

Mirova Engagement Report

2024



This document is intended to report on Mirova's dialogue with companies and policy makers in 2023 to help develop more sustainable practices. The material provided reflects MIROVA's views as of the date of this document and may change without notice.

Sustainable development is a condition for a long-term growth benefiting all stakeholders and is at the cornerstone of Mirova's investment philosophy. The investment strategy developed by Mirova aims to provide clients with consistent medium and long-term financial performance, aligned with positive environmental and social impacts. Analyzing sustainability opportunities and risks enables our team to identify investments that generate not only financial performance but also actively contribute to the creation of long-term value for the society.

Mirova's ambitious engagement policy is based on the conviction that investors can influence market players through individual and collective engagement actions and aims to strengthen positive impact. Our policy continuously evolves to reflect the evolution of market practices and Mirova's assessment of the results of the engagements conducted during the year.

As a responsible investor, Mirova applies this proactive engagement approach on all its asset classes and strategies. Mirova also actively engages with political and economic decision-makers to foster a constructive environment for responsible investment.

Overall, Mirova's extensive engagement efforts provide the ability to leverage our expertise in many different sectors and encourage the adoption of strategies and policies in line with the UN Sustainable Development Goals (SDGs).

An affiliate of:



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Mirova's Engagement Strategy

As a responsible investor, Mirova is driven by the concept of **double materiality** and seeks positive societal and environmental impacts through investments.

Using their influence, investors such as Mirova can initiate specific operational and strategic changes at the companies or projects it invests in to maximize stakeholder value. To do so, Mirova continuously dialogues with companies and project leaders, promotes, and supports improvement in their practices and the transition towards a more sustainable business model.

At Mirova, we conduct 100% of our own engagements. We do not utilize a third party to outsource engagement activities.

Seeking impact through engagement

Mirova supports the idea that investors may influence market players not only by capital allocation decisions but also, through **individual and collaborative engagement actions with their investments**. Such an approach alone cannot constitute the core of a responsible investment approach, but it certainly plays a part. For this reason, Mirova has developed a strong engagement policy for all asset classes, considering that directly and indirectly encouraging and fostering better Environmental, Social and Governance (ESG) practices is key for a long-term value for society as a whole.

Our team of Sustainability Analysts ensures that engagement actions are consistent with Mirova's investment policy and maintains an ongoing dialogue with our portfolio companies and projects.

“Engagement” refers to all interactions with companies, project leaders or policy makers initiated with the aim to influence decision-making with sustainability, to share good practices, to encourage progress in environmental and/or social performance in accordance with the UN Sustainable Development Goals (SDGs).

Engagement fostered in all our asset classes

“Finance should be a tool for steering the economy towards models which, on the one hand, preserve and restore ecosystems and the climate, and on the other hand, support social inclusion, health and well-being.”

In 2020, Mirova became a mission-driven company¹. As pioneers of this movement, Mirova takes an innovative approach to all available means of action: investment, research, shareholder engagement and influencing the financial community and to bring its raison d'être to life, Mirova's teams have established five objectives:

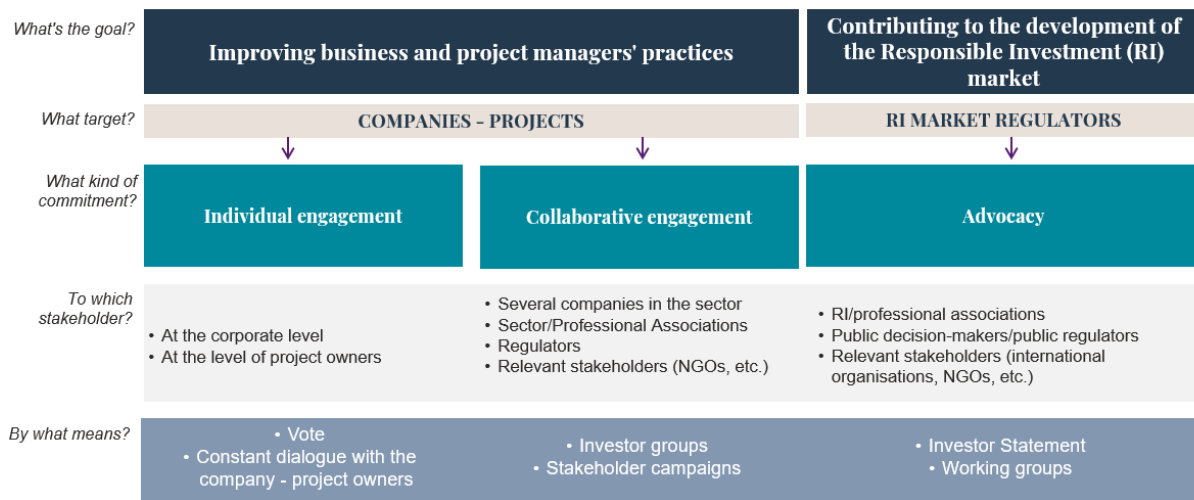
- Make Mirova's positive impact a systematic objective of its investment strategies;
- Cultivate and develop its social and environmental expertise;

¹ Mirova is a mission-driven company since 2020. For more information: www.entrepriseamission.com

- Constantly innovate in terms of its products and approaches to achieve this impact;
- Accompany its stakeholders towards a sustainable economy and finance;
- Respect the environmental and social standards which Mirova observes.

In order to achieve several of these pillars, maintaining an ambition engagement approach is necessary. Mirova has developed an approach based on two complementary pillars : on the one hand, it engages with companies and project owners through individual and collaborative engagement, and on the other hand, with market regulators through its advocacy activities.

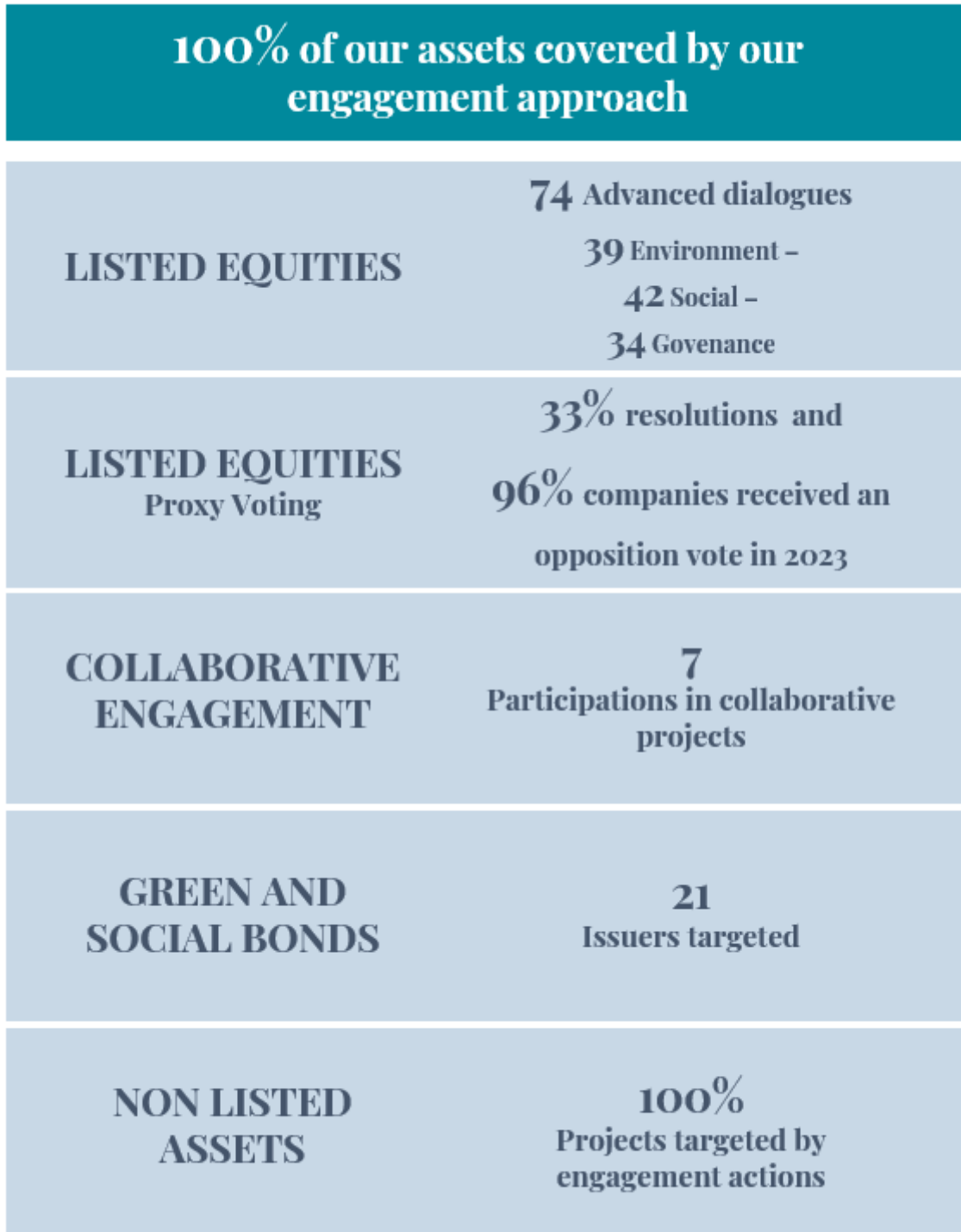
Figure 1: Mirova's Overarching Engagement Approach



Source: Mirova, 2024

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Figure 2: Mirova's 2023 engagement figures²



Source: Mirova, 2023

² Figures are internally calculated by Mirova

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I. Listed Equity and Sustainability Bonds

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Listed Equity

Engagement principles

All our engagement is underpinned with the message that a company must provide **transparent, relevant, and reliable information** to its stakeholders to accurately communicate its current situation and future plans. The information provided should also address social, environmental, and governance issues. In addition, we expect companies to develop **measurable performance indicators** of their contribution to the Sustainable Development Goals (SDGs) and disclose both the **positive and negative impacts** of their operations. To do so, we expect at least a publication of an audited sustainability report containing the company's extra-financial information, key metrics to enable tracking of year-on-year environmental and social performance as well as positive and negative externalities.

We look to address both mitigation of adverse impacts and the vectors of contribution to the SDGs relevant to the companies in which we invest, in order to promote decisions that serve the long-term interest of company's stakeholders.

In line with our previous engagement priorities, we encourage companies to consider the following:

- **Concrete actions on the most pressing sustainable development issues:** mitigating climate change, preserving biodiversity, protecting human rights and reducing inequalities (shared value creation, diversity).
- **Integration of sustainability at the core of their governance** and enhanced transparency on sustainability impacts.

Every year, Mirova is defining and identifying a few engagement priorities addressed by the analysts³. These engagement priorities are systematically shared with all portfolio companies. In 2023, the engagement priorities were divided into 8 topics as follows. We believe they should be addressed by all companies, irrespective of sector, size, and stage of development to contribute towards positive, long-term value creation that benefits both shareholders and the broader stakeholder community. This document also communicates our engagement process including engagement strategy, escalation process and stewardship governance.



Climate Change

Biodiversity

**Circular
Economy**



Socio-economic Development

Health and Wellbeing

Diversity and Inclusions



Governance of Sustainability

Shared Value Creation

³ Mirova's [2023 Engagement Priorities](#)

Sustainable governance



To foster sustainable value creation for all stakeholders, Mirova has developed a voting policy⁴ in line with its responsible investment strategy which mainly addresses two of Mirova’s engagement priorities: **governance of sustainability** and **shared value creation**. Outcomes of engagement actions undertaken by the analysts on other priorities also inform voting decisions.

Since 2015, Mirova has undertaken a critical and in-depth examination of traditional governance issues, with the aim of identifying a model supported by a sustainable approach of the company. This analysis laid the groundwork for a voting rights policy based on a new governance model.

