Sustainable investment within the meaning of Article 2(17) of the SFDR

Criteria used and calculation methodology

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I. Introduction

According to the SFDR, a “sustainable investment” is an “investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance”.

Three points should be noted:

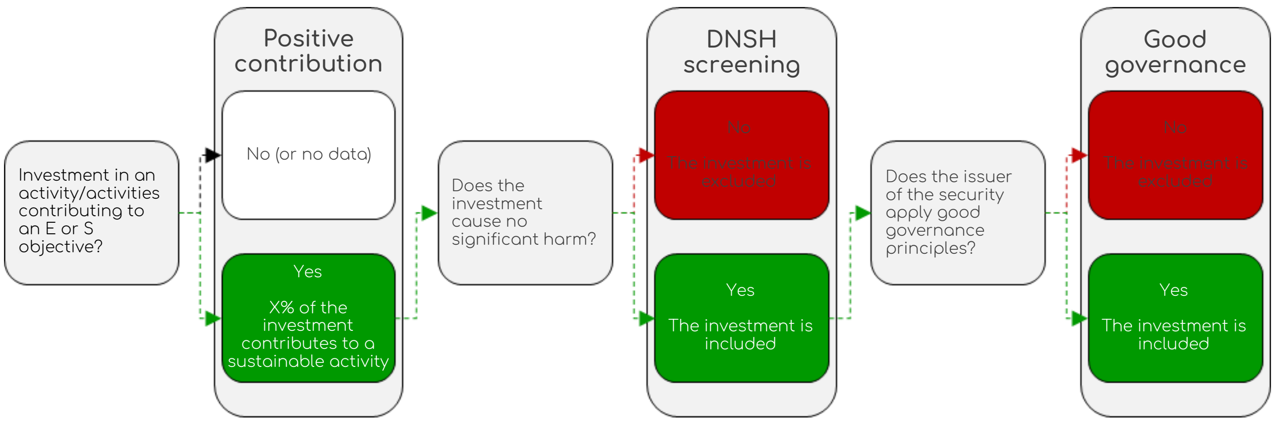
- This definition of sustainable investment differs from that of the Taxonomy. A financial product could, for example, be made up of 100% sustainable investments but make no investment in activities aligned with the criteria of the Taxonomy.
- At present, this definition remains relatively unregulated; consequently, the way in which it is applied differs from one financial market participant to another (choice of approach, indicators, data sources etc.).
- Finally, while a fund may consist of 0% to 100% sustainable investments, an “Article 9” fund will consist solely of sustainable investments, with rare exceptions provided for by the Regulation (derivatives for hedging purposes, liquid assets and money market instruments).

II. Criteria to be met for an investment to be classed as sustainable

An investment is considered to be sustainable if it passes three successive and potentially disqualifying tests, namely:

- Positive contribution to an environmental or social objective
- DNSH (Do No Significant Harm)
- Good governance practices

An investment classed as “sustainable” due to its contribution to an environmental or social objective may be disqualified as “not sustainable” if it does not comply with the DNSH principle and/or good governance practices.



1. Positive contribution to an environmental or social objective

The approach considered to calculate the positive contribution of an investment to an environmental or social objective must use ESG indicators (e.g. contribution to SDGs [Sustainable Development Goals], ESG score, % of turnover relating to an environmental or social objective etc.).

Unlike the calculation of Taxonomy-alignment, in the absence of data, proxies may be used. This approach may be built on the application of one or more ESG filters/criteria. This must necessarily take into account the current contribution of the investment (e.g. percentage of revenues contributing to an SDG). A potential commitment not associated with any contribution to date is not a sufficient criterion.

Dorval Asset Management has chosen to measure the positive contribution of its investments to an environmental or social objective via the indicators of current investment contribution defined below:

- The Green Share: The green intensity of the securities meets a strict specification of the GreenFin label’s reference framework defining the activities that fall within the scope of the energy and ecological transition and the fight against climate change. Indicator: data obtained from Dorval AM based on four sources – corporate communication, rating agency, Bloomberg and sell-side analyst
- Measurement of revenues generated by the issuer around 13 themes with an environmental or social impact, such as nutrition, health, treatment of major diseases, financing of small and medium-sized enterprises, education, property accessibility, renewable energies, energy efficiency, ecological construction, pollution

prevention or water treatment.

