ANNUAL RESPONSIBLE INVESTOR
AND
PRINCIPAL ADVERSE IMPACTS STATEMENT REPORT
2023

Last updated June 2023

FOREWORD

This report concerns the financial market participants (FMP) Alken Asset Management (hereafter “Alken” or the “Firm”), Alken AM LEI: 549300SZ7IZI9WP81G96.

Alken Asset Management Ltd acts as the investment manager of a number of EU based sub-funds and in particular the Alken Fund which is a Luxembourg based UCITs SICAV. Some of Alken strategies have received the LuxFLAG ESG label for the past few years.

This report provides details on the sustainable development achievements of the past twelve months and of the identified sustainability impacts of our managed strategies.

This report complements our ESG Integration Policy which provides details on the methods and the means deployed for the implementation of our enhanced ESG integration strategy.

The report also seeks to detail our climate change monitoring as well as our SDGs contributions.

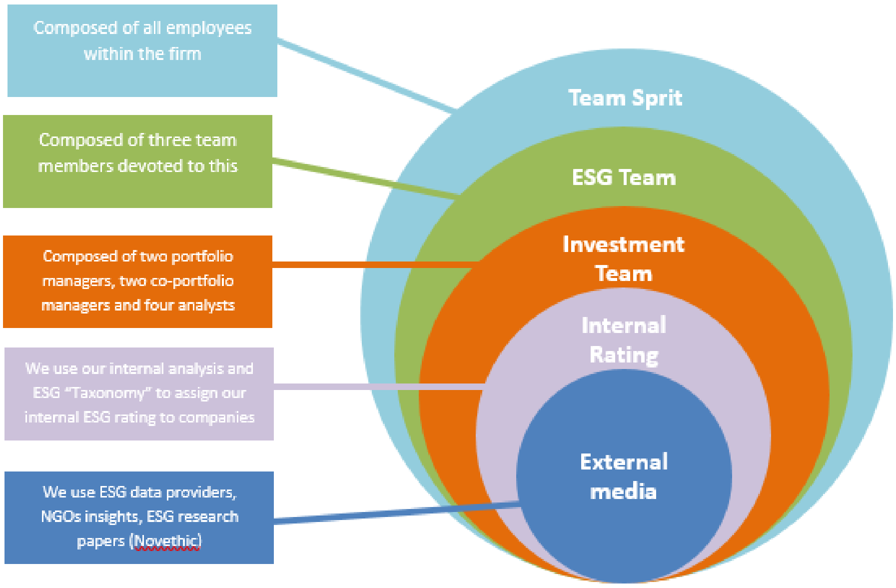
We encourage you to visit our ESG disclosures available on our website, and welcome any additional questions which can be raised to our ESG Officer.

CONTENTS

1. ESG Organisation at Alken

For a few years now, we have worked to rethink our ESG investment process. Among other things, we have decided to give more weight to our ESG systems and to ensure the importance of taking these fundamentals into account in our studies and investment decisions. As such, all members of each team are encouraged to properly contribute and take part to our responsible investment process.

Altogether, we are working to optimize our organization and the quality of our work:



The asset manager combines different input as detailed below:

- The investment manager's ESG team: The "ESG specialists", made up of an ESG manager (7 years + of experience in ESG) and two ESG research support staff (junior experience in ESG). All three aim to deal with E, S and G issues in detail. They are the ones who carry out the detailed ESG analyses on our issuers, but also the direct commitments, and all the other collaborative participations (UNPRI initiatives) deemed relevant.

- The investment manager's investment team: If the managers and analysts focus primarily on financial analysis, they are also very competent on governance issues as well as are generalists on environmental themes, in particular evaluating existing transition capacities with their eye of engineer.

- The investment manager's sales team: Are involved with all the preparation and elaboration of ESG-related marketing documents. They are also the first contacts to clients and are the bridged between clients' expectations and the investment manager's evolving ESG strategy.

- The investment manager's operations, IT, compliance and risk team: This is another key aspect of our ESG implementation: the operations' team are here to make sure that exclusions lists are properly respected and monitor on a daily basis all our different ESG alerts (ESG scorings on all instruments, controversies or UNGC alerts etc). The IT team is involved with the building and maintenance of our internal ESG platform, where all our ESG internal reviews and engagements are being recorded. The compliance and risk team is involved with all the ESG regulatory checks and risks reviews.

More can be found in our Organisational and Responsibilities Map and ESG Integration policy, available on our ESG webpage: [a56f3b_54f2c3dfe43a4e6986507b5b82c3c799.pdf (alken-am.com)](a56f3b_54f2c3dfe43a4e6986507b5b82c3c799.pdf).

2. ESG regulatory categorisations: SFDR and the AMF Doctrine

2.1 SFDR

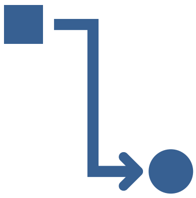
About the EU Sustainable Finance Disclosure Regulation (SFDR)

SFDR is a set of EU rules which purport to make the ESG profile of strategies more comparable and better understood by investors. One key aspect of SFDR is therefore the classification of strategies in three categories, laid out as Article 6, 8 and 9 of the Regulation. Additionally, and as its name suggests, the Regulation also encourages firms to be more transparent and among other things disclose the pre-defined metrics that help them assess the E, S and G levels of investee companies.

Strategies' categorisation according to SFDR

Alken Asset Management's core Equity and Fixed Income investment process is in our opinion in line with the Article 8 classification. The report relates to those core strategies.

What we mean by investor impact



It is our understanding that investors have an impact, whether consciously, or otherwise. With SFDR coming into force, firms are now even more encouraged to monitor and to measure the actual or potential detrimental impacts of their investments. In other words, what may look like a highly profitable investment may in fact also be attached to a high environmental impact, which will sooner or later turn out to have a costly impact and might consequently constitute a bad or less good investment decision.

Evaluating an investor impact is not as easy as it seems and we understand that FMPs may look at several factors, such as: what happened after we invested? What actions did we take? What evolution can we see? What did we do to mitigate the ESG impact? Could the firm have a positive impact on the given business? If not, should the firm disengage with the company, or should it continue help the business change and adapt to the identified ESG risks?

How do we determine our most important sustainability outcome objectives?

- We identify sustainability outcomes that are closely linked to our core investment activities.
- We consult our clients to align with their priorities.
- We assess the potential severity of specific negative outcomes over different timeframes.
- We understand the geographical relevance of specific sustainability outcome objectives.

As such, a number of those managed strategies fall under the "Article 8" categorisation according to SFDR.

More can be found in the different related Policies published on our website: Alken Asset Management | Legal (alken-am.com) as well as on our Regulatory Categorisation Policy available on demand.

2.2 French AMF Doctrine

The French regulator (AMF) doctrine related to products integrating non-financial considerations (Doctrine 2020-03) requires that asset managers marketing funds in France comply with specific disclosure obligations, depending on the category they belong:

• Category 3: funds which do not take into account (or lightly) non-financial criteria should strictly limit the communication around extra-financial criteria to their prospectus;

