

Environmental, Social & Governance (ESG): Our Approach to ESG and Sustainability

Introduction

At French Connections HCB, we aim to help clients achieve their financial goals over the long term. We believe that the consideration of Environmental, Social, Governance (ESG) factors forms an important consideration when providing financial advice and ensuring that clients are aware of the principal adverse impacts on sustainability factors and sustainability risks on returns are brought to the client's attention as part of our advisory process when determining suitability of a client's ESG preferences.

Our clients may request certain investment sectors or industries to include or avoid in our recommendations as part of our financial review.

What is Sustainability risk?

Sustainability risk is defined as an environmental, social or governance (ESG) event or situation that, if it occurs, could have a material adverse impact on the value of the investment.

The objective of this policy is to describe the integration of sustainability risks into our investment advisory activities. For the avoidance of doubt, this Sustainability Risk Policy does not cover the investment service of Reception and Transmission of orders (i.e. execution only).

In the same way as market risk, counterparty risk or liquidity risk, **sustainability risks** should be taken into consideration in any investment, such as:

- physical risks, resulting from damage caused by extreme weather and climate events. These can be acute (due to natural events such as fires), or chronic (related to sustained higher temperatures and long-term geographic shifts such as rising sea level). These include heat, cold, drought, tropical cyclones, fires and floods.
- social and human rights risks, negatively impacting workers and surrounding communities (forced labour and slavery, child labour, respect for indigenous peoples and their cultural heritage, the right of ownership, discrimination, freedom of association, the health and safety of persons, the decent nature of working conditions, remuneration and social protection, the right to privacy).
- governance and other ethical risks (embargoes and sanctions, terrorism, corruption and bribery, resources appropriation, tax evasion, data protection).
- transition risks, resulting from the development of a low-carbon economic model (regulatory and legal risks, technological risks, reputational risks or risks linked to market opportunities).
- reputational risks are a key element of sustainability risks as market and consumer perceptions of our brand increasingly depend on our ESG initiatives and practices.

Potential financial damages are an additional consequence of the occurrence of the events, developments or behaviours outlined above.

SUSTAINABLE RISK IDENTIFICATION

Our risk assessment process is performed as part of the investment suitability process and considers sustainability risk. This assessment includes, but is not limited to, assessing the issuer's (Fund Manager/Product Provider) ESG risk profile by making use of data from external providers on the following:

- **Environmental criteria** including notably energy efficiency, reduction of emission of greenhouse gases and waste treatment);
- **Social criteria** concerning in particular respect of human and workers' rights, human resources management (workers' health and safety, diversity) and
- **Governance criteria** relating in particular to the independence of the board of directors'/management body, the remuneration of managers and the respect of minority shareholders' rights).

"ESG" are the three pillars of financial analysis we use for assessing how and to what extent a Financial Product Issuer/Fund Manager integrates ESG in their investment strategy and risks policy.

INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT ADVICE

In the context of investment advice, the management of sustainability risks covers the following financial instruments:

- UCITS;
- Transferable Securities (Equities, Bonds, ETFs etc.)

Important information

This document is intended for informative purposes only. It is solely intended to provide the reader with information on ESG integration at Nexus Global. The content of this document may be amended at any time at the discretion of NXG.