ESG Policy & Sustainable Investment Policy

Important Notice:

This ESG Policy is to be read in conjunction with the Ledbury SICAV plc's general ESG policy, Prospectus and one or more Offering Supplements for the Hanson Sustainable Income Fund, including any applicable addenda, which may accompany this document when an offer of Investor Shares in any sub-fund takes place. An Offering Supplement and Prospectus may modify, supplement or exclude any terms or conditions stated in this ESG Policy as well as include terms and conditions which, although not included in this ESG Policy, shall apply to the Hanson Sustainable Income Fund. Ledbury SICAV plc has also issued one or more Key Investor Information Documents in respect of the Hanson Sustainable Income Fund.

LEDBURY SICAV P.L.C. (INCLUDING EACH OF ITS SUB-FUNDS) IS LICENSED AS A COLLECTIVE INVESTMENT SCHEME BY THE MALTA FINANCIAL SERVICES AUTHORITY ("MFSA") UNDER THE INVESTMENT SERVICES ACT (CAP. 370, LAWS OF MALTA) AND QUALIFIES AS A 'MALTESE UCITS' IN TERMS OF THE INVESTMENT SERVICES ACT (MARKETING OF UCITS) REGULATIONS (S.L. 370.18, LAWS OF MALTA). AUTHORISATION OF THE COMPANY AND ITS SUB-FUNDS BY THE MFSA DOES NOT CONSTITUTE A WARRANTY BY THE MFSA AS TO THE PERFORMANCE OF THE COMPANY AND ITS SUB-FUNDS AND THE MFSA SHALL NOT BE LIABLE FOR THE PERFORMANCE OR DEFAULT OF THE COMPANY AND ITS SUB-FUNDS.

This ESG Policy is dated: March 1st 2021.

Introduction:

Following the adoption of the EU Sustainable Finance Disclosure Regulation, Ledbury SICAV Plc & its sub-fund, the Hanson Sustainable Income Fund (the "Sub-Fund" or "HSIF"), are required under EU regulation 2019/2088 to make certain sustainability related disclosures.

Ledbury SICAV plc has appointed Arlington Capital Limited ("Arlington"), which is authorised and regulated by the UK Financial Conduct Authority, as the investment manager of the Hanson Sustainable Income Fund. Arlington is a boutique asset management and advisory firm and, in addition to managing HSIF, advises its clients on investments in real estate, private

equity and special situations. In addition, Arlington has developed several wealth preservation and income generating investment strategies across asset classes.

HSIF has a sustainable mandate and, as a result, the Sub-Fund has broad sustainable objectives which Arlington implements on the Sub-Fund's behalf. Arlington's investment philosophy believes in the importance of being a responsible investor, and that Environmental, Social and Governance ('ESG') and sustainable factors are an important value-adding components of successful investing. Arlington recognises the need to incorporate ESG & climate related investment risks as part of the investment process of its liquid investments.

HSIF Sustainable objective:

HSIF's investment objective is to provide an above average dividend yield with long-term capital growth.

HSIF's investment policy and sustainable objective is, and the Sub-Fund aims to, invest in companies which have embraced sustainability in the areas of Environment, Society & Governance and to support companies that have embraced this agenda. The Sub-Fund will generally invest in those businesses seeking to make a 'net positive contribution to sustainability', as assessed using Arlington Capital's ESG scoring system.

DISLCAIMER: There is no guarantee that the investment objective of the Sub-Fund will be achieved and investment results may vary substantially over time.

Sustainable Investment Process:

The investment decision making process for HSIF is outsourced by Ledbury SICAV plc to Arlington Capital. The investment objective of HSIF is to seek to invest in dividend paying companies which have embraced sustainability in the areas of ESG. By embracing the sustainable agenda, companies should be able to build more resilient business models and at the same time make a vital contribution in the transition to a green economy.

