

The background of the entire page is a teal color with a subtle, intricate pattern of leaf veins, resembling a lace-like or mesh structure. The veins are darker teal and create a complex, organic grid across the surface.

SUSTAINABILITY POLICY 2023

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CORUM Butler Asset Management (Ireland) Limited

Sustainability Policy

Version 3.0

23 February 2023

Version	Date	Comments
1	8 March 2021	Original Adoption
2	24 March 2022	Annual review
3	23 February 2023	Annual review

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Overview and Scope

CORUM Butler Asset Management (Ireland) Limited (the “Company”) is authorized 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 categorization 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.

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2. Funds Categorization, 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.

Funds Managed by CBAM	Product Categorization	Justification	Communication on Non-Financial characteristics*
ESG	Article 8 - Product promoting ESG characteristics	<p>CB Smart ESG has an ISR Label. As such, the Investment Manager applies a 20% exclusion from an investment universe on the basis of an extra-financial research.</p> <p>The Fund does not apply the 'do no significant harm' principle.</p>	Key communication
BSD	Article 8 - Product promoting ESG characteristics	<p>The IM applies 4 ESG filters in the investment decision process</p> <p>The Fund does not apply the 'do no significant harm' principle.</p>	Key communication
CBE	Article 8 - Product promoting ESG characteristics	<p>The IM applies 4 ESG filters in the investment decision process</p> <p>The Fund does not apply the 'do no significant harm' principle.</p>	Key communication
BCO	Article 8 - Product promoting ESG characteristics	<p>The IM applies 4 ESG filters in the investment decision process</p> <p>The Fund does not apply the 'do no significant harm' principle.</p>	Key communication
CBEHY	Article 8 - Product promoting ESG characteristics	<p>The IM applies 4 ESG filters in the investment decision process</p> <p>The Fund does not apply the 'do no significant harm' principle.</p>	Key communication
VAG	Article 8 - Product promoting ESG characteristics	<p>The IM applies 4 ESG filters in the investment decision process</p> <p>The Fund does not apply the 'do no significant harm' principle.</p>	Key communication
BRV	Article 6 - Normal Product	No ESG filter applied	Key communication

3. Integration of Sustainability Risks by CORUM Butler Entreprises, CORUM Butler Short Duration, BCO, CBEHY and VAG

For the purposes of Article 8 of the Disclosures Regulation, the Sustainability Risks are integrated in the investment decisions being made by the Investment Manager in respect of the other UCITS Funds managed by the Company.

Four conditions are necessary to avoid “sustainability risks” (also called “ESG risks”) in investment portfolios. For each investment, research will be conducted to validate compliance of issuers with:

- a) **[NORM-BASED EXCLUSION - UNGC]** An issuer must be compliant with the 10 general principles of the UN Global Compact. Such restriction applies to 100% of issuers in a fund. Companies that severely or systematically violate the Global Compact are excluded.
- b) **[NORM-BASED/SECTORIAL EXCLUSION]** An issuer must be compliant with the international conventions such as the Ottawa & Oslo conventions on weapons and other normative exclusions. Such restriction also applies to 100% of issuers in a fund.
- c) **[SECTORIAL EXCLUSION]** The issuer shall not operate in certain forbidden sectors and limit investments in other sectors (list in appendix). Such restriction also applies to 100% of issuers.
- d) **[ESG RISK FILTER]** In addition to the above, issuers identified as having a high sustainability/ Governance risk profile will be excluded. These risks will be defined as:
 - o Issuers rated above 40 by Sustainalytics that will be systematically excluded
 - o For issuers not rated by Sustainalytics, a controversy analysis will be performed (see “Governance Controversy” check below)

4. 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 Sustainalytics 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 weapons such as Anti-Personnel mines, cluster weapons, biological and chemical weapons.
- 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. Issuers involved in the sectors below are automatically excluded by the Investment Manager :
 - Thermal Coal (>30% Sales)
 - Tobacco Products
 - Adult Entertainment
 - Artic Oil & Gas Exploration
 - Recreational Cannabis (therapeutical allowed)
 - Oil Sands
 - Palm Oil
 - Predatory Lending
 - Whale Meat

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- iv. Issuer having a Severe ESG Risk Score by Sustainalytics are excluded from the investable universe. If no ESG Risk score is available from Sustainalytics, the investment Manager does an in-house Governance related controversies analysis to determine if the issuer would fall in the Severe Risk bucket.
- v. The Investment Manager excludes the 20% worst performers of the Investment Universe of the Sub-Fund, based on their ESG risk rating, and the Sub-Fund invests in the remaining 80% of the Investment Universe.