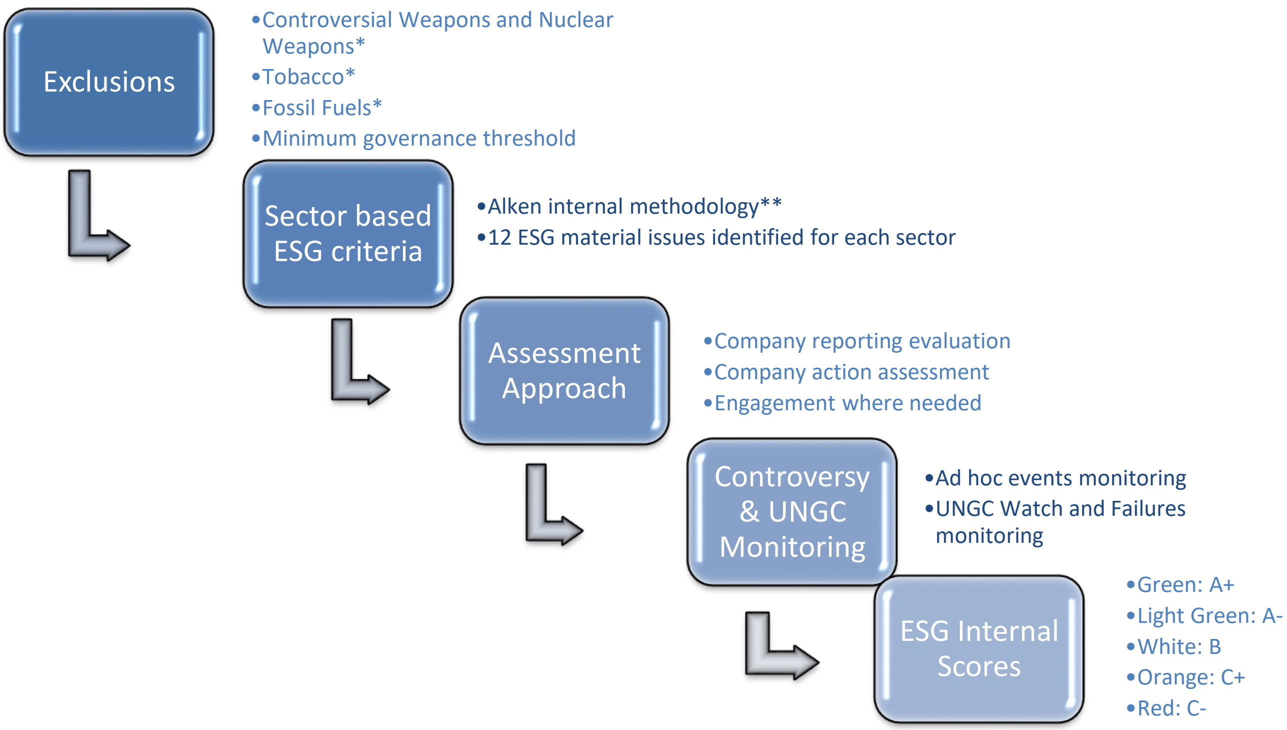
• Category 2: funds which take extra-financial criteria into account without taking a significant commitment to using them may communicate about them without making them a central element of communication (limited communication);

• Category 1: funds which significantly commit to taking into account extra-financial criteria can make them a central element of communication.

The majority of the managed strategies fall under the "Category 2" described above.

More can be found in the different related Policies on SFDR published on our website: Alken Asset Management | Legal (alken-am.com) as well as on our Regulatory Categorisation Policy.

3. ESG internal process



**Depending on strategies.*

***Our ESG methodology was built based on financial research, international standards, ESG data provider analysis.*

More can be found in the ESG Integration Policy published on our website: Alken Asset Management | Legal (alken-am.com)

4. Integration of sustainability risks (Article 3 SFDR)

" All of our strategies involve a level of risk - a financial one as well as a non-financial one, as we believe that the value of investments is linked to both types of risks.

Our investment team together with our ESG Committee work alongside to make sure effective processes are in place in order to anticipate, monitor, screen, process and evaluate those different potential ESG risks." - ESG Officer, Alken AM.

Our ESG risk management can be broken down into the following three pillars:

ESG EXCLUSIONS

As defined in our General Exclusion Policy and in our Controversial Weapons Policy, Alken has implemented a number of exclusions that aim to ensure the firm will not invest in products or activitities which are deemed not aligned with our core values.

More about our exclusions can be found on our website policy disclosures : Alken Asset Management | Legal (alken-am.com)

ESG LIMITATIONS

As defined in our ESG Integration Policy, Alken has implemented an ESG screening process which categorises companies into five different levels of ESG risks and of ESG maturity. We use this internal categorisation in order to monitor the companies which are considered to have a higher level of ESG risks in order to prioritize our internal ESG deeper review and our ESG engagements.
On top of this, we use our UNGC failures and ESG related controversies alert system in order to review any potential new or upcoming ESG risks. We follow a strict ESG review process, which helps us escalate the issue to the investment team, should the ESG risk be confirmed.
Finally, we apply a number of additional investment limits for the companies which are considered to have a higher degree of ESG risks, in order to limit the level of ESG risk exposure that a portfolio can have.

More can be found in our ESG Integration Policy available on our website: Alken Asset Management | Legal (alken-am.com)

ESG INTEGRATION

We use our internally developed ESG Taxonomy in order to identify material ESG risks for every sector and every company in which we invest in.
As described in our ESG Integration Policy, we use our ESG review process to evaluate the level of ESG integration of our investee companies, and identify any potential weaknesses. We use those ESG reviews in order to engage with investee companies and evaluate to what extent are the issuers integrating the ESG risks identified into their business model.

More can be found in our ESG Integration Policy as well as in our ESG Engagement Policy available on our website: Alken Asset Management | Legal (alken-am.com)

5. **Promotion of E and S characteristics (Article 8 SFDR)**

5.1 Alken's key environmental and social characteristics

We have mapped and identified twelve specific indicators for each sector, meaning three indicators for each of the four pillars: **environment, social, governance** and **human rights**:

			ENVIRONMEMT			SOCIAL			GOVERNANCE			HUMAN RIGHTS		
	SECTOR	SUB-SECTOR	Issue 1	Issue 2	Issue 3	Issue 1	Issue 2	Issue 3	Issue 1	Issue 2	Issue 3	Issue 1	Issue 2	Issue 3
1	ENERGY	OIL, GAS, CONS FUELS	CO2 Emissions	Impacts on ecosystems and landscape	Resource Efficiency & Local Pollution Prevention	Impacts on Local Communities	Health & Safety	Gender Diversity	Corruption & Bribery Prevention	Ownership structure	Business Ethics	Right to equality	Right to peaceful Assembly	Anti-Slavery Prevention
2	MATERIALS	METALS & MINING	CO2 Emissions	Impacts on ecosystems and landscape	Promotion of Renewable Energy Sources	Impacts on Local Communities	Health & Safety	Fundamental Labour Rights	Corruption and Bribery Prevention	Board structure and role	Ownership structure	Freedom from discrimination	Freedom of Expression	Anti-Slavery Prevention
		CONSTRUCTION MATERIALS	CO2 Emissions	Raw Material Sourcing	Impact on ecosystems and landscape	Fundamental Labour Rights	Health & Safety	Gender Diversity	Corruption and Bribery Prevention	Executive Remuneration	Ownership structure	Social Security	Workers' Rights	Anti-Slavery Prevention
		TRANSPORTION - AIRLINES	CO2 Emissions	Carbon Transition Management	Impact on ecosystems and landscape	Human Capital Management	Cost-Cutting	Product Safety	Privacy and Security	Supply Chain Management	Product Design & Life cycle	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
4	CONSUMER DISCRETIONARY	AUTO & COMPONENTS	CO2 Emissions	Use of Recyclable and Renewable Materials	Waste Management	Human Capital Management	Health & Safety	Product Safety	Supply Chain Management	Corruption and Bribery Prevention	General Corporate Governance	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
		TEXTILES, APPAREL & LUXURY GOODS	CO2 Emissions	Raw Material Sourcing	Impact on ecosystems and landscape	Fundamental Labour Rights	Animal Welfare	Consumer Behaviour	Product Innovation	Supply Chain Management	Product Design & Life cycle	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
		SPECIAL RETAIL	CO2 Emissions	Raw Material Sourcing	Impact on ecosystems and landscape	Fundamental Labour Rights	Data Security & Customer Privacy	Health & Safety	Supply Chain Management	Business Ethics	General Corporate Governance	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
5	CONSUMER STAPLES	FOOD & STAPLES RETAILING	Energy use & Transportation	Sustainable agriculture & Animal rearing management	Impact on ecosystems and landscape	Fundamental Labour Rights	Health & Safety	Automation/ Labour Transformation	Product Safety	Supply Chain Management	General Corporate Governance	General Human Rights	Anti-Discrimination and harassment measures	Anti-Slavery Prevention
6	HEALTH CARE	PHARMA & BIOTECH	Toxic Emissions and waste management	Water Management	Impact on ecosystems and landscape	Contribution to social cause	Product Innovation	Product Safety	Fair pricing	Bribery Prevention	General Corporate Governance	General Human Rights	Anti-Discrimination and harassment	Anti-Slavery Prevention
6		HEALTH CARE EQUIPMENT & SERVICES	CO2 Emissions in the transportation	Toxic emissions and hazardous waste	Water management	Contribution to social cause	Health & Safety	Product safety and manufacturing quality	Fair pricing	Bribery Prevention	General Corporate Governance	Human Rights' protection	Non-discrimination	Social dialogue
7	FINANCIALS	BANKS	Environmental strategy embedded within business model	Physical Impacts of Climate Change	Energy Efficiency	Selling practice & Product Labelling	Data Security & Customer Privacy	Access & Affordability	Management of the increased regulatory risk	Product design & lifecycle management	Business Ethics	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
		DIVERSIFIED FINANCIALS										General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
		INSURANCE										General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
8	INFORMATION TECHNOLOGY	SOFTWARE & SERVICES	CO2 Emissions	Energy Efficiency	Promotion of Renewable Energy Sources	Customer Privacy and Information Management	Gender Diversity	Human Capital Management	Privacy and Security	Audit & Internal Controls	Anti-Competitive Practices	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention
		TECHNOLOGY HARDWARE & EQUIPMENT SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT	Conflict Minerals Risks	Lifecycle Management and E-Waste	Climate Change Risk	Labour Management	Health & Safety	Social Dialogue	Competitive Behaviour	Managing systemic risks from technology disruptions	Anti-competitive Practices	General Human Rights	Child Labour Prevention	Anti-Slavery Prevention

