



CREUTZ & PARTNERS

THE ART OF ASSET MANAGEMENT

STATEMENT ON THE POLICIES ON THE INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT DECISION-MAKING PROCESSES¹

1. WHY THIS PUBLICATION?

Creutz & Partners The Art of Asset Management S.A. (hereinafter »Creutz & Partners«) is a management company under the provisions of the Luxembourg Law of 17 December 2010 on undertakings for collective investment and, in addition to managing the C&P Funds SICAV (hereinafter the »C&P Funds«) with the sub-funds C&P Funds ClassiX and C&P Funds QuantiX, also carries out the activity of portfolio management on the basis of individually granted discretionary mandates (discretionary asset management). Creutz & Partners thus falls within the definition of a financial market participant within the meaning of the regulation (EU) 2019/2088 (hereinafter »SFDR«).

Article 3, paragraph 1 of the SFDR obliges financial market participants to publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making processes.

In the following, we therefore describe the extent to which sustainability risks are integrated in the investment decision-making processes in our two business lines.

2. WHAT ARE SUSTAINABILITY RISKS?

Sustainability risks are also referred to as »ESG risks« (ESG = »Environmental«, »Social« and »Governance«) and describe, in connection with investments, events or conditions relating to sustainability factors in the areas of the environment, social matters or corporate governance, that, if they occur, could have an actual or a potential material negative impact on the value of the investment.

Sustainability factors include environmental, social and employee matters, respect for human rights and anti-corruption and anti-bribery matters.

Sustainability risks may not only constitute a risk themselves, but may also have a significant impact on other risks, thus increasing market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks can equally have an impact on the value of the investments in short, medium or long term.

3. APPROACH OF CREUTZ & PARTNERS

Creutz & Partners pursues a long-term approach and generally invests for its customers only in securities of issuers that meet high qualitative standards. As part of a fundamental analysis, environmental, social or governance factors (»ESG«) and the sustainability risks that can be derived from them are also considered, as these can have an impact on the investment performance.

In order to achieve the financial investment goals of its customers, Creutz & Partners sees itself as a long-term and therefore also sustainability-conscious asset manager. Creutz & Partners integrates principal sustainability risks into its investment decision-making processes in order to achieve positive returns for the customers over the long term with the help of comprehensive risk management.

In its discretionary asset management activities, Creutz & Partners bases itself on the 10 principles of the UN Global Compact and the MSCI ESG ratings of companies with regard to the integration of sustainability risks into the investment decision-making process.

The 10 principles of the UN Global Compact establish internationally recognized standards for companies in the areas of human rights, labour, environment and anti-corruption.

The MSCI ESG ratings from MSCI ESG Research, one of the leading ESG data providers, explicitly aim to measure a company's resilience to long-term, financially relevant ESG risks.

Financial instruments of issuers that are involved in serious violations of the 10 principles of the UN Global Compact and that do not have at least a good MSCI ESG rating (at least »BB« on a scale of »AAA« to »CCC«) will generally not be considered for investment decisions.

Creutz & Partners is of the opinion that these restrictions of the investment universe will avoid investments in companies that are particularly exposed to sustainability risks due to their involvement in violations of internationally recognised standards or their poor MSCI ESG rating.

Each security that has not already been excluded from investment on the basis of this process is also thoroughly assessed for quality by Creutz & Partners' Investment Committee. The securities of a company will only be considered as an investment for Creutz & Partners if the company generates high and secure returns in the long term and if it is not exposed to significant ESG risks. In this regard, the Investment Committee pays attention to a sustainable business model and appropriate corporate governance of the investments of the asset management, which allow the expectation of a long-term increase in the enterprise value due to entrepreneurial success. The consideration of sustainability risks is thereby a further element that enables the adequate assessment of the potential risks and opportunities of investment decisions.

In the investment management of the two sub-funds of the C&P Funds, both Creutz & Partners as Investment Manager of the C&P Funds ClassiX as well as Vector Asset Management S.A. (hereinafter »Vector«), which has been entrusted with the investment management of the C&P Funds QuantiX, integrate sustainability risks into their investment decision-making processes in order to enhance their ability for a more comprehensive risk management and to achieve positive returns for the sub-funds and their investors.

For this purpose, the Investment Committee and the Investment Manager of the C&P Funds ClassiX use company data on ESG factors and ESG ratings derived from them as a basis for the assessment of sustainability risks as part of the qualitative assessment of a share/issuer. However, these never replace

¹ In accordance with Article 3, paragraph 1 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 (hereinafter the »SFDR«).



CREUTZ & PARTNERS

THE ART OF ASSET MANAGEMENT

the full analysis and evaluation of individual securities with regard to their opportunities and risks by the Investment Manager and the members of the Investment Committee with their long-standing professional experience. Company data on ESG factors and ESG ratings are therefore not applied as strict exclusion criteria. Instead, ESG risk factors - like other influencing factors as well – are considered as part of a comprehensive investment and risk management of the sub-fund in order to achieve good risk-return characteristics and thereby generating positive returns for the sub-fund and his investors. This way, (possible) ESG conflicts are assessed and evaluated with regard to their influence on the security and on the level of return potential of the investments. With regard to possible effects on investment performance, sustainability risks are thus considered as part of the general valuation risk. In this manner, the Investment Manager and the members of the Investment Committee of the C&P Funds ClassiX decide on a case-by-case basis, based on a comprehensive analysis process, as to whether a company and its securities stand out positively or negatively when ESG factors are considered and whether this justifies an investment.

Vector also uses company data on ESG factors and ESG ratings or metrics derived from them to assess ESG risks for shares as part of the investment management of the C&P Funds QuantiX and its quantitative stock selection model. ESG metrics are collected and analysed for the respective companies. The metrics include company data on environmental, social and good governance factors, as well as data on ESG controversies. The ESG metrics are downloaded on a weekly basis for the entire investment universe. The investment universe is then assessed against these metrics, which ultimately allows the monitoring and management of the exposure of the C&P Funds QuantiX's portfolio to ESG risks.

Additional product-specific information on the consideration of sustainability risks, as well as on our sustainability approach, can be found for the C&P Funds ClassiX and the C&P Funds QuantiX in the prospectus of the C&P Funds and for the discretionary asset management in the document »PRODUCT DISCLOSURE FOR FINANCIAL PRODUCTS THAT PROMOTE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS – ASSET MANAGEMENT OF CREUTZ & PARTNERS« which can be found on our website <https://www.creutz-partners.com/en/nachhaltigkeit>.