

# Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

**Product name:** DNCA INVEST BEYOND ALTEROSA

**Legal entity identifier:** 2138006TR6VX6BNOSP19

## Sustainable investment objective

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Did this financial product have a sustainable investment objective?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> It made <b>sustainable investments with an environmental objective: 46.8%</b> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy 8.6%</li> <li><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 38.2%</li> </ul>	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ... of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input checked="" type="checkbox"/> It made <b>sustainable investments with a social objective: 42.9%</b>	<input type="checkbox"/> It promoted E/S characteristics but <b>did not make any sustainable investments</b>



## To what extent was the sustainable investment objective of this financial product met?

The Sub-Fund had as its objective sustainable investment within the meaning of Article 9 of SFDR. The Sub-Fund was managed taking into consideration responsible and sustainable principles and aimed to target a significant exposure in revenues to the 17 Sustainable Development Goals of the United Nations with a minimum threshold of 50% consolidated revenues of the entities held in the portfolio (excluding cash, derivatives and Money Market Funds).

The investment strategy was geared towards a low carbon economy, leading to a lower carbon footprint of the portfolio than the MSCI All Countries World Index. The Sub-Fund then target specifically companies with low carbon footprint.

To be eligible to the investment universe, issuers must comply with the following criteria which are based on a "pass-fail" approach:

- minimum 5% revenues exposed to SDGs, according to the internal classification framework based on Sustainable Transition Activities (demographic transition, and/or healthcare transition, and/or economic transition, and/or lifestyle transition and/or ecologic transition).
- minimum rating of 4 out of 10 on Corporate Responsibility Rating (taking into account controversies and PAI) combined with the exclusion policy, integrating the Do Not Significantly Harm on any environmental or social objective (see below).
- minimum rating of 2 out of 10 on Governance (Corporate Governance Practices).

In this way, for private issuers, the investment process and resulting stock picking used internal scoring with respect to both corporate responsibility and sustainability of companies based on an extra-financial analysis through a proprietary tool developed internally by the Asset Management Company, with the "best in universe" method (screening of the investment universe based on the corporate responsibility criteria, regardless of the sectorial activity). The sub-fund excluded any issuer with an ABA score inferior to 4/10. There may have been a sector bias.

For public issuers, the investment process and resulting picking used internal scoring with respect to responsibility of public issuers such as country based on an extra-financial analysis through a proprietary tool developed internally by the Asset Management Company, with a minimum rating approach method: the sub-fund excluded any issuer with an ABA score inferior to 4/10.

In addition, the sub-fund applied the exclusion policy of the asset management company.

The Sub-Fund did not use a benchmark for the purpose of attaining the sustainable objective of the Sub-Fund.

## Contribution to environmental sustainable development objectives



### • How did the sustainability indicators perform?

**Sustainability indicators**  
measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators of the Sub-Fund for private issuers were:

- The *Above and Beyond Analysis (ABA, the proprietary tool)* Corporate Responsibility Score: the main sustainability indicator used by the Sub-Fund is the ABA scoring based on the Corporate Responsibility and divided into four pillars: shareholder responsibility, environmental responsibility, employer responsibility, societal responsibility.
- The Transition to a Sustainable Economy exposure: the asset manager completes this analysis by an assessment of companies' exposure to *Transition to a Sustainable Economy*. This exposure is calculated among five pillars: demographic transition, healthcare transition, economic transition, lifestyle transition and ecologic transition.
- Exposure to UN Sustainable Development Goals: the Management Company assesses for each company the part of revenues linked to one of the 17 Sustainable Development Goals of the United Nations.
- Carbon data: carbon footprint (t CO<sub>2</sub>/m\$ invested) of the Sub-Fund's portfolio.
- Carbon intensity (t CO<sub>2</sub>/m\$ revenues) of the Sub-Fund's portfolio.
- The proportion of the Sub-Fund's portfolio in the "worst offenders" list of the Management Company; this list is consisted of the issuers most at risk from a social responsibility point of view. This list is established based on major controversies, after analysis by members of the SRI team, and after validation by the Sustainable Investment Monitoring Committee.

