

CORUM Butler Asset Management (Ireland) Limited

Sustainability Policy

Version 1.0

8 March 2021

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1	8 March 2021	Original adoption

Overview and Scope

CORUM Butler Asset Management (Ireland) Limited (the “Company”) is authorised as an Alternative Investment Fund Manager (“AIFM”) under the European Union (Alternative Investment Fund Managers) Regulations 2013 (the “Irish Regulation”) and/or as a UCITS Fund Manager under the EU Commission Delegated Regulation (EU) No. 231/2013 (the “Commission Regulation”) (collectively, the “Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the “Central Bank UCITS Regulations”).

The oversight of the Funds under management investee companies is delegated to the/any investment manager (the “Investment Manager”) contractually charged with collective portfolio management.

This policy describes the categorisation of the Funds managed by the Company according to the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088, hereafter the “**Disclosure Regulation**”) and, with respect to how the Company and/or Investment Manager on behalf of the funds under management integrates the sustainability risks are integrated into their investment decisions, where relevant.

1. Governance

The CORUM Butler Group has established a governance structure to oversee teams’ sustainable investing activities and support the implementation of the Sustainable Policy in alignment with the firm’s overall strategy and business priorities. This structure comprises various working groups across the various asset classes at appropriate levels of the Group with representation from different business functions who are stakeholders in implementing the sustainable policy agenda.

The governance structure is supported by staff who specialize in sustainable investing. These specialists support the implementation of the Sustainable Policy through a variety of activities and projects which may include preparing annual business plans, identifying and developing sustainable investing best practices, supporting investment teams to develop tools and methodologies to adopt sustainable investing best practices across the investment life cycle, and leading the Company and the Investment Manager’s current initiatives and developments in this area.

The sustainable investing specialists work closely with portfolio managers on the implementation of the Sustainable Policy. Through this coordinated approach, the sustainable investing business plans and goals are disseminated and the Company’s approach to ESG is further developed by the investment teams.

As part of the Company’s oversight of delegates, the ongoing compliance of the Investment Manager(s) with the below mentioned policies and procedures will be reviewed and confirmed to the Board on a quarterly basis.

2. Funds Categorisation, in compliance with the Disclosure Regulation requirements

The Company has performed its own analysis and the Board of Director has approved the below classification of the Funds managed by the Company, according to the Disclosure Regulation

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Funds Managed by CBAM	Product Categorisation	Justification
ESG	Article 8 - Product promoting ESG characteristics	The Fund does not apply the 'do no significant harm' principle. Consequently, CORUM Butler Smart ESG Fund is categorised as an Art 8 Product.
BSD	Article 6 - Normal Product	There is no communication on non-financial characteristics in the Fund documentation
Corum Eco 18	Article 6 - Normal Product	There is no communication on non-financial characteristics in the Fund documentation
BCO	Article 6 - Normal Product	There is no communication on non-financial characteristics in the Fund documentation
CBEHY	Article 6 - Normal Product	There is no communication on non-financial characteristics in the Fund documentation
VAG	Article 6 - Normal Product	There is no communication on non-financial characteristics in the Fund documentation

3. Integration of Sustainability Risks

Except in relation to the CORUM Butler Smart ESG Fund and for the purposes of Article 6 of the Disclosures Regulation, the Sustainability Risks are not currently relevant to the investment decisions being made in respect of the other UCITS Funds managed by the Company, based on their respective investment strategies. The Investment Manager has further determined that Sustainability Risks are currently not likely to have a material impact on the returns of those Funds.

The Manager may consider it appropriate to integrate Sustainability Risks into their investment decisions for those Funds in the future.

4. Exclusion Policy applicable to the Funds managed by the Company

Notwithstanding the above, the Investment Manager does apply an exclusion policy in relation to the selection of investments for all Funds and this includes a policy of not investing in target companies who engage in controversial activities and sectors such as weapons, pornography, alcohol or tobacco where such activities account for more than 10% of the turnover of the target company.

5. No consideration of sustainability adverse impacts

For the purposes of Article 7 of the Disclosures Regulation, the Company does not currently consider the adverse impacts of investment decisions being made in respect of the Funds on Sustainability Factors due to the size and scale of its activities at this time.

6. Integration of Sustainability in the investment strategy of CORUM Butler Smart ESG Fund

Sustainability Risks are fully integrated into the investment process. Environmental, social and governance ("ESG") considerations are fully integrated into the investment strategy of CORUM Butler Smart ESG Fund through the use of third-party ESG ratings and analysis from MSCI and through the application of the Investment Manager's ESG filters (as outlined below) and selection process which involves monitoring issuers to ensure that:

- i. Issuers are excluded by the Investment Manager based on an analysis of their exposure to controversial activities and sectors (such as weapons, pornography, alcohol and tobacco) if such activities account for more than 10% of their turnover.
- ii. Investee Companies that do not respect the principles of the United Nations Global Compact on human rights, working conditions, the environment and the fight against corruption are excluded from the Investable Universe.
- iii. CORUM Butler Smart ESG Fund only invests in issuers whose ESG ratings are in the top 80% of the Investable Universe in terms of ESG ratings.

