



INFORMATION UNDER ARTICLE 10 (1) OF THE REGULATION (EU) 2019/2088



PALATINE AMERIQUE
PALATINE AM ; JANUARY 2023

Without a sustainable investment objective

This financial product promotes environmental or social characteristics, but is not aimed at sustainable investment.

Environmental or social characteristics of the financial product

This product promotes environmental and/or social characteristics. To do this, he seeks to invest in companies that have good environmental and/or social practice and good governance. To measure the promotion of environmental and/or social characteristics, the financial product relies on Palatine AM's ESG rating system. It considers the following 6 pillars:

- **Human Resources Policy**: Compliance with labour law, career and pension management, training schemes, restructuring management, social dialogue promotion, health and job security, employee ownership, publication of social indicators, sub contractors' management.
- **Environmental protection measures**: Identification of impacts, existence of environmental reporting including monitoring of procedures and improvements, ISO 14001 certification, eco design of products, impacts related to product and service life cycles, carbon balance, control of energy consumption, control of local pollution, control of water and its consumption impacts, exposure to regulations, waste management, analysis of the life cycle, presence of dedicated teams, protection of biodiversity.
- **Business ethics**: Anti corruption, contract management, product or service safety, product recalls or prohibitions, sustainable relations and engagement with customers and suppliers, compliance with competition law, quality image and reliability.
- **Corporate governance**: Composition of Boards of Directors or Supervisory Boards, levels of transparency, control and audit, shareholder rights, capital structure.
- **Relations with civil society**: Promotion of the economic and social development of the host country or otherwise, the societal impact of goods and services, charitable, humanitarian and health actions.
- **Respect for Human Rights**: Respect for Human Rights, International Labour Organisation Standards, No Discrimination, Forced or Child Labour.

Investment Strategy

1. Investment strategy used to promote environmental or social characteristics

The fund invests primarily in high liquidity large cap companies, which make up the S & P500 ESG, using a quantitative, artificial intelligence driven investment solution that uses a model to predict share price movements and movements.

The model analyses thousands of historical characteristics and provides a daily prediction of the behaviour of each stock analysed as if there was a specialist on each stock. It then feeds its active selection process to produce a portfolio of long positions in certain stocks.

To be eligible for inclusion in the portfolio, companies must demonstrate, through SRI screening, that they are managing their ESG opportunities and risks.

Mandatory elements of the extra financial approach for selecting investments are as follows:

1. Sectoral and normative exclusions filter:

- Exclusions of all companies that seriously and/or repeatedly breach one or more of the 10 UN Global Compact Principles on Human Rights, Labour Standards and Anti Corruption. ○ Exclusion of companies involved in controversial arms production within the meaning of the Ottawa and Oslo conventions or the so called SFDR regulation. Any direct investment in companies that manufacture, sell, store and transfer cluster munitions, anti personnel mines or chemical weapons is excluded without a minimum turnover threshold.
 - Thermal Charb - Excluding stocks that do not comply with Palatine AM's coal policy. Since then, it has been forbidden to invest in companies that develop new coal projects or whose activities are highly exposed to coal. This coal strategy has been deployed for the entire management, it excludes mining companies and electricity producers of which more than 20% of turnover is linked to thermal coal. Additionally, mining companies extracting more than 10 MT of thermal coal and electricity producers with more than 5GWh produced from thermal coal are also excluded.
 - Moreover, the investment process applies ESG exclusions:
 - Excludes companies subject to severe controversies after Index Committee analysis
 - Excludes companies involved in tobacco production or whose tobacco trade accounts for more than 5% of turnover.
 - Excludes oil sand mining companies to more than 5% of sales.
 - Exclusion of companies related to weapons.
2. The portfolio's weighted average ESG rating must be greater than or equal to the S & P500 ESG rating.

2. Policy for evaluating good governance practises

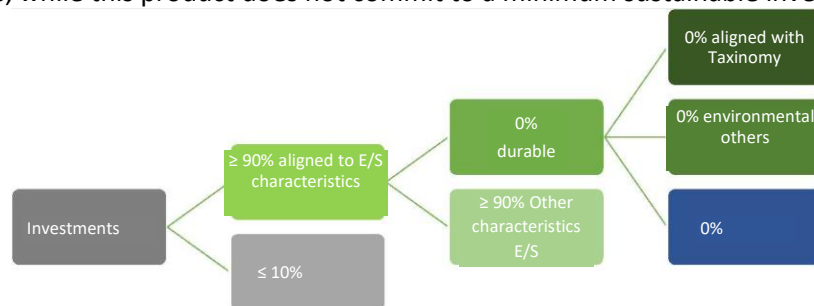
The policy used to assess companies' good governance practises is based on the following criteria:

- Issuers in the portfolios must have good governance practices to ensure the sustainability and growth of the company
- The importance of managers' ability to report on their management to different stakeholders
- Fair treatment of all shareholders (the barriers to active participation in general meetings are to be reduced and imbalances between capital structure and voting rights structure to be avoided).
- Recommended Board Structure:
 - Executive Board and Supervisory Board
 - a high proportion of independent directors and a separate Chairman of the Chief Executive Officer,
 - to set up a number of committees on the Board of Directors, including the Audit of Accounts, Remuneration and Management Appointment
 - to promote a high degree of transparency: Remuneration of corporate officers and executives, as well as the independence of the Board of Directors.

- Controversy monitoring is performed by Moody's ESG Solutions and our internal SRI team:
 - A controversy is defined as the questioning of a company by its stakeholders (employees, unions, NGOs, regulators, customers, shareholders, etc.). Controversies are a measure of the company's exposure to negative news (trials, strikes, NGO campaigns, etc.), taking into account the impact of these news on the company itself and its stakeholders, with a view to materiality.
 - Moody's Global ESG Solutions rating incorporates an ESG controversy issue that impacts the company's exposure to ESG controversies and more or less impacts the impact on them.
 - If the controversy is identified by our in house SRI team, the rating can also be reviewed depending on the materiality of the subject.

