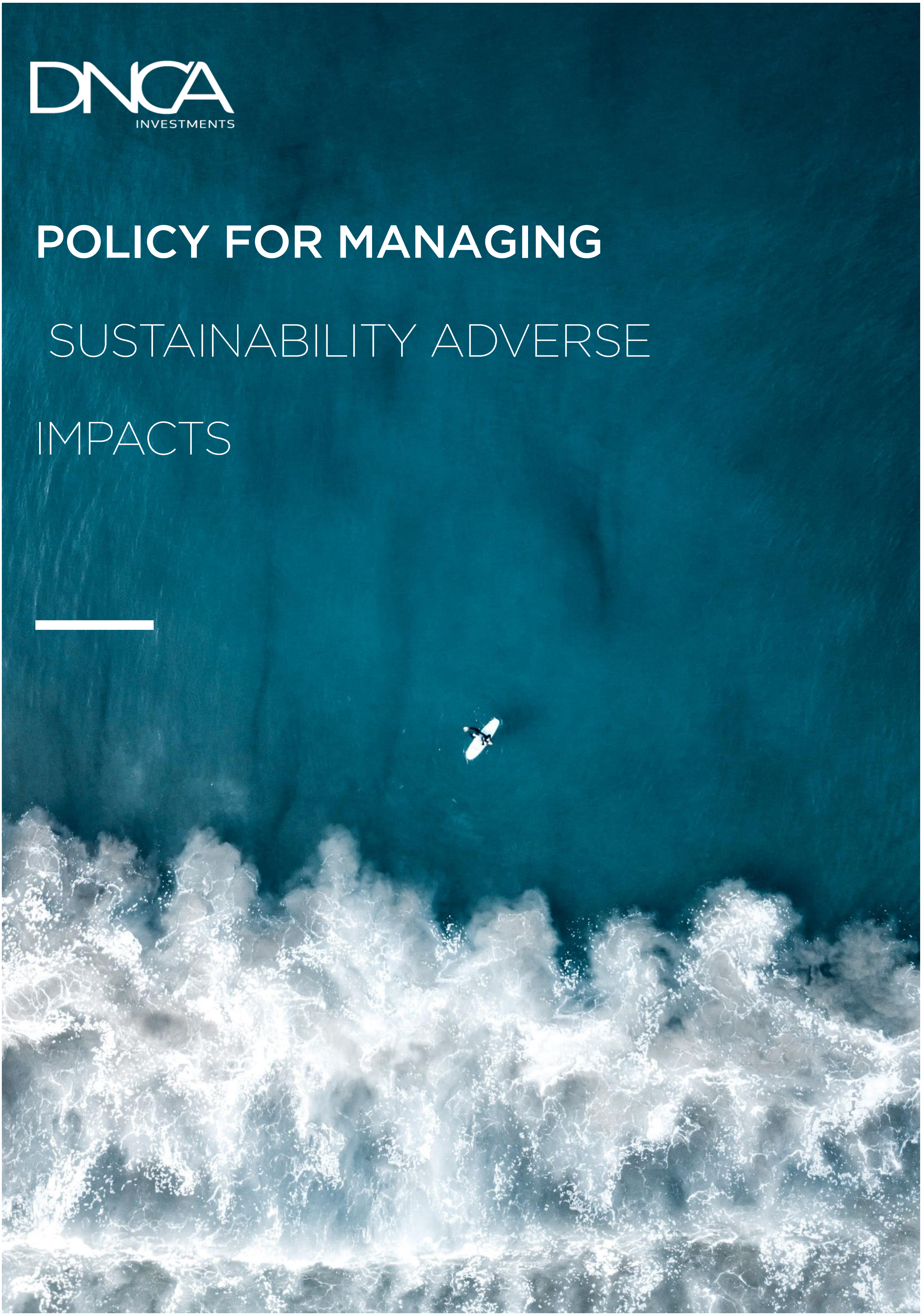
November 2023

POLICY FOR MANAGING SUSTAINABILITY ADVERSE IMPACTS



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FOREWORD

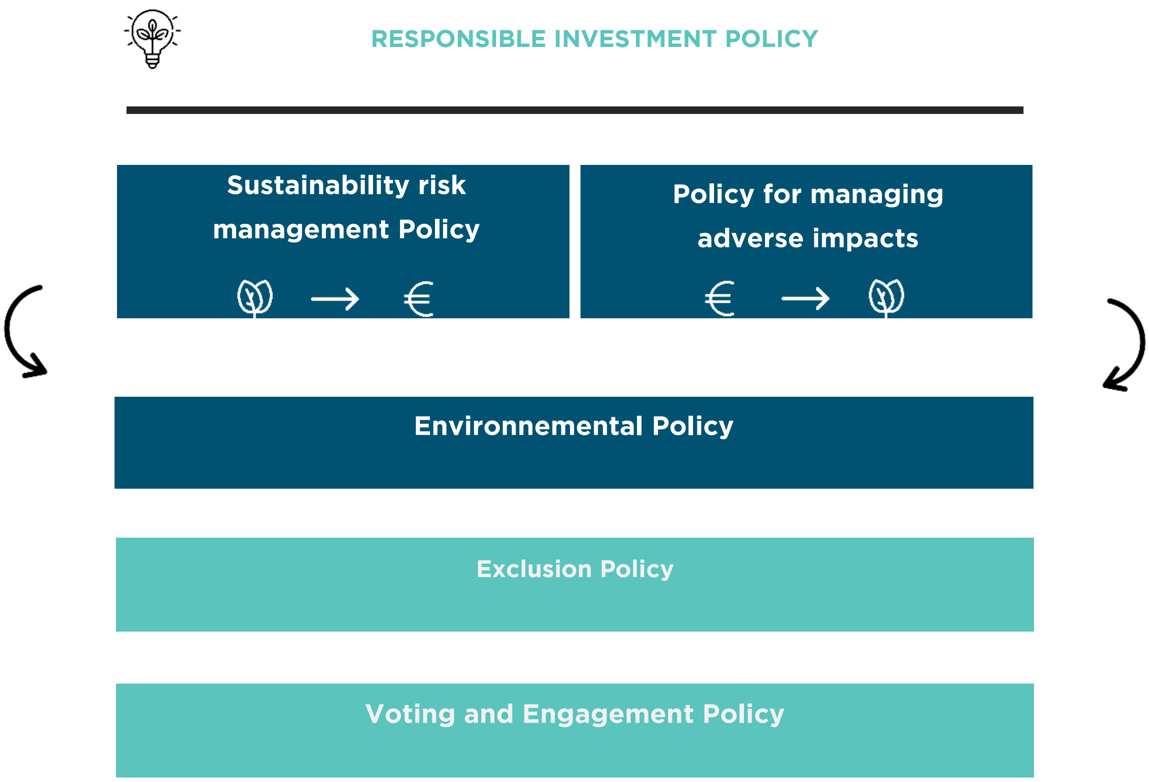
In 2021, DNCA Finance has initiated a major project to overhaul the supply of ESG data and review all ESG processes deployed within the management company.

This Negative Impact Management Policy will be fully operational at the end of this project (2023) and may be adjusted when the associated processes are finalised.

I. PREAMBULE

As a responsible investor, DNCA Finance believes that Environmental, Social and Governance (ESG) factors can have a significant impact on financial performance.

Indeed, DNCA Finance's conviction is based on a long-term perspective of financing the economy. As a responsible asset manager, its role is to select companies with the best strategic and economic assets to meet the challenges of tomorrow. DNCA Finance is convinced that the ability of these players to anticipate their market is crucial to conquer or maintain their *leadership*.



The “Policy for Managing Adverse Sustainability Impacts” meets the expectations of the European SFDR Regulation (Article 4) as well as those of Article 29 of the Energy and Climate Law ("information on the strategy for alignment with the international targets for limiting global warming set out in the Paris Agreement" and "information on the strategy for alignment with long-term biodiversity targets").

As part of the "Portfolio Climate Trajectory", DNCA Finance is committed to a progressive approach to reducing GHG (greenhouse gas) emissions and aligning with the Paris Agreement to limit global warming. GHG emissions are the negative impacts on which DNCA Finance focuses its efforts.

II. DEFINITIONS

Several concepts are used in the “Negative impact management Policy in terms of sustainability”, the main ones of which are defined below.

A. Adverse impacts on sustainability

1. Adverse sustainability impacts / general

“Adverse sustainability impacts" are the consequences of investment decisions on "sustainability factors". According to the SFDR regulation, sustainability factors are "environmental, social and labour issues, respect for human rights and the fight against corruption and bribery" (article 2 of the regulation).