6.1 Exclusion Policy applied in relation to CORUM Butler Smart ESG Fund

In addition to the Exclusion Policy described in paragraph 2. above and applied by the Investment Manager for all Funds, the Investment Manager also exclude from the Investable Universe companies that violate, repeatedly and seriously, one or more of the ten principles of the Global Compact, without credible corrective action. The Investment Manager relies on the data provided by an external provider, MSCI Inc

The Compliance officer of the Investment Manager monitors and validates the application of the exclusion policy on an ongoing basis. Excluded issuers are flagged and trades on those names are blocked on a pre-trading basis. The DP for Fund Risk Management reviews monthly that the ESG Fund's portfolio complies with the exclusion policy applied by the Investment Managers.

6.2 Extra-Financial rating of CORUM Butler Smart ESG Fund portfolio (Best Universe Approach)

This approach consists in excluding the 20% worst performers of the Investable Universe of CORUM Butler Smart ESG Fund portfolio, based on their ESG rating, and investing in the remaining 80% of the initial investment universe (European high yield bonds, post exclusions mentioned above).

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MSCI ESG Rating means, for the purpose of this Policy, the rating system published by MSCI Inc., and which is designed to measure a company's resilience to long-term, industry material environmental, social and governance risks. The MSCI ESG ratings model seeks to answer four key questions about companies:

- What are the most significant ESG risks and opportunities facing a company and its industry?
- How exposed is the company to those key risks and/or opportunities?
- How well is the company managing key risks and opportunities?
- What is the overall picture for the company and how does it compare to its global industry peers?

MSCI Rating is based on their Key Issues methodology which constitutes a deep analysis for each sector of what are the 5 to 8 Key Major issues (of 37 possible major issues) for E, S and G depending on what is the sector's contribution to the issue, as illustrated in the Annex of this Policy. This methodology allows the Investment Manager to focus on the specific challenges of each industry in terms of ESG criteria. Each of the 3 pillars (E, S and G) is weighted in the final grade according to MSCI appreciation of whether the factor is a bigger or smaller source of risk for an issuer in each sector.

Target investee companies with below average composite MSCI ESG Ratings may be further researched by the Investment Manager's analysts, using publicly available information, as well as information obtained from third-party ESG research providers and alternative data sources. The Investment Manager may also supplement this information through engagement with the target company.

Investee companies are subsequently monitored for any changes in their MSCI ESG Ratings on a monthly basis by the Investment Manager and by the DP for Fund Risk Management of the Company. When an issuer's ESG rating is downgraded, if it is no longer part of the investable universe, the Investment Manager must remove it from the portfolio in the next 3 months following the review of the ratings.

The DP for Fund Risk Management of the Company's monitors the exposure of CORUM Butler Smart ESG Fund on a monthly basis and ensure that the Investment Manager has liquidated any position exceeded the 10% exposure limit set up in the Supplement of the Fund within the 3-month period.

6.3 Use of Sustainable Reference Benchmark

The Investment Manager uses a synthetic benchmark in order to determine whether CORUM Butler Smart ESG Fund is aligned with ESG characteristics (the "ESG Benchmark"). The ESG Benchmark is comprised of the following indices:

- IHYG ETF (replicating IBOXXMJA index: European High Yield)
- LP01TREU Index - Bloomberg Barclays Pan-European High Yield Total Return Index
- LP07TREU Index - Bloomberg Barclays Euro High Yield BB Rating Only TR Index
- LHYBTREU Index - Bloomberg Barclays Euro High Yield B Rating Only TR Index
- BEYHTREU Index - Bloomberg Barclays Euro High Yield CCC Rating Only TR Index

Each of the constituents of the indices comprised in the ESG Benchmark hold an MSCI ESG Rating in the top 80% of the relevant industry sector. On that basis, it is the view of the Company and the Investment Manager that the

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ESG Benchmark remains continually aligned with the environmental and social characteristics promoted by CORUM Butler Smart ESG Fund.

The ESG Benchmark differs from relevant broad market indices to the extent that 100% of the issuers of European high yield securities reflected in the ESG Benchmark are aligned with the ESG characteristics promoted by the Fund. Considering the limited coverage of the European high yield market, it is the view of the Company and the Investment Manager the designated ESG Benchmark is suitable to the Investment Manager's periodic ESG reporting on the CORUM Butler Smart ESG Fund 's portfolio.

The DP for Regulatory Compliance reviews and validates the monthly report regarding CORUM Butler Smart ESG Fund sustainable objectives. The DP for Investment Management provides the Board of Directors of the Company with the Fund's reports on a quarterly basis.

4.4 Sustainability Risk Management Framework

By taking Sustainability Risks into consideration during its investment decision making process, the intention of the Investment Manager is to manage such Sustainability Risks in a way that Sustainability Risks do not have a material negative impact on the performance of the CORUM Butler Smart ESG Fund over and above the risks in relation to the investments which are already highlighted in the Fund's Prospectus and Supplement.

The Investment Manager performs pre-trade checks and ensures that trades are compliant with the investable universe of the Fund, that the 10% exposure limit will not be exceeded, and that the trades comply with UCITS and other trading parameters. The DP for Investment Management has oversight of the investment process, which includes the ongoing strengthening of the sustainable investing approach.

The Company's Risk Management Team monitors the exposure of CORUM Butler Smart ESG Fund on a monthly basis and provide the Board of Directors of the Company with a quarterly update regarding any breach that would have occurred in the period.