Publication of sustainability information

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OFI INVEST ESG SOCIAL FOCUS

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■ Summary

Ofi Invest ESG Social Focus (the “Sub-Fund") has a sustainable investment objective. The Sub-Fund invests in virtuous growth by selecting companies that are responsible in their ability to integrate ESG issues and committed to having a positive social impact on their stakeholders, primarily their employees. The Sub-Fund's sustainable investment is analyzed through a social impact score, the level of intention in social engagement and responsible practices (integration of the most relevant ESG criteria by sector). The Companies belonging to the last quintile of the social impact score are excluded from the universe (best in group). The Sub-Fund follows a “rating improvement” approach, which consists of obtaining an average ESG score for the portfolio which is higher than the average ESG score for the comparison SRI universe, including those securities comprising the STOXX Europe ex UK Total Market Index (BKXF), after eliminating 30% of the index weighting. These eliminated securities correspond to the exclusion of private issuers featuring on the management company’s sector-based and norm-based exclusion lists for the purposes of the SRI Label, as well as securities with the lowest ESG scores.

The promotion of social and environmental characteristics depends on the product's strategy and its own investment processes. They are systematically promoted by obtaining a minimum ESG score within a universe and by monitoring 4 indicators for labelled funds, and by managing negative impacts by monitoring controversies and adopting sectoral or normative exclusion policies, for example.

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

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

■ No significant harm to the sustainable investment objective

In order to ensure that the issuers under review Do No Significant Harm (DNSH) in terms of sustainability, OFI Invest AM analyses issuers in terms of:

- indicators for Principal Adverse Impacts (PAI indicators) for sustainability within the meaning of the SFDR;
- activities that are controversial or considered sensitive in terms of sustainability;
- the presence of controversies deemed to be very severe.

Issuers exposed to the following adverse impact indicators are qualified as non-sustainable investments:

- exposure to companies active in the fossil fuel sector (PAI 4);
- exposure to activities linked to typologies of controversial weapons, such as cluster bombs or anti-personnel mines, biological weapons, chemical weapons, etc. (PAI indicator 14);
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI indicator 10).

In addition, activities that are controversial considered sensitive in terms of sustainability are considered non-sustainable. Adverse impacts are analysed according to OFI Invest AM’s sector-based policies (tobacco, oil and gas, coal, palm oil, biocides and hazardous chemicals) and norm-based policies (Global Compact and ILO fundamental conventions, controversial weapons), published on our website. Investments may not be made in companies with a negative screening.

Very severe controversies ("level 4" environmental and societal controversies as well as "level 3" social and governance controversies) cannot be considered sustainable, according to our definition.

The exposure of issuers to controversies related to violations of fundamental human rights, as described in the UN Global Compact and the OECD Guidelines for Multinational Enterprises (PAI indicator 10), is a reason for exclusion (see above).

Issuers exposed to such controversies, whose severity level is deemed to be very high or high, on all social, societal and environmental issues cannot be considered sustainable according to OFI Invest AM's definition.

More specifically, investments may not be made in issuers exposed to "level 4" (very high) environmental and societal controversies as well as "level 3" (high) for social and governance controversies, i.e., the highest on our proprietary rating scale.

These E, S, and G issues bring together all themes covered by the OECD Guidelines and the Global Compact.

These exclusions apply to issuers qualified as "sustainable" according to our definition, in addition to the norm-based exclusion policy on Non-Compliance with the Global Compact Principles and ILO fundamental conventions.

■ Sustainable investment objective of the financial product

The Sub-Fund's sustainable investment objective is to invest in companies that make a positive contribution to or bring a benefit to the society, while meeting the Ofi Invest AM definition of sustainable investment.

Securities that qualify as a sustainable investment with a social objective are those that make a positive social contribution through:

- significant turnover (or other industry relevant metric) coming from activities contributing to sustainability goals; and/or
- their social practices, as assessed by OFI Invest AM.

Although the Sub-Fund is primarily socially oriented, sustainable investments with environmental objectives may be included in the portfolio, as these securities also meet the criteria for sustainable investments with social objectives and are subject to the Social Impact filter further described in the section "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?".*

Securities that qualify as a sustainable investment with an environmental objective are those that make a positive environmental contribution through:

- significant turnover (or other industry relevant metric) coming from activities contributing to sustainability goals;
- significant CAPEX or OPEX aligned to the EU Taxonomy; and/or
- their environmental practices, as assessed by Ofi Invest AM

No public benchmark has been designated for the purpose of attaining the sustainable investment objective, as there is currently no suited benchmark available.

■ Investment strategy

The Sub-Fund intends to be 100% invested in the social impact theme. The sustainable investment is analyzed through a social impact score, the level of intention in social engagement and responsible practices (integration of the most relevant ESG criteria by sector).

