



# ONE Fund Management

## **Sustainability Policy and Principal Adverse Impact Statement**

Effective Date: 26 October 2023

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### 3 Administration and Version Control

This document forms part of the ONE Fund Management's suite of policies and procedures.

This document is assigned a version number based on a [YEAR].[MAJOR].[MINOR] system. The first version of this document is assigned the version number '[YEAR].1.0'; with the [YEAR] value being the year of approval following its creation or annual review; the [MAJOR] value representing material changes approved by the issuing body; and the [MINOR] value representing non-material changes approved by a member of the issuing body.

Version	Updated by	Effective from	Comment	Approved by
2022.1.0	Compliance	15 December 2022	First Version	Executive Committee
2023.1.0	Compliance	26 October 2023	Second version – annual review	Executive Committee and Board

## 4 Glossary

AIF	Alternative investment fund that is managed by the Company under the AIFM Law
Art. 6 Fund	Shall have the meaning ascribed to it in Section 7
Art. 8 Fund	Shall have the meaning ascribed to it in Section 7
Art. 9 Fund	Shall have the meaning ascribed to it in Section 7
Board	The board of directors of the Company
Company	ONE Fund Management S.A.
CSSF	Commission de Surveillance du Secteur Financier
Fund	Investment fund managed by the Company being UCITS or AIF
Initiator	The initiator of a Fund
Investment Advisor	The investment advisor appointed by the Company to assist in the portfolio management of a Fund
Portfolio Manager	The delegate of the Company in charge of portfolio management for a Fund
Policy	The present policy, as amended from time to time
UCITS	Undertaking for collective investment in transferable securities that is managed by the Company under the UCITS Law

## 5 Introduction

ONE Fund Management S.A. (the "**Company**") is an investment fund manager authorised by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in Luxembourg to act as:

- a management company, under registration number S1074, in accordance with the Luxembourg law of 17 December 2010 relating to undertakings for collective investment; and
- an alternative investment fund manager, under registration number A2627, according to the Luxembourg law of 12 July 2013 relating to alternative investment managers.

The Company manages:

- undertakings for collective investment in transferable securities subject to UCITS Law (the "**UCITS**"); and
- alternative investment funds subject to AIFM Law (the "**AIFs**").

UCITS and AIFs together referred to as the "**Funds**".

The Company has integrated sustainability in all aspects of its corporate life, applying, to the extent possible, a sustainable approach in its daily activities.

With respect specifically to the Fund management activities, the conduct of our business is governed by, *inter alia*:

- the 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**");
- the Commission Delegated Regulation of 6 April 2022 supplementing SFDR (the "**Delegated Act**");
- the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the "**TR**").

(together the "**ESG Rules**").

As per the above, the Company qualifies as a financial market participant under SFDR for the Funds.

The Funds managed by the Company are initiated by third party initiators (the "**Initiators**"). The Initiators often also act as delegate in charge of the portfolio management of the Fund (the "**Portfolio Manager**") or as investment advisor of a Fund (the "**Investment Advisor**").

The level of integration of sustainability risks in a Fund is defined by the Initiator and not the Company. Accordingly, the investment strategy of the Funds, and the respective investment decision process including sustainability risks, is never defined by the Company itself but by the Initiators and therefore, differ from Fund to Fund.

The purpose of this document is to describe how the Company:

- adheres and contributes to sustainability in its corporate life; and
- ensures the compliance with ESG Rules as financial market participant together with the Portfolio Manager or the Investment Advisor of the Funds.

## 6 Company Commitment to Sustainability

### 6.1 Our commitment to fighting climate change and preserve the environment

According to the Intergovernmental Panel on Climate Change, the atmospheric concentrations of carbon dioxide, methane and nitrogen oxide are the highest they have been for at least 800,000 years<sup>1</sup>.

