BRUMMER & PARTNERS

Responsible investment policy

Brummer Multi-Strategy AB

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1. Introduction

Brummer Multi-Strategy AB ("BMS") is the investment manager for Brummer Multi-Strategy ("BMS AIF"), Brummer Multi-Strategy NOK, Brummer Multi-Strategy Euro, and Brummer Multi-Strategy Utdelande and their master fund ("BMS Master"), as well as for Brummer Multi-Strategy 2xL ("BMS 2xL", all together "the BMS Funds") and Brummer Multi-Strategy UCITS ("BMS UCITS"). BMS Master, BMS 2xL and BMS UCITS allocate to investment strategies managed by either portfolio manager pods within BMS AB or by other investment management companies (together "Sub-Investment Managers") within the Brummer & Partners group. By allocating to different investment strategies with exposure to a variety of asset classes, BMS strives to build diversified "all weather" portfolios that generate sustainable alpha over time, independent of market direction. At the same time, thanks to Brummer's partnership model, we have an opportunity to collaborate to ensure alignment of sustainability efforts from a multi-strategy, multi-manager perspective, including continuously improving responsible investment practices. Hence, we strive to achieve long-term sustainable alpha in a double sense.

The BMS Funds and BMS UCITS are so called Article 8 funds according to EU's Sustainable Finance Disclosure Regulation ("SFDR"). This responsible investment policy ("RI Policy") outlines BMS's approach to responsible investments for BMS Master, BMS UCITS, and BMS 2xL, including:

- how BMS integrates sustainability risks in the investment decision-making process;
- how BMS considers principal adverse impacts of its investment decisions on sustainability factors;
- how sustainability risks are integrated in BMS's Remuneration Policy;
- how BMS discloses relevant information to investors; and
- the environmental and social characteristics that the BMS Funds and BMS UCITS strive to promote.

This RI Policy is part of BMS's formal policies and procedures and must be read in conjunction with the information memorandum and other pre-contractual materials which outline the investment decision-making process. Furthermore, investment decisions must be in compliance with the offering documentation of the funds under management, and relevant legislation in their jurisdiction.

2. Our approach

BMS believes that responsible investment practices incorporating material ESG factors in investment decisions may add value for investors, both in terms of considerations for a more sustainable future, and by making more well-informed investment decisions and generating alpha in a responsible way. To achieve our mission to generate sustainable, long-term returns, we are dependent upon stable, well-functioning and well-governed social, environmental, and economic systems. To deliver on our long-term responsibilities to our investors, we aim to build and manage a diversified portfolio of different investment strategies that, over time, will have a low correlation to traditional assets classes.

Brummer & Partners typically holds a minority stake and has board representation in the Sub-Investment Managers, and the long-term partnership enables us to proactively provide support and initiate discussions on topics of interest, both on the investment strategy and the portfolio holding level. BMS's investment team performs continuous monitoring of risk and performance of the various investment strategies, and independent risk control is provided by the Brummer & Partners' Risk team. The group's Sustainability team advises BMS and the Sub-Investment Managers on policy development, sustainable finance regulation, ESG integration practices (including data and research), stewardship (including proxy voting and engagement, reporting and communication, as well as education and training. Potential structural issues, as well as solutions, are discussed with the Sub-Investment Managers, including engagement on sustainability related risks and opportunities to ensure alignment of responsible investment practices.

BMS and the Sub-Investment Managers in the group are signatories to the United Nations supported Principles for Responsible Investment ("PRI") and have a member on its Hedge Fund Advisory Committee through its parent, Brummer & Partners.

Brummer & Partners is one of the 14 founding members of the Standards Board for Alternative Investments ("SBAI"), an industry initiative where asset owners and asset managers come together to develop best practice standards for the alternative investment industry, including on responsible investment. The standards form a governance framework for transparency, integrity and business ethics and complement applicable laws and regulations. BMS and the Sub-Investment Managers in the group are SBAI signatories and report to SBAI annually on a comply or explain basis.