### Performance of sustainability indicators for private issuers

Sustainability indicators	Performance of the sustainability indicators			Target reached
	29/12/2023	31/12/2024	Evolution	
ABA Corporate Responsibility score	5.67/10	5.56/10	-0.11	Ok
Transition to a Sustainable Economy exposure	59.67% of revenues	61.19% of revenues	+1.52%	Ok
% Exposure to the SDGs	59.67% of revenues	61.19% of revenues	+1.52%	Ok
Carbon footprint	298	321	+24	Ok
Carbon intensity	726	776	+50	Ok
% Worst Offenders list	0%	0%	0%	Ok

The sustainability indicators of the Sub-Fund for public issuers were:

- The *Above and Beyond Analysis (ABA, the proprietary tool)*: a dedicated model to rate public issuers based on four pillars: governance, environment, social and society.
- The Climate Profile: the Management Company completes this analysis by an assessment of issuers' Climate Profile based on energy mix and evolution, carbon intensity and resources stock.
- Carbon intensity (t CO<sub>2</sub>/m\$ revenues) of the Sub-Fund's portfolio.
- The proportion of the Sub-Fund's portfolio in the international standards offense based on several criteria such as: respect of freedom, child labour, human rights, torture practices, money laundering, etc.

The data for the 2022 financial year, which have a different methodology and frequency of calculation, are not comparable with those for subsequent periods.

Sustainable development indicators have not been assured by an auditor or reviewed by a third party.

### • ...and compared to previous periods?

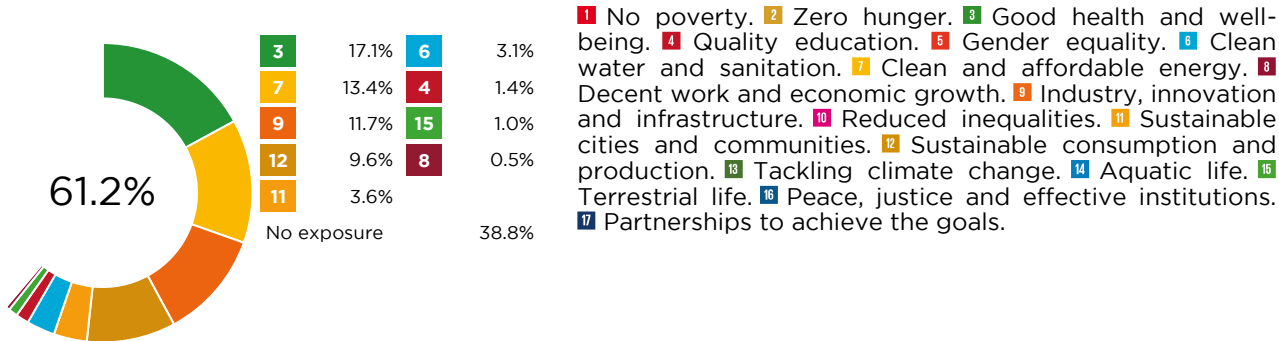
For 2024, the corporate responsibility score remained stable over the period and meets the minimum engagement (4/10). The fund's main holdings have a high average rating with little variation from one year to the next, reflecting controlled risk and stable ESG momentum (e.g. Palo Alto 4.9/10, TSMC 8.4/10, Danaher 6/10, Veolia 6.0/1, Sartorius 5.5/10, Danaher 5.8/10).

Exposure to Sustainable Transitions increased slightly (+1.5 points) and is in line with the minimum engagement (>50%). This result can be explained by the presence of companies with a high exposure in the fund's main convictions (e.g. Danaher 100%, Novo Nordisk 100%, Enphase 100%, First Solar 100%, Daiichi Sankyo 100%) and by the inclusion in the portfolio of companies with a particularly high exposure (e.g. Eli Lilly 96%, Vertiv 64%, Zoetis 31%, Knorr-Bremse 47%, Waste Management 62%).

Carbon intensity and carbon footprint have increased significantly, but the target has still been achieved, with measures below the benchmark.

There are no Worst Offender companies in the portfolio.

