

Sustainability-Related Disclosures Summary

See below sustainability-related information about PrimeStone Capital Fund ICAV and PrimeStone Capital Fund II ICAV (together the "ICAV's").

No Sustainable Investment Objective

The ICAV's promote environmental and social characteristics, but does not have as their objective sustainable investment.

Environmental or Social Characteristics of the Financial Product

The ICAV's seek to promote environmental and social characteristics through the integration of financially material ESG considerations into their investment process. The ICAV's seek to constructively influence and improve the management and governance of the companies in which they invest. This also helps to mitigate sustainability risk and improve long-term financial outcomes. The environmental and social characteristics which the ICAV's seek to promote will vary depending on the type of company in which the ICAV's invests, with the overall focus being on how the investee company may potentially improve its own integration of environmental and social characteristics in its business. Environmental characteristics may for example include the investee company's focus on carbon emissions disclosures and reduction targets, while social characteristics may for example include the investee company's focus on the fair split of the value creation between employees and managers,

- social and gender diversity and / or full compliance with labour laws.

Investment Strategy

The ICAV's are a fundamental long-term value-added financial product focused on a concentrated portfolio of lead minority positions in mid-cap publicly listed Western European companies. The investment strategy takes a hands on approach, actively engaging with the companies in which the ICAV's invest, both thinking and acting like a long-term owner. The ICAV's intend to achieve their investment objective by managing a concentrated portfolio of lead minority positions and through these positions, seeking to constructively influence the management of these companies to promote and effect positive change while creating value for their investors.

The ICAV's seek to promote constructive enhancement by the management of the investee companies to effect positive changes. An assessment of ESG characteristics is embedded in the ICAV's investment process and involved four key types of investment activity which are factored in to the selection and ongoing due diligence of every asset:

- Investigation and analysis of ESG practices as part of the investment manager's due diligence;
- Engagement with boards and management of companies in which the investment manager invests on behalf of the ICAV's in order to disseminate best practices;
- Use of the ICAV's vote and voice when necessary to align with its ESG policy;
- Focus on long-term value that is reciprocated with the investment manager's ESG standards.

The Investment Manager believes superior governance is critical to create long-term value for the ICAV's shareholders. Important governance parameters which it assesses in its initial due diligence and subsequent to investment include:

- Shareholder rights – focusing on voting rights limitations, staggered boards and poison pills and in favour of "say on pay", annual elections of board members and other recommended practices.
- Quality of executive leadership - ensuring the business is led by quality managers.
- Quality, engagement and effectiveness of the board - particularly the board's collective experience, the time they can and do spend performing their duties and their ability to independently oversee and assess management, and engage with shareholders in an open- minded, fact-based and transparent manner.
- Appropriate capital allocation and monitoring of business performance - the board should focus on the efficiency of/return on the company's workforce, its capital and other resources it uses.
- Risk identification, mitigating actions and contingency planning.
- Transparency – providing materially helpful information to assess the quality, prospects and valuation of the business.
- Compensation – seeking to make management act like long-term owners of the business, investing money alongside shareholders and be fairly compensated for good performance.

Where the Investment Manager identifies that an investee company's governance practices are declining, it will engage with a that company on behalf of the ICAV's in order to drive improvements. Where the Investment Manager does not see change towards better practices based on engagement activity the ICAV's will redeem the investment.

Proportion of Investments

All investments made by the ICAV's will be assessed against the relevant environmental and/or social characteristics identified for each investee company, alongside an extensive assessment of good governance. However, the flexible nature of the investment mandate means that it is not possible to make a strict and continuous minimum commitment in terms of asset allocation. The Investment Manager does expect that the majority of investments (>70%) in the ICAV's portfolio will at any point in time be aligned with the promotion of the environmental and/or social characteristics.

The ICAV's do not commit to making sustainable investments within the meaning of EU Taxonomy and as such the taxonomy-alignment of investments is 0%.

Whilst the ICAV's may use derivatives, they are not used for the purpose of achieving the environmental and / or social characteristics promoted by the ICAV's.

Monitoring of Environmental or Social Characteristics

The ICAV's will link the promoted environmental or social characteristics of each investee company to relevant data points that are available from the relevant investment to measure the relevant characteristic. The indicators used to measure attainment will vary depending on the individual investment.

For environmental characteristics these include indicators such as reduced intensity of emissions, reduced levels of waste and increased rates of recycling.

For social characteristics these include indicators such as reduced work place accident rates and increased employment satisfaction.

The data assessed to monitor the environmental or social characteristics will also be utilised as part of the due diligence process to fully understand the ESG risks and opportunities that the investment faces.

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In order to monitor the promoted characteristics, we will assess the relevant data points that are available and engage with company management in order to get a clear insight into the development of these characteristics and the internal management of their exposure to the drivers of these characteristics. An area that we will engage on is the disclosure of relevant data so that we and the broader market can better understand the material drivers of financial performance.

The responsibility for monitoring corporate issues, which given the fundamental role ESG plays in the investment process will include the environmental and/or social characteristics chosen for promotion, lies with the Investment Manager's investment team. The team is also supported by the Investment Manager's relationship with prime brokers and has access to news sources such as Bloomberg.

In relation to the monitoring of environmental and social characteristics in annual general meetings ("AGMs") and voting, responsibility for this lies with the Investment Manager's operations team (the "Operations Team"). Controls include a weekly email being sent out to the entire firm informing all members of any corporate events that are set to occur. It is the responsibility of each analyst to check this and ensure nothing has been missed.

