Sustainability Related Disclosures

Integration of sustainability risks in the investment decision-making process

The systematic trading models employ a process-based approach to investing, underpinned by research and development of hypotheses about market dynamics. Having undergone testing, such hypothesis are implemented into the proprietary automated models implementing the investment strategy of certain Funds by generating transactions based on observed market data. Systematica is committed to seeking to integrate sustainability risks across relevant asset classes and strategies to the extent that it is possible to do so.

We recognise that certain asset classes present a more effective opportunity than others to implement environmental, social and governance ("ESG") considerations and, accordingly, seek to integrate sustainability risk in the investment process in a manner appropriate to the asset class. "Sustainability risks" means ESG events or conditions which, were they to occur, could have a material negative impact on the value of the investments of certain Funds, and hence, the net asset value of such Funds.

We believe that consideration of sustainability risks as part of the investment process may be a necessary aspect of evaluating the risks associated with a particular asset class or strategy. To the extent applicable, sustainability risks are integrated in the overall risk and performance monitoring process and will be considered as part of the broader investment process. For asset classes where ESG considerations are at an earlier stage of development, we continue to evaluate effective ways to integrate sustainability risk in the investment decision making process. With respect to strategies and asset classes where ESG considerations are more developed, sustainability risks are included as one set of parameters (among others) integrated into the systematic trading models employed by the relevant Funds. Where appropriate, we use external and proprietary tools and data-providers to identify sustainability risks potentially relevant to the investments that may be generated by the systematic trading models. The results of our identification of sustainability risks is integrated into the relevant trading models as appropriate.

The sustainability risk parameters of the relevant systematic trading models focus on environmental issues including, without limitation, climate change: emissions reduction and carbon tax, energy and water consumption. In addition, such trading models include, on an ancillary basis, parameters considering wider sustainability risks, which may include social risks, such as employee training, injuries, and casualties; and governance risk, including policies, committees and board independence. At present, as a result of the integration of the sustainability risks in the relevant systematic trading models, the portfolio of the relevant Funds 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 display 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, as a result of the relative severity of the sustainability risks applicable to the issuer in question. We are currently evaluating multiple ESG-data vendors with a view to further integrating sustainability risks into the investment decision-making process for the relevant Funds, such that the systematic trading models can seek to identify least and most exposed issuers across a number of sustainability risks and rank potential investments accordingly. Such rankings will inform, but not determine, the relative weighting of investments generated by the relevant models.

In accordance with our Responsible Investment policy, we exclude investments in certain categories of equity issuers, including those involved in the design and manufacture of cluster munitions and anti-personnel mines to the extent relevant.

We continue to monitor and adapt to prevailing market conditions and risks; as a result, we may from time to time refine or modify our approach outlined above with respect to the integration of sustainability risks in response to such conditions and risks.

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 in order 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.

Further statements issued by **Systematica UCITS Fund ICAV**

*Systematica UCITS Fund ICAV (the "**ICAV**") does not currently pay any variable remuneration to its identified staff. In the event that the ICAV decides to pay variable remuneration, it may have regard to the following factors in order to decide the quantum of same: (i) whether the performance of the individual was in line with the sound management and mitigation of sustainability risks (as defined in the Sustainable Finance Disclosure Regulation ("**Sustainability Risks**")); (ii) to the extent applicable, the extent to which the individual has (x) embodied the principles; and (y) adhered to the fundamental process based elements that are contained in Systematica's Responsible Investment Policy. As an overriding and discretionary factor, the ICAV will ultimately be mindful of the need to ensure that its remuneration policy promotes sound and effective risk management, does not encourage risk taking that is inconsistent with the risk profiles of its sub-funds and is consistent with the ICAV's approach to the integration of Sustainability Risks.*

The ICAV meets the classification of an Article 8 fund under 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 it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

Capitalised terms that are used herein and not defined shall have the meaning ascribed to them in the prospectus for the ICAV and/or the supplement for the ICAV.

Transparency of the promotion of environmental or social characteristics

Environmental and Social Characteristics promoted by the ICAV

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.

No Sustainable Investment Objective

The ICAV does not have as its objective sustainable investment.

Information on the methodologies used to assess, measure and monitor the environmental and social characteristics

Investment process

The Investment Manager and the relevant Sub-Investment Managers will manage the ICAV in accordance with the Investment Manager's Responsible Investment Policy on a continuous basis. The Investment Manager and the relevant Sub-Investment Manager have fully integrated the Responsible Investment Policy into the overall investment process, in particular, the portfolio construction process. The Responsible Investment Policy is available on the Investment Manager's website and is also available on request.

The Investment Manager looks at a wide array of ESG factors ("**ESG Factors**") that seek to capture immediate developments and long-term trends. ESG Factors are integral to the Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Investment Manager's researchers. The criterion of sustainability is also defined by exclusion criteria whereby the Investment Manager will exclude the issuers of a security if the issuer produces, distributes or maintains outlawed weapons, such as landmines and cluster munition. The Investment Manager's exclusion list is derived from industry recognised sources and applied at the investment decision making model level.

These ESG Factors form part of a proprietary ESG scoring system utilised by the Investment Manager and the relevant Sub-Investment Managers. This ESG scoring is completed for all investee company / corporate issuers in the ICAV and ESG weightings are customised based on specific industry criteria identified by the research analysts. These ESG weightings are automatically integrated into the investment process meaning that the ICAV will be "overweighted" in companies that score highly and "underweighted" in companies that have a low score. The ESG scoring system is an important component of the investment process.

As noted in the supplement for the ICAV, the ICAV seeks to achieve its investment objective primarily through the implementation of a systematic trading model comprised of a portfolio of systematic trading models, which are computer-based models which select investments based on mathematical algorithms. The mathematical algorithm incorporates the ESG Factors as an input into the overall systematic trading model.

The Investment Manager's research and investment team has formalised a systematic approach to the task of identifying companies that are "best in class" and "worst offenders" per industry at incorporating ESG Factors into their governance and management. The focus is on selecting a small set of material measures in each industry, and ranking each company on their level and improvements along these dimensions. The Investment Manager licenses and applies the SASB Materiality Map® General Issue Categories in its investment approach.

All issuers of equities are subject to sustainability analysis before their securities are purchased or shorted. The type of ESG Factors that are assessed as part of the investment process for the ICAV include:

- **Environmental factors** including climate change: emissions reduction and tax, energy and water consumption.

- **Social factors** including employee training, injuries and casualties.

- **Governance factors** including policies, committees and board independence.

The Investment Manager makes assessments on these ESG Factors on a regular basis, and may expand upon these factors from time to time.

Sustainability Indicators

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the ICAV include:

- key figures on climate change and other environmental issues, such as water and energy used; waste or GHG emissions like CO_2, nitrous oxide, sulphur oxide and volatile compounds; and

- management of other sustainability risks: in addition to climate and environmental figures, several key performance indicators are taken into account to measure negative impacts on social and employee matters such as employee training, injuries and fatalities, workforce diversity and human rights such as policies on child and forced labour or the fight against corruption.

Use of Derivatives

The ICAV will, if possible, give preference to transactions with derivatives that serve to fulfil the environmental or social characteristics of the ICAV as if these were cash stock transactions.

Benchmark

The ICAV does not track or reference itself to an index.

Periodic reports

A description of the extent to which environmental and social characteristics are met by the ICAV will be available as part of the periodic report. The ICAV's most recent periodic report does not include any information pursuant to SFDR.

This disclosure is accurate as of 10 March 2021.