

Sustainability-related disclosure: statement on integration of sustainability risks



Introduction

This statement is published by Finance in Motion GmbH (the Company) on its website in accordance with Article 3 (2) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial service sector (also known as Sustainable Finance Disclosure Regulation, SFDR). Its purpose is to provide transparency on the Company's policies on the integration of sustainability risks in the investment advice provided by Finance in Motion with respect to funds under advisory. 'Sustainability risk' as defined by the Regulation means 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 the investment.

Finance in Motion acts as adviser vis-à-vis several self-managed alternative investment funds (AIFs or Funds), mostly SICAV-SIFs, each having a distinct sustainable investment objective (also referred to as 'impact objective'). Investment operations of each AIF are geared towards this specific impact objective defined by the AIF.

Finance in Motion specializes in investment advice related to assets in emerging markets. To minimize risks and safeguard the investors' assets and support the attainment of relevant impact objectives, the origination of assets is supported through specialized product teams, of which the larger part operates through hubs in the countries of asset location to deepen market know-how and insights into the operating environment, including environmental, social, and governance (ESG) frameworks. Investment decisions are taken by each Fund's Board of Directors and delegated committees.

Integration of sustainability risks in investment advice

Finance in Motion is committed to integrating ESG criteria into each phase of investment advice, including origination, structuring, and monitoring. As a key principle, the Company adheres to the respective AIF's responsible investment and/or ESG policies and supports the Funds in effectively managing – i.e., avoiding, minimizing, and mitigating – ESG risks associated with proposed investments. In addition, sustainability risk

management is integrated into the Company's investment management and risk management policies. Investment criteria include specific negative and positive screening criteria, regular monitoring of adherence to environmental and social requirements, and investee engagement, as further detailed in each AIF's policies.

The investment evaluation comprises a thorough ESG due diligence, including the use of data intelligence to identify high-risk factors which may impact the reputational and/or financial risk assessment. Results of the ESG due diligence form an integral part of investment proposals presented to the Funds' committees. Where ESG risks are not deemed to be sufficiently mitigated, an investee will not be proposed for investment. Climate risk and resilience assessments may be integrated into the diligence process as appropriate. Enhanced due diligence is performed for every high-risk investee. Where deemed necessary, an additional external independent background study is commissioned.

Engagement with investees is an integral component of the investment process. This engagement often includes (but is not necessarily limited to) ESG matters. Where appropriate, i.e., in cases where investees are assessed as requiring improvement in ESG management, technical assistance or capacity building is structured and proposed to the respective governance bodies.

Monitoring and reporting of ESG factors is performed regularly based on the investees' risk profile – e.g., high-risk investees are monitored more intensively.

Potential sustainability risks are also given systematic consideration in supporting the Funds in the evaluation of new financial instruments, the creation of new sub-funds, or entry into new countries of operation.

To fulfill its advisory duties with respect to sustainability matters, Finance in Motion has a dedicated Impact & Sustainability department which is involved in all steps of the investment cycle. The company's investment staff receives formal induction and periodic refresher training on ESG integration.

Remuneration of Finance in Motion as advisor is tied to both quantitative targets and qualitative, impact-related targets. Equally, variable compensation of the Company's investment staff is based on the achievement of a broad set of quantitative and qualitative key performance indicators and does not encourage excessive risk-taking, including with respect to sustainability risk.

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