BMS and the Sub-Investment Managers are also members of the Alternative Investment Management Association ("AIMA"), an industry initiative that develops best practice standards and educational guides to promote the alternative investment industry and enhance a wider understanding of its function.

Further, Brummer & Partners are members of SWESIF, Sweden's Sustainable Investment Forum.

3. Investment process

BMS is continuously evaluating the Sub-Investment Managers and investment strategies and decides on allocation and inclusion/exclusion of strategies based on a monitoring and analysis framework that has been developed over the years. The framework applies quantitative and qualitative analysis and considers several risks exposures including sustainability risk exposures. For more information on the investment process, please see the Information Memorandum for the BMS Funds and BMS UCITS's Supplement.

BMS expects the Sub-Investment Managers to adopt RI Policies tailored to their respective investment strategies and asset classes traded, while also supportive of BMS's sustainability activities, including the environmental and social characteristics that the BMS Funds and BMS UCITS strive to promote:

(1) climate action (activities to combat climate change and its negative impacts);

(2) human rights, labour standards, environmental protection, and anti-corruption, as defined and outlined in international norms and conventions; and

(3) consideration of the United Nations Sustainable Development Goals (the "**SDGs**").

The Sustainability and Risk teams screen and monitor the Sub-Investment Managers' portfolios to ensure compliance with BMS's and the Sub-Investment Managers' respective RI Policies, and violations, if any, are reported to BMS 's investment team and Board of directors, as well as to the relevant Sub-Investment Manager's Board of directors. The Sustainability team also engages with the Sub-Investment Managers on violations and other sustainability related risks and opportunities and may for example suggest action plans or reduction of exposure.

3.1 SUSTAINABILITY RISKS AND ADVERSE IMPACTS

A Sustainability risk is 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. BMS and the Sub-Investment Managers perform due diligence to identify, prioritise and introduce suitable actions regarding sustainability risks and opportunities, including on sustainability risks which may also result in material adverse impacts on sustainability factors, should they materialise. The management of sustainability risks and potential material adverse impacts of BMS's investment decisions on sustainability factors also relate to the E and S characteristics that the BMS Funds and BMS UCITS strive to promote.

3.1.1 Due diligence

The due diligence process involves monitoring and screening of the Sub-Investment Managers' portfolio holdings. When we first implemented regular screening almost 10 years ago, we focused on controversial weapons and compliance with international norms on human rights, environmental protection, labour standards, and anti-corruption. These norms are set out in international initiatives and guidelines such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, the Principles of the UN Global Compact, the ILO Tripartite declaration of Principles concerning Multinational Enterprises and Social Policy and are embedded in the SDGs. The screening has evolved since then and nowadays it also includes climate related data, and SDG impact data, as well as EU taxonomy revenue alignment data, and data to measure Principle Adverse Impacts (as stipulated in the Sustainable Finance Disclosure Regulation, SFDR, and in the EU Taxonomy Regulation) among other things.

The purpose of the screening is to monitor portfolio exposure to certain sustainability risks that BMS and the Sub-Investment Managers have identified to be of particular concern as they may result in material negative effects on returns, and potentially also material adverse impacts on sustainability factors, should they materialise. Further, BMS's management of these risks and monitoring of certain indicators also assist the promotion of the E and S characteristics outlined above.

The investment restriction list is updated at least quarterly and distributed to the Sub-Investment Managers along with their respective screening results. The investment restriction list is constructed by applying BMS's exclusions criteria to ESG data sets acquired from a third party research provider. A company that meets BMS's exclusions criteria when applied to the third party's research data, is automatically added to the restriction list at the end of the quarter. However, as third-party research and methodologies may sometimes come to unclear conclusions on, for example, potential sector involvement or the severity of a potential controversy, the Responsible Investment Committee can add or remove companies to the investment restriction list following further research and analysis. When the external research provider downgrades a portfolio company mid-quarterly, an extra quarter may be added before the same procedure applies.

