

Statement on principal adverse impacts of investment decisions on sustainability factors

1 July 2023



Financial market participant: Alpha Investor Services Management S.A. (549300VDFSH9FM8SIK15)

Summary

Alpha Investor Services Management S.A. (549300VDFSH9FM8SIK15) consider 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 Alpha Investor Services Management S.A. (549300VDFSH9FM8SIK15).

Alpha Investor Services Management S.A. (“AiSM”) acts as management company and investment manager for AiSM GLOBAL OPPORTUNITIES FUND (254900IC3FKAA26EDF90) and KYRON UCITS SICAV S.A. (254900D03U3SOV7LY338) and their sub-funds, as well as for segregated accounts with discretionary management styles (together, the “Funds”).

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

We consider principal adverse impact by measuring and monitoring the aggregated value of sustainability factors of the investments in the Funds we manage. We consider all the mandatory principal adverse impact indicators as defined in the Sustainable Finance Disclosure Regulation (SFDR)¹, and two additional indicators as described below, subject to data availability.

Information on the principal adverse impact indicators of our Funds for the reference period will be reported, subject to data availability, by 30 June 2023.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

Description of the principal adverse impacts on sustainability factors

The mandatory indicators defined by the SFDR are set out in Table 1 below. These indicators are considered to integrate sustainability risks in our investment process and to ensure compliance with the Funds' investment policies, as applicable. For each of these indicators we have described the actions taken during the reference period and, where applicable, actions planned to avoid or reduce the principal adverse impacts identified.

The principal adverse impacts of our Funds will be published by 30 June 2023, and at least on an annual basis thereafter: this information will cover the period of 1 January until 31 December of the preceding year.

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	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	789.13	N/A	N/A	We are committed to supporting the target of net zero emissions by 2050. We contribute to the target by investing in companies that exhibit low emissions, or exhibit a significant reduction in emissions, or are implementing measures designed to significantly reduce their emissions.
		Scope 2 GHG emissions	1171.61	N/A	N/A	
		Scope 3 GHG emissions	357.79	N/A	N/A	
		Total GHG emissions	9890.41	N/A	N/A	
	2. Carbon footprint	Carbon footprint	28.98	N/A	N/A	Most of the Funds we manage have been classified as Article 8 or Article 9 funds under the SFDR and promote companies that contribute to a reduction in GHG emissions. Companies that do not contribute to such reduction may be subject to further analysis and excluded from the eligible investment universe.
	3. GHG intensity of investee companies	GHG intensity of investee companies	101907248	N/A	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.09%	N/A	N/A	
	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	46.27%	N/A	N/A	
	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	Agriculture: 6.42 Mining: 1.73 Manufacturing: 11.15 Electricity: 6.88 Construction: 0.04 Water supply: 0.12 Wholesale and retail trade: 0.17 Transportation: 0.25	N/A	N/A	

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	N/A	N/A	N/A	<p>We are committed to protect biodiversity by investing in companies that have adopted policies or processes to support this objective.</p> <p>We take negative effects on biodiversity into consideration in our investment process. Companies that are not taking appropriate action to reduce their negative impact on biodiversity may be subject to further analysis and excluded from the eligible investment universe.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	2620.53	N/A	N/A	<p>We take emissions to water into consideration to assess the eligibility of a company. Companies that have high emissions to water and that are not taking appropriate action may be subject to further analysis and excluded from the eligible investment universe.</p>
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	46620.29	N/A	N/A	<p>We consider the hazardous and radioactive waste to assess the eligibility of a company. Companies that have high emissions hazardous and radioactive waste and that are not taking appropriate action may be subject to further analysis and excluded from the eligible investment universe.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
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	39.10%	N/A	N/A	<p>We are committed to uphold the UNGC principles and we aim to invest in companies that comply with these norms by having appropriate policies in place.</p> <p>Companies that do not have policies in place or are not taking appropriate action may be subject to further analysis and excluded from the eligible investment universe.</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 principles or OECD Guidelines for Multinational Enterprises	31.56%	N/A	N/A	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	93.24	N/A	N/A	<p>We take the average unadjusted gender pay gap into consideration to assess the eligibility of a company.</p> <p>Companies that are not taking appropriate action may be subject to further analysis and excluded from the eligible investment universe.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	32.44	N/A	N/A	<p>We take the average ratio of female to male board members into consideration to assess the eligibility of a company.</p> <p>Companies that are not taking appropriate action may be subject to further analysis and excluded from the eligible investment universe.</p>

	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	N/A	N/A	N/A	We exclude companies that have a significant exposure to the manufacture of controversial weapons.
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Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact 2022 [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	<p>We are committed to supporting the target of net zero emissions by 2050. We contribute to the target by investing in sovereigns that exhibit low emissions, or exhibit a significant reduction in emissions, or are implementing measures designed to significantly reduce their emissions.</p> <p>Most of the Funds we manage have been classified as Article 8 or Article 9 funds under the SFDR and promote sovereigns that contribute to a reduction in GHG emissions.</p> <p>Sovereigns that do not contribute to such reduction may be subject to further analysis and excluded from the eligible investment universe.</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	N/A	N/A	N/A	We monitor sanctions imposed by the EU and US to avoid sovereigns involved in social violations.

