

ESG Policy on the integration of sustainability risks

Sustainable Finance Disclosure Regulations (SFDR), Article 3 Disclosure Document: Alpha Investor Services Management S.A.

The EU's Sustainable Finance Disclosure Regulation (2019/2088) ("SFDR") requires financial market participants and financial advisers to publish on their websites information about their policies on the integration of sustainability risks into their investment decision-making and investment advice. "Sustainability risk" is defined in the SFDR as an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

AISM has integrated sustainability risks into its investment decision-making process.

Sustainability risk would not in itself prevent AISM from making an investment. Instead, sustainability risk forms part of AISM's overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to AISM's determination of risk.

Mission

Alpha Investor Services Management ("AISM") manages some funds which comprise environmental, social and governance ("ESG") factors in the investment process and strategy. AISM aims to reach and maintain a high standing rating of funds' portfolio in terms of environmental, social and governance policies. The basis for such strategy considers that investors can at the same time obtain a competitive financial return and make a positive impact on society and the environment.

The integration of ESG criteria relies on three pillars:

I. EXCLUSIONS

AISM avoids investing in issuers which operate in sectors that AISM considers unethical, not sustainable or harmful to the environment, people or social relationships.

AISM excludes from investable issuers, as a minimum, those with significant revenues exposures in the following sectors:

- Pornography;
- Gambling;
- Controversial weapons (landmines, cluster munitions); and
- Tobacco.

Other issuers may be excluded on the basis of their involvement in severe controversies on child labour, human rights violations, or bribery and corruption. Issuers excluded from the investable universe are however eligible as short target investments for funds that implement a long/short strategy.

AISM adopts 10% as the materiality threshold to determine whether revenues exposure to a particular sector is significant or not: however lower exposures may also lead to an exclusion in particular cases. The exposure is determined on the basis of products sold or produced or services delivered in a specific sector, and the resulting revenues are significant in proportion to the total.

II. RESEARCH

AISM will identify, through internal due diligence, which are the best opportunities within the investable issuers. For the purpose of its due diligence AISM will take into consideration the following rules:

- **ESG rating.** AISM will use ESG Ratings or Scores (hereafter “ESG Ratings”) to assess the opportunity to invest in an issuer. Depending on the investment policy of each fund, there may be a minimum percentage of investments in issuers with an ESG Rating of BBB (or equivalent) or higher, and/or a minimum weighted average of the portfolio ESG Rating.

Controversies Flag. The controversies affecting any issuer will be analysed based on the available data from leading ESG data providers, and a score will be assigned based on the number and severity of the controversies. Controversies are an important signal and alert investors regarding potential harmful events. AISM will exclude issuers with the worst controversy status. In particular, to comply with the principle of minimum safeguards, AISM will exclude those companies with severe status controversies related to:

- Human rights violations
- Child labour

- Bribery and corruption

or that do not have policies on these matters.

AISM will apply the same framework to Governments, although underlying criteria and factors may differ.

Disclaimer

Integrating sustainability risks is a qualitative and discretionary approach, and it must be considered within a general financial and economic investment process. We are committed to respecting the criteria specified in this policy, but the overall approach goes beyond that. AISM is convinced that it is an enhancement, and it can bring added value to the world and its investors. Besides that, there is no guarantee that the criteria adopted and opinions expressed by the fund manager will be in line with those of a particular investor. Adopting the ESG criteria is not a guarantee of positive or better performance. Information is gathered from sources available to investors and third-party reporting and analysis. Accuracy and completeness of data, analysis, and reporting cannot be guaranteed.

Some ESG academic studies can be downloaded from our site. In particular:

[Business Involvement Screening Research Methodology](#)