FOUR PRINCIPLES GUIDE OUR VOTING DECISIONS:

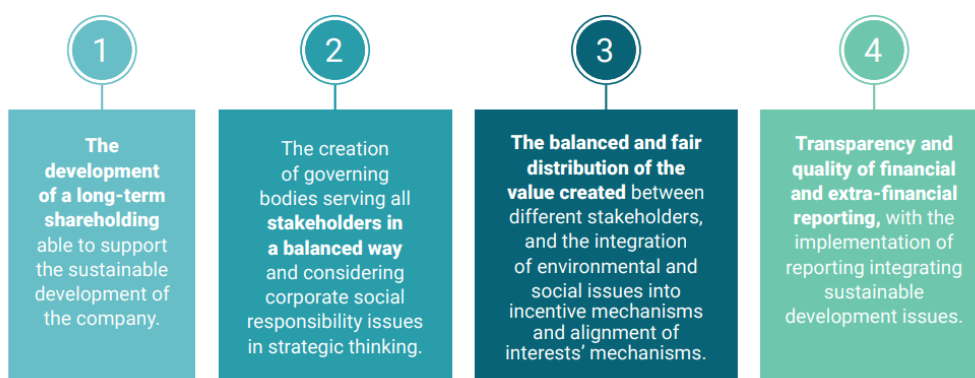
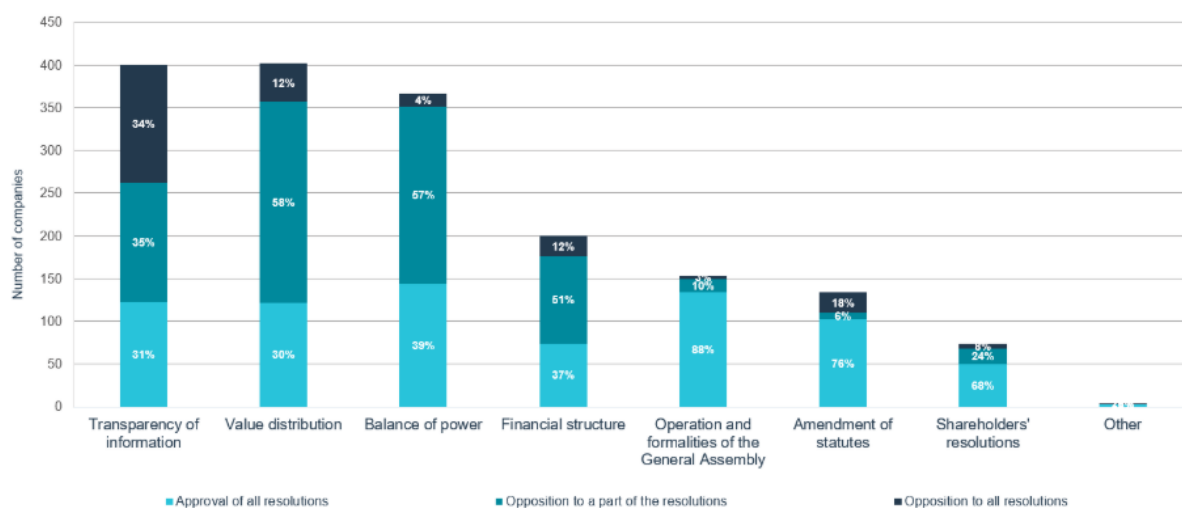


Figure 3: Breakdown of votes by theme in 2023



Source: Mirova, 2023

⁴ Mirova’s [voting policy and reporting](#)

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DISTRIBUTION OF VALUE

The category covers all resolutions related to **the remuneration of the various stakeholders** who contribute to the creation of value within the company: shareholders (dividends), employees (share ownership and savings plans) and executives (policy and report on the remuneration). This also includes the remuneration paid to directors. **Items related to executive compensation policy or report and dividends represented the strongest points of dispute.** To advocate for the principle of fair distribution of value between the main stakeholders of the company, we support companies that have put in place mechanisms allowing a **positive correlation between the remuneration of these different stakeholders. It also implies fair remuneration to the public authorities.** Therefore, Mirova is particularly attentive to the tax practices of companies.

In 2023, the challenge rate of the "Distribution of value" theme decreased to 69% of companies receiving at least one negative vote on at least one resolution related to this theme, down from 77% in 2022. We believe this is due to the positive trend of the addition of an environmental or social metric into the remuneration structure at more companies⁵.

BALANCE OF POWER

The theme concerns resolutions relating to the **composition of the board of directors or supervisory board.** It should be noted that the election of censors is a French specificity. Mirova supports the appointment of competent, complementary directors who can perform their duties in the long-term interest of the company and its stakeholders. For this, Mirova decides on the different candidates according to several criteria, considered essential to guarantee a good balance in the representation of the different stakeholders. Thus, Mirova **particularly encourages the presence of employee representatives** on the board and **female representation on governance bodies.**

Compared to 2022, the general contestation relating to the theme "Balance of Power" decreased slightly from 69% in 2022 to 60% in 2023. As previously mentioned, the choice to vote not only against the chairman of the committee, but also to vote against its members when an Environmental, Social or Governance (ESG) criterion is not met (e.g., a minimum of 40% of women on the board, presence of an employee representative, lack of CSR criteria in the executive remuneration, etc.) makes our voting policy highly demanding with respect to the election or renewal of directors to the board. In fact, 63 companies received an opposition vote on the election or re-election of at least one of their directors because they do not have an independently audited CSR report⁶.

SAY ON CLIMATE

The "Say on Climate" vote emerged in 2021 and continued to draw investors' attention in 2023, however, we noticed submission rates to remain relatively steady year over year with France being the market with the largest amount of Say on Climate votes.

Mirova welcomes the opportunity to vote on a company's climate transition plan because we believe that shareholders have a valuable opportunity engage with their portfolio companies on this matter, establish best practices and push for improvement. Our view is that a vote of approval is not a full endorsement and should not be interpreted as a stopping point to our portfolio companies. When determining how we will vote on these proposals, we will evaluate each instance on a case-by-case basis. **Mirova's deep level of expertise on this matter is critical to providing a full analysis and opinion on the quality of the climate transition plan and thus, a fully informed vote.** Historically, we have not supported plans that we do not believe are sufficiently rigorous. We encourage our portfolio companies to offer a proposal on the company's climate transition plan for its shareholder's approval and we will generally support shareholder proposals requesting such.

⁵ Figures are internally calculated at Mirova

⁶ Figures are internally calculated at Mirova

Mirova voted in favor of 100% of the Say on Climate proposals we were entitled to vote on in 2023, marked with the caveat that further engagement is warranted in most cases to advocate for further improvements to the strategy.

ENGAGEMENT IN ACTION

Co-filing a shareholder resolution at Engie SA's 2023 Annual General Meeting

2023 also marked the third consecutive year in which Mirova took action during the annual general meeting by participating in the filing of a shareholder resolution at one of our portfolio companies. We view the filing of a resolution at our portfolio companies as one of the strongest forms of engagement and advocacy. In 2023, Mirova together with a group of sixteen European investors representing 1.5% of Engie's issued share capital filed a shareholder resolution at the company's 2023 AGM with the two-fold aim to i) obtain sufficient information to assess the company's current strategy with a 1.5°C scenario across its entire scopes, and 2) request the company to commit to adding a triennial "Say on Climate" advisory vote to the general meeting's agenda.

The resolution was successful in gathering 25% favorable votes. In the course of filing the resolution, numerous discussions between the investors and Engie took place. We are pleased with a number of steps taken by the company in response to the dialogue. This includes an addendum to the company's Task Force on Climate Related Financial Disclosure (TCFD) report published on 14 April 2023 with increased disclosure on forward-looking capital expenditure and on the classification investments according to the EU Taxonomy. This additional information further enables investors to understand how Engie plans on implementing its transition. We further welcomed the Board's commitment to facilitate a 'Say on Climate' every three years, as requested by the shareholder proposal. The company is considering an annual progress vote on ENGIE's climate strategy. Finally, the company offered a dedicated Q&A session during the AGM, which is a rare opportunity to discuss systemic issues in a public forum.

Climate change

26⁷ individual engagements in 2023



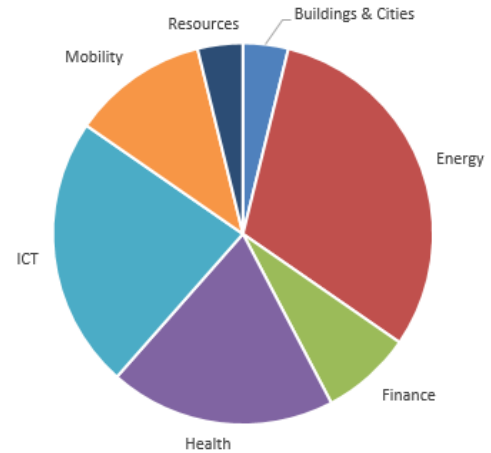
MIROVA'S ENGAGEMENT PRIORITIES

Mirova encourages companies to formulate clear goals consistent with climate change mitigation and to embed them in their strategic development plans.

Mirova also frequently engages in dialogue with companies to better understand their targets and gauge their ambitions. Typically, Mirova asks for more details on the scope of potential greenhouse gas reduction targets, carbon-offsetting measures, timelines, etc.

To underpin our assessment of the achievability of these goals, Mirova seeks information that demonstrates that companies have established well thought-out climate plans in terms of execution and risks.

Figure 4: Sector breakdown of engagements conducted in 2023 on climate change



Source: Mirova, 2023

ENGAGEMENT IN ACTION: NORSK HYDRO

Mirova has opened a commitment with Norsk Hydro in the second half of 2023 on its roadmap to carbon neutrality by 2050. Mirova wants to ensure that the company is on track to deliver on its targets and become SBTi certified when the specific SDA (Sectoral Decarbonization Approach) standard for the aluminium sector is available. Norsk Hydro has been proactive in its discussions with the SBTi and is working with organizations such as the Rocky Mountains Institute (RMI), the International Aluminium Institute (IAI) and the Aluminium Stewardship Initiative (ASI) to participate in the development of a DID for the aluminium sector.

However, developments are still slow, due to resource constraints at SBTi. In addition, one of Norsk Hydro's solutions to achieve carbon neutrality is to deliver products with a low carbon impact (CIRCAL and REDUXA) and recycled aluminium to its customers. We encouraged the company to more clearly communicate the revenue generated by its products, which Norsk Hydro has committed to implement as part of its business improvement program.

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Biodiversity

13⁸ engagements in 2023



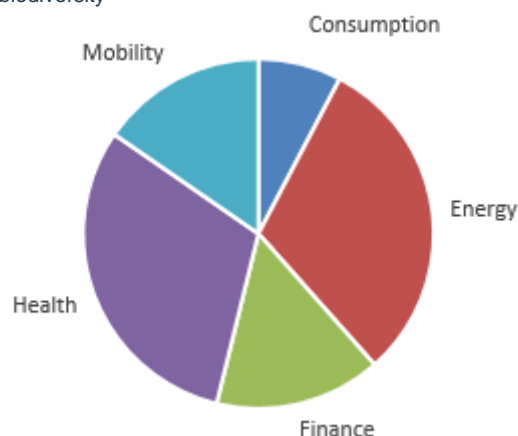
MIROVA'S ENGAGEMENT PRIORITIES

We believe that preserving biodiversity must urgently become a high-priority objective. Companies should assess the relationship between their activities and natural ecosystems and work to preserve biodiversity.

At an individual level, companies are expected to take ambitious actions and to:

- Assess and disclose potential impacts on biodiversity (how activities affect biodiversity and ecosystems), including the type and severity of impacts.
- For companies with potentially severe biodiversity impacts, define a strategy to mitigate degradation, including targets and action plans, including reporting on progress.

Figure 5: Sector breakdown of engagements conducted in 2023 on biodiversity



Source: Mirova, 2023

Advanced Participation in the development of Biodiversity Related Guidance

In addition to engaging both individually with companies, as well as with other investors collaboratively, members of Mirova's research team have contributed extensively to the development of several emerging sets of guidance that assist investors and issuers with improved tools for monitoring and measuring biodiversity related impacts.

Our sector specialist was significantly involved in the development of the following sets of guidance that complement the TNFD framework:

The Four Labours of Regenerative Agriculture

Regenerative agriculture has garnered significant attention in the agri-food sector as a means to mitigate the environmental and social impacts of conventional production methods. While lacking a universally recognized definition, regenerative agriculture practices prioritize positive environmental and social outcomes.

The goal of FAIRR's thematic report on regenerative agriculture is to evaluate the increasing number of regenerative agriculture pledges made by publicly traded agri-food companies, to determine their potential to achieve climate, environmental, and social objectives. This pioneering analysis examines commitments to regenerative agriculture by 79 major global food and retail corporations, collectively valued at over \$3 trillion and representing nearly a third of the sector.

