Publication of sustainability information

Article 10 SFDR

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BDL Transitions

CAPITAL MANAGEMENT

1. Summary

Integration of ESG Features into Investment Strategy

BDL Transitions (the "Sub-Fund") invests 100% of its equity portfolio following a sustainable thematic approach: ecology & energy transition, digital transition, mobility & infrastructures transition, new economic challenges transition, health and wellbeing transition.

To each of these five transitions are allocated specific UN SDGs to monitor the contribution of the portfolio to the sustainability investment framework. Each stock in the Sub-Fund's portfolio is directly linked to one of the five themes of the sustainable objective.

Within the sustainable thematic approach, the Sub-Fund seeks to achieve positive environmental impact by investing primarily in companies that foster sustainable growth and have environmental certifications, products, and services with environmental added value or that have put in place contribution towards environmental and energy transition, in particular measures to address environ-mental issues such as energy, climate, air quality, biodiversity.

Regarding the social impact, the Sub-Fund seeks to achieve positive social impact by investing in companies that respect the issue of health and safety, absenteeism and staff turnover, corporate culture and values, restructuring management, evaluation of social atmosphere, work life balance, responsible procurement policy and suppliers' audits.

Planned Asset Allocation for the Product

The Sub-Fund invests at least 80% of its net assets that have been determined as "eligible" as per the ESG process in place, hence in investments that are defined as sustainable. Within this equity portfolio, all investments (100%) have an environmental objective.

Up to 20% of the net assets of the Sub-Fund are invested in investments that do not qualify as sustainable investments.

Consideration of the Principal Adverse Impacts (PAI) of investments & verification of International Standards and Good Governance Principles:

This financial product considers the Principal Adverse Impacts of its investments on sustainability factors through the 14 mandatory indicators in Table 1 of Annex I of the European Commission Delegated Regulation (EU) 2022/1288. It also includes the following 2 additional indicators: investments in companies without carbon reduction initiatives and investments in issuers without occupational accident prevention policies. Their consideration is integrated into the various aspects of the responsible investment approach of the management company.

Through the consideration of Principal Adverse Impacts, including the use of the following social PAIs, the investments of this financial product align with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights:

- Violation of the United Nations Global Compact principles and the OECD Guidelines for Multinational Enterprises.

- Absence of processes and mechanisms to monitor compliance with the United Nations principles and OECD Guidelines for Multinational Enterprises.

ESG Analysis Methodology

We employ an internal scoring system called QIRA, which measures the long-term sustainability of companies and is the most significant pillar of BDL Capital Management's fundamental quality rating of companies.

The QIRA score is an ESG score out of 20, broken down into the following weights:

- Environmental (E) approximately 40%
- Social (S) approximately 20%
- Governance (G) approximately 40%

QIRA considers around thirty ESG indicators and uses around ten questions to rate companies.

Engagement Policy

We play a crucial role in influencing ESG practices within the companies in which we invest.

The dialogue we have established with company management teams over the past 17 years, coupled with the decision to hold a limited number of investments in the portfolio, is ideal for maximizing our influence.

We regularly send letters to the CEOs of companies in which we invest to explain our approach and expectations.

We encourage these companies to:

- Reduce their greenhouse gas emissions in line with the Paris Agreement trajectory.
- Complete the CDP questionnaire on their climate strategy, make it public, and work towards achieving "leader" status and an A-grade from the CDP.
- Commit to publishing greenhouse gas reduction targets scientifically validated by the Science Based Targets Initiative (SBTi).

These three objectives are concrete and measurable. If all companies were to achieve them, it would ensure greater transparency, faster initiatives, and decarbonization of the economy in alignment with the Paris Agreement's goals.

Our work is to do everything in our power to help the companies in which we invest achieve these three objectives. These letters have been a first step towards establishing a framework.

2. No significant harm to the sustainable investment objective

The steps 1 and 2 of our sustainable investment process, as described in the following section 3, which include normative and sectoral exclusion filters as well as the analysis of 16 Principal Adverse Impact (PAI) indicators, are used to verify that investable companies do not cause significant environmental or social harm.

