ANNEX IV

Template periodic 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

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.

Product name: Axiom Obligataire **Legal entity identifier:** 549300JXQ1ZOFIOEMP20

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 20,3% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Compartment promotes the following environmental and social characteristics:

Environmental:

Financial institutions: Factors relating to both the direct and indirect impact of banks activities on the environment are considered. Among the direct ones, the ESG scores include the assessment of their operational eco-efficiency including GHG emissions, energy use and water use and disposal. The assessment of indirect activities is as well included in the ESG scores notably looking at the climate strategy of lending portfolios as well as risk assessment. This information is complemented by an internal methodology called the Axiom Climate Readiness Score which provides a much more robust assessment of banks' climate performance.

The rationale for this additional analysis is driven by Axiom's conviction that the European banking sector plays a key role in the achievement of the Paris Agreement as it finances more than 70% of the EU economy. The energy transition will therefore not happen without banks' action. There is therefore a need to use more robust methodologies that help to understand how banks are steering their portfolios to finance the sector and activities needed for the energy transition to happen.

Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on operational eco-efficiency, climate strategy, environmental policy and management systems and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including biodiversity and water related risks. Likewise, there are general, and sector specific indicators used to assess all these areas. For example, in the case of operational eco-efficiency, GHG emissions and waste disposal are assessed for all sectors and complemented with energy and water indicators relevant for the sector (e.g., use or consumption). Sector specific indicators include, among others, data center efficiency and renewable energy share for companies in telecommunication services, and emissions of acidifying substances in the oil & gas and chemical sectors.

Social:

Financial institutions: The ESG scores include indicators related to banks' practices in terms of human capital development, talent attraction and retention, financial inclusion, labor practices, human rights, and Occupational Health & Safety. In addition, the controversies database is used to analyze banks' good behavior in their selling practices as it monitors banks' exposure to litigation cases and settlements resulting from poor consumer protection practices.
There is no reference benchmark designated for the environmental and social characteristics promoted by the Compartment.

Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on human capital development, occupational health & safety, talent attraction & retention, corporate citizenship & philanthropy, human rights, labor practice and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including stakeholder engagement and social impact on communities.

The fund uses exclusion filters to restrict investments and attain the product's environmental and social characteristics. They are used to exclude companies involved in forbidden activities and extremely low-quality governance, which are covered through Axiom's thematic and sectoral policies and related exclusion list. Activities include, tobacco production, coal power and mining production, conventional and unconventional oil & gas, alcohol, gambling, cannabis, and adult entertainment.

How did the sustainability indicators perform?

Sustainability Theme	Indicator	Value
Environmental	Axiom Climate Readiness Score	39,40%
	Implied Temperature Rise	2,7°C
Social	Average ratio of female to male board members in investee companies	22,9%
	Number of active social litigation cases	11
Environmental and Social	ESG score	43

…and compared to previous periods?

NA, this is the first period provided.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The fund supports the sustainable investment objective of climate mitigation. We defined Sustainable Investments in financial institutions as investments in banks and insurance companies that from a climate change standpoint demonstrate significant efforts to mitigate climate change, follow good governance practices and do not significantly harm other environmental and social objectives.

Significant efforts to mitigate climate change are defined through the minimum performance thresholds of our climate methodology, the Axiom Climate Readiness Score. These are: i. At least 30% in corporate engagement (Pillar #1); ii. At least 25% in the weighted average of Climate risks and opportunities management (Pillar #2) and Contribution to the low-carbon transition (#3). In addition, banks corporate lending portfolio temperature today have a high temperature (>3°C) and need to be signatories of the Principles for Responsible Banking.

By investing in bonds of these banks and insurance companies the fund steers its investments towards issuers that have expressed the intention to contribute to climate mitigation, that have taken demonstrable actions and that can be considered leaders in the topic.

A small share of this fund is invested in sovereign debt. We have defined Sustainable Investments in sovereign debt as investments in governments that from a climate change standpoint have set net zero targets that are considered “acceptable” by the Climate Action Tracker.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

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

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.

The Principal Adverse Impact (PAI) indicators were considered in order to understand if the sustainable investments were not doing significant harm to other environmental and social objectives not addressed by our definition of sustainable investments (SI). In addition, for completeness we considered as well the Greenhouse Gas (GHG) related PAI indicators as we do not use them in our definition due to their limited materiality and usability. Scope 1 and 2 GHG emisisons are less than 1% of financial's total GHG emissions, and scope 3 emissions of lending/investment portfolios are either not available or not reliable as they are based on top down estimates.

