Publication of sustainability information

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OFI INVEST ESG ACTIONS CLIMAT EUROPE

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■ Summary

Ofi Invest ESG Actions Climat Europe (the "Sub-Fund"), promotes environmental or social characteristics within the meaning of Article 8 paragraph 1 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the publication of sustainability information in the financial services sector (the "SFDR Regulation"), as defined within the Fund's investment strategy, but does not aim for sustainable investment within the meaning of Article 9 of the SFDR Regulation. However, the Fund aims to invest a minimum of 15% of its net assets in securities that meet Ofi Invest AM's definition of sustainable investment.

In order to assess the environmental, social, and governance practices of issuers, the management company relies on its internal ESG score methodology.

The promotion of social and environmental characteristics depends on the Fund's strategy and its own investment processes. The management team implements an ESG "score improvement" approach, which consists of achieving an average ESG score of the portfolio higher than the average ESG score of the comparable SRI universe: the STOXX Europe Total Market Index, which the Management Company considers a relevant comparison element for the ESG score of the fund in view of its strategy, after eliminating 20% of the index weighting.

The proportion of stocks undergoing an ESG analysis in the portfolio must be higher than 90% of the Sub-Fund's net assets (excluding cash, UCIs and derivatives).

These characteristics are monitored by the Restrictions Monitoring team on an ongoing basis, while the Internal Control department carries out annual checks.

The ESG analysis of issuers is carried out using a dedicated proprietary tool that automates the quantitative processing of ESG data, combined with a qualitative analysis by the ESG team. Examples of ESG criteria analysed include carbon emissions, information security policies and the independence of the board of directors.

The proprietary methodology is based on basic data from recognised data providers such as MSCI (our main provider). This data may be supplemented by analyses carried out internally by the management company. Once the data has been reprocessed according to proprietary methodologies, it is disseminated in our systems and made available to users for the management of the Fund.

The main methodological limitations of the Fund's extra-financial strategy are those faced by Ofi Invest Asset Management in developing its ESG rating model (problem of missing or incomplete disclosures by certain companies, problem linked to the quantity and quality of ESG data to be processed).

The Fund encourages the ESG efforts of portfolio companies, through dialogue with certain companies, not only to obtain additional information on their CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance.

■ No sustainable investment objective

This product promotes environmental and social characteristics, but does not aim to be a sustainable investment. However, the Fund aims to invest a minimum of 30% of net assets in sustainable investments in securities that meet Ofi Invest AM's definition of sustainable investment.

To qualify as a sustainable investment, it must meet the following criteria:

- Make a positive contribution or provide a benefit for the environment and/or society;

- Do not cause significant harm;
- Good governance.

Our definition of sustainable investment is set out in detail in our responsible investment policy, which is available on our website at https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-investissement-responsable.pdf.

In order to ensure that the issuers under review do not cause significant harm (DNSH) in terms of sustainability, Ofi Invest AM analyses issuers with regard to :

- Indicators of negative impact on sustainability within the meaning of the SFDR regulations (known as "Principal Adverse Impacts" or PAI in English)
- Activities that are controversial or considered sensitive in terms of sustainability
- The presence of controversies considered to be very serious

How have the negative impact indicators been taken into account?

Issuers exposed to the following adverse impact indicators are qualified as non-sustainable investments:

- exposure to companies active in the fossil fuel sector (PAI 4),
- exposure to activities linked to typologies of controversial weapons, such as cluster bombs or anti-personnel mines, biological weapons, chemical weapons, etc. (PAI indicator 14),
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI indicator 10).

In addition, activities that are controversial considered sensitive in terms of sustainability are considered non-sustainable. Adverse impacts are analysed according to Ofi Invest AM's sector-based policies (tobacco, oil and gas, coal, palm oil, biocides and hazardous chemicals) and norm-based policies (Global Compact and ILO fundamental conventions, controversial weapons), published on our website. Investments may not be made in companies with a negative screening.

Very severe controversies ("level 4" environmental and societal controversies as well as "level 3" social and governance controversies) cannot be considered sustainable, according to OFI Invest AM's definition.

To what extent do sustainable investments comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The exposure of issuers to controversies linked to breaches of fundamental human rights as described in the UN Global Compact and the OECD Guidelines for Multinational Enterprises (PAI 10) is a reason for exclusion (see above).

Issuers exposed to such controversies, which are deemed to be very severe or severe, on all social, societal and environmental issues cannot be considered sustainable according to our definition.

More specifically, issuers exposed to "level 4" (very high) environmental and societal controversies and "level 3" (high) social and governance controversies, the highest on our proprietary rating scale, are not investable.

These E, S, G issues overlap with all the themes covered by the OECD guidelines and the Global Compact.

These exclusions apply to issuers considered 'sustainable', according to our definition, in addition to the normative exclusion policy on Non-Compliance with the Principles of the Global Compact and the Fundamental Conventions of the ILO.

The EU taxonomy establishes a "do no harm" principle whereby taxonomy-aligned investments should not cause significant harm to the objectives of the EU taxonomy and is accompanied by specific EU criteria.

The principle of "not causing significant harm" applies only to those investments underlying the financial product that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

Any other sustainable investment must also not cause significant harm to environmental or social objectives.

■ Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics. In order to assess issuers' environmental, social and governance practices, the Management Company relies on the internal ESG score methodology.

The themes taken into account in reviewing good ESG practices are:

- Environmental: Climate change – Natural resources – Project financing – Toxic waste – Green products.
- Social: Human capital – Societal – Products and services – Communities and human rights.
- Governance: Governance structure – Market behaviour.

The Sub-Fund especially focuses on the issue of climate change. For this purpose, it has two investment sleeves: “Solutions” and “Transition”.

The SRI comparison universe is consistent with the Sub-Fund's reference indicator.

■ Investment strategy

The binding elements of the investment strategy used to select the investments to attain each of the environmental and social characteristics promoted by the Sub-Fund are as follows:

The Sub-Fund adopts an ESG’s rating improvement’s approach, which consists of achieving an average ESG score of the portfolio higher than the average ESG score of the comparable SRI universe: the STOXX Europe Total Market Index, which the Management Company considers a relevant comparison element for the ESG score of the fund in view of its strategy, after eliminating 20% of the index weighting.

The proportion of stocks undergoing an ESG analysis in the portfolio must be higher than 90% of the Sub-Fund’s net assets (excluding cash, UCIs and derivatives).

In assessing issuers’ ESG practices, the Sub-Fund considers the following pillars and themes:

- Environment: climate change, natural resources, project financing, toxic waste, green products.
- Social: employees, customers, suppliers and civil society, with reference to universal values (in particular: human rights, international labour standards, environmental impact, prevention of corruption, etc.), human capital, supply chain, products and services.
- Governance: governance structure, market behaviour.

The ESG analysis team defines a sector-based reference for key issues (ESG issues listed above), by selecting the most important issues for each sector of activity. Based on this reference, an ESG score is calculated out of 10 for each issuer, which includes, first, the key issue scores for E and S and, second, scores for G issues, along with any bonuses/penalties.

Indicators used to establish this ESG score include, for example:

- Scope 1 carbon emissions in tonnes of CO_2, water consumption in cubic metres, nitrogen oxide emissions in tonnes for the environmental pillar;
- the information security policies in place and the frequency of system audits, the number of fatal accidents, the percentage of the total workforce represented by collective labour agreements for the social pillar;
- the total number of directors, the percentage of independent members of the board of directors, the total remuneration as a % of fixed salary for the governance pillar.

Issuers’ ESG scores are calculated quarterly, while underlying data are updated at least every 18 months. Ratings can also be adjusted by analysis of controversies or as a result of engagement initiatives. This analysis is carried out using a dedicated proprietary tool for automating the quantitative processing of ESG data (mainly provided by ESG score agencies, but also by specialised agencies), combined with an analysis by the ESG analysis team.

Ofi Invest AM has also identified risk areas for its investments in relation to certain business sectors and international benchmarks. Therefore, the Management Company has introduced exclusionary policies to minimise these risks and manage its reputational risk.

The ESG rating methodology for issuers is detailed in the document titled “Responsible Investment Policy”. This document is available at the following address:. https://www.ofi-invest-am.com/pdf/principes-et-politiques/responsible-investment-policy.pdf

Therefore, the Sub-Fund complies with the policies summarised in the document entitled “Investment Policy - Sector-based and Norm-based Exclusions”. This document is available at: https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-exclusions-sectorielles-et-normatives_ofi-invest-AM.pdf. and includes the CTB and PAB exclusions in accordance with the ESMA Guidelines on funds' names using ESG or sustainability-related terms.

Additionally, the commitment to only invest in equity securities of companies that qualify into "Solutions" and/or "Transition" categories. (excl. ancillary assets):

Within the category "Solutions", the Sub-Fund uses a variety of data sources including the Investment Manager's own research, broker analysis, and MSCI ESG research on clean technology solutions, companies will initially be assessed as providing "Solutions" if they derive at least 20% of their revenue from such themes. Companies meeting this initial revenue threshold are then subject to additional assessment using the Investment Manager's proprietary analysis which further examines revenue sources by business segment. Only companies satisfying both the revenue threshold and the detailed assessment will be regarded as "Solutions" providers and be eligible for investment by the Sub-Funds. The assessment is refreshed on an ongoing basis.

