

Responsible Investment at RAW Capital Partners

Principles, policies and procedures

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RAW Capital Partners Limited

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Financial Services Commission

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Table of Contents

Principles, policies and procedures..... 1
Table of Contents 2
Introduction 3
Principles 3
Our Journey So Far 4
Responsible Investment Policy..... 5

Introduction

RAW Capital Partners is committed to sustainable development and making a positive contribution to the world we live in.

As part of our commitment to change, we have formalised our responsible investment policy to provide a robust framework for the management of ESG-related risks within the business and the assets it manages.

The financial rationale is clear. Consideration of ESG-related risks belong within a comprehensive risk management framework and deliver enhanced risk-adjusted returns to investors.

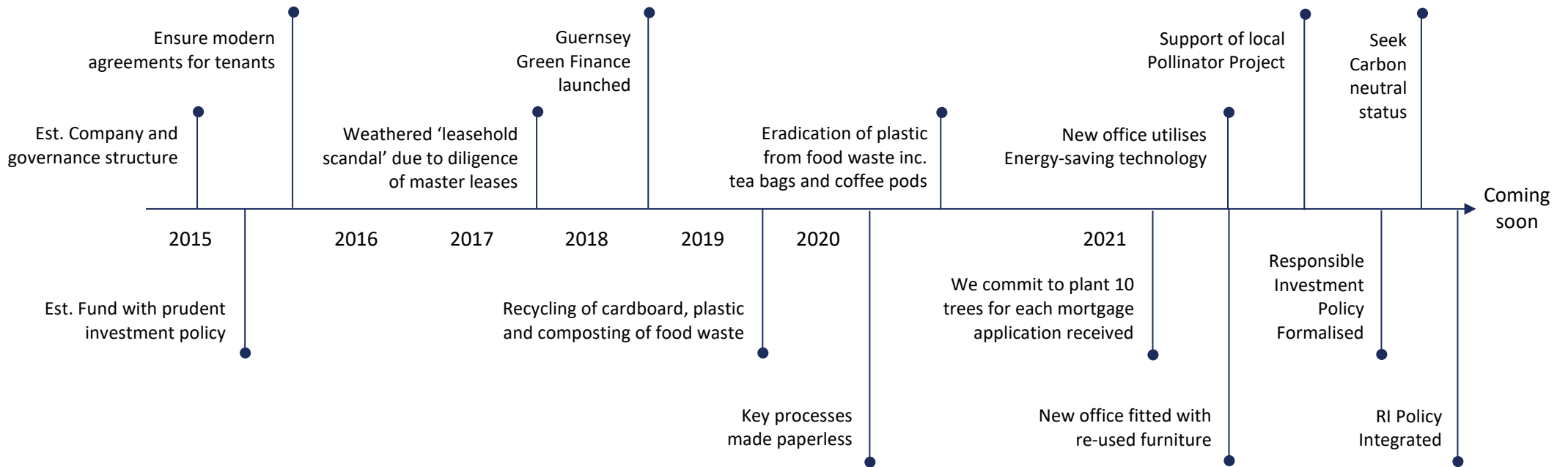
The social rationale is clear too. Investment managers have an important role to play in directing capital to the fulfilment of environmental and social change. Further, as providers of capital, they have the power to positively influence the behavior of portfolio companies and creditors.

Principles

While not currently a signatory to the UN Principles of Responsible Investment, we take inspiration from their principles for the management of ESG-related risk and integration of our responsible investment policy:

1. To incorporate ESG issues into investment analysis and decision-making processes
2. To be a responsible lender and incorporate ESG issues into our lending policies and practices
3. To seek appropriate disclosure on ESG issues from the people to which we lend
4. To promote acceptance and implementation of the principles within the investment industry
5. To work together to enhance our effectiveness in implementing the principles
6. To report on our actives and progress towards implementing these principles

Our Journey So Far



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Responsible Investment Policy

Under the Articles, the power to manage the business of the Company is vested in its directors who, as is typical for Guernsey investment fund structures, delegate day-to-day responsibility to third-party service providers.

Investment and portfolio management, including the management of ESG-related risks, is delegated to the Investment Manager. The Investment Manager’s board of directors manages ESG-related risks via its Investment Committee.

Sustainability at RAW Capital Partners

RAW Capital Partners is committed to sustainable development and making a positive contribution to the world we’re in.