During the reporting period, the fund invested in 14 companies considered as sustainable investments. The PAI of companies complying with our sustainable investments definition were compared against the values of companies in the fund's universe. Hereby we summarize some of the results of this analysis:

- No companies are active in the fossil fuel sector (PAI 4), nor in businesses related to controversial weapons (PAI 14). However, this is expected as our definition of sustainable investments only covers financials;
- All companies outperform the universe average values in the case of PAI 1 (GHG emissions in different scopes), PAI 3 (GHG intensity) and PAI 5 (Share of non-renewable energy consumption and production);
- Some companies underperform the universe average values:
  - 3 companies with less than average policies to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11).
  - 2 to 3 companies in the case of the gender related PAIs (PAI 12 and 13).
- Data coverage in three indicators is very poor for three PAIs (PAI 7, 8, and 9), even with the use of two data providers. These indicators are however not material for the sector covered by our definition of sustainable investment i.e. the direct impact of financial institutions on biodiversity, emissions to water and production of hazardous waste is very low and even inexistent in most cases. We will continue to monitor our providers coverage and take corrective measures if it does not improve over time.

In terms of the voluntary PAI, Axiom AI considers two: i. Investments in companies without carbon emission reduction initiatives; and ii. Number of convictions of fines for violation of anti-corruption and anti-bribery laws. In the case of the first PAI, all SI have committed to targets in line with the Paris Agreement objectives and are taking actions to achieve them. In the case of the second, there are 2 out of the 9 financial institutions covered that have paid fines, the coverage of this indicator is however poor at this stage.

Note: PAI 2 (Carbon footprint) and 6 (energy consumption intensity per high impact climate sector) are not in the scope of analysis, PAI 2 is a portfolio level indicator and PAI 6 addresses high impact sectors, and thus the financial sector is not concerned.

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

Yes, none of the SI have been associated with a potential violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as per our data provider. More details on its methodology can be found here.

How did this financial product consider principal adverse impacts on sustainability factors?

2022 was the first year for the integration of the Principal Adverse Impacts (PAIs) in our monitoring, during this year multiple data challenges arrived (e.g. changes in the indicators and data sources used by our data provider to more suitable ones) as well as clarifications from the European Commission regarding the calculation of some PAIs. This had an impact on our monitoring plans for the PAI, in particular, in terms of impact in asset allocation and related dicussions. 2023 will be a more active year for PAI monitoring as most of the issues experienced in 2022 have been resolved.

The following table summarizes our PAI values as of December 2022:

Adverse Sustainability Impact	Adverse Sustainability Factor	Metric	Value 2022
Mandatory Indicators			
Environmental	1. GHG emissions	Scope 1 GHG emissions (tonnes CO2e/m EUR)	1473
		Scope 2 GHG emissions (tonnes CO2e/m EUR)	657
		Scope 3 GHG emissions (tonnes CO2e/m EUR)	3307
		Total GHG emissions (tonnes CO2e/m EUR)	5436
	2. Carbon footprint	Carbon footprint (tonnes CO2e/m EUR)	20
	3. GHG intensity of investee companies	GHG intensity (tonnes CO2e/m EUR)	49
Social	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling	4%

	principles and OECD Guidelines	mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (0 to 1)	23%
Voluntary Indicators			
Environmental	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (Yes 1 No 0)	34%
Social	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies (#)	2