“Negative impacts" are measured by appropriate impact indicators, in particular "Principal Adverse Impacts" (PAI). Here are some examples of negative sustainability impacts:

ADVERSE IMPACTS ON SUSTAINABILITY

Environmental		Social		Governance	
Incidence	Impact indicator	Incidence	Impact indicator	Incidence	Impact indicator
Contribution to global warming	-Greenhouse gas emissions (GHG) -Energy mix -Energy consumption -Energy efficiency	Failure to respect human rights	-Compliance with international conventions (OECD, ILO, UN) -Controversies over child labour Percentage of suppliers assessed for CSR	Corruption	-Involvement in corruption controversies Existence of anti-corruption measures
Waste production	-Volume of waste recycled / not recycled -Percentage of waste recycled/not recycled -Hazardous waste ratio	Social climate / Sharing added value	-Social dialogue -Weighting of executive remuneration Weighting of employee savings schemes / total remuneration	Taxation	-Involvement in tax controversies -Overall tax rate
Pollution	-Volume of pollutants discharged into water -Volume of pollutants released into the ground -Volume of pollutants released into the air	Attack on diversity	-Ratio of women to men on management committees -Average pay differences between men and women -Employment rate of people with disabilities	How governance works	-Percentage of independent directors -Percentage of women on the Board of Directors
Consumption of natural resources	-Water consumption -Consumption of rare metals -Percentage of companies with sustainable farming practices	Human resources management	-Training budget / number of employees -Accident rates (frequency, severity) -Absenteeism rate	Business ethics	Fines paid in connection with ESG controversies
Damage to biodiversity	-Percentage of activities carried out in sensitive areas -Percentage of companies with practices to preserve biodiversity and ecosystems -Degradation of forest resources				

2. Adverse sustainability impacts specific to climate change

The fight against climate change and the associated search for ways to limit the portfolio's impact is central to DNCA Finance's management of negative impacts.