**SDG's exposure**  
(% of revenues)



- **How did the sustainable investments not cause significant harm to any sustainable investment objective?**

The adverse impacts of the companies' activities on environment and social objectives were directly integrated into the ABA Corporate Responsibility Rating (which integrates the indicators for adverse impacts on sustainability factors in Table 1 of Annex 1 of the SFDR RTS and may lead to a downgrading of the ABA scoring under the minimum rating).

In this background, the Asset Manager has implemented in accordance with its Exclusion Policy the following exclusions:

- Thermal coal and unconventional oil and gas: the Asset Manager gradually excluded companies involved in thermal coal and unconventional oil and gas business.
- Controversy weapons: issuers were excluded from all the Asset Manager's portfolios
- Non-compliance with UN Global Compact: issuers with severe breaches to the UN Global Compact principles were integrated in the Asset Manager's *Worst Offenders* list and excluded from all the portfolios.

The minimum rate of 4 of 10 (Corporate Responsibility in the proprietary tool ABA) is in line with the objective to Do No Significant Harm to the social or environmental objectives. As of 31 December 2024, no breaches have been identified and no companies involved in thermal coal and unconventional oil and gas business were included in the asset managers' portfolio.

No violations of the various "Do Not Significantly Harm" indicators were observed in 2024. The fund therefore complied with both the in-house exclusion policy and its own exclusion policy (see Exclusion policy). No severe controversy was observed in any of the portfolio companies. All the securities in the portfolio comply with the minimum responsibility rating, which includes the PAI and the impact of controversies. There were no major controversies in the portfolio in 2024. Lastly, some companies have been the subject of non-severe controversies that have not necessitated a proactive engagement process (e.g. Altom for a conviction following a building site accident in 2007, Deer for a federal commission investigation). No company was sold because its ABA rating fell below 4/10.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- *How were the indicators for adverse impacts on sustainability factors taken into account?*

The integration of the 14 mandatory PAI plus 3 optional PAI aimed to build a Corporate Responsibility Rating out of 10. A minimum rating of 4 out of 10 is thus consistent to the DNSH approach (Do No Significant Harm to the social or environmental objectives) in addition to two binding PAI (PAI 10- Violation UNGC and PAI 14- Controversial weapons).

- *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Issuers that did not comply with the principles of the United Nations Global Compact were unfavorably rated for Corporate Responsibility in the ABA tool.

Issuers with controversies or in severe breach to UN Global Compact Principles (example: human rights or fight against corruption) based on the internal approach were excluded from the portfolio through the *Worst Offenders* list after internal analysis.

The *internal approach* as described below allowed the Asset Manager to define a list of issuers identified as being in breach of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and which have been qualified as having committed a "severe breach" by the Management Company's Ethics Committee. These issuers were therefore included in an exclusion list of the *Worst Offenders* and which are prohibited from investing.

To perform this analysis, the Management Company used an external data provider's database to:

1. Extract issuers with "norms based" alerts ;
2. Filter out irrelevant issuers ;
3. Qualitative analysis of the infringements by the Management Company's Ethics Committee ;
- 4 . Include issuers identified as having committed a *severe breach* in the list of *Worst Offenders*.

Hence, the sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

For Private issuers, The Sub-Fund took into account the principal adverse impacts on sustainability factors:

- The Principal Adverse Impact analysis was part of the Corporate Responsibility Rating ;
- The Asset Manager has implemented an Adverse Impact on Sustainability Policy, measuring the PAI. The Policy first intended to monitor the contributions to climate change (CO<sub>2</sub> emissions, CO<sub>2</sub> intensity, implied temperature) in the context of the "Climate Trajectory" objectives.

For public issuers, the Sub-Fund took into account the principal adverse impacts on sustainability factors:

- The Principal Adverse Impact analysis was part of the Country Rating ;
- The Management Company has implemented an Adverse Impact on Sustainability Policy, measuring the PAI. The Policy first intended to monitor the contributions to climate change (carbon intensity) and social issues (Country submitted to social violation, average income inequality score) and corruption (average corruption score).