<sup>1</sup> Climate Change Synthesis Report", Intergovernmental Panel on Climate Change (IPCC), 2014

Warming of 3-4°C by the end of the century currently seems to be the most likely outcome, whereby a scenario of 5°C warming and the catastrophic consequences it would entail cannot be ruled out. Even the scenario of 3°C warming could lead to a 0.4-0.9 metre rise in the sea level, which would pose a serious threat to low-lying coastal towns and regions. Strong tropical hurricanes could increase by 28% and the frequency of extreme precipitation events by as much as 70%, the extent of wildfires would double, and 80 times more people would be exposed to extreme heatwaves. Global GDP could decline by 23% versus a scenario of zero climate change impact, and the global harvest could fall by 24% (with a higher global population than today)<sup>2</sup>.

The Company takes the risks stemming from climate change seriously, together with the other risks linked to environmental issues like the loss of biodiversity.

That is why the Company is engaged at contributing to the preservation of the environment in all aspects of its corporate life with concrete actions such as applying a paperless policy at the office, including during any meetings, as well as ensuring recycling of the wastes in accordance with the highest requirements.

The Company believes that it is its responsibility to, not only the raise awareness of its employees to the preservation of the environment, but also to lead by example via concrete actions which have a direct impact on its environmental footprint.

## 6.2 Our commitment to our social communities

As for our commitment to improving our social communities, the Company believes in benefitting not only its employees but also the local social environment by taking actions which can have quantifiable impacts. Please see below some examples of what we have already put in place.

### 6.2.1 Compliance with labour law

Our Company does not only comply with Luxembourg labour law, but also applies an effective non-discrimination policy, with concrete results such as, from the date of this policy, 10 nationalities are represented with a large portion of women, many of those having senior leadership roles.

The Company is also determined to offer development opportunities to all its employees, organising trainings on a regular basis and allowing flexibility in terms of careers as part of its retention program.

### 6.2.2 Compliance with employment safety and health protection

The Company decided to go beyond what is required by Luxembourg labour rules to ensure the safety of its employees, such as training them as First Aid Rescuers or Fire Officers.

### 6.2.3 Inclusive projects and consideration of the interests of community

The Company is committed to act for the equality of chances and for this purpose, it is engaged in many initiatives, from helping Ukrainian refugees in Luxembourg to be integrated by collecting clothes, first needs products, to subsidizing non-profit associations such as *Jonk Entrepreneuren Luxembourg Asbl*, an association helping the young entrepreneurs in Luxembourg. The Company is also committed to welcome students during internship programs.

The Company also believes in local development and for this, to the extent possible, only uses local suppliers for office needs and catering.

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<sup>2</sup> The heat is on", Chief Risk Officers Forum, 2019.

### 6.3 Our commitment to good governance

As mentioned above, the Company is highly regulated and therefore subject to numerous laws and regulations setting forth high level of requirements regarding governance.

The management and staff of the Company abides by, not-only a code of conduct, but also policies and procedures aiming at, inter alia, fair treatment of clients, prevention of fraud (notably by the facilitation of whistleblowing) and protection of personal data in accordance with European rules.

The Company decided to go beyond what is legally required by appointing an independent director at the level of its board. The Company also considers compliance and risk management, including sustainable risks management, as key functions, notably to ensure that the Company abides by at all times, the highest governance standards, and therefore continuously invests in their development.

## 7 ESG Rules Compliance for Funds

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### 7.1 Definitions

In order to define the scope of application of the ESG Rules re. sustainability, the Company analysed the key concepts to determine the application for its activities.

#### 7.1.1 Financial products

Any Fund.

#### 7.1.2 Financial market participant

The Company. For the avoidance of doubt, the Portfolio Managers do not qualify as financial market participants, however, to avoid the circumvention of the ESG Rules, the Company requests the latter agreement to comply with those.

#### 7.1.3 Fund subject to article 6 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**") ("**Art. 6 Fund**")

Fund for which, upon analysis, sustainability risks are deemed not relevant or, does not promote environmental or social characteristics and / or has a sustainable investment as its objective.

#### 7.1.4 Fund subject to article 8 SFDR ("**Art. 8 Fund**")

Fund which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics.

#### 7.1.5 Fund subject to article 9 SFDR ("**Art. 9 Fund**")

Fund which has sustainable investment as its objective, with or without reference benchmark.

