Sustainable Finance Disclosure Regulation

1. Introduction

European and Global Investments Limited ("EGIL" or the "Manager") is authorised by the Central Bank of Ireland as a UCITS Fund Management Company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended ("UCITS Regulations") and an Alternative Investment Fund Manager pursuant to the European Union (Alternative Investment Fund Managers) Regulations, 2013 (S.I. No. 257 of 2013) as amended ("AIFM Regulations").

EGIL meets the definition of a Financial Market Participant ("FMP") under the Sustainable Financial Disclosure Regulation (the "SFDR"). Under the SFDR, EGIL is required to publish a number of entity level disclosures on its website including:

- Information on how sustainability risk has been integrated into the investment decision making process (Article 3);
- Information on how its remuneration arrangements are consistent with the integration of sustainability risk into the investment decision making process (Article 5); and
- Information on how the adverse Impacts of investment decisions on sustainability factors are considered. (Article 4).

This statement has been prepared to address the above requirements as outlined under the SFDR by providing an overview of EGIL's approach to sustainability integration in the Investment Process.

2. Sustainability Risk

All Sub-Funds with the exception of The Plurima Apuano Flexible Bond Fund and Praude Funds ICAV

Under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial service sector ("SFDR"), the Manager is not under any obligation to nor does it currently promote environmental or social characteristics or have sustainable investment as an investment objective. As a result, the Sub-Funds are considered to be non-ESG funds. Further, the Manager in conjunction with the relevant Portfolio Manager has determined that sustainability risk (which 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 (an "ESG Event")) is not relevant for the Sub-Funds due to the profile of the underlying investments of the Sub-Funds and their broad diversification.

The Plurima Apuano Flexible Bond Fund

The Sub-Fund's investments may be subject to sustainability risks.

The Sub-Fund does not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial service sector ("SFDR") or have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR. Accordingly, the Sub-Fund is not expected to pursue an investment approach that promotes environmental or social characteristics or to have sustainable investment as its objective.

Notwithstanding the foregoing, the Portfolio Manager seeks to manage the Sub-Fund responsibly and, in line with Article 6 of SFDR, the management of sustainability risk forms an important part of the due diligence process implemented by the Portfolio Manager. When assessing the sustainability risk associated with underlying investments, the Portfolio Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance ("ESG") event or condition.

The Portfolio Manager has carried out an assessment of the likely impacts of sustainability risks on the returns of the Sub-Fund and has determined that they are likely to have a low impact on the value of the Sub-Fund's investments in the medium to long term due to the mitigating nature of the Sub-Fund's investment policy.

The Portfolio Manager follows an ESG strategy and applies either minimum exclusion criteria and/or certain internal and/or external ESG rating assessments which may affect the Sub-Fund's investment performance positively or negatively since the execution of the ESG strategy may result in foregoing opportunities to buy certain securities, and/or selling securities due to their ESG-related characteristics.

The Portfolio Manager's integration of sustainability risks in the investment decision-making process for the Sub-Fund is reflected in its responsible investment policy. While no asset is excluded from investment due solely to sustainability risks, in making any final investment decisions, the Portfolio Manager does so based on a conclusion that any risk revealed, including sustainability risks, are adequately compensated by the asset's expected return. The Sub-Fund has recourse to both internal and external ESG research and integrates sustainability risks into its investment decision-making processes. Prior to acquiring investments on behalf of the Sub-Fund, the Portfolio Manager uses data from internal analysis and external research from third party data providers in order to screen the relevant investment against sustainability risk and to identify whether it is vulnerable to such risk. During the life of the investment, sustainability risk is monitored through review of internal analysis, ESG data published by the issuer (where relevant) or selected third party data providers to determine whether the level of sustainability risk has changed since the initial assessment has been conducted. This review is conducted periodically. Where the sustainability risk associated with a particular investment has increased beyond the ESG risk appetite for the Sub-Fund, the Portfolio Manager will consider selling or reducing the Sub-Fund's exposure to the relevant investment, taking into account the best interests of the Unitholders of the Sub-Fund. More information on the Portfolio Manager's responsible investment policy and how the Sub-Fund implements Sustainability Risks may be obtained from https://www.twentyfouram.com/responsible-investment.

ESG Data reliance

The scope of SFDR is extremely broad, covering a very wide range of financial products and financial market participants. It seeks to achieve more transparency regarding how financial market participants integrate sustainability risks into their investment decisions and consideration of adverse sustainability impacts in the investment process. Data constraint is one of the biggest challenges when it comes to sustainability related information to end-investors and there are limitations on sustainability and ESG-related data provided by market participants in relation to comparability. Disclosures in this Supplement may develop and be subject to change due to ongoing improvements in the data provided to, and obtained from, financial market participants and financial advisers to achieve the objectives of SFDR in order to make sustainability-related information available.

Praude Funds ICAV

Sustainable finance is a relatively new field of finance and currently, there is no universally accepted framework or list of factors to consider to ensure that investments are sustainable. Furthermore, the legal and regulatory framework governing sustainable finance is still under development in particular the level 2 draft regulatory technical standards (the "**Draft RTS**") referred to in Regulation (EU) 2019/2088 on sustainability –related disclosures in the financial services sector (the "**SFDR**).