### Principal Adverse Impacts

PAI	Unit	Fund		Ref. Index	
		Coverage	Value	Coverage	Value
PAI Corpo 1_1 - Tier 1 GHG emissions	T CO <sub>2</sub>	93%	14,458		
PAI Corpo 1_2 - Tier 2 GHG emissions	T CO <sub>2</sub>	93%	4,280		
PAI Corpo 1_3 - Tier 3 GHG emissions	T CO <sub>2</sub>	95%	74,045		
PAI Corpo 1T - Total GHG emissions	T CO <sub>2</sub>	95%	87,572		
PAI Corpo 1T_SC12 - Total GHG emissions (Scope 1+2)	T CO <sub>2</sub>	95%	18,738		
PAI Corpo 2 - Carbon footprint	T CO <sub>2</sub> /EUR M invested	93%	321	99%	411
PAI Corpo 3 - GHG intensity	T CO <sub>2</sub> /EUR M sales	94%	776	98%	782
PAI Corpo 4 - Share of investments in companies active in the fossil fuel sector		94%	0%	98%	0%
PAI Corpo 5_1 - Share of non-renewable energy consumption		77%	72.5%	74%	64.8%
PAI Corpo 5_2 - Share of non-renewable energy production		7%	52.5%	4%	74.7%
PAI Corpo 6 - Energy consumption intensity by sector with high climate impact	GWh/EUR M sales	92%	1.0	98%	0.7
PAI Corpo 7 - Activities with a negative impact on biodiversity-sensitive areas		94%	0.2%	98%	0.1%
PAI Corpo 8 - Water discharges	T Water Emissions	3%	0	2%	0
PAI Corpo 9 - Hazardous or radioactive waste ratio	T Hazardous Waste/EUR M invested	89%	0.5	94%	2.4
PAI Corpo 10 - Violations of UNGC and OECD principles		97%	0.0%	99%	0.0%
PAI Corpo 11 - Lack of UNGC and OECD compliance processes and mechanisms		94%	0.0%	98%	0.0%
PAI Corpo 12 - Unadjusted gender pay gap		72%	11.8%	79%	14.0%
PAI Corpo 13 - Gender diversity in governance bodies		94%	38.1%	98%	38.4%
PAI Corpo 14 - Exposure to controversial weapons		97%	0.0%	99%	0.0%
PAI Corpo OPT_1 - Water use	m <sup>3</sup> /EUR M sales	62%	456	54%	12,942
PAI Corpo OPT_2 - Water recycling		6%	0.4%	3%	0.4%
PAI Corpo OPT_3 - Investments in companies with no policy for preventing accidents at work		94%	0.0%	98%	0.0%
PAI_GOVIES_1 - GHG intensity (govies)	T CO <sub>2</sub> /EUR M GDP	0%	0	0%	0
PAI_GOVIES_2_1 - Number of investment countries with breaches of social standards		0%	0	0%	0
PAI_GOVIES_2_2 - Percentage of investment countries with breaches of social standards		0%	0.0%	0%	0.0%
PAI_GOVIES_OPT_2 - Average corruption score	Score (0 to 100)	0%	0	0%	0
PAI_GOVIES_OPT_3 - Average income inequality score	Score (0 to 100)	0%	0	0%	0
	T CO <sub>2</sub> /EUR M sales	94%	212	98%	115

Source : MSCI



## What were the top investments of this financial product?

### Top investments of the portfolio, as of 31 December 2024:

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: (2024).

Largest investments	Sector	% of assets	Country
AstraZeneca PLC	Health Care	2.85%	United Kingdom
Thermo Fisher Scientific Inc	Health Care	2.33%	USA
Novo Nordisk A/S	Health Care	1.78%	Denmark
Danaher Corp	Health Care	1.71%	USA
Palo Alto Networks Inc	Technology	1.69%	USA
Bharti Airtel Ltd	Telecommunications	1.69%	India
Taiwan Semiconductor Manufacturing Co Ltd	Technology	1.65%	Taiwan
HDFC Bank Ltd	Banks	1.53%	India
Stora Enso Oyj	Basic Resources	1.51%	Finland
NextEra Energy Inc	Utilities	1.47%	USA
Iberdrola International BV	Utilities	1.45%	Netherlands
Keyence Corp	Industrial Goods and Services	1.41%	Japan
Enel SpA	Utilities	1.40%	Italy
Pearson Funding PLC	Media	1.40%	United Kingdom
Iberdrola SA	Utilities	1.36%	Spain

The data presented are calculated on the basis of a quarterly average over the past financial year.



