



RESPONSIBLE  
INVESTMENT  
**POLICY**

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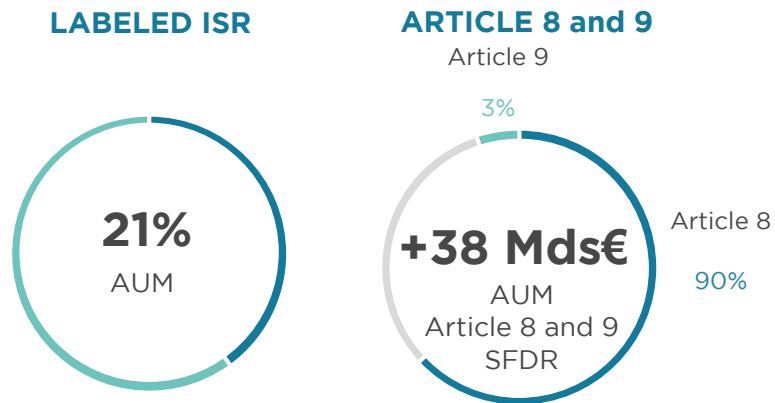
The Responsible Investment Policy details how DNCA Finance implements its engagement to act as a responsible asset manager in its investments and operations.

A more detailed presentation of the various topics addressed in this policy can be found in the following documents :

- Sustainability Risk Management Policy
- Policy for Managing Adverse Sustainability Impacts
- Environmental policy
- Exclusion policy
- Shareholder engagement and voting policy
- Transparency code
- Report on Article 29 of the Energy and Climate Law

All these documents are published on the DNCA Finance website.

### SRI assets at DNCA Finance



Source: DNCA Finance 31/03/2025. Data may change over time.

## I. THE CHALLENGES OF RESPONSIBLE INVESTMENT POLICY TODAY

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 strengths 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.

As a responsible investor, DNCA Finance believes that Environmental, Social and Governance (ESG) factors must be integrated into the heart of financial management: on the one hand, these factors can have a **significant impact on financial performance**, and on the other hand, and increasingly, the responsibility of investors on the **consequences of their decisions on the environment and society** is underlined; the latter is naturally in line with the contribution of the world of finance to the United Nations Sustainable Development Goals<sup>1</sup>.

Mastering data is now a key issue in the financial services industry. Fragmented. Variable in quality and sometimes in very short supply, non-financial data is the subject of great attention from European authorities and market players.

The European Union is setting up non-financial disclosure standards for investors (SFDR<sup>2</sup>), and, in parallel, disclosure standards for companies (CSRD<sup>3</sup>). At international level, following the example of IFRS standards for corporate financial accounting, in June 2023 the International Sustainability Standards Board<sup>4</sup> (ISSB) published its first two IFRS standards on sustainability disclosure, IFRS S1 'General Disclosure Requirements for Sustainability-related Financial Information' and IFRS S2 'Climate-related Information'.

Finally, the race for comparability has seen its horizon brighten with certain criteria now harmonised. Since 2023, the European Taxonomy has made it possible to have comparable data between companies and then at consolidated level for a financial product. We are talking here about data aligned with the taxonomy, calculated as the proportion of revenue, capital expenditure (CApEx) and operating expenditure (OpEx) considered to be environmentally sustainable.)

The generalisation of these regulatory measures to other data points means that database management will be crucial over the next few years. Within asset management companies, data science is essential. It requires unprecedented human and financial resources. It will make it possible to ensure responsible management that is relevant, measurable and verifiable.

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1 The Sustainable Development Goals, adopted in 2015 by the United Nations as part of the 2030 Agenda for Sustainable Development, are a universal call to action to eradicate poverty, protect the planet, and improve the daily lives of all people everywhere, while creating opportunities for the future.

2 The 'Sustainable Finance Disclosure Regulation' (SFDR), published in 2019 by the European Commission and due to come into force in March 2021, is a particularly structuring regulation aimed at providing a supranational standard of transparency through the publication of information on the sustainability of financial products.

3 In September 2020, the European Commission strengthened non-financial transparency requirements for companies, announcing its intention to create an EU-wide platform giving investors continuous access to financial and sustainability information on companies. The European Single Access Point (ESAP) appears to be the strongest initiative of the European public authorities in terms of financial services. In particular, it is a response to the EU's commitments on climate change, notably in the context of the Green Deal.

4 Non-financial standards promoted by the IFRS Foundation.

## II. FUNDAMENTAL PRINCIPLES: LONG-TERM INVESTMENT AND INTEGRATION OF ESG ISSUES

### 1. Our values

DNCA Finance is an asset management company created in 2000 by specialists with a patrimonial approach to asset management for private and institutional investors. Over the years, the founders have assembled a team of experienced and recognized managers to develop a range of simple, easy-to-understand and high-performance funds, centered around conviction-based management. Our investment choices are the result of an in-depth fundamental analysis of companies. Before investing, we study a stock in its entirety in order to select the bonds and equities offering the best performance potential according to the risk taken.

Naturally, our analyses and the ongoing dialogue we maintain with companies are filled with environmental and societal issues. Our investments are resolutely geared towards long-term **performance that considers all the risks and challenges facing companies**. Governance has always been a decisive criterion, and today it is unthinkable to invest in a company without ensuring the quality of its management, the independence of its control bodies or the respect of its minority shareholders. Gradually, the integration of social and environmental issues has become an integral part of our approach, convinced of their relevance to our business: selecting the winners of tomorrow.

### 2. Our beliefs

If there is one question that the last fifteen years have answered, it is that of **value creation due to the integration of ESG criteria in the management of financial products** or rather, the non-destruction of value. While conventional financial theory illustrates that narrowing an investment universe - by excluding companies with controversial behaviors - decreases diversification and precludes certain opportunities, resulting in a lower capacity to perform, over the past decade several studies have demonstrated that there is no significant difference in financial performance between SRI funds and traditional funds.

On the contrary, the integration of ESG criteria allows for a better understanding of companies and their activities, reduces volatility, and is thus a good way to identify risk factors that are not taken into account in a traditional financial analysis: (fraud, accounting manipulations, denunciation of discriminatory or even illegal practices, deliberate pollution, cyber-attacks...). In short, the debate on the performance of Responsible Investment funds is no longer valid.

Not only does ESG analysis help limit "bad risks", but it also helps identify opportunities: this has been further accelerated since 2018 by the increase in regulation and pressure from civil society towards companies addressing sustainable development issues through their activities (energy efficiency, renewable energies, new technologies, health, eco-design, recycling, healthy food...).

### 3. DNCA Finance's 3Ps: Patience, Prudence and Perseverance

Since its foundation, DNCA Finance has adopted a philosophy based on the **3Ps: Patience, Prudence, and Perseverance**. These three key words, which reflect a desire to align the company's expertise with **long-term asset** management, based on **solid convictions and** always in the interest of clients, are also strongly reflected in the deployment of DNCA's ESG approach.

**Patience:** While it may seem inappropriate to evoke the virtues of patience in the face of the urgency of ESG issues, particularly climate change, we believe that this notion is nevertheless crucial to avoid confusing goodwill with feasibility. Indeed, in a constantly changing environment, marked by a regulatory framework that is being formalized very quickly, faster than the market reality, and in parallel by the slow adoption of a homogeneous and standardized framework for extra-financial data, it seems to us essential to take a long-term approach.

**Prudence:** This patience is also accompanied by a desire for prudence on our part. We are convinced that the race for image and the outrageous communication that accompanies the craze for responsible investment pose real risks for asset management companies and the products they market. Faced with the proliferation of funds declared Article 9, DNCA has always wished to maintain a demanding approach to SFDR classification by only declaring Article 9 funds that pursue a clear sustainable development objective with a high level of sustainable investments in the portfolio.

**Perseverance:** Finally, our strong belief in the relevance of our approach is the best possible illustration of this notion of perseverance. Indeed, as early as 2018, DNCA has made the strong choice to rely on an internal model, ABA, with the objective of offering a rating for which we control the entire construction, with information from companies constituting the bulk of the data used. Over the long term, we are convinced that our model, in which data is controlled and integrated into a proprietary analysis grid, is a guarantee of added value for our investments.

#### 4. The fundamentals of our Responsible Investor philosophy

Our ambition is to offer a differentiating and innovative approach that evolves in line with the new issues to be integrated. As such, our Responsible Investor philosophy distinguishes two concepts: Responsibility Risk and Sustainable Economic Transition. The evaluation of these two dimensions is based on an in-depth analysis of economic and social trends, but also on recognized expertise in the field of responsible investment.

DNCA Finance has developed a unique approach, based on the proprietary ABA (Above and Beyond Analysis) rating tool. DNCA Finance's ESG analysis covers all aspects of responsible investment, including the "**Corporate Responsibility Risk**" of companies and organizations and their contribution to the "**Sustainable Economic Transition**". The ABA methodology is developed in chapter *Our proprietary ESG analysis model*.

##### a. Assessing the Responsibility risk for Corporates

The evolution of certain indicators offers an additional analysis that is often not yet integrated into the financial statements. An abnormal increase in turnover, work accidents or absenteeism may indicate a lack of well-being in the company or a deteriorated social climate that will have an impact on competitiveness and economic performance (1% absenteeism represents 1% additional payroll costs).

In this context, we consider the analysis of Corporate **Responsibility Risk** not as an investment opportunity but as a formidable source of information to assess the risks faced by companies, particularly in their interactions with their stakeholders: employees, suppliers, customers, local communities, shareholders... and this, whatever their sector of activity.

##### b. Identifying sustainable investment opportunities

Our conviction is based on a long-term perspective on the financing of the economy. As a responsible asset manager, our role is to select companies with the best strategic and economic assets to meet the challenges of tomorrow, particularly those corresponding to the United Nations Sustainable Development Goals.

We are convinced that the ability of these players to anticipate their market is crucial to conquer or maintain their leadership. Thus, by identifying exposure to the **sustainable economic transition** of companies, we are targeting a robust outperformance for our portfolios.

## The 17 United Nations Sustainable Development Goals



Sustainable economic transition is above all a source of investment opportunities. Our job is to identify the themes relevant to sustainable economic transition and, by extension, to select the companies that contribute to it. Our proprietary analysis model, presented in the 'Our proprietary ESG analysis model' section of this document, identifies five major pillars of sustainable transition and their material themes.

### c. Limiting negative environmental and social impacts

DNCA Finance has implemented a management strategy aimed at limiting negative impacts on the environment and society, in line with its contribution to the Sustainable development objectives.

This strategy applies to the management company as a whole (application of the Exclusion policy for thermal coal and unconventional oil and coal, and Trajectoire Climat), and more specifically to certain specialised funds or funds with the SRI label<sup>5</sup>.

