

ESG Codex

Sustainable Economic Management

Benchmark of Sustainable Corporate Behaviour at the Level of the Company as a Whole

1. Business Model

Asset Managers such as Plenum Investments Ltd., which operate at the interface of capital and insurance market, perform an important function for the economy and the insurance industry. As intermediaries, they assume insurance risks (natural disaster risks). In doing so, on the one hand, they are partners of insurance companies and help them to optimize their equity base and, on the other hand, they provide the insurance industry with additional insurance capacity on a collateralized basis. This strengthens the insurance system in two ways:

- Reduced default risk through fully collateralized coverage
- Broader risk coverage beyond the traditional insurance system

This provides the insurance industry with additional protection against shock losses which are on the rise because of climate change.

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At the same time, Plenum Investments Ltd. develops products and financial services which contribute to a sustainable development. In a first step, exclusion criteria are defined to allow for a sustainable assumption of insurance risks.

To promote sustainable development both of our company and its environment, we have identified five areas of action:

2. Company

Plenum Investments Ltd. is an investment manager specialized in insurance risks. Its core competence is the management of natural disaster and longevity risks and its investment focus lies on transparent investment solutions in the area of insurance-linked securities. In this asset class, investors take on the role of a reinsurance company by covering risks and receiving attractive premiums in return. Insurers transfer the risks to the investors and pay them premiums, thus giving the investors direct access to insurance risks.

Plenum Investments Ltd. manages investment funds in the fields of UCITS (mutual funds licensed for public distribution in different countries) and AIF (alternative investment funds) targeted to qualified investors. In addition, Plenum Investments Ltd. provides clients with portfolio management and investment advisory services on a mandate basis. Today, the natural disaster business through securitized catastrophe bonds (CAT bonds) is the primary business of the company.

As a licensed asset manager, Plenum Investments AG is subject to the Swiss Collective Investments Act and supervised by the Swiss Financial Market Supervisory Authority (FINMA).

3. Mission

Corporate responsibility is a central element of the management system at Plenum Investments Ltd. Ecological, social and ethical criteria play a key role in our management. With our core business, we aim to make an impact towards sustainable development of our business segment, provide honest and competent advice to our clients, be an attractive employer for our staff, continuously reduce our ecological footprint, and, through our contribution to sustainability, put our portfolio management at the service of society.

Plenum Investments Ltd. provides regular updates on its sustainability efforts, major news and progress made. All reports are available on our website (www.plenum.ch/nachhaltigkeit).

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4. Sustainability

The sustainability strategy of Plenum Investments Ltd. aims to meet the global challenges as a responsible partner for sustainable development. To this end, we monitor relevant megatrends and evaluate them with regard to potential risks and opportunities. The sustainability strategy is applied to the fields of corporate governance, market and clients, staff as well as society and environment. It is implemented within the scope of the sustainability policy of Plenum Investments Ltd. in accordance with generally accepted standards and our performance indicators.

5. Goals

Plenum Investments Ltd. strives to facilitate investments in the business model of the "CAT bond/ILS" asset class in accordance with sustainability principles. To this end, we have partnered with a rating agency to develop a research approach which we continuously refine. Plenum Investments Ltd. pursues the following goals in three phases:

- Phase 1 (2019): Application of a sustainability research approach with the aim of avoiding negative sustainability effects and enhancing the sustainability impact of the entire industry through engagement. This is achieved through generally accepted exclusion criteria. It also involves the effort to advise sponsors of the necessity to draft reinsurance contracts more transparently, so as to make clear reference to the topic of sustainability.
- Phase 2 (2019-2020): Implementation of a KPI reporting system for the asset class of CAT bonds, definition of positive criteria and formalization of our action and, in particular, our current efforts in a separate engagement policy statement.
- Phase 3 (2019-2021): Identification and promotion of the social impact character of the "CAT bond/ILS" asset class. Clarification of the related questions to what extent catastrophe bonds comply with the demands of the UN 2030 Agenda for Sustainable Development (SDGs) and whether there is need to identify additional starting points which display the social impact contribution of the reinsurance industry. An associated goal is to anchor the asset class in the sustainability universe in order to enrich the portfolio management with this aspect.

Further sustainability goals such as the professional training of staff are outlined in the human resources policy. Core issues like observance of human rights, labour standards, environment and corruption are covered under the general company philosophy.

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Going forward, the status of goal achievement will be reviewed annually and included in the update of the sustainability programme.

6. Implementation

6.1. Product Level

Plenum Investments Ltd. implements sustainability criteria in investing and covering loss events by applying various sustainability filters and exclusion criteria in all its mutual funds. Among others, these include international standards such as the ILO and UN Global Compact principles. By carefully selecting the insurance risks available for investment, risks such as reputational risk are largely eliminated.

For all investment products managed in its own name, Plenum Investments Ltd. defines exclusion criteria filters, basically in accordance with the exclusion criteria specified by the FNG Label.

6.2. Company Level

Internally, the strategic responsibility for the orientation towards sustainability criteria lies directly with management, while the operating responsibility for sustainability management falls to the head of portfolio management. The measures taken primarily aim at a more environmentally friendly operational ecology, proportionate to the nature and size of the company, and preferred working conditions of the staff.

7. Responsibility

Coordination and strategic orientation of the sustainability performance of Plenum Investments Ltd. are incumbent on the management, with technical support from the Competence Center ESG. Management is also responsible for the social engagement of the company as well as internal and external communication and engages in dialogue with stakeholders.

Managing reputational risk is the duty of management as well. For Plenum Investments Ltd., corporate responsibility includes early detection and adequate handling of ecological, social and ethical risks in its business and business relations. The assessment of these risks is incorporated into the overall risk strategy and management of the company, within the framework of a well-established risk management.

8. Rules and Procedures

In striving for sustainable business operations, Plenum Investments Ltd. does not rely on compliance with applicable law and external regulations only, but also on internal guidelines which provide the staff with clear focus and direction. Specific guidelines and directives are incorporated into the internal corporate governance framework.

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