

Brummer multi

Principal Adverse Impact Statement

Brummer & Partners Asset Management (UK) Ltd

Reference period 1 January 2024 – 31 December 2024

Published June 2025

Principal Adverse Impact Statement

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Financial market participant Brummer & Partners Asset Management (UK) Ltd, LEI 636700AVDANXUMXMVA69

Brummer & Partners Asset Management (UK) Ltd, LEI 636700AVDANXUMXMVA69, considers Principal Adverse Impacts (“PAIs”) of its investment decisions on sustainability factors. The present statement is the consolidated statement on PAIs on sustainability factors of Brummer & Partners Asset Management (UK) Ltd.

This statement on PAI on sustainability factors covers the reference period from 1 January to 31 December 2024.

Brummer & Partners Asset Management (UK) Ltd, together with the Sub-Investment Managers, as well as on behalf of Brummer Multi-Strategy (Cayman) Ltd / Brummer Multi-Strategy (Cayman) Master Ltd (“BMS Cayman”) and Brummer Multi Manager Fund Limited (BMM), have processes in place to identify and consider PAIs, which includes introducing suitable actions to manage these. The Sub Investment Mangers manage portfolios on behalf of financial products managed by Brummer & Partners Asset Management (UK) and other Brummer Multi-Strategy products in which Brummer & Partners Asset Management (UK) has indirect exposure through fund investments or feeder funds.

During the reference period Brummer & Partners Asset Management (UK) Ltd acted as Alternative Investment Fund Manager (“AIFM”) for Brummer Multi-Strategy (Bermuda) Ltd and Brummer Multi-Strategy 2xL (Bermuda) Ltd which invest all investable assets into a predetermined Alternative Investment Funds (“AIFs”), hereinafter referred to as the “BMS Bermuda funds”, that do not formally consider PAIs, as well as BMS Cayman mentioned above, a financial product that does consider PAIs.

During the reference period (2024), Brummer & Partners Asset Management (UK) Ltd and BMS Cayman as well as BMM, prioritised and considered greenhouse gas emissions as well as social and employee matters. These PAIs relate to some of the adverse sustainability indicators (“PAI-indicators”) defined by the European Sustainable Finance Disclosure Regulation (“SFDR”) Regulatory Technical Standards (“RTS”), or to additional indicators that are meaningful to Brummer & Partners Asset Management (UK) Ltd. In order to reduce or to mitigate these prioritised PAIs, Brummer & Partners Asset Management (UK) Ltd and/or relevant Sub-Investment Managers have undertaken the below during the year:

Exposure to companies that are identified by the following PAI-indicators have either been avoided by the Sub-Investment Managers, have been subject to review or increased monitoring, and relevant companies have been in scope of shareholder engagement activities:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (avoid long exposure)
- Exposure to controversial weapons (avoid long and short exposure)
- Thermal coal exposure (avoid long exposure)

Brummer & Partners Asset Management (UK) Ltd has also monitored and engaged with the Sub-Investment Managers on the below PAI-indicators:

- GHG intensity of investee companies (Weighted Average Carbon Intensity or “WACI”)
- Exposure to companies active in the fossil fuel sector

DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

PAIs are measured through the below PAI-indicators for equities, corporate bonds and derivatives such as options, swaps and warrants where an issuer can be identified. In order to measure the PAI-indicators, ISS ESG, a third-party data provider, is used as a central source of information.

All PAI-indicators that are defined by the SFDR RTS are calculated taking into account derivatives and short exposures. Derivatives are converted to the market value of an equivalent position in the underlying asset and all PAI-indicators are calculated across the scope of investments where issuers have been identified, and where these are covered by underlying data for the indicator, hereinafter referred to as “relevant”, in order for the measured PAI-indicators to be conservative and comparable to the previous year. Hence, indicators 2-18, including the first two (2) additional indicators are calculated using the value of all relevant investments in the denominator.

