



M O N O L I T H
INVESTMENT MANAGEMENT

Transparency regarding sustainability

As of March 10th, 2021, the European regulation on sustainability disclosure in the financial services sector (*Sustainable Finance Disclosure Regulation*, 'SFDR') will come into force. According to this regulation, financial companies must provide transparency on the extent to which sustainability factors are taken into account. These factors cover issues such as environmental, social and employment issues, respect for human rights and combating corruption and bribery.

Monolith and sustainability

Although Monolith Investment Management B.V. as manager of Monolith N.V. ('**Monolith**') and Monolith Stonehenge Coöperatief UA ('**Monolith Stonehenge**') supports a more sustainable society, Monolith and Monolith Stonehenge do not specifically focus on sustainability factors and therefore do not have an explicit sustainability objective.

Sustainability risks

Monolith's and Monolith Stonehenge's investment policy does assess sustainability risks, but they are not leading. A sustainability risk is the risk that an event or circumstance in the field of sustainability will negatively affect the value of investments. For example, if a company's production process is deemed environmentally unfriendly, or if a company is found to be involved in child labour, corruption or bribery. To mitigate such sustainability risks, Monolith and Monolith Stonehenge apply a minimum level of sustainability in the selection of investments. This lower limit consists of the internationally shared standards and values that companies should meet, as described in the ten Global Compact principles of the United Nations (UN). The Global Compact principles form an internationally recognized and widely supported framework of standards for companies and include the themes human rights, labour conditions, environment and anti-corruption.

On a quarterly basis, Monolith's and Monolith Stonehenge's investments, as well as shortlisted companies, are screened for compliance with the Global Compact principles. This screening is currently conducted by Sustainalytics, a specialized research company. Companies which, based on this screening, are found not to comply with the Global Compact principles are not (or no longer) included on the shortlist. If an existing investment of Monolith or Monolith Stonehenge does not or no longer complies with the Global Compact principles, Monolith or Monolith Stonehenge shall consider winding down the existing position. An alternative could be that Monolith or Monolith Stonehenge enters into a dialogue with the company on this subject and tries to persuade the company to take such steps that the criteria of the Global Compact principles are met again.

Possible negative effects on sustainability factors

Sustainability factors can influence the value development of investments. However, investments can also influence sustainability factors in reverse. For example, an investment in fossil fuels could lead to more environmental damage than an investment in green energy. However, at this moment Monolith's and Monolith Stonehenge's investment process does not, at least not explicitly, take into account the possible negative effects of companies' activities on sustainability factors. There is insufficient reliable data available and the detailed data that is available, can only be obtained or be analyzed at high cost. Therefore, the investment process of Monolith will, for the time being, not take into account the possible negative effects of investments on sustainability factors.