



# Securis

## Sustainability Disclosure Statement and SFDR Level 2 Website Disclosures – Securis Catastrophe Bond Fund

July 2024

Confidential – Internal Policy Document

# Sustainability Disclosure Statement

In accordance with the requirements of Article 3 of Regulation EU 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR” or the “ESG Disclosure Regulation”) Securis Investment Partners LLP (“Securis” or the “Firm”) has voluntarily chosen to formulate and disclose its policy on the integration of sustainability risks into its investment decision processes.

## Securis’ Investment Philosophy

Our investment philosophy at Securis is committed to delivering attractive risk-adjusted returns for our investors over the long-term. Our investment approach to achieve these investment return objectives is to primarily to invest in assets which carry exposure to insurance risk and, in particular, Insurance Linked Securities diversified by type of risk and by geography.

## Consideration of Sustainability Factors in Securis’ Investment Process

We believe it is important to recognise the Environmental, Social, and Governance related risks to our investments and the impact our investments may have on the world. Securis considers ESG sustainability criteria as part of the investment decision making process;

- The Securis Catastrophe Bond Fund (“SCBF”) is an SFDR Article 8 Fund, which has binding elements relating to society and the environment as part of the Investment Objective. Please refer to Prospectus, Supplement and SFDR level 2 website disclosures
- No other Securis products have sustainability criteria directly part of the investment objectives.

As a provider of ILS solutions, the vast majority of the underlying policies are covering properties which are residential, small to medium commercial buildings, or linked to the lives of individuals. As such, a negligible proportion of our investments have exposure to those classes typically considered as harmful to society or the environment and with associated reputational risks for our investors.

Securis considers and takes account of sustainability factors as part of its underwriting and investment decisions. Securis has developed a bespoke framework to score the ESG aspects of each investment as part of the analysis and due diligence process; the scores are assessed on a consistent deal by deal basis within the Investment Committee. With the exception of SCBF’s binding society and environmental elements (please refer to overview section below), a low score in any or all of the elements does not preclude making an investment but serves as a framework to inform the decision making. For example, the environmental factors score will assess the extent to which an investment is exposed to risks affected by climate change and whether the investment protects exposures with a high carbon footprint. For the social score, Securis may consider how the proceeds of underwriting are being used and the consequences for society, whether the investment helps society build resilience, and whether it is tackling the challenge of under-insurance. For the governance score, Securis may consider the particulars of the investment contract to determine coverage, exclusions and trigger levels, funding and collateral release terms, as well as the counterparties own governance structures. Securis aims to review and update its modelling framework and pricing analysis to reflect its current view of all relevant risks on an ongoing basis, including sustainability-related risks.

## Limited Disclosure

Securis supports the objectives of SFDR in encouraging financial market participants to embrace consideration of sustainability risk within their investment decision making processes and endeavours to do so through the ESG Investment Policy.

- SCBF promotes environmental or social characteristics, but does not have as its objective sustainable investment (please refer to section below).

- No other Securis Funds have sustainable investment as their objective and are not intended to promote specific environmental or social characteristics. Securis, where appropriate, takes account of sustainability factors in its investment decision framework, we do not currently consider the adverse impacts of our investment decisions on sustainability factors as part of the investment process.

In particular, these strategies do not take account of the criteria for environmentally sustainable economic activities under the EU Taxonomy Regulation.

## Securis' Corporate Philosophy

Securis acknowledges the importance of embedding environmental, social responsibility and corporate governance factors into our corporate operational framework, ethics and culture. Our aim is to align our principles with those of our investors through a diligent and responsible approach to Environmental, Social and Governance considerations at both an investment and corporate level.

Within the context of its global operations, Securis defines environmental sustainability as its efforts to reduce energy consumption, water usage, waste disposal, and carbon emissions, and the promotion of strategies that progress towards encouraging these reductions. Securis has determined that any environmental sustainability initiatives implemented by the business must be practical and proportional to our business, whilst keeping us aligned with our investors and allowing us to continue delivering the highest standards of service and value.

Securis defines "social responsibility" as the obligation of our company to make decisions and take actions that will enhance the welfare of our own employees and to act in the interests of society as a whole. As an organisation, Securis is committed to being a responsible member of the community and supporting a number of programs and activities that enhance local, regional and global communities, particularly those closely associated with the ILS industry. Securis has established a charitable foundation and our Corporate Social Responsibility Working Group leads our charitable endeavours.

Corporate governance and ethical conduct are recognised by Securis as essential drivers of long-term success. Ensuring proper and transparent practices are embedded throughout the company's operations is core to our risk management framework and operations in a globally regulated environment.

## Governance

Securis' internal ESG framework contains details and examples on how the scoring methodology is to be applied to our investments. Each deal is analysed from a sustainability perspective by the relevant investment analyst and an ESG section is included in the investment report. The Chief Underwriting Officer reviews and challenges the ESG attributes of each deal as part of the overall underwriting review. The Investment Committee takes account of sustainability factors in its investment decisions. Oversight is performed by the Operational Governance Committee, Firm Board and Fund Board.

## Transparency and Reporting

Securis publishes this Sustainability Disclosure Statement, along with the ESG Investment Policy and ESG Corporate Policy on our website. Fund specific ESG reports are provided to investors upon request.

Securis became a signatory to the UN Principles for Responsible Investment (UN PRI) in September 2017 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.

