



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>	
Collaborative engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>		
Service provider engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via service providers</p>		

# RI TRANSPARENCY REPORT

## 2014/15

East Capital

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	🔒	n/a	✓						
LEI 11	Review ESG issues while researching companies/sectors	🔒	n/a	✓						
LEI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	🔒	n/a	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Public	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Private	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PE 11	Encouraging improvements in investees	✓	Private	✓	✓					
PE 12	ESG issues impact in selection process	✓	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Private	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	✓	Private							✓

# East Capital

## Reported Information

## Public version

## Organisational Overview

### PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2

Additional information. [Optional]

East Capital Group is a leading emerging and frontier market asset manager. The independent partnership set up in 1997, manages approximately EUR 2,5 billion in public and private equity funds as well as separate accounts for a broad international client base including leading institutions.

The company bases its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams. It is headquartered in Stockholm with offices in Hong Kong, Luxembourg, Moscow, Oslo, Paris, Tallinn and Dubai.

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Sweden

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

121

OO 03	Mandatory	Descriptive	General
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**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** Indicate the year end date for your reporting year.

31/12/2014

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	500	000	000
Currency	EUR				
Assets in USD		3	278	727	939

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	81	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0

Private equity	10	0
Property	9	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

The East Capital Group is a leading emerging and frontier market asset manager. The independent partnership set up in 1997, manages public and private equity funds as well as separate accounts for a broad international client base including leading institutions.

Our product offering contains a wide range of country and regionally focused funds including our flagship strategies - the award-winning, UCITS compliant East Capital Eastern European Fund, East Capital Russian Fund and East Capital Emerging Asia Fund.

We believe that frontier and emerging economies will continue to converge towards mature economies. The long-term GDP growth in emerging and frontier markets will outpace growth in the developed world. Incomes and living standards will continue to converge and boost purchasing power.

Emerging and frontier markets are not fully efficient and many attractive companies are under-researched, under-owned and/or under-represented in the index. By being local, meeting companies and relying on your own research we apply a truly active, often contrarian, investment approach to identify mispriced companies that will generate long-term superior returns.

**Active stock-pickers**

We are not index-driven since the index focuses on a limited number of legacy assets. Rather we invest by conviction, on a company by company basis. This approach allows us to discover companies that are off the beaten track of generalist investors. We have a bias towards small& mid-caps.

**Local**

By meeting companies locally and utilizing our vast network of contacts, we look for the best companies at attractive valuations. The better we understand the local context, the better we can assess a company and its potential.

**Research-driven**

Diligent research is essential for identifying drivers of growth and value and assessing risk correctly. We rely on our own research and consider risk scenarios and ESG factors. There is often a striking gap between perceived risk by the market and real risk actually inherent in the company.

**Long term**

We position our strategy to outperform the respective benchmark within three to five years. Fundamentals such as attractive valuations, stable cash flow, strong growth and high dividend yields matter over time. Consistency, persistence and patience reward well-informed and well-analyzed investment decisions.

**Gateway asset class implementation indicators**

OO 10

Mandatory

Gateway

General

OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11

Mandatory

Gateway

General

**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Private equity
- Property
- None of the above

**OO 12****Mandatory****Gateway****General****OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

## Direct - Listed Equity incorporation

- Listed Equity incorporation

## Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

## Direct - Other asset classes with dedicated modules

- Private Equity

**Closing module**

- Closing module

# East Capital

## Reported Information

### Public version

### Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

East Capital's Responsible Investment Policy is integrated with our Ownership policy since 2010.

We consider good corporate governance as well as environmentally and socially responsible behavior as essential in managing a company with the aim of maximizing long-term shareholder value. East Capital therefore believes that our long-term returns can benefit from considering the risks and opportunities related to ESG (Environmental, Social and Governance Factors). East Capital applies a number of ESG-related set of tools (Exclusion criteria, Norm-based screening, Voting and Engagement) to all fund products which we manage. On request from clients, East Capital also has the capacity to apply these tools when managing segregated accounts.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://www.eastcapital.com/Corporate/About-East-Capital/Corporate-governance-and-sustainability/>

- No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes  
 No

**OA 02.5** Additional information. [Optional]

In 2010 East Capital decided to integrate its former Responsible Investment Policy into our Ownership policy in order to signal our integrated view on ESG issues.

