



SUSTAINABILITY RISK POLICY

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1. INTRODUCTION

1.1 Definitions

CFAME: Cantor Fitzgerald Asset Management Europe.

CFIL: Cantor Fitzgerald Ireland Ltd.

ESG: Terminology used in investing that sets specific criteria for assessing how companies address environmental, Social and Governance risks and opportunities.

MiFID II: Market in Financial Instruments Directive II

SDGs: Sustainable Development Goals

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

Suitability Assessment: The process of ensuring investment recommendations or decision align with a client's financial objectives, risk profile, and – where applicable – sustainability preferences.

Sustainability: Ability to maintain a balance of healthy environmental, social, and economic systems.

Sustainability Preferences: A client's expressed desire to invest in products with specific sustainability-related characteristics (as defined under MiFID II).

Sustainable Development: Economic growth that happens without the depletion of natural resources while meeting human development goals.

Task Force on Climate-Related Financial Disclosures (TCFD): An industry-led task force, established by the FSB, charged with helping to identify information required by investors, lenders, and insurance underwriters to understand material risks in relation to climate change.

1.2 Overview and Objectives

Cantor Fitzgerald Ireland Ltd. ("CFIL") recognises sustainability as an important tool in determining the long-term capital growth prospects of investment propositions. More than 30 years' experience in the field of responsible investing has given us a deep understanding of the challenges faced by society and our planet, and of the opportunities that lie ahead.

This policy outlines how CFIL integrates sustainability risks into its investment decision-making and advisory processes, in accordance with Article 3 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 ("SFDR"). This policy also aligns with the MiFID II ESG amendments aimed at enhancing investor protection in relation to sustainability preferences.

A key objective of the SFDR is to provide greater transparency on the degree of sustainability of investment products in order to increase capital flows towards sustainable investment while preventing greenwashing. Greenwashing refers to the practice where investment service providers make misleading claims about the sustainability of their product offering to attract investors interested in environmental, social, and governance (ESG) factors.

Therefore, the purpose of this policy can be described as follows:

- to address the integration of sustainability risk in our investment and advisory activities
- to prevent greenwashing
- to avoid misrepresenting sustainability characteristics whilst providing clients with adequate sustainability information during client suitability assessments.

1.3 Scope

This document describes how CFIL integrates sustainability risk into its asset management activities (through its asset management arm CFAME), wealth management services (discretionary and advisory), as well as product distribution. Execution-only clients who make their own investment decisions without our advice fall outside the scope of our sustainability policies.

As sustainability risk evolves over time, CFIL will periodically review and update our sustainability risk policy, procedures, and practices.

2. MAIN BODY

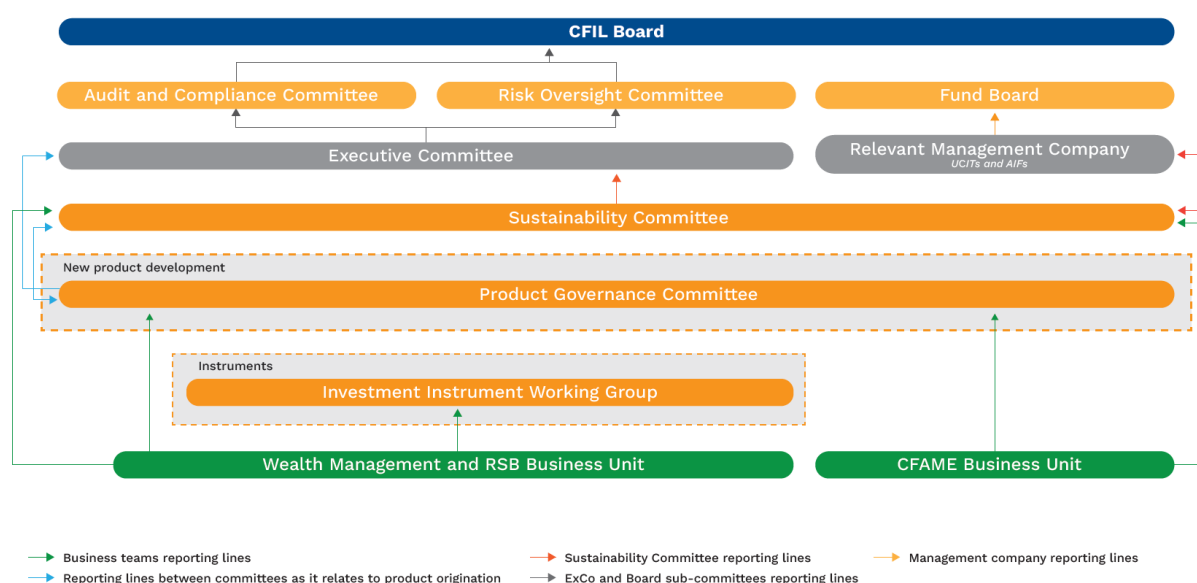
2.1 The Sustainable Development Goals (SDGs)

