RAPPORT ANNUEL

ART. 29 DE LA LOI ENERGIE CLIMAT (LEC) ET AU REGLEMENT SFDR

ANNEE 2023

Longchamp Asset Management (LEI : 9695004ONJBZ9QU27H58)

1. OVERVIEW AND GENERAL APPROACH

1.1. Longchamp Asset Management

Founded in 2013, Longchamp AM built its investment management expertise around a long-term investment approach and a philosophy of alignment of interests with its investors. Its managers are personally invested in their funds and thus offer conviction-based portfolio management

Through its history and its team, it is at the crossroads of investment management and capital market activities. It combines independence, agility, and an experienced team, with specialists from the world of asset management as well as financial engineering and investment banking

Longchamp AM sets itself up both as a content creator but also as a financial engineering company which likes to develop solutions dedicated to solving specific, complex issues

Longchamp AM is approved by the Autorité des Marchés Financiers (01 March 2013: GP – 13000009)

IN-HOUSE FUNDS & INTERNAL EXPERTISE

Longchamp AM offers a range of open-ended UCITS funds based on its internal expertise in:

- Structured products
- High-Yield Credit
- Multi-Management

Our team is mainly composed of former investment bankers from institutions specialized in derivatives.

THIRD PARTY MANAGED FUNDS

Longchamp AM offers selected foreign Asset Managers access to European institutional investors.

We structure the funds and act as Investment Manager and Distributor while the investment management is delegated to our selected partners.

Expertise in Asian Equities through our partnership with Dalton Investments.

TAILORED SOLUTIONS

Longchamp AM imagines and carries out dedicated and innovative investment solutions to reach specific needs and objectives. We offer a wide array of tools and expert capabilities in terms of investment vehicles, asset classes covered, structuring and investment management techniques, client & marketing support.

Solutions include indexed funds, protected funds, QIS mandates, specialized management company.

MULTI FAMILY OFFICE

Longchamp AM offers and manages tailor-made solutions for families in an open architecture.

We simplify the design of a patrimonial architecture with the best service providers and implement personalized financial management.

We partner with top tier Life Insurance Providers and Custody Banks.

STRUCTURED PRODUCTS ADVISORY

Derivatives and structured products are one of our main areas of expertise.

We use them daily in our portfolio management, particularly in the Longchamp Autocall Fund.

We advise clients in the structuring, design and negotiation of products with the market's largest banks.

Source: Longchamp Asset Management

ART 6	LONGCHAMP FUNDS	• **Longchamp Patrimoine Fund**: multi asset strategy • **Longchamp Autocall Fund**: innovative strategy to generate equity-income with a hybrid asset class • **Longchamp Solferino Credit Fund**: flexible high yield credit strategy • **Longchamp Trocadero Fund**: QIS systematic strategy	~130m
ART 8	THIRD PARTY INVESTMENT MANAGERS	• **Lafayette Dalton Asia Pacific UCITS Fund**: long/short equity strategy • **Longchamp Dalton Japan Long Only UCITS Fund**: long only equity strategy • **Longchamp Dalton India UCITS Fund**: flexible equity strategy • **Longchamp Dalton Global Emerging Markets UCITS Fund**: long only equity strategy	~400m
ART 6	TAILORED SOLUTIONS	• Dedicated Funds or "**Funds of One**" to reach specific needs and objectives • **Our clients**: Investment Banks, Institutional Investors, Foundations, Family Offices • Include Wealth Organization Architecture, Asset Liability Management combined with Investment Expertise • 8 Live Dedicated Funds with a pipeline of 2	~580m
-	STRUCTURED PRODUCTS	• Open Architecture with large Investment Banks (BNP, SG, Goldman, Barclays, Credit Suisse, UBS, Morgan Stanley, Citi…) • **Idea Generation, Product Design, Best Execution** • Investment Advisory, Counterparty Selection, Legal Review • Growing demand from Institutions for Independent Structured Advisory Services	~110m
-	PRIVATE WEALTH MANAGEMENT	• Demanding Family Offices / HNWI clients in terms of service, performance and efficiency • Asset engineering services with leading service providers • Main Partners : Sogelife, Baloise, AXA, Allianz Lux, Lombard Insurance, Cardif - Société Générale, Pictet	~150m

Source: Longchamp Asset Management

Longchamp AM reached 1.4 billion of asset under management (as of December 2023) of which 74% in article 6 funds and 26% in Article 8 funds.

The funds directly managed by Longchamp Asset Management (or "Longchamp"), and not delegated to Dalton, fall within the scope of Article 6 of the SFDR Regulation. For those funds, Longchamp has chosen not to take formal account of the environmental, social and governance criteria laid down by international bodies. It has not promoted any sustainable investment and does not have any sustainable investment objectives. The investments do not take into account the European Union's criteria for environmentally sustainable economic activities (Taxonomy). The Management Company's investment policy is therefore neither determined nor restricted by these principles. The Management Company and the funds it manages have not adhered to any charter, code, initiative or label relating to the consideration of ESG criteria. Its management strategy is exclusively linked to its financial performance, measured, where applicable, by comparison with a benchmark. Of course, the Management Company reserves the right to modify this position and to opt for a formal commitment to respect these criteria at a later date.

Funds whose financial management has been delegated to Dalton Investments (or "Dalton") fall within the scope of Article 8 of the SFDR Regulation:

- Longchamp Dalton Japan Long Only UCITS Fund - € 300 million in AUM
- Longchamp Dalton India UCITS Fund - € 45 million in AUM
- Longchamp Dalton Global Emerging Markets UCITS Fund – 28 million in AUM
- Lafayette Dalton Asia Pacific UCITS Fund is not concerned by the report as Longchamp is only responsible for distribution

1.2. Dalton Investments

Dalton Investments is a disciplined, value-oriented, global investment management firm committed to capital preservation and long-term growth. Dalton's strategies focus on Asia, Emerging Markets, and global equities. Headquartered in Los Angeles, with offices in Las Vegas, Tokyo, Hong Kong, Sydney and Mumbai, Dalton actively manages long only and long/short strategies for institutional investors, including pensions, endowments, foundations, sovereign wealth funds, financial institutions, and family offices.

The firm is entirely employee-owned by senior executives and investment professionals, and its investment team members are required to invest in its strategies alongside clients. Since its inception, Dalton's investment philosophy has valued insight and agility as its investment professionals seek opportunities in an ever-changing global market environment.

The depth of our research, combined with experience and sound risk management, enables Dalton to seize attractive investment opportunities when they appear and gives the flexibility to walk away when an investment proves less compelling.

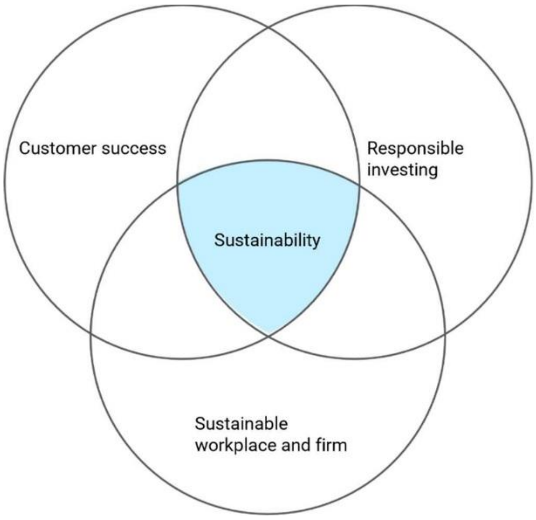
Since the firm's incorporation in 1999, its principals have taken their roles as stewards of capital seriously. The company has always advocated for corporate governance engagement and sought to advance practices and maximise outcomes for shareholders.