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**OA 04** **Mandatory** **Core Assessed** **General**

**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**OA 04.2** Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Conflicts of interest can occur in East Capital's business operations. Some of the areas where conflicts of interest have been identified within East Capital's business operations include marketing and sales of products and services, portfolio management and employees' own securities trades. One such example is if an employee at East Capital would trade in the same securities that are also traded on behalf of customers.

East Capital has adopted guidelines and procedures that aim to identify and deal with conflicts of interest. Both East Capital and its employees shall act in the interest of the client and ensure that no one profits at someone else's expense. East Capital employees shall be aware of potential conflicts of interest and, if one occurs, always treat clients fairly and with honesty. East Capital's interests shall never be placed before the interests of its clients, and no client shall profit at the expense of another client. Areas where conflicts of interest can occur are reviewed on a regular basis to ensure that conflicts of interest are dealt with in an acceptable manner. The Board and Management shall be informed of substantial conflicts of interest, and the Board is responsible for adopting resolutions on fundamental questions concerning conflicts of interest



No

**OA 04.3** Additional information. [Optional]

For more information please see <http://www.eastcapital.com/Corporate/About-East-Capital/About-East-Capital/Conflicts-of-interest/>

## Objectives and strategies

**OA 05**

**Mandatory**

**Gateway/Core Assessed**

**General**

**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

Yes

No

## Governance and human resources

**OA 08**

**Mandatory**

**Gateway/Core Assessed**

**General**

**OA 08.1** Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles present in your organisation**

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Other role, specify
- Other role, specify

**OA 08.2** Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

1

**Promoting responsible investment**

**OA 10** **Mandatory** **Core Assessed** **PRI 4,5**

**OA 10.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
  - Moderate
  - Advanced
- Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
  - Moderate
  - Advanced
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
  - Moderate
  - Advanced
- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
  - Moderate
  - Advanced
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
  - Moderate
  - Advanced
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Association of Institutional Investors, API (formerly known as the Investor Protection Association), Russia's leading association for advancing Corporate Governance.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Active member and represented on the Board of Directors.

- Other collaborative organisation/initiative, specify
- The Swedish Investment Fund Association.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

East Capital AB's CEO serves on the Board of the Fund Association and our Head of Corporate Governance serves on the working group for Ownership Issues and Corporate Governance.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

<b>OA 11.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

<b>OA 11.2</b>	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

<b>OA 11.3</b>	Additional information. [Optional]
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- During 2014, East Capital published a Whitepaper on navigating frontier and emerging markets with Corporate Governance: [http://www.eastcapital.com/Documents/White\\_Paper-Corporate\\_Governance\\_September\\_2014.pdf](http://www.eastcapital.com/Documents/White_Paper-Corporate_Governance_September_2014.pdf)
- East Capital's Head of Corporate Governance is a recurring speaker on "ESG from an asset manager's perspective" at the Baltic Insititute of Corporate Governance's semi-annual executive program for professional board members.
- Members of East Capital's investment team also spoke and presented on corporate governance related topics and several conferences and other relevant events in our investment region.

<b>OA 12</b>	Voluntary	Additional Assessed	PRI 4,5,6
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<b>OA 12.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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Yes  
 No

<b>OA 12.4</b>	Additional information.
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East Capital is regularly in dialogue with governments, stock exchanges and financial regulators to promote improvements in the institutional and legal framework to support minority investors but also to develop the market as a whole. During 2014, there were no major dialogues of this kind to report.

