Compliance with SFDR: EU Sustainable Finance Disclosure Regulation (2019/2088) (SFDR)

1. **Investment Manager's disclosure obligations**

MegaEquity Securities & Financial Services Public Limited, hereinafter referred to as the "Investment Manager," manages alternative investment funds (the "Funds"), focusing on private equity and digital assets. In accordance with the 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 (SFDR), the Investment Manager is required to disclose specific information on its website. This includes how sustainability risks are integrated into the investment decision-making process, the approach to adverse sustainability impacts, and how remuneration policies align with sustainability risk integration. Sustainability risk refers to environmental, social, or governance (ESG) events or conditions that could materially negatively affect the value of an investment, particularly in the context of private equity and digital assets.

For the purposes of SFDR, it is noted that the current Fund under management does not meet the criteria to qualify as an Environmental, Social, and Governance (ESG) fund under Article 8, nor as a sustainable investment fund under Article 9 of the SFDR. The Fund is classified as an Article 6 fund under the SFDR.

2. **Policies on ESG and sustainability risk Integration**

Recognising the importance of ESG factors in fulfilling its fiduciary duty, the Investment Manager assesses sustainability risks that could impact the value of investments, with specific attention to private equity and digital assets. Sustainability risks are events or conditions, including environmental, social, or governance issues, that could adversely affect investments in these asset classes.

The Investment Manager adopts a "best efforts" approach to evaluating the materiality of ESG factors and sustainability risks across the entire investment lifecycle, from initial due diligence to exit strategy. In private equity, this includes assessing the ESG practices of portfolio companies, such as their environmental impact, labor practices, and governance structures. For digital assets, ESG considerations may focus on issues like the environmental footprint of blockchain technologies and the governance of decentralised networks.

The Investment Manager monitors and evaluates these risks to determine their material impact on Fund investments. ESG factors and sustainability risks are integrated into the Manager's broader risk monitoring framework, which also covers market, liquidity, and counterparty risks. These risks are considered at each stage of the investment process—research, asset allocation, selection, portfolio construction, and ongoing monitoring. Examples of sustainability risks include climate-related events, social factors like inequality and labor practices, and governance issues such as fraud or corruption. These are evaluated in the context of private equity and digital assets to assess their potential impact on risk-adjusted returns.

More specifically in relation to:

Private Equity

In private equity, the Investment Manager integrates ESG and sustainability risks throughout the investment process, applying a rigorous exclusion policy during the pre-investment phase. This exclusion policy prohibits investments in companies engaged in controversial behavior, particularly those violating international standards such as the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), International Labour Organization (ILO) standards, and the OECD Guidelines for Multinational Enterprises.

The Manager also excludes or applies specific criteria to companies involved in controversial products or industries, as outlined in the prospectus. These may include sectors such as weapons manufacturing, tobacco, or activities with significant environmental harm.

Post-investment, the Investment Manager actively monitors portfolio companies' ESG practices and works to enhance their performance where necessary. Continuous engagement with management teams ensures that sustainability risks are addressed, and opportunities for ESG improvements are pursued, driving long-term value for both the companies and the Funds.

Digital Assets (Fund-of-Funds Investments)

For digital assets, the Investment Manager adopts an indirect approach through fund-of-funds structures. While this means the Manager is not directly controlling the underlying investments, sustainability risks are evaluated through the ESG frameworks of the underlying funds. The Investment Manager conducts detailed due diligence on each fund’s approach to integrating ESG and sustainability factors in their digital asset investments

3. **Principal Adverse Impacts (PAI) statement**

Principal adverse impacts refer to the negative effects of investment decisions on sustainability factors, including environmental, social, and governance issues. At present, MegaEquity Securities & Financial Services Public Limited does not consider principal adverse impacts in its investment decisions for the Funds, which include private equity and digital assets, as these impacts are not deemed materially significant to the investment strategies. However, as sustainability data becomes more available and relevant to private equity and digital asset investments, the Investment Manager may integrate principal adverse impacts into its processes and update its disclosures accordingly.

4. **Consistency of Remuneration Policies with Sustainability Risk Integration**

MegaEquity Securities & Financial Services Public Limited ensures that its remuneration policies are aligned with sustainability risk integration. The remuneration structure is designed to discourage excessive risk-taking while promoting a long-term approach to investments in private equity and digital assets. Compensation for key personnel, including senior management and portfolio managers, is linked to the long-term performance of the Funds and includes consideration of both financial performance and sustainability risks.

5. **Sustainability risks and the EU Taxonomy Regulation**

In accordance with the EU Taxonomy Regulation (2020/852), the Funds investments, which include private equity and digital assets, do not currently consider the EU criteria for environmentally sustainable economic activities. However, the Investment Manager may reassess this as more specific guidance on the sustainability of these asset classes emerges.