

Model pre-contractual information for financial products referred to in Article 9(1) to (4) of Regulation (EU) 2019/2088 and the first paragraph of Article 5 of Regulation (EU) 2020/852

Product name: Ethos Climate ESG Ambition

Legal entity identifier: 391200JKFZUO2GZSCT14

Environmental and/or social characteristics

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**. This 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.

Does this financial product have a sustainable investment objective?

☒ ☒ ☒ **Yes**

☐ ☐ ☐ **No**

- ☒ It will make a minimum of **sustainable investments with an environmental objective: 90%**
- ☐ 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 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**
- ☐ 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 will make a minimum of **sustainable investments with a social objective: 0%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



What is the sustainable investment objective of this financial product?

The sub-fund's sustainable investment objective is to invest in shares of companies whose products and services have a positive environmental impact and contribute directly or indirectly to the energy and environmental transition and to reducing the impact of climate change.

The measure of positive impact is determined on the basis of an estimate of each company's sales in different areas of activity that contribute to the energy and environmental transition and the fight against climate change.

Extra-financial criteria are taken into account using a thematic approach based on the proprietary analysis methodology of Ethos Services SA (hereinafter "Ethos").

The sectors of activity concerned are those considered crucial to the energy and ecological transition and which take the form of products and services. These activities are mainly grouped in seven of the ten themes of activities that are considered by Ethos as having a positive environmental and/or social impact and which play a key role in the transition to a sustainable economy:

1. sustainable energy;
2. low-carbon mobility;
3. sustainable real estate;
4. resilient agriculture, aquaculture and forestry;
5. circular economy;
6. sustainable water management;
7. pollution control.

To be included in Ethos' positive impact classification, these activities must form the basis of a fair and equitable society and not undermine the planet's environmental limits. The principles of moderation and harmlessness, i.e. the fact that an activity that makes a positive contribution to one aspect of the transition must not significantly damage other environmental and social aspects, as well as the life cycle analysis of products and services, are also central criteria of the methodology.

The sub-fund has not designated a benchmark index to achieve its sustainable investment objective.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The sub-fund will assess the achievement of the sustainable investment objective using the following sustainability indicators, based on Ethos' proprietary methodologies and research, among others:

- the proportion of the sub-fund's assets with a positive environmental impact;
- the breakdown of companies held in the portfolio by ESG rating;
- the compliance of portfolio companies with Ethos' exclusion criteria;
- the compliance of the companies held in the portfolio with the additional exclusion criteria specific to the sub-fund;
- the compliance of companies held in the portfolio with ESG controversy analysis criteria, i.e. non-compliance with certain international norms and standards promoted by the sub-fund, or which are exposed to serious environmental, social or governance controversies.

Sustainability indicators measure the extent to which the environmental or social characteristics promoted by the financial product are attained.

How do sustainable investments 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?

The Fund considers principal adverse impacts (PAIs) on sustainability factors through Ethos' sustainability analysis.

The principal adverse impacts (PAIs) listed in Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288 are taken into account in Ethos' sustainability assessment.

The table below summarises the sub-fund's current consideration of the 14 PAIs listed in table 1 of Annex I:

Principal adverse impacts	Taken into account by the sub-fund
1. Greenhouse gas emissions	These PAIs are taken into account in the ESG analysis (ESG rating), through sector exclusions (fossil fuels: thermal coal, gas and oil) and through behavioural exclusions.
2. Carbon footprint	
3. GHG intensity of investee companies	
4. Exposure to companies active in the fossil fuel sector	
5. Share of consumption and production of non-renewable energy	
6. Energy consumption intensity by sector with a major impact on the climate	
7. Activities with a negative impact on biodiversity-sensitive areas	
8. Discharge into water	This PAI is taken into account in the ESG analysis (ESG rating) and in the behavioural exclusions.
9. Ratio of hazardous and radioactive waste	This PAI is taken into account through sectoral exclusions (nuclear energy) and behavioural exclusions.
10. Violations of the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	These PAIs are taken into account through behavioural exclusions.
11. Lack of compliance processes and mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	
12. Unadjusted gender pay gap	These PAIs are taken into account in the ESG analysis (ESG rating).
13. Gender balance in governance bodies	
14. Exposure to controversial weapons (chemical or biological weapons, anti-personnel mines, cluster munitions)	This PAI is taken into account through sector exclusions. The sub-fund excludes all companies involved in controversial arms-related activities.

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

Based on Ethos' analyses, companies that are in serious breach of the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights are recognised as causing significant harm and are therefore ineligible.