We use the guidance of the SDGs in many of our processes to understand the interconnected challenges of sustainable development and the urgency behind each goal. The SDGs are a collection of 17 interlinked global goals agreed as an international framework of reference that addresses the most pressing challenges of sustainable development.



2.2 Key Roles and Responsibilities

Our Sustainability Governance Policy describes the roles and responsibilities of the different governance committees as they relate to sustainability and the governance framework for compliance with key regulatory requirements and guidelines and expectations related to sustainability.



This policy requires Board approval. Compliance with this policy is reviewed quarterly via internal reporting, monitoring, and client engagement. The outcomes of this review are presented to the Sustainability Committee. Our Sustainability Committee (previously the ESG Steering Committee) provides feedback on the implementation of this policy and includes members of our executive team, compliance, senior managers, and specialists in sustainable investing across Cantor Fitzgerald Ireland. For details regarding the roles and responsibilities of our sustainability governance framework, please see our Sustainability Due Diligence Policy available on our website.

2.3 Our Values and their Role

Our values guide us in everything we do. They are the pillars of our culture. They help us to put our clients first and they underpin how we interact with each other. Wherever we are within Cantor we all share these same overarching values. We ensure that whatever business goals we set, we always pursue them ethically and with these values at heart.

We are dedicated. We believe in developing and sharing our knowledge, experience, and credibility. We seek like-minded people with whom to work, partner and engage.

We care. We want to offer a truly personalised service and advice - with a safe pair of hands at each step of the way. We're in this for the long haul, making sure we always offer reliable and trustworthy solutions.

We are driven. We believe in working smarter and harder than anyone else for our clients.

We look ahead. We always have one eye on the future and pride ourselves with our forward-thinking mindset. Our innovation combines the best of technological advances and human interaction.

We are responsible. We take the management of people's money very seriously and manage it as if it was our own. We act accordingly by considering the communities we serve and the world we live in, in everything we do.

2.4 Sustainability Risk and our Responsible Investment Approach

This section provides an overview of key processes and control measures that ensure the correct integration of sustainability considerations into our investment decision and advisory practices. Sustainability risk refers to the risk that environmental, social, and governance-related events can lead to a material negative impact on the value of an investment.

We have a range of strategies which consider sustainability factors to varying degrees, ranging from those operating exclusionary screening to those that aim to have a positive impact. Client sustainability preferences are taken into account when considering which strategies are most appropriate.

Whether we are acting in the role of investment managers, financial advisors or product distributors, at the core of our responsible investing approach we aim create value for investors and support companies that make a positive contribution to the world. Below we describe key areas of the business impacted by our Sustainability Risk policy.

2.4.1 Asset Management

Sustainability risks and opportunities are another component of the investment process alongside other considerations such as valuation, macroeconomic factors, and financial analysis to name a few. We subscribe to third party ESG research for the effective management of sustainability risks. We use quantitative and qualitative ESG data to produce an informed view of a company's risks and opportunities. We use ESG scores to help us identify companies that are most exposed to severe risks of ESG but also those that contribute towards the achievement of sustainability objectives.

