



Report on the Major Negative Impacts (MNI)

December 2024

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New Alpha Asset Management, société par actions simplifiée au capital de 2 435 540 €
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NEW ALPHA
ASSET MANAGEMENT

Table of Contents

Summary of the major negative impacts3.....	3
Description and prioritization3	4
Actions taken and historical comparison.	8
Engagement Policy.....	13
International standards8	13

Summary of the main negative impacts

Financial market actor: NEW ALPHA ASSET MANAGEMENT SAS

LEI: 695004JBXBCUOSM8238

New Alpha Asset Management SAS, referred to as NewAlpha AM in this report, takes into account the main negative impacts of its investment decisions on sustainability factors.

This document is the consolidated statement regarding the main negative impacts on sustainability factors of NewAlpha AM and covers a reporting period from January 1, 2023, to December 31, 2023.

The main negative impacts considered are as follows:

Category	Negative indicators of sustainability impact
Environment	1. Greenhouse gas emissions
	2. Carbon footprint
	3. Greenhouse gas intensity of the companies receiving investments.
	4. Exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production
	6. Energy consumption intensity by high-impact climate sectors
	7. Activities that have a negative impact on sensitive biodiversity areas.
	8. Waste in the water
	9. Ratio of hazardous waste and radioactive waste
...	10. Violations of the United Nations Global Compact principles and the OECD Guidelines for Multinational Enterprises principles
	11. Lack of processes and compliance mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.
	12. Gender pay gap not corrected
	13. Gender diversity within governance bodies

Description and prioritization

For the 2nd year, NewAlpha AM has calculated 14 mandatory PAI (Principles Adverse Impacts) or principales incidences négatives in French. In addition to the 14 mandatory PAI, the SFDR regulation also requires financial market participants to add at least two additional indicators, one related to the environment and the other on social issues.

To select these two optional indicators, NewAlpha AM relied on two criteria: (i) the level of coverage and (ii) the significance and connection of the themes with the company's responsible investment approach.

NewAlpha AM has chosen the following two indicators:

- **Environment:** Investments in companies that have not taken any initiatives to reduce their carbon emissions.

Helping to mitigate climate change is an important pillar of NewAlpha AM's ESG approach. In addition to monitoring the carbon intensity of its portfolios, NewAlpha AM believes it is important to have a transition perspective and to also consider companies that have set targets to reduce their carbon emissions. The coverage of this measure has also been an important factor in the selection of this optional indicator.

- **Social:** Number of serious problems and incidents recorded in the field of human rights.

The social pillar is a key element of NewAlpha AM's ESG approach. In addition to excluding companies that do not adhere to the principles of the Global Compact (UNGC), NewAlpha AM has deemed it relevant to closely monitor issues and serious incidents related to human rights by selecting this optional ESG indicator. The coverage of this measure has also been an important factor in the choice of this optional indicator.

Prioritization

NewAlpha AM takes into account PAI indicators in its investment processes in 3 different ways:

- **Exclusion policy:** PAI 4, 10, 14

- ESG analysis (monitoring portfolios through key performance indicators): PAI 1, 2, 3, 4, 7, 13, 15
- Dialogue and engagement: PAI 1, 2, 3, 4, 7, 10, 13, 14, 15, 16

Regarding the other PAIs not mentioned above, NewAlpha AM considers them relevant, but they have not yet been taken into account during the reference period, due to low coverage or limitations imposed by the fund of funds, over which we do not have control over investment decisions.

Scope

It should be noted that the calculations are performed for all multi-asset management funds, as for the year 2023, NewAlpha AM does not have the transparency or necessary data to calculate the PAI indicators for other asset classes.

Coverage

NewAlpha AM has classified the coverage rate of PAI data into 3 categories:

Coverage	Coverage rate
Very good	60 - 100%
Average	30 - 60%
Weak	Less than 30%

Below is the coverage for each PAI, the data source, and how the indicator is integrated into the investment process:

Indicators applicable to investments in companies				
Climate indicators and other environmental indicators				
Negative sustainability impact	Indicators of	Coverage	Taken into consideration	Source
Greenhouse gas emissions	1. Greenhouse gas emissions	Very good	Analyze ESG, dialogue, and engagement.	Sustainalytics, now part of Morningstar,

