

FUTURA INVESTMENT MANAGEMENT LIMITED

Disclosures for the Sustainable Finance Disclosure Regulation (SFDR)

This disclosure is made for the purposes of Articles 3(1), 4, 5 and 7(2) of EU Regulation 2019/2088, known as the Sustainable Finance Disclosure Regulation or SFDR.¹ It is made by Futura Investment Management Limited (**Futura** or **we**), a *limited liability company* established in Malta, which has registration number C 53181.

Disclosure for the purpose of Article 4 and Article 7(2) of SFDR:

No Consideration of Sustainability Adverse Impacts

Futura does not consider the adverse impacts of its investment decisions on sustainability factors. “Sustainability factors” are defined by SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

In terms of the reasons why we do not do so:

- In the absence of regulatory guidance, it is not clear precisely what regulators will expect of firms that elect to consider such matters at this time;
- It is also not clear that there is sufficient data, and data of a sufficient quality, to support firms that do so, across all of the types of asset classes, industries and sectors in which investments may in theory be made; and
- At the present time, the vehicles Futura manages or advises (as applicable) do not plan to raise new capital from investors, nor Futura plans to launch products/investment vehicles in the future.

Furthermore, Futura does not intend to consider such adverse impacts in the future: given that the vehicles we manage or advise (as applicable) do not plan to raise new capital from investors, nor we plan to launch products/investment vehicles in the future, we deem necessary and possible only to control and manage sustainability risks as part of the ongoing investment monitoring process.

Disclosure for the purpose of Article 3(1) of SFDR:

Information about policies on the integration of sustainability risks in the investment decision-making process

Article 3(1) of SFDR requires relevant firms to publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process. “Sustainability risk” is defined in SFDR as “*an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of [an] investment*”.

We would like to draw your attention to the following key information about our policies on the integration of sustainability risks in our investment decision-making process:

- Futura has a robust process in place to ensure that relevant and material risks are identified and considered in the due diligence process before making an investment decision or recommendation. This includes the consideration and assessment of sustainability risks and their potential impact on the value of an investment.

¹ 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.

- In particular, alongside more traditional financial criteria, we consider, to the extent possible, whether and to what extent financially material sustainability risks might have a meaningful impact.
- This does not mean that all sustainability factors and sustainability risks will be relevant in relation to each potential investment decision or recommendation. The relevance and materiality of such matters will depend on a range of factors, including the nature of the investment, the asset class, the likelihood of the sustainability risks arising and the likely scope and scale of impact. As such, whilst Futura attaches importance to these factors during the decision-making and recommendation process, these matters are not afforded the most weight, nor are they determinative, in considering whether to proceed with or recommend a particular investment or not. They are rather considered in an integrated way with other factors.
- The specific sustainability risk-related data or information obtained, and the specific process used, varies depending on the asset class, i.e., the type of investment being contemplated.
- Sustainability risks are potentially relevant to the funds in respect of which Futura makes investment decisions or recommendations, having regard to the types of investments that may be made or recommended in accordance with each fund's investment policy and objectives. Notwithstanding the above, it is recognised that sustainability risks may not be relevant to certain non-core activities undertaken in relation to a particular fund (for example, hedging).
- The impacts following the occurrence of sustainability risks may be numerous and vary depending on the nature of the sustainability risks, together with the region and asset class concerned. In general, where a sustainability risk crystallises in respect of an investment, there could be a negative impact on, or even entire loss of, its value, whether on a temporary or permanent basis.

Disclosure for the purpose of Article 5 of SFDR:

Information about policies on the integration of sustainability risks in the remuneration policy

This disclosure is made for the purposes of Article 5 of SFDR by Futura. Article 5 requires relevant firms to:

- include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, meaning “*an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of [an] investment*”; and
- publish that information on their websites.

This disclosure comprises such information. Accordingly, it is being published on Futura's website, and included in our remuneration policies and procedures as relevant.

Futura has a risk governance framework in place to provide oversight of our monitoring and management of risks, ensuring that our risk profile is well documented and managed. We also have robust policies and procedures in place on remuneration. These remuneration policies and procedures are consistent with the integration of sustainability risks based on the following:

- (1) **Alignment of long-term interests** – A key element of our overall approach to compensation is to align compensation structures and decisions of key employees with stakeholder interests and take a long-term strategic approach. This better links the interests of key employees to long-term sustainable value creation of Futura, enhances alignment with risk outcomes and discourages employees from taking unduly risks that may arise from a short-term perspective.
- (2) **Balanced scorecard** – Employees are assessed based on financial and non-financial criteria that take into account their approach towards compliance with internal policies and procedures – including those relating to sustainability issues. In particular, employees are encouraged to perform their duties with the maximum respect for the environment and key social and governance values, and are encouraged

to suggest improvements to our operations, business conduct and management of relationships with third parties to reflect sustainability considerations.

- (3) **Values** – Our compensation philosophy is closely linked to our fiduciary duty towards Futura’s stakeholders aimed at creating sustainable growth and wealth preservation over the long-term.

Overall, these values and principles create an environment in which:

- to the extent sustainability risks are material risk inputs from time to time, and in particular, as climate change presents an increasing risk over time to the value of investments, they are considered in our approach to remuneration; and
- to the extent that ESG factors are recognised as increasingly important risk inputs from a systemic perspective, they will be taken into account appropriately.

Review and monitoring

We recognise that climate change and sustainability are amongst the defining issues of our time, and the subject of increasing focus by regulators, governments, and central banks. For these reasons, Futura is keeping the matters set out in this disclosure (and related policies) under review, recognising that the integration of sustainability risks is an evolving and dynamic area. As such, this disclosure may be edited from time to time to ensure it accurately reflects our practices. This disclosure is therefore likely to be updated periodically.

*This page was last updated on **10 March 2021**.²*

² Note: Futura reserves the right to update this disclosure from time to time at our discretion.