

## **Information Statement on our Policy on the Consideration of Principal Adverse Impacts of Investment Decisions on Sustainability Factors**

Systematica does not currently consider the principal adverse impacts of its investment decisions on sustainability factors for the purposes of Article 4 of the SFDR, other than as part of its wider risk management and risk monitoring processes. Where relevant, and assuming sufficient data is available, such risk monitoring processes may include monitoring certain identified sustainability related issues affecting specific investments, including degradation of the environment caused by those investments. We are committed to developing our approach to sustainable investing, including introducing measures to consider the principal adverse impacts of our investment decisions on sustainability factors beyond measuring the carbon intensity of our investment portfolios.

A further statement issued by **Systematica UCITS Fund ICAV (the "ICAV")**

### **Sustainable Finance Transparency**

The European Union has introduced a series of legal measures (the primary one being the Sustainable Finance Disclosures Regulation (Regulation (EU) 2019/2088), "**SFDR**") requiring financial market participants to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage.

This Information Statement has been prepared for the purpose of meeting the disclosure requirements in Article 4 of SFDR, that is, specifically, the disclosure requirements applicable to us regarding whether and how we consider principal adverse impacts of investment decisions on sustainability factors. This Information Statement has been prepared in conjunction with Systematica Investments Limited as general partner of Systematica Investments LP, the ICAV's appointed investment manager (together with its subsidiaries and affiliates, "**Systematica**").

It is noted that the regulatory technical standards ("**RTS**") to specify the details of the content, methodologies, and presentation of the information to be disclosed under Article 4 of SFDR have been issued. It is noted that the European Commission has recommended that from the effective date of SFDR, financial market participants are recommended to comply with the specific disclosure obligations in SFDR that are reliant on RTS based on a high-level, principles-based approach.

We therefore seek to comply on a best-efforts basis with the relevant disclosure obligations and issue this Information Statement as a means of achieving this objective.

### **Our Approach to Sustainable Investment**

We believe that investors, and asset managers that invest on their behalf, have a responsibility to make their investments in a way that effectively supports a sustainable society. Systematica recognises that a sustainable and responsible investment strategy is key for long-term value creation for all stakeholders.

We value the importance of integrating Environmental, Social, and Governance ("**ESG**") factors into our investment and risk processes and fundamentally believe that this is aligned with the aim of achieving long-term positive financial performance for our investors. We also recognise and value the fact that this will also support the better functioning of companies we invest in, enhancing behaviour in a wide range of markets and industries and having a positive societal impact beyond the financial markets. Systematica is committed to incorporating ESG considerations into its investment decision-making processes. As a scientific and data-driven group, Systematica is committed to exploring the best methodologies and practices for doing so with respect to its various strategies. Systematica is also a signatory to the United Nations Principles for Responsible Investment ("**UN PRI**") and the Standards Board for Alternative Investments ("**SBAI**").

### **What is a Sustainability Risk?**

In this context, a sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

### **Information Regarding the Consideration of Principal Adverse Impacts of Investment Decisions on Sustainability Factors**

#### **No consideration of adverse impacts of investment decisions on sustainability factors**

Systematica does not currently consider the principal adverse impacts of its investment decisions on sustainability factors for the purposes of Article 4 of the SFDR, other than as part of its wider risk management and risk monitoring processes. Where relevant, and assuming sufficient data is available, such risk monitoring processes may include monitoring certain identified sustainability related issues affecting specific investments, including degradation of the environment caused by those investments. We are committed to developing our approach to sustainable investing, including introducing measures to consider the principal adverse impacts of our investment decisions on sustainability factors beyond measuring the carbon intensity of our investment portfolios.

#### **Remuneration website disclosure**

#### **Alignment of the remuneration policy with respect to integration of sustainability risks**

Systematica's remuneration policy includes a broad range of factors that are considered to determine the appropriate level of remuneration for individuals. However, sustainability risk is not considered as a discrete and separate performance component but rather forms part of the wider assessment of the relevant individual's contribution to the firm.

