

**Hedge Invest International Funds plc (the “Company”)**  
**Disclosure of Sustainability Risks Policies (the “SRI Statement”)**

**9 March 2021**

- **Introduction**

The Sustainable Finance Disclosure Regulation (EU) 2019/2088 (the “SFDR”) intends to provide harmonized disclosure requirements for investment products. The SFDR lays down harmonised rules for ‘financial market participants’ on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products. For the purposes of this SRI Statement, ‘**financial market participant**’ means the Company and ‘**financial products**’ mean each sub-fund of the Company. ‘**Sustainability Risk**’ means an environmental, social or governance (“**ESG**”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The Company is an open-ended investment company and is organised in the form of an umbrella fund with multiple sub-funds (the “**Funds**”). The Company delegates portfolio management to Hedge Invest SGR p.A. (the “**Investment Manager**”) which in turn delegates portfolio management functions for certain Funds to other investment managers (the “**Sub-Investment Managers**”). This SRI Statement describes whether and how the Company, the Investment Manager and each Sub-Investment Manager integrates Sustainability Risks into their investment decision-making process. The Company acknowledges that the consideration of sustainability factors in the investment decision-making process can have a significant impact on the risk-return of financial products.

The Sustainability Risks considered by the Investment Manager and the Sub-Investment Managers will vary depending on the strategy of the Fund and also the industry and/or individual issuer. These generally include environmental Sustainability Risks, social Sustainability Risks and governance Sustainability Risks.

- **Integration of Sustainability Risks in the Investment Decision Making Process**

The Investment Manager and Sub-Investment Managers have their own approach to the integration of Sustainability Risks (as summarised in below). The SFDR permits firms to explain why for certain products it may not be possible or relevant for that firm to integrate Sustainability Risks into its investment decision making process for a particular product, even where the firm is generally integrates Sustainability Risks. Accordingly, certain of the Funds may be excepted from these policies where it is not possible for the Investment Manager or a Sub-Investment Manager to integrate Sustainability Risks into the investment decision making process. Funds which may be excepted

include, for example, Funds involving portfolio management strategies where it is not possible to integrate Sustainability Risks, including, algorithmic, quantitative or high-frequency trading and macro strategies. Where a Fund has been excepted from these policies, details of this will be set out in the offering documents for that Fund and in the Schedule attached to this SRI Statement.

### ***Hedge Invest SGR p.A.***

The Investment Manager manages the assets of HI Smart Portfolio. HI Smart Portfolio pursues a fund of funds investment strategy in seeking to achieve its investment objective. In evaluating and assessing potential acceptable funds to invest the assets of HI Smart Portfolio in, the Investment Manager applies a primary due diligence scoring system which is based on factors such as valuation of strategy, risk management, track record, investment team and organisational and operational risk of each acceptable fund. The Investment Manager also applies a complementary ESG analysis categorising acceptable funds into three groups:

1. No ESG;
2. ESG-aware; and
3. Sustainable fund.

The purpose of the ESG analysis is not to exclude "No ESG" acceptable funds and will not result in HI Smart Portfolio only investing in "ESG-aware" or "Sustainable fund" acceptable funds. Rather it is used to support the primary due diligence scoring system where, for example, two or more target funds with equivalent strategies produce a similar due diligence score, the Investment Manager may invest in the higher ESG-rated acceptable fund.

### ***BennBridge Ltd.***

The Investment Manager has delegated the management of the assets of HI European Market Neutral Fund to BennBridge Ltd. ("**BennBridge**"). HI European Market Neutral Fund pursues an equity strategy in seeking to achieve its investment objective and an ESG approach forms part of the due diligence conducted by BennBridge. BennBridge assesses whether a target company's corporate governance, social and environmental policies may have a negative impact on financial performance.

BennBridge uses third party investment research to assess potential investee companies and the portfolio manager will analysis the fundamental characteristics of such companies such as return on equity and free cash flow conversions. This assessment gives BennBridge a strong indication on a company's strength but does not always take qualitative elements into consideration (including ESG factors).

Bennbridge does not exclude any specific industries or sectors from the investment universe of HI European Market Neutral Fund and does not implement any negative screening processes into its investment approach.

Sustainability risks, whilst not considered in depth or specifically, are considered as part of an overall assessment of an investment's prospects and risks. This approach applies to all investments undertaken by the strategy. Given this overall assessment approach, it is not expected that sustainability risks will impact on the return of the fund.

- *Environmental*

Bennbridge considers environmental information alongside other aspects of a business when making an investment decision. Environmental factors are considered on a qualitative basis in the investment process. This includes reading ESG reports from brokers and understanding key environmental exposures of companies. No industries are explicitly excluded from investment, as the direction of travel is considered in terms of how companies are managing a transition to a green economy.

*Social*

BennBridge integrates social considerations as part of the investment process for HI European Market Neutral Fund through its reliance on third party research to flag potential negative social factors associated with a particular company. BennBridge does not apply a specific internal screening process to identify positive or negative social characteristics of an investment.

- *Governance*

As with the integration of social considerations into the investment process, BennBridge considers corporate governance to be integrated into the overall investment decision making process. The purchase or sale of a holding within the portfolio will take note of any key red flags associated with how the business is governed.

***Numen Capital LP***

The Investment Manager has delegated the management of the assets of HI Numen Credit Fund to Numen Capital LP ("**Numen**"). HI Numen Credit Fund pursues a fixed income strategy in seeking to achieve its investment objective. Numen incorporates sustainability into its overall risk assessment of potential investments as further described below.

