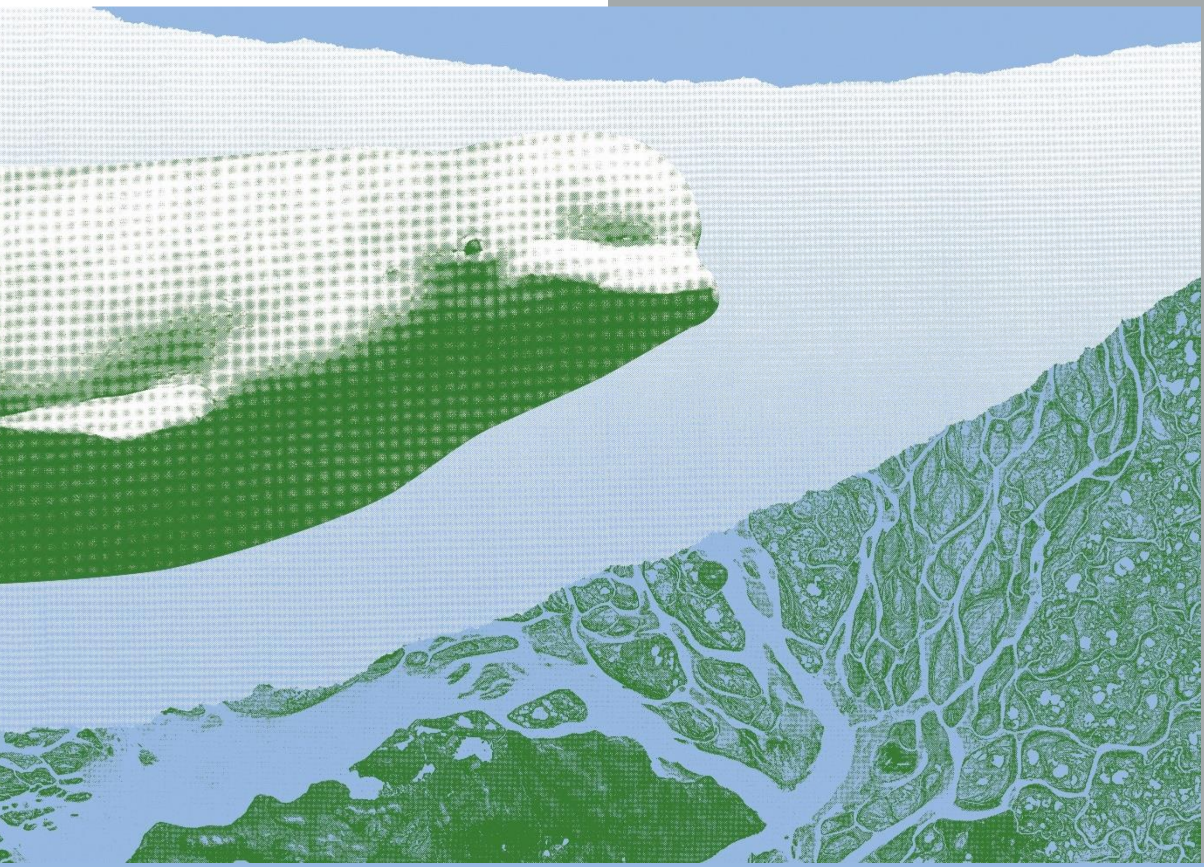

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Statement on principal adverse impacts of investment decisions on sustainability factors

Released on 11 March 2024

31 December 2023

Financial market participant

Anaxis Asset Management

LEI 9695005VR5O4WBJDM975

Summary

Anaxis Asset Management – LEI 9695005VR5O4WBJDM975 – considers principal adverse impacts of its investment decisions on sustainability factors. The present document is the consolidated statement on principal adverse impacts on sustainability factors of Anaxis Asset Management.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

These impacts include the contribution to global warming in the form of greenhouse gas emissions. This is linked to electricity generation methods, the energy sources used by companies and the energy efficiency of industrial processes. Biodiversity and pollution are two other areas of concern, approached from the angle of waste production, discharges into the environment and the potential impact of economic activities on sensitive ecosystems. The issue of water is also addressed using indicators relating to the management of water resources and the preservation of their quality.

In the social field, the focus is on compliance with international standards, as well as the existence and effectiveness of procedures covering human rights, labour law and discrimination (including gender discrimination). Finally, indicators focusing on the protection of whistleblowers, the quality of relations with suppliers and the fight against corruption complete the analysis.

Description of the Principal adverse impacts on sustainability factors

The indicators presented in the following pages comply as closely as possible with the principles and standards described by Regulation (EU) 2019/2088 of 27 November 2019 and Delegated Regulation (EU) 2022/1288 of 6 April 2022. The impacts for 2022 are those recorded at 31 December. The impacts for 2023 are quarterly averages (unless explicitly stated otherwise in the case of new indicators).

Adverse sustainability indicator	**Metric**	**2023 impacts**	**2022 impacts**	**Coverage**	**Explanation**	**Actions taken**, and actions planned and targets set for the next reference period

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Greenhouse gas emissions

1. GHG emissions						
Scope 1 GHG emissions	Tonnes	23 116	17 389	44%	This indicator depends on the size of the investments and the allocation of the portfolios. To calculate it, we need to know, for each investment, the quantity of greenhouse gases released into the atmosphere over the past year and the 'enterprise value' at the end of the financial year. Due to publication deadlines, the data is usually one year delayed.	We are aiming for greenhouse gas neutrality by 2050 for all the investments in our portfolios, in accordance with our commitment to the Net Zero Asset Managers initiative. This objective is in line with the ambitions of the Paris Agreement. We identify sectors with high emissions and apply selection criteria to the companies concerned, based on their climate transition strategy. However, we exclude the fossil fuel sector entirely, including fuel transport, refining of petroleum products and non-renewable electricity generation. We are also careful not to invest in companies that are developing new projects in these areas.

Scope 2 GHG emissions	Tonnes	9 663	5 216	44%	See above.	Our commitments cover both scope 1 and scope 2 emissions.
Scope 3 GHG emissions	Tonnes	145 835	13 361	19%	This indicator relates to the quantity of greenhouse gases emitted (i) by companies' products during their life cycle (downstream) and (ii) by the resources used for their production (upstream), in addition to the level 1 and 2 emissions covered by the previous indicators. The proportion of companies publishing this indicator is still low, but is rising rapidly (from **5%** at the end of 2022 to **19%** at the end of 2023), which explains the sharp increase in the indicator from one year to the next.	This type of emission is taken into account in the case of sectors with a high indirect contribution to global warming. Suppliers of services or equipment specific to the fossil fuel sector are excluded from our portfolios (e.g. oil exploration, transport of hydrocarbons, construction of thermal power stations or pipelines). Vehicle and aircraft manufacturers and logistics companies are considered sensitive sectors. We apply additional selection criteria to them, focusing on their scope 3 emissions reduction strategy.
Total GHG emissions	Tonnes	178 634	22 605	44%	This is the sum of level 1, 2 and 3 emissions. This indicator is likely to vary significantly depending on portfolio size and allocation.	Because of the sustainable investment methods we use, this indicator should tend towards zero by 2050.
2. Carbon footprint						
	Tonnes per million EUR invested	44.4	38.1	44%	The carbon footprint is the total quantity of GHG emission in relation to the size of the portfolios. This calculation neutralises the effect of variations in assets under management. The figure shown relates only to scopes 1 and 2, to allow comparison with the previous year. If we include scope 3, we obtain a carbon footprint of **241.8 t/M€** at the end of 2023.	The carbon footprint, like emissions, must be reduced to zero by 2050, but on a trajectory that is not affected by changes in assets under management.

3. GHG intensity of investee companies						
	Tonnes per million EUR of revenue	94.9	100.8	100%	This indicator relates published emissions to company sales. Estimates have been used wherever necessary. The figure shown relates only to scopes 1 and 2, to allow comparison with the previous year. If we include scope 3, we obtain a GHG intensity of **223.4 t/M€** at the end of 2023. This intensity does not include the level 3 emissions of companies that do not publish them. It is therefore likely to vary (upwards) as companies improve their transparency.	Our long-term goal is carbon neutrality by 2050. Our medium-term goal is to reduce GHG intensity by 7.5% per year on average. In addition to the sectoral exclusions, the method used consists of assessing the strategies of companies belonging to sectors with a high climate impact (according to our classification, which covers all the sectors recommended by the Net Zero Investment Framework). We use the climate scores assigned to companies by the CDP and supplement them with an internal score for companies that do not participate in this platform. We also refer to the commitments validated by the SBTi (Science Based Targets Initiative) organisation where they exist. Our process aims to ensure that all companies with a high potential climate impact have strategies aligned with the Paris Agreement. If this is not the case at the time of the first assessment, a commitment process may be implemented, on an exceptional basis, for a maximum period of one year..
4. Exposure to companies active in the fossil fuel sector						
		0%	0%	100%	This exposure relates to companies that derive revenues from fossil fuel-related activities: exploration, extraction, production, processing, storage, refining or distribution.	According to our sector exclusion policy, this exposure must be zero. An exception is made for service stations, which are essential to the development of electric cars, even though most of their revenue still comes from fuel distribution.

5. Share of non-renewable energy consumption and production of investee companies						
Share of total consumption		74%	75%	46%	These averages do not take into account the fact that some companies consume or produce more energy than others. End of 2023, **25%** of the portfolios were invested in companies that can be considered carbon neutral (**22%** end of 2022).	This percentage is expected to decrease as investee companies gradually implement climate transition and carbon neutrality strategies.
Share of total production		56%	59%	25%		This percentage refers to energy production within industrial groups. We exclude companies selling fossil fuels or electricity produced from non-renewable sources. The nuclear sector is also excluded.
6. Energy consumption intensity of investee companies, per high climate impact sector						
A. Agriculture, forestry and fishing	GWh per million EUR of revenue	0.23	0.22	55%	For an allocation of 0,4%	Reducing energy consumption is one way of reducing the GHG intensity of economic activities. This is particularly important in sectors where there is as yet no alternative to fossil fuels (e.g. air transport and sea freight). In all cases, the energy intensity of high-impact companies is one of the criteria used to assess the credibility of the climate change plans presented by these companies.
B. Mining and quarrying	GWh per million EUR of revenue	1.50	2.12	28%	For an allocation of 0,5%	
C. Manufacturing	GWh per million EUR of revenue	1.35	0.95	53%	For an allocation of 29,2%	
D. Electricty, gas, steam and air conditioning supply	GWh per million EUR of revenue	1.31	1.43	68%	For an allocation of 0,9%	
E. Water supply; sewerage, waste management and remediation activities	GWh per million EUR of revenue	0.54	0.52	17%	For an allocation of 1,4%	
F. Construction	GWh per million EUR of revenue	0.79	0.83	38%	For an allocation of 1,7%	
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	GWh per million EUR of revenue	2.59	0.09	35%	For an allocation of 10,1%	
H. Transportation and storage	GWh per million EUR of revenue	223.48	4.11	19%	For an allocation of 2,4%	
L. Real estate activities	GWh per million EUR of revenue	0.49	0.42	47%	For an allocation of 2,4%	

Biodiversity

7. Activities negatively affecting biodiversity-sensitive areas						
Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas		0%	0%	82%	Given the lack of information available from companies, we developed the following assessment method. (1) We have classified business sectors into three categories according to their potential impact on biodiversity. Our assessment focuses on sectors with a high potential impact. (2) We have drawn up a list of 33 sensitive countries in which biodiversity appears to be particularly threatened. We used data published by the IUCN. Our assessment focuses on companies with their main activities in a sensitive country. (3) The criterion used is based on two complementary elements: (i) the company must have put in place an internal biodiversity procedure and (ii) it must not be the subject of any serious controversy relating to biodiversity.	Our potential impact on biodiversity is substantially reduced by our policy of excluding the fertiliser, pesticide, plastic packaging and non-therapeutic GMO sectors. At the same time, the indicator described opposite was introduced in the fourth quarter of 2023 to reinforce our vigilance in this area. Our aim is to keep it at zero. If a non-compliant investment is identified, it will generally have to be sold within 3 months.

Water

8. Emissions to water						
Emissions to water generated by investee companies, expressed as a weighted average	Tonnes per million EUR invested			0%	The necessary information could not be collected	For companies with a significant impact on water environments or resources, this indicator should be taken into account when assigning an overall score on the water theme. However, it appears very rarely in the data collected. This is a major concern. Solutions are still under consideration.

Waste

9. Hazardous waste and radioactive waste ratio						
Hazardous waste and radioactive waste generated by investee companies, expressed as a weighted average	Tonnes per million EUR invested	47.1	48.9	17%		The production of radioactive waste is zero as we exclude the nuclear sector and have not identified any portfolio company using radioactive materials (which could be the case in the healthcare sector or some other industries). For other types of hazardous waste, data collection remains too partial at this stage.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters

10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises						
Share of investments in investee companies that have been involved in violations of the principles		0%	0%	100%		We monitor controversies, notably through a subscription to the ISS agency services. We also review OECD reports and research notes from various financial and non-financial research agencies. Our ethics committee reviews each case of potential violation to decide on a possible exclusion. Our goal is to have no investments in companies that do not act in accordance with these principles.
11. Lack of processes and compliance mechanisms to monitor compliance with the principles						
Share of investments in investee companies without policies to monitor compliance with the principles or grievance/ complaints handling mechanisms to address violations of the principles		10%	13%	41%	This indicator has been defined in such a way as to cover a substantial proportion of our portfolios with the available data. We collect information published by companies on the existence of procedures covering each of the 10 themes in the Global Compact. Compliance mechanisms are considered insufficient if fewer than 3 themes are covered by procedures.	This indicator is taken into account in our analysis of corporate social responsibility. We rate companies on a scale of 1 (best) to 4 (worst). A score of 3.50 or more results in exclusion. Each theme of the Global Compact not covered by a procedure reduces the score by 0.01 points, giving a maximum penalty of 0.10. In addition, the absence of available information reduces the score by a flat-rate increment of 0.05 points.

12. Unadjusted gender pay gap						
Average unadjusted gender pay gap of investee companies		12%	13%	6%		This indicator is taken into account in our corporate social responsibility score (how it works is described above). If the indicator is positive, the rating is downgraded in proportion to the value of the indicator, up to a maximum penalty of 0.2 points for an average pay gap of 10% or more. The absence of information leads to a fixed penalty of 0.05 points. Companies rated 3.50/4 or more are excluded.
13. Board gender diversity						
Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Percentage of female board members	28%	25%	59%		This indicator is taken into account in our corporate social responsibility score (how it works is described in §11 above). If the indicator is below 50%, the rating is downgraded in proportion to the value of the indicator, up to a maximum penalty of 0.05 points if there are no women on the board of directors. Companies rated 3.50/4 or above are excluded.
14. Exposure to controversial weapons						
Share of investments in investee companies involved in the manufacture or selling of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)		0%	0%	100%		The weapons sector is excluded from our investments. Vigilance is even greater in the case of controversial weapons. No involvement in this area is tolerated.

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Energy performance

EC5. Breakdown of energy consumption by type of non-renewable sources of energy						
Share of energy from non-renewable sources used by investee companies broken down by each non- renewable energy source						This share is zero in the case of electricity generation companies. This is because we exclude the non-renewable energy sector. In other cases, we use this indicator in our assessment of companies' climate transition strategies. Our approach focuses on the efforts made. The analysis is summarised by a climate score that takes account of changes in this indicator. Reducing the use of non-renewable energy is an essential part of the climate transition. A company that does not meet our criteria in this area cannot be considered to be aligned with our sustainable investment objectives. Where it has a significant impact (according to our sector classification), such a company should be excluded from our portfolios (with priority given to those with explicit climate objectives). Less significant companies and smaller positions are subject to specific allocation limits based on their climate scores.
Coal		1%	1%	42%		
Oil		13%	14%	42%		
Gas		25%	24%	42%		

Water, waste and material emissions

EC6. Water usage and recycling						
Average amount of water consumed by the investee companies	Cubic meters per million EUR of revenue	5 612	4 556	39%	This indicator is heavily skewed by the allocation to the hydropower sector.	The amount of water consumed is expected to decline within high impact sectors as companies' environmental policies take effect. The use of water-related scores should encourage this movement and lead to the exclusion of companies that do not make sufficient efforts. However, the level of the indicator also depends on our sector allocation, which changes according to management choices.
EC7. Investments in companies without water management policies						
		71%	69%	100%	Where no information could be collected in this respect, we considered that the company had no policy. The proportion of the allocation considered to have a high potential impact on water resources is **3.5%**. All the companies concerned have sufficient water ratings for this indicator.	Our objective is to maintain at zero the proportion of companies which (according to our sector analysis) have a high potential impact on water resources and which have not implemented a satisfactory policy in this area. To this end, we use the information published by the companies and the CDP scores on the water-theme, where available. In other cases, we apply internal scores based on an analysis of the companies' sustainability reports.
EC8. Exposure to areas of high water stress						
Share of investments in investee companies with sites located in areas of high water stress without a water management policy		0%	0%	24%		We aim to keep this indicator at zero for companies with a high potential impact on water resources. We also monitor it at global level to ensure that it does not deviate significantly from zero.

EC9. Investments in companies producing chemicals						
Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006		0%	0%	100%	This indicator relates to the "manufacture of pesticides and other agrochemical products".	Our allocation does not exclude the chemical sector in general, but it does exclude the production of fertilizers and pesticides.

Green securities

EC16. Share of securities not issued under Union legislation on environmentally sustainable bonds						
		88%	84%	100%	The figure shown is the proportion of non-sustainable bonds (in the regulatory sense of the term). It does not mean that the rest of the assets are invested in sustainable bonds. In fact, the portfolios contain cash. In addition, one of our funds is invested in equities. At the end of the year, the proportion invested in green bonds or in sectors with a positive impact (renewable energies, recycling, water and waste treatment) was **3.9%**.	Green bonds currently represent a very small part of our investment universe. Our sustainable investment process must therefore rely on other criteria to select eligible instruments.

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters

SC1. Investments in companies without workplace accident prevention policies						
Share of investments in investee companies without a workplace accident prevention policy		10%		23%	The method for obtaining the data used to calculate this indicator was improved in 2023. The figure covers the last three quarters of the year.	The subject of workplace accident prevention is part of the analysis grid used to determine the corporate social responsibility score (how it works is described in §11 above). This indicator is explicitly taken into account. In the absence of an accident prevention policy, the score is downgraded by 0.05 points. Companies rated 3.50/4 or above are excluded.
SC4. Lack of a supplier code of conduct						
Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)		7%	7%	56%		The subject of supplier relations is part of the analysis grid used to determine the corporate social responsibility score (how it works is described in §11 above). This indicator is explicitly taken into account. In the absence of an accident prevention policy, the score is downgraded by 0.10 points. If no information is available, the score is downgraded by 0.05 points. Companies rated 3.50/4 or above are excluded.
SC6. Insufficient whistleblower protection						
Share of investments in entities without policies on the protection of whistleblowers		2%	2%	55%		This indicator is taken into account in our corporate social responsibility score (how it works is described in §11 above). When there is no whistleblower protection policy and no mechanism for handling disputes or complaints concerning personnel issues, the score is downgraded by 0.10 points. This is also the case in the absence of available information. Companies rated 3.50/4 or above are excluded.
SC7. Incidents of discrimination						
Number of incidents of discrimination reported in investee companies expressed as a weighted average		0.06	0.32	83%	This indicator is based on controversies identified by ISS in relation to discrimination issues and rated 4/10 or	Whenever a serious problem is identified, the case is submitted to our ethics committee, which decides on a possible exclusion. A file is compiled and decisions are recorded in the minutes of the meetings.

					higher on the agency's scale. This indicator was calculated at the end of the year.	