## **MAS' Guidelines on Environmental Risk Management (Asset Managers)**

The MAS' Guidelines on Environmental Risk Management (Asset Managers) (the "**ERM Guidelines**") was issued on 8 December 2020 and applies to Systematica Investments Singapore Pte. Limited ("**SISPL**") as a holder of a capital markets services licence for fund management. Under the ERM Guidelines, asset managers will be required to assess and implement the ERM Guidelines by June 2022. During the process of implementing the aforementioned, SISPL should document the progress of the implementation process to the extent possible.

As part of the Systematica group, SISPL takes guidance from and leverages the Systematica group's governance structure, environmental risk management framework and policies.

This Information Statement has been prepared in conjunction with SISPL, the sub-investment manager appointed by the investment manager of the ICAV, in compliance with the ERM Guidelines.

This Information Statement will be reviewed and updated regularly to improve its comprehensiveness, clarity, and relevance, considering generally accepted measurement practices and methodologies, to reflect the evolving nature and maturity of risk management practices.

### **Information Regarding Potential Impact of Material Environmental Risk**

#### General Environmental Matters

Related to sustainability risk above, environmental risk arises from the potential adverse impact of changes in the environment on economic activities and human well-being. Environmental risk has the potential to financially impact funds/mandates managed by the Systematica group, through physical and transition risk channels. Physical risk arises from the impact of weather events and long-term or widespread environmental changes while transition risk arises from the process of adjustment to an environmentally sustainable economy.

#### ESG Framework Risk

The ICAV promotes environmental and social characteristics by overweighting companies which outperform their peers on emissions reduction, energy and water consumption reduction as well as companies that apply good corporate governance and employee related considerations.

The act of selecting and evaluating ESG criteria is subjective by nature, and there is no guarantee that the criteria utilised, or judgement exercised by Systematica, or third-party research analysts will reflect the beliefs, values, internal policies or preferred practices of any particular investor or align with the beliefs or values or preferred practices of other asset managers or with market trends. The consideration of ESG factors in evaluating an investment may cause Systematica not to make an investment that it would have made or to make a management decision with respect to a portfolio company differently than it would have made in the absence of such consideration.

As a result of the integration of the sustainability risks in the relevant systematic trading models, the portfolio of the ICAV may be partially weighted in favour of instruments referencing issuers which outperform their peers on certain of the sustainability risk metrics identified; and underweight in derivatives referencing issuers which underperform their peers on those same sustainability risk metrics. In certain circumstances, the relevant systematic trading models will generate investment decisions which can lead to divestment and short selling of positions referencing an issuer, for example, because of the relative severity of the sustainability risks applicable to the issuer in question.

In addition, Systematica's ESG policy and framework may change over time. Systematica may determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing, or other considerations.

Moreover, ESG integration and responsible investing practices are evolving rapidly and there are different frameworks and methodologies being implemented by other asset managers. Systematica's ESG framework does not represent a universally recognised standard for assessing ESG considerations, and its initiatives may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends.

Finally, there is also growing regulatory interest, particularly in the United Kingdom and EU (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, to allow investors to validate and better understand sustainability claims. Systematica's ESG framework and the ICAV are subject to evolving regulations and could become subject to additional regulation in the future. Systematica cannot guarantee that its current approach will meet future regulatory requirements.

### **Further Information**

This Information Statement is issued for information purposes only.

This Information Statement is directed exclusively at persons who are "accredited investors" or "institutional investors" as defined under the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the "SFA"). The funds mentioned in this Information Statement have not been registered with the MAS and are not authorised or recognised by the MAS and interests in the funds are not allowed to be offered to the retail public in Singapore. Any information in this Information Statement in connection with the funds mentioned may not be circulated or distributed, nor may the funds mentioned be offered and sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly to the public or any member of the public in Singapore unless permitted under any applicable exemption.

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This Information Statement is not intended as investment advice and is not an offer or a recommendation about managing or investing assets and should not be used as the basis for any investment decision. Any offering is made only pursuant to the relevant funds' constituent documents (e.g. offering memorandum, subscription documents and governing documents).

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We do not make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors.

No risk management technique can guarantee the mitigation or elimination of risk in any market environment.

**Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. All investments involve risk, including the possible loss of capital.**

Systematica UCITS Fund ICAV is authorised in Ireland and regulated by the Central Bank of Ireland.