

Disclosure on the KBA Consulting Management Limited website (for reference only)

DSP Global Funds ICAV

Sustainable Finance Disclosures Regulation Details

KBA Consulting Management Limited (“KBA”), in its capacity as UCITS Manager to DSP Global Funds ICAV (the “Fund”) has appointed DSP Investment Management (Pvt) Limited (the “Investment Manager”) as its delegate.

As part of this delegation arrangement, KBA expects that the consideration and management of sustainability factors and sustainability risks are performed by the underlying portfolio management teams responsible for investment decision making at each delegate.

Details of the Investment Manager’s policies addressing Sustainable Finance Disclosures Regulation including the Investment Manager’s Sustainability Risk Policy Statement, Consideration of Adverse Impacts on Sustainability Factors and Summary of its Remuneration Policy as it relates to the Fund is available at the following link <https://www.dspim.com/>.”

EU Investors: sustainability-related (SFDR) disclosures for DSP Global Funds ICAV

In accordance with 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”), KBA Consulting Management Limited (“KBA”), in its capacity as UCITS Manager to DSP Global Funds ICAV (the “ICAV”) is required to disclose the manner in which sustainability risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the sub-funds of the ICAV (the “Funds”).

KBA has appointed DSP Investment Management (Pvt) Limited (the “Investment Manager”) as its delegate. As part of this delegation arrangement, the consideration and management of sustainability factors and sustainability risks are performed by the Investment Manager.

Details of the Investment Manager’s policies addressing Sustainable Finance Disclosures Regulation including the Investment Manager’s Sustainability Risk Policy Statement, Consideration of Adverse Impacts on Sustainability Factors and Summary of its Remuneration Policy as it relates to the ICAV are, therefore, set out below.

Sustainability Risk Policy Statement

Sustainability risk is defined under SFDR as an environmental, social or governance event or condition that, if it occurs, the Manager considers could cause an actual or potential material negative impact on the value of one or more investments in the Funds.

- (i) Integration of sustainability risks in the investment process

Within the broader framework of the Investment Manager's investment process, soft parameters such as management quality and corporate governance are important inputs that have always been considered in the evaluation of any investment idea. The Investment Manager strongly believes that these are critical drivers of shareholder value in the long run.

More specifically, the Investment Manager believes that sustainability risks together with ESG factors can be useful and relevant indicators for investment purposes and could help decision making through identifying potentially negative events or corporate behaviour. The Investment Manager expects in the long run there is an outperformance bias towards better run and better governed companies which incorporate a variety of sustainable aspects. One can easily access basic ESG information from company disclosures (annual report disclosures on sustainability which is mandatory by regulation), ministry (environment) websites and through primary data research.

The Investment Manager has integrated ESG analysis more formally into its investment process, with the help of MSCI's ESG manager, which is a platform that provides ESG scores and reports on several companies it covers.

In summary, the ESG integration process is as follows:

- The Investment Manager uses MSCI ESG Manager as a data provider, which currently covers ~210 Indian stocks (MSCI continues to add more companies to their coverage). This data provider reports on, inter alia, CO2 emissions, board independence, gender diversity and maternity leave policies of investee companies.
- ESG scores and reports are then compiled by the Investment Manager, along with other fundamental parameters, and this forms one of the inputs to the stock recommendations (Strong Buy, Buy, Hold, Sell, Strong Sell) and Target Prices put out by each fundamental analyst on the team. Portfolio managers in turn can use all this information to either avoid a company (if the ESG issue is material) or modify their portfolio weights of such companies depending on the extent of impact.
- Where a company is exposed to a particular risk, it may be flagged by the MSCI scores and then picked up by the Investment Manager's analyst team for further review. Analysts dig deeper as required and incorporate their findings while making a stock recommendation.
- Besides referring to the MSCI ESG scores and reports, analysts are increasingly engaging with companies on the status of their work to improve ESG factors. This includes active engagements with CXOs, board members and investors relations teams, with a focus on "doing the right thing".
- The Investment Manager also actively votes on company resolutions and has engaged a proxy voting firm (IiAS Advisory) for this. The Investment Manager has engaged in proxy voting for several years.

Further detail on the integration of sustainability risks in investment decision-making are set out in the Investment Manager’s Sustainability Risk (Responsible Investment) Policy. This can be provided by the Investment Manager upon request.

(ii) Likely impact of sustainability risks on the returns of the Funds

The Investment Manager approaches sustainability risk from the perspective of the risk that ESG events might cause a material negative impact on the value of its products’ investments.

