

AULIEN PARTNERS S.A R.L.

ESG Policy

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Document owner	Investment Committee
Reviewed by	<ul style="list-style-type: none"><li>• Investment Committee</li><li>• Risk Management</li></ul>
Approved by	Board of Managers
Applicable to	AULIEN S.C.A., SICAV-SIF



## I. DEFINITIONS

### A. IFM-related definitions

The following IFM-related definitions apply throughout this procedure:

- “SICAV” means AULIEN S.C.A., SICAV-SIF
- “Company” means Aulien Partners S.à r.l.
- “IFM” means Investment Fund Manager
- “AIF” means alternative investment fund
- “AIFM” means Alternative Investment Fund Manager
- The “Board” means Board of Managers of the Company
- The “Board Members” means the Members of the Board of Managers of the Company
- “Employee” means employee (a member of staff) or secondee of the Company

### B. ESG-related definitions

The following Sustainability-related definitions apply throughout this procedure:

- “ESG” means Environmental, Social and Governance
- “Sustainability factors” mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters
- “Sustainability risk” means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment

## II.INTRODUCTION TO AULIEN PARTNERS S.A R.L.

AULIEN PARTNERS S.A R.L. (the "Company" or "Aulien") is a registered alternative investment fund manager according to the principle set by the Law of 12 July 2013, as amended with particular reference to Art.3

AULIEN S.C.A., SICAV-SIF (the "Fund") is an investment fund incorporated on 26th October 2011 for an unlimited duration under the form of a Luxembourg partnership limited by shares ("société en commandite par actions" or "S.C.A.") governed by the amended Law of 10th August 1915 and under the provisions of the amended Law of 13th February 2007 relating to specialised investment funds and managed by the Company.

As a Luxembourg partnership limited by shares, the Company has two types of Shareholders:

- The Unlimited Shareholder or General Partner ("associé gérant commandité") holding the Management Shares ("actions de l'associé gérant commandité") and who is liable without any limits for any obligations that cannot be met out of the assets of a relevant Sub-Fund; and
- The Limited Shareholders ("actionnaires commanditaires") holding the Ordinary Shares ("actions ordinaires de commanditaire") whose liability is limited to the amount of their investments in the Company.

## III.PURPOSE

The purpose of this Sustainability, Engagement is to define how Aulien integrates Environmental, Social and Governance ("ESG") criteria in its investment strategy and process.

## IV.SCOPE

This Policy applies to:

- The members of the Board Managers of the Company.
- The investment management function and the risk management function of the Company.

## V.REGULATORY FRAMEWORK

The Luxembourg Laws, Regulations and CSSF Circulars laying down rules of conduct applicable Aulien include, *inter alia*:

- The amended Law of 12 July 2013 on alternative investment fund managers (the "2013 Law")
- The Delegated Regulation of the European Commission No. 231/2013 of 19 December 2012 supplementing the AIFM Directive with reference to exemptions, general operating conditions, custodian banks, leverage, transparency and supervision, and in particular Article 37 thereof.
- The 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.
- The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

## VI. RESPONSIBILITIES

In order to make sustainability and ESG principles core values of its corporate organisation, Aulien has clearly defined the roles and responsibilities of the corporate bodies and functions responsible for supervising and / or managing the implementation of its sustainability and ESG strategy.

### A. Board of Managers

The Board of Managers is responsible for:

- Ultimately responsible for approving this Policy
- Ultimately responsible for maintaining this Policy
- Overseeing the implementation of this Policy

### B. Investment Committee

The Investment Committee:

- Defines how sustainability and ESG have to be integrated in the Investment Process

### C. Risk Management Function

The Risk Management Function is responsible for:

- Reviewing and approving the Policy

## VII.AULIEN'S APPROACH TO ESG

### A.Introduction

Aulien decided to draft this policy in order to comply with the key requirements laid down by the 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 with particular reference to Articles 5 to 7 included.

In particular, with reference to Art. 7 By 30 December 2022, "for each financial product where a financial market participant applies point (a) of Article 4 (1) or Article 4(3) or (4), the disclosures referred to in Article 6(3) shall include the following: (a) a clear and reasoned explanation of whether, and, if so, how a financial product considers principal adverse impacts on sustainability factors; (b) a statement that information on principal adverse impacts on sustainability factors is available in the information to be disclosed pursuant to Article 11(2)".

