SUSTAINABILITY PUBLICATIONS

I – ZUSAMMENFASSUNG

Nachstehend finden Sie alle Informationen über die Berücksichtigung sozialer oder ökologischer Erwägungen durch den OGA (oder das Finanzprodukt) gemäß den Bestimmungen der Delegierten Verordnung (EU) Nr. 2022/1288 der Kommission zur Ergänzung der Verordnung (EU) Nr. 2019/2088 über die Veröffentlichung von Nachhaltigkeitsinformationen im Finanzdienstleistungssektor (nachstehend die „SFDR-Verordnung“).

Dieses Produkt ist in der SFDR-Verordnung als Artikel 8 eingestuft. Dies bedeutet, dass es ökologische oder soziale Merkmale fördert oder, mit anderen Worten, dass es ökologische und soziale Kriterien in die Auswahl der Wertpapiere im Portfolio einbezieht, aber keine nachhaltige Anlage im Sinne der europäischen Verordnungen zum Ziel hat.

Im Folgenden finden Sie Informationen über die geförderten ökologischen oder sozialen Merkmale, die vom Finanzprodukt umgesetzte Anlagestrategie und die Aufteilung der Anlagen zur Umsetzung dieser Strategie.

Außerdem werden die Methoden und Instrumente vorgestellt, die zur Erreichung der geförderten ökologischen und sozialen Merkmale eingesetzt werden, sowie die durchgeführten Kontrollen. Es wurde ein spezielles Überwachungsinstrument eingerichtet, das es ermöglicht, die Verwirklichung jedes der durch das Finanzprodukt geförderten ökologischen und sozialen Merkmale anhand entsprechender Indikatoren zu steuern.

Zu diesem Zweck stützen sich die Managementteams auf interne Analysen sowie auf eine Reihe von externen Datenquellen, die aufgrund ihrer Qualität und Relevanz aus dem verfügbaren Angebot ausgewählt werden.

Die Auswahl von Wertpapieren für das Portfolio wird durch einen Ansatz für das Engagement der Aktionäre bei den Unternehmen ergänzt. Die Ziele, Grundsätze, Aktionsmethoden, Prioritäten und Erwartungen in Bezug auf das Engagement werden in speziellen Berichten formalisiert und überwacht. Wir laden Sie ein, den Anhang zu den SFDR, der dem Prospekt für Ihr Finanzprodukt beigefügt ist, auf unserer Website zu konsultieren, der am Ende der Seite verfügbar ist, sowie die verschiedenen Richtlinien und Berichte, die Sie unter diesem Link finden:

https://www.lbpam.com/fr/publications/publications-rapports

II – WHITHOUT A SUSTAINABLE INVESTMENT OBJECTIVE

This Financial Product promotes environmental or social characteristics, but does not aim to be a sustainable investment. This product is classified as article 8 under SFDR regulations.

However, the Financial Product aims to invest part of its net assets in sustainable investments. For more information, please refer to the section entitled ' ***What environmental and/or social characteristics are promoted by this Financial Product*** ' in the SFDR appendix to the prospectus, available at the bottom of the page. You will also find information on how the Management Company ensures that the sustainable investments in question do not cause significant harm to any of the sustainable investment objectives.

III - ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The environmental and social characteristics of the Financial Product are described in the section entitled 'What environmental and/or social characteristics are promoted by this Financial Product? in the SFDR appendix to the prospectus, which is available at the bottom of the page. This section details how the environmental and social characteristics are taken into account at each stage of the investment and presents the indicators used to monitor the achievement of the promoted characteristics.

IV – INVESTMENT STRATEGY

The investment strategy used to comply with the environmental or social characteristics is set out in the section 'What investment strategy does this Financial Product follow? in the SFDR appendix to the prospectus available at the bottom of the page.

Analysis of corporate governance practices is one of the pillars of the ESG analysis methodology described in the section 'Which environmental and/or social characteristics are promoted by this Financial Product?' in the SFDR appendix to the prospectus. This covers, in particular, the subjects of balance of power, fair remuneration and business ethics. Companies are systematically rated on their governance practices, and those with unsatisfactory practices are penalised when selecting the securities invested by the Financial Product.

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

For investments made by the Financial Product in Undertakings for Collective Investment ('UCIs') that are not managed by the Management Company, the Management Company favours investments in UCIs that implement an SRI approach that is compatible with its own philosophy.

V - PROPORTION OF INVESTMENTS

The planned asset allocation for this product is detailed in the 'What is the planned asset allocation for this product?' section of the SFDR appendix to the prospectus, which is available at the bottom of the page.

The derivatives used by the Financial Product are not intended to contribute to achieving the environmental or social characteristics promoted. Their use is limited to hedging transactions or temporary exposure in order to respond to a strong movement in liabilities, to gain temporary exposure to market beta or to support a change in strategy. In addition, 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 ESG performance of the product.

For investments made by the Financial Product in Undertakings for Collective Investment ('UCIs') that are not managed by the Management Company, the Management Company favours investments in UCIs that implement an SRI approach that is compatible with its own philosophy.

VI - CONTROL OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

In order to ensure that the Financial Product complies with the environmental, social and good governance ('ESG') characteristics set out in the prospectus, and therefore to ensure that the promoted environmental and social characteristics are achieved, the Management Company has set up a dedicated monitoring tool.

This tool enables managers to model and monitor the requirements associated with the characteristics of the Financial Product, and in particular the indicators defined in the section 'What sustainability indicators are used to measure the achievement of each of the environmental or social characteristics promoted by the Financial Product?' in the SFDR appendix to the prospectus, available at the bottom of the page.

This tool can also be used to set pre-trade constraints in order to prevent the placing of an order that would result in a violation of the environmental and social characteristics promoted by the Financial Product.

ESG characteristics are also monitored daily by the Risk Department.

Lastly, compliance with the ESG management process is included in the bi-annual control plan drawn up by the Compliance and Internal Control Department.

VII – METHODS

The methods used to determine the extent to which the social or environmental characteristics promoted by the Financial Product are respected are mainly quantitative. For each environmental or social characteristic, the Management Company has set up a quantitative indicator with an associated target. Compliance with the targets set for each indicator is continuously monitored using management tools. The indicators and associated targets are specified in the section entitled 'What sustainability indicators are used to measure the achievement of each of the environmental or social characteristics promoted by the Financial Product? in the SFDR appendix to the prospectus, available at the bottom of the page.

VIII - DATA SOURCES AND PROCESSING

1 Sources of data used to achieve each of the environmental or social characteristics promoted by the Financial Product :

The Management Company applies a multi-source approach to ensure better coverage and a diversity of analysis perspectives. The selected suppliers are mainly the following: Bloomberg, CDC Biodiversité, CDP, Ethifinance, ISS ESG, LSEG, Moody's ESG and MSCI. Depending on the type of asset or capitalisation size, certain suppliers may be given priority over others.

2 Measures taken to guarantee data quality :

The Management Company systematically carries out qualitative and quantitative due diligence when adding a new supplier.

This due diligence is supplemented by statistical studies carried out periodically to identify inconsistencies between the indicators of different suppliers on the same subject. In particular, these analyses may lead to the disqualification of an indicator deemed irrelevant, or to the correction of biases arising from methodological differences.

3 Data processing methods:

Supplier data is integrated into a data processing tool developed by the Management Company. This tool collects and aggregates the data in order to provide a single set of data used to monitor the environmental or social characteristics of the Financial Product.

4 Proportion of data that is estimated :

The management company is not currently in a position to assess precisely the proportion of data that is estimated. However, it is likely to be fairly high due to the wide range of themes covered by the ESG analysis and to the extent that a significant proportion of the data transmitted by suppliers is based on qualitative analyses or proxies and that the data processing tool developed by the Management Company performs a statistical reprocessing of the integrated data.

The proportion of measured data will increase with the gradual implementation of European regulations on the publication of ESG data by issuers.

IX - LIMITS TO METHODS AND DATA

The diversity of the investments made means that it is not possible to benefit from full coverage of the environmental and social characteristics of all the stocks in the portfolios, especially as some markets are not themselves covered by the data providers, which means that it is not possible to take full account of the contribution of each stock in the portfolio to the sustainability indicators monitored to measure the achievement of environmental and social objectives. This is particularly the case for small caps and non-European issuers, which are not subject to the same regulatory transparency constraints.

The Management Company responds to these difficulties by diversifying data suppliers (‘multi-source’ approach).