Part of the Principals Adverses Impacts (PAI), which are required to be reported under the SFDR regulation, is the measurement of Greenhouse Gases (GHG), which are direct contributors to climate change. This contribution is detailed in DNCA Finance's Environmental Policy document.

Beyond the measurement of these PAI indicators, DNCA Finance analyses the climate change impact of a portfolio via the alignment with the Paris Agreement[1] , and the international objective of limiting global warming compared to the pre-industrial era.

3. Adverse sustainability impacts specific to biodiversity loss

Similarly, the fight against the erosion of biodiversity and ecosystems is a major focus of negative impact management. This is part of the drive to contribute to international objectives, in particular the Aichi targets[2] established by the Convention on Biological Diversity.

B. Sustainability risks

“Adverse sustainability impacts" should be distinguished from "sustainability risks". These are defined in the European SFDR Regulation: "an environmental, social or governance event or situation which, if it occurs, could have a material adverse effect, actual or potential, on the value of the investment" (Article 2).

“Sustainability risks" are risks of financial impact on the value of financial assets resulting from environmental, social or governance situations or events. An example of a 'sustainability risk' is the 'physical risk' of global warming: the exposure of a company's production or distribution chain to extreme weather events (floods, cyclones, fires, etc.), which may cause damage, higher insurance costs or a change in economic equilibrium, which may ultimately lead to a deterioration in the economic value of the company and, by cascade, that of the portfolio of financial assets in which it is invested.

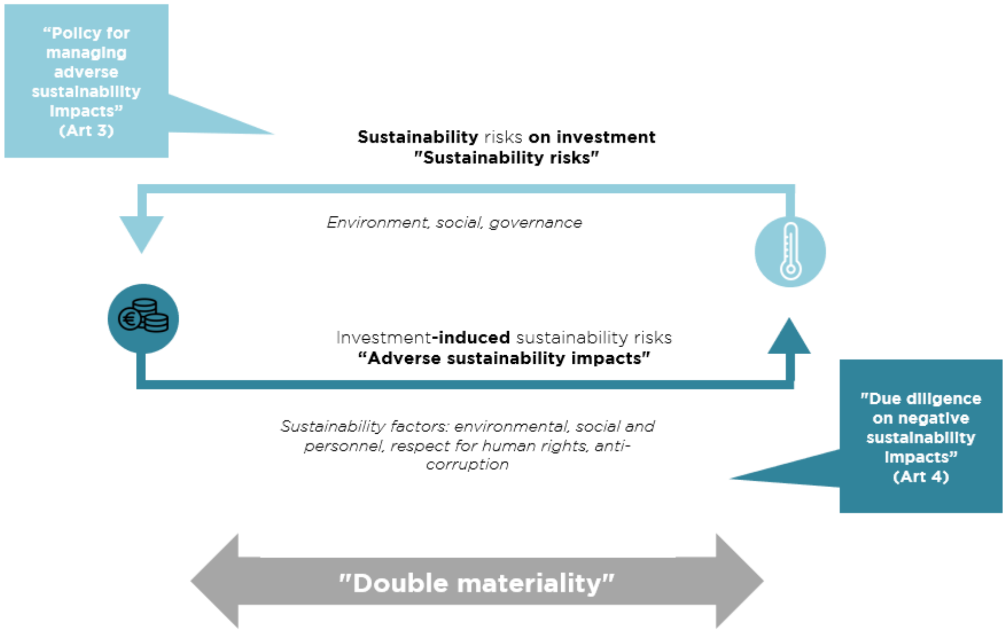
DNCA Finance's "Sustainability Risk Management Policy" is the subject of a specific document.

C. Interactions between "negative sustainability impacts" and "sustainability risks"

The management of "sustainability risks" should be separated from the management of "adverse sustainability impacts", which are intrinsically linked (see "double materiality").

[1] Adopted in December 2015, the Paris Agreement establishes an international framework for cooperation on climate change, with the aim of limiting global warming to "well below 2°C and building on existing efforts to limit global warming to 1.5°C", and achieving a global balance between greenhouse gas emissions and removals in the second half of the 21st century (https://www.un.org/fr/climatechange/paris-agreement).

[2] The tenth Conference of the Parties (COP10) to the Convention on Biological Diversity, held in Nagoya (Japan) in 2010, resulted in a "Biodiversity Strategy Plan for the Planet", including the 20 detailed and quantified Aichi Biodiversity Targets for the period 2011-2020. These 20 targets were approved by the 120 ministers and heads of delegation present in Nagoya. They constitute a general international framework, which was notably adopted by France to establish its National Strategy for Biodiversity 2011-2020 (2nd SNBC).



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There are transmission links between the two sides of the "double materiality", as mentioned when the SFDR regulation was published. Issuers (companies, organisations, states) are increasingly being held accountable for the impacts ("negative impacts") they generate on the environment, society, and all stakeholders (pollution, human rights abuses, non-compliance with business ethics, etc.). These can lead to legal action, financial penalties, reduced consumer confidence, image damage, etc., which translate into lower economic and financial performance, and therefore into a "proven sustainability risk".

The objective of limiting "adverse sustainability impacts" can also lead to a reduction in the financial risks generated on financial asset portfolios.

III. GUIDING PRINCIPLES, SCOPE OF POLICY AND CONDITIONS OF APPLICATION

A. Guiding principles of the Policy

Compliance with major international standards in terms of social responsibility, contribution to energy, ecological and social transitions, as well as contribution to the achievement of the Sustainable Development Goals, are major issues for DNCA Finance in its issuer selection process.

