BDF

GESTION

RESPONSIBLE INVESTMENT REPORT 2024

Drawn up in compliance with Article 29 of the Energy and Climate Act (ECA) of 8 November 2019

BDF-Gestion has shown a steadfast commitment to supporting the economy's energy transition in recent years.

2024 was once again a rich year in terms of ESG for our company. A further milestone was reached in the exclusion of fossil fuels, reaching the highest level of requirement. From now on, no company involved in thermal coal or unconventional fossil fuels will be held in the portfolio. Companies in which oil represents more than 10% of sales, or 50% for gas, are excluded.

The exclusion process has also been strengthened. 30% of the European equity investment universe is now excluded, compared with 20% previously, thereby raising the standards expected of portfolio companies.

Thanks to a partnership with Qontigo Stoxx, which publishes restated indices on BDF-Gestion's behalf, we are able to accurately assess our funds' performance against customized benchmarks.

Aware of the challenges facing biodiversity, BDF-Gestion created a fund dedicated to its preservation in 2024. The aim of this fund is to implement a thematic management strategy based on exclusive analysis produced by CDC Biodiversité for BDF-Gestion. This project will improve the quality of existing biodiversity metrics and develop the integration of biodiversity analysis into ESG investment strategies. In 2025, BDF-Gestion will formally engage with portfolio companies to encourage transparency and propose actions in favor of biodiversity.

BDF-Gestion's commitment to responsible investment is a long-term strategic priority that is constantly being reinforced. The company will continue in this direction in order to offer its customers investments strategies that take into consideration the sustainability challenges of our time.

François Aubin-Verdeilhan

Chairman

ENERGY TRANSITION ACT REPORT 2024

KEY INDICATORS (12-31-2024)

ESG

80%
Assets classified as Art.8 under SFDR

30%
ESG minimum exclusion applicable to 21% of assets

57.5/100
Average ESG score for equities and corporate bonds (ISS Stoxx data)

Climate

0.5%
Exposure to fossil fuels (ISS Stoxx data)

1.5°C
Estimated temperature rise by 2050 attributable to the equity portfolio (Trucost data)

43.5%
Eligibility for the European taxonomy (Trucost data)

401
Investee companies with SBTi-approved goals

299 997 tCO_2e
Emissions avoided by the equity and corporate bond component compared with the benchmark, i.e. an emissions reduction of 34% (ISS Stoxx Scope 1 and 2 data)

52 tCO_2e / EUR million of revenue
Weighted average carbon intensity of all corporate investments, i.e. a reduction of 5% (ISS Stoxx Scope 1 and 2 data)

Voting

95%
Participation rate at annual general meetings (BDF-Gestion cast votes at 784 AGMs)

32%
Votes against

250
Meetings between the equities management team and company senior executives

Our responsible investor approach

Implementing our responsible investment approach

Since 2018, BDF-Gestion has actively pursued a socially responsible investment approach. The company has gradually integrated sustainability issues into its core business. Our goal in investment management is to focus on companies and governments that act to promote sustainability, aiming to unlock performance and manage risk, while tailoring our management of ESG issues to reflect the specific characteristics of each asset class. Besides providing managers with extra-financial information to enhance their analyses, our responsible investment strategy comprises several other key components:

- Best-in-class ESG exclusion rules and controversy monitoring.
- Integration of climate challenges through exclusion rules, dedicated investment strategies and measures centred on climate risk.
- A shareholder engagement policy.

In 2024, we took further steps to fortify the development of our responsible investment strategy on different pillars.

BDF-Gestion has gradually stepped up its fossil fuel exclusion policy as part of the drive to support environmental protection, mitigate the risk associated with the energy and ecological transitions, and back initiatives to reduce or adapt to climate change. From 2021, the company no longer invested in companies that derive more than 2% of revenue from thermal coal, excluded companies whose extraction or production of unconventional fossil fuels, including shale oil and gas, oil sands, and deepwater and/or Arctic exploration, exceeds 10% of revenue. In 2024, our responsible investment strategy with regard to fossil fuel exclusion was significantly strengthened[1]. Henceforth, no player involved in thermal coal or non-conventional fossil fuels is held in our portfolios. In addition, all companies whose sales are more than 10% oil-based, or 50% gas-based, are excluded. All companies developing new fossil fuel extraction projects are also excluded. These exclusion thresholds correspond to those of the European indices aligned with the Paris Agreement.

As part of its strategy of alignment with the Paris Agreement, BDF-Gestion is steering the implied temperature rise of its entire institutional equity component to 1.5°C (91% of total equities, including the Banque de France). Alignment with 1.5°C was comfortably reached in 2024.

In addition, the company's exclusion process was strengthened in 2024. In fact, 30% of the European equity investment universe is now excluded, compared with 20% previously, thereby raising the standards expected of companies held in the portfolio. The management company can produce an extra-financial analysis for companies not covered by the universe, enabling it to be independent of any extra-financial service provider.

Finally, as part of its management performance analysis, BDF-Gestion has developed a partnership with Qontigo Stoxx in 2024. The aim of this partnership is to create customized benchmark indices, restated for ESG exclusions. These new benchmark indices have been incorporated into the prospectuses of dedicated equity funds, enabling the management company to officially break down the performance of the ESG strategy and that of the managers. They are published and can be consulted on Bloomberg.

[1] As part of its standard fossil fuel exclusion policy.

Communicating the strategy to customers

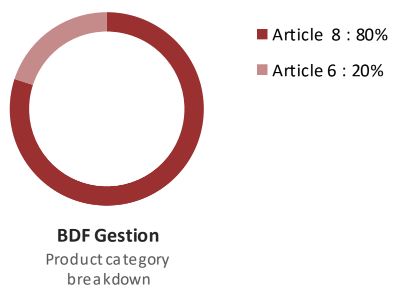
BDF-Gestion does not have a website. However, we publish our "Article 29" annual report on the Banque de France's website. We can provide unitholders with our voting and engagement policy as well as our annual voting report and our transparency code.

Also, since 2019 we have provided quarterly reports for unitholders covering the financial and extra-financial performances of all our investment vehicles.

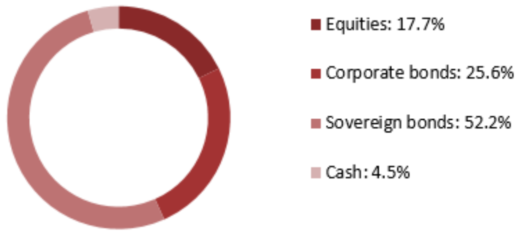
Financial products classified Article 8 or Article 9 under the SFDR

BDF-Gestion manages a range of collective investment schemes that cater chiefly to institutional clients and secondarily for individual Banque de France agents via a range of corporate mutual funds. Assets under management totalled EUR 37.121 billion as of December 31st 2024. In all, 80% of funds in the range are classified as Article 8 under Europe's Sustainable Finance Disclosure Regulation (SFDR), while 20% are classified as Article 6. The investment universe spans European, US, Canadian, Japanese and Australian equities, as well as the entire spectrum of European and US interest rate products.

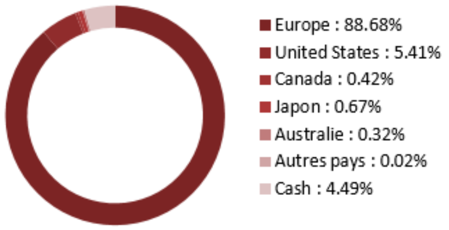
BREAKDOWN OF BDF GESTION'S ASSETS



BDF-FONDS A OBLIGATIONS	Article 8
BDF-FONDS B ACTIONS FRANÇAISES	Article 8
FRANCE CORPORATES EURO	Article 8
BDF-FONDS D MONÉTAIRE	Article 8
BDF-FONDS E ACTIONS EUROPÉENNES	Article 8
FRANCE INVESTISSEMENT ACTIONS OPTIMISÉ	Article 8
FRANCE INVESTISSEMENT CAPITALISATIONS MOYENNES	Article 8
FRANCE INVESTISSEMENT MONÉTAIRE	Article 8
FRANCE PLACEMENT ACTIONS AUSTRALIE ESG	Article 8
FRANCE PLACEMENT ACTIONS CANADA ESG	Article 8
FRANCE PLACEMENT ACTIONS JAPON ESG	Article 8
FRANCE PLACEMENT ACTIONS USA ESG	Article 8
FRANCE PLACEMENT COURT TERME	Article 8
FRANCE PLACEMENT COURT TERME US	Article 8
FRANCE PLACEMENT EURO ESG	Article 8
FRANCE PLACEMENT EURO ESG PLUS	Article 8
FRANCE PLACEMENT EUROZONE MULTI TERMES	Article 8
FRANCE PLACEMENT INTERNATIONAL ESG	Article 8
FRANCE PLACEMENT INTERNATIONAL ESG PLUS	Article 8
FRANCE PLACEMENT MONÉTAIRE	Article 8
FRANCE PLACEMENT MOYEN TERME	Article 8
BDF-FONDS S DIVERSIFIÉ SOLIDAIRE	Article 8
FRANCE SOLUTIONS ENVIRONNEMENTALES	Article 8
FRANCE BDF-GESTION CDC BIODIVERSITÉ	Article 8



BDF Gestion
Asset class breakdown



BDF Gestion
Geographical breakdown

Compliance with a charter, code and an ESG integration label

BDF-Gestion complies with the responsible investment charter of the Banque de France, its parent company and customer, which is available on the Banque de France's website, itself a signatory of the UN Principles for Responsible Investment (PRI) since 2022.

Since 2018, we have been a member of the FAIR association, and the Solidarity Fund in our employee savings range has been awarded the Finansol label.

Our SRI team belongs to Novethic's Institutional Circle and participates every quarter in the workshops put on by the group.

Deployment of internal resources

Resources assigned to integrating ESG criteria

Human resources

As of December 31st 2024, BDF-Gestion's headcount totalled 32 people. Women made up 38% of the workforce. This percentage increased to 44% among manager-level employees.

The ESG team comprises seven managers and an ESG analyst, who rely on the wider management team to implement the responsible investment strategy. Other divisions of the company are called on to assist with area-specific legal, IT and supervisory aspects.

With responsible investment taking on ever-greater importance over the years, BDF-Gestion has increased the headcount assigned to this theme. In practice, this has led to the recruitment of an ESG analyst to fill out the ESG team, which already comprised four equity managers and two fixed income managers, who are now being called on to help track and deal with ESG controversies – tasks that used to be the equity team's sole preserve. Controversy analyses are then reviewed and approved by half-yearly ESG committees, which were set up in 2021, and deal with all SRI-related issues on a cross-company basis to facilitate decision-making. The ESG team includes market risk managers, the internal control team, middle office managers, the General Secretary and the senior managers.

To improve the consistency and quality of the data used, BDF-Gestion set up a Data Management team in 2024. A roadmap has been drawn up to meet the company's needs in terms of centralizing and processing the data supplied by its various service providers.

External resources

Given the significant regulatory efforts required of asset management companies, BDF-Gestion turned to a compliance consultancy, specialising in ESG issues, for assistance in 2023. This partner helped us to better identify the regulator's expectations in terms of extra-financial reporting. In 2024, BDF-Gestion worked on the areas for improvement identified by the consultancy firm. The company's ESG practices were improved by deepening its ESG-related controls and broadening its methodological corpus. The consulting firm continued to support BDF-Gestion in 2024, notably through regulatory monitoring.

A service provider specialising in IT development is also aiding us in the roll-out of our proprietary ESG integration tool.

Technical resources

In response to the increased quantity and complexity of data to be processed, BDF-Gestion has developed an internal application to centralise extra-financial processes and databases. This proprietary tool, which is called **Demain**, can be used to perform a number of tasks, including publishing ESG data sheets for all issuers in the investable universe, creating tailored exclusion lists, visualising portfolios and their ESG metrics and keeping track of companies' controversies and environmental goals. We also use this tool to simulate how new positions will affect our climate indicators. This project, which launched in 2021, remained ongoing in 2024, with version 2.0 delivering greater user flexibility, particularly in terms of visualising and generating ESG metrics. Once completed, this proprietary tool will enable ESG to be completely integrated in our decision making process. Substantial financial and human resources have been assigned to this initiative. Taking an agile approach, the entire ESG team and the IT division are working with the external consultant tasked with developing Demain in accordance with the recommendations of BDF-Gestion specialists.

BDF-Gestion analyses controversies through another proprietary model called the Controversy Analysis Tool (**CAT**), which comprises five dimensions and enables managers to assess the severity of breaches. In 2024, the entire process of designing and analyzing controversies was integrated into the proprietary Demain tool. This makes it possible to centralize the data from the various service providers used in this process, and to facilitate the handling of controversies by the ESG team. The integration of this key process into the company's ESG strategy was a major step in the completion of the DEMAIN tool, enabling ESG to be fully integrated into the management and control applications of the management company in a structuring and cross-functional perspective.

For sovereign bonds, BDF-Gestion does not apply ESG exclusions but has developed a proprietary scoring tool based on the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. The UN provides statistical data series for the SDGs. BDF-Gestion's Ethical and Responsible Scoring Tool for European Sovereign Investments (**SERISE**) is used to construct scores by weighting the metrics supplied for each UN member. The goals were set to highlight positive actions by countries to respond to the global challenges facing them, especially those linked to poverty, inequality, the climate, environmental degradation, prosperity, peace and justice.

Financial resources

Much of the budget dedicated to ESG goes towards working with recognised extra-financial data providers, including ISS-ESG for proxy voting, ESG ratings, fossil fuel exposures, tobacco and greenhouse gas (GHG) emissions, S&P Trucost for alignment with the Paris Agreement, the green taxonomy and coal exposure, Carbon4Finance for data on climate goals, and Iceberg Data Lab for biodiversity footprint metrics. MSCI ESG for its expertise in the treatment of controversies within the Global Compact analytical framework. The initiation of a contract with MSCI ESG was also an opportunity to retrieve data on sovereign issuers, notably relating to the contribution to the Sustainable Development Goals.

As part of the launch of a fund dedicated to the preservation of biodiversity in 2024, BDF-Gestion called on CDC Biodiversité for its recognized expertise, which constitutes an essential pillar in the construction and management of this fund. The customized analysis methodology offered by CDC Biodiversité for BDF-Gestion complements traditional quantitative approaches, offering a global vision of the biodiversity impact of companies.

While it is good practice to work with trusted external third parties, it is also important to remember that extra-financial data may suffer from biases and therefore need to be interpreted with care. Notably, these data are often drawn up using highly specific frameworks that may involve simplifying assumptions, proxies, subjective methodological choices, data gaps and other factors. Accordingly, we regularly assess the data of our extra-financial providers through direct contact with issuers, the ESG teams of our financial intermediaries and any other relevant data source. For example, BDF-Gestion uses the Global Coal Exit List (GCEL) database to verify the coal exposure data of our trusted providers. Until 2022, the ESG team enjoyed free access to this data set. However, from 2023 it will make a financial contribution to this research by donating to Urgewald, the NGO steering the GCEL initiative. This amounted to €2,000 in 2024.

Strengthening internal capabilities

In terms of in-house training, ESG sessions are put on regularly to raise workforce awareness about environmental issues. To continue its external training efforts, in 2024 BDF-Gestion called on Cdurable to organize a "Fresque du Climat" workshop. This compulsory awareness-raising event for employees was held in BDF-Gestion offices.

In addition, BDF-Gestion is encouraging new recruits to operational teams (management, risk, middle office, internal control) to take the AMF ESG certification. At the end of 2024, 10 equity and bond managers were certified (i.e. 63% of managers).

Integration of environmental, social and governance criteria within BDF-Gestion

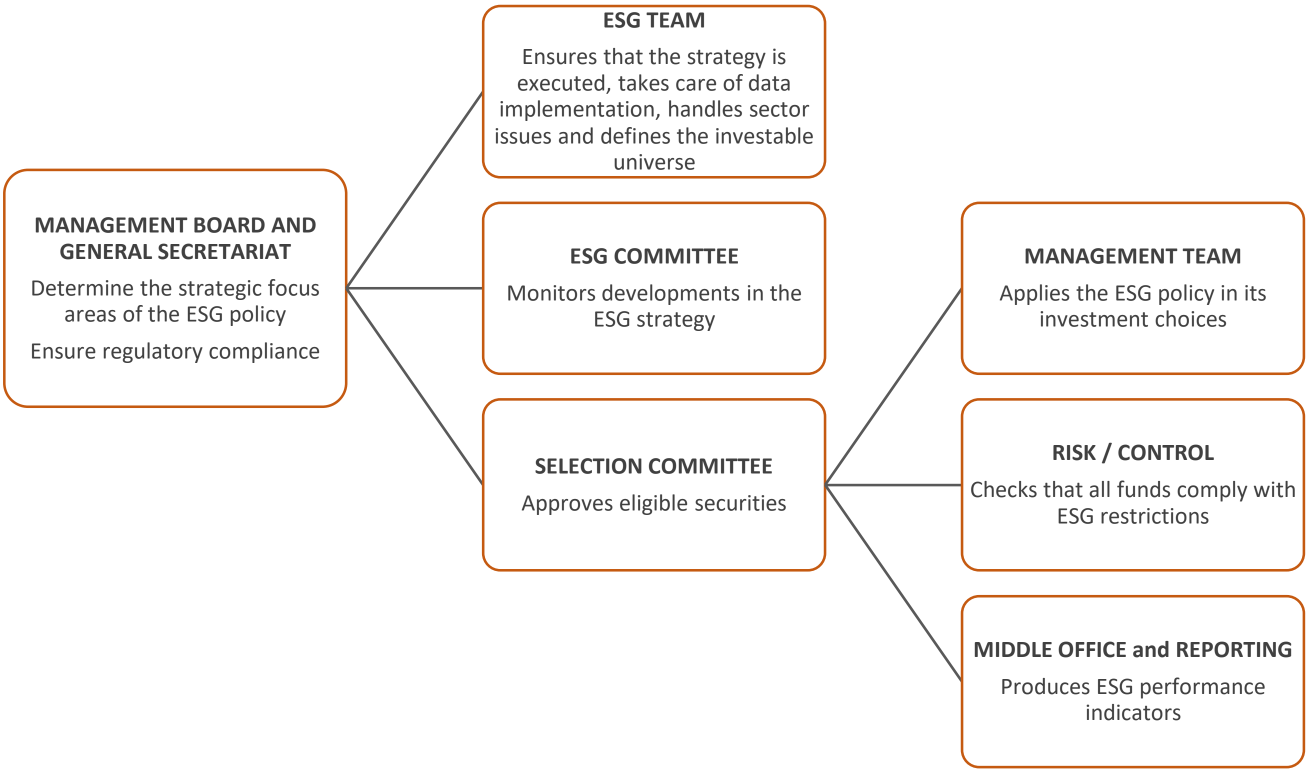
About the governance bodies

The company is organised as a *société par actions simplifiée à conseil de surveillance* (simplified joint stock company with a supervisory board).[2] The supervisory board is made up of four Banque de France senior managers with in-depth knowledge of finance and ESG. Members are appointed for six-year terms.

Managing Director, Stability and Operations	Deputy Director General, Human Resources	Deputy General Secretary	Inspector

The senior managers, the chairman and CEO, who determine strategy, make sure that the extra-financial process is integrated in the company's operational strategy and monitored internally.

ILLUSTRATION OF ESG GOVERNANCE AT BDF-GESTION



[2] The company changed its legal form in April 2022, becoming a *société par actions simplifiée à actionnaire unique* (simplified joint stock company with a single shareholder).

Integration of ESG criteria in the compensation policy

In accordance with our responsible investment commitments and initiatives, and in compliance with current regulations (SFDR 2019/2088 Article 5), BDF-Gestion takes ESG aspects into consideration when setting the variable remuneration paid to members of the equity and fixed income management team and to senior managers.

Our shareholder engagement strategy

Affected companies

By being engaged shareholders, we gain a better understanding of the companies in which we invest. Our investment managers meet regularly with the senior executives of companies in their respective investment universes.

Voting policy

BDF-Gestion is committed to participating in at least 80% of the annual general meetings organised by the companies of which it is a shareholder.

Our voting policy seeks to support the interests of minority shareholders, independent directors and a consistent compensation policy for senior executives. It forms part of our long-term shareholder approach and vision. It enables us to ensure that diversity is upheld, while also considering environmental risk and the commitment made by portfolio companies in the fight against climate change. For example, BDF-Gestion will refuse to approve the variable remuneration of senior executives if extra-financial criteria are not applied.

Engagement strategy

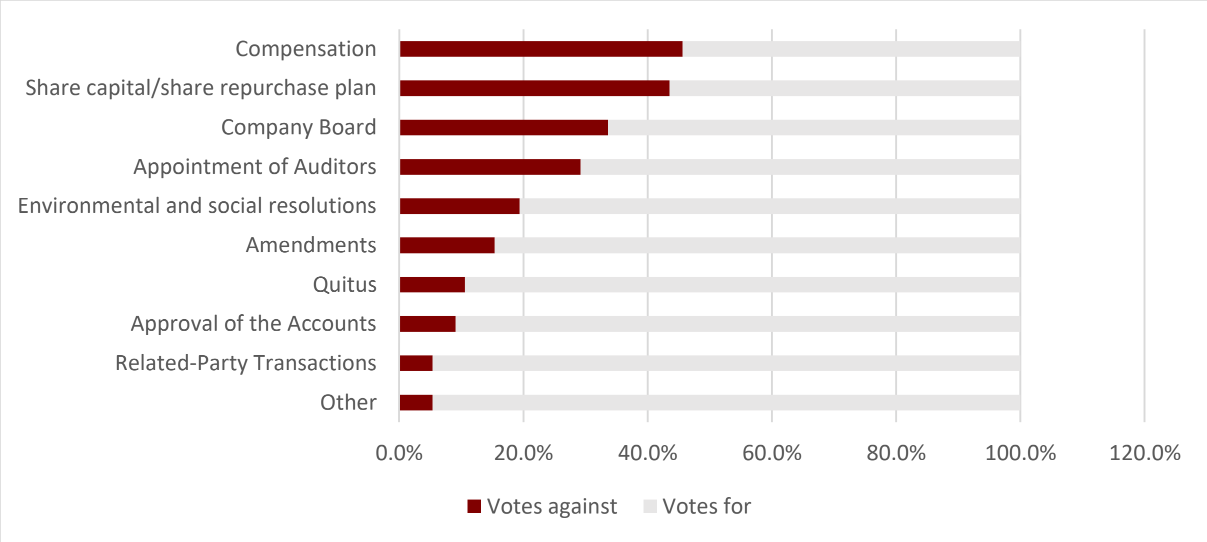
In 2024, our investment managers took part in 250 meetings with senior managers of companies in which the funds are invested. Environmental issues are always broached at these meetings, and especially if the issuer is active in fossil fuels, involved in a controversy that is being monitored, or is presenting a climate resolution at the annual general meeting.

Results of the voting policy

In 2024, BDF-Gestion participated in 784 AGMs, down 2.8% on 2023 (807). In all, BDF-Gestion participated in meetings organised by 95% (stable) of companies for which funds held voting rights. Although no minimum ownership threshold is required, BDF-Gestion does not take part in the AGMs of companies based in Sweden, Norway, Denmark or Switzerland, where voting-related requirements are deemed too onerous. If companies headquartered in these countries are taken out, our participation rate rises to 99.5%.

This active participation relies on information and analyses provided by ISS Stoxx, which has partnered BDF-Gestion in exercising voting rights since 2003.

During these 784 AGMs, BDF-Gestion voted on 11,544 resolutions. Of these, 11,195 were tabled by management. BDF-Gestion voted in favour of 7,673 of these. Of the 349 resolutions put forward by shareholders, BDF-Gestion voted in favour of 177 of these, meaning that it voted against 32% of the resolutions, in line with 2023.



Most no votes involved resolutions on executive compensation. We voted against total remuneration in excess of €5 million and those that are in excess of 120% of the remuneration of its peers, representing around 46% of votes against. Around one-third of votes against related to variable compensation that was deemed to be excessive (more than 400% of fixed remuneration). According to BDF-Gestion, executive remuneration policy must be transparent and the criteria must be relevant with the stated objectives. 21% of votes against related to compensation that was not linked to short- or long-term ESG criteria.

Next most common votes were on the topic of share issuance or buyback programmes that could be viewed as anti-takeover mechanisms. We rejected 43.5% of them.

There was also a significant number of refusals to accept appointments. Around 58% of votes against appointments related to situations where the percentage of women on the board of directors or supervisory board was below 40%. 3% of votes against were cast by chairmen who had not set up a committee dedicated to social and environmental issues during their previous term of office.

In regards to the approval of accounts, 70% of votes against concerned companies that did not publish their GHG emissions or a CSR report or that failed to describe their climate strategy, despite operating in a sector with a significant impact on the environment and the energy transition. Around 46% of votes against were linked to a payout rate that was deemed excessive in view of the company's financial health (dividend payout ratio in excess of 100% of consolidated net profit, for example). A further 5% of no votes concerned companies involved in coal extraction or coal-based energy production that either did not have an exit plan or were proposing new fossil fuel extraction projects.

Finally, BDF-Gestion identified 82 purely ESG resolutions proposed by management (13 environmental, 48 social and 21 mixed, 10 of which were Say on climate). We approved all of them. In addition, 193 resolutions were proposed by shareholders (48 environmental, 99 social and 46 mixed). Among these external resolutions, BDF-Gestion rejected those for which management's communication efforts seemed convincing, i.e. 35% of the resolutions.

Class actions

Since 2018, within the framework of shareholder engagement, BDF-Gestion has been the beneficiary of a service offered by its custodian. Thanks to a Broadrige partnership, the custodian informs BDF-Gestion about any new or current class action[3] lawsuits. This allows us to monitor these lawsuits and participate when appropriate, with fund holders' interests in mind. Based on the information of each action (purpose, arguments put forward, financial, environmental and/or societal impact, etc.), BDF-Gestion decides whether or not to take part. In 2024, BDF-Gestion indicated its interest in participating in new class actions. Most of the suits concern issues relating to laundering, corruption and false statements. Since 2018, the company has participated in 20 class actions. Six of these have been settled, of which four resulted in financial compensation.

Sector withdrawal decisions

Fossil Fuels

In 2018, BDF-Gestion adopted a policy to limit progressively investments in companies generating a portion of their revenue from the extraction of thermal coal[4] or coal-based energy production. A new milestone was reached in 2024 with regard to the exclusion of fossil fuels. [5]Henceforth, no player involved in thermal coal or unconventional fossil fuels is held in the portfolio. In addition, companies whose oil accounts for more than 10% of sales, or 50% in the case of gas, are also excluded. These exclusion thresholds correspond to those of the European indices aligned with the Paris Agreement (Paris Aligned Benchmark - PAB).

To determine an issuer's "coal" exposure, BDF-Gestion uses and compares data from several providers. To be conservative, the highest rating is the one we retain. If there is any uncertainty, the company itself is asked to provide a detailed written response.

Tobacco

Since 2023, any company involved in the cultivation or production of tobacco has been excluded from the investment universe.

[3] A class action is a collective legal action brought by a group of individuals or legal entities against a company. The judgement determines the level of compensation that the investor is entitled to receive.
[4] Metallurgical coal, which is used in steel production, is not affected by these exclusions because there is currently no ecologically viable alternative.
[5] As part of its standard fossil fuel exclusion policy.

Green taxonomy, fossil fuel exposure and carbon footprint

Green taxonomy

In March 2018, the European Commission adopted a sustainable finance action plan as part of the strategy aimed at integrating environmental, social and governance considerations in its finance policy framework, with the goal financing for sustainable growth. This led to the creation of a unified EU classification system, or European taxonomy, which determines which economic activities are environmentally sustainable. The taxonomy is a tool to steer investment flows into companies that are working towards a low-carbon, resilient, and resource-efficient economy. To be "aligned" with the taxonomy, an economic activity must contribute substantially to one of six key environmental objectives, while doing no significant harm (DNSH) to the other five goals and upholding basic social rights (human rights and fundamental labour rights and principles). The six environmental objectives are:

- Climate change mitigation
- Climate change adaptation
- Protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Initially, the European Commission concentrated on the first two objectives. Accordingly, the taxonomy identifies 67 commercial activities, linked to seven macro-sectors defined by the European Community's statistical classification of economic activities (NACE). These activities have the direct potential to mitigate carbon emissions (such as renewable energies) or that are relatively carbon-intensive but have significant potential to cut emissions (such as steel manufacturing). Furthermore, in 2022, companies were required to report only the share of their revenue that was eligible for the taxonomy. The concept of eligibility is inherently less discriminatory than that of alignment, since an activity is eligible if it belongs to one of the seven macro-sectors contributing to the first two environmental objectives, with no conditions relating to performance criteria or technical thresholds, DNSH, or protection of basic social rights. The seven macro-sectors identified by the European Commission are:

- Agriculture, forestry and fishing
- Manufacturing
- Electricity, gas, steam and air conditioning supply
- Water, sewerage, waste and remediation
- Transportation and storage
- Information and communication technologies (ICT)
- Buildings (construction and real estate activities)

So far, however, few companies have measured the eligibility and alignment of their revenue, OPEX and CAPEX with regard to the taxonomy. For this reason, BDF Gestion is using estimates prepared by one of its long-standing data providers, S&P Trucost. It is important to note that the reported data are estimates prepared using the service provider's methodology and do not necessarily reflect the actual situation of portfolio companies.

To prepare the estimates, our provider mapped the 464 commercial activities in its own sector classification system against the seven NACE macro-sectors referred to above. Companies that were not mapped using this process were analysed via a bottom-up approach to identify their contribution to the taxonomy's climate change mitigation and adaptation objectives. Our provider was thus able to identify the revenue breakdown of each issuer per activity and hence the corresponding revenue share eligible for the taxonomy.

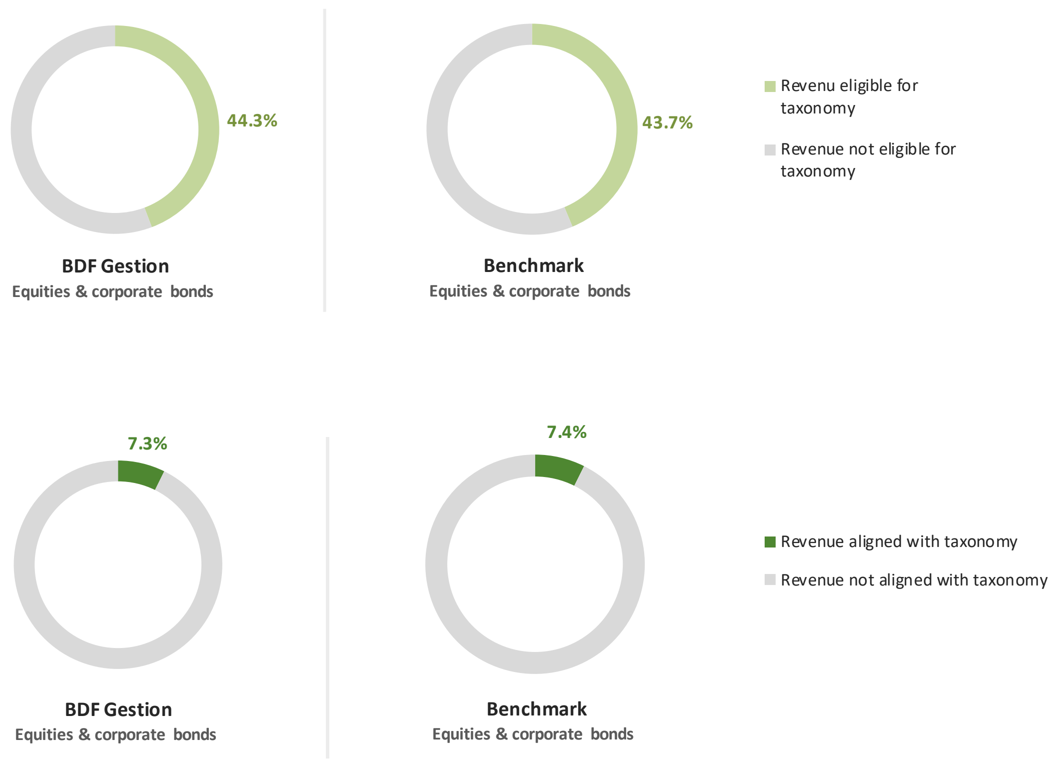
Once mapped, the "eligible" S&P Trucost sub-sectors were divided into two sub-categories as indicated in the European taxonomy:

- Transitional activities, defined by the taxonomy as those that contribute to mitigating climate change based on their capacity to improve their own emissions intensity, and those that directly mitigate climate change impacts.
- Enabling activities, defined by the taxonomy as those that provide products and services that improve the emissions intensity of other activities and indirectly mitigate the effects of climate change.

Working on an aggregate basis, BDF Gestion uses issuer-level data provided by S&P Trucost to calculate the eligible/aligned portion of its portfolios using a weighted mean, as recommended by the European Commission's Technical Expert Group.

According to these estimates, 44.3% of BDF-Gestion's investments in companies are eligible and 7.3% are fully aligned with the green taxonomy, which is consistent with the benchmark and up on the previous year by 31% and 305% respectively.

ELIGIBILITY & ALIGNMENT OF INVESTMENTS WITH EUROPE'S GREEN TAXONOMY



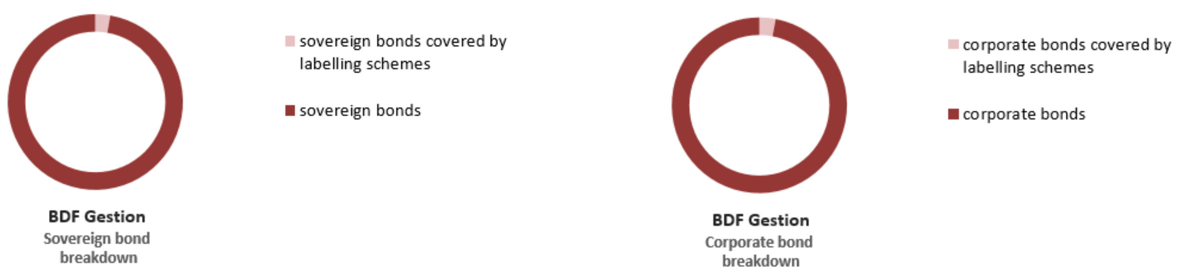
Furthermore, because of our ESG focus, when circumstances allow, i.e. return and liquidity are equivalent, we prioritise bond investments in the following securities:

- Green bonds, whose purpose is to finance projects that seek to promote sustainable environmental development

- Climate bonds, which finance projects aimed at fighting global warming
- Social bonds, which are intended to support social policies and measures
- Bonds whose coupons are linked to sustainability goals

In 2024, the market for bonds covered by labelling schemes was particularly active, and BDF-Gestion took part in primary issues of green bonds and social bonds. As of December 31st 2024, BDF-Gestion funds held EUR 451 million in green bonds, EUR 5 million in sustainable bonds and EUR 42 million in corporate social bonds. Label bonds held up 3% year-on-year.

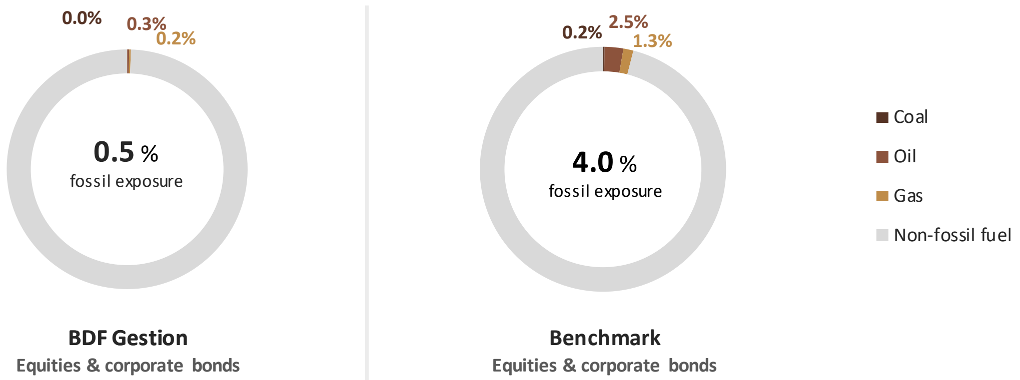
DISTRIBUTION OF FIXED INCOME INVESTMENTS



Exposure to fossil fuels

The following chart shows the direct exposure of BDF-Gestion investments to “brown” activities by indicating the share of total assets financing[6] activities linked to fossil fuels, i.e. coal (0.0%), oil (0.3%) and gas (0.2%).

