JULY 2023

REPORT ON

ARTICLE 29

OF THE ENERGY AND CLIMATE LAW

This report meets the requirements of article 29 of law no. 2019-1147 of 8 November 2019 and its implementing decree no. 2021-996 published on 27 May 2021.

Table of contents

I. DNCA FINCANCE'S GENERAL APPROACH

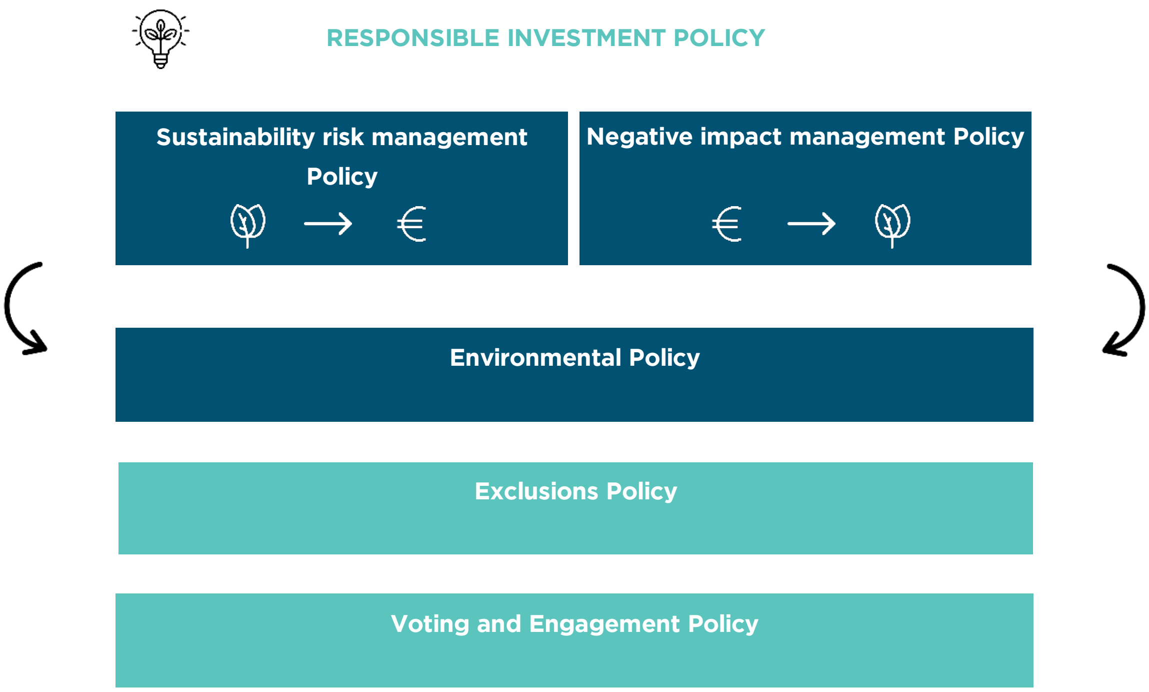
A. Summary presentation

As a responsible investor, DNCA Finance believes that Environmental, Social and Governance (ESG) factors can have a significant impact on financial performance.

DNCA Finance's investments are resolutely geared towards long-term performance, considering all the risks and opportunities facing issuers (companies, organizations and governments).

The Responsible Investment Policy is supported by a Sustainability Risk Management Policy and a Sustainability Impact Management Policy.

Environmental risks are described in detail in the Environmental Policy.



B. Informing customers about ESG criteria

DNCA Finance uses a wide range of means to inform its customers about its responsible investment policy and strategy.

Content	Resources	Frequency
SRI Newsletter	Website, social networks, customer mailings	Quarterly
Interviews	Website, social networks, specialist news channels	Weekly
Reporting	DNCA Finance website, Print	Monthly and annual
SRI inventory	DNCA Finance website, Print	Semi-annual
Climate Club	Event	Annual
Positive Contribution Reporting	DNCA Finance website, Print	Annual
Voting and commitment report	DNCA Finance website, Print	Annual
Environmental pressures report (ex-climate trajectory)	DNCA Finance website, Print	Annual
Transparency code	DNCA Finance website, Print	Annual
Exclusion policy	DNCA Finance website, Print	Annual
Voting policy and commitment	DNCA Finance website, Print	Annual
Responsible investor policy	DNCA Finance website, Print	Annual
Environmental policy	DNCA Finance website, Print	Annual
Environmental Pressures" report	DNCA Finance website	Annual
Policy for managing negative impacts on sustainability	DNCA Finance website, Print	Annual
Sustainability risk management policy	DNCA Finance website, Print	Annual
Various marketing documentation	Communication to customers and distribution networks by any means	-
Beyond Day	Event	Biennial
Academic work: SRI & Responsible Finance	Book	-
Educational publications : • "8 keys to understanding SRI • "8 keys to understanding the climate	DNCA Finance website, Livret	-
Technical reports on the internal valuation method for issuers (ABA scores)	DNCA Finance website	-

C. DNCA Finance UCIs with sustainable investment objectives and/or promoting ESG criteria

As of 31 December 2022, 57 DNCA Finance UCIs (out of 90 DNCA Finance UCIs), representing €25.33 billion (out of total assets under management of €27.7 billion, i.e. 91% of assets under management and 63% of the number of funds), incorporated and promoted ESG criteria (Article 8) or had a sustainable investment objective (Article 9 of the SFDR regulation).

List of Article 8 (promoting environmental and social characteristics) or Article 9 (sustainable investment objective) funds managed:

UCIs Article 8 (promotion of environmental and social characteristics)	AuM As of 31/12/22 (m€)
ACTI EQUILIBRE	5
Areas Patrimoine	34
CANOPEE EQUILIBRE	17
Centifolia	955
CONCORDE 96 (Euro share)	204
DNCA Actions Euro PME	244
DNCA Actions Global Emergents	72
DNCA Actions Small & Mid Cap Euro	336
DNCA Beyond Engage	192
DNCA Convertibles Europe	372
DNCA Europe Smaller Companies Fund	24
DNCA Evolutif	268
DNCA Evolutif PEA	39
DNCA Global Emerging Equity	274
DNCA Global Sport Equity	11
DNCA Invest Alpha Bonds	6 374
DNCA Invest Archer Mid-Cap Europe	302
DNCA Invest Beyond European Bond Opportunities	56
DNCA Invest Convertibles	393
DNCA Invest Euro Dividend Grower	401
DNCA Invest Euro Smart Cities	215
DNCA Invest Eurose	2 069
DNCA Invest Evolutif	263
DNCA Invest Flex Inflation	494
DNCA Invest GLOBAL NEW WORLD	249
DNCA Invest Lafitenia Sustain BB	61
DNCA Invest Miuri	393
DNCA Invest Sérénité Plus	161
DNCA Invest SRI Europe Growth	1 109
DNCA Invest SRI Norden Europe	547

UCIs Article 8 (promotion of environmental and social characteristics)	AuM As of 31/12/22 (m€)
DNCA Invest SRI Real Estate	11
DNCA Invest SUSTAINABLE CHINA EQUITY	14
DNCA Invest Value Europe	645
DNCA Invest Venasquo	67
DNCA MODERE ERE	0
DNCA Opportunités Zone Euro	858
DNCA Sérénité Plus	564
DNCA SRI Euro Quality	1 996
DNCA Value Europe	406
DYNASTRAT	33
ENDEAVOUR BLUE HORIZON	20
Europe Evolutif M	197
Eurose	2 610
LIVRET BOURSE INVESTISSEMENTS	307
RL PREVOYANCE	61
RSRC ACTIONS	215
SG DNCA Actions Euro Climat	16
SG DNCA Actions Euro ISR	43
SICAV PIANA	14
VEGA EURO RENDEMENT ERE	0,001
VEGA OBLIGATIONS EURO ERE	0,002
VEGA PATRIMOINE ERE	0,008

Article 9 UCI (Sustainable investment objective)	AuM As of 31/12/22 (m€)
Alba Value	57
DNCA Invest Beyond Alterosa	178
DNCA Invest Beyond Climate	92
DNCA Invest Beyond Global Leaders	482
DNCA Invest Beyond Semperosa	329

D. ESG criteria considered in the process of allocating new insurance management mandates

DNCA Finance does not allocate insurance management mandates; ESG criteria are therefore not considered in the process of allocating new management mandates.

E. Adherence to ESG charters, codes, initiatives, and labels

DNCA Finance affirms its commitment through initiatives aimed at promoting and advancing responsible investment practices:

Initiatives	Joining date	Main tasks of the initiative	Role of DNCA Finance
Principles for Responsible Investments	2017	▪ To help investors incorporate environmental, social and corporate governance considerations into investment decision-making and asset practices, thereby improving long-term returns for beneficiaries.	
Carbon Disclosure Project	2018	▪ Helping companies to disclose their environmental impact. ▪ Enabling investors, businesses, cities, and national and regional governments to make the right choices today to build a prosperous economy that works for people and the planet in the long term	DNCA Finance has contacted certain issuers to encourage them to update and verify the information published. ▪ Transparency campaign (10 issuers) ▪ Improvement campaign (10 transmitters)
Climate 100+	2021	▪ Put pressure on the world's biggest greenhouse gas emitters to ensure they take the necessary measures	▪ DNCA Finance is part of the group of investors committed to Airbus
TCFD	2021	▪ Encourage companies and organizations to be transparent about their climate risks, to make investments in these companies safer	

Initiatives	Joining date	Main tasks of the initiative	Role of DNCA Finance
AFG / Sustainable Finance Commission	2018	▪ Publish annual statistics on responsible investment. ▪ Promote the SRI Label and work on developing its specifications. ▪ Support management companies in applying the SFDR, Taxonomy and Article 29 of the LEC regulations. ▪ Revise the guide to developing a coal strategy. ▪ Launch working groups on themes such as biodiversity, conventional energy, and **impact** investment	▪ Participation in the SFDR "Definition of Sustainable Investment" working group. ▪ Participation in the "Extra-financial analysis" working group of the Institut de la Finance Durable (development of a methodological corpus for analysing and rating the climate performance of companies, selection of one or two authors to write a reference book).
Net Zero Asset Managers initiative	2023	▪ Encourage the asset management sector to commit to a target of zero net emissions.	▪ DNCA Finance has joined the Net Zero Asset Managers initiative and is committed to continuing its engagement campaigns to encourage companies to disclose their climate data and reduce their GHG emissions. ▪ DNCA Finance has also set an intermediate target of "zero emission" assets under management, reviewed every 5 years.

Many open-ended funds managed by DNCA Finance have obtained an SRI and/or "Toward Sustainability" (Febelbin) label:

OPC	SRI Label	Label Toward Sustainability	AuM as of 31/12/22 (€m)
Centifolia	✓		955
DNCA Actions Global Emergents	✓		72
DNCA Actions Small & Mid Cap Euro	✓		336
DNCA Beyond Engage	✓		192
DNCA Convertibles Europe	✓		372
DNCA Evolutif	✓		268
DNCA Evolutif PEA	✓		39
DNCA Global Emerging Equity	✓		274
DNCA Global Sport Equity	✓		11
DNCA Invest Archer Mid-Cap Europe	✓		302
DNCA Invest Beyond Alterosa	✓	✓	178
DNCA Invest Beyond Climate	✓	✓	92
DNCA Invest Beyond European Bond Opportunities	✓		56
DNCA Invest Beyond Global Leaders	✓	✓	482
DNCA Invest Beyond Semperosa	✓	✓	329
DNCA Invest Convertibles	✓		393
DNCA Invest Euro Dividend Grower	✓		401
DNCA Invest Euro Smart Cities	✓		215
DNCA Invest Eurose	✓		2 069
DNCA Invest Evolutif	✓		263
DNCA Invest GLOBAL NEW WORLD	✓		249
DNCA Invest Lafitenia Sustain BB	✓		61
DNCA Invest Sérénité Plus	✓		161
DNCA Invest SRI Europe Growth	✓		1 109
DNCA Invest SRI Norden Europe	✓		547
DNCA Invest SRI Real Estate	✓		11
DNCA Invest SUSTAINABLE CHINA EQUITY	✓		14
DNCA Invest Value Europe	✓		645
DNCA Opportunités Zone Euro	✓		858
DNCA Sérénité Plus	✓		569
DNCA SRI Euro Quality	✓		1 996
DNCA Value Europe	✓		406
Eurose	✓		2 610
SG DNCA Actions Euro Climat	✓		16
SG DNCA Actions Euro ISR	✓		43

The operation of SRI funds is described in the DNCA Finance Transparency Code and is available on the website.

II. INTERNAL RESOURCES DEPLOYED

A. Financial, human and technical resources

1) Team and human resources

i. Employees dedicated to responsible investment

The Responsible Investment Management and Expertise Centre (PEGIR) was created in 2018 to manage and develop the following activities:

- **ESG analysis** of issuers
- **Develop and deploy the** ABA (Above and Beyond Analysis) proprietary **ESG analysis model**
- **Steering the responsible investment process** and fund management Article 9 SFDR
- **Responsible Investment reporting** at SGP level (Article 29 of the Energy and Climate Law)
- **Monitor transparency commitments:** extra-financial reporting by funds, transparency code, information for customers, climate trajectory, etc.
- **Managing the labelling of SRI funds**

As of 31/12/2022, the Responsible Investment management and expertise division consisted of 8 FTEs, including 3 fund managers, 3 SRI analysts, 1 SRI quantitative analyst and 1 IT engineer.

The team thus represented 4.9% of the DNCA Finance group's workforce (in FTEs).

In addition, all managers have access to ESG information and can use it directly in their management process.

ii. Targets for gender balance in decision-making

DNCA Finance is sensitive to gender equality issues and wishes to initiate a process of reflection with stakeholders (including employee representative bodies) in order to study the impact and set medium-term objectives. DNCA Finance is already aiming to gradually re-establish a gender balance within its portfolio management teams: for equal skills, a female candidate would be given priority over a male candidate.

To date, the management team (managers, analysts, management assistants) includes 19% women and 81% men.

2) Technical resources

i. ESG data

DNCA Finance has selected the following suppliers to provide data for its management processes:

Service provider	Data
MSCI	Raw data
	Negative impact indicators (PAI)
	Controversies
	Climate VaR (in progress)
ISS Ethic	Controversies
CDP	Carbon footprint
	Water consumption
	Land use
Scope Ratings	Impact indicators
Refinitiv	ESG scores
Bloomberg	Newsflow

ii.

iii. ABA proprietary tool

DNCA Finance has developed a proprietary ABA "Above and Beyond Analysis" rating tool. This model is based on five independent and complementary analysis pillars applicable to any company invested in the funds:

Corporate Responsability Risk	**Sustainable Transition**	**Controversies**	**Engagement**	**SDG**

*SDGs: UN Sustainable Development Goals

In addition, a climate pillar and a positive contribution pillar have been developed for certain funds:

Climate	**Positive contribution**

The aim is to offer a detailed analysis that adds value to traditional financial analysis. This analysis is carried out exclusively in-house by DNCA Finance teams and is based on data provided directly by issuers.

ABA analysis is deployed on DNCA Finance's active management universe, i.e. around 900 issuers (including all corporate securities in the portfolio). To extend the coverage to investment universes, a call for tenders on ESG data has been launched; it will enable DNCA Finance to build an "ABA Quant" rating (See C- ESG data sourcing).

iv. Tool for calculating the temperature diffusion induced by "Temperature" portfolios

In 2019, DNCA Finance designed a model for climate analysis of issuers based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the IPCC's International Energy Agency (IEA) energy scenarios and the Science Based Targets (SBTi) initiative.

Within this framework, DNCA Finance has developed "ABA Temp", a tool for aggregating CDP induced temperature scores at portfolio level and disseminating this temperature to the teams of managers and financial analysts. In this way, the teams in charge of investments have access to a portfolio temperature dashboard. This tool enables managers to analyse the temperature of their portfolios and integrate this dimension into their investment decisions.

For further details, please refer to chapter VI.A Paris Agreement alignment strategy.

v. Budget allocated to ESG research and investment

The budget devoted to research and investment, including consultancy support, ESG data, voting at general meetings and various contributions (labels, initiatives, etc.) represents around €800k per year.

To this figure must be added:

- The payroll of the PEGIR team (Expertise and Responsible Investment Management Centre)
- The ISD budget allocated to the development of the various ESG projects (industrialization, visualization, reporting, etc.)
- Specialist external research on responsible investment

B. Actions taken to strengthen DNCA Finance's internal capabilities

1) Responsible Investment training

DNCA Finance pays particular attention to training DNCA Finance teams in responsible investment and sustainable development.

During the 2022 financial year, suggestions for training and certification in sustainable finance and SRI were put forward internally.

In 2022, the following training or awareness-raising activities were carried out (840 hours in total):

Training / awareness-raising	Number of employees concerned
CFA in ESG investing	3
AMF Sustainable Finance certification	27
Various training courses on sustainable finance, SRI and CSR: • Sustainable development and practicing responsible purchasing • Sustainable finance: labels, standards, benchmarks and regulations, green claims • Sustainable finance and asset management: climate investment strategies and portfolio decarbonization • Initiating a CSR approach in HR • Socially responsible investment: origins, methods and challenges for fund management • CSR in logistics: practical training in the reference framework	8
Carbon footprint awareness	46

2) ESG data sourcing

In order to meet the principles of its responsible investment policy and the new environmental and regulatory challenges, DNCA Finance issued a call for tenders at the end of 2021 with a view to :

- **Improving the reliability of issuer data** and indicators of impact on climate and biodiversity
- **Enter information** on activities aligned with the European Taxonomy
- **Enhance the existing SRI analysis process** (by integrating physical and climatic risks) and enable its systematic use (through the use of an "ABA Quant" rating assessed over the entire investment universe).
- **Extending the scope of** other ESG processes

The Responsible Investment Policy is now fully implemented, from the integration of data into the information systems to its dissemination within the management processes.

III. TAKING ESG CRITERIA INTO ACCOUNT IN THE GOVERNANCE OF DNCA FINANCE

A. Governance

1) ESG Governance

DNCA Finance has adapted its governance to better apply the Responsible Investment Policy.

ESG governance is made up of several bodies:

- Sustainable Development and Investment Committee (SDI Committee)
- Sustainable Investment Committee (SIC)
- Sustainable Investment Monitoring Committee (SID Committee)
- Transverse Sustainable Investment Committee (CTID)

i. Sustainable Development and Investors Committee (DID Committee)

The objective of the DID Committee is to define the strategic orientations of DNCA Finance's CSR and Sustainable Investment policies, including orientations concerning climate and biodiversity, in line with the ESG orientations of the Supervisory Board.

It is made up of members of the Executive Committee, the RCCI, the head of SRI management and representatives of the main functions (Responsible Investment management and expertise, risk, marketing, legal, sales, etc.).

Its main tasks are to:

- **Determining strategic orientations** in terms of corporate social responsibility and responsible investment
    - Translate and consider DNCA shareholders' orientations in terms of social responsibility and sustainable investment
    - Establish DNCA's CSR commitments as a company, including commitments in the investment function
- **Defining and developing SRI policies:**
    - Sustainable development and its components
    - Responsible investment and its components
- **Policy design :**
- **Policy developments** (based on proposals from the ID Committee, the Operational CSR Committee, other committees and all stakeholders, including shareholders)
- **Take stock of the operational implementation of SRI policies over the** past year, in particular through the production of associated reports (DPEF, commitment report, Art. 29 of the LEC, Annex 1 SFDR, etc.), and draw lessons from this to revise strategic orientations / ESG policies

ii. Sustainable Investment Committee (SIC)

The aim of the ID Committee is to define, implement and monitor the Sustainable Investment processes. It is made up of the head of the Responsible Investment management and expertise unit, the general secretary of the management team, a representative of each management team, a representative of the Compliance team and a representative of the Risk team.

Its main tasks are to :

- **Define ESG processes, including in particular:**
    - Rating process for corporate issuers

    - Rating process for sovereign issuers
    - Exclusion process
    - SRI selectivity process
    - Sustainability risk management process
    - Process for managing negative impacts
    - Fund labelling process
    - Commitment and voting process
    - Climate trajectory management process
- Deploy and monitor SRI processes:
    - Ensuring the operational deployment of the Responsible Investment strategic guidelines of the Development and Sustainable Investment Committee (DID Committee)
    - Manage the temperature of portfolios in line with the trajectory decided by the DID Committee
    - Taking stock of the deployment of SRI processes and the achievement of the objectives set by the DID Committee
    - Arbitrate proposals for changes to the SRI processes of subordinate committees
    - Submit proposals for changes to SRI policies to the DID Committee

iii. Sustainable Investment Monitoring Committee (SID Committee)

The aim of the SID Committee is to monitor all developments relating to the exclusion policy and the negative impacts identified.

It is made up of the head of the Responsible Investment division, the General Secretary of the Management division, and at least one representative of the Compliance team and one representative of the Risk team.

Its main tasks are to:

- **Reviewing exclusion policies**
- **Validate and maintain traceability and justification of** changes made to exclusion lists
- **Monitoring and steering the negative impacts identified.**

iv. Transverse Sustainable Investment Committee

The aim of the TID Committee is to define, deploy and monitor the operational processes that support and provide a framework for Sustainable Investment.

It is made up of the Operations Department, the SRI Management Department, and the Risk, Marketing, Legal, Sales, Data, Compliance and Middle Office teams.

Its main tasks are to :

- **Defining, framing and monitoring** the project(s) to be implemented :
    - Defining objectives and the roadmap
    - Defining the development
    - Designate the people responsible for the actions
    - Estimate the resources required (time, expenses)
    - Define the schedule in line with business objectives and constraints
    - Monitor actions and compliance with key milestones

- **Monitor and support the business** teams' **operational processes**, including the following points deployed at Data Committee level:
  - ESG data sourcing
  - Flow instruction
  - Structuring ESG data (data dictionary/repository)
  - Quality control of ESG data
  - Dissemination of ESG data (from the repository to any business tools)
- **Provide the information** needed to assess the operational implementation of the ID functional processes over the past year, in particular to produce reports such as the commitment report, Art. 29 of the LEC report, Annex 1 SFDR, etc.

2) Risk Committee

The monitoring of financial risks related to the environment, including physical and climate transition risks and biodiversity loss, is integrated into DNCA Finance's risk management system (the monitoring of financial risks related to sustainability will be operational once the project to overhaul the supply of ESG data mentioned in chapter II.C ESG data supply).

The Risk Committee, the central body of the risk management system, meets every six months. It is made up of the three senior executives (the Managing Partner of the "Société en Commandite Simple", the Executive Vice-President in charge of Operations and the Managing Director or his representative), the Head of the Risk Department and the RCCI.

The purpose of the Risk Committee is to:

- **Present developments in risk management policy**, procedures and mapping
- **Report on the progress of** inspection and audit **recommendations**
- **Report on significant issues relating to market**, concentration, credit, counterparty, foreign exchange, liquidity, valuation and sustainability **risks**
- **To present a follow-up of VaR funds**, backtesting and stress tests
- **Monitor management styles**
- **Take any decision to rectify an anomaly identified** by the Risk Department and subject to an escalation procedure
- **Monitor constraints and performance**

B. Knowledge, skills and experience of members of management bodies

In line with this overhaul of governance specific to ESG through more targeted committees with clearly identified roles adapted to each level of the company, DNCA Finance has launched a training plan on Responsible Investment to ensure that members of the Executive Committee and Supervisory Board take full ownership of sustainable finance issues.

Interviews were conducted with members of the Supervisory Board, the Executive Committee and the Board of Directors of SICAV DNCA Invest (Luxembourg). These interviews will be used to customize and adapt the training provided.

In contrast to the standard content provided by the organizations, these "tailor-made" training courses will be given by a speaker selected for his experience in raising awareness of these issues among governance bodies, particularly with regard to the challenges of transforming business models in the face of environmental issues and analyzing changes in the related responsibilities of boards of directors and supervisory boards.

The topics covered are:

- The transformations underway in the Earth system (climate change, biodiversity) and the consequences for the various stakeholders of taking these issues into account

- Implications for business models: new risks, market opportunities/transformations, impact on attractiveness for talent
- The identification of certain key factors in the evolution of companies' business models and determining factors for distinguishing potential 'winners' and 'losers' in this period of transition
- A critical analysis of companies' carbon neutrality commitments
- Adapting to change and the resilience of business models
- Taking account of natural capital and environmental externalities in the decision-making process
- An analysis of the responsibilities of boards of directors and supervisory boards in the context of global boundaries, heightened societal expectations and new legal obligations.

Preliminary discussions with all the directors and the customization of the training to meet the challenges and needs as closely as possible have resulted in the postponement of this training, initially scheduled for 2022, to the 1er half-year of 2023.

C. Incorporating sustainability risks into remuneration policy

Performance is assessed based on quantitative and qualitative criteria specific to the main business lines of the staff identified (management, trading desk, sales and investment advisory staff, compliance and control functions). Depending on the function, it includes a time scale and takes into account compliance with risk limits and customer interests. The variable remuneration package is determined on the basis of quantitative and qualitative criteria.

Sustainability risks, as defined in Article 5 of the SFDR Regulation 2019/2088 ("risks that the occurrence of an environmental, social or governance situation or event will have an actual or potential negative impact on the value of an investment") will be incorporated into the 2024 remuneration policy, in line with regulatory developments. ESG issues and considerations linked to responsible investment are therefore part of the evaluation process for the various teams, including those dedicated to responsible investment.

DNCA Finance's remuneration policy is also available on the website.

D. Inclusion of ESG criteria in the internal regulations of the Board of Directors

The integration of ESG criteria into DNCA Finance's operations and strategy is a major concern for the management bodies and the Board of Directors.

Natixis Investment Managers, the parent company of DNCA Finance, has initiated a review of its rules of governance and the integration of environmental, social and governance quality criteria into the internal regulations of its Board of Directors. It is also planned to deploy these objectives within the supervisory bodies of Natixis Investment Managers' subsidiaries (including DNCA Finance), adapted to the characteristics of each entity and on a case-by-case basis.

IV. ENGAGEMENT STRATEGY

A. Scope of the engagement strategy

The scope of the commitment strategy covers all private issuers in the portfolios managed by DNCA Finance, in all geographical areas in which the management company is invested.

As a responsible investor, DNCA Finance attaches the utmost importance to maintaining a constant dialogue with the issuers in which it invests. DNCA Finance's shareholder engagement is detailed in the "Shareholder engagement and voting policy" document. This engagement enables DNCA Finance to:

- **Encourage issuers** to adopt best practices
- **Benefit from a detailed understanding of** the company's strategy and its integration of sustainability risks

The engagement policy thus contributes directly to DNCA Finance's sustainability risk management. The level of engagement and dialogue depends on the level of sustainability risk.

DNCA Finance distinguishes between two ways of interacting with companies:

- **Dialogue** with issuers
- Shareholder or investor **engagement**

1) Dialogue with broadcasters

As managers of conviction, DNCA Finance considers it essential to meet very regularly with the companies in which it invests or plans to invest. This is the case for both financial analysis (profitability, growth prospects, balance sheet structure) and ESG analysis. In particular, these meetings provide an opportunity to question management on strategy and the extent to which its implementation considers the interests of all stakeholders. These discussions generally provide a much more relevant picture of the extent to which ESG issues, and the corporate culture are integrated than simply reading the documents published by the companies.

The information obtained during these meetings makes a significant contribution to the quality and responsiveness of ESG research.

The number of contacts with issuers is described in DNCA Finance's Engagement Report.

2) The investor engagement[1]

DNCA Finance is convinced that improving the practices of the companies in which it invests helps to protect the value of its clients' investments. DNCA Finance has therefore set up an engagement process aimed at influencing companies to take better account of ESG issues, directly linked to its sustainability risk management policy. More generally, DNCA Finance believes that it is its fiduciary responsibility not only to select the best investments, but also to encourage better practices and transparency at company level, and more generally in the markets.

DNCA Finance distinguishes between two types of commitment:

- **Reactive engagement,** following a controversy or a particular incident
- **Proactive engagement,** to encourage issuers to develop greater transparency and better management of their SRI issues.

These two cases are covered by a formalized engagement process, detailed in the "Our engagement process" section of the "Shareholder engagement and voting policy" document.

Finally, DNCA Finance believes that certain global and systemic issues, or engagement with global companies where our power of influence is limited, require coordinated and/or collaborative action to achieve the best results. DNCA Finance has therefore joined several collaborative initiatives in the marketplace, led by the PRI, to promote best practice on systemic or cross-functional issues.

[1] Our engagement also applies to the companies in which we hold debt.

DNCA Finance reserves the right to participate in collaborative undertakings and collaboration with other investors after a case-by-case analysis of the situation and the theme of the undertaking chosen.

3) Site visits

In addition to its institutionalized dialogue with company management, DNCA Finance adds a more operational dimension, providing a deeper understanding of company activities and practices. Site visits are carried out on a regular basis, providing an opportunity to talk to operational staff on the ground and to shed more light on the way in which the company manages its financial objectives and ESG issues.

4) Collaborative engagement

As an extension of its responsible engagement policy, DNCA Finance partners with other investors to bring a message to companies in which it may have limited influence. Also, DNCA Finance believes that collaborative action can, in some cases, achieve better results with issuers, so it selects engagement themes after careful analysis of the situation. DNCA Finance drives its collaborative engagement activity through direct contact with investors and through participation in engagement initiatives involving many international investors.

DNCA Finance is a signatory of the United Nations Principles for Responsible Investment (UNPRI), an initiative with over 7,000 signatories worldwide. DNCA Finance is also a signatory of the Carbon Disclosure Project (CDP), an initiative aimed at improving corporate transparency on climate change. We are also a member of Climate Action 100+, an engagement group for international companies at the forefront of global pollution.

DNCA Finance wishes to demonstrate its commitment as a responsible company and participates in industry bodies addressing the practice of responsible investment, such as the Association Française de la Gestion Financière (AFG). DNCA Finance also supports international initiatives such as the principles of the Task Force on Climate Related Financial Disclosure (TCFD).

5) Integrating the engagement approach into the analysis model and investment decisions

i. Integration into ESG ABA analysis

Dialogue with issuers is an invaluable source of added value in analyses, whether financial or specifically ESG.

All dialogue and engagement initiatives are integrated into two complementary tools:

- **The proprietary ABA tool**, to adjust the company's "Risk of Responsibility" or "Transition" rating where necessary, and to keep a record of exchanges with the management of invested issuers.
- **The ResearchPool (RMS) tool**, in which fund managers enter all information relating to discussions with issuers.

ii. Integration into investment decisions

The results of the engagement actions are integrated into the ESG analysis and may have an impact on the "Responsibility Risk" rating. This rating, which is distributed to all management teams, gives an indication of the level of ESG risk and has a direct impact on whether or not SRI funds are included in the eligible universe.

Managers are systematically invited to take part in engagement meetings with the issuers in their portfolios.

The application of sustainability risk management principles may lead to adjustments to the commitment policy.

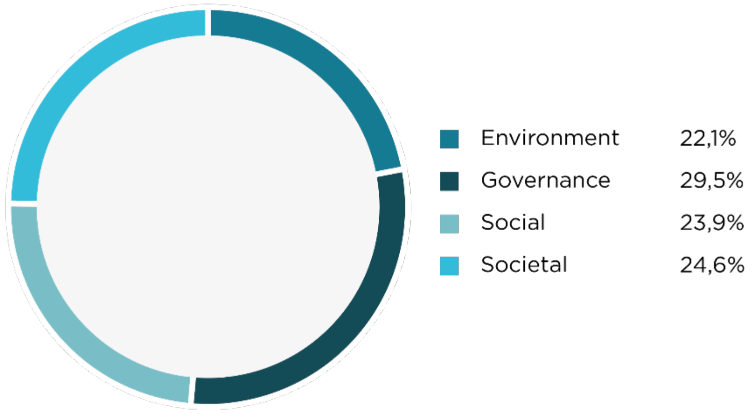
B. Review of the engagement strategy

Details of the engagement strategy are given in the DNCA Finance Engagement Report.

In 2022, about shareholder or investor engagement, DNCA Finance held 156 meetings on ESG topics with 110 different companies. DNCA Finance also conducted 6 site visits.

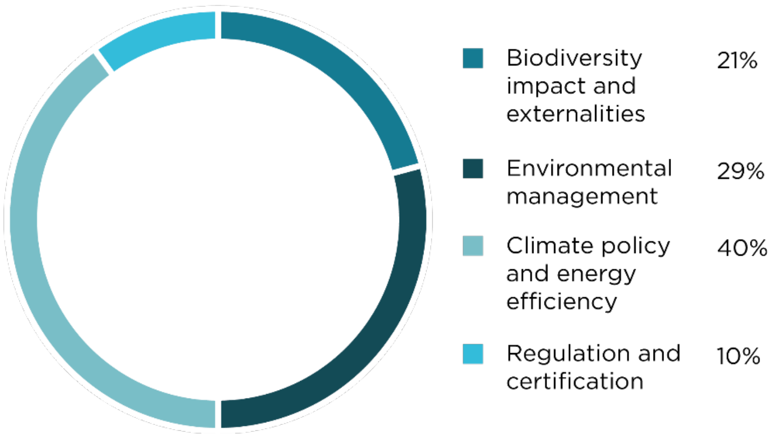
During these meetings, the engagement themes were as follows (extract from the Engagement Report and the report on the exercise of voting rights 2022):

Commitment type



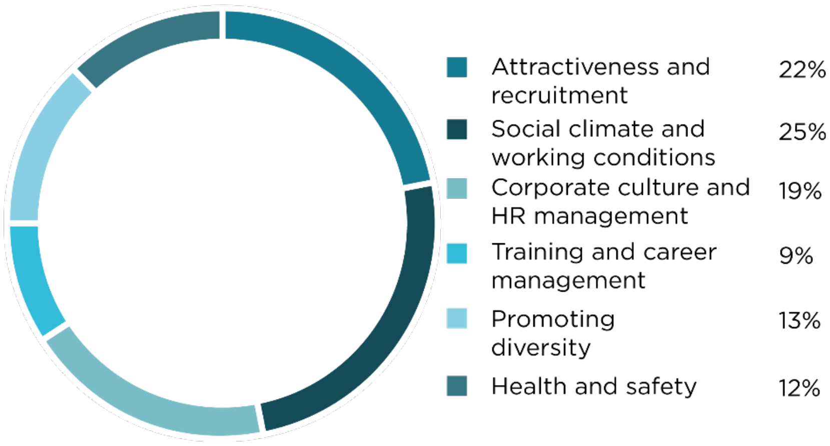
These commitments cover the following topics in more detail:

Commitment theme environment



Societal commitment theme

Social commitment theme



Governance commitment themes

Regarding collaborative engagement, DNCA Finance has taken part in 4 campaigns:

Extract from DNCA Finance's 2022 engagement report

Name of the collaborative engagement campaign	Campaign coordinator	Issuers	Years	Description of the campaign
Non Disclosure Campaign - Climate	CDP DISCLOSURE INSIGHT ACTION Carbon Disclosure Project	3318 different issuers	2022 campaign	This campaign, sponsored by the Carbon Disclosure Project, asks companies to be more transparent on climate issues.

CDP SBT Campaign	Carbon Disclosure Project	1200 different issuers	2022 campaign	This commitment campaign sponsored by the Carbon Disclosure Project is asking certain companies that already have a good level of transparency to commit to aligning their activities with the objectives of the Paris agreements, and to have them verified by the Science Based Target initiative.
Climate Action 100 +	Climate Action 100 +	Airbus SE	Since 2021	The Climate Action 100 commitment initiative aims to promote better environmental practices among the world's most polluting emitters.
Advance	PRI	Enel	Since 2022	The Advance engagement initiative aims to promote best practice in respecting human rights in operations and social relations among issuers exposed to the most severe risks.

Extract from DNCA Finance's 2022 commitment report

C. Presentation of the voting policy

DNCA Finance applies the following principles in its shareholder engagement and voting policy:

Composition and operation of the Board

Governance structure: DNCA Finance favours the separation of the roles of Chairman and Chief Executive Officer. In the event of a combination of functions, appropriate control and balance of power measures are put in place. In the case of banks, DNCA Finance is opposed to combining the functions of Chairman and Chief Executive Officer.

Composition of the Board: The Board of Directors is committed to promoting the creation of value by the company over the long term, considering the social and environmental challenges of its activities. DNCA Finance attaches particular importance to the quality of the Board, the consistency of its composition with the company's strategy and the balance of its composition in terms of diversity. In addition, DNCA Finance encourages the presence of at least one director, preferably independent, whose qualifications make it possible to discuss the company's social, societal and environmental issues.

DNCA Finance analyses the independence of directors according to the criteria recommended in the AFP-MEDEF code:

- Criteria 1: Employee corporate officer over the previous 5 years
- Criteria 2 : Cross mandates
- Criteria 3 : Significant business relationships
- Criteria 4 : Family ties
- Criteria 5 : Statutory auditor
- Criteria 6: Term of office of more than 12 years
- Criteria 7: Status of non-executive corporate officers
- Criteria 8: Status of major shareholder

Appointment and reappointment of directors: The proper functioning of a Board depends on the integrity, availability, skills and engagement of its directors.

Employee representatives and management proposed by shareholders: DNCA Finance supports the inclusion of employee representatives on boards and committees, the presence of employee shareholder representatives on boards and recommends greater transparency in the selection process for employee shareholder representatives presented to shareholders for a vote.

Directors proposed by one or more shareholders: DNCA Finance is in favour of the appointment of directors proposed by one or more shareholders, provided that the candidates meet the conditions of integrity, availability, skills and involvement.

Non-voting directors: DNCA Finance favours the appointment of voting directors to the Board and is therefore opposed to the appointment of non-voting directors except in a specific context that justifies it.

Committees reporting to the Board: DNCA Finance recommends that remuneration, as well as the appointment of directors and executive officers, be subject to preparatory work by a committee of the Board and encourages the creation of a committee dedicated to Corporate Responsibility issues.

Directors' remuneration: The Remuneration Committee is responsible for studying and recommending the amount and terms of directors' remuneration. The overall amount, which is voted on at the Annual General Meeting, must take account of the effective participation of directors on the Board and its committees, and therefore includes a predominantly variable component. It must also be consistent with the size of the company and its business sector. The level of remuneration must be adapted to the level of responsibilities assumed by the directors and the time they must devote to their duties. DNCA Finance favours remuneration based on attendance at Board meetings. The rules for allocating remuneration and the individual amounts paid to directors in this respect must be transparent and set out in the corporate governance report. DNCA Finance strongly encourages directors to be shareholders in their own right and to own a minimum number of shares, which should be significant in relation to the remuneration received. Lastly, DNCA Finance is opposed to the introduction of variable incentive compensation, which could compromise the objectivity and independence of directors, and to the proposals relating to the indemnification of directors and senior executives and their protection against liability.

Executive remuneration

Principles and transparency: The Board must discuss the performance of senior executives in the absence of the persons concerned. The determination of executive remuneration is the responsibility of the Board, based on proposals made by the Remuneration Committee. The Board must give reasons for its decisions in this area. In determining executive remuneration, the Board and its committees must take into account and rigorously apply the following principles: comprehensiveness, balance, comparability, consistency and transparency.

Alignment with performance: DNCA Finance considers that executive remuneration should be competitive, adapted to the company's strategy and context, and should aim to promote the company's performance and competitiveness over the medium and long term by incorporating one or more criteria relating to social and environmental responsibility. Remuneration must make it possible to attract, retain and motivate high-performing executives.

Severance pay: It is unacceptable for executives whose company is failing, or who are themselves failing, to leave with severance pay. In addition to the legal rules, when an executive leaves the company, the financial conditions of his departure must be detailed exhaustively.

Management shareholding: To promote the alignment of interests, DNCA Finance is in favour of executive shareholding.

Approval of accounts and management

Approval of financial statements: DNCA Finance approves the financial statements when no reservations or refusals to certify have been made and the statutory auditors' report is included in the management report. DNCA Finance considers that an audit committee not established within the Board is a reason not to approve the financial statements. The same applies to the presence of an executive member on this committee.

Allocation of earnings: DNCA Finance pays particular attention to the policy of returning earnings to shareholders and wants it to be consistent with the company's results and strategy. DNCA Finance opposes the appropriation of earnings if the increase in dividends is at the expense of growth investments or if cash flow does not allow the dividend to be financed.

Regulated agreements: DNCA Finance examines the content of these transactions to determine whether they are well-founded and in the interests of the company and its minority shareholders. DNCA Finance votes against regulated agreements when they are contrary to the company's interests and/or when the transparency of these agreements is insufficient to analyse them. In addition, transmission times must be sufficient to allow this analysis.

Appointment and remuneration of statutory auditors: DNCA Finance is aligned with the European audit reform and votes negatively when the statutory auditor's term of office exceeds 12 years (24 years in the case of co-auditors) and favours the appointment of deputy statutory auditors who are independent of the principal statutory auditor. Also, DNCA Finance may not approve the discharge of the statutory auditors when this has a legal value that may restrict the action of shareholders. Finally, DNCA Finance is in favour of the separation of audit and advisory activities.

D. Voting policy review

DNCA Finance exercised the voting rights attached to the securities held in the UCITS and FIAs it manages and for which it held the voting rights.

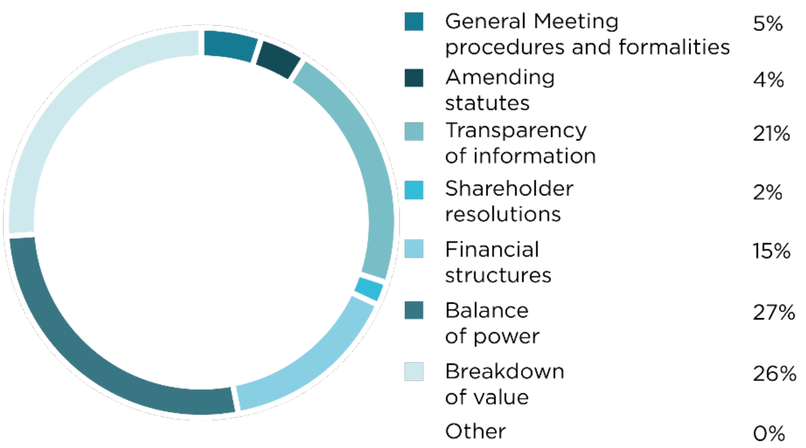
During the 2022 financial year, the voting perimeter comprised 772 securities held in 65 UCIs and FIAs.

This represents 942 General Meetings of companies in which DNCA Finance held voting rights. DNCA Finance effectively exercised its voting rights at 903 General Meetings, compared with 983 for the 2021 financial year, for a total of 1,204 resolutions, representing a participation rate of around 96%.

DNCA Finance did not exercise its voting rights at 39 General Meetings due to technical or administrative problems (migration of funds in the systems of the service provider responsible for carrying out the vote, validity of proxy credentials, etc.).

Of these 12,044 resolutions, DNCA Finance approved 8,551 resolutions, disapproved 2,374 resolutions and abstained on 1,119 resolutions, as detailed in DNCA's "Engagement Report and Report on the Exercise of Voting Rights". DNCA Finance cast at least one unfavourable vote at 740 general meetings, i.e. 82% of general meetings voted.

Breakdown of "for" votes by theme



E. Decisions on investment strategy, including sectoral divestments

During 2022, the use of the 'Worst Offenders' list (made up of the issuers most at risk from a corporate responsibility point of view) was deployed in the management of the funds. More details on the "Worst Offenders" list are described in chapter *VIII.A.2.d) - Creation of a "worst offenders" list*.

The issuers concerned and divested were Orpéa (debt) and Syngenta (equities).

More generally, DNCA Finance is implementing a sectoral divestment strategy concerning certain sectors, including thermal coal and non-conventional hydrocarbons.[2] More details are described in

[2] DNCA Finance classifies oil and gas extraction from tar sands, shale gas and oil, and drilling in the Arctic as "unconventional hydrocarbons".

chapter *VI.A.1.b) - Medium-term objectives for the exit from non-conventional hydrocarbons and coal (2030 - 2040)*

V. TAXONOMY

The European Taxonomy Regulation aims to create a common language for investors and companies in projects and economic activities with a positive impact on the climate and the environment.

This objective is served by:

- The creation of a standardized classification system for sustainable activities
- An incentive to manage certain negative impacts (via duty of care tools) and contribute to the SDGs.

An environmentally sustainable business must:

- Make a significant contribution to one of the following 6 objectives:
    - Mitigating climate change
    - Adapting to climate change
    - Hydrological and marine resources
    - Circular economy
    - Pollution prevention and control
    - Biodiversity and ecosystems
- Do Not Significant Harm (DNSH)
- Comply with minimum standards (OECD, UN, ILO)

Today, only the regulatory technical standards (RTS) corresponding to the first two objectives of the Taxonomy are available: mitigation of climate change and adaptation to climate change.

A. Share of AuMs relating to activities eligible for the European Taxonomy

The first results concerning activities eligible for the European Taxonomy published based on investments made as of 31 December 2022 are as follows:

Total assets managed by DNCA Finance	Coverage rate of assets analysed	Active perimeter
27.7 billion	62.3%	27.7 billion
	Percentage of workforce concerned	**Amount of assets concerned**
Taxonomy eligibility	6.4%	1.794 billion
Not eligible for Taxonomy	93.6%	25.206 billion
Sovereign and supranational issuers	20.9%	5,098 billion
Companies not subject to NFRD	59,5%	16.476 billion
AuM derivatives[3]	0.9%	0.241 billion

The information concerning eligibility for the European Taxonomy does not concern sovereign issuers or companies that are not required to publish non-financial information under Article 19a or Article 29a of Directive 2013/34/EU (NFRD) (companies outside the European Union).

[3] CDS Index, CFD, Foreign Exchange Futures, Futures, IRS, Options, Warrants

B. Percentage of assets invested in companies active in the fossil fuel sector

The results for investments in companies active in the fossil fuel sector published on the basis of investments made at 31 December 2022 are as follows:

	Share of assets concerned	Amount of assets concerned
Exposure to fossil fuels	4.7%	1,301 billion

VI. ALIGNMENT WITH THE INTERNATIONAL TARGETS FOR LIMITING GLOBAL WARMING SET OUT IN THE PARIS AGREEMENT

Adopted in December 2015 at COP21, the Paris Agreement establishes an international framework for cooperation on climate change that aims to limit warming "to well below 2°C, and continuing action to limit it to 1.5°C" (Article 2), and to achieve a global balance between greenhouse gas emissions and removals in the second half of the 21st century (carbon neutrality) (Article 4).

Since COP 21 and the Paris Agreement, climate change mitigation and adaptation must be part of the daily agenda of the private and public sectors. For the financial sector, the agenda is defined in the main objectives agreed at COP 21: "*Make financial flows compatible with a low greenhouse gas emission and climate resilient development pathway*".

With the publication of the "Trajectoire Climat" document in 2021, DNCA Finance has positioned itself as a player in the fight against climate change and alignment with the Paris Agreement and the limitation of global warming to 2° by the year 2100.

A. Quantitative targets - Alignment with the Paris Agreement

DNCA Finance has several objectives:

- Short-term qualitative targets (2023)
- Medium-term targets for phasing out non-conventional hydrocarbons and coal (2030 - 2040)
- Medium-term objectives for portfolio alignment (2030)
- Long-term ambitions (2050)

1) Short-term objectives (2023)

DNCA Finance is keen to develop methodologies for measuring and analyzing data related to global warming:

- Measuring carbon footprints, including scope 3
- Methodology for calculating induced temperatures from carbon emissions

In addition, DNCA Finance already includes climate issues in its "Voting and Engagement Policy", through its support for climate resolutions.

DNCA Finance's short-term objectives (2023) are as follows:

- Improved data coverage
- Improved temperature analysis including comparison with absolute carbon emissions, carbon footprint, carbon intensity and 3-year trend between 2020 and 2022.
- Dialogue with at least 5 of the "worst contributors" in terms of assessing the temperature induced.
- Dialogue with at least 5 companies without a climate objective and representing the largest exposure in terms of assets under management [1]
- Support for the "Say on Climate" resolutions.
- Implementation of management tools to achieve medium-term objectives.
- Inventory of carbon emissions by public-sector issuers
- Exclusion of investments exposed to coal, up to 10% of revenue.
- Exclusion of investments exposed to the production of non-conventional oil and gas, up to 10% of revenue.

2) Medium-term objectives for phasing out unconventional oil and coal (2030 - 2040)

- Exclusion of investments exposed to coal, up to a maximum of 5% of sales by 2027.
- Exclusion of investments exposed to coal, up to a maximum of 0% of turnover by 2030 for OECD countries.
- Exclusion of investments exposed to coal, up to a maximum of 0% of turnover by 2040 for non-OECD countries.
- Exclusion of investments exposed to the production of non-conventional hydrocarbons, up to a maximum of 5% of sales by 2030.
- Exclusion of investments exposed to the production of non-conventional hydrocarbons, up to a maximum of 0% of sales by 2040.

3) Medium-term objectives for portfolio alignment (2030) :

- The average temperature rise index for DNCA Finance portfolios is less than 2.2°C, according to an analysis methodology that to date only includes scopes 1 and 2.
- DNCA Finance is committed to integrating scope 3 for all its holdings once it is available and standardized. At that time, DNCA Finance reserves the right to adjust its targets. In the meantime, DNCA Finance will provide any qualitative comments to monitor these targets.
- The objectives are based on a constant scope as defined in this policy.

4) Long-term ambitions (2050)

> The average temperature rise index for DNCA Finance portfolios is below 2°C, according to an analysis methodology that to date only includes scopes 1 and 2.

These objectives will be analyzed regularly by DNCA Finance, during the production of the annual "Environmental Pressures" report. Within this framework, DNCA Finance will ensure its alignment with the climate trajectory, analysis any deviations, and adapt appropriate measures.

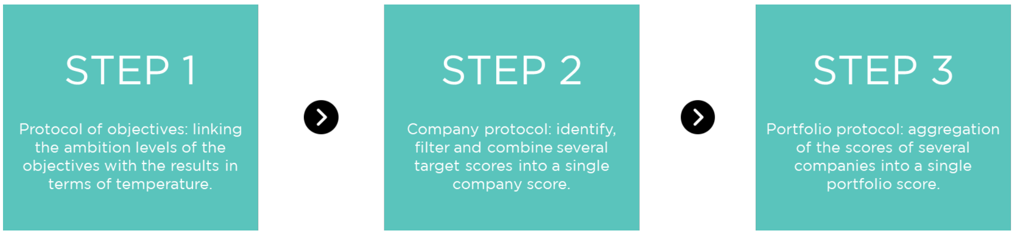
B. Tool for calculating and distributing the temperature induced by portfolios

In 2019, DNCA Finance developed a climate analysis model for issuers, based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the IPCC's International Energy Agency (IEA) energy scenarios and the Science Based Targets (SBTi) initiative.

DNCA Finance uses the Carbon Disclosure Project (CDP) temperature scores to monitor the temperature trajectory of its investments. The CDP temperature score database provides a temperature trajectory for nearly 4,000 companies, based on their greenhouse gas emission reduction targets and covering each company's value chain (scope 1, 2 and 3)[4] . This methodology was selected in line with DNCA Finance's philosophy of relying solely on company data to produce its own analyses.

The CDP temperature score methodology is one of the Science Based Target methodologies officially used to enable investors to set GHG emission reduction targets for their investment portfolios (SBTi for financial institutions).

The CDP divides its methodology into three stages:



Source: CDP/WWF temperature assessment methodology

Scenarios are defined to convert GHG emission reduction targets into temperature scores. The CDP uses the 1.5°C database of the Integrated Assessment Modelling Consortium (IAMC), which contains more than 400 scenarios. It selects the most relevant scenarios by excluding those that rely on a significant amount of GHG capture and storage.

The CDP assumes that there is a linear relationship between changes in common target indicators (e.g. absolute emissions, carbon intensity in relation to turnover or product sold) over specific periods corresponding to the horizons for defining company targets and the resulting global warming in 2100.

DNCA Finance has developed "ABA Temp", a tool for aggregating CDP temperature scores at portfolio level and distributing this induced temperature to the teams of managers and financial analysts. As a result, the teams in charge of investments have access to a portfolio temperature dashboard. The 'ABA Temp' tool enables them to analyse the ex-post temperature of their portfolios and integrate this dimension into their investment decisions.

1) Climate indicators

The indicators monitored by DNCA Finance are:

- CO_2 emissions (in tons of CO_2 equivalent per year) in absolute terms and per million euros invested.

---

[4] Scopes" are defined by the GHG Protocol. Scope 1: greenhouse gases (GHG) emitted directly by the company during its activity, Scope 2: GHG emitted by energy consumption, Scope 3: indirect emissions (upstream scope 3: supply chain; downstream scope 3: customers and distributors).

- Default temperature (in temperature scores)

The indicators monitored are aggregated at portfolio level as follows:

- Scope 1 + 2 CO2 emissions (in tons of CO2 equivalent per year and in tons of CO2 equivalent per year per million euros invested)

$$\sum_{n}^{i} \frac{Investment\ value_i}{Company\ value_i} \times Emission\ scope\ 1 + 2_i$$

- Default temperature
    - In its methodology, CDP and WWF propose and compare seven different weighting methods for aggregating the temperature scores of companies at portfolio or index level (step 3).
    - DNCA Finance has selected two of them: the Enterprise Value + Cash emissions weighted temperature score (ECOTS) and the Weighted Average Temperature Score (WATS). A major change from the previous year is that we now use enterprise value including cash. This change is based on the SFDR regulations and the formulas for calculating the main negative effects of investments.
    - For the WATS method, the temperature scores are weighted by the portfolio weights. In other words, the aggregate portfolio score is the weighted average of the individual temperature scores. Although this approach is simple and promotes harmonization of methods, it does not take account of GHG emissions. As a result, exposure to high-impact companies is not readable using this approach.
    - For the ECOTS method, the temperature scores are weighted by the share of emissions held in the total emissions held. This means that the aggregate score is the emissions-weighted average of the individual temperature scores. The emissions held are calculated in relation to the share held of the value of the company without adjustment for liquid assets (EV). Although this method is more complicated to calculate than the previous one because it requires additional financial data on the company, this method includes GHG emissions in the calculation and enables exposure to high-impact companies to be more accurately reflected.

Temperature score weighted by emissions held **(ECOTS)**	The temperature scores are weighted by the share of emissions held in the total emissions (scope 1 and 2) held, and rebased according to the availability of information.	$\sum_{n}^{i}\left(\left(\frac{\frac{Investment\ value_i}{Company\ value^5} \times Carbon\ emissions_i}{Total\ company\ emissions\ held}\right) \times TS_i\right)$ TS: temperature score
Weighted portfolio temperature score **(WATS)**	Temperature scores are weighted by portfolio weights, rebased according to temperature availability.	$\sum_{n}^{i}(Portfolio\ weighting_i \times Temperature\ score_i)$

C. Results of portfolio alignment with the Paris Agreement

The detailed results are available in the DNCA Finance Environmental Pressures Report. The methodological choices made in this analysis depend on the current state of data available to DNCA Finance. In the future, DNCA Finance does not rule out any methodological changes made possible by the acquisition of new data.

The DNCA Finance perimeter analysed contains 905 private issuers of bonds, equities or convertible bonds representing €17.5 billion, i.e. approximately 60.4% of assets under management at the end of 2022.

[5] Company value: EVIC (Enterprise Value including Cash)

Indicators	AuM coverage
Scope 1+2 temperature rating	47.2%
Scope 1&2 GHG emissions	56.3%

Source : DNCA Finance, Factset

As in 2021, DNCA Finance calculates three temperature scores (temperature rise relative to the pre-industrial era) to isolate the effect of treating missing temperatures.

- The first uses only available temperatures.
- The second uses the available temperatures and the default temperature for all missing values.
- The third uses the original CDP database, which contains temperatures calculated from past emissions trajectories in addition to available and default temperatures.

The GHG Protocol classifies a company's GHG emissions into three levels ("scopes"): 1, 2 and 3. Level 3 is currently characterised by differences in calculation methods, which probably bias the accounting of emissions at this level. For these reasons, we have not included scope 3 in our calculation, but will do so as soon as the calculation methodology is satisfactory.

The temperature of the DNCA Finance portfolio is :

DNCA Finance	T°c - Available		T°c - Fault		T°c - Complete	
	2021	2022	*2021*	2022	*2021*	2022
EOTS	*1.98*	**1.84**	*2.08*	**1.89**	*2.06*	**1.89**
EOTS / EVIC		**1.85**		**1.91**		**1.91**
WATS	*1.71*	**1.71**	***2.28***	**2.06**	*2.21*	**2.02**

Regarding the EOTS calculation, the methodology has changed in 2022: DNCA Finance now also uses the calculation in relation to EVIC (Enterprise Value Including Cash). Following the clarification provided by the RTS on PAIs.

At the end of 2022, and for the portfolio analyzed (private issuers), DNCA Finance had therefore achieved the objective it had set itself for 2030: to achieve an average rise in the temperature of portfolios of less than 2.2° compared with the pre-industrial era.

However, this good performance needs to be put into perspective (scope 3 emissions not included): the data published is still imprecise, as are the methodologies; moreover, implementing the transition plans adopted by companies could be more difficult than anticipated.

DNCA Finance's environmental footprints are :

Environmental footprint	Scope 1 and 2	
	2021	2022
Absolute environmental footprint (tCO_{2eq} /year - EV Entreprise Value)	*2 042 690*	2 069 922
Absolute environmental footprint (tCO_{2eq} /year - EVIC Enterprise Value Including Cash)	-	1 440 215
Environmental footprint standardised by the AUMs within the scope studied (tCO_{2eq} /year /million euros invested - EV Entreprise Value)	*90*	118
Environmental footprint standardized by the AUMs within the scope	-	82.1

Environmental footprint	Scope 1 and 2	
	2021	2022
studied (tCO$_{2eq}$ /year /million euros invested - EVIC Enterprise Value Including Cash)		

D. Use of "climate transition" and "Paris Agreement" benchmarks

DNCA Finance does not use "climate transition" or "Paris Agreement" benchmarks.

E. The role and use of valuation in investment strategy

DNCA Finance implements a negative impact management policy, in which the management company measures all the Main Negative Impacts (PAI) with a focus on GHG emissions, in order to achieve its objective of limiting global warming.

In this context, DNCA Finance will set up dashboards and warning systems to trigger decision-making processes where necessary.

Lastly, GHG emissions are included in DNCA Finance's ABA analysis, as are all mandatory PAIs.

F. Changes in investment strategy

DNCA Finance has strengthened its policy of exclusion during 2022, particularly with regard to thermal coal and non-conventional hydrocarbons[6] (see chapter A.2 - *Medium-term objectives for the withdrawal from non-conventional hydrocarbons and coal (2030 - 2040)*).

DNCA Finance aims to gradually reduce its exposure to coal to zero by 2030 for companies in the European Union and the OECD, and by 2040 for other companies. The horizon for reducing exposure to unconventional hydrocarbons is 2040 (for companies operating in the European Union, and for those operating in the rest of the world).

This timetable, which reflects the Natixis Group's principles at DNCA level, is also aligned with the International Energy Agency's Sustainable Development Scenarios (SDS).

The activities and deadlines covered by DNCA's coal policy are as follows:

Activity	**Exclusion from March 2022**	**Companies based in the European Union or OECD**		**Companies headquartered outside the OECD**	
		Exclusion from December 2027	**Exclusion from December 2030**	**Exclusion from December 2030**	**Exclusion from December 2040**
Thermal coal production	From 10% of sales	From 5% of sales	Final exit (0% sales)	From 5% of sales	Final exit (0% sales)
Coal-fired electricity generation	From 10% of sales	From 5% of sales	Final exit (0% sales)	From 5% of sales	Final exit (0% sales)

Activity		**Exclusion from**	**Exclusion from**	**Exclusion from**	**Exclusion from**

[6] DNCA Finance classifies oil and gas extraction from tar sands, shale gas and oil, and drilling in the Arctic as "unconventional hydrocarbons".

Activity	**Exclusion from March 2022**	**Companies based in the European Union or OECD**		**Companies headquartered outside the OECD**	
		Exclusion from December 2027	**Exclusion from December 2030**	**Exclusion from December 2030**	**Exclusion from December 2040**
		December 2030	**December 2040**	**December 2030**	**December 2040**
Production of non-conventional oil or gas	From 10% of sales	From 5% of sales	Final exit (0% sales)	From 5% of sales	From 5% of sales

If a company breaches the above principles, it will be immediately excluded from all DNCA investments.

VII. ALIGNMENT WITH THE INTERNATIONAL OBJECTIVES OF THE CONVENTION ON BIOLOGICAL DIVERSITY

The 15th Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD) took place in Montreal in December 2022 under the Chinese presidency. COP15 resulted in a new global strategic plan for biodiversity, the "Kunming-Montreal Global Biodiversity Framework", which follows on from the Aichi Goals adopted at COP10 (Nagoya, Japan, 2010). This new framework contains 23 new targets to be achieved by 2030 to reverse the loss of biodiversity. The emblematic targets for 2030 include reducing the loss of areas of high biodiversity value to "close to zero" (target 1), restoring "at least 30%" of degraded areas (target 2) and achieving 30% of areas (marine, coastal, terrestrial, and freshwater) under protection (target 3).

A. Strategy to align with the international objectives of the Convention on Biological Diversity

DNCA Finance is committed to implementing the necessary means to help achieve the objectives set to combat the erosion of biodiversity.

1) Short-term objectives

DNCA Finance is focusing initially on methodologies and data:

- Understanding and maturity of selected biodiversity indicators.
- Identification of priority objectives and associated indicators.
- Dialogue with companies exposed to biodiversity-related risks.
- Improved data coverage.

DNCA Finance integrates certain biodiversity-related issues into its proprietary ABA analysis tool, both in the "Responsibility Risk" rating and in the "Sustainable Economic Transition" rating.

Finally, damage to biodiversity is one of the challenges of DNCA Finance's Engagement Policy (see chapter IV - Engagement strategy).

2) Biodiversity objectives: strategic principles

Against a backdrop of a lack of harmonised data and standardised methodologies, DNCA Finance has not yet set targets for 2030, but is placing its thinking and research on the erosion of biodiversity in the context of the contribution:

- The ambitions proposed by the global biodiversity strategic plan "Kunming-Montreal Global Biodiversity Framework" *(see X.A) ;*
- The European Union's biodiversity strategy for 2030 *(see X.B) ;*
- The 2030 national biodiversity strategy (SNB) *(see X.B) ;*
- Compliance with global environmental limits.

B. DNCA's short-term indicators

DNCA Finance is actively monitoring biodiversity footprint indicators, in order to identify the methodologies and indicators best suited to the need, and most directly linked to the issue of planetary limits.

In the short term, DNCA Finance uses CDP indicators of pressure on biodiversity:

- Water consumption (in megaliters per year)

- Land use for agricultural/forestry production (in hectares per year)

DNCA Finance is aware of the low coverage rates that biodiversity indicators may have at this stage, particularly those provided by the CDP on water consumption and land use (the latter concerning only a small proportion of business sectors). DNCA Finance will use the period of observation and appropriation of the methodologies and data available to study the integration of additional biodiversity footprint indicators.

The indicators monitored are aggregated at portfolio level as follows (weighted according to the share of enterprise value held in the portfolio - PEVE method):

- Water consumption (in megaliters per year and in megaliters per year per million euros invested)

$$\sum_{n}^{i} \frac{Investment\ value_i}{Company\ value_i} \times Water\ consumption_i$$

- Land use for agricultural/forestry production (in hectares and in hectares per million euros invested)

$$\sum_{n}^{i} \frac{Investment\ value_i}{Company\ value_i} \times Use\ of\ land_i$$

C. Results of biodiversity analysis

Detailed results are available in DNCA Finance's Environmental Pressures Report.

Below we present the environmental pressures for the assets selected and aggregated at the level of the management company. These calculations relate to 905 private issuers of bonds, equities or convertible bonds representing €17.5 billion, i.e. around 63% of assets under management at the end of 2022.

1) Water consumption

Indicators	AuM coverage
Water consumption	19.6%

Water consumption footprint	2021	2022
Absolute environmental footprint (EVF) (ML/year - EV Enterprise Value)	*3 975*	3 804
Absolute Environmental Footprint (AEF) (ML/year - EVIC Enterprise Value Including Cash)	-	3 102
Environmental footprint standardised by the AUMs within the scope studied (m^3 /year /million euros invested - EV Entreprise Value)	*177*	217
Environmental footprint standardised by the AUMs within the scope studied (m^3 /year /million euros invested - EVIC Enterprise Value Including Cash)	-	177

Based on the indicators used in 2021, the environmental footprint (water consumption) has therefore increased slightly in 2022.

We also note that the CDP environmental data collection process requires consistency checks. We have put such checks in place, and the figures presented include changes to the CDP data. However, our controls are only partial, and we intend to look at ways of strengthening them for next year.

2) Land use for agricultural/forestry production

As regards land use, the coverage rates of the CDP database are facially very limited. However, assessing the significance of these coverage rates for land use depends on the stock base for which we would be entitled to expect information in the very short term.

Indicators	AuM coverage
Land use for agricultural or forestry production	0.2%

Land use footprint	2021	2022
Absolute Environmental Footprint (AEF) (ha - EV Enterprise Value)	1 522	2292
Absolute Environmental Footprint (AEF) (ha - EVIC Enterprise Value Including Cash)	-	2207
Environmental footprint standardized by the AUMs in the area studied (ha/million euros invested - EV Entreprise Value)	0.07	0.13
Environmental footprint standardized by the AUMs within the scope studied (ha/million euros invested - EVIC Enterprise Value Including Cash)	-	0.13

The "land use" footprint indicators concern very few portfolio companies. The significant increase in 2022 is linked to the introduction of Vallourec, which owns eucalyptus forests that enable it to supply blast furnaces with fuel[7] .

[7] More information about eucalyptus forests on the Vallourec website: https://www.vallourec.com/fr/Components/News/News_CORP/2019/20191212-ForetBresil

VIII. INTEGRATION WITH RISK MANAGEMENT/ PROCESS DESCRIPTION

A. Taking sustainability risks into account in the investment process

1) Risk indicators used by DNCA Finance

DNCA Finance has chosen to use several types of indicators, as they become available, to measure and manage sustainability risks:

- Risk ratings from ABA (private issuers) or ISS (sovereign issuers)
- Controversies monitored by ABA (private issuers), or arising from ISS
- Financial risk indicators linked to climate (Climate VAR) and biodiversity
- Raw data (exposure to fossil fuels, sector exposure, etc.)

i. Risk ratings of issuers

1. *Indicator based on ABA "Liability risk" rating (private issuers)*

DNCA Finance has developed a proprietary ABA "Above and Beyond Analysis" rating tool (see chapter II - B).

Corporate responsability Risk	**Sustainable Transition**	**Controversies**	**Engagement**	**SDG***

*SDGs: UN Sustainable Development Goals

In addition, a climate pillar and a positive contribution pillar have been developed for certain funds:

Climate	**Positive contribution**

The aim is to offer a detailed analysis that adds value to traditional financial analysis. This analysis is carried out exclusively in-house by DNCA Finance teams and is based on data from issuers.

ABA analysis is deployed on DNCA Finance's active management universe, i.e. around 900 issuers (including all corporate securities in the portfolio). To extend the coverage to the investment universes, a call for tenders on ESG data has been launched and will enable DNCA Finance to build an "ABA Quant" rating (See C- ESG data sourcing).

The 'Liability Risk' pillar is a central indicator in the analysis of sustainability risk.

This pillar is rated out of 10 and breaks down into 4 themes: shareholder responsibility, environmental responsibility, social responsibility, and societal responsibility. Each theme is built around the most material issues for issuers (correlation between the criteria and the company's economic performance) and the number of criteria is deliberately limited to 24, based on around one hundred raw KPIs.

The analysis of each theme is based on a combination of qualitative and quantitative criteria.

The "Responsibility Risk" rating reflects the quality of a company's overall approach as an economic player, whatever its sector of activity.

The "Risk of responsibility" rating is carried out by DNCA analysts on an annual basis. Analysis of the "Controversy" pillar, below, enables this "Risk of responsibility" rating to be completed according to alerts and current events.

2. *Indicator based on the ESG scores of sovereign issuers*

To improve the ESG risk of sovereign issuers, DNCA Finance has relied on the ISS rating agency since 2022.

The ISS ESG Country Rating complements the financial analysis with extra-financial information that may have an impact on the creditworthiness of sovereign issuers and measures the ESG performance of investments in these issuers.

ISS uses several types of data to determine ESG scores:

- Quantitative data: World Bank, Food and Agriculture Organization (FAO), International Energy Agency (IEA), international research institutes such as the Stockholm International Peace Research Institute (SIPRI).
- Scores, quantitative results of analyses by international NGOs such as Germanwatch, International Trade Union Confederation (ITUC), Tax Justice Network or Transparency International.
- Qualitative data based on "World Social Protection Report" (ILO), "Finding on the Worst Forms of Child Labor" (US Department of Labor), "Country Reports on Human Rights Practices" (US Department of State), "Report on Death Sentences and Executions" (Amnesty International).

DNCA Finance has enhanced the existing ABA model for public issuers by using raw data and ESG sub-scores provided by ISS.

ii. Analysis of Controversies

ABA's Controversy pillar tracks issuers' level of controversy using the typology used in the 'Responsibility Risk' analysis: shareholder controversy, environmental controversy, social controversy and societal controversy.

Controversies arise from DNCA Finance's analysis of information using its proprietary model. A daily screening of targeted information is carried out (list of keywords) using an algorithm and dedicated human resources. This analysis is supplemented by external data (rating agencies and broker research).

The aim is to bring the principles laid down by issuers into line with the reality observed, and to provide a basis of alerts for fund managers. Each controversy, classified according to theme (shareholder, social, environmental, and societal), is the subject of a full analysis and a report. At the end of this work, the controversies are distinguished according to their level of seriousness to obtain a score from 1 to 4 (4 being the worst score).

DNCA Finance uses this analysis as a leading indicator when it is tangible and not as a systematic sanctioning tool. The international dimension of issuers and the profusion of information mean that isolated cases must be distinguished from major alerts in each situation. However, a succession of isolated cases may, for example, be indicative of a widespread violation throughout the company.

The score for each controversy applies a greater or lesser discount (from 10% to 50%) to the rating for each pillar (shareholder, social, environmental and societal) and to the ABA 'Responsibility Risk'.

iii. Exposure to physical and transitional risks related to climate and biodiversity

1. *Exposure to climate risks and Climate VAR*

Climate change can have a direct or indirect impact on the economic and financial performance of companies, governments, and organisations.

There are several methods for calculating the financial risk of portfolios linked to climate change. In 2023, DNCA Finance will integrate the Climate VaR indicators provided by MSCI. MSCI's Climate VaR model measures the potential impact of different climate scenarios on the valuation of individual securities. Climate VaR indicates, in percentage points, what the potential impact of the effects of climate change could be on the market value of a security by 2100.

It incorporates 3 types of climate change impact:

- Political risks
- Technological opportunities
- Physical risks and opportunities

These risks are described in more detail in DNCA Finance's "Environmental Policy".

For the three types of impact, the model calculates estimates of future costs and revenues based on the scenario and the company, then applies financial modelling to deduce the impact on share valuation.

2. *Exposure to risks linked to biodiversity loss*

The financial risks specifically linked to biodiversity loss are still very difficult to measure given the current state of knowledge, technology, data and means of analysis available. For this reason, DNCA Finance has chosen not to use any specific indicators in the short term, pending progress on methods for measuring and managing biodiversity-related financial risks.

However, DNCA Finance :

- Integrates the impact of issuers on biodiversity and externalities into its ABA "Responsibility Risk" analysis.
- Calculates biodiversity footprint indicators (see VI.B - Indicators selected by DNCA Finance for the short term):
    - Water withdrawal and discharge data
    - Land use and conversion data to produce forestry or agricultural products

iv. Other indicators

DNCA Finance uses many other ESG indicators provided by different data providers, such as :

- Sector exposure of issuers (fossil fuels, etc.…)
- Other raw data (CO2 emissions, fossil fuel reserves, etc.)

2) Use of indicators and warning systems

i. Monitoring of all exposures

Management charts showing portfolio exposure to the selected indicators are updated regularly and used by all managers.

ii. Warning system

DNCA Finance has scheduled the development of an alert system based on the behaviour of ESG indicators (start of work planned by the end of 2022). These alerts, whose trigger threshold and type depend on the portfolio strategy, could be based on, for example:

- Change in the "Liability Risk" rating and/or crossing a certain threshold (depending on management strategies)
- Variations in upstream indicators, identified as material depending on the sector (e.g. variations in GHG emissions for very fuel-intensive sectors).
- The emergence of controversies, graded according to their seriousness and frequency
- Variation in Climate VAR and/or crossing of Climate VAR limits (depending on management strategies)

iii. Integration into the management process

Depending on changes in exposure and alerts, the managers may need to adjust investment decisions as follows, depending on the management strategy:

- Review the investment case
- Initiate or accelerate a commitment process (see IV.D - Link with DNCA Finance's commitment policy)
- Reduce, divest completely or strengthen the position
- Put under surveillance if necessary

iv. Creation of a "worst offenders" list

DNCA Finance has set up a "worst offenders" list, made up of the issuers most at risk from a social responsibility point of view. This list is drawn up based on **major controversies**, after analysis by members of the SRI team and approval by the Sustainable Investment Monitoring Committee (SID Committee).

An issuer on this "worst offenders" list can no longer be held in the portfolios managed by DNCA Finance: investment is impossible (blocking pre-trade constraint in the order placement tool), and the security is, if necessary, divested as quickly as possible, depending on market conditions and in the interests of the holders.

B. Link with DNCA Finance's exclusion policy

DNCA Finance's exclusion policy contributes directly to the sustainability risk management policy, by protecting the portfolios concerned against the financial risks associated with certain ESG themes (e.g. exposure to the thermal coal production sector, etc.).

The "DNCA Finance Exclusion Policy", available on the website, details:

- Controversial arms exclusions (for all DNCA Finance funds)
- Sector exclusions (or maximum sector exposure), depending on the management strategy. These sectors may include :
    - Tobacco production
    - Electricity generation using fossil fuels
    - Production of non-conventional hydrocarbons
    - Exclusions linked to breaches of the United Nations Global Compact

Application of the principles of the responsible investment policy may lead to changes to the exclusion policy.

C. Sustainability risk control process

1) Process for identifying, assessing, prioritising and managing risks

DNCA Finance incorporates the main sustainability risks into its financial risk management system, indicating the following (as data becomes available):

- Description of environmental, social and governance risks
- Risk characterisation
- Risk segmentation :
    - Environmental risk, including
        - Physical risks: exposure to the physical consequences of environmental factors, such as climate change or loss of biodiversity
        - Transition risks: exposure to changes brought about by the ecological transition, including political risks and technological opportunities.
        - Risks of liability or litigation: monitoring of controversies, proprietary ABA analysis model, maximum exposure to certain sectors (refer to the Exclusion Policy)
        - For more details on these risks, see A.1.c) Exposure to physical and transition risks related to climate and biodiversity and biodiversity and refer to DNCA Finance's Environmental Policy
    - Societal risks
    - Governance risks
- Indicators of the economic sectors and geographical areas affected by these risks, where the information is relevant and available
- Description of the indicators used to assess significant risks (see below).

These risks are monitored as part of DNCA Finance's overall risk management system, and performance indicators are presented to the Risk Committee.

i. Indicators used in risk control

The indicators used, as they become available, in the process of monitoring sustainability risks will mainly be:

- ABA risk ratings (private and sovereign issuers)
- Discount for controversies tracked by ABA (private issuers), or controversy score from data providers.
- Financial risk indicators linked to climate (Climate VAR) and biodiversity.

These indicators are described in chapter A.1 - Risk indicators used by DNCA Finance.

Considering market developments in terms of data availability, quality and methodology, DNCA Finance will enhance the monitoring process with other indicators.

ii. Alerts and exposure limits

Depending on the management strategies and commitments of the various portfolios, limits on ESG indicators are gradually being introduced in the prospectuses, the exclusion policy and the internal limit system:

- Minimum "Liability risk" rating (already in place)
- Maximum exposure to certain sectors (already in place)

- Climate VaR Climate (in progress)

In accordance with DNCA Finance's internal procedure for monitoring constraints, an alert threshold may be defined in order to anticipate the risk of exceeding the limit.

In addition, Risk Control ensures that the worst offenders list described in point A.2.d is applied at the second level, with Middle Office carrying out the first level of control - Creation of a worst offenders list.

2) Description of the main environmental, social and governance risks

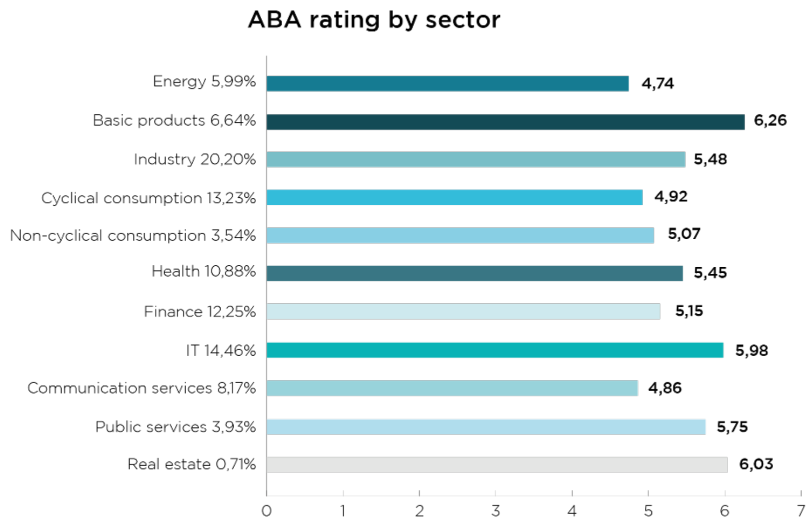
i. ***Sustainability risks for corporate issuers***

The main sustainability risk indicator used by DNCA Finance for private issuers is the ABA responsibility rating, including the impact of controversies where relevant.

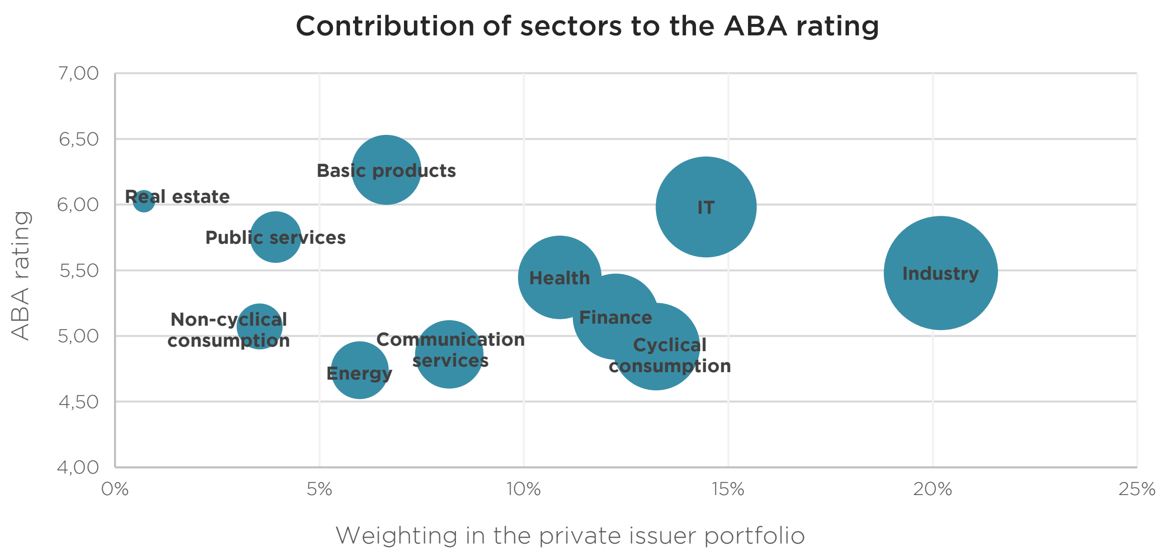
DNCA Finance calculates this indicator for all the portfolios managed by the funds, as well as for the overall consolidated portfolio.[8]

The weighted average ABA responsibility rating (including the impact of controversies) for the consolidated global portfolio is therefore **5.39/10**.

A breakdown of the consolidated portfolio by sector gives the weighted average rating by sector:

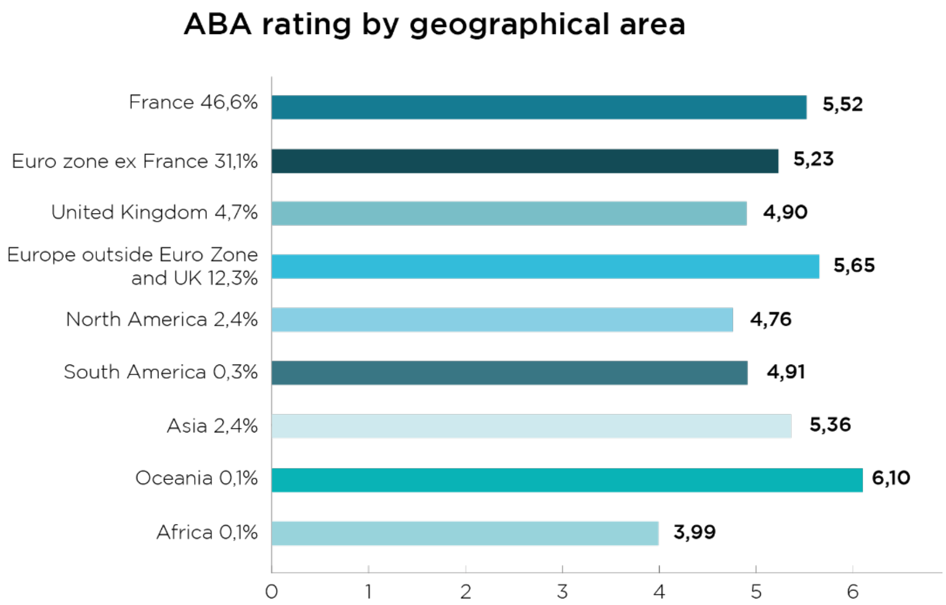


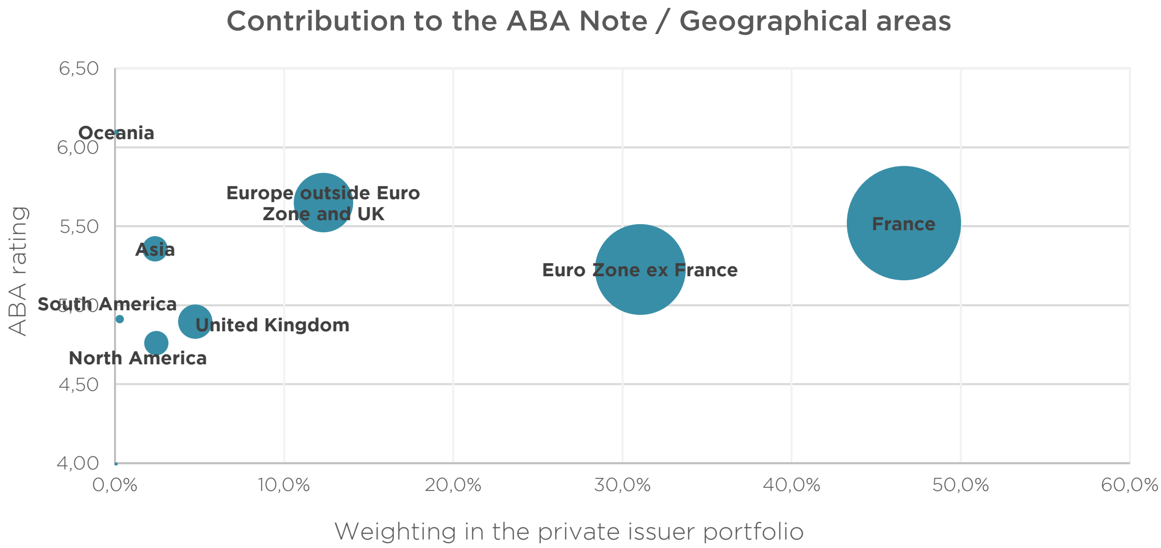
[8] The global consolidated portfolio on which the indicators are calculated is the combination of all instruments held in DNCA's portfolios (excluding derivatives, cash, external funds, etc.).



The sectors where companies held in DNCA Finance portfolios have the best ABA ratings (weighted average) are commodities, property, and technology. Conversely, the worst sectors are energy, communication services and consumer cyclicals.

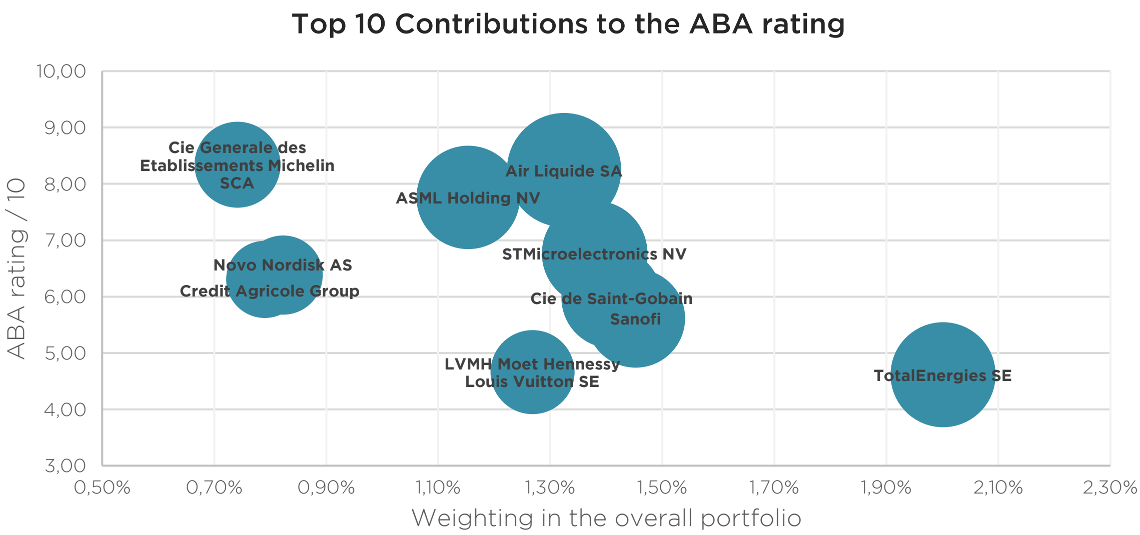
A breakdown of the consolidated portfolio by major geographical area gives the following weighted average scores:





The biggest contributors to the ABA responsibility rating, for the portfolio as a whole, are :

Top 10 contributors	Weighting	ABA rating	Sector	Geographical area
Air Liquide SA	1,32%	**8,25**	Basic products	France
STMicroelectronics NV	1,38%	**6,77**	IT	Europe excluding Eurozone and UK
TotalEnergies SE	2,00%	**4,61**	Energy	France
ASML Holding NV	1,15%	**7,76**	IT	Euro zone ex France
Cie de Saint-Gobain	1,41%	**5,98**	Industry	France
Sanofi	1,45%	**5,62**	Health	France
Cie Generale des Etablissements Michelin SCA	0,74%	**8,34**	Cyclical consumption	France
LVMH Moet Hennessy Louis Vuitton SE	1,27%	**4,66**	Cyclical consumption	France
Novo Nordisk AS	0,82%	**6,38**	Health	Europe excluding Eurozone and UK
Credit Agricole Group	0,79%	**6,31**	Finance	France



DNCA Finance is also in the process of calculating climate VAR (exposure to the physical and transition risk of climate change and an estimate of the financial impact). This indicator, which is due to be rolled out in 2023, will complement the sustainability risk indicators.

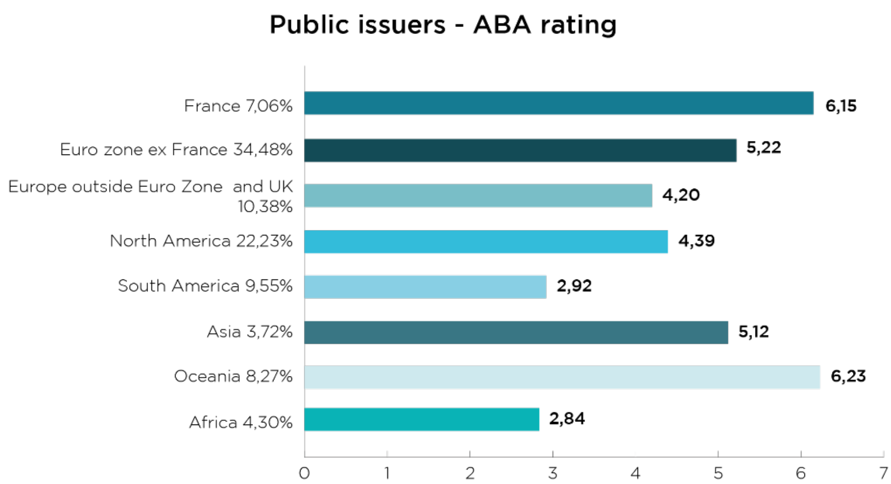
ii. Sustainability risks for public issuers

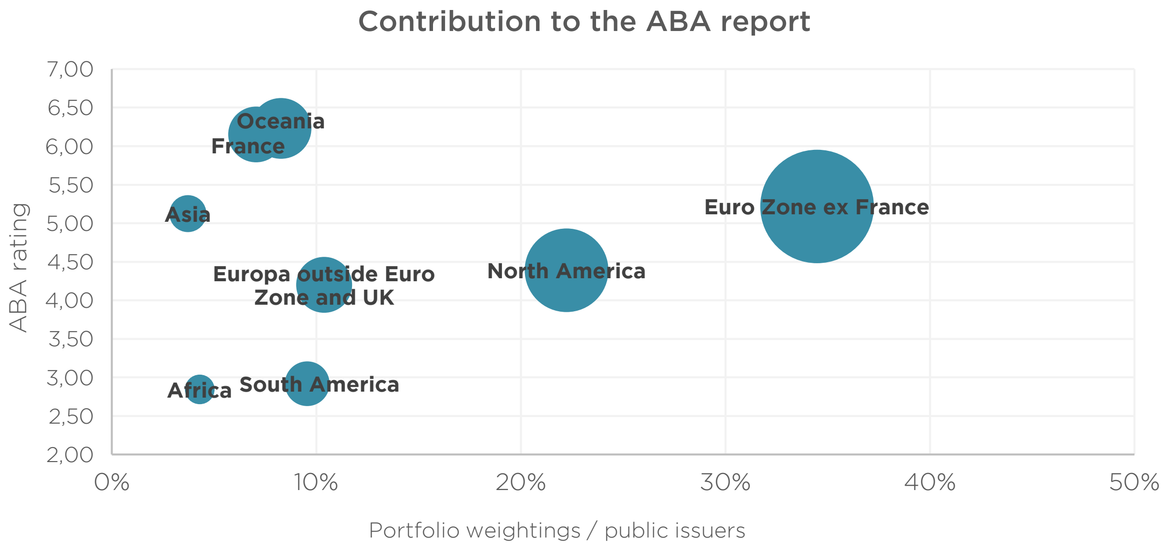
The main sustainability risk indicator used by DNCA Finance for public issuers is the ABA responsibility rating.

DNCA Finance calculates this indicator for all portfolios under management, as well as for the overall consolidated portfolio.

The weighted average ABA responsibility score (including the impact of controversies) for the overall consolidated portfolio is therefore **4.75/10**.

A breakdown of the consolidated portfolio by major geographical area gives the following weighted average scores:





3) Frequency of review of the risk management framework

DNCA Finance plans to integrate sustainability risk management at the same pace as the management company's conventional risk management, i.e. on a half-yearly/quarterly/monthly or daily basis depending on the indicators.

4) Action plan to reduce exposure to sustainability risks

Since 2021, DNCA Finance has embarked on a major project to overhaul ESG processes (data sourcing, integration of data into dashboards, design and integration of management processes, deployment of IS tools).

At the end of this project (under development in 2023 for deployment in 2024), DNCA Finance will benefit from dashboards, alert systems and visualization tools enabling:

- Fully implement the sustainability risk management policy
- Integrate risk indicators into the information provided to fund managers, enabling them to incorporate these elements into their financial analysis.

Climate-related financial impact indicators (Climate VaR) will be integrated.

5) Quantitative estimate of the financial impact of sustainability risks

Quantitative estimation of the financial impact of sustainability risks (environmental, social or governance events that could affect the financial value of assets) is extremely difficult to model. Today, the methodologies are still very imperfect.

DNCA Finance has chosen to focus in the short term on assessing climate-related financial risk (physical and transition risk), using the Climate VaR proposed by supplier MSCI (see chapter 6.b) - *Methodologies related to climate risk and biodiversity loss*).

Principles for calculating climate risk and financial impact / MSCI Var Climate

- Countries' **decarbonization policies** are assessed in terms of the financial impact they could have on companies:
    - Countries' GHG emissions, reduction targets (national low-carbon strategies) and contributions to the Paris Agreement are identified.
    - Reduction targets are differentiated by business sector
    - Sectoral targets are assigned to each company belonging to each sector
- The **impact of political risks** (projections of potential costs and revenues for businesses) are deduced for a given temperature scenario.
- 3 **temperature scenarios** are used:
    - 1.5 degree scenario by 2100
    - 2 degree scenario by 2100
    - 3 degree scenario by 2100
- **Several economic models** are used in the 2 degrees scenario:
    - SPP1 / GCAM
    - SSP1 / IMAGE
    - SSP2 / AIM-CGE
    - SSP2 / AIM-CGE Late Action
    - SSP2 / GCAM
    - SSP2 / IMAGE
    - SSP2 / REMIND NGFS Orderly
    - SSP2 / REMIND NGFS Disorderly
    - SSP4 / GCAM
    - SSP5 / GCAM
- **3 GHG emissions perimeter models** are used:
    - Scope 1 (direct emissions)
    - Scope 2 (energy-related emissions)
    - Scope 3 (upstream and downstream indirect emissions)
- **The costs associated with achieving GHG emission reduction targets use prices (per tCO2e) derived from IAM models** (for a given temperature scenario)

This indicator will be rolled out in 2023 and will be published as soon as implementation and testing are satisfactory.

The application principles adopted today are:

- **CVAR at Instrument level**
    - MSCI calculates a different CVaR depending on whether the instrument is equity or debt.
    - For debt instruments, the CVaR takes into account the seniority of the instruments (the more senior the debt instrument, the greater the deviation from the equity CVaR).
- **CVAR at issuer level**
    - For each physical or transition risk, the Company CVaR is composed of the Equity CVaR and the Debt CVaR, with a weighting that depends on the issuer's capital structure.
    - At Company level, Equity VaR is dominant over Debt VaR, as the Equity component is impacted first in the event of a physical or transition risk.
- **Relationship between the Issuer and Instrument levels:**
    - Concerning the "Equity" section:

        - For a given issuer, MSCI's CVaRs at the "Instrument" level whose asset class is similar to "Equity" are all equal to
        - For a given issuer, MSCI's CVaR at Company level on the Equity component is similar to those at Instrument level whose asset class is similar to Equity.
    - Concerning the "Debt" section:
        - For a given issuer, MSCI's CVaRs at the "Instrument" level whose asset class is similar to "Debt" differ according to the seniority level of the debt security.
        - For a given issuer, MSCI's CVaR at Company level on the Debt component is an aggregate of those at Instrument level whose asset class is similar to Debt.

6) Methodologies and data

i. Data quality control process

The application of the Sustainability Risk Management Policy is subject to certain constraints:

- ESG data quality: DNCA Finance's investment and risk management processes are based on the analysis of external data provided mainly by issuers and ESG data providers. DNCA Finance implements a quality control process for ESG data received from its suppliers. However, it cannot guarantee the accuracy or completeness of this data, nor can it remedy the methodological and cultural biases introduced by data providers.
- Mature methodologies: DNCA Finance is aware of the technical limitations due to the emerging maturity of analysis technologies, particularly about climate and biodiversity. It has opted for a continuous improvement approach to ESG processes to overcome these shortcomings.

Checking the quality and completeness of the data involves:

- Checking the presence and completeness of the data required for ESG processes and additional information/metadata.
- Check the validity of data about data types/formats, compliance with intervals and codes/references.
- Duplicate check
- Checking the consistency and relevance of data received, monitoring variations in values and identifying statistically outliers.

Quality controls will be implemented during 2023.

ii. Methodologies for climate risk and biodiversity loss

DNCA Finance relies on MSCI to assess the physical and transitional climate risk, using Climate Var (CVar) modelling.

The MSCI model (Carbon Delta) has several **specific features**:

- It assesses the CVaR at the **level of the instrument or issuer** (and not directly for a set of assets).
- The CVaR can be assessed at **portfolio level** by consolidating the CVaRs of the instruments or issuers making up the portfolio.
- The CVaR is broken down into two categories: physical risks and transition risks.
- The costs of physical risks are calculated using the **Potsdam model**, with a **time horizon of 2100.**
- **Transition risks** are broken down into:
    - **Political risks,** modelled according to three models:
        - Direct emissions models (scope 1)
        - Electricity emissions model (scope 2)
        - Indirect emissions model (scope 3)

- **Technological opportunities** that consider the company's ability to transform its business model in the face of transitions.

Regarding the sustainability risk associated with the loss of or dependence on biodiversity, DNCA Finance is actively monitoring the various methodologies proposed and has not yet deployed any risk indicators.

IX. CONTINUOUS IMPROVEMENT PLAN

DNCA Finance constantly monitors ESG, Climate and Biodiversity analysis methodologies in order to respond as effectively as possible to the challenges of dual materiality:

- Integrating sustainability risks into the financial management of managed portfolios
- Improving the impact of financial decisions on sustainability, including the contribution to international climate and biodiversity objectives.

DNCA Finance is in the final stages of implementing a major project to overhaul the ESG data feed and associated management processes.

At the end of this project, DNCA Finance will be able to:

- Disseminate the main ESG information used (ABA ratings, sustainable transition exposures, negative impacts, etc.) in all decision-making tools.
- Improve the information provided to customers, in particular by publishing negative impacts in the monthly report
- Integrate the indicators identified into the risk management process, including exposure to climate-related physical and transition risks
- Estimate the financial impact of climate risk (Climate VAR) and, depending on the availability of data, break it down by type of risk (current/emerging, exogenous/endogenous).
- Mapping sustainability risks

In addition, DNCA Finance is launching a project to make external funds (used by private and multi-management) transparent, so that the same calculations can be applied to UCIs managed by other management companies.

DNCA Finance will continue to train its teams in sustainability issues and management processes.

DNCA aims to implement the above continuous improvement plan by the time of publication of its next Article 29 LEC Report.

DNCA Finance is continuing its research in order to complete the system over the next few years with:

- The identification of other relevant biodiversity footprint indicators, and the link with the achievement of international targets
- An estimate of exposure to the risk of dependence on biodiversity
- Regular review of targets for alignment with the Paris Agreement
- Enhancing the analysis of sustainability risks to improve the granularity of their characterization

X. TRANSPARENCY CONCERNING NEGATIVE INDICES ON SUSTAINABILITY FACTORS (ANNEX 1 ARTICLE 4 SFDR)

A. Summary of negative impact statement

DNCA Finance declares that it takes into account the negative impact of investment decisions on sustainability factors. These sustainability factors are defined as environmental, social, and labour issues, respect for human rights and the fight against corruption and bribery (article 2.24 SFDR Regulation EU 2019/1988).

The following declaration relates to the 2022 financial year.

The main negative impacts generated by investment decisions concern in particular:

- Greenhouse gas emissions and their impact on climate change
- Other environmental impacts, including the deterioration of biodiversity, water pollution and toxic waste.
- Human rights violations
- Inequalities between men and women in terms of pay
- Lack of diversity within governance bodies
- Controversial weapons

B. Description of the main negative impacts of investment decisions on sustainability factors

1) Indicators applicable to investments in companies

i. Climate and other environmental indicators

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Greenhouse gas emissions	1. GHG emissions	Level 1 GHG emissions	58,80%	1 054 355,05	88,44%	1 054 355,05	1 192 114,92	As part of its environmental policy, DNCA Finance includes GHG emissions in its analysis (ABA) and in its ESG strategy. The climate policy of invested companies and the implementation of an energy efficiency policy are part of the ABA analysis. DNCA Finance has set itself the target of limiting the temperature rise induced in managed portfolios to 2.2° by 2030. Finally, these IAPs, like all compulsory IAPs, are included in the ABA analysis.
		Level 2 GHG emissions	58,80%	281 264,00	88,44%	281 264,00	318 013,37	
		Level 3 GHG emissions	58,66%	6 360 803,57	88,23%	6 360 803,57	7 209 201,68	
		Total GHG emissions	58,33%	7 696 422,62	87,73%	7 696 422,62	8 773 300,02	
	2. Carbon footprint	Carbon footprint	58,33%	282,46	87,73%	282,46	321,98	
	3. GHG intensity of investee companies	GHG intensity of investee companies	58,76%	486,24	88,38%	731,32	827,51	
	4. Exposure to companies active in the fossil fuel sector	Share of investment in companies active in the fossil fuel sector	59,67%	5,25%	89,75%	5,25%	5,86%	As part of its environmental policy, DNCA Finance has put in place a policy to exclude companies involved in thermal coal (with the aim of withdrawing completely by 2040) and unconventional hydrocarbons. This IAP, like all compulsory IAPs, is included in the ABA analysis.
	5. Share of non-renewable energy consumption and production	Share of energy consumption and production of investee companies from non-renewable energy sources compared to that from renewable	53,46%	42,23%	80,41%	63,52%	78,99%	This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.

Indicators of negative impact on sustainability	Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
		Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
	energy sources, expressed as a percentage of total energy sources.						
6. Energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million euros of sales of investee companies, by sector with high climate impact	37,410%	0,20	56,26%	0,30	0,53	As part of its environmental policy, DNCA Finance includes GHG emissions in its analysis (ABA) and in its ESG strategy. The climate policy of invested companies and the implementation of an energy efficiency policy are part of the ABA analysis. This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.
7. Activities with a negative impact on biodiversity-sensitive areas	Share of investments made in companies with sites/establishments located in or near biodiversity-sensitive areas, if the activities of these companies have a negative impact on these areas	Not available	Not available	Not available	Not available	Not available	DNCA Finance integrates biodiversity issues into its ABA analysis, in particular the management of positive contributions to biodiversity and the integration of biodiversity upstream of projects. However, these precise PAIs are not yet available from MSCI. DNCA Finance will publish this PAI as soon as it is available. DNCA Finance has not set a specific target for this PAI.
8. Discharge into water	Tonnes of water discharges from investee companies, per million euros	5,54%	9,94	8,34%	9,94	119,24	DNCA Finance includes pollution issues in its ABA analysis, in particular the pollution or nuisance history of the companies it invests in.

Indicators of negative impact on sustainability	Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
		Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
	invested, weighted average						This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.
9. Ratio of hazardous and radioactive waste	Tons of hazardous waste and radioactive waste produced by investee companies, per million euros invested, weighted average	23,28%	3,62	35,013%	3,62	10,34	DNCA Finance includes pollution issues in its ABA analysis, in particular the pollution or nuisance history of invested companies. This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.

ii. Additional climate and other environmental indicators

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Water, waste and other materials	15. Water use and recycling	1. Average amount of water consumed by investee companies (in cubic meters), per million euros of sales	0,00%	Not available	0,00%	Not available	Not available	As part of its environmental policy, DNCA Finance places particular emphasis on water management in its biodiversity footprint analysis. However, this precise PAI is not yet available from the MSCI provider. DNCA Finance will publish this PAI as soon as it is available. DNCA Finance has not set a specific target for this PAI.
		2. Weighted average percentage of water recycled and reused by investee companies	0,00%	Not available	0,00%	Not available	Not available	

iii. Indicators relating to social issues, personnel, respect for human rights and the fight against corruption and bribery

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Social and personnel issues	10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that have been involved in breaches of the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises	59,80%	0,00%	89,94%	0,00%	0,00%	Compliance with the United Nations Global Compact is essential for DNCA Finance. After analysis by DNCA Finance, breaches of the Compact result in issuers being added to the "Worst offenders" list. The target for this PAI is therefore zero invested companies.
	11. Lack of compliance processes and mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	Share of investments in companies that do not have a policy for monitoring compliance with the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises, or mechanisms for handling complaints	58,46%	16,72%	87,93%	16,72%	19,02%	This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.

Indicators of negative impact on sustainability	Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
		Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
	or remedying such violations						
12. Unadjusted gender pay gap	Average unadjusted pay gap between men and women in investee companies	15,09%	1,43%	22,70%	2,14%	9,45%	This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.
13. Gender diversity in governance bodies	Average ratio of women to men in the governance bodies of the companies concerned, as a percentage of the total number of members	58,86%	24,24%	88,53%	36,46%	41,18%	This IAP, like all compulsory IAPs, is included in the ABA analysis. However, DNCA Finance has not set a specific target for this PAI.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investment in companies involved in the manufacture or sale of controversial weapons	59,67%	0,00%	89,75%	0,00%	0,00%	DNCA Finance respects the Oslo and Ottawa Conventions and refrains from investing in companies involved in controversial weapons. The target for this PAI is therefore zero.

iv. Additional indicators relating to social issues, personnel, respect for human rights and the fight against corruption and bribery

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (private issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Social and personnel issues	16. Accident rates	Weighted average accident rate in the companies concerned	0,00%	Not available	0,00%	Not available	Not available	Health and safety in the workplace is an important element in the ABA analysis (establishment of a CHSCT committee, history of accidents in the workplace, reporting). However, MSCI does not yet provide this precise PAI. DNCA Finance will publish this information as soon as it is available.

2) Indicators applicable to investments in sovereign or supranational issuers

i. Climate and other environmental indicators

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (public issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Environment	17. GHG intensity	GHG intensity intensity of investment countries	21,32%	93,96	89,19%	393,04	440,65	As part of its environmental policy, DNCA Finance includes GHG emissions in its analysis (ABA) and in its ESG strategy. The climate policy of invested companies and the implementation of an energy efficiency policy are part of the ABA analysis. DNCA Finance has set itself the target of limiting the temperature rise induced in managed portfolios to 2.2° by 2030. Finally, this IAP, like all IAPs, is included in the ABA analysis.

ii. Additional climate and other environmental indicators

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (public issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Green securities	21. Share of bonds not issued under EU legislation on environmentally sustainable bonds".	Share of bonds not issued under EU legislation on environmentally sustainable bonds	0,00%	No available	0,00%	No available	No available	DNCA Finance has selected this PAI as it considers it to be particularly important; however, MSCI does not yet provide this indicator. DNCA Finance will publish this information as soon as it is available.

iii. Indicators relating to social issues, personnel, respect for human rights and the fight against corruption and bribery

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (public issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Social	18. Countries of investment where social standards are violated	Number of investment countries with violations of social standards (in absolute numbers and as a proportion of the total number of investment countries), as defined by international treaties and conventions, UN principles or, where applicable, national law.	21,32%	0	89,19%	0	0	This IAP, like all mandatory IAPs, is included in the ABA analysis (public issuers). However, DNCA Finance has not set a specific target for this PAI.
			21,32%	0	89,19%	0	0	

iv. Additional indicators relating to social issues, personnel, respect for human rights and the fight against corruption and bribery

Indicators of negative impact on sustainability		Measuring element	Global portfolio calculation		Calculation on the corresponding asset class (public issuers)			Actions taken, actions planned and targets set for the next reporting period
			Coverage rate (%)	Incidence [year n]	Coverage rate (%)	Incidence [year n]	Incidence [year n], proportion of issuers reported	
Social	19. Average income inequality score	Distribution of income and economic inequalities between participants in a given economy (including a quantitative indicator, explained in the column provided for this purpose)	21,32%	8,17	89,19%	34,17	38,31	This score, provided by MSCI, measures income inequality and ranges from 0 (perfect equality) to 100 (total inequality). This IAP, like all ovligatory IAPs, is included in the ABA analysis (public issuers). However, DNCA Finance has not set a specific target for this PAI.
Governance	20. Average corruption score	Perceived level of corruption in the public sector, measured using a quantitative indicator explained in the column provided.	21,32%	12,59	89,19%	52,67	59,05	This score, provided by the service provider MSCI, measures the degree of corruption in different countries around the world. Source: Transparency International. This IAP, like all mandatory IAPs, is included in the ABA analysis (public issuers). However, DNCA Finance has not set a specific target for this PAI.

C. Description of policies to identify and prioritise the main negative impacts of investment decisions on sustainability factors

1) Principles of the negative impact management policy

DNCA Finance implements a due diligence mechanism, which consists of:

- Identify the nature of the negative impacts (ESG impacts) associated with its investment activities
- Assess and prioritise negative impacts
- Managing (preventing, mitigating, stopping) some of the negative impacts
- Monitor the implementation of results (measure the effectiveness of actions)
- Adjust the strategy for managing negative impacts if necessary

The principles adopted by DNCA Finance are:

- The management of impacts for which DNCA Finance targets quantitative objectives (carbon footprint and induced temperature of portfolios in particular), as well as certain impacts identified as targets in the strategy of specialized funds (see below).
- Measuring and steering biodiversity footprint indicators: water management and land use
- The measurement of other negative impacts allows for a phase of observation and appropriation, as well as quality control of the data used.

Finally, all the principal negative impact indicators defined in the SFDR regulation (PAI, Principal Adverses Impacts) are used in the ABA Corporate Responsibility rating.

2) Identification and prioritisation process

Due diligence is a process that enables companies to identify, prevent and mitigate the actual or potential negative impacts of their activities. This due diligence is carried out as part of the decision-making and risk management system, in particular by mapping negative impacts according to their severity, probability of occurrence and whether or not they are irremediable.

DNCA Finance measures and aims to limit the negative impacts of its investment decisions on sustainability factors. The methodology for mapping negative impacts is currently being rolled out for implementation by the next Article 29 LEC Report. This methodology should include the following elements

- Expected severity: means of identifying the seriousness of the negative impact, if any (impact on the climate, on human rights, etc.) and of ranking the respective seriousness of the various impacts.
- Probability of occurrence: identification of the probability of occurrence as a function of the presence in the managed portfolios
- Irremediable nature and means of control available to invested companies.

D. Engagement policy

As a responsible investor, DNCA Finance attaches the utmost importance to maintaining a constant dialogue with the issuers in which it invests. DNCA Finance's shareholder engagement is detailed in the "Shareholder engagement and voting policy" document. This engagement enables DNCA Finance to :

- **Encourage issuers** to adopt best practices
- **Benefit from a detailed understanding of** the company's strategy and its integration of sustainability risks

The engagement policy thus contributes directly to DNCA Finance's sustainability risk management. The level of engagement and dialogue depends on the level of sustainability risk.

DNCA Finance distinguishes between two ways of interacting with companies:

- **Dialogue** with issuers
- Shareholder or investor engagement

DNCA Finance's Engagement policy is described here.

E. References to international standards

1) Guiding principles of the ILO, the UN Global Compact and the OECD

DNCA Finance fully supports the guidelines set by the ILO, the UN and the OECD on respect for human rights and fundamental freedoms, health and safety at work, the environment and business ethics.[9]

These are summarized in the UN Global Compact:

The 10 principles of the Global Compact	
Human rights	Companies are invited to promote and respect the protection of international human rights law
	To ensure that they are not complicit in human rights abuses
International labour standards	Companies are invited to respect freedom of association and recognize the right to collective bargaining
	To contribute to the elimination of all forms of forced or compulsory labour
	To contribute to the effective abolition of child labour
	To contribute to the elimination of all discrimination in respect of employment and occupation
Environment	Companies invited to apply the precautionary approach to environmental problems
	To take initiatives to promote greater environmental responsibility
	Encourage the development and dissemination of environmentally-friendly technologies
The fight against corruption	Companies are invited to act against corruption in all its forms, including extortion and bribery.

DNCA Finance uses these principles to assess the activities, strategy, and behaviour of the companies in which it invests; DNCA Finance is particularly careful to ensure that its investments do not present serious and proven breaches of these standards.

2) Helping to achieve the Sustainable Development Goals

DNCA Finance supports the UN's Sustainable Development Goals (SDGs)[10] . The negative impact management policy is a natural part of the contribution to achieving these objectives.

The contribution to the SDGs is an integral part of the proprietary ABA analysis tool and is the basis of DNCA Finance's definition of "sustainable investment".

[9] "ILO Tripartite Declaration on Multinational Enterprises and Social Policy (2017): https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_124923.pdf, UN Guiding Principles on Business and Human Rights (2011): https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_FR.pdf and OECD Guidelines for Multinational Enterprises (2011): https://www.oecd.org/fr/daf/inv/mne/2011102-fr.pdf.

[10] Developed following COP 21, the "Sustainable Development Goals" (SDGs) are made up of 5 general global goals summarized as the "5Ps" (People, Prosperity, Planet, Peace, Partnerships) and 17 specific global goals that 193 UN member states committed to in 2015 to achieve over the next few years (2015-2030), as part of the "Agenda 2030" program.

3) Paris Agreement

When the Paris Agreement was signed, adopted in 2015 at COP21, 195 countries and the European Union undertook to establish an international framework for cooperation on climate change, the objectives of which include limiting global warming to "well below 2°C, and continuing efforts to limit it to 1.5°C" (Article 2), and achieving a global balance between greenhouse gas emissions and removals in the second half of the 21st century (carbon neutrality) (Article 4).

Since COP 21 and the Paris Agreement, climate change mitigation and adaptation have been key objectives. For the financial sector, the agenda is defined in the main objectives agreed at COP 21: "Make financial flows compatible with a low greenhouse gas emission and climate resilient development pathway".

A significant proportion of the PAI (Principal Negative Impact) reported in chapter B specifically targets the objectives of the Paris Agreement: GHG emissions, exposure to non-renewable energy, etc.

These indicators are monitored and considered as part of DNCA's environmental strategy and its commitment to helping achieve the objectives of the Paris Agreement through its reinforced exclusion policy (coal and non-conventional hydrocarbons) and its commitment policy.

XI. APPENDICES

A. Global targets from Kunming to Montreal for 2030

The Kunming-Montréal Global Biodiversity Framework comprises 23 action targets.[11]

1) Reducing threats to biodiversity

TARGET 1	Ensure that all areas are subject to participatory, integrated, and inclusive biodiversity land-use planning and/or effective land-use change and marine management processes, with the aim of reducing the loss of areas of high biodiversity value, including ecosystems of high ecological integrity, to close to zero by 2030, while respecting the rights of indigenous peoples and local communities.
TARGET 2	To ensure that, by 2030, at least 30% of areas of degraded terrestrial, inland water, coastal and marine ecosystems are effectively restored, to enhance biodiversity and ecosystem functions and services, ecological integrity and connectivity.
TARGET 3	Ensure and enable that, by 2030, at least 30% of terrestrial, inland water, coastal and marine areas, in particular areas of particular importance for biodiversity and ecosystem functions and services, are effectively conserved and managed through ecologically representative, well-connected and equitably managed systems of protected areas and other effective area-based conservation measures, recognising indigenous and traditional territories, where appropriate, and integrated into wider landscapes, seascapes and oceans, while ensuring that any sustainable use, where appropriate in these areas, is fully compatible with conservation outcomes, recognising and respecting the rights of indigenous peoples and local communities, including in their traditional territories.
TARGET 4	To take urgent management action to halt the human-caused extinction of known threatened species, to promote the recovery and conservation of species, particularly threatened species, to significantly reduce the risk of extinction, and to maintain and restore genetic diversity within populations of native species, wild and domesticated species and between them, in order to preserve their adaptive potential, in particular through in situ and ex situ conservation and sustainable management practices, and to manage effectively human-wildlife interactions in order to minimise human-wildlife conflicts with a view to their coexistence.
TARGET 5	To ensure that the use, harvesting and trade of wild species are sustainable, safe and legal, by preventing over-exploitation, minimising impacts on non-target species and ecosystems, and reducing the risk of the spread of pathogens, applying the ecosystem approach, while respecting and protecting customary sustainable use by indigenous peoples and local communities.
TARGET 6[2]	Eliminate, minimise, reduce and/or mitigate the impacts of invasive alien species on biodiversity and ecosystem services by identifying and managing pathways for the introduction of alien species, preventing the introduction and establishment of priority invasive alien species, reducing the rates of

[11] https://www.cbd.int/doc/c/0bde/b7c0/00c058bbfd77574515f170bd/cop-15-l-25-fr.pdf

	introduction and establishment of other known or potential invasive alien species by at least 50% by 2030, eradicating or controlling invasive alien species, particularly in priority sites such as islands.
TARGET 7	Reduce the risks and negative impacts of pollution from all sources by 2030 to levels that do not adversely affect biodiversity and ecosystem functions and services, taking into account cumulative impacts, in particular by at least halving excess nutrients lost to the environment, including through more efficient nutrient cycling and use; by at least halving the overall risk from pesticides and highly hazardous chemicals, including through science-based integrated pest management, taking into account food security and livelihoods; and also by preventing, reducing and striving to eliminate plastic pollution.
TARGET 8	Minimise the impact of climate change and ocean acidification on biodiversity and increase its resilience through mitigation, adaptation, and disaster risk reduction, including nature-based solutions and/or ecosystem approaches, while minimising the negative impacts and promoting the positive impacts of climate action on biodiversity.

2) Meeting people's needs through sustainable use and benefit sharing

TARGET 9	To ensure that the management and use of wildlife is sustainable, providing social, economic and environmental benefits to people, particularly those in vulnerable situations and those most dependent on biodiversity, including through sustainable biodiversity-based activities, biodiversity-enhancing products and services, and by protecting and promoting customary sustainable use by indigenous peoples and local communities.
TARGET 10	Ensure that the areas devoted to agriculture, aquaculture, fisheries and forestry are managed in a sustainable manner, in particular through the sustainable use of biodiversity, including a substantial increase in the application of biodiversity-friendly practices, such as sustainable intensification, agroecology and other innovative approaches contributing to the resilience and long-term efficiency and productivity of these production systems and to food security, the conservation and restoration of biodiversity and the maintenance of nature's contributions to people, including ecosystem functions and services.
TARGET 11	Restore, maintain, and enhance nature's contributions to people, including ecosystem functions and services, such as air, water and climate regulation, soil health, pollination and disease risk reduction, as well as protection against natural hazards and disasters, through nature-based solutions and/or ecosystem-based approaches, for the benefit of all people and nature.
TARGET 12	Significantly increase the area, quality, connectivity, access and benefits of green and blue spaces in urban and densely populated areas in a sustainable manner, integrating the conservation and sustainable use of biodiversity and ensuring biodiversity-inclusive urban planning, enhancing native biodiversity, ecological connectivity and integrity, improving human health, well-being and connection with nature, and contributing to inclusive and sustainable urbanisation and the provision of ecosystem functions and services.

TARGET 13	Take effective legal, policy, administrative and capacity-building measures at all levels, as appropriate, to ensure the fair and equitable sharing of benefits arising from the use of genetic resources and digital sequencing information on genetic resources, as well as traditional knowledge associated with genetic resources, and facilitate appropriate access to genetic resources, and by 2030, facilitate a significant increase in the benefits shared, consistent with applicable international access and benefit-sharing instruments.

3) Tools and solutions for implementation and integration

TARGET 14	Ensure the full integration of biodiversity and its multiple values into policies, regulations, planning and development processes, poverty eradication strategies, strategic environmental assessments, environmental impact assessments and, where appropriate, national accounts, at all levels of government and in all sectors, in particular those with significant impacts on biodiversity, by progressively aligning all relevant public and private activities, fiscal and financial flows with the goals and objectives of this Framework.
TARGET 15	Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large companies and transnational financial institutions: (a) Regularly and transparently monitor, assess and disclose their risks, dependencies and impacts on biodiversity, including by imposing requirements on all large companies, transnational corporations and financial institutions throughout their operations, supply and value chains and portfolios; (b) Provide the necessary information to consumers to promote sustainable consumption patterns ; c) Report on compliance with access and benefit-sharing regulations and measures, where appropriate; in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks for businesses and financial institutions, and promote actions to ensure sustainable production patterns.
TARGET 16	Ensure that people are encouraged and empowered to make sustainable consumption choices, including by putting in place supportive policy, legislative or regulatory frameworks, improving education and access to relevant and accurate information and alternatives, and, by 2030, reduce the global consumption footprint in an equitable way, including halving global food waste, significantly reducing over-consumption and substantially reducing waste production, so that all people can live well in harmony with Mother Earth.
TARGET 17	Establish, build capacity for and implement in all countries the biosafety measures provided for in Article 8(g) of the Convention on Biological Diversity, as well as the measures relating to the handling of biotechnology and the distribution of its benefits provided for in Article 19 of the Convention.
TARGET 18	Identify by 2025, and eliminate, remove or reform incentives, including subsidies harmful to biodiversity, in a proportionate, fair, equitable and effective manner, while substantially and progressively reducing them by at least USD 500 billion per year by 2030, starting with the most harmful incentives, and strengthen positive incentives for the conservation and sustainable use of biodiversity.

TARGET 19	Substantially and progressively increase the level of financial resources from all sources in an effective, timely and easily accessible manner, including domestic, international, public and private resources, in accordance with Article 20 of the Convention, to implement national biodiversity strategies and action plans, by mobilizing by 2030 at least US$ 200 billion per year, including by: (a) increasing total biodiversity-related international financial resources from developed countries, including official development assistance, and from countries voluntarily assuming the obligations of developed country Parties, to developing countries, in particular least developed countries and small island developing States, as well as countries with economies in transition, to at least USD 20 billion per year by 2025, and at least USD 30 billion per year by 2030 ; b) significantly increasing the mobilisation of domestic resources, facilitated by the preparation and implementation of national biodiversity financing plans or similar instruments, according to national needs, priorities and circumstances. (c) leveraging private finance, promoting blended finance, implementing strategies to raise new and additional resources, and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments; stimulating innovative schemes such as payment for ecosystem services, green bonds, biodiversity offsets and credits, benefit-sharing mechanisms, through environmental and social safeguards ; (e) maximising the benefits and synergies of financing targeted at biodiversity and climate crises; (f) enhancing the role of collective action, including indigenous peoples and local communities, Foodland22 centred action and non-market based approaches, including community-based natural resource management and civil society cooperation and solidarity, for biodiversity conservation; (g) improving the effectiveness, efficiency and transparency of resource provision and use.
TARGET 20	Strengthen capacity building and development, access to and transfer of technology, and promote the development of and access to innovation and technical and scientific cooperation, in particular through South-South, North-South and triangular cooperation, in order to meet the needs of effective implementation, in particular in developing countries, by promoting the joint development of technologies and joint scientific research programmes for the conservation and sustainable use of biodiversity and by strengthening scientific research and monitoring capacities, commensurate with the ambition of the goals and targets of the framework.
TARGET 21	Ensure that the best available data, information and knowledge are accessible to decision-makers, practitioners and the public to guide effective and equitable governance, integrated and participatory management of biodiversity, and to strengthen communication, awareness-raising, education, monitoring, research and knowledge management; in this context also, traditional knowledge, innovations, practices and technologies of indigenous peoples and local communities should only be accessible with their free, prior and informed consent23 , in accordance with national legislation.
TARGET 22	Ensure full, equitable, inclusive, effective and gender-sensitive representation and participation in decision-making and access to justice and biodiversity-related information by indigenous peoples and local communities, respecting

	their cultures and rights to lands, territories, resources, and traditional knowledge, as well as by women and girls, children and youth, and persons with disabilities, and ensure the full protection of environmental human rights defenders.
TARGET 23	Ensure gender equality in the implementation of the framework through a gender-sensitive approach where all women and girls have equal opportunities and capacities to contribute to the three objectives of the Convention, including through the recognition of their equal rights and access to land and natural resources and their full, equitable, meaningful, and informed participation and leadership at all levels of biodiversity-related action, engagement, policy, and decision-making.

B. European Commission / National Biodiversity Strategy 2030

1) European framework

The European Union's Biodiversity Strategy 2030 is a comprehensive, long-term plan to protect nature and reverse the degradation of ecosystems. Presented in 2020, the strategy aims to put biodiversity in Europe on the road to recovery by 2030.[12]

The main actions to be taken between now and 2030 are:

- the creation of protected areas representing at least 30% of the EU's land and marine area, extending the coverage of existing Natura 2000 areas
- the restoration of degraded ecosystems across the EU by 2030 through a series of specific commitments and measures, including the reduction of pesticide use and risks by 50% by 2030 and the planting of 3 billion trees across the EU
- the allocation of €20 billion a year to the protection and promotion of biodiversity via EU funds and national and private financing
- the creation of an ambitious global framework for biodiversity

2) French framework

The National Biodiversity Strategy 2030 (SNB3) reflects France's engagement under the Convention on Biological Diversity. Published in 2022, its aim is to reduce the pressures on biodiversity, protect and restore ecosystems and bring about far-reaching changes to reverse the decline in biodiversity by 2030.

[12] https://www.europarl.europa.eu/doceo/document/TA-9-2021-0277_EN.html

C. Environmental pressures of DNCA Finance's main portfolios

The funds selected for a detailed presentation of their environmental pressures are funds with more than €500 million in assets under management at the end of 2022 and article 9 funds in the Beyond range. As a reminder, at the end of 2022, we have extracted from the DNCA Finance portfolio 905 private issuers of bonds, equities or convertible bonds representing €17.5 billion, i.e. approximately 63% of assets under management at the end of 2022. The table below shows the proportion of assets analysed for each DNCA Finance fund presented in this appendix.

Funds	Total AuM as of 31/12/2022 (€m)	AuM analysed (€m)	% analysed
Eurose	2610	2 035	78%
DNCA SRI Euro Quality	1996	1815	91%
DNCA Invest SRI Europe Growth	1109	1098	99%
DNCA Invest Eurose	2 069	1 601	77%
Centifolia	955	892	93%
DNCA Opportunités Zone Euro	858	844	98%
DNCA Invest SRI Norden Europe	547	544	99%
DNCA Invest Value Europe	645	611	95%
Ecureuil Profil 90 (Act Euro)	630	606	96%
DNCA Invest Beyond Global Leaders	482	377	78%
DNCA Invest Beyond Semperosa	329	264	80%
DNCA Invest Beyond Alterosa	178	168	94%
DNCA Invest Beyond Climate	92	82	89%
DNCA Invest Alpha Bonds	6 374	Not analyzed	0%
DNCA Sérénité Plus	569	491	86%
INKA BN	527	0	0%
Alba Value	57	49	85%

Below are the main environmental pressures for the funds selected. When calculating the statistics using the PEVE method, companies with no information are not restated, which is equivalent to assigning them an environmental pressure of zero. For climate trajectories, we present the results according to two weighting methods.

	AUM (€M)	Water consumption (m3/year /million euros invested- EV Enterprise Value)	Water consumption (m3/year /million euros invested- EVIC Enterprise Value Including Cash)	Land use for agricultural production (ha/million euros invested - EV Enterprise Value)	Land use for agricultural production (ha/million euros invested - EVIC Enterprise Value Including Cash)
Eurose	2610	335	227	<0,1	<0,1
DNCA SRI Euro Quality	1996	105	99	-	-
DNCA Invest SRI Europe Growth	1109	42	42	-	-
DNCA Invest Eurose	2 069	241	163	<0,1	<0,1
Centifolia	955	104	89	-	-
DNCA Opportunités Zone Euro	858	132	113	0,6	0,5
DNCA Invest SRI Norden Europe	547	5	5	-	-
DNCA Invest Value Europe	645	994	915	-	-
Ecureuil Profil 90 (Act Euro)	630	105	99	-	-
DNCA Invest Beyond Global Leaders	482	65	59	-	-
DNCA Invest Beyond Semperosa	329	65	62	-	-
DNCA Invest Beyond	178	132	130	3,3	3,4

Alterosa					
DNCA Invest Beyond Climate	92	183	171	8,7	9
DNCA Invest Alpha Bonds	6 374	NA	NA	NA	NA
DNCA Sérénité Plus	569	611	382	-	-
INKA BN	527	NA	NA	NA	NA
Alba Value	57	77	72	-	-

	Scope 1&2 GHG emissions (tCO2eq/ year /million euros invested-EV Entreprise Value)	Scope 1&2 GHG emissions (tCO2eq/year /million euros invested-EVIC Enterprise Value Including Cash)	T°c - Available - EOTS (°c - EOTS)	T°c - Available - EOTS / EVIC (°c - EOTS-EVIC)	T°c - Available - WATS (°c - WATS)
Eurose	232	139	1,87	1,92	1,70
DNCA SRI Euro Quality	56	52	1,71	1,71	1,65
DNCA Invest SRI Europe Growth	20	21	1,85	1,85	1,83
DNCA Invest Eurose	227	137	1,87	1,92	1,69
Centifolia	87	70	1,77	1,77	1,64
DNCA Opportunités Zone Euro	73	60	1,76	1,77	1,72
DNCA Invest SRI Norden Europe	5	5	1,65	1,66	1,68
DNCA Invest Value Europe	101	88	1,72	1,72	1,68

Ecureuil Profil 90 (Act Euro)	56	53	1,71	1,70	1,65
DNCA Invest Beyond Global Leaders	22	21	2,11	2,07	2,01
DNCA Invest Beyond Semperosa	46	47	1,63	1,62	1,62
DNCA Invest Beyond Alterosa	69	62	1,65	1,65	1,67
DNCA Invest Beyond Climate	90	83	1,61	1,61	1,59
DNCA Invest Alpha Bonds	NA	NA	NA	NA	NA
DNCA Sérénité Plus	541	284	1,94	2,06	1,76
INKA BN	NA	NA	0,00	0,00	0,00
Alba Value	63	58	1,66	1,66	1,61

DNCA Finance - 19 place Vendôme, 75001 Paris - Phone : +33 (0)1 58 62 55 00 Email : dnca@dnca-investments.com - www.dnca-investments.com