PANDOO Management

Information on the integration of sustainability risks in the investment decision-making process

1. The AIFM

PANDOO Management (hereinafter "the AIFM") is an alternative investment fund manager authorised pursuant to the Luxembourg law of 12 July 2013 on alternative investment fund managers (hereinafter "AIFM Law").

Within the scope of its regulatory authorisation, the AIFM manages AIFs that qualify as alternative investment funds (hereinafter "AIF" or "alternative investment funds").

2. Regulatory framework

The Regulation (EU) 2019/2088 as amended by Regulation (EU) 2020/852 on sustainability-related disclosures in the financial services sector (hereinafter "SFDR") requires financial market participants to disclose information on the integration of sustainability risks in their investment decision-making process (Article 3 SFDR). Further clarifications and details on application of specific requirements of the SFDR were made through Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (hereinafter "RTS").

As defined by the SFDR a sustainability risk is 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.

The AIFM acknowledges the impacts which sustainability risks may impose on the AIFs managed and the assets held by the AIFs and therefore considers the integrated approach outlined in this policy as strengthening its fiduciary duties towards the investors of the AIFs managed.

The document was developed in line with and to comply with the requirements set by Article 3 SFDR.

3. Organisational structure of the AIFM

a. Portfolio Management function

The Portfolio Management function may be either performed in-house by the AIFM or may be delegated to external parties. In both cases the final responsibility for the Portfolio Management function stays with the AIFM.
When performing the Portfolio Management function, the AIFM may seek the support of external Investment Advisors who identify and propose potential target investments to the AIFM. All investment proposals by external Investment Advisors are duly assessed by the AIFM as Portfolio Manager and only executed after a positive vote on the proposal by the AIFM Investment Committee "AIFM IC".

In cases where the AIFM delegates the Portfolio Management function to external parties, the AIFM ensures through a robust due diligence and monitoring process the capabilities and service quality of the delegates, including the integration of the sustainability risks as required.

b. Risk Management function

The AIFM is responsible for a proper risk management of the AIFs it manages. Therefore, the AIFM established a risk framework to constantly monitor the risk exposure of the AIFs. Additionally, the Risk Management function is, inter alia, responsible to define the risk profiles of the AIFs which define specific risk thresholds for each AIF. The thresholds may vary depending on the individual risk appetite of each AIF.

4. Sustainability risks

Sustainability risks can either represent a separate risk category or have a reinforcing effect on other risk categories relevant to the AIF, such as market risk, liquidity risk, credit risk or operational risk and as such can substantially contribute to the overall risk of the AIF.

Insofar as sustainability risks materialise, they may have a significant impact on the value and/or return of the assets concerned up to a total loss. Such effects on the asset(s) can negatively influence the overall return of the AIF.

By taking into consideration sustainability risks, it is the aim of the AIFM, together with the Investment Advisor/delegated Portfolio Manager, to identify the possible occurrence of these risks at an early stage and to take appropriate measures to minimise the impact on the affected asset(s) or the overall portfolio of the AIF.

The sustainability aspects that can have a negative impact on the return of the AIF are divided into environmental, social and governance aspects (hereinafter "ESG"). While environmental aspects include e.g. climate protection, social aspects include e.g.

compliance with workplace safety requirements, the consideration of compliance with employee rights and data protection are among the components of the governance aspects. In addition, climate change aspects are also considered, including physical climate events or conditions such as heat waves, rising sea levels and global warming.

Where an AIF, managed by the AIFM, has sustainable investments as its objective, the AIFM ensures that such investments are in line with article 2 (17) of SFDR.

5. Sustainability risk approach

Depending on its role, the AIFM implemented internal processes to assess sustainability risks of potential target investments in case the AIFM holds the Portfolio Management function itself, as well as a process to continuously monitor the risk exposure of an AIF throughout its lifecycle.

The ongoing monitoring is performed by the Risk Management function.

To effectively monitor sustainability risks, the AIFM identified specific risk aspects to be considered in the monitoring of each relevant AIF which are based on the investment strategy and target investments to be acquired by the AIF.

Additionally, the AIFM expands the existing risk profiles of each relevant AIF with sustainability related risk provisions.

In case the overall sustainability risk exposure of an AIF is above the provisions set as per risk profile, it will be directly reported to the responsible Conducting Officer for Risk Management as well as to the responsible Conducting Officer for Portfolio Management.

6. Scope of products

The AIFM identified all open-ended AIFs, as well as AIFs for which a subscription period is still ongoing, as relevant. Therefore, all AIFs which are fully invested and closed to new subscriptions as from the application of the SFDR are deemed out of scope.

7. Document review

The document will be reviewed and updated annually, and on an ad hoc basis in case of relevant changes to the organisational structure of the AIFM, in case of amendments to the regulatory framework governing this policy or if otherwise deemed necessary.

Luxembourg, March 2025