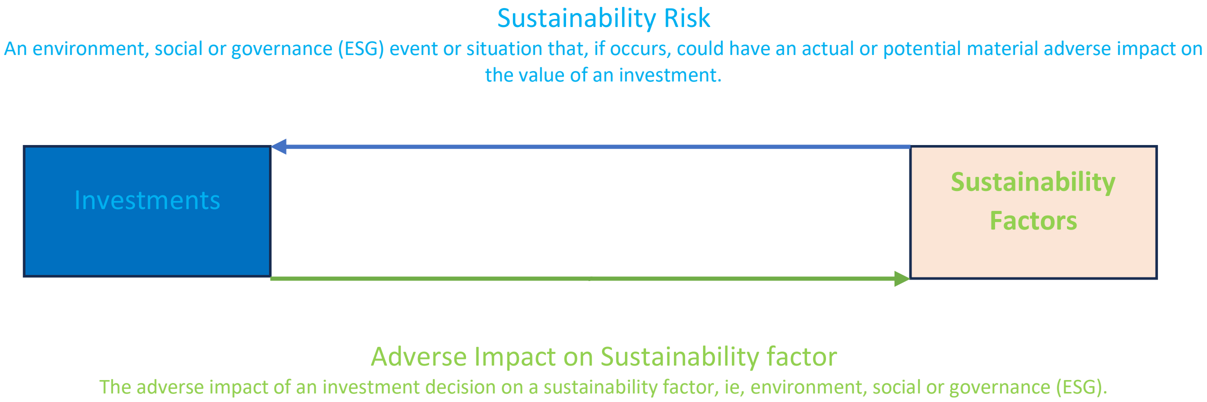
SUSTAINABILITY RISK POLICY

Ref v1_2023
Last updated: 18-10-2023

General Information and Purpose

This sustainable investment policy outlines identifying and managing sustainability risk in compliance with the Sustainable Finance Disclosure Regulation (SFDR: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November) and other related regulatory/legislative requirements.

Sustainability risk is defined under the SFDR an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.
Consequently, it is concerned with the risk that the value of an investment could have a material negative impact as a result of environmental or social risks.
The objective of this policy is for Alma Europe Ltd to integrate certain Environmental, Social and Governance (ESG) factors (ie. ESG-related information) within its investment services processes, considering sustainability risks in investment decisions, providing relevant disclosures to clients and where applicable ensuring the marketing of certain financial products is performed transparently and in line with regulation.



Due to the expected regulatory updates, this policy is to be reviewed and updated periodically.

Policy Statements

The approach in methodologies used or to be used to manage Sustainability Risk include, inter alia: the overview of the integration of sustainability risks by the designated Senior Management Committee and the managing of sustainability risks at the Investment Committee level.

The definition of Sustainability Risk refers to Environmental, Social and Governance events or conditions (ESG factors).

Some examples of ESG risk factors are the following:

- *Environmental*: Pollution, climate change risk/opportunities, Ecosystem change, Unsustainable practices, Environmental remediation, Carbon Emissions (measurement and reporting, Resource depletion, Energy resources, etc).

- *Social*: These relate to human rights and risks in operating unethical and illegal working conditions eg. Data security and governance, Social cohesion and stability, Child and slave labour, Product safety, Health and safety practices, etc.

- *Governance*: includes transparency and integrity concerning, inter alia, Remuneration,Tax, Bribery and Corruption, lack of appropriate board oversight, etc.

The Company has mechanisms in place, which are gradually being enhanced, implementing new/revised policies to integrate the relevant sustainability risks, as applicable. ESG factors are considered or not and integrated according to Client's final choice and where applicable, into the investment decision-making processes on advised services or portfolio management via the due diligence conducted on relevant products (such as funds), using tools/methodologies of external rating companies.