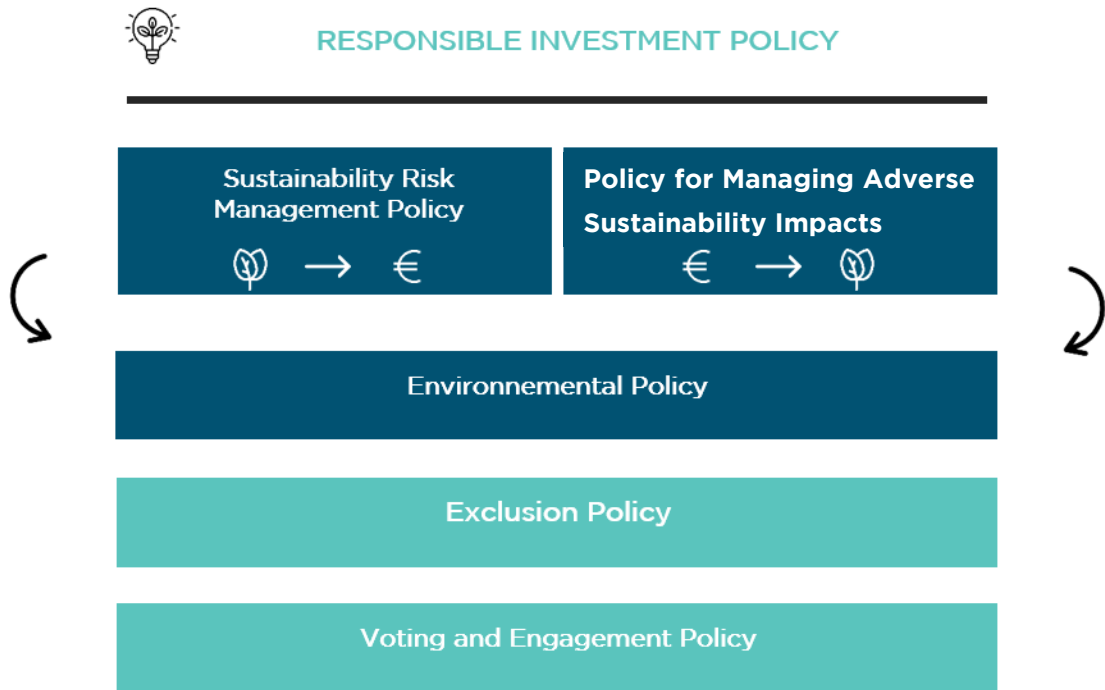
## 5. A Responsible Investment policy that integrates the two axes of "double materiality"

The two aspects of responsible investment (impact on financial performance and the consequences of investment decisions on the environment and society) constitute what is now called "**dual materiality**": the management of (financial) sustainability risks (described in our document "[Sustainability Risk Management Policy](#)") and the management of negative impacts of investments on sustainability factors (see our document "Policy for Managing Adverse Sustainability Impacts").

This duality is notably illustrated in our Environmental Policy, by analysing both how **companies and organizations can be weakened** (impact of global warming, dependence on an ecosystem...) and how DNCA Finance can **limit the negative impacts of its investment decisions on the environment** and contribute to the achievement of international objectives (Paris Agreement on limiting temperature increase, Convention for Biological Diversity).

<sup>5</sup> Created in 2016 by the French Ministry of the Economy and Finance to distinguish investment funds that integrate environmental, social and governance (ESG) criteria into their financial management, the Socially responsible investment (SRI) label is a French label that aims to enable retail and institutional investors to identify financial products that respect the principles of sustainable development.





## 6. DNCA Finance's environmental Policy and engagements

DNCA Finance places particular emphasis on taking into account environmental issues, including climate and biodiversity erosion, both in the analysis of portfolio risks and in the analysis of the impacts that the portfolio may generate. In particular, 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, a major negative impact of financial portfolios, are thus the negative impacts on which DNCA Finance focuses its attention

The Environmental Policy is the subject of a dedicated document on our website. DNCA Finance has also detailed in its Article 29 Report of the Energy and Climate Law, published in June 2024, how biodiversity issues are taken into account in its investment policy.

### a. Alignment 2° and the Paris Agreement

Adopted in December 2015 at COP21, the Paris Agreement<sup>6</sup> puts in place an international framework for cooperation on climate change that aims, in particular, to limit warming 'to well below 2°C, and continuing efforts to limit it to 1.5°C' (Article 2), and to achieve a global balance between greenhouse gas emitters and removals in the second half of the 21st century (carbon neutrality) (Article 4).

Since COP 21 and the Paris Agreement, climate change mitigation and adaptation must be part of the daily agenda of the private and public sectors. For the financial sector, the agenda is defined in the main objectives agreed at COP 21: 'Make financial flows compatible with a pathway to low greenhouse gas emitting and climate resilient development.'

<sup>6</sup> <https://www.un.org/fr/climatechange/paris-agreement>

**b. Climate Risks**

Climate change has an impact on the financial performance of issuers and, consequently, on the risk-return profile of the securities they issue. Climate Risks are generally classified into two categories:

- Physical risks: risks associated with the physical impact of climate change on issuers’ activities, for example as a result of extreme temperatures, floods, storms or forest fires.
- Transition risks: risks associated with the transition to a low-carbon economy, for example: changes in policy, technology or supply and demand in certain sectors.

**c. DNCA Finance’s Climate Strategy**


▪ **Short-term objective (2024-2025)**

DNCA Finance wishes to develop its methodologies for measuring and analysing data related to global warming:

- Measurement of carbon footprints, including scope 3
- Methodology for calculating induced temperatures from carbon emitters.
- Progressive coverage of the analysis of issuers’ transition plans in ABA, for funds holding the ISR label and for issuers under enhanced scrutiny as defined by the V3 ISR label framework.


In addition, DNCA Finance already includes climate issues in its ‘Engagement & voting policy’, through its support for climate resolutions.

DNCA Finance’s short-term objectives (2024) were as follows:


	<b>Objectives</b>	<b>Achieved by 2024</b>	<b>Renewal 2025</b>
	- Improved data coverage	In progress	Objective renewed
	- Dialogue with at least 5 of the ‘worst contributors’ in terms of induced temperature ratings	Realised	Objective renewed
	- Dialogue with at least 5 companies without a climate objective and representing the largest exposure in terms of assets under management	Realised	Objective <u>not</u> renewed
	- Progressive coverage of the analysis of issuers’ transition plans within ABA, for funds holding the ISR label and for issuers under enhanced vigilance as defined by the V3 ISR label framework	-	New 2025 objective
	- Dialogue with at least 5 companies that have not adopted the TNFD framework for their biodiversity impacts	Realised	Objective renewed
	- Support for the ‘Say on Climate’ resolutions	Realised	Objective renewed

- Implementation of management tools to achieve medium-term objectives	In progress	Objective renewed
- Overview of carbon emissions by public issuers	Realised	Objective <u>not</u> renewed
- Exclusion of investments exposed to coal, up to 10% of revenues	Realised	Objective renewed
- Exclusion of investments exposed to unconventional oil & gas production, up to 10% of revenues	Realised	Objective renewed


▪ **Medium-term objectives for phasing out unconventional oil and coal (2030 - 2040)**

	<b>Objectives</b>	<b>Achieved by 2024</b>
	- Exclusion of investments exposed to coal, up to a maximum of 5% of revenue by 2027	Target achieved in 2024
	- Exclusion of investments exposed to coal, up to a maximum of 0% of revenue by 2030 for OECD countries.	On track
	- Exclusion of investments exposed to coal, up to a maximum of 0% of revenue by 2040 for non-OECD countries.	On track
	- Exclusion of investments exposed to unconventional oil and coal production, up to a maximum of 5% of revenue by 2030.	On track
	- Exclusion of investments exposed to unconventional oil and coal production, up to a maximum of 0% of revenue by 2040.	On track

▪ **Medium-term objectives for portfolio alignment (2030) :**

	<b>Objectives</b>	<b>Achieved by 2024</b>
	- The average temperature rise index for DNCA Finance portfolios is below 2.2°C, according to an analysis methodology that to date only includes scopes 1 and 2 (the reference year for DNCA Finance is 2020, when the average temperature rise index was 2.5°).	Aligned
	- DNCA Finance is committed to integrating scope 3 for all its holdings, once it is available and standardised. At that time, DNCA Finance reserves the right to adjust its targets. In the meantime, DNCA Finance will provide any qualitative comments to monitor these targets.	In progress
	- The objectives are based on a constant scope as defined in this policy.	

- **Long-term ambitions (2050) :**

	Objectives
	<ul style="list-style-type: none"> <li>- The average temperature warming index for DNCA Finance portfolios is <b>less than 2°C</b> (the reference year being 2020, with an observed temperature of 2.5°C), according to an analysis methodology that currently only includes scopes 1 and 2.</li> </ul>

These objectives will be analysed regularly by DNCA Finance, in particular during the production of the annual 'Environmental Pressures' report. Within this framework, DNCA Finance will ensure its alignment with the climate trajectory, analyse any deviations and adapt appropriate measures.

- d. **Alignment with the International Objectives of the Convention on Biological Diversity**

The 15th Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD) took place in Montreal in December 2022 under the Chinese presidency. COP15 resulted in a new global strategic plan for biodiversity, the 'Kunming-Montreal Global Biodiversity Framework', which follows on from the Aichi Goals adopted at COP10 (Nagoya, Japan, 2010). This new framework contains 23 new targets to be achieved by 2030 in order to reverse the loss of biodiversity. These targets are detailed (appendix to be created and referenced). Among these targets, three have a quantitative objective: to reduce the loss of areas of high importance for biodiversity 'close to zero' (target 1), to restore 'at least 30%' of degraded areas (target 2) and to reach 30% of areas (marine, coastal, terrestrial and freshwater) protected (target 3).

- e. **Risks associated with the erosion of biodiversity**

Similarly, the erosion of biodiversity can be a source of potential economic and financial losses for issuers. However, the means of analysis, the technologies and the data are still largely unavailable and immature.

In the case of biodiversity loss, as with climate change, there are two types of risk: physical risks and transition risks. These risks are described by the TNFD (Task-force on Nature-related Financial Disclosure) as '*all the financial risks and opportunities for the organisation resulting from impacts on nature and/or dependence on nature*<sup>7</sup>'

- f. **DNCA Finance's Biodiversity Strategy**

Against a backdrop of a lack of harmonised data and standardised methodologies, DNCA Finance is not currently setting targets for 2030, but is placing its thinking and research on biodiversity erosion in the context of contributing to:


- To the ambitions proposed by the global strategic plan on biodiversity 'Kunming-Montreal Global Biodiversity Framework';
- The European Union's biodiversity strategy for 2030;
- The national biodiversity strategy 2030 (SNB);
- Respect for [global environmental limits](#).

### Short-term ambitions:

<sup>7</sup> Source: 'Technical Scope Proposal - Recommendations for the TNFD', TNFD



DNCA Finance is initially focusing on methodologies and data:

<b>Objectives</b>			
	- Understanding and maturity of selected biodiversity indicators	Realised	Objective <u>not</u> renewed
	- Identification of priority objectives and associated indicators	Realised	Objective <u>not</u> renewed
	- Implementation of tools to assess the biodiversity footprint of portfolios by testing the calculation of MSA and PDF indicators.	-	New 2025 objective
	- Dialogue with at least 5 companies that have not adopted the TNFD framework regarding their biodiversity impacts	Realised	Objective renewed
	- Dialogue with at least 2 companies recognized for the exemplary nature of their practices regarding biodiversity impact.	-	New 2025 objective

DNCA Finance integrates certain biodiversity-related issues into its proprietary ABA analysis tool, both in the 'Responsibility Risk' rating and in the 'Sustainable Economic Transition' rating.

Lastly, damage to biodiversity is one of the issues covered by DNCA Finance's Engagement Policy.

### III. CONTRIBUTING TO PROMOTE RESPONSIBLE INVESTMENTS

#### 1. Our participation in working groups and think tank

In 2017, DNCA Finance signed the United Nations **Principles for Responsible Investment (UNPRI)** to provide a structuring framework for the approach and participate in market debates as an active long-term investor.



We want to participate in all initiatives and events that will help disseminate responsible investment (to the general public, institutions and companies) and contribute to regulatory issues (particularly consultation with public authorities). We also wish to enable academic research to evolve on these subjects, and any positive action in this direction will be supported.





DNCA Finance also pays particular attention to the SRI and Greenfin government labels in their current form and intends to participate in their development.

In addition, Léa Dunand-Chatellet, Head of Expertise and Responsible Investment Management, has been a member of the SRI Label Committee since May 2024, and has chaired the AFG’s Responsible Investment Commission since 30 April 2024.

