

No consideration of adverse impacts of investment decisions on sustainability factors

Article 4 of the EU Sustainable Finance Disclosure Regulations (“SFDR”) requires the Firm to make a “comply or explain” decision on whether to consider principal adverse impacts” (PAIs) of our investment decisions on sustainable factors. As permitted under Article 4 of SFDR, the Firm has decided not to consider PAIs at present. The Firm is therefore required to publish and maintain on our website a statement to explain our reasons for not considering PAIs, and information as to whether and when we intend to consider PAIs.

Currently, there is limited data availability from the companies we invest in. We continue to monitor data availability to reevaluate our decision to consider Principle Adverse Impacts at entry level. At the moment we do not consider Principle Adverse Impacts.

When investing, we evaluate and monitor indicators that suggest the presence of material negative impacts. We address negative impacts by working closely with the companies. We intend to address and identify material adverse impacts through various sources, including annual reports, interaction with management, and interaction with analysts.

At present, REQ Capital applies an exclusion list of controversial industries based on the company exclusion criteria used by the Council on Ethics for the Government Pension Fund Global, which excludes, for example, producers of coal and coal-based energy. In addition, our funds will have no pure exposure to economic activities associated with nuclear energy production, no pure ownership of fossil fuel reserves, no pure involvement in the production or sale of tobacco or military weapons, and no pure activities in gambling or pornography.

REQ Capital has chosen to exclude several sectors where we believe that the companies comprising these sectors will eventually face intense pressure from consumers, regulators, and society as a whole. These pressures will ultimately result in negative pressure on growth, margins, return on capital, and cost of capital.