EXPOSURE TO FOSSIL FUELS



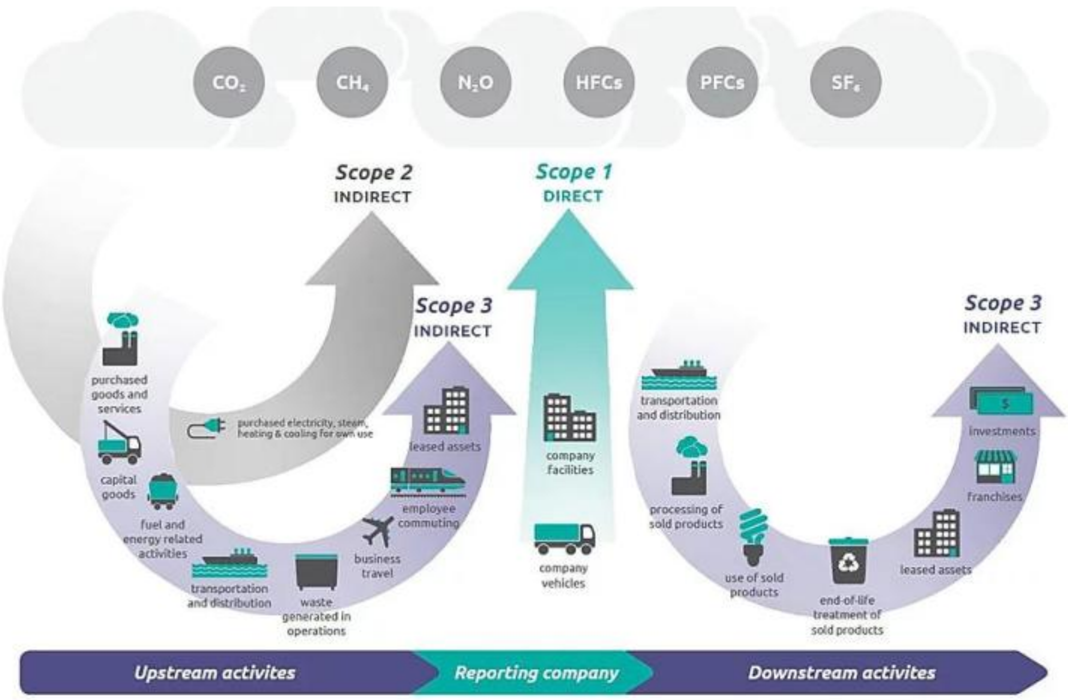
According to the decree article [7]29 of the LEC, around 2.4% of BDF-Gestion’s corporate investment portfolio is exposed to the fossil fuel sector.

[6] Share of total assets weighted by the percentage of revenue linked to fossil fuel-related activities.
[7] The numerator of this ratio includes the entire investment in a company, provided that the company is active in the fossil fuel sector (even if only a negligible portion of its turnover is exposed to fossil fuels).

Carbon footprint

The increase in GHGs, including carbon dioxide, methane and nitrous oxide, in the atmosphere is one of the factors in global warming and represents a risk to future generations. The 2001 Greenhouse Gas Protocol (GHG Protocol) was developed to create a common accounting framework to quantify all GHG emissions generated by the production and consumption of products and services. Emissions are divided into three categories: direct emissions (Scope 1), indirect emissions associated with the production of electricity, heat or steam imported or purchased by the company (Scope 2), and other emissions inherent in the different stages of the product lifecycle, such as emissions by suppliers and emissions linked to using the products themselves (Scope 3).

SCOPES OF EMISSIONS DEFINED BY THE GHG PROTOCOL



BDF-Gestion has opted to present measures of Scope 1 and Scope 2 carbon emissions (direct emissions and indirect emissions linked to energy consumption) as well as measures that take account of Scope 3 indirect emissions linked to other product lifecycle stages.

Scope 3 emissions are the subject of differing methodologies and raise the issue of double counting of emissions when measuring the portfolio's carbon footprint, as one company's Scope 1 emissions may be included in another firm's Scope 3. Furthermore, a sector such as concrete manufacturing may for example be counted in both the heavy industry and construction sectors.

Data gathered by ISS-ESG are those that are self-reported by companies and that must comply with GHG Protocol principles, or data published with specialised bodies such as the Carbon Disclosure Project (CDP). If a company publishes no data, they may be estimated using ISS-ESG's proprietary model. Carbon offsetting is not taken into account. The methodology for Scope 3 emissions was revised in 2021. Previously, these emissions were modelled using ratios for each sector of activities. The revised approach has adopted a more granular method that looks at the sub-sector level. It draws a conceptual distinction between two sources of Scope 3 emissions, namely upstream emissions attributable to the company's logistics chain; and downstream emissions caused by the company's products and services once they leave the firm's operational scope.

The data provider's methodological shift on Scope 3 emissions makes it tricky to draw comparisons with years prior to 2021 and raises questions about setting direct targets against a metric whose methodology is not yet settled.

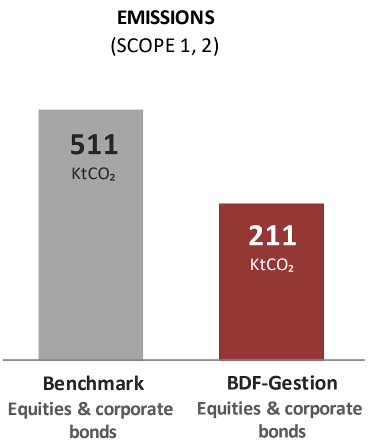
To facilitate comparisons and in the absence of a single methodology, BDF-Gestion tracks a set of metrics covering CO_2 equivalents (CO_2e).[8] These indicators, which were drawn up in accordance with the recommendations of the TCFD[9] in June 2017, are as follows:

- Carbon emissions attributable to investments (in tonnes of CO_2e)
- Carbon footprint of investments (in tonnes of CO_2e per EUR million invested)
- Weighted average carbon intensity (in tonnes of CO_2e per EUR million in revenue)

The results are compared against a synthetic benchmark created using a composite of the funds’ benchmark indexes weighted by the total assets of each fund.

EMISSIONS ATTRIBUTABLE TO BDF-GESTION CORPORATE INVESTMENTS

ISS-ESG data in thousands of tonnes of CO_2



	BDF-Gestion	Benchmark	Emissions avoided
Scope 1 & 2 emissions [tCO_2e]	210 852	510 850	**299 997**
Scope 1, 2 & 3 emissions [tCO_2e]	5 207 012	5 685 818	**478 806**

Formula applied :

$$\sum_{k=1}^{n}\left(\frac{amount\ invested\ in\ company\ i}{value\ of\ company\ i} * emissions\ of\ company\ i\right)$$

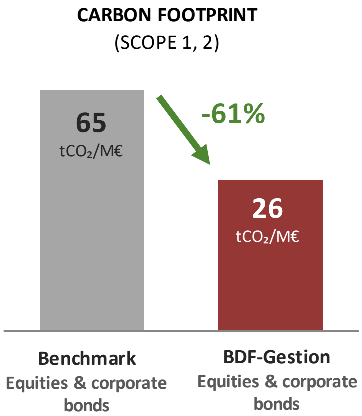
Attributable emissions reflect the volume of GHG emissions associated with BDF-Gestion's equity investments. These emissions are expressed in tonnes of CO_2e. Two measures are presented. The first considers Scopes 1 and 2 only, while the second includes Scope 3. Emissions are attributed to investors based on an ownership stake approach. Thus, a 1% ownership stake[10] in a company means that 1% of the firm's emissions is attributed to the investor.

[8] CO_2 equivalent (CO_2e) is a unit created to compare the impacts of different GHGs on global warming in order to be able to add up the cumulative emissions.
[9] (https://www.fsb-tcfd.org/publications/final-implementing-tcfd-recommendations/ , p43-44). The Task Force on Climate-related Financial Disclosure (TCFD) is a working group set up by the G20 Financial Stability Board in December 2015 to promote transparency on the risks linked to climate change through a common international framework and to steer financing to a green economy.
10 Here, the notion of capital is extended to include all financial liabilities. The denominator is Enterprise Value Including Cash (EVIC) supplied by S&P.

At end-2024, 210,852 tonnes of CO_2e could be attributed to BDF-Gestion's equity portfolios for Scopes 1 and 2. The emissions avoided by the equity and corporate bond pockets on scopes 1 and 2 compared with the benchmark index total 299,997 tonnes of CO_2e.

CARBON FOOTPRINT OF BDF-GESTION CORPORATE INVESTMENTS

ISS-ESG data in thousands of tonnes of CO_2



	BDF-Gestion	Benchmark	Performance
Scope 1 & 2 carbon footprint [tCO_2e per EUR m invested]	26	65	-61%
Scope 1, 2 & 3 carbon footprint [tCO_2e per EUR m invested]	631	722	-13%

Formula applied :

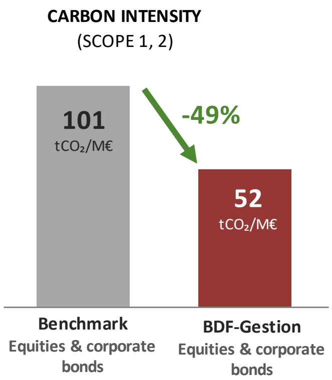
$$\frac{\sum_{k=1}^{n}\left(\frac{amount\ invested\ in\ company\ i}{value\ of\ company\ i} * emissions\ of\ company\ i\right)}{value\ of\ outstanding\ equities}$$

The carbon footprint of the corporate portfolios is defined as all carbon emissions divided by assets under management. This metric offers a way to cancel the impact of a change in assets on the total carbon emissions attributed to the investor. It makes it possible to draw comparisons over time and across portfolios. These emissions are expressed in tonnes of CO_2e per EUR million invested. Two measures are presented. The first considers Scopes 1 and 2 only, while the second includes Scope 3.

At end-2024, the carbon footprint of the corporate portfolios for scope 1 and 2 came to 26 tonnes of CO_2 per EUR million invested, or 61% less than the benchmark. This footprint has been reduced by 31.5% between 2023 and 2024.

WEIGHTED AVERAGE CARBON INTENSITY OF BDF-GESTION CORPORATE INVESTMENTS

ISS-ESG data in thousands of tonnes of CO_2



	BDF-Gestion	Benchmark	Performance
Scope 1 & 2 weighted average carbon intensity [tCO2e per EUR m revenue]	52	101	-49%
Scope 1, 2 & 3 weighted average carbon intensity [tCO2e per EUR m revenue]	1 260	1 373	-8%

Formula applied :

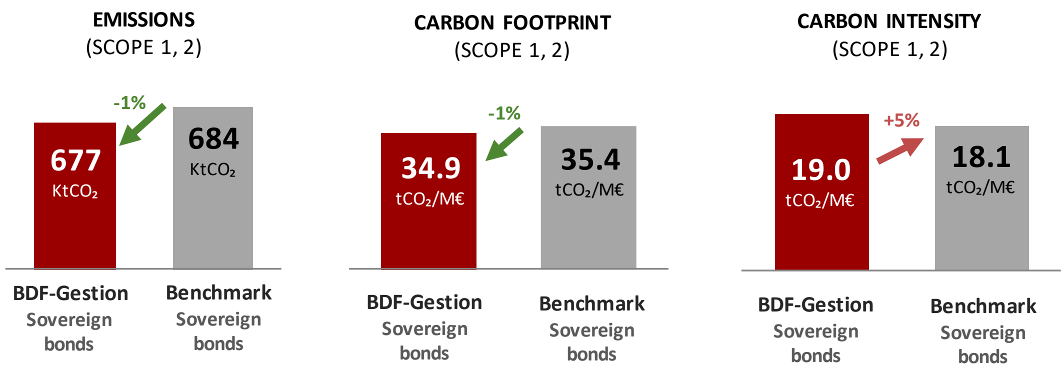
$$\sum_{k=1}^{n}\left(\frac{amount\ invested\ in\ company\ i}{value\ of\ company\ i} * \frac{emissions\ of\ company\ i}{revenue\ of\ company\ i}\right)$$

The final metric followed is the weighted average carbon intensity of the corporate investments managed by BDF-Gestion. Unlike the previous measures, here CO_2e emissions are allocated based on the share of the securities in the portfolio, rather than on the ownership stake. This alternative metric can be used to corroborate the insights provided by analysing the carbon footprint.

At end-2024, the weighted average carbon intensity of corporate investments was 52 tonnes per EUR million of revenue, or 49% less than the benchmark. This weighted average is 18.8% lower than in 2023.

DIFFERENT MEASURES OF CARBON EMISSIONS ATTRIBUTABLE TO BDF-GESTION SOVEREIGN BONDS
ISS-ESG data in thousands of tonnes of CO_2

	BDF-Gestion	Benchmark	Performance
Scope 1, 2 Emissions [tCO_2e]	677 097	684 421	-1%
Scope 1, 2 Carbon footprint [tCO_2e per EUR m invested]	34.9	35.4	-1%
Scope 1, 2 weighted average carbon intensity [tCO_2e per EUR m of GDP]	19.0	18.1	5%



In addition, total attributable emissions (Scopes 1 & 2) of 677,000 tonnes of CO_2e were calculated as at end-2024 for all sovereign bonds, giving a carbon footprint of 34.9 tCO_2e per EUR million invested, or 1% less than the overall benchmark. The weighted average carbon intensity of sovereign bonds was 19 tonnes per EUR million of GDP at end-2024, or 5% higher than the overall benchmark.

