

ANNEX II

Pre-contractual information for the financial products referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and in the first paragraph of Article 6 of Regulation (EU) 2020/852

Product name:
CLARTAN PATRIMOINE

Legal entity identifier:
222100VUSP2BUN3U7E79

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of sustainable investments with an environmental objective: ____ %

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: ____ %

☐ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____ % of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by Clartan Patrimoine (the “**Sub-fund**”) are based on three investment pillars: the **exclusion** of certain business sectors and behaviours based on the analysis of controversies that may affect certain companies held in the portfolio or in which the Sub-fund may wish to invest; a “**best in class**” approach aimed at investing in companies and countries that stand out from their peers for their high level of consideration of extra-financial criteria; and finally, an **active shareholding** approach.

1) Exclusion

Clartan Associés excludes from the scope of investment of the Sub-fund companies operating in sectors whose products and services are costly in the long term for the human community and that are detrimental to human dignity. Companies guilty of serious actions contrary to business ethics, good governance practices or harmful social or environmental impacts are also excluded. This involves both sectoral and behavioural exclusions.

The exclusion policy applies only to the Sub-fund’s investments in shares of listed companies and corporate bonds.

Clartan Associés mainly uses the services of an external service provider (Ethos Services SA - “**Ethos**”) to analyse sector and behavioural exclusions.

Sectoral exclusions:

Any company generating more than 5% of its turnover in the following sectors is excluded from the scope of investment:

- Tobacco
- Gambling
- Pornography
- Thermal coal
- Non-conventional weapons
- Non-therapeutic cannabis

Behavioural exclusions:

Based on both Ethos’ research and internal analysis, the controversies to which companies may be subject are classified into 5 qualitative levels of seriousness. Any company that is the subject of the highest level of controversy will be systematically scrutinised by the Clartan Associés ESG Committee and, if necessary, excluded (any exclusion must be duly justified). This is analysed on a case-by-case basis.

Controversies may concern *business ethics* (for example, non-compliance with the law, corruption, market manipulation, misleading communication, tax evasion, fraud, etc.), *corporate governance* (failure to respect minority shareholders, etc.), *social* issues (violations of human rights, discrimination, forced labour, prohibition of trade unions, inadequate working environments, harmful impact of business activity on cultural sites, etc.) and the *environment* (environmental damage, use of outdated industrial techniques, impact on global warming, impact on biodiversity, etc.).

2) Inclusion (or *best-in-class* approach)

The Sub-fund's investment selection process focuses on quality criteria. Clartan Associés seeks to select primarily companies with competitive advantages that are deemed to be sustainable in order to maintain high profitability over the long term, as well as countries that demonstrate long-term institutional, economic and democratic reliability.

In particular, Clartan Associés has chosen to focus the Sub-fund's investments on the best performing companies and countries in their sector from an ESG point of view, by applying a qualitative filter to the Sub-fund's investment universe.

Clartan Associés relies mainly on the services of Ethos to determine this ESG performance.

Companies are given an ESG rating (A+, A-, B+, B- and C) based on Ethos' methodology. This rating is obtained by determining a score (from 0 to 100) based on around a hundred quantitative criteria and analysing the company's behavioural controversies. The final rating (from A+ to C) is obtained by looking at the positioning of the company's quantitative score in relation to the average for its sector of activity, with downward adjustments to take account of the presence of any controversies. Countries are also subject to an ESG rating (A+, A-, B+ and B-): this rating is obtained by determining a score (from 0 to 100) on the basis of environmental, social and strategy and governance criteria.

Clartan Associés undertakes to invest 50% of the Sub-fund's net assets in equities of listed companies and in bonds rated in the highest rating categories (ratings of B+ or better) (best-in-class approach).

Ethos evaluates companies on the basis of a standard quantitative multi-criteria approach using around 100 ESG data points divided into three main categories:



Each company is assigned an ESG score based on the above criteria. The ESG score takes into account the ESG characteristics specific to the sector and positions the company in relation to its peers.

