Sustainability-related disclosures

Ofi Invest ESG Actions Européennes

■ Summary

As Ofi Invest ESG Actions Européennes (the "Fund") is a feeder of Ofi Invest Act4 Positive Economy (the "Master Fund"), the Sub-Fund is 100% invested in and has the same sustainable investment objective as its Master Fund.

The Master Fund has a sustainable investment objective.

The Master Fund invests virtuous growth by selecting companies that are responsible in their ability to integrate ESG issues and committed to contributing to the positive economy, through in particular their contribution to the SDGs. The Master Fund's sustainable investment approach involves selecting companies' business models with systematic reference to the Positive Economy classification (developed by OFI Invest Asset Management). The Master Fund follows a "best-in-class" approach, eliminating the 20% of issuers lagging furthest behind in ESG management.

The promotion of social and environmental characteristics depends on the product's strategy and its own investment processes. They are systematically promoted by obtaining a minimum ESG score within a universe, and by managing negative impacts by monitoring controversies and adopting sectoral or normative exclusion policies, for example.

These characteristics are monitored by the Compliance Department on an ongoing basis, while the Internal Control Department carries out annual audits.

As the Master Fund is subject to a proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings and a commitment process with issuers on certain issues (climate, biodiversity, social). Finally, management constraints are subject to post-trade control.

■ No significant harm to the sustainable investment objective

We ensure that the investments are not causing significant harm to environmental or social objectives as defined by the SFDR by introducing different approaches:

- Strict sectoral and normative exclusion policies
- Consideration of the adverse impacts in the filters applied to the investment universe (ESG ratings and KPIs integrated in the portfolio construction)
- Continuous monitoring: ESG controversies, engagement, and voting

Firstly, the sectoral or normative exclusion policies selected by Ofi Invest Asset Management are applied to certain APIs:

- Coal and oil and gas sector policies
- Exclusion policy for non-compliance with the UN Global Compact principles
- Controversial weapons policy
- Additional exclusions for several sectors: tobacco, and palm oil.

Secondly, an ESG performance filter is set up to assign an ESG rating to issuers, determined by the level of responsibility of the company and adapted to the sector level. These questions cover the areas E, S and G. The ESG performance of issuers is assessed by considering their compliance with international corporate social responsibility standards, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Third, a weekly review of controversies is conducted. This includes a specific analysis of controversies that constitute violations of at least one of the 10 Global Compact principles, for which OFI Invest has adopted an exclusion policy. The assessment methodology applied to the analyses that may lead to the exclusion or not of issuers follows the framework of the United Nations Guiding Principles on Business and Human Rights "Protect, Respect and Remedy". The analysis of controversies that violate the Global Compact principles considers their severity, their dissemination, and the response and remedial actions taken by companies.

In addition to the criteria of the investment process, the IAPs also continuously consider the monitoring of social and environmental controversies and the engagement and voting policy.

For more information on how the voting and engagement considers the integration of the PAIs, please refer to the "Statement on the consideration of Principal Adverse Impacts of our investment decisions on sustainability factors" available on the OFI Invest website.1

■ Sustainable investment objective of the financial product

The Master Fund invests in virtuous growth by selecting companies that are responsible in their ability to integrate ESG issues and committed to contributing to the positive economy, through in particular their contribution to the SDGs. The Master Fund's sustainable investment approach involves selecting companies' business models with systematic reference to the Positive Economy classification (developed by OFI Invest Asset Management).

The Positive Economy classification is based on 4 main themes:

- Energy transition
- Preservation of natural resources and biodiversity
- Health/safety and well-being
- Social inclusion.

No benchmark has been designated to achieve the sustainable investment objective, as no suitable benchmark exists at present.

The sustainability indicators used to measure the achievement of the Fund's sustainable objective are:

1. The aggregate positive contribution of the portfolio, which is the result of analyzing the positive contribution of each company held. This is an indicator that calculates the proportion of turnover generated by activities falling within the four themes of the positive economy classification developed by the OFI Group teams. Approximately 68 sub-activities consistent with the SDGs are listed to target a social and environmental impact. This must represent at least 20% of turnover.
2. The share of investments that contribute to each of the 4 main themes:
   - Energy transition
   - Preservation of natural resources and biodiversity
   - Health/safety and well-being
   - Social inclusion

Of note, all sectoral and normative exclusion policies adopted at group level apply to this fund also. For more information, please consult our website.2

[1] https://www.ofi-invest-am.com/pdf/principes-et-politiques/politique-engagement_actionnarial-et-de-vote.pdf

[2] https://www.ofi-invest-am.com/pdf/principes-et-politiques/sector-and-norm-based-exclusions-policy_ofi-invest-AM.pdf

■ Investment strategy

Sustainable investment in the positive economy aims to generate a positive impact by aligning itself with the targets of the universal reference framework of the Sustainable Development Goals (SDGs) set by the United Nations. The SDGs cover the full range of sustainable development issues.

