



TRANSPARENCY CODE BEST BUSINESS MODELS SRI

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EUROPEAN
SRI TRANSPARENCY CODE
APPROVED BY AFG / FIR / EUROSIF *
BEST BUSINESS MODELS SRI
ADHESION

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behavior of Montpensier Finance. We welcome the European SRI Transparency Code. This statement of commitment is an update of the first declaration published by Montpensier Finance in October 2019. It covers the period beginning in September 2024. Our full response to the European SRI Transparency Code can be accessed below and is available on our website.

Compliance with the Transparency Code

Montpensier Finance is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate.

Best Business Models SRI Fund meets the full recommendations of the European SRI Transparency Code.

* AFG, *Association Française de la Gestion*, <https://www.afg.asso.fr/>
FIR, *Forum de l'investissement responsable*, <https://www.frenchsif.org/isr-esg/>
Eurosif, <http://www.eurosif.org/>

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1. List of funds covered by the Code

NAME OF THE FUND: **BEST BUSINESS MODELS SRI**

Dominant / preferred SRI strategy	Asset class	Exclusions standards and norms	Fund capital as at 31/12/23	Labels	Links to relevant documents
<input type="checkbox"/> Best in class investment section <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion <input type="checkbox"/> SRI thematics <input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> French equity <input checked="" type="checkbox"/> Eurozone equity <input type="checkbox"/> European Union equity <input type="checkbox"/> International equity <input type="checkbox"/> Convertible Bonds <input type="checkbox"/> Bonds and other debt securities denominated in euro <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short term monetary asset <input type="checkbox"/> Structured funds	<input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Controversial weapons (antipersonnel mines, blinding lasers), Non-conventional weapons (fragmented weapons, chemical and biological weapons, cluster bombs, and depleted uranium) <input checked="" type="checkbox"/> CO2 intensive (including thermal coal; non-conventional oil and gas extraction; companies involved in hydrocarbon exploration for which the proportion of revenues related to natural gas and renewables is the minority; carbon-intensive electricity producer) <input checked="" type="checkbox"/> Global compact <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Other sectorial policies: conventional weapons; nuclear weapons, Pornography, Gambling GMO, Palm Oil;	876 093 114 €	<input checked="" type="checkbox"/> French SRI label <input type="checkbox"/> French Greenfin label (ex TEEC) <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag lael <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian ecolabel <input checked="" type="checkbox"/> Belgian label Towards Sustainability <input type="checkbox"/> Other (please specify)	https://www.montpensier.com/fr-FR/fonds/best-business-models-sri <ul style="list-style-type: none"> • KIID • Prospectus • Management report • Financial and non-financial report • Other présentations • Others: Transparency Code

2. General information about the fund management company

2.1. Name of the fund management company that manages the applicant fund(s)

This Transparency Code is intended to apply to the Best Business Models SRI Fund managed by Montpensier Finance.

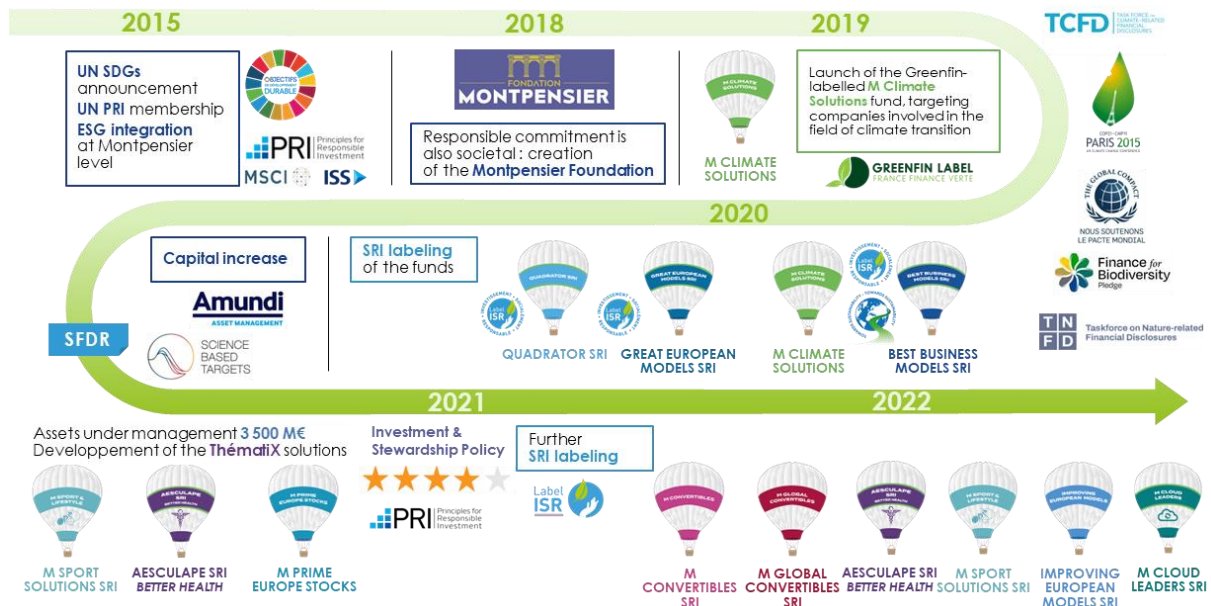
The management company was approved on 19 December 1997 by the French Commission des Opérations de Bourse, under the number GP97125.

MONTPENSIER FINANCE

Société par Actions Simplifiée with a capital of 1 867 840 euros, registered in the Registre du Commerce et des Sociétés de Paris under the number 417 539 681
58, avenue Marceau - 75008 PARIS
www.montpensier.com

2.2. What are the company’s track record and principles when it comes to integrating SRI into its processes?

Since 2015 Montpensier Finance has taken the turn of responsible engagement. As such, we integrate environmental, social and governance criteria in all of our investment processes.



At Montpensier Finance, we believe that the financial and economic performances on the long term are strongly related with Environmental, Social and Governance criteria. ESG criteria will increasingly shape consumer behaviors and companies’ business models in the future, as a result of the greater involvement of civil society and the rise of public opinion.

Environmental, social, and corporate governance issues are factors of sustainable performance:

┆ Environmental

The environment is a major challenge for the 21st century. We attach importance to the environmental impact of companies and to their capacity to propose solutions towards preserving and sustaining their environment and protecting against associated risks. CO2 emissions, pollution, waste and sustainable resource management, etc. are the environmental challenges facing companies today.

┆ Social

We also attach importance to companies' social responsibility, in terms of their internal impact and also with regard to their service providers. We believe that a company's human and social capital is an important factor and that employment, security and healthcare issues are part of its social responsibilities.

┆ Governance

Corporate governance encompasses management issues and the role of deliberating bodies and shareholders, alongside risk management, financial communication and transparency, etc. The fight against all forms of corruption is also a core challenge of good corporate governance.

➤ PRI signatory

Montpensier Finance is a signatory to the United-Nations Principles for Responsible Investment since March 10th, 2015.

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social and corporate governance (ESG) issues can impact the investment portfolios performance (to various degrees across companies, sectors, geographic areas, asset classes and timing). We are also convinced that the implementation of these Principles will bring investors more in line with the Society's broad objectives.

Furthermore, Montpensier Finance also support the TCFD, Task Force on Climate-Related Financial Disclosures.

In order to complement its investment procedure, Montpensier Finance has also adhered to the UN Global Compact and therefore supports the Declaration of Human rights.

2.3. How does the company formalize its sustainable investment process?

Since 2015, Montpensier Finance has increased its responsible commitment. During this formalization process, we defined an ESG policy and an engagement policy. They complemented our voting policy, implemented as early as 2005.

The methods used by Montpensier Finance to take into account criteria relating to environmental, social and governance quality objectives are described on our website:

- ✓ « ESG Policy » section of the website page
<https://www.montpensier.com/en-FR/regulatory-information>
- ✓ « Voting Policy » section of the website page
<https://www.montpensier.com/en-FR/regulatory-information>
- ✓ « Engagement Policy » section of the website page
<https://www.montpensier.com/en-FR/regulatory-information>
- ✓ The inclusion of extra-financial criteria within Montpensier Finance's investment policies is also presented on the website page
<https://www.montpensier.com/en-FR/responsible-commitment>

This information is referred to in fund prospectuses and annual reports.

Montpensier Finance's shareholder engagement policy is broken down into a Voting Policy and a Commitment Policy. These policies are summarized below.

➤ ESG Policy

Information regarding environmental, social and governance (ESG) objectives can be found on the management company's website:

<https://www.montpensier.com/sites/default/files/public/documents/politique-esg.pdf>

As a signatory to the United Nations Principles for Responsible Investment (PRI), several measures have been put in place by Montpensier Finance in order to adapt its management processes and implement procedures, and an organizational structure, aiming to respect the Principles for Responsible Investment, taking into account environmental, social and governance (ESG) factors.

Montpensier Finance's SRI approach is presented on the Responsible Commitment page of Montpensier Finance's website. <https://www.montpensier.com/en-FR/engagement-responsable>

TCFD reports, within the framework of Article 29 of the Energy and Climate Law, which replaces Article 173 of the French energy and ecology transition law, for funds managed by Montpensier Finance, are also available on our website:

- ✓ In the "ESG Policy" section of the <https://www.montpensier.com/en-FR/informations-reglementaires> page of Montpensier Finance's website;
- ✓ On the dedicated page of each of these three funds on Montpensier Finance's website, including
 - <https://www.montpensier.com/fr-FR/fonds/best-business-models-sri>
 - <https://www.montpensier.com/fr-FR/fonds/m-climate-solutions>
 - <https://www.montpensier.com/fr-FR/fonds/great-european-models-sri>
 - <https://www.montpensier.com/fr-FR/fonds/quadrator-sri>
 - <https://www.montpensier.com/fr-FR/fonds/improving-european-models-sri>

➤ Voting Policy

The exercise of voting rights is an important part of the dialogue with issuers.

Montpensier Finance considers that exercise of voting rights is an integral part of the investment management process and should be carried out in the best interest of its clients.

Montpensier Finance voting policy aims to promote the long-term enhancement of its UCITS/AIF investments, by encouraging the best governance practices and promoting professional ethics.

As part of principles for responsible investment implementation, portfolio managers are recommended to vote at as many General Meetings as possible, for which they believe to have the necessary information in order to vote, subject to technical impossibility preventing them from participating in the vote.

In exercising voting rights attached to securities the UCIs hold, portfolio managers may refer to the principles regarding corporate governance recommendations published by ISS Governance in its Sustainability policy.

Montpensier Finance has subscribed to ISS Proxy Research Services, which provides research and voting recommendations, based on independent objective in-depth analysis of unit/shareholder resolutions. ISS Governance publications form part of the prevention of conflict-of-interest risk policy implemented by ISS Governance.

The ISS scope covers all companies held in the portfolios of the funds managed by Montpensier Finance.

Compliance regulations require portfolio managers to carry out their functions independently, particularly with regard to issuers, and in the sole interest of unit/shareholders.

Portfolio Managers are particularly sensitive to resolutions that could harm shareholders' interests.

The full voting policy is available on Montpensier Finance website:

- https://www.montpensier.com/sites/default/files/public/documents/voting_policy.pdf

The latest report regarding the exercise of voting rights is available on our website:

- https://www.montpensier.com/sites/default/files/public/documents/exercice-droits-de-vote_rapport.pdf

The specific reports on the exercise of voting rights for each labelled equity fund are available on the dedicated pages for each of these funds on the Montpensier Finance website.

➤ Engagement Policy

Montpensier Finance completes its voting policy with an Engagement Policy.

The set of companies which the fund managers are meant to focus their engagement on are either poorly ESG-rated, or deemed susceptible of being exposed to ESG-related controversies. The fund managers shall encourage these companies to improve their practices on environmental, social, and corporate governance issues, all of which are factors of sustainable growth.

The approach implemented by Montpensier Finance is in line with the 17 UN Sustainable Development Goals.

✓ Engagement commitment:

Fund managers are encouraged to raise any concern with companies during meetings, especially when the ESG issues seem insufficiently accounted for.

fund managers, assisted by the SRI analysts, will conduct a positive and constructive mid-to-long-term relationship with companies held in the portfolio.

This dialogue is multi-faceted:

- Company contacts;
- Communication of the fund managers' voting intentions to the company prior to the General Meeting.

In addition to direct engagement initiatives, we usually conduct directly with Small and Medium Companies, Montpensier Finance also participate in pooled engagement actions implemented by ISS as part of its ISS ESG program especially for larger companies.

This dialogue is conducted with the aim of:

- Encouraging companies to set up an ESG commitment;
- Encouraging companies to better communicate their ESG practices.

The full engagement policy is available on Montpensier Finance website:

- https://www.montpensier.com/sites/default/files/public/documents/engagement_policy.pdf

The latest engagement report is available on our website:

- https://www.montpensier.com/sites/default/files/public/documents/engagement_rapport.pdf

2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?

Montpensier Finance incorporates environmental, social and governance criteria that are essential for responsible and performing long-term investments.

In this context, Montpensier Finance has defined and calculate several internal ESG KPIs. Montpensier Finance calculates the ratings of its portfolios, on a weekly basis. This score is obtained from the ESG Ratings provided by MSCI, possibly amended by our internal analysis.

In general, ESG ratings and alerts are calculated on the fraction of the portfolio that is rated, weights being rebased to 100.

Portfolios rating are calculated as a whole. Some stocks in portfolio may have a score that do not meet the limits.

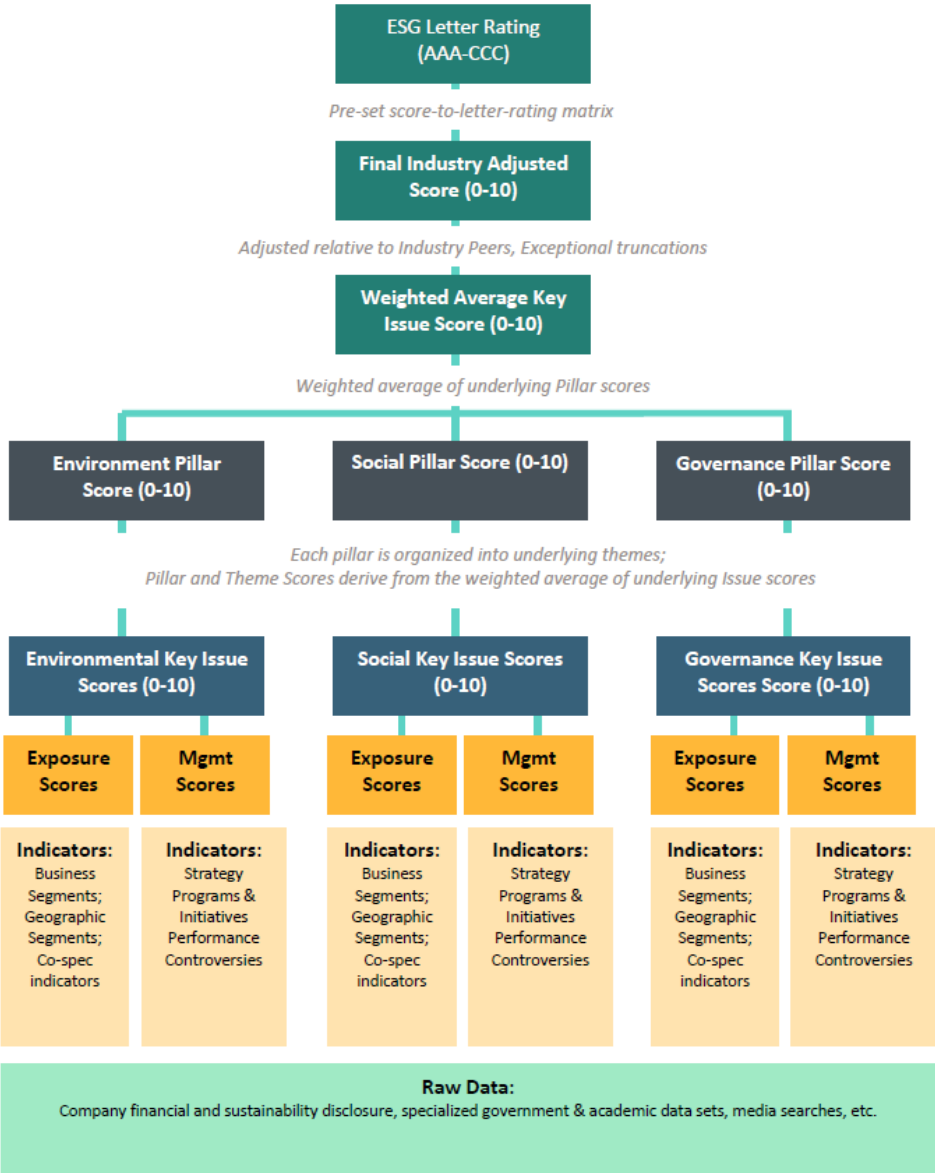
2.4.1 ESG criteria taken into account:

2.4.1.1 MSCI ESG Ratings:

Companies are analysed by MSCI according to three main axes: Environment, Social and Governance, with a best-in-class approach of rating companies from an extra-financial point of view within their sector and their socio-geographic environment.

ESG (IVA) Rating									
Environment Pillar				Social Pillar				Governance Pillar	
Climate Change	Natural Capital	Pollution & Waste	Env. Opportunities	Human Capital	Product Liability	Stakeholder Opposition	Social Opportunities	Corporate Governance	Corporate Behavior
Carbon Emissions ⁴	Water Stress	Toxic Emissions & Waste	Opportunities in Clean Tech	Labor Management	Product Safety & Quality	Controversial Sourcing	Access to Communication	Board	Business Ethics
Product Carbon Footprint	Biodiversity & Land Use	Packaging Material & Waste	Opportunities in Green Building	Health & Safety	Chemical Safety		Access to Finance	Pay	Anti-Competitive Practices
Financing Environmental Impact	Raw Material Sourcing	Electronic Waste	Opportunities in Renewable Energy	Human Capital Development	Financial Product Safety		Access to Health Care	Ownership	Corruption & Instability
Climate Change Vulnerability				Supply Chain Labor Standards	Privacy & Data Security		Opportunities in Nutrition & Health	Accounting	Financial System Instability
					Responsible Investment				Tax Transparency
					Insuring Health & Demographic Risk				

Impacts are analysed in terms of contribution and time horizon.



The resulting rating scale is in a range from CCC to AAA (a high letter rating reflects a higher score):

Letter Rating	Final Industry-Adjusted Company Score
AAA	8.6* - 10.0
AA	7.1 – 8.6
A	5.7 – 7.1
BBB	4.3 – 5.7
BB	2.9 – 4.3
B	1.4 – 2.9
CCC	0.0 – 1.4

*Appearance of overlap in the score ranges is due to rounding error. The 0 to 10 scale is divided into 7 equal parts, each corresponding to a letter rating.

2.4.1.2 ESG ratings alert thresholds

ESG ratings alert thresholds are applied by Montpensier to each portfolio. Three types of alert thresholds are in place:

ESG rating limits	Rating threshold alert
Average rating for each portfolio	≥ 5.7 Corresponding to the limit between MSCI ratings A and BBB
Cumulative percentage of the fund's rated assets with a rating ≤ B	≤ 10 %
Cumulative percentage of the fund's rated assets with a rating ≤ BB, i.e. BB, B and CCC	≤ 20 %

In the event of an alert threshold breach, or in the case of non-rated securities, the following factors are assessed:

- ✓ Components accounting for the low rating;
- ✓ MSCI research published regarding the stock triggering the threshold breach;
- ✓ Sector analysis provided by MSCI;
- ✓ Information published by the company;
- ✓ Other published elements, peer group, etc. that could complete this analysis.

Where appropriate, an ad-hoc analysis may lead to an in-house rating being ascribed to non-rated securities, or a review of securities' ratings, if considered justified.

All old or new securities triggering a threshold breach may be subject to measures up to and including the disposal of all or part of the holding concerned, as a function of market conditions.

2.4.1.3 Particular attention is paid to environmental factors

As an additional measure to ESG rating threshold alerts, particular attention is paid by the portfolio managers to environmental factors, especially in terms of companies' carbon ratings and the overall portfolio footprint.

In application of the French energy and ecology transition law, which forms part of the international global warming limitation goals contributing to the 2°C target, Montpensier Finance has put in place measures to assess the carbon intensity and contribution to the energy and ecological transition of its directly-invested portfolios.

➤ Greenhouse gasses

Carbon intensity is a standardised measurement in equivalent tons of carbon dioxide (tCO_{2e}) used to compare different greenhouse gasses with one CO₂ unit. The tCO_{2e} score is calculated by multiplying emissions of each type of gas by their 100-year global warming potential (GWP). The gasses defined by the Kyoto protocol are assessed:

Désignation	Formule chimique	PRG à 100 ans*
Dioxyde de carbone	CO ₂	1
Méthane	CH ₄	28-30
Protoxyde d'azote	N ₂ O	265
Hexafluorure de soufre	SF ₆	23 500

Source : <https://docs.datagir.ademe.fr/documentation/lexique-environnemental-et-changement-climat>

➤ **Measuring portfolio carbon intensity / footprint**

Several measures can be carried out:

- ✓ Carbon Intensity
 - Carbon Intensity measures the portfolio's exposure to Carbon, in tons of emissions per million of sales.
 - Emission volume is multiplied by the fund's percentage holding in the market cap of companies concerned, compared to the amount invested (in Millions of euros).
 - Intensity: tons * control ratio / \$1M sales, weighted average by weight
- ✓ Weighted Average Carbon Intensity
 - Weighted Average Carbon Intensity measures the portfolio's exposure to Carbon, in tons of emissions per million dollars of sales, weighted average by weight in the Fund's portfolio
 - Intensity: weighted average tons / 1m\$ sales
- ✓ Carbon Footprint
 - Carbon Footprint measures the total of greenhouse gas emissions in metric tons per million invested.
 - Emission volume is multiplied by the fund's percentage holding in the market cap of companies concerned, compared to the invested amount (in € million).
 - Footprint: tons x control ratio / 1 m€ invested



Source: <https://www.ecologique-solidaire.gouv.fr>

Carbon emission measurements draw on data provided in the annual reports published by companies held in the portfolios and/or information provided by MSCI ESG Research.

Montpensier Finance has opted to publish the Weighted Average Carbon Intensity of its portfolios and managed funds, in terms of tCO₂e / million \$ sales

As the carbon intensity measurement of its portfolios is published on an aggregate basis, individual securities held in the portfolios may emit higher levels of greenhouse gasses.

➤ **Scope**

Three greenhouse gas measurement perimeters are defined by the Greenhouse Gas Protocol available on <http://www.ghgprotocol.org/>:

✓ Scope 1:

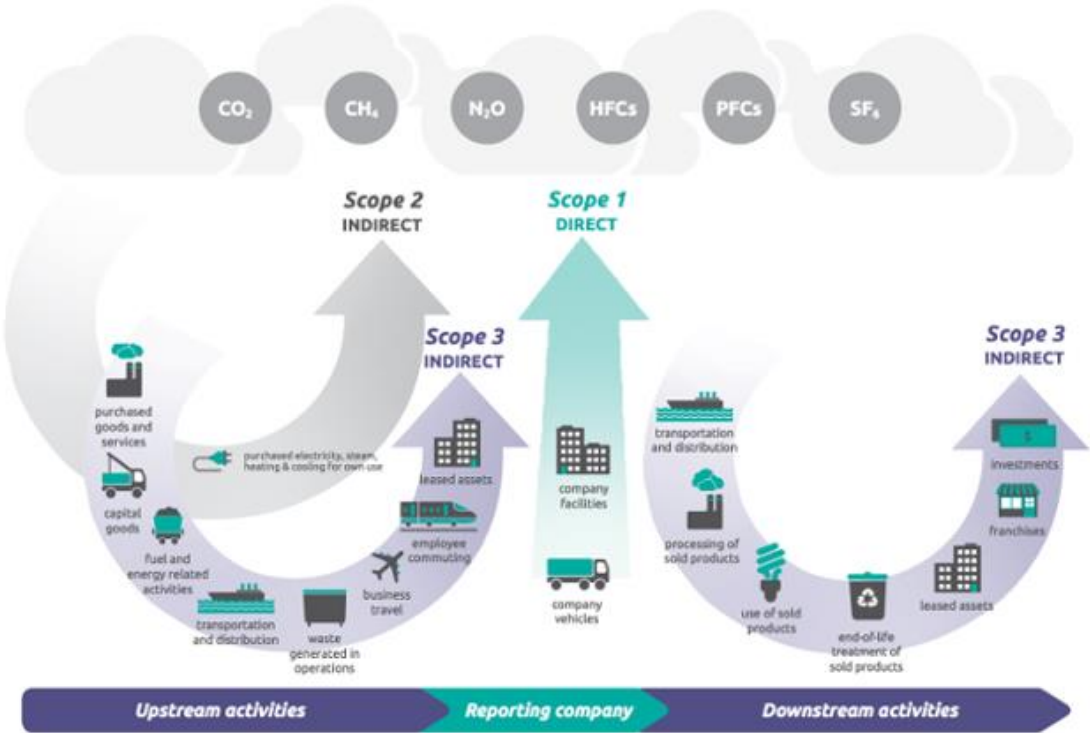
All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks. Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment. Direct CO₂ emissions from the combustion of biomass shall not be included in scope 1. GHG emissions not covered by the Kyoto Protocol, e.g. CFCs, NO_x, etc. shall not be included in scope 1.

✓ Scope 2:

Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation. Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.

✓ Scope 3:

All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water. Scope 3 allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.



Total greenhouse gas emissions measured by Montpensier Finance relating to its managed fund portfolios correspond to the combined total of Scope 1 (direct emissions by companies) and Scope 2 emissions (indirect emissions associated with electricity production, heating or steam imported for companies' business activities).

This measurement is completed by a first approach that takes into account indirect emissions data, for the part of Scope 3 for which we are able to recover data that we consider sufficiently relevant, i.e. the direct carbon emissions of first-tier suppliers, data that are associated with goods and services purchased by companies (excluding purchased electricity). Indeed, at this stage, data on Scope 3 emissions (other indirect emissions related to the company's activity, but originating from other companies) are only partially available. Scope 3 emissions are entirely based on data estimated by MSCI ESG Research.

➤ **Other qualitative factors screened**

Qualitative data published by companies is also measured, with the aim of determining climate risk exposure and environmental opportunities within portfolios.

Factors screened:

- ✓ Energy efficiency policy;
- ✓ Initiatives to reduce emissions;
- ✓ Waste reduction policy;
- ✓ Environmental management policy;
- ✓ Opportunities associated with climate change;
- ✓ Climate change policy;
- ✓ Water: resources rarefaction, pollution, glacial melting, etc.



➤ **Integrating carbon measurements into our investment process**

Carbon measurements are carried out for all of our portfolios with direct securities holdings and additional calculations are included for indices and sectors.

Portfolio carbon measurements are updated weekly and examined at portfolio committee meetings. Measurements are screened in order to identify the main carbon contributors.

2.4.2 Controversies screening:

Montpensier Finance draws on the MSCI ESG Controversies analysis service to monitor controversies, as well as an internal monthly analysis as described in section 2.4.2.3..

2.4.2.1 MSCI ESG Controversies ratings:

MSCI ESG Controversies rating scale is based on controversy flag colours ranging from Red to Green.

Controversies are ranked by severity score:
The Nature of harm is assessed on a scale ranging from “Very Serious” to “Minimal” harm:



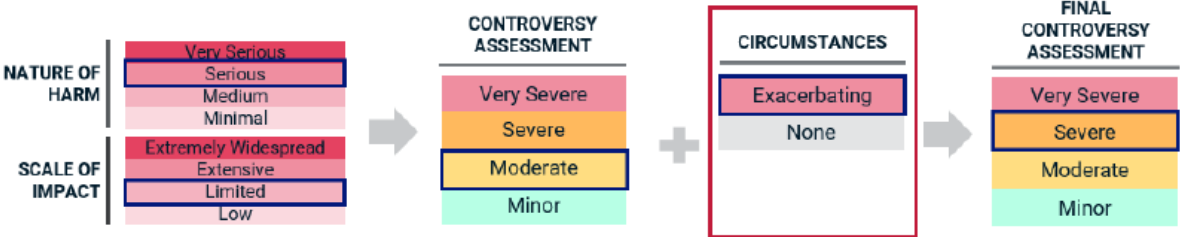
The Scale of impact is assessed on a scale ranging from “Extremely Widespread” to “Low”:



The assessments of nature and scale of impact are then combined to reach an initial determination of severity:

		Nature of Harm			
		Very Serious	Serious	Medium	Minimal
Scale of Impact	Extremely Widespread	Very Severe	Severe	Severe	Moderate
	Extensive	Very Severe	Severe	Moderate	Moderate
	Limited	Severe	Moderate	Minor	Minor
	Low	Moderate	Moderate	Minor	Minor

Certain circumstances may warrant a final controversy case severity assessment to be adjusted to become either more or less severe;

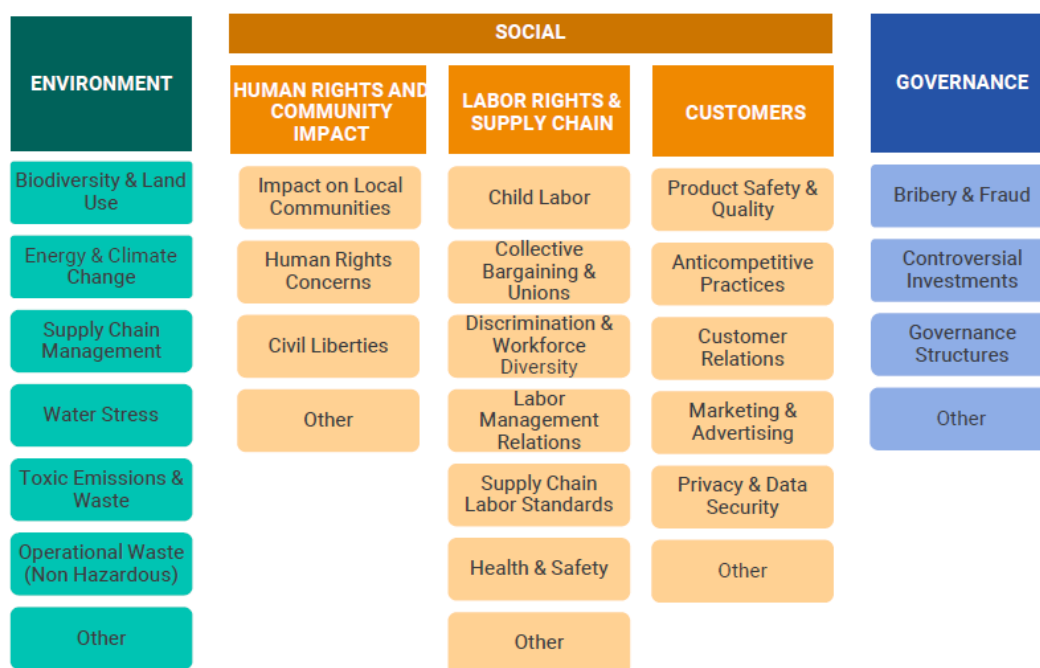


Assessment of the Company Role: Direct vs. Indirect, and status of the remediation activities, are also taken into account.

Companies are ranked according to the severity of controversies incurred, if any.

		Ongoing	Partially Concluded	Concluded
Very Severe	Direct	0	1	2
Very Severe	Indirect	1	2	3
Severe	Direct	1	2	3
Severe	Indirect	2	3	4
Moderate	Direct	4	5	6
Moderate	Indirect	5	6	7
Minor	Direct	6	7	8
Minor	Indirect	7	8	9

The following MSCI criteria are used in this context:



2.4.2.2 ESG controversies threshold alerts applied by Montpensier to all portfolios:

Threshold alerts have been put in place by Montpensier Finance:

ESG controversies limits	Rating threshold alert
Securities which are involved in red-flagged controversies in monitored themes and with an ESG Ratings rating of < BB	Specific qualitative analysis
Securities without an ESG Ratings rating involved in red-flagged controversies in monitored themes	Specific qualitative analysis

In the event of an alert threshold breach, the following factors may be assessed:

- ✓ The structural or non-structural nature of the controversy;
- ✓ Measures put in place by the company to remedy the controversy;
- ✓ MSCI research note published on securities triggering the threshold breach;
- ✓ Other additional publications relevant to the analysis.

Analysis may lead to a controversy severity re-rating, if it is considered justified.

Measures taken may include the disposal of all or part of the holding concerned, as a function of market conditions, or non-investment in the security concerned.

2.4.2.3 Montpensier Finance controversy monitoring

As a complement, Montpensier Finance has established for all its managed funds, an internal monitoring of portfolio companies, and conducts an in-house surveillance of controversies to which these may be exposed.

The **identification** of controversies is implemented through various sources, so as to ensure relevant coverage:

- Weekly monitoring of new controversies with the Bloomberg “News” function ;

- Daily news monitoring (brokers, research etc.) ;
- Following of new controversies through the MSCI ESG Controversies function: identification of topics mainly linked to the funds' ESG objectives.

Montpensier Finance also chose to pay close attention to certain topics of controversy, and as such, has selected them as selectivity criteria for investment universes:

- Companies identified as **participating** in child labour;
- Companies identified as **failing to respect** human rights;
- Companies identified as **being involved in a deteriorating** environmental performance;
- Companies identified as being involved in corruption controversies.

Controversy **monitoring** is conducted internally through elements provided by MSCI ESG Controversies, which may be complemented by in-house research. An analysis of various criteria is achieved:

- ✓ The **structural or non-structural** nature of the controversy (direct or indirect);
- ✓ Measures put in place by the company to **remedy** the controversy;
- ✓ Repeated controversies regarding a similar topic;
- ✓ Status of the controversy (ongoing, currently being resolved, or concluded);
- ✓ MSCI research note and overall ESG profile of the security being assessed;
- ✓ Other **additional** publications relevant to the analysis.

This monitoring allows Montpensier Finance to define categories according to 3 levels, updated at minima monthly and on an ad-hoc basis.

- **Level 1:** Controversies assessed as serious, structural and/or repeated with a direct company involvement and no response or improvement noted.
 - In the event of a degradation of the case (new controversy on a similar topic or deterioration of the overall ESG profile), the analysis conducted by the ESG team can lead to the sale of all or part of the position concerned, depending on market conditions and in the best interest of fund holders.
- **Level 2:** Controversies found to have a direct or significant indirect impact on the company's activities and/or its environment. The company may have responded well and/or implemented remediation measures.
 - Specific case of the accumulation of controversies, which can increase the level of seriousness of the controversy in our internal analysis.
- **Level 3:** Controversies deemed to be one-off and/or isolated, with potentially indirect involvement of the company and with little impact on its activities and environment, having very little influence on the company's ESG profile.

A **monitoring** is implemented by Montpensier Finance when both of the following criteria are identified:

- ✓ Companies subject to one or several Level 1 controversies;
- ✓ Companies with a deteriorating ESG profile.

In the event of a significant deterioration in the ESG profile of these companies or new controversies which are too severe and risky for the company, the ESG analysis team relies on an escalation procedure. The analysis of the overall ESG profile of the stock and the controversy is updated. Fund managers are kept informed of the subject and its progress at portfolio committee meetings. An engagement case may also be initiated to start a dialogue with the company concerned.

This analysis and access to new information may lead to a reassessment of the level of controversy, if this seems justified. In addition, the monitoring of these values can lead to a strengthening of the dialogue and the formalisation of expectations for the coming years, in order to monitor the company's progress in dealing with this controversy.

The case will also be reviewed during the portfolio committee of each of the funds concerned, or by an ad-hoc committee if necessary, and a regular monitoring will be conducted at the quarterly SRI committees. Records of decisions taken are formalised in the ESG Risk Monitoring Excel file.

If the engagement fails, if there is a significant deterioration during the monitoring period or if there are new, serious controversies on the same subject, the ESG analysis of the Company may be reviewed and, in some cases, may lead to changes in portfolio management. Measures taken may include the disposal of all or part of the holding concerned, within a maximum of 6 to 9 months following the decision, depending on nature of controversy and as a function of market conditions.

These measures may be reviewed if positive actions are observed, for example:

- ✓ Positive response from the company with concrete changes implemented to improve its practices;
- ✓ Improvement in the company's practices and overall ESG profile;
 - Compensation and redress for affected individuals or communities;
- ✓ Reduced risks, particularly through the introduction of new certifications or dedicated measures...

2.4.3 Screening certain business activities:

Montpensier Finance relies on MSCI Business Involvement Screening (BIS) to monitor certain business activities.

2.4.3.1 MSCI Business Involvement Screening:

The MSCI BIS filter is binary. Available criteria allow the BIS universe to be scanned to identify securities involved in certain business activities (controversial weapons, etc.).

2.4.3.2 BIS limits applied by Montpensier to all funds:

In addition to the list of prohibited securities for all portfolios:

- The Ottawa Treaty prohibiting anti-personnel mines,
- The Oslo Convention on cluster-munitions,

Montpensier Finance has put specific limits in place for certain funds, notably the Best Business Models SRI fund, as detailed below in a later section of this Transparency code document.

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

The portfolio managers and analysts, including the SRI analysts, are involved in ESG analysis. During their investment analysis, they identify and discuss together the ESG risks and opportunities regarding the companies under review.

SRI analysts conduct ESG analysis independently, following our proprietary SRI analysis methods.

2.6. How many employees are directly involved in the company's sustainable investment activity?





















Montpensier Finance's equity and convertible bond funds integrate ESG criteria into their investment management process. The teams are able to draw on expert advice from two dedicated SRI analysts who are involved throughout the active investment management process.

2.7. Is the company involved in any RI initiatives?

General Initiatives	Environmental / Climate Initiatives	Social Initiatives	Governance Initiatives
<ul style="list-style-type: none"> <input type="checkbox"/> SIFs – Social Investment Forum (plus détails des commissions) <input checked="" type="checkbox"/> PRI – Principles For Responsible Investment <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input checked="" type="checkbox"/> AFG Commissions <input type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance <input type="checkbox"/> Other 	<ul style="list-style-type: none"> <input type="checkbox"/> IIGGC - Institutional Investors Group on Climate Change <input type="checkbox"/> CDP- Carbon Disclosure Project (please specify carbon, forest, water etc.) <input type="checkbox"/> Montreal Carbon pledge <input type="checkbox"/> Portfolio Decarbonization Coalition <input type="checkbox"/> Green Bonds Principles <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Paris Pledge for Action <input checked="" type="checkbox"/> Other: TCFD, Climate Actions 100+, Finance for Biodiversity Pledge, TNFD 	<ul style="list-style-type: none"> <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input type="checkbox"/> Access to Medicine Foundation <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Other 	<ul style="list-style-type: none"> <input type="checkbox"/> ICGN - International Corporate Governance Network <input type="checkbox"/> Other

2.8. What is the total assets under management SRI assets of the management company?

EQUITIES & THEMATICS

EUROPEAN AND THEMATIC EQUITIES	 BEST BUSINESS MODELS SRI	 Eurozone equities Large & midcaps 'Blend'	AuM 31 December 2023 : 876 M€
	 GREAT EUROPEAN MODELS SRI	 European equities Large & midcaps 'Growth'	AuM 31 December 2023 : 63 M€
	 IMPROVING EUROPEAN MODELS SRI	 European equities Large & midcaps 'Value'	AuM 31 December 2023 : 34 K€
	 QUADRATOR SRI	 Eurozone multithematic equities small & midcaps	AuM 31 December 2023 : 188 M€
GLOBAL THEMATICS	 M CLIMATE SOLUTIONS	 Global thematic equities Climate Solutions	AuM 31 December 2023 : 253 M€
	 M SPORT SOLUTIONS SRI	 Global thematic equities Sport solutions	AuM 31 December 2023 : 12 M€
	 AESCULAPE SRI - BETTER HEALTH	 Global thematic equities Healthcare innovations	AuM 31 December 2023 : 120 M€
	 M CLOUD LEADERS SRI	 Global thematic equities Cloud ecosystem	AuM 31 December 2023 : 2 M€
CONVERTIBLE BONDS	 M CONVERTIBLES SRI	 Eurozone Convertibles Convexity and pure CB	AuM 31 December 2023 : 382 M€
	 M GLOBAL CONVERTIBLES SRI	 Global Convertibles Convexity	AuM 31 December 2023 : 117 M€

The assets managed by Montpensier Finance for labelled funds (SRI, Greenfin, and/or Towards Sustainability) represent, as of December 31, 2023, a total over 2 billion Euros of assets under management, given that all of our funds managed directly integrate ESG criteria. Thus, the total of our assets under management integrating ESG criteria represents near 3 billion Euros.

In addition, M Climate Solutions and Best Business Models SRI also obtained the Belgian label Towards Sustainability (developed on the initiative of Febelfin).

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

AUM integrating SRI into the investment management process referred to in the above section represents over 60% of total AUM. More generally, AUM integrating ESG criteria into the investment management processes represents 94% of the total.

2.10. What is the total number of SRI assets under the company's management?

At the time of this Transparency code document update, the M Climate Solutions fund managed by Montpensier Finance had been awarded the Greenfin label and ten funds, Best Business Models SRI, Great European Models SRI, Quadrator SRI, Aesculape SRI, M Sport Solutions SRI, Improving European Models SRI, M Convertibles SRI, M Global Convertibles SRI, M Climate Solutions and M Cloud Leaders SRI had been awarded the SRI label.

In addition, M Climate Solutions and Best Business Models SRI also hold the Towards Sustainability label (developed on the initiative of Febelfin).

3. General information about the SRI fund(s) that come under the scope of the Code

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

The fund's investment objective is to seek medium and long-term performance of assets, by seeking to outperform the EuroStoxx (SXXT) index over the recommended investment timeframe of 5 years, through a portfolio invested at a minimum of 75% to shares eligible to French PEA, in particular of countries in the euro zone with a majority of large and mid companies, integrating ESG criteria into the stock picking and analysis processes.

The fund takes ESG criteria into account in order to deliver financial performance and as part of our aim to positively influence, to the extent possible, issuers in terms of ESG performances, by encouraging companies to further integrate ESG criteria into their business activities and by promoting best practices.

The extra-financial approach implemented is part of an objective to mitigate sustainability risks, although it does not guarantee that sustainability risks are completely neutralized.

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

The fund's investment universe is composed of listed companies selected according to environmental, social & governance (ESG) criteria, with the aim of identifying the compatibility of companies with our socially responsible investment policy.

Based on ESG analysis, a list of excluded securities is established representing 25% of the initial universe:

- ✓ Securities excluded from the universe include those significantly involved (usually¹ 5% or 10% of annual sales) generated by manufacturing weapons, thermal coal, unconventional oil and gas extraction, most polluting fossil fuels extraction, carbon-intensive electricity production, tobacco, adult entertainment, gambling, GMO and palm oil;
- ✓ Companies rated CCC or which have an MSCI ESG Research red-flag controversy rating are also excluded from the investment universe, which in some cases may be overridden by specific analyses undertaken by the SRI analysts;
- ✓ Companies failing to implement best governance practices, as defined by the Montpensier Governance Flag (MGF) proprietary methodology;
- ✓ Companies with a negative social and environmental impact, as defined by the Montpensier Impact Assessment (MIA) proprietary methodology.

Concerning in-house research:

- ✓ For quantitative research, we draw on a variety of in-house systems, notably Bloomberg, Factset and MSCI ESG Research;
- ✓ For qualitative research, the investment team also draws on security, sector and market research and analysts' recommendations (MSCI ESG Research, brokers and research companies) and meetings with companies;
- ✓ Lastly, further analysis is also provided by the portfolio managers and the SRI analysts.

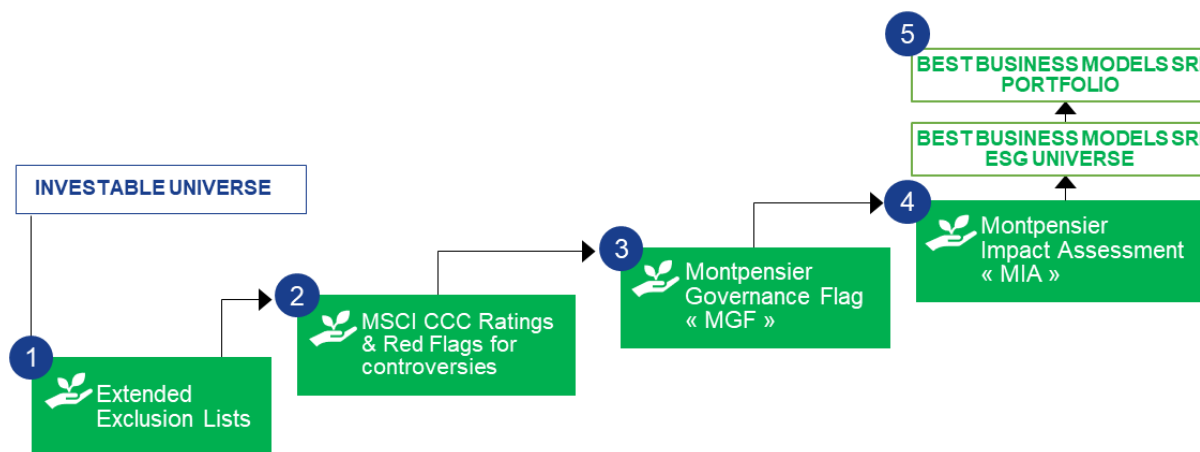
Data used for our ESG analysis is provided chiefly by MSCI ESG Research, which may be completed or amended by the company, based on other sources.

¹ The exact thresholds and general exclusion policy are presented in 3.3.1 section

3.3. What ESG criteria are taken into account by the fund(s) and What principles and criteria linked to climate change are taken into account in the fund(s)?

The fund implements socially responsible investment measures with the aim of excluding securities from the investment universe, based on extra-financial criteria, which are not compatible with the criteria defined by the company.

A four-step exclusion process is applied to the Best Business Models SRI investable securities universe.



The exclusion process involves 4 steps:

1. **Exclusions lists extended** to include certain controversial business lines;
2. Exclusion of companies **scored CCC or** ascribed **a red controversy flag** by MSCI ESG;
3. An analysis of companies' governance through our proprietary methodology **Montpensier Governance Flag (MGF)**, which focuses on good corporate governance practices, through a methodological, relative and evolving reading grid over time;
4. An analysis of the impact of companies on environment and society through the proprietary method **Montpensier Impact Assessment (MIA)**, which is relies on the 17 UN SDGs, grouped according to their membership in ecological transition or solidarity transition. Here again, these exclusions are methodical, relative and evolving over time

3.3.1 Extended exclusions list

- **Controversial and unconventional weapons**

As per the regulation, issuers are excluded which contravene conventions prohibiting the use, storage, production and transfer of:

- ✓ Anti-personnel mines and their destruction (1997 Ottawa convention);
- ✓ Cluster munitions (2008 Oslo convention).

MSCI BIS research, a business involvement screening tool is used to identify securities involved in controversial weapons via the BIS alert filter.

In addition, we also exclude companies directly involved (manufacture of controversial munitions, sale of components, services, ...), or indirectly (via a subsidiary or parent company) in activities related to the following non-conventional weapons: blinding laser weapons, incendiary weapons and non-detectable fragment munitions, biological and chemical weapons and depleted uranium.

Finally, companies involved in the manufacture or sale of nuclear weapons (or its custom-made components) are also excluded.

- **Unconventional hydrocarbons and electricity production**

In the context of the ISR label, we also exclude:

- Companies for which more than 5% of total liquid or gaseous fossil fuel production comes from the exploration, extraction or refining of non-conventional liquid or gaseous fossil fuels are excluded from these investment universes.
- We also exclude all companies which develop new projects linked to this industry, as identified in Urgewald's GOGEL list.
- Companies which generate over 5% of their annual turnover from the thermal coal exploration, extraction, transportation, storage, refining and retail (lignite, bitume, anthracite, ...) are excluded from these investment universes.
- We also exclude all companies which develop new projects linked to coal, as identified in Urgewald's GCEL list.
- Companies whose main activity is the production of electricity and whose carbon intensity is over IAE thresholds (International Energy Agency).