Companies with low ESG scores have a higher investment threshold. Investment in these companies can only be permitted in cases where the underlying data has been challenged through a different ESG data provider and/or the issue highlighted is being worked on through active engagement with the company. In such cases, we initiate an internal review of the company and of the issue that is being challenged through alternative ESG data. We engage directly with companies when possible and use a number of public and industry ESG research sources.

Two more groups of companies are identified in our ESG scoring methodology, those considered ESG neutral and those that promote environmental and social (E/S) characteristics. Depending on the fund objectives, a minimum threshold of companies promoting E/S characteristics may be required.

Article 8 and 9 products, as defined by the SFDR, follow clear guidelines for how these products meet these characteristics through both public disclosure and internal procedures. Securities included in Article 8 and 9 funds are assessed for good governance practices and follow specific screening criteria. Compliance with these requirements is monitored by the investment manager and our sustainability team reports quarterly to the Sustainability Committee (formerly the ESG Steering Committee) on SFDR compliance. How Article 8/9 products meet their environmental and social characteristics / sustainable investment objective, is described under the specific product disclosure on our website.

2.4.2 Wealth Management (Discretionary and Advisory) Services

ESG risks considerations are integrated into discretionary model portfolios and advisory mandates. Our team of analysts review the daily macro and corporate landscape, to maintain a dynamic equity coverage list along whilst providing insights on investment opportunities. Our Discretionary oversight committees providing process oversight, performance monitoring and strategic guidance. As part of these committees, the Head of Sustainability and her team provide updates on emerging sustainability trends. The Sustainability team also monitor and verify that the Discretionary strategies meet their sustainability commitments.

Recording clients' sustainability preferences is part of the overall suitability process in advisory and discretionary portfolio management services. When clients in our discretionary investment mandates express sustainability preferences, these are considered in conjunction with other suitability factors such as risk profile before a recommendation is made to the client. Discretionary portfolios promoting sustainability characteristics are periodically assessed for exposure to sustainability risks by the sustainability team and adjusted if thresholds are breached.

In our advisory services, product sustainability characteristics are verified by the private client advisor before a recommendation is made to the client. The Sustainability Committee oversees the availability of products that align with the EU Taxonomy and qualify as sustainable investment, in order to support informed product selection and strengthen the integrity of our sustainable product offering.

Our key focus is to help clients meet their sustainability and financial objectives whilst providing them with relevant information to make informed decisions. This includes ensuring information is presented in an easy-to-understand manner, using jargon-free language. Staff are trained to explain ESG classifications clearly to avoid greenwashing or misunderstanding. The importance of speaking to clients and communicating with them in a fair and clear manner is reiterated throughout our Suitability policy.

The integration of sustainability preferences in suitability assessment is an evolving area with significant challenges, such as the availability of suitable products and relevant ESG data, which remains limited in a number of areas of sustainability. Details of how sustainability preferences are included in the suitability process are available in our suitability policy.

2.4.3 Product Distribution

Our Product Governance Committee ensure products with sustainability features presented to the Committee undergo relevant ESG due diligence before approval for distribution. All sales staff are provided with relevant training on the ESG characteristics of a product which has been categorised as suitable for clients expressing sustainability preferences. This approach ensures clients can achieve both their financial and sustainability objectives with products that meet their needs.

We are market leaders in the provision of structured investments to a wide range of investor groups, including personal, pensions, corporates, charities, and credit unions. Sustainability risks are assessed when selecting the financial institution issuing the product. Sustainability risks, including climate-related risks, are reviewed as part of our counterparty risk assessment process.

