an investment fund (the tolerance limit) does not comply with the criteria of PCNV. Redemption from a fund could be postponed if fund managers pursue a thorough engagement with companies that are in breach of the criteria and report this adequately.

Investment funds will also be sold and/or holdings in investment funds will be reduced if a predetermined percentage of the investments (the tolerance limit) on portfolio level (a client's total investment) does not comply with the criteria.

PCNV as such fulfils an active role toward external fund managers, with the intention to improve the sustainability performances of fund managers as well as of the companies in which they invest, and to make the capital markets more sustainable.

3.4.4. The functioning of international sanctions

PCNV does not invest in government bonds of countries to which sanctions have been imposed by the UN Security Council. There are no tolerance limits for this allocation. A possible exposure will be sold immediately.

4. ENGAGEMENT

In order to execute its responsible investment policy and to comply with its criteria for exclusion, PCNV has established engagement (a dialogue) with fund managers as part of the implementation and monitoring process. PCNV contacts the fund managers of the investment funds on average two to four times a year. In addition, yearly review/monitoring reports are being made in which attention is being paid to the execution and the results of the responsible investment policy.

This includes reporting with respect to integrating fundamental criteria, engaging a dialogue with companies, exercising voting rights and providing an overview of the underlying investments in the various investment funds.

The dialogue with fund managers specifically focus on:

- Presence, quality and implementation of the responsible investment policy of the fund manager;
- Undersigning the PRI;
- Active ownership of the fund manager (voting policy);
- Dialogue between the (active) fund managers and companies that do not comply with the fundamental criteria of PCNV (engagement);
- Exclusion of companies that do not comply with the fundamental criteria of PCNV when dialogue does not, or insufficiently, result in improvement; and
- Clear documentation justifying why holdings are maintained in companies that do not comply with the fundamental criteria of PCNV.

5. VERIFICATION AND RESPONSIBILITY

On an annual basis, the quality and effectiveness of the responsible investment policy of PCNV is reviewed during an annual PRI test which is being discussed in Investment Committee, in consultation with Management. This annual PRI review can be seen on the PCNV website. It evaluates whether the policy still is supportive to the fiduciary responsibility as an asset manager as well as to the investment philosophy. Also, it is evaluated if the gradual integration of ESG criteria in the investment policy shows sufficient progress and if this integration yields the desired results.

PCNV is in a position to report annually to its managed clients with respect to the following :

- The fundamental criteria supporting the responsible investment policy of PCNV;
- The tolerance limits for the exclusion policy;
- An overview of companies that should be excluded;
- Insight into which fund managers have undersigned the PRI;
- An overview of companies that do not comply with the fundamental criteria of PCNV;
- Insight into the active ownership of fund managers and the results that have been realised;
- Report on dialogues with fund managers and the results that have been achieved; and
- Report current changes in legislation and social developments that are relevant for the responsible investment policy.

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