



IMPACT REPORT ECHIQUIER POSITIVE IMPACT EUROPE

2020



intentionality

Echiquier Positive Impact Europe is committed to helping generate a measurable social and environmental benefit in response to the UN's Sustainable Development Goals.

Methodology

9 "Solutions" SDGs Targeted

Governance

80% of the members of the Board of Directors of the Echiquier Impact SICAV are independent

Targets

2 ex ante impact targets, used to determine part of the fund managers' variable remuneration

Value sharing

€525,000 donated to the Primonial Group Foundation

Investing to change the world

Echiquier Positive Impact Europe has an impact philosophy based on three pillars that form the core of the fund's strategy

additionality

The added value of our impact fund lies in its active and long-term engagement with companies to help them improve their impacts. We also hope to contribute to the growth of impact investing on listed equity markets.

Patient investor

3 years and 9 months average period for which companies are held in the portfolio

Engagement

70% of the companies in the portfolio were actively engaged in 2020 (100% in 2019 and 2020)

Success

49% of axes of progress issued to companies in 2018 and 2019 have been achieved or partly achieved

Sector contribution

4 working groups on impact investing in listed equity markets in which we participated in 2020 (GIIN and FIR)

measurability

Measuring the positive and negative impact of the fund and the companies in the portfolio allows us to assess the quality of the system as a whole and provide the end investor with transparent information on performance.

Measurability of the companies in the portfolio

The companies in the portfolio contribute in particular to the following 9 SDGs through their activities, products and services

73.7% of the turnover of the companies in the fund portfolio contributes to one or more of the 9 business-oriented SDGs



€5.15 billion invested in health and medical research

ASTRAZENECA, HALMA, NOVO NORDISK, PHILIPS, RENISHAW

VISA

First-time access to digital payment systems for **500 million people**



215 million tonnes of CO₂ prevented by generating renewable energy and improving energy efficiency

AIR LIQUIDE, INFINEON, LEGRAND, NEOEN, SCA, SCHNEIDER ELECTRIC, VOLTALIA

AIR LIQUIDE, ASTRAZENECA, NOVO NORDISK, PHILIPS

medical care for **1.68 billion patients**



Open-access publication of **81,000 academic articles**

RELX

SCA

46 million trees planted to help protect the water ecosystem



€3.4 billion invested in research into the modernisation and sustainability of industrial sectors

ALSTOM, AMADEUS IT, ASML

The aggregate figures presented above are based on information provided by the individual companies, either in their CSR reports or in consultation with the LFDE teams. This data was calculated by the independent auditor Better Way, using the method described in Appendix 4.



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From a methodological point of view, the term “impact” (as used in this report) does not have a scientific definition allowing for a specific change to be attributed to the fund’s financing activities or action taken by the companies in the portfolio.

The purpose of this report is to document the resources used by the fund and to measure the impact of these resources on the investments made. It also aims to report on the contributions of the companies in the portfolio to the UN’s Sustainable Development Goals, based on content and data at 31/12/2020, as publicly disclosed by the companies.

For more information on Better Way’s independent verification of this report, please refer to Appendix 5.

Foreword

“ Strong convictions and an innovative approach to impact

The Echiquier Positive Impact Europe (EPIE) team have shared strong convictions and an innovative approach to impact for a number of years. As one of the first socially responsible investment companies in France, impact has been at the heart of EPIE's investment strategy since 2017. As our experience in this area shows, our approach not only brings more purpose to the business but also strengthens its long-term financial performance. Impact investing on the listed equity markets represents a new frontier for La Financière de l'Echiquier, and we are actively engaged in its development, both as a company and alongside our industry peers.

Fund managers Echiquier Positive Impact Europe and Echiquier Climate Impact Europe



Adrien Bommelaer

With nearly 25 years of experience in listed equities, including 10 years managing responsible investment funds, Adrien, who has been with LFDE since 2017, currently manages a number of funds, including LFDE's first impact fund. Adrien heads up a team of four experts in this area.



Luc Olivier

With his solid financial and non-financial background, Luc has put SRI and especially impact investing at the heart of his professional career. Following on from the experience gained at Ethifinance in Paris and Exane in London, he joined LFDE's SRI team in August 2017. In under three years, Luc has become manager of all LFDE's impact funds, which he played an active role in creating.

How would you sum up 2020?

- ♦ **Adrien:** Over the past year, we have all felt the profound effects of the global COVID-19 pandemic. The fund has proved particularly resilient at a financial level, outperforming its index, the MSCI Europe NR, by around 20% over the period. As long-term investors, market downturns have largely allowed us to strengthen a number of our existing positions and to add companies to our portfolio whose valuations had previously been too high, including CHR HANSEN for example. In terms of impact, the crisis has led us to reaffirm our commitment, while taking a step back to further develop our methods.
- ♦ **Luc:** We have deepened our understanding of impact by introducing a new segmentation system (see page 22), reinforcing our approach to a search for diversified impacts, both direct and indirect, whether or not they are already established in the market. This approach requires a very detailed analysis of impacts, drawing on our in-depth knowledge of companies through our stock-picking track record, both in financial and non-financial terms. We have also increased our engagement with companies on impact before, during and after the investment, as in the case of KINGSPAN (see page 17). This way, LFDE has been able to stand by the companies in its portfolios during this crisis.

What are your targets for 2021?

- ♦ **Adrien:** Working closely with the Board of Directors of the Echiquier Impact SICAV*, we have defined quantified ex ante impact targets, to which part of our variable compensation will be linked. Our aim is to continuously raise our standards so as to keep pace with the latest impact investing standards in the industry and to ensure alignment of interests with our investors, for whom the impact of their investments is paramount.
- ♦ **Luc:** Throughout 2021, we will continue to engage in collaborative initiatives on impact investing. We are also committed to further developing our methods by refining our thinking on topics such as the specific contribution of the companies in our portfolio to the 89 targets of the 9 Sustainable Development Goals (SDGs) represented in the fund.

What are EPIE's performance drivers?

- ♦ **Adrien:** For us, there are three main drivers. The first has to do with the way we design the portfolio around impact. Our intention is to invest in companies that make a significant contribution to the UN SDGs, positioning the fund in promising sectors with strong growth potential that have proven to be very resilient during the crisis: energy transition, health, digital, etc. Some of these sectors also benefited in 2020 from various European recovery plans such as the Green New Deal. Conversely, the fund is not exposed to sectors that have been adversely affected by the crisis, such as banks or oil. The second driver is the fund's commitment to excellence in ESG, which promotes sound management and good corporate governance. The third and final driver is specific to La Financière de l'Echiquier: we are known for our active financial management, highly concentrated conviction-based portfolios and proven track record in portfolio construction.

What role does EPIE play in La Financière de l'Echiquier's strategy?

- ♦ **Coline:** EPIE always contributes to the strategy of La Financière de l'Echiquier by acting as a forerunner and testing ground. Our work on and commitment to impact over the years has enabled us to build up a pool of expertise, leading to the creation of new funds, such as Echiquier Climate Impact Europe, which was launched at the end of 2020. EPIE intends to go even further to go even further, which is why we are publishing La Financière de l'Echiquier's impact doctrine alongside this report, which will provide a framework for our strategy. We should recall that EPIE's history is closely linked to that of the Fondation Financière de l'Echiquier, which shifted up a gear in 2020 by becoming the Fondation Groupe Primonial. The management fees donated by the fund to the Foundation represented 49% of its budget in 2020.

* The Echiquier Impact SICAV is an umbrella fund incorporating Echiquier Positive Impact Europe and Echiquier Climate Impact Europe.



Coline Pavot

Building on an impressive academic and professional track record in sustainable development, Coline embarked on her responsible finance career in 2014 at BNP Paribas Wealth Management. In early 2017, she joined the Responsible Investment Research team at LFDE, which she has managed since 2020. Coline was behind the creation of Echiquier Positive Impact Europe's impact management strategy.

**Head of Responsible
Investment Research**

Impact of the fund

Listed impact investing

Impact investing in listed equity markets represents a new frontier in the world of responsible finance. What sets this new form of investment apart from approaches that involve prioritising companies with the best environmental, social and governance practices is the need to go even further by providing investors with proof of a positive, long-term impact.

To that end, just like impact investing on non-listed markets, listed impact investing is actively structured around the following three concepts: intentionality, additionality and measurability.

The Echiquier Positive Impact Europe approach is based on these concepts. It aligns with the principles set out in LFDE's impact doctrine, which in turn **reflects the stringent definition of impact investing derived from the work of French Social Investment Forum (FIR) and France Invest.**

We are aware of the challenges associated with integrating an impact approach into the management of a portfolio. The outcome is testament to our commitment and part of a continuous improvement process.

These three concepts are closely linked:

measurability

Measuring the positive and negative impact of the fund and the companies in the portfolio allows us to assess the quality of the system as a whole and provide the end investor with transparent information on performance. To ensure reliable, high-quality results, the measurement process must be carried out annually in partnership with independent experts. The findings have an impact on investment decisions.

intentionality

The intention to generate a positive environmental and/or social impact is the starting point for any impact investment approach. Intentionality includes several essential components: setting ex ante impact targets and indicators, strong governance, dedicated internal resources, etc.

additionality

As a responsible investor, the fund must create real, unique and differentiated added value for the companies in which it invests. This is called additionality. Active long-term engagement with companies should enable them to improve or increase their net impact, environmental and social performance, and governance.

» Publishing annual impact data represents an opportunity for an impact fund to refine its impact strategy, the specific targets of the fund and its engagement efforts with companies over time.

This is a continuous improvement process that helps enhance the intentionality and additionality of the fund.

Our understanding of listed impact investing

These three impact investing concepts are present at every stage of Echiquier Positive Impact Europe's investment process.



Contribution to the SDGs: a proprietary methodology



Intentionality, (noun): A desire on the part of the investor to help to generate measurable social and/or environmental impact alongside a financial return. (source GIIN)

In light of this definition, the aim of the Echiquier Positive Impact Europe (EPIE) SICAV is to generate attractive risk-adjusted returns by investing in European companies whose activities have a positive impact in contributing to the fulfilment of the United Nations Sustainable Development Goals.

What does it mean to contribute to the SDGs?

We believe that the UN Sustainable Development Goals (SDGs) provide [an excellent international framework for multi-thematic impact analysis of the listed equity markets](#). The wealth of information on impact and the SDGs may, however, lead to us only measuring the “positive” exposure of the companies in the portfolio to sustainability themes closely or remotely related to the SDGs.

Aware of this fact and determined to set the bar high, EPIE has developed a solid methodology for analysing the net contribution of companies to the specific targets of the SDGs – 169 in total and more specifically 89 for the 9 “solution” SDGs targeted by the fund. This analysis provides an accurate assessment of which activities contribute to each of the SDGs and in what way.

SDG 8
Decent work and economic growth
Because our methodology is so robust, only 6 out of 39 companies are identified as contributing to SDG 8 through their products and services

SDG 8 is a typical example of an SDG that requires careful reading in order for it to be correctly interpreted. Every company could be identified as a contributor insofar as it employs people and thereby contributes to economic growth. But by looking at the targets of this SDG, we can see that the criteria are more specific, for example:

- ◆ **8.2 ECONOMIC PRODUCTIVITY** – through diversification, technological upgrading and innovation: in EPIE, Dassault Systèmes and SAP contribute to this SDG by offering software that significantly improves the efficiency of their customers' production processes and thereby their productivity.
- ◆ **8.8 PROTECTING WORKERS**: In the portfolio, DSM contributes to this SDG with its Dyneema® fibre, which has applications including the manufacture of technical clothing to protect employees working in hazardous environments.

Can the private sector really contribute to the SDGs?

With its ability to create jobs, invest in research and development, and improve access to essential goods and services, the private sector has an important role to play in achieving the SDGs.

Our methodology enables companies to contribute to the SDGs in two ways:

- 1 WHY?**

In the solutions score, based on analysis of their products and services

To this end, LFDE has identified 9 of the 17 SDGs as business-oriented. Contribution is measured on a net basis so as to reflect any products and services that have a negative impact on one or more of these 9 SDGs.

SDG 3 SDG 4 SDG 6 SDG 7 SDG 8 SDG 9 SDG 11 SDG 12 SDG 16
- 2 HOW?**

In the initiatives score, based on analysis of their social and environmental practices

The purpose of this second level of assessment is to reward the cutting-edge social and environmental practices of companies contributing to the SDGs or to penalise practices that contribute negatively to one or more of the SDGs. LFDE has defined what it considers to be cutting-edge practices for each of the 17 SDGs. For example, a company will make a positive contribution to SDG 13 on combating climate change if it has introduced an internal carbon price and/or an ambitious policy aimed at carbon neutrality.

2 Examining our investment approach

Echiquier Positive Impact Europe's formal investment process is broken down into five complementary stages. Impact research is key: ex ante, proactive and systematic.

1 IDENTIFYING COMPANIES ACCORDING TO THEIR IMPACT THESIS

Impact is the starting point for Echiquier Positive Impact Europe in generating investment ideas. The fund proactively seeks to identify companies whose impact is consistent with its impact thesis: in other words, those that make a significant contribution to the UN's Sustainable Development Goals (SDGs).

2 EXCLUSION FILTER

EPIE excludes companies that make a negative contribution to the SDGs, i.e. companies with activities in a number of controversial sectors (min. 5% of turnover).