*Membership, charters, codes, ESG initiatives*

DNCA Finance affirms its engagement through initiatives aimed at promoting and advancing responsible investment practices:

Initiatives	Joining date	Main tasks of the initiative	Role of DNCA Finance
Principles for Responsible Investments <i>Signatory of:</i> 	2017	<ul style="list-style-type: none"> <li>Helping investors to incorporate environmental, social and corporate governance considerations into investment decision-making and asset practices, thereby improving long-term returns for beneficiaries</li> </ul>	
Carbon Disclosure Project 	2018	<ul style="list-style-type: none"> <li>To help disclose the environmental impact of companies</li> <li>Enabling investors, businesses, cities and national and regional governments to make the right choices today to build a prosperous economy that works for people and the planet in the long term</li> </ul>	<ul style="list-style-type: none"> <li>DNCA Finance has followed up with certain issuers to encourage them to update and verify published information</li> <li>Transparency campaign (10 issuers)</li> <li>Improvement campaign (10 issuers)</li> </ul>

Initiatives	Joining date	Main tasks of the initiative	Role of DNCA Finance
Climate 100+ 	2021	<ul style="list-style-type: none"> <li>Put pressure on the world's biggest greenhouse gas issuers to ensure they take the necessary measures</li> </ul>	<ul style="list-style-type: none"> <li>DNCA Finance is part of the group of investors Committed to Airbus</li> </ul>
TCFD 	2021	<ul style="list-style-type: none"> <li>Encourage companies and organisations to be transparent about their Climate Risks, to make investments in these companies safer</li> </ul>	
AFG / Commission finance durable 	2018	<ul style="list-style-type: none"> <li>Publish annual statistics on responsible investment</li> <li>Promote the SRI Label and work on developing its specifications</li> <li>Support asset management companies in applying the SFDR, Taxonomy and Article 29 of the LEC regulations</li> <li>Revise the guide to developing a coal strategy</li> <li>Launch working groups on themes such as biodiversity, conventional energy and impact investment.</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the 'Biodiversity' Working Group</li> <li>Participation in the Institut de la Finance Durable's 'Extra-Financial Analysis' working group (development of a methodological corpus for analysing and rating companies' climate performance, selection of one or two authors to write a reference book).</li> <li>Léa Dunand-Chatellet has also chaired the Responsible Investment Commission since 30 April 2024.</li> </ul>
Net Zero Asset Managers initiative 	2023	<ul style="list-style-type: none"> <li>Encouraging the asset management sector to commit to a target of zero net emitters.</li> </ul>	<ul style="list-style-type: none"> <li>DNCA Finance has joined the Net Zero Asset Managers initiative and is committed to continuing its engagement campaigns to encourage companies to disclose their climate data and reduce their GHG emitters.</li> <li>DNCA Finance has also set an intermediate target of zero emission assets under management, reviewed every 5 years.</li> </ul>

Initiatives	Joining date	Main tasks of the initiative	Role of DNCA Finance
<p>Finance for Biodiversity Pledge</p> 	<p>2024</p>	<ul style="list-style-type: none"> <li>Encouraging the asset management sector to commit to preserving biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>Committed, over the next 2 years, to collaborate and share knowledge on methodologies for measuring and setting biodiversity targets.</li> <li>The management company will also integrate biodiversity into its responsible investment policy and its shareholder dialogue.</li> <li>It will assess the positive and negative impacts of its investments on biodiversity and publish measurable targets to increase its positive impacts while reducing its negative impacts.</li> <li>Finally, DNCA Finance will report annually on the level of achievement of these objectives in its investment portfolios.</li> </ul>
<p>Nature Action 100</p> 	<p>2024</p>	<ul style="list-style-type: none"> <li>This global investor-led initiative aims to step up corporate action to preserve nature and biodiversity. The aim is to reduce financial risks while protecting the long-term economic interests of clients and investors.</li> </ul>	<ul style="list-style-type: none"> <li>DNCA Finance is one of a group of investors committed to Zoetis.</li> </ul>

## 2. Sharing our beliefs

DNCA Finance wishes to share its convictions as a responsible investor with its stakeholders and contribute to fuel the overall debate on sustainable investment.

To this end, DNCA Finance participates in articles and interviews published in the specialized press (TV and magazines) and edits an SRI newsletter containing information related to investment themes, interviews with experts or company managers, and detailed reporting on the SRI Beyond range.



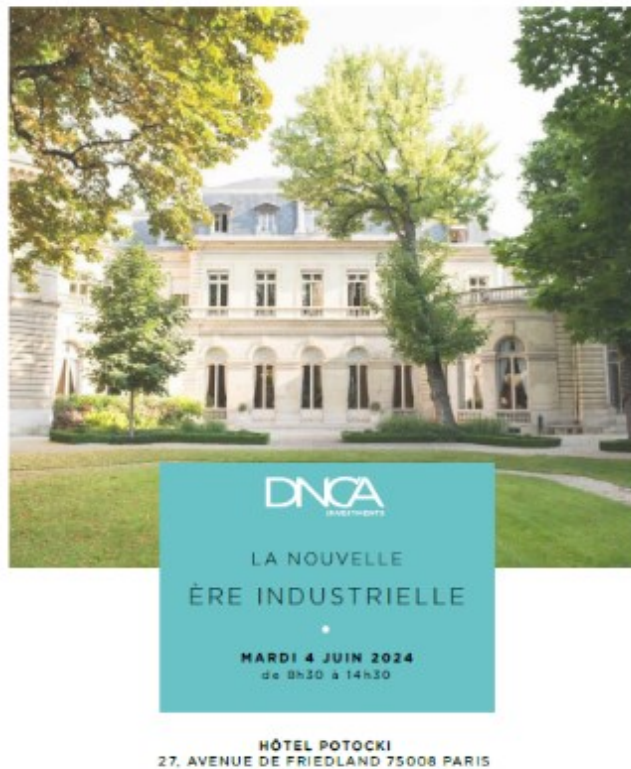


DNCA Finance also organizes conferences and events to which it invites its clients and publishes a number of thought-provoking and educational works.



- Climate Club: organized on an annual basis, this event, intended for DNCA's clients and partners, brings together managers and experts on topics related to climate change (e.g.: Climate Club on 14/06/2022 on the theme "Metals & Mining: the challenge of the energy transition")

- Beyond Day : organised alternately with the 'Climate Club', this event, aimed at DNCA's clients and partners, is primarily designed to raise awareness of the major challenges of responsible investment by bringing together experts and players in sustainable development (e.g. Beyond Day on 04/06/2024 on the theme 'The new industrial era').



- All our communication actions are detailed in the *appendix Communication*.

## IV. IMPLEMENTATION OF THE RESPONSIBLE INVESTMENT POLICY

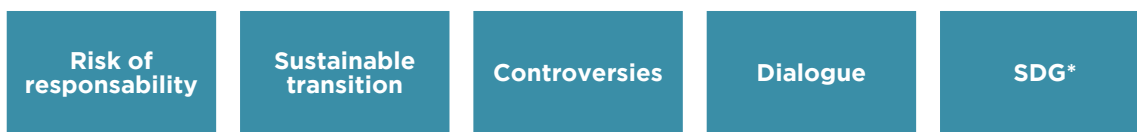
### 1. Our proprietary ESG analysis model

#### a. Private issuers: the ABA (Above and Beyond Analysis) model

We attach particular importance to developing proprietary models based on our expertise and the conviction that we add tangible value to the selection of securities in our portfolio. DNCA Finance's ESG analysis model respects this principle and aims to offer a rating whose entire construction we control.

Information from the companies constitutes the major part of the data used. Dialogue with management and site visits reinforce our understanding and are an invaluable source of added value.

Our model is built around five independent and complementary analytical pillars common to all strategies:



\*Sustainable Development Goals

The objective is to provide a detailed analysis that adds value to traditional financial analysis. This analysis is performed exclusively in-house by DNCA Finance teams and is based on data from companies. The ESG analysis of stocks is carried out under the supervision of the management and expertise of the Responsible Investment team. Using the ABA tool, it reviews the analysis of Responsibility Risk, the analysis of the contribution to Sustainable Transition, the monitoring of controversies, the newsflow and meetings with company managers. The analysis is carried out exclusively in-house and does not include any ratings from external agencies.

ESG analysis also draws on data from external service providers chosen for their specific expertise. The data used within the proprietary ABA (« Above and Beyond Analysis ») rating model are exclusively derived from public information provided by issuers. These data are audited, published, and reflect the operational reality of companies. Thus, the entire ESG rating methodology applied by DNCA Finance to private issuers is based on real data, excluding any estimated or modeled data.

The use of estimated data occurs only when it originates from specialized external providers (such as MSCI, CDP, or equivalents) and concerns specific cases such as the development of exclusion lists (normative or sectoral) or the calculation of DNCA Finance's climate trajectory, as notably presented in the Environmental Pressures Report. This approach demonstrates a commitment to both transparency and rigor in the integration of ESG criteria within investment processes.

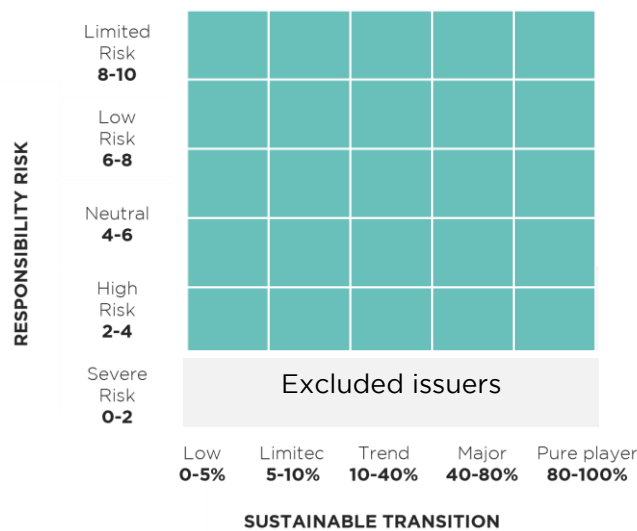
#### 1) Synthesis

Our model allows us to measure both the investment risks from the Corporate Responsibility Risk score, including the assessment of the risk of controversies, and the positive contributions through the assessment of the exposure to the Sustainable Transition. The exchanges and information about the company are elements kept in the model and constitute our data history. By combining Corporate Responsibility Risk and Sustainable Transition, we aim to map companies according to a risk/opportunity approach.

**A range of article 9 funds dedicated to sustainable investment**



**Range of SRI-labelled 'responsible' article 8 funds**



2) Responsibility Risk Pillar

One of the sources of financial value creation is avoiding responsibility risks (reputation, controversies, operations). The development of these risk indicators provides an additional analysis, often not yet included in the financial statements, enabling companies to anticipate risks, particularly in their interactions with their stakeholders: employees, suppliers, clients, local communities, shareholders, etc., whatever their sector of activity.

This pillar proposes a responsibility score calculated as the weighted average of the responsibility scores impacted by each analysis sub-pillar, to which a bonus/malus specific to the rated company may be added.

We thus distinguish 4 sub-pillars of analysis: shareholder responsibility, environmental responsibility, social responsibility and societal responsibility. Each sub-pillar is constructed taking into account the most material issues for companies, and the number of criteria is deliberately limited to 24.



*Criteria and pillars for analysing corporate responsibility*



3) Sustainable transition pillar

The second source of "alpha" comes from investments oriented towards major long-term trends, naturally growing. Analysing the sustainable economic transition allows us to select companies that benefit from these trends. Five macroeconomic transitions have been identified: demography (inclusion of seniors, access to education, etc.), medicine (diagnosis, fight against endemic diseases, etc.), economy (access to financial services, digitalization of exchanges, etc.), lifestyle (eco-design, collaborative consumption, etc.) and ecology (water treatment, renewable energies, etc.).

