LA FINANCIÈRE DE L'ÉCHIQUIER

ECHIQUIER POSITIVE IMPACT EUROPE

Sustainability disclosures
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I. Zusammenfassung

Nachstehend finden Sie sämtliche Informationen bezüglich der Berücksichtigung des nachhaltigen Investitionsziels durch den OGA (oder das Finanzprodukt) gemäß den Bestimmungen der delegierten Verordnung 2022/1288 der Kommission zur Ergänzung der Verordnung 2019/2088 über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (nachfolgend die „SFDR-Verordnung“).

Der Echiquier Positive Impact Europe ist ein Fonds, der auf der Titelauswahl („Stock Picking“) beruht. Er investiert in Unternehmen des europäischen Aktienuniversums, die sich durch ihre gute Governance sowie die Qualität ihrer Sozial- und Umweltpolitik auszeichnen und deren Tätigkeit Lösungen für die Herausforderungen der nachhaltigen Entwicklung bietet.

Dieses Produkt ist gemäß den SFDR-Verordnung als Artikel-9-Fonds eingestuft. Das bedeutet, dass er ein nachhaltiges Investitionsziel verfolgt.

Dieses Finanzprodukt integriert die ESG-Kriterien systematisch in das Finanzmanagement. Dies hat Auswirkungen auf die Titelauswahl im Portfolio.

So sind im Rahmen seiner Strategie ein Mindestanteil von 100 % der Investitionen nachhaltige Investitionen im Sinne der SFDR-Verordnung.

Im Folgenden finden Sie zusätzliche Informationen über das verfolgte nachhaltige Investitionsziel, über die vom Finanzprodukt umgesetzte Anlagestrategie und den Anteil des vom Finanzprodukt investierten Vermögens zur Umsetzung dieser Strategie.

Außerdem werden die von unseren Managern bei der Verfolgung dieses Ziels eingesetzten Methoden und Tools sowie sämtliche durchgeführten Kontrollen präsentiert. Wir haben ein Tool eingerichtet, mit dem wir sicherstellen können, dass die ausgewählten Indikatoren mit dem vom Fonds gesetzten nachhaltigen Investitionsziel übereinstimmen.

In diesem Zusammenhang stützen sich all unsere Teams auf interne Analysen sowie zahlreiche externe Datenquellen, die aufgrund ihrer Qualität und Relevanz aus dem verfügbaren Angebot ausgewählt wurden.

Die Titelauswahl im Portfolio wird durch ein aktives Engagement mit den Unternehmen ergänzt. Unsere Ziele, unsere Grundsätze, unsere Handlungsmodalitäten, unsere Prioritäten und unsere Erwartungen bezüglich des Engagements werden öffentlich in unseren Engagement- und Abstimmungsrichtlinien beschrieben. Wir bitten Sie daher, auf unserer Website die SFDR-Anlage, die dem Prospekt Ihres Finanzprodukts beigefügt ist, sowie unseren Bericht 29 LEC (gemäß Art. 29 des frz. Energie- und Klimagesetzes) einzusehen.

II. No significant harm to the sustainable investment objective

To ensure that the sustainable investments of the financial product do not cause significant harm (DNSH) to any sustainable investment objective, La Financière de l'Echiquier has defined a "DNSH" procedure for products with a sustainable investment objective, including:
- Sector and norms-based exclusions that complement the extra-financial approach of the product and reduce its exposure to social and environmental harms.
- Consideration of the principal adverse impacts (PAIs) of these investments on sustainability factors.

Regarding the adverse impacts, this financial product takes into account 14 mandatory indicators from Table 1 of Annex I of European Commission Delegated Regulation (EU) 2022/1288, and also includes the following two additional indicators: investments in companies with no carbon reduction initiatives and investments in issuers without a workplace accident prevention policy. They are taken into account in the various areas of the management company's responsible investment approach: through the exclusion policy (sectoral and norms-based), the ESG analysis methodology, the various Impact scores, the measurement and management of ESG performance indicators and engagement with companies.

For more information on the sustainable investment methodology and how the Management Company ensures that the sustainable investments in question do not cause significant harm to any of the sustainable investment objectives, we invite you to read the SFDR – SUSTAINABLE INVESTMENT DEFINITION document available on the LFDE website ("Responsible Investment/To find out more" page): https://cdn.lfde.com/upload/partner/sustainable-investment-methodology.pdf

However, the Financial Product intends to invest a share of its net assets in sustainable investments.

To ensure that the sustainable investments of the financial product do not cause significant harm (DNSH) to any environmental or social objective, La Financière de l'Echiquier has defined a "DNSH" procedure for products with a sustainable investment objective.

III. Sustainable investment objective of the financial product

The financial product aims to invest in companies with a concrete positive environmental and social impact and thus contributing to the 17 Sustainable Development Goals of the UN. Contribute to financing the transition to a more sustainable economy. The "impact" management process of this fund significantly integrates extra-financial criteria.

The sustainable investment objective is described in the section of the SFDR annex of the prospectus under the heading: "What is the sustainable investment objective of this financial product?". This section details how the sustainable investment objective is taken into account at each stage of the investment.

IV. Investment strategy

Echiquier Positive Impact Europe is a stock-picking fund. It invests in companies in the European equity universe that stand out for their good governance and the quality of their social and environmental policies, and whose activity provides solutions to sustainable development issues.

This financial product systematically incorporates ESG criteria into the financial management. This has an impact on the selection of portfolio securities.

Thus, the investment strategy used to meet the environmental or social characteristics appears in the section of the SFDR annex of the prospectus under the heading: "What investment strategy does this Financial Product follow?".

The analysis of corporate governance practices is one of the pillars of the ESG analysis methodology described in the section "What environmental and/or social characteristics are promoted by this financial product?" of the SFDR annex of the prospectus. In particular, this covers checks and balances, fair remuneration and business ethics. Companies are thus systematically rated on their governance practices, and those with unsatisfactory practices are penalised in the selection of securities for investment by the financial product.

In addition, the Management Company encourages good governance practices through its engagement and voting policy, which deals in particular with the issues of balanced remuneration, value sharing between senior managers and employees, and diversity and parity within management bodies.

V. Proportion of investments

The asset allocation for this product is detailed in the section "What is the asset allocation planned for this financial product?" of the SFDR annex of the prospectus. It highlights the following characteristics:
- the minimum proportion of sustainable investments within the meaning of the SFDR is 100%.

Regarding the proportion of sustainable investments, to date, the methodology for calculating sustainable investments cannot precisely identify sustainable investments that meet only one of the objectives. Thus,
- The minimum share of sustainable investments with an environmental objective aligned with the European Taxonomy is 0%
- The minimum share of investments in transitional and enabling activities is 0%
- The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 20%
- The minimum share of sustainable investments with a social objective is 20%.

Any derivatives used by the financial product are not intended to contribute to achieving the environmental or social characteristics promoted. Their use is limited to hedging or temporary exposure in order to cover a strong movement in liabilities, to gain temporary exposure to market beta or to accompany a change in strategy. Furthermore, the Management Company ensures that the use of derivatives does not run counter to the environmental or social characteristics promoted by the financial product. In particular, the Management Company does not use derivatives to artificially improve the product's extra-financial performance.

For any investments made by the Financial Product in UCIs that are not managed by the Management Company, the Management Company shall favour investments in UCIs that implement an SRI approach compatible with its own philosophy.

VI. Monitoring of sustainable investment objective

In order to ensure compliance with the extra-financial constraints set out in the prospectus, and therefore to confirm the attainment of the sustainable investment objective promoted by this Financial Product, the Management Company Group has set up a tool dedicated to monitoring the environmental and social characteristics.

This tool allows the managers to model and monitor the constraints associated with the characteristics of the Financial Product, and in particular the indicators defined in the section “What sustainability indicators are used to measure the attainment of the sustainable investment objective of this Financial Product?” of the SFDR annex of the prospectus.

This system is supplemented by a tool dedicated to the centralisation and monitoring of extra-financial data and generating specific reports.

Extra-financial constraints are also monitored daily pre-trade and post-trade by the Risk Department.

Lastly, compliance with the management process for extra-financial characteristics is integrated into the biannual monitoring plan carried out by the Compliance and Internal Control Team.

VII. Methods

The methods used to determine the extent to which the social or environmental characteristics promoted by the Financial Product are attained are mainly quantitative methods. For each environmental or social characteristic, the Management Company has put in place a quantitative indicator with an associated objective. The attainment of the objectives set for each indicator is continuously monitored using management tools. The indicators and associated objectives are specified in the SFDR – SUSTAINABLE INVESTMENT DEFINITION document available on the LFDE website (“Responsible Investment/To find out more” page): https://cdn.lfde.com/upload/partner/sustainable-investment-methodology.pdf.

In addition to this quantitative methodology, the management company also relies on a qualitative assessment of the extra-financial policy of issuers based on the documentary analysis of data published by issuers and on ESG interviews conducted with companies.

VIII. Data sources and processing

1. Sources of data used to attain each of the environmental or social characteristics promoted by the Financial Product:
The Management Company applies a multi-source approach to ensure better coverage and diversity of analysis perspectives. The providers selected are mainly the following: Bloomberg, CDC Biodiversité, CDP, Ethifinance, ISS ESG, LSEG, Moody’s ESG and MSCI.
In addition, the management company obtains information from reading the company’s public documentation (annual reports, sustainable development reports, etc.), from on-site visits and meetings with various managers (CEO, CFO, HR Director, Quality Director, Environment Director, Legal Officer, etc.).

2. Measures taken to ensure data quality:
Qualitative and quantitative due diligence is systematically carried out when a new provider is added.
This due diligence is supplemented by statistical studies conducted periodically in order to identify inconsistencies between the indicators of different suppliers relating to the same subject. These analyses may lead in particular to the disqualification of an indicator deemed irrelevant, or to the correction of biases arising from methodological differences.

3. Data processing procedures:
The data from providers is integrated into a data processing tool developed by the Management Company’s group. This tool is used to gather and aggregate data in order to provide a single set of data used to manage the environmental or social characteristics of the Financial Product.

4. Proportion of data that is estimated:
It is not currently possible to accurately assess the proportion of estimated data. In principle, the latter is fairly substantial due to the broad spectrum of themes covered by the extra-financial analysis and insofar as a non-negligible share of the data transmitted by providers is based on qualitative analyses or proxies and the data processing tool developed by the Management Company’s group statistically processes the integrated data.

The proportion of data measured will increase with the gradual entry into force of European regulations relating to the publication by issuers of extra-financial data.

IX. Limitations to methods and data

The diversity of the investments made does not allow full coverage of the environmental and social characteristics of all the securities in the portfolios, especially since some markets are themselves not covered by the data providers, which does not allow for an exhaustive consideration of the contribution of each security in the portfolio to the sustainability indicators monitored to measure the attainment of the environmental and social objectives. This is particularly the case for small caps, non-European issuers that are not subject to the same regulatory transparency constraints.

The “multi-source” approach to diversifying data providers meets some of these challenges.

The amount of data handled does not allow quality control on a case-by-case basis. Two approaches are favoured: (i) control of the scoring methodology applied by the data providers and (ii) statistical control of the data as a whole. Furthermore, the “multi-source” approach applied tends to smooth out potential errors in the individual assessment of data providers.

These limits do not affect the attainment of the sustainable investment objective insofar as, for a given investment, the contribution to the sustainable investment objective cannot be validated if the condition set by the management company cannot be confirmed. In addition, the lack of data on certain indicators used to verify that the investments do not cause significant harm to any sustainable investment objective is offset by the use of other indicators for similar themes as well as by monitoring controversies affecting the issuer in question.

X. Due diligence

Using external data (rating agencies, analysis offices, NGOs, think tanks, etc.), our SRI specialists assess the relative importance of environmental and social themes for each sector in order to define a relevant weighting of the various scores. The aggregation and restatement of ESG ratings used to identify companies with best practices is done in accordance with procedures that specifically address the various geographical regions and company sizes.

Following and in parallel with the quantitative analysis, analysts and managers conduct a qualitative analysis of issuers, based on recognised internal and external research sources and their detailed knowledge of issuers. They can use the opinions of business stakeholders (NGOs, trade unions, international institutions, media, etc.) and data from meetings with the companies. In particular, the purpose of this analysis is to correct biases or possible errors from data providers.

XI. Engagement policies

The selection of securities in the portfolio is supplemented by a shareholder engagement approach with companies. Our objectives, principles, methods of action, priorities and expectations are set out in our engagement and voting policies and reports, available on our website www.lfde.com. These documents structuring our actions are drawn up and updated every year, after an activity review, on the proposal of the SRI team in conjunction with all the other contributors and stakeholders to these processes: managers, analysts, lawyers, sales and compliance functions. They are validated by general management and the entire management chain.

The dialogue we engage in with companies, in particular through meetings, has a twofold objective:

- Better understand company policies and practices in order to strengthen the financial and extra-financial analyses conducted by our teams;
- Encourage better management of extra-financial issues and the development of responsible practices.

This dialogue is conducted in two main ways:

- Bilateral dialogue with the management of the investee companies, particularly at meetings with the issuers;
- Collaborative engagement, conducted with other investors on a shared issue. We support these joint initiatives when they are part of our engagement policy and can usefully complement the approach initiated bilaterally, by pooling research elements, providing companies with consistent signals about the expectations of responsible investors, and in order to exert more significant influence on companies.

The management company may also undertake targeted dialogue actions following controversies on priority themes for the management company. When the dialogue does not bear fruit and the changes expected from companies are not met, the management company may use additional tools, in a gradual way:

- Sending letters, as written format often has more impact than an oral exchange,
- Downgrading of the SRI rating,
- Opposition to important resolutions at the General Meeting, such as the approval of the financial statements or the election of the Chairman of the Board,
- Filing of a resolution at a general meeting,
- Putting the company under watch, corresponding to the prohibition on making new investments,
- Divestment, when the engagement fails: lack of satisfactory corrective actions, little openness to dialogue, etc.

XII. Attainment of the sustainable investment objective

This financial product has not defined a benchmark to measure the attainment of its sustainable investment objective.