



Inverewe Capital London Limited

SFDR Disclosure

March 2021

*The management of sustainability risk forms a part of the due diligence process implemented by the Inverewe Capital London Limited (the **Investment Manager**) on behalf of Inverewe Credit Opportunities Master Fund ICAV and Inverewe Credit Opportunities Fund ICAV (the **Funds**). When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition ("**ESG Event**").*

Using both quantitative and qualitative processes, sustainability risk is identified, monitored and managed by the Investment Manager in the following manner:

- (i) *Prior to acquiring investments on behalf of the Funds, the Investment Manager uses ESG metrics of third party data providers ("**Data Providers**") such as Bloomberg in order to screen the relevant investment against sustainability risk and to identify whether it is vulnerable to such risk. This process incorporates applying both an exclusion policy (whereby potential investments are removed from the investment universe on the basis that they pose too great a sustainability risk to the Funds) and positive screening whereby those investments which have a low sustainability risk rating as well as strong financial performance are included in the investment universe. Not all ESG metrics/ratings received from Data Providers are as equally comprehensive. In addition, current events and new factors may also be of relevance to an investment decision. Accordingly, the Investment Manager may also conduct an analysis on each potential investment in order to allow it to assess the adequacy of ESG practices of an issuer to manage the sustainability risk it faces. The information gathered from the analysis conducted will be taken into account by the Investment Manager in deciding whether to acquire a holding in an issuer and may, in certain circumstances, result in the Investment Manager investing in an issuer which has a lower ESG rating/metrics where it believes that the relevant existing ESG rating/metrics do not fully capture recent positive sustainability-related changes which have been implemented by the relevant issuer.*
- (ii) *During the life of the investment, sustainability risk is monitored through review of ESG data published by the issuer (where relevant) or selected Data Providers to determine whether the level of sustainability risk has changed since the initial assessment has been conducted. This review is conducted on a six monthly basis. Where the sustainability risk associated with a particular investment has increased beyond the ESG risk appetite for the Funds, the Investment Manager will consider selling or reducing the Funds' exposure to the relevant investment, taking into account the best interests of the Shareholders of the Funds.*

The Investment Manager has determined that the sustainability risk (being the risk that the value of the Funds could be materially negatively impacted by an ESG Event) faced by the Funds is low.

*The Investment Manager does not currently consider the principal adverse impacts of investment decisions on sustainability factors, as the relevant information required to assess the impact of investment decisions that may result in negative effects on sustainability factors is not yet available. Sustainability factors are defined in Article 2 of the Sustainable Finance Disclosure Regulation (the “**SFDR**”) as “environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters”. When the finalised Regulatory Technical Standards supplementing the SFDR are published and the rules are sufficiently clear, the Investment Manager intends to comply with the relevant requirements by developing processes to gather information on the sustainability impact of underlying investments and by making assessments of principal adverse impacts based on this reporting.*