### B.The ESG system as an integral part of Aulien values

Aulien's commitment to sustainability is measured in the integration of ESG factors into investment strategies. This value guides Aulien's *modus operandi* aiming at generating positive effects for the main categories of stakeholders: the personnel, customers, shareholders, local communities and suppliers.

These values are:

- Fairness: to respond adequately to the expectations and needs of different types of customers, employees and shareholders by establishing a relationship of trust and quality to ensure mutual satisfaction
- Transparency: to promote a clear and transparent style of communication towards all stakeholders in order to maximize customer satisfaction in particular
- Independence: to serve its customers with the sole purpose of meeting their savings and investment needs, offering appropriate solutions for every situation
- Freedom: to favour an environment that is free from external conditioning and in which everyone is free to express themselves and operate, also respecting the cultural traditions of the communities in which the Company operates
- Loyalty: to establish loyal relationships respecting of the interests of all parties involved, in order to operate in an environment of mutual trust that strengthens the reputation of the Company and the long-term sustainability of the business
- Trust: to stimulate the creation and maintenance of relationships of trust, both among the Company's personnel and in the relationships it maintains with external stakeholders
- Innovation: to encourage the creation of an environment that stimulates innovation both in the products offered and in the relevant business processes
- Sustainability: to foster the sustainable development of the economy through an investment approach that takes into account ESG variables

## VIII. ESG INTEGRATION INTO THE INVESTMENT PROCESS

### A. Introduction

Aulien has implemented dedicated investment management processes and procedures for the acquisition / disposal of the assets concerning fund(s) under management.

This investment procedures have been drafted as to cover the key below points regarding the investment management implemented process:

- Definition of investment policies, investment objectives and investment strategies of its products and services;
- Implementation of investment strategies.

The processes and procedures mentioned above have been updated by taking into account the ESG methodology developed by Aulien (refer to Par. B of this Section).

Aulien focuses in particular on the adherence to ESG standards of the issuers / assets in which it invests.

For this purpose, Aulien has defined dedicated due diligence activities by type of asset as to consider and fine tune the level of information / documentation requested to satisfy all the defined ESG Key Factors (refer to Par. B of this Section).

Through analysis and ratings, based on available information at any time, Aulien endeavour to monitor, at the individual position level and at the overall portfolio level, the exposure and the level of ESG risk of a portfolio (refer to Par. B of this Section).

### B. Overview of the ESG Ratings methodology

The ESG methodology is based on the identification of Key Factors of the three pillars of ESG:

- 1) Environment, i.e. environmental factors
- 2) Social, i.e. social factors
- 3) Governance, i.e. factors related to corporate governance

The methodology is built based on the draft regulatory technical standards with regard to the content, methodologies and presentation of disclosures pursuant to Article 2a, Article 4(6) and (7), Article 8(3), Article 9(5), Article 10(2) and Article 11(4) of Regulation (EU) 2019/2088 and based on the risk factors listed below.

Risk Factors and Sub-Factors of the ESG Rating

<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>	
<b>Greenhouse gas emissions</b>	Carbon emissions (broken down by scope 1, 2 and 3 carbon emissions - including agriculture, forestry and other land use (AFOLU) emissions - and in total)
	Carbon footprint
	Weighted average carbon intensity
	Solid fossil fuel sector exposure
<b>Energy performance</b>	Total energy consumption from non-renewable sources and share of non-renewable energy consumption
	Breakdown of energy consumption by type of non-renewable sources of energy
	Energy consumption intensity
	Energy consumption intensity per sector
<b>Biodiversity</b>	Biodiversity and ecosystem preservation practices
	Natural species and protected areas
	Deforestation
<b>Water</b>	Water emissions
	Exposure to areas of high water stress
	Untreated discharged waste water
<b>Waste</b>	Hazardous waste ratio
	Non-recycled waste ratio
<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>	
<b>Social and employee matters</b>	Implementation of fundamental ILO Conventions
	Gender pay gap
	Excessive CEO pay ratio
	Board gender diversity
	Insufficient whistleblower protection
	Investment in investee companies without workplace accident prevention policies
<b>Human rights</b>	Human rights policy
	Due diligence
	Processes and measures for preventing trafficking in human beings
	Operations and suppliers at significant risk of incidents of child labour
	Operations and suppliers at significant risk of incidents of forced or compulsory labour
	Number and nature of identified cases of severe human rights issues and incidents
	Exposure to controversial weapons (land mines and cluster bombs)
<b>Anti-corruption and anti-bribery</b>	Anti-corruption and anti-bribery policies
	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery
	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws
	Description of policies to assess principal adverse sustainability impacts



