



Environmental, Social and Governance Policy

Introduction

The GWM Group acknowledges its responsibilities to contribute to a sustainable future. As such, it is our aim to ensure that we can continuously improve the environmental impact of our businesses as well as the impact on our communities and society at large, and that our commitment to sound and ethical business conduct is delivered.

In this Policy, when we refer to the “GWM Group” or “GWM” or “we”/“us”/“our” we mean GWM Group Holdings SA and our relevant group entities, including GWM Capital Advisors LLP in London (regulated by the FCA) and GWM Asset Management Limited in Malta (regulated by the MFSA).

1. Purpose and Rationale

1.1 The aim of this document is to set out the Environmental, Social and Governance (“**ESG**”) policy (the “**Policy**”) of the GWM Group when a GWM Group entity provides investment services. This Policy outlines GWM’s commitment and approach to developing and integrating ESG within the GWM Group’s ethos, culture and its investment risk management framework. This policy has been adopted to take account of the provisions of 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**”) in so far as SFDR is applicable to the relevant GWM Group entity.

1.2 The Governing Body (the “**Board**”) of each GWM Group entity to which this Policy applies will seek to ensure that, so far as is practicable, the risk-profiles, long-term business strategy, objectives, values, and interests of the relevant GWM Group entity will be consistent with this Policy. GWM recognises that sustainability is key to generating value for all stakeholders.

1.3 GWM will periodically review this document to ensure that it remains up-to-date and consistent with the regulatory obligations under applicable law and risk appetite of relevant GWM Group entities. GWM shall carry out an annual review of this document and its implementation, which review shall be carried out in light of legal and business developments as well as the GWM Group’s experiences in its implementation.

1.4 All changes or material exceptions to this document are to be approved by the Board of the relevant GWM Group entity, whether in relation to the annual review or otherwise.

2. Regulatory Obligations

2.1 Those GWM Group entities which qualify as a Financial Market Participant in terms of the SFDR are required to have in place policies and procedures setting out the approach adopted by the relevant entity on the integration of sustainability factors in the investment decision-making process and within its risk management framework. SFDR defines “sustainability factors” as “...*environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters...*” (the “**ESG Factors**”).

2.2 Such GWM Group entity is also required to publish on its website information about its policies on the integration of sustainability risks in its investment decision-making process. SFDR defines ‘*sustainability risk*’ as 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*” (the “**ESG Risk**”).

2.3 Such GWM Group entity is also required to include in its remuneration policies information on how these policies are consistent with the integration of ESG Risks and to include a description of the following matters in its pre-contractual disclosures:

- a. the manner in which sustainability risks are integrated into its investment decisions; and
- b. the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

For GWM Group entities to which this Policy applies, no variable remuneration is to be paid to the staff of such entities unless it is determined to be justified following a performance assessment based on quantitative (financial) as well as qualitative (non-financial) criteria. Qualitative criteria include, but are not limited to, adherence with the the relevant GWM Group entity’s compliance, risk, regulatory and client fiduciary responsibilities, including adherence to this ESG Policy.

It is expected that, due to the limited impact on the risk-profile of the clients of GWM Group entities to which this Policy applies, as well as the nature of the businesses of such entities, there will be no risk of misalignment with the integration of the sustainability risks in the investment decision making process with respect to such clients.

As such, GWM believes that the existing structures are sufficient to prevent excessive risk taking in respect of sustainability risks.

2.4 GWM is committed to encouraging equality, diversity and inclusion among its workforce, and eliminating unlawful discrimination. The aim is for the workforce to be truly representative of all sections of society and for each employee to feel respected and able to give their best. GWM is committed to creating a working environment free of bullying, harassment, victimisation, and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all staff are recognised and valued. The GWM Group Equality, Diversity and Inclusion Policy is fully supported by senior management of GWM in each jurisdiction in which the GWM carries on business.

3. ESG Investment Guidelines

3.1 As institutional investors signatory to the United Nations Principles for Responsible Investment (“UNPRI”), GWM has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will report on our activities and progress towards implementing the Principles.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society. We encourage other investors to adopt the Principles.

3.2 The Board of each GWM Group entity to which this Policy applies is charged with the promotion of awareness and understanding of ESG considerations with the support and involvement of that entity’s investment team and to integrate considerations of ESG Factors and ESG Risks into their investment decision-making process (in respect of one or more of the alternative investment funds managed or advised by the GWM Group, as such Board upon consultation with the relevant investment team considers appropriate, hereinafter referred to as the “**Relevant AIFs**”) and engagement efforts and to share such knowledge with other employees of the relevant GWM Group entity.

