



# Sustainability Policy

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# Introduction

## 17Capital Background

17 Capital LLP ("17Capital", "we" or "our") is authorised and regulated in the UK by the Financial Conduct Authority ("FCA"). 17Capital is a global fund manager that pioneered, and is a leader in, the use of NAV finance within the private equity industry.

Investors in 17Capital funds include:

- Public pension funds
- Family offices
- Insurers
- Investment managers
- Corporate pension fund managers
- Fund-of-Fund investors
- Endowment managers
- Institutional investors

Further information and background on 17Capital can be found at <https://www.17capital.com/>

## 17Capital Sustainability Governance

The 17Capital Board of Directors consists of the following members:

- Pierre-Antoine de Selancy
- Augustin Duhamel (also on Sustainability Committee)
- Andrew Moysiuk
- Armen Panossian
- Matthew Pendo
- Todd Molz

Further information on the members above can be found at <https://www.17capital.com/team/>

## Sustainability Committee

The Sustainability Committee is chaired by 17Capital's Head of Sustainability, Claire Hedley, and includes Managing Partner Augustin Duhamel who sits on the 17Capital board. The Sustainability Committee comprises representatives and key stakeholders from different 17Capital departments and includes Myriam Vander Elst, CEO of Epic UK. The Sustainability Committee is responsible for:

- the definition and implementation of the Sustainability policy and principles;
- monitoring the evolution of industry practice and 17Capital's approach to Sustainability, and Environmental, Social and Governance ("ESG"); and
- reviewing Sustainability reporting.

As part of the wider 17Capital governance policies and procedures, the following Sustainability related policies are in place:

- Sustainability Policy
- Diversity and Inclusion Policy
- Compliance Manual
- Anti-money laundering and Sanctions policy
- Insider trading / Personal trading policy
- Modern Slavery Statement
- Whistle-blower policy
- Gifts and Entertainment policy
- Anti-bribery & Corruption Policy

# Sustainability Policy

The 17Capital Sustainability Policy guides both our business operations and investment process. Today our approach is built around two areas:

- Responsible Business – Managing our environmental footprint, fostering a diverse and inclusive workplace, and contributing to wider society through volunteering and philanthropy.
- Responsible Investment – Integrating ESG considerations into our investment process and engaging with underlying managers on ESG topics, consistent with and subject to any applicable fiduciary or contractual duties.

The 17Capital Sustainability Policy has been in place since 2014 and is regularly reviewed and updated.

In April 2021, 17Capital deepened its commitment to Sustainability by becoming a signatory to the United Nations Principles for Responsible Investment (UN PRI).

In December 2022, 17Capital joined the initiative Climate International (iCI), a global, practitioner-led community that seeks to better understand and manage the risks associated with climate change.

17Capital is also a signatory of ILPA Diversity in Action, an initiative to bring together LPs and GPs committed to advancing diversity, equity & inclusion in the private equity industry.

## Responsible business

### Environmental performance

17Capital acknowledges that its activities and investments have an impact on the environment and aims to achieve continuous improvements in limiting this impact.

To address key issues of environmental concern and to promote greater environmental responsibility, 17Capital is committed to, where practicable and appropriate:

- Reducing greenhouse gas emissions by:
  - Promoting the use of renewable energy
  - Increasing the use of videoconferencing to minimise air travel
  - Increasing the use of rail travel as opposed to air travel/use of private cars
- Reducing waste, increasing re-use and recycling by:
  - Eliminating the use of products made from unsustainable natural resources (e.g. plastic bottles)
  - Procuring products that are made from sustainable sources or recycled materials or that are designed to be easy to reuse or recycle
  - Efficiently using energy (e.g. use of energy saving light bulbs), water, manufactured products (e.g. recycled paper) and natural resources
- Engaging with employees across 17Capital to promote environmental awareness and improve staff education and involvement
- Actively working with suppliers and contractors to improve their sustainability performance, in keeping with this policy, including incorporating specific environmental requirements into its contracts with suppliers

In 2021, 17Capital became carbon neutral in its operations through a combination of reducing and offsetting GHG emissions via quality carbon credits. For 2023 and 2024, 17Capital has commissioned limited assurance (as defined by ISO 14064-3) of the organisational carbon footprint to have it verified to achieve the Carbon Footprint Standard for carbon neutrality.

## People and culture

17Capital aims to provide fair labour and working conditions, to create a harmonious working environment, to safeguard the health and safety of all employees, and to promote the social development of the communities in which it operates.