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/2022 – 12/2022

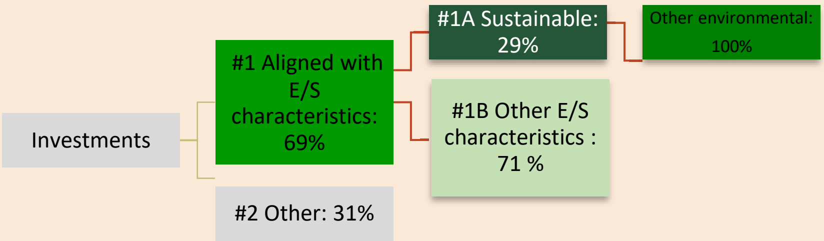
Largest investments	Sector	% Assets	Country
Quatrim	Food	3,6%	FR
Axiom European Financial Debt	Closed-end Funds	3,3%	FR
Banque International du	Banks	3,0%	LU
HLD Europe	Investment	3,0%	LU
Van Lanschot Kempen N.V	Diversified Finan	2,8%	NL
IKB Deutsche Industriebank AG	Banks	2,5%	DE
Saxo Bank A\S	Banks	2,4%	DK
Banco Comercial Portugues S.A	Banks	2,3%	PT
Heimstaden AB	Real Estate	2,2%	SE
Ibercaja Banco S.A	Banks	2,0%	ES
BBVA S.A	Banks	1,9%	ES
Finecobank Banca Fineco S.P.A	Banks	1,9%	IT
Sainsbury’s Bank PLC	Banks	1,9%	GB
Credit Suisse Group AG	Banks	1,9%	CH
Nova Ljubljanska Banka	Banks	1,8%	SI
CPI Property Group	Real Estate	1,8%	LU
Tikehau Capital	Asset Management	1,8%	FR
Esure Group PLC	Insurance	1,7%	GB
Adler Group S.A	Real Estate	1,6%	LU

OSB Group PLC	Diversified Finan	1,6%	GB
Banco de Credito Social	Banks	1,6%	ES
Erste Group Bank AG	Banks	1,6%	AT
Fortune Star (BVI) Limited	Lodging	1,6%	VG
Unicredit S.P.A	Banks	1,6%	IT

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

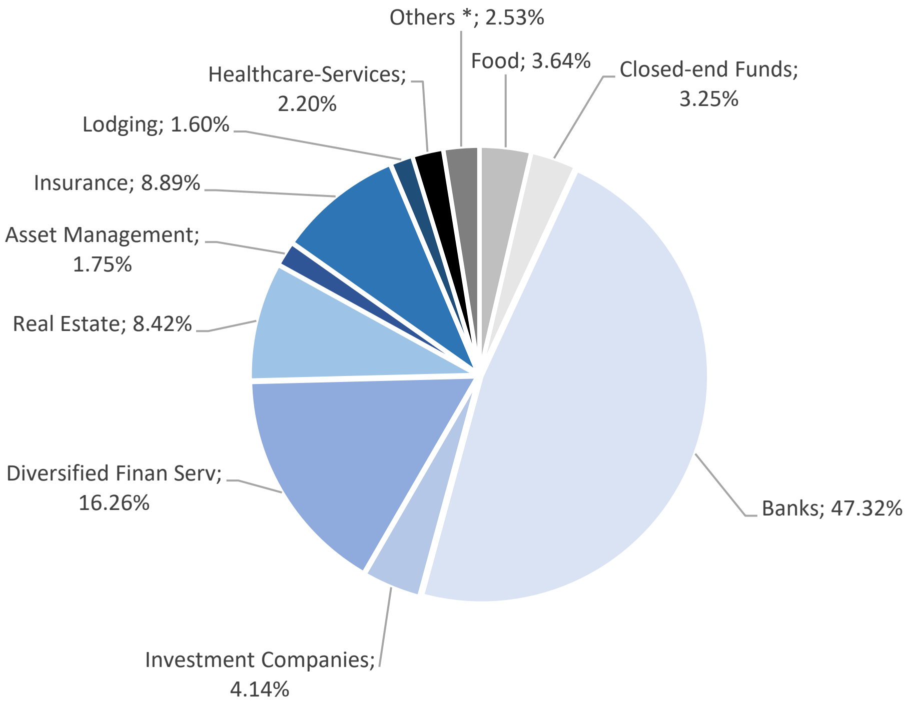


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other 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 environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?