In light of its management allocations, BDF-Gestion concentrates its efforts to lower carbon emissions on its equity investments. The carbon footprint of these funds is analysed weekly. This indicates how the investments are positioned on GHG emissions issues and provides a means to steer the related trajectory.

The strong performance in reducing portfolio carbon emissions can be attributable to several development focus areas established by BDF-Gestion.

For some years, certain funds have been managed using internal models whose purpose is to target sustainable growth stocks. Sectors that are heavy emitters, such as utilities, oil, gas and basic materials, are excluded or underweight, giving these funds a much smaller carbon footprint than that of their investment universe.

In addition, by virtue of the ESG best-in-class screening exclusions applied to equity portfolios, the carbon dimension is a significant component in the award of extra-financial ratings. High-emitting companies that are reluctant to cut their carbon emissions are penalised.

Other factors in BDF-Gestion's strong performance in curbing carbon emissions include:

- The integration of "climate" questions through the exclusion of companies that are least well aligned with a theoretical emissions pathway compatible with warming of no more than 1.5°C by 2100 (S&P Trucost methodology), coupled with increased investment in "virtuous" companies to offset positions in less well aligned issuers
- The creation in 2021 of a thematic equity fund focused on environmental solutions

Paris Agreement alignment strategy

The risks associated with the global challenge of climate change can no longer be ignored. As an institutional investor, BDF-Gestion has put in place measures to support the energy transition, including adopting a coal exit policy, gradually exiting companies involved in the extraction and production of unconventional fossil fuels, and developing strategies focused on the climate issues.

These measures are supported by monitoring indicators that gauge the contribution of BDF-Gestion's investment activities to limiting global warming. In partnership with ISS-ESG and S&P Trucost, several major sets of exposure metrics have been established and tracked since 2018. These indicators provide an exhaustive view of the climate and environmental challenges facing investment strategies.

A short-term quantitative target

The 2015 Paris Agreement brought together the governments of 195 countries in a bid to forge a commitment to combat climate change by keeping global warming to 2°C above pre-industrial levels to avoid the disastrous impacts of a sharper temperature rise.

In addition to applying sector and norm-based exclusions, and eliminating the worst ESG performers, BDF-Gestion also excludes the 5% of companies that are least well aligned with the Paris Agreement based on a theoretical emissions pathway defined by S&P Trucost.

This strategy has been applied since 2021 to all equity funds dedicated to assets managed for institutional customers, which make up 91% of BDF-Gestion's equity investments, or EUR 6.1 billion in assets. An overall implied temperature indicator is also monitored at portfolio level to ensure that the least well-aligned issuers are offset by more virtuous investments. In this way, the managers steer the portfolios' temperature pathways. The commitment to align portfolios with a warming trajectory not exceeding 2°C was comfortably met in 2022.

In 2023, BDF-Gestion reinforced its objectives, choosing to align the European and American equity portfolios dedicated to institutional clients (i.e. 91% of equity assets) with a warming trajectory limited to 1.5°C. This objective will be extended in 2025 to the other geographic zones covered by the company's investments (Canada, Australia, Japan).

Our methodology

The alignment metric is computed to assess the positioning of BDF-Gestion's equity investments and that of the benchmark relative to a warming trajectory of no more than 1.5°C compared with pre-industrial levels. It is designed to supplement the carbon footprint in assessing overall climate risk, because in addition to integrating backward-looking elements, it also incorporates a dynamic and forward-looking relative view of company GHG emissions.
With no methodological consensus at this stage, numerous methodologies may be used to measure a portfolio's alignment with a 1.5°C compatible trajectory. BDF Gestion uses S&P Trucost, a climate data specialist, to assess the 1.5°C alignment of its equity component. S&P Trucost's methodology looks at the 2012-2030 period and compares the reduction in corporate carbon emissions with a theoretical emissions pathway compatible with a 2°C and a 1.5°C scenario. S&P Trucost uses data published by companies themselves and projects their future GHG emissions over the next five years based on the commitments announced by companies or, failing that, estimates. This indicator is based on GHG emissions data covering Scope 1 (direct emissions linked to production activities) and Scope 2 (indirect emissions linked to

production/consumption of purchased energy). For each company, a 2°C and a 1.5°C aligned path are defined, using the GEVA or SDA method, depending on the sector:

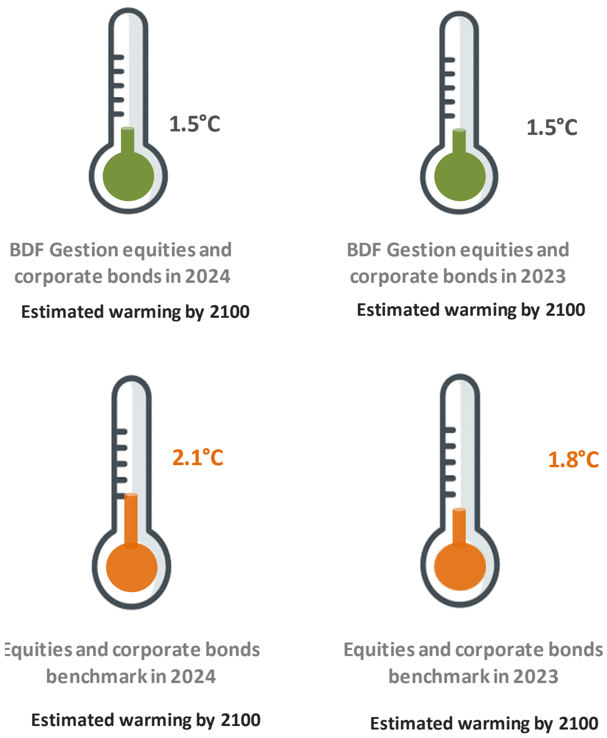
- The Sectoral Decarbonization Approach (SDA) applied to high-emitting companies: this approach uses a carbon budget for each sector that is determined by the International Energy Agency (IEA) and distributed to each company based on its market share, carbon intensity and other factors. This provides a theoretical carbon sub-budget for each company with which to compute "2°C aligned" and "1.5°C aligned" trajectories.
- The Greenhouse gas Emissions per unit of Value Added (GEVA) approach applied to other companies: to compute the "2°C aligned" trajectory, S&P Trucost uses the scenario of a decline in emissions (per unit of value added) of 5% per year over the 2012-2025 period, in accordance with Scenario RCP 2.6 of the Intergovernmental Panel on Climate Change (IPCC). For the 1.5°C trajectory, S&P Trucost applies an annual decline in emissions of 7% per year, in accordance with the EU's Paris Aligned Benchmark criteria.

The "1.5°C aligned" trajectory is then compared against the company's actual trajectory (actual or estimated then projected annual emissions). The gap in cumulative emissions over the period between the alignment scenario and the actual trajectory is used to calculate the "1.5°C budget" of each issuer. In other words, the larger the issuer's 1.5°C budget is, the less aligned the company's carbon intensity trajectory is with the Paris Agreement. The alignment pathway of a portfolio or component may also be expressed as an implied temperature rise through a linear interpolation based on portfolio budget differentials assessed for the various warming scenarios provided by S&P Trucost (<1.5°C scenario, 2°C scenario and 3°C scenario).

Summary of results

Based on the scenarios provided by S&P Trucost, we estimate that in 2024, the equity and corporate bond portfolio was on a warming trajectory of 1.5°C (1.5°C in 2023), compared with 1.8°C for the benchmark. The European and US equity portfolios dedicated to institutional clients, for which BDF-Gestion has set a target, are all comfortably aligned with a 1.5°C trajectory.

CARBON TRAJECTORY OF INVESTMENTS RELATIVE TO THE 2°C SCENARIO
Carbon emissions in thousands of tonnes. Source Trucost, Factset



Although this metric has the advantage of being easily understood, it suffers from a number of methodological limitations. The warming scenarios on which it is based are already inherently founded on the assumptions built into the climate models used by scientists. Moreover, extrapolating an implied value, such as the implied temperature rise (T°C), from an asset portfolio to the global economy necessarily entails simplification biases and should therefore be interpreted with caution.

Similarly, the trajectories showing the intensity of companies' future emissions and used to calculate this metric are prepared using estimates and projections by S&P Trucost. What is more, the metric does not include Scope 3 emissions or the emissions avoided by certain companies providing decarbonisation solutions. Finally, the GHG emissions reported by issuers are themselves subject to methodological biases.[11]

For these reasons, the Trucost indicator is now supplemented by several others, reflecting alternative methodologies or offering a complementary view of the energy transition issue (C4F, TPI, SBTi, PAB, CDP, EU Taxonomy, broker research). The list of indicators could change over time.

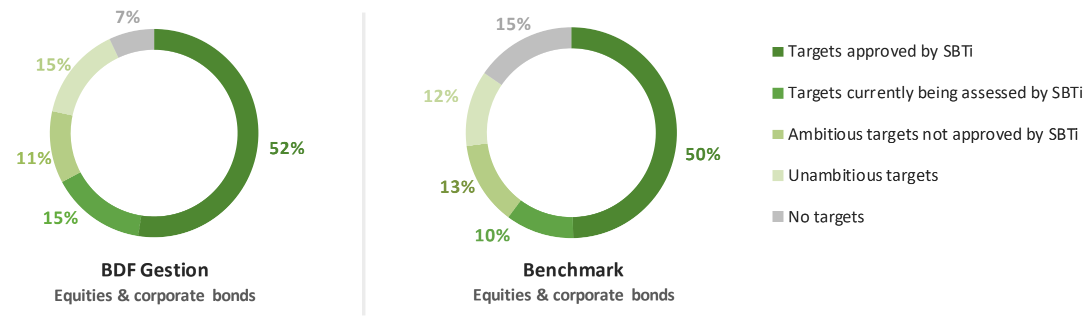
A scorecard is used to identify, for each indicator, whether the company has a positive, negative or neutral impact on the 1.5°C pathway. A positive scorecard indicates that a company is likely to be committed to 1.5°C alignment. The lower the score, the more the indicators suggest that the company is misaligned with that trajectory. Cases showing inconsistencies undergo an in-depth analysis to determine whether the firm's business model is

[11]See Part 4.3 of the AMF report entitled "Non-financial approaches in collective investment schemes, 3rd report" (2020).

compatible with a 1.5°C pathway. Companies not rated by Trucost but identified as significant detractors (very negative score) are assessed and excluded if there is real evidence to suggest that the company deserves its place among the worst detractors.

As of end-2024, BDF-Gestion was invested in 401 companies with SBTi-approved 2°C-compatible emissions reduction targets, equivalent to 52% of total equity and corporate bond assets, compared with 50% for the benchmark. A further 99 portfolio companies are SBTi signatories, meaning that their 2°C-aligned emissions reduction targets are currently being assessed by the SBTi or that the companies have committed to providing reduction targets in the near future. These companies make up 15% of portfolio assets. Supplementing SBTi data with ISS-ESG analyses reveals that just 7% of BDF-Gestion assets finance companies that have not provided climate targets, better than the benchmark (15%).

LEVEL OF ENGAGEMENT WITH THE SCIENCE BASED TARGETS INITIATIVE
as a % of assets



Integrating biodiversity

In its 2024 Living Planet Report, WWF estimates the annual need for positive investment in nature-based solutions in 2030 at $542 billion, three times the current level of funding. These funds need to be considerably increased if we are to meet the global targets set for 2030. WWF points out that by redirecting just 7.7% of so-called "negative" financial flows, the funding gap for nature-based solutions could be closed. Indeed, degradation of terrestrial, marine and freshwater systems, changes in land and sea use, overexploitation of plants and animals, climate change and pollution are the main drivers of biodiversity loss. The Living Planet Index (LPI) 2024, which tracks trends in the abundance of the world's living species, shows an average 73% decline in the wild animal populations monitored between 1970 and 2020. In fifty years, the size of wild animal populations tracked in the LPI has decreased by an average of three quarters.

Biodiversity is an abstract and hard-to-measure concept. It may be defined as the diversity, or variety, of all living beings, assessed at different levels – from genetic to species to ecosystem – according to morphological, phylogenetic and functional characteristics. Setting aside the ethical aspect of humankind's impact on the abundance and diversity of living beings, biodiversity provides "ecosystem services" for free to the economy. The diversity of living species provides us with productive, resilient and adaptable natural capital. According to the World Economic Forum, these services are worth USD 44 billion a year, while the WWF reckons that 50% of world GDP is potentially threatened by biodiversity loss, which some scientists are calling the sixth mass extinction.

Adopted in 1992, the Convention on Biological Diversity (CBD) is intended to support measures that will lead to a sustainable future, through the pursuit of three main goals:

- Conservation of biological diversity
- Sustainable use of biological diversity
- Fair and equitable sharing of benefits arising from the utilisation of genetic resources.

In partnership with the Banque de France, BDF-Gestion began working this year to integrate these biodiversity issues in the management of its financial assets, with the goal of establishing a relevant strategy for the long term.

About the methodology

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services has identified five factors that contribute to biodiversity loss:

- Changes in land and sea use
- Overuse of resources
- Climate change
- Pollution
- Invasive non-native species

BDF-Gestion has teamed up with Iceberg Data Lab, a data provider, to analyse firm contributions to relieving these primary biodiversity pressures and measure the biodiversity impact of its portfolios.

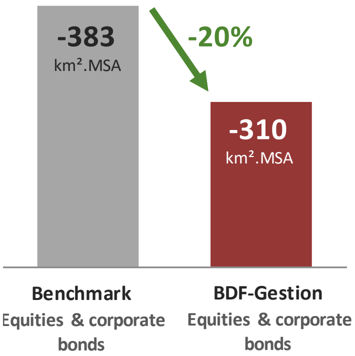
Iceberg Data Lab uses the Corporate Biodiversity Footprint (CBF) methodology, which has been approved by the international scientific community and multilateral bodies. It calculates the biodiversity impact of reviewed companies four environmental: climate change, land use, water pollution and air pollution. The CBF methodology captures each company's entire value chain by assessing its production processes, products and supply chains. Impact is divided into three different scopes, covering the company's direct impact (Scope 1), the impact linked to its energy consumption (Scope 2) and the impact linked to its upstream and downstream value chains (Scope 3). The resulting metric is expressed in km^2.MSA (Mean Species Abundance) and assesses a system's current environmental state compared with its original state over a surface area in km². For example, a company with a CBF score of -100 km².MSA has caused, in the space of one year, the equivalent of a complete loss of biodiversity in an ecosystem covering an area of 100 km².

Biodiversity footprint indicators

BDF-Gestion uses several indicators to compare portfolio and benchmark performances: implied biodiversity loss due to investments, the biodiversity footprint of investments and the weighted average biodiversity intensity of investments.

In each portfolio, the implied biodiversity loss due to an investee company is allocated to the portfolio on a proportional basis according to the stake held[12] in the issuer.

IMPLIED BIODIVERSITY LOSS DUE TO BDF-GESTION INVESTMENTS
Iceberg DataLab data in km².MSA



	BDF-Gestion	Benchmark	Performance
Implied biodiversity loss [km².MSA]	-310	-383	-20%

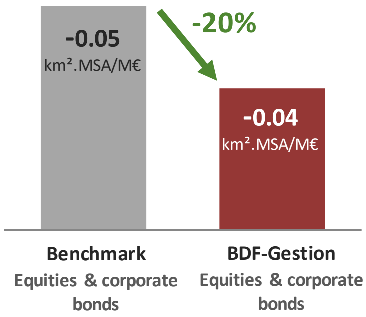
Formula applied :

$$\sum_{k=1}^{n}\left(\frac{\text{amount invested in company } i}{\text{value of company } i} * \text{corporate bioidversity footprint of company } i\right)$$

The portfolio's implied biodiversity loss reflects the portfolio's entire biodiversity footprint (CBF). It measures the negative impact on biodiversity caused by BDF-Gestion's portfolio companies, expressed in km².MSA. At end-2024, BDF-Gestion recorded an implied biodiversity loss of 310 km².MSA, or 20% less than the benchmark.

[12] Amount invested divided by enterprise value including cash.

BIODIVERSITY FOOTPRINT OF BDF-GESTION INVESTMENTS
Iceberg DataLab data in km².MSA per EUR million invested



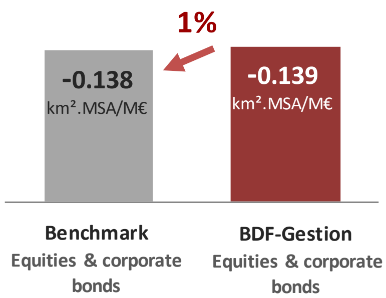
	BDF-Gestion	Benchmark	Performance
Biodiversity footprint [km².MSA per EUR million invested]	-0.04	-0.05	-20%

Formula applied :

$$\frac{\sum_{k=1}^{n}\left(\frac{amount\ invested\ in\ company\ i}{value\ of\ company\ i} * corporate\ biodiversity\ footprint\ of\ company\ i\right)}{value\ of\ outstanding\ equities}$$

The biodiversity footprint of BDF-Gestion's investments shows implied total biodiversity loss divided by assets under management. This metric is expressed in km².MSA per EUR million invested. At end-2024, the biodiversity footprint of BDF-Gestion investments was -0.04 km².MSA per EUR million invested, or 20% less than the benchmark and in line with the previous year.

WEIGHTED AVERAGE BIODIVERSITY INTENSITY OF BDF-GESTION INVESTMENTS
Iceberg DataLab data in km².MSA per EUR million of revenue generated



	BDF-Gestion	Benchmark	Performance
Average biodiversity intensity [km².MSA per EUR million of revenue]	-0.139	-0.138	1%

Formula applied :

$$\sum_{k=1}^{n}\left(\frac{amount\ invested\ in\ company\ i}{value\ of\ company\ i} * \frac{corporate\ biodiversity\ footprint\ of\ company\ i}{revenue\ of\ company\ i}\right)$$

Finally, the (sales-) weighted average biodiversity intensity of BDF-Gestion investments is used to assess the average biodiversity impact of investments per EUR million of revenue generated. At end-2024, the weighted average biodiversity intensity of BDF-Gestion investments stood at -0.139 km².MSA per EUR million of revenue, or 1% less than the benchmark and 11% lower than last year.

Exploring an integration strategy

Given the lack of maturity of these biodiversity impact metrics and their recent implementation in ESG analytical tools, BDF-Gestion is not yet in a position to finalise a biodiversity strategy based on statistical metrics covering all of its assets.
Aware of the stakes involved in biodiversity, BDF-Gestion nevertheless wished to contribute to improving the quality of metrics by creating in 2024 a fund focused on the preservation of biodiversity. The aim of this fund is to implement a thematic management strategy based on analyses produced by CDC Biodiversité. This project will improve the quality of existing

biodiversity metrics through research funding, and develop the integration of biodiversity analysis into ESG investment strategies.

It is worth noting that through the development of our responsible investment policy and climate strategy launched in 2018, we already promote investments that put the least pressure on biodiversity. In fact, BDF-Gestion's extra-financial strategy already partially addresses the majority of the five main factors of biodiversity loss identified by the IPBES (see above). BDF-Gestion's statistical targets are significantly binding and recognised by the marketplace as ambitious.

Launch of a Biodiversity Fund

This innovative fund dedicated to the preservation of biodiversity is reserved for professional French public investors. The Banque de France and the Caisse des Dépôts Group have subscribed to the fund in order to continue their respective efforts to support biodiversity protection initiatives.

Comprising 60 French equities, the fund's universe has been restructured to remove the worst ESG issuers, in line with the strategies of Banque de France and Caisse des Dépôts. To select the most virtuous companies within this universe, BDF-Gestion uses the qualitative analysis produced by CDC Biodiversité. This innovative methodology, tailor-made for this fund, assesses companies' contributions to the preservation and restoration of ecosystems. Inspired by the approach promoted by the TNFD (Taskforce on Nature-related Financial Disclosures), it is broken down by sector and assesses value chain locations, environmental strategies, the integration of biodiversity issues into governance, and the various measures taken by companies to reduce their impacts. The scores defined for each evaluation axis were then aggregated to be compared within each sector for a relevant comparative analysis. This methodology is based solely on public data (DEU, Article 29 LEC, CDP reports, etc.). The perimeters studied are scopes 1, 2 and the upstream part of scope 3. Downstream scope 3 will be included in future updates. The data sheets produced by CDC Biodiversité will be updated throughout the life of the fund, to take account of changes in company strategies. In each report, CDC Biodiversité proposes a range of commitments to encourage companies to continually improve their biodiversity practices. In 2025, BDF-Gestion will be considering a process of engagement with the companies rated lowest by CDC Biodiversité, in order to capitalize on the quality of the reports produced.

In order to monitor the progress of CDC Biodiversité's qualitative analysis and the fund's performance, an expert committee made up of members of the various stakeholders will meet once a year.

Integration of environmental, social and governance criteria in risk management

Sustainability risk refers to an environmental, social or governance event or situation, which, if it were to arise, could have a real or potential negative impact on the value of an investment.

The company has defined these risks, grouping them into three main categories: environmental, social and governance.

Environmental risks include risks linked to climate change, such as:

- **physical risks**, which may result in impacts due to weather or climate events, including:
  - total or partial loss of the value of investments held in managed portfolios and issued by entities affected by these climate events;
  - increased frequency and cost of claims to be settled by insurers.

- **transition risks** resulting from adjustments made as part of transitioning to a low-carbon economy in response to regulatory changes: exposure to changes resulting from the energy transition, particularly where these are not well anticipated or happen suddenly. These risks are linked, for example, to:
  - asset depreciation following regulatory changes that adversely impact (e.g. increased carbon price) or prohibit activities that are deemed to emit excessive amounts of greenhouse gases (GHG);
  - losses following the discontinuation of financed activities that are deemed to be overly polluting or to emit excessive amounts of GHGs;

- **inherent liability risks** (legal and reputational risks) are linked to the financial impacts of claims for compensation submitted to financed companies by those affected by damage linked to climate change, such as for example: investments financing the development of industries or activities that are heavy polluters or GHG emitters, some professional insurance, operator liability insurance, infrastructure construction, etc.

- **risks linked to environmental preservation, such as waste and water management and biodiversity impacts**. These risks could arise through costly regulations for participants that have not integrated these risks in their strategies or through a decline in the quantity and quality of ecosystem services for participants with excessive exposure to economic activities that are heavily dependent on these services.

Social risks are linked to compliance with standards pertaining to labour law, employee health and well-being, relations with suppliers and the rest of society, and product safety.

Governance risks materialise when governance bodies are unable to ensure: respect for the balance of powers; an appropriately qualified management team; healthy relations with employees; fair pay for personnel and compliance with the entity's tax obligations.

Aware of the potential impacts and short/medium/long-term negative externalities of these sustainability risks on the value of investments, BDF-Gestion has integrated these extra-financial aspects in several stages of its decision-making process.

To oversee the proper integration of sustainability risks in investment processes, the risk division has introduced portfolio-level restrictions in the Portfolio Manager System (PMS) to stop any attempt to purchase securities excluded by the ESG exclusion strategy (see above). Portfolio positions are also checked ex post.

The list of excluded securities is reviewed on a half-yearly basis to reflect index movements and updated information on issuers' extra-financial performances. However, the company may opt to exclude a security between two reviews in light of a controversy or any other element that might challenge that security's eligibility for inclusion.

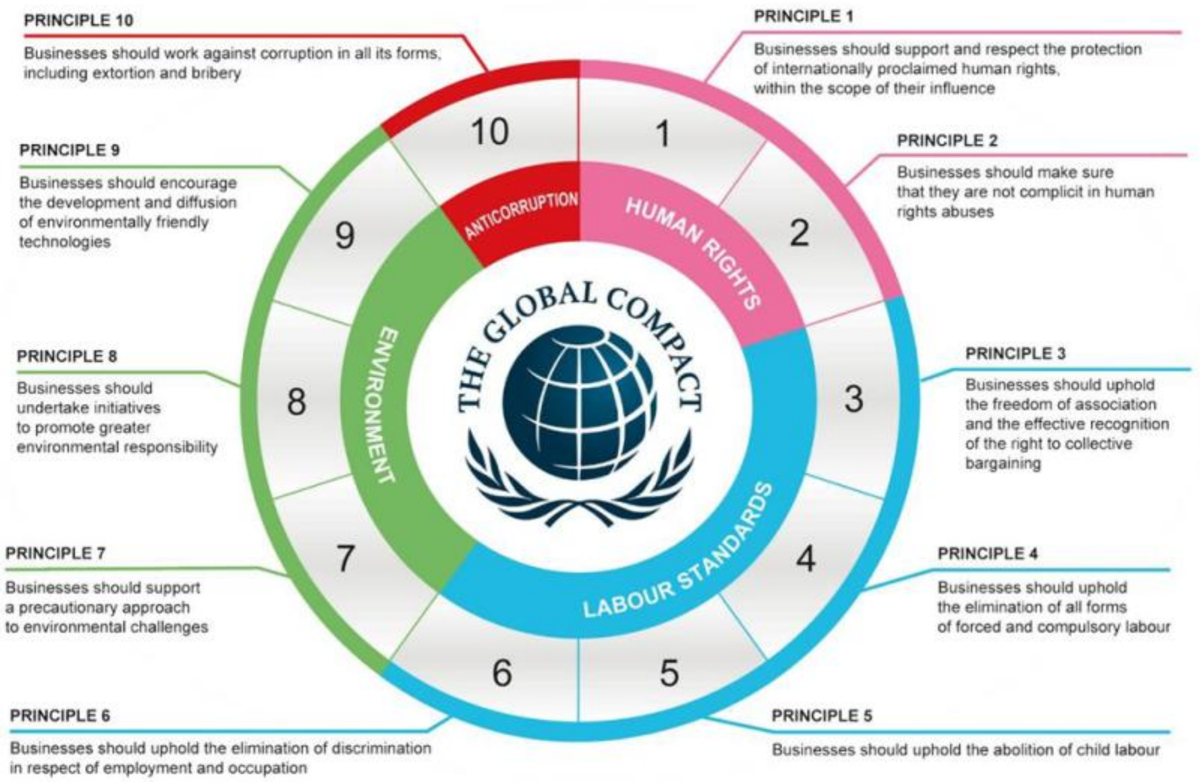
If a security is removed from the eligible universe during a half-yearly review or based on a decision taken between two reviews, managers have one month to sell the security. This may be extended to two months in the event that there is insufficient liquidity in the security.