Human Rights

SC9. Lack of a human rights policy						
Share of investments in entities without a human rights policy		4%	6%	54%		This indicator is taken into account in our corporate social responsibility score (how it works is described in §11 above). In the absence of a human rights policy, the score is downgraded by 0.05 points. Companies rated 3.50/4 or above are excluded.
SC10. Lack of due diligence						
Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts		26%	21%	44%		This indicator is taken into account in our corporate social responsibility score (how it works is described in §11 above). In the absence of a human rights due diligence procedure, the score is downgraded by 0.05 points. This penalty is increased to 0.15 if the company is exposed to a significant risk of child labour (see indicator SC12 below). Companies rated 3.50/4 or above are excluded.
SC11. Lack of processes and measures for preventing trafficking in human beings						
Share of investments in investee companies without policies against trafficking in human beings		17%	8%	46%		This indicator is taken into account in our corporate social responsibility score (how it works is described in §11 above). If a company does not have a policy to combat human trafficking even though it is exposed to a significant risk of forced labour (according to indicator SC13 presented below), its score is downgraded by 0.10 points. Companies rated 3.50/4 or above are excluded.
SC12. Operations and suppliers at significant risk of incidents of child labour						
Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation		10%		94%	This indicator was calculated at the end of the year.	This indicator is used to modulate the corporate social responsibility score, as indicated in §SC10 above.

SC13. Operations and suppliers at significant risk of incidents of forced or compulsory labour						
Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation		7%		86%	This indicator was calculated at the end of the year.	This indicator is used to modulate the corporate social responsibility score, as indicated in §SC11 above.
SC14. Number of identified cases of severe human rights issues and incidents						
Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis		0	0	88%		Our ethics committee excludes companies convicted of serious human rights violations from our investment universe. Our vigilance is reinforced by a subscription to the ISS agency. Any member of the team who becomes aware of a violation or has good reason to suspect a problem must inform the committee without delay.

Anti-corruption and anti-bribery

SC15. Lack of anti-corruption and anti-bribery policies						
Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption		1%	2%	54%		This indicator is taken into account in our corporate governance score (which is separate from the social responsibility score but follows a similar logic, see § 11 above). If a company does not have an anti-corruption policy, its score is downgraded by 0.05 points. Companies rated 3.50/4 or above are excluded.

Description of policies

to identify and prioritise principal adverse impacts on sustainability factors

Identification of impacts

The potential negative impacts of our portfolios are identified on the basis of the following data:

- the indicators referred to in European regulations and the technical standards that complement them (in particular delegated regulation (EU) 2022/1288 of 6 April 2022 defining the content of this report);
- the recommendations of various organisations active in impact monitoring (United Nations Global Compact, PRI, IIGCC, Net Zero Investment Framework, CDP, ISS, Urgewald, etc.);
- the topics covered in the companies' annual reports (particularly in the section identifying the topics considered important by stakeholders);
- controversies affecting companies (in particular through monitoring by the ISS agency);
- indicators proposed by suppliers of company data.

Priority of impacts

Where they are not mandatory, the indicators selected must meet the following criteria:

- reflect a real challenge;
- complement the indicators already in place;
- correspond to data actually available;
- offer sufficiently broad coverage of the positions in our portfolios;
- be sufficiently discriminating to be useful in selecting companies;
- be objective and verifiable.

Use of impacts

<u>Impact assessment</u>

Impacts are assessed in different ways depending on the nature of the indicator used. There are binary indicators, such as those relating to the existence of a procedure or the crossing of certain thresholds (indicated as comments in the previous tables). Indicators of this type can be used to define exclusions.

