

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.

ANNEX II

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

Product name: Gay Lussac Microcaps Europe

Legal entity identifier: 549300NUN1GMHFM1RB19

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes
 ☒ ☐ ☒ No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 0% <div> <input type="checkbox"/> 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 </div> <input type="checkbox"/> It will make a minimum of sustainable investments with a social 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 <div> <input type="checkbox"/> with an environmental objective in economic activities that 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"/> with a social objective </div> <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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What environmental and/or social characteristics are promoted by this financial product?

While the Fund promotes environmental characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investment” within the meaning of the

SFDR or Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment ("Taxonomy Regulation")

A description of the ESG characteristics promoted in the Fund can be found below. All characteristics are not applicable for each investment. Instead, the characteristics applicable for a certain investment are selected using the materiality-principle. The Investment Manager is constantly developing its approach and adding characteristics to the list.

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

Sustainability indicators
measure how the environmental or social characteristics promoted by the financial product are attained.

This product invests in companies that stand out for their good governance and promote environmental and social characteristics. The product applies a sector and normative exclusion filter and monitors ESG controversies on a monthly basis. The coverage rate of ESG ratings and SRI methodology within the Fund aims to be always above 90%.

The proportion of investments promoting ESG characteristics is at least 80% and this indicator is available in the semi-annual extra-financial reports.

The presence of other investments that do not promote ESG characteristics is explained by the often incomplete and fragmented extra-financial data of certain issuers, in particular small and very small capitalisations, which do not yet allow a refined and absolute ESG rating to be obtained.

Area	Characteristics	Indicator
Environmental	Mitigation of Overall Environmental Impact	The company's approach to incorporating environmental factors in investment processes and strategies
	Reduction of Greenhouse Gas Emissions	Short term approach to manage Scope 1 emissions
		Long term approach to manage Scope 1 emissions
		Measurement, monitoring and reporting on scope 2 and/or 3 emissions
	Improvement of Air quality	Measurement, management and mitigation of air emissions of industry specific pollutants
	Energy Management	Percentage of energy used in industry specific process that are derived from renewable sources. Targets regarding increasing energy derived from renewable sources
		Targets regarding reduction of energy consumption
	Water management	The company's approach to water management risks and practices to mitigate those risks
		the company's approach to sustainable water management and any strategies and practices to conserve water as a quality resource
	Waste Management	Industry Specific Management of Waste Management
		Reduction of Waste
	Sustainable Materials Sourcing	Percentage of industry specific material that is Certified as Sustainable

Area	Characteristics	Indicator
		Procurement Process includes Sustainability Aspects
		The company's approach to optimize materials efficiency
	Mitigation of Product Lifecycle Environmental impacts	Industry Specific Management Systems of Product Lifecycle Environmental impacts
		Integration of Environmental Impacts in the User Phase
		The company's approach to manage the impact of the product at end-of-life, including reference to recovered, reused, recycled material or material that were landfilled
	Reduction of Impacts on Biodiversity	Industry Specific approach to Manage and Mitigate their Ecological Impacts
		Processes to integrate environmental considerations into the company's operations and strategies
		The company's environmental management policies and practices to preserve ecosystem services
	Climate Change Adaptation	The company's approach to identify and mitigate Climate Change risk exposure
		The company's integration of climate change related impacts into operational strategy
Social	Mitigation of Overall Social Impacts	The company's approach to incorporating Social factors in investment processes and strategies
	Diversity and inclusion	Company policy that supports anti-discrimination
		Company policy that supports diversity and equal opportunity
		Percentage of gender representation for (1) management, (2) professionals, and (3) all other employees
	Labour Rights	The Company's processes to ensure compliance with international norms and standards relating to labour practices
		Workforce covered by Collective Bargaining Agreement
		The Company's approach to prevent Worker Harassment
	Human Rights	Company Code of Conduct applicable to suppliers
		Audits and follow-ups on supplier compliance with Code of Conduct
		Management and mitigation of Company Operations' Effect on Society
	Employee Health and Safety	Company Health and Safety Policy
		Industry Specific Safety Management System
	Customer Health and Safety	Industry Specific processes to identify and manage safety risks associated with the use of the company's products
		Industry Specific processes to assess and manage risks and/or hazards associated with chemicals in products
		Industry specific approach to managing addiction associated with the use of the company's product or services

