1. PURPOSE

The purpose of this Responsible Investment & Sustainability risk integration policy (the “Policy”) is to define the approach of UAB "INVL Financial Advisors" (the “Company” or “we”) to integrating the consideration of sustainability risks related to value creation opportunities into investments decisions. This Policy acts as the basis for how discretionary portfolio management mandates should be managed consistently with our responsible business objectives and relevant laws and governance standards.

We aim to incorporate a responsible investment approach and contribute broadly to societal wellbeing and sustainable development through ESG integration, active ownership, exclusions, and our commitment to the Principles for Responsible Investment (PRI).

2. SCOPE

The Company manages different types of assets (such as equity, fixed-income, money market and cash equivalents, alternative investments) through discretionary portfolio management (the “Portfolio“). The integration of addressing Sustainability risk in the decisions making process for Portfolio depends on the type of assets, strategy, term of investment. Recommendations of this Policy apply across all major asset classes. The Portfolio may implement additional mechanisms, instructions to further identify, manage and mitigate ESG risks.

3. DEFINITIONS

3.1. **Sustainability risk** - an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment (as specified in sectoral legislation, in European Union Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU, (EU) 2016/97, (EU) 2016/2341, or delegated acts and regulatory technical standards adopted pursuant to them).

3.2. **ESG –** represents the environmental, social and governance factors under which investors can assess and evaluate investment on how advanced it is with sustainability.

3.3. **environmental factor –** factors pertaining to the natural world. These include the use of, and interaction with, renewable and non-renewable resources (e.g., water, minerals, ecosystems, biodiversity).

3.4. **social factor** – factors that affect the lives of humans. It includes the management of human capital, animals, local communities, and clients.

3.5. **governance factor** – factors that involve issues tied to countries and/or jurisdictions or are common practice in an industry, as well as the interest of broader stakeholder group.

4. ORGANISATION AND GOVERNANCE

This Policy has been adopted by the Management Board of the Company.

Each Portfolio manager is responsible for compliance with the Policy in all activities and follow-up or/and reporting concerning the Policy.

Members of the Investment Committees and Portfolio managers, responsible for the management of particular Portfolio with the assistance of the employees of the Company, are responsible for implementing the Policy in investment decisions.

5. RESPONSIBLE INVESTMENT PRINCIPLES AND SUSTAINABILITY RISKS IMPLEMENTATION METHODS

5.1. Responsible investment principles

As a signatory of the Principles of Responsible Investment (PRI) initiatives aiming at incorporating ESG topics into the investment decision making and ownership practices, the Company is committed in the fulfillment of the following six principles:

5.1.1. to incorporate ESG issues into investment analysis and decision-making processes;

5.1.2. to be active owners and incorporate ESG issues into Companies ownership policies and practices;

5.1.3. to seek appropriate disclosure on ESG issues by the entities in which the Portfolio invests;

5.1.4. to promote acceptance and implementation of the principles within the investment industry;

5.1.5. to work together to enhance effectiveness in implementing the principles;

5.1.6. to report on activities and progress towards implementing the principles.

5.2. Implementation Methods

The Company sustainability work embraces several perspectives and methods which together create value for our beneficiaries, but also for society at large.

The Company applies three methods for managing Sustainability risks and integrating these risks into investment decisions. The application of these methods may vary depending on asset class, Portfolio strategy, term etc.

5.2.1. Integration

The Company complements traditional fundamental analysis with ESG consideration. In carrying out its activities, each investment decision maker shall evaluate the investment decisions based on requirements of compliance of the investment decision with ESG or sustainability criteria.

Various methods could be applied, including but not limited to, fundamental or quantitative sustainability analyses, investments in sustainable financial instruments, climate optimization, optimization towards the UN SDG.

5.2.2. Engagement

The Company encourages stakeholder partnership and engagement opportunities that support ESG management in its investment management activities. We consider stakeholder engagement as a change process where investors seek to improve investment objective practices with a specific aim in mind. This can be conducted in a variety of ways but mostly it is based around long-term and constructive dialogue.

In particular, the objective of engagement activities is to influence Portfolio investment in which the Company invests in, in order to improve their management of sustainability issues, reduce long-term risks and improve long-term financial performance of investment portfolios.

5.2.3. Restricted sectors

Exclusion's method is designed to avoid activities that may represent an unmanageable and unacceptable investment risk and activities considered harmful to society.

To reflect the nature of the Company, we have adopted a three-tiered approach to exclusions:

5.2.3.1. group exclusions - will apply across all of the assets managed by the Company. These exclusions will be applied to investments that do not align with our responsible investment commitments due to the significance of their ESG impact. Initial group exclusions are approved at board level and currently are:

- Illegal economic activities (drug dealing, trade in stolen goods, smuggling, illegal gambling, fraud etc.)
- Breaches of international sustainability norms (investments that do significantly harm areas of human rights, labor, environment, and anti-corruption)

5.2.3.2. client-led exclusions - our clients hold diverse views, and that in addition to the group exclusions, bespoke clients with discretionary and non-discretionary investment portfolios may wish to exclude additional sectors from their portfolios on the basis of their own personal beliefs and values.

6. CONFLICTS OF INTEREST

The Company is aware that potential or actual conflicts of interests may arise as part of shareholder engagement activities. Consequently, Company has policies in place for the purpose of taking all reasonable steps to prevent conflicts of interests. The latest and most current version of the Conflict-of-interest policy is published on the website www.invl.com.

7. MONITORING AND REPORTING

Various methods and periodicity are used to monitor and control Sustainability risks. Portfolio may implement mechanisms on monitoring based on integration level of this Policy.

It is vital that we produce reports for our clients and other stakeholders. The Company will publish a responsible investment and sustainability risk integration policy and make a submission to the annual PRI reporting cycle.

8. FINAL PROVISIONS

It is important to note that ESG factors are an input into our investment process, not an objective. Our objective remains to make financial judgments on the risk and rewards of investments.