SphereInvest | GROUP
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The Sustainable Finance Disclosure Regulation (SFDR) is a European Union Regulation that requires financial market participants such as SphereInvest to disclose information with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the remuneration in relation to sustainability risks and the promotion of environmental or social characteristics, and sustainable investments.

As defined in the SFDR, Sustainability Factors means environmental, social and employee matters, respect to human rights, anti-corruption and anti-bribery matters. Sustainable Risk is defined as an environmental, social or governance (ESG) event or condition. SphereInvest has determined that if a Sustainable Risk occurs, it could cause an actual or a potential material negative impact on the value of the relevant investment, is at present not relevant to the AIFs and UCITS Funds presently under management.

SphereInvest has determined, but cannot be guaranteed, that the risks it monitors currently are appropriate and adequately disclosed in line with the AIFMD and UCITS V as well as the risk profile of the funds under management. Accordingly, while the Funds under management may hold assets from time to time (such as bonds issued by underlying companies or other assets with exposure to ESG events), it is not anticipated that the Funds' assets will have material exposure to ESG events given the Funds' overall investment strategy and the diversified nature of the Fund.

No Consideration of Principal Adverse Impact

The SFDR requires the Firm to make a "comply or explain" decision as to whether to consider the principal adverse impacts ("PAIs") of our investment decisions on sustainability factors, in accordance with a specific regime as outlined in SFDR Article 4(1)(b).

Taking due account of the nature and scale of its activities and the wise and varied range of financial products it makes available, SphereInvest, *in accordance with Article 4(1)(b) of the SFDR,* has elected not to consider the PAI of our investment decisions on sustainability factors because we view ESG as one of many factors driving investment value creation. We evaluate ESG factors in our investment due diligence in the context of our broader investment thesis that also includes financial, strategic, and operational considerations. The Firm has no intentions of altering its stance on considering PAIs in the future.

Remuneration Policy

SphereInvest's remuneration policy is consistent with its approach to the integration of sustainability risks in the investment decision making process. SphereInvest believes that ESG considerations are an important aspect of security analysis and can be a type of financial risk. Accordingly, compliance with ESG factors or the integration or incorporation of such factors into its investment process could have an impact (both positive or adverse) on the performance of investments and the performance of funds managed by the Firm. Pursuant to SphereInvest's remuneration policy, the firm is committed to maintaining a compensation structure that is aligned with its investors while at the same time is effective at attracting and retaining talent. Sphereinvest employees are compensated with a combination of salary and discretionary bonus, which is based on both individual and overall performance. Discretionary remuneration takes into account the performance of the individual employee and the size of the overall bonus pool. ESG, like any other investment risk, has an impact on portfolio performance, this is likely to be reflected in the overall level of discretionary remuneration awarded to employees.