#### 7.1.6 Principal adverse impacts

Principal adverse impacts should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors.

#### 7.1.7 Principle of do not significant harm

Principle according to which neither the environmental nor the social objective is significantly harmed.

#### 7.1.8 Sustainable investment

An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

#### 7.1.9 Sustainability risk

An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material adverse impact on the value of the investment.

#### 7.1.10 Sustainability factors

Environmental, social and employee matters, respect for human rights, anticorruption and anti-bribery matters.

#### 7.1.11 Environmentally sustainable economic activities

An economic activity that qualifies as environmentally sustainable in accordance with the following cumulative criteria:

- contributes substantially to one or more of the environmental objectives in accordance with the more detailed rules in the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“**TR**”) on how this can be achieved for each environmental objective;
- does not significantly harm any of the environmental objectives in accordance with the more detailed rules in the TR on what constitutes significant harm for each environmental objective;
- is carried out in compliance with the minimum safeguards laid down in the TR; and
- complies with the technical screening criteria that have been or will be established by the European Commission.

#### 7.1.12 Environmental objectives

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

## 7.2 Classification of Funds

The Initiator shall classify each Fund in accordance with its sustainable approach and provide, in the course of the initial due diligence performed by the Company and before the launch of the Fund, the following information:

- the classification in accordance with SFDR (please refer to the definition above);



- whether the principal adverse impacts are / will be considered on sustainability factors; and, if not, a clear reason for why principal adverse impacts are not considered; and,
- a description of the environmental and / or social objectives / contribution of the Fund; and
- whether the Fund complies with TR.

The list of the Funds, together with the related disclosures, shall be available on the website of the Company.

### 7.3 Integration of the sustainability risks in investment process (art. 3 SFDR)

#### 7.3.1 Principle

For each Fund, sustainability risks shall be integrated to the investment process. The level of integration, the methodology applied, depend on the investment strategy of the Fund.

#### 7.3.2 Application to the Company activities

The Company integrated the sustainability risks in its investment policies and procedures. In addition:

- Funds for which the portfolio management has been delegated to a Portfolio Manager:

During the initial due diligence, the Company shall request and review the investment process to be applied by the Portfolio Manager. Thereafter, the Company has put in place controls to monitor the activities of the Portfolio Manager on an ongoing basis.

- Fund for which the portfolio management is performed by the Company with the assistance of an Investment Advisor:

The Company, with the assistance of the Investment Advisor, shall prepare an investment process integrating the sustainability risks.

### 7.4 Integration of sustainability risks in the risk management process

For all Funds under its management, the Company is in charge of the risk management function. The Company hence integrated the sustainability risks in its risk management process.

Depending on the level of consideration of the sustainability risks and principal adverse impacts for a Fund, the risk management team of the Company will analyse whether the portfolio is in line with the sustainability approach as described in the pre-contractual documents and investment process and ensure that the sustainability factors are properly applied.

### 7.5 Integration of sustainability risks in the remuneration process (art. 5 SFDR)

The Company has defined a remuneration policy in line with applicable laws, taking into account sustainability risks.

The remuneration policy is available under the following link: <https://www.one-gs.com/legal>

The Company ensures that any Portfolio Manager has integrated sustainability risks in its remuneration policy and that related information is published on / made available via the Company website.

### 7.6 Alignment of marketing communications (art. 13 SFDR)

The Company ensures that marketing communications of the Funds do not contradict the information disclosed under the ESG Rules.

## 7.7 Transparency of sustainability risk policies – website (art. 3 SFDR)

### 7.7.1 Principle

All financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.

### 7.7.2 Application to the Company activities

The Company has published this present policy. In addition:

- Funds for which the portfolio management has been delegated to a Portfolio Manager:

The Company ensures that investors can have access to the sustainability policy of the Portfolio Manager via its website.

- Fund for which the portfolio management is performed by the Company with the assistance of an Investment Advisor:

The present policy applies.

## 7.8 Transparency of principal adverse impacts at entity level – website (art. 4 SFDR)

### 7.8.1 Principle

In accordance with the Delegated Act, financial market participants shall publish, if they consider principal adverse impact of investment decisions on sustainability factors, disclosures in accordance with the Delegated Act on their website.

