Policy

Approved by ECAM Board on 07 May 2025

Applicable from 07 May 2025

Policy on the integration of sustainability risks in the investment decision-making process

1. Glossary

Board	The Board of Directors of the Company
Company	East Capital Asset Management S.A.
CSSF	Commission de Surveillance du Secteur Financier
ESG	Environmental, Social and Governance
KPI	Key Performance Indicators
Fund	A sub-fund of an umbrella UCITS or AIF, managed by the Company
PAI	Principal adverse impact
Policy	The present policy, as amended from time to time
Portfolio Manager	Delegate of the Company for the activity of investment portfolios management for the Funds
SFDR	Sustainable Finance Disclosure Regulation
SFDR RTS	Regulatory Technical Standards completing the SFDR
Sustainability Risks	risks that, in accordance with Article 2(22) of SFDR, could cause an actual or a potential material negative impact on the value of an investment
Transitional (or transition) economic activity	An economic activity for which there is no technologically and economically feasible low-carbon alternative but which contributes substantially to climate change mitigation where it supports the transition to climate-neutral economy consistent with the pathway to limit the temperature increase to 1,5 degree above pre-industrial levels subject to certain conditions.

2. Introduction

East Capital Asset Management S.A. (the "**Company**") is an investment fund manager authorised by the Commission de Surveillance du Secteur Financier (the "**CSSF**") in Luxembourg to act as:

- a management company, under registration number S1074, in accordance with the Luxembourg law of 17 December 2010 relating to undertakings for collective investment; and
- an alternative investment fund manager, under registration number A2627, according to the Luxembourg law of 12 July 2013 relating to alternative investment managers.
- a portfolio manager in respect to separately managed accounts pursuant to Article 101(3)(a) of the Law of 17 December 2010

The Company manages:

- undertakings for collective investment in transferable securities subject to UCITS Law (the "**UCITS**"); and
- alternative investment funds subject to AIFM Law (the "AIFs").
- All referred to as the "**Funds**".

The Company has integrated sustainability in all aspects of its corporate life, applying, to the extent possible, a sustainable approach in its daily activities.

With respect specifically to the asset management activities, the conduct of our business is governed by, inter alia:

- the 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**");
- the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR (the "**Delegated Act**");
- the Taxonomy 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 (the "**TR**").
- The Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegating Regulation (EU) 2017/565 as regards the integration of sustainability factors

(Together the "**Sustainability Rules**").

The SFDR requires financial market participants in the EU to disclose on the integration of Sustainability Risks and the consideration of adverse sustainability impacts in their investment processes.

The purpose of this document is to describe how the Company ensures compliance with Sustainability Rules as a financial market participant.

3. ESG integration and sustainability risk

3.1. Definitions

In order to define the scope of application of the Sustainability Rules, the Company analysed the key concepts to determine the application for its activities.

EAST CAPITAL GROUP

3.1.1. Financial products

- Any managed fund

3.1.2. Financial market participant

- East Capital Asset Management S.A

3.1.3. Fund subject to article 6 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") ("Art. 6 Fund")

- Fund without a sustainability scope and for which, upon analysis, Sustainability Risks might be deemed not material.

3.1.4. Fund subject to article 8 SFDR ("Art. 8 Fund")

- Fund which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics.

3.1.5. Fund subject to article 9 SFDR ("Art. 9 Fund")

- Fund which has sustainable investment as its objective, with or without reference benchmark.

3.1.6. Principal Adverse Impacts (PAI)

Principal adverse impacts should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors. Statement by the Company that it does consider PAI shall be published on the Company's website, in a separate section titled "Statement on principal adverse impacts of investment decisions on sustainability factors" in the website section "Sustainability-related disclosures" referred to in Article 23 of the SFDR RTS and shall cover the period of 1 January until 31 December of the preceding year.3.1.7 Principle of Do Not Significant Harm

Principle according to which an investment contributing to a sustainable objective shall not do significant harm to any other environmental or social objective.

