



# Dorval Asset Management's Code of Transparency

Document approved on: December 29, 2023

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## I. Our philosophy : bringing value to your values

- Making investment choices requires in-depth analysis of and extensive insight into the economic context and the financial markets to take the right direction and stay on track.

Dorval Asset Management's approach combines macroeconomic analysis, microeconomic assessment, considerations of valuations and market momentum. Our macroeconomists consistently monitor the latest events as they analyze the economic cycle and set the foundations for our asset allocation, singling out investment themes tailored to the environment. They support portfolio managers-analysts as they seek out strong-performing companies, while this entire process is then rounded out by an analysis of sector trends in tandem with consideration of valuations and technical analysis, thus determining our convictions to build our stock-picking process and develop our portfolio construction.



**Jean-François Baralon**  
Chief Executive Office



**Stéphane Furet**  
Deputy Managing Director in charge of equity management

**Solid and ongoing investment processes based on our conviction-driven, active portfolio management approach.**

- Making investment choices also means looking to the world of the future and supporting the development of meaningful, responsible and sustainable solutions.

Our conviction-led approach involves investing in the real economy – not stock-market indices – as we support and back companies as they grow, while ensuring that all stakeholders can play their part, particularly staff and suppliers. In so doing, **Dorval Asset Management** takes on board social challenges and sustainable development issues right across every stage in the management process.

**Dorval Asset Management is a responsible investor, as we hold ourselves to the highest standards with both our clients and the companies we invest in as part of our broader fiduciary duty, making your investment meaningful.**

- Investing with confidence with Dorval Asset Management at your side

**Dorval Asset Management** is a subsidiary of Natixis Investment Managers and houses a 23-strong team of investment management professionals: we offer our clients the expertise and flexibility of an entrepreneurial-driven business, combined with the solid grounding of a leading global name.

Our product and service range has also been designed with a wealth preservation focus in mind:

- Our Dorval Convictions range skillfully steers exposure to risky assets.
- The Dorval Manageurs range offers full and clear exposure to French and European equities.
- Our environmental impact equity approach offers the Dorval European Climate Initiative fund, which makes green intensity and decarbonization the cornerstones of its management process, addressing growing investor demand and commitment, as they seek out a targeted approach on specific themes, such as climate change.
- Our international equities range with the Dorval Global to participate in global growth.
- Lastly, a team of 5 experts devoted to wealth management and private banking supports our clients and meets their requirements.








Dorval Asset Management is also accredited as a Great Place to Work and Best Workplace For Women in 2021, as we place corporate social responsibility at the very heart of our business, all in the best interests of our clients.

## We have defined our SRI approach to align with our responsibility as an investor in the real economy


The investment management industry has a key role to play in shaping and designing the world of tomorrow, so here at Dorval Asset Management, we apply our responsible and committed investment policy – built on our proprietary model – to all our open-ended funds' management processes.

				
<b>Our philosophy</b>	<b>Our approach</b>	<b>Our proprietary model</b>	<b>Integration across all our open-ended funds</b>	<b>SRI/ESR consistency</b>
Investing means looking to the world of the future and <b>supporting</b> the development of meaningful, responsible and sustainable solutions.	We assess ESG <b>opportunities</b> and risks at each step in the investment process and incorporate them directly into our portfolio construction and stock-picking processes.	We assign an ESG score to each issuer based on its exposure to and management of ESG factors, with a particular focus on <b>governance</b> (50% min.).	We <b>roll out</b> our SRI approach across all our open-ended funds in the range – all with the French SRI accreditation – and both comply with and enhance each investment management process' specific aspects.	Our responsible investment approach naturally extends to <b>our own organization</b> and our day-to-day relationships with our stakeholders.

## II. This code of transparency covers all our open-ended mutual funds

Fund	Main asset class	Fund's AuM at 12/31/23	Labels	Links to fund documents	Exclusions applied by the fund	
Dorval Manageurs	French equities	€50.8m	SRI Label 	<a href="#">Dorval Manageurs Prospectus</a>  <a href="#">Dorval Manageurs KIID</a>  <a href="#">Dorval Manageurs annual report</a>  <a href="#">Dorval Manageurs climate impact assessment</a>		
Dorval Manageurs Europe	European Union equities	€85.2m	SRI Label 	<a href="#">Dorval Manageurs Europe Prospectus</a>  <a href="#">Dorval Manageurs Europe KIID</a>  <a href="#">Dorval Manageurs Europe annual report</a>  <a href="#">Dorval Manageurs Europe climate impact assessment</a>		
Dorval Manageurs Smid Cap Euro	Euro area equities	€22.1m	SRI Label 	<a href="#">Dorval Manageurs Smid Cap Euro Prospectus</a>  <a href="#">Dorval Manageurs Smid Cap Euro KIID</a>  <a href="#">Dorval Manageurs Smid Cap Euro annual report</a>  <a href="#">Dorval Manageurs Smid Cap Euro climate impact assessment</a>	<input checked="" type="checkbox"/> Weapons  <input checked="" type="checkbox"/> Coal  <input checked="" type="checkbox"/> Controversial weapons  <input checked="" type="checkbox"/> Global Compact  <input checked="" type="checkbox"/> Tobacco	<i>Primary strategies:</i>  <input checked="" type="checkbox"/> Best in universe  <i>Complementary strategies:</i>  <input checked="" type="checkbox"/> Exclusions  <input checked="" type="checkbox"/> Engagement
Dorval Manageurs Small Cap Euro	Euro area equities	€18.8m	SRI Label 	<a href="#">Dorval Manageurs Small Cap Euro Prospectus</a>  <a href="#">Dorval Manageurs Small Cap Euro KIID</a>  <a href="#">Dorval Manageurs Small Cap Euro annual report</a>  <a href="#">Dorval Manageurs Small Cap Euro climate impact assessment</a>		
Dorval Convictions	European Union equities	€156.5m	SRI Label 	<a href="#">Dorval Convictions Prospectus</a>  <a href="#">Dorval Convictions KIID</a>		



				<a href="#">Dorval Convictions annual report</a>  <a href="#">Dorval Convictions climate impact assessment</a>		
Dorval Convictions PEA	European Union equities	€53.8m	SRI Label 	<a href="#">Dorval Convictions PEA Prospectus</a>  <a href="#">Dorval Convictions PEA KIID</a>  <a href="#">Dorval Convictions PEA annual report</a>  <a href="#">Dorval Convictions PEA climate impact assessment</a>		
Dorval Global Allocations	Diversified international	€205.8m	SRI Label 	<a href="#">Dorval Global Allocation Prospectus</a>  <a href="#">Dorval Global Allocation KIID</a>  <a href="#">Dorval Global Allocation annual report</a>		
Dorval Global Conservative	Diversified international	€248.8m	SRI Label 	<a href="#">Dorval Global Conservative Prospectus</a>  <a href="#">Dorval Global Conservative KIID</a>  <a href="#">Dorval Global Conservative annual report</a>		
Dorval Global Vision	International equities	€13.9m	SRI Label 	<a href="#">Dorval Global Vision Prospectus</a>  <a href="#">Dorval Global Vision KIID</a>  <a href="#">Dorval Global Vision climate impact assessment</a>		
Dorval European Climate Initiative	Euro area equities	€44.5m	SRI Label   Greenfin Label 	<a href="#">Dorval European Climate Initiative Prospectus</a>  <a href="#">Dorval European Climate Initiative KIID</a>  <a href="#">Dorval European Climate Initiative annual report</a>  <a href="#">Dorval European Climate Initiative climate</a>	<input checked="" type="checkbox"/> Weapons  <input checked="" type="checkbox"/> Coal  <input checked="" type="checkbox"/> Controversial weapons  <input checked="" type="checkbox"/> Global Compact  <input checked="" type="checkbox"/> Tobacco  <input checked="" type="checkbox"/> Fossil fuel  <input checked="" type="checkbox"/> Nuclear	<i>Primary strategies:</i>  <input checked="" type="checkbox"/> Best in universe  <input checked="" type="checkbox"/> Impact  <i>Complementary strategies:</i>  <input checked="" type="checkbox"/> Exclusions  <input checked="" type="checkbox"/> Engagement

				<u>impact assessment</u>	<input checked="" type="checkbox"/> Storage, incineration and landfill for waste without GHG capture  <input checked="" type="checkbox"/> Unsustainable timber production	
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### III. Presentation of Dorval Asset Management

**Dorval Asset Management** is an asset management company accredited and regulated by the French financial markets authority AMF (Autorité des marchés financiers), with accreditation number GP 93-08. It is a public limited company with share capital of €303 924. The company's offices are located at 1 rue de Gramont, 75002, Paris, France.

Website: <https://www.dorval-am.com/>

**Dorval Asset Management** is a human-sized company and is an affiliate of Natixis Investment Managers. The company offers clients a range of mutual funds, built on its conviction-driven investment management approach. **Dorval Asset Management** had assets under management of €1.2 billion as at 12/29/2023.

#### 1. Background and responsible investment principles at Dorval Asset Management

**Dorval Asset Management** was set up in 1993 and is a renowned asset manager on flexible strategies and European equities.

Founders Stéphane Furet and Louis Bert built **Dorval Asset Management** with an entrepreneurial business culture, a strong human dimension and close cooperation with the companies we invest in.

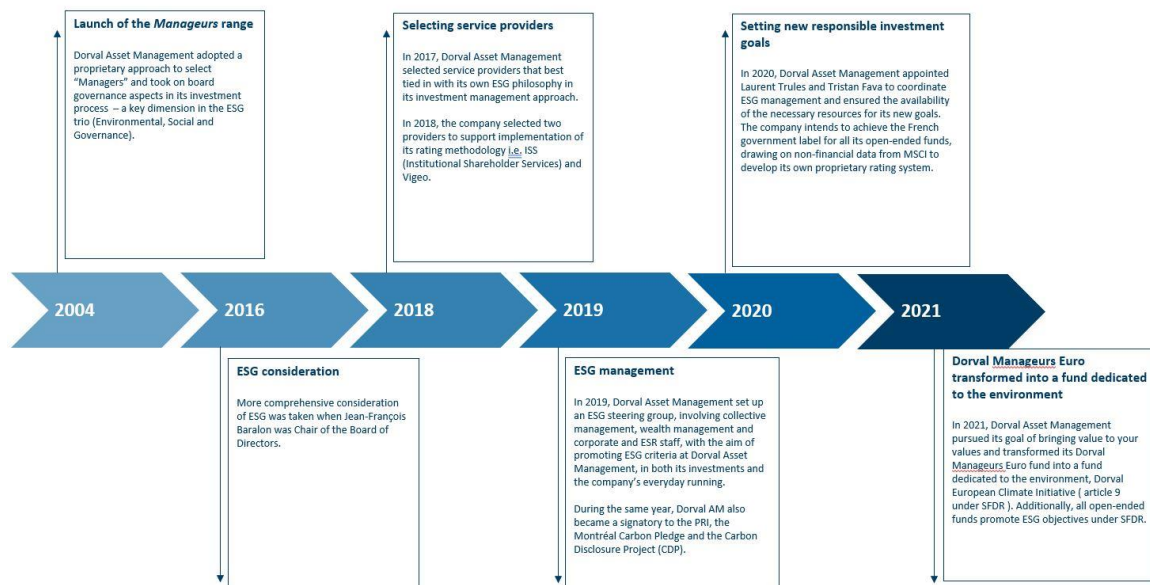
As early as 2004, and later in 2005 when Stéphane Furet created *Dorval Manageurs*, **Dorval Asset Management** adopted a proprietary "managers" selection process to take on board governance aspects in its investment policy, which is a key dimension of the ESG trio (Environmental, Social, Governance). Our investment managers in charge of the *Manageurs* range firmly believe that a company's value depends first and foremost on the manager-company duo, and their analysis of companies is therefore partly based on managers' contribution to their companies' growth. This detailed and in-depth analysis draws on regular discussions with management at the companies **Dorval Asset Management** invests in, with 700 contacts per year<sup>1</sup>.

In 2016, when Jean-François Baralon was Chair of the Board of Directors, the company embarked on more comprehensive consideration of ESG aspects.

Up until 2019, **Dorval Asset Management** used input from providers Vigeo and ISS for its non-financial research, then in 2020, the company developed its own non-financial rating methodology **Drivers**<sup>2</sup> drawing on a new partnership with MSCI, replacing Vigeo for external ESG research.

<sup>1</sup> Approximately 500 in 2021 in light of the Covid pandemic and the decreased number of possible meetings

<sup>2</sup> **Drivers**: Dorval Responsible Investment, EnviRonmental and Sustainable



In 2020, Dorval Asset Management further enhanced its responsible investment role, and this fresh commitment involved the achievement of accreditations for all open-ended funds with the French state-awarded SRI label. Dorval Asset Management also takes part in influential sustainable finance market bodies (cf. point 6 below).

In 2021, Dorval Asset Management pursued its commitment to bringing value to your values:

- All the company's open-ended funds are classified Article 8 under European Sustainable Finance Disclosure Regulation (SFDR).
- The Dorval *Manageurs* Euro fund was transformed into the environmental impact Dorval European Climate Initiative fund, classified Article 9 under SFDR and awarded the French government Greenfin certification.

In 2023, Dorval Asset Management is entering into a new partnership with GAIA research to enhance its coverage of small and mid caps.

## 2. Formally setting out our responsible investor approach

Our SRI – Socially Responsible Investment – approach here at Dorval Asset Management is part of our broader fiduciary responsibility, acting as a responsible investor as we pledge to meet the highest standards with both our clients and partners, as well as with the companies we invest in.

In practical terms, this approach means incorporating Environmental, Social and Governance (ESG) criteria right across our management processes, applied via an exclusion policy based on both standards and sectors, a controversy management policy and a shareholder engagement policy.

Dorval Asset Management's Socially Responsible Investment approach is set out in our [SRI Policy](#).

Dorval Asset Management's approach since 2004 has consistently been built on shareholder dialogue, drawing on a practical and collaborative approach in our role as shareholder – further reinforced by our [Shareholder Engagement Policy](#) – as well as in our regular meetings with companies in our portfolios.

Dorval Asset Management's engagement policy reflects the actions we pledge to undertake with a view to promoting progress in companies' E, S and G practices. Our engagement policy therefore sets out the principles we endorse, while our voting policy is exercised to monitor concrete implementation of these principles for the stocks in our portfolio – or the sincere intention to implement them.



Dorval Asset Management believes that compliance with these principles is a source of value creation over the long term, and a way to minimize risks – both for companies themselves and for their entire ecosystem i.e. clients, suppliers, staff, shareholders, public authorities, communities – in the true sense of the term sustainable development.

In line with the management process for its *Manageurs* range – which contributed to its success – Dorval Asset Management makes corporate governance the cornerstone of its SRI policy<sup>3</sup>: the sustainability of a company's product and service range, the efficiency of its strategy and its execution all hinge on the quality of its governance, as does the firm's correct integration into its broader environment. However, all three dimensions – E, S and G – are included in our non-financial analysis of companies in our investment universe.

### 3. Our approach to ESG risks and opportunities, including aspects related to climate change

The way investment is allocated must incite all companies across all geographies and of all market caps to take on board environmental, social and governance dimensions as they build their businesses. We screen for ESG risks and opportunities in several ways as we incorporate non-financial criteria:

- Our ESG rating methodology is built on an analysis of key challenges for every business sector, as we assess each company's exposure to risks and/or opportunities, as well as their ability to address these challenges. Challenges arising from climate change covered by our methodology include carbon emissions, waste management, water stress, biodiversity and land management, while opportunities cover green technologies and renewable energy.
- Dorval Asset Management follows a stringent shareholder engagement policy to support and encourage companies to take account of environmental, social and governance dimensions. This strategy curbs non-financial risks that can affect each company's performance and offers scope for the development of fresh ESG strategy opportunities.
- Dorval Asset Management excludes sectors that do not align with this aim (Coal) with a view to eliminating certain ESG risks from its investments and playing its part in the sustainable energy transition.

In 2021, Dorval Asset Management drew on its non-financial analysis expertise with its impact fund Dorval European Climate Initiative. This fund addresses climate challenges via a selection of European companies that offer solutions to support the Paris Agreement on the climate. (cf. *Section V Management process, 2. Incorporating climate change criteria into portfolio construction*).

### 4. Our organizational set-up for responsible investment

Dorval Asset Management has adopted an organizational set-up that is geared to involving all 23 staff members in its SRI program. Three inhouse committees organize this approach, which is coordinated by Tristan Fava and Laurent Trules, who are portfolio managers, financial analysts and responsible investment coordinators:




- The strategic committee meets once per year, and is tasked with determining the policy and supervising the roll-out of Dorval Asset Management's SRI strategy. This committee includes at least one representative each from Senior Management, General Secretariat, the Compliance, Internal Control and Risk department, the Marketing director and the responsible investment coordinators.
- The ESG committee meets on a quarterly basis and operates under the oversight of the strategic committee. It approves incorporation of ESG criteria into management processes, monitoring of the engagement policy, and management and monitoring of controversies and exclusions. The committee comprises Senior Management, portfolio management teams, General Secretariat, the Compliance, Internal Control and Risk department and the responsible investment coordinators.

<sup>3</sup> The Governance aspect accounts for at least 50% of the ESG score, which is based on Dorval Asset Management's proprietary SRI methodology

- Weekly portfolio management meetings ensure that our responsible investment strategy is incorporated into our operations and pass on to the ESG committee any issues that require a collegial decision.
5. Dorval Asset Management's SRI analysts and portfolio managers are fully involved in our efforts

## Dorval Asset Management

The commitment of an entrepreneurial-driven business, combined with the solid grounding of a leading global asset manager.

 <p>We offer our clients the expertise and flexibility of an entrepreneurial-driven business, combined with the solid grounding of a leading global name.</p>	 <p>Our company boasts a human scale, with a 23-strong team of investment management professionals with dovetailing areas of asset management expertise.</p>	 <p>Bringing value to your values: our engagement is embodied in our core business as we promote responsible investment management and is reflected more broadly speaking in our ESR policy.</p>
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Our research team – portfolio managers and analysts – comprises height staff as at December 29, 2023. As part of our broader responsible investment policy, analysts/portfolio managers are in charge of financial and non-financial analysis, with 20-30% of their time spent on non-financial aspects, equating to 3 FTE<sup>4</sup>. A student on work-study placement, or an intern, also works exclusively on these aspects.

We ensure initiatives to raise staff awareness on responsible investment. Since 2019, 20 staff in roles deemed as priority in this arena have taken more than 580 hours of training on these challenges.

With this goal in mind, the entire portfolio management team, product specialists, marketing staff and the Compliance and Internal Control manager took a training course with the PRI Academy in 2019 to further enhance our ESG culture here at **Dorval Asset Management**. This certification is renowned as the international gold standard for ESG training, as it focuses on the identification and implementation of ESG factors into investment decision making. The training course explores the key principles of responsible investment, uses real-life case studies to illustrate the materiality of ESG issues in business, introduces strategies for identifying and managing new approaches to ESG risk, and identifies methods for integrating sustainability data into financial modelling. This certification is designed to train all staff in environmental, social and governance challenges, and their effects on traditional analysis and the portfolio management process. Via this program, our staff here at **Dorval Asset Management** have been able to enhance their insight into various areas, such as developing an engagement plan, identifying different possible approaches to ESG analysis, and non-financial reporting tools.

In 2020, our portfolio management teams here at **Dorval Asset Management** took part in a course to achieve the CESGA or Certified Environmental Social and Governance Analyst

<sup>4</sup> FTE: Full-time equivalent

accreditation, awarded by the French Financial Analysts' Association (*Société Française des Analystes Financiers*, or SFAF). This organization has been the key financial analysis body in France since 1967, and now offers European diplomas in ESG analysis. This European certificate is geared to offering extensive training on incorporating ESG factors into the portfolio management process, selecting key ESG challenges depending on sectors' specific aspects, accurately using companies' ESG reports, and the various ESG strategies.

Overall 1,000 hours of training have been taken by all our collective management team, multi-management staff and our CEO to achieve this certificate. All portfolio management teams hold the certificate from the PRI Academy or the CESGA or both.

## 6. Dorval Asset Management's collaborative engagement

Dorval Asset Management works in conjunction with major French and international financial market stakeholders as they act to promote sustainable finance:



Dorval Asset Management became a signatory to the **Principles for Responsible Investment (PRI)** in 2019, an initiative supported by 2,400 financial industry stakeholders. This initiative attests to Dorval Asset Management's resolute commitment to responsible investment, and as a signatory to the PRI, the company must report on its practical integration of environmental, social and governance aspects into its investment management processes on a yearly basis.



Dorval Asset Management also became a signatory to the **Montréal Carbon Pledge and the CDP** the same year. The company's signature of the Montréal Carbon Pledge – a PRI initiative – involves pledging to disclose the carbon footprint for the portfolios it manages on a yearly basis.



The **CDP** (formerly Carbon Disclosure Project) runs the largest global disclosure system for companies and cities to manage their environmental impacts, taking a complementary approach. This international not-for-profit charity offers signatories a company scoring system based on their environmental impact.

Teams at Dorval Asset Management extended their collaborative engagement in 2020 as they took part in and supported financial market-wide initiatives covering Environmental, Social and Governance aspects.

- Overall Environmental, Social and Governance approach:



The French Asset Management Association's (*Association Française de la Gestion financière*, or AFG) plenary conferences on responsible investment: Dorval Asset Management is involved in work on setting out areas of non-financial risks that companies face as part of the energy and sustainable transition.



French Forum for Responsible Investment (*Forum pour l'Investissement Responsable* or FIR); the French Forum for Responsible Investment promotes SRI to support further inclusion of issues of social cohesion and sustainable development in investment. Along with other SIFs (Sustainable Investment Forums), the Forum for Responsible Investment is a founding member of the European Eurosif network, which represents the SRI community in the European Commission and the European Parliament. Key areas for deliberation involve transparency in the integration of ESG criteria for investors, improving non-financial corporate reporting, long-term investment, corporate governance, and shareholder rights.

- Governance themes



**ICGN**  
International Corporate Governance Network

**ICGN (International Corporate Governance Network):** the ICGN seeks to promote effective standards of corporate governance and investor stewardship.

- Environmental themes:



**TCFD (Task Force on Climate-related Financial Disclosures):** the TCFD develops climate-related financial risk disclosures for use by companies in providing information to investors, insurers etc.



**IIGCC (Institutional Investors Group on Climate Change):** the IIGCC works to advance the agenda on the incorporation of climate change challenges into corporate strategy, the identification of climate change-related challenges and developing a communications guide on reporting to meet TCFD criteria.



**Climate Action100:** this is an initiative for signatory investors to set out their pledges on climate change to fully comply with the PRI, TCFD and IIGCC and engage with the 100 systemically important greenhouse gas emitters to support their improvement on governance on climate change, reduce their greenhouse gas emissions and enhance their climate-related financial reporting.

## 7. Total SRI assets under management

The full spectrum of our *Convictions* and *Manageurs* ranges have incorporated ESG criteria into their management processes since our proprietary ESG methodology – **Drivers** – was rolled out. **Dorval Asset Management** manages in total nine SRI funds (equities and diversified), with assets under management of €1 billion as at December 29, 2023.

## 8. Total SRI AuM compared to overall AuM

All Dorval Asset Management's open-ended funds (excluding funds managed on a delegated management basis) incorporate an SRI management process, amounting to a total of 80% of assets managed, including management mandates, dedicated funds and funds managed on a delegated basis.

## 9. List of SRI open-ended funds

All our funds open to the public are accredited by the French government SRI label:

- Dorval Manageurs
- Dorval Manageurs Europe
- Dorval European Climate Initiative
- Dorval Manageurs Smid Cap Euro
- Dorval Manageurs Small Cap Euro
- Dorval Convictions
- Dorval Convictions PEA
- Dorval Global Allocation
- Dorval Global Conservative
- Dorval Global Vision

## IV. General information on SRI funds covered in the Code of Transparency

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### 1. Aims of taking ESG criteria on board in our funds

The financial industry and investment management more specifically have a key role to play in shaping and designing the world of tomorrow.

Here at Dorval Asset Management, we actively and openly support this change at our level, in line with Natixis Investment Managers' pledges in this arena.

Dorval Asset Management takes a long-term investment approach, and we firmly believe that we have a pivotal role to play in directing investment to build a more responsible and sustainable economy. We engage with real economy stakeholders to encourage them to adapt their environmental, social and governance practices to support this transition, acting as a responsible investor as we pledge to meet the highest standards with both our clients and partners, as well as with the companies we invest in.

In full compliance with our fiduciary responsibility, our management objective is also to systematically outperform our funds' investment universe on 2 ESG indicators, such as the following (this list is not comprehensive and is subject to change):

- **ESG score:** non-financial rating using the inhouse methodology developed by Dorval Asset Management.
- **Carbon intensity (t CO<sub>2</sub> eq/\$m of revenues):** tons of carbon emissions in Scope 1 and 2 (direct emissions) per million dollars of revenues generated, weighted for the proportion of companies in the scope in question. This indicator does not take into account Scope 3 (indirect emissions).
- **Carbon emission reduction targets:** percentage of companies with a clear quantitative goal for reducing carbon emissions, weighted for the proportion of companies in the scope in question.
- **Promoting diversity:** percentage of companies that have taken measures to enhance diversity in their teams, weighted for the proportion of companies in the scope in question.
- **Independence of the Board of Directors:** percentage of members of Board of Directors complying with MSCI's independence criteria, weighted for the proportion of companies in the scope in question.
- **Incorporation of ESR criteria into executive compensation:** percentage of companies that incorporate non-financial criteria into executive compensation, weighted for the proportion of companies in the scope in question.

- **Signatories to the UN Global Compact:** percentage of companies that signed the UN Global Compact, weighted for the proportion of companies in the scope in question.
- **Share of investments linked to the controversial weapons sector (anti-personnel mines, cluster munitions, chemical and biological weapons):** percentage of companies with any link to the controversial weapons sector weighted by the weight of the companies present in the scope studied.

Efforts to incorporate ESG criteria into the investment process are geared to improving our insight into the companies we invest in, cutting back certain specific risks, singling out companies with ESG opportunities and lastly supporting them in creating value for all stakeholders over the long term.

Internal and external ESG research is incorporated into our portfolio construction and investment fund management across several levels here at **Dorval Asset Management**, as we draw on this aspect to determine the eligible investment universe and develop the stock-picking process alongside our analysis of the economic cycle, fundamental analysis, management analysis and theme analysis.

## 2. Internal and external resources used to screen issuers for ESG dimensions in our funds' investment universe

Our research team – portfolio managers and analysts – comprises ten staff as at December 30, 2022. As part of our broader responsible investment policy, analysts/portfolio managers are in charge of financial and non-financial analysis, with 20-30% of their time spent on non-financial aspects, equating to 3 FTE<sup>5</sup>.

Our proprietary ESG methodology draws on input from our partners MSCI, ISS and GAIA as well as in-house research information to develop issuer ratings across each fund's investment universe. We review issuers' ratings at least on a yearly basis and update them on an ongoing basis depending on information and/or events on the companies in our portfolios.

Our approach is based on the following principles:

- **We assess ESG challenges and allocate an in-house weighting** after screening for sector-specific, geographical and market cap considerations;
- **We assign an ESG rating** for each issuer based on its exposure to the challenges set out, and the way they are managed by the company.

**Dorval Asset Management** can also draw on brokers' research and the various media it can access.

Our stringent rating process assigns an ESG intensity assessment for each stock in our investment universe, which provides direct input for our portfolio construction and the development of our share price objectives.

Lastly, **Dorval Asset Management** draws on its partner ISS to manage the voting process during shareholder meetings.

## 3. ESG criteria considered in our funds

Our portfolio management teams and our financial and non-financial analysts screen for 37 ESG challenges based on a range of qualitative and quantitative indicators, with a particular focus on 12 of these aspects.

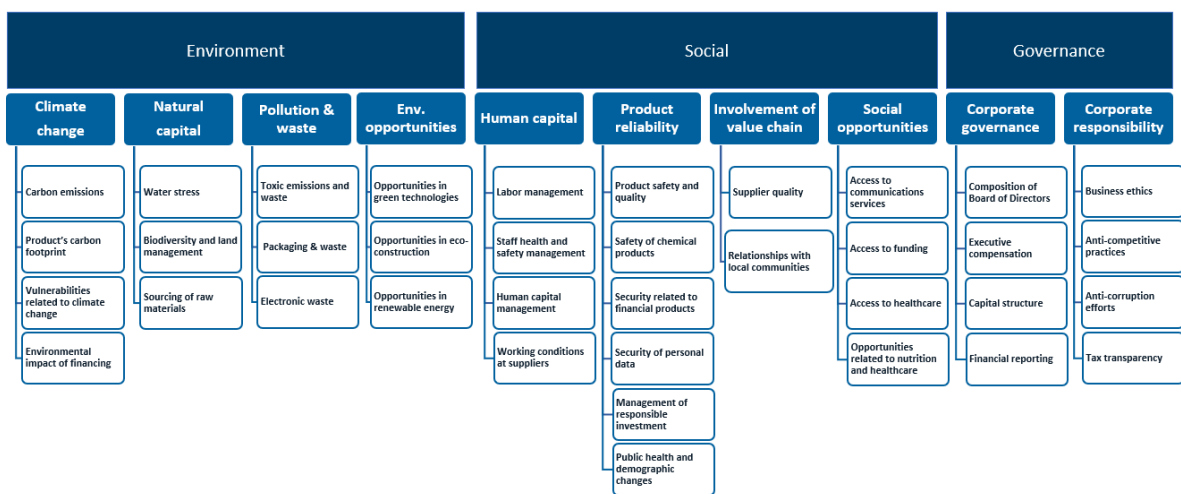
- **Governance challenges:**
  - Compliance with the basic principles of corporate governance i.e. quality of board of directors – diversity, independence, skills, representation –, alignment of interests with shareholders, capital structure, consideration for minority shareholders, quality of financial reporting and accounting;
  - Anti-corruption efforts.
- **Environmental considerations:**

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<sup>5</sup> FTE: Full-time equivalent

- Carbon emissions;
  - Waste management;
  - Water stress;
  - Biodiversity and land management;
  - Opportunities in green technologies and renewable energy.
- **Social aspects:**
    - Labor management;
    - Staff health and safety management;
    - Human capital management;
    - Personal data protection;
    - Product quality.

Our fund managers/analysts develop an assessment grid incorporating these key challenges singled out to develop a clear analysis of the materiality of ESG challenges for the various sectors.



This ESG challenge materiality grid draws on input from MSCI, work by the Sustainability Accounting Standards Board (SASB) and our inhouse microeconomic and macroeconomic analysis and insight.

This extensive program enables **Dorval Asset Management** to better assess the risks and opportunities that may affect each company's business.

We thus take on board ESG criteria in our corporate non-financial scoring, while also reviewing the various sector-specific challenges facing each company.

The challenges selected for ESG assessments are determined by applying the materiality principle and help focus on factors that can have a significant risk for the company's performance and impact its medium-long term valuation.

Lastly, in keeping with its controversy management policy, **Dorval Asset Management** does not invest in companies that do not comply with the UN Global Compact.

#### 4. Climate change principles and criteria applied in our funds

As outlined above, our portfolio managers/analysts assess certain risks that may affect companies, applying our proprietary methodology, such as:

- Carbon tax: the effects of carbon taxes can vary depending on each company's business sector or size, and may lead to significant additional costs, with a knock-on effect on some companies' financial performances.
- Increasing frequency of natural disasters, which can lead to repair costs, or even a transfer of business location, destruction of supply infrastructure, etc.
- Waste management, which can cause poisoning for people and land, while poor waste management can also lead to additional costs.
- Water stress, which can have an impact on farming land, on cooling and air conditioning systems, etc.

**Certain challenges related to climate change are an integral part of issuers' ESG rating:**

- Carbon emissions: this criterion promotes companies with major exposure to this challenge that invest proactively in low-carbon technologies and thus enhance the energy efficiency of their production facilities/products.
- Product's carbon footprint: this criterion promotes companies that reduce their products' carbon footprint across the value chain and take a comprehensive view of the product life cycle.
- Vulnerabilities related to climate change: this criterion assesses the degree of exposure to various risks related to climate change and ascertains the company's ability to take on board these risks in its business.
- Environmental impact of financing: this criterion promotes companies that incorporate environmental dimensions into their financial decisions.

**Some climate change-related challenges are also conducive to innovation and offer investment opportunities:**

- Green technologies: green technologies that are developed to address key challenges such as climate change can be a source of innovation and provide opportunities for robust growth.
- Eco-construction: buildings must comply with energy efficiency challenges such as building insulation and make efforts to reduce their carbon footprint; these challenges foster the emergence of innovative solutions.
- Renewable energy: renewable energy can cut back the carbon footprint by either partly or totally replacing other generation technologies, such as coal.

## 5. Methodology for issuer ESG analysis and assessment methodology (construction, scoring scale, etc.)

**Dorval Asset Management** assesses the way the various issuers in our funds' investment universe<sup>6</sup> manage environmental, social and governance aspects, with a view to selecting the most responsible issuers on the basis of a primarily best-in-universe approach.

**Dorval Asset Management** pledges to remove the worst issuers in terms of ESG criteria from its investment universe<sup>7</sup>. Non-financial analysis involves research from our partner MSCI alongside our proprietary **Drivers** scoring methodology, which we apply in two ways to provide specific ratings for corporates (private issuers) and states (sovereign issuers).

- **Non-financial research from external partner MSCI:**

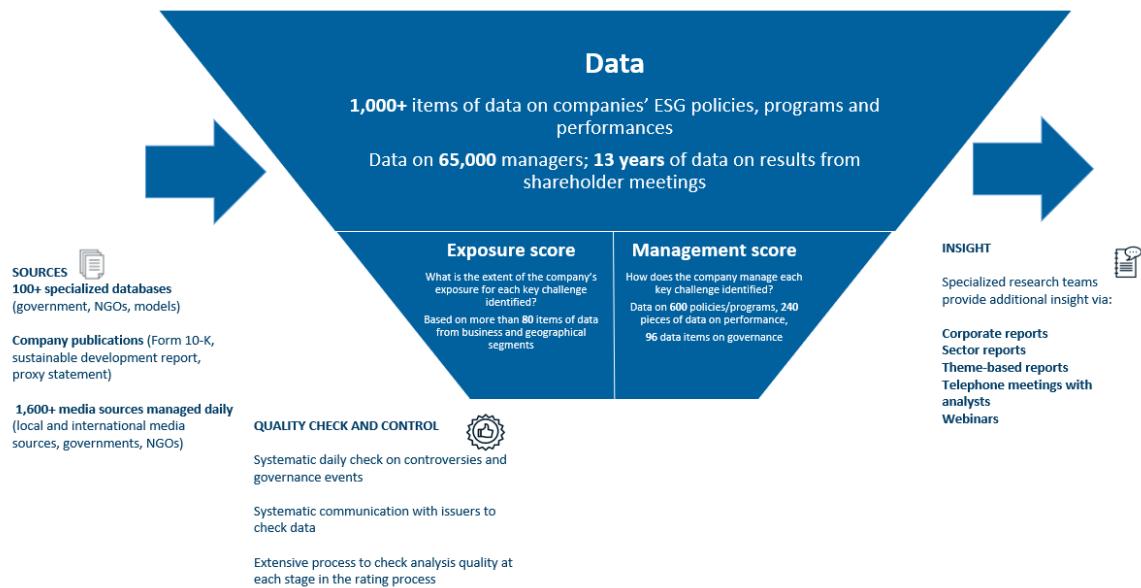
MSCI has a team of more than 180 analysts. **Dorval Asset Management** draws on primary data from MSCI, which allocates a company exposure score to the risk and/or opportunity in question for each of the key challenges, as well as a management score to reflect how well management addresses this exposure. **Dorval Asset Management** also relies on various gross indicators provided by MSCI and ISS to establish its rating.

MSCI's research is based on governmental data, information from NGOs and university research work. It also collects data from all documents and reports that companies themselves issue.

<sup>6</sup> The portion of issuers analyzed for ESG in the portfolio must be more than 90% on a long-term basis

<sup>7</sup> Elimination of at least 20% of the worst stocks in terms of ESG from the initial investment universe





- Our inhouse research using our proprietary Drivers methodology:

Dorval Asset Management has developed its own ESG scoring methodology for private sector issuers. Portfolio management teams develop and confirm a rating scale for all sectors for each key ESG challenge identified by MSCI (9 to 15 depending on the sector).

Our proprietary **Drivers** ratings draw particularly on our financial analysts', portfolio managers' and economists' knowledge, analysis and assessment of specific ESG risks and opportunities across each individual company's business sector.

Our methodology firmly roots governance at the very heart of our ESG analysis, with a weighting of at least 50%, and our governance approach is resolutely grounded in the *Managers* range's philosophy, which includes the original *Dorval Managers* fund. However, we also look beyond this aspect and include all Environmental, Social and Governance considerations in our non-financial analysis for stocks in our investment universe.

Dorval Asset Management draws primarily on analysis data from our partner MSCI. Where the company is not covered by MSCI, we develop a questionnaire, taking on board our sector materiality grid to offer a comparable approach to the MSCI analysis. On average, five questions for each key challenge identified (3 to 15 on average depending on the sector) systematically enable us to define a score for each of the challenges considered and subsequently derive an overall ESG rating for these companies.

Our portfolio management teams use companies' ESR reports, discussions with management, reports from financial analysts and the press to fill in this questionnaire. Dorval Asset Management's close communication with companies plays a key role in this corporate scoring process. Each year we hold around 700 meetings with companies' management teams<sup>8</sup>, and as a result of these regular discussions, we are able to develop in-depth and precise analysis of the companies we invest in.

Some material issues may not be assessed in the absence of data from our external providers. In this case, the ESG rating is carried out on the issues for which the management company has data. Missing data does not impact the issuer's rating.

Dorval Asset Management has developed a scoring system to rate sovereign issuers or states, to address the requirements of its sovereign bond investment management based on the composition of the Bloomberg Barclays Multiverse Sovereign (I04047US Index). This scoring system takes on board ESG challenges faced by sovereign issuers that may be included in our

<sup>8</sup> Approximately 500 in 2021 due to the Covid pandemic and a decreased number of possible meetings

portfolios, and in practical terms it reduces the risk resulting from the worst sovereign issuers' showings in terms of sustainable development.

**Dorval Asset Management** focuses on certain indicators that we deem crucial to this transition when allocating an ESG score to a public issuer. We establish an ESG rating for sovereign issuers that could potentially join the portfolio with a view to excluding at least 20% in number of the worst ESG scores from the initial investment universe. This rating is reviewed on an annual basis, and also puts governance at the very center of ESG analysis. We analyze countries on the basis of a number of indicators from several different sources i.e. the World Bank, the United Nations and the OECD:

- Carbon emissions hinge largely on energy efficiency initiatives and policies rolled out by governments in the countries under assessment. Dorval Asset Management has therefore naturally taken the annual per capita CO<sub>2</sub> emission figure along with the 5-year change in per capita CO<sub>2</sub> emissions (measured in tons per capita) as environmental indicators.

These indicators account for 20% of the country's ESG score.

- Social indicators used are the annual Human Development Index (HDI) and the 5-year change in this index, as well as annual Research & Development spending as a % of GDP<sup>9</sup>. Dorval Asset Management uses these indicators to assess a government's ability to meet the population's needs – as measured by life expectancy, education and standard of living – as well as innovation potential.

Indicators in the Social dimension account for 30% of the country's ESG score.

- Dorval Asset Management pays particular attention to the governance aspect, and the five governance indicators selected account for 50% of the country's ESG score:
  - Anti-corruption efforts: this reflects the degree to which public power is used for private purposes by assessing the extent of serious corruption, as well as the power of the elite and private interests over the State,
  - Efficiency of public authorities: this reflects the quality of public services, the civil service and their degree of independence from political pressure as well as the ease with which new policies are implemented,
  - Quality of regulation: this reflects the government's ability to develop and implement new policies/regulation promoting the private sector,
  - Rule of law: this reflects civil society agents' trust in the rules that govern society, particularly right to property, application of contracts, as well as trust in the police and the country's courts,
  - Participation and empowerment: this reflects the possibility for citizens to choose their government, as well as respect for freedom of expression, freedom to meet and freedom of the press.

Based on the indicators selected and the list of countries under embargo or international sanctions, we draft a final country ranking, enabling us to narrow down our investable sovereign universe to take on board ESG dimensions.

Our methodology relies in part on basic data from external data providers. This data is not systematically verified by the management company. Our methodology places Governance at the heart of ESG analysis and may therefore minimize certain environmental or social risks/opportunities.

## 6. Frequency of issuer ESG assessment review and controversy management

We review issuers' non-financial scores at least on a yearly basis and update them on an ongoing basis depending on information and/or events on the companies in our portfolios.

In keeping with our responsible investment strategy, **Dorval Asset Management** has also set out a stringent [controversy management policy](#), which aims to define the way that we address controversies arising on stocks we hold in our portfolios. The policy enables the company to avoid – as far as possible – companies that fail to comply with the principles set out in its

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<sup>9</sup> GDP: Gross domestic product

responsible investment policy and thus mitigate the idiosyncratic risk for the funds it manages.

**Dorval Asset Management** draws on input from its partner MSCI as well as other potential external sources (media, brokers, etc.) to flag any controversy and obtain information on the type of event.

Dorval Asset Management's controversy management policy enables us to take on board adverse impacts on sustainability factors in our fund management. It draws on the list of controversies updated by MSCI on a daily basis and potentially rounded out by our portfolio management teams (and approved by representatives of the ESG committee<sup>10</sup>):

- o To factor in the latest news and events and address any absence of update to the MSCI database,
- o To ensure a comprehensive approach on stocks covered in the event of absence of monitoring by MSCI (mainly small caps).

All adjustments are listed and dated. *Ex ante* and *ex post* controls rely on a follow-up file that is updated on a daily basis.

Dorval Asset Management's controversy management policy sets out four levels of controversy:

- A **green** flag indicates that a company is not involved in any major controversies: no limit;
- A **yellow** flag indicates that the company is involved in severe-to-moderate level controversies: the stock is limited to a maximum of 3% of assets in all Dorval AM's funds;
- An **orange** flag indicates that a company has been involved in one or more potentially recent severe structural controversies that are undergoing analysis: the stock is limited to a maximum of 1.5% of assets in all Dorval AM's funds;
- A **red** flag indicates that a company is involved in one or more very severe controversies: the stock is banned and cannot be included in any Dorval AM fund. Red controversies are systematically excluded from the fund.

**Dorval Asset Management** has set out a strategy for addressing controversies in accordance with the specific features of its management processes. Across all its funds, **Dorval Asset Management** has taken on a systematic approach involving excluding stocks facing severe controversies (**red** flag) from its investment universe in a timely manner.

Companies that do not comply with the UN Global Compact are classified as red and therefore cannot be included in our portfolios.

The European equities investment department conducts a proactive and in-depth analysis of controversies affecting stocks in the portfolio during weekly management meetings. The portfolio management team assesses the controversy, and in the space of 24 hours to 10 days at most it may where necessary exclude the stock from all portfolios in coordination with the Compliance and Internal Control team.

## V. Management process

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### 1. Taking the results of ESG research on board in our portfolio construction

Our product and service range has also been designed with a wealth preservation focus in mind:

- o Our *Dorval Convictions* range skillfully steers exposure to risky assets;
- o The *Dorval Manageurs* range offers full and clear exposure to French and European equities;
- o Our environmental impact equity approach offers the *Dorval European Climate Initiative* fund, which makes green intensity and decarbonization the cornerstones of its management process, addressing growing investor demand and commitment, as they seek out a targeted approach on specific themes, such as climate change;


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<sup>10</sup> The ESG committee includes senior management, portfolio management teams, General Secretariat, the Compliance, Internal Control and Risk department and the Responsible Investment coordinators

- o Our international equities range with the “Dorval Global” international equity management to participate in global growth.

## We have defined our SRI approach to align with our responsibility as an investor in the real economy

The investment management industry has a key role to play in shaping and designing the world of tomorrow, so here at Dorval Asset Management, we apply our responsible and committed investment policy – built on our proprietary model – to all our open-ended funds’ management processes.



Our philosophy	Our approach	Our proprietary model	Integration across all our open-ended funds	SRI/ESR consistency
Investing means looking to the world of the future and <b>supporting</b> the development of meaningful, responsible and sustainable solutions.	We assess ESG <b>opportunities</b> and risks at each step in the investment process and incorporate them directly into our portfolio construction and stock-picking processes.	We assign an ESG score to each issuer based on its exposure to and management of ESG factors, with a particular focus on <b>governance</b> (50% min).	We <b>roll out</b> our SRI approach across all our open-ended funds in the range – all with the French SRI accreditation – and both comply with and enhance each investment management process’ specific aspects.	Our responsible investment approach naturally extends to <b>our own organization</b> and our day-to-day relationships with our stakeholders.

As outlined above, Dorval Asset Management’s SRI approach is not merely an additional analysis dimension, but is fully embedded in the four traditional cornerstones of our longstanding investment process. This ESG integration is incorporated into the heart of our well-established investment management process and allows for involvement from all, while also enhancing our ability to combine macroeconomic analysis and microeconomic screening to select the most buoyant themes and stocks as part of our broader responsible approach.

We comply with certain fundamental non-financial criteria when determining the investment universe of eligible stocks, primarily involving:

- o Exclusion of companies that contravene Dorval AM's exclusion policy i.e. weapons, controversial weapons, tobacco and coal, along with specific exclusions for certain funds due to the requirements related to accreditations,
- o Exclusion of controversies deemed to be severe (**Red**) where companies do not comply with the United Nations Global Compact,
- o Exclusion of 20% in number of transmitters of the investment universe comprising companies with the lowest scores, or with an eliminatory score on at least one of the cornerstones, based on the inhouse methodology developed by Dorval Asset Management.

By combining these exclusions, we can select the most responsible issuers in terms of their Environmental, Social and Governance performances with the **Drivers** scoring method developed by Dorval Asset Management on the basis of a best-in-universe approach.

- The role of non-financial criteria in stock-picking and portfolio management for European equity funds, apart from Dorval European Climate Initiative (cf. below):


**Investment universe: French or European listed companies (including UK), in the euro area (according to fund prospectus)**

<b>1</b>	<b>Eligible universe: integration of ESG criteria and exclusion</b>	ESG screening using proprietary rating methodology "Drivers" An ESG investment universe excluding at least 20% of stocks on the basis of compliance with international standards and sector exclusions, controversial companies, and the worst ESG issuers using Dorval Asset Management's proprietary rating methodology.
<b>2</b>	<b>Rating for stocks in eligible universe</b>	The rating for stocks in the eligible universe is based on 4 dimensions: <ul style="list-style-type: none"> <li>• 40% for financial analysis (GARP approach)</li> <li>• 30% for non-financial analysis (proprietary rating methodology "Drivers")</li> <li>• 20% for analysis of the manager/company duo's quality</li> <li>• 10% if the stock belongs to a theme deemed to be buoyant</li> </ul>
<b>3</b>	<b>Portfolio construction</b>	Development of portfolio of 40 to 70 stocks

Once the investment universe has been adjusted for the exclusions mentioned above, it is then defined as eligible and the management process can be rolled out, combining both top-down and bottom-up approaches on the back of financial and non-financial analysis based on four dimensions:

- o **Our top-down analysis** assesses the position on the economic cycle, determines our main scenario and buoyant investment themes;
- o **A management analysis** appraises the quality of the manager/company tandem;
- o **Financial analysis**, with a focus on valuations (GARP approach);
- o **Non-financial analysis** helps analyze the fund's ESG intensity and quality using our inhouse proprietary methodology.

This four-dimensional innovative analysis determines our asset allocation, the weighting for stocks in our portfolio and makes ESG analysis a crucial component in our investment process

- **The role of non-financial criteria in stock-picking and portfolio management for Dorval European Climate Initiative.**

In 2021, Dorval Asset Management pursued its commitment to bringing value to your values and transformed the Dorval Manageurs Euro fund into an environmental impact fund, Dorval European Climate Initiative. This fund draws on Dorval Asset Management's non-financial expertise to invest in and support the financing of companies that develop environmental solutions.

Portfolio construction and management incorporate this three-pronged approach and draw on:

1. Stocks are categorized according to investment themes deemed to be buoyant (see eco-activity theme analysis<sup>11</sup>), i.e. they fit positively within both broader trends (macro-economic, social and related to sustainable development) and the economic environment (asset class valuation, market momentum and sector context);
2. Picking stocks from within these investment themes, rounded out by securities picked for their own appeal; in both cases and particularly for the second, stocks selected for the portfolio (i) comply with criteria set out by the Management Company;
3. Distributing these stocks in the portfolio, on a proprietary scoring methodology drawing on these same criteria, also outlined below.

The stock rating combines four areas for analysis, each based on a set of criteria:

<sup>11</sup>Activities that produce goods and services aimed at protecting the environment or managing natural resources, i.e. intended to measure, prevent, limit or address environmental damage to water, air and soil and the problems surrounding waste, noise and ecosystems for the well-being of Mankind (international definition from the OECD and Eurostat).

1. Theme-based analysis within eco-activities (10% of the final score);
2. Analysis of the 'green intensity' (30% of the financial score);
3. Financial analysis (30% of the financial score);
4. Non-financial analysis (30% of the financial score).

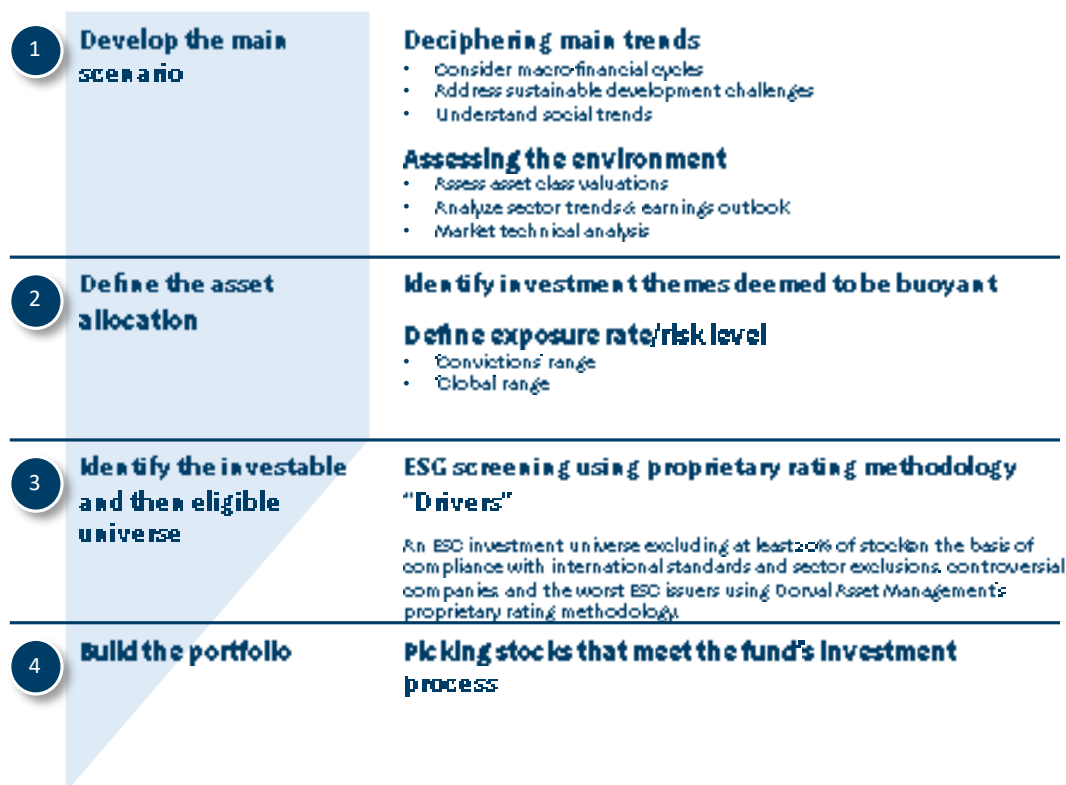
We draw on the overall score from these four areas of analysis to pick stocks in line with the Fund's sustainable investment objective and ascertain their weighting in the Fund's assets.