Coverage, similarly, seeks to take into account that the financial products managed by Brummer & Partners Asset Management (UK) Ltd allocate to a variety of asset classes, some of which the PAI-indicators cannot be measured for as the data type is only applicable to a company or a sovereign state, such as foreign exchange derivatives or interest rate swaps which typically lack a defined issuer. Coverage showcases a ratio between (i.) the total value of all relevant investments that fit the data type, and where there is actual data available, and (ii.) the total value of all issuer exposures, regardless of their issuer types and regardless of whether there is actual data available for each issuer. Coverage also takes into account that long exposure and short exposure need to be calculated separately, and these are sometimes presented separately and may therefore also differ. As a result, coverage can be lower than the corresponding PAI-indicator and does not represent coverage within the scope of the issuer type, in contrast to the PAI-indicator

When calculating the additional PAI-indicators, long (+) and short (-) exposures are separated and share of investments is defined and expressed as percentage of Net Asset Value (“NAV”) as indicated in the “Metric” column. By using leverage, the gross exposure (the sum of absolute values of long and short exposures) may be higher than the NAV. Leverage means using financial instruments or borrowed money to increase the invested amount and thereby increase the potential return of an investment.

Exposure to investee companies stems from positions in the Sub-Investment Managers' portfolios.

Unit clarifications:

t	Tonnes
Co2	Carbon Dioxide
M	Million
GHG	Greenhouse Gas
COD	Chemical Oxygen Demand
GDP	Gross Domestic Product
EUR	Euro (€)



INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

PAI-indicator (Adverse sustainability indicator)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1306 tCO2 Coverage: 61.98%	7895 tCO2	All measured GHG emissions have decreased significantly during the reference period as compared to the previous one. The decrease is mainly explained by expected changes in the composition of underlying strategies within the multi-strategy funds. In particular, during the reference period, one equity strategy that focused on global industrial value chains was phased out in the beginning of the year. This strategy was exposed to several high emitting companies, and it is no longer part of the portfolio.	See GHG intensity of investee companies.
		Scope 2 GHG emissions	786 tCO2 Coverage: 61.98%	2017 tCO2		
		Scope 3 GHG emissions	52441 tCO2 Coverage: 61.98%	447877 tCO2		
		Total GHG emissions	54533 tCO2 Coverage: 61.98%	457789 tCO2		
	2. Carbon footprint	Carbon footprint	215 tCO2/MEUR Coverage: 61.98%	557 tCO2/MEUR	The decrease mainly stems from the phase out of a particular equity strategy, also described above.	
				The reporting on scope 3 GHG emissions from issuers is increasing, the accuracy of this measurement is likely to improve in the future.		
	3. GHG intensity of investee companies	GHG intensity of investee companies.	710 tCO2/MEUR (revenue) Coverage: 60.64%	2384 tCO2/MEUR (revenue)	The decrease that can be observed mainly stems from the phase out of a particular equity strategy, also described above.	Brummer & Partners Asset Management (UK) has assessed and monitored the metric during the reference period and it has been used in stress tests, and as a subject of dialogue together with selected Sub-Investment Managers. Brummer & Partners Asset Management (UK) will continue to assess this PAI-indicator over the next reference period in a similar way.

4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector.	0.08% Coverage: 63.23%	2.54%	The decrease that can be observed mainly stems from the phase out of a particular equity strategy, also described above, as well as a reduction to systematic equity exposure within another strategy.	Brummer & Partners Asset Management (UK) has engaged in dialogue with relevant Sub-Investment Managers on exposure to this PAI-indicator, and will continue to do so during the next reference period. Additional investment restrictions on unconventional fossil fuel extraction methods has also been phased in during the reference period.
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources.	Non-renewable energy consumption: 50.27% Coverage: 39.49% Non-renewable energy production: >0.00% Coverage: 63.12%	Non-renewable energy consumption: 49.43% Non-renewable energy production: 0.7% (~60% as unweighted average among investee companies disclosed or estimated > 0%)	The non-renewable energy production figure includes companies that do not produce energy, which generates a very low figure. The limited access to actual energy producing companies, within our portfolios, that also discloses an energy mix is detrimental to the interpretation of this indicator. Proxy Justification - The PAI indicator shall encompass non-renewable energy sources' defined as energy sources other than those defined as renewable sources as referred to in Article 2(1) of Directive (EU) 2018/2001 in directive referred to above. ISS ESG includes the following as non renewable energy sources: coal, nuclear, oil and natural gas. Minor discrepancies may arise due to regulatory definition being inclusive but not limited in nature.	Brummer & Partners Asset Management (UK) avoids long exposure to companies involved in electricity generation using thermal coal, one of the most carbon intensive sources of energy commonly used in energy production. Brummer & Partners Asset Management (UK) has also participated in collaborative engagement activities with investee and non-investee companies concerning carbon emissions reduction and target setting. This will continue during the coming reference period. Brummer & Partners Asset Management (UK) has also monitored the data availability used to measure this PAI indicator during the reference period, and will continue to do so during the next.

