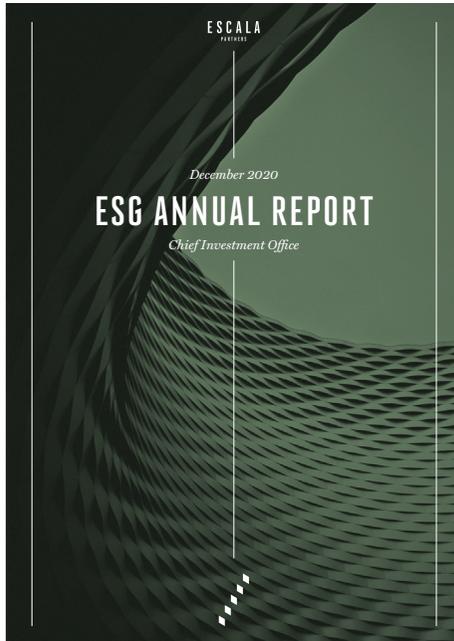


News Item

# Escala's ESG Annual Report

26.03.2021



**Escala Partners**  
ESG Annual Report

Escala Partners adopts a best-in-class approach to ESG with the launch of the Escala Annual ESG Report.

At Escala Partners, we believe that proper oversight of Environmental, Social and Governance (“ESG”) issues is an integral factor in driving portfolio returns. We believe that managers that employ ESG are better able to identify the longer-term risks and opportunities from their respective markets. In essence, a robust ESG process will highlight risks that could lead to capital erosion in the future.

Escala's investigation into a manager's commitment to ESG integration involves both a qualitative assessment and a quantitative analysis. The Escala Annual ESG Report provides a snapshot of how each fund is adhering to ESG principles.

Based on our Chief Investment Office (“CIO”) team's investigations, annual due diligence meetings, assessment of checklist criteria and quantitative analysis we assign an ESG awareness and integration rating to each of our fund managers (ESG1 = low integration; ESG5 = high). Currently, 52% of the funds on our Approved Product List have an ESG rating of 4 or 5. Our intention is to grow this percentage over time.

Commenting on the annual ESG report, Tracey McNaughton, Chief Investment Officer, said, *‘Being ESG aware is a practice, not an event. We need to be constantly vigilant of ESG issues as they arise within the portfolios or with the fund managers themselves. When ESG issues are flagged they are investigated, discussed and assessed quickly. We hold our managers to the same standards as we expect the managers to do with their underlying portfolio companies. Monitoring for ESG issues is part of our ongoing fund manager due diligence process.’*



**Tracey McNaughton**  
Chief Investment Officer

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