

Sustainability Risk Policy – Disclosure Statement

March 2021

Heptagon Fund plc (“Company”)

In accordance with the requirements of Article 3 of Regulation EU 2019/2088 on sustainability-related disclosures in the financial services sector (“**SFDR**”) and as a financial market participant for the purposes of Article 2 SFDR, the Company must publish its policy and approach on the integration of sustainability risks into its investment processes.

The Company’s board of directors (the “**Board**”) is ultimately responsible for the Company’s policies and procedures in respect of sustainability risks and has overall responsibility for sustainability risk matters.

Under SFDR, “**sustainability risk**” means an environmental, social or governance (“**ESG**”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. This policy therefore approaches sustainability risk from the perspective of the risk that ESG events might cause a material negative impact on the value of a clients’ investments.

As the Company’s investment manager, Heptagon Capital Limited (“**Heptagon**”)’s business model with regard to the Company consists of appointing sub-investment managers to provide investment management in relation to the Company’s sub-funds (the “**Funds**”). Due to the wide range and diversified nature of the strategies offered, the Company’s sustainability risk policy varies across the Funds, as the appointed sub-investment managers have independent investment philosophies and processes and the sustainability risk policy is tailored accordingly. Heptagon is responsible for risk management, provides oversight and monitors adherence to the investment policy and investment guidelines of each Fund in compliance with SFDR.

Heptagon’s Investment Philosophy

As the Company’s investment manager, Heptagon’s investment philosophy is committed to delivering attractive risk-adjusted returns for its clients over the long-term.

Heptagon’s offering includes a broad range of different sub-investment managers who have autonomous decision-making responsibilities and independent investment philosophies and processes. Each sub-investment manager’s investment team manages its portfolios according to its own specific expertise and convictions and is exposed to unique factors that may impact their fundamental analyses.

Heptagon aims to offer the Funds’ investors a selection of investment vehicles to cover a wide range of strategies, which may include ESG investment products.

Furthermore, Heptagon oversees all of the Funds on behalf of the Company and ensures that each Fund meets its investment criteria, as stated in the individual Fund supplements (the “**Supplements**”). Heptagon on behalf of the Company also maintains an active dialogue with every investment team to discuss potential areas of strengthening in their investment process. The Company offers both Article 8 and Article 6 Funds (further outlined in Appendix I hereto), as per the SFDR classification, and each Fund in these two categories may address ESG considerations in different manners.

The following principles characterise Heptagon’s approach on behalf of the Company to providing attractive risk-adjusted returns for its clients over the long-term:

- Active management

- Diversified product offering
- Partnering with high quality boutique manager

No consideration of sustainability adverse impacts

The Company does not currently but may in the future consider the adverse impacts of investment decisions on sustainability factors pursuant to Article 4 of the SFDR. Whilst the Company supports the objectives of SFDR with respect to transparency of due diligence policies and reporting against relevant quantitative metrics in respect of portfolio investments it has chosen not to consider these impacts at this time, predominantly due to the lack of quality, consistent and readily available data with which to meet these obligations without disproportionate cost or resource implications, which may serve to impact the Funds negatively. Whilst uncertain as to when specifically, the Company may consider the adverse sustainability impacts of its Funds' investment decisions and remains open to doing so in future and will monitor the situation with respect to data availability.

Consideration of Sustainability Factors in Heptagon's Investment Process

Although the Company believes that sustainability factors are an important part of fundamental analysis and that the proactive integration of such factors is important for sustainable long-term shareholder value, the Company does not require Heptagon or its sub-managers to uniformly integrate sustainability factors into the investment process or its investment products. Each sub-investment manager's investment team manage their portfolios according to their own specific expertise and convictions, including in relation to ESG factors. Information related specifically to an individual Fund can be found in the relevant Supplement.

Heptagon performs an oversight function and monitors adherence to each Fund's investment policy and investment guidelines as per the relevant Supplement. Oversight includes monitoring of compliance of investment guidelines which may include sustainability exclusion criteria and ESG characteristics where deemed by the Company to be applicable to the Fund.

- **Engagement model** – As active investors, the sub-investment managers may engage with investee and universe companies on behalf of the Company. Each investment team conducts their own primary research that includes extensive due diligence with the aim of identifying drivers that create long-term sustainable shareholder value. The different investment teams, particularly of the Article 8 Funds, may seek to influence the behaviour of a company in which a Fund is invested in order to improve their ESG practices. For instance, engaging with a company's management on issues such as, but not limited to, environmental and social matters, employee matters, anti-corruption or anti-bribery matters. Dialogue with investee companies is continuous and may include, but it is not limited to; onsite and offsite due diligence, including visits to company premises, dialogue and face-to-face interaction with management, attending investor days and calls, thematic events and industry conferences. The Company believes it is important that companies see that investors are concerned about ESG considerations as awareness is the initial step.
- **Proxy Voting on Corporate Governance and Responsibility matters:** The Company believes that proxy voting is an essential mechanism for engaging company management to ensure that they act in the shareholders' best interests. In regards to fund management, each sub-investment manager approaches their proxy votes in a way that they believe protects shareholder values and generates long-term sustainable value creation in line with the Company's overarching sustainability risk policy.

Governance

Each sub-investment manager is responsible for and has implemented a governance process related to the funds/portfolios that they are managing. The Company has delegated oversight of this process to the Heptagon Investment Committee which has oversight responsibility for all of the Funds and regularly reviews their performance at its quarterly board meetings as well as ad-hoc meetings when required to address any immediate issues or concerns raised by the Company or internally.

Use of Data, Tools and Third Parties

All research for the individual investment strategies is delegated by the Company and carried out by the respective sub-investment managers' investment teams, including any ESG related research. Each of the investment teams may use different data, tools, research and resources to assist in the investment due diligence and risk management processes of their independent strategies. Information related specifically to an individual fund's use of data, tools and third parties can be found in the fund's sustainability disclosures section within Heptagon's website.

Heptagon on behalf of the Company has engaged the leading independent global provider of ESG and corporate governance research and ratings Sustainalytics as the main tool for oversight and monitoring of compliance with sustainability exclusion criteria and ESG characteristics for investment teams of Article 8 Funds.

In the case of a breaching concern, the issue will be discussed with the responsible Fund manager.

Related Policies

The Company has adopted a number of complementary and related policies which provide an overview of its approach. These include, but are not necessarily limited to:

- Proxy Voting and Engagement Policy
- SRD II Engagement Policy

Transparency and Reporting

Heptagon as investment manager to the Company is a signatory to the UN Principles for Responsible Investment (UN PRI) and fulfils the reporting requirements that being a PRI signatory entails, in the form of the annual Transparency Report which is available on the PRI website (www.unpri.org). Customised reporting is available upon request.

Appendix I

Article 6 Funds

WCM Global Equity Fund
Kopernik Global All-Cap Equity Fund
Driehaus US Micro Cap Equity Fund
Driehaus US Small Cap Equity Fund
Yacktman US Equity Fund
Levin Easterly US Equity Fund
Heptagon Listed Private Assets Fund
Heptagon Kettle Hill US L/S Equity Fund

Article 8 Funds

Heptagon Future Trends Equity Fund
Heptagon Future Trends Hedged Fund
Heptagon European Focus Equity Fund
Driehaus Emerging Markets Sustainable Equity Fund
Summit Sustainable Opportunities L/S Equity Fund