Read the report [here](#)

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Draft Sector Guidance – Chemicals

The TNFD acknowledges that different industries may have unique requirements when implementing the Task Force's approach for businesses (LEAP). As a result, the TNFD has released additional guidance specifically designed for organizations in the chemicals sector to help them apply the LEAP approach to their specific circumstances. This guidance includes the Sustainability Accounting Standards Board (SASB) standards for the Chemicals sub-sector and is meant to complement the existing TNFD guidance on assessing nature-related issues using the LEAP approach. The draft guidance also provides recommended sector-specific disclosure metrics for the chemicals sector, along with instructions for implementing the TNFD's core global disclosure metrics and sector-specific indicators and metrics.

Read the report [here](#)

Unlocking the Biodiversity-Climate Nexus

A guide for financial institutions on managing the biodiversity and climate nexus in their investments and lending. It outlines the synergies and trade-offs between climate and nature of a sample of investment/lending solutions that are, as of today, key to solving the nature and climate crises we face: agricultural solutions, alternative energy sources, circular economy, and Nature-based Solutions (NbS).

Read the report [here](#)

Human rights

16⁹ individual engagements in 2023



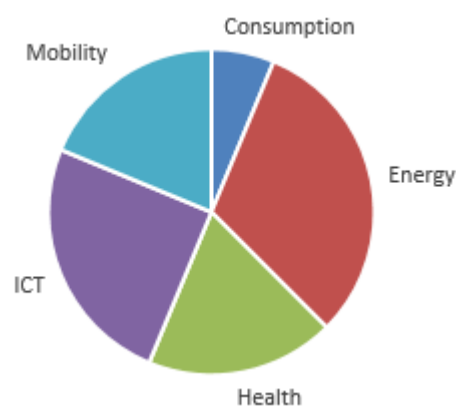
MIROVA'S ENGAGEMENT PRIORITIES

Companies must respect human rights throughout their operations wherever they operate, act with due diligence to avoid infringing the rights of others and be able to demonstrate their efforts in this regard. This means they must address any negative human rights impacts related to their business by taking adequate measures for their prevention, mitigation and, where appropriate, remediation.

At an individual level, we expected companies to take ambitious actions and:

- Commitment to respect human rights throughout their operations covering both their direct scope of activities and their suppliers'.
- Implement robust human rights due diligence process to identify, prevent, mitigate potential human rights violation. The process should include assessing actual and potential human rights impacts, integrating, and acting upon the findings (that could include dedicated trainings, action plan followed by internal and external on-site audits), tracking responses, and communicating how impacts are addressed.

Figure 6: Sector breakdown of engagements conducted in 2023 on human rights



Source: Mirova, 2023

ENGAGEMENT IN ACTION: MERCEDES BENZ

Mirova engaged regularly with Mercedes Benz over the course of 2023 to target their overall climate strategy as well as their Electric Vehicle (EV) strategy, notably because the company has pushed back their EV targets for 2025 twice in a row.

Mirova also put a particular emphasis on the fact that the company has the ambition to go towards a more luxury brand with indication of -25% of sales in 2026 of entry level cars, however, it is important for Mirova that everyone has access to EVs and not just a certain population class. Mercedes Benz responded that they were never an entry segment company but that does not mean that they are leaving it, as controversially discussed in the newspaper.

On the topic of supply chain, Mirova reengaged with the company on the importance of transparency and questioned Mercedes Benz on how they will ensure that, in the future, raw materials for battery components are sourced solely from the Initiative for Responsible Mining Assurance (IRMA) certified mines as the company had stated. Mercedes Benz recently launched the second edition of their raw material report with an update on 15 materials and additional content, in line with the German Due Diligence Law that came into application in January 2024. Mercedes Benz is now working with dedicated consultancies to help them assess Tier-1 and Tier-2 suppliers and are working with IRMA on engagement with new mining companies.

Concerning battery recycling, which is a future core element for the EV sector for Mirova, we sought to know more about the company's current project in China and how they plan to scale it for the future; notably with currently two different battery chemistries to consider. The automaker has signed a memorandum of understanding in February 2023 with a Chinese battery manufacturer to reintegrate recycled material in a closed loop system of the supply chain. They wish to certify this process with a third-party audit in the coming years. Additionally, they have currently recycled 344 tons of materials.

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ENGAGEMENT IN ACTION: SAFETY AND SUPPLY CHAIN IN THE PHARMACEUTICAL SECTOR

The breakthrough of diabetes and weight loss drugs was a major focus for investors in 2023. In fact, worldwide obesity has nearly tripled since 1975 but very few are treated medically today. In most cases, drug management in obesity is an option to consider after efforts to implement lifestyle changes and appropriate nutritional management. When weight reduction remains a struggle, and comorbidities are putting the patient at risk, drugs may be an option if taken with appropriate medical support. In the past few years, two obesity drugs, Wegovy – Novo Nordisk and Zepbound – Eli Lilly were approved and distributed in several markets to address to weight management.

As part of our engagement priorities for 2023, we identified Novo Nordisk and Eli Lilly, notably to address concerns over off-label marketing/promotion of obesity and diabetes drugs. After several engagements with the companies, and based on the information currently available, we believe that measures implemented to address these risks are aligned with our ethical standards and common practices in the industry. Through our dialogue, Novo Nordisk and Eli Lilly have detailed their efforts to keep the drug under the label use that has been approved by the FDA. Internal measures including sales trainings, audits, remuneration schemes and constant monitoring have been implemented to control the risk. In a digital world, these drugs have been increasingly promoted on social media by unsolicited individuals, most of them not even patients. However, this remains out of control for these companies, and public personalities advertising the drug as a weight-loss tool cannot be sued. This digitalization also implies the rise of counterfeit medicines sold on these platforms, a topic both companies are working on with authorities and by improving the serialization process.

As the penetration of both products continues, our teams will continue to monitor signals around potential misuse, safety, and supply concerns. In addition, we believe the next step of our engagement is to promote accessibility and affordability. For now, these drugs have been approved in a limited number of markets, and the reimbursement coverage is still limited. In the U.S., at the time of the publication of this report, obesity drugs are not covered by state programs, and the scale of reimbursement by commercial insurance is still unknown. Moreover, a vast majority of overweight or obese children live in developing countries, where the rate of increase has been more than 30% higher than that of developed countries. Globally, the disease disproportionally affects vulnerable populations, and our objective is to promote increased access to these life-saving drugs. Finally, tackling the obesity crisis does not only fall under the responsibility of pharmaceutical companies.

Gender diversity

20¹⁰ individual engagements in 2023

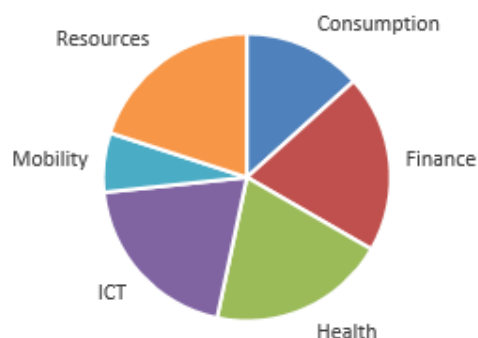


MIROVA'S ENGAGEMENT PRIORITIES

Achievement of gender equality is a prerequisite for sustainable development, but there is demonstrated need for further progress. Companies have an important role to play in supporting women's empowerment in the workplace and achieving gender equality.

- At an individual level, we expected companies to take ambitious actions.
- Commit to increase gender diversity across the organization by signing the UN Women Empowerment Principles.
- Adopt and disclose group-wide measures to improve gender diversity at the management and executive level.
- Report performance over time.

Figure 7: Sector breakdown of engagements conducted in 2023 on gender diversity



Source: Mirova, 2023

ENGAGEMENT IN ACTION: INCREASING THE REPRESENTATION OF WOMEN AND MINORITIES

AstraZeneca has been fostering strong diversity and inclusion policies over the years, and their commitments are reflected through the signatory of the Women Empowerment Principles in 2020 and the various targets and metrics set. As a global business with over 80,000 people spanning across more than 70 countries, diversity and inclusion is seen as an advantage to future proof their business, attract and retain top talents as well as creating an innovative environment. The company's Inclusion and Diversity policies extend to their value chain through their Supplier Diversity Programme. By engaging with small and diverse businesses, AstraZeneca helps support local economies through job opportunities, as well as enabling diverse supplier development through mentorship schemes. In 2022, the company refreshed its policies to drive change not only orientated towards gender but integrating diversity as a whole. Currently, the company has two focus areas for 2025 being to reach gender equality in management positions and launch supplier diversity programmes in 10 new countries (outside of the US).

Mirova engaged with the company during the year 2023 to share additional diversity and inclusion topics that we wished to see strengthened in their annual report. The first part was on gender pay gap, and while AstraZeneca being headquartered in the UK means that they must disclose more information on this topic than their peers in Continental Europe and United States, they currently only publish on the UK scope which covers less than a third of their employees. Through our discussions, AstraZeneca has detailed the fact that this has been a growing demand from their European investors. Internally, the company have multiple metrics which are submitted for their I&D Council meetings, with data on fair wages, potential gaps and how to close them.

Additional themes Mirova aspires to see are initiatives promoting age diversity as well as global maternal leave policies. AstraZeneca underlined how the average age of their employees is 45 years old, and that they have an apprenticeship program in the UK and in the US, and in schools such as the new discovering center in Cambridge to get students into STEM, which enables them to recruit top young talents.

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Green and Social Bonds



21

issuers targeted
by engagement
actions

Mirova's engagement to green, social, and sustainable development bonds is based on the conviction that considering extra-financial criteria in the investment process is essential to create long-term value. By investing in sustainability related bond vehicles, Mirova can target entities and especially projects to invest in. This capitalizes on the opportunities created by the transition to a more sustainable economy, while ensuring that Environmental, Social and Governance (ESG) issues are well addressed. Mirova also strongly considers the alignment between green bond vehicles and the overall strategy of the issuer.

Mirova's answer to the issue of "green and social washing" and to foster impact in the green bond market is to implement a reinforced engagement strategy that harnesses the firm's entire ESG research and fixed income management teams. Extensive knowledge of the deals and the issuers, obtained through a constructive and quality dialogue is essential: if expectations are not met, the instruments concerned are deemed ineligible or sold if they are held in the portfolio. To pre-empt any greenwashing risks, Mirova has drawn up a formal engagement strategy that covers the entire investment cycle of a green bond.

Engagement Phase 1	Engagement Phase 2	Engagement Phase 3
A pre-deal phase emphasizing communication and awareness-raising	Exhaustive analysis at the time of issuance on the primary market	Thorough post issuance monitoring

Phase 2 Engagements: 21 issuers targeted by engagement actions

Phase 3 Engagements: 50 bonds targeted for post-issuance engagement, with 33 issuers agreeing to participate. At the end of the campaign, 13 opinion downgrades were implemented.

EXHAUSTIVE ANALYSIS AT THE TIME OF ISSUANCE ON THE PRIMARY MARKET

As part of the assessment process applied to sustainability bonds issued on the primary market, Mirova's analysts initiate a dialogue with the issuers. Their objectives are to gain a better understanding of the positive impact associated with the issuance, to measure risk exposure, and importantly, to analyze the mitigation mechanisms developed by the projects due to be financed. They pay particular attention to the pre-determined selection criteria applied to green instruments according to their sector: their potential alignment or breach of the European green taxonomy, the methodologies used to assess environmental and social benefits that are disclosed on an annual basis, and the contribution and consistency of the projects being funded with the issuer's overall strategy.

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ENGAGEMENT IN ACTION: ORSTED BLUE BOND

In 2023, one of the leading power utilities companies in Europe printed their first blue bond. The five-year, EUR 100 million private placement followed the International Finance Corporation (IFC) Blue Finance Guidelines. The proceeds are used to invest in offshore biodiversity and sustainable shipping, aligning with the company's 2030 commitment to achieve a net-positive impact on biodiversity. The funds will finance initiatives to protect and restore marine and coastal biodiversity, as well as to develop green ocean fuels for decarbonizing ocean vessels.

During the primary market transaction Mirova reach to the issuer to obtain clarification on how the company will deliver a positive contribution to nature and biodiversity and at the same time the actions to mitigated ESG risks related to those projects.

After the meeting with the power utility company and once the case was discussed with Mirova research analyst from both the listed and non-listed teams, we decided to establish the sustainability opinion as low positive and the residual risk at a high level because:

For the marine ecosystems category, the level of impact is considered low as the project intervention "only" mitigates the offshore wind farms negative impacts on marine biodiversity. In addition, the number of pilot projects financed could dilute positive impact.

Regarding the sustainable shipping category, the company aims to produce e-methanol for vessels. The e-methanol is produced thanks to hydrogen from renewable energies, CO2 from biomass. The CO2 is provided by an external provider, which poses potential traceability risks for the biomass. While the power utility company states that its own biomass comes from sustainable sources, there is at this stage a lack of evidence of the sustainability profile of the supplier of biomass.