Dalton's first notable external commitment to stewardship was to sign the Japan Stewardship Code in 2015, while they later joined the Korean Stewardship Code (2017), attainted membership of the UN Principles for Responsible Investment (2019), and currently participate in the Climate Action 100+ initiative (2020).

Dalton decided at the end of 2019 to appoint a Head of ESG, the firm's Chief Research Officer (CRO). The CRO is tasked with formalising the approach to sustainable investment and overseeing its implementation and integration into the investment discipline and framework.

1.3. Sustainability Definition

Sustainability is the intersection of a sustainable workplace and firm, the alignment and partnership with customers' success, and investing responsibly over the long term.



Source: Dalton Investments

A sustainable workplace and firm:

- It is the goal of the owners of Dalton to operate a business that has a sustainable revenue base that allows long-term strategic decision-making.
- They will foster a healthy working environment that is diverse and encourages collaboration and teamwork.
- A business that rewards its staff for long-term success of meeting its clients' objectives.

Customer success:

- Putting the clients' needs first and acknowledging the importance of our role both as a steward of their capital and as a fiduciary.
- Developing and managing investment strategies that meet the long-term expectations of the clients.
- Establishing incentive structures that align with customers' long-term success, including ownership interests in the firm and investing alongside customers.

Investing responsibly:

- A long-term investment horizon, typically over a 5 to 10-year period, is essential in being a responsible investor.

- Investing in such a way as to maximise the long-term risk-adjusted returns of customers.
- Investing in businesses that provide sustainable long-term returns where sustainable returns can only be derived by a business that incorporates and assesses ESG factors in its long-term planning.
- Taking steps to avoid investing in businesses that harm the environment or endanger its employees over the long-term.
- Being an active owner, where engagement is essential to supporting change.

2. DALTON'S INVESTMENT PHILOSOPHY & PROCESS

2.1. Investment Philosophy

Dalton utilizes a value investment approach that seeks to invest in companies with sound, sustainable businesses, operated by management teams whose interests are aligned with shareholders. Client portfolios are built one security at a time; each investment being selected on its own merits, through rigorous bottom-up fundamental analysis to calculate an intrinsic value[1].

Dalton's investment philosophy places capital preservation as its priority; therefore, Dalton believes in committing capital only when securities are significantly discounted relative to their intrinsic value. Dalton's core approach to investment analysis has remained consistent over time. However, its investment checklist, will evolve through time at the margin to reflect lessons learned or structural shifts in the market.

Additionally, Dalton seeks out companies with a strong alignment of interest between owner-operators or management and minority shareholders because, over the long-term, these owner-operators have been more successful in compounding stock returns

Behavioural economics would suggest that the reason is related to self-interest, as a large percentage of owner-operator wealth is typically tied with their companies.

While Dalton's investment philosophy has remained unchanged, its application has evolved with changing market conditions, regulations, and circumstances. However, the core tenets of our investment approach remain the foundation of the investment discipline, underpinned by the four mantras they have adhered to since the firm's inception in 1999.

2.2. The Four Mantras

Dalton's investment philosophy drives its research process. It is reflected in its four investment mantras highlighted below:

- **Invest in good businesses** – typically strong cash flows and balance sheets, a "moat "against" competition, focus on ESG best practices.
- **Identify a significant margin of safety** – Seek a material discount to intrinsic value, looking out at least three to five years.
- **Focus on the alignment of interest** – Identify companies with an alignment of interest between the owner-operator or management and minority shareholders or companies where an opportunity exists to enhance alignment.
- **Strong track record** – Identify a demonstrable track record of managing capital effectively and rewarding minority shareholders.

These mantras have served as strong guideposts over the years in which Dalton have operated, and they continue to believe that these mantras remain highly relevant in today's investment environment.

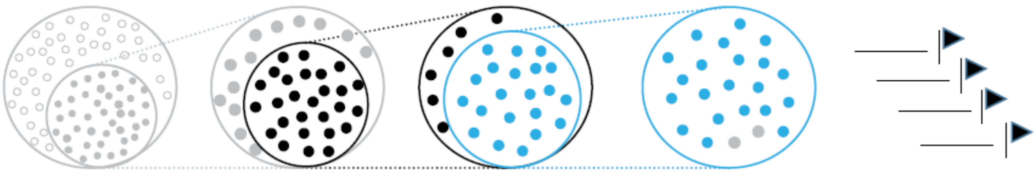
Dalton performs fundamental analysis to identify companies that meet its core investment mantras looking for securities trading at a material discount to its calculated intrinsic value, therefore displaying a generous margin of safety.

[1] Intrinsic value is Dalton's determination of what they believe an asset is worth. This measure is arrived at by means of an objective calculation or complex financial model. Intrinsic value is different from the current market price of an asset.

The value discipline typically leads the investment team to seek out securities which have relatively low enterprise value to earnings before interest depreciation and amortisation (EV/EBITDA) multiples, or low price-to-book valuations, but high Return on Invested Capital ("ROIC"). Typically, identifying companies with superior ROIC or Return on Equity ("ROE") supports Dalton's focus on proven track records.

To ensure Dalton achieve an alignment of interest between their clients and the management teams of investee companies, Dalton seeks out companies where senior management or the founding entrepreneur owns significant stock in the company. In cases where a company meets all the other core mantras but lacks the alignment of interest, Dalton will actively engage with the management team to increase stock-related compensation to account for at least three to five times their annual cash compensation. This strongly encourages management teams to think more like owners than simply paid employees. Dalton strongly believes that a management team with a material investment in the company it runs leads to decision-making and capital allocation policies that benefit all shareholders.

2.3. Investment Process



Step 1: *Screening*	Step 2: *Due Diligence & Company Meetings*	Step 3: *ESG Analysis*	Step 4: *Internal Debate & Company Meetings*	Step 5: *Trade Recommendation & Portfolio Construction*
Tailored quant screens to relevant markets around 4-mantras	*Analysts drive ongoing due diligence and company interaction*	*CRO conducts an independent review of the company*	*Team discusses new ideas and challenges thesis*	*Portfolio Manager presented idea with trade recommendation*
15,000+ companies screened	< 200 companies on monitor list	< 25 new names reviewed per annum	< 5 names per quarter	< 3 names per quarter

Source: Dalton Investments

The initial steps of the research process are largely performed by the team's analysts. Idea generation comes primarily through ongoing company interaction, bottom-up research, and market knowledge.

Quantitative screens are also maintained to identify pockets of value or potential mispriced opportunities, in addition to monitoring shareholder friendly actions, and local networks and peers. All team members are industry generalists, and each member can suggest investment ideas and conduct preliminary analysis. While the CIO's depth of market knowledge and relationships across the markets also contributes to the pipeline of new ideas.

Company visits and broader industry due diligence support new idea generation. Once an analyst is convinced that an idea meets Dalton's four investment criteria, further due diligence on the overall ESG practices of the target investment is undertaken by Dalton's CRO.

If a candidate security successfully passes the ESG review, a summary investment case is sent to the entire investment team, who will provide review where necessary. This iterative process continues until either the analyst or CIO rejects it, puts it on the monitor list, or agrees to establish an initial position.

2.4. Portfolio Construction and Risk Management

Dalton's goal is to provide its clients with attractive risk-adjusted returns over a full investment cycle. To this end, the firm's primary risk management guidelines are to seek out individual securities trading with a margin of safety to limit the potential for a permanent loss of capital.

