

# IMPACT REPORT ECHIQUIER POSITIVE IMPACT EUROPE



2022



# intentionality

## Methodology

9 Sustainable Development Goal (SDG) "solutions" targeted

## Governance

80% of the **directors** on the Board of Directors of the Echiquier Impact SICAV are **independent**

## Objectives

2 **ex-ante impact objectives**<sup>1</sup> used to determine a portion of **variable remuneration** for fund managers

## Sharing value

€500,000 donated to the **Primonial Group Foundation** for 2022

# Actions to change the world

The impact philosophy of Echiquier Positive Impact Europe is based on three pillars that form the core of the fund's strategy

# additionality

## Patient investor

4 years and 2 months average holding period of portfolio companies

## Engagement

40 companies were subject of **active engagement** in 2022, 32 of which were still in the portfolio at 31/12/2022

## Success

66.4% of the **areas of improvement** sent to companies before 2021 were **achieved or partially achieved**

## Sectoral contribution

2 **working groups** on impact investing in which we participated in 2022

# measurability

## Impact assessment of portfolio companies

Through their activities, products and services, the companies in the portfolio contribute to the following nine SDGs:

**79.3%** of the revenue of companies in the fund contribute to one or more of the 9 business-oriented SDGs



€12.1 billion invested in medical research



49.2 million tonnes of CO<sub>2</sub> avoided through renewable energy production and improved energy efficiency



174,000 victims of fraud assisted



Medical care for 143 million patients



150,000 academic articles published in open access



260,000 hectares of forest preserved from logging to protect the water-related ecosystem



€4.03 billion invested in research for the modernisation and sustainability of industrial sectors

Investors should note that their investment in the sub-fund does not have a direct impact on the environment or society, but that the sub-fund seeks to select and invest in companies that meet the precise criteria set out in the management strategy.

1. Defined before the investment to align the impact objectives sought with the fund's impact case.

The aggregate figures presented above are based on information provided by the companies, either in their sustainability reports or in discussion with LFDE teams. Only tonnes of CO<sub>2</sub> saved are provided by Carbon4 Finance (coverage rate of 96.2%). Details of the data and the calculation methods used are provided in appendix 6.

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## Informations importantes

In this report, the abbreviation EPIE refers to the Echiquier Positive Impact Europe fund. From a methodological point of view, the term “impact” used in this report does not refer to a scientific definition that would make it possible to attribute the cause of a change to the fund’s financing actions or to the actions of the companies in the portfolio. The purpose of this report is to disclose the resources committed by the Fund and to estimate their effects on the investments made. It also aims to report on portfolio companies’ contributions to the UN’s Sustainable Development Goals, based on content and data disclosed publicly by companies as at 31/12/2022.



For more information on Better Way’s independent verification of this report, please refer to Appendix 7.

## Foreword

Olivier de Berranger  
Deputy Managing Director  
and Chief Investment Officer



## Recomposing the world

“This is not a time for tinkering. It is a time for transformation.” The words of the UN Secretary General, spoken at the United Nations General Assembly in February 2023, are a call for general mobilisation. If, halfway to the 2030 deadline, the distance still to be covered to achieve the 17 priorities defined by the United Nations to improve the world sustainably seems to be getting longer, and while the market context in 2022 was not favourable, we remain convinced of the power of impact investing on listed markets to contribute to this.

A pioneering fund launched in 2017, Echiquier Positive Impact Europe continues to write its history, and is increasingly successful in Europe, particularly in France and Germany. This fifth annual impact report looks back over 2022 and reports on the positive impacts and negative externalities of our investments, in relation to the 17 goals of this collective roadmap to which we strive to contribute over the years.

Upset by the war in Ukraine, 2022 proved to be a demanding year. In addition to the aftershocks of the Covid crisis, this conflict accelerated three major trends to which the fund is inherently exposed, namely the climate transition and energy sovereignty, the increase in healthcare spending and the digitalisation of companies. The Echiquier Positive Impact Europe management team has remained particularly committed to the companies in its portfolio, helping them to improve their impact in the service of the common good.

The requirements of the investment process of this Article 9 SFDR fund have been maintained. 100% of the companies in the portfolio are subject to a proprietary impact filter to ensure that their environmental or social contribution is in line with the fund’s impact case: ex-ante impact indicators supporting the impact case linked to additional variable remuneration for fund managers also contribute to this. Taking account of negative impacts – the principal adverse impacts (PAIs) – makes it possible to measure and avoid the possible negative externalities of our investments. One of the virtues of impact investing is that it distinguishes between financial materiality, i.e. the impact of the environment on the company, and impact materiality, i.e. the impact of the company on its environment. Supported by certain regulations and impact investing, this concept of double materiality is sharpening the awareness of the world of finance of its responsibility in this paradigm shift.

In keeping with its original dual aim, EPIE generate positive impacts through its investments and sharing the value created in favour of social impact projects.

We are experiencing a profound transition, a better balance between the model of shareholder capitalism and stakeholder capitalism. This is a beneficial change of model – and one to which we aim to continue contributing – that combines financial performance and intensifies our quest for impact. We take part in marketplace groups that are seeking to shape impact, such as the Global Impact Investing Network and the Institut de la Finance Durable.

While impact investors are leading the way, we need to mobilise everyone to build a more sustainable world, one in which negative impacts are weighed against the costs and benefits to society. It is a choice for society!

# Impact of the fund



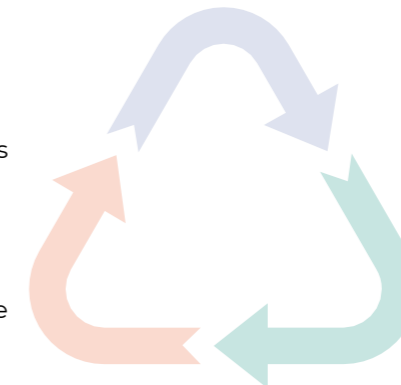
## Listed impact investing

Impact investing on listed markets is the new frontier of responsible finance. To differentiate itself from approaches that invest primarily in companies with the best environmental, social and governance practices, this form of investing must be able to go further and demonstrate its positive impact over time.

To achieve this, listed impact investing is dynamically structured around three characteristics: Intentionality, Additionality and Measurability.

### ■ measurability

Measuring the positive and negative impact of the Fund and the portfolio companies enables us to assess the quality of the mechanism as a whole and to report on the Fund's performance in a transparent way. To ensure the quality and reliability of this measurement, it is carried out annually in partnership with independent experts. The results of this measurement have an impact on investment decisions.



» For an impact fund, the annual publication of its impact measurement is an opportunity to refine the impact strategy, its specific objectives and its engagement with companies.

This continuous process of improvement enhances the intentionality and additionality of our impact funds.

### ■ intentionality

The intention to generate a positive environmental and/or social impact is the starting point for any approach in impact investing. Several components of intentionality are essential: the definition of ex-ante impact objectives and indicators, robust governance, dedicated internal resources, etc.

### ■ additionality

As a responsible investor, a fund must provide real, unique and differentiating added value to the companies it invests in. This is what we call additionality. Active, long-term engagement with companies should enable them to improve or increase their net impact, their environmental and social performance, and their governance.

# Contribution to the SDGs: proprietary methodology

The aim of this fund is to identify companies that make a specific contribution to the various SDGs, both through their products and services, and through their cutting-edge initiatives or internal practices. It is important to think in terms of net contribution in order to capture both the negative and positive externalities of companies.

## Analysis by SDG-targets

In our view, the United Nations' SDGs provide **an excellent international framework for cross-thematic impact analysis on listed markets**. However, the abundance of information on impact and the SDGs could limit calculations to the "positive" exposure of portfolio companies to sustainable issues that can be remotely linked to the SDGs.

EPIE has implemented a robust methodology for analysing the **net contribution** of companies to the specific targets of the SDGs. This analysis makes it possible to define precisely which activities contribute to each SDG and in what way.

## A net impact score capturing companies' positive and negative contributions to the SDGs

Through its ability to create jobs, invest in Research & Development and improve access to essential goods and services, the private sector has great potential to contribute to the SDGs. In our methodology, we capture this potential in two ways:

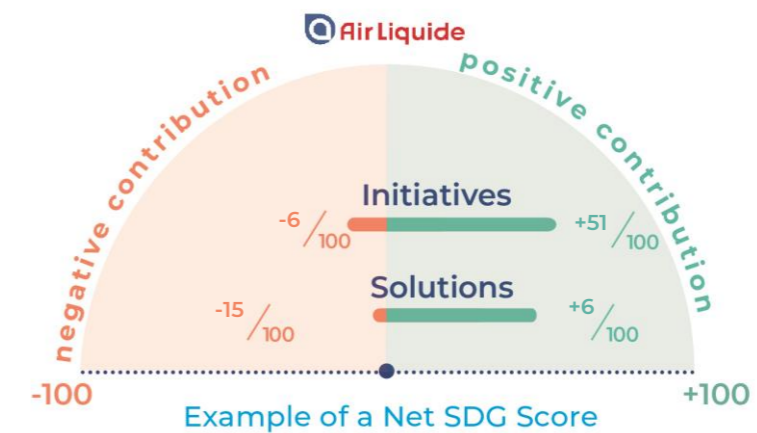
**1 SOLUTIONS SCORE** **Solutions Score, based on analysis of products and services**  
 LFDE has selected 9 of the 17 business-oriented SDGs. The contribution is measured on a net basis in order to capture any products and services that have a negative impact on one or more of these 9 SDGs:



For these 9 SDGs, we have mapped the activities that contribute positively and those that contribute negatively. The breakdown of the company's revenue between these activities gives a Net Score out of 100.

**2 INITIATIVES SCORE** **Initiatives Score, based on an analysis of social and environmental practices**  
 The aim of this second level of contribution is to highlight the leading social and environmental practices of companies that contribute to the SDGs and to penalise practices that contribute negatively to one or more of the SDGs. LFDE has mapped these practices for each of the 17 SDGs.

The average of these two Net Scores gives the overall score, the **Net SDG Score**, which can range from -100 to +100. Our rating system enables us to identify the most virtuous companies that they do no significant harm to other SDGs, either through their products and services or through the way they conduct their business.



### A ZOOM IN ON THE LATEST METHODOLOGICAL DEVELOPMENTS

As impact investing is in the process of being structured and developed, our processes are constantly being improved so that we can maintain our high standards and adopt the most innovative and rigorous approach possible.

Our last major project was to redefine and strengthen the criteria for awarding Initiatives Score points. To that end, we defined indicators by target for each of the 17 SDGs.

We have associated demanding thresholds to these indicators, allowing for the awarding of bonuses and malus.

The equally weighted sum of these points results in the Initiatives Score.

EXAMPLE

SDG	TARGET	INDICATOR	THRESHOLDS
	<b>1.2:</b> Making medicines, vaccines and diagnostics more accessible to people in low- and middle-income countries.	Ranking in the Access to Medicine Index	If in the TOP 5 = <b>Bonus 10 pts</b> If in the FLOP 5 of the ranking = <b>Penalty 10 pts</b>

# 2 Our investment approach under the microscope

**IMPACT THESIS >> Supporting European companies whose products, services and operations contribute to the United Nations' Sustainable Development Goals.**

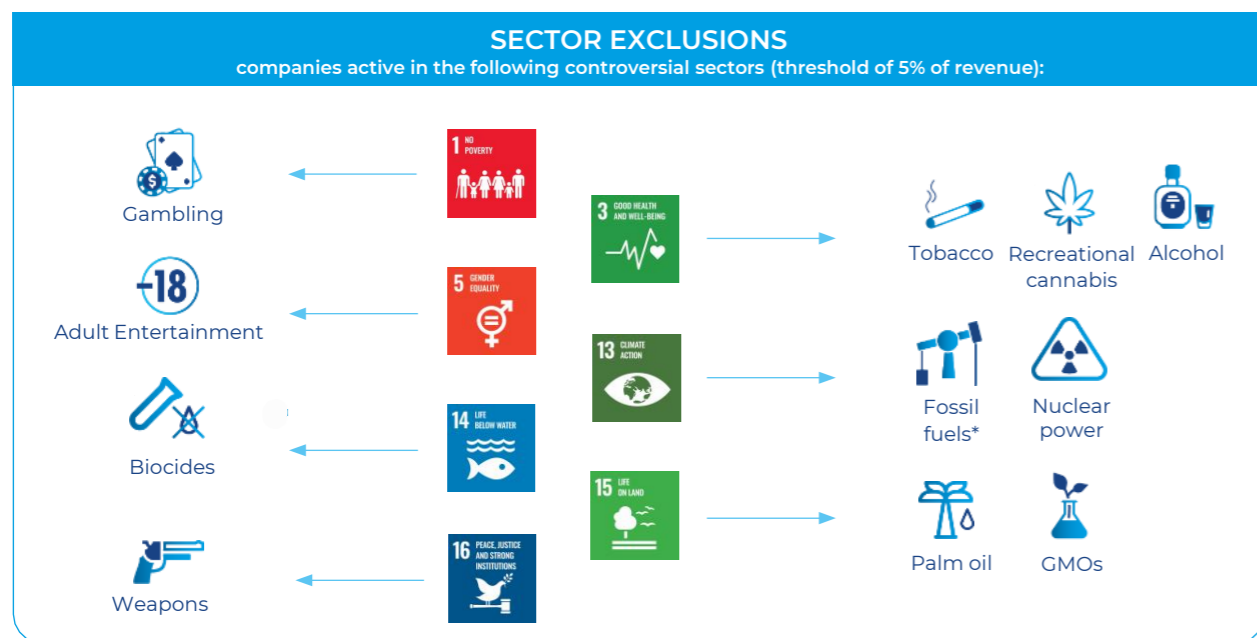
The **Echiquier Positive Impact Europe** investment process has five stages. Impact research is fundamental: ex-ante, proactive and systematic.

## 1 IDENTIFICATION OF COMPANIES CONTRIBUTING TO OUR IMPACT THESIS

Impact is the starting point for generating investment ideas. The Fund seeks to invest in European companies that contribute to our impact thesis.

## 2 EXCLUSION FILTER

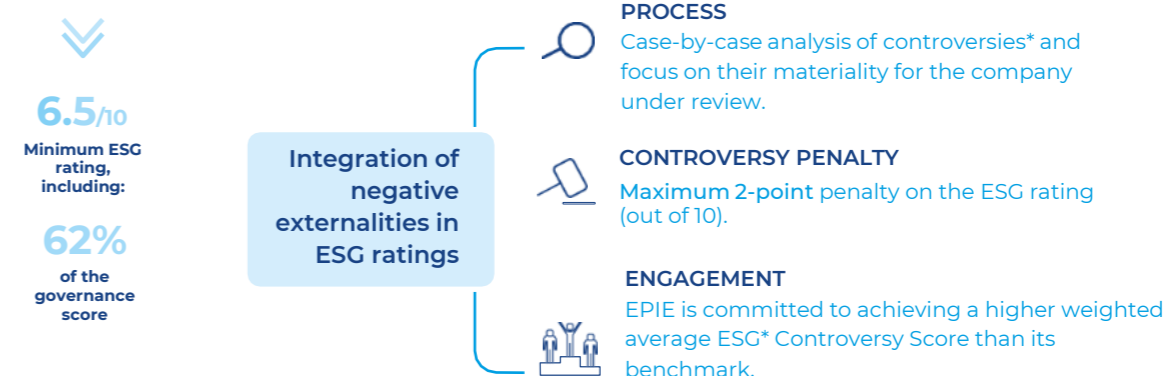
The exclusion filter is a safeguard against activities that contribute most negatively to the SDGs. It makes it possible to exclude from the portfolio companies involved in the **16** most harmful **activities and sectors**, contributing negatively to the SDGs, as well as companies with the most controversial practices.



\* including non-conventional and controversial hydrocarbons, and coal

## 3 ESG FILTER

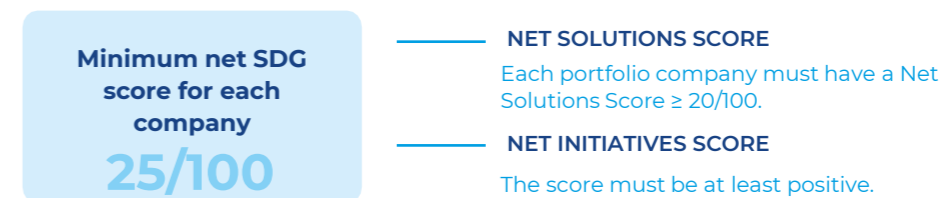
EPIE assesses the ESG performance of companies, focusing on the materiality of specific challenges. Particular emphasis is placed on governance analysis. The minimum ESG score threshold of 6.5/10 results in the exclusion of companies with poor governance and sustainability risk management.



\* Source: MSCI ESG Research. The ESG controversy score ranges from 0 to 10 (0 being the worst score).

## 4 IMPACT FILTER

The Net SDG Score is an average out of 100 of the Solutions Score and the Initiatives Score, enabling us to assess the net contribution of companies to the SDGs. Selling products and services with a high positive impact is not enough if a company does not act responsibly in its day-to-day business and in its relations with its stakeholders.



## 5 FUNDAMENTAL FINANCIAL ANALYSIS FILTER

- ◆ Meetings with management teams
- ◆ Investment cases: valuation, strategic analysis and buying and selling objectives

# 3 Governance for impact

Since the creation of Echiquier Positive Impact Europe in 2017, we have been committed to providing our impact funds with their own governance, capable of supporting this innovative listed impact investing project over time. This governance is essential to ensure the intentionality of our impact funds and the sustainable implementation of their strategy. Continuous improvement in the quality of our impact funds' governance is one of our key concerns.

Increasing dedicated resources and mobilising teams to roll out the strategy.

## Management Team

Composed of four managers and analysts combining sound financial and non-financial skills with a strong conviction on impact, with over 60 years' experience.

## Responsible Investment Research Team

Comprising four people independent of the management team, it provides support for the management of impact funds. The team is responsible for proprietary methodologies and their implementation. They challenge the management team and comes up with ideas for impact investment. The team is involved in the selection of projects financed by the Primonial Group Foundation, thanks to its permanent seat on the Education Committee. It is also very active in numerous working groups on impact investment topics.

## Board of Directors

Composed of five experienced professionals, the majority of whom are independent. Their complementary backgrounds provide the management team with in-depth expertise in the environmental and social impacts of investments. The role of these directors is to advise and challenge the work of the RI management and research team.

In addition to the work of our Board, we benefit from an external perspective on our approach during our annual impact monitoring and reporting process. **Better Way**, a consultancy specialising in impact, has been working with us for four years. Its expertise constantly stimulates our vision of impact on listed markets.

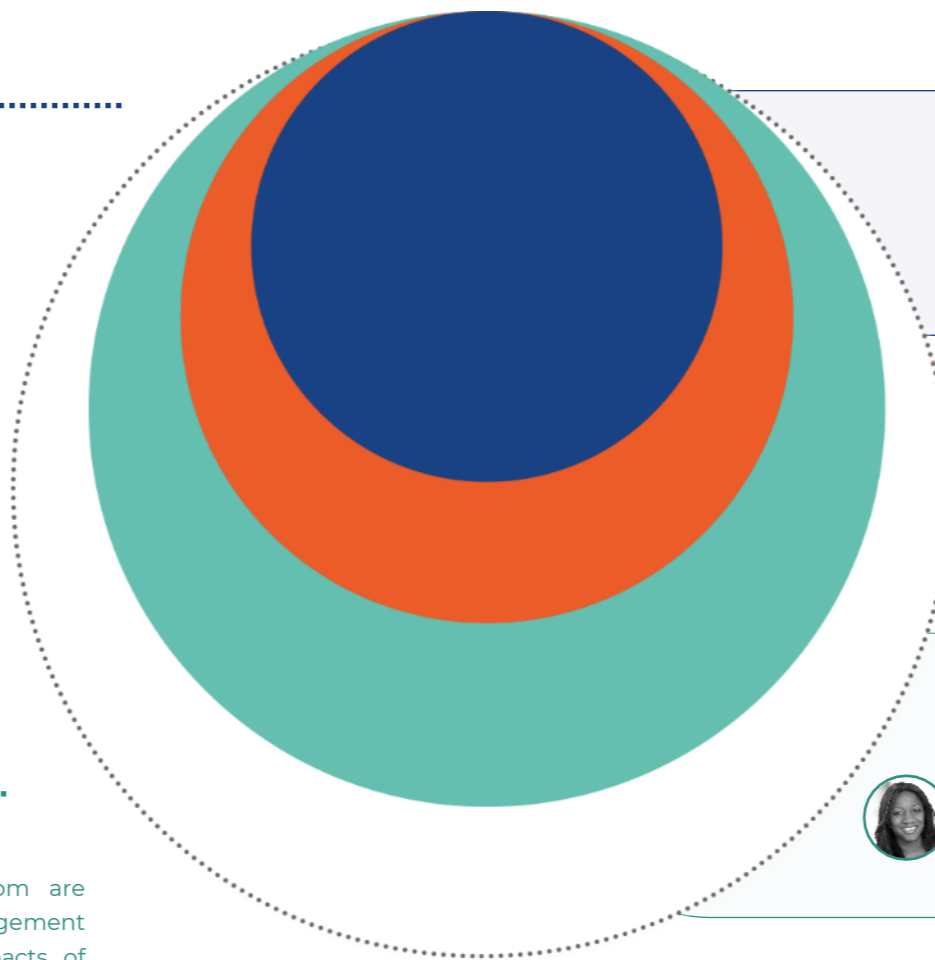


In 2022

### 4 BOARDS MEETING

Strong commitment | 100% attendance at plenary sessions

- ◆ Monitoring of ex-ante impact indicators
- ◆ Challenge on the development of impact methodologies
- ◆ Discussions on the impact of several investments
- ◆ Discussions on sustainable finance regulations
- ◆ Support for the launch of a social impact fund on access to healthcare
- ◆ Discussions on the redistribution of a portion of management fees



**Adrien Bommelaer**  
Team Lead – Fund Manager  
26 years' experience  
5 years @ LFDE

**Luc Olivier**  
Fund Manager  
5 years' experience  
5 years @ LFDE

**Paul Merle**  
Fund Manager  
19 years' experience  
2 years @ LFDE

**Marion Cohet Boucheron**  
Analyst  
10 years' experience  
2 years @ LFDE

**Coline Pavot**  
Head of RI Research  
8 years' experience  
5 years @ LFDE

**Valentin Vigier**  
SRI analyst  
6 years' experience  
2 years @ LFDE

**Antoine Fabre**  
SRI and financial analyst  
3 years' experience  
3 years @ LFDE

**Fanny Herbaut**  
SRI analyst  
2 years' experience  
2 years @ LFDE

**Thibault Couturier**  
Independent Director  
○ Habitat et Humanisme, Finansol  
△ CSR, SRI, Philanthropy  
□ Private banking

**Sophie L'Helias**  
Independent Director  
△ Governance, CSR, Legal, Diversity, Climate, United Nations Global Compact

**Faty Dembele**  
Independent director\*  
△ Impact investment, SRI  
□ Private Equity, Asset Management

**Bertrand Merveille**  
Non-independent director\*  
○ LFDE, AMF  
△ Internal Control, Philanthropy  
□ Asset Management

**Antoine de Salins**  
Independent Director\*  
△ Climate, Institutional Investors  
□ Impact Investing  
□ Financial sector

○ Organisations   □ Sectors   △ Areas of expertise

40%  
women

80%  
independent

### \* In accordance with best governance practices:

Faty Dembele has been considered independent since June 2020, five years after leaving her position as SRI analyst at LFDE.

Bertrand Merveille is considered non-independent due to his status as a director of LFDE.

Antoine de Salins is Executive Director of I Care, the consultancy firm that supported LFDE's teams from 2019 to 2021, particularly in the implementation of its climate and biodiversity strategy. Given the small amounts involved, the one-off nature of these services and after validation by our Compliance and Internal Control Officer, we have decided to maintain his independent status.

# 4 Sharing value with the Primonial Group Foundation



Since its inception, EPIE has had a twofold intention: to generate positive impacts through its investments and to share the value created with the Primonial Group Foundation, to which EPIE is currently a major contributor. Value is shared by redistributing part of the management fees.

In 2022, the redistribution made by EPIE in respect of 2021 contributed to :

### SDG 3 – Target 3.4



**VoisinMalin** is a nonprofit that employs and trains residents of priority neighbourhoods. Going door-to-door, they listen to their neighbours, informing and mobilising them about projects, services and rights in their daily lives that they often fail to claim due to lack of information, feelings of non-legitimacy or mistrust of institutions.

### SDG 8 – Target 8.6



**La Touline** is a scheme developed by Apprentis d'Auteuil to support the independence and entry into adult life of young people leaving the "Aide Sociale à l'Enfance" system. It is based on long-term individual support, a space for dialogue and meetings, and personal support in all areas – health, housing, food, training, employment, emotional life, etc.

### SDG 4 – Target 4.1



**The Fondation Espérance Ruralités** is helping to revitalise outlying France by developing a new model for schools tailored to the needs of rural areas.

### SDG 5 – Target 5.5



The **Maisons des Jeunes Talents** programme was designed to overcome the obstacles encountered by students from modest backgrounds who are admitted to preparatory classes for Grandes Ecoles in Paris. Action takes three forms: awareness-raising, preparation, and accommodation and support. 50 students were supported in 2022/2023.

30,000 for the door-to-door **campaign** dedicated to **mental health** for young people in the Lille Sud and Epeule neighbourhoods of Roubaix.

€25,000 i.e. **18 young people** supported.

25,000 for sponsorship of a **primary class** at Cours Clovis for the 2022/2023 school year.

€420,000 i.e. **30 students** accommodated and supported in 2022/2023.

**= €500,000**

In total, **43% of the Foundation's 2023 budget** will come from the redistribution of part of EPIE's 2022 management fees.

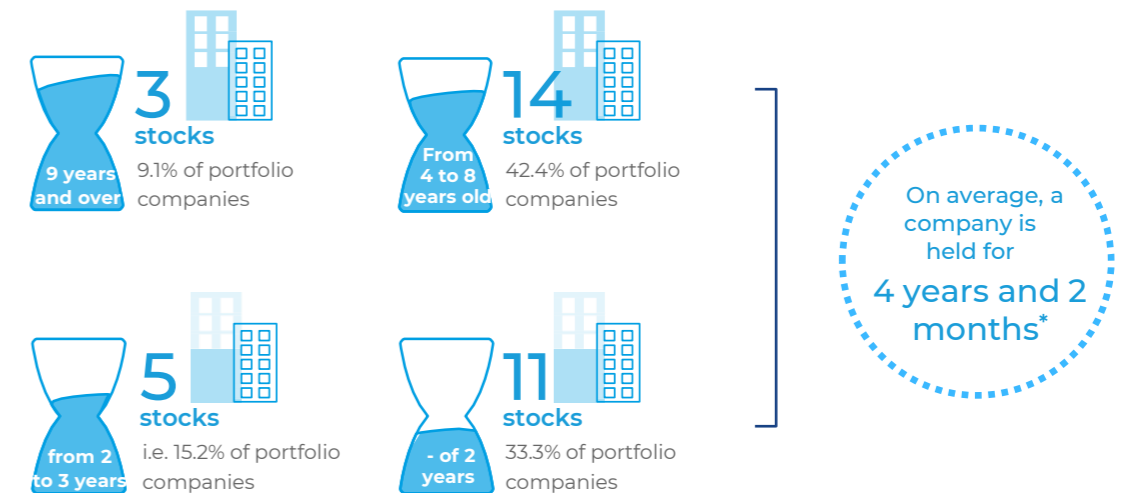
### Redistribution of management fees for the EPIE SICAV sub-fund

Every six months, the portion of the management fees distributed to the Foundation is paid into an account so that it is available at any time to finance solidarity projects.

Source: LFDE – Data at 31/12/2022.

# 1 A patient investor

As an impact investor, EPIE is a patient shareholder, acquiring stakes in companies in a long-term perspective. The breakdown of portfolio companies by length of holding is as follows:



Impact investor does not mean passive investor. The management team may decide to sell a company for financial reasons, but also in the event of controversy or insufficient impact.

A look back at a divestment that marked 2022:



We divested from Voltalia, one of France's leading developers of renewable energy plants with international operations. This decision was motivated by the deterioration in the quality of governance: the shareholder family has increased its influence on the Board of Directors, thereby undermining what were already inadequate checks and balances, and the related-party agreements with the shareholder family remain in force. Despite several attempts of engagement, we feel it is impossible to establish a long-term dialogue with the company.

Making an impact through engagement with companies is the very essence of an impact investing process. When this is not possible, our potential for impact is limited, leading us to divest.

\* Unweighted average holding period of portfolio companies at 31/12/2022  
Source: LFDE – Data at 31/12/2022



# 2 An investor committed to supporting businesses

Shareholder engagement has been central to our relationship with companies for many years. This engagement, which takes various forms, drives our dialogue with them. We are fully aware that we are not solely responsible for the progress made by the companies in which we invest. However, we do our utmost to provide them with the support they need and to play a decisive role in helping them to achieve continuous improvement. There are many opportunities for dialogue with companies throughout the year on various aspects of sustainability, including impact.

## LFDE's engagement for EPIE in 2022:

### Annual General Meetings (AGMs)

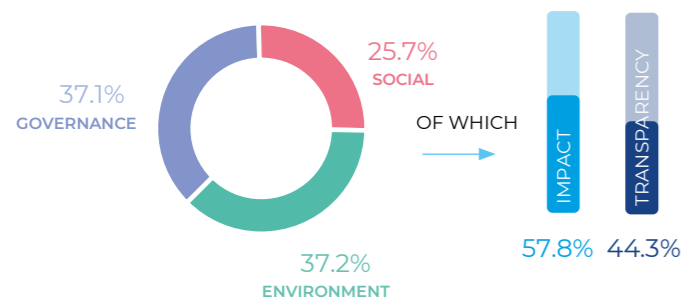
We are committed to voting at 100% of AGMs. Particular attention is paid to environmental and social resolutions, with time for discussion before the AGM to clarify certain resolutions and after the AGM to inform companies of our opposition and help them to progress.

- ◆ 1 pre-AGM engagement
- ◆ 11 post-AGM engagements
- ◆ 14.2% votes against
- ◆ 1 environmental resolution voted and supported at a company AGM

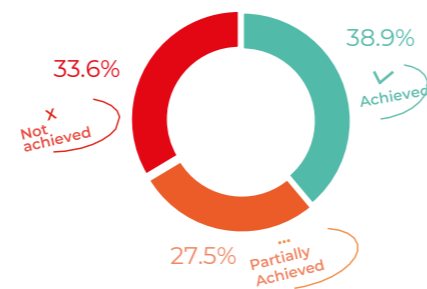
### ESG and Impact analysis

During our analysis, we engage in systematic dialogue with the companies we invest in, sharing a number of specific areas for progress. These form our sustainability objectives, which we monitor on an ongoing basis.

- ◆ 70 areas of improvement transmitted to 20 companies:



- ◆ Outcomes in 2022 of the 155 areas of improvement transmitted to 34 portfolio companies before 2021:



### Collaborative engagement

**Joining forces with other investors on specific themes sends an even stronger signal to company directors.**

Two collaborative engagement campaigns on climate and biodiversity targeting seven portfolio companies in 2022:

- ◆ **CDP Non-Disclosure campaign** to encourage companies to be more transparent about their environmental impact. We signed up as a **Lead Investor** with three companies. This was successful with Adidas, partially successful with Svenska Cellulosa and unsuccessful with Covestro. We are also involved as **Co-Lead Investor**, with the following four companies: Chr.Hansen, Halma, Neoen and Novozymes.
- ◆ **CDP SBT campaign** to encourage companies to adopt climate targets in line with the Paris Agreement. We took part in the **2021/2022 campaign**, which targeted 1,610 companies worldwide. Of these, **96 have made a Net Zero commitment** and 213 are planning to do so. This includes two portfolio companies, ASML and Experian. We have re-committed for the 2022/2023 campaign.

### Other opportunities

**We engage with companies on an ongoing basis and in a variety of ways throughout the year to help them take steps towards greater responsibility and impact.**

- ◆ We continue our engagement with companies divested as a result of controversy.
- ◆ We organise an annual multi-stakeholder engagement seminar on climate and biodiversity, bringing together companies, investors and experts.
- ◆ We respond to their requests when they wish to establish their materiality matrix.



# 3 A committed investor alongside companies

## VOW

Since 2021, we have been a shareholder of Vow, a company that develops waste recovery and water purification technologies. Its solutions help reduce the negative impact of certain highly polluting industries such as fishing, aquaculture and maritime cruises. 2022 was marked by the continuation of our close engagement with the company through a number of interactions.

### CSR progress

At the beginning of the year, we spoke to Vow's Chief CSR Officer to review our engagements since we acquired a stake in the company and to follow up on their participation in the Climate Strategy Workshop as part of our 2021 Climate and Biodiversity Meetings. We asked Vow to formalise its environmental policy, to set up a process for the selection and non-financial auditing of its suppliers, and to elect an independent director to its board. We could see that the company was mobilised and that our 2021 recommendations were on the way to being implemented in 2022.

### Annual General Meeting

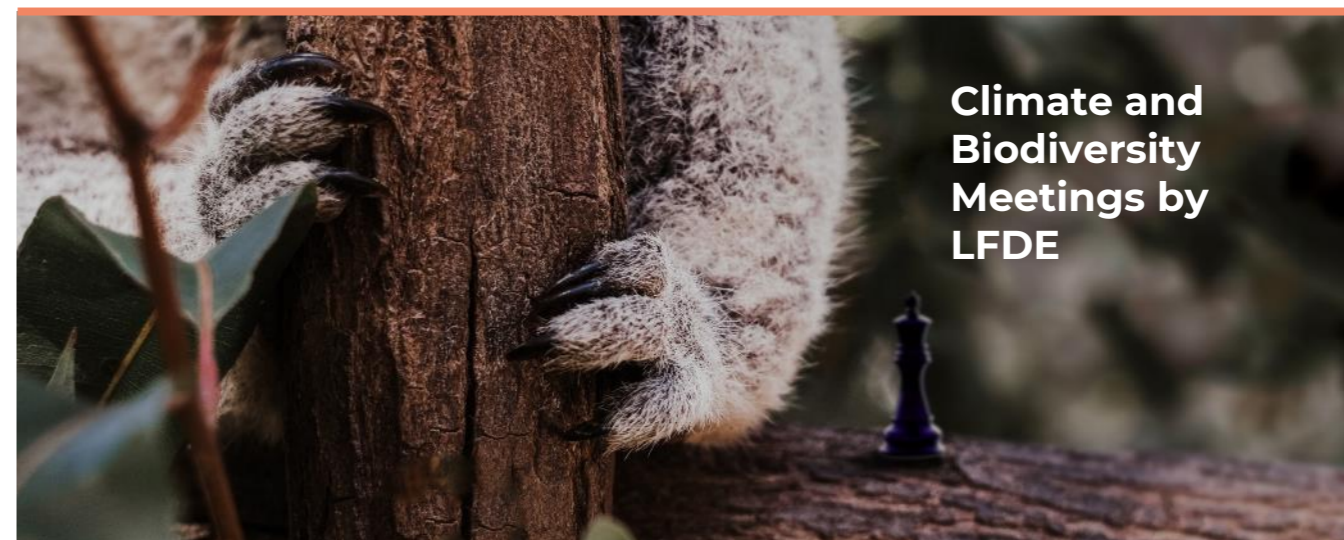
We contacted Vow to explain our reasons for our negative votes at the 2022 AGM. This exchange was an opportunity to explain why we were opposed to the resolutions relating to the group's executive remuneration policies. First, we want a short-term variable remuneration scheme to be introduced for all members of the Executive Committee, linked to performance criteria and with a vesting period of at least three years. Second, we explained our vote against their so-called "bundle" resolution, which does not allow for an independent assessment of the legitimacy of each of the directors.

### Long-term

Satisfied with Vow's progress on our various engagements, we offered the company long-term support to improve its practices on a number of material issues. We outlined several areas for medium-term progress to the Chief CSR Officer:

- Provide more details on the ESG criteria used to select suppliers.
- Disclose the number of audits (with % of COGS\*) in the annual report.
- Use external audits (such as EcoVadis) as a complementary tool to internal audits
- Report Scope 3 GHG emissions
- Calculate and disclose impact indicators linked to the business: tonnes of CO<sub>2</sub> avoided and volume of waste and water treated.

\* Cost Of Goods Sold



## Climate and Biodiversity Meetings by LFDE

For this second edition, La Financière de l'Echiquier (LFDE) brought together experts, companies and clients in order to mobilise its entire ecosystem, encourage the sharing of best practices and to identify concrete initiatives to fight against climate change and preserve biodiversity.

These Meetings are part of the ambitious Climate and Biodiversity strategy adopted by LFDE in 2021. It allows us to consolidate our commitment towards all of our stakeholders.

Three workshops were organised:

**1. EUROPEAN TAXONOMY:** Discussions on the difficulties encountered linked to regulatory changes: transition from eligibility to alignment, revisions of texts, etc. Investors emphasised the need for companies to communicate in an informative way.

#### Participating companies:

▶ Air Liquide, Elis and Thermador Groupe

**2. JUST TRANSITION:** Discussions on "just" climate transition. Companies and investors put forward solutions to address the challenges of training, access strategy and involvement of the various stakeholders (employees, local communities, etc.). The role of governments through regulation was highlighted.

▶ Iberdrola, Acciona Energie and EDF

**3. BIODIVERSITY & FORESTS:** Discussions on best practices in the sector, such as certifications and their specific features, and the use of high value added wood. Regulations and reporting obligations are encouraging greater transparency, leading to improved practices within the sector.

▶ SIG and Borregaard

# 4 A commitment to impact

The increasing integration of ESG criteria into asset management has redirected part of the flow of capital towards the most virtuous companies. This trend is supported by stimulus plans for green growth and by certain regulations, such as the European taxonomy.

These new variables could, however, lead to the over-valuation of certain assets considered to be “green” or “impact”, or whose contribution to the UN’s Sustainable Development Goals is highly visible. We are therefore particularly wary of the risk of a “green bubble”.

Since its inception, EPIE has adopted a unique approach to selecting companies. This positioning enables us to value companies whose positive impacts are not always identified by the market. To that end, we select stocks according to two types of impact: **DIRECT** and **INDIRECT**.

Companies generating indirect positive impacts often receive less funding. Our funding therefore supports their strategy of making a greater impact at the heart of their business model. We disclose our classification of each portfolio company in full transparency in Appendix 4.

## DIRECT IMPACT

15 companies including AstraZeneca, Vow, SCA and Experian.

Companies for which the impact comes from the direct use of their product and services by end-users.

The impact of these companies is generally well identified by the market, as they operate in sectors with a high impact – health, insurance, sustainable mobility, renewable energies, etc.

## INDIRECT IMPACT

18 companies including L’Oréal, Esker, Adevinta and Wavestone.

Companies that have an impact upstream, along the value chain:

- Via products or services that improve the impact of their B2B customers along the value chain,
- Those whose product design has a positive impact through ambitious eco-design or carbon neutrality initiatives.

These impacts, which are not as well identified by the market, are significant but more indirect. They encourage the transformation of the productive fabric.

# 5 Active participation in the growth of listed impact investing

## The boom in listed Impact investing

As the practice is not yet mature, we are convinced that it needs to be rolled out within a demanding framework if it is to develop with full credibility and encourage the redirection of financial flows towards companies that provide solutions to environmental and social challenges. So our teams are actively involved in contributing to market discussions by their participation in working groups, in order to promote best practice in listed impact investing.

### In 2022, we took part in 12 working groups, including 2 on impact investing:

#### ◆ Impact Investing in Listed Equities by the Global Impact Investing Network (GIIN)

This working group brings together some 60 investors to discuss the transposition to listed markets of the GIIN’s main features of Impact Investing, which were initially designed for non-listed markets.

#### ◆ A common definition of impact by the “Institut de la Finance Durable” (formerly Finance For Tomorrow)

2020 saw the start of work by the FIR and France Invest to define impact investing. In 2021 and 2022, the Institut de la Finance Durable developed further versions of this work. LFDE contributed to the debates within several sub-groups, in particular those related to the impact charter and the formulation of proposals for an “impact” version of the French government’s SRI label.

## Education and external outreach

We have a role to play in raising our clients’ awareness of impact investing. To do so, we have developed a number of educational initiatives:



### SRI & Climate School by LFDE

These two programmes are designed to raise our clients’ awareness of responsible finance and the climate.

- > More than 300 people were trained at the SRI School in 2022, bringing the total to more than 2,067 since its creation in 2019!
- > 124 people have been trained at the Climate School created in 2022.



### Podcast "Un pied devant l'autre"

This educational podcast on responsible finance gives the floor to various experts to guide listeners wishing to align their values with their investments.

10 episodes, including one dedicated to impact finance, with over 6,629 listens already!



### Media coverage

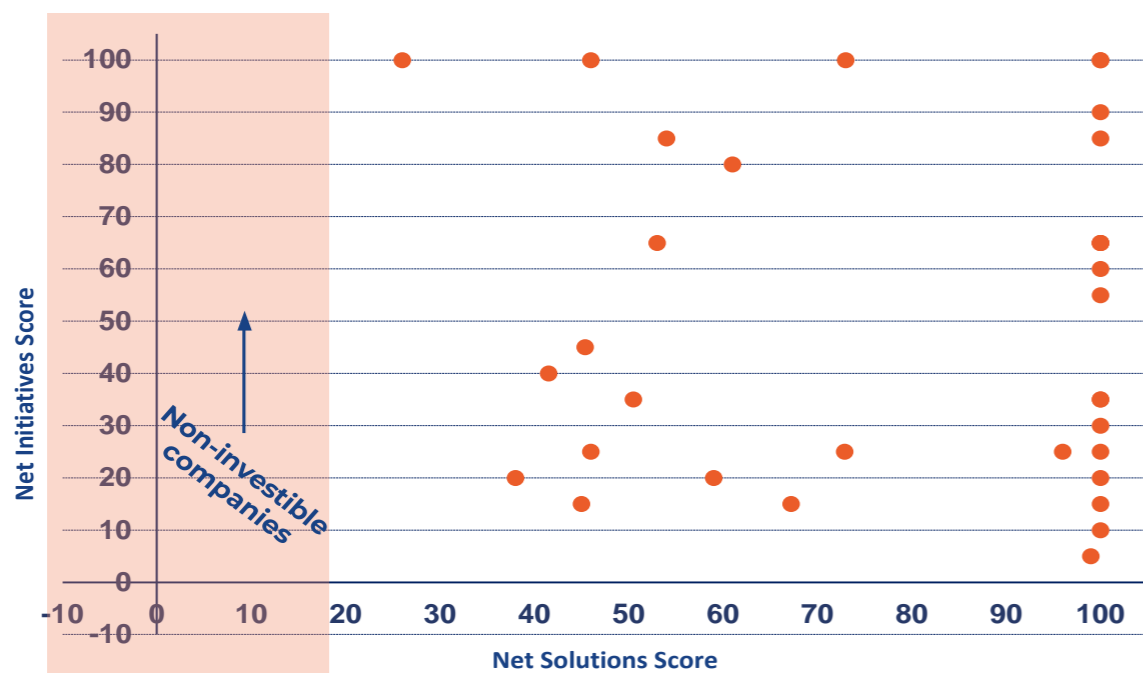
More than 80 press articles in 2022, as well as several events dedicated to the Fund and impact. A high profile that reflects the growing importance of these issues.

# Positive contribution to the SDGs

The Fund's impact can be assessed either at the aggregate portfolio level, or at the level of each company. This step is essential, because accountability to end investors is of paramount importance for an impact investor.

The Solutions and Initiatives Scores (pages 8 and 9) are EPIE's proprietary methodology scores for analysing the contribution of portfolio companies to the SDGs.

The average of the two scores is known as the "SDG Score".



## Climate impacts of companies at portfolio level

	Weighted average carbon intensity (in teqCO <sub>2</sub> )	Weighted average intensity of emissions saved (in teqCO <sub>2</sub> )	Eligible green share	Climate trajectory
Portfolio	92.2 ★	8.1	44.9% ★	1.9°C ★
Benchmark	199.0	14.9 ★	19.2%	2.7°C

Source: Carbon4 Finance – Data at 31/12/2022 with a coverage rate of between 96% and 99% – See methodology in Appendix 5.

★ = best performance

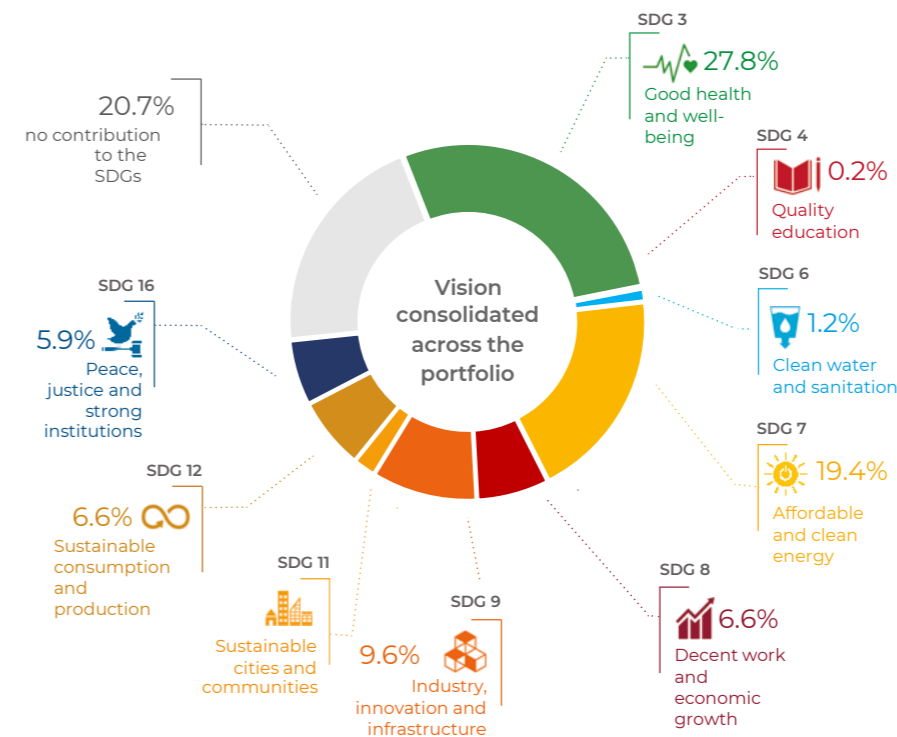
\* According to the C4F methodology, this is a proxy for eligibility for the European Taxonomy.

### COMMITMENT

EPIE is committed to having a weighted average carbon intensity according to the WACI method (Carbon4 Finance's Weighted Average Carbon Intensity) that is lower than its benchmark.

## If Echiquier Positive Impact Europe were a company...

... **79.3%** of its revenue would contribute positively to the 9 business-oriented SDGs (vs 73.5% in 2021 and 75.0% in 2020).

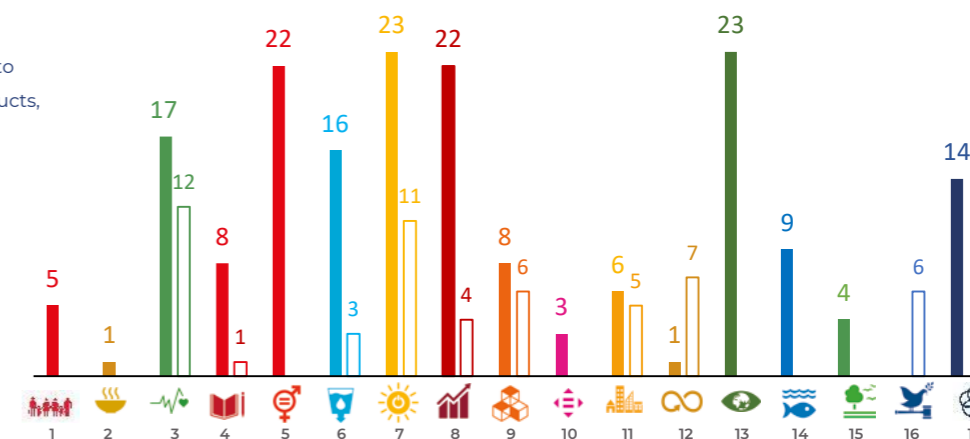


**Methodology:** For each SDG, the share of revenue generated by a company is multiplied by its weight in the portfolio. The contributions are then aggregated by SDG.

**Key:** "If Echiquier Positive Impact Europe were a company, 27.8% of its revenue would contribute to SDG 3."

Number of companies contributing to each of the SDGs through their products, services and initiatives:

Initiatives Score: ■  
Solutions Score: □



at 31/12/2022

**17 portfolio companies** are contributing to the achievement of SDG 3 through their initiatives, such as prevention campaigns on issues like alcohol and communicable diseases aimed at civil society, and the harmonisation of employee benefits in the various countries where they operate.

**12 portfolio companies** contribute to products and services to support SDG 3, either by marketing treatments for various diseases or insurance products, or developing medical devices.

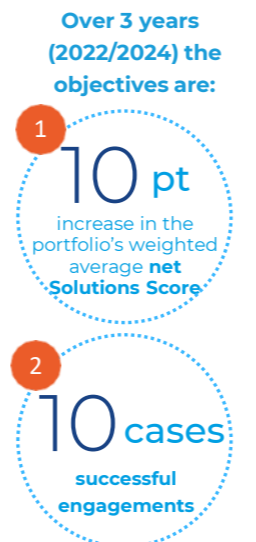
Source: LFDE – Data at 31/12/2022

## 2 Impact and remuneration

From 2022, we have included **ex-ante impact targets in the variable remuneration policy for the portfolio managers of our impact funds**. These targets will be measured over a three-year period. The aim of this approach is to reinforce EPIE's intentionality and align our interests with those of our clients, based on the Fund's impact thesis. The **two impact objectives are equally weighted**.

The portion concerned is indexed to the ex-ante impact objectives and operates on **a progressive and linear basis, with a minimum threshold** from which the manager begins to receive part of the variable remuneration.

For example, from an increase of 5 to 6 points in the Solutions Score, the manager becomes entitled to half of the amount linked to this objective. Below that, there is no entitlement.

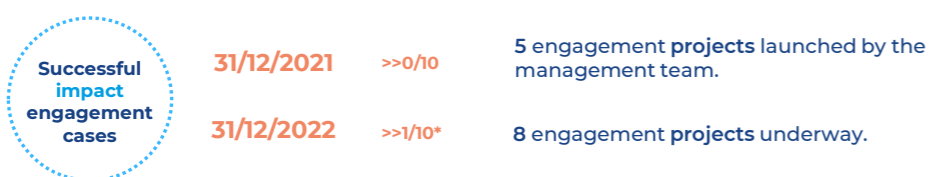


The aim of this approach is to encourage managers to improve the Solutions Score of the companies in their portfolios, by aligning their interests with their contributions to the SDGs. Each year, our progress towards these objectives will be communicated in this impact report. The starting point for measuring these targets is 31/12/2021.

### 1. EPIE Solutions Score



### 2. EPIE's engagement



A successful engagement case must enable the company to make progress on one of the **dimensions** of the **impact** of the Solutions Score. LFDE's contribution must be demonstrated, notably through the transcription of exchanges between the company and the management team, as well as their recurrence. Achievement of this objective will be **independently monitored** and **validated** by the Board of Directors of the Echiquier Impact SICAV and the LFDE RI Research team.

\* Subject to approval by the fund's Board of Directors.

# Impact of investee companies

We have decided to illustrate the impact of the companies invested in through a series of "SDG ZOOMS". The aim is to highlight the contribution of the companies in the Echiquier Positive Impact Europe portfolio, as at 31/12/2022, to the four most highly represented SDGs in the fund out of the nine SDGs used in the Solutions Score. Each focus is devoted to a specific company and illustrates its contributions to the SDG in question. The focuses present the intentionality, additionality and measurability of each company's contribution.

The information presented is taken from the latest company publications or from analysis and dialogue between LFDE's teams and the companies concerned. Unless otherwise indicated, the data used relate to the 2022 financial year. The data may vary over time.

The ESG scores and the Solutions and Initiatives Scores are the latest available, bearing in mind that the analyses are updated every two years. The same applies to the percentage of revenue contributing to the SDGs, which is that collected as of the date of the analysis. Given the periodicity of the analyses, the oldest underlying data relate to the 2020 financial year.

We also wanted to go further in the analysis of the positive contribution of portfolio companies to the SDGs by presenting the LFDE teams' analysis for each company by target, in the form of a table in the appendix.

The negative contributions to the SDGs made by certain portfolio companies are also reported in a dedicated insert.

Investors should note that their investment in the sub-fund does not have a direct impact on the environment or society, but that the sub-fund seeks to select and invest in companies that meet the precise criteria set out in the management strategy.

# Good health and well-being

## Portfolio focus

12 portfolio companies contribute to SDG 3 through their products and services and 17 through the way they conduct their business.

## Company focus



Novo Nordisk is a Danish pharmaceutical company and a leader in the treatment of chronic diseases, mainly type 1 and type 2 diabetes, but also obesity and haemophilia.



### intentionality

- ◆ **100% of revenue** is derived from the prevention and treatment of non-communicable diseases, contributing to target 4 of SDG 3.
- ◆ **Objective:** ensure that people suffering from chronic disease can fully live their lives.
- ◆ **Objective:** take the treatment of diabetes one step further and develop an innovative range of solutions for the treatment of obesity.

### additionality

- ◆ **Accessibility:** Defeat Diabetes strategy focused on innovation and accessibility of diabetes treatments, in particular through six programmes promoting access to care.
- ◆ **Prevention:** Cities Changing Diabetes prevention programme to be rolled out in 45 cities by 2022.

### impact measurement

- ◆ **36.3m patients** benefiting from diabetes solutions, i.e. +1.7m compared with 2021, including 5.5m thanks to a dedicated access-to-care programme
- ◆ **41,033 disadvantaged children** have benefited from the Changing Diabetes® programme, up 29% on 2021. The group's objective is to reach **100,000 children** by 2030.

In 2022...

### Negative contribution

Aalberts received a 3-point penalty on its Solutions Score for SDG 3 because around 3% of its revenue is derived from activities linked to the sale of alcoholic beverages.

### Focus

Through its Patient Assistance Programme, Novo Nordisk provides free diabetes medication to people in need. More than 63,000 people received free insulin in the US in 2022. In particular, the programme has been extended to offer insulin to people affected by job loss due to Covid-19.

# Clean and affordable energy

## Portfolio focus

11 portfolio companies contribute to SDG 7 through their products and services and 23 through the way they conduct their business.

## Company focus



As the world leader in innovative semiconductor materials, Soitec plays a key role in the microelectronics industry by offering innovative and competitive solutions to further miniaturise chips, increase their performance and reduce their energy consumption.



### intentionality

- ◆ **100% of revenue** generated by clean energy and energy efficiency, contributing to target 3 of SDG 7.
- ◆ **Mission:** "We are the innovative soil from which smart and energy efficient electronics grow into amazing and sustainable life experiences."
- ◆ **Objective:** a stated ambition to contribute to the transition towards a sustainable economy through innovation.

### additionality

- ◆ **Energy efficiency:** Soitec's products improve the energy efficiency of electronic devices while enhancing their performance. Used by 80% of the world's population, they are essential to achieving the objective of limiting global warming to 1.5°C by 2050.
- ◆ **Innovation:** more than 3,700 active patents filed, including 283 in 2021-2022.

### impact measurement

- ◆ **1,144,000 teqCO<sub>2</sub> avoided** in 2021-2022 through energy savings from the use of Soitec products in end-use applications such as smartphones.
- ◆ **41% reduction** in energy consumption per unit produced since 2016.
- ◆ **11% of revenue** devoted to Research & Development

In 2022...

### Negative contribution

Spie received a 7-point penalty on its Solutions Score for SDG 7 because almost 7% of its revenue is derived from activities linked to fossil fuels.

### Focus

Soitec has implemented a number of eco-design initiatives, notably for its new SmartSiC product, reducing greenhouse gas emissions by 20,000 tCO<sub>2</sub> per 500,000 wafers produced.



ODD 9



ODD 9

# Industry, innovation and infrastructure

## Portfolio focus

6 portfolio companies contribute to SDG 9 through their products and services and 8 through the way they conduct their business.

## Company focus



ASML is a Dutch company that designs and manufactures lithography equipment for the semiconductor industry.



### intentionality

- ◆ **100% of revenue** derived from the manufacture of lithography machines that reduce the size and energy consumption of semiconductors.
- ◆ **Mission:** "Unlocking the potential of people and society by pushing technology to new limits."
- ◆ **Objective:** by 2025, reduce energy consumption per wafer by 60% compared with 2018, thanks to new machines.

### additionality.

- ◆ **Investments:** creation of the €85 million DeepTechXL fund with several partners to invest in innovative companies with a positive environmental impact.
- ◆ **Education:** €14 million invested and 4,180 hours of mentoring to support start-ups and scale-ups in the high-tech sector.
- ◆ **Innovation:** €14.7 million contribution to research projects within the European Union.

### Impact measurement

- ◆ **345 lithographic systems** sold
- ◆ **95% of systems** sold over the last 30 years are still in operation
- ◆ **87% reuse rate** for parts returned to the factory
- ◆ **€3.3 billion in R&D expenditure** – a 27.7% increase compared with 2021

In 2022...

### – Negative contribution

Munters received a 10-point penalty on its Initiatives Score for SDG 9 (target 5) because its R&D expenditure as a percentage of revenue was well below the sector average.

### 🔍 Focus

ASML is committed to a circular economy approach by creating a range of refurbished products and ensuring that its machines can be repaired. By the end of 2022, ASML had refurbished and resold more than 540 lithography systems.





# Sustainable consumption and production

## Portfolio focus

7 portfolio companies contribute to SDG 12 through their products and services and one through the way it conducts its business.

## Company focus

### CRODA

Croda is one of the world's leading manufacturers of chemical products. Its products are used in the pharmaceutical, energy and crop protection sectors.



#### intentionality

- ◆ **38% of revenue** derived from products made from raw biosourced materials, thereby contributing to target 2 of SDG 12.
- ◆ **Mission:** "Smart science to improve lives"
- ◆ **Objective:** use 75% biobased raw materials by 2030.

#### additionality

- ◆ **Innovation:** more than 1,500 patents filed across 250 patent families.
- ◆ **Ecosystem:** an open, collaborative innovation model involving more than 500 external partners.
- ◆ **Accessibility:** contribution to the development of 17 of the 24 vaccines considered priorities by the World Health Organisation (WHO).

#### impact measurement

- ◆ **59.4%** biobased materials
- ◆ **687,926 teqCO<sub>2</sub> avoided** thanks to Croda products
- ◆ **53,486 hectares** of land saved through the crop yield improvement programme
- ◆ **2 breakthrough technologies** that protect biodiversity and mitigate the impact of climate change and soil degradation launched in 2022

In 2022...

#### Negative contribution

No portfolio company is making a negative contribution to SDG 12 through its products, services and/or initiatives.

#### Focus

Through the Flue2Chem Innovate UK project, Croda is working with other players in the UK chemical industry to demonstrate the technical and economic feasibility of producing alkoxyated surfactants from carbon (CO<sub>2</sub>). This would enable a sustainable transformation of the chemical industry.

# Appendices

## Appendix 1 - Fund progress initiative

Our approach as an impact investor is intended to be sincere and pragmatic, with continuous improvements in order to keep pace with industry developments and improve its quality from year to year.

We therefore aim to be transparent about the work we are undertaking for 2023, with the goal of enhancing the intentionality, additionality and measurability of this Fund and in turn strengthening the robustness of the impact approach.

To that end, we have identified four issues that will form the basis of our work in 2023:

### Theory of change

The **theory of change** corresponds to the strategy of planning actions linked by a causal chain from the initial decision of the financial actor to the impact for the final beneficiary.\* Although the Fund's theory of change was determined when it was launched, **we now wish to formalise it**. Formalisation will enable us to better explain the causal chain (resources, products, results, etc.) that enables the Fund to produce the expected impacts.

### Remuneration & Engagement

Of the two ex-ante impact indicators selected, one relates to the success of 10 impact engagements. The characteristics of "success" have been defined in advance. To be eligible:

- The engagement must enable the company to make progress on one of the dimensions of the impact of the Solutions Score.
- LFDE's contribution must be demonstrated, notably through the transcription of exchanges between the company and the management team, as well as their recurrence.

Despite this, there is still a significant amount open to interpretation. For this reason, **follow-up work** will take place in 2023 with the support of the Board of Directors of the Echiquier SICAV to validate the engagement themes, identify the progress of the actions undertaken and their potential success.

Beyond these examples, we continue to improve our impact methodology by keeping a close eye on changes in standards and the emergence of new indicators.

### Working groups

We are **mobilising to contribute discussions and work in the working-groups** to promote best practice in listed impact investing. Through this mutual sharing, we **aim to gradually implement cutting-edge practices that emerge** in our own approach. This is particularly true of the lessons learned from the GIIN and Institut de la Finance Durable working groups.

### Institute of Sustainable Finance

In 2021, the Institut de la Finance launched several working groups with impact investing stakeholders, which resulted in the publication of various deliverables including an impact charter and a grid for assessing a fund's potential contribution to sustainable transformation.

Having contributed to its work, we wish to **demonstrate our transparency** by publishing on our website the details of our response to this grid as well as the outcomes obtained for each of our impact funds. As work is still in progress to finalise the "listed equities" version of this grid, we will endeavour to implement the necessary actions to obtain the minimum score required. This will be an opportunity to identify practices where we can make further progress.

\* Source: Institut de la Finance Durable

In 2019, the European Parliament will introduce the Sustainable Finance Disclosure Regulation (SFDR), which will set out the framework for sustainable development disclosures in the financial services sector.

Under the SFDR, funds with a **sustainable investment objective** that aim to have a positive measurable impact on the environment and society can be classified as **“Article 9”**. They differ from those classified as “Article 8” funds, which simply promote environmental and social characteristics.

### Why have we classified EPIE as “Article 9”?

#### The Fund meets the three conditions required by the SFDR

##### Contribute to an environmental or social objective

✔ **Environmental and social objective** > 100% of portfolio companies are subject to a proprietary impact filter to ensure that they contribute to the Fund’s impact thesis.\* (p.8 and 11)

✔ **Taxonomy** > EPIE invests in **companies whose activities are eligible for the European taxonomy**. At this stage, the Fund is committed to a 0% alignment with the European Taxonomy. (p.23 and 23)

✔ **Alignment with the impact thesis** > **Ex-ante impact indicators** supporting the impact thesis linked to additional **variable remuneration for fund managers** have been defined. (p.24)

✔ **Measuring the achievement of objectives** > We annually measure the achievement of the **ex-ante impact indicators** included in the remuneration policy for fund managers. EPIE is also committed to **outperforming its benchmark on two indicators, including carbon intensity**. (p.22 and 24)

##### Do no cause significant environmental or social harm

The choice of each portfolio company is based on three complementary filters and the consideration of the principle adverse impacts (PAI) ensuring that our investments do not cause such harm:

✔ **Exclusions** > A rigorous **policy of sector and normative exclusions** reduces the Fund’s exposure to social and environmental damage. (p.10).

✔ **ESG analysis** > Systematic analysis of each company enables us to invest only in companies **that manage their environmental and social impacts effectively**. This analysis takes into account the main negative impacts. (p.11).

✔ **Impact Analysis** > EPIE’s Impact Score is a **Net Score** that integrates the negative social and environmental externalities of companies at all levels of their activities. It enables us to select only those companies whose positive impact is significantly greater than their negative impact. (p.8 and 9)

✔ **Principle Adverse Impacts (PAI)** > EPIE takes into account the PAIs of its investments in terms of sustainability factors, through **14 mandatory indicators and 2 additional ones**, as part of its responsible investment approach.

##### Demonstrate good governance practices

Governance is central to our analysis:

✔ **Good governance practices** > A **minimum ESG rating** of 6.5/10 (62% of which is based on governance) is required to be included in the EPIE portfolio, to ensure that companies have good governance practices (sound management structures, remuneration, etc.). (p.11)

✔ **Governance and Controversies** > Particular attention is paid to the analysis of controversies, which are often rooted in poor governance. EPIE is committed to achieving **a better ESG Controversies score than its benchmark**. The ESG Controversies score measures the severity of a company’s controversies (p.11).

✔ **Sustainable Investment** > **100% of investments\*\*** are made in assets considered to be sustainable, as defined by the SFDR.



To find out more, please consult [the pre-contractual appendix](#) and [the sustainability information publication](#) (recommended by Article 10 of the SFDR) of the Fund.

\* Supporting European companies that contribute to the United Nations’ Sustainable Development Goals through their products and services, as well as their operations.

\*\* excluding money market and collective investment schemes.

In 2021, the Institut de la Finance Durable (formerly Finance for Tomorrow) launched several working groups with impact investing players in the Paris financial centre. These have led to the publication of an impact charter and an **evaluation grid for assessing a fund’s potential contribution to sustainable transformation**.

These complementary tools aim to encourage the development of a demanding and transparent impact finance sector and to harmonise market practices in this area.

### How and why does EPIE fit into the framework proposed by the Institut de la Finance Durable?

The Fund complies with the 10 principles of the [Impact Charter](#) and obtained a score of over 70% on the first version of the evaluation grid for a fund’s potential contribution to sustainable transformation.

Here’s how EPIE complies with the 10 principles of the Charter:

#### Intentionality

✔ **Principle 1** > Intentionality is applied to all investments in the portfolio, as the proprietary Impact Score methodology is applied to 100% of the portfolio. (p.8 and 11)

✔ **Principles 2 and 3** > Two ex-ante impact objectives have been defined. They will be assessed over three years. Our impact doctrine and methodologies set out the level of action (products and services or conduct of operations) for each impact objective. (p.24)

✔ **Principle 4** > Negative externalities are taken into account throughout the investment process, whether through the exclusion policy, ESG analysis, a “net” impact score or the controversy-related penalty. (p.9-11).

#### Additionality

✔ **Principles 5 and 6** > The Fund’s additionality approach is based on several pillars: a singular focus on impact, with investments in companies that have a direct and/or indirect impact, long-term holding of securities in the portfolio and close involvement with the investee companies. The resources implemented to maximise the positive impacts sought and minimise negative externalities are described in the fund’s annual impact report. (p.15-21)

#### Measurability

✔ **Principles 7 and 8** > Impact assessment is carried out on an aggregate basis at portfolio level, by SDG and at the level of each company. Indicator coverage rates are systematically disclosed. (p.22-31)

✔ **Principle 9** > An impact report is published annually for the Fund. This report is co-constructed with independent experts from Better Way, who provide a critical view of the methodologies and content, and verify the figures in order to assess the accuracy of the information provided in it. This verification work covers between 20% and 50% of the consolidated data. (p.44)

#### Alignment of interests

✔ **Principle 10** > We have included ex-ante impact targets in the variable remuneration policy for the managers of our impact funds in 2021. These targets will be measured over a three-year period. The associated amount represents a maximum of 20% of the fund managers’ variable remuneration. This threshold is below the required 25%, but is not discriminatory since the fund was created before January 2023. However, we are looking into this matter, which has been identified as an area for improvement. (p.24)

#### Assessment grid for a fund’s potential contribution to sustainable transformation

In addition to complying with the 10 principles of the Impact Charter, as a signatory investor, for our impact funds falling within the scope of the charter, we undertake to:

- Answer the qualifying questions on the grid to the required standard
- Obtain an overall score of at least 70/100.

➔ The Fund scored over 70/100 in the first version of the grid.\* As work is still in progress to finalise the “listed equities” version of the grid, we will publish the evaluation grid for this fund on our website in the “Responsible Investment” section, on the “To Find Out More” page, in the “LFDE Documents” section.