THOROUGH POST ISSUANCE MONITORING

ENGAGEMENT IN ACTION: BELGIUM GREEN BOND PROGRAM

In September 2022 the Belgium government printed its second green bond. The second impact report was published in 2019. However, the impact report only covers 39% of the total of funds.

According to the issuer, the weak level of impact report coverage is the result of having a selection of activities and expenditure that are in line with the framework and the Green Bond Principles, but which are not always easy to translate into impact measurements. In fact, the issuer made an important allocation for train ticket subsidies for which is difficult to establish environmental impact metrics.

For Mirova's research team, the situation is deceiving as the issuer do not cover 100% of the proceeds for impact reporting and is not able to capture and communicate other type of impact beyond GHG avoidance. As a result, Mirova decided to a downgrade of the framework from moderate positive impact to low positive.

Collaborative Engagement:

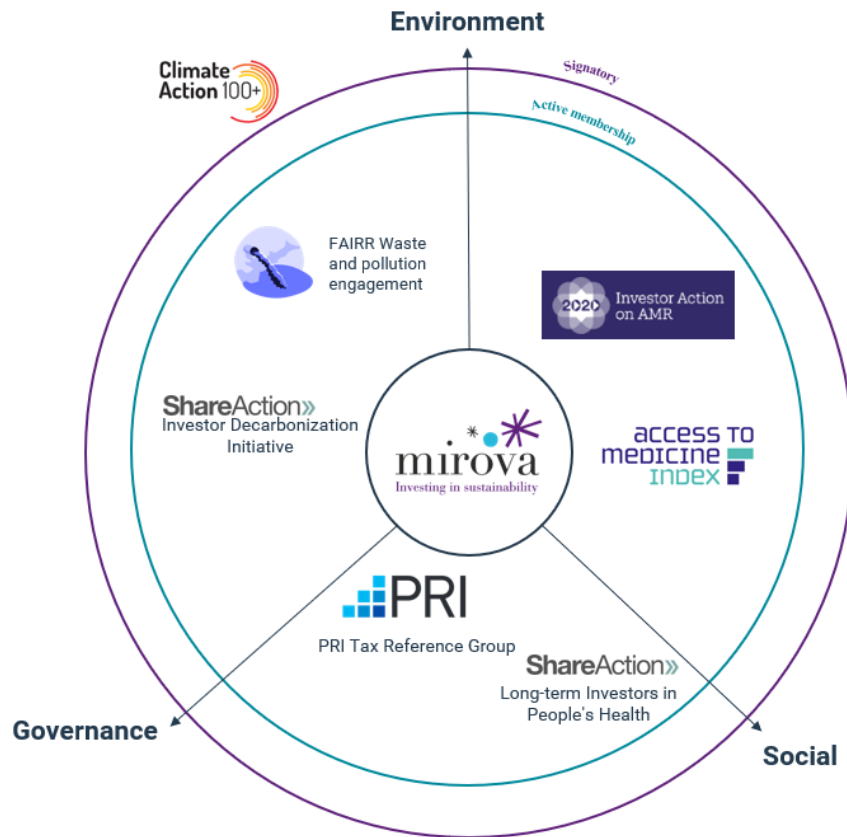
In addition to individual engagement with policyholders and issuers, we also participate in Global initiatives such as members of the Green Bond Principles – Executive Committee and Climate Bonds Initiative.

Collaborative Engagement

Collaborative engagement identifies controversial practices at a sector level or at a group of companies' and engages in dialogue to demand greater transparency and, if necessary, a change in practices. To strengthen the influence of responsible investors, the engagement is conducted with other investors to encourage issuers to make specific and measurable changes within a specified time frame. Collaborative engagement can also be carried out at the level of sectoral associations and/or public policies (these are developed in the Advocacy chapter).

Figure 8: Collaborative initiatives in which Mirova participates (still active at the end of 2023)








7
Participations in collaborative initiatives in 2023



Source: Mirova, 2023

The securities mentioned above are shown for illustrative purpose only and should not be considered as a recommendation or a solicitation to buy or sell.

COLLABORATIVE ENGAGEMENT INITIATIVES

Pillar	Initiative	Details on the initiative
	Climate 100+	The initiative was launched at the One Planet Summit and aimed at securing Engagements from boards of directors and governing bodies to implement a strong governance framework that clearly sets out the board's responsibility and oversight of the risks and opportunities associated with climate change; take action to reduce greenhouse gas emissions throughout their value chain, in line with the Paris Agreement target; to provide better business information in accordance with TCFD's final recommendations.
	Investor Decarbonization Initiative (Share Action)	The Investor Decarbonization Initiative aims to promote the power of the investment system to accelerate corporate climate action. The initiative aims to get companies to commit to: 1) determine objectives based on scientific analysis in line with the expectations of the Paris Agreement; 2) target complementary energy performance to support the development and achievement of these goals; 3) establish a clear and unified engagement program to encourage meaningful decarbonization actions; 4) Design a mechanism for investors to contribute to The Sustainable Development Goals 7 (Clean and Affordable Energy) and 13 (Climate Action).
	Biodiversity Loss from Waste & Pollution (FAIRR)	Preserving biodiversity is integral to maintaining the ecosystem services on which global economies rely. In this engagement, which targets ten of the world's largest pork and poultry producers, along with two agrochemical companies, the FAIRR Initiative seeks to address both animal waste mismanagement and nutrient pollution by encouraging companies to utilize manure as fertilizer.
	Access to Medicine	For more than a decade, the Access to Medicine Foundation has been working to promote and guide the pharmaceutical industry to improve access for people living in low- and middle-income countries.
	Access to Nutrition	Companies that are globally applying strong nutrition policies and practices are in a better position to reduce risks of increasing food and beverage industry regulation and to take full advantage of changing consumer trends towards healthier living habits. The Access to Nutrition Foundation concludes that while some companies have taken positive steps since the last ranking in 2013, the food and beverage industry is moving far too slowly. Good nutrition policies and practices are integral to food & beverage companies' overall business and financial performance as well as long-term sustainability. The objective of this engagement is to determine with the companies how they integrate findings and recommendations of the ATNI into strategic performance on nutrition practices.
	Investor Action on AMR	Launched at the World Economic Forum in 2020, the Investor Action on AMR initiative is a coalition between the Access to Medicine Foundation, the FAIRR initiative, the Principles for Responsible Investment and the UK Government Department of Health and Social Care. This initiative seeks to galvanize investor efforts to address global antimicrobial resistance (AMR). The Investor Action on AMR progress report , published on 22 May 2023 and uses a series of case studies from the initiative's Investor Partners to provide insights into what has been achieved so far, and how.
	PRI Tax Reference Group	The PRI tax reference group is an active knowledge sharing group open to all signatories on the issue of tax.

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ENGAGEMENT IN ACTION

Spotlight on Collaborative Work: Biodiversity at Darling Ingredients

Background

As part of our work with the Biodiversity Loss from Waste and Pollution working group through FAIRR, our sector specialist participated in an intensive engagement at Darling Ingredients to enhance the company's biodiversity strategy.

As a rendering company, Darling Ingredients participates in circularity of the meat industry by transforming inedible parts, about half of animal dead weight into viable products such as pharmaceuticals and clean fuels.

This process not only consumes water in processing phase but also releases excess water contained in animal carcasses. Additionally, odors result from meat processing activities. Lastly, the whole activity relies on the livestock industry which generates manure inducing nitrate in water.

Our Analysis and Progress Achieved

In our view, Darling is appropriately managing these risks through a proactive approach. The company has upgraded its California facilities to improve water circularity and committed to upgrade the Transquaking river rendering facility to mitigate pollutions.

Regarding air pollution, the company has invested in better wet scrubbing and thermal oxidation technologies for exhaust gases but also enhanced biogas generation from wastewater effluents and closed a most controversial plant in Fresno, CA.

The company has also developed alternative feedstock such as bakery wastes and municipal wastes but also contributed to reduce risks from manure through deammonification products.

INVESTOR STATEMENTS SIGNED BY MIROVA IN 2023

Interfaith Center on Corporate Responsibility (ICCR): Launch of the Living Wage Statement

In line with our work on social opportunities, we were pleased to join in on the launch of the Investor Statement in Support of a Living Wage, led by ICCR and along with 136 signatories and US\$4.5T in AUM behind it. This is a testament to how global investor's view wage inequities as significant business risks and the paying of a living wage as an important way to mitigate them.

Mirova joins nearly 200 investors call to ramp up actions on plastics

Mirova is among the 185 investors with US\$10 trillion in combined assets, coordinated by the Dutch Association of Investors for Sustainable Development (VBDO), which are joining forces to call for more action to address the plastics crisis.

Putting an end to the era of plastic seems to be an almost insurmountable challenge, as these substances are present everywhere in our daily lives. However, we already know the main levers to implement to achieve this, and it is at the level of companies that the opportunities to act are the greatest. Therefore, Mirova is making it a priority for sectors that are particularly concerned, through this statement but also in the framework of its engagement dialogue with companies. In addition, this year we will once again strengthen our exclusion policy and, at the same time, continue to invest in companies that provide solutions (de-pollution, circular economy, etc).

More information can be found [here](#).

Moratorium on Deep Sea Mining

In July of 2023, the Assembly meeting of the International Seabed Authority (ISA) holds the potential to grant commercial authorization for deep-sea mining for the first time. Ahead of the meeting, the Global Financial Institutions Statement to Governments on Deep Seabed Mining, coordinated by the Finance for Biodiversity (FfB) Foundation, urges governments to protect the ocean and not proceed with deep seabed mining until the environmental, social and economic risks are comprehensively understood, and alternatives to deep-sea minerals have been fully explored. The statement is supported by 36 financial institutions, representing over EUR 3.3 trillion of combined assets, that are committed to helping protect and restore biodiversity and ecosystems through their investment and finance activities.

More information can be found [here](#).

Oil and Gas Financing in Europe Banking Sector

Mirova joined 30 investors, coordinated by ShareAction and representing over US\$1.5tn in assets under management, participated in a letter writing campaign to European top banks to urging them to stop directly financing new oil and gas fields by the end of this year. It is our hope that these investor-backed letters should be a wakeup call to banks that have made net-zero commitments. First, they must stop directly financing new oil & gas fields.

French Forum for Responsible Investment (FIR) Tribune on Say on Climate

Mirova once again renewed our support of the FIR tribune on Say on Climate which aims to encourage shareholder dialogue, considered essential for the financial sector to be able to support the most polluting sectors in their efforts to decarbonize their activities. Following on from the one signed by more than 40 investors in March 2022, again the collective calls on companies to submit a comprehensive climate plan to the vote of their general meetings on a regular basis, and on public authorities to facilitate this dialogue.

EU Nature Restoration Law adopted by Parliament and supported by Mirova

In July of 2023, numerous scientists, members of civil society, Non-Government Organizations, institutions, and companies, including Mirova, have mobilized to call on Members of the European Parliament to vote in favor of the Nature Restoration Law, an important pillar of the European Green Deal, a set of European laws to combat climate change, a few months after the adoption of the ambitious Global Framework for Biodiversity at COP15.

On Wednesday July 12, 2023, a majority of 336 members of the European Parliament approved the bill, while 300 voted against and 13 abstained.

Mirova welcomes this positive outcome, which sets binding targets for member states to restore land and marine areas damaged by pollution or intensive exploitation in order to preserve biodiversity.

More information can be found [here](#).

Mirova joins the call from 50 companies urging European Policy Makers to adopt environmental legislation to address the nature and climate crises together

Ahead of a critical vote on the EU Nature Restoration Law, 50 business leaders, among which Philippe Zaouati, CEO of Mirova, publish a letter urging European leaders to adopt ambitious environmental policies and regulations to tackle the negative impacts of the dual climate and nature emergencies.