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.	NACE section: GWh/MEUR (revenue) A: 0 B: 0.31 C: 0.19 D: 0.68 E: 0 F: 0.09 G: 0.04 H: 1.11 L: 0.01 Coverage: 0-13%	NACE section: GWh/MEUR (revenue) A: 0.72 B: 0.91 C: 0.52 D: 3.63 E: 0.69 F: 0.33 G: 0.08 H: 2.31 L: 0.01	The observed changes mainly stems from general changes to the composition of the multi-strategy funds. The limited coverage of companies that disclose energy consumption also reduces the ability to draw any relevant conclusions.	Brummer & Partners Asset Management (UK) has monitored the data availability used to measure this PAI indicator during the reference period, and will continue to do so during the next.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	0.00% Coverage: 63.17%	0.02%	Proxy Justification - ISS ESG links controversies to some, but not all, of the standards referenced in the PAI definition of 'activities negatively affecting biodiversity-sensitive areas'. However, the standards/directives referenced in the regulation overlap with those applied in the proxy to a large extent.	Companies facing allegations of being involved in violations international environmental norms through activities negatively affecting biodiversity-sensitive areas are assessed using ISS ESG's Norms Based Research, which feeds the screening process, the collaborative engagement process and is used in the construction of investment restrictions lists. Brummer & Partners Asset Management (UK) also seeks to further assess this PAI indicator during the next and coming reference periods.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	0.31 tCOD/MEUR Coverage: 0.94%	0.15 tCOD/MEUR	Proxy Justification - The PAI indicator refers to various types of emissions to water. ISS ESG collects chemical oxygen demand (COD), a commonly used indicator measuring emissions to water which can serve as a proxy to the PAI indicator's requirements, ISS ESG collects data only for companies in most relevant industries.	Companies facing allegations of causing negative environmental impacts through excessive or hazardous emissions to water are assessed using ISS ESG's Norms Based Research, which feeds into the screening process, the collaborative engagement process and is used in the construction of investment restrictions lists. Brummer & Partners Asset Management (UK) also seeks to further assess this PAI indicator during the next and coming reference periods.

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.	0.26 t/MEUR Coverage: 22.34%	2.44 t/MEUR	<p>The decrease that can be observed mainly stems from the phase out of a particular equity strategy, also described above.</p> <p>Proxy Justification - ISS ESG collects company reported hazardous waste, relying on companies' own definitions, which may differ from the definition adopted in the regulation. Radioactive waste may or may not be included as a sub-sector of hazardous waste.</p>	Companies facing allegations of causing negative environmental impacts through excessive or hazardous waste generation are assessed using ISS ESG's Norms Based Research, which feeds into the screening process, the collaborative engagement process and is used in the construction of investment restrictions lists. Brummer & Partners Asset Management (UK) also seeks to further assess this PAI indicator during the next and coming reference periods.
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	2.89% Coverage: 63.17%	1.05%	<p>The increase mainly stems from a limited number of positions that were assessed and concluded not to be in violation of international norms during the year. In general, when an assessment changes or where cases are new or unclear, exposure may temporarily be identified from time to time.</p> <p>Please also refer to the additional indicator Violations of UNGC principles and OECD Guidelines (violations of international norms) below.</p>	Brummer & Partners Asset Management (UK) has considered this PAI-indicator through avoidance of long exposure to companies that are identified, using the ISS ESG Norms Based Research, to be verifiably involved in very severe violations of international norms. Brummer & Partners Asset Management (UK) also engages with Sub-Investment Managers to discuss exposure to such companies, and participates in collaborative engagement with investee non-investee companies on such allegations. The same is expected for the next reference period.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	27.41% Coverage: 61.34%	21.87%	<p>Proxy Justification - Interpretations of the indicator may differ.</p>	Companies involved in unaddressed violations of international norms, for example those defined under the 10 principles of the UNGC, or the OECD Guidelines for Multinational Enterprises, are assessed using the ISS ESG Norms Based Research, which feeds into the screening process, the collaborative engagement process and the construction of investment restrictions lists. Brummer & Partners Asset Management (UK) has assessed and will continue to assess this PAI indicator during the next reference period.

