



Engagement Policy Econopolis

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1. Values and core beliefs

A long-term sustainable vision based on our core beliefs

As a wealth and asset manager, Econopolis plays an important social role in our society. Besides creating value for our clients, all stakeholders matter and deserve the right amount of attention. By doing this we strive to a more responsible, sustainable and better world.

Since its foundation, sustainable investing has been incorporated within the strategy of Econopolis. We believe that taking into account Environmental, Social and Governance (ESG) aspects will be beneficial for our shareholders, stakeholders and Econopolis as a whole. This is a win-win situation which is important in everything we do.

We do not stand alone with this view. Academic research papers suggest that companies which score well on ESG factors, are characterized by better risk-return characteristics. It is a fact that sustainable companies perform better during crisis situations and periods of economic downturn. This makes their returns more robust.

The investment approach of Econopolis is based on the books Econoshock (2009), Econoshock 2.0 (2014) and Gigantisme (2019). Our company is built from the starting point of independence, sustainability and transparency. Econopolis was founded during the financial crisis. We started with a clean slate and we take into account the faults other financial institutions have made in the past.

From our genuine concern about the world, our clients and our employees we continuously screen our own ideas, strategies and decisions. We look critically at our own decisions and make adaptations when needed. In order to stay in touch with society, we participate in many social engagements and events, which serve as an inspiration and offer us a new point of view on our approach.

To Econopolis, sustainability means being conscient and acting responsibly because of the impact we have on our society and economy. It means being a trustworthy and reliable partner who acts in the best interests of its clients.

Human rights, working conditions, responsibility for the environment and anticorruption are all taken into account in our investment decisions. They strengthen the integrity of our financial system. Sustainability is the core of our daily activities and a way to generate value for all our stakeholders.



1. Environmental, Social and Governance

When taking investment decisions, we take into account ESG aspects.

Environmental

- ✓ Assess the environmental impact of our investment decisions
- ✓ Environmentally friendly public-policy
- ✓ Climate policy
- ✓ Energy- and water efficiency
- ✓ Natural resource management

Social

- ✓ Equal opportunities
- ✓ Health and safety
- ✓ Human rights
- ✓ Customer and product responsibility
- ✓ Freedom of association

Governance

- ✓ Business ethics
- ✓ Compliance
- ✓ Shareholder structure
- ✓ Executive compensation
- ✓ Board independence



2. How we engage

Value to society should be created for all stakeholders (suppliers, employees, customers, shareholders, and so on). By using an active approach, we try to make the companies we invest in as conscious and responsible as possible.

Constructive dialogue

An active relationship between the companies we invest in and Econopolis is crucial. On a regular basis we have contact with the management of these companies. We do this by having direct contact with companies (management, executives, investor relations), mail, letter, phone calls and attending shareholder meetings and presentation set up by third parties offering us a platform to ask questions.

When a certain decision or vision of a company does not match our philosophy of sustainable investing, we actively approach that company to discuss potential alternative ideas. As we are aware of the fact that given our size, we might not always have the leverage to change a company's ideas or practices. We are prepared to disinvest whenever a company's vision and plans are not aligned with our philosophy anymore.

Keep our universe small

Our sustainable investment philosophy is a consequence of our founding principles as detailed before. From this starting point, we apply two exclusion lists that match our strict investment norms. We do not want to invest in companies harming human rights, weapons, tobacco, pornography, gambling et cetera. We also take strong positions regarding issues such as oil and gas production, coal mining, electricity generation, nuclear energy and climate change as detailed in our sustainable investment policy. These investment norms are covered by both the company-based exclusion list and activity-based exclusion list that we apply, as discussed in the next paragraph. ESG factors also play a key role in restricting our investment universe, leveraging the knowledge of external experts.

Use external expertise

Together we can achieve more. It is the reason why we leverage external expertise to complement our own assessment. As discussed before, we apply the company-based exclusion list of the Norwegian Pension Fund, the largest wealth fund worldwide and a leader in sustainable investing. We also apply the World Bank/IFC activity-based exclusion list. Both list combined offer us a comprehensive policy regarding negative selection of companies and activities.

Econopolis also signed the United Nations Principles of Responsible Investments (UN PRI), meaning we want to contribute to a more sustainable investment world. The UN PRI is based on 6 principles. All partners need to take into account ESG factors and use an active approach towards their investments.

For Econopolis, sustainable investing goes beyond negative screening. As such, we have a strong partnership with Sustainalytics, a global leader in ESG and Corporate Governance research. Econopolis has access to their database of circa 4,000 companies worldwide, helping us understand material ESG risks companies are exposed to. Their ratings also offer us the possibility to apply investment criteria in terms of sustainability.



Our approach regarding sustainability is recognized as well by external parties. A large number of our investment funds are awarded the prestigious Febelfin Quality Standard for sustainable investment products.

Collaboration with other institutional investors

It is important for all investors and every investment company to act responsible and sustainable. Because of that every institutional investor can benefit from an active communication and cooperation with each other.

Econopolis is a part of the Belgian Asset Management Association. On a regular basis we discuss how we as Belgian institutional investors can strengthen and improve sustainability aspects when making investment decisions, as well as actively encouraging companies to act responsible and sustainable.

Sustainability report

Whereas an annual report is mandatory for every listed company, a sustainability report still is non-committal.

Econopolis tries to activate companies to publish these sustainability reports or expand them when they already have one. Just like we want to be as transparent as we can towards our clients, we expect the same from the companies we invest in.

Reduce conflicts of interests

Due to other engagement activities of our shareholders, we are aware of the fact that potential or actual conflicts of interests may arise. Our policies take all responsible steps to prevent these potential problems.

Econopolis will do everything within its possibilities to prevent these issues. When conflicts of interest arise, they will be managed and monitored. When needed, the conflict of interest will be disclosed to our clients to prevent that their interests would be impacted.

Communicating with relevant stakeholders

In order to obtain further information to improve our engagement with the companies we invest in, Econopolis may communicate with relevant stakeholders (public authorities, interest groups, NGOs, ...).

Our objective is to act in the best interests of our clients, without violating any laws or internal policies.

Experienced multi-disciplinary team

Econopolis has offices in Belgium, Singapore and Switzerland. Our employees have different cultural backgrounds and several languages are spoken.

The fact that we have a multi-disciplinary team allows us to combine different skills which are needed for effective engagement. Our diversity allows us to better understand the financial, legal and cultural environment in which the companies we engage with operate.



How about proxy voting?

At this stage, Econopolis does participate by way of proxy voting in a limited number of Funds. This is a result of a cost benefit analysis we executed as we do not always view proxy voting as beneficial for our clients as proxy voting creates administrative costs that, in view of the size of the positions the Funds can take, have little added value. As demonstrated above, we believe to have a significant impact by way of engaging directly and face-to-face with a company and with our external research providers, as these generally have a larger impact. However, we are of course aware that the interest in proxy voting has grown over the years, and therefore we are evaluating the proxy voting process and are looking into introducing this process for other Funds as well, if the cost benefit analysis shows a positive result.

