

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

Product name:
**ECHQUIER POSITIVE IMPACT
 EUROPE**

Legal entity identifier: 969500MLEM89WPLKT638

Sustainable investment

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

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

Sustainability indicators

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



What is the sustainable investment objective of this financial product ?

The objective of the financial product is to invest in companies that have a concrete positive environmental and social impact and thus contribute to the 17 UN Sustainable Development Goals. To contribute to the financing of the transition to a more sustainable economy.

The "impact" management process of this fund significantly integrates extra-financial criteria.

○ **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

To measure the achievement of its sustainable investment objective and to comply with the regulatory requirements of Article 9, the financial product uses an impact score developed internally by La Financière de l'Echiquier, namely the UN Sustainable Development Goals Indicator ("SDG Score").

Here we measure the contribution and commitment of portfolio companies to the UN Sustainable Development Goals. This indicator covers social, environmental and human rights aspects. Several indicators are used to assess this impact:

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

The calculation method used is detailed in the question "What investment strategy does this financial product follow?"

For this financial product, the research on environmental and social criteria is carried out with the support of MSCI ESG Research, which has its own analysis framework. Their criteria are adapted to the sector and issues of each of the companies analysed. In the absence of MSCI ESG research available on certain companies, the analysis of environmental and social characteristics is then internalised in its entirety. The main sustainability indicators used to measure the achievement of each of the environmental or social characteristics promoted by the financial product are the following:

Environment :

Policy and actions: existence of an environmental roadmap (precise and dated objectives allowing evolution trends to be identified), choice of indicators for this roadmap, level of ambition of the company with regard to its environmental objectives, environmental actions implemented to achieve the objectives fixed, existence of an environmental management system and a policy to protect biodiversity.

Results: communication by the company on the results of its action plan (results presented over a long period and evolution trends), evolution of the main environmental ratios (water consumption, CO2 emissions, energy consumption, production and treatment of waste including plastic waste, use of chemical products, etc.) and investments made to reduce its environmental impact.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 20 % <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 20 %	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

Suppliers: exposure of suppliers to environmental risks, degree of complexity of the supply chain, dependence on suppliers, monitoring of suppliers and support of suppliers towards better practices.

Environmental impact of products: positive or negative impact of products on the environment, eco-design approach, existence of product life cycle analyses, circular economy, green share of company turnover and end-of-life management of products.

Social :

Loyalty and progression: attractiveness of the employer brand, ability to recruit, employee satisfaction, employee loyalty policy, career management, training policy and employee retention potential.

Protection: anti-discrimination, diversity, health and safety protection for employees, respect for trade union rights, promotion and quality of social dialogue and support for employees in the event of restructuring.

Suppliers: exposure of suppliers to social risks, degree of complexity of the supply chain, dependence on suppliers, support of suppliers to improve practices and monitoring of suppliers.

Social impact of products: social impact of products for the customer and for society (e.g. avoided costs) and accessibility of products.

Relations with civil society: the company's philanthropic approach (including skills sponsorship), relations with local communities, customer satisfaction and participation in local sustainability initiatives

Also, as part of this financial product, we monitor several performance indicators:

Induced emissions intensity: This indicator measures the all-scope induced emissions intensity of the financial product (compared to its benchmark) using Carbon4 Finance's Weighted Average Carbon Intensity (WACI) methodology. The calculation method used is detailed in the question "What investment strategy does this financial product follow?"

ESG Controversy Score: This indicator measures the level of severity of a company's controversies. This score, ranging from 0 to 10 (0 being the worst score), is provided to us by MSCI ESG Research. The calculation method used is detailed in the question "What investment strategy does this financial product follow?"

Carbon Impact Ratio (CIR): This indicator corresponds to the ratio between the GHG emissions avoided and the GHG emissions induced by a company (in tonnes of CO2 equivalent). This indicator makes it possible to assess the relevance of a company's activity in relation to the challenges of combating climate change. The calculation method used is available in the Transparency Code available on the management company's website.

United Nations Global Compact: This indicator analyses the share of issuers within the financial product that are signatories to the United Nations Global Compact. Signatory companies are committed to adopting a socially responsible attitude by respecting and promoting principles relating to human rights, international labour standards and the fight against corruption. In addition, they are committed to a process of continuous improvement of their CSR policies and undertake to communicate publicly on their progress on an annual basis. The calculation method used is available in the Transparency Code available on the management company's website.

Employee turnover: This indicator analyses the employee turnover rate of the companies in the financial product. The employee turnover rate is a leading indicator of the social policy of companies. Its result can reflect the level of employee satisfaction, and more broadly the social climate of the company. We report the employee turnover rate provided to us by MSCI ESG Research. The calculation method used is available in the Transparency Code available on the management company's website.

○ **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective ?**

To ensure that the sustainable investments of the financial product will not significantly harm an environmental or social objective (DNSH), La Financière de l'Echiquier has defined a "DNSH" procedure for products with a sustainable investment objective, including :

- Sectoral and normative exclusions complementary to the extra-financial approach of the product (recalled below) and which make it possible to reduce its exposure to social and environmental prejudices: Tobacco, all types of armaments, non-conventional and non-controversial fossil fuels, gambling, pornography, alcohol, GMOs, palm oil and biocides,
- A consideration of the principal adverse impacts (PAI) of these investments on sustainability factors.

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

Regarding adverse impacts, this financial product takes into account 14 mandatory indicators from Table 1 of Annex I of the European Commission's Delegated Regulation (EU) 2022/1288, and also includes the following 2 additional indicators: investments in companies without carbon reduction initiatives and investments in issuers without a policy to prevent accidents at work. Their consideration is carried out within the various aspects of the management company's responsible investment approach: through the exclusion policy (sectoral and normative), the ESG analysis methodology, the various Impact scores, the measurement and monitoring of ESG performance indicators (carbon intensity, ESG controversy score) as below:

Principal adverse impacts

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

CLIMATE & ENVIRONNEMENT

- Scope 1, 2 and 3 greenhouse gas emissions by measuring and monitoring CO2 emissions and equivalents for all scopes (1, 2, 3),
- The carbon footprint, measured and monitored using the Carbon Impact Ratio methodology (ratio of saved emissions to induced emissions),
- The carbon intensity of invested companies (in teqCO2) calculated according to the intensity of induced emissions (WACI),
- The exposure of invested companies to fossil fuels taken into account in the ESG analysis,
- The share of non-renewable energy consumption and production taken into account in the ESG analysis,
- The intensity of energy consumption taken into account in the ESG analysis,
- Impact on biodiversity through ESG analysis and measurement of the biodiversity footprint
- Tons of priority substances discharged to water considered in the ESG analysis,
- Tonnes of dangerous waste taken into account in the ESG analysis,
- Investments in companies without carbon reduction initiatives in the ESG analysis (additional indicator).

SOCIAL, HUMAN RESOURCES, RESPECT FOR RIGHTS INCLUDING HUMAN RIGHTS

- The proportion of issuers implicated in violating the UN Global Compact or the OECD Guidelines, through MSCI ESG Research's normative exclusion policy and controversy monitoring,
- The proportion of investments in issuers without a compliance process and mechanism to monitor compliance with the UN Global Compact principles or the OECD Guidelines, through MSCI ESG Research's normative exclusion policy and controversy monitoring,
- The gender pay gap taken into account in the ESG analysis,
- Diversity on company boards in % of women according to the different legislations between countries and the level of voluntarism and proactivity of companies on the subject, taken into account in the ESG analysis,
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, etc.) taken into account in the sectoral exclusion policy,
- Investments in issuers without an occupational accident prevention policy taken into account in the ESG analysis (additional indicator).

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights ?

Through the consideration of PAIs, and in particular the use of the following social PAIs, the investments of this financial product are in line with the principles mentioned:

- Violation of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises,
- Lack of processes and mechanisms for monitoring compliance with the UN Principles and the OECD Guidelines for Multinational Enterprises

Compliance with these PAIs is monitored through MSCI ESG Research's normative exclusion policy and controversy monitoring.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria. The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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

Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Regarding adverse impacts, this financial product takes into account 14 mandatory indicators from Table 1 of Annex I of the European Commission's Delegated Regulation (EU) 2022/1288, and also includes the following 2 additional indicators: investments in companies without carbon reduction initiatives and investments in issuers without a policy to prevent accidents at work. Their consideration is carried out within the various aspects of the management company's responsible investment approach: through the exclusion policy (sectoral and normative), the ESG analysis methodology, the various Impact scores, the measurement and monitoring of ESG performance indicators (carbon intensity, ESG controversy score) as below:

CLIMATE & ENVIRONNEMENT

- Scope 1, 2 and 3 greenhouse gas emissions by measuring and monitoring CO2 emissions and equivalents for all scopes (1, 2, 3),
- The carbon footprint, measured and monitored using the Carbon Impact Ratio methodology (ratio of saved emissions to induced emissions),
- The carbon intensity of invested companies (in teqCO2) calculated according to the intensity of induced emissions (WACI),
- The exposure of invested companies to fossil fuels taken into account in the ESG analysis,
- The share of non-renewable energy consumption and production taken into account in the ESG analysis,
- L'intensité de la consommation d'énergie prise en compte dans l'analyse ESG,
- Impact on biodiversity through ESG analysis and measurement of the biodiversity footprint

- Tonnes of dangerous waste taken into account in the ESG analysis,
- Investments in companies without carbon reduction initiatives in the ESG analysis (additional indicator).

SOCIAL, HUMAN RESOURCES, RESPECT FOR RIGHTS INCLUDING HUMAN RIGHTS

- The proportion of issuers implicated in violating the UN Global Compact or the OECD Guidelines, through MSCI ESG Research's normative exclusion policy and controversy monitoring,
- The proportion of investments in issuers without a compliance process and mechanism to monitor compliance with the UN Global Compact principles or the OECD Guidelines, through MSCI ESG Research's normative exclusion policy and controversy monitoring,
- The gender pay gap taken into account in the ESG analysis,
- Diversity on company boards in % of women according to the different legislations between countries and the level of voluntarism and proactivity of companies on the subject, taken into account in the ESG analysis,
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, etc.) taken into account in the sectoral exclusion policy,
- Investments in issuers without an occupational accident prevention policy taken into account in the ESG analysis (additional indicator).



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow ?

The financial product is a sub-fund seeking long-term performance net of management fees through exposure to European equity markets and through companies whose activities provide solutions to sustainable development issues and which are distinguished by the quality of their governance and their social and environmental policy (ESG). This financial product systematically integrates ESG criteria into its financial management. This has an impact on the selection of securities in the portfolio.

The extra-financial approach integrated into the investment strategy of this financial product is as follows:

- Sectoral and normative exclusions filter
- Recreational cannabis, Tobacco production, Controversial weapons as defined by the Ottawa and Oslo Conventions, Thermal coal, Tobacco, Armaments (in the broadest sense, including nuclear weapons with no minimum turnover threshold), Gambling, Pornography, Non-conventional and controversial hydrocarbons, Conventional hydrocarbons, Nuclear energy, Alcohol, GMOs, Palm oil, Biocides, companies with controversies deemed very severe by MSCI ESG Research (a list that includes companies guilty of violating one or more of the ten principles of the United Nations Global Compact) and companies affected by the US Executive Order 13959 sanctions.
- The ESG rating coverage rate of the securities in the portfolio must be 100% at all times. ESG analysis of issuers is systematic and prior to investment.
- The minimum ESG rating of each portfolio company must be greater than or equal to 6.5/10. To assess the minimum ESG rating, a number of ESG indicators are used as described in the question "What sustainability indicators are used to measure the achievement of each of the environmental or social characteristics promoted by the financial product? If an issuer's ESG rating is below this threshold, it is automatically excluded from the investable universe.
- Controversies are monitored on the basis of MSCI ESG Research, which will result in a maximum of 2 points (granularity of the malus of 0.5) and sanctions ESG controversies on the three pillars. If necessary, this malus may exclude the stock if the ESG rating falls below the minimum rating (6.5/10). Also, if requested by La Financière de l'Echiquier's teams, the Ethics Committee has the power to decide to exclude a stock from the portfolios if a serious controversy appears within a company held in one or more portfolios.
- Impact filter through the SDG score: This score allows us to define the net contribution of companies to the SDGs. In our methodology, we measure this contribution through two scores. First, the Solutions Score, which is based on the analysis of products and services. Among the 17 SDGs, 9 business-oriented SDGs were selected (3, 4, 6, 7, 8, 9, 11, 12, 16). For each of them, we have mapped the activities that contribute positively and those that contribute negatively. The distribution of the company's turnover in these activities gives a Net Score out of 100. Secondly, the Initiatives Score which is based on the analysis of the company's social and environmental practices. The objective of this score is to value the leading social and environmental practices of companies contributing to the SDGs and to penalise practices that contribute negatively to one or more SDGs. LFDE has mapped these practices for each of the 17 SDGs. From these two scores, the contribution of companies to the SDGs is assigned to the targets of each SDG. The average of the Solutions score and the Initiatives score gives an SDG score out of 100. Companies need to achieve an SDG score of 25/100 and a Solutions score of 20/100 to ensure that they are making a positive environmental and/or social contribution.
- The induced emissions intensity of all scopes must be better than its benchmark. The portfolio coverage rate must be greater than or equal to 90% for this financial product. The calculation method used is available in the Transparency Code available on the management company's website.

