

No Consideration of Sustainability Adverse Impacts

10 March 2021

The purpose of this statement is to disclose certain sustainability-related disclosures under SFDR (as defined below).

SFDR means 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, as amended and as may be further amended.

Sova Asset Management (CY) LTD (hereinafter – “**Sova AM**”) and the Sova group take their social responsibilities seriously. Sustainability Risk (defined 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 the investment) is part of the Sova group risk inventory. The Risk Appetite Statement for Sova AM and the global risk management framework of the Sova group include Sustainability Risks.

To date, none of Sova AM’s mandates actively promote Sustainability Factors (defined as environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters), and therefore Sova AM does not maximise portfolio alignment with Sustainability Factors. However, they remain exposed to Sustainability Risks.

Sustainability Risks are factored into the investment decision making process of Sova AM. However, at this time Sova AM does not consider the adverse impacts of the investment decisions on Sustainability Factors (i) as no sufficient data of satisfactory quality is available to allow Sova AM to adequately assess the potential adverse impact of the investment decision on Sustainability Factors, (ii) because of a lack of relevant disclosures from target investments and (iii) as there are no adequate methodologies to calculate the potential adverse impact of the investment decision on Sustainability Factors.

Based on the general risk-averse attitude of the underlying clients Sova AM may reasonably expect a growth in demand for incorporating minimal tolerance for such type of risks going forward. Accordingly, over time Sova AM intends to enhance its existing risk framework to include additional risk appetite, tolerances, and measures of all the elements of Sustainability Risk evolving into both a qualitative and quantitative approach to the measurement, diversification, and management of these risks. As such, this new approach will be addressed within the relevant policies, processes, management strategies and practices as well as any new regulatory initiatives and legislative frameworks.

SOVA ASSET MANAGEMENT (CY) LTD

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