In summary, HSIF will support those businesses which are making a net positive contribution to sustainability and those which are undergoing rapid change. As a result, HSIF has a broad sustainable objective. In order to achieve this, each holding in the Sub-Fund should make a

'net positive contribution to sustainability'. This is measured according to Arlington's sustainable scoring system. This system is a series of 24 tests which quantitively measures a company's sustainable output. The measuring system is holistic, with tests developed in the following areas: climate, resource efficiency, social, and governance, as well as areas of undesirable activities. The tests combine to form a score for each company which must be net positive, i.e. above zero, for the stock to be included in HSIF. The aim is that HSIF's sustainable goals will be met if the portfolio as a whole will make a net contribution to sustainability based on these scores.

In managing HSIF, Arlington recognises that certain companies, industries and countries with weak ESG structures present additional business risks. As part of the diligence process, Arlington will be aware of where and how such risks exist. It is clear that a strong corporate culture demands a high level of employee satisfaction, and is unlikely to tolerate exploitative labour, uneconomic wages, negligent or dangerous business practices. Similarly, the end consumer of goods or services is a powerful arbiter and therefore a company must consider the reputational and commercial consequences of not pursuing this agenda. If a company compromises on raw material quality, abuses their supply chain, or underinvests in their workforce, product and/or service quality is likely to suffer. The consequences of these actions can turn consumers away from the product, damage the brand, and lower future growth prospects. Such considerations are central to SHIF's investment process in avoiding, as far as possible, the associated risks.

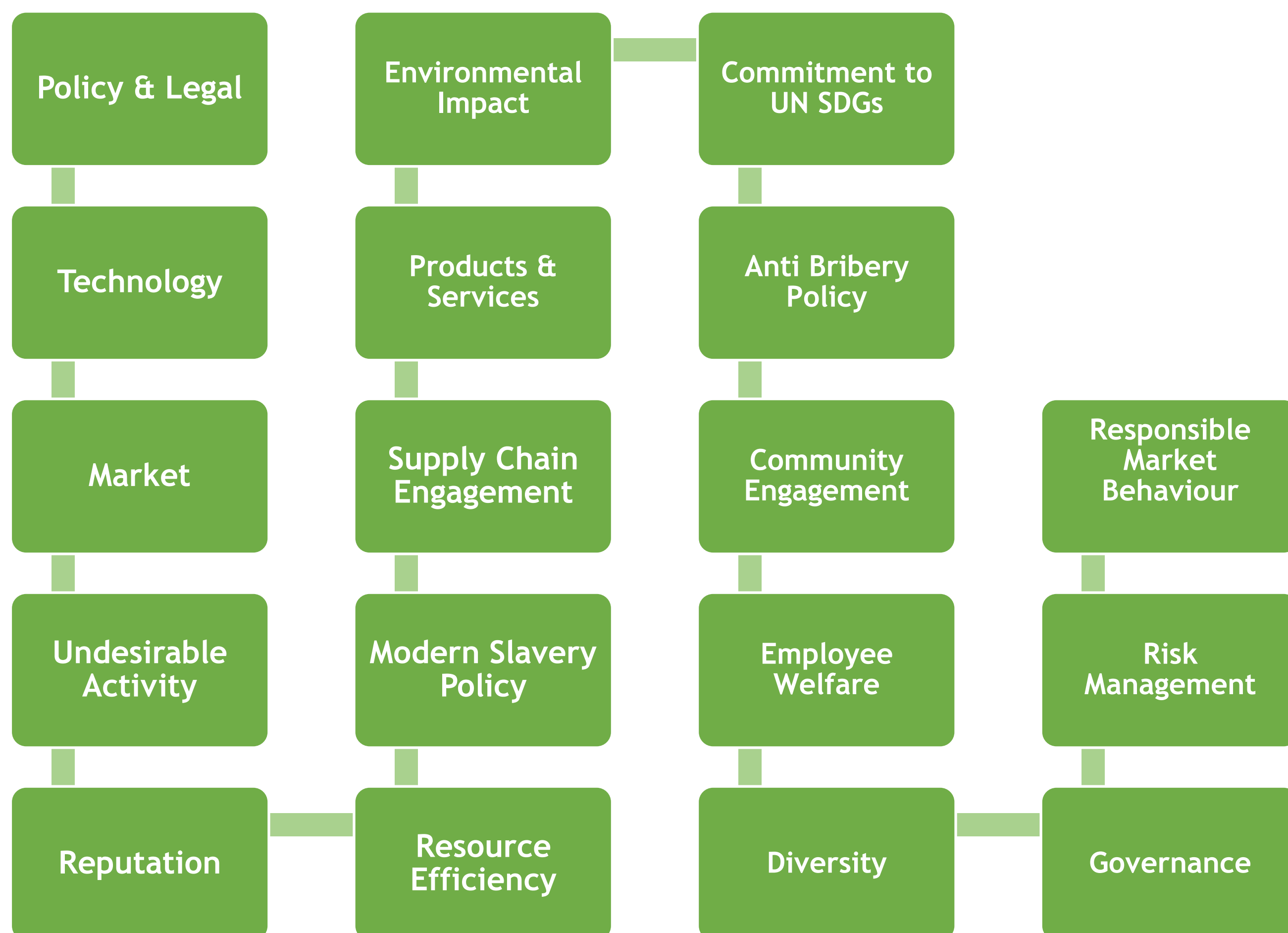
How are sustainability risks integrated into SHIF's investment decisions?