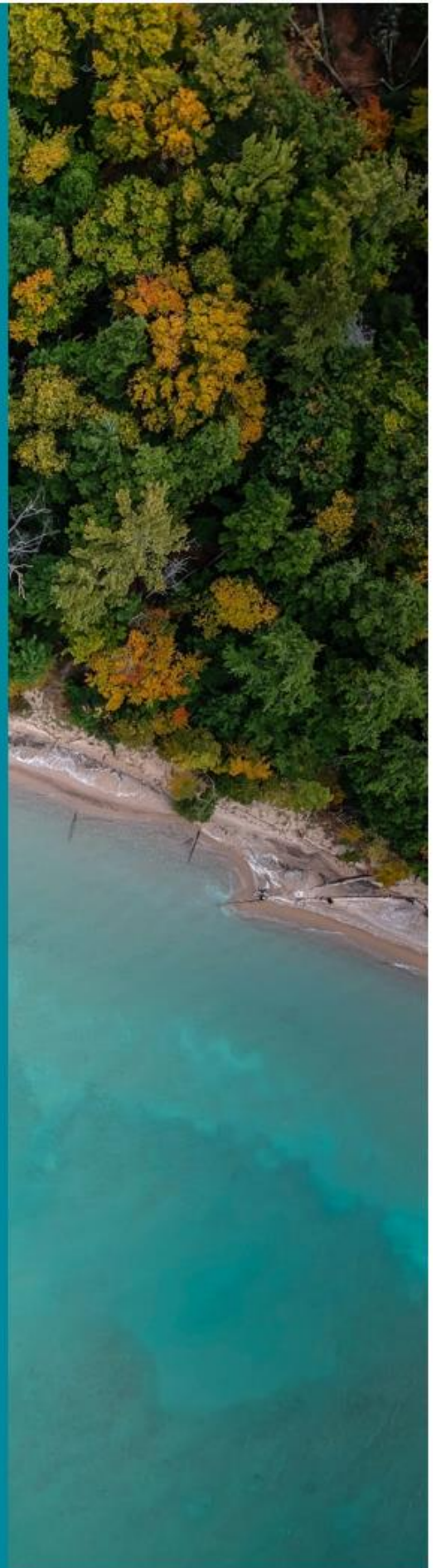
More information can be found [here](#).

II. Private Assets

Page 23. Energy Transition

Page 26. Natural Capital

Page 28. Private Equity



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Private Assets

Energy Transition



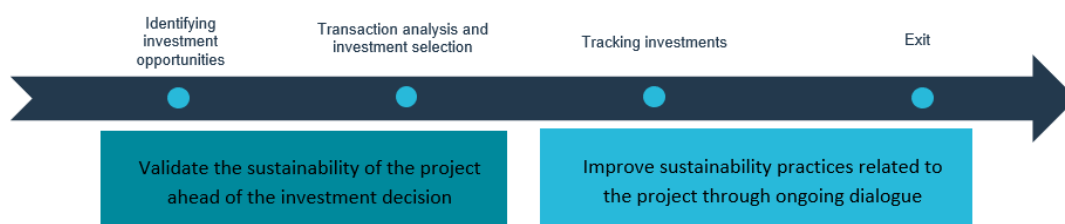
Mirova has chosen to develop investment strategies dedicated to the financing of the energy transition to accelerate the fight against climate change. Mirova has been financing unlisted projects or companies producing renewable energy and carbon-free mobility solutions in developed geographies for over a decade. In 2022, Mirova extended its exposure to this theme through the acquisition of Sunfunder, a debt-financing company based in Kenya and providing debt to companies active on that same theme, in emerging countries.

Beyond environmental benefits, the energy transition is accompanied by significant social benefits, including the improvement of air quality in urban areas or access to energy, which is a fundamental need. The analysis of the potential contribution of investment opportunities to the energy transition and societal challenges is also supplemented by an assessment of the environmental and social risks, taking into account both the inherent risk level related to the nature or location of an activity, and the risk management quality.

ENGAGEMENT APPROACH

Mirova maintains an ongoing dialogue with project developers and non-listed companies throughout the investment process. In 2023, Mirova continued to analyse energy transition projects based on the following engagement process:

Figure 9: Engagement process for energy transition projects



An initial exchange is systematically organized with the company or the targeted project. This is an opportunity for Mirova to reiterate its philosophy and objectives. Mirova seeks to contribute to the improvement of sustainable development practices of our investments.

During this first step of engagement, transparency on environmental and social issues management is often required. Such information is integrated in the sustainability analysis of the project and contributes to ensure the achievement of sustainable development objectives. Alongside, it informs the quality of management policies and processes implemented to address these risks.

Following the investment phase, the dialogue continues to monitor the implementation of the ESG action plan, share best practices, identify specific subjects requiring special attention or collect quantitative performance indicators in terms of both opportunities for positive impact and risk management. The recommendations are discussed with the management team to jointly assess their relevance, feasibility, and implementation methods (timelines, means or results expected).

The consultation of various project stakeholders (operators, industrial players, etc.) allows us to ensure that the management adheres to the areas of improvement and suggested actions necessary to include the investment in a continuous improvement approach.

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Energy transition engagement focuses on various items:

- *Measurement of the environmental and social contribution of the project or company.* To be able to demonstrate the environmental and social benefits of a project, Mirova needs figures such as the number of jobs supported by the project, the installed capacity, renewable energy production achieved, avoided CO2 emissions, etc.
- *Integration of ESG criteria in the supplier's and service provider's selection process,* including social aspects (human rights, working conditions, Health, and Safety) and environmental aspects (circular economy, pollution prevention, consumption control, recycling).
- *Enhanced transparency on the local communities' consultation process* to ensure project acceptability, amount, and nature of complaints and how they are being managed.
- *Reduction of accidents, incidents and other health and safety issues* during the construction phase through the implementation of a Health and Safety Environment (HSE) risk management system, covering all workers on site – contractors and subcontractors, supplemented by reporting on key indicators (number of incidents and accidents, accident frequency rate, coverage perimeter, Health & Safety training, safety audits, etc.)
- *Environmental incidents prevention mechanisms* implemented during the construction and operation phases.
- *Monitoring of mitigation and offsetting measures* to reduce the project's environmental externalities to ensure the implementation of these measures, measurement of residual impacts and definition of an appropriate action plan.
- *Enhanced transparency on the management of environmental and social risks* during operation and maintenance operations.
- *Responsible management of equipment at the end of the project's life,* including waste management and monitoring as well as recycling.
- *Diversity,* ensuring a non-discriminatory environment, an awareness on the gender gaps, and aiming for an improvement of the performance on this question.

In addition, thanks to its expertise in integrating sustainable development topics, Mirova participates in several key initiatives to improve transparency of energy transition players on their environmental and social performance.

ENGAGEMENT IN ACTION: GENDER

4th Energy Transition Infrastructure Emerging Market Vintage (ETI) has been designed with an intentional gender-lens and has set an ambitious gender strategy and gender targets at the fund level. The ETI fund has been qualified for the 2X Challenge¹¹. We seek to contribute to bridging the gender investing gap as well as supporting the ever-growing evidence on the improved financial and social returns of gender-smart investments. The fund aims at investing in women-founded or led businesses and businesses that have a current of potential positive impact on gender equality, including at ownership/leadership, workforce and client level.

The fund works to mainstream gender into the pipeline development to intentionally target women-founded and led businesses. Gender aspects, including both gender equality and prevention of gender-based violence and harassment, are fully integrated into the Impact & ESG due diligence for all new investments. Through our investments, we both push and support our investees in reaching and maintaining 2X eligibility and improving gender equality both internally and through the provision of products and services.

Examples from ETI fund investments made in 2023 include:

- **SunCulture:** SunCulture is committed to gender equality and has had a gender equality plan in place since 2022. SunCulture qualifies under the 2X Challenge as 40% of its workforce are female. They have a target of increasing this to 50%. Additionally, 47% of senior leadership are women. SunCulture has a gender strategy in place which aims to increase the share of female staff to 50%, provide training on gender to all staff and stakeholders and further integrate gender considerations into product design and impact tracking. As part of the Gigaton investment, Mirova is requiring that SunCulture further implements its gender action plan and sensitizes staff on this. Mirova's I&ESG specialist has been providing guidance and monitoring progress on this topic.
- **Solar Panda:** The company qualifies under the 2X Challenge as senior management is comprised of 37.5% women. Solar Panda applies a gender-lens to its product design and research and development. The company has outlined in its Human Resources (HR) policy various initiatives that specifically advance women in the workforce beyond compliance minimum such as the Gender Wage Equity and flexible work arrangements. Solar Panda has an active Gender Action Plan being implemented to improve the company's gender performance. Mirova is working with the company to support the implementation of this plan. As part of its obligations under the investment, Solar Panda is also required to track gender sensitive KPIs in its impact reporting.

We are piloting two initiatives to further support investees on improving their gender performance:

1. We are launching a Technical Assistance Facility (TAF) alongside the fund which will provide companies with specialist gender expert assistance to perform gender gap assessments, set performance targets and provide gender training to the companies. The emphasis will be on building organizational capacity on this topic. We are currently in fundraising mode at present.
2. We are working on a partnership to pilot a gender impact-linked finance mechanism, which would reward investees based on the achievement of gender outcomes and identified gender improvements. The focus will be particularly on incentivizing companies to improve products and services to specifically benefit female end-users. We see this as key for incentivizing companies to achieve better and long-lasting gender outcomes. This will be the first pilot at-scale linking gender outcomes to financial rewards in our sector.

¹¹ The 2X Challenge Criteria are a global baseline standard for gender finance. They are commonly adopted as a baseline/ minimum common denominator for investing with a gender lens across asset classes, markets and regions. See more: <https://www.2xchallenge.org/>

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Natural Capital



Mirova designs solutions for public and private investors willing to invest in nature-based solutions. Our strategies are aimed at financing projects that combine profit with purpose: ecosystem conservation, restoration, sustainable productive land-use, and sustainable livelihoods for local communities.

Nature conservation and regeneration are now quickly imposing not only as the new frontier for sustainable development, but also for sustainable finance. Investors and corporates are increasingly mobilized because they understand how much our economy and development are tied to managing and regenerating natural resources. Investors have also identified the unique innovative business ecosystem and business models that are developing to offer solutions, and the opportunity they represent in terms of investing.

ENGAGEMENT APPROACH

Each project invested under the strategies of Mirova Capital Natural is subject to an in-depth analysis prior to the investment decision, focusing both on the positive impacts of the project (conservation, restoration, ecosystem rehabilitation, climate change mitigation etc.), and on the quality of environmental and social risk management (health and safety, environmental impacts of the project, land law and land use rights, indigenous peoples, etc.). This analysis systematically integrates the development of an Environmental and Social Action Plan (ESAP), co-designed with the project manager as a binding obligation.

Through the due diligence process, opportunities to enhance positive ESG impacts and improve management of ESG risks are identified. The ESAP, which is developed collaboratively between Mirova's ESG specialists and the investee, then sets out a plan to achieve enhanced ESG performance of an investment, normally over a 2–3-year period. The ESAP will typically include a brief description of very specific actions, associated completion indicators (e.g. an ESG risk register, Waste Management Plan, Gender Equality Plan etc) and a target date for closing each item. In cases of high priority ESAP items, the target date may be set as a condition precedent to either signing the investment agreement or to a specific disbursement tranche. Mirova's ESG team monitors progress of each investment against their ESAP at least quarterly.

This mechanism allows us to formalize our recommendations and agree on ambitious improvement objectives. Thus, Mirova is ensured the level of performance met by the project is in line with our environmental and social standards, and to some extent, reinforces the positive impacts generated by the project.

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ENGAGEMENT IN ACTION: FIRST NATURAL CAPITAL AGRICULTURE & FORESTRY

VINTAGE (NCAF) INVESTEE KNOWLEDGE EXCHANGE

In 2022, the investment fund, the Mirova Sustainability Research and the IDH Technical Assistance team joined forces to launch a new experience-sharing initiative for

NCAF fund Investee Knowledge Exchange is an informal series of virtual meetings focused on learning, sharing successes and challenges as well as exchanging best practices on specific topics. It is an opportunity for the NCAF fund Investees to share best practices with other investees, ask questions and address practical matters that arise in their business.

The meetings are held bi-annually, bringing together senior and ESG managers from all companies NCAF fund invested in as well as external experts if needed.

The topics of interest raised to date include:

- Carbon finance
- Land degradation neutrality impact metrics
- Gender
- European Union Deforestation Regulation

Early December 2023, the fourth NCAF Fund Investee Knowledge Exchange was held with all portfolio companies. This session focused on the recent EU regulation on deforestation to understand what are the consequences for these companies and their supply chain partners.



The European Union is a major consumer of commodities that are associated with deforestation and forest degradation such as cocoa, coffee, timber, etc. The European Union Deforestation Regulation (EUDR) aims to address deforestation and forest degradation in the supply chains that cater to the EU market. As of 30 December 2024, consequently a statement of Due Diligence will be required for these commodities entering the EU (30 June 2025 for Micro and Small-Medium Enterprises).

