# Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**
ECHIQUIER INDIA

**Legal entity identifier:** 529900IP68RQZFC0V932

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective: : %**<br>☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br><br>☐ It will make a minimum of**sustainable investments with a social objective: %** | ☐ It **promotes environmental and social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments<br>☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br>☐ with a social objective<br><br>☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

### What environmental and/or social characteristics are promoted by this financial product?

The product's ESG approach is based on the implementation of a base of exclusions defined at the level of the LBP AM ISR group and the use of an issuer ESG rating aimed at monitoring the extra-financial risks of the Financial Product.
This analysis is based on the LBP AM group's proprietary quantitative tool GREaT, which provides an ESG rating based on the following 4 pillars:
• Responsible governance
• Sustainable resource management
• Energy transition
• Regional development

The weight associated with each pillar for the calculation of the GREaT score of an issuer is adjusted according to its business sector in order to take into account its specific features. For example, the greenhouse gas reduction issue is not the same for a company in the services sector and an industrial company, as the former produces less emissions than the latter. In all cases, the weight of each of the three "Environmental", "Social" and "Governance" pillars, calculated by reassigning the criteria of the GREaT pillars, is systematically higher or equal to 20% and can go up to 60%.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

○ **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

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

This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

○ ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

○ ***How do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

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

Not applicable. This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

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

Not applicable. This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

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 European Union 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

## What investment strategy does this financial product follow?

The subfund implements an active and discretionary management strategy focused on Indian equity markets. Securities from all sectors and of all market capitalisations may be selected. 60% of the assets will be directly exposed to Indian equities.

The manager carries out a rigorous securities selection via a two-step process:
- The first consists of to assets an extra-financial approach of securities based on exclusion lists and the quantitative extra-financial rating of the issuers
- The second aims to select securities according to their financial and extra-financial characteristics

**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 and anti-corruption and anti-bribery matters.

1. First step: Systematic extra-financial analysis

The management company implements an exclusion filter, for which the list is drawn up at the LBP AM Group level after analysis of ESG controversies or allegations, defined in particular as severe, systematic breaches of rights without corrective measures or ESG breaches. The exclusion list also includes certain issuers in controversial sectors such as tobacco, gambling and coal, according to the criteria defined by the Management Company.

In addition, issuers are subject to a quantitative extra-financial analysis based on a proprietary tool of the LBP AM group: GREaT. The extra-financial rating of issuers, which applies to all asset classes, is based on 4 pillars enabling a pragmatic and differentiating analysis:
- Responsible governance: this pillar aims in particular to assess the organisation and effectiveness of powers within each issuer (for example, for companies: assessing the balance of powers, executive remuneration, business ethics or tax practices);
- Sustainable resource management: this pillar makes it possible, for example, to examine the environmental impacts and human capital for each issuer (for example, quality of working conditions, management of relations with suppliers);
- The energy transition: this pillar makes it possible, for example, to assess each issuer's strategy to promote the energy transition (for example, greenhouse gas reduction approach, response to long-term challenges);
- Regional development: this pillar makes it possible, for example, to analyse each issuer 's strategy in terms of access to basic services.

Thus, several criteria are identified for each pillar and monitored using indicators collected from various extra-financial rating agencies. The methodology makes it possible to reduce biases, particularly capital or sector biases, which could artificially improve the rating through allocation decisions. However, the analysis carried out depends on the quality of the information collected and the transparency of the issuers in question.

This rating is nevertheless not intended to constitute a strong constraint on the selection of issuers or the portfolio construction, but is a tool for monitoring the extra-financial risk associated with the issuers.
Furthermore, in the event of a quantitative alert regarding the quality of the governance or significant ESG controversies, a qualitative governance analysis will be carried out by the management team and could lead to no investment being made or to a divestment from the company.

In any event, 75% of the portfolio's net assets are permanently made up of securities subject to an extra-financial analysis.(1)

2. Second step: Selection of securities according to their financial and extra-financial characteristics

At the end of this first step, the manager carries out a fundamental analysis of each issuer based on the following criteria:
- Analysis of the company's management
- Quality of its financial structure
- Visibility on the company's future results
- Analysis of financial results
- Growth prospects for its business
- The speculative aspect of the security

(1) *Depending on the assets eligible for the fund's strategy, bonds and other debt securities issued by public or quasi-public issuers, as well as cash held on an ancillary basis, are excluded from the calculation of the percentage of net assets that have undergone extra-financial analysis.*

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

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The mandatory elements used to select investments and achieve the environmental and social characteristics promoted by the Fund are as follows:
- the Management Company's exclusion policy and the resulting sectoral or norm-based exclusion constraints,
- marginally, the ESG assessment of each of the issuers present in the portfolio through the quantitative analysis using the GREaT scoring tool (LBP AM group's proprietary methodology); however, this analysis is not intended to result in a selectivity criteria, except in the case of an identified extra-financial risk.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The implementation of sectoral and norm-based exclusion filters leads to a reduction in the investment universe.

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

The monitoring of the application of good governance principles by issuers is controlled by means of a quantitative indicator derived from the proprietary "GREaT" analysis methodology, the "Governance" pillar notably covering issues such as balance of powers, fair remuneration and business ethics.

If this quantitative assessment of the Governance pillar appears to be insufficient or in the case of a significant controversy, the management team will also carry out a qualitative analysis of the governance.