Indicator: SI_SUST_IMPACT_MAX_REV (source: MSCI)

- Measurement of alignment with the EU Taxonomy as reported by the companies. Indicator: EU_TAX_ALIGNED_REV_PCT (source: Bloomberg)
- Measurement of eligibility for the EU Taxonomy as reported by companies. Indicator: EU_TAX_ELIGIBLE_REV_PCT (source: Bloomberg)
- Measurement of eligibility for the EU Taxonomy as estimated by Bloomberg on the basis of activities defined as eligible by the European Commission.Indicator: EU_TAX_EST_ELIGIBLE_REV_PCT (source: Bloomberg)
- The proportion of the assets of a credit institution or an investment company acting in its own right that is financed and invested in activities eligible for the Taxonomy relative to the total covered assets as reported by the company. Indicator: EU_TAX_ELIGIBLE_TOT_GAR (source: Bloomberg)
- Measurement of the percentage of capital expenditure (CapEx) made by the company that is eligible according to the EU Taxonomy. This figure is defined by the company.
  Indicator: EU_TAX_ELIGIBLE_CAPEX_PCT (source: Bloomberg)
- Measurement of the percentage of capital expenditure (CapEx) made by the company and aligned according to the EU Taxonomy. This figure is defined by the company.
  Indicator: EU_TAX_ALIGNED_CAPEX_PCT (source: Bloomberg)

Note: Dorval Asset Management wanted to use eligibility and Taxonomy-alignment indicators as a first step until the alignment data is published by the companies and is sufficiently comprehensive to cover the investment universes.

> An issuer will therefore be considered to be making a positive contribution to an environmental or social objective if the issuer draws a contribution percentage greater than 10% of its turnover or capital expenditure (CapEx) on the basis of at least one of the above indicators.

2. Investment that causes no significant harm (DNSH)

The main negative sustainability impacts listed in the RTS of the SFDR must be taken into account. Investments that do not comply with the OECD Guidelines for Multinational Enterprises and/or the UN Guiding Principles on Business and Human Rights must be excluded.

For each indicator, the evaluation methodology and data sources must be documented.

The consideration of PAIs (Principal Adverse Impacts) must be accompanied by the setting of thresholds, which may be absolute or relative and must be justified and documented. However, in the absence of data or when the coverage of the indicator is low, a different analysis (quantitative via scoring, qualitative via a strengthening of controversies etc.) may be used in order to meet the regulatory requirements.

Regardless of the method used, investments that do not meet the criteria set out below, as included in Dorval Asset Management’s exclusion policy, are not considered to be sustainable:

- GreenFin exclusions (% of revenues):

- Fossil fuels (conventional and non-conventional) and nuclear in particular (revenues >5%)
- Exclusions common to all Dorval Asset Management open-ended funds (% of revenues):
  - Controversial/non-conventional weapons (revenues > 0%)
  - Weapons (revenues > 20%)
  - Tobacco (revenues > 10%)
  - Coal (revenues > 20%)

Dorval Asset Management has chosen to act as follows to ensure that these issuers cause no significant harm:

- Exposure to weapons
  - Measurement of exposure to companies that have any link to cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or non-detectable fragments. A company with any exposure to these sectors would not be considered to be sustainable.
    Indicator: CWEAP_TIE (source: MSCI)
  - Measurement of exposure to companies with industrial ties to landmines, cluster munitions, chemical weapons or biological weapons.
    Notes: Industrial ties include ownership, manufacture or investment. Landmines do not include related security products. A company with any exposure to these sectors would not be considered to be sustainable.
    Indicator: CONTRO_WEAP_CBLMBW_ANYTIE (source: MSCI)
  - Measurement of exposure to companies involved in controversial weapons, whether through production (direct involvement) or through direct investment (indirect involvement). Involvement in the production of controversial weapons means involvement in the manufacturing and supply chain through products or services related to one of the following: landmines, cluster bombs, chemical and biological weapons, nuclear weapons. A company with any exposure to these sectors would not be considered to be sustainable.
    Indicator: EBK_CONTRVERSL_WEAPONS_INVOLVMNT (source: Bloomberg)

- Exposure to fossil fuels
  - Measurement of exposure to companies with exposure to fossil fuel-related activities, including the extraction, processing, storage and transport of petroleum, natural gas and thermal and metallurgical coal products. A company with any exposure to these sectors would not be considered to be sustainable.
    Indicator: ACTIVE_FF_SECTOR_EXPOSURE (source: MSCI)
  - Measurement of exposure (as % of turnover) of companies linked to an activity in the fossil fuel sector. The amount is calculated by adding up the total revenue of each security in a BICS (Bloomberg Industry Classification Standard) code for the fossil fuel sector. A company with exposure of more than 10% of its turnover to this sector would not be considered to be sustainable.
    Indicator: FOSSIL_FUEL_OPERATIONS_REV_PCT (source: Bloomberg)

- Exposure to tobacco
  - Measurement of exposure to companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, bidis, kreteks, smokeless tobacco, snuff, snus, dissolvable tobacco and chewing tobacco. This also includes

companies that grow or process raw tobacco leaves. A company with any exposure to these sectors would not be considered to be sustainable.
Indicator: TOB_PRODUCER (source: MSCI)

- Measurement of the percentage of revenues of the recent year, or the estimated maximum percentage, that a company has earned from retail sales of tobacco products. A company with exposure of more than 10% of its turnover to these sectors would not be considered to be sustainable.
Indicator: TOB_RET_MAX_REV_PCT (source: MSCI)
- Measurement of the percentage of revenues of the recent year, or the estimated maximum percentage, that a company has earned from the distribution of tobacco products. A company with exposure of more than 10% of its turnover to these sectors would not be considered to be sustainable.
Indicator: TOB_DIST_MAX_REV_PCT (source: MSCI)
- Measurement of the percentage of revenues of the recent year, or the estimated maximum percentage, that a company has earned from the supply of products essential to the tobacco industry. A company with exposure of more than 10% of its turnover to these sectors would not be considered to be sustainable.
Indicator: TOB_SUPP_MAX_REV_PCT (source: MSCI)

- Exposure to thermal coal
    - Measurement of the maximum percentage of revenues (reported or estimated) above 0% that a company derives from the extraction of thermal coal (including lignite, bitumen, anthracite and steam coal) and from its sale to external parties. A company with exposure of more than 10% of its turnover to these sectors would not be considered to be sustainable.
    Indicator: THERMAL_COAL_MAX_REV_PCT (source: MSCI)

- Exposure to severe controversies as defined by MSCI
    - The overall controversies assessment for the company and the presence of a notable controversy related to the company's operations and/or products, as well as the severity of the social or environmental impact of that controversy. A company with a Red controversy flag as defined by MSCI would not be considered to be sustainable.
    Indicator: OVERALL_FLAG (source: MSCI)
    - Assessment of controversies (if any) related to a company's impact on the environment. The factors that affect this assessment include a company's potential involvement in controversies related to land use and biodiversity, toxic emissions and waste, energy and climate change, water management, non-hazardous operational waste and supply chain management. A company with an Environmental controversy score of 0 as defined by MSCI would not be considered to be sustainable.
    Indicator: ENVIRONMENT_CONTROVERSY_SCORE (source: MSCI)
    - On the Social Pillar, assessment of controversies (if any) related to a company's impact on customers, human rights & community, and labour rights & supply chain. The score is derived from the lowest-scoring sub-pillar (Customers, Human Rights & Community, and Labour Rights & Supply Chain) within the Social Pillar. A company with a Social controversy score of 0 as defined by MSCI would not be considered to be sustainable.
    Indicator: SOCIAL_CONTROVERSY_SCORE (source: MSCI)
    - On the three E, S and G pillars, assessment of controversies (if any) related to a company's governance practices. The factors taken into account include a company's potential involvement in controversies related to corruption, fraud and

governance structures. A company with a Governance controversy score of 0 as defined by MSCI would not be considered to be sustainable.
Indicator: GOVERNANCE_CONTROVERSY_SCORE (source: MSCI)

- Reporting by the company of activities in or near biodiversity-sensitive areas, and its involvement in controversies with a severe or very severe negative impact on the environment. A company that operates near biodiversity-sensitive areas and has been involved in controversies with a negative impact on the environment as defined by MSCI would not be considered to be sustainable.
Indicator: OPS_PROT_BIODIV_CONTROVS (source: MSCI)
- Measurement of the severity of controversies related to a company's use or management of natural resources. The factors that affect this assessment include, but are not limited to, a history of involvement in legal action related to natural resources, involvement in legal action related to environmental impact, widespread or flagrant impacts due to the company's use of natural resources, impacts due to direct or indirect use of the company's products or services, resistance to improvement of practices and criticism from NGOs and/or other third-party observers. A company with a Red or Orange controversy flag as defined by MSCI would not be considered to be sustainable.
Indicator: ENVIRONMENT_LAND_FLAG (source: MSCI)
- The indicator of compliance with all the labour standards of the International Labour Organization. A company not in compliance with these standards would not be considered to be sustainable.
Indicator: LABOR_COMPLIANCE_BROAD (source: MSCI)

- Compliance with the Global Compact and control mechanisms in place
  - Is the company a signatory to the UN Global Compact and is it required to monitor and report on compliance with the principles of the UN Global Compact? A company not in compliance with these standards would not be considered to be sustainable.
  Indicator: MECH_UN_GLOBAL_COMPACT (source: MSCI)
  - Does the company have a due diligence policy on labour issues covered by the ILO (International Labour Organization) core conventions 1 to 8? A company not in compliance with these standards would not be considered to be sustainable.
  Indicator: LABOR_DDIL_POL_ILO (source: MSCI)

> An issuer will thus be considered not to cause significant harm if it does not fail any of the tests described above relating to exposure to tobacco, weapons, fossil fuels, coal, controversy levels, or compliance with the Global Compact and control mechanisms in place.

3. Good governance practices

The methodology should take into account at least the following themes: sound management structures, staff relations, compliance with tax obligations, staff remuneration. Different approaches are possible, but the criteria and data sources used must be clearly described. An absence of social controversies is not a sufficient criterion to prove good governance.

Dorval Asset Management has chosen to measure the governance practices of its investments as follows:

- DRIVERS governance score according to Dorval Asset Management's proprietary scoring methodology: This field capitalises on our scoring methodology and includes compliance with the basic principles of corporate governance (quality of the Board of

Directors in terms of diversity, independence, skills and representativeness; alignment of interests with shareholders; capital structure; respect for minority shareholders; quality of financial reporting and accounting) and anti-corruption measures. It should be noted that the Governance score constitutes at least 50% of our ESG rating.

- MSCI rating higher than BB, notably through assessment of the company's governance and management structure.
  Indicator: EU_SI_GOOD_GOV_TEST (source: MSCI)

> An issuer will thus be considered to have good governance practices when it achieves a Governance score above 40/100 as measured by DRIVERS or passes MSCI's governance test.

III. Calculation methodology and integration into management processes

The percentage of sustainable investments that comprise the product is calculated as follows:

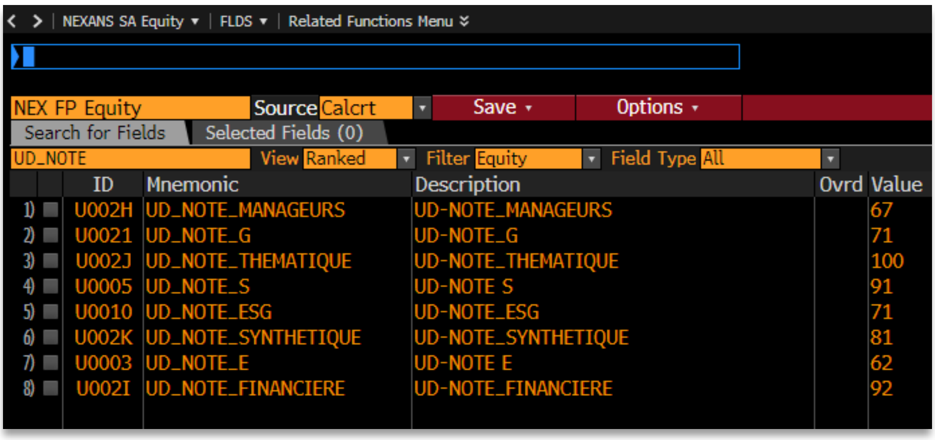
- Based on the weighted average of the sustainability percentage, as determined for each underlying
- The calculation is made on the total net assets of the fund (excluding cash and money market investments)
- Long or short positions in derivatives are not included in the calculation

The methodology may evolve according to future regulatory clarifications or indicators adopted to comply with the defining principles of sustainable investment as described in Article 2(17) of the SFDR.