Our SRI management process seeks to invest in securities issued by companies and governments that are the most virtuous extra-financial performers. A series of filters is applied to the investment universes of the equity funds aiming to reducing them by at least 30%. Portfolios are then managed on the basis of this reduced universe by integrating ESG aspects within conventional financial criteria.

Norm-based exclusions aligned with the United Nations Global Compact

Norm-based exclusions are used to eliminate from the investment universe companies that are publicly accused of breaching international social or environmental conventions. This screening approach forms the basis for planet-wide minimum ESG standards. BDF-Gestion has chosen to align its exclusion policy with the United Nations framework by screening out companies that fail to uphold the Global Compact. This agreement sets out a simple and universal framework organised around ten principles covering respect for human rights, international labour standards, the environment and corruption.

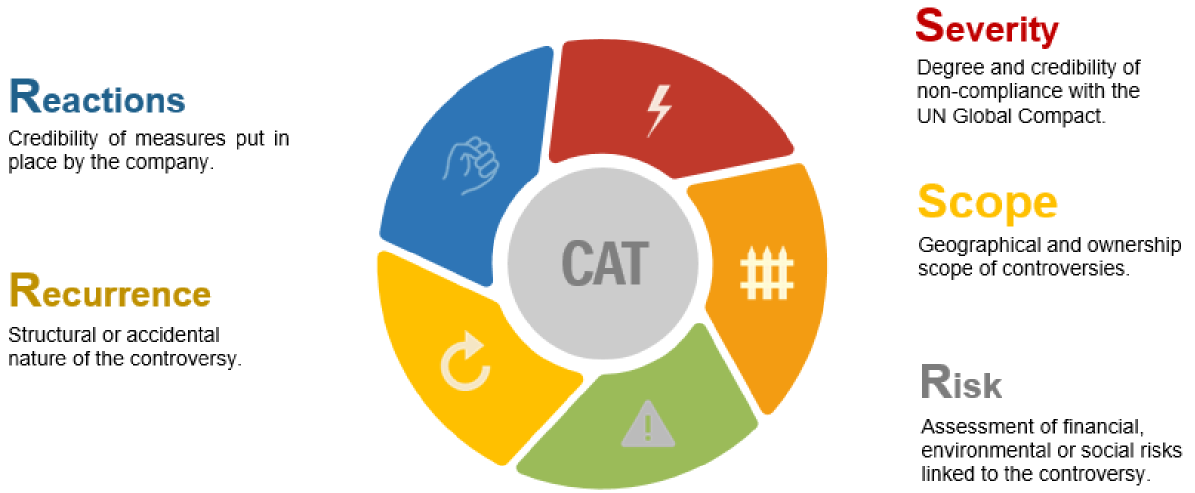
THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



BDF-Gestion follows a two-stage process to address and analyse controversies:

- First, a list of controversies is drawn up, including companies flagged by ISS-ESG for potential non-compliance with the Global Compact, along with companies involved in serious controversies identified by managers in the course of monitoring investments. In 2024, this stage resulted in 273 companies being removed from BDF-Gestion's investment universe.
- Next, managers assess the severity of breaches with a proprietary Controversy Analysis Tool (CAT©) comprising five dimensions and drawing on ISS-ESG research.

THE FIVE DIMENSIONS OF THE CONTROVERSY ANALYSIS TOOL

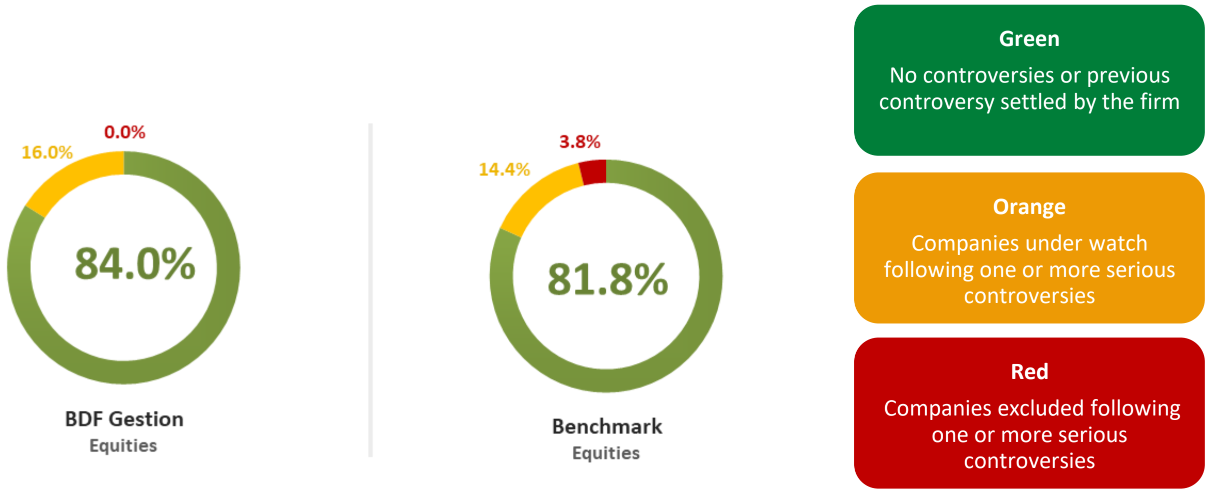


The tool, which is integrated in the investment process, is used to link financial and extra-financial aspects. It stresses corporate governance by analysing each firm's attitude to controversies, commitments made and the change in the number of controversies over time. It is also used to identify the risks run by the company by analysing the scope of the controversy and potential financial and environmental implications that could adversely affect the firm's stock price if they materialise.

The group of managers assigns a score between 0 and 3 to each of the five dimensions. The score is derived from quantitative and qualitative metrics supplied by our data provider, which are supplemented by in-house analyses and meetings with companies' senior management teams. The higher the score, the more serious the controversy. Ultimately, each company receives a score of between 0 and 15, corresponding to the sum of the scores for each of the five dimensions. Companies scoring over 11 are eliminated. This stage led 42 companies to be excluded from the investment universe. Controversies are reviewed at least twice a year or whenever new elements emerge or serious new controversies occur. Norm-based exclusions are used to curb exposure to controversies and their potentially adverse impact on portfolios.

Controversies are classified into three levels: Green, Orange and Red. Companies classified as "Red" are excluded.

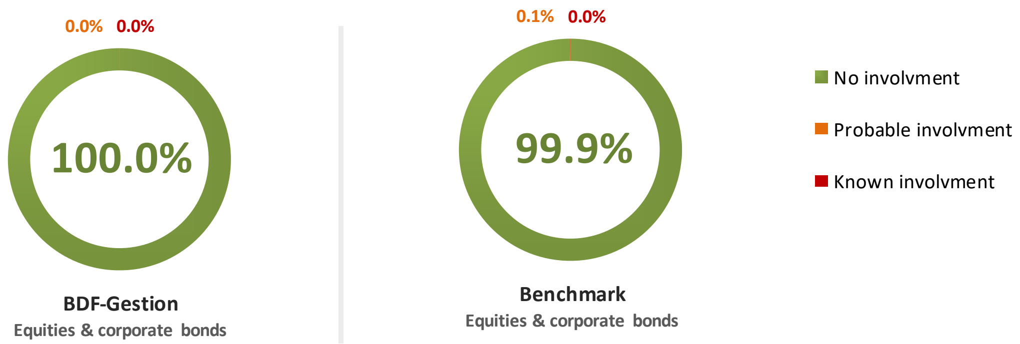
CONTROVERSIES BY SEVERITY LEVEL
as a % of assets



Exclusion of controversial weapons

France has ratified the Ottawa Convention (1999) and the Oslo Convention (2010), which ban the production, use, storage, sale and transfer of anti-personnel mines and cluster bombs. In accordance with the regulations, BDF-Gestion excludes from its investment universe companies that are involved in activities linked to controversial weapons. ISS-ESG provides an analysis and regular alert service spanning the entire investment universe.

COMPANIES INVOLVED IN THE ANTI- PERSONNEL MINES AND CLUSTER BOMBS VALUE CHAIN
as a % of assets



ESG-based exclusion and integration in investment decisions

ESG ratings are used within a best-in-class exclusion strategy. Unlike in the case of ESG thematic or sector exclusion approaches, the best-in-class method aims to remove the least virtuous ESG performers from the investment universe, while maintaining a sector balance similar to that of the benchmark universe.

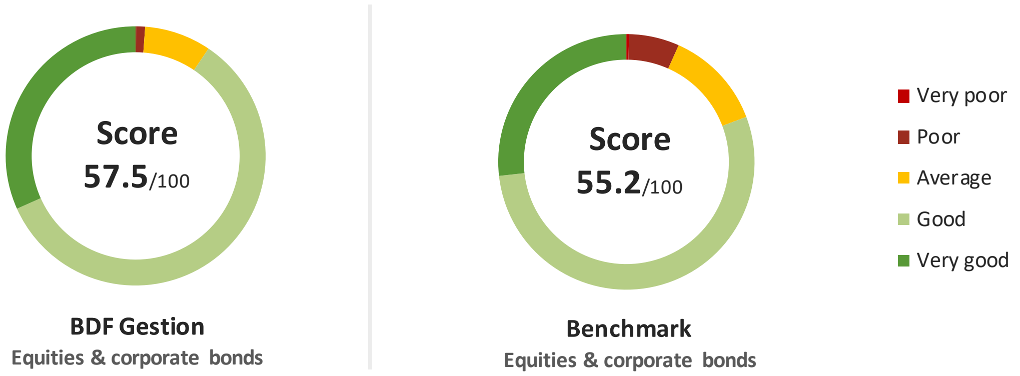
BDF-Gestion relies chiefly on data provided by ISS-ESG. These data are supplemented by financial intelligence tools, in-house research, research provided by financial intermediaries with which BDF-Gestion has entered into specific agreements, and meetings with company senior management. In fact, the company's ESG team can produce an extra-financial analysis for companies in the universe that are not covered, enabling it to be independent of any extra-financial service provider. In 2024, BDF-Gestion strengthened its exclusion process. From now on, 30% of the investment universe is excluded, compared with 20% previously, corresponding to the worst performers in each sector. This key step in strengthening the company's exclusion process raises expectations of the companies it invests in, and keeps it in line with the most ambitious SRI standards in the marketplace.

The weightings assigned to E, S and G criteria in the methodology applied by our service provider reflect the importance of these aspects within each sector. For example, environmental criteria are given a heavier weighting in the energy sector than in the health sector. Several indicators that go into E, S and G scores are common to all industries, including management of employees and suppliers, corporate social responsibility, governance and business ethics, environmental management, environmental impact of products and services, and environmental efficiency of processes. These are supplemented by specific criteria that seek to capture the materiality of particular issues in each sector. For example, in the utilities sector, additional metrics, such as management of resources or access to water and energy, are closely tracked. To enable sectors to be compared, scores are standardised using a scale of 0 to 100.

The following charts show the distribution of ESG scores along with the weighted average score in each asset category. A comparison with the benchmark[13] shows that the best-in-class approach delivers reduced exposure to the most at-risk securities.