	2. Carbon footprint	Very good	Analyze ESG, dialogue, and engagement.	Sustainalytics, now part of Morningstar,
	3. Greenhouse gas intensity of the companies receiving investments.	Very good	Analyze ESG, dialogue, and engagement.	Sustainalytics, now part of Morningstar,
	4. Exposure to companies active in the fossil fuel sector	Very good	Examine ESG, exclusion policies, dialogue, and engagement.	Sustainalytics, now part of Morningstar,
	5. Share of non-renewable energy consumption and production	Average	-	Sustainalytics, now part of Morningstar,
	6. Energy consumption intensity by high-impact climate sectors	Weak	-	Sustainalytics, now part of Morningstar,
Biodiversity	7. Activities that have a negative impact on sensitive biodiversity areas.	Very good	Analyze ESG, dialogue, and engagement.	Sustainalytics, now part of Morningstar,
Water	8. Waste in the water	Weak	-	Sustainalytics, now part of Morningstar,
Waste	9. Ratio of hazardous waste and radioactive waste	Very good	-	Sustainalytics, now part of Morningstar,
Indicators related to social issues, personnel, respect for human rights, and the fight against corruption and acts of corruption.				
Social and personnel issues	10. Violations of the United Nations Global Compact principles and the	Very good	Policy of exclusion, dialogue, and engagement	Sustainalytics, now part of Morningstar,

	OECD Guidelines for Multinational Enterprises principles			
	11. Lack of processes and compliance mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	Very good	-	Sustainalytics, now part of Morningstar,
	12. Gender pay gap not corrected	Weak	-	Sustainalytics, now part of Morningstar,
	13. Gender diversity within governance bodies	Very good	Analyze ESG, dialogue, and engagement.	Sustainalytics, now part of Morningstar,
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, or biological weapons)	Very good	Policy of exclusion, dialogue, and engagement	Sustainalytics, now part of Morningstar,
Optional indicators				
Emissions	15. Investments in companies that have not taken any initiatives to reduce their carbon emissions.	Very good	Analyze ESG, dialogue, and engagement.	Sustainalytics, now part of Morningstar,
...	16. Number of serious human rights problems and incidents recorded.	Very good	Conversation and commitment	Sustainalytics, now part of Morningstar,

Actions taken and historical comparison

NewAlpha AM uses Sustainalytics (Morningstar) as the data source for reporting on these indicators. In general, NewAlpha AM has observed the limited availability of data for ESG indicators, which has resulted in insufficient coverage rates for some of them in this analytical review. Below is the historical comparison:

Indicators applicable to investments in companies				
Climate indicators and other environmental indicators				
Negative indicators of sustainability impact		Measurement element	2022 Indicator	2023 Indicator
Greenhouse gas emissions	1. Greenhouse gas emissions	Level 1 greenhouse gas emissions in tons of CO2 equivalents	Four thousand seven hundred seventy point eighty-five	Three thousand three hundred and thirty point fifty-one
		Level 2 greenhouse gas emissions in tons of CO2 equivalents	1,424.44	1,894.21
		Level 3 greenhouse gas emissions in tons of CO2 equivalents	21,363.71	Forty-two thousand seven hundred fifty-five dollars and six cents.
	2. Carbon footprint	Carbon footprint in tons of CO2 equivalents per million euros invested	...	The amount is 45.13.

	3. Greenhouse gas intensity of the companies receiving investments.	Greenhouse gas intensity of the companies receiving investments.
	4. Exposure to companies active in the fossil fuel sector	Percentage of investment in companies active in the fossil fuel sector.
	5. Share of non-renewable energy consumption and production	Percentage of energy consumption and production from non-renewable sources compared to renewable sources for investment beneficiary companies, expressed as a percentage of the total energy sources (%)	63.85%	57.23%
	6. Energy consumption intensity by high-impact climate sectors	Energy consumption in GWh per million euros of turnover for investment beneficiary companies, by sector with high climate impact	0.64	0.61
Biodiversity	7. Activities that have a negative impact on sensitive biodiversity areas.	Percentage of investments made in companies with sites/facilities located in or near sensitive biodiversity areas,	4.06%	2.57%

		if the activities of these companies have a negative impact on these areas (expressed in %)		
Water	8. Waste in the water	Tons of water discharge from investment beneficiary companies, per million euros invested, on a weighted average basis	0.15	0.07
Waste	9. Ratio of hazardous waste and radioactive waste	On average, for every million euros invested, the beneficiary companies produce tons of hazardous and radioactive waste.	0.6	0.7

Indicators related to social issues, personnel, respect for human rights, and the fight against corruption and acts of corruption.