At the portfolio level, Dalton aim to build portfolios with wide economic risk exposure. They seek to diversify earnings risk across industry, country, liquidity, and currency to insulate the portfolio from material drawdowns in the advent of a material exogenous risk. In addition, they strive to implement portfolios with a long-term skew towards companies that exhibit superior ESG qualities. Where deficiencies may exist in ESG, Dalton will actively engage those companies to improve their overall operating practices to unlock further value and reduce the potential earnings risk presented by these poor characteristics.

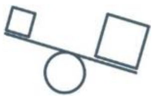
Risk management at Dalton starts at the beginning of the investment process and includes the following activities:

- Proprietary research: identifying suitable securities; determining the intrinsic value and, therefore margin of safety vs the market price; understanding management's capabilities; and conducting a comprehensive overview of ESG practices.
- Assessing the position, sector, liquidity, and country limits
- Analysing the portfolio for systematic bets, biases, and underlying macro assumptions.
- Stress testing the analysts' assumptions in their valuation analysis to allow the team to understand better the sensitivity of the company's earnings profile to changing operating conditions.
- Conduct soft stop losses reviews on all portfolio positions every week. Individual long positions are reviewed when there has been a greater than 20% negative move in the investment value from its book cost, while short positions are subjected to a hard 20% stop loss.
- Daily risk assessment by the operations team.
- Quarterly review by the Risk Management Committee. The committee comprises the firm's Chairman, Co-Founder, CEO, COO/CFO, CCO and CRO4.

The CRO will also independently review the risk characteristics of a portfolio to understand if any unintentional biases and risks are present in client portfolios. Such an analysis will include assessing style and size risk, decomposing risk across factors (e.g., momentum, industry, currency etc), ESG and carbon analysis, scenario analysis, and liquidity analysis. Where material issues present themselves, they will be raised with the CIO and portfolio management team.

3. APPROACH TO SUSTAINABLE INVESTMENT

3.1. ESG Principles

Integrate ESG into the Process	Proprietary Research	Balance Risk	Engagement
			
Ensure ESG analysis is embedded into the decision-making culture of the organisation.	*Use proprietary research to determine ESG efficacy of portfolio companies and use external research to support this work.*	*Understand that ESG analysis is not about mitigating all ESG-associated risks but attempting to weigh positive practices against the potential negative risks and to assess the impact of ESG on earnings.*	*Be active in company engagement and use voting power to drive change when needed.*

Source: Dalton Investments

Dalton formed these core principles through their experience of analysing companies and identifying what was most important to them as an investment organisation. The most central tenet is that there is no substitute for completing your own due diligence and forming your own judgement of the qualities of a company practices and policies.

Dalton decided very early on that relying on third-party vendor data would not become a substitute to proprietary research. This stemmed from a multitude of reasons, or what Dalton perceive to be flaws in external research models:

- Flaw #1: Data sets are relatively immature within the Asian and Emerging markets.
- Flaw #2: Reliability issues exist in data sets.
- Flaw #3: External rankings are typically based on percentiles and are therefore relative to a universe.
- Flaw #4: External rankings are most often compared to a predefined peer group.
- Flaw #5: Corporate governance scores will often take different weightings across sectors.
- Flaw #6: Controversy scores associated with company rankings are based on media news algorithms that tend to be skewed negatively and often have a substantial time lag.
- Flaw #7: The materiality of the ESG qualities on earnings are not considered.

Dalton believes that every security needs to be looked on a case-by-case basis and cross-sector comparisons are often only of limited relevance. That said, governance efficacy is directly comparable across industries and geographies and should take an equal emphasis in any ESG-led analysis.

While the above flaws are the dominant concerns, some ancillary considerations relate directly to how Dalton has historically invested capital and generated value for its customers. Notably:

- Market Cap Bias: External research providers have a natural bias towards larger-cap companies, given the structure of benchmark indices. Given our all-cap approach, significant gaps exist in data for large proportions of our investment universe.

- Owner/operator companies typically display lower governance scores: This results from how data vendors rank governance scores. These kinds of companies often operate with a lack of separation between the Chairman and CEO, potentially have entrenched boards, a perceived lack of board independence, and often weaker disclosure on remuneration. Dalton is naturally biased towards owner- operator firms, given the importance of aligning interests to equity. To counterbalance the perceived weakness, they seek a track record of the owners working with minority shareholders.

- Engagement: External vendors do not actively engage with companies to improve long-term ESG practices, which is essential to driving change and tackling systemic market issues.

- Accounting Fraud: Independent research advisors separate financial and ESG risk and do not think about the financial impact of certain practices on the sustainability of earnings. Therefore, it is essential to incorporate the use of accounting fraud tools to raise red flags about the overall efficacy of the financials.

Finally, it should be noted that external research vendors provide high-quality research and where available, Dalton will assess their research as part of the ongoing due diligence. Given all of the above, it is another data input into the process but is not relied upon. Dalton currently utilise both MSCI ESG Research and Refinitiv ESG data in the process.

3.2. Approach to Integration

Integrating ESG into Dalton’s investment approach was a natural evolution of the long-established four mantras discipline, as this naturally aligns with better ESG.

The Four Mantras in an ESG context

- Good business: A good business has superior long-term earnings, lower costs of capital, higher cash flow generation and higher ROICs. Companies with superior ESG qualities have been shown to demonstrate these qualities in academic and internal research. It is logical to assume that a company more prone to ESG failures will be subject to higher long-term costs and, therefore, lower long-term profitability or much higher volatility in earnings. Dalton’s research also demonstrates that companies with sound ESG policies exhibit lower risk than peers; where risk is defined by lower financial leverage over time.

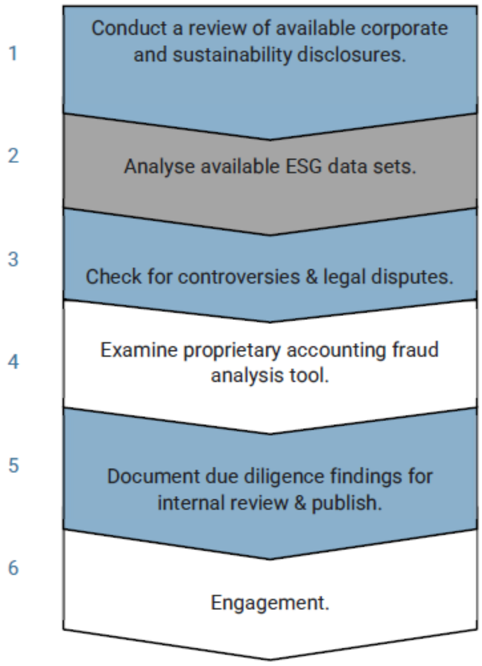
- Margin of safety: If earnings are more stable and risk is lower (as is the case in superior ESG businesses), the margin of safety is enhanced, and the risk of the permanent impairment of capital is lowered.

- Alignment of interests: Partnering with aligned management teams allows for a long-term investment horizon. Where this is not the case active engagement to foster strong alignments of interest is a crucial part of our investment process. As such ensuring strength in governance is vital.

- Track record of management: The track record of the management over time is an underlying key performance indicator of good governance.

Given this investment philosophy, more formally incorporating an assessment of what comprises good governance reinforces our emphasis on these mantras.

The ESG Investment Process



Source: Dalton Investments

As part of this process, there are distinct areas of focus in their due diligence process. This includes an assessment of governance practices, environmental policies and track record of performance, social policies and track record of performance, and an assessment of other issues that includes assessment on contingent liabilities, accounting risk, and earnings risk.

