

# **CAUSEWAY**

**CAPITAL PARTNERS I LP**

## **Environmental Approach and Policy**

*Climate-related risks and opportunities*

# Contents

**About Causeway Capital ..... 2**

**Introduction to our Responsible Investment approach..... 3**

**Environmental Approach and Policy ..... 5**

**Carbon neutral at the GP level..... 6**

**Looking ahead: our ambitions for 2021 ..... 7**

## About Causeway Capital

Established in 2016, Causeway Capital is a Dublin-based private equity fund investing in growing Irish and UK SMEs.

Led by an experienced team of investors and operators, we raised our first private equity fund in 2016 with commitments totalling €50.5m, managing funds on behalf of European pension funds and financial institutions, including the Ireland Strategic Investment Fund (ISIF), AIB and the European Investment Fund (EIF). Our focus is on partnering with ambitious management teams of differentiated and resilient private SMEs in Ireland and the UK, accelerating growth through direct equity investment and hands-on management support.

Our clear fund objectives are to deliver strong investor returns and economic impact through the support and creation of sustainable employment and increased international trade across each of our portfolio companies, while fulfilling our duty to act responsibly and drive progress on ESG matters.

Since the launch of our first fund in 2016 we have completed seven portfolio company investments and two bolt-ons to date. These seven portfolio companies generate over €150m in annual revenue and collectively employ 1,800 people.

### Seven portfolio companies:

BAKERS + BARISTAS

Pâtisserie Valerie  
LOVINGLY HANDMADE SINCE 1926

BIZIMPLY



TURMEC

CELTIC  
LINEN

IN THE STYLE

*Causeway CGP Limited (Causeway Capital) is the general partner and manager of Causeway Capital Partners LLP, where Causeway Capital is registered with the Central Bank of Ireland as an Alternative Investment Fund Manager (AIFM) under Regulation 4 of the European Union (Alternative Investment Fund Managers) Regulations 2013.*

## Introduction to our Responsible Investment approach

At Causeway Capital, we want to ensure our investments have a positive impact for our investors, society and the wider world – while also delivering financial returns. Environmental, social and governance (ESG) considerations have been an integral and growing part of our decision-making process since we launched in 2016. We recognise we have not only a fiduciary duty, but also a social responsibility too, given our active ownership of several sizeable businesses across Ireland and the UK.

### Responsible Investment Policy

Since 2018, we have maintained a Responsible Investment Policy which governs how we incorporate ESG criteria across all levels of our investment analysis and portfolio management. We are committed to reviewing both our Responsible Investment Policy and our broader approach to ESG annually to ensure we remain at the forefront of best practice.

In August 2018 Causeway Capital became a signatory of the UN Principles for Responsible Investment (PRI). The PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment analysis, ownership and decision-making processes and as a signatory, we look to integrate the PRI's six principles for Responsible Investment within our investment processes.

You can read our Responsible Investment Policy in full [here](#)

### Environmental Approach and Policy

While ESG incorporates many topics and themes, the environmental aspect and specifically climate change is a hugely important global issue, and we wish to ensure we are doing our part for society. Climate change is the defining issue of our time and we are at a pivotal moment. As investors in SMEs, we can help play our part in the transition to a low-carbon economy through our investment decisions and ongoing assessment of climate change impacts across the portfolio.

This document intends to set out our **Environmental Approach and Policy**, which sits alongside our broader Responsible Investment Policy. That said, we do recognise that climate change (as a key ESG component) is highly complex and the underlying assumptions, methodologies and data are all relatively new and evolving. This policy represents our first steps in developing and furthering our understanding and approach to climate-related risks and opportunities over time.

### Our Responsible Investment governance structure

Our governance structure and approach to Responsible Investment, including our approach to environmental and climate-related risks and opportunities, is as follows:

**Investment Committee (“IC”):** At the most senior level, under the oversight of the Managing Partners and IC, we are committed to serving our investors and ensuring rigorous risk management, including robust assessment of ESG-related risks and opportunities, which includes climate-related impacts. We want to partner with and help build responsible businesses that we can be proud of. Therefore every new investment opportunity that is discussed at Investment Committee will include an ESG and climate-risk review from the Investment Team. Should there be any risks flagged at IC, then further diligence (internal and/or third party) will be undertaken and will need to pass Final IC prior to any investment from the Fund.

**Post investment / portfolio management:** we encourage the management teams of our portfolio companies to consider and address all ESG issues relevant to their business, including any that may have arisen in diligence. In conjunction with the management teams, we have devised annual ESG scorecards that have both generic and specific KPIs that are reported on, with the aim of delivering continuous improvement over time. We do not expect that all of our portfolio companies will necessarily meet all of

the minimum standards immediately following our investment. However, we do expect the executive management team to be fully committed to meeting the minimum standards within a reasonable timeframe and Causeway will support them to do so.

**People engagement and education on best practice:** we are starting to engage with external consultants and experts specialising in ESG and climate-related best practice. As part of that engagement, we intend to engage with and educate our people, both at the GP and at portfolio management level, to ensure everyone is aware of latest trends and best practice.

It is through our governance structure that we intend to ensure we build a portfolio of investments that make a positive impact and are aligned with ESG and climate change best practice.



## Environmental Approach and Policy

Not only is it a serious threat to the planet and to people, climate change is also threatening the global economy, which presents both risks and opportunities for our investments. Therefore as a Fund and Investment Team we wish to ensure our approach to climate change and the associated impact on the environment is detailed and actioned alongside our broader ESG framework set out above. Whilst the approach is evolving in line with best practice, our current Environmental Approach and Policy is as follows:

- We have not owned – and we commit to not own in the future - an oil & gas business or business engaged in direct extractive industries.
- We intend to publicly commit and show our support for ESG and climate change organisations and initiatives, currently by acting as a signatory to the UN Principles for Responsible Investment (PRI).
- We continue to incorporate the assessment and measurement of environmental and/or climate-related risks and opportunities as part of our Responsible Investment governance structure set out above, both pre-investment and post-investment.
- We have decided to operate our General Partner (Causeway CGP Limited) as carbon neutral (see more below) as of March 2021.
- By the end of 2021 we commit to quantifying our carbon footprint (and associated reduction plans) across all our portfolio companies. Note that GHG emissions analysis will cover scopes 1 – 3.

We believe this Environmental Approach and Policy above, alongside our influence at board-level within our portfolio companies, is the basis of a platform to support a progressive climate-change agenda across the SMEs we are invested in.

## Carbon neutral at the GP level

In order to operate our General Partner (Causeway CGP Limited) as carbon neutral, we have calculated the carbon emissions generated from business activities including work locations and business travel in 2019 and 2020. Carbon emissions have been calculated using publicly available carbon calculators and emissions data provided by the company’s energy provider.

Causeway Capital has offset all our GP carbon emissions generated from business activities in 2020 by supporting Make It Wild through the purchase of carbon offset credits. Make It Wild is a nature conservation project encouraging greater knowledge, understanding and enjoyment of the natural world.



## Looking ahead: our ambitions for 2021

Our long-term ambition is to become a best-in-class ESG-focused and climate-aligned private equity manager.

Whilst we have maintained a Responsible Investment Policy since 2018 and have been a signatory of the UN Principles for Responsible Investment (PRI) since the same year, our ESG approach, journey and progress is evolving constantly in line with best practice.

This specific Environmental Approach and Policy represents the start of our specific climate-aligned approach to investing, aiming to guide us towards creating a climate-resilient portfolio to the benefit of society and all of our stakeholders.

### **Causeway Capital Investment Team**

March 2021