3.1.7. Sustainable investment

An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

3.1.8. Sustainability risk

An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material adverse impact on the value of the investment.

Sustainability Risks can be subdivided into 3 categories:

- Environmental: environmental events may create physical risks and transition risks for companies. Physical risks are for instance the tangible effects that climate change have on a company (direct damages on assets from e.g., floods, wildfires, or storms and indirect impact on the company supply chain) whereas transition risks are business related risks that follow societal and economic shifts towards a low-carbon and more climate-friendly future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

- Social: refers to risk factors related to the human capital supply chain and how businesses manage the impact of these factors on society. A broad range of factors (e.g., gender equality, compensation policies, health & safety, working conditions) that can impact a company's operational effectiveness and resilience, as well as its public perception, and social license to operate.

- Governance: these aspects are linked to the governance structure and could include, but are not limited to, risks around board independence, ownership & control, audit, compliance & tax practices. A business that overlooks these risks could potentially incur large financial penalties and also lose investors, customers and stakeholder support.

3.1.9. Sustainability factors

Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

3.1.10. Environmentally sustainable economic activities

An economic activity that qualifies as environmentally sustainable in accordance with the following cumulative criteria:

- contributes substantially to one or more of the environmental objectives in accordance with the more detailed rules in the Taxonomy Regulation (TR) (on how this can be achieved for each environmental objective;
- does not significantly harm any of the environmental objectives in accordance with the more detailed rules in the TR on what constitutes significant harm for each environmental objective;
- is carried out in compliance with the minimum safeguards laid down in the TR; and
- complies with the technical screening criteria that have been or will be established by the European Commission.

3.1.11. Environmental objectives

- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;

- Pollution prevention and control;
- The protection and restoration of biodiversity and ecosystems.

3.2. Classification of Funds

The Board of Directors / Managers / General Partner shall provide, in accordance with its sustainable approach and, in the course of the initial due diligence performed by the Company and before the launch of a collective investment scheme and in the case of any changes thereafter, provide the following information:

- the classification in accordance with SFDR);
- whether the principal adverse impacts are / will be considered; and
- a description of the environmental and / or social objectives / contribution of the Fund.

For all collective investment schemes, the list of the Funds, together with the related disclosures, shall be available on the website of the Company or on the Company´s group website.

3.3. Integration of the Sustainability Risks in investment process (art. 3 SFDR)

3.3.1. Principle

For each financial product, Sustainability Risks shall be integrated to the investment decision-making process when building and monitoring investment portfolios. The level of integration, the methodology applied, depend on the investment strategy of the Fund.

During the initial due diligence on new financial products, the Company shall request and review the investment process to be enforced by the Board of Directors / Managers / General Partner. Thereafter, the Company has put in place controls to monitor the activities of the investment portfolios Managers on an ongoing basis, to ensure that they have access and use relevant ESG information and include and consider Sustainability Risks as part of investment evaluation.

3.3.2. Integration of Sustainability Risks in the risk management process

For all Financial Products under its management, the Company is in charge of the risk management function. The Company hence integrates the Sustainability Risks in its risk management process.

As part of its oversight framework, the Company ensures that the investment managers in charge of the various Financial Products have in place an adequate Sustainability Risk Policy in line with the Company’s standards and which identifies relevant Sustainability Risks.

Depending on the level of consideration of the Sustainability Risks and principal adverse impacts for each Fund, the risk management team of the Company will analyse whether the investment portfolio is in line with the sustainability approach as described in the pre-contractual documents and investment process and ensure that the sustainability factors are properly addressed. The Company also expects the Investment Managers/Advisor to review Sustainability Risks, if any, considering the Financial Product’s specificities, its composition and the related investment strategy.

The occurrence of any potential ex-post ESG risks is monitored by the Company as part of its risk management process and oversight responsibility.

3.3.3. Integration of Sustainability Risks in the remuneration process (art. 5 SFDR)

The Company has defined a remuneration policy in line with applicable laws, taking into account Sustainability Risks.

The remuneration policy is available under the following link:

https://www.eastcapital.com/Corporate/Regulatory-information/ecam/

The Company ensures that all Investment Managers have integrated Sustainability Risks in their remuneration policies.

3.3.4. Integration of sustainability risk in the delegation process

Delegation to third parties of portfolio management must be subject to proper written initial due diligence and ongoing monitoring by the Company to ensure that it takes due account of the sustainability-related obligations. The Company must obtain the full documentation (i.e. on the methodology or model used) explaining how portfolio managers embed sustainability-related provisions in their investment decisions.

The Company shall ensure that the KPIs provided by the delegated portfolio manager are comprehensive and complete, so as to allow an independent and in-depth review of the performance of the methodology/model used by the Portfolio Manager for the investment selection. Those KPIs shall also be established at appropriate frequency, giving due account to the periodicity of the fund’s net asset value calculation.

3.4. Alignment of marketing communications (art. 13 SFDR)

The Company ensures that marketing communications of the Funds regarding the information disclosed under SFDR is sufficient, clear and not misleading. References to sustainability in marketing communications must align with the information provided in the Fund's legal and regulatory documents, ensuring it does not exaggerate the extent to which the investment strategy incorporates sustainability-related characteristics or objectives.

3.5. Transparency of Principal Adverse Impacts at entity level – website (art. 4 SFDR)

The Company has published and will maintain on its website a statement on its consideration of Principal Adverse Impacts.

3.6. Transparency of Principal Adverse Impacts at Fund level (art. 7 SFDR)

3.6.1. Principle

If no consideration of the Principal Adverse Impacts for the Fund are made, by 10 March 2021, this shall be mentioned in the prospectus of the Fund,

If Principal Adverse Impacts are considered for the Fund by 30 December 2022 the prospectus or investment management agreement of the Fund shall include:

- a clear and reasoned explanation of whether, and, if so how, the Fund considers Principal Adverse Impacts

on sustainability factors; and
- a statement that information on Principal Adverse Impacts on sustainability factors is available in the annual report of the Fund, where applicable.

3.6.2. Application to the Company activities

The pre-contractual documents of a Fund are issued by and under the responsibility of the Company. The Company ensures that the regulatory disclosures are included in line with the Sustainability Rules.

3.7. Transparency of promotion of environmental or social characteristics / objectives of Funds on websites (art. 10 SFDR)

3.7.1. Principle

For each Art. 8 and Art. 9 Fund, financial participants shall publish and maintain on their websites the description of the environmental or social characteristics or the sustainable investment objective in accordance with Sustainability Rules.

3.7.2. Application to the Company activities

The Company ensures that the disclosures are available on/via its website or its group´s website.

3.8. Transparency of sustainable approach – pre-contractual documents (art. 6, 8 and 9 SFDR)

3.8.1. Principle

The pre-contractual documents of a Fund are issued by and under the responsibility of the Board of Directors / Manager / General Partner of the said Portfolio. The Company ensures that the regulatory disclosures are included in line with the Sustainability Rules.

3.8.2. Application to the Company activities

The Company shall review any pre-contractual documents, in particular, the disclosures of the sustainability approach, to ensure that they are in line with Sustainability Rules.

3.9. Transparency of sustainability approach in annual audited financial report (art. 11 SFDR)

3.9.1. Principle

The unaudited section of the annual report of a collective investment scheme shall include the following:

- In respect of any Art. 6 Fund, the mention that the Fund is subject to Article 6 SFDR and does not promote nor has as objective environmental and / or social characteristics;
- In respect of any Art. 8 Portfolio, the extent to which environmental and / or social characteristics promoted

by the Fund are met, using the template in Annex 4 of the Delegated Act;

- In respect of any Art. 9 Fund, the overall sustainability-related impact of the Fund by means of relevant sustainability indicators, using the template in Annex 5 of the Delegated Act.

3.9.2. 3.Application to the Company activities

Upon the end of the financial period, the Company, will ensure that the annual reports include the disclosures under the Delegated Act.

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