

Annex II

Pre-contractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name : EVOLUTION EUROPE ISR

Legal entity code :
222100R1R7EV7I98F783

Environmental and/or social characteristics

Does this financial product have a sustainable investment goal ?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____%	<input type="checkbox"/> 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
<input type="checkbox"/> In economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> In economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input type="checkbox"/> With a social objective
	<input checked="" type="checkbox"/> It promotes E/S characteristics but will not make any sustainable investments



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

In addition to our financial analysis, we analyze Environmental (E), Social (S) and Governmental (G) criteria. It helps us to perceive the extra-financial issues and the financial risks linked to it. This cohesive

research is in line with our different objectives: having a financial performance and protecting the assets of our clients.

To do this, we have selected and formed partnerships en extra-financial data provider. We use their ESG notations to evaluate and follow the environmental and social characteristics of the issuers. The analysis rate of the extra-financial score will be above 90% of the net asset value (calculated to the exclusion of bonds and other debt securities issued by public or quasi-public issuers, liquid assets held accessorily).

The ESG strategy of the fund is based on four elements:

- i. Auris Gestion exclusion policy (Auris Gestion's exclusion policy integrates sectoral, normative and regulatory constraints)
- ii. Best in Universe' strategy
- iii. Indicators monitored for the SRI label (Determination of minimum ESG performance thresholds on each of the ESGDH indicators)
- iv. Monitoring of controversies (Application of Auris Gestion's controversy management policy)

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

For the ESG score of the issuers, MSCI rely on a team of more than 200 analysts and on in-house models and methodology. It is based on 35 key issues weighted depending on the industry. Here is the list of these key issues:

Environment	Climate Change	Carbon Emissions Product Carbon Footprint	Financing Environmental Impact Climate Change Vulnerability
	Natural Capital	Water Stress Biodiversity & Land Use	Raw Material Sourcing
	Pollution & Waste	Toxic Emissions & Waste Packaging Material & Waste	Electronic Waste
	Environmental Opportunities	Opportunities in Clean Tech Opportunities in Green Building	Opportunities in Renewable Energy
Social	Human Capital	Labor Management Health & Safety	Human Capital Development Supply Chain Labor Standards
	Product Liability	Product Safety & Quality Chemical Safety Consumer Financial Protection	Privacy & Data Security Responsible Investment Health & Demographic Risk
	Stakeholder Opposition	Controversial Sourcing Community Relations	
	Social Opportunities	Access to Communications Access to Finance	Access to Health Care Opportunities in Nutrition & Health

Figure 1: Key issues analyzed by MSCI (source: MSCI)

In addition of these ESG ratings, we have selected some indicators from MSCI concerning environmental, social and governmental criteria and human rights. It allows us to have a specific follow-up on extra-financial performances.

The environmental performance is highlighted through these indicators:

- **Carbone intensity (scope1+2)**, represents direct greenhouse gas emissions (scope 1) and indirect ones from energy consumptions due to production (scope 2), relating to company USD sales.
- **Soil use and biodiversity rating**, measures controversies severity about the management of natural resources. Factors influencing this rating are: historical legal cases about natural resources and/or environmental impact, large or obvious impacts due to natural resources use, impacts occurred by direct or indirect use of the company products or services, practices amelioration resistance and NGO and/or other tiers persons reviews.

The social performance is highlighted through these indicators

- **Annual turnover of employees** represents the staff renewal for a year. This indicator reflects the work environment and the social situation of the company. Indeed, it can powerfully demonstrate the problems associated with employee loyalty.
- **Compliance with all International Labour Organization (ILO) standards**, which indicates whether companies follow all standards (*Pass*), on the *Watch List* due to controversy, or not in compliance with those standards (*Fail*).

The Human Rights performance is highlighted through these indicators

- **Child labor rating** measures the controversies gravity about child labour. Factors influencing this rating are: historical legal cases about child labour, common or obvious child labour, practices amelioration resistance and NGO and/or other tiers persons reviews.
- **Working union relationship rating**, measures the controversies about working union relations. Factors influencing this rating are: company response to unionization efforts and its negotiation practices with union workers, practices amelioration resistance and NGO and/or other tiers persons reviews.

We identified a limitation to our methodology: working with external data providers. Indeed, these data providers develop their own in-house models depending on qualitative and quantitative criteria. Therefore, it is important to consider the analysis bias that could occur when we select our partners. In return, using external data providers allow us to obtain quality analysis that are well known on the market.

Finally, the choice of ESGDH indicators only rely on MSCI. MSCI ensures that more of 90% of the investment universe is covered, which is acceptable.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

This product promotes environmental and/or social characteristics but does not realize sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU 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 investments must also not significantly harm any environmental or social objectives.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

This product promotes environmental and/or social characteristics but does not realize sustainable investments.



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



Yes



No



What investment strategy does this financial product follow?

In order to reach its goal of outperforming its benchmark, the STOXX EUROPE 600 (on an annual basis and on the recommended investment period), Auris Evolution Europe ISR has a dynamic and diversified asset allocation exposed to European stocks. It is based on macroeconomics factors and on a rigorous stock analysis that uses three fundamental variables: return on equity (ROE), stable growth of benefits for a year and low financial leverage.

It is also stated that the asset management team exclude from its investments : issuers based in countries/territories identified as tax havens, issuers which violate worldwide standards (Principles of

the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights) and companies involved in weapons production, casinos and gambling, tobacco production, coal extraction and electricity production based on coal.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restrictive elements of the investment strategy, besides the sectors exclusions, are minimal ESG ratings that have been determined on each ESGDH indicators and that need to be respected if a stock wants to enter the portfolio.

Moreover, another restrictive element is the engagement of improving the ESG quality of the product compared to its investment universe. The integrality of MSCI analysis gives a rating based on 10, called “Final Industry-Adjusted Company Score”, and allows us to identify leaders and laggards. In order to ensure the extra-financial criteria engagement, assets concerned by the MSCI rating need to tend towards a “Final Industry-Adjusted Company Score” higher than its investment universe (stated in our ESG policy), after removing 20% of assets with the lowest rate.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy***

We did not define a minimum reduction of the investment perimeter. However, we systematically take into account our exclusion policy.

● ***What is the policy to assess good governance practices of the investee companies?***

The positive governance practices of companies invested are evaluated in the ratings of MSCI. It is based on the analysis of the Environmental (E), Social (S), Governmental (G) criteria and Human Rights (HR).

As part of the ESG rating by MSCI, a first analysis is made on the quality of the governance. Then, it identifies materialist issues and risks directly linked to the company’s activity and its sector. It also analyzes how the management handles these issues and risks.

To do so, MSCI relies on a team of more than 200 analysts and on an in-house methodology and models based on key issuers weighted differently depending on the industry analyzed. These factors are listed below:

Governance	Corporate Governance	Ownership & Control Board	Pay Accounting
	Corporate Behavior	Business Ethics Tax Transparency	

Figure 3 : Key issues analysed by MSCI (source: MSCI)

