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SUSTAINABILITY RISK POLICY

TMF Fund Management S.A.
01/09/2021

tmf-group.com

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1. VERSION CONTROL

This document is subject to document control, for any enquiries or suggestions please contact Risk and Control team.

Version No.	In force from	Main changes
1	07/07/2021	
2	01/09/2021	Company name change into TMF Fund Management

Sustainability	Frequency	Responsibility
Review required	At least annually	Policy Owner - Risk Management

	Department/ Position
Preparer	Risk Management
Reviewers/ Stakeholders	Conducting Officers Board of Directors of SMC
In Scope	All funds and delegates

	Position	Name	Signature	Date
Owner	Conducting Officer	Samir Khouja		
Approver	Conducting Officers	Andrea Arata Marco Cipolla Francesco Nardo		

	Owner	Approver	Reviewers	Stakeholders	In scope
Policy RACI	R Responsible	A Accountable	C Consulted	C Consulted	I Informed

2. INTRODUCTION

The 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 ("SFDR") introduces requirements for entities providing investment management and advisory services to clients, including Alternative Investment Fund Managers ("AIFMs"), Undertakings of Collective Investments of Transferable Security ("UCITS") management companies, investment firms authorized under the Markets in Financial Instruments Directive (MiFID) providing portfolio management services ("financial market participants") and firms providing investment advice services under MiFID ("financial advisers").

TMF Fund Management S.A. (the "Company") is a Management Company authorized under Chapter 15 of the Law of 17 December 2010, as amended and as an alternative investment fund managers (AIFM) according to Article 5 of the Law of 12 July 2013, as amended.

The Company is therefore a financial market participant under article 2 of the SFDR and, according to the regulatory requirements, has developed the present policy to illustrate the management of risks linked to sustainability (i.e. Sustainability Risk Policy).

The Sustainability Risk Policy (the "Policy") applies to UCITS and AIFs portfolio management mandates as well as to those cases in which the portfolio management has been delegated to a third-party.

3. PURPOSE

This procedure applies to all funds managed by the Company.

The Policy aims to describe the general principles on how the sustainability risks are integrated in the Company's investment decision-making process and how adverse sustainability impacts are considered.

Ultimately, the Policy aims to reflect and implement at the level of the Company the requirements on transparency of sustainability risk and on transparency of adverse sustainability impacts as established by articles 3 and 4 of the SDFR.

Under SFDR, funds have to be classified in one of the following categories:

- Funds with sustainable investment objective (article 9);
- Funds promoting environmental or social characteristics (article 8); and
- Funds which either only integrate or do not take into account environmentally sustainable economic activities (article 6).

The Company can either perform the portfolio management function internally or delegate it to a third-party portfolio manager. However, for both the described scenario, the Company remains the ultimate responsible for the performance of portfolio management function. The delegation is subject to supervision and monitoring from the Company, which has implemented a robust control framework (please refer to the Company's Oversight Framework).

4. REGULATORY REFERENCE

This Process is aimed at complying with the requirements of the following regulations:

- 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 (hereinafter "SFDR").

5. SUSTAINABILITY RISK MONITORING

Pursuant to article 3 of the SFDR on the Transparency of sustainability risk policies, financial market participants are requested to publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.

According to the SDFR, sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

For each managed fund, the Company can face a wide range of sustainability risks, which can represent a threat to the investments both at the asset and/or portfolio level.

A dedicated Environmental, Sustainability and Governance ("ESG") investment process has been implemented and integrated within the portfolio management process, even when the latter is delegated to a third-party. Indeed, before investments are performed, the Portfolio Manager, has to be pre-assessed each single target investment via the ESG Score Card, which takes into account qualitative and quantitative metrics for the ESG segments.

The analysed target investment is accepted only if its score is within a predefined range by taking also into account the overall UCI scoring.

Data from all the UCIs' investment are monitored and reviewed on a periodical basis.

When delegating the portfolio management function to a third-party, the Company shall ensure the performance of the delegated activities in accordance to the investment strategy and the applicable law and regulations (inter alia, the Law dated 17 December 2010, the CSSF Circular 18/698 and well as the provision of the Law of 12 July 2013 and the EU Commission Delegated Regulation of AIFM but also CSSF Regulation 10-04), with particular reference to each managed fund falling under the scope of the article 8 of the SFDR (i.e. promoting environmental and social characteristic) and funds under the scope of article 9 of the SFDR (i.e. promoting sustainable investments).

For this purpose, the Company shall periodically monitor that during the ongoing / periodical Due Diligence process - as defined in the Company's Oversight framework - the correct and proper application of the sustainability risk management approach.

Among others, the Company perform the ex-post analysis through the investment products classification by typology of sustainability risk.

6. ADVERSE SUITABILITY IMPACTS

In accordance with article 4 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector the Company, taking due account of their size, the nature and scale of their activities and the types of financial products they make available, considers the principal adverse impacts of their investment decisions on sustainability factors within the relevant field and/or practices. According to the SDFR, principal adverse impacts ("PAIs") should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors.

The Company shall ensure that the PAIs are duly identified and assessed according to the Final Report on draft Regulatory Technical Standards dated February 2 ,2021. For this purpose, a dedicated process shall be implemented as to ensure that the PAIs are assessed, monitored, validated and reported/disclosed on a periodical basis.

When delegating the portfolio management function to a third-party, the Company shall ensure the performance of the PAIs assessment, monitoring, validation and reporting/disclosure in accordance to the investment strategy and the applicable law and regulations (inter alia, the Law dated 17 December 2010, the CSSF Circular 18/698 and well as the provision of the Law of 12 July 2013 and the EU Commission Delegated Regulation of AIFM but also CSSF Regulation 10-04), with particular reference to each managed fund falling under the scope of the article 8 of the SFDR (i.e. promoting environmental and social characteristic) and funds under the scope of article 9 of the SFDR (i.e. promoting sustainable investments).

7. WEBSITE DISCLOSURE

Disclosure regarding: 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 lays down harmonized rules for financial market participants (including UCITS Management Companies and AIFMs) and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.

Such disclosures are available on the Company website.