As highlighted, Arlington Capital has identified a 24-test sustainable scoring system which quantitively scores each test. These are in the following areas: climate tests, resource efficiency tests, undesirable activity tests, social tests and governance tests. An annual report of these findings will be made available to investors.

More broadly identifying companies with sustainable business models & returns is essential to HSIF's investment process. For example, an emphasis on corporate culture demands a high level of employee satisfaction, and is unlikely to tolerate exploitative labour, uneconomic wages, negligent or dangerous business practices. Similarly, the court of public opinion on goods or services can be a powerful arbiter. If a company compromises on raw material quality, abuses their supply chain, or underinvests in their workforce, the product and/or

service quality and reputation is likely to suffer. This may have the effect of turning consumers away from the product, damaging the brand, and lowering future growth prospects.

The investment process considers the following potential sustainability risks in its investment process:



Each of these risks is considered prior to making an investment and the quality of the company's public statements and disclosures surrounding them is taken into account.

Sustainable Risk Factors:

The potential sustainable risks identified above could also potentially impact the returns of HSIF, for example:

1. Policy & Legal: These can include enhanced emission reporting, which could lead to asset impairments and investors challenging the values of the company's assets.

2. Technology: An unsuccessful investment in new technologies could lead to enhanced costs to deploy new processes, which could affect profitability.

3. Market: Changing customer behaviour due to an increased awareness of sustainability could lead to reduced demand for a company's goods and services in case of non-compliance.

4. Undesirable Activity: If the company in question operates in an industry, sector or country which could cause sustainability related concerns, such as coal mining, such operations could negatively affect a company's reputation. In addition, the move to a net zero carbon economy by 2050 could potentially make certain markets less attractive going forward and operating in them could generate lower financial returns as a result.

5. Reputation: Stigmatization and/or perception of a particular sector could lead to reduced revenues and a negative impact on the workforce as key employees move away from the sector.

6. Resource Efficiency: Use of more efficient production and distribution processes could lower a company's costs.

7. Commitment to UN Sustainable Development Goals (SDGs): For companies, successful implementation of the SDGs will strengthen the environment for doing business and building markets around the world. As part of the network committed to the SDGs, a company will be able to contextualize the value of their work on a global scale. Failure could result in considerable reputational harm and a risk of product obsolescence.

8. Environmental Impact: Companies are expected to move towards sourcing all their energy needs from renewable sources which could lead to more diverse sources of energy. Firms which do not seek to reduce their environmental impacts could see rising costs in for example waste disposal going forward. In addition, participation in carbon markets could reduce a company's return on capital due to potential regulatory changes requiring companies to move towards a carbon neutral status.

9. Products & Services: An ability to diversify business activities could result in a better competitive position to reflect shifting consumer trends.

