



UK STEWARDSHIP CODE - ALKEN'S RESPONSE

Alken Asset Management
(“Alken”)

Last updated: September 2024

About the firm and its stewardship culture

Alken Asset Management Ltd. (“Alken”) is an investment manager with a initial focus on European equities. Established in 2005 and subsequently authorised by the FCA in 2006 Since its creation more than fifteen years ago, Alken’s objective is to provide its clients with strong strategies and good client service.

Defined as “The responsible management of something entrusted to one’s care”ⁱ, Alken believes in an effective stewardship that can benefit companies, investors, and the economy as a whole. As an investor, the firm is aware of the key role it plays in holding the Firm’s board accountable for the fulfilment of its responsibilities. Alken considers stewardship to be thoroughly integrated with “decision-usefulness” and is fully dedicated to adhering to various principles outlined in the Stewardship Code (“the Code”).

Moreover, if the Code only applies to the firm’s UK investments, recent years have shown an overall increased focus on the role played by investors in listed companies. The firm therefore doesn’t limit itself to its UK investments and believes it is impossible to avoid the increased attention on investors’ responsibility to be prudent and to operate an active ownership. Thus, the Principles are embedded into the Firm’s general culture.

It is in light of this we will present below our response to the Code and the ways we discharge our stewardship responsibilities. We will elaborate on the way we monitor our investee companies; on the way we integrate stewardship into our wider investment process as well as on our voting process.

We welcome feedback on our response. Please contact:

Emmanuelle Haack: Emmanuelle.haack@alken-am.com

Alexis Tsatsaris: alexis.tsatsaris@alken-am.com

Principle 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Alken has implemented a socially responsible investment process embedded into its investment decisions.

Committed to responsible investment and active ownership, Alken has been a signatory of the UN Principles for Responsible Investment (PRI) since November 2012.

Known for its fundamental research, Alken values monitoring and engaging with companies. The firm takes generally long-term positions in businesses, analysing various factors such as strategy, performance, risk, governance, culture.

Alken establishes regular dialogue with companies, in particular on its equity strategies developing multiple points of contact to understand everyday business activities.

The firm monitors company announcements, analyses stockbroker research, and organizes meetings with senior management to align objectives.

As a long-term investor, Alken seeks companies with strong management.

The firm's strategy involves integrating and monitoring environmental, social, and governance (ESG) standards and culture of the companies it invests in.

Alken uses MSCI for ESG rankings and has developed a proprietary ESG methodology to identify material issues for each sector. Issuers are analysed and engaged through this methodology, detailed in our ESG Integration Policy and ESG Annual Investor Report.

Principle 2

Signatories' governance, resources and incentives support stewardship.

Our Board of Directors sets the strategic direction and oversees the firm's performance, including stewardship activities.

The Board meets quarterly to discuss management reports on business aspects, including stewardship performance and conflicts of interest.

The management team reviews stewardship activities, engagement, voting actions, and potential conflicts of interest.

Our compliance function ensures adherence to laws, regulations, and standards related to stewardship. The compliance function provides guidance on identifying, managing, and disclosing conflicts of interest, maintaining a register of conflicts, and monitoring adherence to the Conflicts of Interest Policy.

Stewardship is integral to our investment process, requiring adequate resources and capabilities. Alken's flat and flexible organizational structure fosters collaboration across teams.

The investment team, conducts research, analysis, and due diligence on companies, engaging on ESG issues. The investment team is supported by compliance, risk, operations, and finance functions.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Alken strives to act in the best interest of clients, remaining alert to conflicts of interest. The firm uses proportionality to manage diverging interests between clients, ensuring clients' interests are prioritized. Alken's conflict of interest policy involves:

1. Identifying potential conflicts of interest.
2. Establishing internal policies and procedures to avoid or manage conflicts.
3. Creating and maintaining a register of conflicts.
4. Creating and maintaining a framework for dealing with conflicts.