1. Compliance with major international standards in the field of social responsibility

DNCA Finance fully supports the guidelines set by the ILO, the UN and the OECD[3] on respect for human rights and fundamental freedoms, health and safety at work, the environment and business ethics.

These are summarised in the UN Global Compact:

THE 10 PRINCIPLES OF THE GLOBAL COMPACT

Human rights	▪ Companies are invited to promote and respect the protection of international human rights law. ▪ To ensure that they are not complicit in human rights abuses.
International labour standards	▪ Companies are invited to respect freedom of association and recognise the right to collective bargaining. ▪ To contribute to the elimination of all forms of forced or compulsory labour. ▪ To contribute to the effective abolition of child labour. ▪ To contribute to the elimination of all discrimination in respect of employment and occupation.
Environment	▪ Companies invited to apply the precautionary approach to environmental problems. ▪ To take initiatives to promote greater environmental responsibility. ▪ Encourage the development and dissemination of environmentally friendly technologies.
The fight against corruption	▪ Companies are invited to act against corruption in all its forms, including extortion and bribery.

DNCA Finance uses these principles to assess the activities, strategy, and behaviour of the companies in which it invests; DNCA Finance is particularly careful to ensure that its investments do not present serious and proven breaches of these standards.

[3] "ILO Tripartite Declaration on Multinational Enterprises and Social Policy (2017) (https://www.ilo.org/wcmsp5/groups/public/---ed_emp/emp_ent/documents/publication/wcms_124923.pdf), UN Guiding Principles on Business and Human Rights (2011) (https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_FR.pdf) and OECD Guidelines for Multinational Enterprises (2011) (https://www.oecd.org/fr/daf/inv/mne/2011102-fr.pdf).

2. Contribution to the achievement of the Sustainable Development Goals

DNCA Finance supports the UN's Sustainable Development Goals (SDGs)[4] . The negative impact management policy is a natural part of contributing to to the achievement of these goals.

DNCA Finance has put in place tools to measure the contribution of companies to the SDGs, considering the capacity of the private sector to offer solutions (products and services) that contribute to the SDGs and their associated sub-criteria.

In this context, several SDGs have been identified to meet these challenges. The SDGs that have not been directly selected correspond to targeted commitments for states and non-governmental organisations.

3. Contributing to energy, ecological and social transitions

DNCA Finance pays particular attention to the objective of combating climate change, in line with the 2015 Paris Climate Agreement. This agreement aims to promote actions in favour of the energy and ecological transition, and more generally in favour of environmental protection; it incorporates the desire to align financial asset portfolios with the "2-degree trajectory" over the long term.

The European Commission's target[5] is even more ambitious, with carbon neutrality by 2050 and a reduction of at least 55% in GHG emissions compared with 1990.

DNCA Finance is also committed to contributing to the preservation of biodiversity, with reference to the Convention on Biological Diversity[6] (see "Environmental policy"), as well as the objectives of the European Commission, which should be set in 2022[7] .

B. Scope of the Negative Incident Management Policy for Sustainability

The Incident Management Policy applies to all assets managed by the following teams:

- Mixed funds
- Flexible funds
- Europe and International Growth Fund
- Multi-management
- Thematic actions
- Europe equities all caps quality growth
- Absolute equity performance
- European Value Equities
- Multi-strategy bonds
- Emerging market equities

[4] Developed following COP 21, the "Sustainable Development Goals" (SDGs) are made up of 5 general global goals summarised as the "5Ps" (People, Prosperity, Planet, Peace, Partnerships) and 17 specific global goals that 193 UN member states committed to in 2015 to achieve over the next few years (2015-2030), as part of the "Agenda 2030" programme.

[5] "A Green Pact for Europe, European Commission, https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_fr

[6] https://www.un.org/fr/observances/biological-diversity-day/convention

[7] "Biodiversity Strategy 2030, European Commission, https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_fr

- Europe small cap equities
- Convertible bonds
- Beyond Fund

The implementation of the Policy will be adapted according to the type of assets under management and the strategies adopted.

C. Conditions of application

The application of the the Policy for managing adverse sustainability takes place within a framework of constraints:

- ESG data quality: DNCA Finance's investment and risk management processes rely on the analysis of external data provided mainly by issuers and ESG data providers. DNCA Finance will implement a quality control process for ESG data received from its suppliers. However, DNCA Finance cannot guarantee the accuracy of the data, nor can it remedy the methodological and cultural biases introduced by the data providers.
- Maturity of methodologies: DNCA Finance is aware of the technical limitations due to the emerging maturity of analysis technologies, particularly about climate and biodiversity. It opts for a continuous improvement approach to ESG processes to overcome these shortcomings.

In this context, DNCA Finance has opted for the principle of progressiveness in the deployment of ESG policies, to allow a pragmatic application and integration of ESG issues in the links of its value chain.

D. ESG data sourcing

To meet the principles of its responsible investment policy and the new environmental and regulatory challenges, DNCA Finance issued a call for tenders at the end of 2021 to:

- Improving the reliability of issuer data and indicators of impact on climate and biodiversity
- Enter information on activities aligned with the European Taxonomy
- Enrich the existing ESG analysis process (notably through the integration of physical and climatic risks) and enable its systematic use (using an "ABA Quant" rating assessed on the entire investment universe).
- Broadening the scope of other ESG processes

The application of the " negative impact management Policy in term of sustainability " will be implemented following this call for tenders, the integration of data into the information system and the processes of use, with a target date of 2023.

