TRANSPARENCY CODE

Introduction

Socially responsible investment (SRI) is a concept that is becoming increasingly important in asset management, under the impetus of public authorities and savers.

It is an essential part of the strategic positioning and management of LONVIA CAPITAL.

This Transparency Code is the French version of the European Transparency Code, which has been designed and approved by the Association Française de la Gestion Financière (AFG), the French Forum for Responsible Investment (FIR) and EUROSIF. It is mandatory for all SRI funds open to the public managed by management companies that are members of the AFG or FIR.

LONVIA CAPITAL is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environment in which we operate.

Paris, 14/05/2024

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1. List of funds concerned by this Transparency Code:

This code applies to the ESG funds managed by LONVIA CAPITAL, whose main characteristics are presented below.

Name of the fund	**Lonvia Avenir Small Cap Europe**	**Lonvia Avenir Mid-Cap Europe**	**Lonvia Avenir Mid-Cap Euro**
Assets under management at 31/12/2023	EUR16.33 million	EUR286.82 million	EUR21.03 million
Dominant and complementary strategy	☐ Positive selection (Best-in-Class) ☒ Best in universe ☐ Best effort ☐ Thematic ☐ Exclusion ☐ Commitment	☐ Positive selection (Best-in-Class) ☒ Best in universe ☐ Best effort ☐ Thematic ☐ Exclusion ☐ Commitment	☐ Positive selection (Best-in-Class) ☒ Best in universe ☐Best effort ☐ Thematic ☐ Exclusion ☐ Commitment
Main asset class	☐ French equities ☐ Eurozone equities ☒ Shares of European Union countries ☐ International equities ☐ Bonds and other debt securities denominated in euro ☐ International bonds and other debt securities ☐ Money market ☐ Short-term money market ☐ Diversified	☐ French equities ☐ Eurozone equities ☒ Shares of European Union countries ☐ International equities ☐ Bonds and other debt securities denominated in euro ☐ International bonds and other debt securities ☐ Money market ☐ Short-term money market ☐ Diversified	☐ French equities ☒ Eurozone equities ☐ Shares of European Union countries ☐ International equities ☐ Bonds and other debt securities denominated in euro ☐ International bonds and other debt securities ☐ Money market ☐ Short-term money market ☐ Diversified
Exclusions applied by the fund	☐ Alcohol ☒ Weaponry (Anti-personnel mines and cluster bombs prohibited by the Ottawa and Oslo conventions) ☒ Coal	☐ Alcohol ☒ Weaponry (Anti-personnel mines and cluster bombs prohibited by the Ottawa and Oslo conventions) ☒ Coal	☐ Alcohol ☒ Weaponry (Anti-personnel mines and cluster bombs prohibited by the Ottawa and Oslo conventions) ☒ Coal ☒Conventional and non-conventional fossil fuels ☒ Global Compact

	☒Conventional and non-conventional fossil fuels ☒ Global Compact ☒ Tobacco ☐ Other,	☒Conventional and non-conventional fossil fuels ☒ Global Compact ☒ Tobacco ☐ Other	☒ Tobacco ☐ Other
Label	☒ SRI label ☐ TEEC label ☐ CIES label ☐ Luxflag label ☐ FNG label ☐ Austrian label ☐ Other	☒ SRI label ☐ TEEC label ☐ CIES label ☐ Luxflag label ☐ FNG label ☐ Austrian label ☐ Other	☒ SRI label ☐ TEEC label ☐ CIES label ☐ Luxflag label ☐ FNG label ☐ Austrian label ☐ Other

2. General information on the management company

2.1. Name of the management company in charge of the UCIs to which this Code applies

This Transparency Code is intended to apply to the sub-funds Lonvia Avenir Small Cap Europe, Lonvia Avenir Mid-Cap Europe and Lonvia Avenir Mid-Cap Euro managed by Lonvia Capital.

The management company has been approved by the French financial markets authority Autorité des Marchés Financiers (AMF) under number GP-20000019 since 23/06/2020 and has its registered office at 9 avenue de l'Opéra 75001 Paris. Tel: +33 1 84 79 80 00

2.2. What are the background and principles of the management company's responsible investment approach?

LONVIA CAPITAL is an independent portfolio management company founded by Cyrille Carrière and François Badelon. It is based on a unique investment philosophy that Cyrille has successfully applied for many years to European small and mid-cap stocks.

Convinced that its Responsible Investment policy must be at the heart of its business as an asset manager, LONVIA CAPITAL initiated its approach by signing the UN PRI in November 2020.
In 2021, LONVIA CAPITAL rounded out its investment process with a complementary ESG approach and an internal analysis of the social utility function of companies, the direct impact of their social purpose and what they produce. This method allows us to analyse the impact of companies in the context of the UN's Sustainable Development Goals (SDGs). Our range of LONVIA CAPITAL funds follows an SRI approach recognised by the French SRI label since 5 November 2021.

LONVIA CAPITAL's approach is based on the conviction that companies that integrate sustainable development issues into their strategy offer better long-term prospects. Indeed, a company that takes account of social and environmental issues and the positive effects of its activities on stakeholders (suppliers, customers, employees, etc.) directly favours its development. The integration of extra-financial criteria (environmental, social, governance) in the investment process contributes to a better knowledge of companies and their business models and thus allows for a better assessment of risks and opportunities.

As such, and as a member of the French Asset Management Association (AFG), LONVIA CAPITAL adheres to the Transparency Code and pledges to make its Responsible Investment policies and practices as transparent as possible.

2.3. How has the management company formalised its responsible investor approach?

The company has formalised its responsible investor approach through the following documents, available on the LONVIA CAPITAL website and on the links below:

- Sustainability and ESG Risk Policy: Sustainability and ESG risk policy
- Shareholder engagement and voting rights policy: Shareholder engagement and voting rights policy (UK).pdf
- Responsible investment policy: Sustainability - LONVIA Capital
- LONVIA CAPITAL PAI Report

https://lonvia.com/ckeditor_assets/attachments/108/rapport_pai_niveau_entite_lonvia_capital.pdf

2.4. How does the management company deal with ESG risks/opportunities, including those related to climate change?

LONVIA CAPITAL believes that companies with good ESG practices have a better view and management of all their risks, which makes them stronger and able to grow in the long term.

Since July 2021, the inclusion of ESG criteria and the environmental and social impact of companies has helped round out the analysis carried out by the management team.

Indeed, LONVIA CAPITAL's investment philosophy is based on identifying, analysing and selecting business models considered to be sustainable and value-creating from a long-term investment perspective. We invest in companies that are considered to have strong development potential through their positioning in buoyant markets and strategies geared towards growth through product innovation, investment in human capital, winning new clients and international deployment.

The company selection phase also includes an analysis of their social utility function, the direct impact of their social purpose and what they produce. To do this, the management team (i) identifies the Sustainable Development Goals (SDGs) to which the companies in the portfolio respond, and (ii) measures the positive impact and ESG risks. Certain types of business models that do not meet the social impact standards of the funds managed may be excluded.

In addition to the direct impact of the company's activity, the management team quantifies the environmental and social impact of each target company. The monthly assessment of the managed funds' carbon footprint and job creations is carried out and provided through data obtained from specialised service providers.

2.5. Which teams are involved in the management company's responsible investment activity?

The entire LONVIA CAPITAL team is committed to socially responsible investment, integrating ESG criteria into the investment policy, voting and commitment.

The management team, which closely monitors the ESG process in place, is made up of:

- **Cyrille Carrière - President and Chief Investment Officer**

Cyrille Carrière holds a Master's degree in Finance from ESCP and a degree in Economics from the University of Paris 1 Sorbonne. He began his career in 1998 at Rothschild & Cie Gestion as a financial analyst. In 2007, he joined Barclays Wealth Managers Paris as Vice President and became manager of the Barclays Small Cap and Barclays Euro Equity Small & Mid funds in 2008. In 2012, he became Deputy Head of Equity & Convertible Management at Groupama Asset Management.

In 2020, Cyrille founded LONVIA CAPITAL with Cyril de Vanssay, who has worked alongside Cyrille Carrière for many years, as well as an extensive and experienced team to continue developing a unique and recognised management philosophy that has been successfully applied for many years in the European small and mid cap segment.

- **Cyril de Vanssay - Deputy Chief Investment Officer**

Cyril holds an MSc in Market Finance from EDHEC. In 2012, Cyril started his career at Groupama Asset Management as a financial analyst. He joined Cyrille Carrière's team in 2014 as an analyst-manager to support the launch of the G Fund - Avenir Europe fund and then became manager of the G Fund - Avenir Small Cap fund launched in 2017. At LONVIA CAPITAL, he manages the LONVIA Avenir Small Cap Europe fund.

- **Jacques Gout Lombard - Portfolio Manager and Analyst**

Jacques is a portfolio manager and analyst, and co-founder. He graduated from the University of Paris XII in Financial Engineering in 2014. Jacques started his career at Amiral Gestion in 2014 as a financial analyst and then co-managed the Sextant Autour Du Monde fund from 2017. Based in Paris, Barcelona and Singapore, he invests mainly in small and mid caps in Europe and Asia.

- **Dorian Terral - Portfolio Manager and Analyst**

Dorian is a portfolio manager and analyst, and co-founder. He graduated from Macquarie University in 2011. He started his career in 2012 as an equity financial analyst at BNP Paribas Group. In 2014, Dorian joined Bryan Garnier & Co where he followed European companies in the semiconductors sector and where he was notably awarded the prize for the best European analyst in the technology sector by Refinitiv (ex Thomson Reuters). In 2018, he joined Amiral Gestion as a private manager.

2.6. How many SRI analysts and SRI managers are employed by the management company?

The four portfolio managers and analysts, including the president of LONVIA CAPITAL, are directly involved in SRI analysis. LONVIA CAPITAL's deep conviction is that of a global analysis that integrates financial and extra-financial aspects, in order to avoid any antagonism. There are therefore no SRI analysts or SRI managers. The portfolio managers/analysts carry out SRI analyses, controls and verifications as part of their duties.