## Remuneration Policy

Securis has reviewed its Remuneration Policy in accordance with the requirements of Article 5 of SFDR to ensure consistency with the Firm's integration of sustainability risks as described above.

Central to Securis' remuneration policy is the promotion of sound and effective risk management and this has now been extended beyond financial risks to encompass sustainability risks. In summary, relevant individuals who are involved in implementing and/or overseeing Securis' Sustainability Risks Policy will be assessed in this respect as part of the

determination of variable remuneration awards by reference to their risk-adjusted performance. Securis does not have any quantitative sustainability-focused performance targets at either a portfolio or asset level and therefore this is a qualitative assessment in respect of adherence to the Firm's internal procedures for integration of sustainability risk as outlined above.

Further, another key aspect of Securis' remuneration policy is with respect to avoiding creating an environment which rewards or encourages excessive risk-taking. This includes risk taking with respect to sustainability risk or greenwashing.

# SFDR Level 2 Website Disclosures (SCBF)

This document provides an overview of the sustainability-related information about Securis Catastrophe Bond Fund (“SCBF” or “the Fund”).

a) Summary	
b) No sustainable investment objective	This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.
c) Environmental or social characteristics of the financial product	<p>SCBF promotes the following environmental or social characteristics through its investments:</p> <ul style="list-style-type: none"> <li>• Provision of financial protection from catastrophic events</li> <li>• Provision of insurance to entities exposed to increased climate change risk</li> </ul>
d) Investment strategy	<p>SCBF invests in both primary issuance and secondary transactions of catastrophe bonds. These catastrophe bonds provide protection against catastrophic events such as hurricanes, earthquakes and wildfires across the globe. Investing in catastrophe bonds supports global resilience by providing finance to redevelop housing, businesses and infrastructure in the wake of catastrophic events.</p> <p>SCBF’s investment process looks to understand the relative attributes and attractiveness of each deal at primary issuance. All investments are subject to a thorough investment analysis including an assessment of the ESG risks. This will cover topics such as whether the insured an entity is facing increasing risk from climate change, whether the insured entity has a high carbon footprint, whether the provision of insurance is providing a benefit to society, or making society more resilient. Assessment of each ESG topic is graded to get an assessment of the risk or opportunities relating to that particular ESG issue. While the specific outcome of the ESG assessment does not preclude an investment from being included within the SCBF portfolio, Catastrophe Bonds will only be held in the portfolio where they are determined as promoting the social and environmental characteristic of supporting global resilience and providing insurance to entities exposed to increased climate change risk.</p> <p>The fund will trade insurance linked securities (“ILS”) in the secondary market, but will only trade those securities that have been previously assessed at the primary issuance stage. Full underwriting analysis will be completed to assess the sponsor and the structure to make sure that the investment meets SCBF’s criteria. Prior to execution of an investment the investment research will be reviewed by the investment committee.</p>
e) Proportion of investments	<p>SCBF will allocate 80% of the Fund’s AUM to investments that are aligned with the characteristics promoted (“#1 Aligned with E/S characteristics”). The remaining 20% (“#2 Other”) consists of instruments held by SCBF for currency risk management purposes, as well as cash and cash equivalents. It may be the case that in the management of subscriptions and redemptions or when there are large bond maturity events the cash balance within SCBF would mean that the investments under “#2 Other” exceed 20% for a short period of time, however this would not be typical or in the ordinary course of managing SCBF. No environmental or social safeguards will be applied to these instruments.</p>

	At least 50% of SCBF’s invested assets will support geographies and communities impacted by perils subject to climate change. Climate change perils include hurricane, flood and wildfire.
f) Monitoring of environmental or social characteristics	SCBF will monitor the environmental and social characteristics promoted at the outset of the investment through the ESG assessment of the ILS at primary issuance. Secondary transactions will utilise the ESG assessment when the ILS was issued originally. If there are any significant changes these will be assessed during the holding period.
g) Methodologies	The methodology for measuring how the environmental and social characteristics promoted by SCBF are met is through the ESG assessment that is undertaken at primary issuance of the ILS. Assessment of each ESG topic is graded to get an assessment of the risk or opportunities relating to that particular ESG issue.
h) Data sources and processing	The data sources used to measure the attainment of the environmental and social characteristics promoted by SCBF will be entirely based on information from the ESG assessment. This will be based on the investment team’s understanding of the ILS, what the underlying peril exposure is and its exposure to the individual ESG issues.
i) Limitations to methodologies and data	Limitations to the Fund’s methodology for promoting the environmental and social characteristics is that this process predominantly occurs prior to investment, and the nature of ILS security transactions means that there is limited ability to engage with the issuer to get a greater understanding of the ESG characteristics of the ILS.
j) Due diligence	SCBF has a rigorous approach to investment due diligence with a focus on understanding the risk/reward and relative valuation of the ILS. SCBF believes that this rigorous assessment of risk and its insurance expertise allows it to better understand the exposure to risk the investment has and impact in the event of an event taking place.
k) Engagement policies	In general, SCBF will not engage in a traditional manner with the ILS issuers. They will engage at the outset of the investment process to understand the characteristics of the ILS for underwriting purposes.
l) Designated reference index benchmark	The Fund does not have a designated reference index benchmark for the purpose of meeting the environmental or social characteristics promoted by the Fund.