

# **THE EU-BASED LEADENHALL FUNDS<sup>1</sup>**

## **(each, a FUND)**

### **WEBSITE DISCLOSURES FOR THE EU SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)**

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<sup>1</sup> These disclosures apply in respect of those funds under the management/delegated management of Leadenhall Capital Partners LLP which have been categorised as meeting the provisions set out in Article 8 of the SFDR.

## **Status under the EU Sustainable Finance Disclosure Regulation (SFDR)**

Leadenhall Capital Partners LLP (the “Manager”) has categorised each Fund as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and social characteristics, as further described below.

## **Description of the environmental and social characteristics of the Funds**

Among other characteristics, each Fund promotes environmental and social characteristics. The characteristics promoted by each Fund include:

- identifying the impact of each Fund’s investees’ and counterparties’ activities on environmental factors so that their economic and social costs can be understood and measured; and
- fostering social cohesion, including the promotion of human rights, gender diversity and fair operating practices.

In order to meet the environmental and social characteristics promoted by each Fund, the Manager applies binding criteria to the selection of underlying assets as part of its investment decision making process. Internal policies set out how these criteria are applied through both the Manager’s investment due diligence process and its investment approval process. The Manager also develops research and analysis on climate change, environmental and social factors which inform the investment decisions it takes as part of its obligations to each Fund.

## **ESG investing**

The active investments of each Fund are chosen by the Manager such that they foster environmental or social characteristics, based on the nature of the investments. The way in which the Manager does this is further set out in its Investment Due Diligence Policy, a summary of which is available on this website.

## **Exclusion**

The Manager excludes debt or equity investments in:

- manufacturers of controversial weapons, to protect human rights;
- manufacturers of controversial arms/armament, to protect human rights;
- pornography, to promote respect for human rights;
- tobacco, to promote social cohesion through good health; and
- gambling, to promote social cohesion and to protect economically or socially disadvantaged communities.

## **Screening**

The Manager invests in investments that contribute to environment and social factors. The Manager is an asset manager investing in insurance linked securities (ILS). ILS products promote social responsibilities and cohesiveness. Climate change and detrimental man-made environment interventions can contribute to potential higher insurance claims which would result in losses for the Funds and its investors. The Manager’s approach to sustainability risk management is based on (amongst other things) the nature of each transaction and the time horizon it encompasses. For example, multi-year ILS transactions are reviewed upon the occurrence of any material events and in a pre-arranged annual review of the counterparty’s own risk management and updated risk exposures to climate and social risks. Risk transfer transactions are continuously monitored and screened for the impacts of natural perils, changes in human morbidity or mortality and the risk measures are adapted with the influence of climate and social changes.

Underlying investments can also consist of assets that are not relevant to the environmental and social characteristics promoted by each Fund, such as hedging instruments, unscreened investments for diversification purposes or investments for which environmental and social impact data is lacking, or money market instruments.

## Periodic reports

A description of the extent to which environmental and social characteristics are met will be available as part of the annual report which will, to the extent permitted, be published on this website once available. Each Fund's most recent annual report does not include any information pursuant to SFDR.

## Information on the methodologies used to assess, measure and monitor environmental and social characteristics

The Manager has selected sustainability indicators to assess, measure and monitor environmental and social characteristics. The table below specifies the sustainability indicators, the detail of the metric and data sources:

No.	Sustainability indicator	Metric	Data sources
1	<b>Carbon emissions, broken down by scope 1 and 2 emissions</b>	Scope 1 carbon emissions: emissions generated from sources that are controlled by the company that issues the underlying assets  Scope 2 carbon emissions: emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying assets	counterparties and/or their brokers
2	<b>Carbon footprint for scope 1 and 2 emissions</b>	Using the carbon emissions data as defined in row 1, above, and then applying general agreed methodologies to further calculate the investment target's carbon footprint	counterparties and/or their brokers
3	<b>Total energy consumption from non-renewable sources and share of non-renewable energy consumption</b>	Total energy consumption of the investment target from non-renewable energy sources (in GWh)  Share of non-renewable energy consumption of the investment target from non-renewable energy sources compared to renewable energy sources (expressed as a percentage)	counterparties and/or their brokers
4	<b>Energy consumption intensity</b>	Energy consumption of the investment target, per million EUR of revenue of those companies (in GWh)	counterparties and/or their brokers
5	<b>Signatory to UN Global Compact</b>	Whether the investment target has committed to the UNGC principles (Yes / No)	counterparties and/or their brokers
6	<b>Severe controversies / breaches of UN Global Compact</b>	Whether the investment target has been involved with severe violations of the UNGC principles (Yes / No)	counterparties and/or their brokers
7	<b>Human rights and labour policies</b>	Whether the investment target has robust human rights and fair employment policies in place with a solid track record of compliance (Yes / No)	counterparties and/or their brokers
8	<b>Board and managerial gender diversity</b>	Whether the investment target has policies in place to monitor and improve gender diversity (Yes / No)	counterparties and/or their brokers
9	<b>Fair operating practices</b>	Whether the investment target has robust anti-corruption policies in place with a solid track record of compliance (Yes / No)	counterparties and/or their brokers

Prior to making any investment decision, the Manager conducts investment due diligence on the proposed investment position. The investment due diligence will evaluate a variety of factors including an assessment of how the proposed investment position is assessed against the sustainability indicators using specific metrics, as set out above.

In certain circumstances, the Manager may conclude, using its reasonable judgment, that a particular metric is not commercially relevant to the assessment of a particular proposed investment, given the asset class of that proposed investment or the proposed investment strategy. For example many of these metrics may not be relevant to a transaction:

- with smaller counterparties which, because of its size, are highly unlikely to either have relevant data or cause the Manager concerns under the criteria set out in the table above; or
- incidental to the underlying investment strategy; for example: routine currency or interest rate hedging with major financial institutions; or the provision of asset or cash depository services by regulated providers.

Having completed the diligence assessment, the Manager is then required, when evaluating the merits of a proposed investment, to determine the extent to which the results of the diligence exercise should weigh on its investment decision, taking into account its sustainability values as articulated in its Investment Due Diligence Policy.

The Manager conducts periodic monitoring of its investment positions.