## ESG issues in asset allocation

<b>OA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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- Yes  
 No

<b>OA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes  
 No

## Innovation

<b>OA 18</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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<b>OA 18.1</b>	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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- Yes  
 No

## Assurance of responses

<b>OA 19</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>General</b>
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<b>OA 19.1</b>	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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- Yes

<b>OA 19.2</b>	Indicate who has reviewed, validated and/or assured your reported information.
----------------	--

- Reviewed by Board, CEO, CIO or Investment Committee  
 Validated by internal audit or compliance function  
 Assured by an external independent provider, specify name  
 No

# East Capital

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

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## Overview

LEI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

### Strategies

- Passive
- Active – quantitative (quant)
- Active – fundamental and other active strategies

% of internally managed listed equities

- <10%
- 10-50%
- >50%

LEI 02

Voluntary

Descriptive

PRI 1

LEI 02.1

Provide a brief overview of how you incorporate ESG issues into listed equity investments.

We apply the following ESG related tools to all fund products managed by East Capital:

- **Exclusion criteria:** East Capital currently applies certain exclusion criteria to all fund products managed by the East Capital group. This means that none of East Capital's funds invest in any company known to generate a significant part of its turnover from producing or selling weapons, tobacco products or pornography.
- **Norm-based screening:** East Capital conducts norm-based screening on all portfolios on a semi-annual basis (March/September) using an external research partner. The screening alerts East Capital of any holdings that are alleged to have breached the spirit of international conventions and norms on human rights, labour standards, environmental pollution, health & safety or bribery. The screening results may also be used as an input for any decision to initiate an engagement dialogue with the company (see under "Engagement" below).
- **Voting:** Exercising the voting rights associated with an investment is an important component of active ownership and one way to communicate views to the companies and their management.
- **Engagement:** East Capital will also evaluate whether it is relevant and suitable to initiate an engagement dialogue with portfolio companies that, in East Capital's view, do not satisfactorily manage the ESG risks and opportunities relevant to their operations. East Capital's experience has shown that an engaged dialogue usually has greater impact on a company - as opposed to simply exiting the investment - and will more often lead to convincing the company to initiate positive change. An exit may, however, be used as a last resort if a company does not respond in an adequate manner. East Capital is also a member of an external Engagement Forum, joining forces with other investor members. On behalf of the members in the Forum, the consultants initiate a dialogue with all companies with confirmed violations in the Norms-based screening process described above. East Capital can decide to either join the collaboration of other investors, with or without our name, or initiate a dialogue ourselves based on own research/priorities.



## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	%
	100

- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

East Capital has decided not to invest in any company known to generate a material part of its revenues from manufacturing and/or selling weapons, tobacco products or pornography because we do not see the long-term growth potential in these industries.

East Capital has decided to conduct norm-based screening on all portfolios on a semi-annual basis using an external research partner. The screening alerts East Capital of any holdings that are alleged to have breached the spirit of international conventions and norms on human rights, labour standards, environmental pollution, health& safety or bribery. The screening results may also be used as an input for any decision to initiate an engagement dialogue with the company.

East Capital has decided that executing our voting rights associated with an investment is an important component of active ownership and one way to communicate views to the companies and their management.

East Capital has decided to use the engagement route with portfolio companies that, in East Capital's view, do not satisfactorily manage the ESG risks and opportunities relevant to their operations and where our evaluation shows that such engagement would be relevant and suitable. East Capital's experience has shown that an engaged dialogue usually has greater impact on a company - as opposed to simply exiting the investment - and will more often lead to convincing the company to initiate positive change.

## (A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

### Type of screening

- Negative/exclusionary screening

#### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

#### Description

None of East Capital's funds invest in any company known to generate a significant part of its turnover from producing or selling weapons (not only Cluster munitions, Anti-Personnel Landmines, ABC-weapons and Nuclear Weapons), tobacco products or pornography.

- Positive/best-in-class screening
- Norms-based screening

#### Screened by

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

#### Description

East Capital conducts norm-based screening on all portfolios on a semi-annual basis using an external research partner. The screening alerts East Capital of any holdings that are alleged to have breached the spirit of international conventions and norms on human rights, labour standards, environmental pollution, health & safety or bribery. The screening results may also be used as an input for any decision to initiate an engagement dialogue with the company.

