Culross Global Investment Management Limited

SFDR Statement

Index

1. Key Points Summary:

a) Culross Global Investment Management Limited (the "**Company**") is subject to the Sustainable Finance Disclosure Regulation (the "SFDR").
b) Currently, the Company ***does not*** consider the Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors due to its small size, investment strategy, limited resources, and the belief that full SFDR application may damage profitability.
c) The Company integrates sustainability risks into its remuneration policy, linking employee bonuses to KPIs that include compliance with internal procedures, policies, and requirements related to sustainability risks.
d) The collective investment scheme managed by the Company (the "Fund") is an Article 6 fund under SFDR. The offering document of such collective investment scheme discloses how sustainability risks are integrated into investment decisions and the assessment of their likely impacts.
e) The Company is committed to transparency, will provide other relevant sustainability disclosures, and regularly reviews its approach to integrating sustainability. It also identifies and addresses potential greenwashing risks.

2. Introduction

2.1. This statement combines information required under Articles 3, 4, 5, 6, 7, 8, 9, and 10 and other relevant aspects of SFDR. It outlines the Company's policies and approach to integrating sustainability risks and factors into its investment decision-making processes. The policy applies to the Company's directors and all employees.

2.2. The primary objectives of this Policy are:

a) Enhancing Transparency and Disclosure
b) Integrating ESG considerations
c) Avoiding Greenwashing
d) Risk Management
e) Training
f) Monitoring and review

3. ESG Integration Approach

3.1 The Company recognizes the important contribution to society that investment industry participants can make via a conscious effort to abide by ESG principles. This document sets out a framework for the inclusion of Environmental, Social and Governance factors into the Company's investment process, including evaluation of prospective investments and investment decision-making, as well as appropriate documentation. The policy has been designed to align the Company's practices with the spirit of the UN Principles for Responsible Investing (UNPRI).

4. No Consideration of Principal Adverse Impacts (PAIs) on Sustainability Factors (Article 4(1)(b))

4.1 As per Article 4(1)(b) of the SFDR, the Company is required to disclose whether it considers the Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors. Currently, the Company ***does not*** consider the PAIs of its investment decisions on sustainability factors. The Company's statement is as follows:

4.2 The Company does not presently consider adverse impacts.

4.3 This decision is motivated by a cost-benefit analysis, taking into account the following factors:

a) Size of the Company: The Company presently has less than 5 employees.
b) Investment Strategy: The investment strategy primarily focuses on other factors such as risk-adjusted returns and market opportunities.
c) Resources: Given current resource allocation and capacity, conducting comprehensive impact assessments on sustainability factors would require significant additional resources, which the Board have determined not to be justifiable in relation to the potential benefits to investors or the business.
d) Cumbersome application of SFDR: The Company feels that the full application of SFDR may damage its profitability with a negative impact to its funds, their investors and the Company's other clients. In terms of a cost-benefit analysis, the Company also consider that the adverse impact of its investment decisions on the sustainability factors limited.

4.4 While the Company does not currently consider PAIs, the Company is committed to transparency and will provide other relevant sustainability disclosures. These may include information on our engagement efforts, adherence to industry standards and guidelines, and any positive contributions we make to sustainable practices within our investment portfolios.

4.5 If the Company were to consider PAIs, the following disclosure is required:

a) Information about policies on the identification and prioritization of principal adverse sustainability impacts and indicators.

b) A description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned.

c) Brief summaries of engagement policies in accordance with Article 3(g) of Directive 2007/36/EC, where applicable.

d) A reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of its alignment with the objectives of the Paris Agreement.

5. Integration of Sustainability Risks into Remuneration Policies (Article 5)

5.1 The Company is committed to adhering to Article 5 of the SFDR and therefore discloses information on the ways in which its remuneration policies are consistent with the integration of sustainability risks. The Company's statement is as follows:

5.2 A Sustainability risk is defined as an environmental, social, or governance event, which, if it occurs, causes a material negative impact on the value of the investments held by the sub-funds managed by the Company.

5.3 The Company's remuneration policy provides for a fixed remuneration and may award employees with a variable discretionary bonus on an annual basis. Remuneration levels are justified according to the performance of the individual concerned.

5.4 Variable remuneration is awarded to those employees who exceed "normal performance" in their roles and responsibilities. Such discretionary bonus will be awarded based on the employee's performance appraisal and will be tested against key performance indicators (the "KPIs"), set by the board of directors. Such KPIs include the conduct of the employee under any relevant internal procedures, policies, and compliance requirements (which may, to the extent applicable, include factors relating to Sustainability Risks).