3.3. Governance

Dalton's investment policy consists of a multi-stage approach to integrating ESG factors and sustainability risks in investment decisions. Dalton believes the key element to understanding the efficacy of a company's overall ESG policies is the foundation set by the governance structures. As part of the assessment, Dalton set some broad process objectives. These include, but are not limited to:

- Examine all available public disclosures. For example, annual and sustainability reports, corporate governance reports, ethics policies, and its code of ethics.
- Analyse the board composition and any relevant sub-committees, such as audit, remuneration and nomination committees.
- Review the company's remuneration practices and disclosures to assess the alignment of interest to minority shareholders and accountability of key management professionals.
- Understand the shareholding structure, including cross shareholdings and related-party transactions.

Dalton believes that good corporate governance is shaped by a board that is accountable and offers transparency to shareholders about its operations and its incentive structures. A high-quality governance structure should include and is not limited to the following:

- A board that is majority independent with clear separation from the executive management.
- The company operates with sufficient levels of diversity across the management and board.
- Audit, nominations and remuneration committees are fully independent.
- There is the presence of a sustainability committee that has board-level accountability.
- The board provides detailed corporate governance reporting which includes detailed remuneration disclosures.

- There is the presence of a clear incentive structure for executive management, with measurable short-term and long-term incentives that align with shareholders.
- There are sustainability measures incorporated into the compensation structures.
- Finally, there is clear accountability within the board for failure to meet its long-term objectives.

Dalton will also leverage several resources to deepen our knowledge of business and governance practices at investee companies. To supplement its own due diligence efforts, Dalton utilises resources, such as proxy voting services, external sustainability research and engagement groups through the UN PRI and/or Climate Action 100+. The due diligence process will include writing to management teams to source additional information and seek clarity on areas where there are information deficiencies. It is also worth noting that while differences in governance practices exists across geographies, Dalton will anchor to what they perceive to be global best-practices and encourage companies to follow market leading governance structures.

3.4. Environmental

Its environmental research efforts are set against the foundation of achieving the following key process objectives:

- Examine how environmental practices are entrenched in the organisation's culture.
- Identify long-term sustainability targets and goals.
- Analyse the working practices and disclosures of the company.
- Track the performance of the company against its core goals.
- Seek externally verified working practices e.g. International Organisation for Standardization (ISO) accreditations or equivalent.

The industry context is highly relevant when analysing the environmental operating practices of a company, most importantly when determining the impact of ESG risks to earnings. A greater emphasis will be placed on environmental issues, where the impact on earnings may be more material.

✓ Emissions Targets *In high carbon intensive industries a well-documented process for managing the environmental impact, reasonable goal setting and appropriate accountability for attaining these goals.*	✓ UN Sustainable Development Goals *Industry leaders will have clear sustainable development goals in place surrounding key areas of environmental impact and cost mitigation and will have clear audit processes in place.*
✓ Waste Management *Waste management is vital in intensive manufacturing sectors. Sound practices can lower overall costs in the long-term and reduce the impact of potential fines.*	✓ Resource Management *Management of land, impact on biodiversity and effective supply chain management is essential in a wide range of industrials. This relates to areas such as sourcing of resources and the mitigation of conflict minerals. This is particularly pressing in low margin businesses.*
✓ Property & Logistics *In non-resource intensive businesses, the focus on energy efficiency across properties and its indirect impact on the environment through outsourced operations are key.*	✓ Other Issues *Other key points of analysis include water stress, energy reliability and security, use of renewable energy sources, regulatory considerations, reconciliation efforts, and activist perceptions.*

Dalton will monitor energy management, emissions, and waste management by identifying the companies that hold ISO 14001 (Environmental Management Systems) or equivalent, and/or ISO 50001 (Energy Management), or equivalent certifications. Dalton also tracks how many companies are members of the UN Global Compact and have adopted UN Sustainable Development Goals in their long-term planning. This includes monitoring the number of companies that have aligned with the Paris Agreement and those that are EU Taxonomy aligned, using a Regulatory Technical Standards6 (RTS) test.

Finally, where data is available (and relevant), Dalton will assess long-term Scope 1, 2 and 3 emissions performance and seek to identify areas where companies are failing to meet their targets or where no targets align with the Paris Agreement.

3.5. Social

Dalton's social research efforts are set against the foundation of achieving the following key process objectives:

- Examine the firm's human resources policies and practices, including incentive structures.
- Understand the company's approach to diversity and inclusion.
- Review the composition of its workforce and working conditions.
- Review the health and safety policies and practices of the company.
- Analyse customer engagement policies and practices.
- Understand product safety and quality.
- Examine data protection and IT security policies and practices.

At their core, all companies are people-led businesses and therefore understanding how a company manages and treats its employees is a central facet of appreciating the culture of a company.

Assessing labour practices, including a company's approach to human rights and diversity and inclusion, are an integral part of the due diligence process and essential to evaluating the inherent risk of the sustainability of a company's earnings over time. A firm that lacks a strong safety track record, operates with poor work life balance, and experiences higher turnover rates will suffer over time as it fails to attract and retain talent.

However, social policies are not just limited to people management. Other key factors include understanding the impact of a company's products on society. In industries where product safety and quality are vital to earnings and brand reputation, Dalton will check any prior violations and recall practices and procedures. Supply chain management is also vitally important. This is particularly relevant in firms that have large, outsourced operations, such as contract manufacturing. Therefore, it is important to understand how a company manages its suppliers, what guidelines are in place and how it audits its suppliers. This is even more relevant in industries where there has been a prevalence of the use of child or forced labour, such as in the mining of conflict minerals.

In order to assess social characteristics, Dalton will identify those companies that hold OHSAS 18001/45001 (Health and Safety), ISO 27001 (IT Security), and/or ISO 9001 (Quality Management) certifications. Dalton also identifies companies with publicly documented human rights policies, ethics and corruption policies, and whistle-blower protections. The EU Taxonomy legislation has deemed it important to ensure minimum social safeguards are in place to align with the regulations. Under the RTS methodology, outlined in the Appendix, Dalton tests and tracks their portfolios to monitor the efficacy of the working practices.

3.6. Controversies and financial risk

The final key aspect of the integrated ESG process is to understand whether a company is subject to any material controversies with respect to its operations and whether any potential financial malfeasance may exist. As part of this, Dalton seeks to achieve the following process objectives:

- Review independent auditor reports and published accounts to assess contingent liabilities and related party transactions.
- Conduct proprietary accounting data analysis to screen companies for potential accounting malfeasance.
- Screen media and external research vendors to identify any material ongoing controversies that may impact upon earnings.
- Review the industry of a company's operations to understand if systemic long-term issues may exist that could impair long-term earnings.

3.7. Dalton's Rating Methodology

Once the due diligence has been completed on ESG factors, Dalton will then assign a rating to each company. The rating reflects a balanced view of the company's policies and practices across each key area, where governance is the common thread across all industries and geographies. Ultimately, more emphasis is placed on governance across our process. Dalton firmly believes that a company with relatively weak governance will be unable to implement more robust environmental and social practices. Governance, by default, lays the foundation for everything that follows.

Based on its qualitative assessment of a company's practices, Dalton will assign a rating of "A", "B", "C" or "D". The rating includes an assessment of the potential risk in the company, an accounting risk metric, and identifies if any potentially material controversies exist that may impair earnings. The CRO also notes whether there is an opportunity to engage with the company on ESG issues.