For instance:

Environmental characteristics promoted for the consumer discretionary sector:

1. Clean water and sanitation, in line with SDG6
2. Responsible consumption and production, in line with SDG12
3. Encouraging the development and diffusion of environmentally friendly technologies, in line with Principle 9 of the UNGC

Social characteristics promoted for the same consumer discretionary sector:

1. Decent work and economic growth, in line with SDG8
2. Industry, innovation, and infrastructure, in line with SDG9
3. Supply chain management, in line with SDG12

The most prevalent cross sectorial **environmental and social characteristics** are listed as follows (in line with the SDGs):

ENVIRONMENT

- Air, water, ground pollution – SDG15
- Greenhouse gases emissions – SDG13
- Energy use, efficiency, and renewables – SDG7 combined with PRINCIPLE 9 UN Global Compact: Businesses should encourage the development and diffusion of environmentally friendly technologies
- Raw materials consumption – SDG12
- Sustainable transportation – SDG12
- Water management – SDG6 and SDG14
- Waste management – SDG15 and SDG14
- Biodiversity and its protection – SDG15 and SDG14
- Lifecycle impacts – SDG12
- Noise pollution – SDG15

SOCIAL

- Impact on local community - SDG1 and SDG11
- Working conditions – including health and safety – SDG10 and SDG3
- Diversity programs- SDG5 combined with PRINCIPLE 6 UN Global Compact: Businesses should uphold the elimination of discrimination in respect of employment and occupation
- Retention rate – SDG8
- Relationships with stakeholders (unions, NGOCs, communities etc) combined with PRINCIPLE 3 UN Global Compact: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Supply Chain Management – SDG12
- Materials sourcing – SDG12
- Product Safety, quality, and labelling
- Customer privacy & information security
- Access to health and medicine – SDG10

How are the SDG contribution actually measured?

For each sector, we have identified the most relevant SDG indicators.

The first aspect of our internal review is one to verify if the issuer is talking about the SDG indicator, and whether it provides concrete examples of how it is integrating the SDG indicator into its business model.

The second aspect of our internal review is to evaluate the credibility of the issuer's actions, to verify that it is doing what the ESG report is stating.

We then assign a rate to the issuer based on those two aspects:
1/ **Communication** made on the SDGs, AND
2/ **Actions** performed on the SDGs.

5.2 Good governance monitoring (Article 8 SFDR)

As part of the requirements of Article 8 SFDR, Alken assesses the good governance of investee companies within the strategies categorised as promoting environmental or social characteristics.
Alken has placed good governance as a fundamental pillar of its investment process. As such, Alken will tend to look at the below governance factors (list non exhaustive), when considering investing in companies.

GOVERNANCE

- Long-term objectives
- Accountability, transparency, traceability
- Audits & Internal controls
- Ownership structure
- Indépendance of the Comitties
- Honesty and integrity
- Compliance with tax systems
- Remuneration policies
- Voting rights and minority shareholders rights
- Management and oversight of its Supply Chain
- Management of the increased regulatory risk
- Independence of the Directors and of the Board
- Innovation & Technology
- Board structure & Role
- Corruption & Bribery Prevention
- Pricing Manipulation prevention
- Privacy and Security management
- Competitive Behaviour Risk

Alken will only consider companies which corporate governance score does not fall below a chosen threshold. Exceptions can be made should they be confirmed by the financial analyst, together with the ESG analyst and Compliance Officer. Those exceptions are recorded in our internal ESG platform.

Additionally, any controversies or issues raised by the UN Global Compact Principles will be identified and investigated. Reviews of those alerts are also recorded in our internal ESG platform.

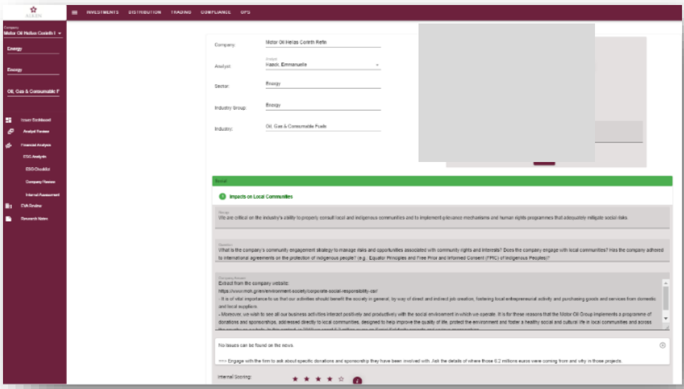
Finally, Alken has always closely engaged with investee companies, in order to establish a direct dialogue and evaluate companies' sound management structure according to its own analysis.

5.3 ESG Internal Assessments & Engagements

We use our internal ESG methodology in order to assess invested companies, evaluate their ESG credentials and assign them an internal scoring.

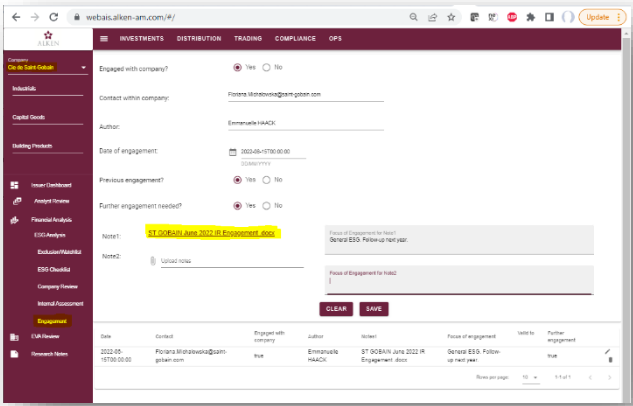
ESG Internal Assessment

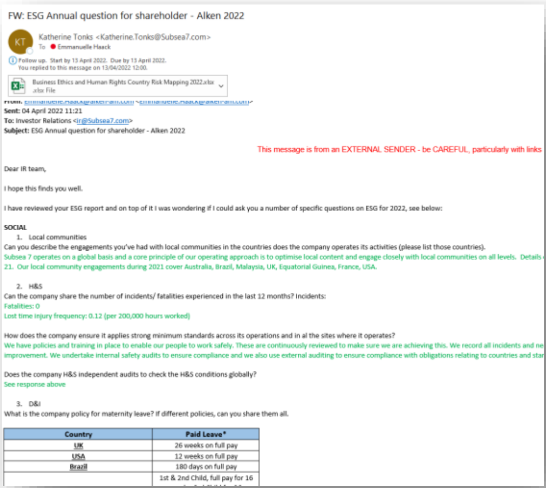
Applying a tailored ESG methodology on a dedicated platform for official company ESG reporting, internal company evaluation, company controversy monitoring and company engagement.