The firm has identified potential conflicts of interest, including those related to portfolio managers, managed accounts, and personal account transactions. Alken's principles for managing conflicts include treating all clients fairly, ensuring transparency, and addressing conflicts through dialogue.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Effective monitoring is essential for stewardship.

Alken monitors investee companies by reviewing performance, risks, reputation, and business strategies using various sources. The firm maintains proactive participation in investor networks and regularly meets with company management to discuss issues.

Alken uses MSCI for ESG exclusions and screening, embedding ESG scores into its internal platform for daily monitoring. The firm anticipates risks, embedding ESG risk assessment into its overall risk process, detailed in the Annual Responsible Investor Report.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Alken reviews stewardship policies and practices annually, reflecting best practices, regulatory changes, and stakeholder feedback.

The firm monitors engagement activities and outcomes, reporting on stewardship activities. Alken intervenes in cases of concern regarding company strategy, performance, governance, remuneration, risks, or social and environmental matters.

The firm engages in dialogue with companies, collaborates with other shareholders, and may propose to its clients resolutions or vote against management if concerns are not addressed. If necessary, Alken may reduce or sell its shareholding.

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Alken conducts an annual review of its stewardship policies and practices to ensure alignment with best practices, regulatory changes, and stakeholder feedback.

The firm monitors engagement activities and outcomes, providing transparent reporting on stewardship activities and voting records on its website.

In cases of concern regarding company strategy, performance, governance, remuneration, risks, or social and environmental matters, Alken intervenes through dialogue with companies, collaboration with other shareholders, and, if necessary, submitting resolutions or voting against management. If concerns are not addressed, Alken may reduce or sell its shareholding.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Alken integrates stewardship and investment by embedding environmental, social, and governance (ESG) considerations into its investment process.

The firm uses MSCI for ESG exclusions and screening, incorporating ESG scores into its internal platform for daily monitoring. Alken's proprietary ESG methodology identifies material issues for each sector, guiding the analysis and engagement with issuers.

The firm's investment team conducts thorough research and due diligence on companies, engaging on ESG issues and exercising voting rights.

Alken's approach ensures that stewardship and investment decisions are aligned with the long-term interests of clients and beneficiaries.

Principle 8

Signatories monitor and hold to account managers and/or service providers

Alken ensures rigorous monitoring and accountability of its managers and service providers. The firm conducts regular reviews and assessments to ensure alignment with its stewardship objectives and principles.

The following practices are followed:

- The staff/directors/members of the Firm have to sign a confidentiality agreement with the Firm, which implies that they are bound by certain obligations and responsibilities towards the Firm and its clients.
- The Firm has developed its own style of portfolio management and portfolio management resources, which are considered proprietary information and competitive advantages. This suggests that the Firm has a distinctive and valuable approach to managing its assets and delivering returns for its clients.
- The staff/directors/members of the Firm should refrain from discussing its business practices with outsiders, unless authorised by the CCO. This indicates that the Firm has a high level of discretion and confidentiality in its operations and protects its intellectual property and client interests from potential competitors or adversaries.
- The staff/directors/members of the Firm should never disclose confidential information or written material concerning its internal operating procedures or projections for the future, unless specifically authorized. This shows that the Firm has a clear vision and strategy for its business and that it monitors its performance and progress closely and internally.

Any requests from outsiders for specific information of this type should be authorized by the CCO prior to release. This implies that the CCO has the ultimate authority and accountability for the Firm's information and communication policies and that he/she oversees and evaluates the actions and decisions of the managers and/or service providers of the Firm.

By implementing these measures, Alken ensures that its managers and service providers are held to the highest standards of stewardship, contributing to the firm's long-term success and the sustainable benefits for its clients and beneficiaries.

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

Alken regularly engages with investee companies to maintain or enhance the value of assets. The firm's engagement strategy includes:

Regular dialogue communication with company management and boards of directors to discuss performance, strategy, governance, and ESG issues. This ongoing dialogue helps to align the interests of the company and its shareholders.

