APPENDIX U

Sustainability Risks Policy

Numisma Capital Limited

V1 December 2022
V2 August 2024
V3 January 2025

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 and an under the threshold AIFM.

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 and Fund Manager and as a ’Financial Adviser’ offering the service of Investment Advice.

As an under the threshold AIFM the Company manages only Article 6 Funds which take sustainability criteria into account within the investment process but do not specifically promote environmental or social characteristics and do not have sustainable investment as their objective.

This Sustainability Risks Policy (the “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 and as an under the threshold AIFM managing Alternative Investment Funds with Limited Number of Persons and as a ‘Financial Adviser’ offering the service of Investment Advice.

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 client investments.

The Company's approach in integrating sustainability risks into its investment decision making process is to ensure that the services provided, and its operations are in line with the relevant policies and procedures of the Company.

5. Integration of Sustainability Risks into the Investment Decision Process

Numisma Capital Ltd has incorporated environmental, social and governance ("ESG") factors and considers sustainability risks in the investment decision-making process.

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

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, and how to best manage and monitor them within the Company.

The Company does not prioritise sustainability in its investment strategy. The Company's funds and investments may include companies excluded from ESG, such as tobacco and thermal coal producers.

While the Company's investments do not have a sustainability focus, the Company acknowledges that, in today's business landscape, ESG factors are becoming critical to the success of businesses across sectors. Customers, employees, shareholders, investors, rating agencies, and regulators are increasingly focused on how companies conduct their business, its impact on the world, and their contribution to society.

As a result, as a part of its investment and risk management procedures, the Company will assess whether potential investments may present significant, material ESG risks, liabilities, and opportunities, in order to identify and mitigate potential material risks around reputation, regulatory challenges, and financial impacts.

6.Integration of Sustainability Within the 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.

The Company's portfolio management department is responsible to identify potential significant, material ESG and sustainability risks associated with an investment. Whether such material risks are identified, the risk management department will be responsible to study and analyse such risks and recommend to the portfolio management function and to the Board of Directors, whether such risk is consistent with the investment strategy and limitations of the specific fund/investment objectives of the individual clients for which the investment/advice is considered.

The final decision to on whether to proceed with an investment in case of a significant, material ESG or sustainability risk will be taken by the Board of Directors. In case the Board decides to proceed, the Risk Management department is responsible to identify proper procedures to mitigate and monitor such risks.

Main types of risks to be considered with regards to ESG will include:

- **Environment:**
  - Climatic Change: Carbon emissions, energy efficiency
  - Natural Resource Use: Water stress, biodiversity, land use
  - Waste Management: Toxic emissions, electronic waste
  - Environmental Initiatives: Renewables, clean tech, green building

- **Society:**
  - Human Capital: Human rights violations, Labor management, child labor, Data privacy
  - Product Safety

- **Governance**
  - Corporate Governance
  - Business Ethics: Corruption & Instability, Ethics & Fraud, Anti-competitive Practices
  - Government & Public Policy: Financial System Instability

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 where any material investments will be decided those are assessed in terms of the likely risks associated with the investments/advice including sustainability risks where applicable.

7. Sustainability Risk Management

The Risk Management function of the company is responsible for the risk management and monitoring of ESG and sustainability risks.

The Risk Management function shall report (at least annually) on the overall risk exposure of the investments under management to the Company's Board of Directors. The Risk Manager will also monitor specific material ESG and sustainability risks as per section 6 above.
The assessment and monitoring of risk profiles on the basis of the above allows the Company to effectively monitor risks and report any (material) increase/breach of the risk appetite/investment restrictions/investment objectives set to the portfolio management function to allow mitigating actions to be taken.

7. 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.

8. 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.

9. SFDR Competence Process

All company employees or senior management dealing with SFDR matters shall undertake training either internally or externally to ensure that are kept up to date with all relevant changes with regard to regulations. Also, any new employees or senior managers assigned the responsibility to Deal with SFDR shall undertake a training relating to SFDR to ensure that are competent and knowledgeable to minimize the company’s compliance and legal risk.