LONVIA CAPITAL's SRI research is based on external data from two environmental, social and governance rating agencies: Sustainalytics and S&P Trucost, supplemented by an internal analysis of the positive and negative impact of companies on the Sustainable Development Goals.

Finally, LONVIA CAPITAL relies on the expertise of WEEFIN and the use of its ESG Connect platform. This enables the analysts to centralise all ESG data and ensure its quality in order to manage their regulatory and customised indicators.

2.7. In which Responsible Investment initiatives is the management company involved?

The signing of the United Nations Principles for Responsible Investment (UN PRI) in November 2020 demonstrates LONVIA CAPITAL's commitment to encouraging and monitoring initiatives by asset management companies to act responsibly.

2.8. What are the total SRI assets of the management company?

LONVIA CAPITAL had total SRI assets of around €324.17 million at 31 December 2023.

2.9. What is the percentage of the management company's SRI assets in relation to total assets under management?

100% of LONVIA CAPITAL's assets under management are managed from an SRI perspective.

2.10. What SRI funds open to the public are managed by the management company?

To date, the SRI sub-funds open to the public are the following:

- Lonvia Avenir Mid-Cap Euro, a fund invested in small and mid-caps in the Eurozone.
- Lonvia Avenir Mid-Cap Europe, a fund invested in small and mid-caps in Europe.
- Lonvia Avenir Small Cap Europe, a fund invested in small caps in Europe.

Through a very selective stock-picking approach and from a wealth management perspective, we invest in companies with business models that we consider create value over the long term by integrating an analysis of their social utility function and the direct impact of their social purpose.

3. General information on the SRI fund(s) presented in this Transparency Code

3.1. What are the objectives of taking ESG criteria into account in funds?

Extra-financial criteria (environmental, social, governance) are integrated at each stage of the investment process.

Prior to the financial analysis, the management team carries out an extra-financial assessment for all the companies identified by assigning an ESG risk rating provided by the service provider Sustainalytics. The ESG risk rating measures the risk to a company's value due to environmental, societal and governance issues. The rating uses a two-dimensional structure that combines an assessment of a company's exposure to material ESG risks related to a specific industry and an assessment of the company's management of those risks. The overall rating measures unmanaged risk on an absolute scale of 0-100, with the lowest rating indicating the best managed ESG risk.

In addition, LONVIA CAPITAL's management team carries out a social and environmental impact assessment by measuring the contribution of companies to three SDG impact themes: Better Health, Digital Innovation and Smart Production. Assessment of the positive or negative impact of companies is carried out internally and is based on data provided by S&P Trucost and Bloomberg, and allows the ESG risk rating to be adapted. Finally, the management team measures the environmental impact of each of the target companies retrospectively. The monthly assessment of the managed funds' carbon footprint and job creations is carried out and provided through data from S&P Trucost and Bloomberg.

The objectives of taking ESG criteria into account are twofold:

- Enhancing analysis and contributing to a better understanding of companies in order to better assess risks and opportunities. The funds include in their management process a continuous monitoring of ESG performance indicators on themes belonging to the Environmental, Social, Governance and Human Rights pillars. LONVIA CAPITAL's management team takes into account the following ESG indicators to measure companies' performance in terms of sustainability and social responsibility:
    - Carbon footprint (environmental pillar): a key measure for achieving global warming reduction targets and reducing the transition risk that can affect funds, LONVIA pledges to outperform the benchmark index in this indicator.
    - Net job creation (social and governance pillar): this estimates the contribution of portfolio companies to the economic development of territories. LONVIA pledges to outperform the benchmark index in this indicator
    - R&D expenditure and Capex as a percentage of sales (environmental and social pillar): this estimates the innovative strength of portfolio companies and their ability to produce innovative solutions that contribute to the UN's Sustainable Development Goals.
    - The presence of women on the Board of Directors (governance pillar): this indicator testifies to a company's good governance and its willingness to promote diversity within its management team, which will be reflected in decision-making.

Signatories of the United Nations Global Compact (Human Rights pillar): a commitment that encourages companies to promote and respect human rights, respect international labour standards, fight corruption and protect the environment.

- Promotion of transparency and improvement of practices over time: these commitments make it possible to promote good practices and transparency among companies, often small ones, with a view to long-term improvement. In this way, the funds are committed to a rating improvement approach, whereby the rating of each of the portfolios should be sustainably higher than its benchmark, calculated after eliminating the 20% of lowest-rated rated stocks on the basis of ESG criteria.

3.2. What internal and external means are used for the ESG assessment of issuers making up the investment universe of the fund(s)?

Internal means:

ESG analysis is integrated into the fundamental analysis of the securities in which LONVIA CAPITAL invests. ESG analysis is carried out by four experienced analysts/managers. The management company has set up an ESG grid to provide all the analysts and managers with ESG ratings, as well as internal social and environmental impact analyses, for all the portfolios.

External means:

As part of the implementation of an ESG process integrating both an external ESG risk analysis provided by Sustainalytics and a proprietary social and environmental impact analysis, we have called on the external consultant Weefin to assist us in its development and implementation.

LONVIA CAPITAL relies on ESG data and scores from the following external providers:

- Sustainalytics for ESG risk analysis,
- S&P Trucost for carbon and environmental footprint assessment and environmental and social impact data (principal adverse indicators database, SFDR PAI) and,
- Bloomberg for data on the number of jobs created and on R&D investment spending.

3.3. What ESG criteria are taken into account by the fund(s)?

LONVIA CAPITAL relies on Sustainalytics' ESG rating. This measures a company's exposure to material ESG risks specific to a sector and the quality of its management of these risks. This multi-dimensional method of measuring ESG risks combines the concepts of management and exposure to arrive at an absolute assessment of ESG risks. Sustainalytics' analysts are experienced and their choice of criteria for analysis in the ESG score reflects this sectoral expertise, to identify which of their 150 criteria are most relevant to each sector. The overall rating measures unmanaged risk on an absolute scale of 0-100, with the lowest rating indicating the best managed ESG risk. ESG risk ratings are classified into five risk levels. Sustainalytics' ESG risk assessments cover more than 12,000 companies and include most of the world's major indices.

Sustainalytics' ESG risk assessments are designed to help investors identify and understand the financially material ESG risks in their portfolio companies and how these risks may affect performance. To date, Sustainalytics has identified 21 material ESG Issues that may or may not be relevant to a company:

- Corporate governance
- Access to basic services
- Bribes and corruption
- Business ethics
- Community relations
- Data security and confidentiality
- Emissions, effluents and waste
- Carbon impact - activities
- Carbon impact - products and services
- Environmental & social impact of products & services
- Human capital
- Human rights
- Human rights - supply chain
- Land use and biodiversity
- Land use and biodiversity - supply chain
- Employee health and safety
- ESG integration - Finance
- Product governance
- Resistance / strength
- Use of resources
- Use of resources - supply chain

A set of indicators are put in place to assess the materiality of each of these issues and the way the issuer manages the related issues. For example, in the case of the Governance Issue, Sustainalytics will analyse the structure of the Board of Directors, remuneration policies, the quality and integrity of the Board, shareholder composition, etc. Unlike the ESG scores traditionally used in the financial industry, a low SUSTAINALYTICS score corresponds to a more virtuous company in ESG terms.

However, these analyses do not take into account all the dimensions desired by the LONVIA CAPITAL management team, namely the social utility function of companies and the direct impact of their corporate purpose on environmental and societal issues. This is why LONVIA CAPITAL's internal analyses allow us to assess the environmental and social impact of each company by measuring its contribution to the following three impact themes: Better Health, Digital Innovation and Smart Production. On the basis of this internal analysis, the portfolio manager/analysts may have to modify the ESG risk rating of companies in view of additional internal information and updating the Sustainalytics rating.

The following items may be subject to reassessment:

- Measurable and significant positive contribution (if the issuer is in the top 20% of the Benchmark) to impact themes,

- Positive and measurable contribution to impact themes,
- Non-measurable positive contribution to impact themes,
- Non-measurable negative contribution to impact themes,
- Measurable negative contribution to impact themes,
- Measurable and significant negative contribution (if the issuer is in the worst 20% of the Benchmark) to impact themes

In order to measure the positive or negative contribution of companies to the impact themes, LONVIA CAPITAL's management team relies on external ESG data from:

- Trucost on carbon footprint (tonnes CO2e/EUR mn) and the presence of women on Boards of Directors
- Bloomberg data on job creation (3y CAGR), digital innovation (CAPEX + R&D as % of sales) and UN Global Compact signatories

3.4. What climate change principles and criteria are addressed by the fund(s)?

The environmental criteria taken into account in the ESG management of LONVIA CAPITAL funds include elements and principles related to climate change:

- Through the ESG rating carried out by Sustainalytics, which assesses the company's exposure to environmental risks and the way it addresses them. Sustainalytics has defined three Material ESG Issues, which are directly related to climate change: effluent and waste emissions, carbon emissions generated by the company's activities, and carbon emissions generated by the life cycle of products and services produced.
- through the assessment of CSR policies, the impact themes to which the target companies wish to contribute through their way of doing business and the positive or negative impacts of the company's activity on its stakeholders and the environment. The management company highlights potential ESG issues that companies may face and discusses the policies and processes in place to address them. These potential ESG issues are then taken into account in industrial risk and therefore in the valuation of the companies.
- through the monthly evaluation of the carbon and environmental footprint (Trucost data). The business models of the companies we target generate a structurally limited environmental impact in absolute and relative terms.

3.5. What is the ESG analysis and evaluation methodology (construction, evaluation scale, etc.)?

The ESG/impact management of LONVIA CAPITAL's three sub-funds is implemented on five levels. At each level, the ESG-impact criteria are taken into account with specific methods and means:

1. **ESG risk rating:**

Prior to the financial analysis, the management team carries out an extra-financial assessment for all the companies identified by assigning an ESG risk rating provided by the service provider Sustainalytics. The Sustainalytics evaluation method is based on an approach by risk. The ESG risk rating measures the degree of risk to a company's value due to ESG factors or, more technically, the extent of a company's undefined ESG risks. It classifies the risks faced by companies into five categories (negligible, low, medium, high and severe). These risk categories are absolute, meaning that a "high risk" rating reflects a comparable degree of ESG risk across all sectors.

In order to carry out this analysis, Sustainalytics has defined, as explained in section 3.3, 21 Material ESG Issues likely to have an impact on the valuation of companies. Not all companies face these 21 Material Issues. For each sub-industry (138 in total), Sustainalytics has therefore defined which issues they face.

As indicated in section 3.3, for each of these issues, Sustainalytics uses a number of indicators to assess ESG risk. After assessing the "raw" risk, Sustainalytics analysts seek to evaluate the extent to which the company, and in particular its governance, has put in place the appropriate policies, commitments and tools to address it. The objective is to measure the extent to which the company's management manages to mitigate these ESG risks. The final ESG rating is therefore the residual risk rating to which a company is exposed. It is a score ranging from 0 to 100, with 0 representing a zero ESG risk level and 100 a maximum ESG risk level.

The ESG risk rating provided by Sustainalytics enables a rating of all of the companies identified and is the first step in the ESG process.

2. **Environmental impact assessment**

LONVIA CAPITAL's management team carries out an internal social and environmental impact assessment by measuring the contribution of companies to three SDG impact themes, Better Health, Digital Innovation and Smart Production. Indeed, each impact theme corresponds to one or more of the UN SDGs.

No.	SDG	Better Health	Digital Innovation	Smart Production
3	Good health and well-being	x	x	
8	Decent work and economic growth		x	x
9	Industry, innovation and infrastructure		x	x
12	Sustainable consumption and production			x

Analysis of the positive or negative impact on the SDG impact themes is carried out internally through a 7-level rating grid:

- AAA: Measurable and significant positive contribution (if the issuer is in the top 20% of the Benchmark) to impact themes,
- AA: Positive and measurable contribution to impact themes,
- A: Non-measurable positive contribution to impact themes,
- N: Neutral contribution
- B: Non-measurable negative contribution to impact themes,
- BB: Negative and measurable contribution to the impact themes,

- BBB: Measurable and significant negative contribution (if the issuer is in the worst 20% of the Benchmark) to impact themes

In order to measure the positive or negative contribution of companies to impact themes, the LONVIA CAPITAL management team relies on external ESG data from Trucost (environmental impact data: scope 1, 2 and 3 carbon emissions, ratio of non-recycled waste, water use and recycling), from Bloomberg (number of jobs created, R&D and Capex investments as a percentage of sales) and those recovered directly internally from company publications and other alternative sources (media, Glassdoor, etc.).

Based on this internal analysis, the analysts-managers may have to modify the ESG risk rating of companies upwards or downwards (through a tilt) due to additional internal information and updating the Sustainalytics rating.

The LONVIA CAPITAL management team selects the stocks in its portfolio on the basis of the Sustainalytics ESG risk rating (after tilt). The minimum ESG risk rating of companies must be strictly below 30/100. The management team may depart from this rule subject to the presentation of an "investment case" to an internal committee. The case presented will demonstrate a strong potential for progress on these issues and the manager will implement a reinforced shareholder commitment. The stock's inclusion in the portfolio must be approved by the committee.

Our ESG analysis and evaluation methodology is reviewed at least once a year to ensure that the analysis methodology we apply to the companies we evaluate is adapted to our objective of taking into account sustainability criteria.

3. Environmental impact assessment

The management team measures the environmental impact of each of the target companies retrospectively. The monthly assessment of the carbon and environmental footprint of the managed funds is carried out and provided through S&P Trucost data.

4. DNSH test

The management team uses the DNSH test to assess whether the issuers in the fund are not causing significant harm. DNSH or "Do No Significant Harm" means that measures and activities must contribute to the achievement of a sustainability objective without adversely affecting the achievement of other sustainability objectives. In order to demonstrate that its investments do not cause any significant harm to environmental or social objectives (DNSH), LONVIA CAPITAL takes into account the 14 PAI indicators. The thresholds used are shown below:

Greenhouse gas emissions:

- Indicators 1, 2 and 3 relate to companies that emit tonnes of CO_2 (tonnes CO_2/€m) The aim of these PAI indicators is to identify investments that are likely to have a significant negative impact on the objective of mitigating climate change. LONVIA CAPITAL will apply a strict exclusion of any company emitting more than 7500 tonnes CO_2 /€m.

- Indicator 4 concerns exposure to companies operating in the fossil fuel sector. These companies involved in the thermal coal industry and the conventional and unconventional oil and gas value chain will be excluded from the eligible investment universe of the LONVIA funds.
- Indicator 5 refers to the share of non-renewable energy consumption and production. LONVIA CAPITAL will place on its watch list any company whose share of renewable energy consumption and production is less than 30%. This company will also be subject to enhanced shareholder engagement.
- Indicator 6 relates to the intensity of energy consumption by sector with a high climate impact. A company that is the subject of a controversy concerning its lack of respect for biodiversity will be placed on the watch list and will be subject to enhanced shareholder engagement. If the level of controversy is 4 or more, LONVIA CAPITAL will exclude the company from the eligible investment universe of LONVIA funds.

