

Annex to the Offering Memorandum

Sustainability-related disclosures for the Culross Funds S.A. SICAV RAIF sub-Fund Culross Absolute Defensive Fund

The Sustainable Finance Disclosure Regulation ("SFDR") came into law on 10th March 2021 in Europe. Article 23 of the AIFMD requires that disclosures must be made regarding (i) the manner in which sustainability risk management is integrated in the investment decision making process and (ii) the Manager's assessment of the likely impact of sustainability risks on the returns of each Sub-Fund.

This document provides you with a summary of sustainability-related information also available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

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Fund Name: Culross Absolute Defensive Fund (CADF)

Legal entity identifier: 529900NVRU8A8AEVDI77

Summary

The Company is a société en commandite spéciale organised as an open-ended "investment company with variable capital – reserved alternative investment fund" under the 1915 Law and the RAIF Law.

The Fund (CADF) seeks to achieve consistent absolute returns with medium to low volatility by investing globally in themes of macroeconomic change implemented through fund vehicles. It pursues principles of diversification and does not habitually use leverage to enhance returns. (further details are set out in the Culross Funds SA SICAV PPM).

The Fund and the Manager have committed to environmental, social and governance (ESG) principles. The Manager became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2021. This is a United Nations supported network of financial institutions working together to promote sustainable investment through the incorporation of ESG principles.

The Fund is subject to article 8 of the European Union's (EU) 2019/2088 Sustainable Finance Disclosure Regulation ("SFDR") and thus it seeks to promote environmental or social characteristics but does not have a sustainable investment objective.

As explained in this memorandum, section 'SFDR', the manager has incorporated the assessment of sustainability risks and opportunities in their investment decision making process with the objective of implementing the Sustainability Framework set out below and achieving the ESG goals of the Fund.

The ESG characteristics promoted by the Fund are met primarily through endeavouring where possible to select managers who themselves pursue these same objectives. Given the Manager allocates Fund capital to other selected funds the Manager has no direct control over the selection and screening of

individual investment instruments. Instead the Manager seeks to identify managers who are endeavouring to support of ESG characteristics in the assets they select to construct their portfolios.

The Fund seeks whenever possible to promote environmental, social and governance (ESG) characteristics through managers chosen to populate each portfolio theme and therefore to support the fund's investment objective. Different investment themes bring with them different degrees of opportunity to promote and pursue ESG characteristics in the chosen investments. Given the nature of many macro economic strategies which are implemented by designated managers solely through the use of broad market indices it should be noted that in those themes and that component of the Fund, ESG characteristics cannot be pursued. Conversely if the theme is expressed through managers employing equity or credit instrument based strategies then it is expected that the underlying companies behind those equities and credit instruments can be subjected to ESG screening and assessment.

This means the Manager screens selected managers for their ESG commitment and process and relies on their adherence to their processes when managing the sub-contracted capital which has been allocated to them.

Periodic internal reviews of the selected managers and their reporting processes are the governance structure in place to monitor those Environmental and Social characteristics. The approach we have in place, as described above, is considered to be appropriate to support the Manager's investment decision making and manager selection process. Data challenges are recognised and our approach is designed to address them. These data challenges do materially affect the degree to which ESG characteristics can be promoted by the product with any certainty.

The adopted processes and standards of each manager towards ESG are gathered as part of the Manager's standard due diligence recognising that a significant number of managers may have no such processes and standards in place sometimes because they are not applicable to their investment approach and instruments used. This information is then reviewed by the Investment Committee at their periodic meetings.

A considerable level of judgement is required to determine whether a selected manager is positively pursuing ESG principles but from experience the Manager believes it is easier to identify those who are actively making no efforts in this field or are deliberately investing in companies which are widely thought to have harmful ESG characteristics. This last category of managers are excluded from the selection process. This also allows for a reasonable level of confidence that the managers selected for themes in the Fund are either ESG neutral or are actively seeking to promote some level and form of ESG characteristic.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

No sustainable investment objective

This financial product seeks to promote ESG characteristics where possible but does not have sustainable investment as its primary objective.

Environmental, social and governance characteristics of the financial product

The Fund pursues a thematic investment approach and seeks to promote a broad range of environmental, social and governance characteristics within those themes when possible. It does this indirectly through managers chosen to populate each portfolio theme and therefore to support the Fund's investment objective. Given the nature of many macro economic strategies which are implemented by selected managers solely through the use of broad indices it should be noted that in those themes and that component of the Fund it is not possible to pursue ESG characteristics. Conversely if the theme is expressed through managers employing single name equity or credit instrument based strategies then it is expected that the underlying companies behind those equities and credit instruments can be subjected to ESG screening and assessment.

In particular the environmental, social and governance characteristics promoted by the Fund through its selection of managers aims to include those managers who select companies who are committed to:

- Promotion of clean energy production and related technologies
- Reductions in greenhouse gas emissions to support the transition to a net zero global economy
- Water efficiency and conservation
- Resource efficiency and best practice waste management including recycling and recovery
- Social factors such as respect for human rights, employee equal opportunities, race and gender equality, work-life balance promotion, mental health awareness and support, employee training and advancement
- Pursuing these E & S policies through pro-active board governance
- Supporting a clear whistleblower policy with regard to internal financial or product fraud and misrepresentation

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

Investment strategy

The Fund (CADF) seeks to achieve consistent absolute returns with medium to low volatility by investing globally in themes of macroeconomic change implemented through fund vehicles. The ESG characteristics promoted by the Fund are met primarily through endeavouring where possible to select managers who themselves pursue these same objectives. Given the Manager allocates Fund capital to other managers the Manager has no direct control over the selection and screening of individual investment instruments. Instead the Manager seeks to identify other managers who are endeavouring to support Environmental, Social and Governance (ESG) characteristics in the assets they select to construct their portfolios.