- The ESG Controversy Score must be better than its benchmark: This score measures the level of severity of a company's controversies. This score, ranging from 0 to 10 (0 being the worst score), is provided to us by MSCI ESG Research. The portfolio coverage rate must be greater than or equal to 70% for this financial product.
- 100% of the investments realized by the financial product are sustainable investments in the sense of the SFDR regulation. To assess this positive contribution to society and the environment, the financial product uses the SDG score described above and developed internally by La Financière de l'Echiquier.

More information on our impact methodologies can be found in the Transparency Code available on the management company's website (www.lfde.com / Responsible Investment section).

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

As detailed above, the sector and normative exclusions filter, the minimum ESG rating of each portfolio company (6.5/10), the induced emissions intensity and the ESG controversy score, are binding elements of the investment strategy used to select investments as they narrow the investment universe. Companies must also achieve an SDG score of 25/100 and a Solutions score of 20/100 to ensure their positive environmental and/or social contribution

- ***What is the policy to assess good governance practices of the investee companies?***

The policy for assessing the good governance practices of the companies benefiting from the investments is as follows: the Governance rating represents approximately 60% of the global ESG rating. This is a historical bias of La Financière de l'Echiquier, which has attached particular importance to this aspect since its creation. This conviction is reinforced by the fact that all ESG analyses produced by La Financière de l'Echiquier benefit from a governance rating carried out entirely in-house. The governance criteria assessed are

- **Competences of the management team :**
 - **For the CEO :** legitimacy in the business, track record, managerial capacity, leadership and structure of the remuneration scheme
 - **For the executive committee :** composition, diversity, relevance of the functions represented and commitment on CSR issues
- **Checks and balances :** sources of checks and balances within the Board, anticipation of the succession of the CEO, matching the profiles of directors with the needs of the company, male/female diversity of the Board, geographical diversity, availability and involvement of directors.
- **Respect for minority shareholders :** interest for the company to be listed, anti-takeover mechanisms and transparency of financial information.
- **Evaluation of ESG risks :** identification and management of extra-financial risks, the fight against corruption and responsible taxation, the quality of the company's CSR reporting and discourse, and the positive dynamics of progress on ESG aspects.

Controversies are monitored on the basis of MSCI ESG Research, which will result in a maximum of 2 points (granularity of the malus of 0.5) and sanctions ESG controversies on the three pillars. If necessary, this malus may exclude the stock if the ESG rating falls below the minimum rating (6.5/10). Also, if requested by La Financière de l'Echiquier's teams, the Ethics Committee has the power to decide to exclude a stock from the portfolios if a serious controversy appears within a company held in one or more portfolios.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