## What was the proportion of sustainability-related investments?

**Asset allocation**  
describes the  
share of  
investments in  
specific assets.

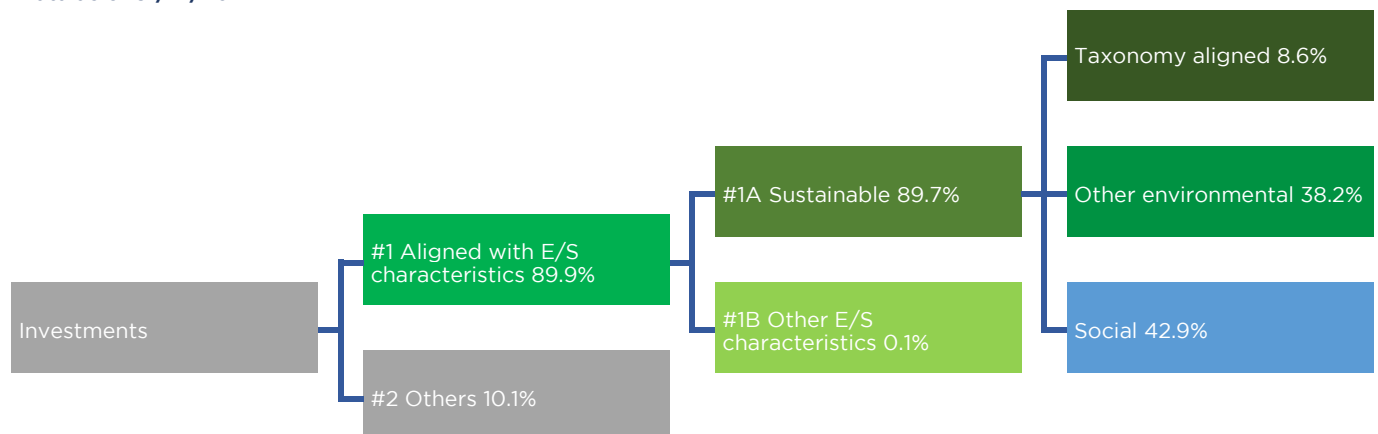
As of 31 December 2024, the Sub-Fund invested 89.9% of its net assets in investments aligned with environmental and social characteristics. 89.7% of those were directly invested in sustainable investments. The remaining portion of the Sub-Fund's net assets (#2 Other) consisted of financial derivative instruments, deposits at sight, money market funds, money market instruments and other deposits used for hedging and efficient portfolio management purposes and to manage the liquidity of the portfolio or to reduce any specific financial risk.

100% of the Sub-Fund's investments (excluding financial derivative instruments, cash, cash equivalent and money market funds) were composed of sustainable investments.

- **What was the asset allocation?**

Investments	Data as of 31/12/2024	Data as of 29/12/2023	Data as of 30/12/2022
#1 Aligned with E/S characteristics	89.9%	92.1%	96.4%
#1A Sustainable	89.7%	92.1%	93.2%
Taxonomy aligned	8.6%	8.4%	-
Other environmental	38.2%	43.9%	51.9%
Social	42.9%	39.8%	41.3%
#1B Other E/S characteristics	0.1%	0.0%	3.2%
#2 Others	10.1%	7.9%	3.6%

### Data as of 31/12/2024



*The data presented are calculated on the basis of a quarterly average over the past financial year.*