In particular, companies whose behaviour violates the fundamental principles of ethics and sustainable development are excluded. Exclusions are applied when companies are involved in serious controversies relating to governance or environmental and social responsibility, when they violate the main universally recognised fundamental standards or business ethics such as the Universal Declaration of Human Rights, the OECD Guidelines on Multinational Enterprises, the ILO Conventions, the UN Global Compact, the Rio Declaration on Environment and Development, the UK Bribery Act or the UN Convention against Corruption.



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

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

X

Yes, this financial product considers principal adverse impacts on sustainability factors. The indicators are taken into account as part of the proprietary analysis of the environmental and social impact of companies that play a key role in the transition to a sustainable society, as described in the section "What are the constraints defined in the investment strategy for selecting investments with a view to achieving the sustainable investment objective". According to Ethos' positive impact methodology, an activity that makes a positive contribution to one aspect of the transition must not significantly harm other environmental and social aspects. The methodology is based as far as possible on the current scientific and societal consensus to assess whether an impact is significant or not.

In addition, the **do no significant harm principle** is assessed for companies by means of the:

- exclusions of companies linked to products representing an increased risk of harm to environmental and social issues, or business activities considered to be high-risk;
- exclusion of companies whose behaviour violates the fundamental principles of ethics and sustainable development: alignment with the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact to ensure compliance with minimum environmental and social safeguards.

The information indicators relating to the principal adverse impacts on sustainability factors required under Article 11(2) of Regulation (EU) 2019/2088 are published in the annual report.

No



What investment strategy does this financial product follow?

The objective of the sub-fund is to participate in the development of the international markets by investing on a discretionary basis mainly in equities and other securities and participation rights of companies of all capitalisations which have a positive environmental impact and which contribute to the transition towards a more sustainable economy, or in equities of companies whose activities contribute directly or indirectly to reducing the impact of climate change. The sub-fund incorporates sustainability factors into its investment process. Ethos' principles on socially responsible investment and its positive impact approach are presented on the Ethos website.

INVESTMENT PROCESS:

The sub-fund invests in companies that have a positive impact on the environment and society as a whole and that manage their environmental, social and governance issues with conviction. These companies are identified by Ethos and the investment universe is defined by means of an extra-financial analysis and evaluation, including the analysis of ESG criteria as well as an assessment of the positive contribution of these companies' products and services to solving environmental challenges.

The management team at Banque Cantonale Vaudoise ("BCV") is responsible for financial analysis and portfolio construction. The manager carries out an in-depth analysis of the companies that Ethos has identified as sustainable investments.

The investment policy is based on discretionary management. The manager complements the analysis of ESG criteria with a financial analysis of companies and their prospects, seeking out the best investment opportunities through a management approach that combines qualitative, fundamental and behavioural analysis.

Qualitative analysis: the manager of the fund understands companies' business models and assesses their prospects through interviews with company directors. Factors taken into consideration include the company's strategy and the quality of its management, barriers to entry, technological risk and innovation within the sector and the company, and positioning.

Fundamental analysis: begins with a quantitative examination of all the securities in the investment universe, based on various valuation ratios. Historical trends and intra-sector comparisons are used to establish absolute and relative company valuations. The current value of the company is compared with the theoretical price, according to the valuation model used by BVC.

Behavioural analysis: an automated process that identifies upward or downward trends based on stock price movements. This tool identifies short-term buy/sell signals and medium-term trends on the following dimensions: economic sectors, styles (small or large caps, low or high beta) and individual stocks.

Shareholders' voting rights are exercised in the interests of shareholders and other stakeholders.

What are the constraints defined in the investment strategy for selecting investments with a view to achieving the sustainable investment objective?

Ethos has developed a unique and exclusive sustainable methodology for the sub-fund, based on its long-standing expertise.

Ethos applies a three-step identification process to determine which category a company falls into, as described below:

Step 1: identification of companies with sensitive/controversial activities or active in sensitive/controversial sectors from a sustainable development point of view (negative filtering).

The sub-fund applies a strict sector exclusion policy based on criteria defined by two institutions:

- The Ethos Foundation in its principles for socially responsible investment;
- The European Union as defined in the regulation on Paris-aligned benchmarks.

The exclusion thresholds are based on the percentage of turnover generated by the sector in question. Where different thresholds are set for the same activity or sector by these institutions, the sub-fund systematically applies the most stringent threshold, i.e. the lowest percentage. This approach ensures alignment with the most demanding sustainability standards.