17Capital encourages a culture that is built upon its core values, which are outlined below:

- Build trust - we behave and act in ways that earn trust
- Strive for excellence – we act with professionalism and adhere to our high standards
- Embrace different – we embrace new ideas and constantly strive to discover new ways of doing things
- Make things happen – we are agile and responsive in a way that delivers success for all our stakeholders

Our values are the basis on which we build strong relationships with our clients, our investors and each other. They are the foundation of our business and integral to our continued ability to pioneer success.

At all times, 17Capital will seek to:

- Support and respect the protection of internationally proclaimed human rights
- Endeavour to ensure the health and safety of employees and all associates by assessing work- related risks and taking appropriate actions to eliminate or reduce such risks
- Allow consultative work-place structures and associations which provide employees with opportunities to present their views to management
- Support the elimination of all forms of forced and compulsory labour
- Support the effective abolition of child labour
- Support the elimination of discrimination in respect of employment and occupation, including by:
  - Promoting equal opportunities and diversity by recruiting, developing and retaining the best talent from the widest pool
  - Recognising, valuing, and respecting its people for their skills, experience and potential regardless of gender, sexual, orientation, age, race, colour, ethnic origin, religion or disability
- Consider requests from any employee for non-standard working arrangements
- Encourage contributions of its employees to charities
- Contribute directly to society through Epic (<https://www.17capital.com/epic/>)

17Capital also encourages those to whom it provides finance solutions to adopt sound social and ethical policies and to promote socially relevant projects through dedicated initiatives.

## Governance and oversight

17Capital is committed to:

- Comply with all applicable laws and promote international best practice standards
- Work against all forms of corruption, including extortion and bribery
- Exhibit honesty, integrity, fairness and respect in all its business dealings
- Deal with regulators in an open and co-operative manner
- Prohibit all employees from making or receiving gifts that exceed certain de minimis value thresholds in the course of business
- Prohibit contributions to political parties or political candidates, where these could constitute conflicts of interest
- Prohibit the making of payments as improper inducement to confer preferential treatment
- Use information received from its principals in the best interests of the business relationship and not for personal financial gain by any employee
- Clearly define responsibilities, procedures and controls
- Promote transparency and accountability grounded in sound business ethics
- Identify conflicts of interest, including those related to responsible investment where applicable, and avoid or report them in line with its agreements with stakeholders, regulatory requirements and industry best practices
- Properly record, report and review financial and tax information
- Use effective systems of internal control and risk management covering all significant issues, including

environmental, social, and ethical issues

- Seek to meet stakeholders' expectations; facilitate their access to information; and provide them with clear and transparent information based on regular and value-added reporting
- Ensure compliance with HR processes and procedures to promote sound employee relations
- Implement a robust sustainability approach which enables effective identification, management and monitoring of any related risks and opportunities and provides a framework for action
- Adhere to a policy of long-term responsible investing

## 17Capital and Epic

Epic is a global non-profit organisation which finds, funds and scales high-impact social organisations and non-profit organisations to change the lives of disadvantaged youth and address climate change.

17Capital was the first alternative investment firm in the UK to sign the Epic Sharing Pledge by agreeing to donate a percentage of the carried interest generated by 17Capital Fund 4. As a core part of our contribution to society and the wider community, we continue to provide support to Epic, a non-profit supporting social impact initiatives through pledging 1% of the carried interest from subsequent funds.

As part of our continued support of Epic, their UK team is hosted at 17Capital London office. Our team has also dedicated their time and skills to support Epic's charities through participation in several initiatives. For example, we participate in a mentoring program with young people who face challenges on their path to success to get them ready for the world of work, through charity partner ThinkForward.

Further information about Epic can be found at <https://epic.foundation/>.

# Responsible investment

## Overview of approach

For 17Capital, responsible investment means systematically integrating environmental, social, corporate governance, regulatory compliance, data safety and responsibility, and cultural and ethical considerations across all stages of the investment lifecycle, from pre-investment activities and through the post-investment holding period to drive long-term value for our investments and our investors.

- The responsible investment approach focuses on seeking to ensure that those to whom we provide finance are upholding appropriate sustainability standards where practicable. It is important to understand and assess the strength of management processes and systems of the underlying managers and counterparties that 17Capital invests in.
- The sustainability policy is geared towards implementing controls to promote awareness of and appropriately manage material ESG risks in the investments at the time of acquisition, where it is possible to do so, and on an ongoing basis.
- 17Capital invests in existing managers and funds instead of directly into underlying portfolio companies. This means 17Capital has a limited level of influence regarding the direct management of ESG considerations at the underlying portfolio company level in its investments.
- As a provider of finance solutions, 17Capital's approach to managing ESG differs from those underlying managers that make direct investments. While 17Capital cannot directly manage or control ESG at underlying companies, it can take steps to seek to influence ESG at the underlying manager primarily through engagement on ESG topics and, where possible, structure of loan contracts.
- 17Capital is committed to implementing appropriate firm management processes and controls to achieve responsible investment, and engaging key stakeholders as needed. 17Capital believes that doing so will add value to investors and the wider investment community.
- 17Capital provides transparency on its approach to responsible investment via quarterly fund reports for invested clients and via its annual sustainability report that includes KPIs related to the 17Capital sustainability programme and updates on progress related to sustainability.

