



# Fundrock LIS Environmental, Social and Governance Policy (for investments)

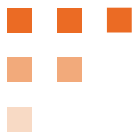
Part 31 of LIS Organizational Manual

VFebruary 2023



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# 1. Purpose

This Environmental, Social and Governance (“**ESG**”) Policy (the “**Policy**”) outlines the general principles for how environmental, social and governance factors are integrated in the investment strategies for funds where Sanne LIS S.A. (“**FundRock LIS**”) acts as UCITS management company (“**UCITS Management Company**”) or alternative investment fund manager (“**AIFM**”).

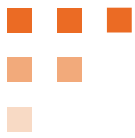
ESG due diligence is part of the initial and on-going due diligence conducted by Fundrock LIS on its clients and on the relevant counterparties (e.g. portfolio managers and investment advisors).

Sustainable and profitable business relationships are an integral part of Fundrock LIS’ strategy. Fundrock LIS recognizes the importance of ESG issues and their significant impact on the funds under Fundrock LIS’ management with regards to capital raising, making investments, portfolio management and value creation at portfolio company level, as well as their potential material impact on the world and the society.

Fundrock LIS believes that engaging with target issuers and portfolio companies on ESG topics, is often a key factor for properly identifying investment opportunities, managing investment risks, monitoring assets in portfolio, ensuring long-term sustainability and more generally fostering trust in the financial market. Furthermore, integrating and disclosing non-financial considerations can improve the matching between investment products and investors’ preferences and characteristics. Moreover, reputational benefits from increased disclosure and integration of ESG topics in funds’ processes might attract new ESG conscious investors. ESG measures contribute to the capital shift towards sustainable investments that is expected by and would be beneficial to the society as a whole.

This Policy embeds any ESG related rights and obligations as may be imposed and in accordance with applicable rules, notably:

- Luxembourg law of 17 December 2010 transposing Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS) (“**UCITS Directive**”);
- Luxembourg law of 12 July 2013 implementing Directive 2011/61/EU on alternative investment fund managers (“**AIFMD**”);
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”);
- Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports as may be amended from time to time (“**SFDR RTS**”);
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088; and



- CSSF FAQ Sustainable Finance Disclosure Regulation (SFDR) published 2 December 2022 as may be amended from time to time (“**CSSF FAQ**”)

## 2. Scope

This Policy shall apply to all funds where Fundrock LIS acts as UCITS Management Company or AIFM and shall set the ground rules for all funds under Fundrock LIS’ management. The management body of a fund, or the delegated portfolio manager appointed by Fundrock LIS for this fund (if any, the “**Portfolio Manager**”), or the investment advisor appointed by Fundrock LIS for this fund (if any, the “**Investment Adviser**”) (i) shall provide Fundrock LIS with a draft fund specific ESG policy in case the relevant fund is classified under article 8 or 9 SFDR and (ii) may provide Fundrock LIS with a draft fund specific ESG policy in case the relevant fund is classified under article 6 SFDR. In such case, provided that such policy is approved by Fundrock LIS, such policy shall be published on Fundrock LIS website and shall apply in addition and complementary to this Policy.

## 3. Apex Group Ltd

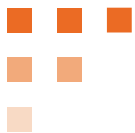
Fundrock LIS is a subsidiary of Apex Group Ltd.. Apex Group Ltd. Is a signatory of the United Nations-supported Principles for Responsible Investments (“UNPRI” or “PRI”). The PRI is recognised as leading global network for investors committed to integrating ESG considerations into investment practices. As part of Apex’s commitment to uphold the PRI, Apex Group Ltd. Will apply the following when acting on own account:

- It will incorporate ESG issues into investment analysis and decision-making processes.
- It will be active owners and incorporate ESG issues into our ownership policies and practices.
- It will seek appropriate disclosure on ESG issues by the entities in which we invest.
- It will promote acceptance and implementation of the Principles within the investment industry.
- It will work together to enhance our effectiveness in implementing the Principles.
- It will each report on our activities and progress towards implementing the Principles.

The Apex Group Ltd. ESG Policy alignment with the PRI as well as best practice disclosure frameworks ensures that we can demonstrate and promote ESG considerations across our activities as well as provide robust and transparent reporting.

## 4. Fundrock LIS approach to ESG related matters in its investments

Under SFDR, “**sustainability risk**” is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the relevant investment, whereas “**principal adverse impact of investment decisions on sustainability factors**” (**PAI**) are impacts of investment decisions that result in negative effects



on sustainability factors (i.e. environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters).

