

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 : EURO RENDEMENT

Legal entity code :
22210087HC3OS4S6L352

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 Governance (G) criteria. It helps us to perceive the extra-financial issues and the financial risks link 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 form partnerships with two extra-financials data providers: MSCI and Spread Research. 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 three elements:

- i. Auris Gestion exclusion policy (Auris Gestion's exclusion policy integrates sectoral, normative and regulatory constraints)
- ii. Best in Universe' strategy
- iii. 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)

To complete MSCI research, particularly for the credit research, we use a second specialist partner to evaluate the issuers’ ESG score: Spread Research. With its in-house methodology, it focuses on the main challenges related to the company analyzed. It allows them to modulate the final score. Here is an extract of the criteria that can be used:



 Social	 Environmental
Existence and position of the HR Director	Existence and quality of an environmental policy
Employee turnover analysis: - Absolute value - Trend - Peers comparison	Greenhouse gas emissions analysis - Absolute value - Trend - Peers comparison
Accidents - Absolute value - Trend - Peers comparison	Energy consumption - Trend analysis - Peers comparison
Share of the workforce operating in countries with human rights issues	Exposition to natural disasters
Weight of the provisions for restructuring	Presence of CAPEX in environmentally risky locations
Impact of strikes	Weight of provisions for environmental issues
Level of social controversies	Level of environmental controversies
Exposure to regulatory changes of labour conditions - Probability - Impact	Sector's environmental issues
Integration of social criteria in procurement practices / outsourcing	Exposition to regulatory changes or consumer habits regarding to the company's environmental impact - Probability - Impact
Nature of activity	Water consumption analysis - Gross value - Trend analysis - Peers comparison - Exposition to water stress
	Integration of environmental criteria in procurement practices /outsourcing

Figure 2: Examples of criteria considered by Spread Research (source: Spread Research)

In our ESG methodologies, we had identified several limitations that are presented below.

The first limit consists of 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.

The second limit depends on the choice of multiple data providers. With multiples analysis models, the scores can be very different from one provider to the other. It is then more difficult to implement their methodologies into our analysis. However, we believe that limit is manageable and offer us a larger investment universe.

- ***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.

- ***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.

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.



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

☐ Yes

☒ No



What investment strategy does this financial product follow?

The investment strategy, active and discretionary, is to find opportunities in the bonds market and money market products based on economic and market outlook and the management team's expectations. This strategy will be developed in order to curb the volatility of the Compartment's net asset value.

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 the engagement of improving the ESG quality of the product in comparison to the appropriate investment universes (Spread Research et MSCI).

The combination of the MSCI analysis results in a score from a scale of 0-10 called “Final Industry-Adjusted Company Score”. It allows to identify the leaders and the laggards. Spread Research's analysis gives an overall score on a scale of 0-100.

In order to maintain our commitment to extra-financial criteria, the “Final Industry-Adjusted Company Score” of the stocks covered by the MSCI methodology must be higher than the score of its investment universe (described in our ESG policy) after removal of 20% of the lowest rated stocks. Similarly, the score of the securities covered by Spread Research must be higher than the score of the Spread Research universe after removing 20% of the lowest rated stocks.

● ***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 invested companies are assessed MSCI and Spread Research ratings. It is based on the analysis of the Environmental (E), Social (S) and Governmental (G) criteria.

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)

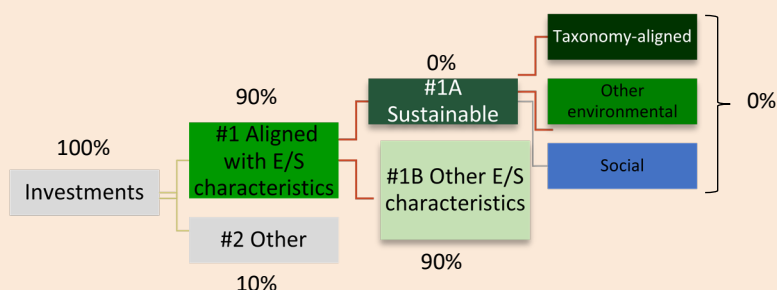
In addition to MSCI, our ESG analysis draws on the expertise of our second specialist partner, Spread Research. It is especially used in the case of credit research. Spread Research dispose of its own in-house methodology as well and its objective is to identify the main issues related to the activity of the firm analyzed. Here is an extract of the main criteria considered for Governance:

- Nature of shareholders
- Board size
- Longevity of Board members
- Independance of Board Directors
- Separation of Chairman / CEO positions
- Audit fees
- Length of relationships with Auditors
- Related party transactions
- Tax disputes and controversies of Chairman, CEO, Audit Chief
- CEO variable remunerations



What is the asset allocation planned for this financial product?

The objective of the compartment Auris Euro Rendement 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 accessorily). This financial product does not realize sustainable investments, as shown beneath.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***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 issues in our process allows us to have a better understanding of the risks. The use of derivatives to hedge our positions 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 Euro Rendement 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-euro-rendement-i-eur>