Sustainability Disclosures

In accordance with Regulation (EU) 2019/2088 of the European Parliament and of the Council, known as the Sustainable Finance Disclosures Regulation (the "**SFDR**'), Argus Management Ltd (referred to as "**Argus**", "**we**" or "**us**") is obligated to adhere to specific sustainability disclosure requirements.

Under the Alternative Investment Fund Managers Law L.56(I)/2013, as amended, we have received authorization from the Cyprus Securities and Exchange Commission (the "**CySEC"**) to operate as an Alternative Investment Fund Manager ("**AIFM**"). Our authorization extends to managing alternative investment funds ("**AIFs**") which are classified as financial products under the SFDR. This designation qualifies us as a financial market participant within the scope of the SFDR.

The below sections outline the technical framework that we are obliged to disclose under the SFDR in a structured and reader-friendly manner.

1. Integration of Sustainability Risks in our Investment Decision-Making Process

This section serves to fulfill the requirements under Article 3(1) of the SFDR, according to which we are obliged to publish information on our website about our policies on the integration of sustainability risks in our investment decision-making process. We integrate sustainability risks into our strategies to ensure that we make informed and responsible investment choices. Our sustainability risk management process consists of the below key steps:

(a) Categorization of our products under the SFDR

In accordance with the SFDR, we acknowledge our role as a financial market participant, with the AIFs we manage being categorized as financial products under the SFDR definitions. As part of the SFDR requirements, we categorize our AIFs based on their sustainability objectives. We employ the following categorization framework:

- **Article 9 Products:** Financial products with sustainable investment as their primary objective, which may include an index as a reference benchmark, or focus on carbon emissions reduction.
- **Article 8 Products:** Financial products that promote environmental or social characteristics, or a combination thereof, provided that the companies in which investments are made follow good governance practices.
- **Article 6 Products:** Financial products that do not fall under Article 8 or Article 9 categories but are part of our investment offerings.

The products we currently offer are categorized as "Article 6" products.

(b) Identification of Sustainability Risks

Our sustainability risk considerations focus on potential financial impacts on our investments, aligning with the SFDR's definition of sustainability risk. The main sustainability risks that we integrate in the investment decision-making process are outlined below:

- **Environmental Risks:**
  - Physical risks, for example, water contamination from accidental spillage of transported goods due to the condition of the asset or non-compliance with regulations relating to the greenhouse gas emissions of the asset.
  - Transition risks, for example, the transition to a lower carbon economy which could give rise to stricter regulations relating to climate change mitigation or technological advancements which could affect the value of the asset.
  - Susceptibility to market conditions, for example, through unprecedented changes in the macroeconomic environment impacting raw materials and energy prices for the underlying vessels.
- **Social Risks:** Risks associated with working conditions, especially incidents affecting the health and safety of the workforce or non-compliance with any anti-slavery, child labor and workplace equality regulatory requirements.
- **Governance Risks:** Governance-related risks stemming, for example, from the lack of maintaining appropriate policies, controls and oversight for, amongst others, the diversity and inclusion of the workforce both onshore and offshore. Other significant factors which could give rise to governance-related risks include non-compliance with anti-corruption provisions.

(c) Due Diligence

To get a more informed view of the sustainability risks associated with a private investment prior to its acquisition, our Investment Committee, decides at its absolute discretion, to obtain as part of the due diligence performed, information on sustainability and other ESG factors. Such information is obtained with the support of these third-party service providers and includes, for example, information on pollution control, onboard management and working conditions.

(d) Risk Monitoring

Our Risk Manager continuously monitors investments within AIF portfolios to identify developments that could affect their exposure to sustainability risks. When sustainability data is available from well-known platforms for assets listed on a Stock Exchange, such data is collected and taken into consideration accordingly before the target asset is acquired and periodically after its acquisition. When it relates to private assets, we acknowledge that due to the nature of such investments, we currently face limitations in using measurement tools such as ESG scores. However, we remain committed to adopting these tools as they become more applicable and data becomes available.

(e) Risk Mitigation

When notable market developments are detected that may significantly influence the exposure of our managed AIFs to sustainability risks, they are promptly communicated to our Investment Committee. Subsequently, potential risk mitigation strategies are diligently examined, considering factors such as risk materiality, established risk limits, and the extent of diversification. In instances where suitable mitigants are not available, our Investment Committee may evaluate alternative options, such as the potential divestment of underlying investments.

2. Principal adverse impacts of investment decisions on sustainability factors

While we acknowledge the principles outlined in Article 4 of the SFDR, we acknowledge that our current approach does not precisely mirror the latter's requirements.

This divergence is primarily attributed to the existing challenges in conducting comprehensive and systematic assessments of the adverse impacts of our investment decisions on sustainability factors. Given the scale and nature of our business activities and the current limitations in data availability, we face obstacles in performing these assessments effectively. Furthermore, it's important to note that many of the companies and projects in which we invest do not have clear obligations to disclose the necessary information for such evaluations.

We remain open to re-evaluating our approach in the future, particularly if circumstances change, with the goal of ensuring that we address the principal adverse impacts on sustainability factors comprehensively.

3. Remuneration Policies in relation to the Integration of Sustainability Risks

In strict accordance with Article 5(1) of the SFDR, we fulfill the crucial requirement of disclosing how our remuneration policies align with the integration of sustainability risks and make this information readily available on our website. Moreover, we demonstrate unwavering commitment to compliance with both Cyprus national and EU laws by establishing a comprehensive Remuneration Policy that governs our staff's compensation practices. This policy serves as a safeguard to ensure that our remuneration practices do not provide incentives for excessive risk-taking in relation to sustainability risks.

Our Remuneration Policy encompasses several fundamental practices that are in alignment with our sustainability risk policies:

- We evaluate the suitability of personnel and job applicants solely based on their merits and qualifications, eliminating any form of bias related to ethnicity, religion, or disability.
- Our fee structure is intentionally designed to foster sound risk management, avoiding any encouragement of risk-taking that could be inconsistent with the objectives of the AIFs we manage.

- The remuneration we can offer includes a well-balanced blend of fixed and variable performance components, with emphasis on the fixed component.
- We incorporate a comprehensive adjustment mechanism in our performance assessments, accounting for various types of risks, including sustainability risks, whether current or future.
- We maintain stringent controls to prevent excessive risk-taking, ensuring that variable remuneration is tied to individual performance and adjusted for risk.