3.3 GWM seeks to understand and identify material ESG Factors that have investment ramifications, and which can have a material impact on the long-term financial performance of the investments made in respect of the Relevant AIFs. ESG Factors that are considered by GWM include, but are not limited to:

- Environmental: climate change; air/water pollution; biodiversity; deforestation; energy efficiency; carbon intensity; depletion of finite resources; and product evolution (energy-efficient products/renewable energy).

- Social: human rights; unethical supply chains; severe labour controversies; brand and reputational issues; and illegal working conditions.
- Governance: transparency & integrity; inadequate management of conflicts of interests; corporate governance failures; lack of appropriate board oversight; shareholder rights; bribery and corruption.

3.4 Information on ESG Factors shall be integrated into the relevant GWM Group entity's investment decision-making process for the Relevant AIFs with the aim of enhancing the financial outcome for investors clients in the form of improved risk adjusted returns.

3.5 GWM will carry out an assessment and obtain information of ESG Factors in respect of the individual investments in which it advises on or invests in for and on behalf of the Relevant AIFs. This is done with a view to ensuring that ESG Risk is identified and appropriately managed in respect of the Relevant AIFs.

3.6 When undertaking the ESG analysis, GWM will seek to obtain information from a variety of sources, including, but not limited to:

- i. the target company itself;
- ii. third party specialist data providers;
- iii. brokers; and
- iv. academics.

3.7 ESG Risks and/or opportunities vary by country, industry, markets, as well as by characteristics specific to a target company or asset such as size and geographical footprint. These matters are taken into consideration when undertaking the assessment of the ESG Factors and ESG Risks associated with a target investment for the Relevant AIFs.

3.8 Inadequate management of ESG Risk for the Relevant AIFs can lead to inefficiencies, operational disruption, litigation, and reputational damage. These outcomes may impact the performance of the investment and ultimately the financial returns of the Relevant AIFs.

3.9 The integration of information on ESG Factors and ESG Risks into the relevant GWM Group entity's investment decision-making processes in respect of the Relevant AIFs will enhance such GWM Group entity's understanding of sectors, assets and companies and their ability to deliver sustainable, long term shareholder value.

Outsourcing, Delegation and Appointment of Investment Advisors

3.10 In the event that a GWM Group entity outsources or delegates to other third party managers and/or investment advisors (the "**Delegates**"), the performance of any of its functions, such GWM Group entity shall ensure that the Delegates have in place an ESG policy or as a minimum adopt such GWM Group entity's ESG Policy.

3.11 Furthermore, the Delegates shall adhere to the same level of ESG disclosures as the relevant GWM Group entity and shall be bound to provide the necessary disclosures to such GWM Group entity to abide by its obligations under SFDR.

4. ESG Investment Procedures

4.1 GWM integrates the consideration of ESG Factors into different stages of the investment decision-making process in respect of the Relevant AIFs with a view to managing the related ESG Risks. These include:

- Ethical screening;
- ESG integration;
- ESG engagement and voting.

Ethical Screening

4.2 The investment universe is negatively screened to exclude specific activities. For liquid investments, appropriate pre-trade and post-trade controls are undertaken to ensure that exclusion policies and other ESG-related screening criteria are complied with at any time. GWM will screen each investment through a proprietary process that includes input from third-party providers.

4.3 GWM, on behalf of the Relevant AIFs, will not knowingly invest in companies, assets or hold securities which derive the majority of their direct revenues from the following activities:

- production of armaments;
- production of tobacco;
- production of hard spirits;
- adult entertainment;
- high impact fossil fuels.

The scope of the above restrictions will be reviewed on a regular basis and this Policy updated accordingly.

ESG Integration

4.4 GWM integrates information on ESG Factors in its investment strategy devised for the Relevant AIFs, whereby ESG Risks are considered in the broader investment process and analysis across the relevant asset classes and ultimately in the investment decisions undertaken by the relevant GWM Group entity for and on behalf of the Relevant AIFs.

4.5 For liquid investments, when assessing a target company for the Relevant AIFs, GWM takes into account, where appropriate, the extent to which the target company:

- embeds responsible business conduct into its policies;
- identifies and assesses principal adverse impacts in operations, supply chains and business relationships;
- prevents or mitigates principal adverse impacts on ESG Factors;
- tracks and implements enhancements to its processes; and
- communicates how principal adverse impacts are assessed.

