



## **SFDR Disclosures**

### Article 3 SFDR Sustainability Risks

“Sustainability risk” means an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment (Article 2 (22) of the SFDR). Sustainability risks are only one category of risks related to an investment in certain products managed by Kirkoswald.

Solely in respect of products that promote environmental and social characteristics, Kirkoswald integrates sustainability risks into its investment decisions. For certain of its funds, Kirkoswald will exclude some business activities with the purpose of reducing sustainability risks.

Specifically, with respect to sovereign issuers, Kirkoswald has developed a quantitative ESG tool to identify the set of non-financial indicators that may be relevant and material to assessing sustainability and financial risks for sovereign issuers. The ESG tool considers a diverse set of indicators across environmental (e.g. GHG emissions, exposure to climate change, impact of natural hazards, water stress, waste generation, etc.), social (e.g. child labour, freedom of association, civil unrest, etc.) and governance (e.g. corruption, democratic governance, rule of law, regulatory effectiveness, exposure to regional conflict, etc.) pillars obtained from a wide variety of data sources including the World Bank, Freedom House, International Monetary Fund, International Energy Agency, and the Grantham Institute of Climate Change, amongst others. These are combined to create an ESG score that reflects the relative sustainability risks of each sovereign issuer in comparison to others and is a key input into the investment strategy.

In addition, with respect to corporate issuers, Kirkoswald carries out assessments of material ESG risks, using both internal research and third-party data to obtain a comprehensive view of the sustainability risks of each investment. Each “environmental” and “social” risk category includes a more granular set of risk factors, for example, physical risks arising from energy or water shortages or transitional risks arising from changes in government policy or investor trends. Kirkoswald determines a starting point for the risk assessment regarding any corporate issuer which is further reviewed and refined to identify features and risks specific to the issuer. This assessment enhances and complements Kirkoswald’s fundamental non-ESG analysis.

### Article 4 SFDR Principal Adverse Impact Statement

#### *No consideration of principal adverse impacts*

Kirkoswald does not consider the adverse impacts of its investment decisions on sustainability factors. Kirkoswald seeks to understand the environmental and social policies and outcomes associated with its investments where relevant information is available; however, consistent and comparable information is not currently available regarding its investments such as to allow Kirkoswald to undertake a meaningful comprehensive assessment of the adverse impacts of its portfolio on specific environmental, social and other non-financial factors.

Accordingly, Kirkoswald does not consider the adverse impacts of its investment decisions on sustainability factors, other than as part of its wider risk management and risk monitoring processes. Where relevant, and, assuming sufficient data is available, such risk monitoring processes may include monitoring certain identified sustainability related issues affecting specific investments, including degradation of the environment and social injustice caused by those investments.

Kirkoswald will continue to review the developments in the market and the availability of information and tools in order to assess the viability of more broadly considering the adverse impacts of investment decisions on sustainability factors.

#### Article 5 SFDR Remuneration Disclosure

Kirkoswald's remuneration policy includes a broad range of factors considered in order to determine the appropriate level of remuneration for an employee. However, sustainability risk is not considered as a discrete and separate performance component, but rather assessed as part of the wider risk performance of an investment or portfolio managed by the firm as a whole, and the employee's contribution to identifying, managing and monitoring the risks attendant to investments the selection and management of which the employee is or has been actively involved.

#### Article 10 SFDR Fund Disclosure

Generally, Kirkoswald investment funds do not specifically seek to promote environmental and social characteristics as part of their stated investment objectives for the purposes of SFDR.

#### Kirkoswald Global Emerging Markets Master Fund

Kirkoswald has categorised the Kirkoswald Global Emerging Markets Master Fund (the "Master Fund") as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and social characteristics. The Master Fund does not have a sustainable investment objective. The following information regarding the Master Fund is required to be available on Kirkoswald's website for the purposes of Article 10 of SFDR. This information does not provide full details of the investment objective, strategy or programme of the Master Fund and does not include any details of the risks associated with an investment in the Master Fund. These issues are addressed in detail in the offering and constitutional documents relating to the Master Fund as amended from time to time (the "Fund Documents"). Any investment in the Master Fund will be in accordance with and subject to the Fund Documents in their entirety.

##### A. Environmental and social characteristics of the Master Fund.

The Master Fund seeks to identify investment opportunities which are aligned with, but not limited to, the United Nations Sustainable Development Goals (SDGs) of No Poverty (SDG 1), Affordable and Clean Energy (SDG 7), Industry, Innovation and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11) and Climate Action (SDG 13).

##### B. Methodologies used to assess, measure and monitor the environmental and social characteristics.

Kirkoswald uses a number of tools and methodologies in order to make investments that promote the above environmental and social characteristics.

With respect to corporate issuers, Kirkoswald uses bottom-up analysis to identify corporate issuers with business activities that it believes contribute to sustainable economic development in emerging and frontier markets. The analysis of corporate issuers undertaken by Kirkoswald will include assessment of relevant issuers' governance arrangements and practices. This assessment will be intended to confirm whether or not any relevant issuers' governance arrangements and practices are consistent with standards established from time to time by Kirkoswald in accordance with its sustainable investment policy.

The Master Fund intends to invest certain of its assets from time to time in green, social, sustainable and sustainability-linked bonds, in addition to bonds for general corporate purposes, whose intended use aligns with the characteristics set out above.

C. Data sources used for assessment.

Kirkoswald uses a variety of internal and external research (such as research produced by its research analysts, information and ratings provided by external sources and data published by corporate issuers) to assess the alignment of a corporate issuer's revenue with the relevant SDG(s).

With respect to sovereign issuers, Kirkoswald uses a wide variety of data sources including the World Bank, Freedom House, International Monetary Fund, International Energy Agency, and the Grantham Institute of Climate Change, amongst others. These are combined to create an ESG score that reflects the relative sustainability risks of each sovereign issuer in comparison to others and is a key input into the investment strategy for the Master Fund.

D. Screening Criteria for the underlying assets.

Where Kirkoswald invests in corporate issuers, it will exclude from the investments permitted for the Master Fund, investments in corporate issuers that engage in certain activities. Excluded activities currently include the following: companies involved in the production of anti-personnel mines, cluster munitions, chemical or biological weapons, white phosphorous and depleted uranium weapons; tobacco; thermal coal mining; thermal coal power generation; oil sands; arctic oil drilling or exploration; adult entertainment and gambling. In addition, corporate issuers which have significantly and repeatedly breached one of the principles of the UN Global Compact are excluded from the Master Fund's investment universe.

Further information regarding the exclusions policy applicable to the Master Fund (which may be amended from time to time at Kirkoswald's discretion) is available on request.

E. Relevant sustainability indicators used to measure the environmental and social characteristics.

Kirkoswald uses its ESG tool to consider a diverse set of indicators across environmental (e.g. GHG emissions, exposure to climate change, impact of natural hazards, water stress, waste generation, etc.), social (e.g. child labour, freedom of association, civil unrest, etc.) and governance (e.g. corruption, democratic governance, rule of law, regulatory effectiveness, exposure to regional conflict, etc.) pillars.