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

PALATINE EUROPE SUSTAINABLE EMPLOYMENT

PALATINE AM | 140 BOULEVARD MALSHERBES 75017 PARIS, FRANCE

No material damage to the sustainable investment objective

This financial product pursues a sustainable social investment objective.

100% of investments are in companies with sustainable practices that contribute to a social sustainable investment objective.

1. Consideration of IPOs

In addition to respecting Palatine A.M. 's coal policy, a DNSH measure of sustainable investments is being carried out. It is based on the 14 obligatory PAAs defined in Table 1 of Annex 1 of the Delegated Regulation 2022/1288 of the European Commission of 6 April 2022. It is complemented by the measurement and steering of 2 optional indicators: Emissions of air pollutants (PAI II.2) and the lack of a policy to combat corruption and acts of corruption (PAI III.15).

The PAAs are considered in 2 stages:

1/a quantitative filter is first applied. Its aim is to exclude companies with the largest negative impacts.

2/The qualitative analysis must ensure that the companies invested have put in place sustainable practices within their business and that they do not significantly harm an environmental or social objective.

Details of their inclusion methodology are available on our website: definition _ de _ l _ investissement _ durable _ Janvier _ 2023.pdf (palatine-am.com)

2. Verification of adherence to key international principles

In addition to the consideration of the ACPs, the sustainable investments made in this product are subject to in depth checks on respect for human rights. In particular, they take into account OECD guiding principles and UN principles through the piloting of variables described below:

- Controversy management: A monitoring of controversies is in place to identify controversies and take appropriate corrective measures. In addition, under the consideration of the PAI 10, companies that have already been the subject of a significant number of material controversies on these themes are excluded.
- Assessing the compliance of the processes of companies invested according to these principles: The fund ensures that a large majority of the companies in which it invests are signatories to the UN Global Compact and that if not, they have minimum internal control measures to ensure compliance with these principles.
- Evaluation of anti corruption policies: The fund ensures that all companies in which it invests have minimum anti corruption measures in place.
- ESG Rating: Palatine AM's ESG rating contains many themes directly related to these principles. In particular, it assesses corporate practices with respect to business ethics or respect for human rights. This ESG rating is a binding investment criterion.

Sustainable investment objective of the financial product

The aim of the Palatine Europe Sustainable Employment fund is to invest in European companies that focus on a responsible social policy based on sustainable employment (job creation, training, gender equality, etc.) and provide solutions to sustainable development issues.

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

SDGs.

Investment Strategy

1. Investment strategy used to measure achievement of the sustainable investment objective

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 key elements for selecting investments are:

1. Exclusion policies:
    - Exclusions from 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 the production of controversial armaments 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 coal: Exclusion of 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. Moreover, mining companies extracting more than 10 MT of thermal coal and electricity producers, of which more than 5GW are produced from thermal coal are also excluded.
2. ESG Rating: The weighted average ESG rating of the portfolio must be greater than or equal to that of their investment universe.
3. Employment sustainability indicator: Through stock selection, the portfolio should consistently post a higher employment score than the benchmark.

    - Exclusion of companies with the least good corporate governance practices.
4. Sustainability Indicator: Each of the selected stocks should contribute positively to at least one of the social SDGs defined by the UN.
5. Carbon footprint: Stock selection should ensure that the portfolio still has a lower carbon footprint than its benchmark.

2. Application of the verification methodology of the DNSH principle of Palatine AM:

- PAI 1 through 6 - GHG Emission: Exclude companies with no serious GHG emission reduction trajectory or those with significantly negative emissions.
- PAI 7 - Biodiversity: Exclusion of companies that have no biodiversity protection policies or those that have a significantly negative impact on biodiversity.
- PAI 8 - Water: Exclude companies that have no water management policies or those that have a significant negative impact on water pollution.
- PAI 9 - Waste: Exclusion of companies that have no waste management policies or those that have a significant negative impact on waste generation.

- PAI 10 - Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises: Systematic exclusion of companies that have experienced significant and repeated controversies related to these themes.
- PAI 11 - Absence of compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises: Investment in companies that are signatories to the UN Global Compact or in companies with a minimum level of compliance with these principles.
- PAI 12 - Uncorrected gender pay gap: Exclusion of the worst actors from our universe.
- PAI 13 - Blended across governance bodies: Exclusion of the worst actors from our universe.
- PAI 14 - Exposure to Controversial Weapons: Exclusion of cluster weapons and anti personnel weapons stocks.
- PAI II.2 - Emissions of air pollutants: Exclusion of companies with the most negative impacts.
- PAI III.15 - Combating corruption: Exclusion of companies with the most negative impact.

3. Policy for evaluating good governance practises

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

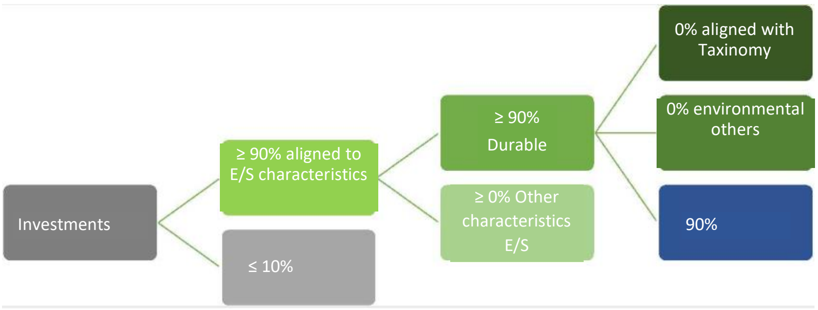
- Issuers in the portfolios must have good governance practices to ensure the sustainability and growth of the company
- The importance of managers' ability to report on their management to different stakeholders
- Fair treatment of all shareholders (the barriers to active participation in general meetings 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.
- Controversies are monitored by Moody's ESG Solutions and our internal SRI team: A controversy is defined as the questioning of a company by its stakeholders (employees, trade 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.

  The global ESG score from Moody's ESG Solutions includes an event related to the company's exposure to ESG controversies, penalising it more or less depending on the themes affected:
    - Business ethics +/-13%
    - Governance +/-6%
    - Local communities +/-7%
    - Environment +/-3%
    - Human resources +/-6%
    - Human rights +/-16.5%

If the controversy is identified by our internal SRI team, the rating can also be reviewed according to the materiality of the subject.

Proportion of investment

The proportion of sustainable investments of this product will represent 100% of the investments and a minimum of 90% of the assets of the product will be invested. All sustainable investments are Eurozone issuers.



Control of the sustainable investment objective

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.

Key control points are:

- ESG filter coverage: SRI investment rules must cover all invested assets (excluding cash and quasi cash).
- Minimum exclusion threshold: The SRI investment rules must allow a minimum exclusion of 20% from the initial investment universe.
- Respect for exclusion policies:
  - No society shall seriously and repeatedly contravene one or more of the 10 principles of the UN Global Compact
  - No society should be involved in controversial weapons as defined in the Oslo and Ottawa conventions or in the SFDR.
  - No company must exceed Palatine AM's coal strategy exclusion thresholds.
- Compliance with the investment rules linked to Label ISR:
  - Each invested company must be rated on an ESG basis.
  - Each invested company must have an ESG rating greater than or equal to the 12/20 threshold rating.
  - Each invested company must have an employment score of 2/5 stars or more.
  - The average ESG rating of the portfolio must be higher than that of the fund's investable universe.
  - The portfolio's average employment score must be higher than the fund's benchmark.
  - The carbon footprint of the fund must always be lower than that of its benchmark.
- Respect for the sustainable investment share within the meaning of the SFDR:
  - The Financial Product must have a minimum of 100% of socially sustainable investments (as defined by Palatine AM).

- All investments designated as durables must demonstrate that their major negative impacts are not significant or insignificant.
- All investments designated as sustainable must contribute positively to at least one of the SDGs defined by the United Nations with a social theme.
- All investments designated as durables must have a governance rating of at least 5/20.

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.

The pre trade checks are carried out by the portfolio managers, who must ensure that the issuer is eligible for the portfolio and that it is ESG rated. 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

Several sustainability indicators are used to measure achievement of the social investment objective of the financial product:

1. **Score emploi** : a specific indicator for sustainable employment is used to measure the achievement of the goal. This score was chosen because of its very broad dimension, which is based on both quantitative and qualitative criteria. Quantitative criteria account for 75% of the score and are equally weighted, qualitative criteria account for 25%. The themes considered by the score are:

1.1. Job creation/destruction in Europe: 33% - This indicator is calculated by considering the changes in the number of employees, in relative and absolute terms, over the last 3 years in Europe and the frequency of destruction of jobs. The results are then compared to the rest of the world.

1.2. Decent work: 33%

- Occupational health and safety and stability: The ability of the company to ensure a stable and safe workplace environment for employees is assessed based on the frequency and severity of workplace accidents, absenteeism, and the company's occupational health and safety prevention policy.
- Employee training: The ability of the company to support its employees in their career development through its training offer is measured based on the number of average training hours per employee and the quality of the training strategy. HR policy. Bonus points were awarded for the existence of a questionnaire to measure employee satisfaction.
- Continued employment: The ability of the company to retain its employees is evaluated based on the rate of permanent employees and its change over time, the average length of service of employees and the turnover rate and its change over time.
- Value sharing: The ability of the company to share its value with its employees is estimated

based on the amount of capital held by employees during the reporting year, the average salary per employee and its change from year N-1, the equity ratio between management salaries. The company's remuneration policy is also considered.

1.3. Equality: 33%

- Gender: To measure gender parity in the company, the score is based on the proportion of women on the board of directors, the proportion of women on the executive committee, the proportion of women in top management, the difference in workforce between women and men in management and the Index Women Men. The score also attributes its points to more qualitative criteria. It values whether or not the company has an HR policy that promotes parity.
- Insertion des jeunes **:** Measurement of the contribution of the enterprise to the insertion of young people in the job market is based on the share of young people and apprentices in the workforce and the variation of this category of employee year on year. It is complemented by the study of the social policy of the enterprise, the presence or not of measures to promote young people in the enterprise.
- Integration of persons with disabilities: The enterprise's contribution to employment of persons with disabilities is determined on the basis of their share of the workforce in year N, compared with year N-1. The presence of a specific social policy may improve contribution score.

1.4. Impact on Quality of Life - Bonus: The Odds considered are the most relevant to human well being, i.e.:

- SDG 1 : no Poverty
- SDG 3 : good health and wellness
- SDG 4 : education
- 5 : gender equality
- 8 SDG : decent work
- SDG 9: Industry, Innovation and Infrastructure
- SDG 10: Reducing inequality

Attribution of contribution points varies with the degree of contribution. A simple mention is worth 0.1 point, a mention with detail of the phases of action is worth 0.4 point and a mention with the establishment of quantified objectives and a measurement system is worth a point.

2. **ESG rating** : adherence to the fund's sustainable investment objective is also measured by the ESG rating. It is based on 6 criteria:

2.1. 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.

2.2. 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.

2.3. 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.

2.4. Corporate governance: Composition of boards of directors or supervisory boards, levels of transparency, control and audit mechanisms, shareholders' rights, capital structure.

2.5. 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.

2.6. Respect for human rights: Respect for human rights, International Labour Organisation standards, no discrimination, forced labour or children.

3. **Contribution to UN Social SDGs:** the Fund's contribution to Social SDGs is measured using Moody's ESG Solutions' database. This database provides for each company:

3.1. A contribution level that varies on a scale from -1 to +1 depending on the percentage of SDG related products in the company's revenues. A negative contribution reflects the company's exposure to controversial SDG related activities (coal, intensive agriculture, high interest rate loans, etc.).

3.2. And a quality rating of company actions that considers all company actions in terms of E, S, and G weighted by the importance of these pillars for each SDG. The score for SDG contribution stocks varies from -1 to +1, and can be negative when there is significant controversy.

An average of the score of the contribution and the quality rating of the actions carried out is then performed. The resulting score is measured on a scale from -1 to +1.

Sources and data processing

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

The ESG management and analysis teams at Palatine Asset management 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 company, social data (employment related indicators, social policy study, 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. Engagement research and actions may be undertaken to complement 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 the limitations that exist in providing ESG data in our ESG strategies and in particular their potential influence on the extent to which sustainable investment objectives or the environmental and social attributes promoted by our financial products are met.

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.

The lack of consensus on thresholds and criteria for significant negative impacts also leads to the use of different systems by data providers, which often implies a degree of subjectivity and therefore different outcomes. It is still difficult to obtain consensus data on some of the topics covered by Table

1 of Annex 1 to Regulation 2022/1288 of the European Commission.

Thus, the integration of new information, the revision of the framework in place or the harmonization of methods between data providers are examples of operational events that may lead to the revaluation of an issuer and possibly exclusion.

In addition, there may be a mismatch between the timing of the event and the actual exclusion of the issuer.

However, Palatine AM puts in place the necessary arrangements to ensure that these limits do not affect the extent to which the sustainable investment objectives of our funds or the environmental or social characteristics promoted by our financial products are achieved. It bases its extra financial analysis on several ESG data providers, complements data provider assessments with internal analysis, and conducts an internal controversy watch. Its accountable approach is in a transparent and continually improving approach.

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.

The product is even committed to making 100% of its investments in sustainable values, for which the management company measures the negative impacts of the activities, both social and environmental.

In addition, the fund is audited annually as part of the independent audit process by a third party according to the requirements of the SRI label. The company currently in charge of this audit is EY.

Engagement policy

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

Achieving the sustainable investment objective

The extent to which this product meets its sustainable investment objective is measured against its benchmark. The Fund's sustainability indicators are calculated for the benchmark using the same methodology as the UCI. The designated index, the EuroStoxx 50, comprises only the 50 largest Eurozone companies from around 300 stocks that make up the relevant broad market index, the EuroStoxx. The fund's investment strategy is to invest in large cap companies in the Eurozone, which is the hallmark of the index.

The methodology of the designated index is available on the following website: https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx_index_guide.pdf

To achieve its sustainable investment objective, the fund must meet the following conditions:

- The fund's ESG rating must be higher than that of its benchmark
- The fund's employment score must be higher than that of its benchmark
- All invested stocks must contribute to at least one of the social SDGs defined by the UN.
- 100% of its investments must be made on securities that comply with the verification

methodology of Palatine AM's DNSH.

- 100% of its investments must be made on stocks with good practices Governance.