An ESG rating is assigned to each company based on its ESG score (quantitative analysis) and its level of exposure to ESG controversies (qualitative analysis). Ethos identifies companies involved in ESG controversies, such as human rights and labour rights violations, serious environmental damage, significant corruption, etc. In this process, Ethos also measures the relevance of companies' responses to these

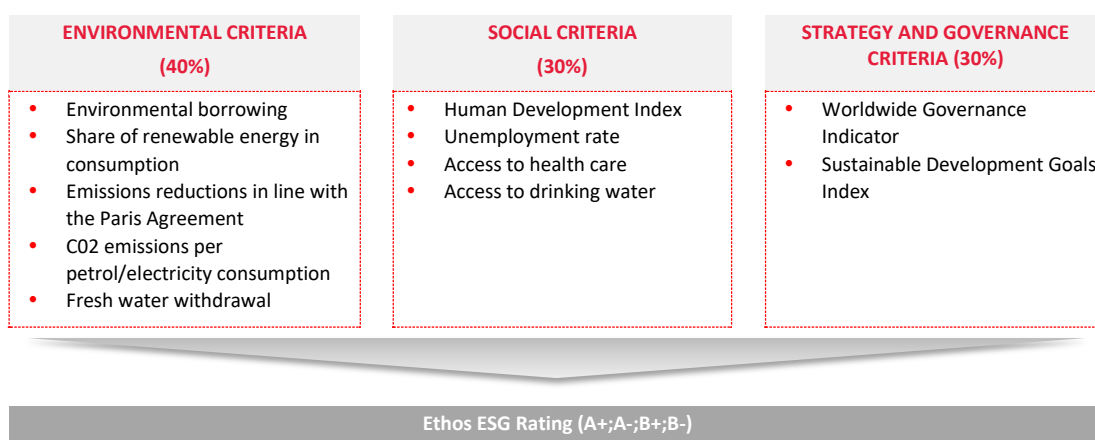
controversies and takes this into account in the final level of seriousness attributed to the controversy.

The company's final ESG rating is calculated as follows:

		ESG SCORE (difference from the average)			
		Less than -1 standard deviation	Below average	Above average	More than +1 standard deviation
MAXIMUM LEVEL OF CONTROVERSY	none / minor	B-	B+	A-	A+
	moderate	B-	B+	A-	A-
	serious	B-	B-	B+	B+
	severe	B-	B-	B-	B-
	major	C	C	C	C

The result of this analysis is a comprehensive assessment of companies' policies and governance systems (G) in relation to the environmental (E) and social (S) challenges they face, and helps to identify forward-thinking companies that meet the best criteria in terms of corporate responsibility with a long-term focus and that are leaders in their sectors.

For country and sovereign issuers, the rating is also based on a multi-criteria approach as illustrated below:



3) Active shareholding

By exercising its voting rights, Clartan Associés can help to ensure that the rules of good governance are properly applied and that environmental and social concerns are taken into account in the strategy of the companies it owns. This right may be exercised at the general meeting of shareholders in which the Executive Chairman participates.

When voting at general meetings, Clartan Associés aims to vote on at least 50% of the equity assets held by the Sub-fund.

Clartan Associés also undertakes to establish a dialogue on ESG issues with companies during individual meetings with management.

The active shareholding and dialogue policy only applies to assets invested in shares of listed companies held by the Sub-fund.

The Sub-fund does not have a designated benchmark to achieve the environmental or social characteristics promoted by the Sub-fund.

Sustainability indicators assess the extent to which the environmental or social characteristics promoted by the financial product are achieved.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Clartan Associés undertakes to invest 50% of the Sub-fund's net assets in equities of listed companies and in bonds rated by Ethos in the highest rating categories (ratings of B+ or better, best-in-class methodology and selection summarised in the section above "What environmental and/or social characteristics are promoted by this financial product").

The proportion of net assets invested in equities and bonds with the best ratings in the sector (A+, A-, B+) is published monthly on the Clartan Associés website and in its monthly reports.

● ***What are the objectives of the sustainable investments that the financial product intends to pursue in particular and how do the investments made contribute to these objectives?***

None. The Sub-fund does not intend to make sustainable investments within the meaning of the regulation (UE) 2019/2088 ("SFDR").

● ***How do the sustainable investments that the financial product intends to pursue in particular not cause significant harm to any environmental or social sustainable investment objective?***

None. The Sub-fund does not intend to make sustainable investments within the meaning of the SFDR regulation.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

None. The Sub-fund does not intend to make sustainable investments within the meaning of the SFDR regulation.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

None. The Sub-fund does not intend to make sustainable investments within the meaning of the SFDR regulation.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives. It is complemented by EU-specific criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investment must also not cause significant harm to environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes
☐ No

The Sub-fund takes into consideration Principal Adverse Impacts (PAIs) on sustainability factors making use of Ethos' sustainability analysis.

