APPENDIX U

Sustainability Risks Policy

Numisma Capital Limited

December 2022

1. Introduction

Numisma Capital Ltd (the “Company”) is a limited liability company with share capital, incorporated in accordance with the Laws of the Republic (registration number HE258965).

The Company is regulated a Cyprus Investment Firm (“CIF”) by the Cyprus Securities and Exchange Commission (“CySEC”) with license number 122/10.

As the Sustainable Finance Disclosure Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the “SFDR”) been entered into force, the Company has made necessary amendments in its documentation to be in compliance with the requirements as those defined in SFDR legislation assigned to it as Market Participant offering the service of Portfolio Management.

This Policy is an integral Part of the Company’s Internal Procedures Manual.

2. Key Definitions

“Sustainability risk” is defined in the EU’s Sustainable Finance Disclosure Regulation (2019/2088) as an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Art. 2 (17) of the SFDR defines “sustainable investment” as 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;

Art. 2 (24) of the SFDR defines “sustainability factors” mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

3. Scope and objectives

The Sustainability Risk Policy applies to the Company since it qualifies as a financial market participant due to its authorization to operate as a Cyprus Investment Firm offering the service of Portfolio Management.

The employees of the Company are expected to read, understand and acknowledge the content of the Sustainability Risk Policy.

4. Approach

The Sustainability Risks Policy describes the Company approach, handling and monitoring of sustainability risks which may arise during the investment decision making process.

Within the Policy the Company aims to:

i. set the framework for the manner in which sustainability risks are integrated into their investment decisions, and

ii. describe the approach taken to manage and monitor sustainability risks which may have a material influence on the portfolios managed by the Company.

The Company's approach in integrating sustainability risks into its investment decision making process is to ensure that the services provided and its operations do not result in unacceptable impacts on the environment and society.

5. Integration of Sustainability Risks into the Investment Decision Process

Numisma Capital Ltd has incorporated environmental, social and governance ("ESG") factors and consider sustainability risks in the investment decision-making process of the portfolios under its management.

Currently the Company does not have sustainable investments as its objective neither considers the negative impact of sustainability risks.

The Company, however, acknowledges the fact that if sustainability risks occur, may have a negative impact on the returns of its portfolios under Management so has decided to embed these in the investment decision process, as part of its risk management process.

Furthermore, investments currently do not take into account the EU Taxonomy criteria (Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment) for environmentally sustainable economic activities.

The aim of including sustainability risks in the investment decision making process is to identify the occurrence of these risks as soon as possible and to take appropriate measures to minimize the impact on the investments or the overall portfolio of the relating Fund.
At the pre-investment stage, the Company implements the mandatory Investment List of business into which the Company will not knowingly make direct investments on the grounds of inherent sustainability risks (the "Investment List"):

1) Directly manufacture, distribute or sell:

a) Anti-personnel landmines,

b) Nuclear, chemical or biological weapons, or

c) Cluster bombs or munitions.

2) Which systematically use harmful or exploitative forms of forced or child labor.

3) Whose principal activity is:

a) The direct manufacturing of arms, ammunition or tobacco, or

b) Coal and/or oil upstream.

4) Which generates the majority of its revenue from coal and/or oil upstream activities.

5) They are headquartered or have their principal activity in jurisdictions which FATF public statement classifies as having strategic AML/CFT deficiencies subject to a FATF call.

6) They are headquartered or have their principal activity in jurisdictions that the relevant EU Regulation lists as high-risk third countries.

7) They are headquartered or have their principal activity in jurisdictions that the relevant EU Regulation lists as non-cooperative tax jurisdictions.

8) They are headquartered or have their principal activity in jurisdictions that subject to sanctions applicable to Cyprus.

3.1 Company performs Portfolio Management Function

The Company generally performs the portfolio management function internally without engaging an investment adviser or portfolio manager and therefore the investment decision is made internally and in the sole discretion of the Company. In doing so, investment decisions taken by the Company's portfolio management function are duly assessed against regulatory, fiduciary/legal and risk management requirements before their execution (pre-trade assessment).
As part of the pre-trade assessment process this Policy ensures that no investment that is a business of a type identified in the Investment List can be executed for a portfolio is managing. As such the Company will consider the completed due diligence procedure as part of its overall assessment of the likely risks associated with investment pursuant to the relevant product's investment policy and objectives before making any investment decision.

4. Sustainability Risk Management

When performing the risk management function, the Company will identify, assess, monitor and manage sustainability risks. Given the nature of the investment strategies of the Company, a substantial part of the risk management framework is performed at an ex-ante basis with the pre-trade assessment. As part of the process, the Risk Manager of the Company will inform the Board of Directors where such investment proposal is in clear violation of the Policy and an appropriate action shall be decided.

The Risk Management function regularly reviews on the overall risk exposure of the portfolios under management. As part of this periodical and ongoing risk monitoring, the Risk Manager will ensure that the investment portfolios continues to comply with the investment restrictions/limits – i.e., with the Investment List; The Risk Manager may also monitor and/or report any non-binding sustainability risk considerations as assessed fit depending on the portfolios-specific circumstances. The assessment and monitoring of the above allows the Company to effectively monitor sustainability risks and report any (material) increase/breach of the limits set to the portfolio management function to allow mitigating actions to be taken.

5. Conflict of interest

The Company is committed to identify and where possible prevent or manage potential, actual or perceived conflicts of interest. It has in place a Conflicts of Interest Policy which sets outs the types and examples of conflicts that may arise and on how the Company manages them.
Similar to the financial risks faced, such conflicts may arise as a result of sustainability risk integration in the investment decision making process or sustainability preferences integration as part of product governance and the Conflict of Interest Policy becomes effective along with all the documentation and management stipulated therein.

6. Policy review & monitoring

The Compliance Officer in collaboration with the Risk Manager will monitor and review the Policy on an annual basis and on an ad-hoc basis in the event of major changes to the policy framework of the Company and will proceed to changes where and as needed.
The policy will be acknowledged by the Board of Directors of the Company after every review and/or material changes to its content.