Proportion of investments

The proportion of investments aligned with the E/S characteristics of this product will be at least 90% of the net assets, while this product does not commit to a minimum sustainable investment share.



Monitoring of environmental or social characteristics

Compliance checks are regularly performed by the portfolio managers, the ESG team and the internal control team. The objective of these checks is to ensure that the investments made are in line with the fund's SRI investment policy.

The composition of the investment universe is not checked as we use a benchmark with stable methodology over time and publicly available.

Key control points are:

- ESG filter coverage:
 - SRI rules must cover all invested assets (excluding cash and quasi cash).
 - Each invested company must be rated ESG according to Palatine AM's methodology.
- Respect of SRI investment rules:
 - The reduction criteria for the S & P 500 to achieve the ESG S & P 500 must allow for a reduction of at least 20% of the universe.
 - The average ESG rating of the portfolio must be higher than that of the fund's investable universe.

These checkpoints are then carried out at different levels of the investment process, pre trade, before investment and post trade, after investment. They are done at different levels of authority, by the operational staff (the managers and the SRI team), by the head of management and then by the internal control team.

For pre trade checks, they are performed by the portfolio managers who must ensure that the proposed issuer corresponds to the portfolio universe and that it is rated ESG. Since early 2022, ESG ratings have been included in TRACKER's PMS (Portfolio Management System) to enhance the investment process. These pre trade checks are not formalized specifically.

Top level post trade checks are carried out by the SRI analysis team, which carries out a quarterly extraction of the fund's inventories to ensure that they meet the rules defined as being selective within its universe. In addition, the roster checks for adequate coverage for ESG ratings and other SRI related criteria.

2th level controls are performed annually by the RCCI. An ESG ISR control sheet is formalized on this occasion. It covers the various components monitored.

Methods

The measurement indicator for the promotion of E/S characteristics is based on the ESG rating. PALATINE AM believes that the fund has successfully promoted its environmental and/or social characteristics if it has a higher average ESG rating than that of its benchmark.

The ESG rating is based on 6 criteria:

- Company social policy: Respect for labour law, career and pension management, training plans, restructuring management, promotion of social dialogue, health and job security, employee share ownership, publication of social indicators, management of subcontractors.
- Environmental protection: Identification of impacts, existence of environmental reporting including monitoring of procedures and improvements, ISO 14001 certification, eco design of products, impacts related to the life cycles of products and services, carbon balance, control of energy consumption, control of local pollution, control of water and its consumption impacts, exposure to regulations, waste management, analysis of the life cycle, presence of dedicated teams, protection of biodiversity.
- Business ethics: Anti corruption, contract management, product or service safety, product recalls or prohibitions, sustainable relations and commitment to customers and suppliers, compliance with competition law, quality image and reliability.
- Corporate governance: Composition of boards of directors or supervisory boards, levels of transparency, control and audit mechanisms, shareholders' rights, capital structure.
- Relations with civil society: Promotion of the economic and social development of the host country or others, the societal impact of products and services, charitable, humanitarian and health actions.
- Respect for human rights: Respect for human rights, International Labour Organisation standards, no discrimination, forced labour or children.

Sources and data processing

The ESG assessment of issuers is made using internal and external means.

Palatine Asset Management's ESG investment management and analysis teams rely on non financial databases, such as Moody's ESG Solutions for large caps and Ethifinance for mid and small caps, Trucost (S & P Global), environmental data (carbon, climate risk, etc.) and Humpact, social data (employment

related indicators, social policy analysis, etc.).

The ESG analysis also uses the research of brokers specialized in ESG issues and themes (such as Goldman Sachs, Société Générale, Exane, Oddo...).

Finally, proprietary ESG assessments are conducted by Palatine Asset Management's analyst team to supplement the rating agency coverage using a proprietary methodology. Research may be undertaken to supplement ESG analysis where necessary.

We favour the use of data based on our analysis and calculations. However, some data is not available and our data providers create models to make estimated data available. At this stage, our data related to IAPs can be partially estimated, but our data on the European Union's green taxonomy are those reported by the companies themselves.

Methods and data limits

PALATINE AM recognises that there are methodological limitations that may arise mainly from the quality and availability of ESG data, supplied by either extrafinancial rating companies or directly from companies, used in its ESG strategies.

However, Palatine AM implements the necessary mechanisms to minimise these limits.

Extra financial analysis is based on several ESG data providers. The evaluations of data providers are validated by the expertise of internal analysts, and enriched by an internal monitoring of controversies that are difficult to anticipate.

WFP's accountable approach is transparent and continuously improving.

Due diligence

This financial product carries out its due diligence process through its SRI investment strategy. All assets, excluding liquidity and quasi liquidity, are subject to an ESG evaluation. Stock selection is made among the top ESG performers.

In addition, the fund is audited annually as part of the annual accounts certification process. The SRI process is reviewed as part of the audit work.

Engagement policy

Palatine AM's engagement policy is detailed on its website. It is available at : [Regulation - Palatine Asset Management \(palatine-am.com\)](https://www.palatine-am.com/Regulation)

Designated benchmark

The OPC Palatine Amérique has defined a benchmark to measure its promotion of environmental and/or social characteristics. It is the S & P500 ESG. The fund's investment strategy is to invest in US companies with large market capitalisations that demonstrate good ESG practices. The index is therefore fully in line with the fund's investment strategy. The index is available on the following website : [table of Contents \(spglobal.com\)](https://www.spglobal.com)