<b>GOVERNANCE, I.E. FACTORS RELATED TO CORPORATE GOVERNANCE</b>	
<b>Governance</b>	Description of actions to address principal adverse sustainability impacts
	Engagement policies
	Adherence to international standards
	Historical comparison

### Corporate Issuers

Aulien scores by concentrating on the most relevant environmental, social and governance factors and risks for each industry. The main factors taken into account in each of these themes are as follows:

- Environment: climate change, natural resources, pollution & waste, environmental opportunities;
- Social: human capital, product liability, stakeholder opposition, social opportunities;
- Governance: corporate governance, corporate behaviour.

These assessments of company performance are not absolute but are explicitly intended to be relative to the standards and performance of a company's industry peers.

### Government Issuers

With reference to Government Issuers, the assessment performed by Aulien is focused on identify a country's exposure to, and management of, environmental, social, and governance (ESG) risk factors and explain how these factors might impact the long-term sustainability of its economy.

As part of the "environment" pillar, research is carried out to assess the extent to which a country's long-term competitiveness is affected by its ability to protect, use and supplement its natural resources and manage environmental externalities and vulnerability risk.

As part of the "social" pillar, research is carried out to assess the extent to which a country's long-term competitiveness is affected by its ability to develop a healthy, stable and productive workforce and skills base and to create a favourable economic environment.

The "governance" pillar assesses the extent to which a country's long-term competitiveness is affected by its institutional capacity to support long-term stability and the functioning of its financial, judicial and political systems, as well as its ability to respond to environmental and social risks.

### C.Application to an investment portfolio

At portfolio level, the ESG scoring of each asset is weighted according to the weight of the investment in the portfolio and is determined based on each risk factor reported in Par. B of this Section.

The ESG scoring is assessed according to different main variables:

- The level of information available;
- The level ESG promotion.

<b>Information available</b>	<b>Information fully available</b>	*	**	***	****
	<b>Information partially available</b>	*	**	***	****
	<b>Few information available</b>	*	**	**	**
	<b>No information available</b>	*	*	*	*
		<b>No ESG promotion</b>	<b>Not satisfactory ESG promotion</b>	<b>Adequate ESG promotion</b>	<b>High ESG promotion</b>
<b>ESG promotion</b>					

Appearance of overlap in the score ranges is due to rounding. Every possible score falls within the range of only one star rating.

Each Portfolio Manager monitors the ESG score of its investment portfolio, both at single security level and on an aggregate basis. ESG scores on each individual investment are taken into consideration alongside the traditional criteria of analysis and evaluation. This means the Portfolio Manager ensures that its financial portfolios are financially efficient and as much sustainable as possible. This aim is achieved through an optimisation which is made mainly by excluding and/or reducing positions with the lowest ESG scores, replacing them with companies having higher ESG scores, ideally "best in class", i.e. leading companies in sustainable development.

Aulien ensures that the ESG score is \*\* or better at the portfolio level.

For funds, Aulien monitors a set of ESG limits at the portfolio level including:

- Compliance with the minimum ESG Score at average portfolio level
- Timeframe for the resolution of breaches

The Risk Management Function:

- Monitors the average ESG Rating level of the portfolio
- Monitors *ex-post* compliance with the ESG Limits

- Prepares quarterly reports to the Board with regard to the average ESG Rating level of the portfolio, exposure to the individual ESG Risk Factors and compliance with ESG Limits established.

The due diligence described above is performed by the following source of information.

Types of assets	Source	Example of documentation gathered
Shares/Company	Issuers	Financial Statements / ESG reports
Bonds	Issuers	
Investment funds (UCITS)	Management Company / AIFM	
Investment funds (UCI)		
Tracker funds (UCI)		

## IX. EXCLUSION LIST

Aulien is committed to avoiding investing in companies operating in sectors that are considered as non-sustainable and/or may involve significant environmental and social risks. For this purpose, Aulien defines and updates at least on an annual basis a list of companies that are considered as unsustainable.

