



# **Greenwashing Risk Policy**

**Fosteus Fund Management Limited**

**Version 1-December 2022  
Version 2-August 2024**

## **1. Introduction**

Fosteus Fund Management Ltd (the “Company”) is a limited liability company with share capital, incorporated in accordance with the Laws of the Republic (registration number HE439332).

The Company is regulated as an alternative investment fund management company (“AIFM”) by the Cyprus Securities and Exchange Commission (“CySEC”) with license number AIFM 58/56/2013.

This Policy is an integral Part of the Company’s Internal Procedures Manual.

## **2. Key Definitions**

‘Greenwashing’ is a practice where sustainability related statements, declarations, actions or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product or financial services.

As the Company is considered as per SFDR as ‘Market Participant’ and is exposed to this risk, has prepared this policy to mitigate or eliminate the occurrence of such risk.

## **3. Scope and objectives**

The Greenwashing Risk Policy applies to the Company since it qualifies as a ‘Financial Market Participant’ due to its authorization to operate as an AIFM and to any alternative investment funds under the management of the Company (the “funds under management”).

The employees of the Company are expected to read, understand and acknowledge the content of the current Policy.

#### **4. Approach**

The Greenwashing Risks Policy describes the Company's approach to monitoring Greenwashing risk which may arise due to the presence of sustainability related statements, declarations, actions or communications that do not clearly and fairly reflect the underlying sustainability profile of the entity, the financial products or financial services it offers.

#### **5. Procedure**

Fosteus Fund Management Ltd has incorporated environmental, social and governance ("ESG") factors and considers sustainability risks in the investment decision-making process of the Funds under its management.

Currently the Company does not manage Funds that seek to promote one or more environmental or social characteristics, nor does it have sustainable investments as their objective. The Funds under management are therefore considered as an "Article 6" financial product in accordance with the SFDR.

The Company, however, acknowledges the fact that if sustainability risks occur, may have a negative impact on the returns of its Funds under Management so has decided to embed these in the investment decision process, as part of its risk management process as well as in the Funds documentation and procedures.

As per above the Company has made necessary disclosures on its website, funds documentation and has amended accordingly its procedures and policies to monitor the greenwashing risk so all necessary disclosures are made in compliance with applicable legislation so to avoid exposure in such a risk.

The Risk Manager and Compliance Function shall be responsible to ensure that all necessary disclosures and risk management are published/included in the required

documentation to minimize the occurrence of such risk. The disclosures and procedures should be reviewed at least on an annual basis or on the occurrence of any event that can trigger exposure to such risk.

In the case such a risk is identified then the Risk Manager and Compliance Officer shall take all necessary actions to ensure that the Company will take all reasonable actions to deal with it.

The Company is currently managing an Article 6 Fund as per SFDR that take into consideration sustainability risks in its investment decision process but does not consider any adverse impacts of such risks. Also, the presence of any sustainability risk will not adversely impact the investment decision process unless otherwise stated on Funds documentation.

## **6. Policy review & monitoring**

The Compliance Officer in collaboration with the Risk Manager will monitor and review the Policy on an annual basis and on an ad-hoc basis in the event of major changes to the policy framework of the Company and will proceed to changes where and as needed. The policy will be acknowledged by the Board of Directors of the Company after every review and/or material changes to its content.