Sustainability Risk Policy – Disclosure Statement

Cambridge Associates GmbH

(“CA GmbH” or the “Firm”)

10 March 2021

In accordance with the requirements of Article 3 of Regulation EU 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR” or the “ESG Disclosure Regulation”) CA GmbH is required to formulate and disclose its policy on the integration of sustainability risks[1] into its investment advisory and/or investment decision-making processes.

CA GmbH’s Investment Philosophy

Our investment philosophy is committed to delivering attractive risk-adjusted returns for its clients over the long-term. Our investment approach, which we believe maximises the potential to achieve these investment return objectives, is characterised by the following investment principles:

- Focus on absolute returns across our funds;
- Strong emphasis on capital preservation;
- Dynamic, research driven approach;
- Disciplined, risk-controlled environment, and
- Active management (both top down and bottom up).

Disclosure

CA GmbH supports the objectives of SFDR in encouraging financial market participants to embrace consideration of sustainability risk within their investment decision making and/or advisory processes.

Consideration of Sustainability Adverse Impacts

In accordance with the requirement of article 4 SFDR, CA GmbH is required to confirm the due diligence processes in assessing the adverse impacts of its investment decision making and/or advisory processes on sustainability.

Given that CA GmbH does not operate commingled investment funds but rather builds and manages custom portfolios for institutional clients, CA GmbH may consider the adverse impacts of its investment decisions on sustainability factors depending on the nature of a client mandate.

In those instances where sustainability impacts are integrated into a client mandate, investment decisions are made considering sustainability risks to manage the risk-adjusted returns of the investments. Sustainability risks can arise from environmental and social impacts on a potential investment object as well as from the corporate governance of a company or investment

[1] an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment

manager associated with an investment object. Sustainability risks can either represent a risk of its own or have an impact on other portfolio risks and contribute significantly to the overall risk of the investment and lead to capital impairment or loss. Insofar as sustainability risks materialise, they may have a significant impact - up to and including a total loss - on the value and/or return of the assets concerned. Such impacts on the asset(s) can negatively and materially influence the overall return of the assets. Conversely, incorporation of sustainability factors when evaluating investment opportunities can potentially lead to positive and material effects on returns.

By holistically taking into consideration sustainability risks and opportunities, the Firm aims to identify the occurrence of these risks when evaluating investments to take a measured approach in line with the client's sustainability preferences.

The sustainability factors that can have a negative impact on the return of the investment are typically divided into three categories: environmental, social and governance ("ESG"). Environmental factors relate to performance as a steward of nature and include, for example, waste, energy use, and conservation of natural resources. Social factors relate to the relationships with employees, customers and communities and include, for example, compliance with workplace safety requirements, protection of customer data privacy and board gender diversity. Governance factors relate to internal structures such as leadership, executive remuneration, and shareholder rights.

In the ESG investment process, the following issues are considered:

- Climate and other environment-related factors;
- Social factors, including global human rights norms;
- Governance factors, including global norms on good business practices.

The ESG investment due diligence process includes:

- Thematic sustainability research to identify investment opportunities;
- Full integration in investment and operational risk research and monitoring process;
- Portfolio management alignment with client sustainability preferences.

Consideration of Sustainability Factors in CA GmbH's Investment Process

Investment analysis of ESG or sustainability factors, including the sustainability factors (eg. environmental, climate change, social and employee matters, board governance, respect for human rights, anti-corruption and anti-bribery matters) is part of the Firm's Full Investment Evaluation and ongoing monitoring processes. The Firm believes that such factors may materially impact performance in the long term.

When appropriate, CA GmbH typically approaches the integration of sustainability risk from an investment risk perspective using the following factors:

- **ESG factor integration** - Client portfolios are constructed in a customised manner reflecting specific objectives. Given our focus on helping our clients add long-term value to their portfolios, we recognise that material environmental, social and governance ("ESG") factors can impact the performance of investments. We also recognise the importance of aligning investments with the specific values and mission goals of our clients. We view ESG considerations as being integral to the future of investing, for risk management, long-term value creation and alignment with values.

