

Sustainability-Related Disclosure and Policy

of Gránit Asset Management Ltd.

This document is intended to ensure compliance with 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 (hereinafter: the “Regulation” or “SFDR”).

Gránit Asset Management Private Company Limited by Shares (registered office: 1134 Budapest, Váci St. 17; company registration number: 01-10-046307; tax number: 14660690-2-41) (“Gránit Asset Management” or the “Asset Manager”) performs two types of activities in accordance with the Regulation, based on Decision No. H-EN-III-115/2020 of the Central Bank of Hungary:

1. As an alternative investment fund manager, it provides collective portfolio management. Alternative investment funds qualify as financial products.
2. It provides portfolio management services to both retail and institutional clients (eligible counterparties and professional clients). If a portfolio management client is an entity also subject to the Regulation, this document – given that Gránit Asset Management makes the investment decisions on behalf of such clients within the scope of portfolio management – also supports those clients in meeting their obligations under the Regulation.

Characteristics of Sustainability Risks

Gránit Asset Management identifies sustainability risks as environmental, social, or governance (“ESG”) risks that may have a negative impact on the value of investments.

Environmental risks are events related to the environment, including factors arising from climate change and other environmental degradation, which may adversely affect investment returns.

Social risks refer to social factors (e.g., labor disputes) that may negatively influence the performance of investments.

Governance risks include corporate governance issues (e.g., lack of transparent corporate structure) that may negatively affect the return on investments.

These risks vary in nature depending on the time horizon considered:

- **In the short term**, sustainability risks are typically event-driven. Such risks generally affect the return on investment only when a specific event actually occurs. These events may include, for example, an accident (which may lead to litigation aimed at compensating environmental damage); legal proceedings and penalties (e.g., for non-compliance with social legislation); or scandals (e.g., negative publicity about a company for failing to respect human rights throughout its supply chain, or for producing goods that do not meet promised ESG standards). These types of sustainability risks are generally considered more significant when an issuer applies ESG standards less rigorously.
- **In the long term**, sustainability risks refer to those that develop over time, such as: business activities coming under pressure due to climate change (e.g., certain segments of the automotive industry); changing consumer product preferences (e.g., increased demand for more sustainable products); difficulties in workforce recruitment; and rising costs (e.g., insurance companies facing higher claims due to changing weather patterns). Since these risks develop over the long term, companies may take mitigating actions, such as adjusting their product offerings or reorganizing their supply chains.

Transparency of Policies on Sustainability Risks

Pursuant to Article 3 of the SFDR, Gránit Asset Management declares that it does not integrate sustainability risks as a separate risk category in its investment decision-making process. This is because the Asset Manager considers sustainability risks to be embedded within other risks associated with the assets generating returns for the funds.

The value and price of the assets held in the funds may be significantly reduced not only due to unfavorable macroeconomic, political, capital market, or specific corporate events, but also as a result of sustainability risks. Therefore, sustainability risks are likely to have a negative impact on the funds' performance.

During the investment decision-making process, Gránit Asset Management takes into account the sustainability risk of the given asset as part of its overall assessment of return and risk, where relevant.

Before making decisions – where relevant to the investment policy of a particular fund – portfolio managers access ESG ratings from specific market data providers, in order to utilize this information in the investment decision-making process and shape the fund's appropriate risk-return profile.

Gránit Asset Management continuously evaluates the underlying investments at the issuer level and, where applicable, at the level of asset allocation and regional or sectoral allocation. These regular reviews treat sustainability risks as one of several factors influencing investment returns.

Transparency on Principal Adverse Impacts on Sustainability Factors

Pursuant to Article 4(1)(b) of the SFDR, Gránit declares that it does not consider the principal adverse impacts of investment decisions on sustainability factors.

Gránit Asset Management distinguishes between funds that take sustainability considerations into account and other traditional funds by setting ESG criteria for funds that consider sustainability factors, while not considering the principal adverse impacts on sustainability factors for traditional funds. The methodology applied at the fund level is set out in the fund rules for each fund.

In portfolio management services provided to retail clients by Gránit Asset Management, the portfolios primarily include units of investment funds managed by Gránit Asset Management. Accordingly, the application of sustainability considerations is primarily monitored at the managed fund level, rather than at the portfolio level, according to the

principles set out above. Portfolios are primarily constructed based on the client's risk tolerance, willingness to bear risk, and investment horizon based on their goals. Therefore, sustainability considerations are taken into account only as a secondary factor. Hence, in retail portfolio management, the evaluation of sustainability considerations depends on the extent to which the underlying funds integrate them.

Portfolio management services provided to institutional clients (eligible counterparties, professional clients) primarily fall under a category where the investment guidelines provided by the client determine which principles apply in investment decision-making. For these clients, the investment universe is significantly broader, so a single asset category may include numerous instruments. The potential requirements of institutional clients can be easily implemented, as Gránit Asset Management already manages investment funds that take these factors into account.

Disclosure of Gránit Asset Management's Remuneration Policy in Relation to the Integration of Sustainability Risks

A public summary of Gránit Asset Management's remuneration policy is available at www.granitalapkezekelo.hu/kozvetetelek/alapkezekelo-dokumentumai

Gránit Asset Management has developed its remuneration policy in accordance with Annex 13 of Act XVI of 2014 on collective investment forms and their managers, as well as amendments to certain financial laws, taking into account the relevant recommendations of the Hungarian National Bank. These primarily aim to prevent the unjustified assumption of risks, conflicts of interest, and harm to the interests of investors/clients.

Based on its commitments related to sustainability, Gránit Asset Management ensures that employees continuously pay particular attention to the potential environmental, social, and governance impacts arising from their decisions during their activities.

When setting the terms of variable performance-based remuneration, Gránit Asset Management strives to avoid incentivizing employees to take sustainability risks above acceptable levels or to make investment decisions that could cause significant negative

sustainability-related harm. Before paying the deferred portion of variable remuneration, the company considers the employee's performance in meeting expectations related to sustainability factors during the review process.

Summary of the Asset Manager's Long-Term Shareholder Engagement Policy

Gránit Asset Management has published its engagement policy on its website:
www.granitalapkezekelo.hu/kozvetetelek/alapkezekelo-dokumentumai

According to the Engagement Policy, Gránit Asset Management only conducts short- and medium-term equity investments. Accordingly, investment decisions are influenced by securities market processes. The Manager's objective is to generate capital gains or returns for the funds and clients by selling shares at prices higher than their purchase price.

Gránit Asset Management limits engagement to cases where it holds at least a 10% voting share on behalf of the managed funds and portfolios. In such cases, the primary focus of engagement is the financial interest of investors: maximizing the price of securities and the amount of dividends. Assessment of social and environmental impacts of the target company currently does not belong to the primary evaluation criteria.