As part of our commitment to change, we have formalised our responsible investment policy to provide a robust framework for the management of ESG-related risks within the business.

		investment analysis and decision-making	being a responsible lender	seeking appropriate disclosures	promoting the principles	working together to integrate the principles	reporting on our progress
1.	Engagement with governmental and industry groups				Y	Y	
2.	Training & development on ESG-related factors				Y	Y	
3.	Publication of Responsible Investment Policy					Y	Y
4.	Periodic revision of Responsible Investment Policy						Y

Table 1: principles of responsible investment and how we act on them

Engagement with governmental and industry groups

The Company is an active member of Guernsey Green Finance, the initiative through which Guernsey's finance industry delivers on its strategic commitment to sustainable finance.

Training & development on ESG-related factors

We actively engage all of our team in ESG matters so that they understand its importance to the business.

We aim to deliver relevant training and development on ESG-related factors to our staff. This includes training on:

- the importance and relevance of ESG-related factors
- how to identify ESG-related factors
- how ESG-related factors are mitigated via the integration of our framework

Publication of Responsible Investment Policy

Shortly after the Conference of the Parties (COP 26) in Glasgow, RAW Capital Partners published this Responsible Investment Policy for the first time.

The policy aims to integrate a framework for the identification, assessment, and management of ESG-related risk factors into the way in which we do business.

We invite third parties to suggest ways in which our responsible investment policy may improve.

Periodic revision of Responsible Investment Policy

While we are proud of the actions we have taken to date, we recognise that we can make further improvements to the way in which we do business.

We will be reviewing our Responsible Investment Policy at least annually, and on an ad hoc basis as and when required, to report on our progress.

Responsible investment and the assets we manage

RAW Capital Partners is the investment manager to the RAW Mortgage Fund, a specialist debt fund, for which we identify low-risk mortgage lending opportunities on quality residential property located in major towns and cities in the British Isles.

Investment managers have an important role to play in directing capital to the fulfilment of environmental and social change. Further, as providers of capital, they have the power to positively influence the behavior of portfolio companies and creditors.

Integration of ESG-related factors improves investment decision-making which contribute to long-term value creation.

		investment analysis and decision-making	being a responsible lender	seeking appropriate disclosures	promoting the principles	working together to integrate the principles	reporting on our progress
1.	Measurement of ESG-related factors	Y		Y			
2.	Mitigation and/or pricing of ESG-related factors	Y	Y				
3.	Ongoing monitoring of ESG-related factors		Y	Y			
4.	Disclosure of ESG-related factors						Y

Table 2: principles of responsible investment and the assets we manage

Measurement of ESG-related factors

We have identified various material ESG-related factors, including:

Climate Action We prefer to lend against high quality security which have superior energy performance and lower environmental impact.

Sustainable Cities & Communities We prefer to lend against residential property in major towns and cities in the British Isles and in established residential areas near local communities and the amenities that support them.

Quantitative measurement of energy performance and environmental impact in the mortgage market is made simple by Energy Performance Certificates, a rating scheme to summarise the energy efficiency of buildings. EPC certificates are compulsory to buy and sell property in the UK.

For sustainable cities and communities, we use proxies to measure ESG-related factors:



Mitigation and/or pricing of ESG-related factors

Once potentially material ESG risks have been identified, we will:

- determine whether/not the ESG risk is material;
- determine if and to what extent mitigating measures are appropriate; and
- price the residual financial and/or ESG risk.

For example, we may insist that a borrower conduct remediation works on a property with poor energy performance. Where a property is not located in an established residential area, mitigation is impractical and so we will price for the residual risk.

Ongoing monitoring of ESG-related factors

Our policies, procedures and controls seek to ensure our borrowers are prudent investors and responsible landlords:

- our due diligence includes assessment of the lease to ensure it is free of inequitable terms inc. escalating ground rent, uncapped service charges, etc.
- we insist that all secured properties have valid EPC certificates in place with ratings of E or higher
- we insist all properties are let with modern Assured Shorthold Tenancy agreements to protect the rights of tenants

Disclosure of ESG-related factors

We are supportive of the disclosure of ESG-related factors.

Currently, ESG-related information is disclosed on request. However, we are working to integrate the disclosure of ESG-related factors into our:

