



**Transparency Code
AFG-FIR**

February 2024

Eurosif



INTRODUCTION

Declaration of Commitment

La Financière de l'Echiquier has been active in Socially Responsible Investment (SRI) since 2007. SRI is an essential part of the strategic positioning and management of the following UCITS funds:

- Echiquier Agenor Euro SRI Mid Cap
- Echiquier Agenor SRI Mid Cap Europe
- Echiquier Alpha Major SRI
- Echiquier ARTY SRI
- Echiquier Climate & Biodiversity Impact Europe
- Echiquier Convexité SRI Europe
- Echiquier Credit SRI Europe
- Echiquier Health Impact For All
- Echiquier High Yield SRI Europe
- Echiquier Impact et Solidaire
- Echiquier Major SRI Growth Europe
- Echiquier Positive Impact Europe
- Echiquier Short Term Credit SRI

These funds have obtained the French State SRI label, in compliance with the updated specifications of 23/10/2020.

Furthermore, ESG criteria are integrated in the management of all of the other funds that La Financière de l'Echiquier actively manages.

We welcomed the adoption of the AFG/FIR Transparency Code in 2011 and have been updating it at least once a year since. It is updated at least annually.

Our complete response to the AFG - FIR Transparency Code can be consulted below and is accessible on our website in the "Responsible Investment" section of the page entitled "[To find out more](#)", under the heading "LFDE Documents - Approach and Methodologies ».

Compliance with the Transparency Code

La Financière de l'Echiquier is committed to being transparent. We believe that we are as transparent as possible given the regulatory and competitive environment in the country in which we operate. We also support greater transparency on climate-related financial risks and thus support the Task Force on Climate-related Financial Disclosures (TCFD).

All of the funds actively managed by La Financière de l'Echiquier comply with all the recommendations of this Code, in accordance with their profile.

The funds managed according to quantitative and macro-economic strategies, as well as funds of funds are excluded from the scope. They represent about **4.3%** of our assets under management at **31/12/2023**.

Data as at 31/12/2023

Updated: February 2024

SUMMARY

1. LIST OF UCITS FUNDS COVERED BY THIS TRANSPARENCY CODE
2. GENERAL INFORMATION ABOUT THE MANAGEMENT COMPANY
3. GENERAL INFORMATION ABOUT THE UCITS PRESENTED IN THIS TRANSPARENCY CODE
4. INVESTMENT PROCESS
5. ESG CONTROLS
6. ESG PERFORMANCE METRICS AND REPORTING

1. LIST OF UCITS FUNDS COVERED BY THIS TRANSPARENCY CODE

All of the documents relating to the below funds are available publicly, by selecting the desired fund on the "[Our Funds](#)" page of our website and by going to the "Documents - Responsible Investment" section.

The sector exclusions applied to each of these funds are detailed in paragraph 4.1 of this Transparency Code as well as in a dedicated Exclusion Policy available on our website in the "Responsible Investment" section of the page entitled "[To find out more](#)", under the heading "LFDE Documents - Approach and Methodologies ».

The funds presented below are split into three categories: **Impact Investment**, **Sustainable Convictions** and **ESG Integration**. These categories correspond to varying degrees of integration of ESG criteria into the asset management, with Impact Investment being the highest level. They will be explained in greater detail throughout this report.

All of our Impact Investment and Sustainable Convictions funds have at least been granted the French State SRI label.

IMPACT INVESTMENT			
Dominant and complementary strategies	Main asset class	AuM at 31/12/2023	Labels
ECHIQUIER CLIMATE & BIODIVERSITY IMPACT EUROPE			
<input checked="" type="checkbox"/> SRI thematic <input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> All EU market-cap equities	99 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER IMPACT ET SOLIDAIRE			
<input checked="" type="checkbox"/> SRI thematic <input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> All EU market-cap equities	1,5 M€	<input checked="" type="checkbox"/> SRI Label <input checked="" type="checkbox"/> Finansol Label
ECHIQUIER POSITIVE IMPACT EUROPE			
<input checked="" type="checkbox"/> SRI thematic <input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> All EU market-cap equities	462 M€	<input checked="" type="checkbox"/> SRI Label <input checked="" type="checkbox"/> FNG Label *** <input checked="" type="checkbox"/> Towards Sustainability Label
ECHIQUIER HEALTH IMPACT FOR ALL			
<input checked="" type="checkbox"/> SRI thematic <input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	14 M€	<input checked="" type="checkbox"/> SRI Label
"IMPACT" DEDICATED FUNDS AND MANDATES (3)			
<input checked="" type="checkbox"/> SRI thematic <input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> All EU market-cap equities	77 M€	

SUSTAINABLE CONVICTIONS			
Dominant and complementary strategies	Main asset class	AuM at 31/12/2023	Labels
ECHIQUIER AGENOR EURO SRI MID CAP			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Euro zone small and mid-cap equities	324 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER AGENOR SRI MID CAP EUROPE*			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU small and mid-cap equities	1,542 M€	<input checked="" type="checkbox"/> SRI Label <input checked="" type="checkbox"/> FNG Label ** <input checked="" type="checkbox"/> Towards Sustainability Label
ECHIQUIER ALPHA MAJOR SRI			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU large-cap equities	97 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER ARTY SRI*			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU and global equities <input checked="" type="checkbox"/> Bonds and other international debt securities	747 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER CONVEXITE SRI EUROPE			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other international debt securities	188 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER CREDIT SRI EUROPE			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities	130 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER HIGH YIELD SRI EUROPE			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro	68 M€	<input checked="" type="checkbox"/> SRI Label
ECHIQUIER MAJOR SRI GROWTH EUROPE *			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU large-cap equities	1 244 M€	<input checked="" type="checkbox"/> SRI Label <input checked="" type="checkbox"/> FNG Label *** <input checked="" type="checkbox"/> Towards Sustainability Label
ECHIQUIER SHORT TERM CREDIT SRI			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro	130 M€	<input checked="" type="checkbox"/> SRI Label
“SUSTAINABLE CONVICTIONS” DEDICATED FUNDS AND MANDATES (6)			
<input checked="" type="checkbox"/> Best in universe <input checked="" type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Euro zone small and mid-cap equities <input checked="" type="checkbox"/> EU small and mid-cap equities	338 M€	<input checked="" type="checkbox"/> SRI Label (2)

ESG INTEGRATION			
Dominant and complementary strategies	Main asset class	AuM at 31/12/2023	Labels
ECHIQUIER AGRESSOR			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> All EU market-cap equities	372 M€	
ECHIQUIER ARTIFICIAL INTELLIGENCE			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	802 M€	
ECHIQUIER CREDIT TARGET INCOME 2027			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro	11 M€	
ECHIQUIER ENTREPRENEURS			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU Small cap equities of the EU countries	343 M€	
ECHIQUIER EXCELSIOR			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU Small cap equities of the EU countries	74 M€	<input checked="" type="checkbox"/> "Label Relance"
ECHIQUIER GO LOCAL			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	5 M€	
ECHIQUIER HYBRID BONDS			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro	67 M€	
ECHIQUIER LUXURY			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	24 M€	
ECHIQUIER MF OBLIG 2024 °			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro	87 M€	
ECHIQUIER OBLICONVERTIBLES EURO			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro	73 M€	
ECHIQUIER PATRIMOINE			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> EU country equities <input checked="" type="checkbox"/> Bonds and other international debt securities	128 M€	
ECHIQUIER ROBOTICS			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	12 M€	
ECHIQUIER SPACE			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	61 M€	
ECHIQUIER USA			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	16 M€	
ECHIQUIER VALUE EURO			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> Eurozone equities	440 M€	

ECHIQUIER WORLD EQUITY GROWTH *			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	1,036 M€	
ECHIQUIER WORLD NEXT LEADERS			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	<input checked="" type="checkbox"/> International equities	207 M€	
“ESG INTEGRATION” DEDICATED FUNDS AND MANDATES (12)			
<input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion	All asset classes	1 095 M€	<input checked="" type="checkbox"/> “Label Relance” (3)

For funds marked with an "*", the assets under management presented as at 31/12/2023 are those of the strategy, i.e. the sub-funds of French and Luxembourg SICAV funds.

For each strategy, not all sub-funds are systematically labelled. Consequently, although the same management procedures are applied to the relevant sub-funds of the French and Luxembourg SICAV funds:

- Only the sub-funds of the Luxembourg SICAV funds Echiquier Agenor SRI Mid Cap Europe and Echiquier Major SRI Growth Europe have applied for and obtained the FNG and Towards Sustainability labels.
- Only the sub-funds of the French SICAV funds Echiquier Agenor SRI Mid Cap Europe and Echiquier Major SRI Growth Europe have applied for and obtained the French State's SRI label.

2. GENERAL INFORMATION ABOUT THE MANAGEMENT COMPANY

2.1. Name of the management company in charge of the funds to which this Code applies

La Financière de l'Echiquier
53 avenue d'Iéna
75 116 PARIS
<http://www.lfde.com/>

2.2. What is the background and principles of the management company's approach as a responsible investor?



History of La Financière de l'Echiquier's responsible investment approach:

Since La Financière de l'Echiquier was created in 1991, attention has been paid to analysing corporate governance. Launched in 2007, La Financière de l'Echiquier's responsible investment approach is part of its Corporate Social Responsibility (CSR) policy. This approach is based on a solid knowledge of companies based on years of meetings and exchanges with them, especially on governance aspects.

All information and documentation relating to Responsible Investment at La Financière de l'Echiquier is available on our website, in the "[Responsible Investment](#)" section.

The timelines below outline the main milestones that have marked La Financière de l'Echiquier's commitment to responsible investing of over 15 years.

LFDE - A RESPONSIBLE INVESTOR: A LONG-STANDING COMMITMENT

2007 <ul style="list-style-type: none"> Creation of our proprietary ESG analysis methodology* 	2010 <ul style="list-style-type: none"> Launch of two SRI-laboratory funds First SRI mandate obtained for a mutual insurance company 	2012 <ul style="list-style-type: none"> SRI mandate obtained for the Fonds de Réserve pour les Retraites 	2016 <ul style="list-style-type: none"> Echiquier Major SRI Growth Europe and Echiquier Positive Impact Europe obtain the French government SRI Label 	2018 <ul style="list-style-type: none"> ESG integration across our entire range Establishment of an Ethics Committee 	2020 <ul style="list-style-type: none"> 3 additional funds obtain the French government SRI Label Launch of our 2nd impact fund around Climate & Biodiversity issues Launch of a Podcast « Un pied devant l'autre » Finance for Biodiversity Pledge membership 	2022 <ul style="list-style-type: none"> Launch of our 4th impact fund dedicated to health access: Launch of the climate change training programme: The Climate School by LFDE Publication of our 1st Climate and Biodiversity Report (including our response to Article 29 of the Energy-Climate Law)
RESPONSIBLE INVESTMENT by LFDE Particular attention paid to GOVERNANCE since 1991						
2008 <ul style="list-style-type: none"> UN Principles for Responsible Investment signed 	2011 <ul style="list-style-type: none"> Echiquier Major SRI Growth Europe awarded Novethic SRI Label for the first time 	2013 <ul style="list-style-type: none"> Launch of our Shareholder Engagement approach 	2017 <ul style="list-style-type: none"> Echiquier Positive Impact Europe endorses UN Sustainable Development Goals  <ul style="list-style-type: none"> Expansion of the SRI team 	2019 <ul style="list-style-type: none"> French government SRI Label obtained for four additional funds Echiquier Major SRI Growth Europe and Echiquier Positive Impact Europe obtained the German « FNG ★★★ » SRI label and the Belgian « Towards Sustainability » SRI label Launch of SRI training programme: SRI School by LFDE 	2021 <ul style="list-style-type: none"> French government SRI Label obtained for three additional funds Launch of our first Solidarity impact fund with the Finansol label Publication of La Financière de l'Echiquier's Climate Strategy and Coal Policy Publication of our Impact Doctrine 	

LFDE - A RESPONSIBLE INVESTOR: NEWS AND OUTLOOK

2023

- Launch of the ESG Connect platform (extra-financial data management tool)
- French government SRI Label obtained for one additional fund: Echiquier Short Term Credit SRI 
- Publication of our 2nd Climate and Biodiversity Report (including our response to Article 29 of the Energy-Climate Law)
- Organization of the 3rd edition of the Climate and Biodiversity Meetings
- Launch of the "Sursauts" podcast, dedicated to biodiversity
- Participation in the PRI's "ADVANCE" collaborative engagement initiative for human rights and social issues 
- New employees obtained the "ESG Investing" certification from the CFA UK, which means that nearly twenty LFDE employees have now been trained 
- AMF Sustainable Finance certification obtained by about twenty LFDE employees, which means that nearly forty LFDE employees have now been trained 
- Launch of the "Climate Fresk" for LFDE employees. More than 80 employees took part in around ten dedicated sessions. 

NEWS AND OUTLOOK

NEWS AND OUTLOOK 2024

- Consolidation of our sustainable finance approach as part of the merger with LBP AM
- Accelerating our engagement with companies
- Continuation of our actions to raise awareness and educate fund management teams, clients and companies on ESG issues

Principles of La Financière de l'Echiquier's responsible investment approach:

For La Financière de l'Echiquier, being a responsible investor means: "Seeking performance by investing in companies where good governance and managerial excellence instill social and environmental initiatives that create value for all stakeholders".

La Financière de l'Echiquier exercises its role as a responsible investor in three ways:

- **ESG integration: Responsible principles shared by the investment teams**

Our ESG integration policy – which involves taking into consideration Environmental, Social and Governance criteria – applies to all UCITS managed by La Financière de l'Echiquier. This common basis of responsibility aims to gradually bring the practices of the entire fund management team closer to those of SRI-labelled funds. The analysis of sustainability criteria, and in particular of governance, allows us to identify ESG best practices and to better assess the risks facing companies. The main principles of this approach are as follows:

- **Exclusions:** Several sectors are excluded from the investment universe, including tobacco production, controversial weapons, thermal coal production and recreational cannabis. In addition, on a normative basis, we exclude companies that are the subject of controversies which MSCI ESG Research considers to be very severe. This list includes companies that have been found to be in violation of one or more of the ten principles of the United Nations Global Compact.
- **ESG analysis:** At least 90% of the stocks in the portfolio must be ESG rated, with particular attention paid to the quality of corporate governance and MSCI ESG Research's opinion on environmental and social issues. A minimum ESG rating of 4,0/10 is required to be eligible for an ESG Integration fund. In addition, these funds are committed to ensuring that their weighted average ESG rating is always higher than that of their investment universe.
- **Controversies:** Attention is paid to the existence of ESG controversies. An ethics Committee meets to decide the most sensitive cases.
- **Dialogue:** Regular meetings with the management of investee companies means we can address the areas of progress identified during the ESG analysis of each company.
- **Voting:** Systematic exercise of voting rights by all fund managers for 100% of the securities in the portfolios.
- **Transparency:** Increased transparency on our ESG Integration approach as well as on our investments through documents available on the website of La Financière de l'Echiquier.

- **Sustainable Convictions: A reinforced commitment within our SRI funds**

A historical player in SRI, La Financière de l'Echiquier has been offering SRI funds since 2010. In addition to our ESG integration policy, the creation of a dedicated offering demonstrates the company's commitment in this area. Here, the analysis of sustainability criteria has a substantial impact on stock picking. It helps to better identify risks and identify new investment opportunities. The main principles of this selective and restrictive approach are as follows:

- **Exclusions:** Expanded and strengthened exclusion policy for SRI funds.
- **ESG analysis:** ESG rating of 100% of the stocks in the portfolio for the SRI Equities funds and at least 95% for the SRI Bonds and Multi-assets funds. ESG analysis of issuers is systematic and prior to investment. A minimum ESG rating is required to integrate SRI funds. The

combination of exclusions and ESG rating should result in the exclusion of at least 20% of the investment universe.

- **Controversies:** Daily alerts on ESG controversies and updates to the company's ESG rating if warranted by the seriousness of the controversy.
Dialogue: Regular meetings with the management of investee companies during which ESG issues are addressed. ESG issues may also be addressed during dedicated interviews. With each ESG analysis suggestions on how to improve performance are shared with the company. The efforts made by companies on these areas of improvement are monitored over time.
- **Voting:** Systematic exercise of voting rights by all fund managers for 100% of the securities in the SRI portfolios.
- **Transparency:** Many documents available online on our SRI approach and methodology as well as on the investments made in these funds.

- **Impact Investment: The new SRI frontier**

As a pioneer of responsible investment in France, in 2017 La Financière de l'Echiquier decided to get involved in impact investment in listed markets by launching its first impact fund dedicated to the financing of companies that make a positive and significant contribution to the UN Sustainable Development Goals. This was a major decision for our company, as we believe that impact investing is the new frontier of SRI. Impact investing is a demanding practice that is based on three principles: intentionality, additionality and measurability. Our Impact Doctrine embodies these principles and provides a framework for LFDE's impact investment strategies. With this type of investment, our objective is to maximize the positive environmental and social impact of each of our investment decisions. The main principles of this approach are as follows:

- **Exclusions:** The exclusion policy for impact funds is more restrictive than for SRI funds and is aligned with each fund's impact profile.
- **ESG analysis:** ESG rating of 100% of the stocks in the portfolio. ESG analysis of issuers is systematic and prior to investment. It is fully internalized (no use of research from MSCI ESG Research). An ESG rating and a minimum impact score based on proprietary methodologies are required for all investments in these funds.
- **Controversies:** Daily alerts on ESG controversies and updates to the company's ESG rating if warranted by the seriousness of the controversy.
- **Dialogue:** The ESG analysis of an issuer is accompanied by a systematic interview dedicated to ESG issues. When the analysis is completed, we share suggestions for areas of improvement with the company's management, with a focus on impact. The efforts made by companies on these areas of improvement are monitored over time.
- **Voting:** Systematic exercise of voting rights by the fund managers for 100% of the securities in impact portfolios.
- **Transparency:** In addition to the documentation available on our SRI funds, for these funds we also publish an annual impact report, which is available online on LFDE's website.