Social and personnel issues	10. Violations of the United Nations Global Compact principles and the OECD Guidelines for Multinational Enterprises principles	Investment in companies that have been involved in violations of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises (expressed as a %)	0.07%	0.04 %
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	11. Lack of processes and compliance mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	Investment in companies that do not have a policy to monitor compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises, nor mechanisms for handling complaints or disputes to address such violations (expressed as a %)	37.29 %	...
	12. Gender pay gap not corrected	Average unadjusted pay gap between men and women within the companies receiving investments (expressed in monetary amount converted to euros)	6:30	The score is 9.64.
	13. Gender diversity within governance bodies	Average ratio of women to men in the governing bodies of the companies concerned, as a percentage of the total number of members.	The amount is 39.05.	The value is 36.53
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, or biological weapons)	Percentage of investment in companies involved in the manufacturing or sale of controversial weapons.	0%	0%
<i>Optional indicators</i>				
Emissions	15. Investments in companies that have not	Percentage of investment in companies that have not taken any initiatives to

	taken any initiatives to reduce their carbon emissions.	reduce their carbon emissions in order to comply with the Paris Agreement.		
...	16. Number of serious human rights problems and incidents recorded.	Number of serious problems and incidents related to human rights identified in connection with the beneficiary companies of the investments, based on a weighted average.	0.39	0.22

In terms of carbon emission metrics, **the carbon intensity and footprint are lower than last year, although the absolute emissions of scopes 2 and 3 have increased. The overall coverage of carbon indicators has increased, but the coverage for "6, Energy consumption intensity by high-impact climate sector" remains too low to draw conclusions.** In terms of measures, even though NewAlpha AM has not set emission reduction targets yet, discussions will be held with funds that have experienced the highest increase in emissions in absolute value since last year.

Activities with a negative impact on **biodiversity** have decreased year over year, although the coverage rate has also slightly decreased. NewAlpha AM has not set objectives on the subject yet, but is monitoring the metric and may have exchanges with the underlying funds.

For the EPI concerning water discharge, **the coverage of this indicator is too low (less than 10%) to draw any interpretation.**

As for EPI 9, **the ratio of hazardous waste and radioactive waste**, the coverage rate of this measure has significantly increased and the ratio remains very low.

In terms of the social and personnel issues related to the PAIs, **there has been an overall progress in the right direction from one year to the next; however, the coverage of the "gender pay gap" indicator is still too low to draw conclusions.** NewAlpha AM has not yet set specific objectives on these topics, but remains attentive to the exposures of the underlying funds.

As for the **two optional PAIs, there has been progress in the right direction for the "Investments in companies that have not taken initiatives to reduce their carbon emissions" PAI; this is a topic that** NewAlpha AM closely monitors, mainly through the percentage of companies that have set targets with the SBTi. For the "Number of serious human rights issues and incidents recorded" PAI, there

has also been progress in the right direction, and this is also a topic that NewAlpha AM closely follows, by identifying serious controversies in its portfolios as well as companies that have violated the UNGC guidelines.

Engagement Policy

NewAlpha AM considers engagement as an integral part of its responsible approach.

In 2023, the focus of responsible investment and ESG analysis engagements with invested management companies was on adhering to the **exclusion policy** (ESG 4, 10, 14), **monitoring controversies** (ESG 10, 16), and **engaging in dialogue on emissions/fossil fuels** (ESG 1, 2, 3, 4, 15), **biodiversity (ESG 7)**, and **gender equality (ESG 13)**.

You can find more details in the 2023 Climate and Responsible Strategy report (Article 29 LEC) on the Management Company's website at the following address: https://www.la-francaise.com/fileadmin/docs/demarche_responsable/XX3743_-_Article_29-juillet_2024_VF.pdf

International standards

NewAlpha AM is committed to supporting the development of sustainable finance and backing initiatives that align with its beliefs.

In October 2017, NewAlpha AM signed the "**Principles for Responsible Investment**" (UN PRI). In addition to the PRI, the Asset Management Company refers to the following international standards:

- The Paris Agreement;
- The United Nations Global Compact;
- The OECD Guidelines;
- The Ottawa Convention and the Oslo Treaty.

As a fund of funds manager, NewAlpha AM encourages the management companies handling the selected investment vehicles to participate in various initiatives and charters that are deemed essential, for example:

- Task Force on Climate-related Financial Disclosures (TCFD)
- ...

- Climate Action 100+ is a global initiative aimed at addressing climate change.
- Hello,
- SBTi stands for Science Based Targets initiative.
- IIGCC;
- ...
- Nature Action 100 is a program that focuses on taking action to protect the environment.
- Commit to financing biodiversity.

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