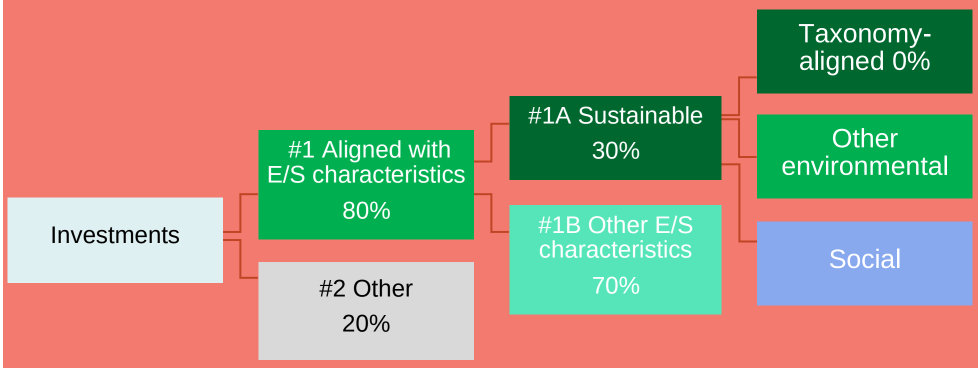
Within the category "Transition", the Sub-Fund seeks to invest in best performers in terms of climate risk management. To define this category the Sub-Fund will use an analysis of the level of transition risk for each subsector along with the assessment of the quality of climate risk management in place at every company. The higher the transition risk for the subsector of a company, the higher the climate risk management required to be eligible for investment in the Sub-Fund. This analysis will be done based on several elements including Investment Manager's own research and MSCI ESG research. It will be refreshed at least once a year.

The companies that fall under the "Solutions" and "Transition" sleeves are updated on an annual basis.

■ Proportion of investments

The Sub-Fund has at least 80% of its investments used to attain the environmental characteristics promoted (#1 Aligned with E/S characteristics).

The remaining 20% of the investments of the Sub-Fund, will be derivatives, cash and/or cash equivalent (excluding monetary UCIs classified as Article 8 according to SFDR regulations and managed by Ofi Invest AM) held for liquidity purposes, the use of which is limited to very specific situations and short periods of time (#2 Other).



#1 Aligned with E/S characteristics includes the investments of the Sub-Fund used to attain the environmental or social characteristics promoted by the Sub-Fund.

#2 Other includes the remaining investments of the Sub-Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

■ Monitoring of sustainable investment objective

Environmental and social characteristics are checked at several levels. A first-level control ensures compliance with the constraints relating to these characteristics. Second-level controls are carried out as follows: the Compliance Department carries out ongoing controls and the Internal Control Department carries out annual checks.

■ Methodologies

The promotion of social and environmental characteristics depends on the Fund's strategy and the investment processes specific to each fund.

The approaches used can consist of :

- achieve a minimum ESG score within a universe, or
- adopt a strategy to improve the rating, or
- to exclude a percentage of the worst-performing issuers on ESG factors, or
- to exclude issuers and/or instruments that do not meet Ofi Invest AM's definition of sustainable investment.

For SRI-labelled funds, two PAIs, specific to each fund, are given particular attention and are used as ESG performance indicators. Some thematic funds may track more specific indicators (e.g. % green sales).

The promotion of social and environmental characteristics also involves the management of negative impacts through the monitoring of controversies and the adoption of sectoral or regulatory exclusion policies, for example.

■ Data sources and processing

All the suppliers of non-financial data are detailed in our Article 29 - Climate Energy Law report, available on our website at the following address: https://www.ofi-invest-am.com/fr/politiques-et-documents
For historical reasons linked to the Ofi Invest Asset Management entity, created by the merger between OFI AM and Abeille AM on 1 January 2023, data may or may not be restated depending on the fund.

The data is retrieved and repatriated into a proprietary rating tool, and quality controls can be carried out to measure the confidence interval. Once the data has been reprocessed according to proprietary methodologies, it is then disseminated in our systems (Référentiel internal database) and made available to users via Excel and the PMS for fund management.

■ Limitations to methodologies and data

The methodological limitations of supplier data are as follows:

- Missing or incomplete disclosure by some companies of information used for ESG ratings;
- A problem linked to the quantity and quality of ESG data to be processed;
- A problem in identifying the information and factors relevant to ESG analysis;
- Problem linked to indicators not being taken into account due to lack of available data;
- Estimated data, not necessarily reported by the company, subject to estimation risk;
- Problems linked to methodological changes that make it difficult to compare data over time.

For funds that apply the proprietary analysis model, it is possible to overcome certain limitations, in particular by providing for the possibility of ad hoc ratings for unrated companies, at the request of management. Commitments with issuers also make it possible to obtain information from companies that rarely publish it. A bonus/malus system is also provided for in the event of a difference in assessment between the analysis and the rating agency.

■ Due diligence

For funds subject to the proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings that may be subject to a bonus or a penalty where applicable, engagement with issuers on certain issues (climate, biodiversity, social), or to obtain more information on CSR issues, indicators or the management of controversies.

Management constraints are subject to post-trade controls (control of exclusion thresholds for issuers with the worst ESG performance for the funds concerned, control of constraints linked to sector and normative exclusions).

■ Engagement policies

The voting and shareholder engagement policy is based on the most rigorous governance standards (G20 and OECD corporate governance principles, AFEP MEDEF governance code, etc.). On the one hand, as part of the voting policy, the Management Company may use a number of actions at General Meetings (dialogue, written question, tabling of a resolution, challenging vote, etc.). In addition, the engagement policy involves dialogue with certain companies, not only to obtain further information on its CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance.

■ Designated reference benchmark

The comparison SRI universe is consistent with the Sub-Fund's reference indicator.

The comparison SRI indicator is the BKXP : STOXX Europe Total Market Index.