QUAYSIDE
FUND MANAGEMENT

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Quayside Fund Management Limited ("Quayside")

Sustainability Risk Policy

Introduction

Quayside is authorised as a UCITS Management Company under the UCITS Regulations and as an AIFM under the AIFM Regulations and currently serves as manager to a number of UCITS and AIFs. Quayside offers a fund management service to domestic and foreign third-party fund promoters and portfolio managers who require a turnkey AIFMD-compliant or UCITS-compliant manager for products and projects which fall to be categorised as AIFs or UCITS funds.

Our sustainability commitment is to act responsibly to shape a better future, support our clients, contribute to employee well-being, diversity and inclusion, and deliver mutual business and social benefits in the communities we operate in.

The Disclosures Regulation was published in the Official Journal of the EU on 9 December 2019. This regulation applies to "financial market participants" including AIFMs and UCITS Management Companies such as Quayside in respect of "financial products" including UCITS and AIFs funds.

Sustainability risks are defined in the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (the 'SFDR') as environmental, social or governance events or conditions that, if they were to occur, could have actual or potential material negative impacts on the value of the investments of the client fund.

What does sustainability mean?

"**Sustainable investment**": an investment in an economic activity which contributes either to an environmental objective or a social objective, does not significantly harm any environmental or social objectives and the investee company follows good governance practices.

"**Sustainability risk**": an environmental, social or governance event or condition which, if it occurs, could cause a material negative impact on the value of an investment.

"**Sustainability factors**": environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Quayside is committed to ensuring that Investment Managers and Funds that espouse Environmental, Social and Corporate Governance ("ESG") considerations into its investment management processes are regularly managed and assessed with compliance with those factors.

From an **environmental** perspective, the following factors may form part of the evaluation process:

- the potential impact of climate change on the issuer's infrastructure and customer base
- the issuer's reliance on greenhouse gases as a source of fuel
- the issuer's investment in new technologies or infrastructure that may increase or decrease reliance on greenhouse gases and unclean fuels or increase the intensity of its use of natural resources
- the issuer's reliance on materials that have a negative environmental impact.

From a **social** perspective, the following factors may form part of the evaluation process:

- the issuer's performance on current reporting, such as employee diversity reporting and pay gap reporting
- the extent of the policies and procedures that the issuer has in place designed to ensure fair employee treatment (such as grievance or whistleblowing policies)
- any actions brought against the issuer by its employees or by society
- the issuer's approach to social welfare causes.

From a **governance** perspective, the following factors may form part of the evaluation process:

- the issuer's adherence to required or optional governance frameworks
- the issuer's management of its conflicts of interest
- the board structure of the issuer
- the issuer's transparency in terms of its financial and non-financial reporting
- the issuer's adherence to internationally accepted financial reporting standards
- the policies and procedures of the issuer in relation to matter such as anti-bribery and anti-corruption.

The regulation requires Quayside to prepare and publish information relating to the integration of sustainability risks into their investment decision making process and the principal adverse impacts of investment decisions on sustainability factors. In addition, for UCITS and AIF funds that promote environmental or social characteristics, have sustainable investment as their objective or have a reduction in carbon emissions as their objective further specific disclosures are required. Such funds are known as Article 8 or Light-Green Funds and Article 9 or Dark-Green Funds as they fall within the scope of Article 8 or Article 9 of the regulation.

Essentially Article 8 funds promote environmental or social characteristics (or a combination of these) while there are three separate categories of Article 9 funds as follows:

(i) funds that have sustainable investment as their objective and an index has been designated as a reference benchmark;

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(ii) funds that have sustainable investment as their objective and no index has been designated as a reference benchmark; and
(iii) funds that have a reduction in carbon emissions as their objective.

Funds that do not fall within the scope of Articles 8 or 9 are known as Article 6 funds

As part of the initial launch of a fund, Quayside ensures that an analysis is undertaken to determine whether a fund falls within the scope of either Article 6, Article 8 or Article 9 and the disclosure requirements in fund documents are appropriate.

Quayside appoints delegate investment managers/advisors to provide investment management services to its Funds. Quayside ensures that the delegate investment managers/advisors have appropriate frameworks in place to integrate ESG considerations into their internal policies and procedures e.g. organisational requirements, resourcing, conflicts of interest regimes, due diligence requirements relating to selecting and monitoring investments and risk management. As part of the ongoing due diligence of delegate investment managers/advisors Quayside requests information about policies on the integration of sustainability risks in their investment decision making process.

Disclosures need to be included in the Financial Statements for Funds that have an ESG focus. The annual financial statements will be made available to investors and will summarise the ESG data for all the funds held, from 1 January 2022. Quayside will engage with delegate investment managers over time to enhance the information provided. Quayside will ensure integration of prescribed disclosures is included in Prospectus, KIDs and financial statements of ESG Funds.

ESG Funds

At this point Quayside has no funds that are designated as Article 8 for the purposes of SFDR.

The following funds are designated as Article 9 for the purposes of SFDR.

- Tectona Syndicates (01 to 50)

No consideration of sustainability adverse impacts

EU-based financial market participants such as Quayside are required to confirm if they consider principal adverse impacts (“PAIs”) of investment decisions on sustainability factors for the financial products they manage. For the time being, Quayside does not consider adverse impacts of investment decisions into corporate entities on sustainability factors at entity level. In accordance with Article 4.1(b) of SFDR, the main reason for not considering adverse impacts of investment decisions on sustainability into corporate entities factors at the entity level is that investments are made directly into real property and there is no intermediate corporate entity to review to assess the PAIs.

Version Control

Version Number	Last Updated
Version 1	10 March 2021
Version 2	1 December 2022