The Sustainability and Risk teams review screening results and engage with the relevant Sub-Investment Manager in relation to a violation of the investment restrictions list. If an exposure in violation of the investment restrictions list is identified, the Sub-Investment Manager is requested to divest unless the Sub-Investment Manager provides rationale for why the exposure should not be restricted, and an action plan in compliance with the Sub-Investment Manager's policies and procedures. In developing such an action plan and to protect the interest of investors, BMS and the Sub-Investment Managers will take into account whether:

- an alleged policy breach is advertent and should have been avoided by not entering into a restricted exposure; or
- if it was inadvertent and a result of new information, suggesting that an existing position should be restricted or other actions out of the Sub-Investment Managers control.

If it is finally determined that a company, state or other entity is involved in a business activity and/or a violation of international norms mentioned above and below, BMS will require the Sub-Investment Manager to divest from long exposure[1] to companies that generate more than five percent of their revenues from production of:

(i) thermal coal
(ii) oil sands
(iii) arctic drilling

[1] Long exposure means holding an asset or entering derivative contracts with the purpose of gaining from a price increase of the asset.

(iv) pornography
(v) tobacco
(vi) cannabis intended for recreational use

In the case of thermal coal, it also covers long exposure to companies that derive more than 30 percent of their revenues from energy production based on thermal coal. Short exposure[2], however, is not restricted.

Long exposure to companies involved in:

(i) violations of international norms on human rights, environmental protection, labour standards, and anti-corruption

Long and short exposure to companies involved in:

(ii) controversial weapons

Details of the (i) investment restrictions described above, (ii) screening to ensure compliance, (iii) monitoring of certain indicators (such as Weighted Average Caron Intensity, "WACI", and SDG impact), and (iiii) engagement on screening results and indicators, together form the binding elements that BMS applies to promote the E and S characteristics outlined above, and they are implemented and described as follows:

International norms and conventions

Long exposure to companies in violation of international norms and conventions on human rights, labour rights, the environment and anti-corruption, is avoided, as is both long and short exposure to companies which are directly involved in the development, production, maintenance, or sale of illegal weapons and weapons that are considered controversial (such as cluster bombs, anti-personnel mines, biological and chemical weapons, and nuclear weapons).

By avoiding exposure to companies in violation of international norms, engaging with Sub-Investment Managers on any findings of such holdings in their portfolios, and participating in a collaborative engagement initiative encouraging companies to improve their governance and procedures in relation to these norms, BMS AB promotes compliance with these norms both in investee (via the Sub-Investment Managers) and non-investee companies.

Climate action

Long exposure to companies that generate more than 5 percent of their revenue from the production of thermal coal or derive more than 30 percent of their revenue from energy production based on coal, is avoided. Similarly, long exposure to companies involved in unconventional fossil fuel extraction methods (oil sands and arctic drilling) is avoided. In addition to causing greenhouse gas emissions, production of oil sands and arctic drilling also risks harming the nature and biodiversity due to the sensitive

[2] Short exposure means seeking to gain from a price decrease of an asset, which can be achieved either by borrowing and selling the asset, or via a financial derivative.

environment in which such operations are typically performed. Further, WACI and general fossil fuel exposures of the issuers of equities and corporate bonds in the Sub-Investment Managers' portfolios are monitored, and the Sustainability team engages with the Sub-Investment Managers on the results of the monitoring to raise awareness and share insights, and to collaborate on interpreting the numbers from an alternative, absolute return, multi-strategy and multi-manager perspective. As it relates to thermal coal, an investment may be made in an issuer that exceeds the thresholds above, if the Sub-Investment Manager determines that the relevant company is making (or will do so in the near future), a significant contribution to the transition towards renewable energy sources.

Apart from the investment restrictions lists and the engagement with Sub-Investment Managers on the results of the screening and monitoring, BMS also participates in a collaborative engagement initiative targeted at investee and potential investee companies to encourage climate action activities, such as for example carbon emissions reductions initiatives and alignment with the Paris Agreement.