The Sub-Fund's management process is as followed:

Step 1 - Definition of the investment universe and compliance with SRI Label rules

The initial investment universe is the STOXX Europe ex UK Total Market Index (BKXF). All the issuers in our benchmark index (Stoxx Europe 600 ex UK) are included in this STOXX Europe ex UK Total Market Index investment universe.

The STOXX Europe ex UK Total Market Index investment universe excludes :

- market capitalizations of less than €300m;
- companies not covered by the Management Company's proprietary rating methodology.
- normative and sector exclusions, as listed and summarized into the document entitled "Investment Policy: sector and norm-based exclusions", available at the following address: https://www.ofi-invest-am.com/pdf/principes-et-politiques/sector-and-norm-based-exclusions-policy_ofi-invest-AM.pdf. These exclusion policies are also available in full on the website: https://www.ofi-invest-am.com/en/policies-and-documents.

In addition, the proportion of ESG-analysed securities in the portfolio must exceed 90% of the Sub-Fund's net assets.

In this way, the Sub-Fund implements an ESG "rating improvement" approach, which consists of obtaining an average ESG rating for the portfolio that is higher than the average ESG rating of the SRI universe of comparison, comprising the stocks making up the STOXX Europe TMI index, after eliminating 30% of the index weighting. These eliminated stocks correspond to the exclusion of issuers on the sector and normative exclusion lists, as well as stocks with the lowest ESG ratings.

The Management Company considers the STOXX Europe ex UK Total Market Index to be a relevant benchmark for the Sub-Fund's ESG rating in line with its strategy.

As part of the SRI Label, the Sub-Fund undertakes to outperform two extra-financial indicators (one environmental and one social), in relation to its SRI universe, selected from the main negative impact indicators (PAI) defined by SFDR regulations:

- Social indicator - PAI 11: Lack of processes and mechanisms to monitor compliance with UNGC and OECD principles. The coverage rate for this social indicator will be at least 55% by the end of 2025 and at least 60% by the end of 2026;

- Environmental indicator - PAI 2: Tons of CO2 per million euros invested (Scopes 1, 2 and 3 divided by EVIC). The coverage rate for this environmental indicator will be at least 80% by the end of 2025 and at least 90% by the end of 2026.

Although the Management Company remains the sole judge of the investment decision to select securities according to the ESG approach, it relies on its proprietary ESG rating method.

To assess issuers' ESG practices, the Sub-Fund takes into account the following pillars and themes:

- Environmental: climate change, natural resources, project financing, toxic emissions, green products;

- Social: employees, customers, suppliers and civil society, with reference to universal values (in particular: human rights, international labour standards, environmental impacts, anti-corruption, etc.), human capital, supply chain, products and services;

- Governance: governance structure, market behaviour.

The ESG analysis team defines a sector benchmark of key issues (ESG listed above), selecting the most important issues for each business sector. Based on this frame of reference, an ESG rating is calculated out of 10 for each issuer, which includes the E and S key issues ratings on the one hand, and the G issues and bonus/malus ratings on the other.

Among the indicators used to establish this ESG rating, the following can be cited in particular:

- Scope 1 carbon emissions in tonnes of CO2, water consumption in cubic meters, nitrogen oxide emissions in tonnes for the environment pillar;
- information security policies in place and frequency of systems audits, number of fatal accidents, percentage of total workforce represented by collective bargaining agreements for the social pillar;
- the total number of directors, the percentage of independent board members, total remuneration as a % of fixed salary for the governance pillar.

ESG ratings of issuers are carried out on a quarterly basis, while the underlying data is updated at least every 18 months. Ratings may also be adjusted as a result of controversy analysis or engagement initiatives. This is carried out using a dedicated proprietary tool that automates the quantitative processing of ESG data (supplied mainly by ESG rating agencies, but also by specialized agencies), combined with an analysis by the ESG analysis team.

The weighting of the E, S and G pillars for each sector, and the justification for any weighting below 20%, are detailed on our website: https://www.ofi-invest-am.com/en/policies-and-documents.

The methodology used to rate issuers on ESG criteria is described in detail in the document entitled Responsible Investment Policy. This document is available at the following address: https://www.ofi-invest-am.com/pdf/principes-et-politiques/responsible-investment-policy.pdf.

Step 2 - Definition of the social universe

The eligible universe of impact companies is constituted on the basis of a social impact indicator developed by OFI Invest AM's teams to filter the social performance of a company, whatever the sector of activity. It measures the contribution to the sustainable development goals (hereafter "**SDGs**") related to social issues:

- SDG 1: No poverty
- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 5: Gender equality
- SDG 8: Decent work and economic growth
- SDG 10: Reduced inequalities

The objective is to measure the materiality of the social policy in its level of societal ambition, on the values of WORK, SOCIAL PROGRESS and the SHARING OF ADDED VALUE and SOCIAL INCLUSION, within the framework of its offer of basic products and services.