10. Supply Chain Engagement: As companies have become more adept at managing their own environmental impact, they are beginning to ask their suppliers to do the same. As a result, this is essential to avoid unintended consequences. By way of an example, the ethical sourcing of raw materials, if not pursued, could lead to considerable business interruption, reputational damage and, crucially, misleading sustainability reporting. In addition, efficient supply chain management should also enable a firm to adjust more dynamically to fluctuating economies, emergency markets, and shorter product life cycles.

11. Modern Slavery Policy: Anti-slavery policies were introduced by the government in the United Kingdom in 2015 under the Modern Slavery Act. Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. There would be legal and reputational consequences which could negatively affect a company's valuation should this policy not be adequately implemented.

12. Anti-Bribery Policy: The UK Bribery Act 2010 was introduced to modernise the law on bribery in order to enhance the effectiveness by which prosecutors and the courts manage anti-bribery cases. The consequences for organisations involved in bribery include; substantial fines, imprisonment, termination of contracts and significant reputational damage.

13. Community engagement: A community engagement program provides an incentive for local customers to support the business, inform decision making, build trust between governments and citizens, and empower community ownership in the shared responsibility of improving services, projects and programs.

14. Employee Welfare: There is no doubt that the future of employees' welfare is changing dynamically with organizations and regulatory bodies establishing guidelines and standards in this respect by conducting assessments to determine areas of focus in addition to the working and living conditions of workers, which is a central element of overall commitment to workers' welfare. If the measures related to welfare are not provided to the fullest extent, the workers' self-interest and motivation decreases and their dedication to the work may decline, leading to lack of worker productivity and efficiency. Notwithstanding the potential increase in costs, welfare measures in an

organization are one of the factors for the workers to stay within the organization and to work towards its success.

15. Workplace diversity: Greater diversity in the workplace can bring about various benefits, such as producing a higher level of innovation and inspiring creativity from a wider talent pool.

16. Governance: Studies show that companies adhering to the Corporate Governance Code are able to outperform those that do not. A strong compliance culture correlates equally with improved performance. For example, an organisation that is seen to be stable, reliable and able to mitigate potential risks will be able to borrow funds at a lower rate than those with weak corporate governance.

17. Risk Management: Good Risk Management policies are essential for the 'Social License to Operate', which is a key pillar of sustainability. To anticipate a risk or identify it early on is best practice for every business; well managed risk means streamlined operations and enhanced business performance.

18. Responsible Market Behaviour: The production, exchange and consumption of goods and services can create negative impacts on third parties. For example, markets for fossil fuels, weapons and animal-based products are often highlighted as instances where exchange between parties that benefit from a transaction can have substantial detrimental impacts on others. As a result, there are many calls for market actors, including firms and consumers, to exhibit social responsibility and voluntarily internalize the externalities generated by their market activities. The consequences for not pursuing such a policy could be significant reputational damage.

Sustainable Due Diligence Policy:

During the due diligence phase, Arlington evaluates the ESG-related risks to identify any principal adverse risks that could damage a company's operations and reputation, while also thoroughly analysing the operating history to highlight any ESG-related defaults and losses. Arlington's sustainable scoring system is an ESG checklist to identify potential ESG-related issues and risks from a company. The checklist consists of a standard set of environmental, social and governance questions for all investments, regardless of sector. The system scores a company's ESG / sustainable performance and the tests are scored qualitatively and

quantitively using positive and negative factors. These are in the following areas: climate tests, resource efficiency tests, undesirable activity tests, social tests and governance tests.

For a company to be included as part of the portfolio of the Sub-Fund, it must make a net positive contribution to sustainability according to Arlington Capital's ESG scoring system, i.e. the net score for a potential investment must be above zero. The potential range according to the scoring system is -24 to +24.

Disclaimer & Risk Factors:

These risk factors must read in conjunction with Ledbury SICAV plc's general ESG policy, the Prospectus and one or more Offering Supplements which may accompany this document when an offer of Investor Shares in any Sub-Fund takes place.

Any investor who is in any doubt about the risks of investing in HSIF should consult his or her own financial advisor.

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