The exclusion policy, by refraining from financing certain sectors, aims to avoid supporting the negative social and/or environmental impact of these companies. The consideration of PAI is part of the assessment of the sustainability level of companies.

By taking into account the PAI, especially through the use of the following social PAIs, the investments of this financial product comply to the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights:

- Violation of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.
- Lack of processes and mechanisms to ensure compliance with the principles of the United Nations and the OECD Guidelines for Multinational Enterprises.

3. Sustainable investment objective of the financial product

BDL Transitions (the "Sub-Fund") invests 100% of its equity portfolio following a sustainable thematic approach: ecology & energy transition, digital transition, mobility & infrastructures transition, new economic challenges transition, health and wellbeing transition.

The financial product has a sustainable investment objective, it will have a minimum proportion of 80% of sustainable investments. These investments do not significantly harm any of the sustainable investment objective.

To ensure that the sustainable investments of the financial product do not cause significant harm to an environmental or social objective (DNSH - Do No Significant Harm), BDL Capital Management has established a 4-step process:

Step 1: Sectoral and Controversy Exclusion Policy

We have defined a policy of sector exclusions, i.e. companies active in controversial sectors, as well as normative exclusions, i.e. companies in violation of one or more of the 10 principles of the United Nations Global Compact.

Companies in the initial investment universe that do not meet the criteria and thresholds below are considered non-investable and therefore unsustainable for the funds we manage.

Exclusion criteria	Company excluded from
Cluster munitions and anti-personnel mines	From the 1st euro of turnover
Controversial weapons	From the 1st euro of turnover
Civilian weapons	Strictly above 25% of turnover
Tobacco	Producer: Strictly above 5% of turnover Distributor / Stricly over 15% of turnover
Controversial jurisdictions	Excluded
Coal	Strictly above 25% of turnover
Pornographic activities	Strictly above 25% of turnover
UN Global Compact	Non-compliant companies are excluded

These exclusions aim to avoid supporting negative social and/or environmental impacts of these companies. Data for exclusions comes from various sources including company meetings, reports, external data providers like Sustainalytics, and BDL Capital Management's own analyses. These data are regularly updated.

Additionally, companies involved in severe controversies according to Sustainalytics' Controversies Research will not be considered as sustainable.

Step 2: Principal Adverse Impact (PAI) :

As part of our responsible investment policy, we rely on the list of mandatory sustainability indicators published by the European authorities as part of the SFDR Regulation. This list covers 14 mandatory indicators and also includes 2 so-called additional indicators.

At this stage, the following PAI are addressed:

- Environment and climate
- Social, including human resources
- Respect for human rights

Companies whose PAI levels are too high cannot be considered sustainable. Data on PAI are provided by our service provider Sustainalytics and are updated on an ongoing basis.

More information on controversies' research by Sustainalytics on below link : https://www.sustainalytics.com/investor-solutions/esg-research/eu-sustainable-finance-action-plan-solutions#sfdr

For more information on BDL Capital Management's approach to PAI, visit the following website: https://www.bdlcm.com/documents/politique-investissement-durable.

Step 3: ESG Analysis:

Analysis of Internal ESG (QIRA):

In the case where a company has undergone an internal ESG analysis, meaning it has a QIRA score, the company cannot be considered sustainable if its score is strictly less than 10 out of 20.

Analysis of External ESG (Sustainalytics Risk Rating):

In the case where a company does not have a QIRA score but has undergone an external ESG analysis, meaning it has a Sustainalytics Risk Rating, the company cannot be considered sustainable if its score is strictly greater than 25 out of 100.

Absence of ESG Analysis:

In the case where the company is not subjected to an ESG analysis, meaning it does not have a QIRA score or a Sustainalytics score, the company cannot be considered sustainable.

Step 4: Greenhouse Gas Reduction Objective Research

This final step involves ensuring that companies are pursuing an environmental goal of reducing greenhouse gas emissions.

