



Environmental, Social and Governance Policy

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.

For Sovereign issuers, our ESG policy aims to provide investment signals by measuring the progress countries make towards the implementation of the Sustainable Development Goals (SDGs). We evaluate the degree to which a country satisfies basic needs, empowerment, climate change, natural capital and governance issues.

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. Investment Process

We review and use ESG information in the investment decision-making process by combining an optimal blend of ESG strategies. Our framework addresses screening of investments, sustainability themed investing and integration of ESG issues.

We incorporate a selection of ESG indicators in quantitative scoring, perform in-depth study to address sector-specific ESG issues and provide a fundamental overlay analysis on long-term sustainability. Our evaluation is undertaken at the company, industry and country level, while taking into consideration the global economic and regulatory environment.

Investment Strategy Filter 1: We adjust the investable universe with reference to value-based and norm-based screening. We exclude from the investment universe those industries, companies or countries which fail to meet, on an absolute or conditional way, our value-based criteria and those that breach international norms standards as defined by the UN Global Compact Principles, UN Guiding Principles of Business and Human Rights and the International Labour Organization Conventions. Our exclusion strategy is in line with Alpha Bank's Group Environmental and Social Risk Management Policy on Legal Entities Lending.

Investment Strategy Filter 2: We proactively screen for companies in certain business activities and/or leading business practices, on the basis of ESG performance. We use aggregate ESG score and single components of Environmental, Social and Governance metrics to conduct sector and peer analysis. The objective is to select best ranked issuers and disregard those with poor performance. Those with below average scores, offering a compelling story in terms of financial analysis or restructuring, are closely monitored and apply engagement practices. We recognize secular investment themes & trends and screen for companies addressing key environmental and social challenges.

Investment Strategy Filter 3: We integrate ESG factors to enhance fundamental research and analysis. We take account of the ESG characteristics of the company or country to identify ESG risks and opportunities and apply them to financial forecasting models. The intrinsic value of each investment and the prospect of generating capital gains is adjusted according to material ESG



information. A low ESG risk company is rewarded by reducing the discount rate, whereas for a high ESG risk company the discount rate is increased.

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

VI. Manager Selection

We target high level of accountability in asset managers' ESG processes and investment culture. We select asset managers that are PRI signatories with an equal or higher than average assessment score. Our due diligence process targets a clear understanding of their responsible investment offering, ESG style applied and research capabilities.

At the product level, we perform qualitative and quantitative assessment of mutual funds incorporating ESG characteristics. We screen funds according to ESG rating, Business Involvement Exposure and Carbon Footprint. Emphasis is placed on the level of commitment to the strategy and how the investment process relates to sustainable investing.

VII. Active Ownership

We exercise active ownership by engaging in constructive dialogue with companies and by exercising our voting rights at annual shareholder meetings. Our activities are focused on protecting and enhancing the value of our clients' assets. We work to encourage sound corporate governance practices, including how a company manages the environmental and social aspects of its operations, and promote the disclosure of non-financial information in a transparent and standardized way.

Engagement - As active investors, we attend regular meetings with company management teams and investor relations' department officers for our domestic holdings. Through dialogue we engage with companies to check on the quality of governance and to obtain more information on their activities, business plan and how effectively ESG issues are being managed. We prioritise issues linked to corporate culture & conduct, sound business planning, commitment to stakeholder 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 and extraordinary meetings for our domestic equity holdings, provided our funds own at least 2% of the issuer company's share capital or our funds invest at least 1% of their total assets in the issuer company's share capital. Our voting decision is based on our voting policy and reflects the fundamental investment case of our holdings. Our main voting principles include the separation of the roles of company Chairperson & Chief Executive Officer, board independence and remuneration.

The Committee for General Assembly Participation ensures the voting policy is appropriately applied. We keep an updated calendar and track record of our voting actions.



VIII. 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.

IX. Conclusion

As investment professionals we are committed in 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