Rating	Sustainability Risk	Accounting Risk	Controversies Present	Engagement Opportunity
A – High quality practices *B – Moderate quality practices* *C – Low quality practices* *D – Poor practices (Do Not Invest)*	*High Moderate* *Low*	*High Moderate* *Low*	*Yes - Material Yes -* *Not Material No*	*Yes* *No*

3.8. Exclusions

As part of its process, and its desire to operate with a policy that adheres to the principle of "Do No Harm", Dalton also includes active exclusions within its process to reduce sustainability risk across portfolios. Over time, these are areas where Dalton has had limited historical exposure. This primarily results from our emphasis on good businesses and alignments of interest under the four mantras.

- Dalton prohibits investment in companies that:
- Are involved in the production or trade in weapons and munitions*.
- Are involved in the production in tobacco*.
- Are involved in gambling, casinos, and equivalent enterprises*.
- Operate in the thermal coal industry.
- Operate in the oil sands industry.
- Are involved in adult entertainment enterprises.
- Are rated D by the CRO

* This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

3.9. Resourcing

Undertaking the process of integrating ESG research into the due diligence effort is a team wide undertaking, with oversight and implementation provided by the firm's CRO. As part of the analyst team's duties, they must complete an investment due diligence checklist incorporating ESG factors. The CRO conducts an independent review of each security before a core position in an investment is established and works with the analyst leading the research to fill gaps in knowledge with the management of the prospective investment. This engaged approach allows the CRO to form a more balanced view of a company's ESG practices, and to provide an objective challenge to the analyst covering a specific security.

Each quarter the CRO will systematically update all the individual company reports to reflect all new financial and ESG-related data. The CRO also systematically monitors news and ESG-related controversies, which prompt a review of security where required. While ongoing monitoring of the company and its sustainability policy is a team effort and new and relevant changes to its approach are updated in our due diligence documentation as required.

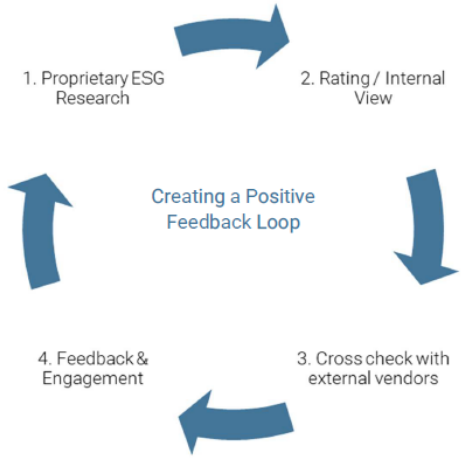
Dalton's team comprised 17 investment professionals as of the end of Q1 2023.

4. ACTIVE OWNERSHIP

4.1. Engagement

Like the relevance of understanding the impact of ESG on earnings, an integrated approach to ESG investment will not succeed over time unless there is a dedicated approach to ongoing engagement with companies. As such, Dalton actively incorporates engagement as a pillar of its investment discipline.

A dialogue with investee companies as well as proxy voting are ways to add value to the investment process and Dalton believes that stronger ESG practices will be reflected in better company and stock performance. Through constructive engagement with company management, from a medium to long- term perspective, Dalton seeks to promote an investee company's sustainable growth. this type of dedicated approach creates a positive feedback loop that enhances the investment approach.



The investment team will regularly set measurable targets for improvements before engaging with an investee company and will revisit these regularly to monitor progress.

As part of the CRO's due diligence process and final ranking, there is an indication when there is the need for specific engagement on a company's overall ESG policies and practices. The CRO will outline to the analyst leading the research on the company where deficiencies exist and outline the key areas of focus with the management team.

It is also important to note that Dalton is a signatory of the UN Principles for Responsible Investment (PRI) and as such adheres and is committed to the six principles: namely:

- to incorporate ESG issues into investment analysis and decision-making processes.
- to be an active owner and to incorporate ESG factors into its ownership policies and practices.
- to seek appropriate disclosure on ESG factors by the entities in which it invests in.
- to promote acceptance and implementation of the UN PRI Principles within the investment industry.
- to work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the UN PRI Principles.
- to report on its activities and progress towards implementing the UN PRI Principles.

As well as engaging portfolio companies. Dalton takes an active approach in its relationships with policy makers, regulators and wider industries bodies, in order to accelerate its engagement objectives.

4.2. Escalation

Dalton typically begins its engagement on a private basis, but has a wide "toolbox" of engagement tactics, which can be implemented to drive positive change for all minority shareholders. These are summarized below.

4.3. Voting

Dalton invests its portfolios across a multitude of investment markets across the globe. Each market has a unique structure, corporate governance code, rule of law, and each is in a different phase of its evolution. Indeed, many of the markets in which Dalton invests are emerging economies and therefore have more immature market structures. In order to combat these challenges, Dalton holds a series of common values and principles regarding voting, and it looks to express these as consistently as possible across jurisdictions. Ultimately, Dalton believes that each situation needs to be examined on a case-by-case basis, where the nuances of both the company and its market of operation are considered.

The general framework established relies on a range of voting principles that form the foundation for the voting activity. In the rare circumstances where Dalton vote differently to these principles, they document the rationale and will provide transparency to their clients where required.

Voting Principles

Category	Issue	What we seek
Board	*Role of board*	A board that can be held accountable against long-term performance metrics that are both transparent and in-line with long-term shareholder value creation.
	Independence	A majority independent board.
	Diversity	A board the actively seeks a diverse composition.
	Role of Chairman and CEO	An independent Chair which is separated from the role of the CEO.
	Disclosures	Comprehensive disclosure of board responsibilities (including sub-committees) and performance against key performance indicators.
	Skills	A board that is comprised of professionals which hold adequate qualifications and that are suitably diverse.
	Entrenchment	A board that is constantly refreshed with new talent and does not suffer from entrenchment concerns.
	Sub-committees	Presence of majority independent sub-committees, including audit, nominations, remuneration and sustainability. Each comprised of suitably qualified professionals.
	Over-boarding	A board that contains members that are not encumbered by excessive duties with other roles and responsibilities.
Remuneration	*Disclosures*	Detailed disclosure of remuneration policies and performance.
	Incentives	An incentive structure that is well designed against long-term performance indicators and skewed towards equity incentives.
	Alignment	A board and management team that is closely aligned to the long-term performance of the company equity.
	Key Performance Indicators	Performance indicators that balance short-term and long-term performance against relevant performance metrics and incorporate sustainability metrics.
Environmental	*Climate risk*	A board that provides disclosure and is measured against its performance of managing climate related risk.
	Capex	A company that has adopted a policy of capital expenditure towards managing climate-related risk.
	Disclosures	Seek detailed disclosures on environmental performance that align with best international practice, such as aligning with the Taskforce for Climate-Related Disclosures.
	Biodiversity	A company that takes into consideration the impact of its operations on biodiversity and provides adequate disclosures in its processes and approach.

Category	Issue	What we seek
Social	*Human rights*	A board that actively adopts Human Rights policies that adhere to global best practices – such as United Nations Guiding Principles on Business and Human Rights.
	Human Capital	A board that implements policies that support the wellness and long-term value of its employees.
	Health and Safety	A board that is held accountable for the implementation of health and safety practices and undertakes activities that safeguard the health and safety of its employees.
	Diversity & Inclusion	A company that advocates for diversity and inclusion and is held accountable for failure to do so.

With the framework outlined above, Dalton will seek to vote for proposals that meet these principles. When a board of the investee company seeks to implement structures and recommendations against such principles, Dalton will typically vote against the proposals made. In addition, where policies and structures do not exist in any of the areas noted above, this will form part of Dalton's ongoing engagement efforts with the investee company to enhance disclosure and governance.

Finally, Dalton employs the use of Institutional Shareholder Services ("ISS") as a proxy advisor to support its voting process and decision-making.

