

Article 29 Report

June 2023

tobam^{*}
unbiased.

Agenda

01.TOBAM Investment beliefs

02.ESG Task Force & Providers

03. SRI Policy

04. CSR Policy

05.Engagement & Voting

06. Low Carbon Policy & Biodiversity

07.Paris Agreement Alignment & Sustainability Risks

Regulations References

The Article 29 of the Energy Climate Law (LEC) of November 8, 2019 cancels and replaces the provisions of Article 173 of the Energy Transition Law and revises, clarifies and strengthens sustainability-related financial disclosures for market players.

The LEC Article 29 and its implementing decree No. 2021-663 of May 27, 2021 also align and coordinate the French regulatory framework with Regulation EU 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

BELIEFS AND PRINCIPLES

Since its creation, TOBAM has decided that sustainable development would be explicitly core to its values.

Our clients have a long-term approach to investing and our sustainable way addresses these concerns. TOBAM has a long-standing commitment to uphold environmental, social and governance issues (ESG). These principles are integral in the rules structuring our activities. We aim to act in a socially responsible manner via our business, our social relations and our long-term vision of sustainable growth.

TOBAM's approach is to define responsible investment principles that can be translated into concrete steps which will be implemented gradually and enhanced over time, ideally in collaboration with its partners.

Some investment beliefs related to responsible investments:

01. Adoption of a long-term view (vs. short-term view)

In alignment with the long-term views of our investors, every initiative we take at tobam is looked at with a long-term view. Short-term gains may seem attractive but what matters is longevity (in terms of resource efficiency, responsible use of resources, human and financial capital etc.). Tobam focuses on the long term, a notion that is at the heart of our investment philosophy and applies to tobam both at the corporate and investment level. Incorporating ESG criteria within our investment process is not intended to provide additional performance, but rather is instrumental in managing the risks and aligns well within the larger context of long-term investment.

02. Research-based ESG Integration enhancements:

Tobam spends a significant amount of its time and budget researching the subject of sustainable investments and working on the development of pragmatic and science-based responsible investment integration approaches.

Our objective is to devise with rational and professional ways in which to implement further ESG integration, while not changing the nature of our Maximum Diversification® investment philosophy.

03. Partnership-driven (vs. purely internal)

TOBAM's expertise is quantitative modelling. We believe our ESG approach can benefit from external initiatives and experts, notably companies and researchers dedicated to SRI analysis. Tobam's ESG integration approach relies on institutional investors expertise as well as ESG data providers.

04. Transparency

Transparency is a core value of TOBAM, at the investment level (Investment process, Research, SRI policy) as well as at the corporate level in the HR management, and communication to clients, partners, shareholders and employees.

05. Responsible Use of Influence

Tobam believes in the benefits of actively trying to promote good practices. Tobam uses its ownership position in companies to further its commitment to socially responsible investing on behalf of clients, and to improve corporate governance. This has translated in direct as well as collaborative engagement.

Structured oversight: Sustainability Committee & SRI Task Force

We decided in 2016 to set up a Steering Committee dedicated to sustainability topics to challenge and monitor our approach and maintain a high level of commitment over time (see focus below).

The committee is in charge of piloting all CSR and SRI related topics, ensuring that these considerations and projects remain on top on TOBAM's agenda. The committee is in charge of coordination with the various different teams any new projects or ideas.

As a UN Global Compact and PRI signatory, we are committed to complying with these internationally renowned Responsible Investment-ESG reporting standards.

We consider transparency as a key component of our responsible governance of Corporate Social Responsibility and Responsible Investment matters: and as such demonstrate our dedication to transparency by posting on our website in public access all information related to our SRI policies, engagement and voting decisions, as well as all CSR initiatives.

Eq. 5 ETP Full time dedicated to ESG

➤ App.

330 000 € per year

dedicated to research / data / consulting capabilities

US\$ 6bn under management
(as of December 2022)

Topics covered by the Committee

- PRI & Global Compact and CDP Adhesions & reporting processes
- SRI
 - Research projects
 - Further ESG integration initiatives
 - Exclusion list Monitoring
 - Engagement & Collaborative actions
- CSR
 - Sustainability Employee Initiative
 - Coordination with Human Rights NGOs - Donations
 - Youth Sponsoring Initiative
 - KPI monitoring
 - Carbon Footprint Measure & Offsetting programs

Executive Committee Supervision of TOBAM's ESG policies

Two executive committee members are key participants to ESG research and implementation initiatives

TOBAM's Deputy CEO, Christophe Roehri, is a member of the Sustainability Committee, with 25 years of experience in asset management and instrumental contribution to TOBAM's ESG evolution over the years

TOBAM's Head of Investments, Tatjana Puhan, has over 15 years of experience in ESG integration strategies and oversees the investments team in the ESG task force.

ESG TASK FORCE

02.

Echoing its team-based approach to investment management, the **Sustainability Committee includes membership drawn from Portfolio Management, Compliance, and the Executive Committee as well as an external consultant dedicated to SRI and CSR policies and implementations.**

TOBAM's Sustainability Committee also relies on TOBAM's investment teams, with ESG referents; together, they are TOBAM's ESG Task Force.

This working group is in charge of brainstorming, coordinating, investigating and monitoring ESG integration within TOBAM's investment process via research projects or implementation initiatives.

Organisation described below:

Created in 2016, in charge of piloting all CSR and RI related topics, ensuring that these considerations and projects remain on top on TOBAM's agenda as well as coordinating with various teams any new projects or ideas.

SUSTAINABLE COMMITTEE



INVESTMENT TEAM ESG REFERENTS



13 members from the investment team are involved in ESG research, integration, implementation and monitoring. Each team has an ESG leader and on average, app. 25% of TOBAM's team is dedicated to ESG (app. 5 FTE)

Remuneration policy

The remuneration structure does not encourage excessive risk-taking with respect to sustainability risks. Employees that are designated as being relevant to the sustainability measures at TOBAM are notified as such and this metric is included in their annual performance review. **TOBAM's performance management, reward and personal development processes such as end of year appraisal processes have a responsible investment element for managers and employees involved in ESG risks and opportunities considerations. Goals and responsible investment considerations are included in appraisal processes and variable pay is linked to the inclusion of risks and opportunities related to ESG.**

Exclusion List



**ESG Footprint
Raw data**

Bloomberg

Controversies



**Carbon
emissions**

Bloomberg



**Voting &
Engagement**



**Paris Aligned
Agreement**

Bloomberg



As part of its fiduciary duty, TOBAM is committed to protecting its clients' interests by taking into account all factors that could impact the financial performance and/or risk profile of investee companies.

Most of our clients have a long-term investment horizon and will have to deal with major sustainability-related challenges that lead to tangible impacts on investment portfolios (stricter ESG-related regulatory framework, multiplication of norms and standards, pressure from stakeholders, etc.). As a result, **ESG issues cannot be considered as "extra-financial" criteria, as they form an integral part of the factors to be considered, alongside traditional ones.**

No lasting financial performance can be achieved without a sustainable economic and financial system. Responsible investment has become a necessity, a crucial risk management element of any investment process.

We believe that incorporating ESG within our investment process is not meant to deliver a moral or ethical point of view, nor provide additional performance, but rather is instrumental in managing the risks and makes absolute sense in the context of long-term investments.

01 . A strict exclusion policy

suited to our quantitative investment approach, which consists of **excluding companies from our investment universe, that have controversial ESG practices and are consequently exposed to material impacts arising from significant risks** (reputational, legal, etc.).

Applied to equity and fixed income strategies, respectively since 2007 and February 2015, as well as to our Maximum Diversification® indices since 2011, this proprietary exclusion list is complementary and aligned with the best practice standards of Norges Bank, but also with some of the largest institutional investors in Europe.

The exclusion list is applied to all of TOBAM's investment universes: Anti-Benchmark® Equity strategies, Anti-Benchmark® Credit strategies, Anti-Benchmark® Multi-Asset strategies, and Maximum Diversification® Indices.

The negative screening is also applied by default to all our mandates and dedicated funds unless specifically requested otherwise by the client.

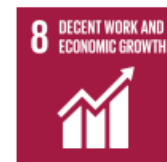
This negative screening lists companies involved in **controversial products** (*Tobacco, Coal, Weapons*) as well as **controversial behaviours** (*Human rights violations, Environment and International Laws severe damages or breaches*).

Sustainable Development Goals are considered in the list of exclusion criteria built in partnership with ISS, however SDGs 3, 7, 8, 12, 13, 14, 15 and 16 are the criteria considered as the most targeted in our exclusion policy.

The addition or removal of any issuer or any new criteria to TOBAM's exclusion policy is discussed and determined by the Sustainability Committee according to TOBAM's official procedure. The Committee meets every quarter and is notably in charge of ensuring the legitimacy and consistency of the exclusions, and their alignment with TOBAM's mission and values.

Supplementary exclusions may arise on some particular strategies depending on local specificities or requests. These are expressly validated by the sustainability committee and approved if aligned with TOBAM's values and visions.

Sustainable development Goals (SDGs)



We exclude companies from our investment universes that are involved in the following activities:



▪ Tobacco

Tobacco refers to tobacco products such as cigarettes, cigars, snuff and pipe tobacco. The screening has a global coverage, including companies in developed and emerging markets, and includes tobacco production, distribution and services.

Producers & Distributors are excluded when Tobacco accounts for 5% or more of their revenues.



▪ Coal Mining

The screening has a global coverage, including companies in developed and emerging markets. Producers & Distributors are excluded when coal or coal-based energy products account for 10% or more of their revenues.



▪ Production of Prohibited or Controversial Weapons

Exclusion is applied to companies directly or indirectly involved in the development, production, maintenance or sale of weapons that are illegal – as their production and use is prohibited by international legal instruments, or they are deemed particularly controversial because of their indiscriminate effects and the disproportionate harm they cause. This includes notably cluster munitions, anti-personal mines, depleted uranium ammunition, weapons of mass destruction incl. nuclear weapons, biological & chemical weapons.



▪ Breach or Violation of International Treaties, Conventions & Standards

Norm-Based Screening is a well-established analysis methodology that helps investors make decisions regarding companies' adherence to global norms on environmental protection, human rights, labour standards, and anti-corruption.

Global norms are set out in international initiatives and guidelines such as:

- OECD Guidelines for Multinational Enterprises
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- UN Global Compact
- Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.



These guidelines provide a tool for assessing corporate conduct in relation to principles laid out in international conventions.

Companies involved in violations of international norms and standards, as well as majority owners - i.e. companies that hold 50% or more in a subsidiary company involved in such violations - are excluded from TOBAM's investment universe.



Exceptions to these exclusions might arise due to certain controversial interpretations of international norms that TOBAM do not wish to adhere to. These specific cases and potential exceptional exemptions will be discussed and decided in the quarterly Sustainable Committee.



FOSSIL FUEL FREE STRATEGIES

In a long tradition of partnering with our clients to gather new ideas, improve our investment process and fit as closely as possible to our clients' needs, TOBAM has partnered with one of Sweden's leading pension fund, to implement a new fossil free approach to two of our strategies: Anti-Benchmark Emerging Equity and Anti-Benchmark Global High Yield. The same approach has then been implemented to a third strategy.

- **Anti-Benchmark Emerging markets equity strategy**
- **TOBAM MaxDiv® World Equity Protected**
- **Anti-Benchmark Global High Yield strategy**

02. Systematic Carbon Footprint Reduction

TOBAM implements **a systematic reduction of at least 20%** versus the reference benchmark's carbon footprint across TOBAM's equity and fixed income portfolios and mandates.

Implemented in August 2018 for Anti-Benchmark® equities strategies, and in September 2018 for the Maximum Diversification® equity indices, it was extended to the Anti-Benchmark® fixed income and multi-asset strategies in June 2019.

TOBAM's research department dedicates significant resources to analyze the ways in which ESG criteria can be integrated into the investment process without disrupting its Maximum Diversification® investment philosophy. TOBAM's research team has demonstrated that reducing the relative carbon footprint of our portfolios versus their benchmarks' by 20% does not affect the risk/return profile of our approach nor the diversification benefit characteristics as measured by the Diversification Ratio®

03. Proprietary ESG Footprint Integration

TOBAM's Research team has built a proprietary methodology to construct the ESG Footprint of each individual stock holding in our portfolios, hence the ESG footprint of our portfolios.

Using officially published data from Bloomberg in order to monitor the E, S and G criteria for all listed companies of our investment universe:

- E: existence of climate change / biodiversity / energy efficiency policies ; green building, water and waste usage...
- S: Ethics/Equal opportunity/training/ consumer data protection/whistleblowing policies, CSR committee in place, supply chain management
- G : Number of board meetings per year, % independent directors, chairman tenure, % non-executive directors in board ...

TOBAM's has implemented this hard constraint to all equity portfolios, in order to optimize portfolios so that they, at minima, match the ESG footprint of their respective benchmark.

As usual, TOBAM's integration efforts is built in parallel to significant research efforts to ensure that these new additions did not significantly impact the characteristics of our portfolio in terms of risk/return profile, as well as diversification structure.

TOBAM is currently working on integrating the ESG footprint to fixed income portfolios.

See next page the full list of indicators considered.

Environment Dimension

Climate Change Policy (y/n)?

Biodiversity Policy (y/n)?

Number of Significant Environmental Fines > 0 ?

Energy Efficiency Policy (y/n)?

Environment Friendly Supply Chain ?

Green Building (y/n)?

Waste reduction policy in place (y/n) ?

Water Usage Policy (y/n) ?

Environment Quality Management Policy (y/n)?

Social Dimension

Consumer Data Protection Policy in Place

Health & Safety Protection Policy in Place

Ethics Policy in Place

Social Supply Chain Management in Place

Equal Opportunity Policy in place

Fair Remuneration Policy in place

Training Policy in place

Anti Bribery Ethics policy in place

Quality Assurance and Recall policy in place

Intellectual property policy in place

Whistleblowing Policy in place?

CSR Committee in place?

Governance Dimension

Average Exec Tenure

Average Board Tenure

% Female Executive Directors

% Independent Directors

% Shares Outstanding Held by Executives

% Non-Exec Directors on Board

% Non-Executive Directors on Audit Committee

Unequal voting rights exist?

Independent Chairperson

% of independent Directors in Comp Comm

CEO Duality

04. Responsible Stewardship

VOTING

In addition to incorporating ESG criteria into TOBAM's investment process, another way of acting responsibly as an asset manager is to wisely use the power of influence arising from our equity ownership in companies.

We believe that over the long run, good corporate governance should lead to both better corporate performance and improved shareholder value. Therefore, on behalf of clients, we use our ownership position in companies to **further our commitment to socially responsible investing and to improve corporate governance by exercising proxy voting rights:**

- **In the sole interest of our client portfolios¹**, fund shareholders and clients, per our fiduciary duty
- **On a wide range of stocks.** In 2021 for example, this represented over 1200 annual general meetings across Europe, North America, Asia-Pacific and Emerging Markets.
- **Through a proxy voting delegation to ISS** (Institutional Shareholder Services Inc.), a leading provider of corporate governance solutions, under the supervision of our Risk Management team. ISS continuously monitors international and local standards in order to consistently maintain a high level of requirements
- **In a fully transparent way:** the voting policy and details on how we voted over the past year are publicly disclosed on our website².

ENGAGEMENT

Recognizing the value of different forms of engagement, TOBAM carries out **direct engagement as well as collaborative engagements with other partners or investors.** TOBAM acts individually or collectively based on information gathered by its partner ISS, or issued by other stakeholders such as investors or human rights NGO's. All engagement initiatives are discussed and decided during the Sustainability Committee.

We believe that our engagement approach will contribute to **further developing best practices and encouraging the adoption of sound ESG policies** by a wider range of companies worldwide.

(1) For dedicated and independent client mandates, tobam offers clients to engage in the voting themselves or to outsource proxy voting to ISS following their SRI International Proxy Voting policy.

(2) [Please consult TOBAM 2021 voting report](#)

05. Alignment to Paris Agreement

TOBAM has taken the initiative to align three sub-funds with the Paris agreement of keeping global warming below the 1.5° C commitment.

For those three sub-funds, TOBAM applies the following additional ESG features:

- Carbon Footprint Reduction of 50% vs. Benchmark (versus 20% for the other sub-funds) considering Scope 1, 2 and 3 (when possible)
- Additional and more restrictive exclusions on Fossil Fuel related industries (Coal; Threshold at 1% of revenues, Oil: threshold 10% of revenues, Natural Gas: threshold 50% of revenues; High GHG emissions electricity producers: threshold >100gCO₂/kwh (50% of revenues)
- Optimization constraint of temperature contribution of each holding to reach a 1.5° C portfolio in line with the latest IPCC climate scenarios.
- Best effort additional feature, to incorporate companies' commitment to the Science Based Targets initiative (monitored on a yearly basis).

Three funds are concerned by the specific initiative:

- **Anti-Benchmark Emerging Markets Equity strategy**
- **TOBAM MaxDiv® World Equity Protected**
- **Anti-Benchmark Global High Yield strategy**

**Based on
collaboration
with University
of
Southampton**

As of
December
2022, **44% of
TOBAM's
AuM** are Paris
Agreement
Aligned

TOBAM Responsible Investment Policy is **applied by default to all open-ended funds and mandates invested in equity, fixed income and multi asset strategies**. Some additional exclusions might be decided for some open-ended funds, and some additional features as well.

Exclusion, ESG integration and stewardship is not applicable on strategies invested only on digital assets, these strategies have some particular ESG rules. See CrypTOBAM focus on the right side on the page.

Communication Documents

- Prospectus (*available online*)
- Website Sustainability Section (*updated with latest news and documents updates*)
- Strategy Presentation (*communicated to clients directly*)
- ESG Presentation (*communicated to clients directly*)
- Strategy Factsheets (*Monthly emailing to clients*)

CrypTOBAM

TOBAM has launched a dedicated investment activity on digital assets in 2016.

In an effort to remain consistent throughout its range of products and in line with our commitment to integrate ESG as far as we can in all our investment processes, TOBAM is committed to the following for its CrypTOBAM range of asset classes:

- **TOBAM Bitcoin CO2 Offset strategy**

As for any FX strategy, the capability to integrate ESG is very low (ESG footprint not relevant, exclusions not relevant..), TOBAM has hence decided to **offset 100% of the total carbon emissions of the strategy**, via reforestation & renewable energy projects (carbon credits).

- **Investment in Bitcoin-related stocks**

For strategies that invests in both TOBAM bitcoin fund as well as blockchain equity, TOBAM applies the following:

Strategies or investment buckets invested in bitcoin-related stocks, apply TOBAM's mainstream SRI Policy: Exclusion, Carbon reduction of at least -20%, ESG monitoring, Votes & Engagement.

Share of Total AuM integrating ESG into the process

99%

Lists below excludes mandates and dedicated funds. The below lists open-ended funds and represents only 50% of TOBAM's AuM. Please note however that all mandates and dedicated funds at TOBAM are applying TOBAM's SRI policy when applicable.

Strategies List	EU SFDR Regulation (Regulation)			AUM % of total
	Article 6	Article 8	Article 9	
Equity Anti-Benchmark Strategies				%
MDP AB AC World		✓		0.4%
MDP AB Canada		✓		0.2%
MDP AB EM		✓		12.9%
MDP AB Euro		✓		0.6%
MDP AB Global		✓		1.3%
MDP AB Japan		✓		0.4%
MDP AB Pacific Ex-Japan		✓		0.2%
MDP AB Switzerland (CHF Fund)				1.0%
MDP AB US		✓		13.2%
MDP AB World		✓		2.9%
MDP AB World ex Switzerland (CHF Fund)				1.9%
MDP AB World ex US		✓		2.9%
MDP Maxdiv World Protected		✓		2.0%
Fixed Income Anti-Benchmark Strategies				
MDP AB Global HY		✓		2.0%
MDP AB Global IG		✓		1.5%
Multi Asset Anti-Benchmark Strategies				
MDP AB Multi Asset		✓		2.2%
MDP AB Serenite 90		✓		0.0%
CrypTOBAM Strategies				
TOBAM Bitcoin CO2 Offset	✓			0.2%
TOBAM BTC-Linked & Blockchain Equity		✓		0.0%

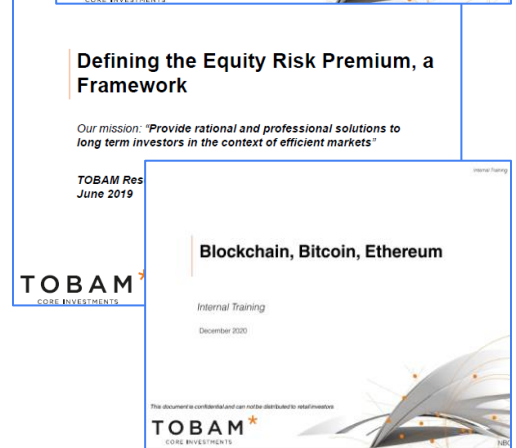
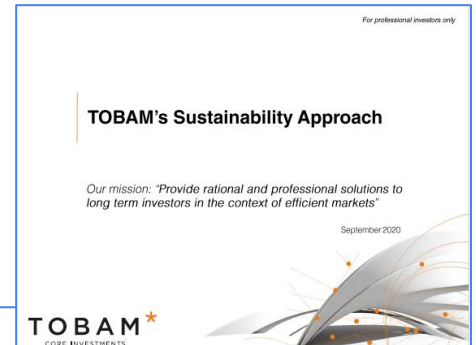
All employees including interns at tobam benefit from a structured training program, allowing them to gain a good grasp of TOBAM's core expertise.

These one-hour training sessions held at lunch time several times per week cover a wide range of topics and are the opportunity for interns and new joiners to quickly understand tobam's core research topics, innovations and approach.

These sessions are also meant to broadcast tobam's expertise to the whole team and give the opportunity to team members to describe their activities and focus of their department.

Trainings cover a wide range of topics: TOBAM's Mission, Values and Principles, Maximum Diversification® for beginners, Credit Markets, Cybersecurity, Indices, Research Team, The Equity Risk Premium.

TOBAM ESG sustainability committee provides at minima an annual presentation on TOBAM's SRI policy and sustainable approach, but also provides this training regularly during the year to new joiners and interns.



ESG Projects

- Qualifying and addressing exposure to countries governed by autocratic regimes
- PAI indicators integration research

TOBAM is committed to incorporate sustainability issues not only into its investment process, through our Responsible Investment (RI) policy, but also in its day to day activity, through its Corporate Social Responsibility (CSR) approach.

Tobam has built and developed its “Sustainable Way” of working towards greater Corporate & Social Responsibility for two main reasons:

- **Responsibility and Consistency:** like any rational economic agent, we take into consideration sustainability issues in our daily operations and, as an investor, we have an additional duty to be exemplary so as to indirectly encourage issuers to improve their ESG practices, by showing that we apply a stringent Corporate Social Responsibility policy to our own daily operations, in line with the ESG requirements expressed towards investee companies in our Responsible Investment approach.
- **Efficiency:** we consider that CSR is a factor that contributes to companies’ performances over the long run.

In line with the 10 Principles of the UN-Global Compact, that we signed up to in 2010, our policy covers the entire scope of ESG issues and most of the Sustainable Development Goals (SDGs) but focuses mainly on key areas where impacts and levers for improvement are significant, i.e.:

G

Developing a **Responsible and Collaborative Governance**

E

Monitoring our direct **Environmental impact, through mitigation and offsetting**

S

Promotion of Social progress, both internally for our employees and externally by contributing to NGOs’ efforts for the benefit of human rights

CORPORATE ESG KPI MONITORED

TOBAM monitors a wide range of Key Performance Indicators related to its Corporate and Social Responsibility.

See Appendix 1 for full disclosure.

VOTING

We believe that over the long run, good corporate governance should lead to both better corporate performance and improved shareholder value. Therefore, on behalf of clients, we use our ownership position in companies to further our commitment to socially responsible investing and to improve corporate governance by exercising proxy voting rights.

While the overall exercise of voting rights is based on ISS's "SRI International Proxy Voting guidelines", we have gone one step further by **defining our own voting principles on certain key corporate governance issues.**

Our role as a shareholder is therefore to make sure the appropriate governance systems are in place in the companies we invest in, rather than judging management decisions per se.

Thus, we have decided to closely monitor the appointment process for Board members, and to supplement ISS voting policy with **some proprietary voting guidelines, with a particular emphasis on boards' diversity and independence.**

Additionally, as we consider sustainability as a risk management and performance factor over the long run, we believe that it is our role as a shareholder to exercise our voting rights on behalf of our clients to improve the sustainable development of the firm in which we invest. **Our proprietary voting principles therefore support shareholder proposals asking for more transparency on sustainability issues** (ESG board committee, Improvement of Human Rights Standards or Policies, etc.)

ENGAGEMENT

Recognizing the value of different forms of engagement, TOBAM carries out **direct engagement** as well as **collaborative engagements with other partners or investors.** TOBAM acts individually or collectively based on information gathered by its partner ISS, or issued by other stakeholders such as investors or human rights NGO's.

All engagement initiatives are discussed and decided during the Sustainability Committee.

TOBAM is currently actively engaged in dialogue on different topics: CDC carbon emissions disclosures, Human Rights Campaign on companies involved in controversies about forced labour in China with the Uyghur population.

KEY DOCUMENTS

[Stewardship Policy](#)

[Voting Report](#)

KEY DOCUMENTS

[Engagement Policy](#)

[Engagement Report](#)

LOW CARBON POLICY

06.

TOBAM implements a systematic reduction of at least 20% versus the reference benchmark's carbon footprint across TOBAM's equity and fixed income portfolios and mandates.

Implemented in August 2018 for Anti-Benchmark® equities strategies, and in September 2018 for the Maximum Diversification® equity indices, it was extended to the Anti-Benchmark® fixed income and multi-asset strategies in June 2019. All new strategies launched with an equity or fixed income component are applying this carbon footprint reduction constraint.

TOBAM uses publicly reported data by companies, published on CDP (Carbon Disclosure Project) via Bloomberg and has built a proprietary methodology to calculate accurately carbon emissions on equity and credit portfolios based on carbon intensity. The exact same methodology is applied to TOBAM's portfolios and benchmarks to make the reduction consistent.

TOBAM has not set up a quantitative objective in terms of GHG emissions (absolute or relative) or taken any pledge to be net zero by 2030 or 2050.

However we are strongly committed to do as much as we can at any given moment.

- We are committed to dedicated at least 25% of our research capability on how to integrate further considerations for climate change and ESG criteria in general.
- We are committed to engage with our investee companies to influence best practices and change in the industries.
- We are committed to exclude companies involved in coal mining or any severe environmental breaches.

Average
-52%
reduction across
flagship Anti-
Benchmark
strategies*

*Weighted average carbon footprint reduction of 52% across our Anti-Benchmark® strategies versus their respective reference index. Strategies' realised reduction ranges between 26% and 90%.
Source: TOBAM, Data as of December 2022.

BIODIVERSITY

TOBAM's proprietary ESG footprint methodology considers variables that are influential on biodiversity:

- Existence of climate change policy at the firm level,
- Existence of biodiversity policy,
- Existence of water usage policy

IN addition, as part of the monitoring of the Principal Adverse Impacts indicators in its strategies, TOBAM monitors the following PAI #7: Activities negatively affecting biodiversity

However, TOBAM has not yet taken a strong stance on biodiversity in its ESG integration principles, due to the lack of relevant and accurate data among all the companies in our investment universe.

New requirements for companies reporting in 2023 might help improve the quality of data reporting and hence, allow for a stronger integration of biodiversity risks and opportunities into our portfolios.

PARIS AGREEMENT ALIGNMENT

06.

TOBAM has taken the initiative to align three sub-funds with the Paris agreement of keeping global warming below the 1.5° C commitment.

For those three sub-funds, TOBAM applies the following additional ESG features:

- Carbon Footprint Reduction of 50% vs. Benchmark (versus 20% for the other sub-funds) considering Scope 1, 2 and 3 (when possible)
- Additional and more restrictive exclusions on Fossil Fuel related industries (Coal; Threshold at 1% of revenues, Oil: threshold 10% of revenues, Natural Gas: threshold 50% of revenues; High GHG emissions electricity producers: threshold >100gCO₂/kwh (50% of revenues)
- Optimization constraint of temperature contribution of each holding to reach a 1.5° C portfolio in line with the latest IPCC climate scenarios.
- Best effort additional feature, to incorporate companies' commitment to the Science Based Targets initiative (monitored on a yearly basis).

**Based on
collaboration
with University
of
Southampton**

Three sub-funds are concerned by the specific initiative: The Anti-Benchmark® Emerging Markets Equity, the TOBAM MaxDiv® World Equity Protected and Anti-Benchmark® Global High Yield Compartments.

SUSTAINABILITY RISKS

Physical, Transition and Controversies Risks are addressed by different angles at TOBAM.

As a quantitative asset manager, TOBAM does not look at company's fundamentals, but rather use data as an objective and quantitative way to address risks and opportunities. We consider this to be key, when looking at the materiality of risks and having a fair and objective way to compare companies. Current data availability, consistency, and reliability does not account for an exact and precise accounting of transition and physical risks, however those risks are already considered in numerous forms in our investment process:

Exclusions

Companies under severe controversies, companies part of controversial sectors, or unsustainable industries due to extremely high transition risks or physical risks, such as coal, tobacco, controversial weapons, are excluded from TOBAM's investment universe.

Carbon Emissions

TOBAM has developed a proprietary process to measure the carbon footprint of each individual holdings and hence of its portfolios and is capable to identify the largest contributors. A minimum systematic reduction of -20% is applied to all equity, fixed income or, multi asset portfolios.

Engagement

We have established a list of engagement priorities with companies to analyse the materiality of the controversies and how they address them, the process in place. Human rights is notably a key criteria of engagement for TOBAM alongside carbon emissions reporting and developers of new coal mining projects .

Principal Adverse Impact Indicators

TOBAM is partnering with ISS Ethix, to assess exposition to key principal adverse impact indicators. For all strategies, TOBAM monitors and considers all 14 key PAI, + two additional (PAI#4 : Investing in companies without carbon emission reduction initiatives and PAI#9: Lack of a human rights Policy)

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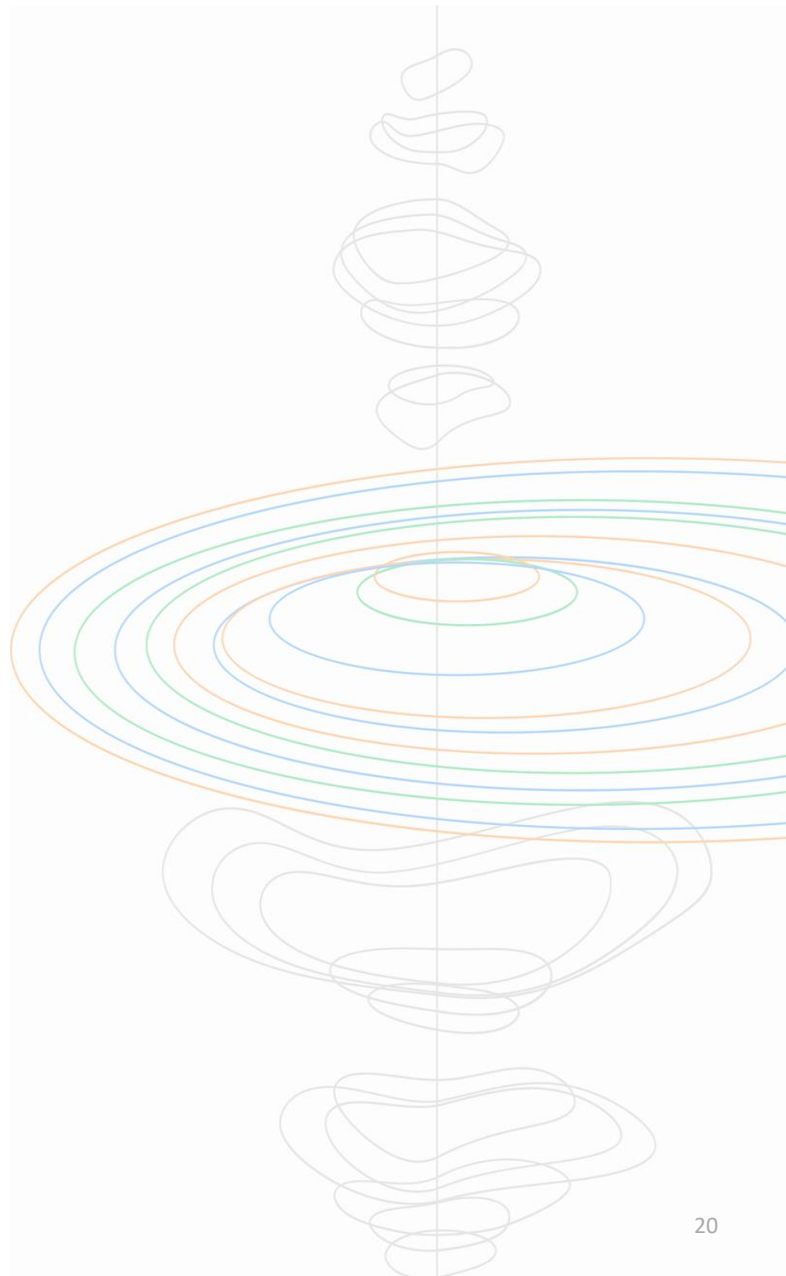
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ABOUT TOBAM

TOBAM is an asset management company offering innovative investment capabilities designed to increase diversification. Its mission is to provide rational and professional solutions to long term investors in the context of efficient markets.

The Maximum Diversification® approach, TOBAM's flagship investment process founded in 2006, is supported by original, patented research and a mathematical definition of diversification and provides clients with diversified core exposure, in both the equity and fixed income markets.

In line with its mission statement and commitment to diversification, TOBAM also launched a separate activity on cryptocurrencies and digital assets in 2017.

TOBAM manages close to USD \$6 billion (at March 31, 2023). TOBAM's team is composed of 44 professionals.

For more information, visit www.tobam.fr

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