Others*: Retail (0,58%), Office/Business Equip (0,52%), Engineering & Construction (0,44%), Telecommunications (0,44%), Software (0,34%), Sovereign (0,16%) and Industrial (0,06%).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

Transitional activities are activities for which low-carbon

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

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?**

☐ Yes:

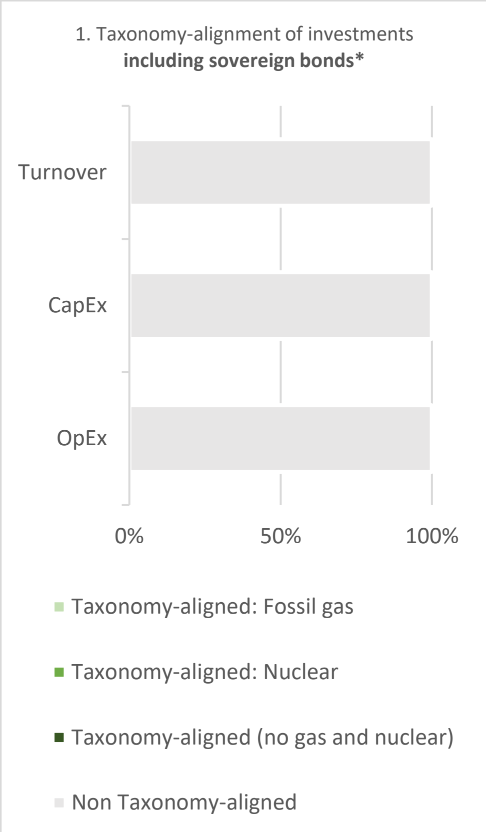
☐ In fossil gas ☐ In nuclear gas

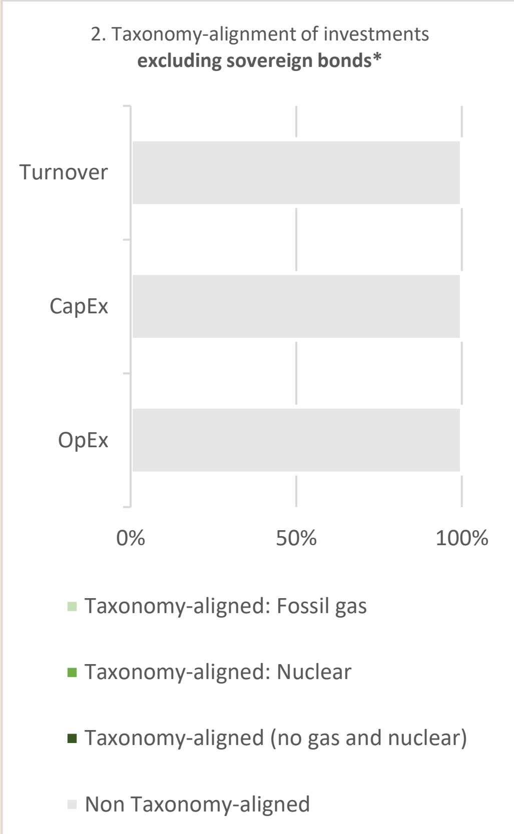
☒ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were 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.





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

0% of the Compartment’s investments are taxonomy-aligned. Since banks will not disclose their data until 2024, the Compartment will report a share of 0% of investments in taxonomy aligned activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Axiom AI is not comfortable using.

- ***What was the share of investments made in transitional and enabling activities?***

0% of the Compartment’s investments are in transitional and enabling activities. Since banks will not disclose their data until 2024, the Compartment will report a 0% minimum share of investments in transitional and enabling activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Management Company is not comfortable using.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

There are no previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100%. Axiom AI has only defined sustainable investments for financial sectors companies. This is a sector that historically has invested in all the real economy and not just a segment of it. However, their power to transform the economy into a green/sustainable one is much more important that that of any company in the real economy. That is the reason why Axiom AI does not define sustainable investments as per the EU taxonomy definition. However, from 2024 we will be able to report on the % of taxonomy-aligned investments the fund has through its investments in banks and insurers and these issuers will start to report this data during 2023.

What was the share of socially sustainable investments?

The product made no investment in socially sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "#2 Other" are in companies or in instruments for: which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data. Minimum environmental and social safeguards are however cover through the application of the sectoral and thematic policies available here: http://axiom-ai.com/web/data/documentation/Thematic-And-Sectoral-Exclusions.pdf

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system controls for breaches regarding our exclusion list. In addition, the portfolio manager can review the funds' performance under the different sustainability indicators (e.g., ITR, ACRS, ESG score) in a daily basis. In 2023 we will start at least bi-annual stock takes of these indicators.

How did this financial product perform compared to the reference benchmark?

No ESG reference benchmark is used, the benchmark (€STR capitalized +2%) is not an index which integrates environmental and social considerations.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.