ESG Internal Engagement

We also use our internal methodology in order to engage, either verbally or in writing, with investee companies.





6. Portfolio contribution to the selected E and S characteristics (Article 8 SFDR)

6.1 Portfolio contribution: ESG due diligence process

The first aspect of our monitoring consists in our ESG due diligence process: from the exclusion lists to the monitoring of ESG controversies. The below details this process.

1. AVOID AND PREVENT

Exclusions have been put in place for several activities or standards of behaviour which are deemed to be against Alken's core values.

Entity-wide exclusions:

TYPE OF ACTIVITY BEING EXCLUDED	THRESHOLD
CONTROVERSIAL WEAPONS	100% revenues having any tie
THERMAL COAL	Above 30% of revenues generation
SHALE OIL	Above 30% of revenues generation
WEAK GOVERNANCE	Below 3/10 as indicated by our ESG data provider unless internal justification

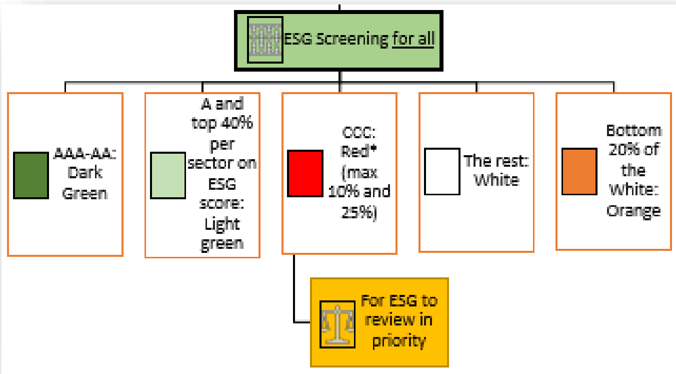
More can be found here: a56f3b_8f05aeadb6584439ac60fcdfc9787475.pdf (alken-am.com)

Strategy-specific exclusions:

TYPE OF ACTIVITY BEING EXCLUDED	THRESHOLD
NUCLEAR WEAPONS	100% revenues having any tie
TOBACCO PRODUCTION	100% revenues from tobacco production
OIL & GAS Exploration & Production	Above 30% of revenues generation

More can be found here: a56f3b_8f05aeadb6584439ac60fcdfc9787475.pdf (alken-am.com)

Additionally, a **screening** process is applied, using a combination of Alken's Environmental, Social, Governance, and Human Rights filters together with ESG data on corporate entities collected from our ESG provider.



2. IDENTIFY AND ASSESS IMPACTS

IDENTIFYING ESG ISSUES

We have identified and mapped the key environmental, social, governance and human rights ("E, S, G & HR") risk factors specific to each sector:

⇨ To this extent Alken established a broad scoping exercise identifying the main areas of ESG risk across different sectors. This is called *Alken's ESG materiality map* and contains more than thirty sustainable metrics which are used to assess a company's ESG credentials.

⇨ The idea here is to quickly identify what could cause or contribute to the development of adverse impacts on people, on the environment or on society in general.

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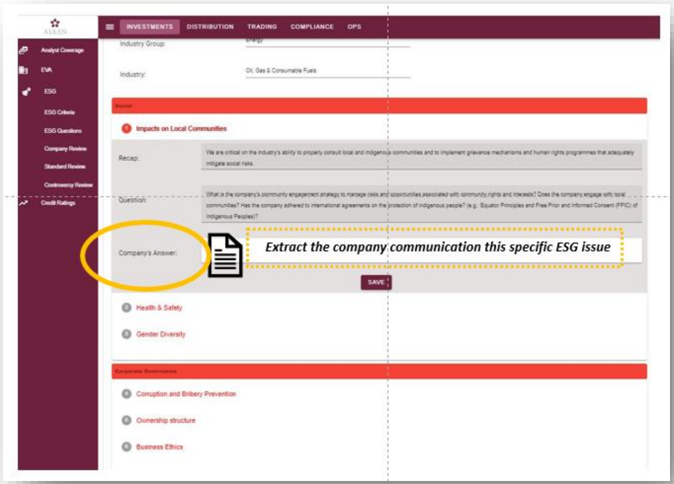
ASSESSING THE RISK LIKELIHOOD

Companies' exposure to actual or potential adverse impacts from E, S, G & HR factors is assessed using the following variables:

- ⇨ Our ESG due diligence follows *a "risk-based" approach*. The assessment of the ESG strengths and vulnerabilities of a given company will depend on the severity and likelihood of a particular ESG adverse impact occurring through the company's business.
- ⇨ Our ESG due diligence also follows a *"prioritisation-based" approach*. We focus on the most significant impacts: looking for the twelve most important ESG impacts for each sector.



EVALUATING THE IMPACTS

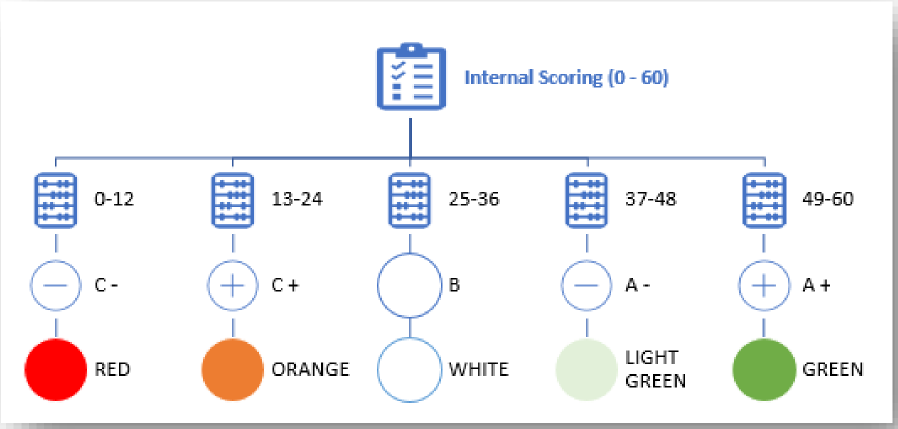
We evaluate companies' capacity to cause adverse impacts:

- ⇨ We use our *ESG material map* to assess whether a company has caused or could cause the identified adverse impact; or whether the company has contributed or could contribute to the adverse impact; or whether the adverse impact is or would be directly linked with the company's operations, products, or services.

DRAWING CONCLUSIONS

We draw conclusions from the information obtained on actual or potential adverse impacts:

⇨ Alken has developed an internal scoring system whereby companies are rated from 1-5 on each of the twelve potential adverse impacts identified for its sector.