Two speakers (Pallavi Sharma, Agriculture Sector Lead at Business and Human Rights Compliance, and Violaine Berger, Senior Manager Landscapes at IDH) presented the stakes, challenges and solutions, followed by fruitful discussions with and between the NCAF fund investees.

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Private equity



We believe that private equity investors, in addition to public markets investors, have a critical role to play in the “decade of action” with fewer than 10 years left to achieve the UN Sustainable Development Goals (SDGs) and close the annual financing gap of \$2.5 trillion needed¹². Through our fund Mirova Environment Acceleration Capital (MEAC)¹³, we intend to participate in the environmental transition of the economy while pursuing financial performance by:

- deploying acceleration capital for scaling up sustainable businesses,
- addressing mega-trends that provide tailwinds for growth,
- supporting innovative solutions and technologies.

Our impact-driven private equity strategy focuses on five sectors which offer numerous opportunities for impactful and profitable investments over the long term: agri-agro technologies, circular economy, clean energies, natural resources, sustainable cities.

ENGAGEMENT APPROACH

In addition to making impact a core component of its investment selection process, Mirova has designed additional engagement processes to strengthen the fund's ambition and further contribute to enhancing the ESG quality of companies.

1. First, to be able to demonstrate the positive environmental impacts of the companies in portfolio, an Impact Plan is elaborated and co-constructed by the investment and sustainability research teams and the company, and regular engagement on the progress achieved is conducted.

The aim of the Impact Plan is to identify, quantify and monitor the environmental impacts generated by the investee companies over the investment period.

The impact plan is composed of environmental impact key performance indicators (KPIs) that are designed together with Mirova and the investee, in order to reflect the most material impacts of the company, and to be as robust as possible. These KPIs are monitored throughout the investment period until exit and subject to engagement. Each KPI corresponds to Impact targets to be reached annually or at exit. At exit, an external third party audits the results to determine whether or not the targets were reached.

An Impact Committee, composed of external experts and limited partners (LPs), is in charge of making sure that the methodology used to calculate the impacts of the investee companies is robust. It also validates that the impact targets associated to each KPI are ambitious enough, having in mind that 50% of the fund's carried interest is indexed to the achievement of the impact targets.

¹² Source: United Nations - Sustainable Development Goals Business Forum

¹³ Mirova Environment Acceleration Capital is a French limited partnership (société de libre partenariat - French Specialized Professional Fund, AIF) composed of several separate sub-funds, open to new subscription to eligible investors as defined by the fund's regulation. Mirova is the management company. The supervisory authority approval is not required for this fund. The fund is exposed to capital loss risk, discretionary management risk, valuation risk, counterparty risk, liquidity risk, sustainability risk, country risk, operational risk, regulatory risk, currency risk, interest rate risk, credit risk, risk linked to the investment strategy, sustainability risk.

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2. In parallel to the impact plan, Mirova engages with each investee on the definition of a Sustainability Roadmap, to identify ESG and CSR areas for improvement relevant to its activities and operations, as well as associated actions to put in place.

The Sustainability Roadmap is a roadmap in which the investee company lists, for each area for improvement, the objectives to be achieved at specific time horizons, as well as the means that can be implemented to achieve them. Mirova asks every investee company to draw up this roadmap, reviewing it to ensure that it includes all the company's relevant material sustainability issues, and is a way for Mirova to support the companies on their sustainability journey.

The sustainability research team holds bi-yearly dialogues with the investee companies to monitor the progress of the Impact Plan and the Sustainability Roadmap. This semestrial dialogue is also the team's opportunity not only to engage with the investee company, but also challenge it on its sustainability objectives, and give recommendations on additional relevant extra-financial practices that could be implemented.

ENGAGEMENT IN ACTION: NORSEPOWER

Norsepower is a Finnish company created in 2012 that tackles the challenge of decarbonating the shipping industry by leveraging on rotor sails, an energy efficiency technology. Rotor sails are comprised of tall cylinders that can be installed to a variety of vessels. When driven to spin, rotor sails harness the power of the wind to provide auxiliary propulsion to vessels. The climate impact of the solution is formed by decreasing the fossil fuel consumption in the shipping industry, which translates into lower carbon, sulfur oxide and nitrogen oxide emissions.

As for every investment of the Mirova Environment Acceleration Capital (MEAC) fund, a detailed ESG due diligence was undertaken prior to the investment into Norsepower, and this resulted in the development of an action plan to address the ESG gaps that were identified. In Norsepower's case, the I&ESG team identified significant social risks linked to Norsepower's operations and supply chain being located in China.

To mitigate the identified social risks, the I&ESG team designed in collaboration with the management of Norsepower a "Supplier Audit Program", which was included as an obligation in the Shareholder's Agreement. The different steps of the Supplier Audit Program notably include that i/ selected existing and new suppliers comply with Norsepower's Code of conduct and ESG Policy; ii/ selected existing and new suppliers respond to an ESG questionnaire on a declarative basis once at least every 3 years. Finally, iii/ selected existing and new suppliers will be subject to site visits audits made by an external consultant firm, to ensure that social rights are correctly respected.

The aim of this supplier audit program is to make sure that suppliers take into account sustainability matters within their operations and that workers' human and social rights are respected within Norsepower supply chain.

Since the investment, Mirova's I&ESG specialist in charge of the investment has been in regular contact with Norsepower's team to provide guidance and monitor progress related to Supplier Audit Program development, in addition to other topics relating to environmental impact measurement KPIs. Over 2023, Norsepower demonstrated a deep commitment to enhancing their I&ESG practices and has made very good progress across a range ESG items. Noteworthy achievements include appointment of a full-time ESG Manager and a development of a range of policies and procedure to improve on ESG matters.

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III. Advocacy and partnerships

Page 31. Approach and objectives

Page 32. 2023 Actions

Page 34. Participation in sustainable finance forums and professional associations

Page 38. Support for the Academic Chairs and Research Observatory

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Advocacy and partnerships

Mirova's primary objective is to contribute to the development of a sustainable financial sector with a positive impact on the environment and our society. Aligned with its mission, Mirova is committed to promoting and supporting the development of sustainable investment through the implementation of market frameworks to structure products aimed at sustainable investment and to combating greenwashing.

Mirova's advocacy actions translate into a constant dialogue with local organizations, regulators and, increasingly, civil society.

Approach and objectives

Advocacy is implemented to promote our vision within the sustainable investment market. We interact with European, national, and international regulators, as well as with various professional organizations in the field of sustainable investment, in favour of regulations and standards conducive to the development of high-quality sustainable finance, and on a sufficient scale, in order to ensure the financing of assets favourable to the transition to a sustainable economy.

Mirova seeks to promote the development and structuring of a financial market that meets the needs of society by financing a more sustainable economy. More specifically, Mirova's advocacy actions aim to ensure that market frameworks:

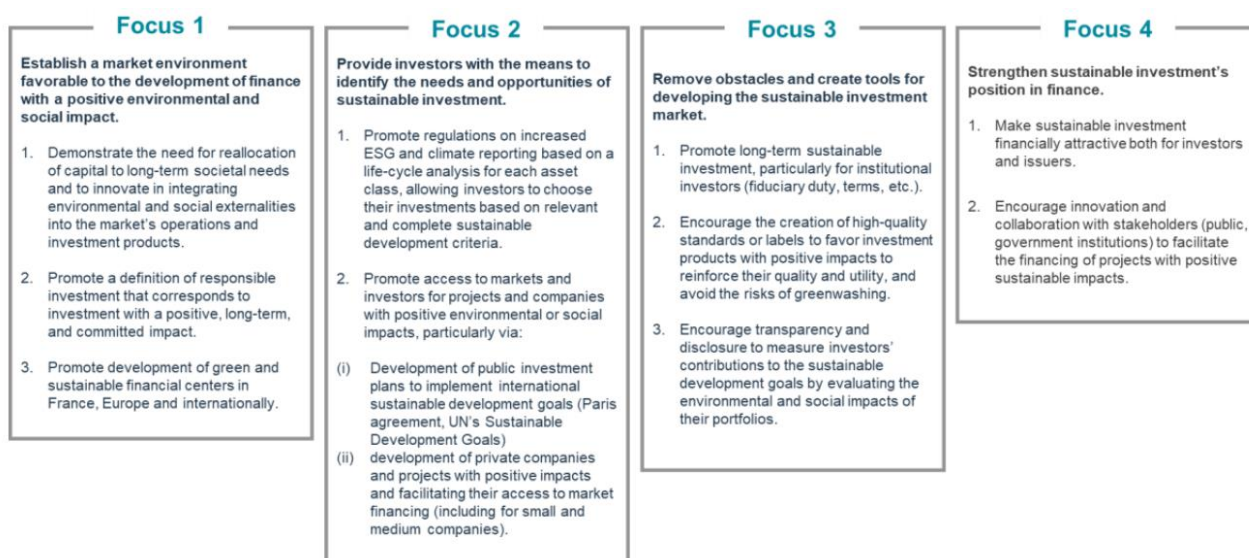
- Provide investors with the tools to **identify positive contributions and risks** in terms of sustainable investment (reporting of issuers and the financial sector);
- Lift the barriers and structure tools to enable the development of a **high-quality sustainable investment market** (standards, standard or recognized labels, of high quality and comparable) to properly identify the level of ambition of the products and prevent the risks of « greenwashing »;
- Allow **sustainable investment** within the financial sector to scale up (massification of sustainable financial products).

Mirova advocacy actions rely on various tools such as:

- Writing position statements on **publications from the various stakeholders** (regulators, on sustainable finance (labels, blended finance, etc.);
- Contributing to the **reflections of regulators and professional responsible investment organizations** through responses to public consultations, participation in working groups, as well as university research.

Mirova publishes its advocacy objectives as well as the content of its responses to public consultations on its website. Mirova is registered in the European Union Transparency Register and the French Transparency Register (Directory of Representatives of Interest of the High Authority for Transparency of Public Life, HATPV).

Figure 10: Mirova's Advocacy Engagement Goals



Source : Mirova, 2023

2023 advocacy actions

In line with our objective of promoting sustainable finance and a new corporate governance approach, Mirova continued its advocacy activity in 2022. This is reflected in its participation in the reflections of regulators and market players on the implementation of appropriate tools and frameworks for the development of sustainable finance, with specific contributions at European and French levels.

INTERNATIONALLY

High Level Working Group (HLWG) on Innovative Mechanisms to Address Biodiversity Financing Needs

The High-Level Working Group (HLWG) on Innovative Mechanisms to Address Biodiversity Financing Needs has held its first meeting. Mandated by President Macron and led by the Global Environment Facility (GEF) & One Planet Lab, the HLWG brings together leaders & experts from around the world, including Philippe Zaouati, CEO of Mirova, to prepare for the One Forest Summit held in Libreville on 1-2 March 2023.

Working Group on Innovative Financing Solutions to support countries vulnerable to climate change

The working Group on Innovative Financing Solutions to support countries vulnerable to climate change, led by the Ministry for Europe and Foreign Affairs. It brought together leaders & experts from around the world, including Philippe Zaouati, CEO of Mirova, to prepare for the Summit for a new Global Financing Pact held in Paris on 22nd - 23rd June 2023.

The International Advisory Panel on Biodiversity Credits to galvanize international biodiversity credit markets

After the Summit for a New Global Financing Pact convened by French President Macron in Paris in June 2023 and six months after the GBF agreement, the UK and French governments launched the International Advisory Panel on Biodiversity Credits (IAPB)¹⁴ to drive the growth

¹⁴ <https://iapbiocredits.org/working-groups>

and scaling of high-integrity biodiversity credit markets. Co-chaired by Sylvie Goulard and Dame Amelia Fawcett, the initiative aims to galvanize international biodiversity credit markets.

The IAPB is operating as an independent and global initiative, bringing together expertise from all sectors, public and private, and building upon existing initiatives to contribute to the scaling up of investments through high integrity nature markets.

21 members of the UK-France government-initiated panel have been appointed, among them, representatives from International Union for Conservation of Nature, Science Based Targets Network and Taskforce on Nature-related Financial Disclosures. Mirova's CEO Philippe Zaouati is part of the IAPB and co-chairs the Supply Working Group, alongside Pauline Nantongo, CEO of Ecotrust.