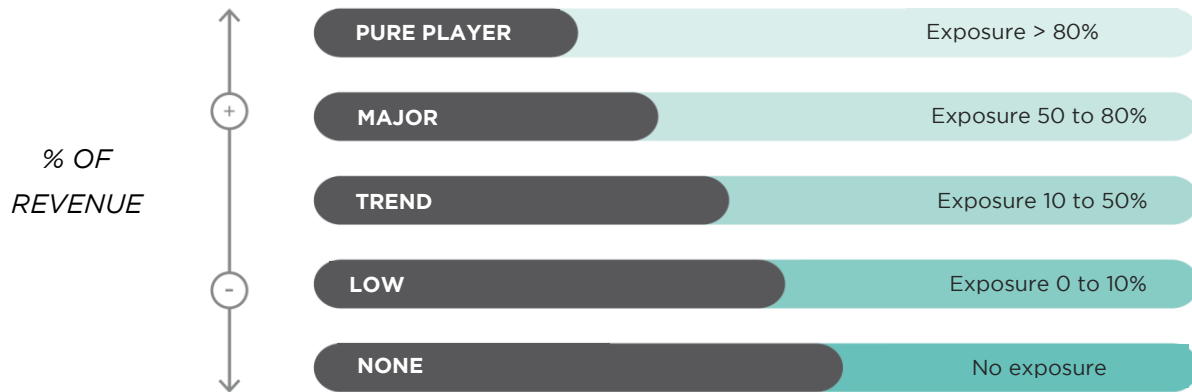
*Analysis of the Sustainable Transition through 5 pillars*



On this basis, the Sustainable Transition pillar offers an analysis of the positive contributions of a company through its activities, products, and services, by identifying whether a company contributes to the Sustainable Transition, in which area(s) and in what proportion. For reasons of transparency of information,

to date the criterion of exposure retained is that of turnover. However, we would like to move towards other criteria such as net income, research and development expenditure or the proportion of products.

The level of exposure ranges from 0 to 100%, classifying companies into 5 categories, and gives rise to an evaluation of the level of positive contribution to the Sustainable Transition, according to a "sustainable transition" benchmark specific to DNCA Finance (see appendix "Sustainable Transition" reference framework and linkage with the Sustainable Development Goals). The distribution of the universe is independent of our evaluation.



The analysis of the exposure to each transition is based on the information published by the companies. We do not make estimates and in the absence of precise information we send a specific request to the company.

#### 4) Controversies pillar

This pillar makes it possible to monitor the level of corporate controversy, using the typology used in the Responsibility Risk analysis: shareholder controversies, environmental controversies, social controversies and societal controversies. Our aim is to bring the principles laid down by companies into line with the reality observed, and to provide a basis of alerts for managers.

Each controversy, classified according to theme (shareholder, social, environmental and societal), is the subject of a full 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). The controversy score for the pillar corresponds to the sum of the controversies identified in the pillar.

We use this analysis as a leading indicator when it is tangible and not as a systematic sanctioning tool. The international dimension of the companies and the profusion of information mean that in each situation we have to distinguish between cases of isolated alerts and major alerts. However, a succession of isolated cases may, for example, be indicative of a widespread infringement throughout the company.

The score for each controversy applies a more or less significant discount (from 10% to 50%) to the rating for each sub-pillar of analysis (shareholder, social, environmental and societal), ultimately impacting the ABA 'Responsibility Risk' rating. Furthermore, as mentioned above, the accumulation of controversies for a company may result in the application of a malus on the ABA 'Responsibility Risk' rating.

#### 5) Dialogue and newsflow pillar

Exchanges with managers and executives are at the heart of our business as asset managers. The extra-financial analysis is also committed to meeting with companies as often as possible to discuss responsibility

and sustainable transition issues. We value this dialogue, which allows for a better understanding of the company and its strategy. It is for this reason that we meet with companies, either in the form of one-on-one meetings with their managers or during site visits.

A precise report of these meetings dedicated to extra-financial issues is entered by the managers in our analysis tool, as well as important information on the companies (newsflow). In addition, we apply DNCA Finance's own engagement and voting policy at companies' general meetings.

## 6) SDGs pillar

In 2015, UN member states adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals. The Sustainable Development Goals (SDGs) address global challenges, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace, and justice. The goals are interconnected. We have developed a section in our proprietary ABA analysis model dedicated to the SDGs to be able to adapt these issues to asset management and in particular to companies. In this pillar, the benchmark used is directly that of the Sustainable Development Goals.

Where applicable, the exposure and contribution of a company to one or more objectives is entered into our tool.

The Positive Contribution/AIM<sup>8</sup> and Climate pillars are complementary and optional, dedicated to positive contribution strategies.



## 7) Climate pillar

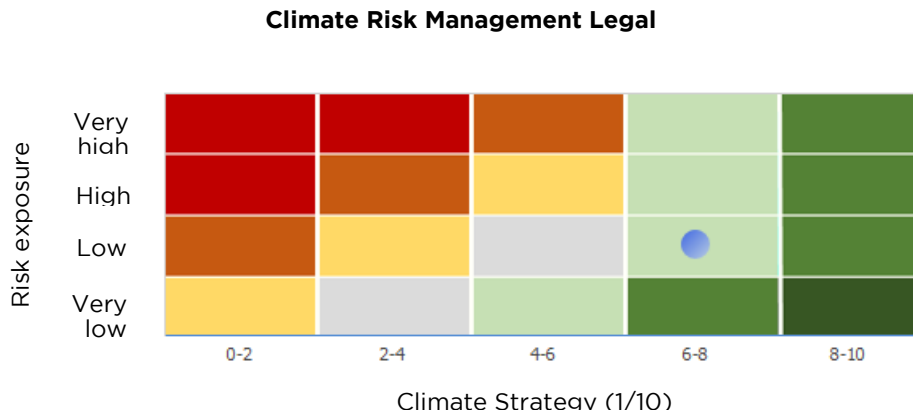
### - **Analysis of transition risks related to climate change**

Our approach is based on a matrix that combines a detailed assessment of the climate risks faced by each company with an analysis of its climate strategy to determine the quality of its climate risk management.

- Transition risk exposure is determined for each company based on its industry and geographic footprint. We follow the same analytical framework as presented in the TCFD, with an assessment of political and regulatory risks, technological risks, market risks and reputational risks. The level of risk assessed ranges from "very low" to "very high".
- The evaluation of the company's climate strategy is one of the 24 criteria included in the Responsibility Risk analysis, the criterion entitled "Climate and energy policy". We evaluate the quality of the climate policy, the relevance of the actions implemented, as well as the results obtained to obtain a score out of 10.

<sup>8</sup> AIM: Additionality, Intentionality, Measurability analysis

- **Proprietary analysis model Climate**



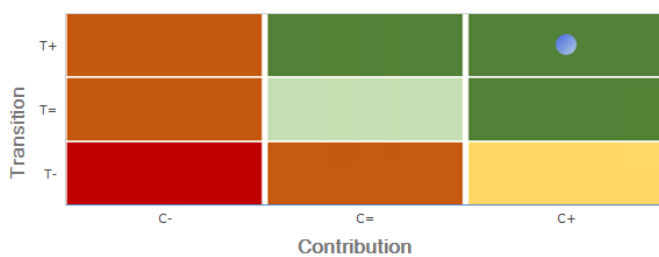
This assessment allows us to determine which companies have an adequate management of their climate related risks and which are at risk; the most at risk (combining a high exposure and an insufficient climate strategy) will be targeted in our engagement policy.

Companies with "insufficient" or "very insufficient" management are excluded from SRI funds with a climate-related management philosophy (DNCA INVEST BEYOND Climate).

- **Transition/Contribution Rating**

The selection of companies in our portfolios is based on a fundamental analysis of the activity, business model and strategy of each company considered to determine the level of alignment with a scenario in line with the Paris Agreement. This analysis allows us to determine for each company whether its decarbonization trajectory is compatible with the international objectives (Transition analysis) and whether the company contributes to the decarbonization of other companies and sectors through its products and services (Contribution analysis).

This dual analysis results in a Transition/Contribution climate score for each company, with a gradation of - / = / + for each of the 2 aspects. Only companies whose combined Transition/Contribution scores are not in the orange/red zones in the matrix below are eligible.



8) Positive Contribution Pillar : AIM (Additionality, Intentionality, Measurability)

The Positive Contribution pillar aims to measure precisely and, on a case-by-case basis the positive contributions of a company on specific environmental, social and societal issues. This part of the model is based exclusively on company data and identifies the relevant indicators for each activity and each player. Our methodology, AIM, is based on three principles inherent to positive contribution analysis: the additionality of the products and services offered, the intentionality of the company and the measurability of the contribution. The concept of positive contribution complements traditional ESG analysis by providing objective and quantifiable reporting indicators.

Each company is assigned an AIM score according to the following scale:



b. Public issuers/Countries: specific ESG analysis criteria



Within our proprietary ABA tool, the ESG analysis of states/public issuers is broken down into:

- An analysis of the 4 pillars Environment, Governance, Social & Societal.
- A Climate Analysis.

We attach particular importance to the use of consistent and reliable data. Thus, our ESG assessment model for public issuers is based on a set of indicators selected from the ISS Country Ratings database and tested for their statistical relevance. These indicators are subject to a proprietary reprocessing to calculate our proprietary rating at the country level.

<b>Environmental analysis</b>	<ul style="list-style-type: none"> <li>• Natural resources (land use, renewable water, drinking water, forest management...)</li> <li>• Climate change (alignment with the Paris agreements, GHG emissions, fine particle emissions, etc.)</li> <li>• Energy (primary energy reserves, energy mix, energy consumption per household...)</li> <li>• Agriculture (share devoted to sustainable agriculture, use of GMOs, meat production...)</li> <li>• Mobility (Energy consumption by transport, freight vs. passenger transport...)</li> <li>• Waste management and recycling (freshwater discharges, waste production and recycled portion...)</li> </ul>
<b>Governance analysis</b>	<ul style="list-style-type: none"> <li>• Rule of law and respect for freedoms (independence and efficiency of justice, rule of law, respect for fundamental rights, human rights...)</li> <li>• Quality of institutions and regulatory framework (quality of governing bodies, quality of regulations...)</li> <li>• Democratic life (political vitality, electoral system, level of democracy, political stability...)</li> <li>• Military status and defense (military spending as a percentage of GDP, involvement in conflicts...)</li> </ul>
<b>Social analysis</b>	<ul style="list-style-type: none"> <li>• Employment (unemployment rate, long-term unemployment rate, employment rate 15-64 years...)</li> <li>• Health (life expectancy, health expenses, access to medical services...)</li> <li>• Education and training (expenditure on education as a percentage of GDP, pupil/teacher ratio at primary level, access rate to secondary education, etc.)</li> </ul>
<b>Societal analysis</b>	<ul style="list-style-type: none"> <li>• Inequality (income distribution, poverty rate, GINI index...)</li> <li>• Living conditions, freedoms and respect for fundamental rights (non-discrimination, right of association, child labour, forced labour...)</li> </ul>
<b>Climate Analysis</b>	<p>The climate profile of a public issuer is analysed separately within our proprietary tool and is broken down into 4 main criteria:</p> <ul style="list-style-type: none"> <li>• Energy mix (fossil fuels, renewable sources, total energy supply...)</li> <li>• Evolution of the energy mix over 5 years (fossil fuels, nuclear, renewables...)</li> <li>• Carbon intensity (total emissions, share of global emissions, intensity...)</li> <li>• Reserves (coal, gas, oil and share of world reserves...)</li> </ul>

### 1) Country rating

Within the 4 main pillars of analysis described above, 82 key indicators are rated out of 10, the result of a weighted average of the indicators.

