Principal Adverse Impacts – Website Summary

Luxcara

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Contents

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Luxcara Group

Principal Adverse Impacts – Website Summary

10 March 2021

as amended

This document summarises the investment due diligence policy of the Luxcara Group and all related entities and initiated/managed investment products (the "**Firm**"), in respect of the principal adverse impacts of our investment decisions on sustainability factors.

The EU Sustainable Finance Disclosure Regulation ("**SFDR**") requires the Firm to make a "comply or explain" decision whether to consider the principal adverse impacts of our investment decisions on sustainability factors. The Firm has decided to comply with that regime.

This document is divided into four sections:

1. Information about our due diligence policy on the identification and prioritisation of principal adverse sustainability impacts and indicators (the "**PAI Policy**")
2. A description of the principal adverse sustainability impacts and of any actions taken or planned
3. A description of our approach to engagement.
4. A reference to our adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting.

This document may be updated from time to time. This document is provided for information purposes only. In the event of any inconsistency between this document and either (i) the PAI Policy, (ii) any other policy which is referenced in this document, or (iii) the terms of any agreement between the Firm and any of its clients, such other document shall prevail. No person should take (or refrain from taking) any action as a result of this document. To the maximum extent permitted by law, no liability is accepted by the Firm in respect of this document.

1 Information about the Firm's PAI Policy

The Firm has implemented its PAI Policy as from 10 March 2021, to set out how we identify and prioritise adverse sustainability impacts and indicators, in our investment due diligence processes. This section of the document summarises certain key provisions of the PAI Policy as amended from time to time.

Scope of the PAI Policy:

The PAI Policy approaches sustainability from the perspective of the harm that our investment positions might do externally to sustainability factors, and what steps we take to mitigate that harm. This is based on our corporate sustainability values.

The Firm's investment professionals must apply the due diligence measures specified in the PAI Policy whenever they are making or advising on any investment decision.

The SFDR permits certain financial products not to comply with the firmwide principal adverse impacts policy, even where the management entity is generally complying with the principal adverse impacts regime. However, it is the Firm's policy that all products under our management will comply with the PAI Policy, with no exceptions made.

Principal adverse impacts – sustainability indicators and data sources

The SFDR regulatory technical standards (the "SFDR RTS") require the Firm to consider the principal adverse impact of its investment decisions against 14 mandatory sustainability indicators relating to investments in investee companies (the "Mandatory Indicators"). In addition, the SFDR RTS require the Firm to consider at least one additional climate and other environment-related sustainability indicator and one additional sustainability indicator relating to social and employee, respect for human rights, anti-corruption and anti-bribery matters (the "Additional Indicators"). The SFDR RTS require the Firm to choose such Additional Indicators from a prescribed list of sustainability indicators (the "Prescribed Additional Indicators"). The Firm may choose further Additional Indicators that are not included on the prescribed list of sustainability indicators. The SFDR RTS sets out the metric for measuring the impact of each Mandatory Indicator and the Prescribed Additional Indicators.

Selecting Additional Indicators

The Firm has selected the Additional Indicators through a consideration of the investments made by the Firm, the principal adverse impacts of its investment decisions and the scope, severity, probability of occurrence and potentially irremediable character of those impacts on sustainability factors by way of a scoring system.

(i) Types of investment and sustainability impacts: the Firm considered all investments made by the Firm and identified the adverse sustainability impacts that such investments could have from the lists of Prescribed Additional Indicators as well as other Additional Indicators not included on such lists.

(ii) Severity: the Firm considered the detrimental effect of each identified impact. The Firm rated each of the identified impacts with a score 1 – 10 from most to least severe (10 being the most severe impact.

(iii) Probability of occurrence: the Firm considered the likelihood of the identified impacts materialising. The Firm rated each of the identified impacts with a score 1 – 10 from greatest probability of occurrence to least (10 being the greatest probability of occurrence).