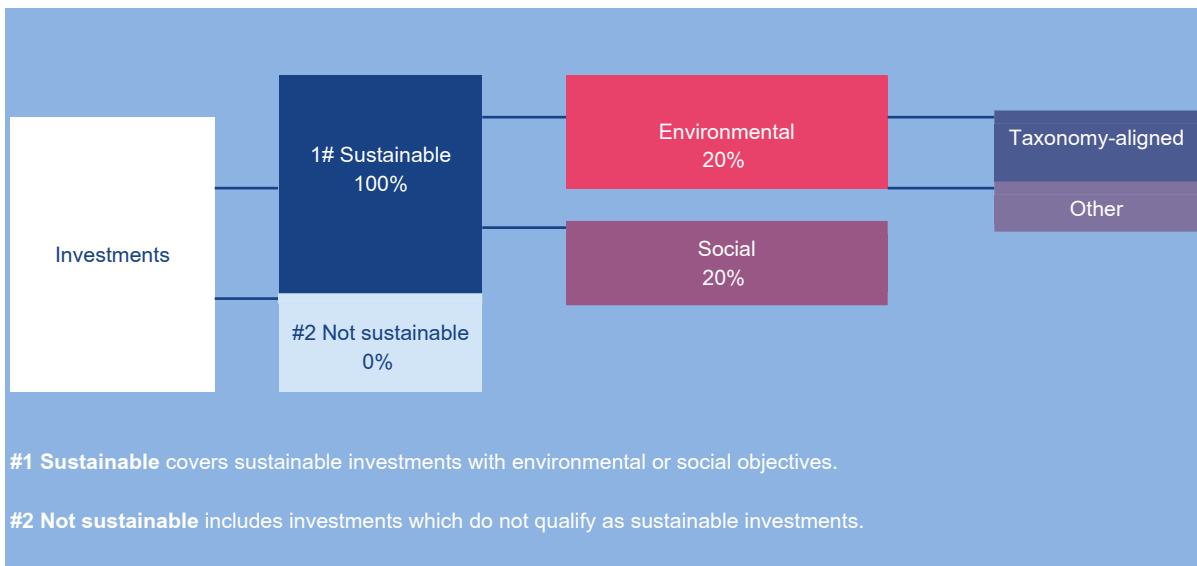


What is the asset allocation and the minimum share of sustainable investments?

The financial product invests 100% of its assets in assets that have been deemed to be sustainable investments (#1A Sustainable).

Taxonomy-aligned activities are expressed as a share of:

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



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

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

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

How does the use of derivatives attain the sustainable investment objective?

Non applicable



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

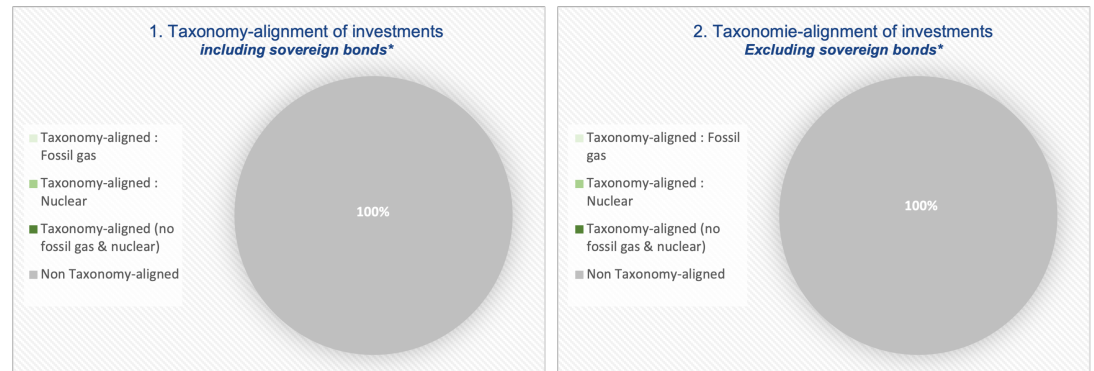
The financial product may invest in environmentally sustainable economic activities, however the investments of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The financial product commits to a 0% alignment with the European Taxonomy

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

- Yes
- In fossil gas In nuclear energy
- No

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

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



This graph represents 100% of the total investments

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

What is the minimum share of investments in transitional and enabling activities ?

Not applicable

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy ?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy is 20%.



What is the minimum share of sustainable investments with a social objective?

The minimum share of sustainable investments with a social objective is 20%.



What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

There are no investments included in "#2 Other" as 100% of the securities are covered by an ESG rating, ESG analysis and binding elements such as the SDG score, sector and normative exclusions.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable

How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

Not applicable

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable

How does the designated index differ from a relevant broad market index?

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable



Where can I find more product specific information online ?

More product-specific information can be found on the website :

More information on the management company's extra-financial approach can be found in the Transparency Code (I) and the SFDR Policy - Article 4 available on the management company's website (www.lfde.com / Responsible Investment section).

In addition, further information on the fund and in particular its regulatory documentation is available on the management company's website (www.lfde.com / Funds section)