A final ESG rating for each country is assigned from 0 to 10, by weighting the 4 main pillars of analysis equally.

Finally, several controversies considered serious at the country level are listed (respect for human rights, discrimination, respect for freedom of association, freedom of the press, etc.). The fact that a country contravenes one or more of these controversies is reflected by a penalty applied to the pillar concerned.

### 2) Climate analysis

In addition to the country ratings derived from the 4 main pillars of analysis described above, a 'Climate' tab in the tool allows you to go into more detail on several climate-related indicators broken down into the following broad categories:

- Energy mix trends (5 years)
- Energy mix
- Carbon intensity
- Reserves

At this stage, this 'Climate' tab has no impact on the country rating.

#### c. Raw materials: specific ESG analysis criteria

The Commodities module is designed to meet the needs of DNCA's Commodities expertise, for which a fund was launched in February 2024. Within our proprietary ABA tool, the ESG analysis of commodities is broken down into :

- An analysis of Responsibility Risk in 3 pillars Environment, Governance & Social
- A Transition analysis.

### 3) Responsibility Risk Rating

The Responsibility Risk score is based on three pillars:

- Environmental pillar: this is calculated using a bottom-up approach (50% of the score) and a top-down approach (50% of the score).

In the bottom-up approach, 3 criteria are monitored (CO<sub>2</sub> emitters, water consumption, tailing waste<sup>9</sup>) on the basis of quantitative data from reports by agencies, associations, governmental or non-governmental institutes. These criteria are standardised, relative to the investment universe studied, to obtain a bottom-up environmental score of between 0 and 10. The result for each criterion is then entered into the ABA model.

The top-down environmental rating is calculated on the basis of the weight of the producing countries in the world production of the raw material in question and their respective environmental rating (taken from the ABA module Countries/public issuers-States).

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<sup>9</sup> Materials remaining after the extraction of precious metals or other minerals from a raw ore during mining operations.



- Social pillar and Governance pillar: the social and governance scores are calculated top-down, on the basis of the weight of the producer countries and their respective social and societal scores (taken from the ABA Country module).

The three scores obtained in this way are aggregated to give a Responsibility Risk score. The weighting is 60% for the Environmental pillar, and 20% for each of the other 2 pillars.

#### 4) Transition analysis

The 'Transition Analysis' tab is a portfolio calibration tool. It is used in the portfolio construction phase, and in particular in the construction of our strategic score<sup>10</sup>, with the idea of studying the potential positive externalities of raw materials (facilitating technologies to decarbonise the economy, recycling).

Strategic allocation is based on a hybrid approach between financial/fundamental analysis and non-financial analysis. It is the expression of medium/long-term (1 - 3 years) overweight/underweight preferences relative to the benchmark index.

The Sustainable Transition score, based on 10, is split 50% by a primary de-fossilisation score (green demand, green mobility, green power generation) and 50% by a circularity score (recyclability, effective recycling, energy savings). An additional discretionary criterion of Criticality can play a bonus role, up to 2 additional points, if the raw material is an essential element in the Sustainable Transition, such as copper or aluminium (measured in particular via the number of possible applications for the raw material).

## 2. Sustainability risk management core to our processes

DNCA Finance's sustainability risk management is based on the analysis of the various risks (environmental, social and governance) that make up the "Corporate Responsibility Risk" assessed by ABA, to which is added the analysis of climate risk (physical and transition risks related to climate change) and the analysis of risks related to biodiversity loss.

Sustainability risk management is detailed in the "Sustainability Risk Management Policy" document on our website.

### a. Sustainability risk indicators

DNCA Finance has chosen to use several types of indicators to measure and manage sustainability risks:

- ABA ratings (private issuers, sovereigns and commodities)
- Controversies monitored by ABA (private and sovereign issuers)
- ESG ratings on external UCIs and SGPs, following ESG due diligence carried out by DNCA teams, as well as the sustainability risk sub-score of this rating
- Climate Risk Indicators (Climate VAR)

These indicators are adapted according to the type of assets managed and the strategies adopted.

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<sup>10</sup> 60% of the strategic score is made up of a financial score (expected return, historical rolling yield and supply/demand balance) and 40% of the transition score (the number of applications in new technologies, including those facilitating the decarbonisation of the economy, the weight of green demand in the total consumption of the raw material).

### b. The use of indicators and the alert system

Dashboards showing portfolio exposure to selected indicators are updated regularly and used by all managers.

DNCA Finance is currently developing an alert system based on the behaviour of ESG indicators (with a target of the end of 2025). These alerts, whose trigger threshold and type depend on the portfolio strategy, could be based on, for example:

- Changes in the 'Responsibility Risk' score and/or the crossing of a certain threshold (depending on the management strategy)
- The crossing of controversy scores, taking into account their severity and/or frequency.
- Exposure to specific types of fossil fuels and/or sectors as set out in the DNCA Exclusion Policy

Secondly, climate VaR alerts are envisaged (variation and/or crossing of limits; depending on management strategies).

Depending on how exposures and alerts evolve, managers may need to adjust investment decisions in the following ways, depending on management strategies:

- Initiate or accelerate an engagement process
- Review the investment case assumptions
- Adjust the weight of the position

### c. Creation of a "worst offenders" list

DNCA Finance has set up a 'worst offenders' list, made up of the issuers most at risk from an Environmental, Social and Governance point of view. This list is drawn up on the basis of major controversies, including violations of the principles of the United Nations Global Compact, after analysis by members of the SRI team and approval by the Sustainable Investment Monitoring Committee (SID Committee).

The holding of a security in an issuer on this 'worst offenders' list is subject to the conditions defined in DNCA's Exclusion policy. In this context, pre-trade blocking and post-trade constraints are set in the tools and the security is, if necessary, divested as quickly as possible, depending on market conditions and in the interests of shareholders.

### d. Integration of sustainability risk into DNCA Finance's risk control system

DNCA Finance integrates sustainability risk into its financial risk control system (as data becomes available) via dashboards presented to the Risk Committees, as described in the Risk Management Policy, indicating the following:

- Description of environmental risks
- Characterization of risks
- Segmentation of environmental risks, including:
  - Physical risks: exposure to the physical consequences of environmental factors, such as climate change or loss of biodiversity
  - Transition risks: exposure to changes brought about by the ecological transition, including litigation or liability risks
- Societal risks
- Governance risks

Depending on the management strategies and commitments of the various portfolios, limits on ESG indicators are gradually being introduced in the prospectuses, the Exclusion Policy and in the internal limits system, for example:

- Minimum 'Responsibility Risk' rating
- Maximum exposure to certain sectors
- Climate VAR limit (forthcoming)
- Carbon footprint greater than that of the benchmark index

In accordance with DNCA Finance's internal procedures governing the monitoring of constraints (regulatory and statutory) and the monitoring of internal limits, an alert threshold may be defined in order to anticipate the risk of the limit being exceeded, thereby enabling the manager to adjust and anticipate changes in the portfolio.

### **3. Managing the negative impacts or consequences of investment decisions on the environment and society**

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

DNCA Finance's negative impact management is described in the "Policy for managing adverse sustainability impacts document on our website.

DNCA Finance's negative impact analysis is based on three principles:

- Compliance with major international standards in social responsibility (guidelines set by the UN, ILO, and OECD) when selecting issuers
- Contribution to the achievement of the United Nations Sustainable Development Goals
- Contributing to energy, ecological and social transitions, in particular the Paris Climate Agreement and the objectives of the Convention on Biological Diversity

#### 1) Objectives for the entire management company

These objectives will be precisely defined by the Sustainable Development and Investment Committee (DID Committee), in conjunction with the Executive Committee and the Supervisory Board. They will then be broken down, strategy by strategy, at the funds level, under the responsibility of the Head of Investments and the Sustainable Investment Committee (ID).

DNCA Finance's Environmental Policy describes 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 specialised funds have objectives to limit additional negative impact or more specific objectives.

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

#### 3) Management of negative impact and alert system

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

- Identifying the nature of negative impacts (ESG impacts) associated with its investment activities
- Assessing and prioritising negative impacts
- Managing (preventing, mitigating, ending) certain negative impacts
- Monitoring the implementation of results (measuring the effectiveness of actions)
- Adjusting the strategy for managing negative impacts if necessary

The principles adopted by DNCA Finance are:

- Monitoring impacts for which DNCA Finance has set quantitative targets (in particular carbon footprint and portfolio-induced temperature)
- Measuring biodiversity footprint indicators for monitoring purposes: water management and land use

DNCA Finance is currently developing an alert system based on the behaviour of ESG indicators (with a target date of end-2025).

These alerts, whose trigger thresholds and types depend on the portfolio strategy, may be based, for example, on:

- Changes in the 'Responsibility Risk' rating and/or crossing of a certain threshold (depending on management strategies)
- Crossing of controversy scores, considering their severity and/or frequency
- Exposure to certain types of fossil fuels and/or sectors as set out in the DNCA Exclusion Policy

Depending on changes in exposures and alerts, fund managers may need to adjust investment decisions as follows, depending on the management strategies:

- Initiate or accelerate an engagement process (see IX.5 Link to the engagement policy)
- Review the investment case assumptions
- Adjust the weighting of the position

#### **4. Exclusions practiced by DNCA Finance**

DNCA's exclusion policies are validated and supervised by the Sustainable Investment Monitoring Committee (SID Committee), which operates as described in chapter *Sustainable Investment Monitoring Committee (SID Committee)*.

The exclusions listed below are detailed in the Exclusions Policy on our website.

##### **a. General exclusions for all DNCA Finance funds:**

###### Creation of a "worst offenders" list

DNCA Finance has set up a "worst offenders" list, consisting of the issuers most at risk from a social responsibility point of view. This list is drawn up based on major controversies (major violations of one of the principles of the United Nations Global Compact), after analysis by members of the Responsible Investment team, and after validation by the Sustainable Investment Monitoring Committee (SID Committee).

The 10 Principles of the United Nations Global Compact, defined in 2000, are considered a set of minimum standards that all companies worldwide must respect to conduct their activities in a responsible manner and limit potential negative impacts on their stakeholders. They are divided into 4 pillars: human rights, labour, environment, and anti-corruption.

An issuer on this "worst offenders" list can no longer be held in the portfolios managed by DNCA Finance: investment is not authorized (blocking pre-trade constraint in investment management system), and the security is, if necessary, divested as quickly as possible, depending on market conditions and in the best interest of the fund holders

#### Exclusion of controversial weapons

The practice of excluding so-called controversial weapons from its investments appeared in the 2000s, particularly following the signing of the Ottawa Convention in 1997, which aims to prohibit the use, stockpiling, production, and transfer of anti-personnel mines "MAP", as well as that of the Oslo Treaty in 2008 aimed at the prohibition and elimination of cluster bombs "cluster bombs".

France transposed these texts into its national law on July 8, 1998, and July 20, 2010, respectively; Luxembourg also transposed them on April 29, 1999, and June 4, 2009.

MAP and cluster munitions are weapons that can reach non-conflict populations. Financing can therefore be seen as an incentive to produce these weapons. The scope of the ban may differ from one regulator to another; DNCA Finance follows the recommendations of the AFG (see below).

DNCA Finance has therefore adopted an exclusion policy which :

- Defines the criteria used to identify the companies it wishes to exclude (i.e. types of weapons, level of involvement, etc.);
- is based on a list of 'excluded companies' drawn up on the basis of data provided by a non-financial agency specialising in the field of arms, to which the criteria defined by DNCA Finance are applied in accordance with the methodology described below;
- Defines the scope of application and the key points for its implementation.