Aulien does not invest in companies whose share of turnover from the following activities exceeds the specified thresholds:

- Nuclear weapons: maximum 1.5% of the annual turnover
- Adult entertainment: maximum 1.5% of the annual turnover
- Abortifacients: maximum 1.5% of the annual turnover
- Tobacco: maximum 5.0% of the annual turnover

Aulien further excludes any investments in accordance with the adopted sanction / TFS lists including companies linked to the proliferation of weapons of mass destructions.

## X. TRANSPARENCY

### A. Publication of this Policy

In accordance with art. 6 the Regulation (EU) 2019/2088, Aulien has included in the SICAV's Prospectus the following points:

- The manner in which sustainability risks are integrated into their investment decisions; and
- The results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

In addition, in line with art. 10 of the above mentioned regulation, Aulien publishes this Policy free of charge on its website.

### Article 3 – Transparency of sustainability risks policies

Aulien integrates ESG (Environmental, Social and Governance) criteria in its investment process, on the basis of a specific risk assessment methodology / approach allocating to each asset a dedicated ESG scoring.

Through dedicated analysis and allocated ESG scoring, Aulien is able to continuously monitor, at the individual position level and at the overall portfolio level, the exposure and the level of ESG risk of a portfolio.

Typically, the higher the ESG scores, the higher the standards adopted by the investee company in its business activity (or by a Country in its way of governing a Nation), and the lower the risk that an adverse event could occur and lead to a decrease in the value of the investment. Integrating ESG criteria in the investment process therefore reduces the Sustainability Risks.

In addition to ESG Integration, Aulien is committed to avoiding investing in companies operating in sectors that are considered as non-sustainable and/or may involve significant environmental and social risks. The list containing all prohibited issuers constitutes the “Exclusion List”, and the related exclusion criteria are provided in the ESG Policy.

Notwithstanding the above, in Aulien considers that Sustainability Risks as not relevant according to the following points:

- Prohibited investments represent a very limited portion of all investable assets;
- An adverse sustainability event that may occurs to any of the prohibited investments will likely have a material negative impact on the investments, therefore wiping out (all or even more) of the expected superior return;
- ESG integration significantly reduces such risks.

### Article 4 – Transparency of adverse sustainability impacts

Aulien intends to consider the principal adverse impacts of investment decisions on “sustainability factors”, defined as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Since the ESA has just published the Final Report on draft Regulatory Technical Standards (“RTS”) on February, 2nd, Aulien is committed to identifying and measuring principal adverse impacts on sustainability factors through the implementations of dedicated risk assessment methodology / approach.

Although information is not always readily available for all of the sustainability indicators at this stage, Aulien is already considering the principal adverse impacts indirectly by integrating ESG (Environmental, Social and Governance) criteria into its investment process, on the basis of a specific risk assessment methodology / approach allocating to each asset a dedicated ESG scoring.

Through dedicated analysis and allocated ESG scoring, Aulien is able to continuously monitor, at the individual position level and at the overall portfolio level, the exposure and the level of ESG risk of a portfolio.

Article 10 – Transparency on the promotion of environmental or social characteristics and of sustainable investments on websites

“The ESG rating of the fund is calculated and reported for informative purposes only. The fund is not in scope of either Article 8 or 9 of the 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 (“SFDR Regulation”)”.

## XI. REVIEW OF IMPLEMENTATION AND MAINTENANCE OF THE POLICY

Aulien monitors on a regular basis the effectiveness of this Policy and the arrangements put in place to comply with it with a view to identifying and, where appropriate, correcting any deficiencies.

### A. Ongoing monitoring

The ongoing monitoring of implementation of this Policy is performed by the Board of Managers.

Any issues identified are escalated to the Management Committee periodically and on an *ad hoc* basis when required.

Where the Board is of the view that an *ad hoc* review is required, it requests the Investment Committee to conduct the review.

The Investment Committee may propose amendments to this Policy or the arrangements put in place to comply with it to the Management Committee.

### B. Maintenance of this Policy

The Portfolio Managers proposes any amendments to this Policy or the arrangements put in place to comply with it to the Management Committee.

The Risk Management Function review any proposed amendments to the Policy.

Following Management Committee review and approval of any amendments, they are submitted to the Board for approval.

### C. Review of the Policy

This Policy is reviewed by the Portfolio Management and Risk Management on, at least, an annual as well as *ad hoc* basis where necessary for the Policy to remain robust and fit for its purpose and/or in order to reflect any updates in the applicable requirements.