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Parus Finance (UK) Limited

(The “Firm” or “Parus”)

September 2022

Environmental, Social and Governance (ESG) Policy

Introduction

This policy sets out the Parus Finance (UK) Limited ("Parus" or the "Firm's") approach to integrating Environmental, Social and Governance ("ESG") factors within the Firm's operations and values.

Parus Finance (UK) Limited is authorised and regulated by the Financial Conduct Authority as a Full Scope Alternative Investment Fund Manager (categorised as a Collective Portfolio Management Investment ("CPMI") Firm). The Firm provides discretionary investment management services to alternative investment funds ("AIFs").

This Policy is reviewed on a regular basis by the Firm's Governing Body and updated where necessary to reflect changes in circumstances and actual practice.

ESG Principles

The environmental and social impact created by a business's activity and the way it is managed are the three main factors to consider in order to invest responsibly. Collectively, these considerations are known as Environmental, Social and Corporate Governance (ESG). These measures and practices emphasise on non-financial indicators, focusing on a business's approach towards the environment, sustainability, responsible investment, along with considerations towards corporate governance.

Parus is a signatory to the UN's Principles for Responsible Investment ("PRI"), a voluntary framework which promotes the integration of ESG considerations into investment management processes and ownership practices, in the belief that these factors can have an impact on financial performance. We also recognise that applying these Principles may better align investors with broader societal objectives.

The six Principles for Responsible Investment are voluntary and aspirational set of investment principles that provide a framework for ESG investing.

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| Principle 1. | We will incorporate ESG issues into investment analysis and decision-making processes. |
| Principle 2. | We will be active owners and incorporate ESG issues into our ownership policies and practices. |
| Principle 3. | We will seek appropriate disclosure on ESG issues by the entities in which we invest. |
| Principle 4. | We will promote acceptance and implementation of the Principles within the investment industry. |
| Principle 5. | We will work together to enhance our effectiveness in implementing the Principles. |
| Principle 6. | We will each report on our activities and progress towards implementing the Principles. |

Governance

The activities that Parus is committing to do in this ESG policy are primarily assigned to one of our Investment Analysts. This includes the responsibility to maintain the ESG monitoring and reporting activities described further below as well as reviewing the regulatory agenda.

The Investor Relations team is the main contact point for information regarding the firm's ESG commitment. Details can also be found on the Parus Finance website.

Internal initiatives

Parus is dedicated to creating a sustainable working environment, from an environmental, social and governance perspective.

Parus aims to limit its environmental impact on a day to day basis by utilising a recycling program, sensor-invoked lighting system, and lack of unnecessary work travel. The team is comprised of 12 people, 9 men and 3 women, representing 4 different nationalities. We aim to maintain this positive gender ratio and international diversity ESG topics are included in our annual compliance training in order to increase awareness and understanding within the team.

ESG Philosophy

Parus has been running the same global long-short equity strategy since its inception in 2003. The commitment to ESG considerations are inherent in the way we invest. Investing in high quality, highly innovative companies for the long run, driven by a fundamental research process and a desire to truly understand a business has given us a unique take on what makes a 'responsible' company.

Our growth companies have a high rate of innovation, bringing to the market new technology or efficient solutions to existing industries. In doing so they bring benefits to the world from both a social and economic standpoint. These companies tend to have a focus on technology, with a shift towards digitisation, meaning they are less capital intensive than other industries and use fewer natural resources, resulting in a low environmental footprint. We believe this should be acknowledged within the ESG framework, and positive elements of such companies should not be underappreciated.

Such companies often require leaders who are visionaries, entrepreneurs that not only run the company efficiently but also find ways to improve life collectively, in whatever technology or business they are disrupting. Parus avoids investing in companies where there is questionable corporate governance or poor moral practice, whilst recognises that a strong, innovative leader is sometimes necessary to put in place their vision to create new companies or even industries.

At Parus, we invest in well run companies that we believe to have a positive social outcome, with a limited impact on the environment.

ESG Process

We incorporate ESG factors into our investment analysis. We believe that we can add value to our clients' investment by actively considering ESG elements in the investment process, in both pre- and post- investment stages.

Screening and Exclusions

Parus is committed to not investing in any issuer derives majority of revenue to certain activities such as: Illegal and nuclear weapons, Adult entertainment, Tobacco Producers and Thermal Coal.

Quantitative Analysis

Parus has developed an internal proprietary model assessing over 30 metrics across Environmental, Social and Governance categories. The proprietary part of the model is based on disclosure, trends and comparisons to peers from company-reported metrics and is blended with multiple third party specialist solutions to produce an overall ESG score. We do believe that there are still flaws in the nascent ESG models that particularly impact high growth companies, so by adapting our own methodology and integrating

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numerous providers it gives a more balanced view. The model provides an in-depth ESG look from a quantitative perspective. The model is used at the pre-investment stage and for ongoing monitoring during the life of an investment. Any low scoring companies are flagged for further research. The MSCI rankings which form part of the internal model are also used at a portfolio level monthly to give an overview of how the makeup of the portfolio is impacting overall ESG goals, and Parus aims to maintain a high proportion of the portfolio in highly scored companies.

Third party data does play an important part in Parus' ESG analysis. Given Parus's commitment to the environment, we also subscribe to Sustainalytics Carbon Portfolio metrics for an additional expert insight into this critical element of our ESG research. This acts as another quantitative benchmarking methodology outside our proprietary scoring model. The carbon intensity at an individual asset and portfolio level is updated monthly and judged against an average of the investable universe. It is important to us that our investment process leads to positive, demonstrable and independent ESG outcomes.

Qualitative Analysis

The investment process at Parus is driven by fundamental research. Given the nature of our investments, a considerable amount of research is qualitative in nature, requiring a deep understanding of the business, the products and services they provide, their position in the market and the corporate culture. This approach seamlessly translates to understanding the business from an ESG perspective and allows us to have a good grasp of both relevance and impact of ESG topics on a particular company. It allows us to address issues that may be flagged from a quantitative perspective, but in fact may not be relevant or a high risk for a particular business when you understand the background.

Communication

Parus seeks to go a step further with the companies in which we invest. Parus typically invests in companies over a long time frame, on average 3-5 years, giving us a long term interest in issues such as ESG policy.

Though management engagement is not a prominent part of the investment process, Parus aims to encourage companies to improve their ESG risk management and develop more sustainable business practices. We issue an annual ESG questionnaire to the companies in which we invest, with the aim to not only inform our internal ESG process but to promote ESG disclosure and improvement of policies across the market. If there is a specific ESG issue or if something has been raised as a red flag we will look to actively engage with the company around this. Parus can also participate in proxy voting around ESG resolutions.

These policies are efficient ways to monitor the ESG performance of our portfolio, with the aim to improve as the ability to do so progresses.

Monitoring and Reporting

Monitoring and reporting are divided in two areas:

- Internal: Monthly updates of third party metrics are maintained and any changes investigated. Quarterly updates of our internal model and third party providers are maintained, as well as historical documentation of each companies scoring and any notes on flagged companies. In addition, responses from annual ESG questionnaires are stored for comparison over time.
- External: We are committed to become transparent regarding our ESG policy and performance, and we will update investors of these through our ESG marketing content.

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Parus believes that by committing to all these actions within the investment process, internal governance and ESG monitoring and reporting, we are applying the six UN Principles of Responsible investment and, hence, integrating ESG into the core of our firm.