	Thresholds applied by the sub-fund	Fondation Ethos	EU PAB
Unconventional weapons	0%	0%	0%
Conventional weapons	5%	5%	-
Tobacco	0%	5%	0%
Gambling	5%	5%	-
Pornography	5%	5%	-
Genetically modified organisms (GMOs) in agrochemicals	5%	5%	-
Nuclear energy	5%	5%	-
Thermal coal	1%	5%	1%
Unconventional fossil fuels	5%	5%	-
Conventional oil	10%	-	10%
Conventional gas	50%	-	50%
Carbon intensity in electricity generation	0%	-	0%*

- Companies that derive at least 50% of their turnover from electricity production activities with GHG emissions intensity greater than 100 g CO₂ e/kWh.

Step 2: identification of the best companies based on ESG analysis (best-in-class filtering).

Ethos evaluates companies on the basis of a standard quantitative multi-criteria approach using around 100 ESG data points divided into three main categories:



Each company is assigned an ESG score based on the above criteria. The ESG score takes into account the ESG characteristics specific to the sector and positions the company in relation to its peers.

An ESG rating is assigned to each company based on its ESG score (quantitative analysis) and its level of exposure to ESG controversies (qualitative analysis). Ethos identifies companies involved in ESG controversies, such as human rights and labour rights violations, serious environmental damage, significant corruption, etc. In this process, Ethos also measures the relevance of companies' responses to these controversies and takes this into account in the final level of seriousness attributed to the controversy.

The company's final ESG rating is calculated as follows:

		ESG SCORE (difference from average)			
		Below -1 standard deviation	Below average	Above average	Above +1 standard deviation
MAXIMUM LEVEL OF CONTROVERSY	none / minor	B-	B+	A-	A+
	moderate	B-	B+	A-	A-
	serious	B-	B-	B+	B+
	severe	B-	B-	B-	B-
	major	C	C	C	C

The result of this analysis is a comprehensive assessment of companies' policies and governance systems (G) in relation to the environmental (E) and social (S) challenges they face, and helps to identify forward-thinking companies that meet the best criteria in terms of corporate responsibility with a long-term focus and that are at the forefront of their sectors.

3rd step: positive identification (positive impact)

Finally, Ethos identifies companies whose products and services have a positive environmental impact and contribute directly or indirectly to the energy and environmental transition and to reducing the impact of climate change. The measure of positive impact is determined on the basis of an estimate of each company's sales in different areas of activity that contribute to the energy and environmental transition and the fight against climate change. The sectors of activity concerned are those considered crucial to the energy and ecological transition and which take the form of products and services. These activities are mainly grouped in seven of the ten themes of activities that are considered by Ethos as having a positive environmental and/or social impact and which play a key role in the transition to a sustainable economy:

1. sustainable energy;
2. low-carbon mobility;
3. sustainable real estate;
4. resilient agriculture, aquaculture and forestry;
5. circular economy;
6. sustainable water management;
7. pollution control.

Ethos uses a "pass-fail" approach to determine whether a given investment, defined at company level, is considered a "sustainable investment".

To be considered "sustainable", a company must meet the following criteria corresponding to the three steps presented above:

- Not be active in sensitive/controversial sectors, nor have controversial practices;
- Have a minimum ESG rating of B+;
- Have a positive exposure to activities that contribute to the energy and environmental transition and the fight against climate change.

The sub-fund only invests in companies considered to be sustainable. These investments represent at least 90% of the sub-fund's assets.

In addition, the sub-fund complies with the following investment constraints:

- At least 33% of the sub-fund's investments (or at least 30% of the sub-fund's assets) are in companies that generate more than 50% of their sales in activities linked to the energy and environmental transition and the fight against climate change;
- At least 66% of the sub-fund's investments (or at least 60% of the sub-fund's assets) in companies that derive more than 20% of their sales from activities contributing to the energy and environmental transition and the fight against climate change.

Voting rights are systematically exercised at the general meetings of portfolio companies in accordance with Ethos' voting guidelines.

What policy for assessing the good governance practices of the companies in which the financial product invests?

Governance practices are analysed by the Ethos research team using a proprietary methodology. The main points analysed include transparency, capital structure, the composition and operation of management bodies (board of directors, senior management), remuneration systems, shareholders' rights and business ethics.



Asset allocation describes the share of investments in specific assets.

What is the asset allocation and minimum proportion of sustainable investments for this financial product?

The sub-fund will invest at least 90% of its net assets in equities of companies selected on the basis of the binding elements of the investment strategy, used to comply with the sustainable investment objective promoted by the sub-fund, as described in the section "What is the sustainable investment objective of this financial product", and falling into the category "#1 – Sustainable investments".

At the time of investment, all company shares must comply with the sub-fund's sustainability criteria, as defined in the section "What are the constraints defined in the investment strategy for selecting investments with a view to achieving the sustainable investment objective?".