(iv) Potential irremediable character: the Firm considered whether the materialised adverse impacts could lead to irreparable environmental or social harm. The Firm rated each of the identified impacts with a score 1 – 5 from greatest potential for irreparable harm to least (5 being the greatest potential for irreparable harm).

The Firm followed the methodology described above in relation to each list of Prescribed Additional Indicators. The Firm chose several indicators to be considered by the Firm from each of the lists of Prescribed Additional Indicators which included at least one Additional Indicator from each of the lists of Prescribed Additional Indicators

Prioritisation of Sustainability Indicators

The Firm set out the sustainability indicators in an order of priority as determined by the Firm in its PAI policy. The Firm has applied the above methodology for the identification of Additional Indicators to the Mandatory Indicators in order to prioritise the Mandatory Indicators. Based on the total score for each of the Mandatory Indicators and the Additional Indicators chosen by the Firm, each sustainability indicator is ranked in the order of greatest priority to least.

Data Sources for Sustainability Indicators

The Firm identified the specific data sources to be used for each of the sustainability indicators to calculate the impact of our investment decisions against such sustainability indicator. These data sources include direct access through platform-based monitoring systems and monthly operational reports as well as external expert advisory services.

Principal adverse indicators – diligence phase:

Prior to making any investment decision, the Firm's investment and ESG committee (referred to below as the "relevant investment professional") is required to conduct an investment due diligence on the proposed investment position. This investment due diligence will evaluate a variety of factors including an assessment of how the proposed investment position is assessed against sustainability indicators such as Biodiversity, Water and Waste as well as indicators related to social and employee matters identified by the Firm.

The investment professional must use reasonable efforts to obtain the required data, from the sources indicated above. Having completed the diligence exercise, these data points must be recorded in the investment research report.

Principal adverse impacts – investment phase

Having completed the diligence assessment, the relevant investment professional is then required, when evaluating the merits of a proposed investment, to determine the extent to which the results of the diligence exercise should weigh on our investment decision, taking into account our sustainability values as articulated below.

The Firm applies its sustainability values by reference to objective limits for the extent to which we are willing, as an organisation, to allow our investment positions to adversely impact the sustainability indicators identified by the Firm. We define "adverse impact" as the point at which an investment position's measurement against a metric exceeds our permitted threshold. In setting these thresholds, the Firm has taken into account its intent to prioritise the adverse impacts which most strongly conflict with our corporate sustainability values. These thresholds are specified in the PAI Policy.

It is not permitted for the firm to make a proposed investment if the diligence on the sustainability metrics reveals that one or more than one of the specified adverse impact thresholds will be breached. The Firm will therefore decline to make such an investment, and this must be recorded in the investment submission. Where a proposed investment does not breach any of the adverse impact thresholds, the relevant investment professional will not be prohibited from making the relevant investment. The investment professional shall have complete discretion as to what decision to take, in light of the identified potential adverse impacts. These steps may include making the decision not to invest in the proposed investment. The investment professional shall be required to record their decision on what mitigating actions, if any, are appropriate to take.

2 Description of the principal adverse impacts and action taken or planned

SFDR requires the Firm to disclose a principal adverse sustainability impacts statement, which inter alia includes a description of the action which we have taken (or plan to take) in respect of any identified impacts. The Firm understands that this is an ex-post (or retrospective) report on actions taken in practice by the Firm to implement its PAI Policy.

The Firm will report on these matters on a calendar year basis by 30 June each year for the preceding period 1 January to 31 December as required by the applicable regulation.

3 Engagement policies

The Firm's services include that the Firm actively engages on an ongoing basis with each of the investments in the portfolio.

4 Adherence to responsible business codes and international standards

SFDR requires the Firm to cross-refer to our adherence to responsible business codes and internationally recognised standards for due diligence and reporting. For these purposes, the Firm refers to its adherence to the following codes and standards:

- PRI Principles for Responsible Investment
- GRESB infrastructure
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Global Compact
- Internal Code of Conduct
- Business Partner Code of Conduct
- Diversity and Inclusion Policy
- Renumeration Policy
- Sustainability risks Policy