The lack of common standards may result in different approaches to setting and achieving environmental, social and governance ("**ESG**") objectives. ESG factors may vary depending on investment themes, asset classes, investment philosophy and subjective use of different ESG indicators governing portfolio construction. The selection and weightings applied, may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. ESG information, whether from an external and/or internal source, is, by nature and in many instances, based on a qualitative and subjective assessment, especially in the absence of well-defined market standards and due to the existence of multiple approaches to sustainable investment. An element of subjectivity and discretion is therefore inherent to the interpretation and use of ESG data. It may consequently be difficult to compare strategies integrating ESG factors.

ESG information from third-party data providers ("**ESG data providers**") may be incomplete, inaccurate or unavailable. As a result, there exists a risk of incorrectly assessing a security or issuer, resulting in the incorrect inclusion or exclusion of a security. ESG data providers are private undertakings that offer their services to a variety of issuers. The ESG data providers may change the evaluation of issuers or instruments at their discretion and from time to time, due to ESG or other factors.

The approach to sustainable finance may evolve and develop over time, both due to a refinement of investment decision-making processes to address ESG factors and risks and because of legal and regulatory developments.

Sustainability Risks

Sustainability factors including environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters may represent a sustainability risk that, if it occurs, similarly to other risks, could cause an actual or potential material negative impact on the value of the investments held by a Fund. In a similar way, sustainability factors may represent an opportunity for a Fund that, if it occurs, could case an actual or potential material positive impact on the value of investments in the Fund.

The consideration of sustainability factors and sustainability risks within the investment decision process may have either a positive or a negative impact on the value of investments and the overall performance of a Fund.

The AIFM is responsible for the assessment of the impact of sustainability risks, if any, on a Fund and, in their role as AIFM, for the risk management of a Fund.

No Fund promotes environmental or social characteristics, nor does it have sustainable investment as its objective. Each Fund is therefore considered as an “Article 6” financial product in accordance with the SFDR.

Further, the AIFM in conjunction with the Investment Manager has determined that sustainability risk (which 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 (an “**ESG Event**”)) is not relevant for any Fund due to the profile of the underlying investments of the Fund and their broad diversification. However, the Investment Manager does not invest or invests in a limited manner only in certain sectors or companies whose products, services or activities could be considered contrary to the current trends regarding the promotion of ESG factors.

3. Principal Adverse Impact Reporting

The Manager does not currently consider the principal adverse impacts of its investment decisions on sustainability factors (which are defined in Article 2 of SFDR as “environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters”). The Manager has opted against doing so, primarily as the regulatory technical standards supplementing SFDR which will set out the content, methodology and information required in the principal adverse sustainability impact ("PASI") statement remain in draft form and have been delayed. The Manager intends to consider the principal adverse impacts of investment decisions on sustainability factors once the regulatory technical standards come into effect, which is expected to occur on 1 January 2022.

4. Due Diligence

EGIL’s goal is to enhance and improve sustainability integration in a multi-step, and a multi-year, approach across the various Sub-Funds under its management and to monitor any improvement on an ongoing basis.

While the Manager considers ESG Factors to be relevant to the investment decision-making process, this does not mean that ESG Factors/sustainability considerations are the sole or foremost considerations for investment decisions and therefore the appointment of a Portfolio Manager. A different and deeper approach will be in place for Sub-Funds with more specific ESG considerations compared to less developed ESG product areas. Nonetheless, EGIL's long-term efforts will be towards seeing improvements across all areas, where possible.

EGIL understands that its investment decisions may have an impact on sustainability factors (such as climate and the environment, and social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters). EGIL believes that monitoring sustainability risks and the ESG scores of the Sub-Funds over time, can provide insight as to how its investment decisions could potentially have a material adverse impact on sustainability factors.

In respect of the assets under management, the Manager has appointed various Portfolio Managers to manage a portion of assets on its behalf. When selecting a delegate portfolio manager, EGIL undertakes due diligence initially and on an ongoing basis and ESG integration forms a key part of this due diligence. EGIL believes that ESG risks and opportunities should be assessed by the Portfolio Managers in stock selection and portfolio construction.

5. Stewardship/active ownership (via voting and engagement)

- **Proxy Voting**

EGIL believes stewardship (or active ownership) helps to realise long-term shareholder value by providing investors with an opportunity to enhance the value of companies more consistent with long-term investor timeframes. EGIL maintains its own Proxy Voting Policy as required by the relevant regulations. The Proxy Voting Policy sets out the measures and procedures adopted when exercising its right to vote on relevant securities relating to the Products under management. EGIL has engaged a proxy voting service to provide analysis on voting and tools to help enhance EGIL's ESG approach to voting over time. Through voting, EGIL aims to improve the environmental profiles of the portfolios over time. EGIL also maintains a Shareholder Engagement Policy as required under the European Union (Shareholders' Rights) Regulations 2020.

6. Remuneration Arrangements

EGIL maintains a Remuneration Policy in line with the UCITS and AIFMD requirements and any other applicable regulation. An underlying principle of the Remuneration Policy (the "Policy") is to promote sound and effective risk management that does not encourage excessive risk-taking with respect to the investment decision making process, this will include sustainability risk considerations. The

Remuneration Policy already aims to ensure that the remuneration pay-outs are appropriate and that the risk profile, long term objectives and goals of the firm and interests of the investors are adequately reflected in them. Performance-based remuneration for staff is awarded in a manner which promotes sound risk management and does not encourage excessive risk-taking. As such EGIL is satisfied it's existing remuneration arrangements adopted under the Remuneration Policy are consistent with the Integration of ESG/sustainability risk considerations, where these are relevant.

7. Ongoing Review

EGIL will review its Sustainability Risk and any related prospectus/website disclosures on at least an annual basis to ensurethey are kept up to date.