In this respect, GWM assesses the extent to which the relevant target companies follow the principles set out in the OECD Due Diligence Guidance for Responsible Business Conduct. The objective of the OECD Due Diligence Guidance for Responsible Business Conduct is to *“...provide practical support to enterprises on the implementation of the OECD Guidelines for Multinational Enterprises by providing plain language explanations of its due diligence recommendations and associated provisions. Implementing these recommendations helps enterprises avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships....”*.

4.6 For liquid investments, when conducting fundamental investment analysis on companies and industries to identify the value creation drivers, the relevant GWM Group entity’s investment team will consider the financial materiality of ESG issues along with other valuation metrics. Where relevant, the risk-reward analysis conducted on each potential investment takes into account ESG perspectives. During the life of the investment, ESG considerations are monitored and contribute to the decision-making process leading to possible changes in the size of the investment.

4.7 For real estate investments, when assessing a target asset for the Relevant AIFs, the due diligence is performed by the acquisitions team, and the legal team works with transaction counsel, local counsel and third parties (environmental consultants, architects, etc.) to identify any potential principal adverse impacts, environmental risks and opportunities. GWM’s approach to environmental sustainability focuses on avoiding undue risk, as well as implementing operational interventions to reduce resource usage and improving energy performance — including as an example: installing energy performance window glass, transitioning to LED lighting and improving A/C systems. This approach influences the assets acquired for the Relevant AIFs, how they are managed and the future plans for the assets.

4.8 The GWM Group is supportive of the policy aims of the Principal Adverse Impacts regime in Article 4 of SFDR (the “**PAI regime**”), to improve transparency to clients, investors and the market, as to how financial market participants integrate consideration of the adverse impacts of their investment decisions on sustainability factors. However, for investments made on behalf of AIFs managed by a GWM Group entity which are not Relevant AIFs (“**non-Relevant AIFs**”), taking account of the nature of such investments, GWM has elected not to comply with the PAI regime in relation to such AIFs at this time. GWM will keep its decision not to comply with the PAI regime in relation to non-Relevant AIFs under regular review and will formally re-evaluate its decision at least annually. The application or non-application of the PAI regime to an AIF managed by a GWM Group entity will be disclosed in the prospectus or other offering document of the particular AIF.

4.9 GWM adopts a pragmatic approach whereby information on ESG Factors is integrated into the investment assessment processes established for the Relevant AIFs. GWM does not have separate ESG focused processes. With investments spanning over various asset classes, jurisdictions, sectors, and markets, where practicable, GWM takes into account legal and cultural differences in different markets. Thus, where practicable, the ESG analysis is sensitive to the individual situation pertaining to each target company or asset in terms of the local norms, laws, regulation, and expectations of the market in which it operates.

4.10 In respect of the Relevant AIFs, GWM does not automatically exclude investments in products, target companies or assets purely on ESG grounds if GWM feels that the relevant ESG Risks do not necessarily pose a financial risk in the long term. The purpose of integrating information on ESG Factors and related ESG Risks in the investment decision-making process in respect of the Relevant AIFs does not automatically exclude certain products/target companies or assets as such investment decision-making process takes into consideration other factors and risks.

4.11 ESG determinations may not be conclusive and securities of companies/issuers or assets may be purchased and retained, without limit, by GWM on behalf of Relevant AIFs regardless of the potential ESG impact. The impact of ESG integration on the performance of a Sub-Fund of a Relevant AIF will not be specifically measurable as investment decisions are discretionary regardless of ESG considerations.

ESG Engagement and voting

4.12 GWM aspires to engage with companies when seeking to positively influence business practices to improve sustainability and to exercise its voting right on shares held by the Relevant AIFs for the exclusive benefit of the Relevant AIFs and their investors. GWM takes into account long term ESG considerations relevant to an issuer when deciding to vote. GWM does this because it is convinced that good corporate governance is beneficial to shareholder value. Equally, for real estate investments, GWM does not just look at real estate as it is today, GWM sees it as it could be: sustainable design and practices often result in more efficient processes that reduce expenses and enhance the value of real estate assets. Such properties also benefit from the growing demand from eco-minded tenants, buyers and investors.

6. Review of this policy

GWM is committed to continuously improving its ESG policies to meet or exceed evolving standards and expectations of its shareholders, investors, clients, employees and communities. This document shall be reviewed by GWM at least annually.

7. Contact

For ESG related matters and information regarding ESG at GWM please contact: ESG@gwmholding.com