Area	Characteristics	Indicator
	Data Privacy	The Company's approach to ensure customer privacy
	Data Security	The Company's approach to identifying and addressing data security risks
		The Company's approach to ensuring intellectual property (IP) protection
	Ethical Marketing and Selling Practices	The Company's approach to informing customers about products and services
	Animal Welfare	The Company's Approach to Ensuring Animal Welfare in their Operations and/or Supply Chain
Governance	Overall Good Governance	The company's approach to incorporating good governance factors in investment processes and strategies
	Anti-corruption	Company policy on anti-corruption
		Whistle-blower function
	Anti-competitive Behaviour	Company policy on anti-competitive behaviour
	Diverse Board Structure	Processes for determining the composition of the board
		Independence of Chair of the Board
		Independence of Members of the Board
	ESG Promoting Executive Pay	ESG metrics linked to executive pay
	Fair Tax	Policy on tax and tax planning
		Countries where the company operates/countries where the company pays tax
	Transparency	Reporting

● ***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?***

The financial product promotes environmental characteristics within the meaning of Article 8 of the SFDR without making any 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?***

The financial product promotes environmental characteristics within the meaning of Article 8 of the SFDR without making any sustainable investments.

--- ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Negative sustainability impacts refer to the negative impacts of investment decisions on sustainability factors such as the environment, social issues, respect for human rights and anti-corruption. Key negative impacts ("KPIs") are taken into account in Gay-Lussac Gestion's investment decisions in relation to the sustainability factors.

This implementation is based on different extra-financial strategies defined below:

- Sectoral exclusion policies,

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, anti-corruption and anti-bribery matters.

- Shareholder engagement and voting policy,
- Controversy monitoring of investee companies,
- Monitoring and research of mandatory key negative impact indicators as defined in Annex 1 of the draft regulatory technical standards ("RTS") accompanying the SFDR regulation,
- Compliance with international codes,
- Signatory to the UN-PRI (Principle for Responsible Investing).

In accordance with Article 7 of Regulation (EU) 2019/2088, the Fund aims to contribute to transparency on the main negative impacts of investments through the mandatory PAI indicators in the half-yearly extra-financial reporting.

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

The sub-fund does not apply a sustainable investment strategy to its investments. However, the investments made within the fund aim to be aligned with the OECD labour principles and the UN Global Compact guidelines. This is characterized through the exclusion policy and the monitoring of controversies detailed above.

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

Negative sustainability impacts refer to the negative impacts of investment decisions on sustainability factors such as the environment, social issues, respect for human rights and anti-corruption. Key negative impacts ("KPIs") are taken into account in Gay-Lussac Gestion's investment decisions in relation to the sustainability factors.

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- Shareholder engagement and voting policy,
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More details can be found on the [website of Gay-Lussac Gestion](#).



What investment strategy does this financial product follow?

The investment strategy followed includes:

- 1) Quantitative filter of the investment universe:
 - Two defensive criteria, Low Volatility and Low Beta,
 - A performance criterion, Momentum,
 - A sectoral and normative exclusion filter
- 2) Selection of 3 to 4 major structural and/or cyclical themes by a quarterly Macroeconomic Committee comprising economists, strategists, fund managers and financial analysts.
- 3) Definition of the investable universe by selecting stocks in line with the themes selected and validated by the fundamental and extra-financial analysis of the companies.
- 4) Construction and monitoring of the portfolio in terms of risk budget and monitoring of ESG ratings and controversies.

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

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?

Promoting ESG characteristics within the investment strategy

The sectoral and normative exclusion filter

The sectoral exclusion consists of excluding companies that derive a part of their turnover, considered as significant and quantified below, from activities deemed harmful to society. The Gay-Lussac Microcaps Europe sub-fund has implemented a strict policy of excluding the following sectors:

Strict exclusion

- Production and marketing of chemical weapons, biological weapons and depleted uranium weapons,
- Manufacture, stockpiling and services for anti-personnel mines and cluster bombs, in compliance with the Ottawa and Oslo Conventions,
- Companies that violate the 10 principles of the UN Global Compact,

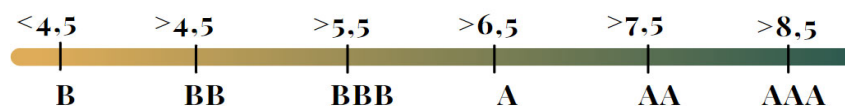
- Companies that violate international standards.

Exclusion up to and including 5% of turnover	- Production of recreational cannabis,
	- Production, exploitation, transport and storage of thermal coal,
	- Pornography-related activities; - Gambling-related activities,
	- Production and exploitation of non-conventional fossil fuels.
Exclusion up to and including 10% of turnover	Production of tobacco.
Exclusion of up to 30% (inclusive) of turnover	Production and exploitation of conventional fossil fuels. (Upstream and Midstream)

Consideration of ESG characteristics

The extra-financial analysis is based on a "Best In Universe" approach to ESG criteria. The ESG Best In Universe approach involves the consideration of extra-financial criteria (Environmental, Social and Governance) according to the ESG Rating methodology of MSCI ESG Research, the leading provider of extra-financial data of Gay-Lussac Gestion. When a company's ESG rating is not covered by MSCI, the ESG team rate it according to the Gay-Lussac Gestion's internal ESG+ methodology, based on the consideration of extra-financial criteria advised by the AFG (Association Française de Gestion Financière), and inspired by MSCI's rating methodology, which is based on the weighting of criteria in a sectorial materiality (according to each sub-sector GICS - Global Industry Classification Standard). The societal criterion is taken into account by applying a bonus or malus of 1 point to the ESG rating of the issuing company, after an overall analysis of the impact of these criteria on the sustainability risks of the fund. The extra-financial ratings of the issuers are then weighted according to the allocation of each position in the portfolio, in order to calculate an overall rating for the fund.

An alert threshold is set for securities with a rating below 5.5 out of 10, i.e., a BB or B grade, and this alert may lead to the sale of the security, after in-depth analysis.



These extra-financial ratings are available in the monthly financial reports as well as in the half-yearly extra-financial reports.

Monitoring controversies

An ESG controversy can be defined as an incident or existing situation that a company faces as a result of allegations of negative behaviour towards various parties, through

poor practice on a number of ESG indicators.

We have set up an alert threshold for companies that have had a "very severe" and recent controversy, according to the MSCI ESG controversy tracking methodology.

Gay-Lussac Gestion follows in particular companies identified as being involved in

- Human rights abuses
- Corruption
- Degradation of environmental performance
- Forced/clandestine/child labour

Gay-Lussac Gestion carries out monthly internal monitoring of compliance with the ESG rules set out in the sub-fund.

Non-compliance with the ESG rules set by the management company and included in the prospectus gives rise to an escalation procedure consisting of (I) identification of breaches, (II) in-depth analysis of the security, (III) reconsideration of the promotion of ESG characteristics within the portfolios and contractual documents in the event of non-compliance with the recommendations made.

I. The escalation procedure is triggered by different categories of Asset/Liability breaches

1) In case of so-called "active" breaches resulting from an:

- an investment in a security with an ESG rating of less than 5.5/10 according to the Gay-Lussac Gestion scoring methodology
- an investment in a security that does not comply with the exclusion policy
- an investment in securities whose issuers have had "very severe", recent and structural controversies, according to the MSCI methodology;
- holding a security under ESG alert;
- exceeding the contractually agreed extra-financial ratios.

2) In the event of so-called "passive" breaches resulting from :

- the ESG rating of a security deteriorates (falls below 5.5/10);
- the increase in turnover of an issuer in one of the sectors excluded by the exclusion policy;
- subscription/redemptions.

II. In-depth analysis stage

- **Research phase:** In-depth ESG analysis of the stock in the portfolio under ESG alert if necessary;
- **Dialogue phase:** Contact with the management/RI of the issuing company to obtain further information on the ESG weaknesses identified by the analysis;
- **Recommendation phase:** transmission of the recommendation to the managers to maintain or sell the stock based on the conclusions drawn from the two stages above.

The ESG team gives itself a quarterly deadline to implement the internal escalation procedure on the securities concerned. Once the ESG team has issued a recommendation, the managers have a further quarterly deadline to implement the recommendation.

In the event of a recommendation to sell the stock, it can only be retained if :

- the stock is facing liquidity problems, in which case an additional three months may be allowed for the sale;
- the stock is a micro-cap (market capitalisation of less than '2 billion) that has historically been in the portfolio (for 2 years or more), in which case a long-term commitment is possible, in line with an ESG Best Effort approach.

The dialogue stage is all the more significant for small-cap stocks of French origin, due to the greater accessibility of the management and the people in charge of investor relations. The dialogue stage can be accompanied by a collective shareholder commitment, in relation to the guidelines set out in Gay-Lussac Gestion's shareholder commitment policy.

The Best Effort approach for micro-capitalizations historically in the portfolio is monitored in a file managed by the ESG team. All stages of shareholder engagement and dialogue with companies are centralised there.

The analyses are updated as soon as issuers publish new documentation (annual reports, sustainability reports, etc.). The objective is to have a coherent and most recent analysis possible.

Furthermore, a stock that was previously excluded for ESG warnings can only be reinvested if it now meets the ESG thresholds. Otherwise, it will be considered as an active breach with an automatic disposal recommendation.

In the case of controversy monitoring, if the alert threshold is exceeded, the following elements can be studied

- Structural or one-off nature of the controversy;
- Measures taken by the company to remedy the controversy;
- Further monitoring of the company and its public statements regarding the controversy.

Actions taken in relation to ESG controversies can go as far as the disposal of all or part of the line concerned, depending on market conditions.

A right to be forgotten is in place for controversies if they were resolved more than 5 years ago. For very serious controversies that have cost issuers a financial penalty of more than USD 5 billion, with the SEC involved, the right to be forgotten is extended to 10 years.

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

The committed minimum rate to reduce the scope of the investments considered, prior to the application of that investment strategy is of maximum 20%.

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

Within the framework of the internally developed ESG analysis methodology, the analyst teams endeavour to assess the good governance of the companies in the portfolio on the following points:

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

- 1) Chief Executing Officer (profile, tenure, reliability, vision, organization).
- 2) Executive Committee (size, composition, stake in the capital, independence, number of women)
- 3) Management structure (separations of functions, family structure)
- 4) Consistency of remuneration (fixed, variable, incentives, achievement on objectives, remuneration policy linked to ESG criteria)
- 5) Committees' independence (audit, compensation and nomination committee's)
- 6) Financial communication (level of transparency, management accessibility)
- 7) Incident, controversies and corruption exposure

Focus on shareholder engagement

Gay-Lussac Gestion is committed to shareholder engagement through several practices:

- Monitoring strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance;
- Dialogue with investee companies (travel, videoconferencing, roadshows and site visits); - Exercising voting rights and other rights attached to shares;
- Cooperation with other shareholders;
- Communication with relevant stakeholders;
- Prevention and management of actual or potential conflicts of interest in relation to their engagement.

Gay-Lussac Gestion's [shareholder engagement policy](#) is available on the [Responsible Investment page](#) of the [website of Gay-Lussac Gestion](#).

