SUSTAINABILITY RISK POLICY

1. Sustainability Risk Policy

The EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”) lays down harmonized rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability related information with respect to financial products. Fiduserve Asset Management Ltd (the “Company”) as both a financial market participant and a financial adviser is obliged to disclose information to investors with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts and the promotion of environmental or social characteristics, and sustainable investments in its investment decision making process.

2. Integration of Sustainability Risks in the Investment Decision-Making Process

As part of its investment decision-making process, the Company considers already identifiable investment risks such as credit risks, market risks, operational risks, liquidity risks, funding risks or reputational risks when conducting its due diligence. With the introduction of the SFDR, the Company recognizes the need and benefits of integrating sustainability risks in the investment decision-making process, and as such Environmental, Social and Governance (“ESG”) factors are gradually being considered, integrated and implemented in the Company’s broader investment decision-making process.

The Company will rely on information from primarily credit rating agencies and secondary external data providers when assessing the ESG factors, and despite performing a qualitative and/or quantitative review will not be held responsible for the accuracy of the information obtained.

In order to ensure that investment decisions are based on comprehensive information, we seek to integrate ESG factors into our investment analysis. Since ESG factors can have both a negative and a positive impact, they can be used to identify investment opportunities as well as sustainability risk.

Sustainability risk considerations are integrated into our investment decision-making framework as part of the overall risk assessment. Our overall risk assessment, based *inter alia* on quantitative and qualitative ESG information, allows for a robust identification of sustainability risk. We identify sustainability risk by considering ESG factors in the investment process and assessing the materiality of the negative impact of these ESG factors on the value of the investment.

As part of our efforts to consider ESG factors, we have developed policies and procedures which include our robust norms-based screening process, allowing us to identify issuers that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption.

Given the size of our investment universe, we primarily use Bloomberg as an external provider of ESG data to assess sustainability risk as well as external market research. Data sources and providers are assessed on an ongoing basis for data quality, coverage and other relevant attributes.

Examples of sustainability risks include:

Climate-related risk

The financial risks posed by the exposure to issuers that may potentially contribute to or be affected by climate change. This includes *physical climate risk*, for example severe weather conditions due to climate change that may impact an investee company and make certain countries higher risk, but also *climate transition risk* such as changes in policy measures, technology or consumer behaviour that have a negative effect on a company.

Social risk

The risks of any negative financial impact on the issuer stemming from the current or prospective impacts of social factors, such as inequality and labour relations.

Governance risk

The risks of any negative impact on the issuer stemming from the current or prospective impacts of governance factors, such as bribery and corruption.

The integration of sustainability risk considerations into our investment decision-making process may differ, as the relevance, availability of information and time horizon of sustainability risks will vary depending on the investment product's characteristics, including asset class, investment strategy, client objectives and market trends.

Sustainability risks are considered in the investment decision-making process together with traditional investment risks (e.g. market, credit or liquidity risk). Sustainability risks may have a significant impact on traditional investment risks and be a factor that contributes to their materiality. As such, sustainability risk may not prohibit an investment, but may be relevant in the determination of the overall risk assessment and its materiality.

To integrate sustainability risk considerations in the investment decision-making process, we:

- **Ensure that portfolio managers have access to relevant ESG information**, making it possible to identify sustainability risks within the investable universe. The ESG data and information from external providers are aimed at furthering our portfolio managers' understanding and assessment of sustainability risks.
- **Include and consider sustainability risks as part of investment evaluation** in line with the investment strategy of each product.
- **Identify, evaluate and take relevant action** on issuers exhibiting high exposure to sustainability risk, The identification, evaluation and consideration of sustainability risks in the investment decision-making process is done in accordance with the characteristics of the investment strategy and may result in a range of actions, including but not limited to: not investing, divesting, engaging or excluding.

  To support the integration of sustainability risks in the investment decisions made by our portfolio managers, our Risk Management team may integrate, where applicable, ESG analysis in the risk reporting that is made available to portfolio managers, who are ultimately responsible for the investment decision.

  Monitoring, oversight and escalation
  The Risk Management function, which is independent from our Portfolio Management function, performs risk monitoring, oversight and escalation, based on established policies.

3. **No Consideration of Sustainability Adverse Impacts**
   The Company, in its capacity as a financial market participant and financial adviser, does not consider the adverse impacts of investment decisions on sustainability factors within the meaning of Article 4(a) of the SFDR. The Company acknowledges that certain investments made on behalf of funds and individual portfolios it manages may be negatively impacted by sustainability risks and that sustainability risks may impair the value of the investments made. The Company, however, considers that for the funds and individual portfolios it currently manages and/or provides investment advice to, principle adverse impacts are either not relevant at the moment or there is currently no available, accessible, relevant and comparable data to perform an adverse impact assessment. Additionally, the Company is not considered a large undertaking or a parent of a large group within the meaning of Articles 4(3) and 4(4) of the SFDR respectively that are required to consider principle adverse impacts of investment decisions on sustainability factors. The Company will closely monitor regulatory developments with respect to SFDR and will consider adopting principal adverse impacts of investment decisions on sustainability factors in the future in order to address as a minimum adverse impacts in relation to climate and the environment, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, investments in sovereigns and supranationals, and investments in real estate assets.

4. Remuneration Policy

The Company's remuneration policy does not encourage excessive risk-taking including those in relation to sustainability risks and therefore does not expect to make any changes to its existing policy. The Company will monitor regulatory developments and will reconsider whether to apply any changes to its remuneration policy in the future.

5. Other

The Company will ensure that the Sustainability-Related Disclosures are kept up to date and amendments will be published on its website. Any such amendments will be reviewed and approved by senior management prior to their publication on the Company's website. The disclosures will be reviewed at least on an annual basis or as required by relevant regulations.

Last updated: 29/09/2023
Version: V2