Biodiversity:

- Indicator 7 covers activities that have a negative impact on biodiversity-sensitive areas. LONVIA CAPITAL will place any company that is the subject of a controversy concerning its lack of respect for biodiversity on the watch list and subject it to enhanced shareholder engagement. For any controversy of level 4 or higher, LONVIA CAPITAL will apply a strict exclusion from its eligible investment universe.

Water consumption:

- Indicator 8 concerns emissions into water. The LONVIA CAPITAL management team will study the ratio between total emissions and water (tonnes/€m). A company that is the subject of a controversy concerning water consumption will be placed on our watch list and will be subject to enhanced shareholder engagement. If appropriate mitigation measures are not implemented and the level of controversy is 4 or more, then the company will be excluded from the fund's eligible investment universe.

Hazardous waste ratio:

- Indicator 9 concerns the ratio of hazardous waste and radioactive waste. The LONVIA CAPITAL management team will study the rate of hazardous waste and radioactive waste (tonnes/€m). A company that is the subject of a controversy concerning waste will be placed on our watch list and will be subject to enhanced shareholder engagement. If the level of controversy is 4/5 or more, the company is excluded.

Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises:

- Indicator 10 concerns violations of the principles of the United Nations Global Compact and the OECD guidelines. Any companies that have been involved in violations of the principles of the United Nations Global Compact or the OECD Guidelines will be excluded from the fund's eligible investment universe.

Lack of processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises:

- If the company does not yet have processes and mechanisms in place to monitor compliance with the UN Global Compact and OECD Guidelines, it will be placed on our watch list and will be subject to enhanced shareholder engagement.

Unadjusted gender pay gap:

- Indicator 12 concerns the unadjusted gender pay gap. If the pay gap is greater than 30%, then the company will be placed on our watch list and will be subject to enhanced shareholder engagement.

Gender balance on the Board of Directors:

- Indicator 13 concerns gender diversity on Boards of Directors. If there are no women on the Board of Directors, the company will be placed on our watch list and will be subject to enhanced shareholder engagement.

Exposure to controversial weapons:

- Indicator 14 concerns exposure to controversial weapons. LONVIA CAPITAL considers that a company is involved in the production, marketing or stockpiling of controversial weapons when it
    - Produces, markets or stocks controversial weapons or components specifically designed for these weapons and representing an essential component for their operation.
    - Provides essential, dedicated assistance, technologies or services for these weapons, such as logistics or transport.

  These companies will be excluded from the eligible investment universe of LONVIA funds.

5. Controversy management

a. Scope

An ESG controversy can be defined as a public event involving a company in incidents related to ESG factors. Examples include industrial accidents, pollution, corruption convictions, money laundering or anti-competitive practices, customer information allegations or product safety incidents. Information about controversies, and how a company handles these incidents, could enable investors to assess the company's performance in relation to its ESG commitments (i.e. whether the company's actions are in line with its claims, or whether its ESG commitments serve only to boost its publicity).

Sustainalytics provides ESG controversies to the LONVIA CAPITAL management team, who analyse their validity. LONVIA CAPITAL pays particular attention to identifying, analysing and monitoring controversies. In practice, LONVIA CAPITAL relies on Sustainalytics and other possible external sources to alert us to the occurrence and nature of controversies. The Sustainalytics ESG rating takes account of controversies, which are ranked from 1 to 5 in terms of their seriousness. The controversy rating is accompanied by a positive, neutral or negative outlook, which reflects the analyst's assessment of the likelihood of a rating change in the next 12 to 24 months.

b. Controversy management process

Once the level of controversy has been identified for each of the companies in the portfolio, the LONVIA CAPITAL management team will take the following actions:

- Level 1 (Low) and 2 (Moderate) controversies require no action on our part.
- Level 3 (Significant) and 4 (High) controversies are subject to the company being placed on our watch list and to enhanced shareholder engagement. Issuers on our watch list are monitored at the monthly Investment Committee meeting.
- Level 5 (Severe) controversies result in the exclusion of the company concerned from our funds/an investment ban on these severely controversial issuers.

During the monthly investment committee meeting, the minutes of which are kept on record, a decision is taken on the actions (and deadlines) to be taken to improve the company's practices. LONVIA CAPITAL will engage with companies whose controversies are at level 3 or 4.

3.6. How often are issuers' ESG assessments reviewed? How are controversies managed?

The ESG evaluation takes into account mainly quantitative but also qualitative indicators. Quantitative indicators are reviewed annually when data is updated by our data providers.

However, some indicators, such as those relating to corporate governance or controversies, are assessed on an ongoing basis as new information becomes available. For example, the announcement of a change in management or the occurrence of an industrial accident are events that have an impact on the company and are taken into account in the company's analysis as soon as they are made official.