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Our exclusion criteria were implemented in 2007, formalised in 2011 and are reviewed ahead of the annual re-confirmation of all portfolios, but are rarely changed.

The criteria for the norms-based screening process are decided, reviewed and updated by our external partner with long experience of screening.

LEI 07

Mandatory

Core Assessed

PRI 1

LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

LEI 08

Voluntary

Additional Assessed

PRI 1

LEI 08.1

Indicate which processes your organisation uses to ensure that fund criteria are not breached

- Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
  - Systematic
  - Occasional
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- Audits of fund holdings are undertaken regularly by internal audit function
- Other, specify
 

Fund portfolios are annually reviewed by the investment management team to confirm that the fund is in compliance with the exclusion criteria defined.
- None of the above

LEI 08.2

If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

The investment team would initiate a divestment of such holdings.

## Outputs and outcomes

<b>LEI 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 15.1</b>	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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Screening

	Describe any reduction in your starting investment universe or other effects.
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In our view, these exclusions have resulted in a non-significant reduction of our investment universe as we have not identified an attractive long-term value investment case in these sectors.

<b>LEI 16</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 16.1</b>	Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance.
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- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' risk or volatility
- We measure whether our approach to ESG issues impacts funds' ESG performance
- None of the above

## Communication

<b>LEI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEI 18.1</b>	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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We disclose it publicly

	Provide URL
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<http://www.eastcapital.com/Corporate/About-East-Capital/Corporate-governance-and-sustainability/>

<b>LEI 18.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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Yes

<b>LEI 18.3</b>	Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.
-----------------	---

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

# East Capital

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
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**LEA 01.1** Provide a brief overview of your organisation's approach to engagement.

Our engagement policy is described in our Ownership Policy which is available on our website. East Capital will evaluate whether it is relevant and suitable to initiate an engagement dialogue with portfolio companies that, in East Capital's view, do not satisfactorily manage the ESG risks and opportunities relevant to their operations. East Capital's experience has shown that an engaged dialogue usually has greater impact on a company - as opposed to simply exiting the investment - and will more often lead to convincing the company to initiate positive change. An exit may, however, be used as a last resort if a company does not respond in an adequate manner.

The different channels and methods which East Capital can use in that event, include:

- Discussions with management and executive boards during company visits and other meetings
- Letters to portfolio companies in which East Capital identifies a specific issue
- Collaborating with other shareholders and participating in relevant stakeholder and investment associations
- Dialogue with governments, stock exchanges and financial regulators to promote improvements in the institutional and legal framework

East Capital is also a member of an external engagement forum, joining forces with other investor members, which initiates a dialogue with all companies with confirmed violations in the Norms-based screening process described above. East Capital can decide to either join the collaboration of other investors, with or without our name, or initiate a dialogue ourselves based on own research/priorities.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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**LEA 02.1** Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- Yes  
 No

**LEA 03.3** Additional information. [Optional]

East Capital will evaluate whether it is relevant and suitable to initiate an engagement dialogue with portfolio companies that, in East Capital's view, do not satisfactorily manage the ESG risks and opportunities relevant to their operations. The decision whether to engage on a specific topic or not is case specific and will include a cost-benefit analysis of doing so.

<b>LEA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 04.1** Indicate if you define specific objectives for your engagement activities.

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

**LEA 04.2** Indicate if you monitor the actions that companies take following your engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

**LEA 04.3** Describe how you monitor and evaluate the progress of your engagement activities.

Progress in our own engagements is monitored by the members of the team that is active in that particular engagement.

Progress in the engagements managed by the external engagement forum is monitored and evaluated by the external partner managing this forum and is reported on a quarterly basis and updates are made available in a web-based database.

- No

### Process for engagements conducted via collaborations

<b>LEA 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 05.1** Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes
- No

**LEA 05.3** Additional information.[Optional]

East Capital participates in number of collaborative engagements every year through our membership in an external engagement forum.

Other proposals for collaborative engagements are reviewed by the investment team on a case-by-case basis.

