Vertis Global Carbon Fund: Sustainability-Related Disclosures

1. Summary

Vertis Global Carbon Fund (the "Sub-Fund"), a sub-fund of STX Fund Asset Management SCA SICAV-RAIF, pursues a sustainable investment objective within the meaning Article 9 of the Sustainable Finance Disclosure Regulation ("SFDR"). The Sub-Fund's investment objective is to achieve long-term capital appreciation by investing primarily in instruments related to Carbon Compliance Markets. These markets are regulatory constructs designed to reduce greenhouse gas emissions, including but not limited to the EU Emissions Trading System (EU ETS), the Regional Greenhouse Gas Initiative (RGGI ETS), the Western Climate Initiative (WCI ETS), and the New Zealand Emissions Trading Scheme (NZ ETS).

The Sub-Fund invests with a sustainable environmental objective, targeting a minimum of 90% of the invested Net Asset Value (NAV) in eligible instruments. These investments are intended to support global decarbonisation efforts through the reduction of emissions allowances in circulation and enhanced liquidity and transparency in Carbon Compliance Markets.

As a sustainability-focused financial product, the Sub-Fund explicitly excludes investment in financial instruments issued by corporate entities involved in fossil gas or nuclear energy activities, as defined under the EU Taxonomy Regulation. Moreover, the Sub-Fund contributes directly to international climate objectives by helping reduce the effective supply of emission allowances and promoting efficient carbon price formation.

The Sub-Fund does not consider principal adverse impacts ("PAIs") under Article 7 of the SFDR, due to the nature of its investments, which are not in corporate or sovereign issuers. Instead, it relies on strict market integrity standards and alignment with regulatory decarbonisation frameworks such as the Paris Agreement.

2. Article 9 Disclosure

The Sub-Fund has a sustainable investment objective within the meaning of Article 9 of SFDR. It seeks to support the transition to a lower-carbon economy by:

a) Participating in regulated Carbon Compliance Markets that impose legally binding emissions caps;

b) maintaining long-biased exposure to emission allowances, thereby decreasing the available supply for market participants engaged in polluting activities;

c) actively trading in carbon-linked instruments based on fundamental valuation methodologies; and

d) supporting the structural tightening and efficiency of carbon markets by ensuring adequate market liquidity.

This strategy results in direct and indirect contributions to the UN Sustainable Development Goals (SDGs), specifically:

a) SDG 7: Affordable and Clean Energy, with particular reference to target 7.2, which aims to substantially increase the share of renewable energy in the global energy mix by 2030; and

b) SDG 13: Climate Action, with particular reference to target 13.2, which seeks to integrate climate change measures into national policies, strategies, and planning.

3. No Significant Harm to the Sustainable Investment Objective

The Sub-Fund does not hold equity or debt securities of corporate issuers or sovereign bonds, and therefore, traditional Do No Significant Harm (DNSH) criteria and minimum safeguards under the EU Taxonomy are not directly applicable. However, all investable Carbon Compliance Markets must demonstrate:

a) Clearly defined and enforceable emissions caps;

b) Transparent mechanisms for the allocation and secondary trading of allowances;

c) Robust monitoring, reporting, and verification ("MRV") protocols supported by independent third-party oversight; and

d) Mechanisms that support data transparency, market accessibility, and fair market conduct.

In evaluating market integrity, the Sub-Fund reviews the enforceability of emissions rules, independence of MRV bodies, transaction visibility, and alignment with global climate policies. Only markets that meet these standards are deemed investable. A 10% allocation from performance fees is used to acquire and cancel emissions allowances, thereby contributing to absolute reductions.

4. Sustainable Investment Objective of the Fund

The Sub-Fund's core sustainable investment objective is environmental. It aims to support the proper functioning, transparency, and integrity of Carbon Compliance Markets. These regulated markets are key policy tools used by governments to achieve binding climate targets.

The Sub-Fund contributes to these objectives by:

a) removing allowances from circulation via long-biased strategies;

b) contributing to price transparency improvements via reduced spreads and increased depth;

c) allocating capital exclusively to markets with regulatory oversight and emissions caps; and

d) fostering liquidity, price discovery, and volatility management through disciplined trading.

Sustainability indicators include:

a) Proportion of NAV invested in eligible instruments;

b) number of operational Carbon Compliance Markets in the portfolio, and

c) quantity of allowances permanently cancelled.