Every month, at the Investment Committee meeting, significant changes in ratings are presented and analysed by the managers. This analysis takes into account management's stated objectives and the actions taken to achieve them. LONVIA CAPITAL's investment committee will meet on a monthly basis to monitor changes in the company's practices (Improvement, Stability, Degradation), based on controversy data from issuers. This committee is made up of LONVIA CAPITAL's four portfolio managers/analysts.

If the corrective measures implemented by the company have not been sufficient (stability or deterioration of practices) over the past six months, these issuers on the watch list may be excluded from LONVIA CAPITAL funds, following a decision by the Investment Committee. The Investment Committee may, for example, decide to initiate/enhance dialogue with the company, place it under surveillance, or initiate a management action.

In the event of improvement over a six-month period, the Investment Committee may decide to remove the issuer from the watch list. After a period of 6 months, if the company's practices remain stable or deteriorate (controversy still classified as level 3 or 4), or if the corrective actions taken by the company have not been sufficient, the investment committee may decide to exclude the issuer from LONVIA funds. In all cases, the liquidation of a portfolio security for reasons of controversy will be carried out in the best interests of unitholders. This monitoring of recurring and identified controversies does not exclude controversies that may arise at any time and may be the subject of a crisis meeting depending on news at the companies.

4. **Management process**

4.1. How are ESG research results taken into account in portfolio construction?

The stock selection process can be summarised as follows:

Identification of business models considered to be sustainable and value-creating from a long-term investment perspective

Exclusion of companies guilty of violating one or more of the 10 principles of the United Nations Global Compact	**Exclusion of companies involved in controversial weapons (landmine and cluster munition)**	**Exclusion of companies in the tobacco and coal sectors**	**Exclusion of companies in the conventional or non-conventional fossil energy sectors (oil and gas)**	**Exclusion of securities with an ESG rating of more than 50/100**

Strategic analysis of the company. Selection of companies with strong growth potential

Environmental and social impact analysis / Exclusion of securities with a rating strictly above 30/100 (ESG risk rating after tilt).**

DNSH test for each issuer

Financial analysis (business model + valuation)

Portfolio

The stock selection process has several sectoral and normative exclusions to eliminate companies:
- that do not comply with one or more of the 10 principles of the United Nations Global Compact,
- that are involved in controversial weapons (anti-personnel mines and cluster munitions),
- that are involved in the tobacco and coal sectors,
- that are involved in the conventional or non-conventional fossil fuel sector

Secondly, in order to take ESG risk into account, the Sustainalytics score is applied to exclude issuers with a score higher than 50/100 on a scale from 0 to 100 (0 representing no ESG risk and 100 representing maximum ESG risk).

Once the stocks identified have passed these stages, a strategic analysis is carried out by the management team, which selects the business models considered to be sustainable and value-creating with a view to long-term investment and selects the companies considered to harbour strong development potential.

An internal analysis of the positive and negative social and environmental impact is then carried out using a proprietary grid developed by the LONVIA CAPITAL team. The management team uses the DNSH test to assess whether the issuers in the fund are not causing significant harm. In order to demonstrate that its investments do not cause any significant harm to environmental or social objectives, LONVIA CAPITAL applies a filter to the 14 PAI indicators. Based on this internal analysis, the analysts-managers may have to modify the ESG risk rating of companies upwards or downwards (through a tilt) due to additional internal information and updating the Sustainalytics rating.

The LONVIA CAPITAL management team selects the stocks in its portfolio on the basis of the Sustainalytics ESG risk rating (after tilt) and financial analysis (analysis of the business model and valuation) through a "best-in-universe" approach:

The minimum ESG risk rating of companies must be strictly below 30/100 after tilt. Exceptionally, the management team may depart from this rule subject to the presentation of an "investment case" to an internal committee. The case presented will demonstrate a strong potential for progress on these issues and the manager will implement a reinforced shareholder commitment. The stock’s inclusion in the portfolio must be approved by the committee.

Financial analysis is based on: (i) an investment process that favours stock picking based on the importance given to site visits, analysis of target companies and the use of an internal valuation model, and (ii) strong convictions that result in a concentrated portfolio composed of companies with models that show sustainable and lasting potential. The fund must also have a lower carbon footprint than its benchmark index and a higher job creation rate than its benchmark index.

In addition, in order to respect the SRI label criteria, the LONVIA CAPITAL management team systematically implements the following rules

- A minimum of 90% of the portfolio's net assets or the number of issuers in the portfolio is subject to extra-financial analysis, using our methodology;
- The manager must obtain an overall ESG risk rating for their portfolio that is lower than that of their benchmark, excluding 20% of the lowest rated companies from the calculation. Sustainalytics applies a risk-based approach resulting in ratings from 0 to 100, from least risky (0) to most risky (100). Outperformance is measured by a lower risk rating than its benchmark with a desired relative difference of at least 10%. In addition, a positive outperformance over time is also targeted.

4.2. How are climate change criteria taken into account in portfolio construction? Art. 1733

Climate-related criteria are integrated into the ESG assessment presented and are an integral part of the selection process (see 3.4). With regard to climate change, the issue of reducing the carbon footprint is central and is assessed in several ways and at different levels:

- Sustainalytics' ESG risk score takes into account environmental risk: effluent and waste emissions, carbon emissions generated by the company's activities, and carbon emissions generated by the life cycle of the products and services produced.
- The carbon and environmental footprints of the sub-funds are assessed every month.

