POLICY ON SUSTAINABILITY RISK

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1. INTRODUCTION

Global Evolution Asset Management A/S (hereafter "Global Evolution" or "the Company") is committed to promoting sustainability through prosperous socio-economic developments and diminishing environmental impacts. The purpose is to conserve our planet for future generations by ensuring a sustainable ecosystem, society, and economy.

The mission is to generate attractive returns for our investors whilst contributing to sustainability in the countries and companies where the Company invests. The promotion of sustainability has the potential to increase the resilience of the real economy, the stability of the financial system, and strong corporate fundamentals. This is relevant to our business, our investors, and other stakeholders since such dynamics may impact the risk-return of our financial products.

Integrating sustainability risks into an investment process requires in our opinion five key pillars: Philosophy; Identification; Assessment; Integration; and Reporting. This policy provides an elaboration of our approach.

2. LEGAL BASIS

As part of realizing the promotion of sustainability through our investment process, Global Evolution follows and comply with the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR") in order to ensure transparency with regard to the integration of sustainability risks. Global Evolution considers also the principal adverse impacts of the investments on sustainability and relay the necessary sustainability-related information with respect to the financial products and investment process.

In accordance with SFDR article 2(22) Global Evolution perceives sustainability risk as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

3. SUPPORT

Global Evolution is a signatory of the United Nations Global Compact ("UNGC"); a strategic policy initiative for companies and non-businesses committed to aligning their operations and strategies with the ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. Global Evolution continuously supports the UN Global Compact through our implementation of the principles and focus on outcomes by integrating sustainability indicators as well as by communicating and engaging with stakeholders on progress achieved. Furthermore, our activities relating to environmental, social, and governance factors shall be characterized by credibility, consistency, and commitment.

Global Evolution is furthermore a signatory of the Principles for Responsible Investment ("PRI"); a strategic policy initiative for businesses committed to aligning their operations and strategies with six principles for responsible investment supported by the United Nations.

In addition, Global Evolution supports and endorses the recommendations of the Task Force for Climate-related Financial Disclosures ("TCFD") against which Global Evolution annually reports to climate-related action plans and perspectives on how climate change scenarios affect risk in emerging and frontier market sovereign and corporate debt investing.

4. SUSTAINABILITY RISK PHILOSOPHY

Global Evolution wishes to use its influence to be positively impactful and in the best interest of our investors engage with emerging market issuers to promote greater transparency on ESG issues and encourage development. Global Evolution does this by lending money to governments and companies in emerging market to build the physical and human infrastructure necessary to help lift millions of their citizens out of absolute poverty and address Environmental, Social and Governance ("ESG") issues.

Global Evolution have considered ESG factors in our investment process through many years. The systematic integration of environmental, social and governance characteristics and level of sophistication have constantly improved, and the continued development is considered to be fundamental to our investment process.

The literature on economic development indicates that countries coming from lower levels of development may emit increasing amounts of greenhouse gasses ("GHG") as part of the development process towards higher living standards[1]. But as their industrialization process matures, carbon emission is driven by a more efficient use of technologies, i.e., countries develop their industries and produce the same output but with less GHG emission per unit produced so "carbon efficiency" improves along the development path.[2] This supports the theoretical and empirical background for our approach to investing in emerging and frontier markets with a sustainability perspective.

In recent decades sustainable development issues and their integration into investment decision process has grown more relevant and often discussed. Rather than absolute ESG performance, a better indicator of future investment gains is positive ESG momentum; i.e. a country or company's ESG score can be average but improving. Studies have found that issuers with average ESG scores that have positive momentum made the biggest contribution to financial performance.

5. SUSTAINABILITY RISK IDENTIFICATION

Global Evolution views management of sustainability issues as a necessary component of the investment strategy and continue to evolve our framework as Global Evolution believes it is fundamental to the long-term success of our Product. Global evolution has established the appropriate governance systems, risk management and controls to support our intention to integrate sustainability considerations across our investments. Global Evolution operates with a framework for conducting proprietary qualitative ESG research and analysis for each of the investee countries and companies in the Products.

Identifying sustainability risks across the environmental, social, and governance areas requires both a quantitative and qualitative approach. Our quantitative approach involves subscribing to raw data sets for E,

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[1] Cohen, et. a. (2018), Decoupling of Emissions and GDP: Evidence from Aggregate and Provincial Chinese Data, IMF Working Paper, WP/18/85, and Cleveland, et. al. (2001)

[2] This is also described as the Environmental Kuznets" relationship. Cleveland, et. al. (2001), The Economics of Nature and the Nature of Economics, Advances in Ecological Economics, International Society for Ecological Economics, Edward Elgar.