**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **In which economic sectors were the investments made?**

**The investments were made in the following economic sectors:**

<b>Sector</b>	<b>% AUM</b>
Industrial Goods and Services	21.05%
Health Care	20.19%
Utilities	12.78%
Technology	8.69%
Banks	8.47%
Construction and Materials	4.62%
Chemicals	3.41%
Telecommunications	2.54%
Basic Resources	1.63%
Automobiles and Parts	1.57%
Energy	1.49%
Media	1.40%
Consumer Products and Services	1.08%
Real Estate	0.84%
Food, Beverage and Tobacco	0.77%

*The above sector classification can differ from the one used in the financial periodic report.*

*The data presented are calculated on the basis of a quarterly average over the past financial year.*

**As of 31 December 2024, the fossil fuel exposure is 7.8%.**





## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

### To what extent were sustainable investments with an environmental objective aligned with the EU taxonomy?

$\sum ni=1$  Sustainable Investment weight  $i$   $\times$  proportion of turnover of environmentally sustainable activities (taxonomy aligned)  $i$

With:

- Proportion of turnover of environmentally sustainable activities (taxonomy aligned)  $i$  obtained directly from investee company  $i$  (Sustainability report, Annual report)
- Sustainable Investment weight  $i$ : % of total AUM in the investee company  $i$  defined as sustainable according to European regulation (good governance + DNSH + Positive contribution)

Concerning the breakdown, please find the information below (when available at the investee company level):

Mitigation 7.8% / Adaptation 0.0% / Waste 0.1% / Water 0.0% / Biodiversity 0.0% / Pollution 0.0%

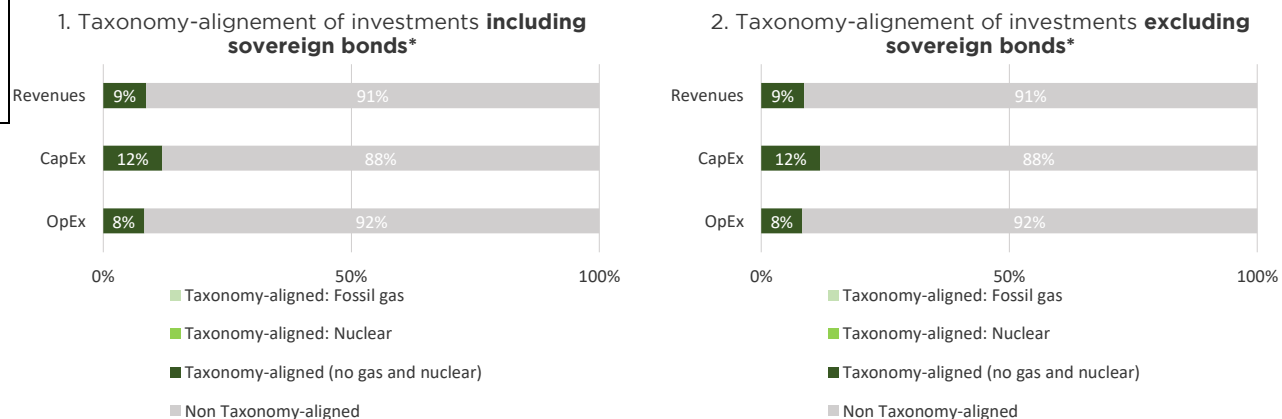
### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

☐ Yes:

- ☐ In fossil gas
- ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



Ce graphique représente 100.0% des investissements totaux.

No company in the portfolio has reported sales based on fossil gas or nuclear power.

Les données présentées sont calculées sur la base d'une moyenne trimestrielle sur l'exercice écoulé.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### Was the compliance of the investments with the taxonomy subject to an assurance by auditors or a review by third parties?

Compliance of the investments with the Taxonomy has not been subject to an assurance by any third party.

### How was equivalent information obtained directly from investee companies or from third party providers?

All taxonomy figures come from company annual reports (no external suppliers).

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (climate change mitigation) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **What was the share of investments made in transitional and enabling activities?**

The proportion of investments made in enabling and transitional activities for this fund will reach 8.6% in 2024. Of these 8.6% :

- 0.4% of investments correspond to local activities,
- 0.0% corresponds to transitory activities,
- For the remaining 8.2%, the companies concerned do not categorise the nature of the activity (transitional or enabling) in their annual reports.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

In 2023, we have not published a figure relating to the taxonomy alignment of the fund, given the difficulties in gathering reliable data.