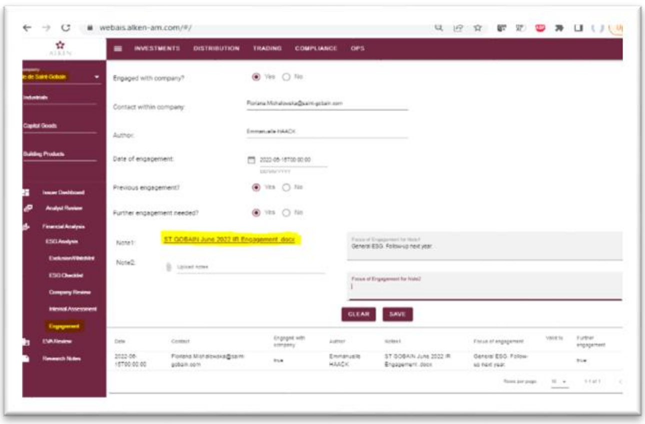
3. CEASE, PREVENT OR MITIGATE

Following the company assessment, we determine the appropriate level of engagement with each company. The idea is to develop a fit-for-purpose action plan to engage with the relevant business:

⇨ Engagement is highly recommended where red signals have been identified through our screening and integration processes.

⇨ Engagement is highly recommended where no ESG data is available, creating a risk of not being aware of potential adverse impacts linked to the business.

⇨ Engagement is highly recommended where a controversy is confirmed by both financial and non-financial analysts. Once an adverse impact has occurred, the Firm can opt between trying to mitigate the controversy, trying to remediate it, preventing future occurrences, or pressuring the business through disengagement with the business.

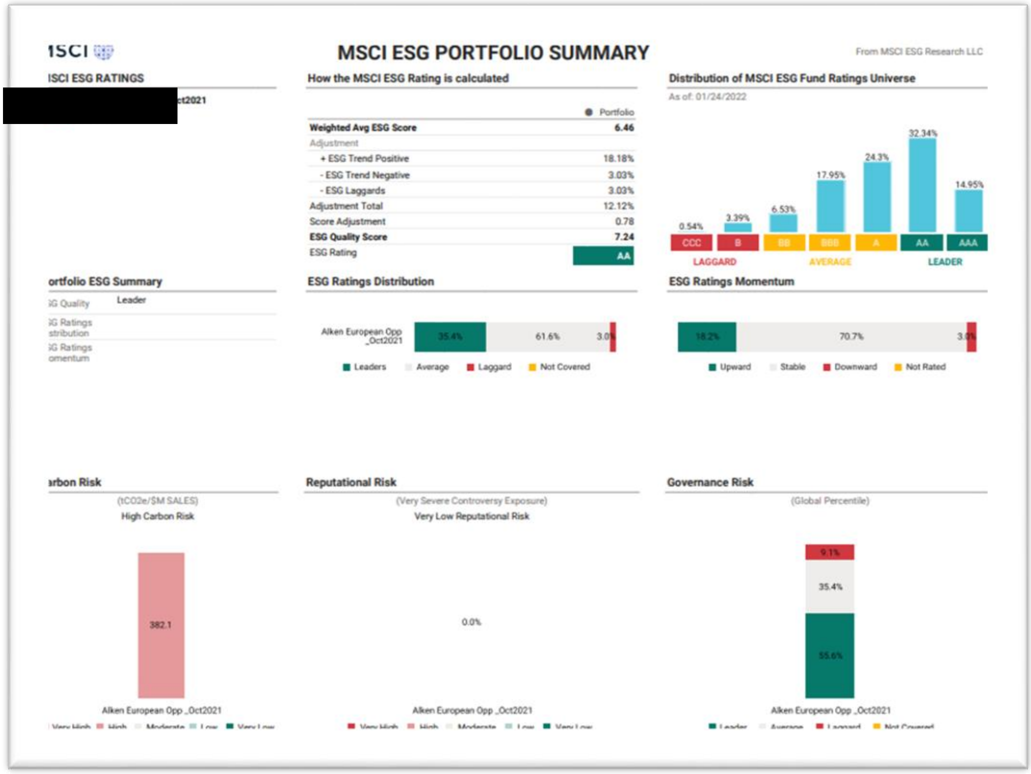


6.2 Portfolio contribution: "results"

A second aspect of our monitoring consists in reviewing the overall ESG scoring at the portfolio level, and monitoring those results and their evolution over time. To this extent, we use both the data provided by our external ESG provider as well as data gathered from our internal proprietary ESG platform.

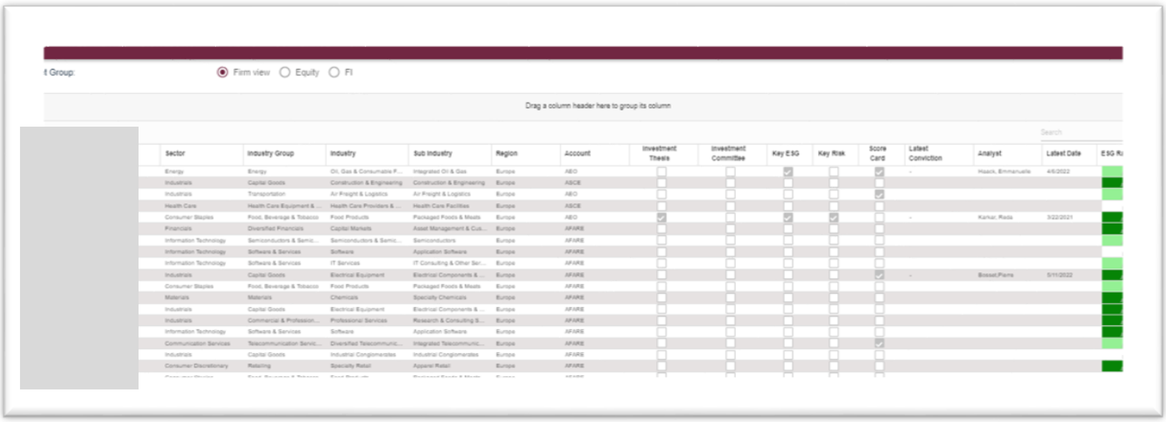
Whilst this in constant development, we share in the below some samples:

Figure 1: Portfolio ESG scoring according to external data provider



Source: INTERNAL. Data extracted from MSCI. February 2022. For illustrative purpose only.

Figure 2: Portfolio ESG scoring according to internal sources



Source: Data extracted from Alken IS internal platform. 2022. For illustrative purpose only.

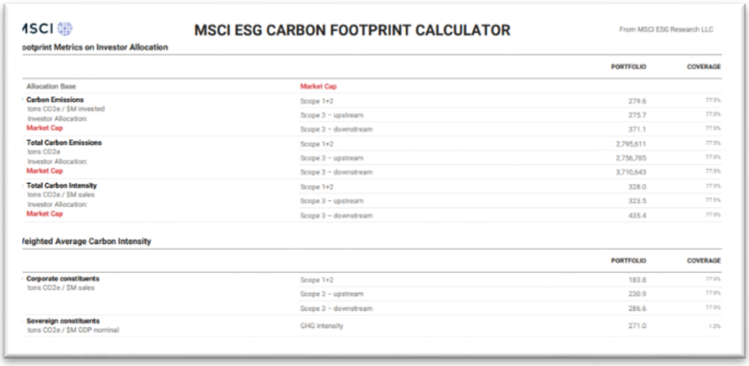
7. Climate change assessment

7.1 Monitoring our climate change impact

[1]

Key features

Figure 1: EXTERNAL MONITORING: Our MSCI Carbon Footprint Calculator Monittoring


MSCI ESG CARBON FOOTPRINT CALCULATOR

From MSCI ESG Research LLC

ootprint Metrics on Investor Allocation

		PORTFOLIO	COVERAGE
Allocation Base	Market Cap		
Carbon Emissions tons CO2e / $M invested Investor Allocation: Market Cap	Scope 1+2	279.6	77.9%
	Scope 3 – upstream	275.7	77.9%
	Scope 3 – downstream	371.1	77.9%
Total Carbon Emissions tons CO2e Investor Allocation: Market Cap	Scope 1+2	2,795,611	77.9%
	Scope 3 – upstream	2,756,785	77.9%
	Scope 3 – downstream	3,710,643	77.9%
Total Carbon Intensity tons CO2e / $M sales Investor Allocation: Market Cap	Scope 1+2	328.0	77.9%
	Scope 3 – upstream	323.5	77.9%
	Scope 3 – downstream	435.4	77.9%

/eighted Average Carbon Intensity

		PORTFOLIO	COVERAGE
Corporate constituents tons CO2e / $M sales	Scope 1+2	183.8	77.9%
	Scope 3 – upstream	230.9	77.9%
	Scope 3 – downstream	286.6	77.9%
Sovereign constituents tons CO2e / $M GDP nominal	GHG intensity	271.0	1.0%

- **Carbon Emissions?** Measures the carbon emissions, for which an investor is responsible, per USD million invested, by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization).
- **Carbon intensity?** Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalization).