Each of these aspects will be discussed in greater detail throughout this Transparency Code.

2.3. How did the management company formalise its responsible investment approach?

Over the years, La Financière de l'Echiquier has formalised its responsible investment approach by incorporating it in its Corporate Social Responsibility (CSR) policy, of which it is the central element. This approach is based on the substantial knowledge of companies LFDE has acquired from years of interaction with them and its specific focus on corporate governance issues since its creation.

The key steps in this formalisation were as follows:

- 1991-2007: Although there was no formal responsible investor approach, "common sense" principles were observed, such as the importance of good corporate governance and exercising voting rights at shareholder meetings.
- 2007: Creation of our proprietary ESG analysis methodology.
- 2011: Echiquier Major SRI Growth Europe (LFDE's first SRI-labelled fund) was awarded the Novethic SRI label.
- 2013: Our engagement with companies was formalised with the specification of "areas of improvement".
- 2017: Echiquier Positive Impact Europe adopts the UN Sustainable Development Goals framework.
- 2018: We formalise and strengthen our ESG Integration approach. In-depth training of the entire fund management team on ESG analysis and of the entire sales team on responsible investment. Establishment of an ethics committee.
- 2019: Publication of a study on the links between SRI and financial performance. Enlargement of our range of SRI-labelled funds (six funds with the French State's SRI label) and some funds obtaining the German label "FNG" (with three stars) and the Belgian label "Towards Sustainability".
- 2020: Expansion of our range of SRI-labelled and impact funds, of which there were nine at the end of 2020.
- 2021: Publication of the LFDE Climate and Biodiversity Strategy and Impact Doctrine. Expansion of our range of SRI-labelled and impact funds, of which there were 12 at the end of 2021.
- 2023: Expansion of our range of SRI-labelled and impact funds, of which there were 13 in 2023.

It is important for La Financière de l'Echiquier to formalise this approach and its various steps both internally with employees and externally (visibility on the market and with our customers).

- **Internal formalisation:** The objective here is to help our staff gain a better understanding and appreciation of the issues involved. The Responsible Investment Research team takes the lead in this regard, and in particular supports the Sales and investment teams, who are at the heart of this approach.
 - o **ESG training and themes:** Since the end of 2017, the RI Research team has been working hard to train all of its teams on the challenges of sustainable finance. To this end, the RI Research team has developed numerous training courses given throughout the year (ESG analysis, climate, biodiversity, green bonds, non-conventional and controversial hydrocarbons...), which sometimes also rely on the expertise of expert partners. The entire RI Research team has also been trained to animate the climate fresks, and more than eighty employees have received on-site training on the causes and consequences of climate change. In addition, LFDE offers its employees a catalogue of external training and

certification in sustainable finance. More than thirty of our employees have obtained the CFA Institute's ESG Investing certification programme and/or the AMF Sustainable Finance certification. These certifications validate the knowledge and experience of our employees in sustainable finance. They are all encouraged to learn about these issues, in particular by setting individual annual objectives that are taken into account in determining their variable annual remuneration.

- **Supporting the investment team:** At the beginning of 2021, we also set up periodic meetings to provide regular guidance to fund managers: “The Responsible Management Meeting”. You will find more information about these meetings in paragraph 2.5.

- **External formalisation.** We believe that having a formal external RI approach serves several purposes:
 - **It enhances visibility in the market place:** This involves participating in market events and initiatives to promote our expertise and responsible investment in general. This point is further developed in paragraph 2.7. This effort includes the publication of studies, such as the one on the links between SRI and financial performance, which has been published since 2019.
 - **Raising the awareness of customers and prospects:** In order to make our clients appreciate the value of our approach to responsible investment, we must raise their awareness of RI issues. Here, the work of our sales representatives and the support of the RI Research team are essential. In addition, the SRI events we organise throughout the year have an educational objective. La Financière de l’Echiquier’s RI Research team plays a particularly active role in providing SRI training to clients. For this purpose, it has launched several pedagogical programmes, in particular for its financial advisor clients: “LFDE’s SRI School” (2019), an educational podcast “Un pied devant l’autre” on the subject of responsible investment (2020), the Climate School (2022) and the “Sursauts” podcast (2023), dedicated to solutions for preserving and regenerating biodiversity. LFDE also supported the launch of a MOOC (Massive Open Online Course) dedicated on the biodiversity challenge initiated by ENGAGE. The RI Research Team also trained to animate Climate Fresks.
 - **Informing our stakeholders:** We attach considerable importance to informing all our stakeholders about our SRI approach proactively and transparently. This transparency code is the most comprehensive tool for the formalisation of our approach. All of the documents on this subject are available on our website, in the “Responsible Investment” section, on the [“To find out more”](#) page, under the heading “LFDE Documents” (ie responsible investment policy, voting and engagement policy...) and on the pages dedicated to each of our funds accessible from the [“Funds”](#) page. This point is further discussed in paragraph 6.3.
 - **Contributing to education:** As a major player in our sector, we believe it is important to give future finance professionals the opportunity to learn about responsible investment. The members of the RI research team therefore give courses in RI each year in such universities as the NEOMA Business School and the SKEMA Business School. La Financière de l’Echiquier has also contributed to the creation of the “MSc Sustainable Finance & FinTech” degree at the SKEMA Business School, which opened its doors in September 2021.

2.4. How is the management company deal with ESG risks/opportunities, such as those arising from climate change?

Managing ESG risks and opportunities is central to La Financière de l'Echiquier's responsible investment approach. For several years now, these risks and opportunities have been approached from a double materiality perspective, in different ways, using our various proprietary methodologies:

- **Identify risks:** Taking ESG criteria into account allows us to increase our knowledge of companies, better assess their risks and thus minimize the risk of our investments. Beyond this, our dialogue with companies around the areas of improvement we have set for them encourages them to better manage their main sustainability risks.
- **Detect investment opportunities:** Beyond identifying risks, considering ESG criteria makes it possible to highlight companies that have placed sustainable development at the heart of their strategy and have made it a focus for growth and business development. This analysis enables us to identify and select companies that market products and services that provide concrete solutions to sustainable development challenges, as is the case for Echiquier Positive Impact Europe. By investing in the most virtuous companies, we highlight their ESG best practices and serve as a model for encouraging others to improve.

With regard to the **risks and opportunities associated with climate change** in particular, in early 2021 LFDE formalised an ambitious Climate and Biodiversity Strategy which sets a number of objectives in order to progressively integrate the management of climate risks (including those associated with the protection of biodiversity) into all its investments. This strategy includes nine commitments, which combine ambition, transparency and pragmatism:

- **Governance**, to establish true climate governance at LFDE, at the highest level.
- **Integration** of climate and biodiversity issues in all portfolios and in the decision-making processes of all business lines.
- **Engagement**, to mobilise alongside us, by strengthening our voting policy and integrating climate issues into our engagement approach.
- **Engagement** again, to accelerate the transition by intensifying our requirements for the sectors with the highest emission levels as part of strict policies on the financing of coal and unconventional and controversial hydrocarbons.
- **Education**, to heighten awareness among all our stakeholders and bring them on board.
- **Involving** clients in the transition of how their savings, are managed, by implementing educational initiatives, including specific support for the integration of climate issues.
- **Sharing** with companies and our clients at an annual climate and biodiversity meeting which brings together climate experts and is intended to promote the exchange of best practice.
- **Transparency**, of course, to ensure and facilitate a better understanding of our results.

La Financière de l'Echiquier's Climate and Biodiversity Strategy is available in its entirety on our website, in the "Responsible Investment" section, on the ["To find out more"](#) page, under the heading "LFDE – Climate and Biodiversity".

You may find more information on how we take climate risks into account for each of the funds we manage in paragraph 3.4.

2.5. Which teams are involved in the management company's responsible investment activity?

As part of our ESG Integration approach, all members of the 35-person investment team as of 31/12/2023 are involved in La Financière de l'Echiquier's responsible investment activity. The four members of the Asset Allocation team are progressively involved through the implementation of the proprietary "SRI Maturity by LFDE" methodology. To find out more about our responsible investment approach in our Asset Allocation funds, you can consult their dedicated Transparency Code accessible on our website in the "Responsible Investment" section of the page entitled "[To find out more](#)", under the heading "LFDE Documents - Approach and Methodologies ».

- **The RI Research team:** The RI Research team (see paragraph 2.6) is in charge of supporting all investment staff with this approach, monitoring the quality of their ESG research work, and carrying out quality controls on the ESG analyses performed. No ESG analyses may be entered in our database until validated by the RI Research team. To ensure the success of this approach and enable everyone's engagement, all members of La Financière de l'Echiquier's investment team are trained in ESG analysis to help them identify ESG risks and opportunities when making investment decisions. In addition to the above, the RI Research team recently launched a quarterly "Responsible Investment Meeting". This meeting provides an ideal forum for discussion between the RI Research team and the Investment Team and for allocating ESG analysis work between the members of the investment team, increasing their knowledge of SRI topics and news, and informing them of developments in Financière de l'Echiquier's responsible investment approach. The RI Research team is also responsible for producing the most "strategic" ESG analyses for the investment team. For this purpose, the organisation of an interview with an expert on the target company's ESG issues is encouraged. In addition to the above, the RI Research team is also responsible for updating ESG and impact analyses and for coordinating a number of related projects, such as voting at shareholder meetings, shareholder engagement, reporting, new product development, etc.).
- **Investment team:** Sharing ESG research among the investment team is a central feature of our ESG Integration approach. This is ensured via our weekly updates during asset management meetings, and the Responsible Investment Meeting. We systematically send e-mail messages of all reports of meetings with companies and their corresponding ESG ratings and archive all ESG research work in our proprietary database. This database has the particularity of gathering financial and sustainability information on issuers in the same place. Our ability to initiate debate with companies and forge an opinion on their progress on these subjects relies on the development of an extra-financial culture shared by all LFDE's RI Research team. Over the past few years, this database has been upgraded and its SRI functionality improved, to enhance the visibility to the ESG data made available to the investment team. In 2023, the ESG Connect platform was made available to the teams to enable them to monitor the extra-financial

performance of their portfolios, particularly in relation to the management constraints imposed on them (AMF doctrine 2020-03, SFDR, sustainable finance labels, etc.).

- **All La Financière de l'Echiquier employees:** Responsible investment goes beyond investment teams and is an integral part of the company, with all staff members, and our sales teams in particular, involved in the development and continuous improvement of our approach. To this end, all of LFDE employees have received training on the subject upon their arrival and training sessions are organized on a regular basis. An SRI officer was recruited for the Client Services team in 2020.

Furthermore, since 2020, the “contribution to LFDE’s responsible investment approach” is no longer just a group objective, as each employee’s individual objectives now include a specific contribution to LFDE’s responsible investment approach, accounting for 10% in the determination of his/her annual performance review score. The underlying quantitative or qualitative targets for each employee depend on the employee’s job and responsibilities. The score is taken into account in particular when determining the variable remuneration of investment team members (in proportion to the extent to which the fund they manage takes ESG criteria into account), and of LFDE’s senior executives.

2.6. How many SRI analysts and how many SRI fund managers do the management company employ?

La Financière de l'Echiquier has a dedicated RI Research team of four people: the head of RI research and three SRI analysts who perform ESG analyses on companies and assist the investment management team.

In addition to these four people, eleven fund managers, five analysts and an assistant manager work on SRI-labelled funds and conduct ESG analyses on the companies in their portfolios, with the support of the RI Research team.

2.7. In which Responsible Investment initiatives is the management company involved?

LFDE is involved in the following responsible investment initiatives:

- **Generalist Initiatives:**
 - o Principles for Responsible Investment (PRI) – United Nations (2008)
 - ⇒ Participation in The Investor Agenda collaborative environmental engagement campaigns, in 2019, and in initiatives to combat forest fires and deforestation in the Amazon.
 - ⇒ Participation in the European Taxonomy working group, in 2020.
 - ⇒ Participation in 2020 in the Climate Action 100+ collaborative environmental engagement campaign and in the forum for “Ensuring a sustainable financial system during the COVID-19 recovery phase”.

- ⇒ Participation in 2023 in the collaborative social engagement campaign "Advance" in the working group dedicated to the company Acciona Energia.
- AFG – Responsible Investment Technical Committee (2013)
 - ⇒ Member (since 2020) of the Restricted Responsible Investment Technical Committee composed of the French asset management companies the most involved in responsible investment field.
 - ⇒ Participation in the “SDG” working group, in 2019/2020.
 - ⇒ Participation in 2020 in the ad hoc working groups on the “Consultation on the 2020-03 AMF Doctrine” and on the “Consultation on Article 8 of the Taxonomy”.
 - ⇒ Participation in 2021 in the “Fossil Fuels”, “Impact”, and “Biodiversity” working groups.
 - ⇒ Participation in 2022 in the working group of the EFRAG consultation on social standards for CSRD regulation.
- Sustainable Investment Forum (SIF)
 - Forum per la Finanza Sostenibile - Italy (2017)
 - Forum for Responsible Investment - France (2019).
 - ⇒ Participation in the "SRI Label" working group, in 2019.
 - ⇒ Participation in the three "Impact" working groups on Intentionality, Additionality and impact Measurement, in 2020.
 - ⇒ Became a member of the "Dialogue and Engagement" Commission in 2021.
 - ⇒ Participation since 2023 in the Working Group on Forced Labour and Child Labour.
 - ⇒ Participation since 2023 in the "Overview of Impact Finance - Integration of listed impact finance" working group, launched by FRI, FAIR and France Invest.
 - ⇒ Participation since 2024 in the "Club SMID" initiative.
- GIIN - Global Impact Investing Network (2020)
 - ⇒ Participation since 2020 in the “Listed Equities” working group.
- Environmental and Climate Initiatives:
 - The Carbon Disclosure Project (CDP), in 2013
 - ⇒ Participation in the Non-Disclosure Campaign, since 2020.
 - ⇒ Participation in the Science-Based Targets Campaign, since 2020.
 - Montreal Carbon Pledge - United Nations (2017)
 - EU Alliance for a Green Recovery (2020)
 - Task Force on Climate-related Financial Disclosures (TCFD) (2020)
 - Finance for Biodiversity Foundation (2020)
 - ⇒ Participation since 2021 in the “Impact Measurement” and until 2022 “Engagement with companies” working groups.

- Net Zero Asset Managers Initiative (2021)
 - ⇒ Participated in 2021 in the UN PRI collaborative engagement campaign on the “sourcing of minerals in conflict areas for the semiconductor sector”.
 - Institut de la Finance Durable (2021)
 - ⇒ Participation since 2021 in the Defining Impact working group, and as of 2022 in the Impact Operationalisation and Measurement working group.
 - ⇒ Participation in 2022 and 2023 in working group n°2 "Best-in-Class and ESG balanced approach" on the redesign of the French State SRI label specifications.
 - Entreprise pour l’Environnement (EpE) (2022)
 - ⇒ Participated in 2022 in the “Climate”, “Biodiversity” and “Health-Environment” working groups.
 - Nature Action 100 (2023)
- Social Initiatives:
- World No Tobacco Day - World Health Organization (2017)
 - Access to Medicine Foundation (2019)
 - ⇒ Participation in several collaborative engagement campaigns alongside the Access to Medicine Index collaborative engagement campaign, since 2019.
 - United Nations Global Compact & UN Women
 - ⇒ Participation in the Women's Empowerment Principles collaborative social engagement campaign, in 2019.
 - The FAIR association (resulting from the merger of Finansol and Impact Invest Lab) (2021)
 - ⇒ Participation in 2021 in the "Solidarity Funders" group.
 - ⇒ Participation in 2022 in the "Barème Adhésion FAIR" working group
 - ⇒ Participation in 2024 in the the "Finansol Label Exclusions" working group.
 - Investor Alliance for Human Rights (2021)
 - ⇒ Participation since 2021 in the “Uyghur Region Engagement” working group.

Since early 2019, La Financière de l’Echiquier has increased its participation in market initiatives and thematic working groups. It also strengthened its involvement in collaborative engagement approaches with other investors. To find out more, please consult our voting and engagement report, available on La Financière de l’Echiquier's website on the page entitled "[To find out more](#)", under "LFDE Documents - Voting and Engagement".

2.8. What is the total amount of SRI assets of the management company?

Only funds that have received one or more SRI labels, as well as mandates and funds subject to the same SRI constraints as these model strategies, are accounted for “SR assets under management” and referred to as “SRI assets”.

LFDE’s total **SRI assets under management** at 31/12/2023 were **€6,101M**. Among these assets, those **labelled SRI** totalled **€5,199M**.

2.9. What is the percentage of the management company's SRI assets under total assets under management?

As of 31/12/2023, SRI assets represented about **53.9%** of La Financière de l’Echiquier's total assets under management. Among these assets, SRI-labelled assets represented about **45.9%** of La Financière de l’Echiquier's total assets under management.

2.10. What SRI-labelled funds open to the public are managed by the management company?

La Financière de l'Echiquier manages 12 funds that are available to the general public and have received the French State's SRI label:

<u>Fund name:</u>	Echiquier Agenor SRI Mid Cap Europe
<u>AuM at 31/12/2023:</u>	1,542 million euros
<u>Inception date:</u>	27/02/2004
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	MSCI Europe Small Cap Net Return
<u>Date granted first SRI label:</u>	05/11/2019
<u>SRI labels:</u>	French State's SRI label, Belgian label "Towards Sustainability", and German label "FNG***"
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-agenor-sri-mid-cap-europe-i/

Echiquier Agenor SRI Mid Cap Europe is a European Union mid-cap stock picking fund. The fund is positioned on growth stocks that can grow regardless of the cycle and maintain high profitability over time. The fund selects issuers that stand out for the quality of their governance and their social and environmental policy. Echiquier Agenor Mid Cap Europe sub-fund of the Luxembourg SICAV is also an SRI fund, which follows a strategy identical to that of Echiquier Agenor SRI Mid Cap Europe sub-fund of the French SICAV, particularly on aspects of SRI processes. The French SICAV's sub-fund only holds the French government's SRI label. The sub-fund of the Luxembourg SICAV holds the Belgian label "Towards Sustainability" and the German label "FNG***".

<u>Fund name:</u>	Echiquier Agenor Euro SRI Mid Cap
<u>AuM at 31/12/2023:</u>	324 million euros
<u>Inception date:</u>	27/12/2018
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	MSCI EMU Mid Cap Net Return
<u>Date granted first SRI label:</u>	05/11/2019
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-agenor-euro-sri-mid-cap-i/

Echiquier Agenor SRI Euro Mid Cap is a euro-zone mid-cap stock picking fund. The fund is positioned on growth stocks that can grow regardless of the cycle and maintain high profitability over time. The fund selects issuers that stand out for the quality of their governance and their social and environmental policy.

<u>Fund name:</u>	Echiquier Alpha Major SRI
<u>AuM at 31/12/2023:</u>	97 million euros
<u>Inception date:</u>	17/04/2019
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	80% Capitalized EONIA, 20% MSCI Europe Net Return
<u>Date granted first SRI label:</u>	05/11/2019
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/fr/fonds/echiquier-alpha-major-i/

Echiquier Alpha Major SRI is a covered-fund with a 0-40 net market exposure that relies on the expertise of Echiquier Major SRI Growth Europe. It aims to get exposure to European large cap equities with a quality and growth bias with a reduced volatility. The SRI process of this fund is exactly the same as that of Echiquier Major SRI Growth Europe.

<u>Fund name:</u>	Echiquier ARTY SRI
<u>AuM at 31/12/2023:</u>	747 million euros
<u>Inception date:</u>	30/05/2008
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	50% IBOXX Euro Corporate 3-5 years, 25% EONIA compounded, 25% MSCI Europe Net Return
<u>Date granted first SRI label:</u>	18/12/2020
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-arty-sri-i/

Echiquier ARTY SRI is a multi-asset fund based on active and discretionary management combining the use of financial instruments (equities, bonds, negotiable debt securities) and financial futures. The management team establishes strategic and tactical positions. This involves decisions to buy or sell assets in the portfolio based on economic, financial and stock market expectations and incorporating ESG criteria for the selection of issuers in a significant way.

<u>Fund name:</u>	Echiquier Climate & Biodiversity Impact Europe
<u>AuM at 31/12/2023:</u>	99 million euros
<u>Inception date:</u>	15/12/2020
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	SRI Thematic I Best-in-Universe I Exclusion
<u>SFDR class:</u>	Article 9
<u>Benchmark:</u>	MSCI Europe Net Return
<u>Date granted first SRI label:</u>	18/12/2020
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/fr-fr/fonds/echiquier-climate-biodiversity-impact-europe-i/

Echiquier Climate & Biodiversity Impact Europe is a stock-picking fund that invests in European stocks of all sizes and styles, without sector bias, seeking long-term performance. The stock-picking process is based on the analysis of ESG criteria and the achievement of a minimum Climate & Biodiversity Maturity Score. The aim of the fund is to select issuers that have integrated climate issues into their business and to direct financial flows towards companies that will create the carbon-neutral European economy of tomorrow. Like the other sub-fund of Echiquier Impact SICAV, Echiquier Climate & Biodiversity Impact Europe benefits from exemplary governance with the choice of a majority independent board of directors, made up of experts in sustainable development and responsible finance who are able to challenge the work of the RI research team and the management team.

<u>Fund name:</u>	Echiquier Convexité SRI Europe
<u>AuM at 31/12/2023:</u>	188 million euros
<u>Inception date:</u>	12/10/2006
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe I Best Effort I Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	Refinitiv Europe Focus Hedged
<u>Date granted first SRI label:</u>	18/12/2020
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-convexite-sri-europe-i/

Echiquier Convexité SRI Europe is a bond fund that implements an active and discretionary management strategy on a portfolio of convertible bonds. It is mainly invested in "mixed" European convertible bonds and similar securities. The fund significantly incorporates ESG criteria in the selection of its underlying assets.

<u>Fund name:</u>	Echiquier Credit SRI Europe
<u>AuM at 31/12/2023:</u>	130 million euros
<u>Inception date:</u>	20/07/2007
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	IBOXX Euro Corporate 3-5 years
<u>Date granted first SRI label:</u>	05/11/2019
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-credit-europe-i/

Echiquier Credit SRI Europe is a fund with an investment strategy that is based on interest rate and credit risk management and which targets corporate bonds, mainly from the eurozone. The fund enhances the manager's credit analysis by significantly integrating ESG criteria in the issuer selection process.

<u>Fund name:</u>	Echiquier Health Impact For All
<u>AuM at 31/12/2023:</u>	14 million euros
<u>Inception date:</u>	19/09/2019
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	SRI Thematic Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 9
<u>Benchmark:</u>	66.6% MSCI Europe Health Care + 33.4% MSCI World Health Care
<u>Date granted first SRI label:</u>	17/12/2021
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/fr-fr/fonds/echiquier-health-impact-for-all-i/

Echiquier Health Impact For All is a stock-picking fund seeking long-term performance. Its investment universe is composed of global health care companies that have a market capitalisation of over €50 million and annual revenue of over €10 million. To be selected, companies must stand out for their ESG quality and contribution to improving health care access, which is assessed using our proprietary AAAA methodology. The fund will only invest in companies that obtain at least 20% of their revenue from their contribution to one of the four health-related issues the fund has selected, without contributing negatively to any of these issues.

<u>Fund name:</u>	Echiquier High Yield SRI Europe
<u>AuM at 31/12/2023:</u>	68 million euros
<u>Inception date:</u>	29/09/2016
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	Markit Iboxx Euro Liquid High Yield
<u>Date granted first SRI label:</u>	17/12/2021
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/fr/fonds/echiquier-high-yield-europe-i/

Echiquier High Yield SRI Europe is a fund with an investment strategy that is based on interest rate and credit risk management and which targets securities with maturities near that of the Markit Iboxx Euro Liquid High Yield index but in an exclusive manner. To meet its investment objective, the fund invests mainly in corporate bonds and other debt instruments. The fund enhances the manager's credit analysis by significantly integrating ESG criteria in the issuer selection process.

<u>Fund name:</u>	Echiquier Impact et Solidaire
<u>AuM at 31/12/2023:</u>	1.5 million euros
<u>Inception date:</u>	16/12/2021
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	SRI Thematic Best-in-Universe Exclusion
<u>SFDR class:</u>	Article 9
<u>Benchmark:</u>	MSCI Europe Net Return
<u>Date granted first SRI label:</u>	17/12/2021
<u>SRI labels:</u>	French State's SRI label and the Finansol label
<u>Link to the documentation:</u>	https://www.lfde.com/fr/fonds/echiquier-impact-et-solidaire-a/

Echiquier Impact et Solidaire is a stock-picking 90/10 impact and solidarity fund. The listed portion of the fund (which constitutes at least 90%) replicates the strategy of Echiquier Positive Impact Europe, which selects companies on the basis of their high ESG quality and contribution to the UN Sustainable Development Goals (SDGs). The unlisted portion of the fund (maximum 10%) is invested in Amundi Asset Management's Finance et Solidarité fund, which selects social and solidarity companies that contribute to the social and environmental transition. Just as Echiquier Positive Impact Europe engages with its portfolio companies, the Finance et Solidarité fund is involved in the governance of the companies it invests in.

<u>Fund name:</u>	Echiquier Major SRI Growth Europe
<u>AuM at 31/12/2023:</u>	1,244 million euros
<u>Inception date:</u>	11/03/2005
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	MSCI Europe Net Return
<u>Date granted first SRI label:</u>	27/09/2011
<u>SRI labels:</u>	French State's SRI label, Belgian label "Towards Sustainability", and German label "FNG***"
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-major-sri-growth-europe-i/

Echiquier Major SRI Growth Europe is a European Union large-cap stock picking fund, seeking long-term performance. The fund seeks exposure to growth companies that are leaders in their sector. The fund selects issuers that stand out for the quality of their governance and their social and environmental policy. Echiquier Major SRI Growth Europe sub-fund of the Luxembourg SICAV is also a SRI fund, which follows exactly the same strategy as that of Echiquier Major SRI Growth Europe sub-fund of the French SICAV, particularly on aspects of SRI processes. The French SICAV's sub-fund only holds the French government's SRI label. The sub-fund of the Luxembourg SICAV holds the Belgian label "Towards Sustainability" and the German label "FNG***".

<u>Fund name:</u>	Echiquier Positive Impact Europe
<u>AuM at 31/12/2023:</u>	462 million euros
<u>Inception date:</u>	19/03/2010
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	SRI Thematic Best-in-Universe Exclusion
<u>SFDR class:</u>	Article 9
<u>Benchmark:</u>	MSCI Europe Net Return
<u>Date granted first SRI label:</u>	04/10/2016
<u>SRI labels:</u>	French State SRI label, Belgian label "Towards Sustainability", and German label "FNG***"
<u>Link to the documentation:</u>	https://www.lfde.com/en-int/our-funds/echiquier-positive-impact-europe-i/

Echiquier Positive Impact Europe is a stock-picking fund seeking long-term performance. Its investment universe is European stocks of all sizes and styles. To be selected, companies must be distinguished by their ESG quality and their contribution to the UN Sustainable Development Goals (SDGs). As a sub-fund of the French SICAV fund Echiquier Impact, Echiquier Positive Impact Europe benefits from exemplary governance with the choice of a majority independent board of directors, made up of experts in sustainable development and responsible finance who are able to challenge the work of the RI research team and the management team.

<u>Fund name:</u>	Echiquier Short Term Credit SRI
<u>AuM at 31/12/2023:</u>	130 million euros
<u>Inception date:</u>	31/12/2009
<u>Currency:</u>	Euros (€)
<u>SRI Strategies:</u>	Best-in-Universe Best Effort Exclusion
<u>SFDR class:</u>	Article 8
<u>Benchmark:</u>	65% d'€STER CAPITALISE + 35% IBOXX EURO CORPORATE 1-3 YEARS
<u>Date granted first SRI label:</u>	12/07/2023
<u>SRI labels:</u>	French State SRI label
<u>Link to the documentation:</u>	https://www.lfde.com/fr-fr/fonds/echiquier-short-term-credit-a/

Echiquier Short Term Credit SRI is a fund with an investment strategy that is based on a rigorous selection of securities (bonds and debt securities) denominated in euros, with no allocation constraints by type of issuer, sovereign or private, country or sector. However, the manager favours private issues denominated in euros, with exposure to other currencies remaining incidental. The fund incorporates ESG criteria to a significant extent when selecting issuers, in order to enhance the manager's credit analysis.

3. GENERAL INFORMATION ABOUT THE UCITS PRESENTED IN THIS TRANSPARENCY CODE

In the following paragraphs, we will detail each aspect according to the profile of each fund, whether managed through an Impact Investment, a Sustainable Convictions or an ESG Integration approach. Funds managed according to a Sustainable Convictions and Impact Investment approach are grouped under the name "SRI-labelled funds". Each fund does not have the same constraints and is subject to a different management process. To do this, we will use the following color code:

- [POSITIVE IMPACT / SOLIDAIRE] for Echiquier Positive Impact Europe and Echiquier Impact et Solidaire
- [CLIMATE] for Echiquier Climate & Biodiversity Impact Europe
- [HEALTH] for Echiquier Health Impact For All
- [MAJOR] for Echiquier Major SRI Growth Europe and Echiquier Alpha Major SRI
- [AGENOR] for Echiquier Agenor SRI Mid Cap Europe and Echiquier Agenor Euro SRI Mid Cap
- [CREDIT / HIGH YIELD / SHORT TERM] for Echiquier Credit SRI Europe, Echiquier High Yield SRI Europe and Echiquier Short Term Credit SRI
- [ARTY] for Echiquier ARTY SRI
- [CONVEXITE] for Echiquier Convexité SRI Europe
- [ESG INTEGRATION] for funds that are subject to ESG integration

3.1. What are the objectives of incorporating ESG criteria into the management process of the funds?

La Financière de l'Echiquier's conviction stock-picking fund management is based on an in-depth knowledge of the companies it selects in its funds. Analysis of ESG criteria contributes significantly to a better understanding of these companies and a better assessment of risks.

Through a rigorous extra-financial analysis, we seek to select the best performing companies from an extra-financial point of view. We also seek to support them in our commitment to all their ESG issues such as:

- **Governance:** Integration of sustainable development into the company's strategy, effective checks and balances, transparency and alignment of executive remuneration, diversity within the management bodies, etc.
- **Environment:** Reduction of the environmental impact of companies (CO2 emissions, water, waste, biodiversity, etc.), decarbonisation trajectory, environmental impact of products and services, etc.
- **Social:** Quality of working conditions, employee protection, fight against discrimination, social impact of products and services...

In addition, as part of this ESG Integration approach, the RI Research team aims to raise the entire investment team's awareness of all of the opportunities available by taking into account the ESG criteria as described below. Training is an integral part of this awareness-raising work. Accordingly, all members of La Financière de l'Echiquier's investment team receive ongoing training in ESG analysis - to help them

identify the ESG risks and opportunities of their investment cases - and are closely monitored throughout the year by the RI Research team.

In general, the objectives pursued by considering ESG criteria within LFDE's Investment team are manifold:

- **Use available information that is little exploited:** ESG information about companies is often little exploited by investors. There is therefore a competitive advantage for those who are able to use this information to gain a better understanding of investee companies and thus make better informed investment decisions. As part of its ESG Integration approach, La Financière de l'Echiquier aims to capitalize on internal and external ESG research to enhance its stock-picking asset management and thus make it more differentiating. We are convinced that this approach brings real added value to our fund management.
- **Identifying risks:** Taking ESG criteria into account allows us to increase our knowledge of companies, better assess their risks and thus minimize the risk of our investments. Beyond this, our dialogue with companies around the areas of improvement we have set for them encourages them to better manage their main sustainability risks.
- **Detecting investment opportunities:** Beyond identifying risks, considering ESG criteria makes it possible to highlight companies that have placed sustainable development at the heart of their strategy and have made it a focus for growth and business development. This analysis allows us to identify and select companies that market products and services that provide concrete solutions to sustainable development challenges, as is the case in Echiquier Positive Impact Europe. By investing in the most virtuous companies, we highlight their ESG best practices and serve as a model for encouraging others to improve.
- **Finance and support the transition to a more sustainable economy:** Taking into account ESG criteria allows us to select and support the players we want to participate in the ongoing transition to a more sustainable economy. This enables us to support fundamental trends in society, like the energy transition, preserving biodiversity, responsible consumption, and gender equality.
- **Have a positive social and environmental impact:** In the case of SRI-labelled funds, considering ESG criteria can make it possible to identify players with a positive social and/or environmental impact and to support them in order to leverage and to sustain their impact. The impact reports of our impact funds enable us to do this.
- **Bringing new investment solutions to our clients:** Considering ESG criteria in our funds allows us to provide new investment solutions to increasingly demanding clients who want to invest in accordance with their values. We are also offering them greater transparency about their investments.

All these objectives support the argument that ESG criteria may be considered to be a potential performance driver, something that the Management Committee and all LFDE employees firmly believe. A study by LFDE published annually since 2019 has documented and confirmed this conviction that SRI and financial performance are not incompatible, quite the contrary! Investing in companies with the

highest ESG ratings over time delivers better performance than the main indices, also outperforming companies with medium or low ESG ratings. The full study is available on our website in the "Responsible Investment" section, on the "[To find out more](#)" page, in the "LFDE Documents - Approach and Methodologies" section.

In the case of our SRI-labelled funds, the objectives sought by considering ESG criteria are as follows:

- **[POSITIVE IMPACT / SOLIDAIRE]**: By using ESG criteria, Echiquier Positive Impact Europe, as an impact fund, seeks to invest in companies with a concrete positive environmental and social impact and thereby contribute to the UN Sustainable Development Goals. Through this approach, the SICAV seeks to capture the growth of products and services with a positive environmental and/or social impact, and thereby help finance the transition to a more sustainable economy. Echiquier Impact et Solidaire is a solidarity fund that has the same objective and invests both in positive impact companies listed on the stock exchange (for at least 90% of its assets) and in unlisted players in the social and solidarity economy (for between 5 and 10%).
- **[CLIMATE]**: The inclusion of ESG criteria in the management process of Echiquier Climate & Biodiversity Impact Europe enriches the analysis of companies through a better understanding of ESG risks and opportunities. The aim of the fund is to select issuers that have integrated climate and biodiversity issues into their business and to direct financial flows towards companies that will create the carbon-neutral European economy of tomorrow. For this purpose, the Fund invests in three types of companies: "Solutions" companies, which offer concrete solutions to climate issues through their products and/or services; "Pioneer" companies, which have already taken an ambitious and successful approach to climate change, and "Transition" companies, which are beginning their transition and integrating climate issues into their strategy, even if their performance still needs to be improved. The fund combines a Best in Universe approach for the Pioneer companies, with a Best Effort approach for the Transition companies and the Solution companies, which with their products and/or services provide concrete responses to the challenges of the energy transition.
- **[HEALTH]**: The inclusion of ESG criteria in the management process of Echiquier Health Impact For All enriches the analysis of companies through a better understanding of ESG risks and opportunities. The fund seeks to identify issuers whose products and services enable or facilitate health care access. To be selected, an issuer must make a contribution to one of the four dimensions of health care access the Fund has selected, namely Availability, Geographic Accessibility, Affordability and Acceptability, without this contribution having a negative impact on any of these dimensions.
- **[MAJOR]**: The purpose of incorporating ESG criteria into the management process of Echiquier Major SRI Growth Europe and Echiquier Alpha Major SRI is to identify the sustainability risks of companies in their investment universe. These funds also seek to identify growth and leadership companies that take advantage of their positioning to invest in ambitious CSR initiatives that improve their environmental and social impact. They thus position themselves as benchmark players in ESG practices who are leading the way for the other companies in their sector. In a "Best

Effort" approach, this funds also seeks to invest in companies that are improving their ESG practices, to support them in this effort and to thus profit from the positive impact of these measures on their valuations and risk exposures.

- **[AGENOR]**: Echiquier Agenor SRI Mid Cap Europe and Echiquier Agenor Euro SRI Mid Cap seek, by considering ESG criteria, to identify two company profiles within their investment universe. First, these criteria allow them to detect opportunities of investments in companies with good ESG profiles, positioned in growth through their products and services having a positive social and/or environmental impact. These funds also seek, on a best effort basis, to invest in companies that are beginning their CSR project and are seeking to improve their ESG practices. These companies are often set aside by responsible investors because of their lack of transparency on these issues. Our proximity to them allows us to go beyond this lack of transparency and to obtain an accurate vision of their ESG positioning. Our engagement approach is then essential with these companies we advise and assist in improving their ESG practices.
- **[CREDIT / HIGH YIELD / SHORT TERM]**: Taking ESG criteria into account in their investment process allows Echiquier Credit SRI Europe, Echiquier High Yield SRI Europe and Echiquier Short Term Credit SRI to enrich their credit analysis of issuers by better understanding the risk exposures of each issuer. This approach makes it easier to identify the sustainability risks of issuers in its investment universe and to understand certain binary risks (fraud, fines, conflicts of interest, etc.), thus completing the credit analysis perfectly. In their socially responsible investment process, these fund place emphasis on the quality of governance. This makes it possible, for example, to identify a management team's potential to make decisions against the interests of minority shareholders and/or creditors, which represents a major risk to an issuer's credit profile.
- **[ARTY]**: Echiquier ARTY SRI's management process aims to identify companies with good ESG profiles for both equity and bond investments. Its "best effort" approach allows the fund to invest in companies that are improving their ESG practices, to support them in this effort, and to thus profit from the positive impact of these measures on their valuations and reduced risk exposures. The systematic ESG analysis of issuers places particular emphasis on the quality of governance. For example, this enables managers and analysts to identify when a management team takes decisions that conflict with the interests of minority shareholders and/or creditors.
- **[CONVEXITE]**: The inclusion of ESG criteria in Echiquier Convexité SRI Europe's management process allows it to combine its analysis of convertible bonds with an ESG analysis of the underlying companies. This process gives the fund manager a better view of each issuer's risk exposure and makes it possible to identify investment opportunities in companies with good ESG profiles, with particular emphasis on the quality of their corporate governance. This detailed analysis of the governance systems of issuers enables managers and analysts to assess, for example, management's capacity to take decisions that are against the interests of minority shareholders and/or creditors, which represents a major risk for the issuer's credit profile.

3.2. What internal and external resources are used for the ESG evaluation of the issuers that make up the investment universe of the funds?

As part of our responsible investment approach, our approach to ESG evaluation of issuers draws on both internal and external resources. Our analyses are fed by our regular meetings with company management and their long-term support through our shareholder engagement approach. The use of non-financial rating agencies is complementary to our internal analytical work.

Multiple external resources are used to support our ESG evaluation of issuers, such as:

- Reading the company's public documentation (annual reports, CSR reports, etc.),
- Consulting brokers or NGO reports,
- Reading press articles,
- Visits to companies and meetings with various executives (chief executive officer, chief financial officer, head of human resources, quality manager, chief environmental officer, legal officer, etc.),
- Subscription to MSCI ESG Research, which gives us access to the ESG profiles of numerous companies and controversy tracking,
- Subscription to ISS governance research, which provides us with a detailed report on each investee company before its AGM is held,
- Subscriptions to Gerson Lehrman Group and Third Bridge, for more in-depth knowledge of specific subjects,
- Subscription to OFG research on governance, for additional insight on the quality of the boards of directors of French companies,
- Subscription to Capital Iq, for corporate governance and other information,
- The Carbon Disclosure Project (CDP) environmental data platform,
- Subscription to the "C4F Analytics" platform of Carbon4 Finance,
- The ENCORE biodiversity data platform,
- The SASB online platform on material sustainability issues,
- The UN Global Compact Database.

3.3. What ESG criteria do funds take into account?

Our ESG analysis is carried out according to a principle of double materiality. It aims to take into account both the impact of the environment on the company (financial materiality) and the impact of the company on the environment (impact materiality). The main ESG criteria considered in the investment process of our funds as part of our ESG analysis methodology are as follows:

- **Governance:**

o Management team skills:

- For the CEO: legitimacy in the industry, track record, managerial capacity, leadership and structure of the compensation scheme.
- For the executive committee: composition, diversity, relevance of the functions represented and commitment to CSR topics.

- Checks and balances: sources of checks and balances within the board, anticipating the CEO's succession, matching of director profiles with the company's needs, gender diversity on the board, geographical diversity, availability and involvement of directors.
- Respect for minority shareholders: benefits for the company to be listed, anti-takeover mechanisms and financial reporting transparency.
- Evaluation of sustainability risks: ESG risk identification and management, anti-corruption and responsible taxation, exposure to repressive regimes, quality of reporting and CSR discourse and progress on ESG issues.

For the analysis of unlisted bond issuers, the "Respect for minority shareholders" section is replaced by "Respect for creditors". This includes the following criteria: the leverage target is consistent with the company's credit rating; financial aggressiveness; transparency and quality of financial information; and the quality of auditors.

- **Environment:**

- Policy and actions: the existence of an environmental roadmap (with precise and time-dated objectives that enable progress to be measured), the choice of performance indicators for this roadmap, the level of the company's commitment to its environmental objectives, the environmental actions implemented to achieve the objectives set, the existence of an environmental management system and a policy for protecting biodiversity.
- Results: the company's communication on the results of its action plan (results presented over a long period and progress), evolution of the main environmental ratios (water consumption, CO2 emissions, energy consumption, waste production and treatment of waste including plastics, use of chemicals, etc.) and investments made to reduce the company's environmental impact.
- Suppliers: their exposure to environmental risks, the complexity of the supply chain, dependence on suppliers, monitoring of suppliers and helping them improve their practices.
- Environmental impact of products: positive or negative environmental impact of products, eco-design approach, existence of product life cycle analyses, circular economy, green share of the company's annual revenue and management of the end of product life.

- **Social:**

- Employee loyalty & development: attractiveness of the employer brand, capacity to recruit, employee satisfaction, employee loyalty policy, career management, training policy and employee retention potential.
- Employee Protection: anti-discrimination policy, diversity, health and safety protection for employees, respect for union rights, promotion and quality of social dialogue and support for employees in the event of restructuring.
- Suppliers: their exposure to social risks, the complexity of the supply chain, dependence on suppliers, support provided to improve practices and supplier monitoring.
- Social impact of products: social impact of products for the customer and society (e.g. cost avoidance) and product accessibility.

- Relations with civil society: the company's philanthropic approach (of which skill-based philanthropy), relations with local communities, customer satisfaction and participation in financial sector CSR initiatives.

[POSITIVE IMPACT / SOLIDAIRE] + [CLIMATE] + [HEALTH]: These funds use all the criteria detailed above because their ESG analyses are conducted entirely by La Financière de l'Echiquier's investment management team, i.e. without the use of an ESG rating agency's services.

[MAJOR], [AGENOR], [CREDIT / HIGH YIELD / SHORT TERM], [ARTY], [CONVEXITE] and [ESG INTEGRATION]: These funds use the governance criteria described above, as the analysis of governance is fully internalized. Regarding the environmental and social criteria used, they may differ from those presented above since the environmental and social research for these funds is conducted with the support of MSCI ESG Research, which has its own analytical system for these criteria. These are adapted to the sector and the challenges of each of the companies analysed. If some companies do not have the MSCI ESG Search available, the ESG analysis is then fully internalized and all the criteria detailed above are used.

All of these ESG criteria are used to attribute each issuer an ESG rating on a scale of 10. This is composed as follows:

- **Governance**: The Governance rating represents approximately 60% of the overall ESG rating. This is a historic bias of La Financière de l'Echiquier, which has attached importance to this aspect since its creation. This belief is reinforced by the fact that all ESG analyses produced by La Financière de l'Echiquier benefit from a governance rating that is carried out entirely in-house.
- **Environmental and Social**: Environmental and social criteria together constitute the Responsibility score. How the latter is calculated depends on the type of company involved:
 - For industrial companies: social and environmental criteria are equally weighted in the Responsibility score.
 - For service companies: social criteria account for 2/3 of the Responsibility score, while environmental criteria account for the remaining 1/3.

An ESG controversy penalty is also applied to the ESG rating. You will find more information on this penalty in paragraph 3.6 of this Transparency Code.

3.4. What climate-change principles and criteria do the funds take into consideration?

At La Financière de l'Echiquier, we are convinced that climate change has and will have a major impact on our society and companies. Climate change must therefore be an integral part of our analysis of the environmental risks of the companies within our investment universe. This analysis must both provide an understanding of the company's exposure to climate change risks and how it anticipates, manages and mitigates them. Examples include physical risks resulting from climate change that can have direct financial consequences (due to damage to assets) or indirect impacts arising from supply chain disruption. Financial performance can also be affected by many other factors, including water

availability, water supply and quality, food security, and extreme temperature changes affecting buildings and operations.

Our funds take climate-change principles and criteria into account in several ways:

- **Within the ESG rating and in particular the Environmental rating:** These issues are analysed for each company through their environmental policy and measures implemented to reduce their impact on climate change and biodiversity. The environmental rating represents approximately 20% of the ESG rating of an "Industrial" issuer, and approximately 15% for a "Services" issuer. This ESG rating constitutes a more or less restrictive filter within the management processes of our funds that observe ESG criteria.
- **Through the analysis of the carbon intensities of our funds:** This analysis is conducted for all of our actively managed funds. It enables fund managers to monitor all scopes of the carbon intensities of their investments. For our 12 SRI-labelled funds, we have committed to ensuring that their Induced emissions intensity never exceeds that of their benchmark index. This is consistent with the implementation of La Financière de l'Echiquier's Climate and Biodiversity Strategy, which commits us to progressively integrate other climate indicators into our fund management processes, starting with our SRI-labelled funds.
- **[POSITIVE IMPACT / SOLIDAIRE] Within the SDG Score:** Climate-change criteria are taken into account when selecting companies, via the "Solutions" Score for issuers that contribute at least 20% of their annual revenue to the UN Sustainable Development Goals (SDGs), including the following two:
 - o SDG 7: Affordable and clean energy
 - o SDG 11: Sustainable cities and communities

This dimension is also addressed by the "Initiatives" Score, which, for example, assesses ambitious efforts to achieve carbon neutrality and use renewable energies. As this SDG Score measures the net contribution, it penalizes companies that have a negative impact on climate change through their products and services and the conduct of their activities.

- **[CLIMATE] Within the Climate and Biodiversity Maturity Score:** Climate-change criteria are taken into account when selecting companies, via the Climate and Biodiversity Maturity Score. It assesses how mature issuers are in addressing climate-related issues. More information on the calculation of the Climate and Biodiversity Maturity Score may be found in paragraph 4.1.

As **biodiversity protection** is an integral part of the fight against climate change, in 2021 we decided to further integrate this dimension in our investment decisions. To do this, we began by **identifying the sectors for which biodiversity is a material issue** by creating a sectoral matrix, which was developed using the available research on this subject (ENCORE tool, SASB materiality grid, NGO reports, broker research, etc.). This matrix allows us to determine the materiality of each sector's impact on biodiversity.

When this issue is material, we use this tool to integrate biodiversity protection issues in our company analyses in the following ways:

- **Within the ESG rating:** We initially included biodiversity in our analysis of corporate environmental policies with a specific question on biodiversity management.
- **[POSITIVE IMPACT / SOLIDAIRE] Within the SDG Score:** Our score addresses the theme of biodiversity both during the analysis of the company's products and services (via the "Solutions" Score) and the analysis of its responsible business practices (via the "Initiatives" Score).
- **[CLIMATE] Within the Climate and Biodiversity Maturity Score:** We have integrated the theme of biodiversity into our LFDE Climate and Biodiversity Maturity methodology. Biodiversity is considered in proportion to the relatively high or low impact on biodiversity of each company's sector. In addition, for the companies in this fund's "Solutions" bucket, we measure their net positive contribution to biodiversity and thus analyse two specific SDGs for aquatic life (SDG 14) and terrestrial life (SDG 15). More information on the calculation of the Climate and Biodiversity Maturity Score may be found in paragraph 4.1.

Given the limited information available to date on how companies take this issue into account and the lack of maturity of existing data and methodologies, our approach to managing this issue is part of a continuous improvement process. To this end, we joined the Finance for Biodiversity Foundation's initiative at the end of 2020 and have committed, by 2024, to integrate biodiversity criteria into our analyses, to measure the impact of our investments, to publish them transparently and to engage with companies on this subject.

3.5. What is the ESG analysis and assessment methodology for issuers (construction, rating scale, etc.)?

Irrespective of the fund concerned managed by La Financière de l'Echiquier, the ESG analysis and evaluation methodology for issuers includes the following steps:

- **Preparatory work:** The ESG analysis of issuers begins with a document review phase using all the internal and external resources described in the paragraph 3.2. This preliminary analysis is guided by our proprietary assessment matrix covering all ESG aspects detailed in paragraph 3.3.
 - o For **[POSITIVE IMPACT / SOLIDAIRE]**, **[CLIMATE]** and **[HEALTH]**, this preparatory work covers the three environmental, social and governance pillars, which will be fully analysed internally by the investment team.
 - o For **[MAJOR]**, **[AGENOR]**, **[CREDIT / HIGH YIELD / SHORT TERM]**, **[ARTY]**, **[CONVEXITE]** and **[ESG INTEGRATION]** fund managers and analysts mainly focus on analysing corporate governance, with the environmental and social dimensions researched with the support of MSCI ESG Research. In the case of convertible bonds, an asset class that is present in the **[ARTY]** and **[CONVEXITE]** funds, the rating is based on the underlying stock. As the funds favour the most convex stocks, the growth potential will be determined by the performance of the underlying stock, which makes it the ideal target for ESG analysis. In the case of listed options, the rating is also done on the underlying, since the main risk is the exposure to its performance.
- **ESG interview:**
 - o The ESG interview is systematic in the investment processes of **[POSITIVE IMPACT / SOLIDAIRE]**, **[CLIMATE]** and **[HEALTH]**. It is an opportunity for us to delve deeper into

the themes on which we lacked information during our literature review and to challenge companies on their key issues. This step is essential, especially for small companies. It allows us to obtain additional information and to not penalize them for their lack of transparency (often due to the lack of human resources dedicated to these subjects internally and not their lack of commitment on ESG subjects). It also enables us to take a critical look at the information publicly disclosed by the company and to protect ourselves against the risks of greenwashing.

- o The ESG interview is not mandatory in the investment processes of [MAJOR], [AGENOR], [CREDIT / HIGH YIELD / SHORT TERM], [ARTY], [CONVEXITE] and [ESG INTEGRATION]. It will be conducted at the discretion of fund managers and analysts. However, during their many meetings with companies throughout the year, fund managers and analysts are encouraged to increase their knowledge of companies by addressing the most "material" ESG topics. The areas of improvement for companies, which managers and analysts systematically draft after each ESG analysis, help to feed these exchanges. In the event that certain stocks in the investment universe are not covered by MSCI ESG Research (mainly small cap companies and unlisted bond issuers), it is common for this interview to take place within the framework detailed above.
- **Synthesis and Evaluation:** At the end of the preparatory work and/or the ESG interview, a synthesis of all the information obtained is produced. It allows us both to draw up a qualitative report on our analysis, to monitor the company over time and to carry out a quantitative assessment so as to define the issuer's ESG rating in question. Since 2007, ESG assessment has been conducted using a proprietary assessment grid that is based on the three traditional pillars: Environment, Social and Governance.

The specific features of our assessment methodology are as follows:

- Our ESG analysis and assessment methodology is based on the principle of double materiality (see impacts of the environment on the company and the company on its environment).
- It covers all the Environment, Social and Governance pillars, as detailed in paragraph 3.3.
- A significant weight is devoted to governance within the ESG rating (approximately 60%) and in particular to the assessment of the management team's competence.
- The weighting of the Environmental and Social scores within the ESG rating depends on whether the company's business is "Industrial" or "Services" (see table below).
- We do not standardise our ESG ratings (by capitalisation size, by sector, etc.)
- The weighting given to each sub-theme of the three pillars was determined by LFDE's RI Research team.
- The rating scale ranges from 0 to 10, with 10 being the best score.
- The existence of a controversy penalty in the calculation of the ESG rating. This directly impacts the ESG rating and sanctions controversial companies on ESG aspects.

While the ESG analysis is fully internalised for issuers in the [POSITIVE IMPACT / SOLIDAIRE], [CLIMATE] and [HEALTH] portfolios, this is generally not the case for those of the [MAJOR], [AGENOR], [CREDIT / HIGH YIELD / SHORT TERM], [ARTY], [CONVEXITE] and [ESG INTEGRATION] portfolios. To facilitate the expansion of ESG coverage of issuers

across our investment universes, we rely on the Research by MSCI ESG Research for the rating of issuers on environmental and social criteria. Environmental and social ratings - if available - are then included in our proprietary ESG issuer rating grid. The platform also helps us analyse controversies, particularly on governance aspects. A controversy alert system was set up on the MSCI ESG Research platform. For more information, see paragraph 3.6 of the Transparency Code. Apart from this, the rating model remains strictly the same as for SRI-labelled funds (weightings, criteria, etc.). If on some issuers, mainly small companies and unlisted bond issuers, the research of MSCI ESG Research is not available, then the entire ESG rating is internalized. Each of the ESG analyses produced is checked by the RI Research team before publication in our database, with the dual objective of training teams on a continuous basis and standardising rating practices among the investment team.

ESG RATING	MANUFACTURING	SERVICES
GOVERNANCE SCORE	62,50%	62,50%
x Management team quality	50%	50%
x Check and balances	17%	17%
x Respect of minority shareholders	16%	16%
x Non-financial risk assessment	17%	17%
RESPONSIBILITY SCORE	37,50%	37,50%
ENVIRONMENT SCORE	50%	34%
x Policies and actions	33%	33%
x Results	33%	33%
x Supply chain monitoring	17%	17%
x Product environmental impact	17%	17%
SOCIAL SCORE	50%	66%
x Employee loyalty and development	34%	34%
x Employee protection	33%	33%
x Supply chain monitoring	11%	11%
x Product social impact	11%	11%
x Relationship with civil society	11%	11%
CONTROVERSY SCORE	max. - 20%	max. - 20%

- **Engagement:** In 2013, we formalised our engagement approach based on the monitoring of the ESG progress of the companies in which we are invested. This enables us to prioritize companies that are committed to improvement, in accordance with the Best Effort approach. This approach focuses on three main areas:
 1. Our ESG analysis is key to understanding the non-financial issues facing companies.
 2. Based on this analysis, we establish two or three priority areas where improvements are expected. These objectives are called "areas for improvement". We want the objectives shared with the company to be realistic, measurable and controllable. These areas of progress are formalised in writing and sent to the company.
 3. When updating the ESG analysis, which takes place on average every two years, we jointly assess the progress made on the basis of the previously formalised objectives (progress areas achieved, partially achieved or not achieved), and jointly redefine the next areas of improvement.

This approach is carried out in a rigorous and systematic manner with all issuers in the SRI-labelled equity fund portfolios: [POSITIVE IMPACT / SOLIDAIRE], [CLIMATE], [HEALTH], [MAJOR], [AGENOR].

For the SRI-labelled bond and multi-asset funds [CREDIT / HIGH YIELD / SHORT TERM], [ARTY] and [CONVEXITE], bond issuers are sent suggested areas for improvement and engagement proposals based on ESG analyses, particularly in the following cases:

- Unlisted companies on equity markets,
- Companies with an ESG rating of less than 6 out of 10,
- Companies rated B by credit rating agencies.

For the equity component of the [ARTY] multi-asset fund, areas for improvement are sent to the portfolio companies as frequently as possible.

For the [ESG INTEGRATION] funds, fund managers and analysts maintain a dialog with issuers throughout the year. The engagement process is less formalised. Areas for improvement are not systematically provided, but this is highly recommended. Companies are therefore provided with areas for improvement whenever possible. ESG topics are more regularly included in discussions with companies, via the areas of improvement that fund managers and analysts have identified during their ESG analyses.

In addition to individual engagement with companies, in 2019 La Financière de l'Echiquier initiated a collaborative engagement approach, in collaboration with other stakeholders, such as asset management companies. We have joined several initiatives that enable us to discuss certain issues with company management that are more difficult to address individually. Details of the initiatives in which we have participated can be found in paragraph 2.7 of this Transparency Code and in our report on the exercise of voting rights and engagement.

- **Voting:** Voting is an integral part of La Financière de l'Echiquier's responsible investment approach, and in particular, our goal to be a responsible shareholder. We have therefore undertaken to systematically exercise our voting rights for all our funds, regardless of the percentage of capital or voting rights that we hold. Voting is governed by La Financière de l'Echiquier's voting policy, which is available on our website in the "Responsible Investment" section, on the "[To find out more](#)" page, in the "LFDE documents - Voting and Engagement" section. We carefully consider any resolution that could be detrimental to the interests of the company or those of minority shareholders as well as resolutions of an environmental and social nature.

3.6 How often is the ESG evaluation of companies revised? How are controversies managed?

The ESG valuation of issuers in our portfolios is reviewed every two years. The time of sustainable development can be long. As a result, company-wide changes that can occur in ESG aspects typically take time to materialize and have little or no short-term impact. Their effects are visible over a longer period. We have therefore decided to review every two years the progress of companies' ESG practices within our portfolios. These follow-up meetings also serve to verify that the company is making progress in social, environmental and governance matters, and in particular in the areas of improvement that we had defined together two years before. The management team's competency rating, which is a central element of our governance rating, can be updated more regularly in the event of a change in the CEO.

[POSITIVE IMPACT / SOLIDAIRE] + **[HEALTH]**: The proprietary “SGD Score” and “AAAA Score” are reviewed every two years, in parallel with the ESG analysis review.

[CLIMATE]: For the Climate & Biodiversity Impact Europe fund, the frequency with which the Climate and Biodiversity Maturity (CBM) Score is reviewed depends on the asset bucket.

- The scores of companies in the Solutions and Pioneers buckets are reviewed every two years.
- Those in the Transition bucket are reviewed annually. This more frequent review is necessary to closely monitor the climate maturity of the companies in transition, which is a core theme of the fund's investment process. We expect companies to improve their CBM scores, since this indicates progress with their transition. Accordingly,
 - o If a company's CBM score falls it is removed from the portfolio.
 - o If its CMB score does not improve, an engagement with the company is undertaken for a period of one year. At the end of this period, if the company's score does not improve it is removed from the portfolio.

At La Financière de l'Echiquier, our teams manage ESG controversies about issuers with the support of MSCI ESG Research's research as follows:

- During the ESG analysis of companies: Since 2017, our ESG analysis methodology has included a controversy malus in the calculation of the ESG rating. This directly impacts the ESG rating. This allows us to sanction more directly companies that we consider deserve to have their ESG rating reduced following one or more significant controversies. In addition, the history of the company's ESG controversies will impact our vision of the company on all three ESG pillars. For the **[POSITIVE IMPACT / SOLIDAIRE]**, **[CLIMATE]** and **[HEALTH]** portfolios, the maximum penalty is 2 points (in 0.5 increments) and may be applied to all three pillars of the ESG controversies. For the **[MAJOR]**, **[AGENOR]**, **[CREDIT / HIGH YIELD / SHORT TERM]**, **[ARTY]**, **[CONVEXITE]** and **[ESG INTEGRATION]** portfolios, the maximum penalty is 1 point and only sanctions governance controversies. This difference is explained by the fact that MSCI ESG Research incorporates and penalizes, directly in its environmental and social ratings, any controversy that an issuer may have on these two dimensions.
- When monitoring of companies in the portfolio: A daily monitoring of the ESG controversies of companies in our portfolios is carried out by our teams with the support of the research from MSCI ESG Research. For this purpose, a controversy alert system has been set up on the MSCI ESG

Research platform to directly notify fund managers and investment teams when a new ESG controversy on a security is detected and/or if a controversy situation significantly improves or deteriorates. After establishing a dialogue with the company to determine its level of severity, a significant controversy involving a company will have a direct impact on its ESG rating. If the controversy occurs while the issuer is already present in our portfolio, its ESG rating will be lowered. If the fund falls below the eligibility threshold (4/10 for [ESG INTEGRATION] funds and from 5.5 to 6.5 for SIR-labelled funds), it will be removed from the portfolio as soon as possible - in the best interests of investors - and within a maximum of three months. Under no circumstances may this value be reinforced within the portfolio in question. For [CLIMATE] fund, climate- and biodiversity-related controversies can have a 5% to 20% negative impact on the CBM score (see paragraph 4.1 for the methodology).

- By the Ethics Committee: LFED's Ethics Committee is at the core of its responsible investment approach. Created in 2018, its aim is to address the controversial issues (at company and sector level) that come before us both internally and externally. The committee can rule on a given case but has an additional responsibility to demonstrate to the different stakeholders of La Financière de l'Echiquier (clients, employees, etc.) that we act conscientiously on all these issues. This committee is a forum for discussion. Its debates and conclusions are shared through reports, within our community, on a dedicated platform. It allows us to progress collectively towards better risk management and to safeguard our reputation.

The permanent members of this committee are the Chief Executive Officer, the Chief Investment Officer, the Head of Compliance, the Head of Private Client Management and the Head of Marketing and Communication. Although this committee is only composed of internal employees of La Financière de l'Echiquier, the ethics committee reserves the right to consult external experts to learn about topics which would be on the agenda of the ethics committee. Depending on the issue dealt with, the committee's meetings may be attended by the relevant fund manager and a member of the RI Research team, who will present and discuss the issue's sustainability aspects.

The Ethics Committee meets at least once a year to review the list of securities and sectors excluded from La Financière de l'Echiquier as well as on a case-by-case basis according to needs. The committee may meet at the request of any LFDE stakeholder if said request is deemed legitimate by the RI Research team.

Ethics Committee meetings are generally held to define exclusion lists, to address a client question or a serious controversy involving a portfolio company, or to consider investment in a highly controversial company. If the Ethics Committee decides not to maintain a position in a portfolio, the fund manager has up to two months to exit the position, in the best interest of investors.

The work of raising awareness and training investment teams around SRI aims to make them aware of the added value of ESG analysis in studying the risks and opportunities of their investment cases. The SRI team's ongoing efforts in this respect are essential to raising everyone's awareness of ESG issues and thereby minimising the number of decisions that are referred to the Ethics Committee. The Ethics Committee meets at least annually.

4. INVESTMENT PROCESS

4.1 How are ESG research results taken into account in the construction of the portfolio?

All funds managed by La Financière de l'Echiquier integrate the results of ESG research into their portfolio construction process, but with varying degrees of restriction. The management process steps described below involve the use of filters that progressively limit the investment universe of the funds:

- **EXCLUSION FILTER:** ESG research on sector exclusions has an impact on the portfolio construction of all funds managed, including ([POSITIVE IMPACT / SOLIDAIRE], [CLIMATE], [HEALTH], [MAJOR], [AGENOR], [CREDIT / HIGH YIELD / SHORT TERM], [ARTY], [CONVEXITE] and [ESG INTEGRATION]). La Financière de l'Echiquier systematically excludes, from all of its funds, any company that:
 - o Derives more than 5% of its annual revenue from the **production of tobacco**,
 - o Derives more than 5% of its annual revenue from the production, sale and distribution of **recreational cannabis**, or holds shares in one or more companies that are involved in these activities,
 - o In line with the Ottawa (1997) and Oslo (2008) conventions, direct investment is excluded in companies that manufacture, sell, store and transfer **cluster bombs and anti-personnel landmines**, with no minimum annual revenue requirement.
 - o We also exclude, subject to the same conditions, companies that are involved in the following types of **controversial weapons**: **biological and chemical weapons**, **depleted uranium weapons**, **blinding laser weapons**, **incendiary weapons** and **weapons with non-detectable fragments**.
 - o Companies in the **thermal coal sector**, in accordance with the rules of our coal policy, the objective of which is **complete cessation of thermal coal financing by 2030**.

By December 2024, La Financière de l'Echiquier will exclude from all funds companies that obtain any revenue from **unconventional and controversial hydrocarbons**. For more information on the tolerance thresholds, please refer to LFDE's Exclusion Policy.

In addition, we exclude, on a normative basis, companies that are the subject of **a controversy which MSCI ESG Research considers to be very severe**. This list includes companies that have been found to be in violation of one or more of the ten principles of the **United Nations Global Compact**. Please note for FNG-labelled funds only, this list has been extended to include other grounds for exclusion in order to meet the requirements of the German FNG label. We also exclude companies affected by the US **Executive Order 13959** sanctions.

In addition to these exclusions, the following SRI-labelled funds: ([POSITIVE IMPACT / SOLIDAIRE], [CLIMATE], [HEALTH], [MAJOR], [AGENOR], [CREDIT / HIGH YIELD / SHORT TERM], [ARTY] and [CONVEXITE]) exclude investment in any company that obtains more than 5% of its revenue from the sectors of **tobacco**, **weapons** (in general, and including nuclear weapons with no minimum revenue requirement), **gambling**, **pornography** and **unconventional and controversial hydrocarbons** (with a tolerance thresholds of 5% for hydrocarbon production and 0% for expansion plans).

Some SRI-labelled equity funds ([POSITIVE IMPACT / SOLIDAIRE], [HEALTH], [MAJOR] and [AGENOR]) also exclude **conventional hydrocarbons**.

Derogation: The [CIIMATE] fund excludes unconventional and controversial hydrocarbons, but does not exclude conventional hydrocarbons and nuclear energy. This is because one of this fund's objectives, via its Transition bucket, is to support companies that are beginning to make their transition and integrate climate issues into their strategy, even if they have yet to improve their trajectory. This "best effort" approach is necessary to support the companies that will make Europe's future economy carbon neutral.

Exception: The [ARTY] fund also excludes conventional oil related activities. This exclusion includes companies in the oil industry above 5% of turnover (this includes oil production and associated equipment, refining, oil transport and oil-based power generation). However, the fund does not exclude gas-related activities.

Our policy of exclusion from the hydrocarbons sector is in line with the requirements of the German "FNG" and Belgium "Towards Sustainability" labels.

The exclusion policy observed by [POSITIVE IMPACT / SOLIDAIRE], [CLIMATE] and [HEALTH] is even more demanding. In addition to the above sectors, these funds exclude companies that obtain more than 5% of their annual revenue from the **alcohol** or **OGM**, **palm oil** and **biocides**. The exclusion policy of our impact funds is, in our opinion, compliant with the social doctrine of the Catholic Church.

Exception: In addition, [POSITIVE IMPACT / SOLIDAIRE] + [HEALTH] and the sub-funds of the Luxembourg SICAV funds - only – of [MAJOR] + [AGENOR] also exclude **nuclear energy**.

Also for [CLIMATE], we exclude companies involved in a controversy on a biodiversity-sensitive issue that is deemed severe or very severe by MSCI ESG Research. These issues include palm oil, timber, soy, livestock and overfishing.

This exclusion policy allows us, by giving up funding for certain controversial sectors and practices, to not support the negative social and/or environmental impact of these companies. The data used to determine our exclusions (except for thermal coal) are provided by MSCI ESG Research and are updated quarterly.

