



# Management Company Principal Adverse Impact Statement

Latest update: February 2023

This a statement on due diligence policies with respect to the principal adverse impacts of investment decisions on sustainability factors as per Article 4 of SFDR (EU Regulation 2019/2088)

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## 1. Summary

Lemanik Asset Management S.A. (hereinafter referred to as the “Company” or “Lemanik”) 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 17th 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 12th 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.

The Company is a proprietary and a third-party investment fund manager and is authorized 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(1) of SFDR. 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.

For the purposes of this statement, “principal adverse impacts” means the overall negative effects that an investment made by a UCITS fund or an Alternative investment fund can have on any environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Lemanik as a UCITS management Company and an AIFM, has taken the decision to consider principal adverse impacts on sustainability factors while engaging with portfolio managers on investment decisions.

Although Lemanik is not a signing participant to the PRI principles, nor an entity that makes direct investment decisions, nor a company that has over 500 employees, Lemanik believes that as a company with exposure to an assortment of FMPs per Article 2(1) of SFDR, it has a responsibility to raise awareness on the impacts certain investments can have on sustainability factors relating to (i) climate and the environment and (ii) social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

## 2. Description of PAIs and indicators

Lemanik will be reporting on the 18 mandatory principal adverse impact indicators found in table 1 of annex I and two voluntary indicators found in table two and three of annex I (hereunder is the full list of PAIs that will be taken into consideration).

1.	GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions

		Total GHG emissions
2.	Carbon footprint	Carbon footprint
3.	GHG intensity of investee companies	GHG intensity of investee companies
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage
6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
7.	Activities negatively affecting biodiversity- sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
9.	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.
14.	Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
15.	GHG intensity	GHG intensity of investee countries
16.	Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law
17.	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels

18.	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets
19.	Investments in companies without water management policies	Share of investments in investee companies without water management policies
20.	Lack of a human rights policy	Share of investments in entities without a human rights policy

Lemanik intends to define a strategy and set-up targets upon publication of the first set of results of the PAI statement as of June 2023.

### 3. Description of policies

The governing body of Lemanik approved the latest *ESG and sustainability risk policy* in December 2022.

Lemanik has opted to report on indicators that are subject to data availability and data quality. The consideration of such indicators supports the realization of the double-materiality concept.

Our aim is to address these impacts on the entire Lemanik portfolio. It is expected that there will be disparities in some results due to the range of investment products that we have under management.

Lemanik's approach regarding the integration of PAIs of investment decisions on sustainability factors is reliant on the available data from Refinitiv and maturity of market practices. Accordingly, considering the current limitations on the availability of data, Lemanik is collecting PAI related information on a best-effort basis. How and to what extent Lemanik considers and addresses principal adverse impacts will evolve over time.

In case information relating to the indicators is not available Lemanik will, on a best effort basis, try to obtain the most reliant available data whether this be liaising with Investment Managers in order to obtain information directly from investee companies or making reasonable assumptions based on the investment criteria.

### 4. Engagement policies

Lemanik recognises that engagement is an important tool in improving understanding on the Environmental, Social and Governance (ESG) risks and forecasts of the investee companies of its clients.

Lemanik integrates shareholder engagement in its investment strategy regarding both the portfolio management of the Funds and the provision of investment services. The policy applies exclusively to Lemanik's shareholdings in investee companies (i) which have their registered office in a European Union Member State and (ii) the shares of which are admitted to trading on a regulated market situated or operating within a European Union Member State.

Lemanik monitors the companies in the shares of which it invests on relevant matters such as strategy, financial and non-financial performance and risk, capital structure, and corporate governance, conducts

dialogues with investee companies, exercises voting rights attached to shares of investee companies, and in some cases cooperates with other shareholders of investee companies and manages actual and potential conflicts of interests in relation to its shareholder engagement.

Lemanik is committed to incorporating ESG criteria into its investment strategy, nevertheless due to the investment universe in place, the integration of ESG criteria into its investment strategy is currently limited to the governance components.

When Lemanik delegates the portfolio management or investment advisory function, for invested assets which are listed and quoted on a stock exchange, and where no non-financial data are made available, Lemanik encourages the portfolio manager to use their voting rights at companies' annual general meetings to voice their findings on key business issues such as remuneration policies, capital structure and shareholders' rights, CO2 emissions, energy efficiency, gender diversity, biodiversity, human rights and anti-corruption in order to mitigate sustainability risks and minimise adverse impacts on sustainable factors.

More details of our engagement policy are available at: <http://lux.lemanikgroup.com/corporate#policies-voting-rights>

## **5. References to international standards**

Lemanik's intention is that most of the portfolio of investments adhere to recognised standards for due diligence and reporting and, where relevant, with the objectives of the Paris Agreement.

Lemanik will perform a full assessment of the strategy that it intends to undertake in terms of targets upon completion of the first PAI statement.

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