12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	9.54% Coverage: 5.68%	8.21%	The coverage is observed to be very limited at below 5%, and while it might be expected that transparency within investee companies may increase slightly over the coming years, it remains to be seen how this indicator evolves.	Brummer & Partners Asset Management (UK) has monitored the data availability used to measure this PAI indicator during the reference period, and will continue to do so during the next.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	35.08% Coverage: 62.53%	32.11%	-	Brummer & Partners Asset Management (UK) has monitored board gender diversity as part of its shareholder engagement activities, but due to the limited number of voting rights that have been retained, few actions have been undertaken.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.	0.00% Coverage: 63.23%	0%	Please also refer to the additional PAI-indicator Controversial weapons below.	All identified exposure to controversial weapons have been exited without delay during the reference period.

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

PAI-indicator (Adverse sustainability indicator)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental 15. GHG intensity	GHG intensity of investee countries	348 tCO2/MEUR (GDP) Coverage: 22.86%	269.83 tCO2/MEUR (GDP)	Proxy Justification - The definition of the GHG intensity of investee countries in the regulation includes scope 1, 2 and 3 emissions. This is not the traditional way sovereign emissions are accounted for and available data is limited in this regard. ISS ESG's data factor provides information on production emissions, using the same boundary setting as UNFCCC.	Brummer & Partners Asset Management (UK) has assessed this indicator, while the primary focus has been GHG intensity in corporate issuers, and will likely continue to assess this PAI-indicator during the next reference period.

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	Average number of investee countries: 6.25 Relative percent of investee countries: 51.14% Coverage: 22.86%	Average number of investee countries: 6 Relative percent of investee countries: 70.82%	The displayed absolute number is calculated based on direct exposures to investee countries only. Proxy Justification - Interpretations of the indicator may differ.	Brummer & Partners Asset Management (UK) has monitored the data availability regarding this PAI-indicator during the reference period, and will continue to do so during the next.
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INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

PAI-indicator (Adverse sustainability indicator)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	N/A	N/A	No real estate exposure.	-
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets.	N/A	N/A	No real estate exposure.	-

OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

PAI-indicator (Adverse sustainability indicator)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Emissions	Table 2 - 4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.	47.81% Coverage: 62.06%	42.93%	<p>This PAI-indicator has been chosen because it is related to other indicators that are considered.</p> <p>Proxy Justification - For the purpose of this PAI indicator, ISS ESG considers companies to have carbon emission reduction initiatives aimed at aligning with the Paris Agreement only if they have set themselves or are formally committed to setting themselves carbon reduction targets approved by the SBTI.</p>	A limited number of companies have been subject to shareholder engagement activities, which will continue during the next reference period.
Human Rights	Table 3 - 9. Lack of a human rights policy	Share of investments in entities without a human rights policy.	51.18% Coverage: 61.81%	49.92%	This PAI-indicator has been chosen because it is related to other indicators that are considered.	Companies that are involved in unaddressed violations of international norms concerning human rights are assessed using the ISS ESG Norms Based Research. This would include reviewing the company's compliance with its own human rights policy or the lack of such a policy. The results feeds into the screening process, the collaborative engagement process and the construction of investment restrictions lists. Brummer & Partners Asset Management (UK) will continue to assess this PAI indicator during the next reference period.