The Fund invests more than 75% of its net assets in companies with a rating of "Intense" (at least 20%) and "Dynamic". Additionally, the Fund cannot have more than 25% of its net assets in so-called "Neutral" stocks.

**Investment universe: European listed companies, primarily in the euro area (cf. fund prospectus)**

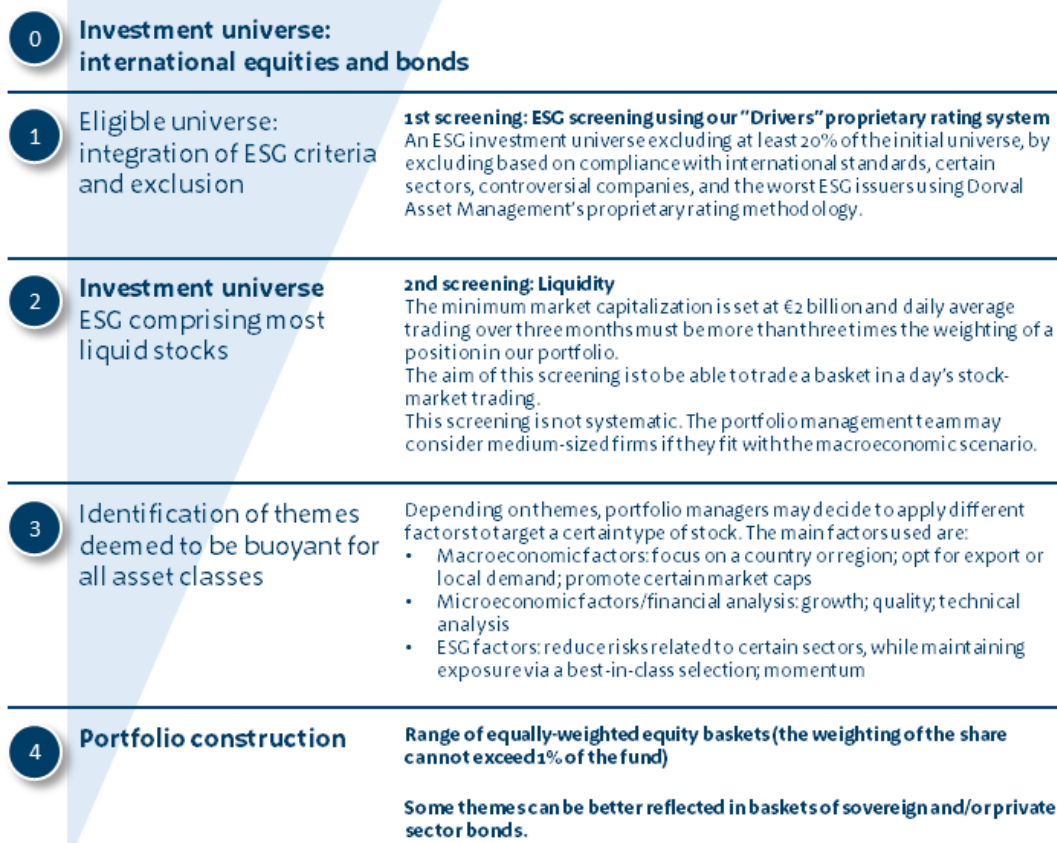
<b>1</b>	<b>Eligible universe: integration of ESG criteria and exclusion</b>	<p>ESG screening using proprietary rating methodology "Drivers"</p> <p>An ESG investment universe excluding at least 20% of stocks on the basis of compliance with international standards and sector exclusions, controversial companies, and the worst ESG issuers using Dorval Asset Management's proprietary rating methodology.</p>
<b>2</b>	<b>Rating for stocks in eligible universe</b>	<p>The rating for stocks in the eligible universe is based on 4 dimensions:</p> <ul style="list-style-type: none"> <li>• 30% for financial analysis</li> <li>• 30% for non-financial analysis (proprietary rating methodology "Drivers")</li> <li>• 30% for the green share</li> <li>• 10% if the stock belongs to one of the eight eco-activities</li> </ul>
<b>3</b>	<b>Portfolio construction</b>	<p>Portfolio construction is based on the classification of stocks in the eligible universe based on their green intensity of their revenues:</p> <ul style="list-style-type: none"> <li>• Intense: more than 50% of revenues</li> <li>• Dynamic: between 10% and 50% of revenues</li> <li>• Neutral: less than 10% of revenues</li> </ul> <p style="text-align: center;">Development of a portfolio of 40 to 70 stocks</p>

- The role of non-financial criteria in stock-picking and portfolio management for international diversified funds:

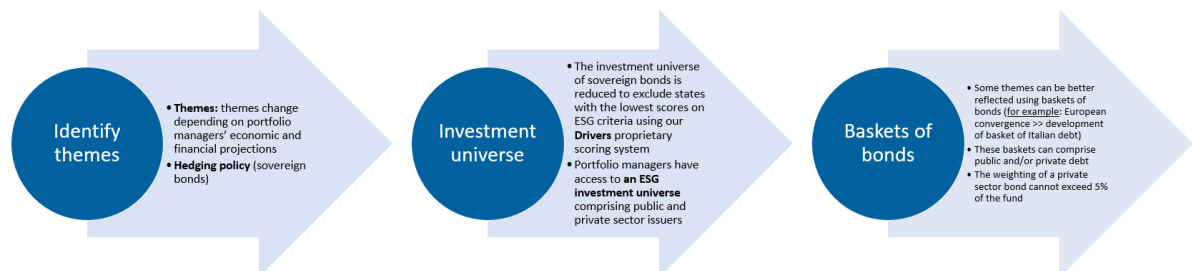


Diversified funds incorporate ESG criteria in the selection of corporate or private-sector issuers, and sovereign or public-sector issuers.

- Construction of baskets of equally-weighted equities, selected from among the best ESG scores in the ESG investment universe.



- Construction of baskets of bonds selected from among the best ESG scores in our ESG investment universe.



Once the investment universe has been adjusted for the exclusions mentioned above, it is then defined as eligible, and the portfolio managers can apply the integration process suited to these funds' wealth management methods.

Portfolio managers determine investment themes applied via baskets of stocks and/or bonds.

The construction of equity baskets draws on a quantitative screening process for the international equities universe, based on several stages:

- Screening of the initial investment universe to rule out at least 20% in number of transmitters: this screening is conducted using the proprietary Drivers rating system and incorporates geographical and sector differences while taking on board countries' degree of development: companies with an environmental or social score of less than 10 or a governance score under 30 are excluded, alongside those with an overall ESG score of less than 40.
- Portfolio managers then conduct liquidity screening, with a minimum market capitalization set at €2 billion, while average daily trading over three months must be more than three times the weighting of a position in our portfolio: the goal of this

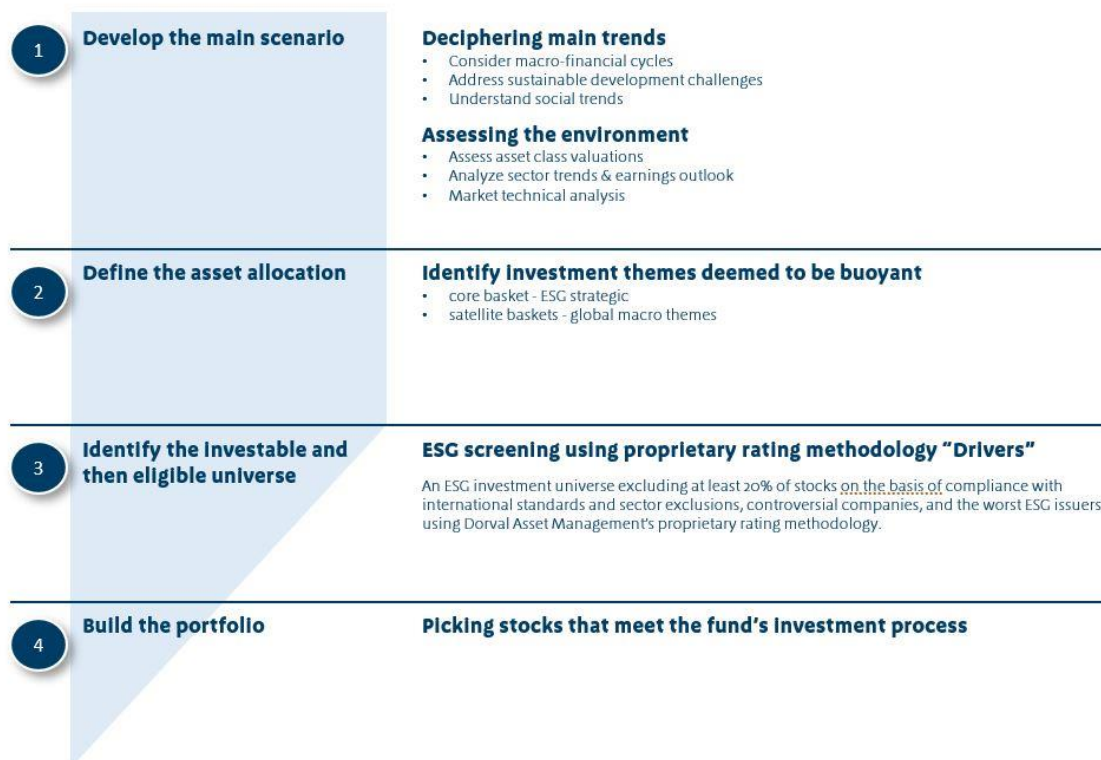


screening is to be able to trade a basket in a day's stock-market trading. This screening is not systematic. The portfolio management team may consider medium-sized firms if they fit with the macroeconomic scenario.

- Depending on the themes, portfolio managers may decide to apply different factors (ESG, macroeconomic and microeconomic) with a view to targeting certain types of stocks.

Bonds are selected using the **Drivers** proprietary rating for sovereign issues. Countries in the bottom quintile of ratings are excluded from the investment universe.

