Bridge Fund Management Limited

Integration of Sustainability Risks on Investment decision making process

Nomura Alternative Funds Ireland ICAV

EU Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation ('SFDR') entered into force on 10 March 2021. The Regulation requires managers to better inform end-investors with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment, as applicable.

This document specifically addresses Article 3 of SFDR: "Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process."

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The management of sustainability risk forms an important part of the due diligence process implemented by the Investment Manager. When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance ("ESG") event or condition.

The Investment Manager aims to identify sustainability risks as part of its broader analysis of securities. For the purposes of the paragraphs in this section, the terms "sustainability" and "Environmental, Social and Governance" or "ESG" will be used interchangeably.

The Investment Manager will use qualitative and quantitative fundamental analysis within the research process to identify and understand ESG influences and sustainability risks on the securities held within the Sub-Fund and to implement the objective of Sustainable Investment, as described above under the "Environmental, Social and Governance Factors".

The type of sustainability risks, which are considered by the Investment Manager to be particularly relevant to the Sub-Fund are summarised as below:

Environmental sustainability risks may include:
- Climate change
- Air and water pollution
- Harm to Biodiversity
- Deforestation
- Energy efficiency
- Poor Waste management
- Increased Water scarcity
- Rising Sea levels/coastal flooding
- Wildfires/bushfires

Social sustainability risks may include:
- Human rights and labour standards
- Modern slavery / forced labour
- Breaches of employee rights
- Child labour
- Discrimination
- Restrictions on or abuse of the rights of consumers
- Restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment
- Infringements of rights of local communities / indigenous populations
- Cluster munitions

Governance sustainability risks may include:
- Lack of diversity at Board or governing body level
- Inadequate external or internal audit
- Infringement or curtailment of rights of (minority) shareholders
- Bribery and corruption
- Lack of scrutiny of executive pay
- Poor safeguards on personal data / IT security (of employees and/or customers)
- Discriminatory employment practices
- Health and safety concerns for the workforce
- Poor sustainability practices in the supply chain
- Workplace harassment, discrimination and bullying
- Restrictions on rights of collective bargaining or trade unions
- Inadequate protection for whistleblowers
- Non-compliance with minimum wage or (where appropriate) living wage requirements

Using both quantitative and qualitative processes, sustainability risk is identified, monitored and managed by the Investment Manager in the manner set out below.

The Investment Manager makes extensive use of data from third party ESG specialists, including ISS and MSCI ("Data Providers"). This data can assist them to identify potential sustainability risks. However, it is only a starting point and the Investment Manager will engage with and understand companies' business models in depth and conducts fundamental analysis in order to reveal and evaluate potential ESG issues. The issues are then debated more broadly amongst the Investment Manager's relevant team and ESG ratings and/or risk assessments are ratified and officially recorded as part of the investment processes for both equity and fixed income strategies.

Where the Investment Manager identifies ESG issues which they believe can be improved or addressed, they engage directly with the relevant companies or issuers to make their views known. This part of the investment process is not limited only to companies or issuers in which the Investment Manager has invested but also applies to potential investee companies.

The Investment Manager maintains a comprehensive proxy voting policy that covers its approach to the management of sustainability risks and its ESG research may influence how such votes are cast. ESG ratings and issues are kept under regular review by the Investment Manager and updated whenever the Investment Manager's internal research on a particular company or institution is updated.

Whilst the Investment Manager recognises SFDR's focus on the potential negative impacts of sustainability risks, its approach to sustainability goes beyond this definition. The Investment Manager's portfolio managers and analysts seek to understand the sustainability problems and/or merits of its investee sovereigns, companies and institutions so that they may actively identify opportunities to add value to the investments held within each Fund.

Although the approaches to analysis of ESG issues vary amongst each Fund, the Investment Manager's portfolio managers and analysts share a common goal to understand both threats and opportunities to the business models of potential investee sovereigns, companies and institutions from an ESG perspective, and thereby develop a fuller understanding of the downside risks, or potential valuation upside of the securities concerned.