Important Information

Lawsons Equity Limited & The Integration of Sustainability Risk

The below information is disclosed in line with regulatory obligations relating to Regulation (EU) 2019/2088 (SFDR) of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector which came into force on the 10th March 2021.

In line with SFDR obligations, Lawsons Equity Limited falls under the scope of Financial Adviser.

Article 3 of SFDR requires Financial Market Participants to publish on their website, information about their policies on the integration of sustainability risk in their investment decision processes. Additionally, Article 3 extends also to Financial Advisers whereby these must include on their website, information about their policies on the integration of sustainability risks in the provision of investment or insurance advice.

The Role of the ECG Committee

In order to comply with the new regulatory requirements, Lawsons Equity Limited have formed a ESG Committee whose reporting lines are to our Internal Investment Committee, ultimately reporting to the Shareholders and the Board of Directors.

The ECG Committee are tasked with the following objective;

To take sustainable risks due to environmental, social or governance (ESG) events into consideration in the investment decisions and recommendations to our clients.

The ESG Committee provide direction on ESG investment risk strategy and develop internal policies and procedures to promote awareness and understanding of ESG risks within the firm.

The ESG Committee are responsible for the Sustainability Risk Policy which they are to ensure is monitored, updated and implemented, providing relevant updates to all staff and advisers of the firm as appropriate.

This committee hold regular meetings (quarterly as a minimum, with ad-hoc meetings as and when required).

The Sustainability Risk Policy

Sustainability risks means if an environmental, social or governance event occurs this could cause an actual or a potential material negative impact on the value of an investment.

Examples of each type of ESG risk include such as the following:

- **Environmental**: climate change - ‘stranded assets’ risk
- **Social:** human rights - operating unethical and illegal working conditions
- **Governance:** transparency & integrity - lack of appropriate board oversight and decision-making structures

Lawsons Equity aim to achieve attractive risk-adjusted returns for its clients over the long-term through the products and investment funds it recommends.

From a due diligence perspective, Lawsons Equity integrates sustainability factors into the investment process which includes an assessment of the likely impacts of sustainability risks on the financial return for investors.

Lawsons Equity have put appropriate processes in place to monitor, assess and manage the potential and actual impact of ESG risks on individual funds and portfolios on an ongoing basis.

However, for our evaluation of a fund or portfolio on ESG criteria we are reliant on information provided to us by third party Product Providers and Fund Managers. The main identified risk is that the fund managers themselves should have the right tools and processes in place to make the appropriate investment decisions - e.g., excluding specific companies for a fund taking ESG into account - as this could have an impact on investment returns

The Company’s investment approach is governed by incorporating a number of investment principles into its processes amongst which include active management, the focus being on total returns, and emphasis on capital preservation.

This ensures that the fund managers, approved by Lawsons Equity Investment Committee, are aware of and take informed investment decisions with knowledge of key ESG risks.

Lawsons Equity will consider the weight of any ESG factors when providing investment advice alongside other aspects such as the investors objectives, their attitude to risk and time horizon of the investment however ESG related risk factors will always be considered for all clients who are provided with investment or insurance advice.

Lawsons Equity Limited & The Remuneration Policy Declaration (Sustainability Risk)

As Independent Financial Advisers Lawsons Equity Limited have the ability to select products and funds from the whole of the market. Our staff do not receive any additional benefits from the recommendation of one product or fund over another.

It is essential that employees working in the business areas, to which the company policies on sustainability risks relate, comply with the relevant policies. Under the Lawsons Equity Remuneration Policy, it is therefore a requirement that performance criteria are applied to the discretionary bonus scheme available to Investment Adviser & Insurance Brokers. The performance criteria are linked to the company´s compliance rules in regard to sustainability risk and all employees must ensure they comply with these rules.

Sustainability risk is integrated within the firm’s remuneration policy and therefore, the firm expects all staff members to follow such practices as set by the ESG Committee of Lawsons. All Investment Advisers and Insurance Brokers are trained sufficiently to ensure appropriate awareness and they are monitored to ensure that they act in line with the mission, vision and strategy as set out in these internal policies.