IV. GOVERNANCE

A. ESG Governance of DNCA Finance

DNCA Finance has adapted its governance to better apply the Responsible Investment Policy, of which the Environmental Policy is one component.

ESG governance is thus made up of several bodies:

- Sustainable Development and Investment Committee
- Sustainable Investment Committee
- Sustainable Investment Monitoring Committee
- Transverse Sustainable Investment Committee

1. Sustainable Development and Investment Committee (SDI Committee)

The objective of the Sustainable Development and Investment Committee is to define the strategic orientations of DNCA Finance's CSR and Sustainable Investment policies, including orientations concerning climate and biodiversity, in line with the ESG orientations of the Supervisory Board.

It is composed of members of the Executive Committee, the Head of Compliance the Head of SRI Department and representatives of the main functions (Responsible Investment management and expertise, risk, marketing, legal, sales, etc.).

Its main tasks are to:

- Determining strategic orientations in terms of corporate social responsibility and responsible investment
    - Translate and consider the orientations of DNCA Finance's shareholders in terms of corporate social responsibility and sustainable investment
    - Establish the CSR commitments of DNCA Finance as a company, including the commitments in the investment function
- Defining and evolving SRI policies:
    - Sustainable development and its components
    - Responsible investment and its components
    - Policy design
    - Evolution of policies (based on proposals from the ID Committee, the Operational CSR Committee, other committees, and all stakeholders, including shareholders)
- To assess the operational implementation of SRI policies over the past year, through the production of associated reports (DPEF, commitment report, Art. 29 of the LEC, Annex 1 SFDR, etc.), and draw lessons from this to revise strategic orientations / SRI policies

2. Sustainable Investment Committee (SI Committee)

The aim of the Sustainable Investment Committee is to define, deploy and monitor the Sustainable Investment processes.

It is composed of the Head of the SRI Department, Deputy of the CIO, one representative per management team, one representative from the Compliance team and one representative from the Risk team.

Its main tasks are to:

- Define SRI processes, including:

- Rating process for private issuers
- Rating process for sovereign issuers
- Exclusion process
- SRI selectivity process
- Sustainability risk management process
- Process for monitoring negative impacts
- Fund labelling process
- Engagement and voting process
- Climate trajectory management process

- Deploy and monitor SRI processes:
    - Ensuring the operational deployment of the strategic guidelines on Responsible Investment of the Development and Sustainable Investment Committee (DSI Committee)
    - To manage the temperature of portfolios according to the trajectory decided by the DSI Committee
    - Review the implementation of SRI processes and the achievement of the objectives set by the DSI Committee
    - Arbitrate proposals for changes to the SRI processes of subordinate committees
    - Submit proposals for changes to SRI policies to the DSI Committee

3. Sustainable Investment Monitoring Committee (SIM Committee)

The aim of the Sustainable Investment Monitoring Committee is to monitor all developments relating to the exclusion policy and the negative impacts identified.

It is composed of the Head of the SRI Department, Deputy of the CIO and at least one representative of the Compliance team and one representative of the Risk team.

Its main tasks are to:

- Review the exclusion policy
- Validate and maintain traceability and justification of changes that are made to exclusion lists
- Monitor and control the negative impacts identified

4. Transverse Sustainable Investment Committee (TSI Committee)

The aim of the Transverse Sustainable Investment Committee is to define, deploy and monitor the operational processes supporting and framing Sustainable Investment.

It is composed of the Operations Department, the SRI Department and the risk, marketing, legal, sales, data, compliance, and middle office teams.

Its main tasks are to:

- Define, frame, and monitor the project(s) to be implemented:
    - Define the objectives and the roadmap
    - Define the subdivision
    - Designate those responsible for the actions
    - Estimate the consumption of necessary resources (time, expenses)

    - Define the schedule according to business objectives and constraints
    - Monitor actions and compliance with key milestones

- Monitor and support the operational processes of the business team, including the following items deployed at Data Committee level:
    - ESG data sourcing
    - Flow instruction
    - Structuring ESG data (data dictionary/repository)
    - Quality control of ESG data
    - Dissemination of ESG data (from the repository to any business tools)
- Provide the information necessary to define the assessment of the operational implementation of the ID functional processes over the past year, to produce reports such as the engagement report, Art. 29 of the LEC report, Annex 1 SFDR, etc.

V. IMPLEMENTATION OF THE POLICY FOR MANAGING ADVERSE SUSTAINABILITY IMPACTS

A. Operating principles : continuous improvement

For the policy for managing adverse sustainability impacts, as for all its ESG policies, DNCA Finance adopts a principle of continuous improvement:

- Definition of objectives to limit negative impacts
- Definition of negative impact indicators
- Establishing the results of these indicators, and comparing them with objectives
- Revision of strategy according to results

In addition, DNCA Finance participates in several Sustainable Finance initiatives and working groups and is actively monitoring market practices, new technologies, analyses, new indicators, etc. to improve its policy and better respond to ESG issues, particularly about the alignment of portfolios with international, climate and biodiversity objectives.