The Sustainable Development Goals

To promote the SDGs, BMS has requested the Sub-Investment Managers to identify SDGs that are relevant for their respective investment strategy. Awareness of the SDGs and the role they play may help identify investment opportunities. BMS's Sustainability and Risk teams monitor each Sub-Investment Manager's portfolio exposure to companies which positively or negatively impact on the 17 SDGs (including SDG 13 'Climate action' that relates to the activities on climate action mentioned above) and the results may also form part of the dialogue between the Sustainability team and each Sub-Investment Manager.

In addition to the fossil fuel related exposures mentioned above, BMS also avoids long exposure to companies involved in production of pornography, tobacco, and cannabis for recreational use, that, amongst others, relate to SDG 3 'Good health and well-being'. Exposure to such companies may also involve sustainability risks that the Investment Manager strives to avoid.

By implementing the investment restrictions, monitoring, and engagement practices mentioned above, BMS has implemented measures to manage exposure to companies that may introduce sustainability risks that BMS strives to avoid as well as certain potential material adverse impacts on peoples' health, well-being, the climate, and the environment.

3.2 THE MULTI-STRATEGY PERSPECTIVE

BMS acknowledges that while the due diligence process described above are strong components of sustainability risk management, they are not capable of identifying all sustainability risks, nor all opportunities, applicable to each Sub-Investment Manager's investment process.

The due diligence process allows BMS to identify exposure to companies that i) have material adverse impacts on sustainability factors, ii) are involved in controversial or unsustainable activities, iii) can be viewed to be poorly governed (and as such at higher risk of being neglectful of the impact of their operations, and therefore potentially more likely to be subject to other types of poor or unethical business conduct). However, given the diversification of the Sub-Investment Managers' investment strategies in terms of asset classes and markets traded, sustainability risks and opportunities are of great variety and each Sub-Investment Manager is therefore expected to adopt an RI Policy tailored to their specific investment strategy, including outlining how sustainability risks are integrated in its investment decision making process.

Given the diversified portfolios of BMS Master, BMS 2xL and BMS UCITS and that each Sub-Investment Manager considers sustainability risks in its investment decision process, BMS assesses the likely negative impact of sustainability risks to be low for the BMS Funds and BMS UCITS as well as for the investment strategies they allocate to.

3.3 THE SUSTAINABILITY WORKING GROUP

BMS's Sustainability Working Group ("SWG") has representatives from the investment team, the Risk team, and the Sustainability team, and it meets at least quarterly to discuss and evaluate the Sub-Investment Managers' responsible investment activities. The result of the assessment is documented in the ESG Matrix. The ESG Matrix consists of several qualitative and quantitative indicators such as:

- the Sub-Investment Managers' policies and processes for the integration of sustainability risks and opportunities in investment decisions;
- the results of the screening and monitoring described above;
- the attentiveness of the Sub-Investment Managers and their willingness to engage and improve on sustainability matters; and
- portfolio impact of ESG specific stress tests.

In the event that BMS is not satisfied with the results of the assessment of a Sub-Investment Manager or a portfolio, the investment team may take this into account as part of its monthly asset allocation process and may require the Sub-Investment Manager to take appropriate measures as a result of sustainability considerations. Repeatedly poor results in the ESG Matrix or ignorance of BMS's recommendations regarding sustainability practices, are factors that are considered in BMS's investment decision-making process and could lead to BMS Master and/or BMS UCITS decreasing, alternatively redeeming, its investments in an investment strategy.

4. Remuneration Policy

BMS has adopted a Remuneration Policy outlining the conditions for employees of BMS to receive remuneration. The Remuneration Policy sets out procedures to mitigate that variable remuneration promotes unwanted behaviour and risk-taking, such as disregarding material sustainability risks and potential effects on the returns of the fund, as well as ignoring any identified and prioritised potentially material adverse impacts of investment decisions on sustainability factors.

5. Investor disclosure

BMS is responsible for keeping disclosures, including those required by SFDR, up to date, and for making them available to investors and other stakeholders on its website.

6. Review of this policy

The Compliance function is responsible for ensuring that this Policy is reviewed in consultation with the content owner at least annually. The content owner is responsible for ensuring that the Policy is updated when necessary.