



**trinity  
alps  
capital**



**ESG and  
Responsible  
Investing  
Policy**

## Trinity Alps Capital ESG and Responsible Investing Policy

### Introduction

Trinity Alps Capital is a boutique institutional investment manager comprised of passionate, dedicated, and collaborative professionals with a singular goal of protecting and growing our clients' capital. Offering private and public equity strategies, we accomplish this goal by leveraging our experience, our fundamental research process and our relationship capital to identify high-conviction investment opportunities.

We believe the convergence of ESG and fundamental investing can and should be return enhancing for investors. This union balances the need to hold companies accountable for their actions while simultaneously seeking to generate superior returns. Finding businesses that can excel in both categories is of paramount importance and provides the best candidates for inclusion in our portfolios.

### Investment Approach

We are long-term investors who believe that the best way to compound capital is by identifying exceptional, high-quality companies that will produce attractive risk-adjusted returns to longer-term investors.

We pride ourselves on our ability to swiftly identify certain patterns that tend to repeat time and again at the company, industry, market and/or economic level. Our experience with identifying these patterns leads to solid and often unique investment thesis generation which we have found consistently results in strong performers. As fundamental stock pickers working together to produce strong absolute returns, we dig deep into companies and management teams to identify 20-35 exceptional stocks we expect to compound significantly over time.

Every stock identified for consideration in our strategies must clear two high bars – fundamental analysis and our proprietary ESG framework.

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### Our Process

We believe that strong ESG business practices are critical to the long-term success of all global companies. In our experience, the best run and fundamentally sound businesses are also those that employ solid governance, consider the social impact of their business practices and understand the material risk of climate change.

Integrating ESG into fundamental analysis enhances our focus on high Return on Invested Capital businesses and high-quality, shareholder-friendly management teams. This work is systematically reflected in our analyst reports where ESG is integrated into our thesis, risks and business quality metrics. The research culminates in a proprietary ESG rating system and systematic analysis of key ESG drivers for each company. Because our ultimate goal is to identify great businesses, our investment process naturally pushes us away from companies that run afoul of ESG considerations.

Inherent in our process is researching, analyzing and engaging with management teams on all matters related to business quality, growth prospects and corporate governance. As fundamental investors, our investment decisions rarely come down to a single factor. We employ a variety of factors, including core ESG principles, to optimize risk-reward in our portfolios. Our process includes:

- Evaluating publicly available data (including annual reports, proxies, environmental disclosures) and third-party sources (traditional and ESG focused).
- Engaging in regular dialog with management teams to understand both the risks and opportunities embedded in the companies in which we invest.
- Identifying key, financially material ESG factors by utilizing the Sustainability Accounting Standards Board (SASB) materiality framework.
- Leveraging third-party data providers to supplement our analysis.

We use these inputs on a company-by-company basis to create a custom/proprietary ESG score for each company in our portfolios.

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We seek to identify opportunities and to mitigate risk through attention to ESG related factors. We believe the increasing presence of ESG-related data is accretive to our analytical process and to the overall risk/ reward profile of our portfolio.

## Integrating ESG: Our Framework

A key challenge across the industry is a lack of universal definitions and standards for measuring ESG. The industry has struggled with numerous examples of different rating agencies' simultaneously scoring individual companies among the best or worst for sustainability. Therefore, we believe the responsibility for developing standards and definitions lies with us.

At Trinity Alps Capital, we have addressed this issue by creating our own proprietary framework for evaluating companies and each is assigned an ESG score based on the factors we deem material. In creating our ESG framework, we began with a baseline set of ESG factors that include but are not limited to:



### Environmental

Energy Efficiency  
Environmental  
Disaster Asymmetry  
Carbon Emissions  
Report Water  
Conservancy  
Supply Chain  
Management



### Social

Human and Workers' Rights  
Diversity  
Workplace Safety  
Food Scarcity  
Innovation  
Cybersecurity and Protection



### Governance

Accountability  
Transparency  
Executive Compensation  
Shareholder Voting Record  
Independence + Diversity of Board  
Public Policy Compliance  
Gender Equity and Pay Parity  
Cyber Security & Data Privacy

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### Proxy Voting & Engagement

We are active managers and as such take proxy voting seriously. We believe engagement and proxy voting is one of the critical paths to exercising our influence on the company. We will vote against any policies that we believe to be detrimental to shareholder value. All of our votes are approved by Trinity Alps Capital's CIO, Raj Venkatesan, and a record of our voting is available to our investors.

We believe that improving ESG criteria can be an important value creation driver, and we proactively engage with management when we believe we can advocate for financially material change. As global investors, we also often find excellent businesses in the early-adoption stage of ESG policy development. We proactively engage with such companies on improving financially material ESG metrics as their businesses evolve.

When we become aware of a new, financially material ESG risk, we work with management to push them along the path to resolution. If we determine that our ability to create change is limited, or if we deem there is high risk of permanent value impairment for the business, we exit our position.



#### Hua Liu

Director of ESG  
Trinity Alps Capital Partners

Hua Liu is Investment Partner and Director of ESG at Trinity Alps Capital. Throughout his career, Hua has engaged in sustainable investing. He began his career at Perella Weinberg Partners Oasis Fund as Senior Analyst working on the Sustainable Resources Fund team and was responsible for equities and commodities in the global agriculture, chemicals, water, and renewable energy. Hua also contributed to Environmental Alpha: Institutional Investors and Climate Change, co-authoring the chapter "Liquid Alpha: The Cast for Investing in Water."

Prior to joining Trinity Alps Capital, Hua was an Investment Partner at Standard Pacific Capital responsible for global cyclicals and industrials. Before joining Standard Pacific in

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2012, he was a Senior Analyst for Hua was also an Associate at Société Générale and an Analyst at Robertson Stephens.

Hua earned his MBA from Columbia Business School and his Bachelor of Arts in Economics from the University of California, Berkeley.

### Disclaimer

An investment in any strategy, including the strategies managed by Trinity Alps Capital involves a high degree of risk.

There is no guarantee that the investment objectives will be achieved. Past performance is not indicative of future performance. Trinity Alps Capital has no obligation to update, modify or amend this summary of its ESG practices or notify a reader thereof in the event that any matter or opinion stated herein changes or subsequently becomes inaccurate. Securities of any fund managed by Trinity Alps Capital are offered to select investors only by means of complete offering memorandum and related subscription material. Any decision to invest with Trinity Alps Capital must be based solely upon the information set forth in the Offering Documents, regardless of any information investors may have been otherwise furnished, including this presentation.



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