Collaborative engagement other investors and stakeholders to address common concerns and drive positive change in investee companies. This collective approach amplifies the impact of engagement activities.

Escalation Process which may include private meetings with management, expressing concerns through formal letters, collaborating with other shareholders, and, if necessary, voting against management proposals at shareholder meetings.

By implementing these measures, Alken ensures that its engagement activities contribute to the long-term value creation for its clients and beneficiaries.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Alken actively participates in collaborative engagements to influence issuers and drive positive change. The firm's approach includes:

Collaborative engagement other investors and stakeholders to address common concerns and drive positive change in investee companies. This collective approach amplifies the impact of engagement activities.

Alken may participate in joint initiatives with other investors to address specific issues or concerns. These initiatives often involve coordinated efforts to engage with issuers on topics such as governance, environmental impact, and social responsibility.

Collective Action: When appropriate, Alken collaborates with other shareholders to submit joint resolutions, engage in dialogue with company management, and vote on key issues. This collective action enhances the effectiveness of engagement activities and increases the likelihood of achieving desired outcomes.

Transparency and Reporting: Alken maintains transparency in its collaborative engagement activities by providing regular updates and reports on the progress and outcomes of these efforts. This ensures accountability and demonstrates the firm's commitment to stewardship.

By implementing these measures, Alken ensures that its collaborative engagement activities contribute to the long-term value creation for its clients and beneficiaries.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

Alken employs a structured escalation process to influence issuers when necessary. The firm's approach includes:

Initial Engagement: Alken begins with private meetings and discussions with company management to address concerns and seek resolutions. This initial engagement aims to build a constructive dialogue and foster mutual understanding.

Formal Communication: If initial engagement does not yield satisfactory results, Alken escalates the issue through formal letters and communications to the board of directors. This step emphasizes the seriousness of the concerns and the need for action.

Collaborative Efforts: Alken collaborates with other shareholders and stakeholders to amplify its voice and increase pressure on the issuer. This collective approach enhances the effectiveness of the engagement.

Voting recommendations: Alken may use voting rights to influence company decisions. This includes recommending its clients voting against management proposals, supporting shareholder resolutions, and submitting its own resolutions if necessary.

Divestment: As a last resort, if the issuer fails to address the concerns, Alken may consider reducing or selling its shareholding. This action underscores the firm's commitment to responsible stewardship and the long-term interests of its clients and beneficiaries.

By implementing these measures, Alken ensures that its escalation activities are effective and aligned with its stewardship objectives.

Principle 12

Signatories actively exercise their rights and responsibilities

Alken is committed to actively exercising its rights and responsibilities as a shareholder. The firm's approach includes:

Engagement: Alken engages with investee companies on a range of issues, including strategy, performance, governance, and ESG matters. This engagement helps to influence positive change and enhance long-term value.

Monitoring: Alken continuously monitors the performance and activities of investee companies, ensuring that they adhere to the firm's expectations and standards. This monitoring includes regular reviews of financial performance, governance practices, and ESG factors.

Collaboration: Alken collaborates with other investors and stakeholders to amplify its influence and drive positive change. This collective approach enhances the effectiveness of the firm’s stewardship activities.

Transparency: Alken maintains transparency in its stewardship activities by providing regular updates and reports on its engagement and voting actions. This transparency ensures accountability and demonstrates the firm’s commitment to responsible stewardship.

By implementing these measures, Alken ensures that it actively exercises its rights and responsibilities, contributing to the long-term value creation for its clients and beneficiaries.

Shareholder Rights Directive (SRD II)

Alken provides investment management services to institutional investors.

Under COB 2.2B.5R of the FCA Handbook we are required to publish our shareholder engagement policy together with an annual public disclosure in relation to our implementation of this policy on our website.

Alken’ shareholder engagement policy can be found at the following link: <https://www.alken-am.com/>, this policy is reviewed at least annually to ensure that it continues to reflect Alken’s approach to shareholder engagement.

ⁱ *Merriam-Webster’s Online Collegiate Dictionary, 2001.*