In 2024, the portfolio will be aligned at 8.6%, in line with the fund's engagement.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU).

The Sub-Fund's invested 38.2% of its net assets in sustainable investments with an environmental objective that were not aligned with the EU Taxonomy Regulation.



### **What was the share of socially sustainable investments?**

The Sub-Fund invested 42.9% of its net assets in sustainable investments with a social objective.



### **What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under *#2 Not Sustainable* could consist of financial derivative instruments, deposits at sight, money market funds, money market instruments and other deposits used for hedging and efficient portfolio management purposes and to manage the liquidity of the portfolio or to reduce any specific financial risk.

These investments did not have specific environmental or social safeguards.



## What actions have been taken to attain the sustainable investment objective during the reference period?

The investment process was based on the following three stages:

- The first step is to exclude companies with high corporate responsibility risks (minimum score of 4/10 in the Management Company's proprietary model). This selection fulfils the conditions of the French SRI Label ;
- The second step is based on the selection of companies identified to meet the Sub-Fund's sustainable strategy ;
- The third step is to build a portfolio pursuant to a fundamental analysis, the liquidity and the valuation of the companies considered.

As part of the promotion of such characteristics, the Sub-Fund principally considered the following ESG matters:

- Environment: GHG emissions, airborne pollution, waterborne pollution, water consumption, land use ;
- Social: Excessive CEO Compensation, gender inequality, health and safety issues, child labour ;
- Governance: Monitoring corruption and bribery, tax avoidance ;
- Global ESG quality rating.

The ABA scoring is the proprietary tool of analysis and Corporate Responsibility Rating used to anticipate companies' risks especially looking at the relationship with their stakeholders: employees, supply chains, clients, local communities, and shareholders..., regardless of the sector of activities.

The ABA analysis of corporate responsibility is broken down into four pillars:

- Shareholders responsibility (board of directors and general management, accounting practices and financial risks, etc.) ;
- Social responsibility (including working conditions, diversity policy, accidentology, training policy, etc.);
- Societal responsibility (tax optimisation, corruption, respect for local communities and respect for personal data);
- Environmental responsibility (including environmental management policy, consideration of biodiversity issues, etc.).

This in-depth analysis, combining qualitative and quantitative research, leads to a rating out of 10.

The Sub-Fund targeted mainly companies exposed to SDGs. To be eligible to the investment universe, issuers must comply with the following criteria which are based on a "pass-fail" approach:

- Minimum 5% revenues exposed to SDGs, according to the internal classification framework based on Sustainable Transition Activities (demographic transition, and/or healthcare transition, and/or economic transition, and/or lifestyle transition and/or ecologic transition) ;
- minimum rating of 4 out of 10 on Corporate Responsibility Rating (taking into account controversies and PAI) combined with the exclusion policy, integrating the Do Not Significantly Harm on any environmental or social objective ;

All investments in this asset class are subject to an in-depth analysis of these dimensions and of a rating that is taken into account in the investment decision.

Furthermore, the DNCA Finance Team is implementing an engagement policy with many companies, focusing especially on companies with an unfavourable or strongly diminishing Responsibility score, or with an accumulation of controversies, or with an unfavourable policy and actions regarding the climate change.

The engagement process, which aims to serve the ESG objectives of the product, is carried out in several steps:

1. Identify targets for proactive and reactive engagement among issuers in DNCA Finance's investments, following on from the alert system set up as part of sustainability risk and negative impact management.
2. Implement an engagement plan for the identified engagement targets, monitor the engagement process and measure the results.
3. Integrate the results of engagement actions into investment decisions.

DNCA Finance's proactive engagement aims to encourage companies to develop better transparency and management of their ESG issues, through an ongoing dialogue. The reactive engagement process is an escalation process that relies on the alert mechanism in place for sustainability risk and negative impact management. The engagement actions can include requests for corrective actions and the possible decision to disinvest (*Worst Offenders*). DNCA Finance also participates in collective initiatives for coordinated and/or collaborative actions to promote best practices on systemic or transversal topics, concerning certain issuers, ESG issues likely to generate sustainability risks and/or negative sustainability impacts, and compliance with the principles of the Task Force on Climate related Financial Disclosure (TCFD) and the Task Force on Nature related Financial Disclosure (TNFD).