The Operations Team will monitor upcoming AGMs as per of the Corporate Events Schedule that is sent out on a daily basis. The schedule provides the company name, the date of the AGM and a short description of the event taking place. The Operations Team will liaise with the investment analysts to obtain the relevant voting choices with regards to each agenda item expected to be covered at the upcoming AGM. The Operations Team will also find out if the investment analyst would like to attend the AGM or proxy vote. The Operations Team will then liaise with the relevant prime broker to find out the requirements for attending or voting by proxy.

In any case, the Investment Manager will maintain a record of how they voted at each AGM by logging the details on the Voting log centrally stored. The log captures: Name of company, Date, Agenda Item, Voting Direction, Proxy Voting.

An external control is use of the ISS platform, as all of the ICAV's positions will be sent to ISS on a daily basis. This platform automatically checks to see if any AGMs are set to occur. If an AGM is announced the Investment Manager will receive an automated email with a deadline to vote.

Methodologies

The Investment Manager will use the deep due diligence process and engagement with investee companies to collect the relevant data, alongside the internally produced ESG related information from the corporate, to appropriately measure how the environmental and social characteristics that are promoted by the ICAV's, are being met via its investment in the relevant company.

Data Sources and Processing

The majority of research is done internally, and the Investment Manager will manually collect data through the deep due diligence process and engagement with investee companies, along with data from public corporate disclosures, which predominantly includes annual and/or sustainability reports, publicly available regulatory filings, as well as direct communication with the company, to inform the investment due diligence view. This data will be used to understand how each company is attaining each environmental or social characteristics promoted, as well as their underlying indicators.

The Investment Manager does not leverage any third-party ESG data providers currently as it believes that its research process better positions it to collect ESG information and sentiment to include in its assessment of each investment. Although, the Investment Manager does leverage industry contacts, consultants and other market participants as deemed appropriate, which may provide ESG-related insights relevant to the environmental and social characteristics being promoted. This also extends to resources such as market research, brokerage/research reports, operating advisers, and other providers for example third-party consultants, investment banks, corporate finance and founders' network.

All data will go through an internal quality check process, and where concerns around data quality arise, the Investment Manager will engage with company management to understand how the data was derived. Data will be processed through a proprietary reporting template, and in circumstances where data has not been disclosed, the Investment Manager will not use estimations, meaning that the proportion of estimated data is 0%.

Limitations to Methodologies and Data

The availability and quality of data will likely vary across the portfolio, whilst data that is reported may not be exactly aligned with the measurement of the environmental and/or social characteristics that the ICAV's are promoting. There are also likely to be challenges in terms of the accuracy of data being reported, particularly as many companies will likely be reporting on indicators related to the chosen environmental and/or social characteristics being promoted for the first time.

It is not expected that these limitations will have a significant impact, as part of the investment strategy also includes engagement to promote increased understanding and disclosure on indicators linked to the relevant environmental and social characteristics. The Investment Manager also envisages existing data challenges to ameliorate through greater standardisation from industry group reporting frameworks, growing corporate awareness and investor expectations in relation to ESG data, as well as regulatory imperatives, such as the proposed EU Corporate Sustainability Reporting Directive (CSRD). This is particularly beneficial as the ICAV's endeavour to invest in European Publicly Listed companies, who will likely be in-scope of this regulation.

Due Diligence

The investment approach for the ICAV's is one of deep fundamental due diligence on the companies that the ICAV's invest in. The Investment Manager views ESG considerations as another lens through which to understand the risks and opportunities that a company faces. ESG topics can be something that the Investment Manager can use to better understand the intrinsic value of a company, and also the future intrinsic value of a company where ESG based improvements, along with other business improvements, can be made.

ESG is imbedded in the Investment Manager's investment process and involves four key types of investment activity:

- Investigate and analyse ESG practices as part of the due diligence process
- Engage with boards and management of companies the ICAV's invest in to disseminate best practices, including the promotion of environmental and social characteristics
- Use our vote and voice when necessary to drive positive change
- Walk away from seemingly attractive opportunities that the Investment Manager cannot influence to meet its standards

Included in this due diligence is the requirement for each investee to have been assessed against the Investment Manager's proprietary ESG investment checklist. This provides whether the company is not in breach our exclusions (see more information below), an overview of their ESG maturity and transparency, an assessment to the exposure / management of ESG factors, accompanied by an assessment of impact on investment performance, as well as the company's willingness to engage with the investment team. Insights from this will also be included in investment memo presentations.

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As mentioned above, another internal due diligence control is the exclusion of companies that do not meet the Investment Manager's ethical standards and beliefs. Although the ICAV's do not have a pre-defined list of excluded securities, any business the Investment Manager perceives as creating social distress or benefiting from the unfair exploitation of customers, as well as those in tobacco and non-defence weapons sectors will be excluded. The Investment Manager in respect of investments of the ICAV's also has a zero-tolerance approach towards poor social behaviour including child-labour and any other form of human rights violation as well as illegal activities. Companies found to be engaged in such behaviour in the investment due diligence stage will also be excluded.

Engagement Policies

Given that the ICAV's will take substantial minority positions (5-15%) in each portfolio company, it takes an active sponsorship approach, and is able to engage without needing the support of other shareholders. Engagement at the board and company management level is an activity that is used to maximise investment returns and the promotion of environmental and social characteristics. As stated previously, the environmental or social characteristic being promoted will vary depending on the materiality of the issue for the company.

This engagement takes the form of board participation and direct communication, where the Investment Manager does not have a board seat.

Voting is another key activity used to drive improvement in the portfolio companies, and the Investment Manager will not blindly vote along management recommendations but will consider the impact of the vote to maximise the value of investments.

Where the ICAV's do not see change towards better practices based on our engagement activities or sees a sustainability-related controversy that breaches our ethical standards and beliefs, we will walk away from the investment.

Designated Reference Index Benchmark

The ICAV's do not have a designated reference index benchmark for the purpose of meeting the environmental or social characteristics promoted by the fund.