Nine sectors are excluded as well as the most controversial companies, including those in violation of the United Nations Global Compact.

3 ESG CONVICTION FILTER

EPIE assesses companies' ESG quality, focusing on the materiality of each company's specific indicators. Particular importance is given to the analysis of corporate governance, which represents approximately 60% of the ESG score. A penalty of up to 2 points is incurred in the event of a controversy.

Each company in the portfolio must have an ESG score $\geq 6.5/10$.

4 IMPACT FILTER

EPIE uses the solutions score and the initiatives score to calculate an average out of 100, which is called the SDG score.

This score is used to measure a company's net contribution to the SDGs.

Each company in the portfolio must have a net SDG score $\geq 25/100$.

- **Net solutions score**
 - Share of turnover (in percentage terms) that contributes positively to one of the 9 business-oriented SDGs
 - Net score = percentage of positive contribution – percentage of negative contribution
 - **Each portfolio company must have a net solutions score $> 20/100$.**
- **Net initiatives score**
 - EPIE has identified the cutting-edge initiatives that contribute to each of the 17 SDGs, and for which the companies undergoing analysis can earn points.
 - There are some practices that contribute negatively to the SDGs and so give rise to a penalty.

5 FUNDAMENTAL FINANCIAL ANALYSIS FILTER

- Meetings with management teams
- Investment case: valuation, strategic analysis, and purchase and sales targets

WE START BY CONSIDERING ESG RISKS – THEN MOVE ONTO ESG OPPORTUNITIES – AND FINALLY WORK OUT THE CONTRIBUTION TO THE SDGS!

The fund's investment process is detailed in Appendix 1 using COVESTRO as an example.

RESPONSIBLE INVESTOR OR IMPACT INVESTOR?

The EPIE fund's system brings the various aspects of an impact investment approach into perfect harmony, based on a comprehensive overview of the company:

- **Impact assessment**, i.e. analysis of significant positive contributions to society and the planet, stemming mainly from the company's core business (the company's answers to the questions of "what" and "why").
- **Rigorous evaluation of ESG practices**, both in terms of risk management and strategic value creation through committed and differentiating practices (the "how" of the company). This assessment provides assurance that the company's governance is of good quality and, above all, that it serves its positive impact.

These two complementary assessment stages are essential in ensuring that any impact approach is both credible and sustainable, and that it is anchored in the company's DNA and strategy.

Definition of ex ante impact indicators

In 2021, we launched a new approach aimed at strengthening the **intentionality** of the EPIE fund. In an effort to align with industry best practices, we have decided to **define ex ante impact indicators**.

These indicators are currently being worked out by the Board of Directors of the Echiquier Impact SICAV, which has organised working groups on the issue. They will be formalised in 2021.

Ex ante consideration of negative impacts

The management team is aware that the companies in which it invests can also have a negative environmental and social impact, and so has always endeavoured to reflect this aspect at various levels of the management process. Its aim is to minimise negative externalities where possible and to achieve a net positive impact for each of its investments. This exercise is subject to continuous improvement as companies' communication of their negative externalities continues to improve.

There are currently three main mechanisms that contribute to this within the company analysis and selection process:

EXCLUSION FILTER

Protecting against contributors with the most negative externalities



ESG CONVICTION FILTER

A hefty controversy penalty is applied to the ESG score

The minimum ESG score threshold (6.5/10) allows us to exclude companies with poor governance and inadequate management of non-financial risks. Selling products and services with a large positive impact is not enough if the company does not act responsibly in the day-to-day running of its business and in its relationships with its stakeholders.

IMPACT FILTER

Particular attention is paid to companies' negative contribution to the SDGs

Originally, a penalty was applied to each company's SDG score to reflect any negative externalities. In 2019, after extensive discussions with our stakeholders, we raised the bar by incorporating companies' negative contributions into our analysis and score in a more granular way, both in our calculation of the share of their turnover and in the assessment of their initiatives contributing to the SDGs.

Our SDG score is therefore a net contribution score. It ensures that no portfolio company contributes more negatively than positively to the SDGs, both through its products and services, and through the conduct of its business activities.

Regulatory exclusions



Impact of controversies

PROCESS

Analysis of controversies on a case-by-case basis (with the help of MSCI ESG Research) with a focus on whether or not it is material for the company in question

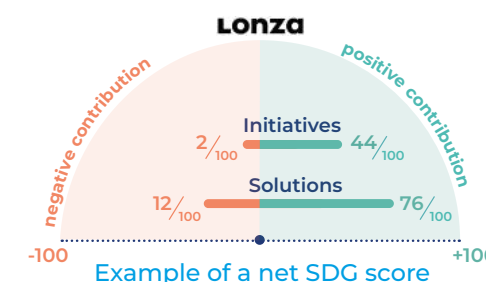
CONTROVERSY PENALTY

Reducing the ESG score (out of 10) by up to 2 points

5 companies in the portfolio have received a controversy penalty:

Air Liquide, AstraZeneca, Alstom, Experian and Legrand

Companies that derive over 5% of their turnover from activities that make a negative contribution to the SDGs are excluded.



5 companies in the portfolio have had a penalty applied to their solutions score:

Air Liquide, Lonza, NIBE Industrier, Schneider Electric and SPIE

4 Value sharing with the Group Primonial Foundation



Since its inception, EPIE has had a dual purpose: to generate positive impact through its investments and to share the value created for the benefit of the Group Primonial Foundation, to which the fund is currently the main contributor. It does this by redistributing a share of its management fees.

In addition to the initial donation of €500,000, EPIE made a further exceptional contribution of €25,000 to the Foundation in 2020. This money will be allocated to a social project selected by retail investors in the fund from three proposals put forward by the Foundation. The beneficiary will be announced at the end of this process, scheduled for the second quarter of 2021.

In 2021, 49% of the Foundation's total budget will come from the donation of a share of EPIE's 2020 management fees.

In 2020, for example, EPIE's contribution for 2019 was used to fund:

 La Salle à Manger – a socially responsible, anti-waste restaurant in the heart of the Parisian La Défense district, which will open its doors in 2021. As well as reducing waste, this restaurant has a strong social aspect, as it aims to get La Défense employees, students, residents and homeless people to all sit down at the same table, to encourage conversation between groups of people who would otherwise rarely meet.	€20,000 to renovate the socially responsible restaurant
 Le Cabinet Associatif offers free counselling to people living below the poverty line in Ile-de-France. The current health crisis has increased social isolation, deepened financial hardship and made it more difficult to return to or access employment. In order to deal with the exacerbated mental health issues, the organisation has set up a system offering immediate psychological care to anyone in need.	€34,000 for 20 to 40 vulnerable people to receive support for six months in Seine-Saint-Denis
 Fondation Espérance Ruralités is helping to revitalise provincial France by developing a new schooling model tailored to the needs of rural communities.	€30,000 to support for five primary school pupils for one year
 Les Maisons des Jeunes Talents programme was set up by the Group Primonial Foundation to break down the barriers facing young people from disadvantaged backgrounds who have earned a place on preparatory courses to attend the "Grandes Ecoles" in Paris. Its role can be broken down into three types of action: raising awareness, helping young people prepare for student life, and providing accommodation and support. 49 pupils received support in 2019/2020.	€384,000 for 27 students to be housed and supported in 2020/2021.
 Café Joyeux is a network of community cafés that provides training and employment to people with cognitive difficulties and mental health disabilities. Located in Paris, Rennes and Bordeaux, the cafés aim to enhance the status of people with disabilities by employing them in mainstream settings.	€20,000 for a Café Joyeux to be opened in Lyon
 Sport dans la Ville From sport to employment: this is the challenge that Philippe Oddou and Nicolas Eschermann set themselves when they created Sport dans la Ville in 1998. The organisation works through 46 sports centres, located right at the heart of cities, welcoming 6,500 young people between the ages of 6 and 22. Through programmes that complement sport, the aim is to help young people from disadvantaged neighbourhoods into the world of work.	€30,000 for 500 young people to benefit from an academic support programme.



Redistribution of management fees from the EPIE SICAV

The share of the management fee destined for the Foundation is paid into an account every month to ensure that it is available at any time to finance charity projects.

= €518,000

Source: LFDE – Data at 31/12/2020.

1 A patient investor

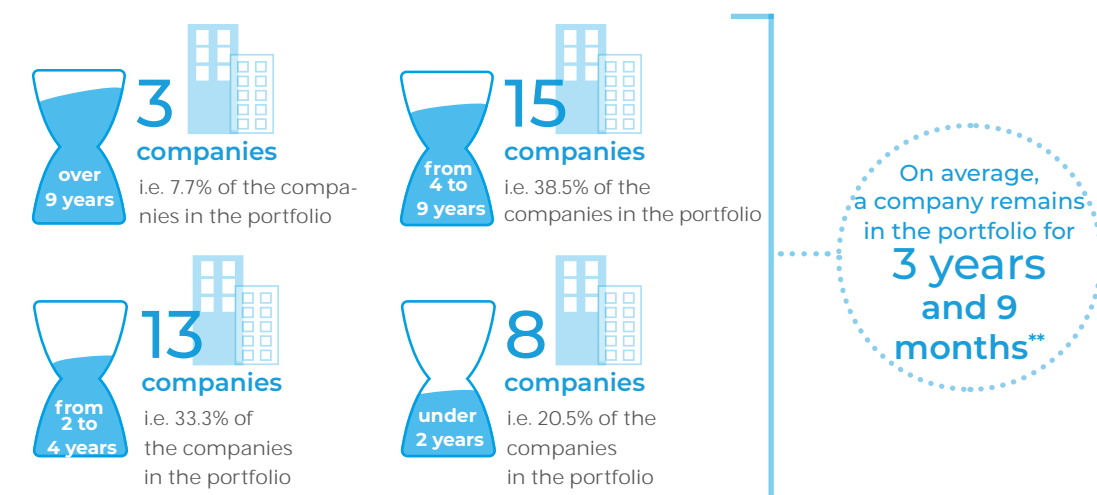


Additionality, (noun): Additionality is best understood as the specific and direct action or contribution of the investor that enables the investee company or the project financed to increase the net positive impact generated by its activities. It is the answer to the question: what difference would it have made if the asset had not been financed by this specific investor?*

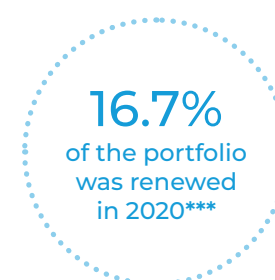
Additionality is one of the key elements of impact investing, which Echiquier Positive Impact Europe views as having four main aspects.

As an impact investor, EPIE is a patient shareholder working through long-term equity investments in companies. Despite the COVID-19 crisis, 2020 was no exception to the rule. We have not wavered from our approach, remaining invested in our portfolio companies even when some of them experienced short-term difficulties. We even took the opportunity to strengthen several of our existing positions.

The breakdown of the portfolio companies by holding period at 31/12/2020 is as follows:



However, impact investors are not the same as passive investors. For example, the management team may decide to dispose of a company for financial reasons, because of a controversy or for insufficient impact. This was the case in 2020 for:



We sold our stake in this Irish company owing to the controversy surrounding one of its products being involved in the Grenfell Tower fire in London. Following the disposal, a dialogue process was initiated.



We sold our stake in this French floor and wall covering company due to its lack of positive impact, despite the fact that a significant proportion of its products are made using recycled materials.

* Source: A demanding definition for listed and non-listed products – FIR & France-Invest – 2021

** Unweighted average holding period of companies in the portfolio

*** Calculation formula = (number of positions opened in 2020 + number of positions sold in 2020)/(2*average number of positions in portfolio in 2020)

Source: LFDE – Data at 31/12/2020

2 An engaged investor in companies

Shareholder engagement is at the heart of the relationships we have forged with companies over many years, particularly in the context of our impact funds. This engagement in its various forms is what drives our dialogue with companies throughout the year. We are well aware that we are not solely responsible for the progress made by the companies in which we invest. However, we do everything in our power to provide them with the support they need to implement their plans. As such, we hope that our high-quality engagement will play as decisive a role as possible in the positive changes we are pleased to be witnessing.

We have chosen to illustrate our multi-faceted engagement approach using our interactions with SPIE in 2020.

SPIE, in which EPIE has held shares since 2015, is a French service company specialising in electrical, mechanical and climatic engineering. Part of its business revolves around energy efficiency in buildings, developing infrastructure for “clean” vehicles and services for the renewable energy industry.



The various stages of engagement at LFDE

Pre-GM engagement

(General Meeting)

General meetings provide an ideal opportunity for discussion with companies. It is not unusual for us to contact them in advance to clarify some of their resolutions and to make sure we cast as informed a vote as possible.

Voting at GMs

We are committed to voting at all GMs. In so doing, we pay particular attention to environmental and social resolutions.



Post-GM engagement

In cases where we object to the management team's recommendations, we provide them with as much feedback as possible on the reasons for our opposition in order for them to move forward.

Rating

During the analysis process, we engage in dialogue with the companies in which we invest by sharing several specific areas for improvement with them. These form the non-financial targets to be attained, which we follow up on and monitor over time.



Illustration using SPIE as a case study

In the run-up to SPIE's 2020 GM, we entered into dialogue regarding the company's resolutions, including one about dividend distribution to shareholders. We paid close attention to this type of resolution during the 2020 GM season, which coincided with the health crisis, particularly where businesses were in debt and/or had received government aid.

