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SUSTAINABLE INVESTMENT POLICY

ANAXIS ASSET MANAGEMENT

LEI 9695005VR504WBJDM975

30 April 2024

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AMBITIONS

Positioning

Anaxis Asset Management (Anaxis AM) has chosen to apply ethical criteria to its portfolio management activities. This commitment reflects our vision of a more balanced and harmonious society in which the satisfaction of economic needs and personal aspirations will be compatible with the preservation of the environment and mutual respect.

1. Aiming for carbon neutrality

Our management policy aims to direct financial flows towards sectors that are compatible with our objectives of preserving the environment and health. This requirement has led us to exclude certain sectors of activity because of their excessive impact on global warming, pollution or health risks. In addition, Anaxis AM has defined a trajectory for reducing the overall carbon intensity of its portfolios and is aiming for carbon neutrality by 2050.

2. Integrating impact analysis into management

To achieve these objectives, we have defined specific selection criteria, with more stringent requirements for companies with high greenhouse gas emissions. We are also implementing an individual engagement approach for companies whose efforts appear insufficient given the scale of the climate challenge and the ambitions of the Paris Agreement.

3. Protecting aquatic environments

We pay close attention to aquatic environments, marine biodiversity and water resources. Aquatic environments and wetlands are highly sensitive to pollution and climate change. Protecting them contributes to the efforts needed in a number of areas that have a direct impact on our societies: access to drinking water, food safety and the prevention of health risks. In practical terms, this concern is reflected in sector exclusions (fertilisers, pesticides, packaging plastics), the use of specific assessment criteria focused on this theme and engagement with companies whose practices need to be improved.

4. Applying ethical standards

Our policy makes reference to ethical standards on topics such as human rights, governance and social responsibility. We incorporate these factors into our investment selection process in a systematic and formalised manner. We also monitor controversies affecting portfolio positions. Our ethics committee looks into serious cases and excludes certain issuers from the portfolios as a result.

Key aspects of our policy

5. Objective

Anaxis AM seeks to reduce the overall carbon intensity of investments under management by an average of 7.5% per year until 2030, so as to be on a path towards carbon neutrality by 2050. The reference level is that measured at the end of 2018.

6. Indicators relating to the objective

To measure the achievement of its sustainable investment objective, the management company calculates the average carbon intensity of investee companies. The intensity is measured in tonnes of carbon dioxide per million euros of sales. The average is weighted by the percentage allocated to each investment. The emissions considered are those of scopes 1 and 2. Other greenhouse gases may be taken into account by converting them into equivalent quantities of carbon dioxide in terms of their contribution to the greenhouse effect.

7. Compliance with environmental and social objectives

In order to ensure that the investments made do not significantly harm an environmental or social objective, Anaxis AM has defined an investment selection method based on sustainability criteria.

Greenhouse gas emissions

Companies likely to have a significant climate impact are excluded if they do not achieve a minimum score corresponding to the effective implementation of a strategy to reduce the carbon intensity of their activities. This strategy must include the definition of precise and ambitious objectives, as well as a credible plan for achieving these objectives. Companies with significant activities in fossil fuels and those developing new unconventional projects such as hydraulic fracturing or drilling in the Arctic are also excluded.

Biodiversity

The fertiliser, pesticide, packaging plastics and non-therapeutic GMO sectors have been identified as causing significant damage to biodiversity. They are excluded from the portfolios. Within other sensitive sectors, such as agriculture, livestock or timber production, companies are examined individually on the basis of the controversies to which they may be subject, for example in relation to deforestation or pollution. Individual exclusions are decided by our ethics committee when the impact is deemed too high.

Water

Most of the sector exclusions already mentioned in relation to the preservation of biodiversity (fertilisers, pesticides, packaging plastics) also contribute to protecting water resources and aquatic environments. Other aspects relating to water are covered by our monitoring of environmental controversies (which may lead to exclusion by our ethics committee. Where water is a significant issue, it is also included in the qualitative assessment of the impact the company's activities may have on local communities and other stakeholders. This assessment forms part of our social and governance rating grid.

Waste

The issue of waste is difficult to track within our investment universe, due to a lack of satisfactory transparency from companies in general. Environmental controversies are monitored with the help of the specialist agency ISS. Whenever a significant impact is identified, the case is studied and then submitted to our ethics committee. This may lead to the exclusion of the company under review.

Social issues and governance

These aspects form an integral part of the analysis carried out by the management team. A grid of factors is used to identify the main risks attached to the issuer and to assess their intensity. Four main themes have been selected: transparency, organisation, respect for stakeholders and probity. Companies are rated on a scale of 1 to 4. A score of 3.5 or more in any of these areas results in exclusion.

8. Impact indicators

1. The management company has chosen to publish the 14 mandatory indicators required by the regulations, as well as all the optional indicators, provided that sufficient information could be gathered.
2. The indicator relating to the GHG intensity of investee companies and that relating to the proportion of investments in companies active in the fossil fuel sector are essential indicators for steering the fund's allocation in line with the defined sustainable investment objective.
3. The indicator relating to violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises is the subject of particular attention through the monitoring of controversies and the normative exclusion procedure steered by our Ethics Committee.
4. The indicator for exposure to controversial weapons must be kept at zero under our sector exclusion policy.
5. All social and governance indicators are included in the analysis and rating grid for portfolio companies on the corresponding themes. These indicators may thus contribute to exclusion in the event of an insufficient rating (4 on a scale of 1 to 4).
6. The other indicators are used as alerts during the management company's responsible investment process.

9. Application of international standards

The management company monitors controversies, as well as procedures initiated under the OECD mechanism for multinational enterprises. Cases deemed serious are subject to a specific analysis in order to be submitted to Anaxis AM's ethics committee. The committee decides on the eligibility of the company on the basis of an assessment of its compliance with the required principles. Consequently, the portfolio aims to be fully aligned with the OECD and United Nations guidelines, including the principles contained in all the fundamental conventions referred to by these institutions.

10. Consideration of adverse impacts

The principal adverse impacts are taken into consideration at various stages of the management company's responsible investment approach: sector exclusion policy, identification of sensitive activities (climate and water issues), climate alignment rating, rating of efforts to reduce water-related impacts, rating of social and governance aspects, assessment of the seriousness of controversies, review of OECD procedures and identification of any links with authoritarian regimes. These measures are part of the strategy to reduce adverse impacts on sustainability factors.

11. Sustainable investment strategy

The management company's extra-financial analysis combines the following six components.

