



## **Sustainability Finance Disclosure Regulation**

*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 integrated throughout the investment process in Kestrel Capital. At onboarding, all clients are offered the opportunity to advise Kestrel on their Environmental, Social and Governance preferences.*

*In Kestrel Capital, Sustainability Risk is reviewed at both a security level by the Investment Committee and at a portfolio level by Financial Advisors/Portfolio Managers. During the investment selection process, consideration is given as to how the fund—integrates sustainability risk and ESG risks into their investment process. The Investment Committee looks to gain an understanding of the role sustainability risks play in the fund’s investment decision making process in addition to traditional valuation metrics. For Kestrel’s non-sustainability risk oriented offerings (i.e. securities), Kestrel may select securities which have sustainability risk factors to inform its investment process, but they are not a deciding factor in the decision to select a security. Kestrel will when advising on financial products or engaging in discretionary management services, review the different approaches taken by product manufacturers in respect of those manufacturers integrating sustainability risks into their product offering. This will form an important part of our analysis for choosing a provider and/or product. We will also consider Principal Adverse Impacts when it is appropriate to do so.*

*Kestrel Capital has in place a Remuneration Policy which promotes sound and effective risk management and does not encourage excessive risk-taking. The Policy seeks to ensure that excessive risk taking is not rewarded. Kestrel Capital aligns the payment of variable remuneration to its business cycle and the risks of the Company. Kestrel Capital recognises that sustainability risks can have a material impact on the value of client investments, their associated returns and this aspect can be considered as part of remuneration discussions.*

*Finally, Kestrel Capital as a financial market participant and financial advisor recognises that ESG is a relatively new and evolving discipline and as such it will continue to review, embed and expand its approach to managing sustainability risks on behalf of its clients and wider society.*