Greenhouse gas emissions	Weighted Average Carbon Intensity ("WACI") of investee companies	WACI Long/Short Including Scope 1 and 2 emissions.	tCO2/MEUR (revenue) Long: 32 Coverage: 60.64% Short: 40 Coverage: 91.53%	tCO2/MEUR (revenue) Long: 58.19 Short: 66.75	WACI is a PAI-indicator that Brummer & Partners Asset Management (UK) has considered for some time. It is different from the RTS defined GHG intensity metric in the sense that it is limited to only scope 1 and 2 emissions, and is calculated on a quarterly basis, using exposures in the numerator and in the denominator, presented as long and short separately. The decrease that can be observed mainly stems from the phase out of a particular equity strategy, also described above.	Brummer & Partners Asset Management (UK) incorporated the WACI into a proprietary ESG rating matrix, into stress tests, and has used the figures qualitatively in dialogue with Sub-Investment Managers. Brummer & Partners Asset Management (UK) expects to continue to do so during the next reference period. No actions have been undertaken to change the portfolio construction, based on WACI.
Social and employee matters	Violations of UNGC principles and OECD Guidelines (Violations of international norms)	Share of NAV Long/Short Defined as a company involved in verified violation of international norms according to the ISS ESG Norms Based-Research service.	Long: 0.00% Coverage: 63.92% Short: -0.12% Coverage: 93.22%	Long: 0.99 % Short: -0.45 %	The results are calculated using exposures as seen in relation to NAV, presented as long and short separately. Where assessments change or where cases are unclear, exposure may be identified from time to time. During the reference period, a limited number of positions were exited, or were assessed and concluded not to be in violation of international norms, in contrast to the views of the external ESG research provider.	Brummer & Partners Asset Management (UK) has considered this PAI-indicator through avoidance of long exposure to companies that are identified, using the ISS ESG Norms Based Research, to be verifiably involved in very severe violations of international norms. Third party research is sometimes scrutinised and Brummer & Partners Asset Management (UK) also engages with Sub-Investment Managers to discuss exposure to such companies, as well as participates in collaborative engagement with investee and non-investee companies on such allegations. The same is expected for the next reference period.

Social and employee matters	Controversial weapons	<p>Share of NAV Long/Short</p> <p>Defined as a company with verified involvement in anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium, and nuclear weapons, according to the ISS ESG Controversial Weapons Research service.</p>	<p>Long: 0.00% Coverage: 63.92%</p> <p>Short: 0.00% Coverage: 93.22%</p>	<p>Long: 0.03 %</p> <p>Short: > - 0.01 %</p>	<p>The results are calculated using exposures as seen in relation to NAV, presented as long and short separately.</p> <p>Company assessments are updated regularly by third-party research providers, and as a result, companies in Sub-Investment Managers' portfolios may require action from time to time. During the reference period, a limited number of positions were exited, or were assessed and concluded not to be involved in controversial weapons, in contrast to the views of the external ESG research provider.</p> <p>Please note that this indicator also covers nuclear weapons, in contrast to the indicator defined by the RTS.</p>	<p>All identified exposures to controversial weapons has been exited without delay if and when identified. The same will be applied for the next reference period.</p>
Greenhouse gas emissions	Thermal coal	<p>Share of NAV Long/Short</p> <p>Defined as a company that derives more than 5 per cent of their revenue from the production of thermal coal, or derive more than 30 per cent of their revenue from energy (electricity) production based on coal.</p>	<p>Long: 0.00% Coverage: 63.92%</p> <p>Short: 0.00% Coverage: 93.22%</p>	<p>Long: 0%</p> <p>Short: 0%</p>	<p>The results are calculated using exposures as seen in relation to NAV, presented as long and short separately.</p>	<p>All exposure has been avoided. Brummer & Partners Asset Management (UK) will continue to ensure that non-approved long exposure is avoided during the next reference period. Exceptions can be made for companies that can arguably be claimed to be in transition and in support of the Paris agreement.</p>
Greenhouse gas emissions	Fossil fuels	<p>Share of NAV Long/Short</p> <p>Defined as a company that derives more than 5 per cent of their revenue from the production or distribution of fossil fuels, or 50 per cent from services. It also covers unconventional extraction methods such as oil sands or arctic drilling.</p>	<p>Long: 0.32% Coverage: 63.92%</p> <p>Short: -0.28% Coverage: 93.22%</p>	<p>Long: 5.74 %</p> <p>Short: -0.61 %</p>	<p>The results are calculated using exposures as seen in relation to NAV, presented as long and short separately.</p> <p>The decrease that can be observed mainly stems from the phase out of a particular equity strategy, also described above, as well as a reduction to systematic equity exposure within another strategy.</p>	<p>Brummer & Partners Asset Management (UK) has engaged in dialogue with relevant Sub-Investment Managers on exposure to fossil fuels during the last year, and will continue to do so during the next reference period.</p> <p>Additional investment restrictions on unconventional fossil fuel extraction methods was phased in during the reference period.</p>

DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Brummer & Partners Asset Management (UK)'s RI-policy outlines its approach to identify and prioritise PAIs. The RI-policy is updated at least annually under the oversight of the Brummer & Partners group's Sustainability team and the CEO of Brummer & Partners Asset Management (UK), and is finally approved by the Board of Brummer & Partners Asset Management (UK). The latest version of the RI-policy was approved 14 June 2024.

Brummer & Partners Asset Management (UK), through the Brummer & Partners Sustainability team, engages ISS ESG as a service provider and research expert to support the monitoring and screening process with data, in order for Brummer & Partners Asset Management (UK) to take relevant action in relation to the prioritised PAIs. Investment restriction lists are constructed by applying the relevant criteria to ESG data sets acquired from ISS ESG. A company that meets the criteria for avoidance when applied to the third party's research data, is automatically added to the restriction list each quarter. However, as third-party research and methodologies may sometimes come to unclear conclusions on, for example, potential sector involvement or the severity of a potential controversy, the Responsible Investment Committee can add or remove companies to the investment restriction list following further research and analysis and a documented conclusion.

The reported metrics draw on ISS ESG's Norm-Based Research, Controversial Weapons Research, ESG Corporate rating, Executive Compensation, ESG Country Ratings and Sovereign climate data sets as well as the Energy & Extractives data set which includes data on corporate issuers, and sovereigns when applicable. To the greatest extent possible, ISS ESG obtains information directly from corporate issuers. Sources of data collection include annual reports, regulatory filings, sustainability reports, press releases, investor presentations, company websites, and other company disclosures. Third-party information such as government sources, industry databases and reputable newspapers are cross-referenced as supplemental to company disclosures. ISS ESG combines all these sources to assess corporate activity involvement and estimate revenues as accurately as possible based on the available disclosure. The PAI-indicators in this report can have different reference timeframes, and are measured as an average of the four (4) quarters of the calendar year in terms of portfolio exposure. Due to point in time assessments of for example previous fiscal year revenues on an individual issuer, or statements made from such an issuer that has been subject to further qualitative analysis from ISS ESG, the calculation of the PAI-indicators therefore results in a non-quantifiable margin of error across all PAIs.

Certain PAI-indicators should be observed with increased scrutiny and are highlighted with a "Proxy Justification" above. Further, Brummer & Partners Asset Management (UK) notes challenges to obtain sufficient coverage on several indicators such "Gender Pay Gap", "Activities negatively affecting biodiversity-sensitive areas" and "Non renewable energy consumption and production", which obstructs clarity of potential PAIs.