<b>LEA 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 06.1** Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
  - Yes, for all collaborative engagement activities
  - Yes, for the majority of collaborative engagement activities
  - Yes, for a minority of collaborative engagement activities
- No

**LEA 06.2** Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

**LEA 06.3** Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Progress is monitored and shared by the members of the collaboration that has initiated and is managing that particular engagement - typically a lead investor, an investor association or in one case the PRI.

- No

### Process for engagements conducted with/on your behalf by service providers

**LEA 07**

**Mandatory**

**Core Assessed**

**PRI 2,4**

**LEA 07.1** Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes
- No

**LEA 08**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEA 08.1** Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

### General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>LEA 09.1</b>	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
<b>Individual/Internal staff engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Service provider engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate if you track the number of engagements your organisation participates in.
-----------------	--

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Service provider engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

## Communication

<b>LEA 15</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 15.1</b>	Indicate whether your organisation proactively discloses information on its engagements.
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- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

<b>LEA 16</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 16.1</b>	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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East Capital's voting policy is available to any client upon request and a summary is available on East Capital's website. East Capital's general policy is to exercise voting rights if it is deemed to be in the best interest of the fund. However, voting in our investment region is still a costly and a highly manual process. The investment management team reviews notices to AGMs and EGMs and decide on a case by case basis which meetings are in the best interest of the fund to vote.

In determining if and how the voting rights related to a meeting shall be exercised, the investment team, comprising relevant research analysts and portfolio managers, will consider all available information related to the meeting as well as our own analysis of the specific company. The team will reach their voting decisions

independently and will not delegate decision making to any third party, although they may take third party recommendations into consideration. East Capital may also consult with analysts, brokers, lawyers, other shareholders or other relevant parties in order to reach more informed decisions.

There may be situations in which East Capital is unable to exercise the voting rights or may choose not to exercise the voting rights. This includes, but is not limited to, situations where the notice, ballot or meeting materials are not received at all or in ample time; where the costs and practicalities of voting are determined to be disproportionate to the benefits of voting (for example due to significant legal requirements or the size of the holding being limited); where we are required, but practically unable, to appear in person at the meeting; where exercising our voting rights would result in the imposition of trading or other ownership restrictions which are seen as unbeneficial to our clients; where proxy voting is not offered by the custodian in that particular market or where proxy voting for other reasons is not deemed to be in the best interest of the clients.

## Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
----------	---

Approach
----------

We use our own research or voting team and make our own voting decisions without the use of service providers.

Based primarily on
--------------------

- our own voting policy
- our clients requests or policy
- other, explain

We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

We hire service provider(s) which make voting decisions on our behalf.

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
----------	---

Obtain confirmation that votes have been received by the company:

- for a majority of votes
- for a minority of votes

Participate in projects to improve the voting trail and/or to obtain vote confirmation

None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2
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<b>LEA 20.1</b>	Indicate if your organisation has a securities lending programme.
-----------------	---

Yes

<b>LEA 20.2</b>	Indicate how voting is addressed in securities lending programme.
-----------------	---

**Please select one of the following**

- We recall most securities for voting on all ballot items
  - We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
  - We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
  - We empower our securities lending agent to decide when to recall securities for voting purposes
  - We do not recall our shares for voting purposes
  - Other (please specify)
- No

<b>LEA 21</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 21.1</b>	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases:
  - votes in selected markets
  - votes on certain issues (all markets)
  - votes for significant shareholdings (all markets)
  - other, explain
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

**Outputs and outcomes**

<b>LEA 22</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 22.1</b>	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	---

We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

47

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA 26.1

Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

# East Capital

## Reported Information

### Public version

#### Direct – Private Equity

## PRI disclaimer

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## Overview

PE 01	Mandatory to Report Voluntary to Disclose	Peering	General
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**PE 01.1** Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
(Leveraged) buy-out	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
<div style="background-color: #cccccc; padding: 2px;">Other investment strategy, specify</div> Strong minority positions in established companies.	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
<b>Total</b>	<b>100%</b>

PE 02	Mandatory to Report Voluntary to Disclose	Peering	General
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**PE 02.1** Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

<b>PE 03</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1-6</b>
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**PE 03.1** Provide a brief overview of your organisation's approach to responsible investment in private equity.