If a security no longer complies with the restrictive criteria described above, the manager will disinvest the security as soon as possible, but in principle no later than three months after detection of the non-alignment, taking into account market conditions and the priority interests of investors.

The sub-fund may hold up to 10% of investments falling into category "#2 Other", as described in section "What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?".

Taxonomy-aligned activities are expressed as a %:
of **sales** to reflect the proportion of revenue from the green activities of the companies in which the financial product invests;
of **capital expenditure** (CapEX) to show the green investments made by the companies in which the financial product invests, for a transition to a green economy, for example;
of **operating expenses** (Opex) to reflect the green operational activities of the companies in which the financial product invests.



How can the use of derivatives help to attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to achieve the environmental or social characteristics promoted by the sub-fund. They may be used to hedge currency exposure when buying or selling securities in a currency other than the reference currency of the sub-fund.

To comply with the EU Taxonomy, the criteria for fossil gas include emission limits and a switch to renewable electricity or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive rules on nuclear safety and waste management.

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 other things, whose greenhouse gas emission levels correspond to the best achievable performance.



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

The sub-fund does not undertake to make any minimum investments with an environmental objective in line with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy?



Yes



In fossil gas

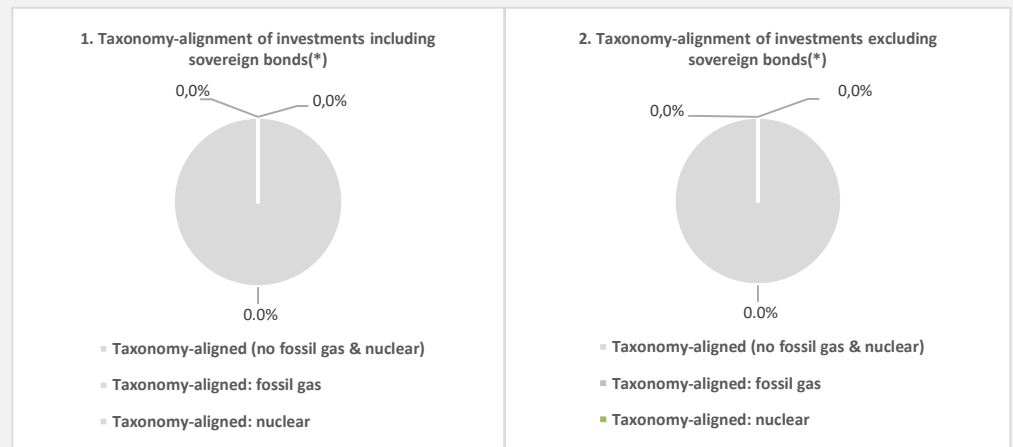


In nuclear energy



No

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.



This graph represents max. 100% of the total investments.

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

What is the minimum share of investments in transitional and enabling activities?

The sub-fund does not undertake to invest a minimum proportion of its net assets in transitional and enabling activities, as defined by the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective (sustainable investment within the meaning of Article 2(17) of the SFDR) is 90% of the portfolio.



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 a social objective?

The sub-fund does not undertake to invest a minimum proportion of its net assets in socially sustainable investments.



What investments are included under "#2 Not sustainable", what is their purpose and do minimum environmental or social safeguards apply to them?

Investments in "#2 Other" (maximum 10% of net assets) are cash used for cash management and derivatives used for currency hedging purposes. Due to their technical and neutral nature, these assets are not considered to be sustainable investments and no minimum guarantees have been put in place.



Is a specific index designated as the benchmark for determining whether the sustainable investment objective has been achieved?

No specific index is designated as the benchmark for determining whether the sustainable investment objective has been achieved.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

N/A.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A.

- **How does the designated index differ from a relevant broad market index?**

N/A.

- **Where can the methodology used for the calculation of the designated index be found?**

N/A.



Where can I find more product specific information online?

More product-specific information can be found on the website of the management company **GERIFONDS (Luxembourg) SA**:

<https://www.gerifonds.lu/fr/page/investissements-durables>

For more information on **Ethos' methodology**:

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

https://www.ethosfund.ch/fr/publications?view_publication=11001&lang=fr

https://www.ethosfund.ch/sites/default/files/2022-11/2022_Principes_Ethos_pour_ISR_FR_A4_FINAL_fixed_0.pdf

For more information on **sectoral exclusions**:

https://www.ethosfund.ch/sites/default/files/2022-11/2022_Principes_Ethos_pour_ISR_FR_A4_FINAL_fixed_0.pdf