This means the Manager screens selected managers for their ESG commitment and process and relies on their adherence to their processes when managing the sub-contracted capital which has been allocated to them.

It should be noted that the Manager's investment process includes themes and selected managers who identify companies they believe from their detailed research are mis-representing their financial or product information to a materially significant degree. These managers are collectively known as activist research driven short sellers. In such cases the investment strategy is likely to be designed to expose these companies and their management for their alleged wrongdoing and involve short-selling of their shares. These endeavours to expose fraud form an integral part of the Manager's investment process building and managing the Fund's investment themes and form an important part of the Fund's pursuit of ESG principles.

In addition the Manager is careful to ensure no investment themes are adopted which would inevitably sponsor activities and investments which are known to be harmful to the environment. For example at the end of an economic downturn in the trough of the cycle it is likely that the price of coking coal used in the manufacture of steel will be low. A theme based on the recovery of steel manufacturing which would lead to the selected manager in that theme investing in a coking coal producer would be avoided.

The Manager believes their long practiced thematic approach allows the identification, incorporation and promotion of material ESG opportunities relevant to the Fund investment themes as well as the avoidance of themes harmful to the Fund's ESG goals. The Fund intends to make continued efforts to review opportunities to enhance positive benefits to society and minimise negative societal impacts associated with its activities.

Proportion of investments

The integration of ESG principles as part of the Fund's investment strategy applies to the whole Fund and the Manager seeks to support these principles through selected managers whenever possible. Nevertheless because the Manager is not selecting underlying investments itself but is sub-contracting the management to other managers there can be no assurance that any proportion of the Fund at any one time will be promoting and supporting ESG characteristics.

Monitoring of environmental and social characteristics

The ESG credentials of each manager are considered by the Manager in its investment management process. Internal manager review processes form the governance structures in place to monitor those ESG characteristics and are conducted by the Investment Committee principally at the initial point of new manager selection for a theme.

At the point of selection of new managers the indicators and information used to assess the manager's level of commitment and inform decisions vary depending on the stage of development of the manager and their available internal resources. Going forward there is an expectation that each selected manager will develop and enhance their commitment to ESG considerations as time passes and their business grows.

It should be noted that the adoption of ESG principles or otherwise is at an early stage of development in the universe of managers researched by the Manager. The Fund holds positions in long standing themes with long established managers who are still developing their approach and stance toward all ESG related matters. The consequence is that there are legacy managers pursuing investment themes

in the Fund where no ESG monitoring is yet possible because they have yet to commit to promoting ESG principles in their portfolio management or otherwise.

Methodologies

As noted in the Monitoring section above, data is collected through the Manager's initial due diligence process to inform investment decision-making particularly at the point of initial selection of a new manager. The range of topics considered will evolve over time to reflect the evolution of policy, market expectations and environmental and social factors.

Periodic internal reviews by the Investment Committee of the selected managers in the Fund and their reporting processes are the governance structure in place to monitor those Environmental and Social characteristics. These reviews are informed by quarterly questionnaires sent out to all managers in the Fund. The approach we have in place, as described above, is considered to be appropriate to support the Manager's investment decision making and manager selection process as well as the ongoing monitoring of managers.

Data sources and processing

Data is collected from the selected managers comprising the Fund through the Manager's initial due diligence process and subsequently from quarterly questionnaires, other manager communications and websites. Their individual processes toward identifying, monitoring and considering ESG characteristics vary considerably as already described.

The information obtained is stored in the Manager's IMS record for each manager and periodically updated when new information becomes available.

Limitations to methodologies and data

Data challenges are recognised and our approach is designed to address them as far as is reasonably possible. It should be noted that the industry process of collecting information from managers regarding their ESG activities is at a very early stage of development and in many cases data may be very limited and not necessarily standardised or comparable.

The data challenges confronting the industry and specifically the Manager do materially affect the degree to which ESG characteristics can be promoted by the product with any certainty.

The approach we have in place, as described above, is considered to be appropriate to support investment decision making. The degree of control that the Manager has to affect ESG outcomes is clearly constrained by the Fund's reliance on third party managers to implement their stated policies accurately.

Due diligence

A deliberately simple and verifiable approach is used for ESG due diligence. The adopted processes and standards of each manager towards ESG are gathered as part of the Manager's standard due diligence recognising that each manager is likely to present their information in their own chosen

manner and that a significant number of managers may have no such processes and standards yet in place, sometimes because they are not applicable to their investment approach and instruments used. The information on each manager is regularly reviewed by the Investment Committee at their periodic meetings.

A considerable level of judgement is required to determine whether a selected manager is positively pursuing ESG principles but from experience the Manager believes it is easier to identify those who are actively making no efforts in this field or are deliberately investing in companies which are widely thought to have harmful ESG characteristics. This last category of managers are excluded from the selection process. This also allows for a reasonable level of confidence that the managers selected for themes in the Fund are either ESG neutral or are actively seeking to promote some level and form of ESG characteristic.

Engagement policies

Since the Fund does not make any direct investments in financial instruments it is not possible to implement any engagement policies.

Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund