

LEMANIK ASSET  
MANAGEMENT S.A.

CORPORATE  
SUSTAINABILITY POLICY



December 2021





TABLE  
OF  
CONTENT

01

CORPORATE  
GOVERNANCE

02

HUMAN  
CAPITAL  
DEVELOPMENT

03

RESPONSIBILITY  
TOWARDS THE  
ENVIRONMENT

04

SUSTAINABLE  
FINANCE  
DISCLOSURE  
REGULATION  
(SFDR)

05

IMPORTANT  
INFORMATION

# INTRODUCTION

We are all aiming to move towards a **low carbon and more sustainable economy**. In the past couple of years, the incorporation of ESG factors in the investment management and advisory process has almost doubled. This is because financial market participants, financial advisers and institutional investors, have realised that the **integration of ESG considerations improves the health of a firm and translates into better long term performance**. It has gone from a nice to have to something that all firms, including asset and fund managers, must have if they want to be taken seriously.

At Lemanik, we have always had a long-term vision to create value for our customers, our shareholders and our society. We have always followed our line of conduct in order to preserve our clients' capital with the reasoned growth standards and have always taken care to adapt our objectives with our organization to encourage our commitment to our portfolio clients.

We believe that integrating ESG criteria is more than simply providing responsible investment services – it's our deeply held conviction that we need to act responsibly in everything we do.

# 01 - CORPORATE GOVERNANCE

We are committed to **high standards of governance** that are consistent with regulatory expectations and evolving best practices and that are aligned with our strategy and risk appetite.

## **OUR APPROACH TO CORPORATE GOVERNANCE**

We believe that good governance is not just about overseeing Lemanik and its practices, but doing so in a way that's transparent, independent of management and ethical. It involves the Board of Directors actively engaging with all stakeholders, knowing the business and its risks, challenging management where necessary, understanding the challenges and opportunities of a changing industry and economy, setting robust standards and principles that will guide Lemanik to success and helping clients thrive and communities prosper – all to ensure we're constantly enhancing value for our shareholders.

Lemanik was originally constituted in 1971 in Switzerland and Lemanik Asset management the Management Company, set up in 1993 in Luxembourg under the chapter 15<sup>th</sup> of the law as "Super Manco" for UCITS & AIFs, is supervised by the CSSF (Commission de Surveillance du Secteur Financier).

The Board exercises its authority in accordance with the CSSF and other applicable laws and regulations for its Branches, including those of the Central Bank of Ireland and Consob in Italia.

# 01 - CORPORATE GOVERNANCE

The Board of Directors also ensures that the control functions, i.e. Internal Audit, Compliance and Risk Management, are covered at any time within the company according to the requirements defined in the CSSF circular 18/698.

Lemanik has set up a monthly reporting system in order to ensure an appropriate communication from bottom to top. Monthly reports are sent by the head of each department to the member of the Executive Committee in charge, who reports to the Executive Committee.

Quarterly reporting are sent to the Board of Directors.

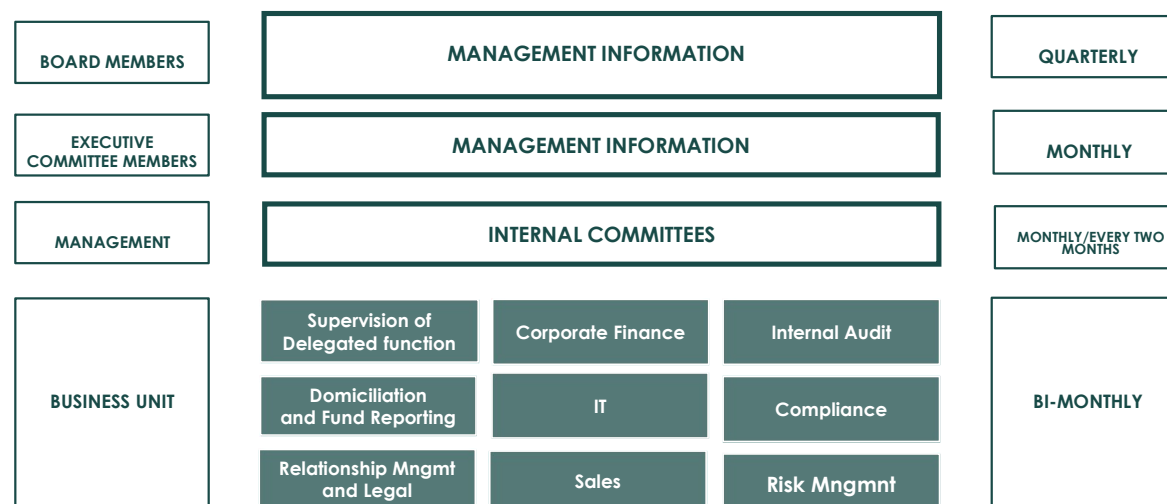
## INTERNAL COMMITTEES AND REPORTING STRUCTURE

We have multiple layers of reporting:

- Weekly internal meetings
- Monthly Management Information Reporting
- Monthly/Every Two Months internal Committees
- Quarterly internal committees
- Quarterly Board reports

# 01 - CORPORATE GOVERNANCE

Below is a summary of the relevant internal committees, the frequency which they meet and escalation framework within Lemanik:

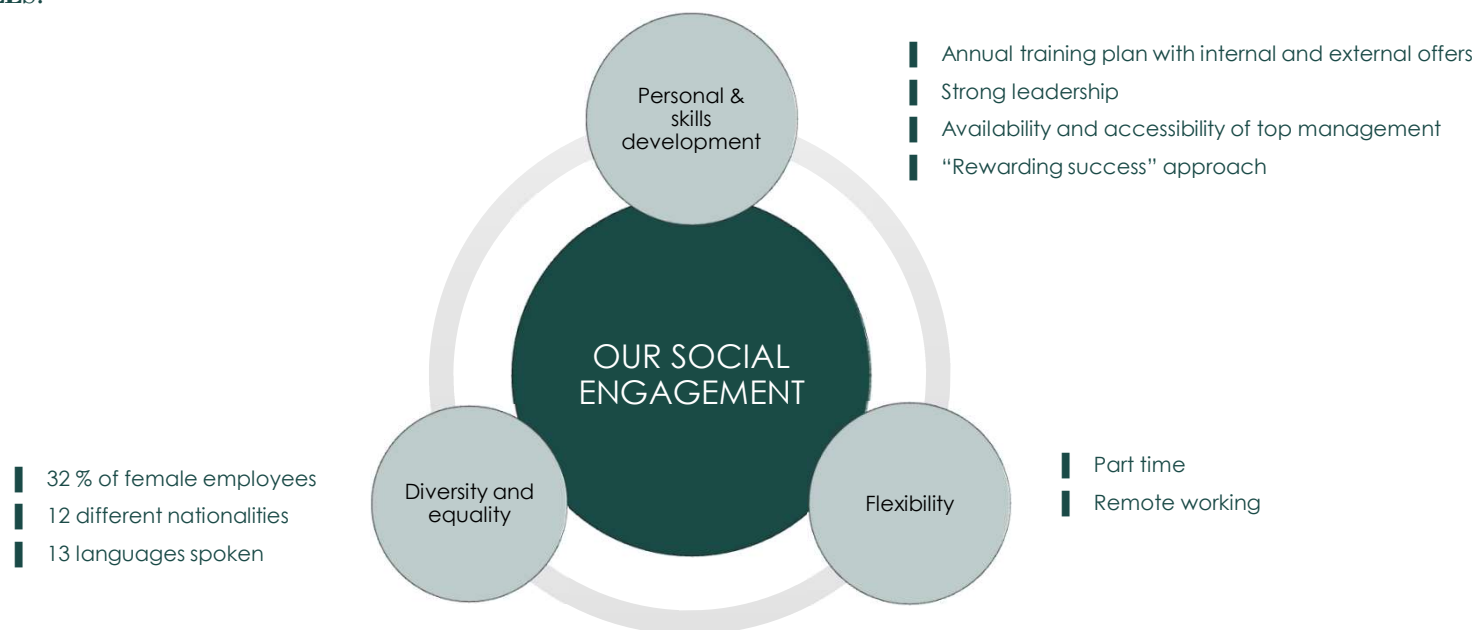


Relating to the Fund, any escalation would initially be provided to the Board of the Fund or the GP for review and analysis. Any information to be submitted to the CSSF would be provided if deficiencies have been identified in the operating framework of the Fund which are not able to be resolved by the Board and/or GP of the Fund, and if there have been active breaches of the Investment strategy of the Fund, following the relevant mitigating techniques adopted to resolve the breach.

## 02 - HUMAN CAPITAL DEVELOPMENT

At Lemanik, we believe in **human capital** and it is our firm engagement to support our employees in their personal and professional development whilst ensuring their wellbeing and their positive evolution supporting our business within a multicultural, equalitarian and reliable environment.

### OUR KEY PRINCIPLES:



## 02 - HUMAN CAPITAL DEVELOPMENT

### **LOOKING TOGETHER IN THE SAME DIRECTION**

We trust that acquiring new skills and knowledge are key aspects in order to help our employees and our business to grow together.

Investing in people is important to us. That's why our aim is to accompany our employees in the management of their evolution by offering a range of internal and external training possibilities.

Due to the nature of our organization, our Management is committed to remain at all times available to all employees willing to contribute to the success of the company and to make sure they are adequately rewarded for their engagement.

We are always proud to be supported by our teams and eager to lean on the richness of diversity in order to strengthen our business and make sure we meet the needs of all our customers in the most creative and reliable way.



## 03 - RESPONSIBILITY TOWARDS THE ENVIRONMENT

### REDUCING OUR ENVIRONMENTAL FOOTPRINT

Our environmental footprint is the sum of the environmental impacts of our operations, comprising of energy use, paper consumption, employee travel, water use and waste generation.

Reducing our emissions and energy use is **foundational to any corporate environmental program** and an expectation of any organization that is taking action on climate change. This is why, in 2020, we committed to achieving our plan to **reduce carbon emissions in our global operations annually**.

### HOW WE ACHIEVE THIS ?

We accomplish this through the use of 'smart' lighting, LED solutions, and efficient air conditioning systems in the buildings we own. Lemanik has significantly reduced its energy consumption by acting on the following strategic points: a new governance of energy and emissions reduction programs in our property network and IT infrastructure. Each year, we aim to be less reliant on carbon offsets. We have specifically put in place new maintenance program for our:

- Air conditioning and heating system: our installation are well maintained with bi-annual maintenance contracts, which include energy efficiency KPIs. Our installations are managed via our dedicated management system to monitor the heating system during the week and the week-end;
- Lighting is linked to movement sensors to avoid unnecessary usage. We install LED bulbs where possible;
- Our IT infrastructure has been upgraded to improve capacity and reduce energy consumption.

To ensure this, we have set two additional targets:

- Reduce our energy consumption by at least 5% per year with a target of 15% (using a 2020 baseline) by 2025;
- Increase our sourcing of electricity from renewable and non-emitting sources to 50% by 2025.

## 03 - RESPONSIBILITY TOWARDS THE ENVIRONMENT

### PAPER

We use a great deal of paper in our offices and in client materials. We continue to do our part to conserve forest resources and support sustainable forest management by reducing paper use and by purchasing certified sustainably sourced paper.

Over the last two years we have made a number of significant changes in the way we use paper which has resulted in a significant reduction in our rate of paper consumption. These changes include the introduction of double-sided printing as standard and the printing of client presentations in A5 format.

Furthermore, we have introduced a printer solution across all offices which requires employees to use their security pass to access the printers. This solution has helped in reducing waste and also provides us with several analytical reports.

Our goal going forward is to maintain the trend of low paper use.

We have also provided an increasing number of employees with laptops, thus removing the need for printing documents for reading or editing.

We also shred and recycle all confidential paper across all our offices. We have reduced the amount of shredded paper waste by 38% vs. 2018 and 2020. As of today, 50% of our stationery is eco-friendly

We eliminated paper towels for drying hands in the washroom and introduced electric hand dryers.

## 03 - RESPONSIBILITY TOWARDS THE ENVIRONMENT

### **EMPLOYEE TRAVEL AND TELEWORKING**

Luxembourg is a country at the crossroads between France, Belgium and Germany and public transportation has been free since 2020. As of today 50% of our employees are not resident in Luxembourg and have to commute to Luxembourg every day, exception during this specific period of Covid as the majority of our employees do telecommuting.

The health situation of Covid has accelerated our review of our professional travel policy and the implementation of teleworking for our employees. Business travel is being actively replaced by video conferencing where possible for different meetings such as board meetings, site visits and follow-up with existing clients.

Our philosophy has always been to be close to our customers and by the same token, we have always preferred direct face to face contact with our customers and prospects, which involved a very high proportion of air travel given the geographical location of our customers based all over the world.

The health situation has led us to review our business travel policy by giving priority to video conferences and to travel by air only when other means could not be put in place.

# 04 - SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

## TRANSPARENCY OF ADVERSE SUSTAINABILITY IMPACTS AT ENTITY LEVEL | LEMANIK ASSET MANAGEMENT S.A.

### PERMITTED BUSINESS - LICENCES

Lemanik Asset Management S.A. (hereinafter referred to as the "Company") is licensed by the *Commission de Surveillance du Secteur Financier* (hereinafter referred to as the "CSSF") as (i) a Management Company, as per the provisions of Chapter 15 of the Law of 17<sup>th</sup> December 2010, relating to undertakings for collective investment, as amended (hereinafter referred to as the "UCI Law"), and as (ii) an alternative investment fund manager as per the provisions of the Law of 12<sup>th</sup> July 2013 on alternative investment fund managers, as amended (hereinafter referred to as the "AIFM Law"). Accordingly, the Company is what is commonly known as a UCITS management company and as an AIFM.

In addition, the Company is licensed by the CSSF to provide investment services, namely the management of investment portfolios on a discretionary basis, pursuant to the provisions of Article 101 (3) (a) of the UCI Law and Article 5 (4) of the AIFM Law.

### ACTIVITIES AND SCALE

The Company is a proprietary and a third-party investment fund manager and is authorised to perform all the activities detailed in Annex II of the UCI Law and in Annex I of the AIFM Law.

The Company provides portfolio and risk management solutions to UCITS and AIFMD compliant European-domiciled funds that are initiated by Financial Market Participants as described in article 2 of the Regulation, and notably investment firms, asset managers, insurance companies, financial advisors, private banks and wealth managers.

Our business model is to enable our customers to leverage on our capital, on-the-ground substance, independent controls, executions, valuations, supervisory and reporting services while they can focus on the asset selection.

As at 10<sup>th</sup> March 2021, we have 93 investment funds under management representing circa EUR 30 billion of AUM

### CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS

We acknowledge the risk of global warming resulting from anthropological activities and commit to both understanding how our activities and investments contribute to its causes, and determining what actions we can take to help lower carbon emissions in a manner that is in line with our objectives.

We are committed to maintaining and improving research to incorporate ESG aspects into activities and influence positively the Financial Market Participants we work with to follow this path. This ESG policy represents our current approach and is expected to evolve overtime.

Based on the latest available information on adverse impacts, our intention is to publish and update on a yearly basis our web site, a Management Company report combining ESG indicators showing the ESG performance and assess the ESG characteristics and principal adverse impacts of the financial products we manage. We will endeavor to monitor and measure the evolution of carbon emission, water, waste management, human rights and social matters and controversies in the investee companies. We are conscious that depending on type of asset class, sectors and country of investments, data are not always available.

Our engagement policy can be found here: <http://lux.lemanikgroup.com/corporate#policies-voting-rights>

### COMMITMENT

We have embraced the ESG cause and have put in place an ESG Committee which will be in charge of establishing an ESG Program for the Company which will adapt to the regulatory development and market demands.

# 04 - S U S T A I N A B L E F I N A N C E D I S C L O S U R E R E G U L A T I O N ( S F D R )

## **TRANSPARENCY OF SUSTAINABILITY RISK**

Sustainability Risk is defined in the SFDR as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by an Investment Fund or a segregated account. The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of its value.

We are conscious that the Financial Products we make available remain exposed to Sustainability Risks and this, whatever is the level of ESG integration into the investment decision making process. To this end, Sustainability Risks are integrated into the risk management process alongside the other type of risks.

We will implement an initial and ongoing Sustainability Risk Due Diligence of all the investment managers and investment advisors to who we delegate portfolio management or advisory duties. This due diligence process will consider the following:

- ensure and assess how sustainability risks are integrated into the investment decisions
- sustainability risk controls are in place on pre-trade, post trade and for reporting purposes.
- If a relevant sustainability risk is assessed as having a material impact on the financial product, ensure that the related information is disclosed into the pre-contractual documents as per the article 6 requirements

In addition, for financial products that promote environmental and/or Social characteristics and those that have sustainable investment objective, respectively Article 8 and Article 9 of SFDR, we will notably verify that there are adequate ESG policies and procedures at the entity applying at product levels. This due diligence approach is in line with the Principles for Responsible Investments (PRI).

As part of our Risk Management process, on a quarterly basis for liquid asset class and on a yearly basis for illiquid assets, using external data from third-party providers, we will create a Sustainability Risk Report with ESG Scoring and Climate Risk Reporting for each Fund that we have under management. We will monitor a variety of factors on the invested assets, such as availability of information and ESG Rating at investee company level, carbon and water footprints, screening of controversies on environmental, social and governance aspects. The assessment of sustainability risks is complex and can be difficult to obtain and may be incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

For Funds falling under articles 8 or 9 of the SFDR regulation, we ensure to work with the initiators of these products in order to set up adequate controls, key risk indicators and reporting solutions in line with the prospectus disclosure.

## 05 - IMPORTANT INFORMATION

### DISCLAIMER

- This policy is intended for information purposes only. It is not intended as an offer, or a solicitation of an offer, to buy or sell any product or other specific service.
- The services mentioned here are subject to legal restrictions in some countries and can therefore not be offered on an unrestricted basis throughout the world.
- All information, opinions and services indicated in this policy are subject to change without notice.
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