



## Policy:

### 7.12. Sustainability Risk Policy

Written by:	Version	Approval date by executive committee	Approval date by Board of Directors
Management Committee	Update date: 02/2021	10/03/2021	09/04/2021
Management Committee	Update date: 07/2021	23/08/2021	24/08/2021



## 1. Introduction

Samarang Asset Management S.A. (hereafter the “Company” or “Samco”) is a Luxembourg UCITS management company, managing Samarang UCITS, a Luxembourg umbrella fund under the supervision of the CSSF.

The Company believes that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). The Company adheres to the UN Principles for Responsible Investment since September 2020.

In the context of the EU Regulation 2019/2088 dated March 10, 2021 on the sustainability related disclosures in the financial services sector and related technical standards (the “SFDR Regulation”), the Company needs to review and assess potential sustainability risks as part of its decision-making processes with respect to the investments made and/or to be made by the Company.

A sustainability risk can be defined as an environmental, social or governance event or condition that, if it occurs, would cause a negative material impact on the value of an investment.

In accordance with the SFDR, the Company is not required to consider principal adverse sustainability impacts on investments as Samco’s employee count does not exceed 500. In addition, due to the inadequate data availability to determine and weight the most important adverse sustainability impacts and indicators as well as outstanding legal provisions, Samco has decided not to take into account the adverse sustainability impacts as defined in Article 4 (1) of the SFDR Regulation. If the legal provisions are established and the data quality is sufficient, Samco may review the current position and plan any implementation in order to consider the principal adverse sustainability impacts on investments.

The present Sustainability Risk Policy of the Company provides a description of certain sustainability matters in accordance with the SFDR and describes how Samco applies the UN Principles for Responsible Investment. The following employees of Samco are involved in the design of this Sustainability Risk Policy and in the follow-up of its implementation:

- Gregory Fisher as Portfolio Manager,
- Phu-Van Luc as Portfolio Manager,
- Fanny Lucullo as Risk Manager and,
- Corinne Piret as Compliance Officer.



## 2. Sustainability framework

The Principles for Responsible Investment (hereafter “Principles”) 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.

Samco recognises that applying the Principles may better align investors with broader objectives of society. Therefore, the Company commits to the following:

- **Principle 1:** We will incorporate sustainability issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate sustainability issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on sustainability 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.

In signing the Principles, the Company publicly commits to adopt and implement them, where consistent with its fiduciary responsibilities. Samco also commits to evaluate the effectiveness and improve the implementation of the Principles over time by reviewing this policy at least once a year.

## 3. Objectives of the Company in terms of sustainability

Based on the PRI Principles, the following objectives have been defined by Samco:

- 1) **Objective 1:** Integrating sustainability risk factors in the investment analysis and decision making process.
- 2) **Objective 2:** Promote acceptance and implementation of the Principles internally.
- 3) **Objective 3:** Increase transparency on how remuneration policies are consistent with the integration of sustainability risks
- 4) **Objective 4:** Increase the transparency and reporting on sustainability matters



#### 4. Actions taken to meet the objectives:

##### 1) Objective 1: Integrating sustainability risk factors in the investment analysis and decision making process.

The purpose of integrating sustainability related criteria into the targeted companies selection is to allow Samco to identify current non-financial risks that may lead to a negative impact on the future financial valuation of the company. Furthermore, by investigating extra-financial related criteria, the Company may also identify companies mitigating sustainability risks that may offer superior performance in the future.

Samco regards ESG risks as important and takes them into account in the investment decision-making process. For this purpose, the Company performs a sustainability risk assessment of any emerging risks and potential effects on returns.

Samco assesses relevant sustainability risks identifying those having a potential impact on the financial return, before integrating them into the due diligence process of their investments.

In order to be able to identify the sustainability-related risks that Samco is the most exposed to, the Company has performed a first analysis of the investments of the fund. This analysis is based on a study of the business sectors linked to the investments of the fund, and their relevant sustainability issues, aligned with the sustainability issues and correspondent materiality proposed by the Sustainability Accounting Standards Board (SASB).

In addition to the sustainability-related risks identified as part of the above analysis, Samco has decided to apply by default exclusions and to focus on some sustainability-related criteria in its investment decision-making process.

On the one hand, Samco has established the following list of exclusions for which investment cannot be made or is tolerated up to a threshold **of 10% of the assets under management**:

- 1) **Processing of nuclear fuel**: Samco does not invest in companies, that are involved in **the production of uranium metal from pitchblende or other ores and in smelting and refining of uranium.**
- 2) **Thermal Coal mining**: Samco does not invest in Companies primarily involved in the production and mining of coal (including hard coal and lignite (brown coal)) and related products.
- 3) **Commercial gambling**: Samco does not invest in companies **owning and operating gambling facilities such as casinos, bingo halls and video gaming terminals and the provision of gambling services, such as lotteries and off-track betting.**



- 4) **Military Equipment:** Samco does not invest in companies linked to military equipment, **such as companies that manufactures heavy weapons, small arms, war ammunition, military fighting vehicles.**
- 5) **Tobacco:** Samco does not invest in companies linked to **the growing of tobacco, the manufacture of tobacco products, the wholesale of tobacco products and the retail sale of tobacco products in specialised stores.**
- 6) **Operation of sand pits:** Samco does not invest in companies linked to the **extraction and dredging of industrial sand and sand for construction.**

On the other hand, Samco takes into consideration the following governance related criteria as part of its investment analysis and decision-making process:

- Composition of the Management Board
- Remuneration practices (executive pay)
- Ownership structures
- Accounting practices and reporting
- Responsiveness of Top Management
- Transparency.

The above-mentioned factors may have different degree of relevance and will be considered with a different weight in the investment decision process.

## **2) Objective 2: Promote acceptance and implementation of the Principles internally**

The Company raises awareness of the staff on sustainability issues and provides training to the concerned employees.

The Sustainability Risk Policy is disseminated and promoted internally within the Company.

This policy is approved by the management committee and by the Board of Directors of Samco. The portfolio management team applies this policy and implements responsible investment in the investment analysis and decision making process.

Portfolio managers are trained on sustainability matters.

## **3) Objective 3: Increase transparency on how remuneration policies are consistent with the integration of sustainability risks**

The remuneration policy of Samco integrates the sustainability risks and is reviewed at least annually.



**4) Objective 4: Increase the transparency and reporting on sustainability matters**

Samco will submit a Transparency reporting to PRI on an annual basis as from 2021 and will submit this report to the management committee's attention and Board's attention in order to track any progress on responsible investment.

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