Voting Process

The process entails identifying the investee company's meeting calendar, noting cut-off dates and whether share blocking or stock registration is required. The analyst leading the coverage of the security will be notified of the upcoming voting resolutions proposed with ISS voting recommendations. In conjunction with the CRO, the analyst will make their recommendations for the upcoming voting, which will align with the principles outlined above. Should the analyst wish to vote against any of these principles, they will provide written justification, and the CRO will determine if such a decision is warranted. The outcome of this process is then instructed to proxy voting team to implement accordingly.

Managing Conflicts of Interest

To avoid conflicts of interest in the companies, Dalton has established a conflict-of- interest policy documented within the firm's compliance manual. The firm's Chief Compliance Officer conducts oversight of managing the firm's potential conflicts of interest.

Reporting and transparency

Dalton will provide complete voting transparency to any client that wishes to receive the information. This will include the total number of votes made, those made against the management, those made against the proxy advisors' recommendation and where Dalton has voted against the principles our sustainability policy.

4.4. Collaboration

While direct company engagement is instrumental to long-term success, there are occasions where a more collaborative approach with institutional investors is warranted. Dalton participates in a range of collaborative activities, which include:

- Direct engagement with shareholders in commonly held securities with steps taken to avoid acting in concert.
- Participation in organisations such as Climate Action 100+.
- Participation in group collaborations via the UN PRI.
- Taking the lead on collaboration activities through the UN PRI to seek global support for a wider market concern.

The goal of collaborative engagement is to enhance long-term outcomes for our customers. By engaging in curbing emissions, improving governance, and strengthening climate-related financial disclosures, Dalton believes risk-adjusted returns will improve over time whilst also serving to help tackle the systemic risk that climate change represents.

5. TRANSPARENCY & REPORTING

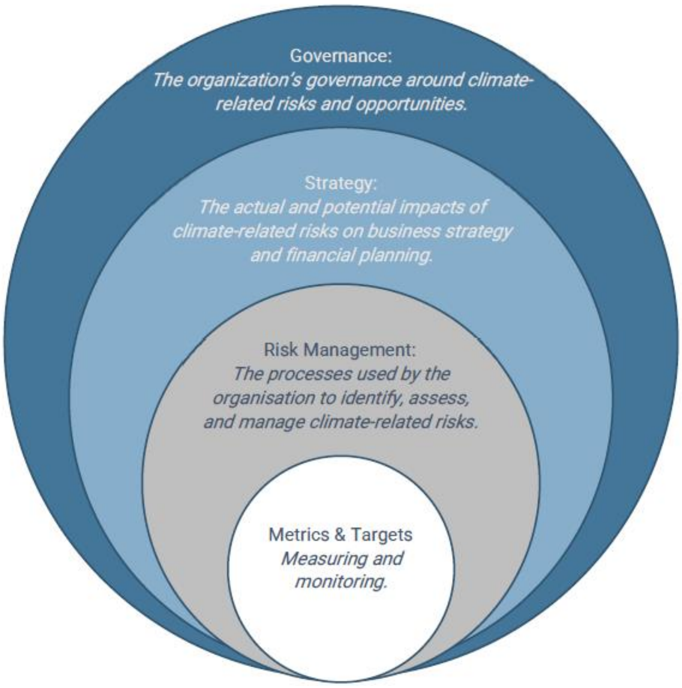
5.1. Monitoring Sustainability Risk

The primary objective of monitoring sustainability risk is to identify areas of potential weakness in portfolios over time while serving to acknowledge where active engagement on sustainability-related initiatives may be warranted.

The monitoring framework has been structured in-line with the European Union's Sustainable Finance Disclosure Regulation (SFDR) and Dalton aims to produce portfolio metrics in-line with those it adopts across the firm's Article 8 registered funds. While Dalton examines portfolio risk in aggregate, Dalton also monitors company specific metrics. These reports provide the backbone of the reporting and risk monitoring of Dalton's investments within an ESG context.

5.2. Task Force for Climate-Related Disclosures

As part of its process, Dalton actively considers the requirements as a fund manager under the Task Force for Climate-Related Disclosures ("TCFD"). The core elements of the TCFD are governance, strategy, risk management and monitoring.



Source: Dalton Investments

It has been recommended by research vendors, such as MSCI, that asset managers should generally approach TCFD based reporting with five central foundations:

- Setting objectives.
- Identifying key dimensions of climate risk.
- Measuring portfolio exposure and impact.
- Assessing vulnerability to climate change scenarios.
- Enhancing adaptive capacity.

While Dalton has not yet formally committed to the TCFD regime, it has built its own processes around these foundations and tackles each. At this stage, Dalton has not adopted the TCFD regime as material gaps in data exist, which prevent the manager from completing analysis that would add value to its process. This is most relevant in analysing climate-based scenarios, as emissions disclosures in many of the markets Dalton operates in are still sub-standard relative to developed markets. Dalton continually reviews the stance and will embrace TCFD when it adds value both to our customers and its investment process.

6. SUSTAINABILITY AT DALTON

As an investor, Dalton aims to find companies exhibiting superior Environmental, Social and Governance (ESG) standards, as it believes these companies tend to exhibit higher long-term sustainable operational performance. Dalton also applies this lens to our own firm and aim to adopt best- in-class principles.

6.1. Alignment of Interest

A key element of Dalton's investment philosophy is our belief that investing in companies where the firm's decision-makers have an alignment of interests with minority shareholders may lead to superior risk-adjusted results. The main alignment of interest is where the key individuals at a company have material ownership in their company. They call these firms "owner-operators."

Dalton is also an "owner-operator" firm, with the company's equity held entirely by its employees (and their related entities). They are currently in the process of broadening this ownership across a larger number of employees to instil the "owner mindset" in more of the Dalton team. Dalton believes that being independent allows Dalton to make long-term focused decisions, which might be challenged under external or public ownership structures.

The second way in which Dalton aligns interests with its clients is to ensure that its investment team members have a material portion of their net worth invested in the firm's strategies alongside clients. Each year, the investment team members are asked to reinvest at least 50% of any pre-tax variable compensation in Dalton's funds. Our team's alignment of interest is monitored at least annually.

Investment team members are also strongly discouraged from buying individual stocks in their personal accounts. Dalton believes that this concept of "eating your own home cooking" aligns the interests of Dalton's investment team with those of its clients, leading to a primary focus on the superior long-term performance of our strategies.

6.2. Diversity, Equity, and Inclusion

Dalton believes strongly that diversity leads to better decision-making, both in the management of our client portfolios and in the management of our business. Dalton also believes that diversity should be considered in multiple dimensions: age, gender, sexuality, race, ethnicity, socio-economic background, education, work experience, religious views and more. Dalton has a highly diverse workforce, with 17 nationalities represented and 17 languages spoken. The composition of the firm's senior executives (including minority and female representation in the Chairman, CEO, CCO and CFO/COO roles) also reflects our commitment to diversity. However, they are conscious that Dalton can always do more and are focused on sourcing diverse talent and challenging our internal biases.

Dalton's Management Committee monitors the ethnic and gender composition of its staff using anonymous surveys. It also takes steps to source diverse candidates for roles by taking steps such as considering broader educational and professional qualifications, using blind CVs, offering job flexibility and leaving job openings open for longer (hopefully leading to higher participation by under- represented groups).