Changes in issuer ESG ratings are reviewed on a monthly basis and holdings of issues that are no longer in the top 80% of the Investable Universe are liquidated.

The Sub-Fund will not invest greater than 10% of its Net Asset Value in issuers not covered by an ESG rating.

5. Consideration of Principal Adverse Impacts on sustainability factors

The Investment Manager identifies the following principal adverse impacts (PAIs) as part of the ESG due diligence performed on at a pre-trade level :

- GHG emissions (PAI 1);
- Exposure to companies active in the fossil fuel sector (PAI 4);
- Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10);
- Board gender diversity (PAI 13); and
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (PAI 14).

The Investment Manager considers these selected PAI indicators for the purposes of the exclusion strategy applied to the Sub-Fund. These PAIs are also integrated in the ESG risk rating provided by the third-party ESG research provider referred to above.

The Investment Manager also performs a periodic review of the ESG characteristics of the portfolio companies and the results of this review are reported to its ESG quarterly committee. The annual report will underpin the monitoring of the Sub-Fund through these bespoke PAI chosen for this Sub-Fund and enable engagement with the companies with the aim of seeking to improve on these specific PAIs over the longer term.

6. Sustainability Risk Management Framework in relation to CORUM Butler Smart ESG Fund

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.

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

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.

In case of different opinion between the ESG analyst and the Investment Manager, an ad-hoc committee is held to take the final decision.

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).

ESG Risk Ratings means, for the purpose of this Policy, the rating system published by Sustainalytics., and which is designed to measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk.

Sustainalytics identifies 5 categories of ESG risk severity that could impact a company's enterprise value :

- Negligible [0-10[
- Low [10-20[
- Medium [20-30[
- High [30-40[
- Severe 40+

The above scores provided by Sustainalytics are based on the 3 central building blocks below

1. Corporate Governance

- i. Board and Management, Quality and Integrity
- ii. Board Structure
- iii. Ownership and Shareholder Rights
- iv. Remuneration
- v. Financial Reporting
- vi. Stakeholder Governance

2. Material ESG Issues

- i. Carbon –Products and Services / Own Operations
- ii. Human Rights –Supply Chain / Own Operations
- iii. Resource Use –Supply Chain / Own operations
- iv. Land Use and Biodiversity – Supply Chain / Own Operations

3. Idiosyncratic Issues

This refers to unpredictable and unexpected events such as accounting scandal, black swan event and/or other big controversies.

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Issuers having a Severe ESG Risk Score by Sustainalytics are automatically excluded and if there is no ESG Risk available, the investment Manager does an in-house Governance related controversies analysis to determine if the issuer would fall in the Severe Risk bucket.

Investee companies are subsequently monitored for any changes in their Sustainalytics score on a monthly basis by the Investment Manager and by the DP for Fund Risk Management of the Company. When an issuer's ESG score 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.

7. 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 underlying companies of the Investment Universe having passed the ESG filters. The Investment Universe is comprised of the underlying companies of the indices listed below that have an ESG rating :

- 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

The Investment Manager performs an ESG risk assessment of the issuers of the Investment Universe resulting in the exclusion of the bottom 20% issuers of this investment Universe to get to the final Investable Universe. Such ESG risk assessment is performed on a quarterly basis by the Investment Manager. On that basis, it is the view of the Manager and the Investment Manager that the ESG Benchmark remains continually aligned with the environmental and social characteristics promoted by the Sub-Fund.

The component of the indices as listed above, are Euro denominated high yield corporate bond and will constitute, all together, the investment universe of the Sub-Fund. The ESG Benchmark is updated by the Investment Manager on a monthly basis.

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 Sub-Fund. Given the limited coverage of the European high yield market, the designated ESG Benchmark is more representative of and suitable to the Investment Manager's periodic ESG reporting on the Sub-Fund's portfolio.

Further information on the methodology used for the calculation of the ESG Benchmark is available from the Manager or the Investment Manager, on request.

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.