Further, Brummer & Partners Asset Management (UK) has also chosen to define additional PAI-indicators partly because these have been measured since before the inception of the SFDR and the RTS by other managers in the Brummer & Partners group. The methodology to calculate and aggregate these differ from those defined in the RTS, because the investment products that are managed are multi-strategy investment vehicles that allocate assets to investment strategies that may seek both long and short exposures to the assets they trade. Many of the assets, and the market value of positions in these, further obstruct the definition of value of all investments, which is why Brummer & Partners Asset Management (UK) has relied on NAV in some cases (as denoted above). For these reasons, in Sub-Investment Managers' dialogue and in investor communication, long and short exposures have been displayed separately, and seen in relation to NAV, in order to provide transparency both internally and externally. The investment manager has noted that the RTS and subsequent recommendations on how to aggregate the EU defined PAI-indicators embed a sophisticated netting approach, but has chosen these additional PAI-indicators to provide insight into how the investment manager actually view these findings.

Brummer & Partners Asset Management (UK) is prompted to state that "Description of policies to identify and prioritise principal adverse impacts on sustainability factors' in Table 1 of Annex I details of the best efforts used to obtain the information either directly from investee companies, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions."

Engagement policies

Brummer & Partners Asset Management (UK)'s Shareholder engagement policy outlines its approach to voting and engagement with investee companies by Sub-Investment Managers and by Brummer & Partners Asset Management (UK) itself. As it relates to voting, and the considered PAI, Brummer & Partners Asset Management (UK), through Brummer & Partners Sustainability team, has procured proxy advisory research and vote recommendations that take UNGC compliance into account in the event that Brummer & Partners Asset Management (UK) would retain voting rights. The Brummer & Partners Sustainability team collaborates with Sub-Investment Managers on vote recommendations, and while the investment manager typically relies on Sub-Investment Managers voting rationale, procured proxy advisory research and vote recommendations may inform voting decisions.

Further, Brummer & Partners Asset Management (UK) encourages Sub-Investment Managers to be active in their dialogue with investee companies, and has during the reference period chosen to participate in collaborative engagement activities in an effort to align and strengthen the capability to conduct meaningful engagement. Brummer & Partners Asset Management (UK) participates in collaborative engagement activities geared towards companies allegedly involved in norms based violations (for example relating to UNGC), where Brummer & Partners Asset Management (UK) seeks to participate in dialogue with ~100 investee or non-investee companies annually on alleged or ongoing violations of international norms. Brummer & Partners Asset Management (UK) also participates in thematic collaborative engagement on the topic of climate change and carbon emissions with investee or non-investee companies, where Brummer & Partners Asset Management (UK) seeks to participate in dialogues with ~30 companies together with other investors, aiming to improve companies' commitments to lower carbon emissions by calling for ambitious targets and decarbonisation strategies.