Numen uses bottom up fundamental research to incorporate all information available on the issuer and sector of a potential investment, including the ESG policies of the issuer. Numen does not apply any industry or sector exclusions to the investments of HI Numen Credit Fund. Additionally, Numen does not apply any ESG-specific screens to the investments above the general research analysis of these factors as described above and in respect of each E, S and G factor below.

As the integration of sustainability risks forms part of Numen's overall risk assessment of investments, it is not expected that they will impact on the return of the fund.

- *Environmental*

When considering and researching investments where environment is a factor in the decision making, Numen will look at whether or not a company is seeking to make positive contributions within their respective sectors which will have and lead to a positive impact on environmental issues.

- *Social*

Numen will consider the ethical behaviour of companies as where they reflect negatively on the company they will be a risk factor in our assessment

- *Governance*

With regards to ethical behaviour of management, Numen will consider a company's compliance with all relevant regulations and conduct of management.

### ***Sibilla Capital Management LLC***

The Investment Manager has delegated the management of the assets of HI Sibilla Macro Fund to Sibilla Capital Management LLC ("**Sibilla**"). HI Sibilla Macro Fund pursues a global macro strategy of investment in equities and credit instruments in seeking to achieve its investment objective. Sibilla incorporates sustainability into its overall risk assessment of potential investments as further described below.

Sibilla implements a defined and rigorous investment process consisting of the following four main components: (i) macro analysis & market thesis; (ii) market condition & asset allocation; (iii) investment selection; and (iv) portfolio construction. Sibilla does not apply any industry or sector exclusions to the investments of HI Sibilla Macro Fund. Additionally, Sibilla does not apply any wholistic ESG-specific screens to the investments beyond the general research analysis and processes applied to each of these factors as described above and in respect of each E, S and G factor below.

As the integration of sustainability risks forms part of Sibilla's overall risk assessment of investments, it is not expected that they will impact on the return of the fund.

- *Environmental*

Sibilla's investment process entails a rigorous analysis of the risks of potential holdings, including environmental risks. However, there are currently no specific measures to account for those risks.

Investing in companies that adhere to strict environmental policies may increase the value of the investment itself and, as such, Sibilla considers that as one driver of value in our potential investments. Currently Sibilla does not exclude any type of industry based on environmental risks, as the fund's objective is to deliver superior returns to our investors and no industry is homogenous in terms of ESG

policy compliance.

Furthermore, in identifying and selecting investments for the fund, Sibilla considers international developments in terms of establishing environmental standards and is prepared to comply with any restrictions that may be imposed in the future.

- *Social*

Sibilla currently monitors the social practices of the companies that are potential investments and applies strict restrictions on companies that have a history of using child or forced labour. Sibilla's portfolio management team believes that positive social policies add value to companies and the investment process is tailored to find the best value for investors.

- Governance

Sibilla currently does not have a specific methodology to monitor governance issues as there are no comprehensive governance scores for many of the assets the fund may invest in. Governance risks are considered as part of the rigorous investment process, as it is becoming clear that those risks affect the valuation of securities.

***Emerging Markets Investment Management Limited***

The Investment Manager has delegated the management of the assets of HI EMIM Africa Fund to Emerging Markets Investment Management Ltd. ("**EMIM**"). HI EMIM Africa Fund seeks to invest in equities whose business benefits from the economic development in Africa and in government and corporate African bonds to seek to achieve its investment objective. EMIM incorporates sustainability into its investment selection process as further described below.

EMIM will typically employ fundamental analysis which evaluates the underlying determinants that affect the price of securities. Factors within such analysis include both microeconomic and macroeconomic variables that can influence the price of a given security or set of securities.

While EMIM does not apply specific controls in assessing the ESG factors of a potential investment, it does review all relevant ESG-related disclosures as part of the broad investment process. EMIM does not exclude any specific industries or sectors from the investment universe of HI EMIM Africa Fund and does not implement any negative screening processes into its investment approach.

As the integration of sustainability risks forms part of EMIM's overall investment selection process, it is not expected that they will impact on the return of the fund.

- *Environmental*

When selecting potential investments for the fund, EMIM considers the impact of securities on the environment and prefers securities that have targets to reduce Scope 1 and 2 emissions (as defined by the Greenhouse Gas Protocol). EMIM has a strong track record of following environmental regulations but does not currently apply a specific policy regarding investment in coal or oil.

- *Social*

EMIM expects all investee companies / issuers to follow developed market labour standards relating to the proper treatment of workers, even if these regulations do not apply in the local market. In making investments on behalf of the fund, EMIM expects investee companies / issuer to take workplace safety seriously and to see declining trends in LTIR (Lost Time Incident Rate). The fund does not have a policy on collective bargaining.

- *Governance*

As part of the investment process of the fund, EMIM values strong corporate governance and seeks to invest in companies / issuers which separate the CEO and Chair functions, adhere to modern labour standards, tax compliance and gender equality.

## Schedule

<b>Investment Manager / Sub-Investment Manager</b>	<b>Application to the Funds</b>
<b>Hedge Invest SGR p.A.</b>	HI Smart Portfolio
<b>BennBridge Ltd.</b>	HI European Market Neutral Fund
<b>Numen Capital LLP</b>	HI Numen Credit Fund
<b>Sibilla Capital Management LLC</b>	HI Sibilla Macro Fund
<b>Emerging Markets Investments Limited</b>	HI EMIM Africa Fund