East Capital's Private Equity Team targets Eastern European companies with high return potential through direct investments. We focus on businesses that are non-cyclical and consumer focused, to take advantage of growing disposable income in many markets in our investment universe.

East Capital's Private Equity Team follows a value added approach to investing through:

- Active involvement in strategic management and other important decisions through board memberships
- Industry expertise to help management improve business plans and add value
- Application of Western best business practices to improve corporate governance and transparency as well as avoid conflicts of interests
- Selective use of leverage depending on the type of business, volatility of cash flows and other factors.

<b>PE 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**PE 04.1** Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment

**PE 04.2** Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

We consider good corporate governance as well as environmentally and socially responsible behavior as essential in managing a company with the aim of maximizing long-term shareholder value.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

**PE 04.3** Additional information. [Optional]

Link to East Capital's Ownership Policy: <http://www.eastcapital.com/Documents/Ownership%20policy%5b1%5d.pdf>

## Fundraising of private equity funds

<b>PE 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,4,6</b>
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PE 05.1

Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- Yes
- No
- Not applicable as our organisation does not fundraise

PE 05.4

Describe why your organisation does not fundraise.

New private equity investments are currently primarily sourced as direct investments for East Capital Explorer, an investment company listed on NASDAQ Stockholm ([www.eastcapitalexplorer.com](http://www.eastcapitalexplorer.com)), for which East Capital acts as the investment manager. The closed-end East Capital Financials Fund is in its divestment phase.

East Capital Explorer's Principles of Responsible Investment specifies their expectations on the Investment Manager (East Capital) to undertake investment decisions on the basis of an analysis that includes both the financial outlook as well as an assessment of the risks and opportunities related to relevant environmental, social and governance factors.

### Pre-investment (selection)

PE 07

Mandatory

Gateway

PRI 1

PE 07.1

Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- Yes

PE 07.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]

East Capital's Responsible Investment Policy is integrated with our Ownership policy since 2010.

We consider good corporate governance as well as environmentally and socially responsible behaviour as essential in managing a company with the aim of maximizing long-term shareholder value. East Capital therefore believes that our long-term returns can benefit from considering the risks and opportunities related to ESG. East Capital applies a number of ESG related tools (Exclusion criteria, norms-based screening, Voting and Engagement) to all fund products which we manage.

- No

PE 09

Mandatory

Core Assessed

PRI 1,3

PE 09.1

Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

#### ESG issues

- Environmental

List up to three typical examples of environmental issues

Environmental permits and license to operate

Social

List up to three typical examples of social issues

Human capital

Labour and human rights

Supply chain

Governance

List up to three typical examples of governance issues

Aligning interest with other shareholders

Management and board composition

Business ethics

## Post-investment (monitoring and active ownership)

PE 13

Mandatory

Gateway/Core Assessed

PRI 2

PE 13.1

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

PE 13.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

### ESG issues

- Environmental
- Social
- Governance

List up to three example targets of governance issues

Transparent and timely reporting

Well composed management and board

Anti-corruption policy and processes

- We do not set and/or monitor against targets
- No

PE 14	Mandatory	Core Assessed	PRI 2
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PE 14.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
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- Yes

PE 14.2	Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).
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- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

- No

## Communication

PE 20	Mandatory	Core Assessed	PRI 6
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PE 20.1	Indicate whether your organisation proactively discloses ESG information on your private equity investments.
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- Disclose publicly
- Disclose to investor clients (LPs)/beneficiaries only

PE 20.5	Indicate the type of ESG information that your organisation proactively discloses to your clients (LPs)/beneficiaries.
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- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

**PE 20.6**

Indicate your organisation's typical frequency of disclosing ESG information to your clients(LPs)/beneficiaries.

- Quarterly or more frequently
  - Semi annually
  - Annually
  - Every two years or less frequently
  - Ad-hoc, specify
- No proactive disclosure to the public or to clients (LPs)/beneficiaries