The consideration of ESG and sustainability factors involves the incorporation of longer-term risk factors including a company’s relationship with its stakeholders as well as its impact, through both its operations and the products and services it offers, on the environment and wider society. The Investment Manager uses its influence as an active owner, and engages with companies to drive positive change. It does not see the integration of ESG and sustainability information into investment decisions as a separate category of investing. Rather, the Investment Manager believes that material ESG risks and opportunities should inform all investment decisions. Hence it attempts to integrate ESG and sustainability considerations into its investment process – right from idea generation to portfolio construction – rather than only into specific products.

The process includes the identification of sustainability risk indicators considered to be financially material to a given issuer or industry, in the context of the relevant investment objective and policy. Investments of the Funds are/will be assessed and/or assigned scores for these identified indicators, using external ESG expert reports or proprietary methodologies, depending on the availability of data.

The assessment of sustainability risks will be considered in investment decisions, as well as in any engagement activities. The result of this assessment may not necessarily mean that the Investment Manager will not take or maintain a position in that investment but rather, the Investment Manager will make a decision based together with other material factors in relation to the specific investee company or issuer as well as within the framework of the investment objectives and policies of the Funds.

The assessment of the likely impact of sustainability risks on the financial returns of the Funds is also dependent on the opinion of the Investment Manager and whether reliable data is available. As it is difficult to correctly predict the actual impact of the sustainability risks on the Funds’ returns and the exposure to such risks over time, the results cannot be specifically quantified.

Consideration of Adverse Impacts on Sustainability Factors

The Investment Manager does not currently consider the principal adverse impacts (“PAIs”) of investment decisions on sustainability factors, within the meaning of Article 4(1)(a) of the SFDR, as they relate to the management of the ICAV.

Meaningful consideration of PAIs is not currently possible due to the difficulty in obtaining the requisite data on which the Investment Manager, would be obligated to report on in accordance with the SFDR, and in any case, the possibility that such data may be incomplete,

estimated, out of date and/or otherwise inaccurate. This is partially due to the fact that investee companies and/or underlying issuers are often not obligated to - and do not currently - report by reference to the same data.

Notwithstanding the aforementioned barriers to the identification and prioritisation of PAIs, the Investment Manager, will re-evaluate its position on a periodic basis, giving due consideration to market developments.

Summary of Remuneration Policy

The Investment Manager follows a Total Rewards framework, which includes fixed compensation, performance pay, the One DSP Program (ESOPs) and benefits, while providing an enabling an environment for learning and growth.

The framework is designed to promote sound and effective risk management (including sustainability risks within the Investment Manager. References to sustainability risks in this context are applicable to the Investment Manager's staff whose work is connected with the ICAV. For the definition of sustainability risks please refer to the Sustainability Risk Policy Statement above.

Performance at the Investment Manager is assessed after taking an overall view of what an employee has achieved along with how an employee has accomplished it. Sustainability risks are taken very seriously by the Investment Manager. It has hence opted to integrate ESG considerations from an opportunity and risk perspective into the team's investment process. This means that analysts and portfolio managers are actively aware, to the extent possible, of the ESG footprints of the companies under their research and within their portfolios. For instance, analysts incorporate ESG scores and qualitative analysis in their stock recommendations, while portfolio managers review these recommendations, and engage with investee companies on ESG matters along with the analysts.

Compensation at DSP is influenced by performance, position and potential:

(i) Performance

The performance of the analysts is evaluated based on multiple factors including a) the performance of their inputs to a model portfolio, b) their fundamental theses on stocks and c) the effectiveness of their stock recommendations (such as a Strong Buy should outperform a Strong Sell and not vice versa). Performance for the portfolio managers considers not just fund returns and risk across rolling periods, but also adherence to their communicated investment frameworks. Given the lack of ESG disclosures for many companies in India, we do not currently isolate ESG factors while evaluating Analyst / Portfolio Manager performance. Rather, as described above, ESG forms a part of the overall stock recommendation by the analysts and stock selection by the portfolio managers.

(ii) Position

The market trend of compensation for the position is another key factor that contributes towards compensation decisions.

(iii) Potential

Potential is the Investment Manager's view of an employee's ability to take higher roles and responsibilities. Compensation is influenced by the value of the role to the firm – economics, return and criticality to the Investment Manager's success.

Components of Total Rewards

The total compensation of staff is comprised of:

(i) Fixed compensation

This includes basic salary, allowances and retirals like provident fund and gratuity.

(ii) Performance compensation

This is an annual payment made at the sole discretion of the firm to reward performance. It is a one-time payment that must be re-established and re-earned for each performance period (generally a calendar year). The amount changes directly with the level of performance or results achieved.

Further detail is available in the Investment Manager's Total Rewards Framework can be found **here**