**Integration of Sustainability Risks on Investment decision making process**

**PEAL Capital Partners Fund**

**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.”

Although the Sub-Fund does not promote environmental or social characteristics within the meaning of 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 (“SFDR”), as part of its investment analysis, the Investment Advisor integrates environmental, social and governance (“ESG”) considerations and sustainability risks (within the meaning of SFDR) into its due diligence processes and its overall assessment of investment opportunities. The results of the due diligence and assessment conducted by the Investment Advisor form part of the investment recommendation submitted by the Investment Advisor to the Investment Manager for consideration and analysis, and ultimately, for acceptance or rejection.

Whilst not constituting a binding element of the Sub-Fund’s investment strategy, as part of the integration of ESG considerations and sustainability risks into the assessment of investment opportunities, the carbon footprint of target companies will be assessed, and the Sub-Fund will, where possible, give preference to investment in target companies seeking to reduce their carbon footprint or which offer products/services facilitating carbon footprint reduction.

ESG, regulatory, geopolitical and reputational considerations form part of PEAL’s core investment principles.