

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial Market Participant: Lemanik Asset Management S.A.

(hereinafter referred to as the "Company" or "Lemanik")

LEI: 549300045D2ZRM2NYN79

Lemanik Asset Management S.A.

106, Route d'Arlon

L-8210 Mamer

Grand Duchy of Luxembourg

+352 26 39 60

info@lemanik.lu

SUMMARY

Lemanik 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 Lemanik Asset Management S.A., as Management Company, only.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

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(17) 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 antibribery matters. Furthermore the consideration of such indicators supports the realization of the double-materiality concept.

Description of the principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Unit	Impact 2023 (year n)	Impact (year n-1)***	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	TCO ₂	4,740,581.69	2 166 384.63	Coverage* - 49.29% Eligibility** - 55.03%	<p>Engagement and voting: Lemanik monitors the companies in the shares of which it invests on relevant matters, conducts dialogues with investee companies, exercises voting rights attached to shares of investee companies. 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.</p> <p>Target: To encourage portfolio Managers to further engage with underlying companies and report on principal adverse impact indicators. This is nevertheless reliant on the coverage and quality of data. We are committed to enhancing our results by exploring and incorporating additional data sources</p>
		Scope 2 GHG emissions	TCO ₂	441,451.49	743 566.69	Coverage* - 49.48% Eligibility** - 55.03%	
		Scope 3 GHG emissions	TCO ₂	10,221,612.56	3 342 473.35	Coverage* - 49.48% Eligibility** - 55.03%	
		Total GHG emissions	TCO ₂	15,421,936.87	6 252 424.67	Coverage* - 49.48% Eligibility** - 55.03%	
	2. Carbon footprint	Carbon footprint	TCO ₂ /€m	8,927.76	4 100.95	Coverage* - 49.48% Eligibility** - 55.03%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	TCO ₂ /€m	15,879.07	7 288.53	Coverage* - 47.77% Eligibility** - 54.16%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%	1.74	0.11	Coverage* - 70.88% Eligibility** - 54.50%	
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	%	Consumption - 16.88 Production - 10.64	Consumption - 0.75 Production - 0.42	Consumption Coverage* - 30.74% Eligibility** - 50.62% Production Coverage* - 3.17% Eligibility** - 9.59%		
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	MWH/ €m	NACE A - 3.95 NACE B - 7.07 NACE C - 7.66 NACE D - 25.12 NACE E - 0.97 NACE F - 8.43 NACE G - 1.08 NACE H - 5.62 NACE I - 2.63	NACE A - 0.001 NACE B - 0.403 NACE C - 54.009 NACE D - 68.303 NACE E - 0.051 NACE F - 0.081 NACE G - 1.404 NACE H - 13.966 NACE I - 2.982	Coverage* - Eligibility** -		

Adverse sustainability indicator		Metric	Unit	Impact 2023 (year n)	Impact (year n-1)***	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	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	%	0.01	0.01	Coverage* - 55.74% Eligibility** - 55.75%	
	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	T/€m	69.97	5,491,200.85	Coverage* - 9.88% Eligibility** - 41.93%	
	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	T/€m	148,657.79	2,569,244.75	Coverage* - 33.67% Eligibility** - 47.87%	
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	%	4.93	0.01	Coverage* - 65.51% Eligibility** - 55.91%	<p>Engagement and voting: Lemanik monitors the companies in the shares of which it invests on relevant matters, conducts dialogues with investee companies, exercises voting rights attached to shares of investee companies. 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.</p> <p>Target: To encourage portfolio Managers to further engage with underlying companies and report on principal adverse impact indicators. This is nevertheless reliant on the coverage and quality of data. We are committed to enhancing our results by exploring and incorporating additional data sources.</p>
	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	%	4.22	0.43	Coverage* - 51.83% Eligibility** - 55.35%	

Adverse sustainability indicator		Metric	Unit	Impact 2023 (year n)	Impact (year n-1)***	Explanation	Actions taken, and actions planned and targets set for the next reference period
		principles or OECD Guidelines for Multinational Enterprises					
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	2.67	0.17	Coverage* - 22.06% Eligibility** - 42.24%	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	%	8.16	0.30	Coverage* - 44.00% Eligibility** - 54.59%	
	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	%	0.10	0.01	Coverage* - 52.28% Eligibility** - 55.91%	
Environmental	15. GHG intensity	GHG intensity of investee countries	TCO ₂ /€m	5,279.91	2,481.43	Coverage* - 19.33% Eligibility** - 16.57%	<p>Engagement and voting: Lemanik monitors the companies in the shares of which it invests on relevant matters, conducts dialogues with investee companies, exercises voting rights attached to shares of investee companies. 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.</p> <p>Target: To encourage portfolio Managers to further engage with underlying companies and report on principal adverse impact indicators. This is nevertheless reliant on the coverage and quality of data. We are committed to enhancing our results by exploring and incorporating additional data sources.</p>
Social	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	NB	No data has currently been obtained for this indicator	No data has currently been obtained for this indicator	NA	