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2022 [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	N/A	N/A	N/A	We do not invest in real estate assets
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy- inefficient real estate assets	N/A	N/A	N/A	We do not invest in real estate assets

Other indicators for principal adverse impacts on sustainability factors

In addition to the set of mandatory indicators above, we consider the following indicators, subject to sufficient data availability.

Among the Climate and other Environment-related indicators, we consider the water management policy: we monitor the share of investments in investee companies without a water management policy. This indicator is the indicator number 8 in Table 2 SFDR.

Among the Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery matters, we consider the human rights policy: we monitor the share of investments in entities without a human rights policy. This indicator is the indicator number 9 in Table 3 SFDR.

We do not use other indicators to identify and assess additional principal adverse impacts on sustainability factors.

Adverse sustainability indicator		Metric	Impact 2022 [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water, waste and material emissions	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	32.58%	N/A	N/A	We consider the exposure to areas of high water stress where the companies do not implement appropriate management policies.
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	18.28%	N/A	N/A	We consider the exposure to companies that do not implement appropriate policies.

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

Principal adverse sustainability impacts are negative effects on sustainability factors (eg environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters) deriving from investment decisions. These impacts are measured or assessed according to a set of indicators (the Principal Adverse Impact Indicators, or “PAI” or “PAIs”) defined by the SFDR.

AISM identifies relevant PAIs on the basis of regulatory requirements, the investment policies of the Funds as applicable, and the availability of sufficient data to allow a proper assessment of the companies in the investment universe. AISM has identified the mandatory PAIs, the PAI on water management policy and the PAI on human rights policy as the relevant PAIs for the Funds managed by AISM, subject to the availability of sufficient data.

AISM has implemented policies and procedures to ensure that the Funds’ investments, where applicable, meet minimum sustainability standards: our policy includes the application of exclusion criteria, controversies monitoring, and integrating ESG data in our investment-decision making process. Certain PAIs may be involved in the determination of exclusion criteria, and are thus prioritised compared to PAIs used to determine the Funds’ investments allocation: AISM has identified exclusion criteria based on human rights violation, child labor and bribery and corruption, in addition to significant involvement in certain sectors such as pornography, gambling, controversial weapons, tobacco.

Minimum sustainability safeguards are ensured by assessing the presence of appropriate policies against human rights violations, child labor and bribery and corruption, as well as the involvement in severe controversies on these matters. Companies that do not meet minimum safeguards are excluded by the investment universe but may be eligible as “short” investments for those Funds that apply a “long-short” investment strategy.

Where applicable, companies that meet minimum safeguards are eligible for investment and are ranked against each other across each PAI both in terms of current PAI value and in terms of variation: this double ranking allows to identify companies that contribute already, or that have taken or are committed to take appropriate actions to contribute in the future to sustainability, subject to data availability.

AISM aims at selecting PAIs that are both relevant for the investment policies of our Funds and can be properly assessed for a sufficient number of companies based on available data. The assessment of minimum safeguards, of the mandatory PAIs and of the additional PAIs that we have selected is based on data acquired by third-party specialist providers and may be supplemented to the extent possible by data provided by the target companies, estimates based on internal research, industry or sector proxies. Third-party providers are prioritised to enhance comparability of data across sectors and geographic areas. The lack of reliable data, or data that differ in terms of reporting standards, represent an hindrance to our ability to assess and monitor PAIs and sustainability risks, especially for indirect investments: we monitor the percentage of data coverage to assess the margin of error associated with our PAIs calculations. We strive to improve over time the data coverage for our investment process to enhance the reliability of investment decisions, mainly by engaging and cooperating on an ongoing basis with our third-party providers when inconsistencies, errors or missing data are encountered.

AISM senior management is responsible for the approval and the implementation of the policy on the integration of sustainability risks. Such policy is reviewed at least on an annual basis, in conjunction with the investment policy of the Funds, and was last approved in February 2023.

Engagement policies

Owing to its size and complexity, AISM has decided not to develop a formal engagement policy as per Article 3g of Directive 2007/36/EC of the European Parliament and of the Council, as amended, on the exercise of certain rights of shareholders in listed companies. The lack of an engagement policy does not prevent AISM to monitor investee companies on an ongoing basis to assess the steps they are taking to address deficiencies in their consideration of principal adverse impacts. All principal adverse impacts are considered within such monitoring, with a focus on those related to human rights violations, child labor and bribery and corruption. If the monitoring results in the assessment that the investee company is not taken sufficient steps to address the existing deficiencies, if any, that company may be excluded from the eligible investments and may become eligible for “short” investments, as applicable depending on the investment policy of the Funds.

References to international standards

AISM upholds international conventions and standards (and in particular those related to fundamental rights) such as the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the International Convention on Cluster Munitions, the UN Universal Declaration of Human Rights, and we make an effort to invest in companies that do the same.

We consider the following PAIs to measure compliance to such standards, as illustrated below:

- PAI 10 and 11 from table 1: UN Global Compact Principles and OECD Guidelines for Multinational Enterprises
- PAI 14 from table 1: International Convention on Cluster Munitions
- PAI 9 from table 2: UN Universal Declaration of Human Rights

We use data provided by independent third-parties, supplemented as needed by data reported by companies, regulatory or international authorities to measure and assess the principal adverse impacts mentioned above. While such data offer wide coverage, where they are not available we endeavour to estimate compliance on the basis of involvement in controversies on these matters.

Historical comparison

A historical comparison is not applicable at the moment and will be made starting from 2024.