Company's policies on the integration of sustainability risks in the making process - ESG and sustainable investing approaches followed by the Company:
<u>Investment Advice service:</u>
The Investment Advice department uses the following main approaches for the set-up of pre-defined Investment Advice Strategies in its Investment Advice process:

- ESG related exclusions: Negative/exclusion screening and norms-based screening. That is, exclusion of instruments based on certain ESG-related activities, business practices or business segments (such as excluding instruments related to gambling, nuclear/uranium, palm oil, weapons, alcohol, coal, tobacco, narcotics, adult entertainment, diamond deal, GMO agriculture and medicine).
- ESG integration: Consideration of ESG-related factors (via pre-selected ESG indicators of external rating companies) based on its internal procedures, alongside traditional financial factors, when making investment decisions. The ESG factors that are taken into consideration may include, inter alia, overall ESG rating based on external rating companies' models, Low Carbon Designations, SFDR Article 9 & Article 8 products.

It is further noted that thematic investment and impact investment approaches are not to be used by the Company at this stage.

The matching of Client's ESG preference is conducted with the client based on the pre-agreed investment Advice strategy (based on the declared ESG preferences via questionnaire collected as well as on further discussion with the Client) and subject to the applicable terms/agreements under the Investment Advice service. It is noted that the Company may include certain products/instruments with ESG characteristics or objectives in its various Investment strategies, even if Clients declare that they do not have ESG preferences.

Portfolio Management service:

The Company's Portfolio Management process uses model-based strategies where investment decisions are taken at the level of each respective strategy in place. In this respect, it is noted that the Company makes available at this stage, certain model-based strategy(ies) that could considering and integrating certain ESG factors, in addition to its pre-existing Portfolio Management strategies. The matching of Client's ESG preference is conducted with the Client based on the pre-agreed Portfolio Management mandate (based on the declared ESG preferences via questionnaire collected as well as on further discussion with the Client) and subject to the applicable terms/agreements under the Portfolio Management service. It is noted that the Company may include certain products/instruments with ESG characteristics or objectives in its various Portfolio Management strategies, even if Clients declare that they do not have ESG preferences.

Principal Adverse Impacts (PAI)

The Sustainable Finance Disclosure Regulation (SFDR) (Regulation EU 2019/2088) requires making a "comply or explain" decision whether to consider the Principal Adverse Impact (PAI) of its investment decisions on sustainability factors, in accordance with a specific regime outlined in SFDR.
PAIs are described as impacts that result, or might result, in negative effects on sustainability factors, such as Social and Employee matters, respect for human rights, anti-corruption or anti-bribery matters.

ALMA EUROPE LTD has opted to not comply with that regime, both generally and in relation to investments products.

ALMA EUROPE LTD has carefully evaluated the requirements of PAI regime article 4 of the SFDR, and the draft regulatory technical standards which were published in April 202 and the final report in February 2021 (the PAI statement).
If the Company is supportive of the policy aims of the PAI regime to improve transparency to clients, Alma Europe Ltd, when considering the scale of its activities and the types of products, considers as a challenge to be compliant with the regime of the SFDR.
Additionally, some of its investment strategies could not support the adoption of the PAI regime as these strategies involve underlying securities or product where it is impossible to conduct a detailed due diligence on the adverse sustainability impact.

An another reason represents the lack of sufficient relevant market information, as the relevant reporting obligations on issuers are not yet in force. The Company is monitoring the regulatory developments so as to update this document accordingly as to when it is to consider such adverse impacts.
Finally, the reporting requirements of the PAI statement which represent of lot of data which are not available or partially available by companies and market data providers, will requests to the company a lot of resources to do such analyse. Due to the small size of the company and additional expenses thereon, this process could interfere with the good governance of the Company itself.

Some of the likely impacts to be addressed and monitored by the Company in conjunction with the relevant regulatory updates/guidelines include the fact that the sustainability risks are complex, they are based on ESG data which is not standardized yet and there is a potential impact of ESG criteria on the performance (ie. ESG focus investing may perform differently than non-ESG focus investing). Another potential impact that needs to be addressed is that the sustainability risks may not correspond directly to the own ethical views of investors.

Mitigation of other risks

It is noted that the Company is dependent upon information of third parties (external rating companies) when assessing the ESG criteria on relevant products/portfolios, therefore, the Company is reviewing the ESG frameworks of such third parties (taking into account new developments). Furthermore, the Company will arrange for the relevant training of its staff (and will continue such training based on new ESG developments) and monitoring of its own staff activities.