S, and G indicators that are brought to alive through a proprietary database in order to systematically monitor the data.

The qualitative identification of sustainability risks emerges from thorough desk research and on-the-ground due diligence visits to the countries and companies in the emerging markets universe where Global Evolution conducts an in-depth due diligence including relevant ESG related issues, which are subsequently discussed and documented.

6. SUSTAINABILITY RISK ASSESSMENT

Based on quantitatively and qualitatively derived data on sustainability risk, Global Evolution aggregates the views as proprietary ESG rating across all countries. Importantly, changes in ESG ratings and the identification of the drivers is the basis of our sustainability risk assessments; of whether an issuer faces higher or lower sustainability risk dynamics.

The ESG ratings are optimized through simulations of the variables and weightings by including indicators with substantial influence on the sustainable economic and socio-economic development of countries. The ESG ratings inform our investment process and serve as ongoing input to the quantitative valuation and credit rating models. The ESG scores are utilized for the negative screening process whereby Global Evolution excludes certain countries and companies from Global Evolution's investable universe.

7. SUSTAINABILITY RISK INTEGRATION

Global Evolution's research and assessments clearly indicate with econometric evidence that ESG improvements are statistically significantly correlated with both government bond yields and exchange rates of emerging market countries which feeds into a better regulatory environment for the emerging market corporates.

In recent decades sustainable development issues and their integration into investment decision process has grown more relevant and often discussed. Numerous academic publications have examined various aspects of integrating sustainability aspects in the mechanism for making strategic decisions.

Rather than absolute ESG performance, a better indicator of future investment gains is positive ESG momentum, the Company's ESG scores can be average but improving. Studies have found that companies with average ESG scores that have positive momentum made the biggest contribution to Sharpe ratios.

Firms with high ESG scores did not experience improved financial performance, likely because these factors were already reflected in the firm's financial performance. However, rising ESG scores improved risk-adjusted returns across the board as Global Evolution would expect.

Recent studies have concluded that ESG information is able to provide different positive or negative effects that can be significant for investment decisions. Specifically, ESG disclosures impact company's reputational risks, cost of capital (Khan et al. 2015, Chen et al. 2011), stock price movements (Clark et al. 2015). Analysis of the main barriers in ESG data integration had shown that the biggest issues of using ESG information relate to the lack of non-financial reports comparability, their timeliness and reliability (Amel-Zadeh and Serafeim 2017; CFA 2017) as well as to cost of gathering and assurance (KPMG 2017). Due to these barriers, ESG analysis in most cases has the form of a qualitative input that is used alongside traditional investment quantitative models.

7.1. Luxembourg managed UCITS Funds

When it relates to UCITS funds domiciled in Luxembourg, the Company should implement processes to ensure that fund names using ESG or sustainability related terms are not unfair, unclear or misleading and that the investment policy and limits of the UCITS funds and AIFs managed by the Company are aligned with such fund names to comply with the ESMA guidelines on funds' names using ESG or sustainability-related terms (ESMA34-1592494965-657 introduced in Luxembourg through the Circular CSSF 24/863).

8. SUSTAINABILITY RISK REPORTING

Global Evolution tracks all portfolios and strategies from an ESG standpoint and facilitate risk reports that provide a qualitative assessment of the effects of sustainability risk.

9. IMPLEMENTATION

This policy, appendices and the related documents are communicated to relevant staff and third parties involved in the ESG processes of the Company. The Company ensures that all parties are aware of their roles and responsibilities and adhere to the standards and procedures set out in this policy and the related documents.

10. REVIEW AND APPROVAL OF THIS POLICY

The review and approval of this policy and the related documents are the responsibility of the Board of Directors of the Company, with the input and advice of the Executive Management, the Head of Legal & Compliance, and the external auditor. Any amendments or revisions to this policy and the related documents are communicated to relevant staff in a timely manner.

This policy is reviewed and approved by the Board of Directors on an annual basis.

Version	Approval Date	Revision details	Made by	Approved by
1.	9 March 2021		OJ	BOD
2.	28 November 2023	Date updates and incorporation of Corp. Debt. investments	OJ	BOD
3.	14 November 2024	Template update	LW	BOD