Pinemont Securities

Environmental, Social and Governance (ESG) Sustainability Risk Policy

Last reviewed: February 8th, 2021

Relevant legislation:

REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector (**the SFDR Regulation**).

Introduction

This policy sets out the approach taken by Pinemont Securities Ltd ("Pinemont") in considering ESG (Environmental, Social & Governance) factors into its risk analysis and investment decisions.

The approach defined in this policy applies to all investments as standard and is regularly reviewed by Pinemont's Investment Committee, ensuring it continues to reflect current regulatory requirements.

Definitions

The consideration of ESG factors refers to the investment analysis of non-financial risks alongside traditional financial analysis. This is based on the recognition that these factors can have a material impact on financial performance and, in principle, leads to a broader assessment of the environment in which a company operates.

While the specific ESG risks will vary depending on the country and industry, they include the following:

- *Environment:* Climate change; sustainable use and protection of water and marine resources, transition to a circular economy, waste prevention and recycling, pollution prevention control and protection of healthy ecosystems.
- *Social*: Equality, social cohesion, social integration, and labour relations: and
- *Governance:* Sound management structures, employee relations, remuneration of relevant staff and tax compliance.

Philosophy

Pinemont's investment philosophy is underpinned by our fiduciary responsibility to our investors. We employ a disciplined investment process, with the aim of creating value and delivering returns whilst seeking to minimise both risk and volatility.

Consistent with these objectives, we focus on the long-term prospects for the assets in which we invest. Pinemont recognises that ESG issues can have a material impact on an issuer's long-term financial performance, and we supplement traditional financial analysis with the evaluation of relevant ESG factors as part of our research analysis and decision-making.

Approach

Our investment process is driven by our fiduciary responsibility to optimise investor returns. ESG factors are considered as part of an integrated approach allowing potential risks to be incorporated as part of the broader investment process.

Taking a top-down, macro view, ESG risks are evaluated alongside a full range of fundamental considerations. Consequently, notwithstanding the investment teams understanding of key ESG risks, they are not necessarily the key determinant in the final investment decision making process, which ultimately reflects the view of an investment's risk or return.

Given that potential ESG risk events will differ across the investment universe, Pinemont recognises the need to be pragmatic in its approach. ESG risks will be analysed within the specific market in which they operate. In the case that publicly disclosed negative ESG factors are likely to impact a company's ability to create additional shareholder value, this will be considered a factor alongside traditional analysis but will not be a make-or-break event.