- **Other controversial activities**

We exclude from the fund's investment universe Companies which generate more than 5% of their annual turnover from the tobacco sector as well as conventional weapons, their components or associated systems.

Are also excluded from the fund's investment universe companies with more than 10% of sales related to the activities listed below:

- ✓ Adult entertainment;
- ✓ Gambling;
- ✓ GMO;
- ✓ Palm oil.

In addition, Montpensier Finance carries out an additional analysis prior to entering the final investment universe, using the criteria defined by the Towards Sustainability label, for:

- ✓ Companies producing electricity or heat from non-renewable energy sources ;
- ✓ Companies involved in the exploration or development of new oil and gas projects are identified, in line with the requirements of the Towards Sustainability label. The GCEL (Global Coal Exit List), and the "Upstream" and "Gas-Fired Power Expansion" sections of the GOGEL (Global Oil & Gas Exit List), published by the NGO Urgewald, are integrated into the selectivity system from the very definition of the fund's investable universe. Once these companies have been identified, an additional due diligence is carried out to ensure compliance with the various criteria required by the label.

Finally, the ESG analysis team can also consider the reintegration criteria for arms, conventional oil & gas and power generation sectors, as defined by the Towards Sustainability label. These additional criteria are the result of work carried out twice a year by the ESG analysis team.

Whether strict or partial, these exclusions have been set up in our systems using MSCI ESG Research's BIS tool, supplemented or amended when necessary by Montpensier Finance.

3.3.2 Normative exclusions: CCC ESG rating, ESG "Red Flag" controversy, and the United Nations Global Compact

Further exclusions are applied based on other ratings established by MSCI ESG:

- ✓ Securities rated CCC or lower by ESG MSCI are excluded from our eligible investment scope. CCC or lower ratings are attributed to companies with the worst in class environmental, social or governance scores. We have therefore decided to exclude them.
- ✓ In parallel, securities in companies involved in controversies are also excluded. Controversies are screened weekly using MSCI ESG Controversies research. Securities with a red-flag controversy rating are excluded from the investment universe. Among these “Red” controversies, companies that are not in line with the United Nations Global Compact (Human Rights, Labour Rights, Environment and Corruption) are also listed.

Where appropriate, non-rated securities may be ascribed a rating following specific analysis carried out by the SRI analysts, which may also re-rate securities, if considered justified, or establish a company’s status of compliance with the United Nations Global Compact. Similarly, controversy ratings may also be re-rated after specific analysis by the SRI analysts, if considered justified.

If the ESG rating of a security already held in the portfolio is downgraded, or the company is involved in a controversy excluding it from the investment universe, the SRI analysts carry out a specific analysis. Portfolio managers then base their decision on the analysis on whether to potentially liquidate or reduce the holding concerned, in the interest of fund unit holders and as a function of market conditions.

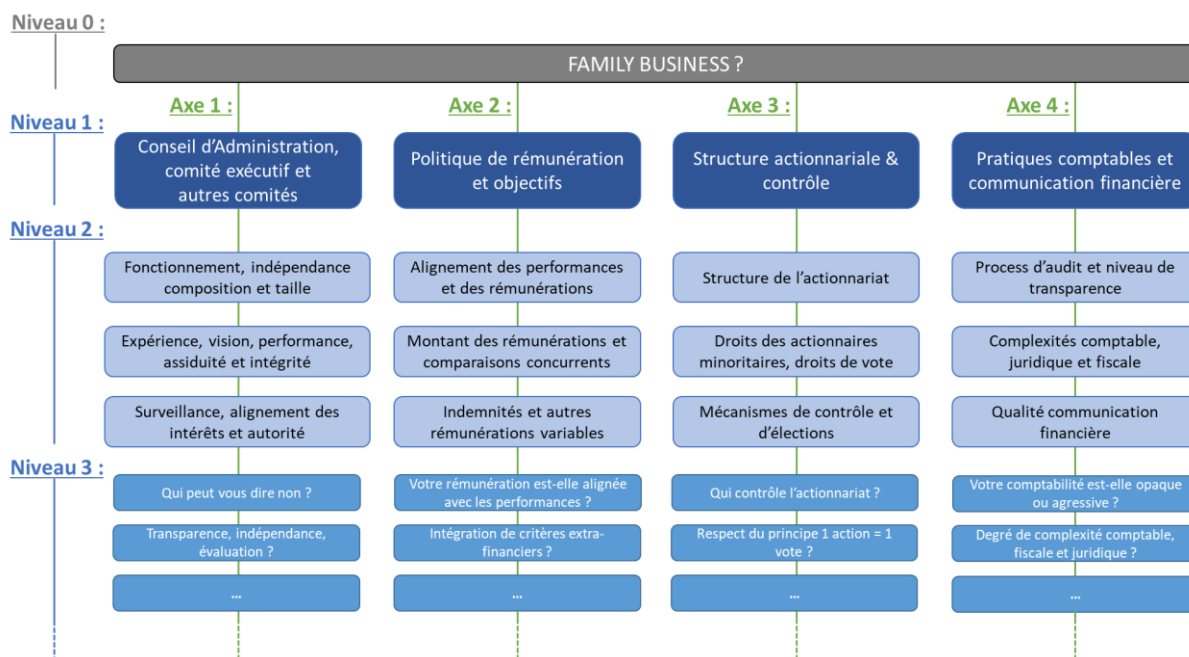
3.3.3 Montpensier Governance Flag method (MGF)

From the 3rd step onwards, we apply our dynamic proprietary SRI analysis methods. The **Montpensier Governance Flag (MGF)** method focuses on best corporate governance practices. The analysis is based on the MGF matrix, defined using 4 analysis criteria:

- ✓ Board members, executive committee and other committees,
- ✓ Remuneration policy and objectives,
- ✓ Shareholding structure & control,
- ✓ Accounting practices and financial reporting,

We apply a quantitative identification filter that allows us to identify the companies that exhibit weaknesses with respect to the four pillars analyzed. This identification of stocks is then subject to an additional qualitative analysis that may lead to their retention in the final universe. Finally, the stocks in the portfolio are subjected to an additional qualitative analysis.

This analysis is carried out at several levels:



Before any other considerations, at **Level 0**, we identify if the company is a family owned business. Indeed, greater tolerance is applied to family companies at the next stages of analysis (levels 1, 2, 3, etc.) as their strategy tend to focus on the longer term and their family interests are frequently aligned with other shareholder interests.

In order to apply a more systematic approach, companies with similar profiles in terms of governance are defined at **level 1, 2 and 3**. An analysis is carried out for companies which may lead to exclusion.

An MGF rating is then determined for the companies analysed:



Companies rated **▶ Fail** are excluded from the investment universe.

3.3.4 Montpensier Impact Assessment method (MIA)

We apply a quantitative identification filter that allows us to identify the companies that exhibit weaknesses with respect to the four pillars analyzed. This identification of stocks is then subject to an additional quantitative analysis that may lead to their retention in the final universe. Finally, the stocks in the portfolio are subjected to an additional qualitative analysis.

The last stage of our SRI analysis measures companies' social and environmental impact. For this analysis, we have created the **Montpensier Impact Assessment (MIA) method**. This methodology draws directly on the 17 United Nations Sustainable Development Goals (SDG):

SUSTAINABLE DEVELOPMENT GOALS



We have grouped the goals under “**Green Transition**” or under “**Solidarity Transition**” and then defined 4 **impact themes**: “**environment**” and “**resources**”, “**inclusion**” and “**basic needs**”.

Transitions	Themes	Sustainable Development Goals
Green transition	Environment 	SDG 13 : Take urgent action to combat climate change and its impacts SDGs 14 & 15 : Conserve and sustainably use the oceans, seas and marine resources for sustainable development. Protect, restore and promote sustainable use of terrestrial ecosystems , sustainably manage forests , combat desertification , and halt and reverse land degradation and halt biodiversity loss
	Resources 	SDG 6 : Ensure availability and sustainable management of water and sanitation for all SDG 7 : Ensure access to affordable, reliable, sustainable and modern energy for all SDG 12 : Ensure sustainable consumption and production patterns
	Inclusion 	SDG 4 : Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all SDG 5 : Achieve gender equality and empower all women and girls SDG 8 : Promote sustained, inclusive and sustainable economic growth , full and productive employment and decent work for all SDG 9 : Build resilient infrastructure , promote inclusive and sustainable industrialization and foster innovation
		SDG 10 : Reduce inequality within and among countries SDG 11 : Make cities and human settlements inclusive, safe, resilient and sustainable
SDG 1 : End poverty in all its forms everywhere SDG 2 : End hunger, achieve food security and improved nutrition and promote sustainable agriculture SDG 3 : Ensure healthy lives and promote well-being for all at all ages SDG 16 : Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		
Solidarity transition	Basic needs 	

For each significant impact theme within companies’ business lines, we attribute a score of -1, 0 or 1 based on our analysis and key performance indicators including greenhouse gas emissions and staff turnover rates. We therefore measure a positive or negative impact for each type of transition and then a total impact score is obtained using aggregate impact per transition type. The overall impact score is the MIA impact.

Once again, in order to apply a more systematic approach, companies with similar are defined. Companies can be excluded based on this analysis.

All companies with a negative MIA impact are excluded from the investment universe.

3.3.5 Process summary

Montpensier Finance has developed two proprietary and dynamic SRI analysis methods.