Other indicators are similar to absolute quantities, for example the mass of waste produced or the volume of water consumed. They provide a more direct and concrete way of assessing the impact of a company's activities on the population or other stakeholders.

Percentage breakdowns, as in the case of the composition of management bodies or the consumption of energy from non-renewable sources, may be appropriate to reflect the company's degree of progress in integrating ESG factors.

Some very useful indicators are presented in the form of intensity. They can relate to capital employed, sales, the quantity of energy produced, etc. They provide a basis for comparison between companies of different sizes, and make it easier to monitor the efforts made over and above variations in scope and activity. For example, intensities are calculated for greenhouse gas emissions, energy consumption and waste production.

As explained in the previous table ("Actions taken..." in the last column), several indicators are used in the form of contributions to the social responsibility or governance scores that we assign to portfolio companies. Scores are downgraded when these indicators do not appear satisfactory in relation to the thresholds and criteria used. This scoring procedure may lead to the exclusion of the worst-rated or least transparent issuers.

Probability of occurrence

Several indicators have been designed to assess the probability of occurrence. The aim is not to obtain a quantification but to select the cases which, from our point of view, require particular attention on an important theme related to the environment, social issues or governance. For example, we examine whether a company is exposed to the risk of violating child labour standards, due to its location in countries where this risk is highly likely to occur. If so, the company must have a policy adapted to this risk, otherwise its social responsibility score will be significantly downgraded.

Severity

The question of the severity of impacts is approached from two points of view. Some indicators refer to the existence of controversies. Identified controversies are assessed by our ethics committee. The committee decides to exclude the issuer for a fixed period if it concludes that there has been a serious breach of an ethical standard. We also study the severity of the potential impacts of companies according to their geographical location or the nature of their business. This is the meaning of the indicator relating to the proximity of water stress areas or those relating to the existence of activities in the fossil fuel or agrochemical sectors. Cases of high potential impacts are dealt with by means of sector exclusions (fossil fuels, agrochemicals, etc.) or more stringent criteria in the extra-financial scoring process (e.g. for water stress).

Irremediable character

Where possible, the irremediable character of the impacts is reflected in sectoral exclusions, such as those relating to agrochemicals or packaging plastics. Indeed, the preservation of biodiversity and the fight against the mass extinction of living species are major concerns. At the same time, the risk of irreversible climate change is factored into our management by excluding fossil fuels, aiming for carbon neutrality and gradually reducing the greenhouse gas intensity of the investments in our portfolios.

Margin of error

Several of the indicators used in assessing the impact of companies cannot be determined with a satisfactory degree of precision. This is particularly the case for indicators relating to types of activity or geographical locations. We use simplified models, due to the lack of granularity of the data available from companies.

Data sources

We use ESG data and assessments from the following agencies:

- company publications, in particular annual reports, sustainability reports and statements of corporate social responsibility objectives;
- CDP for the scores awarded to companies on climate and water issues, as well as data on greenhouse gas emissions, water and energy consumption, use of fossil fuels, pollutant emissions, the existence of procedures and other information useful for calculating environmental impacts;
- SBTi to monitor companies' commitments to climate objectives;
- ISS for monitoring controversies and preparing files submitted to our ethics committee with a view to the exclusion of certain issuers;
- Lucror Analytics for the governance and social responsibility ratings assigned to bond issuers and summaries of the risks associated with ESG themes;
- Urgewald to identify companies active in the fossil fuel sector;
- the OECD to monitor breaches of the Guidelines for Multinational Enterprises through the procedures initiated;
- PAX and ICAN to identify companies contributing to the production of nuclear weapons;
- Amnesty International and Human Rights Watch to identify countries that do not respect fundamental rights;
- UNICEF and Walk Free to identify countries at risk of child and forced labour;
- the International Union for Conservation of Nature (IUCN) to assess the risk of damage to biodiversity;
- Bloomberg for automated data collection;
- analyses by financial research agencies and brokers for comments on the nature of activities, impacts, controversies, etc.