#### Exclusion of thermal coal and unconventional fossil fuels

DNCA Finance aims to gradually reduce its exposure to coal to zero by 2030 for companies in the European Union and the OECD, and by 2040 for other companies. The deadline for reducing exposure to unconventional fossil fuels is 2040 (for companies operating in the European Union and for activities in the rest of the world).

This timetable, which is an extension of the Natixis Group's principles at the DNCA level, is also aligned with the Sustainable Development Scenarios (SDS) of the International Energy Agency. The activities and deadlines targeted by DNCA's coal policy are as follows:

Activity	From 2022	Companies with their registered office in the European Union or OECD		Companies with their registered office outside the OECD	
		Exclusion from December 2027	Exclusion from December 2030	Exclusion from December 2030	Exclusion from December 2040
<b>Thermal coal production</b>	From 10% of revenue	From 5% of revenue	Permanent exit (0% revenue)	From 5% of revenue	Permanent exit (0% revenue)
<b>Coal-fired power generation</b>	From 10% of revenue	From 5% of revenue	Permanent exit (0% revenue)	From 5% of revenue	Permanent exit (0% revenue)

#### 4) Exclusion of tobacco production

DNCA Finance does not wish to participate in the financing of tobacco. As such, companies that produce (manufacture) tobacco, are excluded, starting from 0% of revenue.

##### b. Exclusions specific to certain DNCA Finance funds :

In line with its Responsible Investment strategy, DNCA Finance has decided to exclude several sectors and activities that are not compatible with the approach of some of its funds. This sector exclusion approach varies according to the management strategy. Exclusions are based on the exposure, by revenue, of companies to the excluded activities.

#### 1) Specific exclusions for the SRI Label

DNCA Finance funds that have been awarded the SRI Label are subject to specific constraints described in a dedicated set of guidelines (the V3 label guidelines). Funds that have received this certification also comply with all other constraints: those described in DNCA's exclusion policy and those in the SRI Label guidelines.

The specific constraints of the ISR Label reference framework are available on our website. DNCA funds that have received the ISR label are also available on our website.

#### 2) Exclusions based on revenue thresholds for funds covered by Article 9 of the SFDR

The SID Committee also defines issuers excluded due to their involvement in certain activities (sector exclusions), as well as the relevant investment scope. Compliance with these exclusions is ensured as part of investment risk control, based on data provided by independent specialized non-financial agencies. Alerts are issued daily depending on the investments concerned.

When an alert is raised, it is analysed by the SRI department and the Risk Management Legal department, together with information from other sources and/or dialogue with the company concerned, in order to determine the company's true level of involvement. The exclusion is effective when the alert is confirmed after this process.

The activities that may be excluded are as follows:

- Alcohol: This policy provides for the strict exclusion of any company whose revenue derives more than 5% from the production (manufacture), distribution, sale, supply and/or licensing of alcoholic products.
- Palm oil: This policy provides for the strict exclusion of any company that derives more than 5% of its revenue from the production (manufacture) and/or distribution of palm oil.
- Adult entertainment: This policy provides for the strict exclusion of any company that derives more than 5% of its revenue from an activity derived from adult entertainment.
- Gambling: This policy provides for the strict exclusion of any company that derives more than 5% of its revenue from a gambling-related activity.
- Weapons production: This policy provides for the strict exclusion of any company whose revenues derive from weapons production in excess of 5%. It should be noted that involvement in the production of certain weapons (White phosphorus, Depleted uranium) is strictly excluded (0% of revenue);
- Oil & Gas: This policy provides for the strict exclusion of any company involved in the production and/or exploration of unconventional<sup>7</sup> and conventional oil and gas (from 0% of revenue).
- Coal mining: This policy provides for the strict exclusion of companies that mine coal, as no revenue is derived from coal mining.



- Production of electricity from non-renewable energy sources: This policy provides for the exclusion of companies whose revenue derives more than 50% from the production of electricity from fossil fuels (thermal coal, liquid fuels, natural gas).

Année	2023	2024	2025	2026	2027	2028
geqCO2/kWh	366	326	291	260	232	207

In the case of companies in transition, exceptions are possible up to a limit of 5% of the portfolio. Transition analysis is carried out internally, with the help of external service providers.

These exclusions follow the same procedures as the exclusions applicable to DNCA Finance as a whole.

## 5. Dialogue, Voting and Engagement

As a responsible investor, DNCA Finance attaches the utmost importance to maintaining a **constant dialogue** with the issuers in which it invests. DNCA Finance's shareholder engagement is detailed in the "Shareholder engagement and voting policy" document. This engagement approach allows DNCA Finance to:

- **Encourage issuers to adopt best practices**, whether in terms of taking ESG issues into account in their business model or in managing the impact of their activity on the environment and society (in particular, to adopt a climate strategy and to work towards the Paris Agreement)
- To benefit from a **detailed understanding of the company's strategy** and its integration of sustainability risks

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

DNCA Finance distinguishes two ways of interacting with companies:

- Dialogue with issuers
- Shareholder or investor engagement

### a. Dialogue with issuers

DNCA Finance considers it essential to meet very regularly with issuers in which it invests or plans to invest, for both financial and ESG analysis purposes. 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 degree of real integration of ESG issues and the company's culture.

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

### b. Shareholder or investor engagement

Convinced that improving the practices of the issuers in which we invest helps to protect the value of portfolios, DNCA Finance has put in place an engagement process aimed at encouraging issuers to take better account of ESG issues. More generally, DNCA Finance believes that it is its fiduciary responsibility not only to select the best investments, but also to encourage best practice and greater transparency from issuers.

DNCA Finance distinguishes between two types of shareholder engagement:

- Reactive engagement, in response to a particular controversy or incident.

- Proactive engagement, to encourage issuers to develop greater transparency and better management of their ESG issues.

These two types of engagement are subject to a formalised engagement process, detailed in the 'Engagement Policy' document. In addition, certain Committed actions are given special attention, with increased vigilance over time and often an objective to be achieved by the target company. This more ambitious engagement activity is expressed through the engagement campaigns conducted by DNCA Finance. The type of engagement in these campaigns can be proactive and/or reactive.

#### c. Site visits

In addition to the institutionalised dialogue with company management, we believe it is essential to add a more operational dimension, enabling us to deepen our knowledge of the activities and practices of the companies in which we invest. For example, we regularly take part in site visits, which provide an opportunity to talk to operational staff on the ground and to shed more light on the way in which the company manages its financial objectives and ESG issues.

#### d. Collaborative engagement

As part of our commitment to responsible engagement, DNCA Finance works with other investors to bring a message to companies where we may have limited influence. Also, we believe that collaborative action can, in some cases, achieve better results with issuers, so we select themes for engagement after careful analysis of the situation. DNCA Finance drives its collaborative engagement activity through direct contact with investors and through participation in engagement initiatives involving many international investors.

DNCA Finance is a signatory of the United Nations Principles for Responsible Investment (UNPRI) initiative, which has more than 7,000 signatories worldwide. DNCA Finance is also a signatory of the Carbon Disclosure Project (CDP), an initiative aimed at improving corporate transparency on climate change. We are also a member of Climate Action 100+ (an engagement group for global companies at the forefront of global pollution) and Nature Action 100 (a collaborative initiative to encourage companies with a significant impact on biodiversity and ecosystems to adopt sustainable practices and reduce their environmental footprint).

Committed to demonstrating its engagement as a responsible company, DNCA Finance participates in market bodies dedicated to the practice of responsible investment, such as the Association Française de la Gestion Financière (AFG). DNCA Finance also supports international initiatives such as the principles of the Task Force on Climate Related Financial Disclosure (TCFD).

With regard to collaborative engagements and collaboration with other investors, we reserve the right to participate after a case-by-case analysis of the situation and the theme of the engagement chosen.

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

##### 1) Integration into ABA ESG analysis

Dialogue with the companies in which we invest is an invaluable source of added value in our analyses, whether financial or specifically ESG. As such, we systematically record all dialogue and engagement actions in our proprietary ABA tool, in order to adjust the company's 'Responsibility Risk' or 'Sustainable Transition' ratings where necessary, and with the aim of keeping a record of our regular exchanges with the management of the companies we invest in.

##### 2) Integration into investment decisions

The results of our engagement actions are incorporated into our ESG analysis using our proprietary ABA tool, and may have an impact on the company's 'Responsibility Risk' rating. This rating, available to all managers, gives an indication of the company's level of ESG risk and has a direct impact on whether or not it is included in the eligible universe of SRI funds.

The results of engagements are systematically communicated to the management teams via the ABA tool, and directly to the management committee when current events require it. Managers are systematically invited to take part in engagement meetings with the companies in their portfolios.

### 3) Integration with our voting policy

As an active conviction investor, we attach the utmost importance to the effective exercise of our voting rights to ensure that the company is managed in the best interests of our investor clients. To this end, we hold regular discussions with the companies in which we are shareholders before the General Meetings, in order to discuss the resolutions and explain our voting decisions to management where appropriate. Finally, we attach special importance to shareholder dialogue on environmental and social resolutions, which provide an opportunity to remind management of our engagement and expectations on these issues.

### 4) Escalation procedures

Escalation procedures may be triggered in the event that the target company refuses to respond or does not put in place the appropriate means to address the problems or weaknesses identified. These escalation procedures are determined on a case-by-case basis, in collaboration with the management teams.

As our expectations have not been met, the deterioration in our opinion of the company's profile is reflected firstly in the Corporate responsibility score of the ABA tool. If this score falls below a certain level (below 4 out of 10 in the BEYOND SRI range or below 2 out of 10 in the Responsible SRI range), the issuer is excluded from SRI-labelled investments. These breaches are systematically communicated to all management teams (as part of the weekly management meeting) and are monitored by the DNCA Finance risk team.

For the most serious breaches or controversies, divestment and exclusion of the issuer may be applied to all DNCA Finance investments on the decision of the ethics committee.

#### f. Guiding principles of the voting policy

The Engagement & Voting Policy available on the internet details the conditions and guiding principles of DNCA Finance's Voting Policy.

These guidelines are based in particular on the work carried out by the AFG<sup>11</sup>.