This social impact score is based on a proprietary methodology, built from historical data and qualitative analyses and around 5 pillars: intention, work, social progress, sharing of added value, social inclusion. Each pillar is broken down into issues and indicators (in total, about thirty indicators). For each indicator, a Z-score is calculated, which has the advantage of taking into account the deviation from the average, but also of being able to associate ratios of a different nature. Thus, a Z-score belonging to the interval [-1;1] is calculated per indicator and per pillar and an overall Z-score (Z-Score Social Impact) is obtained by aggregating the scores. Each of the stocks in the investable universe is assigned a social impact score, which is then used to rank them by quintiles.

Companies belonging to the last quintile of the social impact score are excluded from the universe (best in universe), *i.e.*, 20%.

Step 3 – Stock picking through fundamental analysis (financial and extra-financial criteria)

The analysis of the financial quality is a criterion that allows us to identify companies in good financial health.

Regarding the **selection of the stocks** in the portfolio, the objective is to select the most responsible and socially committed companies. The manager constructs his portfolio in a bottom-up manner without sector or geographical constraints: all the stocks in the investable universe are assigned a social impact score and ranked by quintiles, a minimum threshold of 50% of The Sub-Fund's assets must belong to the first quintile. Once the work on the overall score has been completed, a quantitative screening is also carried out separately on the scores of the three pillars: labour, social progress and sharing of added value. For the best values thereby selected, additional information is collected on each of the pillars, including on social inclusion (on disability or policy in favour of youth).

In exceptional cases representing a maximum of 10% of the portfolio at any given moment, the Social Impact score is not available because the data is not yet disclosed by the data provider (IPO, split, etc.). In this case, companies are selected on the basis of an extensive analysis including a direct dialogue with the management and a fast-track on the quality of governance.

The management team uses a specific proprietary tool ("RISE" for Corporate Social Responsibility and Impact) which includes all the elements of the Social Impact score, the SRI category with all ESG criteria and level of controversies and the financial quality of all the stocks in the investable universe. The qualitative data obtained during meetings with the companies is updated regularly. This tool allows the generation of ideas by screening the investment universe and the monitoring of the extra-financial performance of the portfolio.

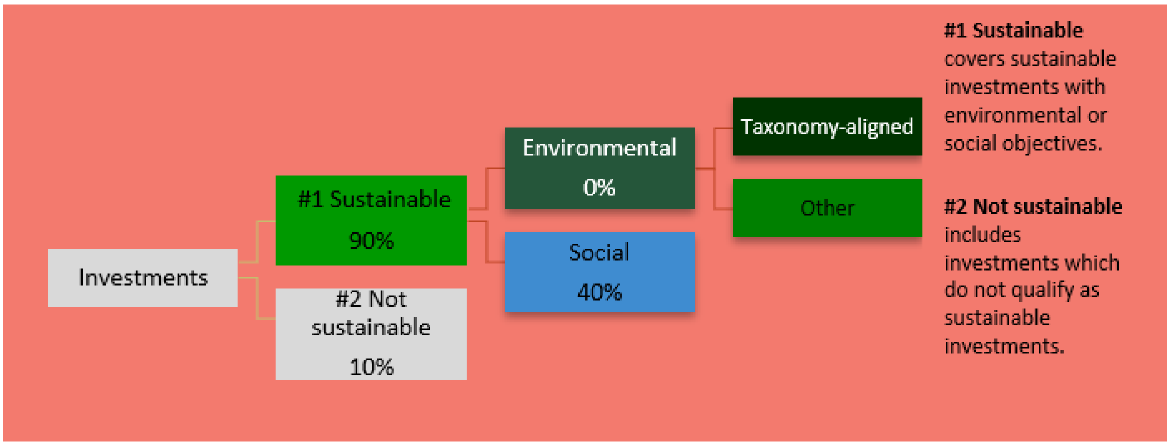
The strategy is implemented in the investment process on a continuous basis:

- The social contribution of issuers is updated every quarter, and the underlying data is updated whenever new data is published by the issuers, that is at least once a year with the annual report.
- ESG research into companies' practices is revised every quarter, while the underlying data is updated at least once every 18 months (as per MSCI's policy, the data provider). It may also be revised in real time through analysis of controversies or following engagement initiatives.
- As part of the qualitative aspect of the analysis, meetings with companies are conducted on an ongoing basis to discuss specific social and/or environmental policy matters. The result of these meeting can lead to improvements or deterioration in bonuses.
- The RISE tool used by the management team is updated every quarter, in order to integrate potential changes in bonuses following the qualitative analysis.

In addition, for cash management purposes, the Sub-Fund may invest up to 10% of its assets in monetary UCIs. These UCIs managed by OFI Invest AM are classified as Article 8 according to SFDR and apply the group's ESG integration strategy.