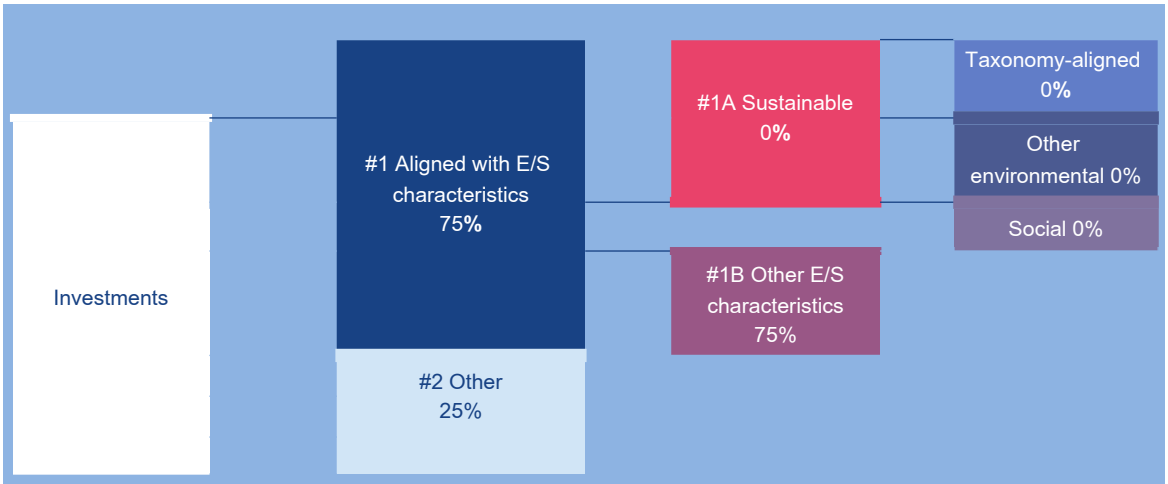
In addition, the Management Company encourages good governance practices through its engagement and voting policy, which deals in particular with the issues of balanced remuneration, value sharing between senior managers and employees, and diversity and parity within management bodies.

## What is the asset allocation planned for this financial product?

The financial product invests at least 75% of its assets in assets considered "eligible" according to the ESG process implemented - therefore in investments that are aligned with the environmental and social characteristics promoted (#1 Aligned with E/S characteristics).
Up to 25% of investments may not be aligned with these characteristics (#2 Other).

It should also be noted that, in line with the information provided in the pre-contractual documentation, the financial product undertakes to carry out an ESG analysis for at least 75% of the assets invested in equities and debt securities issued by private and quasi-public issuers. This ESG analysis, based on the GREaT rating methodology, aims to provide the manager with information on the ESG risk attached to the issuers. However, it is not intended to be systematically and measurably taken into account in the selection of portfolio securities.

The financial product invests at least 0% of its assets in assets considered to be sustainable investments (#1A Sustainable).
A more detailed description of the specific asset allocation of this financial product can be found in its prospectus.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product
**#2 Other** includes the remaining investments of the financial product which are neither aligned with environmental or social characteristics, nor are qualified as sustainable investments.

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

○ ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Any derivatives authorised/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. The constraints relating to the use of derivatives are specified in the pre-contractual documentation for the financial product.

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

**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 European Union criteria for environmentally sustainable economic activities. The financial product is committed 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?***[(2)]

☐ Yes

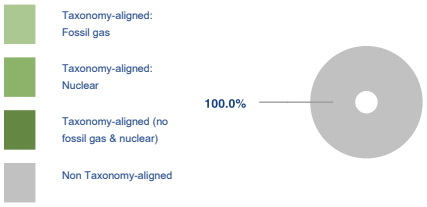
☐ In fossil gas ☐ In nuclear energy

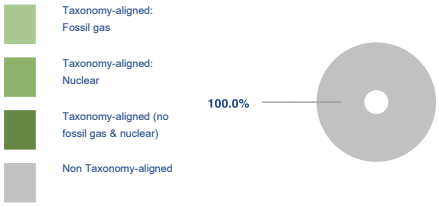
☒ No

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

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.

***The two graphs below show in green the minimum percentage of investments 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 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?***

The financial product does not commit to a minimum proportion of investment in transitional and enabling activities.

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

This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

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

This financial product may invest in sustainable investments but no commitment is made on a minimum percentage of sustainable investments.

(2) Fossil gas and nuclear activities will only be aligned with the EU Taxonomy if they contribute to limiting climate change ("climate change mitigation") and do not cause significant harm to any other EU Taxonomy objective - see explanatory note in the left margin. All criteria applicable to economic activities in the fossil gas and nuclear energy sectors that comply with the EU Taxonomy are defined in Commission Delegated Regulation (EU) 2022/1214.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments included in the category "#2 Other" of the financial product represent up to 25% of investments. Depending on the eligible instruments as defined in the product's prospectus, these may include derivatives traded on regulated or organised markets to expose and hedge the portfolio, cash and unrated issuers.
Derivatives and cash do not provide environmental or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

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

- ***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 information about the product is available on the website:**

More information about the Management Company's extra-financial approach can be obtained through the documents available on its website (https://www.lfde.com), in the "Responsible Investment" section, on the "To find out more" page, under "LFDE Documents - SFDR".

Additional information about the fund, in particular its regulatory documentation, is available on the Management Company's website (www.lfde.com), under the "Our Funds" section.

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 achieving 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.

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