B. Definition of objectives for limiting adverse impacts

The objectives of limiting negative impacts are at two levels:

- Objectives for the entire management company
- Objectives for some specialised funds

1. Objectives for the entire management company

These objectives will be precisely defined by the Sustainable Development and Investment Committee (SDI Committee), in conjunction with the Management Committee and the Supervisory Board. They will then be broken down by management strategy at UCI level, under the responsibility of the Chief Investment Officer and the Sustainable Investment Committee (SIC).

DNCA Finance's Environmental Policy outlines these medium- and long-term objectives and ambitions, including the reduction of greenhouse gas (GHG) emissions and the implied temperature of portfolios.

2. Objectives of specialised funds

Some specialist funds have additional or more specific negative impact limitation targets (see Monitoring of adverse impacts section).

The objectives of these funds are determined at inception by the management team and the Product Committee.

C. Mechanism for managing negative sustainability impacts

1. Due diligence mechanism for negative sustainability impacts

DNCA Finance will have a due diligence mechanism, which will consist of:

- Identify the nature of the negative impacts (ESG impacts) associated with its investment activities
- Assess and prioritise negative impacts
- Control (prevent, mitigate, stop) some of the negative impacts
- Monitor the implementation of results (measure the effectiveness of actions)

- Adjust the strategy for managing negative impacts, if necessary

This mechanism is consistent with that described in the OECD guide "Responsible business conduct for institutional investors - Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises", 2017.

DNCA Finance will establish dashboards to monitor negative impacts; these dashboards will be available to the managers and communicated to the members of the Sustainable Investment Monitoring Committee. They include the indicators described below.

2. Negative impact indicators selected by DNCA Finance

DNCA Finance has the means to measure and monitor a wide range of negative impact indicators, including the PAIs (Principal Adverses Impacts) identified by the RTS of the European SFDR Regulation.

Focus on examples of PAIs applicable to DNCA Finance funds categorised under articles 8 and 9:

NEGATIVE IMPACT ON PRIVATE ISSUERS

Environment	Greenhouse gas emissions (GHG)	GHG emissions
		Carbon footprint
		GHG intensity of invested companies
		Temperature induced by GHG emissions
		Exposure to companies active in the fossil fuel sector
		Share of non-renewable energy consumption and production
		Energy consumption intensity for fuel-intensive sectors
	Biodiversity	Activities adversely affecting areas sensitive to biodiversity
		Water use and recycling
		Soil degradation, desertification, soil sealing
	Water	Emissions of pollutants into water
	Waste	Hazardous waste ratio
Social and human rights	Employee and social issues	Violation of the principles of the UN Global Compact and the OECD Guidelines for Multinationals[8]
		Lack of processes and monitoring mechanisms to track compliance with the principles of the Global Compact and the OECD Guidelines for Multinational Enterprises
		Gender pay gap

[8] OECD, "Guiding Principles for Multinationals" https://www.oecd.org/fr/investissement/mne/1922470.pdf

NEGATIVE IMPACT ON PRIVATE ISSUERS

Gender diversity at the Board

Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)

In addition, an analysis of private issuers' exposure to "sustainable transition", carried out using DNCA Finance's proprietary ESG analysis tool ABA (Above and Beyond Analysis), integrates two ratings ("Responsibility Risk" and "Sustainable Economic Transition"), one of which ("Sustainable Economic Transition") is based on companies' contribution to the 17 Sustainable Development Goals (SDGs). Within this specific framework, impact indicators are identified as having a direct link with the contribution (or non-contribution) to the Sustainable Development Goals.

ABA's Controversy pillar tracks issuers' level of controversy using the typology used in the 'Responsibility Risk' analysis: shareholder controversy, environmental controversies, social controversies, and societal controversies.

Controversies are derived from DNCA Finance's analysis of information using its proprietary model. A daily screening of targeted information is carried out (list of keywords) using an algorithm and a dedicated human resource. This analysis is supplemented by external data (rating agencies and broker research).

The aim is to compare the principles laid down by issuers with the reality observed, and to constitute a basis of alerts for fund managers. Each controversy, classified according to theme (shareholder, social, environmental, and societal), is the subject of a complete analysis and a report. At the end of this work, the controversies are distinguished according to their level of seriousness to obtain a score from 1 to 4 (4 being the worst score).

DNCA Finance uses this analysis as a leading indicator when it is tangible and not as a systematic sanctioning tool. Indeed, the international dimension of issuers and the profusion of information mean that isolated cases must be distinguished from major alerts in each situation. However, a succession of isolated cases may, for example, be evidence of a widespread violation throughout the company.

The score for each controversy applies a greater or lesser discount (from 10% to 50%) to the rating for each pillar (shareholder, social, environmental, and societal) and to the ABA 'Responsibility Risk'.

A phase of appropriation and observation of negative impact indicators is necessary before DNCA Finance can set targets. DNCA Finance is open to the possibility of integrating new negative impact indicators, depending on the evolution of data quality and ESG methodologies.

3. Monitoring negative impacts

The principles adopted by DNCA Finance are:

- The monitoring of impacts for which DNCA Finance has quantitative targets (carbon footprint and induced temperature of portfolios in particular), as well as certain impacts identified as targets in the strategy of specialised funds (see below).
- Measuring and steering biodiversity footprint indicators: water management and land use
- The measurement of other negative impacts allowing for an observation and ownership phase, as well as quality control of the data used.

