



ARCO SICAV PLC.

**Sustainability
Policy**

3 March 2021

This Policy has been approved by the Board of Directors of the Company by way of a written resolution of the Board dated 3 March 2021.

DOCUMENT HISTORY

Version	Date	Author/Editor	Changes/Modifications	Status
1.0	3 March 2021	Board of Directors	Frist draft	Approved

EXECUTIVE SUMMARY

ARCO SICAV plc (the "Company") has established and applies this Sustainability Policy (the "Policy") as part of its efforts to acknowledge the regulatory developments in relation to sustainable finance initiatives. This Policy also expresses the Company's philosophy in respect of sustainability matters including as regards environmental, social and governance related aspects. The Policy is designed to be in line with the Company's business strategy, objectives, values and long-term interests, and also to take into account the interests of its investors.

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1.0 – INTRODUCTION

The Company is a collective investment scheme established as a self-managed multi-fund investment company with variable share capital (SICAV) with limited liability registered under the laws of Malta and licensed by the Malta Financial Services Authority (the “MFSA”) under the Maltese Investment Services Act. The Fund qualifies as a ‘Maltese UCITS’ in terms of the Maltese Investment Services Act (Marketing of UCITS) Regulations (S.L. 370.18, Laws of Malta) and consists of several Sub-Funds, each of which will be capitalised through the issue of one or more classes of Investor Shares. The capital raised for each Sub-Fund is invested in line with its investment objectives, subject to its investment policies and restrictions as set out in the offering documentation of the Company.

Accordingly, being a self-managed UCITS fund, the Company notes that it falls within the scope of some of the EU’s legislative initiatives being developed in the context of the European Commission’s “Financing Sustainable Growth” Action Plan adopted in the light of the 2015 Paris Agreement on climate change and the United Nations 2030 Agenda for Sustainable Development. The stated intention of the EU’s said Action Plan is to clarify fiduciary duties and increase transparency in the field of sustainability risks and sustainable investment opportunities with the aim to:

- reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth;
- assess and manage relevant financial risks stemming from climate change, resource depletion, environmental degradation and social issues; and
- foster transparency and long-termism in financial and economic activity.

The Company has established and applies this Policy as part of its efforts to acknowledge the said regulatory movement in this area and meet its obligations derived therefrom, as well as express its philosophy in respect of sustainability matters including as regards environmental, social and governance related aspects. The Policy is designed to be in line with the Company’s business strategy, objectives, values and long-term interests, and also to take into account the interests of its investors.

2.0 – OUR SUSTAINABILITY PHILOSOPHY

The Company acknowledges the scale and challenge of the risks posed by climate change and the degradation of the environment and other sustainability matters, and generally agrees with the position of the European Commission on the need for strong action and increased effort from all actors in the financial services sector.

In particular, the Company is committed to exploring how it can best contribute to achieving the common objectives of: carbon neutrality, increasing the share of renewable energy and energy efficiency, the protection of biodiversity and water and the adequate elimination of waste. Furthermore, the Company is also committed to upholding the highest standards as regards social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The Company also looks to uphold good governance practices (in particular, with respect to sound management structures, employee relations, remuneration of staff and tax compliance) itself as well as expecting the same from its service providers and investments.

In this respect, the Company is keen to understand the wider context of its investment strategy and decisions, beyond the traditional financial risk and reward factors to also consider sustainability and environmental, social and governance related aspects, in fulfilling its long term stewardship responsibilities towards its investors.

In this light, the Company has initiated a process to understand better to what extent its appointed Portfolio Managers consider sustainability and environmental, social and governance related factors in their investment strategies, as part of its efforts to monitor developments in this area and keep its position under review.

3.0 – SUSTAINABILITY DISCLOSURE OBLIGATIONS

The Company is subject to the disclosure requirements included in EU 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 (the “Sustainable Finance Disclosure Regulation” or “SFDR”). In relation to its SFDR Disclosure Obligations, the Company also notes:

- (i) the contents of the following MFSA Circulars (the “Circulars”) issued to date: (a) The New EU Sustainable Finance Model issued on 11 August 2020; and (b) The implementation of the Sustainable Finance Disclosure Regulation (“SFDR”) - Process to be adopted with respect to the submission of updates to the pre-contractual document (prospectus) of locally based Collective Investment Schemes applicable as from 10 March 2021 (“SFDR Deadline”) issued on 9 February 2021. The following disclosures included in this Policy are also being made in fulfilment of the relevant aspects of the said disclosure obligations the Company is subject to; and
- (ii) the Joint ESA Supervisory Statement on the application of the SFDR (JC 2021 06) issued on 25 February 2021.

In particular, the Company notes the high-level principles-based approach it is being directed to take in this area by the above mentioned SFDR Deadline Circular, as outlined by the European Commission itself in its letter to the European Supervisory Authorities regarding the application of the SFDR.

Integrating sustainability in the investment process

The stated investment objective of the Company’s sub-funds is to deliver long term returns to its investors from both income and capital growth, whilst minimising the volatility of the portfolio. More specifically, the aim is to provide growth and income over a three to five year time horizon by focusing on investments that offer a combination of income and capital appreciation. The Company has delegated the day-to-day portfolio management tasks to the various portfolio managers (the “Portfolio Managers”).

In this respect, the Company confirms that it does not specifically consider sustainability and/or environmental, social and governance related factors in its investment objectives or strategy, or in the implementation of such strategy. Neither does it promote sustainability and/or environmental, social and governance related characteristics to its investors, or designate any indices as reference benchmarks.

Having said that, and as referred to above, the Company has initiated a process to understand better to what extent its appointed Portfolio Managers consider sustainability and environmental, social and governance related factors in their investment strategies, as part of its efforts to monitor developments in this area and keep its position under review. This with a view to look to integrate sustainability aspects in its due diligence and ongoing monitoring efforts as regards its Portfolio Managers as relevant.

No consideration of sustainability adverse impacts

In the light of the above, and considering its size, internal organisation, as well as the nature and scope of its activities, and in particular that: (i) the Company has delegated the day-to-day portfolio management tasks to the Portfolio Managers; and (ii) the Company's sub-funds may be considered to invest a substantial portion of its assets in other UCITS funds and/or other collective investment schemes meeting the requirements of Article 50 of the UCITS Directive, the Company does not currently consider adverse impacts of investment decisions on sustainability factors. Indeed, these circumstances mean that in practice, the Company would generally have limited visibility on the impact of investment decisions on sustainability factors and be largely reliant on the approach taken by the underlying funds.

This position will be kept under review with a view to be updated should this be deemed necessary in the light for changes in the Company's investor profile or investment strategy, as well as regulatory developments in this area.

Sustainability Risks

Accordingly, the Company deems that in principle sustainability risks are not directly relevant to it. This position is also reflected in the Company's Offering Documentation.

Remuneration

In line with the Company's position as regards direct and indirect exposure to sustainability risks set out above, such risks are not currently reflected in the Company's remuneration policies and practices. This position is also reflected in the Company's documented Remuneration Policy.

4.0 – CONCLUSION

The Company reiterates its commitment to exploring how it can best contribute to achieving the common objectives underpinning the sustainable finance agenda in the areas of sustainability, environmental, social and governance matters. While the initiatives in this area being promoted by the EU are still at their early stages, the Company is also committed to engage with the relevant regulatory developments in this area and keep developing its philosophy and position in this respect as needed.