KLARPHOS

Sustainability Risk Policy

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1. Glossary

Term	Description
Klarphos / the Company	Klarphos S.à r.l.
AIF	Alternative Investment Fund as defined under Article 1(39) of the Law of 12 July 2013 on AIFMs
AIFM	Alternative Investment Fund Manager
Policy	The present sustainability risk policy
SFDR	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")

2. Applicable regulations

Term	Description
Delegated Regulation	Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013
SFDR	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")

3. Purpose of the Policy

This Sustainability Risk Policy (the "Policy") sets out the Company's approach to the consideration of sustainability risks in its investment and risk management processes pursuant to the Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be considered by Alternative Investment Fund Managers.

"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, as defined in the SFDR.

By integrating sustainability risk analysis into the investment and risk management processes, the Company believes that it can best serve its institutional investors.

As an alternative investment fund manager, the Company currently manages alternative investment funds (the "AIF") which follow the investment strategy of fund-of-funds. Derivatives such as interest rate swaps, credit default swaps and FX forwards may be used in the portfolio for hedging purposes and are not considered relevant for the sustainability risks. This policy also covers discretionary portfolio management and investment advice according to article 5(4) of the Law of 12 July 2013 on alternative investment fund managers as far as it is provided by the Company.

4. Investment Process

All investment decisions made on behalf of the Company's alternative investment funds are duly assessed prior to their execution against relevant and material risks.

The assessment includes consideration of sustainability risks and their potential impact on the value of an investment for any alternative investment fund or portfolio managed.

In the consideration of sustainability risks in the investment process the Company distinguishes between alternative investment funds and traditional funds such as UCITS or ETFs as target funds.

4.1 Alternative Investments Fund

In accordance with the fund-of-funds strategy, the Company primarily invests in Hedge Funds, Private Equity Funds, Private Debt Funds, Real Estate Funds, and Infrastructure Funds.

The Company considers sustainability risks in the selection and evaluation of its target fund investments. During the decision making and due diligence process, target fund investments may be evaluated across the following components:

- Availability of an ESG policy or ESG statement at the fund or fund manager's level
- Consideration of sustainability risks in the investment and risk management process of the target fund manager
- Availability of sustainability risk related exposure
- ESG disclosures by the entities the managed AIFs invest in

The quality of a target fund manager's approach to sustainability issues is a factor in the Company's due diligence and monitoring process. Deficiencies in this area can indicate a presence of sustainability risk and should be further assessed in order to avoid any material negative impact on the value of the investment.

As part of its investment monitoring process, the Company regularly reviews the ESG policies or statements and ESG reporting made available by the target fund managers.

4.2 Traditional Funds & ETFs

The Company also invests on behalf of the AIFs or portfolios it manages in traditional funds and ETFs, in line with the fund-of-funds strategy.

External ESG Fund Ratings are typically available for these funds and are used to assess sustainability risks.

ESG Fund Ratings are designed to provide critical fund-level ESG transparency to support efforts to better understand and measure the ESG characteristics of portfolios. ESG Ratings on company level are typically designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks.

An ESG Fund Rating is checked by the Company to see whether it is at least average; in the event of a laggard rating, further assessments are made in order to avoid any material sustainability risk impacting the value of investments.

For actively managed funds, external ESG fund ratings serve as an additional source for assessing the sustainability risk of an investment in conjunction with the approach described above for alternative investment funds.

4.3 Voting Rights Policy

In accordance with the current voting rights procedure, Klarphos may exercise voting rights attached to portfolio instruments. Klarphos considers ESG factors (e.g. climate-related risks and human rights) in its voting rights procedures in alignment with the fund strategy and the investor interests based on the available information. This approach reflects our commitment to responsible investment practices and supports our alignment with the Principles for Responsible Investment (UN PRI).

5. Risk Management and Reporting

The Company takes sustainability risks into account in its whole risk management process.

As defined in the SFDR and already stated above, "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.

The Company views sustainability risk as a risk driver for other financial and non-financial risks and not as an independent risk-type. Therefore, the Company does not define separate key risk indicators and risk limits for sustainability risks. Rather, the Company provides transparency on ESG related exposure of the managed funds and portfolios where available and evaluates the ESG related policies and disclosures in place of target fund investments.

The risk management function of the Company considers the assessment of sustainability risk of an investment in its pre trade check and includes it its ongoing monitoring and reporting.

6. Entry into force

This policy enters into force on 1 August 2022 and was last amended on 15 July 2025.