## Pre-investment

### Screening:

- During the screening phase, the investment team, in conjunction with the sustainability team as required, consider a series of screening questions to determine an initial view on the underlying manager's ESG standards, policies and procedures for managing ESG risks.
- The investment team produces an investment scorecard which includes an ESG score based on the initial assessment of responses to ESG screening questions and output from a proprietary ESG screening tool that considers sector exposures and potential controversies identified via RepRisk or wider research.
- Consideration is given to the 17Capital exclusion and sensitivity list in order to seek to avoid or minimise investments in companies whose businesses may be incompatible with 17Capital's responsible investment approach.
- 17Capital will also screen against investment exclusion rights granted to its investors as applicable.

### Due Diligence:

- For all potential investments that pass the initial screening, further due diligence is conducted through discussions with the counterparty, completion of an ESG questionnaire, anti-money laundering and sanctions checks.
- The 17Capital ESG questionnaire includes an assessment of an underlying manager's approach to managing ESG considerations, including systemic sustainability issues such as climate change, which

enables 17Capital to assess any ESG-related financial risks in its investments and funds.

- 17Capital is committed to respecting international human rights and expects its underlying managers to practice similar standards. The ESG questionnaire reviews how underlying managers assess and manage human rights within their investments and their own operations.
- The 17Capital ESG questionnaire also assesses underlying managers' approaches to other systemic environmental and social issues such as biodiversity and diversity, equity & inclusion (DEI). The questionnaire is updated from time to time to capture evolving and emerging sustainability topics.
- 17Capital expects all its underlying managers to practice a minimum standard of good governance, which is assessed using criteria that reflect widely recognised industry established norms including:
  - Ethics, bribery and corruption, including human rights and labour standards
  - Management structure, committees and internal processes
  - Accurate reporting
  - Fair treatment of employees, including code of conduct and remuneration
  - Adherence to local and international tax laws
- Good governance includes sound management structures, labour relations, remuneration structure and tax compliance. 17Capital's assessment of good governance is conducted by the investment team as part of deal due diligence. Good governance indicators are used across all transactions but their materiality will vary based on the counterparty type, size, geography and sector exposure of a transaction. The outcome from the discussions, good governance review and ESG questionnaire are documented and assessed in the Investment Committee memo. The Investment Committee, which includes Augustin Duhamel who is the Sustainability Committee sponsor, reviews each Investment Committee memo and approves each investment, before a deal can be executed.

## Post-investment

It is important for 17Capital to continue to monitor the management of ESG risks in investments during their lifespan where practical. Any direct monitoring of portfolio companies regarding ESG management is the responsibility of the underlying manager of the funds invested in.

17Capital's approach involves ensuring the underlying managers maintain their own ESG management processes, reviewing the information published and ensuring the underlying manager communicates any key ESG risks that arise.

### Engagement:

17Capital sees engagement with underlying managers as an important part of the investment and monitoring process. While 17Capital does not have control over the underlying companies, it is able to use engagement to seek to educate and influence change at the underlying managers it lends to. 17Capital also engages and collaborates with peers through industry initiatives such as the UNPRI or ICI. 17Capital may use the following engagement tools:

ESG Questionnaires and surveys	Used pre and post investment to understand and monitor ESG policies, procedures and establish an ESG risk assessment (including in relation to management procedures applicable to sustainability-related controversies).
ESG Accelerator	A proprietary initiative to draw together ESG leads from across 17Capital's private equity clients to network, share insights and collaborate on ESG. 17Capital prioritises systemic ESG issues that underlying managers are working on. In the past, this has included advanced carbon strategies, human rights, quantifying the 'S' in ESG, biodiversity, transition plans, valuing carbon and CSRD double materiality assessments.
Manager-specific interactions	A dialogue with the underlying manager on a specific ESG topic, for example, a follow-up from the questionnaire or ESG reports, RepRisk alerts or industry-wide topics.
Industry Collaboration	Leadership or active participation in working groups or collaborative initiatives. 17Capital's Head of Sustainability is a member of the ICI private credit working group.