IN EUROPE

Mirova responded to the consultation on the evolution of the French Socially Responsible Investment (SRI) label

During a consultation on the SRI (Socially Responsible Investment) label guidelines in July 2022, Mirova emphasized key elements necessary for a robust SRI label, stressing the importance of adapting to current market practices and regulations. While the 2023 draft showed improvements, it lacked ambition in reflecting market practices and regulatory developments. Mirova proposed several concrete suggestions to enhance the SRI label's effectiveness, including adapting the label to impact objectives, linking it to existing EU regulations, implementing a label gradation, and adjusting it for specific financial products. We believe that by addressing these issues, the SRI label could become a more impactful and effective tool with a European influence. Mirova also highlighted the need to guarantee both a minimum quality of practices and adapt to different levels of sustainable finance approaches. This involves reflecting the diversity of SRI approaches, linking the label to existing EU frameworks, implementing a label gradation, and adapting the label to the specificities of financial products. They emphasized that by being ambitious in these areas, the SRI label could become a structuring tool with a European influence.

Position Paper – targeted consultation on the implementation of the Sustainable Finance Disclosure Regulation

Mirova, a sustainable investment firm, supports the EU's Sustainable Finance Disclosure Regulation (SFDR) but believes that the current framework has limitations. They advocate for increased transparency in all investment products and propose changes to the classification system to better reflect the sustainability of different investments. Mirova suggests that all products should be required to report on ESG criteria and performance, and they call for more clarity between SFDR and other regulations. They also propose specific changes to the SFDR framework, including keeping the current definition of sustainable investment, introducing new product categories, and setting minimum standards for sustainable investments. Mirova emphasizes the need for transparency and clarity to prevent greenwashing and ensure that investors can make fully informed decisions.

See our full position paper for more information on the extensive consultation and technical feedback that Mirova provided here: <https://www.mirova.com/en/ideas/position-paper-consultation-SFDR>

Participation in sustainable finance promotion and professional associations

Mirova participates in the work and projects in association with various international and professional organizations developed below.

Figure 11: Associations and forums which Mirova collaborates with as of 12/31/2022



Source : Mirova, 2022

The securities mentioned above are shown for illustrative purpose only and should not be considered as a recommendation or a solicitation to buy or sell.

Sustainable Finance Fora, INTERNATIONAL	
CERES	Mirova is a member of CERES and the climate risk investor network. CERES is a global organization that works to encourage companies to take action on climate change. The Climate Risk Investor Network brings together more than 175 institutional investors to tackle the challenge of climate change.
PRI	Signatory since 2013 of the Principles for Responsible Investment to promote responsible investment practices at the international level. Mirova confirms and renews its Engagement to the 6 principles. Signatory organizations are required to complete an annual questionnaire and publish a follow-up report. In 2020, Mirova was identified by the IRPs in the PRI Leaders group for the quality of its climate reporting.
HK Green Finance	Mirova's parent company, BPCE (via the Popular Banks Network) is a member of the Hong Kong Green Finance Association (HKGFA). HKGFA brings the expertise of Hong Kong's financial institutions and green businesses.
GIIN	Through its subsidiary Mirova Natural Capital, Mirova is a member of the Global Impact Investing Network, which seeks to promote impact investing internationally.
US SIF	Member of the American Forum for Responsible Investment, a professional association that supports the development of sustainable and responsible investment in all asset classes in the United States.
Sustainable Finance Fora, EUROPE	
EUROSIF	Mirova's Advocacy Officer represents the Forum for Responsible Investment on the Board of Directors of EUROSIF, the European Forum for Responsible Investment.
Spain SIF	Member of Spainsif, an association aimed at promoting sustainable and responsible investment in Spain.
Institutional Investors Group on Climate Change (IIGCC)	The Institutional Investors Group on Climate Change (IIGCC) is the European membership body for investor collaboration on climate change. Their mission is to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future. This will be achieved through capital allocation decisions, stewardship and successful engagement with companies, policy makers and fellow investors.
EVPA	Member of the European Venture Philanthropy Association (EVPA), an initiative bringing together organizations interested in "philanthropic venture capital" and social investment across Europe.
Sustainable Finance Fora, FRANCE	
FIR	Member of the Forum for Responsible Investment. Mirova is a member and Vice-Chairman of the FIR Board of Directors and sponsors the FIR-PRI Prize for "Finance and Sustainability" research
AFG	Member of the French Association of Financial Management, which brings together the French asset management sector and defends their interests. The association is also dedicated to promoting Responsible Investment through the work of a dedicated committee of which Mirova is a member.
Fair	Member of Fair (ex Finansol), an association that works to promote, defend, and analyse solidarity finance in France.
Diversity & Inclusion initiatives	
30% Club France Investor Group	The French 30% Club Investor Group was established in November 2020 when six asset management companies representing nearly 3 trillion euros in assets under management came together to promote better gender diversity within the SBF 120's executive management teams.
30% Coalition US	The Thirty Percent Coalition is a pioneering advocate for increased gender, racial and ethnic diversity on corporate boards and in senior leadership. The mission is to increase diversity in boardrooms and senior leadership at both public and private companies through investor engagement and collaborative action.

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2X Challenge Collaborative	The 2XCollaborative is designed to serve investors making their first gender-focused investment as well as investors at the frontier of the field. 2XCollaborative initiatives like the 2X Gender and Climate Finance Taskforce will drive gender-smart investing in thematic areas.
Sustainable (green and social) bonds	
ICMA-GBP	Member of the Green and Social Bond Principles. Mirova participates in the GBP Executive Committee. Mirova is also co-chair of the Social Bonds Working Group and a member of the Working Group on Impact Indicators and Just Transition.
CBI	Member of the Climate Bonds Initiative, an organization that supports the development of the green bond market to reduce the cost of capital for climate change projects.
Energy Transition Infrastructure	
La Plateforme Verte	The Green Platform is a French association launched at the beginning of 2018 with the objective of bringing together the actors of the Energy Transition to carry out concrete actions and to allow the acceleration of projects. With sixty prestigious members, divided into several working groups, the Green Platform has become a reference in the sector and is regularly invited to conferences and meetings, allowing it to carry the messages and concerns related to the Energy Transition.
France Energie Eolienne	France Energie Eolienne represents, promotes and defends wind energy in France. The French association brings together more than 300 members, professionals of the wind energy sector in France, who have built more than 90% of the turbines installed on the French territory and operate more than 85% of them.
Unlisted investments	
Solidarité Renouvelable	The Solidarity Renewable Group is committed to defending renewable energies. It was created following the government's unilateral and retroactive decision to adopt an amendment in the 2021 Finance Law aimed at reducing the purchase contracts for solar electricity.
France Invest	Member of France Invest, a professional association of asset managers invested in private equity, particularly involved in financing the French local economy and SMEs.
Net Zero and Low-carbon investments	
CDP	Signatory, through Natixis, of the Carbon Disclosure Project, which aims to improve the quality of carbon/climate information published by emitters.
IETA	Through its subsidiary Mirova UK Ltd, Mirova is a member of the International Association for Emissions Trading (IETA), a non-profit organization established in 1999 to serve companies engaged in market solutions to combat climate change.
ICROA	Through its subsidiary Mirova UK Ltd, Mirova is a member of the International Carbon Reduction and Offset Alliance (ICROA), a non-profit organization made up of the main suppliers of carbon reduction and offsetting in the voluntary carbon market.
TCFD	Mirova supports the Task Force on Climate-related Financial Disclosures, an initiative aiming to improve and increase reporting of climate-related financial information.
NZAM	Mirova is a member of the Net Zero Asset Managers initiative which aims to galvanize the asset management industry to commit to a goal of net zero emissions.
Glasgow Financial Alliance for Net Zero (GFANZ)	The Glasgow Financial Alliance for Net Zero is the world's largest coalition of financial institutions committed to transitioning the global economy to net-zero greenhouse gas emissions.

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Science Based Targets initiative (SBTi)	<p>The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.</p>
Natural Capital and Biodiversity Initiatives	
Alliance for the Preservation of Tropical Forests	<p>Through its subsidiary Mirova Natural Capital, Mirova is a member of the Alliance for the Preservation of Tropical Forests, a multi-party partnership platform that supports the implementation of private sector Engagements to eliminate deforestation related to palm oil, beef, soybeans, and pulp from their supply chains.</p>
TNFD	<p>Taskforce on Nature-related Disclosure will provide a framework for companies and financial institutions to assess, manage and account for their dependence and impacts on nature, thereby contributing to the assessment of nature-related risks and the redirecting of global financial flows towards positive rather than negative results for nature. Mirova participated in the launch and is part of the TNFD Mandate and Governance Working Group, which is expected to be launched in early 2021. Mirova joins the 30 Taskforce on Nature-related Financial Disclosure (TNFD) Members.</p>
IPI	<p>The International Platform for Insetting brings together companies that share the same approach to balancing the company and its ecosystem through environmental programs, transparency, rigorous methodology and information sharing. Mirova is a member of the platform through its subsidiary Mirova Natural Capital.</p>
CPIC	<p>Member of the Coalition for Private Investment in Conservation, which brings together private sector and NGO actors and seeks to address the lack of investment in conservation efforts by identifying possible investments in conservation.</p>
Sustainable Markets Initiative (SMI)'s Natural Capital Investment Alliance (NCIA)	<p>The Sustainable Markets Initiative (SMI)'s Natural Capital Investment Alliance (NCIA) aims to attract members from the finance community to create scale and synergies between mainstream asset owners and asset managers, underpinned by the following goals by: serving as a central hub for global corporations and financial institutions seeking to scale-up their investments into Natural Capital, in support of biodiversity restoration, including through high integrity carbon offsets; by sharing investment knowledge and expertise on investing in Natural Capital, underpinned by strong principles; by showcasing and demonstrating scalability of appropriate investment vehicles and the multiple opportunities across asset classes. At COP26, the NCIA announced a commitment to mobilise at least USD 10 Billion in investment into Natural Capital assets in 2022, with an ambition to scale that investment in the coming years.</p>
Finance for Biodiversity Pledge	<p>The Finance for Biodiversity Pledge is a commitment of financial institutions to call on global leaders and to protect and restore biodiversity through their finance activities and investments. The Pledge exist of 5 steps financial institutions promise to take collaborating and sharing knowledge, engaging with companies, assessing impact, setting targets and reporting publicly on the above before 2025. The Guidance document clarifies these 5 commitments and are illustrated with own examples of financial institutions and the most relevant resources.</p>
Wetlands International	<p>Wetlands International is the only global not-for-profit organisation dedicated to the conservation and restoration of wetlands. Wetlands International is dedicated to maintaining and restoring wetlands — for their environmental values as well as for the services they provide to people. Most of their work is financed on a project basis by governments and private donors. They are also supported by government and NGO membership.</p>
1000 Ocean Start-Ups	<p>1000 Ocean startups is a coalition to accelerate Ocean Impact Innovation. The coalition brings together the global ecosystem of incubators, accelerators, competitions, matching platforms, and VCs supporting startups for ocean impact. Our objective is to scale at least 1000 transformative startups by the end of the Ocean Decade to restore ocean health and achieve SDG14.</p>
Verra Nature Framework Development Group (NFDG)	<p>Verra has launched the SD VISTa Nature Framework Advisory Group (AG) to guide the development of a framework that will outline the key components of a scientifically robust, pragmatic, and scalable methodology. The AG will also support the development of the biodiversity methodology for assessing and quantifying the benefits from conservation and restoration activities. The framework and methodology will be developed under Verra's Sustainable Development Verified Impact Standard (SD VISTa) Program and drive much-needed investment to high-quality, nature-positive efforts, as supported by other nature-related frameworks and initiatives (e.g., Taskforce on Nature-related Financial Disclosures and Science Based Targets Network).</p>

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The Ocean Risk and Resilience Action Alliance (ORRAA)'s mission is to drive at least USD\$500 million of investment into coastal and ocean natural capital and surface at least 50 novel finance products by 2030, positively impacting the resilience of at least 250 million climate vulnerable people in coastal areas around the world. It is the only multi-stakeholder alliance working in ocean finance that brings insurers, banks, governments, academia, and civil society together. We work across geographies – with a focus on the Global South – pioneering, piloting, and scaling innovative finance products that invest in coastal resilience.

Source: Mirova, 2022

Support for the Academic Chairs and Research Observatory

ACADEMIC CHAIR: "THEORY OF THE FIRM"

Mirova supports the Academic Chair "Theory of the Firm: Governance Models - Collective Creation" led by Blanche Segrestin at the Centre for Scientific Management of ParisTech Mines whose research focuses on a definition of the company as a collective creation and on the renewal of models and mechanisms for fair governance. Mirova is associated with research papers published by the Chair students on governance topics. Since October 2015, the Chair has established a new field of research on shareholder engagement.