13 The benchmark index is a composite of the different funds' indexes weighted according to the share of each portfolio. The indexes include the Stoxx France, Eurostoxx 50, Eurostoxx 300, Stoxx Europe 600, Stoxx US 900, Stoxx Japan 600, Stoxx Australia 150 and Stoxx Canada 240 for equities and the Markit iBoxx EUR Liquid Corporates index for corporate bonds. They do not factor in ESG aspects and do not apply any exclusions.

WEIGHTED ISSUER ESG SCORES
as a % of assets / ISS-ESG ESG scores



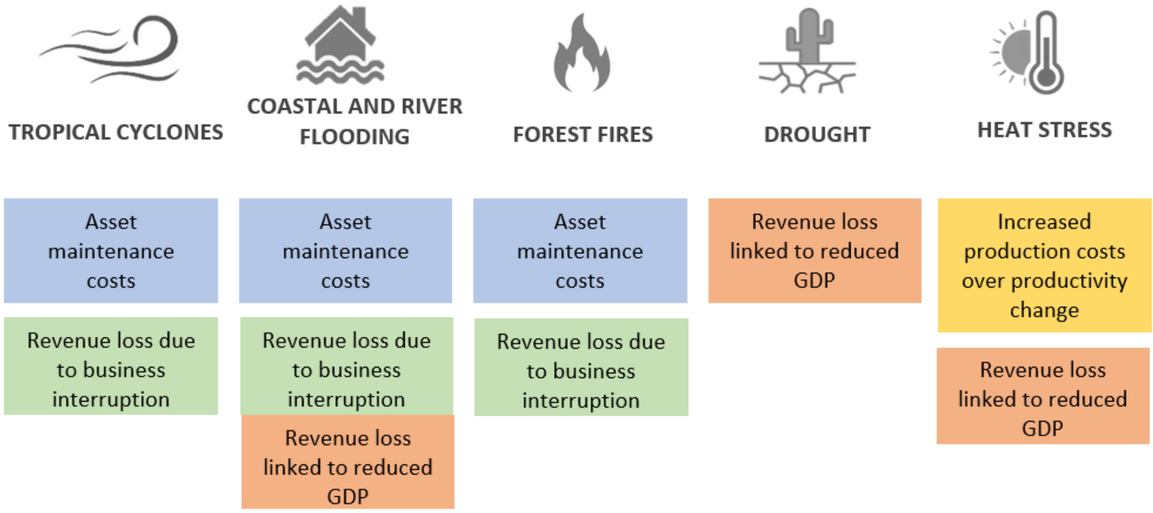
ESG issues are not recognised solely by screening the least virtuous companies out of the investment universe. BDF-Gestion has also gradually incorporated ESG themes into every stage of its investment process. Upstream, financial analyses are supplemented by an assessment of the main ESG risks and opportunities that could materially impact company values. These questions may also be addressed during meetings with senior management, financial analysts and ESG specialists. A review of serious controversies, using the CAT internal model described above, may also lead to talks with a company and a reassessment of the case if new elements are brought to the attention of managers. Downstream, risk monitoring and performance measurement tools capture the impact of these new extra-financial issues. The voting policy, which integrates ESG elements, is another essential aspect of our commitment.

Assessment of climate-related physical risks

Physical risks result from damage caused directly by weather events. Climate change due to warming, even if held to 1.5°C, exacerbates physical risks, which may arise from gradual developments, such as water stress, heat stress or rising water levels, or be caused by one-off events such as hurricanes or flooding. Physical risk levels vary depending on company profiles. Key factors include the geographical location of operations, the total value of tangible assets and the sector of activity. Through extra-financial data provider ISS-ESG, BDF-Gestion considers the value at risk of portfolio companies linked to physical risks.

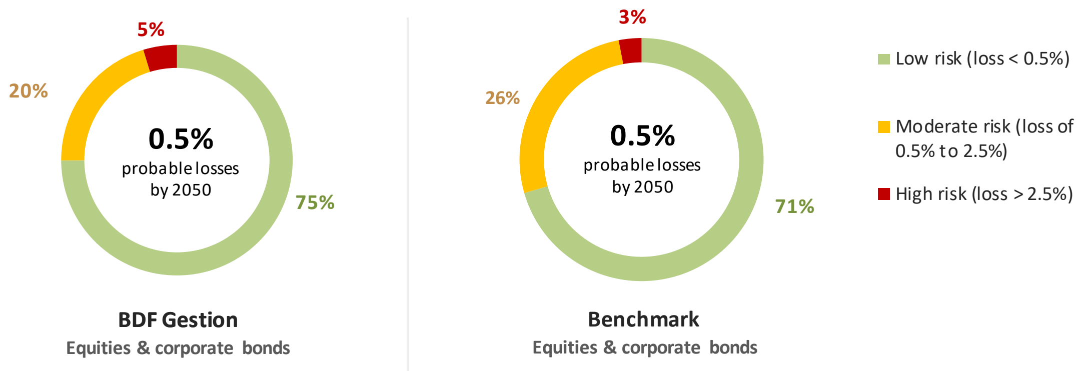
These assessments look at the difference between the company's current situation and a simulated future situation in a scenario featuring temperature rises of between 1.7°C and 3.2°C by 2100, consistent with the climate models presented by the IPCC in its fifth assessment report. Six of the costliest climate-related physical risks are considered. To calculate their impacts on the company's operations, an impact function converts a simulated climate value (T°C, wind speed) into a degree of damage, which is used to estimate the financial impacts on the firm's profit & loss account and balance sheet. The Economic Value Added (EVA) model is used to calculate the change in equity between an assessment with no physical risks and an assessment that includes the impact of these risks on the projected financial data, i.e. the value at risk.

MAIN PHYSICAL RISKS AND THEIR PROBABLE FINANCIAL IMPACTS (ISS ESG METHOD)



These metrics can only partially convey the reality of the physical risks to assets. They are based on environmental and financial assumptions projected over a relatively long time horizon. Revenue distribution is used to proxy the geographical exposure of physical assets, such as factories and real estate, where actual exposure is not known.

PROBABLE LOSSES BY 2050 LINKED TO PHYSICAL RISKS



At the end of 2024, BDF-Gestion's investments were exposed to a probable capital loss of 0.5% by 2050 due to physical risks, in line with its benchmark index.

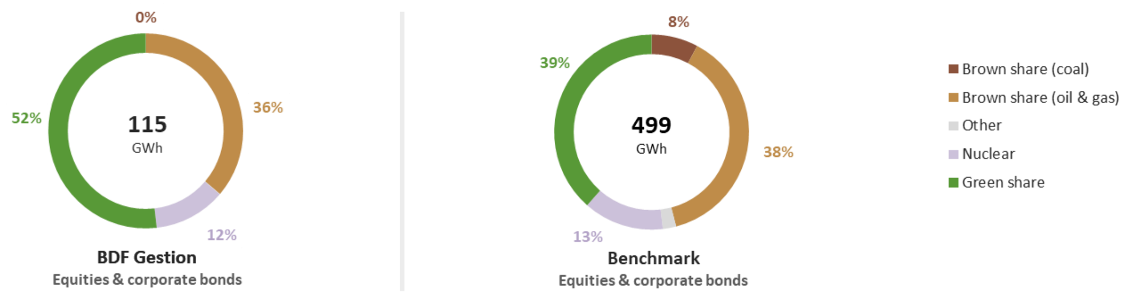
Assessment of climate-related transition risks

Through its responsible investment strategy (fossil fuel exclusions, alignment with the Paris Agreement, etc.) BDF-Gestion is determined to reduce its contribution to climate warming. This strategy also helps to mitigate the exposure of our portfolios to transition risk. Transition risk refers to the uncertain financial impacts on economic participants resulting from the effects of implementing a low-carbon economic model due to regulatory changes. Other metrics besides implied temperature rise[14] can be used to assess the exposure of BDF-Gestion's

[14] See the section on the strategy of alignment with the Paris Agreement.

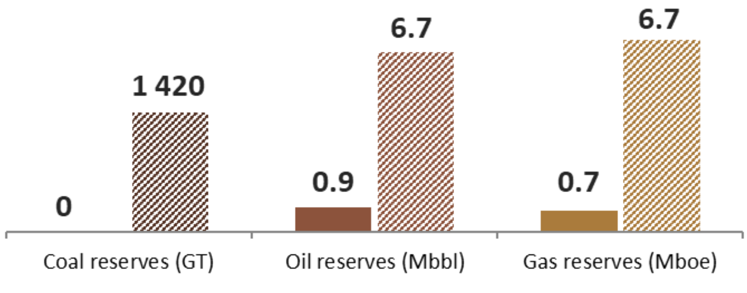
portfolios to transition risk, such as the energy mix and the fossil fuel reserves associated with investments.
At end-2024, BDF-Gestion investments financed 115 gigawatts of generated electricity. Gigawatts are allocated to investors based on the ownership stake methodology. Thus, a 1% stake in a power-generating company means that 1% of the energy production is attributed to that investor. Comparing issuers' production sources with those of their benchmarks reveals that investee companies use far less coal in their energy mix and have greater exposure to low-carbon energies.

ENERGY MIX



The switch to a low-carbon economic model could mean that, globally, one-third of oil reserves, one-half of all gas reserves and over 80% of existing untapped coal reserves stay in the ground.[15] By extension, a significant share of the market value of owner companies could be at risk. BDF Gestion's climate strategy is reflected in the portfolio's low exposure to fossil fuel reserves. Unlike its benchmark, the company has virtually eliminated thermal coal reserves from its investments. As a result, its potential future emissions are far lower than those of the benchmark.

FOSSIL FUEL RESERVES



BDF Gestion (left) ; **Benchmark** (right)

[15] McGlade, C., & Ekins, P. (2015). The geographical distribution of fossil fuels unused when limiting global warming to 2°C. *Nature*, *517*(7533), 187-190.

Outlook

Integration of financial and climate issues

In 2025, for all geographic zones, BDF-Gestion will extend its temperature aligned commitment on its equity funds dedicated to institutional investors. The same will apply to its corporate bond fund. As a reminder, the objective is to limit the global warming trajectory of "dedicated equity and corporate bond funds" to 1.5°C compared to pre-industrial levels. BDF-Gestion will also assess whether to raise its ESG exclusion thresholds for European investment vehicles in line with the marketplace's most ambitious SRI standards.

Biodiversity / Governance

Following the launch of an innovative fund dedicated to preserving biodiversity this year, BDF-Gestion will be implementing an engagement process with portfolio companies in 2025 to encourage transparency and actions in favour of biodiversity.

Strengthening our ESG bond strategy

To complete its range of certified employee savings funds, BDF-Gestion is working on the SRI certification of one of its money market funds. The fixed-income team is also planning to launch a Green Bonds fund in 2025. Finally, the possibility of extending the inclusion of extra-financial criteria to sovereign bond funds will be evaluated and proposed to customers.

Other prospects

A number of other initiatives are on the agenda for 2025. In accordance with regulations, BDF-Gestion excludes from its investment universe companies involved in any activity related to controversial weapons. Furthermore, the list of controversial weapons will be extended in 2025 to include chemical and biological weapons, enabling BDF-Gestion to comply with the ESMA guidelines.

Implementation timetable

2018

- Implementation of a coal policy and exclusion of companies which turnover linked to production and extraction of thermal coal exceeds 20%
- 40% voting objective in shareholder assemblies and integration of ESG criteria in vote

2019

- Integration of ESG data, controversy analysis and implementation of ESG exclusions (20% of equity indices)
- Introduction of climate strategies aligned on a 2°C warming trajectory by 2050.
- Transformation of the Diversified Salaries Saving Fund into a Finansol® labelled fund

2020

- Exclusion of companies whose turnover linked to production and extraction of thermal coal exceeds 10%
- Voting objective extended to 80% of shareholder assemblies

2021

- Exclusion of companies whose turnover linked to production and extraction of thermal coal exceeds 2%
- Exclusion of companies whose extraction and production of non conventional fossil fuels exceed 10% of turnover

2022

- 93% of AUM enter the « article 8 » category of the SFDR
- 92% of AUM aligned with a warming trajectory of 2°C by 2050

2023

- Exclusion of all companies growing or producing tabacco
- 91% of AUM aligned with a warming trajectory of 1.5°C by 2050

2024

- Exclusion of all companies exposed to the production and extraction of thermal coal
- Exclusion of all companies of which oil represents more than 10% of turnover or 50% for gas
- Increase in exclusion thresholds (30% of the investment universe)
- Launch of a fund dedicated to biodiversity

2025

- Extension of the 1.5°C alignment objectives to all geographic areas of dedicated equity funds and corporate bonds fund
- Engagement with companies through the biodiversity dedicated fund
- SRI certification of an employee savings fund
- Launch of a green bonds fund