If the company has successfully completed the first three steps and has set a greenhouse gas reduction goal, then it is considered sustainable.

However, if the company has successfully completed the first three steps but does not have a greenhouse gas reduction goal, then it cannot be considered sustainable.

The pursuit of greenhouse gas reduction objectives is carried out in several ways:

- The company has had its greenhouse gas reduction objectives validated or committed to validation by the Science Based Targets Initiative (SBTi). SBTi is an initiative that provides companies with an independent assessment and validation of their greenhouse gas reduction objectives (https://sciencebasedtargets.org/). The list of companies engaged with SBTi is public.
- ESG research provided by the Sustainalytics provider indicates that the company has set a greenhouse gas reduction goal, notably through the additional PAI "companies without carbon reduction initiatives."
- Internal ESG research conducted by the BDL Capital Management teams.

4. Investment Strategy

The Sub-Fund is following a sustainable thematic approach: ecology & energy transition, digital transition, mobility & infrastructures transition, new economic challenges transition, health and wellbeing transition.

To each of these five thematises are allocated specific UN SDGs to monitor the contribution of the portfolio to the sustainability investment framework. Each stock in the Sub-Fund's portfolio is directly linked to one of the five themes of the sustainable objective.

Within the sustainable thematic approach, the Sub-Fund seeks to achieve positive environmental impact by investing primarily in companies that foster sustainable growth and have environmental certifications, products, and services with environmental added value or that have put in place contribution towards environmental and energy transition, in particular measures to address environmental issues such as energy, climate, air quality, biodiversity.

Regarding the social impact, the Sub-Fund seeks to achieve positive social impact by investing in companies that respect the issue of health and safety, absenteeism and staff turnover, corporate culture and values, restructuring management, evaluation of social atmosphere, work life balance, responsible procurement policy and suppliers' audits.

The impact intention of the BDL Transitions fund is expressed by the correspondence between each of the five transitions (energy, digitalization, mobility & infrastructure, health, new economy) and the main SDGs on which they have a positive impact.

The five themes have a direct and majority impact on five SDGs (the "primary" SDGs):

- Energy transition: SDG#7 Affordable and clean energy
- Digital transition: SDG#9 Industry, innovation and infrastructure
- Mobility and infrastructure: SDG#11 Sustainable cities and communities
- Health: SDG#3 Good health and well-being
- New economy: SDG#8 Decent work and economic growth

The five themes also have a secondary impact on 3 other SDGs (the "secondary" SDGs):

- SDG#10 Reduced inequalities
- SDG#12 Sustainable cities and communities
- SDG#13 Responsible consomption and production

No benchmark has been designated for the purpose of attaining the sustainable investment objective of the financial product.

The Management Company includes non-financial criteria in their fundamental analysis of companies in the investment universe and favor those whose ESG criteria target sustainable growth. The ESG analysis of the Sub-Fund is based on the match between each of the five sustainable development themes (energy & ecology, digitalisation, transport & infrastructure, healthcare & well-being and new economic challenges) and the main SDGs on which they have a positive impact. All of the portfolio companies are ESG-scored. Issuers always undergo an ESG analysis prior to an investment being made. A minimum ESG score is required for admission to the Sub-Fund. The Sub-Fund uses its proprietary QIRA scoring system for this purpose, with a minimum score of 12 out of 20.

More specifically, the Sub-Fund's initial universe (≈ 1 200 companies) consists of:

- All of the companies listed on stock exchanges in OECD countries that have a revenue of more than €1 billion or a market capitalisation of more than €1 billion;
- The whole of the Management Company's investable universe. This universe is reviewed daily.

The investable universe (≈ 1 000 companies) is obtained with the exclusion the 20% of issuers with the lowest ESG scores (as per Sustainalytics Risk Rating).

As a result, the Sub-Fund's portfolio contains approximately 40 active companies from the investable universe.