The quantity of data handled does not allow for quality control on a case-by-case basis. The Management Company therefore favours two approaches: (i) control of the rating methodology applied by the data suppliers and (ii) statistical control of the data as a whole. In addition, the ‘multi-source’ approach applied by the Management Company tends to smooth out potential individual errors of assessment by data providers.

In addition, the absence of data on certain indicators used to verify that the environmental or social characteristics promoted have been achieved is compensated for by the use of other indicators on similar themes and by monitoring controversies affecting the issuer in question.

For investments made by the Financial Product in Undertakings for Collective Investment ('UCIs') that are not managed by the Management Company, the Management Company has no direct control over the quality of the data. This is carried out by the management company of the UCI invested in.

X – DUE DILIGENCE

With regard to the ESG data used to rate the issuers in our portfolios, our SRI specialists assess the relative importance of environmental and social issues for each sector on the basis of external data (rating agencies, research consultancies, NGOs, think tanks, etc.) in order to define an appropriate weighting for the different scores. The ESG scores are aggregated and reprocessed to identify the best-practice companies, using methods that allow specific treatment of different geographical areas and company sizes. Following and in parallel with the quantitative analysis, the analysts and managers carry out a qualitative analysis of issuers, based on recognised internal and external research sources and their detailed knowledge of issuers. They can draw on the opinions of companies' stakeholders (NGOs, trade unions, international institutions, the media, etc.) and data from meetings with companies. The purpose of this analysis is to correct any bias or errors originating from data suppliers.

In addition, the Management Company has regular discussions with its data suppliers to check the relevance of the methodologies and processes used to produce ESG data.

With regard to compliance with ESG criteria, the Risk Department is responsible for ensuring that the ESG strategy is applied correctly, and monitors ESG criteria on an ongoing basis. Where the fund has been awarded the SRI label, compliance with the specifications is checked annually by an independent body approved by the French Accreditation Committee (COFRAC).

Lastly, compliance with the ESG management process is included in the bi-annual control plan drawn up by the Compliance and Internal Control Department.

XI - COMMITMENT POLICY

The selection of securities in the portfolio is complemented by an approach of shareholder engagement with companies. Our objectives, principles, methods of action, priorities and expectations are set out in our engagement and voting policies and reports, which are available on our website https://www.lbpam.com/fr/publications/publications-rapports. These documents, which provide a framework for our actions, are drawn up and updated every year, following an activity review, on the recommendation of the SRI Solutions team in conjunction with all the other contributors and stakeholders in these processes: fund managers, analysts, legal experts, sales functions and compliance officers. They are validated by senior management and the entire management chain.

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

- To gain a better understanding of companies' policies and practices in order to strengthen the financial and extra-financial analyses carried out by our teams;

- To encourage better management of ESG issues and the development of responsible practices.

This dialogue is conducted in two main ways:

- Bilateral dialogue with the management of invested companies, in particular at issuer meetings;

- Collaborative engagement with other investors on a shared issue. We support these joint initiatives when they are in line with our commitment policy and can usefully complement the approach initiated at bilateral level, by pooling research, providing companies with coherent signals about the expectations of responsible investors, and exerting a more significant influence on companies.

The management company may also undertake targeted dialogue initiatives in response to controversies on issues of priority to the company. When dialogue does not bear fruit, and the changes expected from companies are not forthcoming, the management company may use additional tools, in a gradual form:

- Sending letters, the written format often having more impact than an oral exchange,

- Downgrading of the SRI rating,

- Opposition to important resolutions at the Annual General Meeting, such as the approval of financial statements or the election of the Chairman of the Board,

- Tabling of resolutions at the Annual General Meeting,

- Putting the company under surveillance, corresponding to a ban on new investments,

- Divestiture, when the commitment leads to a finding of failure: absence of satisfactory corrective action, lack of openness to dialogue, etc.

For investments made by the Financial Product in Undertakings for Collective Investment (“UCIs”) managed by the Management Company, the commitment policy is applied to the underlying assets of the funds invested. For investments in UCIs not managed by the Management Company, the Management Company cannot apply its commitment policy and relies on the commitment policy of the management companies of the invested UCIs.

XII – DESIGNATED REFERENCE INDEX

The Financial Product does not aim to replicate the environmental and/or social characteristics of an index.