Dalton is also aware that diversity alone is insufficient, so we take active steps to improve inclusion. We believe that a welcoming work environment, which encourages diverse individuals to prosper, is an invaluable contributor to Dalton's long-term success. As such, we undertake training around the topics of racism, inclusion and unconscious biases. We also have taken steps to align our firm policies with fostering the career growth of diverse individuals – for example, allowing for flexible working practices, providing for parental leave and supporting continuing education. Finally, we have implemented a mentoring program for new employees, with a specific focus on underrepresented groups. Our diverse executives also aim to participate in organizations such as 100 Women in Finance, to hopefully encourage the diverse talent of the future.

On an annual basis, as one measure of progress, Dalton considers the gender and ethnicity pay gap at its firm.

6.3. Well-being

Dalton takes the well-being of its employees seriously, as it believes a healthy working environment is more productive for both the firm and our clients. We encourage our employees to take regular breaks (including in our communal areas, which have a wide range of complimentary healthy-eating options provided) and are also supportive of our employees taking time off to recharge on vacation. Finally, we provide a healthcare allowance (to be used on a gym membership or home fitness equipment) to support the physical well-being of our employees.

6.4. Travel

Given Dalton's focus on in-depth due diligence of Asian and emerging market companies, as well as our global client base, we view travel as a necessary part of our business for investment and client service purposes. We, however, encourage our employees to evaluate their travel arrangements and, where possible, develop efficient travel itineraries and/or use alternative forms of communication, such as video and teleconference technologies. In addition, we purchase Carbon offsets from Cool Effect (more information here) to compensate for the emissions resulting from our team's air travel. Cool Effect is a non-profit dedicated to helping individuals, organizations and businesses of all sizes reduce their carbon emissions then offset what remains with the highest quality carbon offsets on the planet.

6.5. Environmental Policy

Dalton takes active steps to minimize its environmental footprint in its Santa Monica headquarters. The office building is currently LEED Gold certified and holds an excellence rating by Energy Star. The facilities provide access to recycling, including e-waste, and provide highly efficient air filtering to ensure a healthy working environment. Within our own office space, we take a range of steps to ensure employees recycle where possible and encourage staff to reduce the use of resources, such as paper and single use plastic products, unless absolutely required.

6.6. Managing Risk at Dalton

Dalton's Management Committee is responsible for the firm's major day-to-day tasks and projects, including ultimate oversight of the risk management function via the Risk Management Committee. The Management Committee is made up of Senior Executives, including the Chief Executive Officer, Chief Research Officer, Chief Marketing Officer, Chief Compliance Officer/Counsel) and Chief Financial Officer/Chief Operating Officer.

Dalton's Risk Management Committee (the "Risk Committee") supervises all Firm risk functions and consists of the CEO/President, COO/CFO, CCO/Counsel, Co-Founder, Chairman and CRO. The Risk Committee generally meets on a quarterly basis to review risk-related reports produced by members of the Compliance, Operations and Accounting teams.

Dalton's compliance team monitors and elevates exceptions, issues on client portfolios, and various internal Firm controls directly to the Risk Committee. The CRO generally monitors and reports market, liquidity, credit and counterparty risk to the Risk Committee. Summaries of the Risk Management Committee's sessions are reported to Dalton's Management Committee. Any material changes to the Firm's risk policies are reviewed and approved by the Management Committee.

As well as internal oversight from the Risk Committee, Dalton uses external parties to assess and control firm-level risk. An independent controls audit is undertaken on Dalton annually by Grant Thornton, which seeks to record and assess the efficacy of Dalton's stated control processes and publishes a SOC-1 report (available upon request). Dalton also uses an external party to test internet security controls (ACA Aponix) and to implement a mock SEC audit and an email surveillance program on an annual basis (ACA Compliance Consultants). Finally, Dalton welcomes the operational due diligence assessments of its large institutional clients and their consultants, viewing these assessments and feedback as an opportunity to make improvements and minimize risk.

6.7. Net Zero and Alignment to the Paris Agreement

Dalton is committed to an investment approach that aligns with the central goal of the Paris Agreement. This landmark agreement aims to "hold the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre- industrial levels." To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 and decline by at least 43% by 2030.

Dalton will align with the agreement by seeking to implement investment portfolios that will achieve a reduction in emissions of 43% by 2030 against the base year of 2025. At this stage, we monitor emissions within the portfolios and will track year-on-year emissions changes. Where no tangible emissions goals or targets exist, we will actively engage companies to implement sufficient policies and targets to align with the Paris Agreement. By 2050, we aim to transition our portfolios towards net zero emissions.

7. APPENDIX

7.1. Regulatory Technical Standards Methodology

The below framework serves to outline Dalton's approach to the RTS.

As part of Dalton's integrated approach to ESG research, the company also undertakes a series of tests across its portfolio holdings to assess the EU Taxonomy-alignment.

Dalton performs the following underlying tests to evaluate a company's alignment to the six environmental objectives. As part of our ESG process integration, Dalton conducts detailed due diligence on each prospective investment's sustainability practices. This process results in a score being assigned to each investment. The assigned score is based on our assessment of the company's complete disclosures and any available third-party data. On completion of the review, we assign a rating of A, B, C or D to a prospective investment. Companies that are rated A or B have overall better-quality sustainability practices. In contrast, C-rated companies are of poorer overall quality and D-rated securities are excluded from our investment universe.

Those companies that are assigned a rating of A or B are deemed to meet the criteria of at least one of the six environmental objectives. We conduct further tests for those rated C to check whether the company meets the required standards. These tests are outlined below:

Climate Change Mitigation Test

We test to find evidence that the company is aligned with the Paris Agreement. To do this, we examine whether the company has in place at least one of the following:

- A carbon emissions target of at least 40% reduction. Over five years, this would indicate at least a 7% reduction in emissions per annum, which is in line with the Paris Agreement
- Evidence of at least a 7% reduction in emissions over the past year, or
- Evidence of a net zero emissions target.

Under the Paris Agreement, the goal is to keep global warming to no more than 1.5 degrees Celsius. To achieve this, emissions will need to be reduced by 45% by 2030 and reach net zero by 2050.

Climate Change Adaptation Test

A test is completed to understand if a company presents evidence that it is adapting its processes to account for actual or expected climate change impacts. To confirm this, we check public disclosures to validate if a company is a member of the UN Global Compact.

UN Global Compact is the largest corporate sustainability initiative, and to become a member organisation, a company must take an "important, public step to transform our world through principled business." It is viewed that participation in the UN Global Compact makes a statement about the company's values. Importantly, it also publicly aligns a company to the UN Sustainable Development Goals, which are an essential tool in the global effort to tackle climate change. More information on the UN Global Compact can be found here.

Sustainable Use and Protection of Water and Marine Resources Test

We analyse whether evidence is present that the company takes steps to protect water and marine resources within its business operations. We test for the presence of a policy for water efficiency using Refinitiv data.

Transition to a Circular Economy Test

We seek evidence that the company has procedures to mitigate waste, policies to manage hazardous waste responsibly and offers recycling programs. We reference check the Refinitiv database for proof of a waste reduction policy or a take back recycling initiative.

Pollution Prevention and Control Test

Dalton conducts a systematic test to confirm the company has externally verified procedures and practices to manage pollution and its environmental footprint. We check for the presence of externally certified working practices compliant with ISO 14001 (Environmental Management Systems) or ISO 50001 (Energy Management Systems).

Protection and Restoration of Biodiversity and Ecosystems Test

We seek evidence that the company has policies concerning biodiversity and protection in place. We reference the Refinitiv database for the presence of a biodiversity impact reduction policy.

Provided the company passes at least one of the six environmental objectives, the investment is then subjected to three additional tests to ensure it is EU Taxonomy-aligned.