Each of the themes of the positive economy classification addresses SDGs: Protection of natural resources and biodiversity, Energy transition, Health / well-being / safety and social inclusion.

The eligible universe of impact companies is constituted based on the Positive Contribution indicator asset by OFI Invest AM's teams to filter the companies that contributed to the four themes.

Firstly, based on the sector benchmark of key issues, an ESG score is calculated for each issuer, which includes scores for key environmental and social issues (E and S) on the one hand and governance issues (G) on the other. Under the "best in universe" approach, companies are ranked according to their SRI score. The eligible investment universe is defined by excluding from the investment universe private issuers with the SRI category "under watch" (e.g., 20%).

Secondly, several exclusions are applied: exclusions acting as thematic filters related to the positive economy that are specific to the Fund. And the exclusions of controversial and normative activities of the OFI group. These are summarized in the document entitled «Investment policy Sectoral and normative exclusions»3.

Finally, a filter is applied to the Positive Contribution indicator: each company must have at least 20% of its turnover generated by the activities within the four themes of the Positive Economy classification developed by the teams of the OFI group. If companies that have not spent at least 20% of their turnover on the SDGs are excluded unless they have allocated a significant amount (above the sector average) investment and R&D to develop a new source of sustainable growth in new solutions (in CAPEX or OPEX) and thus its business model is in transition.

The good governance monitoring policy uses different means to assess the investee companies.

Firstly, for each Issuer, the ESG analysis includes an analysis of the company's governance as well as weekly monitoring of ESG controversies, comprising specific topics or stakes related to corporate governance and business ethics.

Secondly, Ofi Invest AM has adopted an exclusion policy on the UN Global Compact, for issuers in breach with principle 10 “fighting corruption of all forms”, including money laundering or tax malpractices. Issuers facing severe systemic and/ or recurrent controversies that do not adopt appropriate remediation measures in can be excluded from the investment universe.

Finally, as part of the impact strategy, the governance of the societal commitment is also analyzed. Good governance practices are assessed through the analysis and introduced in the "Mission for" framework to complete the "Intention and Mission" pillar within the social contribution assessment.

For more information on the investment strategy and good governance practices, please refer to the pre-contractual annex of the prospectus.

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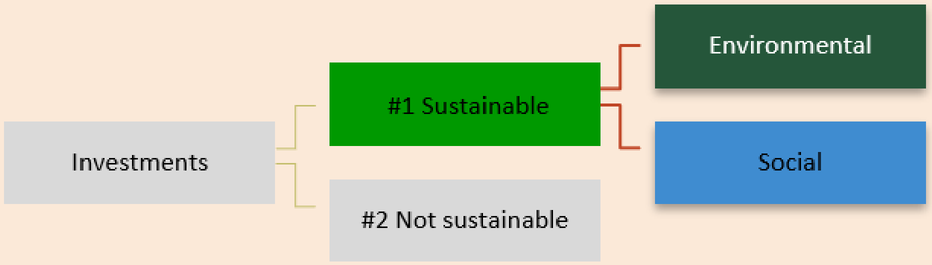
[3] This document is available on our website: https://www.ofi-invest-am.com/pdf/principes-et-politiques/sector-and-norm-based-exclusions-policy_ofi-invest-AM.pdf

■ Proportion of investments



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

As the Sub-Fund is 100% invested in the Master Fund, it replicates its asset allocation.

The Master Fund has at least 90% of its NAV (and 100% of the stocks invested in) consisting in sustainable investments with a social or environmental objective **(#1 Sustainable).**

A maximum of 10% of the investments of the financial product will be cash held for liquidity purposes and derivatives, the use of which is limited to very specific situations and short periods of time **(#2 Not sustainable).**

■ Monitoring sustainable investment objective

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

■ Methodologies

The promotion of social and environmental characteristics depends on the fund strategy and investment processes specific to each fund. The approaches used may consist of obtaining a minimum ESG score within a universe, adopting a rating improvement strategy or excluding a percentage of the worst-performing issuers on ESG factors. For labelled funds, four indicators (environmental, social, governance or human rights) are also tracked, and funds must commit to beating their benchmark universe or index for two of them. Some thematic funds may track more specific indicators (e.g., % green sales).
The promotion of social and environmental characteristics also involves the management of negative impacts through the monitoring of controversies and the adoption of sectoral or normative exclusion policies, for example.

