

# Environment, Social and Corporate Governance Policy

Most Recent Update: January 2024  
Implementation Date: December 2018

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## PURPOSE

When evaluating investment decisions, Sands Capital Management, LLC (“SCM”) has a fiduciary duty to consider all financial and non-financial risks that may materially influence the financial outcome of an investment. SCM has adopted this Policy to formally incorporate the analysis of certain environmental, social and corporate governance (“ESG”) factors into its investment decision-making. SCM has established a cross-functional group of employees (“staff members”) who are responsible for guiding integration of ESG analysis into the investment decision-making process (the “Stewardship Team”). This Policy applies to the investment advisory activities of SCM and does not apply to Sand Capital Ventures, LLC.

## GENERAL POLICY

Sands Capital incorporates ESG analysis into its investment decision-making process so that all financial and non-financial risks that may materially impact the financial outcome of an investment are appropriately considered. Sands Capital’s primary goals for ESG analysis include:

- (1) ensuring that all material risks and opportunities are considered as part of the investment decision-making process; and
- (2) engaging with existing or prospective portfolio companies (“portfolio companies”) to facilitate dialogue or, if we believe it is in the best interests of clients, change with respect to ESG factors.

## RESPONSIBILITIES

The Stewardship Team, in consultation with the Director of Research, (1) sets goals and objectives related to the integration of ESG analysis into the investment process, (2) monitors execution of this Policy by the investment team, (3) reports progress to relevant stakeholders, and (4) identifies education opportunities for staff members. The Stewardship Team also executes or supports firm-wide projects related to ESG, including data initiatives, regulatory compliance, and disclosures. The Stewardship Team is responsible for reviewing this Policy at least annually and otherwise as appropriate. Additionally, the Head of Marketing and Communications (or his or her delegate) is responsible for all PRI reporting (as detailed below). The member of the Investment Team who is primarily responsible for the research activities relating to a particular company is responsible for conducting or directing all company-level ESG research and for documenting company engagements in the manner detailed below.

## RESEARCH PROCEDURES

ESG assessment of a company generally begins when the Investment Team member primarily responsible for research places the company on Sands Capital’s new opportunities list because he or she has determined that the company may meet SCM’s six investment criteria. At this juncture, a coverage team is established and an evaluation of all relevant financial and non-financial risks and opportunities, including ESG factors,

which may affect business and investment results is performed. Examples of these include, without limitation:

- *Environmental topics*: environmental policy and strategy, energy use and efficiency, pollution and waste management, water use and efficiency, greenhouse gas emissions or climate change strategy, materials use, and sourcing and regulation;
- *Social topics*: data security and privacy, human capital management, human rights, labor rights, product safety and impact, diversity and inclusion, regulation, and health and safety; and
- *Governance topics*: audit and accounting, board structure or composition, capital structure, executive compensation, related-party transactions, shareholder protection and rights, management accountability, increasing transparency and disclosure, regulation, and ESG strategy and oversight.

ESG analyses for investment opportunities are documented and considered by the relevant Portfolio Management Team(s). After investing in a company, the relevant coverage team continues to monitor and evaluate ESG factors. Documentation of the ESG analysis should be completed before or promptly after an initial investment action and updated approximately every twelve months.

#### **COMPANY ENGAGEMENT**

As part of its investment process, SCM routinely engages with the management teams and directors of existing and prospective portfolio companies. SCM's engagement policy has three primary objectives:

- (1) Inform SCM's understanding of risks and opportunities and their potential impact on a particular company;
- (2) Exchange perspectives on matters SCM has identified as relevant to long-term shareholders and, if deemed appropriate, encourage change at the company level; and
- (3) Discuss ballot proposals and inform SCM's proxy voting.

Engagements may be ESG or non-ESG-related. When deciding how to address ESG factors, SCM believes that it is generally in the best interests of clients to engage with portfolio companies. If engagement is unsuccessful (or if SCM believes engagement is unlikely to be successful) and the SCM believes the issue poses a material risk to the investment outcome, SCM may divest a holding or pass on an investment opportunity.

The Investment Team is required to document and track company engagements in the Internal Research (@IRN) application available through Factset. The documentation of such engagements should include relevant information, which may, if applicable, include:

- Company's name
- Individuals in attendance
- Whether the engagement was for information or for change (or both)
- Whether the engagement was proxy-related
- The ESG topics discussed
- Takeaways or commitments that were secured
- Follow-up and escalation plan

## **PRI REPORTING**

SCM is a signatory to the Principles for Responsible Investment (“*PRI*”). *PRI* is an internationally recognized organization whose purpose is to encourage investors to use responsible investment as a mechanism to help enhance returns and manage risk. *PRI* consists of six voluntary Principles to which all signatories commit to incorporate into their investment practices.

As a condition of being a signatory, SCM is required to report annually to *PRI* using the *PRI* Reporting Framework (the “*Framework*”). The *Framework* is the reporting mechanism in which all *PRI* signatories address activities related to SCM’s implementation of the six Principles. The reporting cycle typically opens during the first week of January and closes at the end of March. Failure to complete the reporting by the end of the cycle in March would result in being delisted as a signatory.

## **STEWARDSHIP CODES**

SCM may from time to time determine that it is in the best interest of its clients for it to become a signatory to one or more stewardship codes. Such codes may establish additional standards or principles for SCM to consider when managing client assets.

## **OTHER ESG REPORTING**

SCM has numerous regulatory and contractual obligations regarding ESG-related reporting. These obligations vary based on the client type and individually negotiated activities. In meeting these obligations, Sands Capital may be reliant on either third-party data or a combination of third-party data and Sands Capital’s internal research and analysis. SCM will endeavor at all times to capture accurate data relating to ESG so as to meet such reporting obligations in a manner that is consistent with the terms of our agreements and regulatory obligations.

## **CLIENT-SPECIFIC GUIDELINES**

Individual clients may seek to incorporate additional sustainable or responsible investing principles into their individual investment mandates by, for example, instructing SCM to exclude companies participating in economic activity that they believe may be harmful to the environment or society. We endeavor to apply such principles to a client’s mandate in a manner that is consistent with the client’s instructions.