■ Proportion of investments

The Sub-Fund has at least 90% of its investments (and 100% of the stocks invested in) consisting in sustainable investments, of which with a minimum of 40% with a social objective and 0% with an environmental objective.



■ Monitoring of sustainable investment objective

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

■ Methodologies

The promotion of social and environmental characteristics depends on the Fund's strategy and the investment processes specific to each fund.

The approaches used can consist of :

- achieve a minimum ESG score within a universe, or
- adopt a strategy to improve the rating, or
- to exclude a percentage of the worst-performing issuers on ESG factors, or
- to exclude issuers and/or instruments that do not meet Ofi Invest AM's definition of sustainable investment.

For SRI-labelled funds, two PAIs, specific to each fund, are given particular attention and are used as ESG performance indicators. Some thematic funds may track more specific indicators (e.g. % green sales).

The promotion of social and environmental characteristics also involves the management of negative impacts through the monitoring of controversies and the adoption of sectoral or regulatory exclusion policies, for example.

All the suppliers of non-financial data are detailed in our Article 29 - Climate Energy Law report, which is available on our website at https://www.ofi-invest-am.com/fr/politiques-et-documents.

■ Data sources and processing

All the suppliers of non-financial data are detailed in our Article 29 - Climate Energy Law report, available on our website at the following address: https://www.ofi-invest-am.com/en/policies-and-documents
For historical reasons linked to the Ofi Invest Asset Management entity, created by the merger between OFI AM and Abeille AM on 1 January 2023, data may or may not be restated depending on the fund.

The data is retrieved and repatriated into a proprietary rating tool, and quality controls can be carried out to measure the confidence interval. Once the data has been reprocessed according to proprietary methodologies, it is then disseminated in our systems (Référentiel internal database) and made available to users via Excel and the PMS for fund management.

■ Limitations to methodologies and data

The methodological limitations of supplier data are as follows:

- Missing or incomplete disclosure by some companies of information used for ESG ratings;
- A problem linked to the quantity and quality of ESG data to be processed;
- A problem in identifying the information and factors relevant to ESG analysis;
- Problem linked to indicators not being taken into account due to lack of available data;
- Estimated data, not necessarily reported by the company, subject to estimation risk;
- Problems linked to methodological changes that make it difficult to compare data over time.

For funds that apply the proprietary analysis model, it is possible to overcome certain limitations, in particular by providing for the possibility of ad hoc ratings for unrated companies, at the request of management. Commitments with issuers also make it possible to obtain information from companies that rarely publish it. A bonus/malus system is also provided for in the event of a difference in assessment between the analysis and the rating agency.

■ Due diligence

For funds subject to the proprietary analysis model, due diligence is carried out both before and after the fact, through weekly monitoring of controversies, a quarterly review of ESG ratings that may be subject to a bonus or a penalty where applicable, engagement with issuers on certain issues (climate, biodiversity, social), or to obtain more information on CSR issues, indicators or the management of controversies.

Management constraints are subject to post-trade controls (control of exclusion thresholds for issuers with the worst ESG performance for the funds concerned, control of constraints linked to sector and normative exclusions).

■ Engagement policies

The voting and shareholder engagement policy is based on the most rigorous governance standards (G20 and OECD corporate governance principles, AFEP MEDEF governance code, etc.). On the one hand, as part of the voting policy, the Management Company may use a number of actions at General Meetings (dialogue, written question, tabling of a resolution, challenging vote, etc.). In addition, the engagement policy involves dialogue with certain companies, not only to obtain further information on its CSR strategy, but also to encourage them to improve their practices, particularly in terms of governance.

■ Attainment of the sustainable investment objective

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

- The exclusions resulting from the exclusion policies mentioned below.
- ESG “rating improvement” approach, which consists of obtaining an average ESG score for the holding which is higher than the average ESG score for the comparison SRI universe, including those securities comprising the STOXX Europe ex UK Total Market Index (BKXF), after eliminating 30% of the index weighting. These eliminated securities correspond to the exclusion of private issuers featuring on the management company’s sector-based and norm-based exclusion lists for the purposes of the SRI Label, as well as securities with the lowest ESG scores.

- The Companies belonging to the last quintile of the social impact score are excluded from the universe (best in group), *i.e.*, 20%.
- At least 50% of the Sub-Fund's assets must belong to the 1st quintile of the Social Impact Score.
- At least of 90% of the portfolio invested in securities that meet the OFI Invest AM definition of sustainable investment.
- At least of 40% of the portfolio invested in securities that meet the OFI Invest AM definition of sustainable investment with a social objective.

At least 50% of the fund's assets must belong to the 1st quintile of the Social Impact Score.

For this Sub-Fund there is no designated reference benchmark to meet the sustainable investment objective.