Sustainable investment:

Coverage rate: 100% of the equity portfolio

Binding elements: The Sub-Fund only invest in equity identified as "sustainable" as per the methodology described above.

Sustainalytics Risk Ratings:

Coverage rate: The ESG rating will cover a minimum of 90% (weighted) of the holdings of the portfolio of the Sub-Fund

Binding elements: The ESG score of the Sub-Fund's equity portfolio will be higher than the ESG score of the initial investment universe after eliminating at least 20% of the least well-rated securities.

QIRA rating:

Coverage rate: 100% of the equity portfolio

Binding elements: The ESG QIRA score must be greater than or equal to 12/20

Controversies level:

Binding elements: The companies with controversy level = 5 (as per Sustainalytics Controversies Research) are excluded from the investment process

Exclusion policy - Additional thresholds:

For this sub-fund, certain thresholds are more restrictive than those of the BDL Capital Management policy:

- Coal: strictly above 15% of turnover
- Tobacco (producer): from the 1st euro of turnover
- Pornographic activities (producer): from the 1st euro of turnover

Good governance practices are assessed in step 3 as described above.

In the QIRA internal rating, good governance practices represent a significant part of the rating. The analysis of governance practices is based mainly on transparency, management quality, accounting practices and the level of controversy of the company.

In the Sustainalytics Risk Ratings, the final contribution of corporate governance practices is about 20% on average. More information on the Sustainalytics methodology at: https://www.sustainalytics.com/

5. Investment ratio

The Sub-Fund invests at least 80% of its net assets that have been determined as “eligible” as per the ESG process in place, hence in investments that are defined as sustainable. Within this equity portfolio, all investments (100%) have an environmental objective.

Up to 20% of the net assets of the Sub-Fund are invested in investments that do not qualify as sustainable investments. The “Not sustainable” category primarily contains cash, bank deposits and other liquid instruments (i.e. Money Market Funds) for liquidity purposes (i.e. reimbursements of investors). The proportion and use of investments that are considered as not sustainable does not affect the delivery of the sustainable investment objective, as these investments are neutral to such objective.

The Sub-Fund invests 100% of its equity portfolio with an environmental objective but does not target investments that take into account the EU criteria for environmentally sustainable economic activities as set out in article 9 of the Taxonomy Regulation.

However, it is not excluded that the Sub-Fund may be exposed to such criteria via its underlying investments. The extent to which the underlying investments of this Sub-Fund employ economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation cannot be determined as there is insufficient reported data available at the time of this Prospectus.

Should the portfolio of the Sub-Fund fall within the scope of environmentally sustainable economic activities. This paragraph will be updated in accordance with article 5 of the Taxonomy Regulation.

The “do not significant harm” principle applies only to those investments underlying the Sub Fund that take into account the EU criteria for environmentally sustainable economic activities.

6. Monitoring of environmental or social characteristics

Research into environmental and social criteria is mainly carried out during the QIRA rating process. The following performance indicators are used:

Environment:

Variation in Greenhouse Gas Emissions (Scope 1 and 2) from Year to Year: Companies bear the responsibility of reducing their environmental impact. Analyzing greenhouse gas emissions helps understand the extent of a company's contribution to climate change, identifying areas where improvements can be made.

Score on the Carbon Disclosure Project (CDP) "Climate Change" Questionnaire: CDP is an international organization that encourages companies to measure, disclose, manage, and reduce their greenhouse gas emissions. The score assigned to companies in the CDP questionnaire reflects their performance in managing emissions, reducing emissions, transparent disclosure, and commitment to environmental sustainability. It assesses how well a company integrates climate-related issues into its operations.

Climate Trajectory from the Science-Based Target initiative (SBTi): SBTi is a joint initiative involving several organizations, including CDP, the United Nations Global Compact, WWF, and the World Resources Institute. Companies can submit their emission reduction targets to SBTi for independent validation. SBTi assesses whether a company's emission reduction goals align with accepted scientific scenarios for achieving global climate objectives. The climate trajectory analysis aims to determine if a company's emission reduction goals are in line with global climate warming limitations.

