

PALATINE Europe Sustainable Employment

Article 9 SFDR



Summary of sustainability information - January 2023

No material damage to the sustainable investment objective

In addition to compliance with the coal based policy of Palatine AM, the absence of significant harm is measured within this product using the 14 mandatory PAI defined in Table 1 of Annex 1 of Delegated Regulation (EU) 2022/1288 dated 6 April 2022. It is complemented by the measurement and steering of 2 optional indicators: Atmospheric emissions (PAI II.2) and the lack of a policy to combat corruption and acts of corruption (PAI III.15).

Sustainable investment objective of the financial product

PALATINE Europe Sustainable Employment has a goal of sustainable social investment. The OPC invests in European companies that focus on a responsible social policy focused on sustainable employment (job creation, training, equality of women/men, etc.) and provide solutions to the challenges of sustainable development.

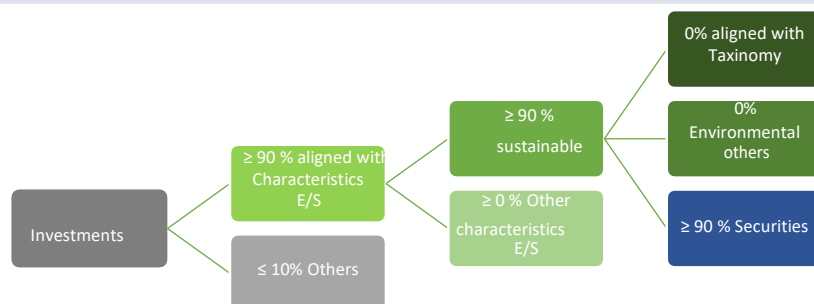
A benchmark, the Eurostoxx 50, has been defined to measure the achievement of this sustainable investment objective. The fund should have an employment and ESG score above the index. In addition, investments will have to demonstrate a positive contribution to at least one of the United Nations social SDGs.

Investment Strategy

The financial product pursues a financial strategy focused on large cap Eurozone stocks. The fund systematically applies an extra financial approach, which is decisive in investment decisions. The ESG elements that are binding to select investments are :

1. Exclusions (Coal, controversial)
2. Thematic selection: Selection of companies with the best performance on the fund's sustainability indicators (employment score and contribution to social SDGs).
3. Selection of companies with the best ESG scores that adhere to Palatine AM's exclusion policies.
4. Responsible selection : Selection of companies whose activities that have the most negative impacts are limited and have good governance practices.

Proportion of investment



Control of the sustainable investment objective

The checks are carried out at 3 levels:

- 1/ **1st pre trade controls** performed by the portfolio managers who have to ensure that the issuer envisaged meets the universe of the portfolio and is ESG rated. These pre trade checks are not formalized specifically.
- 2/**1st level post trade checks** carried out quarterly by the SRI Analytics Team on selectivity (checking sufficient coverage of ESG ratings and compliance with other SRI related criteria).
- 3/**2nd Level controls** carried out annually by the RCCI through an ESG ISR control sheet.

Methods
<p>Several sustainability indicators are used to measure the achievement of the investment objective of the financial product:</p> <ul style="list-style-type: none"> - ESG scores (environment, human resources, human rights, local communities, business ethics, governance). - Job score (job creation/destruction, health and safety, training, value sharing, equal opportunities, continued employment , ...). - Contribution to the United Nations Social SDGs. - Good governance
Sources and data processing
<p>The management company relies on Moody's ESG Solutions' non financial databases for large caps, EthiFinance for mid and small caps and Trucost (S & P Global), for environmental data (carbon, climate risks, etc.)</p> <p>Humpact provides employment related indicators.</p> <p>PALATINE AM also has access to the search for specialised brokers (like Goldman Sachs , Société Générale, Exane , Oddo...).</p> <p>Proprietary ESG assessments are conducted to complement and improve the data provided by rating agencies on company published data and the outcome of our engagement actions.</p>
Methods and data limits
<p>The methodologies of data providers may have biases, highlighting only a dimension of the business being evaluated, thus downgrading the quality of the data. In addition, the lack of maturity of some calculation methodologies, low coverage rates or inaccurate data are other limits.</p> <p>PALATINE AM puts in place the necessary devices to ensure that these limits do not affect the measure of the achievement of the fund's Sustainable Investment Objective. It bases its extra financial analysis on several ESG data providers, supplements the data provider's assessments with internal analyses, and conducts an internal watch for controversies. Its responsible approach is in a transparent and continually improving approach .</p>
Due diligence
<p>This financial product pursues due diligence through its SRI investment strategy. All assets excluding cash and cash equivalents are the subject of an ESG assessment. In addition, a measure of the negative impacts related to the activities on both the social and environmental plan is carried out for all the companies invested. It includes several indicators on human rights. Stock picking is done among the top performances.</p>
Engagement policy
<p>The engagement at Palatine AM takes place through various actions:</p> <ul style="list-style-type: none"> - Dialogue with owned companies - Exercise of voting rights and other rights attached to the shares - Participation in collaborative engagement actions
Achieving the sustainable investment objective
<p>The measurement of the achievement of the sustainable investment objective of this product is made based on its benchmark, the EuroStoxx 50. The Fund's sustainability indicators are calculated for the reference index according to the same methodology as the UCI, which must always have a performance higher than that of the index.</p>