The table below summarizes LFDE's exclusion policy:

	EXCLUSIONS																
	Recreational cannabis	Production of tobacco	Tobacco	Controversial weapons	Other weapons	Thermal Coal	Nuclear power	Conventional hydrocarbons	Unconventional and controversial hydrocarbons	Gambling	Adult Entertainment	Alcohol	GMOs	Palm oil	Biocides	Very severe & severe biodiversity controversies	Very severe controversies including UN Global Compact
IMPACT INVESTMENT																	
Echiquier Positive Impact Europe	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•
Echiquier Impact et Solidaire	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•
Echiquier Climate & Biodiversity Impact Europe	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•
Echiquier Health Impact For All	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•
SUSTAINABLE CONVICTIONS																	
* Echiquier Major SRI Growth Europe	•	•	•	•	•	•		•	•	•	•						•
Echiquier Alpha Major SRI	•	•	•	•	•	•		•	•	•	•						•
* Echiquier Agenor SRI Mid Cap Europe	•	•	•	•	•	•		•	•	•	•						•
Echiquier Agenor Euro SRI Mid Cap	•	•	•	•	•	•		•	•	•	•						•
Echiquier Credit SRI Europe	•	•	•	•	•	•			•	•	•						•
Echiquier High Yield SRI Europe	•	•	•	•	•	•			•	•	•						•
Echiquier Short Term Credit SRI	•	•	•	•	•	•			•	•	•						•
Echiquier ARTY SRI	•	•	•	•	•	•		○	•	•	•						•
Echiquier Convexité SRI Europe	•	•	•	•	•	•			•	•	•						•
ESG INTEGRATION																	
Equity UCITS	•	•		•		•											•
Diversified UCITS	•	•		•		•											•
Bonds and Convertibles Bonds UCITS	•	•		•		•											•

○ Only oil-related activities

* Some sub-funds of these strategies may be subject to additional exclusions in the context of labelling in certain countries.

For details of our exclusion policies, La Financière de l'Echiquier's Coal Policy and Exclusion Policy are available on La Financière de l'Echiquier's website, in the "Responsible Investment" section, on the "[To find out more](#)" page.

- ESG CONVICTION FILTER:

[ESG INTEGRATION]: ESG integration means that traditional investment management takes environmental, social and governance criteria into account. As with financial research data, the information derived from ESG research may be used by fund managers to enhance their knowledge of companies and make investment decisions. For example, the ESG ratings of issuers can be compared with the company's stock market valuation in order to see if the ESG risks identified during the analysis are included in it. The RI Research team works continuously to raise the awareness of fund managers and financial analysts and assist them in making the best use of ESG research. All ESG analyses are checked by the RI Research team before publication. This serves to provide ongoing training to all personnel and to harmonise scoring practices among fund managers.

For example, ESG Integration apply the same ESG rating filter to select of securities. These securities must have a minimum **ESG rating greater than or equal to 4.0/10**. This ESG rating is a minimum ESG exclusion filter that ensures that companies with the highest ESG risks will not be invested in.

In addition, the Ethics Committee's decisions on companies that are deemed subject to ESG controversy may also have an impact on the management of ESG Integration funds.

Note that for **[ESG INTEGRATION]** funds, it is possible, provided that this is stipulated in the prospectus, to use interest rate instruments such as "treasury bills" to invest cash. However, these instruments are not included in the 90% of net assets covered by an ESG rating (constraint relating to AMF Doctrine 2020-03).

ESG research plays a particularly important role in the construction of the portfolios of SRI-labelled funds. In this context, these funds apply an ESG rating filter to stock selection. Companies must have a minimum ESG rating of at least 5.5/10 for [AGENOR], [CREDIT / HIGH YIELD / SHORT TERM], [ARTY] and [CONVEXITE], at least 6.0/10 for [CLIMATE], [HEALTH] and [MAJOR] and at least 6.5/10 for [POSITIVE IMPACT / SOLIDAIRE]. These minimum ESG ratings depend on the fund's sustainability objective and on the ESG quality of its investment universe. The fund's exclusion policy and minimum ESG rating must always enable the fund to exclude at least 20% of its investment universe. The selectivity rates for each of the SRI-labelled funds as at 31/12/2023 are detailed in the table below.

[MAJOR] In addition to this, Echiquier Major SRI Growth Europe and subsequently Echiquier Alpha Major SRI have been using ESG factors to determine allocation weightings. Thus, when a company's ESG rating is higher than the fund's average ESG rating, fund managers may, at their discretion, increase the company's weighting within the portfolio. This increase may be up to 1% of the initial weighting, based purely on the financial analysis of the investment case.

[ARTY], [CONVEXITE] Echiquier ARTY SRI and Echiquier Convexité SRI Europe also use ESG criteria to determine weightings. Thus, when a company's ESG rating is higher than 7/10, the fund managers may, at their discretion, increase the weighting of the company's security within the portfolio. This increase may not exceed 0.2% of the initial weighting. For [ARTY], this increase applies only to the equities in the fund's portfolio.

[POSITIVE IMPACT] Echiquier Positive Impact Europe also incorporates a discretionary adjustment linked to extra-financial factors in its weighting management. Thus, the ESG rating and the SDG score are criteria that can lead to an adjustment of the weight of a company in the portfolio (ranging from -1% to +1%). For this to happen, the ESG rating and the SDG score must be better than the portfolio average.

The table below summarises the ESG profiles of each of La Financière de l'Echiquier's SRI-labelled fund as of 31/12/2023:

	ESG RATING									
	ESG coverage	Selectivity rate	Minimum ESG score	Average ESG score	Weighted average Governance score	Weighted average Environmental score	Weighted average Social score	Internal Governance score	Internal rating Environment + Social	MSCI rating Environment + Social
IMPACT INVESTMENT										
Echiquier Positive Impact Europe	100%	67%	6,5/10	7,4	7,6	6,9	7,4	●	●	
Echiquier Impact et Solidaire - listed bucked	100%	67%	6,5/10	7,4	7,6	6,8	7,4	●	●	
Echiquier Climate & Biodiversity Impact Europe	100%	46%	6,0/10	7,3	7,6	7,1	7,1	●	●	
Echiquier Health Impact For All	100%	66%	6,0/10	6,7	7,1	6	6,9	●	●	
SUSTAINABLE CONVICTIONS										
Echiquier Major SRI Growth Europe	100%	41%	6,0/10	7,2	7,3	7,1	7,0	●		●
Echiquier Alpha Major SRI	100%	36%	6,0/10	7,2	7,3	7,1	7,0	●		●
Echiquier Agenor SRI Mid Cap Europe	100%	27%	5,5/10	6,7	7,4	5,9	5,6	●		●
Echiquier Agenor Euro SRI Mid Cap	100%	32%	5,5/10	6,7	7,2	6,3	5,7	●		●
Echiquier Credit SRI Europe	100%	26%	5,5/10	6,8	7,2	7,1	6,1	●		●
Echiquier High Yield SRI Europe	100%	25%	5,5/10	6,5	6,8	6,9	5,7	●		●
Echiquier ARTY SRI	100%	25%	5,5/10	6,8	7,1	7,2	6,1	●		●
Echiquier Convexité SRI Europe	100%	27%	5,5/11	6,8	7,2	7,1	5,9	●		●

A look at the selectivity rate calculation methodology: For issuers in the investment universe of the funds for which we do not have internal ESG ratings, we use MSCI ESG Research's E, S and G ratings, which we weight according to our proprietary rating methodology described in paragraph 3.5. If a company in the investment universe is not followed by MSCI, it is not used to calculate the selectivity rate. If the fund's portfolio includes commercial paper, the calculation of the fund's selectivity rate will include the commercial paper in its investment universe to the extent of its weighting in the fund.

[POSITIVE IMPACT / SOLIDAIRE], [CLIMATE] and [HEALTH]. The method for calculating the selectivity rate that is required for the French State SRI label involves only two steps: sector and normative exclusions and the ESG analysis filter. The Impact scores used in our two impact funds and described below are therefore not used for the calculation, but still increase the fund's selectivity.

IMPACT FILTER:

LFDE's impact investment approach is based on its impact doctrine formalised in 2021. It is inspired by the work of the market on impact investment on listed markets (FIR/France Invest, GIIN and Institut de la Finance Durable). Its objective is to provide a framework for LFDE's impact investment strategies. Our impact doctrine is based on three pillars:

- **Intentionality:** This is the express intention to generate a positive environmental and/or social impact is the starting point of any impact investment approach. Intentionality is determined on the basis of an impact thesis, the setting of ex-ante impact goals combined with precise indicators, robust governance, dedicated internal resources, and other sources.
- **Additionality:** This is a special and direct contribution from the investor that enables the investee company or the financed project to enhance the net positive impact of its

activities. At LFDE, this includes, in particular, its long-term equity holdings in investee companies and constant dialogue with the companies.

- o **Measurability:** The measurability of the impact of investments and of funds is essential to improving the transparency of the actual impact of client investments, but also to monitor the progress of previously established impact objectives. These measurements, carried out with the support of independent experts, are integrated into the remuneration scheme of the fund managers of impact funds.

All of La Financière de l'Echiquier's impact funds must comply with this impact doctrine.

[POSITIVE IMPACT / SOLIDAIRE] Echiquier Positive Impact Europe and Echiquier Impact et Solidaire invest only in companies that contribute positively to the UN Sustainable Development Goals (SDGs). For this purpose, we have implemented an "Impact" filter that enables us to include only companies that make a **net positive contribution** to these objectives in our investment universe. To identify these companies, we have implemented a 100-point "SDG Score" (ranging from -100 to +100), which is the average of two net scores, the "Solutions Score" and the "Initiatives Score", as explained below:

- a. **The "Solutions" Score** over 100 points: this score measures the percentage of revenue that the company earns from the net contribution to one or more of the nine SDGs selected by the RI Research team. These nine SDGs were selected, among the seventeen identified by the UN, for their strong economic materiality. If a company analysed also has a portion of its revenue that negatively contributed to one or more of these nine SDGs, then that percentage would be reduced by its negative contribution. This is referred to as the **net positive contribution**. Each company's contribution is attributed to the underlying targets of the nine SDGs selected, which are:
 - 1.SDG 3: Good health and well-being. We measure the percentage of sales derived from the health, insurance or road safety sectors.
 - 2.SDG 4: Quality education. We measure the percentage of sales in the education sector.
 - 3.SDG 6: Clean water and sanitation. We measure the percentage of sales derived from water-saving, water treatment and water access solutions.
 - 4.SDG 7: Affordable and clean energy. We measure the percentage of sales in the clean energy and energy efficiency sectors.
 - 5.SDG 8: Decent work and economic growth. We measure the percentage of sales derived from sustainable tourism, supply chain audits and productivity tools.
 - 6.SDG 9: Industry, innovation and infrastructure. We measure the percentage of sales derived from new production techniques, information technology and digitisation.
 - 7.SDG 11: Sustainable cities and communities. We measure the percentage of sales in solutions for smart cities (buildings, mobility, urbanism, etc.), in security, sustainable mobility, CO2 reduction solutions, air quality and in waste management.
 - 8.SDG 12: Responsible consumption and production. We measure the percentage of sales linked to products having a positive environmental impact and / or being eco-designed, dematerialisation, responsible food and recycling.

9. SDG 16: Peace, justice and strong institutions. We measure the percentage of sales derived from solutions for improving institutional efficiency, eradicating the underground economy, combating corruption and cybersecurity.

This matrix is the result of our own interpretation and internal work based on the UN guidelines (goals and targets) as well as dialogue with our stakeholders and the SDG ecosystem. A minimum threshold of 20% of revenue, contributing positively (net contribution) to one or more of the nine SDGs described above, is required in order to integrate the portfolio. The calculation of the "Solutions Score" is based on the following equivalence: 10% of sales = 10 points.

- b. **"Initiatives" Score** on 100 points: this score measures the net positive contribution to the UN's seventeen SDGs of a company's significant environmental, social and societal actions and initiatives. The RI Research team has identified one or more significant and high-impact initiatives a company may implement to contribute to each of the seventeen SDGs. On the contrary, if it contravenes one or more of these SDGs through its actions, it will be penalized in equal proportions. Each initiative is equally weighted in the score calculation. The contributions of each company's actions and initiatives are attributed to the targets of the seventeen SDGs. The net sum of all of a company's initiatives (both positive and negative) is what determines the "Initiative Score".

Since 2021, we decided to link the points awarded to each company for both of these scores with each of the SDG targets, to enable a more granular analysis and a more accurate assessment of each company's contribution.

The average of these two net scores enables us to determine each issuer's "SGD Score". With this impact filter, to be included in Echiquier Positive Impact Europe portfolio, an issuer must obtain a minimum "Solutions" Score of 20/100 (i.e. 20% of its annual revenue makes a net positive contribution to the nine selected SDGs) and an "SGD Score" of 25/100.

Echiquier Positive Impact Europe enables allocation weightings to be adjusted on the basis of non-financial factors. Thus, the ESG rating and the SDG Score may be used to adjust a company's weighting in the portfolio (from -1% to +1%). This requires that the ESG rating and the SDG Score exceed the average of the portfolio.

[CLIMATE] Echiquier Climate & Biodiversity Impact Europe employs an impact filter that is based on our proprietary Climate and Biodiversity Maturity (CBM) score and reflects a company's progress in addressing climate and biodiversity issues, which is measured in %. This indicator is based on the expertise of the investment team and the ongoing advice provided by I Care. It uses retrospective and prospective qualitative and quantitative factors to measure a company's maturity in addressing climate change and the loss of biodiversity.

Biodiversity is considered in proportion to the relatively high or low impact on biodiversity of each company's sector.

CLIMATE AND BIODIVERSITY MATURITY SCORE	HIGH IMPACT ON BIODIVERSITY	LOW IMPACT ON BIODIVERSITY
CLIMATE GOVERNANCE	30%	30%
CLIMATE COMMITMENT	30%	60%
BIODIVERSITY COMMITMENT	30%	0%
JUST TRANSITION	10%	10%
CLIMATE AND BIODIVERSITY CONTROVERSIES	max. - 20%	max. - 20%

Thus, depending on the weight of biodiversity in the determination of a company's CBM score, each company's rating will depend on the following three or four factors:

- **CLIMATE GOVERNANCE**
 - . **Climate strategy decision-making body:** Involvement of the CEO, the Board of Directors, etc.
 - . **Integration of climate criteria in senior management remuneration structure**
 - . **Level of climate expertise on the Board of directors:** board of director members and/or committees capable of addressing the company's climate issues.
 - . **Consideration given to transition risk:** Identification, analysis and management of transition risk.
 - . **Consideration given to physical risk:** Identification, analysis and management of physical risks.
- **CLIMATE COMMITMENT**
 - . **Climate roadmap:** quantified emission reduction targets, choice of appropriate climate indicators.
 - . **Integration of climate issues in the supply chain:** process for and quality of monitoring suppliers' environmental and climate practices.
 - . **Historical Carbon trajectory:** carbon intensity history over the last three years compared to the Paris climate agreement target, participation in climate initiatives and authoritative external recognition (e.g. SBT, ACT, RE100, CDP (A or A-)).
- **BIODIVERSITY**
 - . **Biodiversity roadmap:** company-relevant biodiversity indicators and quantified targets, the quality of supplier biodiversity monitoring, and the impact of supplier practices on biodiversity.
 - . **External recognition of biodiversity performance:** participation in climate initiatives (see SBT), a good score from an external certification authority, such as CDP Water and/or Forest, Carbon4 Finance's BIA score or Forest500.
 - . **The company's position relative to the four main threats to biodiversity (i.e. habitat change, pollution, overexploitation of resources and invasive species),** including an analysis of the company's exposure to the four threats and of their identification and management, where these threats are material for the company.
- **JUST TRANSITION**
 - . **Employment consequences of the company's climate trajectory:** Identification and management of restructuring risk, job destruction arising from the climate trajectory.

. **Affordability of products and services produced by the climate trajectory**: Potential impact of the energy and ecological transition on the price of the company's products and services.

- **CLIMATE CONTROVERSIES**: A penalty is applied to the company's CBM score if the company is involved in a climate-related controversy. For this purpose we use MSCI ESG Research data and take only climate-related controversies into account (e.g. emissions of CO₂ or other greenhouse gases, soil or ocean degradation, etc.). Depending on the severity of the controversy, the penalty applied to the CBM score may range from 0% to -20%, in increments of 5%.

The fund is organised into three buckets to enable issuers to be assessed in accordance with their degree of maturity in addressing climate issues. For each of these three buckets, a minimum CBM score has been defined that is used to select the companies in the portfolio:

- o **"Solutions" bucket**: Companies with products and/or services that provide concrete solutions to climate or biodiversity issues. To be eligible, these companies must obtain:
 - o A minimum CBM score of 40%
 - o A "Solutions" score (see the SDG Score methodology) of over 20%, which is the percentage of net revenue that contributes to SDG 7 and/or 11 on climate and to SDG 14 and/or 15 on biodiversity.

SDGs 14 and 15 are not included among the SDGs used in the methodology employed for **[POSITIVE IMPACT / SOLIDAIRE]**. These SDGs are only used for companies in the "Solutions" bucket of the **[CLIMATE]** fund. They concern the following:

- o SDG 14: Aquatic life. We measure the percentage of revenue obtained from the conservation and sustainable use of oceans, seas and marine resources.
- o SDG 15: Terrestrial life. We measure the percentage of revenue obtained from the preservation and restoration of terrestrial ecosystems, ensuring that they are used sustainably, managing forests sustainably, combating desertification, stopping and reversing soil degradation and preventing biodiversity loss.
- o **"Pioneers" bucket**: Companies that have already implemented an ambitious and successful climate transition process. For these companies, a minimum CBM score of 60% and a commitment to *Science-Based Targets* (SBT) and/or to *Science-Based Targets Nature* (SBTN) are required. The level of this commitment must be at least "Committed" or "Targets Set". If biodiversity is included in the score's weighting, the score for Climate Commitment and the score for Biodiversity Commitment must be at least 20 out of 30 so that one is not favoured over the other.
- o **"Transition" bucket**: Companies that have not yet begun or have just started their climate transition. For these companies, an annually revised minimum CBM score of 40% is required. If biodiversity is included in the score's weighting, the score for Climate Commitment and the score for Biodiversity Commitment must be at least 10 out of 30 so that one is not favoured over the other.