Appendix 4 - Portfolio companies under the microscope

Companies	Country	Weighting in portfolio	ESG score	Type of impact	SDG score	Solutions Score	Breakdown of Solutions Score by target	Initiatives Score	Company profile	Environmental and social contribution & Additionality	Year of entry of the stock
AALBERTS INDUSTRIES		1.02%	6.5	Direct	29.0	38.0	10% <span style="background-color: #28a745;">3.4</span> ; -3% <span style="background-color: #28a745;">3.5</span> ; 16% <span style="background-color: #17a2b8;">6.4</span> ; -8% <span style="background-color: #ffc107;">7.2</span> ; 14% <span style="background-color: #ffc107;">9.4</span> ; 9% <span style="background-color: #ffc107;">11.2</span>	20.0	A group of 28 industrial companies active in four end markets: buildings, industry, automotive and semiconductors.	A large majority of Aalberts' products serve to reduce energy and water consumption. Life cycle assessments are carried out internally for some of their products, and the group is working to measure its avoided emissions.	2021
ACCIONA ENERGIAS RENOVABLES		3.77%	7.4	Direct	82.5	100.0	100% <span style="background-color: #28a745;">7.2</span>	65.0	Renewable energy producer.	Group present in over 17 countries, specialising in onshore wind, solar and hydro power.	2022
ADEVINTA		2.27%	7.3	Indirect	35.5	46.0	46% <span style="background-color: #ffc107;">12.5</span>	25.0	Company specialising in online classified ad platforms.	Adevinta's classified ad sites, such as Leboncoin, enable second-hand goods to be exchanged between individuals, reducing the need to produce new goods.	2021
AIR LIQUIDE		4.67%	7.9	Indirect	45.2	45.4	16% <span style="background-color: #28a745;">3.9</span> & <span style="background-color: #28a745;">3.3</span> ; 20.5% <span style="background-color: #ffc107;">7.1</span> & <span style="background-color: #ffc107;">7.2</span> ; 9% <span style="background-color: #ffc107;">9.4</span>	45.0	World leader in industrial gases for industry and healthcare.	The purity of Air Liquide's medical gases is unrivalled, and its know-how in integrating its customers' industrial processes is one of the oldest in the world.	2010
ALLIANZ		4.36%	8.1	Direct	59.0	53.0	53% <span style="background-color: #28a745;">3.8</span>	65.0	World leader in property and casualty insurance.	Allianz insures and protects its customers against a wide range of claims, including those linked to climate change.	2021
AMPLIFON		2.91%	6.9	Direct	55.0	100.0	100% <span style="background-color: #28a745;">3.4</span>	10.0	Market leader in the distribution of hearing aids.	Amplifon sells exclusively hearing aids and cochlear implants, improving the lives of users. The company has developed real expertise at retail level, since training audiologists is an integral part of its strategy.	2022
ASML		3.83%	7.8	Indirect	82.5	100.0	100% <span style="background-color: #ffc107;">9.4</span> & <span style="background-color: #ffc107;">9.5</span>	65.0	Manufacturer of lithography machines essential to semiconductor production.	ASML's lithography machines have the unique ability to reduce the size and energy consumption of semiconductors used, such as in the manufacture of electric vehicles and in renewable energies. ASML contributes to an innovative ecosystem through its R&D, mentoring for innovative start-ups and co-funding of projects with the European Union.	2017
ASTRAZENECA		6.37%	7.4	Direct	100.0	100.0	100% <span style="background-color: #28a745;">3.4</span>	100.0	Pharmaceutical group specialising in non-communicable diseases, offering treatments in seven major therapeutic areas.	Ambitious R&D approach and innovative solutions for the treatment of non-communicable diseases. AstraZeneca's products are of very high quality, with a low drug recall rate.	2018
CAREL INDUSTRIES		2.28%	6.6	Indirect	52.0	99.0	99% <span style="background-color: #ffc107;">7.3</span>	5.0	Supplier of temperature control and refrigeration technologies.	Carel's technologies make it possible to considerably reduce the energy consumption of cooling systems, in data centres for example.	2021
CELLNEX		3.45%	6.9	Indirect	92.5	100.0	100% <span style="background-color: #ffc107;">9.1</span>	85.0	Company specialising in telecommunications infrastructure, especially the management of telecommunications masts.	Cellnex connects several telecoms operators per mast, reducing the cost of operation and as such the final cost to the consumer, and thereby improving accessibility. It also optimises the number of masts and their impact on the environment.	2018
CRODA		4.06%	7.9	Indirect	69.5	54.0	16% <span style="background-color: #28a745;">3.4</span> & <span style="background-color: #28a745;">3.3</span> ; 38% <span style="background-color: #ffc107;">12.2</span>	85.0	Chemicals company specialising in ingredients for the cosmetics and healthcare sectors.	Croda produces biostimulants that work with plants' natural processes to protect them from external events and improve their resistance to meet the challenges of world hunger.	2021
DSM		3.53%	7.9	Indirect	70.5	61.0	24% <span style="background-color: #28a745;">3.9</span> ; 37% <span style="background-color: #ffc107;">12.2</span>	80.0	Manufacturer of ingredients for human and animal nutrition and for the pharmaceutical industry.	DSM has the world's largest portfolio of nutritional and pharmaceutical ingredients. Some of its products are used in the production of protective materials for workers.	2017
EDPR ENERGIAS DE PORTUGAL RENOVAVEIS		3.43%	6.6	Direct	67.5	100.0	100% <span style="background-color: #ffc107;">7.2</span>	35.0	Global renewable energy producer.	With 270 wind farms and 15 solar farms, EDPR contributes to the production of renewable energy and has demonstrated its ability to restore ecosystems, attesting to the sustainability of its business model.	2022
ESKER		2.81%	7.3	Indirect	60.5	96.0	96% <span style="background-color: #ffc107;">8.2</span>	25.0	Group specialising in the design of dematerialisation applications.	The group develops dematerialisation solutions that reduce the need for office consumables and improve the efficiency of its customers.	2021
EXPERIAN		1.61%	6.5	Indirect	41.1	67.2	57.2% <span style="background-color: #ffc107;">8.10</span> ; 10% <span style="background-color: #17a2b8;">16.9</span>	15.0	Global credit bureau that has diversified into decision support, database management and marketing technologies.	Experian has the world's best financial database. The company has developed unique software enabling individuals to understand how to improve their credit score, thereby facilitating access to finance. It has also rolled out a social innovation programme for education and financial inclusion in emerging countries.	2020
INFINEON TECHNOLOGIES		2.33%	7.4	Indirect	80.0	100.0	43% <span style="background-color: #ffc107;">7.3</span> ; 44% <span style="background-color: #ffc107;">11.6</span> ; 13% <span style="background-color: #17a2b8;">16.9</span> & <span style="background-color: #17a2b8;">16.10</span>	60.0	Semiconductor manufacturer.	World leader in power semiconductors, widely used in electric vehicles, renewable energies and rail transport.	2018
LONZA		3.13%	7.1	Indirect	67.5	100.0	100% <span style="background-color: #28a745;">3.3</span>	35.0	World leader in subcontracting for the pharmaceutical industry, manufacturing complex molecules in particular.	Lonza contributes to the development of molecules used in the fight against malaria and hepatitis B. Lonza is also involved in the distribution of vaccines, in particular the Moderna vaccine against Covid. Lonza is also involved in educational initiatives in India.	2019
L'OREAL		4.75%	8.2	Indirect	63.0	26.0	5% <span style="background-color: #28a745;">3.4</span> ; 21% <span style="background-color: #ffc107;">12.2</span>	100.0	Industrial cosmetics group.	L'Oréal's commitment to biobased production could lead to a systemic change in the design of cosmetic products, thereby reducing the negative externalities of products (plastics, biodiversity, natural resources). Some products address dermatological issues: skin disease, sun protection, protection from pollution.	2016



\* Weighting at 31/12/2022. At that date, cash represented 2.47% of the portfolio.

Appendix 4 - Portfolio companies under the microscope

Companies	Country	Weighting in portfolio	ESG score	Type of impact	SDG score	Solutions Score	Breakdown of Solutions Score by target	Initiatives Score	Company profile	Environmental and social contribution & Additionality	Year of entry of the stock
MICHELIN		1.38%	7.5	Direct	73.0	46.0	46% <b>11.6</b>	100.0	A family-owned group that is one of the world's leading tyre manufacturers and marketers.	Michelin tyres offer improved grip, shorter braking distances and reduced fuel consumption. Michelin has also set up a product recycling system that saves rubber. The group is also working to reduce the waste generated at its production sites.	2010
MUNTERS		2.45%	6.8	Indirect	57.5	100.0	13.9% <b>7.3</b> ; 55.5% <b>9.4</b> ; 30.7% <b>12.3</b>	15.0	Group specialising in air quality management for a wide range of applications: industrial, commercial, agricultural and energy.	Improving air quality, temperature and humidity enables its customers to reduce their energy consumption and also to generate other positive social impacts (improved productivity, product quality, health of livestock, etc.). The products marketed by Munters have a long service life and can be repaired and upgraded.	2020
NEOEN		2.31%	6.9	Direct	62.5	100.0	100% <b>7.2</b>	25.0	Renewable energy producer (solar and wind) with expertise in energy storage.	Group operating in more than 15 countries, pioneer in energy storage technology. Particular attention is paid to relations with local communities through crowdfunding of projects.	2018
NOVO NORDISK		7.42%	7.2	Direct	100.0	100.0	100% <b>3.4</b>	100.0	Pharmaceutical company offering treatments for diabetes, obesity and haemophilia.	Strong innovation momentum in diabetes treatment (pre-filled injection pens, GLP-1 in oral form) and high product reliability. The company is committed to prevention and product accessibility.	2018
RELX		3.98%	8.2	Direct	42.8	50.5	1.5% <b>3.4</b> ; 4% <b>4.4</b> ; 13% <b>8.3</b> ; 32% <b>16.4</b> & <b>16.6</b>	35.0	Scientific, medical, legal and tax publishing house that has expanded into the sale of information and decision-making tools.	Relx promotes access to academic and scientific research. In particular, the group is developing tools to facilitate the exploitation of research and is developing an open access offering.	2017
SAP		2.46%	7.1	Indirect	95.0	100.0	100% <b>8.2</b> & <b>8.4</b> & <b>8.5</b>	90.0	The world's leading publisher, developer, manufacturer and distributor of enterprise software.	SAP supports companies of all sizes and in all sectors in their digital transformation, with some of the most efficient and comprehensive software solutions in the world.	2010
SARTORIUS STEDIM BIOTECH		3.05%	7.2	Direct	60.0	100.0	100% <b>3.3</b> & <b>3.9</b>	20.0	Subsidiary of Sartorius AG, manufacturing and marketing integrated solutions for the biopharmaceutical industry, such as the production of biomedicines (filters, membranes and single-use bags).	Single-use products for the pharmaceutical industry offer significant environmental benefits (energy and water consumption). They also improve customer productivity, helping to reduce the price of biomedicines and biosimilars. They are also used in more effective treatments for certain cancers and autoimmune diseases.	2018
SCHNEIDER ELECTRIC		1.65%	8.4	Indirect	86.5	73.0	73% <b>7.2</b>	100.0	International industrial group offering energy management, automation and data centre management solutions.	Through its products and services, Schneider Electric enables its customers to reduce their energy consumption and CO <sub>2</sub> emissions. 100% of the group's new projects are aligned with carbon neutrality objectives and have a positive environmental impact. The group is strongly committed to the circularity of its value chain.	2020
SOITEC		2.33%	6.8	Indirect	82.5	100.0	100% <b>7.3</b>	65.0	World leader in the manufacture of SOI (Silicon On Insulator) wafers, essential for semiconductors.	Soitec's products reduce the power consumption of the technologies in which they are installed (smartphones, cars, data centres, computers, etc.). They also enable better 5G and Wi-Fi connectivity for devices.	2021
SPIE		2.37%	7.6	Indirect	39.5	59.0	60% <b>7.2</b> & <b>7.3</b> ; 5% <b>11.6</b>	20.0	Electrical, mechanical and HVAC engineering services company.	Part of its business is dedicated to energy efficiency in buildings, infrastructure for clean vehicles and services for the renewable energy industry. SPIE is therefore a facilitator of the energy transition.	2015
SCA		0.93%	7.2	Direct	49.0	72.9	27% <b>11.3</b> ; 52.6% <b>12.5</b>	25.0	Europe's largest forest owner, producing and selling wood pulp, paper, cardboard and timber.	The company's forestry assets are responsibly managed (FSC or PEFC certified). The group uses cutting-edge technologies to optimise the use of natural resources, such as 3D scanning based on artificial intelligence to optimise the cutting of trunks.	2017
THERMADOR GROUP		2.64%	7.8	Direct	40.8	41.5	18,3% <b>6.1</b> & <b>6.3</b> ; 23,2% <b>7.2</b> & <b>7.3</b>	40.0	Company specialising in the distribution of fluid circulation equipment for the building and industrial sectors.	Products with a positive environmental impact: energy efficiency, renewable energies, rational use of resources. The group is committed to the eco-design of its products and the use of recycled raw materials. Dynamic after-sales service encourages product repair rather than replacement.	2020
VISA		3.86%	6.7	Direct	77.5	100.0	100% <b>16.5</b> & <b>16.6</b> & <b>16.4</b> & <b>8.10</b>	55.0	Number 1 worldwide in payment services.	A long-standing commitment to financial inclusion, particularly for the unbanked, especially in emerging countries.	2018
VOW		0.94%	6.6	Direct	65.0	100.0	53.4% <b>6.3</b> , 46.6% <b>12.5</b> & <b>12.3</b>	30.0	Leader in waste management and wastewater purification for the marine industry.	Vow develops technologies for recovering waste and purifying water, which it converts into valuable raw materials. Its solutions help reduce the negative impact of certain highly polluting industries such as fishing, aquaculture and maritime cruises.	2021
WAVESTONE		1.64%	8.2	Indirect	30.0	45.0	25% <b>9.5</b> ; 20% <b>16.4</b> & <b>16.6</b>	15.0	Consulting firm specialising in business transformation and digital security.	A growing proportion of revenue is derived from data protection, automation and digitisation activities. The group is facilitating the digital transformation of many players in the public sector thanks to its expertise in cybersecurity, a crucial challenge in the face of increasing cybercrime.	2015