The most significant guiding principles are as follows:

- Particular emphasis on the quality of the Board and the consistency of its composition with the company's strategy
  - Appropriate size of the Board, reflecting the shareholder base as far as possible
  - Professional skills, complementarity and diversity of profiles
  - Minimum proportion of women: 40%.
  - Board independence (AFEP MEDEF criteria)
- Executive remuneration
  - Transparency of remuneration
  - Alignment with the company's medium- and long-term performance, including non-financial criteria
- Corporate responsibility
  - Integration of environmental and social issues into the company's strategy

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<sup>11</sup> AFG: 'Recommendations on corporate governance', January 2022 <https://www.afg.asso.fr/afg-document/recommandations-ge-2022/>



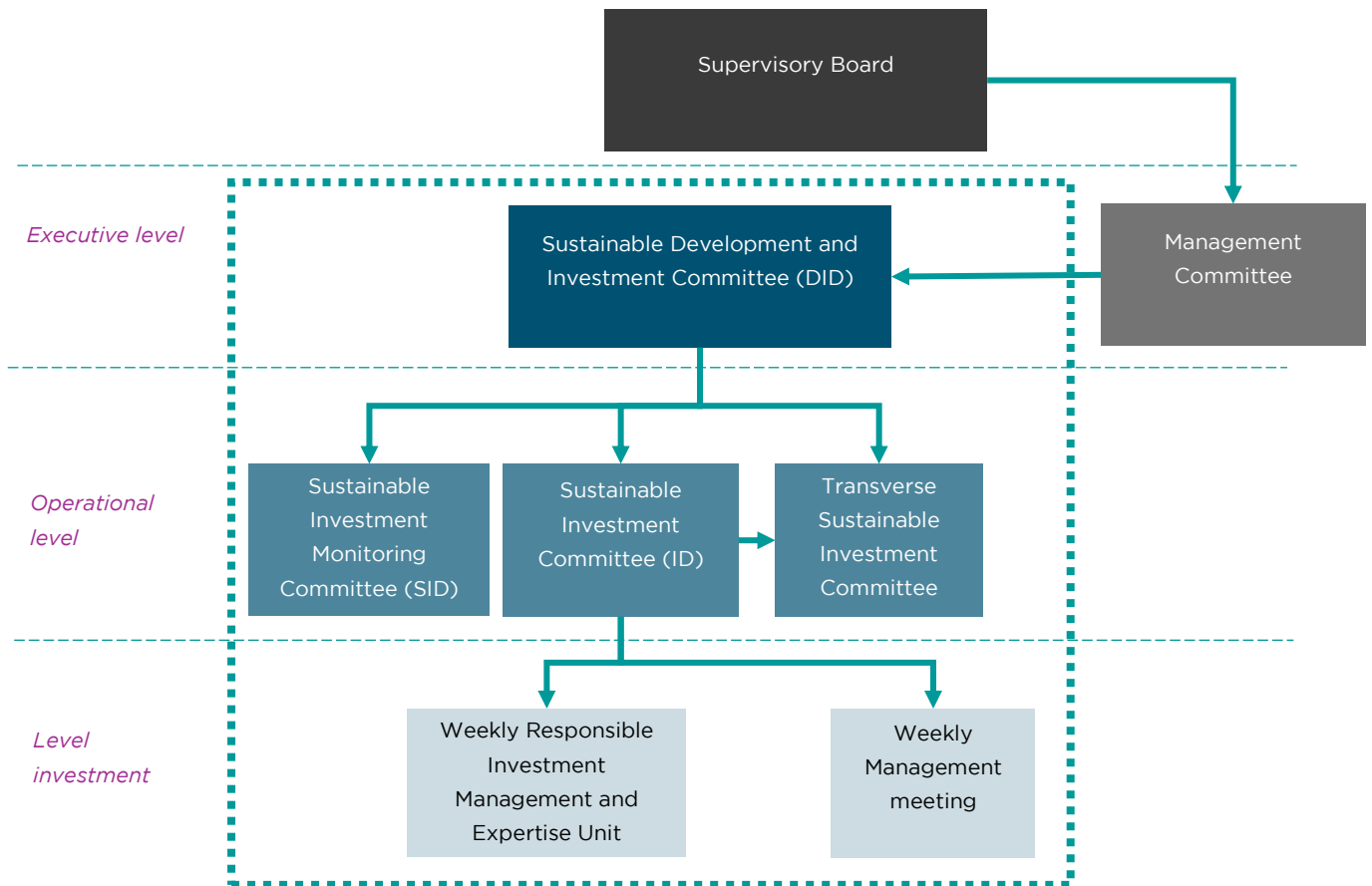
## V. THE MEANS OF THE RESPONSIBLE INVESTMENT POLICY

### 1. A specific governance ESG, integrated into the governance of the investment management company

DNCA Finance has adapted its governance in 2022 to better apply the Responsible Investment Policy.

DNCA Finance's ESG governance consists of several bodies:

- Sustainable Development and Investment Committee (DID Committee)
- Sustainable Investment Committee (ID Committee)
- Sustainable Investment Monitoring Committee (SID Committee)
- Transverse Sustainable Investment Committee (TID Committee)



#### a. Sustainable Development and Investment Committee (DID Committee)

The objective of the DID Committee is to define the strategic orientations of DNCA Finance's CSR and Sustainable Investment policies, in line with the ESG orientations of the management company's Supervisory Board.

It is composed of the members of the Executive Committee, the RCCI, the Head of the Responsible Investment Management and Expertise Unit, as well as representatives of the main functions (risk, marketing, legal, sales, etc.)

Chief Executive Officer (CEO)
Board of Directors
Board of Directors
Head of the “Responsible Investment” department
Leader of the CSR Operational Committee
CISO
Risk Manager
Marketing Manager
Legal Manager
Sales Manager
Financial Manager
Project Manager

#### b. Sustainable Investment Committee (ID)

The objective of the SI Committee is to define, deploy and monitor Sustainable Investment processes at the level of DNCA Finance’s management teams.

It is composed of the Head of the Responsible Investment Management and Expertise Unit, the General Secretary of Management, one representative per management team, one representative of the Compliance team and one representative of the Risk team.

Head of the “Responsible Investment” department
CISO
Deputy of the CIO
Risk Manager
Project Manager

The committee will also be represented by a representative from each portfolio management teams.

#### c. Sustainable Investment Monitoring Committee (SID Committee)

The objective of the SID Committee is to monitor all developments related to the exclusion policy and the negative impacts identified.

It is made up of the Head of the Responsible Investment division, the General Secretary of Management, and at least one representative of the Compliance team and one representative of the Risk team.

Head of the “Responsible Investment” department
CISO
Deputy of the CIO
Risk Manager
Project Manager



#### d. Transverse Sustainable Investment Committee (TSI Committee)

The objective of the TSI Committee is to define, deploy and monitor the operational processes that provide a frame to Sustainable Investments.

It is composed of the Operations Department, the Responsible Investment Management Division, and the risk, marketing, legal, sales, data, compliance, and middle office teams.

Head of the "Responsible Investment" department
CISO
Deputy of the CIO
Risk Manager
Project Manager
Marketing Manager
Legal Manager
Sales Manager
Client Servicing Manager
Data Manager
Middle-office Manager

## 2. Risk Control, playing a key role in the Responsible Investment Policy

Responsible Investment, and in particular the monitoring of sustainability risk, as well as all monitoring of Responsible Investment criteria, constraints and ratios are integrated into DNCA Finance's control system.

Responsibilities are divided between first-level controls carried out in particular by the Middle Office teams, according to criteria defined by the Risk Department, monitoring by the risk control team and second-level controls

As such, the Risk Department is an integral part of DNCA's Responsible Investment governance.

#### a. Setting up risk control tools

The Risk Department uses the CRD<sup>12</sup> tool to set constraints for monitoring the eligibility criteria and exclusions for Responsible Investment funds. Alerts are handled at first level by the Middle Office.

The constraints and exclusions implemented may be of several types, and concern UCIs in varying ways:

- Contractual constraints relating to sustainability ;
- Constraints imposed by SRI or Towards Sustainability (Febelfin) labels;
- Application of the Exclusion policy;
- Constraints linked to Sustainable Transition;
- Constraints linked to the AIM rating;
- Internal limits for monitoring sustainability risk.

<sup>12</sup> OMS PMS tool for monitoring portfolios and placing orders

## b. Responsible Investment control system

DNCA has implemented a Responsible Investment control system that includes both pre-trade and post-trade controls as detailed below.

### 1) Pre-trade risk controls

Pre-trade checks cover the minimum 'Responsibility Risk' rating, the absence of a rating. The only purpose of the alert on the absence of a rating is to inform the SRI team.

Checks are archived by the CRD tool, which has its own audit trail.

As regards sector exclusions, the Risk Department uses CRD to monitor the correct application of sector constraints relating to lists of issuers (see Exclusion policy). Issuers included on the 'worst offenders' list are also subject to pre-trade monitoring by the Risk Department.

### 2) Post-trade risk controls

The controls listed below are integrated into the constraints monitoring control system:

- Compliance of SRI labelled funds, monitored in ABA, with the label standards;
- No investment is made in issuers targeted by the Exclusion policies (reference to be added in the document)
- The minimum AIM, Sustainable Transition and Climate (Transition/Contribution) ratings are respected (for the funds concerned)
- Other SRI constraints specific to certain funds.

## c. Risk Committee

The monitoring of environmental financial risks, including physical and climate transition risks, as well as biodiversity loss, is integrated into DNCA Finance's overall risk management framework. (The monitoring of financial risks related to sustainability is being progressively implemented).

This integration of sustainability risks into DNCA Finance's risk management responds to the requirements of Article 29 of the French Energy and Climate Law and its implementing decree dated May 28, 2021 (Article 8)

The Risk Committee, the central body of the risk management system, meets every six months. It is composed of the three senior managers (the General Manager of the Partnership, the Managing Director in charge of Operations and the Director of Management or his representative), the Head of the Risk Department and the RCCI.

The purpose of the Risk Committee is to:

- Present changes in risk management policy, procedures and mapping
- Prepare progress reports on recommendations arising from inspections and audits
- Prepare a report on significant issues related to market, concentration, credit, counterparty, foreign exchange, liquidity, valuation and sustainability risks
- Present a follow-up on VaR funds, backtesting and stress tests
- Monitor management styles
- Take any decision aimed at regularising an anomaly identified by the Risk Department and subject to an escalation procedure
- Monitor constraints and performance
- Supervise constraint monitoring processes

- Monitor sustainability, reputational and controversy risks

### 3. Staff dedicated to responsible investment

A Responsible Investment Management and Expertise Unit has been created since 2018 to manage and develop the following activities:

- Conduct ESG analysis of issuers
- Develop and deploy the ABA ("Above and Beyond Analysis") proprietary ESG analysis model
- Manage the SRI investment process and the management of funds that include ESG criteria
- Design Responsible Investment reports at the SGP level (Article 29 of the Energy and Climate Law)
- Monitor transparency commitments: extra-financial reporting of funds, transparency code, information for clients, climate trajectory
- Manage the labelling of SRI funds

At 30/06/2024, the Responsible Investment department had 7 FTEs, including 4 fund managers and 3 SRI analysts.



**Léa Dunand-Chatellet**

Head of the SRI Department



**Romain Avice**

Portfolio Manager, Deputy Head of SRI  
14 years of experience



**Mathieu Belondrade, CFA**

Portfolio Manager – SRI Analyst, ESG Policy Officer  
24 years of experience



**Florent Eyroulet**

SRI manager-analyst, 20 years' experience



**Arthur Morel**

SRI Analyst  
4 years experience



**Aude Magrez**

SRI Analyst  
2 years experience



**Coura Thiam**

SRI Analyst  
12 years of experience

In addition, all managers have access to ESG information via the proprietary ABA tool and can use it directly in their management process.

### 4. The data needed for ESG analysis and responsible investing

As part of its responsible investment approach, DNCA Finance specifies that the data used in its proprietary ABA ("Above and Beyond Analysis") rating model are exclusively derived from public information provided by issuers. These data are audited, published, and reflect the operational reality of the companies. Therefore, the entire ESG rating methodology applied by DNCA Finance to private

issuers is based on actual data, excluding any estimated or modeled data. The use of estimated data occurs only when it comes from specialized external providers (such as MSCI, CDP, or equivalents) and concerns specific cases such as the development of exclusion lists (normative or sectoral) or the calculation of DNCA Finance’s climate trajectory, as notably presented in the Environmental Pressures Report. This approach demonstrates a commitment to both transparency and rigor in integrating ESG criteria into investment processes.

In order to respond to new environmental and regulatory challenges, DNCA Finance has acquired external ESG data providers and is implementing a project to enhance its processes, with a view to :

- Improve the reliability of issuers’ data, including indicators of impact on climate and biodiversity
- Provide information on activities aligned with the EU Taxonomy
- Enhance the existing ESG analysis process (in particular by integrating physical and climate risks) and enable its systematic use (through the use of an ‘ABA Quant’ rating assessed over the entire investment universe)
- Extend the scope of application of other ESG processes

The integration of this data into the information system has been implemented, and it will be progressively incorporated into the control processes scheduled for 2025.