[**HEALTH**] Echiquier Health Impact For All fund invests in companies that make and/or sell innovative products and services that improve health care access. We developed a proprietary methodology specifically for assessing impact on health care access, which we use to determine the “AAAA Score”. This impact methodology is based on:

- The four dimensions of health care access defined by the World Health Organisation (WHO)
- The basic principles of the European taxonomy.

To identify companies that contribute to improving healthcare access, we follow a two-stepped framework:

- **Do No Significant Harm:** The fund will only invest in companies whose activities do not adversely affect any of the four dimensions of health care access described above. For each of these dimensions key concerns to be monitored were identified. Three levels of achievement were defined for each dimension:
 - **GO:** This means that the company has put in place demanding and benchmarked practices for this dimension.
 - **ENGAGEMENT:** This means that the company’s position on the dimension is correct but could be improved. An engagement action will be identified and presented to the company by the investment team.
 - **NO GO:** This means that the company causes significant harm to the dimension. A company with a NO GO level will not be investable. The following points may for example trigger a NO GO (e.g. proven lies about the effectiveness and results of clinical trials, or the commercial resale of patient data, for example to an insurer...).
- **Contribution:** The fund will only invest in companies that obtain at least 20% of their revenue from one or more activities that contribute to any of the four health care access dimensions covered by our methodology, which are:
 - o **Availability:** Products and services that increase the availability of caregivers and of treatments that are relatively scarce.
Examples: The use of artificial intelligence and robotics for surgery, training and/or simulation software for health care professionals, vaccines for malaria, etc.
 - o **Accessibility:** Products and services that increase patient autonomy and access to health care.
Examples: Remote consultations, remotely controlled surgical robots, and treatments that can be administered at home rather than in hospital.
 - o **Affordability:** Products and services that reduce the cost of access to quality medical services and/or facilitate reimbursement to the patient.
Examples: Dispensing cheaper treatments for "bottom of the pyramid" populations in developing countries, and more effective and less expensive in-vitro diagnostic methods.
 - o **Acceptability:** Products and services that increase patient comfort and confidence in health care treatments and services.
Examples: Treatment by ingestion rather than injection, and diagnostic methods that are less intrusive and less painful.

For more information on the “AAAA Score” and the dimensions and issues included in our analysis, you may refer to the Impact Statement of the Echiquier Health Impact For All fund, on our website.

All of the impact assessment methodologies presented above for our impact funds are part of a double materiality approach to companies and focus in particular on assessing the impact of companies on society and the environment (materiality impact).

4.2 How are climate change criteria taken into account in the portfolio construction?

In the portfolio construction, climate change criteria are taken into account in the environmental rating. These issues are analysed for each company through their environmental policy and actions implemented to reduce their impacts on climate change. The Environmental rating accounts for approximately 20% of an Industrial issuer’s ESG rating and 15% of a Services issuer’s ESG rating. As described above, the ESG rating is a filter within the management process of all our actively managed funds that is applied more or less restrictively depending on the type of fund.

For the SRI-labelled funds, the carbon intensity of issuers is now taken into account during portfolio construction to ensure that the fund’s Induced emissions intensity is always better than that of its benchmark.

[POSITIVE IMPACT / SOLIDAIRE]: In the particular case of Echiquier Positive Impact Europe and Echiquier Impact et Solidaire, climate change criteria are also taken into account during portfolio construction by using the Solutions Score to select only companies with a net positive contribution to the SDGs of at least 20% of their revenue, including the following two:

- SDG 7: Affordable and clean energy
- SDG 11: Sustainable cities and communities

[CLIMATE]: In the particular case of Echiquier Climate & Biodiversity Impact Europe, climate change criteria are taken into account quite significantly through the Climate and Biodiversity Maturity Score described in paragraph 4.1. Climate data (e.g. temperature, green share, physical risk) are aggregated at the portfolio level, integrated into the management process iteratively.

LFDE's Climate and Biodiversity Strategy will also gradually implement other climate change criteria for all of our funds, starting with our SRI-labelled funds.

4.3 How are accounted for issuers included in the funds which have not been subject to an ESG analysis (excluding funds)?

[POSITIVE IMPACT / SOLIDAIRE], **[CLIMATE]**, **[HEALTH]**, **[MAJOR]** and **[AGENOR]**: For SRI-labelled equity funds, no issuer may be selected until it has been subjected to an ESG analysis. The number of issuers with an ESG rating is therefore 100% at all times.

[CREDIT / HIGH YIELD / SHORT TERM], **[ARTY]** and **[CONVEXITE]**: For Bond and Multi-asset SRI-labelled funds, up to 5% of unrated issuers is allowed, to give the fund manager enough flexibility to

participate in primary market issues. A daily post-trade check ensures that the 5% unrated securities limit has not been exceeded. The issuers concerned must be rated on ESG criteria as soon as possible within a maximum of three months. The Risk management team is responsible for monitoring this. In the event that the ESG rating set is lower than the minimum ESG rating, authorized in the fund concerned, the manager will have in the best interest of the holder - a period of three months maximum to divest and must do so as soon as possible. Under no circumstances may this value be increased within the portfolio in question.

[ESG INTEGRATION]: To strengthen our ESG Integration approach, in accordance with the requirements of AMF Doctrine No. 2020-03 on the use of sustainability criteria, the ESG rating percentage must now at all times be at least 90% of net assets adjusted for cash and any sovereign securities.

A daily post-trade check ensures that the 10% unrated securities limit has not been exceeded. Since January 2023, these extra-financial constraints are monitored through a new platform "ESG Connect", developed by the company WEEFIN.

4.4 Has the ESG evaluation and fund management process changed in the last 12 months?

Our ESG evaluation process is updated annually. This allows us to adapt to changes in companies' ESG practices and in the SRI market.

Over the past few months, few changes have been made to the **investment processes of LFDE's funds**:

- **Exclusions**: Non-conventional and controversial hydrocarbons (tolerance thresholds of 10% of hydrocarbon production and 5% of expansion plans) were added to the list of excluded sectors for all SRI-labelled funds.
- **Exclusions**: For **[ARTY]** fund, conventional oil-related activities added to the list of excluded sectors.
- **Products**: Launch of the "E" share of the **[CLIMATE]** fund for our client Epsor and in partnership with Reforest'Action. This is the first investment vehicle available for employee and pension savings schemes to combine responsible investment with a mechanism for contributing to global carbon neutrality.

4.5 Is a portion of the funds' assets invested in solidarity-based organizations?

[SOLIDAIRE] Echiquier Impact et Solidaire is a solidarity impact fund that invests from 5 to 10% of its net assets in a specialised professional solidarity funds. This fund's objective is to invest 80% of its assets in unlisted companies that have a positive social and environmental impact, with at least 35% invested in the unlisted securities of solidarity enterprises of social utility (ESUS) pursuant to Article L3332-17-1 of the French Labour Code.

Furthermore, a procedure for sharing management fees is in place for four of the funds that La Financière de l'Echiquier markets. For three of these funds, the beneficiary is the Primonial Group

Foundation, sheltered by The Fondation de France that supports NGO projects in the areas of education, social integration and employment, and healthcare.

La Financière de l'Echiquier collects annual management fees for each of these four funds. An amount is deducted from the total management fees collected by each fund and donated to the corresponding charitable organization. The amount of each fund's donation depends on its assets under management and rules:

[POSITIVE IMPACT / SOLIDAIRE]: A portion of the fund's management fees (up to €500K/year as of 2020) is refunded to the Primonial Group Foundation. In addition, the Board of Directors of Echiquier Impact fund may decide to make an exceptional annual donation to the Foundation, which will also be deducted from the fund's management fees.

[ESG INTEGRATION]

- **Echiquier Excelsior (Part A)**: A portion of the management fees (up to €100K/year as of 2021) is refunded to the Primonial Group Foundation.
- **Echiquier Agressor (Action P)**: A portion of the management fees (up to €20K/year as of 2021) is refunded to the Primonial Group Foundation.

The RI Research team is involved in the choice of projects selected by the Foundation via its permanent seat on the Foundation's Education Committee. The funds collected from the 2022 management fees are made available to the Foundation under its 2023 budget and held in reserve for the following year if not used in full.

Concerning **[CLIMATE]** and **[HEALTH]**, on the basis of the management fees collected by the funds acquired by La Financière de l'Echiquier, the Board of Directors of the Echiquier Impact SICAV decides annually on an amount to be allocated directly to one or more projects selected for their positive environmental and social impact. The Board of Directors will ensure that these projects are linked to the impact thesis of the mutual funds.

[CLIMATE]: In line with its impact thesis, the fund wished to support a project promoting the financing of a climate transition that is also a socially just transition. For 2022, the beneficiary will be the association "Osons ici et maintenant" which works for the social and professional integration of young people at a standstill in the ecological and social transition professions.

[HEALTH]: In line with its impact thesis, the fund wished to support a project improving access to health, particularly in relation to children's hospitalisation and improving the living conditions of carers. From 2022, the beneficiary will be the association "Les Petits Doudous" which was selected for its innovative approach and its multi-faceted contribution to the issue of improving access to health.

4.6 Do funds lend or borrow securities?

No, La Financière de l'Echiquier does not lend or borrow securities.

4.7 Do the funds use derivatives?

Within the meaning of the French government's SRI label, LFDE's SRI-labelled funds use derivatives in a variable manner, ensuring that they do not run counter to the ESG objective of each fund, and are not authorised to hold short positions:

- **[POSITIVE IMPACT / SOLIDAIRE]**, **[CLIMATE]** and **[HEALTH]**: The prospectus of these funds does not provide for the use of derivative instruments.
- **[MAJOR]** and **[AGENOR]**: Echiquier Major SRI Growth Europe, Echiquier Agenor SRI Mid Cap Europe and Echiquier Agenor Euro SRI Mid Cap do not use derivative instruments, even though these instruments are authorized by their prospectuses.
- **[MAJOR]**: Echiquier Alpha Major SRI uses derivatives (mainly futures) in its permanent hedging strategy to reduce portfolio volatility. These operations will be carried out within the limit of one time the assets of the fund.
- **[CREDIT / HIGH YIELD / SHORT TERM]**: Echiquier Credit SRI Europe, Echiquier High Yield SRI Europe and Echiquier Short Term Credit SRI use derivative instruments (mainly futures) for the sole purpose of hedging their portfolios' interest rate risk. Transactions in derivatives shall not exceed 100% of the fund's assets.
- **[ARTY]**: Echiquier ARTY SRI uses derivatives (mainly futures) to hedge the portfolio's interest rate and currency risks. The Fund uses options, *calls* and *puts* to mitigate the portfolio's equity risk and volatility. These operations will be carried out within the limit of one time the assets of the fund. It should be noted that the Fund will only hold long positions in derivatives whose underlying asset is not an index, i.e. will only purchase a call or sell a put.
- **[CONVEXITE]**: Echiquier Convexité SRI Europe uses derivatives (mainly futures) to hedge the portfolio's interest rate and currency risks. The Fund may also use options to increase the portfolio's diversification by gaining exposure to sectors or securities beyond the pool of available convertibles, and more cost-effective exposure to existing convertible securities that are expensive or offer low convexity. These options strategies are limited to the purchase of call options or the sale of put options. The fund's investment in options will never exceed 5%. Options are only used on a temporary basis, with maturities of less than 1 year. If the fund exceptionally uses an option with a maturity of more than 1 year, the option will be sold before it matures.

[ESG INTEGRATION] For the funds subject to ESG Integration only, the use of derivatives is provided for in accordance with the following rules:

- **Equity funds**: The use of derivatives is authorized by the prospectuses, but the management team only occasionally uses them.

- **Bonds funds:** The funds reserve the right to trade in forward financial instruments traded on regulated European and international markets. In this context, funds may take positions to hedge the portfolio against interest rate risk and, if applicable, against currency risk. Funds may also gain exposure to financial futures for the purpose of managing interest rate risk. Exposure beyond 100% of net assets is possible for some portfolios on an occasional basis but will not exceed 110% of the fund's net assets under any circumstance.

The derivatives authorized by the bond fund prospectuses are index futures, options on securities and indexes, currency options and futures and asset swaps.

Listed instruments are used in priority. These operations will be carried out within the limit of one time the assets of the fund. Financial instruments are entered into with intermediaries selected by the management company that have no power over the composition or management of the fund's portfolio.

- **Multi-assets fund:** The investment team may use hedging derivatives, for example, to adjust exposure levels and actively manage duration. Exposure to currency risk will remain ancillary. The instruments authorized by the prospectus are:
 - o On the regulated markets of index, equity and interest rate futures and options.
 - o In over-the-counter markets, exclusively currency options and forwards with counterparties whose rating is equivalent to or higher than A (Standard & Poor's or equivalent).

Listed instruments are used in priority. These operations will be carried out within the limit of one time the assets of the funds. Funds are prohibited from carrying out any swap transactions. Derivatives transactions are entered into with intermediaries selected by the management company that have no power over the composition or management of the fund's portfolio.

In conclusion, given how seldom our funds actually use derivatives, we consider that their impact on the SRI quality of the portfolios to be negligible.

Pursuant to the requirements of the Towards Sustainability label, LFDE does not invest in forward contracts on commodities, and agricultural commodities in particular.

4.8 Do the UCITS funds invest in funds?

The texts do not clearly specify the treatment of funds (other than funds of funds), but our interpretation of them and market practices converge in the approach below.

- **Impact funds :**

[POSITIVE IMPACT / SOLIDAIRE] + [CLIMATE] + [HEALTH] are the only funds eligible for investment for performance purposes.

External Impact funds are not eligible because, under sustainable finance regulations, we must have a single methodology for assessing so-called "sustainable" assets per management company and we cannot therefore depend on the methodology of another management company.

Note: To invest cash in Impact funds, we use a money market fund, giving preference to SRI-labelled funds in order to be able to invest cash.

Exception: [SOLIDAIRE] Echiquier Impact et Solidaire may specifically invest up to 10% of its net assets in specialised professional funds (SPF). From 5 to 10% of its net assets will be invested in a Solidarity SPF that will aim to invest 80% of its assets in unlisted companies that have a positive social and environmental impact, with at least 35% invested in the unlisted securities of solidarity enterprises of social utility (ESUS) pursuant to Article L3332-17-1 of the French Labour Code.

- Sustainable Convictions and ESG Integration funds :

[MAJOR] + [AGENOR] + [CREDIT / HIGH YIELD / SHORT TERM] + [ARTY] + [CONVEXITE] + [ESG INTEGRATION] :

Funds eligible for investment for performance purposes are funds of the same level (or higher) in terms of ESG approach:

- An SRI-labelled fund can invest in a Sustainable Convictions or Impact fund,
- An ESG Integration fund can invest in another ESG Integration, Sustainable Convictions or Impact fund.

For external funds, membership of each of these categories is based on objective data (SRI label, SFDR categorisation and/or our methodology for the extra-financial analysis of external funds, "SRI Maturity").

In addition, please note that if our funds hold a label that imposes sectoral and normative exclusions (Belgian "Towards Sustainability" label and German "FNG" label), the investing fund must comply with these same exclusions.

Note: For the investment of cash in Sustainable Convictions funds and in SRI Integration, funds will be considered as "ESG-rated" if they are:

- Internal funds (Sustainable Convictions or ESG Integration),
- External funds with equivalent ESG methods (ideally SRI labelled or validated through the methodology of extra-financial analysis of external funds, the "SRI Maturity").

5. ESG CONTROLS

a. What are the internal and external monitoring procedures in place to ensure that the portfolio complies with the ESG rules set for the management of funds?

First of all, and in addition to internal control procedures, all decisions on political and/or regulatory issues in connection with responsible investment are taken in consultation with La Financière de l'Echiquier's compliance and internal control team and in accordance with the UN Principles for Responsible Investment (PRI).

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La Financière de l'Echiquier has implemented controls plan to ensure that portfolios are managed in accordance with their ESG rules.

Internal control features:

- **First-level controls:**
 - **RI Research team:** The RI Research team is mainly responsible for ensuring that fund managers comply with the ESG analysis methodology and ESG management rules. Its role is to assist the fund management team members on the respect of these constraints. In addition, the RI Research team raises awareness and rigor of fund managers in assigning ESG ratings to the issuers in portfolios to avoid any non-compliance of LFDE ESG commitment. We use the "ESG Connect" platform developed by WEEFIN to monitor the ESG performance of our funds and to check compliance with extra-financial constraints. This tool is shared between the RI Research, Fund Management, Internal Control and Middle Office teams.
 - **Pre-trade controls:** Pre-trade controls are performed by our Order Management System software, which fund managers use to place orders to buy or sell the securities in fund portfolios:
 - **Exclusions:** For all funds managed by La Financière de l'Echiquier, a pre-trade control is carried out to ensure that portfolios comply with the sectorial and normative exclusion rules set for each fund. MSCI ESG Research and the German NGO *Urgewald* provides us with the list of issuers to be excluded. These lists are integrated into our Order Management System (OMS), which automatically blocks the purchase of any security on these lists. The Internal Control team updates MSCI ESG Research's list quarterly and Urgewald's list annually. If a security in the portfolio becomes non-investable under the applicable sector and normative exclusion rules, a roadmap for investment will be agreed with the fund manager, within a reasonable time and in the best interest of investors. Under no circumstances may the portfolio increase its position in this security.
 - **ESG ratings:** [POSITIVE IMPACT / SOLIDAIRE], [CLIMATE], [HEALTH], [MAJOR] and [AGENOR] For SRI-labelled equity funds, the OMS software automatically blocks any purchase of securities that do not have the minimum required ESG

rating or have no ESG rating at all. This blocking is made possible by the systematic entry of all ESG ratings in our database, under the supervision of the RI Research team.