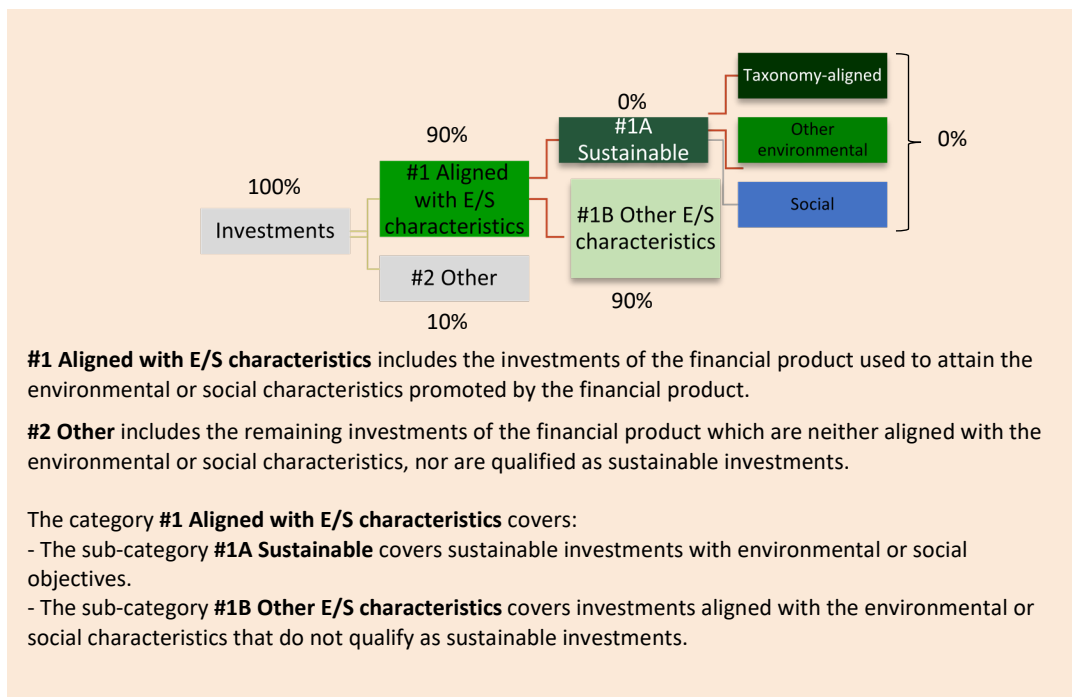
Good practices in terms of governance are evaluated through MSCI indicators. Then, the governance performance is monitored with the ratings below:

- **Governance structure rating** measures the severity of controversies linked to executives compensation and governance practices. Factors influencing this rating are historical legal cases about remuneration packages, common or obvious objections about remuneration packages and governance structure, the objection to ESG issues from shareholders and NGO and/or other tiers persons reviews.
- **Woman percentage to the Executive Board**, indicates how many executives are woman. For companies with a board at two levels, the rating is based on the Supervisory Board only.



What is the asset allocation planned for this financial product?

The objective of the compartment Auris Evolution Europe ISR is to have an ESG analysis above 90% of the net asset value (calculated to the exclusion of bonds and other debt securities issued by public or quasi-public issuers, liquid assets held accessorially). This financial product does not realize sustainable investments, as shown beneath.



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

To be able to meet the financial objective of the product, the asset management team can use derivative products. They are typically not included in the 90% of investments that promote E&S characteristics, and indeed not used to attain the environmental or social characteristics promoted. *

More, used to hedge the position of the product, derivatives are in line with our ESG policy. Indeed, our sustainable investor approach and the integration of ESG in our process allows us to have a better understanding of the risks. The use of derivatives to hedge our position is therefore consistent with our strategy.



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

N/A

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

N/A



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

N/A



What is the minimum share of socially sustainable investments?

N/A



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments under “#2 Others” can be used to meet the financial goals of this product, or/and are included in “#2 Others” due to a lack of data to guarantee that they respect all the elements of our ESG strategy.

Our exclusion policy is applied to the extent of our capacities to investments included in “#2 Others”. This allows us to mitigate most environmental or social risks and have minimum safeguards in place.



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?

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

This financial product does not have a benchmark.

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

This financial product does not have a benchmark.

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

This financial product does not have a benchmark.

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

This financial product does not have a benchmark.



Where can I find more product specific information online?

More product-specific information can be found on the website:

The Auris Evolution Europe ISR has a controversy monitoring policy, a shareholder engagement policy and a voting policy.

These informations are available on the website of Auris Gestion: <https://www.aurisgestion.com/fr-fr/auris-evolution-Feupe-i-eur>