Incomplete information

Where information is not available for calculating greenhouse gas intensity, we use internal estimates based on the company's main sector of activity. In 2023, we were able to collect emissions figures for 71% of the positions in our portfolios. For the other indicators, we do not use estimates and indicate the level of portfolio coverage in the table above. When the lack of sufficiently precise information leads us to define approximate indicators, the principles used are explained. This is the case, for example, for environmental indicator no. 7 on the impact on biodiversity-sensitive areas.

Policy updates

Our sustainable investment policies are updated at the initiative of the head of sustainable investment (who is also the chairman of the company). The main purpose of these updates is to incorporate (i) regulatory developments, (ii) the results of our methodological research, (iii) experience gained and (iv) improvements to the tools and data available. Policies are submitted to the ethics committee for approval and then published on our website.

Our sustainable investment process is described in a document entitled *Ethical Management Policy*. The version applicable in 2023 was that dated 24 June 2022.

Application of policies

The implementation of our ESG policies is the responsibility of the management team, under the supervision of the head of sustainable investment and in interaction with the risk Manager. The ethics committee is involved in analysing controversies and making exclusion decisions. Verification of the correct application of policies is included in the annual control plan.

Engagement policies

As our business is focused on bond management, we do not attend shareholders' meetings. Our engagement policy complies with the recommendations of the Net Zero Asset Managers initiative. It aims to bring companies into line with the objectives of the Paris Agreement, where these companies have a high potential climate impact due to the nature of their activity (which is the case, for example, of transport companies).

To remain eligible for inclusion in our portfolios, these companies must already be in the process of alignment and respond favourably to our requests. In concrete terms, the progress made must lead to an improvement in the climate rating within 12 months. Failing this, efforts will be deemed insufficient and the ethics committee will examine the name with a view to excluding it from the list of authorised investments.

Our policy of commitment also involves collective action through our membership of IIGCC (The Institutional Investors Group on Climate Change).

Reference to international standards

Compliance with responsible business conduct codes

We are vigilant in applying international standards, in particular those contained in the United Nations Global Compact and the Guiding Principles for Multinational Enterprises. We also exclude companies controlled by governments convicted of serious violations of fundamental rights. We ensure strict compliance with provisions relating to (i) the fight against money laundering and the financing of terrorism, (ii) the ban on non-conventional weapons and (iii) compliance with international sanctions.

Anaxis Asset Management adheres to the UN-backed Principles for Responsible Investment (PRI) and has achieved scores that rank our company among the most advanced in this area.

Anaxis Asset Management is committed to the Net Zero Asset Managers initiative and aims to achieve greenhouse gas neutrality for all its investments, in line with the ambitions of the Paris Agreement. This intensity has been reduced by 61% over 4 years, from the end of 2019 to the end of 2023.

Due diligence and methods

Our due diligence on fundamental rights is based on three pillars: (i) monitoring of controversies through the specialised services of the ISS agency, (ii) reports from the OECD and NGOs working on issues related to fundamental rights, (iii) analysis of corporate governance and social responsibility in the form of scores integrating different themes (with the help of the financial analysis company Lucror Analytics for the names it covers). Exclusion may be the result of a decision by the ethics committee or of an insufficient score in terms of governance or social responsibility.

In the climate field, the standards are applied by means of (i) sector exclusions, (ii) a rating of companies' climate strategy which may lead to investment restrictions, (iii) monitoring of controversies, (iv) an engagement process on environmental issues.

Scenario

We have chosen not to apply an energy-climate scenario when assessing the degree of alignment of companies. Such scenarios may be of interest for forward-looking statistical purposes and may help to define new regulations or public policies. But our aim is to encourage companies to commit to the climate transition by adopting ambitious strategies. For example, we do not assume that the greenhouse gas intensity of an industrial group will be reduced as a result of the expected changes in the energy mix of the countries in which it operates. It must have an explicit transition plan involving the use of renewable energies.