DNCA Finance is committed in its "Environmental Policy" to achieving the following objectives:

- Short-term target (2023)
    - Improved data coverage
    - Presentation of changes over time, depending on the availability of data for the indicators absolute carbon emissions, carbon footprint, carbon intensity and temperature.

  - Dialogue with at least 5 companies the "worst contributors"[9] in terms of assessing the induced temperature
  - Dialogue with at least 5 companies with no climate objectives[10] and representing the largest exposure in terms of assets under management
  - Systematic review of climate resolutions
  - Implementation of management tools to achieve medium-term objectives
  - Inventory of carbon emissions by public-sector issuers
- Medium-term ambitions (2025-2030)
  - Decrease in the average temperature index of DNCA Finance portfolios (compared with 31/12/20)
  - Reduction in the average carbon intensity of DNCA Finance portfolios (compared to 31/12/20)
  - Decrease in the share of funds that are not aligned with a 2° temperature.
- Long-term ambitions
  - 100% of the securities in the portfolio should have a validated alignment 2°.[11]
  - 100% of funds should be aligned with the 2° temperature target
  - Alignment with European Commission objectives

For some of DNCA Finance's specialised funds (Article 9 funds within the meaning of the SFDR Regulation), achieving a negative (or positive) impact target is part of the fund's strategy. The monitoring of this negative impact is also measured and managed by DNCA Finance.

Summary of negative impact steering :

NEGATIVE IMPACT	PERIMETER	MEASUREMENT/PI.OTING
Carbon emissions and induced temperature	All managed and controllable assets	Measuring and monitoring according to agreed objectives and DNCA Finance's engagement
Other negative impact indicators	All managed and controllable assets	Measurement, observation, and ownership phase
	Specialised funds	Measurement and monitoring according to the objectives of the fund strategy

Indicators piloted on specialised funds as of 31/12/2022:

SPECIALISED FUNDS	INDICATORS OF NEGATIVE IMPACTS MONITORED	OBJECTIVE
DNCA Invest Beyond Semperosa	Contribution to the SDGs	Issuers with significant exposure as a percentage of revenues to the 17 UN SDGs
	Carbon footprint of the portfolio	Lower carbon footprint than the benchmark index
DNCA Invest Beyond Alterosa	Contribution to the SDGs	Significant consolidated exposure as a percentage of revenue to the 17 UN SDGs
DNCA Invest Beyond Climate	Induced portfolio temperature	Decrease the average carbon intensity of the portfolio by at least 2.5% per year (based on portfolio companies)

[9] DNCA makes a climate performance attribution; "poor contributors" combine a high induced temperature and a significant weight in DNCA's overall portfolio.

[10] These are the 10 companies with the highest weighting in DNCA's overall portfolio, with zero transparency on climate strategy and objectives.

[11] Alignment 2° is carried out by CDP or SBTI (Sciences Based Target Initiatives). DNCA wishes to use a phase of observation and analysis of these two methodologies.

DNCA Invest Beyond Global Leaders	Contribution to the SDGs Carbon footprint of the portfolio	Avoided CO2 emissions greater than induced CO2 emissions (scope 1 and 2) Significant exposure as a percentage of revenue to the 17 UN SDGs Lower carbon footprint than the benchmark index

DNCA Finance can act through several channels to achieve its negative impact objectives:

- Via investment decisions (analysis, investment, reduction, reinforcement, divestment)
- Via the exclusion policy (see Link to DNCA Finance's exclusion policy)
- Via the engagement policy, with dialogue and action with the company's management (see Link with DNCA Finance's engagement policy)

4. Warning system and use of negative impact indicators

i. Monitoring of all exposure

Management charts showing portfolio exposure to the selected indicators are updated regularly and used by all managers.

ii. Alert system

DNCA Finance has launched the development of a 2022 year-end alert system.

These alerts, whose trigger threshold and type depend on the portfolio's strategy, are set up progressively and can be based, for example, on:

- A change in the 'Corporate Responsibility Risk' rating and/or the crossing of a certain threshold (depending on the management strategy)
- Variations in upstream indicators, identified as material depending on the sector (e.g. variations in GHG emissions for very fuel-intensive sectors)
- The emergence of controversies, graded according to their seriousness and frequency
- Eventually, the variation in Climate VAR and/or the crossing of Climate VAR limits (currently under development for implementation on 30/06/2024).

iii. Integration into the business process

Depending on the evolution of the exposure and the alerts, the managers may need to adjust their investment decisions in the following way (depending on the management strategy):

- Reviewing the reasons for investment
- Initiate or accelerate an engagement process (see Link with engagement policy)
- Lighten, divest completely or strengthen the position
- Put under surveillance if necessary

iv. Limits

For some specialised portfolios (see Monitoring of adverse impacts section), limits on negative impact indicators are put in place, example:

- Higher carbon footprint than the benchmark
- Avoided CO2 emissions greater than induced CO2 emissions (scope 1 and 2)

D. Link with the exclusion Policy of DNCA Finance

DNCA Finance's exclusion policy plays a dual role:

- Avoiding the issuers most involved in certain negative impacts

- Protecting portfolios against financial risks related to certain ESG themes (e.g. exposure to the thermal coal production sector, etc.).

DNCA Finance's exclusion policy contributes directly to the negative impact management Policy in terms of sustainability.

