

Stewardship and SRI monitoring

Active Stewardship: Asset management during investment

To manage ESG risks and value creation opportunities during the investment stage, AURELIUS fully commits to its responsible investment approach, partnering with the portfolio management teams:

- to identify and make all material ESG topics known to the relevant decision-makers;
- to improve own ESG management systems;
- to consequently mitigate all material ESG risks and assist portfolio companies in the development of corrective action plans;
- to focus on the core opportunities in ESG value creation for the benefit of environment, workforce or society;
- to monitor ongoing progress on ESG topics, as applicable, by standard or specific non-financial data; and
- to share ESG knowledge between the portfolio companies and the investment professionals.

Therefore, AURELIUS fosters “active ownership” for ESG and strategic topics, both financial and non-financial, and commits to providing ESG training for all relevant employees. Additionally, AURELIUS establishes appropriate collaboration models and expertise sharing between the holding and the portfolio companies. An appointed representative for sustainability coordinates all ESG efforts and ensures the effective implementation of this policy.

AURELIUS will seek to update this policy continually.

Monitoring and implementation

AURELIUS strives for transparency in its approach to incorporating ESG aspects into its investments by reporting regularly on its progress and outcomes. Therefore, it will develop and collect financial and operational data from the portfolio companies to monitor and address all material ESG matters, especially action plans and compliance with all applicable laws and standards, as well as opportunities for improvement.

AURELIUS takes its role as investor and operator seriously. All teams are responsible for monitoring their companies once an investment has been initiated, which includes identifying potential tail-risks to the issuer (by country, sector and company) and assessing the quality of the management team. AURELIUS has a team of investment professionals exclusively dedicated to improving the operations of companies and can mobilize an extensive network of outside resources when needed. Should ongoing monitoring raise an ESG concern for a portfolio company, AURELIUS will consider flagging the issue to determine the appropriate course of action.

ESG impact on exit process

The presentation of material ESG factors must be a consistent feature of any exit process. Therefore, ESG impacts the formal exit planning and exit management process. Adopting a proactive approach helps to ensure that portfolio companies are better prepared, allows for sufficient time to complete any ESG initiatives and facilitates a smooth exit process. AURELIUS is convinced that effectively implemented and maintained ESG strategies during the investment and ownership period will have a positive impact upon exit, with improved ESG performance contributing to higher exit prices. Information on value creation as well as risk reduction through ESG countermeasures is made available during the exit process.

References: 1 cf. American Investment Council (formerly Private Equity Growth Capital Council): “Guidelines for Responsible Investing”