

## Additional Information (Unaudited) (continued)



SFDR Note

EXANE FUNDS 2 - EXANE PLEIADE

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

Product name: EXANE FUNDS 2 - EXANE PLEIADE FUND (the “Sub-Fund”)

Legal entity identifier: 529900T285CDO8PHHO57

**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

### Did this financial product have a sustainable investment objective?



Yes



It made **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 made **sustainable investments with a social objective**: \_\_\_\_%



No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**

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

The ESG characteristics and sustainability risks associated with the investments have been assessed by the management company Exane Asset Management (the “**Management Company**”) through:

## Additional Information (Unaudited) (continued)

## SFDR Note (continued)

EXANE FUNDS 2 - EXANE PLEIADE (continued)

- An **INTEGRATION approach**, that respects a willingness to invest in all sectors of activity while favoring companies that best address the sustainability risks they face and know how to adapt their business models and strategies to these new challenges.

In particular, in terms of promoting (E) environmental and (S) social characteristics, 2 systematic axes were chosen to promote these characteristics in the sense of the SFDR regulation:

- "E": company trajectory in the reduction of greenhouse gas emissions, with emphasis on concrete and measurable progress and targets,
- "S": decent employment within the company and its entire supply chain.

These two points form a mandatory common denominator, in addition to the need for a sector-by-sector analysis of relevant ESG criteria.

Thus almost 100% of the securities held in the portfolio during the year were subject to internal and external ESG analysis. In addition, the annual weighted average ESG risk rating of the portfolio was better than that of the investment universe.

- An **EXCLUSION policy**. The Management Company has complied with the exclusion policy, applied to the long positions in the portfolio and consisting of:

(i) systematic exclusions:

(a) controversial weapons under the Ottawa and Oslo Conventions, biological and chemical weapons Conventions and Convention on Certain Conventional Weapons covering incendiary weapons;

b) tobacco production, gambling, pornography activities, where the income generated by these activities exceeds 10% of turnover;

c) values not complying with the Global Compact principles according to our extra-financial data provider Sustainalytics; and

d) permanent exclusion from a list of countries;

(ii) a discretionary list, established sector by sector, in accordance with our investment philosophy, on a semi-annual basis, based on an internal analysis of the ESG characteristics of the companies.

- A **COMMITMENT approach** materialized by a continuous and documented dialogue with the management of the companies. The Management Company is convinced that good governance enhances risk assessment and improves corporate performances over the medium and longer term. Due to its high-level expertise in fundamental analysis of companies, the Management Company has significant access to the management of companies with whom a regular dialogue is maintained

## Additional Information (Unaudited) (continued)

SFDR Note (continued)

## EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)

● **How did the sustainability indicators perform?**

- 100% of the securities in the portfolio as of 31 December 2022 (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) have been subject to external and internal ESG analysis.
- none of the Sub-Fund's long positions has violated the Sub-Fund's exclusion policies.
- Long portfolio ESG risk rating < Investment universe ESG risk rating :  
the annual weighted average of the ESG risk ratings of the long equity portfolio is equal to 21,4 whereas that of the investment universe (defined as the global equity, with an emphasis on Europe) is equal to 23.2 (Source: Sustainalytics scoring).
- Proportion of the long portfolio with an ESG risk rating above 30 < to 15% :  
The annual average proportion of securities in the long equity portfolio with an ESG risk rating above 30 (as attributed by Sustainalytics) is equal to 7.3%.

● **...and compared to previous periods?**

Due to the implementation of the ESG integration process in accordance with Regulation (EU) 2019/2088 during 2021, this information will be available at the end of two full financial years.

● **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 Sub-Fund does not currently commit to investing in any sustainable investments.

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

The Sub-Fund does not currently commit to investing in any 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 Union 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 Union criteria for environmentally sustainable economic activities.

**Sustainability indicators**  
measure how the environmental or social characteristics promoted by the financial

## Additional Information (Unaudited) (continued)

SFDR Note (continued)

## EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)

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



With the recent introduction of the PAI consideration, this information will be available at the end of a complete financial year.

**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.



## 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: 2022

Largest investments (long positions)	Sector	% Assets (annual average)	Country
ENGIE	Utilities	4.03 %	FR
BP PLC	Energy	3.90 %	GB
ENEL SPA	Utilities	3.87 %	IT
REPSOL SA	Energy	3.59 %	ES
STMICROELECTRONICS	Technology	1.88 %	FR
VINCI SA	Construction and	1.87 %	FR
RWE AG	Utilities	1.83 %	DE
LLOYDS BANKING	Banks	1.69 %	GB
LONZA GROUP AG-	Health Care	1.67 %	CH
NORDEA BANK ABP	Banks	1.66 %	SE

## Additional Information (Unaudited) (continued)

SFDR Note (continued)

EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)



## What was the proportion of sustainability-related investments?

*What was the asset allocation?***Asset allocation**

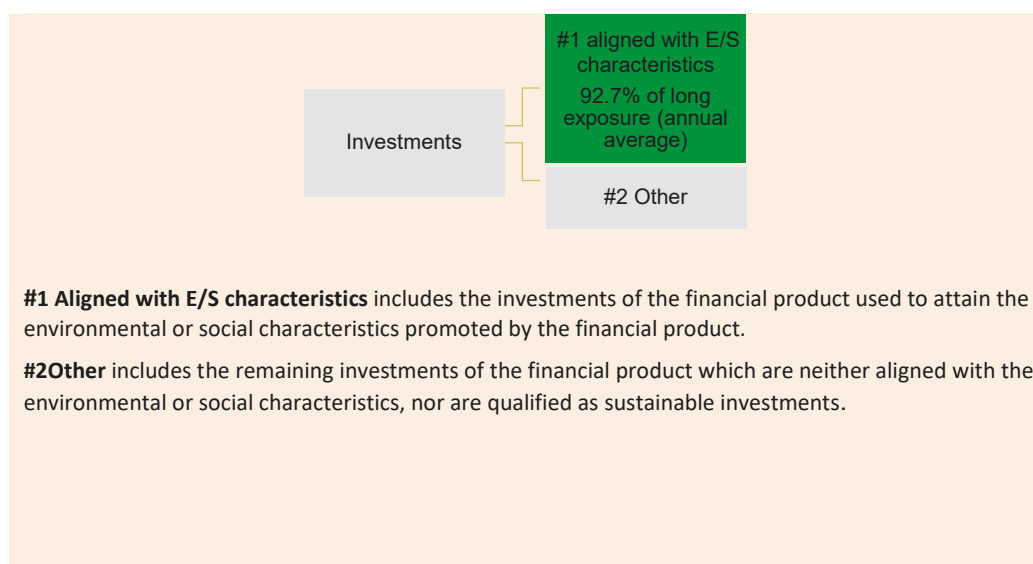
describes the share of investments in specific assets.

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.

On an annual average, 92.7% of the long exposure of the portfolio has been invested in issuers aligned with the promoted E/S characteristics (#1 Aligned with E/S characteristics). This alignment is calculated by taking into account securities with an average Sustainalytics ESG risk rating of less than 30 and which have undergone an internal ESG analysis.

Investments included under “#2 Other” were (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, (iii) securities in the long portfolio issued by issuers that are not aligned with the promoted E/S characteristics and (iv) securities in the short portfolio.

*In which economic sectors were the investments made?*

Subject to the exclusions lists, the Sub-Fund may invest in all sectors of activity and investments made during the year covered the following sectors (expressed as annual gross exposure average):

Finance (39%); Utilities (24%); Industry (24%); Energy (18%); Healthcare (15%); Information Technology (15%); Materials (14%); Consumer Discretionary (10%); Staples (6%); Telecommunications (5%) and Real Estate (5%).

## Additional Information (Unaudited) (continued)

SFDR Note (continued)

EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)

The Sub-Fund implements a market-neutral and sector-neutral long/short strategy. Thus, the net exposure is close to zero on each of the sector above.

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

The Sub-Fund does not currently commit to investing in any sustainable investments with an environmental objective aligned with the EU Taxonomy

- Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

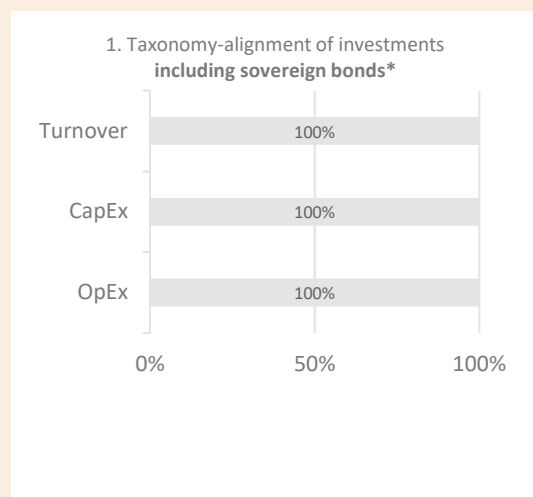
☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

*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*

<sup>1</sup> 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.

## Additional Information (Unaudited) (continued)

SFDR Note (continued)

EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)**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.



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 investments made in transitional and enabling activities?***

As the Sub-Fund does not commit to invest any “sustainable investment” within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation was equal to 0%.

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

Non Applicable

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

The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. Therefore, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

**What was the share of socially sustainable investments?**

Not Applicable (N/A).

## Additional Information (Unaudited) (continued)

SFDR Note (continued)

EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Investments included under “#2 Other” were (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, (iii) securities in the long portfolio issued by issuers that are not aligned with the promoted E/S characteristics and (iv) securities in the short portfolio.

The money market pocket and the short portfolio are subject to ESG analysis but none of the investments under “#2 Other” are subject to minimum or social safeguards.

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

During the 2022 financial year, the Management Company continued to deploy the ESG approach on the 3 pillars allowing us to promote environmental and social characteristics in its management: **Exclusion, Integration and Commitment:**

- We have thus generalised our common normative **exclusion policy** to all our funds (scope: 100% of the EXANE ASSET MANAGEMENT fund range).

Certain securities are thus systematically excluded from all our buy positions:

- a) controversial weapons in application of the Ottawa and Oslo conventions, the conventions on biological and chemical weapons as well as the convention on certain conventional weapons covering incendiary weapons;
- b) tobacco production, gambling, pornography activities where the income generated by these activities exceeds 10% of turnover; and
- c) values that are not compliant with the Global Compact principles according to our extra-financial data provider Sustainalytics.

Further securities are excluded on a discretionary basis (“ESG Assessment”); these are mainly securities in our investment universe with an ESG risk score above 30, as measured by Sustainalytics. However, there is a tolerance to retrieve a number of stocks and exclude other additional stocks based on our internal analysis, supported by a documented calculation.

- In terms of **integration**, our internal ESG analysis, in addition to specialised external databases and broker research, aims to cover all the securities we hold in position. The minimum target of 90% was thus clearly beaten during the year, with almost 100% of securities analysed at all times. In addition, the long positions had an annual weighted average ESG rating better than that of the investment universe.



## Additional Information (Unaudited) (continued)

SFDR Note (continued)

### EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (continued)

- Finally, in terms of **engagement**, we continue to dialogue with issuers on material ESG issues relating to their sectors of activity, including systematically for all sectors, on 2 fundamental objectives:

- o E- the Greenhouse Gas Emission Reduction Pathway,
- o S- Decent Employment (including supply chain).



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

Non Applicable

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

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