Source: MSCI. For illustrative purpose only.

Figure 2: INTERNAL MONITORING: Our Internal Green Watchlist Monitoring.


Watchlist 2: Green Roadmap (MSCI)
Taxonomy alignment: 16.26 /100
Carbon emission score: 8.4 /10
Carbon emissions reduction target: Aggressive target from a high base
Use of offsets: No
SBTi approved: -
CDP Disclosure: Yes
Biodiversity Exposure and Management: 5.9 /10

- Taxonomy alignment?
- Carbon emissions score?
- Carbon emissions reduction targets?
- Use of offsets?
- Approved by SBTi or CDP?
- Biodiversity management?

Source: INTERNAL EXTRACT ALKEN IS. Analysis performed on one of Alken' individual stocks. May 2023 Data. For illustrative purpose only.

[1] Extract from MSCI for one of our sub-fund strategies, extracted February 2022.

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7.2 Contributing to climate change adaptation: Alken' sustainable investment[2] objective (SFDR)

According to SFDR, Alken implemented a process according to which some strategies contribute to climate change adaptation by reducing carbon emissions. This objective constitutes the firm's chosen sustainable investment objective for the Article 8 strategies. The below graph details this sustainable objective and the methodology underpinning this objective. We monitor our contribution to climate change adaptation on a weekly basis thanks to a system of alerts and calculations implemented internally.

1/ RULE 1: Economic contribution to an environmental objective: climate change mitigation
In order to achieve the defined objective, the investment manager will look for companies that meet both a) AND b) requirements detailed below:

a) Companies demonstrated a climate mitigation intent:
For this the investment manager uses companies' disclosures of their carbon reduction targets to established climate platforms or outside:
- MSCI' CDP disclosures, looking for the "YES" indicator OR
- MSCI SBTi disclosures SBTI APPROVED, looking for the "YES" indicator OR
- MSCI' carbon emissions reduction targets, looking for anything but the "No target"
- Quantitative threshold: the Investment Manager considers that a YES to any of those three equals to a PASS

b) Companies which have demonstrated concrete actions to climate mitigation, by complying with at least one of those four conditions:
- Companies that have an above average taxonomy alignment (using MSCI' taxonomy alignment estimated revenues)
- Quantitative threshold: any percentage above 20% of taxonomy alignment amounts to a PASS
- Companies that have reduced or mitigated their carbon risk exposure (using MSCI' Carbon Emissions Management Score).
- Quantitative threshold: any score above 2/10 would amount to a PASS
- Companies that are using alternative energy as a percentage of their revenues (using MSCI's field on alternative energy. This indicator is a percentage).
- Quantitative threshold: any percentage above 20% amounts to a PASS
- Companies has embedded the use of energy from renewable sources within their business strategy (using MSCI's renewable energy use indicator. This field is a YES/NO indicator).
- Quantitative threshold: Any YES to this indicator would amount to a PASS.
Both sections a) and b) shall be PASSED in order to consider that the company is contributing to the investment manager's sustainable investment.

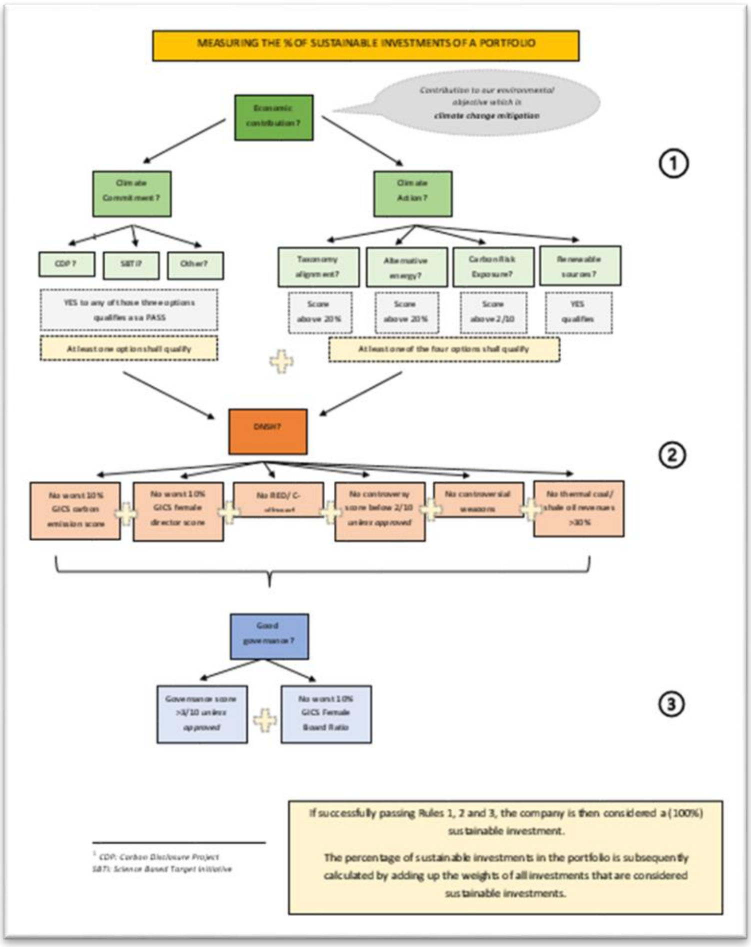
- [2] *Sustainable Investment according to SFDR*

An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

2/ RULE 2 : “DNSH Test”
a) Carbon emissions score: each emitter shall not be within the worst 10% of its GICS sector AND
b) Female director: each emitter shall not be within the worst 10% of its GICS sector AND
c) Alken IS: No RED/ C- are allowed (unless approved/upgraded via internal review) AND
d) No controversy score <2/10 (unless approved/upgraded via internal review) AND
e) No controversial weapons allowed (rule already in place) AND
f) No thermal coal and shale oil revenues generation of more than 30% (rule already in place)

3/ RULE 3: Good governance practices
a) Governance score >3/10 unless otherwise approved internally, AND
b) Female board ratio: shall not be within the worst 10% of its GICS sector

If successfully passing Rules 1, 2 and 3, the company is then considered a (100%) sustainable investment.
The percentage of sustainable investments in the portfolio is subsequently calculated by adding up the weights of all investments that are considered sustainable investments



More can be provided on request or found in the published respective pre-contractual documents.

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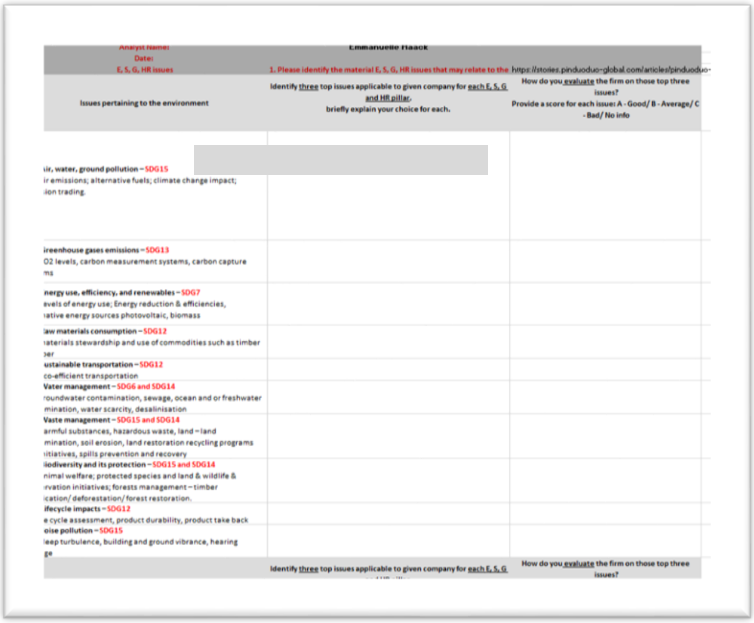
8. Contribution to the SDGs

Our strategies aim to integrate the Sustainable Development Goals (SDGs) through the integration, where relevant, of those issues into our analysis.