The following three additional tests are then performed:

Do No Significant Harm Test

In conducting this test, we systematically test the investment against various technical screens. We test to see if the company operates within a sector that is deemed to be materially carbon-emitting, or whether it operates within a controversial industry. Companies are considered to fail the Do No Harm Test if at least one of the following criteria is met:

- Operates within the Oil & Gas Drilling, Oil & Gas Equipment & Services, Integrated Oil & Gas, Oil & Gas Exploration & Production, Oil & Gas Refining & Marketing, Oil & Gas Storage & Transportation, Coal & Consumable Fuels, Aerospace & Defense, Casinos & Gaming, or Tobacco Sub-industry group as defined under Global Industry Classification System ("GICS"), or
- Flags controversy screens as having exposure to any of tobacco, armaments, anti-personnel mines, gambling, or cluster munitions, as determined by the Refinitiv database.

Minimum Social Safeguards Test

To meet the Minimum Social Safeguards Test, the company must present evidence of at least one of the following practices or policies:

- Have in place a published human rights policy, or
- Present evidence of alignment to occupational health and safety standards that are accredited by an internationally recognised body, e.g., OHSAS 18001 (Health and Safety) or equivalent, or
- Provide evidence that it follows the OECD Guidelines for Multinational Enterprises.

Regulatory Technical Standards Test

In order for our process to meet the requirements of the technical screening criteria, we have ensured the aforementioned tests meet the criteria as outlined by Article 19 of the REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020.

This includes ensuring that the tests for six environmental objectives are quantitatively based and contain thresholds to the extent possible, and otherwise be qualitative. In addition, to ensuring that we discount any prospective investments that are operating within the fossil fuel sectors as per our 'Do No Harm Test'. In addition, to clarify if the investment meets the regulatory standards test, we ensure either of the following:

- The investment is rated A or B through our due diligence efforts, and
    - Passes the Do No Harm Test
    - Meets the criteria for the Paris Agreement (as noted in Climate Change Mitigation Test above) OR
- Meets at least two of the six environmental tests, and
    - Passes the Do No Harm Test
    - Meets the criteria for the Paris Agreement (as noted in Climate Change Mitigation Test above).

We determine EU Taxonomy alignment if the company passes ALL the following:

- Six Environmental Objectives Test
- Do No Harm Test
- Minimum Social Safeguards Test, and
- Regulatory Technical Standards Test

As an essential part of our ongoing reporting requirements, Dalton will provide the reporting as outlined to monitor its funds' investments against its RTS methodology and alignment to EU taxonomy.

7.2. Principal Adverse Impact (PAI) Indicators

As part of Dalton's commitment to the Sustainable Finance Disclosure Regulations, it is also providing disclosure of PAI Indicators across is regulated funds. The PAI requires the mandatory reporting around fourteen core criteria and two additional voluntary metrics from the documented range of measures, once of which needs to be environmental and one of which social.

Outlined below are the fourteen Mandatory PAI Indicators, the definitions of the PAI, our reporting methodology, and the source under each criterion. Those categories labelled "M" are mandatory and those "V" are voluntary.

M1 GHG Emissions: Under this PAI we monitor the sum of all reported Scope 1, 2 and 3 financed emissions. We follow the Partnership for Carbon Accounting Financials (PCAF) methodology for calculating financed emissions, which applies an attribution factor scaling to total reported emissions. The data shown is the tonnes of emissions reported adjusted accordingly. Source data is provided by Refinitiv.

M2 Carbon Footprint: We use the same methodology as above to calculate the carbon footprint of a company.

M3 GHG Intensity: This is calculated as the company's total financed emissions divided by Enterprise Value including Cash (EVIC) and scaled to units of Greenhouse Gas (GHG) tonnes per $m of EVIC. The source data is from Refinitiv.

M4 Exposure to companies active in the fossil fuel sector: Using Bloomberg data we report the percentage of revenue that is generated from the fossil fuel sector where available.

M5 Share of non-renewable energy consumption and production: Using Refinitiv data we report the percentage of energy that is sourced from non-renewable sources where available.

M6 Energy consumption intensity: Reported as gigawatt hours of usage per $m of revenue generated. Data provided by Refinitiv where available.

M7 Activities negatively affecting biodiversity sensitive areas: Using data sourced from Bloomberg, we confirm if the company operated within environmentally sensitive areas.

M8 Emissions to water: Refinitiv sourced data where available: Measured as tonnes discharged.

M9 Hazardous Waste: Refinitiv sourced data where available. Measured as tonnes.

M10 Violations of UNGC and OECD Guidelines for Multinational Enterprises: Sourced from Bloomberg, this data metric from ESG Book is a calculated metric that considers several raw data points disclosed from companies and publicly sourced data. Specifically, if any of the following raw data points are 'Yes' this field will return a 'Y'; ESG Book Discrimination Lawsuits Or Offences, ESG Book Violence/Harassment Lawsuits Or Offenses, ESG Book Grievances - Involving Indigenous Peoples, ESG Book Health And Safety Lawsuits, and ESG Book Community Grievances. DISCLAIMER: This metric is ESG Book's own interpretation of the principles and guidelines in question based on ESG Book's own methodology and the underlying data as provided by the company itself or sourced from publicly available sources. Actual results may therefore vary. This metric does neither constitute nor replace any legal opinion, legal assessment, legal advice, or other expert statement on the existence of a violation.

M11 Test for mechanisms in place to monitor compliance with UN Global Compact: Provides the Bloomberg estimated United Nations Global Compact (UNGC) Compliance Score, between 0 and 100, based on the company's policies and mechanisms for monitoring compliance to the 10 UNGC Principles. The Ten Principles of the UNGC are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. 100 being complete compliance and 0 non-compliance.

M12 Gender Pay Gap Ratio: Data is sourced from Refinitiv is reported as the percentage of remuneration of women to men for doing the same work. Where available.

M13: Percentage Female Directors: Data is sourced from Refinitiv where available.

M14 Exposure to controversial weapons: Using Bloomberg data, this indicates companies with an involvement in controversial weapons, which could be through production (direct involvements) or direct investments. Involvement in controversial weapons production is taken to mean involvement in the manufacturing and supply chain, either through products or services related to any of the following: a) Landmines - Manufacturing of, and suppliers involved in Land-mines or the provision of services related to land mines manufacturing b) Cluster bombs - Manufacturing of, and suppliers involved in Cluster bombs or the provision of services related to cluster bombs manufacturing c) Chemical and biological weapons - Manufacturing of, and suppliers involved in Biological or Chemical weapons or the provision of services related to chemical and biological weapons manufacturing d) Nuclear weapons - Manufacturing either whole strategic parts or platforms for nuclear weapons, nuclear weapon systems, or nuclear weapon components. Involvement in controversial weapons investments can include providing loans or issuing bonds to companies that fall in the above categories, as reported by both news outlets and non-governmental organisations. This flag is derived by ESG Book, a team of experts in the arms industry through working with non-governmental organisations, arms magazines, and other sources.

V1 Lack of a Supplier Code of Conduct: As part of Dalton's investment due diligence, we assess whether a company has in place a supply chain policy and record this within our databases.

V2 Investments in companies without a carbon emissions reduction initiative: Data is sourced from Refinitiv where available.

LONGCHAMP
ASSET MANAGEMENT

Longchamp Asset Management

Siège social : 30 rue Galilée, 75116 Paris – France
Tel : +33 1 71 70 40 30
Email : ir@longchamp-am.com
Website : www.longchamp-am.com

Entreprise privée française (SAS) au capital de 1 000 000 Euros au 1er mars 2013, immatriculée au registre du commerce et des sociétés de Paris sous le numéro 789 823 374.

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