



AIFCAP MANAGERS LTD

(the “Company”)

SUSTAINABILITY RISK POLICY

January 2025

1. Introduction

AIFCAP Managers Ltd (the “Company”) is a Cyprus-based Alternative Investment Fund Manager (AIFM) licensed by the Cyprus Securities and Exchange Commission (CySEC) under license number AIFM34. In compliance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), the Company has established this Sustainability Risk Policy to integrate sustainability risks into our investment decision-making processes.

2. Definitions

- **Sustainability Risk:** An environmental, social, or governance (ESG) event or condition that, if it occurs, could cause an actual or potential 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.

3. Scope and Objectives

This policy outlines the Company's approach to identifying, assessing, and managing sustainability risks within our investment activities. Our objectives are to integrate sustainability risks into investment decision-making processes in accordance with Article 6 of SFDR regulation.

4. Governance and Oversight

The Risk Management and Compliance Functions hold the responsibility of this policy and are responsible for:

- Ensuring the integration of sustainability risks into the risk management framework.
- Monitoring compliance with this policy.
- Reporting on sustainability risk exposures to the Board of Directors of the Company.
- Reviewing the policy at least annually or more frequently if required, to ensure its continued effectiveness and alignment with regulatory developments and industry’s best practices

5. Integration of Sustainability Risks into Investment Decisions

The Company incorporates sustainability risks into investment decisions through the following measures:

- **Due Diligence:** Assessing potential investments for material sustainability risks, including ESG factors, during the due diligence process and in Risk & Compliance assessment reports.
- **Exclusion Criteria:** Avoiding investments in entities involved in activities with high inherent sustainability risks.
- **Ongoing Monitoring:** Continuously monitoring portfolio investments for emerging sustainability risks.
- **Funds’ Risk Management Policy Updates:** The Risk Manager will ensure that the risk management policies of the funds that the Company manages, are updated to reflect sustainability risk considerations, where applicable.

6. Principal Adverse Impacts (PAIs)

The Company acknowledges the importance of considering the principal adverse impacts of investment decisions on sustainability factors. While the Company does not currently consider PAIs in the manner prescribed by Article 4(1)(a) of the SFDR due to its size and nature of operations, it commits to:

- Regularly review its position on PAIs.
- Enhancing data collection and assessment capabilities to evaluate PAIs effectively.

7. Transparency and Disclosure

In line with SFDR requirements, the Company will:

- Publish this Sustainability Risk Policy on our website.
- Provide clear and concise information to investors regarding how sustainability risks are integrated into our investment decisions.
- Update disclosures as necessary to reflect any material changes to this policy or our approach to sustainability risks.

8. Training and Awareness

The Company ensures that relevant staff receive ongoing training to remain informed about sustainability risks and regulatory requirements, thereby enhancing our capacity to manage these risks effectively.

9. Greenwashing Risk Management

The Company recognizes the risk of greenwashing, where sustainability-related claims may be misleading, exaggerated, or unsubstantiated. To mitigate this risk, we:

- Ensure that all sustainability-related disclosures, fund documentation, and marketing materials are clear, accurate, and based on verifiable data.
- Align investment strategies with objective sustainability criteria to prevent misleading ESG claims.
- Regularly review sustainability-related statements to ensure compliance with SFDR, Taxonomy Regulation (EU) 2020/852, and Commission Delegated Regulation (EU) 2022/1288 & 2021/1255.
- Implement internal controls and governance processes to validate sustainability claims before publication.

10. Conflicts of Interest Related to Sustainability Risks

The Company acknowledges that conflicts of interest may arise in relation to sustainability risks, including:

- Situations where financial interests conflict with sustainability objectives.
- Potential bias in ESG assessments or ratings used for investment decisions.
- Preference for certain investments based on sustainability-related incentives rather than risk-return considerations.

To address these risks, the Company will:

- Disclose any material sustainability-related conflicts of interest to investors.
- Maintain a robust conflicts of interest policy, ensuring that sustainability risks are considered objectively.
- Implement independent oversight mechanisms to review investment decisions involving ESG factors.

By implementing this policy, AIFCAP Managers Ltd demonstrates its commitment to integrating sustainability risks into its investment processes, thereby aligning with regulatory expectations and industry best practices.