For financial market participants which do not consider principal adverse impacts of investment decisions on sustainability factors, the Delegated Act requires a statement and explanation that must be published on their websites.

### 7.8.2 Application to the Company activities

The Company has published and will maintain on its website information on its sustainability risks policy and consideration of principal adverse impacts. In addition:

- Funds for which the portfolio management has been delegated to a Portfolio Manager:

The Company ensures, for each Fund, that investors can have access to the principal adverse impact statement of the Portfolio Manager via its website.

- Fund for which the portfolio management is performed by the Company with the assistance of an Investment Advisor:

Please refer to the principal adverse impact statement of the Company and the specific statement for the Fund (if the Fund considers principal adverse impacts) published on its website

## 7.9 Transparency of principal adverse impacts at Fund level (art. 7 SFDR)

### 7.9.1 Principle

If no consideration of the principal adverse impacts for the Fund, this shall be mentioned in the prospectus of the Fund.

If principal adverse impacts are considered for the Fund, the prospectus of the Fund shall include:

- a clear and reasoned explanation of how the Fund considers principal adverse impacts on sustainability factors; and
- a statement that information on principal adverse impacts on sustainability factors is available in the annual report of the Fund.

#### 7.9.2 Application to the Company activities

The pre-contractual documents of a Fund are issued by and under the responsibility of the board of directors / managers / general partner of the Fund. The Company ensures that the regulatory disclosures are included in line with the ESG Rules.

### 7.10 Transparency of promotion of environmental or social characteristics / objectives of Funds on websites (art. 10 SFDR)

#### 7.10.1 Principle

For each Art. 8 and Art. 9 Fund, financial participants shall publish and maintain on their websites the description of the environmental or social characteristics or the sustainable investment objective in accordance with ESG Rules.

#### 7.10.2 Application to the Company activities

The Company ensures that the disclosures for the concerned Funds are available on/via its website.

### 7.11 Transparency of sustainable approach – pre-contractual documents (art. 6, 8 and 9 SFDR)

#### 7.11.1 Principle

The pre-contractual documents of a Fund are issued by and under the responsibility of the board of directors / manager / general partner of the said Fund. The Company ensures that the regulatory disclosures are included in line with the ESG Rules.

#### 7.11.2 Application to the Company activities

The Company shall review any pre-contractual documents, in particular, the disclosures re. sustainability approach, to ensure that they are in line with ESG Rules.

### 7.12 Transparency of sustainability approach in annual audited financial report (art. 11 SFDR)

#### 7.12.1 Principle

The unaudited section of a Fund annual report shall include the following:

- In respect of any Art. 8 Fund, the extent to which environmental and / or social characteristics promoted by the Fund are met, using the template in Annex 4 of the Delegated Act.
- In respect to any Art. 9 Fund, the overall sustainability-related impact of Fund by means of relevant sustainability indicators, using the template in Annex 5 of the Delegated Act.

#### 7.12.2 Application to the Company activities

Upon the end of the financial period, the Company will ensure that the Funds annual reports include the disclosures under the Delegated Act.

## Principal adverse impact statement

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- the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "**TR**");

(together the "**ESG Rules**").

As per the above, the Company qualifies as a financial market participant in accordance with SFDR, for the funds under its management and therefore, is subject to the obligation of disclosing whether it considers principal adverse impacts on its investment decisions, and if so, provide the required information as required under the ESG Rules.

The Company only serves third-party initiators of funds and therefore, the investment strategy of the funds under its management, and whether or not principal adverse impacts shall be taken into account and how, is never defined by the Company itself. As a result, the investment decision process differs from fund to fund, as does the decision to take principal adverse impacts into consideration or not.

As a principle, the Company does not take into account principal adverse impacts on its investment decisions, nonetheless, the Company may act as financial market participant for a fund which does consider these.

In any case, you will find the detailed respective disclosure on principal adverse impacts, including all information as per the Delegated Act, in both the prospectus of the funds and on our website.