



# EXCLUSION POLICY

Alken Asset Management Ltd

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The present document elaborates on the exclusions Alken implemented as a **group-wide exclusion** or on **specific strategies**. This Policy complements the Controversial Weapons Policy.

## ALKEN EXCLUSIONS

| <b>Firm-wide exclusion</b>   |
|--|
| Controversial Weapons<br>Poorly Governed Companies (Soft Exclusion)<br>Thermal Coal Producers<br>Shale Oil Producers |
| <b>Strategy-Specific Exclusions</b>  |
| Tobacco Producers<br>Oil & Gas Exploration and Production  |



|   | AEO | ACE | AFARE | ASC | CAP1 | AFIO | AFGC |
|---|-----|-----|-------|-----|------|------|------|
| Controversial Weapons <sup>1</sup>                      | ✓   | ✓   | ✓     | ✓   | ✓    |      | ✓    |
| Tobacco producers <sup>2</sup>                          | ×   |     | ×     | ×   | ×    |      |      |
| Thermal Coal Producers <sup>3</sup>                     | ✓   |     | ✓     | ✓   | ×    |      |      |
| Shale Oil Producers <sup>4</sup>                        | ✓   |     | ✓     | ✓   | ×    |      |      |
| Oil & Gas Exploration and Production <sup>5</sup>       | ×   |     | ×     | ×   | ×    |      |      |
| Poorly Governed Companies (soft exclusion) <sup>6</sup> | ✓   |     | ✓     | ✓   | ×    |      |      |

<sup>1</sup> Controversial weapons using MSCI ESG: **Controversial Weapons - Any Tie- CWEAP\_TIE**

<sup>2</sup> Tobacco producers using MSCI ESG: **Tobacco Total - Any Tie: TOB-TIE**

<sup>3</sup> Thermal coal producers using MSCI ESG: **THERMAL\_COAL\_MAX\_REV\_PCT** [Thermal Coal – 30% of Revenue]

<sup>4</sup> Shale oil producers using MSCI ESG: **SHALE\_OIL\_MAX\_REV\_PCT** [Shale Oil – 30% of Revenue]

<sup>5</sup> Oil and gas exploration and production using MSCI ESG: **OG\_REV\_EXTRACTION\_PROD** [O&G – Extraction and Production – 30% of Revenue], *unless using MSCI List unless contradicts GICS classification.*

<sup>6</sup> Poorly governed companies using MSCI ESG: **CORP\_GOVERNANCE\_SCORE**: below 3/10, *unless overridden by investment team explanation, reviewed, audited, and confirmed by ESG and Compliance team.*

## CONTROVERSIAL WEAPONS



Alken is committed to avoid investing in “controversial weapons”, meaning weapons that are either illegal because their production and use are prohibited by international treaties or because they are deemed particularly controversial due to their indiscriminate effects and to the disproportionate harm they cause, *in particular to civilian populations*.

As described in our specific Controversial Weapons Policy, Alken has adopted a **group-wide policy** on controversial weapons to avoid investment in companies which are involved in the manufacture of:

- **Anti-personnel mines**
- **Cluster bombs**
- **Biological weapons**
- **Chemical weapons**
- **Non-detectable fragments weapons**
- **Blinding laser weapons**
- **Depleted uranium**
- **Incendiary weapons**
- **White phosphorus**

To implement this policy, Alken uses data and a list provided by its ESG data provider, on which we apply the criteria described in our controversial weapons policy.

## POORLY GOVERNED COMPANIES (SOFT EXCLUSION)

Aligned with Article 8 SFDR, we screen companies based on their governance score. In theory, any companies’ corporate governance score falling below 3/10 (data provider) shall be excluded.

However, should the **responsible investment team leader** strongly believe that the governance of the given company is not at risk, and on the opposite, is good, the team leader will provide his analysis via our internal system using the section “**Corporate Governance Review**”.

Once this is done, an email alert should be sent to both the ESG Officer and Compliance Officer, who are asked to review the analysis provided, and provide their approval.



## **TOBACCO**

Alken has decided to avoid investing, for some of its strategies, in an industry which impact on the public health has been proven to be direct.

Alken has adopted a fund specific policy on **tobacco to avoid companies which are directly involved with the production of tobacco.**

To implement this policy, Alken uses data and a list provided by its ESG data provider.

## **FOSSILS-FUELS**

The phenomenon of climate change has today been largely evidenced by scientists and its impact on both the environment and the society in which we live in have put the global energy transition at the forefront. More precisely, there is now a wide scientific consensus that global emissions have to drop by 50% over the next decade for the world to have a chance of staying at 1.5 degrees of global warming. This implies clear and immediate actions for businesses.

As an asset manager, we believe that our mission lies not only in managing and mitigating climate change-related risk, but also in gradually financing the energy transition that is required.

Alken has adopted a fund specific policy on **oil & gas exploration and production**, on **thermal coal producers that mines or generates thermal coal electricity for over 30% EBITDA** as well as on **shale oil producers that generate over 30% EBITDA from shale oil.**

To implement this policy, Alken uses data and a list provided by its ESG data provider.