



ALPHA ASSET
MANAGEMENT MFMC.

Environmental, Social and Governance Policy

October 2023



I. Introduction

Alpha Asset Management M.F.M.C. has developed a credible methodology to incorporate sustainability perspectives in investment decisions, active ownership and business culture for long-term value creation and positive contribution to society. The Environmental, Social and Governance (ESG) Policy represents the guiding principles that we apply to ensure that information on ESG risks and opportunities is appropriately incorporated into the investment management process.

We follow a holistic assessment of our investments by applying ESG criteria in a comprehensive way, alongside traditional financial analysis and active ownership. The framework for responsible investment aims to strengthen our fiduciary duty, adapt to forthcoming regulatory requirements, enhance returns and better manage risks.

II. Commitment

We acknowledge the responsibility we have as an asset management company to address ESG considerations in our business. We recognize that ESG risks and opportunities can have material effects on the financial performance of the securities and assets in which we invest. By understanding how ESG issues are managed, we aim to achieve our objectives of better allocating capital and generating long-term sustainable returns. As part of our commitment to incorporate ESG criteria into our investment process, Alpha Asset Management M.F.M.C. became a signatory of the United Nations-backed Principles for Responsible Investment (PRI) in December 2018.

“As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.



The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society".

Source: UN PRI

III. Definition

Environmental, Social and Governance issues are important non-financial considerations in assessing and monitoring investments.

Environmental (E)	Issues relating to the quality and functioning of the natural environment and natural systems. These include biodiversity loss, greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, water, waste management.
Social (S)	Issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, health & safety, diversity, relations with local communities, consumer protection.
Governance (G)	Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills & independence, executive pay, minority shareholder rights, disclosure of information, business ethics and in general issues dealing with the relationship between a company’s management, its board, its shareholders and its other stakeholders.

Source: UN PRI

IV. Approach

Responsible investment represents a core philosophy in our investment strategy and decision-making process. Our approach targets both financial and sustainable value by incorporating ESG issues into investment portfolio management. By understanding ESG dynamics, we explain how ESG is linked to stronger growth, lower operational cost, reduced negative & legal actions, higher productivity, investment & capital expenditure optimization and reputation. Material ESG factors are identified and incorporated in actively managing and monitoring portfolios while building an added layer of risk management.

For Corporate issuers, our ESG policy focuses on the performance of “*Environmental factors*” related to carbon emissions, climate risk, resource efficiency, “*Social factors*” related to supply chain, human rights, labour standards, health & safety and of “*Governance factors*” related to board structure, remuneration, independence, minority shareholder rights, disclosure of information. We



also evaluate the progress issuers make towards the implementation of the UN Sustainable Development Goals (SDGs).

For Sovereign issuers, our ESG policy focuses on a country's exposure to and management of ESG issues, including "*Environmental factors*" related to its ability to protect its natural resources, "*Social factors*" related to its ability to maintain high-quality human capital and "*Governance factors*" related to its ability to maintain sufficient financial capital as well as an efficient political governance structure.

ESG information is incorporated in our investment process to ensure investment decisions account for environmental and social challenges as well as new source of investment opportunities. We carefully assess ESG data signals and compare them with portfolio managers' insights. Our framework for responsible investment integrates ESG criteria in our equities, fixed income and multi-asset portfolios, and includes ESG due diligence in our fund of funds portfolios.

V. ESG Incorporation

We incorporate ESG factors in our investment process by combining an optimal blend of ESG strategies. Our ESG Incorporation framework includes the following three main pillars: integration of ESG issues, screening of investments and sustainability themed investing.

a. Integration of ESG issues:

We consider ESG factors within our fundamental research, analysis and investment decision making process in order to better manage the risk-return profile of our portfolios. The ESG characteristics of all the issuers in our investment universe are monitored and assessed on an ongoing and systematic basis. We source research, ratings and insights related to the ESG risks and opportunities that issuers face.

For domestic issuers, we collect ESG data through different sources, such as ESG Questionnaires, issuers' Sustainability Reports and third-party vendors. This enables us to better understand, assess and measure the issuers' exposure to and management of ESG risks and opportunities.

Furthermore, in response to the material risks posed by climate change, which has become a dominant theme in sustainable investing, we monitor and consider climate risk across our funds as well as across individual securities, where data are available.

In addition, the intrinsic value of each investment and the prospect of generating capital gains may be adjusted according to material ESG information. A low ESG risk company may be rewarded by reducing the discount rate, whereas for a high ESG risk company the discount rate may be increased.