- The role of extra-financial criteria in the selection of stocks and the management of the "Dorval Global Vision" portfolio



- The construction of baskets of equi-weighted stocks selected from the best ESG ratings in the ESG investment universe



0	<b>Investment universe: international equities and bonds</b>	
1	<b>Eligible universe: integration of ESG criteria and exclusion</b>	<b>1st screening: ESG screening using our "Drivers" proprietary rating system</b> An ESG investment universe excluding at least 20% of the initial universe, by excluding based on compliance with international standards, certain sectors, controversial companies, and the worst ESG issuers using Dorval Asset Management's proprietary rating methodology.
2	<b>Investment universe ESG comprising most liquid stocks</b>	<b>2nd screening: Liquidity</b> The minimum market capitalization is set at €2 billion and daily average trading over three months must be more than three times the weighting of a position in our portfolio. The aim of this screening is to be able to trade a basket in a day's stock-market trading. This screening is not systematic. The portfolio management team may consider medium-sized firms if they fit with the macroeconomic scenario.
3	<b>Identification of themes deemed to be buoyant for all asset classes</b>	Depending on themes, portfolio managers may decide to apply different factors to target a certain type of stock. The main factors used are: <ul style="list-style-type: none"> <li>• Macroeconomic factors: focus on a country or region; opt for export or local demand; promote certain market caps</li> <li>• Microeconomic factors/financial analysis: growth; quality; technical analysis</li> <li>• ESG factors: reduce risks related to certain sectors, while maintaining exposure via a best-in-class selection; momentum</li> </ul>
4	<b>Portfolio construction</b>	<b>Range of equally-weighted equity baskets (the weighting of the share cannot exceed 1% of the fund)</b>

## 2. Incorporating climate change criteria into portfolio construction

Climate change criteria are incorporated right from our sector assessment stage, and hence have an influence on the issuer's final ESG score. **Dorval Asset Management's** European funds, apart from Dorval Managers Small Cap Euro and Dorval European Climate Initiative, exclude issuers with an environmental or social score of less than 10, or a governance score of less than 30, with a view to promoting a sustainable ecological transition. Dorval Managers Small Cap Euro excludes issuers with an environmental or social score of less than 10 and a governance score of less than 15. Dorval European Climate Initiative excludes issuers with an environmental score below 30, a social score below 20 or a governance score below 30. With the same goal in mind, all **Dorval Asset Management's** funds, apart from Dorval Managers Small Cap Euro, exclude issuers with an overall ESG score of less than 40. Dorval Managers Small Cap Euro includes issuers with an overall ESG score of more than 20.

Climate change criteria are incorporated into the Environment portion of our **Drivers** non-financial assessment, and the weighting varies depending on the issuer's sector.

**Dorval Asset Management** conducts annual climate impact and carbon assessments for each of its funds, geared to assessing both physical risks and transition risks resulting from climate change.

In 2021, **Dorval Asset Management** pursued its commitment to including an approach based on ESG risks and opportunities and incorporating climate challenges. With this goal in mind, **Dorval Asset Management** decided to transform the Dorval Managers Euro fund into an environmental impact fund Dorval European Climate Initiative. Our portfolio management team draws on its non-financial expertise to select chiefly European companies that offer solutions – either products or services – to address climate challenges and align with the Paris Agreement. In addition to our non-financial analysis, climate challenges are incorporated into the portfolio's philosophy and construction in a number of ways:

- The portfolio management team analyzes and assesses the green share – i.e. the percentage of revenues – for companies in the eligible investment universe and in accordance with the French government Greenfin accreditation's criteria, which are initially

based on the Climate Bond Initiative's categories and compatible with the future European Taxonomy.

- The environmental strategy seeks to support the funding of a low-carbon economy, while the portfolio management team also complies with the Greenfin certification's requirements to exclude sectors that are incompatible with the fund's goals, such as fossil fuel.
- Portfolio construction follows investment rules requiring a majority of the fund's assets under management to be invested in such a way as to address one of these challenges, as represented by 8 eco-activities.
- Beyond its equity investment, the fund also seeks to promote a brighter future and foster opportunity by donating 10% of its fixed management fees net of retrocessions to a foundation.
- Lastly, the portfolio management team monitors the portfolio's climate impact as outlined in its climate impact assessment, thereby ensuring that the strategy aligns with the Paris Agreement. By way of reminder, this agreement aims to keep the average global rise in temperature to 1.5°C and below 2.0°C out to 2100 as compared with the preindustrial era.

### 3. Addressing issuers that are not subject to an ESG analysis (excluding mutual funds) and that feature in our funds' portfolios

Portfolio managers at **Dorval Asset Management** may include stocks that are not covered by the **Drivers** ESG scoring methodology in portfolios if they hold a strong conviction on these companies. However, these stocks will not account for more than 10% of the fund.

### 4. Changes in the ESG assessment process and/or management process over the past 12 months

**Dorval Asset Management** developed and incorporated its proprietary ESG rating methodology **Drivers** into its management process during 2020.

In 2021, **Dorval Asset Management** continued to invest and enhance its proprietary "Drivers" ESG scoring methodology by incorporating a bonus/penalty system via the inclusion of new indicators based on an absolute or relative approach to the investment universe. With this in mind, 163 gross indicators were added across the three dimensions – Environmental, Social and Governance – provided by our two non-financial data providers MSCI and ISS.

These additional indicators support our teams in reiterating their non-financial convictions and incorporating them directly into our proprietary ESG scoring methodology.

En 2023, **Dorval Asset Management** renforce sa méthodologie de notation extra-financière « Drivers » sur les petites et moyennes valeurs via un nouveau partenariat avec Gaïa research. Ce nouveau partenariat permet à **Dorval Asset Management** de renforcer son analyse extra-financière sur plus de 240 petites et moyennes entreprises à travers une centaine de nouveaux indicateurs.

### 5. Proportion of funds' assets invested in solidarity-based organizations

At this stage, **Dorval Asset Management** does not invest in solidarity-based organizations.

### 6. No securities borrowing and lending in funds

**Dorval Asset Management** does not conduct securities borrowing and lending.

### 7. Use of derivatives

**Dorval Asset Management's** funds can use derivatives only in the circumstances and with the commitment restrictions set out in each fund prospectus.

Funds may invest in derivative financial instruments for the purposes of hedging and taking exposure to equity risk, interest rate/credit risk as well as exchange rate risk resulting from holding assets denominated in foreign currencies, with a view to achieving their management objective, while not seeking overexposure. Funds will not use total return swaps.

However, the use of derivatives will comply with the fund's SRI policy: they may not be used to take exposure or underexposure indirectly on securities that do not comply with the fund's SRI policy.

#### 8. Investments in mutual funds

The portion of mutual funds is restricted to 10% of funds' assets. Funds may invest in **Dorval Asset Management's** mutual funds, which have a shared and consistent SRI approach, regardless of the management processes. Where external mutual funds are included for the purposes of treasury management, portfolio management funds will opt for money-market funds that have achieved an SRI accreditation or equivalent.

The portfolio management team selects mutual funds that we invest in and that are managed by other asset managers after discussions with the fund managers, while decisions are made on the basis of criteria that are consistent with the management strategy and the sustainability of the management process.

## VI. ESG controls

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Procedures rolled out for internal and/or external control ensure that our portfolios comply with ESG rules set for our fund management

We check and control our SRI portfolios' compliance in several ways:

- **First level: pre-trade controls**  
Portfolio managers ensure that stocks in portfolios are eligible each time orders are placed as a result of automatic pre-trade checks. These automatic checks block investment in securities issued by companies that feature in the various exclusion lists (sector, standards, controversies, Drivers rating system) and are configured in the front to back chain.
- **Second level: post-trade controls**  
Portfolio management teams are then monitored by the Middle Office and Compliance, Internal Control and Risk teams in post-trade checks on rules in the French government SRI and Greenfin labels. In addition to a report on control of positions sent daily and covering the previous day's positions, the Compliance and Internal Control team also presents a periodic risk report at least once per year to the risk committee.
- **Third level: reporting on control of application of ESG strategy**  
**Dorval Asset Management** publishes an ESG performance report to enable portfolio management teams and all stakeholders to monitor and control our funds' ESG strategy.
- Lastly the strategic committee and the ESG committee ensure that Dorval Asset Management's SRI philosophy is applied, and ensure that the key principles adopted in SRI processes are followed by portfolio managers.

## VII. ESG performance measurement and reporting

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### 1. Assessment of our funds' ESG quality

**Dorval Asset Management** conducts [ESG performance reports](#) to outline its funds' ESG quality as compared to their investment universe. Funds' Environmental, Social and Governance aspects are embodied in the rating allotted using our proprietary **Drivers** model,

and a score out of 100 is provided for the three ESG dimensions and summarized into an overall average score.

These ESG reports also provide 4 to 6 indicators (cf. next point), including respect for human rights for the companies we hold in our funds.

Lastly, in this same document, **Dorval Asset Management** reports on the way companies in its portfolios contribute to the Sustainable Development Goals (defined by the United Nations).

## 2. ESG impact indicators used by our funds

For each fund, **Dorval Asset Management** reports on 4 to 6 indicators that reflect their ESG performance, with the aim of systematically outperforming the fund's investment universe for at least two of these indicators.

- The following list of indicators published for each fund is not comprehensive and is subject to change:
  - **Carbon intensity (t CO<sub>2</sub> eq/\$m of revenues):** tons of carbon emissions in Scope 1 and 2 (direct emissions) per million dollars of revenues generated, weighted for the proportion of companies in the scope in question.
  - **Carbon emission reduction targets:** percentage of companies with a clear quantitative goal for reducing carbon emissions, weighted for the proportion of companies in the scope in question.
  - **Promoting diversity:** percentage of companies that have taken measures to enhance diversity in their teams, weighted for the proportion of companies in the scope in question.
  - **Independence of the Board of Directors:** percentage of members of Board of Directors complying with MSCI's independence criteria, weighted for the proportion of companies in the scope in question.
  - **Incorporation of ESR criteria into executive compensation:** percentage of companies that incorporate non-financial criteria into executive compensation, weighted for the proportion of companies in the scope in question.
  - **Signatories to the UN Global Compact:** percentage of companies that signed the UN Global Compact, weighted for the proportion of companies in the scope in question.

