

****For Immediate Release****

Leadenhall Funds to Promote Environmental and Social Characteristics in their investment activity

All EU-based open ended funds managed by Leadenhall Capital Partners (“Leadenhall”) have been categorised as being investment products which ***promote environmental and social characteristics*** in accordance with the criteria recently set out in **Article 8** of the Sustainable Finance Disclosure Regulation (“SFDR”) in the EU.

Leadenhall has committed to embed ESG considerations in its investment process for a number of years, has an ESG committee team chaired by Jillian Williams (who is also Leadenhall’s Chief Underwriting officer) and has signed up to the UN Principles for Responsible Investment (“PRI”) in 2018. Leadenhall’s ultimate parent company (MS&AD of Japan) is also a signatory of the PRI.

Luca Albertini (CEO) says “Leadenhall is a firm believer that adopting sustainability and ESG principles will over time lead to better underwriting results and higher investor returns. As one of the largest ILS fund managers in the world we have the responsibility to lead on the engagement with all of our counterparties on the sustainability of our investments and on environmental, social and governance issues”.

There is not yet a generally accepted world-wide consensus on what exactly should be measured and monitored, and various legislative and voluntary initiatives are currently underway to try and achieve some minimum standards.

Jillian Williams explains “Through engagement we aim to come to a broad consensus on the key sets of criteria, measurements and data requirements from our counterparties and broking relationships so that Leadenhall can add these considerations to its daily underwriting activities and monitor the environmental and social impact of its investment activity. With these indicators becoming mainstream we expect that ultimately the market will exercise pressure on all counterparties to aim for high sustainability standards both via shared conviction that it is the right thing to do but also to avoid the inevitable increased cost of capital that is likely over time for those market players not achieving acceptable standards”.

“The management of ESG policies will be a balance between principle based criteria developed by the firm and navigating across various rules and regulations applicable to us and our investors and, whilst today we are implementing an EU regulation, we are monitoring the regulatory developments in other jurisdictions like the UK and the US and those applicable to the fund management as well as to the insurance industry, given the nature of what we do” Jillian Williams added.

More specifically, the new SFDR regime provides a framework in the EU for investment managers to be able to classify their funds as ***promoting*** environmental and social characteristics, rather than having a passive approach or disregarding them.

The SFDR will be one of the regulatory regimes and principles which Leadenhall will follow over and above its own ESG policies and approach. The regulation has been written to be applicable to a whole range of investment products and it is not a surprise that at the moment there is no specific requirement designed around ILS investments. The SFDR sets out some ***key indicators and data that investment managers promoting environmental and social characteristics need to monitor and collect***. More detailed regulation affecting Article 8 investment products is expected to be published and come into force by the start of next year.

The data required under the SFDR for now relate to the counterparty of each investment and does not yet make direct reference to the assets and the liabilities of insurers or reinsurers for example, and this is why Leadenhall sees this as one of the dimensions of the analysis to be discussed. One of the pieces of information required is whether the counterparty is a signatory of the UN Global Compact, and the promotion of its membership supports the promotion of the underlying principles as well.

Whilst the data required by the SFDR is currently made available by a number of the largest counterparties it is not always the case for all, at least not in the detail required by this European legislation. “One of our roles as promoters of environmental and social characteristics under Article 8 of the SFDR will be to actively ask our

counterparties and their intermediaries to start to make this data available with the submission or the offering circular, and we are actively reaching out to the broker community to explain these requirements” Jillian stated. “These regulations are new and to date it is only the EU which has put such a regime in place. It is understandable that the broader market now needs to gear up to be able to report on this new set of metrics. When the data is not available for now it is not necessarily an absolute obstacle to transacting, particularly when the counterparty is positively rated against our key ESG principles, but we can see that in the not too distant future providing and auditing detail data on sustainability issues will become mainstream also within the ILS marketplace” Jillian concludes.

Leadenhall has been conducting its own as well as sponsored third party research on the measurement and modelling of the impact of climate change.

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Notes to Editors:

About Leadenhall Capital Partners

Leadenhall Capital Partners LLP is an asset manager focused on managing life and non-life insurance linked investments with over US\$6.4bn assets under management, with offices in the UK, Bermuda and in the United States. Established in November 2008 Leadenhall Capital Partners is a joint venture between Mitsui Sumitomo Insurance Company Ltd of Japan and Leadenhall’s individual partners.

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