At SPIE's 2020 GM, we voted against a resolution to increase the company's capital without preferential subscription rights and against the appointment of a new board member whose profile did not fit the group's needs.

We informed SPIE of our reasons for opposing two of their resolutions. For example, we explained our negative stance on capital increases without shareholders' preferential subscription rights.

We met with SPIE's management team in 2020 to discuss progress on the recommendations shared in 2018 as part of our ESG assessment:



As a result of this latest conversation, we identified three areas for improvement:



* CDP is an international NGO that holds the world's largest database about the environmental performance of cities and companies. It encourages investors, companies and cities to take action to build a sustainable economy by measuring and understanding their individual environmental impacts.



Echiquier Positive Impact Europe in 2020...

3 pre-GM engagements



100% voting at GMs

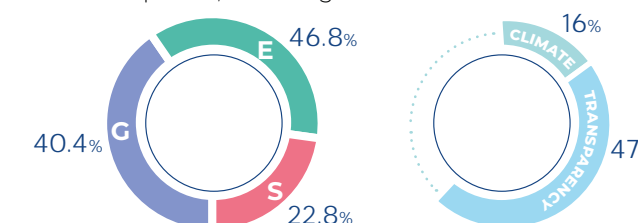
18.7% of votes were against the motion (or abstentions)

2 environmental and social resolutions voted on and supported: Chr. Hansen

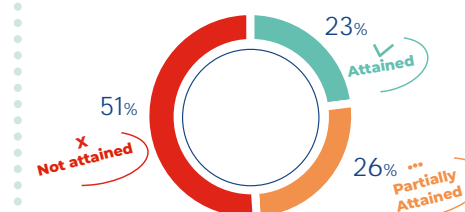
5 post-GM engagements:



57 areas for improvement communicated to 20 companies, including:



Out of the 107 areas for improvement communicated in 2018 and 2019 to companies in the portfolio during 2020:



2 An engaged investor in companies



The various stages of engagement at LFDE

Collaborative engagement

We supplement our individual engagement by partnering with other investors on specific themes; this allows us to send an even stronger signal to directors at investee companies.

Impact engagement

Impact is an important engagement theme at EPIE. We are working to raise awareness at our investee companies of the importance of transparency in this area and share best practice to inspire them.

Other

We attach particular importance to being available to companies in order to support them on a daily basis in their efforts to achieve greater responsibility and impact. This includes responding to their questions about subjects such as drawing up a materiality matrix or in the event of engagement following a controversy.



Illustration using SPIE as a case study

CDP's non-disclosure campaign: We acted as lead investor in SPIE in 2020, representing the interests of more than 30 investors looking to encourage the group to respond to the annual CDP climate change survey. This transparency exercise is of paramount importance in relation to measuring the carbon footprint of our funds.

One of the areas for improvement shared with SPIE in 2018 concerned quantifying prevented emissions, i.e. how much energy its customers saved thanks to its services. We feel that transparency on this point is very important as a means of highlighting the Group's role as an energy transition "facilitator".

We also encouraged SPIE to quantify how much of its turnover is aligned with the European taxonomy, given that the group succeeded in publishing data more than a year early!

Having identified the construction of a materiality matrix as an area for improvement, we responded to the company's consultation on the subject, in our capacity as a responsible shareholder.

GOING FURTHER...

In the event that our engagement with a company fails, we have an **escalation procedure** in place. This can lead to us withdrawing investment if we fail to reach an agreement with the company on issues that we consider to be material. We initiated this procedure in 2020 with Renishaw in response to its lack of dialogue with investors. We initially reduced our holding and then disposed of it completely at the beginning of 2021.



Echiquier Positive Impact Europe in 2020...

◆ **3** collaborative engagement campaigns targeting **8** portfolio companies:

- Climate Action 100+, with active involvement in the Philips working group.
- CDP Science-Based Targets Campaign
- CDP Non-Disclosure Campaign where we engaged **7** companies, acting as lead investor for **3** of them: Michelin, SPIE and Svenska Cellulosa.

◆ Engagement with **10** companies on impact, including extensive work with Experian.

◆ Sharing our 2019 impact report with investee companies to raise awareness of the importance of impact measurement for investors.



◆ **3** engagements, including this one with SPIE, including:

- Engagement with Kingspan after the Grenfell Tower controversy despite our divestment.
- Involvement in discussions on the materiality matrix and CSR policy of Cellnex.

“The engagement of the Echiquier Positive Impact Europe management team with SPIE is beneficial for us in many ways. Whether it is during our General Meeting or over the course of the year, the regular dialogue we have with them is a valuable input that allows us to optimise our practices. In 2020, they contributed to us drawing up our materiality matrix and fleshing out our areas for improvement in greater detail. They also help us seize great opportunities, such as our collaboration with the “Les Plombiers du Numérique” association, which provides training in fibre optics to young people who have dropped out of school.



Thomas Guillois, Director of Investor Relations at SPIE



Ex ante impact indicators

Engagement with the companies in our portfolio is at the heart of our additionality approach. When formalising our ex ante impact indicators, this dimension will be reflected in the indicators used by Echiquier Positive Impact Europe to determine part of the fund managers' variable remuneration.

For more information, see page 26 of this report

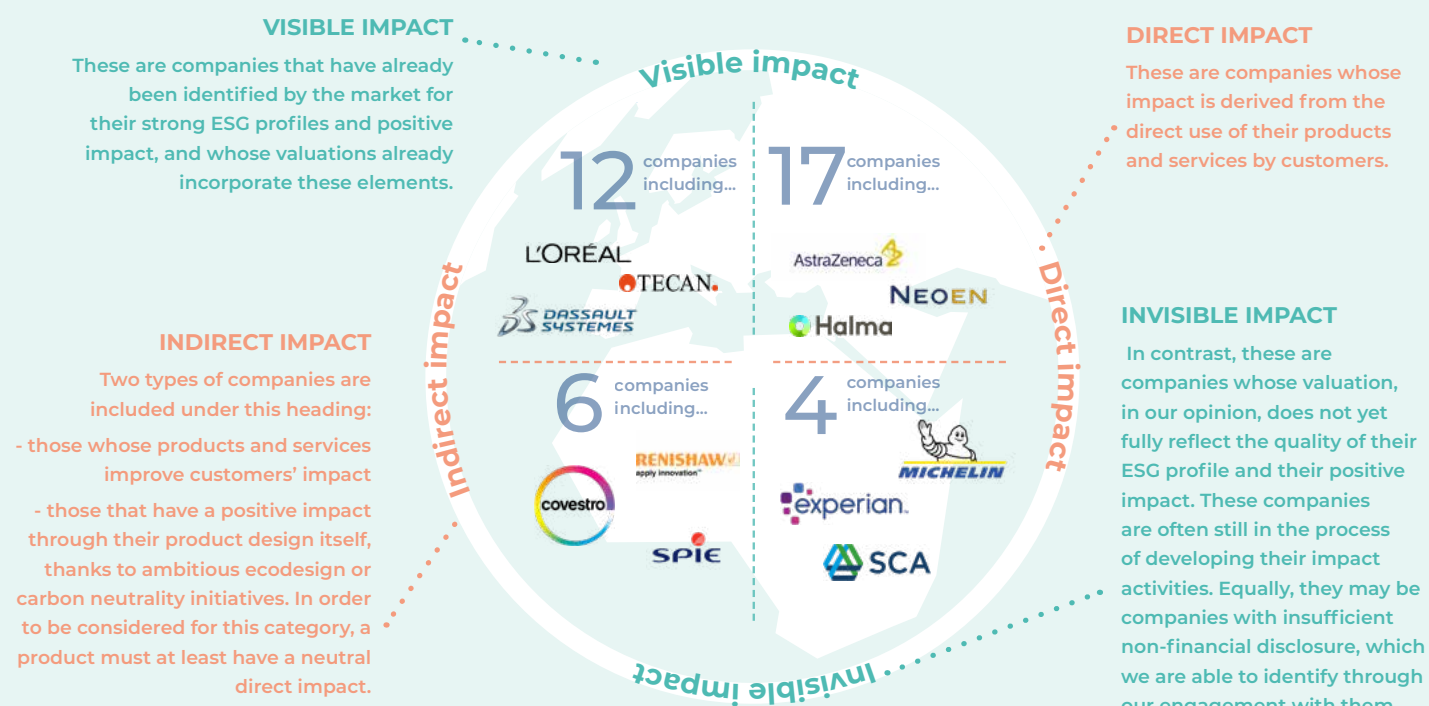
3 Unique positioning on impact

The increasing integration of ESG criteria into asset management, and more recently consideration of the environmental and social impacts of companies in decision-making, have redirected a proportion of investment flows towards those companies that are most responsible in these areas. This momentum is receiving added impetus from the various recovery plans promoting green growth and certain regulations, such as the European taxonomy.

However, these new variables, which help managers make more informed investment decisions, could lead to the overvaluation of certain assets that are classed as “green” or “impact” or that make a highly visible contribution to the UN Sustainable Development Goals. As impact fund managers, we are particularly wary of the risk of a “green bubble” or “rainbow bubble” (in reference to the SDGs).

To avoid this type of market concentration and diversify its portfolio, EPIE has always been uniquely positioned as regards selecting companies for investment. This positioning allows us to appreciate the value of companies whose impact has yet to be priced in by the market. To this end, we select companies based on two aspects of their impact: **direct or indirect impact** & **visible or invisible impact**.

Companies with indirect and/or invisible impacts often receive less funding from impact investors. Our funding therefore supports them in their strategy for achieving greater impact and better ESG practices. In the interests of full transparency, we have set out how we classify each of our portfolio companies in Appendix 2.



Source: LFDE – Data at 31/12/20

L'ORÉAL >> DOES L'ORÉAL BELONG IN AN IMPACT FUND?

L'Oréal is a classic case of visible indirect impact. Cosmetic products manufactured by the group are unlikely to save the planet, but the way they are made has a significant environmental impact.

For a number of years, L'Oréal has been committed to reducing the environmental impact of its products through ecodesign and the use of natural ingredients in its products. In 2020, the group dedicated €964 million to R&D projects focused on researching ingredients, formulations, production methods and packaging that could improve the environmental and/or social impact of its products. Its efforts make it a highly innovative player, acting as a role model in encouraging its suppliers and the industry as a whole to improve their practices.

4 Active participation in the development of impact investing on listed equity markets

Impact investing on listed equity markets growing rapidly

As this practice is not yet fully fledged, we firmly believe that it should be implemented as part of a rigorous framework, taking inspiration from related practices in the non-listed sector, for example.

A high-quality framework will allow these investments to develop in a credible manner and encourage the redirection of investment flows towards companies that provide solutions to the environmental and social challenges facing the world.

To this end, our teams are actively involved in industry discussions and activities to promote best practices in listed impact investing.

In 2020, we participated in 8 working groups, including:



This think tank brings together around 60 investors to discuss ways of transferring GIIN's main characteristics of impact investing (initially designed for unlisted equities) into the listed equity space. We were involved in the 2020 working group sessions and will continue to work alongside them in 2021.



This working group met several times over the course of 2020, bringing together 52 participants from the listed and non-listed investment universe with the aim of agreeing on a stringent definition of impact investing. Using three sub-groups, the work was structured around the main concepts of impact investing: intentionality, additionality and measurability. The summary, published in March 2021, sets out a series of nine stringent criteria, which we believe Echiquier Positive Impact Europe is aligned with.

Education and external outreach

We believe we also have a role to play in raising awareness of impact investing among our clients and in enabling the growing product offering to find its market. To that end, we have developed a number of educational innovations over the past few years:



This programme designed to raise awareness of responsible finance among our clients has trained **more than 710 people** in 2020 and **over 1,200** since it was introduced in 2019.



This educational podcast on responsible finance features a variety of experts who aim to provide step-by-step guidance to listeners wishing to align their values with their investments. **8 episodes** are already available, including one specifically on impact finance, which has already been listened to **more than 2,500 times**.



A series of educational articles in partnership with Les Echos Publishing providing a simple, illustrated and humorous approach to the various themes of responsible investment.

As well as... **4 conferences** and **over 70 articles** and publications on the topic.

A new stage in our journey towards impact investing on listed equity markets



Contributing to the growth of impact investing on listed equity markets also means helping to develop products and services in this area. This is what we have sought to do by adding the **Echiquier Climate Impact Europe** sub-fund to our Echiquier Impact SICAV. Launched at the end of 2020, this fund is the second in our impact range, whose methodology was created in partnership with I-Care & Consult. Its goal is to provide funding to companies that contribute to the energy and ecological transition through the solutions offered by their products and services or their active approach to the transition.

Positive contribution to the SDGs



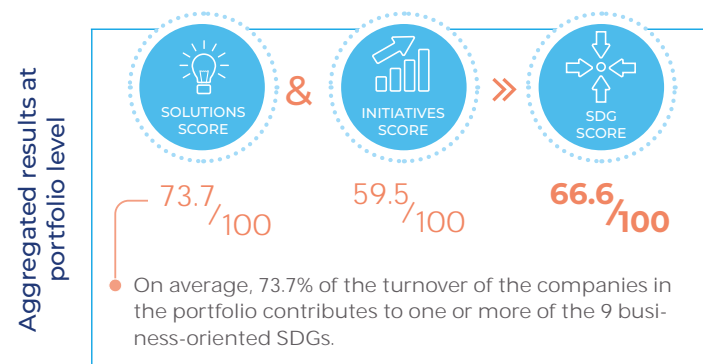
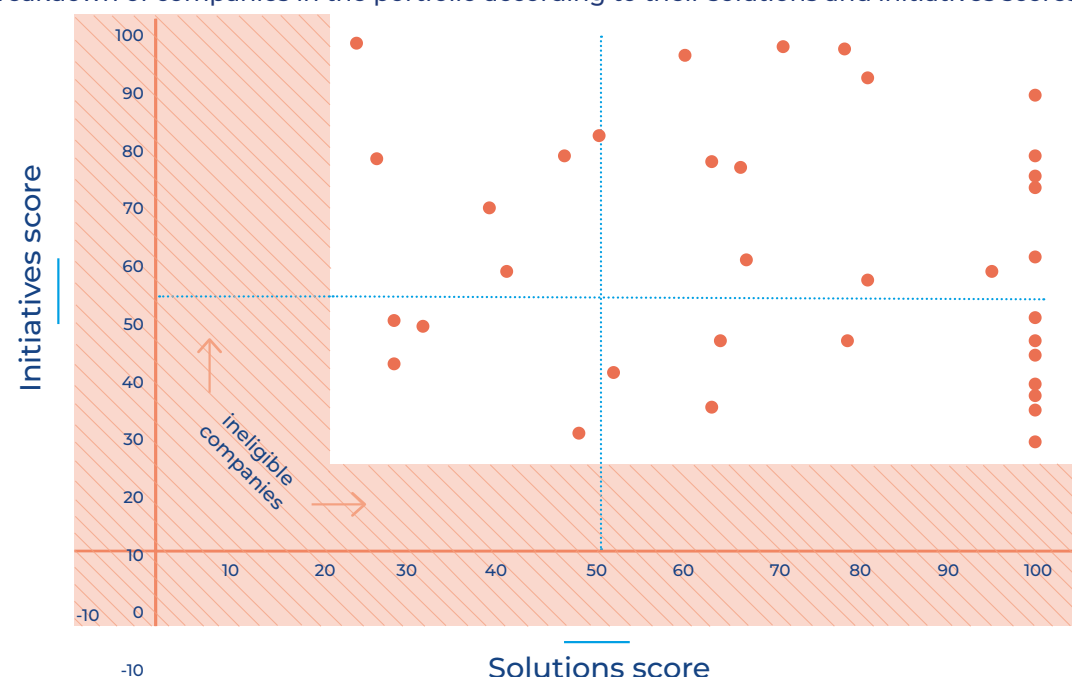
Measurability, (noun): Impact measurement or measurability is the assessment of the social and/or environmental externalities of investments, in light of the impact objectives intentionally pursued by the investor.

Through its investment, EPIE aims to contribute to the United Nations Sustainable Development Goals (SDGs). Impacts can be assessed on an aggregate basis at portfolio level, or at the level of the individual company. This stage is essential because, as an impact investor, our accountability to end-investors in this regard is of paramount importance.

The solutions and initiatives scores (described on page 12) constitute the proprietary framework used by EPIE to assess the contribution of companies in the portfolio to the SDGs. The average of these two scores is referred to as the "SDG score".

As part of our intentionality approach, we measure the contribution of the companies in our portfolio to the SDGs.

Breakdown of companies in the portfolio according to their solutions and initiatives scores:



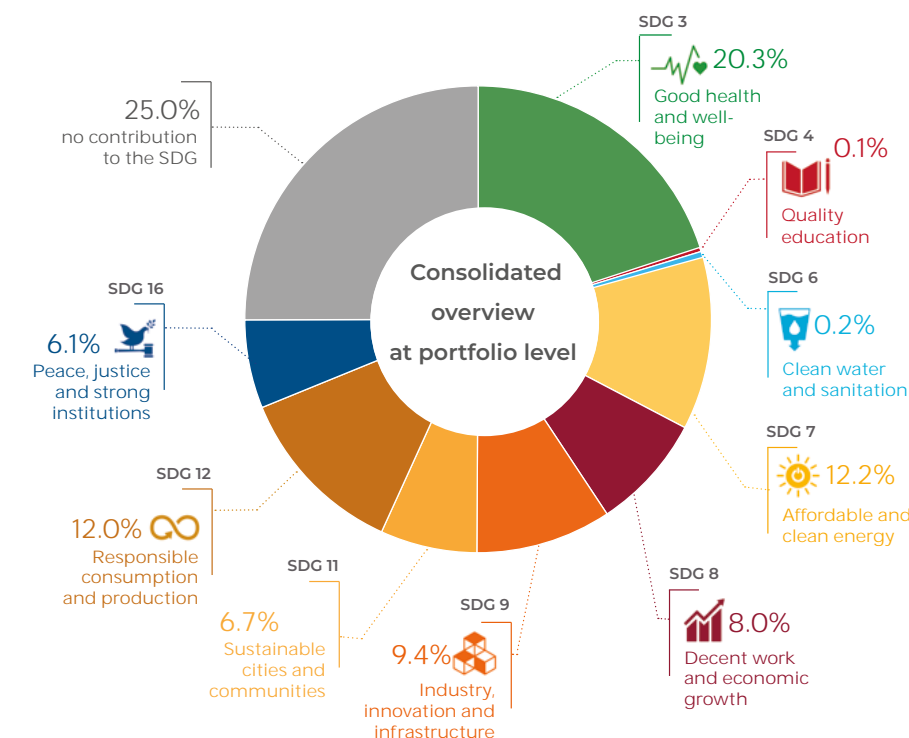
Ex ante impact indicators

The solutions score is a key element of our stock selection process, at the heart of our intentionality approach. When formalising our ex ante impact indicators, this score will be reflected in the indicators used by Echiquier Positive Impact Europe to determine part of the fund managers' variable remuneration.

For more information, see page 26 of this report

If Echiquier Positive Impact Europe were a company...

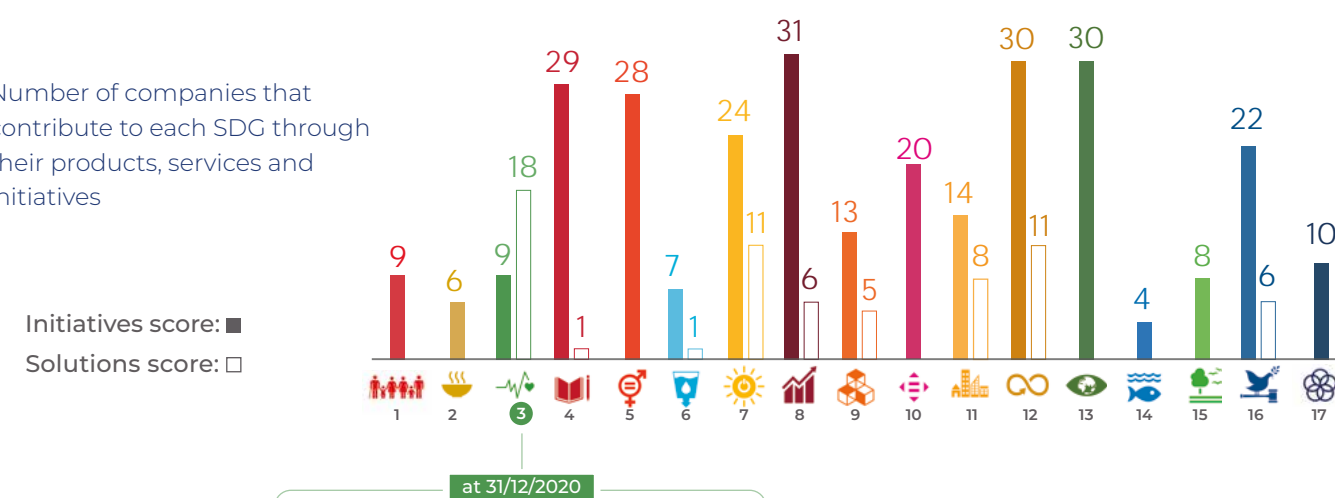
...over 75.0% of its turnover would make a positive contribution to the 9 business-oriented SDG (vs 75.4% in 2019 and 73.9% in 2018).



Methodology: For each SDG, the proportion of turnover generated by a company is multiplied by the company's weighting in the portfolio. These contributions are then aggregated per SDG.

Interpreting this graph: "If Echiquier Positive Impact Europe were a company, 20.3% of its turnover would contribute to SDG 3."

Number of companies that contribute to each SDG through their products, services and initiatives



9 companies in the portfolio contribute to SDG 3 through their initiatives. Examples include companies introducing social security coverage for all their employees worldwide or working on treatments for diseases affecting people in emerging countries.

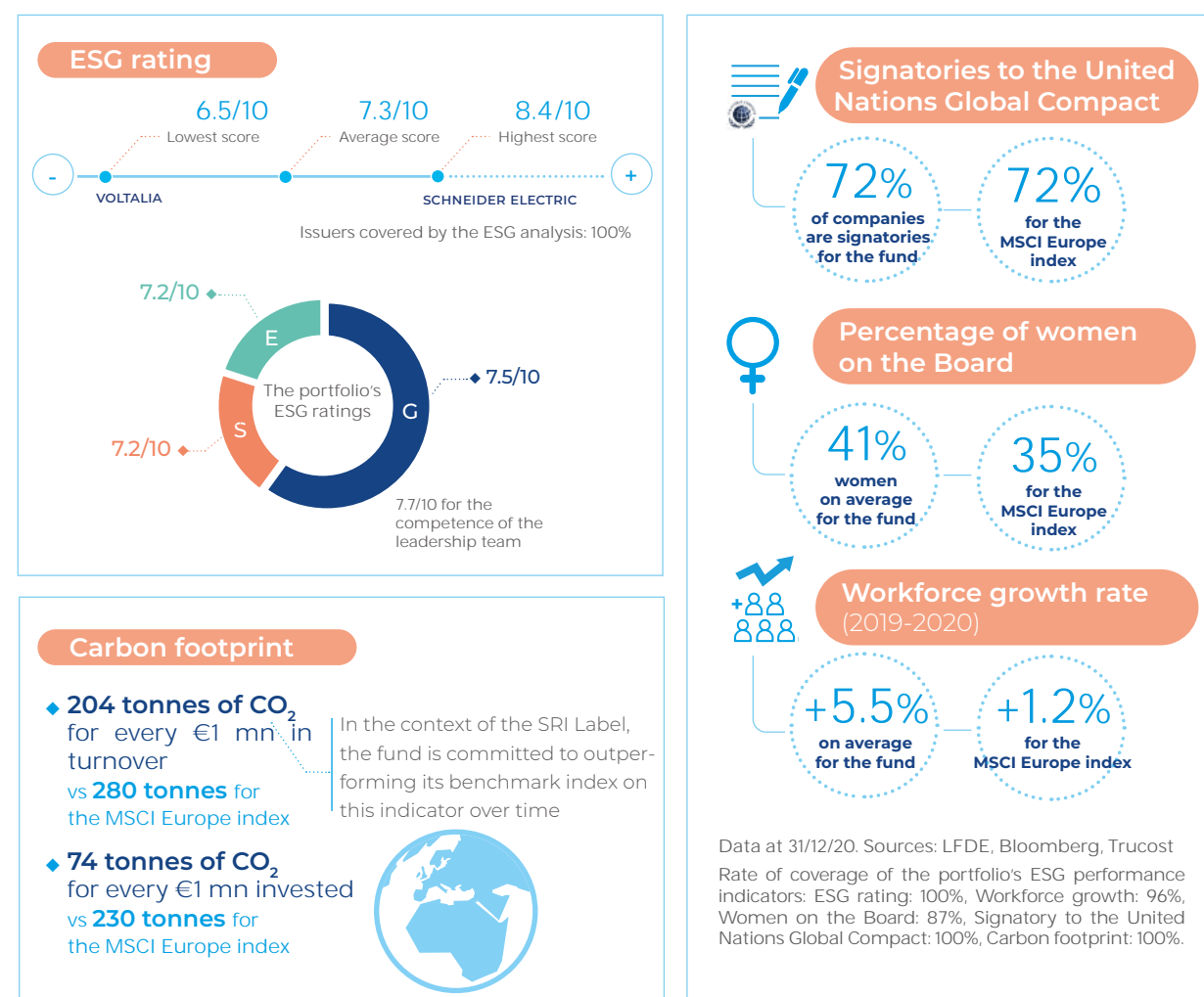
18 companies in the portfolio contribute to SDG 3 through their products and services, either by bringing insurance products or treatments for various diseases to market, or by developing medical devices.

Source: LFDE – Data at 31/12/2020

* Source: A demanding definition for listed and non-listed products – FIR & France-Invest – 2021 Source: LFDE – Data at 31/12/2020

2 ESG performance indicators

The application of non-financial criteria as part of the investment process of Echiquier Positive Impact Europe (EPIE) is an essential stage in selecting the right companies. It allows us to ensure that, in addition to the environmental and social benefits of their products and services, the companies in our portfolio have good governance and an exemplary CSR policy. In our view, good ESG practices are a vital element in the successful implementation of any impact approach. Overall, ESG performance indicators for the EPIE portfolio are better than those of its benchmark, due in particular to the exclusion of controversial sectors and a strict ESG filter.



Ex ante impact indicators and fund managers' remuneration

Starting from 2021, we have decided to make a commitment to aligning the financial interests of the portfolio managers with the fund's impact approach, in particular its ex ante impact indicators. This is a natural evolution of our impact approach, which we are keen to develop from year to year.

To guarantee not only financial but also non-financial alignment with the shareholders of Echiquier Positive Impact Europe, we have decided to include the ex ante impact targets in the fund managers' variable remuneration scheme.

We have enlisted the assistance of the Board of Directors of the Echiquier Impact SICAV to help us define ex ante impact indicators, as well as the best mechanism for integrating them into fund managers' variable remuneration.

Impact of Investee Companies

We have decided to illustrate the impact of investee companies through our "SDG IN FOCUS" series. The purpose of these case studies is to highlight the contribution of companies in the Echiquier Positive Impact Europe portfolio to the 9 SDGs used in the solutions score, at 31/12/2020. Each case study takes a specific company as an example and illustrates its contributions to the SDG in question. These deep dives demonstrate the intentionality, additionality and measurability of the contribution of each company.

The information presented comes from the companies' latest publications or from the analysis and dialogue conducted by LFDE's teams. All data is for 2020 unless otherwise indicated. This data may vary over time.

The ESG scores as well as the solutions and initiatives scores are the latest available, bearing in mind that the analyses are updated every two years. The same is true for the percentage of turnover contributing to the SDGs, which is that collected on the date of the analysis. Given the frequency of the analyses, the oldest underlying data relates to 2018.

We also wanted to go further in the analysis of the positive contribution of portfolio companies to the SDGs, by presenting the LFDE teams' analysis by target in table form for each of the companies.

The negative contributions to the SDGs cited by certain portfolio companies are also commented on in a dedicated insert.

Investors are advised that investing in the sub-fund does not generate a direct impact on the environment and society; instead, the sub-fund seeks to select and invest in companies that meet the specific criteria defined in the management strategy.

Good health and well-being

The companies in which EPIE invests contribute to...

Solutions

- target 3.4** Reducing the premature mortality rate from non-communicable disease through prevention and treatment >> AIR LIQUIDE, ASTRAZENCA, CHR HANSEN, COVESTRO, DSM, LONZA, L'ORÉAL, NOVO NORDISK, PHILIPS, RELX, RENISHAW, SARTORIUS STEDIM BIOTECH, TECAN
- target 3.6** Reducing the number of deaths and injuries from road traffic accidents >> INFINEON, MICHELIN
- target 3.8** Achieving universal health coverage >> PRUDENTIAL
- target 3.9** Reducing the number of deaths and illnesses from pollution >> ASTRAZENCA, HALMA, MUNTERS

Initiatives

- target 3.3** **2** companies contribute to the reduction of premature mortality from disease in emerging countries
- target 3.4**
- target 3.8** **8** companies contribute to achieving universal health coverage



Companies in the portfolio at 31/12/2020

Company case study

PHILIPS

Philips is a Dutch company that produces medical equipment (medical imaging devices, respirators, surgical arms, etc.) and personal health products (dental care, respiratory care, childcare, etc.).

ESG score **7.7/10** / Net solutions score: **78/100** + Net initiatives score: **42/100** >> Net SDG score: **60/100** **IMPACT:** - direct - visible

INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- ◆ **78% of Philips turnover contributed to SDG 3**
- ◆ **Mission:** To improve health and well-being for all through ground-breaking innovations
- ◆ **Goal:** To improve the lives of 2.5 billion people per year by 2030, including 400 million from disadvantaged communities
- ◆ **R&D:** In 2020, Philips dedicated 9.8% of its turnover to R&D, with over 60% of this investment going into its Healthcare division
- ◆ **Accessibility:** Low-cost access to imaging services in emerging countries through the sale of reconditioned devices
- ◆ **Innovation:** Philips is the most innovative player in ultrasound and respiratory technologies
- ◆ Investment of **€280 m** in Green Innovation in Healthcare
- ◆ **60%** of the group's revenues come from innovative products introduced in the past three years
- ◆ Improved quality of life for **1.54 billion people**
- ◆ Easier access to healthcare for **207 million people** from under-medicalised communities

In 2020...

Spotlight

In 2020, the Philips Foundation made it easier for 7.5 million people to access high-quality healthcare. It also provided free technology and medical expertise to 25 countries severely affected by COVID-19.

— Negative contribution

◆ **NIBE** NIBE Industrier has had a 10-point penalty deducted from its solutions score for selling gas and wood-burning stoves whose fine particle emissions have a negative impact on air quality and therefore on health.

10% of turnover

Quality education

The companies in which EPIE invests contribute to...

Solutions

- target 4.3** Making quality technical, vocational and tertiary education accessible to all >> RELX
- target 4.7** Education for sustainable development >> RELX

Initiatives

- target 4.1** **6** Companies help to build academic institutions and/or provide financial support for education and the fight against illiteracy
- target 4.2**
- target 4.3** **23** Companies have entered into significant partnerships with universities and/or schools
- target 4.4** **13** Companies have employee training indicators above the sector average



Companies in the portfolio at 31/12/2020

Company case study

RELX Group

RELX is a scientific, medical, legal and tax publishing company that has increased its sales of analytics and decision tools. In 2017, RELX created the RELX SDG Resource Centre, which disseminates SDG-related content.

ESG score **8.0/10** / Net solutions score: **66.5/100** + Net initiatives score: **76/100** >> Net SDG score: **71.3/100** **IMPACT:** - direct - visible

RELX's products and services also contribute to the following SDGs: **SDG 3** **SDG 8** **SDG 16**

INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- ◆ **33% of the turnover** of RELX was generated by publishing academic content, with **1.5% of turnover** generated through open access content, thus contributing directly to SDG 4
- ◆ **Mission:** To help our clients make better decisions, achieve better results and be more productive
- ◆ **Goal:** To add to the SDG Resource Centre, ensuring that essential SDG-related content, tools and events are accessible to all
- ◆ **Market share:** RELX publishes **18% of scientific articles** at a global level
- ◆ **Accessibility:** In addition to the financial accessibility afforded by open access, RELX has integrated disability-related accessibility issues into its strategy.
- ◆ **Innovation:** In 2020, RELX applied the "RELX Accessibility Policy Best Practices and Guidelines" to around 100 digital products and websites
- ◆ **Publication of 560,000 articles** including 81,000 in open access mode
- ◆ Growth of the RELX SDG Resource Centre by **25%**; it currently has **1,500 publications**
- ◆ **89,902 unique visitors** have accessed the RELX SDG Resource Centre

In 2020...

Spotlight

In 2020, RELX donated 143,547 books worth \$9 million to charities. In particular, the group donated 65,517 medical books to universities and hospitals in 13 developing countries.

— Negative contribution

None of the companies in the portfolio contributes negatively to SDG 4 through its products and services and/or initiatives.

Clean water and sanitation

The companies in which EPIE invests contribute to...



Company case study



Thermador Groupe is a French company specialising in the distribution of materials for the circulation of fluids in buildings and industry with positive environmental and/or social impacts (energy efficiency, renewable energies, rational use of resources, safety, etc.).



Thermador Groupe products and services also contribute to the following SDGs: SDG 7 SDG 12

INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- Approximately 15% of the turnover of Thermador Groupe is generated in products for treating and sanitising waste water and rationalising water use, such as rainwater harvesting systems
- Goal:** The group has defined a set of goals for 2026 that include the development of impact indicators with relevance for its activity

- Ecodesigned products:** A proactive approach to eco-design of products and prioritising use of recycled raw materials
- Reparability:** A dynamic after-sales service to promote repair rather than replacement of devices

The company's contribution to SDG 6 is still limited (around 15% of turnover), and so not much detail or impact measurement is given in the company's annual report at present. In this regard, we have initiated a dialogue with the company's management team to help them put in place indicators allowing us to better understand and communicate on the contribution of their products to this SDG.

The company has set itself this target in its 2021/2026 plan.

Spotlight

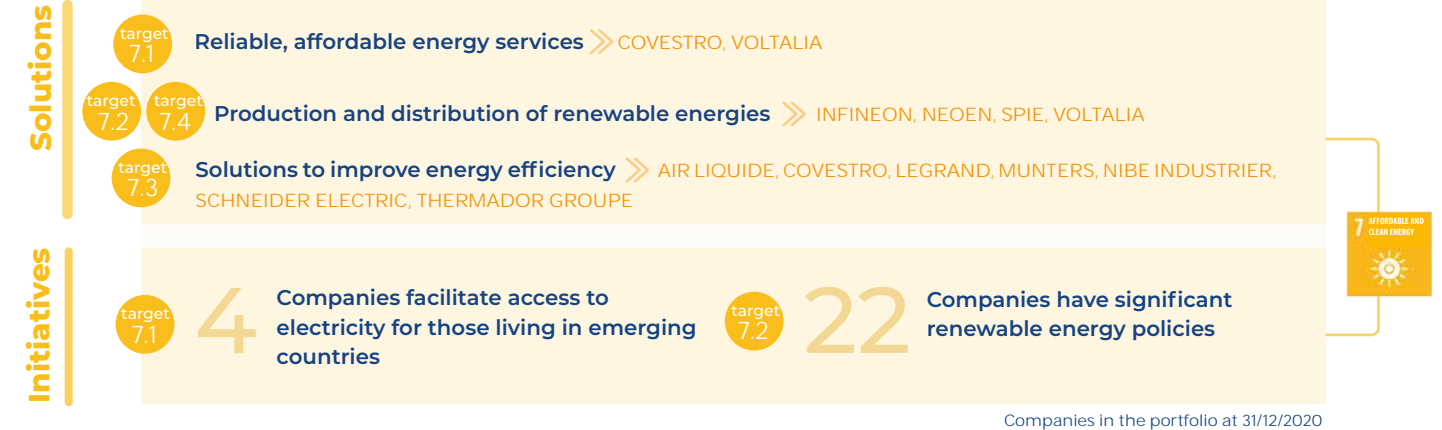
Thermador Groupe attaches particular importance to the management of the water resources in its facilities. In particular, it has equipped several of its buildings with softeners to improve the quality of the water used and in 2020 implemented a system that will allow it to significantly reduce its water consumption in filling its water reserves for fire-fighting.

Negative contribution

No company in the portfolio contributes negatively to SDG 6 through its products and services and/or initiatives.

Affordable and clean energy

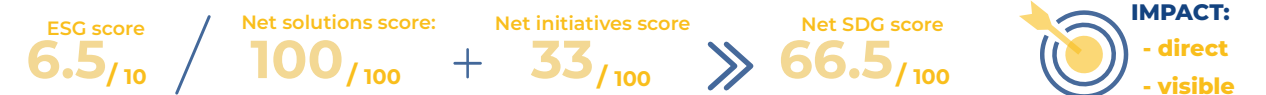
The companies in which EPIE invests contribute to...



Company case study



Votalia is a French company producing renewable energy from wind, solar, hydraulic and biomass installations, which it owns and operates. The company also maintains its own and third-party power plants.



INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- 100% of turnover was generated in renewable energy
- Mission:** To improve the global environment by promoting local development. Votalia's aim is to become an "entreprise à mission" (a mission-led company) in the near future
- Goal:** To invest an average of \$487 billion per year between 2020 and 2050 in new electricity generation capacity, with 80% of this investment going to renewable energy infrastructure

Spotlight

In Cabanon, France, Votalia has launched its first agrivoltaic power plant project to be financed through crowdfunding: €700,000 were raised from 184 local investors. This seems like a great way to involve local communities in the project!

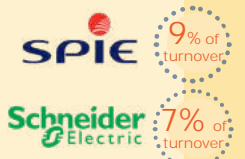
- Accessibility:** About 80% of the installed capacity in non-subsidised markets generate electricity at affordable prices

- 1,025 MW of installed capacity in renewable energies (2.6 times more than in 2019)
- 2.8 TWh of clean energy produced, the equivalent of 3.8 million people supplied with electricity
- 1.546 kilotonnes CO2-equivalent avoided

MW = megawatts
TWh = terawatt hours

Negative contribution

SPIE and Schneider Electric have had a 10-point penalty deducted from their solution scores, equating to the percentage of their turnover generated by their involvement in projects relating to fossil fuels.



Decent work and economic growth

The companies in which EPIE invests contribute to...

Solutions

- target 8.1 Maintaining a certain level of economic growth >> RELX
- target 8.2 Achieving a high level of economic productivity >> DASSAULT SYSTÈMES, RENISHAW, SAP
- target 8.8 Promoting safety at work and ensuring that all workers are protected >> DSM
- target 8.10 Expanding access to banking, insurance and financial services for all >> EXPERIAN

Initiatives

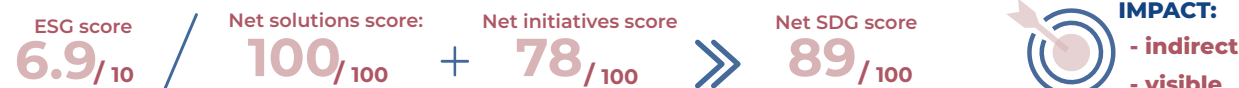
- target 8.5 target 8.6 13 Companies that create long-term employment
- target 8.8 27 Companies reporting a significant drop in their accident indicators and/or an ambitious policy on OHSAS 18001 certification

Companies in the portfolio at 31/12/2020

Company case study



SAP is the world leader in publishing, developing, manufacturing and distributing software for enterprises. SAP supports businesses of all sizes and sectors in their digital transformation.



INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- ◆ 100% of turnover indirectly contributes to SDG 8 by encouraging the spread of technologies that enable its clients to achieve major productivity gains
- ◆ **Mission:** To help the world to function better and improve the quality of life of the people who inhabit it
- ◆ **SAP has set itself the following goals for 2025:**
 - To keep its Employee Engagement Index at 85%,
 - To raise its Net Promoter Score from 5 to 10,
 - To become carbon neutral

- ◆ **R&D:** Investment of €4.45 billion in R&D in 2020
- ◆ **SAP is the leading software publisher in Europe and the fourth-largest in the world**
- ◆ **Market penetration:** SAP has expanded its reach and expertise to more than 25 business sectors

- ◆ Investment of €314 million in the acquisition of new technologies and new clients, increasing the impact of the proposed solutions tenfold
- ◆ SAP holds a total of more than 10,931 validated patents worldwide
- ◆ Participation in the creation of 3 million indirect jobs in its ecosystem

In 2020...

2017 PWC study

Spotlight

SAP has launched several international initiatives in collaboration with local NGOs. Through these initiatives, SAP has trained 117,000 teachers in coding and enabled 2.3 million young people to acquire the professional skills needed to access stable jobs.

Negative contribution



Infineon has had a 4-point penalty deducted from its initiatives score, as its restructuring policy and latest acquisitions have resulted in numerous layoffs.

Industry, innovation and infrastructure

The companies in which EPIE invests contribute to...

Solutions

- target 9.1 Implementing sustainable, resilient and accessible infrastructure >> AMADEUS IT, ASML, CELLNEX
- target 9.2 Furthering the rise of a sustainable form of industry that creates employment >> WAVESTONE
- target 9.4 target 9.5 The modernisation and sustainability of industrial sectors, especially through innovation and R&D >> ALSTOM, AMADEUS IT, ASML

Initiatives

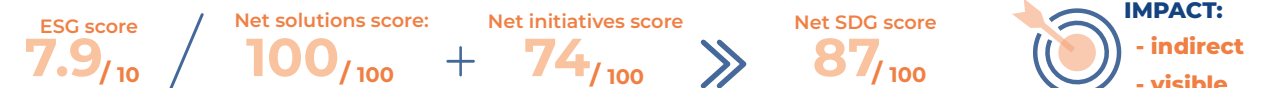
- target 9.5 13 Companies have an R&D expenditure to turnover ratio above the average for their sector.

Companies in the portfolio at 31/12/2020

Company case study



ASML is a Dutch manufacturer of lithography machines for the production of semiconductors used in the manufacture of many products with a positive environmental impact, such as electric vehicles and renewable energies.



INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- ◆ 100% of turnover was generated through the manufacture of lithography machines that reduce the size of semiconductors and their energy consumption, thus aiding in the development of sustainable industry
- ◆ **Mission:** To unlock the potential of people and society by pushing technology to new limits
- ◆ **Goal:** To reduce energy consumption per semiconductor wafer produced by 60% by 2025, compared with 2018 levels, thanks to their new machines

Contribution to an innovative ecosystem

ASML works with a network of external partners and research organisations:

- ◆ €2.2 billion invested in its own R&D
- ◆ €0.6 billion invested in its partners' R&D
- ◆ 1,550 hours of mentoring provided to innovative start-ups
- ◆ €28.5 million in contributions to innovative projects co-financed by the EU

- ◆ 258 lithography systems sold in 2020
- ◆ 25% reduction in energy use per semiconductor wafer produced using the latest NXE lithography system between 2018 and 2020 (13.1 kWh per wafer in 2018 vs 9.1 in 2020)

In 2020...

Spotlight

ASML has demonstrated its commitment to the circular economy by creating a range of reconditioned products in the hope of giving its old lithography machines a new lease of life. More than 90% of the systems sold by ASML are thus still in operation.

Negative contribution



Alstom has had a 6-point penalty deducted from its initiatives score because the company's level of R&D (4.7% of turnover) is below-average for the industrial sector.

Sustainable cities and communities

The companies in which EPIE invests contribute to...

Solutions

- target 11.1 Ensuring access for all to adequate, safe and affordable housing and basic services >> SVENSKA CELLULOSA
- target 11.2 Guaranteeing universal access to safe, sustainable and affordable transport >> ALSTOM, COVESTRO
- target 11.3 Enhancing inclusive and sustainable urbanisation >> SPIE
- target 11.5 Reducing the number of deaths and the number of people affected by disasters >> HALMA, VAISALA
- target 11.6 Reducing the adverse environmental impact of cities >> AIR LIQUIDE, HALMA, INFINEON, VAISALA

Initiatives

target 11.6 14 Companies have significantly reduced the volume of waste they produce

Companies in the portfolio at 31/12/2020



Svenska Cellulosa (SCA) is Europe's largest forest owner with 2.6 million hectares of forest. The company produces and sells wood, pulp, paper and cardboard.

ESG score 6.9/10 / Net solutions score: 67/100 + Net initiatives score: 58/100 >> Net SDG score: 62.5/100



SCA's products and services also contribute to the following SDGs:



INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- 27% of turnover was generated through the sale of construction timber for sustainable housing
- Mission:** Limiting global warming is one of the greatest challenges we face at present. As a forestry company, SCA seeks to contribute and be part of the solution
- Goal:** To succeed in preventing 15 million tonnes of CO₂ due to its activities, between 2019 and 2030

- R&D:** €42 million invested in R&D in 2020
- Optimisation of resources thanks to cutting-edge technologies:** 3D scan using artificial intelligence to optimise the cutting of trunks
- Responsible forest management:** The majority of the group's wood supply comes from FSC- or PEFC-certified forests

In 2020...

- Planting of 46 million additional trees
- Production of 2,2 million m³ of solid wood, more than 90% used for long-lived wood products
- 9.6 million tonnes of CO₂ avoided due to the sale of its products and the responsible management of its forests
- Biodiversity:** SCA has identified 203 species on the Swedish IUCN Red List in its forests that are adversely impacted by forest operations, and for which the company will secure long term critical habitat.

Negative contribution



Air Liquide has had a 6-point penalty deducted from solutions score because the company produces industrial gases for the oil and gas sector.



Spotlight

Reduction: SCA's production processes are optimised to reduce the amount of waste produced.

Recycling: 94% of the waste associated with SCA's activity is recycled.

Responsible consumption and production

The companies in which EPIE invests contribute to...

Solutions

- target 12.2 Achieving the sustainable management and efficient use of natural resources >> COVESTRO, ELIS, KERRY, L'ORÉAL, MICHELIN, MUNTERS, SVENSKA CELLULOSA
- target 12.3 Combatting food waste >> CHR HANSEN, DSM, MUNTERS
- target 12.4 Sound management of chemicals >> ELIS
- target 12.5 Reducing waste generation >> ELIS, LEGRAND, SVENSKA CELLULOSA, THERMADOR GROUPE

Initiatives

target 12.2 30 Companies have significantly reduced their consumption of natural resources (water and energy) and/or have ecodesign and circular economy initiatives

target 12.3 2 Companies combat food waste

Companies in the portfolio at 31/12/2020



Chr. Hansen is a Danish food and biotechnology company specialising in the manufacture of ingredients, enzymes and probiotics

ESG score 7.2/10 / Net solutions score: 81/100 + Net initiatives score: 94/100 >> Net SDG score: 87.5/100



Chr. Hansen's products and services also contribute to the following SDGs:



INTENTIONALITY — ADDITIONALITY — MEASURABILITY

- 50% of the turnover of Chr. Hansen was generated by combatting food waste through the production of enzymes and ferments that slow food breakdown
- Mission:** Grow a better world. Naturally
- Goal:** To avoid wasting 2 million tonnes of yoghurt between 2015 and 2024 thanks to enzymes allowing an increase in shelf life

- R&D:** €78 million invested in R&D in 2020. The company owns the world's best probiotic research database
- Strong global market penetration:** Every day 1 billion people consume food containing ingredients produced by Chr. Hansen
- In 2019, Chr. Hansen was named **the world's most responsible company**

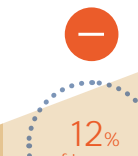
- Largest collection of bacteria** in the world composed of 40,000 strains
- 200,000 tonnes of yoghurt not wasted in 2020** thanks to the enzymes and ferments produced

Spotlight

Since 2016, Chr. Hansen has treated 13.6 million hectares of land with natural plant solutions, notably in Kenya through its partnership with CARE Denmark.

Negative contribution

Lonza has had a 12-point penalty deducted from its solutions score because 12% of its turnover is generated in the manufacture of pesticides and chemical fertilisers. However, as Lonza has recently announced the sale of its chemicals division hosting these activities, this penalty will be reassessed when the SDG score is updated.



Peace, justice and strong institutions

The companies in which EPIE invests contribute to...

Solutions

- target 16.4** Reducing illicit financial flows and organised crime >> RELX, VISA, WAVESTONE, WORLDLINE
- target 16.6** Developing effective, accountable and transparent institutions >> RELX
- target 16.9** Guaranteeing protection from identity theft, especially online >> EXPERIAN, INFINEON

Initiatives

target 16.5
target 16.6
22 Robust anti-corruption policies

Companies in the portfolio at 31/12/2020



Company case study

VISA

The US company Visa is the world leader in payment services.

ESG score **7.1/10** / Net solutions score: **100/100** + Net initiatives score **72/100** >> Net SDG score **86/100**



INTENTIONALITY — ADDITIONALITY — MEASURABILITY

◆ **100% of turnover** was generated in payment services, furthering the development of effective, accountable and transparent institutions that prevent illicit financial flows, crime, fraud and corruption

◆ **Mission:** To connect the world with the most innovative, reliable and secure payment network to enable people, businesses and economies to thrive

◆ **Goal:** To help 50 million micro- and small businesses to access digital by 2023

◆ Visa has been taking action to promote financial inclusion for a number of years

◆ Between 2015 and 2020, the company enabled **500 million people with limited or no access to banking services** to access a payment account, thus supporting the World Bank's goal of providing everyone with access to financial services

In 2020...

- ◆ **140.8 billion** transactions processed on the Visa network
- ◆ **3.5 billion Visa cards** in active use
- ◆ Visa Advanced Authorization has assessed the risk of **141 billion transactions**
- ◆ Visa has helped financial institutions prevent nearly **\$25 billion in fraud**

Spotlight

Visa has introduced the "Practical Money Skills" programme, which provides individuals with free financial education tools and resources for each stage of their life. This programme is available in 45 countries. 309 financial institutions were using this programme in 2020, benefiting more than 1.5 million people.

Negative contribution

None of the companies in the portfolio contributes negatively to SDG 16 through its products and services and/or initiatives.

Appendices



Appendix 1 ♦ Examining our investment approach: case study of Covestro



Covestro is a German chemicals company, created in 2015 after a demerger of part of Bayer's business. It is one of the world leaders in the production of polymers, and has been in the EPIE portfolio since 2020.

1 Identifying the impact thesis

Covestro is a specialist in polyurethanes and polycarbonates, and the polymers it develops are essential to the energy transition. They have a variety of possible applications: low-carbon transport, building insulation, electronic components, etc.



INDIRECT and INVISIBLE

Covestro is a facilitator of the energy transition and therefore has an indirect positive environmental impact. We consider its impact to be invisible because the market has not fully priced in the impact component of the business.

2 Exclusion filter

Covestro is not affected by the sectoral and regulatory exclusions applied to the fund. For further details on the fund's exclusion policy, see page 13.

ESG SCORE
7.5/10

3 ESG conviction filter

♦ GOVERNANCE

Covestro's governance is of good quality. Markus Steilemann, the group's CEO, joined in 2018 with a long-term vision, resolutely focused on sustainable development. The executive remuneration scheme is transparent and includes non-financial components, such as the reduction of the group's CO2 emissions. The board of directors is competent and sufficiently independent to exercise effective checks and balances.

♦ ENVIRONMENT

Aware of the polluting and energy-intensive nature of its production process, Covestro has implemented an ambitious environmental policy and made a commitment to become fully circular. The work is already well under way, with numerous partnerships established upstream of its value chain and a biosourcing approach with its suppliers, and downstream, through the recycling of materials with customers.

♦ SOCIAL

An important issue for Covestro, safety has been addressed satisfactorily and the group's accident indicators are dropping. The company, which is also seeking to make its products more accessible, is very active in external CSR initiatives, particularly on issues related to plastics. Its only black mark relates to insufficient training of employees, which serves as the base for one of our areas for improvement.

4 Impact filter



40/100

&



56/100

∨



48/100

Positive contribution through products and services

SDG 3.4 Use of polymers for various medical applications: dialysis machines, intravenous access systems, etc.

SDG 7.1 and 7.3 Use of polyurethanes in construction, insulation, etc.

SDG 11.2 Use of polycarbonates for low-carbon mobility solutions

SDG 12.3 Some of Covestro's polymers help to increase the durability and resistance of certain materials (heat, wear, erosion). Covestro is also developing bio-based polymers.

Positive contribution through initiatives

SDG 1.4 Product accessibility strategy for developing countries

SDG 4.3 Numerous strategic partnerships with schools and universities

SDG 5.5 Women account for 25% of the executive committee

SDG 6.2 Sanitation installation programmes in certain developing countries

SDG 7.2 Objective of 100% renewable energy sourcing and the signing of a 10-year partnership with Ørsted to purchase energy from their off-shore wind turbines.

SDG 8.2 Significant reduction in accident indicators and OHSAS 18001 certification process

SDG 10.3 Strong anti-discrimination policy

SDG 11.6 Significant reduction in the volume of waste produced

SDG 12.2 Ambitious circular economy initiative at the heart of the company's strategy.

SDG 13.2 Significant reduction in absolute CO2 emissions

SDG 14.1 Successful plastic recycling policy and participation in the development of innovations in this field.

>> AVERAGE OF THE 2 SCORES

SOLUTIONS: 40 points & INITIATIVES: 56 points

5 Fundamental analysis filter

A robust investment case

- ♦ Long-term **demand** for the group's products supported by the **economic recovery** and the **energy transition**
- ♦ Production costs amongst **the lowest in the sector**
- ♦ A market with **high barriers to entry**
- ♦ A high-quality management team and a healthy balance sheet

♦ Quantitative screening












































































♦ Meetings with managers



♦ Investment case

- Valuation
- Buy/sell target
- Strategic analysis

Appendix 2 ♦ Examining the companies in the portfolio

Company	Country	Weighting in the portfolio*	ESG score	SDG score	Solutions score	Breakdown of the solutions score by target					Initiatives score	Impact type	Year of entry of security into the portfolio	Company description	Environmental and social contribution & additionality				
 Air Liquide  ALSTOM		3.9%	75	53.0	38.0	20%	7.3	17%	3.4	7%	11.6	-6%	11.6	68.0	Indirect/Visible	2010	World leader in industrial gases for industry and healthcare.	The purity of Air Liquide's medical gases is unmatched and the company has one of the longest track records in the world for integrating into customers' industrial processes.	
		2.2%	71	62.5	46.0	32%	11.2	4%	9.4					79.0	Direct/Visible	2020	World leader in rail transport, the group develops and produces rolling stock, signage and maintenance services.	Rail is the cleanest form of transport. Alstom is a leader in hydrogen-powered trains and is also working on the ecodesign of its products.	
 amadeus		2.7%	79	89.0	100.0	100%	9.1	9.4						78.0	Indirect/Invisible	2015	Provider of IT services for air and rail transport and the hotel industry, ranging from reservations to optimising passenger journeys.	Amadeus IT software improves efficiency for the benefit of end customers (better visibility of the options available and improved travel experience). It is also used to optimise passenger flows, reducing journey distances and take-off waiting times for planes, thereby significantly reducing CO2 emissions.	
 ASML		2.3%	8.1	870	100.0	100%	9.1	9.4	9.5					74.0	Indirect/Visible	2017	Manufacturer of lithography machines that are essential for semiconductor production.	ASML's lithography machines have the specific advantage of reducing the size and energy consumption of semiconductors used in the manufacture of electric vehicles and in renewable energies, for example. ASML contributes to an innovative ecosystem through its R&D, mentoring for innovative start-ups and the co-financing of projects with the European Union.	
		2.8%	6.8	95.0	100.0	100%	3.4	3.9						90.0	Direct/Visible	2018	Pharmaceutical group specialising in non-communicable diseases offering treatments in seven major therapeutic areas.	Ambitious R&D approach and innovative solutions for the treatment of non-communicable diseases. AstraZeneca products are of very high quality with a low drug recall rate.	
 cellnex		2.7%	6.9	65.0	100.0	100%	9.1							30.0	Direct/Invisible	2018	Specialist in the management of telecommunications towers and the main European consolidator.	Cellnex connects multiple telecom operators via antennas, thereby reducing running costs and prices to the end consumer to achieve improved accessibility. This also optimises the number of antennas and consequently their impact on the environment.	
 CHR HANSEN		1.6%	7.2	87.5	81.0	50%	12.3	31%	3.4					94.0	Indirect/Visible	2020	Food and biotechnology company specialising in the manufacture of ingredients, enzymes and probiotics.	The production of enzymes and ferments that slow food breakdown helps in combatting food waste. Chr Hansen has the world's best probiotic research database.	
 covestro		2.2%	7.5	48.0	40.0	2%	3.4	20%	7.1	7.3	10	11.2	12.2	56.0	Indirect/Invisible	2020	The world's leading chemical company for polymer production.	Polyurethane and polycarbonate are essential polymers for the ecological transition (electric vehicles, building insulation, etc.). Covestro is a low-cost producer owing to technological advances at its factories that make it possible to speed up the ecological transition while minimising expenditure. The group is committed to becoming fully circular.	
		2.6%	7.2	69.5	100.0	100%	8.2							39.0	Indirect/Visible	2015	Manufacturer of 3D design and engineering software, modelling, simulation and data management.	Its software makes a major contribution to efficiency and quality at work and it serves customers in a great many industries.	
 DSM		3.1%	7.8	85.5	71.0	43%	12.3	24%	3.4	4%	8.8			100.0	Indirect/Visible	2017	Manufacturer of ingredients for human and animal nutrition and for the pharmaceutical industry.	It has the largest portfolio of nutritional and pharmaceutical ingredients in the world. Some of its products are used in the production of protective materials for workers.	
 elis		1.6%	7.7	67.5	81.0	81%	12.2	12.4	12.5					54.0	Indirect/Invisible	2017	Supplier of sustainable and tailor-made solutions for the rental and maintenance of professional textiles, hygiene and wellness equipment.	Elis' solutions allow its customers to significantly reduce the environmental impact of their laundry activities. The company has established a circular and functional economy model (ecodesign and rental). At the end of their life, the products are turned into rags for industry.	
 experian		2.1%	6.5	32.5	270	17%	6.10	10%	16.9					38.0	Direct/Invisible	2020	Global credit bureau that has branched out into decision support, database management and marketing technologies.	Experian has the world's best financial database. The company has developed unique software to enable individuals to understand how to improve their credit score and therefore facilitate access to financing. It has also instituted a social innovation programme (0.4% of turnover) for education and financial inclusion in emerging countries.	
 Halma		2.4%	7.5	71.0	100.0	74%	11.5	11.6	26%	3.9				42.0	Direct/Visible	2018	A group specialising in designing, manufacturing and selling safety equipment.	The group is a conglomerate comprising dozens of companies offering high-quality products that are essential in a multitude of niches in safety, quality and health.	
 Infineon		1.8%	7.3	36.5	270	9%	11.6	8%	16.9	6%	7.2	4%	3.6	46.0	Indirect/Visible	2018	Semiconductor manufacturer.	World leader in power semiconductors, widely used in electric vehicles, renewable energies and rail transport.	
		4.1%	7.0	66.0	50.0	50%	12.2							82.0	Indirect/Visible	2018	World leader in the food industry offering ingredients to improve the taste and nutritional qualities of foods and drinks.	The proprietary formulation of Kerry's products directs its customers towards healthier and more natural ingredients. Its ingredients also help reduce the sugar content of food.	
 legrand		2.8%	7.7	89.0	78.0	67%	12.5	11%	7.3					100.0	Direct/Visible	2016	One of the world's leading groups in products and systems for electrical installations and information networks.	Legrand's products notably improve energy efficiency. The company has implemented a proactive ecodesign initiative (90% of waste recovered, 67% of products eco-designed). The group's climate strategy has received the recognition of the Science-Based Targets Initiative.	
 Lonza		2.1%	7.7	53.0	64.0	76%	3.4	-12%	12.4					42.0	Indirect/Visible	2019	Subcontractor for the pharmaceutical industry, in particular manufacturing complex molecules.	It is a global leader in its field, for example producing such vaccines as the anti-COVID-19 vaccine for Moderna, but also cancer treatment drugs for AstraZeneca.	
 L'OREAL		2.9%	8.2	61.5	23.0	18%	12.6	5%	3.4					100.0	Indirect/Visible	2016	Industrial group producing cosmetics.	L'Oréal's commitments to biobased production could lead to a change in the design of cosmetics with a systemic effect, reducing the negative externality linked to its products (plastic, biodiversity, natural resources). Some products treat dermatology problems: skin disease, sun protection, pollution protection, etc.	
 MICHELIN		2.4%	7.2	79.0	60.0	50%	12.2	10%	3.6					98.0	Direct/Invisible	2010	Family-run group among the world's leading manufacturers and sellers of tyres.	Michelin tyres offer improved grip, shorter braking distances and reduced fuel consumption. Michelin has also put in place a product recycling system to save rubber. The group is also working to reduce waste generated on production sites.	
 Munters		2.1%	6.6	61.5	100.0	58%	3.9	28%	12.2	12.3	14%	7.3		23.0	Direct/Visible	2020	Group specialising in air quality management with a wide range of applications: industrial, commercial, agricultural and energy.	By improving the quality, temperature and humidity of the air, its customers are able to reduce their energy consumption but also to generate other positive social impacts (improvement of productivity, product quality, livestock health, etc.). The products marketed by Munters have a long lifespan, and can be repaired and updated.	
 NEOEN		3.2%	6.7	63.0	100.0	100%	7.2							23.0	Direct/Visible	2018	Renewable energy producer (solar and wind) with expertise in energy storage	Group with a presence in over 15 countries; a pioneer in energy storage technology. Particular attention is paid to relations with local communities through a system of participatory project financing.	
 NIBE		1.8%	6.5	44.0	52.0	62%	7.3	-10%	3.9					36.0	Direct/Visible	2017	Manufacturer of energy-efficient heat pumps.	In addition to offering products with high energy efficiency, Nibe has a comprehensive ecodesign and reparability policy. The group's objective is to make products 100% recyclable. Currently, around 99% of its heat pump components are recyclable.	
 Novo Nordisk		3.0%	7.1	66.0	100.0	100%	3.4							32.0	Direct/Visible	2018	Pharmaceutical company offering treatment for diabetes, obesity and haemophilia.	Strong innovation drive in the treatment of diabetes (pre-filled injection pen, GLP-1 in oral form) and high product reliability. The company is committed to prevention and product accessibility.	
 PHILIPS		3.4%	7.7	60.0	78.0	78%	3.4							42.0	Direct/Visible	2019	Company producing medical equipment (medical imaging devices, respiratory devices) and personal health products.	In addition to offering products that support medical diagnostics, the company provides low-cost access to imaging services in emerging markets through the sale of reconditioned devices. The company is also particularly innovative in ultrasound and respiratory technologies.	
 PRUDENTIAL		1.0%	7.0	46.5	63.0	63%	3.8							30.0	Direct/Visible	2015	Insurance company; one of the main UK insurers.	Prudential has recently refocused on its insurance (life, protection, health) and savings activities in Asia where people's needs in this area are considerable.	
 RELX Group		2.7%	8.0	71.3	66.5	38%	16.4	16.6	14%	8.1	13%	3.4	1.5%	4.3	76.0	Direct/Visible	2017	A scientific, medical, legal and tax publishing house that has expanded into selling information and decision-making tools.	Relx promotes access to academic and scientific research. In particular, the group is developing tools to facilitate the use of research and is developing an open access arm.
 RENISHAW		0.9%	7.1	71.0	100.0	90%	8.2	10%	3.4					42.0	Indirect/Invisible	2014	Leader in measurement, motion control and precision technologies for machine tools and 3D printing, for the industrial and healthcare sectors.	Unique metrology and 3D printing technology. Some of the group's products make it possible to measure the quantity of microplastic in bodies of water.	
 SAP		3.1%	6.9	89.0	100.0	100%	8.2							78.0	Indirect/Visible	2010	A world leader in the publishing, development, manufacturing and distribution of business software.	SAP supports companies of all sizes and in all sectors in their digital transformation with some of the most efficient and comprehensive software in the world.	
 sartorius stedim		1.6%	7.6	74.0	100.0	100%	3.4							48.0	Direct/Visible	2018	A subsidiary of Sartorius AG, it manufactures, markets and sells integrated solutions for the biopharmaceutical industry, such as the production of biologics (filters, membranes, single-use pouches).	Single-use products for the pharmaceutical industry have significant ecological advantages (energy and water consumption). They also improve the productivity of clients, thereby helping to reduce the prices of biologics and biosimilars. They are also used in more effective treatments for certain cancers and autoimmune diseases.	
 Schneider Electric		2.8%	8.4	70.5	63.0	70%	7.3	-7%	7.2					78.0	Direct/Visible	2020	An international industrial group offering solutions for energy management, automation and data centre management.	Its products and services allow Schneider Electric customers to reduce their energy consumption (30% on average) and CO2 emissions. 100% of new projects are in line with carbon neutrality and positive environmental impact targets. The group is heavily involved in the circularity of its value chain.	
 SPiE		2.0%	7.6	51.5	25.0	30%	11.3	4%	7.2	-9%	7.2			78.0	Indirect/Invisible	2015	Service company in the fields of electrical, mechanical and climatic engineering.	Part of its business revolves around energy efficiency in buildings, infrastructure for "clean" vehicles and services for the renewable energy industry. SPIE is therefore a facilitator of the energy transition.	
 SCA		2.7%	6.9	62.5	670	40%	12.2	12.5	27	11.1				58.0	Direct/Invisible	2017	The foremost forest owner in Europe, SCA produces and sells wood pulp, paper, cardboard and timber.	The forestry assets held by the company are managed responsibly (FSC or PEFC certifications). The group relies on cutting-edge technologies to make the best use of natural resources, such as an artificial intelligence-based 3D scan to optimise log-cutting.	
 TECAN		1.8%	7.1	75.5	95.0	95%	3.4							56.0	Indirect/Visible	2019	Supplier of clinical diagnostic machines.	The social contribution of the products is very positive since medical diagnosis makes it possible to detect diseases earlier and to treat them better, thus improving the chances of recovery for patients and reducing health costs. Tecan machines have a long lifespan and can also be resold on the secondary market.	
 Thermador Groupe		0.9%	7.2	37.5	30.0	15%	6.3	6.4	10%	7.3	5%	12.5		45.0	Direct/Visible	2020	Company specialising in the distribution of materials for the circulation of fluids in building and industry.	Products with positive environmental and/or social impacts – energy efficiency, renewable energies, rational use of resources, safety, etc. The group has a proactive approach to ecodesign and prioritising the use of recycled raw materials. Their dynamic after-sales service encourages repair rather than replacement of devices.	
 VAISALA		1.7%	7.0	79.5	100.0	100%	11.5	11.6						59.0	Indirect/Visible	2019	World leader in meteorological and environmental measurement.	Products that aid in the production of tools resulting in important decision-making relating to energy efficiency, climate, recycling or air quality. Vaisala implements life-cycle analysis for all products. These do not need maintenance and their lifespan is particularly long.	
 VISA		2.2%	7.1	86.0	100.0	100%	16.4							72.0	Direct/Visible	2018	Top company worldwide in secure payment services.	Historic financial inclusion initiative, chiefly for people without bank accounts, particularly in emerging countries.	
 vitalia		2.7%	6.5	66.5	100.0	100%	7.1	7.2						33.0	Direct/Visible	2020	Producer of renewable energy from wind, solar, hydropower and biomass installations, which it owns and operates.	In addition to renewable energy production, the company has developed expertise in energy storage. About 80% of the installed capacity in non-subsidised markets generates electricity at affordable prices.	
 WAVESTONE		1.8%	8.1	36.0	48.0	25%	9.2	23%	16.4					24.0	Indirect/Invisible	2015	Consulting firm specialising in digital transformation and security.	An increasing share of turnover derives from data protection, automation and digitalisation. The group is facilitating the digital transformation of many public sector agents thanks to expertise in cybersecurity – a crucial issue given the increase in cybercrime.	
 Worldline		1.5%	8.0	89.0	100.0	100%	16.4							78.0	Direct/Visible	2015	Payment and transaction services company providing payment software for financial institutions, web transaction services and payment terminals.	Worldline's products help fight the black-market economy and reduce fraud.	