The "DNCA Finance Exclusion Policy", available on the website, details :

- Exclusions from controversial weaponry (for all DNCA Finance funds)
- Sector exclusions (or maximum sector exposure), depending on the management strategy. These sectors may include :
    - Tobacco production
    - Fossil fuel based electricity generation
    - Unconventional oil and gas production
- Exclusions related to United Nations Global Compact

The application of the principles of negative impact management may lead to a change in the exclusion policy.

E. Link with DNCA Finance's engagement policy

As a responsible investor, DNCA Finance attaches great importance to maintaining a constant dialogue with the issuers in which it invests. DNCA Finance's shareholder engagement is detailed in the "Voting and Engagement Policy" document. This engagement approach allows DNCA Finance to :

- Encourage issuers to adopt best practice
- Benefit from a detailed understanding of the company's strategy and its integration of sustainability risks

The engagement policy thus contributes directly to the management of negative sustainability impacts for DNCA Finance. The level of engagement and dialogue depends on the level of sustainability risk.

DNCA Finance distinguishes between two ways of interacting with companies:

- Dialogue with issuers
- Shareholder or investor engagement

1. Dialogue with issuers

As a conviction-based manager, DNCA Finance considers it essential to meet very regularly with the issuers in which it invests or plans to invest. This is the case for both financial and SRI analysis. These meetings allow us to question the company's management on its strategy and the extent to which its implementation integrates the interests of all stakeholders. These discussions provide a very relevant picture of the real integration of SRI issues and corporate culture.

The information obtained during these meetings makes a significant contribution to the quality and responsiveness of our SRI research.

The number of contacts with issuers is described in DNCA Finance's Engagement Report.

2. Shareholder or investor commitment

DNCA Finance is convinced that improving the practices of the issuers in which we invest helps to protect the value of portfolios and has put in place a engagement process to encourage issuers to take better account of SRI issues. More generally, DNCA Finance believes that it is our fiduciary responsibility not only to select the best investments, but also to encourage better practices and greater transparency from issuers.

DNCA Finance distinguishes between two types of shareholder engagement:

- Reactive engagement, following a controversy or a particular incident.
- Proactive engagement, to encourage issuers to develop better transparency and management of their SRI issues.

These two cases are subject to a formalised engagement process, detailed in the "Commitment Policy" document.

Escalation procedures may be triggered if the target company refuses to respond or fails to put in place the appropriate means to address the identified problems or weaknesses. These escalation procedures are determined on a case-by-case basis in collaboration with the management teams.

3. Collaborative engagement

DNCA Finance partners with other investors to bring a message to companies where it could have limited influence acting alone. Collaborative action can, in some cases, achieve better results with issuers.

DNCA Finance conducts its collaborative engagement activity through direct contact with investors and participation in in multi-investor initiatives worldwide.

4. Specific areas of engagement for DNCA Finance

DNCA Finance's engagement policy is based on 4 axes:

- Extra-financial transparency
- Governance
- Engagement to the environment
- Social and community engagement

DNCA Finance's engagement with companies focuses on negative environmental, social and societal impacts.

i. Environment

DNCA Finance would like all companies to take environmental and climate change into account, at least in the context of managing the associated risks. DNCA Finance encourages all companies to adopt a comprehensive environmental strategy, and that the management of this strategy be integrated in a similar way to the company's strategy.

DNCA Finance wants environmental strategy not to be limited to a company's own operations, but to include all stakeholders. For example, it should include the entire value chain: upstream suppliers, company operations, and the product life cycle at the customer's site.

The issues targeted by the engagement policy are:

- Climate: communication and reduction greenhouse gas emissions, limitation of energy consumption; implementation of strategy to align with the Paris Agreement
- Water management: limiting and reducing water consumption, particularly drinking water
- Waste management: information on the nature of the waste generated and recycling and recovery practices
- Biodiversity protection: assessing and limiting the impact on biodiversity

ii. Social and societal issues

In addition to the significant operational impact of a company's social risks, societal condition the environment in which the company operates.

The issues targeted by the engagement policy are:

- Employment and working conditions: respectful (ILO standards[12])) and sustainable working conditions, social dialogue and employee representation
- Supplier relations: formalising expectations on social issues during contracting and verification procedures
- Data protection and cybersecurity: transparency on data use, integrity of IT systems
- Respect for local communities: listening to local communities and dialogue in decisions

5. Integration of the engagement approach into the analysis model and investment decisions

i. Integration with ABA ESG analysis

Dialogue with issuers is an invaluable source of added value in analyses, whether financial or specifically ESG. All dialogue and engagement actions are thus integrated into two complementary tools:

- The proprietary ABA tool, to adjust the company's "Risk of Responsibility" or "Transition" rating where necessary, and to keep a record of exchanges with the management of invested issuers
- The ResearchPool (RMS) tool, in which fund managers fill in all information relating to discussions with issuers

ii. Integration into investment decisions

The results of the engagement actions are integrated into the ESG analysis and can notably impact the "Responsibility Risk" rating. This rating, which is distributed to all management teams, gives an indication of the level of ESG risk, and has a direct impact on whether or not SRI funds are included in the eligible universe.

Managers are systematically invited to take part in engagement meetings with the issuers in their portfolios.

Application of the principles of negative sustainability impacts may lead to adjustment of the engagement policy.

[12] International Labour Organisation