SLATE

Disclosures under 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 ("SFDR")

Introduction

1.0 This document lays out the approach that Slate Asset Management L.P ("Slate") takes in evaluating environmental, social and governance (ESG) risks in the investment process in respect of the principal adverse impacts ("PAI") of its investment decisions on sustainability factors as required by the SFDR.

2.0 The SFDR requires Slate to make a 'comply or explain' decision whether to consider the PAI of its investment decisions on sustainability factors. On May 2022, the European Securities and Markets Agency (ESMA) published a Commission Decision and Annex containing a set of answers on the SFDR and Taxonomy Regulation to a series of questions raised by ESMA which provided some clarification on level of disclosure required of firms for SFDR purposes.[1]

3.0 The SFDR requires larger firms (with more than 500 employees) to measure and report on PAI factors in their investment portfolios. Slate's analysis shows that, it had less than 500 employees and therefore is not required to comply with the SFDR disclosures at the firm level. Slate does not intend to comply with the SFDR requirements at the firm level but will comply in relation to funds which are required to take into consideration the reduction of negative externalities (principal adverse impacts or PAIs) caused by the investments underlying those funds.

4.0 These criteria currently apply to two Slate funds:

- **Slate European Essential Real Estate Income Fund ("EEREIF") – an Article 8 fund**
- **Slate Cities and Communities Impact Infrastructure Fund ("CCIIF") – an Article 9 fund**

Integration of Sustainability Risks

SFDR defines "sustainability risks" as environmental, social or governance ("ESG") events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment. Whereas Slate has taken the decision to not comply with the SFDR disclosure requirements at the firm level, where

[1] SFDR requires larger firms (firms with more than 500 employees) to measure and report on principal adverse impact ("PAI") factors in their investment portfolios. For smaller firms, there has been no clear route for them to consider PAI factors only in relation to a sub-set of their funds, such as those funds raised since SFDR originally applied, or those funds where the sponsor can in practice consider PAI factors (e.g. because it does not have access to the necessary data). In the questions posed to the Commission, ESMA asked whether firms can opt out as a general matter, but still disclose, in the website disclosure, that they consider PAI factors for certain funds only. The Commission confirmed that a firm that opts out of considering PAI may launch a financial product that "pursues a reduction of negative externalities caused by the investments underlying that product" (in other words, may consider PAI factors), but the firm must make it clear in its (website) firm level disclosure that it has taken this approach.

appropriate for an investment, Slate conducts related due diligence to take steps to understand or otherwise develop steps to mitigate such risks across its investments.

Further, Slate's ESG Policy ("**ESG Policy**") sets forth its approach to and governance on addressing ESG factors which include principal adverse impact principle considerations in its investment decisions and management of investments made. The ESG Policy applies to all of Slate's investments including Article 8 classified Slate European Essential Real Estate Income Fund and Article 9 classified Slate Cities and Communities Impact Infrastructure Fund and Slate's own operations.

Transparency of remuneration policies in relation to the integration of sustainability risks

Slate seeks to make remuneration an effective means for attracting and retaining employees who contribute to various aspects of performance while ensuring appropriate risk management and compliance on the part of all employees.

Slate's remuneration practices are designed to promote sound and effective risk management and not to encourage risk-taking which is inconsistent with the risk appetites or profiles of the investments being overseen.

Variable compensation for employees is primarily based on a weighting of individual and firm performance against certain relevant objectives. All employees receive a rating which is a function of both behavior and performance, which ensures performance is assessed not only on what is achieved but also on how it is achieved. These factors include consideration of performance for certain employees where specific sustainability targets are present or where certain of their duties have relevant sustainability outcomes. Further, performance ratings are impacted in cases of an employee's non-compliance with policies, including Slate's ESG Policy.