Exclusions

Anaxis AM excludes companies in the fossil fuel sector, as well as the weaponry, tobacco and non-therapeutic GMO sectors. In addition, companies with significant activities in plastic packaging, fertilisers or pesticides are excluded because of their negative impact on the European Union's sustainability objectives. The main areas of concern are pollution, as well as damage to ecosystems, biodiversity and aquatic resources.

Environment

Anaxis AM assesses companies in terms of their environmental policies and their commitment to the transition to greenhouse gas neutrality. Scores are awarded. The criteria applied are more demanding when the company's activities are likely to have a greater impact on the environment or climate, as in the case of transport or cement production. The approach favours companies making the best efforts in their field.

Aquatic environments and water resources

In addition to its commitment to the climate, the management company applies an environmental policy aimed at protecting aquatic environments and water resources. This theme is also linked to food safety, public health and the preservation of biodiversity (without covering all aspects). Aquatic environments are particularly fragile and poorly protected by national policies. For this reason, Anaxis AM identifies the economic activities that are likely to have a significant impact on aquatic environments, fisheries resources, the quantity and quality of available water reserves, access to drinking water or other water-related issues. Investments in companies engaged in these sensitive activities are subject to specific rating criteria based on a best-efforts approach.

Social responsibility

Anaxis AM ensures that the companies selected comply with ethical standards in terms of human rights and social responsibility. The principles of the UN Global Compact are used as a guide for this analysis. The approach consists of excluding companies whose practices are deemed unacceptable.

Governance

Governance is an integral part of the risk analysis carried out by the management team. The analyst uses a grid of factors to identify the main risks associated with the issuer and to assess their intensity. The approach adopted in this area favours the best practices in each sector (best-in-class approach).

Controversies

Anaxis AM monitors controversies affecting issuers. The management company uses published reports and information obtained from numerous sources. Public accusations, legal actions and serious events are analysed impartially by the management company's ethics committee. Controversies are assessed on the basis of their seriousness, impact, frequency and the company's response. If a company is excluded on the grounds of controversy, this exclusion is for a defined period, at the end of which the case will be re-examined.

12. Investment constraints

Companies are classified according to the carbon intensity of their activity. An investment in a sector that is sensitive in terms of greenhouse gas emissions is eligible if the company's climate rating is greater than or equal to B on a scale from A (best rating) to E (worst rating). This grade corresponds to companies that demonstrate transparency, have procedures for assessing and managing climate impacts, have defined medium- and long-term objectives that can realistically contribute to the objectives of the Paris Agreement, have a credible plan for reducing their greenhouse gas intensity and have begun to do so. Companies that only partially meet these criteria, rated B- and considered to be in the process of alignment, are also eligible on a provisional basis, provided that they are covered by an engagement with the aim of making them eligible within one year.

13. Social responsibility and governance

The process for assessing the social responsibility and governance practices of investee companies is as follows: companies are rated on a scale from 1 (low risk) to 4 (very high risk). If a rating of 3.5 or more

is assigned to a company, the corresponding position must be removed from the portfolio. The criteria to be taken into account in investment decisions are as follows:

1. Transparency and quality of information,
2. Organisation,
3. Respect for the interests of the various stakeholders,
4. Probity, respect for fundamental rights and tax policy.

The criteria indicated are an integral part of the files used to assess the suitability of an investment and then review the positions in the portfolio, in the same way as the financial elements and the assessment of credit risk. These criteria contribute directly to a complete assessment of the risk attached to investments, under the responsibility of the fund managers. These criteria are reviewed by the investment committee as part of its normal operations.

14. Allocation to sustainable investments

Funds with a sustainable investment objective

Funds falling under Article 9 of Regulation (EU) 2019/2088 (SFDR) - those with an explicit sustainable investment objective - must consist entirely of sustainable investments (as defined in Article 2(17) of the Regulation) and, on an ancillary basis, cash. An investment is considered sustainable if it meets the criteria described in this policy.





Use of derivatives

The management company does not use derivatives in its management, except to hedge currency risk.

Alignment with the European Union taxonomy

The management company aims to invest in economic activities that are environmentally sustainable. However, it does not take account of the European Union's criteria in this area, as the information published by companies does not allow, at this stage, to assess their degree of alignment.

15. Contribution to the United Nations' sustainable development objectives

 <p>6 EAU PROPRE ET ASSAINISSEMENT</p>	<p>Our exclusion policy targets certain activities that are particularly harmful to the quality of water resources, including fertilisers and pesticides. We are of the view that there are financially viable alternatives. In other sectors with a significant impact on water resources, specific analysis of this theme allows us to focus on the most virtuous companies.</p>
 <p>7 ÉNERGIE PROPRE ET D'UN COÛT ABORDABLE</p>	<p>Anaxis AM has decided to exclude companies in the fossil fuel segment from all of its portfolios, as well as those generating electricity or heat from such energy sources. Our investments in the energy sector are therefore focused on renewable energy and aimed at protecting the environment.</p>
 <p>13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES</p>	<p>We have set ambitious carbon intensity reduction targets for most of our managed portfolios. Most of our funds have climate targets alongside their financial objectives. Anaxis AM is committed to a trajectory that should lead to carbon neutrality for all its management activities. Specific steps and indicators have been defined to help us achieve this goal.</p>
 <p>14 VIE AQUATIQUE</p>	<p>The exclusion of producers of fertilisers, pesticides and plastic packaging is largely motivated by our desire to reduce the harmful effects of human activities on aquatic ecosystems. As part of our management process, we evaluate companies' environmental policies. Sensitive activities are given a assigned rating in relation to the water and aquatic environments theme.</p>

16. Sustainability risk management

We consider that sustainability risks can have a significant impact on the performance of portfolios under management. Sustainability risks arise in particular from climatic events (known as physical risks), from the need for companies to adapt quickly (known as transition risks) or from problems linked to damage to biodiversity. Social aspects (human rights, discrimination, labour relations, accident prevention, etc.) or governance shortcomings can also translate into sustainability risks. This is why we have integrated the sustainability factors we consider most significant into our investment selection process.

17. Warning concerning methodological limitations

Reliability	Environmental analysis is based mainly on information provided by companies. The figures are not always audited. The methodologies and perimeters considered may vary, making comparisons and aggregations questionable.
Assumptions	In some cases, it is necessary to use assumptions or estimates, for example when data on greenhouse gas emissions is unavailable or incomplete.
Availability	Too little data is currently available to assess certain indicators such as indirect scope 3 greenhouse gas emissions, for example those linked to the use of products or services provided by companies.
Forecasts	Some assessment criteria are based on forecasts, commitments or strategies published by companies. Achievements may turn out to be very different.
Application	Some criteria are based on internal procedures or policies published by companies. It is possible that these procedures and policies are only applied partially or not at all.
Deadlines	Certain information may not be recent enough to reflect the current situation of a relevant company, for instance when the information stems from an annual report or when material changes have occurred within the company.
Unpredictability	An analysis, even a thorough one, may not be able to anticipate a controversy or a future event that might have a material adverse impact.

18. Comprehensiveness and selectivity

We conduct non-financial analysis on most (i.e. over 90%) of the assets in the portfolios. The various stages in our analysis allow us to exclude at least one in five securities. Our portfolios are broadly diversified, in terms of both issuer category and geographical region. A vast number of securities are potentially eligible. That is why we assess the selectivity of our sustainable investment process based on the categories of security that usually represent the majority of the allocation of the fund in question

EXCLUSIONS

Relevance of an exclusion policy

19. The principle

Our policy is to exclude from our portfolios the issuers whose activities are not compatible with our ethical, social and environmental objectives. We use the sector exclusion method in the case of activities with a high adverse impact, where these activities are not essential or where less harmful alternatives already exist.

20. Its application to corporate debt

Bond issuers regularly call on the markets in order to finance their development, make acquisitions or simply optimise their financial structure. Each time they do so, they have to convince investors of the relevance of their business model. A clearly defined sector exclusion policy can therefore have a significant impact on the positioning of their business.

21. Its contribution to risk management

Bonds held in portfolios generate a financial yield in exchange for the credit risk incurred by investors. We therefore attach great importance to the robustness of our portfolio and the visibility offered by issuers. From this point of view, our sector exclusion policy strengthens our portfolios by allowing us to actively take into account certain risks that are greater within controversial sectors, in particular those associated with regulatory changes, legal issues, labour disputes, health issues and accidents. We are confident that our sector exclusion policy is beneficial for the stability of our portfolios.

22. Its transparency

Our sector exclusion policy offers our clients the advantage of relevance and clarity. It guarantees uncompromising management based on clear, verifiable and consensus-based criteria. It allows for a direct, transparent and well-informed dialogue between the investment management team and investors.

Exclusion perimeter

The objective of our sector exclusion policy is to exclude from the portfolios' investment universe certain issuers whose business is not compatible with our goal of preserving the natural environment and improving public health. We have opted for a strong and ambitious policy that aims to have a significant impact on financing flows. Our policy targets activities linked to fossil fuels, polluting products, weapons, tobacco and GMOs. The scope of exclusion adopted by Anaxis AM is detailed below.

23. Activities related to coal and non-conventional fuels

Among the activities related to fossil fuels, we pay particular attention to those involving coal and non-conventional fuels. These activities are defined as follows:

- coal mining,
- construction, extension or modernisation of coal-fired power stations,
- exploitation of shale gas,
- exploitation of oil sands,
- hydraulic fracturing,
- deep-water drilling,
- drilling in the Arctic.

The definition used for the Arctic is that of AMAP (*Arctic Monitoring and Assessment Programme*), a working group of the Arctic Council.

24. Other activities related to fossil fuel

- Exploration, extraction, production and refining of oil, natural gas and other fossil fuels
- Production of electricity, heat or other forms of energy from fossil fuels
- Equipment and services dedicated to fossil fuels (including with a view to saving energy or improving processes)
- Transport, distribution and storage of fossil fuels (including oil pipelines, gas pipelines, oil terminals, natural gas liquefaction terminals, maritime transport by tankers, heating oil distribution), with the exception of service station networks because of their importance in the transition to electric cars.

25. Other activities contributing to global warming

- Storage and landfill of waste without greenhouse gas capture
- Incineration without energy recovery
- Unsustainable forestry management
- Farming on peat bogs

26. Polluting activities

- Production of fertilisers, weedkillers, insecticides, fungicides and other pesticides
- Production of plastic packaging (including from recycled waste) and single-use plastic consumer goods
- Other sectors defined by the ethics committee depending on the positioning and sustainable investment objectives of each portfolio under management

27. Weapons

- Production of weapons, munitions and military equipment
- Manufacture of aircraft, ships, tanks and military vehicles
- Activities relating to the design, trade or use of this equipment
- Law enforcement or military surveillance services provided by private companies
- Manufacture of hunting weapons and any other type of arms for private use

28. Other activities excluded

- **Activities harmful to health**

Tobacco, recreational cannabis and other products of similar use (including planting, processing, production and distribution of cigarettes and derived products of all kinds)

- **Activities potentially harmful to biodiversity**

Production of GMOs for non-therapeutic purposes (in particular for agriculture)

Explanatory memorandum

29. References

Our policy excludes business sectors incompatible with the *France finance verte* Greenfin label (April 2019 version) introduced by the Ministry of Ecological and Solidarity Transition (MTES). It also covers sectors recommended for exclusion by the Global Investor Coalition on Climate Change (GICC, *Low Carbon Investment (LCI) Registry, Taxonomy of Eligible Investments*, version dated 14 October 2015).

30. Fossil fuels

Coal is the energy source with the highest greenhouse gas emissions. This is why Anaxis AM has decided not to finance companies whose business is heavily dependent on coal in order to help lower emissions from coal power.

Hydrocarbons are another major cause of global warming and a worrying source of pollution. This environmental damage is aggravated by non-conventional forms of exploitation, such as shale oil and gas, tar sands extraction, hydraulic fracking, drilling in the Arctic or deep-water drilling. Anaxis AM excludes these forms of energy production.

Although natural gas (or methane) can be considered less polluting than other fossil fuels, its long-term use is not compatible with the need to reduce greenhouse gas emissions. It is therefore also covered by our exclusion policy.

We also rule out activities aimed at improving the performance, efficiency or yield of fossil fuel energy sources. Following the reasoning of the MTES and the GICC on this point, we consider that efforts should focus on the transition to sustainable energy sources and that activities that help prolong the use of fossil fuels should not be supported.

31. Other activities contributing to global warming

The activities mentioned under this heading contribute significantly to global warming, and therefore to the deterioration of natural environments and the increase of risks. They do not implement the practices necessary to limit, optimise or compensate for greenhouse gas emissions.

Peatlands are composed of partially decomposed organic matter and store large quantities of carbon. Peatlands are threatened by agriculture due to soil drainage and fires caused by land clearing practices. These fires can be accidental, for example when burning gets out of control, or criminal, as a means of settling disputes or driving out local populations. Peatlands dried out by drainage are highly flammable. Huge fires have occurred, for example in the Amazon, Congo and Indonesia, where they were responsible for 42% of the country's CO₂ emissions in 2015.

32. Polluting activities

This exclusion factor specifically aims to protect drinking water resources, natural areas and biodiversity, with particular attention to oceans and aquatic environments. Chemical pollution and plastic waste cause considerable and often irreversible damage to natural environments. It contributes to the extinction of numerous species (insects and amphibians being particularly sensitive) and creates devastating imbalances (eutrophication, proliferation of green algae, for example). Pollution also directly affects human societies by deteriorating water quality and impacting certain food resources (traditional fishing, fish and shellfish farming).

33. Weapons

We do not contest the legitimacy of national defence in the face of dictatorial regimes, imperialist appetites or terrorist threats. However, we do not believe that our funds should be used to finance private commercial companies involved in the production of weapons, munitions or military equipment. We therefore steer clear of this sector. We also exclude weapons for private use, as we believe that the State should retain a monopoly on the use of force. In particular, we are opposed to legalising firearms.

The case of hunting weapons deserves particular consideration. We concede that some hunting activities are indeed respectful and committed to maintaining the balance of our relations with animals. Unfortunately, there are also more destructive, egotistical hunting practices that seek the rare animal as a trophy. It is also difficult to control the use of hunting weapons. We have therefore opted to exclude this sector as well.

34. Tobacco and drugs

The use of tobacco and certain other addictive products is legal (with major differences between countries). It can be perceived as a matter of personal liberty. However, it is undeniable that the consumption of addictive products poses a serious public health issue. The question does not only concern adults making a conscious choice with full knowledge of the risks. It also concerns minors and young adults exposed to advertising and other incentives that lead them into a dangerous situation of addiction. We must also take into account the economic burden on healthcare systems – and thus for society on a broader scale. Ethical investing cannot finance the development of companies generating profits from selling products that are both worthless and dangerous, knowing that companies necessarily seek to promote their products.

35. Genetically modified organisms

Certain biotechnological research programmes are acceptable and should be encouraged, provided they are undertaken within a stringent framework. However, we have opted to exclude companies producing GMOs for non-therapeutic purposes. This primarily concerns the genetic manipulation of plants and animals to increase food yields on a large scale. Some objectives may appear legitimate (better productivity, greater resistance to disease, adaptation to drought). Furthermore, the improvement of domesticated species has accompanied the development of humanity. However, we believe that the environmental consequences of GMOs are poorly controlled and that experimentation is not sufficiently supervised. What's more, certain practices are designed to make farmers dependent on major seed producers.

Special case of controversial weapons

Our sectoral exclusion policy attaches particular importance to banning controversial weapons, the humanitarian impact of which is disturbing. We support NGOs involved in the fight against controversial weapons. Six of them (including *Handicap International* and *Human Rights Watch*) were awarded the Nobel Peace Prize in 1997 for their campaign in favour of the Ottawa Treaty.

36. Reference texts

Our controversial weapons exclusion policy complies with the obligations and recommendations arising from the following texts:

- The Ottawa Anti-Personnel Mine Ban Convention of 3 and 4 December 1997;
- The Oslo Convention on Cluster Munitions of 3 December 2008;
- The 1972 Biological and Toxin Weapons Convention;
- Law No. 98-564 of 8 July 1998 aiming to ban anti-personnel mines;
- Law No. 2010-819 of 20 July 2010 aiming to ban cluster munitions;
- The AFG recommendations prohibiting the financing of cluster munitions and anti-personnel mines.

37. Principles applied

Our exclusion policy applies to the following controversial weapons:

- anti-personnel mines;
- cluster munitions;
- biological weapons;
- chemical weapons;
- nuclear weapons.

Our exclusion policy applies to all companies involved in the development, manufacture, production, acquisition, storage, conservation, supply, sale, import, export, trade, brokerage, transfer, use or financing of such weapons.

Our exclusion policy applies to listed and non-listed companies, irrespective of their legal form, nationality and the locations in which they are involved in controversial activities, even if the activity in question is legally authorised in the countries concerned.

Criteria and thresholds

38. Definition of criteria

We apply a maximum exposure threshold to the activities covered by our sector policy. This threshold is expressed as a percentage of sales. It is assessed by adding together the exposures to the various excluded activities, so that an issuer can be excluded even if each activity, taken individually, represents a lower percentage of sales. We specifically address certain controversial activities that are particularly damaging to the environment.

39. Applicable thresholds

Coal and non-conventional fuels activities

Any activity linked to coal or non-conventional fuels is excluded from our portfolios under management.

Other fossil fuel activities

Other activities involving the production of energy from fossil fuels are subject to an exclusion threshold of 5% of turnover. These activities are as follows:

- exploration, extraction, production and refining of fossil fuels;
- production of electricity, heat or other forms of energy from fossil fuels.

New controversial projects

Any company with new coal or non-conventional fuel projects is excluded from our portfolios under management. In particular, we use the lists drawn up by the Urgewald association to identify the companies concerned.

From 2030, this principle will be extended to all fossil fuels: groups developing new fossil fuel projects will no longer be eligible for our portfolios, regardless of the proportion of their sales derived from these activities.

Tobacco and related products

Producers of tobacco, recreational cannabis and other products of similar use are excluded if they account for more than 5% of turnover.

Conventional weapons

The companies concerned are excluded as soon as the threshold of 10% of sales is crossed.

Controversial weapons

We exclude companies involved in controversial weapons, even if this activity remains marginal.

Other excluded activities

The other activities mentioned in the description of our scope of exclusion are subject to a threshold of 20% of sales.

40. Associated activities

Our sector exclusion policy extends to companies involved in broader industries closely linked to the excluded sectors. We make a distinction between two situations.

1. Where the company provides products or services specifically designed for an excluded sector, a threshold of 20% of turnover is applied. Examples include oil drilling equipment or the construction of gas-fired power stations.
2. Where the company provides products or services with a wide range of uses, we will exclude it if it achieves more than 50% of its sales with customers in sectors that do not comply with our policy. Examples include chemical additives used both for water treatment and hydraulic fracking, and polymers used in the manufacture of plastic packaging and various other materials.

Exceptions include legitimate services such as technical surveillance of installations, health and safety, rescue, fire protection, training in good practice, etc., as determined by the investment committee. These businesses are not excluded, even when the customers are part of the excluded sectors.

41. Affiliated companies

Thresholds are determined with respect to the issuer of the security in accordance with the applicable accounting consolidation rules. Due to the specific nature of our corporate debt investments, we also consider these thresholds at the aggregate level of the companies backing the bond issue under consideration (this issue may be carried by a special purpose vehicle).

Our approach is designed to encourage the transition to a healthier economy. If a company is excluded, this exclusion does not extend to sister companies, as long as their activity is in line with our policy. For example, the same holding company may own both excluded and eligible companies. The fact that these companies have the same reference shareholder does not exclude them.

In the case of controversial weapons, the exclusion extends to companies directly or indirectly controlling another company involved in this business line, for example if they hold a majority of voting rights, are a reference shareholder or exercise significant economic influence.

42. Instruments

Our sector exclusion policy covers all types of securities issued by excluded companies, as well as all securities that provide direct or indirect economic or financial exposure to excluded companies (even in the case of conditional or marginal exposure).

ENVIRONMENT

Environmental scores

43. Principles

Each time an investment is considered, Anaxis AM analyses the company's environmental policy and assesses the results obtained. The most committed companies are given preference in allocations, and those whose efforts are not deemed sufficient given the nature of their business are excluded from portfolios. In some cases, Anaxis AM may also enter into an individual engagement process to encourage companies that do not yet meet the required criteria to take greater account of environmental issues, risks and development opportunities. Particular attention is being paid to the transition to carbon neutrality and the protection of aquatic environments. Specific criteria have been defined for these two themes, which are assessed separately.

44. Scoring scale

Each mark corresponds to a level of progress in the consideration of environmental impacts. Scores may be modulated by a minus sign depending on the quality of the information available or when some of the required criteria are only partially met.

A	Leader	Leading company in the implementation of best practice in its activity.
B	Aligned	Good management of environmental impacts through ambitious and effective policies.
C	Concerned	Good analysis of environmental impacts and clear awareness, at the highest level, of their strategic importance, constituting a first step towards a more sustainable approach.
D	Transparent	Publication of reliable and environmentally relevant indicators.
E	Opaque	Inadequate consideration of environmental factors and failure to publish the information required for assessment.

45. The criteria

Scores are awarded on the basis of an analysis grid covering six complementary areas. To obtain the maximum grade (A), a company must meet the criteria set out in each of the six areas indicated.

1	Transparency	A	B	C	D
2	Appropriate procedures	A	B	C	
3	Results achieved	A	B		
4	Relevant objectives	A	B		
5	Credible strategy	A	B		
6	Programmes and solutions	A			

46. Climate analysis

We apply specific criteria to analyse companies' climate strategy. More specifically, we examine the following points:

1	Transparency	Publication of reliable emissions figures, for the relevant perimeter, using a methodology adapted to the characteristics of the sector.
2	Appropriate procedures	Implementation of appropriate procedures for identifying and controlling climate impacts, including the allocation of appropriate resources.
3	Results achieved	Clear and lasting improvement in emissions or intensity below the sector average.
4	Relevant objectives	Targets for reducing greenhouse gas emissions that are consistent with the objective of neutrality by 2050. Short- or medium-term objectives, with effects expected in the short term. The planned peak in emissions should not be later than the current year.
5	A credible strategy	A credible greenhouse gas reduction strategy, particularly in terms of business model and investment plans, with limited recourse to offsetting mechanisms. Good governance of the transition. Management remuneration linked to transition objectives (reduction in emissions or implementation of investment plans).
6	Programmes and solutions	Existence of specific programmes with the allocation of significant resources; development of innovative solutions that can be used by other players or serve as a model within the industry to reduce global warming or adapt to climate change; investment in research programmes or active approach within its sector of activity to promote the environmental cause in relation to climate issues.

47. Water-related analysis

Anaxis AM has classified business sectors according to their potential impact on aquatic environments, marine biodiversity, fisheries resources, traditional fishing, water resources, access to drinking water or other important water-related issues. When a company is engaged in activities with a high potential impact, a specific analysis is carried out to assess its water policy. In this case, we examine the following points:

1	Transparency	Publication of the main relevant indicators.
2	Appropriate procedures	Implementation of appropriate procedures to identify and control impacts on water, including the allocation of appropriate resources.
3	Results achieved	Clear and lasting improvement in the impact on aquatic environments or water resources.
4	Relevant objectives	Appropriate targets for reducing the main impacts of the company. Such targets may focus on: <ul style="list-style-type: none">i. wastewater treatment,ii. quality and availability of drinking water,iii. water management,iv. protecting ecosystems,v. water recycling.
5	A credible strategy	A credible strategy for achieving the stated objectives, particularly in terms of business model, investment plans and practical implementation.
6	Programmes and solutions	Existence of specific programmes with the allocation of significant resources; development, for one of the objectives listed, of innovative solutions that can be used by other players or serve as a model within the industry; investment in research programmes or active approach within its sector of activity to promote the environmental cause in connection with the preservation of aquatic environments and water resources.

48. Issuers rated by the CDP

If the company (or the group to which it belongs) meets the transparency requirements of the Carbon Disclosure Project (CDP), we may use the analyses carried out by this organisation. In particular, the CDP assigns separate scores for climate change and water.

49. SBTi

The SBTi (Science-Based Target Initiative) defines and promotes standards for setting climate targets. Companies whose short-, medium- and long-term objectives have been validated by the SBTi receive a B grade. Grades are lower when targets are incomplete (B-) or in the process of being validated (preliminary C, subject to further analysis).

50. Net Zero

Some companies have already changed their processes and organisation so that their activities produce no net greenhouse gas emissions. In this case, they are eligible. However, it is unlikely that such a case will arise today in the high-emission sectors that are particularly concerned by this part of our sustainable management policy.

51. Green bonds

Green bonds are eligible when they are certified by a recognised auditor who assesses their actual financial contribution to projects promoting the ecological transition. This remains true when the issuer itself does not belong to an eligible sector. For example, a green bond issued by an oil company will be eligible if the proceeds are allocated exclusively to the development of a precisely defined renewable energy project, under the supervision of an independent auditor.

52. The case of SLBs

However, securities known as *sustainability-linked bonds* (SLBs) are not always eligible. The usual mechanism is as follows: the coupon increases, several years after the bond is issued, if an environmental objective set by the company is not achieved. It is therefore necessary to assess the relevance of this objective and its compliance with our environmental criteria. In practice, it is unlikely that a SLB issued by a company in an excluded sector would meet our criteria.

Climate objectives

53. Objectives for the transition to carbon neutrality

Long-term objective

Anaxis AM aims to achieve carbon neutrality across its entire product range by 2050.

Intermediate objective

An intermediate objective is to reduce the greenhouse gas emissions intensity of the portfolios by 60% between the reference year of 2018 and 2030. This objective implies a reduction in intensity of 7.5% per year on average. It is gradually being incorporated into the documentation of our UCITS in the form of sustainable investment objectives within the meaning of Article 9 of the SFDR Regulation.

Involvement in the NZAM initiative

Anaxis AM has joined the Net Zero Asset Managers initiative. The targets announced are subject to specific public reporting and unbiased assessment by this independent organisation.

Perimeter

The emissions measured are those of scope 1 and 2. These are direct emissions from sources owned or controlled by the company (scope 1) or linked to the consumption of energy (electricity, heat, steam) required to manufacture the products or provide the services offered (scope 2). At this stage, indirect emissions (scope 3) resulting from the production of goods and raw materials (upstream) or the use of the products by customers (downstream) are not included in the intensity calculation owing to a lack of sufficiently representative data.

However, downstream scope 3 emissions are taken into account in our sector exclusions (for example, those relating to the construction of fossil fuel power stations), as well as in the climate scores assigned to companies active in sensitive sectors such as the automotive or transport industries. These companies are only eligible if their climate transition policy includes the way their products operate (for example, through the development of electric cars).

54. Portfolio alignment objective

Alignment of the sensitive part

In order to make a tangible contribution to the transition to a low-emission economy, Anaxis AM has defined an alignment target for sensitive companies in its portfolio. The target level of alignment is 100%. The measure used is the proportion of investments, within sensitive sectors, in companies that meet one of the following three criteria:

- be neutral in terms of greenhouse gas emissions;
- be aligned on a satisfactory trajectory;
- be in the process of being aligned.

No adverse impact

The alignment objective ensures that investee companies do not have a major adverse impact on the climate. In practice, the criteria used mean that portfolio companies can be considered to have a low to moderate impact, or that they are committed to climate mitigation policies.

Best practice

In order to encourage good practice in all sectors, Anaxis AM applies a portfolio allocation principle favouring companies with higher scores. We therefore limit to 20% the proportion of companies with mediocre climate ratings. A grade is considered mediocre if it is below B for companies with a high potential impact, C for companies with a medium impact and D for those with a low impact.

55. Technical criteria

Issuers considered

In the case of bond issuers, instruments may be issued by various group entities. Alignment is assessed at the level of the issuer or activity, although the performance and commitment of the group as a whole may also be taken into account where this appears relevant.

Sensitive sectors for the climate

The sectors considered sensitive because of their potential impact on global warming are those recommended by the PAI / IIGCC / NZAM initiatives, as well as those identified by Anaxis AM on the basis of their greenhouse gas emission intensity.

Neutrality

Anaxis AM has set 12 tonnes of CO₂ equivalent per million euros of sales as the intensity threshold below which a company is considered to be approximately neutral in terms of greenhouse gas emissions. This figure represents the combined intensity of scopes 1 and 2. Scope 3 is also included in the indicator when it is of particular importance given the company's activity (car manufacturing or logistics, for example).

Effective alignment

We consider a company to be aligned if the climate score it has been assigned is greater than or equal to B on our internal scale.

Alignment in progress

For the implementation of our alignment objective, a company is considered to be in the process of alignment if it meets the following three requirements, which correspond to a B- rating on our climate scoring scale:

- it publishes its scope 1 & 2 emissions, as well as its significant scope 3 emissions;
- it has set a short- or medium-term target for reducing scope 1 & 2 emissions, as well as significant scope 3 emissions;
- it has drawn up a plan showing how these objectives are to be achieved.

Impact

56. Water-related impact

Companies identified as having a high potential impact on aquatic environments or water resources are subject to specific allocation limits. No investment should be made in a sensitive company with a water score below C.

57. Impact on the circular economy

Anaxis AM has identified plastic waste as a key issue in the development of the circular economy. This is why we exclude the plastic packaging sector and the production of single-use plastic consumer goods. In addition, we include a criterion relating to commercial policy in our rating of corporate social responsibility. The score is reduced if the company encourages excessive consumption of unnecessary or non-repairable products. Finally, our monitoring of controversies enables us to identify bad practice in terms of obsolescence or materials sourcing, and to exclude companies found to be at fault.

58. Chemical pollution

Potential impacts have been reduced thanks to (i) the monitoring of controversies and (ii) the exclusion of the fossil fuel and agrochemical (fertilisers and pesticides) sectors.

59. Impact on biodiversity

A specific indicator has been set up to identify companies located in or near biodiversity-sensitive areas that have a negative impact on these areas due to the absence or poor application of appropriate procedures. Where appropriate, such companies should be excluded from the portfolios under management. The exclusion of agrochemicals and non-therapeutic GMOs also helps to reduce the impact on biodiversity.

Stewardship

60. Objective

Anaxis AM has decided to set up an engagement strategy in accordance with the recommendations of the Net Zero Asset Managers initiative. The aim is to align companies with the objectives of the Paris Agreement, where these companies have a high potential impact on the climate due to the nature of their activity (which is the case for transport companies, for example). The measure used to assess compliance with our objective is the proportion of investments, within sensitive sectors, in companies that meet one of the following three criteria:

- Be neutral in terms of net greenhouse gas emissions,
- be aligned on a trajectory consistent with the objective of neutrality,
- be the subject of individual or collective engagement efforts.

The target percentage is 100%. This objective is applied to each portfolio under management. It means that, in high-emission sectors, all portfolio companies whose alignment is deemed unsatisfactory must be the subject of engagement efforts.

61. Approach

Identification of the companies concerned

The ethics committee draws up the list of companies with which Anaxis AM should engage in dialogue. Every three months, the committee reviews the progress made in each case and updates the engagement list. Our approach gives priority to companies in sectors deemed sensitive because of their impact on the climate. A list of sectors has been compiled in line with the recommendations of the Net Zero Asset Managers initiative. However, this list is not restrictive. Companies operating in other fields may

also be the subject of individual engagement efforts where the committee deems this appropriate. For the sake of efficiency, issuers whose securities never represent more than 0.5% of a portfolio are not included in our commitment targets.

Dialogue and follow-up

Anaxis AM seeks to engage in dialogue at the highest possible level of the organisational structure, depending on the contacts available. The committee assesses the quality of the responses and the progress made by the company on a quarterly basis. Progress is deemed significant if it leads to an improvement in the climate score.

In addition, in line with our objective of making an effective contribution to the climate transition, whenever we know or have good reason to believe that an eligible company holds coal assets (mines, power stations or other), our engagement strategy goes hand in hand with a specific request: we ask the company to send us within three months a clear and detailed strategy for the gradual closure (and not the sale) of its existing coal assets by 2030 at the latest.

Practical consequences

If the score improves but remains insufficient, our engagement is extended for another year. Positions can be managed as normal during this period.

If no significant progress is made by the set deadline, the managers will have to sell the equity securities within three months and they will no longer be able to buy the company's bonds or subscribe to its issues in the primary market.

Communication about new issues

Companies that are the subject of individual engagement efforts must be informed as early as possible of our environmental criteria and their implications for our potential participation in primary issues planned by such issuers (particularly in the case of bond issues).

62. Votes

The votes we cast at meetings must be consistent with our climate transition objective. The company must be informed of our voting intentions in advance as part of the engagement process. Our voting decisions must then be made public and explained where necessary. Our voting policy is described in a separate document.

STANDARDS

Human rights and political powers

63. Objective

Anaxis AM refuses to help finance the economic activities of authoritarian states. That is why we seek to ensure that the portfolios under management do not invest in securities issued by companies linked to states, public bodies or political figures involved in violations of fundamental rights. The same restriction applies to sovereign bonds and any other financial instrument (including derivatives). The stakes are high as far as human rights are concerned, yet sovereign issuers and public companies are afforded considerable leeway by the business community. We have therefore decided to separate out this ethical issue to offer an objective response.

64. Identifying links and financial contributions

Links between an issuer and a political power may take the form of:

- shareholder status,
- a significant economic benefit,
- preponderant decision-making power or influence (for example owing to economic dependency or the presence of directors appointed by the state).

The link may be direct or indirect. The political power may take the form of a sovereign state, a public body, a political figure, a local administrative body, a political organisation such as a party, or a structure whose activities are dedicated to political staff, administrative agents or public sector employees. The importance of the link is assessed on the basis of the balance of power between the various stakeholders and the company's actual mode of governance. Each particular situation is reviewed in detail to determine whether an investment in the company studied would represent a significant contribution to the economic activities of the State or of the representatives of political power with whom a link has been established.

65. Country review

Whenever there is a link between the company under review and a political entity or figure, we closely examine the human rights situation in the relevant state. This analysis draws on the reports of the United Nations Human Rights Council, the work of NGOs such as Amnesty International and Human Rights Watch and testimonials compiled by independent media outlets. We conclude each analysis by assigning the situation to one of three levels: acceptable, mediocre or concerning.

The situation is deemed **acceptable** if the country does not employ the death penalty; if the rule of law is generally respected; if institutions ensure the independence of the justice system, the right to effective remedies, and the exercise of fundamental freedoms; and if the government makes a concerted effort to combat all forms of violence, discrimination, offences against human dignity and violations of labour law.

The situation is deemed **mediocre** if the country's institutions and laws are broadly in line with international standards but there are significant weaknesses as regards important aspects of human rights, labour law, fundamental freedoms or combatting discrimination.

The situation is deemed **concerning** if the country systematically flouts fundamental freedoms, possesses a dictatorial political or judicial system, engages in torture or implements discriminatory, repressive or criminal policies

66. Management decisions

The analysis is carried out prior to the initial purchase of a position, and then periodically during the life of the portfolios, at the same time as the governance notes are updated. If an issuer in the portfolio no longer complies with our ethical criteria, for example because of a deterioration in the political climate in a country or following a capital transaction, its securities are no longer eligible for investment. Its shares must be sold within three months and its bonds can no longer be bought in the secondary market or subscribed to in the primary market.

67. Source of issuer data

Our analysis is based on a wide variety of sources:

- Companies' annual reports,
- bond issue prospectuses,
- the websites and presentation documents of the relevant groups or their shareholders,
- online press,
- results publications and financial analysis notes provided by independent financial research agencies and by certain brokers.

Data sources vary from case to case. Information is obtained as a result of research seeking to identify all significant links between a company and a political power. For some companies, little information is available. Where it is not possible to obtain reasonable information on the shareholders or beneficial owners of a company, that company cannot be considered eligible. Instead, it should be excluded from the portfolios under management.

Controversies

68. Universal standards

Our investment criteria for corporate social responsibility make reference to universal standards, as defined in particular in the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The issues at stake cover vital themes: human rights, labour, the environment and the fight against corruption. In particular, investee companies must comply with the following requirements.

Human rights

1. To promote and respect the protection of internationally proclaimed human rights.
2. To make sure that they are not complicit in human rights abuses.

Labour

3. To uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. To contribute to the elimination of all forms of forced and compulsory labour.
5. To contribute to the effective abolition of child labour.
6. To contribute to the elimination of discrimination in respect of employment and occupation.

Environment

7. To support a precautionary approach to environmental challenges.
8. To promote greater environmental responsibility.
9. To encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. To act against corruption in all its forms, including extortion and bribery.

69. General approach

The focus is primarily on serious violations that could jeopardise an investment as a result of unacceptable behaviour or inexcusable negligence. The analysis is primarily centred on the facts and companies' tangible actions in relation to social responsibility. Statements of intent and formal procedures are considered less valuable.

70. Responsibility of the management team

The management team assesses compliance with the Ten Principles as part of its analysis of planned investments within the portfolios. This key component of our ethical management process draws on information collected when the issuer's analysis file was compiled. In the first instance, it relies on managers acting responsibly, under the collective supervision of the investment committee.

71. Decisions of the ethics committee

Given the importance of the issues at stake, problematic cases are referred to the ethics committee. In order to make an informed and reasoned decision on potential exclusions, the committee compiles files and draws up a record of decision. Where appropriate, exclusion decisions (exit or ban on new investments) are made for a maximum of 2 years, depending on:

- (i) the severity of the breach,
- (ii) the measures taken by the company to resolve the issue, and
- (iii) the procedures implemented to prevent further breaches.

At the end of the exclusion period, the file is reviewed to assess the company's progress. The committee may then decide to reinstate the company on the list of eligible issuers or extend its exclusion.

72. External support

Anaxis AM has retained the services of ISS to ensure the identification of controversies concerning invested companies and prospective investments. The ethics committee systematically examines all portfolio companies classified in the red category by ISS. However, the committee is free to examine and possibly exclude other companies. Depending on its assessment of the severity of the situation, the committee may address cases that have not been identified by ISS as concerning.

73. Position monitoring

Controversies are reviewed on a monthly basis. New controversies of concern identified during this review are discussed by the ethics committee within three months at the latest. All employees must inform the ethics committee immediately of any controversy or situation of concern of which they are aware, if it relates to a portfolio company or a company in which an investment is being considered. The ethics committee is required to give a reasoned decision on any case presented to it by the management team, an employee, a customer or an external service provider. Monitoring is strengthened by subscribing to the services of the ISS agency: we receive daily alerts on controversies affecting investee companies.

74. Implementation of decisions

When a company is excluded on the grounds of controversy, the corresponding positions must be sold within three months. However, if the investment committee may decide to delay the sale if it considers that selling a position too quickly would run counter to the legitimate interests of investors (e.g. owing to market volatility, lack of liquidity, pending corporate action). Any such decision must be justified in a memorandum submitted to the ethics committee for approval.

75. Sources of information

Our analysis is primarily based on the following:

- Information provided in the company's annual reports and other publications,
- Comments from the statutory auditors,
- Information in issue prospectuses,
- Financial analysis reports from brokers, rating agencies and independent companies,
- Critiques drafted by NGOs that are recognised for their professionalism,
- Investigations published by investigative media outlets,
- Conclusions, injunctions and formal notices from legitimate authorities,
- Convictions by a civil, criminal, administrative or labour court,
- Arbitration and other forms of dispute resolution,
- International sanctions or the inclusion of the company, its directors, its beneficiaries or related persons or entities on blacklists,
- Reports from the United Nations Commission on Human Rights or other bodies dealing with specific issues (labour law, refugees, corruption, discrimination, etc.).

Social responsibility and governance

76. Principles

Companies are rated on a scale of 1 (low risk) and 4 (very high risk) separately for social responsibility and governance. Securities issued by a company with a rating of 3.5 or more on one of these two themes are not eligible for inclusion in our portfolios.

77. Assessment criteria

The criteria to be taken into account when making investment decisions are set out below. Other elements may be added to the analysis, depending on the particular case, at the initiative of the analyst or manager in charge of the file.

Social responsibility

We believe that social responsibility should be guided by the principle of respect for the interests of all stakeholders, including employees, suppliers, distributors, customers and communities. Our analysis takes into account financial equity, respect for rights, the absence of discrimination, the effective monitoring of practices, etc.

Governance

The governance rating reflects the quality of the company's management and control structures, respect for shareholders' and creditors' rights, tax policy guidelines and exposure to sanctioned or non-cooperative countries.

78. Organisation

Responsibility of the management team

Ratings are awarded and reviewed by the investment committee. They are supported by summary tables. The criteria indicated are part of the elements used to assess the suitability of an investment and then review the positions in the portfolios, in the same way as financial elements and the assessment of credit risk. These criteria contribute directly to a complete assessment of the risk attached to investments, under the responsibility of the management team.

Position monitoring

Social responsibility and governance ratings are reviewed on a bi-annual basis, so as to cover all positions over this period. The coverage level is permitted to temporarily vary by up to 10%, as delays caused by portfolio rotation make flexibility essential.

Implementation of decisions

If a company is assigned a rating of 3.5 or more on one of these two themes (social responsibility or corporate governance), the corresponding positions must be exited within 3 months. Any delay due to special circumstances must respect the interests of investors and must be documented by the investment committee.

IMPLEMENTATION

Integration into the management process

79. Selection and allocation

Our sustainable management policy is based on a detailed analysis of the structure and activity of companies. It can therefore be seamlessly integrated into our investment process. The compliance of issuers with our sustainable management policy is assessed during the initial examination of new investments, and then regularly during the life of the portfolios. The highest-rated companies are given preference in allocations according to rules specific to each fund.

80. Exclusions

Following our analysis, an issuer may be excluded from the investment universe of a portfolio for one of the following reasons:

1. Existence of an activity in an excluded sector,
2. Participation in new controversial fossil fuel projects,
3. Involvement in polluting activities excluded by the ethics committee,
4. Failure to align with a satisfactory climate transition trajectory,
5. Failure to provide a convincing response to individual engagement efforts,
6. Significant damage to the environment,
7. Inadequate consideration of issues relating to water and aquatic environments,
8. Impact on biodiversity,
9. Violation of the ethical standards of the Global Compact,
10. Poor practices in terms of social responsibility towards stakeholders,
11. Poor governance practices,
12. Implication in a concerning controversy,
13. Link with a State, entity or person involved in human rights violations.

81. Review of issuers

The criteria relating to the type of business, the environment, climate transition and negative impacts are reviewed on an annual basis, or more frequently if necessary. This allows us to take account of changes in companies and to ensure that our portfolios are well aligned with our objectives in terms of the environment and the transition to a sustainable economy.

The assessment of companies in the area of social responsibility and governance is reviewed regularly, covering all positions over a two-year period. If justified by particular events or circumstances, the case is reviewed by the investment committee as soon as the necessary information has been gathered. Controversies are monitored on a monthly basis, with daily alerts on the most significant events.

82. The special case of Ukraine

We do not apply climate or water-related rating criteria to Ukrainian companies supplying strategic goods and services. In a context of high intensity armed conflict, the environmental impact of these companies cannot be considered significant. At the same time, these companies contribute to the resilience of Ukrainian democracy in the face of Russian aggression, which is a priority for Europe.

Controls

83. Repository

Control is based on a repository of securities covering the investment universe. The reasons that led to the exclusion of a security are specified and the supporting documents are archived. The repository is kept up to date under the responsibility of the Director of Sustainable Investment and under the supervision of the Risk Controller. In particular, all new investment proposals are examined according to the criteria of our sustainable management policy.

84. Order validation

Before any purchase transaction, when the order is pre-allocated, the security under consideration is compared with our exclusion list. If the security is on the excluded list, the transaction is rejected by the pre-allocation interface. An alert is then sent to the people in charge of monitoring transactions and controlling risks. If the security is not explicitly approved, an alert is sent so that the investment committee which deliberates on the compliance of the issuer.

85. Portfolio monitoring

Compliance with the criteria of our sustainable investment policy is integrated into our risk control process. The percentage of non-compliant securities in portfolios is checked every week by our risk management team. Portfolio managers are immediately alerted to any anomalies. Sustainability indicators and impacts are measured on a monthly basis. If the review of a security reveals that the issuer no longer complies with our criteria, the corresponding position generally has to be sold within three months.

86. Application of policies

The implementation of our sustainability policies is the responsibility of the management team, under the supervision of the Director of Sustainable Investment and in interaction with the Risk Controller. The ethics committee is involved in the analysis of controversies and makes exclusion decisions. Verification of the correct application of policies is included in the annual control plan.

INFORMATION

Anaxis Asset Management's sustainable investment policy is available on the company's website at the following address:

www.anaxis-am.com

A report on the implementation of this policy is included in the annual report about sustainable management. This report is available on our website at the same address. Further information can be obtained from the management company by e-mail at:

info@anaxis-am.com

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