PILLAR 1: COMPANY, COLLECTIVE CREATION AND CIVILISATION

The Corporate Theory developed by the chair calls for recognition that it is transforming the world. The focus deepens this corporate theory based on collective creation and focuses on characterizing the civilization role of the company.

PILLAR 2: SHAREHOLDING, INNOVATION AND COMMITMENT

This axis explores new capital figures, emblematic of governance and its crisis, by approaching them as companies to discuss both their creative and their responsibilities. Undergraduate investment and shareholder engagement work showed the limits contemporary approaches to the role and responsibilities of the shareholder. However, many original practices emerge that are poorly described and misunderstood today.

PILLAR 3: THEORY AND NEW MODELS OF SOLIDARITY

This approach examines the models and effects of a "solidarity" collective action, mobilizing or creating interdependencies in the face of the unknown, particularly in the case of climate change. Solidarity is closely linked to the interdependencies between the parties of a company: it corresponds to the sharing of the efforts necessary to protect the individuals of some risks. But, with the company, it is clear that the collective action of interdependencies also needs to be enriched by the analysis and to think more about the solidarity action.

PILLAR 4: MISSION: NEW MANAGEMENT LOGIC

The PACTE law provides the Company with a legal framework for the company with Mission. This axis will study how this new framework questions the classic languages of management and will contribute to the renewal of the most classic management tools.

INDEPENDENT RESEARCH: EU TAX OBSERVATORY

Mirova officialised its support for the observatory in 2021. The EU Tax Observatory aims to contribute to the development of knowledge and the emergence of new concrete proposals to address the tax and inequality challenges of the 21st century. The observatory has identified 3 missions:

- **Mission 1:** To conduct and disseminate cutting-edge innovative research on taxation, with a focus on tax evasion and fraud, and potential solutions to these problems.
- **Mission 2:** To promote a democratic, inclusive, and pluralistic debate on the future of taxation by fostering dialogue between the scientific community, civil society, and policymakers in the European Union and worldwide.
- **Mission 3:** To provide access to knowledge on taxation by making available to the general public a repository of data and analysis on our study topics, as well as interactive tools that allow them to easily understand and exploit them.

Appendices

Individual Engagement Process

MIROVA ENGAGEMENT PRIORITIES

As a basic step to open dialogue with companies, Mirova shares its annual Engagement Priorities with all listed portfolio companies. Our engagement priorities are updated on an annual basis. These interactions enable us to contact at once a year all companies included in our active portfolio, to set the ground for our discussions and reinforce our ambitions of a Responsible Investor. Mirova then prioritizes companies for focused, in-depth dialogues on issues that are most relevant to our portfolios, sustainability investment thesis and/or to companies' specific challenges.

TARGETED ENGAGEMENT PROCESS

Mirova selects companies with whom we engage on a regular basis based on various factors. Aligned with our Sustainability Research Methodology, we engage with companies to maximize the sustainability opportunities delivered by the business or/and to improve risks management processes and transparency. We use these dialogues to push for progress in distinct areas that we feel are critical to the long-term value of the company.

To be noted that company's size, market capitalisations, geographies, or size of holdings may be considered but Mirova rather prioritizes companies based on the severity of the impact or the strength of the contribution. This engagement applies to all active listed equity funds.

Thus, we prioritize our engagement with companies where:

- 1.) We have identified sustainability related concerns that deserve our heightened awareness.
- 2.) We require an in-depth review of their approach to fair distribution of value.
- 3.) We estimate our expertise can help guide and build on the company's sustainability journey.

Objectives and targets: These engagements have specific goals and, where appropriate, are usually attached with specific targets and objectives defined by Mirova's Sustainability Research Team. The number of objectives per company may vary and progresses are reviewed internally every quarter.

Coverage and frequency of engagement: There is no formalized objective in terms of coverage, as Mirova prioritizes based on relevance and potential impact. We seek to have quarterly to bi-annual contacts, but it may vary depending on the goal of the engagement, the issue at stake, as well as on the size and capabilities of the company.

Other engagement actions: We also proactively engage with companies for a few other reasons including our engagement priorities, updates of the company's sustainability strategy, clarification on their strategy or KPIs, exchange views prior to proxy voting or thematic engagement related to specific funds.

Mirova also leverage on other type of engagement, such collaborative engagement and advocacy, and engage on the other asset classes. More details on Engagement Report.

DEMONSTRATING SUCCESS AND IMPACT

As Mirova's teams conduct hundreds of conversations and these dialogues can span a multi-year time period, monitoring impact can prove to be challenging. We also acknowledge that we are among a large swath of investors that are working through engagement to advocate for best practices as well. As a result, investors can only gauge individualized impact with caution.

Engagement monitoring: We systematically document engagement discussions and communications in our in-house engagement platform. We monitor qualitatively the progress delivered over time by companies.

Engagement success measurement: Our engagement program is explicitly designed to articulate specific, measurable, timebound goals that are relevant to each specific company our team has identified and we follow the impact based on those targets.

While it is difficult for a single investor to influence the market, the system cannot ignore a fundamental trend in investor behaviour. We acknowledge that our documented and monitored approach to engagement, consistent with our investment decision is in line with our seek for impact.

ESCALATION PROCESS

If through one of the aforementioned channels, the discussion with the company has not met the stated expectations, and these progresses would be required to maintain the sustainability opinion, Mirova has implemented a framework for escalation.

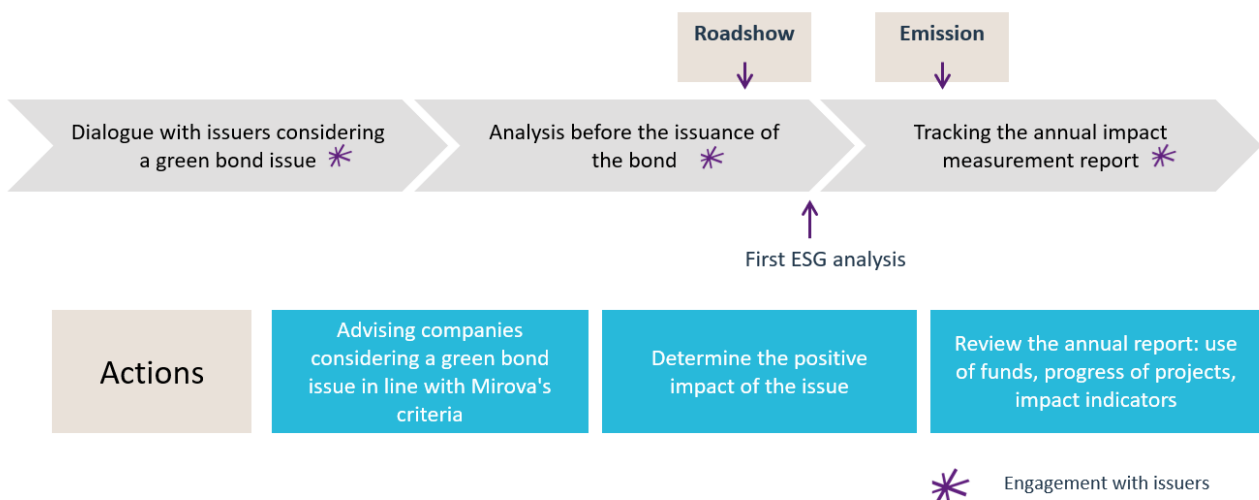
At which stage and the level of escalation is a determination made by our sustainability research team and then presented to Mirova’s portfolio managers and CIOs. As described above, we firmly believe engaging in a one-on-one discussion to exchange views before taking more decisive action. There is no systematic escalation process as we believe that case by case analysis of the issue will enable us to identify the more relevant mean to escalate.

Our considered escalation tools include:

- Requesting a meeting with the chairman of the board or top executive.
- Engage in collective engagement with other investors.
- Writing a public letter.
- Leverage the power of our proxy vote by voting against relevant items and/or members of the board.
- Take action at a shareholder meeting by submitting a question or suggest a topic for the AGM agenda.
- Take action at a shareholder meeting by filing a shareholder proposal.
- At any point of the escalation process, should the company’s progress and/or practices be found insufficient to maintain eligibility, divestment may be considered.

PROCESS IN ASSESSING ENVIRONMENTAL AND SOCIAL BONDS

Figure 12: Steps in engagement actions



Source: Mirova, 2022

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To better structure this young market, Mirova's teams are committed to continued dialogue with current and potential green and social bond issuers.

We carry out our engagement actions in three phases:

Phase 1. Engagement to companies considering issuing sustainable bonds

Mirova regularly participates in conferences and meetings aimed at engaging in dialogue with issuers that have not yet issued green or social bonds, in order to encourage them to do so. For issuers with medium-term issuance plans, Mirova encourages them to meet the highest standards in terms of transparency and clarity of use of funds.

Phase 2. Engagement before/at the time of broadcast

All environmental and social bonds being considered for investment by Mirova are analyzed by the research team. During the evaluation process, Mirova's research teams stay in contact with issuers to better understand the risks they are subject to and opportunities presented by the issuance of their bond. This is also a key time at which Mirova can encourage the issuer to improve the environmental and social quality of the bond, particularly in terms of transparency and impact reporting.

Phase 3. Engagement at the time of the annual report

As transparency is a particularly important aspect of ensuring the integrity of green and social bonds, Mirova's teams systematically review the annual reports of the bonds held in Mirova's portfolios. ESG assessments can be influenced by the results of this engagement activity following exchanges with the issuer and a review of the reports.

UN Sustainable Development Goals



1. Eliminating poverty in all its forms and around the world



2. Eliminate hunger, ensure food security, improve nutrition and promote sustainable agriculture



3. Enabling everyone to live healthy lives and promoting the well-being of all at all ages



4. Ensure fair, inclusive and quality education and lifelong learning opportunities for all



5. Gender equality: achieving gender equality and empowering all women and girls



6. Ensuring everyone's access to sustainably managed water and sanitation services



7. Ensuring everyone's access to reliable, sustainable and modern energy services at an affordable cost



8. Promote sustained, shared and sustainable economic growth, full productive employment and decent work for all



9. Building resilient infrastructure, promoting sustainable industrialization that benefits all and encouraging innovation



10. Reducing inequality in countries and from country to country



11. Ensuring that cities and human settlements are inclusive, safe, resilient and sustainable



12. Establish sustainable consumption and production patterns



13. Urgent action to combat climate change and its impacts



14. Sustainably conserve and exploit oceans, seas and marine resources for sustainable development



15. Preserving and restoring terrestrial ecosystems, ensuring sustainable exploitation, sustainable forest management, combating desertification, halting and reversing the process of land degradation and ending biodiversity loss



16. Promote peaceful and inclusive societies for sustainable development, ensure access to justice for all, and establish effective, accountable and inclusive institutions at all levels



17. Strengthen the means to implement and revitalize the Global Partnership for Sustainable Development

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ABOUT MIROVA

Mirova is a global asset management company dedicated to sustainable investing and an affiliate of Natixis Investment Managers. At the forefront of sustainable finance for over a decade, Mirova has been developing innovative investment solutions across all asset classes, aiming to combine long term value creation with positive environmental and social impact. Headquartered in Paris, Mirova offers a broad range of equity, fixed income, multi-asset, energy transition infrastructure, natural capital and private equity solutions designed for institutional investors, distribution platforms and retail investors in Europe, North America, and Asia-Pacific. Mirova and its affiliates had €30.9 billion in assets under management as of March 31, 2024. Mirova is a mission-driven company, labeled B Corp*.

**The reference to a ranking or a label does not prejudice the future performance of the funds or its managers*

MIROVA

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Natixis Investment Managers is a subsidiary of Natixis.

MIROVA US

888 Boylston Street, Boston, MA 02199; Tel: 857-305-6333 Mirova U.S, LLC (Mirova US) is a U.S.-based investment advisor that is wholly owned by Mirova. Mirova is operating in the U.S. through Mirova US. Mirova US and Mirova entered into an agreement whereby Mirova provides Mirova US investment and research expertise, which Mirova US then combines with its own expertise, and services when providing advice to clients.

MIROVA UK

UK Private limited company
Company registration number: 7740692
Authorised and Regulated by the Financial Conduct Authority ("FCA") under number 800963
Registered office: Quality House by Agora, 5-9 Quality Court, London, WC2A 1HP
The services of Mirova UK Limited are only available to professional clients and eligible counterparties. They are not available to retail clients. Mirova UK Limited is wholly owned by Mirova.

MIROVA SUNFUNDER EAST AFRICA LIMITED

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