Adverse sustainability indicator		Metric	Unit	Impact 2023 (year n)	Impact (year n-1)***	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	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	%	No data has currently been obtained for this indicator	No data has currently been obtained for this indicator	NA	
	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	%	No data has currently been obtained for this indicator	No data has currently been obtained for this indicator	NA	
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	%	No data has currently been obtained for this indicator	No data has currently been obtained for this indicator	NA	Target: We are committed to enhancing our results by exploring and incorporating additional data sources
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	%	No data has currently been obtained for this indicator	No data has currently been obtained for this indicator	NA	Target: We are committed to enhancing our results by exploring and incorporating additional data sources

* Coverage: The percentage of AUM of the eligible assets for which PAI indicator data is available.

** Eligibility: Percentage of AUM of the entire portfolio for which the PAI is applicable. As an example, government bonds cannot be measured against PAI indicators applicable to an investee company.

***Updated figures from 2022.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The governing body of Lemanik approved the latest ESG and sustainability risk policy in December 2023.

Lemanik's approach regarding the integration of PAIs of investment decisions on sustainability factors is reliant on the available data 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.

Two data sources were used for the calculation of the PAI indicators: (1) European ESG Template (EET) Extracts and (2) Total Net Assets Value.

PAIs were calculated following the requirements outlined in the RTS, as well as any other requirements given by the ESAs or EC in the form of Q&As since the publication of the RTS. Only in cases where the data sources leave room for interpretation compared to the regulation were assumptions made.

The coverage was calculated by adding the total amount of assets for which the required data inputs are available divided by the total amount of eligible assets.

The eligibility was calculated by adding the total amount of assets which are eligible as per the RTS regulation divided by the total amount of assets (total AUM).

In order to complete the coverage and eligibility calculations for indirect investments while using the available data from EET extracts, the coverage is calculated according to the coverage indicated for investee funds.

The calculations of the PAI indicators as outlined in this document are made on the basis of the latest regulatory requirements available as at 01/06/2023.

The calculation of the PAI has been performed only for the UCITS funds. For the Alternative Investment, due to a lack of data, Lemanik has voluntarily excluded them from the scope for the PAI 2022 calculation exercise.

After extracting the EET data for all investee funds, it became apparent that the data availability of the input files extracted from the EET varies from one PAI to another having an impact on the coverage and the eligibility.

The EET extracts did not contain any data on the two optional PAI indicators from Table 2 and 3 of Annex I of the RTS. Therefore, no calculations can be done for the optional indicators for all investments in funds.

The data availability of the EET extracts was equally limited in regards to the PAI values applicable to sovereign and real estate exposures. These PAI indicators were therefore calculated on the basis of the limited data when available.

The EET extracts did not contain the EET field 100000 from v1.1.1 and therefore did not contain the ISO codes of countries with social violations from the underlying assets of the investment funds. Therefore, it is not possible to account for double counting of countries with social violations when calculating the PAI indicator for indirect investments. As a result, PAI_16_1 and PAI_16_2 could not be calculated for indirect investments.

No estimations or proxies were used to calculate the PAI indicators.

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.

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>

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 intends to encourage Investment Managers to further engage with underlying companies and report on principal adverse impact indicators. This is nevertheless reliant on the coverage and quality of data.

Historical comparison

The results for this reporting period have shown some notable changes compared to the previous year for certain indicators. These changes are primarily attributed to several factors:

1. Higher Figures Reported by Certain Funds: Some funds have reported significantly higher figures in their Environmental, Social, and Governance (ESG) metrics compared to last year. This increase has had a substantial impact on the overall results.
2. Enhanced Reporting Detail: Certain Investment Managers have started populating the European ESG Template (EET) for specific PAIs (Principal Adverse Impacts). This enhanced level of detail has provided a more comprehensive view of the impacts, contributing to the observed changes in the results.
3. Green Bonds Reporting: Some data sources do not account for green bonds as it reports the issuer level statistics rather than the specific green projects that the fund is financing
4. Changes in the current values of underlying investments
5. Limited data