The table below summarises the Sub-fund's current consideration of the 14 PAIs applicable to investments in companies:

Principal adverse impacts	Factors considered by the Sub-fund
1. GHG emissions	These PAIs are taken into account through the ESG analysis (ESG rating) and the environmental indicators that the Sub-fund intends to monitor (see list below).
2. Carbon footprint	
3. GHG intensity of investee companies	
4. Exposure to companies active in the fossil fuel sector	At the end of the year, the Sub-fund updates the list of companies active in the fossil fuel sector.
5. Share of consumption and production of non-renewable energy	This PAI is taken into account through ESG analysis (ESG rating)
6. Energy consumption intensity by sector with significant climate impact	This PAI is not taken into account at this stage.
7. Activities with a negative impact on biodiversity-sensitive areas	This PAI is taken into account through behavioural exclusions and the Sub-fund intends to monitor issuers that have adopted a biodiversity policy.
8. Discharge into water	This PAI is taken into account in the ESG analysis (ESG rating) and in the behavioural exclusions.
9. Ratio of hazardous and radioactive waste	This PAI is taken into account in the behavioural exclusions.

10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	These PAIs are taken into account in the behavioural exclusions.
11. Lack of compliance processes and mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	
12. Unadjusted gender pay gap	These PAIs are taken into account in the ESG analysis (ESG rating).
13. Gender diversity in governance bodies	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	This PAI is taken into account through sector exclusions (any company making more than 5% of its sales in the non-conventional weapons sector is excluded from the scope of investment).

Clartan Associés also intends to monitor the following indicators for the issuers held in the Sub-fund's portfolio:

Climate and other environmental indicators

<i>Total water withdrawal</i>
<i>Total waste</i>
<i>GHG intensity by sales</i>
<i>Scope 1 GHG intensity by sales</i>
<i>Scope 2 GHG intensity by sales</i>
<i>GHG intensity per employee</i>
<i>Water intensity by sales</i>
<i>Waste generated by sales</i>

In addition, the Sub-fund intends to monitor issuers that have set a net zero 2050 target and have adopted a biodiversity policy.

Finally, at the end of the year, the Sub-fund updates the list of companies active in the fossil fuel sector.

The table below summarises the Sub-fund's current consideration of the 2 PAIs applicable to sovereign issuers:

Principal adverse impacts	Factors considered by the Sub-fund
15. GHG intensity	This PAI is taken into account through ESG analysis (ESG rating)
16. Investment countries with breaches of social standards	This PAI is taken into account through ESG analysis (ESG rating)

Indicators related to social, personnel, human rights and anti-corruption issues

Controversial weapons are a sector excluded from the investment scope of the Sub-fund.

For the record, the exclusions linked to the company's behaviour are described in the section above "What environmental and/or social characteristics are promoted by this financial product?"

Additional information on the main negative impacts on sustainability factors will be published in the fund's annual reports.



What investment strategy does this financial product follow?

The Sub-fund is suitable for conservative investors who are looking to increase the value of their invested capital over a period of more than 2 years.

The investment decisions for equities (stock picking) and bonds (bond picking), implemented by the Management Committee using a quality and value process, pay particular attention to ESG criteria through the exclusion of certain sectors of activity, the selection of stocks among the best rated by Ethos and an active approach to shareholding, as described in the section above "What environmental and/or social characteristics are promoted by this financial product" above.

- ***What are the constraints defined in the investment strategy for selecting investments to achieve each of the environmental or social characteristics promoted by this financial product?***

The Sub-fund has implemented a restrictive policy of sector and behavioural exclusions, which applies to 100% of the investments in equities and corporate bonds, as well as a requirement for a minimum of 50% of assets to be invested in equities and bonds of companies with the highest Ethos rating, as described in points 1) and 2) of the section above "What environmental and/or social characteristics are promoted by this financial product".

- ***What is the minimum proportion to which the financial product commits to reducing its investment scope before this investment strategy is implemented?***

At this stage, Clartan Associés has not formally committed itself to a minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy.

- ***What policy is in place to assess the good governance practices of the companies in which the financial product invests?***

Governance practices are analysed by the Ethos research team using its proprietary methodology. The main points analysed include transparency, capital structure, the composition and operation of management bodies

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

(board of directors, senior management), remuneration systems, shareholder rights and business ethics.