*At 31/12/2020, 8.7% of Echiquier Positive Impact Europe portfolio holdings were in cash

Data at 31/12/2020. Source: LFDE

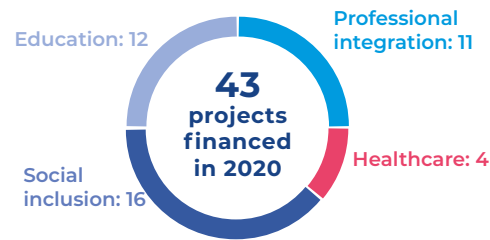
Appendix 3 ♦ Shining a spotlight on the Group Primonial Foundation

Value sharing – the cornerstone of LFDE’s identity

The system whereby Echiquier Positive Impact Europe donates part of its management fees is one of the hallmarks of the fund. Two other solutions from La Financière de l'Echiquier have a similar mechanism that benefits the Fondation Groupe Primonial: **Echiquier Excelsior** and **Echiquier Agressor (P share class)**. Thanks to these three funds, the management fees collected in 2020 by La Financière de l'Echiquier will contribute significantly to the Foundation's 2021 budget.

Through these mechanisms for sharing and donations from external donors – nearly 10% of financing collected annually – since its creation in 2005 the Foundation has donated more than **€8.7 million** to projects with a social impact.

2020: a change of scale for the Foundation



2020 was marked by a change of scale for the Foundation: after 15 years of existence, and having supported more than 200 projects, the Financière de l'Echiquier Foundation has become the Group Primonial Foundation. In addition to its traditional areas of focus – **education, social inclusion and professional integration** – there is a new field of action: **healthcare**.

The Group Primonial Foundation continues to run its flagship programme, **Les Maisons des Jeunes Talents**. This association, created in 2010 by the Foundation to promote equal opportunities, gives accommodation to and supports scholarship students admitted to preparatory classes for the “grandes écoles” in Paris.



LFDE employees benefit from a **skills sponsorship programme** that allows them to spend up to five days a year of their working time volunteering at organisations receiving financial support from the Foundation. In 2020, despite the difficult situation, 38 employees (out of 136) chose to engage in a voluntary project.

To find out more about the Fondation Groupe Primonial and its work, visit <https://www.fondationprimonial.com/en/>

In 2020, the Fondation Groupe Primonial published its annual activity report to give an account of its work in each of its areas of focus – Education, Integration and Healthcare.



Alongside Echiquier Climate Impact Europe

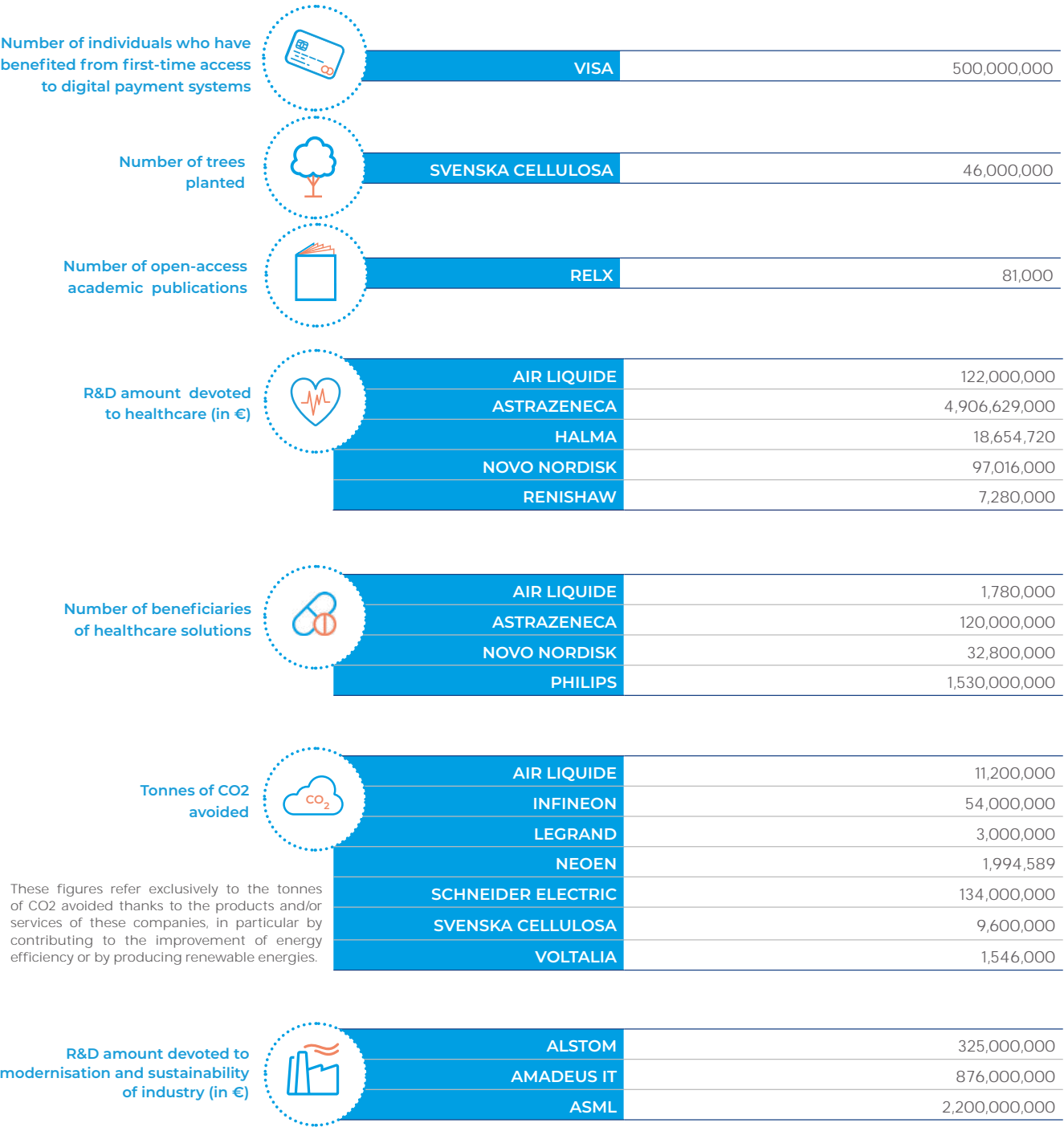
With our new impact fund, we have chosen to pay part of the direct management fees to projects that generate a positive environmental and social impact. The aim of this initiative is to contribute to a climate transition that is also socially just, in keeping with the fund's core identity. The first projects, selected by the Board of Directors of the Echiquier Impact SICAV, will be financed in 2022 by management fees collected in 2021.

Appendix 4 ♦ Details of impact measures

Details of data given on pages 2 and 3

In the introductory infographic of this report, we sought to illustrate the contribution of portfolio companies to the nine business-oriented SDGs. These nine SDGs form an integral part of the selection process for EPIE companies, through the solutions score.

To that end, we collected the impact indicators published by companies at 31/12/2020 relating to their activities for the year 2020.




These figures refer exclusively to the tonnes of CO2 avoided thanks to the products and/or services of these companies, in particular by contributing to the improvement of energy efficiency or by producing renewable energies.

Investors are advised that investing in the sub-fund does not generate a direct impact on the environment and society; instead, the sub-fund seeks to select and invest in companies that meet the specific criteria defined in the management strategy.

Appendix 5 ♦ Better Way independent audit

This report was produced in conjunction with independent experts from Better Way. Better Way conducted a critical review of the methodologies and content, and verified the figures in order to assess the accuracy of the information provided in the report. This work to verify the figures covers between 20% and 50% of the consolidated data, and so does not eliminate the risk of failure to detect a material anomaly.

Moreover, the information used to prepare this document was obtained from a range of external sources. LFDE and Better Way have not sought to demonstrate the reliability of these sources or verified this information. Accordingly, neither LFDE nor Better Way guarantee in any way (either explicitly or implicitly) the accuracy, exhaustiveness or suitability of the information in this document.



Better Way

Better Way is a consulting firm that supports investors and companies in their portfolios in their responsible or impact-oriented approach: from the definition of a strategy to its concrete implementation and evaluation.

Since 2020, Better Way has supported La Financière de l'Echiquier in the independent annual assessment of the impacts of the Echiquier Positive Impact Europe fund and their valuation in a report published annually. This support also entails a critical review of the investment management company's impact strategy.

ELODIE NOCQUET

Elodie founded the firm Better Way in 2019, after ten years of experience in impact investing. She has participated in several high-profile initiatives in the sector, including case studies of I&P for the G8 Task Force on impact investing and for the European Venture Philanthropy Association (EVPA), and a report in 2021 by the FIR and France Invest working groups on the **definition of impact investing**. She has also taken part in the consultations on the **Operating Principles for Impact Management** launched by IFC in 2019 and carries out independent verifications on this subject (for Stoa, Adenia and Raise Impact, for instance).

CLARA DENIAU

Clara joined Better Way over a year ago. Previously, she had honed her expertise in responsible investment in listed equity markets at an ESG rating agency and in non-financial research with a broker. She has also participated in the preparation of numerous ESG/impact reports.

For more information, visit: <https://www.better-way.net/>

Important information

The information provided in this report does not constitute investment advice, an investment proposal or a solicitation of any kind to enter into financial market transactions. Investors are encouraged to read the KIID and prospectus available at www.lfde.com in full in order to understand the risks and fees associated with investing in the fund prior to making any investment decision.

The fund is primarily invested in equities, so it presents a risk of capital loss and is also exposed to equity, discretionary management and currency risks.

The fund takes non-financial criteria into account in a manner that is **significantly binding according to the definition of the Autorité des Marchés Financiers (AMF) in its Doctrine 2020-03**.

The non-financial objective complies with the provisions of **Article 9 of the SFDR**.

The stocks mentioned in this report were held in the portfolio as at 31/12/2020.

Neither their presence in the portfolio nor their performance are guaranteed.

Proprietary ESG (Environment, Social, Governance) data as well as scores relating to the United Nations Sustainable Development Goals are the latest available, in the knowledge that the analyses are updated every two years by the teams of La Financière de l'Echiquier. They are based on the latest public documentation available to us at the time of the analysis (annual reports in particular), i.e. the oldest data is from the 2018 financial year. There is a time lag of one year owing to the time it takes for companies to publish their data. The other data relating to the impact of companies, unless otherwise indicated, is taken from the 2020 financial year.

This data may vary over time.

From a methodological point of view, the term "impact" (as used in this report) does not have a scientific definition allowing for a specific change to be attributed to the fund's financing activities or action taken by the companies in the portfolio. Here we analyse the expected effects of our investments as well as the effects of actions taken by companies on their stakeholders (employees, clients, local communities living next to premises, etc.), based on data published by the companies.

LFDE and Better Way have strived to ensure as much transparency as possible as regards the figures presented (scope, source, etc.), as well as the analyses and calculations carried out on the basis of these figures.

Investors are advised that investing in the sub-fund does not generate a direct impact on the environment and society; instead, the sub-fund seeks to select and invest in companies that meet the specific criteria defined in the management strategy.

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