Analyst Name:	Emmanuelle Haack	
Date:		
E, S, G, HR issues	1. Please identify the material E, S, G, HR issues that may relate to the	https://stories.pinduoduo-global.com/articles/pinduoduo-
Issues pertaining to the environment	Identify three top issues applicable to given company for each E, S, G and HR pillar, briefly explain your choice for each.	How do you evaluate the firm on those top three issues? Provide a score for each issue: A - Good/ B - Average/ C - Bad/ No info
ir, water, ground pollution – SDG15 ir emissions; alternative fuels; climate change impact; ion trading.		
ireenhouse gases emissions – SDG13 O2 levels, carbon measurement systems, carbon capture ms		
nergy use, efficiency, and renewables – SDG7 evels of energy use; Energy reduction & efficiencies, ative energy sources photovoltaic, biomass		
aw materials consumption – SDG12 aterials stewardship and use of commodities such as timber oer		
ustainable transportation – SDG12 co-efficient transportation		
Vater management – SDG6 and SDG14 roundwater contamination, sewage, ocean and or freshwater mination, water scarcity, desalinisation		
Vaste management – SDG15 and SDG14 armful substances, hazardous waste, land – land mination, soil erosion, land restoration recycling programs itiatives, spills prevention and recovery		
iodiversity and its protection – SDG15 and SDG14 nimal welfare; protected species and land & wildlife & rvation initiatives; forests management – timber ication/ deforestation/ forest restoration.		
ifecycle impacts – SDG12 e cycle assessment, product durability, product take back		
oise pollution – SDG15 leep turbulence, building and ground vibrance, hearing ge		
	Identify three top issues applicable to given company for each E, S, G	How do you evaluate the firm on those top three issues?

ENVIRONMENTAL CONSIDERATIONS

- Air, water, ground pollution – SDG15
- Greenhouse gases emissions – SDG13
- Energy use, efficiency, and renewables – SDG7
- Raw materials consumption – SDG12
- Sustainable transportation – SDG12
- Water management – SDG6 and SDG14
- Waste management – SDG15 and SDG14
- Biodiversity and its protection – SDG15 and SDG14
- Lifecycle impacts – SDG12
- Noise pollution – SDG15

SOCIAL ASPIRATIONS

- Impact on local community- SDG1 and SDG11
- Working conditions – including health and safety – SDG10 and SDG3
- Diversity programs- SDG5
- Retention rate – SDG8
- Supply Chain Management – SDG12
- Supply Chain Management – SDG12
- Materials sourcing – SDG12
- Access to health and medicine – SDG10

HUMAN RIGHTS ASPIRATIONS

- Quality Education – SDG4
- Local economy - SDG11
- Zero hunger and good nutrition – SDG2

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9. Adverse sustainability impacts transparency at entity level (Article 4 SFDR)

9.1 PAIs Statement: Reporting June 2023 & Voluntary disclosure

Financial market participant: ALKEN ASSET MANAGEMENT
Summary: ALKEN ASSET MANAGEMENT considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of ALKEN ASSET MANAGEMENT. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Description of the principal adverse impacts on sustainability factors:

Indicators applicable to investments in investee companies					
Adverse sustainability indicator		**Metric**	**Impact FY2022**	**Coverage Rate**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions in tons of CO2 equivalent	151,604.39	98.33%	The metric is integrated into our internal monitoring process and is subject to engagement discussions with our issuers.
		Scope 2 GHG emissions in tons of CO_2 equivalent	32,586.95	98.33%	
		Scope 3 GHG emissions in tons of CO_2 equivalent	1,591,564.20	98.19%	
		Total GHG emissions in tons of CO_2 equivalent	1,775,452.77	98.19%	
	2. Carbon footprint	Carbon footprint in tons of CO_2 equivalent per million EUR invested	1,815.69	98.19%	
	3. GHG intensity of investee companies	GHG intensity of investee companies in tons of CO_2 equivalent per million EUR of sales	1,810.73	98.21%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	26.69%	97.70%	
	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 of total energy sources	81.19%	71.42%	
	6. Energy consumption intensity per high impact sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE Code A (Agriculture, Forestry and Fishing): N/A NACE Code B (Mining and Quarrying): 1.39 NACE Code C (Manufacturing): 1.20	77.21%	

			NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply): 2.09 NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities): 3.94 NACE Code F (Construction): 0.08 NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles): 2.27 NACE Code H (Transportation and Storage): 7.31 NACE Code L (Real Estate Activities): 0.38		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas	0.20%	98.11%	
Water	8. Emission to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	5.28%	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	257.72	26.06%	
Social and employee matters	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	2.50%	98.26%	
	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	28.23%	97.35%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.14%	24.09%	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36.84%	98.11%	
	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	0.00%	97.70%	
	OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS				

	15. Deforestation (E FACTOR)	Share of investments in companies without a policy to address deforestation	92.38%	97.37%	The metric is integrated into our internal monitoring process and is subject to engagement discussions with our issuers.
	7. Incidents of discrimination (S FACTOR)	Number of incidents of discrimination reported in investee companies expressed as a weighted average	0.00	98.19%	
	12. Operations and suppliers at significant risk of incidents of child Labour (HR FACTOR)	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour exposed to hazardous work in terms of geographic areas or type of operation	13.68%	97.37%	
	15. Lack of anti-corruption and anti-bribery policies (G FACTOR)	Share of investments in entities without policies on anti-corruption and antibribery consistent with the United Nations Convention against Corruption	3.43%	97.37%	

9.2 Methodology to identify and prioritise PAIs

Definition

Principal adverse impact (PAI) is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors. The SFDR includes a set of specific indicators that can be used to measure an issuer’s or investee company’s negative impact on sustainability factors, to enable identification of the principal adverse impact of investments by a financial market participant.

General Process

Alken implemented a number of safeguards to ensure it identifies, mitigates and manages principal adverse impact where possible. Those PAI safeguards include the application of exclusion lists, our ESG screening, our ESG integrating considerations, our ESG engagement and the ESG voting processes that have been implemented (described in the below).

Core areas of interest

Alken’s ESG strategy identified the following four areas of interest with regards to the PAIs:

- Climate change mitigation
- Good corporate governance
- Respect of the fundamentals of human rights
- Fight against any forms of discrimination

PAI integration in our ESG Exclusions – Approach

We have implemented a number of PAI-related exclusions, including exclusions on thermal coal miners if going above a defined thresholds, we as well oil and gas extraction and production if going above a certain threshold, or similarly with shale oil production.

PAI integration into our ESG reviews - Approach

PAI mandatory and optional indicated have been integrated into our internal ESG platform, accessible to both the ESG team and the investment team, for each investee instrument. As such, they can be monitored on day-to-day basis by both teams.

A number of the PAI metrics are also directly integrated into our internal ESG rating methodology, depending on the PAIs materiality to the sectors. Among other things, we use those metrics in order to evaluate issuers' alignment with the Paris Agreement and net zero pathways.

PAI integration into our ESG Engagement process – Approach

Additionally and in order to encourage investee companies improve their practices on the selected principal adverse impacts, we use our engagement process. We keep records of those engagement in our internal ESG platform in order to evidence and track advancements and progress on those indicators over the years.