■ Data sources and processing

The MSCI data provider is our main supplier of data on ESG ratings, certain controversies, and raw tracking indicators. We also use it for certain exclusion lists.
We also use the following providers: Moody's ESG solutions (ESG rating of unlisted issuers, exclusions on controversial weapons), RepRisk (controversy monitoring, Global Compact exclusion policy), Urgewald (exclusion policy on coal, oil and gas), CDP/ Climate 100+ (climate indicator).
For historical reasons linked to the Ofi Invest Asset Management entity, created by the merger between OFI AM and Abeilles AM on 1 January 2023, depending on the fund, the data may or may not be restated.

1. For funds applying proprietary rating methodologies, the data is retrieved and repatriated in a proprietary rating tool, quality control may be performed to measure the confidence interval. Once the data has been reprocessed according to proprietary methodologies, it is then disseminated in our systems (Référentiel internal database) and made available to users via Excel and the PMS for fund

management. Data not integrated into our systems (such as data from CDP, Climate 100+ or Urgewald, for example) may be subject to manual checks.

2. For funds that do not use a proprietary methodology, MSCI ESG Research data is automatically integrated into the portfolio management system and is used by the ESG team and portfolio managers without reprocessing. If an anomaly is detected in the quality of the data, it is sent as soon as possible to MSCI ESG Research for correction.

■ Limitations to methodologies and data

The methodological limitations linked to supplier data are as follows:

- A problem of missing or incomplete publication by certain companies of information used for ESG ratings
- A problem linked to the quantity and quality of ESG data to be processed by our suppliers
- A problem relating to the identification of information and factors relevant to ESG analysis;
- A problem linked to the failure to consider scope 3 (indirect emissions) in the calculation of the carbon intensity used as an input for the MSCI ESG Research ESG rating model, due to a lack of available data.
- Problems linked to methodological changes that complicate the historical comparison of data over time

For funds that apply the proprietary analysis model, it is possible to overcome certain limitations, by providing, at the request of management, for the possibility of ad hoc ratings for unrated companies. Commitments with issuers also make it possible to obtain information from companies that rarely publish it. A bonus/malus system is also provided for in the event of a difference in assessment between the analysis and the rating agency.
Par mesure de prudence, le scope 3 n'est pris en compte qu'à titre informatif à ce stade en attendant une plus grande disponibilité d'information à l'avenir afin de prévenir tout risque de volatilité.

■ Due diligence

For funds not subject to a proprietary analysis model, the choice of MSCI ESG Research was the subject of a rigorous selection process taking into account, for example, the coverage of the investment universe, the quality of the data and the ability to monitor this data at the level of the ESG and Management teams.

For funds subject to the proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings that may be subject to a bonus or a penalty where applicable, engagements with issuers on certain issues (climate, biodiversity, social), or to obtain more information on CSR issues, indicators, or the management of controversies.
Management constraints are subject to post-trade control (control of exclusion thresholds for issuers with the worst ESG performance for the funds concerned, control of constraints linked to sectoral and normative exclusions).

■ Engagement policies

The commitment policy is based on the most rigorous governance standards (G20 and OECD corporate governance principles, AFEP MEDEF governance code, etc.). It also involves dialogue with certain companies, not only to obtain additional information on their CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance. This policy of engagement is subject to an escalation process, which may also result in the tabling of a resolution or a dissenting vote where appropriate.

■ Attainment of the sustainable investment objective

To achieve its sustainable investment objective, the Fund complies with several constraints stemming from its investment strategy:

- The exclusion from the investment universe of investee companies with the SRI category "Under Surveillance" (e.g. 20%).
- The exclusions resulting from the exclusion policies mentioned in the previous section.
- As per the Positive Contribution indicator (described in the previous section), the companies which do not have at least 20% of their business devoted to SDGs are excluded, unless the company has allocated a significant amount (above the sector average) to investment and R&D to develop a new source of

sustainable growth in new solutions (in CAPEX or OPEX) and thus has its economic model under transformation.

Binding thresholds must also be respected at portfolio level:

- The Positive Contribution indicator: on a line-by-line basis, it must be at least 20% (except for business models in transition and in the investment phase, see investment process section) and the aggregate Positive Contribution at the fund level must be above 70%.

- A minimum threshold is respected in terms of allocation of the sustainable investments within the four themes of the Positive Economy classification:

    - At least 30% of the sustainable investments must correspond to the protection of individuals (and therefore to a social objective) (related themes: Health/safety and well-being and Social inclusion)
    - At least 30% of the sustainable investments must correspond to the protection for the environment (and therefore to an environmental objective) (related themes: energy transition and preservation of natural resources and biodiversity)