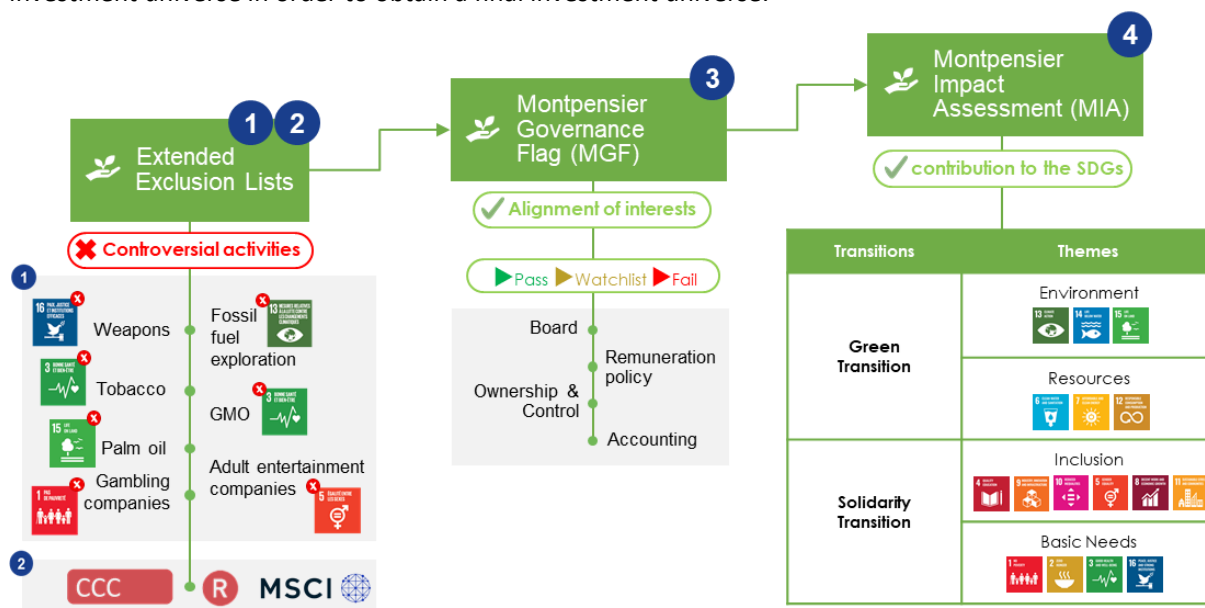
The MGF and MIA analyses implemented are methodical, relative and evolving over time.

More specifically, for the Best Business Models SRI fund, the MGF and MIA exclusions are based on a quantitative screening that includes a selection of MSCI's "ESG Key Issues" sub-scores, a selection of MSCI's "Controversies" sub-scores, and selected impact indicators such as carbon intensity (scope 1+2), involvement (as a % of annual sales) in non-conventional oil and gas extraction, and the share of fossil fuels in electricity generation.

Thresholds are defined and companies that do not pass our filters are excluded, and if necessary overridden, according to the ad hoc analyses of the SRI analysts.

The thresholds for the various sub-scores and their scope may change, depending on the progress made by companies, MSCI coverage, and any new "Key Issues" that MSCI may include.

Such a selection process enables us to continually maintain a reduction of at least 25% of the initial investment universe in order to obtain a final investment universe.



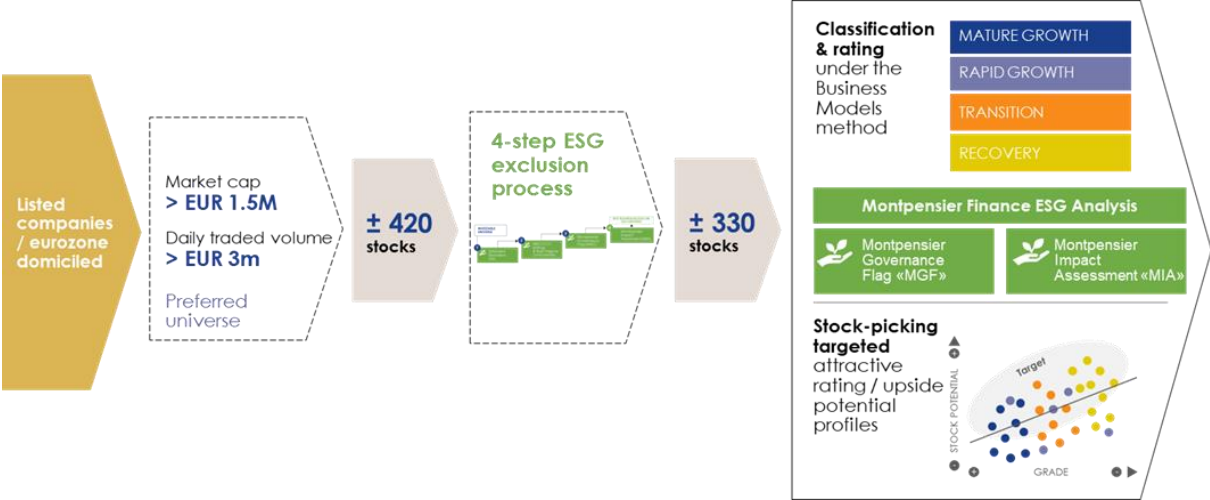
All of the securities held in the Best Business Models SRI fund's portfolio are included in the investable ESG universe determined by the company based on the implementation of its 4 exclusion stages. The fund manager is also authorised to invest up to 10% of the SICAV's net assets in securities that do not form part of the SICAV's investment universe, particularly in terms of geographical regions and/or capitalisation. All securities in the portfolio in this context will also be subjected to an ESG analysis by the Management Company, provided that they meet the same rating requirements as the other securities in the portfolio.

All of the securities held in the portfolio have effectively been analysed under the Montpensier Governance Flag (MGF) and Montpensier Impact Assessment (MIA) methods and therefore qualify for the following ratings:

- ✓ MGF: Watchlist or Pass
- ✓ MIA: Positive or Neutral

The securities held in the portfolio are therefore analysed under a dual approach, i.e. our SRI methodology and also the Business Models method, which involves analysing companies' positioning within their lifecycle.

The stages relating to determining the Best Business Models SRI fund's investment universe can be summarised as follows:



3.4. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

We update our ESG database half yearly, based on data provided by MSCI ESG Research which may be overridden, where appropriate, by specific analyses carried out by the SRI analysts in which case securities in the universe are rerated. We then determine the profiles we consider risky. These profiles are reviewed half yearly and new profiles are identified and a fresh selection is then applied. Furthermore, the investment teams screen issuers and the validity of all investment cases on a real time basis. ESG ratings may therefore be revised at any time, for example if controversies arise.

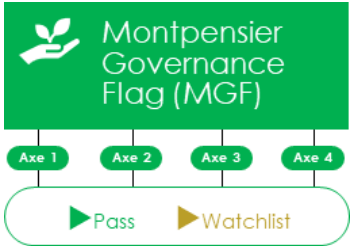
Controversies are screened weekly via MSCI ESG Research. Furthermore, alerts have been put in place to warn the teams on a daily basis of any controversies arising with regard to the securities held in the portfolio.

4. Investment process

4.1. How are the results of the ESG research integrated into portfolio construction?

All securities held in the portfolio are included within the investable ESG universe and have been analysed under the Montpensier Governance Flag (MGF) and Montpensier Impact Assessment (MIA) methodology and therefore qualify for the following ratings:

- ✓ MGF Watchlist or Pass



- ✓ MIA Positive or Neutral



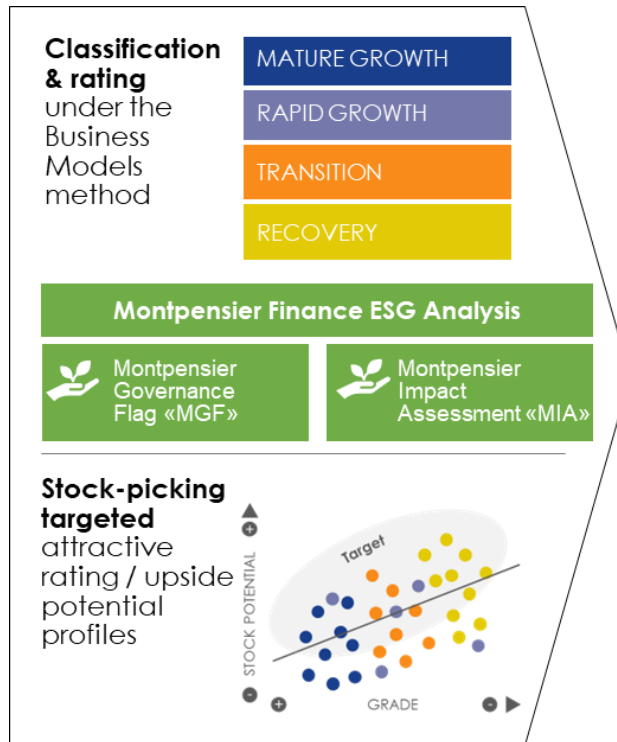
The securities held in the portfolio are therefore analysed under a dual approach:

- ✓ Our SRI methodology, MGF and MIA analyses;
- ✓ And also under the Business Models method, which involves analysing companies’ positioning within their lifecycle. The Business Models method ascribes a rating for companies based on quantitative criteria (growth, financial strength, consensus dispersion, etc.) and qualitative criteria (ESG, sector environment, competitive advantage, management, etc.).

We then estimate the upside potential of shares based on several criteria.

The aim of our investment philosophy is to assess the upside potential of securities based on companies' positioning within their lifecycle and **capitalise on upgrades or downgrades** in performance outlook.

We then focus on securities with attractive profiles in terms of rating / upside potential.