5.5 The Company and the other entities within the Culross Group regularly evaluate the feasibility of integrating sustainability risks into its decision-making process. The group remains committed to staying abreast of developments in the market and regulatory landscape and will reassess its approach should the circumstances change.

6. SFDR Policy and ESG Integration

6.1 The Company recognizes the important contribution to society that investment industry participants can make via a conscious effort to abide by ESG principles. This document sets out a framework for the inclusion of Environmental, Social and Governance factors into the Company's investment process, including evaluation of prospective investments and investment decision-making, as well as appropriate documentation. The policy has been designed to align the Company's practices with the spirit of the UN Principles for Responsible Investing (UNPRI).

6.2 Given the Company invests almost exclusively in managed funds of various sorts, the scope for evaluating the ESG merits of each investment is limited to assessing each fund's management and investment policy commitment to ESG. While a favourable assessment is not a pre-requisite to selection, the Company does consider such commitments and when everything else is equal will choose the fund with greater commitment to the general principles of ESG. Such decision will be documented in the investment decision report. The Company draws attention to the fact that many funds considered make no commitment to pursuing any ESG principles and this is one of the reasons behind the Fund's Article 6 categorisation.

6.3 The Fund's Board of Directors determined in the fourth quarter of 2023 that it should be classified as being Article 6 under SFDR. In terms of Article 6 of SFDR, the Company shall include the following matters in the Fund's offering documentation:

a) The manner sustainability risks are integrated into their investment decisions.

b) The results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available. As per above, the Company does not consider adverse impacts of investment decisions on sustainability factors. If this position changes and the Company shall consider adverse impacts of its investment decisions on sustainability factors, the related disclosures (i) on its website and (ii) the Fund's Offering document will be updated accordingly.

6.3 Articles 8 and 9 of SFDR do not presently apply to the Fund.

7. Adverse Sustainability Impact Disclosure (Article 7 of SFDR)

7.1 Where a financial market participant applies article 4(1)(a), or article 4(3) or article 4(4) of SFDR, the disclosure under article 7 (1) applies. As explained above, The Company applies article 4(1)(b) and therefore article 7(2) of SFDR applies to it.

7.2 In terms of article 7(2), the Company is required to disclose to investors the disclosures in Article 23(1) of Directive 2011/61/EU. The Fund's offering document shall include such disclosures.

8. Reporting (Article 10)

8.1 Article 10 of SFDR requires financial market participants to publish and maintain on their websites information for each of their financial products falling under article 8(1), article (9)(1), article 9(2) and article 9(3) of SFDR.

8.2 None of these requirements currently apply to the Funds.

9. Ongoing Review and Assessment

9.1 The Company continuously reviews and assesses its investment processes and regularly evaluates the feasibility of integrating sustainability adverse impacts into the Company's decision-making. We remain committed to staying abreast of developments in the market and regulatory landscape, and we will reassess our approach should the circumstances change. Any future changes or updates to our consideration of sustainability adverse impacts will be promptly communicated via the Company's website and to our clients.

10. Greenwashing

10.1 According to the European Securities and Markets Authority (ESMA), greenwashing is a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants.

10.2 The main greenwashing risks to which the Company may be faced with are the following:

a) Misleading claims on impact.
b) Misleading claims about engagement with investee companies.
c) Fund and benchmark naming issues.
d) Claiming that ESG risks and opportunity factors in the investment process are being considered and not having a tracking system in place to evidence if this policy is complied with.
e) Overemphasizing what an earned SFDR label means.
f) Exaggerated and/or incomplete claims about ESG credentials.

10.3 The Company shall consider each of the above risks (the "**Greenwashing Risks**") in its risk management process when appropriate.

11. Website Disclosure and Updates

11.1 The Company shall review its SFDR disclosures at least annually. Further details on the Malta Financial Services Authority's expectations relating to the Company's website disclosures as an AIF Manager licenced in Malta are set out in the document linked below:

https://www.mfsa.mt/wp-content/uploads/2023/04/The-Nature-and-Art-of-Financial-Supervision-Initial-Study-on-Sustainability%E2%80%90Related-Website-Disclosures-in-Terms-of-the-Sustainable-Finance-Disclosure-Regulation.pdf

11.2 Any changes to the Company's SFDR website disclosures shall be approved by the Company's compliance officer. The Company shall also keep a version control log of such website disclosures.