The full details of our thematic engagements specifically on the PAIs consideration are displayed below.

PAI integration into our ESG Voting process – Approach

Although the voting process is being undertaken by the Management Company and externalized to a proxy voter, we expect and encourage our investee companies to take action to manage climate change impacts and to reduce their GHG emissions. We also encourage them to proceed to the required climate disclosures in order to increase our overall climate change impacts' awareness.

PAI integration into our ESG exit process – Approach

May it be for the ESG review, engagement or voting, should a company fall short of our minimum climate expectations and fail to demonstrate a willingness or plan to meet them, we have the possibility to vote against, reduce the exposure or exit the company.

PAI integration into our external ESG Collaboration – Approach

Finally, we encourage policy makers in helping markets meet Paris-aligned emissions reductions targets.

9.3 Summary of our PAI thematic engagement process

Climate and other environment-related indicators:

1. To what extent did you reduce your GHG Scope 1 emissions? Explain the situation.
2. To what extent did you reduce GHG Scope 2 emissions? Explain.
3. To what extent did you reduce GHG Scope 3 emissions? Explain.
4. To what extent did you reduce your overall carbon footprint? Explain.
5. To what extent did you reduce your overall GHG intensity? Explain.
6. To what extent did you reduce the share of your business activities being active in the fossil fuel sector (if applicable)? Explain.
7. To what extent did you reduce the share of your business activities being linked to non-renewable energy consumption and production (if applicable)? Explain.
8. To what extent did you reduce the share of your business activities being linked to an energy consumption intensity per high-impact climate sector? Explain the situation.
9. To what extent did you reduce the share of your business activities being linked to activities negatively affecting biodiversity - sensitive areas? Explain.*
**business activities with sites/operations located in or near to biodiversity sensitive areas, where the activities negatively affect those areas*
*10. To what extent did you reduce the share of your business activities being subject to a high emissions to water ratio** (if any)? Explain.*
*** Tons of emissions to water generated by your business activities per million EUR invested, expressed as a weighted average*
*11. To what extent did you reduce the share of your business activities being subject to a high hazardous waste ratio*** (if any)? Explain.*
****Tons of hazardous waste and radioactive waste generated by your business activities per million EUR invested, expressed as a weighted average.*

Social and employee, respect for human rights, anti-corruption and anti-bribery matters:

1. Was your company subject, in the last 12 months, to any violations of the UN Global Compact principles or of the Organizations for Economic Cooperation and Development (OECD) guidelines for multinational enterprises? YES/NO. If yes, please explain your mitigation process.
2. Did your company successfully implement compliance mechanisms and processes to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises? YES/NO. If no, please explain why.
3. Does your company monitor any unadjusted general pay gap? YES/NO. If no, please explain why.
4. Does your company encourage board gender diversity? YES/NO. If no, please explain why.
5. Is your company exposed to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)? YES/NO. If yes, please explain which weapons are exposed to.

Other Indicators

*1. **Deforestation (E):** Can you disclose if your business activities fail to be supported by a policy to address deforestation? YES/NO and explain.*
*2. **Incidents of discrimination (S):** Can you disclose if your business activity fail to be supported by a due diligence process to identify, prevent, mitigate and address adverse human rights impacts? YES/NO and explain.*
*3. **Operations and suppliers at significant risk of incidents of child labour (HR):** Can you disclose if your business activities are exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation? YES/NO and explain.*
*4. **Lack of anti-corruption and anti-bribery policies (G):** Can you disclose the share of your business activities without up-to-date policies on anti-corruption and antibribery consistent with the United Nations Convention against Corruption? YES/NO and explain.*

You may find further details of our engagement activities in our Engagement and Voting Policy as well as in our UK Stewardship Report available on our Regulatory Webpage.

9.4 Governance

The ESG Committee (described in our ESG Organisational Policy) has the overall responsibility for defining Alken's overall sustainability approach, including Alken's company-wide values, policies, initiatives and actions.
The ESG Committee is monitored in these tasks by the Board, overseeing matters related to Alken's responsible investor' strategy.
As such, the Board has authority to approve policies and set practical guidelines for the implementation of Alken's sustainable investing strategy, that includes the approach to Principal Adverse Impact. The Board may also oversee Alken's performance with regards to Principal Adverse Impact on a quarterly basis via Alken's ESG quarterly ESG report.

9.5 Data sources

Today, the PAI data are being extracted from MSCI ONE platform. The MSCI datapoints have been used in order to generate the Annual PAI Statement.
Alongside the Annual Statement, we use our ESG research and engagement process in order to further build our knowledge and monitoring on PAI progress of issuers.

9.6 Adherence to international standards

PARIS AGREEMENT
Link with PAI 1 to 6 on Greenhouse gas emissions.
All the Article 8 strategies managed by Alken Assessment Management have committed to ensure a minimum of 20% of sustainable investment contributing to climate change mitigation. The methodology is developed in the section 7 of this Report.
On top of this, we use our engagement process in order to monitor transition targets, identify potential weaknesses or incoherence in issuers' net zero pathways, and track those as PAIs.

UN Global Compact/ OECD Guidelines for Multinational Enterprises/ UN Guiding Principles on Business and Human Rights
Link with PAI 10 and 11 on the UNGC and OECD Guidelines.
We recognise that the Conventions and Principles are used to assess human right practices of companies and we highly encourage our issuers to abide by those standards, no matter where and how they operate globally.
We also filter any failures on those international indicators via our ESG data provider and internalised alerts, but the specific PAIs also help us highlight any potential failures or improvements to be made.

10. European Taxonomy Alignment

Whilst asset manager welcome the future CSRD regulatory obligations, today the Environmental Taxonomy alignment datapoints are provided by data providers, mostly via estimates. At Alken we use MSCI as a data provider and have access to those MSCI Taxonomy alignment estimates.
At this point in time, we however feel that we are not in the position to provide a reliable set of taxonomy alignment results and as such, we have decided to wait for issuers to report their Taxonomy alignments, or at least for data providers to fine-tune their methodology.

11. Decree LEC 29: unapplicable but some preliminary thoughts

Whilst Alken falls short of the obligation to comply with the new Article 29 of the French “Energy-Climate” Law (the continuation of the Article 173-VI of the Law on the Energy Transition for Green Growth), we noticed a number of overlapping considerations already disclosed thanks to our implementation of SFDR. We wish to highlight those overlapping disclosures whilst we are considering the remaining Article 29 elements, in particular the heightened consideration of climate and biodiversity risks.

Consideration	***Article 29 Requirement***	***SFDR Requirement***	***Alken Response***
Paris Agreement Alignment & Fossil Fuel Activities	Quantitative objective until 2030 Quantitative results Methodology Changes in the investment strategy	Promotion of environmental characteristics Minimum Sustainable Investment following an environmental objective	Climate Change Policy published on our website Exclusion Policy (detailing our fossil fuel exclusions) published on our website
Biodiversity goals long-term Alignment	Respect of the objectives of the Convention on Biological Diversity Impacts reduction analysis Biodiversity footprint indicator	PAIs biodiversity indicator	Section 9 of this Report details the PAI indicator We are integrating MSCI-specific biodiversity datapoints and exploring other sources
Risk Management	ESG Risk Integration Climate risk management Biodiversity loss risk management	ESG Risk Integration	ESG Risk Integration: section 4 of this report
ESG Remuneration Policy	ESG risks to be integrated into the remuneration policy	ESG risks to be integrated into the remuneration policy	Remuneration Policy published on our website

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The information used to write this report has been obtained from a wide range of sources that Alken Asset Management Ltd considers to be accurate.
The main sources are the annual report of companies mentioned in the report. Proprietary ESG (Environment, Social, Governance) scores are used. They are the latest available, and could be up to two years old, given the fact that these proprietary scores are updated at least every two years. Some ESG key performance indicators are calculated based on MSCI data.
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