[CREDIT / HIGH YIELD / SHORT TERM], [ARTY], [CONVEXITE] and [ESG INTEGRATION] For SRI-labelled fixed-income funds and ESG Integration funds, this pre-trade control takes the form of both a block and an alert. The systems blocks the fund manager that he or she is attempting to place an order on a security that does not have the minimum required ESG rating alerts him/her if there is no ESG rating. This difference between pre-trade blocks and alerts is attributable to technical issues that have not been resolved at this stage. In addition, a pre-trade alert is set up for these funds to prevent them from exceeding a specified threshold of unrated securities. For SRI-labelled multi-asset and bond funds, no more than 5% unrated issuers are allowed. For ESG integration funds, the maximum is 10%.

- **Impact Score:** [POSITIVE IMPACT / SOLIDAIRE] and [CLIMATE] For SRI-labelled equity funds, the OMS software automatically blocks any purchase of securities that do not have the minimum required ESG rating or have no ESG rating at all. This blocking is made possible by the systematic entry of all Impact scores in our database, under the supervision of the RI Research team.

- **Post-trade controls:** They are performed by using our Portfolio Management Software (PMS) which carries out, daily, the monitoring of portfolios. The PMS helps to identify any breaches in the previous controls. If non-compliance is detected, the PMS immediately alerts the Middle Office and Risk teams. After analysing the alert and if the non-compliance is confirmed, an alert is sent directly to the relevant fund managers with copy to the relevant Internal Control department. Should the fund managers not take corrective action, an escalation process will be implemented. The CIO will be informed of the situation as well as, if necessary, the executive committee.

- **ESG ratings:** ESG ratings are checked daily to ensure they do not fall below the minimum ratings set for the fund portfolios. Furthermore, the daily checks allow us to highlight the issuers in portfolios whose ESG ratings do not respect the minimum rating required following an update. In this particular case, from the date on which the issuer's ESG rating is updated, no further investment in the security in question is possible. The fund managers must disinvest as soon as possible in the best interests of the holders, within a maximum period of three months.

[CREDIT / HIGH YIELD / SHORT TERM], [ARTY] and [CONVEXITE] For Echiquier Credit SRI Europe, Echiquier ARTY SRI, Echiquier Convexité SRI Europe, Echiquier High Yield SRI Europe and Echiquier Short Term Credit SRI, the portfolio may include up to 5% unrated issuers, to give the fund manager the flexibility necessary to participate in primary market issues. A daily post-trade check ensures that the 5% unrated securities limit has not been exceeded. The issuers concerned must be rated on ESG criteria within a maximum of three months. The Risk management team is responsible for monitoring this. In the event that the ESG rating set is lower than the minimum ESG rating, authorized

in the fund concerned, the manager will have in the best interest of the holder - a period of three months maximum to divest.

[ESG INTEGRATION] An identical control mechanism is implemented for ESG Integration funds, for which up to 10% unrated issuers is allowed.

- **Country:** The same control is in place for all of the funds that LRDE actively manages, to verify that no investment is made in companies domiciled in the countries listed below, for tax reasons:
 - [The French State's List of Uncooperative French States and Territories \(ETNC\)](#)
 - [The European Union list of non-cooperative countries and territories in respect of taxes](#)

A quarterly audit is carried out by the Risk team to ensure that these lists are properly updated in our internal system.

- **Second-level controls:** The objective of LFDE's compliance and internal control team is to ensure the effectiveness of all controls in place and described herein, and that SRI-labelled portfolios comply with La Financière de L'Echiquier's ESG rules. The funds will be subject to a semi-annual audit on the part of the department in charge internal control. These checks will focus particularly on the existence of an ESG rating and compliance with the minimum ESG rating threshold for all issuers invested in each fund.

[POSITIVE IMPACT / SOLIDAIRE], **[CLIMATE]**, **[HEALTH]**, **[MAJOR]** + **[AGENOR]**, **[CREDIT / HIGH YIELD / SHORT TERM]**, **[ARTY]** and **[CONVEXITE]**. For SRI-labelled funds, when monitoring the commitment ESG performance indicators (see paragraph 6.2) of the SRI label specifications, the team uses the ESG Connect platform to conduct its checks. This will ensure that all times the funds' performance in respect of the selected ESG performance indicators exceeds that of their benchmarks. In case of non-compliance, the fund management team has one month to make the necessary changes to its portfolio, in the best interest of investors.

[ESG INTEGRATION] For ESG integration funds, a similar control mechanism will be used to ensure that each fund's weighted average ESG rating is well above that of its investment universe, in compliance with AMF Doctrine No. 2020-03.

External control/audit measures:

Funds that bear the French State's SRI label are audited by an external auditor. This is, for us, the independent audit firm EY. The SRI label is obtained for a period of three years. These audits are conducted annually on the basis of documents and every three years onsite. Their purpose is to verify that our funds comply with the practices and rules set out in the Transparency Code and that our reporting obligations have been met. Other supplementary audits are also carried out on funds that have obtained the Belgian "Towards Sustainability" and the German "FNG" labels, including a portfolio review. These audits are only conducted on these funds (see paragraph 1).

6. ESG PERFORMANCE METRICS AND REPORTING

3.7 How is the ESG quality of funds evaluated?

The ESG quality of our funds is assessed on the basis of the ESG ratings of the issuers in the portfolios, which are determined using a proprietary analytical methodology that is described in paragraphs 3.3 to 3.5.

[ESG INTEGRATION] For ESG integration funds, the ESG quality of the portfolios is reported monthly in each fund's monthly financial report. The ESG performance of funds is thus assessed using the following criteria:

- Percentage of stocks in the portfolio covered by ESG analysis.
- The fund's weighted average ESG ratings relative to its investment universe.

For SRI-labelled funds, the ESG quality of the portfolios is reported monthly in the fund's monthly financial report, which includes two pages of sustainability indicators.

The ESG performance of funds is thus assessed using the following criteria:

- Percentage of stocks in the portfolio covered by ESG analysis
- Selectivity rate of the fund
- The fund's weighted average ESG ratings relative to its initial investment universe
- Top 5 ESG ratings in the portfolio (with details of E, S and G scores)
- Comparison of the fund's ESG Rating distribution with that of its initial investment universe
- Comparing the fund's average Environmental, Social and Governance scores with those of its initial investment universe

All these criteria are updated monthly or at least quarterly. The frequency with which each indicator is updated is indicated in each fund's monthly report.

3.8 What ESG performance indicators do the funds use?

The communication of all the ESG performance indicators detailed below is carried out within the monthly financial reporting of the funds. In accordance with the modification of the French State SRI label specifications on 23/10/2020, SRI-labelled funds must obtain a better result on at least two ESG performance indicators compared to their benchmark index. These two indicators are referred to as “commitment ESG performance indicators” and are updated monthly. These indicators may also appear in other reporting media (for more information see paragraph 6.3).

- **Commitment Environmental Indicator - Induced emissions intensity:** We report on our funds’ carbon Induced emissions intensity compared to their benchmark index) using the WACI (weighted average carbon intensity) methodology of Carbon4 Finance. The following calculation method is used:

$$Portfolio's\ Induced\ emissions\ intensity = \sum_{i=1}^n \left(\frac{Investment\ Value_i}{Fund\ Net\ Asset\ Value} \times \frac{Carbon\ Emissions\ Scope\ 1,\ 2\ and\ 3}{Enterprise\ Value_i} \right)$$

We have chosen this indicator to be our **primary binding ESG performance indicator** (with a mandatory portfolio coverage rate of at least 90%) for all our SRI-labelled funds, in accordance with the implementation of our Climate and Biodiversity Strategy. This indicator, which is recommended by the TCFD, aligns our practices with the best practices of our sector.

- **Commitment Governance Indicator – ESG Controversy Score:** We report on the exposure to controversies of the companies in our SRI-labelled portfolios. This controversy score, which ranges from 0 to 10 (10 being the best possible score), is provided to us by MSCI ESG Research. This score enables us to determine whether the companies we invest in outperform their benchmark indices in terms of the occurrence and handling of ESG controversies in such areas as the environment, consumer rights, human rights, labour rights, supplier management and governance. Each company’s overall controversy score is the most severe score given to any of its ESG pillars, on a scale of 0 to 10. We have chosen this indicator to be our **secondary binding ESG performance indicator** (with a mandatory portfolio coverage rate of at least 70%) for all our SRI-labelled funds, in accordance with the implementation of our long-standing commitment to governance. Indeed, a company that has sound governance, has put sustainable development at the core of its business strategy, and pays particular attention to the concerns of its stakeholders has less risk of being involved in a controversy. The calculation method used is as follows:

$$ESG\ Controversy\ score\ of\ the\ portfolio = \sum_{i=1}^n (Controversy\ Score_i \times Stock\ Weighting_i\ in\ the\ portfolio)$$

- **Environmental indicator – the Carbon Impact Ratio (CIR) of emissions avoided over emissions induced:** We report Carbon4 Finance's CIR, which is the ratio of the total GHG emissions avoided to the total GHG emissions induced by the company (in tonnes of CO2 equivalent) for our SRI-labelled portfolios. The higher the CIR, the greater the company's contribution to the transition to a low-carbon economy. This indicator enables us to assess how relevant a company's activities are in addressing climate change issues. For a given company, a CIR above 1 means the company's business avoids more greenhouse gas emissions than it causes. This indicator thus serves to identify companies that develop products and/or services that have a positive carbon footprint and therefore a positive environmental impact for their customers. The calculation method used is as follows:

$$\begin{aligned} & \text{Ratio avoided emissions on induced emissions (CIR) in the portfolio} \\ &= \sum_{i=1}^n \left(\frac{\text{Sum of CO2 emissions savings}_i}{\text{Sum of CO2 induced emissions}_i} \times \text{Stock weighting in the portfolio}_i \right) \end{aligned}$$

- **Human Rights indicator - United Nations Global Compact:** We analyse the share of issuers in our portfolios that are signatories of the United Nations Global Compact, for our SRI-labelled portfolios. Signatory companies are committed to adopting a socially responsible attitude by respecting and promoting principles relating to human rights, international labor standards and the fight against corruption. In addition, they are committed to a process of continuous improvement of their CSR policies and undertake annually to communicate publicly on their progress. The following calculation method is used:

$$\begin{aligned} & \text{Percentage of signatory companies in the portfolio} = \\ & \frac{\text{Sum of companies' weight in the portfolio which have signed the United Nations Global Compact}}{\text{Sum of total companies in the portfolio}} \end{aligned}$$

- **Social Indicator – Employee Turnover Rate:** We look at the headcount turnover rate of the companies in our portfolios. This indicator measures the percentage of employees who left the companies of our SRI-labelled portfolios compared to the companies of its benchmark index. A company's employee turnover rate is a leading indicator of its social policy. It reflects the level of employee satisfaction and the company's overall labour relations climate. An increase in the turnover rate over a period of two or more years may indicate that the company is having difficulty retaining key employees, which may destabilise its business. We pay particular attention to this in our ESG analyses and in our discussions with companies. We are however aware of the methodological limitations of this indicator, due to differences in the various calculation formulas used. We report the employee turnover rate provided to us by MSCI ESG Research.

The following calculation method is used:

$$\begin{aligned} & \text{Average staff turnover in the portfolio} \\ &= \sum_{i=1}^n \left(\frac{\text{Number of departures in year } N_i}{\text{Number of employees in year } N_i} \times \text{Enterprise weighting in the portfolio}_i \right) \end{aligned}$$

For more information on the various controls conducted on the commitment ESG performance indicators, see paragraph 5.1 of this Transparency Code.

Furthermore, our impact funds use other ESG performance indicators in line with their strategy:

[POSITIVE IMPACT / SOLIDAIRE] In the particular case of Echiquier Positive Impact Europe and Echiquier Impact et Solidaire, we use an indicator of contribution to the SDGs. Several indicators are used to assess this impact:

- Average “Solutions”, “Initiatives” and “SDG” scores of the portfolio
- Average turnover of portfolio companies contributing to one or more SDGs
- Number of companies contributing to each of the nine identified SDGs

The monthly reporting of the **[SOLIDAIRE]** fund also presents a set of indicators relating to the solidarity assets, including the solidarity rate in transparency and the contribution to the SDGs.

[CLIMATE]: For Echiquier Climate & Biodiversity Impact Europe, we use the following climate performance criteria:

- Portfolio’s weighted average Climate and Biodiversity Maturity score relative to its benchmark
- Weighted average biodiversity footprint score of the portfolio compared to its benchmark, expressed in MSAppb*,
- The portfolio’s weighted bottom-up and top-down temperatures relative to its benchmark
- The green share of the portfolio’s weighted average relative to its benchmark
- The portfolio’s weighted average physical risk score relative to its benchmark
- Top 5 and Bottom 5 Climate and Biodiversity Maturity scores of the portfolio companies
- The Top 5 and Flop 5 biodiversity footprints of the portfolio companies, expressed in MSAppb*.

[HEALTH]: For the Echiquier Health Impact For All fund, we use the following health care access performance criteria:

- The weighted average "AAAA" score of the portfolio
- The three DNSH levels (GO / ENGAGEMENT / NO GO)
- The number of companies contributing to each of the four health care access dimensions.

In addition, we publish an impact report for each of our impact funds which contains a number of indicators to highlight the positive impact generated by the investment in the fund and by the companies in the portfolio in relation to the impact thesis of the fund.

La Financière de l’Echiquier’s methodology for all of the ESG performance indicators indicated above:

- Each fund’s performance is compared to that of its benchmark.
- The calculation of performance is weighted, for both the fund’s portfolio and its benchmark.
- The weight of each issuer in the portfolio is reweighted, and investments in funds and cash are excluded from the calculation of impact indicators, in accordance with SRI label specifications.

In addition to this, in compliance with Article 29 of the Energy-Climate Law, which concerns sustainability reporting by market participants, we publish a dedicated Climate and Biodiversity report including numerous indicators to measure the double materiality of our portfolios: to assess, on the one hand, the impact of our portfolios on climate and biodiversity and, on the other hand, the impact of climate and biodiversity on our investments.

3.9 What documents are used to inform investors about the SRI management of UCITS?

Transparency, both on our investments and our methodologies, is a central element of our approach as a responsible investor. Therefore, we publish a set of documents and reports on our website, which we want to be as pedagogical as possible:

- Transparency Code AFG-FIRs
- SFDR Policies
 - o Article 3 on sustainability risks,
 - o Article 4 on principal adverse impacts on LFDE,
 - o Article 10 for each of our funds classified as Article 8 or 9 under the SFDR Regulation.

- Climate and Biodiversity Strategy
- Climate and Biodiversity Report, as part of our response to Article 29 of the French Energy and Climate Law,
- Coal Policy,
- Exclusion Policy,

- UN PRI Transparency Report,
- UN PRI Evaluation Report,

- Voting policy,
- Engagement policy,
- Voting and engagement report,
- Inventory of votes at portfolio AGMs for SRI-labelled funds (access through ISS' VDS platform),

- Monthly SRI 'integrated with the funds' monthly financial report,
- Full inventory of SRI-labelled portfolios (every 3 months with a 3-month lag),

- Impact Doctrine,
- Manifesto dedicated to Echiquier Health Impact For All,
- Impact Report for [POSITIVE IMPACT] + [CLIMATE], and from June 2023 for [HEALTH] and [SOLIDAIRE]

- "LFDE SRI & Performance" Research Notebooks
- Quarterly SRI letters in the monthly newsletter,
- "A journey through SRI" report,
- "ESG Guidelines Space" dedicated to Echiquier Space.

These documents are freely available on our website in the "Responsible Investment" section, on the "[To find out more](#)" page, in the "LFDE Documents" section, or for documents specific to our funds, on the page dedicated to them, accessible from the "[Funds](#)" page, in the "Documents - Responsible Investment" section. The quarterly SRI newsletters are available on the "News" page, in the "[SRI News](#)" section.

3.10 Does the management company publish the results of its voting and engagement policy?

La Financière de l'Echiquier publishes the results of its voting and engagement policy annually in a dedicated report. This report is intended to provide as much practical information as possible and show how we engage with our portfolio companies throughout our investment life cycle. It also allows us to monitor the progress of companies in relation to the areas of improvement we have shared with them. In addition to this, for each of our SRI-labelled funds we provide a comprehensive French Statement of our votes on each resolution and their rationale.

This document is available on La Financière de l'Echiquier's website, in the "Responsible Investment" section, on the "[To find out more](#)", page in the "LFDE Documents – Voting and Engagement" section and in a dedicated section on the page of each SRI-labelled fund.



LA FINANCIERE DE L'ECHIQUIER

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