The updating of this data falls to the Responsible Investment Coordinators and the Senior Management of Dorval Asset Management.

This methodology applies to all of Dorval Asset Management's open-ended funds.

The list of fields used by this methodology is updated at least with each update of our proprietary DRIVERS scoring methodology. The sustainability of an investment is also integrated into our management tools, as is the case with ESG ratings.



	ID	Mnemonic	Description	Ovrd	Value
1)	U002H	UD_NOTE_MANAGEURS	UD-NOTE_MANAGEURS		67
2)	U0021	UD_NOTE_G	UD-NOTE_G		71
3)	U002J	UD_NOTE_THEMATIQUE	UD-NOTE_THEMATIQUE		100
4)	U0005	UD_NOTE_S	UD-NOTE S		91
5)	U0010	UD_NOTE_ESG	UD-NOTE_ESG		71
6)	U002K	UD_NOTE_SYNTHETIQUE	UD-NOTE_SYNTHETIQUE		81
7)	U0003	UD_NOTE_E	UD-NOTE E		62
8)	U002I	UD_NOTE_FINANCIERE	UD-NOTE_FINANCIERE		92

Dorval Asset Management has defined a minimum sustainable investment percentage for each of its funds. These percentages are stated in the legal documentation for each of the funds and are set out as follows:

Portfolio name	SFDR classification	Minimum sustainable investment %
DORVAL EUROPEAN CLIMATE INITIATIVE	Article 9	100%
DORVAL CONVICTIONS	Article 8	20% – flexible fund (*)
DORVAL CONVICTIONS PEA	Article 8	20% – flexible fund (*)
DORVAL GLOBAL CONVICTIONS	Article 8	20% – flexible fund (*)
DORVAL GLOBAL CONVICTIONS PATRIMOINE	Article 8	10% – flexible fund (*)
DORVAL MANAGEURS	Article 8	40%
DORVAL MANAGEURS EUROPE	Article 8	40%
DORVAL MANAGEURS SMALL CAP EURO	Article 8	40%
DORVAL MANAGEURS SMID CAP EURO	Article 8	40%

(*) flexible fund: The minimum sustainable investment percentage of Dorval Asset Management's Article 8 flexible funds is 40% (minimum level for Dorval Asset Management Article 8 funds) applied to the fund's maximum exposure rate divided by 2. Example: DORVAL GLOBAL CONVICTIONS PATRIMOINE is a flexible fund with a maximum equity exposure of 30%; the minimum sustainable investment percentage applied to this fund is 40%*30%/2, or 6% rounded to 10%.

All stakeholders are informed of the calculation methodology via a general information notice published on the Dorval Asset Management website.

IV. Checks

Compliance with this sustainable investment percentage is checked as follows:

- Firstly: pre-trade checks
  Managers verify the sustainable investment character of the securities contained in the portfolios when introducing a new security thanks to the integration of this data into the management tools.

- Secondly: post-trade checks
  Compliance with the minimum sustainable investment thresholds in the portfolios is checked "post-trade" through a daily "DRIVERS check" report analysed by Dorval AM's Middle Office. The Compliance, Internal Control and Risk Department receives a copy of this report and intervenes in the escalation procedure in the event of any non-compliance with the minimum thresholds. These checks are logged daily.

- Thirdly: reporting on the application of the ESG strategy
  Dorval Asset Management periodically reports, in the various regulatory documents, on the sustainable investment percentage of each fund (EET and annual report) in order to keep all our stakeholders informed.

- **Fourthly: ongoing monitoring**
  Compliance with the minimum sustainable investment thresholds defined above is monitored by the Compliance, Internal Control and Risk Department as part of its annual ongoing monitoring plan.

- **Fifthly: quarterly ESG Committee meetings**
  Compliance with sustainable investment constraints is also monitored at the quarterly meetings of the ESG Committee.

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