\* Weighting at 31/12/2022. At that date, cash represented 2.47% of the portfolio.

**Temperature alignment:** In 2015, the Paris Agreement set ambitious targets for limiting the increase in global surface temperature to 2°C. The temperature alignment indicator for portfolios measures the gap between the fund's prospective carbon performance and that expected in a 2°C scenario. For example, a fund with an estimated temperature of 2°C indicates that, on average, the companies in the portfolio demonstrate that the gradual reduction in their greenhouse gas emissions is keeping pace with the 2°C trajectory required for their business sector. If a company adopts a temperature scenario that is higher than that of the economy in which it operates, it exposes itself to risks that could affect the long-term viability of its business (regulatory pressure, high price per tonne of CO<sub>2</sub> impacting profitability, etc.).

This indicator enables us to identify whether the companies in our portfolios are on a trajectory that is compatible with the Paris Agreement, and to steer our investments in order to achieve our contribution to this collective objective. The temperature alignment indicator positions the portfolio on a scale ranging from 1.5°C to 6°C, produced by Carbon4 Finance. At fund level, each company is given a rating (CIA score) based on its business sector, its past climate performance and its decarbonisation strategy. A temperature of between 1.5°C and 6°C is then assigned to this score. The table of correspondence between the CIA score and temperatures was constructed on the basis of a study of two universes of companies.

**Eligible Green Share (EGS):** This indicator represents the proportion of the company's revenue derived from activities that can substantially contribute to achieving an environmental objective in the European taxonomy. At this stage, these are climate change mitigation and adaptation objectives covering activities such as building renovation and the manufacture of wind turbines.

$$EGS = \sum_{i=1}^n \left( \frac{\text{Amount invested}_i}{\text{Portfolio AuM}} \times EGS_i \right)$$

To determine whether these activities are effectively aligned with the taxonomy, they will have to meet the taxonomy's technical criteria precisely, not adversely affect the taxonomy's other objectives – also known as DNSH (Do No Significant Harm) – and comply with minimum social safeguards. We are not currently disclosing the green share (or taxonomy alignment) due to the limited availability and quality of the data at our disposal.

**Portfolio carbon footprint:** A company's carbon footprint is calculated by dividing the greenhouse gas emissions generated by its business (Scopes 1, 2 and 3) by its value.

To calculate the carbon footprint of our funds, we use the weighted average of the carbon intensities of the companies in the funds.

$$\text{Carbon intensity of the portfolio} = \sum_{i=1}^n \left( \frac{\text{Value of the investment}_i}{\text{Net assets of the fund}} \times \frac{\text{Carbon emissions Scopes 1, 2 and 3}}{\text{Company value}_i} \right)$$

**Portfolio saved emissions intensity:** A company's saved emissions intensity is calculated by dividing its saved emissions by its value. They are the sum of the emissions avoided thanks to the company's products and services (compared with a reference scenario) and the emissions reduced thanks to an improvement in the efficiency of production processes.

$$\text{Emissions intensity portfolio savings} = \sum_{i=1}^n \left( \frac{\text{Value of the investment}_i}{\text{Net assets of the fund}} \times \frac{\text{Carbon emissions saved Scopes 1, 2 and 3}}{\text{Company value}_i} \right)$$

These indicators are provided by Carbon4 Finance.

To find out more about the methodologies used, please visit their website: <https://www.carbon4finance.com/>.

In the introductory infographic to this report, we sought to illustrate the contribution of portfolio companies to the nine business-oriented SDGs. These nine SDGs are an integral part of EPIE's company selection process, through the Solutions Score.

To that end, we have collected the impact indicators communicated by the companies as of 31/12/2022 and covering their activities for 2022.

Amount of R&D in medical research (in €)		ASTRAZENECA	9,152,000,000
		LONZA	195,760,000
		NOVO NORDISK	2,585,000,000
		SARTORIUS STEDIM BIOTECH	177,800,000
Number of people receiving support after fraud			174,000
		EXPERIAN	177,800,000
Number of beneficiaries of healthcare solutions		AIR LIQUIDE	1,900,000
		ASTRAZENECA	105,000,000
		NOVO NORDISK	36,100,000
Number of open access academic publications		RELX	150,000
Hectares of forest preserved		SCA	260,000
Amount of R&D in the modernisation and sustainability of the industry (in €)		AALBERTS INDUSTRIES	203,000,000
		ASML	3,300,000,000
		CAREL INDUSTRIES	20,002,000
		MICHELIN	468,500,000
		MUNTERS	35,000,000
Tonnes of CO <sub>2</sub> saved*		AALBERTS INDUSTRIES	411,943
		LONZA	38,919
		ALLIANZ	12,003,075
		MICHELIN	6,417,902
		ASML	525,700
		MUNTERS	25,092
		CAREL INDUSTRIES	21
		NEOEN	1,747,558
		CELLNEX	3,694
		SARTORIUS S. BIOTECH	121
		EDP RENOVAVEIS	11,838,723
		SCHNEIDER ELECTRIC	15,281,013
		INFINEON TECH.	415,942
		SOITEC	21,954
		SPIE	479,192
		THERMADOR GROUP	25
		WAVESTONE	193

Investors should note that their investment in the sub-fund does not have a direct impact on the environment or society, but that the sub-fund seeks to select and invest in companies that meet the precise criteria set out in the management strategy.

\* Data for this indicator are provided by Carbon4Finance. Depending on the date on which the analysis is updated, the data may relate to 2021 rather than 2022.

This report was co-constructed with independent experts from Better Way, who provide a critical view of the methodologies and content, and verify the figures in order to assess the accuracy of the information provided in it. This verification work covers between 20% and 50% of the consolidated data, which does not eliminate the risk of not detecting any significant misstatements.

In addition, the information used in the preparation of the document was obtained from various external sources. LFDE and Better Way have neither sought to demonstrate the reliability of these sources nor verified this information. Accordingly, neither LFDE nor Better Way makes any warranty whatsoever (express or implied) as to the accuracy, completeness or adequacy of the information contained in this publication.



Better Way is a consultancy that supports investors and the companies in their portfolios with their responsible or impact investing approach, from defining a strategy through to implementation and assessment.

Better Way has been supporting La Financière de l'Échiquier since 2020 in the annual evaluation of its impact approach, both in terms of its funds and the management company's strategy.

Marion PELLETIER – Clàra DENIAU – Valentin BOUTEILLER  
For more information, visit: <https://www.beter-way.net/>

## Important Information

The information contained in this report should not be construed as investment advice, a solicitation to invest or an encouragement to operate in financial markets. Investors are urged to familiarise themselves with the KIID and prospectus, available at [www.lfde.com](http://www.lfde.com), to understand the risks associated with the fund and the costs to be borne before taking any investment decision.

The Fund is mainly invested in equities and therefore carries a risk of capital loss. It is also exposed to equity risk, discretionary management risk and currency risk.

Investors or potential investors are notified that they may obtain a summary of their rights and also file a claim using the procedure stipulated by the management company. This information is available in the country's official language or in English on the "Regulatory Information" page of the management company's website:

[www.lfde.com](http://www.lfde.com)

Investors should also note that the management company may decide to terminate the promotional agreements for its mutual funds in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU.

The inclusion of sustainability criteria by the UCITS is **significantly engaging according to the definition of the Autorité des Marchés Financiers in its doctrine 2020-03.**

The sustainability objective is in line with the provisions of **Article 9 of the SFDR.**

The securities mentioned in this report were included in the portfolio at 31/12/2022.

Neither their presence in the portfolio nor their performance is guaranteed.

The proprietary ESG (Environment, Social, Governance) data and the United Nations Sustainable Development Goals Scores are the latest available, bearing in mind that the analyses are updated by the La Financière de l'Échiquier teams at least every two years. They are based on the latest public documentation

available at the time of the analysis (annual reports in particular), i.e. by 2020 at the latest. There is a one-year time lag, due to the deadlines by which companies are required to report their data. Other data on the impact of companies, unless otherwise indicated, refer to the 2022 financial year.

The data may vary over time. From a methodological point of view, the term "impact" used in this report does not refer to a scientific definition that would make it possible to attribute the cause of a change to the fund's financing actions or to the actions of the companies in the portfolio. In this report, we analyse the expected effects of the investments made, as well as the effects of the companies' actions on their stakeholders – employees, customers, local communities neighbouring the sites where they operate, etc. – based on data reported by companies.

LFDE and Better Way have endeavoured to provide as much transparency as possible on the figures presented (scope, source, etc.), as well as on the analyses and calculations based on these figures.

**Investors should note that their investment in the Fund does not generate a direct impact on the environment or society, but that the Fund seeks to select and invest in companies that meet the specific criteria set out in the management strategy.**

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