The sub-fund DNCA Invest Beyond Alterosa respects all the criteria of the French SRI label, such as:

- Explicitly defining the ESG strategy and measuring the result of the implementation of this strategy ;
- Establishing a general voting policy and resources consistent with the fund's objectives ;
- Internally controlling the compliance with SRI portfolio management rules and clearly describing them to investors: the ESG processes used within the framework of the fund's management strategy (ABA scoring, management of exclusions, management of sustainability risks, management of negative impacts, etc.) are included in the asset management company's internal control plan, and as such are subject to effective control of their application, both at the first level (operational) and at the second level (Internal Control and Compliance) ;
- Monitoring the ESG performance of selected issuers.

All information on the external sources of information used in the ESG analysis, the contracts signed with the third parties and the methodology for using external data are provided, as well as available information on the human resources dedicated internally to the ESG analysis.

The engagement report of DNCA Finance can be accessed [here](#).

For the 2024 financial year, all the companies in the portfolio demonstrated good governance, meeting the minimum threshold and not causing any material harm, as mentioned above in the "DNSH" section.

The Group's positive contribution to the Sustainable development objectives has improved significantly through several factors:

- Exposure to companies with revenues that make a significant contribution to transition (e.g. CSL 100%, Bharti Airtel 85%, Palo Alto 100%, Schneider Electric 80%, Thermo Fisher 100%, Veralto 92%).
- Entry into the portfolio of high-contribution companies (e.g. Knorr-Bremse, Waste Management, Zoetis, Vertiv).
- Taxonomy Deployment
- Various engagement campaigns have been carried out to meet the 3 criteria of sustainable investment:
  - 1- Campaign linked to Nature Action 100+: we have engaged with the company Zoetis
  - 2- UNGC signature campaign to encourage non-signatory companies to join the initiative: Agilent, Enphase, HDFC Bank
  - 3- Biodiversity campaign: EDPR, Prysmian
  - 4- Reactive engagement: Air Liquide in preparation for the 2024 General Meetings, Iberdrola in preparation for the 2024 General Meetings, ASML to produce an ESG overview.

We also had the opportunity to visit the Iberdrola offshore wind farm off Saint Brieuc in France. This pioneering project in France raised several issues inherent in offshore wind projects. Biodiversity protection and dialogue with local communities have been criticised from the start of the project in 2021, particularly because of the impact on fishing grounds.

Iberdrola has a comprehensive approach to these issues, based on numerous studies of the impact of the wind farm project both before and during its construction. Emphasis has been placed on dialogue with fishermen. Finally, the company has undertaken to compensate fishermen for any losses they may suffer and to invest in improving fish farming infrastructure.

The visit also enabled us to look in more detail at certain aspects of offshore wind projects, in particular maintenance, which is complex by nature when the turbines are in the open sea and is mainly carried out by the turbine suppliers. Iberdrola has also benefited from the recent lightening of administrative procedures, which has considerably shortened the time taken to create fields.

Iberdrola seems to have addressed all the issues and risks associated with the project, and this visit confirmed our opinion. Iberdrola is demonstrating that it consistently takes the interests of local communities into account when developing these energy projects.

Overall, the environmental objective is slightly down at 46.8% (-5.5 points) to the benefit of the social objective at 42.9% (+3.1%).



## How did this financial product perform compared to the reference sustainable benchmark?

The **reference index** are indices that make it possible to measure whether the financial product achieves the environmental or social characteristics that it promotes.

The chosen reference index is not intended to be aligned with the environmental and social ambitions promoted by the financial product.

- **How did the reference benchmark differ from a broad market index?**

Not applicable

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**

Not applicable

- **How did this financial product perform compared with the reference benchmark?**

Not applicable

- **How did this financial product perform compared with the broad market index?**

Not applicable