Business Models lifecycle analysis,



seeking companies with attractive upside potential / rating profiles



4.2. How are criteria specific to climate change integrated into portfolio construction?

Criteria relating to climate change are taken into account during each stage of our SRI analysis process:

1. During the 1st stage, we chiefly exclude companies involved in thermal coal exploration, refining and distribution. In summary, coal mining is accused of being a major polluter, as mines generate large quantities of CO₂ and often cause groundwater pollution. Coal usage then generates further pollution. On average, coal emits 3.5 tons of CO₂ per ton of energy consumed, i.e. 1.5 times more than gas and 1.3 times more than oil.
2. During the 2nd stage, the lowest rated companies and those with a red-flag controversy rating are excluded, comprising the worst in class companies in terms of their environmental profile, within the three ESG components.
3. During the 3rd stage, although climate change is not the main focus of governance analysis, it is nonetheless certain that poor management, driven exclusively by short term concerns, exploiting fossil fuels for example, would not meet with our governance requirements due to non-alignment with minority interests.
4. Lastly, during the 4th and final stage, we pay particular attention to the impact of companies on climate change. The first part of our impact analysis focuses exclusively on ecological transition, through environmental and resources themes. The analysis is based on the achievement of the United Nations Sustainable Development Goals. This is an extremely important stage during which we identify a large number of risk profiles.

Lastly, the portfolio's carbon intensity is monitored weekly as an integral part of our impact reporting, which features in our monthly focus and also in the Best Business Models SRI fund Impact report.

4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds) ?

All equity investments are subject to ESG analysis.

Although the fund invests chiefly in equities, it is also authorised to invest up to 10% of net assets in funds, debt securities and money market instruments.

4.4. Has the ESG evaluation or investment process changed in the last twelve months?

As referred to above, an SRI analysis is applied to the Best Business Models SRI fund's eligible investment universe. A four-stage exclusion process is applied to the Best Business Models SRI investable securities universe.

4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

At the date on which this Transparency code document was drafted, none of the fund's assets were invested in socially inclusive organisms.

4.6. Does (do) the fund(s) engage in securities lending activities?

The fund is not involved in stock loan or borrowing.

4.7. Does (do) the fund(s) use derivative instruments?

In practice, the fund does not use derivative instruments.

The fund is authorised to intervene in forward financial instruments traded on regulated markets, in order to hedge the portfolio and/or gain exposure to risks associated with fluctuations in equities, stocks and assimilated transferrable securities, and to risks associated with market fluctuations, and also currency risk, solely for hedging purposes.

In practice, derivative products are used only very rarely to manage exposure and temporary adjustments required to manage the fund's liabilities.

4.8. Does (do) the fund(s) invest in mutual funds?

The Best Business Models SRI fund is authorised to invest in equities or up to 10% of net assets in fund units. The fund is authorised to investment in other funds in the context of cash position management, or in addition to direct equity investments. In practice, the fund does not investment in other funds except under its cash position management policy.

5. ESG controls

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?

Montpensier Finance uses the Alto Investment Compliance constraints motor provided by Amundi to screen its ratios.

The Alto Investment Compliance constraints motor, which is integrated into the portfolio management system (Alto) and the execution management system (Order Booking), blocks orders which would trigger a limit breach in the upstream phase. This notably includes buy orders relating to securities excluded from the investment universe and triggers a procedure requiring a specific validation or rejection, via the Investment Compliance - PreTrade application. Furthermore, the Alto Investment Compliance tool provides operations and internal control teams with access to a recap of breaches, on a pre-trade and post-trade basis.

Control schedules detail:

➤ Daily

- ✓ Pre-trade controls are carried out by portfolio managers and operations department

The portfolio managers, backed by operations department, monitor the ratios of the funds they manage on a real-time basis, using the systems detailed above. All orders placed are automatically processed by the Alto Investment Compliance constraints motor in order to ensure compliance with ratios. Any orders which trigger ratio breaches must be justified in the electronic record log prior to being placed.

The Amundi ratio screening tool is parametered by Amundi, based on instructions provided by the operations department, who are also in charge of constraints testing.

- ✓ Post-trade controls carried out by operations department

Operations and internal control teams have access to the Alto Investment Compliance tool developed by Amundi, which provides a recap of pre-trade and post-trade breaches. Breaches are analysed by the operations department.

- ✓ Controversies alerts

Alerts have been programmed in MSCI in order to receive email notification of red-flagged controversies which arise across all of the directly-invested funds.

Alerts are received by the portfolio managers, the SRI analyst and operations department, the Risk controller and internal control teams.

➤ Weekly

For directly-invested funds, operations department monitor ESG indicators on a weekly basis (portfolios ESG ratings, exclusion of controversial weapons, controversies flags, carbon intensity, etc.). The results are relayed to the portfolio managers, the SRI analysts, the risk controller and the internal control.

➤ Monthly:

- ✓ Controls carried out by the Risk committee

The Risk Committee carries out a monthly review of the ESG ratings screening matrix for directly-invested funds.

➤ **Quarterly:**

- ✓ Controls carried out by internal control teams

As part of the permanent internal control plan, Internal Control team carries out quarterly controls to monitor ESG ratings (weekly reports, monitoring of controversies, etc.) and ratios.

➤ **Half-yearly:**

- ✓ Controls carried out by internal control teams

As part of the permanent internal control plan, Internal Control team carries out half-year controls to monitor the compliance of labelled funds with requirements of the labels.

➤ **Periodic:**

- ✓ Controls carried out by internal control teams

In the context of the periodic controls plan, Internal Control carries out controls on the sustainable finance implementation, and on the compliance of labelled funds with the standards of the label they hold.

6. Impact measures and ESG reporting

6.1. What ESG impact indicators are used to assess the ESG quality of the fund?

6.1.1 Impact Assessments, Highlighting the Fund's ESG Performance

For its managed funds, Montpensier has elected to report the following indicators which cover sufficient data to measure the impact of its ESG selection:

Reporting	Goals	Proposed indicators
Environmental performance	Measuring GHG emissions from investments	Scopes 1 and 2 GHG emissions, direct emissions from sources owned or controlled by the company, and indirect emissions from the consumption of electricity, heat or steam purchased by the company for its activities. - in weighted average intensity, i.e. normalized vs turnover (teq CO2 per 1m\$ sales) - carbon footprint Scope 1 and 2 (metric tons per million invested).
	Measuring GHG emissions from Scope 1 and 2 investments + Scope 3 Upstream	GHG emissions assessment for Scope 1 and 2 + Scope 3 Upstream, which refers to indirect emissions from the upstream supply chain and emissions which are inherent to goods and services purchased by these companies. For this measure, we use MSCI ESG Research data, which provides reported and estimated data. We access data regarding Scope 3 emissions in tonnes of CO2e/year, and Scope 3 emissions normalized by sales in millions of dollars (tCO2e/million USD), which enables us to compare companies of different sizes.
Social performance	Identify companies that have made major job cuts	This data point indicates whether the company has undergone substantial layoffs (>1,000 employees or 10% of the workforce) in the past three years. Such actions can have an impact on morale and productivity of employees remaining at the firm and may also lead to increased attrition.
	Measuring feminization of corporate governance	Identify the percentage of women among the members of the Board of Directors and the Supervisory Board
Governance Performance	Identify companies with a majority of directors who are independent	Do a majority of the directors meet the designated criteria for independence?
	Identify companies that have integrated ESG criteria into executive compensation	This metric is based entirely on the company's own reporting, and is strictly focused on the specific inclusion or not of such metrics in the determination of variable pay components.

Human Rights Performance	Measuring Global Compact compliance	This factor indicates whether the company is in compliance with the United Nations Global Compact principles. A Fail, Watch List or Pass status is set for each company.
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For each of these indicators, the fund details:

- Coverage in terms of number of issuers and AUM;
- Perimeter;
- Calculation methodology (indicating any year-on-year changes in methodology or perimeter);
- Execution difficulties encountered;
- An analysis of changes over the past 3 years (however, it is accepted that for the first 2 years following certification fund indicators refer respectively to the year in question and then the same year & the previous year).

Impact assessment data is drawn from the MSCI ESG database, supplemented, updated and/or amended by the management company as necessary.

6.1.2 Impact Indicators, Monitoring the Fund's ESG Outperformance

In the V2 framework of the SRI label, the portfolio must have obtained a better result on at least two indicators compared to the reference index or compared to the initial universe. A first indicator with a coverage rate of at least 90% and a second with a coverage rate of at least 70%.

Within this framework, Montpensier Finance has set itself the objective of obtaining:

- ✓ a better result on GHG emissions (in the previous table, Environmental Performance, Measuring GHG emissions from Scope 1 and 2 investments, in terms of carbon footprint);
- ✓ and better compliance with the United Nations Global Compact (in the previous table, Human Rights Performance, Measuring compliance with the Global Compact);

for the fund, compared to its benchmark, and with a portfolio coverage rate of over 90% on these indicators.

6.2. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

All information is available on our website: <https://www.montpensier.com>

The monthly reporting, as well as the TCFD report under the framework provided for in Article 29 of the Energy and Climate Law, which replaces Article 173 of the Energy Transition Act for funds publishing this report, are available on the dedicated page of each fund.

6.3. Does the fund management company publish the results of its voting and engagement policies?

Montpensier Finance's Voting Policy is available on the website on the page:

<https://www.montpensier.com/en-FR/regulatory-information>

The latest report on the exercise of voting rights is available on our website:

https://www.montpensier.com/sites/default/files/public/documents/exercice-droits-de-vote_rapport.pdf

The specific reports on the exercise of voting rights for each labelled equity fund are available on the dedicated pages for each of these funds on the Montpensier Finance website.

Montpensier Finance completes its Voting Policy with an Engagement Policy.

Montpensier Finance's Engagement Policy is available on the website on the page:
<https://www.montpensier.com/en-FR/regulatory-information>

The latest engagement report is available on our website
https://www.montpensier.com/sites/default/files/public/documents/engagement_rapport.pdf