Score on the Carbon Disclosure Project (CDP) "Water" Questionnaire – *Integration in 2023***:** Similar to the "climate change" questionnaire, the CDP "Water" questionnaire aims to assess and understand how companies manage and mitigate water-related risks. The score assigned to companies measures how well a company integrates sustainable water management into its operations and business activities.

Score on the Carbon Disclosure Project (CDP) "Forest" Questionnaire – *Integration in 2023***:** Similarly, the CDP "Forest" questionnaire aims to evaluate how companies manage and mitigate risks related to deforestation and ecosystem degradation. The analysis of this questionnaire helps identify risks associated with deforestation and biodiversity impacts.

SOCIAL:

Percentage of Women in Leadership Positions vs. Total Women in the Company: This metric helps determine if women are fairly represented at all levels of the organization, including in executive and leadership roles. A significant disparity between the percentage of women overall and in leadership positions may indicate a lack of diversity and inclusion in leadership roles.

Transparency and Equity in Tax Structure: Analyzing a company's tax practices is crucial for assessing its commitment to ethical tax practices, contribution to public services, and reputation as a responsible tax actor. This plays an essential role in reputation management, sustainability, and stakeholder relations.

Employee Management and Relations (Employee Turnover Rates, Labor Unions, Safety): Evaluating aspects like employee turnover rates, labor union engagement, and workplace safety is vital to assess employee well-being, job satisfaction, safety, and company performance. It helps identify areas for improvement, risk reduction, and the creation of a more productive and positive work environment.

As detailed in the question 'Investment Strategy for Products with Environmental or Social Characteristics,' sectoral and normative exclusion filters, as well as the minimum ESG rating of each company in the portfolio (10/20), and the level of ESG controversies are binding elements of the investment strategy used for selecting investments as they reduce the investment universe.

These indicators are subject to pre-trade and/or post-trade controls:

- ESG Analysis Coverage: A pre-trade control is conducted, taking the form of an alert (rather than a block) for this financial product, which must not exceed a certain threshold of unrated values. For this financial product, a maximum allocation of 10% to unrated issuers is allowed.

This control alerts the portfolio manager in case they intend to place an order on a security that lacks an ESG rating. A daily post-trade control is also conducted, focusing on potential breaches of the portfolio's liabilities.
- ESG Ratings: A daily post-trade control is carried out on the ESG ratings of the companies in the portfolio.

7. Methods Applicable to Environmental or Social characteristics :

Our QIRA methodology allows us to obtain an ESG score, on a scale of 20, which is assigned to the companies in our portfolio. The key features of our evaluation methodology are as follows:

- The QIRA score encompasses all Environmental, Social, and Governance (ESG) pillars.
- The rating scale ranges from 0 to 20, with 20 being the highest score.
- The QIRA score places significant emphasis on both the environmental (approximately 40%) and governance (approximately 40%) aspects.
- The QIRA score is regularly reviewed, as needed (e.g., in case of controversies), and at least once a year.
- The level of controversy surrounding a company impacts its score.
- Each analyst at BDL Capital Management has been trained to assess companies in their respective sectors based on non-financial criteria. Given their expertise in specific sectors, our analysts have in-depth knowledge of companies and their management teams, making them well-suited to produce non-financial analyses.
- Two team members are specifically responsible for ESG research, ensuring a systematic and harmonized conclusion for each company within our QIRA tool.

Our methodology for ESG analysis and evaluation of companies consists of the following steps:

- **Preliminary Analysis:** The ESG analysis of companies begins with a phase of documentary analysis, utilizing all internal and external resources at our disposal. These resources are detailed in the following section (Section 8: Sources and Data Processing).

- **ESG Interviews:** ESG interviews are not mandatory in the process of this financial product. They take place at the discretion of the fund managers and analysts responsible for the asset. However, they are encouraged to address the most "material" ESG topics during their numerous meetings with companies throughout the year to enhance their understanding of the companies. Interview reports, systematically drafted by the fund managers and analysts after each ESG analysis, help refine our preliminary analysis.

- **Evaluation:** Following the preliminary analysis and/or ESG interviews, a synthesis of all obtained information is carried out using the QIRA tool. This allows us to both create a qualitative report of our analysis, monitor the company over time, and perform quantitative evaluation to determine the ESG rating of the issuer in question.

8. Data Sources and Processing

We use a variety of sources to enrich our ESG evaluation of companies, including:

- Companies' annual reports and sustainability reports.
- ESG research from Sustainalytics.
- Sustainalytics controversy research.
- Research provided by brokers.
- ESG Key Performance Indicators (KPIs) provided by Sustainalytics (such as PAI and others).
- CDP (Carbon Disclosure Project) questionnaires.
- SBTI (Science-Based Targets Initiative) trajectory.
- Public databases (such as the Global Oil & Gas Exit List).

We rely on several tools, both developed internally and externally, to better integrate ESG factors into investment decisions:

QIRA Scoring System: An internally developed tool used to score companies within the investment universe based on ESG criteria.

Sustainability Dashboard: An internally developed tool that allows us to assess the sustainability of companies within the investment universe in accordance with the principles outlined in our sustainable investment policy.

Sustainalytics Risk Rating: Sustainalytics' ESG risk analysis is designed to help investors identify and understand significant ESG risks from a financial perspective and how these risks could impact performance.

Sustainalytics Controversy Research: A tool developed by our provider, Sustainalytics, for tracking controversies related to companies.

Sustainalytics PAI (Portfolio Analytics & Impact) Report: Another tool developed by Sustainalytics for monitoring PAI indicators at the portfolio level.

9. Limitations to methods and data

We have identified the following limitations:

Lack of Data Standardization and Transparency: Companies may have different definitions of ESG criteria, making it challenging to compare them. Additionally, some companies may not fully disclose their ESG practices, limiting the accuracy of available data.

Greenwashing: Some companies exaggerate their ESG initiatives to appear more sustainable than they are. This can make it difficult to discern genuinely committed companies from those merely seeking to attract capital.

Dependence on Self-Reporting: ESG information often comes from company reports and other self-reported sources. This means investors must rely on data provided by the companies themselves, without guarantees of accuracy or independent verification.

Lack of Historical Data: Historical ESG data is often limited, making it challenging to assess a company's long-term ESG performance. This can be particularly problematic for investors seeking to analyze long-term sustainability.

Complexity of ESG Assessment: Evaluating ESG factors can be complex due to the multitude of involved criteria and their interactions. Properly weighting different elements and arriving at an accurate overall assessment can be challenging.

Data Quality Issues: ESG data can be incomplete, disorganized, or outdated. This can make it difficult to obtain an accurate and current picture of a company's ESG performance.

Unpredictable Factors: Some ESG events, such as environmental disasters, social scandals, or political changes, can be difficult to anticipate and incorporate into investment models.

10. Due Diligence :

QIRA Score Checks :

After the ESG rating work is completed by the analyst, it is reviewed by the Director of ESG Research (independent from the management teams) to ensure the proper justification of the scores and harmonization of practices among different analysts. Once QIRA is validated, it becomes final and is taken into account by the system for various processes (sustainable investment, minimum rating, etc.).

Control of Step #4 in Sustainable Asset Definition:

During Step 4 within the sustainable asset definition process, the analyst has the opportunity to manually assess if a company has credible and achievable greenhouse gas reduction objectives. When this feature is used, the written justification by the analyst is systematically reviewed and validated by the Director of ESG Research. This helps verify the analyst's choices and request additional justifications and/or corrections if necessary.

Risk Controls:

ESG constraints have been configured in a risk monitoring tool and are assessed daily by the Risk Controller, alongside regulatory and statutory ratios.

Ongoing Monitoring:

As part of the annual ongoing monitoring plan, the RCCI (Chief Compliance Officer) conducts several checks related to the consideration of ESG criteria and the sustainable investment policy.

Periodic Review:

The consideration of ESG criteria and the sustainable investment policy are also subject to periodic review by the external control carried out by Kroll.

11. Engagement policy

We play a crucial role in influencing ESG practices within the companies in which we invest.

The longstanding dialogue we have established with company management teams over the past 17 years, coupled with our decision to hold a limited number of investments in the portfolio, positions us ideally to maximize our influence.

We regularly send letters to the CEOs of the companies in which we invest to explain our approach and expectations.

We encourage these companies to:

- Reduce Greenhouse Gas Emissions in Line with the Paris Agreement
- Complete the CDP Climate Strategy Questionnaire, Make it Public, and Aim for Leadership Status and an A rating from CDP
- Commit to Publishing Emission Reduction Targets Scientifically Validated by the Science Based Targets Initiative (SBTi)Ces trois objectifs sont concrets et mesurables.

If all companies were to achieve them, this would guarantee greater transparency, faster initiatives and a decarbonization of the economy in line with the objectives of the Paris Agreement.

Our job is to do everything we can to ensure that the companies in which we invest achieve these three objectives. These letters were a first step towards establishing a framework. They were followed by direct communications with the companies. Our proprietary ESG methodology, ongoing discussions with company management teams and letters to CEOs are examples of initiatives that help us select companies that will strengthen their practices and contribute to the emergence of a more sustainable growth model.

12. Attainment of the sustainable investment objective

There is no a specific index designated as a reference benchmark to meet the sustainable investment objective of the Sub-Fund.

Since September 2019, in order to contribute to the emergence of a carbon-neutral world, we have decided to more directly engage the leaders of the companies in which we invest.

Indeed, we strive to consider the measures initiated by CDP through questionnaires completed by the companies about their climate strategy, which are made public. These same companies commit to publishing scientifically validated greenhouse gas reduction targets and work towards achieving the "leader" status and an A grade from CDP. It is by fulfilling these three concrete and measurable objectives that we will achieve greater transparency, an acceleration of initiatives, and a coherent decarbonization of the economy in line with the goals of the Paris Agreement.

However, we go even further in our commitment to decarbonization. BDL Capital Management supports the "Say on Climate" initiative. This initiative brings together investors to encourage companies (through voting on resolutions at general meetings) to align with the TCFD (Task Force on Climate-Related Financial Disclosures) and establish a plan for reducing CO2 emissions. We also participate in the "corporate program" of the IIGCC (Institutional Investors Group on Climate Change), which consists of 275 European investors. This working group ensures that companies strive to align with the Paris Agreement.

Reduction in tons of CO2 emissions

Over the course of 12 months, the companies we held as of June 30, 2023, in this transition have reduced their CO2 emissions by 32,000 metric tons, representing a decrease of 0.1%. The most significant reduction was achieved by Array Technologies at -62.5%, followed by UPM Kymmene at -14.3%. In contrast, Veolia's emissions have increased by 6%, after adjusting for the integration of Suez (without this adjustment, emissions would have increased by 10%).

Carbon intensity: Tons of CO2 per million euros of revenue

Over the course of 12 months, the companies we held as of June 30, 2023, in this sector have reduced their carbon emissions intensity (scope 1&2) from 371 tons to 306 tons per million euros of revenue, representing a decrease of 17.5%. The company that achieved the most significant improvement is Shimano, with a 29.5% decrease in its CO2 intensity.

Portfolio climate trajectory

As of June 30, 2023, 14 out of 32 companies in the portfolio now have targets validated by SBTi (Science Based Target Initiative). Our composite indicator shows that the aggregated "climate trajectory" of the portfolio has decreased from 2.3 degrees Celsius in 2022 to 2.2 degrees in 2023. This is progress, but the target of 1.5 degrees has not yet been achieved! This is why we are engaging in a dialogue with companies that do not yet have SBTi-validated targets to encourage them to do so and to raise their ambition regarding their climate trajectory.