Cantor Fitzgerald Ireland Corporate Finance Limited (“Cantor Corporate Finance”) provide strategic advice and structure funding solutions to companies at various stages of development within both the corporate and real estate markets. Cantor Corporate Finance raises capital by way of its own direct institutional connectivity or by way of the distribution network of CFIL. Any fundraising by way of CFIL will be governed by way of a Placing Agreement between Cantor Corporate Finance and CFIL (“CFIL Raise”). The manner in which ESG factors are considered in a CFIL Raise may vary according to the nature of the investment structure. For example, real estate transactions / assets may go through specific third-party ESG assessments, while ESG reviews for corporates will depend on the economic activity and the subject company’s role in the transition to a more sustainable economy. These factors are considered at the investment structure level in a CFIL Raise before it is presented to the Investment Committee and Product Approval Committee.

2.4.4 Sustainability Risk Integration Tools and Data

Our investment teams have access to a range of ESG data from third-party data providers. We use quantitative and qualitative ESG data from MSCI ESG Research, Bloomberg, Institutional Shareholder Services as well as companies’ own ESG data to produce an informed view of a company’s risks and opportunities.

As a small financial services provider, we apply a proportionate and evolving approach to sustainability risk integration. While we strive to use reliable ESG data and methodologies, we acknowledge limitations in data availability and consistency. Our risk assessments reflect these limitations through cautious assumptions and ongoing review.

2.5 Training and Continuous Improvement

We are committed to the continuous improvement of our capabilities and knowledge in the area of sustainable investing. This enables us to provide relevant investment advice and create products that deliver a competitive performance and meet various investor needs and objectives in ESG. Training sessions on compliance with sustainable finance regulation as well as our sustainability policies are provided, and attendance is mandatory for all relevant teams. We are also committed to supporting clients' and intermediaries' understanding of ESG issues by participating in discussion panels and educational presentations on ESG topics. Webinars, articles and other media are also organised on topics of sustainability for all clients and staff.

2.6 Collaboration and Industry Engagement

We engage with a wide range of stakeholders to advance the ESG agenda across all asset classes, from policymakers on issues of sustainable finance to industry fora advancing sustainability objectives. The Sustainability team ensures our active participation in EU consultation processes on all aspects of sustainable finance. This ensures our clients are represented in these important discussions, but also ensures that effective supportive mechanisms, such as policy and regulation, are in place to enable a smooth and just transition to a more sustainable future. The Sustainability team continuously reviews this space and will facilitate engagement with investor initiatives when appropriate.

2.7 Transparency and Disclosure

We expect transparency from the companies in which we invest because our investment decision should always be based on the best available data, and sustainability data plays a key role. In the same way, we commit to be transparent and to disclose our policies on how we integrate responsible business practices and follow through on the commitments we make in these policies. We have adopted the TCFD recommendations as our preferred standard for managing and reporting climate-related risks and opportunities. In addition to disclosure requirements, the TCFD guidelines cover aspects of governance, strategy, risk management and metrics and targets related to climate risks.

All our Article 8 and 9 products are subject to periodic disclosure of how they promote environmental and social characteristics/meet their sustainable objective. This reporting cycle follows strong due diligence processes involving our three lines of defence, strengthening monitoring mechanisms whilst limiting the risk of misreporting and inconsistencies. Please refer to our Due Diligence Policy for how our three lines of defence operate within our Sustainability Governance Framework.

In our disclosure, we predominately use data from third party ESG data providers. In some cases, we use our own calculations based on data provided by external managers to ensure a best-effort approach to meeting disclosure obligations under the SFDR. We follow the guidance of the Sustainable Development Goals (SDGs) to help clients understand how their investments address pressing issues of sustainability in the world.

2.8 Managing Conflicts

We take all reasonable steps to identify conflicts of interest that may arise from the integration of sustainability considerations into our investment advice and portfolio management. We manage any conflict of interest so that it does not create any material risk of damaging the interests of our clients. Conflicts are prevented or managed through internal controls within Cantor Ireland. The summary policy on conflicts of interest can be accessed at the following [link](#). We review this policy on an annual basis to ensure it remains relevant and up to date.