Service providers used :

<b>Provider</b>	<b>Use</b>
<b>MSCI</b>	Raw data Primary Negative Impact (PAI) Taxonomy Var Climate (future use)
<b>ISS Ethic</b>	Controversies
<b>ISS Proxy Exchange</b>	Advice on voting at GM
<b>CDP</b>	Carbon footprint Water consumption Land use
<b>CDP Temperature Ratings</b>	Implied temperature
<b>Bloomberg</b>	Newsflow

## VI. OUR RANGE OF FUNDS

DNCA Finance's SRI funds are conviction-based management funds that incorporate a dual approach into their management process: exclusion of securities with a Responsibility Risk and priority selection of Sustainable Transition players and/or, to varying degrees depending on the strategy, selection of Sustainable Transition players. By taking these issues into account in management, the management objective remains to outperform their benchmark indices over the recommended investment horizon. We are convinced of the added value of ESG criteria in management to generate consistent performance.

In addition to financial performance, the objective of our SRI funds, which are part of the SRI Beyond range, a range dedicated to responsible and sustainable management, is to make a positive contribution to the challenges of Sustainable Transition.









### 1. A diversified approach, differentiated fund ranges

























The implementation of responsible investment within the DNCA fund range is not done in a uniform way - a nonsense in our opinion, if only because of the very wide range of needs expressed by our clients - but according to a diversified approach to meet different sensitivities.

DNCA Finance's ISR funds are conviction funds that incorporate a dual approach within their management process: exclusion of securities with Liability Risk and preferential selection of actors involved in the Sustainable Transition, or/depending on the strategy/selection at varying degrees of Sustainable Transition actors. While integrating these issues into management, the primary objective remains to deliver performance exceeding their benchmark indices over the recommended investment horizon. We are convinced of the added value of ESG criteria in generating consistent performance.








Alongside financial performance, the objective of our ISR funds, grouped under the ISR Beyond range dedicated to Responsible and Sustainable investment styles, is to have a positive contribution to the challenges of the Sustainable Transition.

A more detailed approach to the DNCA fund management process is presented in the Transparency Code.

Nom de l'OPC	Encours au 31/12/2024	Encours (%)	Classe d'actifs	SFDR	Label ISR	Prospectus
GAMME BEYOND (ARTICLE 9)						
DNCA Invest Beyond Alterosa	318m	0,83	Diversifié	9		
DNCA Invest Beyond Semperosa	469m	1,22	Actions Européennes	9		
DNCA Invest Beyond Global Leaders	209m	0,55	Actions Européennes	9		
DNCA Invest Beyond Climate	204m	0,53	Actions Européennes	9		
Nom de l'OPC	Encours au 31/12/2024	Encours (%)	Classe d'actifs	SFDR	Label ISR	Prospectus

Nom de l'OPC	Encours au 31/12/2024	Encours (%)	Classe d'actifs	SFDR	Label ISR	Prospectus
ACTIONS						
Croissance						
DNCA Invest SRI Europe Growth	859m	2,24	Actions européennes croissance	8		
DNCA Invest SRI Norden Europe	436m	1,14	Actions Europe du Nord	8		
Qualité Croissance						
DNCA Invest Global Emerging Equity	144m	0,37	Actions Pays Emergents Monde	8		
DNCA SRI Euro Quality	2 106m	5,49	Actions Pays Emergents Monde	8		
DNCA Invest Euro Dividend Grower	469m	1,22	Actions Européennes	8		
DNCA Invest Global New World	505m	1,32	Actions Internationales	8		
DNCA Invest Global Sport	3m	0,01	Fonds actions internationales	8		
Européennes Blend						
DNCA Engage	360m	0,94	Actions Européennes ISR	8		
DNCA Opportunité Zone Euro	832m	2,17	Actions zone euro blend	8		
Value						
Centifolia	798m	2,08	Actions françaises 'Value'	8		
DNCA Value Europe	459m	1,20	Actions européennes 'Value'	8		
DNCA Invest Value Europe	580m	1,51	Actions européennes value	8		
Performance Absolue						
DNCA Invest Miuri	206m	0,54	Actions long-couvert Europe	8		
Small & Mid-Cap						
DNCA Invest Archer Mid-Cap Europe	956m	2,49	Actions européennes mid-cap	8		
DNCA Actions Small & Mid-Cap Euro	346m	0,90	Actions Zone Euro petites et moyennes capitalisations	8		
DNCA Actions Euro PME	362m	0,94	Actions de petites capitalisations	8		



			de la Zone Euro			
Matières Premières						
DNCA Invest Strategic Resources	32m	0,08	Fonds matières premières	8		
Nom de l'OPC	Encours au 31/12/2024	Encours (%)	Classe d'actifs	SFDR	Label ISR	Prospectus
MIXTE						
Eurose	2 642m	6,88	Mixte patrimonial	8		
DNCA Invest Eurose	2 295m	5,98	Mixte patrimonial	8		
DNCA Invest Evolutif	781m	2,04	Mixte Flexible	8		
DNCA Evolutif PEA	40m	0,10	Mixte Flexible	8		
DNCA Quadro	16m	0,04	Fonds d'Investissement Alternatif	8		

## 2. The BEYOND range of funds/sub-funds

Our Beyond range of funds dedicated to Responsible Investment management was launched in 2018, focused entirely on selecting stocks that make positive contributions to Sustainable development issues. This range includes funds whose management successively integrates the issues of Responsibility Risk and positive contributions to Sustainable Transition into the stock selection process.

Within the Beyond range, the funds below fall under article 9 of the SFDR regulation and also have SRI labels (France).

Key characteristics:

- Conviction-driven ISR management
- Best-in-Universe approach
- Minimum 90% portfolio coverage through ESG analysis
- Exclusion of ratings below 4/10 (Corporate Responsibility score from ABA)
- Minimum 30% exclusion based on the Corporate Responsibility score from ABA
- Voting and engagement policy
- Controversial weapons exclusion policy
- Sectoral exclusion policy including companies violating the UNGC
- Objective to outperform two extra-financial indicators (for funds eligible for the ISR Label version 3)
- Pursuit of positive externalities related to the Sustainable Transition

### 3. The range of Responsible SRI funds/subfunds

Our range of SRI Responsible Investment funds was launched in 2020. These funds, which all fall within the scope of Article 8 of the SFDR, incorporate corporate responsibility issues into the stock selection process, as a filter to exclude companies with poor practices or that are exposed to major reputational issues. Funds awarded the SRI Label also include additional criteria in their stock selection process.

Main features :

- SRI management
- Best-in-Universe approach
- Coverage of the portfolio by ESG analysis: min 90% § Exclusion of ratings
- Exclusion of ratings < 2/10 in Responsibility Risk (min 20% of the management universe, 30% for funds that will benefit from the SRI Label in version 3)
- Engagement & voting policy
- Exclusion policy for controversial weapons
- Sectoral Exclusion policy including companies in breach of the UNGC
- Objective of outperforming 2 non-financial indicators (for funds that will benefit from the SRI Label in version 3<sup>13</sup>).

All normative and sectoral exclusions covered by DNCA Finance's general Exclusion policy apply to this range of funds.

A more detailed presentation of these lists and the criteria used is set out in the document 'DNCA Finance Exclusion policy', available on our website.

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<sup>13</sup>The detailed list of extra-financial indicators selected for each fund is provided in the appendix.

To account for the necessary progress in the availability of sustainability data from issuers, the coverage rate will be gradually increased as follows:

- By the end of 2024: one primary indicator with a coverage rate of at least 70%, and a secondary indicator with a coverage rate of at least 50%;
- By the end of 2025: one primary indicator with a coverage rate of at least 80%, and a secondary indicator with a coverage rate of at least 55%;
- By the end of 2026: one primary indicator with a coverage rate of at least 90%, and a secondary indicator with a coverage rate of at least 60%

## VII. ANNEXES

### 1. Communication

DNCA Finance uses a wide range of communication channels to inform clients about its Responsible Investment policy and strategy.

Content	Channels	Frequency
ISR Newsletter (“Lettre de l’ISR”)	Website, social media, client distribution	Quarterly
Interviews	Website, social media, specialized news channels	Weekly
Reporting	DNCA Finance website, printed format	Monthly and annually
ISR Inventory	DNCA Finance website, printed format	Half-yearly
Climate Club	Event	Annually
Positive Contribution Report	DNCA Finance website, printed format	Annually
Voting & Engagement Report	DNCA Finance website, printed format	Annually
Environmental Pressures Report (incl. Climate Trajectory)	DNCA Finance website, printed format	Annually
Transparency Code	DNCA Finance website, printed format	Annually
Exclusion Policy	DNCA Finance website, printed format	Annually
Voting & Engagement Policy	DNCA Finance website, printed format	Annually
Responsible Investment Policy	DNCA Finance website, printed format	Annually
Environmental Policy	DNCA Finance website, printed format	Annually
Principal Adverse Impact (PAI) Policy	DNCA Finance website, printed format	Annually
Sustainability Risk Management Policy	DNCA Finance website, printed format	Annually
Diverse marketing materials	Client communication and distribution networks via all available channels	-
Beyond Day	Event	Half-yearly
Academic Publication: ISR & Responsible Finance	Book	-

Content	Channels	Frequency
Educational Publication : <ul style="list-style-type: none"> <li>• Booklets: “8 Educational Keys to Understanding ISR”</li> <li>• “8 Keys to Understanding Climate”</li> </ul>	DNCA Finance website, book format	-
Technical reports on the internal issuer assessment methodology (ABA scores)	DNCA Finance website,	-

## 2. "Sustainable Transition" reference framework and linkage with the Sustainable Development Goals

UN benchmark	DNCA benchmark	
Sustainable Development Goals (UN)	Sustainable Transitions	Activities
11 Sustainable Cities & Communities	Demographic	Access to housing, comfort (BoP)
	Lifestyle	Sustainable mobility
12 Responsible consumption & production	Demographic	Public transport, traffic regulation
	Ecological	Sustainable agriculture
	Lifestyle	Collaborative consumption
	Lifestyle	Dematerialization
	Lifestyle	Eco-design
	Lifestyle	Circular economy
	Lifestyle	Sustainable packaging
	Ecological	Green mobility
	Economic	Sustainable tourism
14 Aquatic Life	Ecological	Protection of marine biodiversity
15 Earth Life	Ecological	Protection of Terrestrial Biodiversity
3 Health & Wellness	Demographic	Access to basic products and services (BoP)
	Medical	Access to medical care (BoP)
	Medical	Healthy eating, sports
	Medical	Medical diagnostics
	Demographic	Inclusion of seniors
	Medical	Fight against endemic diseases

UN benchmark	DNCA benchmark	
Sustainable Development Goals (UN)	Sustainable Transitions	Activities
	Medical	Advanced medicine and innovation
	Medical	Medical robotization
	Medical	Personal care
<b>4</b> Quality education	Demographic	Access to Education (BoP)
<b>6</b> Water & Sanitation	Ecological	Treatment and Water Management Efficiency
<b>7</b> Clean & Affordable Energy	Ecological	Energy infrastructure development
	Ecological	Energy efficiency
	Ecological	Clean energy
	Ecological	Energy storage solutions
<b>8</b> Economic growth & decent work	Lifestyle	Safety of people
<b>9</b> Industry, Infrastructure & Innovation	Economic	Access to connectivity (BoP)
	Economic	Access to financial services
	Economic	Certification, quality, product traceability
	Economic	Cybersecurity
	Economic	Sustainable infrastructure development
	Economic	Digitalization of commerce
	Economic	Efficiency of the productive system
	Lifestyle	Artificial intelligence
	Economic	Efficient logistics

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