4.3. How are issuers in the fund's portfolio that are not subject to ESG analysis (excl. mutual funds) taken into account?

Within the framework of our SRI rules, the fund may hold up to a maximum of 10% of issuers that do not have an ESG score.

4.4. Has the ESG assessment and/or management process changed in the last 12 months?

The fund management process has not changed over the past 12 months.

4.5. Is a portion of the fund(s) assets invested in solidarity-based organizations?

Equity funds do not invest in unlisted securities.

4.6. Do the funds engage in securities lending/borrowing?

The funds do not engage in securities lending/borrowing transactions.

4.7. Do the funds use derivatives?

Equity funds are only allowed to use derivatives under the conditions described in the prospectus.

4.8. Do the funds invest in mutual funds?

Equity funds may invest up to 10% of their assets in units or shares of French UCITS or general-purpose investment funds or foreign UCITS, excluding funds of funds and feeder funds. They may hold mutual funds managed by the management company or by a third-party management company.

5. ESG control

5.1. What internal and/or external control procedures are in place to ensure that the portfolio complies with the ESG rules set for the management of the fund(s)?

Controls on the implementation of the extra-financial investment strategy and compliance with ESG constraints are automated.

The first and second level controls are carried out as follows:

First-level controls: The fund managers and risk teams constantly monitor compliance with the SRI rules applicable to the sub-funds. In particular, they ensure that:

- compliance with the quantitative criteria imposed by the SRI label, and in particular that the average ESG rating of the portfolio is higher than the ESG rating of its Benchmark by excluding 20% of the lowest rated companies from the calculation,

- that the rules for exclusion on the basis of ESG ratings (from the first and second filters) are respected. When an exemption is possible, the process of integrating the stock into the portfolio will be checked (committee, shareholder engagement).

ESG ratings are reviewed every six months at the ESG Committee meeting, which is held after the Equity Management Committee. In this context, the Committee reviews the ESG ratings of SRI portfolios as well as those of non-compliant securities and ensures that securities in the portfolio are consistent with the Responsible Investment objectives.

Second level controls and periodic control: The delegated Compliance Officer, AGAMA Conseil, has integrated the control of ESG risks into its 2021 control plan. Certain control themes were already included in the control plan when the management company was approved, such as the handling of complaints, compliance of commercial documents and the website, the compliance of legal documentation and annual reports.

AGAMA Conseil will check in addition and specifically whether:

- The human and technical resources put in place are sufficient;
- The ESG/SRI investment selection process is well respected;
- Publication of SRI documents on the website
- ESG methodology in the selection and monitoring of investments is applied;
- The risk control system is robust;
- The transparency code is up to date and applied;
- The shareholder engagement and voting rights policy is up to date;
- Reports to authorities and investments have been made and are in compliance.

6. ESG impact measurement and reporting

6.1. How is the ESG quality of the fund(s) assessed?

The ESG quality of funds is assessed primarily by their overall ESG rating. The ESG outperformance of the portfolios compared to their benchmarks also testifies to the ESG quality of the funds. In addition, the key indicators listed below enable us to monitor investments from an ESG perspective. Among these, the carbon and environmental footprint of the sub-funds must be lower than that of their benchmarks.

6.2. What ESG impact indicators are used by the funds?

As part of the analysis of the social and environmental impact of companies, the LONVIA CAPITAL management team reports on indicators to measure extra-financial performance.

EXTRA-FINANCIAL INDICATORS
Carbon footprint (tCO2e per million euros invested)
Net job creations (three-year average)
R&D expenditure and capex as a percentage of sales
Percentage of women on the Board of Directors
Companies that have signed the UN Global Compact

The coverage rates for carbon footprint and job creations must be above 90% and 70%, respectively. Both indicators must outperform the benchmark.
In addition, as part of its compliance with the Disclosure Regulation (SFDR), LONVIA CAPITAL has published a policy for addressing negative sustainability impacts and since 2022, covers the list of environmental and social impact indicators, a database provided by Trucost. The policy is available at the following link: Investissement responsable - LONVIA Capital

6.3. What media are used to inform investors about the SRI management of the funds?

LONVIA CAPITAL wishes to disseminate the concepts of responsible finance, particularly to its clients. To do so, we rely on our management reports. A report on funds promoting ESG characteristics is produced monthly and posted on the LONVIA CAPITAL website.

6.4. Does the management company publish the results of its voting policy and its commitment policy?

In accordance with articles 314-100 to 314-102 of the General Regulations of the Autorité des Marchés Financiers, the management company has implemented a procedure called the "voting policy" which sets out the conditions under which it intends to exercise the voting rights attached to the listed securities held by the funds it manages. LONVIA CAPITAL is a member of the AFG, Association Française de Gestion, and has implemented a voting policy at General Meetings in line with the main principles of corporate governance. This policy is available on the management company's website. Each year, a report is published on the exercise of voting rights under this policy.