Corporate governance criteria account for 30 to 40% of the ESG scores awarded by Ethos, while stakeholder relations, including employees, account for 40 to 60%.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;

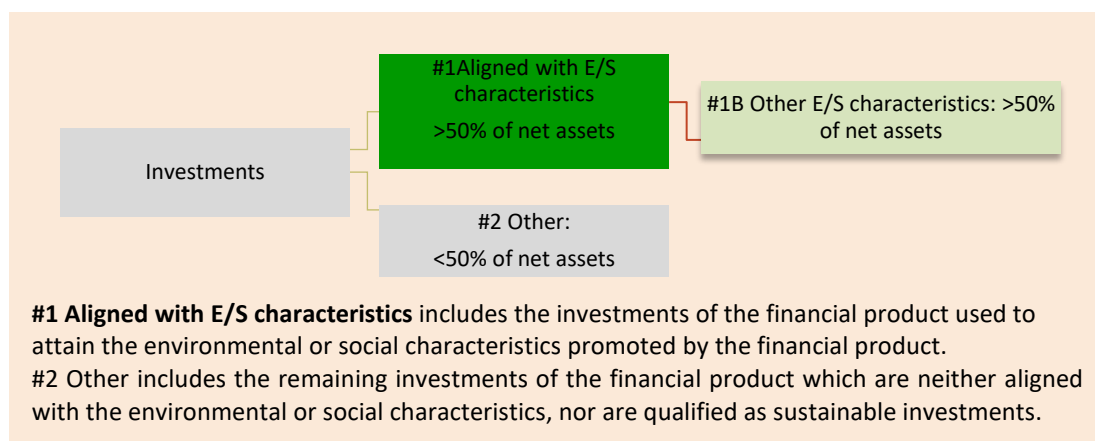
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;

- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

What is the asset allocation planned for this financial product?

At least 50% of the Sub-fund's net assets are invested in equities and bonds selected on the basis of the binding elements of the investment strategy used to comply with the environmental or social characteristics promoted by the Sub-fund as detailed in the section "What environmental and/or social characteristics are promoted by this financial product?", and fall into the category "#1 - Aligned with E/S characteristics".

The Sub-fund may hold up to 50% of investments falling into category "#2 Other", as described in the section "What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?"



● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to achieve the environmental or social characteristics promoted by the Sub-fund.

In order to comply with the EU Taxonomy, the criteria for **fossil gas** include emission limits and a shift to renewable electricity or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive rules on nuclear safety and waste management.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-fund does not have a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

● Does the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy⁵?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

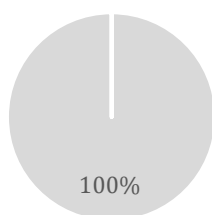
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and, among other things, have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

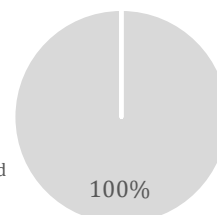
1. Taxonomy-alignment of investments including sovereign bonds*

- Taxonomy-aligned: fossil gas
- Taxonomy-aligned: nuclear
- Taxonomy-aligned: (excluding fossil gas and nuclear)
- Not aligned with the taxonomy



2. Taxonomy-alignment of investments excluding sovereign bonds*

- Taxonomy-aligned: fossil gas
- Taxonomy-aligned: nuclear
- Taxonomy-aligned: (excluding fossil gas and nuclear)
- Not aligned with the taxonomy



This graph represents 100% of total investments.

*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

What is the minimum share of investments in transitional and enabling activities?

The Sub-fund does not have a minimum proportion of investments in transitional and enabling activities, as defined by the EU Taxonomy.

⁵ Fossil gas and/or nuclear activities will only comply with the EU Taxonomy if they contribute to limiting climate change ("climate change mitigation") and do not cause significant harm to any of the objectives of the EU Taxonomy - see explanatory note in left margin. All the criteria for economic activities in the fossil gas and nuclear energy sectors that are compliant with the EU Taxonomy are defined in Commission Delegated Regulation 2022/1214.



The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-fund does not undertake to invest a minimum proportion of its net assets in sustainable investments with an environmental objective in economic activities that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The Sub-fund does not undertake to invest a minimum proportion of its net assets in socially sustainable investments.



What investments are included under “#2 Other”, what is their purpose and do minimum environmental or social safeguards apply to them?

The “#2 Other” category includes:

- equities or bonds with Ethos ratings of less than B+, but meeting at least the sectoral and behavioural exclusions described above,
- investments in UCITS and/or other UCIs, including money market UCITS, cash and derivatives. These investments do not meet environmental or social requirements. No environmental/social guarantees are applied to these investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable



Where can I find more product specific information online?

Specific information on this Sub-Fund can be found on the Clartan Associés website under the heading FUNDS (<https://www.clartan.com/fr/fund/clartan-patrimoine-c/>).