In our Manager Selection process, we target high level of accountability in asset managers' ESG processes and investment culture. We select asset managers that are PRI signatories, and we monitor their PRI assessment scores, where available. Our due diligence process targets a clear understanding of their responsible investment offering, ESG style applied and research capabilities.

b. Screening of investments:

We apply a combination of "*Negative/Exclusionary Screening*" and "*Positive/Best-in-Class Screening*" to filter issuers based on their ESG characteristics.



More particularly, we exclude issuers whose percentage of revenue from “Thermal Coal Mining” or from “Thermal Coal Power Generation” exceeds 30%. In addition, we exclude issuers manufacturing “Controversial Weapons”, which include cluster munitions, biological and chemical weapons as well as anti-personnel landmines. We also avoid investing in issuers with lagging ESG performance relative to their industry peers.

We apply “Norms-Based” screening in order to monitor issuer compliance with global norms and conventions, such as the United Nations Global Compact (UNGC) and the International Labour Organization (ILO).

In addition, we exclude from our investment universe those countries which pose a significant risk to the global financial system and do not comply with our “Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)” Policy.

We prefer investing in issuers with positive ESG characteristics relative to industry peers by implementing a combination of positive/best-in-class screening.

c. Sustainability-themed investing:

We aim to make investments offering an attractive risk-return profile whilst addressing key environmental and social challenges. We seek to identify opportunities in areas such as climate change, innovative technologies, evolving consumer trends, healthcare and demographic changes. We recognize secular investment themes & trends and look for investments that are expected to benefit from long-term structural trends.

We incorporate additional ESG factors in our ESG funds, which are products based on an ESG-targeted investment strategy that promote sustainability.

The investment process is supported by our active ownership approach and partnership with the PRI.

VI. Active Ownership

We exercise active ownership in a responsible manner to deliver improved long-term returns and sustainable outcomes. Our framework on active ownership incorporates sustainability perspectives to encourage sound corporate governance practices, effective management of material environmental and social issues and the disclosure of non-financial information in accordance with regulatory requirements and best practices. Our active ownership principles are mainly implemented through engagement with current or potential investee companies and by actively exercising our voting rights at shareholder meetings.

Engagement - As active investors, we regularly participate in meetings with company management teams and investor relations officers regarding our domestic holdings. Through dialogue, we engage with companies to assess the quality of governance and gather insights into their operations, business strategy and management of ESG issues. We prioritize issues linked to corporate culture & conduct, sound business planning, commitment to stakeholders and transparency. In addition, we discuss economic trends and company specific events that could influence the value of our holdings. Outcomes from regular meetings are added to the qualitative analysis and review of our investments.



Voting - We demonstrate responsible ownership by exercising our voting rights at annual general meetings (AGM) and extraordinary general meetings (EGM) for our equity holdings, with a primary focus on our investments in the domestic market. Topics addressed at AGMs or EGMs are carefully examined in accordance with the requirements of national and/or international codes of good practice and further analyzed on a case-by-case basis, if needed. In general, we support the effective implementation of corporate governance standards that promote long-term shareholder value and risk mitigation. In addition, we support shareholder proposals on material social and environmental issues that improve ESG practices, accelerate real-world sustainability outcomes or improve public disclosure.

We have established a "Committee for General Assembly Participation," responsible for determining the Company's participation in the general meetings of investee companies. The committee also authorizes and designates a representative to attend these meetings and ensure that voting rights are exercised solely in the best interests of our clients. The criteria guiding our exercise of voting rights, as well as the process of exercising these rights, are outlined in our "Engagement and Voting Rights Policy". We maintain an updated calendar and track record of our voting activities.

VII. Oversight

The ESG Investment Committee is the accountability mechanism for implementing responsible investment. The scope of this Committee is to safeguard ESG integration in the investment policy, assess how we implement our commitment to the PRI and progress with reference to the industry's standard practices and regulatory objectives.

We intend to review our ESG Policy on a regular basis and inform our investment process on ESG developments, where material and in scope. As a PRI signatory, we report our ESG activities in our annual PRI Transparency Report.

VIII. Conclusion

As investment professionals we are committed to combining our investment expertise and active ownership of our holdings with utilizing comprehensive ESG guidelines into our investment process. Going forward, we are focused on advancing our capabilities on sustainable investing, making better-informed investment decisions and effectively improving our capital allocation.

With our approach to responsible investment, we serve the best interests of our stakeholders in delivering enhanced risk-adjusted returns over the long run while contributing to sustainability.

Signatory of:



Alpha Asset Management M.F.M.C.

Signed the Principles: 17 December 2018

- Signatory category: Investment Manager
- HQ: Greece