The objective is to systematically outperform the fund's investment universe on at least two indicators as defined below

- Specific indicators to the Dorval Manageurs Europe, Dorval Manageurs, Dorval Convictions and Dorval Convictions PEA funds:
  - Signatories of the UN Global Compact: percentage of companies that have signed the UN Global Compact weighted by the weight of the companies present in the perimeter studied with a minimum coverage threshold of 90%.
  - Integration of CSR criteria into executive compensation: percentage of companies that integrate non-financial criteria into executive compensation weighted by the weight of companies present in the scope studied with a minimum coverage threshold of 70%.
- Specific indicators to international equity funds: Dorval Global Allocation, Dorval Global Conservative
  - Carbon emission reduction targets: percentage of companies with a quantitative and explicit carbon emission reduction target weighted by the weight of companies in the scope studied, with a minimum coverage threshold of 90%.
  - Integration of CSR criteria into executive compensation: percentage of companies that integrate non-financial criteria into executive compensation, weighted by the weight of the companies in the scope studied, with a minimum coverage threshold of 70%.
- Specific indicators to the Dorval Manageurs Small Cap Euro and Dorval Manageurs Smid Cap Euro funds:

- Percentage of investments linked to the controversial weapons sector (anti-personnel mines, cluster munitions, chemical and biological weapons): percentage of companies with any link to the controversial weapons sector weighted by the weight of the companies present in the perimeter studied with a minimum coverage threshold of 90%.
- UN Global Compact signatories: percentage of companies that have signed the UN Global Compact weighted by the weight of the companies in the scope studied with a minimum coverage threshold of 70%.

▪ **Specific indicators for our Dorval European Climate Initiative fund**

The Fund's non-financial indicators have been developed to comply with the Paris Agreement and applied quantitatively, with an absolute value or relative value as compared to the Fund's reference indicator, the EURO STOXX Total Market Paris-Aligned Benchmark Net Return EUR.

In light of the Fund's sustainable investment objective, it must align with or outperform two environmental intensity indicators:

- **Green intensity (relative value):** The fund's objective is to invest primarily in companies developing solutions to environmental issues. The weight of the fund's green intensity is thus compared to that of the benchmark index. This indicator is measured by Dorval Asset Management through the estimation of the percentage of the companies' turnover exposed to the 8 eco-activities as defined by the Greenfin label with a minimum coverage threshold of 90%.
- **Warming potential (absolute value):** the fund aims to limit the warming potential of its investments by 2100 to below 2°C compared to pre-industrial levels. This indicator is derived from ISS. It measures the current and future emissions of the companies in which we are shareholders and compares them to different climate scenarios defined by ISS as the most recent and most ambitious for modeling temperature trajectories. The minimum coverage threshold for this indicator is 70%. This modeling may involve estimates and scope 3 is not taken into account by our service provider in the calculation of this indicator.

We will also assess the Fund's non-financial performance via the publication of the following additional environmental indicator, which combines with the other environmental, social and governance indicators applied for **Dorval Asset Management's other funds**:

- **Energy mix:** the fund seeks to promote the development of renewable energies and keep to a maximum of 20% the portion of fossil fuels in the energy mix for the Fund's investments, in line with the International Energy Agency's sustainable development scenario out to 2050. The Fund therefore excludes all companies that derive more than 5% of revenues from the fossil fuel and nuclear industry.

The weighting mentioned is derived by the weighting of stocks in the portfolio as compared to the weighting of stocks in the reference indicator.

For public/supranational companies (e.g. EDF, CDC, BPI, AFD, etc.), Dorval Asset Management chooses to retain the ESG rating of the sovereign issuer in the ESG rating (pillar 3 of the SRI label reference framework) and does not include them in the scope of ESG indicators (pillar 6 of the SRI label reference framework).

DORVAL MANAGERS EUROPE

I Share (EUR) - Acc

EQUITIES STRATEGY

ESG PERFORMANCE REPORT

Monthly report as at 29 December 2023

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**SRI APPROACH AND METHODOLOGY**

Dorval Asset Management takes a long-term investment approach, and we firmly believe that we have a pivotal role to play in directing investment to build a more responsible and sustainable economy. We engage with real economy stakeholders to encourage them to adapt their environmental, social and governance practices to support this transition, acting as a responsible investor as we pledge to meet the highest standards with both our clients and partners, as well as with the companies we invest in.

Dorval Asset Management's approach since 2004 has consistently been built on shareholder dialogue, drawing on a practical and collaborative approach in our role as shareholder – further reinforced by our voting policy – as well as in our regular meetings with companies. This governance approach is resolutely grounded in the Managers' range's philosophy, which includes the original Dorval Managers fund.

However, we also look beyond this aspect and include all Environmental, Social and Governance considerations in our extra-financial analysis for securities in our initial investment universe and our assessment of managers.

For more information on our methodologies, please refer to our Dorval AM website: <https://www.dorval-am.com/en/leaves/leaves-approach>

**ESG STRATEGIES**

Integration

Best in universe

Engagement

Exclusion

**RATING - PROPRIETARY METHODOLOGY**

71.1

	ESG	E	S	G	Coverage
Fund	71.1	76.2	66.3	73.5	96%
Investment universe	62.3	63.8	53.5	69.4	100%
% difference	+11.4%	+19%	+24%	+5%	-2%

Coverage: Calculated as a percentage of assets excluding cash investments

**PROPRIETARY RATING METHODOLOGY**

Our proprietary ESG methodology draws on input from our partner MSCI as well as in-house research information to develop issuer ratings across each fund's investment universe.

Our approach is based on the following principles:

- We assess ESG challenges and allocate an in-house weighting after screening for sector-specific, geographical and market cap considerations;
- We assign an ESG rating for each issuer based on its exposure to the challenges set out, and the way they are managed by the company.

Our portfolio management teams and our financial and extra-financial analysts screen for 37 ESG challenges based on a range of qualitative and quantitative indicators, with a particular focus on 12 of these aspects.

The extra-financial score - from 0 to 100, with 100 being the top score - is based on each of the E, S and G dimensions. We exclude 20% of the investment universe comprising companies with the lowest scores and with an eliminator score on at least one of the dimensions. Issuers with an environmental or social rating of less than 10 or a governance score of under 30 are excluded. Any issuer with an overall extra-financial rating of less than 40 is also excluded.

Our methodology draws partly on primary data from an external provider. Our approach places governance at the very center of our ESG analysis and therefore minimize certain environmental or social risks and opportunities.

DORVAL MANAGERS EUROPE

I Share (EUR) - Acc

EQUITIES STRATEGY

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**RATING FOR FUNDS' FIVE LARGEST HOLDINGS**

	ESG	E	S	G	Weight
DAMP AG	82.6	73.1	83.0	85.0	4.4%
ASML HOLDING	86.7	76.3	100.0	86.4	4.0%
STMICROELECTRONICS NV	82.6	84.4	78.4	82.9	4.0%
AXA	73.7	95.0	84.3	72.0	3.7%
MULTIFIDE	64.5	62.5	56.6	61.0	3.6%

**RATING - PROPRIETARY METHODOLOGY**

DORVAL MANAGERS EUROPE

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**FUND'S ESG PERFORMANCE**

Indicator	Definition	ESG Assessment			Coverage		ESG Assessment 10-1 & 10-2			
		Fund	Universe	A	Fund	Universe	2022	2021		
Carbon Intensity (CO2e) (scope 1 & 2)	Tons of carbon emissions in Scope 1 and 2 (direct emissions) per million dollars of revenues generated, weighted for the proportion of companies in the scope in question. Scope 3 is not taken into account.	110.7	112.1	-1%	96%	93%	141.8	140.7	109.7	146.6
Carbon emission reduction targets	Percentage of companies with a clear quantitative goal for reducing carbon emissions, weighted for the proportion of companies in the scope in question.	94%	56%	1.7x	96%	94%	86%	56%	82%	55%
Promoting diversity	Percentage of companies that have taken measures to enhance diversity in their teams, weighted for the proportion of companies in the scope in question.	67%	47%	1.8x	96%	100%	82%	51%	88%	47%
Independence of the Board of Directors	Percentage of members of Board of Directors complying with MSCI's independence criteria, weighted for the proportion of companies in the scope in question.	82%	68%	1.2x	96%	100%	88%	74%	87%	73%
Incorporation of CSR criteria into executive compensation	Percentage of companies that incorporate extra-financial criteria into executive compensation, weighted for the proportion of companies in the scope in question.	82%	47%	1.8x	94%	77%	88%	36%	68%	29%
Signatories to the UN Global Compact	Percentage of companies that sign the UN Global Compact, weighted for the proportion of companies in the scope in question.	88%	27%	3.2x	96%	100%	89%	38%	88%	39%

Sources: Dorval AM, Bloomberg, MSCI, UN - all securities in the universe have the same weighting  
Coverage: Calculated as a percentage of total weighting for companies

**PORTFOLIO'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS**

The Sustainable Development Goals (SDG) offer a blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, prosperity, peace and justice.

The SDGs are interrelated and it is crucial to achieve both all these goals and their targets out to 2030 to ensure that no-one is left behind.

**FIVE MAIN CONTRIBUTIONS TO SDGs (AS % OF FUND)**

5	10	8	10	12
76.3%	47.6%	46.0%	44.0%	43.4%

The total for the SDGs may exceed 100%, as all stocks can contribute to one or several goals. Our calculations draw on MSCI data and are based on companies' alignment with the 17 SDGs, weighted for the proportion each company represents in our fund.

### 3. Documents that inform investors on funds' SRI management

Transparency is vital in our responsible investment strategy here at Dorval Asset Management.

- In accordance with Article 29 of the Energy-Climate Act, Dorval Asset Management makes every effort to communicate on how it incorporates environmental and social aspects into its management process, and provides a range of information for investor clients:
  - Responsible investment policy
  - Exclusion policy
  - Shareholder engagement policy
  - Controversy management policy
  - Compensation policy
  - Policy on processing complaints from clients
  - Policy on managing conflicts of interest
  - Policy on best selection of intermediaries
  - Code of transparency
  - Sustainability risk integration policy
  - Statement on key negative impacts of investment decisions on sustainability factors
  
- Dorval Asset Management also publishes a range of reports:
  - Engagement report and voting
  - Climate impact assessments
  - PRI report
  - ESG performance report
  - Management report and monthly fund reports
  - PRI assessment
  
- Dorval Asset Management also publishes regulatory documents (Prospectus, KIID, NAV), which incorporate the company's SRI philosophy.

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- Lastly Dorval Asset Management seeks to promote responsible investment in its speaking and engagement with its clients, via its client presentations and monthly letter, as well as with the media in its various speaking opportunities (television, press, etc.)

#### 4. Publication of results of our shareholder engagement policy

Dorval Asset Management's [shareholder engagement policy](#) is available on our website, along with the voting report and engagement report:

- Engagement report
- Report on exercise of voting rights