Dedicated Contribution to Emissions Reduction

A uniquely impactful mechanism embedded in the Sub-Fund's structure is its commitment to permanent emissions reductions. The General Partner of the Sub-Fund has committed to allocate 10% of all performance fees related to the Sub-Fund to the acquisition and cancellation of carbon emission allowances in regulated Carbon Compliance Markets. This commitment is not merely symbolic; it has a direct and measurable environmental effect by permanently removing units from circulation. As a result, this strategy actively contributes to tightening supply in these markets and reinforces the credibility and effectiveness of emissions trading systems.

This performance-linked mechanism aligns the interests of investors and the planet, translating fund success into tangible progress toward climate objectives. By reducing available emissions capacity, this feature elevates the Sub-Fund's sustainable impact beyond traditional ESG investment approaches.

5. Investment Strategy

The Sub-Fund employs a multi-faceted, risk-aware investment strategy consisting of:

a) Core Long Positions (60%-80% VaR): Strategic exposure to emissions allowances expected to appreciate due to tightening caps.

b) Alpha Strategies (20%-40% VaR): Non-directional carry trades and directional alpha ideas aiming to profit from temporary dislocations.

c) Systematic risk controls including a daily VaR limit of 2.2% of NAV at 97.5% confidence.

d) Derivatives use (futures, options, swaps) to gain exposure and hedge risk efficiently.

The management team conducts continuous fundamental analysis of market conditions, regulatory changes, and emissions trends. The strategy adapts based on liquidity, volatility, and policy developments.

6. Proportion of Investments

a) #1 Sustainable (Environmental Objective): Minimum 90% (not aligned with EU Taxonomy)

b) #2 Not Sustainable: Maximum 10%, for cash and liquidity management

c) Taxonomy Alignment: 0%, due to structural mismatch with EU screening criteria

Although the Sub-Fund supports environmental outcomes, its investment focus (carbon allowances and derivatives) is not assessed under Taxonomy technical screening rules.

7. Monitoring of the Sustainable Investment Objective

Monitoring is continuous and embedded in the risk and compliance framework. The Sub-Fund ensures:

a) Eligibility of instruments under the investment policy;

b) conformance of markets with integrity and regulatory standards; and

c) regular reporting of allocation and, market exposure.

The AIFM together with the Investment Advisor evaluate new market entrants, assess liquidity shifts, and measure NAV proportion invested in aligned assets.

8. Methodologies

The Sub-Fund adopts multiple methodologies to ensure its sustainability objective is met:

a) Fundamental valuation models to assess carbon prices;

b) market depth and spread analytics to identify inefficiencies;

c) emissions cap analysis and trend forecasting; and

d) portfolio allocation tracking with VaR and concentration metrics

9. Data Sources and Processing

The Sub-Fund collects data from:

a) regulated carbon registries and trading platforms;

b) independent third-party market observers; and

c) publicly available regulatory and MRV documentation.

Data quality is high due to the public and government-regulated nature of these markets. No proxy or estimated data is used in sustainability metrics.

10. Limitations to Methodologies and Data

The Sub-Fund recognises several limitations:

a) inconsistent data in newer markets;

b) limited historical data in emerging regions; and

c) regulatory uncertainty impacting forward guidance

These are mitigated through conservative allocation thresholds and prioritisation of mature markets.

11. Due Diligence

A rigorous due diligence framework is in place, covering:

a) legal review of market frameworks;

b) trading and transaction rules verification; and

c) Counterparty risk checks for OTC derivatives

All markets must be supported by independent MRV structures and free from undue concentration or manipulation risks.

12. Engagement Policies

The Sub-Fund does not engage with investee companies, as it does not invest in corporate securities. Its sustainability outcomes are realised through:

a) Allocation of capital to sustainable regulatory structures;

b) providing market liquidity and supporting transparent price discovery; and

c) reducing emissions by limiting supply of compliance instruments.

13. Attainment of the Sustainable Investment Objective

Success is measured using the following metrics:

a) NAV allocation to eligible carbon assets;

b) number of compliant markets accessed; and

c) Contribution to market stability and transparency.

A benchmark is not designated, as no suitable index exists to reflect the Sub-Fund's narrow focus and regulatory impact. Instead, a proprietary monitoring framework tracks sustainability performance.

14. Additional Information

For further disclosures, methodology references, and product details, visit:

https://vertisglobalcarbonfund.com

Investors are encouraged to consult with their advisers to determine whether this financial product aligns with their sustainability preferences and financial goals.

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