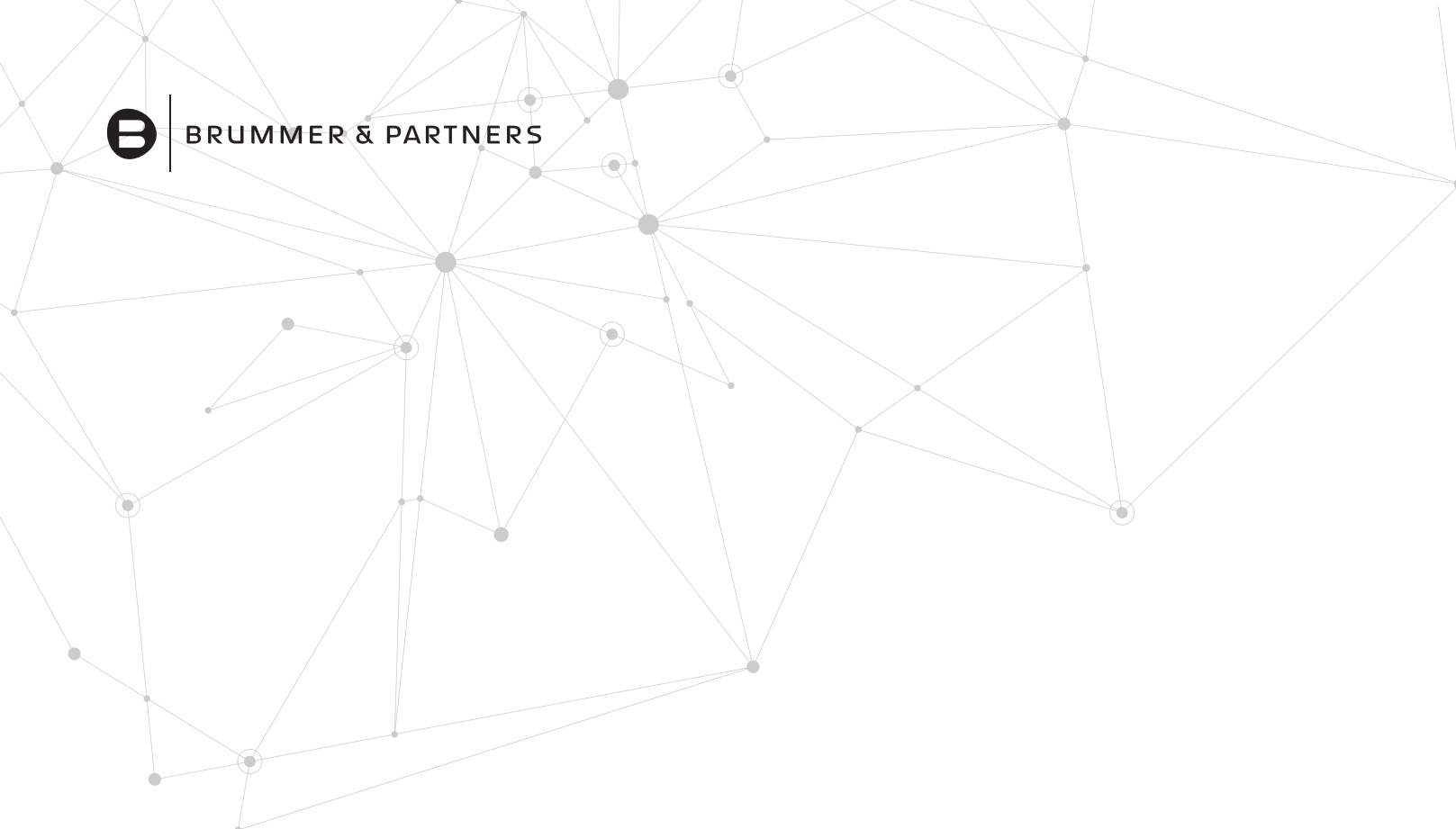
References to international standards

Brummer & Partners Asset Management (UK) considers social and employee matters, or more broadly violations of international norms, as a PAI, identified by the PAI-indicator "Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises". This is defined as verified violations of recognised international norms and standards on human rights, labour rights, the environment and anti-corruption such as for example ILO core conventions, UN conventions or OECD Guidelines for multi-national companies. Brummer & Partners Asset Management (UK) relies on third-party data from ISS ESG to identify companies that are used to calculate the share of investments in such companies. The methodology primarily builds on ISS ESG Norm Based Research and provides a True or False indication of whether a company is involved in verified violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. An issuer will be flagged for violations of the UNGC Principles or OECD Guidelines for Multinational Enterprises if it is found to be involved in any verified failure to respect established norms, as indicated by ISS ESG Norms Based Research. Data sources used are public news sources, stakeholder research and information from expert groups (such as non-governmental organisations), labour unions, intergovernmental organisations or departments thereof (such as UN bodies) and the scope of coverage is 20 000+ companies which provides a comprehensive coverage of the equity and corporate bond exposures of the investment products that Brummer & Partners Asset Management (UK) manages.

No forward looking climate scenario is used because Brummer & Partners Asset Management (UK) has assessed that market best practices to aggregate metrics and scenarios for investment products that seek both long and short exposure needs to be further developed, and in particular as it relates to other asset classes than equities, corporate bonds and sovereign bonds which only constitutes a subset of the assets that the investment products that Brummer & Partners Asset Management (UK) manages are exposed to. Brummer & Partners Asset Management (UK) does not reject the idea of climate scenarios, but has for now decided that specific stress tests that relate to climate scenario metrics, such as oil (the price of oil) and WACI, from a financial materiality perspective, is more meaningful.

Historical comparison

The historical comparison is not applicable for this first reporting period.



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