Funds under Fundrock LIS management are expected to integrate ESG considerations, meaning that, where relevant:

- a) Portfolio Managers and Investment Advisers shall consider ESG opportunities, material sustainability risks and - if so chosen for the relevant fund - principal adverse ESG impacts (PAI) in their selection sourcing processes, while sourcing investments, and as part of their on-going review of the portfolio of assets,
- b) Fundrock LIS Risk Management team shall manage exposure to identified major sustainability risks defined and identified for the relevant funds, and
- c) Portfolio Managers and Investment Advisers are required (for art. 8 and 9 SFDR funds) or encouraged (for art. 6 SFDR funds) to collect ESG data from portfolio companies and to produce ESG reporting on the fund assets.

In cases where a Portfolio Manager and/or Investment Adviser does not consider PAI, it shall provide clear reasons for doing so, including, where relevant, information as to whether and when they intend to consider such adverse impacts. These reasons shall be provided to Fundrock LIS and will be disclosed and published accordingly.

Fundrock LIS will apply the following approach in the different stages of the investment decision making process:

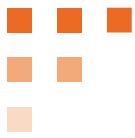
#### 4.1 Pre-investment

In the pre-investment stage, and as part of the due diligence process, Fundrock LIS, the Portfolio Manager and/or the Investment Adviser will typically conduct thorough due diligence work on all investment opportunities, ESG due diligence will typically form part of these due diligence processes where relevant and material sustainability risks / major adverse sustainability impacts shall be identified at this stage. Pre-acquisition due diligence work usually includes engaging directly with the management of the target company, appointing experts (including potentially on environmental topics) and potentially discussing sustainability risks and adverse sustainability impacts and ESG opportunities which have been identified during the investment's evaluation.

#### 4.2 Post-investment

##### 4.2.1 Monitoring

Following the investment where material sustainability risks or adverse sustainability impacts had been identified during due diligence process, Fundrock LIS, the Portfolio Manager and/or the Investment Adviser will typically monitor the progress of such investment including, where relevant, the development and potential mitigation of those risks or impacts. Monitoring activities may include engagement with the management for the actions to be taken during the 100 days post-acquisition, or supporting the establishment of remedial measures.



#### 4.2.2 Dialogues

Fundrock LIS acknowledges the importance of constructive dialogue with management teams in order to promote ESG practices, determine long-term alignment of interests, properly assess the ESG strategy of the management team, and in particular to promote compliance with transparency and disclosure mechanisms and requirements at fund level. For that purpose, Fundrock LIS encourages Portfolio Managers and Investment Advisors to speak at annual general meetings, liaise with the management teams directly or rely on management's reporting where relevant.

Where appropriate, and always keeping in mind the best interest of investors, Fundrock LIS encourages the funds it manages to cooperate with shareholders of a relevant portfolio company(ies) in order to, inter alia, enhance good corporate governance practices including emphasising the relevance of implementation of ESG topics, strengthening risk management performance or promoting disclosure standards. Cooperation with other shareholders will take place if it is in best interest of investors, and only when such cooperation does not result in violation of any applicable laws or Fundrock LIS's internal policies in place.

## 5. Transparency / Reporting

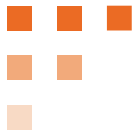
Fundrock LIS encourages all its clients and business partners to take into account ESG factors in the way they conduct business and to prepare relevant publications and reporting

Where required by SFDR and/or the SFDR RTS, all funds under Fundrock LIS management shall include relevant descriptions in their pre-contractual disclosures in accordance with the respective classification of the relevant fund under SFDR i.e., PPM, prospectuses or art. 23 AIFMD disclosures document on how sustainability risks are integrated into investment decisions; as well as the results of the assessment of the likely impacts of sustainability risks on the financial returns of the funds. Where sustainability risks are not to be deemed relevant, a clear and concise explanation of the reasons therefor shall be included. Where required by SFDR and/or the SFDR RTS, all funds under Fundrock LIS management shall further provide Fundrock LIS with appropriate draft website disclosures (notably in a form in accordance with the CSSF FAQ) and data/reporting for review and publication on its website to the extent required.

Further, all such funds shall include in their pre-contractual disclosures i.e., PPM, prospectuses, or art. 23 AIFMD disclosures a statement on how PAI are considered or a statement that PAI are not considered and the reasons therefor.

This Policy is reviewed at least on an annual basis or regularly whenever required due to changes of general principles set out in this Policy or in case of regulatory changes.

This Policy will be published on Fundrock LIS' official website.



## Key Contacts

Name/Title	Email
Niels Sauerland, Legal Director	niels.sauerland@fundrock-lis.com

## Version Control

Name/Title	Version
Fundrock LIS Environmental, Social and Governance Policy (for investments)	V1Dec2020
Fundrock LIS Environmental, Social and Governance Policy (for investments)	V2Dec2020
Fundrock LIS Environmental, Social and Governance Policy (for investments)	VFebruary2023