  - We have deep and dedicated resources for manager research focused solely on researching and monitoring ESG and impact investing strategies across asset classes. We believe that thorough due diligence is the foundation of a successful ESG investment program. These professionals are integrated within the broader research capabilities of the Firm's affiliates.
  - The Firm embeds ESG analysis in our firm-wide research platform, and our proprietary manager database includes ESG analysis for all actively monitored public managers (not just explicitly labelled ESG funds). Our private investments due diligence process similarly includes ESG analysis as a formal part of the process.
  - The Firm has the capability to assist clients on the development of ESG policy, and then advise on implementation. We use a range of analytical tools for practical implementation and monitoring of bespoke ESG strategies includes portfolio screening and scoring on a range of ESG characteristics.
  - We hope to catalyse adoption of Sustainability Investing by hosting client conferences and publishing research on key topics.

- **Customised Sustainability Offerings:** Our approach to integrating sustainability is not prescriptive and focusses solely on the specific needs of each client. This includes working with clients to develop the above policies to suit their individual needs.
- **Engagement**: Given that we typically invest through third party managers, we analyse the robustness of their stewardship (voting and engagement) policies, implementation and reporting as part of our manager due diligence. For private investments, we consider how ESG initiatives are actively supported in underlying holdings. We also frequently engage with managers on behalf of our clients to drive better disclosure on a range of ESG issues such as voting policies and activity, ESG integration, climate risk, diversity and social and environmental impact reporting.

Governance

The Cambridge Associates Board of Managers is charged with oversight of the business, affairs and properties of the company including sustainability considerations. While the Board has oversight over high-level activities, including strategic priorities and effectiveness, capital management (including distributions and decisions on substantial firm investments or transactions), the Board is not involved in the day to day operations relating to client portfolios.

Day to day responsibilities lie with client-specific investment teams who ensure compliance with client objectives and preferences. Investment teams are supervised by practice heads, and portfolios are periodically reviewed and monitored. The Firm offers ongoing education on sustainability for investment teams and has created a dedicated Sustainable and Impact Investing Team to serve as an additional resource.

Use of Data, Tools and Third Parties

The Firm use specific tools to assess sustainability risks and have developed proprietary tools for assessment across public and private assets such as a proprietary database with comprehensive information on sustainability factors across asset classes.

Related Policies

The Firm's parent company, Cambridge Associates Limited has adopted a number of complementary and related policies which provide an overview of its approach. These include, but are not necessarily limited to:

- Stewardship Code Disclosure Statement
- Statement on the UK Modern Slavery Act
- SRD II Engagement Policy
- CA Group ESG Policy
- CA Group Diversity and Inclusion Statement

Transparency and Reporting

Cambridge Associates at the group level ("CA Group") is a signatory to the UN Principles for Responsible Investment ("UN PRI") and fulfils the reporting requirements that being a PRI signatory entails, in the form of the annual Transparency Report which is available on the PRI website (www.unpri.org). CA Group is also a signatory of Task Force for Climate-Related Financial Disclosures. CA Group is also a signatory of the Global Investor Statement to Governments on Climate Change: https://theinvestoragenda.org/focus-areas/policy-advocacy/.

Remuneration Policy

CA GmbH has reviewed its Remuneration Policy in accordance with the requirements of Article 5 of SFDR to ensure consistency with the Firm's integration of sustainability risks as described above. The relevant details incorporated in that respect are featured below:

- Central to our remuneration policy is the promotion of sound and effective risk management, and this has now been extended beyond financial risks to encompass sustainability factors and firm-wide goals.
- Internal controls verify and validate that variable remuneration amounts are justified relative to individual performance, business unit performance, fairness across peers, and established bonus targets.
- Further, another key aspect of our remuneration policy is to avoid creating an environment which rewards or encourages excessive risk-taking. This principle has been extended beyond financial risk to incorporate sustainability risks and firm-wide goals and for those individuals who have a role in ensuring or overseeing that the Firm's sustainability risk policy is adhered to.