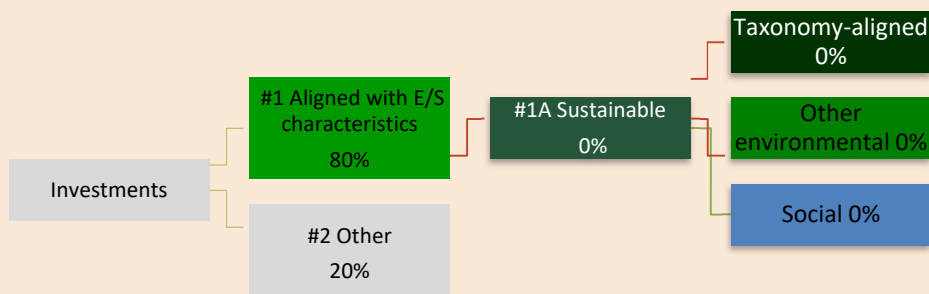


What is the asset allocation planned for this financial product?

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) reflecting green operational activities of investee companies.



#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.

The Management Company's strategy to promote ESG characteristics covers all assets under management with the conviction that by integrating sustainability into its investment's thesis, it will benefit the long-term investors and contribute to the development of sustainability in society at large.

- This product invests in companies that stand out for their good governance and promote environmental and social characteristics.
- This product applies a sector and normative exclusion filter and monitors ESG controversies on a monthly basis.
- This product does not have a sustainable investment objective.
- The coverage rate of ESG ratings and SRI methodology within the sub-fund aims to be always above 90%.
- The proportion of investments promoting ESG characteristics is at least 80% and this indicator is available in the semi-annual extra-financial reports.
- The presence of other investments that do not promote ESG characteristics is explained by the often incomplete and fragmented extra-financial data of certain issuers, in particular small and very small capitalisations, which do not yet allow a refined and absolute ESG rating to be obtained.
- In addition, the sub-fund may not use derivative financial instruments.

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

The Fund does not make use of derivatives to attain the environmental or social characteristics promoted by the financial product.



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

Enabling activities

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

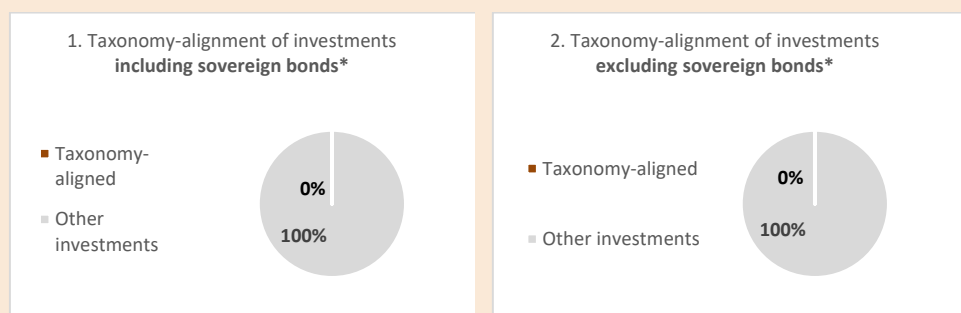
Transitional activities

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

The Fund promotes environmental characteristics within the meaning of Article 8 of the SFDR without making any sustainable investments.

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.*

What is the



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

minimum share of investments in transitional and enabling activities?

The Fund will not invest a minimum share of its investments in transitional or enabling activities.



are 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 Fund will not invest a minimum share of its investments in environmental activities.



What is the minimum share of socially sustainable investments?

The Fund will not invest a minimum share of its investments in social objectives.



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

No investment is not expected to contribute to the promotion of environmental or social characteristics with the exception of those which do not have sufficient information to make an assessment and are part of the 20% pool of assets mentioned above.



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?

No reference benchmark has been determined for the realisation of the promoted environmental or social characteristics.



Where can I find more product specific information online?

Additional ESG related information on the Fund may be found at <https://www.gaylussacgestion.com> (sub-section “[Responsible Investment](#)”) and directly on the sub-fund page at <https://www.gaylussacgestion.com/fond/gay-lussac-microcaps-europe/>. Details can also be found on this website in relation to the Management Company's sustainability related disclosures and, if relevant, its adverse sustainability impact statement.